VEF

The emerging market fintech investor

Annual Report 2021

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2021 in brief

- By year-end NAV per share rose by 56.2% to a fresh all-time high of USD 0.73 and NAV of USD 761.7 mln, driven by continued strong performance across the portfolio. In SEK terms, NAV per share grew 72.3% to SEK 6.61.
- The VEF share price increased by 49.8% during the year.
- VEF's north star investment, Creditas, closed a Series F funding round of USD 260 mln, valuing the company at USD 4.8 bln. VEF invested an additional USD 25 mln as part of the round and Creditas now accounts for 51.7% of total NAV.
- VEF added four new assets to the portfolio in 2021, BlackBuck and Rupeek in India, Abhi in Pakistan and minu in Mexico. BlackBuck is VEF's first foray into the Embedded Finance space.
- Follow-on investments of a total of USD 67.8 mln were made in existing portfolio companies with the majority going into Creditas (USD 25.0 mln), Konfío (USD 29.0 mln) and Rupeek (USD 5.0 mln).
- VEF raised SEK 885 mln (USD 102 mln) of fresh capital, in August via a directed share issue, with the support of existing and new investors to continue the investment mandate in emerging market fintech.
- In connection to the Annual General Meeting (AGM) in May the shareholders approved the redomestication process from Bermuda to Sweden. On the 2nd of July VEF completed the process and VEF AB (publ) became the group's Parent Company.
- 2021 was our busiest year since inception on the pipeline front and we expect to convert a number of investments in 2022 from the 2021 cohort.

VEF – The emerging market fintech investor

VEF – investors in one of the strongest secular growth trends across some of the world's fastest growing markets.

VEF is an investment company listed on Nasdaq First North Growth Market in Sweden. We invest in growth stage private fintech companies across the emerging world. We take minority stakes and are active investors with board representation in most of our portfolio holdings.

We are emerging market and fintech dedicated experienced capital. We are long-term investors and look to back entrepreneurs, and their team, through to exit. Our purpose is to create long-term sustainable value for our shareholders by investing in the future of finance across the emerging world.

Our history

VEF was founded in 2015 as a spin-off from VNV Global, with one portfolio company, TCS Group Holding PLC (Tinkoff Bank) and a vision of becoming the leading fintech investor in the emerging world. Since inception VEF has grown rapidly and has at the release of this annual report made investments in 19 companies, diversified by geography, business type and stage of development, all with standout fintech opportunities in their respective markets.

Exits

Since inception, VEF has exited four holdings.
Two successful exits from Russia's Tinkoff Bank and Turkey's iyzico

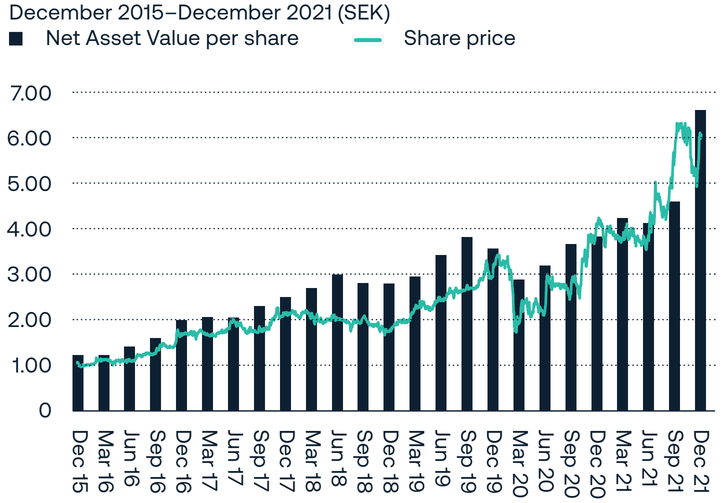
- Tinkoff bank at 6.1x CoC return and 65% IRR
- iyzico at 3.2x CoC return and 57% IRR

and two non-value accretive exits in Guiabolso and Xerpa.

VEF's portfolio

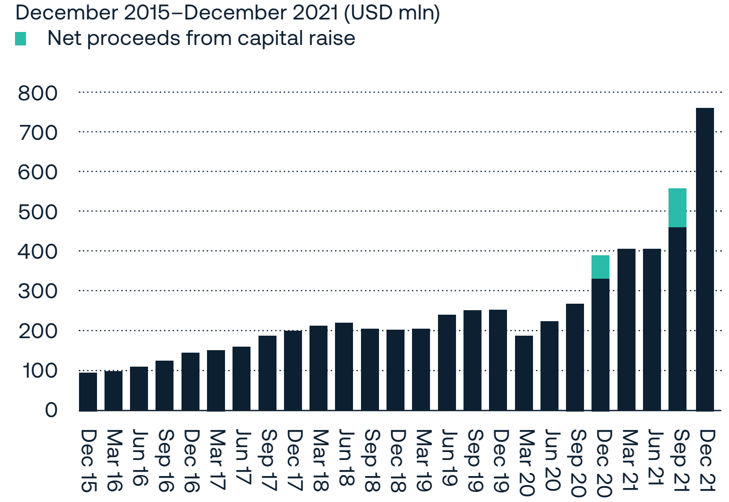
VEF share and net asset value development

December 2015–December 2021 (SEK)

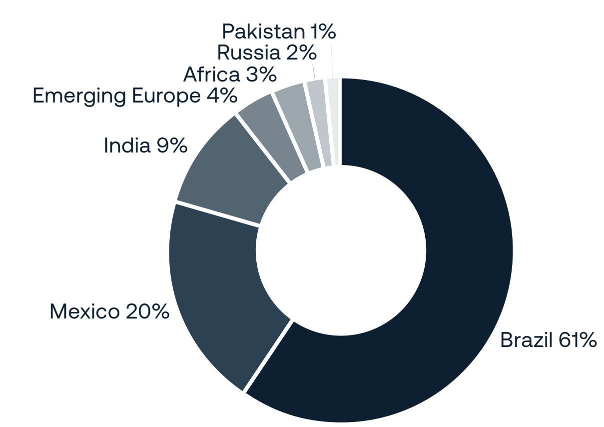


VEF NAV evolution

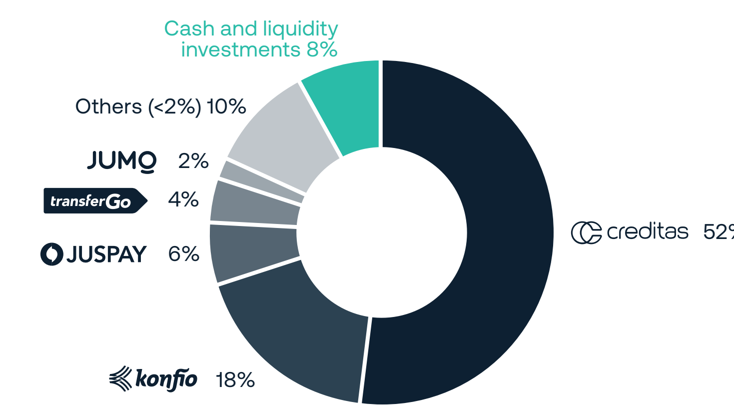
December 2015–December 2021 (USD mln)



Geographic distribution, ex. cash



Portfolio composition



Our strategic pillars

Our strategic pillars are the prism through which we think about everything we do, what drives our strategy and makes us successful as an investment company.

Invest well and live

We are our investments. They define us. We are only a thesis and a bunch of human and financial capital without them. We spend a lot of our time making sure the right assets and entrepreneurs populate our portfolio and when they are in, we do everything in our power to help them succeed.

Love your investors

Our investors provide the capital we need to fuel our business. Simply put, without them we would not exist and our growth path from here would be all the harder. We love our investors, current, old and potential, and pride ourselves on doing our utmost to provide them with a healthy return on capital and good communication flow and transparency while on that journey.

Build a business for the long term

While our first two pillars are necessary for any success, we are building VEF for the long term. Our goals are big, our timeline is long, we are consistently evolving and improving all to make sure VEF is a business that has the right people, processes, and strategy to grow over time.

Our investment thesis

We believe in investing in businesses led by entrepreneurs with strong track records and in companies with clear product-market fit, early traction into a scale opportunity space. For us, fintech is a very broad concept and covers anything from payments, credit, mobile money, remittance services, accounting SaaS, insurance and beyond. There is no single business model that dominates our portfolio or our investment thesis. Our key investment criteria include excellent people, scale business models, strong unit economics and a clear path to profitability.

Sector

We target all lines of financial services inclusive of payments, credit, savings and investments. The "right" target sector is very market dependent.

Geography

Within emerging markets, we focus on the more populous and scalable markets, referenced against competition for opportunities and point in the cycle.

Minority stakes and board seat

VEF targets sizeable minority stakes of 10–20% with board representation in its portfolio companies. We are active and supportive shareholders.

Unique fintech opportunity

There are very few ways to play the growing fintech investment theme in public markets and even less in the emerging world. VEF is a unique access vehicle and asset in this regard.

Shareholder value creation

We believe in the potential for extensive shareholder value creation, an exceptional investment opportunity and high returns based on the combination of:

- leveraging the disruption of fintech companies
- attractive market conditions in the emerging world
- active and supportive ownership
- entrepreneurs with strong track records
- scalable, fast-growing companies, with a clear path to profitability

Managing director's letter

Dear fellow shareholder,
We can't start our annual shareholder letter without first paying our respect to the people and nation of Ukraine – our thoughts and prayers are with them at this time. We are deeply saddened by the events of the past weeks and hope for a resolution and peace as soon as possible.

Reflecting back on 2021

2021 was a remarkable year in the still short history of life at VEF. At a headline level, we saw our NAV and NAV per share reaching record highs, while our NAV per share and share price delivered their strongest annual performance since inception. Driving this, was broad based stellar operating performance across VEF's portfolio of companies, with double-to-triple digit YoY key metric percentage growth the norm. Creditas remains the standout portfolio name, given its continued growth and success from an even larger base. Their most recent funding round valuation of USD 4.8 bln, has driven it to over 50% of our NAV at the end of the period. As exciting, however, is a wide spectrum of thriving, well-funded portfolio holdings following in Creditas's slipstream. Indeed, all our top 5 portfolio companies, by size, accounting for 80%+ of our NAV as at YE21, closed size funding rounds in 2H21 at augmented valuations versus previous. At VEF company level, after closing 2020 with a capital raise of USD 62 mln, we successfully tapped the equity markets again in 2021 with a USD 102 mln raise, priced at NAV. We welcome the capital and validation these funding rounds bring, for both VEF and our holdings. We feel confident that despite the increase in volatility on multiple fronts early 2022, we are well placed for all this year has to throw at us with these financings behind us.

2021 in numbers

We closed out 2021 with a NAV per share of SEK 6.61, up 72.3% YoY. Total NAV of USD 762 mln, was up 96.3% YoY (71.2% excl. 2021 direct placement). The total YoY NAV uplift of USD 374 mln was majority driven by portfolio re-valuations, with Creditas, Konfío and Juspay the notable contributors. Specifically, Creditas added USD 200 mln of NAV value, with VEF investing an additional USD 25 mln in 4Q21. Konfío and Juspay added USD 58 mln and USD 21 mln of NAV value respectively, with VEF contributing an additional USD 29 mln and USD 6 mln (with a second close of USD 2 mln in 2022) into their respective funding rounds through 2021. Our NAV total also benefitted from the fresh capital VEF raised of USD 102 mln mid-2021. Cause and effect – the performance of the VEF share price through 2021 delivered 49.8% growth YoY in SEK terms, feeding off the strong underlying portfolio and NAV per share performance, coupled with our ever-growing efforts on the IR and PR fronts. Our portfolio counts 14 names as at the end of 2021, with four new names added in 2021, BlackBuck and Rupeek (India), minu (Mexico) and Abhi (Pakistan), while we exited two of our Brazilian holdings, GuiaBolso and Xerpa.

Portfolio company highlights across 2021

Creditas, Konfío and Juspay are VEF's current "size" portfolio holdings, accounting for 75% of our NAV as at YE21. These three different fintech business models across three unique scale emerging markets, all vaunt the characteristics we love in our holdings: exceptionally strong founding/management teams, clear focused strategies, strong traction, with positive unit economics growing into scale TAMs.

Creditas, our portfolio north star holding, now accounts for 52% of our NAV as at YE21. Creditas closed its latest and largest funding round to date, a USD 260 mln Series F, with VEF participating with USD 25 mln. We have invested nearly USD 100 mln into the name and our position is valued at USD 394 mln as at YE21. 2022 is set to be another busy year for Creditas, as it makes strides towards an IPO.

On the business front, 2021 was an exceptionally strong delivery year for the core secured credit business, which saw a doubling of the loan portfolio to BRL 3.7 bln YoY at end of 2021, with headline revenues growing at a similar clip. The year was defined by a broadening of their ecosystem offering, mainly through partnership and acquisitive means. This was most notable in the auto ecosystem, as Creditas launched an in-house auto iBuyer and auto renovation centre off the back of acquiring Volanty business. They also made an investment in Voltz and acquired Minuto Seguros, which open up new, related verticals in financing for electronic motorcycles and providing insurance solutions for its customer base. On the partnership front the tie up announced with Nubank in 2H21 opens up significant growth possibilities for Creditas. Creditas will start to sell its economic rich product suite into Nubank's client rich (54 mln+ at YE21) ecosystem, with both sides incentivised to make the partnership work. Having two of Brazil's top fintech's working together to win Brazilian banking is a very exciting proposition.

Konfío continued upon its clear path to become Mexico's leading digital bank for small businesses. What really excites us about Konfío at this juncture is the continued rapid growth of their credit offering (once again growing north of 160% YoY), that is being increasingly complimented by a payments and ERP offering, realising a much more balanced and varied fast-growth revenue stream. Konfío now has all the pieces of the puzzle in place to grow into a multibillion-dollar company. In 2021 over two distinct tranches, Konfío secured USD 230 mln of fresh capital with VEF contributing USD 29 mln.

Juspay had a very strong 2021. As a reminder, Juspay is a play on the Indian mobile payments space as it has developed a unique suite of solutions for India's largest ecommerce and marketplace giants to help them process payments from their ever-growing client based and increasing associated payment volumes. We tracked this team for a couple of years, loving the space and their traction in it, before leading their Series B funding round. For us, it is a clear vindication of the patience we showed over five years, visiting, learning and tracking the hugely attractive Indian fintech ecosystem before making this first investment. Two years later we have three Indian holdings and a growing reputation in that market, given the quality of company and VC partners we have associated ourselves with. The Juspay USD 60 mln Series C funding round was a great way to end 2021.

In 2H21, two of our larger portfolio holdings, **JUMO** and **TransferGo** closed out size funding rounds of USD 120 mln and USD 50 mln respectively. In many ways these funding rounds are game changing for both these businesses. The capital raised should unleash a lot of growth potential, allowing them to invest harder in innovation and client acquisition versus the past. We are excited to see traction unfold at both through 2022.

We mentioned our early 2021 investments into **Rupeek** and **minu** in our 2020 Annual Report, but the two other new holdings that came into our portfolio in calendar year 2021, **Abhi** and **BlackBuck** also merit mention. In May, VEF led a USD 2 mln seed financing round with a check of USD 0.9 mln into Abhi. Based in Karachi, Abhi is a financial wellness platform catering to the needs of employees between pay cycles. Abhi integrates with corporates to offer their employees salary advance products to reduce their financial stress and avoid expensive payday debt. This was VEF's second fintech investment into the early-stage scale opportunity market that is Pakistan. In 3Q21, we announced a USD 10 mln investment into BlackBuck, India's largest online trucking platform. VEF participated in a broader equity financing round totalling USD 67 mln. This was our first foray into the Embedded Finance space, about which we are becoming increasingly excited. BlackBuck is the largest online trucking platform in India, currently serving c. 22% of all truckers in India and processing over 15 mln monthly transactions. As fintech investors what really attracted us to the business is the very sticky and high take rate payments business which drives the majority of revenues at BlackBuck today.

One new investment we closed post YE21 but pre annual report release was **Gringo**. VEF led their Series B USD 34 mln round with a lead check of USD 12.2 mln. Gringo is building a one-stop shop for drivers in Brazil and has started out by offering all services related to vehicle documentation. Today, it offers payment and credit solutions (BNPL) for drivers to pay their fines, taxes and renewal of documents related to their vehicles as well as free monitoring of vehicles and driver licenses to drive engagement and data accumulation. Their long-term ambition is to create a curated marketplace of drivers in Brazil. In a short span, the platform has scaled rapidly with c. 1 mln active users on its platform, commanding a 20% market share in São Paulo. We love the team behind this one, Rodrigo, Cai and Juliano, and have co-invested with long time Latam partners Kaszek.

We exited our positions in **Guiabolso** and **Xerpa** in 2021 achieving a proportional return of capital as opposed to a return on capital. While we all love to talk about our winners, we are acutely aware when we erode value and spend time to analyse, learn and try not to repeat.

2022 – a return of volatility

Each year is different in the investing world, bringing fresh challenges, be them micro, macro or market in nature. While I will never say we welcome all the world has to throw at us, what I always state is that we have experienced a lot in our time at VEF, and indeed our careers in emerging and financial markets. All crisis, in hindsight, are some of the best learning grounds for us as investors and market professionals. There is a playbook for VEF and our portfolio companies, in times of volatility, one prepares for the worst and then is well-positioned for any upside from there. Today, we are deeply saddened and disappointed by Russia's invasion of Ukraine and our first thoughts are with the people of Ukraine. Within our broad EM fintech mandate, we have two holdings in a portfolio of fifteen (soon to be seventeen) with direct/partial exposure to the CIS region, equivalent to 5.5% of YE21 NAV: TransferGo (3.8% of NAV) and REVO (1.7% of NAV). The key message for investors on this front, is that while we have exposure to the effected region, the volatility is having mixed effects on the businesses of our holdings there. Of more importance, they remain a small share of VEF's NAV today. We continue to monitor this situation real time and work with both our companies throughout.

With our defensive hat on, given funds raised through 2021, none of our larger portfolio companies need to test the markets for capital in 1H22 or indeed for the full year if need be. A couple of our companies are now cash flow positive while others, including Creditas, have proven they can go bottom line positive at short notice by turning off the growth taps. Fundamentally, we expect and are built for volatility and uncertainty. We accept the ebbs and flows of public and private markets, as we play into a structurally strong theme that is ever disrupted by shorter duration market cycles, both positive and negative.

Strategy – it's what you do next that counts

2021 was the busiest year that we have had on the pipeline front, partly a function of the growing depth of fintech offerings across the markets we look at and part a function of our growing expertise and efficiency at processing opportunities as a team. We engaged with over 320 companies, up 140%+ YoY. We closed one new deal from this cohort so far, BlackBuck, and lost out on a couple of deals due to our valuation discipline. As it was in the case in 2021, the pipeline built through 2020 led to investments in Rupeek, minu and Abhi in early 2021. We are currently closing two new investments in addition to the recently announced Gringo investment in Brazil that are the fruits of 2021's pipeline labour.

Within our focused emerging markets mandate, the three markets that continue to command a lot of our time are Brazil and India, followed by Mexico, accounting for nine of our fourteen holdings between them, 90% of our NAV at end of 2021. Within the frontiers or next generation emerging markets, we have had most success to date in Pakistan, where our investments will count three in the near term and feel well placed to continue to put capital to work there. We also like a lot what we see coming out of Egypt, but yet to make our first play there. As we look into 2022, we are taking an overdue deep dive into the markets of South-East Asia and Indonesia in particular, with a plan to have boots on the ground in 1H22. The attraction of Indonesia begins with its sheer size of population at c. 270 mln, the fourth largest in the world. One then combines this with the still low financial penetration, contrasted with high smartphone penetration, a rapidly growing economy, attractive demographics, and the fast evolution of its new economy/digital ecosystem. As fintech dedicated investors, it also offers a financial system with robust unit economics, especially compared to much of the rest of the region. We have a playbook for these markets and look forward to sharing updates from the road as we go deeper here.

From a sector perspective, 2021 was the year when Embedded Finance really took hold at VEF – see specific section on pages 14–21 in this annual report. BlackBuck was our first dedicated Embedded Finance investment, more recently followed by Gringo in February 2022. Creditas has actually taken us in the opposite direction as it starts to broaden new economy and even traditional business verticals into its core fintech offering. Through 2022 we intend to focus increasingly our resources on the digital assets and Web3 opportunity. It is clear that digital assets will play an increasing role in shaping the future of financial services and we are at a point where we think there is more risk of not being exposed to these trends then not.

At a corporate structuring level we are constantly working to improve all for the long term benefit of our company and all its stakeholders. 2021 was the year when we took on the task of redomesticating the business Parent Company from Bermuda to Sweden. 2022 is the year we target re-listing our shares from Nasdaq First North Growth Market to the Nasdaq Stockholm main market, with the ambition to be admitted for trading some time in 2Q–3Q22.

Our shareholders – deepening our relationships

We are very respectful and appreciative of the capital that our shareholders have provided to us in the pursuit of our investment mandate. We are proud to count some of the largest global institutions in our cap table, including names like Wellington, Fidelity, Robur, Robeco and Wasatch. Every year we continue to broaden and deepen this base as we know it is key for the long-term success of our story. These relationships have been evolving and deepening over time. We now have regular calls with many of our top shareholders, during which both sides share views and experiences in areas of public and private markets, recent IPOs, specific geographic or sector trends. The value-add, we at VEF have received from some of our shareholders, has been significant, as this collaboration between us has deepened. Most notably, 2021 was a year that saw a significant increase in the amount of our larger shareholders investing beyond VEF and directly into some of our larger portfolio companies, including Creditas, Juspay and JUMO. This trend has not gone unnoticed by the market and has had multiple positive knock-on effects for our business. Most notably, when selling our (VEF) capital to some of the best fintech entrepreneurs across the emerging world, our shareholder base has always been a key selling point. In the last two years, this has gone to a new level, with clear positive implications for VEF as an attractive value-added investor to aspirational emerging market fintechs.

ESG, continuing our march forward

Through 2021, Environmental, Social and Governance (ESG), continued to grow in importance for VEF. Our capital always looks to positively impact access to fair and affordable financial services across the emerging world, while staying true to our mandate of delivering a healthy return for our investors. Many of the companies that we invest in and sit on the boards of, are pioneers in financial inclusion for the under- and unbanked, while others are driving down the price of financial services to their markets/segments of focus. In both our 2020 and 2021 annual report we speak about JUMO, in Africa, which is removing barriers to access and reaching segments that have been previously excluded from financial services. Another benchmark VEF portfolio example is Konfío. Providing efficient access to fairly priced credit is core to Konfío's product suite and is a great example of how ethical and profitable business can and do go hand in hand.

At VEF company level we delivered a number of key governance milestones through 2021:

- Our shareholders ratified the decision to move our Parent Company to Sweden, where we are listed, from Bermuda. This was an important step in our ESG journey and in ensuring that VEF is a long-term sustainable company and an attractive investment for all types of investors.
- We welcomed new board member Hanna Loikkanen to the VEF board and family. Attracting Hanna (board member at FinnFund and Bank of Georgia) was a coup for VEF, and we are benefitting already from her wealth of emerging markets, investing, finance and board experience.
- In line with a growing commitment of resources towards ESG, we added the position of Head of Sustainability at VEF, taken up by Helena Caan Mattsson and effectively formalising a role and position that she has driven and embodied for the last few years.

For more insight, I recommend reading our fintech for financial inclusion section later in this report, starting on page 27.

Concluding remarks

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. 2021 was a banner year for our company with great strides made on multiple fronts.

To repeat from last years letter – From day one we have maintained an over-arching focus on three simple mantras; 1) investments (invest well and live), 2) investors (love your investors) and 3) building a business for the long term. We re-iterate that delivering shareholder value through a focused approach to increasing our NAV per share and reducing traded discount to market value remains our core focus, and, once again, we are proud of the traction through 2021 on this front. We take a long-term view on our company, investments and indeed life, which is necessary when investing in the space that we do.

We end 2021 post the most successful quarter to date, with a record NAV and NAV per share, a strong cash position and a number of our portfolio companies breaking out. We continue to balance clear optimism with realism as we ease in to 2022 and look beyond.

Dave Nangle

Embedded Finance in emerging markets: A VEF perspective

The Embedded Finance opportunity

Introduction

Since VEF's inception in 2015, we have invested across every major emerging market fintech vertical, inclusive of payments, credit, and savings/investments. New areas of innovation and value creation are emerging, which expand the opportunity for fintech in more areas of the economy. Embedded Finance is one such area, where VEF has made three such recent investments. In this section of the annual report we aim to explain what Embedded Finance is and how it can create value. We also outline key ecosystem participants of Embedded Finance in one of our core markets – Brazil – and showcase some of our current Embedded Finance investments.

VEF's Fintech investment verticals

Credit ($)	• Consumer • SME • Secured • Unsecured	Embedded Finance
Payments ($)	• Offline • Online • Mobile • Remittances	
Personal finance ($)	• Digital banks • Personal finance managers • Mobile wallets	
Invest-ments ($)	• Wealth management • Roboadvisors • Digital brokers	
Web 3.0	• Protocols + infrastructure • Defi/Cefi • NFTs • Platforms	
Insurtech	• Online comparison and brokerage • Full-stack digital	

($) = VEF investments

What is Embedded Finance?

For the VEF investment team, Embedded Finance represents the possibility that all types of companies can now integrate financial services into their user experiences. Thanks to many factors, ranging from changing consumer habits (mobile-first), software innovation and a buoyant funding environment which has accelerated access to innovation, non-financial service companies can offer payment, lending, insurance, and investment products to their customers in a seamless low cost and efficient way.

Prior to the emergence of Embedded Finance, financial services were provided almost exclusively by traditional financial institutions (primarily banks) under a heavily regulated framework. The barriers to entry were high due to extensive resource requirements ranging from compliance and regulatory to technical infrastructure and people.

However, because of software innovation (facilitating the provision of software-as-a-service) and deregulation (for example the mandatory opening of application programming interfaces (APIs) that require banks to disclose their APIs for the purpose of secure data linkage with external providers), the unbundling of financial services is now possible.

These conditions have facilitated the emergence of the Banking as a Service (BaaS) business model. Here, software companies unbundle core parts of a traditional banking stack and offer them each (or collectively) as a software service. BaaS providers can be traditional banks (Goldman Sachs) or fintechs (Stripe). They are the core infrastructure layer, and the range of services they provide is also expanding.

Embedded Finance represents the utilisation of such functions by non-financial service companies.

Whilst there are many ways to define the ecosystem, we have found it most useful to understand the investment opportunity landscape by classifying participants into three main types of companies:

- **BaaS providers (which are typically Fintechs and/or banks)**
- **Fintechs enabled by BaaS**
- **Non-financial companies enabled by BaaS and fintechs**

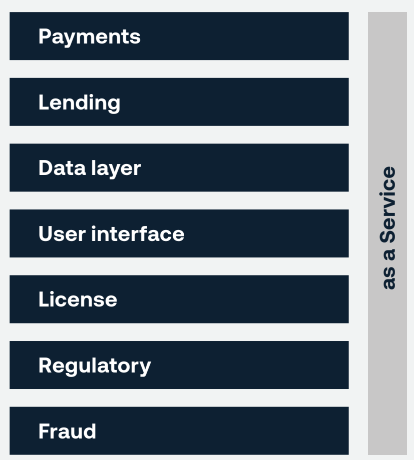
Embedded Finance is a potentially large source of value creation in the future because both banks and non-financial service companies can benefit – it does not have to be zero-sum. It will likely significantly expand the potential adoption of fintech, whilst at the same time enabling non-financial service companies to

- Improve the customer value proposition (which increases retention and gross profit per new customer);
- Create a virtuous circle between company and customer, further increasing retention; and
- Lower the cost and increase the speed of go-to-market.

It is a nascent but sizeable opportunity in emerging markets, and one that VEF is invested in today and we see plenty of runway for further investment.

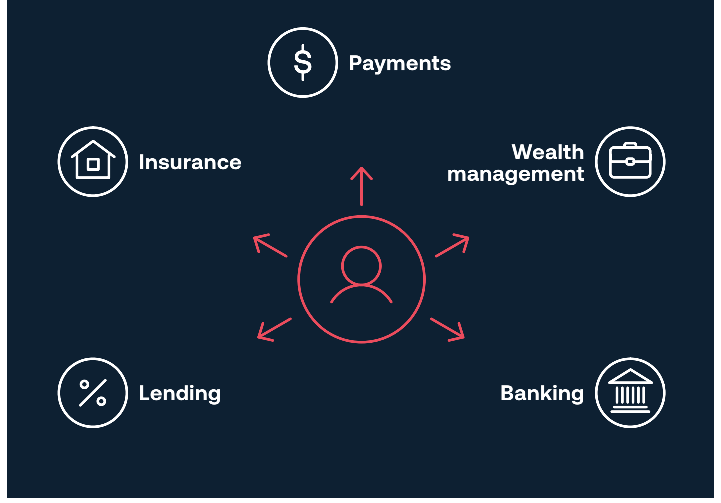
Source: Anthemis/11FS

Banking as a Service (BaaS)



Source: VEF

Use cases of Embedded Finance



Embedded Finance in Emerging Markets

Introduction

Whilst the Embedded Finance ecosystem in many emerging markets is less mature than in developed markets, China has been a pioneer of Embedded Finance. Super apps with an overwhelming share of the market, such as those owned by Alibaba/Ant Group and Tencent, were borne out of (social) e-commerce and are self-contained. For example, Ant Group is a bank, a fintech and is owned by Alibaba, a non-financial company that is enabling Ant's payments on its platform.

In Southeast Asia, which is following on China's heels, Embedded Finance has emerged from mobility apps (food delivery and ride hailing) – the most prominent example of this is Grab, the recently-listed USD 12 bln super app which has wrapped financial services into its ride hailing and food delivery platform. These all-in-one more mature Embedded Finance plays have remarkable financial service monetisation opportunities due to the scale of their user bases. Grab, for example, has c. 27.7 mln Monthly Transacting Users (MTUs) at year end 2021.

Closer to our geographies of focus, Mercado Libre and more broadly Brazil are also excellent examples of the benefits and potential of Embedded Finance at scale.

We have been on an evolutionary journey learning about and investing in Embedded Finance in our core markets of Brazil, India, and Mexico. We saw it first-hand through some of our portfolio companies, and we have met with dozens of new fintechs who are bringing financial services to many different sectors, including education (student lending), solar energy (panel financing) and health (payments). We have also made some specific Embedded Finance investments, namely Solfácil and Gringo in Brazil, and BlackBuck in India.

In the VEF portfolio, Creditas brought us into Embedded Finance organically, as it used its technology platform to evolve from a financing provider against secured assets (auto, home and employee benefits) to facilitating transactions around these same secured assets. It allows customers to buy, sell and upgrade their assets creating a flywheel effect that can be a powerful driver of value creation as:

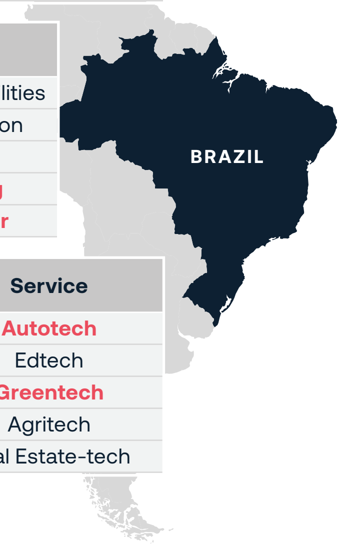
(1) Proprietary channels reduce CAC when consumers seek to transact an asset (e.g. buying a car, insuring a house).
(2) Customers are retained that otherwise would churn as they transact an asset that is being used as collateral in a Creditas' lending product (e.g. Creditas' auto equity customers prepaying their loans when they upgrade their car in a dealer) and
(3) Additional margin is captured as it participates in an asset transaction (e.g. selling an iPhone to a payroll customer generating a fee in addition to the corresponding financing product).

The private Embedded Finance ecosystem in Brazil and VEF's experience to date

BaaS providers	Service
Dock/Conducto	Card issuance/ processing
ID Wall	Verification
Fit Bank	White label bank accounts
Hash	B2B payment infrastructure

Fintechs enabled by BaaS	Service
Cell Coin	Payments for utilities
Vert capital	FIDIC facilitation
Creditas	**Lending**
Nibo	**Accounting**
Magnetis	**Roboadvisor**

NFCs enabled by BaaS and Fintechs	Service
Gringo	**Autotech**
Trybe	Edtech
Solfácil	**Greentech**
Verde	Agritech
CondoConta	Real Estate-tech



Creditas is a great example of how the lines are blurring, particularly in Brazil, between the three categories within Embedded Finance: it announced a partnership with Nubank in September 2021 whereby Creditas is embedding its technology (both lending and services) into Nubank's platform to offer Nubank's customers the opportunity to borrow against and transact around their core secured assets. This development sees two fintechs, each availing of different products/services/licences, to combine and offer the customer a great user experience at attractive economics for both provider and borrower at scale.

Perhaps the largest investment opportunity in Brazil is within non-financial services companies who are embracing Embedded Finance. Most recently, VEF has made a direct Embedded Finance investment: **Gringo**.

Photo: Peerakit Jirachetthakun (Getty Images)

Embedded Finance in Brazil: Gringo

Introduction

In February 2022, VEF invested USD 12.2 mln in Gringo, Brazil's leading start-up serving 5 mln drivers. VEF led Gringo's USD 34 mln Series B round with co-investment from Piton Capital, ICU and participation from existing investors Kaszek, GFC and OneVC.

Based in São Paulo, Gringo's mission is to become the drivers' best friend, helping them manage their documents and vehicles. Its operation began with the free monitoring of driver's licenses and vehicle debts. It has scaled to 5 mln drivers on the platform in less than two years and is growing rapidly – doubling this number over the last four months. It is the most downloaded app in the Auto category in Brazil, evidence of a highly engaged user base.

Gringo has three co-founders: Rodrigo Colmonero (CEO), Caique Carvalho (CPO and Juliano Dutra (CTO). We were impressed with their collective experience set and were really drawn to their passion for helping drivers, the culture they have built in the company and their traction in embedding useful fintech solutions into the journey.

Core driver pain points

All drivers in Brazil have to deal with a lot of time-wasting bureaucracy to manage their vehicles. Gringo aims to be the driver's best friend in reducing pain points and friction. Some examples of these pain points are:

- Managing a vehicle's annual taxes, paying for them (c. 4% of vehicle value annually) and managing electronic receipts (as proof of payment). There are heavy penalties and interest charges for late payments.
- Keeping a driver's license on hand, up-to-date and renewing it.
- Receiving paper fines, sometimes after due date and having to pay them at a local office.
- Many of these tasks require physically visiting different departments and this varies from state to state.

Gringo's exponential growth and high levels of user engagement proves the extent of this problem in Brazil.

Gringo's Embedded Finance solution

Gringo is a non-financial service company in Brazil that has created a unique ecosystem around driver painpoints, and is utilising the provision of financial services to increase customer value/retention/transactions.

Its core product today allows drivers to monitor items related to their driver's license and vehicle situation for free, making sure that they are always fully compliant. Gringo also allows drivers to digitally renew documents and pay taxes and fines. As some of these payments can be large lump sum payments, they offer the equivalent of a Buy-Now-Pay-Later (BNPL) solution, leveraging payment rails already existing in Brazil. Lastly, they offer drivers the ability to digitally store vehicle registration and their driver's license, so that they are always available and to hand.

The technology and approach behind its Embedded Finance success

The core Embedded Finance function within Gringo's app is payment facilitation of multiple forms. These range from PIX to credit cards and Boletos (a popular Brazilian cash-based payment method). Gringo works with a global payments processor to affect these transactions, allowing customers to choose different payment terms and durations. Local financial institutions and card issuers can offer credit to Gringo's customers through this payment processor. Gringo earns a take rate on each transaction. We have been impressed with the technology stack the company has built and the seemless customer experience offered. It is also highly scalable.

Expanding its Embedded Finance offering

Gringo has ambitions to expand the range of Embedded Finance it offers, namely insurance, vehicle financing and buying and selling vehicles. Gringo can provide a better experience for all of these product purchases because of the deep data that they have on the driver and vehicle:

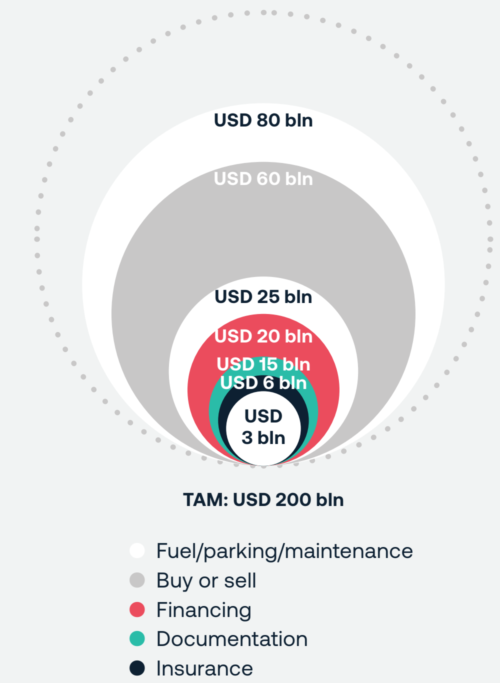
Insurance: 30% of the cars on its platform have insurance. Gringo has 80% of the information that insurance providers ask consumers for to price insurance.

Financing: 25% of the cars on its platform are today financed. Gringo already has all the information needed to offer a seamless financing user experience for drivers wishing to access financial products and services.

The results so far have been impressive: over the course of 2021 insurance product sales helped contribute to a 20x GMV increase and a 25x revenue increase, when compared to 2020.

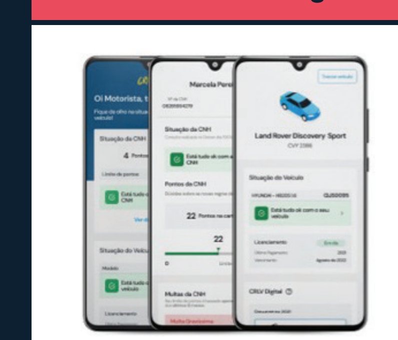
Expanding into these new verticals of Embedded Finance would increase Gringo's TAM to c. USD 200 bln, and dramatically improve its unit economics. Gringo is our first direct Embedded Finance investment in Brazil, and we are excited to see the team continue their success in embedding financial services.

Car ownership in Brazil



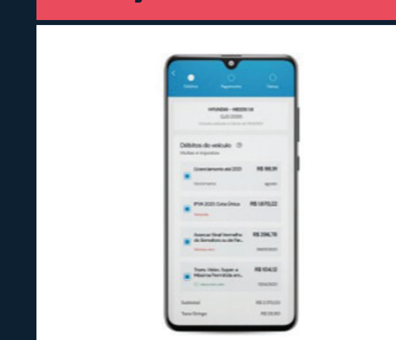
We have also made a direct Embedded Finance investment in India – **BlackBuck** (see overleaf).

Free monitoring



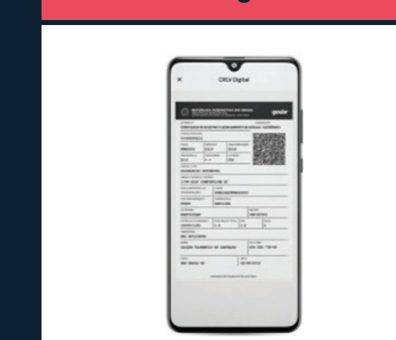
Gringo lets drivers monitor their documents and driver license for free.

Payments and BNPL



Gringo offers payment solutions for drivers to pay their fines, taxes, and renew their documents.

Vehicle registration



The vehicle registration is stored on Gringo's application.

Embedded Finance in India: BlackBuck

Introduction

BlackBuck is the largest online trucking platform in India, currently servicing c. 22% of all truckers. It has a vertically integrated approach to building a trucking marketplace by digitising fleet operations for truckers (providing predominantly payments solutions around tolls and fuel) and operating a marketplace matching trucks with relevant loads. The platform has close to 700 thousand truckers and 1.2 mln+ trucks on its platform and it sees over 15 mln+ in monthly transactions.

VEF announced its USD 10 mln investment into BlackBuck in July 2021, as part of a broader participation in an equity financing round totalling USD 67 mln, led by Tribe Capital and IFC Emerging Asia Fund. We were impressed by the calibre of BlackBuck's co-founding team, and the strong profile of top managers reporting into them, giving the business a deep bench.

Core logistics pain points

India's economy relies on a very fragmented and disorganised trucking industry for the transportation of goods across the country. There are 1.5 mln truckers (fleet owners) who own 3.5 mln trucks. 80% of truck supply is owned and operated by small owners (typically owning on an average 2–3 trucks). They are typically truck drivers who have over time invested in their own fleet and now employ their own truck drivers.

There are two core pain points for truckers and drivers:

(1) Managing and paying for expenses of the trucks including electronic toll payments, fuel, and other consumables (e.g., tyres and lubricants). The trucking industry is estimated to spend c. USD 100 bln annually on these expenses related to operating a truck. At reasonable take rates this represents a significant revenue opportunity.

(2) Securing suitable and well-paying jobs for the trucks. It's estimated that trucks can be idle for 25–30% of the time because of inefficient demand/supply matching. Today the trucking industry GMV for transporting goods stands at USD 150 bln in India. A very fragmented industry of unorganised, offline brokers sits between the demand (shippers) and supply (truckers). These brokers charge c. 10–15%, representing another USD 15 bln revenue opportunity to disrupt, by organising and bringing online transactions between shippers and truckers that would otherwise occur offline.

The highly fragmented nature of the trucking sector provides a huge opportunity to disrupt.

BlackBuck's Embedded Finance solution

Following government efforts to digitise toll payments with electronic tags, special lanes were dedicated to automatic electronic payments of toll fees for anyone that had a tag installed. BlackBuck issues and installs toll tags onto trucks. These tags can only be topped up within the BlackBuck app which also makes it easy for a fleet owner to track expenses.

BlackBuck is an embedded payments company, whereby it forms the issuer side of a closed-loop payment network with National Payments Corporation India (NPCI) acting as the clearing house and banks as the acquirers. It charges a take rate per transaction, and on top of this charges subscription fees for additional value added services. It also issues virtual fuel payment and loyalty cards for its drivers.

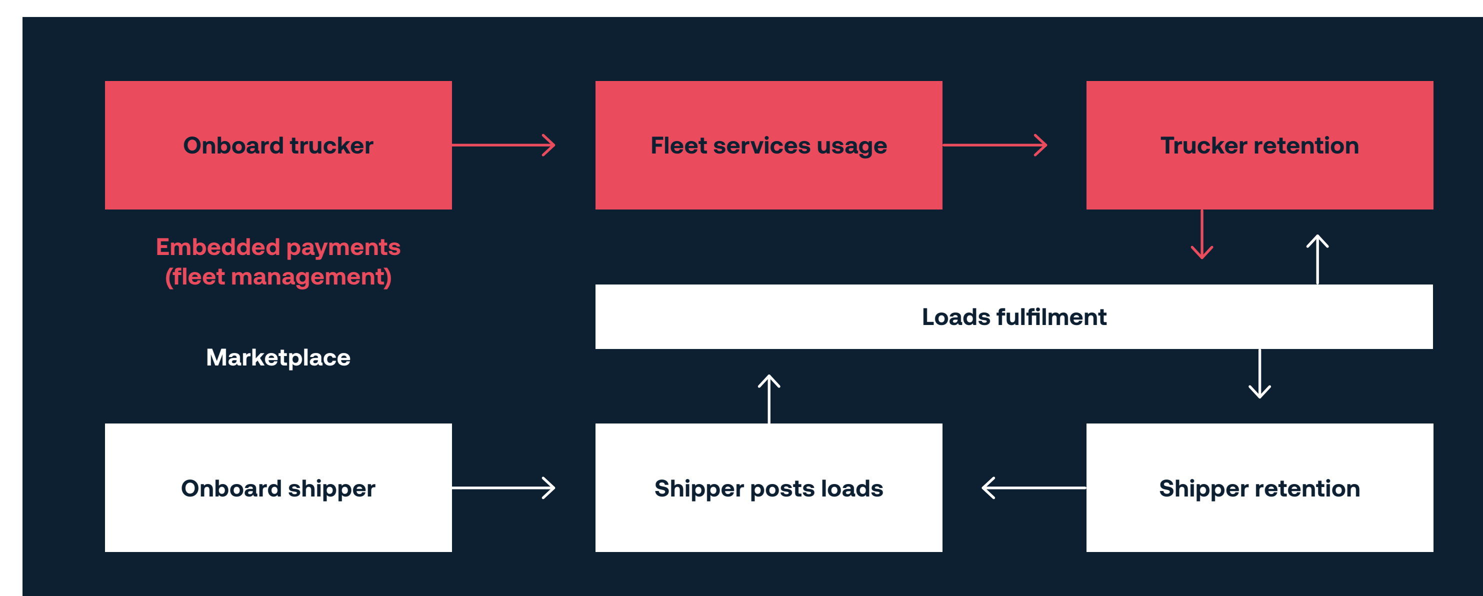
Toll tags are topped up within the app through Unified Payments Interface (UPI). This can be done through bank accounts/wallets/cards etc. We have previously written about the Indian Payment ecosystem and our investment in Juspay on our web page[1], where we outlined how the government has been the primary agent of change in modernising India's payment infrastructure, with strong growth in digital payments growing at 60% CAGR over the last five years, led by UPI, where the total value of UPI transactions in FY21 was at c. USD 560 bln (up from USD 510 bln in 2020), which has far outpaced in both volume and value terms credit and debit card transactions.

Many large emerging markets have similar plans to roll out real time payment infrastructure in the coming years and we think this will increase the investment universe of Embedded Finance businesses who may be able to scale faster and greater than they would otherwise without this digital payment adoption accelerant.

Embedded payments are a gateway to creating a marketplace

Having profitably acquired truckers onto the platform through its payment offering (Fleet Services), BlackBuck launched a digital freight network to connect these truckers (supply) with shippers (demand). Although it is early days, the marketplace could dramatically increase trucker lifetime value (LTV) at scale.

We couldn't be more excited about the ways in which BlackBuck can further disrupt the Indian shipping market through Embedded Finance.



1. https://vef.vc/app/uploads/vef_india_juspay_final.pdf

VEF's sustainable journey

VEF's purpose is to create long-term sustainable value for our shareholders by investing in the future of finance across emerging markets. As a key input into fostering long-term shareholder returns, 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.

At the core, we have values that guide us in how to build our company and how to conduct business. The core values guide us in our mission and strategy to build a successful investment company.

VEF core values

The basis of VEF's overall mission and strategy are our core values, which form the basis for how we conduct business in a sustainable way. The core values are always on our minds to guide us in our mission and strategy to build a successful investment company.

Stewardship	We are an active and responsible shareholder and we take corporate governance very seriously, both with regards to how we conduct our business and how our portfolio companies conduct theirs.
Integrity in everything we do	We are transparent, open, honest, fair and ethical towards all stakeholders: our investors, employees, investments, suppliers and the communities served.
Respect for people and diversity	We seek diversity of thought and background and respect the individual. Innovation and success come out of bringing people together from different backgrounds, with different ideas, strengths and experiences.
Positively impact the world	We strive to make returns by positive social impact, participate in the creation of economic opportunities for those without, advance new technologies and business models that are sustainable and improve financial intermediation.

How we work with sustainability

For VEF, sustainability has three dimensions: 1) sustainability at VEF as a company and investor, 2) sustainable portfolio management and 3) sustainability impact of our portfolio companies.

Sustainability at VEF as a company and investor
VEF is a small company with few employees, but we recognize the value and importance of keeping our house in order for our long-term and sustainable growth as an investment company.

In addition, we strongly believe that our most meaningful and effective impact comes from our capital and our portfolio companies. Sustainability in our portfolio companies is addressed on two levels:

Sustainable portfolio management
We work actively to ensure that all portfolio companies conduct fair, ethical, non-discriminating, and ESG-compliant businesses to allow long-term sustainable growth. We have always lived by the mantra **"If it's not ethical, it's not scalable"**. We truly believe this is fundamental criteria for long-term scalability and success even if there may be short-term winnings for less ethical businesses.

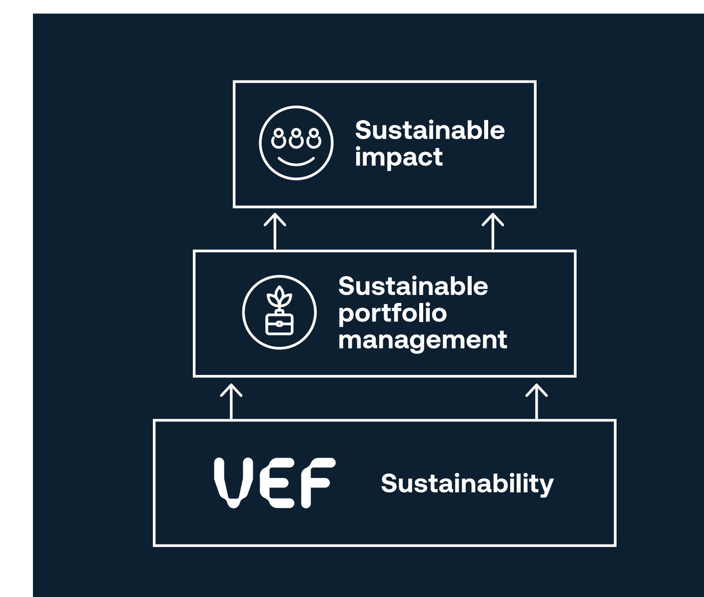
Sustainability impact of portfolio
VEF's biggest and most meaningful effect on society is the positive impact the portfolio companies may have on their respective markets by enabling financial inclusion in emerging and frontier markets.

Our capital always looks to positively impact access to fair and affordable financial services across the emerging world, while staying true to our mandate of delivering a healthy return for our investors. By being an investor in VEF, you make a difference and contribute to financial inclusion in the emerging world.

While the first is a fundamental requirement for long-term and sustainable businesses, the second is taking responsibility and driving change for bettering the world.

"Many of the companies that we invest in and sit on the boards of, are pioneers in financial inclusion for the under- and unbanked, while others are driving down the price of financial services to their markets/segments of focus."

- Dave Nangle, CEO at VEF



The UN Sustainable Development Goals and Financial Inclusion

We support the United Nations Sustainable Development Goals (SDGs) and we believe in the importance of private businesses contributing to the goals for them to be achieved. VEF's main contribution to the SDGs is via our portfolio companies and specifically the financial inclusion of consumers and SMEs. By investing in fintech companies in emerging markets, we are convinced that we positively contribute to society and the SDGs. We see economic prosperity as an enabler to tackle both fundamental issues such as poverty, hunger, equality, and literacy, but also as a means for societies to develop and advance, and this is what we build our investment philosophy on (read more about this on page 9).

The Office of the UN Secretary-General's Special Advocate for Inclusive Finance for Development (UNSGSA), the Better Than Cash Alliance which is hosted by the United Nations Capital Development Fund (UNCDF), and the World Bank have identified that digital financial services can contribute to almost all of the SDGs. UNSGSA has narrowed this down to 7 SDGs that financial inclusion more specifically contributes to and we agree with this selection of relevant SDGs based on our portfolio companies' impact. In 2021, we invested USD 86.1 mln into nine portfolio companies (existing and new). To read more about our investments during 2021, please see page 30 of our annual report.

Building an investment company for the future

At VEF we have always had high ambitions when building our company and organization. We constantly want to improve and take our company to new standards. 2021 has been a busy year for us on multiple fronts and one where we have really focused on strengthening VEF at its core and specifically our governance. We have taken several important steps in building a stronger and more sustainable company, including:

1. Redomestication to Sweden – We have previously had a legacy structure with a Bermuda based parent company that we have redomesticated to a Swedish parent company. Having a Swedish company as the listed parent company of the group is an important step in strengthening the governance of VEF. Our new structure ensures that VEF is a long-term sustainable company and an attractive and accessible investment for all types of investors.

2. Diversifying the Board – In 2021, Hanna Loikkanen (board member at FinnFund and Bank of Georgia) joined the VEF board of directors, which further strengthens the diversity and broadens the skillset of the board. Hanna has a deep understanding of ESG matters and is a great addition to the board in general with her extensive emerging markets, investing, finance and board experience, but also specifically regarding ESG matters.

3. Strengthening overall governance – In preparation for a potential relisting of VEF to the Nasdaq Main Market in 2022, we have generally strengthened the governance of the company in several different areas, including formed a designated audit committee, the risk and control work of VEF, policies and guidelines, internal processes and procedures and perfecting the financial reporting of the group.

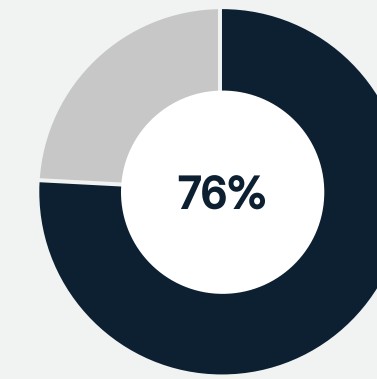
4. Devoted senior resources to sustainability – Over the last several years, we have devoted more and more time and resources to driving sustainability. In 2021, we added the position of Head of Sustainability at VEF, taken up by Helena Caan Mattsson, effectively formalizing a role and position that she has driven and embodied for the last few years. As Helena is part of the management team, this ensures that sustainability matters are prioritized and discussed at senior level and reported to the Board on a regular basis.

Sustainable portfolio management

Sustainable portfolio management starts with having a robust investment process. Our investment decision-making process is driven by a strong belief in (1) sustainability as a fundamental part of business and (2) the power of active shareholding, to ensure strong governance and responsible business practices. By being an active and responsible shareholder, we can ensure that our portfolio companies build long-term and sustainable businesses that contribute positively to society. At VEF, we have an investment process backed by thorough ESG and impact analysis. Once a company is added to our portfolio, we follow their ESG-journey closely, both to ensure compliance with certain key areas but also to follow the development and maturing of their sustainability work. You can read more about our investment process and pre- and post-investment ESG analysis of portfolio companies on pages 93–94.

In the last few years, we have focused our sustainability efforts related to the portfolio on three core areas that we believe are the most relevant and have the highest impact. These have been chosen as most relevant for our portfolio given that we invest in emerging and frontier markets and specifically in fintech companies. You can read more about how we identified these key topics and about business ethics and responsible financing on pages 92–99 where we present detailed sustainability information. In 2021, we have deepened our work within these areas as set out below.

USD 66 mln



Invested capital in companies with a clear impact on financial inclusion

Core area	Description	Key achievements
Financial inclusion	• Improve and provide access to fair and affordable financial services	• USD 66 mln (76%) of invested capital in companies with clear impact on financial inclusion • Further define our role and goals related to financial inclusion
Responsible financing and consumer practices	• Fair and transparent consumer practices • Data privacy and security • Responsible lending and prevention of over-indebtedness	• Defined VEF responsible financing principles • Integrated responsible financing into our pre-investment due diligence • Engaged and kept a dialog with relevant portfolio companies
Governance and business ethics	• Regulatory compliance, anti-corruption, AML and general business ethics	• Ensured that all new investments are obligated to adhere to VEF business ethical principles • Assisted portfolio companies in adopting relevant policies • Worked with portfolio companies to ensure continuous development • 13/14 portfolio companies have relevant ESG policies • 100% of portfolio companies compliant with VEF business ethical principles in 2021

Photo: JUMO

Sustainability Impact – Fintech for Financial Inclusion

In large parts of the world, financial services for consumers and MSMEs (micro, small and medium enterprises[1]) are largely either unavailable, of poor quality and/or discriminately expensive.

Financial inclusion has been recognized as key for improving growth and access to financial services and an important factor for reducing extreme poverty, boosting and building sustainable economic growth, and achieving rapid development and improving gender equality. Reliance on cash makes it extremely difficult for individuals to save for needs such as education and healthcare, prepare for financial emergencies, and invest in their small businesses. Fintech represents a massive opportunity for financial inclusion, with the World Bank asserting that fintech applications can especially help to drive development in emerging markets. Digital financial services, such as mobile wallets, electronic payments, fintech apps, digital credit services, etc. can reach people previously excluded from these services.

Financial inclusion for MSMEs is key to further the socio-economic advancement of emerging market economies. Mentioning but two contributions; they support employment generation and the economic advancement of countries and communities. Firstly, more job opportunities are needed to absorb the growing workforce, and in emerging markets 70% of all formal jobs are generated by SMEs. Secondly, contributing up to 40% of GDP and representing around 90% of businesses in emerging markets, small businesses contribute to further the economic development of countries and communities. Despite the importance of MSMEs in emerging markets, these companies face significant challenges when it comes to accessing affordable financial services. The lack of credit history that many MSMEs have is a challenge that may be difficult to overcome when seeking affordable funding and subsequently this becomes a constraint on growth for these companies. Financial inclusion for MSMEs is believed to have a positive impact on poverty reduction, reduction of inequalities, employment generation and overall economic development of emerging markets.

Fintech companies can contribute to financial inclusion by:

- **Providing access to financial services for previously unbanked or underbanked consumers and SMEs, i.e. democratizing access to financial services**
- **Providing credit to low-income consumers and MSMEs**
- **Providing financial services, e.g. loans and remittance services, to consumers on fair and affordable terms**

1. Defined as per the IFC definition: IFC's Definitions of Targeted Sectors

Almost 1.7 bln people globally lack an account at a financial institution or through a mobile money provider.

76% of those live in sub-Saharan Africa and South Asia.

67% of sub-Saharan adults and 32% in South Asia are unbanked.

50% of those are in just seven countries, including India, Pakistan, Mexico, and Nigeria[2] – which all are focus markets for VEF.

2. 2017 Findex full report_chapter2.pdf (worldbank.org)

VEF's impact in numbers

USD 86.1 mln invested in current and new portfolio companies

76% invested into companies with a clear impact on financial inclusion

Almost 20 mln retail customers and MSMEs served to date

Almost 129 mln loans and USD 6.6 bln disbursed to date by portfolio companies to underserved consumers and MSMEs, or at significantly improved terms

JUMO – Rocketing economic impact

JUMO provides inclusive financial services to unbanked consumers and SMEs across several emerging and developing markets. JUMO has served 18.9 mln customers, has disbursed USD 3.95 bln in loans and given 128 mln loans to date. By reducing the cost of lending by up to 60% in the last 6 years, JUMO has accelerated systematic change enabling capital to flow more freely, in the markets where they operate. JUMO's entire business is based on fostering social impact, as its business model is centered around improving financial inclusion for the underserved.

> "We believe everybody deserves access to saving and borrowing choices at the best prices, irrespective of their wealth."
>
> - Andrew Watkins-Ball, CEO JUMO

- 18.9 mln unique customers to date
- Originated USD 3.95 bln in loans to consumers and MSMEs
- 29% of customers earn less than USD 2 per day and almost 89% of customers less than USD 10 per day
- 1 in 3 customers are women
- 37% of customers live in rural areas
- 62% customers are entrepreneurs or farmers

Almost 90% of JUMO customers earn less than 10 USD per day, giving credit choices to people that wouldn't normally have access to formal lending options.

The lending services offered on JUMO's technology platform contribute to financial flexibility, giving customers loans to invest in business, school fees or supporting more basic needs like food and healthcare. Three out of four customers say that their financial planning slightly or substantially improved after borrowing money through JUMO's platform. 29% of money borrowed is used for businesses and more than 50% for basic needs such as food, school fees and medical emergencies.

A responsible financial partner

JUMO is committed to being a responsible financial partner and the long-term protection of customers using their platform. JUMO endorses the principles set by the Responsible Finance Forum and ensures fair and transparent terms and lending practices. They work with their banking and payments partners to ensure that customers receive credit amounts they can manage and pay back, while actively applying measures to avoid over-indebtedness.

Sustainability on several levels

JUMO's sustainability impact and initiatives are not limited to solving financial inclusion and equal access to financing. With a designated Social & Ethics Committee, they set the framework for their sustainability efforts together with several representatives from JUMO's investor group.

The committee receives quarterly and annual environmental and social reports where they track various sustainability KPIs and the progress of their annual environmental and social action plan.

On the environmental side, they have had a decentralized way of working with most employees working from home while having the option to go into an office if they wish. This leads to reduced environmental impact in terms of carbon emissions and energy consumption. Meetings take place virtually and only essential business travel is permitted. JUMO doesn't manufacture products, however it recognises it still has an impact and therefore monitors and tracks carbon emission from flights, water, and electricity usage of their small office footprint, etc.

Another sustainability aspect that JUMO focuses on is diversity and inclusion. One of the ways JUMO creates an inclusive work environment is through awareness campaigns, training materials, resources, and targeted workshops. Gender equality is a key focus area, and they consciously develop and empower women to ensure equal access to opportunities through targeted initiatives.

A recognized ESG and impact champion

JUMO conducts annual B-impact assessments (GIIRS-rating) and ESG due diligences. GIIRS is a well-regarded and recognised standard for impact measurement. JUMO undertakes an annual independent third-party verification of the results and has a platinum rating with continuous improvement in the scores over the years.

Konfío – Building a financial ecosystem for MSMEs

Sole proprietors, young entrepreneurs, and MSMEs have long been excluded from financial services in Mexico, something that VEF portfolio company Konfío sets out to change.

Konfío started as a company providing working capital to these underserved sectors, and backbone, of the economy. Their platform has since developed into an ecosystem of services. During 2020 and in 2021, new products have been launched to facilitate the strengthening of MSMEs in Mexico, including corporate cards, ERP, payments, and invoicing, allowing Konfío to be a partner in all stages of business development, and a one-stop-shop for customers when it comes to financial services. For 24% of Konfío clients, the credit with Konfio is their first business loan, and 30% are considered young entrepreneurs (under the age of 34[1]) – groups that otherwise would have had difficulties in accessing capital from traditional financial institutions.

> "When applying for a loan, young people face more pronounced challenges such as greater difficulties in meeting traditional requirements and risk rating thresholds, which are not necessarily related to risk. Konfío's models place them on fairer ground."

Proven positive impact

In 2020 and 2021, IDB Invest conducted a study on the impact of Konfío's loans. Among preliminary findings of the study was that, on average, revenue increased with 25% comparing sales 18 months after receiving a Konfio loan. This was especially the case for micro enterprises and sole proprietors. It is, therefore, safe to say that Konfío indeed has a great positive impact on the growth of MSEMs in Mexico.

Measuring the impact of the financial inclusion provided by Konfío, and making sure that diversity, equity, and inclusion are in the right place both internally and in the way that Konfío serves their customers and society, has been the main focus when working with sustainability at Konfio.

- 41% are sole proprietors
- 29% are female owned business
- 30% of business owners are below 35 years
- For 24% of customers their credit with Konfío was their first business loan
- On average 25% increase in sales 18 months after receiving Konfío loans

Diversity, equality and inclusion

2021 was also a year when Konfío elevated its sustainability agenda internally. A Diversity, Equality, and Inclusion survey among employees provided deeper information on the diversity landscape, and also, a Konfío LGBTQ+ community was started. Konfío also developed practices on how they communicate, so that they can attract a more equal and diverse workforce in an industry that traditionally has been very masculine. Between 2020 and 2021, female employees increased from 30% to 36%. As part of their diversity work, they have successfully completed the first generation of Restart your Career, a returnship program for senior women in tech. Participants were updated on the latest technologies and participated in projects for three months, after that period, more than half of the participants were permanently hired.

1. Young entrepreneurs are considered to be those under 34 years of age, following the definition of the World Bank.

Investment portfolio

Portfolio development

Net asset value

VEF's net asset value as at December 31, 2021 was USD 761.7 mln (December 31, 2020: USD 388.1 mln) or USD 0.73 per share (December 31, 2020: USD 0.47 per share).

Given a SEK/USD exchange rate of 9.04 (December 31, 2020: 8.19) this corresponds to a net asset value of SEK 6,885 mln (December 31, 2020: SEK 3,178 mln) or 6.61 SEK per share (December 31, 2020: SEK 3.83 per share).

Over the year 2021, VEF's net asset value in USD increased by 96.3%, VEF's share price in SEK increased by 49.8% while the MSCI Emerging Markets index[1] decreased by 2.5%. The majority of VEF's growth in net asset value was a result of the mark up in valuation of Creditas, Konfío and Juspay.

Investments

During 2021, gross investments in financial assets were USD 171.1 mln (2020: USD 97.1 mln). USD 23.8 mln was invested in new portfolio companies Abhi, BlackBuck, minu and Rupeek, with the majority, USD 22.0 mln, invested in BlackBuck and Rupeek. USD 62.3 mln was attributable to additional investments in current portfolio companies, with the majority of invested capital attributed to Creditas (USD 25.0 mln) and Konfío (USD 29.0 mln). USD 85.0 mln was attributable to investments in liquidity placements.

Divestments

Gross divestments in financial assets were USD 86.9 mln (2020: USD 41.5 mln) of which USD 4.4 mln relates to divestments in Guiabolso and Xerpa and USD 82.5 mln relates to divestments in liquidity placements.

Revaluations

The largest revaluations of financial assets during 2021, were Creditas (USD 200.1 mln), Konfío (USD 58.1 mln), Juspay (USD 21.1 mln), JUMO (USD 8.9 mln) and Xerpa (USD -4.5 mln).

Liquidity management

VEF has investments in a money market fund and bonds as part of its liquidity management operations. As per December 31, 2021, the liquidity investments are valued at USD 50.6 mln (2020: USD 48.2 mln), based on the latest closing price or NAV.

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

The investment portfolio stated at market value (TUSD) at December 31, 2021

Company	Fair value Dec 31, 2021	Net invested amount	Investment/ divestments 2021	Change in fair value 2021 (%)	Change in fair value 2021	Fair value Dec 31, 2020	Valuation method
Creditas	394,123	98,356	25,000	118.4%	200,100	169,023	Latest transaction [1]
Konfío	135,582	56,521	29,021	119.7%	58,057	48,504	Latest transaction [1]
Juspay	42,420	16,985	3,985	121.2%	21,063	17,372	Latest transaction [1]
TransferGo	29,271	13,877	2,840	-7.7%	-2,203	28,634	Latest transaction [1,2]
JUMO	18,409	14,614	–	93.0%	8,869	9,540	Latest transaction [1]
REVO	13,235	6,664	–	19.4%	2,152	11,083	Mark-to-model [1]
Rupeek	13,152	11,985	11,985	9.7%	1,167	–	Latest transaction [1]
Nibo	12,560	6,500	–	-7.7%	-1,050	13,610	Mark-to-model [1]
FinanZero	11,882	4,172	1,501	4.5%	448	9,933	Latest transaction [1,2]
Magnetis	10,526	5,668	–	26.4%	2,196	8,330	Latest transaction [1]
BlackBuck	10,000	10,000	10,000	0.0%	–	–	Latest transaction [1]
Finja	7,351	2,925	–	8.9%	603	6,748	Latest transaction [1]
Abhi	1,350	1,350	1,350	0.0%	–	–	Latest transaction [1]
minu	450	450	450	0.0%	–	–	Latest transaction [1]
Xerpa	0	8,500	-1,308	-77.3%	-4,450	5,758	Exited
Guiabolso	0	30,000	-3,101	-42.8%	-2,316	5,417	Exited
Liquidity investments	50,642	85,500	2,500	-0.1%	-63	48,205	[1]
Investment portfolio	**750,953**	**374,067**	**84,223**		**284,574**	**382,157**	
Cash and cash equivalents	11,131					4,224	
Total investment portfolio	**762,084**					**386,381**	
Other net liabilities/assets	-356					1,685	
Total net asset value	**761,728**					**388,066**	

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.

Latin America

creditas

creditas.com

Creditas is the leading fintech platform for secured and specialized financial solutions focused on improving the lives of individuals in Latin America across three ecosystems: auto, home and employee benefits.

Creditas' ecosystem leverages customers' assets to offer fintech solutions, digital insurance and consumer solutions, using proprietary technology to deliver a unique customer experience. Collateral-based lending is the core monetization tool and allows Creditas to build an enduring client relationship. In Brazil, consumers pay some of the highest interest rates in the world, while secured lending remains massively underpenetrated. Creditas democratizes access to credit by leveraging customers' assets like their real estate, vehicle and salary to offer financing and refinancing options loans at more reasonable rates through an efficient, tech-driven application system.

The core fintech product of asset-backed lending has clear synergies with insurance, and Creditas is now the largest independent insurance broker in Brazil offering auto, residential and employment insurance in partnership with more than 16 carriers. In addition, consumer solutions offered by Creditas allow customers to buy, sell and upgrade their assets, offering home renovation solutions, a proprietary online used car retail platform (Creditas Auto) and, after a strategic investment in Voltz Motors, the next generation of EV motorcycles and scooters. These solutions create a flywheel effect that increases customer engagement, reduces acquisition costs and expands Creditas' revenue streams.

Creditas continues to be one of the cornerstone holdings of the VEF portfolio, and we remain confident in the company's ability to create meaningful value and be a significant driver of our NAV as the company strides towards an IPO.

Recent highlights:

- At the end of 2021, Creditas' loan portfolio reached over BRL 3.7 bln, with revenues of BRL 870 mln for the whole year 2021.
- While secured lending is driving dynamic growth, Credita's asset-focused ecosystem is rapidly expanding, with acquisitions like Minuto Seguros and Volanti and a strategic partnership with the world's largest neobank, Nubank adding to the mix.
- In 4Q21 VEF announced a USD 25 mln follow-on investment in Creditas as part of a broader USD 260 mln round, valuing the company at USD 4.8 bln.

Region:
Brazil

Segment:
Secured lending platform

Fair value (USD):
394.1 mln

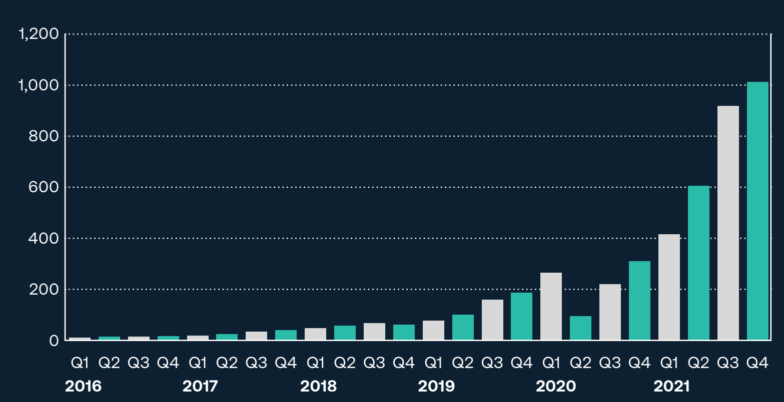
VEF Stake:
8.9%

Fair value change 2021 (USD):
+118.4%

Share of VEF's portfolio:
51.7%

Origination (BRL mln)

Source: Company data



konfío

konfio.mx

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

SMEs are key to economic development in emerging markets, yet while SMEs represent 88% of private sector employment in Mexico, they contribute only 32% of economic value added to the market. This is largely because SMEs have historically been underserved by traditional banks and thus have poor access to financial services – with only one out of ten businesses having access to formal credit – while low worker productivity also plays a part.

Konfío has built a full ecosystem of technology and business solutions for SMEs to boost their growth and productivity. At the core, Konfío's working capital loan product leverages traditional and non-traditional data sources and advanced data capture, storage, and processing technologies to assess credit risk without requesting financial statements from customers, generating credit offers with dynamic terms in less than 10 minutes in a 100% digital process.

More recently, Konfío has broadened its product suite to include payments and SaaS tools, offering both online and offline B2B and consumer payment and financing solutions, and a cloud-based system for operational, accounting, and financial business management available to both SMEs and their accountants. These new offerings are leading to lower CAC, stronger customer engagement and an improvement in risk selection while diversifying revenues and a higher customer LTV at Konfío.

Recent highlights:

- Konfío raised a total of USD 235 mln over the course of two Series E funding rounds in 2021, welcoming new investors Lightrock and Tarsadia Capital as shareholders. VEF participated across both funding rounds with an additional USD 29.0 mln invested during the year.
- 2021 saw Konfío expand the product suite into SaaS tools and payments, with Konfío completing the acquisition of Sr Pago, a mobile POS and online consumer payments company, as part of this.

Region:
Mexico

Segment:
Diversified financial services for SMEs

Fair value (USD):
135.6 mln

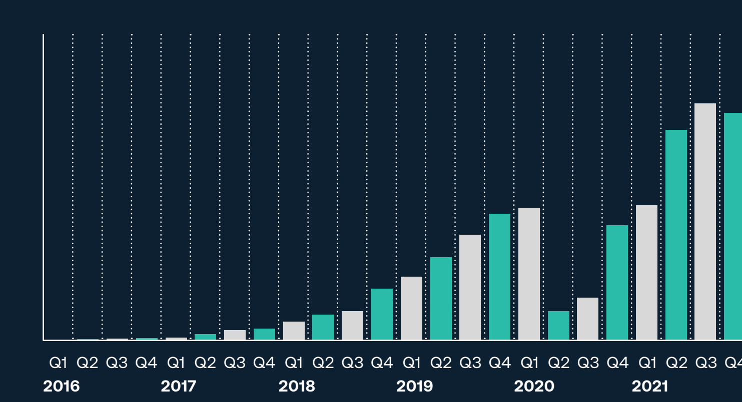
VEF Stake:
10.3%

Fair value change 2021 (USD):
+119.7%

Share of VEF's portfolio:
17.8%

Origination

Source: Company data



nibo

nibo.com.br

Nibo is the leading accounting SaaS provider in Brazil, transforming the way accountants and SMEs interact in one of the most complex and regulated accounting and tax environments in the world.

The Nibo platform uses technology to offer a suite of financial management tools to accountants and SMEs, including accounts and bank reconciliation, payment of bills, cash flow projection tools and issuance of invoices and boletos, empowering accountants to serve their customers better and more profitably.

As well as improving productivity, Nibo's products allow accountants to cross-sell additional value-added services, further strengthening the end customer relationship and diversifying their revenue stream. As their SME base grows, Nibo is accumulating and manages a unique pool of SME data which has the potential to serve as a base for offering a variety of additional financial services to Brazil's underserved SMEs as a natural extension of the core products.

As of December 2021, Nibo had over 346 thousand SMEs serviced through 3,600 accountant customers on its platform.

Recent highlights:

- Grew the SME base to 346 thousand in 2021, continuing to gather one of the largest and richest data sets on SMEs in Brazil.
- In 2021, launched a new intuitive dashboard interface for its customers, allowing SMEs to better interact with their financials and performance metrics produced by the accountants on the Nibo platform, thereby driving engagement higher and giving Nibo opportunities to upsell/cross-sell its other products and services to them.

Region:
Brazil

Segment:
Accounting SaaS

Fair value (USD):
12.6 mln

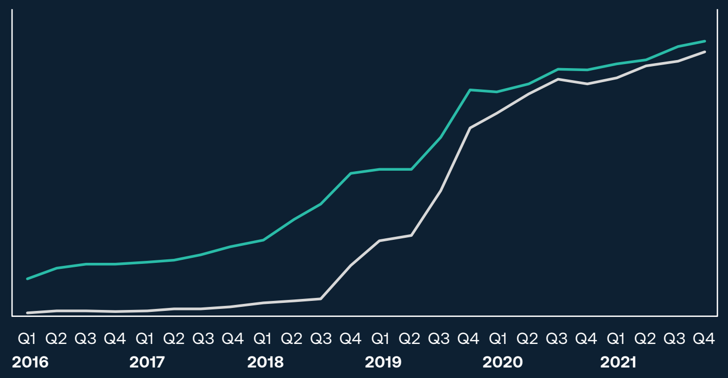
VEF Stake:
20.1%

Fair value change 2021 (USD):
-7.7%

Share of VEF's portfolio:
1.6%

— Partner accountants
— Companies under contract

Source: Company data



FinanZero

finanzero.com.br

FinanZero is a pioneering digital marketplace for consumer loans in Brazil.

The exorbitantly high interest rates on consumer loans in Brazil, where unsecured consumer loan and credit card APRs average well into triple-digits, mean it is an imperative for consumers to find loans with the lowest rates and best terms available to them in the market. At the same time, consumer loan volumes and tech adoption in Brazil are increasing, creating a strong opportunity for a digital solution. Playing into this space, FinanZero has become the leading digital loan broker for consumers in Brazil today.

Acting as an independent broker, FinanZero negotiates the customer's loan with several banks and credit institutions at once to find the loan with the best interest rate and terms for the consumer. FinanZero handles the lending process from start to finish, with the customer and the bank integrated into the platform. For consumers, this means that all the relevant credit providers are reached through one single application, and from the credit providers' perspective, FinanZero adds value through more effective distribution, lower customer acquisition cost, better segmentation, and lower administration costs.

Today the company is focused on three sizeable loan broker segments: unsecured consumer loans, secured car finance loans and secured home equity loans.

Recent highlights:

- FinanZero showed strong performance over 2021, more than doubling the number of loans signed via the platform as the funnel from lead to contract continues to strengthen.
- FinanZero's platform received more than 23 mln visitors in 2021, receiving a record number of loan requests, with over 25 mln loan applications made on the platform since inception.

Region:
Brazil

Segment:
Consumer credit marketplace

Fair value (USD):
11.9 mln

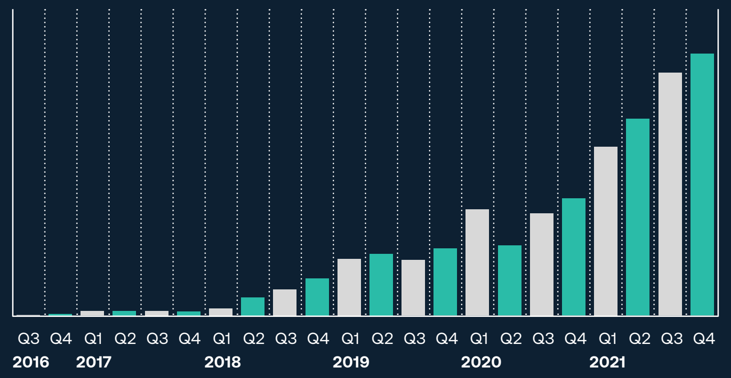
VEF Stake:
18.4%

Fair value change 2021 (USD):
+4.5%

Share of VEF's portfolio:
1.6%

Number of loans

Source: Company data



magnetis

magnetis.com.br

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

Using state-of-the-art technology, the product takes the individual's risk preferences into account, then builds and manages a tailored portfolio of money market, insured fixed income, hedge funds and equity ETFs at the click of a button.

Given the deep pool of wealth, high levels of consumer technology adoption, large existing revenue pool and lack of financial market literacy, Brazil represents one of the largest addressable markets for digital wealth management globally. Magnetis has a strong team with vast experience of investing in Brazil and in-depth knowledge of regulatory architecture and requirements in a space with limited competition.

Digital investment platforms have been one of the hottest sectors in fintech since 2020, with record account openings and a surge in usage experienced globally.

Recent highlights:

- Launched Infinity segment targeting affluent customers and introduced multiple new initiatives focused on improving customer experience thereby driving higher customer retention.
- Launched referral program which has been a key driver of Infinity customer and AUM growth.
- Launched first Brazil-focused Tech ETF with a low-cost ETF structure providing exposure to leading Brazilian tech companies.

Region:
Brazil

Segment:
Digital investments

Fair value (USD):
10.5 mln

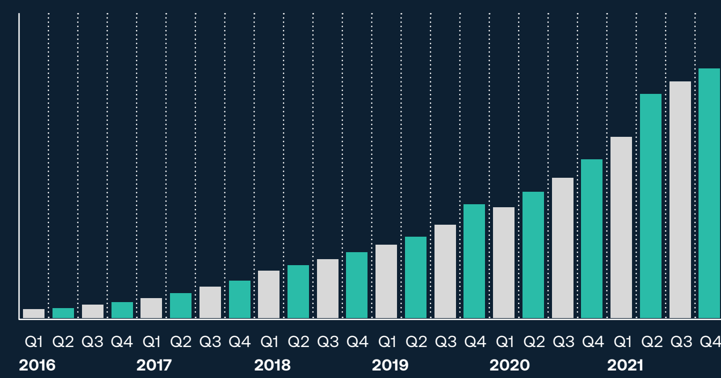
VEF Stake:
17.5%

Fair value change 2021 (USD):
+26.4%

Share of VEF's portfolio:
1.4%

AUM

Source: Company data



minu

minu.mx

minu is an employee financial wellness company and the market leader for salary-on-demand in Mexico.

minu is on a mission to improve the financial health of millions of workers across Mexico, where 75% of the population live paycheck to paycheck. It is estimated that almost 70% of individuals in Mexico cannot cover the cost of unexpected expenses, while the OECD average stands at 30%. Access to traditional forms of credit in Mexico is extremely limited and distrust of banks is high, and only 37% of the adult population has a bank account. Mexico has a profound need for a liquidity solution in a market of over 30 mln employees in the formal economy alone.

minu solves for the liquidity gap experienced by employees between paychecks by offering 24/7 instant access to employees' earned wages ahead of payday for a fixed fee. The company partners with large corporate employers to give their employee base access to minu's product as a benefit, with this B2B2C distribution model resulting in trust amongst employees. It is a win-win for both employers and their employees whose needs are aligned: minu's solution reduces financial stress and allows users to avoid expensive loans, leading to financially healthier and thus more productive workers.

minu has seen impressive traction in its pay-on-demand product over the course of 2021, signing on thousands of new employees to become market leader in the segment, with a strong sales pipeline and a regulatory push for employers to tackle employee stress providing significant tailwinds for the company into 2022.

Recent highlights:

- minu signed several key employer partnerships in 2021, including the largest department store in Mexico, Grupo Coppel, and Grupo Modelo, the country's largest beverage company.
- minu's total employer base now stands at 150, employing over 500 thousand workers across Mexico.
- 2021 saw minu build out the broader team to a total of 100 employees, with hiring expected to continue with the expansion of the sales team.

Region:
Mexico

Segment:
Salary on demand

Fair value (USD):
0.5 mln

VEF Stake:
1.2%

Fair value change 2021 (USD):
0.0%

Share of VEF's portfolio:
0.1%

Emerging Europe and Africa

transferGo

transfergo.com

TransferGo is a rapidly growing, low-cost, digital money transfer business offering real-time service to customers across the globe.

Global remittance volumes total USD 700 bln annually and growing. For many years, customers have been underserved by incumbent banks and traditional money transfer operators, where pricing is too high and speed to low. Today, fintech companies like TransferGo are rapidly increasing the share of digital money transfers in the remittance market, providing greater choice, access, speed and price to customers across the world.

Using TransferGo, customers pay up to 90% less than with banks, with transfers delivered securely in just 30 minutes. TransferGo's segment of focus are blue-collar migrant workers, who are some of the most consistent and regular remittance customers in the world with 5–20 transactions per year. Initially focused on the corridors of broader Europe, today TransferGo operates in over 60 countries across the world, and has high market share in key markets such as Ukraine, Turkey and the CEE. TransferGo also offers digital remittance services for SMEs and enterprises.

Following the company's recent funding round, TransferGo has plans to expand their customer base across existing and new markets, broaden the product offering, and grow 5x in the next 3–4 years.

Recent highlights:

- In September 2021 TransferGo closed a Series C funding round of USD 50 mln led by Elbrus Capital and Black River Ventures, with VEF also participating as part of the round.
- Currently serving a customer base of over 3.5 mln people, TransferGo has processed over USD 6 bln in money flow over 13.5 mln transactions.
- As a result of partnerships with Visa, Mastercard, and Nium, in the last twelve months TransferGo launched in new markets including Moldova, Georgia, Ghana, Saudi Arabia and payment corridors across Asia, further expanding their product's global reach.

Region:
Eastern Europe

Segment:
Payments & cross-border remittances

Fair value (USD):
29.3 mln

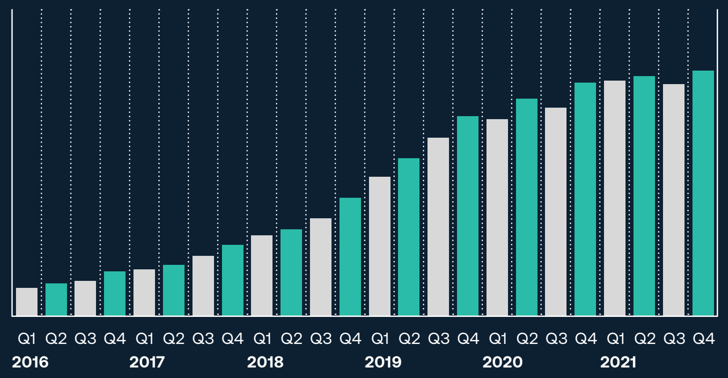
VEF Stake:
12.3%

Fair value change 2021 (USD):
-7.7%

Share of VEF's portfolio:
3.8%

Active users

Source: Company data



JUMO

jumo.world

JUMO provides inclusive financial services to unbanked consumers and SMEs across several emerging and developing markets.

Over 1.7 bln adults across the globe are excluded from or underserved by traditional financial services, with over 76% of these people living in sub-Saharan Africa and South Asia. Reliance on cash and lack of access to credit makes it extremely difficult for individuals to save for needs such as education and healthcare, prepare for financial emergencies, and invest in their businesses.

JUMO is a full technology stack for building and running financial services that enables banks to reach millions of new customers with credit and savings products. JUMO is focused on making it easier for capital providers to reach new customers at affordable prices whilst making predictable returns. JUMO's platform provides a full range of infrastructure and services that banks need in order to operate: from core banking to underwriting, KYC and fraud detection services. The company uses advanced data science and machine learning to power the fastest and leanest financial services infrastructure in their markets, giving individuals and entrepreneurs access to savings and loan products via their mobile phone.

Today JUMO is live in seven markets across sub-Saharan Africa and South Asia: Ghana, Kenya, Tanzania, Uganda, Zambia, Côte d'Ivoire, and Pakistan. Market expansion plans are underway for Nigeria, Cameroon and Benin.

Recent highlights:

- In November 2021 JUMO announced a funding round of USD 120 mln led by Fidelity, Visa and Kingsway Capital. The fundraise gives JUMO significant runway to scale the platform's capacity and offer new financial products to customers.
- Since its launch in 2014, more than 19 mln people have saved or borrowed on the JUMO platform, with over USD 3.5 bln in funds disbursed to customers over 120 mln individual loans.

Region:
Africa

Segment:
Financial services infrastructure

Fair value (USD):
18.4 mln

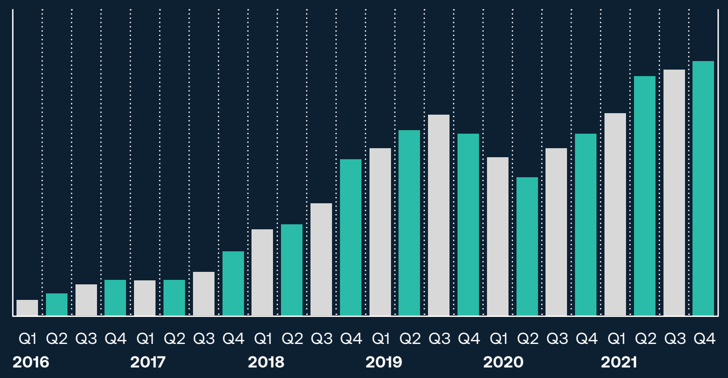
VEF Stake:
4.6%

Fair value change 2021 (USD):
+93.0%

Share of VEF's portfolio:
2.4%

Loan volume

Source: Company data



mokka.ru

REVO provides buy now pay later financing solutions for customers in Russia and CEE through the Mokka brand.

Mokka operates in one of the hottest sectors in fintech globally, where BNPL has become a mainstream option for financing purchases at the point of sale, taking a share of the pie from the credit card market, and often considered as an alternative payment method as opposed to credit. A model that has been verified globally by the likes of Afterpay, Affirm and Klarna, Mokka is the leading player in the Russian and CEE market.

Mokka works with numerous scale merchants in both the online and offline space in categories such as apparel, sporting goods, travel, and electronics. These merchants benefit from increased conversion and basket size using Mokka's BNPL solution, while the company also provides targeted marketing services for merchants to further drive repeat purchases and loyalty.

Recent highlights:

- Performance at the company continues to be strong, with transaction volumes almost doubling during the year and maintaining a solid positive bottom line in 2021.
- Although growing from a smaller base, the launch of operations in Romania and strong momentum in Poland has shown steady growth for the CEE business, with a robust pipeline of new retailers in both markets.

Region:
Russia, CEE

Segment:
Payments & consumer credit

Fair value (USD):
13.2 mln

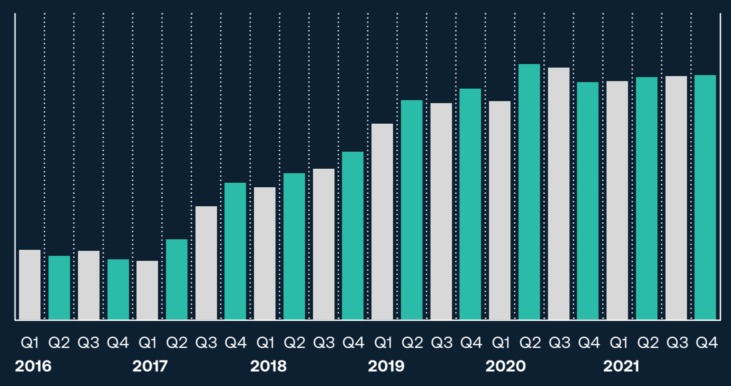
VEF Stake:
23.0%

Fair value change 2021 (USD):
+19.4%

Share of VEF's portfolio:
1.7%

Connected stores

Source: Company data



South Asia

juspay.in

Founded in 2012, Juspay is one of India's leading payment companies.

India has one of the most advanced and complex electronic payment infrastructures globally and was an early mover on mandatory two factor authentication. This has resulted in friction and challenges unique to India which Juspay has been solving for some of India's largest merchants and banks.

Juspay has created a unifying layer of products and value-added services that improves conversion rates for merchants and other stakeholders in the payment value chain. Juspay has had more than 250 mln downloads of its SDK (Software Development Kit) and facilitates more than USD 75 bln of annualized payment volume for some of India's largest merchants including Amazon, Flipkart, Uber, Swiggy, Ola and Cred.

VEF has made a cumulative investment of USD 17 mln into Juspay, investing USD 13 mln leading its broader Series B investment round (joined by Wellington Management) in March 2020 and investing USD 4 mln as part of first close of series C investment round, led by Softbank in December 2021. Juspay has been a clear beneficiary of the accelerated technology adoption seen across the globe due to Covid-19, as more and more merchants in India have become dependent on e-commerce and UPI for business. Juspay's growth and the performance of the management team has been impressive, and we look forward to watching this continue into 2022.

Recent highlights:

- Strong growth in processed volumes with Dec-21 annualized TPV of ~USD 75 bln growing 125% YoY.
- Raised USD 60 mln series C funding round led by Softbank with VEF participation of USD 6 mln (first close of USD 4 mln in 2021).
- Launched India's first Card-on-File tokenization service for merchants in partnership with Visa.

Region:
India

Segment:
Mobile payments platform

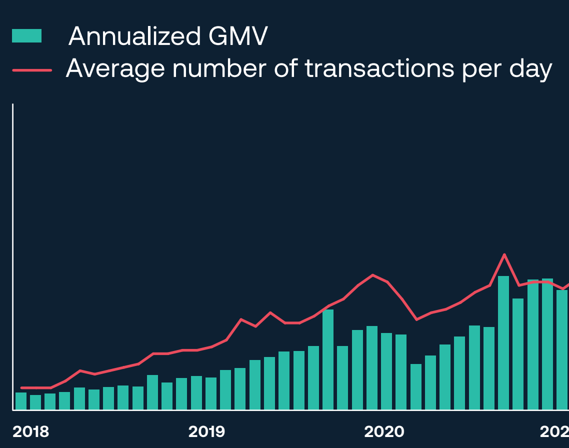
Fair value (USD):
42.4 mln

VEF Stake:
9.7%

Fair value change 2021 (USD):
+121.2%

Share of VEF's portfolio:
5.6%

Source: Company data



Rupeek

rupeek.com

Rupeek is India's fastest-growing asset-backed digital lending platform focused on gold-secured loans.

Over 90% of Indians do not have access to formal credit, and for those who do have credit, 60% is in the form of expensive unsecured loans. At the same time, 95% of their net worth is held in some form of asset, with Indian households holding over 25,000 tonnes of gold. Starting with gold-backed lending, Rupeek is solving for this paradox by building products to make credit accessible to the masses in a fair and convenient manner and is contributing to the financial inclusion of the Indian population.

The company has sustained high customer centricity with a consumer NPS being >65. In Dec-21, Rupeek raised USD 34 mln in an investment round led by Lightbox with participation from VEF (USD 5 mln) and other existing investors. In 2022, the company will look to continue its growth trajectory, expanding both its lender partner network and city footprint in India.

Recent highlights:
- Became the first fintech in the space to achieve over USD 1 bln of annualized loan disbursements in Dec-21, doubling over Dec-20.
- Upped its brand building initiatives in 2021 and successfully launched a nationwide advertising campaign in second half of 2021 to further supercharge growth.

Region:
India

Segment:
Secured lending platform

Fair value (USD):
13.2 mln

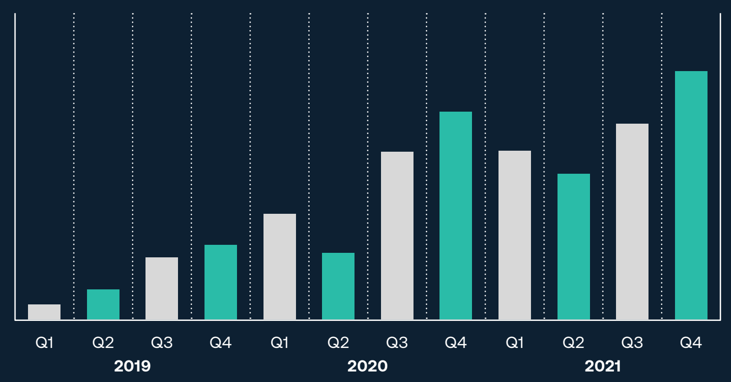
VEF Stake:
2.1%

Fair value change 2021 (USD):
+9.7%

Share of VEF's portfolio:
1.7%

Disbursements

Source: Company data



BlackBuck

blackbuck.com

BlackBuck is the largest online trucking platform in India.

BlackBuck is the largest online trucking platform in India and currently servicing c. 22% of all truckers in India. BlackBuck is leading a transformation in the India logistics industry, which is fast moving from paper & pencil to digital. BlackBuck digitizes fleet operations for truckers (providing predominantly payments solutions around tolls and fuel) and operates a marketplace matching trucks with relevant loads. BlackBuck is a leader in its category and has built several unique solutions for Indian truckers. 35% of India's trucking toll spend today happens through BlackBuck.

At VEF, we are experiencing an attractive and growing pipeline of Embedded Finance opportunities and BlackBuck represents our first investment in this space and our third investment in India. The company achieved unicorn status in the last concluded round and is backed by marquee global investors alongside VEF.

Recent highlights:
- Strong growth in processed volumes, with annualized GMV growing 2.9x YoY in 2021 driven by both fleet management and marketplace.
- Marketplace continues to scale well with ~16x YoY growth in cumulative shippers and ~8x YoY cumulative growth in truckers with ~15x YoY growth in active truckers on the platform in 2021.

Region:
India

Segment:
Online trucking platform

Fair value (USD):
10.0 mln

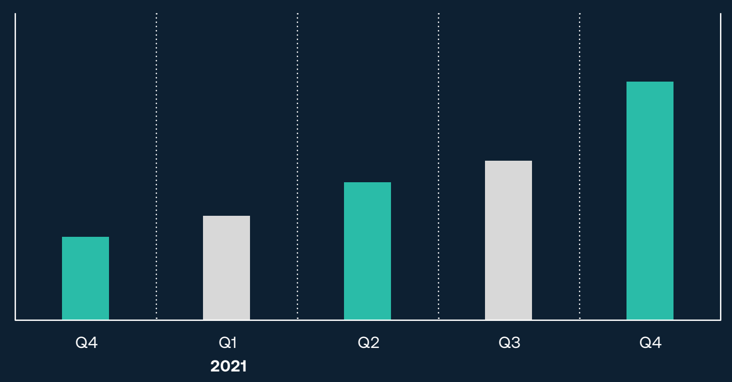
VEF Stake:
1.0%

Fair value change 2021 (USD):
0.0%

Share of VEF's portfolio:
1.3%

GMV

Source: Company data



FINJA

finja.pk

Finja is a digital lending platform with an integrated payments ecosystem focused on the financial wellness of businesses and their employees in Pakistan.

Pakistan is a scale market with a population of over 220 mln people and a fast-growing middle class. However, in terms of financial services and credit, Pakistan is massively underpenetrated, with only 21% of the adult population owning a bank account, and as little as 2% of adults and 7% of SMEs receive formal credit from financial institutions. With an estimated 73 mln smartphones in the market, fintech offers a massive opportunity to introduce financial services to the increasingly digitally savvy population.

Finja offers working capital and supply chain financing to both MSMEs and corporates. Operating through various partnerships with banks, fintechs, FMCG companies and kirana stores, Finja is fulfilling a major demand for credit in the market. In addition to this, Finja also operates a HR platform, Finja Business, where companies on the platform can track their employees' onboarding, attendance and payroll, and manage day-to-day functions such as invoices and payments.

Recent highlights:

- Finja exceeded origination forecasts for 2021, indicative of the significant demand for their offering in the market.
- On average, users of Finja's supply chain financing product have been shown to increase their order value from distributors and suppliers by 40%, leading to deeper partnerships with key FMCG suppliers.

Region:
Pakistan

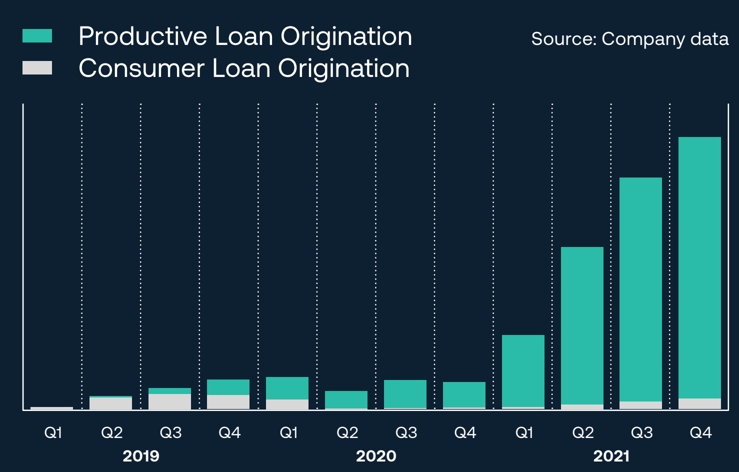
Segment:
Digital lending & payments

Fair value (USD):
7.4 mln

VEF Stake:
22.0%

Fair value change 2021 (USD):
+8.9%

Share of VEF's portfolio:
1.0%



abhi

abhi.com.pk

Abhi is a financial wellness company offering early wage access to employees in Pakistan.

Pakistan remains highly underpenetrated from a banking perspective, where most people live paycheck-to-paycheck and have no access to banking, savings and credit services. At the same time, mobile phone penetration in the country has moved in the same trajectory as other emerging markets, and stands at over 80% penetration today, meaning Pakistan's financial services are ripe for disruption by technology.

Abhi aims to redefine access to financial services for both businesses and employees across Pakistan. Accessing an employee base of hundreds of thousands of workers by partnering with large corporates, Abhi allows employees to access their earned income and avoid expensive payday loans when they need it most. Modernizing the pay cycle is the most fundamental transformation a company can make to its relationship with employees, and as a result, Abhi's partner companies benefit from a more motivated workforce with higher satisfaction and retention of employees. In addition, Abhi offers payroll processing and invoice factoring solutions to these businesses, further strengthening the partnership and aligning their interests.

Founded in 2021, Abhi is early in its journey but has seen significant traction in its products and is scaling rapidly, with an expansion of the product suite planned for 2022.

Recent highlights:

- 2021 was a breakout year for Pakistani start-ups, raising a record USD 350 mln during the year. Abhi was a key beneficiary of this funding environment, and successfully closed a pre-Series A in November 2021 following their seed in June.
- Abhi has signed partnerships with over 75 companies in Pakistan, accessing a total employee base of over 250 thousand workers.

Region:
Pakistan

Segment:
Salary on demand

Fair value (USD):
1.4 mln

VEF Stake:
15.0%

Fair value change 2021 (USD):
0.0%

Share of VEF's portfolio:
0.2%

The VEF Share

VEF's share price in SEK increased by 49.8% in 2021. During the same period, the MSCI Emerging Markets index decreased by 2.5% in USD terms. Over the five years to 2021, VEF's compounded annualized share price growth rate is 41.1%.

Share and share capital information

VEF AB (publ)'s share capital is distributed among 1,096,252,478 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 First North Growth Market. The convertible shares of Class C 2019, Class C 2020 and Class C 2021 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.

Share class	Number of shares	Number of votes	Share capital (SEK)
Common shares	1,042,289,978	1,042,289,978	10,422,899.78
Class C 2019	12,400,000	12,400,000	124,000.00
Class C 2020	33,250,000	33,250,000	332,500.00
Class C 2021	8,312,500	8,312,500	83,125.00
Total	1,096,252,478	1,096,252,478	10,962,524.78

Common shares

The common shares trade on Nasdaq First North Growth Market in Sweden under the ticker VEFAB. At year-end, the total number of outstanding shares in the company was 1,096,252,478, of which 1,042,289,978 common shares.

Class C 2019, Class C 2020 and Class C 2021 redeemable, convertible common shares

Within the framework of the share-based long-term incentive programs ("LTIP") for management and key personnel of the VEF Group of 2019, 2020 and 2021, participants subscribed for Class C shares in the Company. Depending on the performance of both the Company's NAV/share and of the Company's share price, some or all of the plan shares will be redeemed or reclassified as ordinary common shares. If the performance conditions are not fulfilled, then the class C shares will be redeemed at nominal value and cancelled. The participants will be compensated for dividends and other value transfers to the shareholders during the life of the programs, pursuant to the LTIP terms. The participants are also entitled to vote for their plan shares during the measurement period.

Ownership structure

VEF had a total of approximately 19,500 shareholders at year-end. In terms of numbers, the largest category of shareholders is retail investors, and in terms of the percentage of share capital held, institutional owners dominate. The largest single shareholder category is funds, of which the two largest are the Acacia funds (Ruane Cunniff & Goldfarb) and the Libra funds. No repurchased shares are held in treasury at year-end.

Shares issued during the year

During the year, 2,000,000 options were exercised, 1,500,000 by current employees and 500,000 by a former employee of VEF, and subsequently 2,000,000 common shares were issued. On August 24, VEF announced that it had completed a directed share issue and increased the number of outstanding common shares by 207,312,810. On September 7, VEF issued 8,312,500 Class C 2021 shares under the company's 2021 long term incentive program.

Share turnover

During 2021, the total turnover of the VEF share was SEK 1 bln, with an average daily turnover of SEK 4.0 mln. On average 843 thousand VEF shares were traded daily. Trading has been conducted 100% of the time.

Repurchases of own shares

No share buybacks occurred during 2021. VEF does not hold any repurchased shares per December 31, 2021. In 2020 VEF repurchased 2,019,482 shares, of which none were held in treasury at year end 2020. The repurchases were made by the Bermudian parent company VEF Ltd, which as a Bermudian company is exempted from the restriction to repurchase shares on Nasdaq First North Growth Market.

Dividends

No dividend has been proposed for the year.

The market

VEF's shares are traded on Nasdaq First North Growth Market since July 16, 2015 and since July 5, 2021, following the redomestication from Bermuda to Sweden, under the ticker VEFAB (previously VEFL SDB). Certified adviser is Aktieinvest FK AB. Recent and historic quotes for VEF's share are easily accessible on several business portals as well as via professional financial and real-time market data providers. Below are some of the symbols and codes under which the VEF share can be found.

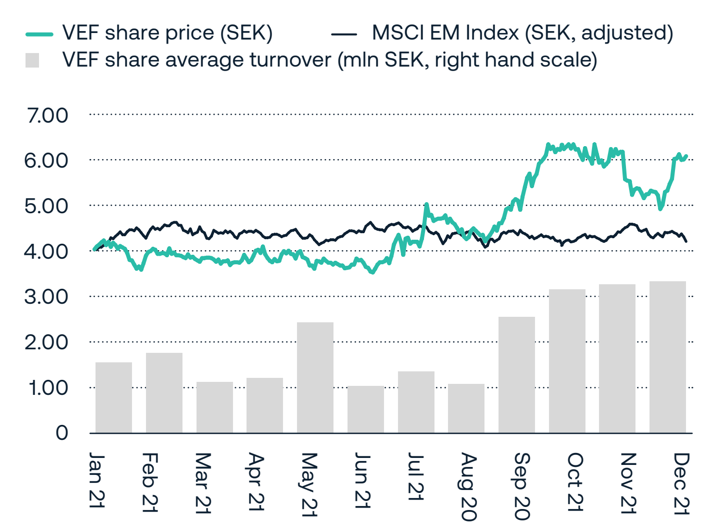
ISIN Code	SE0016128151
Nasdaq First North Growth Market short name (ticker)	VEFAB
Bloomberg	VEFAB:SS
Financial Times	VEFAB:STO
Yahoo Finance	VEFAB:ST

Major shareholders

As per December 31, 2021	Holding, shares	Holding, %
Ruane Cunniff & Goldfarb*	217,718,740	20.9%
Libra Fund*	124,198,165	11.9%
Fidelity Investments (FMR)	95,139,868	9.1%
Swedbank Robur Funds	92,102,205	8.8%
Wasatch Advisors Inc*	83,295,964	8.0%
Wellington Management*	49,585,580	4.8%
Fidelity International (FIL)	26,436,939	2.5%
Robeco*	20,000,000	1.9%
Avanza Pension	14,947,436	1.4%
David Nangle	14,751,312	1.4%
10 largest owners	**738,176,209**	**70.7%**
Other holders (approx. 19,500)	304,113,769	29.3%
Total	**1,042,289,978**	**100.00%**

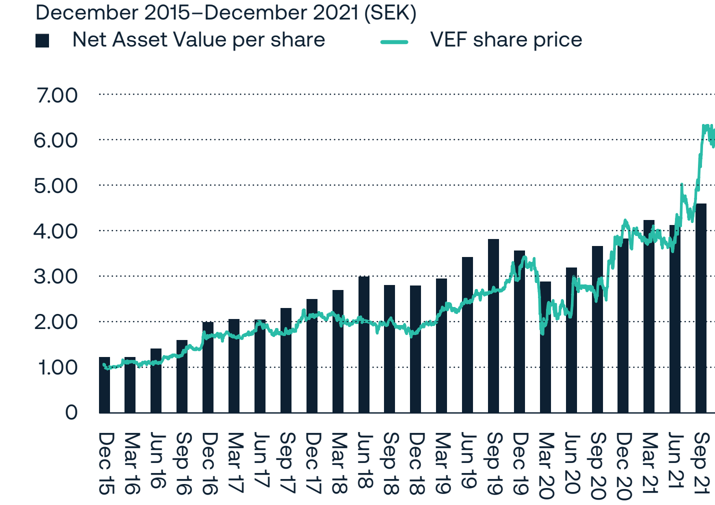
Based on Euroclear Sweden AB data and holdings known to the Company.
* Holding as per the latest notification to the Company.

VEF share price development and turnover 2021



VEF share and net asset value development

December 2015–December 2021 (SEK)



Administrative report

The Board of Directors of VEF AB (publ), corporate identity number 559288-0362, based in Stockholm, Sweden hereby presents the annual report and consolidated financial statements for the financial year January 1, 2021–December 31, 2021.

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 First North Growth 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.

The transfer of domicile within the Group, whereby VEF AB (publ) became the new Parent Company, was carried out through transactions under common control. The transactions did not affect the consolidated financial statements of the VEF Group and prior periods are not restated. The comparative figures presented in the consolidated financial statements are attributable to the VEF Ltd. Group with VEF Ltd. as the Parent Company.

The Group's presentation currency is US dollar (USD) and the Parent Company's presentation currency is the Swedish krona (SEK) due to Swedish Company regulations.

The annual report and consolidated financial statements were approved by the Board of Directors on March 28, 2022.

Business concept

VEF invest in growth stage private fintech companies across the emerging world. VEF take minority stakes and are active investors with board representation in most of our portfolio holdings. VEF's purpose is to create long-term sustainable value for our shareholders by investing in the future of finance across the emerging world. VEF always looks to back the best entrepreneurs in each market. As per December 31, 2021 VEF holds investments in fourteen companies across all areas of financial services inclusive of payments, credit, asset management, Embedded Finance and accounting SaaS.

Strategy

VEF's strategy is to invest in private fintech companies in emerging markets with a high return potential.

Group structure

As of December 31, 2021, the VEF Group consists of the Swedish Parent Company VEF AB (publ) and four wholly owned subsidiaries; VEF Cyprus Limited, VEF Service AB, VEF Fintech Ireland Limited and VEF UK Ltd. VEF Cyprus Limited act as the main investment vehicle for the group, holding 11 of 14 investments at balance date. VEF AB (publ) holds the remaining three (BlackBuck, Juspay and Rupeek) and also act as a service company, together with VEF Servce AB, providing business and investment support services to the Group. VEF Fintech Ireland Limited and VEF UK Ltd. were incorporated, but not active, at balance date and will, when active, act as service companies to the Group.

Five-year summary (USD thousand)	2021	2020	2019	2018	2017
Equity and Net asset value[1]	761,728	388,066	249,439	201,422	198,557
Net asset value change, %	96%	56%	24%	1%	38%
Net asset value/share[2], USD	0.73	0.47	0.38	0.31	0.30
Net asset value, SEK thousand	6,884,560	3,178,263	2,324,684	1,806,477	1,634,561
Net asset value/share[3], SEK	6.61	3.83	3.55	2.78	2.47
Share price, SEK	6.05	4.04	2.94	1.75	2.13
Cash and cash equivalents	11,131	4,224	5,562	5,479	9,804
Result from financial assets at fair value through profit or loss	284,574	84,672	53,452	6,213	52,490
Profit for the year	275,513	79,454	48,529	3,453	53,152
Earnings/share[4], USD	0.30	0.11	0.07	0.01	0.08
Cash flow from operating activities	-90,125	-59,831	1,626	-1,629	-15,829
Cash flow from investing activities	–	–	46	-154	–
Cash flow from financing activities	97,767	58,186	-1,586	-2,327	–
Cash flow for the year	7,642	-1,645	86	-4,173	-15,829

1. Net asset value is defined as shareholders' equity.
2. Net asset value/share is defined as shareholders' equity divided by total number of outstanding shares (excl. 53,962,500 outstanding Class C-shares).
3. Net asset value/share is defined as shareholders' equity divided by total number of outstanding shares multiplied with the SEK/USD exchange rate at balance sheet day.
4. Earnings/share is defined as result for the year divided by average weighted number of shares for the year.

Key events during 2021

Redomestication

On March 31, 2021, the Company announced that the Board of Directors proposed to change the domicile of the VEF Group from Bermuda to Sweden. The redomestication was resolved at a Scheme Meeting on May 6, 2021 and was carried out by way of a Bermuda scheme of arrangement, whereby SDRs in the Company were cancelled and exchanged for shares in the Swedish group entity that, following the Redomestication, constituted the new Parent Company of the VEF Group.

The capital reorganisation within the Group where VEF AB (publ) has become the new Parent Company is a transaction under common control. As such, the transaction is excluded from business combinations under IFRS 3 and will not affect the consolidated financial statements of the VEF Group. Common control transactions have characteristics that are similar to a business combination but do not meet the requirements to be accounted for as a business combination. A business combination is defined as a transaction in which an acquirer obtains control of one or more businesses while combinations among entities under common control may result a change in control from the perspective of a standalone reporting entity. Common control transactions do not result in a change in control at the controlling shareholder level. Therefore, unlike accounting for business combinations, common control transactions are not accounted for at fair value with a following recognized goodwill. Rather, common control transactions are generally accounted for at the carrying amount of the net assets or equity interests transferred. Because transactions among entities under common control do not result in a change in control at the controlling shareholder level, the consolidated financial statements will not be affected by a common control transaction. As such, the transfer of net assets that are not a business is accounted for prospectively in the period in which the transfer occurs and prior periods are not restated.

Direct share issue

VEF completed a directed share issue on August 24, 2021, raising approximately SEK 885.2 mln (USD 101.6 mln) prior transaction costs. The placement was supported by a host of quality investors, both new and old to VEF. The directed shares issue increased the number of outstanding common shares by 207,312,810 shares.

Covid-19 pandemic

The Covid-19 pandemic has impacted VEF's portfolio companies in various ways – both short-term negative as well as short- and long-term positive. Most of the portfolio companies have experienced a strong uptick of late and in certain cases an accelerated growth driven by the digitization push following the Covid-19 pandemic, leading to positive revaluations. On the downside the pandemic led to a halt in travelling, preventing VEF from physically visit portfolio companies and their management, potential leads, VC partners and investors, which is something VEF put a lot of pride in and find highly beneficial in the long run. In the end of 2021 VEF started a return to travel.

Group result

During the year, the result from financial assets at fair value through profit or loss amounted to USD 284.6 mln (2020: 84.7) mainly driven by Creditas, Konfío and Juspay. Administrative and operating expenses was USD -7.4 mln (2020: -3.3) while costs for employee incentive programs amounted to USD -1.6 mln (2020: -2.7) Net result for the year was USD 275.5 mln (2020: 79.5).

Portfolio performance

During 2021, VEF's NAV in USD, adjusting for the 2021 rights issue, increased by 71.2%. The value change in the portfolio is mainly driven by positive revaluations of Creditas, Konfío and Juspay and negative revaluation of Xerpa. VEF's net asset value per share increased by 56.2% in USD over the year, while VEF's share price in SEK increased by 49.8%. During the same period, the MSCI Emerging Markets index decreased by 2.5% in USD terms.

During the year net investments in financial assets, excluding liquidity management investments, were USD 86.1 mln (2020: 42.1) and proceeds from sales, excluding liquidity management investments, were USD 4.4 mln (2020: 0). As at December 31, 2021, VEF's three biggest investments as percent of NAV were Creditas (51.7%), Konfío (17.8%) and Juspay (5.6%).

Liquid assets

The liquid assets of the Group, defined as cash and bank deposits, amounted to USD 11.1 mln on Dec 31, 2021 (Dec 31, 2020: 4.2). The Company also has investments in money market funds and bonds, as part of its liquidity management operations. As at Dec 31, 2021, the liquidity investments are valued at USD 50.6 mln (Dec 31, 2020: 48.2), based on the latest closing price or NAV of each respective liquidity asset.

Shareholders' equity

Total shareholders' equity amounted to USD 761.7 mln on December 31, 2021 (December 31, 2020: 388.1). The increase of USD 373.6 mln in shareholders equity during 2021 is mainly related to the Company's rights issue and the investment portfolio performance.

The rights issue provided VEF with proceeds amounting to USD 97.4 mln (SEK 848.6 mln), after transaction costs.

No share buybacks occurred during 2021. VEF does not hold any repurchased shares per December 31, 2021.

In 2020 VEF repurchased 2,019,482 shares, of which none were held in treasury at year end 2020. The repurchases were made by the Bermudian parent company VEF Ltd, which as a Bermudian company is exempted from the restriction to repurchase shares on Nasdaq First North Growth Market.

Cash flow

Cash flow from operating activities for the current year amounted to USD -90.1 mln (2020: -59.2) where major investments (excl. investments in liquidity placements) were Creditas and Konfio. Cash flow from financing activities amounted to USD 97.8 mln (2020: 58.2) and is attributable to rights issue. Cash flow for the year amounted to USD 7.6 mln (2020: -1.0)

Personnel

At year-end, the VEF Group has 7 (2020: 6) persons employed.

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 Parent Company's administration report and its financial statements

VEF AB (publ) was incorporated on December 7, 2020, and started its business in May 2021 so this is the first annual report for VEF AB (publ) and since the company is newly incorporated there are no comparative figures for 2020. The Parent Company's presentation currency is SEK and not the Group's reporting currency of USD due to Swedish Company regulations.

Result

For the extended year 2021, the Parent Company's net result for the period December 7, 2020, to December 31 was SEK 155.3 mln mainly related to following financial items:

Result from financial assets at fair value through profit or loss amounted to SEK 184.4 mln referring to revaluations in Juspay, Rupeek and liquidity management investments.

Other operating income for the year amounted to SEK 1.7 mln.

Operating expenses including cost for employee incentive programs amounted to SEK -28.6 mln.

Net financial items amounted to SEK -2.1 mln comprising of currency exchange losses.

Redomestication

On July 2, 2021, as part of the master asset transfer agreement within the scheme of arrangement from Bermuda to Sweden, the Parent Company gained control of SEK 2,090.5 mln in financial non-current assets, of which SEK 1,718.8 mln in group companies and SEK 371.7 mln in portfolio companies and liquidity placements.

Liquid assets

During 2021, the Parent Company has invested in money market funds, as part of its liquidity management operations. As per December 31, 2021, there were SEK 457.7 mln in liquidity investment placements. Cash and cash equivalents of the Parent Company amounted to SEK 46.0 mln.

Share capital and number of shares

By the end of the year, shareholder's equity was SEK 3,132.6 mln of which SEK 2,116.9 mln is related to the redomestication within the Group in form of received shareholder contribution and SEK 848.6 mln is the directed share issue after transaction costs.

At incorporation, the company issued 834,477,168 common shares and 45,650,000 plan shares under the 2019 and 2020 long-term incentive program ("LTIP") to VEF Ltd. as part of the Group's redomestication. The subscription price was SEK 0.01 per share.

On August 24, 2021, the company announced a directed share issue of 207,312,810 shares. In September another 8,312,500 plan shares was issued under the 2021 LTIP and in November 500,000 options were exercised into common shares. The number of shares outstanding at year-end was 1,096,252,478, of which 1,042,289,978 common shares and 53,962,500 plan shares of Series C 2019, C 2020 and C 2021.

Cash flow

Cash flow from operating activities for the current year amounted to SEK -841.8 mln.

Cash flow from financing activities amounted to SEK 890.1 mln and is mainly attributable to proceeds from the direct rights issue.

Cash flow for the year amounted to SEK 48.3 mln.

Risks and risk management

Risks, risk management and the management of financial risk, i.e. exchange-, interest-, liquidity-, financing and credit-risk are described in Note 2, which is also applicable for the Parent Company.

Organisation and The Board of Directors

At the annual general meeting in May 2021, Hanna Loikkanen was elected to the Board of Directors. Hanna's extensive experience in financial services, private equity and ESG across emerging and frontier markets will be invaluable to VEF in the years ahead. In 2021 an Audit committee and a Remuneration committee was incorporated. The work and the composition of the Board, Audit and Remuneration committees are described in detail in the Corporate Governance Report at page 84.

At year-end, the Parent Company had four persons employed.

Future development

VEF does not provide any guidance on the future development beyond 2021 but is financially well-positioned for the future and will strive to further develop the net asset value. All of VEF's top five key holdings, by size, secured funding in 2H21, leaving them and VEF financially well-positioned for 2022. VEF continuously has the financial capacity to run the business in accordance with its strategy and objectives. For a detailed account of risks associated with investing in VEF and VEF's business, please see Note 2.

Guidelines for remuneration for senior executives

Guidelines for remuneration for senior executives is described in the Corporate Governance Report at page 87.

Corporate Governance Report

VEF presents a separate Corporate Governance Report in accordance with the Swedish Annual Accounts Act. The report is included in this document on page 84.

Sustainability report

VEF's sustainability work is disclosed in this report on page 92.

Major events after the reporting year

After the end of the year VEF has added two new companies to the portfolio.

- In February VEF made its second investment into the Embedded Finance space by investing USD 12.2 mln into the Brazilian driver app Gringo.
- In March, VEF invested USD 20.0 mln into the Brazilian solar energy platform Solfácil.

Russia and Ukraine conflict

On February 24, 2022, Russia initiated its invasion of Ukraine, a war causing a high degree of global uncertainty. Heavy sanctions imposed on Russia and Russian Financial Institutions coupled with the war have caused the Ruble to fall dramatically, and markets have seen unprecedented volatility while the Russian Stock Exchange has been closed. VEF has three assets with exposure to Russia and Ukraine (asset, fair value and share of NAV at YE21):

- TransferGo, USD 29.3 mln, 3.8%.
- REVO, USD 13.2 mln, 1.7%.
- Tinkoff bond (part of liquidity placements), USD 4.3 mln, 0.6%.

At year end 2021 VEF's total exposure to Russia and Ukraine was limited to 6.1% of NAV while at the same time 82.8% of NAV is focused on fintech assets in Brazil, Mexico and India. VEF continues to monitor the situation and work with both companies throughout. While the current situation is highly uncertain, the exact financial impact on REVO and VEF's liquidity placement in Tinkoff bonds is currently being evaluated but is expected to be of material nature for these assets. Key is that while VEF has exposure to the effected region, the ongoing volatility is having mixed effects on its assets in the region, e.g. TransferGo has seen an increase in money transfers into the Ukraine in the period. More important is that the holdings remain a small share of VEF's NAV.

Treatment of retained earnings

The following amounts in SEK are at disposal of the Parents Company's Annual General Meeting:

Additional paid in capital and shareholder contributions	2,966,302,420
Retained earnings	–
Net profit for the year	155,307,325
Total	3,121,609,746

The Board of Directors hereby propose unrestricted equity to be distributed as follows:

Brought forward and that no dividends to be paid for the year:	3,121,609,746

For additional information regarding the Parent Company's result and financial status please refer to the income statement, balance sheet as well as the notes to the Financial Statements.

Group financial statements

Consolidated income statement

Expressed in USD thousands	Note	2021	2020
Result from financial assets at fair value through profit or loss	4	284,574	84,672
Dividend and coupon income	5	388	391
Other income		8	72
Administrative and operating expenses	6–8	-7,367	-3,255
Employee incentive programs	8	-1,578	-2,743
Operating result		**276,026**	**79,137**
Financial income and expenses			
Interest income		63	17
Interest expense		-6	-15
Currency exchange gains/losses, net		-547	389
Net financial items	9	**-490**	**391**
Result before tax		**275,536**	**79,528**
Taxation	10	-23	-74
Net result for the year		**275,513**	**79,454**
Earnings per share, USD [1]		0.30	0.11
Diluted earnings per share, USD [2]		0.30	0.11

1. Earning/share is defined as results for the year divided by average weighted number of shares for the year.
2. Diluted earnings/share is defined as results for the year divided by average number of shares for the year calculated on a diluted basis. Diluted basis considers the number of shares that could have been purchased, based on the year's average market price of the VEF share, upon full exercise of outstanding share options. For more details on share calculations, see Alternative performance measures on page 56.

Statement of other comprehensive income

Expressed in USD thousands	2021	2020
Net result for the year	**275,513**	**79,454**
Other comprehensive income for the year:		
Items that may be classified subsequently to profit or loss:		
Currency translation differences	-5	36
Total other comprehensive income for the year	**-5**	**36**
Total comprehensive income for the year	**275,508**	**79,490**

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

Consolidated balance sheet

Expressed in USD thousands	Note	Dec 31, 2021	Dec 31, 2020
NON-CURRENT ASSETS			
Tangible non-current assets			
Property, plant and equipment	11	102	211
Total tangible non-current assets		**102**	**211**
Financial non-current assets			
Financial assets at fair value through profit or loss	12–14		
Equity financial assets		700,311	333,952
Liquid financial assets		50,642	48,205
Other financial assets		27	–
Total financial non-current assets		**750,980**	**382,157**
CURRENT ASSETS			
Tax receivables		109	58
Short-term loan receivables	15	–	2,176
Other current receivables	16	387	114
Prepaid expenses and accrued income	17	138	–
Cash and cash equivalents	18	11,131	4,224
Total current assets		**11,765**	**6,572**
TOTAL ASSETS		**762,847**	**388,940**
SHAREHOLDERS' EQUITY (including net result for the year)		**761,728**	**388,066**
NON-CURRENT LIABILITIES			
Long-term liabilities	19	–	70
Total non-current liabilities		**–**	**70**
CURRENT LIABILITIES			
Other current liabilities	20	672	192
Tax liabilities		51	85
Accrued expenses	21	396	527
Total current liabilities		**1,119**	**804**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**762,847**	**388,940**

Consolidated statement of changes in equity

Expressed in USD thousands	Note	Share capital	Additional paid in capital	Retained earnings	Total
Balance at Jan 1, 2020		**0**	**–**	**249,439**	**249,439**
Net result 2020		–	–	79,454	79,454
Other comprehensive income for the period					
Currency translation difference		–	–	36	36
Total comprehensive income for the period		**–**	**–**	**79,490**	**79,490**
Transactions with owners:					
- Proceeds from directed rights issue		–	–	58,601	58,601
Value of employee services:					
- Employee share option scheme		–	–	315	315
- Share based long-term incentive program		–	–	863	863
Buy-back of own shares		–	–	-641	-641
Balance at Dec 31, 2020		**–**	**–**	**388,066**	**388,066**
Balance at Jan 1, 2021		**0**	**–**	**388,066**	**388,066**
Net result 2021		–	–	275,513	275,513
Other comprehensive income for the period					
Currency translation difference		–	–	-5	-5
Total comprehensive income for the period		**–**	**–**	**275,508**	**275,508**
Transactions domicile change:					
- Issuance of share capital		1,006	–	-1,006	0
- Issuance of LTIP 2019 Plan shares		14	–	-14	0
- Issuance of LTIP 2020 Plan shares		39	–	-39	0
Transactions with owners:					
- Directed rights issue		238	97,120	–	97,358
Value of employee services:					
- Employee share option scheme	8	1	94	324	419
- Share based long-term incentive program	8	10	226	142	377
Balance at Dec 31, 2021		**1,308**	**97,440**	**662,980**	**761,728**

Consolidated statement of cash flows

Expressed in USD thousands	2021	2020
OPERATING ACTIVITES		
Result before tax	275,536	79,528
Adjustment for non-cash items:		
Interest income and expense, net	-57	-2
Currency exchange gains/-losses, net	547	-389
Depreciations	109	64
Result from financial assets at fair value through profit or loss	-284,574	-84,672
Result from long term receivables	-27	–
Dividend and coupon income	-388	-391
Other non-cash items affecting profit or loss	350	881
Change in current receivables	-411	-113
Change in current liabilities	392	-314
Net cash used in operating activities	**-8,523**	**-5,408**
Investments in financial assets	-171,132	-97,093
Sales of financial assets	86,909	41,500
Repayment of convertible	2,176	851
Dividend and coupon income	388	391
Interest received	63	17
Tax paid	–	-74
Interest paid	-6	-15
Net cash flow used in operating activities	**-90,125**	**-59,831**
FINANCING ACTIVITIES		
Proceeds from directed rights issue, net	97,358	58,601
Repayment of lease liabilities	–	-72
Buy-back of own shares	–	-641
Proceeds from new share issue through employee options	409	298
Net cash flow from financing activities	**97,767**	**58,186**
Cash flow for the year	**7,642**	**-1,645**
Cash and cash equivalents at beginning of the year	**4,224**	**5,562**
Exchange gains/losses on cash and cash equivalents	-735	307
Cash and cash equivalents at end of the year	**11,131**	**4,224**

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 ESMA (the European Securities and Markets Authority).

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 and how we calculate these measures.

	2021	2020
Net asset value, USD [1]	761,728,416	388,065,953
Exchange rate at balance sheet date, SEK/USD	9.04	8.19
Net asset value/share, USD [2]	0.73	0.47
Net asset value/share, SEK [3]	6.61	3.83
Net asset value, SEK [4]	6,884,560,396	3,178,263,331
Weighted average number of shares for the financial period [5]	905,955,689	679,347,426
Weighted average number of shares for the financial period, fully diluted [5]	906,438,372	684,148,738
Number of shares at balance sheet date [5]	1,042,289,978	829,251,243
Number of shares at balance sheet date, fully diluted [5]	1,042,772,661	834,052,555

1. Net value of all assets on the balance sheet, equal to the shareholders' equity.
2. Net asset value/share is defined as shareholders' equity divided by total number of outstanding shares.
3. Net asset value/share is defined as shareholders' equity divided by total number of outstanding shares multiplied with the SEK/USD exchange rate at balance sheet date.
4. Net asset value in USD multiplied with the SEK/USD exchange rate at balance sheet date.
5. Number of shares is not adjusted for 53,962,500 redeemable common shares issued under the 2019, 2020 and 2021 long-term incentive program.

Reconciliation tables

	2021	2020
Net asset value, USD	761,728,416	388,065,953
Net asset value, SEK		
Net asset value, USD	761,728,416	388,065,953
SEK/USD	9.04	8.19
Net asset value, SEK	6,884,560,396	3,178,263,331
Net asset value/share, USD		
Net asset value, USD	761,728,416	388,065,953
Number of outstanding shares	1,042,289,978	829,251,243
Net asset value/share, USD	0.73	0.47
Net asset value/share, SEK		
Net asset value, USD	761,728,416	388,065,953
SEK/USD	9.04	8.19
Net asset value, SEK	6,884,560,396	3,178,263,331
Number of outstanding shares	1,042,289,978	829,251,243
Net asset value/share, SEK	6.61	3.83

Notes for the Group

(Expressed in USD thousand unless indicated otherwise)

Note 1 Significant accounting principles

Accounting basis

VEF AB prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied. RFR 1 is issued by the Swedish Financial Reporting Board. The Parent Company applies the same accounting policies as the Group, except in the cases described below in Note P.1 Significant Accounting Policies (page 74), according to the Swedish Financial Reporting Board's recommendation RFR 2. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

Accounting principles for the Group's redomestication from Bermuda to Sweden is outlined in the Redomestication section in the Administrative report on page 49.

Changes in accounting policy and disclosures

New and amended standards adopted by the Group

There are no new IFRSs or IFRIC interpretations that have a material impact on the Group in 2021.

New standards and interpretations not yet adopted

There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Financial period

The financial year comprises the period January 1–December 31.

Principles of consolidation

Subsidiaries

VEF AB (publ) is an investment company whose business concept is to identify and invest in fintech companies in emerging markets with a bias for markets with scalable population and growth profiles for financial services. VEF AB (publ) is the parent company of the Group, VEF Cyprus Limited manage the investment portfolio and VEF Service AB provides investment and business support services to the parent company.

According to IFRS 10, VEF is classified as an investment entity and shall not consolidate holdings in subsidiaries or apply IFRS 3 Business Combinations when VEF reach controlling influence except for subsidiaries performing services connected to VEF's investment activity, which are consolidated in accordance with the acquisition method.

Investments in associated companies

Associated companies are all entities where the Group has the right to exercise significant influence, which is normally the case when the Group holds between 20% and 50% of the voting rights. VEF AB apply the exemption from the equity method in IAS 28 for its share in associates and hence recognize its investment in the associates at fair value through profit and loss in accordance with IFRS 9.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker in the same way as for a Swedish company governed by the Swedish Companies Act and the Swedish Corporate Governance Code. The CEO of an investment company is by necessity deeply involved in investment decisions and monitoring portfolio companies' performance. The CEO has therefore been identified as the chief operating decision maker of the Group for purposes of internal reporting. In the internal reporting of the Group, there is only one operating segment.

Reporting and functional currency

The consolidated financial statements are presented in USD since that is the currency in which the majority of the Group's transactions are denominated, hence USD is also the Group's functional currency. The Parent Company's presentation currency is SEK and not the Group's reporting currency of USD due to that Swedish Company regulations only allow the parent company to use SEK or EUR as reporting currency. All amounts are rounded to the nearest thousand, unless otherwise stated.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation on furniture, fittings and equipment is based on cost on a straight-line basis of estimated useful life of five years.

Investments and other financial assets

Classification

The group classifies its financial assets in the following measurement categories

- those to be measured subsequently at fair value through profit or loss and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will be recorded in profit or loss.

Recognition and derecognition

Purchases and sales of financial assets are recognized on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Interest bearing assets

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments, namely amortized cost and FVPL.

Equity instruments
The Group subsequently measures all equity investments at fair value through profit or loss. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.
Changes in the fair value of financial assets are recognized in operating results in the statement of profit or loss as applicable.

Impairment
The group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Currently the Group has no significant debt instruments carried at amortised cost. The expected credit losses for the Parent Company's receivables on Group companies is considered insignificant and no expected credit loss is therefore recorded for these receivables.

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

Cash and cash equivalents
Cash and cash equivalents include cash and bank balances and other short-term highly liquid investments with original maturities of three months or less.

Share capital
Share issue costs associated with the issuance of new equity are treated as a direct reduction of the proceeds. Buy back of own shares recorded as a reduction of retained earnings with the amount paid after reduction of transaction costs.

Current and deferred income tax
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Employee benefits
Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented under Other current liabilities in the balance sheet.

Pension obligations
The Group has a defined contribution pension plan which is based on Swedish market practice. The Group has no further obligations once the contributions have been paid. The contributions are reported as a cost recognized as Administrative and operating expenses in profit or loss when they are due.

Share-based remuneration
The Parent Company operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and net assets development). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.
The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and additional paid in capital when the options are exercised. For more information, see Note 8.

Long-term incentive program (LTIP)
In accordance with IFRS 2, the costs for the program, including social fees, will be reported over the income statement during the program's vesting period. The value is recognized in the income statement as a personnel cost in operating expenses, allocated over the vesting period with a corresponding increasing in equity. The recognized cost corresponds to the fair value of the estimated number of shares that are expected to vest. This cost is adjusted in subsequent periods to reflect the actual number of vested shares. However, no adjustment is made when shares expire only because share price-related conditions do not reach the level. When program is exercised, shares are delivered to employee and reported in equity. For more information, see Note 8.

Operating income
Operating income comprises the fair value of the consideration received in the ordinary course of the Group's activities.
For investments held at both the start and end of year, the change in value consists of the difference in the market value between these dates. For investments acquired during the year, the change in value consists of the difference between cost and the market value at the end of the year. For investments sold during the year, the change in value consists of the difference between the sales price received and the value of investments at the start of the year. All changes in value are reported in the income statement within 'Result from financial assets at fair value through profit or loss'.
Dividend income is recognized when the right to receive payment is established. Furthermore, dividend income is accounted for inclusive of withholding taxes. These withholding taxes are shown either as an expense in the income statement, or as a current receivable, depending on whether or not the withholding tax is refundable.
Interest income on non-current loan receivables is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired non-current loan receivables is recognized using the original effective interest rate.
Interest income on current loan receivables and other receivables is recognized taking into account accrued interest on the transaction date.
Other consideration received in the ordinary course of the Group's activities is reported as "other operating income" in the income statement.

Leases
The Group's leases refer only to office rents. When entering into a new lease contract the right-of-use asset is measured at cost. Short-term leases and leases of low-value assets are exempt. At the same time, a lease liability is recognized representing the obligation to pay lease payments for the leased assets. The lease liability is measured at the present value of the lease payments that are not paid at that date. The weighted average incremental borrowing rate applied to measure lease liabilities is 6.15% for premises.

Note 2 Financial risk management
In its business, VEF group is exposed to:
1) Investment- and other business risks
2) Market risk
3) Financial risks including price-, exchange rate-, interest rate-, credit-, liquidity and financing risk
4) Legal and regulatory risks

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

1) Investment- and other business risks

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

Dependence on key individuals
VEF is dependent on its senior executives and Board members. It cannot be ruled out that VEF might be seriously affected if any of the senior executives left the Group or if the Group is not able to recruit relevant people in the future.

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

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

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

2) Market risk

Emerging markets and country-specific risks
Several portfolio companies are incorporated in and/or operates in emerging countries, notably Brazil, Mexico, India, Pakistan and Russia. As such countries are still, from an economic point of view, in a phase of development, investments may be affected by unusually large fluctuations in profit and loss and other factors outside the Company's control that may have an adverse impact on the value of the Company's adjusted equity.

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

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

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

Share price risk
A decrease in value of the non-quoted shares may affect the Company's net income and capital, and thereby have a material negative impact on the Group's operations, earnings and financial position. An increase/decrease of 10% of the share prices would affect the Groups profit or loss by USD +/-70.0 mln (2020: +/-33.4). The Group takes an active role in portfolio companies mainly through Board representation.

Exchange rate risk
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, mainly with respect to SEK, GBP and EUR. An increase/decrease of 10% of the USD towards SEK would affect the Groups profit or loss by USD +/-146 thousand (2020: +/-80 thousand).

Exposure to foreign exchange	Gross assets Dec 31, 2021	Gross assets Dec 31, 2020
SEK	1,463	802
Other	295	111
Total	**1,758**	**913**

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

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

Credit Quality Step	Moody's	Fitch	S&P's
1	Aaa – Aa3	AAA – AA-	AAA – AA-
2	A1 – A3	A+ – A-	A+ – A-
3	Baa1 – Baa3	BBB+ – BBB-	BBB+ – BBB-
4	Ba1 – Ba3	BB+ – BB-	BB+ – BB-
5	B1 – B3	B+ – B-	B+ – B-
6	worse than B3	worse than B-	CCC+ and worse

Maximum credit risk exposure	Dec 31, 2021	Dec 31, 2020
Lending to financial institutions		
– Credit Quality step 1	57,426	47,977
– Credit Quality step 4	4,347	4,452
Total	**61,773**	**52,429**

Liquidity risk
Liquidity risk is the risk that an entity will have difficulties in paying its financial liabilities. For the Group, prudent liquidity risk management implies maintaining sufficient cash.

Contracted cash flows	Dec 31, 2021 1–3 months	Dec 31, 2020 1–3 months
Accounts payables	138	77
Tax payable	409	52
Tax on salaries	89	66
Total	**637**	**195**

Financing risk
Refers to the risk that VEF does not receive financing or that financing can only be obtained at a significant cost. It is the responsibility of the Group's management to manage risks according to the policy adopted by the Board. The Group has a centralized finance function which has the primary task of identifying, limiting and managing financial risks in a cost-efficient manner. The Group actively pursues liquidity planning, to continuously evaluate the need for liquidity. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders.

4) Legal and regulatory risks

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

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

Corporate governance risks
Misuse of corporate governance remains a problem in emerging markets. Minority shareholders may be mistreated in various ways, for instance in the sale of assets, transfer pricing, dilution, limited access to annual General Meetings and restrictions on seats on boards of directors for external investors. Furthermore, inadequate accounting rules and standards have hindered the development of an effective system for uncovering fraud and increasing insight.

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

Note 3 Significant estimates and judgements

The management of VEF has to make estimates and judgements when preparing the Financial Statements of the Group. Uncertainties in the estimates and judgements could have an impact on the carrying amount of assets and liabilities and the Group's result. The most important estimates and judgements in relation thereto are:

Fair value of unlisted financial assets
The estimates and judgements when assessing the fair value of unlisted investments in financial assets at fair value through profit or loss are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fair value estimation
The 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 looking multiples valuation based on comparable traded companies. Usually, transaction-based valuations are kept unchanged for a period of 12 months unless there is cause for a significant change in valuation. After 12 months, the 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 undertaken 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 of Directors 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 Dec 31, 2021

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss	50,642	674,517	25,794	750,953
of which:				
Liquidity placements	50,642	–	–	50,642
Shares	–	649,012	24,434	673,446
Convertible and SAFE notes	–	25,505	1,360	26,865
Total assets	**50,642**	**674,517**	**25,794**	**750,953**

Assets measured at fair value at Dec 31, 2020

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss	48,205	175,771	158,181	382,157
of which:				
Liquidity placements	48,205	–	–	48,205
Shares	–	175,771	154,414	330,185
Convertible notes	–	–	3,767	3,767
Total assets	**48,205**	**175,771**	**158,181**	**382,157**

Changes of financial assets in level 3

	2021	2020
Opening balance Jan 1	158,181	58,671
Transfers from Level 2 to Level 3[1]	–	91,470
Transfers from Level 3 to Level 2[1]	-128,071	-3,389
Change in fair value	-4,316	11,429
Closing balance Dec 31	**25,794**	**158,181**

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

As per Dec 31, 2021, VEF has a liquidity management portfolio of listed corporate bonds and money market funds that are classified as Level 1 investments.

The investments in Nibo and REVO are classified as a Level 3 investments. The remaining portfolio companies are classified as Level 2 investments. At the start of 2021 all investments, except Creditas and Finja, were classified as Level 3 investments. During 2021, all of the initial Level 3 investments, except Nibo and REVO has been transferred to Level 2, while no investment has been transferred from Level 2 to Level 3. The new investments in 2021, Abhi, BlackBuck, minu and Rupeek are all classified as Level 2 investments.

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.

Company	Valuation method	Date latest transaction
Abhi	Latest transaction	2Q21
BlackBuck	Latest transaction	3Q21
Creditas	Latest transaction	4Q21
FinanZero	Latest transaction	1Q21
Finja	Latest transaction	2Q21
JUMO	Latest transaction	3Q21
Juspay	Latest transaction	4Q21
Konfío	Latest transaction	3Q21
Magnetis	Latest transaction	3Q21
minu	Latest transaction	1Q21
Rupeek	Latest transaction	4Q21
TransferGo	Latest transaction	3Q21

Mark to model-based valuations
At the end of 2021, two out of fourteen portfolio companies have been valued on a mark to model basis (Level 3 investments). Nibo is valued based on a twelve-months forward looking revenue multiple, while REVO is valued based on a combination of a twelve-months forward looking P/E ratio and a revenue multiple. Both metrics have been assigned equal weights in the valuation model. Inputs used for each valuation include risk adjusted revenue- and earnings forecasts, local currency moves and a combination of listed and private peer group revenue multiples as of December 31, 2021.

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. Comparables used in the peer set include a mix of listed emerging- and developed market companies representing accounting SaaS- and BNPL-companies. The NTM multiples across the different peer groups per company and valuation range from 0.7x to 17.6x 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. Forward looking revenue estimates naturally considers any Covid-19 related impact. Most of the portfolio companies have experienced a strong uptick of late and in certain cases an accelerated growth driven by the digitization push following the Covid-19 pandemic. In the latest forecasts, management does not expect material negative impacts but continuously monitors any developments in this regard.

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%
REVO	Revenue multiple & P/E ratio	0.7-5.6x/ 2.8-16.4x	11,167	11,856	12,546	13,235	13,924	14,613	15,302
Nibo	Revenue multiple	11.6-17.6x	10,810	11,393	11,977	12,560	13,143	13,726	14,309

The largest holdings are listed below.

Creditas
In 4Q21, VEF made a USD 25 mln follow-on investment into Creditas by way of a convertible loan note. The USD 260 mln financing round led by VEF in partnership with Fidelity and QED fully closed in early January 2022. As per December 31, 2021, VEF's 8.9% stake in Creditas is valued based on this transaction plus the value of the convertible note. Creditas is categorised as a Level 2 investment.

Konfío
In September Konfío, Mexico's leading SME financial technology company announced that it has closed a USD 110 mln financing led by Tarsadia Capital with participation from Softbank, Kaszek Ventures, QED Investors, Lightrock and IFC. VEF invested USD 9.3 mln in the round, in addition to the USD 19.7 mln invested in June, and holds a 10.3% stake in the company post the transaction. As per December 31, 2021, VEF's stake in the company is valued based on this transaction and is categorised as a Level 2 investment.

Juspay
During December, Juspay announced a USD 60 mln financing round led by Softbank. VEF participated in the round and invested an additional USD 6 mln, divided into a USD 4 mln and a USD 2 mln close. As per December 31, 2021, VEF's 9.7% stake in the company is valued based on this transaction. VEF's position in Juspay is categorised as a Level 2 investment.

TransferGo
In September, 2021, TransferGo announced that it had raised a USD 50 mln Series C round. VEF participated in the round by way of converting the Company's two outstanding convertible loan notes. As per December 31, 2021, VEF holds a 12.3% stake in the company and has no outstanding convertible debt in the company. The holding in TransferGo is valued based on this transaction and is categorised as a Level 2 investment.

JUMO
As per December 31, 2021, VEF's 4.6% ownership share in JUMO is valued at USD 18.4 mln based on the latest transaction in the company where Fidelity, Kingsway Capital and VISA alongside other investors invested USD 120 mln. VEF did not participate in the round. JUMO is categorised as a Level 2 investment.

Liquidity investments
As per December 31, 2021, the liquidity management investments are valued at USD 50.6 mln, based on the closing price and/or latest NAV of each fund. All liquidity investments are categorized as Level 1 investments.

Change in financial assets at fair value through profit or loss

Company	Jan 1, 2021	Investments/ (divestments), net	Fair value change	Dec 31, 2021	Percentage of total NAV
Creditas	169,023	25,000	200,100	394,123	51.7
Konfío	48,504	29,021	58,057	135,582	17.8
Juspay	17,372	3,985	21,063	42,420	5.6
TransferGo	28,634	2,840	-2,203	29,271	3.8
JUMO	9,540	–	8,869	18,409	2.4
REVO	11,083	–	2,152	13,235	1.7
Rupeek	–	11,985	1,167	13,152	1.7
Nibo	13,610	–	-1,050	12,560	1.6
FinanZero	9,933	1,501	448	11,882	1.6
Magnetis	8,330	–	2,196	10,526	1.4
BlackBuck	–	10,000	–	10,000	1.3
Finja	6,748	–	603	7,351	1.0
Abhi	–	1,350	–	1,350	0.2
minu	–	450	–	450	0.1
Xerpa	5,758	-1,308	-4,450	0	0.0
Guiabolso	5,417	-3,101	-2,316	0	0.0
Liquidity investments	48,205	2,500	-63	50,642	6.9
Total	382,157	84,223	284,574	750,953	98.5

Note 4 Result from financial assets at fair value through profit or loss

	2021	2020
Proceeds from sale of financial assets at fair value through profit or loss	86,909	41,500
Acquisition value of sold financial assets at fair value through profit or loss	-121,000	-41,500
Change in fair value from sold financial assets at fair value through profit or loss	-34,091	–
Change in fair value of remaining financial assets at fair value through profit or loss	318,665	84,672
Result from financial assets at fair value through profit or loss	**284,574**	**84,672**

Financial assets at fair value through profit or loss comprises the result from fair value changes of financial assets that have been designated on initial recognition as assets to be measured at fair value with fair value changes in profit or loss. Divestments in 2021 are Guiabolso, Xerpa and liquidity placements.

Note 5 Dividend and coupon income

	2021	2020
Dividend and coupon income recognized in the income statement	388	391
whereof unsettled at balance sheet date	–	–
Tax withheld on dividends	–	–
Net proceeds from dividends and coupons, net of tax, recognized in the income statement during the year	**388**	**391**

Note 6 Operating expenses

	2021	2020
Employee benefit expense (Note 8)	5,401	4,525
of which employee incentive program expenses	*1,578*	*2,743*
External services	2,621	971
Other expenses	817	430
Depreciations	106	72
Total operating expenses	**8,945**	**5,998**

Note 7 Remuneration to Auditors

PwC	2021 Sweden	2021 Cyprus	2021 Total
Audit assignments	69	12	81
Other audit activities	13	–	13
Tax advice	51	10	61
Other services	296	–	296
Total remuneration to auditors	**429**	**22**	**451**

PwC	2020 Sweden	2020 Cyprus	2020 Total
Audit assignments	71	10	81
Other audit activities	13	–	13
Tax advice	15	6	21
Other services	49	–	49
Total remuneration to auditors	**148**	**16**	**164**

Audit assignment refers to the auditor's reimbursement for execution of the statutory audit. The work includes the audit of the annual report and consolidated financial statements and the accounting, the administration of the Board of Directors and the CEO and for audit advice provided as a result of the audit assignment. Other audit activities refer to other audit assignments as required by laws and regulations as well as the review of quarterly reports in accordance with ISRE 2410. Tax advice refer to general tax advisory services. Other services are services mainly related to preparation for listing on Nasdaq main market and rights issue.

Note 8 Employee benefit expense

	2021	2020
Wages and salaries	1,689	1,446
Social security cost	1,025	963
Pension cost	179	148
Other employee benefits	2,508	1,968
Total employee benefit expense	**5,401**	**4,525**

	2021		2020	
	Salaries and other remuneration	Social security contributions	Salaries and other remuneration	Social security contributions
Board of Directors and management:				
Salaries and other remuneration	1,460	228	1,301	205
Variable compensation	903	167	–	–
Pension expenses	148	23	129	21
Share-based compensation	349	258	449	331
Other[1]	1,124	273	1,423	349
Other employees:				
Salaries and other remuneration	229	42	144	31
Variable compensation	71	15	10	2
Pension expenses	31	5	20	3
Share-based compensation	10	1	2	–
Other[1]	51	13	84	21
Total	**4,376**	**1,025**	**3,562**	**963**

1. Other refers to facilitate participation in LTIP- and options programs, the Company subsidized the subscription price payable by program participants for the acquisition cost.

	2021		2020	
	Men	Women	Men	Women
Board of Directors incl. Managing Director, Parent Company	4	2	5	2
Board of Directors, subsidiaries	1	2	–	3
Key management	2	1	2	1
Other personnel	1	2	–	2
Total	**8**	**7**	**7**	**8**

Decisions regarding remuneration to the Managing Director are made by the Board of Directors in accordance with the remuneration's principles, while decisions regarding fixed remuneration to other management within the group are made by the Managing Director. The Managing Director has the right to six months' salary in the event of the termination of appointment on part of the company. He has nine months' mutual notice period. The rest of the management has a notice period of three or six months, which also applies to the Company in the event of termination on part of the Company. No notice period applies to the Board of Directors.

Group 2021

	Base salaries/ Board fee	Variable compensation	Other compensation[2]	Pension expenses	Share based compensation	Total
Lars O Grönstedt, *Chairman of the Board*	108	–	–	–	–	108
Per Brilioth, *Board member*	57	–	–	–	–	57
Ranjan Tandon, *Board member*	50	–	–	–	–	50
Allison Goldberg, *Board member*	48	–	–	–	–	48
Hanna Loikkanen, *Board member*[1]	44	–	–	–	–	44
David Nangle, *Board member and Managing Director*	475	367	261	50	147	1,301
Key management personnel	676	535	863	98	202	2,375
Total	**1,460**	**903**	**1,124**	**148**	**349**	**3,984**

1. Elected on May 6, 2021
2. Other compensation refers to facilitate participation in LTIP- and options programs, the Company subsidized the subscription price payable by program participants for the acquisition cost.

Group 2020

	Base salaries/ Board fee	Variable compensation	Other compensation[4]	Pension expenses	Share based compensation	Total
Lars O Grönstedt, *Chairman of the Board*	66	–	–	–	–	66
Milena Ivanova, *Board member*[1]	24	–	–	–	–	24
Voria Fattahi, Board member[2]	12	–	–	–	–	12
Per Brilioth, Board member	33	–	–	–	–	33
Ranjan Tandon, *Board member*	33	–	–	–	–	33
Allison Goldberg, *Board member*[3]	7	–	–	–	–	7
David Nangle, *Board member and Managing Director*	496	–	513	50	193	1,252
Key management personnel	630	–	910	79	256	1,875
Total	**1,301**	**–**	**1,423**	**129**	**449**	**3,302**

1. Resigned on October 22, 2020
2. Resigned on May 13, 2020
3. Elected on October 22, 2020
4. Other compensation refers to facilitate participation in LTIP- and options programs, the Company subsidized the subscription price payable by program participants for the acquisition cost.

Option plan

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

Principal Conditions and Guidelines

- The exercise price for the Options shall correspond to 120% of the market value of the shares of the Company at the time of the grant.
- The Options may be exercised during an exercise period of three months starting five years from the time of the grant.
- For employees resident outside of Sweden, no premium shall be paid for the Options and they may only be exercised if the holder is still employed within the Group at the time of exercise.
- For employees resident in Sweden, the employees may elect either of the following alternatives:
  a) No premium shall be paid for the Options and the Options may only be exercised if the holder is still employed within the Group at the time of exercise (same as for employees resident outside of Sweden);

  or

  b) The Options shall be offered to the employee at a purchase price corresponding to the market value of the Options at the time of the offer. The Options shall be fully transferable and will thereby be considered as securities. This also means that these Options are not contingent upon employment and will not lapse should the employee leave his or her position within the Group.
- Options may be issued by the Parent Company or by other group companies.

Preparation and Administration

The Board or a designated committee appointed by the Board, shall be authorized to set the detailed terms and conditions for the Options in accordance with the principal conditions and guidelines. The Board may make necessary adjustments to satisfy certain regulations or market conditions abroad. The Board shall also be authorized to resolve on other adjustments in conjunction with material changes affecting the Group or its business environment, which would mean that the described conditions for the incentive plan would no longer be appropriate.

Allocation

The incentive plan includes granting of not more than 5,080,000 Options. Allocation of Options to the Managing Director of the Company shall not exceed 2,540,000 Options and allocation to each member of the executive management or to other key employees of the Company shall not exceed 1,016,000 Options. The allocation of Options shall be decided by taking into consideration, among other things, the performance of the employee and his or her importance to the Group. Specific criteria to be considered include the employee's ability to manage and develop the existing portfolio and to identify new investment opportunities and evaluate conditions of new investments as well as return on capital or estimated return on capital in investment targets. The Board shall be responsible for the evaluation of the performance of the employees. Board members who are not employed by the Group shall not be able to participate in the plan.

Bonus for employees resident in Sweden under option (b)
In order to stimulate the participation in the plan by employees resident in Sweden electing option (b) above, the Company will subsidize participation by way of a bonus payment which after tax corresponds to the Option premium. Half of the bonus will be paid in connection with the purchase of the Options and the remaining half at exercise of the Options, or, if the Options are not exercised, at maturity. The second bonus payment is subject to the requirement that the holder is still an employee of the Group at the time of exercise or maturity. Thus, for employees in Sweden who choose option (b), the participation in the plan includes an element of risk.

Exercised options
In May, 2021, 1,500,000 options were exercised, of which 1,000,000 options to a strike price of SEK 1.33 and 500,00 to a strike price of SEK 2.54. In November, 2021 an additional 500,000 options were exercised at the strike price of SEK 1.46. In total 2,000,000 common shares were issued, 1,500,000 to current employees and 500,000 to a former employee.

Options outstanding

	2021	2020
Beginning of the period	3,000,000	4,905,000
Options exercised in 2021	-2,000,000	-1,905,000
Outstanding at the end of the period	**1,000,000**	**3,000,000**

Per December 31, 2021, a total of 1,000,000 options were outstanding, of which none to the Managing Director and 1,000,000 to other employees.

Options granted

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

Market value of the options at the grant date is calculated with the help of the Black & Scholes options valuation model and assuming that no dividends will be paid during the period.

Dilution and costs
In the event all outstanding 1,000,000 Options are fully exercised; the holders will acquire shares corresponding to a maximum of approximately 0.10% of the share capital. There are no negative future cash flow for the Company regarding Bonus for Swedish employees under option (b) above. Currently, there is no similar option (b) for employees resident outside of Sweden provided in the incentive plan 2015 and the only negative cash flow under option (a) relates to the social security contributions at the time of exercise of the Options.

Share-based incentive program (LTIP)
There are three running long-term share-based incentive programs for management and key personnel in the VEF Group. All three programs are linked to the long-term performance of both the Company's NAV and of the VEF share price.

Outstanding program 2019
The participants purchased, in the three-year long-term incentive 2019 program ("LTIP 2019"), plan shares in the Company.

Plan shares will on the extent to performance of both the Company's NAV and of the VEF share price be reclassified as common shares if the performance conditions have been fulfilled. If the performance conditions have not been fulfilled, then the plan shares will be redeemed by the company.

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

If a participant ceases to be employed by the Group within this period, the plan shares will be redeemed, except in limited circumstances that are approved by the Board on a case-by-case basis.

The fair value of the plan share on the grant date was calculated on the basis of the market price of the Company's shares on the grant date and market conditions prevailed by using the Monte Carlo Valuation Method.

To carry through the incentive program, the Company subsidized the incentive program participants for the subscription price. The subsidy amounted to USD 0.27 mln, social fees excluded, for the cost of acquiring plan shares. The cost for financing and acquiring plan shares is immediately expensed.

The Company also compensated for the tax impact arising from the fact that subscription price was below fair market value. The cost of this subsidy, social fees excluded, amounts to USD 0.30 mln.

Outstanding program 2020
The Company's annual general meeting on May 13, 2020, approved a three-year long-term share incentive plan ("LTIP 2020") for six key employees in the Company. LTIP 2020 is a performance-based incentive program which is based on the same structure, with the same economic characteristics for the participants, and the same criteria for measuring performance as the 2019 program. The objective of LTIP 2020 is to encourage the employees to financially commit to the long-term value growth of VEF, and thereby align their interests with those of the shareholders. VEF has compensated the participants with a cash subsidy for the subscription price and the tax effects arising due to the subsidy of the subscription price and benefit of a total cost, excluding social charges of USD 1.47 mln including the cost of the amended program described below.

At the Company's SGM on October 22, 2020, it was approved to amend the Company's long-term incentive program for 2020. The amended program will run over five years, instead of three, and is resolved to issue no more than 33,250,000 in total plan shares, instead of 13,640,000, to the participants in the program. The cost impact of the amended program was USD 1.14 mln related to the subsidy of the subscription price and benefit, excluding social charges. The cost for financing and acquiring the plan shares is expensed directly.

New program 2021
The Company's annual general meeting on May 6, 2021, approved a five-year long-term share incentive plan ("LTIP 2021") for six key employees in the Company. LTIP 2021 is a performance-based incentive program which is based on the same structure, with the same economic characteristics for the participants, and the same criteria for measuring performance as the share-based incentive programs as the 2019 and 2020 program. The objective of LTIP 2021 is the same as the 2019 and 2020 programs, to align the employee's long-term interests with the shareholders. VEF has compensated the participants with a cash subsidy for the subscription price and the tax effects arising due to the subsidy of the subscription price and benefit of a total cost, excluding social charges of USD 0.67 mln. The cost for financing and acquiring the plan shares is expensed directly.

Completed program 2018
The Board of Directors determined on March 29, 2021, that the development of the Company's NAV over the term of LTIP 2018 (Jan 1, 2018 through Dec 31, 2020), meets the so-called target level, whereby each plan share held by program participants throughout the program duration resulted in an allocation of five performance shares free of charge following the 2021 AGM. The participants collectively received 3,725,925, whereof 1,802,875 shares to the Managing Director.

	LTIP 2019	LTIP 2020	LTIP 2021
Performance measurement period	Jan 2019–Dec 2021	Jan 2020–Dec 2024	Jan 2021–Dec 2025
Vesting period	May 2019–Dec 2021	Nov 2020–Dec 2024	Sept 2021–Dec 2025
Maximum no. of shares, Managing Director	4,960,000	13,300,000	3,325,000
Maximum no. of shares, others	7,440,000	19,950,000	4,987,500
Maximum no. of shares, total	12,400,000	33,250,000	8,312,500
Maximum dilution	1.87%	5.01%	0.79%
Share price on grant date, SEK	2.40	3.14	4.34
Share price on grant date, USD	0.26	0.36	–
Fair value of plan share on grant date, SEK[1]	0.32	0.37	0.62
Fair value of plan share on grant date, USD[1]	0.03	0.04	–

Total employee benefit expense excl. bonuses paid and social taxes (USD mln)	LTIP 2019[2]	LTIP 2020[2]	LTIP 2021[2]
2021	0.14	0.20	0,02
2020	0.12	0.03	–
2019	0.08	–	–
Total accumulated	**0.34**	**0.23**	**0.02**

1. The difference in common share price and plan share fair value 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 Net financial items

	2021	2020
Interest income	63	17
Interest expense	-6	-15
Currency exchange gains	388	670
Currency exchange losses	-935	-281
Total	**-490**	**391**

Note 10 Tax

Corporate income tax – general
VEF AB (publ) and VEF Service AB's taxable profits in 2021 are subjected to Swedish income tax at the rate of 20.6%. VEF Ltd is exempted and therefore not liable for tax in Bermuda for profits incurred in 1H21 before the redomestication process from Bermuda to Sweden was finalized.

VEF Cyprus Limited is subject to corporation tax on taxable profits at the rate of 12.5% for 2021. Under certain conditions, interest may be exempt from income tax and only subject to defense contribution at the rate of 30% as from April 29, 2013. Any gains from disposal of qualified securities are not subject to corporate tax in Cyprus.

Income tax expense

	2021	2020
Current tax	-23	-74
Deferred tax	–	–
Taxation	**-23**	**-74**

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

	2021	2020
Result before tax	275,513	79,527
Tax calculated at domestic tax rates applicable to profits in the respective countries	-34,554	-8,894
Tax effects of:		
- Income not subject to tax	35,845	9,936
- Expenses not deductible for tax purposes	-1,314	-1,106
- Adjustment in respect of prior years	–	-10
Tax charge	**-23**	**-74**

The weighted average applicable tax rate 2021 was 0.01% (2020: 0.1%).

Note 11 Property, plant and equipment

Group	Property, plant and equipment	Right-of-use assets: premises	Total
Opening net book amount January 1, 2020	**107**	**168**	**275**
Amount equal to lease assets at January 1, 2020 under IFRS 16			
Depreciation	-34	-38	-72
Currency change effect	11	-3	8
Closing net book amount December 31, 2020	**84**	**127**	**211**
Opening net book amount January 1, 2021	**84**	**127**	**211**
Depreciation	-36	-70	-106
Currency change effect	-3	–	-3
Closing net book amount December 31, 2021	**45**	**57**	**102**

Depreciation amounting to USD 0.11 mln (2020: 0.07 mln) have been recognised among operating expenses in the income statement, also, see Note 6.

Note 12 Financial instruments by category

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

December 31, 2021

Assets as per balance sheet	Assets at fair value through profit and loss	Amortised costs	Total
Financial assets at fair value through profit or loss	750,953	–	750,953
Cash and cash equivalents	–	11,131	11,131
Total financial assets	**750,953**	**11,131**	**762,084**

December 31, 2020

Assets as per balance sheet	Assets at fair value through profit and loss	Amortised costs	Total
Financial assets at fair value through profit or loss	382,157	–	382,157
Cash and cash equivalents	–	4,224	4,224
Total financial assets	**382,157**	**4,224**	**386,381**

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

	Dec 31, 2021	Dec 31, 2020
Beginning of the year	382,157	244,908
Additions (new investments)	171,132	97,093
Disposal value	-86,909	-41,500
Reclassification of convertible note	–	-3,017
Change in fair value for the year	284,574	84,672
Total	**750,953**	**382,157**

The assets specified in the table above are investments in financial assets at fair value through profit or loss. See Note 3 for further information.

Note 14 Interests in associated companies

Associated companies are companies over which VEF has significant influence. Significant influence means the opportunity to participate in decisions relating to the company's financial and operational strategies but does not imply control or joint control. Normally, ownership equivalent to at least 20% and up to 50% of the votes means that a significant influence is held. Circumstances in the individual case can result in a significant influence even with ownership of less than 20% of the votes.

Company	Operation	Main market	Country of incorporation	Fair value, Dec 31, 2021	Ownership	Voting share
Finja	Digital lending and payments	Pakistan	United States	7,351	22.0%	22.7%
Nibo	Accounting SaaS	Mexico	Cayman Island	12,560	20.1%	21.8%
REVO	Payments and consumer credit	Russia	Cyprus	13,235	23.0%	23.0%

Note 15 Short-term loan receivables

	Dec 31, 2021	Dec 31, 2020
Short-term loan receivable[1]	–	2,176
Total	**–**	**2,176**

1. As per December 18, 2020 the outstanding convertible loan note towards portfolio company REVO of USD 2.1 mln plus accrued interest of USD 0.9 mln was reclassified into a short-term loan receivable upon decision that the loan will not be converted into shares. As per December 31, 2021, the loan principal plus accrued interest has been repaid in full.

Note 16 Other current receivables

	Dec 31, 2021	Dec 31, 2020
Deposits	42	16
Other	345	98
Total	**387**	**114**

Note 17 Prepaid expenses

	Dec 31, 2021	Dec 31, 2020
Rent	11	–
Other	127	–
Total	**138**	**–**

Note 18 Cash and cash equivalents

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

	Dec 31, 2021	Dec 31, 2020
Cash and cash equivalents	11,131	4,224
of which short-term investments equivalent to cash	–	–
Total	**11,131**	**4,224**

Note 19 Non-current liabilities

Maturity analysis – contractual discounted cash flow	Dec 31, 2021	Dec 31, 2020
Leasing liabilities < 1 year	63	66
Leasing liabilities 2–5 years	–	70
Total discounted lease liabilities	**63**	**136**
Total cash flow for leases	**-106**	**-72**
Amounts recognised in the consolidated income statement		
Interest on lease liabilities	-6	-11

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

Note 20 Other current liabilities

	Dec 31, 2021	Dec 31, 2020
Tax and VAT liabilities	470	66
Other	139	60
Leasing liabilities < 1 year	63	66
Total	**672**	**192**

Note 21 Accrued expenses

	Dec 31, 2021	Dec 31, 2020
Employee related expense	154	475
Other	242	52
Total	**396**	**527**

Note 22 Pledged assets and contingent liabilities

The Group had no contingent liabilities or pledged assets as per December 31, 2021.

Note 23 Related party transactions

During the period VEF has recognized the following related party transactions:

	Operating expenses		Current liabilities	
	FY 2021	FY 2020	FY 2021	FY 2020
Key management and Board of Directors[1]	3,984	2,952	–	–

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

The result impact in the period for the long-term incentive programs (LTIP 2019, LTIP 2020 and LTIP 2021) for the management amounted to USD 0.14 mln, USD 0.20 mln and USD 0.02 mln, respectively, excluding, cash subsidy and social taxes. See further details of LTIP 2019, LTIP 2020 and LTIP 2021 in Note 8.

Note 24 Events after the balance sheet date

After the end of the year VEF has added two new companies to the portfolio.

- In February VEF made its second investment into the Embedded Finance space by investing USD 12.2 mln into the Brazilian driver app Gringo.
- In March, VEF invested USD 20.0 mln into the Brazilian solar energy platform Solfácil.

Russia and Ukraine conflict

On February 24, 2022, Russia initiated its invasion of Ukraine, a war causing a high degree of global uncertainty. Heavy sanctions imposed on Russia and Russian Financial Institutions coupled with the war have caused the Ruble to fall dramatically, and markets have seen unprecedented volatility while the Russian Stock Exchange has been closed. VEF has three assets with exposure to Russia and Ukraine (asset, fair value and share of NAV at YE21):

- TransferGo, USD 29.3 mln, 3.8%.
- REVO, USD 13.2 mln, 1.7%.
- Tinkoff bond (part of liquidity placements), USD 4.3 mln, 0.6%.

At year end 2021 VEF's total exposure to Russia and Ukraine was limited to 6.1% of NAV while at the same time 82.8% of NAV is focused on fintech assets in Brazil, Mexico and India. VEF continues to monitor the situation and work with both companies throughout. While the current situation is highly uncertain, the exact financial impact on REVO and VEF's liquidity placement in Tinkoff bonds is currently being evaluated but is expected to be of material nature for these assets. Key is that while VEF has exposure to the effected region, the ongoing volatility is having mixed effects on its assets in the region, e.g. TransferGo has seen an increase in money transfers into the Ukraine in the period. More important is that the holdings remain a small share of VEF's NAV.

Note 25 Adoption of annual report

The annual report has been submitted by the Board of Directors March 28, 2022, see page 79. The balance sheet and profit and loss accounts are to be adopted by the Company's shareholders at the annual general meeting on May 10, 2022.

Parent company financial statements

Parent company income statement*

Expressed in SEK thousands	Note	Dec 7, 2020–Dec 31, 2021
Result from financial assets at fair value through profit or loss	P.2	184,417
Dividend and coupon income	P.3	1,716
Administrative and operating expenses	P.4–6	-22,845
Employee incentives programs	P.6	-5,794
Operating result		**157,494**
Financial income and expenses		
Currency exchange gains/losses, net		-2,187
Net financial items	P.7	**-2,187**
Result before tax		**155,307**
Taxation	P.8	–
Net result for the year		**155,307**

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.

* Since the Parent Company was incorporated in December 2020 there are no available comparative figures for 2020.

Parent company balance sheet*

Expressed in SEK thousands	Note	Dec 31, 2021
NON-CURRENT ASSETS		
Financial non-current assets		
Shares in subsidiaries	P.9	2,027,853
Financial assets at fair value through profit or loss	P.10–11	
Equity financial assets		592,653
Liquid financial assets		457,709
Other financial assets		244
Total financial non-current assets		**3,078,459**
CURRENT ASSETS		
Tax receivables		102
Other current receivables	P.12	3,102
Other current receivables, Group	P.9	11,028
Prepaid expenses and accrued income	P.13	1,245
Cash and cash equivalents	P.14	46,011
Total current assets		**61,488**
TOTAL ASSETS		**3,139,947**
SHAREHOLDERS' EQUITY (including net result for the financial period)		**3,132,572**
CURRENT LIABILITIES		
Other current liabilities	P.15	1,583
Other current liabilities, Group	P.9	2,744
Accrued expenses	P.16	3,048
Total current liabilities		**7,375**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,139,947**

* Since the Parent Company was incorporated in December 2020 there are no available comparative figures for 2020.

Parent company statement of changes in equity*

Expressed in SEK thousands	Note	Share capital	Additional paid in capital	Retained earnings	Total
Balance at December 7, 2020		**0**	**0**	**0**	**0**
Net result Dec 7, 2020–Dec 31, 2021		–	–	155,307	155,307
Transactions domicile change:	P.17				
- Issuance of share capital		8,345	–	–	8,345
- Issuance of LTIP 2019 Plan shares		124	–	–	124
- Issuance of LTIP 2020 Plan shares		333	–	–	333
- Shareholders contribution[1]		–	–	2,116,926	2,116,926
Transactions with owners:	P.17				
- Proceeds from directed rights issue, net		2,073	846,554	–	848,627
Value of employee services:	P.17				
- Employee share option scheme		5	811	–	816
- Share based long-term incentive program		83	2,011	–	2,094
Balance at Dec 31, 2021		**10,963**	**849,376**	**2,272,233**	**3,132,572**

1. Transfer of all VEF Ltd's assets to VEF AB (publ) due to the redomestication from Bermuda to Sweden.

* Since the Parent Company was incorporated in December 2020 there are no available comparative figures for 2020.

Parent company statement of cash flows*

Expressed in SEK thousands	Note	Dec 7, 2020–Dec 31, 2021
OPERATING ACTIVITES		
Result before tax		155,307
Adjustment for non-cash items:		
Currency exchange gains/-losses, net		2,187
Result from financial assets at fair value through profit or loss		-184,417
Result from long term receivables		-50
Dividend and coupon income		-1,716
Other non-cash items affecting profit or loss		2,097
Change in current receivables		-14,811
Change in current liabilities		1,149
Net cash used in operating activities		**-40,253**
Investments in subsidiaries		-309,060
Investments in financial assets		-906,491
Sales of financial assets		412,270
Dividend and coupon income		1,716
Net cash flow used in operating activities		**-841,818**
FINANCING ACTIVITIES		
Proceeds from directed rights issue, net	P.17	857,429
Cash received in redomestication		31,876
Proceeds from new share issue through employee options	P.17	813
Net cash flow from financing activities		**890,118**
Cash flow for the year		**48,300**
Cash and cash equivalents at beginning of the year		**0**
Exchange gains/losses on cash and cash equivalents		-2,289
Cash and cash equivalents at end of the year		**46,011**

* Since the Parent Company was incorporated in December 2020 there are no available comparative figures for 2020.

Notes for the Parent Company

(Expressed in SEK thousand unless indicated otherwise)

Note P.1 Significant accounting principles

The Parent Company's financial statements are to be prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The Swedish Financial Reporting Board's statements for listed companies are also applied. RFR 2 requires the Parent Company, as a legal entity, to prepare its annual financial statements in compliance with all the IFRS and IFRIC interpretations adopted by the EU, to the extent possible within the framework of the Swedish Annual Accounts Act.

The Parent Company applies the accounting policies detailed for the Group with the exception of the following:

Financial year

The Parent Company was incorporated as a shelf company on December 7, 2020. The first financial year for the Parent Company is therefore December 7, 2020, to December 31, 2021, even though the shelf company became active first on May 28, 2021, when the company name was changed to VEF AB (publ).

Reporting currency

The Parent Company's presentation currency is the Swedish krona (SEK) and not the Group's reporting currency of US Dollar due to Swedish Company regulations.

Comparative figures

This is the Parent Company's first annual report since incorporation on December 7, 2020 and therefore there are no comparative figures for 2020.

Leases

All leasing agreements in the Parent Company are recognized as operating leases.

Shares in subsidiaries

Subsidiaries are valued at their acquisition cost and after write-down, if any. Dividends from subsidiaries are recognized as dividend income.

Inter-company receivables and liabilities

Inter-company receivables and liabilities are accounted for at amortised cost. The expected credit loss for inter-company receivables is considered insignificant.

Note P.2 Result from financial assets at fair value through profit or loss

	Dec 7, 2020–Dec 31, 2021
Proceeds from sale of financial assets at fair value through profit or loss	412,270
Acquisition value of sold financial assets at fair value through profit or loss	-412,270
Change in fair value from sold financial assets at fair value through profit or loss	–
Change in fair value of remaining financial assets at fair value through profit or loss	184,417
Result from financial assets at fair value through profit or loss	**184,417**

Financial assets at fair value through profit or loss comprises the result from fair value changes of financial assets that have been designated on initial recognition as assets to be measured at fair value with fair value changes in profit or loss. Divestments in 2021 are all liquidity placements.

Assets measured at fair value at Dec 31, 2021

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss	457,709	592,653	–	1,050,362
of which:				
Liquidity placements	457,709	–	–	457,709
Shares	–	592,653	–	592,653
Total assets	**457,709**	**592,653**	**–**	**1,050,362**

For more information of the Parent Company's financial assets and their valuations please see Group Note 3 on page 60.

Change in financial assets at fair value through profit or loss

Company	Dec 7, 2020	Transfers redomestication	Investments/divestments, net	Changes in fair value[1]	Dec 31, 2021
Juspay	–	211,476	36,022	135,900	383,398
Rupeek	–	59,926	45,109	13,839	118,874
BlackBuck	–	–	85,686	4,695	90,381
Liquidity investments	–	100,322	327,403	29,984	457,709
Total	**–**	**371,724**	**494,220**	**184,418**	**1,050,362**

1. Change in fair value include currency exchange effects.

Note P.3 Dividend and coupon income

	Dec 7, 2020–Dec 31, 2021
Dividend and coupon income recognized in the income statement	1,716
whereof unsettled at balance sheet date	–
Tax withheld on dividends	–
Net proceeds from dividends and coupons, net of tax, recognized in the income statement during the year	**1,716**

Note P.4 Operating expenses

	Dec 7, 2020–Dec 31, 2021
Employee benefit expense (Note P.6)	14,400
of which employee incentive program expenses	*5,794*
External services	10,247
Other expenses	1,420
Intra-group services, net	2,572
Total operating expenses	**28,639**

Note P.5 Remuneration to Auditors

PwC	Dec 7, 2020–Dec 31, 2021
Audit assignments	603
Other audit activities	120
Tax advice	–
Other services	2,609
Total remuneration to auditors	**3,332**

Audit assignment refers to the auditor's reimbursement for execution of the statutory audit. The work includes the audit of the annual report and consolidated financial statements and the accounting, the administration of the Board of Directors and the CEO and for audit advice provided as a result of the audit assignment. Other audit activities refer to other audit assignments as required by laws and regulations as well as the review of quarterly reports in accordance with ISRE 2410. Tax advice refer to general tax advisory services. Other services are services mainly related to preparation for listing on Nasdaq main market and rights issue.

Note P.6 Employee benefit expense

	Dec 7, 2020–Dec 31, 2021
Wages and salaries	6,186
Social security cost	1,885
Pension cost	535
Other employee benefits	5,794
Total employee benefit expense	**14,400**

	Dec 7, 2020–Dec 31, 2021	
	Salaries and other remuneration	Social security contributions
Board of Directors and management:		
Salaries and other remuneration	5,354	620
Variable compensation	–	–
Pension expenses	478	–
Share-based compensation	1,963	699
Other[1]	3,584	431
Other employees:		
Salaries and other remuneration	831	106
Variable compensation	–	–
Pension expenses	57	–
Share-based compensation	134	16
Other[1]	114	13
Total	**12,515**	**1,885**

1. Other refers to facilitate participation in LTIP- and options programs, the Company subsidized the subscription price payable by program participants for the acquisition cost.

	Dec 31, 2021	
	Men	Women
Board of Directors incl. Managing Director	4	2
Key management	1	–
Other personnel	1	1
Total	**6**	**3**

Decisions regarding remuneration to the Managing Director are made by the Board of Directors in accordance with the remuneration's principles, while decisions regarding fixed remuneration to other management within the group are made by the Managing Director. The Managing Director has the right to six months' salary in the event of the termination of appointment on part of the company. He has nine months' mutual notice period. The rest of the management has a notice period of three months, which also applies to the Company in the event of termination on part of the Company. No notice period applies to the Board of Directors.

	Base salaries/ Board fee	Variable compensation	Other compensation[2]	Pension expenses	Share based compensation	Total
Lars O Grönstedt, *Chairman of the Board*	623	–	–	–	–	623
Per Brilioth, *Board member*	340	–	–	–	–	340
Ranjan Tandon, *Board member*	283	–	–	–	–	283
Allison Goldberg, *Board member*	283	–	–	–	–	283
Hanna Loikkanen, *Board member*[1]	340	–	–	–	–	340
David Nangle, *Board member and Managing Director*	2,028	–	2,262	437	804	5,531
Key management personnel	1,457	–	1,322	42	1,159	3,979
Total	**5,354**	**0**	**3,584**	**478**	**1,963**	**11,380**

1. Elected on May 6, 2021.
2. Other compensation refers to facilitate participation in LTIP- and options programs, the Company subsidized the subscription price payable by program participants for the acquisition cost.

Option plan
The Company has an option plan, adopted in 2015, that entitles present and future employees to be allocated call options to acquire shares in the Company ("Options"). For detailed information on the terms and conditions of the option plan see the Group's Note 8 on page 64.

Exercised options
In May, 2021, 1,500,000 options were exercised, of which 1,000,000 options to a strike price of SEK 1.33 and 500,00 to a strike price of SEK 2.54. These options where exercised in VEF Ltd before the redomestication from Bermuda to Sweden. In November, 2021 an additional 500,000 options were exercised at the strike price of SEK 1.46. In total 2,000,000 common shares were issued, 1,500,000 to current employees and 500,000 to a former employee within the VEF Group.

Options outstanding

	2021	2020
Beginning of the period	3,000,000	4,905,000
Options exercised in 2021	-2,000,000	-1,905,000
Outstanding at the end of the period	**1,000,000**	**3,000,000**

Per December 31, 2021, a total of 1,000,000 options were outstanding, of which none to the Managing Director and 1,000,000 to other employees.

Options granted

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

Market value of the options at the grant date is calculated with the help of the Black & Scholes options valuation model and assuming that no dividends will be paid during the period.

Dilution and costs
In the event all outstanding 1,000,000 Options are fully exercised; the holders will acquire shares corresponding to a maximum of approximately 0.10% of the share capital.

Share-based incentive program (LTIP)
There are three running long-term share-based incentive programs for management and key personnel in the VEF Group. All three programs are linked to the long-term performance of both the Company's NAV and of the VEF share price. For detailed information on the Company's long-term incentive programs for 2019, 2020 and 2021 see the Group's Note 8 on page 64.

	LTIP 2019	LTIP 2020	LTIP 2021
Performance measurement period	Jan 2019–Dec 2021	Jan 2020–Dec 2024	Jan 2021-Dec 2025
Vesting period	May 2019–Dec 2021	Nov 2020–Dec 2024	Sept 2021–Dec 2025
Maximum no. of shares, Managing Director	4,960,000	13,300,000	3,325,000
Maximum no. of shares, others	7,440,000	19,950,000	4,987,500
Maximum no of shares, total	12,400,000	33,250,000	8,312,500
Maximum dilution	1.87%	5.01%	0.79%
Share price on grant date, SEK	2.40	3.14	4.34
Share price on grant date, USD	0.26	0.36	–
Fair value of plan share on grant date, SEK[1]	0.32	0.37	0.62
Fair value of plan share on grant date, USD[1]	0.03	0.04	–

Total employee benefit expense excl. bonuses paid and social taxes	LTIP 2019[2]	LTIP 2020[2]	LTIP 2021[2]
2021	752	1,020	186
Total accumulated	**752**	**1,020**	**186**

1. The difference in common share price and plan share fair value 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 P.7 Net financial items

	Dec 7, 2020–Dec 31, 2021
Currency exchange gains	2,926
Currency exchange losses	-5,113
Total	**-2,187**

Note P.8 Tax

VEF AB (publ)'s taxable profits in 2021 are subjected to Swedish income tax at the rate of 20.6%.

Reconciliation between theoretical tax expense and reported tax

	Dec 7, 2020–Dec 31, 2021
Result before tax	155,307
Tax calculated at domestic tax rates applicable to profits in the respective countries	-31,994
Tax effects of:	
- Income not subject to tax	38,343
- Expenses not deductible for tax purposes	-4
- Tax losses carried forward for which no deferred tax assets is recognized	-6,345
Tax	**0**

Note P.9 Subsidiaries

	Country	Number of shares	Share of capital and votes, %	Book value SEK Dec 31, 2021
VEF Cyprus Limited	Cyprus	235,036,056	100	2,027,802,253
VEF Service AB	Sweden	500	100	50,000
VEF Fintech Ireland Limited	Ireland	1	100	–
VEF UK Ltd	United Kingdom	1	100	–
Total				**2,027,853,253**

All subsidiaries are included in the consolidated financial statements from the time of incorporation. VEF Fintech Ireland Limited and VEF UK Ltd were incorporated before year end 2021 but the share capital of 1 USD/share had not been paid and no business transactions had taken place in the entities before December 31, 2021.

Transactions with subsidiaries
The Parent Company has related-party transactions with VEF Cyprus Limited and VEF Service AB. The Parent Company's business is to act as the holding company. VEF Service AB provides investment and business support services to the Parent Company, which in turn provide VEF Cyprus Limited with the same services.

	Dec 31, 2021
Current receivables:	
VEF Cyprus Limited	11,028
Current liabilities:	
VEF Service AB	2,744

	Dec 7, 2020–Dec 31, 2021
Intra group support services:	
Sales to VEF Cyprus Limited	8,823
Purchases from VEF Service AB	-11,395
Net included in Administrative and operating expenses	**-2,572**

Note P.10 Financial instruments by category

Assets as per balance sheet	Assets at fair value through profit and loss	Amortised costs	Total
Financial assets at fair value through profit or loss	1,050,362	–	1,050,362
Receivables from Group Companies	–	11,028	11,028
Cash and cash equivalents	–	46,011	46,011
Total financial assets	**1,050,362**	**57,039**	**1,107,401**

Liabilities as per balance sheet	Amortised costs	Total
Liabilities to Group Companies	2,744	2,744
Total current financial liabilities	**2,744**	**2,744**

Note P.11 Non-current financial assets at fair value through profit or loss

	Dec 31, 2021
Beginning of the year	0
Additions (redomestication from VEF Ltd)	371,724
Additions (new investments)	906,491
Disposal value	-412,270
Change in fair value for the year	184,417
Total	**1,050,362**

The assets specified in the table above are investments in financial assets at fair value through profit or loss. See the Group's Note 3 for further information.

Note P.12 Other current receivables

	Dec 31, 2021
Deposits	376
Other	2,726
Total	**3,102**

Note P.13 Prepaid expenses

	Dec 31, 2021
Rent	98
Other	1,147
Total	**1,245**

Note P.14 Cash and cash equivalents

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

	Dec 31, 2021
Cash and cash equivalents	46,011
of which short-term investments equivalent to cash	–
Total	**46,011**

Note P.15 Other current liabilities

	Dec 31, 2021
Tax and VAT liabilities	588
Other	995
Total	**1,583**

Note P.16 Accrued expenses

	Dec 31, 2021
Employee related expenses	948
Other	2,100
Total	**3,048**

Note P.17 Share capital and additional paid in capital

	Change in number of shares	Total number of shares	Change in share capital, SEK	Share capital, SEK	Additional paid in capital
At Dec 7, 2020	–	–	–	–	–
Incorporation	834,477,168	834,477,168	8,344,772	8,344,772	–
Issuance of plan shares, Serie C 2019	12,400,000	846,877,168	124,000	8,468,772	–
Issuance of plan shares, Serie C 2020	33,250,000	880,127,168	332,500	8,801,272	–
Directed share issue	207,312,810	1,087,439,978	2,073,128	10,874,400	846,554,413
Issuance of plan shares, Serie C 2021	8,312,500	1,095,752,478	83,125	10,957,525	–
Employee option exercise	500,000	1,096,252,478	5,000	10,962,525	725,000
At December 31, 2021		**1,096,252,478**		**10,962,525**	**847,279,413**

Share capital
The authorised share capital of the Company is SEK 32 mln divided into 3,200,000,000 shares of SEK 0.01 par value, each carrying one vote. All issued redeemable shares are fully paid. Share capital per December 31, 2021, is SEK 10,963 thousand divided into 1,042,289,978 outstanding common shares and 53,962,500 redeemable common shares under LTIP 2019, LTIP 2020 and LTIP 2021, of SEK 0.01 par value.

Additional paid in capital
Additional paid in capital comprise of share premiums regarding new shares issued and shares issued under the Company's employee share option plan. There are currently 1,000,000 ordinary shares available under the employee share option scheme. Each option entitles the holder to one new share in VEF. For more information on LTIP and the options, see Note P.6.

Note P.18 Pledged assets and contingent liabilities
The Parent Company had no contingent liabilities or pledged assets as per December 31, 2021.

Note P.19 Related party transactions
The Parent Company has identified the following related parties:

Key Management and Board of Directors:
Including members of the Board and Management. During the period, the Parent Company has recognized the following related party transactions:

	Operating expenses FY 2021	Current liabilities FY 2021
Key management and Board of Directors[1]	**11,380**	**–**

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

Subsidiaries
The Parent Company has related-party transactions with its subsidiaries, VEF Cyprus Limited and VEF Service AB. For a detailed statement of the related party-transactions between the Parent Company and its subsidiaries, see Note P.9.

Declaration

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

The Administration Report and the other parts of the Annual Report of the Group and the Parent Company provide a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describe material risks and uncertainties facing the Parent Company and the companies included in the Group.

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

March 28, 2022

Lars O Grönstedt
Chairman of the Board

Per Brilioth
Board member

Allison Goldberg
Board member

Ranjan Tandon
Board member

Hanna Loikkanen
Board member

David Nangle
Board member and Managing Director

Our auditor's report was submitted on March 28, 2022

PricewaterhouseCoopers AB

Ulrika Ramsvik
Authorised Public Accountant
Auditor-in-charge

Independent auditor's report

To the general meeting of the shareholders of VEF AB (publ), corporate identity number 559288-0362.

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts for of VEF AB (publ.) for the financial year December 7, 2020 to December 31, 2021 and consolidated accounts of VEF AB (publ) for the financial year January 1, 2021 to December 31, 2021. The annual accounts and consolidated accounts of the company are included on pages 48–79 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of December 31, 2021 and its financial performance and cash flow for the financial year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31, 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Other matter

As disclosed in the annual accounts and the consolidated account on pages 48–79, VEF AB (publ) has replaced VEF Ltd as the parent company of the Group. The restructuring was a transaction under common control and consequently the financial statements for the Group are presented as a continuation of the legal subsidiaries financial information. The corresponding figures in the consolidated accounts for the financial year January 1, 2020 to December 31, 2020 refer to the Group with VEF Ltd. as the parent company.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–47 and 84–101. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Director's and the Managing Director.
- Conclude on the appropriateness of the Board of Director's and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of VEF AB (publ) for the financial year December 7, 2020 to December 31, 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Göteborg, March 28, 2022

PricewaterhouseCoopers AB

Ulrika Ramsvik
Authorized Public Accountant

Photo: Joao Tzanno (Unsplash.com)

Corporate governance

As from July 2, 2021, VEF AB (publ) ("**VEF**" or the "Company") replaced VEF Ltd. ("**VEFL**") as Parent Company of the group following a so-called Scheme of Arrangement in Bermuda (the "**Redomestication**"). VEFL has been liquidated in 2021 following the Scheme of Arrangement.

Prior to the Redomestication, VEFL's shares were represented by Swedish depository receipts listed on Nasdaq First North Growth Market. VEFL was an exempted company established under the Bermuda Companies Act 1981, but as a company listed in Sweden, endeavored to apply the Swedish Corporate Governance Code (the "**Code**") in full to the extent it was compliant with the Bermudian Companies Act and VEFL's Bye-laws.

As from the Redomestication, the Company, although not required as a Swedish company listed on Nasdaq First North Growth Market, applies the Code in full on a voluntary basis.

The corporate governance principles of the Company are described below.

Shareholders

At year-end 2021, VEF had approximately 19,500 shareholders according to the register of shareholders maintained by Euroclear. The largest shareholder is the Acacia Funds (Ruane Cunniff & Goldfarb), who's shareholding at year-end 2021 amounted to 217,718,740 shares, representing a total of 20.9% of the outstanding ordinary shares of the Company. The only other shareholder holding more than 10% of the shares is Libra Funds, holding 124,198,165 shares, representing a total of 11.9% of the outstanding ordinary shares of the Company.

Annual general meeting and other general meetings

The general meeting of shareholders is the highest decision-making body of the Company, in which all shareholders are entitled to attend in person or by proxy. The annual general meeting ("**AGM**") of the Company is typically held in Stockholm, Sweden, where the Company is domiciled, it's shares are listed and where most of the Company's shareholders are domiciled. The Swedish Companies Act (2005:551) (the "**Companies Act**") and the Articles of Association determine how the notice to the AGM and extraordinary general meetings shall occur, and who has the right to participate in and vote at such meetings. There are no restrictions on the number of votes each shareholder may cast at general meetings. Each ordinary share equals to one vote. Each shareholder entitled to vote may vote for the entire number of the shares owned. The documents and minutes from any general meetings, including the AGMs, are published on the website of the Company.

Pursuant to a decision by the AGM of VEFL and an extraordinary general meeting of VEF, the Board has been authorized to issue shares, with or without deviation from the common share shareholders' preferential rights. The Board of Directors' resolutions to issue shares with deviation from the common share shareholders' preferential rights may result in an increase of the number of shares in the company of not more than 25 percent of the outstanding shares at the time the authorization is adopted, in aggregate. On August 24, 2021, the Board decided to carry out a directed share issue pursuant to this authorization.

There is currently no authorization for the Board to purchase its own shares.

The 2022 AGM of VEF will take place on May 10. All documents related to the 2022 AGM will be published on VEF's website.

Nomination committee

Shareholders in the Company have the right to nominate members of the Board of Directors, and auditors, to the AGM. According to the Code, a company shall have a nomination committee that prepares proposals regarding certain appointments by the AGM, including proposals for the Chairman of the AGM, candidates for election to the Board, Chairman of the Board, the auditor of the Company as well as remuneration to the Board and the auditor. VEF has a nomination committee appointed for the 2022 AGM.

In accordance with the instruction adopted by VEF's 2021 AGM, the nomination committee of VEF shall comprise of up to four representatives chosen from among the largest shareholders of the Company as at August 31, 2021 and the Chairman of the Board. The Company announced on October 5, 2021 that the nomination committee consists of the following representatives: Vipul Pandey, appointed by Libra Advisors; Jake Hennemuth, appointed by Acacia Partners; Pia Gisgård, appointed by Swedbank Robur Fonder; and Lars O Grönstedt, Chairman of the Board of Directors of VEF. The composition of the Company's nomination committee meets the requirements concerning the independence of the committee set out in the Code.

The nomination committee's task is to prepare proposals for the following resolutions at the 2022 AGM: (i) election of the chairman of the AGM, (ii) the election of Board members, (iii) the election of the Chairman of the Board, (iv) the remuneration of the directors, (v) election of auditors and remuneration of the Company's auditors, and (vi) proposals on the nomination process for the AGM 2023. In proposing Board members for election at the AGM, the nomination committee is guided by section 4.1 of the Code, which contains provisions regarding diversity and breadth of qualifications, experience and background, gender equality, and the directors' independence of the company, its executive management and major shareholder. The proposal by the nomination committee for the 2022 AGM will be published on the Company's website before the 2022 AGM.

Board of Directors

Board members are elected at the AGM for a period ending at the close of the next AGM. The Articles specify that the Board shall consist of not less than three and not more than ten directors.

At the 2021 AGM six directors were elected with no deputies. The Board currently consists of six members and no deputies. The CEO is the only executive Board member. The nomination committee applied the Code rule 4.1 as diversity policy in its nomination work. The nomination committee's assessment is that the current Board is appropriate given the Company's operations, current stage of development and general state of affairs and that the Board has the breadth and diversity required to meet the Company's needs. The composition of VEF's Board meets the independence requirement set out in the Code. The independence of Board members in relation to the Company and its management, and to the major shareholders of the Company is set out on pages 88–89 below.

Work of the Board

During the year, the Board has held 19 board meetings, of which one in person, seven by video conference, and has passed eleven resolutions by circulation. The Board meetings are conducted in English. The secretary of the Board meetings was VEF's General Counsel. The Board typically meets in person at least three–four times a year and more frequently if needed. During 2021, the Board has not been able to meet physically more than once due to the Covid-19 pandemic. Between meetings, the CEO has regular contact with the Chairman of the Board and the other Board members.

Tasks of the Board

The Board's tasks, delegation procedures and authorities, as well as instructions for the CEO, are set out in the Companies Act and the Company's board instructions and corporate policies reviewed and approved at least once a year by the Board. According to these, and subject to any directions given by the general meeting, the Board shall manage the business of the Company in the interests of the Company and all shareholders and may exercise all the powers of the Company. The Board shall ensure that the organization of the Company is adapted to its purpose, why the Board continuously shall evaluate the Company's routines, processes and guidelines for management of the Company.

The Board of Directors adopts decisions on overall issues affecting the Group which include preparing and issuing investment recommendations to the Board of the subsidiary. The whole Board is involved in evaluations and recommendations of investments and have not formed a sub-committee that specifically focus on the investments. As VEF is an investment company and its core business is investing, the Board has agreed that this task should be performed by the Board as a whole.

During 2021, the VEF Board has mainly focused on managing the investments in the portfolio companies, reviewing and evaluating new investments, the financial reporting, remuneration of the CEO and management (particularly LTIP 2021), the capital raising in August and overseeing the redomestication of the group as well as guided the Company through the process of preparing for changing listing venue to Nasdaq Main Market.

Following the AGM in May 2021, the Board has established an Audit Committee and a Remuneration Committee. These committees are preparatory bodies of the Board and do not reduce the Board's overall responsibility for the governance of the Company and decisions taken.

Sub-committees of the Board

Audit Committee

The main tasks of the Audit Committee follow from Chapter 8, Section 49b of the Swedish Companies Act. The tasks of the committee include monitoring the Company's financial reporting and the efficiency of the Company's internal controls and overseeing work related to risk assessment. They also maintaining frequent contacts with the external auditors. The Audit Committee's work primarily focuses on the quality and accuracy of the Group's accounting and reporting. The committee is also responsible for evaluating the auditors of the Company and to make recommendations regarding auditor elections to the nomination committee. The Audit Committee monitors the development of relevant accounting policies and requirements, discusses other significant issues related to the financial reporting and reports its observations to the Board.

The Audit Committee consists of Hanna Loikkanen (Chair) and Lars O Grönstedt. The Audit Committee has held three meetings during 2021, where both members were present at all meetings.

Remuneration Committee

The main task of the Remuneration Committee is to review and propose amendments to the Remuneration Principles as well as to evaluate and propose for the Board's consideration the structure and size of the Company's incentive programs (detailed information can be found in Note 8) and other variable remuneration as well as the annual remuneration of the CEO. The Remuneration Committee consists of Lars O Grönstedt (Chair) and Per Brilioth. The Remuneration Committee has held one meeting during 2021, where both members were present.

Investment decisions and recommendations

One of the main responsibilities and tasks of the Board is to review and evaluate investment proposals from the CEO and the investment team. Typically, the investment team, including the CEO, will prepare an investment proposal for the Board, upon which the Board will have the opportunity to discuss the proposal in detail with the investment team and the CEO. Following initial review and discussions, the proposal will be brought to a Board meeting for final assessment.

The role of the Board in the investment process is to make suitable investment recommendations to the Cypriot subsidiary, VEF Cyprus Limited. These recommendations must at all times be in line with the overall strategy of the Company as decided by the Board from time to time.

In order to make these recommendations the Board will, e.g.:

- evaluate the current developments in the relevant markets;
- review the current investments and development plans and evaluate their performance in light of the overall strategy;
- review and assess the impact of any current trend, legislation or regulation affecting the relevant markets (including ESG in relation to existing and potential investments);
- evaluate the performance of any new management initiative or structure in any current investment;
- identify potential new investments and evaluate their suitability in light of the overall strategy; and
- identify and evaluate the potential development of any other areas or markets outside the main focus.

On the basis of the above factors, the Board will make recommendations to VEF Cyprus in such form and in a timely manner as to enable VEF Cyprus to properly and fully consider the recommendations. The Board of Directors of VEF Cyprus will make an independent decision on whether to approve an investment based on the recommendation of the Company Board.

The Board may decide that an investment is made by the Company instead of the Cypriot subsidiary for e.g., regulatory or other reasons. In such case, any investment decision by the Board shall be final. Similarly, any divestment decisions/recommendations related to portfolio companies directly held by the Company shall be taken by the Board.

The CEO and management

The CEO is appointed by the Board. The CEO is responsible for the day-to-day management of the Company in accordance with the Board of Directors' guidelines and instructions and the CEO instructions approved at least once a year. This includes managing investments, employees, finance and accounting issues and regular contact with various stakeholders of VEF, such as investors, public authorities and the financial market. The CEO is responsible for providing the Board with the necessary material for making well-informed decisions, including investment proposals. The CEO keeps the Board regularly updated and informed of developments in VEF's business, including the development of portfolio companies.

VEF also has a management team to support the CEO in the management of VEF's overall business. For members of the VEF management team, see page 90. The CEO and management team meet regularly to discuss all areas of importance for the overall management of the Company, including portfolio companies, new investments, investor relations, sustainability and ESG matters, regulatory and compliance matters and financial reporting.

Evaluation of the Board, the CEO and management

The Chairman of the Board conducts an annual evaluation of the Board by distributing self-assessment forms and conducting one-on-one interviews with the other Board members with a view to assessing how well the Board functions and whether there are areas that need improvement or competences that are deemed lacking. The Chairman compiles the results of the self-assessment forms and interviews and presents them to the Nomination Committee along with any issues raised by Board members during the year. The purpose of the evaluation is to identify measures that could make the work of the Board more effective, identify areas with room for improvement and the overall view of the Board members on the functioning of the Board. The purpose is further to provide some insight to the nomination committee to assist in their nomination process for the coming AGM.

The Board evaluates the performance of the CEO and the management team on a yearly basis.

Remuneration

Compensation to the board

The compensation to the Board is determined by the shareholders of VEF at the AGM each year based on a proposal from the nomination committee.

The total compensation to the Board approved by the 2021 AGM was a cash consideration of in total SEK 3,400,000. The allocation of the Board compensation is provided on pages 88–89 and in Note 8 Employee benefit expenses.

Remuneration to the management

The Board determines the total remuneration to the CEO. The Board also proposes the remuneration principles for the CEO and management and the long-term incentive program for employees in the Company to the AGM each year.

The remuneration principles (the "**Principles**") currently in force were adopted at the AGM of the Company held on May 6, 2021. According to the Principles, remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable remuneration, pension benefits and other benefits. The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The variable cash remuneration may amount to not more than 100 per cent of the fixed annual cash salary. Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are only made on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance and one-time highly remarkable achievements and results. Such remuneration may not exceed an amount corresponding to 200 per cent of the fixed annual cash salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the Board of Directors based on a proposal from the Remuneration Committee.

For the CEO and other members of management, pension benefits, including health insurance, shall be premium-defined. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for premium defined pension shall amount to not more than 30 per cent of the fixed annual cash salary.

Other benefits may include, for example, life insurance, medical insurance (Sw. sjukvårdsförsäkring) and partial compensation for loss of salary in connection with parental leave. Such benefits may amount to not more than 50 per cent of the fixed annual cash salary. The Board has not deviated from these principles. The Board's proposal for new remuneration principles for 2022 will be made public in connection with announcing the notice to the 2022 AGM.

For details regarding remuneration of the CEO and management, see pages 89–90 and Note 8.

Incentive programs

The Company had five different incentive programs outstanding during 2021. Short summaries of the programs are set-out below and more detailed information can be found in Note 8.

Board of Directors

Lars O Grönstedt
Chairman of the Board, Chairman of the Remuneration Committee and member of the Audit Committee
Appointed: Chairman and member of the Board since 2015
Nationality: Swedish citizen
Born: 1954
Independence: Independent of the Company, management and major shareholders.
Education: BA in languages and literature from Stockholm University, and an MBA from Stockholm School of Economics.
Previous experience and other significant positions: Lars O Grönstedt spent most of his professional life at the Swedish bank Handelsbanken. He was CEO of the bank between 2001–2006, and Chairman of the Board between 2006–2008. Today he is, among other things, Chairman of VNV Global (publ) and of the housing association Blå Tornet, member of the board in the Fabius group of companies, speaker of the body of elected representatives at SEB Trygg Liv, and council member Global Access Partners, Australia.
Holdings in VEF: 130,000 shares.
Remuneration: USD 108 thousand. No agreement regarding severance pay or pension.

Per Brilioth
Board member and member of the Remuneration Committee
Appointed: Member of the Board since 2015
Nationality: Swedish citizen
Born: 1969
Independence: Independent of the Company, management and major shareholders.
Education: Graduate of Stockholm University and a Master of Finance from London Business School.
Previous experience and other significant positions: Between 1994 and 2000, Per Brilioth was head of the Emerging Markets section at the Swedish investment bank Hagströmer & Qviberg and he has worked close to the Russian stock market for a number of years. Since 2001, he is the Managing Director of VNV Global AB. He is the Chairman of the board of Pomegranate Investment AB and member of the board of VNV Global AB, Kontakt East Holding AB, NMS Invest AB and Voi Technology AB.
Holdings in VEF: 2,790,000 shares.
Remuneration: USD 57 thousand. No agreement regarding severance pay or pension.

Allison Goldberg
Board member
Appointed: Member of the Board since 2020
Nationality: US citizen
Born: 1976
Independence: Independent of the Company, management, and major shareholders.
Education: Bachelor of Science in Economics, with concentrations in Finance and Operations & Information Management from Wharton School at the University of Pennsylvania.
Previous experience and other significant positions: Allison Goldberg is currently Managing Partner at Comcast Ventures, the venture capital arm of Comcast Corporation. She is also a Venture Partner at the venture capital fund Saints Capital Media Ventures, a media and technology fund. Prior to this, she was a Partner at the venture capital fund Advancit Capital, focusing on early-stage investments in consumer and media technology companies. Previously, she has also served as Group Managing Director & SVP of Time Warner Investments, where she ran the group focused on investments in private companies, worked as an investment Associate at Groupe Arnault and she started her career in the Global Media Group, Investment Banking at Morgan Stanley. Allison Goldberg is a board member of YieldMo and Proletariat and is an advisor to Bustle Digital Group, the largest female-focused digital media company.
Holdings in VEF: –
Remuneration: USD 48 thousand. No agreement regarding severance pay or pension.

Hanna Loikkanen
Board member and Chairman of the Audit Committee
Appointed: Member of the Board since 2021
Nationality: Finnish citizen
Born: 1969
Independence: Independent of the Company, management and of major shareholders.
Education: Master in economics from the Helsinki School of Economics and Business Administration.
Previous experience and other significant positions: She began her career in 1995 at Merita Bank in Russia, where she was Vice President and Chief Representative of the St. Petersburg office and until 2007 had a number of different senior managerial roles in the financial services industry at companies such as SEB, Nordea and at FIM Group (later Glitnir Banki Hf) based in Russia, Poland and Baltics. Between 2007-2019, Hanna worked at East Capital where she held various positions, including responsibility for East Capital's Russian private equity business. She has extensive board experience and is currently a board member of Finnfund Oy, a Finnish state-owned development financier, LSE listed Bank of Georgia Group PLC, Societe Generale's Russian subsidiary Rosbank and T&B Capital Oy.
Holdings in VEF: 52,000 shares.
Remuneration: USD 44 thousand. No agreement regarding severance pay or pension.

Ranjan Tandon
Board member
Appointed: Member of the Board since 2017
Nationality: US citizen
Born: 1951
Independence: Independent of the Company and management but not independent of major shareholders.
Education: Degree in Chemical Engineering from the Indian Institute of Technology in Kanpur, India, where he was awarded the distinguished alumnus award, and MBA graduate of Harvard Business School.
Previous experience and other significant positions: Ranjan Tandon is the Founder and Chairman of Libra Advisors, a New York hedge fund established in 1990, which was converted to a family office in 2012. Barron's had consistently ranked Libra – a long/short fund with a focus on domestic and emerging market equities, in the top 100 Hedge funds. He has held several operating positions including CFO of InterMarine in Texas and with Merrill Lynch, New York, before establishing Libra. He is a board member of the NYU Tandon Engineering School, Trustee of the Greenwich Yale NH Hospital, and a Director of ArborGen Inc and the Carl Schurz Park Conservancy.
Holdings in VEF: 124,198,165 shares through Libra Fund.
Remuneration: USD 50 thousand. No agreement regarding severance pay or pension.

David Nangle
CEO and Board member
Appointed: Member of the Board since 2015
Nationality: Irish citizen
Born: 1975
Independence: Not independent of the Company and management but independent of major shareholders.
Education: Degree in B. Comm International (French) from University College Dublin, Ireland.
Previous experience and other significant positions: David Nangle has spent his career focusing on emerging markets and within that the financial services sector. He was part of ING Baring's Emerging Markets Research team between 2000 and 2006, after which he spent nearly 10 years with Renaissance Capital in both Moscow and London and has helped the firm develop and grow their financials and broader research footprint from a strong Russia base to a leading EM and frontiers franchise.
Holdings in VEF: 14,751,312 shares, of which 971,000 constitute investment shares under LTIP 2019, LTIP 2020 and LTIP 2021, as well as 4,960,000 Series C 2019 shares under LTIP 2019, 13,300,000 Series C 2020 shares under LTIP 2020 and 3,325,000 Series C 2021 shares under LTIP 2021.
Salary and variable remuneration: USD 1,301 thousand. Agreement regarding severance pay and pension: David Nangle has the right to six months' salary in the event of termination of appointment on the part of the Company. He has nine months' mutual notice period. David Nangle also has a pension plan based on Irish market practice.

Overview of meeting attendance

Name	Attended board meetings
Lars O Grönstedt	19/19
Per Brilioth	18/19
Ranjan Tandon	19/19
Allison Goldberg	18/19
David Nangle	19/19
Hanna Loikkanen[1]	13/13

1. Elected on May 6, 2021

Group management

David Nangle
CEO
See heading "Board of Directors".

Henrik Stenlund
Chief Financial Officer
Employed since: 2016
Nationality: Swedish citizen
Born: 1976
Holdings in VEF: 2,293,500 shares, of which 367,094 constitute investment shares under LTIP 2019, LTIP 2020 and LTIP 2021, as well as 1,860,000 Series C 2019 shares under LTIP 2019, 5,153,750 Series C 2020 shares under LTIP 2020 and 1,184,540 Series C 2021 shares under LTIP 2021.

Helena Caan Mattsson
General Counsel and Head of Sustainability
Employed since: 2017
Nationality: Swedish citizen
Born: 1987
Holdings in VEF: 1,106,500 shares, of which 343,344 constitute investment shares under LTIP 2019, LTIP 2020 and LTIP 2021, as well as 1,860,000 Series C 2019 shares under LTIP 2019, 4,322,500 Series C 2020 shares under LTIP 2020 and 1,184,540 Series C 2021 shares under LTIP 2021.

Alexis Koumoudos
Chief Investment Officer
Employed since: 2016
Nationality: British citizen
Born: 1985
Holdings in VEF: 1,748,864 shares, of which 685,637 constitute investment shares under LTIP 2019, LTIP 2020 and LTIP 2021, as well as 3,472,000 Series C 2019 shares under LTIP 2019, 9,476,250 Series C 2020 shares under LTIP 2020 and 2,369,045 Series C 2021 shares under LTIP 2021.

Auditor

VEF is required to have an auditor. A firm of auditors may be appointed as VEF's auditor. The auditor is elected by the AGM for a mandate period of one year. At the 2021 AGM, the registered auditing company, PricewaterhouseCoopers AB ("**PwC**") was re-elected as auditor for the period until the end of the 2022 AGM. PwC has been the auditor of the Company since its registration in 2015. The Authorized Public Accountant Ulrika Ramsvik is the auditor in charge since 2015. In 2021 in addition to the regular audit, PwC also have performed a general review of the interim report for the third quarter and assisted the company with advice on general accounting and tax issues. The "Independent auditor's report" is to be found on page 80.

Ulrika Ramsvik
Born 1973. Authorised Public Accountant, Auditor-in-charge.
Auditor in the Company since 2015.
PricewaterhouseCoopers AB, Gothenburg, Sweden.

Internal control and risk management

The Board of Directors is responsible for the Company's organization and administration of the Company's activities, which includes internal control. Internal control in this context regards those measures taken by the Company's Board of Directors, management and other personnel, to ensure that bookkeeping, asset management and the Company's financial condition in general are controlled in a reliable fashion and in compliance with relevant legislation, applicable accounting standards and other requirements for Swedish listed companies. This control is exercised by the Board in its entirety. This report on internal control is made in accordance with section 7.3, 7.4 and 10.2 of the Code and the Annual Accounts Act (1995:1554), which governs internal control over the financial reporting.

VEF is an investment company whose main activity is the management of financial investments. As such, the Company's internal control over financial reporting is focused primarily on ensuring an efficient and reliable process for managing, evaluating and reporting on purchases, sales and holdings of shares and equity-related instruments.

The Board has decided that an internal audit function is not needed as VEF is a fairly small organization. The Board believes that the internal control can be maintained through the work methods described below.

Control environment

The Board has adopted rules of procedure and instructions for the CEO and its two committees to ensure appropriate division of duties and responsibilities with the purpose of ensuring efficient management of risks of the Group. The Board has further adopted policies and guidelines to further govern the handling of internal controls and control and risk processes. These include instructions regarding the financial reporting, authorization procedures, purchasing policies, investment policies, accounting principles and financial risk management. The Company's management is responsible for the system of internal controls required for managing risks associated with ongoing operations. This includes guidelines for the employees to ensure that they understand the importance of their particular roles in efforts to maintain efficient internal control.

Risk assessment and control activities

VEF uses the COSO definition of risk ("*Any future event that threatens the organization's ability to achieve its business goals and objectives*") when assessing risks. The two areas of greatest importance when it comes to internal control and risk management are the financial reporting of the Company and the investment process. VEF has established documented policies, guidelines and routines for controlling of such risks and continuously evaluates the efficiency of such control actions. Based on the risk type, the identified risks are categorized into any of the four risk categories below:

- Strategic and Business risk,
- Operational risks,
- Compliance risks,
- Financial risks

The identified risks are mapped to any of VEF´s processes. In addition, each risk shall have a risk owner who is responsible for monitoring and mitigation of the risk. The risks shall be presented to the Audit Committee for review and to the Board of Directors for review and approval.

Financial risks as well as operational, strategic, business and compliance risks are reported to the Audit Committee as well as the whole Board, including an analysis of potential impact, probability, control over such risks as well as possibility to mitigate the risks. Each risk has a risk owner who is responsible for monitoring and mitigating the risk.

The purpose of the Audit Committee is to increase the quality and improve the supervision and control of the Company's financial risk exposure and risk management. The Audit Committee prepares proposals for resolutions, subject to final approval by the Board, regarding matters related to the Company's and the Group's accounting, financial reporting and internal control but also financial risk exposure and risk management. The committee reports decisions, proposals, findings and matters discussed to the Board on a regular basis.

As for the financial reporting, it must be ensured that it is in compliance with relevant legislation, applicable accounting standards, other requirements for listed companies and does not contain significant errors. As VEF is an investment company whose main activity is investing in and managing investments in portfolio companies, the internal control over the financial reporting is largely focused on ensuring an efficient and reliable process for managing and reporting on purchases, sales and holdings of shares and equity-related instruments in portfolio companies as well as the quarterly valuations of the portfolio companies. The Company has established policies, guidelines and processes to ensure a consistent and reliable process.

The Board is to ensure that the Company has adequate policies and procedures for the Board, management and other employees to ensure accurate and timely financial reporting and a consistent and risk-minimized investment- and divestment process. The Audit Committee monitors the application of the Company's accounting principles and the financial reporting of the Company and the efficiency in the Company's internal control and risk management in relation to the financial reporting. The main responsibility for day-to-day maintenance of the control environment lies with the Company's CEO. To ensure that the Company has an appropriate and adequate level of control and proper process for detecting, reporting and handling risks, management has established a number of control activities and guidelines to manage significant risks in the business and ensure efficient internal control. The control activities are documented in an internal control framework and implemented throughout the organization, and the effectiveness of the controls are evaluated on an annual basis. The CEO and management report regularly to the Audit Committee and the Board on control effectiveness and risk issues.

As for the investment and divestment process, this is the responsibility of the whole Board. The Board has established policies in relation to this process and management has implemented detailed guidelines to ensure that the Company has a robust and secure investment process. This includes a detailed investment policy, well documented investment decisions, well documented investment proposals and assessments of investments. The investment process and the responsibilities of the Board as well as the CEO and management are described in more detail on pages 85–86 above.

Focus is also put on making sure that the requirements and routines for the accounting procedure, including consolidation of accounts and creation of interim and full year reports comply with relevant legislation as well as generally accepted accounting principles and other requirements for listed companies.

VEF has a small and flat organizational structure. The small number of employees and close cooperation between them contribute to high transparency within the organization, which complements fixed formal control routines. This also facilities the work in identifying risk and potential errors in the financial reporting as well as the investment process.

Sustainability report

VEF's ambition is to integrate sustainability (ESG: Environmental, Social and Governance) into all aspects of our own business including our investment process and management of our portfolio companies. We fundamentally believe that taking into account ESG-considerations is key to building long-term and sustainable companies, both our own as well as our portfolio companies.

About this report

VEF's sustainability report consists of the sections VEF's Sustainable Journey (pages 22–29) and this section Sustainability Report (pages 92–99) of the Annual Report for 2021. Our 2020 Sustainability Report was VEF's first dedicated sustainability report. Our ambition is to always improve, and this includes our sustainability work as well as our sustainability reporting. This report has been prepared in accordance with the GRI Standards: Core option, and the requirements in the EU-directive on non-financial reporting (2014/95/EU). VEF's sustainability report also fulfills the requirements in the Swedish Annual Accounts Act. As always, our ambitions are high, and we look to improve as we go. The sustainability reporting is no exception, and we look to broaden and deepen our sustainability reporting over time. As examples, we intend to complement the impact analysis as well as the stakeholder dialogue to have a better and full understanding of what our stakeholders prioritize regarding sustainability, and to understand the actual impact of VEF operations.

Defining material topics

To define our material topics, we have initiated a materiality analysis, which will be further elaborated on in 2022, in order to fully incorporate the dual materiality perspective (assessing how VEF has an impact on sustainability, and how sustainability can have an impact on VEF). The materiality analysis has allowed us to identify where we have a direct as well as an indirect impact, acknowledging that there are aspects that we can control more than others. Combining the impact assessment and the stakeholder dialogues with relevant stakeholders, we have identified a list of material topics, defining the scope for VEF's sustainability agenda both internally and in relation to our portfolio companies.

For the full list of material topics, see page 97.

VEF sustainability governance

The Board of Directors of VEF has the ultimate responsibility for setting the sustainability framework for VEF. The CEO and the Head of Sustainability are responsible for ensuring that the sustainability framework is implemented and executed in accordance with the overall strategy of the Company. The Board of Directors of VEF evaluates, updates, and adopts multiple policies every year to ensure that we continuously conduct business ethically and sustainably (including but not limited to a Code of Conduct, Information- and Insider Policies, Investment Policy, Anti-corruption Policy, People Guideline, Sustainability Policy, and Sanctions, and AML Policy). Management has further implemented guidelines and practices to ensure compliance with VEF's various policies and sustainability principles. Our CEO, together with the Board, is responsible for ensuring internal compliance with all policies and that relevant and updated policies are in place when needed. Any suspected and/or confirmed unethical or unlawful behavior shall according to our Code of Conduct be reported to the closest manager, CEO, or the Chairman of the Board.

Material topics	Description and Scope
Financial inclusion	Work with our portfolio companies to provide and improve access to fair and affordable financial products and services in emerging and frontier markets.
Responsible financing and consumer practices	Ensure that our portfolio companies conduct fair and transparent consumer practices as well as responsible lending activities. Ensuring that our portfolio companies conduct fair consumer practices in relation to data privacy and security.
Governance and business ethics	Ensure that both VEF and our portfolio companies conduct business according to highest governance and ethical standards, and in compliance with anti-corruption, anti-money-laundering laws as well as generally in compliance with laws and regulations.

Sustainability policy

VEF's Sustainability Policy sets out our core values and principles and acts as a framework for our sustainability standards, including accepted behavior at VEF regarding human rights, anti-corruption, and diversity and inclusion. The content combines relevant aspects of the internal policies mentioned above and recognizes the importance of following international standards for business conduct and specifically the principles of the UN Global Compact, but also the OECD Guidelines for Multinational Enterprises, the ILO's core conventions, and the UN Guiding Principles on Business and Human Rights. All employees at VEF are bound to follow these policies. Through active shareholding, we also strive and work to instill these values and guidelines in our portfolio companies.

Responsible investment and shareholding policy

Our Responsible Investment and Shareholding Policy sets out our expectations on and how we work with portfolio companies when it comes to sustainability matters. For more information see section "How we invest" below.

How we invest

Our main strategy is to deliver high returns to our shareholders, and we believe that investments in companies with poor sustainability performance or questionable business ethics are in direct conflict with that. As our investments are made in companies with high growth potential, we can support the development of proper sustainability structures from the ground up, prepared to expand upon. Our Responsible Investment and Shareholding Policy outlines the sustainability principles for our investment process and our commitment to sustainability in our investment strategy. It also sets our expectations on our portfolio companies when it comes to sustainability.

As some of the markets we invest in are considered high-risk from mainly social and governance perspectives (eg. corruption, money-laundering, compliance with laws, labor laws, and human rights) a sustainability-risk assessment both before and during the lifetime of our investments is critical to remain an attractive long-term investment option. Thus, our investment process consists of a two-step, bespoke sustainability assessment that has been conducted for all our investments since the end of 2017; pre-investment analysis and post-investment analysis. Our Compliance Toolbox acts as a guide for what VEF considers best practice within compliance, including internal compliance, how to conduct pre-investment investigations, how we ensure compliance during the investment lifetime as well as tools for the portfolio companies themselves to use. Our General Counsel/Head of Sustainability is responsible for general compliance and reports directly to the CEO. As we are active owners with board seats in most of our portfolio companies, we continuously get information and evaluate the current development of our portfolio, not just on an economic level but on sustainability topics as well.

Pre-investment

Our pre-investment analysis focuses on sustainability risks and opportunities before committing to any new investments. The due diligence is focused on VEF's three sustainability core areas:

- Financial inclusion
- Responsible financing and consumer practices
  - *Fair and transparent consumer practices and terms*
  - *Responsible lending activities*
  - *Data privacy and security*
- Governance and business ethics
  - *Good governance*
  - *Compliance with applicable laws and regulations*
  - *Anti-corruption, fraud prevention, and AML*

The analysis consists of an ESG Due Diligence, analyzing both immediate negative factors but also long-term sustainability growth possibilities. The Due Diligence is conducted in-house, both remotely and in person through interviews and site visits. By conducting the Due Diligence in-house, we can tie it deeply to our values and simultaneously adapt it to fit the presumptive investment. The purpose is not just to mitigate risks but also to identify opportunities to improve sustainability matters in portfolio companies.

Post-investment

By being an active shareholder VEF can work to ensure that our values and ethical principles are trickled down to the portfolio companies. As outlined in our Responsible Investment and Shareholder Policy we expect our portfolio companies to strive to follow international standards and best practices on business ethics, data privacy, human rights, labor rights, and environmental issues.

VEF conducts periodical sustainability analysis of portfolio companies to ensure that we are up to date with any sustainability issues that may arise and to track progress in this area. By conducting such analysis, a continuous, proactive approach towards compliance with VEF's sustainability policies can be ensured. This is also a good way to encourage our portfolio companies to identify existing or emerging gaps within sustainability, allowing VEF to be involved and supportive when implementing appropriate governance structures and policies. We expect commitment from portfolio companies to build on and improve their sustainability impact as they grow and mature. The board of directors of each portfolio company is responsible for developing the sustainability strategy and ensuring its implementation. Where we have representation on those boards and as we are typically a sizeable and active minority shareholder, we can influence, assist, and support this work.

Industry involvement

Since 2020, we are a proud signatory member of the Responsible Finance Forum, a global community with the main goal to promote responsible investing and practices within the digital finance industry. By sharing knowledge and experiences, the forum aims to harness evidence, solutions, and best practices to advance responsible investments and innovation for digital financial inclusion. This includes promoting responsible financing practices, such as fair and transparent pricing and terms, data privacy and security as well as working to prevent over-indebtedness. VEF is committed to helping and guiding portfolio companies to improve their practices as well as interact with the wider investment community to collaborate on the furthering of responsible financing practices. Furthermore, we are members of Sweden's Sustainable Investment Forum (Swesif), working for sustainable investing in Sweden, Impact Invest Sweden, working to foster impact investments among Swedish financial market participants and the National Advisory Board for Impact Investing.

Financial inclusion

The positive impact portfolio companies may have on their respective markets by enabling financial inclusion in emerging and frontier markets is a priorities sustainability and impact topic for VEF. Our capital always looks to positively impact access to fair and affordable financial services across the emerging world, while staying true to our mandate of delivering a healthy return for our Investors. We support the United Nations Sustainable Development Goals (SDGs) and we believe in the importance of private businesses contributing to the goals for them to be achieved. By investing in fintech companies in emerging markets, we are convinced that we positively contribute to society and the SDGs. Over the last few years, we have engaged and worked with our portfolio companies to assess and follow their impact. We have started setting KPIs that we measure and track over time. You can read more about this on pages 22–27.

Responsible financing and consumer practices

During the year, we have deepened our understanding of and defined what responsible financing means in our context. To us, responsible financing means having fair and transparent consumer practices and terms, conducting responsible lending activities and working to prevent over-indebtedness. It also means having fair and lawful data privacy and security practices. As a signatory member of the Responsible Finance Forum, we recognize their responsible financing guidelines. In 2021, we have integrated responsible financing into our pre-Investment due diligence. We have also engaged with and discussed this topic with several of our portfolio companies to raise their awareness of this topic and ensure that they share our views on how to conduct responsible finance businesses.

Governance and business ethics

At VEF, we take a clear stance against all forms of economic crimes and poor business ethics. Bribes, corruption, money laundering, and other forms of illicit and unethical practices are strictly forbidden from both our own and our portfolio companies' businesses. The VEF anti-corruption policy, which has been communicated to all employees and directors of VEF, stipulates the correct behavior relating to interaction with business partners and other parties. It contains guidelines concerning gifts, benefits, and hospitality as well as compensation to business partners and potential influence on portfolio companies. As of December 2021, 100% of employees had received training and information regarding our anti-corruption and money laundering policies.

As with any financial investments, especially considering some of the markets that we invest in, there are risks regarding corruption and embezzlement, and hence these matters are of great concern to us. Our pre-investment analysis includes screening for unethical business conduct. We work actively to ensure that all our portfolio companies have proper policies and processes in place to meet our business ethics standards. The types of policies and processes required differ depending on the business model as well as the maturity of the company. Since 2017, we have followed up with our portfolio companies regarding business ethics on a yearly basis.

- During 2021 we have done compliance reviews of 100% of our portfolio companies.
- More than 93% of our portfolio companies (only 1 of the smallest portfolio company lacks policies) have relevant business ethics policies or guidelines in place. Our goal which we will work actively during 2022 to achieve, is that 100% of all portfolio companies shall have relevant policies or guidelines in place by the end of 2022.
- During the year, no (0) incidents of corruption and unethical behavior and no (0) cases of non-compliance with ESG regulations, including data privacy, both in relation to VEF and VEF's portfolio companies has been reported.

Corporate structure and locations

In 2021, the group structure of VEF changed from having a Bermuda registered parent company to a Swedish parent company. The Bermuda based structure was a legacy structure that we inherited in the spin-off establishing VEF in 2015. Although we have always strived to conduct in accordance with Swedish corporate governance laws and principles, the move to Sweden is a good and important step in improving VEF's governance. In connection with the redomestication, the Bermuda entity was liquidated. To facilitate operations in London (United Kingdom) and Dublin (Ireland), subsidiaries were registered there during 2021.

The VEF team

We are a small but dedicated team, consisting of seven employees, two full-time consultants and one part-time consultant. As a result of our size, attracting and retaining the right coworkers is of great internal importance, with every team member playing an important role in the core business. Matters within Human Resources are in general managed by our "People Guideline".

VEF prides itself on being an inclusive, equal and diverse workplace, where we strive towards improved diversity, both from a gender perspective but also more generally. Currently 43% of the employees, 33% of the Board of Directors and 25% of the management team are women.One of VEF's core values is to seek diversity of thought and respect the individual. Equality and diversity within VEF are important to us for many reasons. We strongly believe that innovation and success, come out of bringing people together from different backgrounds, with different ideas, strengths and experiences. Diversity is key to adapt in a fast-paced international economy and understanding of the local and regional markets where we invest, allowing us to make the best investment decisions but also building long-term sustainable operations.

As stated in our Code of Conduct and People Guideline, we have zero tolerance towards discrimination, and there were no (0) such incidents during 2021. VEF recruits, promotes, and compensates based on merit, regardless of gender, ethnicity, religion, age, nationality, sexual orientation, union membership, or political opinion.

Employment type

	Permanent	Temporary	Full-time	Part-time	Total
Male	4	2	6	0	6
Female	3	1	3	1	4
Total[1]	**7**	**3**	**9**	**1**	**10**

1. Besides 7 employees, 2 male consultants have worked full-time with the core business and 1 female consultant have worked half time with accounting and payroll during 2021. One male was located in Ireland and one male and female was located in Stockholm, Sweden.

Employment location

	Permanent	Temporary
Sweden	3	2
UK	2	0
Ireland	2	1
Total	**7**	**3**

New employees

	Male	Female	Age <30	Age 30–50	Age 50<
UK	1 (100%)	0 (0%)	0 (0%)	1 (100%)	0 (0%)
Total	1 (100%)	0 (0%)	0 (0%)	1 (100%)	0 (0%)
Employee turnover[1]	N/A	N/A	N/A	N/A	N/A

1. No (0) employees ended their employment at VEF during 2021, therefore we had 0% turnover.

Professional development

One of our most valuable assets is our staff, with a wide array of competencies and experiences. We have yearly performance reviews, which are held between the employee and the CEO. Knowledge is not static, and one can always develop new skills and gain new knowledge, which we take great pride in. Professional development, courses, and conferences are, in general, emphasized and encouraged as set out in our People Guideline, but is an individual responsibility for our employees. Internal knowledge initiatives during the year included training and participating in conferences related to sustainability, fintech, venture capital, finance, accounting, legal, and tax. Currently, VEF does not have a general approach to evaluating professional development initiatives, but rather evaluates these before and after each activity. Our ambition is to put this process in print in our People Guideline.

Performance review

	Male	Female	Total
Managers	100%	100%	100%
Employees	100%	100%	100%

Composition of governance bodies and employees

	Male	Female	Age <30	Age 30–50	Age 50<
Board	67%	33%	0%	33%	67%
Managers	75%	25%	0%	100%	0%
Employees	33%	67%	33%	67%	0%

Environmental impact

As a small investment firm with global investments and a team in several countries, most of our direct environmental impact comes from business travel, and indirectly from our investments and their use of energy and by extension emissions of greenhouse gases. VEF is committed to reducing environmental impact and resource consumption. We recognize the need for us to take responsibility for our energy consumption and environmental impact. This is material to us as all entities need to take responsibility and contribute to realizing carbon neutrality. Our Sustainability Policy, as well as Code of Conduct, govern how we manage these topics. To keep track of our own energy consumption and emissions of greenhouse gases, we report on these metrics in our sustainability report (see table below), and we look forward to developing this reporting to better include all our activities. For 2021, only air travel is included.

VEF is a company that has worked digitally from the start. Today, all functions, including the investment-, finance- and legal teams, work to the largest extent digitally.

We lease two of our offices at business centers and sub-lease one office. Therefore, it is difficult for us to actively work with energy savings. At VEF, we also strive towards using work equipment as long as possible, hence limiting our environmental impact. Disregarding the financial impact of our investments, the nature of our operations means that we have a limited supply chain and limited impact on humans and the environment. However, we always strive to limit our impact where possible. Suppliers can be exemplified by office subletters, travel agents, and consultants.

Like many others, our business travel has slowed to a halt during the pandemic. We have used this window to learn how we can effectively work with our investors, portfolio, pipeline, and indeed each other on a remote basis. Travel will always be a key part of our business, to understand the markets and companies we invest in and stay on top of our holdings in a responsible diligent manner. We pride ourselves on being active investors.

That said, we have learned that we can complement and partly replace some of our travel with remote communication tools. We can travel smarter and arguably less. Hence, we commit to trying to reduce our air travel and avoid unnecessary trips where possible. When we do travel, we aim to maximize the benefits and do multi-purpose focused trips as opposed to multiple trips to the same destination for different reasons.

Our ambition is to also engage with our portfolio companies to ensure that they make sound strategic choices and properly evaluate energy-consuming suppliers, such as data-server providers.

Total amount of MWh, offices[1]	4.9

1. Includes consumption of electricity and heating.

Greenhouse gas emissions

	Total amount (ton CO2e)
Direct emissions (Scope 1)	0.0
Indirect emissions (Scope 2) Office electricity and heating	0.7
Other indirect emissions (Scope 3) Business Air Travel	19.3
Total	**20.0**

Emission factors used to calculate air travel are based on passenger-kilometer data and DEFRA 2021 emission factors. Location-based emission factors for IEA 2018 are used for calculating emissions from office electricity, where an estimate on the percentage of leased office space in relation to the entire office space available is calculated, as no VEF-specific consumption was available.

Going forward

To us, sustainability matters are at the very core of what we do. We are committed to continuously work on deepening, broadening and overall improving our sustainability work. Our journey has just started and we will continue to define our sustainable strategy and sustainability goals. This is our second dedicated sustainability report, and we have prepared it in accordance with GRI Standards. We intend to continue to release annual dedicated sustainability reports.

One ambition for the coming year is to further define and formulate our impact towards the SDGs and to be even more involved in our portfolio companies' sustainability work and support them by developing policies and sustainability strategies where needed. We also intend to continue our work with defining and measuring impact KPIs for our investments.

Our aim is to set a roadmap for our continuous sustainability work, including the materiality analysis and stakeholder engagement, during 2022, with the ambition to communicate some clear goals and targets as well as additional KPIs in our next annual sustainability report.

Materiality analysis

We have conducted an initial materiality analysis which we will broaden and deepen during 2022, through the inclusion of more stakeholders and an additional impact assessment applying the dual materiality perspective, i.e. analyzing and understanding how VEF impacts sustainability, as well as how sustainability impacts VEF. This is, in-line with best practice, to gain further insights into how to increase our positive impact, as well as meeting the extended disclosure requirements from regulators, investors and other financial actors. This will allow us to further integrate sustainability into our investment process, portfolio management and our daily operations.

Stakeholder engagement

To ensure that we address the most relevant and important topics in our sustainability work, we engage with our different stakeholders. We identified our stakeholders with the help of sustainability experts who mapped our stakeholders in accordance with AA1000SES, based on their interest and potential impact from and on our operations. Our key stakeholders are our employees, board of directors, management, portfolio companies, and investors. We have engaged with these in different ways over the year and leading up to this sustainability report, including through regular communication, interviews, workshops, financial reporting, investor meetings and roadshows and sustainability dialogues.

The material topics that we have identified during the initial materiality analysis are:

- Financial inclusion – Provide and improve access to responsible and affordable financial products and services
- Responsible financing and consumer practices
  - *Fair and transparent consumer practices*
  - *Data privacy and security*
- Business ethics & Governance
  - *Work actively to eliminate corruption and foster high business ethics*
  - *Improve sustainability performance in all our portfolio companies*
- Transparent ESG communication and reporting
- Promote equality, diversity, and inclusion
- Attract, retain and develop employees
- Ensure well-being and work-life balance among employees
- Reduce climate impact and resource consumption from VEF operations

GRI Index

GRI 101: Foundation		
Organizational profile	Page	Comment/Omission
102-1 Name of the organization		VEF AB (publ)
102-2 Activities, brands, products, and services	AR, 6–7	Annual Report: VEF – The emerging market fintech investor
102-3 Location of headquarters		Stockholm, Sweden
102-4 Location of operations		We operated in five (5) countries during 2021. Bermuda, Cyprus, United Kingdom, Ireland and Sweden.
102-5 Ownership and legal form	95 & AR 46–47	Corporate structure and locations and Annual Report: The VEF Share
102-6 Markets served	AR, 6–7	Annual Report: VEF – The emerging market fintech investor
102-7 Scale of the organization	24, 95, 96 & AR 48–49	The UN SDGs, Corporate structure locations, The VEF team and Annual Report: Administrative report
102-8 Information on employees and other workers	95–96	The VEF team
102-9 Supply chain	96	Environmental Impact
102-10 Significant changes to the organization and its supply chain	95	Corporate structure and locations
102-11 Precautionary Principle or approach	96	Environmental Impact
102-12 External initiatives	94	Industry Involvement
102-13 Membership of associations	94	Industry Involvement
Strategy		
102-14 Statement from senior decision-maker	10–13	Managing director's letter
Ethics and Integrity		
102-16 Values, principles, standards, and norms of behavior	22	VEF Core Values
Governance		
102-18 Governance structure	92	VEF Sustainability Governance
Stakeholder engagement		
102-40 List of stakeholder groups	97	Materiality analysis
102-41 Collective bargaining agreements		We do not apply collective bargaining agreement, hence no (0%) of employees are covered by this in 2021
102-42 Identifying and selecting stakeholders	97	Materiality analysis
102-43 Approach to stakeholder engagement	97	Materiality analysis
102-44 Key topics and concerns raised	97	Materiality analysis
Reporting practice		
102-45 Entities included in the consolidated financial statements		VEF AB (publ), VEF Cyprus Limited, VEF Service AB, VEF Fintech Ireland Limited, VEF UK Ltd.
102-46 Defining report content and topic Boundaries	97	Materiality analysis
102-47 List of material topics	97	Materiality analysis
102-48 Restatements of information		No restatements.
102-49 Changes in reporting		We have added and extended the scope of the list of material aspects. See "Materiality analysis" for full list of aspects.
102-50 Reporting period		2021.01.01-2021.12.31
102-51 Date of most recent report		2021.03.30
102-52 Reporting cycle		Annual
102-53 Contact point for questions regarding the report		Helena Caan Mattsson, Head of Legal and Sustainability, legal@vef.vc
102-54 Claims of reporting in accordance with the GRI Standards		This report has been prepared in accordance with the GRI Standards: Core option
102-55 GRI content index	98–99	GRI Index
102-56 External assurance		This sustainability report has not been assured by an external assurance provider.
GRI 200 Economic Standard Series		
GRI 203: Indirect Economic Impacts		
103-1 Explanation of the material topic and its Boundary	24, 94	The UN SDGs and Financial Inclusion
103-2 The management approach and its components	93	How we invest
103-3 Evaluation of the management approach	93–95	How we invest
203-2 Significant indirect economic impacts	24, 27	The UN SDGs and VEF Impact 2021 in numbers

GRI Index (continued)

GRI 205: Anti-corruption		
103-1 Explanation of the material topic and its Boundary	94	Governance and business ethics
103-2 The management approach and its components	94	Governance and business ethics
103-3 Evaluation of the management approach	94	Governance and business ethics
205-3 Confirmed incidents of corruption and actions taken	94	Governance and business ethics
GRI 300 Environmental Standards		
GRI 302: Energy		
103-1 Explanation of the material topic and its Boundary	96	Environmental Impact
103-2 The management approach and its components	96	Environmental Impact
103-3 Evaluation of the management approach	96	Environmental Impact
302-1 Energy consumption within the organization	96	Environmental Impact
GRI 305: Emissions		
103-1 Explanation of the material topic and its Boundary	96	Environmental Impact
103-2 The management approach and its components	96	Environmental Impact
103-3 Evaluation of the management approach	96	Environmental Impact
305-1 Direct (Scope 1) GHG emissions	96	Environmental Impact
305-2 Energy indirect (Scope 2) GHG emissions	96	Environmental Impact
305-3 Other indirect (Scope 3) GHG emissions	96	Environmental Impact
GRI 400 Social Standards		
GRI 401: Employment		
103-1 Explanation of the material topic and its Boundary	95	The VEF team
103-2 The management approach and its components		Omission, not applicable due to our size. We have not had the need to develop specific governance structures on how we employ, but will develop an approach that will be added to our People Guideline.
103-3 Evaluation of the management approach		Omission, not applicable due to our size. We have not had the need to develop specific governance structures on how we employ, but will develop an approach that will be added to our People Guideline.
401-1 New employee hires and employee turnover	95	The VEF team
GRI 404: Training and Education		
103-1 Explanation of the material topic and its Boundary	96	Professional Development
103-2 The management approach and its components		Omission, not applicable due to our size. We have not had the need to develop specific governance structures on training and education, but it is encouraged in general and we will develop an approach that will be added to our People Guideline.
103-3 Evaluation of the management approach		Omission, not applicable due to our size. We have not had the need to develop specific governance structures on training and education, but it is encouraged in general and we will develop an approach that will be added to our People Guideline.
404-3 Percentage of employees receiving regular performance and career development reviews	96	Professional Development
GRI 405: Diversity and Equal Opportunity		
103-1 Explanation of the material topic and its Boundary	92, 95	VEF Sustainability Governance and The VEF team
103-2 The management approach and its components	92, 95	VEF Sustainability Governance and The VEF team
103-3 Evaluation of the management approach	92, 95	VEF Sustainability Governance and The VEF team
405-1 Diversity of governance bodies and employees	95	The VEF team
GRI 406: Non-discrimination		
103-1 Explanation of the material topic and its Boundary	92, 95	VEF Sustainability Governance and The VEF team
103-2 The management approach and its components	92, 95	VEF Sustainability Governance and The VEF team
103-3 Evaluation of the management approach	92, 95	VEF Sustainability Governance and The VEF team
406-1 Incidents of discrimination and corrective actions taken	95	The VEF team
GRI 419: Socioeconomic Compliance		
103-1 Explanation of the material topic and its Boundary	93	How we invest
103-2 The management approach and its components	93	How we invest
103-3 Evaluation of the management approach	93	How we invest
419-1 Non-compliance with laws and regulations in the social and economic area	94	Governance and business ethics

Glossary

of terms and acronyms used in the annual report

AML	Anti-money laundering
AUM	Assets under management
API	Application programming interface
APR	Annual percentage rate
bln	Billion
BNPL	Buy now pay later
BRL	Brazilian real
C.	Circa
CAC	Customer acquisition cost
CAGR	Compound annual growth rate
CEE	Central and Eastern Europe
CEO	Chief executive officer
CoC	Cash on cash return
E.G.	For example
EM	Emerging market
ESG	Environmental, social and governance
ETF	Exchange traded fund
EV	Electric vehicle
EUR	Euro
FMCG	Fast-moving consumer goods
GDP	Gross domestic product
GMV	Gross merchandise value
HR	Human resources
I.E.	That is
IPO	Initial public offering
IRR	Internal rate of return
KPI	Key performance indicator
KYC	Know your customer
LatAm	Latin America
LTIP	Long-term incentive program
LTV	Lifetime value
mln	Million
MSME	Micro, small, and medium enterprises
NAV	Net asset value
NPS	Net promoter score
POS	Point of Sale
Q	Quarter
SaaS	Software as a service
SDG	The UN's sustainable development goals
SGM	Special general meeting
SDR	Swedish depository receipt
SEK	Swedish krona
SME	Small and medium-sized enterprises
TAM	Total addressable market
UK	United Kingdom
UPI	Unified payments interface
US	United States of America
USD	United States dollars
YE	Year-end
YoY	Year-on-year
1H	First half (year)
2H	Second half (year)

Financial calendar

Q1 Interim report
April 27, 2022

Annual general meeting of shareholders 2022
May 10, 2022

Q2 Interim report
July 20, 2022

Q3 Interim report
September 30, 2022

Financial accounts bulletin
January 25, 2023

Annual report 2022
March 2023

Annual general meeting of shareholders 2023
May 2023

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VEF

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