



VEF

The emerging market fintech investor

Interim report
First quarter 2021

Highlights during the quarter

-  NAV per share rose to a fresh all-time high of SEK 4.24 and NAV to USD 403.4 mln, driven by continued strong performance across the portfolio.
-  During the first quarter VEF added two new companies to the portfolio and made one follow on investment in the current portfolio. VEF invested:
 - USD 0.5 mln into leading Mexican pay on demand fintech operator minu.
 - USD 7.0 mln into Rupeek, India's fastest growing asset-backed digital lending platform.
 - An additional USD 1.5 mln (SEK 12.8 mln) into FinanZero, Brazil's leading digital credit market place.
-  On March 31, 2021 the Company announced that the Board of Directors proposed to change the domicile of VEF from Bermuda to Sweden.

Net asset value

- NAV of VEF's portfolio increased during 1Q21 to USD 403.4 mln. NAV per share increased by 4.3% to USD 0.49 per share.
- In local currency, NAV increased to SEK 3,520 mln. NAV per share increased by 10.8% to SEK 4.24 per share.
- Cash position, including liquidity investments, was USD 44.7 mln at the end of 1Q21.

Financial result

- Net result for 1Q21 was USD 15.3 mln (1Q20: USD -62.2 mln). Earnings per share were USD 0.02 (1Q20: USD -0.09).

	Dec 31, 2019	Dec 31, 2020	Mar 31, 2021
Net asset value (USD mln)	249.4	388.1	403.4
Net asset value (SEK mln)	2,325	3,178	3,520
Net asset value per share (USD)	0.38	0.47	0.49
Net asset value per share (SEK)	3.55	3.83	4.24
VEFL SDB share price (SEK)	2.94	4.04	3.75

The Company will hold a telephone conference with an interactive presentation at 15:00 CEST (09:00 a.m. EDT) on Wednesday April 28 2021. For call-in details, see separate press release issued on April 21, 2021 at vef.vc.

Visit VEF's IR page for our financial reports and other information: vef.vc/investors



403.4
Net asset value
(USD mln)

4.24
Net asset value
per share (SEK)

10.8%
Net asset value per share
growth QoQ (SEK)

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

Photo: David Malan (Getty Images)

Management report

Dear Fellow Shareholder,

2021 has begun on a positive note and effectively carried on where 2020 left off. At a macro level, our fintech investment theme continues to benefit from a digital-first drive across financial services globally. This trend is increasingly coupled with a growing quantum of capital being deployed to support the rapid transformation of the sector. These positive, powerful forces continue to drive the market share grab and value creation in the world of EM fintech, all in the face of ongoing COVID-19 related headwinds. On a micro level, our NAV continues on the up, while we had our busiest start to the year yet in terms of deal flow, closing two new deals YTD, Rupeek and minu, putting more capital to work in portfolio rising star FinanZero, and with pipeline busier and more exciting than it has ever been before.

NAV mark continues its upward momentum

We end 1Q21 with a NAV per share of SEK 4.24, up 11% QoQ and 47% YoY. Total USD NAV ended the quarter at USD 403 mln, up 4% QoQ and 116% YoY. The 6% weakening of SEK vs USD QoQ drove NAV growth currency differential. Total USD NAV uplift of USD 15.3 mln QoQ was in part driven by one new portfolio investment round, with FinanZero's USD 7 mln fundraise driving a 24% uplift in its valuation mark. With most of the portfolio (9 of 14) valued on a mark-to-model basis, currency headwinds (notably the BRL, off 10% QoQ vs USD) and benchmark fintech valuation comps trends (off 15–20% QoQ on average) worked against underlying growth in our portfolio companies. Konfío was a standout and the notable engine of NAV growth in 1Q21, accounting for USD 12.5 mln of the uplift. As mentioned in our 4Q20 management letter, Revo and Jumo, two of our longest holdings, came through 2020 exceptionally well and are in the best position they have been since we invested, and look set to add significant value for us in 2021. We started to see this trend realised in 1Q21, with their value marks up 19% and 37% QoQ, respectively.

Strong start to year from VEF key holdings – Creditas (42% of NAV) and Konfío (15% of NAV)

Creditas released its FY20 headline numbers in February, ending 2020 with a credit portfolio of BRL 1.3 bln and top line revenue of BRL 336 mln, effectively doubling YoY – a very strong performance, especially given the year that was 2020. 2021 has kicked off on a similarly strong footing for the core credit business, while Sergio and his team are busy building out broader ecosystems around home, auto and payroll, already making significant strategic moves on the auto ecosystem front launching its in-house auto iBuyer. Similar to Creditas, Konfío continues its strong underlying traction of their core lending offering in 2021. They were first out of the blocks in terms of credit growth following a difficult 2020 for Mexican lenders, which is delivering better quality clients at lower CACs as a result. As exciting is the ongoing broadening of the product suite as their ERP offering for small businesses starts to gain traction, as do early moves into the SME payments space. Our forecasts and hence company valuation reflect our growing confidence in their delivery. We plan to back Konfío harder on its path to becoming the number one digital financial services provider for SMEs in Mexico. Finally, it is worth mentioning FinanZero, one of our rising stars, which has created the number one digital loan brokering platform in Brazil (while still being early days) and is well-placed to replicate the success of Lendo in Sweden. The 1Q21 capital infusion by current and new investors leaves them well-placed to a successful journey.

Rupeek and minu – two new portfolio companies added in 1Q21

VEF made its second investment in India with a USD 7 mln investment in Rupeek, India's fastest-growing asset-backed digital lending platform. Rupeek started on this mission with gold-backed lending. Indian households have a unique relationship with gold, holding over 25,000 tonnes, and Rupeek has championed the creation of a

new category, doorstep gold loans, transforming the way gold loans are disbursed in India. This is achieved through their state-of-the-art technology and asset-light supply chain giving a centuries-old business a much-needed technology makeover. Rupeek intends to launch more products in the gold space and the broader asset-backed credit space, and we see it in the same lens as we do Creditas in Brazil, which was a main hook for the investment.

We also made a USD 0.5 mln investment into minu, an employee financial wellness company and the leading pay on demand provider in Mexico. Its solution offers employees 24/7 instant access to their earned wages for a fixed fee. For employers, it has no cost, no changes to the payroll process, and no admin work as all payroll deductions are automated. minu works with close to 100 large enterprises in both the private and public sector, including Telefonica, Scotiabank and Rappi. We like the earned wage advance model, having invested in Xerpa in Brazil in 2019, and are exploring the model in our other key focus markets. It is an excellent first hook product, great for scaling efficiently through size employers and can be a scale business in itself or a base for a broader digital bank or benefits offering. This entry level ticket leaves us well-placed on the inside of minu for future investments as the company grows and succeeds.

As with all our investments, Rupeek and minu begin and end with excellent founding teams and we are very excited to back Sumit (Rupeek) and Nima (minu) and their teams in their journeys.

YTD 2021 has easily been the busiest period on the pipeline front in our history. The growing quantum of opportunities to invest our capital is both a function of the fintech trend front and centre globally, while fintech players that we have been tracking are looking to make the most of this healthy funding window. We have seen or engaged with nearly 90 opportunities YTD in our core geographies, versus 130 for all of 2020. We maintain our focus, patience and diligence in the current climate.

Our business – continue to make positive changes on our journey

As stated on numerous occasions, we are building the VEF investment business for the long term, and this process has continued through 2021. We have recently announced VEF's planned domicile change from Bermuda to Sweden. This is indeed 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. In line with the above and with growing commitment of resources to the ESG theme, 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. We have also bolstered the VEF investment team with the arrival of Cathal Carroll as an Investment Manager, who brings a wealth of financials research experience to the team. We know Cathal very well as a person and investment professional and the fit was too good to ignore any longer, and we are delighted to have him on board with us. Shashi Mahajan also formally comes on full-time to our analyst pool after a very successful year with us as he concluded his MBA in London. The VEF bench is now very well-balanced, deep, strong and passionate about what we do. It is one of the pieces of our story that I am most proud of.

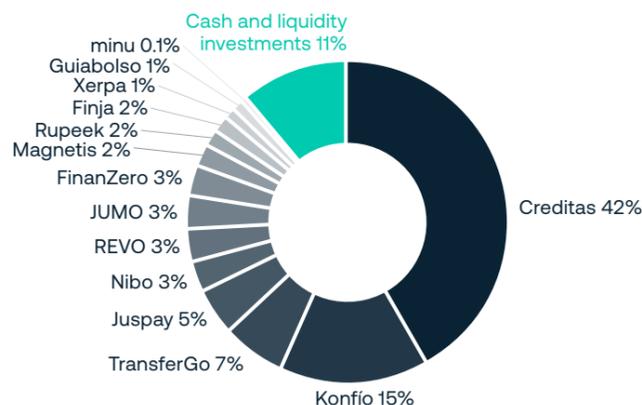
Concluding remarks

At VEF, we invest in fintech across the emerging world, and are riding one of the strongest multi-year secular growth trends in some of the world's fastest-growing markets. 1Q21 was as busy a period as we have experienced since our inception in 2015, partly a function of the growing eyeballs and quantum of capital that have finally descended upon the EM fintech opportunity. Long a portfolio of quality EM fintech holdings, while selectively shopping for new holdings, with an anti-FOMO bias, we are as well-positioned as ever to continue to create value for our shareholders.

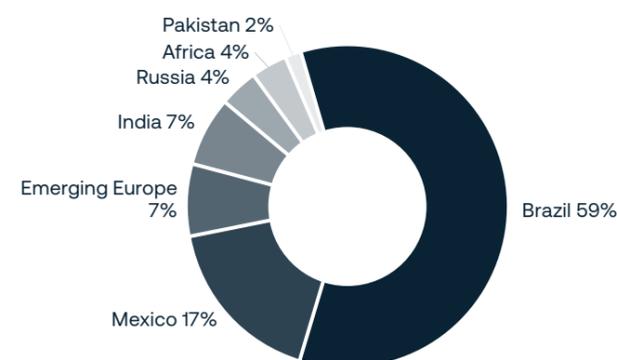
April 2021,
Dave Nangle

VEF in charts — 1Q 2021

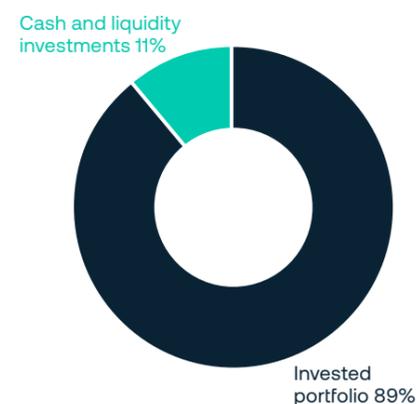
Portfolio composition



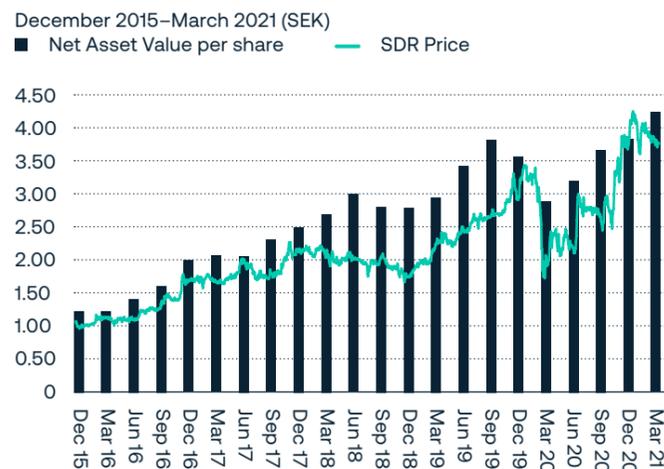
Geographic distribution, ex. cash



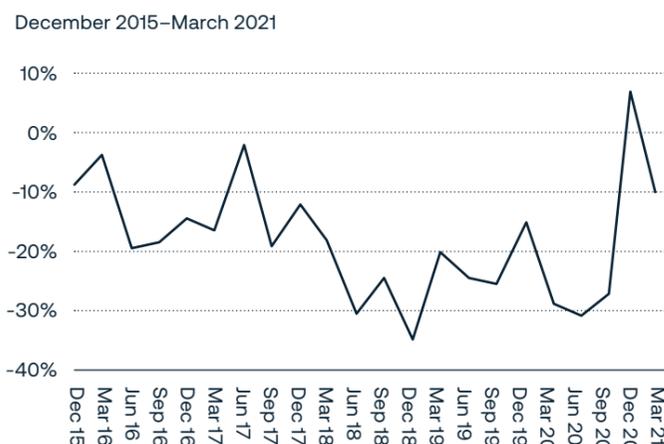
Invested portfolio and cash



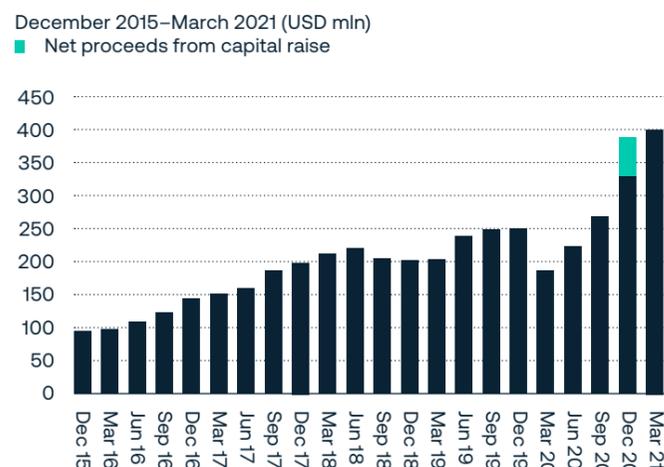
VEF share and net asset value development



Premium/discount to net asset value



VEF NAV evolution



Investment portfolio

Portfolio development

VEF's net asset value per share increased by 4.3% in USD over 1Q21, while VEF's share price in SEK decreased by 7.2%. During the same period, the MSCI Emerging Markets index* increased by 2.3% in USD terms.

Liquidity investments

The Company has investments in money market funds and bonds as part of its liquidity management operations. As at Mar 31, 2021, the liquidity investments are valued at USD 40.7 mln, based on the latest NAV of each respective liquidity asset.

Net asset value

Company	Fair value Mar 31, 2021 (TUSD)	Net invested amount (TUSD)	Investment/divestments 2021	Change in fair value 1Q 2021 (TUSD)	Fair value Dec 31, 2020 (TUSD)	Valuation method
Credits	169,023	73,356	–	–	169,023	Latest transaction ¹
Konfio	60,982	27,500	–	12,478	48,504	Mark-to-model ¹
TransferGo	25,942	11,037	–	-2,692	28,634	Mark-to-model ^{1,2}
Juspay	18,714	13,000	–	1,342	17,372	Mark-to-model ¹
Nibo	13,152	6,500	–	-458	13,610	Mark-to-model ¹
REVO	13,145	6,664	–	2,062	11,083	Mark-to-model ¹
JUMO	13,055	14,614	–	3,515	9,540	Mark-to-model ¹
FinanZero	12,307	4,172	1,501	873	9,933	Latest transaction ^{1,2}
Magnetis	8,922	5,668	–	592	8,330	Mark-to-model ¹
Rupeek	7,000	7,000	7,000	–	–	Latest transaction ¹
Finja	6,748	3,172	–	–	6,748	Latest transaction ¹
Xerpa	4,947	8,500	–	-812	5,758	Mark-to-model ¹
Guiabolso	4,848	30,000	–	-569	5,417	Mark-to-model ¹
minu	450	450	450	–	–	Latest transaction ¹
Liquidity investments	40,678	39,465	-7,500	-27	48,205	
Investment portfolio	399,912	251,089	1,451	16,304	382,157	
Cash and cash equivalents	4,055				4,224	
Total investment portfolio	403,967				386,381	
Other net assets/liabilities	-569				1,685	
Total net asset value	403,398				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.

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

Latin America



creditas.com

Region: BRAZIL	Invested amount (USD): 73.4 mln
Ownership share: 9.8%	Fair value (USD): 169.0 mln
Share of VEF's portfolio: 41.8%	

Creditas is the leading secured lending platform in Brazil, which leverages borrower collateral to offer loans to consumers at more affordable rates.

Brazil consumers pay some of the highest interest rates in the world, where unsecured consumer loans have an average APR of 230%. Secured lending remains massively underpenetrated in Brazil where approximately 70% of all homes and cars are owned debt-free, with these assets representing a total value of USD 3 tln.

Creditas' mission is to reduce the Brazilian consumer debt burden and democratize access to cheaper lending by leveraging consumers' assets to offer secured consumer loans at more reasonable rates, common in markets like the US. Offering four main products: home equity and auto equity secured loans, and payroll-backed loans and vehicle financing, customers of Creditas obtain larger, longer-term, lower-APR loans through an efficient, tech-driven application system.

As of 4Q20, Creditas' loan portfolio reached over BRL 1.3 bln, a 2x increase YoY, with revenues of BRL 260 mln in 2020. While secured lending is driving dynamic growth, Creditas has also launched a strategy focused on creating an ecosystem of products and solutions that follows the customer journey across their needs and life stages. Having raised an additional USD 255 mln of fresh capital at a valuation of USD 1.75 bln in December 2020, Creditas continues to be one of the cornerstone holdings of the VEF portfolio, and we remain as confident as ever in the company's ability to create meaningful value and be a significant driver of our NAV in the years ahead.



konfio.mx

Region: MEXICO	Invested amount (USD): 27.5 mln
Ownership share: 11.0%	Fair value (USD): 61.0 mln
Share of VEF's portfolio: 15.1%	

Konfio builds digital banking and software tools to boost SME growth and productivity in Mexico.

SMEs are key to development in emerging markets, yet with approximately 7 mln of these businesses in the country today, the sector has shown significant lags in Mexico. This is largely because SMEs have historically been underserved by traditional banks and thus have poor access to financial services, with only three out of ten businesses having formal credit.

Leveraging traditional and non-traditional data sources, with the use of advanced data capture, storage and processing technologies, Konfio measures risks without requesting financial statements, generating credit offers automatically and with dynamic terms in a 100% digital process. More recently, Konfio has broadened its product suite, with the company's KTS product offering their core technology platform as a SaaS product to provide lending as a service to some of Mexico's largest FMCG companies and other corporations in the SME supply chain. For SMEs, Konfio also offers Kompás, a cloud-based tool that uses data and artificial intelligence to help companies understand their financial and credit history to make better decisions and grow their businesses, and recently launched a B2B payments offering, Konfio Pay.

We continue to be impressed in terms of both the strength and resilience of the core business and launch of new product offerings, and our confidence in Konfio's future as the leading provider of financial services for Mexican SMEs continues to grow.



nibo.com.br

Region: BRAZIL	Invested amount (USD): 6.5 mln
Ownership share: 20.1%	Fair value (USD): 13.2 mln
Share of VEF's portfolio: 3.3%	

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 better and more profitably serve their customers and cross-sell additional value-added services.



finanzero.com.br

Region: BRAZIL	Invested amount (USD): 4.2 mln
Ownership share: 18.0%	Fair value (USD): 12.3 mln
Share of VEF's portfolio: 3.0%	

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

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.

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



magnetis.com.br

Region: BRAZIL	Invested amount (USD): 5.7 mln
Ownership share: 17.5%	Fair value (USD): 8.9 mln
Share of VEF's portfolio: 2.2%	

Magnetis is a Brazilian digital investment advisor which democratizes 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.

XERPA

xerpa.com.br

Xerpa is a HR software provider for corporates in Brazil, offering tools for recruitment, onboarding and offboarding, performance evaluation and payroll management and lending.

 Region: BRAZIL	 Invested amount (USD): 8.5 mln
 Ownership share: 16.0%	 Fair value (USD): 4.9 mln
 Share of VEF's portfolio: 1.2%	

Xerpa's flagship salary-on-demand product, Xerpay, allows employees to access their already-earned wages instantly and at any time. Through Xerpay, employees gain instant financial security and thus can avoid the cumulative spiral of debt, defaults and penalties caused by overdraft and credit card revolvers commonly used when workers cannot access their earnings between pay cycles.

Guiabolso

guiabolso.com.br

Guiabolso is a personal finance management platform with the mission of transforming the financial wellbeing of consumers in Brazil.

 Region: BRAZIL	 Invested amount (USD): 30.0 mln
 Ownership share: 10.9%	 Fair value (USD): 4.8 mln
 Share of VEF's portfolio: 1.2%	

By leveraging its proprietary bank data aggregation technology to automatically aggregate people's financial information, Guiabolso simplifies their customer's financial profiles, allowing users to better understand their finances and keep track of their budgets.

Through their platform, Guiabolso offers the clearest financial profile available in the market to their large customer base and offers their users a wide range of products spanning from credit reports through to investment products and credit cards via their financial services marketplace.

minu

minu.mx

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

 Region: MEXICO	 Invested amount (USD): 0.5 mln
 Ownership share: 1.2%	 Fair value (USD): 0.5 mln
 Share of VEF's portfolio: 0.1%	

minu solves for the liquidity gap experienced by employees in between paychecks by offering 24/7 instant access to employees' earned wages for a USD 2 fixed fee. In doing so, minu's solution reduces financial stress and allows users to avoid expensive loans in a country where 75% percent of workers live paycheck to paycheck, 33% take loans to cover their recurring basic expenses, and only 12% have a savings account.

South Asia

JUSPAY

juspay.in

Juspay is one of India's leading payment companies.

 Region: INDIA	 Invested amount (USD): 13.0 mln
 Ownership share: 9.9%	 Fair value (USD): 18.7 mln
 Share of VEF's portfolio: 4.6%	

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 200 mln downloads of its SDK and facilitates more than USD 10 bln of annualised payment volume for some of India's largest merchants including Amazon, Flipkart, Uber, Swiggy, Ola and Cred.

rupeek

rupeek.com

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

 Region: INDIA	 Invested amount (USD): 7.0 mln
 Ownership share: 1.4%	 Fair value (USD): 7.0 mln
 Share of VEF's portfolio: 1.7%	

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.

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.

 Region: PAKISTAN	 Invested amount (USD): 3.2 mln
 Ownership share: 22.8%	 Fair value (USD): 6.7 mln
 Share of VEF's portfolio: 1.7%	

Through the SimSim brand, Finja offers working capital and supply chain loans to small businesses, and personal and payroll-backed loans to salaried professionals. In addition to the lending side of the business, Finja operates an integrated zero-cost payments ecosystem and mobile wallet, offering bill payments, an ecommerce marketplace and a suite of other financial services. Operating through various partnerships and data sources, Finja aims to promote the financial wellness of both businesses and consumers and gradually transition Pakistan to a cashless society.

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 670 bln+ annually, with the share of digital money transfers growing rapidly. Initially focused on the corridors of broader Europe, today TransferGo operates in over 60 countries across the world, with a customer base over 2.5 mln people. TransferGo's segment of focus is blue-collar migrant workers, who are some of the most consistent and regular remittance customers in the world.

 Region: EASTERN EUROPE	 Invested amount (USD): 11.0 mln
 Ownership share: 15.4%	 Fair value (USD): 25.9 mln
 Share of VEF's portfolio: 6.4%	

pebc+

mokka.ru

REVO provides buy now pay later financing solutions for customers in Russia and CEE.

REVO works with leading merchants in the online and offline space to provide point-of-sale financing options to their customers, allowing them to buy now and pay later, a model similar to global players Affirm and Klarna. REVO's numerous scale merchant partners in categories such as apparel, sporting goods, travel and electronics benefit from increased conversion and basket size using their solution. The company also provides targeted marketing services for merchants to drive repeat purchases and loyalty.

 Region: RUSSIA, CEE	 Invested amount (USD): 6.7 mln
 Ownership share: 23.0%	 Fair value (USD): 13.1 mln
 Share of VEF's portfolio: 3.3%	

JUMO

jumo.world

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

JUMO partners with banks and telcos through their tech-enabled platform to give customers access to savings and loan products via their mobile phone, in markets such as Ghana, Zambia, Tanzania, Kenya, Uganda, and Pakistan, where millions of adults are excluded from or underserved by traditional financial services. Since its launch in 2014, more than 18 mln people have saved or borrowed on the JUMO platform, with over USD 2.5 bln in funds disbursed to customers.

 Region: AFRICA	 Invested amount (USD): 14.6 mln
 Ownership share: 6.8%	 Fair value (USD): 13.1 mln
 Share of VEF's portfolio: 3.2%	



Photo: JUMO

Financial information

Investments

During 1Q21, gross investments in financial assets were USD 8.95 mln (1Q20: 13.43), of which:

- USD 7.00 mln relates to investments in Rupeek;
- USD 1.50 mln relates to investments in FinanZero
- USD 0.45 mln relates to investments in minu.

Divestments

Gross divestments in financial assets were USD 7.50 mln (1Q20: 13.00), of which all relates to divestments in liquidity placements.

SDR info

At the end of 1Q21, the number of outstanding shares represented by SDRs was 829,251,243. Including the 45,650,000 redeemable common shares under the long-term incentive program (LTIP) 2019 and 2020, the total number of outstanding shares amounts to 874,901,243. The company currently does not hold any repurchased SDRs.

Group – results for 1Q21 and net asset value

During 1Q21, the result from financial assets at fair value through profit or loss amounted to USD 16.30 mln (1Q20: -61.78).

- Dividend and coupon income were USD 0.10 mln (1Q20: 0.10).
- Net operating expenses amounted to USD -1.05 mln (1Q20: -0.49).
- Net financial items were -0.08 mln (1Q20: 0.01).
- Net result was USD 15.27 mln (1Q20: -62.17).
- Total shareholders' equity amounted to USD 403.40 mln (Dec 31, 2020: 388.07).

Liquid assets

The liquid assets of the Group, defined as cash and bank deposits, amounted to USD 4.06 mln on Mar 31, 2021 (Dec 31, 2020: 4.22). The Company also has investments in money market funds and bonds, as part of its liquidity management operations. As of Mar 31, 2021, the liquidity investments are valued at USD 40.68 mln (Dec 31, 2020: 48.21), based on the latest NAV of each respective liquidity asset.

Parent company

The parent company is the holding company of the Group. The net result for 1Q21 was USD 2.27 mln (1Q20: 1.10).

Financial and operating risks

For a detailed account of risks associated with investing in VEF and VEF's business, please see Note 4 in the Company's annual report 2020.

Consolidated income statement

Expressed in USD thousands	Note	3M 2021	3M 2020
Result from financial assets at fair value through profit or loss ¹	3	16,304	-61,775
Dividend and coupon income		97	97
Other income		-	-
Total operating profit		16,401	-61,678
Administrative and operating expenses		-922	-731
Employee incentive programs	4	-123	239
Total operating expenses		-1,045	-492
Operating result		15,356	-62,170
Financial income and expenses			
Interest income/expense, net		63	-
Currency exchange gains/losses, net		-143	11
Net financial items		-80	11
Result before tax		15,276	-62,159
Taxation		-5	-13
Net result for the period		15,271	-62,172
Earnings per share (in USD) ²		0.02	-0.09
Diluted earnings per share (in USD) ³		0.02	-0.09

1. Financial assets at fair value through profit or loss are carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category is presented in the income statement within 'Result from financial assets at fair value through profit or loss' in the year in which they arise.
2. Earnings/share is defined as result for the period divided by average weighted number of shares for the period.
3. Diluted earnings/share is defined as result for the period divided by average weighted number of shares for the period calculated on a fully diluted basis.

Statement of other comprehensive income

Expressed in USD thousands	3M 2021	3M 2020
Net result for the period	15,271	-62,172
Other comprehensive income for the period:		
Items that may be classified subsequently to profit or loss:		
Currency translation differences	-15	-17
Total other comprehensive income for the period	-15	-17
Total comprehensive income for the period	15,256	-62,189

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

Consolidated balance sheet

Expressed in USD thousands	Note	Mar 31, 2021	Dec 31, 2020
NON-CURRENT ASSETS			
Tangible non-current assets			
Property, plant and equipment		197	211
Total tangible non-current assets		197	211
Financial non-current assets			
Financial assets at fair value through profit or loss	3		
Equity financial assets		359,234	333,952
Liquid financial assets		40,678	48,205
Other financial assets		-	-
Total financial non-current assets		399,912	382,157
CURRENT ASSETS			
Cash and cash equivalents			
Tax receivables		51	58
Short-term loan receivables		-	2,176
Other current receivables		185	114
Total current assets		4,291	6,572
TOTAL ASSETS		404,400	388,940
SHAREHOLDERS' EQUITY (including net result for the financial period)			
403,398			
NON-CURRENT LIABILITIES			
Interest-bearing liabilities			
Long-term (lease) liabilities		70	70
Total non-current liabilities		70	70
CURRENT LIABILITIES			
Non-interest-bearing current liabilities			
Other current liabilities		170	192
Tax expenses		46	85
Accrued expenses		716	527
Total current liabilities		932	804
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		404,400	388,940

Consolidated statement of changes in equity

Expressed in USD thousands	Note	Share capital	Additional paid in capital	Other reserves	Retained earnings	Total
Balance at Jan 1, 2020						
		6,678	87,923	-	154,837	249,439
Net result 1Q20						
		-	-	-	-62,172	-62,172
Other comprehensive income for the period						
Currency translation difference						
		-	-	-17	-	-17
Total comprehensive income for the period		-	-	-17	-62,172	-62,189
Value of employee services:						
- Employee share option scheme						
		-	7	-	-	7
- Share based long-term incentive program						
		-	-187	-	-	-187
Buy-back of own shares						
		-19	-622	-	-	-641
Balance at Mar 31, 2020		6,659	87,121	-17	92,665	186,428
Balance at Jan 1, 2021						
		8,749	144,990	-	234,327	388,066
Net result 1Q21						
		-	-	-	15,271	15,271
Other comprehensive income for the period						
Currency translation difference						
		-	-	-	-15	-15
Total comprehensive income for the period		-	-	-	15,256	15,256
Value of employee services:						
- Employee share option scheme						
	5	-	5	-	-	5
- Share based long-term incentive program						
	4	-	71	-	-	71
Balance at Mar 31, 2021		8,749	145,066	-	249,583	403,398

Consolidated statement of cash flows

Expressed in USD thousands	3M 2021	3M 2020
OPERATING ACTIVITIES		
Result before tax	15,276	-62,159
<i>Adjustment for non-cash items:</i>		
Interest income and expense, net	-63	-
Currency exchange gains/-losses, net	143	-11
Depreciations	14	-132
Result from financial assets at fair value through profit or loss	-16,304	61,775
Dividend and coupon income	-97	-97
Other non-cash items affecting profit or loss	76	-180
Change in current receivables	-73	-17
Change in current liabilities	134	-651
Net cash used in operating activities	-894	-1,472
Investments in financial assets	-8,951	-13,425
Sales of financial assets	7,500	13,000
Repayment of short-term loan receivables	2,176	-
Dividend and coupon income	97	97
Interest received	63	-
Tax paid	-	-13
Interest paid	-	-
Net cash flow used in/from operating activities	-9	-1,813
INVESTMENT ACTIVITIES		
Investments in office equipment	-	-
Net cash flow from investment activities	-	-
FINANCING ACTIVITIES		
Proceeds from directed rights issue, net	-	-
Repayment of lease liabilities	-	-
Buy-back of own shares	-	-641
Proceeds from new share issue through employee options	-	-
Net cash flow from/used in financing activities	-	-641
Change in cash and cash equivalents	-9	-2,455
Cash and cash equivalents at beginning of the period	4,224	5,562
Exchange gains/losses on cash and cash equivalents	-159	-43
Cash and cash equivalents at end of the period	4,055	3,150

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.

	3M 2021	3M 2020
Net asset value, USD ¹	403,398,426	186,428,077
Exchange rate at balance sheet date, SEK/USD	8.73	10.08
Net asset value/share, USD ²	0.49	0.29
Net asset value/share, SEK ³	4.24	2.88
Net asset value, SEK ⁴	3,520,056,070	1,879,315,296
Weighted average number of shares for the financial period ⁵	829,251,243	654,785,594
Weighted average number of shares for the financial period, fully diluted ⁵	834,351,786	664,722,007
Number of shares at balance sheet date ⁵	829,251,243	653,460,295
Number of shares at balance sheet date, fully diluted ⁵	834,351,786	663,396,708

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 45,650,000 redeemable common shares issued under the 2019 and 2020 long-term incentive program.

Reconciliation tables

	3M 2021	3M 2020
Net asset value, USD	403,398,426	186,428,077
Net asset value, SEK		
Net asset value, USD	403,398,426	186,428,077
SEK/USD	8.73	10.08
Net asset value, SEK	3,520,056,070	1,879,315,296
Net asset value/share, USD		
Net asset value, USD	403,398,426	186,428,077
Number of outstanding shares	829,251,243	653,460,295
Net asset value/share, USD	0.49	0.29
Net asset value/share, SEK		
Net asset value, USD	403,398,426	186,428,077
SEK/USD	8.73	10.08
Net asset value, SEK	3,520,056,070	1,879,315,296
Number of outstanding shares	829,251,243	653,460,295
Net asset value/share, SEK	4.24	2.88

Parent company income statement

Expressed in USD thousands	3M 2021	3M 2020
Result from financial assets at fair value through profit or loss	1,315	-672
Dividend and coupon income	97	97
Other income	-	-
Total operating profit	1,412	-575
Administrative and operating expenses	-957	-728
Employee incentive programs	-93	239
Total operating expenses	-1,050	-489
Operating result	361	-1,064
Financial income and expenses		
Interest income/expense, net	2,054	2,146
Currency exchange gains/losses, net	-145	22
Net financial items	1,909	2,168
Result before tax	2,270	1,104
Taxation	-	-
Net result for the period	2,270	1,104

Statement of other comprehensive income

Expressed in USD thousands	3M 2021	3M 2020
Net result for the period	2,270	1,104
Total other comprehensive income for the period	-	-
Total comprehensive income for the period	2,270	1,104

Parent company balance sheet

Expressed in USD thousands	Mar 31, 2021	Dec 31, 2020
NON-CURRENT ASSETS		
Financial non-current assets		
Shares in subsidiaries	16	16
Financial assets at fair value through profit or loss		
Equity financial assets	25,714	13,000
Liquid financial assets	40,678	20,849
Receivables from Group companies	175,581	138,013
Other financial assets	-	11
Total financial non-current assets	241,989	171,889
CURRENT ASSETS		
Cash and cash equivalents	2,405	2,552
Other current receivables	113	115
Total current assets	2,518	2,667
TOTAL ASSETS	244,507	174,556
SHAREHOLDERS' EQUITY (including net result for the financial period)	243,770	174,089
CURRENT LIABILITIES		
Non-interest-bearing current liabilities		
Other current liabilities	55	39
Accrued expenses	682	428
Total current liabilities	737	467
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	244,507	174,556

Parent company statement of changes in equity

Expressed in USD thousands	Share capital	Additional paid in capital	Other reserves	Retained earnings	Total
Balance at Jan 1, 2020	6,678	87,923	–	79,206	173,807
Net result 1Q20	–	–	–	1,104	1,104
Other comprehensive income for the period					
Currency translation difference	–	–	–	–	–
Total comprehensive income for the period	–	–	–	1,104	1,104
Value of employee services:					
- Employee share option scheme	–	7	–	–	7
- Share based long-term incentive program	–	-187	–	–	-187
Buy-back of own shares	-19	-622	–	–	-641
Balance at Mar 31, 2020	6,659	87,121	–	80,310	174,089
Balance at Jan 1, 2021	8,749	144,990	–	87,685	241,424
Net result 1Q21	–	–	–	2,270	2,270
Other comprehensive income for the period					
Currency translation difference	–	–	–	–	–
Total comprehensive income for the period	–	–	–	2,270	2,270
Value of employee services:					
- Employee share option scheme	–	5	–	–	5
- Share based long-term incentive program	–	71	–	–	71
Balance at Mar 31, 2021	8,749	145,066	–	89,955	243,770

Notes

(Expressed in USD thousand unless indicated otherwise)

Note 1 – Accounting principles

This consolidated interim report is prepared in accordance with IAS 34 Interim Financial Reporting. The same accounting principles and methods of calculations have been applied for the Group as for the preparations of the accounts for the Company 2020. The Company's 2020 annual report is available at the Company's website: vef.vc/investors/

Note 2 – Related party transactions

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

	Operating expenses		Current liabilities	
	3M 2021	3M 2020	3M 2021	3M 2020
Key management and Board of Directors ¹	471	134	–	–

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 and LTIP 2020) for the management amounted to USD 0.03 mln and USD 0.04 mln respectively, excluding cash subsidy and social taxes. See further details of LTIP 2019 and LTIP 2020 in Note 4.

Note 3 – Fair value estimation

The numbers below are based on the same accounting and valuation policies as used in the Company's most recent Annual Report. For more information regarding financial instruments in level 2 and 3 see note 5 in the Company's annual report 2020.

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).

Assets measured at fair value at Mar 31, 2021

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss	40,678	195,527	163,707	399,912
Total assets	40,678	195,527	163,707	399,912

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
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	–	151,716
Transfers from level 3 to level 2	-9,933	–
Change in fair value	15,459	-60,678
Closing balance Mar 31	163,707	149,709

As per March 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 Creditas, FinanZero, Rupeek, Finja and minu, are classified as a Level 2 investment. The remaining portfolio companies are classified as Level 3 investments.

Holdings classified as Level 2 investments are valued based on the latest transaction in the company. 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.

Portfolio company transactions during the quarter

minu

In February, VEF invested USD 0.5 mln into leading Mexican pay on demand operator, minu. VEF participated in the USD 14 mln financing round led by Fintech Collective and with further participation from existing and new investors. Post the transaction VEF holds a minority stake in the company of 1.2%. As per March 31, 2021, VEF's stake in the company is valued based on this transaction. minu is classified as a level 2 investment.

Rupeek

In March, VEF invested USD 7.0 mln into Rupeek, India's fastest growing asset-backed lending fintech platform. VEF participated in a broader financing round which saw a majority participation from other marquee investors. After the investment VEF's ownership in the company is 1.4% and is per March 31, 2021, valued based on this transaction. Rupeek is classified as a level 2 investment.

FinanZero

In March, Brazil's leading digital credit marketplace, FinanZero, announced that it has closed a USD 7 mln funding round led by VEF, Dunross & Co and Atlant Fonder. VEF, having participated in all previous financing rounds, invested an additional USD 1.5 mln (SEK 12.8 mln) and holds 18% of the company post the transaction. VEF's stake in the company is valued based on this transaction. FinanZero is classified as a level 2 investment.

Mark to model-based valuations

At the end of 1Q21, nine out of fourteen portfolio companies have been valued based on a mark-to-model, for most parts using a peer group revenue multiple. Inputs used for each valuation include risk adjusted revenue forecasts, local currency moves and a combination of listed and private peer group revenue multiples as of March 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. During the period, the positive valuation change in Konfio was mainly driven by stronger revenue growth slightly offset by weaker peer group multiples. Juspay's, REVO's and JUMO's positive valuation changes during the quarter were mainly a function of strong revenue growth and rolling NTM revenue forecasts. The negative changes in fair value for TransferGo, Guiabolso and Nibo, were driven by negative currency moves and weaker comp sets. For Magnetis, the positive valuation change was driven by higher AUM forecast, stronger comps, but offset by a weakening BRL. The negative valuation change in Xerpa was mainly driven by a weaker BRL. Forward looking revenue estimates naturally considers any COVID-19 related impact. Having lived through the first 15 months of the COVID-19 window, most of the portfolio companies have experienced a strong uptick of late and in certain cases an accelerated growth driven by 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	-15%	-10%	-5%	0%	+5%	+10%	+15%
Konfio	Mark-to-model	52,256	55,165	58,073	60,982	63,891	66,800	69,709
TransferGo	Mark-to-model	21,882	23,115	24,348	25,942	26,815	28,048	29,281
Juspay	Mark-to-model	16,159	17,011	17,862	18,714	19,566	20,417	21,269
Nibo	Mark-to-model	11,322	11,932	12,542	13,152	13,762	14,372	14,982
REVO	Mark-to-model	11,195	11,845	12,495	13,145	13,795	14,445	15,095
JUMO	Mark-to-model	10,847	11,583	12,319	13,055	13,791	14,527	15,263
Magnetis	Mark-to-model	7,657	8,079	8,500	8,922	9,343	9,764	10,186
Xerpa	Mark-to-model	4,293	4,511	4,729	4,947	5,164	5,382	5,600
Guiabolso	Mark-to-model	4,193	4,411	4,630	4,848	5,066	5,285	5,503

Change in financial assets at fair value through profit or loss

Company	Jan 1, 2021	Investments/ (divestments), net	Fair value change	Mar 31, 2021	Percentage of total NAV
Creditas	169,023	–	–	169,023	41.8%
Konfio	48,504	–	12,478	60,982	15.1%
TransferGo	28,634	–	-2,692	25,942	6.4%
Juspay	17,372	–	1,342	18,714	4.6%
Nibo	13,610	–	-458	13,152	3.3%
REVO	11,083	–	2,062	13,145	3.3%
JUMO	9,540	–	3,515	13,055	3.2%
FinanZero	9,933	1,501	873	12,307	3.0%
Magnetis	8,330	–	592	8,922	2.2%
Rupeek	–	7,000	–	7,000	1.7%
Finja	6,748	–	–	6,748	1.7%
Xerpa	5,758	–	-812	4,947	1.2%
Guiabolso	5,417	–	-569	4,848	1.2%
minu	–	450	–	450	0.1%
Liquidity investments	48,205	-7,500	-27	40,678	10.1%
Total	382,157	1,451	16,304	399,912	99%

Note 4 Long-term share-based incentive program (LTIP)

There are two running LTIPs for management and key personnel in the VEF Group. Program 2019 and 2020 is linked to the long-term performance of both the Company's NAV and of the VEF share price. For more information on the LTIP, please see the company's annual report 2020 note 10.

	LTIP 2018	LTIP 2019	LTIP 2020
Performance measurement period	Jan 2018–Dec 2020	Jan 2019–Dec 2021	Jan 2020–Dec 2024
Vesting period	May 2018–Dec 2020	May 2019–Dec 2021	Nov 2020–Dec 2024
Maximum no of SDRs	7,451,850	12,400,000	33,250,000
Maximum dilution	1.13%	1.87%	5.01%
Share price on grant date, SEK	1.95	2.40	3.14
Share price on grant date, USD	0.22	0.26	0.36
Plan share price on grant date, SEK	–	0.32	0.37
Plan share price on grant date, USD	–	0.03	0.04
Total employee benefit expense excl. bonuses paid and social taxes (USD mln)	LTIP 2018	LTIP 2019 ¹	LTIP 2020 ¹
2021	–	0.03	0.04
2020	0.32	0.12	0.03
2019	0.32	0.08	–
2018	0.20	–	–
Total accumulated	0.84	0.23	0.07

1. The total employee benefit expense does not include subsidy for acquisition and taxes arisen.

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 SDR held by program participants throughout the program duration resulted in an allocation of five performance SDRs free of charge following the 2021 AGM. The participants collectively will receive 3,725,925 SDRs.

Note 5 Option plan

Per December 31, 2020 a total of 3,000,000 options are outstanding. None to the Managing Director and 3,000,000 to other employees.

Option grant date	Jun 7, 2016	Aug 25, 2016	Nov 29, 2017	May 16, 2018	Dec 17, 2019
Maturity date	Jul 31, 2021	Nov 24, 2021	Feb 28, 2023	Aug 16, 2023	Dec 17, 2024
Option price at grant date SEK	0.26	0.14	0.54	0.41	0.34
Share price at grant date SEK	1.13	1.22	2.25	1.97	2.95
Exercise price SEK	1.33	1.46	2.54	2.35	3.69
Volatility	33.00%	20.90%	32.10%	29.90%	22.80%
Risk free interest rate	-0.27%	-0.53%	-0.25%	-0.13%	-0.29%
No. of options granted	1,000,000	500,000	500,000	500,000	500,000

For more information on the option plan, please see the company's annual report 2020, note 10.

Background

VEF Ltd. (VEF) was incorporated and registered with the Bermuda Registrar of Companies on May 28, 2015 with registered number 50298. The SDRs of VEF are traded on First North Growth Market Sweden, with the ticker VEFL SDB. As of March 31, 2021, the VEF Group consists of the Bermudian parent company VEF Ltd; one wholly owned Cypriot subsidiary, VEF Cyprus Limited; and one wholly owned Swedish subsidiary, VEF AB. The financial year of the Group is January 1–December 31.

Parent company

The parent company is the holding company of the Group. The net result for 1Q21 was USD 2.27 mln (1Q20: 1.10).

Upcoming reporting dates

VEF's financial report for the period January 1, 2021–June 30, 2021 will be published on July 28, 2021.

April 28, 2021
David Nangle
Managing Director

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

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