



VEF

The emerging market fintech investor

Annual Report 2023

The formal parts of VEF AB (publ)'s annual report consist of an administrative report, financial statements and additional notes on pages 48–81 and has been reviewed by the Company's auditors. The Auditor's report is presented on pages 82–85. The corporate governance report on pages 86–92 has been reviewed by the Company's auditors and the Auditor's report on the corporate governance report is presented on page 93. The sustainability report on pages 24–33 and 94–100 has voluntarily been prepared and has not been subject for review by the Company's auditors. Every care has been taken in the translation of this annual report. In the event of discrepancies, the Swedish original will supersede the English version.

Table of contents

2023 in brief	5
The emerging market fintech investor	6
Management report	10
Gringo: Revolutionizing the Brazilian Driver Experience	16
On the ground in India	22
Sustainability report	24
Investment portfolio	34
Brazil	37
Mexico	40
India	41
Emerging Europe	43
Pakistan	44
The VEF share	46
Administrative report	48
Group financial statements	52
Alternative performance measures	56
Notes for the Group	57
Parent company financial statements	70
Notes for the Parent company	74
Declaration	81
Auditor's report	82
Corporate governance	86
Additional sustainability notes	94
Glossary	101
Financial calendar	102
Contact information	103

442.2 mln

Net asset value
(USD)

16%

Net asset value
change 2023 (USD)

4.26

Net asset value
per share (SEK)

500 mln

Issued sustainability
bonds (SEK)

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

2023 in brief



Our USD NAV increased 16%/USD 60.4 mln YoY. Key NAV drivers were improved portfolio company forecasts and outlook, combined with strengthening peer multiples, all driven by an improving macro and market outlook. The three largest positive NAV contributors in USD terms YoY:

- Konfio, USD 55.2 mln, 138%
- Juspay, USD 26.6 mln, 56%
- TransferGo, USD 10.6 mln, 65%



VEF made two follow-on investments in 2023:

- USD 5 mln was invested into Credits in the form of a convertible loan note.
- USD 3 mln was invested into Gringo as part of their Series C funding round.



Credits delivered a strong performance in 2023 generating BRL 2 bln in revenues coupled with an impressive 192% growth in gross profit and 64% reduction in net losses. With operational break-even achieved in Dec-23, Credits aims to accelerate and deliver profitable growth in 2024.



Robust portfolio with welcomed maturity in risk/reward profile throughout the year – 94% of the portfolio is now at, or has the capital, to reach break-even, compared to 69% in December 2022.



VEF successfully closed its second SEK 500 mln sustainability bond. The bond effectively rolled our previous issue, at improved terms, with a new duration set to December 2026. An important event that allowed us to de-risk duration matching of expected portfolio exits to our new bond maturity. VEF kept SEK 100 mln of the new bonds, reducing outstanding debt as part of the process.



At our AGM in May, Katharina Lüth was appointed to the VEF board. Katharina’s vast operational experience and deep understanding of both traditional finance and fintech makes her an extremely valuable addition to the board.

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 Stockholm. We invest in fast growing 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 21 companies (incl. exits), diversified by geography, business type and stage of development – all with standout fintech opportunities in their respective markets. During 2021 the VEF group carried out a domicile change from Bermuda to Sweden and barely one year later, in June 2022, the company was listed on Nasdaq Stockholm Main Market, moving from First North Growth Market.

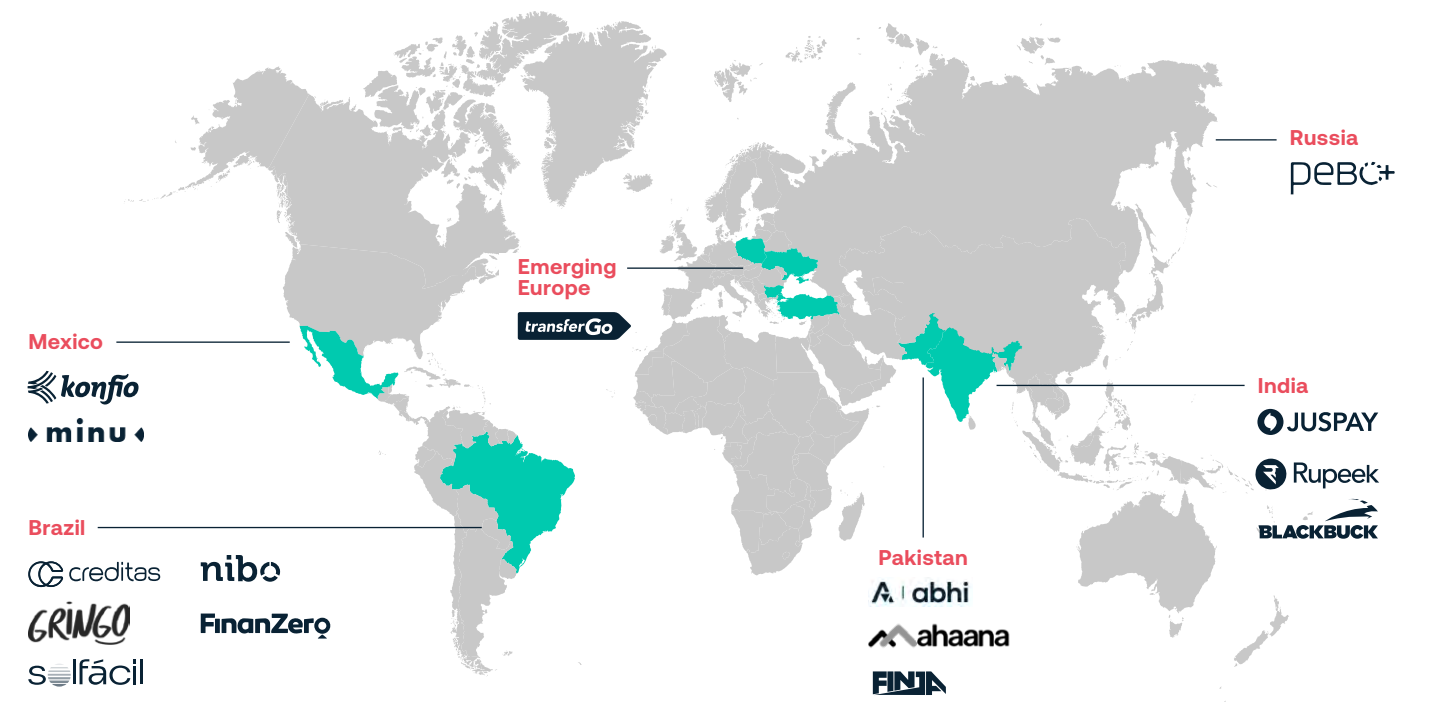
Exits

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

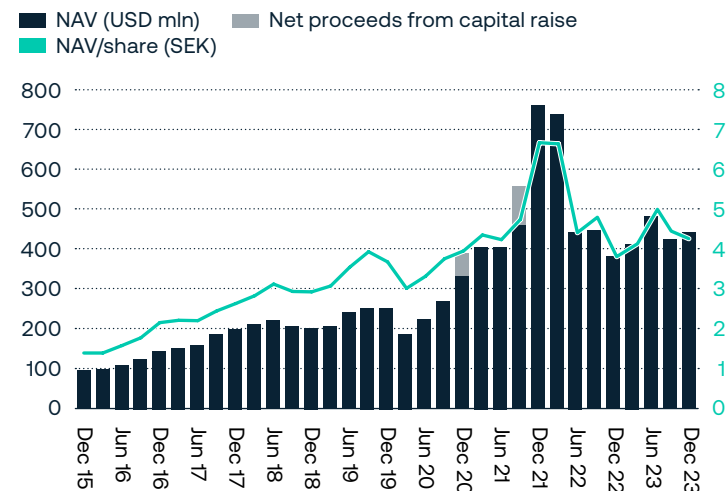
- Tinkoff Bank at 6.1x CoC return and 65% IRR
- iyzico at 3.2x CoC return and 57% IRR

and four non-value accretive exits in Guiabolso, JUMO, Magnetis and Xerpa.

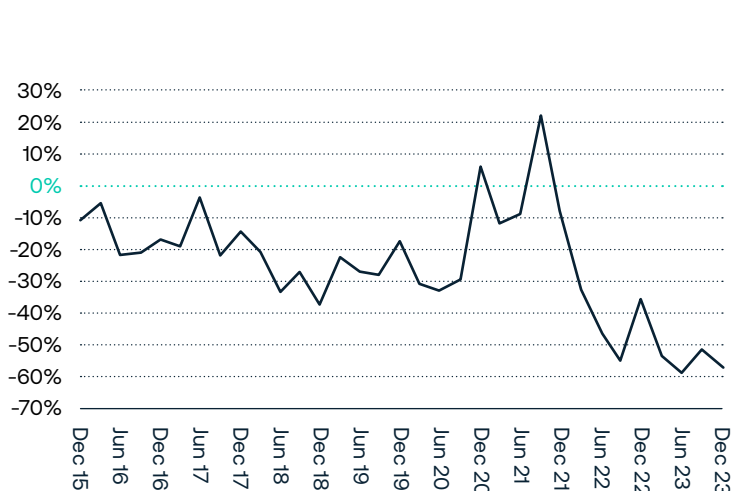
Portfolio



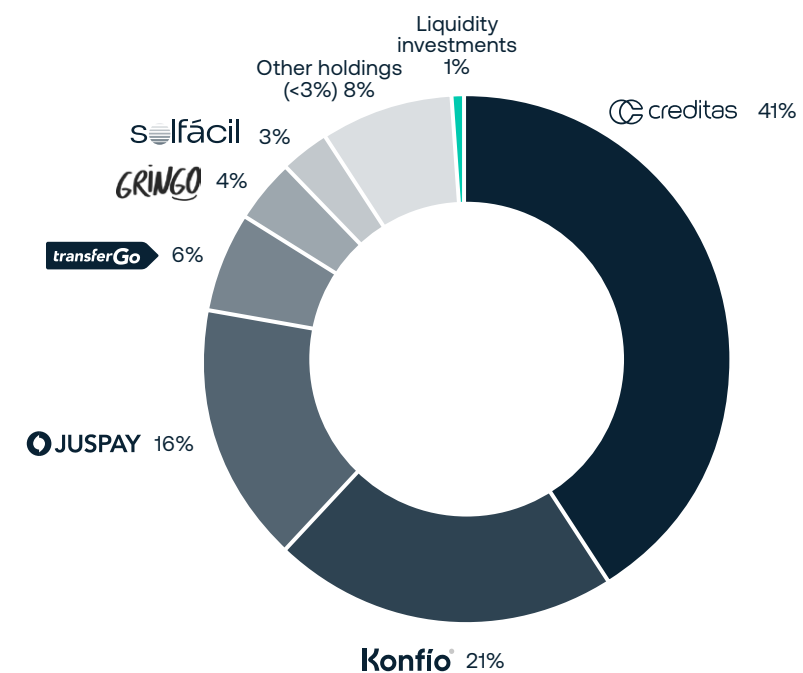
NAV evolution



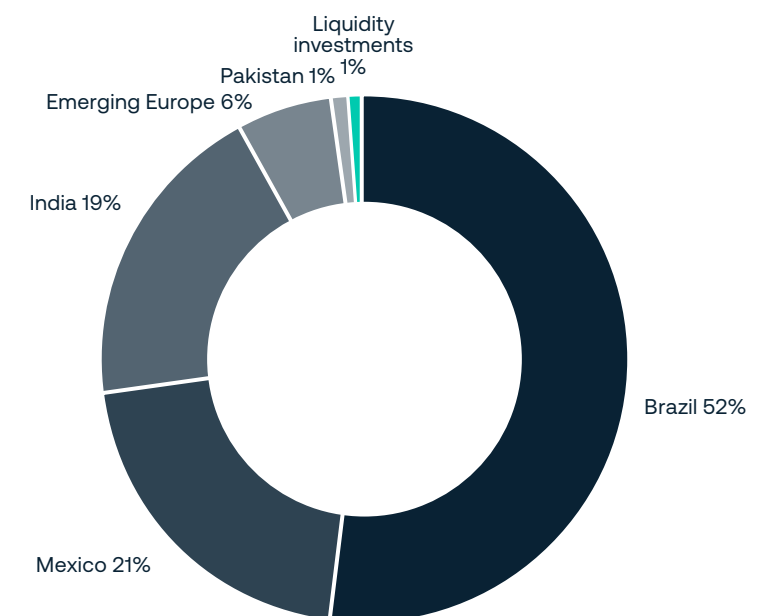
Share premium/discount to NAV



Portfolio composition



Geographic distribution



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 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 ambitious, 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, assets management, embedded fintech and accounting SaaS. 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 financial performance 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 and point in the cycle.



Minority stakes and board seat

We hold minority stakes with board representation in our portfolio companies. We are an active and supportive shareholder.



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

VEF is an exceptional investment opportunity with the potential of high returns through our portfolio companies based on the combination of:

- 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
- leveraging the disruption of fintech companies

Management report

Reflecting back on 2023

Recent market history, and life at VEF, can be summarised as: 2022 universal headwinds, 2023, a base was reached, and tailwinds returned, while early 2024 feels like a corner has been turned and momentum is back on our side. This all came post a multi-year bull market for venture capital investing that was, in hindsight, an ideal environment to launch our firm, build a track record, complete with key wins and learnings.

Quarter by quarter through 2023, recovery fed through and slowly gathered pace. Data points were incrementally positive and investor confidence gradually returned. This was evident, first and foremost, in public markets, as global indexes delivered positive returns (benchmark S&P 500 +24% FY23). Macro indicators also started to improve, and specifically global inflation gradually came under control, as we moved into 2H23. Consensus view is that rates have duly peaked and the trend from here is stable to lower – something which is very welcome for risk assets and appetite globally. Positive moves in macro and markets, fed through to the private investing world. While we remain a good distance from the euphoric activity and valuation highs of 2020–21, 2023 did deliver a growing number of data points highlighting an ongoing recovery in the investment world that VEF plays within. Capital and exit markets awoke, with a re-opening of the IPO market and a number of benchmark M&A deals closed. Private investing re-emerged and specifically a gradual return of growth and later stage funding, which had all but dried up in 2022. This has all led to a slew of successful new fund raises being announced across VC and PE groups globally.

The aforementioned macro level positive developments do tend to dominate over much that we do at a micro level at VEF, at least in the first stage of any recovery. We see this first-hand through our largest country level exposures with Brazil (interest rate falling and macro cycle turning), Mexico (US nearshoring beneficiary) and India (strong structural growth), providing a strong backdrop for portfolio performance in 2H23 and into 2024.

We are also very encouraged by the performance of our portfolio companies, as we enjoyed seeing some of our biggest and brightest companies ride through yet another cycle, which can only be good for their long-term durability and success. At a portfolio level, growth remains robust, and forecasts have bottomed out, and encouragingly, in many cases we are starting to revise up estimates

again. These 2023 early recovery cycle inputs fed through to a recovering NAV, which ended the year up 16% YoY in USD terms (+USD 60.4 mln). With the recovery trade playing out, we look forward to our share price, generally a lag indicator, to enjoy its time in the sun in 2024.

2023 in numbers

- NAV: At headline level we closed out 2023 with a USD NAV up 16% YoY. SEK NAV per share was up 12% YoY. Konfío and Juspay were the principal USD NAV drivers YoY, adding USD 82 mln between them. On a percentage basis Konfío, Nibo and TransferGo were the biggest positive movers YoY.
- We had 15 companies in the portfolio as at YE23, down from 17 a year ago.
- At a country level our largest exposures remain, Brazil (52%), Mexico (21%) and India (19%). At a portfolio holding level this was mainly associated with our stakes in Creditas (41%), Konfío (21%) and Juspay (16%). All figures above are in percentage of our total portfolio.
- As of YE23, our active portfolio is well funded. 94% is already at, or can reach break-even, with existing capital position. The other 6% are in earlier stages or high growth mode, with a portfolio weighted runway of 21 months.
- Our portfolio companies delivered aggregated portfolio weighted top line growth of 40% in 2023.
- In 2023 we invested a total of USD 8.0 mln into current VEF portfolio companies with follow on investments into Creditas and Gringo.
- Pipeline work continued as we engaged with 367 targets in EM fintech throughout the year, up from 348 in 2022.
- In 4Q23, we successfully closed a SEK 500 mln (USD 48 mln) sustainability bond, effectively rolling our previous issue, on improved terms, with a new duration of December 2026. We kept SEK 100 mln of the bond, reducing outstanding debt as part of the process.
- At YE23, we sat on USD 21.6 mln of capital.

Our main markets of focus and portfolio companies in 2023

At YE23, our portfolio was heavily skewed to the key scale fintech opportunity markets of Brazil, Mexico and India. Five of our fifteen holdings are in Brazil, accounting for

over half our portfolio, including portfolio heavyweight and north star Creditas. Mexico and India have an exposure weighting of c. 20% each, with Konfío and Juspay the current standout size names in each market.

We review below the performance and outlook for our three main geographies, as well as profiling the recent performance of some of our key assets within them through 2023 and looking into 2024.

Brazil started 2023 clouded in election uncertainty, an event that passed smoothly and set the tone for a robust FY23 macro delivery well north of market expectations, as GDP growth touched c. 3% (a full 2 percentage points above start of year expectations). With inflation now broadly under control (<5% at YE23) and within central bank targets, a rate reduction cycle kicked in, in 2H23, with four consecutive cuts and Selic expected to end 2024 at 9–9.5%, from a 2023 peak of 13.75%. The BRL and domestic markets have duly been well supported on the back of these positive trends. The outlook for 2024 is encouraging, given interest rate outlook, with a new macro and credit cycle taking hold, as asset quality stabilises and bank outlook/risk appetite for growth is starting to return.

- **Creditas** (*secured lending*) – In 2023, Creditas continued its 2022 strategic shift towards balancing growth with targeted profitability. While loan origination and top line revenue growth slowed in this period, gross profit growth duly surged 192% YoY, totalling BRL 639 mln in 2023, driven by portfolio repricing and credit tightening. Management also strengthened its balance sheet with a USD 75 mln convertible note, supported by the broad shareholder base (VEF invested an additional USD 5.0 mln), as well as tapping international debt markets for the first time, with a USD 40 mln offering. With operational break-even achieved in Dec-23, Creditas will look to accelerate growth in 2024, whilst continuing to expand margins supported by anticipated rate cuts and heightened cost efficiencies. An IPO remains a focus destination for this asset and management team.
- **Gringo** (*super app for drivers*) – One of the standout performers from the VEF portfolio in 2023. The platform now boasts 5 million active users, and its product reaches 80%+ of Brazil's drivers. Payment volumes through the app more than doubled YoY, while a key highlight was the closing of their Series C funding round – raising USD 20 mln from investors at an improved valuation to the Series B that VEF led just 18 months ago. Having expanded the product range into auto equity credit and insurance, VEF's USD 3.0 mln additional investment reflects our confidence in the team and the potential of this asset.

- **Solfácil** (*solar marketplace*) – Solfácil is delivering a holistic ecosystem for solar energy adoption. With the successful integration of the acquired solar equipment distributor Solar Inove, Solfácil maintained robust growth through 2023 and now represents the second largest rooftop solar financier in Brazil, serving more than 85,000 customers through a network of over 3,000 installers. They have entered 2024 on the front foot, delivering robust growth, profitable and with the rate cycle firmly in their favour.

In 2023, **Mexico** achieved robust GDP growth of 3.4%, with anticipated rate cuts in 2024 given falling inflation. Mexico has become a key beneficiary of nearshoring, becoming a key hub for US companies shifting their production away from China and closer to home. Indeed, in July, Mexico passed China as the largest global export market to the US, as FDI in 9M23 hit a record USD 32.9 bln, including significant investments like Tesla's USD 5 bln gigafactory. Despite a strong peso (+15% YoY), IMF forecasts 3.2% GDP growth in 2024, all of which bodes well for the domestic economy. The upcoming June-24 presidential elections, as ever, pose uncertainty risk, but unlike Brazil in 2023 polls point to consistency in leading party control, albeit with a fresh presidential face at the helm.

- **Konfío** (*SME banking*) – Konfío strategically shifted its focus to profitability in 2023, making significant progress toward break-even while growing the loan portfolio by 16% YoY, in a high-rate environment. During the year, Konfío successfully renewed funding lines from key lenders including J.P. Morgan, while upsizing its facility with Goldman Sachs and Gramercy. These renewals underscore the trust these lenders place in Konfío's business model and their commitment to supporting Mexican SMEs, solidifying Konfío's position in a market with limited digital competitive offerings. With strong asset quality and opex optimizations in place, Konfío is looking to reaccelerate growth into 2024. Konfío's path to achieving a full banking licence is a key franchise and valuation game changer, that is well on track and on the road map for 2024.

India: Fuelled by robust domestic demand, substantial public investment, and a thriving financial sector supported by progressive regulators, India continues to excel as a global economic force, delivering best in global class 7%+ GDP growth YoY, in recent quarters. Controlled inflation at 5.5% in November led to a central bank pause in rate hikes, with expected reversal to begin in 2024. The Nifty 50 (India's benchmark stock exchange) rallied another 20% YoY in 2023, drawing in USD 20 bln of foreign capital in the process. Capital markets continued to deepen, with USD 8 bln raised through 58 IPOs over

the year. Political stability prevails as the ruling party is expected to win 2024's national elections, instilling investor confidence in reform and growth continuity.

- **Juspay (payments)** – In 2023, Juspay continued to deliver on its growth strategy, with an impressive 80% YoY growth in clients and 50%+ in revenues, processing more than USD 110 bln of annualized payment volumes in the process. The recent partnership with Google Pay further solidifies Juspay's unique standing in the Indian payment's ecosystem, while the successful launch of its inaugural international product, Hyperswitch, and strategic collaborations with Visa and Mastercard for global initiatives underscored its broader ambitions. Armed with a robust balance sheet and closing in on P&L break-even, Juspay has positioned itself strongly for 2024 with plans to continue core user base growth, heightened monetisation and international expansion.
- **BlackBuck (trucking marketplace)** – BlackBuck navigated 2023 impressively, achieving a remarkable 60%+ top-line growth and hitting EBITDA break-even in Sep-23. Throughout 2023, it continued to strengthen core payments and marketplace business whilst launching used commercial vehicle financing business. With break-even achieved and multiple growth levers in place, BlackBuck is poised for a strong 2024, as it gears for an IPO in 2025.

Beyond these geographies which dominate our NAV at YE23, **Indonesia** is a market we continue to build relationships and grow investment muscle in, in preparation to invest there. Indonesia is the scale market of Southeast Asia, with north of 300 million inhabitants and a growing digital ecosystem. At a macro level Indonesia continued to deliver c. 5% GDP growth, with subsiding inflation, as elsewhere, below 4% and well-managed fiscal balances. The stock market reached an all-time high, indicating market confidence in policy continuity following the election of a new president in 1H24.

Elsewhere within the portfolio, **TransferGo** (migrant remittances and financial services across emerging markets), is one of our longer standing holdings, had yet another strong year of business as monthly remittance transactions grew 20% and gross profit 82% YoY in 2023. As important, the business also reached profitability in 2H23. We also saw continued strong performance from some of our up and coming frontier exposed investments. **Abhi** (earned wage access and small business lending) demonstrated strong execution in both the **Pakistan**-based business, with early strides made into new markets in the **Middle East** and **Bangladesh**. A notable achievement in 2023 was the issuance of a PKR 2 bln (USD 7.1 mln) Sukuk (Shariah-compliant bond), a first for a company of Abhi's kind in the country. The youngest

company in the VEF portfolio, **Mahaana**, continues to build out the back-end infrastructure of their digital wealth management platform, with final regulatory approvals and formal commercial launch expected in early 2024. Today operating in sandbox mode with 500 clients, Mahaana's money market fund is currently the best performing of its kind in Pakistan.

We said goodbye to two portfolio companies in 2023. Magnetis was sold to BTG Pactual, a Brazil banking corporation. JUMO closed out a recapitalisation in 4Q23, in which we decided not to take part, resulting in a write off of our holding. Both are failed investments, with losses and learnings banked. In both scenarios, we had taken our NAV marks well down in advance of final outcomes, with limited impact on FY23 results.

Early stages of a new cycle and VEF well placed to profit

With the volatility and headwinds of 2022–23 behind us and many lessons banked for future use, we are encouraged by the trending data points coming through in both macro and public markets and linked to this a gradual ramp up in venture activity through 2023.

With this, the key question is how VEF is positioned to benefit in the short to medium term?

First of all, we are long a portfolio of quality EM fintech assets, which have come through the latest market stress test and are now set to deliver strong 2024 (and beyond) performance. This is a portfolio that is valued at a fraction of its market value (NAV) through the prism of our market capitalisation. The portfolio investment case is the one that naturally attracts most investor interest, but it is only part of the thesis. Over the past nine years, with VEF, we have successfully built out an investment platform with deep expertise, relationships and experience in investing in fintech across the emerging world. This platform value is key to future value creation, as we look to exit holdings and put investor capital to work in this fresh cycle.

Some of the more promising observations we have seen from our vantage point through 2023 and early 2024 include a growing cohort of successful fresh fund raises from early-stage local VC partners of VEF, in all of our key focus markets. This has been fostering new attractive growth stage cohorts of companies for 2024–25 and beyond. As the cycle repeats, this has fed into a pronounced imbalance in funding needs relative to capital availability for later stage Series B+ rounds. Hence, there is, once again, a scale vacuum in VEF's sweet spot: EM growth capital. This is the opportunity that excited us when we started VEF back in 2015 and turned up in markets like Turkey and Brazil wondering where all the growth capital was and is still very prevalent today.

On the investment front, themes we like include:
1) embedded finance which is still in its early innings

inclusive of opportunities in the broader auto and SaaS space; 2) infrastructure and BaaS, often facilitating embedded finance and leveraging public infrastructure or regulation and; 3) cross-border finance – large TAM, thematically in focus given global trade dynamics, with strong tailwinds in Latin America in particular. Most of our companies have an embedded AI strategy playing out, to improve areas like company efficiency and customer data management. We never feel the need to chase down a hot theme, just because the masses are.

At a geographic level, we continue to focus on the scale opportunity markets of Brazil, Mexico, India and Indonesia and continue to see a large addressable investment market ahead of us for the foreseeable future here. Beyond these big four, we stay close to scale frontier markets for some of the earlier stage exciting opportunities that are mimicking success stories we have seen across other later stage emerging markets.

Good governance and positive financial impact, the journey continues

We hear and understand the noise in the market regarding ESG overreach, and on this front we have always tried to stay grounded in reality. We understand our company and the business we are in. We make sure that the direction of travel is a positive one, with constant incremental improvements in all aspects of governance, our investment mandate and processes. The goal is always to make sure VEF is a company, and a share, that investors are proud to own.

We remain committed to our sustainability focused investment mandate, investing in many companies that contribute to the financial inclusion, fairness and wellness of individuals and small businesses across emerging markets. In 4Q23, we successfully closed a SEK 500 mln (USD 48 mln) sustainability bond. As a second time issuer, the bond effectively rolled our outstanding issue with a new duration of December 2026. We kept SEK 100 mln of the new issue ourselves, reducing outstanding debt as part of the process. With strong support from Swedish and European investors we closed at improved terms to previous issue. It was an important event for VEF on many fronts. On one hand we continue to have a dedicated pool of capital to invest in companies that not only are attractive investments, but also contribute positively to society or the environment. It also allowed us to de-risk duration matching our portfolio exits with our bond maturity.

In May 2023, we were delighted to announce that we broadened our board, with Katharina Lüth as the newest member. Katharina has extensive global financial services experience, first as a consultant to financial services at McKinsey & Company, while she currently holds the position of Chief Client Officer at Raisin, a global savings and investments fintech business based in Berlin. Katharina's

vast operational experience and deep understanding of both traditional finance and fintech makes her an extremely valuable addition to our board. The appointment of Katharina was yet another positive move of broadening the skillset of our board, while also achieving a gender parity at Board level in the process.

Our shares – we care a lot

We care a lot about our shares and where they trade, specifically as referenced against our market based NAV. We continue to face this challenge with fresh thoughts and energy with full conviction that this market anomaly will be closed with execution, communication and time. We do understand the many reasons why an investment company like VEF can trade at a discount to NAV at various points in time and are encouraged by the turning of the macro/market cycle and the logical positive implications it can have on sector wide discounts looking into 2024. On a micro level, there are always ways to try and address an outstanding discount, and irrespective of their short-term impact, they are also generally positive for long-term shareholder value. Some of our actions over the past twelve months included:

- **Portfolio fund raises** – Gringo's 2H23 raise was growing evidence that we are in the recovery cycle for venture capital deployment. The round valuation was market validation of our quarterly NAV mark. We expect a number of successful portfolio fund raises to occur in 2024, which should provide added confidence to our fundamental NAV marks.
- **Upward NAV performance** – We see a gradual upward momentum in our headline NAV per share. A clear supportive trend, as the market looks ahead and discounts a better future company value.
- **Portfolio transparency/access** – 2023 counted a number of positive moves on this front. We hosted a Brazil Fintech Day in Stockholm in May. Founders Sergio Furio (Creditas) and Olle Widén (FinanZero) both presented to an engaged audience on the vast opportunity that is Brazil fintech. We also hosted investor meetings and aided with a number of investor roadshows for the founders of VEF portfolio companies inclusive of Creditas, Konfío, Juspay and Gringo. Alongside formal quarterly performance releases by Creditas, we now issue a VEF quarterly newsletter with summary public updates across our portfolio and company. We also continue with our VEF research product, most recently profiling Gringo, to aid the market to understand better one of our most exciting assets.
- **Investor relations** – Through 2023–1Q24, we remained on the front foot marketing the VEF story. We marketed regularly in Europe, US and the Middle East supported by a host of investment banking

partners. We enjoy a tier one, through cycle, investor base, and we intend to continue to broaden and deepen it as we grow.

- **Investment bank research coverage** – We count five brokers providing formal coverage for our stock; Pareto, DNB, Carnegie and KBW Stifel continued their in-depth coverage through 2023. Jefferies recently picked up coverage and is welcome to have a global bulge bracket on our stock.
- **PR** – We are working with a Swedish PR agency, driving a clear uplift of awareness of our company and investment case within the key local Swedish investor market.

Looking into 2024, top of mind actions include:

- **Portfolio exits** – There is nothing better than a successful portfolio exit to focus the minds on a value gap between an investment company's market trading level and its NAV. That is not lost on us. We have done successful exits in the past, notably Tinkoff Bank via listing and izico via trade sell. 2024–25 is set to be a focused window for team VEF on this front.
- **Share buybacks** – We do love the opportunity that our shares trading at this level presents us to create value by buying back our own stock. That is the house view. That said, we love our cash more right now, so we continue to await a better balance sheet profile to attack on this front.

Concluding remarks

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.

2023 was an encouraging transitional year for the venture industry as the universal headwinds of 2022 gradually abated and tailwinds grew as we moved through 2023. Indeed, 2023 has formed a strong base for a more optimistic outlook for 2024 for the industry, and VEF within it.

Top priority in 2024 is to strengthen our balance sheet. Bond roll-over managed, exits are a high priority. Our goal is to lower our traded discount to NAV and get back on the front foot investing, as we do feel good about this fresh cycle.

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. We take a long-term view on our company, investments and indeed life, which is necessary when investing in the space that we do.

Dave Nangle



Gringo: Revolutionizing the Brazilian Driver Experience

Introduction to Embedded finance

This section focuses on VEF's investment in Gringo, an Embedded Finance company in Brazil and VEF portfolio company since 2022.





Embedded Finance signifies the seamless integration of financial services into the user interfaces of non-financial companies. The shift to mobile-first approaches, increased provision of digital infrastructure and ongoing software innovation are factors propelling this trend.

Despite being in the initial stages, Embedded Finance presents a significant opportunity in VEF's core focus markets: Brazil, Mexico and India. We saw it first-hand through our portfolio companies like Creditas, followed by specific Embedded Finance investments in Brazil-based Solfácil and Gringo, and BlackBuck in India.

The growth of Embedded Finance has been made possible in Brazil thanks to the emergence of open banking and PIX, two critical regulatory support factors we have previously written about [here](#).

In the first part of this section, we outline the opportunity to digitize the driver experience in Brazil, while the second part sheds light on Gringo, its team, and the future of the business.

VEF's Fintech investment verticals

Credit 	<ul style="list-style-type: none"> Consumer SME Secured Unsecured 	Embedded Finance
Payments 	<ul style="list-style-type: none"> Offline Online Mobile Remittances 	
Personal finance 	<ul style="list-style-type: none"> Digital banks Personal finance managers Mobile wallets 	
Investments 	<ul style="list-style-type: none"> Wealth management Roboadvisors Digital brokers 	
Web 3.0	<ul style="list-style-type: none"> Protocols + infrastructure Defi/Cefi NFTs Platforms 	
Insurtech	<ul style="list-style-type: none"> Online comparison and brokerage Full-stack digital 	


 = VEF investments

The opportunity to digitise the end-to-end driver experience in Brazil

The current driver experience


Owning a car in Brazil can be extremely complex – from the initial purchase, to grappling with annual vehicle taxes, managing driving licenses and other vehicle documents, and settling fines. Car ownership comes with its fair share of bureaucratic hurdles and involves navigating a labyrinth of administrative complexities, which is much more the case in Brazil than other emerging markets we invest in. The major pain points can be explained as follows:

Driver pain points



Waste of time

- Analogue and broken systems
- Physical presence required
- Complex tax calculations
- Cumbersome existing infrastructure



Waste of money

- Brazil – 2nd most expensive country to own car
- High recurring annual taxes
- High maintenance costs and fines

Pain points

High car ownership costs

Brazil ranks among the top 5 most expensive countries globally to own a car, with annual running costs exceeding 30% of the average yearly wage. This financial burden is compounded by several factors:

- **High taxes and fees:** Vehicle ownership comes with a hefty price tag, courtesy of high annual taxes and licensing fees (which can be up to USD 300). Both federal and state-level levies on vehicles effectively subsidize spending on a broad range of government programs, including infrastructure development.
- **Costly fuel:** The cost of fuel in Brazil is notably high, significantly impacting overall operating expenses for drivers.
- **Elevated maintenance and repair costs:** Maintaining and repairing a vehicle in Brazil can be expensive, in part due to import tariffs on car parts and a complex distribution system.

The cumbersome experience of managing a car

Payment of annual taxation on vehicles and fines requires multiple interactions with public entities, introducing bureaucratic hurdles that often necessitate physical visits to different departments, each with its own set of processes varying from state to state.

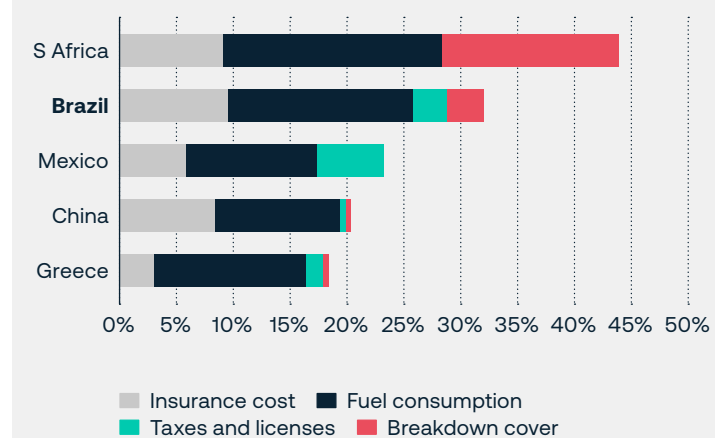
The entities responsible, collectively known as the Brazilian DETRAN (Brazilian State Transport Department), operate with predominantly analogue systems, often plagued with long delays and an overreliance on paper-based communication. Despite government strides in digitalisation, incomplete data integration among municipalities, states, and the federal government results in information asymmetry, affecting all drivers who have to periodically pay vehicle taxes and other documentation renewal fees. These payments often become contingent on settling fines, introducing further complexity.

The payment processes themselves are inefficient and physical, requiring visits to banks or local agencies with limited operating hours. With the exception of the annual vehicle tax (IPVA), paying via installments or credit card is a cumbersome process, unless dealing with major banks. Additionally, drivers lack visibility on payment deadlines, often postponing fine payments due to the inconvenient process.

Adding to the cumbersome experience, tasks like car insurance renewal involve navigating between brokers and direct interactions with insurance companies.

Brazil is among the most expensive countries globally to own a car...

(Costs as a % of average yearly wage)



The above analysis compares the average running cost of different car models in major countries and ranks them in order of affordability (calculated as total annual running costs as a % of annual wage).

Source: Comparethemarket.com

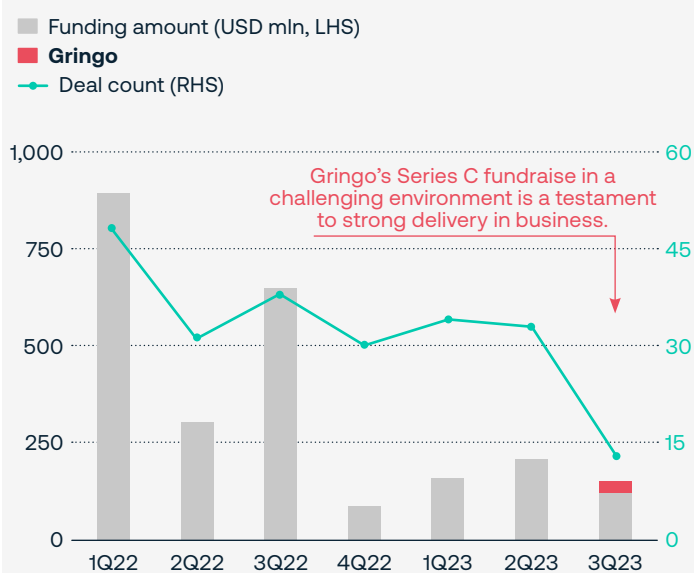


VEF's investment in Gringo

Introduction

Launched in 2020, Gringo serves over 15 million registered drivers with documentation issuance and payment services and has successfully expanded its product suite to include a marketplace which originates credit and insurance in a fully embedded app experience for drivers. Additionally, it provides free monitoring of vehicles and driver licenses, fostering engagement and accumulating valuable data. VEF first invested in Gringo by leading its USD 34 mln Series B in February 2022. Since then, performance metrics, including TPV, transactions, and revenues, have grown 5–6x. Recognising the importance of identifying and supporting compounders early on for returns, we participated with a USD 3 mln additional investment in Gringo's Series C, a successful funding round announced in September 2023. With this round, Gringo not only achieved a higher valuation but also became one of the very few Series C companies to secure funding amidst the prevailing market challenges, a real testament to the quality of the team, execution, and attractive business they have built.

Brazil fintech has witnessed considerable slowdown in funding



Source: Pitchbook

The team

Gringo has three co-founders: Rodrigo Colmonero (CEO), Caique Carvalho (CPO) and Juliano Dutra (CTO). It is a strong team, with complementary skills and a deep experience set.



Rodrigo Colmonero – CEO and co-founder

Prior to founding Gringo, Rodrigo was a co-founder and partner of an asset manager in Brazil called NEO Investimentos, where he spent 10 years. Rodrigo ran NEO's innovation fund called NEO Future, investing in public equities in Brazil where he spent time on the automotive industry. Gaining a deep understanding of the industry's pain points led him to wanting to start Gringo. Rodrigo is smart and highly regarded in the asset management industry. What has impressed us most about Rodrigo is his execution at the company, long-term vision, the team he has assembled, focus on culture and his constant desire to learn from those around him and iterate the business accordingly.

Caique Carvalho – CPO and co-founder

Caique is a second-time founder, having been a co-founder of Mylnk before operating within the tattoo industry. Prior to that venture, he worked at CarZar in South Africa, a C2B marketplace facilitating vehicle transactions between private parties and dealerships through an auction platform. He has a product-oriented mindset and embodies the company's central focus on the driver.

Juliano Dutra – CTO and co-founder

Juliano was the founder of a software house called Rapiddo which was instrumental in creating iFood's technology and was later acquired by iFood in 2018. Since then he has been an active angel investor and board member at a number of Brazilian startups and a reference for software engineers.

Gringo overview

The app and long-term vision

Gringo initially focused on providing vehicle documentation services, which include tracking license and registration details, vehicle taxes, and monitoring traffic violations. Expanding beyond just monitoring, Gringo began to address drivers' financial needs by facilitating the settlement of outstanding vehicle-related debts, offering integrated digital payments with flexible instalment options.

As the platform gained momentum and gathered insights into drivers' journeys, Gringo evolved into Brazil's first 'fully embedded' vehicle credit and insurance platform. Today, Gringo offers auto equity loans and car insurance in collaboration with key partners in the auto industry.

Gringo's long-term vision is to become the 'driver's best friend', with the most extensive and comprehensive source of data on drivers in Brazil. By participating in every aspect of the vehicle journey, the platform seeks to capture a significant share of profit pools within the auto industry.

TAM and monetization

Documentation

Gringo began its relationship with drivers by creating solutions around vehicle documentation, including licenses and taxes. Vehicle documentation in Brazil is a USD 20 bln+ gross market value (annually) with vehicle taxes making up half of this, and the rest generated in fines, licenses and renewals. Drivers enjoy the ease of document management via Gringo, paying a small, fixed fee for the service.

Payment of fees

Gringo offers drivers the ability to pay their dues digitally through the Gringo app and avail of credit solutions on taxes due to be paid, pointing to an estimated USD 1 bln+ potential revenue pool to be earned through these solutions. Gringo's digital solutions are gaining significant traction led by a favourable regulatory environment and the aforementioned introduction of PIX. Gringo monetizes all digital payments (including those made through PIX) on its platform through a combination of a fixed fee and transaction fees for instalment payment options (BNPL). Gringo leverages existing payment providers and local BNPL rails to facilitate this financing without taking credit risk and charges a spread. The biggest attraction to drivers is the fully digital experience and the ability to pay their annual vehicle licence and taxes (equivalent to 2–4% of the vehicle value) in instalments.

Gringo is still in the early stages of its journey with drivers, operating within an auto industry TAM of USD 170 bln+

(Source: IBTP, Susep, B3 and multiple other sources)

	Core product	New products (already live)		New product (to be live)
	Documentation	Auto financing	Auto insurance	Buy-and-sell
Gross Market Value	USD 20 bln+	USD 25 bln+	USD 3 bln+	USD 125 bln+
Revenue pools	USD 1 bln+	USD 1 bln+	USD 500 mln+	USD 20 bln+
	High market share High monetization	Product market fit achieved Early days of monetization		Early days of planning

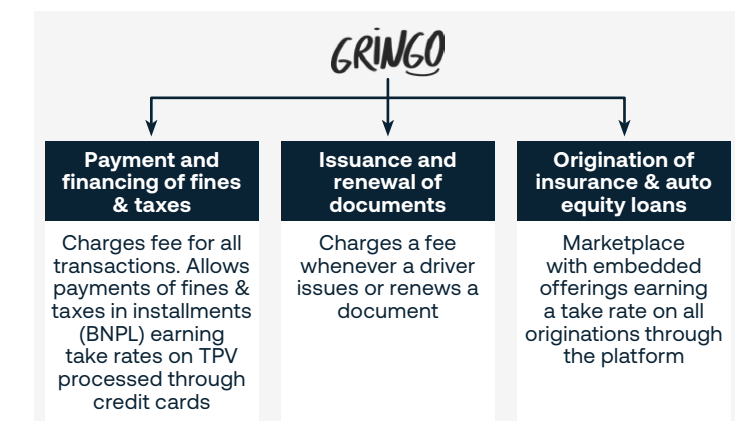
New products

Gringo has established a unique relationship with its customers, and as such, has access to a deep pool of data to assess the needs of drivers at different points in their vehicle journeys. Further deepening this relationship, in 2022 Gringo began offering fully embedded auto insurance and financing solutions in their app, matchmaking drivers with cost-effective and affordable products. Together, this represents an additional USD 28 bln+ annual gross market value opportunity (translating into an estimated USD 1.5 bln revenue potential). Gringo's ability to leverage its growing platform to become an efficient originator creates value for both drivers and lending/insurance partners who acquire high intent drivers digitally. For its fully embedded solutions in auto equity and insurance, Gringo earns a commission from partners on loans and premiums originated.

Buy-and-sell

Whilst Gringo continues to build out financing and insurance solutions, it is now strategizing on entering the buy-and-sell market. The Gringo marketplace is still in early days of monetisation, but together (financing, insurance, and 'buy-and-sell') represent an additional USD 125 bln+ potential gross market value.

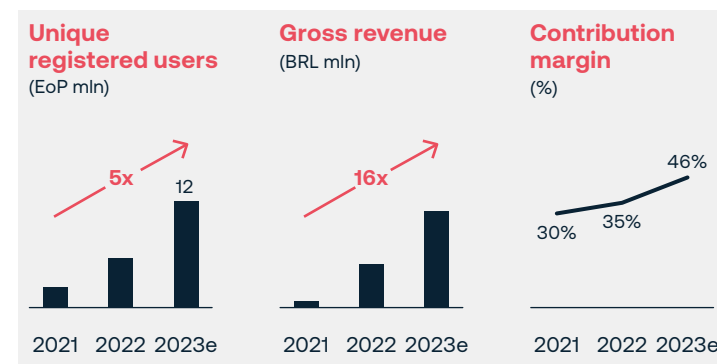
Gringo monetization streams



Traction and growth

In a short time, Gringo has become Brazil's #1 app for drivers. Its compelling value proposition has driven a 4x increase in users and a remarkable 16x growth in revenues over the past two years. Despite challenging market conditions in 2023, the business has excelled, with revenues expected to double and a contribution margin approaching 50%. The focus on customer experience is evident in improving conversion metrics and exceptional user retention, reflected in a high NPS score of 88. This score has been a strong signal of great product market fit and that the Gringo app and services are solving a real pain point for drivers.

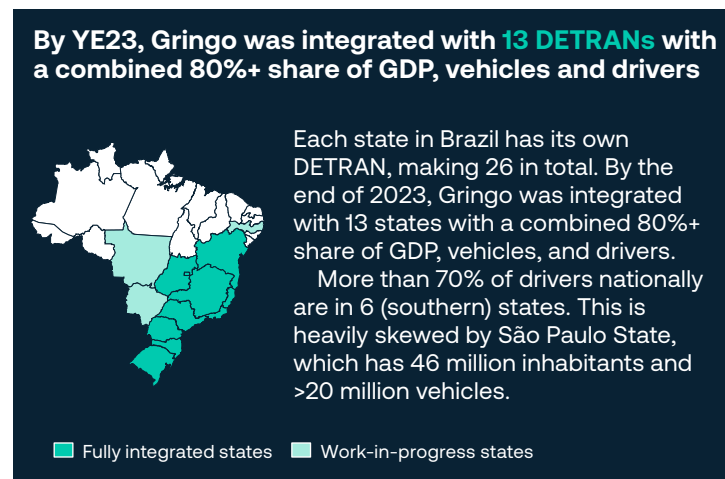
Gringo has rapidly become the leading platform for drivers in LatAm



Key risks to the Gringo investment case

- **Government innovation:** One risk Gringo may face is if government departments at a federal and state level are able to coordinate and offer a unified digital solution to these problems. However, we know these bodies are typically slow to move, and because Gringo's solutions span multiple departments and states we find it hard to see anything like this happening anytime soon.

- **Competition intensifying:** Gringo faces competitive pressures, with larger banks competing on the payment product, and private companies considering entering the space through alternative wedges (buying and selling, parking, etc.). We are confident that the Gringo team will be able to deliver these products with a unique user-centric experience.
- **Product execution:** The team has executed well on the existing payments product and delivered a great user experience with strong engagement and retention showing that the products solve real pain points. Execution risk will center around launching and effectively monetizing products like insurance and finance without compromising the experience.



Gringo must integrate with each DETRAN one-by-one, and in turn this requires integrating with a select number of banks the government uses. In some cases, there are direct API integrations, in others Gringo must integrate directly and manually. In this way, we believe Gringo is building a defensible moat and increasing DETRAN coverage is key to unlocking further growth.

The future

The future of Gringo will be characterised by accelerating the growth of users after a successful fundraise and increasing revenues from ancillary services through their marketplace.

Accelerating growth: Post fundraise, Gringo is now in a strong position to efficiently acquire customers and scale the user base. By YE23, Gringo was integrated with 13 state DETRANs with a combined 80%+ share of GDP, vehicles, and drivers in Brazil.

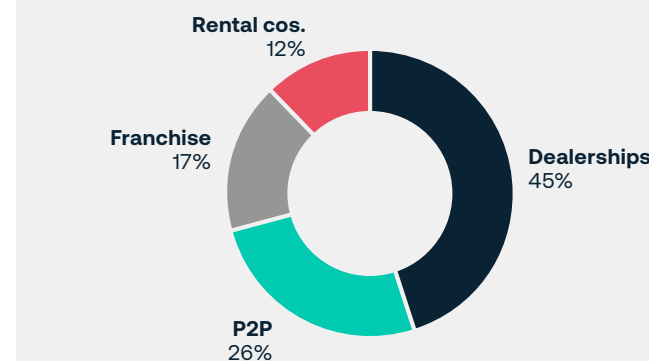
Increasing revenues from ancillary services: This will be a function of increasing cross-sell of auto equity loans and insurance, and building out vehicle 'buy-and-sell'.

- **Increasing cross-sell of auto equity loans and insurance:** Gringo sees lending and insurance as key to layering in additional revenue growth, increasing core conversion rates, and building a competitive moat of complex integrations around key ecosystem players in banking and insurance. The beauty of Gringo's marketplace solution stems from the fact that the entire loan and insurance process is completed in-app (with some information on drivers and cars already pre-filled) and without the drivers having to leave the Gringo ecosystem. This significantly improves conversions and reduces drop-off rates at every step of the process. With partners including the top three auto lenders and multiple auto insurers in Brazil, Gringo is on the front foot to scale the cross-sell of auto equity and insurance products in 2024.

- **Building out vehicle 'buy-and-sell':** In the long term, Gringo has ambitions to enter the vehicle 'buy-and-sell' market, which is among the largest revenue pools in the auto industry. C. 50% of cars in Brazil are sold offline through physical locations. Marketplaces (Webmotors, for example) typically lack a personal touch with customers and mostly provide leads of 'digital customers' to dealers and as a result, financing and insurance attach rates are low adding to the poor overall customer experience. Armed with a goldmine of customer data, transaction intelligence, and individual preferences, Gringo is gearing up to redefine the entire car-buying experience in Brazil and is currently strategizing to enter the 'buy-and-sell' market.

Split of total car sales in Brazil

(as of August 2023)



Source: B3

Gringo has an incredibly bright future ahead and, as a shareholder, we look forward to seeing the team fulfil its full potential.



On the ground in India

Every year, the VEF team brings our Board of Directors on a trip to one of our core markets, giving them an opportunity to meet our portfolio companies and some pipeline companies in person and gain a deeper understanding of the market conditions for fintech. This year we travelled to India, where the fintech ecosystem is supported by strong public markets and regulators. Thanks to its large, young population, rapidly expanding digital services, and strong economic potential, India is a market where VEF sees a large opportunity for fintech.

During the trip we spent time with the management teams of our portfolio companies, connected with the local investor ecosystem, updated our board on local public market activity and government initiatives, and met new pipeline company opportunities. India is the third largest market in our portfolio after Brazil and Mexico, and we have been active in the country for the past five years.

The key takeaway from the trip was that the Indian fintech market continues to go from strength to strength.

Seeing the potential first hand

The trip was organized by our CIO Alexis Koumoudos and India lead, Shashi Mahajan, and took place in November in the city of Bangalore, the tech capital of India. We spent time with management teams of each of our Indian portfolio companies: Juspay, Rupeek and BlackBuck.

'The cornerstone of these trips is spending quality time with the founders and management teams of our portfolio companies. Being on the board of Juspay, I have experienced their development first hand, but there is no replacement for spending time in the office with the broader team and getting colleagues at VEF engaging in person too.' says Alexis Koumoudos.

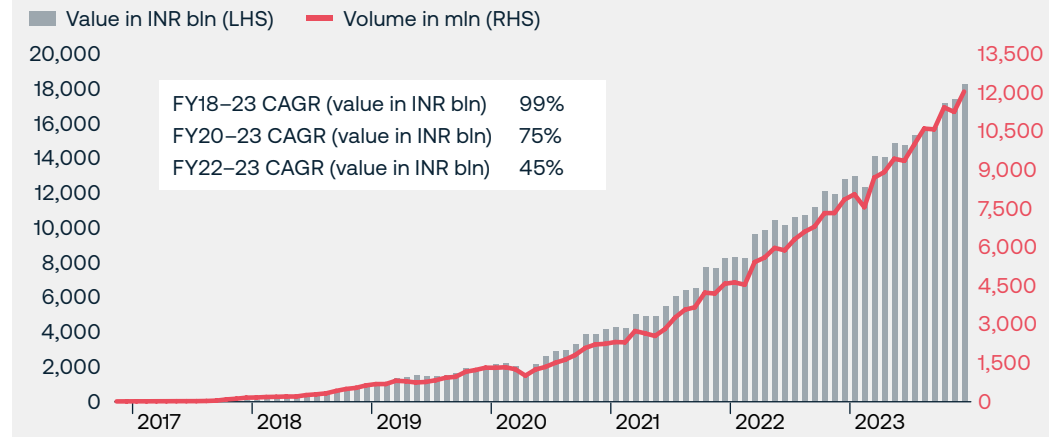


The investment case for India lies in the large, and youthful, population who are digital product users in their daily lives. There are over 600 million smartphone users in India with more than 300 million of them using them for making or receiving payments. In addition to this, India's regulators are uniquely supportive of innovation and digitization and have created a world-class digital public infrastructure evident in the success of UPI and emergence of large open networks like ONDC.

'Digital adoption rates are high in India and the fact that there is public infrastructure for digital payments creates ideal conditions for new players to emerge. Combined with a strong local VC ecosystem, there is a great foundation to participate on as an investor. We like to showcase this potential to our Board as part of these trips.' says Shashi Mahajan.

UPI has become one of the most favoured methods of payment in a short time

Value and volume of UPI transactions in India. Nov 2016–Dec 2023



FY18–23 CAGR (value in INR bln) 99%
 FY20–23 CAGR (value in INR bln) 75%
 FY22–23 CAGR (value in INR bln) 45%

A favourable ecosystem for fintechs to thrive

- 9,000+** Number of fintechs in India – 3rd most by any country
- 18** Number of fintech unicorns – 3rd most by any country
- USD 27 bln+** Cumulative private fintech financing volume in India since 2014
- 200+ IPOs** Deepening capital markets bringing exit and liquidity opportunities

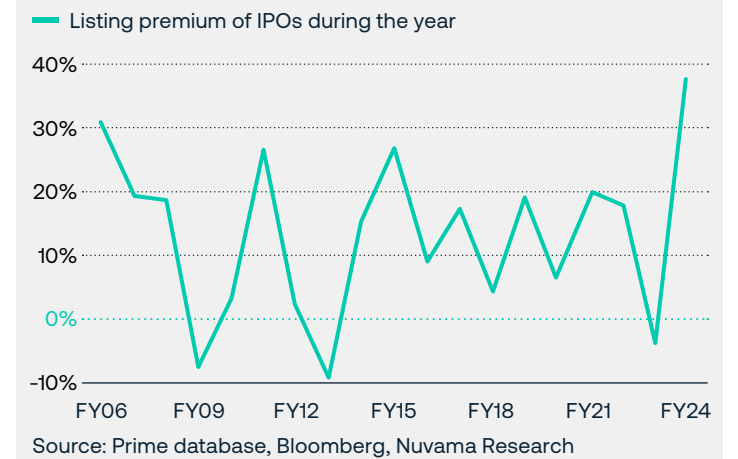
Strong public markets support ecosystem

India is experiencing a boom relative to other emerging markets, with robust capital markets fuelling strong IPO activity. In 2023, India witnessed more than 200 IPOs on its major exchanges, hitting a five-year high. This is underpinned by healthy macro tailwinds and very deep pools of domestic and international capital. These factors help drive a vibrant tech ecosystem. To continue to connect with our partners, VEF hosted an event with over forty participants from local start-ups, investment banks, and local VCs.

'Integrating and becoming trusted partners to the local ecosystem is an important part of what we do at VEF. We pair well with strong local investors who are on the ground, contributing our unique global perspectives on fintech. The depth of local capital goes beyond just the private markets. We are now seeing strong public market activity translating into a foundation for growth of later-stage companies. Our own portfolio company BlackBuck has announced preparations for an IPO in the future.' says Alexis Koumoudos.

Overall, the trip reinforced VEF's view on why India is one of the most promising emerging markets for fintech globally, and our Board came away with a deeper appreciation of the opportunity we are playing in to.

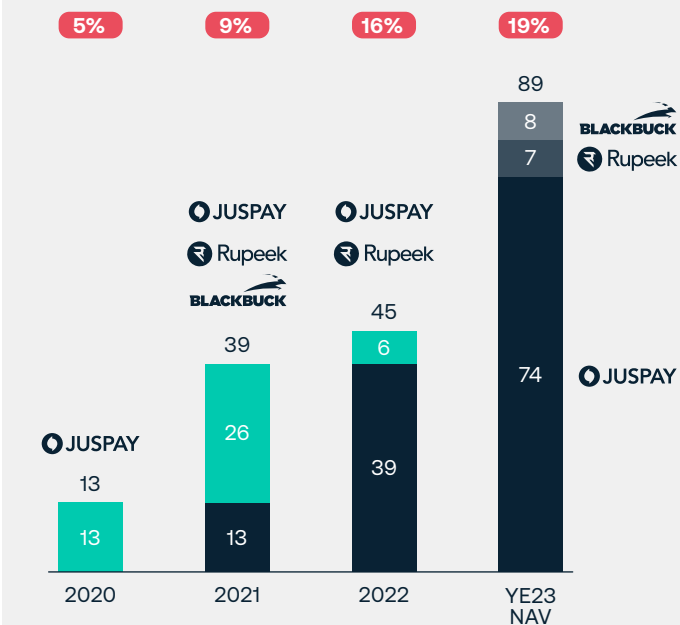
Listing premiums at all-time high in FY24



Evolution of our investments in India

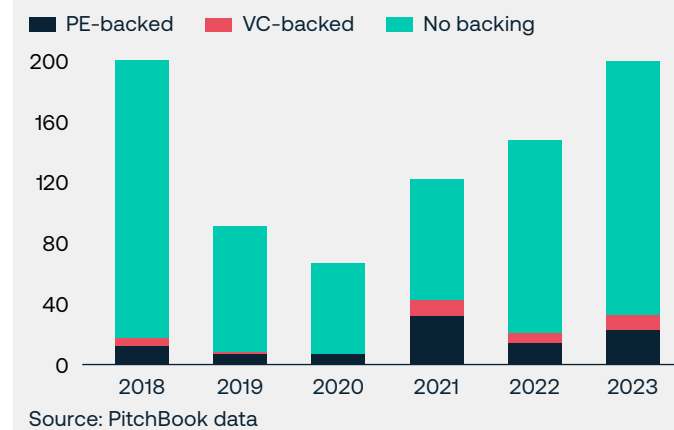
Cumulative capital invested in India since 2020

- New investments (USD mln)
- Cumulative investment since 2020 (USD mln)
- India as part of VEF portfolio



India's IPOs hit five-year high

Total IPO activity across the Bombay Stock Exchange and National Stock Exchange. As of Dec 31, 2023.



Key takeaways – why India, and why now?

- The mood on the ground was overwhelmingly positive with a stark rebound from our February 2023 trip, led by political stability, underlying economic growth and buoyant capital markets driven by very significant domestic and international capital.
- Relative to other emerging markets, India is experiencing a boom in IPO activity this year. This strong public market activity is creating a foundation for the growth of later-stage companies.

The trip reinforced our view that India is a top three geography for VEF's incremental investment dollar. In particular because of its scale, pace of development and the tailwinds for fintech, thanks in part to the progressive regulator.

Sustainability report

Sustainability highlights 2023



SEK 500 mln

Allocated to portfolio companies under the Sustainability Bond Framework



SEK 500 mln

Issued in new sustainability bonds in replacement of previously issued sustainability bonds



93%

of portfolio companies formally committed to VEF ESG Principles



93%

of portfolio companies formally committed to VEF Responsible Finance Principles



74%

of VEF portfolio value is in impactful companies*



50/50

gender balance on the VEF board



+22 mln

consumers and MSMEs** served to date by VEF portfolio companies***



+160 mln loans

and **USD 10 bln** of credit disbursed to date by VEF portfolio companies***

A word from the Head of Sustainability

What has been your greatest achievement in 2023?

We are proud to have delivered on our sustainability agenda on multiple fronts during the year. We have fully allocated SEK 500 mln of proceeds from our sustainability bonds and successfully launched a second sustainability bond. I am pleased to see that all our portfolio companies (other than one) have formally committed to our ESG Principles and Responsible finance principles, with each company signing on during the year. On the home front, the VEF board reached gender parity with Katharina Lüth joining the board in 2023.

Why is the sustainability bond so important for VEF?

Our second sustainability bond, with its focus on financial inclusion and the green transition, is a proof point that our investors believe in our ability to invest in companies that actually make a positive impact on society. Through the bond, we reconfirm our holistic approach to sustainable investments and the importance of private capital contributing to the access of fair and affordable financial services.

What are VEF's sustainability priorities for 2024?

We will work to ensure that our sustainability bonds remain fully allocated and I look forward to see the impact our investments can make. From a reporting perspective, we are preparing for complying with the new EU reporting requirements in the CSRD. A first step will be a gap analysis and a renewed materiality assessment. We will also work with our portfolio companies to increase their sustainability reporting and to support them in how they set their own sustainability agendas.

"Companies addressing challenges like financial inclusion and inequality or actively supporting the green transition not only contribute to the well-being of the communities they serve, but also present a compelling growth investment case."

- Helena Caan Mattsson, General Counsel and Head of Sustainability

* Impactful companies are defined as companies contributing to financial inclusion, fairness, wellness, enablement and access to renewable energy

** Micro, small and medium sized enterprises

*** Including data from exited portfolio company, Jumo, until June 2023 as VEF was a shareholder at that time

Our sustainability vision

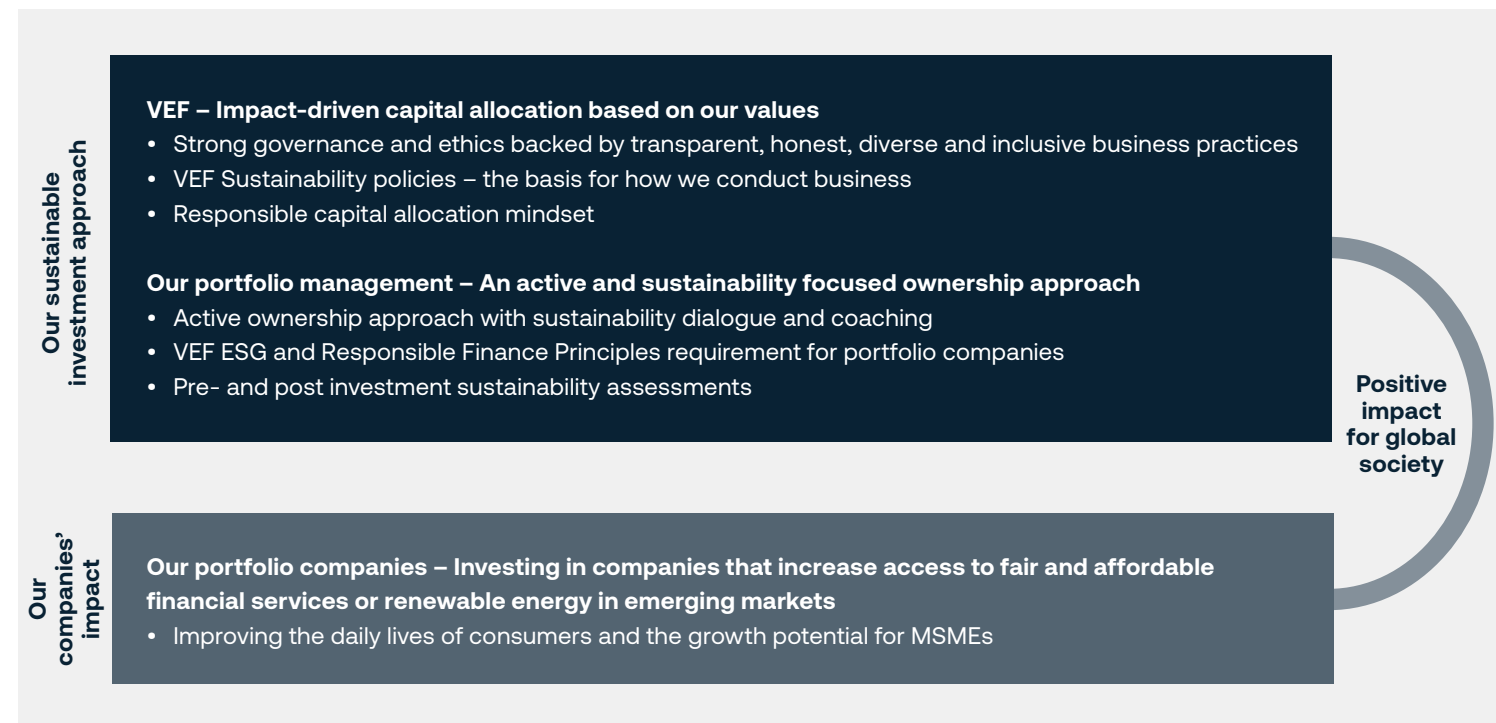
VEF's mission is to create long-term sustainable value for our shareholders by investing in the future of finance across emerging markets. We believe our sustainable investment approach creates value both for the communities we invest in and for investors. A strong sustainability strategy, backed by our company values, supports us to fulfil our mission and goals as a company. Our key value and guidance in our investments is our ever-present mantra, "if it's not ethical, it's not scalable".

Since the beginning, VEF has worked on integrating sustainability matters into our business. As a company, we have prioritized robust governance practices and being a diverse and inclusive company. Additionally, our focus has been on having a sustainability focused investment process. We've consistently believed that ensuring solid governance practices and addressing social matters is key to creating long-term value for our investors as this is crucial for growth in emerging markets. By minimizing risks and creating favourable conditions to seize opportunities, this approach supports the growth of VEF as an investment company and the investments we make and manage.

We address sustainability on three levels; as a company, in our portfolio management and in what type of companies we invest in. Firstly, VEF, as an investment company, seeks to lead by example. We have adopted a strong set of sustainability principles that we live by. Secondly, through our investment process and portfolio management we ensure that our companies follow the same principles and address their specific sustainability-related challenges. Thirdly, we invest in companies that make a difference in their local markets.

By allocating capital to companies that transform their local markets, we play an important role as an enabler of sustainable development in emerging markets. Through our sustainable investment approach, based on robust governance and business ethics as well as active ownership, we create conditions for our portfolio to grow. Our contribution to society is first and foremost through the work our portfolio companies do and ensuring that they conduct their businesses based on strong governance and business ethics.

We contribute to sustainable development in emerging markets



Investing in companies that transform their local markets – our sustainability strategy

Our sustainability strategy is to invest in companies that transform their local markets. Early on, we realized that business ethics is a precondition for scalability in our markets. Simply put – if it's not ethical, it's not scalable. By investing in companies that positively impact their customers, are value-add in their lives and contribute to their local markets, our investments will in turn create the most value for our investors.

Growing from a strong strategic foundation

Our sustainability strategy and efforts remain focused on three key areas:

1. Fintech for financial inclusion, fairness, wellness and the green transition
2. Responsible finance
3. Governance and business ethics

These three areas encompass the topics we have identified as most material to our business and investment focus. That analysis is based on our business strategy of investing in emerging markets in private fintech companies at growth stage. Our materiality analysis, which is updated on a yearly basis, has been the foundation for our sustainability strategy (available on page 94).

Investing in companies that transform their local markets

Sustainability mission	We create impact through capital allocation		
Focus areas	Fintech for inclusion, fairness, wellness and the green transition	Responsible finance	Governance & Business Ethics
Priorities	<ul style="list-style-type: none"> Improve access to financial services for consumers and MSMEs in emerging markets Improve the financial fairness, health and wellbeing for consumers and MSMEs in emerging markets 	<ul style="list-style-type: none"> Fair and transparent consumer practices Data privacy and security Responsible lending and prevention of over indebtedness 	<ul style="list-style-type: none"> Sound governance practices Regulatory compliance Anti-corruption and AML General business ethics
Our goals	<ul style="list-style-type: none"> Invest for increased access to financial products Invest for increased access to renewable energy 	<ul style="list-style-type: none"> All portfolio companies conducting responsible finance businesses 	<ul style="list-style-type: none"> VEF's organization and all portfolio companies to have strong governance routines and high business ethical conduct
Our targets	<ul style="list-style-type: none"> +50% of portfolio value in impactful companies Targets related to impacted number of consumers and MSMEs to be set in 2024 	<ul style="list-style-type: none"> 100% of portfolio companies committed to VEF's Responsible Finance Principles Zero (0) incidents of unethical finance practices 	<ul style="list-style-type: none"> Zero (0) ESG-related incidents* in our own operations and at portfolio companies 100% of portfolio companies committed to VEF's ESG Principles 100% of portfolio companies to have business ethical policies, including anti-corruption and anti-bribery
Fulfilment of goals	<ul style="list-style-type: none"> 74% of portfolio in impactful companies 	<ul style="list-style-type: none"> 93% of portfolio companies committed to VEF's Responsible Finance Principles Zero (0) incidents of unethical finance practices 	<ul style="list-style-type: none"> Zero (0) ESG-related incidents* in our own operations and at portfolio companies 93% of portfolio companies committed to VEF's ESG Principles 100% of portfolio companies to have business ethical policies, including anti-corruption and anti-bribery

* Eg. corruption, money laundering, human rights violations, data privacy breaches and violations of ESG regulations or environmental regulations.



An active and sustainability-focused investment approach

VEF takes pride in the truly active ownership approach to investing we have. Our investment decision-making process is based on two core beliefs:

1. the power of active shareholding, to ensure strong governance and responsible business practices; and
2. sustainability as a fundamental part of business.

Sustainable portfolio management starts with a robust investment process and before we invest. Prior to an investment, we work to gain a deep understanding of the company and its founders. In many cases, we have cultivated relationships with the founders and the companies from their inception, engaging extensively with them over time.

A hands-on and sustainability integrated investment process

We have an investment process backed by thorough sustainability and impact analysis.

The investment team is responsible for the sourcing and pipeline work at VEF. They are well-trained in our core sustainability principles and how to assess whether a potential investment lives up to VEF's sustainability and ethical standards. The Head of Sustainability is an integral part of the investment process and involved in all new investments from start to finish. Before any new investment is completed, a thorough due diligence covering commercial, financial, legal and sustainability matters is conducted in-house by the investment and legal/sustainability teams. Doing this in-house and in close collaboration allows a better process, tailored to each company's unique business model. The sustainability assessment is designed to minimize any risks as well as mitigate any potential negative impact our portfolio companies may have on society. As some of the markets we invest in are considered high-risk from mainly social and governance perspectives (e.g. 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. Where a potential investment has major sustainability-related issues that are not possible to overcome, such investment will not meet VEF's investment criteria and will not be completed. In addition, we aim to identify any sustainability-related opportunities within our portfolio and in particular how they can positively contribute to society.

An active and sustainability focused owner

With our active ownership approach, we seize the opportunity to be a sustainability partner to our portfolio companies' leadership and ensure that our values and ethical principles are trickled down to them. We typically have board representation, allowing us to be active, supportive, engaged, and close to the companies. We spend time on the ground with our companies multiple times a year across the VEF team, and in between those on the ground meetings, we are never further away than a Zoom call. We have set a minimum standard for all our portfolio companies with the VEF ESG Principles (see page 96 below) and VEF Responsible Finance Principles and require all portfolio companies to formally commit to these.

We conduct a yearly sustainability assessment of portfolio companies, including collecting data directly from the portfolio companies to ensure that we are up to date with any sustainability issues that may arise and to track their progress.

VEF Responsible Finance Principles

VEF's Responsible Finance Framework is based on our mantra "If it's not ethical, it's not scalable" and includes VEF's Responsible Finance Principles, a detailed guideline for what the principles mean and how to implement them in policies and processes at portfolio company level. The principles guide our investment decisions and how we manage our portfolio.

1. Provide responsible, fair, and transparent financial products
2. Have clear and understandable terms and conditions
3. Work to prevent over-indebtedness
4. Provide accessible and clear customer service in a timely and responsive manner
5. Handle personal data responsibly, securely and in accordance with law
6. Promote digital financial literacy and awareness initiatives

Responsible and impactful investing

We divide our investments into two different sustainable investment categories: Responsible Investing and Impactful Investing. All our investments fulfill the criteria of being responsible investments, but according to our own definition they are not all impactful investments. With that said, 100% of VEF's portfolio is responsibly managed according to our definition and a sustainability assessment has been made prior to all new investments since 2017. We have also conducted a sustainability assessment for 100% of portfolio companies on a yearly basis since 2017 (other than 2019). 100% of portfolio companies are subject to active ownership, management and engagement.

Responsible and impactful investing

Responsible Investing	Impactful Investing
<p>Takes into account sustainability factors pre- and post-investing, excludes and avoids investments with negative sustainability impact.</p> <ul style="list-style-type: none"> • Takes into account sustainability factors, mainly social and governance • Assessment of risks and opportunities • Assessment of sustainability status of portfolio companies • Fulfills VEF's ESG criteria • Fulfills VEF's Responsible Finance criteria • Eliminates harmful activities and fulfills VEF's exclusion criteria • Mandatory for all our investments 	<p>Portfolio companies solving for prioritized problems in society for underserved target groups and/or addressing the climate change.</p> <ul style="list-style-type: none"> • Provides positive impact on a prioritized societal problem in one of VEF impact themes: <ul style="list-style-type: none"> - Improve access to financial products for underserved people and MSMEs in emerging markets - Improve the financial fairness, health and wellbeing for people and MSMEs in emerging markets - Improve access to renewable energy sources through financing and distribution solutions in emerging markets

Sustainability focus throughout the whole investment process and life of the investment

Active ownership and hands on sustainable investment process			
Pre-investment		Post investment	
Sourcing phase	Investment phase	On boarding phase	Value creation phase
<ul style="list-style-type: none"> • Relationship building with companies and their founders • Sourcing with a sustainability lense – "If it's not ethical, it's not scalable" 	<ul style="list-style-type: none"> • Investment team commercial due-diligence, integrating sustainability considerations at high level (such as, responsible finance- and impact assessment) • Detailed sustainability and impact due-diligence focused on our focus areas conducted by VEF sustainability team in collaboration with investment team • Ensuring board representation as member or observer 	<ul style="list-style-type: none"> • Formal commitment to VEF ESG and Responsible Finance Principles • Initial assessment of sustainability gaps 	<ul style="list-style-type: none"> • Active ownership through board representation and regular contact • Time on the ground with team and founders • Continuous dialogue and sustainability coaching • Annual post-investment sustainability assessment and sustainability data collection

Fintech driving impact

VEF's largest and most meaningful contribution to emerging markets is the positive impact the portfolio companies can have on society by providing access to financial products to consumers and MSMEs in these markets. VEF can make a difference by allocating capital to companies that contribute to development of society and the lives of consumers and MSMEs in the emerging world.

Fintech for financial inclusion, wellness and fairness

In large parts of the world, financial services for consumers and MSMEs¹ are either unavailable, of poor quality and/or discriminately expensive. 1.4 bln adults globally remain unbanked and many of those are in our core markets, including India, Pakistan and Indonesia.² Fintech companies providing digital financial services, such as mobile wallets, electronic payments, fintech apps, digital credit services, etc. can reach people and businesses previously excluded from these services and can support positive change in emerging markets.³ Digital financial services have been recognized as critical for accelerating financial inclusion, in particular in emerging markets.⁴

“Financial inclusion is improving fastest in the economies that have – or are building – a digitally-enabled financial system.”

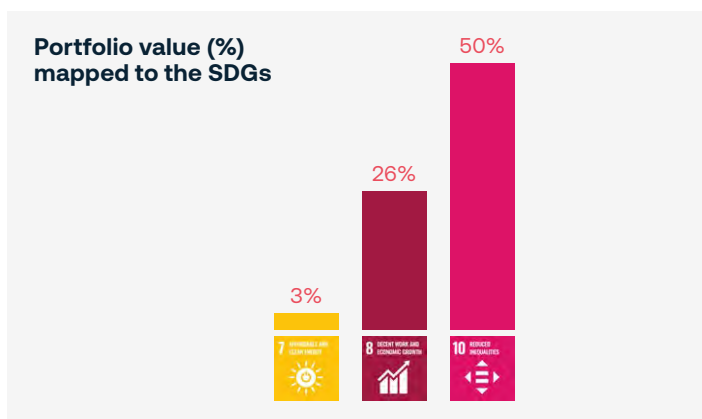
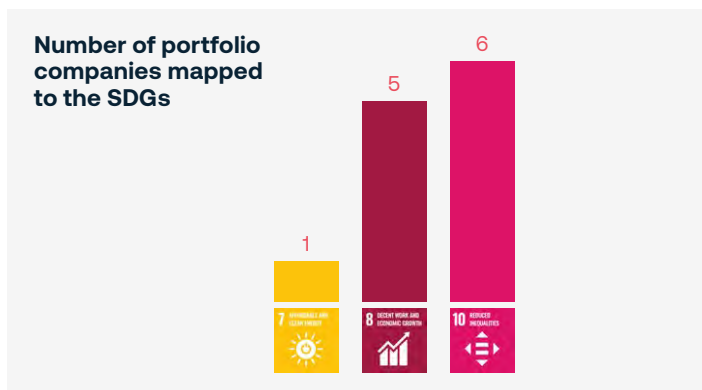
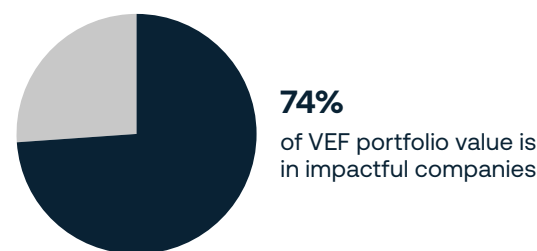
– The 2023 Global Financial Inclusion Index

Fintech for the green transition

Improving access to renewable energy in emerging markets is key for the transition to a carbon-free society. As emerging markets are home to over 60% of the global population, and are expected to account for almost 80% of the global growth in electricity demand going forward (given increasing populations, economic development and rising incomes), it will not be possible to achieve net zero without including these markets.⁵ Fintech companies can play a pivotal role by unlocking access to financial solutions that allow and enable investing in renewable energy sources, particularly for consumers.

Our companies transform their local markets

From Brazil to Mexico, India, Pakistan and beyond, our portfolio companies increase access to financial services and contribute to financial inclusion, wellness and fairness or the green transition in emerging markets. By targeting underserved consumers and MSMEs, our portfolio companies improve access to financial products. Through digital solutions they reach many consumers and MSMEs previously excluded and improve financial fairness, health, and wellbeing in their markets. Below is a short introduction to some of portfolio companies that have a business model that contribute to positive impact according to our definition of impactful investing. You can read more about the businesses of each one of these in the section Investment portfolio on pages 34–45.



1. Defined as per the IFC definition: IFC's Definitions of Targeted Sectors
 2. Global Findex Database 2021 reports increases in financial inclusion around the world during the COVID-19 pandemic (worldbank.org)
 3. Digital-Financial-Services.pdf (worldbank.org)
 4. Global Financial Inclusion Index 2023 (principal.com)
 5. IEA Outlook 2023 – Report

Konfio

Konfio builds digital banking and software tools to boost SME growth and productivity in Mexico, offering working capital loans, credit cards and digital payments solutions through three core offerings: credit, payments and SaaS. SMEs have historically been underserved by traditional banks in Mexico, and thus have poor access to financial services – with only two out of ten businesses having access to formal credit. With their 100% digital process, Konfio has the ability to reach SMEs across all of Mexico, including remote and rural areas.

Impact theme: Improve access to financial products for underserved MSMEs



SDG 8.3

Impact:

- Served +39k MSMEs with loans to date
- Originated 65k loans to date
- +50% are sole proprietors
- c. 30% are female owned businesses
- c. 23% of business owners are below 35 years
- For 82% of customers during 2023 their credit with Konfio was their first business loan

Rupeek

Rupeek is one of India's leading asset-backed digital lending platforms focused on gold-secured loans. Through its digital lending platform, Rupeek offers low interest rate doorstep and branch gold-secured loans and gold-backed credit cards to consumers in India. Rupeek is building products to make credit accessible to Indian households in a fair and convenient manner.

Impact theme: Improve access to financial products for underserved people and MSMEs and financial fairness, health and wellbeing for consumers and MSMEs



SDG 8.3



SDG 10.2

Impact:

- Consumers and MSMEs in India are massively underserved by traditional banks and have limited access to affordable credit
- 165k unique customers to date
- Originated c. 650k loans and c. USD 2 bln in total to date

Mahaana

Mahaana is Pakistan's first digital wealth management company, building a platform to allow working class Pakistanis to better invest their savings and pensions.

Impact theme: Improve access to financial products for underserved people



SDG 10.2

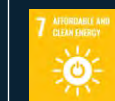
Impact:

- Mahaana is targeting blue collar workers in Pakistan who are massively underserved when it comes to financial services in Pakistan

Solfácil

Solfácil is building a digital ecosystem for solar energy adoption in Brazil, allowing consumers to access financing for the purchase of solar panels. Brazil has some of the highest electricity costs in the world, and financing the installation of a solar system is estimated to be several times cheaper than a fully conventional supply across its lifetime.

Impact theme: Improve access to renewable energy sources



SDG 7.2

Impact:

- Through its platform, Solfácil contributes to the access and spread of renewable energy in Brazil.
- Served more than 85k customers with solar financing to date

creditas

Latin America's leading digital lending company focusing on leveraging collateral for more affordable rates to consumers.

Impact thesis: Improve financial fairness, health and wellbeing of consumers

Consumers in Brazil pay some of the highest interest rates in the world for unsecured credit, while access to secured credit is limited for average consumers.



SDG 10.2

abhi

Financial wellness company offering early wage access to employees in Pakistan.

Impact thesis: Improve access to financial products for underserved consumers and MSMEs

Only 21% of the adult population have a bank account, and as little as 2% of adults and 7% of MSMEs receive formal credit from financial institutions.



SDG 8.3



SDG 10.2

transferGo

Provides low-cost digital money transfer services to migrants. Customers pay up to 90% less compared to traditional banks.

Impact thesis: Improve financial fairness, health and wellbeing for consumers

Migrant workers sending money to their families in their home markets often pay high transaction costs for remittance services from traditional banks.



SDG 10.c

Our sustainability bonds are a commitment to impact

Since 2022, our sustainability bonds have been a large and important step to deploy our impact strategy by allocating capital that support the focus areas for our sustainability work. We are convinced that the selected themes – financial inclusion, financial fairness and well-being, financial infrastructure and enablement and renewable energy – are attractive both from a business return and societal impact perspective.

Our first sustainability bond was announced in April 2022, with an issuance of SEK 500 mln in sustainability bonds under our Sustainability Bond Framework (aligned with the internationally recognized sustainable bond principles of the International Capital Markets Association (ICMA)). In November 2023 we renewed the Sustainability Bond Framework and issued new SEK 500 mln in sustainability bonds and cancelled our old bonds.





With the second sustainability bond, we have renewed our commitment to invest capital in companies that contribute to prioritized sustainability challenges in emerging markets. The bond was well received among investors believing in our ability to invest capital in companies contributing positively to society and is a recognition of what we have always said is a great portfolio of companies with high positive impact for consumers and MSMEs in emerging markets.

In April 2023, we issued our first Impact and Allocation Report, announcing that we had fully allocated the funds from the bonds to some of the true sustainability champions of our portfolio. You can read the Impact and Allocation Report [here](#). Our second Impact and Allocation Report will be released in April 2024.






Photo: Aakash Goel (Unsplash.com)

Sustainability Bond Framework – Eligible Sustainability Investment Categories

	Details	Target population	Sustainability Bond Principles aligned category
 Financial inclusion	Improved access to the following financial products: <ul style="list-style-type: none"> Savings Insurance Loans Payments 	Underserved people and MSMEs in emerging and frontier markets	<ul style="list-style-type: none"> Access to essential services Employment generation Socioeconomic advancement and empowerment
 Financial fairness and wellness	Improve financial fairness, health and wellbeing, through: <ul style="list-style-type: none"> Lowering the price of financial products Improved access to a broader array of financial products Transparent fee structures and other cost implications of products transparency 	Emerging and frontier markets where the offer of financial products is limited and underdeveloped in several aspects	<ul style="list-style-type: none"> Access to essential services Socioeconomic advancement and empowerment
 Financial infrastructure and enablement	Development of services related to financial infrastructure buildout in areas such as payments	Underserved consumers and MSMEs in emerging and frontier markets, where the financial infrastructure does not support financial services to be accessed	<ul style="list-style-type: none"> Access to essential services Socioeconomic advancement and empowerment
 Renewable energy	Improve access to affordable renewable energy sources through financing and distribution solutions offering private individuals the opportunity to install solar cells		<ul style="list-style-type: none"> Renewable energy

Sustainability bond allocation April 2023

The gross proceeds from issued sustainability bonds were used to finance and refinance VEF's investments in companies that derive 90% or more of their revenues from one or several sustainable finance categories

	SEK 244 mln	
	SEK 181 mln	
	SEK 64 mln	
	SEK 10 mln	

Investment portfolio

Portfolio development

Net asset value

VEF's NAV as of December 31, 2023, was USD 442.2 mln (381.8) or USD 0.42 per share (0.37).

Given a SEK/USD exchange rate of 10.04 (10.43) this corresponds to a NAV of SEK 4,441 mln (3,981) or 4.26 SEK per share (3.82).

Over the year, VEF's NAV in USD increased by 16%, and VEF's share price in SEK decreased by 25% while the MSCI Emerging Markets index* increased by 10%. The increase in NAV is a result of improved listed peer group multiples, a strengthening in key portfolio currencies and improved portfolio forecasts.

Investments

During 2023, gross investments in financial assets were USD 8.0 mln (81.7).

All of the USD 8.0 mln was attributable to additional investments in current portfolio companies. Follow-on investments were made into Creditas (USD 5.0 mln) and Gringo (USD 3.0 mln).

Divestments

Gross divestments in financial assets were USD 39.2 mln (42.0) of which all relates to divestments in liquidity investments.

Revaluations

The three largest positive revaluations of financial assets in terms of USD during the year were Konfío (USD 55.2 mln), Juspay (USD 26.6 mln) and TransferGo (USD 10.6 mln).

Liquidity placements

VEF has investments in a money market fund and bonds as part of its liquidity management operations. As per December 31, 2023, the liquidity investments are valued at USD 3.9 mln (39.9), based on the latest closing price.

Net asset value

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

Company	Fair value Dec 31, 2023	Net invested amount	Net investments/divestments 2023	Change in fair value 2023	Fair value Dec 31, 2022	Valuation method
Creditas	188,828	108,356	5,000	-9,249	193,076	Mark-to-model
Konfío	95,349	56,521	-	55,203	40,146	Mark-to-model
Juspay	74,053	21,083	-	26,582	47,471	Mark-to-model
TransferGo	26,996	13,877	-	10,649	16,347	Mark-to-model ¹
Gringo	17,289	15,249	3,000	2,040	12,250	Latest transaction
Solfácil	15,628	20,000	-	-4,372	20,000	Mark-to-model
Nibo	12,708	6,500	-	5,891	6,817	Mark-to-model
FinanZero	8,395	5,163	-	310	8,085	Latest transaction ¹
Rupeek	7,727	13,858	-	-7,468	15,195	Latest transaction
BlackBuck	7,296	10,000	-	402	6,894	Mark-to-model
Other ²	5,751	34,119	-	-8,768	14,519	
Liquidity investments	3,893	800	-39,159	3,175	39,877	
Investment portfolio	463,913	305,526	-31,159	74,395	420,677	
Cash and cash equivalents	17,708				8,612	
Other net liabilities	-39,392				-47,458	
Total net asset value	442,229				381,831	

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

1. Attributable to currency exchange differences.

2. Includes all companies individually valued at less than 1% of the total portfolio.



Brazil



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.


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.

In 3Q23 VEF made a follow-on investment of USD 5.0 mln into Creditas as part of a convertible round, taking the total invested amount in Creditas to USD 108 mln.

Recent highlights:

- In 2023, Creditas reported revenue of BRL 2 bln, a 25% YoY growth in revenue. The company's focus on profitability and efficient operations is paying off, with gross profit surging by 192% to BRL 639 mln in 2023 and operational break-even achieved in Dec-23. Solid credit quality, evidenced by the lowest cost of credit since 2021, coupled with strategic capital strengthening, positions Creditas to deliver profitable growth in 2024.
- At the end of 2023, Creditas' loan portfolio reached over BRL 5.6 bln.

 creditas.com

 Segment:
Secured lending platform

 Fair value (USD):
188.8 mln

 VEF Stake:
8.7%

 Share of VEF's portfolio:
40.7%




Gringo is the largest digital platform for drivers in Brazil.


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

In 3Q23, VEF invested an additional USD 3.0 mln into Gringo as part of its USD 20.0 mln Series C round led by Valor. The round also saw participation from other existing investors.

Recent highlights:

- In September, Gringo raised a USD 20.0 mln Series C round led by Valor Capital at a higher valuation than previous rounds on the back of a strong operational performance in 2023. Gringo's fundraise is one of the few late-stage funding rounds taking place amidst the challenging market environment in Latin America in 2023.
- In 2023, Gringo grew the active user base to over 5 mln drivers and volumes by 2x YoY.

 gringo.com.vc

 Segment:
Super-app for drivers

 Fair value (USD):
17.3 mln

 VEF Stake:
9.8%

 Share of VEF's portfolio:
3.7%

Solfácil


Solfácil is a renewable energy platform that allows Brazilian individuals and SMEs to finance and own their solar panels.


Solfácil is building a digital ecosystem for solar energy adoption in Brazil. It offers a holistic solution covering solar equipment procurement and distribution, financing and insurance solutions for the end user, and proprietary IoT technology to optimise monitoring and service post installation. The value proposition of solar in Brazil is strong given highly attractive climate conditions, and has been strengthening over recent years thanks to electricity market dynamics, a favourable regulatory environment and falling solar input costs. Solar financing is therefore a huge opportunity in Brazil.

In 1H22, VEF invested USD 20.0 mln into Solfácil, participating in its USD 130 mln Series C round led by QED and also saw participation from SoftBank and existing investors.

Recent highlights:

- Solfácil continued to scale operations through 2023 and now represents the second largest rooftop solar financier in Brazil.

 solfacil.com.br

 Segment:
Digital ecosystem for solar energy

 Fair value (USD):
15.6 mln

 VEF Stake:
2.6%

 Share of VEF's portfolio:
3.4%


FinanZero

FinanZero is the leading digital marketplace for consumer loans in Brazil.

The 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. Acting as an independent broker, FinanZero negotiates the customer's loan with a network of 80 lenders, handling 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.

Recent highlights:

- In 2Q23, FinanZero closed a SEK 15.0 mln funding round as an extension to, and at the same terms and valuation as the SEK 40.0 mln raise in 3Q22. VEF did not participate in the round.

 finanzero.com.br

 Segment:
Consumer credit marketplace

 Fair value (USD):
8.4 mln

 VEF Stake:
18.3%

 Share of VEF's portfolio:
1.8%

nibo

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, SMEs and their BPO providers (Business Process Outsourcing), that helps them improve their productivity. Nibo is accumulating and managing 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.

Since VEFs initial investment into Nibo in 2Q17 VEF made two follow-on investments in 2019 and 2020 and has in total invested USD 6.5 mln.

Recent highlights:

- Nibo now serves over 400,000 SMEs through a network of more than 4,600 accountants, continuing to gather one of the largest and richest data sets on SMEs in Brazil.

 nibo.com.br

 Segment:
Accounting SaaS

 Fair value (USD):
12.7 mln

 VEF Stake:
20.1%

 Share of VEF's portfolio:
2.7%

Mexico

Konfio


Konfio builds digital banking and software tools to boost SME growth and productivity in Mexico, offering working capital loans, credit cards and digital payment solutions.

SMEs have historically been underserved by traditional banks in Mexico, and thus have poor access to financial services – with only two out of ten businesses having access to formal credit. Konfio has built an ecosystem of solutions for SMEs to boost their growth and productivity. At the core, Konfio's working capital loan product leverages traditional and non-traditional data sources and proprietary technology to assess credit risk of customers, generating loan offers with dynamic terms in less than 10 minutes in a 100% digital process. Konfio also offers credit cards, payments and SaaS tools as part of the broader product suite.

Recent highlights:

- Konfio continues to post strong growth across key metrics, and at the end of 2023 the company's total loan portfolio stood at c. MXN 7 bln.
- Over the course of the year Konfio renewed several credit lines with key lenders, including Goldman Sachs and J.P. Morgan, underscoring the trust these partners have in Konfio's business model and the company's commitment to serving Mexican SMEs.

 **konfio.mx**

 Segment:
Financial services for SMEs

 Fair value (USD):
95.3 mln

 VEF Stake:
10.3%

 Share of VEF's portfolio:
20.6%

minu


minu is an employee financial wellness company offering a digital compensation and benefits platform to thousands of employees in Mexico.

In a country where 75% of the population live paycheck to paycheck, minu is on a mission to improve the financial health of millions of workers across Mexico. minu partnering with large corporate employers to give their employee base access to minu's platform which provides over 30 benefits including insurance, telemedicine, financial education, savings and credit products, and minu's market-leading salary on-demand and benefit card offering. The B2B2C subscription-based distribution model is a win-win for employers and their employees whose needs are aligned: minu's solution improves the financial, physical and mental wellbeing of employees, leading to financially healthier and thus more productive workers.

Recent highlights:

- minu has made significant progress in 2023, expanding their employer base to 400 companies and growing revenues by 120%.
- During 2023, minu introduced a benefit card offering, with already 500+ employers on board.

 **minu.mx**

 Segment:
Salary on-demand

 VEF Stake:
1.2%

 Share of VEF's portfolio:
<1%

India

JUSPAY


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


Juspay offers a unifying layer of products and value-added services to merchants, thereby enabling them to improve their conversion rates. Juspay has played a key role in India's payment transformation and is present on 300 mln+ smartphones and processing USD 110 bln+ annualized TPV.

VEF has made a cumulative investment of USD 21.1 mln into Juspay, investing USD 13.0 mln leading its broader Series B round and investing an additional USD 8.1 mln in its Series C round 2022.

Recent highlights:

- Strong growth in most financial metrics with YTD (Nov-23) annualized processed TPV of USD 110 bln+ and net revenues growing at 50%+ YoY.
- Went live with Google Pay, India's second largest UPI player with 30%+ market share, empowering its end-to-end UPI requirements and helping provide a seamless UPI experience for its customers.
- Introduced SAFE 2.0, a refined SDK for an enhanced payment experience. SAFE 2.0 ensures up to 10% success rate improvement and exemplifies Juspay commitment to setting a new standard in seamless and secure payments.

 **juspay.in**

 Segment:
Mobile payments platform

 Fair value (USD):
74.1 mln

 VEF Stake:
10.2%

 Share of VEF's portfolio:
16.0%

Rupeek


Rupeek is one of India's leading asset-backed digital lending platforms focused on gold-secured loans.


Through its digital lending platform, Rupeek offers low interest rate doorstep gold loans and gold backed credit cards to consumers in India. Rupeek is building products to make credit accessible to Indian households, which hold over 25,000 tonnes of gold worth c. USD 1.5 tln, in a fair and convenient manner.

In 2Q23, Rupeek raised an additional USD 5.2 mln to fund its growth plans and is currently in talks about raising even more to further accelerate the business. In total VEF has invested USD 13.9 mln into Rupeek.

Recent highlights:

- Onboarded new lending bank partners at attractive cost of funding to diversify the capital pool. Also strengthened on the ground presence through leveraging of bank partner branches for a branch walk-in model for underwriting.
- Launched value-added products like high LTV products, gold loan protect insurance and gold theft insurance for all customers. Rupeek continues to scale first-in-the-market co-branded gold-backed credit card in partnership with Indian Bank and working on launching similar cards with other bank partners.

 **rupeek.com**

 Segment:
Secured lending platform

 Fair value (USD):
7.7 mln

 VEF Stake:
2.5%

 Share of VEF's portfolio:
1.7%



BlackBuck is the largest online trucking platform in India.

Founded in 2015, BlackBuck has been a pioneer in bringing the offline operations of trucking online and digitizing fleet operations for truckers (payments solutions around tolls and fuel). The company also operates a marketplace matching trucks with relevant loads and is leading a transformation in the India logistics industry, which is fast moving from paper and pencil to digital.

VEF made its initial USD 10.0 mln investment into BlackBuck in 3Q21.

Recent highlights:

- Achieved operational break-even in 3Q23 exhibiting 50%+ topline growth and consistent improvement in margins.
- Acquired approval for an NBFC license and launched used commercial vehicle financing business through a co-lending model for truckers across India.

blackbuck.com

Segment: **Online trucking platform**

Fair value (USD): **7.3 mln**

VEF Stake: **1.0%**

Share of VEF's portfolio: **1.6%**

Emerging Europe



TransferGo is a low-cost digital money transfer business for migrant customers across the globe.

Global remittance volumes total USD 700 bln annually and growing. For years, customers have been underserved by incumbent banks and traditional money transfer operators, where pricing is too high and speed too low. 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. Today TransferGo's 6 mln customers send money to over 160 countries across the world, with high market share in key markets such as Ukraine, Turkey and the CEE.

Recent highlights:

- TransferGo co-founders Daumantas Dvilinskas and Justinas Lasevicius were named as Endeavor Entrepreneurs, selected as the first Lithuanians to join the global network. Endeavor recognises high-impact entrepreneurs and aims to support and accelerate the growth of their businesses.
- TransferGo's strong financial performance resulted in the company turning profitable in 2023, securing the company's future while maintaining robust growth.

transfergo.com

Segment: **Digital payments and cross-border remittances**

Fair value (USD): **27.0 mln**

VEF Stake: **11.9%**

Share of VEF's portfolio: **5.8%**



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

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 is increasingly 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 (REVO) is the leading player in the Russian and CEE market.

Mokka works with numerous scale merchants both online and offline 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:

- Despite writing the value of our position in REVO down to zero in 1Q22, REVO's business continues to post impressive financial performance and remains profitable.

mokka.ru

Segment: **Payments and consumer credit**

VEF Stake: **23.0%**

Share of VEF's portfolio: **0%**

Pakistan

Abhi

Abhi is a financial wellness company that empowers businesses and their employees through earned wage access (EWA), invoice factoring and payroll solutions in Pakistan, the UAE and Bangladesh.

Abhi aims to redefine access to financial services for both businesses and employees across Pakistan, the UAE and Bangladesh. For their EWA product, Abhi partners with large corporates across these markets to access an employee base of hundreds of thousands of workers, and allowing these employees to access their earned income and avoid expensive payday loans when they need it most. Modernising 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 invoice factoring and payroll solutions to these partner businesses, further strengthening the partnership and aligning interests.

Recent highlights:

- In May 2023 Abhi became the first fintech in the MENAP region to issue an Islamic Bond (Sukuk). Abhi raised PKR 2 bln from bond holders, with the capital used to further grow the loan book and serve companies with working capital and their employees via EWA.
- Abhi expanded its business into the UAE and Bangladesh during the course of the year, experiencing impressive growth as they entered these new markets and formed partnerships with corporates on the ground.



abhi.com.pk



Segment:
Salary on-demand



VEF Stake:
11.0%



Share of VEF's portfolio:
<1%

Finja

Finja is a digital lending platform for SMEs and their supply chains in Pakistan.

Pakistan is massively underpenetrated in terms of financial services and credit, with as little as 7% of SMEs receiving formal credit from financial institutions. Pairing this opportunity with the fast growth of smartphone penetration in the country, Finja provides small-ticket working capital loans to Kiryana stores and invoice financing for FMCG distributors to purchase inventory on credit. Operating in partnership with HBL, the country's largest bank, Finja is fulfilling major demand for credit in the market currently underserved by traditional financial institutions.

Recent highlights:

- Finja has managed to navigate a challenging macroeconomic situation in Pakistan during 2023, continuing to lend to customers in their core segment of Kiryana merchants.



finja.pk



Segment:
Digital lending and payments



VEF Stake:
21.2%



Share of VEF's portfolio:
<1%

Mahaana

Mahaana is Pakistan's first digital wealth management company, building a platform to allow working class Pakistanis to better invest their savings and pensions.

While the savings and pension model has been practiced in developed markets for decades, in contrast Pakistan still employ an unsustainable, high-cost defined benefit pension model. The savings rate in Pakistan significantly lags peers, with pensions poorly funded on a group basis invested in bank deposits and treasuries earning below inflation returns or funded from corporate balance sheets and government budgets.

Mahaana has secured regulatory approvals to introduce technology-led investment management in Pakistan and has begun onboarding corporates to begin investing their employee's pensions and savings.

Recent highlights:

- During 2023, Mahaana initiated collaborations with its partner, IGI Life Insurance, to launch a new voluntary pension fund in Pakistan.
- Mahaana launched Pakistan's first digital fixed-income Islamic fund under the SECP's Digital AMC framework.



mahaana.com



Segment:
Digital wealth management



VEF Stake:
13.8%



Share of VEF's portfolio:
<1%

The VEF share

VEF has been a listed company since 2015. On June 1, 2022, VEF took a big step on its journey to be the leading investor in the future of finance across the emerging world by moving from First North Growth Market to Nasdaq Stockholm's main market. The closing price for the year was SEK 1.84, a decrease by 25% in 2023. During the same period, the MSCI Emerging Markets index increased by 10% in USD terms. Since incorporation, VEF's compounded annualized share price growth rate is 7%.

Share and share capital

VEF AB (publ)'s share capital is distributed among 1,093,199,255 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 convertible shares of Class C 2020, 2021 and 2022 are held by management and key personnel of VEF under the Company's long-term incentive programs ("LTIP"). The Class C shares are redeemable pursuant to the terms set out in the Company's articles of association.

Share class	Number of shares	Number of votes	Share capital (SEK)
Common shares ¹	1,041,865,735	1,041,865,735	10,540,805
Class C 2020	32,751,250	32,751,250	331,352
Class C 2021	8,229,375	8,229,375	83,259
Class C 2022	10,352,895	10,352,895	104,743
Total	1,093,199,255	1,093,199,255	11,060,159

1. In May, 2023, 12,824,243 repurchased common shares were retired. The company holds no shares in treasury.

Common shares

The common shares trade on Nasdaq Stockholm under the ticker VEFAB. At year-end, the total number of outstanding shares in the company was 1,093,199,255, of which 1,041,865,735 are common shares.

No Class C shares were converted into common shares during 2023.

Class C 2020, 2021 and 2022 redeemable, convertible common shares

Within the framework of the LTIP for management and key personnel of VEF of 2020, 2021 and 2022, participants subscribed for Class C shares in the Company. The Company's extraordinary general meeting on Oct 3, 2023, approved a new LTIP 2023 for seven key employees but the Class C 2023 shares were issued in the beginning of 2024 and are therefore not included in 2023 year's share count. Depending on the performance of both the Company's NAV/share and share price, some or all of the Class C shares will be redeemed or reclassified as 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 Class C shares during the measurement period.

Ownership structure

VEF had a total of approximately 17,600 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 largest is the Acacia funds (Conifer Management LLC).

VEF held no repurchased common shares at year end.

Shares issued during the year

No shares were issued during 2023.

Share turnover

During 2023, the total turnover of the VEF share was SEK 0.4 bln, with an average daily turnover of SEK 1.6 mln and 0.7 mln shares. Trading has been conducted 100% of the time.

Repurchases of own shares

At the annual general meeting of the Company on May 9, 2023, the Board's mandate to buy back own shares was renewed. It was also decided that the Company's 12,824,243 repurchased shares would be retired, which took place on May 15, 2023.

The board has not used its mandate to buy back shares. No shares were repurchased during 2023 and VEF held no repurchased shares in treasury at year end.

Dividends

No dividend has been proposed for the year.

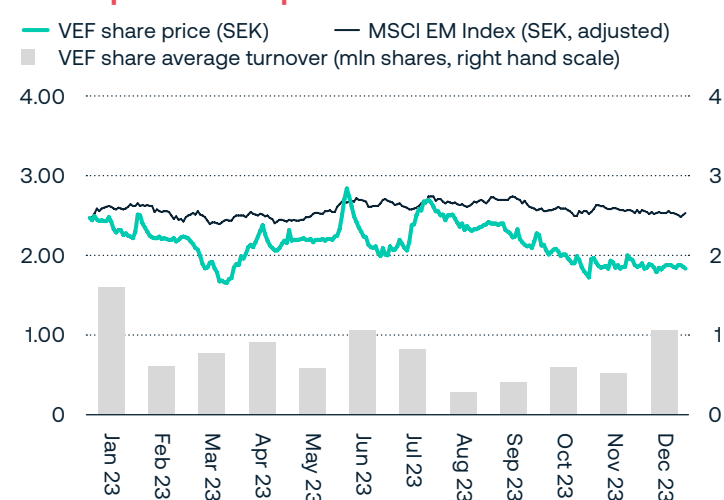
Major shareholders

As per December 31, 2023	Number of common shares	Number of C-shares	Holding and votes, %
Conifer Management LLC	217,718,740	–	19.9%
Fidelity Investments (FMR)	109,319,925	–	10.0%
Swedbank Robur Funds	92,102,205	–	8.4%
City of London Investment Management	55,442,324	–	5.1%
David Nangle	19,932,581	19,950,000	3.6%
Libra Fund ¹	36,932,229	–	3.4%
Wasatch Advisors Inc. ¹	33,080,492	–	3.0%
Fidelity International (FIL)	26,411,933	–	2.4%
Asset Value Investors	24,366,968	–	2.2%
Mondrian	20,000,000	–	1.8%
10 largest owners	635,307,397	19,950,000	59.9%
Other holders (approx. 17,600)	406,558,338	31,383,520	40.1%
Total	1,041,865,735	51,333,520	100.0%

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

1. Holding as per the latest notification to the Company.

Share price development and turnover 2023

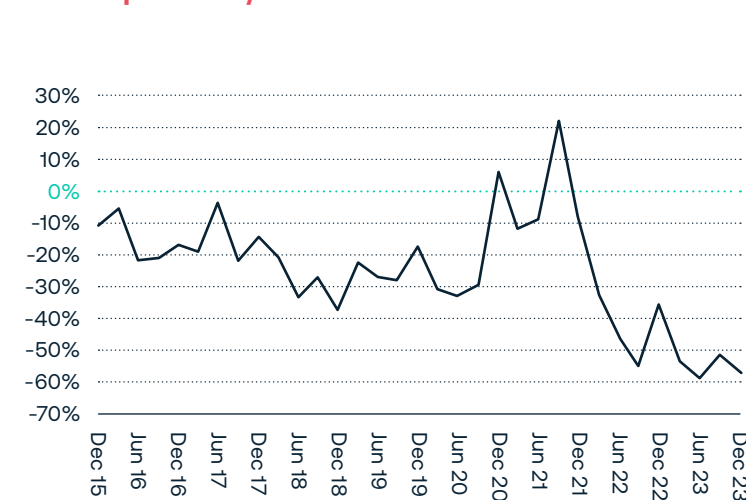


The market

VEF's shares are traded on Nasdaq Stockholm under the ticker VEFAB. 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 Stockholm short name (ticker)	VEFAB
Bloomberg	VEFAB:SS
Financial Times	VEFAB:STO
Yahoo Finance	VEFAB:ST

Share premium/discount to NAV



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, 2023–December 31, 2023.

VEF AB (publ) was incorporated as a shelf company on December 7, 2020, but changed name to VEF AB (publ) and became active on May 28, 2021. The registered office is at Mäster Samuelsgatan 1, 111 44 Stockholm, Sweden. The common shares of VEF AB (publ) are listed on Nasdaq Stockholm with the ticker VEFAB.

The Group's presentation currency is USD, and the Parent Company's presentation currency is SEK due to Swedish Company regulations.

The annual report and consolidated financial statements were approved by the Board on March 28, 2024.

Business concept

VEF invests in fast growing private fintech companies across the emerging world. VEF takes minority stakes and is an active investor with board representation in most 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, 2023, VEF holds investments in 15 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, 2023, the VEF Group consists of the Swedish Parent company VEF AB (publ) and three wholly owned subsidiaries; VEF Cyprus Limited, VEF Fintech Ireland Limited and VEF UK Ltd. VEF AB (publ)'s previous subsidiary VEF Service AB was liquidated in 2Q23. VEF Cyprus Limited act as the main investment vehicle for the group, holding twelve of fifteen 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 Fintech Ireland Limited and VEF UK Ltd, providing business and investment support services to the Group.

Five-year summary (KUSD)	Note	2023	2022	2021	2020	2019
Equity and Net asset value	24	442,229	381,831	761,728	388,066	249,439
Net asset value change, %		16%	-50%	96%	56%	24%
Net asset value/share, USD	24	0.42	0.37	0.73	0.47	0.38
Net asset value, TSEK	24	4,440,677	3,981,466	6,884,560	3,178,263	2,324,684
Net asset value/share, SEK	24	4.26	3.82	6.61	3.83	3.55
Share price, SEK		1.84	2.45	6.05	4.04	2.94
Cash and cash equivalents		17,708	8,612	11,131	4,224	5,562
Result from financial assets at fair value through profit or loss		74,395	-369,936	284,574	84,672	53,452
Result for the year		60,066	-377,359	275,513	79,454	48,529
Earnings/share, USD	24	0.06	-0.36	0.30	0.11	0.07
Cash flow from operating activities		24,063	-47,972	-90,125	-59,831	1,626
Cash flow from investing activities		-	-	-	-	46
Cash flow from financing activities		-17,726	48,278	97,767	58,186	-1,586
Cash flow for the year		6,337	306	7,642	-1,645	86

Key events during the year

Portfolio events

During 2023, no investment was made into new portfolio companies. During 3Q23 VEF made two investments into the current portfolio:

- VEF invested an additional USD 5.0 mln into Creditas in the form of a convertible loan.
- VEF invested an additional USD 3.0 mln into Gringo as part of their Series C funding round.

Two divestments were made, in JUMO and Magnetis. Unfortunately, both are failed investments with negative returns.

Sustainability bonds

In December, VEF issued sustainability bonds to invest in financial inclusion, fairness and wellness as well as access to renewable energy in emerging markets. The sustainability bonds are in a total amount of SEK 500 mln, within a frame of SEK 1,000 mln. VEF holds SEK 100 mln of the bonds. The bonds carry a floating coupon of 3m Stibor + 650 bps with interest paid quarterly. The bonds are due in December 2026. The bonds are trading on the sustainable bond list of Nasdaq Stockholm and on the Open Market of the Frankfurt Stock Exchange. In connection with the issuance of the 2023/2026 bonds the outstanding 2022/2025 bonds were redeemed in full.

Buyback mandate

At the annual general meeting of the Company on May 9, 2023, the Board's mandate to buy back own shares was renewed. It was also decided that the Company's 12,824,243 repurchased shares would be retired, which took place on May 15, 2023.

The Board has not used its mandate for buyback of shares. No common shares were repurchased during 2023 and VEF held no repurchased shares in treasury at year end.

Group result

During the year, the result from financial assets at fair value through profit or loss amounted to USD 74.4 mln (-369.9). Administrative and operating expenses were USD -7.1 mln (-7.4). Net result for the year was USD 60.1 mln (-377.4).

Portfolio performance

During 2023, VEF's NAV in USD increased by 16%. The value change in the portfolio is mainly driven by the valuation uplifts in Konfio, Juspay and TransferGo. VEF's net asset value per share increased by 16% in USD over the year, while VEF's share price in SEK decreased by 25%. During the same period, the MSCI Emerging Markets index increased by 10% in USD terms.

During the year net investments in financial assets, excluding liquidity investments, were USD 8.0 mln (46.7). As of year-end, VEF's three biggest investments as percent of portfolio were Creditas (40.7%), Konfio (20.6%) and Juspay (16.0%).

Liquid assets

The liquid assets of the Group, defined as cash and bank deposits, amounted to USD 17.7 mln on Dec 31, 2023 (8.6). The Company also has investments in money market funds as part of its liquidity management operations. As of Dec 31, 2023, the liquidity investments are valued at USD 3.9 mln (39.9), based on the latest closing price.

Shareholders' equity

Total shareholders' equity amounted to USD 442.2 mln on December 31, 2023 (381.8). The increase of USD 60.4 mln in shareholders equity during 2023 is mainly related to the revaluations of the underlying portfolio driven by market moves of listed peers, a strengthening in local currencies and improved forecasts for a majority of the portfolio companies.

As per the end of 2023 the company holds no repurchased shares in treasury.

Cash flow

Cash flow from operating activities for the current year amounted to USD 24.1 mln (-48.0) where major investments (excl. investments in liquidity investments) were Creditas and Gringo. Cash flow from financing activities amounted to USD -17.7 mln (48.3) and is mainly attributable to coupon payments and redemption of sustainability bonds. Cash flow for the year amounted to USD 6.3 mln (0.3).

Personnel

At year-end, the VEF Group has 10 persons employed (10).

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. 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 year 2023, the Parent company's net result was SEK 100.2 mln (24.0) mainly related to following financial items:

- Result from financial assets at fair value through profit or loss amounted to SEK 219.2 mln (95.7) referring to revaluations in Juspay, Rupeek, BlackBuck and liquidity investments.
- Coupon income for the year amounted to SEK 0.0 mln (4.2).
- Operating expenses amounted to SEK -42.2 mln (-49.0).
- Net financial items amounted to SEK -80.1 mln (-27.0) comprising of interest expenses and currency exchange losses.

Liquid assets

The Parent company has invested in money market funds, as part of its liquidity management operations. As per December 31, 2023, there were SEK 39.1 mln (415.8) in liquidity investment placements. Cash and cash equivalents of the Parent company amounted to SEK 171.6 mln (74.6).

Share capital and number of shares

By the end of the year, shareholder's equity was SEK 3,232.2 mln (3,128.7).

During the year 12,824,243 repurchased common shares and 651,875 Class C shares has been retired by the Company.

At year-end, the total number of outstanding shares in the company was 1,093,199,255, of which 1,041,865,735 are common shares and 51,333,250 Class C shares.

Cash flow

Cash flow from operating activities for the current year amounted to SEK 280.2 mln (-423.8).

Cash flow from financing activities amounted to SEK -178.3 mln (447.8) and is mainly attributable to coupon payments and redemption of sustainability bonds.

Cash flow for the year amounted to SEK 101.9 mln (23.9).

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

The work and the composition of the Board, audit and remuneration committees are described in detail in the Corporate governance report on page 87.

At year-end, the Parent company had 4 persons employed (4).

Future development

VEF does not provide any guidance on the future development beyond 2023 but is financially well-positioned for the future and will strive to further develop the net asset value. 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.

Current market environment

With 2022 behind us replete with market and sector headwinds, 2023 ended on a much more optimistic note, particularly within the listed fintech space. During 4Q23, the global fintech indices ARKF and FINX that VEF is tracking, experienced outsize returns of 42% and 27% respectively. Brazil, a VEF key market, is well into its monetary easing cycle with 200 bps of cumulative reductions during 2023, and more expected in 2024, providing a tailwind to listed LatAm fintech names which are key portfolio comps for VEF.

Venture markets are starting to see a lagged benefit from these trends with increased activity in investing across stages, new fund launches and most importantly exits (M&A, IPO and secondary sales) occurring again. Despite this favourable backdrop, VEF shares continue to trade at a deep discount to the latest reported NAV, consistent with many investment company peers around the world. VEF's financial position remains comfortable with a solid balance sheet and a USD 21.6 mln cash position at the end of the year, more than sufficient to support current portfolio over the coming twelve-months period. Importantly, 94% of our active portfolio already are or have the capacity to reach break-even without additional funding, the remaining 6% have a weighted cash runway of 21 months.

Guidelines for remuneration for senior executives

Guidelines for remuneration for senior executives is described in the Corporate governance report on page 88.

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 pages 86–92.

Sustainability work and sustainability report

VEF's sustainability work is disclosed in this report on pages 24–33 "Sustainability report" and pages 94–100 "Additional sustainability notes". VEF has voluntarily prepared a sustainability report for the year 2023.

Major events after the reporting year

No major events after the reporting year.

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	2,941,703,672
Retained earnings	179,269,688
Net profit for the year	100,173,857
Total	3,221,147,217

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:	3,221,147,217
--	---------------

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

KUSD	Note	2023	2022
Result from financial assets at fair value through profit or loss	3,4	74,395	-369,936
Coupon income	5	-	410
Other income		18	193
Administrative and operating expenses	6-8	-7,116	-7,404
Operating result		67,297	-376,737
Financial income and expenses			
Interest income		531	21
Interest expense		-7,966	-3,009
Currency exchange gains/losses, net		336	2,397
Net financial items	9	-7,099	-591
Result before tax		60,198	-377,328
Taxation	10	-132	-31
Net result for the year		60,066	-377,359
Earnings per share, USD	24	0.06	-0.36
Diluted earnings per share, USD	24	0.06	-0.36

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

Consolidated balance sheet

KUSD	Note	Dec 31, 2023	Dec 31, 2022
NON-CURRENT ASSETS			
Tangible non-current assets			
Property, plant and equipment	11	100	156
Total tangible non-current assets		100	156
Financial non-current assets			
Financial assets at fair value through profit or loss:	12-14		
Equity financial assets		460,020	380,800
Liquid financial assets		3,893	39,877
Other financial assets	12	35	32
Total financial non-current assets		463,948	420,709
CURRENT ASSETS			
Tax receivables		277	64
Other current receivables	15	191	449
Prepaid expenses	16	123	104
Cash and cash equivalents	12,17	17,708	8,612
Total current assets		18,299	9,229
TOTAL ASSETS		482,347	430,094
SHAREHOLDERS' EQUITY (including net result for the year)		442,229	381,831
NON-CURRENT LIABILITIES			
Long-term liabilities	12,18	38,891	46,979
Total non-current liabilities		38,891	46,979
CURRENT LIABILITIES			
Accounts payable		40	76
Tax liabilities		64	-
Other current liabilities	19	195	241
Accrued expenses	20	928	967
Total current liabilities		1,227	1,284
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		482,347	430,094

Consolidated statement of changes in equity

KUSD	Note	Share capital	Additional paid in capital	Retained earnings	Total
Balance at Jan 1, 2022		1,308	97,440	662,980	761,728
Net result for the period		–	–	-377,359	-377,359
Value of employee services:	8				
– Employee share option scheme		–	12	–	12
– Share based long-term incentive program		10	350	–	360
Buyback of own shares	23	–	-2,910	–	-2,910
Balance at Dec 31, 2022		1,318	94,892	285,621	381,831
Balance at Jan 1, 2023		1,318	94,892	285,621	381,831
Net result for the period		–	–	60,066	60,066
Transactions with owners:					
Retiring of shares		-12	-2,899	–	-2,912
Bonus issue		12	2,899	–	2,912
Value of employee services:	8				
– Employee share option scheme		–	6	–	6
– Share based long-term incentive program		–	326	–	326
Balance at Dec 31, 2023		1,318	95,224	345,687	442,229

Consolidated statement of cash flows

KUSD	Note	2023	2022
OPERATING ACTIVITIES			
Result before tax		60,198	-377,328
<i>Adjustment for non-cash items:</i>			
Interest income and expense, net		7,435	2,988
Currency exchange gains/-losses, net		-336	-2,397
Depreciations		56	102
Result from financial assets at fair value through profit or loss		-74,395	369,936
Other non-cash items affecting profit or loss		333	366
<i>Adjustment for cash items:</i>			
Coupon income		–	-410
Change in current receivables		-745	-1,883
Change in current liabilities		-103	-52
Adjustments of cash flow in operating activities		-7,557	-8,678
Investments in financial assets		-8,000	-81,660
Sales of financial assets		39,159	42,000
Coupon income		–	410
Interest received		531	21
Tax paid		-70	-65
Net cash flow from/used in operating activities		24,063	-47,972
FINANCING ACTIVITIES			
Interest paid on sustainability bonds		-7,521	-1,902
Proceeds from sustainability bonds, gross		38,278	53,080
Redemption of sustainability bonds		-48,483	–
Buy-back of own shares	23	–	-2,910
Proceeds from new share issue through employee options		–	10
Net cash flow from/used in financing activities		-17,726	48,278
Cash flow for the year		6,337	306
Cash and cash equivalents at beginning of the year		8,612	11,131
Exchange gains/losses on cash and cash equivalents		2,759	-2,825
Cash and cash equivalents at end of the year		17,708	8,612

Alternative performance measures

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

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

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

Below you find our presentation of the APMs. For more information on how we calculate these measures, see Note 24.

	Note	2023	2022
Equity ratio	24	91.7%	88.8%
Net asset value, USD	24	442,229,211	381,830,589
Exchange rate at balance sheet date, SEK/USD		10.04	10.43
Net asset value/share, USD	24	0.42	0.37
Net asset value/share, SEK	24	4.26	3.82
Net asset value, SEK	24	4,440,676,513	3,981,466,381
Share price, SEK		1.84	2.45
Traded premium/discount(-) to NAV	24	-56.9%	-35.8%
Weighted average number of shares for the financial period	24	1,041,865,735	1,045,052,785
Weighted average number of shares for the financial period, fully diluted	24	1,041,865,735	1,045,052,785
Number of shares at balance sheet date	24	1,041,865,735	1,041,865,735
Number of shares at balance sheet date, fully diluted	24	1,041,865,735	1,041,865,735

Notes for the Group

(Expressed in KUSD unless indicated otherwise)

Note 1 Significant accounting principles

Basis of accounting

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 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.

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 2023.

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

The consolidated financial statements have been prepared according to the acquisition value method except for the revaluations of financial instruments valued at fair value through profit and loss.

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 strong growth profiles for financial services. VEF AB (publ) is the parent company of the Group, VEF Cyprus Limited manage the investment portfolio whereas VEF Fintech Ireland Limited and VEF UK Ltd provides investment and business support services to the Parent company and VEF Cyprus Limited. VEF Service AB was liquidated in 2023.

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 most 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 when applicable, will be reported over the income statement during the program's vesting period. The value is recognized in the income statement as a personnel cost in operating expenses, allocated over the vesting period with a corresponding increase in equity. The recognized cost corresponds to the fair value of the estimated number of shares that are expected to vest. This cost is adjusted in subsequent periods to reflect the actual number of vested shares. However, no adjustment is made when shares expire only because share price-related conditions do not reach the level. 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 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 6.10% 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. Risk management is an integral part of the group's processes, meaning that control and responsibility for control is close to the business operation, finance and legal.

1) Investment and other business risks

Risks related to the portfolio companies' operations

All business operations in the portfolio companies are associated with the risk of incurring losses due to, for instance, deficient procedures, failure to increase and improve the functionality and quality of existing products and services, failure to extend existing licensing agreements on favourable conditions, failure to remain competitive or launch new products and services and to successfully 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 favourable 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 and India. 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 46.0 mln (38.1). 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 1,690 (630).

Exposure to foreign exchange	Gross assets Dec 31, 2023	Gross assets Dec 31, 2022
SEK	16,899	6,299
Other	176	130
Total	17,075	6,429

Interest rate risk

The majority of the Group's financial assets are non-interest bearing. The majority of outstanding liabilities are interest bearing and as a result the Group is subject to risk due to fluctuations in the prevailing levels of market interest rates, and mainly the Swedish 3m Stibor rate which affects the quarterly payable interest coupons on VEFs sustainability bonds. An increase/decrease of the interest rate on the Groups interest bearing liabilities of 1 percentage point would affect the Groups profit or loss by 450 (331).

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 bank 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-	worse than B-

Maximum credit risk exposure	Dec 31, 2023	Dec 31, 2022
Lending to financial institutions		
– Credit Quality step 1	21,600	48,489
Total	21,600	48,489

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. Contractual cashflows due to borrowings refer to coupon payments for VEFs sustainability bonds, which carry a floating coupon of 3m Stibor + 650 bps. The calculations below are based on the balance sheet date's Stibor rate of 4.052%.

Contracted cash flows	Dec 31, 2023	Dec 31, 2022
Other	185	280
Borrowings 0–3 months	1,327	1,989
Borrowings 3–12 months	3,211	3,645
Borrowings >1 year	8,255	6,309

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 (peer companies). Usually, transaction-based valuations are kept unchanged for a period of twelve months unless there is cause for a significant change in valuation. After twelve months, the fair value for non-traded assets will normally be derived through any of the models described above.

The validity of valuations based on a transaction is inevitably eroded over time, since the price at which the investment was made reflects the conditions that existed on the transaction date. At each reporting date, possible changes or events subsequent to the relevant transaction are assessed and if this assessment implies a change in the investment's fair value, the valuation is adjusted accordingly. The transaction-based valuations are also frequently assessed using multiples of comparable traded companies for each unlisted investment or other valuation models when warranted.

VEF follows a structured process in assessing the valuation of its unlisted investments. VEF evaluates company specific and external data relating to each specific investment on an ongoing basis. The data is then assessed at quarterly valuation meetings by senior management. If internal or external factors are deemed to be significant, further assessment is 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 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, 2023

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss	3,893	34,421	425,599	463,913
<i>of which:</i>				
Liquidity placements	3,893	–	–	3,893
Shares	–	34,421	391,808	426,229
Convertible and SAFE notes	–	–	33,791	33,791
Total assets	3,893	34,421	425,599	463,913

Assets measured at fair value at Dec 31, 2022

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss	39,877	11,586	269,214	420,677
<i>of which:</i>				
Liquidity placements	39,877	–	–	39,877
Shares	–	111,586	251,085	362,671
Convertible and SAFE notes	–	–	18,129	18,129
Total assets	39,877	111,586	269,214	420,677

Changes of financial assets in level 3

	2023	2022
Opening balance Jan 1	269,214	25,794
Transfers from Level 2 to Level 3 ¹	75,056	605,712
Transfers from Level 3 to Level 2 ¹	-2,637	–
Change in fair value	83,966	-362,292
Closing balance Dec 31	425,599	269,214

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

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

The investments in Creditas, Konfio, Juspay, TransferGo, Solfácil, Nibo and BlackBuck are classified as Level 3 investments. The remaining smaller portfolio companies are either classified as Level 2 or Level 3 investments. During the year Juspay, Solfácil and Abhi have been transferred from Level 2 to Level 3. Magnetis was transferred from Level 3 to Level 2, but was later divested.

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	Peer group range valuation method		-15%	-10%	-5%	0%	+5%	+10%	+15%
	Revenue multiple	Gross profit multiple							
Creditas	0.5–8.4x	2.3–19.6x	161,669	170,722	179,775	188,828	197,881	206,934	215,987
Konfio	0.5–3.7x	–	82,316	86,660	91,004	95,349	99,693	104,037	108,381
Juspay	3.5–17.5x	–	63,641	67,111	70,582	74,053	77,524	80,995	84,465
TransferGo	2.0–5.6x	4.3–7.5x	23,231	24,486	25,741	26,996	28,250	29,505	30,760
Solfácil	0.5–4.4x	2.3–18.8x	13,313	14,085	14,856	15,628	16,400	17,171	17,943
Nibo	8.2–10.8x	–	10,921	11,517	12,112	12,708	13,303	13,899	14,495
BlackBuck	6.4–6.9x	–	6,279	6,618	6,957	7,296	7,635	7,974	8,313

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
FinanZero	Latest transaction	2Q23
Gringo	Latest transaction	3Q23
Rupeek	Latest transaction	2Q23

Mark to model-based valuations

At the end of 2023, Creditas, Konfio, Juspay, TransferGo, Solfácil, Nibo and BlackBuck are all valued on the basis of a twelve-months (NTM) forward looking revenue and/or gross profit multiple. Inputs used for each valuation include risk adjusted revenue and earnings forecasts, local currency moves and listed peer group revenue and/or gross profit multiples as of December 31, 2023.

The difference in fair value change between the portfolio companies is dependent on relative revenue and/or gross profit forecasts in each company as well as moves in the relevant peer group and moving exchange rates. Peers used in the peer set include a mix of listed emerging and developed market companies representing accounting SaaS and BNPL companies, solar companies, fast growth payments companies and a range of Latin American fintech companies. The NTM multiples across the different peer groups per company and valuation range from 0.5x to 17.5x revenues and 2.3–19.6x gross profit. 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.

Change in financial assets at fair value through profit or loss

Company	Jan 1, 2023	Investments/ (divestments), net	Fair value change	Dec 31, 2023	Percentage of portfolio	VEF ownership stake
Creditas	193,076	5,000	-9,249	188,828	40.7%	8.7%
Konfio	40,146	-	55,203	95,349	20.6%	10.3%
Juspay	47,471	-	26,582	74,053	16.0%	10.2%
TransferGo	16,347	-	10,649	26,996	5.8%	11.9%
Gringo	12,250	3,000	2,040	17,289	3.7%	9.8%
Solfácil	20,000	-	-4,372	15,628	3.4%	2.6%
Nibo	6,817	-	5,891	12,708	2.7%	20.1%
FinanZero	8,085	-	310	8,395	1.8%	18.3%
Rupeek	15,195	-	-7,468	7,727	1.7%	2.5%
BlackBuck	6,894	-	402	7,296	1.6%	1.0%
Other ¹	14,519	-	-8,768	5,751	1.2%	
Liquidity investments	39,877	-39,159	3,175	3,893	0.8%	
Total	420,677	-31,159	74,395	463,913		

1. Includes all companies individually valued at less than 1% of the total portfolio.

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

	2023	2022
<i>Realised result:</i>		
Proceeds from sale of financial assets at fair value through profit or loss	39,159	42,000
Acquisition value of sold financial assets at fair value through profit or loss	-41,665	-42,000
Reversal of fair value adjustments of sold assets at fair value through profit or loss	4,165	-
Total realised result	1,659	0
<i>Unrealised result:</i>		
Change in fair value of remaining financial assets at fair value through profit or loss	72,736	-369,936
Total unrealised result	72,736	-369,936
Total result from financial assets at fair value through profit or loss	74,395	-369,936

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 2023 are only divestments in liquidity placements.

Note 5 Coupon income

	2023	2022
Coupon income recognized in the income statement	-	410
whereof unsettled at balance sheet date	-	-
Tax withheld	-	-
Proceeds from coupons, net of tax, recognized in the income statement during the year	0	410

Note 6 Operating expenses

	2023	2022
Employee benefit expense (Note 8)	5,131	4,430
External services	1,112	2,016
Other expenses	817	862
Depreciations	56	96
Total operating expenses	7,116	7,404

Note 7 Remuneration to Auditors

PwC	2023 Sweden	2023 Cyprus	2023 Total
Audit assignments	102	15	117
Other audit activities	12	-	12
Tax advice	11	3	14
Other services	22	-	22
Total remuneration to auditors	147	18	165

PwC	2022 Sweden	2022 Cyprus	2022 Total
Audit assignments	101	10	111
Other audit activities	13	-	13
Tax advice	16	21	37
Other services	150	-	150
Total remuneration to auditors	280	31	311

PwC 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 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 accounting and compliance matters.

Note 8 Employee benefit expense

	2023	2022
Wages and salaries	2,485	2,157
Social security cost	636	443
Pension cost	309	269
Other employee benefits	1,701	1,561
Total employee benefit expense	5,131	4,430

	2023		2022	
	Salaries and other remuneration	Social security contributions	Salaries and other remuneration	Social security contributions
<i>Board of Directors, CEO and management:</i>				
Salaries and other remuneration	1,611	258	1,478	257
Variable compensation	649	82	902	120
Pension expenses	233	25	207	21
Share-based compensation	315	-	337	-89
Other ¹	272	87	99	19
<i>Other employees:</i>				
Salaries and other remuneration	874	105	679	89
Variable compensation	343	47	174	22
Pension expenses	77	2	62	4
Share-based compensation	27	5	29	-3
Other ¹	94	25	19	3
Total	4,495	636	3,987	443

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.

	2023		2022	
	Men	Women	Men	Women
Board of Directors incl. CEO, Parent company	3	3	3	2
Board of Directors, subsidiaries	1	2	1	2
Key management	2	1	2	1
Other personnel	3	3	3	3
Total	9	9	9	8

Decisions regarding remuneration to the CEO 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 CEO. The CEO has the right to six months' salary in the event of the termination of appointment on part of the company. The CEO 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.

Group 2023

	Base salaries/ board fee	Variable compensation	Other compensation ¹	Pension expenses	Share based compensation	Total
Lars O Grönstedt, <i>Chairman of the Board</i>	156	-	-	-	-	156
Per Brilioth, <i>Board member</i>	58	-	-	-	-	58
Allison Goldberg, <i>Board member</i>	48	-	-	-	-	48
Hanna Loikkanen, <i>Board member</i>	58	-	-	-	-	58
Katharina Lüth, <i>Board member</i> ²	31	-	-	-	-	31
David Nangle, <i>Board member and CEO</i>	546	290	117	117	134	1,204
Key management personnel	714	359	156	116	182	1,526
Total	1,611	649	272	233	315	3,081

1. 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.
2. Elected on May 9, 2023

Group 2022

	Base salaries/ board fee	Variable compensation	Other compensation ¹	Pension expenses	Share based compensation	Total
Lars O Grönstedt, <i>Chairman of the Board</i>	123	–	–	–	–	123
Per Brilioth, <i>Board member</i>	59	–	–	–	–	59
Ranjan Tandon, <i>Board member</i> ²	18	–	–	–	–	18
Allison Goldberg, <i>Board member</i>	49	–	–	–	–	49
Hanna Loikkanen, <i>Board member</i>	59	–	–	–	–	59
David Nangle, <i>Board member and CEO</i>	491	384	38	116	139	1,168
Key management personnel	679	518	61	91	198	1,547
Total	1,478	902	99	207	337	3,023

1. 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.
2. Resigned on June 3, 2022

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 CEO 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 2023, 500,000 Options were exercised. No Options were exercised in 2022.

Options outstanding

	2023	2022
Beginning of the period	1,000,000	1,000,000
Options exercised	-500,000	–
Outstanding at the end of the period	500,000	1,000,000

Per December 31, 2023, a total of 500,000 Options are outstanding. None to the CEO and 500,000 to other employees.

Options granted

Option grant date	Dec 17, 2019
Maturity date	Dec 17, 2024
Option price at grant date, SEK	0.34
Share price at grant date, SEK	2.95
Exercise price, SEK	3.69
Volatility	22.80%
Risk free interest rate	-0.29%
No. of options granted	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 500,000 Options are fully exercised; the holders will acquire shares corresponding to a maximum of approximately 0.05% 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 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 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. The participants purchased 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.

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 special general meeting 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.

Outstanding 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 2020 share-based incentive program. The objective of LTIP 2021 is the same as the 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 0.66 mln. The cost for financing and acquiring the plan shares is expensed directly.

Outstanding program 2022

The Company's annual general meeting on May 10, 2022, approved a five-year long-term share incentive plan ("LTIP 2022") for eight key employees in the Company. LTIP 2022 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 2020 and 2021 share-based incentive

programs. The only deviation from the previous programs is that the vesting period is three years, while the measurement period is five years. The objective of LTIP 2022 is the same as the 2020 and 2021 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 0.12 mln. The cost for financing and acquiring the plan shares is expensed directly.

New program 2023

The Company's extraordinary general meeting on Oct 3, 2023, approved a five-year long-term share incentive plan ("LTIP 2023") for seven key employees in the Company. LTIP 2023 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 2022 share-based incentive programs. The LTIP 2023 plan shares was issued first in 1Q24 and did therefore not affect the Company's share capital or number of shares in 2023.

	LTIP 2020	LTIP 2021	LTIP 2022
Performance measurement period	Jan 2020– Dec 2024	Jan 2021– Dec 2025	Jan 2022– Dec 2026
Vesting period	Nov 2020– Dec 2024	Sept 2021– Dec 2025	Aug 2022– Dec 2024
Maximum no of shares, CEO	13,300,000	3,325,000	3,325,000
Maximum no of shares, others	19,451,250	4,904,375	7,027,895
Maximum no of shares, total	32,751,250	8,229,375	10,352,895
Maximum dilution	3.05%	0.78%	0.98%
Share price on grant date, SEK	3.14	4.34	2.31
Share price on grant date, USD	0.36	–	–
Plan share price on grant date, SEK ¹	0.37	0.62	0.10
Plan share price on grant date, USD ¹	0.04	–	–

Total employee benefit expense excl. bonuses paid and social taxes	LTIP 2020 ²	LTIP 2021 ²	LTIP 2022 ²
2023	187	103	31
2022	204	131	14
2021	201	22	–
2020	31	–	–
Total accumulated	623	256	45

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

Note 9 Net financial items

	2023	2022
Interest income	531	21
Interest expense	-7,966	-3,009
Currency exchange gains	4,986	10,014
Currency exchange losses	-4,650	-7,617
Total	-7,099	-591

Note 10 Tax

Corporate income tax – general

Applicable income tax rates for 2023:

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

VEF Cyprus Limited is subject to corporation tax on taxable profits at the rate of 12.5%. Under certain conditions, interest may be exempt from income tax and only subject to special 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.

VEF UK Ltd's taxable profits are subject to UK corporate income tax of 25%.

VEF Fintech Ireland Limited is subject to corporation tax at the rate of 12.5% for trading income.

Income tax expense

	2023	2022
Current tax	-132	-31
Deferred tax	-	-
Taxation	-132	-31

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:

	2023	2022
Result before tax	60,198	-377,328
Tax calculated at domestic tax rates applicable to profits in the respective countries	-8,488	48,049
Tax effects of:		
- Income not subject to tax	10,930	-46,318
- Expenses not deductible for tax purposes	-1,760	-731
- Tax losses carried forward for which no deferred tax assets is recognized	-696	-1,000
- Adjustment in respect of prior years	-54	-31
Tax charge	-132	-31

The weighted average applicable tax rate 2023 was 0.22% (0.00%).

Note 11 Property, plant and equipment

Group	Property, plant and equipment	Right-of-use assets: premises	Total
Opening net book amount January 1, 2022	45	57	102
Acquired right-of-use assets	-	156	156
Depreciation	-39	-57	-96
Currency change effect	-6	-	-6
Closing net book amount December 31, 2022	0	156	156
Opening net book amount January 1, 2023	0	156	156
Acquired right-of-use assets	-	-	0
Depreciation	-	-56	-56
Currency change effect	-	-	0
Closing net book amount December 31, 2023	0	100	100

Depreciation amounting to 56 (96) 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, 2023

Assets as per balance sheet	Fair value through profit and loss	Amortised costs	Total
Financial assets at fair value through profit or loss	463,913	-	463,913
Cash and cash equivalents	-	17,708	17,708
Other financial assets	-	35	35
Total financial assets	463,913	17,743	481,656

Liabilities as per balance sheet	Amortised costs	Total
Non-current liabilities	38,891	38,891
Total financial liabilities	38,891	38,891

December 31, 2022

Assets as per balance sheet	Fair value through profit and loss	Amortised costs	Total
Financial assets at fair value through profit or loss	420,677	-	420,677
Cash and cash equivalents	-	8,612	8,612
Other financial assets	-	32	32
Total financial assets	420,677	8,644	429,321

Liabilities as per balance sheet	Amortised costs	Total
Non-current liabilities	46,979	46,979
Total financial liabilities	46,979	46,979

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

	Dec 31, 2023	Dec 31, 2022
Beginning of the year	420,677	750,953
Additions (new investments)	8,000	81,660
Disposal value	-39,159	-42,000
Change in fair value for the year	74,395	-369,936
Total	463,913	420,677

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. Associated companies are measured at fair value and gains and losses will be recorded under results from financial assets at fair value through profit or loss in the income statement.

Company	Operation	Main market	Country of incorporation	Fair value, Dec 31, 2023	Ownership	Voting share
Nibo	Accounting SaaS	Mexico	Cayman Island	12,708	20.1%	21.7%
Finja	Digital lending and payments	Pakistan	United States	<1% of the total portfolio	21.2%	22.2%
REVO	Payments and consumer credit	Russia	Cyprus	<1% of the total portfolio	23.0%	23.0%

Note 15 Other current receivables

	Dec 31, 2023	Dec 31, 2022
Deposits	13	-
Other	178	449
Total	191	449

Note 16 Prepaid expenses

	Dec 31, 2023	Dec 31, 2022
Rent	25	23
Other	98	81
Total	123	104

Note 17 Cash and cash equivalents

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

	Dec 31, 2023	Dec 31, 2022
Cash and cash equivalents	17,708	8,612
of which short-term investments equivalent to cash	-	-
Total	17,708	8,612

Note 18 Long-term liabilities

	Dec 31, 2023	Dec 31, 2022
Borrowings	38,838	46,872
Leasing liabilities	53	107
Total	38,891	46,979

Borrowings

	Dec 31, 2023	Dec 31, 2022
Opening balance	46,872	-
Proceeds from borrowings, net	-10,205	51,488
Non-cash transactions	2,171	-4,616
Closing balance	38,838	46,872

Sustainability bonds 2023/2026

During 4Q23, VEF issued sustainability bonds of three years, to the amount of SEK 500 mln, within a frame of SEK 1.000 mln. VEF holds SEK 100 mln of the bonds. The bonds carry a floating coupon of 3m Stibor + 650 bps with interest paid quarterly. The bonds are due in December 2026. The bonds are trading on the sustainable bond list of Nasdaq Stockholm and on the Open Market of the Frankfurt Stock Exchange. In connection with the issuance of the 2023/2026 bonds the outstanding 2022/2025 bonds were redeemed in full.

Leasing liabilities

Maturity analysis – contractual discounted cash flow	Dec 31, 2023	Dec 31, 2022
Leasing liabilities < 1 year	47	49
Leasing liabilities 2–5 years	53	107
Total discounted lease liabilities	100	156
Total cash flow for leases	-56	-57
Amounts recognised in the consolidated income statement	-3	-
Interest on lease liabilities	-8	-2

The weighted average incremental borrowing rate applied to measure lease liabilities is 6.10% (6.10%).

Note 19 Other current liabilities

	Dec 31, 2023	Dec 31, 2022
Tax and VAT liabilities	148	192
Other	-	-
Leasing liabilities < 1 year	47	49
Total	195	241

Note 20 Accrued expenses

	Dec 31, 2023	Dec 31, 2022
Employee related expense	510	25
Accrued interest expense	268	847
Other	150	95
Total	928	967

Note 21 Pledged assets and contingent liabilities

The Group had no contingent liabilities or pledged assets as per December 31, 2023.

Note 22 Related party transactions

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

	Operating expenses		Current liabilities	
	2023	2022	Dec 31, 2023	Dec 31, 2022
Key management and Board of Directors ¹	3,081	3,023	-	-

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

Note 23 Repurchased shares

	Number of shares		Amounts affecting equity	
	2023	2022	2023	2022
Opening balance, repurchased shares	12,824,243	-	-2,910	-
Repurchases for the year	651,875	12,824,243	-2	-2,910
Retiring of repurchased shares	-13,476,118	-	2,912	-
Outgoing balance, repurchased shares	0	12,824,243	0	-2,910

No common shares were repurchased during 2023. The 651,875 repurchased shares are Class C plan share held by a long-term incentive program participant who resigned from the Company. For more details on the Parent company's equity, see Note P.18.

Note 24 Key and alternative performance measures

IFRS defined performance measures (not alternative performance measures)

Earnings per share

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

Diluted earnings per share

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

Key ratios – reconciliation table

	2023	2022
Earnings per share, USD		
Weighted average number of shares	1,041,865,735	1,045,052,785
Result for the period	60,065,547	-377,358,503
Earnings per share, USD	0.06	-0.36
Diluted earnings per share, USD		
Diluted weighted average number of shares	1,041,865,735	1,045,052,785
Result for the period	60,065,547	-377,358,503
Diluted earnings per share, USD	0.06	-0.36

Alternative performance measures

Equity ratio

Shareholders' equity in percent in relation to total assets.

Net asset value (NAV), USD and SEK

Net value of all assets on the balance sheet, equal to the shareholders' equity.

Net asset value per share, USD and SEK

Net asset value/share is defined as shareholders' equity divided by total number of shares outstanding at the end of the period.

Traded premium/discount to net asset value

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

Number of shares outstanding

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

Number of shares outstanding fully diluted

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

Other definitions

Portfolio value

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

Alternative performance measures – reconciliation table

	Dec 31, 2023	Dec 31, 2022
Equity ratio		
Net asset value/shareholders equity, USD	442,229,211	381,830,589
Total assets, USD	482,345,699	430,093,844
Equity ratio	91.7%	88.8%
Net asset value, USD	442,229,211	381,830,589
Net asset value, SEK		
Net asset value, USD	442,229,211	381,830,589
SEK/USD	10.04	10.43
Net asset value, SEK	4,440,676,513	3,981,466,381
Net asset value/share, USD		
Net asset value, USD	442,229,211	381,830,589
Number of outstanding shares	1,041,865,735	1,041,865,735
Net asset value/share, USD	0.42	0.37
Net asset value/share, SEK		
Net asset value, USD	442,229,211	381,830,589
SEK/USD	10.04	10.43
Net asset value, SEK	4,440,676,513	3,981,466,381
Number of outstanding shares	1,041,865,735	1,041,865,735
Net asset value/share, SEK	4.26	3.82
Premium/discount(-) to NAV		
Net asset value, USD	442,229,211	381,830,589
SEK/USD	10.04	10.43
Net asset value, SEK	4,440,676,513	3,981,466,381
Number of outstanding shares	1,041,865,735	1,041,865,735
Net asset value/share, SEK	4.26	3.82
Share price, SEK	1.84	2.45
Premium/discount(-) to NAV	-56.9%	-35.8%

Note 25 Events after the balance sheet date

No significant events have taken place after the end of the period.

Note 26 Adoption of annual report

The annual report has been submitted by the Board of Directors on March 28, 2024, see page 81. The balance sheet and profit and loss accounts are to be adopted by the Company's shareholders at the annual general meeting on May 14, 2024.

Parent company financial statements

Parent company income statement

KSEK	Note	2023	2022
Result from financial assets at fair value through profit or loss	P.2	219,153	95,664
Coupon income	P.3	–	4,174
Other income		3,369	156
Administrative and operating expenses	P.4–6	-42,236	-49,045
Operating result		180,286	50,949
Financial income and expenses			
Interest income		4,652	216
Interest expense		-82,170	-31,941
Currency exchange gains/losses, net		-2,594	4,745
Net financial items	P.7	-80,112	-26,980
Result before tax		100,174	23,969
Taxation	P.8	–	–
Net result for the year		100,174	23,969

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

Parent company balance sheet

KSEK	Note	Dec 31, 2023	Dec 31, 2022
NON-CURRENT ASSETS			
Financial non-current assets			
Shares in subsidiaries	P.9	2,519,361	2,400,800
Financial assets at fair value through profit or loss	P.10–11		
Equity financial assets		894,463	725,327
Liquid financial assets		39,089	415,811
Other financial assets		50	50
Total financial non-current assets		3,452,963	3,541,988
CURRENT ASSETS			
Tax receivables		245	245
Other current receivables	P.12	1,740	4,310
Other current receivables, Group	P.9	6,352	9,746
Prepaid expenses	P.13	1,136	956
Cash and cash equivalents	P.14	171,628	74,592
Total current assets		181,101	89,849
TOTAL ASSETS		3,634,064	3,631,837
SHAREHOLDERS' EQUITY (including net result for the year)		3,232,214	3,128,670
NON-CURRENT LIABILITIES			
Long-term debt	P.15	390,000	488,750
Total non-current liabilities		390,000	488,750
CURRENT LIABILITIES			
Accounts payable		398	649
Other current liabilities, Group	P.9	3,938	2,442
Other current liabilities	P.16	828	1,463
Accrued expenses	P.17	6,686	9,863
Total current liabilities		11,850	14,417
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		3,634,064	3,631,837

Parent company statement of changes in equity

KSEK	Note	Share capital	Additional paid in capital	Retained earnings	Total
Balance at Jan 1, 2022		10,963	849,376	2,272,233	3,132,572
Net result for the period		–	–	23,969	23,969
Value of employee services:	P.6, P.18				
– Employee share option scheme		–	122	–	122
– Share based long-term incentive program		104	3,590	–	3,694
Buyback of own shares	P.18	–	-31,687	–	-31,687
Balance at Dec 31, 2022		11,067	821,401	2,296,202	3,128,670
Balance at Jan 1, 2023		11,067	821,401	2,296,202	3,128,670
Net result for the period		–	–	100,174	100,174
Transactions with owners:					
Retiring of shares		-135	-31,559	-7	-31,700
Bonus issue		135	31,565	–	31,700
Value of employee services:	P.6, P.18				
– Employee share option scheme		–	66	–	66
– Share based long-term incentive program		–	3,304	–	3,304
Balance at Dec 31, 2023		11,067	824,777	2,396,370	3,232,214

Parent company statement of cash flows

KSEK	Note	2023	2022
OPERATING ACTIVITIES			
Result before tax		100,174	23,969
<i>Adjustment for non-cash items:</i>			
Interest income and expense, net		77,518	31,725
Currency exchange gains/-losses, net		2,594	-4,746
Result from financial assets at fair value through profit or loss		-219,153	-95,664
Other non-cash items affecting profit or loss		3,370	3,752
<i>Adjustment for cash items:</i>			
Coupon income		–	-4,174
Change in current receivables		-3,792	-13,227
Change in current liabilities		3,390	-1,610
Adjustments of cash flow in operating activities		-35,899	-59,975
Changes in long-term loan receivables		–	-194
Investments in subsidiaries		-118,561	-372,947
Proceeds from liquidation of subsidiary		3,232	–
Investments in financial assets		–	-400,813
Sales of financial assets		426,739	405,701
Coupon income		–	4,174
Interest received		4,652	216
Net cash flow from/used in operating activities		280,163	-423,838
FINANCING ACTIVITIES			
Interest paid on sustainability bonds		-78,312	-20,610
Proceeds from sustainability bonds, gross		400,000	500,000
Redemption of sustainability bonds		-500,000	–
Buy-back of own shares	P.18	–	-31,687
Proceeds from new share issue through employee options	P.18	–	63
Net cash flow from/used in financing activities		-178,312	447,766
Cash flow for the year		101,851	23,928
Cash and cash equivalents at beginning of the year		74,592	46,011
Exchange gains/losses on cash and cash equivalents		-4,815	4,653
Cash and cash equivalents at end of the year		171,628	74,592

Notes for the Parent company

(Expressed in KSEK 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:

Reporting currency

The Parent company's presentation currency is SEK and not the Group's reporting currency of USD due to Swedish Company regulations.

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

	2023	2022
<i>Realised result:</i>		
Proceeds from sale of financial assets at fair value through profit or loss	426,739	405,701
Acquisition value of sold financial assets at fair value through profit or loss	-450,563	-405,701
Reversal of fair value adjustments of sold assets at fair value through profit or loss	41,822	-
Total realised result	17,998	0
<i>Unrealised result:</i>		
Change in fair value of remaining financial assets at fair value through profit or loss	201,155	95,664
Total unrealised result	201,155	95,664
Result from financial assets at fair value through profit or loss	219,153	95,664

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 2023 are all liquidity placements.

Assets measured at fair value at Dec 31, 2023

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss	39,089	77,587	816,876	933,552
<i>of which:</i>				
Liquidity placements	39,089	-	-	39,089
Shares	-	77,587	816,876	894,463
Total assets	39,089	77,587	816,876	933,552

Assets measured at fair value at Dec 31, 2022

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss	415,811	653,442	71,885	1,141,138
<i>of which:</i>				
Liquidity placements	415,811	-	-	415,811
Shares	-	653,442	71,885	725,327
Total assets	415,811	653,442	71,885	1,141,138

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	Jan 1, 2023	Investments/divestments, net	Changes in fair value ¹	Dec 31, 2023
Juspay	494,998	-	248,611	743,609
Rupeek	158,444	-	-80,857	77,587
BlackBuck	71,885	-	1,382	73,267
Liquidity investments	415,811	-426,739	50,017	39,089
Total	1,141,138	-426,739	219,153	933,552

1. Change in fair value include currency exchange effects.

Note P.3 Coupon income

	2023	2022
Coupon income recognized in the income statement	-	4,174
whereof unsettled at balance sheet date	-	-
Tax withheld	-	-
Proceeds from coupons, net of tax, recognized in the income statement during the year	0	4,174

Note P.4 Operating expenses

	2023	2022
Employee benefit expense (Note P.6)	23,643	19,989
External services	12,974	23,361
Other expenses	4,178	3,984
Intra-group services, net	1,441	1,711
Total operating expenses	42,236	49,045

Note P.5 Remuneration to Auditors

PwC	2023	2022
Audit assignments	1,085	1,025
Other audit activities	130	130
Tax advice	111	159
Other services	232	1,422
Total remuneration to auditors	1,558	2,736

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 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 accounting and compliance matters.

Note P.6 Employee benefit expense

	2023	2022
Wages and salaries	11,066	9,711
Social security cost	3,767	2,147
Pension cost	1,195	1,043
Other employee benefits	7,615	7,088
Total employee benefit expense	23,643	19,989

	2023		2022	
	Salaries and other remuneration	Social security contributions	Salaries and other remuneration	Social security contributions
<i>Board of Directors, CEO and management:</i>				
Salaries and other remuneration	10,449	1,905	9,010	1,797
Variable compensation	1,924	604	2,544	799
Pension expenses	1,102	267	876	213
Share-based compensation	3,273	-	3,460	-1,057
Other ¹	1,943	654	777	163
<i>Other employees:</i>				
Salaries and other remuneration	617	195	701	225
Variable compensation	218	68	-	-
Pension expenses	93	23	167	40
Share-based compensation	258	50	292	-38
Other ¹	-	-	15	5
Total	19,876	3,767	17,842	2,147

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, 2023		Dec 31, 2022	
	Men	Women	Men	Women
Board of Directors incl. CEO	3	3	3	2
Key management	1	1	1	1
Other personnel	-	1	-	1
Total	4	5	4	4

Decisions regarding remuneration to the CEO 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 CEO. The CEO has the right to six months' salary in the event of the termination of appointment on part of the company. The CEO 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.

2023

	Base salaries/ board fee	Variable compensation	Other compensation ¹	Pension expenses	Share based compensation	Total
Lars O Grönstedt, <i>Chairman of the Board</i>	1,620	–	–	–	–	1,620
Per Brilioth, <i>Board member</i>	600	–	–	–	–	600
Allison Goldberg, <i>Board member</i>	500	–	–	–	–	500
Hanna Loikkanen, <i>Board member</i>	600	–	–	–	–	600
Katharina Lüth, <i>Board member</i> ²	325	–	–	–	–	325
David Nangle, <i>Board member and CEO</i>	2,895	–	1,178	–	1,432	5,505
Key management personnel	3,909	1,924	765	1,102	1,841	9,541
Total	10,449	1,924	1,943	1,102	3,273	18,691

1. 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.
2. Elected on May 9, 2023

2022

	Base salaries/ board fee	Variable compensation	Other compensation ¹	Pension expenses	Share based compensation	Total
Lars O Grönstedt, <i>Chairman of the Board</i>	1,265	–	–	–	–	1,265
Per Brilioth, <i>Board member</i>	600	–	–	–	–	600
Ranjan Tandon, <i>Board member</i> ²	175	–	–	–	–	175
Allison Goldberg, <i>Board member</i>	500	–	–	–	–	500
Hanna Loikkanen, <i>Board member</i>	600	–	–	–	–	600
David Nangle, <i>Board member and CEO</i>	2,474	–	401	–	1,424	4,299
Key management personnel	3,396	2,544	377	876	2,036	9,229
Total	9,010	2,544	777	876	3,460	16,668

1. 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.
2. Resigned on June 3, 2022

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 63.

Exercised options

In 2023, 500,000 options were exercised. No options were exercised in 2022.

Options outstanding

	2023	2022
Beginning of the period	1,000,000	1,000,000
Options exercised	-500,000	–
Outstanding at the end of the period	500,000	1,000,000

Per December 31, 2023, a total of 500,000 options are outstanding. None to the CEO and 500,000 to other employees.

Options granted

Option grant date	Dec 17, 2019
Maturity date	Dec 17, 2024
Option price at grant date, SEK	0.34
Share price at grant date, SEK	2.95
Exercise price, SEK	3.69
Volatility	22.8%
Risk free interest rate	-0.29%
No. of options granted	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 500,000 options are fully exercised; the holders will acquire shares corresponding to a maximum of approximately 0.05% 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 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 see the Group's Note 8 on page 63.

	LTIP 2020	LTIP 2021	LTIP 2022
Performance measurement period	Jan 2020– Dec 2024	Jan 2021– Dec 2025	Jan 2022– Dec 2026
Vesting period	Nov 2020– Dec 2024	Sept 2021– Dec 2025	Aug 2022– Dec 2024
Maximum no of shares, CEO	13,300,000	3,325,000	3,325,000
Maximum no of shares, others	19,451,250	4,904,375	7,027,895
Maximum no of shares, total	32,751,250	8,229,375	10,352,895
Maximum dilution	3.05%	0.78%	0.98%
Share price on grant date, SEK	3.14	4.34	2.31
Share price on grant date, USD	0.36	–	–
Plan share price on grant date, SEK ¹	0.37	0.62	0.10
Plan share price on grant date, USD ¹	0.04	–	–

Total employee benefit expense excl. bonuses paid and social taxes	LTIP 2020 ²	LTIP 2021 ²	LTIP 2022 ²
2023	2,007	1,101	209
2022	2,086	1,357	147
2021	1,020	186	–
Total accumulated	5,113	2,644	356

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

Note P.7 Net financial items

	2023	2022
Interest income	4,652	216
Interest expense	-82,170	-31,941
Currency exchange gains	2,315	6,948
Currency exchange losses	-4,909	-2,203
Total	-80,112	-26,980

Note P.8 Tax

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

Reconciliation between theoretical tax expense and reported tax

	2023	2022
Result before tax	100,174	23,969
Tax calculated at domestic tax rates applicable to profits in the respective countries	-20,636	-4,938
Tax effects of:		
- Income not subject to tax	45,149	19,707
- Expenses not deductible for tax purposes	-12,935	-80
- Tax losses carried forward for which no deferred tax assets is recognized	-11,578	-14,689
Tax	0	0

Note P.9 Subsidiaries

	Country	Number of shares	Share of capital and votes, %	Book value SEK Dec 31, 2023	Book value SEK Dec 31, 2022
VEF Cyprus Limited	Cyprus	285,036,056	100	2,519,360,957	2,400,750,418
VEF Fintech Ireland Limited	Ireland	1	100	10	10
VEF UK Ltd	United Kingdom	1	100	10	10
VEF Service AB	Sweden	500	100	-	50,000
Total				2,519,360,977	2,400,800,438

All subsidiaries are included in the consolidated financial statements from the time of incorporation. VEF Service AB was liquidated in 2023.

Transactions with subsidiaries

The Parent company had related-party transactions with VEF Cyprus Limited, VEF Fintech Ireland Limited and VEF UK Ltd in 2023. The Parent company's business is to act as the holding company, while also providing business and investment support services to the group. VEF Fintech Ireland Limited and VEF UK Ltd provide investment and business support services to the Parent company.

	Dec 31, 2023	Dec 31, 2022
<i>Current receivables:</i>		
VEF Cyprus Limited	2,124	1,102
VEF Fintech Ireland Limited	1,476	2,261
VEF UK Ltd	2,752	6,383
Total current receivables, Group	6,352	9,746
<i>Current liabilities:</i>		
VEF Fintech Ireland Limited	1,402	962
VEF UK Ltd	2,536	1,480
Total current liabilities, Group	3,938	2,442

	2023	2022
<i>Intra group support services:</i>		
Sales to:		
VEF Cyprus Limited	6,241	5,340
VEF Fintech Ireland Limited	3,393	2,599
VEF UK Ltd	3,393	2,599
<i>Purchases from:</i>		
VEF Fintech Ireland Limited	-5,617	-5,102
VEF UK Ltd	-8,851	-7,147
Net included in Administrative and operating expenses	-1,441	-1,711

Note P.10 Financial instruments by category

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

2023

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	933,552	-	933,552
Receivables from group companies	-	6,352	6,352
Cash and cash equivalents	-	171,628	171,628
Other financial assets	-	50	50
Total financial assets	933,552	178,030	1,111,582

Liabilities as per balance sheet	Amortised costs	Total
Non-current liabilities	390,000	390,000
Liabilities to group companies	3,938	3,938
Total current financial liabilities	393,938	393,938

2022

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	1,141,138	-	1,141,138
Receivables from group companies	-	9,746	9,746
Cash and cash equivalents	-	74,592	74,592
Other financial assets	-	50	50
Total financial assets	1,141,138	84,388	1,225,526

Liabilities as per balance sheet	Amortised costs	Total
Non-current liabilities	488,750	488,750
Liabilities to group companies	2,442	2,442
Total current financial liabilities	491,192	491,192

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

	Dec 31, 2023	Dec 31, 2022
Beginning of the year	1,141,138	1,050,362
Additions (new investments)	-	400,813
Disposal value	-426,739	-405,701
Change in fair value for the year	219,153	95,664
Total	933,552	1,141,138

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, 2023	Dec 31, 2022
Deposits	128	-
Other	1,612	4,310
Total	1,740	4,310

Note P.13 Prepaid expenses

	Dec 31, 2023	Dec 31, 2022
Rent	159	150
Other	977	806
Total	1,136	956

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, 2023	Dec 31, 2022
Cash and cash equivalents	171,628	74,592
of which short-term investments equivalent to cash	-	-
Total	171,628	74,592

Note P.15 Long-term liabilities

	Dec 31, 2023	Dec 31, 2022
Borrowings	390,000	488,750
Total	390,000	488,750

	Dec 31, 2023	Dec 31, 2022
Opening balance	488,750	-
Proceeds from borrowings, net	-100,000	485,000
Non-cash transactions	1,250	3,750
Closing balance	390,000	488,750

Sustainability bonds 2023/2026

During 4Q23, VEF issued sustainability bonds of three years, to the amount of SEK 500 mln, within a frame of SEK 1.000 mln. VEF holds SEK 100 mln of the bonds. The bonds carry a floating coupon of 3m Stibor + 650 bps with interest paid quarterly. The bonds are due in December 2026. The bonds are trading on the sustainable bond list of Nasdaq Stockholm and on the Open Market of the Frankfurt Stock Exchange. In connection with the issuance of the 2023/2026 bonds the outstanding 2022/2025 bonds were redeemed in full.

Note P.16 Other current liabilities

	Dec 31, 2023	Dec 31, 2022
Tax and VAT liabilities	828	1,463
Other	-	-
Total	828	1,463

Note P.17 Accrued expenses

	Dec 31, 2023	Dec 31, 2022
Employee related expenses	2,887	253
Interest expense	2,687	8,829
Other	1,112	781
Total	6,686	9,863

Note P.18 Share capital and additional paid in capital

VEF AB (publ)'s share capital per December 31, 2023, is distributed among 1,093,199,255 shares with a par value of SEK 0.01 per share as set out in the table below. Each share of the Company carries one vote. The common shares trade on Nasdaq Stockholm's main market.

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

Share class	Number of shares	Number of votes	Share capital, SEK
Common shares ¹	1,041,865,735	1,041,865,735	10,540,805
Class C 2020	32,751,250	32,751,250	331,352
Class C 2021	8,229,375	8,229,375	83,259
Class C 2022	10,352,895	10,352,895	104,743
Total	1,093,199,255	1 093,199,255	11,060,159

1. In May, 2023, 12,824,243 are repurchased common shares were retired. The company holds no shares in treasury.

	Change in number of shares	Total number of shares	Quota value SEK	Change in share capital, SEK	Share capital, SEK
January 1, 2022		1,096,252,478	0.01		10,962,525
Issuance of plan shares, Class C 2022	10,422,895	1,106,675,373	0.01	104,229	11,066,754
December 31, 2022		1,106,675,373	0.01		11,066,754
Retiring of repurchased shares	-12,824,243	1,093,851,130	0.01		11,066,754
Retiring of plan shares	-651,875	1,093,199,255	0.01	-6,595	11,060,159
December 31, 2023		1,093,199,255	0.01		11,060,159

Share capital

In May, 2023, 12,824,243 repurchased common shares were retired, as well as 651,875 plan share held by a long-term incentive program participant who resigned from the Company.

At year-end, the total number of outstanding shares in the company was 1,093,199,255, of which 1,041,865,735 are common shares and 51,333,520 are Class C shares. No shares are held in treasury by the Company.

Class C 2020, 2021 and 2022 redeemable, convertible common shares

Within the framework of the share-based long-term incentive programs ("LTIP") for management and key personnel of the Group of 2020, 2021 and 2020, 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 Class C 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 Class C shares during the measurement period.

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 500,000 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.

Repurchased shares

	Number of shares		Amounts affecting equity	
	2023	2022	2023	2022
Opening balance, repurchased shares	12,824,243	-	-31,687	-
Repurchases for the year	651,875	12,824,243	-13	-31,687
Retiring of repurchased shares	-13,476,118	-	31,700	-
Outgoing balance, repurchased shares	0	12,824,243	0	-31,687

Note P.19 Pledged assets and contingent liabilities

The Parent company had no contingent liabilities or pledged assets as per December 31, 2023.

Note P.20 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		Current liabilities	
	2023	2022	Dec 31, 2023	Dec 31, 2022
Key management and Board of Directors ¹	18,691	16,668	-	-

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

Subsidiaries

The Parent company has related-party transactions with its subsidiaries, VEF Cyprus Limited, VEF Fintech Ireland Limited and VEF UK Ltd. 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 CEO 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, 2024

Lars O Grönstedt
Chairman of the Board

Per Brilioth
Board member

Allison Goldberg
Board member

Hanna Loikkanen
Board member

Katharina Lüth
Board member

David Nangle
Board member and CEO

Our auditor's report was submitted on March 28, 2024

PricewaterhouseCoopers AB

Bo Karlsson
Authorized Public Accountant

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 and consolidated accounts of VEF AB (publ) for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 48–81 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, 2023 and its financial performance and cash flow for the 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, 2023 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.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

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. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key Audit Matter

Valuation of private equity investments

The valuation of private equity investments at fair value is significant for the Group's financial statements as a significant part of the Group's Net Asset Value comprise non-quoted investments in private equity companies. At December 31, 2023, these investments had a carrying value of USD 460 million, representing 95% of total assets.

The fair value of non-quoted investments is determined by recent transactions made at prevailing market conditions or different valuation models depending on the characteristics of the company as well as the nature and risks of the investment. The choice of valuation technique for each non-quoted investment is based on management's judgement at the closing date.

For transaction based valuations, each transaction has to be evaluated by management to determine if the transaction reflects the fair value on the closing date.

Investments valued by valuation models require significant input of non-observable data and management assumptions. Due to the complexity in the valuations there is a risk of material misstatement for these investments.

The selected valuation methods and assumptions used for each significant investment are presented in note 3 to the financial statements.

The development of the Net Asset Value is also the basis for management compensation from the long-term share-based incentive program described in note 8.

How our audit addressed the Key audit matter

Our audit procedures included assessing management's valuation process for non-quoted investments and management's selection of valuation method for each investment. Valuation specialists has been involved in the audit of the major investments.

Valuations based on recent transactions were evaluated by obtaining and analyzing supporting documents to assess if the transaction may be used as reasonable assessment of fair value by the closing date, including assessment of transaction parties, size of the transactions and other relevant transaction terms. We have also evaluated management's assessment of events after the transaction date, including both company specific events and macro-economic events, to conclude if these are reflected in the valuations.

Valuations based on models have been evaluated by confirming input data from external sources as well as evaluating management's assumptions in the valuation models. Our audit also includes recalculations of the valuations and reconciliation of the final valuation to the financial statements, as well as auditing the overall presentation of the valuations in the notes to the financial statements.

Other information 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 101–103 and the sustainability report found on pages 94–100. The other information also consists of the remuneration report, which we have had access to prior to the date of this audit report. 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.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

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.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

The auditor's audit of the administration of the company and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of VEF AB (publ) for the year 2023 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 Directors 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's 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 a 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.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the ESEF report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for VEF AB (publ) for the financial year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of VEF AB (publ) 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 ESEF report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the ESEF report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the ESEF report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the ESEF report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the ESEF report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the ESEF report by the Board of Directors (and the Managing Director), but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the ESEF report has been prepared in a valid XHTML format and a reconciliation of the ESEF report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the ESEF report has been marked with iXBRL in accordance with what follows from the ESEF regulation.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed auditor of VEF AB (publ) by the general meeting of the shareholders on May 9, 2023, and has been the company's auditor since the company became listed on Nasdaq Stockholm's main list June 1, 2022, and became subject to the regulations for public interest entity.

Gothenburg March 28, 2024
PricewaterhouseCoopers AB

Bo Karlsson
Authorized Public Accountant

Corporate governance

VEF AB (publ) (“**VEF**” or the “**Company**”) is trading on Nasdaq Stockholm main market. As a Swedish publicly listed company, VEF applies the Swedish Corporate Governance Code (the “**Code**”) in full. The Code is based on the principle of “comply or explain”. According to this principle a company may choose whether it wants to follow a clause in the Code or explain why it has chosen not to. The Company has not deviated from the Code during 2023.

The corporate governance principles of the Company are described below.

Shareholders

At year-end 2023, VEF had approximately 17,600 shareholders according to the register of shareholders maintained by Euroclear. The largest shareholder is the Acacia Funds (Conifer Management LLC), who’s joint shareholding at year-end 2023 amounted to 217,718,740 shares, representing a total of 19.8% of the outstanding shares and votes of the Company. There is no other shareholder holding more than 10% of the shares or the votes in 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 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 (the “**Articles**”) 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 2023 AGM, the Board has been authorized to issue shares, with or without deviation from the common share shareholders’ preferential rights. The Board’s 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 20% of the outstanding shares at the time the authorization is adopted, in aggregate. The Board has not used this authorization during 2023.

Pursuant to a decision by the 2023 AGM, the Board has been authorized to purchase its own shares to the extent that the Company’s holding of its own shares, on any occasion, does not exceed 10% of the Company’s total number of shares. The Company has not repurchased any shares during 2023 and does currently not hold any of its own shares in treasury.

The 2024 AGM of VEF will take place on May 14, 2024. All documents related to the 2024 AGM will be published on VEF’s website.

Nomination committee

Shareholders in the Company have the right to nominate members of the Board, 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. VEF has a nomination committee appointed for the 2024 AGM.

In accordance with the instruction adopted by VEF’s 2023 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, 2023 and the Chairman of the Board. The Company announced on October 5, 2023 that the nomination committee consists of the following representatives: Jake Hennemuth, appointed by Acacia Partners (Conifer Management LLC); Pia Gisgård, appointed by Swedbank Robur Fonder; Simon Westlake, appointed by City of London, and Lars O Grönstedt, Chairman of the Board of VEF, who is co-opted. 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 2024 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 their remuneration, and (vi) proposals on the nomination process for the AGM 2025. 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 2024 AGM will be published on the Company’s website before the 2024 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 2023 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 89–90 below.

Work of the Board

During the year, the Board has held 12 board meetings, of which two in person, six by video conference, and has passed four 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 two-three times a year and more frequently if needed. 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 adopts decisions on overall issues affecting the Group which include preparing and issuing investment recommendations to the Board of the subsidiary VEF Cyprus. 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 2023, 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 2023) and capital management and capital raising of the Company.

The Board has 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 have 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 (member). The audit committee has held five meetings during 2023, 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 (member). The remuneration committee has held

two meetings during 2023, 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 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 Parent 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 Parent 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's 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 91. 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 2023 AGM was a cash consideration of in total SEK 3,400,000, however, following the early resignation of one board member in 2022, the total remuneration has been slightly less. The allocation of the Board compensation is provided on pages 89–90 and in Note 8.

Remuneration to the management

The Board determines the total remuneration of 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 9, 2023. 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 200% 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 300% 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 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% 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% of the fixed annual cash salary. The Board has not deviated from these principles.

For details regarding remuneration of the CEO and management, see pages 90–91 and Note 8.

Incentive programs

The Company had three different incentive programs outstanding during 2023, 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 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 Foundation and council member at Global Access Partners, Australia.

Holdings in VEF: 130,000 shares.

Remuneration: USD 156k. 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. Since 2001, he is the Managing Director of VNV Global AB (publ). He is a member of the board of VNV Global AB (publ), Kontakt East Holding AB, NMS Invest AB and multiple portfolio companies of VNV Global.

Holdings in VEF: 1,932,672 shares.

Remuneration: USD 58k. 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 Senior Vice President and Managing Partner at Comcast Ventures and Startup

Engagement, 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 and 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 is an advisor to Bustle Digital Group, the largest female-focused digital media company.

Holdings in VEF: –

Remuneration: USD 48k. 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 currently holds the role of Chief Investment Officer at Finfund, a Finnish state owned development financier. 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 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 Eastnine AB and LSE listed Bank of Georgia Group PLC.

Holdings in VEF: 52,000 shares.

Remuneration: USD 58k. No agreement regarding severance pay or pension.

Katharina Lüth

Board member

Appointed: Member of the Board since 2023

Nationality: German citizen

Born: 1983

Independence: Independent of the Company, management, and of major shareholders.

Education: MBA from IESE Business School. Dual degree program, a Diploma (FH) in International Business and BSc in International Business, at the European School of Business (ESB) in Germany and at Northeastern University in Boston.

Previous experience and other significant positions:

She joined the international management and consulting firm McKinsey & Company in October 2006 and worked there as an Engagement and Senior Project Manager until 2014. In 2014, she joined the management team of Raisin GmbH, a Berlinbased fintech. Since joining Raisin, she has held various positions, such as Head of Europe, Head of Distribution and VP Europe. Since May 2022, she holds the role of Chief Client Officer and Managing Director, responsible for Raisin's customer service, operations (banks and servicing partners) as well as communications and PR.

Holdings in VEF: 95,000 shares.

Remuneration: USD 31k. 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 helped the firm develop and grow their financials and broader research footprint from a strong Russia base to a leading emerging markets and frontiers franchise.

Holdings in VEF: 19,932,581 common shares, of which 670,500 constitute investment shares under various long-term incentive plans, as well as 13,300,000 Class C 2020 shares under LTIP 2020, 3,325,000 Class C 2021 shares under LTIP 2021, 3,325,000 Class C 2022 shares under LTIP 2022 and 3,517,500 Class C 2023 shares under LTIP 2023.

Salary and variable remuneration: USD 936k.

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	12/12
Per Brilioth	12/12
Allison Goldberg	12/12
Hanna Loikkanen	12/12
Katharina Lüth'	8/12
David Nangle	12/12

1. Elected on May 9, 2023

Group management

David Nangle

CEO

See heading "Board of Directors".

Helena Caan Mattsson

General Counsel and Head of Sustainability

Employed since: 2017

Nationality: Swedish citizen

Born: 1987

Holdings in VEF: 2,837,096 common shares, of which 247,842 constitute investment shares under various long-term incentive plans, as well as 4,322,500 Class C 2020 shares under LTIP 2020, 1,184,540 Class C 2021 shares under LTIP 2021, 1,291,430 Class C 2022 shares under LTIP 2022 and 1,876,000 Class C 2023 shares under LTIP 2023.

Alexis Koumoudos

CIO

Employed since: 2016

Nationality: British citizen

Born: 1985

Holdings in VEF: 5,220,864 common shares, of which 497,187 constitute investment shares under various long-term incentive plans, as well as 9,476,250 Class C 2020 shares under LTIP 2020, 2,369,045 Class C 2021 shares under LTIP 2021, 2,625,000 Class C 2022 shares under LTIP 2022 and 2,931,250 Class C 2023 shares under LTIP 2023.

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 2023 AGM, the registered auditing company, PricewaterhouseCoopers AB ("PwC") was re-elected as auditor for the period until the end of the 2024 AGM. PwC has been the auditor of the Company since 2015.² The Authorized Public Accountant Bo Karlsson is the auditor in charge. In 2023 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 "Auditor's report" is to be found on pages 82–85.

Bo Karlsson

Born 1966. Authorised Public Accountant, Auditor-in-charge. Auditor in the Company since 2022. PricewaterhouseCoopers AB, Gothenburg, Sweden.

Internal control and risk management

The Board 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, management and other personnel, to ensure that book-keeping, 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.

2. PwC was the auditor of the previous parent company of the group, VEF Ltd. since its registration in 2015. Following the redomestication of the group and change of parent company to VEF AB (publ), PwC became the auditor of the Company.

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 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 page 88.

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 facilitates the work in identifying risk and potential errors in the financial reporting as well as the investment process.

Auditor’s report on the Corporate Governance Statement

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

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2023 on pages 86–92 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR’s auditing standard RevR 16 The auditor’s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Gothenburg March 28, 2024
PricewaterhouseCoopers AB

Bo Karlsson
Authorized Public Accountant

Additional sustainability notes

Framework and scope of the sustainability report

VEF has issued sustainability reports on a voluntary basis since 2020. We believe in the importance of communicating our progress and giving our stakeholders insight into how we work with and progress in sustainability matters. As we will become subject to mandatory EU reporting requirements in the coming years, we will adjust our reporting and approach to comply with these requirements. In the meantime, we will remain focused on the key sustainability areas that we have focused on for the past several years and gradually increase the scope of our reporting.

VEF's sustainability report consists of the section "Sustainability report" (pages 24–33) and this section "Additional sustainability notes" (pages 94–100) of the Annual Report for 2023. 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. The direct scope of this report is VEF's own operations and not the portfolio companies' operations. However, certain data related to portfolio companies is set out in various places in the report.

We have also taken steps to align our sustainability report with the new regulatory requirements under the EU Corporate Sustainability Reporting Directive (CSRD). Although we are not within the scope of the CSRD reporting requirements until 2026, our ambition is to gradually increase our reporting until then and we have taken some steps in that direction with the previous as well as this report. We will initiate a gap analysis in 2024 to ensure that we are fully prepared for the reporting requirements when the time comes.

The content and topics of the sustainability report are based on VEF's analysis of what sustainability related topics that are material to VEF's business as set out below.

Stakeholder engagement and materiality analysis

To define our material topics, we initiated a materiality analysis in 2021, identifying the sustainability topics that are most material to VEF based on their potential impact on VEF but also the impact VEF may have on society through these topics. Each year we revisit the materiality assessment and revise our list of material topics if needed. This year we have not made any changes to the list.

The material topics have been identified through discussions with key stakeholders, the board, management as well as peer and industry benchmarks. 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 learnings from our stakeholder dialogues, we have identified a list of material topics, both from a risk as well as opportunity perspectives, defining the scope for VEF's sustainability strategy both internally and in relation to our portfolio companies.

We started our more formal stakeholder engagement in 2021 and have continued to engage with stakeholders during 2022 and 2023. We identified our stakeholders with the help of sustainability experts in 2021 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 dedicated dialogues focused on sustainability.

Out of our broader list of material topics, we have during the last several years focused specifically on three areas (see also page 27 above), 1) Fintech for financial inclusion, fairness, wellness and the green transition, 2) Responsible finance and 3) Governance and business ethics. These have been chosen as most relevant given that we invest in emerging markets and specifically in private fintech companies in growth stage. As our investment strategy is very thematic and geographically specified, the assessment of sustainability related risks is largely the same for all portfolio companies. Generally, the risks are related to governance, business ethics, data privacy and security and customer related behavior (irresponsible finance activities). Not all companies face all of these risks, but broadly these are the relevant themes and thus the reason why we have chosen these areas as key focus for our sustainability work.

We have initiated the process for a dual materiality assessment (i.e. analyzing and understanding how VEF impacts sustainability matters, as well as how sustainability matters may impact VEF) and expect to complete the assessment during 2024.

VEF material topics

Key material topics

- Fintech for inclusion, fairness, wellness and the green transition
- Responsible finance and consumer practices
- Business ethics & Governance

Additional material topics

- Transparent sustainability communication and reporting
- Human rights
- 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

VEF sustainability management and governance

The Board of VEF has the ultimate responsibility for setting the sustainability framework for VEF. At least once a year the sustainability progress and roadmap are presented and discussed with the full board. 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 VEF evaluates, updates, and adopts multiple policies on an annual basis to ensure that we continuously conduct business ethically and sustainably. 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. The Board is also responsible for ensuring that no conflicts of interest arise and, if they do, are mitigated. No conflicts of interest arose in 2023.

VEF has not yet formed a formal sustainability committee. As the organization is small it has been determined that there is not yet a need to formalize this. However, there is an informal sustainability committee where the Head of Sustainability regularly discuss sustainability matters, including setting VEF's sustainability roadmap, with the audit committee and in particular the Chair of the audit committee, as well as the CEO.

Sustainability related policies

VEF's Sustainability Policy and Code of Conduct 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 policy 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 this policy. Through active shareholding, we also strive and work to instill these values and guidelines in our portfolio companies, especially through the VEF ESG Principles (see page 96 below).

Our Responsible Investment and Shareholding Policy sets out our expectations on and how we work with portfolio companies when it comes to sustainability matters.

The Board of Directors adopts multiple sustainability related policies on a yearly basis including:

- Sustainability Policy and Code of Conduct
- Responsible Investment and Shareholding Policy
- Information- and Insider Policies
- Investment Policy
- Anti-corruption Policy
- Sanctions and AML Policy

With these policies as basis, the management team has adopted detailed guidelines to further guide the team, including:

- People Guideline
- Guidelines for the sourcing and investment processes
- Responsible Finance Framework
- Risk management guideline
- Data privacy guideline
- Supplier guideline
- Whistleblower guideline

Investment process and portfolio management

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 out our expectations on our portfolio companies when it comes to sustainability. We have multiple policies, guidelines, and tools for managing our portfolio, the pre- and post-investment assessments as well as tools that we can share with the portfolio companies. Our Head of Sustainability is responsible for general compliance with policies and guidelines related to the investment process and portfolio management. She reports directly to the CEO.

Industry involvement

We are members of Sweden's Sustainable Investment Forum (Swesif), working for sustainable investing in Sweden, and the National Advisory Board for Impact Investing.

VEF ESG Principles

We have adopted several ESG-principles that we follow in our own operations. Our goal is also for all portfolio companies to sign and adhere to our ESG principles.

Environment	<ul style="list-style-type: none"> • Improve environmental impact • Comply with environmental laws and regulations • Measure climate footprint
Social	<ul style="list-style-type: none"> • Respect for people and human rights • Comply with the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises • Healthy and safe working environments • Fair and reasonable working conditions • Employee wellbeing, equality and diversity • Zero tolerance for discrimination • Responsible finance practices
Governance	<ul style="list-style-type: none"> • Compliance with laws and regulations • High business ethics, zero tolerance for corruption, money laundering and fraud • Handle personal data responsibly, securely and in accordance with law • Accuracy of financial and non-financial reporting • Adequate financial control and risk assessment

Sound governance and high business ethical conduct

At the core of running a sustainable company is having a sound governance model. Sound governance means having an organisation with high integrity, with proper control functions, a clear division of duties between board and management and an alignment of interest between shareholders, board members, management and other employees. In this lays also the conduct of honest and transparent business. As a company listed on Nasdaq Stockholm, having a sound governance model and practices is absolute key. You can read more about VEF's governance structure in the Corporate Governance Report on pages 86–92 in the Annual Report 2023.

We also work with our portfolio companies to ensure that they also have sound governance practices and guide them where needed.

At VEF, we take a clear stance against all forms of economic crimes and poor business ethics. We have zero tolerance for bribes, corruption, money laundering, and other forms of illicit and unethical practices, both in relation to 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. 100% of VEF employees have received training and information regarding our anti-corruption and money laundering policies during the previous 12 months.

Human rights

Human rights is one of our material topics and respecting human rights is one of VEF's key sustainability values and we require our portfolio companies to formally commit to respecting human rights. We particularly recognize the importance of freedom of association, elimination of discrimination, the importance of providing healthy, safe and harassment free working conditions and complying with other labor rights. We have had no human rights violation incident during the year.

Whistleblower program

VEF has a whistleblower policy that include all employees at VEF. Any employee is obligated to report suspected and/or confirmed unethical or unlawful behavior according to our Sustainability Policy and Code of Conduct to the closest manager, the CEO, or the Chairman of the Board. The policy includes clear instructions on how such reports should be handled. Our policy is to treat any reports confidentially and without any retaliation towards reporting individuals. We have not had any reports of misconduct in 2023.

Anyone, both employees as well as external third parties, can anonymously make reports 24/7 via our website. Any such reports will be received by the legal and compliance department at VEF and will be forwarded to either the Chairman of the board or the CEO, as appropriate, and will be handled confidentially.

All employees are being informed about how to make a report proactively on a yearly basis and have been informed about this during the last 12 months.

Value chain ethics

We recognize the importance of choosing our business partners and suppliers with care to ensure that our value chain upholds our business standard. VEF has a Supplier Guideline, including a Code of Conduct, routines for assessment of new material suppliers, periodical reviews of suppliers and compliance with VEF's Code of Conduct as well as actions in case of non-compliance with VEF's Code of Conduct. In the past year, we have assessed our suppliers to determine whether we have any high-risk suppliers from a sustainability perspective. As all our material suppliers consists of consultants (financial, legal, audit, tax or IT), office suppliers, banking partners and other similar suppliers, we have concluded that we do not have any high-risk suppliers from a sustainability perspective. We are however exposed to risk with regards to our downstream value chain, as our portfolio companies operate in markets that are more exposed to human and labor rights issues, as well as issues with regards to ethical business practices. We have not identified any non-compliance with our Supplier Guidelines during the past year.

The VEF Team

Diversity, Equality and Inclusion

One of VEF's most important assets is people. Being a small investment firm, having the right people and giving them the best platform to stand on and grow from, is absolute key to our success. We strongly believe that innovation and success, come out of bringing people together from different backgrounds, with different ideas, strengths, and experiences and having an inclusive culture. Diversity is key to adapting to a fast-paced international economy and understanding the local and regional markets where we invest, allowing us to make the best investment decisions but also building long-term sustainable operations. VEF management is responsible for ensuring that VEF has a diverse team and inclusive and equal work environment. VEF prides itself on being an inclusive, equal and diverse workplace, where we strive towards improved diversity, both from a gender perspective and also more generally. Currently, 40% of the employees, 50% of the Board, and 33% of the management team are women.

We strive to have a culture that promotes openness, inclusion and transparency as well as having a flat organization. All of this contributes to a collaborative culture and sets the platform for maximizing the sharing of ideas for the growth of VEF as a company, but also each employee. As we have a small team and flat organization style, all employees have quick and regular access to management and the investment decisions process. We believe that is one of our strengths as an investment company as it allows room for everyone to contribute and share their thoughts and ideas.

Matters within Human Resources are in general managed by our People Guideline. As stated in our Sustainability Policy and Code of Conduct and our People Guideline, we have zero tolerance towards discrimination, and there were no (0) such incidents reported during 2023. VEF recruits, promotes, and compensates based on merit, regardless of gender, ethnicity, religion, age, nationality, sexual orientation, union membership, or political opinion.

Professional development and wellbeing

As one of our most valuable assets is our staff, with a wide array of competencies and experiences, it is important that we provide the best opportunities for professional development and wellbeing. We have yearly performance reviews, which are held between the employee and the CEO and/or their immediate supervisor. 100% of employees have had performance reviews in 2023. We have recently also piloted our first 360 reviews.

We also see the importance in developing new skills and gain new knowledge. 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. We are looking to put this process in print in our People Guideline.

We have not had any incidents of sickness, injuries or accidents during 2023 (0 in 2022).

Composition of governance bodies and employees

	Male	Female	Age <30	Age 30–50	Age 50+	Independent	Non-independent
Board	50%	50%	0%	50%	50%	80%	20%
Managers	67%	33%	0%	100%	0%	N/A	N/A
Employees	60%	40%	20%	80%	0%	N/A	N/A

1. The CEO, David Nangle, is the only non-independent board member.

Employment type

	Permanent	Temporary	Full-time	Part-time	Total
Male	6	0	6	0	6
Female	3	1	4	0	4
Total	9	1	10	0	10

Employment location

	Permanent	Temporary
Sweden	3	0
UK	4	0
Ireland	2	1
Total	10	1

New employees

	Male	Female	Age <30	Age 30-50	Age 50+
Total	0 (0%)	1 (10%)	0 (0%)	1 (10%)	0 (0%)
Employee turnover	1 (9%)	1 (9%)	0%	2 (18%)	0%

CEO pay ratio

	2023	2022
CEO to FTE	462%	538%

Environmental impact

We recognize the importance of being contributors to a more environmentally sustainable world and the potential risks environmental issues may have to us and our portfolio companies. However, we believe ours and our portfolio companies' environmental impact and risks are limited given the service-oriented nature of our respective businesses. The nature of our operations also means that we have a limited supply chain (mostly consultants and subletters) with limited impact on the environment through our upstream supply chain. Most of our direct environmental impact comes from business travel, office energy usage and indirectly from our portfolio companies and their use of energy and by extension emissions of greenhouse gases. Our Sustainability Policy and Code of Conduct, govern how we manage our environmental impact.

The following are some measures we take to reduce our impact:

- Almost fully work digitally to reduce physical office footprint
- Strive towards using work equipment as long as possible
- Limit air travel where possible by eg. doing multi-purpose trips and avoid non-essential travel

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. However, our largest office in Stockholm uses energy from 100% renewable energy sources.

MWh	2023	2022	2021
Total amount of electricity, offices ²	8.5	6.9	4.9
Renewable energy usage (% of total usage)	100% for Stockholm office, no information from other offices	Not measured	Not measured

2. Includes offices in Sweden, Ireland and UK.

Greenhouse gas emissions

Tonnes CO2e	2023	2022	2021
Direct emissions (Scope 1)	0.0	0.0	0.0
Indirect emissions (Scope 2): Office electricity	1.7	1.7	0.7
Other indirect emissions (Scope 3): Business travel and Scope 3.3 Energy ³	75.7	89.2	19.3
Total	77.4	90.9	20.0

3. Scope 3.3 was not included in 2021 data.

Emission factors used to calculate air travel are based on passenger-kilometer data and DEFRA 2023 emission factors. Location-based emission factors for IEA 2023 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, where no VEF-specific consumption data was available.

Other environmental impact

Given the nature of VEF's business and the type of companies we invest in, we have limited environmental impact other than GhG emissions.

Environmental impact areas

	Impact
Exposure to companies active in the fossil fuel sector	None
Activities negatively affecting biodiversity sensitive areas	None
Hazardous waste	None

Environmental goals

We have started to measure some of our impact, such as energy consumption and greenhouse gas emissions, and will continue to expand our environmental reporting in-line with the requirements in the CSRD and ESRS as well as ask our portfolio companies to measure theirs. We commit to reduce our environmental impact where we can, and we request that our portfolio companies do as well. As VEF's (as well as our portfolio companies') environmental impact is limited, we have not yet set any specific measurable goals and targets. During 2023 we decided to postpone setting specific targets and work on that simultaneously as we set our new reporting roadmap in connection with the mandatory reporting requirements under CSRD. We have initiated dialogues with some of our larger portfolio companies around this and will continue the discussions in 2024.

GRI Index

Statement of use	VEF AB (publ)
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	N/A

Disclosure	Page number in Annual Report	Omission/Comment
GRI 2: General Disclosures		
The organization and its reporting practices		
2-1 Organizational details		VEF AB (publ)
2-2 Entities included in the organization's sustainability reporting		VEF AB (publ), VEF Cyprus Limited, VEF Fintech Ireland Limited and VEF UK Ltd.
2-3 Reporting period, frequency and contact point		2023.01.01–2023.12.31, annual, Helena Caan Mattsson, General legal counsel and Head of Sustainability, helena@vef.vc
2-4 Restatements of information		No restatements
2-5 External assurance		This sustainability report has not been assured by an external assurance
Activities and workers		
2-6 Activities, value chain and other business relationships	6-9	Annual Report: The emerging market fintech investor
2-7 Employees	97-98	The VEF Team
2-8 Workers who are not employees	98	The VEF Team
Governance		
2-9 Governance structure and composition	85	Corporate Governance
2-10 Nomination and selection of the highest governance body	85	Corporate Governance
2-11 Chair of the highest governance body	89	Board of Directors
2-12 Role of the highest governance body in overseeing the management of impacts	95	VEF sustainability management and governance
2-13 Delegation of responsibility for managing impacts	95	VEF sustainability management and governance
2-14 Role of the highest governance body in sustainability reporting	95	VEF sustainability management and governance
2-15 Conflicts of interest	95	VEF sustainability management and governance
2-16 Communication of critical concerns	96	Whistleblower program
2-17 Collective knowledge of the highest governance body	89-90	Board of Directors
2-18 Evaluation of the performance of the highest governance body	88	Evaluation of the Board, the CEO and management
2-19 Remuneration policies	88	Remuneration
2-20 Process to determine remuneration	88	Remuneration
2-21 Annual total compensation ratio	98	The VEF team
Strategy, policies and practices		
2-22 Statement on sustainable development strategy	10-14	Management report
2-23 Policy commitments	95	Sustainability related policies
2-24 Embedding policy commitments	95	VEF sustainability management and governance
2-25 Processes to remediate negative impacts	28-29	An active and sustainability-focused investment approach. Such processes only exist to a certain extent today. These will be developed and reported on in 2023.
2-26 Mechanisms for seeking advice and raising concerns	96	Whistleblower program
2-27 Compliance with laws and regulations	96	Sound governance and high business ethical conduct
2-28 Membership associations	95	Industry involvement
Stakeholder engagement		
2-29 Approach to stakeholder engagement	94	Stakeholder engagement and materiality analysis
2-30 Collective bargaining agreements		We do not apply collective bargaining agreement, hence no (0%) of employees are covered by this in 2022

GRI Index (continued)

Disclosure	Page number in Annual Report	Omission/Comment
GRI 3: Material Topics		
3-1 Process to determine material topics	94	Stakeholder engagement and materiality analysis
3-2 List of material topics	94	Table Material topics
GRI 200 Economic Standard Series		
Indirect Economic Impact		
3-3 Management of material topics	28	An active and sustainability-focused investment approach
GRI 203: Indirect Economic Impacts		
203-2 Significant indirect economic impacts	24	Sustainability highlights 2023
Anti-corruption		
3-3 Management of material topics	96	Sound governance and high business ethical conduct
GRI 205: Anti-corruption		
205-3 Confirmed incidents of corruption and actions taken	27	Our sustainability vision
GRI 300 Environmental Standards		
Energy		
3-3 Management of material topics	98	Environmental impact
GRI 302: Energy		
302-1 Energy consumption within the organization	98	Environmental impact
Emissions		
3-3 Management of material topics	98	Environmental impact
GRI 305: Emissions		
305-1 Direct (Scope 1) GHG emissions	98	Environmental impact
305-2 Energy indirect (Scope 2) GHG emissions	98	Environmental impact
305-3 Other indirect (Scope 3) GHG emissions	98	Environmental impact
GRI 400 Social Standards		
Employment		
3-3 Management of material topics	97	The VEF team
GRI 401: Employment		
401-1 New employee hires and employee turnover	98	The VEF team
Training and Education		
3-3 Management of material topics	97	Professional development and wellbeing
GRI 404: Training and Education		
404-3 Percentage of employees receiving regular performance and career development reviews	97	Professional development and wellbeing
Diversity and Equal Opportunity		
3-3 Management of material topics	97	The VEF team
GRI 405: Diversity and Equal Opportunity		
405-1 Diversity of governance bodies and employees	97	The VEF team
Non-discrimination		
3-3 Management of material topics	97	The VEF team
GRI 406: Non-discrimination		
406-1 Incidents of discrimination and corrective actions taken	97	The VEF team

Glossary

of terms and acronyms used in the annual report

AMC	Asset management company
AML	Anti-money laundering
BaaS	Banking as a service
BNPL	Buy now pay later
CEE	Central and Eastern Europe
CoC	Cash on cash return
EM	Emerging market
ESG	Environmental, social and governance
FDI	Foreign direct investment
FMCG	Fast-moving consumer goods
GDP	Gross domestic product
IMF	International monetary fund
IoT	Internet of things
IPO	Initial public offering
IRR	Internal rate of return
LTIP	Long-term incentive program
LTV	Loan-to-value
MENAP	Middle East, North Africa, Afghanistan and Pakistan
MSME	Micro, small, and medium enterprises
NAV	Net asset value
NBFC	Non-banking finance company
NPS	Net promoter score
ONDC	Open network for digital commerce
PIX	Instant payment platform in Brazil
SaaS	Software as a service
SDG	Sustainable Development Goals, The UN's sustainable development goals
SDK	Software development kit
SECP	Securities and exchange commission of Pakistan
SME	Small and medium-sized enterprises
TAM	Total addressable market
TPV	Total payment volume
UPI	Unified payments interface
VC	Venture capital
YE	Year-end
YoY	Year-on-year
1H	First half (year)
2H	Second half (year)

Financial calendar

Q1 Interim report

April 17, 2024

Annual general meeting of shareholders 2024

May 14, 2024

Q2 Interim report

July 17, 2024

Q3 Interim report

October 23, 2024

Financial accounts bulletin

January 22, 2025

Annual report 2024

March 2025

Annual general meeting of shareholders 2025

May 2025

Contact information

Mäster Samuelsgatan 1
111 44 Stockholm
Sweden

www.vef.vc
+46-8 545 015 50

VEF

The emerging market fintech investor