





The emerging market fintech investor

# Interim report Second quarter and six months period 2021

Highlights during the quarter

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During the second quarter VEF added one new company to the portfolio and made two follow on investments. VEF Invested:

  - USD 0.9 mln into Pakistan based financial wellness company Abhi.
  - An additional USD 19.8 mln into Konfío, Mexico’s leading SME financial ecosystem.
  - An additional USD 2.8 mln, via a convertible note, into digital money transfer provider TransferGo.
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In May the shareholders approved the redomestication process from Bermuda to Sweden and at the AGM Hanna Loikkanen was elected to the VEF Board, both key milestones in our ongoing ESG drive.

Net asset value

- NAV of VEF’s portfolio increased during 1H21 to USD 404.3 mln. NAV per share increased by 0.4% to USD 0.48 per share.
- In local currency, NAV increased to SEK 3,440 mln. NAV per share increased by 7.6% to SEK 4.12 per share during 1H21.
- Cash position, including liquidity investments, was USD 18.9 mln at the end of 1H21.

Financial result

- Net result for 2Q21 was USD 0.5 mln (2Q20: USD 36.7 mln). Earnings per share were USD 0.00 (2Q20: USD 0.06).
- Net result for 1H21 was USD 15.8 mln (1H20: USD -25.4 mln). Earnings per share were USD 0.02 (1H20: USD -0.04).

	Dec 31, 2019	Dec 31, 2020	Jun 30, 2021
Net asset value (USD mln)	249.4	388.1	404.3
Net asset value (SEK mln)	2,325	3,178	3,440
Net asset value per share (USD)	0.38	0.47	0.48
Net asset value per share (SEK)	3.55	3.83	4.12
VEFL SDB share price (SEK)	2.94	4.04	3.76

Events after the end of the period

- On the 2nd of July VEF completed the redomestication process from Bermuda to Sweden. VEF AB (publ) is from the 2nd of July the group’s parent company. The shares in VEF AB (publ) are traded under the ticker VEFAB on Nasdaq First North Growth Market from the 5th of July.
- On the 22nd of July VEF announced a USD 10 mln investment into BlackBuck, India’s largest online trucking platform. VEF participated in a broader equity financing round totalling USD 67 mln.
- In 2Q21 Guiabolso was marked down to zero with visibility around any return of capital unclear at quarter end, but in late July Guiabolso was acquired and VEF recouped c. USD 3 mln.

Visit VEF’s IR page for our financial reports and other information: [vef.vc/investors](https://vef.vc/investors)



404.3

Net asset value (USD mln)

4.12

Net asset value per share (SEK)

7.6%

Net asset value per share growth 1H21 (SEK)

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

Photo: Atharva Tulsi (Unsplash.com)

# Management report

Dear Fellow Shareholder,

## Busy quarter with stage set for a strong second half of the year

A number of events defined the second quarter for VEF, effectively laying the foundations for value creation to step up in 2H21 and beyond. On the portfolio front, Konfío grabbed the headlines with a USD 125 mln Series E funding round, leaving the company exceptionally well placed to become the go-to digital financial services play for SMEs in Mexico. We closed an investment in Abhi, an early-stage financial wellness platform in Pakistan, a space and country we like a lot. Post quarter end we closed an investment into BlackBuck, India's leading trucking marketplace with a deep embedded fintech offering. The top end of the portfolio (size wise) continues to perform extremely well and it is hard not to be excited about the path names like Creditas, Konfío and Juspay, to name but three, are on. We took the hard decision to write our position in Guiabolso down, given the lack of clarity around value recuperation for investors at the end of 2Q21, but ended up recouping c. USD 3 mln post sale of the asset. On the governance front, our parent company move from Bermuda to Sweden was rubber-stamped by our shareholders in May, while we are super excited to welcome the experience of Hanna Loikkanen to our board.

## Stable NAV QoQ and continued upward momentum YoY

We end 2Q21 with a NAV per share of SEK 4.12, off 3% QoQ, but up 31% YoY. Total NAV was USD 404.3 mln, up 0.2% QoQ, but up 81% YoY (up 54% ex recent direct placement). The 3% strength of SEK vs USD QoQ mainly drove the NAV growth currency differential. Despite a relatively stable USD NAV QoQ, as always, there were some key individual moving parts. Of note, on the upside, JUMO, REVO, Magnetis and Juspay all benefited from model-based valuation mark-ups in the period, based on continued strong performance, coupled with currency and peer multiple strength in places. Within this, it is worth highlighting Jumo and Juspay, both of which are really hitting their business strides and enjoying strong underlying growth which bodes well for the future. Konfío, a notable engine of NAV growth over the past three quarters, cemented its valuation mark in its recent size investment round. We marked our position in Guiabolso down to zero, with visibility around any return of capital unclear at quarter end. Then in July we sold the business and recouped c. USD 3 mln from the process,

which we will write back in 3Q21. At end of 1Q21 we had the position marked at USD 4.8 mln, accounting for 1.2% of our NAV.

## Konfío USD 125 mln fund raise, key portfolio event of the quarter

In June, we announced a USD 19.8 mln follow-on investment into Konfío, Mexico's leading small business focused fintech company, as part of a broader Series E financing round of USD 125 mln. Konfío is our second largest holding, 18.7% of NAV and we have now invested USD 47.3 mln in Konfío over three funding rounds. The capital raised will further expand the scope of Konfío's core offering while allowing the company to be on the outlook for acquisition opportunities which, when integrated with Konfío's platform, expand the value of the ecosystem of products it delivers to small and medium-sized businesses. What really excites us about Konfío at this juncture is the continued rapid growth of their credit offering that is being increasingly complimented by a payments and ERP offering, realising a much more balanced and varied, fast-growth revenue stream. Konfío now has all the pieces of the puzzle in place to create a multi billion dollar valuation company.

Creditas continues to power on and released its quarterly headline numbers for 1Q21, effectively doubling YoY with top line revenues coming in at BRL 124 mln and loan book ending the quarter at BRL 1.5 bln. 2Q21 has kicked off on a similarly strong footing for the core credit business, while Sergio and his team are busy building out broader ecosystems around home, auto and payroll. Creditas are already making significant strategic moves on the auto ecosystem front, launching an in-house auto iBuyer and auto renovation centre. Specific to this expansion, Creditas followed up the recent acquisition of Bcredi in the home-backed lending space with an investment in Voltz and the acquisition of Minuto Seguros, which open up new, related verticals in financing for electronic motorcycles and providing insurance solutions for its customer base. While the core business continues to grow at a healthy clip, we expect logical M&A and partnerships to be a key part of the expansion strategy for Creditas through 2021.

It is worth mentioning the recent listing of WISE in London, in the digital remittances space. We do like this scale space, hence our investment into TransferGo. With the market valuing WISE at 18x forward consensus revenues at the time of writing, and we are marketing our holdings of TransferGo at c. 5x, it highlight both the upside in this story for VEF and the ongoing conservative bias towards valuations that we take.

## A second investment in Pakistan, a third in the financial wellness space – Welcome Abhi

We made one new investment in 2Q21, and our third YTD, into Abhi in Pakistan. In May, VEF led a USD 2 mln seed financing round with a check of USD 0.9 mln into Abhi. We brought together a great consortium of investors around this strong founding team, including Village Global, Sarmayacar and Portman Wills, the co-founder and CTO of Wag-esteam, a leading financial wellness platform in the UK. Based in Karachi, Abhi is a financial wellness platform catering to the needs of employees between pay cycles. Abhi integrates with corporates to offer their employees salary advance products to reduce their financial stress and avoid expensive payday debt. The product adds no extra costs to the employer while benefiting from higher employee satisfaction and lower churn. This is VEF's second fintech investment into the early-stage scale opportunity market that is Pakistan and our third in the financial wellness space, following similar investments in Brazil and Mexico. It is a great scale product, a win for all involved and the cornerstone for a much broader employee financial wellness play.

## A third investment in India and our first in embedded fintech – Welcome BlackBuck

Just before reporting, VEF announced a USD 10 mln investment into BlackBuck, India's largest online trucking platform. VEF participated in a broader equity financing round totalling USD 67 mln. This is our first foray into the embedded fintech space, about which we are becoming increasingly excited. BlackBuck is the largest online trucking platform in India, driving 90% market share of all online trucking with 1.2 mln+ trucks and over 15 mln monthly transactions. As fintech investors what really attracted us to the business is the very sticky and high take rate payments business which drives the majority of revenues at BlackBuck today. To give an indication of this about 35% of all trucking toll payments in India are made through BlackBuck. We have seen very large and attractive payments businesses globally built around these payments. Our fintech and emerging market expertise and focus remain central to our process, driving investments and shareholder value at VEF.

Similar to 1Q21, pipeline build out keeps us busy, with a clear focus of only letting the best get into our portfolio. Geographically, we continue to spend most time in Brazil and India, although we are excited with how the earlier stage ecosystems of Egypt and Pakistan are evolving,

while we are starting to see some fresh quality opportunities appear out of the Turkish ecosystem recently. We end the quarter with a cash position of USD 18.9 mln, with a growing opportunity set to deploy capital in a value added way both inside and outside of the current portfolio.

## Recent AGM delivered key governance milestones

Our recent AGM, held virtually in Stockholm, delivered some key decisions and changes to the VEF story, which continue our positive ESG drive. First, we are very excited to welcome new board member Hanna Loikkanen to the VEF board and family. Attracting Hanna was a coup for VEF, and we are benefitting already from her wealth of emerging markets, investing, finance and board experience, to name but a few of her skills. Also, in connection to the AGM, our shareholders ratified the decision to move our parent company to Sweden, where we are listed, from Bermuda, and the process was successfully completed in early July.

## Paying respect to a former VEF portfolio company founder – Tahsin Isin, iyzico (RIP)

We were extremely saddened by the news of the passing of Tahsin Isin, co-founder of iyzico in Turkey, one of VEF's early portfolio investments, and an investment and experience which has shaped our firm in many ways to date. We invested into iyzico in 2017 and loved our time with the founders, Barbaros and Tahsin, as they successfully built out their business. Tahsin was a great person, extremely humble and soft-spoken, but a force of nature when it came to delivery and making things happen. Our thoughts are with his family, friends and the broader iyzico team.

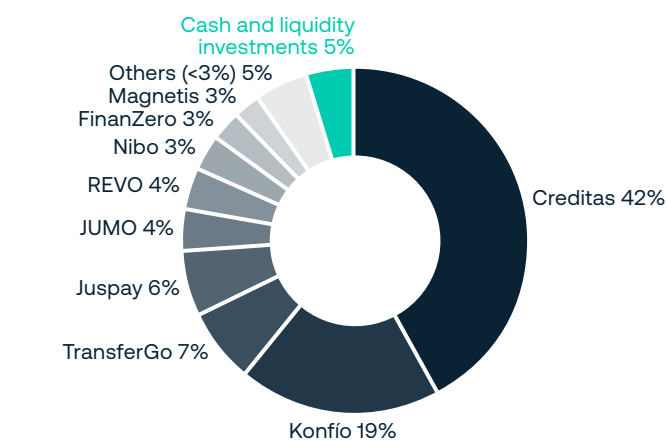
## Concluding remarks

At VEF, we invest in fintech across the emerging world, and are riding one of the strongest multi-year secular growth trends in some of the world's fastest-growing markets. Our performance and delivery across a number of fronts in 1H21 sets us up very nicely for a promising rest of 2021. Beyond the short-term optimism, we remain long a portfolio of quality emerging markets fintech holdings, selectively shopping for new holdings, with an anti-fear of missing out bias, and are as well-positioned as ever to continue to create value for our shareholders for the long term.

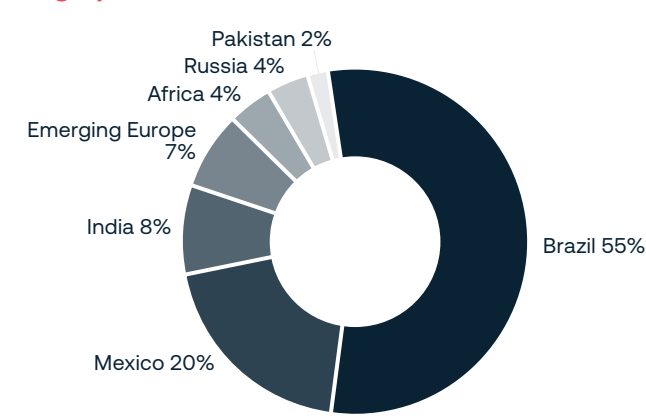
July 2021,  
Dave Nangle

# VEF in charts — 2Q 2021

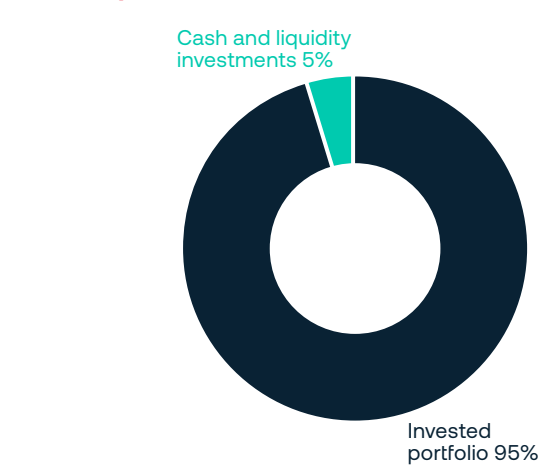
Portfolio composition



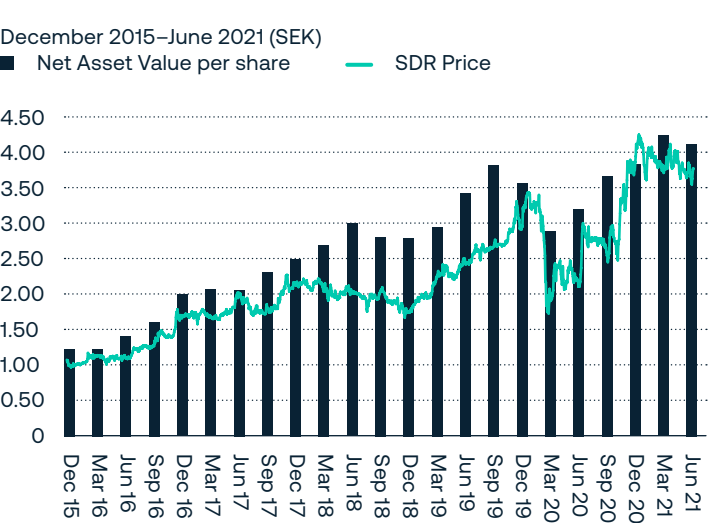
Geographic distribution, ex. cash



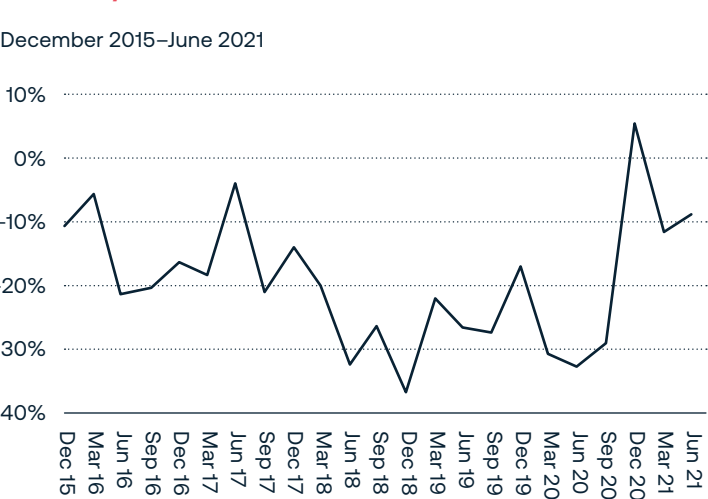
Invested portfolio and cash



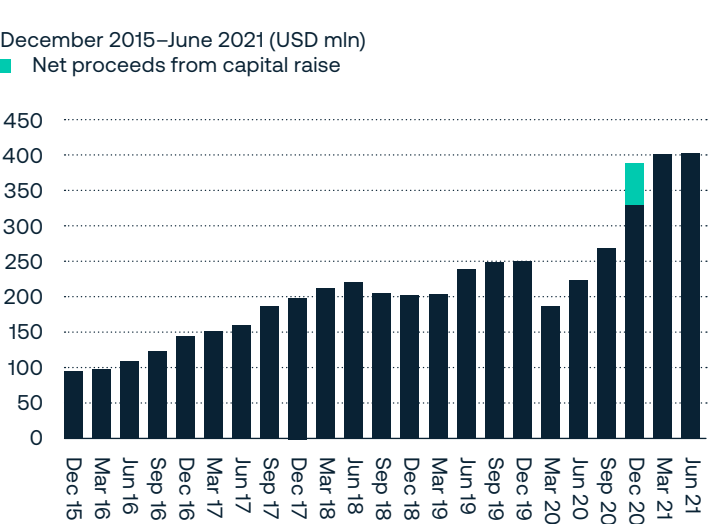
VEF share and net asset value development



Premium/discount to net asset value



VEF NAV evolution



# Investment portfolio

Portfolio development

VEF’s net asset value per share decreased by 0.4% in USD over 2Q21, while VEF’s share price in SEK increased by 0.3%. During the same period, the MSCI Emerging Markets index\* increased by 3.6% in USD terms.

Liquidity investments

The Company has investments in money market funds and bonds as part of its liquidity management operations. As at Jun 30, 2021, the liquidity investments are valued at USD 11.7 mln, based on the latest NAV of each respective liquidity asset.

Net asset value

Company	Fair value Jun 30, 2021 (TUSD)	Net invested amount (TUSD)	Investment/ divestments 2021	Change in fair value 2Q 2021 (TUSD)	Change in fair value YTD 2021 (TUSD)	Fair value Dec 31, 2020 (TUSD)	Valuation method
Creditas	169,023	73,356	–	–	–	169,023	Latest transaction <sup>1</sup>
Konfio	75,426	47,252	19,752	-5,308	7,170	48,504	Latest transaction <sup>1</sup>
TransferGo	27,805	13,877	2,840	-977	-3,669	28,634	Mark-to-model <sup>1 2</sup>
Juspay	24,703	13,000	–	5,989	7,331	17,372	Mark-to-model <sup>1</sup>
JUMO	16,332	14,614	–	3,277	6,792	9,540	Mark-to-model <sup>1</sup>
REVO	15,651	6,664	–	2,506	4,568	11,083	Mark-to-model <sup>1</sup>
Nibo	13,377	6,500	–	225	-233	13,610	Mark-to-model <sup>1</sup>
FinanZero	12,618	5,673	1,501	311	1,184	9,933	Latest transaction <sup>1 2</sup>
Magnetis	10,526	5,668	–	1,604	2,196	8,330	Mark-to-model <sup>1</sup>
Finja	7,351	3,172	–	603	603	6,748	Latest transaction <sup>1</sup>
Rupeek	7,000	7,000	7,000	–	–	–	Latest transaction <sup>1</sup>
Xerpa	4,751	8,500	–	-195	-1,007	5,758	Mark-to-model <sup>1</sup>
Abhi	900	900	900	–	–	–	Latest transaction <sup>1</sup>
minu	450	450	450	–	–	–	Latest transaction <sup>1</sup>
Guiabolso	–	30,000	–	-4,848	-5,417	5,417	<sup>1</sup>
Liquidity investments	11,719	39,465	-36,500	41	14	48,205	<sup>1</sup>
<b>Investment portfolio</b>	<b>397,632</b>	<b>276,091</b>	<b>-4,057</b>	<b>3,229</b>	<b>19,533</b>	<b>382,157</b>	
Cash and cash equivalents	7,167					4,224	
<b>Total investment portfolio</b>	<b>404,799</b>					<b>386,381</b>	
Other net liabilities/assets	-548					1,685	
<b>Total net asset value</b>	<b>404,251</b>					<b>388,066</b>	

1. This investment is shown in the balance sheet as financial asset at fair value through profit or loss.  
2. Attributable to currency exchange differences.

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

# Latin America



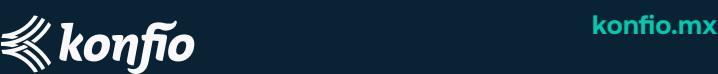
	Region: <b>BRAZIL</b>		Invested amount (USD): <b>73.4 mln</b>
	Ownership share: <b>9.8%</b>		Fair value (USD): <b>169.0 mln</b>
	Share of VEF's portfolio: <b>41.8%</b>		

Creditas is an asset-focused ecosystem which supports customers in three essential aspects of their lives – living (home), mobility (transportation) and earning (salary).

Creditas’ ecosystem leverages customers’ assets to offer fintech, insurtech and consumer solutions. Collateral-based lending is the core monetisation tool and allows Creditas to build an enduring client relationship. In Brazil, consumers pay some of the highest interest rates in the world, where unsecured consumer loans have an average APR of 230% while secured lending remains massively underpenetrated with approximately 70% of Brazilian homes and cars owned debt-free. Creditas reduces the Brazilian consumer debt burden and democratizes access to cheaper lending by leveraging customers’ assets like their real estate, vehicle and salary to offer secured loans at more reasonable rates through an efficient, tech-driven application system.

The core fintech product of asset-backed lending has clear synergies with insurance, and Creditas currently offers products like home, property, rental, car, and employment insurance on this front, among others. In addition, consumer solutions offered by Creditas allow customers to buy, sell and upgrade their assets. Consumer solutions include Creditas Store, where customers can buy smartphones, Apple products and home appliances, while also offering solutions like home remodelling and sales, and car financing and sales. These solutions create a flywheel effect that increases customer engagement, reduces acquisition costs and expands Creditas’ revenue streams.

As of 1Q21, Creditas’ loan portfolio reached over BRL 1.5 bln, with revenues of BRL 377 mln in the last 12 months. While secured lending is driving dynamic growth, Creditas’ asset-focused ecosystem is rapidly expanding in the past six months, with acquisitions like Bcredi and an investment in Voltz, an electric motorcycle company, leading this growth. Creditas continues to be one of the cornerstone holdings of the VEF portfolio, and we remain confident in the company’s ability to create meaningful value and be a significant driver of our NAV as the company strides towards an IPO.



	Region: <b>MEXICO</b>		Invested amount (USD): <b>47.3 mln</b>
	Ownership share: <b>10.6%</b>		Fair value (USD): <b>75.4 mln</b>
	Share of VEF's portfolio: <b>18.7%</b>		

Konfio builds digital banking and software tools to boost SME growth and productivity in Mexico through three strategic core offerings: credit, payments and business management tools.

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

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

In June 2021 Konfio announced their USD 125 mln Series E funding round, led by new investor Lightrock, where VEF invested an additional USD 19.8 mln. The funding round is yet another major milestone for the company and we continue to be impressed in terms of both the strength and resilience of the core business and launch of new product offerings. This additional investment in Konfio illustrates that our confidence in Konfio’s future as the leading provider of financial services for SMEs in Mexico continues to grow.



	Region: <b>BRAZIL</b>		Invested amount (USD): <b>6.5 mln</b>
	Ownership share: <b>20.1%</b>		Fair value (USD): <b>13.4 mln</b>
	Share of VEF's portfolio: <b>3.3%</b>		

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

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



	Region: <b>BRAZIL</b>		Invested amount (USD): <b>5.7 mln</b>
	Ownership share: <b>18.0%</b>		Fair value (USD): <b>12.6 mln</b>
	Share of VEF's portfolio: <b>3.1%</b>		

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

Acting as an independent broker, FinanZero negotiates the customer’s loan with several banks and credit institutions at once to find the loan with the best interest rate and terms for the consumer. FinanZero handles the lending process from start to finish, with the customer and the bank integrated into the platform.

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



	Region: <b>BRAZIL</b>		Invested amount (USD): <b>5.7 mln</b>
	Ownership share: <b>17.5%</b>		Fair value (USD): <b>10.5 mln</b>
	Share of VEF's portfolio: <b>2.6%</b>		

Magnetis is a Brazilian digital investment advisor which democratizes access to affordable and easy-to-use investment management, offering customers a simple, digital tool to manage their wealth.

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






Given the deep pool of wealth, high levels of consumer technology adoption, large existing revenue pool and lack of financial market literacy, Brazil represents one of the largest addressable markets for digital wealth management globally.

## XERPA

xerpa.com.br

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

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






	Region: <b>BRAZIL</b>		Invested amount (USD): <b>8.5 mln</b>
	Ownership share: <b>16.0%</b>		Fair value (USD): <b>4.8 mln</b>
	Share of VEF's portfolio: <b>1.2%</b>		

## minu

minu.mx

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

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

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

# Emerging Europe and Africa

transferGo

transfergo.com

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

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






	Region: <b>EASTERN EUROPE</b>		Invested amount (USD): <b>13.9 mln</b>
	Ownership share: <b>14.3%</b>		Fair value (USD): <b>27.8 mln</b>
	Share of VEF's portfolio: <b>6.9%</b>		

## JUMO

jumo.world

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

JUMO partners with banks and telcos through their tech-enabled platform to give customers access to savings and loan products via their mobile phone, in markets such as Ghana, Zambia, Tanzania, Kenya, Uganda, and Pakistan, where millions of adults are excluded from or underserved by traditional financial services. Since its launch in 2014, more than 18 mln people have saved or borrowed on the JUMO platform, with over USD 3 bln in funds disbursed to customers.






	Region: <b>AFRICA</b>		Invested amount (USD): <b>14.6 mln</b>
	Ownership share: <b>6.8%</b>		Fair value (USD): <b>16.3 mln</b>
	Share of VEF's portfolio: <b>4.0%</b>		

## pebco+

mokka.ru

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

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

	Region: <b>RUSSIA, CEE</b>		Invested amount (USD): <b>6.7 mln</b>
	Ownership share: <b>23.0%</b>		Fair value (USD): <b>15.7 mln</b>
	Share of VEF's portfolio: <b>3.9%</b>		

# South Asia



juspay.in

Juspay is one of India’s leading payment companies.

- Region: **INDIA**
- Ownership share: **9.9%**
- Share of VEF’s portfolio: **6.1%**

- Invested amount (USD): **13.0 mln**
- Fair value (USD): **24.7 mln**

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

Juspay has created a unifying layer of products and value-added services that improves conversion rates for merchants and other stakeholders in the payment value chain. Juspay has had more than 200 mln downloads of its SDK and facilitates more than USD 10 bln of annualised payment volume for some of India’s largest merchants including Amazon, Flipkart, Uber, Swiggy, Ola and Cred.



finja.pk

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

- Region: **PAKISTAN**
- Ownership share: **22.8%**
- Share of VEF’s portfolio: **1.8%**

- Invested amount (USD): **3.2 mln**
- Fair value (USD): **7.4 mln**

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



Photo: Juspay



rupeek.com

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

- Region: **INDIA**
- Ownership share: **1.4%**
- Share of VEF’s portfolio: **1.7%**

- Invested amount (USD): **7.0 mln**
- Fair value (USD): **7.0 mln**

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



abhi.com.pk

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

- Region: **PAKISTAN**
- Ownership share: **15.0%**
- Share of VEF’s portfolio: **0.2%**

- Invested amount (USD): **0.9 mln**
- Fair value (USD): **0.9 mln**

In a country where less than 2 mln people have access to formal credit, Abhi allows employees to access their earned income and avoid expensive payday loans when they need it most. Modernizing the pay cycle is the most fundamental transformation a company can make to its relationship with employees, and as a result, Abhi’s partner companies benefit from a more motivated workforce with higher satisfaction and retention of employees.

# Financial information

## Investments

During 1H21, gross investments in financial assets were USD 32.4 mln (1H20: 16.7), of which:

### During Q1

- USD 7.0 mln relates to investments in Rupeek.
- USD 1.5 mln relates to investments in FinanZero.
- USD 0.5 mln relates to investments in minu.

### During Q2

- USD 19.8 mln relates to investments in Konfio.
- USD 2.8 mln relates to investments in TransferGo.
- USD 0.9 mln relates to investments in Abhi.

## Divestments

Gross divestments in financial assets were USD 36.5 mln (1H20: 16.5), of which all relates to divestments in liquidity placements, of which:

### During Q1

- USD 7.5 mln relates to divestments in liquidity placements.

### During Q2

- USD 29.0 mln relates to divestments in liquidity placements.

## SDR info

At the end of 1H21, the number of outstanding shares represented by SDRs was 834,477,168. Including the 45,650,000 redeemable common shares under the long-term incentive program (LTIP) 2019 and 2020, the total number of outstanding shares amounts to 880,127,168. The company currently does not hold any repurchased SDRs.

## Group – results for 1H21

During 1H21, the result from financial assets at fair value through profit or loss amounted to USD 19.5 mln (1H20: -24.1).

- Dividend and coupon income were USD 0.2 mln (1H20: 0.2).
- Net operating expenses amounted to USD -4.0 mln (1H20: -1.9).
- Net financial items were 0.1 mln (1H20: 0.3).
- Net result was USD 15.8 mln (1H20: -25.4).
- Total shareholders' equity amounted to USD 404.3 mln (Dec 31, 2020: 388.1).

## Group – results for 2Q21

During 2Q21, the result from financial assets at fair value through profit or loss amounted to USD 3.2 mln (2Q20: 37.7).

- Dividend and coupon income were USD 0.1 mln (2Q20: 0.1).
- Net operating expenses amounted to USD 3.0 mln (2Q20: -1.4).
- Net financial items were 0.1 mln (2Q20: 0.3).
- Net result was USD 0.5 mln (2Q20: 36.7).

## Liquid assets

The liquid assets of the Group, defined as cash and bank deposits, amounted to USD 7.2 mln on Jun 30, 2021 (Dec 31, 2020: 4.2). The Company also has investments in money market funds and bonds, as part of its liquidity management operations. As of Jun 30, 2021, the liquidity investments are valued at USD 11.7 mln (Dec 31, 2020: 48.2), based on the latest NAV of each respective liquidity asset.

## Parent company

The parent company is the holding company of the Group. The net result for 1H21 was USD 6.5 mln (1H20: 3.1).

In May the fully owned subsidiary VEF Cyprus Limited issued 200,756,646 new shares to a value of USD 200,756,646 in a non cash issue to VEF Limited in order to pay off its intercompany loan including accrued interest.

## Financial and operating risks

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

# Consolidated income statement

Expressed in USD thousands	Note	1H 2021	1H 2020	2Q 2021	2Q 2020
Result from financial assets at fair value through profit or loss <sup>1</sup>	3	19,533	-24,072	3,229	37,703
Dividend and coupon income		194	197	97	100
Other income		–	60	–	60
<b>Total operating profit</b>		<b>19,727</b>	<b>-23,815</b>	<b>3,326</b>	<b>37,863</b>
Administrative and operating expenses		-3,818	-1,643	-2,902	-861
Employee incentive programs	4	-198	-243	-69	-524
<b>Total operating expenses</b>		<b>-4,016</b>	<b>-1,886</b>	<b>-2,971</b>	<b>-1,395</b>
<b>Operating result</b>		<b>15,711</b>	<b>-25,701</b>	<b>355</b>	<b>34,468</b>
<b>Financial income and expenses</b>					
Interest income/expense, net		63	-3	–	-3
Currency exchange gains/losses, net		-9	265	133	254
<b>Net financial items</b>		<b>54</b>	<b>262</b>	<b>133</b>	<b>251</b>
<b>Result before tax</b>		<b>15,765</b>	<b>-25,439</b>	<b>488</b>	<b>37,719</b>
Taxation		-14	-7	-8	-7
<b>Net result for the period</b>		<b>15,751</b>	<b>-25,446</b>	<b>480</b>	<b>36,712</b>
Earnings per share (in USD) <sup>2</sup>		0.02	-0.04	0.00	0.06
Diluted earnings per share (in USD) <sup>3</sup>		0.02	-0.04	0.00	0.06

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

## Statement of other comprehensive income

Expressed in USD thousands	1H 2021	1H 2020	2Q 2021	2Q 2020
<b>Net result for the period</b>	<b>15,751</b>	<b>-25,446</b>	<b>480</b>	<b>36,712</b>
<b>Other comprehensive income for the period:</b>				
Items that may be classified subsequently to profit or loss:				
Currency translation differences	-32	-3	-17	15
<b>Total other comprehensive income for the period</b>	<b>-32</b>	<b>-3</b>	<b>-17</b>	<b>15</b>
<b>Total comprehensive income for the period</b>	<b>15,719</b>	<b>-25,449</b>	<b>463</b>	<b>36,727</b>

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

# Consolidated balance sheet

Expressed in USD thousands	Note	Jun 30, 2021	Dec 31, 2020
<b>NON-CURRENT ASSETS</b>			
Tangible non-current assets			
Property, plant and equipment		161	211
<b>Total tangible non-current assets</b>		<b>161</b>	<b>211</b>
Financial non-current assets			
Financial assets at fair value through profit or loss	3		
Equity financial assets		385,913	333,952
Liquid financial assets		11,719	48,205
Other financial assets		–	–
<b>Total financial non-current assets</b>		<b>397,632</b>	<b>382,157</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		7,167	4,224
Tax receivables		68	58
Short-term loan receivables		–	2,176
Other current receivables		160	114
<b>Total current assets</b>		<b>7,396</b>	<b>6,572</b>
<b>TOTAL ASSETS</b>		<b>405,188</b>	<b>388,940</b>
<b>SHAREHOLDERS' EQUITY (including net result for the financial period)</b>		<b>404,251</b>	<b>388,066</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing liabilities			
Long-term (lease) liabilities		34	70
<b>Total non-current liabilities</b>		<b>34</b>	<b>70</b>
<b>CURRENT LIABILITIES</b>			
Non-interest-bearing current liabilities			
Other current liabilities		194	192
Tax liabilities		35	85
Accrued expenses		675	527
<b>Total current liabilities</b>		<b>903</b>	<b>804</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>405,188</b>	<b>388,940</b>

# Consolidated statement of changes in equity

Expressed in USD thousands	Note	Share capital	Additional paid in capital	Other reserves	Retained earnings	Total
Balance at Jan 1, 2020		6,678	87,923	–	154,837	249,439
Net result 1H20		–	–	–	-25,446	-25,446
Other comprehensive income for the period						
Currency translation difference		–	–	–	-3	-3
Total comprehensive income for the period		–	–	–	-25,449	-25,449
Value of employee services:						
- Employee share option scheme		–	14	–	–	14
- Share based long-term incentive program		80	-206	–	–	-126
Buy-back of own shares		-19	-622	–	–	-641
Balance at Jun 30, 2020		6,739	87,109	–	129,388	223,236

Balance at Jan 1, 2021		8,749	144,990	–	234,327	388,066
Net result 1H21		–	–	–	15,751	15,751
Other comprehensive income for the period						
Currency translation difference		–	–	–	-32	-32
Total comprehensive income for the period		–	–	–	15,719	15,719
Value of employee services:						
- Employee share option scheme	5	15	309	–	–	324
- Share based long-term incentive program	4	37	105	–	–	142
Balance at Jun 30, 2021		8,801	145,404	–	250,046	404,251

# Consolidated statement of cash flows

Expressed in USD thousands	1H 2021	1H 2020	2Q 2021	2Q 2020
OPERATING ACTIVITES				
Result before tax	15,765	-25,439	488	36,720
Adjustment for non-cash items:				
Interest income and expense, net	-63	-3	–	-3
Currency exchange gains/-losses, net	9	-265	-133	-254
Depreciations	50	11	36	143
Result from financial assets at fair value through profit or loss	-19,533	24,072	-3,229	-37,703
Dividend and coupon income	-194	-197	-97	-100
Other non-cash items affecting profit or loss	115	-111	39	69
Change in current receivables	-47	-208	26	-190
Change in current liabilities	193	-201	59	450
Net cash used in operating activities	-3,705	-2,341	-2,812	-868
Investments in financial assets	-32,443	-16,736	-23,491	-3,311
Sales of financial assets	36,500	16,500	29,000	3,500
Repayment of short-term loan receivables	2,176	–	–	–
Dividend and coupon income	194	197	97	100
Interest received	63	–	–	–
Tax paid	–	-7	–	6
Interest paid	–	–	–	–
Net cash flow from operating activities	2,785	-2,387	2,794	-573
INVESTMENT ACTIVITIES				
Investments in office equipment	–	–	–	–
Net cash flow from investment activities	–	–	–	–
FINANCING ACTIVITIES				
Proceeds from directed rights issue, net	–	–	–	–
Repayment of lease liabilities	–	-30	–	-30
Buy-back of own shares	–	-641	–	–
Proceeds from new share issue through employee options	314	–	314	–
Net cash flow from financing activities	314	-671	314	-30
Change in cash and cash equivalents	3,099	-3,058	3,108	-603
Cash and cash equivalents at beginning of the period	4,224	5,562	4,055	3,150
Exchange gains/losses on cash and cash equivalents	-156	41	4	-2
Cash and cash equivalents at end of the period	7,167	2,545	7,167	2,545

# Alternative performance measures

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

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

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

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

	1H 2021	1H 2020
Net asset value, USD <sup>1</sup>	404,251,283	223,236,223
Exchange rate at balance sheet date, SEK/USD	8.51	9.35
Net asset value/share, USD <sup>2</sup>	0.48	0.34
Net asset value/share, SEK <sup>3</sup>	4.12	3.15
Net asset value, SEK <sup>4</sup>	3,440,436,451	2,086,319,841
Weighted average number of shares for the financial period <sup>5</sup>	830,710,911	656,860,381
Weighted average number of shares for the financial period, fully diluted <sup>5</sup>	831,223,622	659,031,257
Number of shares at balance sheet date <sup>5</sup>	834,477,168	661,495,995
Number of shares at balance sheet date, fully diluted <sup>5</sup>	834,989,879	663,666,871

- 1. Net value of all assets on the balance sheet, equal to the shareholders' equity
- 2. Net asset value/share is defined as shareholders' equity divided by total number of outstanding shares.
- 3. Net asset value/share is defined as shareholders' equity divided by total number of outstanding shares multiplied with the SEK/USD exchange rate at balance sheet date.
- 4. Net asset value in USD multiplied with the SEK/USD exchange rate at balance sheet date.
- 5. Number of shares is not adjusted for 45,650,000 redeemable common shares issued under the 2019 and 2020 long-term incentive program.

## Reconciliation tables

	1H 2021	1H 2020
Net asset value, USD	404,251,283	223,236,223
<b>Net asset value, SEK</b>		
Net asset value, USD	404,251,283	223,236,223
SEK/USD	8.51	9.35
Net asset value, SEK	3,440,436,451	2,086,319,841
<b>Net asset value/share, USD</b>		
Net asset value, USD	404,251,283	223,236,223
Number of outstanding shares	834,477,168	661,495,995
Net asset value/share, USD	0.48	0.34
<b>Net asset value/share, SEK</b>		
Net asset value, USD	404,251,283	223,236,223
SEK/USD	8.51	9.35
Net asset value, SEK	3,440,436,451	2,086,319,841
Number of outstanding shares	834,477,168	661,495,995
Net asset value/share, SEK	4.12	3.15

# Parent company income statement

Expressed in USD thousands	1H 2021	1H 2020	2Q 2021	2Q 2020
Result from financial assets at fair value through profit or loss	7,345	27	6,029	698
Dividend and coupon income	194	197	97	100
Other income	–	60	–	60
<b>Total operating profit</b>	<b>7,539</b>	<b>284</b>	<b>6,126</b>	<b>858</b>
Administrative and operating expenses	-3,728	-1,727	-2,769	-957
Employee incentives programs	-113	-175	-20	-456
<b>Total operating expenses</b>	<b>-3,841</b>	<b>-1,902</b>	<b>-2,789</b>	<b>-1,413</b>
<b>Operating result</b>	<b>3,698</b>	<b>-1,618</b>	<b>3,337</b>	<b>-55</b>
<b>Financial income and expenses</b>				
Interest income/expense, net	3,015	4,425	961	2,279
Currency exchange gains/losses, net	-234	258	-89	237
<b>Net financial items</b>	<b>2,781</b>	<b>4,683</b>	<b>872</b>	<b>2,516</b>
<b>Result before tax</b>	<b>6,479</b>	<b>3,065</b>	<b>4,209</b>	<b>1,961</b>
Taxation	–	–	–	–
<b>Net result for the period</b>	<b>6,479</b>	<b>3,065</b>	<b>4,209</b>	<b>1,961</b>

## Statement of other comprehensive income

Expressed in USD thousands	1H 2021	1H 2020	2Q 2021	2Q 2020
<b>Net result for the period</b>	<b>6,479</b>	<b>3,065</b>	<b>4,209</b>	<b>1,961</b>
<b>Total other comprehensive income for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive income for the period</b>	<b>6,479</b>	<b>3,065</b>	<b>4,209</b>	<b>1,961</b>

# Parent company balance sheet

Expressed in USD thousands	Jun 30, 2021	Dec 31, 2020
<strong>NON-CURRENT ASSETS</strong>		
<strong>Financial non-current assets</strong>		
Shares in subsidiaries	201,778	16
Financial assets at fair value through profit or loss		
Equity financial assets	31,702	13,000
Liquid financial assets	11,719	20,849
Receivables from Group companies	–	138,013
Other financial assets	–	11
<strong>Total financial non-current assets</strong>	<strong>245,200</strong>	<strong>171,889</strong>
<strong>CURRENT ASSETS</strong>		
Cash and cash equivalents	3,783	2,552
Other current receivables	112	115
<strong>Total current assets</strong>	<strong>3,895</strong>	<strong>2,667</strong>
<strong>TOTAL ASSETS</strong>	<strong>249,094</strong>	<strong>174,556</strong>
<strong>SHAREHOLDERS' EQUITY (including net result for the financial period)</strong>	<strong>248,369</strong>	<strong>174,089</strong>
<strong>CURRENT LIABILITIES</strong>		
<strong>Non-interest-bearing current liabilities</strong>		
Other current liabilities	77	39
Accrued expenses	648	428
<strong>Total current liabilities</strong>	<strong>725</strong>	<strong>467</strong>
<strong>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</strong>	<strong>249,094</strong>	<strong>174,556</strong>

# Parent company statement of changes in equity

Expressed in USD thousands	Share capital	Additional paid in capital	Other reserves	Retained earnings	Total
<strong>Balance at Jan 1, 2020</strong>	<strong>6,678</strong>	<strong>87,923</strong>	<strong>–</strong>	<strong>79,206</strong>	<strong>173,807</strong>
Net result 1H20	–	–	–	3,065	3,065
<strong>Other comprehensive income for the period</strong>					
Currency translation difference	–	–	–	–	–
<strong>Total comprehensive income for the period</strong>	<strong>–</strong>	<strong>–</strong>	<strong>–</strong>	<strong>3,065</strong>	<strong>3,065</strong>
Value of employee services:					
– Employee share option scheme	–	14	–	–	14
– Share based long-term incentive program	80	-206	–	–	-126
Buy-back of own shares	-19	-622	–	–	-641
<strong>Balance at Jun 30, 2020</strong>	<strong>6,739</strong>	<strong>87,109</strong>	<strong>–</strong>	<strong>82,271</strong>	<strong>176,119</strong>
<strong>Balance at Jan 1, 2021</strong>	<strong>8,749</strong>	<strong>144,990</strong>	<strong>–</strong>	<strong>87,685</strong>	<strong>241,424</strong>
Net result 1H21	–	–	–	6,479	6,479
<strong>Other comprehensive income for the period</strong>					
Currency translation difference	–	–	–	–	–
<strong>Total comprehensive income for the period</strong>	<strong>–</strong>	<strong>–</strong>	<strong>–</strong>	<strong>6,479</strong>	<strong>6,479</strong>
Value of employee services:					
– Employee share option scheme	15	309	–	–	324
– Share based long-term incentive program	37	105	–	–	142
<strong>Balance at Jun 30, 2021</strong>	<strong>8,801</strong>	<strong>145,404</strong>	<strong>–</strong>	<strong>94,164</strong>	<strong>248,369</strong>

# Notes

(Expressed in USD thousand unless indicated otherwise)

## Note 1 — Accounting principles

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

## Note 2 — Related party transactions

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

	Operating expenses		Current liabilities	
	1H 2021	1H 2020	1H 2021	1H 2020
Key management and Board of Directors <sup>1</sup>	1,821	894	–	359

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

The result impact in the period for the long-term incentive programs (LTIP 2019 and LTIP 2020) for the management amounted to USD 0.06 mln and USD 0.08 mln respectively, excluding cash subsidy and social taxes. See further details of LTIP 2019 and LTIP 2020 in Note 4.

## Note 3 — Fair value estimation

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

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

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

### Assets measured at fair value at Jun 30, 2021

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss	11,719	272,769	113,144	397,632
Total assets	11,719	272,769	113,144	397,632

### Assets measured at fair value at Dec 31, 2020

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss	48,205	175,771	158,181	382,157
Total assets	48,205	175,771	158,181	382,157

### Changes of financial assets in level 3

	2021	2020
Opening balance Jan 1	158,181	58,671
Transfers from level 2 to level 3	–	151,716
Transfers from level 3 to level 2	-58,437	–
Change in fair value	13,400	-20,362
Closing balance June 30	113,144	190,026

As per June 30, 2021, VEF has a liquidity management portfolio of listed corporate bonds and money market funds that are classified as level 1 investments.

The investments in Creditas, Konfio, FinanZero, Rupeek, Finja, Abhi and minu, are classified as Level 2 investments. The remaining portfolio companies are classified as Level 3 investments.

Holdings classified as Level 2 investments are valued based on the latest transaction in the company. The validity of valuations based on a transaction is inevitably eroded over time, since the price at which the investment was made reflects the conditions that existed on the transaction date. At each reporting date, possible changes or events subsequent to the relevant transaction are assessed and if this assessment implies a change in the investment’s fair value, the valuation is adjusted accordingly. The transaction-based valuations are frequently assessed using multiples of comparable traded companies for each unlisted investment or other valuation models. When transaction-based valuations of unlisted holdings are used, no material event is deemed to have occurred in the specific portfolio company that would suggest that the transaction-based value is no longer valid.

### Portfolio company transactions during the quarter

#### Konfio

In June Konfio, Mexico’s leading SME financial technology company announced that it has closed a USD 125 mln financing round led by new investor Lightrock, with participation from existing investors Softbank, Kaszek Ventures, QED Investors, IFC and new investor Tarsadia Capital. VEF invested an additional USD 19.8 mln in the round and holds a 10.6% stake in the compay post the transaction. As per June 30, 2021, VEF’s stake in the compay is valued on the basis of this transaction and is categorized as a level 2 investment.

#### TransferGo

In May 2021, VEF invested an additional EUR 2.3 mln into TransferGo in the form of a 6 months convertible loan note alongside existing co-investor Hard Yaka. As per June 30, 2021, VEF holds a 14.3% stake in the company. The holding in TransferGo is valued on the basis of valuation model including the face value and accrued interest of the two outstanding convertible loan notes. TransferGo is classified as a Level 3 investment and is valued based on a valuation model.

#### Abhi

In June, VEF made its first investment into Abhi, a Pakistani based financial wellness company providing employee salary advances. The USD 2 mln investment round was led by VEF with participation from international and local investors including Village Global, Sarmayacar, i2i Ventures, Zayn Capital, and Portman Wills, the co-founder and CTO of Wagestream. VEF invested USD 0.9 mln in the round and holds a 15% ownership stake in the company. As per June 30, VEF’s position in Abhi is valued on the basis of this transaction and is categorized as a Level 2 investment.

Mark to model-based valuations

At the end of 2Q21, seven out of fifteen portfolio companies have been valued based on a mark-to-model, for most parts using a peer group revenue multiple. Inputs used for each valuation include risk adjusted revenue forecasts, local currency moves and a combination of listed and private peer group revenue multiples as of June 30, 2021.

The difference in fair value change between the portfolio companies is dependent on relative revenue forecasts in each company as well as moves in the relevant peer group and moving exchange rates. During the period, the positive valuation changes in Juspay, JUMO, REVO and Magnetis were mainly driven by strong revenue growth, rollig NTM reveue forecasts and stronger peer group multiples except for REVO and Magnetis. The negative change in fair value for Xerpa is mainly driven by a discounted revenue forecast versus 1Q21. During the second quarter, the holding in Guiabolso was written-off, reflecting the recent negative trajectory in the Company’s revenue generation profile. Forward looking revenue estimates naturally considers any COVID-19 related impact. Most of the portfolio companies have experienced a strong uptick of late and in certain cases an accelerated growth driven by the digitization push following the COVID-19 pandemic. In the latest forecasts, Management does not expect material negative impacts but continuously monitors any developments in this regard.

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

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

Company	Valuation method	-15%	-10%	-5%	0%	+5%	+10%	+15%
TransferGo	Mark-to-model	24,052	25,303	26,554	27,805	29,056	30,307	31,558
Juspay	Mark-to-model	21,243	22,396	23,549	24,703	25,856	27,009	28,163
JUMO	Mark-to-model	13,561	14,485	15,408	16,332	17,255	18,179	19,103
REVO	Mark-to-model	13,378	14,136	14,894	15,651	16,406	17,167	17,924
Nibo	Mark-to-model	11,520	12,139	12,758	13,377	13,997	14,616	15,235
Magnetis	Mark-to-model	8,893	9,437	9,981	10,526	11,070	11,614	12,158
Xerpa	Mark-to-model	4,123	4,333	4,542	4,751	4,960	5,169	5,378

Change in financial assets at fair value through profit or loss

Company	Jan 1, 2021	Investments/ (divestments), net	Fair value change	Jun 30, 2021	Percentage of total NAV
Creditas	169,023	–	–	169,023	41.8%
Konfio	48,504	19,752	7,170	75,426	18.7%
TransferGo	28,634	2,840	-3,669	27,805	6.9%
Juspay	17,372	–	7,331	24,703	6.1%
JUMO	9,540	–	6,792	16,332	4.0%
REVO	11,083	–	4,568	15,651	3.9%
Nibo	13,610	–	-233	13,377	3.3%
FinanZero	9,933	1,501	1,184	12,618	3.1%
Magnetis	8,330	–	2,196	10,526	2.6%
Finja	6,748	–	603	7,351	1.8%
Rupeek	–	7,000	–	7,000	1.7%
Xerpa	5,758	–	-1,007	4,751	1.2%
Abhi	–	900	–	900	0.2%
minu	–	450	–	450	0.1%
Guiabolso	5,417	–	-5,417	–	0.0%
Liquidity investments	48,205	-36,500	14	11,719	2.9%
Total	382,157	-4,057	19,533	397,632	98.4%

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

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

	LTIP 2019	LTIP 2020
Performance measurement period	Jan 2019–Dec 2021	Jan 2020–Dec 2024
Vesting period	May 2019–Dec 2021	Nov 2020–Dec 2024
Maximum no of SDRs	12,400,000	33,250,000
Maximum dilution	1.87%	5.01%
Share price on grant date, SEK	2.40	3.14
Share price on grant date, USD	0.26	0.36
Plan share price on grant date, SEK	0.32	0.37
Plan share price on grant date, USD	0.03	0.04
Total employee benefit expense excl. bonuses paid and social taxes (USD mln)	LTIP 2019 <sup>1</sup>	LTIP 2020 <sup>1</sup>
2021	0.06	0.08
2020	0.12	0.03
2019	0.08	—
2018	—	—
Total accumulated	0.26	0.11

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

Completed program 2018

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

Note 5 Option plan

Per June 30, 2021 a total of 1,500,000 options are outstanding. None to the Managing Director and 1,500,000 to other employees. 1,500,000 options were exercised during 2Q2021.

Option grant date	Nov 29, 2017	May 16, 2018	Dec 17, 2019
Maturity date	Feb 28, 2023	Aug 16, 2023	Dec 17, 2024
Option price at grant date SEK	0.54	0.41	0.34
Share price at grant date SEK	2.25	1.97	2.95
Exercise price SEK	2.54	2.35	3.69
Volatility	32.10%	29.90%	22.80%
Risk free interest rate	-0.25%	-0.13%	-0.29%
No. of options granted	500,000	500,000	500,000

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

Note 6 Events after the reporting period

On the 2nd of July VEF completed the redomestication process from Bermuda to Sweden. VEF AB (publ) is from the 2nd of July the group’s parent company. The shares in VEF AB (publ) are traded under the ticker VEFAB on Nasdaq First North Growth Market from the 5th of July.

On the 22nd of July VEF announced a USD 10 mln investment into BlackBuck, India’s largest online trucking platform. VEF participated in a broader equity financing round totalling USD 67 mln.

In 2Q21 Guiabolso was marked down to zero with visibility around any return of capital unclear at quarter end, but in late July Guiabolso was acquired and VEF recouped c. USD 3 mln.

Background

VEF Ltd. (VEF) was incorporated and registered with the Bermuda Registrar of Companies on May 28, 2015 with registered number 50298. The SDRs of VEF are traded on First North Growth Market Sweden, with the ticker VEFL SDB. As of June 30, 2021, the VEF Group consists of the Bermudian parent company VEF Ltd; one wholly owned Cypriot subsidiary, VEF Cyprus Limited; and one wholly owned Swedish subsidiary, VEF AB. The financial year of the Group is January 1–December 31.

On the 2nd of July 2021 the VEF group underwent a redomestication process from Bermuda to Sweden. The re-domestication process constituted that the newly incorporated Swedish company VEF AB (publ), with registration number 559288-0362, became the new parent company of the VEF group and the group’s net assets, including subsidiaries, were transferred from VEF Ltd. to VEF AB (publ).There is no change in the business and operations of the VEF group as a result of the redomestication of the parent company.

Parent company

The parent company is the holding company of the Group. The net result for 1H21 was USD 6.5 mln (1H20: 3.1).

Upcoming reporting dates

VEF’s financial report for the period January 1, 2021–September 30, 2021 will be published on November 3, 2021.

July 28, 2021  
David Nangle  
Managing Director

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

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