




VEF


The emerging market fintech investor


Interim report
First nine months
2021


Highlights during the quarter

- 

During the third quarter VEF added one new company to the portfolio, made one follow on investment and converted two outstanding convertible loan notes.

 - VEF invested USD 10 mln into India's leading online trucking platform, BlackBuck, our third investment in India.
 - Konfio raised an additional USD 110 mln, becoming Mexico's latest fintech unicorn. VEF owns 10.3% of the company and participated with an additional USD 9.3 mln investment.
 - TransferGo announced its USD 50 mln series C financing round and VEF participated by way of converting outstanding USD 5.0 mln debt in the company.
- 

Creditas announced a partnership with Nubank, the world's largest Neo bank, bringing together Nubank's c. 40 mln customers with Creditas's product suite.
- 

In August, VEF completed a successful directed share issue at SEK 4.27 per share, raising USD 102 mln before deduction of transaction costs. The placement was supported by a host of high quality investors, both new and old to the VEF story.
- 

On July 2, VEF completed the redomestication process from Bermuda to Sweden. From that date, VEF AB (publ) became the group's parent company. The shares in VEF AB (publ) are traded under the ticker VEFAB on Nasdaq First North Growth Market from July 5.

Net asset value

- NAV of VEF's portfolio increased during 9M21 to USD 553.6 mln. NAV per share increased by 13.6% to USD 0.53 per share during 9M21.
- In local currency, NAV increased to SEK 4,837 mln. NAV per share increased by 21.1% to SEK 4.64 per share during 9M21.
- Cash position, including liquidity investments, was USD 98.1 mln at the end of 9M21.

Financial result

- Net result for 3Q21 was USD 51.8 mln (3Q20: USD 44.4 mln). Earnings per share were USD 0.06 (3Q20: USD 0.07).
- Net result for 9M21 was USD 67.5 mln (9M20: USD 19.0 mln). Earnings per share were USD 0.08 (9M20: USD 0.03).

	Dec 31, 2019	Dec 31, 2020	Sep 30, 2021
Net asset value (USD mln)	249.4	388.1	553.6
Net asset value (SEK mln)	2,325	3,178	4,837
Net asset value per share (USD)	0.38	0.47	0.53
Net asset value per share (SEK)	3.55	3.83	4.64
VEF AB (publ) share price (SEK)	2.94	4.04	5.66

Events after the end of the period

- In October, VEF invested an additional USD 0.5 mln, via a safe note, in Pakistan based financial wellness company Abhi.

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

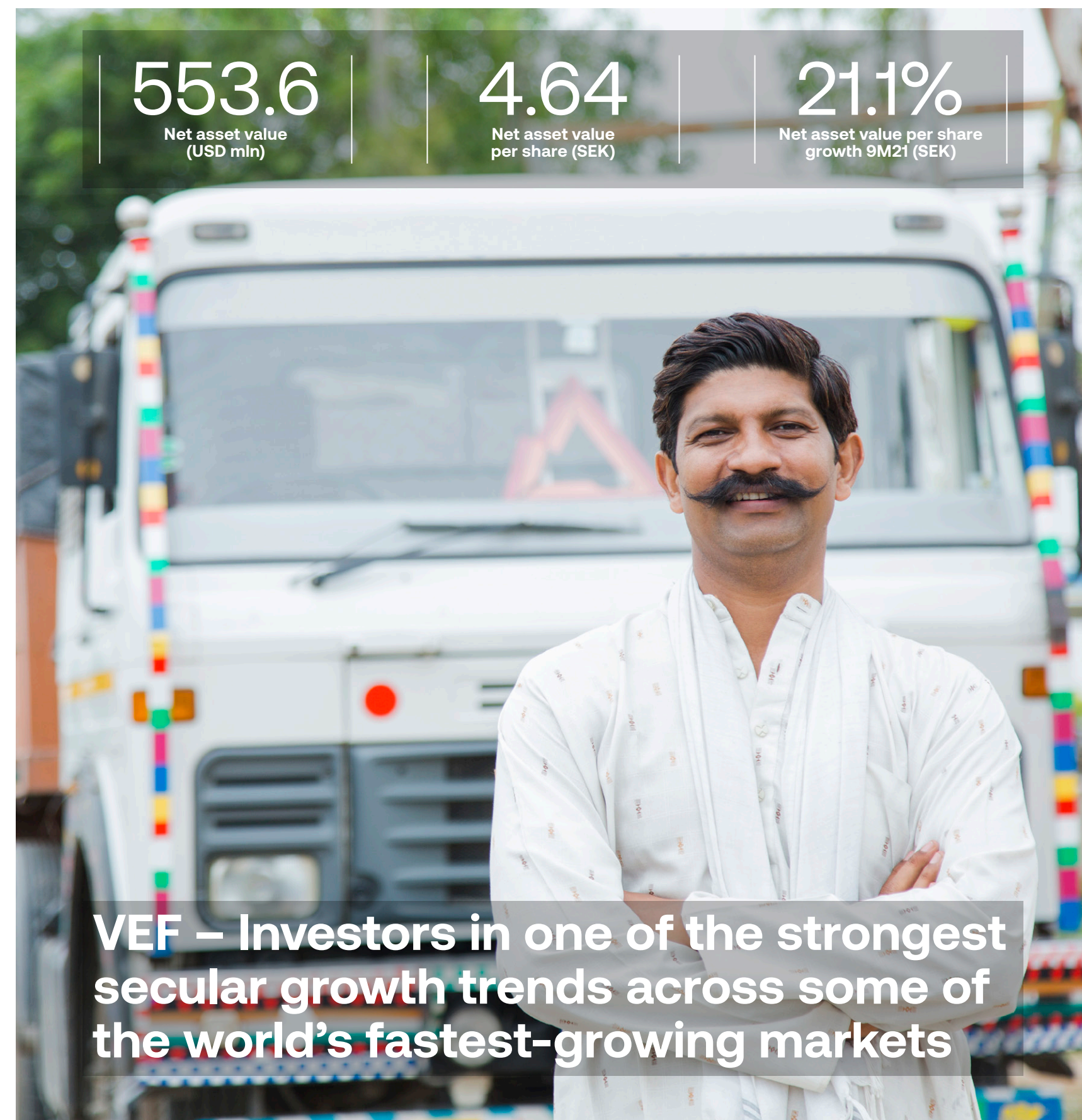


Photo: Deepak Sethi (Getty Images)

Management report

Dear Fellow Shareholder,

Less but better

At VEF, we love the concept of essentialism and the benefits of focus. We are constantly trying to focus our time and energy, refine our processes and do less, but better. This is admittedly hard to achieve in these eventful times, but this is our clear direction of travel. Highlight of 3Q21 was our successful share placement, while portfolio champion, Konfío, raised another USD 100 mln+. We also put additional capital to work in Abhi, while TransferGo and JUMO closed game changing funding rounds. One new investment in 3Q21, BlackBuck, India's leading trucking marketplace with a deep embedded fintech offering, while we say goodbye to Xerpa, with more education banked than returns. Creditas continues to power on, delivering c. 50% QoQ revenue growth, while announcing a key partnership with fellow top Brazilian fintech, Nubank.

USD NAV reached 550 mln, SEK NAV per share up 13% QoQ and up 28% YoY

We end 3Q21 with a NAV per share of SEK 4.64, up 13% QoQ, and up 28% YoY. Total NAV was USD 554 mln, up 37% QoQ, and up 106% YoY (up 70% excl. recent direct placement). The 3% strength of USD vs SEK QoQ mainly drove the NAV growth currency differential in SEK terms. Behind the total QoQ NAV growth, 65% was driven by our recent USD 97.4 mln (net of fees) direct placement with 35% driven by portfolio performance. Within the portfolio, key drivers on the upside was Konfío (latest funding round) with more marginal uplifts driven by Juspay, JUMO, REVO and TransferGo. On the downside, we will exit our position in Xerpa in October and recoup USD 1.3 mln. At end of 2Q21 we had the position marked at USD 4.8 mln, accounting for 1.2% of our NAV. While we all love to talk about our winners, we are acutely aware when we destroy value and spend time to analyse, learn and try not to repeat.

Konfío, TransferGo, JUMO, Abhi – All closed funding rounds in 3Q21

In September, we announced a USD 9.3 mln follow-on investment into Konfío, Mexico's leading small business focused fintech company, as part of a broader Series E2 financing round of USD 110 mln. Konfío is our second largest holding, and this was the second part of a financing round where we also invested USD 19.8 mln in 2Q21. 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 company. We are also excited by the announcements that came out of both JUMO and TransferGo (USD 50 mln raise) – these are game changing raises for two of our larger and longer duration portfolio companies.

Creditas, strong 3Q21 and Nubank tie up

Creditas continues to power on and released its headline numbers for 3Q21, delivering a staggering 50% QoQ headline revenue growth rate. Top line for the quarter was BRL 255 mln, and annual USD run rate revenues are now touching USD 200 mln and growing at a triple digit percentage clip YoY. Management also announced a strategic partnership with Nubank. The joint venture marries the customer rich Nubank with the Unit economic rich product suite of Creditas. Nubank also brings funding to the table, while the agreement allows Nubank to, during the next two years, become a minority shareholder of Creditas, with up to 7.7% of the company's shares.

One new investment in 3Q21, BlackBuck, pipeline keeps us busy

As reported in our 2Q21 release, VEF announced a USD 10 mln investment into BlackBuck, India's largest online trucking platform. This is our first foray into the embedded fintech space, about which we are becoming increasingly excited. Similar to 1Q21, pipeline build out keeps us busy, with a clear focus of only letting the best get into our portfolio. Key development and what has us energised is a return to travel – with a fintech tour in Mexico and Turkey under our belts, and with Egypt and Brazil planned by YE. On the ground activity has always been a key competitive edge for team VEF and we are happy to be back.

Successful capital raise leaves us well positioned for continued investment

2021 has been a busy YTD on the investor front as we put in increasing virtual mileage to spread the word on the VEF story. We work with most of the leading investment banks and have a growing following amongst the investment community. All this laid the ground work for our successful share placement in August, where we raised USD 97.4 mln net of fees, with the support of existing and new investors including Acacia Partners, Fidelity, Highclere, Robeco and Robur. During 3Q21 we initiated the process of exploring a re-listing from Nasdaq First North Growth Market to the Nasdaq Stockholm main market with the ambition to be admitted for trading some time in 2Q22 or 3Q22. We close 3Q21 with our share price up 40% YTD and as important, our average daily traded volume over the last three months approaching USD 0.5 mln. Over the five years to 3Q21, VEF has delivered 24% and 35% NAV per share and share price CAGR, respectively.

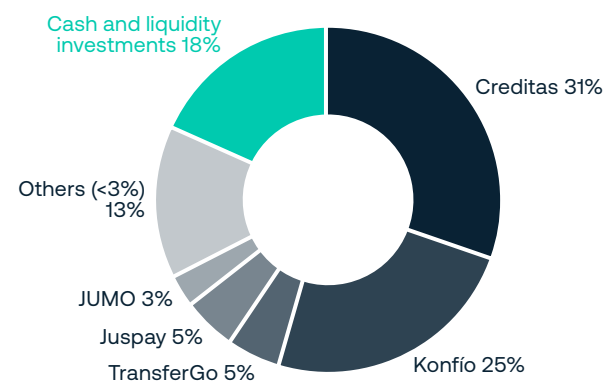
Concluding remarks

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. Beyond the short-term optimism, we remain long a portfolio of quality emerging markets fintech holdings, selectively shopping for new holdings, with an anti-FOMO bias, and believe we are as well-positioned as ever to create value for our shareholders for the long term.

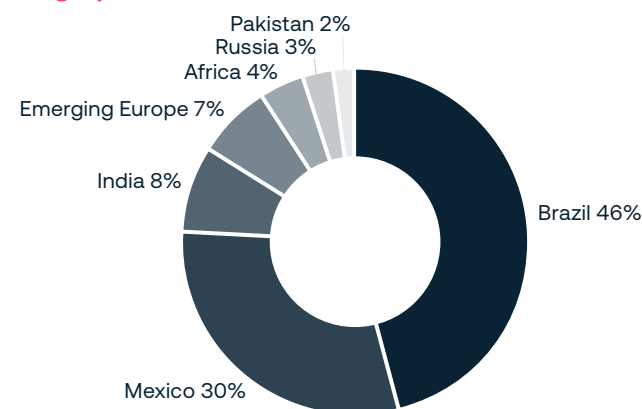
November 2021,
Dave Nangle

VEF in charts — 3Q 2021

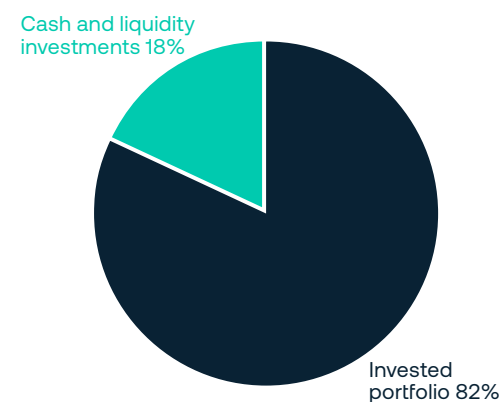
Portfolio composition



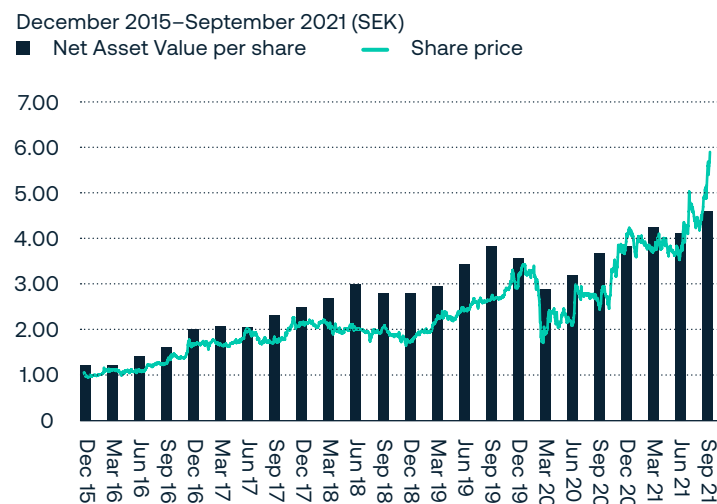
Geographic distribution, ex. cash



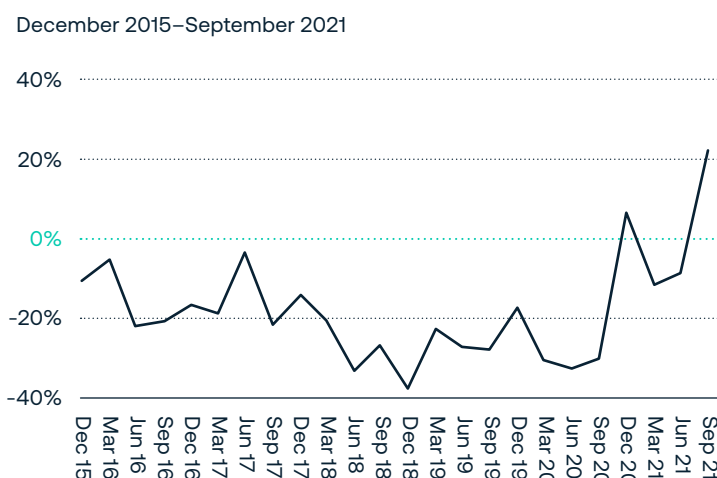
Invested portfolio and cash



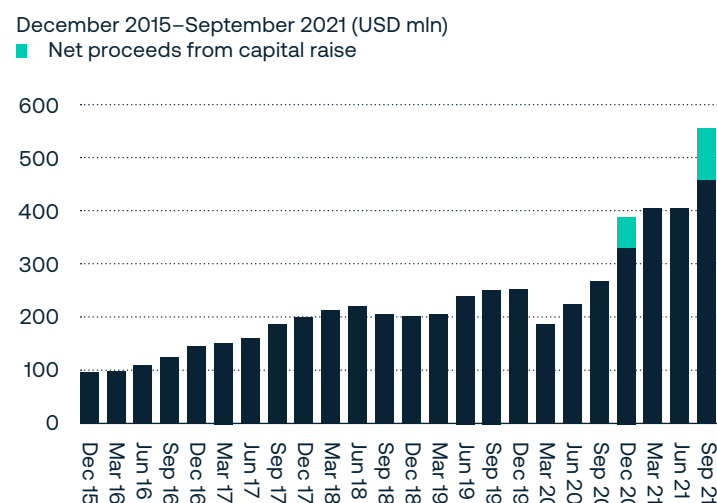
VEF share and net asset value development



Premium/discount to net asset value



VEF NAV evolution



Investment portfolio

Portfolio development

VEF's net asset value per share increased by 9.7% in USD over 3Q21, while VEF's share price in SEK increased by 50.5%. During the same period, the MSCI Emerging Markets index* decreased by -8.1% in USD terms.

Liquidity investments

The Company has investments in money market funds and bonds as part of its liquidity management operations. As at Sep 30, 2021, the liquidity investments are valued at USD 86.7 mln, based on the latest NAV of each respective liquidity asset.

Net asset value

Company	Fair value Sep 30, 2021 (TUSD)	Net invested amount (TUSD)	Investment/divestments 2021	Change in fair value 3Q 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 ¹
Konfio	135,582	56,521	29,021	50,887	58,057	48,504	Latest transaction ¹
TransferGo	29,223	13,877	2,840	1,418	-2,251	28,634	Latest transaction ^{1,2}
Juspay	28,701	13,000	-	3,998	11,329	17,372	Mark-to-model ¹
JUMO	18,409	14,614	-	2,077	8,869	9,540	Latest transaction ¹
REVO	13,843	6,664	-	-1,808	2,760	11,083	Mark-to-model ¹
FinanZero	12,290	4,172	1,501	-328	856	9,933	Latest transaction ^{1,2}
Nibo	11,916	6,500	-	-1,461	-1,694	13,610	Mark-to-model ¹
Magnetis	10,526	5,668	-	-	2,196	8,330	Latest transaction ¹
BlackBuck	10,000	10,000	10,000	-	-	-	Latest transaction ¹
Finja	7,351	2,925	-	-	603	6,748	Latest transaction ¹
Rupeek	7,000	7,000	7,000	-	-	-	Latest transaction ¹
Xerpa	1,259	8,500	-	-3,492	-4,499	5,758	Latest transaction ¹
Abhi	900	900	900	-	-	-	Latest transaction ¹
minu	450	450	450	-	-	-	Latest transaction ¹
Guiabolso	-	30,000	-3,101	3,101	-2,316	5,417	Exited
Liquidity investments	86,673	85,500	38,500	-46	-32	48,205	
Investment portfolio	543,145	339,647	87,111	54,345	73,878	382,157	
Cash and cash equivalents	11,461	-	-	-	-	4,224	
Total investment portfolio	554,606					386,381	
Other net liabilities/assets	-995	-	-	-	-	1,685	
Total net asset value	553,611					388,066	

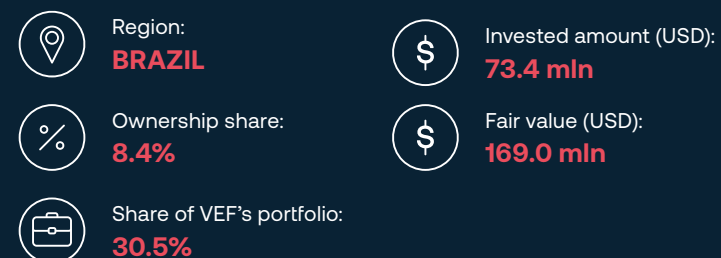
1. This investment is shown in the balance sheet as financial asset at fair value through profit or loss.
2. Attributable to currency exchange differences.

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

Latin America



creditas.com



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

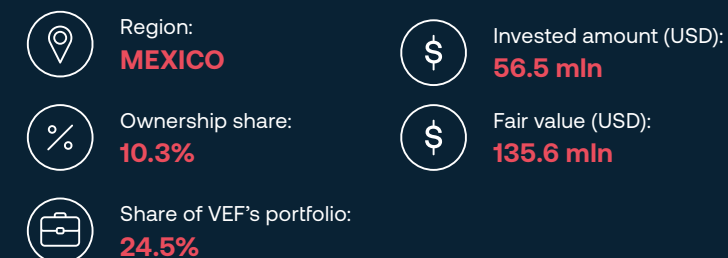
Creditas' ecosystem leverages customers' assets to offer fintech, insurtech and consumer solutions. Collateral-based lending is the core monetisation tool and allows Creditas to build an enduring client relationship. In Brazil, consumers pay some of the highest interest rates in the world, where unsecured 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.

At the end of 3Q21, Creditas' loan portfolio reached over BRL 2.9 bln, with revenues of BRL +550 mln in the first nine months of the year. While secured lending is driving dynamic growth, Creditas' asset-focused ecosystem is rapidly expanding and has seen acquisitions adding to the mix, in names like Minuto Seguros – the largest digital insurance broker in Brazil, Volanti – a pioneer in the Brazilian used car market and the investment in Voltz, an electric motorcycle company, leading this growth. Recently Creditas announced a strategic partnership with the world's largest Neo Bank – Brazilian NuBank, offering access to NuBank's 40 mln customers. 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.



konfio.mx



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

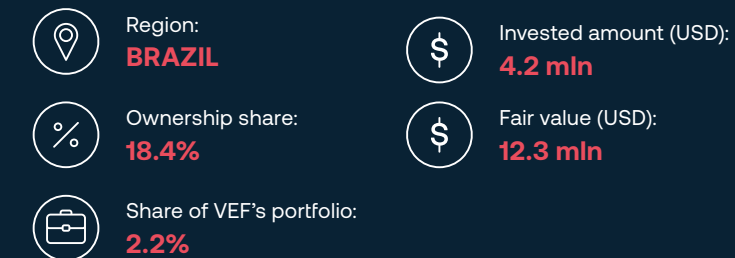
SMEs are key to development in emerging markets, yet with approximately 7 mln of these businesses in the country today, the sector has shown significant lags in Mexico. This is largely because SMEs have historically been underserved by traditional banks and thus have poor access to financial services, 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 September 2021 Konfio announced their Series E2 funding round of USD 110 mln following the recent Series E fundraise in June. The round was led by Tarsadia Capital with participation from existing investors Softbank, Kaszek Ventures, QED Investors, Lightrock and IFC. VEF took part in the round and invested an additional USD 9.3 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.



finanzero.com.br



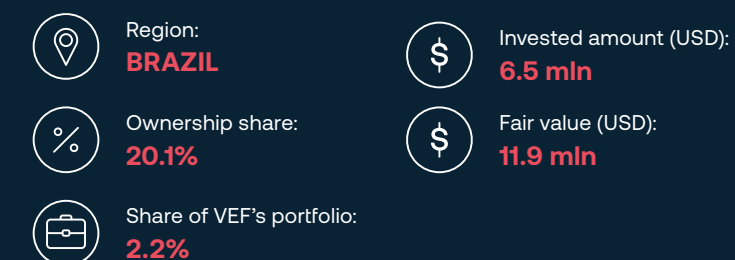
FinanZero is a pioneering digital marketplace for consumer loans in Brazil.

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.



nibo.com.br

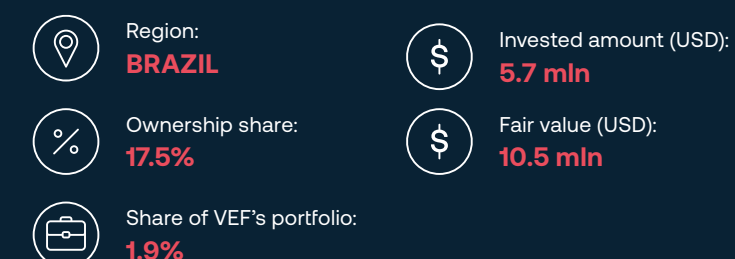


Nibo is the leading accounting SaaS provider in Brazil, transforming the way accountants and SMEs interact in one of the most complex and regulated accounting and tax environments in the world.

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



magnetis.com.br



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, 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: BRAZIL	 Invested amount (USD): 8.5 mln
 Ownership share: 16.0%	 Fair value (USD): 1.3 mln
 Share of VEF's portfolio: 0.2%	

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



Emerging Europe and Africa

transferGo

transfergo.com

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

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






 Region: EASTERN EUROPE	 Invested amount (USD): 13.9 mln
 Ownership share: 12.3%	 Fair value (USD): 29.2 mln
 Share of VEF's portfolio: 5.3%	

JUMO

jumo.world

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

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






 Region: AFRICA	 Invested amount (USD): 14.6 mln
 Ownership share: 4.8%	 Fair value (USD): 18.4 mln
 Share of VEF's portfolio: 3.3%	

pebco+

mokka.ru

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

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

 Region: RUSSIA, CEE	 Invested amount (USD): 6.7 mln
 Ownership share: 23.0%	 Fair value (USD): 13.8 mln
 Share of VEF's portfolio: 2.5%	

South Asia



juspay.in

Juspay is one of India's leading payment companies.

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

Juspay has created a unifying layer of products and value-added services that improves conversion rates for merchants and other stakeholders in the payment value chain. Juspay has had more than 200 mln downloads of its SDK and facilitates more than USD 50 bln of annualised payment volume for some of India's largest merchants including Amazon, Flipkart, Uber, Swiggy, Ola and Cred.

Region: INDIA	Invested amount (USD): 13.0 mln
Ownership share: 9.9%	Fair value (USD): 28.7 mln
Share of VEF's portfolio: 5.2%	



blackbuck.com

BlackBuck is the largest online trucking platform in India.

BlackBuck is the largest online trucking platform in India and currently drives 90%+ market share of all online trucking activity. It is leading a transformation in the India logistics industry, which is fast moving from paper & pencil to digital. BlackBuck digitizes fleet operations for truckers (providing predominantly payments solutions around tolls and fuel) and operates a marketplace matching trucks with relevant loads. BlackBuck is a leader in its category and has built several unique solutions for Indian truckers. 35% of India's trucking toll spend today happens through BlackBuck.

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

Region: INDIA	Invested amount (USD): 10.0 mln
Ownership share: 1.0%	Fair value (USD): 10.0 mln
Share of VEF's portfolio: 1.8%	



rupeek.com

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

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

Region: INDIA	Invested amount (USD): 7.0 mln
Ownership share: 1.4%	Fair value (USD): 7.0 mln
Share of VEF's portfolio: 1.3%	



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.

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.

Region: PAKISTAN	Invested amount (USD): 3.0 mln
Ownership share: 22.0%	Fair value (USD): 7.4 mln
Share of VEF's portfolio: 1.3%	



abhi.com.pk

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

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.

Region: PAKISTAN	Invested amount (USD): 0.9 mln
Ownership share: 15.0%	Fair value (USD): 0.9 mln
Share of VEF's portfolio: 0.2%	

Financial information

Investments

During 9M21, gross investments in financial assets were USD 136.7 mln (9M20: 16.7), of which:

During Q1

- USD 7.0 mln into Rupeek.
- USD 1.5 mln into FinanZero.
- USD 0.5 mln into minu.

During Q2

- USD 19.8 mln into Konfio.
- USD 2.8 mln into TransferGo.
- USD 0.9 mln into Abhi.

During Q3

- USD 9.3 mln into Konfio.
- USD 10.0 mln into BlackBuck.
- USD 85.0 mln into liquidity placements.

Divestments

During 9M21, gross divestments in financial assets were USD 49.6 mln (9M20: 16.5), 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.

During Q3

- USD 3.1 mln relates to divestments in Guiabolso.
- USD 10.0 mln relates to divestments in liquidity placements.

Share info

At the end of 9M21, the number of outstanding shares was 1,041,789,978. Including the 53,962,500 redeemable common shares under the long-term incentive program (LTIP) 2019, 2020 and 2021, the total number of outstanding shares amounts to 1,095,752,478. The company currently does not hold any repurchased shares.

Group – results for 9M21

During 9M21, the result from financial assets at fair value through profit or loss amounted to USD 73.9 mln (9M20: 21.1).

- Dividend and coupon income were USD 0.3 mln (9M20: 0.3).
- Net operating expenses amounted to USD -6.2 mln (9M20: -2.7).
- Net financial items were -0.4 mln (9M20: 0.3).
- Net result was USD 67.5 mln (9M20: 19.0).
- Total shareholders' equity amounted to USD 553.6 mln (Dec 31, 2020: 388.1).

Group – results for 3Q21

During 3Q21, the result from financial assets at fair value through profit or loss amounted to USD 54.3 mln (3Q20: 45.2).

- Dividend and coupon income were USD 0.1 mln (3Q20: 0.1).
- Net operating expenses amounted to USD -2.2 mln (3Q20: -0.9).
- Net financial items were -0.5 mln (3Q20: 0.0).
- Net result was USD 51.8 mln (3Q20: 44.4).

Liquid assets

The liquid assets of the Group, defined as cash and bank deposits, amounted to USD 11.5 mln on Sep 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 Sep 30, 2021, the liquidity investments are valued at USD 86.7 mln (Dec 31, 2020: 48.2), based on the latest NAV of each respective liquidity asset.

Parent company

The new parent company, VEF AB (publ) is the holding company of the Group. The net result for 9M21 was SEK 28.7 mln. This is the first financial report of VEF AB (publ) after the redomestication and the comparative figures for the Group presented in this financial report are attributable to the VEF Ltd. Group with VEF Ltd. as the parent Company. VEF AB (publ) are the parent of the wholly owned subsidiaries VEF Service AB and VEF Cyprus Limited. VEF AB (publ) is the direct shareholder of three portfolio companies (BlackBuck, Juspay and Rupeek).

Financial and operating risks

For a detailed account of risks associated with investing in VEF and VEF's business, please see page 33 in the "Business combinations under common control" section.

Consolidated income statement

Expressed in USD thousands	Note	9M 2021	9M 2020	3Q 2021	3Q 2020
Result from financial assets at fair value through profit or loss	3	73,878	21,124	54,345	45,196
Dividend and coupon income		292	294	97	97
Other income		8	72	8	12
Administrative and operating expenses		-5,253	-2,521	-1,434	-550
Employee incentive programs	4	-977	-227	-779	-312
Operating result		67,948	18,742	52,237	44,443
Financial income and expenses					
Interest income/expense, net		62	-5	0	-2
Currency exchange gains/losses, net		-472	269	-463	3
Net financial items		-410	264	-463	1
Result before tax		67,538	19,006	51,774	44,445
Income tax		-14	-23	0	-16
Net result for the period		67,525	18,983	51,774	44,429
Earnings per share (in USD) ¹		0.08	0.03	0.06	0.07
Diluted earnings per share (in USD) ²		0.08	0.03	0.06	0.07

1. Earnings/share is defined as result for the period divided by average weighted number of shares for the period.

2. Diluted earnings/share is defined as result for the period divided by average weighted number of shares for the period calculated on a diluted basis.

Statement of other comprehensive income

Expressed in USD thousands	9M 2021	9M 2020	3Q 2021	3Q 2020
Net result for the period	67,525	18,983	51,774	44,429
Other comprehensive income for the period:				
Items that may be classified subsequently to profit or loss:				
Currency translation differences	-5	3	26	5
Total other comprehensive income for the period	-5	3	26	5
Total comprehensive income for the period	67,520	18,986	51,800	44,434

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	Sep 30, 2021	Dec 31, 2020
NON-CURRENT ASSETS			
Tangible non-current assets			
Property, plant and equipment		134	211
Total tangible non-current assets		134	211
Financial non-current assets			
Financial assets at fair value through profit or loss	3		
Equity financial assets		456,472	333,952
Liquid financial assets		86,673	48,205
Other financial assets		27	-
Total financial non-current assets		543,172	382,157
CURRENT ASSETS			
Tax receivables		92	58
Short-term loan receivables		-	2,176
Other current receivables		229	114
Prepaid expenses and accrued income		142	-
Cash and cash equivalents		11,461	4,224
Total current assets		11,924	6,572
TOTAL ASSETS		555,230	388,940
SHAREHOLDERS' EQUITY (including net result for the financial period)		553,611	388,066
NON-CURRENT LIABILITIES			
Interest-bearing liabilities			
Long-term liabilities		17	70
Total non-current liabilities		17	70
CURRENT LIABILITIES			
Non-interest-bearing current liabilities			
Other current liabilities		1,110	192
Tax liabilities		43	85
Accrued expenses		449	527
Total current liabilities		1,602	804
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		555,230	388,940

Consolidated statement of changes in equity

Expressed in USD thousands	Note	Share capital	Additional paid in capital	Retained earnings	Total
Balance at Jan 1, 2020		0	–	249,439	249,439
Net result 9M20		–	–	18,983	18,983
Other comprehensive income for the period					
Currency translation difference		–	–	3	3
Total comprehensive income for the period		–	–	18,986	18,986
Value of employee services:					
- Employee share option scheme		–	–	310	310
- Share based long-term incentive program		–	–	80	80
Buy-back of own shares		–	–	-641	-641
Balance at Sep 30, 2020		0	–	268,174	268,174
Balance at Jan 1, 2021		0	–	388,066	388,066
Net result 9M21		–	–	67,525	67,525
Other comprehensive income for the period					
Currency translation difference		–	–	-5	-5
Total comprehensive income for the period		–	–	67,520	67,520
Transactions domicile change:					
- Issuance of share capital		1,006	–	-1,006	0
- Issuance of LTIP 2019 Plan shares		14	–	-14	0
- Issuance of LTIP 2020 Plan shares		39	–	-39	0
Transactions with owners:					
- Directed rights issue		238	97,192	–	97,430
Value of employee services:					
- Employee share option scheme	5	–	5	324	329
- Share based long-term incentive program	4	10	114	142	266
Balance at Sep 30, 2021		1,307	97,311	454,993	553,611

Consolidated statement of cash flows

Expressed in USD thousands	9M 2021	9M 2020	3Q 2021	3Q 2020
OPERATING ACTIVITIES				
Result before tax	67,538	19,006	51,774	44,445
<i>Adjustment for non-cash items:</i>				
Interest income and expense, net	-62	-5	–	-2
Currency exchange gains/-losses, net	472	-269	463	-3
Depreciations	77	23	27	12
Result from financial assets at fair value through profit or loss	-73,878	-21,124	-54,345	-45,196
Result from long term receivables	-27	–	-27	–
Dividend and coupon income	-292	-294	-97	-97
Other non-cash items affecting profit or loss	234	92	119	203
Change in current receivables	-257	60	-211	268
Change in current liabilities	884	-618	691	-418
Net cash used in operating activities	-5,311	-3,129	-1,606	-788
Investments in financial assets	-136,712	-16,736	-104,269	–
Sales of financial assets	49,601	16,500	13,101	–
Repayment of short-term loan receivables	2,176	–	–	–
Dividend and coupon income	292	294	97	97
Interest received	62	–	–	–
Tax paid	–	-23	–	-17
Interest paid	–	-5	–	-2
Net cash flow used in operating activities	-89,892	-3,089	-92,677	-702
FINANCING ACTIVITIES				
Proceeds from directed rights issue, net	97,430	–	97,430	–
Repayment of lease liabilities	–	-50	–	-20
Buy-back of own shares	–	-641	–	–
Proceeds from new share issue through employee options	324	298	10	298
Net cash flow from/used in financing activities	97,754	-393	97,440	278
Change in cash and cash equivalents	7,862	-3,482	4,763	-424
Cash and cash equivalents at beginning of the period	4,224	5,562	7,167	2,545
Exchange gains/losses on cash and cash equivalents	-625	61	-469	20
Cash and cash equivalents at end of the period	11,461	2,141	11,461	2,141

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.

	9M 2021	9M 2020
Net asset value, USD ¹	553,610,504	268,173,524
Exchange rate at balance sheet date, SEK/USD	8.74	8.98
Net asset value/share, USD ²	0.53	0.40
Net asset value/share, SEK ³	4.64	3.63
Net asset value, SEK ⁴	4,837,307,583	2,409,465,628
Weighted average number of shares for the financial period ⁵	860,077,467	658,674,109
Weighted average number of shares for the financial period, fully diluted ⁵	860,757,292	660,715,160
Number of shares at balance sheet date ⁵	1,041,789,978	663,400,995
Number of shares at balance sheet date, fully diluted ⁵	1,042,469,803	665,442,046

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

Reconciliation tables

	9M 2021	9M 2020
Net asset value, USD	553,610,504	268,173,524
Net asset value, SEK		
Net asset value, USD	553,610,504	268,173,524
SEK/USD	8.74	8.98
Net asset value, SEK	4,837,307,583	2,409,465,628
Net asset value/share, USD		
Net asset value, USD	553,610,504	268,173,524
Number of outstanding shares	1,041,789,987	663,400,995
Net asset value/share, USD	0.53	0.40
Net asset value/share, SEK		
Net asset value, USD	553,610,504	268,173,524
SEK/USD	8.74	8.98
Net asset value, SEK	4,837,307,583	2,409,465,628
Number of outstanding shares	1,041,789,987	663,400,995
Net asset value/share, SEK	4.64	3.63

Parent company income statement*

Expressed in SEK thousands	May 28–Sep 30, 2021	Jul 1–Sep 30, 2021
Result from financial assets at fair value through profit or loss	46,073	46,073
Dividend and coupon income	836	836
Administrative and operating expenses	-8,486	-8,486
Employee incentives programs	-4,741	-4,741
Operating result	33,682	33,682
Financial income and expenses		
Currency exchange gains/losses, net	-4,988	-4,988
Net financial items	-4,988	-4,988
Result before tax	28,694	28,694
Net result for the period	28,694	28,694

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

* Since the parent company was incorporated in 2021 there are no available comparative figures for 2020.

Parent company balance sheet*

Expressed in SEK thousands	Sep 30, 2021
NON-CURRENT ASSETS	
Financial non-current assets	
Shares in subsidiaries	1,799,409
Financial assets at fair value through profit or loss	
Equity financial assets	403,562
Liquid financial assets	753,086
Other financial assets	240
Total financial non-current assets	2,956,297
CURRENT ASSETS	
Tax receivables	51
Other current receivables	3,668
Prepaid expenses and accrued income	861
Cash and cash equivalents	52,898
Total current assets	57,478
TOTAL ASSETS	3,013,775
SHAREHOLDERS' EQUITY (including net result for the financial period)	3,004,809
CURRENT LIABILITIES	
Non-interest-bearing current liabilities	
Other current liabilities	5,485
Accrued expenses	3,481
Total current liabilities	8,966
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,013,775

* Since the parent company was incorporated in 2021 there are no available comparative figures for 2020.

Parent company statement of changes in equity*

Expressed in SEK thousands	Share capital	Additional paid in capital	Retained earnings	Total
Balance at May 28, 2021	0	0	0	0
Net result May 28–Sep 30, 2021	–	–	28,694	28,694
Transactions domicile change:				
– Issuance of share capital	8,345	–	–	8,345
– Issuance of LTIP 2019 Plan shares	124	–	–	124
– Issuance of LTIP 2020 Plan shares	333	–	–	333
– Shareholders contribution	–	–	2,116,926 ¹	2,116,926 ¹
Transactions with owners:				
– Proceeds from directed rights issue, net	2,073	847,188	–	849,261
Value of employee services:				
– Employee share option scheme	–	44	–	44
– Share based long-term incentive program	83	999	–	1,082
Balance at Sep 30, 2021	10,958	848,231	2,145,620	3,004,809

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

* Since the parent company was incorporated in 2021 there are no available comparative figures for 2020.

Notes

(Expressed in USD thousand unless indicated otherwise)

Note 1

General information

VEF AB (publ) was incorporated in Stockholm on May 28, 2021. The common shares of VEF AB (publ) are listed on Nasdaq First North Growth Market with the ticker VEFAB. The common shares of VEF AB (publ) replaced the Swedish Depository Receipts representing shares in VEF Ltd. with effect as from July 5, 2021, in connection with the transfer of domicile of the group from Bermuda to Sweden.

As of July 5, 2021, the VEF Group consists of the Swedish parent company VEF AB (publ); one wholly owned Cypriot subsidiary, VEF Cyprus Limited, and one wholly owned Swedish subsidiary, VEF Service AB.

The financial year is January 1–December 31.

Parent company

The parent company VEF AB (publ) is a Swedish limited liability company, incorporated in Sweden and operating under Swedish law. VEF AB (publ) owns directly all the companies in the Group. The net result for the period was SEK 28.7 mln. Since the parent company was incorporated in 2021 there are no available comparative figures. The parent company has four employees per September 30, 2021.

Accounting principles

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

This is the first financial report of VEF AB (publ) after the redomestication and the comparative figures for the Group presented in this financial report are attributable to the VEF Ltd. Group with VEF Ltd. as the parent Company.

Under Swedish company regulations it is not allowed to report the Parent Company results in any other currency than Swedish Krona or Euro and consequently the Parent Company's financial information is reported in Swedish Krona and not the Group's reporting currency of US Dollar.

The capital reorganisation within the Group where VEF AB (publ) has become the new parent company is a transaction under common control. As such, the transaction is excluded from business combinations under IFRS 3 and will not affect the consolidated financial statements of the VEF Group. The accounting principles in the section "Business combination under common control" sets out the principles for the Group and the Parent company.

Note 2 — Related party transactions

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

	Operating expenses		Current liabilities	
	9M 2021	9M 2020	9M 2021	9M 2020
Key management and Board of Directors ¹	3,125	1,252	–	–

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

The result impact in the period for the long-term incentive programs (LTIP 2019, LTIP 2020 and LTIP 2021) for the management amounted to USD 0.10 mln, USD 0.14 mln and USD 0.10 mln respectively, excluding cash subsidy and social taxes. See further details of LTIP 2019, LTIP 2020 and LTIP 2021 in Note 4.

Note 3 — Fair value estimation

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

Investments in assets that are not traded on any market will be held at fair value determined by recent transactions made at prevailing market conditions or different valuation models depending on the characteristics of the company as well as the nature and risks of the investment. These different techniques may include discounted cash flow valuation (DCF), exit-multiple valuation also referred to as Leveraged Buyout (LBO) valuation, asset-based valuation as well as forward looking multiples valuation based on comparable traded companies. Usually, transaction-based valuations are kept unchanged for a period of 12 months unless there is cause for a significant change in valuation. After 12 months, the fair value for non-traded assets will normally be derived through any of the models described above.

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

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

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

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

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

Assets measured at fair value at Sep 30, 2021

	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through profit or loss	86,673	402,012	54,460	543,145
<i>of which:</i>				
Liquidity placements	86,673	–	–	86,673
Shares	–	402,012	53,125	455,137
Convertible loan notes incl. accrued interest	–	–	1,335	1,335
Total assets	86,673	402,012	54,460	543,145

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
<i>of which:</i>				
Liquidity placements	48,205	–	–	48,205
Shares	–	175,771	154,414	330,185
Convertible notes incl. accrued interest	–	–	3,767	3,767
Total assets	48,205	175,771	158,181	382,157

Changes of financial assets in level 3

	2021	2020
Opening balance Jan 1	158,181	58,671
Transfers from level 2 to level 3 ¹	–	155,452
Transfers from level 3 to level 2 ¹	-110,699	–
Change in fair value	6,978	21,113
Closing balance Sep 30	54,460	235,236

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

As per Sep 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 Juspay, Nibo and REVO are classified as a Level 3 investments. The remaining portfolio companies are classified as Level 2 investments. During 3Q21, JUMO, Magnetis, TransferGo and Xerpa has been transferred from Level 3 to Level 2, while no investments has been transferred from Level 2 to Level 3.

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

Company	Valuation method	Date latest transaction
Abhi	Latest transaction	2Q21
BlackBuck	Latest transaction	3Q21
Creditas	Latest transaction	4Q20
FinanZero	Latest transaction	1Q21
Finja	Latest transaction	4Q20
JUMO	Latest transaction	3Q21
Konfio	Latest transaction	3Q21
Magnetis	Latest transaction	3Q21
minu	Latest transaction	1Q21
Rupeek	Latest transaction	1Q21
TransferGo	Latest transaction	3Q21
Xerpa	Latest transaction	3Q21

Portfolio company transactions during the quarter

Konfio

In September Konfio, Mexico's leading SME financial technology company announced that it has closed a USD 110 mln financing led by Tarsadia Capital with participation from Softbank, Kaszek Ventures, QED Investors, Lightrock and IFC. VEF invested an additional USD 9.3 mln in the round and holds a 10.3% stake in the company post the transaction. As per September 30, 2021, VEF's stake in the company is valued on the basis of this transaction and is categorized as a level 2 investment.

TransferGo

On September 30, 2021, TransferGo announced that it had raised a USD 50 mln Series C round. VEF Participated in the round by way of converting the two outstanding convertible loan notes. As per September 30, 2021, VEF holds a 12.3% stake in the company and has no outstanding convertible debt in the company. The holding in TransferGo is valued on the basis of this transaction and is classified as a Level 2 investment.

BlackBuck

During 3Q21, VEF made its first investment into BlackBuck, India's largest online trucking platform. VEF participated in the broader USD 67 mln round and invested USD 10 mln alongside lead investors Tribe Capital and IFC Emerging Asia Fund as well as participating existing investors Wellington Management, Sands Capital and IFC. Post the transaction VEF holds a 1% stake in the company valued on the basis of this transaction. VEF's position in BlackBuck is categorized as a Level 2 investment.

Guiabolso

During the second quarter, the holding in Guiabolso was written-off, reflecting the recent negative trajectory in the Company's revenue generation profile, but early in 3Q21 Guiabolso was acquired and VEF sold its shares in the company recouping USD 3.1 mln.

Mark to model-based valuations

At the end of 3Q21, three out of fifteen portfolio companies have been valued based on a mark-to-model (level 3 investments), 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 September 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. Comparables used in the 3Q21 peer set include a mix of listed emerging- and developed market companies representing payments-, accounting SaaS- and BNPL-companies. The NTM multiples across the different peer groups per company and valuation range from 0.3x to 56.4x NTM revenues. As a standard process, the median of each group is used, and in applicable cases VEF will adjust the resulting multiple based on prevailing local market conditions, sector and company specific factors, applying discounts or premiums up to +/-30% to reflect the fair value of the company. Forward looking revenue estimates naturally considers any COVID-19 related impact. Most of the portfolio companies have experienced a strong uptick of late and in certain cases an accelerated growth driven by the digitization push following the COVID-19 pandemic. In the latest forecasts, Management does not expect material negative impacts but continuously monitors any developments in this regard.

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

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

Company	Valuation method	Peer group range	-15%	-10%	-5%	0%	+5%	+10%	+15%
Juspay	Revenue multiple	7.1–56.4x	24,609	25,973	27,337	28,701	30,065	31,429	32,793
REVO	Revenue multiple	0.3–7.7x	11,819	12,494	13,168	13,843	14,517	15,192	15,866
Nibo	Revenue multiple	11.0–17.1x	10,269	10,818	11,367	11,916	12,466	13,015	13,564

Change in financial assets at fair value through profit or loss

Company	Jan 1, 2021	Investments/ (divestments), net	Fair value change	Sep 30, 2021	Percentage of total NAV
Creditas	169,023	–	–	169,023	30.5
Konfio	48,504	29,021	58,057	135,582	24.5
TransferGo	28,634	2,840	-2,251	29,223	5.3
Juspay	17,372	–	11,329	28,701	5.2
JUMO	9,540	–	8,869	18,409	3.3
REVO	11,083	–	2,760	13,843	2.5
FinanZero	9,933	1,501	856	12,290	2.2
Nibo	13,610	–	-1,694	11,916	2.2
Magnetis	8,330	–	2,196	10,526	1.9
BlackBuck	–	10,000	–	10,000	1.8
Finja	6,748	–	603	7,351	1.3
Rupeek	–	7,000	–	7,000	1.3
Xerpa	5,758	–	-4,499	1,259	0.2
Abhi	–	900	–	900	0.2
minu	–	450	–	450	0.1
Guiabolso	5,417	-3,101	-2,316	0	0.0
Liquidity investments	48,205	38,500	-32	86,673	15.7
Total	382,157	87,111	73,878	543,145	98.1

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

There are three running LTIP programs for management and key personnel in the VEF Group. Program 2019, 2020 and 2021 are linked to the long-term performance of both the Company's NAV and of the VEF share price. For more information on the LTIPs, please see page 32 in the section "Business combinations under common control".

	LTIP 2019	LTIP 2020	LTIP 2021
Performance measurement period	Jan 2019–Dec 2021	Jan 2020–Dec 2024	Jan 2021–Dec 2025
Vesting period	May 2019–Dec 2021	Nov 2020–Dec 2024	Sep 2021–Dec 2025
Maximum no of SDRs	12,400,000	33,250,000	8,312,500
Maximum dilution	1.87%	5.01%	0.79%
Share price on grant date, SEK	2.40	3.14	4.34
Share price on grant date, USD	0.26	0.36	–
Plan share price on grant date, SEK	0.32	0.37	0.62
Plan share price on grant date, USD	0.03	0.04	–
Total employee benefit expense excl. bonuses paid and social taxes (USD mln)			
2021	0.10	0.14	0.01
2020	0.12	0.03	–
2019	0.08	–	–
Total accumulated	0.30	0.17	0.01

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 Sep 30, 2021, a total of 1,500,000 options are outstanding. None to the Managing Director and 1,500,000 to other employees. No options were exercised during 3Q21.

	Nov 29, 2017	May 16, 2018	Dec 17, 2019
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 page 32 in the section "Business combinations under common control".

Note 6 – Events after the reporting period

In October, VEF invested an additional USD 0.5 mln, via a safe note, in Pakistan based financial wellness company Abhi.

Business combinations under common control

Background

This is the first financial report of VEF AB (publ) after the redomestication and the comparative figures presented in this financial report are attributable to the VEF Ltd. Group with VEF Ltd. as the parent Company. Since this is the first consolidated financial statements prepared by the Group with VEF AB (publ) as the parent company, the applicable accounting policies as well as risks and risk management for the Group are outlined below.

Common control transactions have characteristics that are similar to a business combination but do not meet the requirements to be accounted for as a business combination. A business combination is defined as a transaction in which an acquirer obtains control of one or more businesses while combinations among entities under common control may result a change in control from the perspective of a standalone reporting entity. Common control transactions do not result in a change in control at the controlling shareholder level. Therefore, unlike accounting for business combinations, common control transactions are not accounted for at fair value with a following recognized goodwill. Rather, common control transactions are generally accounted for at the carrying amount of the net assets or equity interests transferred.

Because transactions among entities under common control do not result in a change in control at the controlling shareholder level, the consolidated financial statements will not be affected by a common control transaction.

As such, the transfer of net assets that are not a business is accounted for prospectively in the period in which the transfer occurs and prior periods are not restated.

Accounting policies

Accounting basis

VEF AB prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied. RFR 1 is issued by the Swedish Financial Reporting

Board. The Parent Company applies the same accounting policies as the Group, except in the cases described below in the section entitled "Accounting Policies – Parent Company" according to the Swedish Financial Reporting Board's recommendation RFR 2.

Principles of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The Group applies the acquisition method to account for business combinations.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

In accordance with IFRS 10 Consolidated Financial Statements the Group values its investments (portfolio companies) at fair value. VEF falls within the classification of an investment company as its business concept is to use experience, expertise and a widespread network to identify and invest in assets with considerable potential for value appreciation and obtain a return.

Investments in associated companies

Associated companies are all entities where the Company has the right to exercise significant influence, which is normally the case when the Company holds between 20% and 50% of the voting rights. As VEF falls within the classification of an investment company, all investments in associates are accounted for by applying fair value. On increase/decrease of the investments in associated companies, the Group makes an assessment of fair value for the total investment.

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 Chief Executive Officer of an investment company is by necessity deeply involved in the investment process and monitoring portfolio companies' performance. The Chief Executive Officer has therefore been identified as the chief operating decision maker of the Company for purposes of internal reporting. In the internal reporting of the Company, there is only one operating segment.

Functional currency and reporting currency

The Parent Company's presentation currency is the Swedish krona (SEK) and not the Group's reporting currency of US Dollar due to Swedish Company regulations. The consolidated financial statements are presented in USD since that is the currency in which the majority of the Group's transactions are denominated. 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 amortized 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 Company 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.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

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 loss associated with its debt instruments carried at amortized 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 recognized from initial recognition of the 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 bank 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 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 5.

Long-term incentive program (LTIP)

In accordance with IFRS 2, the costs for the program, including social fees, will be reported over the income statement during the program's vesting period. The value is recognized in the income statement as a personnel cost in operating expenses, allocated over the vesting period with a corresponding 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 4.

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' or 'Result from loan receivables', depending on from what category of assets the changes in value relate.

Dividend income is recognized when the right to receive payment is established. Furthermore, dividend income is accounted for inclusive of withholding taxes. These withholding taxes are shown either as an expense in the income statement, or as a current receivable, depending on whether or not the withholding tax is refundable.

Interest income on non-current loan receivables is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired non-current loan receivables is recognized using the original effective interest rate.

Interest income on current loan receivables and other receivables is recognized taking into account accrued interest on the transaction date.

Other consideration received in the ordinary course of the Group's activities is reported as "other operating income" in the income statement.

Leases

The Group's leases refer only to office rents.

When entering into a new lease contract the right-of-use asset is measured at cost. Short-term leases and leases of low-value assets are exempt. At the same time,

a lease liability is recognized representing the obligation to pay lease payments for the leased assets. The lease liability is measured at the present value of the lease payments that are not paid at that date. The weighted average incremental borrowing rate applied to measure lease liabilities is 6.1% for premises.

Accounting Policies – Parent Company

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:

Leases

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

Shares in subsidiaries

Subsidiaries are recognized in accordance with the acquisition method, implying that holdings are recognized at cost in the balance sheet less any impairment. Dividends from subsidiaries are recognized as dividend income.

Risk and risk management

In its business, VEF group is exposed to:

- 1) Investment- and other business risks
- 2) Market risk
- 3) Financial risks including price-, exchange rate-, interest rate-, credit-, liquidity and financing risk
- 4) Legal and regulatory risks

Risk Management

Risk management is carried out by management under policies approved by the Board of Directors. Risk management is an integral part of the group's processes, meaning

that control and responsibility for control is close to the Business operation, Finance and Legal.

1) Investment- and other business risks

Risks related to the portfolio companies' operations

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

Dependence on key individuals

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

Disposal risks

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

Exposure to early-stage companies

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

Acquisition risks

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

2) Market risk

Emerging markets and country-specific risks

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

General market risks

Investment operations carried out by VEF are subject to general market risks, which refers to the risk of loss resulting from changes in the market value of the portfolio companies due to any global or regional economic downturn, particularly in emergin 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. 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 the Swedish Krona (SEK), the British Pound (GBP) and Euro (EUR).

Interest rate risk

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

Credit risk

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

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.

Financing risk

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.

Upcoming reporting dates

VEF's financial report for the period January 1, 2021–December 31, 2021 will be published on February 2, 2022.

November 3, 2021

David Nangle
Managing Director

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

Auditor's report

Introduction

We have reviewed the condensed interim financial information (interim report) of VEF AB (publ.) as of 30 September 2021 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Gothenburg, Sweden, November 3, 2021

PricewaterhouseCoopers AB

Ulrika Ramsvik
Authorized Public Accountant