

Dear Fellow investor,

Since the escalation of events in Ukraine over the past week, and the growing list of sanctions aimed at Russia, which have ensued, we have been fielding numerous related questions from the market about VEF and its portfolio positioning. With communication and transparency a consistent goal for VEF, we look to summarise all key aspects below. The key message from our side at this juncture, is that only 2 of our portfolio holdings today have direct/partial exposure to the CIS region, and they account for just 5.5% of YE21 NAV. We make the below VEF company related comments, secondary to any feelings for the suffering and pain that is being felt throughout Ukraine right now.

VEF strategy, a reminder

VEF invests in fintech assets across the Emerging World, riding one of the strongest structural growth trends in some of the world's fastest growing markets.

VEF Portfolio positioning today

Over 90% of our portfolio at YE21 (ex cash) is focused on fintech assets in Brazil, Mexico and India. Over the last 5 years we have biased our portfolio towards the highly attractive fintech markets of Latin America, with standout portfolio holdings of Credits and Konfio accounting for c. 70% of our portfolio NAV alone. More recently, following 3 investments into India and 2 into Pakistan, South Asia has become a size, and growing part, of our portfolio exposure, totalling 10% of our portfolio (ex cash).

Direct Exposure to the CIS region

We have 2 holdings in a portfolio of 15 (soon to be 17) with direct/partial exposure to the CIS region, equivalent to 5.5% of YE21 NAV:

- TransferGo = 3.8% of NAV
- REVO = 1.7% of NAV

TransferGo is in the global money transfer business with a regional bias towards the countries of CEE / CIS today. Unsurprisingly post last week's events, Ukraine has seen a sharp rise in money volume flows, into and out of the country. Similar to peers focused on the region, the key demand all remittance players are dealing with today in the region, are above average money flow volumes combined with ongoing FX volatility.

Revo is a BNPL business focusing on the markets of Russia and CEE under the Mokka brand. The risk for all Russian focused businesses at this time, is a function of the growing list of sanctions being levied on the Russian financial system and their knock on implications for liquidity and confidence in the system, as referenced by the barometer of the local currency.

We continue to monitor this situation real time and work with both our companies throughout.

The key message for investors on this front, is that while we have exposure to the effected region, the volatility is having mixed effects on the businesses of our holdings there. Of more importance, they remain a small share of VEF's NAV today.

VEF well positioned for defence and growth

We tend to spend the majority of our time communicating the structural positives of fintech and highlighting the quality of our fast growth portfolio. That said, in volatile times like this it is good to remind investors how well positioned we are to manage through periods like this.

- VEF had \$62mn of cash at balance sheet, at end of 2021. This level will be c. \$30mn at the end of 1Q22, post planned fresh investments into Brazil and Pakistan, which we look forward to sharing with you in the near future.

- Having been quite active in 2H21 in raising capital, it is important to note that none of our portfolio companies has the need to tap markets for fresh equity capital in 1H22 or through all 2022, if need be. That said, some may raise, as and when the opportunity arises.
- At VEF, and in our careers before, we have been through many situations like this. We expect crisis in Emerging Markets, they are a fact of doing business in these regions and should not be viewed as a risk. None of this stops great companies being built over time and much value being created for those investors who back them. We are always managing the downside and looking for opportunities as we go. After all initial shocks, market and macro dislocations, there are opportunities to put investor capital to work in value added ways.

NAV per share and the discount

As of YE21, our NAV position was \$761mn, which translates into a SEK NAV per share of 7.01 as of Friday close. At today's share price we trade at a ~40% discount to that NAV mark, and while we have full respect for the efficiency of markets over time, given the quality of our portfolio, coupled with our limited exposure to the effected region, we feel confident that this excessive gap will find a way of closing as the markets settle.

Any questions, thoughts or views always welcome

Team VEF

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About Us

VEF AB (publ). is an investment company whose Common Shares are listed in Sweden. We invests in growth stage private fintech companies, take minority stakes and are active investors with board representation in our portfolio companies, always looking to back the best entrepreneurs in each market. We focus on scale emerging markets and invest across all areas of financial services inclusive of payments, credit, mobile money and wealth advisors. VEF trades in Sweden on Nasdaq First North Growth Market under the ticker VEFAB. For more information on VEF, please visit <http://www.vef.vc>.

VEF's Certified Adviser on Nasdaq First North Growth Market is Aktieinvest FK AB, +46 8 506 517 03, rutger.ahlerup@aktieinvest.se.

Attachments

[Dear Fellow investor,](#)