Ferratum™

More than money to everyone

NINE-MONTH REPORT

FOR THE PERIOD
1 JANUARY 2017 –
30 SEPTEMBER 2017

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COMPANY OVERVIEW AND BUSINESS MODEL

Ferratum Oyj and its subsidiaries form the Ferratum Group ("Ferratum" or the "Group"), an international provider of digital lending and mobile financial services. Headquartered in Helsinki, Finland, Ferratum was founded in May 2005 and has rapidly expanded its operations across Europe, South and North America, Africa and the Asia-Pacific region.

Ferratum currently has a presence in 25 countries, 24 with lending activities, and in five of these countries (Sweden, Norway, France, Germany and Spain) with its mobile banking service. An EU banking licence enables passporting of financial services to all EU countries. With 1.8 million active and former customers who have been granted one or more loans in the past, Ferratum is one of the leading international providers of mobile loans to consumers and small businesses.

Over the past 12 years, Ferratum has pioneered digital lending solutions using proprietary credit scoring algorithms that can deliver instant credit decisions, allowing Ferratum to make fully risk-assessed lending decisions at a pace unmatched by traditional banking and lending industries. Ferratum's technology and services have been built around real customer behaviour and experience, enabling the Group to offer secure, easy-to-use, real time digital products suitable for a wide range of financial needs and circumstances. Microloan offers consumers quick and straightforward access to small cash amounts to meet immediate, short term financial needs ranging from EUR 25 to EUR 1,000 with durations of between 7 days and 90 days; PlusLoan is a more flexible loan product, ranging between EUR 300 and EUR 5,000 and a duration of between 2 months and 3 years, which is repayable in instalments to help customers to budget their finances. Credit Limit is a digital revolving credit line offering up to EUR 3,000. Borrowers are granted a maximum credit limit, which can be used or repaid at any time. Borrowers are only charged for the funds they withdraw, helping customers to budget according to their cash flow. Ferratum has also this year launched Primeloan in Finland, a longer-term consumer lending product ranging from EUR 3,000 to EUR 20,000 with a duration of between 1 to 10 years, enabling customers to budget for more significant purchases such as a car or home improvements.

In 2015, Ferratum expanded into small business lending providing loans from EUR 2,000 to EUR 250,000 with a term of 6 to 18 months.

By putting customer needs at the heart of its business model and innovating in response to those needs, Ferratum has been able to diversify the range of products available in its countries of operation as Ferratum quickly understands the credit behaviour of customers in each new market. Applying big data technology, and centralizing IT systems and customer services as the Group has expanded geographically, Ferratum has achieved balanced, profitable growth in every year of operation, underpinned by the ability to rapidly launch innovative new products in new countries and markets.

Building on the success of its roots in digital lending, Ferratum is at the forefront of the digital banking revolution. Ferratum is rapidly evolving to fulfil its long-term vision of becoming a leading international mobile bank offering an ever-wider ecosystem of digital financial products. The Ferratum Mobile Bank, launched by Ferratum Bank p.l.c. in 2016, is an innovative mobile-only banking app that puts the customer in control of their financial affairs. Offering real time digital payments and transfers, and available in a range of currencies, the Mobile Bank offers banking services including current accounts, overdrafts, savings, term deposits and a multi-currency contactless debit card, giving customers the freedom to manage their finances, via their mobile, whenever they need to, wherever they go. The open Application Programming Interface (API) architecture supporting the Mobile Bank is designed to be highly scalable and will enable Ferratum and third-party providers to easily integrate additional products, services and functionality within Ferratum's mobile app over time.

Ferratum's mobile banking platform is fundamental to the Group's ongoing growth strategy and corporate mission, and Ferratum's ambition is to be the partner of choice for banks wanting plug-and-play mobile banking solutions, and non-financial brands wanting to offer mobile banking solutions. The technology stack of the Mobile Bank can easily be franchised for these purposes, and Ferratum is actively pursuing innovative partnerships that will enable Ferratum to extend its customer reach to audiences in consumer-facing sectors, such as travel, utility and entertainment, in the near future.

JANUARY – SEPTEMBER 2017 HIGHLIGHTS

FINANCIAL HIGHLIGHTS

- **+48%** Group revenue of EUR 161 million, up 48.2% year-on-year
- **14.8%** Improved EBIT margin of 14.8%
- **+77%** EPS (basic & diluted) increased 76.9% year-on-year to EUR 0.69 per share
- **€243m** Consumer and business loans portfolio up by 32% over 9M 2017 to EUR 242.9 million
- **€15m** Successful tap issue of EUR 15 million by Ferratum Bank p.l.c. in Q2
- **+67%** Operating profit (EBIT) of EUR 23.8 million, up 67.3% year-on-year
- **+86%** Profit before tax (EBT) of EUR 17.6 million, up 85.9% year-on-year
- **1.8m** Increase of active and former customers by 23.6% year-on-year to 1.8 million
- **€155m** Deposit volume as at 30 September 2017 EUR 155.3 million, up 53.1% compared to year-end 2016
- **€20m** Successful private placement of a EUR 20 million senior unsecured bond issued by Ferratum Germany GmbH in Q3

NEW PRODUCT AND COUNTRY LAUNCHES

- Launch of Primeloan and Ferratum P2P in Finland
- Launch of Ferratum Brazil
- Subsequent event (October 2017): Strategic partnership with Interswitch in Nigeria
- Launch of Ferratum Business (SME) Loans in United Kingdom
- Launch of Mobile Bank in France and Spain

BOARD OF DIRECTORS REPORT 9M 2017

FINANCIAL HIGHLIGHTS

EUR '000	Jan - Sept 2017	Jan - Sept 2016	% change
Revenue	161,006	108,645	48.2%
Operating profit	23,810	14,231	67.3%
Profit before tax	17,575	9,456	85.9%
Net cash flows from operating activities before movements in loan portfolio and deposits received	75,579	40,242	n/a
Net cash flow from operating activities	14,691	43,806	n/a
Net cash flow from investing activities	(6,862)	(6,038)	n/a
Net cash flow from financing activities	34,617	17,958	n/a
Net increase/decrease in cash and cash equivalents	42,446	55,726	n/a
Profit before tax %	10.9	8.7	25.4%

EUR '000	30 Sep 2017	31 Dec 2016	% change
Accounts receivable – consumer and business loans (net)	242,866	184,346	31.7%
Deposits from customers	155,345	101,436	53.1%
Cash and cash equivalents	116,198	73,059	59.0%
Total assets	403,814	295,683	36.6%
Non-current liabilities	108,728	72,246	50.5%
Current liabilities	194,564	135,563	43.5%
Equity	100,522	87,875	14.4%
Equity ratio %	24.9	29.7	n/a
Net debt to equity ratio	1.86	1.53	n/a

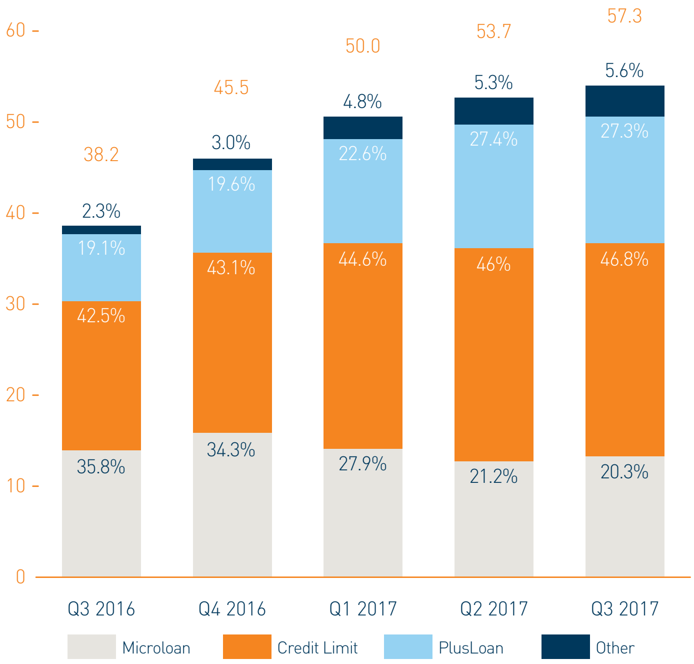
Calculation of key financial ratios

$$\text{Equity ratio (\%)} = 100 \times \frac{\text{Total equity}}{\text{Total assets}}$$

$$\text{Net debt to equity ratio} = \frac{\text{Total liabilities – cash and cash equivalents}}{\text{Total equity}}$$

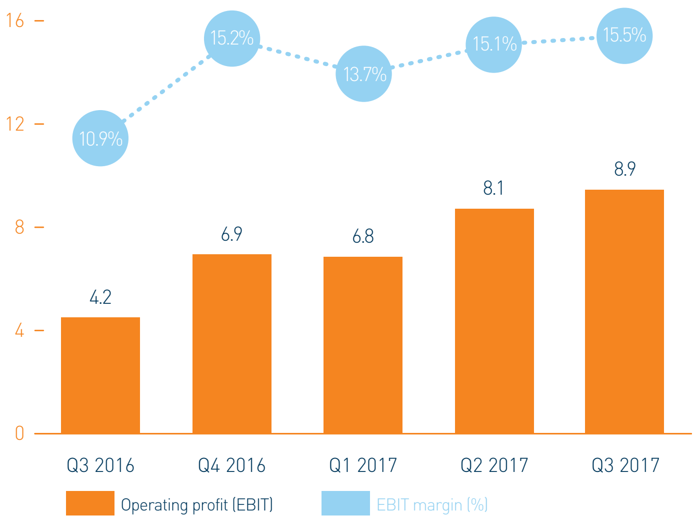
$$\text{Profit before tax (\%)} = 100 \times \frac{\text{Profit before tax}}{\text{Revenue}}$$

REVENUE



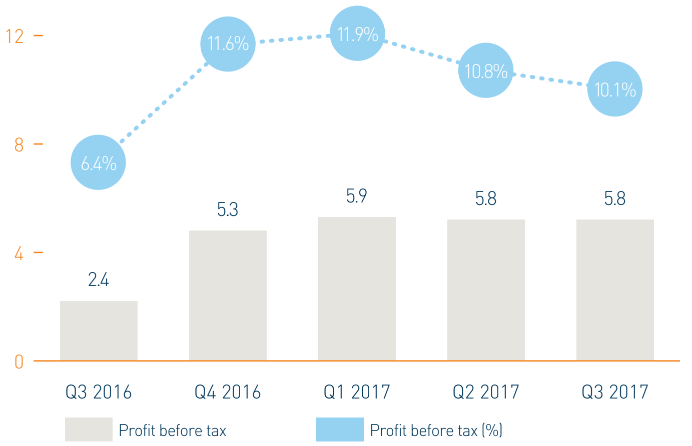
- Revenue in the first nine months of 2017 was up 48.2% y-o-y to EUR 161.0 million
- Revenue growth of 6.6% in Q3 2017 compared to Q2 2017
- Revenue share in the first nine months of Microloan decreased from 35.8% to 20.3% y-o-y
- Revenue share in the first nine months of PlusLoan increased from 19.1% to 27.3% y-o-y
- Revenue share in the first nine months of Credit Limit increased from 42.5% to 46.8% y-o-y
- Revenue share in the first nine months of SME loans increased from 2.3% to 5.6% y-o-y

OPERATING PROFIT (EBIT)



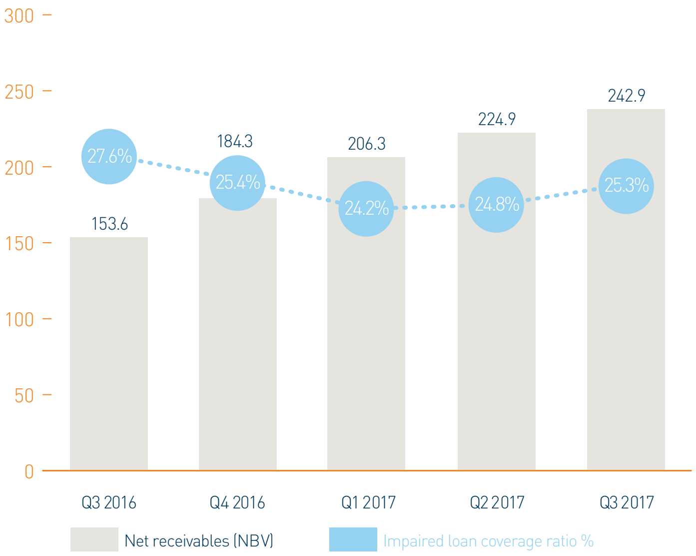
- EBIT margin of 14.8% in the first nine months of 2017
- Personnel expenses grew by 43.5% y-o-y to EUR 25.4 million, largely in line with revenue growth
- Credit losses, as a proportion of 9M revenue, increased in line with management expectations, while savings from changes to the customer acquisition and upsell strategy continued to reduce marketing costs as a proportion of revenue, resulting in a strong operating profit (EBIT) of EUR 23.8 million (+67.3% y-o-y)

PROFIT BEFORE TAX (EBT)



- EBT growth in the first nine months 2017 of 85.9% y-o-y to EUR 17.6 million
- Earnings per share (undiluted and diluted) of EUR 0.69 in Q3 2017
- Net finance cost was affected in Q1 by an FX gain of EUR 824,000 and losses in Q2 of EUR 473,000 and Q3 of EUR 413,000

LOANS TO CUSTOMERS



- Net receivables up 31.7% to EUR 242.9 million from EUR 184.3 million at year end 2016
- Loan coverage ratio remained stable at 25.3% compared to 25.4% as of 31 December 2016

CUSTOMER BASE

	30 September 2017	30 September 2016	Growth in %
Active/former customers	1,803,076	1,458,921	23.6%
New customers	241,389	227,379	6.2%

KEY DEVELOPMENTS AND PROGRESS

9M 2017 EARNINGS PERFORMANCE

Ferratum continues to make excellent progress and has delivered another quarter of record revenues. Group revenue of EUR 57.3 million in the third quarter was 6.6% ahead of Q2 2017 and means that in just nine months, the Group has generated revenues of EUR 161.0 million, an increase of 48.2% year-on-year and 4.5% ahead of total Group revenue for the full year 2016. Ferratum's premium, higher margin products such as PlusLoan and Credit Limit now represent almost three quarters of total Group revenue for 9M 2017, while Ferratum's business lending to SMEs over the same period accounts for a further EUR 9 million, or 5.6% of Group revenue. As expected, Microloan continues to decline as a proportion of total Group revenue, although the EUR 32.7 million generated in 9M 2017 (20.3% of Group revenue) is only marginally lower than the 21.2% of total Group revenue attributable to Microloan for the first six months of 2017. While Microloan remains a valuable lower risk tactical asset to help Ferratum understand customer behaviour and needs in new markets, the core growth products of Ferratum's digital lending activities – PlusLoan, Credit Limit and SME business lending – are now firmly established as the core drivers of Group revenue.

Operating expenses of EUR 81.1 million for 9M 2017 grew by 36.8% year-on-year, less than Group revenue growth, and illustrative of the positive impact of the Group's enhanced efficiency initiatives of the past 12 months. Changes to the acquisition and upsell strategy for customers continued to have impact on on credit losses and marketing cost. While credit losses as a proportion of revenue increased slightly over the period (9M 2017: 35.0% of Group revenue vs. 9M 2016: 32.4%, ie. up by 2.6%), savings from changes to the acquisition and upsell strategy for customers continued to have a positive impact in reducing marketing costs as a proportion of revenues (9M 2017: 15.5% of Group revenue vs. 9M 2016: 19.3%, ie. down by 3.8%). As a result, the Group delivered strong operating profit (EBIT) of EUR 23.8 million for 9M 2017, a 67.3% increase year-on-year.

The total finance result continues to benefit from deposit taking, i.e. a higher share of refinancing with low or non interest bearing deposit products. This resulted in profit before tax (EBT) for 9M 2017 of EUR 17.6 million, an 85.9% year-on-year increase and thus growing faster than the operating profit (EBIT).

PRODUCT AND COUNTRY LAUNCHES

2017 has been another busy year for new products and country launches, and the Group also achieved another milestone in its geographic expansion shortly after the 9M period end with the launch of Microloan in the African continent. The launch, through a strategic partnership with Interswitch in Nigeria, is described in more detail in the section entitled Subsequent Events.

As disclosed in the Group's results for the first six months of 2017, Ferratum has continued to diversify the size and duration of its loan products to cater for customers with longer term financial objectives. The launch of 'Primeloan' in Finland not only offers significantly larger sums of up to EUR 20,000 for longer terms of up to 10 years, but the product tests a new risk model which links pricing to the risk profile of the customer, tailoring the loan terms more closely to the customer's circumstances and purpose of the loan.

Also in May, Ferratum entered the consumer lending market in Brazil, establishing a subsidiary in São Paulo, which will initially focus on Credit Limit, offering flexible credit facilities in sums up to BRL 3,000 (EUR 850).

Ferratum Business was introduced in the UK in June. Ferratum Business provides fast, easy working capital loans of up to £50,000 to small and medium sized enterprises ("SMEs") in the UK for periods of between 6 and 12 months.

Also in June, the Mobile Bank was launched in France and Spain, two of Europe's largest retail banking markets. The introduction of Ferratum's Mobile Bank in these two important markets brings the total number of countries where the Mobile Bank is currently available to five, following its launch in Germany, Sweden and Norway in 2016. On 1 September, Ferratum announced the appointment of Jussi Mekkonen as the new Chief Exective Officer of Ferratum Bank p.l.c. Mr Mekkonen assumed his responsibilities on 1 November 2017 and will play a key role in accelerating the roll-out of the Mobile Bank across further markets in Europe.

OPERATIONAL DEVELOPMENTS

Twelve months ago, Ferratum commenced an important series of initiatives to ensure that the Group's management structure, IT infrastructure, customer systems and processes would remain resilient and scalable as Ferratum continues to grow.

The centralization programme covers both mobile banking and digital lending customer services and collections. The centralization initiatives have resulted in increased staff cost in 2017 but are intended to to deliver a range of group-wide cost and efficiency benefits from 2018 on, such as the streamlining of resources, harmonization and standardization of processes, adoption of common key performance indicators across regions and cost reductions that avoid the duplication of country practices.

Having centralized the customer services, marketing, back office and collection functions of 14 countries into the Group's Malta operations in the first half of 2017, two more countries followed in the third quarter. The centralization programme is expected to be completed by mid-2018.

TREASURY UPDATE

Net receivables from customers have grown by 31.7% over the first nine months of 2017 to EUR 242.9 million, from EUR 184.3 million at the end of 2016. The impaired loan coverage ratio has remained stable at 25.3%, reflecting a decreasing share of non-performing loans and an improving portfolio quality.

Ferratum ended the nine months reporting period with a significantly stronger cash position of EUR 116.2 million (31 December 2016: EUR 73.1 million). The increased figure inlcudes some extra liquidity from the positive deposit growth in Ferratum Bank p.l.c.. The excess liquidity will be used in 2018 for the increasing lending volumes in Ferratum Bank p.l.c. resulting from both organic growth and the migration of additional countries to operate under the bank.

During the first half of 2017, the EUR 20 million bond for Ferratum Bank p.l.c. was repaid with proceeds from the EUR 25 million senior unsecured bonds due March 2020 [WKN: A189MG] issued in December 2016. In June 2017 Ferratum Bank p.l.c. successfully concluded a tap issue of EUR 15 million of the same bonds [WKN: A189MG] within the facility of an existing EUR 60 million bond issuance programme.

In July 2017, Ferratum Capital Germany GmbH, a subsidiary of Ferratum Oyj, issued a EUR 20 million senior unsecured bond due October 2018 [WKN: A2GS10], following a successful private placement with institutional investors in Germany and Poland. The bond has a coupon of 4 per cent per annum and is listed on the Frankfurt Stock Exchange (Open Market).

By offering deposit products in Sweden, Norway, France, Germany and Spain, Ferratum is diversifying its funding base. Over the first nine months of 2017 customer deposits volume have increased by 53% to EUR 155.3 million (31 December 2016: EUR 101.4 million). Besides the strong cash position, the Group had unused credit lines amounting to EUR 15 million as at 30 September 2017.

Ferratum's group rating of BBB+ was confirmed by Creditreform Rating AG during March 2017 in its regular annual review. Bonds issued in 2013 by Ferratum Capital Germany GmbH are rated BBB+.

The BBB+ rating of the bearer bond [WKN: A1X3VZ] issued by Ferratum Capital Germany GmbH was also confirmed by Creditreform Rating AG in September 2017.

PERSONNEL

As at 30 September 2017, Ferratum employed 836 employees worldwide. Personnel expenses increased by 44% to EUR 25.4 million over the same period.

RISK FACTORS AND RISK MANAGEMENT

Ferratum Group takes moderate and calculated risks in conducting its business. The prudent management of risks minimizes the probability of unexpected losses and threats to the reputation of the Group. Therefore, it can enhance profitability and shareholder value.

The Board of Directors monitors operations regularly and is ultimately responsible for adequate risk management and ensuring that the company has access to the appropriate software, including instructions on controlling and monitoring risks. The CEO is responsible for the daily operations of the Group. Each member of the Management Team ultimately bears responsibility for identifying and controlling the risks related to their functions in line with instructions from the Board.

Ferratum proactively follows all legal changes that might occur in the countries it operates in and adjusts its operations accordingly, while always considering customer and user experience.

The risks of Ferratum's operations can be divided into four main categories: credit risks (receivables from customers), market risks (including foreign exchange risks, interest rate risks and other price risks), liquidity risks (cash flow and financing risks, as well as covenant compliance and regulatory requirements and compliance) and operational risks (such as IT risks, legal and regulatory risks and other operational risks).

Exposure to credit risks arises principally from Ferratum's lending activities. The risk is managed by proprietary risk management tools which assist subsidiaries in evaluating the payment behaviour of customers. These tools which are continuously updated and refined, ensure that only solvent customers are accepted, thereby controlling the level of credit losses. The scoring system and the credit policies of the Group's subsidiaries are managed by the central risk department.

The risk department is also responsible for the measurement of the payment behaviour of the credit portfolio on a daily, weekly and monthly basis. Risk provisioning and the calculation of the impairments are independently managed by the central finance department.

Market risks arise from open positions in interest rate and currency products. They are managed by the central treasury department, which is also responsible for Group cash flow planning and ensures the necessary liquidity level for all Group entities. Ferratum uses derivative financial instruments to hedge certain risk exposures.

Ferratum Group has rigorous processes in place to forecast and monitor the Group's liquidity requirements to ensure that it has sufficient cash available at all times to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements, currency restrictions, for example.

Operational risks, IT risks as well as legal and regulatory risks are of high relevance for Ferratum. Regulatory and legal risks are managed centrally by the Group's legal function in close cooperation with the authorities in the respective countries and relevant stakeholders. Potential or foreseeable changes in applicable laws are analysed on an ongoing basis and any necessary modifications to Ferratum's legal structure are implemented proactively.

The smooth and continuous operation of critical IT systems is effectively maintained by various information security solutions. Ferratum has developed its processes and systems in order to offer its customers, stakeholders and partners the most efficient and practical software designed to respond to the demands of a rapidly developing mobile consumer lending industry.

SUBSEQUENT EVENTS

On 6 October 2017, Ferratum announced the launch of Microloan in Nigeria in partnership with Interswitch Limited. Interswitch, based in Lagos, builds and manages transaction infrastructure and provides secure electronic payment solutions. All Nigerian banks are connected to Interswitch, making the company the most accessible e-payment network in Nigeria.

Interswitch has launched a new lending services platform in partnership with five leading banks and three innovative credit providers, including Ferratum. Ferratum will initially offer Microloan amounts of between NGN 1,000 and NGN 10,000 (approximately EUR 2.70 to EUR 27.00) to customers of Interswitch who are resident in Lagos.

SHAREHOLDER STRUCTURE

Compared to 30 June 2017, the shareholder structure of Ferratum Group remained unchanged. Directly and indirectly, Mr. Jorma Jokela holds a total of 12,027,970 shares, representing 55.37% of the total issued share capital of Ferratum, and remains the Group's largest shareholder.

The total free float of Ferratum Group amounted to 43.96% of the total issued share capital as at 30 September 2017.

CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER 2017

EUR '000	9 months ended 30 September 2017 (unaudited)	2016 (unaudited)
Revenue	161,006	108,645
Other income	200	113
Impairments on loans	(56,277)	(35,232)
Operating expenses:		-
Personnel expenses	(25,366)	(17,672)
Selling and marketing expenses	(24,958)	(20,990)
Lending costs	(7,515)	(5,801)
Other administrative expenses	(1,967)	(1,457)
Depreciations and amortization	(2,059)	(1,304)
Other operating expenses	(19,254)	(12,072)
Operating profit	**23,810**	**14,231**
Finance income	77	49
Finance costs	(6,312)	(4,823)
Finance costs – net	(6,236)	(4,774)
Profit before income tax	**17,575**	**9,456**
Income tax expense	(2,636)	(1,135)
Profit for the period	**14,939**	**8,322**
Earnings per share, basic	0.69	0.39
Earnings per share, diluted	0.69	0.39
Profit attributable to:		
– owners of the parent company	14,939	8,322
– non-controlling interests	0	0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER 2017

EUR '000	9 months ended 30 September 2017 (unaudited)	31 Dec 2016 (unaudited)
Profit for the period	14,939	8,322
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Translation differences	(550)	(848)
Total items that may be reclassified to profit or loss subsequently	(550)	(848)
Total comprehensive income	**14,388**	**7,473**
Allocation of total comprehensive income to:		
- owners of the parent company	14,388	7,473
- non-controlling interests	0	0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR '000	30 Sept 2017 (unaudited)	31 Dec 2016 (audited)
Assets		
Non-current assets		
Property, plant and equipment	2,923	2,761
Intangible assets	16,594	12,736
Government stocks	11,143	11,450
Deferred income tax assets	3,500	3,480
Total non-current assets	**34,160**	**30,426**
Current assets		
Account receivables - consumer loans (net)	242,866	184,346
Other receivables	9,993	7,298
Income tax assets	597	555
Cash and cash equivalents (excluding bank overdrafts)	116,198	73,059
Total current Assets	**369,654**	**265,257**
Total assets	**403,814**	**295,683**
Equity and liabilities		
Equity attributable to owners of the parent		
Share capital	40,134	40,134
Treasury shares	(142)	(142)
Reserves	(1,509)	(1,202)
Unrestricted equity reserve	14,708	14,708
Retained earnings	47,331	34,377
Total equity	**100,522**	**87,875**
Liabilities		
Non-current liabilities		
Borrowings	108,728	72,246
Other payables	-	-
Deferred income tax liabilities	-	-
Total non-current liabilities	**108,728**	**72,246**
Current liabilities		
Income tax liabilities	2,428	1,143
Deposits from customers	155,345	101,436
Borrowings	20,289	18,469
Trade payables	5,018	4,958
Other current liabilities	11,483	9,557
Total current liabilities	**194,564**	**135,563**
Total liabilities	**303,292**	**207,809**
Total equity and liabilities	**403,814**	**295,683**

CONSOLIDATED STATEMENT OF CASH FLOW

EUR '000	9 months ended 30 September 2017 (unaudited)	2016 (unaudited)
Cash flows from operating activities		
PROFIT/LOSS FOR THE PERIOD	14,939	8,322
Adjustments for:		
Depreciation and amortization	2,059	1,304
Finance costs, net	6,236	4,774
Tax on income from operations	2,636	1,135
Transactions without cash flow	848	(645)
Impairments on loans	56,277	35,232
Working capital changes:		
Increase (-) / decrease (+) in other current receivables and government stocks	(2,388)	(12,290)
Increase (+) / decrease (-) in trade payables and other current liabilities (excl. Interest liabilities)	231	4,517
Interest paid	(3,723)	(1,515)
Interest received		232
Other financing items	-	(155)
Income taxes paid	(1,537)	(668)
Net cash from operating activities before movements in the portfolio and deposits received	**75,579**	**40,242**
Deposits received	53,909	85,652
Movements in the portfolio:		
Movements in gross portfolio	(77,895)	**(56,174)**
Fully impaired portfolio write-offs	(36,902)	**(25,915)**
Net cash from operating activities	**14,691**	**43,806**
Cash flows from investing activities		
Purchase of tangible and intangible assets	(6,396)	(6,038)
Proceeds from sale of tangible and intangible assets	-	
Purchase of investments and other assets	(466)	
Net cash used in investing activities	**(6,862)**	**(6,038)**

EUR '000	2017 (unaudited)	2016 (unaudited)
Cash flows from financing activities		
Proceeds from share issue	-	-
Expenses related to share issue	-	-
Proceeds from short-term borrowings	20,000	-
Repayment of short-term borrowings	(18,133)	(2,800)
Proceeds from long-term borrowings	35,340	23,321
Repayment of long-term borrowings	-	(406)
Dividends paid / distribution of funds	(2,589)	(2,158)
Net cash used in financing activities	**34,617**	**17,958**
Net increase/decrease in cash and cash equivalents	**42,446**	**55,726**
Cash and cash equivalents at the beginning of the period	73,059	17,452
Exchange gains/(losses) on cash and cash equivalents	693	(1,413)
Net increase/decrease in cash and cash equivalents	42,446	55,726
Cash and cash equivalents at the end of the period	116,198	71,765

BUSINESS SEGMENTS IN 9M 2017

EUR '000	Microloan	PlusLoan	Credit Limit	SME	Other*	Total
Revenue	32,724	43,902	75,294	9,001	85	161,006
Share in Revenue, %	20.3	27.3	46.8	5.6	0.1	100.0
Directly attributable costs:						
Impairments	(17,942)	(16,325)	(19,657)	(2,066)	(288)	(56,277)
Marketing	(2,630)	(6,983)	(12,770)	(2,091)	(483)	(24,958)
Attributable Product Margin	**12,153**	**20,594**	**42,867**	**4,844**	**(687)**	**79,771**
Attributable Product Margin, %	37.1	46.9	56.9			
Non-directly attributable costs:						
Personnel expenses	(4,911)	(6,588)	(11,299)	(1,351)	(1,216)	(25,366)
Lending costs	(1,528)	(2,050)	(3,516)	(420)	-	(7,515)
Other administrative expenses	(323)	(433)	(743)	(89)	(379)	(1,967)
Depreciation and amortization	(289)	(388)	(665)	(80)	(637)	(2,059)
Other operating income and expenses	(3,456)	(4,636)	(7,951)	(950)	(2,061)	(19,054)
Total Non-directly attributable costs	**(10,507)**	**(14,096)**	**(24,175)**	**(2,890)**	**(4,293)**	**(55,961)**
Operating profit	**1,646**	**6,498**	**18,692**	**1,954**	**(4,980)**	**23,810**
Gross Product Margin, %	5.0	14.8	24.8	21.7		14.8
Unallocated finance income						77
Finance expenses	(747)	(1,648)	(2,939)	(737)	(9)	(6,080)
Unallocated finance expense						(232)
Finance costs, net	(747)	(1,648)	(2,939)	(737)	(9)	(6,236)
Profit before income tax	**899**	**4,850**	**15,754**	**1,216**	**(4,989)**	**15,575**
Net Product Margin, %	2.7	11.0	20.9	13.5		10.9
Accounts receivable – loans to customers	29,824	65,832	117,383	29,453	374	242,866
Unallocated assets						160,948
Unallocated liabilities						303,283

*Includes Mobile Bank, FerBuy and Ferratum P2P and Primeloan

BUSINESS SEGMENTS IN 9M 2016

EUR '000	Microloan	PlusLoan	Credit Limit	SME	Other*	Total
Revenue	38,935	20,776	46,180	2,541	213	108,645
Share in Revenue, %	35.8	19.1	42.5	2.3	0.2	100.0
Directly attributable costs:						
Impairments	(15,545)	(7,204)	(11,714)	(540)	(229)	(35,232)
Marketing	(4,354)	(5,112)	(9,557)	(972)	(994)	(20,990)
Attributable Product Margin	**19,036**	**8,459**	**24,909**	**1,029**	**(1,010)**	**52,423**
Attributable Product Margin, %	48.9%	40.7%	53.9%			
Non-directly attributable costs:						
Personnel expenses	(6,122)	(3,267)	(7,261)	(400)	(622)	(17,672)
Lending costs	(2,083)	(1,111)	(2,471)	(136)	-	(5,801)
Other administrative expenses	(506)	(270)	(600)	(33)	(49)	(1,457)
Depreciation and amortization	(306)	(163)	(363)	(20)	(453)	(1,304)
Other operating income and expenses	(3,670)	(1,958)	(4,353)	(239)	(1,739)	(11,959)
Total Non-directly attributable costs	**(12,686)**	**(6,769)**	**(15,047)**	**(828)**	**(2,862)**	**(38,193)**
Operating profit	**6,350**	**1,690**	**9,862**	**201**	**(3,872)**	**14,231**
Gross Product Margin, %	16.3	8.1	21.4			13.1
Unallocated finance income						49
Finance expenses	(735)	(878)	(1,862)	(237)	(17)	(3,729)
Unallocated finance expense	-	-	-	-	-	(1,094)
Finance costs, net	(735)	(878)	(1,862)	(237)	(17)	(4,774)
Profit before income tax	**5,614**	**812**	**8,000**	**(36)**	**(3,889)**	**9,456**
Net Product Margin, %	14.4	3.9	17.3			8.7
Accounts receivable – loans to customers	30,301	36,154	76,707	9,750	704	153,615
Unallocated assets						103,170
Unallocated liabilities						173,535

*Includes Mobile Bank, FerBuy and Ferratum P2P and Primeloan

REVENUE DOMESTIC VS. INTERNATIONAL

EUR '000	Jan – Sept 2017	Jan – Sept 2016
Revenue, international	130,559	84,538
Revenue, domestic	30,447	24,107
Total revenue	**161,006**	**108,645**

REVENUE OF BUSINESS SEGMENTS GEOGRAPHICALLY

In addition to operating segments represented by different types of products the management of Ferratum continues analysis of revenue by geographical principle. All the countries where the Group has operating activities are combined into the following four regions: Region 1, Region 2, Region 3 and Region 4. The detailed list of countries within each region together with the total regions' revenues for the nine months ended 30 September 2017 and the nine months ended 30 September 2016 are presented in the following table.

EUR '000	Jan – Sept 2017	Jan – Sept 2016
Region 1 Finland, Sweden, Denmark, Norway	64,247	43,072
Region 2 Netherlands, UK, New Zealand, Australia, Canada	32,987	18,010
Region 3 Estonia, Latvia, Lithuania, Poland, Czech, Slovakia, Russia	40,251	32,913
Region 4 Bulgaria, Romania, Croatia, Spain, Germany, France, Mexico, Brazil	23,522	14,650
Total revenue	**161,006**	**108,645**

PERSONNEL EXPENSES

EUR '000	Jan – Sept 2017	Jan – Sept 2016
Salaries and other employee benefits (incl. bonuses)	(18,891)	(13,142)
Employee pension expenses	(664)	(500)
Other personnel expenses	(4,963)	(3,733)
Share-based payments equity settled*	(848)	(297)
Total personnel expenses	**(25,366)**	**(17,672)**

*Over time, certain individuals and employees have been granted option rights to invest in the shares of the parent company of Ferratum. According to IFRS 2 (Share-based payment), due to the fact that these individual investors are also employed by Ferratum, certain expenses need to be recorded in the income statement as equity settled share-based payments. These expenses reflect the potential upside for the minority shareholders in terms of a value increase of the shares. The fair value of this potential increase calculated is recognized annually as expenses over the vesting period.

FINANCE COSTS

EUR '000	Jan – Sept 2017	Jan – Sept 2016
Interest on borrowings	(6,080)	(3,594)
Derivatives held for trading – net gain / (loss)	(7)	(41)
Other finance expenses paid on borrowings	(181)	(135)
Foreign exchange loss on liabilities, realized	(44)	(1,053)
Total finance costs	**(6,312)**	**(4,823)**

FINANCE INCOME

EUR '000	Jan – Sept 2017	Jan – Sept 2016
Interest income from cash and cash equivalents	29	49
Derivatives held for trading – net gain / (loss)	48	
Foreign exchange gain, realized		
Total finance income	**77**	**49**

ACCOUNTS RECEIVABLE - LOANS TO CUSTOMERS

EUR '000	30 September 2017	31 December 2016
Accounts receivable - loans to customers (gross)	324,905	247,010
Less: provision for impairment of loan receivables	(82,039)	(62,664)
Accounts receivable - loans to customers (net)	**242,866**	**184,346**

The Group does not have a material amount of individually impaired loan receivables. The ageing analysis of loan receivables which are collectively assessed for impairment is as follows:

EUR '000	30 September 2017				31 December 2016			
	GBV*	Provision for impairment	NBV**	ILCR***, %	GBV*	Provision for impairment	NBV**	ILCR***, %
Current	201,927	(9,548)	192,379	4.7	153,394	(7,309)	146,085	4.8
1-90 days due	27,027	(6,868)	20,159	25.4	20,683	(5,359)	15,324	25.9
91-180 days due	21,418	(9,424)	11,994	44.0	14,736	(6,597)	8,139	44.8
>181 days due	74,533	(56,198)	18,334	75.4	58,197	(43,400)	14,797	74.6
Total	**324,905**	**(82,039)**	**242,866**	**25.3**	**247,010**	**(62,664)**	**184,346**	**25.4**

*Gross book value
**Net book value
***Impaired loan coverage ratio

The Group uses an allowance account to recognize the impairment losses on loans to customers. Reconciliation of movements in the allowance account is as follows:

EUR '000	Jan – Sept 2017	Jan – Sept 2016
Provision for impairment on 1 January	(62,664)	(49,131)
Impairments on loans	(56,277)	(35,232)
Amounts fully reserved and booked out	36,902	25,915
Provision for impairment on 30 September	**(82,039)**	**(58,448)**

Ferratum™

More than money to everyone

COMPANY CONTACTS

Ferratum Group
Paul Wasastjerna
Head of Investor Relations
T: +358 (0)40 724 8247
F: +358 (0)20 741 1614
E: paul.wasastjerna@ferratum.com

Ferratum Group
Dr. Clemens Krause
CFO
T: +358 (0)40 724 8247
F: +49 (0)30 88715 309

Ferratum Group
Ratamestarinkatu 11 A
00520 Helsinki, Finland
Tel. +358 (0)20 741 1611
Fax +358 (0)20 741 1612

www.ferratumgroup.com