Ferratum™

More than money to everyone

SECURITIES PROSPECTUS

Ferratum Oyj

(a public limited company incorporated under the laws of Finland)

Offering of up to 6,517,188 ordinary shares
Price Range of €15 to €18

This is an offering of up to 6,517,188 ordinary shares of Ferratum Oyj, a Finnish public limited company (the "**Company**" and, together with its consolidated subsidiaries, "**we**", "**us**", "**our**" or the "**Group**"), consisting of (i) up to 2,833,560 newly issued shares of the Company (the "**New Shares**"), (ii) up to 2,833,560 shares held by European Recruitment Company OÜ ("**ERC**"), 100% held by Jorma Jokela, the CEO and majority shareholder of the Company, AS Pontos Capital ("**Pontos Capital**"), Pontcap 1 OÜ ("**Pontcap**"), and by certain minority shareholders (ERC, Pontos Capital, Pontcap and the other minority shareholders together, the "**Selling Shareholders**") (the "**Old Shares**"), and (iii) up to 850,068 shares made available via a share loan by ERC and Pontos Capital to cover over-allotments (the "**Greenshoe Shares**" and together with the New Shares and the Old Shares, the "**Offer Shares**"). To enable settlement of the New Shares sold in the Offering, ERC will lend up to 2,833,560 Existing Shares to ICF BANK AG in its role as settlement agent. The New Shares will be created and registered with the Finnish Trade Register as soon as practical after settlement. The offer period will begin on 22 January 2015 and is expected to end on 4 February 2015 (the "**Offer Period**"). The Offer Period may be extended or terminated at any time, but may not be shortened to before 30 January 2015.

Offer Shares will be offered in the offering (the "**Offering**") consisting of (i) a public offering to retail and institutional investors in the Federal Republic of Germany ("**Germany**") and (ii) private placements outside Germany and outside of the United States of America (the "**United States**") to selected institutional investors in reliance on Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and other applicable exemptions during the Offer Period.

On or about 4 February 2015, the Selling Shareholders and the Company will determine the final offer price per Offer Share (the "**Offer Price**") and the final number of Offer Shares in consultation with the sole global arranger and sole bookrunner ICF BANK AG.

All 18,890,400 existing shares in the Company, including 146,200 existing treasury shares currently held by the Company (the "**Existing Shares**") and the newly created shares (the Existing Shares together with the newly created shares, the "**Shares**") are intended to be listed on the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) under the symbol "FRU". The Existing Shares are expected to commence trading on or about 6 February 2015. Investors purchasing Offer Shares may start trading once the Existing Shares commence trading. All of the Shares, including the Offer Shares, confer equal rights to dividends.

An investment in the Offer Shares involves a high degree of risk. See "Risk Factors" beginning on page 33 for certain risks to be considered in connection with investing in the Offer Shares.

The Offer Shares will be issued and registered in the book-entry system maintained by Euroclear Finland Ltd ("**Euroclear Finland**"). No share certificates will be issued in respect of the Shares. The Offer Shares placed in the Offering will be credited on or about 6 February 2015 to the accounts of investors through the book-entry facilities of Clearstream Banking AG, Frankfurt against payment. The International Securities Identification Number (ISIN) for the Shares is FI4000106299 and the German Securities Code (*Wertpapierkennnummer* – WKN) is A1W9NS.

The Offer Shares have not been and will not be registered under the Securities Act or any U.S. state securities laws. The Offer Shares may be offered and sold only outside the United States of America in accordance with Regulation S under the Securities Act, and may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a summary of the selling restrictions relating to the Offering, see "*Selling Restrictions*".

Sole Global Arranger and Sole Bookrunner

ICF BANK

Co-Lead Managers

equinet Bank ***Hauck & Aufhäuser***

20 January 2015

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SUMMARY OF THE PROSPECTUS

Summaries are made up of disclosure requirements, referred to as "Elements". These Elements are numbered in Sections *A - E (A.1 - E.7). This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Since a number of points do not need to be addressed there may be gaps in the numbering sequence. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a brief description of the point with "not applicable" is included.*

A. – Introduction and Warnings

A.1.	**Warnings.**	This summary should be read as an introduction to this Prospectus. Any decision to invest in the Offer Shares should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the relevant national legislation of the individual Member States of the European Economic Area, have to bear the costs of translating the prospectus before legal proceedings are initiated. Ferratum Oyj (the "**Company**") and ICF BANK AG, equinet Bank AG and Hauck & Aufhäuser Privatbankiers KGaA (the "**Underwriters**") hereby assume responsibility for the contents of this summary. The Company can be held liable for the contents of the summary, although only in cases where the summary is misleading, inaccurate or inconsistent if read together with other parts of this prospectus, or if it does not provide all the necessary key information if read together with the other parts of the prospectus. Civil liability attaches only to those persons who have tabled this summary including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Offer Shares.
A.2.	**Information regarding the subsequent use of the prospectus.**	The Company gives its express consent to the use of the Prospectus and accepts responsibility for the content of the Prospectus for final placement of Offer Shares in Germany by financial intermediaries, which are credit institutions licensed in accordance with Art. 4 number 1 of Directive 2006/48/EC of the European Parliament and of the Council of June 14, 2006, as amended, to trade securities ("**Financial Intermediaries**"), during the Offer Period and until 6 February 2015, the anticipated closing date. The Company may revoke or limit its consent at any time, whereby such revocation or limitation requires a supplement to the Prospectus. **Any Financial Intermediary using the Prospectus must (i) state on its website that it uses the Prospectus in accordance with the consent and the conditions attached thereto and (ii) ensure that it complies with all applicable laws and regulations in force in the respective jurisdiction.** **In the event of an offer being made by a Financial Intermediary, such Financial Intermediary will provide information to investors on the terms and conditions of the offer at the time the offer is made.**

B. – Issuer

B.1.	**Legal and commercial name of**	The Company's name is "Ferratum Oyj". The Company uses the

	the issuer.	commercial name "Ferratum".
B.2.	**Domicile and legal form of the issuer, legislation under which the issuer operates and country of incorporation.**	The Company is domiciled in Finland and has its registered office at Ratamestarinkatu 11 A, FI-00520, Helsinki, Finland. The Company is a public limited company organized under the laws of Finland.
B.3.	**Description of, and key factors relating to, the nature of the issuer's current operations and its principal activities, main products sold and/or services performed and identification of the principal markets in which the issuer competes.**	The Group is a leading international provider of unsecured mobile consumer loans. As a pioneer in the field of mobile short-term consumer lending, it has expanded its operations since 2005 to 19 countries and as of 31 December 2014 had 1.0 million active and former customers who have received one or more loans in the past and had a total of 2.8 million user accounts in its database. The Group's business is designed for fast, easy and confidential loans to consumers and can be accessed through the internet, specifically through mobile devices, with loan approval usually within minutes after a multitude of financial background checks and profiling. The Group principally operates in Western Europe and Eastern Europe, but also in the Asia Pacific region in Australia and New Zealand. In Eastern Europe and other emerging and developing countries, small consumer loans refer to the provision of financial services to under banked households and are widely seen as improving livelihoods, reducing vulnerability to economic, social, and political risks, and fostering social and economic empowerment. In Western Europe, Australia, New Zealand, and other developed countries, small consumer loans serve a similar function as in the East, but also are a fast and economical means to deliver small consumer credit amounts to meet customers' short-term financial needs, while avoiding the formal paper-based procedures of traditional banks. The Group's core products are mobile microloans with a nominal value below €500. The Group currently offers microloans in the range of typically €25–1,000 with maturity periods of typically 7–90 days, depending on the loan amount and the regulatory framework of the customer's country. These microloans are all unsecured. The Group's microloan business model is based on mobile phone technology and electronic bank account debiting, whereby customers are able to obtain microloans through the use of the Group's mobile phone application. Starting in 2013, the Group has started with research and development activities for a credit limit product and subsequently introduced it in Finland. The Group currently offers its Credit Limit product in four countries, Finland, Estonia, Latvia and the Czech Republic. The Group's PLUS Loan products are offered in larger amounts (typically €500–2,000) with longer maturity periods (6–15 months). PLUS Loans involve instalment repayment plans, which further distinguish them from our traditional microloan product. Currently the Group offers PLUS Loans in Finland, Sweden, Estonia, Latvia, Lithuania, Poland, Czech and Bulgaria. The Group has also developed FerBuy, a secure and flexible e-commerce payment solution for online merchants and consumers. FerBuy offers online merchants a secure payment portal with no financial risk. FerBuy allows customer credit approvals to be conducted by using our established credit scoring processes. Customers can buy and receive online goods or services immediately, but choose to postpone payment on credit with a 2–6 month

		instalment plan.
B.4a.	**Most significant recent trends affecting the issuer and the industries in which it operates.**	Key structural drivers for growth in the market for mobile consumer loans include in particular: • the digitalization of traditional financial services, in particular a further trend towards mobile phone consumer credit products; • the technological progress resulting from the revolution in payment methods (e.g. PayPal, Klarna, mobile loans); • new players entering the payments and financial markets (e.g. Apple, Google Mobile operators and government authorities); • traditional players like Visa and Mastercard are moving into new technology payments (e.g. Paypass and mobile payments); and • changes in attitudes of customers as manifested in the rise of social lending – peer-to-peer social lending via internet (e.g. LendingClub, Zopa UK Loans, Kokos Poland, Kiva USA, Smava Germany). The management of the company expects that these trends in technological and market environment will further impact the Group's business by changing the competitive landscape, the regulatory environment and the adoption of consumer credit products by consumers.
B.5.	**Description of the group and the issuer's position within the group.**	The Company is the parent company of the Group. The Group consists of the Company and 39 subsidiaries, most of which are direct subsidiaries of the Company. The Group includes Ferratum Bank Ltd, a bank licensed in Malta, which is a direct subsidiary of the Company.
B.6.	**Persons who, directly or indirectly, have a (notifiable) interest in the issuer's capital or voting rights or have control over the issuer.**	Our largest shareholders are Jorma Jokela (CEO) (directly and indirectly holding shares in the Company), AS Pontos Capital and OÜ Pontcap 1 holding 82.54%, 8.84% and 1.17% of the Company's existing shares (the calculation of the percentage includes the 146,200 existing treasury shares), respectively. AS Pontos Capital and OÜ Pontcap 1 are affiliates. Due to Jorma Jokela's majority shareholding in the Company, he exercises control over the Company and will continue to be the Company's majority shareholder after the Offering.
B.7.	**Selected historical key financial information.**	

The financial information summarized below is based on the consolidated financial statements of the Company. The consolidated financial statements of the Company are included elsewhere in this Prospectus.

*The consolidated financial statements for the year ended on 31 December 2013 were prepared in accordance with International Financial Reporting Standards, as adopted in the European Union ("**IFRS**"). These consolidated financial statements include comparative figures for the year ended 31 December 2012 prepared in accordance with IFRS. The consolidated financial statements for the years ended on 31 December 2012 and 2011 were, however, prepared in accordance with Finnish generally accepted accounting standards ("**FAS**"). Because of the first time adoption of IFRS in 2013, the financial information for the years 2011, 2012 and 2013 is not directly comparable. The date of transition from FAS to IFRS principles applied in Group accounting and reporting is 1 January 2012. Details about transition procedures and financial impacts are presented below under the section "Bridge Accounting" in chapter "Selected Financial and Operating Information".*

The Prospectus includes unaudited consolidated financial information for the nine months ended 30 September 2014 and 2013 that have been extracted from the Company's unaudited interim condensed consolidated financial report as of and for the nine-months period ended 30 September 2014 prepared in accordance with IAS 34.

Any financial information in the following tables labelled as "audited" has been taken from the Company's audited consolidated financial statements. The financial information under IFRS for the year ended 31 December 2012 in the following tables has been taken from the comparative financial information for the audited consolidated financial statements for the year ended 31 December 2013 prepared under IFRS and it is therefore unaudited. Any other financial information in the following tables labelled as "unaudited" has not been taken from those audited consolidated financial statements.

Consolidated Income Statement Information under IFRS for the Nine-Month Period Ended 30 September 2014 and 2013 and for the Years Ended 31 December 2013 and 2012

	Nine-month period ended 30 September		Year ended 31 December	
	2014	**2013**	**2013**	**2012**
	(unaudited)		*(audited)*	*(unaudited)*
	(in € thousand except as otherwise stated)			
Revenue	49,429	43,418	58,198	48,913
Other income	80	67	137	872
Impairments on loans	(14,207)	(15,038)	(21,598)	(14,993)
Selling, marketing and administration	(19,404)	(16,487)	(21,202)	(19,565)
Depreciations and amortization	(434)	(393)	(527)	(491)
Other operating expenses	(6,998)	(5,824)	(7,680)	(6,162)
Operating profit	**8,466**	**5,744**	**7,329**	**8,574**
Finance income	72	26	75	1,366
Finance costs	(2,745)	(2,022)	(3,515)	(3,703)
Finance costs – net	(2,673)	(1,997)	(3,440)	(2,337)
Profit before income tax	**5,793**	**3,747**	**3,889**	**6,237**
Income tax expense	(1,196)	(316)	(342)	(1,605)
Profit for the year/period	**4,597**	**3,431**	**3,547**	**4,632**
Earnings per share, basic and diluted (in €) (unaudited)[1]	0.25	0.18	0.19	0.25

(1) Earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares. The group does not have any instruments that would have dilutive impact on the earnings per share.

The weighted average number of ordinary shares in issue has been calculated taking into account the share split that was registered on 26 September 2014. The share split ratio was 1:1700.

Consolidated Income Statement Information under FAS for the Years Ended 31 December 2012 and 2011

	Year ended 31 December	
	2012	**2011**
	(audited)	
	(in € thousand)	
Revenue	47,157	33,704
Other operating income	54	114
Materials and services	(5,752)	(5,685)
Personnel expenses	(7,168)	(4,948)
Depreciation, amortization and impairment	(509)	(386)
Other operating expenses	(26,992)	(19,269)
Operating profit	**6,788**	**3,530**
Financial income and expenses	(2,214)	(1,599)
Profit/loss before extraordinary items	**4,574**	**1,931**
Extraordinary items	818	0
Profit/loss after extraordinary items	**5,392**	**1,931**
Income tax	(1,415)	(526)
Profit/loss for the period	**3,977**	**1,405**

Consolidated Statement of Financial Position under IFRS as of 30 September 2014, 31 December 2013 and 2012

	As of 30 September	As of 31 December	
	2014	**2013**	**2012**
	(unaudited)	*(audited)*	*(unaudited)*
		(in € thousand)	
ASSETS			
Non-current assets			
Property, plant and equipment	303	282	298
Intangible assets	3,557	3,105	2,460
Deferred income tax assets	990	1,866	1,883
Total non-current assets	**4,850**	**5,253**	**4,641**
Current assets			
Account receivables – consumer loans	56,594	44,683	37,923
Other receivables	2,832	3,963	1,015
Income tax assets	650	336	222
Cash and cash equivalents (excluding bank overdrafts)	9,346	17,528	2,671
Total current assets	**69,422**	**66,510**	**41,832**
Total assets	**74,272**	**71,763**	**46,473**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	7,300	10	10
Treasury shares	(142)	(142)	(16)
Reserves	(32)	(171)	5
Unrestricted equity reserve	2,373	3,068	3,068
Retained earnings	10,025	12,915	10,093
Total equity	**19,523**	**15,679**	**13,160**
Liabilities			
Non-current liabilities			
Borrowings	29,115	26,245	20,779
Other payables	13	17	26
Deferred income tax liabilities	155	155	345
Total non-current liabilities	**29,282**	**26,417**	**21,150**
Current liabilities			
Income tax liabilities	708	456	697
Borrowings	17,055	19,538	453
Trade payables	3,035	7,282	7,661
Other current liabilities	4,669	2,391	3,352
Total current liabilities	**25,467**	**29,667**	**12,163**
Total liabilities	**54,749**	**56,084**	**33,313**
Total equity and liabilities	**74,272**	**71,763**	**46,473**

Consolidated Statement of Financial Position under FAS as of 31 December 2012 and 2011

	As of 31 December	
	2012	2011
	(audited)	*(audited)*
	(in € thousand)	
ASSETS		
Non-current assets		
Intangible assets	2,460	2,184
Consolidated goodwill	7	22
Tangible assets	298	301
Investments	**5**	5
Non-current assets total	**2,771**	**2,512**
Current assets		
Deferred tax assets	1,776	1,155
Non-current receivables	16	-
Current receivables	34,237	23,034
Cash and bank	**2,671**	5,225
Current assets total	**38,700**	**29,414**
Assets total	**41,471**	**31,926**
EQUITY AND LIABILITIES		
Equity		
Share capital	10	10
Treasury shares	(16)	-
Other reserves	3,069	68
Retained earnings	6,365	5,184
Profit/loss for the period	3,977	1,405
Equity total	**13,405**	**6,668**
Liabilities		
Deferred tax liabilities	330	176
Non-current liabilities, interest-bearing	20,915	17,548
Non-current liabilities, interest-free	26	-
Current liabilities, interest-bearing	453	3,416
Current liabilities, interest-free	**6,341**	4,118
Liabilities total	**28,066**	**25,259**
Equity and liabilities total	**41,471**	**31,926**

Consolidated Cash Flow Statement under IFRS and FAS for the Nine-Month Period Ended 30 September 2014 and 2013 and for the Years Ended 31 December 2013, 2012 and 2011

	For the nine-month period ended 30 September		For the year ended 31 December			
	2014	2013	2013	2012	2012	2011
	(unaudited - IFRS)		*(audited – IFRS)*	*(unaudited – IFRS)*	*(audited – FAS)*	
			(in € thousand)			
Net cash from operating activities[(1)]	(6,527)	(4,526)	(8,176)	(4,468)	13,338	5,302
Net cash used in investing activities[(1)]	(933)	(454)	(990)	(736)	(18,517)	(14,491)
Net cash used in financing activities	(392)	5,592	25,110	2,410	2,409	13,092
Net increase/(decrease) in cash and cash equivalents	(7,852)	612	15,944	(2,794)	(2,769)	3,903
Exchange gains/(losses) on cash and cash equivalents	(331)	(164)	(1,087)	240	213	(164)
Cash and cash equivalents at beginning of the period	**17,528**	**2,671**	**2,671**	**5,225**	**5,225**	**1,485**
Cash and cash equivalents at the end of the period	**9,346**	**3,119**	**17,528**	**2,671**	**2,671**	**5,225**

(1) The higher value of net cash from operating activities by €17.8 million in 2012 according to FAS in comparison to IFRS, and lower value of net cash used in investing activities by €17.8 million in the same year according FAS in comparison to IFRS, is caused by a different presentation of cash flows related to the Group's loan portfolio (loans granted and proceeds from repayment of loans). Under FAS, the cash flows related to the loan portfolio were presented under investing activities, but under IFRS they are presented under

operating activities.

Other Financial and Operating Data under IFRS and FAS for the Nine-Month Period Ended 30 September 2014 and 2013 and for the Years Ended 31 December 2013, 2012 and 2011

	For the nine-month period ended 30 September		For the year ended 31 December			
	2014	2013	2013	2012	2012	2011
	(unaudited - IFRS)		*(unaudited unless otherwise stated - IFRS)*		*(unaudited unless otherwise stated - FAS)*	
	(in € thousand except where otherwise indicated)					
EBIT(1)	8,466	5,744	7,329	8,574	6,788	3,530
EBIT margin (in %)(2)	17.1	13.2	12.6	17.5	14.4	10.5
EBITDA(3)	8,900	6,137	7,855	9,065	7,297	3,915
EBITDA margin (in %)(4)	18.0	14.1	13.5	18.5	15.5	11.6
Credit volume(5)	122,685	113,681	162,969	126,016	126,016	67,806
Receivables from customers(6)	56,594	45,420	44,683	37,923	32,917	21,935
Active and former customers (in thousands)(7)	898	725	761	591	591	453
Total user accounts (in thousands) (8)	2,810	1,770	1,873	1,377	1,377	1,093
New customers (in thousands) (9)	137	134	183	162	162	160
Employees (FTE)(10)	352	305	310	257	257	206

(1) Earnings before interest and tax (EBIT) is shown in the consolidated income statement as "Operating profit". Audited for the years ended 31 December 2013 (IFRS) and 31 December 2012 and 2011 (FAS).
(2) The EBIT margin is calculated by dividing operating profit by revenue.
(3) Earnings before interest, tax, depreciation and amortization (EBITDA) is calculated by adding depreciation and amortization to operating profit.

EBITDA is not a uniformly or legally defined financial measure and is not a measurement of performance under IFRS or FAS. EBITDA and EBITDA margin should not be considered as an alternative to (a) operating profit or profit/loss for the period as a measure of operating performance, (b) cash flows from operating, investing, and financing activities as a measure of their abilities to meet their cash need or (c) any other measures of performance under IFRS or FAS. Management believes that EBITDA and EBITDA margin are useful indicators of an entity's ability to obtain financing and service its debt and can assist certain investors, security analysts and other interested parties in evaluating the business. Because all companies do not calculate EBITDA and EBITDA margin on a consistent basis, the presentation of EBITDA and EBITDA margin in the Prospectus may not be comparable to measures under the same or similar names used by other companies. Accordingly, undue reliance should not be placed on EBITDA and EBITDA margin items in this Prospectus.

The following table provides reconciliation from operating profit to EBITDA:

	For the nine-month period ended 30 September		For the year ended 31 December			
	2014	2013	2013	2012	2012	2011
	(unaudited)		*(unaudited unless otherwise stated - IFRS)*		*(unaudited unless otherwise stated - FAS)*	
	(in € thousand except where otherwise indicated)					
Operating profit	8,466	5,744	7,329*	8,574	6,788*	3,530*
Depreciation and amortization	434	393	527*	491	509*	386*
EBITDA	**8,900**	**6,137**	**7,855**	**9,065**	**7,297**	**3,915**

*Audited

(4) The EBITDA margin is calculated by dividing EBITDA by revenue.
(5) Credit volume is defined as the paid-out credit volume (cash flow) in the relevant reporting period. Paid-out credit volume only includes the sum actually paid out to the creditor. Applicable fees and interest are, in contrast, reflected as receivable according to the effective interest rate method on the balance sheet and in the income statement, but are not included in cash flow as these are not paid out. Incoming and outgoing cash flows are not netted. Extensions get reflected in the cash flow statement only with the extension fee as incoming cash flow. Please note that only the changes in outstanding volumes from Plusloans (repayments) and Credit limit (repayments and withdrawals) appear as cash flows, while the overall balance for these products is not included in the credit volume.
(6) Receivables from customers is defined as the amount of loans outstanding at the reporting date from the individuals plus together related earned part of interest and fee income (process, rescheduling and reminder fees) and reduced by collective impairment allowances. Audited for the years ended 31 December 2013 (IFRS) and 31 December 2012 and 2011 (FAS).
(7) Active and former customers are the aggregate number of customers, who have received a loan at least once in the past. As of 31 December 2014, active and former customers totalled 959 thousand.
(8) Total user accounts are the total number of registered accounts in our database consisting of all people who have applied for a loan in the past at least once and remain registered in our database. These total user accounts thus relate to people who either (i) have been granted a loan recently and thus are active customers, or (ii) have been granted a loan in the past and are thus former customers, or (iii) have never been granted a loan, but remain registered in our database. As of 31 December 2014, total user accounts amounted to 2,817 thousand (at the end of 2014, we conducted a thorough review of our database user accounts and eliminated all entries for which the user was not reachable; this resulted in an elimination of 417 thousand user accounts from our database).

(9) New customers show additional customers which received a loan during the relevant reporting period but had not received a loan previously. For the period from 1 January 2014 to 31 December 2014, total new customers were 198 thousand.
(10) Number of employees based on a full-time equivalent basis at the end of the period.

Significant changes to the issuer's financial condition and operating results.	Revenue increased from €43.4 million in the first nine months of 2013 to €49.4 million in the first nine months of 2014, as a result of our geographic expansion, organic growth in existing markets and product diversification. Revenue in the East increased from €19.8 million to €20.1 million and revenue in the Western region increased from €23.6 million to €29.3 million. The principle revenue growth drivers were Western region countries with the relatively new operating countries Australia, New Zealand and the United Kingdom experiencing strong revenue growth, as well as Finland where the change in product mix due to the introduction of the Credit Limit product contributed to revenue growth. EBIT increased from €5.7 million (13.2% of revenue) in the first nine months of 2013 to €8.5 million (17.1% of revenue) in the first nine months of 2014. This development was principally the result of increased revenues, while impairment of loans slightly decreased despite the growth in the loan volume. Revenue increased from €48.9 million in 2012 to €58.2 million in 2013, principally as a result of the Group's geographic expansion and faster development in existing markets. While revenue in the East increased moderately from €22.3 million to €24.3 million, revenue in the Western Region increased strongly from €26.6 million to €33.9 million. In Eastern Europe, the main drivers of revenue improvements Poland, the Czech Republic and Latvia where the Group benefited from strong market growth and demand for its mobile consumer loans. In the Western Region, several of our operating markets contributed to the revenue increase including good developments in markets where we were scaling up our operations such as the UK and Australia. EBIT decreased from €8.6 million (17.5% of revenue) in 2012 to €7.3 million (12.6% of revenue) in 2013. While revenue increased strongly and selling, marketing and administration expenses increased less than revenue principally due to lower sales and marketing costs, the 2013 EBIT was affected by a strong increase in impairments on loans by €6.6 million (from €15.0 million in 2012 to €21.6 million in 2013) . Revenue (FAS) increased from €33.7 million in 2011 to €47.2 million in 2012 as a result of geographic diversification and underlying market growth. The largest part of the revenue increase stemmed from Poland, the Czech Republic, Finland, Sweden, and Netherlands in particular by the development of new products to the customers. Operating profit (EBIT) (FAS) increased from €3.5 million in 2011 to €6.8 million in 2012, principally as a result of strong revenue growth related to an increased number of customers in existing markets as well as geographic expansion. The development of our revenues for the months of October and November 2014 has continued the strong growth trend of the first three quarters of 2014 with revenues of €14.0 million in these two months. As a result, revenues for the first eleven months of 2014 amounted to €63.5 million. We estimate that the development of our revenues for the full fourth quarter of 2014 was strong as well. Our operating profit (EBIT) for the months of October and November 2014 amounted to €1.6 million. EBIT in the two months October and November 2014 was impacted by IPO-related costs in a total amount

		of €1.2 million, which included a negative effect from the options granted by Jorma Jokela to employees of Ferratum in October 2014. The options are for existing shares from the holdings of Jorma Jokela and the total fair value is recognized as a share-based compensation expense in the Company's income statement with a respective entry to equity on day one. This expense has no cash impact to the Company. As a result, EBIT for the first eleven months of 2014 amounted to €10.1 million. The estimate of revenues relating to the full fourth quarter is based on our preliminary review of our revenues and is not intended to be a comprehensive statement of our financial or operational results for the year ended 31 December 2014. This estimate is inherently subject to adjustments during the preparation of our financial statements and audit thereof by our auditors. The audited consolidated financial statements are planned to be available only after the completion of this Offering. Accordingly, our actual revenues for the year ended 31 December 2014 may vary from our preliminary estimates above, and such variations could be material. As such, you should not place undue reliance on the revenue estimate.
B.8.	**Selected key pro-forma financial information.**	Not applicable. This Prospectus does not contain pro-forma financial information.
B.9.	**Profit forecasts or estimates.**	Not applicable. This Prospectus does not contain profit forecasts or estimates.
B.10.	**Any qualifications in the audit report on the historical financial information.**	Not applicable. There are no qualifications in the auditor's report on historical financial information.
B.11.	**Explanation of insufficiency of the issuer's working capital.**	Not applicable. The Company's working capital is sufficient to meet its present requirements.

C. – Securities

C.1.	**Type and class of the securities being offered and/or admitted to trading, including any security identification number.**	This is an offering of up to 6,517,188 ordinary shares of the Company consisting of (i) up to 2,833,560 shares newly issued shares of the Company, (ii) up to 2,833,560 shares held by ERC, Pontos Capital, Pontcap, and certain minority shareholders, and (iii) up to 850,068 shares made available via a share loan by Jorma Jokela (up to 758,329 shares) and Pontos Capital (up to 91,739 shares) to cover over-allotments. To enable settlement of the New Shares sold in the Offering, ERC will lend up to 2,833,560 Existing Shares to ICF BANK AG in its role as settlement agent. The New Shares will be created and registered with the Finnish Trade Register as soon as practical after settlement. The Company has only one class of shares. All of the shares in the Company, including the shares offered in this Prospectus, confer equal rights to dividends. The Offer Shares can be identified by the following information: • International Securities Identification Number (ISIN): FI4000106299

		• Securities Identification Number (WKN): A1W9NS • Ticker symbol: FRU
C.2.	**Currency of the securities issue.**	Euro
C.3.	**Number and par value of the shares issued and fully paid in, and issued but not fully paid in.**	The Company has 18,890,400 shares (including the 146,200 existing treasury shares), which are fully paid-in. The shares have no nominal value.
C.4.	**Description of the rights attached to the securities.**	The Company has only one class of shares. Each share of the Company entitles its holder to one vote at the General Shareholders' Meeting of the Company. The shares are issued under Finnish law. All of the shares in the Company, including the shares offered in this Prospectus, confer equal rights to dividends.
C.5.	**Restrictions on the free transferability of the securities.**	Not applicable. All shares of the Company are freely transferable in accordance with legal requirements for ordinary shares under Finnish law.
C.6.	**Admission to trading on a regulated market.**	All the Company's shares are intended to be listed on the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) under the symbol "FRU". All existing shares of the Company are expected to commence trading on or about 6 February 2015 with the newly created shares of the Company expected to be admitted to trading after 6 February 2015. Investors will be able to start trading once the existing shares of the Company commence trading.
C.7.	**Description of dividend policy.**	The Company has thus far paid out dividends in an amount of €210,000 in 2012 and €790,000 in 2013. The Company distributed no dividends from retained earnings in 2014, but out of the invested funds in the unrestricted equity reserve, €63 per Share was distributed to the shareholders (except for the Company's treasury shares) as a return of capital, which equalled €694,638 in total. Subsidiaries of the Company have issued bonds in Germany and Poland which restrict the amount of dividends that can be paid out until 2018. Under bonds issued by Ferratum Capital Poland S.A. in Poland, the Company may not pay out an amount exceeding 20% of the annual net profits of the Group until all the bonds are redeemed. Similarly, under the terms of the bonds issued by Ferratum Capital Germany GmbH in Germany, the same limit applies. The Company generally aims to pay out dividends (subject to the above restrictions) in the future, however may change its dividend policy at any time.

D. – Risks

D.1.	**Key risks that are specific to the Issuer or its industry.**	The Group and the industry in which it operates are subject to the key risks indicated below. The occurrence of one or more of these risks, individually or together with other circumstances, may have a material adverse effect the Group's business, financial condition and results of operations. The stock exchange price of the Company's shares could significantly drop if any one of these risks occurs, and

investors could lose a portion of or all of their investment. The risks described below are not the only risks to which the Group is exposed. Other risks and uncertainties which are presently unknown to the Group could also have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's operations and industry are subject to following risks:

- An economic slowdown could adversely affect the demand for the Group's mobile consumer loans, increase its credit losses and decrease its growth.
- The Group may not be able to successfully evaluate the creditworthiness of its customers, may not price its consumer loan products correctly and may not be able to adequately diversify its mobile consumer loan portfolio.
- If the Group's risk provisions in relation to credit losses are not sufficient, the Group's results of operations and financial condition may be adversely affected.
- If the Group incurs a large amount of fraud-related losses, the Group's results of operations and financial condition may be adversely affected.
- If the Group does not generate a sufficient amount of cash to satisfy its liquidity needs and may not be able to grow its business as a result of cash shortages.
- If the Group does not have access to financing under affordable terms, it may not be able to expand its business and refinance its existing or future indebtedness.
- The Group's business and results of operations may be adversely affected if the Group is unable to manage its growth effectively.
- Any disruption in the Group's information systems or external telecommunication infrastructure worldwide could adversely affect the Group's operations.
- If the Group fails to geographically diversify and expand its operations and customer base, its business may be harmed.
- Negative public perception and press coverage of short-term unsecured consumer loans could negatively affect the Group's revenues and results of operations.
- Competition in the short-term lending industry could cause the Group to lose its market share and revenues.
- A reduction in demand for the Group's products, and failure by the Group to develop innovative and attractive products, could adversely affect the Group's business and results of operations.
- The Group's operations are subject to exchange rate risk.
- The Group is subject to accounting and management risk.
- Certain tax positions taken by the Group requires the judgment of management and could turn to be inefficient or challenged by tax authorities.
- If the Group loses its current CEO or key management or is unable to attract and retain the talent required for its business, the Group's operating results may suffer.
- The Group may incur property, casualty or other losses not covered by insurance.

- The Group is subject to various consumer protection laws, other local legal and regulatory requirements and European law, changes of which or interpretations of which by authorities could significantly impact the Group's business.
- The Group may fail to successfully manage the diverse sets of regulatory requirements the Group currently is subject to and may face regulatory problems entering into new markets.
- The Group's business may be challenged by consumers, consumer protection organizations, courts, or regulatory agencies in connection with compliance with the EU Consumer Credit Directive and the national laws implementing the Directive.
- The nature of the Group's business as a provider of mobile consumer loans may be misunderstood by customers, consumer protection organizations and other people, which may have an adverse effect on our reputation.
- The Group may lose required licences to operate the Group's consumer loan business or face challenges to renew such licences.
- The Group's Maltese banking subsidiary may fail to comply with all regulations it is subject to and such failures could materially impact its operations and strategy.
- The Group is subject to a diverse set of tax regimes in the jurisdictions it operates in and changes in such tax regimes could materially impact its business, financial condition, or results of operations.

D.3. **Key risks that are specific to the securities.**

The Company's Shares are subject to the following key risks:

- The absence of a prior public trading for the Shares may seriously impact the liquidity and trading price of the Shares.
- The market price of the Shares may be volatile.
- Future capitalization measures could lead to a substantial dilution, i.e., a reduction in the value of the Shares and the control rights of existing shareholders' interests in the Group.
- Shareholders are subject to the risk of detrimental changes of foreign exchange rates and adverse tax consequences.
- The Group's ability to pay dividends in the future depends on several factors, including asset impairments.
- The Group's CEO Jorma Jokela controls and subsequent to the Offering will continue to control management and operations and may act in his own interest, which could differ from the interests of other shareholders.
- Any future sales of Shares by the Group's CEO Jorma Jokela or other existing shareholders of the Group could depress the market price of the Shares and could trigger a put-right for bondholders of the German bond issued in 2013.
- The Offering may not be fully subscribed for or the listing of the Shares on the Frankfurt Stock Exchange may not occur in the contemplated time schedule or at all.

E. – Offer

E.1. **Total net proceeds and estimated total**

The Company will receive the proceeds from the sale of the newly issued shares after deducting the costs of the offering including Underwriters' fees and commissions after settlement. Assuming offer

	expenses of the offer.	proceeds of €46.8 million based on a price of €16.5 per offered share (based on the middle of the price range), the total costs attributable to the Company of the offering including Underwriters' fees and commissions for the newly issued shares are estimated to be €2.2 million and net proceeds would be €44.6 million. The selling shareholders will bear the costs relating to the fees and commissions of the Underwriters for the shares they are selling and in addition will also, *pro rata* to the number of their sold shares, reimburse the Company for costs of ICF BANK AG. Based on a price of €16.5 per offered share, the total offer proceeds to the selling shareholders (assuming the full exercise of the greenshoe option) are estimated to be €59.3 million and the costs attributable to the selling shareholders would be €1.5 million and thus the net proceeds would be €57.8 million.
E.2a	**Reasons for the offer, use of proceeds, estimated net amount of the proceeds.**	The Group plans to utilize the net proceeds (i) to support the Group's organic growth in the markets where the Group is already present through increased marketing spending and customer acquisition efforts as well as investments in the Group's IT system and the expansion of its product portfolio, (ii) to invest in further expanding to new markets, (iii) to strengthen its equity position as a prerequisite to take deposits in the future, (iv) to develop the Group into a mobile bank including the launch and marketing of a multi-banking mobile platform, and (v) for acquisitions and general corporate purposes. The Company has not yet adopted any resolutions on the potential use of the proceeds received by conducting the public offering. The timing to implement the potential uses above, as well as their costs, cannot be firmly established at this time. For any period in which the proceeds are not in use, they will be invested under usual terms and conditions. For more information on expected net proceeds of the offering, see E.1. above.
E.3.	**Description of the terms and conditions of the offer.**	The offering (including potential over-allotment) relates to a total of up to 6,517,188 ordinary shares of the Company. The shares offered in this Prospectus confer equal rights to dividends as all other shares of the Company. Purchase orders must be denominated in full numbers of shares. Purchase orders may be limited within the price range (price-steps of Euro 0.10 will be accepted). Multiple purchase orders are permitted, but will be aggregated for purposes of allocation. The Offering consists of a public offering of the Offer Shares in the Federal Republic of Germany and private placements of the Offer Shares in certain jurisdictions outside the Federal Republic of Germany and outside of the United States of America in reliance on Regulation S under the Securities Act.
	Price Range.	The price range within which purchase orders may be placed is €15 to €18 per Offer Share.
	Offer Period.	The offer period, during which investors may submit purchase orders for the shares, is expected to begin on 22 January 2015 and is expected to end on 4 February 2015, at 12:00 noon CET (Central European Time) for private investors (natural persons) and for institutional investors. Should the placement volume prove insufficient to satisfy all orders placed at the offer price, the Underwriters reserve the right to reject orders, or to accept them only in part.
	Amendments to the term of the Offering.	Changes in the number of shares offered, changes to the price range or the extension or shortening of the offer period will not invalidate any offers to purchase that have already been submitted. If such change requires the publication of a supplement to this Prospectus, investors who submitted purchase orders before the supplement is

		published shall have the right to withdraw these offers. Investors who have submitted offers to purchase will not be notified individually.
	Offer Price.	The price will be set on the basis of the purchase orders submitted by investors during the offer period that have been collated in the order book prepared during the bookbuilding process. Price-setting is expected to occur on or about 4 February 2015. The Company and the selling shareholders will not specifically charge any expenses and taxes related to the offering to investors. However, investors tax resident in Finland will be subject to a transfer tax of 1.6% of the value of the shares purchased.
	Delivery and Settlement.	The shares allocated to investors are expected to be credited to the accounts of investors after completion of the offering on 6 February 2015. The delivery of the offer shares will, at the investor's option, be made to a securities deposit account maintained by a German bank with Clearstream Banking Aktiengesellschaft or to a securities account of a participant in Euroclear Bank SA/NV, 1, Boulevard Roi Albert II, 1120 Brussels, Belgium, as the operator of the Euroclear system, or to Clearstream Banking S.A., 42 Avenue JF Kennedy, 1855 Luxembourg, Grand Duchy of Luxembourg for the account of such shareholder.
	Admission to and Commencement of Trading.	All the shares in the Company are intended to be listed on the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) under the symbol "FRU". The existing shares of the Company are expected to commence trading on or about 6 February 2015. The newly issued shares are expected to be admitted and commence trading after 6 February 2015. Investors will be able to start trading once the existing shares of the Company commence trading.
	Underwriters.	The Sole Global Arranger and Sole Bookrunner is ICF BANK AG and the Co-lead Managers are equinet Bank AG and Hauck & Aufhäuser Privatbankiers KGaA.
E.4.	**Description of any interest that is material to the issue/offer including conflicting interests.**	The Underwriters have entered into a contractual relationship with the Company in connection with the offering. Upon the successful execution of the offering, the Underwriters will receive a commission. The Underwriters or companies affiliated with them may from time to time enter into business relationships with companies of the Group or perform services on their behalf as part of their normal course of business. The Group's CEO Jorma Jokela controls and subsequent to the Offering will continue to control management and operations and may act in his own interest, which could differ from the interests of other shareholders. In addition, several of the selling shareholders are employees and/or board members of the Company.
E.5.	**Person or entity offering to sell the security.**	The shares offered to investors will be offered for subscription by the Underwriters, as defined in E.3 above.
	Lock-up agreements.	In the Underwriting Agreement, the Company will agree with each Underwriter that, to the extent legally permissible, the Company or its board of directors (the "**Board of Directors**"), will not, without the prior written consent of ICF BANK AG (which shall not be unreasonably withheld or delayed) for a period of six months following the first day of trading of the Shares on the Frankfurt Stock Exchange (with the exception of the creation of the New Shares, which is exempt from the lock-up restrictions):

E.7.		• announce or effect any issue of new or treasury shares of the Company or sell any of its existing treasury shares; • submit a proposal for a share issue or authorization for share issue to the general meeting of shareholders of the Company; • announce to issue, effect or submit a proposal for the issuance of, or authorization for the issuance of, any securities convertible into shares of the Company, with option rights for shares of the Company; or • enter into a transaction or perform any action in economic terms similar to those described in the bullets above. In the Underwriting Agreement, each of the Selling Shareholders will undertake to each Underwriter that it will not, without the prior written consent of ICF BANK AG (which shall not be unreasonably withheld or delayed) for a period of 24 months (except for Pontos Capital and Pontcap, in which case the period is 12 months) after the first day of trading of the Shares on the Frankfurt Stock Exchange: • offer, pledge, allot, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (except in connection with options previously granted by Jorma Jokela to three key employees of the Group), directly or indirectly, any shares in the Company or any other securities of the Company, including securities convertible into or exercisable or exchangeable for shares of the Company; or • enter into a transaction or perform any action in economic terms similar to those described in the bullets above, in particular enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk or gain of ownership of shares of the Company, whether any such transaction is to be settled by delivery of shares of the Company or such other securities, in cash or otherwise. The foregoing will not apply, provided that the relevant transferee agrees to be bound by the same lock-up restrictions, to (i) sales effected other than through trades on a stock exchange or transactions similar to stock-exchange trades (such as accelerated book-building offerings), and (ii) sales to affiliates of the respective Selling Shareholder.
E.6.	**Amount and percentage of immediate dilution resulting from the offer. In case of a subscription offer to the existing holders, the amount and percentage of immediate dilution if they do not subscribe to the new offer.**	As of 30 September 2014, the Company had 18,890,400 shares and a total equity of €19,522,940, which means that the total equity per share was €1.03. After giving effect to the creation of 2,833,560 New Shares (which will occur as soon as practicable after 6 February 2015) at an offer price of €16.5 per New Share, being the mid-point of the price range, the Group's total equity as of 30 September 2014 would have been €66.3 million (which means the total equity per share – including the New Shares – will be €3.05) after deducting expected underwriting commissions and estimated offering expenses payable by the Company. This represents an immediate dilution in shareholders' equity of €13.45, or 81.51% per share, to investors purchasing Offer Shares.
E.7.	**Estimate of expenses charged to the investor by the issuer or the offeror.**	Not applicable. Except for usual bank fees, no further expenses will be charged to investors for purchase offers. Investors tax resident in Finland will be subject to a transfer tax of 1.6% of the value of the shares purchased.

GERMAN TRANSLATION OF THE SUMMARY – DEUTSCHE ÜBERSETZUNG DER ZUSAMMENFASSUNG

Zusammenfassungen bestehen aus geforderten Angaben, die als "Elemente" bezeichnet werden. Diese Elemente sind in den Abschnitten *A - E (A.1 - E.7) fortlaufend nummeriert. Die Zusammenfassung enthält alle Elemente, welche notwendig in einer Zusammenfassung für diese Art von Wertpapier und Emittent einbezogen werden müssen. Da eine Reihe von Punkten nicht eingereicht werden muss, können sich Lücken in der fortlaufenden Nummerierung ergeben. Obwohl wegen der Art des Wertpapieres und des Emittenten ein Element notwendigerweise in der Zusammenfassung aufgeführt sein muss, kann es sein, dass in Bezug auf dieses Element keinerlei Informationen gegeben werden können. In diesem Fall enthält die Zusammenfassung eine kurze Beschreibung des Punktes mit dem Hinweis "nicht anwendbar/entfällt".*

A. – Einleitung und Warnhinweise

A.1.	**Warnhinweise**	Die Zusammenfassung sollte als Einleitung zu diesem Prospekt verstanden werden. Jede Anlageentscheidung in die in diesem Prospekt angebotenen Aktien (die "**Angebotsaktien**") sollte durch den Anleger auf die gesamte Prüfung des Prospekts gestützt werden. Für den Fall, dass vor einem Gericht Ansprüche auf Grund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, kann der als Kläger auftretende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der Mitgliedsstaaten des Europäischen Wirtschaftsraums die Kosten der Übersetzung des Prospekts vor Prozessbeginn zu tragen haben. Ferratum Oyj (die "**Emittentin**") und ICF BANK AG, equinet Bank AG und Hauck & Aufhäuser Privatbankiers KGaA (die "**Konsortialbanken**") übernehmen hierbei die Verantwortung für den Inhalt dieser Zusammenfassung. Die Emittentin kann für den Inhalt der Zusammenfassung haftbar gemacht werden, wenngleich nur in Fällen in denen die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, sofern sie zusammen mit den anderen Teilen des Prospektes gelesen wird oder wenn die Zusammenfassung nicht alle notwendigen Schlüsselinformationen vermittelt, sofern sie zusammen mit den anderen Teilen des Prospekts gelesen wird. Eine Haftung trifft nur diejenigen Personen, die für diese Zusammenfassung, inklusive ihrer Übersetzung, die Verantwortung übernommen haben, jedoch nur wenn diese Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, sofern sie zusammen mit den anderen Teilen des Prospekts gelesen wird oder sie nicht die Schlüsselinformationen vermittelt, sofern sie zusammen mit den anderen Teilen des Prospekts gelesen wird, um Anlegern bei der Entscheidung in die Angebotsaktien zu investieren zu unterstützen.
A.2.	**Angabe über die spätere Verwendung des Prospekts**	Entfällt. Eine Zustimmung zur Verwendung des Prospekts für eine spätere Weiterveräußerung oder Platzierung dieser Wertpapiere wurde nicht erteilt.

B. – Emittentin

B.1.	**Juristische und kommerzielle Bezeichnung der Emittentin**	Der Name der Emittentin ist "Ferratum Oyj". Die Emittentin verwendet den kommerziellen Namen "Ferratum".
B.2.	**Sitz und Rechtsform, geltendes Recht und Land der Gründung**	Die Emittentin hat ihren Sitz in Finnland und ist im Unternehmensregister mit der Adresse Ratamestarinkatu 11 A, FI-00520, Helsinki, Finnland eingetragen.

Die Emittentin ist eine Aktiengesellschaft nach dem Recht Finnlands.

B.3.	**Beschreibung der Wesensart der Geschäfte des Unternehmens und ihrer Haupttätigkeiten, sowie der damit im Zusammenhang stehenden Schlüsselfaktoren, wesentlich vertriebene Produkte und/oder erbrachten Dienstleistungen und Identifizierung der Hauptmärkte auf denen die Emittentin vertreten ist.**	Die Emittentin und ihre konsolidierten Tochtergesellschaften ("**Ferratum**", der "**Konzern**" oder die "**Gruppe**") ist ein führender, internationaler Anbieter von unbesicherten mobilen Verbraucherkrediten. Als ein Vorreiter bei mobilen kurzfristigen Verbraucherkrediten, hat Ferratum seine Geschäfte seit 2005 auf 19 Länder ausgeweitet und hatte zum Stichtag 31. Dezember 2014 1,0 Millionen aktive Kunden bzw. vormalige Kunden, welche einen oder mehrere Kredite in der Vergangenheit erhalten haben, sowie insgesamt 2,8 Millionen User-Accounts in ihrer Datenbank. Das Geschäft von Ferratum ist auf schnelle, einfache und vertrauliche Kredite an Kunden ausgelegt, die über das Internet abgeschlossen werden können, insbesondere über mobile Geräte, wobei gewöhnlich nach einer Vielzahl von Überprüfungen des finanziellen Hintergrunds des möglichen Kunden eine Kreditentscheidung/-vergabe binnen Minuten erfolgt. Ferratum ist überwiegend in West- und Osteuropa tätig, aber auch in der Asien Pazifik-Region, in Australien und Neuseeland. In Osteuropa und anderen Schwellen- und Entwicklungsländern beziehen sich die kurzfristigen Verbraucherkredite auf die Finanzdienstleistungen an Haushalte mit mangelhaftem Zugang zu Bankdiensten und gelten generell als Verbesserung des Lebensunterhalts, Reduzierung der Anfälligkeit zu wirtschaftlichen, sozialen und politischen Risiken und Förderung der sozialen und wirtschaftlichen Entfaltungsmöglichkeiten. In Westeuropa, Australien und Neuseeland und anderen Industrienationen dienen Verbraucherkredite der gleichen Funktion wie im Osten, sind aber auch ein schnelles und wirtschaftliches Mittel Kleinkonsumentenkredite anzubieten, die den Kundenbedarf nach kurzfristiger Finanzierung ansprechen, wobei keine formalen, papiergestützten Verfahren, die bei traditionellen Banken üblich sind, notwendig sind. Das Kernprodukt von Ferratum sind mobile Mikrokredite mit einem Nominalwert unterhalb von €500. Ferratum bietet derzeit Mikrokredite im Umfang von €25 bis 1000 mit einer Laufzeit von sieben bis 90 Tagen an, wobei die genauen Konditionen und Höhe der Kredite abhängig von den Regeln in den jeweiligen operativen Ländern sind. Die angebotenen Mikrokredite sind alle unbesichert. Die Mikrokredite von Ferratum sind teilweise auf Mobilfunktechnologie und Elektronischem Lastschriftverfahren gestützt, wobei Kunden die Möglichkeit haben, Mikrokredite über die Nutzung einer Mobile App von Ferratum zu beantragen. Ab 2013 begann Ferratum mit der Forschung und Entwicklung eines Kreditlimit-Produkts und führte es anschließend in Finnland ein. Ferratum bietet ihr Kreditlimit-Produkt derzeit in vier Ländern an, Finnland, Estland, Lettland und Tschechien. Die PLUS Darlehen von Ferratum werden zu höheren Darlehensbeträgen (typischerweise €500 bis 2.000) und längeren Laufzeiten (sechs bis 15 Monate) angeboten. Die PLUS Darlehen sind Ratenkredite, wodurch sie sich von dem traditionellen Mikrokredit-Produkt von Ferratum unterscheiden. Derzeit bietet Ferratum PLUS Darlehen in Finnland, Schweden, Estland, Lettland, Litauen, Polen, Tschechien und Bulgarien an. Ferratum hat zudem FerBuy entwickelt, eine sichere und flexible Lösung für Online-Händler für eCommerce Zahlungen von Kunden. FerBuy bietet Online-Händlern ein sicheres Zahlungsportal ohne

		finanzielle Risiken. FerBuy erlaubt die Verbraucherkreditvergabe mittels der Nutzung von etablierten Kredit- Ratingverfahren. Verbraucher können Onlinegüter oder -dienstleistungen über das Internet kaufen und empfangen, aber sich dafür entscheiden Zahlungen über einen zwei- bis sechsmonatigen Zahlungsplan zu verzögern.
B.4a.	**Wichtigste jüngste Trends, die sich auf die Emittentin und die Branchen, in denen sie tätig ist, auswirken.**	Die wichtigsten strukturellen Faktoren für ein Wachstum im Markt für mobile Verbraucherkredite sind insbesondere: • Die Digitalisierung traditioneller Finanzdienstleistungen, insbesondere die weitere Trendsetzung in Richtung Mobilfunk-Verbraucherkredit-Produkte; • Der technische Fortschritt infolge der Umwälzung der Bezahlmethoden (d.h. PayPal, Klarna, mobile Kredite); • Neue Anbieter auf dem Zahlungsverkehr- und Finanzmarkt (z.B. Apple, Google Mobile Betreiber und Regierungen/Behörden); • Traditionelle Anbieter wie Visa und Mastercard ziehen in neue Zahlungsverkehrstechnologien ein (z.B. Paypass und mobiler Zahlungsverkehr); und • Veränderungen im Verhalten der Verbraucher, z.B. der Anstieg des Bedarfs für Peer-to-Peer Darlehen über Internetplatformen (z.B. LendingClub, Zopa UK Loans, Kokos Poland, Kiva USA, Smava Germany). Das Management der Emittentin rechnet damit, dass diese technologischen Trends und Markttrends auch in Zukunft auf das Konzerngeschäft durch Veränderung des Wettbewerbsumfelds, aufsichtsrechtlicher Regularien und die Nachfrage von Verbraucherkrediten einwirken werden.
B.5.	**Beschreibung des Konzerns und der Stellung der Emittentin innerhalb dieses Konzerns.**	Die Emittentin ist die Muttergesellschaft des Konzerns. Der Konzern besteht aus der Emittentin und 39 Tochtergesellschaften, welche in der überwiegenden Zahl direkte Tochtergesellschaften der Emittentin sind. Der Konzern beinhaltet auch Ferratum Bank Ltd, eine Bank mit einer Banklizenz in Malta, welche eine direkte Tochtergesellschaft der Emittentin ist.
B.6.	**Personen, die eine (meldepflichtige) direkte oder indirekte Beteiligung am Eigenkapital der Emittentin oder einen Teil der Stimmrechte halten oder eine Beherrschung halten.**	Unsere größten Aktionäre sind Jorma Jokela (CEO) (über direkte und indirekt gehaltene Aktien), AS Pontos Capital und OÜ Pontcap 1 welche 82,54%, 8,84% und 1,17% der bestehenden Aktien der Emittentin halten, wobei für diese Berechnung der Prozentsätze die bereits existierenden 146,200 Treasury Shares einberechnet werden. AS Pontos Capital und OÜ Pontcap 1 sind verbundene Unternehmen. Wegen der Mehrheitsbeteiligung von Jorma Jokela, übt er Kontrolle über die Emittentin aus und wird auch nach dem Angebot der Aktien hierin die Mehrheitsbeteiligung an der Emittentin halten.
B.7.	**Ausgewählte wesentliche historische Finanzinformationen.**	

Die folgenden, zusammengefassten Finanzinformationen basieren auf den konsolidierten Konzernabschlüssen der Emittentin: Diese Konzernabschlüsse der Emittentin sind an anderer Stelle des Prospekts enthalten.

Der Konzernabschluss endend am 31. Dezember 2013 wurde in Übereinstimmung mit IFRS aufgestellt. Dieser Konzernabschluss enthält vergleichende Zahlen auf das am 31. Dezember 2012 endende Geschäftsjahr gemäß IFRS. Die Konzernabschlüsse für die Geschäftsjahre endend am 31. Dezember 2012 und 2011 wurden gemäß finnischem Rechnungslegungsvorschriften (FAS) aufgestellt. Da die Rechnungslegung der Emittentin erst in 2013 auf IFRS umgestellt wurde, sind die Finanzinformationen 2011, 2012 und 2013 nicht unmittelbar vergleichbar. Die Umstellung der im Konzern angewandten Rechnungslegungsvorschriften von FAS zu IFRS erfolgte am 1. Januar 2012. Einzelheiten über die Übergangsregelungen und finanziellen Auswirkungen werden unten unter dem Abschnitt "Bridge Accounting" im Kapitel "Selected Financial and Operating Information" dargestellt.

Der Prospekt enthält ungeprüfte konsolidierte Finanzinformationen für die neun Monate endend am 30. September 2014 und 2013, die aus dem ungeprüften verkürzten Konzern-Zwischenabschluss der Emittentin für den neunmonatigen Zeitraum endend am 30. September 2014, welcher gemäß IAS 34 erstellt wurde, entnommen wurden.

Jegliche Finanzinformation in den folgenden Tabellen, welche als "geprüft" gekennzeichnet werden, wurden von den geprüften Konzernabschlüssen abgeleitet. Die Finanzinformation gemäß IFRS für das Jahr endend am 31. Dezember 2012 wurde von den vergleichenden Finanzinformationen für den geprüften Konzernabschluss gemäß IFRS für das Jahr endend am 31. Dezember 2013 abgleitet und ist daher ungeprüft. Jegliche andere Finanzinformation in den folgenden Tabellen, welche als "ungeprüft" gekennzeichnet ist wurde nicht von den geprüften konsolidierten Abschlüssen abgeleitet.

Finanzdaten aus der Konsolidierten (Konzern)Gewinn- und Verlustrechnung gemäß IFRS für den Neun-Monats-Zeitraum endend 30. September 2014 und 2013 und für die Jahre 2013 und 2012

	Neun Monate zum 30.September		**Jahreszeitraum zum 31.Dezember**	
	2014	**2013**	**2013**	**2012**
	(ungeprüft)		*(geprüft)*	*(ungeprüft)*
	(in Tausend € außer wenn anders angegeben)			
Umsatz	49.429	43.418	58.198	48.913
Sonstige Erträge	80	67	137	872
Kreditausfälle	(14.207)	(15.038)	(21.598)	(14.993)
Vertrieb, Marketing und Verwaltung	(19.404)	(16.487)	(21.202)	(19.565)
Wertminderungen und Abschreibungen	(434)	(393)	(527)	(491)
Sonstige betriebliche Aufwendungen	(6.998)	(5.824)	(7.680)	(6.162)
Betriebsergebnis	**8.466**	**5.744**	**7.329**	**8.574**
Finanzertrag	72	26	75	1.366
Finanzierungskosten	(2.745)	(2.022)	(3.515)	(3.703)
Finanzierungskosten - netto	(2.673)	(1.997)	(3.440)	(2.337)
Gewinn vor Ertragssteuern	**5.793**	**3.747**	**3.889**	**6.237**
Ertragssteueraufwand	(1.196)	(316)	(342)	(1.605)
Periodenergebnis	**4.597**	**3.431**	**3.547**	**4.632**
Ergebnis pro Aktie (in €) (ungeprüft)[1]	0,25	0,18	0,19	0,25

(1) Das Ergebnis pro Aktie berechnet sich durch die Teilung des Bilanzgewinns der Emittentin durch die gewichteten Durchschnittszahl der Aktien in der jeweiligen Periode ausgenommen der Aktien die von der Emittentin gekauft bzw. als Treasury Shares gehalten werden. Der Konzern hat keine Wertpapiere ausgegeben, die zu einer Verwässerung des Ergebnisses pro Aktie führen könnten.
Der gewichtete Durchschnittsanzahl der ausgegebenen Aktien berechnet sich unter Einbeziehung des Aktiensplits welcher am 26. September 2014 eingetragen wurde (das Verhältnis des Aktiensplits war 1 zu 1700).

Finanzdaten aus der Konsolidierte (Konzern-)Gewinn- und Verlustrechnung gemäß FAS für die Jahre 2012 und 2011

	Jahreszeitraum zum 31.Dezember	
	2012	2011
	(geprüft)	
	(in Tausend €)	
Umsatz	47.157	33.704
Sonstige betriebliche Erträge	54	114
Sachmittel und Leistungen	(5.752)	(5.685)
Personalkosten/-aufwand	(7.168)	(4.948)
Wertminderungen, Abschreibungen and impairment	(509)	(386)
Sonstige betriebliche Aufwendungen	(26.992)	(19.269)
Betriebsergebnis	**6.788**	**3.530**
Finanzertrag und -kosten	(2.214)	(1.599)
Gewinn/Verlust vor außergewöhnlichen Posten	**4.574**	**1.931**
Außergewöhnliche Posten	818	0
Gewinn/Verlust nach außergewöhnlichen Posten	**5.392**	**1.931**
Ertragssteueraufwand	(1.415)	(526)
Gewinn/Verlust für den Zeitraum,	**3.977**	**1.405**

Finanzdaten aus der Konsolidierte (Konzern-)Bilanz gemäß IFRS zum 30.September 2014, 31.Dezember 2013 and 2012

	30.September	31.Dezember	
	2014	2013	2012
	(ungeprüft)	(geprüft)	(ungeprüft)
		(in Tausend €)	
AKTIVA			
Langfristige Vermögenswerte			
Sachanlage (Property, plant and equipment)	303	282	298
Immaterielle Vermögenswerte	3.557	3.105	2.460
Aktive latente (Ertrags-)Steuer	990	1.866	1.883
Langfristige Vermögenswerte (gesamt)	**4.850**	**5.253**	**4.641**
Kurzfristige Vermögenswerte			
Forderungen aus Lieferungen und Leistungen – Mikrodarlehen	56.594	44.683	37.923
Sonstige Forderungen	2.832	3.963	1.015
(Ertrags-)Steueransprüche	650	336	222
Zahlungsmittel und Zahlungsmitteläquivalente (ausgenommen Kontokorrentkredite)	9.346	17.528	2.671
Kurzfristige Vermögenswerte (gesamt)	**69.422**	**66.510**	**41.832**
Aktiva (gesamt)	**74.272**	**71.763**	**46.473**
EIGENKAPITAL UND PASSIVA			
Zugerechnetes Eigenkapital der Aktieninhaber			
Gezeichnetes Kapital	7.300	10	10
Eigene Aktien	(142)	(142)	(16)
Rücklagen	(32)	(171)	5
Ungebundene Eigenkapitalrücklage	2.373	3.068	3.068
Gewinnrücklagen	10.025	12.915	10.093
Eigenkapital (gesamt)	**19.523**	**15.679**	**13.160**
Passiva			
Langfristige Verbindlichkeiten			
Kreditverbindlichkeiten	29.115	26.245	20.779
Übrige Verbindlichkeiten	13	17	26
Passive latente (Ertrags-)Steuern	155	155	345
Langfristige Verbindlichkeiten (gesamt)	**29.282**	**26.417**	**21.150**
Kurzfristige Verbindlichkeiten			
(Ertrags-)Steuerverbindlichkeiten	708	456	697
Kreditverbindlichkeiten	17.055	19.538	453
Verbindlichkeiten aus Lieferungen und Leistungen	3.035	7.282	7.661
Sonstige kurzfristige Verbindlichkeiten	4.669	2.391	3.352
kurzfristige Verbindlichkeiten (gesamt)	**25.467**	**29.667**	**12.163**
Passiva (gesamt)	**54.749**	**56.084**	**33.313**
Eigenkapital und Passiva (gesamt)	**74.272**	**71.763**	**46.473**

Finanzdaten aus der Konsolidierte (Konzern-)Bilanz gemäß FAS für 2012 und 2011

	31.Dezember	
	2012	2011
	(geprüft)	*(geprüft)*
	(in Tausend €)	
AKTIVA		
Anlagevermögen		
Immaterielle Vermögensgegenstände	2.460	2.184
Konsolidierter Firmenwert	7	22
Materielle Vermögensgegenstände	298	301
Investments	5	5
Anlagevermögen (gesamt)	**2.771**	**2.512**
Umlaufvermögen		
Aktive latent Steuern	1.776	1.155
Langfristige Forderungen	16	-
Kurzfristige Forderungen	34.237	23.034
Barmittel und Bankguthaben	2.671	5.225
Saldo Umlaufvermögen	**38.700**	**29.414**
Saldo Aktiva	**41.471**	**31.926**
EIGENKAPTIAL UND PASSIVA		
Eigenkapital		
Gezeichnetes Kapital	10	10
Eigene Anteile	(16)	-
Sonstige Rücklagen	3.069	68
Gewinnrücklagen	6.365	5.184
Gewinn/Verlust für den Zeitraum	3.977	1.405
Saldo Eigenkapital	**13.405**	**6.668**
Verbindlichkeiten		
Passive latente Steuern	330	176
Langfristige, verzinsliche Verbindlichkeiten	20.915	17.548
Langfristige, unverzinsliche Verbindlichkeiten	26	-
Kurzfristige, verzinsliche Verbindlichkeiten	453	3.416
Kurzfristige, unverzinsliche Verbindlichkeiten	6.341	4.118
Saldo Verbindlichkeiten	**28.066**	**25.259**
Saldo Passiva	**41.471**	**31.926**

Finanzdaten aus der konsolidierten Konzernkapitalflussrechnung gemäß IFRS und FAS für die Neunmonatszeiträume zum 30.September 2014 and 2013 and für die Jahre 2013, 2012 und 2011

	Neunmonatszeitraum zum 30 September		Jahreszeitraum zum 31 Dezember			
	2014	2013	2013	2012	2012	2011
	(ungeprüft - IFRS)		*(geprüft – IFRS)*	*(ungeprüft – IFRS)*	*(geprüft – FAS)*	
			(in Tausend €)			
Cashflow aus laufender Geschäftstätigkeit[(1)]	(6.527)	(4.526)	(8.176)	(4.468)	13.338	5.302
Cashflow aus der Investitionstätigkeit[(1)]	(933)	(454)	(990)	(736)	(18.517)	(14.491)
Cashflow aus der Finanzierungstätigkeit	(392)	5.592	25.110	2.410	2.409	13.092
Zunahme/(Abnahme) des Finanzmittelbestandes	(7.852)	612	15.944	(2.794)	(2.769)	3.903
Wechselkursgewinne/(-verluste) im Finanzmittelbestand	(331)	(164)	(1.087)	240	213	(164)
Finanzmittelfonds am Anfang der Periode	**17.528**	**2.671**	**2.671**	**5.225**	**5.225**	**1.485**
Finanzmittelfonds am Ende der Periode	**9.346**	**3.119**	**17.528**	**2.671**	**2.671**	**5.225**

(1) Der höhere Wert des Cashflow aus laufender Geschäftstätigkeit von €17,8 Millionen in 2012 gemäß FAS im Vergleich zu IFRS beruht auf der unterschiedlichen Darstellung der mit dem Kreditbestand des Konzerns verbundenen Kapitalflüsse (gewährte Darlehen und die Einnahmen aus Darlehensrückzahlungen). Gemäß FAS waren die mit dem Kreditbestand verbundenen Kapitalflüsse unter Investitionstätigkeit dargestellt, sind jedoch nach IFRS unter Geschäftstätigkeit dargestellt.

Sonstige konsolidierte (Konzern-)Finanz- und Betriebsdaten gemäß IFRS und FAS für den Neunmonatszeitraum endend am 30.September 2014 und 2013, sowie die Jahre 2013, 2012 und 2011

	Neunmonatszeitraum zum 30.September		Jahreszeitraum zum 31.Dezember			
	2014	**2013**	**2013**	**2012**	**2012**	**2011**
	(ungeprüft sofern nichts anderes angegeben - IFRS)		*(ungeprüft sofern nichts anderes angegeben - IFRS)*		*(ungeprüft sofern nichts anderes angegeben - FAS)*	
	(in Tausend € sofern nichts anderes angegeben)					
EBIT[(1)]	8,466	5,744	7,329	8,574	6,788	3,530
EBIT-Marge (in %)[(2)]	17.1	13.2	12.6	17.5	14.4	10.5
EBITDA[(3)]	8,900	6,137	7,855	9,065	7,297	3,915
EBITDA-Marge (in %)[(4)]	18.0	14.1	13.5	18.5	15.5	11.6
Kreditvolumen[(5)]	122,685	113,681	162,969	126,016	126,016	67,806
Forderungen von Kunden[(6)]	56,594	45,420	44,683	37,923	32,917	21,935
Bestehende und vormalige Kunden (in Tausend)[(7)]	898	725	761	591	591	453
User Accounts (in Tausend)[(8)]	2,810	1,770	1,873	1,377	1,377	1,093
Neukunden (in Tausend)[(9)]	137	134	183	162	162	160
Angestellte (FTE)[(10)]	352	305	310	257	257	206

(1) Ergebnisse vor Zinsen und Steuern (EBIT) ist in der Konzern-Gewinn und Verlustrechnung als Betriebsergebnis bezeichnet. Geprüft für die Jahre endend am 31 Dezember 2013 (IFRS) und 31 Dezember 2012 und 2011 (FAS).
(2) Die EBIT-Marge ergibt sich aus der Division des Betriebsergebnisses durch den Umsatz.
(3) Ergebnisse vor Zinsen, Steuern, Abschreibungen und Wertminderungen (EBITDA) ergibt sich aus der Addition von Wertminderungen und Abschreibungen zum Betriebsergebnis.

EBITDA ist keine einheitlich oder gesetzlich definiertes Finanzmaß und keine Kennzahl nach IFRS und FAS. EBITDA und EBITDA-Marge sollte nicht als eine Alternative zu (a) Betriebsgewinn oder Gewinn/Verlust für die Periode als ein Maßstab für die geschäftliche Leistung, (b) Cashflows aus der Investitions-, Finanzierungs- und laufender Geschäftstätigkeit als ein Maßstab ihrer Eignung ihrem Liquiditätsbedarf zu begegnen oder (c) irgendeiner anderen Kennzahl nach IFRS und FAS verstanden werden. Das Management ist der Ansicht, dass EBITDA und EBITDA-Marge nützliche Indikatoren für die Liquiditätsgenerierung und die Fähigkeit Schulden zu bedienen darstellt und Investoren, Analysten und andere Parteien in deren Beurteilung des Geschäfts von Ferratum unterstützen kann. Weil kein Unternehmen EBITDA und die EBITDA-Marge auf einer übereinstimmenden Basis berechnet, können die im Prospekt dargestellten EBITDA und EBITDA-Margen nicht mit gleichnamigen, oder begrifflich ähnlichen Kennzahlen, welchen von anderen Unternehmen verwendet werden, verglichen werden. Dementsprechend sollte EBITDA und EBITDA-Margen in diesem Prospekt qualifiziert betrachtet werden.

Die folgende Tabelle zeigt die Überleitung vom Betriebsergebnis zu EBITDA:

	Neunmonatszeitraum 30 September		Jahreszeitraum zum 31 Dezember			
	2014	**2013**	**2013**	**2012**	**2012**	**2011**
	(ungeprüft sofern nichts anderes angegeben)		*(ungeprüft sofern nichts anderes angegeben - IFRS)*		*(ungeprüft sofern nichts anderes angegeben - FAS)*	
	(in Tausend € sofern nichts anderes angegeben)					
Betriebsergebnis	8,466	5,744	7,329*	8,574	6,788*	3,530*
Wertminderungen und Abschreibungen	434	393	527*	491	509*	386*
EBITDA	**8,900**	**6,137**	**7,855**	**9,065**	**7,297**	**3,915**

*Geprüft

(4) Die EBITDA-Marge ergibt sich aus EBITDA geteilt durch den Umsatz.
(5) Kreditvolumen ist definiert als das ausgezahlte Kreditvolumen (the paid-out credit volume) (cash flow) im jeweiligen Meldezeitraum. Das ausgezahlte Kreditvolumen (Paid-out credit volume) schließt nur die tatsächlich an den Gläubiger ausgezahlte Summe ein. Anwendbare Gebühren und Zinsen zeigen sich, im Gegensatz, als Forderung nach der Effektivzinsmethode bei der Bilanz und Gewinn- und Verlustrechnung, sind jedoch nicht in den Kapitalflüssen berücksichtigt da diese nicht ausgezahlt wurden. Eingehende und ausgehende Kapitalflüsse werden nicht saldiert. Erweiterungen spiegeln sich in der Kapitalflussrechnung nur mit der Gebühr für die Erweiterung als eingehender Kapitalfluss wieder. Nur die Veränderungen in den ausstehenden Volumen von Plusloans (Rückzahlungen) und Kredit Limit (Rückzahlungen und Abhebungen) werden einberechnet, während der Gesamtsaldo für diese Produkte nicht im Kreditvolumen berücksichtigt ist.
(6) Forderungen von Kunden wird definiert als ausstehende Krediten zum Bilanzstichtag und der gemeinsam angefallene Teil von Zinserträgen und Gebühren (Prozess-, Verfahrens- und Mahngebühren) reduziert um die kollektiven Wertberichtigungen von Krediten. Geprüft für die Jahre endend 31. Dezember 2013 (IFRS) und 31. Dezember 2012 und 2011 (FAS).
(7) Bestehende und vormalige Kunden sind Kunden, die in der Vergangenheit mindestens einmal einen Kredit empfangen/in Anspruch genommen haben. Zum 31. Dezember 2014 gab es insgesamt 959 Tausend bestehende und vormalige Kunden.
(8) User Accounts sind alle registrierten Accounts in unserer Datenbank. Diese bestehen aus Accounts von Personen, welche in der Vergangenheit wenigstens einmal einen Kredit beantragt haben und entweder (i) einen Kredit vor kurzem bewilligt bekommen haben und daher bestehende Kunden sind, (ii) einen Kredit in der Vergangenheit bewilligt bekommen haben und damit vormalige Kunden sind, oder

(iii) niemals einen Kredit bewilligt bekommen haben, aber weiterhin in der Datenbank der Emittentin registriert sind. Zum 31. Dezember 2014 gab es insgesamt 2.817 Tausend User Accounts (Ende des Jahres 2014 wurde eine umfassende Durchsicht der Datenbank der Emittentin durchgeführt und Einträge von User Accounts entfernt, zu denen kein Kontakt mehr möglich war, was die Datenbank um 417 Tausend User Accounts verringert hat).
(9) Neukunden stellen zusätzliche Kunden dar, die einen Kredit während des relevanten Meldezeitraums empfangen/in Anspruch genommen haben, aber zuvor keinen Kredit in Anspruch genommen haben. Im Zeitraum zwischen dem 1. Januar 2014 und dem 31. Dezember 2014, wurden 198 Tausend Neukunden gewonnen.
(10) Nummer der Angestellten umgerechnet auf Vollzeitäquivalenten zum Bilanzstichtag.

Wesentliche Veränderungen in den finanziellen Bedingungen und Betriebsergebnisse der Emittentin.

Der Umsatz konnte von €43,4 Millionen im Neunmonatszeitraum zum 30. September 2013 zu €49,4 Millionen im Neunmonatszeitraum zum 30. September 2014 gesteigert werden. Dies ging auf die geographische Expansion, organisches Wachstum in bestehenden Märkten und Produktdiversifikation zurück. Der Umsatz im Ostsegment erhöhte sich von €19,8 Millionen auf €20,1 Millionen und der Umsatz im Westsegment erhöhte sich von €23,6 Millionen auf €29,3 Millionen. Der wichtigste Umsatztreiber waren die Westlichen Länder in denen Ferratum operiert, insbesondere Australien, Neuseeland und das Vereinigte Königreich sowie Finnland, wobei in Finnland die Einführung des Credit Limit Produkts in 2013 das Umsatzwachstum erhöhte.

Das EBIT erhöhte sich von €5,7 Millionen (13,2% des Umsatzes) im Neunmonatszeitraum zum 30. September 2013 auf €8,5 Millionen (17,1% des Umsatzes) im Neunmonatszeitraum zum 30. September 2014. Diese Entwicklung geht prinzipiell auf die erhöhten Umsätze und die leicht geringeren Abschreibungen auf Kredite (trotz höherem Kreditvolumen) zurück.

Der Umsatz konnte in 2013 auf €58,2 Millionen von €48,9 Millionen in 2012 gesteigert werden, hauptsächlich als Folge der geographischen Expansion des Konzerns und des schnelleren Wachstums in bestehenden Märkten. Während der Umsatz im Ostsegment nur von €22,3 Millionen auf €24,3 Millionen anstieg, erhöhte sich der Umsatz in den westlichen Regionen von €26,6 Millionen auf €33,9 Millionen. In Osteuropa waren Polen, Tschechien und Lettland die Haupttreiber der Umsatzverbesserung, wo der Konzern vom starken Marktwachstum und der Nachfrage nach seinen mobilen Verbraucherkrediten profitierte. Im Westsegment waren eine Reihe Märkte Wachstumstreiber, vor allem auch gute Entwicklungen in den Märkten Australien und dem Vereinigten Königreich.

Das EBIT verringerte sich von €8,6 Millionen (17,5% vom Umsatz) in 2012 auf €7,3 Millionen (12,6% vom Umsatz) in 2013. Während sich der Umsatz stark und die Vertriebs-, Marketing- und Verwaltungskosten, im Wesentlichen wegen geringeren Vertriebs- und Marketingkosten, weniger erhöhten als der Umsatz, wurde das EBIT 2013 durch um €6,6 Millionen höhere Abschreibungen auf Kredite belastet (€15,0 Millionen in 2012 gegenüber €21,6 Millionen in 2013).

Der Umsatz (FAS) erhöhte sich von €33,7 Millionen in 2011 auf €47,2 Millionen in 2012. Das Wachstum beruhte auf der geographischen Diversifikation von Ferratum und dem Wachstum im Gesamtmarkt für Mikrokredite. Der größte Anteil der Umsatzsteigerung wurde in Polen, Tschechien, Finnland, Schweden und den Niederlanden, insbesondere aufgrund der Entwicklung neuer Produkte, erzielt.

Das Betriebsergebnis (EBIT) (FAS) erhöhte sich von €3,5 Millionen in 2011 auf €6,8 Millionen in 2012, hauptsächlich als Folge des starken Umsatzanstieges zusammenhängend mit einer Steigerung der

		Kundenanzahl in den bestehenden Märkten sowie der geographischen Expansion von Ferratum. Die Umsatzentwicklung in den Monaten Oktober und November 2014 hat den starken Trend der ersten drei Quartale in 2014 mit €14,0 Millionen in diesen zwei Monaten fortgesetzt. In den ersten elf Monaten von 2014 ist der Umsatz deshalb auf €63,5 Millionen gestiegen. Wir schätzen, dass die Umsatzentwicklung im gesamten vierten Quartal auch stark war. Die Entwicklung unseres Geschäftsergebnisses (EBIT) in den Monaten Oktober und November 2014 (€1,6 Millionen in diesen beiden Monaten) wurde durch IPO-bezogene Kosten in Höhe von €1,2 Millionen beeinflusst, insbesondere aufgrund eines negativen Effekts durch die Gewährung von Optionen an Mitarbeiter von Ferratum auf Aktien von Jorma Jokela im Oktober 2014. Diese Optionen beziehen sich auf bereits existierende Aktien, die von Jorma Jokela gehalten werden. Die Optionen werden als aktienbasierende geldwerte Zuwendung in der Gewinn- und Verlustrechnung des Unternehmens erfasst, was vom Tag der Ausgabe der Optionen einen Effekt auf das Eigenkapital hatte. Die gebuchten Aufwendungen haben allerdings keinen Einfluss auf die Cash-Position des Unternehmens. Als Folge belief sich das EBIT für die ersten elf Monate des Jahres 2014 auf €10,1 Millionen. Die Schätzung des Umsatzes für das gesamte vierte Quartal basiert auf einer vorläufigen Durchsicht der Umsätze und ist keine abschließende, umfassende Aussage zu unserem Finanz- und Geschäftsergebnis für das Jahr zum 31 Dezember 2014. Diese Schätzung unterliegt Änderungen und Anpassungen während der Zeit in der die Konzernabschlüsse vorbereitet werden und in deren die Abschlussprüfer ihre Prüfungshandlungen durchführen. Die geprüften konsolidierten Konzernabschlüsse werden nicht vor Abschluss dieses Angebots erstellt werden sein. Daher können die tatsächlichen Umsätze für das Jahr zum 31. Dezember 2014 von der vorläufigen oben genannten Schätzung abweichen. Solche Abweichungen können signifikant sein. Daher sollten Sie kein übermäßiges Vertrauen in diese Schätzung setzen.
B.8.	**Ausgewählte wesentliche Pro-forma-Finanzinformationen.**	Entfällt. Dieser Prospekt enthält keine Pro-forma-Finanzinformationen.
B.9.	**Gewinnprognosen und -schätzungen.**	Entfällt. Dieser Prospekt enthält keine Gewinnprognosen oder -schätzungen.
B.10.	**Beschränkungen im Bestätigungsvermerk zu den historischen Finanzinformationen.**	Entfällt. Es gibt keine Einschränkungen im Vermerk des Abschlussprüfers zu den historischen Finanzinformationen.
B.11.	**Ausreichen des Geschäftskapitals der Emittentin zur Erfüllung bestehender Anforderungen.**	Entfällt. Das Geschäftskapital der Emittentin ist ausreichend um den gegenwärtigen Erfordernissen zu genügen.

C. – Wertpapiere

C.1.	**Art und Gattung der angebotenen**	Das Angebot umfasst bis zu 6.517.188 Aktien der Emittentin bestehend aus (i) bis zu 2.833.560 neu auszugebende Aktien, (ii) bis

	und/oder zum Handel zuzulassenden Wertpapiere, einschließlich Wertpapierkennung.	zu 2.833.560 Aktien von ERC (gehalten von Jorma Jokela), Pontos Capital, Pontcap, und gewissen Minderheitsaktionären, und (iii) bis zu 850.068 Aktien, die mittels eines Wertpapierdarlehens durch ERC (bis zu 758.329 Aktien) und Pontos Capital (bis zu 91.739 Aktien) zur Verfügung gestellt werden, um Mehrzuteilungen abzudecken. Um das Settlement der neu auszugebenen Aktien durchführen zu können, wird ERC bis zu 2.833.560 Aktien an ICF BANK AG, in ihrer Rolle als Settlement Agent, leihen. Die neu auszugebenden Aktien werden so bald wie möglich nach dem Settlement geschaffen und im finnischen Unternehmensregister registriert werden. Die Emittentin hat nur eine Gattung von Aktien. Alle Aktien der Emittentin haben die gleichen Dividendenrechte. Die Angebotsaktien verfügen über folgende Kennungen: • International Securities Identification Number (ISIN): FI4000106299 • Securities Identification Number (WKN): A1W9NS • Ticker symbol: FRU
C.2.	**Währung der Wertpapieremission.**	Euro
C.3.	**Zahl der ausgegebenen und voll eingezahlten und ausgegebenen, jedoch nicht voll eingezahlten Aktien.**	Die Emittentin hat 18.890.400 Aktien (einschließlich 146.200 existierender Treasury Shares), welche voll eingezahlt sind. Die Aktien haben keinen Nennwert.
C.4.	**Beschreibung der mit den Wertpapieren verbundenen Rechte.**	Die Emittentin hat nur eine Gattung von Aktien. Jede Aktie gewährt seinem Inhaber ein Stimmrecht in der Hauptversammlung. Die Aktien werden nach finnischem Recht emittiert. Alle Aktien der Emittentin, einschließlich der Angebotsaktien, haben die gleichen Dividendenrechte.
C.5.	**Beschränkungen für die freie Übertragbarkeit der Wertpapiere.**	Entfällt. Alle Aktien sind nach den gesetzlichen Anforderungen nach finnischem Recht frei übertragbar.
C.6.	**Antrag auf Zulassung der Wertpapiere zum Handel an einem regulierten Markt.**	Alle Aktien der Emittentin sollen am regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Börsenhandel im Teilbereich mit weiteren Zulassungsfolgepflichten (Prime Standard) unter dem Symbol "FRU" zugelassen werden. Alle bestehenden Aktien sollen am oder um den 6. Februar 2015 gelistet werden, wobei die neuen Aktien nach dem 6. Februar 2015 zugelassen werden sollen. Investoren können ab der Notierung der bestehenden Aktien ihre Aktien handeln.
C.7.	**Beschreibung der Dividendenpolitik.**	Die Emittentin hat Dividenden in Höhe von €210.000 in 2012 und €790.000 in 2013 ausbezahlt. Die Emittentin schüttete keine Dividenden in 2014 aus, jedoch wurden €63 pro Aktie aus den freien Eigenkapitalrücklagen an die Aktionäre per Kapitalrückzahlung in Höhe von €694.638 bezahlt (wobei keine Ausschüttung auf Treasury Shares durchgeführt wurde). Tochtergesellschaften der Emittentin haben in Deutschland und Polen

Anleihen ausgegeben, welche die Auszahlung von Dividenden bis 2018 beschränken. Nach den Anleihen, welche die Ferratum Capital Poland S.A. in Polen ausgegeben hat, darf die Emittentin nicht mehr als 20% des jährlichen Nettogewinns des Konzerns auszahlen, solange die Anleihen ausstehen. Nach den Bedingungen für die ausgegebenen Anleihen der Ferratum Capital Germany GmbH in Deutschland bestehen die gleichen Beschränkungen.

Die Emittentin beabsichtigt zukünftig Dividenden auszuzahlen (vorbehaltlich der vorgenannten Beschränkungen), behält sich eine Änderung seiner Dividendenpolitik aber vor.

D. – RISIKEN

D.1.	**Zentrale Angaben zu den zentralen Risiken, die dem Emittenten oder seiner Branche eigen sind.**	Ferratum und die Branche in der Ferratum tätig ist, sind den nachfolgenden Risiken unterworfen. Das Auftreten eines oder mehrerer dieser Risiken allein oder zusammen mit anderen Umständen könnten erhebliche negative Auswirkungen auf die Geschäfts-, Finanz- und Ertragslage der Gruppe haben. Der Marktpreis der Aktien der Emittentin könnte bei der Verwirklichung jedes einzelnen dieser Risiken deutlich fallen, und die Anleger könnten ihre Investition ganz oder teilweise verlieren. Die unten beschriebenen Risiken sind nicht die einzigen Risiken, denen die Gruppe ausgesetzt sein kann. Andere Risiken und Unwägbarkeiten, die der Gruppe derzeit nicht bekannt sind könnten ebenfalls erhebliche negative Auswirkungen auf die Geschäfts-, Finanz- und Ertragslage der Gruppe haben. Die Tätigkeit und die Branche der Gruppe ist folgenden Risiken ausgesetzt: • Eine Abschwächung der Konjunktur könnte sich negativ auf die Nachfrage nach mobilen Verbraucherdarlehen der Gruppe auswirken, ihre Kreditverluste erhöhen und ihr Wachstum mindern. • Ferratum könnte nicht in der Lage sein die Kreditwürdigkeit ihrer Kunden richtig zu bewerten, sie könnte die Preise für Produkte im Bereich der Verbraucherkredite nicht richtig berechnen und könnte nicht in der Lage sein ihr Kreditportfolio ausreichend zu diversifizieren. • Sollten die Risiko- und Scoringmodelle der Gruppe in Bezug auf Kreditverluste nicht ausreichend sein, könnte dies die Finanz- und Ertragslage der Gruppe negativ beeinflussen. • Sollte die Gruppe einen größeren Betrag an Schäden im Zusammenhang mit Betrugsfällen erleiden, könnte dies negative Auswirkungen auf die Finanz- und Ertragslage der Gruppe haben. • Sollte das Geschäft von Ferratum keine hinreichende Liquidität erzeugen, könnte Ferratum aufgrund von Liquiditätsengpässen sein Geschäft nicht weiter ausbauen können. • Sollte die Gruppe keinen Zugang zu einer ausreichenden Finanzierung haben, könnte sie nicht in der Lage sein ihr Geschäft zu expandieren und ihre bestehende oder zukünftige Verschuldung zu refinanzieren.

- Sollte die Gruppe nicht in der Lage sein ihr Wachstum effektiv zu lenken, könnte dies negative Auswirkungen auf die Geschäfts- und Ertragslage der Gruppe haben.
- Jede Störung in den IT-Systemen der Gruppe oder der weltweiten externen Telekommunikationsinfrastruktur könnte die Tätigkeit der Gruppe negativ beeinflussen.
- Sollte die Gruppe es versäumen ihre Tätigkeit und ihren Kundenstamm geografisch zu diversifizieren und zu expandieren, könnte ihr Geschäft Schaden nehmen.
- Negative öffentliche Wahrnehmung und Berichterstattung in den Medien über kurzfristige, unbesicherte Verbraucherdarlehen könnten die Einkünfte und die Ertragslage der Gruppe negativ beeinflussen.
- Konkurrenz im Markt für kurzfristige Kredite könnte dazu führen, dass die Gruppe ihre Marktanteile und Einkünfte verliert.
- Eine sinkende Nachfrage nach den Produkten der Gruppe und ein Versäumnis der Gruppe innovative und attraktive Produkte zu entwickeln, könnte die Geschäfts- und Ertragslage der Gruppe negativ beeinflussen.
- Die Tätigkeit der Gruppe ist Wechselkursrisiken ausgesetzt.
- Die Gruppe ist Bilanzierungs- und Managementrisiken ausgesetzt.
- Bestimmte Steuerpositionen, welche die Gruppe einnimmt, erfordern eine Beurteilung durch das Management und könnten sich als ineffizient erweisen oder durch die Steuerbehörden angefochten werden.
- Sollte die Gruppe ihren gegenwärtigen Geschäftsführer oder Schlüsselpositionen im Management verlieren oder nicht in der Lage sein die für ihr Geschäft benötigten Personen anzuwerben und zu halten, könnte die Ertragslage der Gruppe Schaden nehmen.
- Die Gruppe könnte Vermögens-, Unfall- und andere Verluste erleiden, die nicht von einer Versicherung abgedeckt sind.
- Die Gruppe unterliegt diversen Verbraucherschutzvorschriften, anderen lokalen rechtlichen und regulatorischen Anforderungen und Europäischem Recht, deren Änderungen oder Neu-Interpretation durch Aufsichtsbehörden erhebliche Auswirkungen auf das Geschäft der Gruppe haben könnten.
- Die Gruppe könnte es versäumen diverse regulatorische Anforderungen zu bewältigen, denen sie derzeit unterliegt und könnte beim Eintritt in neue Märkte regulatorischen Problemen begegnen.
- Das Geschäft der Gruppe könnte durch Verbraucher, Verbraucherschutzorganisationen, Gerichte oder regulatorischen Agenturen in Bezug auf die Einhaltung der Verbraucherkreditrichtlinie der EU und den nationalen

Vorschriften, welche die Richtlinie umsetzen, angefochten werden.

- Die Natur des Geschäfts von Ferratum könnte von Verbrauchern, Verbraucherschutzorganisationen und anderen Personen missverstanden werden, was eine negative Auswirkung auf die Reputation der Gruppe haben könnte.

- Die Gruppe könnte die für ihr Verbraucherkreditgeschäft erforderlichen Genehmigungen verlieren oder Schwierigkeiten bei der Erneuerung solcher Genehmigungen begegnen.

- Die Maltesische Banktochter der Gruppe könnte es versäumen allen Vorschriften, denen sie unterliegt, zu genügen. Dies könnte ihre Geschäftstätigkeit und Strategie erheblich beeinträchtigen.

- Die Gruppe unterliegt einer Reihe von unterschiedlichen Steuervorschriften in den Jurisdiktionen, in denen sie tätig ist, und Änderungen in solchen Steuervorschriften könnten ihre Geschäfts- Finanz- oder Ertragslage erheblich beeinflussen.

D.3.	**Zentrale Angaben zu den Risiken, die den Wertpapieren eigen sind**	Die Anteile der Emittentin sind folgenden Schlüsselrisiken ausgesetzt:

- Das Fehlen eines vorausgehenden öffentlichen Handels der Aktien könnte die Liquidität und den Handelspreis der Aktien erheblich beeinflussen.

- Der Aktienkurs könnte volatil sein.

- Zukünftige Kapitalisationsmaßnahmen könnten zu einer erheblichen Verwässerung führen, und eine Reduzierung des Aktienkurses und der Kontrollrechte der vorhandenen Aktionäre beeinflussen.

- Die Investoren unterliegen dem Risiko nachteiliger Änderungen der Wechselkurse und steuerlicher Konsequenzen.

- Die Fähigkeit der Gruppe in Zukunft Dividenden auszuschütten hängt von diversen Faktoren ab, inklusive ihrer Vermögenslage.

- Der Geschäftsführer der Gruppe, Jorma Jokela, hat beherrschenden Einfluss auf Ferratum und wird dies auch nach dem Angebot weiter haben und seine Interessen können von den Interessen der Investoren abweichen.

- Jeder zukünftige Verkauf von Anteilen durch Jorma Jokela oder durch andere derzeitige Aktionäre von Ferratum könnte den Aktienkurs verringern und die Rückzahlung der deutschen Anleihe von Ferratum, die in 2013 begeben wurden, auslösen.

- Das Angebot könnte nicht vollständig gezeichnet werden oder die Notierung der Aktien an der Frankfurter Börse könnte nicht innerhalb des vorgesehenen Zeitrahmens oder gar nicht erfolgen.

E. – ANGEBOT

E.1.	**Gesamtnettoerlöse und geschätzte Gesamtausgaben des Angebots.**	Der Emittentin fließen nach dem Settlement die Erlöse aus dem Verkauf der neu emittierten Aktien der Emittentin abzüglich der Kosten des Angebots und der Gebühren und Provisionen der Konsortialbanken zu. Unter der Annahme, dass Erlöse in Höhe von €46,8 Millionen generiert werden, basierend auf einem Ausgabepreis in Höhe von €16,5 pro angebotener Aktie (Mitte der Preisspanne), werden die Gesamtausgaben des Angebots, die von der Emittentin zu tragen sind, inklusive der Gebühren und Provisionen der Konsortialbanken für die neu ausgegebenen Aktien auf €2,2 Millionen und die Nettoerlöse auf €44,6 Millionen geschätzt. Die verkaufenden Anteilseigner werden die Kosten bezüglich der Gebühren und Provisionen der Konsortialbanken für die Aktien, die sie verkaufen, tragen und zusätzlich der Emittentin die Kosten der ICF BANK AG *pro rata* zu der Anzahl ihrer verkauften Aktien erstatten. Basierend auf einem Ausgabepreis von €16,5 pro angebotener Aktie (Mitte der Preisspanne), werden die Gesamterlöse des Angebots für die abgebenden Aktionäre (sofern die Greenshoe Option vollständig ausgeübt wird) €59,3 Millionen betragen, und unter Annahme von Kosten für die abgebenden Aktionäre von €1.5 Millionen, würden die Nettoerlöse €57,8 Millionen betragen.
E.2a	**Gründe für das Angebot, Zweckbestimmung der Erlöse, geschätzte Nettoerlöse.**	Die Gruppe beabsichtigt, die Erlöse zu verwenden, um (i) das Wachstum der Gruppe in den Ländern, in denen die Gruppe bereits präsent ist, durch Erhöhung der Ausgaben im Marketing und Kundenakquise sowie Investitionen in das IT System der Gruppe und die Ausweitung des Produktportfolios zu unterstützen, (ii) die weitere Expansion in neue Märkte zu finanzieren, (iii) ihre Eigenkapitalposition, als Erfordernis für die zukünftige Aufnahme von Einlagen, zu stärken, (iv) die Gruppe in eine Mobile-Bank zu entwickeln, unter anderem durch Einführung und Vermarktung einer Multi-banking Mobile Platform, und (v) für Akquise und allgemeine unternehmerische Zwecke. Die Emittentin hat bisher keine Beschlüsse über die Verwendung der Erlöse aus dem öffentlichen Angebot gefasst. Der Zeitpunkt für die Umsetzung der oben genannten Ziele sowie ihre Kosten können im Moment nicht sicher festgesetzt werden. In jedem Zeitraum, in dem die Erlöse nicht in Verwendung sind, werden sie unter den gewöhnlichen Bedingungen investiert. Für weitere Informationen hinsichtlich der zu erwartenden Erlöse aus dem Angebot siehe E. 1. oben.
E.3.	**Beschreibung der Angebots-konditionen.**	Das Angebot (einschließlich eventueller Mehrzuteilungen) bezieht sich auf den Verkauf von bis zu 6.517.188 Aktien von Ferratum. Aktien, die in diesem Prospekt angeboten werden, gewähren die gleichen Dividendenrechte, wie alle anderen Aktien der Emittentin. Kaufangebote müssen über volle Aktienstückzahlen abgegeben werden. Die Kaufangebote können mit einem Preislimit (in Stufen von €0,10) innerhalb der Preisspanne versehen werden. Mehrere Kaufbestellungen sind zulässig, werden jedoch zum Zwecke der Allokation zusammengefasst. Das Angebot besteht aus einem öffentlichen Angebot von Angebotsaktien in der Bundesrepublik Deutschland und Privatplatzierungen der Angebotsaktien in bestimmten Jurisdiktionen außerhalb der Bundesrepublik Deutschland und außerhalb der Vereinigten Staaten von Amerika gemäß der Regulation S des Securities Act.

Preisspanne.	Die Preisspanne, innerhalb deren Kaufbestellungen platziert werden können, liegt zwischen €15 und €18 pro Angebotsaktie
Angebotszeitraum.	Der Angebotszeitraum, innerhalb dessen die Investoren ihre Kaufbestellungen für Aktien abgeben können, beginnt am 22. Januar 2015, das Ende des Angebotszeitraums ist voraussichtlich der 4. Februar 2015, um 12:00 MEZ (Mitteleuropäische Zeit) für Privatanleger (natürliche Personen) und für institutionelle Anleger. Sollte das Platzierungsvolumen sich als nicht ausreichend erweisen, um alle Bestellungen, die zum Angebotspreis platziert wurden, zu befriedigen, behalten sich die Konsortialbanken das Recht vor Bestellungen zurückzuweisen oder nur zum Teil anzunehmen.
Änderung der Angebots-konditionen.	Änderungen in der Anzahl der angebotenen Aktien, Änderungen in der Preisspanne oder Verlängerung oder Kürzung des Angebotszeitraumes machen die bereits platzierten Kaufangebote nicht ungültig. Sollten solche Änderungen die Publikation eines Nachtrags zu diesem Prospekt erforderlich machen, haben Anleger, die ein Kaufangebot vor der Veröffentlichung eines solchen Nachtrags abgegeben haben, das Recht diese Angebote zu widerrufen. Anleger, die ein Kaufangebot abgegeben haben, werden nicht gesondert informiert.
Angebotspreis.	Der Preis wird anhand der von den Anlegern während des Angebotszeitraumes abgegebenen Kaufbestellungen ermittelt, die im Buch, das während des Bookbuilding-Verfahrens vorbereitet wurde, zusammengetragen wurden. Die Preisfestlegung wird am oder um den 4. Februar 2015 erwartet. Die Emittentin und die verkaufenden Aktionäre werden keine besonderen Kosten oder Steuern im Zusammenhang mit dem Angebot von den Investoren verlangen. Allerdings unterliegen Investoren, welche ihren steuerlichen Sitz in Finnland haben, einer Transfer Tax von 1,6% des Wertes der übernommenen Aktien.
Lieferung und Abrechnung.	Die Verbuchung der den Anlegern zugeteilten Anteile auf den Konten der Anleger wird nach Abschluss des Angebots am 6. Februar 2015 erwartet. Die Lieferung der Angebotsaktien erfolgt nach Wahl der Anleger auf ein Wertpapiereinlagenkonto, das von einer deutschen Bank bei der Clearstream Banking Aktiengesellschaft unterhalten wird oder auf ein Wertpapierkonto eines Account-Inhabers in Euroclear Bank SA/NV, 1, Boulevard Roi Albert II, 1120 Brüssel, Belgien als einem Operator des Euroclearsystems oder an die Clearstream Banking S.A., 42 Avenue JF Kennedy, 1855 Luxemburg, Großherzogtum Luxemburg für Rechnung eines solchen Aktionärs.
Zulassung zum Handel und Beginn des Handels.	Es ist beabsichtigt, dass alle Aktien an der Emittentin im regulierten Markt der Frankfurter Börse gelistet sind mit einer zeitgleichen Zulassung zum Teilmarkt des regulierten Marktes mit weiteren Zulassungsfolgepflichten (Prime Standard) unter dem Symbol "FRU". Der Beginn des Handels mit den vorhandenen Aktien der Emittentin wird am oder um den 6. Februar 2015 erwartet. Die Zulassung der neu emittierten Anteile und der Beginn des Handels mit diesen werden nach dem 6. Februar 2015 erwartet. Die Anleger können ihre Aktien handeln, sobald der Handel mit den vorhandenen Aktien beginnt.
Konsortialbanken.	Der Sole Global Arranger und Sole Bookrunner ist die ICF BANK AG und die Co-lead Managers sind die equinet Bank AG und Hauck & Aufhäuser Privatbankiers KGaA.

E.4.	**Beschreibung aller für die Emission/das Angebot wesentlichen, auch kollidierenden Interessen.**	Aufgrund des Angebots befinden sich die Konsortialbanken in einer vertraglichen Beziehung mit der Emittentin. Nach erfolgreichem Abschluss des Angebots erhalten die Konsortialbanken eine Provision. Die Konsortialbanken oder mit ihnen verbundene Unternehmen können gelegentlich in Geschäftsbeziehungen mit Unternehmen der Gruppe treten oder Dienstleistungen als Teil ihres normalen Geschäftsverkehrs erbringen. Der Geschäftsführer der Gruppe, Jorma Jokela, hält eine Mehrheit der Aktien von Ferratum und wird dies auch nach dem Angebot tun. Seine Interessen könnten von den Interessen der Investoren abweichen. Außerdem sind zahlreiche verkaufende Anteilseigner Mitarbeiter und/oder Mitglieder des Board of Directors der Emittentin.
E.5.	**Personen oder Unternehmen, die das Wertpapier zum Verkauf anbieten.**	Die Anteile werden den Anlegern von den Konsortialbanken, wie oben unter E.3 definiert, angeboten.
	Lock-up Vereinbarungen.	In dem Aktienübernahmevertrag wird die Emittentin mit jeder Konsortialbank vereinbaren, soweit gesetzlich zulässig, dass die Emittentin oder ihr Management ohne das schriftliche Einverständnis der ICF BANK AG (welches nicht unbillig verweigert oder verzögert werden darf) für einen Zeitraum von sechs Monaten nach dem ersten Tag des Handels der Aktien auf der Frankfurter Börse nicht (mit Ausnahme der Ausgabe der Neuen Aktien, welche von dieser Lock-up Vereinbarung ausgenommen sind): • die Emission von neuen oder selbst gehaltenen Aktien (Treasury Shares) der Emittentin ankündigt oder ausführt oder den Verkauf von Treasury Shares; • der Hauptversammlung der Aktionäre der Emittentin einen Vorschlag oder eine Ermächtigung über die Emission von Aktien vorlegt; • einen Vorschlag oder Ermächtigung über die Emission von Wertpapieren, die in Aktien von Ferratum umgewandelt werden können oder mit Optionsrechten für Aktien der Emittentin ausgestattet sind, unterbreitet; oder • eine Transaktion eingeht oder eine Handlung ausführt, die wirtschaftlich einer der oben genannten Punkte gleich kommt. Die abgebenden Aktionäre werden sich im Übernahmevertrag den Konsortialbanken gegenüber verpflichten, dass sie nicht ohne die vorherige schriftliche Zustimmung der ICF BANK AG (welche nicht unbillig verweigert oder verzögert werden darf) für einen Zeitraum von 24 Monaten (bei Pontos Capital und Pontcap beträgt der Zeitraum 12 Monate) nach dem ersten Tag des Handels der Aktien an der Frankfurter Börse: • Aktien der Emittentin oder andere Wertpapiere der Emittentin, unter anderem Wertpapiere, die in Anteile umgewandelt, ausgeübt oder umgetauscht werden können, anbieten, verpfänden, austeilen, verkaufen, diesbezüglich einen Kaufvertrag abschließen, eine Option zum Kauf zu verkaufen oder einen Kaufvertrag darüber abschließen, eine Option zum Verkauf zu kaufen, eine Option, ein Recht oder

Garantie zum Kauf gewähren oder in anderer Weise direkt oder indirekt übertragen oder darüber disponieren (mit Ausnahme der Optionen, welche Jorma Jokela bereits an drei wichtige Mitarbeiter ausgegeben hat); oder

- eine Transaktion eingehen oder eine Handlung ausführen, die in ihren wirtschaftlichen Bedingungen einer der oben genannten Punkte ähnelt, insbesondere einen Swap oder andere Vereinbarung eingehen, die einem anderen ganz oder teilweise die ökonomischen Risiken oder Gewinne aus dem Eigentum der Aktien an der Emittentin überträgt, unabhängig davon ob diese Transaktion durch Lieferung der Aktien an der Emittentin oder anderer Wertpapiere, durch Barmittel oder in anderer Weise abgewickelt wird.

Das Vorgesagte findet keine Anwendung, wenn der relevante Erwerber sich einverstanden erklärt durch die gleichen Lock-up Einschränkungen gebunden zu sein, und es sich um (i) außerbörsliche Verkäufer oder Übertragungen, die börslichen Übertragungen ähneln handelt, oder (ii) Übertragungen auf verbundene Unternehmen des betroffenen Verkäufer-Aktionärs.

E.6.	**Betrag und Prozentsatz der aus dem Angebot resultierenden unmittelbaren Verwässerung. Im Falle eines Bezugsangebots gegenüber den gegenwärtigen Besitzern, der Betrag und der Prozentsatz der unmittelbaren Verwässerung wenn diese dem neuen Angebot nicht zustimmen.**	Zum 30. September 2014 hatte die Gesellschaft 18.890.400 Aktien und ein Gesamteigenkapital von €19.522.940, was einem Gesamteigenkapital pro Aktie von €1.03 entspricht. Nach Ausgabe von 2.833.560 neuen Aktien (was so schnell wie möglich nach dem 6. Februar 2015 erfolgen soll) zu einem Angebotspreis von €16,5 pro neuer Aktie, der Mitte der Preisspanne, wäre das Gesamteigenkapital der Gruppe am 30. September 2014 bei €66,3 Millionen (was einem Gesamteigenkapital pro Aktie – zusammen mit den neuen Aktien – von €3,05 entspricht) nach Abzug der zu erwartenden Provisionen der Konsortialbanken und Angebotskosten, die durch die Emittentin zu tragen sind. Dies stellt eine unmittelbare Verwässerung des Eigenkapitals in Höhe von €13,45 oder 81,51% pro Aktie für Anleger, die Anteile kaufen, dar.
E.7.	**Schätzung der Ausgaben, die dem Anleger vom Emittenten oder Anbieter in Rechnung gestellt werden.**	Entfällt. Ausgenommen von gewöhnlichen Bankgebühren, werden den Anlegern keine weiteren Kosten für die Kaufangebote in Rechnung gestellt. Investoren, welche ihren steuerlichen Sitz in Finnland haben, könnten einer Transfer Tax von 1,6 % des Wertes der übernommen Aktien unterliegen.

RISK FACTORS

Investors should carefully consider the risks set forth below and the other information contained in this Prospectus prior to making any investment decision with respect to the Offer Shares. Each of the risks highlighted below could have a material adverse effect on the Group's business, operations, financial condition, results of operations, liquidity, and prospects which, in turn, could have a material adverse effect on the market price of the Offer Shares. In addition, each of the risks highlighted below could adversely affect the value of the Offer Shares and, as a result, investors could lose some or all of their investment. The order in which the following risks are presented does not indicate the likelihood of their occurrence, nor the scope of any potential impairment these risks may cause to the Group's business, operations, financial condition, results of operations, liquidity, and prospects. The risks mentioned may materialise individually or cumulatively.

Investors should note that the risks described below are not the only risks the Group faces. The Company has described only those risks relating to its business, operations, financial condition, results of operations, liquidity, and prospects that it considers to be material and of which it is currently aware. There may be additional risks that the Company currently consider not to be material or of which the Company currently is not aware, and any of these risks, alone or together with risks mentioned below, could have the effects set forth above.

Risks Related to the Group's Operations and Industry

An economic slowdown could adversely affect the demand for the Group's mobile consumer loans, increase its credit losses and decrease its growth.

Because the Group's business is dependent to consumer spending trends in the countries it operates in, any period of economic slowdown or recession in these countries could make it more difficult for the Group to retain or expand its customer base. For example, high levels of unemployment in the markets in which the Group operates will likely reduce the number of customers who qualify for the Group consumer loan products, which in turn may reduce its revenues. Similarly, reduced consumer confidence and spending may decrease the demand for its products. In addition, during periods of economic slowdown or recession, the Group could experience an increase in defaults, credit extension requests as well as a higher frequency and severity of credit losses even if the Group adjusts its credit scoring models to adjust to such new economic conditions. As a result, adverse changes in economic conditions in countries in which the Group's customers are located could materially adversely affect the business prospects, results of operations and financial condition of the Group.

The Group may not be able to successfully evaluate the creditworthiness of its customers, may not price its consumer loan products correctly and may not be able to adequately diversify its consumer loan portfolio.

The Group is exposed to the creditworthiness of its customers. The Group's customers generally have a higher frequency of delinquencies, higher risk of non-payment and, ultimately higher credit losses than consumers who are served by more traditional providers of consumer credit. The Group's customer base includes consumers who are not qualifying for general purpose credit cards and consumers who are expanding their existing credits. The Group prices its consumer loan products taking into account the estimated risk level of its customers. If its estimates are incorrect, customer default rates will be higher, which will result in an increase in the Group's operating expenses relating to loan impairments, and in turn the Group will experience reduced levels of net income.

In 2013, impairments on loans amounted to €21.6 million (37.1% of revenues in 2013), which was above the Group's 30% maximum target percentage. To mitigate the credit risk, the Group operates according to its established credit risk policies, uses computer-aided loan approval algorithms and follows a set of self-imposed ethical and responsible lending principles which were put in place by the Company and are regularly reviewed. The Group performs due diligence of its customers based on information provided by individual customers, reviews provided by external consumer credit scoring agencies and various other available information on the consumer. In addition, the Group uses its own software-based scoring procedure to rate the creditworthiness of new and existing customers. The software-based scoring procedure combines the Group's historical data from all markets it operates in with current information regarding the specific market and the customer. Although the Group's credit policies and software-based scoring procedure are refined and updated on an on-going basis, they may prove insufficient. This may be caused by an internal failure of the Group's risk management procedures or an external change of conditions beyond the Group's control. Credit loss risks may further increase if the Group's consumer loan portfolio is not adequately diversified (country and social status diversification). In such a situation, a deterioration of economic conditions or an economic slowdown may additionally exacerbate the credit risk associated with insufficient diversification. An increase in the ratio of impairments on losses to revenues could significantly adversely affect the Group's financial, economic and liquidity condition.

If the Group's risk provisions in relation to credit losses are not sufficient, the Group's results of operations and financial condition may be adversely affected.

The Group maintains risk provisions for anticipated credit losses. To estimate the appropriate level of such provisions, the Group considers known and relevant external factors that affect loan collectability, including the amount of outstanding loans, current collection patterns and current economic trends. As of 30 September 2014, the Group's provisions for anticipated credit losses were €42.5 million. Since the provisions necessary to cover credit losses can only be estimated, there is a risk that actual credit losses are materially greater than the provisions accounted for to cover such losses. This could have a material adverse effect on the Group's business prospects, financial condition, or results of operations.

If the Group incurs a large amount of fraud-related losses, the Group's results of operations and financial condition may be adversely affected.

The Group is exposed to the fraud risk associated with information provided by its (potential) customers. The most common fraud risk is identity theft. Despite procedures put in place by the Group, it cannot be ruled out that the Group could suffer losses due to the criminal behaviour of its customers. This could have a material adverse effect on the Group's business prospects, financial condition or results of operations.

If the Group does not generate a sufficient amount of cash to satisfy its liquidity needs and may not be able to grow its business as a result of cash shortages.

The Group's growth depends on cash flow efficiency and cash collection. Considering the Group's business model and the contemplated expansion in new markets, the Group is exposed to liquidity risk. Although the Group's cash inflows and capital resources are sufficient to fund its debt service obligations and to satisfy its working capital and other liquidity needs as of the date hereof, the Group cannot assure you that it will be able to satisfy its liquidity needs in the future. Lack of liquidity may occur in numerous scenarios. The Group, for instance, may experience a lack of liquidity due to an unexpected increase in rates of delinquencies or defaults on provided consumer loans. If the Group is unable to meet such cash requirements, its growth in new markets may be adversely affected. As a result, decreasing cash inflows from existing operations and/or increasing cash outflows associated with new operations may result in a material adverse effect on the Group's business prospects, financial condition or results of operations.

If the Group does not have access to financing under affordable terms, it may not be able to expand its business and refinance its existing or future indebtedness.

In order to support its growth and geographical expansion, the Group depends on external funds from credit and capital markets. If such external funds are not available under affordable terms, the Group may be required to take measures to conserve cash until the markets stabilize or until alternative credit arrangements or other funding necessary to cover the Group's business needs becomes available under affordable terms. Such measures could include deferring capital expenditures, including acquisitions, and reducing or eliminating use of cash for financing of further growth of the Group's business. Therefore, a limited availability of funds on the market combined with rising lending costs, especially when larger refinancing are required, may adversely affect the Group's growth in existing and new markets. If the Group could not refinance itself for a prolonged period of time or if the Group, due to adverse business developments, were to breach financial covenants in its financing instruments, the Group may be unable to service its debt with the liquidity provided from operating cashflows. This could have a material adverse effect on the Group's business, financial condition, or results of operations.

The Group's business and results of operations may be adversely affected if the Group is unable to manage its growth effectively.

The Group's expansion strategy, which in part contemplates the fast growth in mobile consumer loan volumes in current markets and the establishment of operations in new markets such as Germany or Romania in which the Group entered in 2014, is subject to significant risks. The Group's continued growth in this manner is dependent upon a number of factors, including the ability to develop efficient internal monitoring and control systems, the ability to implement high-quality business and management processes and standards, the ability to develop and implement "best practices" in response to day-to-day business challenges, the ability to secure adequate financing to successfully establish operations in new markets, the ability to turn new operations profitable within the expected time after the market entry, the ability to correctly assess legal requirements in targeted markets and monitor on-going changes in existing markets, the ability to obtain any government permits and licenses that may be required, the ability to develop adequate and secured IT-platforms, the ability to successfully integrate any operations which may be acquired in the future, the ability to identify and overcome cultural and linguistic differences which may impact market practices within a given geographic region, and other factors, some of which are beyond the Group's control. Therefore, there can be no assurance that the Group will be able to effectively manage the expansion of its operations or that the Group's current personnel, systems, procedures, and controls will be adequate to support the Group's operations. Any failure of management to effectively manage the Group's growth and development could have a material adverse effect on the Group's business, financial condition, or results of operations.

In some countries, certain consumer loan products of the Group may not be offered in the same manner as in other countries due to more restrictive bank and consumer regulation. For instance, there are countries in which consumers cannot instantly access the Group's mobile consumer loan products. Under these circumstances, the business success of the Group depends on its ability to offer consumers alternative and equally attractive products. Failure to offer such alternative products may result in lower revenues of the Group in respective markets.

In the last three years, the Group has expanded its product portfolio, which now consists of traditional microloans, instalment loans (so called PLUS loans), a credit limit product as well as a merchant focussed product (FerBuy). In 2013, the Group invested in further development of scoring capabilities by founding a dedicated company (Personal Big Data Oy) and acquiring software that enables the analysis of a broad set of customer data. Product variations provide the Group with a diversified product portfolio. Nonetheless, the launch of new products – even when based on the same processes, systems, and scoring as the existing products – involves additional investments and carries the risk of product failure or implementation delays. Intensified investment costs and product introduction failure or delays may have a material adverse effect on the Group's business, financial condition, or results of operations.

Organic growth, product variations, and geographical expansion are core components of the Group's growth strategy. However, growth through acquisitions (through the acquisition of a competing business or a loan portfolio or customer database) may also comprise part of the Group's strategy. Such acquisitions are accompanied by respective transactional risks. Any future acquisition may require significant financial resources (including cash). If the Group experiences any difficulties in integrating acquired operations into its business, the Group may incur higher than expected costs and may not realize all the benefits of such acquisitions. This could lead to adverse accounting and financial consequences, such as the need to write down acquired assets, which may have a material adverse effect on the Group's business prospects, financial condition or results of operations.

Any disruption in the Group's information systems or external telecommunication infrastructure worldwide could adversely affect the Group's operations.

IT systems are an essential component of the Group's business due to the diverse use of automated processes and controls. The Group has improved its current systems continuously, developed new systems, and introduced comprehensive maintenance schemes for its existing software. The Group utilizes a proprietary in-house loan handling system, which provides control and automation of day-to-day business. However, due to the open nature of the internet and the increasing sophistication of online criminality, all web-based services are inherently subject to risks such as online theft through fraudulent transactions and inappropriate use of access codes, user IDs, usernames, PINs, and passwords. In addition, despite the comprehensive maintenance efforts and careful development of the IT systems, they might fail and significantly impact the Group's operations. Damage to the Group's IT systems and software or failure to protect its data against a cyber-attack may have a material adverse effect on the Group's business, financial condition, or results of operations.

The Group relies on telecommunications, the internet, as well as mobile and online banking services worldwide in order to conduct its operations and offer its services to customers. To access the Group's online consumer loan portals, the Group's customers need to have an internet access or a mobile data connection. Disruption of such or similar telecommunications and internet services in the respective countries of operation due to equipment or infrastructure failures, strikes, piracy, terrorism, weather-related problems, or other events, could temporarily impair the Group's ability to supply its product portfolio to its customers, which in turn could have a material adverse effect on the Group's business, financial condition, or results of operations.

If the Group fails to geographically diversify and expand its operations and customer base, its business may be harmed.

Several countries that the Group operates in such as Poland, Finland, the Czech Republic, Denmark, Australia and Sweden generate a significant share of the Group's revenues. As a result, the Group is exposed to country-specific risks with respect to such national markets. In such markets, a dissatisfaction with the Group's products, a decrease in customer demand, the failure of the Group to successfully market new and existing products, or the failure to further expand its customer base and retain its existing customer base in these mature markets may have a material adverse effect on the Group's business prospects, financial condition or results of operations.

Negative public perception and press coverage of short-term unsecured consumer loans could negatively affect the Group's revenues and results of operations.

Consumer protection bodies, consumer advocacy groups, certain media reports, and a number of regulators and elected officials in national markets in which the Group conducts business have from time to time advocated government action to prohibit or severely restrict certain types of short-term consumer lending. These efforts, for instance in the Netherlands in 2011 and 2012, have often focused on lenders that target customers who have short term liquidity needs while having low levels of personal savings and in many cases low incomes and that charge consumers imputed interest rates and fees that, on an annualised basis, are higher than those charged by credit cards issuers or banks to more creditworthy consumers.

Due to its engagement in the market for small consumer loans, the Group is exposed to the risk of unfavourable media coverage or measures taken by consumer protection bodies. As a result, the Group's operations and products may become subject of an advanced public scrutiny and tightening regulatory and transparency requirements. In addition, the Group may experience a decrease in demand for its products if consumers accept the characterization of such products as unreasonably expensive or abusive toward customers. Furthermore, media coverage and public statements that allege some form of corporate wrongdoing may make it more difficult for the Group to attract and retain qualified employees and management, as well as divert management attention and increase hiring expenses. A negative perception of the behaviour of individual employees, the Group itself or the entire industry may severely damage the Group's reputation and thus may have a material adverse effect on the Group's business prospects, financial condition or results of operations.

Competition in the short-term lending industry could cause the Group to lose its market share and revenues.

The Group faces competition in all the countries it operates. In some countries, such as the UK, there are particularly many competitors. There is a wide range of companies targeting the market for small consumer loans, including various smaller locally operating consumer loan companies as well as larger companies operating in several markets and traditional consumer banks. While the Group's key consumer loan segment relates to loans of €500 and below with the average loan amounts being between €200 and €250 per loan at the moment and the Group typically does not provide loans above €2,000, most of the Group's competitors do not restrict the size of loans available through their companies and thus the Group is competing with a variety of local and international companies. In addition, the Group also competes with other forms of short-term financing such as peer-to-peer loans and credit cards.

The highest risk of competition is experienced particularly in mature markets with high saturation, such as Western and Northern Europe. In the past, intensive competition has pushed prices downward in some markets, which, if competition further intensifies, could erode profit margins and the Group's net income. The Group believes that the consumer loan market may become even more competitive as the industry consolidates. Some of the Group's competitors may have larger and more established customer base and substantially greater financial, marketing and other resources than the Group has. As a result, the Group could lose market share and its revenues could decline, thereby affecting the Group's ability to generate sufficient cash flow to fund expansion of its operations and to service its indebtedness. This could have a material adverse effect on the Group's business prospects, financial condition or results of operations.

A reduction in demand for the Group's products, and failure by the Group to develop innovative and attractive products, could adversely affect the Group's business and results of operations.

About three quarters of the Group's revenues are generated through its core mobile microloan product, while the remainder is generated by the Group's more recently introduced products such the Credit Limit product. The demand for a particular product the Group offers may be reduced due to a variety of factors, such as regulatory restrictions that decrease customer access to particular products, the availability of competing products, changes in customers' preferences or financial conditions. Furthermore, any changes in economic factors that adversely affect consumer purchase behaviour and employment could reduce the volume or type of loan products the Group provides and have an adverse effect on the Group's revenues and result of operations. Should the Group fail to adapt to significant changes in consumers' demand for, or access to, the microloan products, the Group's revenues could decrease significantly and operations could be harmed. Each modification, new products and alternative method of conducting business is subject to risk and uncertainty and requires significant investment in time and capital, including additional marketing expenses, legal costs and other incremental start-up costs. Even if the Group does make changes to existing products or introduce new products to meet customer demand, customers may resist or may reject such products.

A significant part of the Group's revenues stem from new customers as well as from new products introduced in recent years to complement the Group's core microloan product such as its PLUS loans and its Credit Limit product. Additionally, the Group's strategy is to evolve its product offerings to other bank products and become a mobile bank, including taking deposits from customers or potentially issuing longer term loans. If the Group is not able to further diversify and expand its product portfolio, expand its customer base or take deposits and operate its planned common mobile bank application, this could have a material adverse effect on the Group's business, financial condition, or results of operations.

The Group's future growth may depend on its ability to foresee the direction of the commercial and technological development of production processes and technologies in all of its key markets. Future growth and the Group's ability to reach its innovation targets will also depend upon the Group's ability to successfully develop new and improved consumer loan products and services, using its existing or new technological and servicing capabilities, and to successfully market the products in changing economic environments.

There is no assurance that the Group will be successful in continuing to meet its customers' needs through innovation or in developing new products and/or technologies, or that, if developed, any such new products will be accepted by the Group's customers. The Group may not be able to recover investments that it has made in order to develop these new products or processes, and may not have sufficient resources to keep pace with technological developments. The failure of the Group to keep pace with the evolving technological innovations in its markets and adequately predict customer preferences could have a material adverse effect on the Group's business, product portfolio, financial condition, or results of operations.

The Group's operations are subject to exchange rate risk.

The Group operates internationally and is therefore subject to unexpected changes in foreign currency exchange rates among various currencies. Foreign exchange risk arises in connection with current and future commercial transactions, recognized assets and liabilities, and net investments in foreign operations. According to the Group's internal policies, Group's companies are required to manage their foreign exchange risk against their own functional currency. Despite all precautions, adverse foreign exchange fluctuations against the Euro (the Group's reporting currency), especially in the Swedish, Polish, British, Australian and Czech currencies could have a material adverse effect on the Group's business, financial condition, or results of operations.

The Group is subject to accounting and management risk.

Preparation of the Group's financial statements requires the Group's management to make estimates, assumptions, and forecasts regarding the future. These estimates, assumptions, and forecasts may be inaccurate and are inherently subject to uncertainties. Future developments may deviate significantly from the assumptions made if changes occur in the business environment and/or business operations. Furthermore, the Group's management is required to use its judgement in the application of the accounting principles in the preparation of the financial statements. Group companies and subsidiaries vary by their size and they are located in different parts of the world. The nature of the Group's global operations involves arrangements that often require the judgement of the Group's management in the application of accounting policies. Inadvertent errors in accounting and/or management decisions could have a material adverse effect on the Group's business, financial condition, or results of operations.

In addition, the Group has only recently changed its accounting standards from the FAS to IFRS. Due to the size of the Company and its global presence in 19 countries, IFRS accounting may put significant further strain on the Group's internal resources.

Certain tax positions taken by the Group requires the judgment of management and could turn to be inefficient or challenged by tax authorities.

The Group's main tax risks are related to changes to or possible erroneous interpretations of tax legislation. Such changes or erroneous interpretations could lead to tax increases or other financial losses. Realization of such risks might have a material adverse effect on the Group's business, financial condition, or results of operations.

It is possible that the Group has made interpretations on the tax provisions that differ from those of the tax authorities in the various countries in which the Group operates, and that as a result, the tax authorities will impose taxes, tax rate increases, administrative penalties, or other consequences on the Group's companies. This could have a material adverse effect on the Group's business, financial condition, or results of operations.

If the Group loses its current CEO or key management or is unable to attract and retain the talent required for its business, the Group's operating results may suffer.

The Group's success depends on its employees, which as of 30 September 2014 totalled 352 persons. Familiarity with internal processes and operational expertise of the Group's employees are critical factors in the efficiency of the Group's business operations. The Group applies a variety of approaches to mitigate the risk of losing this expertise and to increase employee loyalty, including attractive compensation schemes, challenging jobs, and international career options. However, these measures may not be sufficient to retain key employees which may have a significant impact on the Group's business operations.

The Group is especially dependent on the expert knowledge of its CEO and majority shareholder Jorma Jokela as well as key management members in IT, legal, operational, financial as well as risk and analysis positions. If any of the key managers or other critical employees were to leave the Group or join a competitor, the Group may be unable to attract and retain suitable replacements. As a result, the Group may be unable to pursue its business operations as planned and this may have a material adverse effect on the Group's business, financial condition, or result of operations.

The Group may incur property, casualty or other losses not covered by insurance.

The Group considers its insurance coverage to conform to market practice for companies in the mobile consumer loan market. However, insurance fully covering political risks and many other risks relating to the Group's business is not generally available to the Group or to other companies in the industry. No assurance can be given that any insurance policies will continue to be available, or that they will be available at economically feasible premiums.

The actual losses suffered by the Group may exceed the Group's insurance coverage and would be subject to limitations and excesses, which could be material. The realization of one or more damaging event for which the Group has no or insufficient insurance coverage may have a material adverse effect on the Group's business, financial condition, or results of operations.

Regulatory and Legal Risks

The Group is subject to various consumer protection laws, other local legal and regulatory requirements and European law, changes of which or interpretations of which by authorities could significantly impact the Group's business.

Changes to local legislation require the Group's respective local subsidiaries to adapt operations to ensure compliance with such changes. Failure to timely implement procedures that comply with new rules may have a material adverse effect on the Group's business, financial condition, or results of operations. While the Group takes comprehensive measures to comply with the legal framework and specific local regulatory requirements of each jurisdiction, it remains possible that local courts, regulatory agencies and financial supervisory authorities, including the Company’s home country regulator FIN-FSA, issue new regulations or interpretations or find the Group's services to be in violation of local or EU-wide legal requirements such as license requirements, maximum interest rate provisions, transparency requirements or other regulatory requirements. For instance, there is no assurance that the FIN-FSA would not in the future be of the view that or issue an interpretation to the effect that the Group’s operations would be considered to require an authorisation or licence in Finland which the Group does not currently hold. In such case, the Company or the Group would need either to apply for such authorisation or license or to restructure the business in such manner that it is in compliance with the new requirements. Adverse judgments based on such findings or new regulations or interpretations could result in legal claims, administrative sanctions and reputational damage against the Group, need for restructuring or new licensing of the Group or alterations to the business carried out by the Group. Further, existing loan agreements might be held null and void by local courts. As a consequence, the Group may be restricted in successfully offering its services in certain jurisdictions or may be forced to terminate its business in certain jurisdictions. This could have material adverse impacts on the financial and market position of the Group.

In the past, the Group has adapted its business model and product offerings in several countries as a result of regulatory changes. Although the Group strives to adapt its business model and products to all changes in the regulatory requirements in the various countries it operates in, future regulatory changes may be too burdensome to comply with or may result in its business model in a particular jurisdiction becoming unprofitable. Such developments could have a material adverse impact on the financial and market position of the Group.

The Group may fail to successfully manage the diverse sets of regulatory requirements the Group currently is subject to and may face regulatory problems entering into new markets.

Business operations in a wide set of different jurisdictions with diverse statutory requirements necessitates careful management of the legal and regulatory challenges of many fields, including but not limited to: (i) license requirements, (ii) maximum interest rate regulations, (iii) distance contracts regulations, and (iv) consumer protection legislation. These diverse legal frameworks implicate various legal and regulatory risks, including but not limited to the risks of market entry in new jurisdictions.

The legal requirements for launching the Group's business in new jurisdictions vary significantly with some jurisdictions having no registration/license requirements, while some jurisdictions requiring licenses, e.g., a banking license. Entering new jurisdictions implicates challenging legal requirements on a local level. Failure to comply with local legal requirements may have a material adverse effect on the Group's business, reputational standing, financial condition, or results of operations. In addition, the diversification of the group also increases its legal costs and continued compliance costs with local laws and regulations.

The Group's business may be challenged by consumers, consumer protection organizations, courts, or regulatory agencies in connection with compliance with the EU Consumer Credit Directive and the national laws implementing the Directive.

The EU Consumer Credit Directive (2008/48/EC) was adopted in April 2008 and entered into force in May 2008. The Member States were obliged to harmonize their legislation by May 12, 2010. Most EU Member States have implemented the directive. To serve the purposes of consumer protection and credit transparency, the EU Consumer Credit Directive mandates disclosure of a standardized annual percentage rate (APR) figure for all consumer credit products. Due to the nature of the Group's business model, whereby in most countries where the Group operates, small loan amounts are offered for very short periods of time, the extrapolated APRs may appear to be far higher than standard market APRs offered by other consumer credit companies and may therefore create an incorrect impression of the actual business relationship between the Group and its customers. The disclosure of high APRs may thus mislead consumers, consumer protection organizations, courts, or regulatory agencies in the belief that the Group is in violation of EU or local consumer protection and consumer credit regulations, specifically regarding interest rate caps. It is thus possible that legal or regulatory challenges may be brought against the Group regarding noncompliance with existing, amended, or new consumer protection or consumer credit laws. Adverse judgments based on such findings could result in legal claims and reputational damage against the Group.

While the Group takes comprehensive measures to ensure that its business activities comply with the requirements of the EU Consumer Credit Directive and the national laws implementing the Directive, it is possible that new or amended statutory requirements would require the Group to further adapt its practices and procedures. Such statutory changes and/or additions may negatively impact the Group's financial position and may require changes to the Group's business model. It is additionally possible that consumers, consumer protection organizations, courts, or regulatory agencies challenge the Group's compliance with existing, amended, or new consumer protection laws or initiate related investigative or judicial proceedings. Adverse judgments based on such findings could result in legal claims and reputational damage against the Group.

The nature of the Group's business as a provider of mobile consumer loans may be misunderstood by customers, consumer protection organizations and other people, which may have an adverse effect on our reputation.

The Group cannot rule out the possibility that consumers, consumer protection organizations, or journalists misunderstand the nature or scope of the Group's products, which may result in reviews, articles, or complaints regarding the Group, the Group's products, or the industry. Such legal claims and negative publicity may have a material adverse effect on the Group's business, reputational standing, financial condition, or results of operation.

The Group may lose required licences to operate the Group's mobile consumer loan business or face challenges to renew such licences.

The local financial authorities of some jurisdictions additionally require licenses to operate a consumer loan business. There can be no assurance that, where a license is required, the Group will in all scenarios be able to maintain its licenses on commercially favourable terms or at all. Accordingly, there is a risk of delay in obtaining the required licenses, which may lead to operational delays. For an overview of all of the Group's licences, memberships and registrations, see "*Regulation*". The loss of a license or such operational delays may in turn have a material adverse effect on the Group's business, financial condition, or results of operations.

The Group's Maltese banking subsidiary may fail to comply with all regulations it is subject to and such failures could materially impact its operations and strategy.

The Group operates in several markets making use of Ferratum Bank Ltd's EU credit institution license issued in September 2012 by the Malta Financial Services Authority, namely Germany, Latvia, Bulgaria, Estonia, Poland, the Czech Republic, Sweden and Slovakia. This EU banking licence is required or may be required to conduct business in a number of existing and potential future markets. Ferratum Bank Ltd's banking license also provides the Group with the benefits of increased levels of trustworthiness vis-à-vis its customers, access to pertinent databases to further enhance scoring models, and funding options linked to accepting deposits to support profit growth. However, under Maltese law, the credit institution license may be revoked or restricted at any time by the Malta Financial Services Authority ("**MFSA**") for a variety of reasons including, but not limited to, the Group's non-compliance with existing or new regulatory requirements. Such a restriction or revocation of the credit institution license would require the Group to comply with the existing or new regulatory requirements of the MFSA or obtain a banking license from the relevant regulatory authority of another EU Member State.

The MFSA will have to be informed in case a new shareholder accumulates a shareholding of 5% or more; whilst a new shareholder attaining a shareholding level of 10% or more will have to be approved by the MFSA so that the Group's Maltese banking subsidiary remains in compliance with Maltese laws and regulations. These factors could impair the Group's swift entry into new European markets and/or result in operational delays that could have a material adverse effect on the Group's business, financial condition, or results of operations.

The Group is subject to a diverse set of tax regimes in the jurisdictions it operates in and changes in such tax regimes could materially impact its business, financial condition, or results of operations.

The Group operates in 19 different countries with diverse sets of tax regimes and operates its banking subsidiary in Malta subject to Maltese tax law. Corporate income tax, value added tax or sales taxes and other taxes levied upon on the Group's business are subject to change and can be increased, changed or completely restructured at any time. While the Group monitors tax changes consistently and has not faced any significant tax challenges or tax disputes with tax authorities in the past three years, changes to local tax regimes or challenges to the current tax structures of the Group's business could have a material adverse effect on the Group's business, financial condition, or results of operations.

Risks Related to the Shares and the Offering

The absence of a prior public trading for the Shares may seriously impact the liquidity and trading price of the Shares.

Prior to the Offering and the subsequent planned listing of the Shares on the Frankfurt Stock Exchange, there has been no public market for the Shares of the Group. The Group cannot give any assurance that an active trading market will develop after the listing or, if developed, can be maintained. If an active trading market is not developed or maintained, the liquidity and trading price of the Shares could be adversely affected.

The market price of the Shares may be volatile.

The Offer Price will be determined by negotiations between the Group and the Underwriters and may bear no relation to the price at which the Shares will trade upon or after the planned listing on the Frankfurt Stock Exchange. Publicly traded securities occasionally experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them. In addition, the market price of the Shares may prove to be highly volatile. The market price of the Shares may fluctuate significantly and could decline considerably despite positive business developments.

The market price of the Shares can experience major fluctuations due to, in particular, changes in the Group's actual or projected results of operations or those of its competitors, changes in earnings projections or failure to meet investors' and analysts' earnings expectations, additions or departures of key personnel, changes in market valuation of similar companies, changes in the legal or regulatory framework governing microlending, investors' evaluations of the success and effects of the strategy described in this Prospectus, as well as the evaluation of the related risks, changes in general economic conditions, changes in shareholders, and other factors. Additionally, general fluctuations in share prices, particularly of shares of companies in the same sector, could lead to pricing pressure on the Shares, even where there may not necessarily be a reason for this in the Group's business or earnings outlook. Any of these events could result in a material adverse effect on the market price of the Shares.

Future capitalization measures could lead to a substantial dilution, i.e., a reduction in the value of the Shares and the control rights of existing shareholders' interests in the Group.

The Group may require additional capital in the future to finance its business operations and growth, especially to implement its medium-term strategy to expand to new markets. Both the raising of additional equity through the issuance of new or treasury shares and the potential exercise of conversion or option rights by the holders of convertible bonds or bonds with warrants, which may be issued in the future, may dilute shareholder interests. Additionally, the acquisition of other companies or investments in companies in exchange for newly issued shares of the Group, as well as the exercise of stock options by its employees in the context of future stock option programs or the issuance of shares to employees in the context of future employee stock participation programs could lead to such dilution.

Shareholders are subject to the risk of detrimental changes of foreign exchange rates and adverse tax consequences.

The Group's share capital is denominated in Euro and all dividend payments on the shares of the Group, if any, are payable in Euro. Therefore, every holder of Shares outside the Eurozone is subject to the risk that following detrimental changes of the exchange rate between the Euro and such holder's home country currency because of economic, political, or other factors over which the Group has no control, the effective value of dividend distributions and profits realized upon the sale of Shares, if any, may be lower than expected. In addition, such investors could incur additional costs in converting Euro into another currency. There is furthermore a risk that authorities with jurisdiction over the currency in which a shareholder's financial activities are denominated may impose or modify exchange control with the effect that holders may receive fewer dividends than expected. Furthermore, dividend payments on the Shares, if any, or profits realized by its holders upon the sale of Shares, may be subject to taxation in such holder's home jurisdiction or in another jurisdiction in which it is required to pay taxes, further reducing the effective yield of the investment in the shares of the Group.

The Group's ability to pay dividends in the future depends on several factors, including asset impairments.

In accordance with the Finnish Companies Act, the Company's dividends are resolved upon by the shareholders' meeting based on a recommendation from the Board of Directors. The shareholders' meeting may not generally resolve to distribute dividends in a larger amount than that recommended or approved by the Board of Directors. However, the shareholders' meeting, subject to certain limits and conditions, may resolve on distributing dividends out of the profits for the last financial periods ended regardless of the recommendation of the Board of Directors. The recommendation of the Board of Directors as to whether, and in what amount, to distribute dividends in the future depends on a number of factors, including but not limited to the Group's results of operations, its financial and capital expenditure requirements, and the availability of distributable profits and reserves based on the statutory financial statements of the Company under FAS. If the Company does not have distributable funds available, no dividends may be paid out. Further, no distributions may be made to the shareholders where the Company is insolvent or where the distributions would render the Company insolvent. Furthermore, the €25 million bond the Group issued in 2013 in Germany and two bonds the Group issued in Poland include restrictions on dividends that limit dividend payouts to 20% of the net profits of the Group in a given year. These restrictions and any possible future restrictions in loans or bonds may further limit the distribution of dividends by the Company.

The Group reviews the recoverability and estimated remaining useful lives of its intangible assets and property plant and equipment on an annual basis. The Group also assess the carrying amounts for possible impairment whenever circumstances indicate a potential impairment. The Group reviews its loan portfolio on an ongoing basis to assess whether there is any objective evidence of impairment. Potential changes in the regulatory, business, economic, or political environment may result in the need to make changes to past estimates, and to recognize accelerated depreciations, amortisations or impairment losses in intangible assets, property, plant and equipment and microloans. Although the recognition of impairments would result in a non-cash charge on the income statement, it could adversely affect the results of the Group's operations and its ability to pay dividends.

The Group's CEO Jorma Jokela controls and subsequent to the Offering will continue to control management and operations and may act in his own interest, which could differ from the interests of other shareholders

The Group is controlled by Jorma Jokela, who directly and indirectly owns more than 80% of the Company's Shares. The remaining Shares are held by investors and key management personnel. Jorma Jokela will continue to hold more than 50% of the Company's Shares if all Offer Shares are sold in the Offering (including the Greenshoe Shares). Depending upon the attendance at any shareholders' meeting, Jorma Jokela may be able to exercise a controlling influence over the resolutions adopted by the relevant shareholders' meeting. Any shareholder (or group of shareholders acting in concert) that controls more than 50% of the Shares represented at a shareholders' meeting will be able to exercise significant influence over resolutions adopted by the shareholders' meeting, including the appointment and removal of members of the Board of Directors, issuances of Shares by way of rights issues and dividend distributions. Additionally, Jorma Jokela will be able to block any resolution by the shareholders' meeting that requires a qualified majority of two-thirds of votes given in and shares represented in the shareholders' meeting or a higher majority of the shares or votes. Resolutions requiring a qualified majority of two-thirds of votes given in and shares represented in the shareholders' meeting include, under the Finnish Companies Act, *inter alia* amendment of the articles of association of the Company (the "**Articles of Association**"), targeted issuances of shares, issuances of option rights and other rights entitling to shares, and the acquisition of own shares by the Company.

The concentration of share ownership in a single shareholder may have a negative impact on the Group's share price, as investors may regard the holding of shares in companies with controlling shareholders as disadvantageous. This concentration of share ownership could delay, postpone, or prevent a change of control in the Group, as well as a merger, consolidation, takeover, or any other form of corporate acquisition, which could be beneficial for investors.

Any future sales of Shares by the Group's CEO Jorma Jokela or other existing shareholders of the Group could depress the market price of the Shares and could trigger a put-right for bondholders of the German bond issued in 2013

Upon completion of the Offering described in this Prospectus, the Group's controlling shareholder, its CEO Jorma Jokela, will continue to hold more than 50% of all Shares. While Jorma Jokela and other key shareholders of the Company have committed themselves to a lock-up period of 24 months (except for Pontos Capital and Pontcap which have a lock-up period of 12 months) following the Offering, if Jorma Jokela or any of the Group's other larger existing or future shareholders were to sell substantial numbers of Shares on the public exchange or if market participants were to become convinced that such sales might occur, this could have a significant adverse effect on the market price of the Shares.

The covenants of the Group's outstanding German and Polish bonds include a change-of-control clause. Under this clause, if Jorma Jokela directly and indirectly holds less than 50.1% of the Shares of the Company, the bondholders may ask for their bonds to be redeemed. If Jorma Jokela were to sell shares below this threshold, the Group may be faced with significant immediate repayment obligations which could have a significant adverse effect on its business, its liquidity position and its position to pursue its strategy.

The Offering may not be fully subscribed for or the listing of the Shares on the Frankfurt Stock Exchange may not occur in the contemplated time schedule or at all

As at the date of this Prospectus, there can be no assurance that the Offering will be fully subscribed. If the Offering is subscribed only partially it is possible that the Company may not be able to carry out its business plans as presented in this Prospectus. In addition, there can be no assurance that the Company will fulfil all requirements of the listing of the Shares on the Frankfurt Stock Exchange or that the listing will occur in the contemplated time schedule or at all. If the listing does not occur and the Shares in the Company are not publicly traded, the price formation of the Shares in the Company may not necessarily be reliable and investors may not be able to sell their Shares in the Company when desired or at all. If the listing does not occur and the Shares in the Company are not publicly listed, the Company is under no disclosure obligation. This may have a material adverse effect on the value and liquidity of Shares in the Company and the position of the Company's shareholders.

GENERAL INFORMATION

Important Information

This document, which comprises a prospectus (the "**Prospectus**") relating to the Company, has been prepared in accordance with the requirements of the Finnish Securities Markets Act (746/2012, as amended) (the "**Finnish Securities Markets Act**"), the Decree of the Finnish Ministry of Finance on Prospectuses Referred to in Chapters 3–5 of the Finnish Securities Markets Act (1019/2012), the EU Prospectus Regulation (EC) No 809/2004, in application of the Annexes I, III and XXII thereof, and the regulations and guidelines issued by the Finnish Financial Supervisory Authority (in Finnish: *Finanssivalvonta*) (the "**FIN-FSA**").

The FIN-FSA has approved this Prospectus. However, it assumes no responsibility for the correctness of the information contained herein. The journal number of the approval decision by the FIN-FSA is FIVA 91/02.05.04/2014. This Prospectus has been made available to the public, free of charge, in electronic form on the Company's website at: www.ferratumgroup.com and in printed form at the offices of the Company at Ratamestarinkatu 11 A, FI-00520, Helsinki, Finland until and including the date of admission. Investors may also receive printed copies of this Prospectus from the offices of ICF BANK AG at Kaiserstraße 1, 60311 Frankfurt am Main (+49 69 92877-0) and from the offices of Ferratum Capital Germany GmbH in Germany at Kurfürstendamm 44, 10719 Berlin (+49 30 887153-08). The Company has also requested that the FIN-FSA provides a copy of this Prospectus and the certificate of approval of the FIN-FSA to the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – "**BaFin**").

Responsibility for the Contents of the Prospectus

The Company, with its registered office at Ratamestarinkatu 11 A, FI-00520, Helsinki, Finland, and the Underwriters assume responsibility for the content of this Prospectus and declare that the information contained in this Prospectus is, to their knowledge, correct and that no material information has been omitted.

Furthermore, the Company and the Underwriters declare that they have taken all reasonable care to ensure that the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and no material information has been omitted that would be likely to affect its import.

Forward-Looking Statements

This Prospectus contains various "forward-looking statements" that reflect management's current view with respect to future events and anticipated financial and operational performance. Forward-looking statements as a general matter are all statements other than statements as to historical fact or present facts or circumstances. The words "aim", "anticipate", "assume", "believe", "continue", "could", "estimate", "expect", "forecast", "guidance", "intend", "may", "plan", "potential", "predict" "projected", "risk", "should", "will" and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements occur in a number of places in this Offering Memorandum, including, without limitation, in the sections entitled "*Summary*", "*Risk Factors*", "*Management's Discussion and Analysis of Financial Position and Results of Operations*", "*Market*" and " *Business*" and include, among other things, statements relating to:

- the Group's future financial position;
- the Group's strategy and outlook;
- the Group's liquidity, capital resources and capital expenditure;
- the Group's planned investments;

- acquisition opportunities in the markets in which the Group currently, or may in the future, operate;
- expectations as to future growth in demand for the Group's products and services;
- demographic trends;
- general economic trends and other trends in the consumer finance and in particular the small consumer loan markets in Europe and outside of the Europe;
- the impact of regulations on the Group's business and its operations; and
- the competitive environment in which the Group operates.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, the Company can provide no assurances that such expectations will prove to be correct and that such statements are not guarantees of future performance because they are based on numerous assumptions. Any forward-looking statement speaks only as of the date on which it is made and the Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless as required by law or regulation.

Information from Third Parties

This Prospectus contains information from third parties, in particular industry, market and statistical data that has been obtained from industry reports and studies, publicly available information and commercial publications. Where information has been sourced from third parties, it has been accurately reproduced, citing the relevant source. As far as the Company is aware and is able to ascertain from information published by such third parties, no facts have been omitted that would make the reproduced information inaccurate or misleading. Those third party sources include:

- Federal Reserve Board: Consumers and Mobile Financial Services 2014 (http://www.federalreserve.gov/econresdata/consumers-and-mobile-financial-services-report-201403.pdf) (the "**FRB Report 2014**").
- Bain & Company: The age of curation: from abundance to discovery (http://www.bain.com/Images/BAIN_REPORT_Forum_d'Avignon_2013_The_age_of_curation.PDF) (the "**Bain&Company Report 2013**")
- GSMA: Smartphones to account for two thirds of world's mobile market by 2020 (http://www.gsma.com/newsroom/smartphones-account-two-thirds-worlds-mobile-market-2020/) (the "**GSMA Intelligence Study 2014**")
- International Telecommunication Union: The state of broadband 2012: achieving digital inclusion for all (http://www.broadbandcommission.org/Documents/bb-annualreport2012.pdf) (the "**ITU Report**").
- Juniper Research: Press Release: Mobile Banking Users to Exceed 1 billion in 2017, Representing 15% of Global Mobile Subscribers (http://www.juniperresearch.com/viewpressrelease.php?pr=356) (the "**Juniper Research Report**").
- BBA supported by Ernst & young: It´s in your hands 2014 (http://www.bba.org.uk/download-file/?f=eyJ1cmwiOiJodHRwczpcL1wvd3d3LmJiYS5vcmcudWtcL3dwLWNvbnRlbnRcL3VwbG9hZHNcLzIwMTRcLzA5XC9XYXl3ZWJhbmtub3ctZmluYWwucGRmIiwibmVlZGxvZ2luIjpmYWxzZSwidXNlciI6ZmFsc2V9) (the "**BBA Report 2014**").

This Prospectus also contains the Company's estimates that are based on published third-party market data or numerical information from publicly available sources. The Company has not independently verified such market data and other information on which third parties have based their studies or the external sources on which the Company's own estimates are based, and therefore neither accepts responsibility nor offers any guarantee as to the accuracy of the information from third-party studies contained in this Prospectus. Therefore, investors should exercise care when considering such information. Market studies are frequently based on information and assumptions that may be neither exact nor appropriate, and their methodology is by nature forward-looking and speculative.

Presentation of Financial Information

Historical financial information

This Prospectus includes consolidated financial information for the years ended 31 December 2013 and 2012 that have been extracted from the Company's audited consolidated financial statements as of and for the year ended 31 December 2013 prepared in accordance with IFRS as adopted by the European Union (the "**IFRS Financial Statements**"). Prior to the adoption of IFRS, the Company's financial statements have been prepared in accordance with the requirements of the Finnish Accounting Act (1336/1997, as amended, the "**Accounting Act**"), the Finnish Accounting Decree (31.12.1997/1337, as amended), and the instructions and statements of the Accounting Board operating under the Finnish Ministry of Employment and the Economy. This Prospectus also includes consolidated financial information for the years ended 31 December 2012 and 2011 that have been extracted from the Company's audited consolidated financial statements as of and for the years ended 31 December 2012 and 2011 prepared in accordance with FAS ("**FAS Financial Statements**") (together with the IFRS Financial Statements, the "**Audited Consolidated Financial Statements**").

The Audited Consolidated Financial Statements have been derived from the statutory consolidated financial statements of the Company, which included also the report of the Board of Directors as well as the parent company standalone financial statements. The Audited Consolidated Financial Statements are not the statutory financial statements of Ferratum Oyj (formerly JT Family Holding Oy). The Audited Consolidated Financial Statements are English translations of the audited consolidated financial statements of Ferratum Oyj (formerly JT Family Holding Oy) included in the statutory financial statements prepared in Finnish.

In addition, this Prospectus includes unaudited consolidated financial information for the nine months ended 30 September 2014 and 2013 that have been extracted from the Company's unaudited interim condensed consolidated financial report as of and for the nine-months period ended 30 September 2014 prepared in accordance with IAS 34 – Interim Financial Reporting ("**IAS 34**") (the "**Unaudited Interim Consolidated Financial Statements**" and together with the Audited Consolidated Financial Statements, the "**Consolidated Financial Statements**").

The Audited Consolidated Financial Statements were audited by PricewaterhouseCoopers Oy, Authorised Public Accountants, Itämerentori 2, FI-00100 Helsinki, with Mikko Nieminen, Authorised Public Accountant as principal auditor ("**PwC**") and are each provided with an unqualified audit opinion.

The Company has appointed PricewaterhouseCoopers Oy, Authorised Public Accountants, as the auditor, with Mikko Nieminen as the principal auditor, for the financial period ending 31 December 2014.

Where financial information in this Prospectus is referred to as "audited", the information was taken from the Audited Consolidated Financial Statements in this Prospectus and financial information that is referred to as "unaudited" signifies information that was not taken from the Audited Consolidated Financial Statements.

Non-GAAP measures

The Company has included certain non-GAAP financial measures in this Prospectus. The management of the Company believes that these non-GAAP financial measures provide meaningful supplemental information to both the management and the investors regarding their performance by excluding items that may not be indicative of the operating results of the underlying business. These non-GAAP financial measures should not be viewed in isolation or as substitutes to the equivalent IFRS or FAS measures, but should be used in conjunction with the most directly comparable IFRS or FAS measures in the reported results. For a reconciliation of the non-GAAP measures to the reported IFRS or FAS financial measures for all periods presented please see *"Selected Financial and Other Information".*

The Company has included in the Prospectus EBITDA and EBITDA margin measures that are not accounting measures defined under IFRS. EBITDA and EBITDA margin should not be considered as an alternative to (a) operating profit or profit/loss for the period as a measure of operating performance, (b) cash flows from operating, investing, and financing activities as a measure of their abilities to meet their cash need or (c) any other measures of performance under IFRS or FAS. Management believes that EBITDA and EBITDA margin are useful indicators of an entity's ability to obtain financing and service its debt and can assist certain investors, security analysts and other interested parties in evaluating the business.

Because all companies do not calculate EBITDA and EBITDA margin on a consistent basis, the presentation of EBITDA and EBITDA margin in the Prospectus may not be comparable to measures under the same or similar names used by other companies. Accordingly, undue reliance should not be placed on EBITDA and EBITDA margin items in this Prospectus.

Certain other information

Figures presented in this Prospectus are commercially rounded up or down to whole Euros, thousands of Euro or millions of Euro. All percentages are commercially rounded up or down. Due to rounding, the sum of the individually rounded figures may not equal the rounded total figure in all cases. Accordingly, in certain instances, the sum of the numbers in a column or row in tables may not conform exactly to the total figure given for that column or row.

In this prospectus, "Euro" and "€" refer to the single European currency adopted by certain participating member states of the European Union.

Documents Available for Inspection

For the duration of the validity of this Prospectus, the following documents or copies may be examined during regular business hours at the office of the Company's German subsidiary Ferratum Capital Germany GmbH in Germany at Kurfürstendamm 44, 10719 Berlin (+49 30 887153-08). Investors may also receive printed copies of this Prospectus from the offices of ICF BANK AG at Kaiserstraße 1, 60311 Frankfurt am Main (+49 69 92877-0) or electronically at www.ferratumgroup.com/investor-relations/investment-highlights:

- the Articles of Association of the Company;
- the Audited Consolidated Financial Statements for the years 2013, 2012 and 2011; and
- the Unaudited Interim Financial Statements for the nine month period ended 30 September 2014.

Future consolidated and unconsolidated financial statements and interim reports of the Company will be available from the Company. Information contained on the Group's website does not form part of and is not incorporated into this Prospectus, however supplements to this Prospectus published on the website may form a part of this Prospectus (and the Prospectus itself will be published on the website).

Consent to Use Prospectus

The Company gives its express consent to the use of the Prospectus and accepts responsibility for the content of the Prospectus for final placement of the Offer Shares in Germany by financial intermediaries, which are credit institutions licensed in accordance with article 4 number 1 of Directive 2006/48/EC of the European Parliament and of the Council of June 14, 2006, as amended, to trade securities ("**Financial Intermediaries**"), during the Offer Period and until 6 February 2015, the anticipated closing date. The Company may revoke or limit its consent at any time, whereby such revocation or limitation requires a supplement to the Prospectus.

Any Financial Intermediary using the Prospectus must (i) state on its website that it uses the Prospectus in accordance with the consent and the conditions attached thereto and (ii) ensure that it complies with all applicable laws and regulations in force in the respective jurisdiction. In the event of an offer being made by a Financial Intermediary, such Financial Intermediary will provide information to investors on the terms and conditions of the offer at the time the offer is made.

IMPORTANT DATES RELATING TO THE OFFERING

The Offering is based on the following prospective timetable:

20 January 2015	Application of the Existing Shares to be admitted to the regulated market on the Frankfurt Stock Exchange.
20 January 2015	Approval of this Prospectus, passporting of the Prospectus to Germany.
22 January 2015	The Offer Period commences.
4 February 2015	The Offer Period ends.
4 February 2015 (evening)	Final offer price and allocation communicated to investors.
5 February 2015	Expected admission of the Existing Shares to the Prime Standard segment of the regulated market on the Frankfurt Stock Exchange.
6 February 2015	Settlement of all Offer Shares by delivering such shares to the securities accounts of investors against payment.
	Expected start of trading of the Existing Shares on the Frankfurt Stock Exchange (if admission is granted).
Promptly after 6 February 2015	The New Shares are registered with the Finnish Trade Register .
Thereafter	Expected admission of the New Shares to the Prime Standard segment of the regulated market on the Frankfurt Stock Exchange.

This Prospectus will be available as of 20 January 2015 on the Company's website (https://www.ferratumgroup.com/investor-relations/investment-highlights). Furthermore, printed copies of the Prospectus will be available free of charge during regular business hours at the following address of the Company: Ratamestarinkatu 11 A, FI-00520 Helsinki, Finland and at its German subsidiary's office at Ferratum Capital Germany GmbH Kurfürstendamm 44, 10719 Berlin. Investors who wish to contact the Company in connection with the Offering may contact its German subsidiary Ferratum Capital Germany GmbH, Tel: +49 (0)30/ 887153-08 and Fax +49 (0)30/ 887153-09.

Information on the website listed in this section and information accessible via these websites is neither part of nor incorporated by reference into this Prospectus, however supplements to this Prospectus published on the website may form a part of this Prospectus (and the Prospectus itself will be published on the website).

THE OFFERING

Subject Matter of the Offering

The Offering (including any potential over-allotment) relates to the sale of up to 6,517,188 ordinary shares with no nominal value, consisting of:

- up to 2,833,560 New Shares by the Company;
- up to 2,833,560 Old Shares held by ERC (controlled by Jorma Jokela) Pontos Capital, Pontcap, and certain minority shareholders; and
- up to 850,068 Greenshoe Shares made available via a share loan by ERC and Pontos Capital to cover over-allotments.

To enable settlement of the New Shares sold in the Offering, ERC will lend up to 2,833,560 Existing Shares to ICF BANK AG in its role as settlement agent. The New Shares will be created and registered with the Finnish Trade Register as soon as practical after settlement.

If the maximum number of Offer Shares are placed with investors, the Offer Shares will after the completion of the Offering represent approximately 26.1% of all the shares in the Company assuming the Greenshoe Option is not exercised (30% if the Greenshoe Option is exercised; both percentages are calculated including the existing 146,200 treasury shares).

The Offering consists of a public offering of the Offer Shares in the Federal Republic of Germany and private placements of the Offer Shares in certain jurisdictions outside the Federal Republic of Germany and outside of the United States of America in reliance on Regulation S under the Securities Act.

The Underwriters are ICF BANK AG, equinet Bank AG and Hauck & Aufhäuser Privatbankiers KGaA (together, the "**Underwriters**").

Price Range and Offer Period

The price range within which purchase orders may be placed is €15 to €18 per Offer Share (the "**Price Range**"). The Company and the Selling Shareholders may, in consultation with ICF BANK AG, change the Price Range.

The offer period, during which investors may submit purchase orders for the Offer Shares, is expected to begin on 22 January 2015 and is expected to end on 4 February 2015, at 12:00 CET (Central European Time) for private investors (natural persons) and for institutional investors (the "**Offer Period**"). The Company and the Selling Shareholders may, in consultation with ICF BANK AG, extend, shorten or terminate the Offer Period. However, the Offer Period may not be shortened to before 30 January 2015. An extension, shortening or termination of the Offer Period will be announced by means of an ad-hoc release on an electronic information system and on the Company's website. Purchase orders must be denominated in full numbers of shares. Purchase orders may be limited within the price range (price-steps of Euro 0.10 will be accepted). There is no minimum or maximum amount for orders. Investors will not be allocated fractional amounts of shares.

The Company and the Selling Shareholders reserve the right, in consultation with ICF BANK AG, to increase or decrease the total number of Offer Shares (including decreases and increases of the number of New Shares and Old Shares) and to change the Price Range.

Changes in the number of Offer Shares, a narrowing of the Price Range, or the extension or shortening of the Offer Period will not invalidate any purchase orders that have already been submitted. In case of a narrowing of the Price Range, the Company will issue a press release in order to inform investors about such change. In case the Price Range is extended on the lower or upper range, or the final offer price is outside the Price Range, a supplement to this Prospectus is required to be published (also see "*–Cancellation Rights*" below).

Subscription for Offer Shares in the Public Offering in Germany

As part of the public offering in Germany, investors can submit offers to purchase Offer Shares via the XETRA-trading system of the Frankfurt Stock Exchange. Investors, who want to submit offers to purchase Offer Shares may, within the Offer Period, submit them via their depositary bank that manages their security account. This is conditional on such bank (i) being admitted as a trading partner (*Handelsteilnehmer*) of the Frankfurt Stock Exchange or having access to the trading system of the Frankfurt Stock Exchange over a third party trading partner, (ii) having a XETRA-account and (iii) having been granted access to use the XETRA functions for subscribing to the Offer Shares on the basis of the conditions of use of the Frankfurt Stock Exchange.

The trading partner of the Frankfurt Stock Exchange submits orders to purchase Offer Shares for an investor via its access to the XETRA system. ICF BANK AG as sole bookrunner will consider all orders received until the end of the Offer Period.

Investors may also place orders for shares directly to ICF BANK AG via its depositary bank.

Pricing and Allotment

After the expiration of the Offer Period, the offer price and the final number of Offer Shares placed in the Offering will be determined by the Selling Shareholders and the Company in consultation with the sole global arranger and sole bookrunner ICF BANK AG. The price will be set on the basis of the purchase orders submitted by investors during the Offer Period (both from investors submitting orders in the public offering in Germany and institutional investors submitting orders outside of Germany) that have been collated in the order book prepared during the bookbuilding process. Price-setting is expected to occur on or about 4 February 2015. These orders will be evaluated according to the prices offered and the investment horizons of the respective investors. This method of setting the number of shares that will be placed at the offer price is, in principle, aimed at maximizing proceeds. Consideration will also be given to whether the offer price and the number of shares to be placed allow for the reasonable expectation that the share price will demonstrate steady performance in the secondary market given the demand for the Shares noted in the order book. Attention will be paid not only to the prices offered by investors and the number of investors wanting shares at a particular price, but also to the composition of the group of shareholders in the Company that would result at a given price, and expected investor behaviour. For further information regarding allotment criteria, see "– *Allotment Criteria*." The Company and the Selling Shareholders will not specifically charge any expenses and taxes related to the offering to investors.

After the offer price has been set, the Offer Shares will be allotted to investors on the basis of the offers to purchase then available. The offer price and the final number of Offer Shares placed in the offering (that is, the result of the Offering) are expected to be published on or about 4 February 2015 by means of an ad-hoc release on an electronic information system and on the Company’s website. Investors who have placed orders to purchase Offer Shares can obtain information from the Underwriters about the offer price and the number of Offer Shares allotted to them on the business day following the setting of the offer price. A purchase agreement between the investor and the Underwriters on the allotted Offer Shares is executed once the shares are allotted. These purchase agreements are contingent on the execution of the Underwriting Agreement, which may be terminated by the Underwriters before settlement.

Commencement of trading (*Aufnahme des Handels*) of the Existing Shares on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to occur on 6 February 2015.

Should the placement volume prove insufficient to satisfy all orders placed at the offer price, the Underwriters reserve the right to reject orders, or to accept them only in part.

Cancellation Rights

Purchase orders are binding and irrevocable, and may only be cancelled if applicable laws and regulations provide for a cancellation right.

In accordance with the Finnish Securities Market Act, the Company will be obliged until start of trading of the Shares begins on or about 6 February 2015, to issue a supplement to the Prospectus in case a mistake or inaccuracy in the Prospectus is discovered, or a significant new factor arises, if such mistake, inaccuracy or new factor may bear material significance to the investors. Such supplement will be published in the same manner as the Prospectus.

Investors who have placed purchase orders for Offer Shares before the publication of a supplement to the Prospectus may choose to cancel their purchase orders. The cancellation right must be exercised within a cancellation period which may not be shorter than two banking days from the publication of the supplement to the Prospectus. An investor's cancellation of a purchase order will be deemed to be made in respect of all the purchase orders of that investor. A precondition for the right to cancel is that the mistake, omission or material new information arose or was noted before the delivery of the Offer Shares. Cancellations must be filed with the Underwriter with which the purchase order was placed or via the investor's depository bank if the order is initially placed via the XETRA-trading system. Information on the right to cancel shall be issued in the correction or supplement.

The publication of a supplement to the Prospectus and the right to cancel purchase orders will be announced by means of an ad-hoc release on an electronic information system and on the Company's website. Investors who have submitted offers to purchase will not be notified individually.

Termination/cancellation of the Offering before Settlement

The Company and the Selling Shareholders, in consultation with ICF BANK AG, may cancel the Offering at any time before pricing and allocation of the Offer Shares. Under certain conditions the Underwriters may also terminate the underwriting agreement relating to the Offering entered into with the Company and the Selling Shareholders on 20 January 2015 (the "**Underwriting Agreement**") after pricing and allocation and before the settlement of the Offering. If the Offering is cancelled, investors will not receive any Offer Shares any will not be required to pay the Offer Price.

Settlement

The Shares allocated to investors are expected to be credited to the accounts of investors after completion of the Offering on 6 February 2015 against payment of the offer price. If the Offer Period is extended, shortened or terminated, the delivery date will be changed accordingly. A change of the delivery date will be announced by means of an ad-hoc release on an electronic information system and on the Company's website. The delivery of the Offer Shares will, at the investor's option, be made to a securities deposit account maintained by a German bank with Clearstream Banking Aktiengesellschaft or to a securities account of a participant in Euroclear Bank SA/NV, 1, Boulevard Roi Albert II, 1120 Brussels, Belgium, as the operator of the Euroclear system, or to Clearstream Banking S.A., 42 Avenue JF Kennedy, 1855 Luxembourg, Grand Duchy of Luxembourg, for the account of such shareholder.

Shareholder Rights

The Offer Shares delivered to investors confer full shareholder rights in the Company upon delivery. The New Shares will confer full shareholder rights in the Company upon registration with the Finnish Trade Register. All of the Shares, including the Offer Shares, confer equal rights to dividends.

Registration of New Shares; No Pre-emptive Subscription Right of the Existing Shareholders

The Finnish Companies Act requires the full subscription price for new shares to be received by the company in order to register those new shares with the Finnish Trade Register. To enable settlement of the New Shares against payment, ERC will be providing share loans of up to 2,833,560 Existing

Shares to ICF BANK AG. Pursuant to the Underwriting Agreement, the Underwriters will deliver such borrowed Existing Shares to investors against payment. As soon as practicable after the delivery of the shares lend to ICF BANK AG by ERC to investors, ICF BANK AG, respectively ERC will subscribe for the New Shares to be issued by the Company. The Company will thereafter register the New Shares with the Finnish Trade Register and deliver them to such subscribers. To the extent that ICF BANK AG has subscribed for the New Shares, after the receipt of the New Shares, ICF BANK AG will return the New Shares to ERC. The New Shares are expected to be registered with the Finnish Trade Register as soon as practicable after 6 February 2015. Of the subscription price for the New Shares, €1.00 per share will be recorded in the share capital and the remainder in the unrestricted equity reserve.

On 29 August 2014, an extraordinary general meeting of shareholders of the Company authorized the Board of Directors to resolve on issuing up to 3,778,080 shares in the Company. The Board of Directors is authorized to resolve on all the terms and conditions of the share issue. The authorization stays in force until 30 June 2015. The Board of Directors resolved on the issuance of the New Shares on 19 January 2015. The New Shares issued in the Offering are issued in a directed share issue, i.e., the New Shares will be offered in deviation of the pre-emptive subscription right of the existing shareholders of the Company. The grounds for deviating from the pre-emptive subscription right are the funding of the Company's business and the broadening of its shareholder base necessary for a planned listing of the Shares in the Company on the Frankfurt Stock Exchange. On these grounds, the Board of Directors considers that in accordance with the Finnish Companies Act, Chapter 9, Section 4(1), weighty financial reasons exist for deviating from the pre-emptive subscription right of the shareholders.

Selling Shareholders

As at the date of this Prospectus, Jorma Jokela, directly and indirectly via ERC, holds 82.54% of the existing shares of the Company, Pontos Capital holds 8.84% of the existing shares and Pontcap holds 1.17% of the existing shares. The other minority shareholders, as specified below, will also sell Existing Shares in the Offering. After the Offering and the registration of the New Shares, Pontos Capital and Pontcap together will hold 6.96% of the Shares and Jorma Jokela will, directly and indirectly, hold 57.43% of the Shares (assuming the placement of the maximum amount of Offer Shares and the full exercise of the Greenshoe Option). The following table sets forth the selling shareholders' names, their addresses and the maximum number of Shares they will sell in the Offering:

Shareholder	Address	Maximum number of Shares sold in the Offering (assuming the full exercise of the Greenshoe Option)
European Recruitment Company OÜ(1)	Pärnu mnt 105, Tallinn 11312, Estonia	3,115,253
AS Pontos Capital	Viru väljak 4, Tallinn 10111, Estonia	333,377
Pontcap 1 OÜ(2)	Viru väljak 4, Tallinn 10111, Estonia	44,133
Erik Mikael Ferm	15 Parke Road, London SW13 9NF, United Kingdom	30,839
LL Capital Investments OÜ(3)	Kaarli 11-19, 11911 Tallinn, Estonia	25,699
Saku Eero Juhana Timonen	Kirkkoniementie 6 b 2, 03400 Vihti, Finland	25,699
Marko Juha Tuominen	Champignon Court Flat 6, Triq Il Hemel, Swieqi SWQ 3052, Malta	25,699
Erkki Juhani Vanhala	Snällbackankuja 4, 02620 Espoo, Finland	25,699
Tapio Taneli Gustav Helle	Vannetie 49 B, 00430 Helsinki, Finland	12,849
Quando Invest OÜ	Pärnu mnt 105, Tallinn 11312, Estonia	12,849
Sari Maarit Kauppi	Mägimänni tee 9, 74008 Laiaküla, Viimsi, Estonia	5,140
Caj Sjöman	Östra Vallgatan 12, 25437 Helsingborg, Sweden	5,140
Milla Emilia Jokisaari	Suorannantie 10 C 14, 06450 Porvoo, Finland	4,883
Sylvi Katariina Kuikka	Rantakukankuja 2 A 5, 01300 Vantaa, Finland	3,855
Henrik Willy Johan Andersson	Bergsgatan 57, 11231 Stockholm, Sweden	3,855
Roope Oskar Pääkkönen	Juorumäenkuja 1 C 57, 00910 Helsinki, Finland	3,855
Rostislav Sikora	J.Suka 1845, Frýdek-Místek, 73801, Czech Republic	2,570
Thomas Arif Rahman	Holmögaddsvägen 36, lgh 1001, 12156 Johanneshov, Sweden	1,285
Krzysztof Marek Przybysz	Zawalna 13/5, Wroclaw 51-118, Poland	771
Total	-	**3,683,628**

(1) European Recruitment Company OÜ is held by Jorma Jokela.

(2) OÜ Pontcap 1 is owned 51% by AS Pontos Capital and certain key employees of Pontos Group.

(3) LL Capital Investment OÜ is held by Lea Liigus.

Allotment Criteria

The allotment of Offer Shares to retail investors who place orders through the XETRA-system will be made on a non-discriminatory basis (however such retail investors may be treated differently based on the size of orders placed through the XETRA-system). Allotments of Offer Shares to non-retail investors who placed orders with the Underwriters directly will be made on the basis of the quality of the individual investors and individual orders and other important allotment criteria to be determined by the Company and the Selling Shareholders after consultation with ICF BANK AG.

Stabilisation Measures, Over-Allotments and Greenshoe Option

In connection with the placement of the Offer Shares, ICF BANK AG or its affiliates will act as the stabilisation manager and may, as stabilization manager, and acting in accordance with legal requirements (Section 20a (3) of the German Securities Trading Act (*Wertpapierhandelsgesetz* – "**WpHG**") in conjunction with Commission Regulation (EC) No. 2273/2003 of 22 December 2003), make over-allotments and take stabilization measures to support the market price of the Shares and thereby counteract any selling pressure. The stabilisation manager is under no obligation to take any stabilization measures. Stabilisation measures may not be carried out above the offer price for the Offer Shares. No assurance can therefore be provided that any stabilization measures will be taken. Where stabilization measures are taken, these may be terminated at any time without notice. Such measures may be taken from the date the shares of the Company are listed on the regulated market on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and must be terminated no later than the thirtieth calendar day after this date (the "**Stabilisation Period**").

These measures may result in the market price of the Shares being higher than would otherwise have been the case. Moreover, the market price may temporarily be at an unsustainable level. Under the possible stabilization measures, investors may, in addition to the 5,667,120 Shares being offered, be allocated up to 850,068 additional Shares, up to 758,329 Shares from ERC's holdings and up to 91,739 Shares from Pontos Capital's holdings as part of the allocation of the shares to be placed ("**Over-Allotment**"), however only if the Offering is oversubscribed. For the purpose of a possible Over-Allotment, ICF BANK AG, for the account of the Underwriters, will be provided with up to 850,068 Shares from the holdings of ERC (up to 758,329 Shares) and Pontos Capital (up to 91,739 Shares) in the form of a securities loan; this number of shares will not exceed 15% of the sum of the New Shares and the Old Shares.

In addition, ERC and Pontos Capital will grant the Underwriters an option to acquire the borrowed shares at the offer price less agreed commissions (the "**Greenshoe Option**"). This Greenshoe Option will terminate 30 calendar days after the commencement of the stock exchange trading of the shares.

The stabilization manager is entitled to exercise the Greenshoe Option to the extent over-allotments of Shares were initially made; the number of Shares is to be reduced by the number of Shares held by the stabilisation manager as of the date on which the Greenshoe Option is exercised and that were acquired by the stabilization manager in the context of stabilization measures.

Once the Stabilization Period has ended, an announcement will be made within one week in various media outlets distributed across the entire European Economic Area as to whether stabilization measures were taken, when price stabilization started and finished, and the price range within which stabilization was taken; the latter will be made known for each occasion on which price stabilization measures were taken. Exercise of the Greenshoe Option, the timing of its exercise and the number and type of shares concerned will also be announced promptly in the same manner.

Dilution of New Investors

As of 30 September 2014, the Company had 18,890,400 shares and a total equity of €19,522,940, which means that the total equity per share was €1.03. After giving effect to the creation of 2,833,560 New Shares (which will occur as soon as practicable after 6 February 2015) at an offer price of €16.5 per New Share, being the mid-point of the price range, the Group's total equity as of 30 September 2014 would have been €66.3 million (which means the total equity per share – including the New Shares – will be €3.05), after deducting expected underwriting commissions and estimated offering expenses payable by the Company. This represents a dilution in shareholders' equity of €13.45, or 81.51% per share to investors purchasing Offer Shares.

Lock-up Agreement, Limitations on Disposal

In the Underwriting Agreement, the Company has agreed with each Underwriter that, to the extent legally permissible, the Company or its Board of Directors, will not, without the prior written consent of ICF BANK AG (which shall not be unreasonably withheld or delayed) for a period of six months following the first day of trading of the Shares on the Frankfurt Stock Exchange (with the exception of the creation of the New Shares, which is exempt from the lock-up restrictions):

- announce or effect any issue of new or treasury shares of the Company or sell any of its existing treasury shares;
- submit a proposal for a share issue or authorization for share issue to the general meeting of shareholders of the Company;
- announce to issue, effect or submit a proposal for the issuance of, or authorization for the issuance of, any securities convertible into shares of the Company, with option rights for shares of the Company; or
- enter into a transaction or perform any action in economic terms similar to those described in the bullets above.

In the Underwriting Agreement, each of the Selling Shareholders has undertaken to each Underwriter that it will not, without the prior written consent of ICF BANK AG (which shall not be unreasonably withheld or delayed) for a period of 24 months (except for Pontos Capital and Pontcap, in which case the period is 12 months) after the first day of trading of the Shares on the Frankfurt Stock Exchange:

- offer, pledge, allot, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (except in connection with options previously granted by Jorma Jokela to three key employees of the Group), directly or indirectly, any shares in the Company or any other securities of the Company, including securities convertible into or exercisable or exchangeable for shares of the Company; or
- enter into a transaction or perform any action in economic terms similar to those described in the bullets above, in particular enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk or gain of ownership of shares of the Company, whether any such transaction is to be settled by delivery of shares of the Company or such other securities, in cash or otherwise.

The foregoing will not apply, provided that the relevant transferee agrees to be bound by the same lock-up restrictions, to (i) sales effected other than through trades on a stock exchange or transactions similar to stock-exchange trades (such as accelerated book-building offerings), and (ii) sales to affiliates of the respective Selling Shareholder.

Registration of the Shares

The Company is a Finnish public limited company that intends to apply to the Frankfurt Stock Exchange to have its Shares listed. To facilitate the trading on the Frankfurt Stock Exchange, the Shares in the Company will be registered in the electronic book-entry securities system maintained by Euroclear Finland. The Company and its Shares will have their primary registration in the book-entry register of Euroclear Finland. Furthermore, Shares admitted to trading on Frankfurt Stock Exchange will be registered in the corresponding German book-entry securities system maintained by Clearstream. The registered address of Euroclear Finland is Urho Kekkosen katu 5 C, 00100 Helsinki.

Clearstream will be entered into the shareholder register maintained by Euroclear Finland as a nominee custodian of the Shares traded on Frankfurt Stock Exchange, and it will duplicate (mirror) the entry for these Shares in the book-entry securities system of Clearstream. Shares registered in the system of Clearstream will have the same ISIN as the Shares registered in Euroclear Finland.

If a Finnish investor acquires shares in the Company through trading on the secondary market through on the Frankfurt Stock Exchange, the shares of such investor will need to be transferred to the system of Euroclear Finland for such investor to be able to be registered as the owner in the shareholder register maintained by Euroclear Finland.

Inclusion to Trading

The application for inclusion of the Existing Shares to trading in the Prime Standard (regulated market) on the Frankfurt Stock Exchange was made on 20 January 2015. The Frankfurt Stock Exchange is expected to approve the inclusion of the Existing Shares to trading on 5 February 2015. If approval is granted, the Existing Shares are expected to begin trading on the Frankfurt Stock Exchange on 6 February 2015. The New Shares are expected to be approved for inclusion to trading after 6 February 2015. All investors purchasing Offer Shares in the Offering will be able to trade these shares when the Existing Shares start trading on the Frankfurt Stock Exchange.

ISIN/WKN/stock symbol

Number (ISIN)	FI4000106299
German Securities Identification Number (WKN)	A1W9NS
Stock symbol	FRU

Designated Sponsor

ICF BANK AG has agreed to assume the function of a designated sponsor of the Shares traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) for a period of at least two years. Pursuant to the designated sponsor agreement expected to be concluded among ICF BANK AG and the Company, ICF BANK AG will, among other things, place limited buy and sell orders for the Shares in the electronic trading system of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) during regular trading hours. This is intended to achieve greater liquidity in the market for the shares.

Other Legal Relationships between the Company and Interested Parties

The Underwriters have entered into a contractual relationship with the Company in connection with the Offering of the Offer Shares. The Company has engaged ICF BANK AG, equinet Bank AG and Hauck & Aufhäuser to serve as Underwriters. Upon successful execution of the Offering, the Underwriters will receive a commission. The Underwriters or companies affiliated with them may from time to time enter into business relationships with companies of the Group or perform services on their behalf as part of their normal course of business.

The Selling Shareholders, including the CEO Jorma Jokela (indirectly through ERC), will receive the proceeds from offering the Old Shares.

REASONS FOR THE OFFERING AND USE OF PROCEEDS

The Company will receive the proceeds from the sale of 2,833,560 New Shares after deducting the costs of the Offering including Underwriters' fees and commissions. Assuming offer proceeds for all Offer Shares of €46.8 million based on a price of €16.5 per Offer Share (based on the middle of the price range), the total costs attributable to the Company of the Offering including Underwriters' fees and commissions for the New Shares are estimated to be €2.2 million and net proceeds would be €44.6 million. The Selling Shareholder will bear the costs relating to the fees and commissions of the Underwriters for the Old Shares and in addition will also, *pro rata* to the number of their sold shares, reimburse the Company for costs of ICF BANK AG. Based on a price of €16.5 per Offer Share, the total offer proceeds to the Selling Shareholders (assuming the full exercise of the Greenshoe Option) are estimated to be €59.3 million and the costs attributable to the Selling Shareholders would be €1.5 million and thus the net proceeds would be €57.8 million.

The Group plans to utilize the net proceeds (i) to support the Group's organic growth in the markets where the Group is already present through increased marketing spending and customer acquisition efforts as well as investments in the Group's IT system and the expansion of its product portfolio, (ii) to invest in further expanding to new markets, (iii) to strengthen its equity position as a prerequisite to take deposits in the future, (iv) to develop the Group into a mobile bank including the launch and marketing of a multi-banking mobile platform, and (v) for acquisitions and general corporate purposes.

The Company has not yet adopted any resolutions on the potential use of the proceeds received by conducting the public offering. The timing to implement the potential uses above, as well as their costs, cannot be firmly established at this time.

PROFIT ALLOCATION AND DIVIDEND POLICY

Dividends and Other Distributions of Funds to Shareholders

For information on general provisions relating to profit allocation as well as dividends and other distributions to shareholders, see section "*Shareholder Rights – Dividends and Other Distributions of Funds*".

Dividend Policy and Earnings per Share

The Company has thus far paid out dividends in an amount of €210,000 in 2012 and €790,000 in 2013 (€0.01 per share in 2012 and €0.04 per share in 2013, based on 18,744,200 shares, which is the number of shares currently outstanding). The Company distributed no dividends from retained earnings in 2014, but out of the invested funds in the unrestricted equity reserve, a distribution to the shareholders (except for the Company's treasury shares) was made as a return of capital, which equalled €694,638 in total (€0.04 per share based on 18,744,200 shares).

Subsidiaries of the Company have issued bonds in Germany and Poland which restrict the amount of dividends that can be paid out until 2018. Under bonds issued by Ferratum Capital Poland S.A. in Poland, the Company may not pay out an amount exceeding 20% of the annual net profits of the Group until all the bonds are redeemed. Similarly, under the terms of the bonds issued by Ferratum Capital Germany GmbH in Germany, the same limit applies.

The Company generally aims to pay out dividends (subject to the above restrictions) in the future, however may change its dividend policy at any time.

CAPITALIZATION AND INDEBTEDNESS

The following tables show the Company's capitalization and indebtedness based on the historical figures as of 30 November 2014 prior to the Offering. See also *"Reasons for the Offering and Use of Proceeds"*, "*Selected Financial and Operating Information*" and "*Management's Discussion and Analysis of Financial Position and Results of Operations*" and the Interim consolidated financial statements and Consolidated Financial Statements included elsewhere in this Prospectus.

Capitalization

	As of 30 November 2014 prior to the implementation of the Offering (unaudited)
	(in € thousand)
Current borrowings[1]	**12,972**
of which guaranteed[2]	2,465
of which secured	-
of which unguaranteed/unsecured[3]	10,507
Non-current borrowings	**35,903**
of which guaranteed[2]	28,774
of which secured[4]	7,047
of which unguaranteed/unsecured[3]	82
Total borrowings	**48,875**
Total equity	**21,065**
Share capital	7,300
Treasury shares	(142)
Reserves	(62)
Unrestricted equity reserve	2,373
Retained earnings	11,596
Total capitalization	**69,940**

(1) Includes current borrowings of €12,119 thousand and factoring trade payables of €852 thousand.
(2) Ferratum Oyj has guaranteed the bonds issued by its subsidiaries Ferratum Capital Germany GmbH and Ferratum Capital Poland S.A.
(3) None of the Group's liabilities are currently guaranteed by third parties.
(4) Secured current liabilities relate to the factoring facility the Group has in place in Sweden and our credit limit facility with Nordea which is secured by a corporate pledge and subsidiary shares owned by Ferratum Oyj.

Net Financial Indebtedness

	As of 30 November 2014 prior to the implementation of the Offering (unaudited)
	(in € thousand)
A. Cash	7,923
B. Cash equivalents	-
C. Trading securities	-
D. Liquidity (A) + (B) + (C)	**7,923**
E. Accounts receivables – consumer loans	**59,040**
F. Current bank debt	-
G. Current portion of bonds issued	7,465
H. Other current financial debt(1)	5,507
I. Current financial debt (F) + (G) + (H)	**12,972**
J. Net current financial indebtedness (I) - (E) - (D)	**(53,991)**
K. Non-current bank loans	7,047
L. Bond issued	28,774
M. Other non-current loans	82
N. Non-current financial indebtedness (K) + (L) + (M)	**35,903**
O. Net financial indebtedness (J) + (N)	**(18,088)**

(1) Other current financial debt includes deposits from customers and factoring trade payables.

The Group has certain off-balance sheet arrangements which are laid out in the table "Commitments" in note 16 and in note 17 "Events after the balance sheet date" of the Company's unaudited interim condensed consolidated financial report as of and for the nine-months period ended 30 September 2014. As of 30 November 2014, these commitments have changed in so far as the total amount granted under the Nordea credit limit agreement has increased from €5.0 million as of 30 September 2014 to €7.5 million as of 30 November 2014, the total limit used has increased from €4.9 million as of 30 September 2014 to €7.0 million as of 30 November 2014 and the corporate pledge in relation to the Nordea credit limit agreement has increased from €3.0 million as of 30 September 2014 to €10.0 million as of 30 November 2014.

No Material Adverse Change

There has been no material change in the Group's net assets, financial position, trading position or results of operations of the Company in the period between 30 November 2014 and the date of this Prospectus. For all material recent developments since 30 September 2014, also see "*Recent Developments*".

Working Capital Statement

In the opinion of the Company, the presently available working capital is sufficient to cover the current needs of the Group at least for the next twelve months following the date of this Prospectus.

SELECTED FINANCIAL AND OPERATING INFORMATION

The financial information summarized below is based on the Consolidated Financial Statements. The Consolidated Financial Statements are included elsewhere in this Prospectus.

The Consolidated Financial Statements for the year ended on 31 December 2013 were prepared in accordance with IFRS. These Consolidated Financial Statements include comparative figures for the year ended on 31 December 2012 prepared in accordance with the IFRS. The Consolidated Financial Statements for the years ended on 31 December 2012 and 2011 were, however, prepared in accordance with the FAS. Because of the first time adoption of IFRS in 2013, the financial information for the years 2011, 2012 and 2013 is not directly comparable. The date of transition from FAS to IFRS principles applied in Group accounting and reporting is 1 January 2012. Details about transition procedures and financial impacts are presented below under the section "Bridge Accounting".

The Prospectus includes unaudited consolidated financial information for the nine months ended 30 September 2014 and 2013 that have been extracted from the Company's unaudited interim condensed consolidated financial report as of and for the nine-months period ended 30 September 2014 prepared in accordance with IAS 34.

The financial information summarized below should be read in conjunction with the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," the Group's Consolidated Financial Statements included in this Prospectus and the accompanying notes, and other financial information included elsewhere in this Prospectus.

Any financial information in the following tables labelled as "audited" has been taken from the Company's Audited Consolidated Financial Statements. The financial information under IFRS for the year ended 31 December 2012 in the following tables has been taken from the comparative financial information for the audited consolidated financial statements for the year ended 31 December 2013 prepared under IFRS and it is therefore unaudited. Any other financial information in the following tables labelled as "unaudited" has not been taken from those Audited Consolidated Financial Statements.

Consolidated Income Statement Information under IFRS for the Nine-Month Period Ended 30 September 2014 and 2013 and for the Years Ended 31 December 2013 and 2012

	Nine-month period ended 30 September		Year ended 31 December	
	2014	**2013**	**2013**	**2012**
	(unaudited)		*(audited)*	*(unaudited)*
	(in € thousand except as otherwise stated)			
Revenue	49,429	43,418	58,198	48,913
Other income	80	67	137	872
Impairments on loans	(14,207)	(15,038)	(21,598)	(14,993)
Selling, marketing and administration	(19,404)	(16,487)	(21,202)	(19,565)
Depreciations and amortization	(434)	(393)	(527)	(491)
Other operating expenses	(6,998)	(5,824)	(7,680)	(6,162)
Operating profit	**8,466**	**5,743**	**7,329**	**8,574**
Finance income	72	26	75	1,366
Finance costs	(2,745)	(2,022)	(3,515)	(3,703)
Finance costs – net	(2,673)	(1,997)	(3,440)	(2,337)
Profit before income tax	**5,793**	**3,747**	**3,889**	**6,237**
Income tax expense	(1,196)	(316)	(342)	(1,605)
Profit for the year	**4,597**	**3,431**	**3,547**	**4,632**
Earnings per share, basic and diluted (in €) (unaudited)(1)	0.25	0.18	0.19	0.25

(1) Earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares. The group does not have any instruments that would have dilutive impact on the earnings per share.

The weighted average number of ordinary shares in issue has been calculated taking into account the share split that was registered on 26.09.2014. The share split ratio was 1:1700.

Consolidated Income Statement Information under FAS for the Years Ended 31 December 2012 and 2011

	Year ended 31 December	
	2012	**2011**
	(audited)	
	(in € thousand)	
Revenue	47,157	33,704
Other operating income	54	114
Materials and services	(5,752)	(5,685)
Personnel expenses	(7,168)	(4,948)
Depreciation, amortization and impairment	(509)	(386)
Other operating expenses	(26,992)	(19,269)
Operating profit	**6,788**	**3,530**
Financial income and expenses	(2,214)	(1,599)
Profit/loss before extraordinary items	**4,574**	**1,931**
Extraordinary items	818	0
Profit/loss after extraordinary items	**5,392**	**1,931**
Income tax	(1,415)	(526)
Profit/loss for the period	**3,977**	**1,405**

Consolidated Statement of Financial Position under IFRS as of 30 September 2014, 31 December 2013 and 2012

	As of 30 September	As of 31 December	
	2014	**2013**	**2012**
	(unaudited)	*(audited)*	*(unaudited)*
		(in € thousand)	
ASSETS			
Non-current assets			
Property, plant and equipment	303	282	298
Intangible assets	3,557	3,105	2,460
Deferred income tax assets	**990**	1,866	1,883
Total non-current assets	**4,850**	**5,253**	**4,641**
Current assets			
Account receivables – consumer loans	56,594	44,683	37,923
Other receivables	2,832	3,963	1,015
Income tax assets	650	336	222
Cash and cash equivalents (excluding bank overdrafts)	9,346	17,528	2,671
Total current assets	**69,422**	**66,510**	**41,832**
Total assets	**74,272**	**71,763**	**46,473**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	7,300	10	10
Treasury shares	(142)	(142)	(16)
Reserves	(32)	(171)	5
Unrestricted equity reserve	2,373	3,068	3,068
Retained earnings	10,025	12,915	10,093
Total equity	**19,523**	**15,679**	**13,160**
Liabilities			
Non-current liabilities			
Borrowings	29,115	26,245	20,779
Other payables	13	17	26
Deferred income tax liabilities	155	155	345
Total non-current liabilities	**29,282**	**26,417**	**21,150**
Current liabilities			
Income tax liabilities	708	456	697
Borrowings	17,055	19,538	453
Trade payables	3,035	7,282	7,661
Other current liabilities	4,669	2,391	3,352
Total current liabilities	**25,467**	**29,667**	**12,163**
Total liabilities	**54,749**	**56,084**	**33,313**
Total equity and liabilities	**74,272**	**71,763**	**46,473**

Consolidated Statement of Financial Position under FAS as of 31 December 2012 and 2011

	As of 31 December	
	2012	2011
	(audited)	*(audited)*
	(in € thousand)	
ASSETS		
Non-current assets		
Intangible assets	2,460	2,184
Consolidated goodwill	7	22
Tangible assets	298	301
Investments	5	5
Non-current assets total	**2,771**	**2,512**
Current assets		
Deferred tax assets	1,776	1,155
Non-current receivables	16	-
Current receivables	34,237	23,034
Cash and bank	2,671	5,225
Current assets total	**38,700**	**29,414**
Assets total	**41,471**	**31,926**
EQUITY AND LIABILITIES		
Equity		
Share capital	10	10
Treasury shares	(16)	-
Other reserves	3,069	68
Retained earnings	6,365	5,184
Profit/loss for the period	3,977	1,405
Equity total	**13,405**	**6,668**
Liabilities		
Deferred tax liabilities	330	176
Non-current liabilities, interest-bearing	20,915	17,548
Non-current liabilities, interest-free	26	-
Current liabilities, interest-bearing	453	3,416
Current liabilities, interest-free	**6,341**	4,118
Liabilities total	**28,066**	**25,259**
Equity and liabilities total	**41,471**	**31,926**

Consolidated Cash Flow Statement under IFRS and FAS for the Nine-Month Period Ended 30 September 2014 and 2013 and for the Years Ended 31 December 2013, 2012 and 2011

	For the nine-month period ended 30 September		For the year ended 31 December			
	2014	2013	2013	2012	2012	2011
	(unaudited - IFRS)		*(audited – IFRS)*	*(unaudited – IFRS)*	*(audited – FAS)*	
	(in € thousand)					
Net cash from operating activities[(1)]	(6,527)	(4,526)	(8,176)	(4,468)	13,338	5,302
Net cash used in investing activities[(1)]	(933)	(454)	(990)	(736)	(18,517)	(14,491)
Net cash used in financing activities	(392)	5,592	25,110	2,410	2,409	13,092
Net increase/(decrease) in cash and cash equivalents	(7,852)	612	15,944	(2,794)	(2,769)	3,903
Exchange gains/(losses) on cash and cash equivalents	(331)	(164)	(1,087)	240	213	(164)
Cash and cash equivalents at beginning of the period	**17,528**	**2,671**	**2,671**	**5,225**	**5,225**	**1,485**
Cash and cash equivalents at the end of the period	**9,346**	**3,119**	**17,528**	**2,671**	**2,671**	**5,225**

(1) The higher value of net cash from operating activities by €17.8 million in 2012 according to FAS in comparison to IFRS, and lower value of net cash used in investing activities by €17.8 million in the same year according FAS in comparison to IFRS, is caused by a different presentation of cash flows related to the Group's loan portfolio (loans granted and proceeds from repayment of loans). Under FAS, the cash flows related to the loan portfolio were presented under investing activities, but under IFRS they are presented under operating activities.

Other Financial and Operating Data under IFRS and FAS for the Nine-Month Period Ended 30 September 2014 and 2013 and for the Years Ended 31 December 2013, 2012 and 2011

	For the nine-month period ended 30 September		For the year ended 31 December			
	2014	**2013**	**2013**	**2012**	**2012**	**2011**
	(unaudited - IFRS)		*(unaudited unless otherwise stated - IFRS)*		*(unaudited unless otherwise stated - FAS)*	
	(in € thousand except where otherwise indicated)					
EBIT(1)	8,466	5,744	7,329	8,574	6,788	3,530
EBIT margin (in %)(2)	17.1	13.2	12.6	17.5	14.4	10.5
EBITDA(3)	8,900	6,137	7,855	9,065	7,297	3,915
EBITDA margin (in %)(4)	18.0	14.1	13.5	18.5	15.5	11.6
Credit volume(5)	122,685	113,681	162,969	126,016	126,016	67,806
Receivables from customers(6)	56,594	45,420	44,683	37,923	32,917	21,935
Active and former customers (in thousands)(7)	898	725	761	591	591	453
Total user accounts (in thousands) (8)	2,810	1,770	1,873	1,377	1,377	1,093
New customers (in thousands) (9)	137	134	183	162	162	160
Employees (FTE)(10)	352	305	310	257	257	206

(1) Earnings before interest and tax (EBIT) is shown in the consolidated income statement as "Operating profit". Audited for the years ended 31 December 2013 (IFRS) and 31 December 2012 and 2011 (FAS).
(2) The EBIT margin is calculated by dividing operating profit by revenue.
(3) Earnings before interest, tax, depreciation and amortization (EBITDA) is calculated by adding depreciation and amortization to operating profit. See "*Presentation of Financial Information – Non-GAAP measures*" for more information. The following table provides reconciliation from operating profit to EBITDA:

	For the nine-month period ended 30 September		For the year ended 31 December			
	2014	**2013**	**2013**	**2012**	**2012**	**2011**
	(unaudited)		*(unaudited unless otherwise stated - IFRS)*		*(unaudited unless otherwise stated - FAS)*	
	(in € thousand except where otherwise indicated)					
Operating profit	8,466	5,744	7,329*	8,574	6,788*	3,530*
Depreciation and amortization	434	393	527*	491	509*	386*
EBITDA	**8,900**	**6,137**	**7,855**	**9,065**	**7,297**	**3,915**

*Audited

(4) The EBITDA margin is calculated by dividing EBITDA by revenue.
(5) Credit volume is defined as the paid-out credit volume (cash flow) in the relevant reporting period. Paid-out credit volume only includes the sum actually paid out to the creditor. Applicable fees and interest are, in contrast, reflected as receivable according to the effective interest rate method on the balance sheet and in the income statement, but are not included in cash flow as these are not paid out. Incoming and outgoing cash flows are not netted. Extensions get reflected in the cash flow statement only with the extension fee as incoming cash flow. Please note that only the changes in outstanding volumes from Plusloans (repayments) and Credit limit (repayments and withdrawals) appear as cash flows, while the overall balance for these products is not included in the credit volume.
(6) Receivables from customers is defined as the amount of loans outstanding at the reporting date from the individuals plus together related earned part of interest and fee income (process, rescheduling and reminder fees) and reduced by collective impairment allowances. Audited for the years ended 31 December 2013 (IFRS) and 31 December 2012 and 2011 (FAS).
(7) Active and former customers are the aggregate number of customers, who have received a loan at least once in the past. As of 31 December 2014, active and former customers totalled 959 thousand.
(8) Total user accounts are the total number of registered accounts in our database consisting of all people who have applied for a loan in the past at least once and remain registered in our database. These total user accounts thus relate to people who either (i) have been granted a loan recently and thus are active customers, or (ii) have been granted a loan in the past and are thus former customers, or (iii) have never been granted a loan, but remain registered in our database. As of 31 December 2014, total user accounts amounted to 2,817 thousand (at the end of 2014, we conducted a thorough review of our database user accounts and eliminated all entries for which the user was not reachable; this resulted in an elimination of 417 thousand user accounts from our database).
(9) New customers show additional customers which received a loan during the relevant reporting period but had not received a loan previously. For the period from 1 January 2014 to 31 December 2014, total new customers were 198 thousand.
(10) Number of employees based on a full-time equivalent basis at the end of the period.

Bridge Accounting

Until 31 December 2012, the consolidated financial statements of the Group have been prepared in accordance with FAS. Certain accounting, valuation, classification and presentation principles under FAS have been adjusted to comply with IFRS in the IFRS Financial Statements of the Group.

The date of transition from FAS to IFRS was 1 January 2012. The IFRS financial statements for the year ended 31 December 2013 include comparative information for the financial year ended 31 December 2012, which is restated in accordance with IFRS. The following summarizes the main differences between the accounting policies applied by the company under FAS and IFRS:

Revenue recognition

Under FAS, the Group recognized the fees associated with its consumer loan lending activities either on the date of the loan issue (process fees, prolonging fees) or on a cash basis (reminder fees, monthly fees). Under IFRS, such fees are considered part of the loan origination that should be amortized from loan inception over the loan period using the effective interest method. Accordingly, the Group has adjusted revenue, accounts receivable - microloans and impairment on loans. Adjustment to accounts receivable - microloans, net of adjustment of impairment on loans, in the opening balance sheet as of 1 January 2012 was a decreased by €1.2 million and the net impact of related adjustments after taxes to the opening equity was a decrease of €1.0 million. The revenue was increased by €1.8 million, impairment on loans was decreased by €0.7 million and accounts receivable – microloans for the financial year ended 31 December 2012 was increased by €1.0 million respectively.

Financial assets and liabilities

The Group has sold certain financial assets to an external party and derecognized such financial assets against the consideration received. Under the contract terms, the Group has an obligation to repurchase the sold financial assets in case of a payment default. Therefore, the Group retains substantially all of the credit and late payment risk and should therefore continue to recognize the financial assets and also recognize a financial liability for the consideration received. Under IFRS the Group has recognized financial assets (net of credit loss reserve) of €4.6 million as at 1 January 2012 and €4.8 million as at 31 December 2012 respectively. Furthermore, it has recognised a financial liability of €4.8 million and €5.0 million as at 1 January 2012 and 31 December 2012, respectively.

In 2012, the Group obtained financing from an external party against certain financial assets. Under FAS the cash received for financing transaction was netted against the financial assets. Under IFRS offsetting financial assets and liabilities is not generally permitted. The Group adjusted the net presentation and recognised a financial liability. The reclassification from financial assets to financial liabilities amounted to €0.3 million as at 31 December 2012.

Ferratum Capital Poland has issued bonds in the Polish bond market Catalyst on the Warsaw Stock Exchange in 2011 and 2012. Under FAS, the transaction costs relating to the bond issue have been capitalized as other assets. Under IFRS, the borrowings are initially recognized at fair value, net of transaction costs incurred and later carried at amortised costs using the effective interest method. Therefore, under IFRS, the Group has adjusted the financial liabilities with a negative adjustment of €0.1 million and just €11 thousand as at 1 January 2012 and 31 December 2012, respectively

Other IFRS impacts

Under FAS, the Group had goodwill of €22 thousand as at the transition date 1 January 2012 and €7 thousand as at 31 December 2012. The Group has chosen to apply IFRS 3 *Business Combinations* retrospectively to all acquisitions prior to transition to IFRS and as the existing goodwill recognised pertains to acquisitions that do not qualify as a business combination under IFRS 3, all goodwill under FAS was derecognized to retained earnings.

In 2012, the Group obtained derivative instruments for its risk management activities. Under FAS, the Group has not recognized such derivatives. Under IFRS the fair value of such instruments has to be recognized and thus, the Group adjusted the other current liabilities with €0.1 million as at 31 December 2012.

The Group operates an equity settled share-based compensation plan. An expense of €0.1 million was recognised related to the share-based compensation plan during the year ended 31 December 2012.

Presentation

In conjunction with the transition to IFRS, the Group adjusted its presentation of the consolidated income statement, the consolidated statement of financial position and the consolidated cash flow statement in its first IFRS Financial Statements. The adjustments in presentation mainly related to differences in terms of line items presented under FAS and under IFRS and reclassifications described below.

As of 31 December 2012, the most significant reclassifications for the consolidated statement of financial position related to:

- deferred tax assets that were reclassified from current assets under FAS to non-current assets under IFRS,
- accounts receivables on microloans that were reclassified from current receivables under FAS to accounts receivables-microloans under IFRS
- income tax assets that were reclassified from current receivables under FAS to income tax assets under IFRS
- profit/loss for the period under FAS that is presented as part of the retained earnings under IFRS
- current liabilities, interest free under FAS that were reclassified to income tax liabilities, trade payables and other current liabilities

For the year ended 31 December 2012, the most significant reclassifications for consolidated income statement related to:

- personnel expenses under FAS that were reclassified to selling, marketing and administration expenses under IFRS
- other operating expenses under FAS that were reclassified to impairments on loans and to selling, marketing and administration expenses under IFRS
- financial income and expenses under FAS were reclassified as finance income and finance costs
- extraordinary items under FAS were reclassified to other income under IFRS

For the year ended 31 December 2012, the most significant reclassification for consolidated cash flow statement related to:

- Under FAS, the cash flows related to the loan portfolio were presented under investing activities, but under IFRS they are presented under operating activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Consolidated Financial Statements included elsewhere in this Prospectus as well as other financial information included in this Prospectus and "Selected Financial and Operating Information." The discussion below includes an analysis of our financial condition and historical results of operations. It also includes descriptions of certain factors that have affected, and may continue to affect our business, results of operations, and financial condition. The impact of these and other potential factors may vary significantly in the future.

The consolidated financial statements for the year ended on 31 December 2013 were prepared in accordance with IFRS. These consolidated financial statements include unaudited comparative financial information for the year ended 31 December 2012 prepared in accordance with IFRS. The consolidated financial statements for the years ended 31 December 2012 were, however, prepared in accordance with the FAS. Because of the first time adoption of IFRS in 2013, the financial information for the years 2011, 2012, and 2013 is not directly comparable. The date of transition from FAS to IFRS principles applied in Group accounting and reporting is 1 January 2012. Details about transition procedures and financial impacts are presented below under the section "Selected Financial and Operating Information – Bridge Accounting".

In addition, the following discussion includes forward-looking statements, which, although based on assumptions that we consider reasonable, are subject to risks and uncertainties that could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. For a discussion of some of those risks and uncertainties, see "General Information – Forward-looking statements" and "Risk Factors."

Any financial information in the following tables labelled as "audited" has been taken from the Audited Consolidated Financial Statements. The financial information under IFRS for the year ended 31 December 2012 in the following tables has been taken from the comparative financial information for the audited consolidated financial statements for the year ended 31 December 2013 prepared under IFRS and it is therefore unaudited. Any other financial information in the following tables labelled as "unaudited" has not been taken from those Audited Consolidated Financial Statements.

Figures presented in this Prospectus are commercially rounded up or down to whole Euros, thousands of Euro or millions of Euro. All percentages are commercially rounded up or down and are based on reported unrounded numbers included in the Consolidated Financial Statements. Due to rounding, the sum of the individually rounded figures may not equal the rounded total figure in all cases. Accordingly, in certain instances, the sum of the numbers in a column or row in tables may not conform exactly to the total figure given for that column or row.

Introduction

We are an international provider of unsecured mobile consumer loans headquartered in Helsinki, Finland. We have expanded our operations since 2005 to 19 countries and as of 31 December 2014 had 1.0 million active customers and former customers who have been granted one or more loans in the past as well as 2.8 million total user accounts registered in our database. Our business is designed around easy and transparent loans to consumers and can be accessed through the internet or mobile devices with loan approval usually occurring within minutes after a multitude of financial background checks and profiling.

Our annual revenues in 2013 amounted to €58.2 million, and our operating profit totalled €7.3 million with a pre-tax profit of € 3.9 million (pre-tax profit margin of 6.7%). As of 30 September 2014, we had cash and cash equivalents of €9.3 million and accounts receivable – consumer loans of €56.6 million outstanding on our balance sheet and employed 352 employees. We categorize our business into two geographical regions, West (including New Zealand and Australia) with €33.9 million in revenue in 2013 and East with €24.3 million in revenue in 2013.

Key Factors Affecting our Results of Operations

We believe that the following factors have affected our results of operations in the past three fiscal years and in 2014, and may continue to affect our business, results of operations, and financial condition. The impact of these and other factors may vary significantly in the future.

Geographic expansion across Europe, to Australia and to New Zealand

Our core strategy is the expansion of our operations to a wide range of countries. While we were operating in only 13 countries in 2009, we consistently grew our operations since then and expanded to 17 countries by 2011 and currently operate in 19 countries. Most recently, we started operations in Romania and Germany in early 2014 and are in the planning stage to start operations in three further countries. We envisage entering one more country every three to six months on average and reach 30 operative countries in the mid-term. The expansion strategy was the principal driver for our revenue growth, with revenues amounting to €33.7 million (FAS) in 2011 and €58.2 million (IFRS) in 2013. We generated revenues of €49.4 million in the first nine months of 2014.

After entering a new country, we cautiously aim to increase our business until we reach the break-even point in the past break-even has usually been achieved after 6-12 months and then accelerate our business growth. As a result, while we consistently increased the number of countries we operate in, several of the markets we entered in recent times are still in the upstart phase and only account for a small part of our total revenues. We expected that our revenues in those markets will grow significantly in size in the mid-term. As an example, in the first nine months of 2014 we registered strong revenue growth in Australia and the UK, two countries where we had entered a few years ago but only started significantly growing our operations late in 2013. Once we have operated in a country for several years, we consider it a mature market in which we currently operate with an average EBIT margin of more than 30%.

We operate a mobile technology distribution channel that allows us to implement a similar strategy in every new country of operation. We have used this universal common business platform to start business operations efficiently in new countries.

Price pressure from competition and regulatory changes

The consumer credit market is a highly competitive market. Competition has significantly impacted the margins and profitability of companies operating in the mature market segments of the consumer credit market in Europe. Additionally, price pressure also exists due to regulatory measures, in particular as a result of consumer protection concerns by governments. While there was strong volume growth across Europe and Asia Pacific in personal lending in recent years, profits in the small consumer loan segment of the overall consumer credit market as a result of competition and regulatory measures only grew moderately. Many of the banks which have entered the market are offering low-price products in traditional consumer lending (as opposed to the mobile small consumer loan segment). Additionally, banks have increasingly started to offer credit cards to customers.

We are only active in a sub-segment of the overall consumer credit market. The products we offer in this market segment target customers who are attracted by the easiness of use, especially through mobile devices and lean processes (fast and hassle-free). While the overall consumer credit market is highly competitive, we took advantage of the strong market growth of smaller mobile consumer loans, as this is one of the newest and fastest growing segments of the consumer credit market.

While we believe the mobile consumer loan sub-segment of the consumer credit market is less competitive than other sub-segments, we have experienced that competition has been intensifying in the last years and many smaller players have emerged, especially in markets with low levels of regulation such as the UK. Recently, the regulative environment has, however, tightened in many of the European markets, especially those which are mature and have historically had low regulatory thresholds of market entry (for more information on the regulatory environment, see "*Regulation*").

In the last three years, some of our country subsidiaries were affected by significant legal changes in the respective countries. In each case, we took the necessary steps to strictly comply with the new legislation, including changes in documentation but also in products and pricing as well as marketing and sales processes. The complex set of changes resulted in decreasing revenues in some jurisdictions initially, but in most cases we were able to adapt and increase our revenues after a period when our changed models took effect.

Diversification of our Product Mix

Initially, we principally offered our microloan product to customers, which has an average maturity of slightly above 30 days and an average loan amount of slightly above €200. To be able to better serve our customers and to comply with regulations, we subsequently expanded our product portfolio to include larger instalment loans as well as revolving credit line products for larger amounts than typically offered through microloans. These larger products have been particularly successful in markets where good credit information is available and payment behaviour tends to be more predictable such as the Nordic and Baltic countries. We currently offer PLUS loans in eight countries and our Credit Limit product in four countries. In addition, we also launched a merchant focused product (FerBuy) that provides costumers a financing option for purchases made online. In the first nine months of 2014, our microloans provided 77% of our revenues, while our Credit Limit product accounted for 18% of our revenues, Plus Loans for 5% and FerBuy for less than 1%. The diversification and expansion of our product portfolio contributed to the overall increase in credit volume and revenues has increased the average loan amount per customer and the average maturity of loans granted. As a result, the revenue per customer in a given period has also increased.

Technological changes and changes in the market environment

We believe that the consumer credit market is expected to grow further as a result of various trends that have impacted us in the past:

- the digitalization of traditional financial services, in particular a further trend towards mobile phone consumer credit products;
- the technological progress resulting from the revolution in payment methods (e.g. PayPal, Klarna, mobile loans);
- new players entering the payments and financial markets (e.g. Apple, Google Mobile operators and government authorities);
- traditional players like Visa and Mastercard are moving into new technology payments (e.g. Paypass and mobile payments); and
- changes in attitudes of customers as manifested in the rise of social lending – peer-to-peer social lending via internet (e.g. LendingClub, Zopa UK Loans, Kokos Poland, Kiva USA, Smava Germany).

We expect that these trends in technological and market environment will further impact our business by changing the competitive landscape, the regulatory environment and the adoption of consumer credit products by consumers.

Payment behaviour and the Group's risk management

Credit losses (impairments on loans) are the biggest cost component for the Group and relate to the payment behaviour of customers. The level of credit losses at the Group are influenced by:

- *Scoring:* Based on payment behaviour we permanently seek to improve the quality of our scoring model. Especially in the first 12 months after entering a new market strong improvements can be achieved by making the scoring more country specific based on an a growing local database. Besides a new customer scoring, we use a scoring for existing customers strongly influenced by payment behaviour. The majority of our loans and of our revenues are derived from repeat customers – as a result the behavioural score is the most relevant for us. The credit losses of existing customers are usually lower than for new customers (for more information on scoring, please see "*Business - Overview of the Process Credit Scoring, Delivery and Collection of Loans*").

- *Collection processes and sales of loan portfolio:* In most countries, we have implemented early collection (up to 60 days after due date) with internal resources. In this phase of collection, it is usually possible to recover 30% or more of the loans that were open on due date (generally 75% of all outstanding loans are collected 7 days after the due date, and 90% are collected after 180 days). Thereafter any open loan is, in most countries, passed on to external collection agencies and the collectable amount decreases over time. We seek to sell overdue debt when a good price can be achieved. In new countries it takes some time once enough statistical information is available about the payment behaviour of our customer base. In countries where our business revenue is smaller, the sale of loan portfolios are completed once enough volume is available – ideally once a year. In some countries, we have a permanent debt sale program (Forward Flow) where overdue debt is sold on a pre-defined day after due date (14-75 days) according to a defined pricing table. Loan receivables which are due more than 181 days are currently written-off by about 70% (in the past they were usually written off by about 50% to 70%). The annual long-term default rate as of 2014 is approximately 7% and is defined as impairment on loans divided by loan sales over the period including outstanding loans at the end of the period.

- *Reserving model*: Impairments on loans are calculated based on the so called "Gross Roll Rate Model and Transition Matrices", a mathematical model, which measures the probability of delinquency based on payment behaviour and calculates the required provisions for impairment of loan receivables accordingly. The need for a provision based on the reserve model may be adjusted, by taking into account the market value of impaired receivables t, i.e. expected or recent sales prices for overdue loans.

In the last few years, the ratio of credit losses to revenues has fluctuated. In generally, we target a risk level of between 25% and 30% of revenues. However, in 2013, our credit losses on loans amounted to €21.6 million or 37.1% of our 2013 revenues. Subsequently, the credit loss ratio decreased significantly to 28.7% in the nine month period ended 30 September 2014. The reason for the temporary increase can be contributed to our geographic expansion growth strategy. In Australia and in the UK, where very strong revenue growth was achieved, the target risk levels were also exceeded as a result of this strong growth and a resulting smaller proportion of repeat customers with lower credit losses.

Refinancing

Our revenue has grown strongly in the last three years. Our credit portfolio has grown accordingly and we plan to continue our rapid growth through geographic expansion and the introduction of new loan products with longer payment terms (PLUS Loans and Credit Limit) in more of the markets in which we operate. The expansion of our credit portfolio and especially the diversification into credit products with longer payment terms is more capital intensive than short term consumer loans.

Refinancing of our quickly growing credit portfolio has sometimes been challenging in the past, as traditional banks have been reluctant to provide financing to other lenders. As a result, we have increasingly relied on the bond markets for financing our business, especially through bonds issued in Germany and Poland.

Historically, our strong geographic expansion and growth path has been impacted by the availability of debt capital. For instance, in 2013 we issued a €25 million bond in Germany in October. After the receipt of the funds from the bond, we could again change our operational credit policy strategy and continue the Group's growth strategy. We expect that the proceeds of the Offering will help us maintain further growth in our credit volumes in line with our geographic and overall expansion plans.

The global economic environment, specifically economic developments in Europe, and growth in the consumer credit market in Europe and in Asia Pacific

We operate in the consumer credit market, principally in the sub-segment of mobile consumer loans. In contrast to many other businesses, the demand for our mobile consumer loans is only moderately impacted by economic development in the countries we are operating in. However, in the past economic developments in EU countries such as Spain, Greece, Portugal and Italy, which continue to struggle from the effects of the sovereign debt crisis and global financial recession and have high unemployment rates, have affected us. The effect from economic developments partially changes the average consumer profile of our customers, which can have an effect on our scoring models, rejection rates and overall risk profile in a country. We have, in the past, been able to successfully adapt our business model to economic developments in the countries we operate in.

Explanation of Key Income Statement Items in our IFRS Financial Statements

Revenue

Our revenue comprises process fees, prolonging fees, reminder fees, overdue fees and interest on our consumer loans as well as guarantee income. The majority of our revenue relates to process fees as an inherent element of consumer loans provided to customers. All other types of fees are generated only in certain circumstances: prolonging fees are charged if customers require a loan prolongation, reminder and overdue fees are charged if the loan liabilities of customers are not repaid at maturity. Guarantee income refers to payments by customers to the Group for guarantees provided by a Group company in connection with a consumer loan taken out by a customer, whereas the loan provider can be within the Group or outside the Group.

The recognition of the majority of our revenue is based on the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability, whereby the interest income or interest expenses is allocated over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

We are operating in two reportable segments. Operating segments are based on Group's management structure which consists of two geographical regions: West and East. The Western region includes Australia, New Zealand, UK, Spain, Germany, Netherlands, Belgium, Sweden, Denmark, and Finland. The Eastern region includes Estonia, Lithuania, Latvia, Poland, the Czech Republic, Slovakia, Croatia, Bulgaria, Romania and Russia. In the Western region we are currently starting activities to expand into Norway and Canada and in the Eastern region we are currently aiming to add Turkey to our operational countries.

Other income

We recognize the income and profits that we cannot earn directly from our loan portfolio (e.g. sale of tangibles, taxes refunds etc.) under this line item. Other income is normally of temporary character and is usually not significant.

Selling, marketing and administration

Selling, marketing and administration expenses relate to (i) personnel expenses, (ii) selling and marketing expenses, (iii) lending expenses, and (iv) other selling, marketing and administration expenses.

Personnel expenses is the largest of these four selling, marketing and administration expenses items and principally relates to the salaries and other employee benefits, contributions to employee pension plans, certain other personnel expenses, and share-based payments.

Selling and marketing expenses are the second largest class of expense within selling, marketing and administration expenses and principally relate to internet marketing and fees for partners providing brokerage services. The composition and the amounts of the various parts that make up selling and marketing expenses are of significant importance to us, so we constantly monitor these expenses in order to ensure they are in line with our strategy.

Lending expenses relates to scoring, invoicing and collection costs.

The major part of other selling, marketing and administration expenses relate to factoring agreements in Finland that commenced in 2012. These agreements were terminated in 2014. Another significant part of other selling, marketing and administration expenses relate telecommunication costs that increased in 2013 due to the growth in our customer base and loan portfolio.

Impairments on loans

Impairments on loans refer to the reserving requirements of the Group calculated based on the mathematical models. These models measure the probability of delinquency based on customer's payment behaviour and calculate the required risk provisions for impairment of loan receivables (reserves) accordingly. The need for a provision based on the reserve model may be adjusted, by taking into account the market value of impaired receivables t, i.e. expected or recent sales prices for overdue loans.

Depreciation and amortization

Depreciation and amortization refer to the depreciations of the company's equipment, principally its office equipment, and the amortization of trademarks, licenses, and IT software.

Other operating expenses

Other operating expenses are composed of (i) rent and other office expenses, (ii) travel expenses, (iii) professional fees (excluding audit fees), (iv) audit fees, and (v) other expenses, principally regulatory and license fees, insurance fees, bank fees, and IT-hosting .

Finance income and finance expenses

Finance income principally relates to interest on cash and cash equivalents, foreign exchange gains and derivatives held for trading.

Finance expenses principally relate to the Group's obligations to pay interest on its bonds. In addition, it includes losses on derivatives held for trading, foreign exchange losses, and other financing expenses.

Income tax expense

Income tax expense includes current tax on profits in our countries of operation, adjustments with regards to previous years, as well as changes in deferred taxes.

Comparison of our Results of Operations for the Nine Month Periods ended 30 September 2014 and 2013

The following table shows our consolidated income statement for the nine months ended 30 September 2014 and 2013 prepared in accordance with IFRS:

	Nine-month period ended 30 September	
	2014	2013
	(unaudited)	
	(in € thousand)	
Revenue	49,429	43,418
Other income	80	67
Impairments on loans	(14,207)	(15,038)
Selling, marketing and administration	(19,404)	(16,487)
Depreciations and amortization	(434)	(393)
Other operating expenses	(6,998)	(5,824)
Operating profit	**8,466**	**5,744**
Finance income	72	26
Finance costs	(2,745)	(2,022)
Finance costs – net	(2,673)	(1,997)
Profit before income tax	**5,793**	**3,747**
Income tax expense	(1,196)	(316)
Profit for the period	**4,597**	**3,430**

Revenue

Revenue increased from €43.4 million in the first nine months of 2013 to €49.4 million in the first nine months of 2014, as a result of our geographic expansion, organic growth in existing markets and product diversification. Revenue in the East increased from €19.8 million to €20.1 million and revenue in the Western region increased from €23.6 million to €29.3 million. The principle revenue growth drivers were Western region countries with the relatively new operating countries Australia, New Zealand and the United Kingdom experiencing strong revenue growth, as well as Finland where the change in product mix due to the introduction of the Credit Limit product contributed to revenue growth.

Active and former customers increased to 897,690 as of 30 September 2014 (compared with 725,123 as of 30 September 2013). The number of total user accounts in our database increased to 2,809,715 as of 30 September 2014 (compared with 1,770,039 as of 30 September 2013) with users with registered accounts only who have not received a loan in the past increased to 1,912,025 as of 30 September 2014 (compared with 1,044,916 as of 30 September 2013).

Other income

Other income totalled €0.1 million in both the first nine months of 2013 in the first nine months of 2014.

Selling, marketing and administration

The following table shows the development of our selling, marketing and administration expenses in the first nine months of 2014 in comparison with the first nine months of 2013:

	Nine months ended 30 September	Share of total selling, marketing and administration expenses	Nine months ended 30 September	Share of total selling, marketing and administration expenses	
	2014		2013		Growth rate
	(unaudited)		*(unaudited)*		*(unaudited)*
	(in € thousand)	*(in %)*	*(in € thousand)*	*(in %)*	*(in %)*
Personnel expenses	7,852	40.5%	6,954	42.2%	12.9%
Selling and marketing expenses	6,173	31.8%	4,773	28.9%	29.3%
Lending expenses	3,168	16.3%	2,022	12.3%	56.7%
Other administrative expenses	2,211	11.4%	2,738	16.6%	(19.3)%
Total	**19,404**	**100.0%**	**16,487**	**100.0%**	**17.7%**

Selling, marketing and administration expenses was €16.5 million (38.0% of revenue) in the first nine months of 2013 and €19.4 million (39.3% of revenue) in the first nine months of 2014. We increased our headcount by 46 employees, specifically as a result of our further geographical expansion and the increased size of our business, which resulted in an increase in personnel expenses from €7.0 million in the first nine months of 2013 to €7.9 million in the first nine months of 2014.

Our lending expenses were €2.0 million in the first nine months of 2013 and €3.2 million in the first nine months of 2014 as a result of the improvements in internal and external scoring systems that caused higher direct cost, and our selling and marketing expenses were €4.8 million in the first nine months of 2013 and €6.2 million in the first nine months of 2014 due to intensified marketing.

Impairments on loans

Impairments on loans decreased from €15.0 million (34.6% of revenue) in the first nine months of 2013 to €14.2 million (28.7% of revenue) in the first nine months of 2014. This was the result of several customer-scoring related issues in various countries in 2013, which we started to improve only in the course of 2013 and further refined in 2014. The increased demand for our products allowed us to significantly extend our gross loan portfolio by €21.5 million (from €77.6 million as of 30 September 2013 to €99.1 million as of 30 September 2014). At the same time our need for provisions has increased by €10.3 million (from €32.2 million as of 30 September 2013 to €42.5 million as of 30 September 2014).

Depreciation and amortization

Depreciation and amortization amounted to €0.4 million in each of the first nine month periods in 2013 and 2014. The depreciation and amortization charges in both years principally related to depreciation for offices and business equipment and amortization charges for IT software.

Other operating expenses

Other operating expenses increased from €5.8 million (13.4% of revenue) in the first nine months of 2013 to €7.0 million (14.2% of revenue) in the first nine months of 2014, principally as a result of our business expansions that led to an increase in rent and other office expenses, an increase in travel expenses, an increase in professional fees (legal, accountancy, consulting fees etc.).

Operating profit (EBIT)

EBIT increased from €5.7 million (13.2% of revenue) in the first nine months of 2013 to €8.5 million (17.1% of revenue) in the first nine months of 2014. This development was principally the result of increased revenues, while impairment of loans slightly decreased despite the growth in the loan volume.

Net finance costs

Net finance costs increased from €2.0 million in the first nine months of 2013 to €2.7 million in the first nine months of 2014. This increase was principally caused by an increase in financing costs as a result of the issuance of the €25 million bond in Germany.

Income tax expense

Income tax expense increased from €0.3 million in the first nine months of 2013 to €1.2 million in the first nine months of 2014, principally as a result of higher current taxes paid on profits in 2014 compared to 2013 as a result of higher profits before tax and the revaluation of deferred tax assets according to IFRS rules.

Profit for the period

Profit for the period was €3.4 million in the first nine months of 2013 compared to €4.6 million in the first nine months of 2014. The increase was principally the result of higher revenues while the impairments of loans decreased, with other expenses including net finance sots and income tax expenses increasing relatively at the same pace as the revenues.

Comparison of our Results of Operations for the Years Ended 31 December 2013 and 2012

Overview

The following table shows our consolidated income statement for the years ended 31 December 2013 and 2012 prepared in accordance with IFRS:

	Year ended 31 December	
	2013	2012
	(audited)	*(unaudited)*
	(in € thousand)	
Revenue	58,198	48,913
Other income	137	872
Impairments on loans	(21,598)	(14,993)
Selling, marketing and administration	(21,202)	(19,565)
Depreciations and amortization	(527)	(491)
Other operating expenses	(7,680)	(6,162)
Operating profit	**7,329**	**8,574**
Finance income	75	1,366
Finance costs	(3,515)	(3,703)
Finance costs – net	(3,440)	(2,337)
Profit before income tax	**3,889**	**6,237**
Income tax expense	(342)	(1,605)
Profit for the year	**3,547**	**4,632**

Revenue

Revenue increased from €48.9 million in 2012 to €58.2 million in 2013, principally as a result of our geographic expansion and faster development of existing markets. While revenue in the East increased moderately from €22.3 million to €24.3 million, revenue in the Western region increased strongly from €26.6 million to €33.9 million. In Eastern Europe, the main drivers of revenue improvements Poland, the Czech Republic and Latvia where the Group benefited from strong market growth and demand for its mobile consumer loans. In the Western Region, several of our operating markets contributed to the revenue increase including good developments in markets where we were scaling up our operations such as the UK and Australia.

The following table shows revenues by segments:

	Year ended 31 December	Share of total revenue	Year ended 31 December	Share of total revenue	
	2013	2013	2012	2012	Growth rate
	(audited)		*(unaudited)*		*(unaudited)*
	(in € thousand)	*(in %)*	*(in € thousand)*	*(in %)*	*(in %)*
East	24,286	41.7%	22,283	45.6%	9.0%
West	33,912	58.3%	26,631	54.4%	27.3%
Total	**58,198**	**100.0%**	**48,913**	**100.0%**	**19.0%**

The aggregate number of active and former customers increased by 28.8% from 591,000 to 761,000. The aggregate number of total user accounts in our database increased from 1,377,000 at the end of 2012 to 1,873,000 at the end of 2013 with users with registered accounts only who have not received a loan in the past increased by 41.5% from 786,000 to 1,112,000.

Other income

Other income totalled €0.9 million in 2012 and €0.1 million in 2013. In 2012, the VAT status of JT Family Holding Oy was reconsidered by the Finnish authorities, and consequently a one-time VAT refund, related to VAT payments taken place in previous years, was booked as other income amounting to €0.8 million. In 2013 no one-time refunds took place.

Selling, marketing and administration

The following table shows the development of our selling, marketing and administration expenses in 2013 in comparison to 2012:

	Year ended 31 December	**Share of total selling, marketing and administration expenses**	**Year ended 31 December**	**Share of total selling, marketing and administration expenses**	
	2013	**2013**	**2012**	**2012**	**Growth rate**
	(audited)		*(unaudited)*		*(unaudited)*
	(in € thousand)	*(in %)*	*(in € thousand)*	*(in %)*	*(in %)*
Personnel expenses	8,760	41.3%	7,300	37.3%	20.0%
Selling and marketing expenses	5,961	28.1%	6,512	33.3%	(8.5)%
Lending expenses	2,851	13.4%	2,893	14.8%	(1.5)%
Other administrative expenses	3,629	17.1%	2,860	14.6%	26.9%
Total	**21,202**	**100.0%**	**19,565**	**100.0%**	**8.4%**

Selling, marketing and administration expenses increased from €19.6 million (40.0% of revenue) to €21.2 million (36.4% of revenue) and thus increased slower than our revenue. We increased our headcount by 54 employees (we had 256 employees as of the end of 2012 and 310 employees as of the end of 2013), specifically as a result of our geographical expansion and the increased size of our business, which resulted in an increase in personnel expenses from €7.3 million in 2012 to €8.8 million in 2013.

Our lending expenses remained stable at €2.9 million in 2012 and €2.9 million in 2013, while our selling and marketing expenses decreased from €6.5 million in 2012 to €6.0 million in 2013. Due to the positive business developments in key markets where demand for consumer loans was strong, we did not need to increase our selling and marketing expenses in 2013. Additionally, we consciously focused on a cost-saving approach in relation to such expenses in 2013.

Impairments on loans

Impairments on loans increased from €15.0 million (30.7% of revenue) in 2012 to €21.6 million (37.1% of revenue) in 2013. This was the result of strong growth in countries such as Australia and the UK, which was partially financed through the bond issuance in Poland and Germany and several customer-scoring related issues in various countries, which we started to improve only in the course of 2013. The increased demand for our products allowed us to significantly extend our loan portfolio by €25.3 million (from €57.1 million at the end of 2012 to €82.4 million at the end of 2013). At the same time our need for provisions has increased by €18.5 million (from €19.1 million at the end of 2012 to €37.7 million at the end of 2013).

Depreciation and amortization

Depreciation and amortization amounted to €0.5 million in each of 2012 and 2013. The depreciation and amortization charges in both years principally related to depreciation for offices and business equipment and amortization charges for IT software.

Other operating expenses

Other operating expenses increased from €6.2 million (12.6% of revenue) in 2012 to €7.7 million (13.2% of revenue) in 2013, principally as a result of our business expansions that led to an increase in rent and other office expenses from €0.9 million in 2012 to €1.2 million in 2013, an increase in travel expenses from €1.0 million in 2012 to €1.1 million in 2013, an increase in professional fees (legal, accountancy, consulting fees etc.) from €2.0 million in 2012 to €2.5 million in 2013, and an increase in other expenses from €2.0 million in 2012 to €2.7 million in 2013. Licenses and insurances fees were among the major reasons for such increase.

Operating profit (EBIT)

EBIT decreased from €8.6 million (17.5% of revenue) in 2012 to €7.3 million (12.6% of revenue) in 2013. While revenue increased strongly and selling, marketing and administration expenses increased less than revenue principally due to lower sales and marketing costs, the 2013 EBIT was affected by a strong increase in impairments on loans by €6.6 million (from €15.0 million in 2012 to €21.6 million in 2013). The 2013 results were impacted by (i) preparing entry in Germany and Romania, (ii) cautious use of cash and reduced lending in the third quarter of 2013 before the German bond issuance was completed and funds could be used for further growth (ii) higher impairments on loans in some countries specifically the United Kingdom, Poland, New Zealand and Australia which, however, achieved our target risk ratios later in 2013 and (iii) other extraordinary costs such as our exit of operations from Belgium and the start of banking activities through our Malta bank.

Net finance costs

Net finance costs increased from €2.3 million in 2012 to €3.4 million in 2013. While finance costs remained relatively stable in 2013 (€3.7 million in 2012 to €3.5 million in 2013) finance income decreased from €1.4 million in 2012 to only €0.1 million in 2013. In 2012, finance income was positively affected by significant foreign exchange gains on liabilities denominated in non-euro currencies which did not take place in 2013.

Income tax expense

Income tax expense decreased from €1.6 million in 2012 to €0.3 million in 2013, principally as a result of lower current taxes paid on profits in 2013 compared to 2012 as a result of lower profits before tax. In addition, we were able to utilise deferred tax assets from previously unrecognized tax losses of €1.0 million in 2013 to offset tax liabilities while in 2012 only €0.2 million could be utilised.

Profit for the year

Profit for the year was €4.6 million in 2012 compared to €3.5 million in 2013. The decrease was principally due to higher impairments on loans and lower foreign exchange gains in 2013 compared to 2012, despite a strong increase in revenue and an only moderate increase in selling, marketing and administration expenses and other operating expenses.

Comparison of our Results of Operations for the Years Ended 31 December 2012 and 2011 (FAS)

Overview

The following table shows our consolidated income statement for the years ended 31 December 2012 and 2011 prepared in accordance with FAS:

	Year ended 31 December	
	2012	2011
	(audited)	
	(in € thousand)	
Revenue	47,157	33,704
Other operating income	54	114
Materials and services	(5,752)	(5,685)
Personnel expenses	(7,168)	(4,948)
Depreciation, amortization and impairment	(509)	(386)
Other operating expenses	(26,992)	(19,269)
Operating profit	**6,788**	**3,530**
Financial income and expenses	(2,214)	(1,599)
Profit/loss before extraordinary items	**4,574**	**1,931**
Extraordinary items	818	0
Profit/loss after extraordinary items	**5,392**	**1,931**
Income tax	(1,415)	(526)
Profit/loss for the period	**3,977**	**1,405**

Revenue

Revenue increased from €33.7 million in 2011 to €47.2 million in 2012 as a result of geographic diversification and underlying market growth. The major developments were provided by such countries as Poland, Czech, Finland, Sweden, and Netherlands in particular by the development of new products to the customers.

Active and former customers increased by 30.5% from 453,000 to 591,000. The total number of user accounts in our database increased from 1,093,000 at the end of 2011 to 1,377,000 at the end of 2012 with users with registered accounts only who have not received a loan in the past increased by 22.8% from 640,000 to 748,000.

Materials and services

Materials and services include scoring costs, invoicing costs, phone and SMS-messages costs, collection and factoring agreement related costs.

Materials and services amounted to €5.7 million in 2011 and €5.8 million in 2012. The relative stability of expenses relating to materials and services was principally the result of effective cost control activities that took place in 2012.

Personnel expenses

Under FAS, unlike IFRS, all staff costs incurred throughout the Group are presented in the line item personnel expense.

Personnel expenses increased from €4.9 million in 2011 to €7.2 million in 2012 as a result of the expansion of the business with the average number of employees working for the Group in 2011 in amount of 148 and average number of employees in amount of 202 in 2012.

Depreciation, amortization, and impairment

Depreciation, amortization, and impairment amounted to €0.4 million in 2011 and €0.5 million in 2012. The increase was due to both higher depreciation charges on equipment and amortization of software and other intellectual property, such as self-created software.

Other operating expenses

Other operating expenses in our FAS Consolidated Financial Statements principally include sales, marketing, and administrative expenses and impairments on loans.

Other operating expenses increased from €19.3 million in 2011 (57.2% of revenues in 2011) to €27.0 million in 2012 (57.2% of revenues in 2012). The increase was principally caused by higher impairments on loans as a direct result of business growth and lending growth for consumer loans. In addition, selling, marketing, and administration expenses increased from €10.9 million in 2011 to €12.6 million in 2012.

Operating profit (EBIT)

Operating profit increased from €3.5 million in 2011 to €6.8 million in 2012, principally as a result of strong revenue growth related to an increased number of customers in existing markets as well as geographic expansion.

Financial income and expenses

Financial income and expenses grew from €1.6 million in 2011 to €2.2 million in 2012. While interest and financial expense increased from €3.4 million in 2011 to €3.6 million in 2012, interest and financial income fell from €1.8 million in 2011 to €1.4 million in 2012. The finance income of 2012 was positively affected by significant foreign exchange gains on liabilities denominated in non-euro currencies while no comparable foreign exchange gains occurred in 2011.

Extraordinary items

We accounted for extraordinary income of €0.8 million in 2012 as a result of a one-time VAT refund from previous years as the VAT status of the Company was reconsidered by the Finnish tax authorities. There was no such extraordinary income in 2011.

Income tax

Income tax increased from €0.5 million in 2011 to €1.4 million in 2012. The strong increase was principally caused by lower deferred taxes offsetting our increased current tax charges in 2012.

Profit for the year

Profit for the year increased from €1.4 million in 2011 to €4.0 million in 2012 as a result of our strong business growth, extraordinary income from a government refund in 2012, partially offset by lower interest and financial income in 2012 compared to 2011 and a higher income tax charge in 2012 compared to 2011.

Liquidity and Capital Resources

Our principal long-term funding sources are debt capital raisings on the capital markets through bonds. The largest outstanding bond is the €25 million German bond with 8% fixed interest rate we issued in October 2013. On a day-to-day basis, our business is funded through the continued repayment of loans from customers with loan receivables as of 30 September 2014 of €56.6 million.

Interest bearing liabilities

The following table provides a break-down of our interest bearing liabilities as of 30 September 2014:

	As of 30 September 2014
	(unaudited)
	(in € thousands)
Non-current bank borrowings	-
Non-current bonds issued	29,115
Total non-current interest bearing liabilities	**29,115**
Current bank borrowings	7,822
Current bonds issued	7,464
Current deposits from customers	1,769
Total current interest bearing liabilities	**17,055**
Total interest bearing liabilities	**46,170**

The major interest bearing liability is our €25 million German bond issued in October 2013. It has a maturity of five years and includes customary terms and conditions including events of default, a cross-default, a change of control provisions, and redemption provisions for taxation reasons. The bond is ranked senior and is unsecured. It has a fixed interest rate of 8% and does not include any financial covenants. The bond also includes a change of control provision under which the bondholders have a right to call their bonds principally in the event that Jorma Jokela does not hold more than 50% of the Shares of the Company.

Ferratum Capital Poland S.A., 100% subsidiary, issued domestic coupon bonds in 2011, 2012, 2013 and 2014. Certain of the bonds have been repaid, while two bonds remain outstanding. The bonds include financial covenants (net debt to EBITDA and net debt to equity covenants) and also include the same change of control provision included in the German bond.

The current bank borrowings relate to the Group's credit line with Nordea. Under this credit line, the Group can borrow up to €7.5 million. The Group increased the limit of the Nordea credit line from €5.0 million to €7.5 million only recently in September 2014. The Nordea credit line includes an equity ratio covenant which is calculated once a year based on audited year end numbers.

In addition, we also issued two loan notes in 2013 (*Schuldscheindarlehen*) with a total principal amount of €5.0 million that may be terminated by both parties with a 6 months' notice. These loan notes include financial covenants relating to a minimum EBITDA to interest coverage ratio, a minimum EBIT to interest coverage ratio, a maximum total debt to EBITDA ratio, a maximum net debt to EBITDA ratio and two ratios regarding the capital structure of the Group. Covenant compliance is assessed once a year based on audited full year numbers.

We also take deposits in Sweden where we hold a deposit licence through our subsidiary Svespar AB (see "*Business – EU Credit Institution License (EU Banking License*").

Ferratum Bank Ltd is currently analyzing its potential participation in the capital markets with a view to exploring different funding mechanisms and hence widening its liquidity sources. As part its liquidity management framework, Ferratum Bank Ltd will assess the possibility of structuring a debt issuance programme taking into account the investment objectives of professional and other experienced investors.

As of 30 September 2014, the Company had €8.4 million current non-interest bearing liabilities, principally factoring trade payables and other trade payables as well as current tax liabilities, derivatives, interest liabilities, accrued employee expenses, and other current accrued liabilities on expenses that are interest-free.

Accounts receivables and factoring

Our business involves the provision of consumer loans to customers. As a result, the Group's on-going liquidity depends on the payback of outstanding loan receivables, sales of new loan receivables and impairment provisions on loan receivables. The following table shows loan receivables and provisions for loan receivables as of 31 December 2012 and 2013 and as of 30 September 2014 (according to IFRS):

	As of September 2014	**For the year ended 31 December**	
		2013	**2012**
	(unaudited)	*(audited)*	*(unaudited)*
		(in € thousand)	
Loan receivables	99,110	82,371	57,067
Less: provision for impairment of loan receivables	(42,516)	(37,688)	(19,144)
Loan receivables - net	**56,594**	**44,683**	**37,923**

In 2012, we concluded a factoring credit agreement with Svea Ekonomi AB with a maximum factoring volume of €3 million. Under the factoring agreement microloans with duration of 15 to 90 days can be subject to the factoring arrangement with collection dates of 14 to 17 days past the due date. The factoring agreement can be terminated every 12 months with a four month notice period by both parties.

Historical Consolidated Cash Flows for the Nine Months ended 30 September 2014 and 2013 and the Years ended 31 December 2013 and 2012

The following table summarizes our cash flows for the nine-month period ended 30 September 2014 and 2013 and for the years ended 31 December 2013 and 2012 (according to IFRS):

	For the nine-month period ended 30 September		**For the year ended 31 December**	
	2014	**2013**	**2013**	**2012**
	(unaudited)		*(audited)*	*(unaudited)*
	(in € thousand)			
Net cash used in operating activities	(6,527)	(4,526)	(8,176)	(4,468)
Net cash used in investing activities	(933)	(454)	(990)	(736)
Net cash used in financing activities	(392)	5,592	25,110	2,410
Net increase in cash and cash equivalents	(7,852)	612	15,944	(2,794)
Cash and cash equivalents at beginning of the period	**17,528**	**2,671**	**2,671**	**5,225**
Cash and cash equivalents at the end of the period	**9,346**	**3,119**	**17,528**	**2,671**

Net cash flows from operating activities

Net cash flows used in operating activities amounted to €4.5 million in the first nine months of 2013 compared to net cash flows used in operating activities of €6.5 million in the first nine months 2014, principally due to the EBITDA increase from €6.1 million to €8.9 million in the same periods.

Net cash flows used in operating activities amounted to €4.5 million in 2012 compared to net cash flows used in operating activities of €8.2 million in 2013. While EBITDA decreased between 2012 and 2013, working capital changes contributed to the higher cash outflow in 2013 compared to 2012. In regards to working capital, a decrease in trade and other receivables in 2012 contributed €6.1 million to operating cash flows and trade payables contributed €3.0 million, while trade and other receivables only decreased by €4.5 million in 2013 and trade payables decreased by €2.2 million in 2013.

Net cash flows used in investing activities

Net cash flows used in investing activities amounted to €0.5 million in the first nine months of 2013 compared to €0.9 million in the first nine months of 2014. Our investing activities were mostly related to the purchase of tangible and intangible assets needed for expanding of our business and improvements of products and services provided to customers.

Net cash flows used in investing activities amounted to €0.7 million in 2012 compared to €1.0 million in 2013. The purchase of equipment and intangible assets increased strongly from €0.7 million in 2012 to €1.3 million in 2013, however cash outflow in 2013 was partially offset by proceeds from the sale of tangible and intangible assets and proceeds from the sale of investments

Net cash inflows from financing activities

Net cash used in financing activities was €5.6 million in the first nine months of 2013 and net cash used in financing activities was €0.4 million in the first nine months of 2014. The principle reason for this change was higher repayments of short-term borrowings in the first nine months of 2014 than in the first nine months of 2013.

Net cash provided from financing activities was €2.4 million in 2012 and €25.1 million in 2013. The principle source of this increase was the German €25 million bond issued in October 2013.

Historical Consolidated Cash Flows for the Years ended 31 December 2012 and 2011

The following table summarizes our cash flows for the years ended 31 December 2012 and 2011 (according to FAS):

	For the year ended 31 December	
	2012	**2011**
	(audited)	
	(in € thousand)	
Net cash from operating activities	13,338	5,302
Net cash used in investing activities	(18,517)	(14,491)
Net cash used in financing activities	2,409	13,092
Net increase in cash and cash equivalents	(2,769)	3,903
Cash and cash equivalents at beginning of the period	**5,225**	**1,485**
Cash and cash equivalents at the end of the period	**2,671**	**5,225**

Net cash flows from operating activities

Net cash flows from operating activities amounted to €5.3 million in 2011 compared to €13.3 million in 2012. The increase was due to business growth and the related EBITDA increase and positive working capital changes.

Net cash flows used in investing activities

Net cash flows used in investment activities amounted to €14.5 million in 2011 compared to €18.5 million in 2012. Cash flows in investing activities include loans granted or repaid. The changes in loans granted increased from €13.3 million in 2011 to €17.8 million in 2012.

Net cash inflows from financing activities

Net cash provided from financing activities was €13.1 million in 2011 and €2.4 million in 2012. The principle reason for this change was bond issuances in 2011 with higher proceeds than cash inflows from financing activities in 2012.

Capital Expenditures

In the first nine months of 2014, capital expenditures principally included internally generated software development costs. The major part of these costs related to the development of loan handling system. Additionally, capital investments were made in IT-software such as Microsoft AX, Business Planning and E-office. The total amount of capital expenditures related to intangible assets in the first nine months of 2014 amounted to €0.8 million, and total capital expenditures amounted to €0.9 million. We are further planning and have already decided upon further ongoing investment efforts in our software and the development of our mobile banking platform application which will continue in 2014 and 2015.

In 2013, capital expenditures principally included internally generated software development costs. The major part of these costs related to the development of loan handling system. Additionally capital investments were made for IT-software such as Microsoft AX, Business Planning and E-office. The total amount of capital expenditures related to intangible assets in the year amounted to €1.0 million, and total capital expenditures amounted to €1.3 million. These expenditures were made as part of strengthening the Group's micro lending services.

In 2012 and 2011 the nature of capital expenditures was similar to those made in 2013. The Group principally invested in internally generated software and IT-solutions that were provided externally together with the related maintenance and services. The amounts of such costs during these years were

€0.6 million in 2012 and €1.1 million in 2011 and the total capital expenditure were €0.8 million and €1.2 million respectively.

Critical Accounting Policies and Estimates

The amounts recognised in the financial statements are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of financial statements. The judgements made by management in applying the group's accounting policies that have the most significant effect on the amounts recognised in the financial statements, together with information about the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are either disclosed below or in the remaining notes to the financial statements.

Impairment losses on loans and advances

Group reviews its loan portfolio on an on-going basis to assess whether there is any objective evidence of impairment. Objective evidence that individual loans and advances are impaired includes observable data that comes to the attention of the group about loss events, such as repayments falling into arrears. Objective evidence that a group of loans and receivables may be impaired include probabilities of default associated with the credit status of that group and measurable economic conditions which may influence future cash flows from the assessed loans. Management uses estimates based on historical loss experience for assets with credit risk characteristics similar to those in the assessed group when forecasting future cash flows. The methodology and assumptions for estimating the amount and timing of future cash flows are reviewed regularly in the light of actual loss experience. For more information on impairment losses on loans and advances, see above "*–Key Factors affecting our Results of Operations – Payment behaviour and the Group's risk management*".

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payments transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The assumptions and models used for estimating fair value for share-based payments transactions are disclosed in Note 24 of the Audited Consolidated Financial Statements for the year ended 31 December 2013.

Other Significant accounting principles

For a description of significant accounting principles, see notes 2 and 4 of the Audited Consolidated Financial Statements for the year ended 31 December 2013.

MARKET INFORMATION

Introduction

We operate in the mobile consumer credit market, in particular the segment for smaller credits. Besides small mobile consumer loans, other common forms of consumer credit include payday-loans, unsecured consumer loans, pawn loans, overdrafts, credit cards, retail finance, invoice financing, home lending, microfinance/social lending, car financing and peer-to-peer lending. Each of these products has specific characteristics that differ in regards to distribution channel (e.g., credit obtained via the internet, mobile phone, or visiting "bricks and mortar" locations) and attributes of consumer credit (e.g., secured versus unsecured credit or loan duration). Additional characteristics differentiating consumer credit sub-markets are the loan recipient's credit record, loan duration, loan amount, interest rate, duration of loan application, retailer dependency, or product and sales channel.

Based on these characteristics, companies operating in the consumer credit market have created a variety of products in response to market demand that reflect the financial solvency, needs, and creditworthiness of customers. Customer needs and preferences are the most important market drivers as customers may prefer to use one or several credit products at one time.

We segment our business into operations into a Western Region (principally Western Europe) and an Eastern Region (principally Eastern Europe). In certain parts of Eastern Europe and other emerging and developing countries, consumer loans are often provided to under banked households and are generally regarded as improving livelihoods, reducing vulnerability to economic, social, and political risks, and improving social and economic developing. In Western Europe, Australia, New Zealand, and other developed countries as well as certain Eastern European countries such as Poland or the Baltic countries, consumer loans serve a similar function as in Eastern Europe, but are also a fast and economical means to deliver small consumer credit amounts to meet customers' short-term financial needs, while avoiding the formal often burdensome procedures of traditional banks.

Mobile consumer loans are the newest consumer credit market segment. Mobile lending is a modern way of granting small loans by utilizing mobile telecommunications and online technology to enable fast, easy, and confidential loan services.

Geographic Overview of the Small Consumer Loan Market

Nordic Countries

We first launched operations in Finland in 2005 and were one of the first companies entering the small consumer loan market, especially focusing on offering such loans via mobile devices. We have experienced an expanded demand for short-term mobile consumer loans in Nordic countries since our launch nine years ago. Only a few competitors in Nordic countries are currently operating internationally. Current market saturation requires competitors to differentiate themselves for customers. For instance, responsible lending principles have lately, in our estimate, become a differentiating factor among countries operating in the small consumer loan market, because consumers take the reputation and stated principles of companies into account before taking out consumer loans. Despite the mature status of the Nordic market, mobile lending continues to grow steadily, mainly through new product innovations and variations. Starting in Finland in June 2013, a few companies in the small consumer loan industry, have introduced highly sophisticated digital revolving credit lines. We were one of the first companies which introduced such revolving credit lines and management.

Baltic States

We were the first mobile consumer loan company entering the Baltic countries Estonia, Latvia, and Lithuania in 2006 and 2007. Since then, competition in these markets has increased and the product offerings have adapted to a changing environment. We believe that the most notable difference between the Nordic and Baltic markets is the Baltic customers' frequent use of loan extension features.

Despite the small Baltic population, these markets are an important testing ground for new products and market strategies.

Eastern Europe

Eastern European countries have fast growing online markets. Certain Eastern European countries, such as Poland or the Czech Republic, have well developed banking systems and high mobile phone penetration with a fast growing smartphone growth rate. In other Eastern European countries with a lower GDP, the banking system is still dynamically changing and the smartphone penetration growing fast from a lower level than in Western Europe. This dynamic has created opportunities to establish mobile lending as a compelling choice for consumers' needs for short-term financing in these countries.

Western Europe

Although Western European countries are highly-developed with high online usage, they have fairly underdeveloped consumer credit markets. Many small loan providers operate in the Western European markets, but most restrict their operations to single countries and we believe that no other Western European small consumer loan provider has a pan-European presence comparable to that of our Group. For example, the UK market is home to many online microloan providers with an active competitive landscape consisting of over 80 market participants. The market potential remains significant in the UK and we expect further consolidation in this market. Following our 2014 entry into the German market, we additionally see high potential in other markets such as France and Italy. Entry barriers to these markets are very high, e.g., in Germany due to regulatory requirements (bank license) and the number of competitors is thus comparatively low.

Asia Pacific

In 2011, we expanded our business to New Zealand and Australia. These markets are highly-developed with high mobile and online usage. However, they have a fairly underdeveloped mobile consumer credit markets. Competitors in the Asia-Pacific region primarily offer loan amounts above the average microloan amounts that we provide to our European customers and thus there exists high potential for further market penetration.

The Mobile Banking Market

The Group's strategy involves the expansion of its product portfolio and developing its business into a mobile bank. Mobile banking is the provision of financial services using a mobile device. Traditionally, customers could access their bank account via their bank's web page through a web browser on a mobile device or via text messaging. In recent years, as a result of the fast growth of mobile applications, traditional banks have also developed mobile applications that can be downloaded to a mobile device and used to access account information and functionality (Source: FRB Report 2014). For instance, according to the FRB Report, in the United States as of the end of 2013, the use of mobile banking has increased substantially in the past year and appears likely to continue to increase as more consumers use smartphones and start to also use mobile applications for bank services. The trend towards mobile banking also involves lower income segments of the population which own smartphones and are partially currently not a customer of a bank or only use certain bank services such as an account provided to receive their salaries (so-called "underbanked" customers). For instance, in the United States in 2013, of the customers without a bank account 69% have access to a mobile phone (almost half of which are smartphones) whereas 88% of the underbanked customers have access to a mobile phone (64% of which are smartphones) (Source: FRB Report 2014).

Since the mobile banking market is highly correlated with the mobile phone market, the development of mobile devices in general is an indicator for the mobile banking market potential. Not only is the yearly smartphone sales volume expected to reach more than one billion in 2017 (Source: Bain&Company Report 2013), recent forecasts assume the number of overall smartphone connections to reach 6 billion by 2020 (Source: GSMA Intelligence Study 2014). By this time, mobile devices are forecast to become the primary internet connection tool as well (Source: ITU Report). While 590 million mobile phone users where expected to use their device for banking purposes in 2013 already by 2017 more than one billion mobile phone users globally are expected to use their device for banking purposes (Source: Juniper Research Report). Take-up of mobile phone banking is also proving faster than internet banking. Mobile applications offered by banks register fast growth in downloads, for instance the UK's Lloyds Banking Group's weekly app use has risen from 2.1 million uses in 2012, to 4.7 million in 2013 and by mid-2014 6.6 million (Source: BBA Report 2014).

The adoption of mobile banking also changes the way customers can borrow money. According to the Head of Customer Innovation and Perception at HSBC, John Sills, "over the next few years the lending landscape will change as banks may no longer be the first point of call for those looking for credit". This development already started several years ago when banks were no longer sole providers of unsecured credits and point-of-sale finance companies as well as short-term credit lenders as the company entered the market during the financial crisis, since several banks had to cut the amount of credit available to customers. The lean loan application process and therefore convenience, rather than costs, is an important factor for many of these customers.

Competition

The EU consumer credit market is highly fragmented with many new suppliers entering the small consumer loan market. Our key competitors are small local microloan companies with a limited customer database and limited international activities (i.e., operations in only 1–3 countries). We also face multi-segment competition from larger consumer credit companies, i.e., companies offering loans above €1,000 that often operate internationally. Such companies often offer a broad product portfolio, such as payday loans as well as pawn broking. The upper segment of the market is controlled by the consumer finance divisions of global banks, which offer loans in excess of €2,000 or often €5,000.

Competition in the mobile consumer loan market has increased steadily as mobile loan products have become established as a reliable source of consumer financing. We believe that our principal competitors in Europe are Enova Finance, 4 Finance / Vivus, DFC Global, Creditech, Wonga and Klarna.

While we do not focus on larger loans above €2000, in this segment competitors are many of the larger consumer banks such as Santander, Swedbank, Citibank or Sberbank.

Additionally, there are a wide range of smaller competitors which operate locally in Europe and Asia Pacific. Some markets such as the UK have dozens of small competitors while countries such as Germany, which have higher regulatory requirements and require a banking licence for a consumer loan business, have much fewer direct competitors which operate locally.

BUSINESS

Introduction

We are an international provider of unsecured mobile consumer loans headquartered in Helsinki, Finland. We have expanded our operations since 2005 to 19 countries and as of 31 December 2014 had 1.0 million active customers and former customers who have been granted one or more loans in the past and 2.8 million total user accounts in our database. Our business is designed for easy and transparent loans to consumers and can be accessed through the internet or mobile devices with loan approval within minutes after a multitude of financial background checks and profiling.

The Company was originally incorporated in 2005 as a private limited liability company under Finnish law and was converted to a Finnish public limited liability company shortly before this Offering. Our founder and CEO Jorma Jokela, directly and indirectly, holds more than 80% of the Shares and initially focused the Group's business on Finland, Sweden, and the Baltic countries. In 2007 and 2008 we expanded into Central and Eastern Europe as well as certain Western countries where entry in the microlending market was possible without a banking license. In 2011 the Group decided to expand internationally and enter the markets in New Zealand and Australia as well as Russia in 2012. With the banking license being granted to Ferratum Bank Ltd in 2012 and the start of operations of such bank in 2013, we enabled our expansion into countries where a banking license is required for consumer lending activities.

Our annual revenues in 2013 amounted to €58.2 million, and our operating profit totalled €7.3 million with a pre-tax profit of € 3.9 million (pre-tax profit margin of 6.7%). As of 30 September 2014, we had cash and cash equivalents of €9.3 million and accounts receivable – consumer loans of €56.6 million outstanding on our balance sheet and employed 352 employees in 23 countries. We categorize our business into two geographical regions, West (including New Zealand and Australia) with €33.9 million in revenue in 2013 and East with €24.3 million in revenue in 2013.

History

We commenced our business operations in Helsinki in 2005. Over the last nine years, our Group has steadily grown in terms of revenues by continuously expanding our geographic presence and our customer and user base. Within the scope of our expansions in Europe and to Australia and New Zealand, we have tested and refined our product portfolio, increased our operational efficiency in terms of new market entries, developed and optimized our loan approval technology, and improved our legal and regulatory compliance processes.

The following is a description of the major milestones in our Group's history.

- In 2006, we commenced international operations by expanding to the Swedish and Estonian markets.

- Between 2007 and 2010, we expanded gradually to new European markets, including Latvia, Lithuania, the Czech Republic, Slovakia, the Netherlands, Poland, Spain, Denmark, and Bulgaria.

- In 2011, we expanded our operations and entered the market in the UK, Belgium, Croatia, New Zealand, and Australia. In 2011, 2012, and 2013 we issued six bonds that were listed on the Warsaw stock exchange to finance our growth in the total amount of approximately €14 million. In 2011, we also began our cooperation with FICO, an analytics and business intelligence software provider, to develop credit scoring modelling tools and implemented FICO's state-of-the-art software to improve our microloan approval process.

- In 2012, we expanded to Russia where we started our standard microloan products.

- In September 2012, the MFSA approved our application for an EU Credit Institution license and we subsequently started our bank operations in March 2013 with first cross-border activities by our Maltese bank in Slovakia.

- In 2013, we founded Personal Big Data Oy, a dedicated company established to research and develop our credit scoring capabilities. In October 2013 we issued a €25 million bond on the Frankfurt Stock Exchange.

- In early 2014, we expanded to two key markets, Germany and Romania.

- During 2014, we have implemented new a scoring engine that uses a platform for automated decisions and started using an automated marketing tool within the Group and transformed our web interfaces towards web 3.0.

- In December 2014 we reached 1.0 million active customers and former customers who have received one or more loans in the past and a total of 2.8 million total user accounts.

Strengths

We believe that the following are the key strengths that allowed us to reach our current size and operational efficiency:

We hold a good market position in a wide variety of countries in Europe and Asia-Pacific in the growing market for mobile consumer loan products.

We operate in the mobile consumer loan segment of the overall consumer credit market which we believe is one of the fastest growing sub-segments of this market. We are a Helsinki-based company which was one of the first companies that started providing loans over the internet and mobile phones when we started in 2005 and today have one of the broadest geographic presence among companies operating in the European and global consumer loans market with 17 European countries in which we operate as well as operations in Australia and New Zealand. We had 352 employees as of 30 September 2014, revenues of €58.2 million in 2013 and €49.4 million for the nine-month period ended 30 September 2014. Our net credit volume outstanding as of 30 September 2014 was €56.6 million. In 2014 our growth of revenues continued dynamically with €14.7 million in the first quarter of 2014, €16.2 million in the second quarter of 2014 and €18.6 million in the third quarter of 2014.

Because one of the main risks to which businesses are subject to in consumer lending are exposure to an economic slowdown adversely affecting both the demand for small consumer loans and the debt service discipline of customers, an adequately diversified customer base in terms of exposures to individual national markets provides the most efficient protection against adverse effects of country-specific risks on results of operations of such businesses. Therefore, the ability to source customers in numerous countries worldwide helps us to diversify these risks and gain a competitive advantage over consumer loan providers operating only in one or a few national markets. In addition, this competitive advantage is difficult to overcome because the establishment of a geographically diversified platform requires a significant amount of funds, time and effort as well as implementation of advanced control systems and management processes. Entering many different jurisdictions also requires local skills such as an understanding of the local regulatory regime and a scalable IT and business system, which we have built up over more than nine years of operations.

We believe that our long history of operations compared to other competitors in the mobile consumer loan market and extensive knowledge of entering many different markets as well as our in-depth commercial and regulatory knowledge of these markets provide us with a significant advantage over competitors which are only operating in one or a small number of countries and which only aim to enter new countries now. This experience and in-depth knowledge is particularly useful in assessing further marketing opportunities in new countries, operating in our core markets and dealing with regulators and on-going licensing requirements. In the long history of our operations we have also learned to quickly assess regulatory changes and flexibly react to them as well as to modify our business models to align to new market situations. As a mobile consumer loan provider, we have also accumulated a deep knowledge of how to structure the user experience in mobile applications and believe that we have a good understanding of complex mobile software development. We believe that this flexibility and our extensive knowledge and experience we accumulate is contributing significantly to our strong market position and our history of profitable growth.

We benefit from an EU banking license which Ferratum Bank Ltd, our banking subsidiary, obtained in 2012 in Malta and have since started to use in several countries in Europe.

In 2012, Ferratum Bank Ltd was granted a banking license by the Malta Financial Services Authority. Since Malta is an EU member state, Ferratum Bank Ltd can operate under this banking license in other EU countries as well. This enables us to conduct our business also in EU countries, in which our product portfolio requires a banking license, such as Germany.

We made use of the banking license through cross-border passporting in Germany, Poland, Slovakia, the Czech Republic, Romania, Bulgaria, Latvia and Sweden and have started operations in all of these countries based on Ferratum Bank Ltd's banking license. We are planning to expand our cross-border activities based on Ferratum Bank Ltd's banking license to several further countries in which we are currently already operating. We believe that the banking license provides us with a significant advantage over our unlicensed competitors in terms of the number and size of new national markets which we can enter based on the banking license, increased levels of trustworthiness vis-à-vis our existing and future customers. In addition, in countries such as Germany mobile credit products can only be offered with a banking license which many smaller companies and in particularly start-ups do not have and do not have the resources to get or comply with regulatory requirements.

We benefit from our ability to analyse and process big data volumes and operate tested and refined computer models and approval processes.

We were one of the first providers of consumer microloans worldwide that were offered via mobile phones. To increase security and profitability of our consumer lending business, we apply a multitude of computer processes, checks and modelling tools. We use our own software-based scoring procedure to rate the creditworthiness of new and old customers. This software-based scoring procedure combines our historical data from all markets, in which we operate, with current information regarding the specific market and the customer. To achieve better scoring results, our software-based scoring procedures are refined and updated on an on-going basis. As a result, we have increased our selection criteria and thereby increased our rejection rate in the course of 2013 to 70% of applications (subsequently, in 2014, this rejection rate decreased again). This led to a lower number of customer delinquencies and defaults, which in turn reduced our operating expenses. In order to further develop our scoring capabilities, we founded a company (Personal Big Data Oy) dedicated to development of scoring software and acquired software that enables the analysis of a broad set of customer data. Our long history of operating in the mobile consumer loan market has provided us with the opportunity to build up a large set of statistical data from a diverse set of countries which we use to constantly refine our software models. We believe that this big data processing and analysing ability and large set of data we have accumulated helps us to further successfully operate our key target markets and our future new target markets.

We have experienced and strong management that have been engaged in the mobile consumer loan business since this market started develop.

Our CEO Jorma Jokela is one of the pioneers of consumer lending and has continuously driven performance and innovation of our Group since 2005. Jorma Jokela as the majority shareholder of the Company is committed to remaining a driving force in the Group. The bonds issued in Poland and Germany include put rights for investors should his shareholding in the Company fall below 50.1%. As a result, he intends to remain the majority shareholder in the long-term.

In addition, our key staff consists of highly-experienced IT, legal and finance specialists as well as risk and data management experts. The expertise of our employees and management is an important factor for further growth and for continuous optimization of our business model. Additionally, our IT and risk management staff has experience in developing a significant amount of in-house software that is used for our core products and to effectively manage our risk. We believe that our comparatively large scale and the knowledge we have accumulated over many years since our launch in 2005 as well as having a diverse workforce in many countries, allows us to effectively grow further in our key existing target countries and new markets and react to legal, technological and other challenges.

Strategy

Our strategy is fundamentally based on the aim to focus on organic growth, further geographic expansion, product portfolio expansion and our vision to establish a leading mobile bank.

Organic growth in existing markets through product expansion, marketing and enhancements in customer service.

We have consistently registered high revenue growth over the last several years with revenues amounting to €33.7 million (FAS) in 2011, to €48.9 million (IFRS), to €58.2 million (IFRS) in 2013 and €49.4 million (IFRS) in the first nine months of 2014. We aim to strengthen our market position in all the existing markets we operate in and especially increase our marketing expenses significantly to increase our credit portfolio and enhance our brand name recognition. While growing the existing customer base adds to overall revenue and profit growth, we believe that recurring customers are the most vital part of our customer base. First, recurring customers lower our risk profile as they are more likely to be able to pay back loans they take out, second, recurring customers recommend our services to their friends and family as they are satisfied with our services and products and third, we believe we can also cross-sell other products to our recurring customers such as our Credit Limit product or our PLUS Loans as well as any future product we may launch.

Growth through geographical expansion.

We have rapidly expanded our business to 19 countries since we started operating in 2005. Most recently, in 2014, we expanded to Romania and Germany. Our mid-term goal is to expand our operations to a total of 30 countries. This expansion strategy which is at the core of our business strategy involves a diversification of our geographic presence by expanding to further countries in Europe and internationally. In the past, our geographic expansion was limited principally by the number of staff able to concentrate on entering in a new market and by funding limitations. We aim to continue our goal to add approximately one new country to our geographic business portfolio every three to six months. We believe our EU banking license which we were granted in Malta in 2012 will also help us to expand to further European countries.

We believe that a global geographic presence is key to future long term market success as economies of scale are particularly relevant in the mobile consumer loan business. A larger scale and bigger footprint may, in our opinion, help us to streamline marketing activities and gain the reputation of one of the global market leaders. In addition, geographic expansion mitigates the risk we are exposed to from each single country we are operating in. Should regulatory changes, fierce competition or other reasons have a significant impact on our revenues or profitability in one of the countries we operate in, the overall impact will be reduced if we grow in size and diversify our operations to more countries.

Expansion and diversification of our product portfolio as well as the geographic rollout of our existing products in most or all of the countries where we operate.

The largest part of our revenues is generated by our mobile microloans with a principal amount per customer of below €500 and an average loan amount of slightly above €200 and an average maturity of slightly above 30 days. In the last several years we started to diversify our product portfolio by introducing our Credit Limit and PLUS Loan products. We also launched a merchant focussed product, FerBuy. However, all these products are only available in select countries at the moment, Credit Limit is available in four countries, PLUS Loans are available in eight countries and FerBuy has only been launched in two countries. We believe that further product expansion and diversification is key to both growing our customer base further and to expand revenue per customer as well as increase our profit margins. For instance, our Credit Limit product has a significantly higher average loan amount outstanding per customer than our core microloans and provides higher revenues per customer. We generally plan to continue diversification of our product portfolio by basing products on the same processes, systems, and scoring, but employing distinct marketing and targeting different customer segments and markets. In addition, we are constantly analysing and developing innovative new mobile financing products that can be piloted in small markets and if such pilots are successful can be launched across our geographic presence to increase our customer and business reach. We aim to continue these constant development efforts for new product solutions to help us in further engaging existing customers, but also offering new customer groups innovative products.

Provision of banking services as a mobile bank and expansion of cross-border activities of Ferratum Bank Ltd.

Initially, we principally viewed our Group as a provider of mobile microloans. In 2013, we expanded our strategic focus and established our vision to grow into a leading mobile bank. We are currently developing a mobile multi-banking application accessible in all countries where we operate which will unify our current mobile offerings. This new multi-banking application is planned to eventually offer all the same functions and products offered in all the countries we operate in with only slight regional variations. Through the new multi-banking application, we also aim to provide new products in addition to our current product portfolio. Most notably, we aim to broaden our product range by adding deposit taking services for our customers. While we already have experience taking deposits in Sweden through our local Swedish licence, we have so far not accepted deposits from customers through Ferratum Bank Ltd's EU banking licence (principally because a restriction on taking deposits, which are covered by the Maltese depositor compensation scheme, had been placed on Ferratum Bank Ltd's licence by the Maltese authority MFSA, which was removed in November 2014), but intend to start such deposit taking activities in the near future as part of our strategy to become a leading mobile bank. In addition to deposits, we aim to offer new lending products which require higher amounts of funding such as longer term loans, but also eventually offer third party financing services (including lending through crowdfunding) and products accessible over our new multi-banking application which we target to introduce in 2015.

We are also planning to further expand our cross-border activities of Ferratum Bank Ltd into several countries, in which we are currently operating under local licenses. We have, for instance, recently transferred our Swedish operations, which was previously using a local license, to Ferratum Bank Ltd's cross-border operations. Future expansions of our cross-border activities in the EU will require us to further shift local resources in the different EU countries, where we are currently not operating via Ferratum Bank Ltd, to Malta and build up the Group's Malta located workforce and office structure. In the mid-term, we also plan to start cross-border activities via Ferratum Bank Ltd in EU countries, where we are currently not doing business at all and where a banking license is required for lending operations, e.g. in Italy and France.

Products

Microloans

Short-term microloans with a nominal value below €500 have been our core product since we started operations in 2005 and contributed 77% to our revenues in the nine month period ended on 30 September 2014. We currently offer microloans in the range of typically €25–1,000 with maturity periods of typically 7–90 days, depending on the loan amount and the regulatory framework of the customer's country. In 2013 the average loan amount totalled €217 and the average loan maturity period was 33 days. In 2014, the average loan amounts and average loan maturity period have only changed slightly from 2013. As of 30 June 2014, the average revenue per customer per annum for the twelve months period preceding 30 June 2014 for our microloans product was approximately €80 (calculated as total number of active and former microloan customers divided by revenues for the twelve months period). We expect our microloan focus to remain broadly in the same range. The microloans are unsecured, but under our guarantee model may be guaranteed.

Our microloan business model is based on mobile phone technology and electronic bank account debiting, whereby customers are able to obtain microloans in most cases within minutes through the use of our mobile phone application. The markets in which we operate are highly diverse in terms of operational and financial circumstances, regulatory requirements, payment cultures, and credit risks. This broad spectrum of country-specific operational, financial, and legal circumstances necessitates the use of customized microloan interest rates, fee structures, and terms and conditions of the microloans depending on each respective market's unique features, advantages, challenges, and risks. Accordingly the specific provisions for customer default, loan modification, technical repayment processes, and additional customer obligations differ from country to country.

In a few countries that we operate in the customers are required to provide an additional security – a guarantee. They can do so by choosing a personal guarantor, for instance another individual who guarantees the performance of the debtor's obligations under the loan agreement. Alternatively, the customers can choose to use a guarantee service provided by an external guarantor. At the moment the guarantee model is only in use for the microloans. However, due to higher amounts of loans in Credit Limit product, we also under consider to demand additional security from customers for this product in certain markets.

PLUS Loans

PLUS Loans were introduced several years ago to complement our core microloan business to offer certain customers a more flexible loan product outside the typical range of microloans. Our PLUS Loan products are offered in larger amounts (typically €500–2,000) with longer maturity periods (typically 6–15 months). Plus Loans contributed 5% to our revenues in the nine month period ended on 30 September 2014. As of 30 June 2014, the average revenue per customer per annum for the twelve months period preceding 30 June 2014 for our Plus Loan product was approximately €300 (calculated as total number of Plus Loan active and former customers divided by revenues for the twelve months period). PLUS Loans involve instalment repayment plans, which further distinguish them from our traditional microloan product.

PLUS Loans are offered only to select customer groups, who must apply separately using a simple online application. The PLUS Loans are currently in development, testing, and roll-out phases in several key markets. Currently we offer PLUS Loans for Finland, Sweden, Estonia, Latvia, Lithuania, Poland, Czech and Bulgaria.

Credit Limit

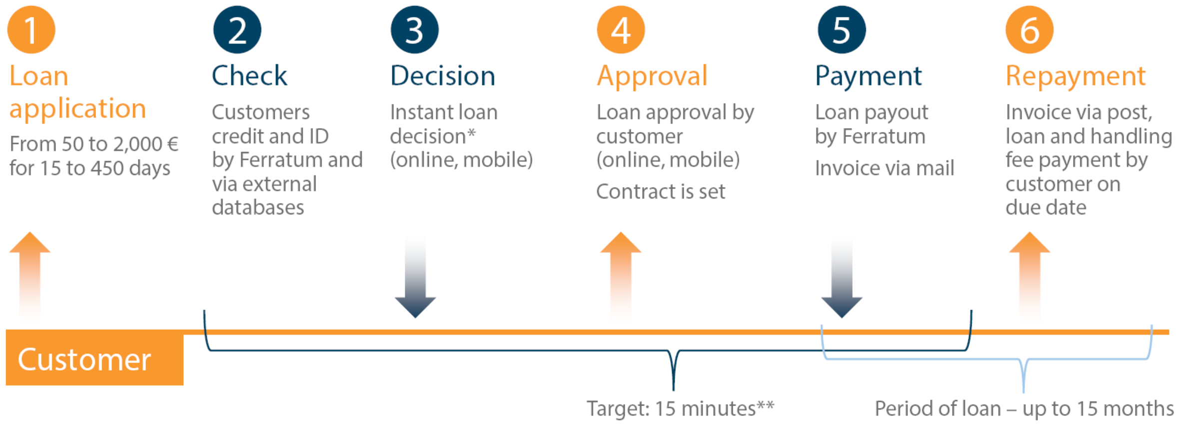
In June 2013, we launched a credit limit product in Finland. We currently offer our Credit Limit product in four countries, Finland, Estonia, Latvia and the Czech Republic and have seen strong growth revenues from this product. The Credit Limit product contributed 18% to our revenues in the nine month period ended on 30 September 2014. As of 30 June 2014, the average revenue per customer per annum for the twelve months period preceding 30 June 2014 for our Credit Limit product was approximately €800 (calculated as total number of Credit Limit active and former customers divided by revenues for the twelve months period). A credit limit works like a flexible revolving overdraft facility by which our customers can withdraw money within a certain limit over a one month's period. Customer can flexibly choose which amount to pay back at the end of each month. Customers can flexibly choose the end of a month, which does not necessarily have to be a calendar month.

FerBuy

FerBuy is a secure and flexible e-commerce payment solution for online merchants and consumers. FerBuy offers online merchants a secure payment portal with no financial risk. FerBuy allows customer credit approvals to be conducted by using our established credit scoring processes. Customers can buy and receive online goods or services immediately, but choose to postpone payment on credit with a 2–6 month instalment plan. Fees can be charged to both the merchant or the merchant's customer. So far, FerBuy has been launched in Poland and the Czech Republic. We plan to launch FerBuy in additional key markets in the coming years.

Overview of the Process Credit Scoring, Delivery and Collection of Loans

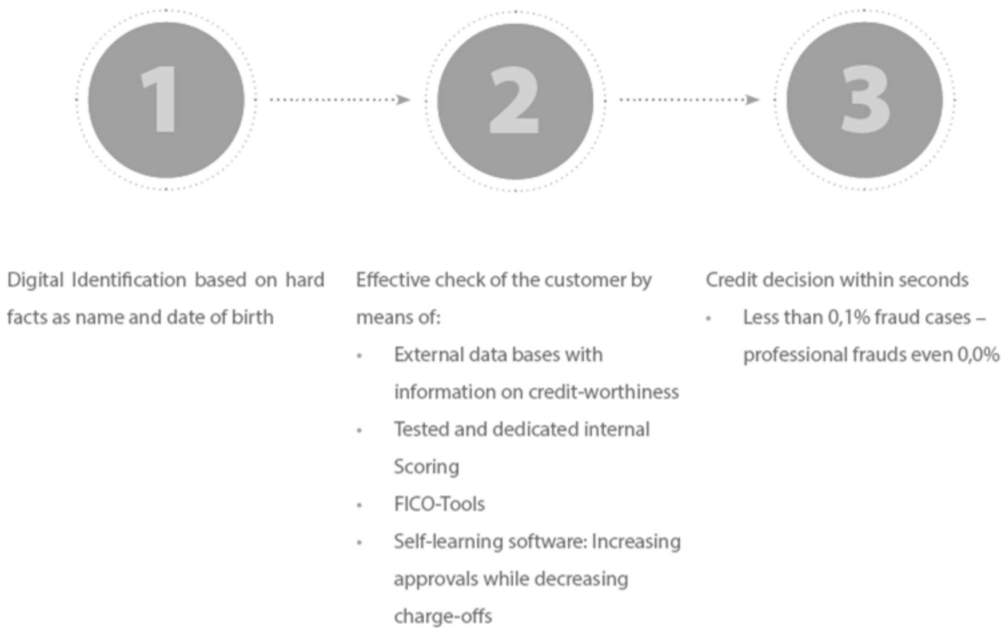
The following provides an overview of the total customer's view of the process from the first loan application to loan repayment:



* A large number of loans is not approved and the process is stopped after such credit decision; ** Subject to local characteristics

Identification and credit scoring

The following provides an overview of the steps from digital identification of the customer to our credit decision.



Our approach to identification and credit scoring balances the evaluation of credit risk from our perspective with market acceptability from the customer's perspective. Our identification process is primarily based on (i) mobile technology, (ii) online banking, and (iii) face-to-face ID verification. The identification process required in some countries can result in an initial delay of several days to receive a loan as the identity check process is completed.

To support our credit scoring system, i.e., the process of assessing the creditworthiness of a potential customer, we founded our own dedicated technology company, Personal Big Data Oy, for the purposes of further researching and developing our credit scoring technology. Our internal credit scoring model ranks potential and existing customers based on their respective credit risk. The IT software for credit scorecard building and customer evaluation, Model Builder 7.1, was purchased from FICO Company (USA), a global leader of scoring software. As from 2014, we started to use a software company ŷhat's scoring engine for more sophisticated models.

Scoring and credit policies are centrally steered by our risk team. We measure and monitor the performance of each credit portfolio's actual risk key performance indictors on different aggregation levels at daily, weekly, and monthly cycles. Our risk team considers the following principles as part of our operations:

- Credit risk is managed and controlled on the basis of established credit processes, and within the framework of a clearly established Group credit policy.

- Credit decisions are based on the ethical principles set by the central risk team, the business credit policy, as well as the scoring. Every loan dispersal requires a specific individualized decision. To assess a potential customer's creditworthiness, the credit score is calculated for each new application received. An application scorecard is used to assess new customers and a behaviour scorecard is used to assess repeated customers. Based on this credit score, customers are grouped into risk classes that ultimately affect the credit decision.

- Individualized credit decisions are also combined with an assessment and estimation of credit losses at the Group's global level.

- Credit scoring and monitoring systems are in place to accommodate the early identification and management of deterioration in loan quality, once loans have been provided to customers.

The access to third-party banking scoring databases allowed us to increase our scoring and analytic in-house software as availability of relevant parameters increased drastically in recent times from about 400 to 10,000. In the mid-term we believe this will help to reduce our current customer annual default rate of 7% further.

We operate with a relatively high rejection rate for loan applications (70% as of the end of 2013, a rate that decreased again in 2014 to approximately half of the loan applications rejected) and in 2013 changed our scoring models which even increased rejection rates. The reasons for the relatively high rejection rate are scoring and optimized risk guidelines in order to minimize the rate of loans that customers cannot pay back. Minimizing this so-called "credit loss rate" allows us to optimize the process of further building up our customer base, as it is not only important for us to reduce our operating expenses, of which credit losses are a large portion, but also to retain repeat customers. This can only be achieved if we reject applications that indicate a high chance of eventual loan default. In some instances we also initially deny a loan application for a certain amount of money, but approve a loan application for the same customer for a lower amount.

Credit scoring models allow us to create a customer default and risk profile for every single customer any time they request a loan. In order to strengthen credit scorecards, we use our own customer database, collection companies' databases, and access to public databases, national credit losses registers, statistics databases, and public tax databases if available.

To mitigate credit risks, we also use the following methods:

- ***Risk-based pricing***. Customers deemed more risky are charged higher fees in consideration of the higher probability of default. The relevant factors include credit rating, loan-to-value ratio, and estimated effect on yield (credit spread).

- ***Tightening***. Credit risk is mitigated by reducing the amount of credit extended, either in total or to certain customers, and by reducing maturity periods, e.g., from 45 days to 30 days.

- ***Diversification***. If we face a high degree of unsystematic credit risk related to certain customer groups (concentration risk), credit risks can be mitigated by diversifying the customer pools.

We calculate reserve requirements for Group accounting purposes centrally and we support our subsidiaries in calculating their local reserve requirements. These are calculated based on certain models, which measure the probability of delinquency based on payment behaviour and calculate the required risk provisions for impairment of loan receivables (reserves) accordingly. The need for a provision based on the reserve model may be adjusted, by taking into account the market value of impaired receivables t, i.e. expected or recent sales prices for overdue loans.

For more information on impairment on loans, see "*Management's Discussion and Analysis of Financial Position and Results of Operations – Key Factors affecting our Results of Operations – Payment behaviour and the Group's risk management*".

Delivery

We deliver consumer loans to our customers through a variety of distribution channels, primarily via bank account money transfer within minutes of loan approval. We operate more than 180 bank accounts with a large number of banks and distributed capital among these accounts through an automated algorithm. While this is costly and accounts for approximately 6-7% of sales, this allows us to pay out loans in a very short period of time. For existing customers, the mobile channel is the main distribution channel, whereby consumer loan amounts are paid directly into the customer's bank account. The specific distribution channels employed depend on the regulatory, operational, and logistical characteristics of each country of operations. In the majority of cases, customers will already see the money which was applied for on the customer's bank account within minutes, except for some cases when it the money appears on the account on the next banking day.

Collection and disposal

Collection processes vary by country depending on local legislation, customer database size, and payment culture. We primarily conduct collection ourselves by employing a series of text messages, letters, and phone calls to encourage customer payment. The collection method, number of communication attempts and frequency are country-specific. When economically feasible, we also cooperate with external debt collection partners and outsourced collection services. External collection practices also differ across markets, e.g., external collection may start as early as one day after maturity, but usually starts later on up to sixty days after maturity - depending on the country we are also performing collection internally or later than sixty days after maturity. Impaired loans may also be sold to third parties. These process decisions are based on a cost-benefit analysis and are country-specific. Collection practices include default risks that some customers may not repay their loans. The key indicator of this risk is the credit loss ratio, expressed as a percentage of credit losses to gross receivables.

EU Banking License in Malta and Additional Deposit License in Sweden

EU Credit Institution License (EU Banking License)

In 2012, we decided to broaden the types of lending products we can offer to our customers and to enter EU markets, such as Germany, where a banking license is required to operate a consumer loan business. Engaging in regulated banking activities in any EU member state requires a credit institution license from a regulatory authority in one EU member state. Our subsidiary in Malta applied for the credit institution license in 2011 and was granted an EU Credit Institution license in September 2012 by the Malta Financial Services Authority. After obtaining the credit institution license, we began providing consumer loan products in certain EU Member States via the cross-border model, including the Czech Republic, Bulgaria, Germany, Slovakia, Poland, Latvia, Estonia and Sweden.

For more information on regulatory requirements resulting from the EU Credit Institution license, see "*Regulation*".

Deposit License in Sweden

In 2012, we established a dedicated subsidiary, Swespar AB, with the aim of applying for a registration from the Swedish Financial Supervisory Authority (*Finansinspektionen*) as a deposit-taking company under Swedish legislation. The registration allows us to take deposits from individuals up to 50,000 SEK, as well as from legal entities with no restrictions. The application for registration was filed in November 2012 and the registration was granted in February 2013. In April 2013, we commenced a deposit service for individuals, offering a high-yielding current account and a range of fixed-term deposit accounts.

Information Technology and Research & Development

Operating an international mobile consumer loan business requires sophisticated software and a stable and robust IT infrastructure. We have developed IT systems internally, but also in cooperation with global finance scoring software leaders FICO (USA) and Microsoft. The technologies used are standard, modern, and common for the financial services industry. The following is an overview of our core IT software systems:

- **Customer Service Platform ("CSP")**. Our CSP provides an automated processing of all loan applications, but also allows manual intervention when needed. The first process step is customer verification, e.g., via banking e-Identification. After customer verification and the scoring calculation, our system automatically (or customer service manually) approves the loan and transfers funds to the customer's bank account. Customer communications are online and/or via text messages and email. The system is fully integrated in our data warehouse with access to extensive data and our decision-making software for loan applications is able to use state-of-the-art decision models for credit scoring, pricing of loans, and customer-relationship management ("**CRM**") messaging.

- **Collection and CRM**. We have developed centralized scalable collection and CRM tools to increase the efficiency of in-house collections of outstanding debt from customers and to retain existing customers. These automated tools are tightly integrated with our CSP and AX/Ledger systems, replacing manual data entry. The system utilizes collection scoring for customer accounts where payments are most likely to be increased through specific actions. Within our CRM system, we also use customized messaging tools to reach our customers and optimized offers to individual customers, especially if they have received loans in the past, but have not continued to apply for loans, to increase our customers' lifetime value. These tools automatically send all collection and CRM related communications and documents to customers (e.g., invoices, discount vouchers, etc.). The tools are integrated with an automated dialler system capable of learning the optimal calling patterns amongst customers and customer service personnel to maximize collections.

- **Microsoft Dynamics AX – Ledger and Accounting platform.** Microsoft Dynamics AX is used as the general ledger system enabling real-time monitoring and follow-up of company finances. AX implementation started in January 2012 and the Group-wide roll-out is being used meanwhile in all the major subsidiaries of the group. The other financial software (Basware E-office, Basware Business Planning and Basware Group Consolidation) being used group wide are integrated with AX.

- **Hosting and Operations**. COLT Switzerland ("**COLT**") serves as our primary software hosting partner for all critical operational systems. COLT fulfils strict banking sector security requirements (PMI compliant and ISO 9000). Banking applications run in the environment on both the consumer side and the server side (code that runs in the background, e.g., credit scoring). The physical servers are located in two redundant, highly secure data centres in the Swiss mountains near Zurich. These systems host all our business critical databases and applications in a highly reliable and secure environment. COLT and personnel from the Group's IT Department operate these systems. Our hosting providers also provide full back-up and recovery services in case of an IT system disruption.

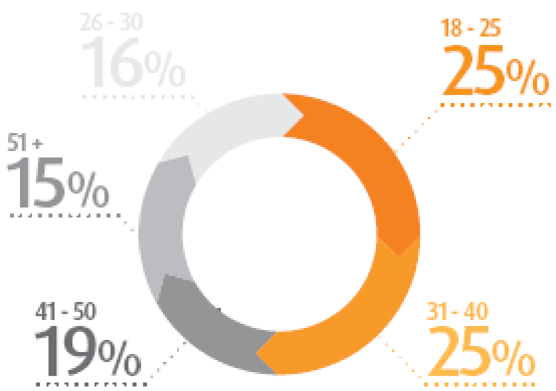
Commitment to Responsible Lending

Beyond our compliance with the legal and regulatory frameworks governing microlending on the EU and national levels, we are committed to our ethical principles of responsible lending. We exercise this commitment by providing transparent contractual terms, ensuring maximum customer data security, and treating all borrowers fairly and reasonably. We consider this commitment to be an obligation to our shareholders, our customers, and the overall industry.

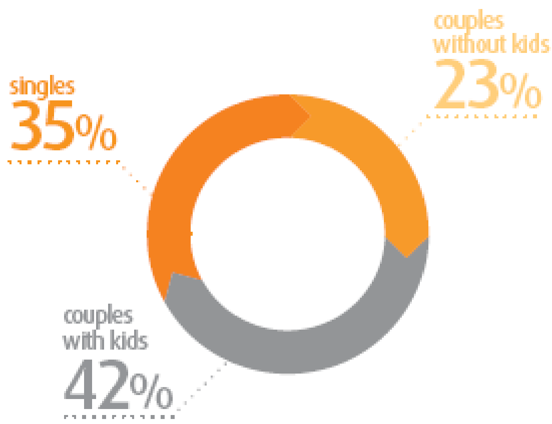
We base our lending decisions on a careful assessment of (i) the borrower's financial position, (ii) the borrower's capacity to repay loans, and (iii) whether the borrower's requirements and objectives will be met by the loan. We only issue loans when we believe, on the information available to us, that the borrower can reasonably afford to repay the loan. For PLUS Loans we also independently check the information provided by customers within the scope of a formal loan application. When processing the application, we are committed to the highest standards of disclosure and procedural fairness, including complete transparency of all interest, fees, and charges as well as information regarding repayment.

Customers

As of 31 December 2014, we had a total of 1.0 million active customers and former customers who have received one or more loans in the past. Our customer base comprises a wide cross-section of our markets' populations. In 2013, our customers were nearly equally divided between men and women. The following charts show a breakdown of our customers for the year 2013 based on a customer survey of a representative sample of active customers conducted in 2013 in terms of age, marital status, employment, and usage of product:

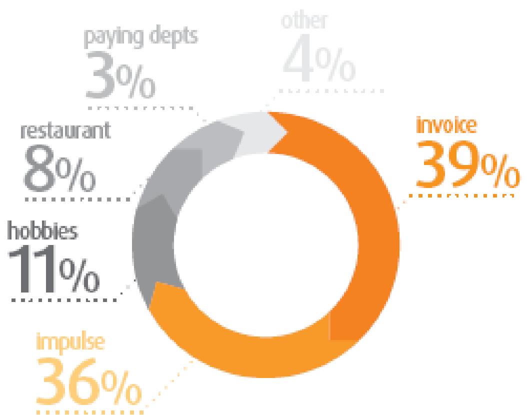


Age



Marital Status

Employment



Product Usage

Employees

As of 30 September 2014 we had 352 employees (full-time equivalents; 310 as of 31 December 2013, 257 as of 31 December 2012 and 206 as of 31 December 2011). The cost of salaries and wages in 2013 amounted to €6.8 million. While we are headquartered in Helsinki, Finland, most of our employees (89% as of 31 December 2013) are based outside of Finland. Our success is built on the technical, business, legal, finance, IT and risk & data analysis expertise of our colleagues.

The Group is structured into seven distinctive working areas as follows:

- Marko Tuominen heads the Risk & Analytics Management (RAM) group which also includes the central marketing group;
- Clemens Krause heads the Group's finance and accounting department which also includes treasury and investor relations and tax;
- Lea Liigus heads the legal department of the Group that also includes human resource management. She is also the CEO of our Maltese bank and heads the banking operations in Malta;
- Caj Sjöman is the Group's head of operations and manages the Group's IT, processes and operations department which includes process management as well. He is also responsible for the FerBuy product;
- Sari Kauppi is head of the Eastern Region; and
- Saku Timonen is head of the Western region.

The employees of the Group are not unionized. There have been no strikes or threatened strikes or other labour disputes in the last three years.

Sales and Marketing

Selling and marketing expenses are the second largest class of expense within administrative expenses with €6.0 million expensed in 2013 and €6.5 million expensed in 2012. The Group principally uses online marketing tools similar to those employed by other mobile and internet companies, such as search engine marketing (SEM), search engine optimization (SEO), paid online advertisements and social media optimization (SMO). SEM principally involves paid search engine or pay-per-click advertisements, where we for instance use AdWords, Google's marketing tool for advertisers. In line with our SEO activities, we also optimize our online presence. Additionally, we also work with affiliate online partners to attract customers, usually through paid advertisements (pay-per-click). Lastly, our social media optimization involves our activities on Facebook and other social media tools commonly used by our customers. All our online marketing efforts are based on our statistical analysis of the data we accumulate which allows us to make real-time changes to our marketing strategy to optimize the funds used to attract new customers in the different markets we operate in.

In addition to our online marketing efforts, to a lesser extent, we also engage in offline marketing through television, radio and newspaper advertisements. We have, particularly in Eastern Europe, also engaged local credit point partners to attract new customers and to increase our brand awareness.

Subsidiaries

As of the date of this Prospectus, the Group has 39 subsidiaries. The following table provides an overview of these subsidiaries, their country of incorporation, and the ownership percentage:

Name	Country of incorporation	Group share of holding	Parent company share of holding
Ferratum Finland Oy	Finland	100%	100%
Ferratum Estonia OU	Estonia	100%	100%
Ferratum Latvia SIA	Latvia	100%	100%
UAB Ferratum	Lithuania	100%	100%
Ferratum Sweden AB	Sweden	100%	100%
Ferratum Czech s.r.o.	Czech Republic	100%	100%
Ferratum Poland Sp. Z.o.o.	Poland	100%	100%
Ferratum Finance Sp. Z.o.o.	Poland	100%	100%
Ferratum Spain SL	Spain	100%	100%
Ferratum Bulgaria EOOD	Bulgaria	100%	100%
Ferratum Slovakia s.r.o.	Slovakia	100%	100%
Ferratum Denmark ApS	Denmark	100%	100%
Ferratum UK ltd	Great Britain	100%	100%
Ferratum Capital Oy	Finland	100%	100%
Global Guarantee OÜ	Estonia	100%	100%
Ferratum d.o.o.	Croatia	100%	100%
Ferratum Capital Poland S.A.	Poland	100%	100%
Ferratum New Zealand Ltd.	New Zealand	100%	100%
Ferratum Finance B.V.	Netherlands	100%	100%
Ferratum Australia Pty Ltd	Australia	100%	100%
Ferratum Singapore Pte. (in liquidation)(2)	Singapore	90%	90%
Numeratum d.o.o.	Croatia	100%	100%
OOO Ferratum Russia	Russia	100%	100%
Rus-Kredit Ltd	Russia	100%	100%
Ferratum Bank Limited	Malta	100%	0.00001%
Ferratum (Malta) Holding Limited	Malta	100%	99.99999%
Ferbuy Singapore Pte. Ltd.(2)	Singapore	90%	90%
Swespar AB	Sweden	100%	100%
Nereida Spain S.L.	Spain	100%	100%
Ferratum Capital Germany GmbH	Germany	100%	100%
Ferratum Germany GmbH	Germany	100%	100%
Ferratum Romania I.F.N.S.A.(2)	Romania	99%	99%
Personal Big Data Oy	Finland	100%	100%
Sideways Sp z.o.o.	Poland	100%	0%
Highways Sp z.o.o.	Poland	100%	0%
Highways Sp. Kom	Poland	100%	0%
Pelegrat B.V. (1)	Netherlands	100%	100%
Ferratum Belgium BVBA(1)	Belgium	100%	99.99%
Ferratum Canada Inc	Canada	100%	100%

(1) Pelegrat B.V. and Ferratum Belgium BVBA are existing Group companies, however, the liquidation processes of these companies will start in the near future after which these two entities will seize to exist. The liquidation process for Ferratum Belgium BVBA was commenced as a result of the Group's business exit from Belgium and for Pelgrat B.V. was commenced because business in the Netherlands is conducted through the Group's UK entity.

(2) Jorma Jokela holds 10% in Ferratum Singapore Pte., 10% in Ferbuy Singapore Pte. Ltd and 1% in Ferratum Romania I.F.N.S.A.

Material Contracts

Other than the financing contracts and our bonds which are currently outstanding (see " *Management's Discussion and Analysis of Financial Position and Results of Operations – Liquidity and Capital Resources*"), there are no contracts we have entered into that would result in any obligation or entitlement that is material to our business, financial standing, or results of operation.

Insurance

We maintain customary insurance policies for our offices as well as D&O insurance policies. At the Group-level we are insured against banking risks, asset losses, professional indemnity, and directors' and officers' claims at a level of cover that we believe is adequate. We assess insurable risks and purchase insurance coverage from appropriate insurance companies. Review of new insurance policies and annual review of existing policies is conducted by the finance department.

Properties

The Group does not own any real property, but leases office space for customer service throughout Europe and in Australia and New Zealand. The Group also leases its headquarters in Helsinki and its

IT Headquarters in Bratislava, which are its main premises. In total, the Group leases properties in 20 countries with a total size of 3,685 m². There are no environmental issues at the Group's leased properties.

Intellectual Property

The Group's principal intellectual property assets include trademarks. The following chart lists the 9 trademarks registered by the Company in the European Union trademark database:

	Type	Registration No.	Filing Date
"Ferratum"	Trademark	004905725	16 Feb 2006
"Emplo"	Figurative mark	005774815	21 Mar 2007
"Rockmoney"	Trademark	006285738	18 Sep 2007
"money to rock with"	Trademark	006285779	18 Sep 2007
"Easy bills"	Figurative mark	009219437	26 Aug 2010
"Plusloan"	Trademark	010372647	27 Oct 2011
"Ferbuy"	Trademark	010515856	21 Dec 2011
"More than money to everyone"	Trademark	011075983	27 July 2012
"Moimoi"	Trademark	012274031	1 Nov 2013

In addition, Ferratum Bank Limited has registered two trademarks in the European Union trademarks database, "fe FerratumBank More than money to everyone" (figurative mark, registration number 011634805, filing date 18 April 2013) and "fe FerratumBank, More than money to everyone" (figurative mark, registration number 011283967, filing date 22 October 2012).

Additionally to the trademarks registered with the European Union trademarks database, the Group has registered two trademarks for a large number of countries in the World Intellectual Property Organization (WIPO).

The Group also holds 19 locally registered trademarks.

Because we are an internet company, we also own a large number of internet domain names, including our main website at www.ferratumgroup.com and various regional domain names. The several hundred domain names we own help with our marketing activities in the different countries we operate.

Over the years, the Group has developed an extensive in-house IT solutions for its business which includes, (i) a loan handling system (customer service platform) and several country-specific versions thereof, (ii) a credit limit system, (iii) an electronic ledger, (iv) a software collection tool, (v) the FerBuy software tool, (vi) a specialized invoice processing tool (IPT) and (vii) the Group's frontend applications which customers can use to interact with the Group's backend software.

The Group does not own any patents.

Litigation and Arbitration

As of the date of this prospectus, we are not and have not been in the past year, party to any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which we are aware) which may have, or have had in the recent past, significant effect on our financial position or profitability.

In the ordinary course of our business we have been involved in disputes in the past year that have not and in our view will not have a significant effect on our financial position or profitability. These cases which we were involved in relate to certain ordinary course disputes with three employees and two cases where we have been fined small sums of money by governmental authorities in Poland and the Czech Republic, both of which we have appealed.

Apart from the cases above, our business involves operations in a wide variety of regulatory environments. For more information on regulation, see "*Regulation*".

REGULATION

Regulatory Environment

The Group operates in over 20 jurisdictions worldwide, which requires managing diverse regulatory environments. As a result, the Group has set up a dedicated team of in-house lawyers with relevant geographical and country specific knowledge. Monitoring of legislative developments in the countries the Group operates in, including through the support of local legal counsels, is part of the Group's compliance monitoring process. While the management of the Company believes the majority of the jurisdictions the Group operates in offers stable regulatory environments for the development and administration of a functioning consumer credit market, especially the consumer loan segment, there have been instances where legislative changes have had a restrictive effect. The Group's in-house legal department has in the past identified any such legal changes and has assisted senior management and the business development department of the Group in identifying new opportunities or alternative channels for the provision of the Group's core products. Consequently, changes of laws and regulations that were restrictive in many cases were a driver for innovation within the Group and added to its revenue growth. For instance, in several jurisdictions legal changes have prompted competitors to stop offering their products in such jurisdiction because they were unable or unwilling to modify their existing structures to the new conditions. As a result, the Group could expand its activity with an adapted product portfolio in a less competitive environment. For example, the Group has reacted to legislative changes in Australia in 2013 which benefited its market position in Australia, principally as a result of certain competitors in Australia leaving the market following the regulatory changes.

The Group has also employed other strategies to continue complying with legislation. For instance, following a discussion with the Dutch regulator AFM concerning compliance of the Group's business model with Dutch regulation following the new legislation introduced in 2011, the AFM submitted an intention to impose an injunction that would stop the Group's activities in the Netherlands. As a result, management of the Company decided to cease activities before the intended injunction was issued. The Group adjusted its business model to comply with the Dutch regulations and began cross-border operations by using its consumer credit license obtained in the UK.

Changes in the Finnish legal framework in 2013 resulted in severe amendments in the Group's business model. The Company analyzed the situation thoroughly and was able to find six different new legal solutions for operating under the new legislation. The Group introduced these new legally different models in Finland, which complied with the new Finnish law. In line with the requirements, the main offering in Finland now is its Credit Limit product, which is a loan facility of up to €2,000, from which the customers can borrow money within the limit. The Credit Limit product was well accepted by Finnish customers and as a result, this new product was eventually also introduced successfully in several other jurisdictions.

In Slovakia, the legislative changes have taken place throughout the course of 2014. Each time we have taken significant time and effort to adjust our services and product portfolio accordingly.

Through this accumulated experience in handling legislative developments, the Group has also been able to identify situations where the continued conduct of business within a given jurisdiction would have ultimately exposed one or more Group subsidiaries to unacceptable levels of risk. In these limited scenarios the Company's senior management took a conscious and informed decision to wind down operations in that country. Such a decision entails the assessment of a whole range of factors, including the identification of elevated levels of reputational risk, the probable imposition of administrative sanctions or other penalties, potential financial losses, the overall cost to the Group of allocating resources to adverse scenarios, rather than focusing on growth and business expansion, as well as the overall viability of operations in that jurisdiction. For example, after the legislative changes in 2012 in Belgium and after analyzing the market situation (including political and legislation climate) the management of the Company decided to wind down operations on the Belgian market in the summer 2013.

Recently, the UK Financial Conduct Authority has confirmed price cap rules for small consumer loans which shall take effect at the beginning of 2015. The Financial Conduct Authority has received the authority to regulate the consumer credit industry in the UK on 1 April 2014 and has since then introduced a number of regulatory changes with which the Group is already complying with. At the moment, Ferratum UK Limited (Ferratum) is operating under an interim permission from the Financial Conduct Authority in the UK. The Group is required to apply for a full authorization by 28 February 2015. The Group intends to submit an application in the near future. As the Group is already in compliance with all rules the Financial Conduct Authority has issued, the Group's management is confident that no operational changes in its UK business are required due to the changes in the legal framework and the new required authorization. The Financial Supervisory Authority is expected to make a decision on complete applications within six months from the submission date. As a result, the Group expects that the full authorization process will be completed at the latest in the second half of 2015.

Overview of Licensing Requirements in the Countries we Operate in

The Company is active in the small consumer loan business, principally in the EU. Due to the non-harmonized legal requirements for microlending to consumers in the EU, the Group is thus exposed to a multitude of legal systems. In addition, since 2013, the Group operates an EU Credit Institution in Malta and has entered markets such as Germany which require a banking licence within the EU to conduct our business. The following table provides an overview of all our licences, memberships and registrations per country of operation:

Country	Registration / Licence	Date of Registration
Finland	• Registration in the Register of Creditors kept by the State Provincial Office	2010
Estonia	• Ferratum Estonia OÜ: Registration in the Register of Economic Activities kept by the Estonian Ministry of Economic Affairs and Communications	2008
	• Global Guarantee OÜ: Registration in the Register of Economic Activities kept by the Estonian Ministry of Economic Affairs and Communications	2011
Sweden	• Ferratum Sweden AB - Registration with the Swedish Financial Supervisory Authority	2006
	• Registration with the Swedish Financial Supervisory Authority - Swespar AB is a deposit-taking company	2013
Latvia	• Credit Service Provider license	2013
Czech Republic	• Registration with the Czech Data Protection Authority	2007
	• Trade license from the Czech Trade Licensing Office	2011
	• Trade license for 'providing consumer credits' from the Czech Trade Licensing Office	2011
Lithuania	• Registration with the State Consumer Rights Protection Authority	2011
Poland	• Ferratum Finance is registered with the Polish Data Protection Authority	2010
Slovakia	• Registered as a financial institution at the National Bank of Slovakia	2010
	• Registration at the National Bank of Slovakia for products PlusLoan and FerBuy	2012
Bulgaria	• Registered as a financial institution at the Bulgarian National Bank	2009
	• Registration in the Central Credit Register of the Bulgarian National Bank	2010
	• Registration with the Data Protection Registry	2009
Denmark	• Registration with the Danish Financial Supervisory Authority	2009
United Kingdom	• Interim permission from the Financial Conduct Authority	2014
	• Registration with the Data Protection Commissioner	2010
	• Registration with the Consumer Credit Trade Association	2010
New Zealand	• Registration as Financial Services Provider within the Financial Services Provider Register (Companies Office)	2011
	• Membership of the Dispute Resolution Scheme of Financial Services Complaints Ltd	2011
Australia	• Membership of the National Financial Services Federation	2011
	• Membership of The Credit Ombudsman Service Limited, an external dispute resolution service	2011
	• Credit license certificate from Australian Securities & Investments Commission	2011
	• Membership of AUSTRAC (Australian Transaction Reports and Analysis Center)	2011

Country		Registration / Licence	Date of Registration
Russia	•	State Registry of Microfinancial Institutions	2012
Croatia	•	Croatian Personal Data Protection Agency AZOP	2011
Malta	•	Ferratum Bank Ltd was granted a licence by the Malta Financial Services Authority	2012
Romania	•	Registration with National Authority for Personal Data Protection	2014
	•	Financial Institution Licence	2014
Canada (British Columbia)	•	Credit Licence issued by British Columbia authority Consumer Protection BC.	2014

Overview of EU licensing requirements

Our business in the European Union is affected by EU legislation, principally the EU Consumer Credit Directive (2008/48/EC). Each EU Member State was required to enact harmonized legislation their respective legislation as a result of the Consumer Credit Directive. The legislation which was implemented has been very different in each EU Member State. Each EU Member State has decided independently which kind of reporting and licensing requirements are applicable to companies providing micro-loans. For instance, Germany requires a full banking licence to engage in the mirco-loan segment, which is the reason why the Group only entered this market after receiving a EU Credit Institution licence in Malta.

In each jurisdiction in Europe where we start operations, we complete an analysis of which licences, memberships and registrations are required for our business. Those requirements range from three required memberships and one certificate in Australia to only a simple registry entry in countries such as Finland or Lithuania.

Overview of licence requirements outside the EU

Overview of licence requirements in Russia

No license is required for the provision of quick-loans services in Russia. However, any micro-financial organization (a company providing quick-loans) needs to be included in the State Registry of Micro-financial Organizations, a public list of such institutions held by the Bank of Russia (the Central Bank). There is a certificate confirming existence of a company's entry into the registry. We have completed the required registration and received such certificate.

Overview of licence requirements in New Zealand

The Financial Service Providers (Registration and Dispute Resolution) Act 2008 requires all "financial service providers", which includes a person providing credit under a credit contract, to be registered on the Financial Service Providers Register (the FSPR). Further, if the financial service is being provided to retail clients the provider must also join an approved dispute resolution scheme. We have been registered as a creditor under credit contracts and a member of an approved dispute resolution scheme.

Overview of licence requirements in Australia

Since 2010 consumer credit (as opposed to credit provider to businesses) has been regulated by the National Consumer Credit Protection Act 2009 in Australia. Under that act every entity which engages in any part of the credit business (either as a credit provider, credit assistance provider or otherwise) needs to hold a licence granted by the regulator, the Australian Securities and Investments Commission.

Overview of licence requirements in Canada

The Group has not started lending operations in Canada as of the date of this Prospectus. Canada is divided into provinces. Under the definition of payday loans, all loan amounts up to Canadian $1500 and with the term up to 62 days qualify as payday loans. Anything above such amount would not be qualified as a payday loan and would fall under federal laws. There are six provinces in Canada that permit payday lending: British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Nova Scotia. In all these provinces a payday lender needs to be licensed in order to operate. While many of the regulations are similar in all of these provinces, each province has unique regulations in connection with licensing, registration, documents, collections, advertising, disclosure and privacy. There are also price caps imposed in each province.

Ferratum has decided to apply licences in three provinces – British Columbia, Alberta and Ontario. Lender needs to be incorporated in one province and obtain extra-provincial registration of that company in the remaining provinces. Ferratum is incorporated in British Columbia and the first licence was also obtained in British Columbia on 1 November 2014. Licences in the provinces are issued by provincial consumer protection authorities who also supervise the operations of a payday lender.

Supervisory Authorities

On 12 September 2012, Ferratum Bank Ltd was granted a credit institution licence by the MFSA. As a result, the Group holds an EU banking licence that can be passported to all EU countries. In addition to being regulated by and reporting to the MFSA, our Maltese bank also reports to the Central Bank of Malta ("**CBM**").

In addition, Ferratum Bulgaria EOOD in Bulgaria reports to the Bulgarian National Bank, Ferratum Romania I.F.N. S.A. in Romania reports to the National Bank of Romania, UAB Ferratum in Lithuania reports to the Central Bank of the Republic of Lithuania and Ferratum Russia LLC in Russia reports to Bank of Russia (the Central Bank).

Maltese Depositor Compensation Scheme

Through its EU banking licence, Ferratum Bank Ltd may carry out banking activities under the Maltese Banking Act, Cap 371. In the past, the licence included a condition that did not allow the bank to accept deposits or instruments which are covered by the Maltese depositor compensation scheme. This condition was subsequently lifted in November 2014. In addition to deposit products or instruments not covered by the Maltese depositor compensation scheme, which Ferratum Bank Ltd was allowed to take before, Ferratum Bank Ltd is now able to take deposits that are covered by the Maltese depositor compensation scheme in Malta and other EU countries, if it uses its licence in cross-border activities. Ferratum Bank Ltd has informed the MFSA, that it will adhere to the requirements of the Maltese depositor compensation scheme in the future, once it starts taking deposits which are covered by the scheme. As of the date of this Prospectus, Ferratum Bank Ltd has not taken any deposits yet.

Reporting Requirements in Malta

All licensed banks in Malta are required to submit on a monthly basis three reports to both the MFSA and the Central Bank of Malta (CBM). These reports include:

- *MFI (Monetary Financial Institutions) Returns in line with Banking Rule 6:* This report covers the following areas (i) assets and liabilities classified by residents (Malta, Monetary Union Member States and rest of the world) and analysed by sector, (ii) the income statement for total period, (iii) flows related to loans and deposits and total flows, (iv) interest rates (MIR) and (v) a classification of loans and advances and interest due into 5 categories: a) Regular b) Watch c) Substandard d) Doubtful and e) Loss.

- *Other BRS Returns:* This report covers reporting under (i) Banking Rule BR/02 on large exposures of Credit Institutions on a solo basis, (ii) Banking Rule BR/03 Solo Own Funds, (iii) Banking Rule BR/05 Liquid Asset Requirement & Liquid Maturity Ladder and (iv) Banking Rule BR/08 Capital Adequacy.

- *Capital Requirements Directive (CRD) Return:* This report covers the allocation of capital at 8% of the risk weight allocation to all assets held by the bank on its balance sheet: (i) Credit

Risk to Financial Institutions – 20% Risk weight, (ii) Credit Risk to Financial Institutions having a short-term credit rating – 50% Risk weight, (iii) Credit Risk on Retail Business – 75% Risk weight, (iv) Credit Risk on Other Assets – 100% Risk weight and (v) Operational Risk – 12% of the Net Interest income average for 3 years.

Reporting Requirements on 5% and 10% shareholding in the Company

The MFSA will have to be informed in case a new shareholder of the Company accumulates a shareholding of 5% or more; whilst a new shareholder attaining a shareholding level of 10% or more will have to be approved by the MFSA so that the Ferratum Bank Ltd remains in compliance with Maltese laws and regulations.

Reporting Requirements to EBA

In addition to the local reporting requirements, all licensed banks in Malta, similarly to all banks licensed in the European Union, are also required to submit on a monthly and quarterly basis a number of reports to the European Banking Authority ("**EBA**"). This reporting is submitted through a web-portal specifically created for this purpose. These reports include:

- *COREP Reporting:* This report covers the following areas: (i) Liquidity (LCR), (ii) own funds and own funds requirements (CA), (iii) large exposures and concentration risk (LE), (iv) leverage (LEVARAGE), (v) liquidity (NSFR).

  The LCR report is submitted on a monthly basis whilst the other reports are required to be submitted on a quarterly basis.

- *FINREP Reporting:* This new set of reporting started in October 2014 has increased the reporting requirements to EBA and covers a variety of new and additional financial reporting requirements.

PRINCIPAL SHAREHOLDERS

Overview

The below table shows the current composition of the shareholders of the Company and after the Offering (assuming all Offer Shares are sold):

Shareholder	Shareholding in % prior to the Offering	Shareholding in % after the Offering assuming the full exercise of the Greenshoe option
Jorma Jokela (CEO) [(1)]	82.54%	57.43%
AS Pontos Capital	8.84%	6.15%
OÜ Pontcap 1[(2)]	1.17%	0.81%
Direct and indirect holdings of employees and other minority shareholders[(3)]	6.68%	4.93%
Treasury Shares	0.77%	0.67%
New investors (fully paid in)	-	30.00%
Total	**100.00%**	**100.00%**

(1) Jorma Jokela holds its shares partially directly and partially indirectly via European Recruitment Company OÜ.

(2) OÜ Pontcap 1 is owned 51% by AS Pontos Capital and certain key employees of Pontos Group.

(3) These minority shareholders include another 16 shareholders who principally are employees of the Group.

All ordinary shares of the Company provide the same voting rights.

Shareholder Agreement

Jorma Jokela and several minority shareholders concluded a shareholder agreement in 2009. Under the provisions of the shareholder agreement it will terminate upon completion of the Offering. There are, however, some parts of the agreement which will continue to be applicable. For a period of two years following the termination of the agreement the parties to the agreement agreed that they will not, directly or indirectly, engage in the business of provision of small short-term unsecured consumer credits and loans to private persons by using internet, mobile phones or other similar mobile devices, or otherwise compete with the Group. In addition, Pontos Capital and Pontcap agreed that for the period of two years after the termination of the agreement they will not invest in certain competitors specified in the shareholders' agreement. Furthermore, the parties agreed that for a period of one year following the earlier of the termination of the agreement or the party's employment or managerial relationship with the Group that they will not, directly or indirectly, solicit for employment or advise any other person to employ or to solicit for employment, any person employed by the Group.

TRANSACTIONS AND LEGAL RELATIONSHIPS WITH RELATED PARTIES

The Group is controlled by Jorma Jokela, who, directly and indirectly, owns more than 80% of the Shares. The other Shares are held by Pontos Capital and by a number of key employees of the Group. For additional information on remunerations to key employees, see "*Board of Directors and Senior Management of the Company – Remuneration Paid to Members of the Board of Directors and Senior Management Team*".

In 2011, €240,328 and in 2012, €668,862 were spent by the Company for services from related party entities controlled by key management personnel and in 2013, €710,677 were spent by the Company for services from related party entities controlled by key management personnel. In the first nine months of 2014, the corresponding amount was €716,798. These services principally include certain consulting services. Generally the services related to administration services, project management, advisory and consulting services, IT services, legal counselling, flight travel services and warehousing services. All related party transactions were carried out on market terms and were based on market prices of goods and services.

GENERAL INFORMATION ABOUT THE COMPANY AND ITS SHARE CAPITAL

General Information on the Company

The registered name of the Company is Ferratum Oyj. The Company is a public limited company incorporated on 1 January 2005 in Finland, and is organized under the laws of Finland. The Company is registered in the Finnish Trade Register under the business identity code 1950969-1. The registered address of the Company is Ratamestarinkatu 11 A, FI-00520, Helsinki, Finland and the contact telephone number for the Company is +49 (0)30/ 887153-08. The financial year of the Company is the calendar year (1 January to 31 December). The Company uses the commercial name "Ferratum".

According to Article 2 to the Articles of Association of the Company, the line of business of the Company is to provide financing services, such as the provision of consumer credit, microloans and other loans as well as other financing. The Company may conduct its business directly on its own or through subsidiaries or associated companies. The Company may, as the parent company of the group, offer its subsidiaries and affiliate companies financing services and administrative services.

Formation and History of the Company

The Company was originally incorporated in 2005 as a private limited company under the Finnish Companies Act under the name "JT Family Holding Oy". The Articles of Association were executed on 1 January 2005, and the Company registered with the Finnish Trade Register on 8 March 2005.

In preparation of the Offering, the legal form of the Company was changed to a public limited company under the Finnish Companies Act by a resolution of the General Shareholders' Meeting on 29 August 2014 and the change was registered by the Finnish Trade Register on 26 September 2014.

Group Structure

The Company is the parent company of the Group. The Company also has operations, principally management services, which it provides to other Group companies and employees several employees of the Group. For an overview over the Company's subsidiaries, see "*Business – Subsidiaries*".

Shares and Share Capital

As at the date of this Prospectus, the fully paid-in share capital of the Company amounts to €7,300,000 and the Company has 18,890,400 shares. The Shares have no nominal value. The Company has only one class of shares. As at the date of this Prospectus, the Company holds 146,200 treasury shares. The Existing Shares have been entered into the book-entry securities system of Euroclear Finland. Each Share entitles its holder to one vote at the General Shareholders' Meeting of the Company. The Shares are issued under Finnish law and denominated in euro. All of the Shares are fully paid in and freely transferable.

Other than the share options granted by Jorma Jokela to Lea Liigus and Clemens Krause (see "*Recent Developments*"), there are no securities or securities with warrants outstanding which are convertible or otherwise exchangeable into Shares. There are no acquisition rights or obligations over authorised but unissued capital or undertakings to increase the share capital of the Company. Neither the Company nor any member of the Group has issued any options on to their respective shares or is otherwise subject to share options.

Development of the Share Capital

Set out below is an overview of the changes in the Company's share capital and the number of Shares since the incorporation of the Company:

Event	Number of Shares issued	Aggregate number of Shares after the event	Subscrip tion price per Share (€)	Share capital after the event (€)	Registered
Share capital increase on 29 August 2014............................	n/a	18,890,400	n/a	7,300,000	26 September 2014
Share split on 29 August 2014	18,879,288	18,890400	0	10,000	26 September 2014
Directed acquisition of Company's own Shares on 28 August 2013...	n/a	11,112	n/a	10,000	n/a
Directed acquisition of Company's own Shares on 29 January 2013	n/a	11,112	n/a	10,000	n/a
Directed Acquisition of Company's own Shares on 27 December 2012	n/a	11,112	n/a	10,000	n/a
Conversion of the capital loan into shares on 9 March 2012	1,112	11,112	2,697.84	10,000	2 April 2012
Directed issue or treasury shares of Company's own Shares on 29 April 2011	40	10,000	1,689.74	10,000	n/a
Directed Acquisition of Company's own Shares on 16 April 2011	n/a	10,000	n/a	10,000	n/a
Directed Acquisition of Company's own Shares on 13 December 2010.	n/a	10,000	n/a	10,000	n/a

Capital Increase on 29 August 2014

An extraordinary General Shareholders' Meeting resolved to increase the share capital by €7,290,000.00 by way of a transfer from the reserves. The transfer was made to the share capital from retained earnings in the amount of €1,463,001.35 and from earnings from the ongoing period in the amount of €5,826,998.65. Upon the share capital increase being registered on 26 September 2014 by the Finnish Trade Register, the share capital was is €7,300,000.00.

Share Split on 29 August 2014

An extraordinary General Shareholders' Meeting resolved to split the Shares of the Company in a ratio of 1 to 1,700. The share split was implemented by way of issuing 1,699 new Shares without subscription price for each then-existing Share (including Shares held in treasury by the Company). In total, 18,879,288 new Shares were issued. Upon the share split being registered on 26 September 2014 by the Finnish Trade Register, the Company had 18,890,400 Shares. The share capital was not increased or decreased in connection with the share split.

Directed Acquisition of the Company's own Shares on 28 August 2013

Based on an authorisation given by an extraordinary General Shareholders' Meeting on 27 December 2012, the Board of Directors resolved that the Company shall acquire 36 Shares (adjusted for the share split: 61,200 Shares) owned by former employees of the Group as follows: 6 Shares (adjusted for the share split: 10,200 Shares) at a price of €3,844.88 per Share (adjusted for the share split: €2.26 per Share) and 30 Shares (adjusted for the share split: 51,000 Shares) at a price of €1,957.98 per Share (adjusted for the share split: €1.15 per Share). The own Shares were acquired with funds from the reserve for invested unrestricted equity of the Company.

Directed Acquisition of the Company's own Shares on 29 January 2013

Based on an authorisation given by an extraordinary General Shareholders' Meeting on 27 December 2012, the Board of Directors resolved that the Company shall acquire 35 Shares (adjusted for the share split: 59,500 Shares) owned by former employees of the Group as follows: 30 Shares (adjusted for the share split: 51,000 Shares) at a price of €1,957.98 per Share (adjusted for the share split: €1.15 per Share) and 5 Shares (adjusted for the share split: 8,500 Shares) at a price of €1,075.32 per Share (adjusted for the share split: €0.63 per Share). The own Shares were acquired with funds from the reserve for invested unrestricted equity of the Company.

Directed Acquisition of the Company's own Shares on 27 December 2012

An extraordinary General Shareholders' Meeting resolved that the Company shall acquire 15 Shares (adjusted for the share split: 25,500) owned by a former employee of the Group with an acquisition price of €1,075.32 per Share (adjusted for the share split: €0.63 per Share). The own Shares were acquired with funds from the reserve for invested unrestricted equity of the Company.

Conversion of the Capital Loan into Shares on 9 March 2012

The General Shareholders' Meeting resolved on 11 March 2009 that the Company shall take a convertible loan from RDS Hotelli AS (currently Pontos Capital) and Azmon OÜ (currently Pontcap). The convertible loan allowed the lenders to convert the loan into up to 1,112 new Shares in the Company (adjusted for the share split: 1,890,400 Shares). The lenders exercised the conversion option on 9 March 2012, whereby the lenders subscribed to 1,112 new Shares in the Company (adjusted for the share split: 1,890,400 Shares). The subscription price per new Share was € 2,697.84 (adjusted for the share split: €1.59 per Share). Upon the new Shares being registered on 2 April 2012 by the Finnish Trade Register, the Company had 11,112 Shares (adjusted for the share split: 18,890,400 Shares). The subscription price for the new Shares was recorded in the reserve for invested unrestricted equity.

Directed Issue of Treasury Shares on 29 April 2011

Based on an authorization given by the General Shareholders' Meeting on 16 April 2011, the Board of Directors resolved to issue 40 treasury Shares held by the Company to certain employees of the Group at a subscription price of €1,689.74 per Share (adjusted for the share split: €0.99 per Share). The subscription price was recorded in the Company's reserve for invested unrestricted equity.

Directed Acquisition of Company's own Shares on 16 April 2011

The General Shareholders' Meeting resolved that the Company shall acquire 30 Shares (adjusted for the share split: 51,000 Shares) owned by former employees of the Group at a price of €1,075.32 per share (adjusted for the share split: €0.63 per Share). The own Shares were acquired with funds from the unrestricted equity of the Company.

Directed Acquisition of Company's own Shares on 13 December 2010

The General Shareholders' Meeting resolved that the Company shall acquire 10 Shares (adjusted for the share split: 17,000 Shares) owned by a former employee of the Group at a price of €1,075.32 per Share (adjusted for the share split: €0.63 per Share). The own Shares were acquired with funds from the reserve for invested unrestricted equity of the Company.

Authorizations to Repurchase Own Shares

Pursuant to the Finnish Companies Act, the General Shareholders' Meeting may authorize the Board of Directors to resolve on repurchasing Shares in the Company. As at the date of this Prospectus, no such authorizations are in force. See "*Shareholder Rights – Own Shares*".

Employee Options Program

On 14 January 2015, the General Shareholders' Meeting adopted a framework resolution granting an authorization to the Board of Directors to grant options for up to 600,000 Shares to employees of the Group. For more information see "*Board of Directors and Senior Management of the Company - Employee Options Program*."

SHAREHOLDER RIGHTS

Pre-emptive Rights

Pursuant to the Finnish Companies Act, shareholders of a Finnish company have a pre-emptive right, in proportion to their shareholdings, to subscribe for new shares in such company unless the resolution of the General Shareholders' Meeting approving such issue, or authorizing the Board of Directors to resolve on such issue, provides otherwise. Pursuant to the Finnish Companies Act, a resolution that deviates from the shareholders' pre-emptive rights must be approved by at least two-thirds of all votes cast and shares represented at a General Shareholders' Meeting. In addition, pursuant to the Finnish Companies Act, such a resolution requires that the company has a significant financial reason to deviate from the pre-emptive rights of shareholders.

Certain shareholders resident in, or with a registered address in, certain jurisdictions other than Finland or Germany may not be able to exercise pre-emptive rights in respect of their shareholdings unless a registration statement, or an equivalent thereof under the applicable laws of their respective jurisdictions, is effective or an exemption from any registration or similar requirements under the applicable laws of their respective jurisdictions is available.

General Shareholders' Meeting

General

Pursuant to the Finnish Companies Act, shareholders exercise their power to resolve on matters at general meetings of shareholders. Pursuant to the Finnish Companies Act, the annual General Shareholders' Meeting must be held annually no later than six months from the end of the Company's financial year. At the annual General Shareholders' Meeting, the financial statements, including the income statement, statement of financial position and cash flow statement with notes thereto and consolidated financial statements, are presented to the shareholders for adoption. At the annual general meeting, shareholders also make decisions regarding, among others, use of profits shown in the statement of financial position, the discharge from liability of the members of the Board of Directors and the managing director, the number of members of the Board of Directors as well as the election of the members of the Board of Directors and the auditor, and their respective remuneration.

An extraordinary General Shareholders' Meeting in respect of specific matters must be convened when deemed necessary by the Board of Directors, or when requested in writing by the auditor of the Company or by shareholders representing at least one-tenth of all of the issued and outstanding Shares in the Company.

Pursuant to the Articles of Association, the Board of Directors must publish a notice to a General Shareholders' Meeting on the Company's website or otherwise in a verifiable manner no more than three months and no less than three weeks prior to the general meeting, however, in any case, at least nine days before the record date of the General Shareholders' Meeting.

In order to attend and vote at the General Shareholders' Meeting, a shareholder must, pursuant to the Articles of Association, register with the Company at the latest on the date referred to in the notice convening the meeting, which may be at the earliest ten days before the General Shareholders' Meeting. Shareholders must comply with the requirements in respect of Shares registered in Euroclear Finland or Clearstream, as the case may be, and any instructions provided in the relevant notice of the General Shareholders' Meeting.

There are no quorum requirements for general meetings of shareholders in the Finnish Companies Act or in the Articles of Association.

Shareholders with Shares registered in Euroclear Finland

In order to have the right to attend and vote at a General Shareholders' Meeting, a shareholder must be registered at least eight Finnish business days prior to the relevant General Shareholders' Meeting in the register of shareholders maintained by Euroclear Finland in accordance with Finnish law. A beneficial owner of nominee-registered shares contemplating attending and vote at the General Shareholders' Meeting should seek a temporary registration in the register of shareholders maintained by Euroclear Finland by the date announced in the notice to the General Shareholders' Meeting, which date must be after the record date of the General Shareholders' Meeting. A notification for temporary registration of a beneficial owner into the shareholder register of the company is considered notice of attendance at the General Shareholders' Meeting.

In order to have the right to attend and vote at a General Shareholders' Meeting, a shareholder with shares registered in Clearstream's book-entry securities system must (i) be registered in the register of shareholders maintained by Clearstream on the record date of the General Shareholders' Meeting, i.e. eight Finnish business days prior to the General Shareholders' Meeting, and (ii) request temporary registration of ownership in the register of shareholders maintained Euroclear Finland by the date announced in the notice to convene the general meeting.

Furthermore, shareholders with shares registered in Clearstream in the name of a nominee, through a bank or a securities institution, must, in order to have the right to attend the General Shareholders' Meeting, (i) temporarily re-register their shares in their own name in the register maintained by Clearstream by instructing their nominee to send to Clearstream the request for temporary registration into the register of shareholders maintained by Clearstream, and (ii) procure that the nominee sends the abovementioned request for temporary registration in the register of shareholders maintained by Euroclear Finland on their behalf.

A request for temporary registration of ownership in the register of shareholders maintained Euroclear Finland is considered notice of attendance at the General Shareholders' Meeting.

Voting rights

A shareholder may attend and vote at a General Shareholders' Meeting in person or through an authorized representative. Pursuant to the Finnish Companies Act and the Articles of Association, each share entitles the holder to one vote at the General Shareholders' Meeting. At a General Shareholders' Meeting, resolutions are generally passed with the majority of the votes cast.

However, certain resolutions, such as any deviations from shareholders' pre-emptive rights in respect of share offerings and repurchases of own shares, amendments to the Articles of Association and resolutions regarding mergers, demergers or liquidation of a company, require at least two-thirds of the votes cast and the shares represented at the General Shareholders' Meeting.

In addition, certain resolutions, such as amendments to the Articles of Association that change the respective rights of shareholders holding the same class of shares or increase the redemption rights of a company or its shareholders require the consent of all shareholders, or where only certain shareholders are affected, require the consent of all shareholders affected by the amendment in addition to the applicable majority requirement.

Squeeze-out Rights

Under the Finnish Companies Act, a shareholder with shares representing more than 90 percent of all shares and voting rights attached to all shares in a company has the right to redeem remaining shares in such company for fair value. In addition, any minority shareholder that possesses shares that may, pursuant to the Finnish Companies Act, require such majority shareholder to redeem its shares. Under the Finnish Companies Act, shareholders are obliged to inform the company without delay of having become, or no longer being, entitled to redeem minority shareholders' shares.

In addition to the squeeze-out rights of shareholders, the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz* – "**WpÜG**") provides for squeeze-out rights as a result of the primary listing of the Shares on the Frankfurt Stock Exchange. However, these squeeze-out rights require higher thresholds. Under Sections 39a and 39b of the WpÜG a shareholder holding at least 95% of the voting share capital of a target company (as defined in the WpÜG) after a takeover bid or mandatory offer, may, within three months of the expiry of the deadline for acceptances, petition the Regional Court *(Landgericht*) of Frankfurt am Main for a court order transferring the remaining voting shares to it against the payment of adequate compensation. A resolution passed by the general shareholders' meeting is not required. The consideration paid in connection with a takeover or a mandatory bid is considered adequate if the shareholder has obtained at least 90% of the share capital that was subject to the offer. The nature of the compensation must be the same as the consideration paid under a takeover bid or mandatory offer; a cash alternative must always be offered. In addition, after a takeover bid or mandatory offer, shareholders in a target company who have not accepted the offer may do so up to three months after the deadline for acceptances has expired, provided the shareholder is entitled to petition for the transfer of the outstanding voting shares in accordance with Section 39a of the WpÜG (Section 39c of the WpÜG).

Dividends and Other Distributions of Funds

Under the Finnish Companies Act, the shareholders' equity of a company is divided into restricted and unrestricted equity. Restricted equity consists of the share capital, the fair value reserve and the revaluation reserves according to the Finnish Accounting Act (1336/1997, as amended) as well as any possible reserve fund and share premium fund formed under the previous Finnish Companies Act (734/1978, as amended) effective prior to September 1, 2006.

In accordance with the prevailing practice in Finland, dividends on shares in a Finnish limited company, if any, are generally declared once a year. Dividends may be paid and unrestricted equity may be otherwise distributed after the General Shareholders' Meeting has adopted the company's financial statements and resolved on the amount of dividend or other distribution of unrestricted equity based on a proposal by the Board of Directors of the company. Pursuant to the Finnish Companies Act, the payment of a dividend or other distribution of unrestricted equity may also be based on financial statements other than those for the preceding financial year, provided that such financial statements have been adopted by the General Shareholders' Meeting. If the Company has an obligation to elect an auditor pursuant to law or its Articles of Association, such financial statements must be audited.

The payment of a dividend or other distribution of unrestricted equity requires the approval of the majority of the votes cast at a General Shareholders' Meeting of the company. Pursuant to the Finnish Companies Act, the General Shareholders' Meeting may also authorize the Board of Directors to resolve upon the payment of dividends and other distributions of unrestricted equity. The amount of dividend or other distribution of unrestricted equity cannot exceed the amount stipulated by the General Shareholders' Meeting.

Pursuant to the current Finnish Companies Act, a company may also distribute funds by reducing its share capital, which requires the approval of the majority of votes cast at a General Shareholders' Meeting of the company. A decision regarding the share capital reduction must be registered in the Finnish Trade Register within one month from the General Shareholders' Meeting of the company that resolved on such share capital reduction. Following the registration of the share capital reduction, a creditor hearing process may be commenced and the Finnish Trade Register will issue, upon application of the company, a notice to the creditors of the company. The reduction of the share capital may be registered if none of the creditors of the company has opposed the reduction of the share capital or the company has received a confirmatory judgment to the effect that the opposing creditors have either received payment for their receivables or a securing collateral has been placed by the company for the payments of such receivables.

Distributable funds include the net profit for the preceding financial year, retained earnings from previous financial years and other unrestricted equity, adjusted for the loss set forth in the statement of financial position and the amounts that the Articles of Association of the Company require to be left undistributed. The amount of any dividend or other distribution of unrestricted equity is limited to the amount of distributable funds of the Company stated in the financial statements upon which the decision to pay dividends or otherwise distribute unrestricted equity are based, subject to any material changes in the financial condition of the company since the financial statements were prepared.

Distribution of funds, whether by way of dividend or other distribution of unrestricted equity, is prohibited if it is known, or it should be known, at the time such decision is made that the company is insolvent or that such distribution would cause the company to become insolvent.

Distributable funds are, where applicable, to be further adjusted for capitalized incorporation, research and certain development costs in accordance with the provisions of the Finnish Act on the Implementation of the Finnish Companies Act (625/2006, as amended). A parent company of a consolidated group of companies may not distribute more than the amount of distributable funds shown on the parent company's latest audited and adopted financial statements.

The dividend may not exceed the amount proposed or otherwise accepted by the Board of Directors, unless so requested at the general meeting by shareholders representing at least one-tenth of all of the issued and outstanding shares in the company, in which case, the dividend can be no more than the lesser of (i) at least one-half of the profit for the preceding financial year less the amount that the Articles of Association require to be left undistributed (if any) and (ii) the amount of distributable funds as described above. However, in such case, the dividend cannot exceed 8 percent of the total shareholders' equity of the Company and the distributable amount must be adjusted for any dividends paid during the accounting period before the annual General Shareholders' Meeting.

All shares in the Company will carry equal rights to dividends and other distributions of funds by the Company (including distributions of assets in the event of the liquidation of the Company). After they are registered in the Finnish Trade Register, the shares in the Company will entitle the holders to dividends and other distributions of funds by the Company as well as other shareholder rights. The right to dividends expires within three years from the dividend payment date.

In case of an insolvency or liquidation each share provides an equal right to participate in such insolvency or liquidation proceedings under the applicable laws.

For information relating to taxation of dividends, see "*Taxation in the Republic of Finland*."

Own Shares

Pursuant to the Finnish Companies Act, a company can repurchase its own shares. Resolutions regarding the repurchase of a company's own shares must be made by the General Shareholders' Meeting, unless the General Shareholders' Meeting has authorized the Board of Directors to resolve upon share repurchases using unrestricted equity. Any such authorization with regard to a public limited company may remain in effect for no more than 18 months. A public limited company may not, directly or indirectly, own more than 10 percent of all shares in the company.

Foreign Exchange Control

Shares in a Finnish company may be purchased by non-residents of Finland without any separate Finnish exchange control consent. Non-residents may also receive dividends without separate Finnish exchange control consent, the transfer of assets out of Finland being subject to payment by the company of withholding taxes in the absence of an applicable taxation treaty. Non-residents having acquired shares in a Finnish limited company may receive shares pursuant to a bonus issue or through participation in a rights issue without separate Finnish exchange control consent. Shares in a Finnish company may be sold in Finland by non-residents, and the proceeds of such sale may be transferred out of Finland in any convertible currency. There are no Finnish exchange control regulations restricting the sale of shares in a Finnish company by non-residents to other non-residents.

Transferability

The Company's shares, including the Offer Shares, are freely transferrable. Other than the restrictions listed under Selling Restrictions in the preamble of this Prospectus, there are no legal restrictions on trading of the Offer Shares.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

General

The Company is a public limited company incorporated and domiciled in Finland. The functioning of the Company is determined by the Finnish Companies Act (624/2006, as amended) and its Articles of Association, in its organisation and administration. In addition, the Company voluntarily adheres to the Finnish Corporate Governance Code (see below under "*Corporate Governance*").

The administration of the Company is, in accordance with the Finnish Companies Act, divided between the General Shareholders' Meeting of the Company (the "**General Shareholders' Meeting**"), the Board of Directors and the CEO. The shareholders of the Company exercise rights belonging to them mainly in the General Shareholders' Meeting. The General Shareholders' Meeting is usually convened by the Board of Directors but can, in addition, be convened if the auditors or shareholders of the Company, whose shares represent at least one tenth of all issued shares, which are not in the possession of the Company, demand in writing the holding of the General Shareholders' Meeting.

Currently there are five members of the Board of Directors, Jorma Jokela (CEO), Lea Liigus, Erik Ferm (Chairman), Juhani Vanhala and Kai Becker and seven senior management team members, Jorma Jokela (CEO), Lea Liigus, Clemens Krause, Sari Kauppi, Saku Timonen, Marko Tuominen and Caj Sjöman.

The business address of the members of the Company's Board of Directors and its senior management is Ratamestarinkatu 11 A, FI-00520 Helsinki, Finland.

Responsibilities of the Board of Directors

Board of Directors

The Board of Directors principally administers the Company and decides on the organisation of its operations. The Board of Directors is responsible for the appropriate organisation of the control of the Company's accounts and finances and acts in accordance with the Company's best interest. The Board of Directors is elected by the General Shareholders' Meeting. A member of the Board of Directors may be removed from office at any time by a resolution passed by the General Shareholder's Meeting. Under Finnish law, it is not necessary for a public limited company or for a company of a certain size to include employee representatives on the Board of Directors and there are currently no employee representatives on the Board of Directors.

The Board of Directors has a quorum to adopt resolutions if more than half of its members are present. As the Board of Directors currently has five (5) members, this quorum is three (3). A resolution is adopted if it is supported by more than one-half of the members present at a meeting. In the event of a tie, the chairman can cast the deciding vote. The Board of Directors generally meets on a monthly basis. In 2013, the Board of Directors met 12 times.

Pursuant to Article 3 of the Articles of Association of the Company, the Board of Directors comprises no fewer than three (3) and no more than seven (7) members. The term of office of each member of the Board of Directors ends at the adjournment of the first annual General Shareholders' Meeting following the election. Therefore, the entire Board of Directors is elected at each annual General Shareholders' Meeting. The General Shareholders' Meeting also elects the chairman of the Board of Directors and a deputy chairman.

Pursuant to Article 4 of the Articles of Association of the Company, the right to represent the Company is vested with the chairman of the Board of Directors and the managing director, each individually. The Board of Directors can additionally grant representation rights and so called "procurations", which are general representation rights, to named persons. Representation right holders and procuration holders are individually authorised to represent the Company.

The following table sets forth the current members of the Board of Directors as at the date of this Prospectus:

Members of the Board of Directors	Age	Member since	Responsibility
Erik Ferm	48	2012	Chairman
Jorma Jokela	35	2005	Member
Lea Liigus	42	2006	Member
Juhani Vanhala	61	2005	Member
Kai Becker	44	2009	Member

The following description provides summaries of the curricula vitae of the current members of the Company's Board of Directors.

Jorma Jokela

Jorma Jokela is the CEO and the founder of the Company. He studied accounting at the Commercial College of Kuopio and the Helsinki Business College. He is the founder of Jokela Capital Oy in Helsinki where he headed the company as CEO from 1998 to 2000. He subsequently sold the Jokela Capital business in 2004. In 2005, he founded the Group and has been its CEO since then.

Lea Liigus

Lea Liigus is the head of the legal department of the Group and is the CEO of Ferratum Bank Ltd, the Group's banking subsidiary. She studied law at the University of Tartu in Estonia and completed a master of law (LL.M) program in contract and commercial law at the University of Helsinki in Finland. Before she joined the Group in 2006, she worked as a lecturer for commercial law and EU law at the Estonian Business School in Tallinn and as an attorney-at-law specialized in commercial, financial law and EU law at Sorainen OÜ in Estonia.

Erik Ferm

Erik Ferm is the chairman of the Board of Directors. He studied business administration at the Stockholm School of Economics in Sweden from 1986 to 1990. After graduating from university, he was a manager at PwC from 1991 to 1993, a partner at Maizels, Westerberg & Co in London from 1993 to 2000, an investment director at UBS Capital in London, a partner at Palamon Capital Partners in London until 2012 and since 2012 has been working as a director and a board member of GP Chambers. He joined the board of the Group in 2012.

Juhani Vanhala

Juhani Vanhala has been a member of the Board of Directors since 2005. He studied engineering in Finland between 1974 and 1981. His management experience includes serving as the head of the reliability unit at Teollisuuden Voima Oy from 1984 to 1986, as director of risk management from 1986 to 1990 at Tapiola Insurance Company, as director of Ekono Engineering Oy from 1990 to 1993, as president and partner of RAMSE Consulting Oy between 1993 and 2001, as president of Savcor One Oy from 2001 to 2003, as CEO of VIA Group Oy and as CEO of Respace Oy between 2003 and 2006 and as Chief Development Officer at Empower Group Oy from 2006 to 2012. Currently, he works at Empower Oy as Business line director for centralized and professional services.

Kai Becker

Kai Becker has been a member of the Board of Directors since 2009 and is the CEO of Pontos Group. He studied economics and business administration at the Helsinki School of Economics. Between 1994 and 1997 he was a partner and COO at the European Business Institute in Helsinki, from 1998 to 2002 he was a consultant at the Boston Consulting Group in Stockholm and Helsinki and joined Ahlström Capital as an investment director in 2002. In 2008, he joined the Pontos Group as its CEO

Outside Positions of the members of the Board of Directors

Alongside their positions on the Board of Directors, the Board Members are, or have been within the last five years, members of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside the Group:

Board member	Responsibility
Jorma Jokela	**Current positions (company name, registry code, position):** • **Botnia Capital Oy,** member of the board and holder of a procuration • **Tinozza Oy,** member of the board and holder of a procuration • **Kiinteistö Oy Minuntalli Lahti 1,** member of the board of directors • **Jokela Capital Oy,** chairman of the board • **European Recruitment Company OÜ,** member of the board **Previous positions (company name, registry code, position):** • **Avemet Oy,** member of the board • **Green Tech Center Oy GTC,** member of the board • **JS-Yhtiöt Oy,** member of the board
Lea Liigus	**Current positions:** • **LL Capital Investments OÜ**, member of the board **Previous positions:** • Not applicable
Erik Ferm	**Current positions:** • **Parke Road Services Ltd**, member of the board • **GP Chambers Ltd**, member of the board **Previous positions:** • Not applicable
Juhani Vanhala	**Current positions:** • **Fira Oy**, chairman of the board • **PSI International Oy**, chairman of the board • **Glotask Oy**, chairman of the board • **TPI Holding Oy (Empower Group)**, deputy member of the board **Previous positions:** • Not applicable
Kai Becker	**Current positions:** • Member of the board of several **Pontos Group companies** in Finland, Estonia, Latvia, Lithuania, Netherlands, Portugal • **Valmet Automotive Oy**, member of the board **Previous positions:** • Not applicable

Shareholdings of the board members

As of the date of this Prospectus, Jorma Jokela, directly and indirectly, holds 82.54% of the Existing Shares in the Company. In addition, Erik Ferm holds 1.09% of the Existing Shares (excluding existing treasury shares), Juhani Vanhala and Lea Liigus each hold 0.90% of the Existing Shares (excluding existing treasury shares). Kai Becker is an indirect shareholder via his 36.3% participation in OÜ Pontcap 1, which directly holds 1.17% of the Existing Shares (excluding existing treasury shares) in the Company (the calculations of the percentages in this paragraph take into account the 146,200 existing treasury shares).

There are options for Shares held by LL Capital Investments OÜ (owned by Lea Liigus) convertible into 34,000 Shares. For more information on these share options, see below "*–Share Options granted by Jorma Jokela*".

All board members who are shareholders of the Company are participating in the Offering and have agreed to a lock-up following the Offering in which period they will not sell their shares. For more information on the lock-up arrangement, see "*The Offering*".

Board of Directors Committees

The Company has established three permanent committees, an audit committee, a remuneration committee and a risk committee. The Board of Directors has confirmed rules of procedure for these committees in accordance with the Finnish Corporate Governance Code.

The audit committee comprises three members. As at the date of this Prospectus, the audit committee consists of Kai Becker (chairman), Juhani Vanhala and Erik Ferm. All members of the audit committee are independent of the Company. Further, Juhani Vanhala and Erik Ferm are independent of significant shareholders.

The remuneration committee comprises three members and as at the date of this Prospectus, consists of Juhani Vanhala (chairman), Kai Becker and Erik Ferm. All members of the remuneration committee are independent of the Company.

The risk committee comprises three members and as at the date of this Prospectus, consists of Erik Ferm (chairman), Clemens Krause and Marko Tuominen. Erik Ferm is independent of the Company and its significant shareholders.

Senior Management Team

Overview

The following table sets forth the current senior management team members as at the date of this Prospectus:

Members of Senior Management Team	Age	Employed since	Responsibility
Jorma Jokela	35	2005	CEO
Lea Liigus	42	2006	Head of legal and compliance, CEO of Ferratum Bank Ltd
Marko Tuominen	33	2005	Head of Analysis
Saku Timonen	41	2009	Regional Director, Western Europe
Caj Sjöman	47	2013	Head of Operations (IT and Projects)
Clemens Krause	52	2012	Head of Finance
Sari Kauppi	46	2010	Regional Director Eastern Europe

The following description provides summaries of the curricula vitae of the current senior management team members (for the biographies of Jorma Jokela and Lea Liigus, see above under "*Responsibilities of the Board of Directors – Board of Directors*").

Marko Tuominen

Marko Tuominen is the head of risk, analysis and marketing of the Group and has worked for the Group since 2005. He studied operations research from 2001 to 2006 and initially worked as an analyst at Valuatum Oy in 2005 and then joined the Group as chief analyst. In 2013, he assumed the position of head of marketing and advanced analytics.

Saku Timonen

Saku Timonen is the regional director for the Western segment of the Group and has worked for the Group since 2009. He studied marketing and finance & economics at the Helsinki School of Economics and Business Administration between 1996 and 2001. From 2000 to 2006 he was relations manager, product manager and marketing planner at Sampo Bank, from 2006 to 2009 he worked as product manager at GE Money Oy. At the Group he was initially the head of lending and COO before he took the position of regional director for Western Europe and the Asian Pacific region.

Caj Sjöman

Caj Sjöman is the Group's head of operations. He graduate from a technical school in the field of telecommunication and thereafter worked as a sales manager at a local ICT-dealer in Finland between 1987 and 1993. Thereafter he was the CEO and founder of Suomen PC-Tuki Oy, a technical helpdesk company where he worked until 2002. From 2003 to 2008 he worked as the CEO of Anthill Customer Services in Stockholm and thereafter as a sales director at Elisa Oyj in Helsinki and as the CEO of Teleperformance Finland Oy in Tampere, Finland. Between 2010 and 2012 he was a site director at Stream Global Services in Helsingborg, Sweden. Since 2013 he has worked at the Group and works as its chief of operations since July 2014.

Clemens Krause

Clemens Krause is the Company's CFO and the managing director of Ferratum Germany GmbH. He studied business administration at the Westfälische Wilhemls-Universität in Münster. From 1989 to 1994 he worked at the Institut für Rechnungswesen in Münster and completed his PhD thesis. In 1994, he joined Bankgesellschaft Berlin AG where he worked as a manager and director of Project Finance. Later on he held management positions in Germany at Deutsche Bahn, E-Loan Europe, E*Trade Germany, GE Money Bank (General Electric) and Commerzbank. Since 2008 he has been the CEO and owner of EXCELLENCE Wealth Management GmbH and joined the Group in January of 2012 as its CFO.

Sari Kauppi

Sari Kauppi is the Group's regional director for the Eastern segment. She studied economics, international marketing, business with emerging markets and Russian at Turku School of Economics and Business Administration. Among the position she held thereafter was product manager at TeleMedia Finland Oy in Turku, marketing manager and senior product manager for a sugar confectionery company in Finland and England, export manager for a Finnish jewellery manufacturing company, market manager for a cosmetics company as well as business consultant for a consultancy agency. She joined the Group in 2010.

Shareholdings of senior management

As at the date of this Prospectus, Marko Tuominen holds 0.91% of the Existing Shares in the Company, Saku Timonen holds 0.91%, Caj Sjöman holds 0.18% and Sari Kauppi holds 0.18% (the calculations of the percentages in this paragraph take into account the 146,200 existing treasury shares that are paid in).

There are options for Shares held by Clemens Krause granted to him by Jorma Jokela convertible into 170,000 Shares. For more information on these share options, see below "*–Share Options granted by Jorma Jokela*".

CEO

Pursuant to Article 3 of the Articles of Association of the Company, the Company shall have a Chief Executive Officer ("**CEO**") appointed by the Board of Directors. Jorma Jokela is the current CEO of the Company.

The CEO sees to the executive management of the Company in accordance with the instructions and orders given by the Board of Directors. The CEO is responsible for the accounts of the Company being in compliance with the law and that its financial affairs have been arranged in a reliable manner. The CEO shall supply the Board of Directors and its members with the information necessary for the performance of the duties of the Board of Directors.

The CEO may undertake measures that are unusual or extensive in view of the scope and nature of the activities of the Company only if so authorised by the Board of Directors or if it is not possible to wait for a decision of the Board of Directors without causing essential harm to the business operations of the Company. In the latter case, the Board of Directors shall be notified of the measures as soon as possible.

Outside Positions of the members of the senior management

Alongside their positions at the Company, the senior management team members are, or have been within the last five years, members of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside the Group (for information on outside positions of Jorma Jokela and Lea Liigus, see above under "*Responsibilities of the Board of Directors – Board of Directors*"):

Senior management team members	Responsibility
Marko Tuominen	**Current positions:** • **UrbanFish OÜ**, member of the board **Previous positions:** • Not applicable
Saku Timonen	**Current positions:** • **Herhiläinen OÜ**, member of the board • **As Oy Vihdin Kappalaisenpolku**, Member of the borad **Previous positions:** • Not applicable
Caj Sjöman	**Current positions:** • Not applicable **Previous positions:** • **Teleperformance Finland Oy**, member of the board
Clemens Krause	**Current positions:** • **Excellence Wealth Management GmbH**, managing director **Previous positions:** • Not applicable
Sari Kauppi	**Current positions:** • Not applicable **Previous positions:** • Not applicable

Remuneration Paid to Members of the Board of Directors and Senior Management Team

In 2013, Jorma Jokela received a total salary and bonuses of €203,209, the rest of the Board of Directors received a total in salaries and bonuses of €42,000 and share-based payments of €30,127 and the members of the senior management team (excluding Jorma Jokela) received salaries and bonuses of €776,798 and share-based payments of €86,576.

The Group does not operate a pension fund and only makes the contributions required by the respective pension laws in each country it operates.

Share Options Granted by Jorma Jokela

In October 2014, Jorma Jokela granted options to purchase 170,000 Shares to Clemens Krause and options to purchase 34,000 Shares to each of Erik Ferm and Lea Liigus. The exercise price for such share options has been set at €2.65 per Share. The parties agreed that such share options can be exercised between 15 January 2015 and 15 June 2016, conditional of the optionee having a valid employment or service agreement with the Company. The lock-up commitment by Jorma Jokela does not interfere with the exercise of the options by Clemens Krause, Erik Ferm and Lea Liigus who can freely exercise their options within the agreed timeframe. Erik Ferm exercised all his options on 15 January 2015, as a result of which he now holds 204,000 Shares.

Employee Options Program

On 14 January 2015, the General Shareholders' Meeting adopted a framework resolution (the "**Framework Resolution**") granting an authorization to the Board of Directors to grant options for up to 600,000 Shares to employees of the Group (the "**Share Option Program**"). The Board of Directors was authorized to grant such options within a timeframe of two years following the Framework Resolution, that is until 14 January 2017. The Framework Resolution has set a fixed exercise price per Share of 70% of the final offer price per Offer Share as determined in the bookbuilding procedure for the Offering set out in this Prospectus. The Framework Resolution authorized the Board of Directors to determine any further details of the Share Option Program including which employees are eligible for options, the total number of options granted, any possible vesting periods and any other details required to carry out the Share Option Program. The Board of Directors has not yet resolved on such details.

Certain Information Regarding the Members of the Board of Directors and Senior Management Team

In the last five years, no member of the Board of Directors nor of the senior management team has been convicted of fraudulent offences or associated with any bankruptcy, receivership or liquidation acting in its capacity as a member of any administrative, management or supervisory body or as a senior manager.

In the last five years, no official public incriminations and/or sanctions have been made by statutory or legal authorities (including designated professional bodies) against the members of the Board of Directors or a member of the senior management team, nor have sanctions been imposed by the aforementioned authorities. No court has ever disqualified any of the members of the Board of Directors from acting as a member of the board of directors of an issuer, or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

To the extent that members of the Board of Directors or the senior management board directly or indirectly hold shares in the Company, there can be conflicting interests arising from their shareholding, apart from their positions on the governing body. In particular, Jorma Jokela, the founder of the Group, its CEO and member of the Board of Directors, directly and indirectly holds more than 80% of the Shares of the Company and will continue to hold a majority of the Shares after the Offering. Apart from Jorma Jokela's shareholdings and the shareholdings of other members of the Board of Directors and the senior management team, the members of the Company's board have no existing or potential conflicts of interest with respect to obligations to the Company based on their private interests, membership in governing bodies of companies, or other obligations.

No member of the Board of Directors or senior management team of the Company has entered into a service agreement with a company of the Group that provides for special benefits, such as severance pay, at the end of the business relationship (other than pensions or compensation in the case of an early termination of the service agreement, which is determined on the basis of the remaining term of the agreement and the contractually agreed remuneration).

There are no family relationships between the members of the Board of Directors and the senior management team.

General Shareholders' Meeting

For information on annual and extraordinary General Shareholders' Meetings see sections "*Shareholder Rights – General Meetings of Shareholders*".

Corporate Governance

On 17 November 2014, the Board of Directors resolved that the Company shall voluntarily apply the Finnish Corporate Governance Code published by the Finnish Securities Market Association. While the Finnish Corporate Governance Code is aimed at companies listed on the Helsinki Stock Exchange (the "**Helsinki Stock Exchange**") maintained by NASDAQ OMX Helsinki Ltd, the Company has considered the Finnish Corporate Governance Code to provide a corporate governance framework that is most suitable to the Company, as a company incorporated under the Finnish Companies Act. The German Corporate Governance Code is not applicable, because the Company is not a German company and we do not intend to adhere to the German Corporate Governance Code.

The Finnish Corporate Governance Code is based on the "comply or explain" principle. This entails that while the Company should, in general, comply with the Finnish Corporate Governance Code, it may depart from the recommendations of the Finnish Corporate Governance Code if it discloses such departures and explains the reasons of such departures. Several recommendations in the Finnish Corporate Governance Code are based on mandatory Finnish legislation, and such recommendations may not be departed from to the extent such departure would constitute a breach of mandatory legislation.

As at the date of this Prospectus, the Company complies with the Finnish Corporate Governance Code, with the exception of the following:

- •Recommendation 34 (*Managing director's service contract*), Recommendation 40 (*Decision-making process*), Recommendation 41 (*Remuneration and other benefits of the directors*), Recommendation 44 (*Information on share and share-based remuneration of directors*), Recommendation 45 (*Principles for the remuneration schemes of the managing director and other executives*), Recommendation 46 (*Information on the service contract of the managing director*), and Recommendation 47 (*Remuneration statement*) as such recommendations of the Finnish Corporate Governance Code recommend disclosures which, in the opinion of the Board of Directors, are not customary in the German securities markets and would therefore not be in the best interests of the Company for the time being. The Board of Directors expects that the financial statements of the Company may in the future contain further disclosures which would increase the Company's compliance with the Finnish Corporate Governance Code.

- Recommendation 51 of the Finnish Corporate Governance Code provides that companies shall comply with the Guidelines for Insiders issued by the Helsinki Stock Exchange and disclose their essential insider administration procedures. The Company does not apply Recommendation 51 because it is not listed on the Helsinki Stock Exchange and therefore the rules of the Helsinki Stock Exchange (including the Guidelines for Issuers) do not apply to it. Instead, Ferratum Oyj complies with mandatorily applicable Finnish and German legislation and the listing rules and regulations of the regulated market of the Frankfurt Stock Exchange and the additional requirements of the Prime Standard of the Frankfurt Stock Exchange.

UNDERWRITING

On the day hereof, the Company and the Underwriters entered into an underwriting agreement (the "**Underwriting Agreement**") with respect to Offering.

Pursuant to the Underwriting Agreement, each of the Underwriters has severally but not jointly agreed to offer the Offer Shares to investors in proportion to the following percentages:

Name of Underwriter	Maximum number of Offer Shares	Percentage of Offer Shares
ICF BANK AG	2,932,734	45.0%
equinet Bank AG	1,792,227	27.5%
Hauck & Aufhäuser Privatbankiers KGaA	1,792,227	27.5%
Total	**6,517,188**	**100.0%**

The Offer Shares will be offered to the public in Germany and in a private placement to qualified investors in Germany and other countries outside of the United States in reliance on Regulation S of the Securities Act.

The Underwriting Agreement also stipulates that the Company must indemnify the Underwriters. The Underwriters obligations are also contingent on the fulfilment of certain conditions, including, for example, the receipt of standard legal opinions that the Underwriters deem satisfactory. Under the Underwriting Agreement the Company and the Selling Shareholders are obliged to pay the Underwriters a base fee of 2.5% of the aggregate gross sales proceeds. In addition to the base fee, the Company may pay to ICF BANK AG as an additional discretionary fee an incentive fee of 0.75% of the aggregate gross sales proceeds (ICF BANK AG can determine the split of such discretionary fee among the Underwriters). The Underwriters will also be reimbursed for their costs incurred in connection with the Offering.

For information about the lock-up of the Company and the Selling Shareholders and certain other key terms of the Offering, see "*The Offering*".

OVERVIEW OF SECURITIES MARKETS LAWS AND REGULATIONS

Securities Laws Applicable to the Company, the Shares and the Shareholders

Overview

The securities market in Finland is supervised by the Finnish Financial Supervisory Authority (the "**FIN-FSA**"). The principal statute governing the Finnish securities market is the Finnish Securities Markets Act (746/2012, as amended), which contains regulations with respect to company and shareholder disclosure obligations, prospectuses, public tender offers and insider dealing, among other things. The FIN-FSA has issued more detailed regulations pursuant to the Finnish Securities Markets Act. The FIN-FSA monitors compliance with these regulations to the extent the Finnish Securities Markets Act is applicable.

The Finnish Penal Code (39/1889, as amended) criminalizes the breach of disclosure requirements, the misuse of inside information and market manipulation. Pursuant to the Finnish Securities Markets Act and the Act on the Financial Supervisory Authority (878/2008, as amended), the FIN-FSA has the right to impose administrative sanctions to the extent the offence does not fall within the scope of the Finnish Penal Code. The FIN-FSA can, for example, issue a public warning or impose administrative fines or monetary penalties for the breach of disclosure requirements or public tender offer, insider register or market abuse provisions.

Although the Company is a Finnish company, because its Shares will only be listed in Germany, in addition to certain Finnish securities laws a variety of German securities laws apply to it, including the German laws on public disclosure requirements (ad hoc regime), market abuse regulations and insider laws. The securities market in Germany is supervised by the Bundesanstalt für Finanzdienstleistungsaufsicht ("**BaFin**") and the principal laws applying to the Company are the WpHG and the WpÜG. Similarly to Finnish law, German law, in particular the WpHG, criminalizes the breach of disclosure requirements and other violations of German securities laws.

Disclosure obligations

Finnish law

The Finnish Securities Markets Act specifies minimum disclosure requirements for Finnish companies applying for listing on a regulated market. The information provided must be sufficient to enable a potential investor to make a sound evaluation of the securities being offered and the issuing company as well as of matters that may have a material effect on the value of the securities.

In accordance with the Finnish Securities Markets Act, the Company has a continuing obligation to publish financial information on the Company and to, without undue delay, disclose any matters likely to have a material effect on the value of its Shares. With regard to the disclosure of matters likely to have a material effect on the value of the Shares, the Company may, for an acceptable reason, delay the disclosure of such matters if the delay does not prejudice the position of the investors and the Company is able to ensure the confidentiality of the information.

The Company is obliged to disclose periodic financial information to investors. Such disclosure comprises the publication of interim and full-year reports, and financial statements (it is also required to do so under the listing requirements of the Frankfurt Stock Exchange). Finnish listed companies generally have an obligation to disclose an interim report for the first three, six and nine months of the financial period and a results report for the full year without undue delay, however, not later than within two months from the end of the reporting period. The financial statements, along with the directors' annual report and the auditor's statement, shall be published without undue delay no later than three months after the end of the financial period and in any case no later than three weeks prior to the annual General Shareholder's Meeting where the financial statements will be presented for adoption. Similar requirements apply as a result of the listing requirements of the Frankfurt Stock Exchange.

Pursuant to the Finnish Securities Markets Act, the Company shall notify any transactions in its own shares to the Frankfurt Stock Exchange. Further, the Company has an obligation to disclose the total number of Shares and the voting rights attaching to the Shares no later than at the end of each calendar month during which such number has changed.

In accordance with the Finnish Securities Markets Act, the Company will disclose the information required to be disclosed by it under the Finnish Securities Markets Act using the disclosure media provided by German Law. However, the Company is required under Finnish law to deliver ad hoc and other disclosures required to be made by it under the Finnish Securities Markets Act to a storage approved by the Finnish Ministry of Finance, to the FIN-FSA and to the Frankfurt Stock Exchange.

German law

In accordance with the WpHG, the Company must also disclose regulated information by publishing it on its website and in accordance with other German law in relation to the ad hoc requirements set out in the WpHG using news services that are accessible and widely distributed within the European Union. Prior to publishing an ad hoc notice about a material event, the Company is also required to submit such notice to BaFin and to the Frankfurt Stock Exchange.

Because the Company is a Finnish company which falls under the requirements of disclosure obligations under the WpHG only because the Shares are solely listed on the Frankfurt Stock Exchange, the Company is not required to distribute material disclosure announcements via German electronic information systems.

Disclosure of major holdings

A shareholder is required, without undue delay, to notify a listed company incorporated in Finland, and the FIN-FSA, when its voting interest in, or its percentage ownership of, the total number of shares in such listed Finnish company reaches, exceeds or falls below 5 percent, 10 percent, 15 percent, 20 percent, 25 percent, 30 percent, 50 percent, 2⁄3 (approx. 66.67 percent) or 90 percent, calculated in accordance with the Finnish Securities Markets Act, or when it enters into an agreement or other arrangement that, when effective, would lead to it reaching, exceeding or falling below any such threshold. If a listed Finnish company receives information indicating that a voting interest or ownership interest has reached, exceeded or fallen below any of these thresholds, it must disclose such information without undue delay. The same obligations apply to Shares held by the Company itself.

Because the Company's home country is in Finland, German securities laws do not apply to what thresholds of major holdings trigger the disclosure requirements. However, German law applies with regard to Section 26 of the WpHG in so far as the Finnish law required announcement triggered by changes in major holdings have to be announced within three days from being notified by the shareholder of such change. In case the Company purchases own shares, under German law, the Company has to announce reaching, exceeding or falling below the 5% and the 10% threshold.

Public tender offers

Finnish Securities Markets Act Provisions

The Finnish Securities Markets Act applies to a limited extent to companies incorporated in Finland whose shares are admitted to trading on a regulated market only in an EEA member state other than Finland.

As regards the obligation to make a public tender offer, pursuant to the Finnish Securities Markets Act, a shareholder whose holding in such a company increases, after the commencement of a public quotation of such shares, above 30 percent or above 50 percent of the total voting rights attached to the shares in the company, calculated in accordance with the Finnish Securities Markets Act, must make a public tender offer to purchase the remaining shares and other securities entitling holders to shares in such company for fair value. If the securities that caused the abovementioned limits to be reached have been purchased pursuant to a public tender offer that has been made for all shares in the target company and other securities entitling holders to shares in such company or have been otherwise acquired during the tender offer period of such public tender offer, the obligation to make a tender offer is not triggered. If a company has two or more shareholders whose holdings of voting rights exceed the above-mentioned limit, only the shareholder with the most voting rights is required to make a tender offer. If a shareholder exceeds the above-mentioned limit due solely to acts of the company or another shareholder, such shareholder is not required to make a tender offer before purchasing or subscribing for more shares in the target company or otherwise increasing its holding of voting rights in the target company. If the above-mentioned limit is exceeded due to the shareholders acting in concert, within the meaning of the Finnish Securities Markets Act, when making a voluntary tender offer, the obligation to make a tender offer is not triggered if acting in concert is limited only to such tender offer. There is no obligation to make a tender offer if a shareholder or another party who is acting in concert with such shareholder gives up its voting rights in excess of the abovementioned limit within one month after such limit was exceeded provided that the shareholder publishes its intention and voting rights are not used during such time.

Under the Finnish Companies Act, a shareholder with shares representing more than 90 percent of all shares and voting rights attached to all shares in a company has the right to redeem remaining shares in such company for fair value. In addition, any minority shareholder that possesses shares that may, pursuant to the Finnish Companies Act, require such majority shareholder to redeem its shares. Detailed rules apply for the calculation of the above proportions of shares and votes.

Under the Finnish Securities Markets Act, a listed Finnish company must directly or indirectly belong to an independent body, established in Finland, that broadly represents the business sector which has, in order to promote compliance with good securities markets practice, issued a recommendation which relates to the actions of the management of the target company regarding a public takeover bid (the "**Helsinki Takeover Code**"). According to the Finnish Securities Markets Act, a listed company must provide an explanation in case it is not committed to complying with the Helsinki Takeover Code.

German Securities Markets Act Provisions

The WpÜG applies to companies which have their only listed on a regulated market in Germany, but have their seat in another EEA member state. Every person whose share of voting rights reaches or exceeds 30% of the voting shares of the Company is obligated to publish this fact, including the percentage of its voting rights, within seven calendar days by publication on the Internet and by means of an electronically operated system for disseminating financial information and subsequently, unless an exemption from this obligation has been granted by the BaFin, to submit a mandatory public tender offer to all holders of shares in the Company. The WpÜG contains a series of provisions intended to ensure the attribution of shareholdings to the person who actually controls the voting rights connected with the shares. If the shareholder fails to give notice of reaching or exceeding the 30% threshold or fails to submit the mandatory tender offer, the shareholder is barred from exercising the rights associated with these shares (including voting rights and, in case of wilful failure to send the notice and failure to subsequently send the notice in a timely fashion, the right to dividends) for the duration of the delinquency. A fine may also be imposed in these cases.

Provisions on insider trading

Finnish Securities Markets Act

The prohibition of misuse of inside information under the Finnish Securities Market Act apply inter alia to a financial instrument admitted to trading on a regulated market in another EEA member state and to a financial instrument the price of which is determined on the basis of the said financial instrument when the transaction relating to such financial instrument is carried out in Finland.

According to Chapter 14, Section 2 of the Finnish Securities Markets Act, it is prohibited for a person who has as a holder of a financial instrument or by virtue of one's position, duties or tasks become privy to inside information (i) to make use of inside information to acquire or dispose a financial instrument relevant to the inside information for the person's own account or for the account of a third party, either directly or indirectly; (ii) to advise, directly or indirectly, another party in the acquisition or disposal of such a financial instrument; or (iii) to disclose inside information to a third party unless the disclosure takes place in the course of the ordinary performance of the work, profession or tasks of the person disclosing the information. The prohibition to use and to disclose inside information applies also to a person who knew or should have known that the information he has learned is inside information. The prohibition to use inside information does not restrict the right of a person to trade in financial instruments if the acquisition or disposal of the financial instruments is based on an agreement concluded before the person became privy to inside information related to such financial instruments. A company's trading in its own shares within the framework of a buy-back program, or price stabilisation measures for financial instruments carried out on a company's behalf, shall in no case constitute a contravention of the prohibition to use inside information, provided that this is performed in compliance with the provisions of Commission Regulation No. 2273/2003 implementing Directive 2003/6/EC of the European Parliament and of the Council.

Inside information is information of a precise nature relating to a financial instrument admitted to trading on a regulated market in an EEA member state, or on a multilateral trading facility in Finland, which has not been made public or which has not been available in the markets and which is likely to have a significant effect on the price of the said financial instrument or other related financial instruments (Chapter 12, Section 2 of the Finnish Securities Markets Act). Inside information could include, for example, awareness of planned public tender offers under consideration, substantial investments, material acquisitions or material financial difficulties of a company. Any violation of the prohibition of insider trading, intentionally or negligently, may constitute an administrative offence or a criminal offence.

German securities laws

According to Section 14 WpHG, it is prohibited (i) to make use of inside information to acquire or dispose of insider securities for own account or for the account or on behalf of a third party; (ii) to disclose or make available inside information to a third party without the authority to do so; or (iii) to recommend, on the basis of inside information, that a third party acquire or dispose of insider securities, or to otherwise induce a third party to do so. Trading with own shares within the framework of a buy-back program and price stabilization measures for financial instruments shall in no case constitute a contravention of the prohibition pursuant to subsection, provided that this is performed in compliance with the provisions of Commission Regulation no.2273/2003 implementing Directive 2003/6/EC of the European Parliament and the Council. For financial instruments included in the regulated unofficial market (*Freiverkehr*) or regulated market (*regulierter Markt*), the provisions of Commission Regulation no. 2273/2003 apply in the same way.

Inside information is any specific information about circumstances which are not public knowledge relating to one or more issuers of insider securities, or to the insider securities themselves, which, if it became publicly known, would likely have a significant effect on the stock exchange or market price of the insider security (Section 13 of WpHG). Such likelihood is deemed to exist if a reasonable investor would take the information into account for investment decisions. According to Section 12 of WpHG, insider securities are financial instruments (i) admitted to trading on a German stock exchange or included in the regulated market (*regulierter Markt*) or the regulated unofficial market (*Freiverkehr*); (ii) admitted to trading on an organized market in another member state of the European Union or signatory to the Agreement on the European Economic Area; and (iii) the prices of which depend directly or indirectly on financial instruments within the meaning of (i) and (ii). Securities shall be deemed admitted to trading on an organized market or included on the regulated market or the regulated unofficial market if the application for such admission or inclusion has been made or publicly announced. Examples of inside information include being aware of the fact that a company is about to undertake an operation that will increase (or decrease) its capital or to acquire a qualifying holding in another company. In particular, inside information directly concerns an issuer if it relates to developments within the issuer's sphere of activity. Any violation of the prohibition of insider trading, even by acting recklessly, may constitute an administrative offence or a criminal offence.

Finnish Securities Markets Act provisions on market manipulation

The prohibition of market manipulation under the Finnish Securities Markets Act apply inter *alia* to financial instruments admitted to trading on a regulated market in another EEA member state and to financial instruments that manipulate the market of such financial instruments, if the transaction is carried out in Finland and it manipulates the market of the financial instrument admitted to trading in another EEA member state.

According to Chapter 14 Section 3 of the Finnish Securities Markets Act, all activities constituting market manipulation are prohibited in respect of financial instruments that are admitted to trading on a regulated market in an EEA member state, or on a multilateral trading facility in Finland. It is prohibited (i) to place a misleading offer to purchase or sell or to carry out a fictitious transaction and another deceptive action relating to a financial instrument; (ii) to carry out business transactions or other actions which are likely to give false or misleading information on the supply of, demand for and price of financial instruments; (iii) to carry out transactions or other actions which secure, by a person or persons acting in collaboration, the price of financial instruments at an abnormal or artificial level; and (iv) to publish or otherwise disseminate false or misleading information on a financial instrument, where the person who published or disseminated the information knew, or should have known, that the information was false or misleading. The provisions on market manipulation apply also to transactions or other actions relating to other than those financial instruments admitted to trading on a regulated market in an EEA member state, or on a multilateral trading facility in Finland, where such transaction or other action manipulates the market of the financial instrument admitted to trading on a regulated market in an EEA member state or on a multilateral trading facility in Finland.

The prohibition of market manipulation does not prohibit actions in accordance with accepted market practice within the meaning of the Finnish Securities Markets Act if the actions are carried out for legitimate purposes. Trading with own shares within the framework of a buy-back program and price stabilisation measures for financial instruments shall in no case constitute market manipulation, provided that this is performed in compliance with the provisions of Commission Regulation (EC) No. 2273/2003 implementing Directive 2003/6/EC of the European Parliament and of the Council.

German securities laws on market manipulation

Market manipulation refers to transactions or trade orders which give, or are likely to give, false or misleading supply of information concerning circumstances that are of crucial importance for the valuation of financial instruments, or withholding of such information in contravention of statutory provisions, if such transactions or withholding of information has the potential to influence the market price of a financial instrument in Germany or in another member state of the European Union or another signatory to the Agreement on the European Economic Area. In addition, market manipulation comprises transactions, or purchase or sell orders that have the potential to generate false or misleading signals affecting supply, demand or the market price of financial instruments or to create an artificial price level. Finally, market manipulation also includes the execution of any deceptive act that has the potential to influence the market price of a financial instrument in Germany, another member state of the European Union or another signatory to the Agreement on the European Economic Area. According to Section 20a WpHG, all activities constituting market manipulation are prohibited in connection with financial instruments that (i) are admitted to trading on a German stock exchange or included in the regulated market (*regulierter Markt*) or the regulated unofficial market (*Freiverkehr*); or (ii) are admitted to trading on an organized market in another member state of the European Union or another signatory to the Agreement on the European Economic Area. Securities shall be deemed admitted to trading on an organized market or included in the regulated market or the regulated unofficial market if the application for such admission or inclusion has been made or publicly announced. The prohibition of market manipulation does not apply if the action is in accordance with accepted market practice on the organized or regulated unofficial market in question and the initiator has legitimate grounds. A specific market practice is not assumed to be unacceptable simply because it has not been previously expressly accepted. Trading with own shares within the framework of a buy-back program and price stabilization measures for financial instruments shall in no case constitute market manipulation, provided that this is performed in compliance with the provisions of Commission Regulation (EC) No. 2273/2003 implementing Directive 2003/6/EC of the European Parliament and of the Council.

Information on the Frankfurt Stock Exchange

The information relating to the Frankfurt Stock Exchange set out below is derived from information obtained from the Frankfurt Stock Exchange, in particular from the Frankfurt Stock Exchange website (http://www.boerse-frankfurt.de/). The website of the Frankfurt Stock Exchange contains further information about the Frankfurt Stock Exchange as well as a range of special services, such as quotations and ad hoc information about the companies listed on the Frankfurt Stock Exchange. The information contained in the Frankfurt Stock Exchange website is not part of or incorporated by reference into this Prospectus.

Organization and market segments

The Frankfurt Stock Exchange was founded in 1585 and is operated by an independent, privately owned stock corporation, the Deutsche Börse AG ("**Deutsche Börse**"). Members of the Frankfurt Stock Exchange include banks, foreign investment firms and other firms trading in securities, derivatives and money market instruments, registered either within or outside of the EEA.

As of 2014, over 11,000 German and international companies are listed on the Frankfurt Stock Exchange. Over 1,000 exchange-traded funds, as well as exchange-traded commodities, over 23,000 fixed income securities, over 3,000 investment funds and over one million structured products are listed and traded on the Frankfurt Stock Exchange. Deutsche Börse also owns Clearstream International, one of the largest European organizations for post-trade services. Deutsche Börse develops and operates its own trading systems and supervises a worldwide participant network.

The Frankfurt Stock Exchange offers issuers three market segments for raising equity and debt capital. The Entry Standard, which is part of the Open Market (a regulated unofficial market), offers quick, low-cost access to the capital market with few formal requirements and is in particular suited for smaller issuers. In the General Standard more stringent minimum legal requirements apply. The General Standard is particularly suitable for companies which address German investors and opt for a cost-efficient listing. In the Prime Standard issuers have to comply with transparency requirements that go beyond those of the General Standard and fulfil the information needs of international investors. The Prime Standard also contains a broad range of bonds. Both the General Standard and the Prime Standard are regulated markets. The Company's Shares are expected to be traded in the Prime Standard.

Companies listed in the Prime Standard are required to meet high transparency standards beyond those of the General Standard which are based on minimum legal requirements. These criteria include quarterly reporting both in German and English language, the use of international accounting standards (IFRS/IAS or U.S.- GAAP), the publication of a corporate calendar staging of at least one analyst conference per year and ad-hoc disclosure in German and English.

Admission to the Prime Standard is a key prerequisite for shares to be included in any of the main selection indices of the Frankfurt Stock Exchange (DAX, MDAX, TecDAX and SDAX). The German trading index with the 30 largest companies by market share is the German Traded Index ("**DAX**"). The DAX consists of the most actively traded (most liquid) and the most highly capitalized stocks in the Prime Standard. The Mid-cap German Traded Index ("**MDAX**") is the general German trading index ranked immediately below the DAX. It includes the 50 Prime Standard shares from sectors excluding technology. The company size is based on terms of order book volume and market capitalization. BUWOG aims to be included in the MDAX.

The U.S. Securities Exchange Commission has granted the Frankfurt Stock Exchange the status of a "Designated Offshore Securities Market" in accordance with the U.S. Securities Act.

Trading and settlement

Officially listed securities are traded both on and outside of the Frankfurt Stock Exchange OTC. Shares and other equity securities listed on the Frankfurt Stock Exchange are quoted in Euro per share.

The electronic trading system used by the Frankfurt Stock Exchange is XETRA (Exchange Electronic Trading). The same trading system is used by the Vienna Stock Exchange. The settlement system uses automated netting procedures and daily mark-to-market evaluation of collateral requirements to further reduce transfer costs.

Trading can be suspended by the Frankfurt Stock Exchange if orderly stock exchange trading is temporarily endangered or if its suspension is necessary in order to protect the public interest. The electronic system provides for automatic volatility interruptions and market order interruptions during auctions and for automatic volatility interruptions during continuous trading.

Settlement of transactions concluded on the Frankfurt Stock Exchange occurs via Clearstream Banking AG or via another central securities depository recognised in the "Rules and regulations for the Frankfurter Wertpapierbörse".

Supervision of market participants

The market supervision relating to trading on the Frankfurt Stock Exchange safeguards that trading takes place in a fair and orderly manner. Three supervisory institutions take part in the market supervision: the Trading Surveillance Office ("**HÜSt**") monitors trading and price fixing. The Exchange Supervisory Authority of the State of Hesse examines misconduct and violations of stock exchange law. The BaFin ensures the operability of the German securities and derivatives markets according to the Securities Trading Act ("**WpHG**"). The Exchange Supervisory Office of the State of Hesse is in charge of market and legal supervision for the Frankfurt Stock Exchange. It is part of the Hessian Ministry for Economic Affairs, Transport and Regional Development. The Exchange Supervisory Office may impose sanctions on market participants. Its main tasks are the supervision of the price formation processes, the investigation of violations of exchange regulations and the development of preventive measures and supervision of proper trading of the exchange bodies. Its extended tasks include the supervision of the market participants admitted to exchange trading and the contributions to legislation and exchange policy.

The statutory mandate of the HÜSt is regulated by Section 7 (1) of the German Stock Exchange Act. As an independent exchange body it monitors exchange trading and exchange settlements and conducts the necessary investigations in the event of infringements. The Exchange Supervisory Authority can give instructions to HÜSt and take over any investigation, if required. HÜSt monitors, amongst other things:

- the price quotation at the Frankfurt Stock Exchange and on the derivatives exchange Eurex;
- the trading conduct of the exchange participants;
- compliance with the rules and regulations, non-violation of exchange provisions and instructions;
- that no other abuse exists which might impair the orderly execution of trading at the exchange or the
- settlement of exchange trades.
- BaFin ensures the functioning of the markets for securities and derivatives and aims to preserve market
- transparency and market integrity. In order to reach these goals, the tasks of BaFin include:
- prosecution of and efforts to prevent the exploitation of information leads;

- supervision of the obligation under Section 15 WpHG to notify all transactions in securities and derivatives conducted by any member of the executive board or supervisory board of the respective company (directors' dealings);
- supervision of ad-hoc disclosure of listed companies;
- supervision of announcements following changes in respect to voting rights of companies listed on the official market;
- supervision of the rules of conduct and organizational duties of investment services providers;
- depository for securities offering prospectuses; and
- control of securities purchasing offers, takeover offers and mandatory offers under the WpÜG.

TAXATION IN THE FEDERAL REPUBLIC OF GERMANY

The following is a brief overview of certain German tax aspects for German tax residents in connection with the Shares. It is of a general nature and is neither a full and comprehensive description of all German tax consequences in connection with the acquisition, holding or disposal of Shares nor does it take into account the individual circumstances or any special tax treatment applicable to the investors. Exceptions to the tax regime described herein may apply to certain investors. This overview is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors should consult their own professional advisors as to the particular tax consequences of the acquisition, holding or disposal of Shares.

This overview focuses on the tax treatment of dividends and capital gains which may be derived from Shares by individuals with a domicile or their habitual abode in Germany and legal entities with their corporate seat or their place of management in Germany ("German tax residents"). The following overview is based on the tax legislation in force in Germany at the date of this Prospectus, and is subject to any changes in German law and practice occurring after that date, which changes may have retroactive effect.

The Issuer does not assume any responsibility for the withholding of tax levied on income from the Shares.

Taxation of Shareholders

Shareholders of the Company (individuals and corporate entities) who are tax resident in Germany (in particular, persons having a residence, habitual abode, seat or place of management in Germany) are subject to taxation in connection with the holding of Shares (see "*Taxation of Dividends*" below), the disposal of Shares (see "*Taxation of Capital Gains*" below) and the gratuitous transfer of Shares (see "*Inheritance and Gift Tax*" below).

Taxation of dividends

Shares held as private assets

Individuals holding the Shares as private assets (*Privatvermögen*) will be subject to a special flat income tax of 25% plus 5.5% solidarity surcharge (combined rate: 26.375%), plus church tax, if applicable.

As a general rule, the flat tax will be levied by way of withholding tax ("**WHT**") from dividends which are paid out or credited by a German branch of a German or non-German credit or financial services institution or by a German securities trading business or a German securities trading bank ("**German Disbursing Agent**"). The WHT of a combined rate of 26.375% is withheld for the account of the shareholder and directly transferred to the German tax authorities. WHT will be determined on the basis of the gross dividend as approved for distribution by the Company's General Meeting. The shareholder's income tax liability on the dividends is deemed to be settled by the WHT and, in principle, the shareholder is not required to include the dividend income in the annual tax return – safe for certain exceptions with regard to church tax and shareholders related to the Company (see below). As a general rule, the German Disbursing Agent is supposed to credit foreign taxes levied on the dividends (e.g. foreign withholding taxes as set out below under "*Taxation in the Republic of Finland – Taxation of shareholders – Taxation of dividends*") against the German WHT up to the amount of the German WHT rate and to apply a standard deduction (*Sparer-Pauschbetrag*) for all savings income (*Einkünfte aus Kapitalvermögen*) in the amount of € 801 (€ 1,602 for married couples assessed jointly) per calendar year.

For German Disbursing Agents, an electronic information system as regards church withholding tax shall apply in respect of payments made after 31 December 2014, with the effect that church tax will be collected by the German Disbursing Agent by way of withholding unless the shareholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*).

Dividends not paid out or credited by a German Disbursing Agent and which have not been subject to German WHT must be included in the annual tax return. Furthermore, even if the dividends have been subject to WHT, the shareholder may nonetheless apply in its annual tax return to include them in the formal tax assessment procedure in order to claim, e.g. the standard deduction for savings income (*Sparer-Pauschbetrag*), to utilise a loss-carry forward or to claim foreign tax credits (e.g. foreign withholding taxes as set out below under "*Taxation in the Republic of Finland – Taxation of shareholders – Taxation of dividends*") not accounted for by the German Disbursing Agent. Under these circumstances, the dividends are taxed in the formal assessment procedure, however, still at the rate of the flat tax (including the 5.5% solidarity surcharge thereon and church tax, if applicable), but not at the individual progressive income tax rate of the shareholder. A deduction of the actual income-related expenses is in any case excluded where the flat tax applies.

The shareholder may also apply to submit the dividend income to its individual progressive income tax rate rather than the flat tax if the resulting income tax burden is lower (*Günstigerprüfung*).

Furthermore, upon the shareholder's application, the flat tax does not apply to dividends distributed by the Company if the shareholder is either directly or indirectly (i) holding at least a 25% stake in the Company or (ii) holding a stake of at least 1% in the Company and is working (*beruflich tätig*) for the Company. Further details have to be taken into account with respect to the application. As a consequence of such application, the general taxation rules will apply and only 60% of such dividends are subject to tax (partial-income system, *Teileinkünfteverfahren*) at the shareholder's individual progressive income tax rate (tax rate of up to 45%) plus 5.5% solidarity surcharge thereon (resulting in a combined maximum income tax rate of up to 47.475%) plus church tax, if applicable. Accordingly, in case of such application, expenses economically relating to such dividend income may only be deducted by 60%. However, in such a scenario, the standard deduction (*Sparer-Pauschbetrag*) for savings income is not granted. If the income will be included in the individual progressive income tax rate, German WHT on the dividends will be credited against the income tax liability (and church tax liability, if applicable) of the shareholder or will be refunded in case of an overpayment; the same applies to the solidarity surcharge. Under certain limitations, foreign taxes paid by a German resident shareholder are, in principle, also credited against the German tax liability. Instead of a credit against German tax, the shareholder could also opt for a deduction as expense of the foreign taxes.

Pursuant to the applicable double tax treaty between Finland and Germany ("**DTT**"), Finnish withholding tax (as described below under "*Taxation in the Republic of Finland – Taxation of shareholders – Taxation of dividends*") should be reduced to 15% provided that certain formalities are met. Any remaining Finnish withholding tax can, in principle, be credited against German income tax.

Shares held as business assets

If the Shares are held as German business assets, taxation depends upon whether the shareholder is a corporation, an individual entrepreneur or a commercial partnership (*Mitunternehmerschaft*).

Corporate Shareholders: Subject to certain exceptions for companies in the finance and insurance sector or share trading companies, generally 100% of the gross dividends received by corporations are exempt from corporate income tax and solidarity surcharge provided that the corporation held 10% or more of the Company's registered share capital as from the beginning of the relevant calendar year (an acquisition of 10% or more during a calendar year is deemed to have taken place at the beginning of the calendar year and, thus, entitles to the participation exemption). However, 5% of the gross dividends are deemed non-deductible business expenses and, therefore, are subject to corporate income taxation at a rate of 15% plus 5.5% solidarity surcharge thereon (combined rate of 15.825%). As a consequence, 95% of the gross dividends are economically exempt from corporate income taxation. Business expenses directly relating to dividends are principally fully deductible subject to general limitations regarding expenses.

In addition to corporate income tax, dividends are subject to trade tax at a rate of 7% up to approx. 17-18% (depending on the respective municipality), unless the corporation has held 10% or more of the Company's registered share capital at the beginning of the relevant tax assessment period. In this case,

– corresponding to the corporate income tax treatment – only 5% of the dividends are subject to trade tax. If the Shares have been acquired after the beginning of the relevant assessment period, that exemption still applies based on the DTT in conjunction with the German Trade Tax Act provided that the corporation holds at least 15% of the Company's registered share capital at the time of the dividend distribution. Business expenses directly relating to dividends are – corresponding to the corporate income tax treatment – principally fully deductible subject to general limitations regarding expenses.

Pursuant to the DTT, Finnish withholding tax (as described below under "*Taxation in the Republic of Finland – Taxation of shareholders – Taxation of dividends*") should be reduced to 15% or even to 10% if the corporation holds at least 25% of the Company's registered share capital, in each case subject to completion of certain formalities. Apart from that, the Finnish withholding tax might be reduced because of the Parent Subsidiary Directive. Any remaining Finnish withholding tax can, in principle, be credited against German corporate income tax provided that the German participation exemption does not apply and subject to certain further requirements.

German WHT should not be levied.

Individual Entrepreneur: If the Shares are held as business assets of an individual entrepreneur, only 60% of the dividends are subject to income tax. Accordingly, only 60% of business expenses economically relating to such dividends are tax-deductible. The taxable income is taxed at the shareholder's individual progressive income tax rate up to 45% plus 5.5% solidarity surcharge thereon (plus church tax, if applicable). The special tax rate of the flat tax does not apply.

If the Shares are held as assets of a trade or business, dividends furthermore are fully subject to trade tax at a rate of 7% up to approx. 17-18% (depending on the respective municipality), unless the taxpayer has held 10% or more of the Company's registered share capital at the beginning of the relevant tax assessment period. In this case, the net amount of the dividends, i.e. after deduction of business expenses directly relating to the dividends, is exempt from trade tax. Trade tax is in general credited against the shareholder's personal income tax liability in accordance with a standard tax credit method.

Under certain limitations, foreign taxes paid by a German resident shareholder are, in principle, also credited against the German tax liability. Instead of a credit against German tax, the shareholder could also opt for a deduction as expense of the foreign taxes. Pursuant to the DTT, Finnish withholding tax (as described below under "*Taxation in the Republic of Finland – Taxation of shareholders – Taxation of dividends*") should be reduced to 15% provided that certain formalities are met.

As a rule, German WHT should be levied as in the case of Shares held as private assets (see above), unless the shareholder notifies to the German Disbursing Agent by use of the officially required form that the dividends qualify as income of a domestic business. Tax withheld by a German Disbursing Agent and transferred to the tax authorities will be credited against the income tax liability of the shareholder (and the church tax liability, if applicable) under the formal tax assessment procedure or refunded to the extent an overpayment occurred; the same applies to the solidarity surcharge.

Commercial Partnership: If the shareholder is a partnership, (corporate) income tax will be assessed only at the level of the respective partners of the partnership. In this respect, see above.

In principle, the total amount of dividends is subject to trade tax at a rate of 7% up to approx. 17-18% (depending on the respective municipality) at the level of the partnership irrespective of whether the partners are individuals or corporations. If the partnership has held at least 10% of the registered share capital of the Company at the beginning of the relevant tax assessment period, dividends are exempt from trade tax. In such a case, if and to the extent the partners are corporations, 5% of the gross dividends are deemed non-deductible expenses and subject to trade tax; if and to the extent individuals are partners of the partnership, 40% of the business expenses directly relating to the dividends are non-deductible and subject to trade tax.

Trade tax paid by the partnership is – to the extent allocable to an individual as partner – in general credited against such partner's income tax liability in accordance with a standard tax credit method.

Pursuant to the DTT, Finnish withholding tax should be reduced to 15% subject to completion of certain formalities; that holds true even if the partnership holds at least 25% of the Company's registered share capital.

Taxation of capital gains

Shares held as private assets

Capital gains realised from a disposal of Shares held as private assets are subject to income tax plus solidarity surcharge thereon and church tax, if applicable, irrespective of any holding period or participation threshold. Also, the repayment, redemption, assignment or contribution of the shares are, in principle, deemed to be a disposal.

As a rule, taxation will occur by WHT at the rate of the flat tax (25% plus 5.5% solidarity surcharge thereon, i.e. in total 26.375%, plus church tax, if applicable). The flat tax must be withheld by any German Disbursing Agent, e.g. if the shares are deposited with a German bank, from the proceeds of the disposal. The amount of tax withheld is generally based on the difference between the proceeds from the sale, after deduction of business expenses directly relating to the disposal and the acquisition cost. For details see above description on the flat tax withholding on dividends. See "*Taxation of Dividends – Shares held as private asset*".

For German Disbursing Agents, an electronic information system as regards church withholding tax shall apply in respect of payments made after 31 December 2014, with the effect that church tax will be collected by the German Disbursing Agent by way of withholding unless the shareholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*).

Losses from the disposal of Shares may be offset only against capital gains from a disposal of shares, but may not be offset against other savings income, e.g. dividends, and may also not be offset against any other sources of income. Unutilised losses may only be carried forward to subsequent assessment periods but not carried back to previous assessment periods.

Capital gains are not subject to the flat tax if an individual or, in the event of a gratuitous transfer, the individual's legal predecessor or, in the event of several gratuitous transfers, any legal predecessor of the individual has, at any point in time during five years immediately preceding the transfer, held a direct or indirect stake in the Company of 1% or more. In such a scenario, only 60% of such capital gains are subject to income tax (partial-income method, *Teileinkünfteverfahren*) at the shareholder's individual progressive income tax rate (tax rate up to 45%) plus 5.5% solidarity surcharge thereon (resulting in a maximum combined tax rate of up to 47.475%) plus church tax, if applicable. Correspondingly, only 60% of any expenses economically relating to such capital gains may be deducted.

Shares held as business assets

If the Shares are held as German business assets, taxation depends upon whether the shareholder is a corporation, an individual entrepreneur or a commercial partnership (*Mitunternehmerschaft*).

Corporate Shareholders: Subject to certain exceptions for companies in the finance and insurance sector or share trading companies, generally, capital gains realised by corporations, calculated as sales proceeds less acquisition costs and business expenses related to the disposal, are exempt from corporate income tax and solidarity surcharge thereon as well as trade tax. However, 5% of the capital gains are deemed non-deductible business expenses and, therefore, subject to corporate income taxation at a rate of 15% plus 5.5% solidarity surcharge thereon (in total 15.825%) as well as trade tax at a rate of 7% up to approx. 17-18% (depending on the respective municipality). No minimum shareholding threshold or minimum holding period applies. Losses from the disposal of Shares are non-deductible.

German WHT should not be levied.

Individual Entrepreneur: Capital gains realised from a disposal of Shares held as business assets by an individual entrepreneur are subject to German income tax plus solidarity surcharge thereon, church tax, if applicable, and in case the shares are held as assets of a trade or business also subject to trade tax.

Tax is assessed on 60% of the capital gains from the disposal of Shares and, correspondingly, only 60% of losses and/or business expenses economically relating to the disposal of Shares are, in principle, tax deductible. Taxation occurs at the shareholder's individual progressive income tax rate.

Trade tax is in general credited against the shareholder's personal income tax liability in accordance with a standard tax credit method.

As a rule, German WHT should be levied as in the case of Shares held as private assets (see above), unless the shareholder notifies to the German Disbursing Agent by use of the officially required form that the dividends qualify as income of a domestic business. Tax withheld by a German Disbursing Agent and transferred to the tax authorities will be credited against the income tax liability of the shareholder (and the church tax liability, if applicable) under the formal tax assessment procedure or refunded to the extent an overpayment occurred; the same applies to the solidarity surcharge.

Commercial Partnerships: If the shareholder is a partnership, (corporate) income tax will be assessed only at the level of the respective partners of the partnership. In this respect, see above.

Capital gains are also subject to trade tax if the Shares are held as assets of a trade or business of the commercial partnership. However, only 60% of the capital gains are subject to trade tax to the extent the capital gains are allocable to an individual as partner. If and to the extent the capital gains are allocable to a corporation as partner, economically, only 5% of the capital gains are subject to trade tax.

Losses from the disposal of Shares are non-deductible if and to the extent the partners are corporations. If and to the extent the partners are individual entrepreneurs, only 60% of such losses are tax-deductible.

Trade tax paid by the partnership is – to the extent allocable to an individual as partner – in general credited against such partner's income tax liability in accordance with a standard tax credit method.

Inheritance and gift tax

The transfer of Shares to another person upon death or as a gift is generally subject to German inheritance or gift tax in the following circumstances:

(i) the place of residence, customary place of abode, place of management or registered office of the testator, the donor, the heir, the donee or another acquirer is, at the time of the asset transfer, in Germany, or such person, as a German national, has not spent more than five consecutive years outside Germany without having a place of residence in Germany (this term is extended to ten years for German expatriates with U.S. residence);

(ii) the testator's or donor's shares were part of business assets for which there was a place of business in Germany or for which a permanent representative was appointed; or

(iii) the testator, at the time of death, or the donor, when the gift was made, held a direct or indirect interest of at least 10% of the Company's share capital either alone or jointly with other persons closely connected to them.

The small number of double taxation treaties regarding inheritance and gift tax that Germany has concluded to date generally provide for German inheritance or gift tax only to be levied in the cases under (i) and, subject to certain restrictions, in the cases under (ii). Special arrangements apply to certain German nationals and former German nationals living outside Germany.

Other taxes

No German capital transfer tax, value added tax, stamp duty or similar taxes are levied on the purchase or disposal of Shares or other forms of Share transfer. Wealth tax is currently not levied in Germany. However, an entrepreneur can opt to pay value added tax on the sale of Shares, despite being generally exempt from value added tax, if the Shares are sold to another entrepreneur for the entrepreneur's business. It is intended to introduce a financial transaction tax. However, it is unclear if, when and in what form such tax will be actually introduced.

TAXATION IN THE REPUBLIC OF FINLAND

The following is a general description of certain Finnish tax considerations relating to the Shares. It does not purport to be a complete analysis of all tax considerations relating the Shares, whether in Finland or elsewhere. Prospective shareholders should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Shares and the consequences of such actions under the tax laws of Finland. This summary is based upon the laws as in effect on the date of this Prospectus.

The following is a summary of the material Finnish income tax and transfer tax consequences that may be relevant with respect to the purchase, ownership and disposition of Shares in the Company by Finnish resident and non-resident shareholders. The description below is applicable to both Finnish resident and non-resident natural persons and limited companies for the purposes of Finnish domestic tax legislation relating to dividend distributions on shares and capital gains arising from the sale of shares.

The following description does not address tax considerations applicable to such holders of Shares in the Company to the extent such shareholders may be subject to special tax rules relating to, among others, different restructurings of corporations, controlled foreign corporations, business assets of individuals, income tax-exempt entities or general or limited partnerships. Furthermore, this description does not address Finnish inheritance or gift tax consequences.

This description is primarily based on:

- The Finnish Income Tax Act (in Finnish: *tuloverolaki* 1535/1992, as amended, the "**Finnish Income Tax Act**");
- The Finnish Business Income Tax Act (in Finnish: *laki elinkeinotulon verottamisesta* 360/1968, as amended, the "**Finnish Business Income Tax Act**");
- The Finnish Act on the Taxation of Income of a Person Subject to Limited Tax Liability (in Finnish: *laki rajoitetusti verovelvollisen tulon verottamisesta* 627/1978, as amended);
- The Finnish Transfer Tax Act (in Finnish: *varainsiirtoverolaki* 931/1996, as amended, the "**Finnish Transfer Tax Act**").

In addition, relevant case law as well as decisions and statements made by the tax authorities, to the extent in effect and available as at the date of this Prospectus, have been taken into account.

While the matters described in below are accurate as at the date of this Prospectus, changes thereto could apply retroactively and may affect the tax consequences relating to the Offer Shares.

Taxation of the Shareholders

General

Residents and non-residents of Finland are treated differently for tax purposes. The worldwide income of individuals resident in Finland is subject to taxation in Finland. Non-residents are taxed on income from Finnish sources only. Additionally, Finland imposes taxes on non-residents for income connected with their permanent establishments situated in Finland. However, tax treaties may limit the applicability of Finnish tax legislation and also the right of Finland to tax Finnish-source income received by a non-resident.

Generally, a natural person is deemed to be a resident in Finland for taxation purposes, if such person remains in Finland for a continuous period of more than six months or if the permanent home and abode of such person is in Finland. However, a Finnish national who has moved abroad is considered to be resident in Finland until three years have passed from the end of the year of departure unless it is proven that no substantial ties to Finland existed during the relevant tax year. Earned income, including salary, is taxed at progressive rates.

Currently, the capital income tax rate is 30 per cent. In addition, should the amount of capital income received by a resident individual exceed €30,000 in a calendar year, the capital income tax rate is 33 per cent on the amount that exceeds €30,000.

Corporate entities established under the laws of Finland are regarded as residents in Finland and are, therefore, subject to corporate income tax on their worldwide income. In addition, non-resident corporate entities are subject to Finnish corporate income tax on their income connected with their permanent establishments situated in Finland. Currently, the corporate income tax rate is 20 per cent.

Taxation of dividends

General

The tax treatment of dividend income is determined by whether the company distributing the dividend is considered publicly listed or not for tax purposes. For tax purposes, a company is a listed company ("**Listed Company**") if its shares are admitted to trading:

- on a regulated market within the meaning of the Finnish Act on Trading in Financial Instruments (748/2012, as amended) in the European Economic Area;
- on a regulated trading venue subject to official supervision outside the European Economic Area; or
- on a multilateral trading facility within the meaning of the Finnish Act on Trading in Financial Instruments European Economic Area, provided that the shares have been admitted to trading on the application of the issuer or with the issuer's consent.

The Frankfurt Stock Exchange is a regulated market within the meaning of the Finnish Act on Trading in Financial Instruments and thus, after the completion of the listing of the Shares, the Company will be considered a Listed Company for Finnish tax purposes. Accordingly, the provisions regarding the distribution of dividends of a Listed Company are applied to the taxation of the dividend income from the Company.

Funds distributed from the other unrestricted equity items on the balance sheet of a Finnish Listed Company, such as from the reserve for invested unrestricted equity, are considered as dividend income for taxation purposes.

Shareholders Tax Resident in Finland

Shares Held as Part of Private Assets of Individuals

In the income taxation of a natural person resident in Finland for tax purposes, 85 per cent of the dividends distributed by a Listed Company are considered capital income of the recipient and the remaining 15 per cent of the dividends income are tax exempt. Such person may generally deduct the expenses incurred in connection with the dividend income.

Furthermore, distribution of dividends by a Listed Company to a natural person resident in Finland for tax purposes is subject to advance tax withholding. As at the date of this Prospectus, the amount of the advance tax withholding is 25.5 per cent. The advance tax withheld by the distributing company is credited against the final tax payable by the shareholder for the dividend received.

Shares Held as Part of Assets of Finnish Limited Liability Companies

Taxation of dividends distributed by a Listed Company depends, among other things, on whether the Finnish company receiving the dividend is a Listed Company or not.

Dividends received by a Listed Company from another Listed Company are generally tax exempt. However, in cases where the underlying shares are included in the investment assets of the shareholder, 75 per cent of the dividends are taxable income while the remaining 25 per cent is tax exempt. Only banking, insurance and pension institutions may have investment assets.

Dividends received by a Finnish company that is not a Listed Company (i.e. a privately held company) from a Listed Company are fully taxable income. However, in cases where the privately held company directly owns 10 per cent or more of the outstanding shares in the Listed Company distributing the dividends, the dividends received on such shares are tax exempt, provided that the underlying shares are not included in the investment assets of the shareholder.

Shareholders Tax Resident Outside Finland

As a general rule, non-residents of Finland are subject to Finnish withholding tax on dividends paid by a company established under the laws of Finland. The withholding tax is withheld by the company distributing the dividend at the time of dividend payment and no other taxes on the dividend are payable in Finland. The withholding tax rate is 20 per cent for non-resident corporate entities and 30 per cent for all other non-residents. The withholding tax rate may be reduced or removed in full on the basis of an applicable tax treaty. The reduced withholding rate benefit in an applicable tax treaty will be available if the person beneficially entitled to the dividend has provided a valid tax card or necessary details of its nationality and identity to the company paying the dividend.

In accordance with Finnish tax law, withholding tax is not withheld from dividends which are paid to foreign companies, as set forth in Article 2 of the parent-subsidiary directive (2011/96/EU), located in an EU member state and subject to income tax of their home state, which directly have a minimum holding of 10 per cent of the capital of the Finnish company distributing the dividends.

Dividends paid to certain foreign companies located in the European Economic Area are also either fully tax exempt or subject to a reduced withholding tax rate depending on how the dividend would be taxed if it were paid to an equivalent Finnish company. The applicable double taxation treaty may however require that an even lower withholding tax rate shall be applied. Full withholding tax is withheld from other dividends paid to non-resident companies, unless the applicable double taxation treaty dictates otherwise.

If shares are held through a nominee account and the person entitled to receive dividends on such shares is a resident in a tax treaty country, the withholding tax rate on the dividend is the tax rate set forth in the relevant tax treaty. However, the tax rate must be at least 15 per cent (if the tax rate set forth in the tax treaty is less than 15 per cent, an application including the necessary details of the nationality and identity of the beneficial owner may be submitted for the refund of the excess withholding tax). This means that with respect to dividends on shares held through a nominee account, tax is withheld at the rate set in the applicable tax treaty or 15 per cent absent thorough clarification of the identity of the person beneficially entitled to the dividend. Such procedure, however, requires that the foreign custodian intermediary is registered in the Finnish tax authorities' register and that it is resident in a country with which Finland has a double taxation treaty. Also, the foreign custodian intermediary must have an agreement with the Finnish account operator regarding the custody of the shares. In such agreement, the foreign custodian intermediary must, among other things, commit to report the dividend receiver's residential country to the account operator and to provide additional information to the tax authorities, if needed. If these provisions are not fulfilled, the 20 per cent withholding tax is withheld on the nominee account's dividends for non-resident corporate entities and 30 per cent for all other non-residents unless otherwise set forth in an applicable tax treaty. Alternatively, provisions of the Finnish Act on Assessment Procedure (1558/1995, as amended) may be applied to the taxation of non-residents located in an EU member state.

Taxation of Capital Gains

Shareholders Tax Resident in Finland

Shares Held as Part of Private Assets of Individuals

A capital gain or loss arising from the sale of shares which belong to the private assets of a shareholder is taxable in Finland as a capital gain or deductible as a capital loss for a natural person resident in Finland for tax purposes.

Capital gains are currently taxed as capital income. A capital loss arising from the sale of shares that do not belong to the business activity of the shareholder is deductible from the resident individual's capital gains arising in the same year and during the following five tax years. As capital losses are not deductible from any other capital income apart from capital gains, they are not taken into account when calculating the capital income deficit for the tax year. Such capital losses do not increase the amount of the deficit that is deductible from the taxes under the deficit crediting system.

Notwithstanding the above, capital gains arising from the sale of assets that do not belong to the business activity of the shareholder are exempt from tax provided that the proceeds of all assets sold by the resident individual during the tax year do not, in aggregate, exceed € 1,000 (exclusive of proceeds from the sale of any assets that are tax exempt pursuant to Finnish tax laws). Correspondingly, capital losses are not tax deductible if the acquisition cost of all assets sold during the tax year does not, in aggregate, exceed € 1,000 (exclusive of proceeds from the sale of any assets that are tax exempt pursuant to Finnish tax laws).

Any capital gain or loss is calculated by deducting the original acquisition cost and sales related expenses from the sales price. Alternatively, a resident individual holding shares that are not included in the business activity of the shareholder may, instead of deducting the actual acquisition costs, choose to apply a presumed acquisition cost, which is equal to 20 per cent of the sales price, or in the case of shares which have been held for at least ten years, 40 per cent of the sales price. If the presumed acquisition cost is used instead of the actual acquisition cost, any selling expenses are deemed to be included therein and cannot be deducted separately from the sales price.

Shares Held as Part of Assets of Finnish limited companies

The following applies only to Finnish limited companies that are taxed on the basis of the Finnish Business Income Tax Act. As a general rule, a capital gain arising from the sale of shares is taxable income of a limited company, which is taxed with the rate of 20 per cent.

Shares may be fixed assets, current assets, investment assets or financial assets of a limited company. The taxation of a disposal of shares and loss of value varies according to the asset type for which the shares qualify. Shares may also qualify as non-business income source assets of a limited company. The Finnish Income Tax Act's provisions are applied to capital gains that have arisen from the sale of assets from non-business income sources.

The sales price of any sale of shares is generally included in the business income of a Finnish company. Correspondingly, the acquisition cost of shares is deductible from business income upon disposal of the shares. However, an exemption for capital gains on share disposals is available for Finnish companies, provided that certain strictly defined requirements are met. The main criteria for the application of this "participation exemption" is that the company selling the shares has directly and continuously for at least one year held at least 10 per cent of the outstanding shares in the company whose shares are sold and such ownership of the sold shares has ended not more than one year before the sale.

Tax deductible capital losses pertaining to the sale of shares (other shares than shares sold under the participation exemption) that are part of the fixed assets of the selling company can only be deducted from capital gains arising from the sale of fixed assets shares in the same fiscal year and the subsequent five years. Capital losses pertaining to the sale of shares that are not part of fixed assets are tax deductible from taxable income in the same fiscal year and the subsequent ten years in accordance with the general rules concerning losses carried forward.

Shareholders Tax Resident Outside Finland

Non-residents who are not generally liable for tax in Finland are usually not subject to Finnish taxes on capital gains realised on the sale of shares in a Listed Company, unless the non-resident taxpayer is deemed to have a permanent establishment in Finland for income tax purposes as referred to in the Finnish Income Tax Act and in the applicable tax treaty, if any, and the shares are considered to be assets of that permanent establishment.

Finnish Transfer Tax

According to the Finnish Transfer Tax Act, a transfer tax at the rate of 1.6 per cent is generally payable on the transfer of shares if either the seller or the purchaser is resident in Finland. However, the transfer tax is generally not payable on the transfer of shares if the shares are traded:

- on a regulated market within the meaning of the Finnish Act on Trading in Financial Instruments (748/2012, as amended) in the European Economic Area;
- on a regulated trading venue subject to official supervision outside the European Economic Area; or
- on a multilateral trading facility within the meaning of the Finnish Act on Trading in Financial Instruments European Economic Area, provided that the shares has been admitted to trading on the application of the issuer or with the issuer's consent.

In addition, the transfer tax exemption requires that a Finnish or foreign investment firm, or other party offering investment services, within the meaning of the Finnish Investment Services Act (747/2012), is brokering or acting as a party to the transaction, or that the transferee has been approved as a trading party on the market on which the transfer is executed. Further, if the broker or the counterparty to the transaction is not a Finnish investment firm, a Finnish credit institution, or a Finnish branch or office of a foreign investment firm or credit institution, the transfer tax exemption requires that the transferee submits a notification of the transfer to the Finnish Tax Administration within two months of the transfer, or that the broker submits an annual declaration regarding the transfer to the Finnish Tax Administration as set forth in the Finnish Act on Assessment Procedure (1558/1995, as amended).

Under the Finnish Transfer Tax Act, transfer tax is generally payable on the transfer of shares if the transfer is based on an offer made before trading has commenced, or after trading has ceased, on a regulated market, regulated trading venue or multilateral trading facility (as described above). However, the Finnish Transfer Tax Act provides an exemption from transfer tax in connection with listing offerings which comprise a combined offering of existing shares and new shares. For the exemption to apply, in addition to the above mentioned requirements, it is required that the transfer of existing shares is directly connected to such a combined listing offering of existing and new shares, where the object of the transfer is individualised only after trading has commenced and the price for the existing shares is equal to the subscription price of the new shares. As the Offering does not meet all of the said requirements, the transfer of the Offer Shares in the Offering is subject to transfer tax. If the investor (the subscriber of the Offer Shares) is tax resident in Finland under the Finnish Income Tax Act, the investor is liable to pay the transfer tax on the Offer Shares. If the investor is not tax resident in Finland under the Finnish Income Tax Act but the party selling the Offer Shares is, the seller is liable to pay the transfer tax on the transfer of such Offer Shares on behalf of the investor. If neither the investor nor the seller is tax resident in Finland under the Finnish Income Tax Act, no transfer tax is payable on the transfer of such Offer Shares. The transfer tax, if payable, shall be paid within two months from the date of the acquisition agreement, as determined in accordance with the Finnish Transfer Tax Act. In addition, where the investor is liable to pay transfer tax, it is the investor's obligation to file a transfer tax notification with the Finnish Tax Administration within two months from the date of the acquisition agreement, as determined in accordance with the Finnish Transfer Tax Act.

Certain separately defined transfers, such as those relating to equity investments or distribution of funds, are not covered by the transfer tax exemption. In addition, the exemption does not apply to transfers carried out in order to fulfil the obligation to redeem minority shares under the Finnish Companies Act.

Since the Frankfurt Stock Exchange is a regulated market and the Offer Shares are in the normal case traded through a stockbroker as referred above, the Finnish transfer tax is in the normal case not payable generally payable on the transfer of the Shares of the Company.

Other Taxes

No Finnish value added tax or other taxes are levied on the purchase or disposal of shares or other forms of share transfer. Wealth tax is currently not levied in Finland.

SELLING RESTRICTIONS

Selling Restrictions

General

No action has been taken by the Company or ICF BANK AG, equinet Bank AG and Hauck & Aufhäuser Privatbankiers KGaA (together, the "**Underwriters**") that would permit an offer of the Offer Shares or possession or distribution of this Prospectus or any other offering material in any jurisdiction where action for that purpose is required, other than Germany. The distribution of this Prospectus and the offer of the Offer Shares in certain jurisdictions may be restricted by law, and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions, including those in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions.

European Economic Area

In relation to each member state of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Underwriter will represent and agree that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of the Offer Shares to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Offer Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may make an offer of the Offer Shares to the public in that Relevant Member State at any time under the following exceptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(i) to legal entities which are qualified investors as defined under the Prospectus Directive;

(ii) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospective Directive; or

(iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of the Offer Shares shall result in a requirement for the Company to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "an offer of the Offer Shares to the public" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Offer Shares so as to enable an investor to decide to purchase the Offer Shares, as the same may be varied in that member state by any measure implementing the Prospectus Directive in that member state, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United States of America and its Territories

The Offer Shares have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States of America or to or for the account or benefit of U.S. persons except in accordance with Regulation S under the Securities Act. Each Underwriter has represented and agreed that it has offered and sold the Offer Shares, and will offer and sell the Offer

Shares (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of all the Offer Shares only in accordance with Rule 903 of Regulation S under the Securities Act.

Neither the Underwriters, their affiliates nor any person acting on their behalf have engaged or will engage in any directed selling efforts with respect to the Offer Shares, and they have complied and will comply with the offering restrictions requirements of Regulation S under the Securities Act.

United Kingdom

This Prospectus is for distribution only to persons who (i) are outside the United Kingdom, or (ii) have professional experience in matters relating to investments, or (iii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc") of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons together being referred to as "relevant persons").

This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

Each Underwriter has represented and agreed that (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("**FSMA**") received by it in connection with the issue or sale of the Offer Shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to any measures taken by it in relation to the Offer Shares in, from or otherwise involving the United Kingdom.

Switzerland

This Prospectus as well as any other material relating to the Offer Shares do not constitute an issue prospectus pursuant to Articles 652a and/or 1156 of the Swiss Code of Obligations. The Offer Shares will not be listed on the SIX Swiss Exchange and, therefore, the documents relating to the Offer Shares, including this Prospectus, do not claim to comply with the disclosure standards of the listing rules of the SIX Swiss Ex-change and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange. The Offer Shares are being offered in Switzerland by way of a private placement, i.e., to a small number of selected investors only, without any public offer and only to investors who do not purchase the Offer Shares with the intention to distribute them to the public. The investors will be individually approached by the Company from time to time. This Prospectus as well as any other material relating to the Offer Shares is personal and confidential and does not constitute an offer to any other person. This Prospectus may be used only by those investors to whom it has been handed out in connection with the Offering described herein and may neither directly nor indirectly be distributed or made available to other persons without the express consent of the Company. It may not be used in connection with any other offer and shall in particular not be copied or distributed to the public in (or from) Switzerland.

Transfer Restrictions

Each investor who wants to take part in the Offering should be aware that Regulation S under the Securities Act requires that such investor represents and acknowledge to the Underwriters as a condition to purchase Offer Shares that:

- it is, and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares is, outside the United States (within the meaning of Regulation S under the Securities Act) at the time the buy order for the Offer Shares is originated and will continue to be located outside the United States, and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares reasonably believes that the purchaser is outside the United States, and neither the purchaser nor any person acting on its behalf knows that the transaction has been pre-arranged with a buyer in the United States;

- it understands that the Offer Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions on exercise and transfer;

- it is aware of the restrictions on the offer and sale of the Offer Shares pursuant to Regulation S under the Securities Act described in this Prospectus; and

- the Company, the Underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and will not recognize any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions.

RECENT DEVELOPMENTS

During October 2014, selected key management employees were granted options to purchase total of 238,000 shares of the Company from Jorma Jokela. The exercise period starts on 15 January 2015 and ends on 15 June 2016 and there are no vesting conditions attached to the options or shares. Total fair value of the options at the grant date is approximately €977,000 and the valuation of the share options is made using Black and Scholes model taking into consideration the terms and conditions of the grant and the absence of a liquid market for the Company's shares. Given that there are no vesting conditions attached to the shares, the total fair value will be recognised as share-based compensation expense in the Company's profit or loss with a respective entry to equity on day one. This expense has no cash impact to the Company.

The credit limit from Nordea Bank to the Company has been increased in October 2014 from €5 million to €7.5 million. This credit facility is collateralized by a floating charge agreement regarding the Company and Ferratum Finland Oy and a pledge of shares from Ferratum Finland Oy and Ferratum Sweden AB.

In December 2014, as part of our business strategy to bring further EU countries' operations under the umbrella of Ferratum Bank Ltd, we started cross-border activities through Ferratum Bank Ltd in Sweden in which we had previously operated under a local license. We intend to continue this strategy in 2015 in several other EU countries in which we already operate.

As part of our strategy to further expand our operations geographically, we applied for a credit licence to commence business in Canada and on 24 November 2014 obtained a credit licence in the Canadian province British Columbia.

On 14 January 2015, the General Shareholders' Meeting adopted a framework resolution (the "**Framework Resolution**") granting an authorization to the Board of Directors to grant options for up to 600,000 Shares to employees of the Group (the "**Share Option Program**"). The Board of Directors was authorized to grant such options within a timeframe of two years following the Framework Resolution, that is until 14 January 2017. The Framework Resolution has set a fixed exercise price per Share of 70% of the final offer price per Offer Share as determined in the bookbuilding procedure for the Offering set out in this Prospectus. The Framework Resolution authorized the Board of Directors to determine any further details of the Share Option Program including which employees are eligible for options, the total number of options granted, any possible vesting periods and any other details required to carry out the Share Option Program. The Board of Directors has not yet resolved on such details.

The development of our revenues for the months of October and November 2014 has continued the strong growth trend of the first three quarters of 2014 with revenues of €14.0 million in these two months. As a result, revenues for the first eleven months of 2014 amounted to €63.5 million. We estimate that the development of our revenues for the full fourth quarter of 2014 was strong as well. Our operating profit (EBIT) for the months of October and November 2014 amounted to €1.6 million. EBIT in the two months October and November 2014 was impacted by IPO-related costs in a total amount of €1.2 million, which included a negative effect from the options granted by Jorma Jokela to employees of Ferratum in October 2014 as described above. The options are for existing shares from the holdings of Jorma Jokela and the total fair value is recognized as a share-based compensation expense in the Company's income statement with a respective entry to equity on day one. This expense has no cash impact to the Company. As a result, EBIT for the first eleven months of 2014 amounted to €10.1 million. The estimate of revenues relating to the full fourth quarter is based on our preliminary review of our revenues and is not intended to be a comprehensive statement of our financial or operational results for the year ended 31 December 2014. This estimate is inherently subject to adjustments during the preparation of our financial statements and audit thereof by our auditors. The audited consolidated financial statements are planned to be available only after the completion of this Offering. Accordingly, our actual revenues for the year ended 31 December 2014 may vary from our preliminary estimates above, and such variations could be material. As such, you should not place undue reliance on the revenue estimate.

FINANCIAL SECTION

Unaudited consolidated financial statements (IFRS) of

Ferratum Oyj

as of and for the nine months ended 30 September 2014

CONSOLIDATED INCOME STATEMENT

EUR	Note	9 months ended 30 September 2014 (unaudited)	2013 (unaudited)
Revenue	5	49,429,408	43,418,211
Other income		79,556	67,394
Impairments on loans		(14,206,791)	(15,037,874)
Operating expenses:			
Selling, marketing and administration	6	(19,404,277)	(16,487,047)
Depreciations and amortization		(434,050)	(393,047)
Other operating expenses	7	(6,997,814)	(5,824,090)
Operating profit		8,466,033	5,743,547
Finance income	8	71,791	25,526
Finance costs	9	(2,744,592)	(2,022,447)
Finance costs – net		(2,672,801)	(1,996,921)
Profit before income tax		5,793,231	3,746,626
Income tax expense		(1,196,172)	(315,913)
Profit for the period		4,597,060	3,430,713
Earnings per share, basic and diluted	10	0,25	0,18
Profit attributable to:			
- owners of the parent company		4,597,060	3,430,713
- non-controlling interests		0	0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR	Note	9 months ended 30 September 2014 (unaudited)	2013 (unaudited)
Profit for the period		4,597,060	3,430,713
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Translation difference		(128,406)	(72,987)
Total items that may be reclassified to profit or loss subsequently		(128,406)	(72,987)
Total comprehensive income		4,468,654	3,357,726
Allocation of total comprehensive income to:			
- owners of the parent company		4,468,654	3,357,726
- non-controlling interests		0	0

The notes on pages 11 to 27 are an integral part of these condensed interim financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR	Note	30-Sep-2014 (unaudited)	30-Sep-2013 (unaudited)	31-Dec-2013 (audited)
Assets				
Non-current assets				
Property, plant and equipment		302,972	295,669	282,051
Intangible assets		3,557,439	2,515,617	3,104,905
Deferred income tax assets		989,599	1,708,615	1,865,580
Total Non-Current Assets		4,850,011	4,519,901	5,252,535
Current assets				
Accounts receivable – consumer loans	11	56,594,224	45,419,837	44,683,369
Other receivables		2,832,094	1,372,215	3,963,145
Income tax assets		650,024	577,480	335,643
Cash and cash equivalents (excluding bank overdrafts)		9,345,717	3,118,671	17,528,034
Total current assets		69,422,058	50,488,203	66,510,192
Total assets		74,272,069	55,008,104	71,762,727
Equity and liabilities				
Equity attributable to owners of the parent				
Share capital	12	7,300,000	10,000	10,000
Treasury shares	12	(142,315)	(104,599)	(142,315)
Reserves	12	(32,254)	(157,919)	(171,135)
Unrestricted equity reserve	12	2,372,952	3,067,590	3,067,590
Retained earnings		10,024,558	12,911,991	12,914,623
Total equity		19,522,940	15,727,063	15,678,763
of which relate to Non-controlling interests				
Liabilities				
Non-current liabilities				
Borrowings	13	29,114,511	2,398,037	26,244,738
Other payables		12,530	22,796	17,479
Deferred income tax liabilities		154,663	332,261	154,866
Total non-current liabilities		29,281,704	2,753,093	26,417,083
Current liabilities				
Income tax liabilities		707,965	13,611	455,909
Borrowings	13	17,055,365	26,460,930	19,538,425
Trade payables	14	3,035,143	7,212,268	7,282,034
Other current liabilities	14	4,668,952	2,841,139	2,390,513
Total current liabilities		25,467,425	36,527,948	29,666,882
Total liabilities		54,749,129	39,281,041	56,083,965
Total equity and liabilities		74,272,069	55,008,104	71,762,727

CONSOLIDATED STATEMENT OF CASH FLOW

EUR	9 months ended 30 September 2014 (unaudited)	9 months ended 30 September 2013 (unaudited)
<u>Cash flows from operating activities</u>		
PROFIT/LOSS FOR THE PERIOD	4,597,060	3,430,713
<u>Adjustments for:</u>		
Depreciation, amortization & impairment loss	434,050	393,047
Gains (-) and Losses (+) of disposals of fixed assets and other non-current assets	-	-
Unrealized foreign exchange gains (-) and losses (+)	(453,847)	39,252
Finance income and expenses	3,126,648	1,957,669
Tax on income from operations	1,196,172	315,913
Transactions without cash flow	(65,562)	-
<u>Working capital changes:</u>		
Increase (-) /decrease(+) in trade and other receivables	1,604,091	6,003,194
Increase (+) / decrease (-) in trade payables	(2,430,510)	29,386
Interest paid	(1,985,678)	(1,194,441)
Interest received	72,735	17,628
Other financing items	(117,470)	(199,182)
Income taxes paid	(357,352)	(1,207,534)
Loans granted	(122,684,820)	(113,680,839)
Proceeds from repayments of loans	110,537,475	99,568,736
Net cash from operating activities	**(6,527,008)**	**(4,526,457)**
<u>Cash flows from investing activities</u>		
Purchase of tangible and intangible assets	(932,939)	(579,387)
Proceeds from sale of tangible and intangible assets		(125,544)
Disposal of subsidiaries, net of cash disposed of		
Proceeds from sale of investments		
Net cash used in investing activities	**(932,939)**	**(453,842)**
<u>Cash flows from financing activities</u>		
Purchase of own shares	-	(88,469)
Proceeds from short-term borrowings	5,015,762	5,817,611
Repayment of short-term borrowings	(9,848,597)	(1,256,845)
Proceeds from long-term borrowings	6,405,494	2,721,368
Repayment of long-term borrowings	(1,269,579)	(811,085)
Dividends paid / distribution of equity reserve	(694,638)	(790,567)
Net cash used in financing activities	**(391,558)**	**5,592,014**
Net increase/decrease in cash and cash equivalents	**(7,851,505)**	**611,715**
Cash and cash equivalents at the beginning of the period	17,528,034	2,670,730
Exchange gains/(losses) on cash and cash equivalents	(330,811)	(163,774)
Net increase/decrease in cash and cash equivalents	(7,851,505)	611,715
Cash and cash equivalents at the end of the period	9,345,717	3,118,671

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Changes in equity 1 - 9 / 2013 (unaudited), EUR	Share capital	Treasury shares	Unrestricted equity reserve	Other reserves	Translation differences	Retained earnings	Equity holders of parent	Total equity
Opening balance 01/01/2013 (audited)	10,000	(16,130)	3,067,590	1,610	3,709	10,093,483	13,160,263	13,160,263
Comprehensive income								
Profit or loss						3,430,713	3,430,713	3,430,713
Other comprehensive income								
Currency translation difference:				(19)	(163,220)	90,251	(72,987)	(72,987)
Total comprehensive income				(19)	(163,220)	3,520,965	3,357,726	3,357,726
Transactions with owners								
Dividend distribution						(790,000)	(790,000)	(790,000)
Acquisition of treasury shares		(88,469)					(88,469)	(88,469)
Share based payments						87,543	87,543	87,543
Total transactions with owners		(88,469)				(702,457)	(790,926)	(790,926)
Total equity 30/09/2013 (unaudited)	**10,000**	**(104,599)**	**3,067,590**	**1,591**	**(159,510)**	**12,911,991**	**15,727,063**	**15,727,063**

Changes in equity 1 - 9 / 2014 (unaudited), EUR	**Share capital**	**Treasury shares**	**Unrestricted equity reserve**	**Other reserves**	**Translation differences**	**Retained earnings**	**Equity holders of parent**	**Total equity**
Opening balance 01/01/2014 (audited)	10,000	(142,315)	3,067,590	1,829	(172,964)	12,914,623	15,678,763	15,678,763
Comprehensive income								
Profit or loss						4,597,060	4,597,060	4,597,060
Other comprehensive income								
Currency translation difference:				(2)	138,883	(267,287)	(128,406)	(128,406)
Total comprehensive income				(2)	138,883	4,329,773	4,468,654	4,468,654
Transactions with owners								
Distribution of Equity reserve (i)			(694,638)				(694,638)	(694,638)
Increase of share capital(ii)	7,290,000					(7,290,000)	0	0
Share-based payments						70,162	70,162	70,162
Total transactions with owners	7,290,000		(694,638)			(7,219,838)	(624,476)	(624,476)
Total equity 30/09/2014 (unaudited)	**7,300,000**	**(142,315)**	**2,372,952**	**1,827**	**(34,081)**	**10,024,558**	**19,522,940**	**19,522,940**

(i) The Board of Directors made a decision not to distribute dividends from the Profit earned during the year ended and Retained earnings as at 12/31/2013, but to distribute the presented amount out of the invested funds in the unrestricted equity reserve as a return of capital

(ii) The Board of Directors made a decision to increase the Share capital of the Company by 7.29 million EUR from funds available in Retained earnings

1. General information

Ferratum Group is one of the leading microloan companies globally. Is a privately owned independent group and it doesn't belong to any other group in the financial or commercial sector. Is operating under generally accepted ethical principles, and is one of the leading players in developing the credibility of microloan businesses and common industry processes, has developed its business model and processes to be efficient and customer-oriented. The identification and scoring of customers are key factors in the business globally.

The parent company, Ferratum Oyj (business identity code 1950969-1), is headquartered in Helsinki, Finland. The registered address is Ratamestarinkatu 11 A, FI-00520 Helsinki.

A copy of the consolidated financial statements can be obtained from the head office of Ferratum Group at Ratamestarinkatu 11 A, FI-00520 Helsinki.

These condensed interim financial statements were approved for issue on November 7th 2014.

2. Summary of significant accounting policies

2.1 Basis of preparation

These condensed interim financial statements for the nine months ended 30 September 2014 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with IFRSs.

The accounting policies adopted are consistent with those of the previous financial year except as described below, and are not repeated in this condensed interim report.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss. Interim period income tax for the nine month period ended September 30, 2014 has been accrued based on estimated annual effective income tax rate of 20,6% for the Ferratum Group.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. The application of the company's accounting policies also requires the management to exercise its judgment in the process of applying the group's accounting policies. Areas that to a large extent contain such discretionary assessments or a high level of complexity or areas in which assumptions and estimates are important to the consolidated financial statements are disclosed in note 4.

2.2 Impairment of financial assets

Ferratum Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Assets carried at amortised cost

The criteria that Ferratum Group uses to determine that there is objective evidence of impairment loss include:

(a) a significant financial difficulty of the issuer or obligor;

(b) a breach of contract, such as a default or delinquency in interest or principal payments;

(c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider or

(d) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

(i) adverse changes in the payment status of borrowers in the portfolio; and

(ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

Ferratum Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (that consider on the basis of the group's grading process asset type, past-due status and other relevant factors). Each entity of Ferratum Group tracks its historical data of collected amounts and unpaid amounts on receivables. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

The provision for impairment of loan receivables are recognised in the financial statements based on historical trends and collective assessment of groups of microloans with similar credit risk characteristics. When receivables are impaired, the receivable's carrying amount is reduced to the receivable's recoverable amount. Impairment losses are recognised through an allowance account to reduce the asset's carrying amount to the present value of expected cash flows. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed by adjusting the allowance account through profit or loss for the year. When the loans have been 100% revers, they are written off.

3. Financial risk management

3.1 Financial risk factors

Ferratum Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Ferratum Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. Ferratum Group uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (group treasury). Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The Board is responsible for the overall effectiveness of the risk management function, which function is however carried out by all the members of the group's management.

(a) Credit risk

Ferratum Group takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the group by failing to discharge an obligation. Credit risk is the most important risk for the group's business; accordingly management carefully manages its exposure to this risk. Credit exposures arise principally through the group's participation in short-term lending. The Group's principal credit risk exposures relating to on-balance sheet financial assets analysed by class and IAS 39 categorisation, reflecting the maximum exposure to credit risk before collateral held or other credit enhancements, are as follows:

EUR	30-Sep-2014	30-Sep-2013	31-Dec-2013
Loans and receivables:			
Cash and cash equivalents (i)	9,345,717	3,118,671	17,528,034
Accounts receivable – consumer loans	56,594,224	45,419,837	44,683,369
Other receivables	2,832,094	1,372,215	3,963,145
	68,772,034	**49,910,723**	**66,174,549**

(i) The balance is broadly diversified with almost 200 bank accounts in 24 countries

The exposures set out in the table above are based on carrying amounts as reported in the statement of financial position for on-balance sheet financial assets. The fair value of loans and receivables are equivalent to their carrying amounts. The table represents a worst case scenario of credit risk exposure to the Group at 30th September 2014 and 2013, without taking account of any collateral held or any other credit enhancements attached.

Loans and advances to customers

Credit risk is managed centrally. Scoring and credit policies in are centrally steered by the Risk team. Measuring and monitoring the performance of the Countries credit portfolio´s actual risk KPI´s is done on different aggregation levels on a daily, weekly and monthly rhythm. Credit Risk is managed and controlled on the basis of established credit processes, and within a framework of credit policy. Credit grading and monitoring systems are in place to accommodate the early identification and management of deterioration in loan quality. Credit decisions are always based on the ethical principles set by the central risk team and the business credit policy as well as being in accordance to the rules of crediting. Every agreement of crediting requires an individually shaped decision. To assess the potential customers' creditworthiness, the credit score is calculated for each new application received. An application scorecard is used for the assessment of new customers and a behavior scorecard is used for the assessment of repeated customers. Based on the obtained credit score, customers are grouped into risk classes that determine the possible credit decision.

Ferratum Group centrally calculates reserving needs for group accounting purposes and also supports subsidiaries in calculating their local reserving requirements. The reserving requirements are calculated based on Gross Roll Rate Model and Transition Matrices (mathematical model of Markov Chains), which measures the probability of delinquency based on payment behavior and calculates the required risk provisions for impairment of loan receivables (reserves) accordingly. The reserving needs based on the reserve model get impaired with the market value of bad debt, i.e. expected or recent sales prices for overdue loans.

(b) Market risk

Ferratum Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate and currency products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates and foreign exchange rates.

Foreign exchange risk

Ferratum Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Transaction risk arises from future commercial transactions, recognised assets and liabilities. Translation risk arises from net investments in foreign operations.

Ferratum Group treasury's risk management policy is to hedge the main FX exposures in non-euro currencies. Management has set up a policy to require Ferratum Group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the group treasury. At the reporting date, the group companies mainly had transactions in their respective functional currencies, and accordingly, the transaction risk in the group companies was minimal.

The group has several investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

Intra-group loans between the parent and other group companies are usually denominated in the group companies' functional currencies which creates some transaction risk that is not eliminated in consolidation.

As result from intra-group borrowings, main foreign exchange risk arises from Polish Zloty. At 30 September 2014, if euro had weakened/strengthened by 10% against the Polish zloty with all other variables held constant, pre-tax profit for the period would have been EUR 479 thousand higher/lower, mainly as a result of foreign exchange gains/losses on intra group borrowings.

Currency exposure arising from the net assets of the Ferratum Group's foreign operations is managed primarily through borrowings in local currencies or occasionally hedging with financial instruments.

Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

Ferratum Group's main interest rate risk arises from long-term borrowings which are issued at fixed and variable rates. They expose Ferratum Group to cash flow interest rate risk which is partially offset by having a short term loan portfolio as main asset in the group. Increasing refinancing cost can be potentially covered by according price changes in new lending whereby the spread between lending interest and borrowing interest is comparably high anyway. During 9 months ended September 30th, 2014 and 9 months ended September 30th, 2013, Ferratum Group's borrowings at variable rate were denominated in PLN and EUR.

Ferratum Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, Ferratum Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the various scenarios, the group occasionally manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. As per September 30th, 2014 part of the interest rate risk arising from the credit line from Nordea was hedged using a floating-to-fixed interest rate swap. This interest rate swap has the economic effect of converting borrowings from floating rates to fixed rates. The swap's nominal value was EUR 5,000,000 covering 29% of the group's variable rate borrowings. Interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

At 30 September 2014, if interest rates at that date had been 100 basis points lower/higher with all other variables held constant, pre-tax profit for the period would have been EUR 186 thousand higher/lower, mainly as a result of lower/higher interest expense on variable interest liabilities.

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of Ferratum Group in and aggregated by Ferratum Group finance. Ferratum Group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times 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 – for example, currency restrictions. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the group treasury. Ferratum Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At the reporting date, the group had unused credit lines amounting to EUR 250 thousand.

Ferratum Group has entered into one factoring agreement in Finland, whereby a portfolio of loan receivables is transferred to counterparty against a cash payment. The risks and benefits related to the transferred assets are not, however, transferred given that the Group has repurchase obligation in case of customer's default. Accordingly, the transferred assets continue to be presented as the Group's accounts receivables, and a financial liability to the transferee is recognised.

Repayment schedule for financial liabilities as of 30 September 2014 including future interest payments is as follows. The amounts are undiscounted.

30 September 2014	Less than 12 months	Between 1 – 2 years	Between 2-5 years	Over 5 years
Bank borrowings	7,822,179			
Interest	73,750			
Bonds issued	7,484,680		4,907,124	25,000,000
Interest	3,073,319	2,454,807	4,454,807	2,000,000
Deposits from customers	1,769,359			
Derivatives	45,449			
Trade payables and other liabilities	8,366,611			
	28,635,347	**2,454,807**	**9,361,930**	**27,000,000**

30 September 2013	Less than 12 months	Between 1 – 2 years	Between 2-5 years	Over 5 years
Bank borrowings	10,135,782			
Interest	120,130			
Bonds issued	14,766,373	2,484,680		
Interest	1,380,825	1,572,550		
Deposits from customers	892,836			
Derivatives	56,094			
Trade payables and other liabilities	10,010,924			
	37,362,964	**4,057,230**		

3.2 Capital management

Ferratum Group's objectives when managing capital are to safeguard Ferratum Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for the Group's stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, Ferratum Group may adjust the amount of dividends paid to shareholders, issue new bonds or sell assets to reduce debt.

Ferratum Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by equity. Net debt is calculated as total liabilities (including 'current and non-current liabilities' as shown in the consolidated balance sheet) less cash and cash equivalents.

During 9 months ended September 30th, 2014, Ferratum Group's strategy, which was unchanged from 2013, was to maintain the gearing ratio below 3.

Gearing ratio	**30-Sep-2014**	**30-Sep-2013**	**31-Dec-2013**
Total liabilities	54,749,129	39,281,041	56,083,965
Less: cash and cash equivalents	9,345,717	3,118,671	17,528,034
Net debt	45,403,412	36,162,370	38,555,931
Total equity	19,522,940	15,727,063	15,678,763
Gearing ratio	2.3	2.3	2.5

3.3 Carrying values and fair values of financial instruments

Financial assets and liabilities valued at fair value, and for which fair value is disclosed in the notes, are classified on three levels, depending on the estimated reliability of the valuation method:

LEVEL 1: A quoted market price for identical instruments in an active market where the group can access at the measurement date.

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).

The following table shows the carrying amounts and fair values of the group's financial instruments and their level of measurement, where the carrying amount is not a reasonable approximation of the fair value due to the short maturity:

Financial instruments	30.9.2014	30.9.2014	31.12.2013	31.12.2013	Level of fair value measurement
	Carrying value	Fair value	Carrying value	Fair value	
Financial liabilities					
Items recognised at amortized cost					
Loans from financial institutions	7,822,179	8,057,915	9,717,276	9,674,172	Level 3
Bonds	36,578,338	36,892,496	36,065,887	35,483,937	Level 1
Items recognised at fair value through profit and loss					
Derivatives	31,049	31,049	45,449	45,449	Level 2

Derivatives consist of interest rate swaps whose fair value is calculated as the present value of the estimated future cash flows based on observable yield curves.

Bonds are measured directly by reference to their market price in an active market.

Loans from financial institutions are fair valued based on the present value of the estimated future cash flows using the approximate interest rate for which Ferratum would get loan at the reporting date. These are categorized within level 3, given that credit spread is a significant unobservable input based on the management estimation.

Carrying values for the group's loans and receivables and trade and other short term liabilities are reasonable approximation of their fair value and accordingly, fair value is not presented.

4. Critical accounting estimate and judgments

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgments made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2013, with the exception of changes in estimates that are required in determining the provision for income taxes for interim periods, as described under section accounting policies above.

5. Segment information

Ferratum Group has two operating reportable segments. Operating segments are based on Group's management structure which consists of two geographical regions: West and East. The West region includes Australia, New Zealand, Canada, UK, Spain, Netherlands, Belgium, Sweden, Denmark, Germany and Finland. The East region includes Estonia, Lithuania, Latvia, Poland, Czech, Slovakia, Croatia, Bulgaria, Russia and Romania.

5.1 Business segments 2014

	9 months ended 30 September			
EUR	**West**	**East**	**Other***	**Group**
Revenue	29,331,698	20,097,711	-	49,429,408
Other income	68,873	10,682	-	79,556
Operating expenses:				
Selling, marketing and administration	(10,834,414)	(7,478,941)	(1,090,921)	(19,404,277)
Impairments on loans	(8,011,741)	(6,195,050)	-	(14,206,791)
Depreciations and amortisation	(179,152)	(66,690)	(188,209)	(434,050)
Other operating expenses	(2,374,866)	(2,009,106)	(2,613,842)	(6,997,814)
Operating profit	8,000,398	4,358,607	(3,892,973)	8,466,033
Total segment assets	41,633,003	30,193,994	2,445,073	74,272,069
Total segment liabilities	34,789,586	11,913,554	8,045,988	54,749,129

5.2 Business segments 2013

	9 months ended 30 September			
EUR	**West**	**East**	**Other***	**Group**
Revenue	23,573,002	19,845,208	-	43,418,211
Other income	7,961	18,720	40,713	67,394
Operating expenses:				
Selling, marketing and administration	(11,692,342)	(3,048,167)	(1,746,538)	(16,487,047)
Impairments on loans	(7,144,214)	(7,893,659)	-	(15,037,874)
Depreciations and amortisation	(183,113)	(40,684)	(169,251)	(393,047)
Other operating expenses	(2,468,571)	(905,735)	(2,449,784)	(5,824,090)
Operating profit	2,092,724	7,975,683	(4,324,859)	5,743,547
Total segment assets	32,976,050	20,006,366	2,025,688	55,008,104
Total segment liabilities	14,731,733	13,495,372	11,053,936	39,281,041

*Includes administration and other services of the parent company, as well as all other income and expenses, assets and liabilities not allocated to operating segments.

5.3 Geographical areas

EUR	Jan - Sep 2014	Jan - Sep 2013
Revenue, abroad	39,229,154	35,819,562
Revenue, domestic	10,200,254	7,598,649
Total Revenue	**49,429,408**	**43,418,211**

6. Selling, marketing and administration

EUR	Jan – Sep 2014	9 months 2013
Personnel expenses:	(7,852,469)	(6,953,572)
Salaries and other employee benefits (incl. bonuses)	(6,025,443)	(5,255,453)
Employee pension expenses	(240,587)	(306,907)
Other personnel expenses	(1,516,276)	(1,303,669)
Share-based payments equity settled (i)	(70,162)	(87,543)
Selling and marketing expenses	(6,172,688)	(4,772,850)
Lending expenses	(3,168,160)	(2,022,368)
Other administrative expenses	(2,210,960)	(2,738,257)
Total Selling, marketing and administration	**(19,404,277)**	**(16,487,047)**

(i) The full amount relates to equity settled share-based payments. There were no cash-settled share-based payments.

7. Other operating expenses

EUR	Jan - Sep 2014	Jan - Sep 2013
Rent and other office expenses	(1,082,959)	(895,212)
Travel expenses	(840,682)	(871,141)
Professional fees (excl. Audit)	(2,005,662)	(1,994,553)
Audit fees	(237,833)	(179,670)
Other expenses	(2,830,677)	(1,883,515)
Other operating expenses	**(6,997,814)**	**(5,824,090)**

8. Finance income

EUR	Jan - Sep 2014	Jan - Sep 2013
Interest income from cash and cash equivalents	71,791	25,526
Total finance income	**71,791**	**25,526**

9. Finance costs

EUR	Jan - Sep 2014	Jan - Sep 2013
Interest on borrowings	(3,081,881)	(1,768,646)
Derivatives held for trading – net gain / (loss)	14,400	7,150
Other finance expenses paid on borrowings	(4,294)	(129,355)
Foreign exchange loss on liabilities, realised	327,183	(131,597)
Total finance costs	**(2,744,592)**	**(2,022,447)**

10. Earnings per share

Earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares. The group does not have any instruments that would have dilutive impact on the earnings per share.

The weighted average number of ordinary shares in issue has been calculated taking into account the share split that was registered on 26.09.2014. The share split ratio was 1:1700.

EUR	Jan - Sep 2014	Jan - Sep 2013
Profit for the reporting period attributable to owners of the parent	4,597,060	3,430,713
Weighted average number of ordinary shares in issue	18,744,200	18,772,471
Earnings per share, basic and diluted	**0,25**	**0,18**

11. Accounts receivable – consumer loans

EUR	30-Sep-2014	30-Sep-2013	31-Dec-2013
Accounts receivable – consumer loans (gross)	99,110,434	77,644,089	82,371,449
Less: provision for impairment of loan receivables	(42,516,210)	(32,224,251)	(37,688,079)
Accounts receivable – consumer loans (net)	56,594,224	45,419,837	44,683,369

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

EUR	30-Sep-2014			31-Dec-2013		
	GBV	Impairments	NBV	GBV	Impairments	NBV
Not due	30,534,903	(2,224,651)	28,310,252	17,768,761	(1,314,774)	16,453,987
1-90 days due	15,577,628	(3,684,565)	11,893,064	11,770,407	(3,106,821)	8,663,586
91-180 days due	6,435,860	(2,998,485)	3,437,375	10,992,578	(4,067,267)	6,925,311
> 181 days due	46,562,043	(33,608,510)	12,953,533	41,839,702	(29,199,218)	12,640,485
	99,110,434	(42,516,210)	56,594,224	82,371,449	(37,688,079)	44,683,369

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

EUR	Jan-Sep 2014	Jan-Sep 2013
Provision for impairment at 1 January	(37,688,079)	(19,143,565)
Provisions accruals	(14,206,791)	(15,037,874)
Amounts fully reserved and booked out	9,378,660	1,957,187
Provision for impairment at the end of period	(42,516,210)	(32,224,251)

12. Share capital and other reserves and distributions to equity holders of the parent

EUR	Number of shares (i)	Share capital	Treasury share	Unrestricted equity reserve	Other reserves
At 1-Jan-2013	18,890,400	10,000	(16,130)	3,067,590	5,320
Share issue					
Acquisition of treasury shares			(126,186)		
Currency translation differences					(176,455)
At 31-Dec-2013	18,890,400	10,000	(142,315)	3,067,590	(171,135)
Share issue					
Distribution of Equity reserve				(694,638)	
Increase of share capital		7,290,000			
Currency translation differences					138,881
At 30-Sep-2014	18,890,400	7,300,000	(142,315)	2,372,952	(32,254)

(i) A share split has been registered on 26th September 2014 with a split ratio of 1:1700. The number of shares presented in the table reflects this split on each reported date, i.e. instead of 11.112 shares Ferratum Oyj has now 18.890.400 shares.

The cumulative translation differences EUR 139 thousand in the Statement of changes in consolidated shareholders' equity contain the translation differences arising from translating the financial statements of non-Euro area business units.

On September 30th, 2014 Ferratum Group had 146,200 treasury shares in its possession which represent approximately 0.8 % of the share capital and voting rights. No consideration is paid to the treasury shares in a distribution of equity. The treasury shares are to be used for share purchase plans.

The unrestricted equity reserve contains the amount paid for shares in a share issue and the amount when converting convertible capital notes to shares. Other reserves include legal reserves in Ferratum Group companies.

13. Interest bearing liabilities

EUR	30-Sep-2014	30-Sep-2013	31-Dec-2013
Non-current interest bearing liabilities			
Bank borrowings			
Bonds issued	29,114,511	2,398,037	26,244,738
Total Non-current interest bearing liabilities	29,114,511	2,398,037	26,244,738
Current interest bearing liabilities			
Bank borrowings	7,822,179	10,135,782	3,606,516
Bonds issued	7,463,827	15,432,312	14,821,149
Deposits from customers	1,769,359	892,836	1,110,760
Total Current interest bearing liabilities	17,055,365	26,460,930	19,538,425
Total interest bearing liabilities	**46,169,876**	**28,858,966**	**45,783,163**

* In the annual report 2013 the amount was included in Bank borrowings under Current interest bearing liabilities.

14. Current non-interest bearing liabilities

EUR	30-Sep-2014	30-Sep-2013	31-Dec-2013
Current tax liabilities	707,965	13,611	455,909
Trade payables	3,035,143	7,212,268	7,282,034
Factoring trade payables	1,179,896	5,968,012	4,806,779
Other trade payables	1,855,247	1,244,256	2,475,255
Other current liabilities	4,668,952	2,841,139	2,390,513
Derivatives	31,049	48,944	45,449
Interest liabilities	1,653,746	582,305	559,147
Accrued employee expenses	685,708	688,578	568,918
Other current accrued liabilities on expenses, interest-free	2,298449	1,521,312	1,217,000
Total current non-interest bearing liabilities	**8,412,060**	**10,067,018**	**10,128,457**

15. Related party disclosure

Ferratum Group is controlled by Jorma Jokela, who owns 83% of the parent company's shares. The remaining shares are held by investors and key management personnel.

Related parties of Ferratum group are members of the board, senior management team, their close family members and the companies in which the member of the board or senior management team has significant influence.

Transactions with related parties

EUR	Jan - Sep 2014	Jan - Sep 2013
Purchase of goods from related parties – Entity controlled by key management personnel		
purchase of services from related parties – Entity controlled by key management personnel	716,798	669,055
	716,798	669,055

Ferratum Group has business relationships with related party companies. The acquired services include administration services, project management, advisory and consulting services, IT services, legal counseling, flight travel services and warehousing services. Related party transactions have been carried out on generally accepted market terms and they have been based on market price of goods and services.

16. Commitments

EUR	Jan-Sep 2014	Jan-Sep 2013
Credit limit agreement		
Total amount of granted limit	5,111,000	7,500,000
Limit in use	4,860,332	7,461,000
Collateral on own debt		
Guarantees	32,391,804	12,812,145
Corporate pledge	3,000,000	3,000,000
Pledged subsidiary shares	11,000	10,000
Pledged investments	5,000	5,000

17. Events after the balance sheet date

During October 2014, selected key management employees were granted options to purchase total of 238,000 shares of the Company from the controlling party of the Company. The exercise period is from 15 January 2015 to 15 June 2016 and there are no vesting conditions attached to the options or shares.

Total fair value of the options at the grant date is approximately EUR 977 thousand and the valuation of the share options is made using Black and Scholes model taking into consideration the terms and conditions of the grant and the absence of a liquid market for the Company's shares. Given that there are no vesting conditions attached to the shares, the total fair value will be recognised as share-based compensation expense in the Company's profit or loss with a respective entry to equity on day one. This expense has no cash impact to the Company.

The credit line with Nordea has increased during October 2014 by EUR 2,5 million from EUR 5 million to EUR 7,5 million. The Group has provided additional collateral for the increased credit line. This includes a floating charge agreement with Ferratum Oyj, value EUR 4,5 million, and Ferratum Finland Oy, value EUR 2,5 million. The new increased credit line agreement has been made between Nordea and Ferratum Capital Oy and is guaranteed by Ferratum Oyj.

18. Approval of Interim report

The Ferratum Group Interim Report (9 months to September 30th, 2014) is submitted by the Company's Management Board composed of:

Erik Ferm

Chairman of the Board

Lea Liigus

Member of the Board

Jorma Jokela

CEO, Member of the Board

Kai Becker

Member of the Board

Juhani Vanhala

Member of the Board

Audited consolidated financial statements (IFRS) of JT Family Holding Oy

as of and for the year ended 31 December 2013*

*approved by Board of Directors on 8th April 2014

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December 2013	2012
Revenue	5	58,198,340	48,913,326
Other income	6	136,670	871,565
Operating expenses:			
Selling, marketing and administration	7	(21,201,588)	(19,564,533)
Impairments on loans		(21,598,446)	(14,992,655)
Depreciations and amortization	8	(526,844)	(491,482)
Other operating expenses	9	(7,679,563)	(6,162,298)
Operating profit		7,328,570	8,573,922
Finance income	10	75,025	1,365,953
Finance costs	11	(3,515,042)	(3,703,194)
Finance costs – net		(3,440,017)	(2,337,241)
Profit before income tax		**3,888,552**	**6,236,681**
Income tax expense	12	(341,606)	(1,604,622)
Profit for the year		**3,546,946**	**4,632,059**
Profit attributable to:			
- owners of the parent company		3,546,946	4,632,059
- non-controlling interests		0	0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2013	2012
Profit for the year	3,546,946	4,632,059
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Translation difference	(229,252)	11,779
Total items that may be reclassified to profit or loss subsequently	(229,252)	11,779
Total comprehensive income	**3,317,693**	**4,643,839**
Allocation of total comprehensive income to:		
- owners of the parent company	3,317,693	4,643,839
- non-controlling interests	0	0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31-Dec-2013	31-Dec-2012	1-Jan-2012
Assets				
Non-current assets				
Property, plant and equipment	13	282,051	298,359	300,805
Intangible assets	14	3,104,905	2,459,739	2,183,682
Deferred income tax assets	15	1,865,580	1,883,073	1,459,489
Total Non-Current Assets		**5,252,535**	**4,641,171**	**3,943,976**
Current assets				
Account receivables – microloans	16	44,683,369	37,923,498	25,322,578
Other receivables		3,963,145	1,015,481	1,018,679
Income tax assets		335,643	222,490	85,142
Cash and cash equivalents (excluding bank overdrafts)	17	17,528,034	2,670,730	5,225,065
Total current assets		**66,510,192**	**41,832,200**	**31,651,463**
Total assets		**71,762,727**	**46,473,371**	**35,595,439**
Equity and liabilities				
Equity attributable to owners of the parent				
Share capital	18	10,000	10,000	10,000
Treasury shares	18	(142,315)	(16,130)	0
Reserves	18	(171,135)	5,320	(3,871)
Unrestricted equity reserve	18	3,067,590	3,067,590	67,590
Retained earnings		12,914,623	10,093,483	5,536,784
Total equity		**15,678,763**	**13,160,263**	**5,610,503**
out of which relate to Non-controlling interests		**0**	**0**	**0**
Liabilities				
Non-current liabilities				
Borrowings	19	26,244,738	20,778,680	20,434,023
Other payables		17,479	26,208	0
Deferred income tax liabilities	15	154.866	344,845	197,555
Total non-current liabilities		**26,417,083**	**21,149,733**	**20,631,578**
Current liabilities				
Income tax liabilities	20	455,909	697,064	1,153,920
Borrowings	19	19,538,425	453,364	416,150
Trade payables	20	7,282,034	7,661,141	6,031,764
Other current liabilities	20	2,390,513	3,351,806	1,751,525
Total current liabilities		**29,666,882**	**12,163,374**	**9,353,358**
Total liabilities		**56,083,965**	**33,313,108**	**29,984,936**
Total equity and liabilities		**71,762,727**	**46,473,371**	**35,595,439**

CONSOLIDATED STATEMENT OF CASH FLOW

	Year ended 31 December	
	2013	**2012**
<u>**Cash flows from operating activities**</u>		
PROFIT/LOSS FOR THE PERIOD	3,546,946	4,632,059
<u>Adjustments for:</u>		
Depreciation, amortization & impairment loss	526,844	491,482
Gains (-) and Losses (+) of disposals of fixed assets and other non-current assets	196,152	-
Unrealized foreign exchange gains (-) and losses (+)	312,192	56,094
Finance income and expenses	3,127,825	2,281,147
Tax on income from operations	341,606	1,604,622
Transactions without cash flow	(67,976)	
<u>Working capital changes:</u>		
Increase (-) /decrease(+) in trade and other receivables	4,480,095	6,110,383
Increase (+) / decrease (-) in trade payables	(2,188,309)	2,973,481
Interest paid	(2,203,604)	(1,984,992)
Interest received	25,949	60,557
Other financing items	(431,291)	(257,505)
Income taxes paid	(968,064)	(2,459,103)
Loans granted	(162,968,684)	(126,015,822)
Proceeds from repayments of loans	148,094,549	107,885,008
Net cash from operating activities	**(8,175,772)**	**(4,467,938)**
<u>**Cash flows from investing activities**</u>		
Purchase of tangible and intangible assets	(1,279,508)	(737,765)
Proceeds from sale of tangible and intangible assets	136,635	(530)
Disposal of subsidiaries, net of cash disposed of	40,259	
Proceeds from sale of investments	112,568	2,386
Net cash used in investing activities	(990,045)	(735,909)
<u>**Cash flows from financing activities**</u>		
Purchase of own shares	(126,186)	(16,130)
Proceeds from short-term borrowings	8,997,633	1,150,557
Repayment of short-term borrowings	(7,107,177)	(1,113,342)
Addition(+)/ decrease(-) of short-term borrowings	(4,117)	
Proceeds from long-term borrowings	25,000,000	3,095,057
Repayment of long-term borrowings	(859,743)	(497,209)
Dividends paid	(790,567)	(209,433)
Net cash used in financing activities	**25,109,844**	**2,409,500**
Net increase/decrease in cash and cash equivalents	15,944,027	(2,794,348)
Cash and cash equivalents at the beginning of the period	2,670,730	5,225,065
Exchange gains/(losses) on cash and cash equivalents	(1,086,723)	240,014
Net increase/decrease in cash and cash equivalents	15,944,027	(2,794,348)
Cash and cash equivalents at the end of the period	17,528,034	2,670,730

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Changes in equity 1 - 12 / 2012	Share capital	Treasury shares	Unrestricted equity reserve	Other reserves	Translation differences	Retained earnings	Equity holders of parent	NCI	Total equity
Opening balance	**10,000**	**-**	**67,590**	**702**	**(4,573)**	**5,536,785**	**5,610,503**	**0**	**5,610,503**
Comprehensive income									
Profit or loss						4,632,059	4,632,059	0	4,632,059
Other comprehensive income									
Currency translation difference:				11	8,282	3,486	11,779	0	11,779
Total comprehensive income				**11**	**8,282**	**4,635,545**	**4,643,839**	**0**	**4,643,839**
Transactions with owners									
Dividend distribution						(210,000)	(210,000)	0	(210,000)
Acquisition of treasury shares		(16,130)					(16,130)	0	(16,130)
Reclassifications between classes (unrestricted equity reserve)			3,000,000				3,000,000	0	3,000,000
Share-based payments						132,051	132,051	0	132,051
Reclassifications between classes (legal reserve)				898		(898)	0	0	0
Total transactions with owners	-	(16,130)	3,000,000	898	-	(78,847)	2,905,921	0	2,905,921
Total equity 12 / 2012	**10,000**	**(16,130)**	**3,067,590**	**1,610**	**3,709**	**10,093,483**	**13,160,263**	**0**	**13,160,263**

Changes in equity 1 - 12 / 2013	Share capital	Treasury shares	Unrestricted equity reserve	Other reserves	Translation differences	Retained earnings	Equity holders of parent	NCI	Total equity
Opening balance	**10,000**	**(16,130)**	**3,067,590**	**1,610**	**3,709**	**10,093,483**	**13,160,263**	**0**	**13,160,263**
Comprehensive income									
Profit or loss						3,546,946	3,546,946	0	3,546,946
Other comprehensive income									
Currency translation difference:				(71)	(176,674)	(52,508)	(229,252)	0	(229,252)
Total comprehensive income				(71)	(176,674)	3,494,438	3,317,693	0	3,317,693
Transactions with owners									
Dividend distribution						(790,000)	(790,000)	0	(790,000)
Acquisition of treasury shares		(126,186)					(126,186)	0	(126,186)
Share-based payments						116,702	116,702	0	116,702
Other changes				290			290	0	290
Total transactions with owners	**-**	**(126,186)**		**290**	**-**	**(673,298)**	**(799,194)**	**0**	**(799,194)**
Total equity 12 / 2013	**10,000**	**(142,315)**	**3,067,590**	**1,829**	**(172,964)**	**12,914,572**	**15,678,711**	**0**	**15,678,763**

1. General information

Ferratum Group is one of the leading microloan companies globally. Ferratum Group is a privately owned independent group and it doesn't belong to any other group in the financial or commercial sector. It is operating under generally accepted ethical principles, and is one of the leading players in developing the credibility of microloan businesses and common industry processes. Ferratum Group has developed its business model and processes to be efficient and customer-oriented. The identification and scoring of customers are key factors in the business globally.

The parent company is JT Family Holding Oy (business identity code 1950969-1). The parent company is headquartered in Helsinki, Finland. The registered address is Ratamestarinkatu 11 A, FI-00520 Helsinki.

The financial year for all Group companies is the calendar year and it ended on December 31, 2013. The Board of Directors of Ferratum Group has approved these financial statements for publication on April 9, 2014. According to the Finnish Companies Act, shareholders have the opportunity to approve or reject the financial statements at the General Meeting of Shareholders held after publication. It is also possible to amend the financial statements at the General Meeting of Shareholders.

A copy of the consolidated financial statements can be obtained from the head office of Ferratum Group at Ratamestarinkatu 11 A, FI-00520 Helsinki.

2. Summary of significant accounting policies

2.1 Basis of preparation

Ferratum Group's financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS), as adopted by the European Union, and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. The application of the company's accounting policies also requires the management to exercise its judgment in the process of applying the group's accounting policies. Areas that to a large extent contain such discretionary assessments or a high level of complexity or areas in which assumptions and estimates are important to the consolidated financial statements are disclosed in note 4.

Standards, interpretations and amendments to published standards which are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial. Ferratum Group has not early adopted these revisions to the requirements of IFRSs as approved by the EU and the group's directors are of the opinion that, with the exception of IFRS 9, 'Financial instruments', there are no requirements that will have a possible significant impact on the group's financial statements in the period of initial application.

IFRS 9, 'Financial instruments', addresses the classification and measurement of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition.

The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

2.2 Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. Ferratum 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.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform to Ferratum Group's accounting policies.

Business combinations

Ferratum Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Ferratum Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the senior management team that makes strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

The financial statements of the individual entities in the Group are prepared using the currency which is mainly used in the economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in euro (EUR), which is both the functional currency and presentation currency of the parent company.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income (or P&L).

2.5 Property, plant and equipment

Property, plant and equipment are recognised in the financial statements at their cost of acquisition less depreciation (carrying amount). The cost of acquisition includes costs directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Fixed assets are depreciated according to the straight-line method, so that the assets' original cost is depreciated to the residual value over the estimated useful life, which is:

Fixtures, fittings and equipment: 3 – 8 years
Vehicles: 3 – 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within Other operating (expenses)/income (net) in the income statement.

2.6 Intangible assets

Intangible assets of Ferratum Group are mainly representing immaterial rights (licences, trademark etc.) and capitalized software development costs.

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives, which are:

IT software: 2 – 10 years
Trademarks: 3 – 5 years
Licenses: 2 – 10 years
Development costs: 2 – 5 years

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by Ferratum Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs, that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs recognised as assets are amortised over their estimated useful lives.

2.7 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

2.8 Financial assets

2.8.1 Classification

Ferratum Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'account receivables - microloans', 'other receivables' and 'cash and cash equivalents' in the balance sheet.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2.8.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.9 Impairment of financial assets

Ferratum Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Assets carried at amortised cost

The criteria that Ferratum Group uses to determine that there is objective evidence of impairment loss include:

(a) a significant financial difficulty of the issuer or debtor;

(b) a breach of contract, such as a default or delinquency in interest or principal payments;

(c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider or

(d) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

(i) adverse changes in the payment status of borrowers in the portfolio; and

(ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

Ferratum Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (that consider on the basis of the group's grading process asset type, past-due status and other relevant factors). Each entity of Ferratum Group tracks its historical data of collected amounts and unpaid amounts on receivables. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

2.10 Account receivables – microloans

Upon initial recognition in the statement of financial position, microloans are measured at their fair value. When measured subsequently, microloans are valued at an amortized cost determined using the effective interest rate method, less provisions for impairment of loan receivables.

The provisions for impairments of loan receivables are recognized in the financial statements based on historical trends and collective assessment of groups of microloans with similar credit risk characteristics. When receivables are impaired, the receivable's carrying amount is reduced to the receivable's recoverable amount.

2.11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

2.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any of Ferratum Group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, and is included in equity attributable to the company's equity holders.

2.13 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.15 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.16 Revenue recognition

Revenues comprise process, prolonging and reminder fees related to microloans issued.

The recognition of revenues is based on effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

2.17 Interest income and expense

Interest income and expense for all interest-bearing financial instruments, except microloans, are recognised within 'interest income' and 'interest expense' in profit or loss using the effective interest method.

When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

2.18 Other income from operations

Revenues that are not part of actual net sales, such as revenue from the sale of non-current assets are recorded under other income from operations.

2.19 Share-based payments

Over time, selected employees have been offered the opportunity to invest in the shares of the parent company of Ferratum Group. The individuals have purchased the shares at fair value. Since these minority shareholders are also employed by Ferratum Group, certain expenses needs to be recognized in the income statement according to IFRS 2 (Share based payments). These expenses reflect the potential upside for the minority shareholders in terms of value increase of the shares. The fair value of this potential increase has been calculated on the date of the grant using Black and Scholes –model and recognized as expense over the vesting period. Valuation has been adjusted to take into account the terms and conditions upon which the shares were granted (except for vesting conditions). This incentive scheme is classified as equity settled arrangement and the expenses recognized according to IFRS2 do not have cash flow impact on the group.

2.20 Derivative instruments

All derivative contracts are initially recognized at fair value on the date they are entered into operation. Subsequent measurement is also based at their fair value. The fair value of interest rate swaps is calculated by discounting the future cash flows at current interest rate at the balance sheet date. Interest rate swaps are part of group's risk management policy, but the group does not apply hedge accounting under IAS 39 to derivative instruments. The derivatives are included in the balance sheet as other receivables and payables. Unrealized and realized gains and losses arising from changes in fair value are recognized in the income statement in financial income and expenses in the period during which they arise. Accumulated interest income or expenses from interest rate swaps that have taken place during the financial period are also recognized in the income statement under financial items.

3. Financial risk management

3.1 Financial risk factors

Ferratum Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Ferratum Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. Ferratum Group uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (group treasury). Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The Board is responsible for the overall effectiveness of the risk management function, which function is however carried out by all the members of the group's management.

(a) Credit risk

Ferratum Group takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the group by failing to discharge an obligation. Credit risk is the most important risk for the Group's business. Accordingly, management carefully manages its exposure to this risk. Credit exposures arise principally through the Group's participation in short-term lending, and through its investments in debt securities and exposures arising from its investing activities.

The Group's principal credit risk exposures relating to on-balance sheet financial assets analysed by IAS 39 categorisation, reflecting the maximum exposure to credit risk before collateral held or other credit enhancements, are as follows:

	31-Dec-2013	**31-Dec-2012**	**1-Jan-2012**
Loans and receivables:			
Cash at bank	17,528,034	2,670,730	5,225,065
Loans and advances to customers	44,683,369	37,923,498	25,322,578
Other receivables	3,963,145	1,015,481	1,018,679
	66,174,549	41,609,710	31,566,321

The exposures set out in the table above are based on carrying amounts as reported in the statement of financial position for on-balance sheet financial assets. The fair value of loans and receivables are equivalent to their carrying amounts. The table represents a worst case scenario of credit risk exposure to the Group at 31 December 2013 and 2012, without taking account of any collateral held or any other credit enhancements attached.

In order to manage its principal risk exposures arising from its financial assets, primarily its loans and advances to customers, Ferratum Group compiles and updates due diligence reports in respect of these financial assets, in most circumstances referring to external reviews of the primary borrowers and the respective assignees of export receivables carried out by agencies.

Loans and advances to customers

Credit risk is managed centrally. Scoring and credit policies are centrally steered by the Risk team. Measuring and monitoring the performance of the Countries credit portfolio´s actual risk KPI´s is done on different aggregation levels on a Daily, Weekly and Monthly rhythm. Credit Risk is managed and controlled on the basis of established credit processes, and within a framework of credit policy. Credit grading and monitoring systems are in place to accommodate the early identification and management of deterioration in loan quality. Credit decisions are always based on the ethical principles set by the central risk team and the business credit policy as well as being in accordance to the rules of crediting. Every agreement of crediting requires an individually shaped decision. To assess the potential customers' creditworthiness, the credit score is calculated for each new application received. An application scorecard is used for the assessment of new customers and a behavior scorecard is used for the assessment of repeated customers. Based on the obtained credit score, customers are grouped into risk classes that determine the possible credit decision.

Ferratum Group centrally calculates reserving needs for group accounting purposes and also supports subsidiaries in calculating their local reserving requirements. The reserving requirements are calculated based on Gross Roll Rate Model and Transition Matrices (mathematical model of Markov Chains), which measures the probability of delinquency based on payment behavior and calculates the required risk provisions for impairment of loan receivables (reserves) accordingly. The reserving needs based on the reserve model get impaired with the market value of bad debt, i.e. expected or recent sales prices for overdue loans.

(b) Market risk

Ferratum Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate and currency products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates and foreign exchange rates.

(c) Foreign exchange risk

Ferratum Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Management has set up a policy to require Ferratum Group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the group treasury.

Currency exposure arising from the net assets of the Ferratum Group's foreign operations is managed primarily through borrowings in local currencies or occasionally hedging with financial instruments.

Ferratum Group's net loan receivables denominated in EUR and non-EUR currencies:

	2013	2012
EUR	14,767,736	16,972,173
Non-EUR currencies	29,915,633	20,951,326
	44,683,369	37,923,498

Ferratum Group treasury's risk management policy is to hedge the main FX exposures in non-euro currencies.

	2013	2012
Foreign exchange gain through profit and loss	547	1,228,001
Foreign exchange loss through profit and loss	(348,444)	(1,292,287)
Foreign exchange gain/(loss) through equity	(229,252)	11,779
	(577,149)	(52,507)

Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

Ferratum Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose Ferratum Group to cash flow interest rate risk which is partially offset by having a short term loan portfolio as main asset in the group. Increasing refinancing cost can be potentially covered by according price changes in new lending whereby the spread between lending interest and borrowing interest is comparably high anyway. During 2013 and 2012, Ferratum Group's borrowings at variable rate were denominated in the PLN and the EUR.

Ferratum Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, Ferratum Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions. Based on the simulations performed, the impact on post tax profit of a 1% shift would be a maximum increase of EUR 281,530 or decrease of EUR 219,300.

Based on the various scenarios, the Group occasionally manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. As per end of 2013, the credit line from Nordea had a floating-to-fixed interest rate swap but this credit line was almost unused. Interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

(d) Liquidity risk

Cash flow forecasting is performed in the operating entities of Ferratum Group in and aggregated by Ferratum Group finance. Ferratum Group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (note 19) at all times 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 – for example, currency restrictions. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the group treasury. Ferratum Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At the reporting date, the Group held money market funds of that are expected to readily generate cash inflows for managing liquidity risk.

Ferratum Group possesses a number of factoring agreements, mainly in home country Finland. The amount of retained risks and benefits related to such agreements is appropriately measured and recognized in liabilities (trade payables) and assets (accounts receivables) of Ferratum Group.

Repayment schedule for interest- and non-interest-bearing liabilities as of 31 December 2013 including related future interest accruals is the following:

	Less than 12 months	Between 1 – 2 years	Between 2-5 years	Over 5 years
Bank borrowings	4,717,276			
Interest	578,973			
Bonds issued	9,821,149	2,498,616	23,746,122	5,000,000
Interest	2,797,741	2,108,178	5,605,479	
Derivatives	45,449			
Trade payables and other liabilities	10,083,008			
	28,043,596	4,606,794	29,351,601	5,000,000

3.2 Capital management

Ferratum Group's objectives when managing capital are to safeguard Ferratum Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for the Group's stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, Ferratum Group may adjust the amount of dividends paid to shareholders, issue new bonds or sell assets to reduce debt.

Ferratum Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by equity. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents.

During 2013, Ferratum Group's strategy, which was unchanged from 2012, was to maintain the gearing ratio below 3.

Gearing ratio	**31-Dec-2013**	**31-Dec-2012**	**1-Jan-2012**
Total liabilities	56,083,965	33,313,108	29,984,936
Less: cash and cash equivalents	17,528,034	2,670,730	5,225,065
Net debt	38,555,931	30,642,377	24,759,872
Total equity	15,678,763	13,160,263	5,610,503
Gearing ratio	2.5	2.3	4.4

4 Critical accounting estimate and judgments

The amounts recognised in the financial statements are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of financial statements. The judgements made by management in applying the group's accounting policies that have the most significant effect on the amounts recognised in the financial statements, together with information about the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are either disclosed below or in the remaining notes to the financial statements.

4.1 Impairment losses on loan and advances

Ferratum Group reviews its loan portfolio on an on-going basis to assess whether there is any objective evidence of impairment. Objective evidence that individual loans and advances are impaired includes observable data that comes to the attention of the group about loss events, such as repayments falling into arrears. Objective evidence that a group of loans and receivables may be impaired include probabilities of default associated with the credit status of that group and measurable economic conditions which may influence future cash flows from the assessed loans. Management uses estimates based on historical loss experience for assets with credit risk characteristics similar to those in the assessed group when forecasting future cash flows. The methodology and assumptions for estimating the amount and timing of future cash flows are reviewed regularly in the light of actual loss experience.

4.2 Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payments transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The assumptions and models used for estimating fair value for share-based payments transactions are disclosed in Note 24.

5. Segment information

Ferratum Group has two operating reportable segments. Operating segments are based on Group's management structure which consists of two geographical regions: West and East. The West region includes Australia, New Zealand, UK, Spain, Netherlands, Belgium, Sweden, Denmark, and Finland. The East region includes Estonia, Lithuania, Latvia, Poland, Czech, Slovakia, Croatia, Bulgaria and Russia.

5.1 Business segments 2013

	Year ended 31 December			
	West	East	Other*	Group
Revenue	33,912,729	24,285,611	-	58,198,340
Other income	24,619	21,339	90,713	136,670
Operating expenses:	-	-	-	-
Selling, marketing and administration	(14,103,533)	(5,463,510)	(1,634,545)	(21,201,588)
Impairments on loans	(11,970,260)	(9,628,186)	-	(21,598,446)
Depreciations and amortisation	(247,196)	(53,310)	(226,338)	(526,844)
Other operating expenses	(3,369,228)	(1,318,739)	(2,991,596)	(7,679,563)
Operating profit	**4,247,132**	**7,843,205**	**(4,761,767)**	**7,328,570**
Total segment assets	**48,872,658**	**20,041,427**	**2,848,642**	**71,762,727**
Total segment liabilities	**38,741,293**	**13,224,625**	**4,118,046**	**56,083,965**

5.2 Business segments 2012

	Year ended 31 December			
	West	East	Other*	Group
Revenue	26,630,731	22,282,594	-	48,913,326
Other income	33,327	20,348	817,890	871,565
Operating expenses:				
Selling, marketing and administration	(13,244,674)	(3,647,365)	(2,672,494)	(19,564,533)
Impairments on loans	(6,589,199)	(8,403,456)	-	(14,992,655)
Depreciations and amortisation	(236,123)	(52,868)	(202,492)	(491,482)
Other operating expenses	(2,213,332)	(1,069,372)	(2,879,593)	(6,162,298)
Operating profit	**4,380,730**	**9,129,881**	**(4,936,689)**	**8,573,922**
Total segment assets	**26,431,606**	**17,407,812**	**2,633,953**	**46,473,371**
Total segment liabilities	**10,606,955**	**13,185,305**	**9,520,848**	**33,313,108**

*Includes administration and other services of the parent company, as w ell as all other income and expenses, assets and liabilities not allocated to operating segments.

5.3 Geographical areas

	2013	2012
Revenue, abroad	47,627,726	39,691,713
Revenue, domestic	10,570,614	9,221,613
Total Revenue	**58,198,340**	**48,913,326**

6. Other income

	2013	2012
Refunds of government charges relating to previous financial periods		817,890
Other income	136,670	53,675
Total Other income	**136,670**	**871,565**

7. Selling, marketing and administration

	2013	2012
Personnel expenses:	(8,760,443)	(7,300,488)
Salaries and other employee benefits (incl. bonuses)	(6,781,522)	(5,401,318)
Employee pension expenses	(415,100)	(522,637)
Other personnel expenses	(1,447,120)	(1,244,482)
Share-based payments equity settled (i)	(116,702)	(132,051)
Selling and marketing expenses	(5,961,239)	(6,511,650)
Lending expenses	(2,850,851)	(2,892,824)
Other administrative expenses	(3,629,055)	(2,859,571)
Total Selling, marketing and administration	**(21,201,588)**	**(19,564,533)**

(i) The full amount relates to equity settled share-based payments as explained and calculated in disclosure 22. There were no cash-settled share-based payments.

8. Depreciation and amortization

	2013	2012
Depreciation and Amortization		
Tangible assets		
Machinery & Equipment	(123,519)	(100,057)
Other tangible assets	(1,590)	(1,029)
	(125,109)	(101,086)
Intangible assets		
Trademark and licenses	(220,136)	(220,665)
Internally generated software development costs		
IT Software	(181,599)	(169,730)
	(401,734)	(390,395)
Total depreciation and amortization	**(526,844)**	**(491,482)**

9. Other operating expenses

	2013	2012
Rent and other office expenses	(1,224,806)	(906,544)
Travel expenses	(1,076,971)	(990,589)
Professional fees (excl. Audit)	(2,453,666)	(2,044,005)
Audit fees	(239,558)	(178,591)
Other expenses	(2,684,562)	(2,042,569)
Other operating expenses	**(7,679,563)**	**(6,162,298)**

Audit fees and other services from audit companies:

	2013	2012
PwC		
Audit fees	193,581	128,971
Non-audit fees:		
Tax advise	12,779	-
Other services	224,224	196,038
Other audit companies		
Audit fees	45,978	49,620
Non-audit fees:		
Other services	123,888	111,757
Total audit fees	**239,558**	**178,591**
Total non-audit fees	**360,892**	**307,795**

10. Finance income

	2013	2012
Other interest income from others	25,949	60,557
Foreign exchange gain on liabilities, realized	547	1,228,001
Derivative held for trading – gain / (loss)	10,645	0
Other financing income from others	37,883	77,396
Total finance income	**75,025**	**1,365,953**

11. Finance expenses

	2013	2012
Interest on borrowings from others	(2,760,367)	(2,086,584)
Derivative held for trading – gain / (loss)	0	(56,094)
Other financing expenses paid to borrowings from others	(406,231)	(268,229)
Foreign exchange loss on liabilities, realised	(348,444)	(1,292,287)
Total finance expenses	**(3,515,042)**	**(3,703,194)**

12. Income tax expenses

	2013	2012
Current tax:		
Current tax on profits for the year	(597,640)	(1,840,454)
Adjustments in respect of prior years	(3,773)	733
Total current tax	**(601,413)**	**(1,839,721)**
Changes in deferred taxes	259,806	235,099
Total deferred tax	**259,806**	**235,099**
Income tax expense	**(341,606)**	**(1,604,622)**

The tax on the group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2013	2012
Profit before tax	**3,888,552**	**6,236,681**
Tax calculated at Finnish tax rate	(952,695)	(1,527,987)
Tax effects of:		
– Difference between Finnish tax rate and rates in other countries	631,957	1,701,671
– Income not subject to tax	476,171	753,843
– Expenses not deductible for tax purposes	(1,414,155)	(3,473,076)
– Utilization of previously unrecognized tax losses	818,356	1,119,089
– Tax losses for which no deferred income tax asset was recognised	(942,997)	(421,965)
– Tax assets from previously unrecognised tax losses	982,477	207,927
Re-measurement of deferred tax – change in tax rate *	67,142	0
Adjustment in respect of prior years	(3,773)	733
Others	(4,089)	35,143
Tax charge	**(341,606)**	**(1,604,622)**

*The corporate income tax rate decreased in Finland from 24,5% to 20%, in Denmark from 25% to 24,5% and in Slovakia from 23% to 22% in 2014. As a result, deferred tax assets and liabilities relating to operations in these countries have been valued at the new tax rate. The full effect of the change has been recorded in the income statement.

	2013	2012
Losses carried forward balance at 31-Dec	**8,832**	**5,174**
out of which		
- expires in one year	0	0
- expires in two years' time	0	0
- expires later than two years	8,832	5,174

13. Property, plant and equipment

	Machinery & Equipment	Other tangible assets	Total
Cost, opening balance, as at 1 January 2012	**529,484**	**29,817**	**559,301**
Year ended 31 December 2012:			
Additions of the period	72,258	63,810	136,068
Disposals of the period	(43,542)		(43,542)
Reclassification during the period	-	(24,319)	(24,319)
Cost, closing balance, as at 31 December 2012	**558,201**	**69,308**	**627,508**
Cumulative depreciation, opening balance, as at 1 January 2012	**(256,795)**	**(1,029)**	**(257,824)**
Year ended 31 December 2012:			
Cumulative depreciation of disposals	29,760		29,760
Depreciation for the period	(100,057)	(1,029)	(101,086)
Cumulative depreciation, closing balance, as at 31 December 2012	**(327,091)**	**(2,058)**	**(329,150)**
Net book amount, opening balance	**272,690**	**28,788**	**301,477**
Net book amount, closing balance	**231,109**	**67,249**	**298,359**
Cost, opening balance, as at 1 January 2013	**558,201**	**69,308**	**627,508**
Year ended 31 December 2013:			
Additions of the period	251,314	8,242	259,556
Disposals of the period	(382,499)	(12,448)	(394,947)
Reclassification during the period	59,198	(63,898)	(4,700)
Cost, closing balance, as at 31 December 2013	486,214	1,203	487,417
Cumulative depreciation, opening balance, as at 1 January 2013	**(327,091)**	**(2,058)**	**(329,150)**
Year ended 31 December 2013:			
Cumulative depreciation of disposals	245,691	3,202	248,893
Depreciation for the period	(123,519)	(1,590)	(125,109)
Cumulative depreciation, closing balance, as at 31 December 2013	**(204,920)**	**(446)**	**(205,366)**
Net book amount, opening balance	**231,109**	**67,249**	**298,359**
Net book amount, closing balance	**281,294**	**757**	**282,051**

14. Intangible assets

	Immaterial rights	Internally generated software development costs	Computer Software	Total
Cost, opening balance, as at 1 January 2012	**1,103,034**	**754,442**	**664,240**	**2,521,716**
Year ended 31 December 2012:				
Additions of the period	1,274	150,219	514,976	666,469
Disposals of the period	(804)			(804)
Cost, closing balance, as at 31 December 2012	**1,103,505**	**904,661**	**1,179,216**	**3,187,381**
Cumulative depreciation, opening balance, as at 1 January 2012	**(221,570)**	**0**	**(116,463)**	**(338,033)**
Year ended 31 December 2012:				
Cumulative depreciation of disposals	786			786
Depreciation for the period	(220,665)		(169,730)	(390,395)
Impairment				
Cumulative depreciation, closing balance, as at 31 December 2012	**(441,449)**	**0**	**(286,193)**	**(727,642)**
Net book amount, opening balance	**881,464**	**754,442**	**547,777**	**2,183,683**
Net book amount, closing balance	**662,056**	**904,661**	**893,023**	**2,459,739**
Cost, opening balance, as at 1 January 2013	**1,103,505**	**904,661**	**1,179,216**	**3,187,381**
Year ended 31 December 2013:				
Additions of the period	597	847,982	198,560	1,047,139
Disposals of the period				
Cost, closing balance, as at 31 December 2013	**1,104,102**	**1,752,642**	**1,377,776**	**4,234,521**
Cumulative depreciation, opening balance, as at 1 January 2013	**(441,449)**	**0**	**(286,193)**	**(727,642)**
Year ended 31 December 2013:				
Cumulative depreciation of disposals	(239)			(239)
Depreciation for the period	(220,136)		(181,599)	(401,734)
Cumulative depreciation, closing balance, as at 31 December 2013	**(661,823)**	**0**	**(467,792)**	**(1,129,615)**
Net book amount, opening balance	**662,056**	**904,661**	**893,023**	**2,459,739**
Net book amount, closing balance	**442,278**	**1,752,643**	**909,984**	**3,104,905**

15. Deferred income tax assets and liabilities

Changes in deferred taxes during the financial year 2013

	at 1-Jan-2013	Recognized in income statement	Recognized in Equity	Translation difference	at 31-Dec-2013
Deferred tax assets					
Tax losses carried forward	1,599,931	(455,342)	0	(21,347)	1,123,241
Deferred revenue and credit loss reserve	269,400	525,908	0	(64,583)	730,725
Derivative	13,743	(2,129)	0	0	11,614
Other	0	0	0	0	0
Total	**1,883,073**	**68,437**	**0**	**(85,930)**	**1,865,580**
Deferred tax liabilities					
Discretionary provisions	344,845	(191,370)	0	1,390	154,866
Deferred tax net	**1,538,228**	**259,806**	**0**	**(87,320)**	**1,710,714**

Changes in deferred taxes during the financial year 2012

	at 1-Jan-2012	Recognized in income statement	Recognized in Equity	Translation difference	at 31-Dec-2012
Deferred tax assets					
Tax losses carried forward	1,126,394	456,543	0	16,994	1,599,931
Deferred revenue and credit loss reserve	333,095	(69,148)	0	5,452	269,400
Derivative	0	13,743	0	0	13,743
Other	0	0	0	0	0
Total	**1,459,489**	**401,139**		**22,446**	**1,883,073**
Deferred tax liabilities					
Discretionary provisions	197,555	166,039	0	(18,749)	344,845
Deferred tax net	**1,261,934**	**235,099**	**0**	**41,196**	**1,538,228**

16. Account receivables – microloans

	31-Dec-2013	31-Dec-2012	1-Jan-2012
Loan receivables	82,371,449	57,067,064	44,028,493
Less: provision for impairment of loan receivables	(37,688,079)	(19,143,565)	(18,705,916)
Loan receivables – net	44,683,369	37,923,498	25,322,577

The ageing analysis of these loan receivables is as follows:

	31-Dec-2013			31-Dec-2012		
	GBV	Impairments	NBV	GBV	Impairments	NBV
Not due	17,768,761	(1,314,774)	16,453,987	14,956,826	(1,545,716)	13,411,111
1-90 days due	11,770,407	(3,106,821)	8,663,586	14,565,909	(3,977,500)	10,588,409
91-180 days due	10,992,578	(4,067,267)	6,925,311	7,804,882	(3,593,694)	4,211,188
> 181 days due	41,839,702	(29,199,218)	12,640,485	19,739,446	(10,026,655)	9,712,791
	82,371,449	(37,688,079)	44,683,369	57,067,064	(19,143,565)	37,923,498

17. Cash and cash equivalents

	31-Dec-2013	31-Dec-2012	1-Jan-2012
Cash at bank and in hand	17,528,034	2,670,730	5,225,065
Short-term bank deposits			
Cash and cash equivalents (excluding bank overdrafts)	17,528,034	2,670,730	5,225,065

18. Share capital and other reserves

	Number of share	Share capital	Treasury share	Unrestricted equity reserve	Other reserves
At 1-Jan-2012	10,000	10,000	0	67,590	(3,871)
Share issue					
Acquisition of treasury shares			(16,130)		
Convertible Loan	1,112			3,000,000	
Currency translation differences					9,191
At 31-Dec-2012	11,112	10,000	(16,130)	3,067,590	5,320
share issue					
Acquisition of treasury shares			(126,186)		
Currency translation differences					(176,455)
At 31-Dec-2013	11,112	10,000	(142,315)	3,067,590	(171,135)

The cumulative translation differences EUR 172.9 (3.7) thousand in the Statement of changes in consolidated shareholders' equity contain the translation differences arising from translating the financial statements of non-Euro area business units.

On December 31, 2013 Ferratum Group had 86 treasury shares in its possession which represent approximately 0.8 % of the share capital and voting rights. No consideration is paid to the treasury shares in a distribution of equity. The treasury shares are to be used for share purchase plans.

The unrestricted equity reserve contains the amount paid for shares in a share issue and the amount when converting convertible capital notes to shares.

Other reserves include legal reserves in Ferratum Group companies.

19. Interest bearing liabilities

	31-Dec-2013	31-Dec-2012	1-Jan-2012
Non-current interest bearing liabilities			
Bank borrowings	0	10,888,158	14,267,347
Bonds issued	26,244,738	9,890,522	6,166,675
	26,244,738	20,778,680	20,434,023
Current interest bearing liabilities			
Bank borrowings	4,717,276	453,364	416,150
Bonds issued	14,821,149		
	19,538,425	453,364	416,150
Total interest bearing liabilities	**45,783,163**	**21,232,044**	**20,850,172**

20. Current non-interest bearing liabilities

	31-Dec-2013	31-Dec-2012	1-Jan-2012
Current tax liabilities	455,909	697,064	1,153,920
Trade payables	7,282,034	7,661,141	6,031,764
Factoring trade payables	4,806,779	5,373,742	5,187,917
Other trade payables	2,475,255	2,287,399	843,847
Other current liabilities	2,390,513	3,351,806	1,751,525
Derivatives	45,449	56,094	0
Interest liabilities	559,147	1,632,312	81,482
Accrued employee expenses	568,918	668,765	709,487
Other current accrued liabilities on expenses, interest-free	1,217,000	994,635	960,556
Total current non-interest bearing liabilities	**7,256,691**	**11,710,010**	**8,937,209**

21. Carrying values and fair values of financial assets and liabilities by category

Financial assets	**2013**	**2013**	**2012**	**2012**
	Carrying value	Fair value	Carrying value	Fair value
Items recognized at amortized cost				
Loans and other receivables				
Cash and cash equivalents	17,528,034	17,528,034	2,670,730	2,670,730
Loan receivables	41,811,603	41,811,603	37,923,498	37,923,498
Trade receivables	3,963,145	3,963,145	1,015,481	1,015,481
Financial liabilities				
Items recognized at amortized cost				
Loans from financial institutions	9,717,276	9,674,172	453,364	453,364
Bonds	36,065,887	35,483,937	9,890,522	9,856,158
Trade payables	23,948,693	23,948,693	8,114,505	8,114,505
Items recognized at fair value through profit and loss				
Derivatives *	45,449	45,449	56,094	56,094
Share-based payment liability **	248,753	248,753	132,051	132,051

* Derivatives valued at fair value consist of interest rate swap agreements which are on Level 2 in fair value hierarchy.

** The share-based payments liabilities include the fair value of the share purchase scheme for the key management which is on Level 3 in the fair value hierarchy.

Fair value measurement

Financial assets and liabilities valued at fair value are classified on three levels, depending on the estimated reliability of the valuation method:

LEVEL 1:

A reliable quoted market price exists for identical instruments quoted on an active market.

LEVEL 2:

A market price quoted on the active market exists for similar but not identical instruments. The price may, however, be derived from observable market information. The fair values of interest rate derivatives are calculated by deriving them from price information obtained on the active market and using valuation techniques that are commonly applied in the market.

LEVEL 3:

There is no active market for the instrument, a fair market price cannot be reliably derived, and defining the fair value requires significant assumptions.

Commitments

	31-Dec-2013	**31-Dec-2012**
Collateral for own debt		
Credit limit agreement		
Total amount of granted limit	2,500,000	10,000,000
Limit in use	779,251	8,310,284
Guarantees	38,869,630	13,844,697
Corporate pledge	3,000,000	0
Pledged subsidiary shares	10,000	0
Pledged investments	5,000	5,000

22. Share based payments

Over time selected employees have been offered the opportunity to invest in the shares of the parent company of Ferratum Group. The individuals have purchased the shares at fair value. Since these minority shareholders are also employed by Ferratum Group, certain expenses needs to be recognized in the income statement according to IFRS 2 (Share based payments). These expenses reflect the potential upside for the minority shareholders in terms of value increase of the shares. The fair value of this potential increase has been calculated on the date of the grant using Black and Scholes –model and recognized as expense over the vesting period. Valuation has been adjusted to take into account the terms and conditions upon which the shares were granted (except for vesting conditions). This incentive scheme is classified as equity settled arrangement and the expenses recognized according to IFRS2 do not have cash flow impact on the group.

General details:

	Scheme 2007	Scheme 2008	Scheme 2009	Scheme 2010	Scheme 2011	Scheme 2012
Number of personnel in scheme at grant date	4	1	3	12	2	5
Number of shares sold at grant date	100	10	165	325	40	183
Number of shares at 1.1.2012	100	10	165	285	40	183
Number of shares at 31.12.2012	100	10	165	270	40	183
Number of shares at 31.12.2013	94	10	165	205	40	183
Vesting period begins (date)	12/31/2007	10/9/2008	1/2/2009	4/22/2010	4/30/2011	2/28/2012
Vesting period ends	12/30/2011	10/8/2012	1/1/2013	4/21/2014	4/29/2015	2/27/2016
Share ow nership obligation (in years)	4	4	4	4	4	4
Vesting period left	Vested	Vested	Vested	0.30 years	1.33 years	2.16 years
Realization of pay-out criteria (%) at the end of reporting period	100%	100%	100%	93%	67%	46%
Total value of aw ard at grant date, EUR	36,956.54	4,692.59	93,044.83	214,741.10	41,408.25	220,316.21
The impact of the scheme on 2013 result before tax, EUR	-	-	-	51,207.49	10,352.06	55,079.05
The impact of the scheme on 2012 result before tax, EUR	-	903.16	23,261.21	51,207.49	10,352.06	46,326.77

23. Bridge accounting

These consolidated financial statements of Ferratum Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") effective as at 31 December, 2013 and adopted by European Union. The term IFRS refers to the IFRS and International Accounting Standards ("IAS") and SIC and IFRIC interpretations as issued by International Accounting Standards Board ("IASB") and adopted by European Union as at December 31, 2013.

The consolidated financial statements of Group until 31 December 2012 have been prepared in accordance with Finnish Generally Accepted Accounting Standards ("FAS"). Since FAS differs from IFRS in some respects, certain accounting, valuation and classification principles under FAS have been adjusted for IFRS purposes.

The date of transition from FAS to IFRS is 1 January 2012. The financial statements include comparative information for the financial year ended 31 December 2012, which is restated in accordance with IFRS.

Transition to IFRS did not have impact on cash flows.

Revenue recognition

Under FAS Ferratum Group recognises the fees associated with its microloan lending activities either on the date of loan issue (process fees, prolonging fees) or on cash basis (reminder fees, monthly fees). Under IFRS such fees are considered part of the loan origination that should be amortized from loan inception over the loan period using the effective interest method. Accordingly, JT Family Holding has adjusted the revenue, trade receivables and credit loss reserve. Adjustment to trade receivables, net of adjustment to credit loss reserve, in the opening balance sheet as at 1 January 2012 was EUR -1,183 thousand and the net impact of related adjustment to opening equity was EUR -956 thousand. The revenues, credit loss reserve account receivables – microloans for the financial year ended 31 December 2012 under IFRS was adjusted by EUR 1,774 thousand, EUR -744 and EUR 1,029 respectively.

Due to wide geography of the Ferratum Group's business adjustment of revenues affected foreign exchange result of the group in amount EUR 21 thousand as at 1 January 2012 and EUR 26 thousand as at 31 December 2012.

Financial assets and liabilities

Ferratum Finland Oy has sold certain financial assets to an external party and derecognised such financial assets against the consideration received. Under contract terms Ferratum Finland Oy has an obligation to repurchase the sold financial assets in case of payment default. Therefore, Ferratum Finland Oy retains substantially the credit and late payment risk and should continue to recognise the financial assets and also recognise a financial liability for consideration received. Under IFRS Ferratum Group have recognised financial assets (net of credit loss reserve) of EUR 4,564 thousand as at 1 January 2012 and EUR 4,828 thousand as at 31 December 2012 respectively. Further, it has recognised a financial liability of EUR 4,819 thousand and EUR 4,987 thousand as at 1 January 2012 and 31 December 2012, respectively.

In 2012 Ferratum Finland Oy has obtained financing from an external party against certain financial assets. Under FAS the cash received for financing transaction was netted against the financial assets. As under IFRS offsetting financial assets and liabilities is not generally permitted, Ferratum Group reclassifies the net presentation and recognises a financial liability. The reclassification from financial assets to financial liabilities amounted to EUR 349 thousand as at 31 December 2012.

Ferratum Capital Poland has issued bonds in Polish bond market Catalyst in Warsaw Stock Exchange in 2011, 2012 and 2013. Under FAS the transaction costs relating to the bond issue have been capitalised as other assets. Under IFRS the borrowings are initially recognised at fair value, net of transaction costs incurred and later carried at amortised costs using the effective interest method. Therefore under IFRS Ferratum Group has adjusted the financial liabilities with EUR -114 thousand and EUR -11 thousand as at 1 January 2012 and 31 December 2012, respectively

Other IFRS impacts

Under FAS Ferratum Group has goodwill of EUR 22 thousand as at transition date 1 January 2012 and EUR 7 thousand as at 31 December 2012. The Group has chosen to apply IFRS 3 *Business Combinations* retrospectively to all acquisitions prior to transition to IFRS and as the existing goodwill recognised pertains to acquisitions that do not qualify as a business combination under IFRS 3 all goodwill under FAS is derecognised to retained earnings.

In 2012 Ferratum Group has obtained derivative instruments for its risk management activities. Under FAS Ferratum Group has not recognized such derivatives. Under IFRS the fair value of such instruments has to be recognized therefore the group adjusted the financial liabilities with EUR 56 thousand as at 31 December 2012.

Ferratum Group operates an equity settled share-based compensation plan. The fair value of the employee services received in exchange for the stock appreciation rights was recognised as an expense in amount EUR 132 thousand during the year ended 31 December 2012.

	1-Jan-2012 FAS	Revenue	Solid financial assets	Goodwill	Polish bond	Forex impact	Total ADJs	1-Jan-2012 IFRS
Assets								
Non-current assets								
Property, plant and equipment	301							301
Intangible assets	2,206			(22)			(22)	2,184
Deferred income tax assets	1,155	227	63			14	304	1,459
Total Non-Current Assets	**3,662**	**227**	**63**	**(22)**		**14**	**282**	**3,9434**
Current assets								
Account receivables - microloans	21,935	(1,183)	4,564			7	3,387	25,323
Other receivables	1,019							1,019
Income tax assets	85							85
Cash and cash equivalents (excluding bank overdrafts)	5,225							5,225
Total current assets	**28,264**	**(1,183)**	**4,564**			**7**	**3,387**	**31,651**
Total assets	**31,926**	**(956)**	**4,626**	**(22)**		**21**	**3,669**	**35,595**
Equity and liabilities								
Equity attributable to owners of the parent								
Share capital	10							10
Unrestricted equity reserve	68							68
Reserves	(4)							(4)
Retained earnings	6,594	(956)	(193)	(22)	92	21	(1,057)	5,537
Total equity	**6,668**	**(956)**	**(193)**	**(22)**	**92**	**21**	**(1,057)**	**5,611**
Liabilities								
Non-current liabilities								
Borrowings	20,548				(114)		(114)	20,434
Other payables	0							0
Deferred income tax liabilities	176				22		22	198
Total non-current liabilities	**20,724**				**(92)**		**(92)**	**20,632**
Current liabilities								
Income tax liabilities	1,154							1,154
Borrowings	416							416
Trade payables	1,213		4,819				4,819	6,032
Other current liabilities	1,752							1,752
Total current liabilities	**4,534**		**4,819**				**4,819**	**9,353**
Total liabilities	**25,259**		**4,819**		**(92)**		**4,726**	**29,985**
Total equity and liabilities	**31,926**	**(956)**	**4,626**	**(22)**	**0**	**21**	**3,669**	**35,595**

	31-Dec-2012 FAS	Opening balance ADJ	Revenue	Solid financial assets	Goodwill	Deriva-tives	Polish bonds	Share based payment	Forex impact	Total ADJs	31-Dec-2012 IFRS
Assets											
Non-current assets											
Property, plant and equipment	298										298
Intangible assets	2,467	(22)			15					(7)	2,460
Deferred income tax assets	1,776	304	(196)	(24)		14	4		5	107	1,883
Total Non-Current Assets	**4,541**	**282**	**(196)**	**(24)**	**15**	**14**	**4**		**5**	**100**	**4,641**
Current assets											
Account receivables - microloans	32,917	3,387	1,029	613					(23)	5,006	37,923
Other receivables	1,119						(103)		0	(103)	1,015
Income tax assets	222										222
Cash and cash equivalents (excluding bank overdrafts)	2,671										2,671
Total current assets	**36,929**	**3,387**	**1,029**	**613**			**(103)**		**(23)**	**4,903**	**41,832**
Total assets	**41,471**	**3,669**	**833**	**589**	**15**	**14**	**(99)**		**(18)**	**5,003**	**46,473**
Equity and liabilities											
Equity attributable to owners of the parent											
Share capital	10										10
Treasury reserves	(16)										(16)
Unrestricted equity reserve	3,068										3,068
Reserves	5										5
Retained earnings	10,338	(1,057)						132	26	(899)	10,093
Total equity	**13,405**	**(1,057)**						**132**	**26**	**(899)**	**13,160**
Liabilities											
Non-current liabilities											
Borrowings	20,915	(114)					(12)		(11)	(136)	20,779
Other payables	26										26
Deferred income tax liabilities	330	22					(9)		2	15	345
Total non-current liabilities	**21,272**	**(92)**					**(21)**		**(9)**	**(122)**	**21,150**
Current liabilities											
Income tax liabilities	697										697
Borrowings	453										453
Trade payables	2,326	4,819		516						5,335	7,661
Other current liabilities	3,318					56	(23)		0	33	3,352
Total current liabilities	**6,795**	**4,819**		**516**		**56**	**(23)**		**0**	**5,369**	**12,163**
Total liabilities	**28,066**	**4,726**		**516**		**56**	**(43)**		**(9)**	**5,247**	**33,313**
Total equity and liabilities	**41,471**	**3,669**		**516**		**56**	**(43)**	**132**	**17**	**4,348**	**46,473**

	31-Dec-2012 FAS	Revenue	Solid financial assets	Goodwill	Derivatives	Polish bonds	Share based payment	Forex impact	Total ADJs	31-Dec-2012 IFRS
Revenue	47,157	1,774						(17)	1,756	48,913
Other income	872									872
Operating expenses:										
Selling, marketing and administration	(19,432)						(132)		(132)	(19,565)
Impairments on loans	(14,343)	(744)	96					(1)	(649)	(14,993)
Depreciation and amortization	(509)			17					17	(491)
Other operating expenses	(6,137)			(2)				(22)	(25)	(6,162)
Operating profit	**7,606**	**1,029**	**96**	**15**			**(132)**	**(41)**	**968**	**8,574**
Finance income	1,366									1,366
Finance costs	(3,580)				(56)	(69)		2	(123)	(3,703)
Finance costs – net	**(2,214)**				**(56)**	**(69)**		**2**	**(123)**	**(2,337)**
Profit before income tax	**5,392**	**1,029**	**96**	**15**	**(56)**	**(69)**	**(132)**	**(39)**	**844**	**6,237**
Income tax expense	(1,415)	(196)	(24)		14	13		4	(189)	(1,605)
Profit for the year	**3,977**	**833**	**73**	**15**	**(42)**	**(56)**	**(132)**	**(36)**	**655**	**4,632**

24. Related party disclosure

Ferratum Group is controlled by Jorma Jokela, who owns 83% of the parent company's shares. The remaining shares are held by investors and key management personnel.

Related parties of JT Family Holding group are members of the board, senior management team, their close family members and the companies in which the member of the board or senior management team has significant influence.

Transactions with related parties

	2013	2012
Purchase of goods from related parties	0	0
purchase of services from related parties	710,677	668,862
	710,677	**668,862**

Ferratum Group has business relationships with related party companies. The acquired services include administration services, project management, advisory and consulting services, IT services, legal counseling, flight travel services and warehousing services. Related party transactions have been carried out on generally accepted market terms and they have been based on market price of goods and services.

Key management compensation

	2013	2012
Jorma Jokela, CEO, Member of the Board of Directors		
Salary + Bonuses	203,209	195,600
The Board of Directors		
Salary + Bonuses	42,000	49,600
Share based payments	30,127	35,888
Senior Management Team		
Salary + Bonuses	776,798	585,604
Share based payments	86,576	96,162
Total compensation of Key management	**1,138,709**	**962,855**

25. Group companies

Ownership in group companies	Country	Group share of holding	Parent company share of holding
Ferratum Finland Oy	Finland	100%	100%
Ferratum Estonia OÜ	Estonia	100%	100%
Ferratum Latvia SIA	Latvia	100%	100%
UAB Ferratum	Lithuania	100%	100%
Ferratum Sweden AB	Sweden	100%	100%
Ferratum Czech s.r.o.	Czech Republic	100%	100%
Ferratum Poland Sp. Z.o.o.	Poland	100%	100%
Ferratum Finance Sp. Z.o.o.	Poland	100%	100%
Ferratum Spain SL	Spain	100%	100%
Ferratum Bulgaria EOOD	Bulgaria	100%	100%
Ferratum Finance d.o.o.	Slovenia	100%	100%
Ferratum Slovakia s.r.o.	Slovakia	100%	100%
Ferratum Denmark ApS	Denmark	100%	100%
Ferratum Belgium BVBA	Belgium	100%	99.99%
Ferratum UK Ltd	Great Britain	100%	100%
Ferratum Capital Oy	Finland	100%	100%
Global Guarantee OÜ	Estonia	100%	100%
Ferratum d.o.o.	Croatia	100%	100%
Ferratum Capital Poland S.A.	Poland	100%	100%
Ferratum New Zealand Ltd.	New Zealand	100%	100%
Ferratum Finance B.V.	Netherlands	100%	100%
Pelegrat B.V.	Netherlands	100%	100%
Ferratum Australia Pty Ltd	Australia	100%	100%
Ferratum Singapore Pte.	Singapore	90%	90%
Numeratum d.o.o.	Croatia	100%	100%
OOO Ferratum Russia	Russia	100%	100%
Rus-Kredit Ltd	Russia	100%	100%
Ferratum Bank (Malta) Limited	Malta	100%	0.00001 %
Ferratum (Malta) Holding Limited	Malta	100%	99.99999 %
Ferbuy Singapore Pte. Ltd.	Singapore	90%	90%
Swespar AB	Sweden	100%	100%
Nereida Spain S.L.	Spain	100%	100%
Ferratum Capital Germany GmbH	Germany	100%	100%
Ferratum Romania I.F.N.S.A.	Romania	99%	99%
Personal Big Data Oy	Finland	100%	100%
Sideways Sp z.o.o	Poland	100%	0%
Highways Sp z.o.o	Poland	100%	0%
Highways Sp. Kom	Poland	100%	0%

Auditor's Report on the Consolidated Financial Statements of Ferratum Oyj (formerly JT Family Holding Oy) for the Financial Period ended 31 December 2013

To the Board of Directors of Ferratum Oyj

We have audited the accompanying consolidated financial statements of Ferratum Oyj and its subsidiaries for the year ended 31 December 2013, which comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Ferratum Oyj and its subsidiaries as at 31 December 2013 and of their financial performance and cash flows for the year ended 31 December 2013 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

PricewaterhouseCoopers Oy, Authorised Public Accountants, P.O. Box 1015 (Itämerentori 2), FI-00101 HELSINKI
Phone +358 20 787 7000, www.pwc.fi
Reg. Domicile Helsinki, Business ID 0486406-8

Other matter

Our auditor's report has been prepared for the purpose of including it in the Prospectus. The consolidated financial statements included in the Prospectus has formed a part of the statutory financial statements prepared for the period ended 31 December 2013, on which we have given an auditor's report on 8 April 2014. The consolidated financial statements included in the prospectus and this auditor's report do not reflect the effects of events that occurred subsequent to the date of our auditor's report on those statutory financial statements.

Helsinki 8 April 2014 and related to the Other matter 20 January 2015

PricewaterhouseCoopers Oy
Authorised Public Accountants

Mikko Nieminen
Authorised Public Accountant

Audited consolidated financial statements (FAS) of

JT Family Holding Oy

as of and for the year ended 31 December 2012*

*approved by Board of Directors on 15 March 2013

Consolidated income statement

EUR	ref.	**1.1.-31.12.2012**	**1.1.-31.12.2011**
REVENUE	2	47 156 956,53	33 704 405,82
Other operating income	3	53 674,84	113 590,10
Materials and services	4	-5 752 395,05	-5 685 362,59
Personnel expenses	6	-7 168 437,26	-4 947 978,30
Depreciation, amortisation and impairment	8	-508 877,88	-385 564,84
Other operating expenses	9	-26 992 458,29	-19 269 452,97
OPERATING PROFIT		6 788 462,88	3 529 637,22
Financial income and expenses	11	-2 214 094,08	-1 598 856,56
PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS		4 574 368,80	1 930 780,66
Extraordinary items	13	817 890,48	0,00
PROFIT/LOSS AFTER EXTRAORDINARY ITEMS		5 392 259,28	1 930 780,67
Income tax	14	-1 415 346,51	-525 802,22
PROFIT/LOSS FOR THE PERIOD		3 976 912,76	1 404 978,44

Consolidated balance sheet

EUR	ref	31.12.2012	31.12.2011
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	15	2 459 739,01	2 183 682,26
Consolidated goodwill	16	7 469,19	22 407,55
Tangible assets	17	298 358,60	300 805,10
Investments	18	4 999,99	4 999,99
NON-CURRENT ASSETS TOTAL		2 770 566,79	2 511 894,91
CURRENT ASSETS			
Deferred tax assets	19	1 775 849,59	1 155 320,08
Non-current receivables		16 370,82	
Current receivables	20-21	34 237 193,89	23 034 019,65
Cash and bank		2 670 730,29	5 225 064,58
CURRENT ASSETS TOTAL		38 700 144,58	29 414 404,31
ASSETS TOTAL		41 470 711,37	31 926 299,22

EUR		31.12.2012	31.12.2011
EQUITY AND LIABILITIES			
EQUITY	22-23		
Share capital		10 000,00	10 000,00
Treasury shares		-16 129,80	
Other reserves		3 069 200,49	68 291,61
Retained earnings		6 364 560,95	5 184 499,46
Profit/loss for the period		3 976 912,76	1 404 978,44
EQUITY TOTAL		13 404 544,40	6 667 769,52
LIABILITIES			
Deferred tax liabilities	24	330 169,11	175 863,37
Non-current liabilities, interest-bearing		20 915 158,50	17 548 190,68
Non-current liabilities, interest-free		26 208,26	
Current liabilities, interest-bearing	25	453 364,05	3 416 149,57
Current liabilities, interest-free		6 341 267,05	4 118 326,09
LIABILITIES TOTAL		28 066 166,98	25 258 529,70
EQUITY AND LIABILITIES TOTAL		41 470 711,38	31 926 299,22

Consolidated cash flow statement

EUR	1.1.-31.12.2012	1.1.-31.12.2011
Cash flows from operating activities		
Profit/loss for the period	3 976 912,76	1 404 978,44
Adjustments for:		
Depreciation, amortisation & impairment loss	508 877,88	385 564,84
Financial income and expenses	2 214 094,08	1 598 856,56
Income tax	1 415 346,51	525 802,22
Other adjustments	-817 890,48	
Operating profit before working capital changes	7 297 340,76	3 915 202,06
Working capital changes:		
Increase (-) /decrease(+) in trade and other receivables	7 317 246,89	4 742 582,77
Increase (+) / decrease (-) in trade payables	1 056 105,18	-976 199,03
Cash generated from operations	15 670 692,83	7 681 585,80
Interest paid	-494 929,02	-1 304 204,38
Interest received	60 556,81	218 195,16
Other financing items	-257 505,39	-483 055,27
Income taxes paid	-2 459 102,62	-810 907,03
Cash flow before extraordinary items	12 519 712,61	5 301 614,28
Cash flow from extraordinary items	817 890,48	0,01
Net cash from operating activities (A)	**13 337 603,09**	**5 301 614,29**

EUR	1.1.-31.12.2012	1.1.-31.12.2011
Cash flows from investing activities		
Purchase of tangible and intangible assets	-740 222,03	-1 190 797,38
Proceeds from sale of tangible assets and intangible assets	-530,39	
Acquisition of subsidiaries	0,00	38,15
Proceeds from sale of investments	2 386,09	45 000,00
Loans granted (-) / Repayment of loans (+)	-17 778 219,52	-13 345 028,26
Net cash used in investing activities (B)	**-18 516 585,86**	**-14 490 787,48**
Cash flows from financing activities		
Proceeds from issue of share capital		
Purchase of own shares	-16 129,80	-43 012,80
Proceeds from sale of own shares		67 590,00
Proceeds from short-term borrowings	1 150 556,94	847 455,00
Repayment of short-term borrowings	-1 113 342,46	-712 929,40
Proceeds from long-term borrowings (+) / Repayments	2 597 847,93	13 279 695,79
Dividends paid	-209 433,05	-347 000,00
Net cash used in financing activities (C)	**2 409 499,56**	**13 091 798,59**
Net increase/decrease in cash and cash equivalents (A+B+C)	**-2 769 483,20**	**3 902 625,40**
Cash and cash equivalents at beginning of the period	5 225 064,58	1 484 890,00
Net increase/decrease in cash and cash equivalents	-2 769 483,20	3 902 625,40
Effects of exchange rate fluctuations on cash held	212 599,76	-357 046,25
Cash and cash equivalents at the end of the period	2 670 730,29	5 225 064,58

1. Notes to consolidated financial statements

Accounting principles

Principles of consolidation
The consolidated financial statements include all group companies.
Subsidiaries are mainly 100 % owned by the Group.
Ferbuy Singapore Pte. Ltd., Singapore is 90 % owned by the Group.

Intercompany ownership of shares

Intra-group ownership of shares has been eliminated through the purchase method. The asset and liabilities balances of subsidiaries as at acquisition date have been used as basis of elimination.

Intercompany transactions and margins
Intercompany transactions, unrealized margins relating to intercompany transactions and intercompany receivables and payables have been eliminated.

Foreign currency translation
The income statements for foreign currency subsidiaries have been translated into euros at the average exchange rate for the financial year and the balance sheets at the rate prevailing at year end. The average foreign currency exchange gains and losses have been recorded in the translation differences under equity. The foreign currency exchange gains and losses resulting from elimination of intercompany ownership is included in translation differences.

Comparative data
The financial year of the Group is 12 months long (1.1.-31.12.2012).
The comparative data from financial year 2011 has been changed to reflect the presentation of income statement and balance sheet items in financial year 2012.

Valuation and allocation principles
The accounts and loan receivables of the company have been recorded at acquisition cost deducted by the credit loss reserve. The process fees relating to issue of loans are recognized as revenue at the time of issue. Tangible assets have been valued at acquisition cost deducted with depreciation according to plan. Group companies use different depreciation methods due to local differences and the depreciation has not been harmonized in the Group financial statements. The depreciation varies in the companies as follows:

Intangible assets: 4-10 year straight-line depreciation
Tangible assets: 8-33% straight-line depreciation, 25% declining depreciation
Immaterial rights: 5 year straight-line depreciation
Consolidated goodwill: 5 year straight-line depreciation

Pension costs are presented according to the local legislation in each country.

Group companies	Group Ownership
Ferratum Finland Oy, Helsinki	100 %
Ferratum Estonia OÜ, Estonia	100 %
Ferratum Netherlands B.V., Netherlands	100 %
Ferratum Latvia SIA, Latvia	100 %
UAB Ferratum, Lithuania	100 %
Ferratum Sweden AB, Sweden	100 %
Ferratum Czech s.r.o., Czech	100 %
Ferratum Poland Sp. Z.o.o., Poland	100 %
Ferratum Finance Sp. Z.o.o., Poland	100 %
Ferratum Spain SL, Spain	100 %
Ferratum Bulgaria EOOD, Bulgaria	100 %
Ferratum Finance d.o.o., Slovenia	100 %
Ferratum Slovakia s.r.o., Slovakia	100 %
Ferratum Denmark ApS, Denmark	100 %
Ferratum Belgium BVBA, Belgium	100 %
Ferratum UK Ltd, Great Britain	100 %
Ferratum Capital Oy, Helsinki	100 %
Global Guarantee OÜ, Estonia	100 %
Ferratum d.o.o., Croatia	100 %
Ferratum Capital Poland S.A., Poland	100 %
Ferratum New Zealand Ltd., New Zealand	100 %
Ferratum Finance B.V., Netherlands	100 %
Pelegrat B.V., Netherlands	100 %
Ferratum Australia Pty Ltd, Australia	100 %
Ferratum Singapore Pte. Ltd., Singapore	100 %
Numeratum d.o.o., Croatia	100 %
OOO Ferratum Russia, Russia	100 %
Ferratum Bank (Malta) Limited, Malta	100 %
Ferratum (Malta) Holding Limited, Malta	100 %
Ferbuy Singapore Pte. Ltd., Singapore	90 %
Swespar AB, Sweden	100 %
Nereida Spain S.L., Spain	100 %

Ferratum Finland Oy holds 0,01% of the shares of Ferratum Belgium BVBA and 0,00001 % of the shares of Ferratum (Malta) Holding Limited. Ferratum (Malta) Holding Limited holds 99,99999 % of the shares of Ferratum Bank (Malta) Limited and JT Family Holding Oy holds 0,00001 % of the shares of Ferratum Bank (Malta) Limited.

All group companies have been consolidated to the annual report of the parent company.

Notes to consolidated income statement

	1.1.-31.12.2012	1.1.-31.12.2011
2. Revenue by geographic area		
Revenue, abroad	38 080 784,59	26 305 297,88
Revenue, domestic	9 076 171,94	7 399 107,94
Revenue, total	47 156 956,53	33 704 405,82
3. Other operating income		
Other operating income	53 674,84	113 590,10
Other operating income, total	53 674,84	113 590,10
4. Materials and services		
External services	-5 752 395,05	-5 685 362,59
Materials and services, total	-5 752 395,05	-5 685 362,59
5. Average personnel		
During financial year	202	148
6. Personnel expenses		
Wages and salaries	-5 949 840,37	-4 039 876,21
Pension expenses	-522 637,04	-398 145,17
Other social expenses	-695 959,84	-509 956,93
Personnel expenses, total	-7 168 437,26	-4 947 978,30
7. Management compensation		
Board of directors and CEO	-245 199,90	-395 221,20
8. Depreciation and amortization by asset class category		
Intangible assets		
Immaterial rights	-220 666,37	-220 509,30
Consolidated goodwill	-17 395,44	-16 774,43
Other capitalised expenditure	-169 730,41	-60 049,83
Total	-407 792,23	-297 333,56

	1.1.-31.12.2012	1.1.-31.12.2011
Tangible assets		
Depreciation of other tangible assets	-1 002,11	-1 018,08
Machinery and equipment	-100 083,55	-87 213,20
Total	-101 085,66	-88 231,28
Depreciation and amortisation, total	-508 877,88	-385 564,84

9. Other operating expenses

Selling, marketing and administration	-12 649 083,29	-10 861 437,02
Others	-14 343 375,00	-8 408 015,94
Other operating expenses, total	-26 992 458,29	-19 269 452,96

10. Audit fees

Statutory audit	-157 020,63	-112 773,41
Other audit fees	-329 365,40	-193 435,00
Audit fees, total	-486 386,03	-306 208,41

11. Financial income and expenses

Interest and financial income from others	1 365 953,11	1 812 465,20
Interest and financial expense to others	-3 580 047,19	-3 411 321,76
Financial income and expenses, total	-2 214 094,08	-1 598 856,56

12. Foreign exchange gains and losses

Foreign exchange gains	1 228 000,55	1 456 084,62
Foreign exchange losses	-1 292 286,63	-1 548 705,89
Foreign exchange gains and losses, total	-64 286,08	-92 621,27

13. Extraordinary items

Extraordinary income	817 890,48	0,00

As an extraordinary item there has been booked in JT Family Holding Oy a one-time VAT refund of 818 k€ from previous years as the VAT status of the Company w as reconsidered by Finnish authorities

14. Income taxes

Current tax	-1 840 454,13	-1 679 612,03
Tax for previous accounting periods	732,93	7 715,27
Deferred tax	424 374,69	1 146 094,54
Income taxes, total	-1 415 346,51	-525 802,23

Notes to consolidated balance sheet

15. Intangible assets	Immaterial rights	Other capitalized expenditure	Total
Acquisition cost 1.1.	1 103 012,85	1 418 682,13	2 521 694,98
Translation differences (+/-)	21,06		21,06
Additions	1 274,39	640 875,18	642 149,57
Disposals	-803,59		-803,59
Reclassification between items		24 319,47	24 319,47
Acquisition cost 31.12.	1 103 504,71	2 083 876,78	3 187 381,49
Cumulative depreciation 1.1.	-221 549,81	-116 462,91	-338 012,72
Translation differences (+/-)	-18,83		-18,83
Cumulative depreciation on disposals	785,86		785,86
Amortisation for the peiod	-220 666,37	-169 730,41	-390 396,78
Accumulated depreciation 31.12.	-441 449,16	-286 193,32	-727 642,48
Book value 31.12.2012	**662 055,55**	**1 797 683,46**	**2 459 739,01**
Book value 31.12.2011	**881 463,04**	**1 302 219,22**	**2 183 682,26**

16. Consolidated goodwill	Total
Acquisition cost 1.1.	93 052,44
Acquisitions	2 457,08
Acquisition cost 31.12.	95 509,52
Cumulative depreciation 1.1.	-70 644,89
Amortisation for the peiod	-17 395,44
Accumulated depreciation 31.12.	-88 040,33
Book value 31.12.2012	**7 469,19**
Book value 31.12.2011	**22 407,55**

17. Tangible assets	**Machinery and equipment**	**Other tangible assets**	**Total**
Acquisition cost 1.1.	528 036,96	29 425,08	557 462,04
Translation differences	1 447,52	391,69	1 839,21
Additions	72 258,12	63 810,30	136 068,42
Decrease	-43 541,75		-43 541,75
Reclassification between items		-24 319,47	-24 319,47
Acquisition cost 31.12.	558 200,85	69 307,60	627 508,45
Cumulative depreciation 1.1.	-255 716,35	-940,59	-256 656,94
Translation differences	-1 051,90	-115,80	-1 167,70
Cumulative depreciation of decreases	29 760,44		29 760,44
Amortisation for the peiod	-100 083,55	-1 002,11	-101 085,66
Accumulated depreciation 31.12.	-327 091,36	-2 058,50	-329 149,86
Book value 31.12.2012	**231 109,50**	**67 249,10**	**298 358,60**
Book value 31.12.2011	**272 320,62**	**28 484,49**	**300 805,10**

18. Investments	**Other shares and equity interests**
Acquisition cost 1.1.	5 000,00
Disposals	0,00
Acquisition cost 31.12.	5 000,00
Impairment losses during the period	0,00
Accumulated impairment losses 31.12.	0,00
Book value 31.12.2012	**5 000,00**
Book value 31.12.2011	**5 000,00**

19. Non-current receivables	**31.12.2012**	**31.12.2011**
Deferred tax asset	1 775 849,59	1 155 320,08
Accruals	16 370,82	
Non-current receivables, total	**1 792 220,41**	**1 155 320,08**

20. Current assets	31.12.2012	31.12.2011
Trade and loan receivables	32 917 451,98	21 935 199,06
Other receivables	703 290,65	741 126,01
Accruals	616 451,26	357 694,58
Current assets, total	**34 237 193,89**	**23 034 019,65**

21. Accruals	31.12.2012	31.12.2011
Accrual personnel expenses	0,00	645,55
Accrual taxes	222 489,72	85 142,05
Other accruals	410 332,37	271 906,98
Total	632 822,08	357 694,58

22. Change in equity 2011	Share capital	SVOP reserve	Other reserves	Translation difference	Retained earnings	Equity total
Equity, opening balance 2011	10 000,00		714,53	-3 883,09	5 625 662,47	5 632 493,91
Sales of own shares		67 590,00				67 590,00
Dividend distribution					-347 000,00	-347 000,00
Translation difference (+/-)			-12,92	-690,01	57 756,61	57 053,68
Adjustment to retained earnings					-147 346,52	-147 346,52
Profit/loss for the period					1 404 978,44	1 404 978,44
Equity total, end of 2011	**10 000,00**	**67 590,00**	**701,61**	**-4 573,10**	**6 594 051,01**	**6 667 769,52**

23. Change in equity 2012	Share capital	SVOP reserve	Other reserves	Translation difference	Retained earnings	Equity total
Equity, opening balance 2012	10 000,00	67 590,00	701,61	-4 573,10	6 594 051,01	6 667 769,52
Sales of own shares						
Treasury shares			-16 129,80			-16 129,80
Dividend distribution					-210 000,00	-210 000,00
Translation difference (+/-)			11,28	8 282,44	-22 301,80	-14 008,08
Transfer from equity loans		3 000 000,00				3 000 000,00
Reclassification between items			897,60		-897,60	0,00
Adjustment to retained earnings						
Profit/loss for the period					3 976 912,76	3 976 912,76
Equity total, end of 2012	**10 000,00**	**3 067 590,00**	**-14 519,31**	**3 709,34**	**10 337 764,37**	**13 404 544,40**

24. Non-current liabilities	31.12.2012	31.12.2011
Bonds	10 027 000,49	6 280 843,43
Loans from financial institutions	2 541 310,01	2 576 259,33
Other liabilities	8 373 056,26	8 691 087,92
Deferred tax liabilities	330 169,11	175 863,37
Non-current liabilities, total	**21 271 535,88**	**17 724 054,04**

25. Current liabilities	31.12.2012	31.12.2011
Convertible bonds	0,00	3 000 000,00
Trade payables	1 315 829,65	621 904,81
Other liabilties	1 463 302,17	1 007 125,96
Accruals	4 015 499,27	2 905 444,89
Current liabilities, total	**6 794 631,10**	**7 534 475,66**

26. Accruals (non-current and current)	31.12.2012	31.12.2011
Accruals of personnel expenses	668 765,02	709 486,77
Accruals of financial items	1 655 035,76	81 482,18
Tax liabilities	697 063,57	1 153 919,92
Other accruals	994 634,93	960 556,01
Total	4 015 499,27	2 905 444,89

27. Deferred tax assets and liabilities	31.12.2012	31.12.2011
Deferred tax assets		
From accruals	1 775 849,59	1 155 320,08
Deferred tax liabilities		
From discretionary provisions	161 785,39	175 863,36
From accruals	168 383,72	0,00
Deferred tax liabilities, total	330 169,11	175 863,36

Contingencies and commitments

28. Leasing guarantee	**31.12.2012**	**31.12.2011**
Payable in financial year 2012	60 620,63	66 660,59
Payable in later financial years	20 835,17	50 822,85
Leasing guarantee, total	81 455,79	117 483,44

29. Other rental liabilities	**31.12.2012**	**31.12.2011**
Current rental liabilities	260 557,27	132 102,04
Rental liabilities maturing in 1-5 years	141 480,07	
Total other rental liabilities	402 037,34	132 102,04

30. Commitments	**31.12.2012**	**31.12.2011**
Commitments for intra-group companies	22 154 980,86	17 075 035,82

31. Pledges	**31.12.2012**	**31.12.2011**
Pledged investments	5 000,00	5 000,00

32. Derivatives	**31.12.2012**	**31.12.2011**
Bought currency option		
Book value	0,00	0,00
Fair value	19 088,00	28 201,00
Value of the object, subject to derivative	2 926 829,00	2 926 829,00

Parent company has concluded derivative agreement to hedge its net receivable portfolio against currency exchange rate risks.

33. Related party transactions

No loans and nor any other commitments have been issued to any related parties during 2012.

Auditor's Report on the Consolidated Financial Statements of Ferratum Oyj (formerly JT Family Holding Oy) for the Financial Period ended 31 December 2012

To the Board of Directors of Ferratum Oyj

We have audited the accompanying consolidated financial statements of Ferratum Oyj and its subsidiaries, which comprise of the consolidated income statement and the consolidated cash flow statement for the year ended 31 December 2012 and the consolidated balance sheet as at 31 December 2012 and notes to the consolidated financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of the consolidated financial statements in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Ferratum Oyj and its subsidiaries as at 31 December 2012 and of their financial performance for the year ended 31 December 2012 in accordance with the laws and regulations governing the preparation of the financial statements in Finland.

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Other matter

Our auditor’s report has been prepared for the purpose of including it in the Prospectus. The consolidated financial statements included in the Prospectus has formed a part of the statutory financial statements prepared for the period ended 31 December 2012, on which we have given an auditor’s report on 18 March 2013. The consolidated financial statements included in the prospectus and this auditor’s report do not reflect the effects of events that occurred subsequent to the date of our auditor’s report on those statutory financial statements.

Helsinki 18 March 2013 and related to the Other matter 20 January 2015

PricewaterhouseCoopers Oy
Authorised Public Accountants

Mikko Nieminen
Authorised Public Accountant

Audited consolidated financial statements (FAS) of

JT Family Holding Oy

as of and for the year ended 31 December 2011*

*approved by Board of Directors on 15th March 2012

Consolidated income statement

EUR	1.1.-31.12.2011	1.7.2009-31.12.2010
REVENUE	33 704 405,82	30 952 458,92
Other operating income	113 590,10	5 589,23
Materials and services	-5 685 362,59	-6 590 950,73
Personnel expenses	-4 947 978,30	-4 520 755,69
Depreciation, amortisation and impairment	-385 564,84	-141 925,93
Other operating expenses	-19 269 452,97	-15 492 922,45
OPERATING PROFIT	3 529 637,22	4 211 493,35
Financial income and expenses	-1 598 856,56	-1 006 709,93
PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS	1 930 780,66	3 204 783,42
Extraordinary items	0,01	
PROFIT/LOSS AFTER EXTRAORDINARY ITEMS	1 930 780,67	3 204 783,42
Income tax	-525 802,23	-890 464,03
PROFIT/LOSS FOR THE PERIOD	1 404 978,44	2 314 319,39

Consolidated balance sheet

EUR	31.12.2011	31.12.2010
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	2 183 682,26	1 408 420,43
Consolidated goodwill	22 407,55	39 181,98
Tangible assets	300 805,10	256 101,99
Investments	4 999,99	50 000,00
NON-CURRENT ASSETS TOTAL	2 511 894,91	1 753 704,40
CURRENT ASSETS		
Deferred tax assets	1 155 320,08	298 297,75
Non-current receivables	23 034 019,65	14 420 966,38
Cash and bank	5 225 064,58	1 484 890,00
CURRENT ASSETS TOTAL	29 414 404,31	16 204 154,14
ASSETS TOTAL	31 926 299,22	17 957 858,53

EUR	31.12.2011	31.12.2010
EQUITY AND LIABILITIES		
EQUITY		
Share capital	10 000,00	10 000,00
Other reserves	68 291,61	714,53
Retained earnings	5 184 499,46	3 307 459,99
Profit/loss for the period	1 404 978,44	2 314 319,39
EQUITY TOTAL	6 667 769,52	5 632 493,91
LIABILITIES		
Deferred tax liabilities	175 863,37	456 039,95
Non-current liabilities, interest-bearing	17 548 190,68	7 779 457,74
Current liabilities, interest-bearing	3 416 149,57	269 535,34
Current liabilities, interest-free	4 118 326,09	3 820 331,58
LIABILITIES TOTAL	25 258 529,70	12 325 364,62
EQUITY AND LIABILITIES TOTAL	31 926 299,22	17 957 858,53

Consolidated cash flow statement

EUR	1.1.-31.12.2011	1.7.2009-31.12.2010
Cash flows from operating activities		
Profit/loss for the period	1 404 978,44	2 314 319,39
Adjustments for:		
Depreciation, amortisation & impairment loss	385 564,84	141 925,93
Financial income and expenses	1 598 856,56	1 006 709,93
Income tax	525 802,23	890 464,03
Other adjustments	-0,01	0,00
Operating profit before working capital changes	3 915 202,06	4 353 419,28
Working capital changes:		
Increase (-) /decrease(+) in trade and other receivables	4 742 582,77	4 647 384,50
Increase (+) / decrease (-) in trade payables	-976 199,03	2 394 298,36
Cash generated from operations	7 681 585,80	11 395 102,14
Interest paid	-1 304 204,38	-973 674,79
Interest received	218 195,16	14 529,13
Other financing items	-483 055,27	-25 573,54
Income taxes paid	-810 907,03	-441 984,51
Cash flow before extraordinary items	5 301 614,28	9 968 398,44
Cash flow from extraordinary items	0,01	
Net cash from operating activities (A)	**5 301 614,29**	**9 968 398,44**

EUR	1.1.-31.12.2011	1.7.2009-31.12.2010
Cash flows from investing activities		
Purchase of tangible and intangible assets	-1 190 797,38	-1 563 989,67
Acquisition of subsidiaries	38,15	-0,97
Proceeds from sale of investments	45 000,00	
Loans granted (-) / Repayment of loans (+)	-13 345 028,26	-12 953 731,45
Addition(+)/ deduction(-) of cash equivalents		-20 076,26
Net cash used in investing activities (B)	**-14 490 787,48**	**-14 537 798,34**
Cash flows from financing activities		
Proceeds from issue of share capital		1,00
Purchase of own shares	-43 012,80	-10 753,20
Proceeds from sale of own shares	67 590,00	
Proceeds from short-term borrowings	847 455,00	265 855,50
Repayment of short-term borrowings	-712 929,40	-31 256,49
Proceeds from long-term borrowings (+) / Repayments	13 279 695,79	3 600 866,06
Dividends paid	-347 000,00	-141 000,00
Net cash used in financing activities (C)	**13 091 798,59**	**3 683 712,87**
Net increase/decrease in cash and cash equivalents (A+B+C)	**3 902 625,40**	**-885 687,03**
Cash and cash equivalents at beginning of the period	1 484 890,00	2 367 499,82
Net increase/decrease in cash and cash equivalents	3 902 625,40	-885 687,03
Effects of exchange rate fluctuations on cash held	-357 046,25	-20 529,26
Cash and cash equivalents at the end of the period	5 225 064,58	1 484 890,00

Notes to consolidated financial statements

Accounting principles

Principles of consolidation
The consolidated financial statements include all group companies. subsidiaries are 100 % owned by the Group.

Intercompany ownership of shares
Intra-group ownership of shares has been eliminated through the purchase method. The asset and liabilities balances of subsidiaries as at acquisition date have been used as basis of elimination.

Intercompany transactions and margins
Intercompany transactions, unrealized margins relating to intercompany transactions and intercompany receivables and payables have been eliminated.

Foreign currency translation
The income statements for foreign currency subsidiaries have been translated into euros at the average exchange rate for the financial year and the balance sheets at the rate prevailing at year end. The average foreign currency exchange gains and losses have been recorded in the translation differences under equity. The foreign currency exchange gains and losses resulting from elimination of intercompany ownership is included in translation differences.

Comparative data
The financial year of the Group is 12 months long (1.1.-31.12.2011). The previous financial year 2010 is exceptionally 18 months long (1.7.2009-31.12.2010).
The comparative data from financial year 2010 has been changed to reflect the presentation of income statement and balance sheet items in financial year 2011.

Valuation and allocation principles
The accounts and loan receivables of the company have been recorded at fair value deducted by the credit loss reserve. The process fees relating to issue of loans are recognized as revenue at the time of issue whereas fees relating to collection are recognized on cash basis. Tangible assets have been valued at acquisition cost deducted with depreciation according to plan. Group companies use different depreciation methods due to local differences and the depreciation has not been harmonized in the Group financial statements. The depreciation varies in the companies as follows:

Intangible assets: 4-5 year straight-line depreciation
Tangible assets: 8-33% straight-line depreciation, 25% declining depreciation
Immaterial rights: 5 year straight-line depreciation
Consolidated goodwill: 5 year straight-line depreciation

Pension costs are presented according to the local legislation in each country.

Group companies	Ownership
Ferratum Finland Oy, Helsinki	100 %
Ferratum Estonia OÜ, Estonia	100 %
Ferratum Netherlands B.V., Netherlands	100 %
Ferratum Latvia SIA, Latvia	100 %
UAB Ferratum, Lithuania	100 %
Ferratum Sweden AB, Sweden	100 %
Ferratum Czech s.r.o., Czech	100 %
Ferratum Poland Sp. Z.o.o., Poland	100 %
Ferratum Finance Sp. Z.o.o., Poland	100 %
Ferratum Spain SL, Spain	100 %
Ferratum Bulgaria EOOD, Bulgaria	100 %
Ferratum Finance d.o.o., Slovenia	100 %
Ferratum Slovakia s.r.o., Slovakia	100 %
Ferratum Denmark ApS, Denmark	100 %
Ferratum Belgium BVBA, Belgium	99,99 %
Ferratum UK Ltd, Great Britain	100 %
Ferratum Capital Oy, Helsinki	100 %
Ferratum Finance Estonia OÜ, Estonia	100 %
Ferratum d.o.o., Croatia	100 %
Ferratum Capital Poland S.A., Poland	100 %
Ferratum New Zealand Ltd., New Zealand	100 %
Ferratum Finance B.V., Netherlands	100 %
Pelegrat B.V., Netherlands	100 %
Ferratum Australia Pty Ltd, Australia	100 %
Ferratum Singapore Pte. Ltd., Singapore	100 %
Numeratum d.o.o., Croatia	100 %
OOO Ferratum Russia, Russia	100 %

Ferratum Finland Oy holds 0,01% of the shares of Ferratum Belgium BVBA.

All group companies have been consolidated to the annual report of the parent company.

Notes to consolidated income statement

	1.1.-31.12.2011	1.7.2009-31.12.2010
REVENUE BY GEOGRAPHIC AREA		
Revenue, abroad	26 305 297,88	20 431 560,24
Revenue, domestic	7 399 107,94	10 520 898,68
Revenue, total	33 704 405,82	30 952 458,92
Other operating income		
Other operating income	113 590,10	5 589,23
Other operating income, total	113 590,10	5589,23
Materials and services		
External services	-5 685 362,59	-6 590 950,73
Materials and services, total	-5 685 362,59	-6 590 950,73
Average personnel		
During financial year	148	97
Personnel expenses		
Wages and salaries	-4 039 876,21	-3 705 144,48
Pension expenses	-398 145,17	-354 041,71
Other social expenses	-509 956,93	-461 569,50
Personnel expenses, total	-4 947 978,30	-4 520 755,69
Management compensation		
Board of directors and CEO	395 221,20	395 180,00
Depreciation and amortization by asset class category		
Intangible assets		
Immaterial rights	-220 509,30	-704,87
Consolidated goodwill	-16 774,43	-27 915,73
Other capitalised expenditure	-60 049,83	-37 843,10
Total	-297 333,56	-66 463,70

	1.1.-31.12.2011	1.7.2009-31.12.2010
Tangible assets		
Depreciation of other tangible assets	-1 018,08	0,00
Machinery and equipment	-87 213,20	-75 462,23
Total	-88 231,28	-75 462,23
Depreciation and amortisation, total	-385 564,84	-141 925,93
Other operating expenses		
Selling, marketing and administration	-10 861 437,02	-9 967 669,02
Others	-8 408 015,94	-5 525 253,43
Other operating expenses, total	-19 269 452,96	-15 492 922,45
Audit fees		
Statutory audit	-112 773,41	-63 283,50
Other audit fees	-193 435,00	-28 089,53
Audit fees, total	-306 208,41	-91 373,03
Financial income and expenses		
Interest and financial income from others	1 812 465,20	337 720,00
Interest and financial expense to others	-3 411 321,76	-1 344 429,93
Financial income and expenses, total	-1 598 856,56	-1 006 709,93
Foreign exchange gains and losses		
Foreign exchange gains	1 456 084,62	278 998,05
Foreign exchange losses	-1 548 705,89	-311 593,73
Foreign exchange gains and losses, total	-92 621,27	-32 595,68
Extraordinary items		
Current tax from extraordinary items	0,01	0,00
Income taxes		
Current tax	-1 679 612,04	-791 057,83
Tax for previous accounting periods	7 715,27	0,00
Deferred tax	1 146 094,54	-99 406,20
Income taxes, total	-525 802,23	-890 464,03

Notes to consolidated balance sheet

Intangible assets	Immaterial rights	Other capitalized expenditure	Total
Acquisition cost 1.1.	1 101 667,10	364 223,37	1 465 890,47
Translation differences (+/-)	-10,52	0,00	-10,52
Additions	1 356,27	1 054 458,73	1 055 815,03
Acquisition cost 31.12.	1 103 012,85	1 418 682,13	2 521 694,98
Cumulative depreciation 1.1.	-1 056,96	-56 413,08	-57 470,04
Translation differences (+/-)	16,45	0,00	16,45
Amortisation for the peiod	-220 509,30	-60 049,83	-280 559,13
Accumulated depreciation 31.12.	-221 549,81	-116 462,91	-338 012,72
Book value 31.12.2011	**881 463,04**	**1 302 219,22**	**2 183 682,26**
Book value 31.12.2010	**1 100 610,14**	**307 810,29**	**1 408 420,43**

Consolidated goodwill	
Acquisition cost 1.1.	93 052,44
Acquisition cost 31.12.	93 052,44
Cumulative depreciation 1.1.	-53 870,46
Amortisation for the peiod	-16 774,43
Accumulated depreciation 31.12.	-70 644,89
Book value 31.12.2011	**22 407,55**
Book value 31.12.2011	**39 181,98**

Tangible assets	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1.1.	420 259,01	5 610,55	425 869,56
Translation differences	-1 275,25	-504,95	-1 780,19
Additions	109 053,20	24 319,47	133 372,67
Acquisition cost 31.12.	528 036,96	29 425,08	557 462,04
Cumulative depreciation 1.1.	-169 767,57	0,00	-169 767,57
Translation differences	1 264,42	77,49	1 341,91
Amortisation for the peiod	-87 213,20	-1 018,08	-88 231,28
Accumulated depreciation 31.12.	-255 716,35	-940,59	-256 656,94
Book value 31.12.2011	**272 320,62**	**28 484,49**	**300 805,10**
Book value 31.12.2010	**250 491,44**	**5 610,55**	**256 101,99**

Investments 2011	Other shares and equity interests
Acquisition cost 1.1.	50 000,00
Disposals	-45 000,00
Acquisition cost 31.12.	5 000,00
Impairment losses during the period	0,00
Accumulated impairment losses 31.12.	0,00
Book value 31.12.2011	**5 000,00**
Book value 31.12.2010	**50 000,00**

Non-current receivables	31.12.2011	31.12.2010
Deferred tax asset	1 155 320,08	298 297,75
Non-current receivables, total	**1 155 320,08**	**298 297,75**

Current assets	31.12.2011	31.12.2010
Trade and loan receivables	21 935 199,06	13 325 234,68
Other receivables	741 126,01	707 064,24
Accruals	357 694,58	388 667,48
Current assets, total	**23 034 019,65**	**14 420 966,40**

Accruals	31.12.2011	31.12.2010
Accrual personnel expenses	645,55	17 818,91
Accrual taxes	85 142,05	27 556,79
Other accruals	271 906,98	343 291,78
Total	357 694,58	388 667,48

Change in equity 2010	Share capital	SVOP reserve	Other reserves	Translation difference	Retained earnings	Equity total
Equity, opening balance 2010	10 000,00	0,00	313,61	-3 520,74	3 297 827,04	3 304 619,91
Increase		0,00	399,03		0,00	399,03
Dividend distribution					-141 000,00	-141 000,00
Translation difference (+/-)		0,00	1,90	-362,35	182 470,50	182 110,05
Adjustment to retained earnings					-27 954,46	-27 954,46
Profit/loss for the period					2 314 319,39	2 314 319,39
Equity total, end of 2010	**10 000,00**	**0,00**	**714,54**	**-3 883,09**	**5 625 662,47**	**5 632 493,47**

Change in equity 2011	Share capital	SVOP reserve	Other reserves	Translation difference	Retained earnings	Equity total
Equity, opening balance 2011	10 000,00	0,00	714,53	-3 883,09	5 625 662,47	5 632 493,91
Sales of own shares	0,00	67 590,00				67 590,00
Dividend distribution					-347 000,00	-347 000,00
Translation difference (+/-)	0,00	0,00	-12,92	-690,01	57 756,61	57 053,68
Adjustment to retained earnings					-147 346,52	-147 346,52
Profit/loss for the period					1 404 978,44	1 404 978,44
Equity total, end of 2011	**10 000,00**	**67 590,00**	**701,61**	**-4 573,10**	**6 594 051,01**	**6 667 769,52**

	31.12.2011	31.12.2010
Non-current liabilities		
Bonds	6 280 843,43	0,00
Convertible bonds	0,00	3 000 000,00
Loans from financial institutions	2 576 259,33	2 173 872,45
Other liabilities	8 691 087,92	2 605 585,29
Deferred tax liabilities	175 863,37	456 039,95
Non-current liabilities, total	**17 724 054,04**	**8 235 497,69**

Current liabilities	**31.12.2011**	**31.12.2010**
Convertible bonds	3 000 000,00	0,00
Trade payables	621 904,81	1 318 786,10
Other liabilties	1 007 125,96	1 831 811,38
Accruals	2 905 444,89	939 269,45
Current liabilities, total	**7 534 475,66**	**4 089 866,93**

Accruals (non-current and current)	**31.12.2011**	**31.12.2010**
Accruals of personnel expenses	709 486,77	448 238,36
Accruals of financial items	81 482,18	58 401,99
Tax liabilities	1 153 919,92	260 303,52
Other accruals	960 556,01	172 325,58
Total	2 905 444,89	939 269,45

Deferred tax assets and liabilities	**31.12.2011**	**31.12.2010**
Deferred tax assets		
From accruals	1 155 320,08	298 297,75
Deferred tax liabilities		
From discretionary provisions	175 863,36	53 113,83
From accruals	0,00	402 926,12
Deferred tax liabilities, total	175 863,36	456 039,95

Contingencies and commitments

Leasing guarantee	**31.12.2011**	**31.12.2010**
Payable in financial year 2011	66 660,59	46 265,03
Payable in later financial years	50 822,85	48 534,47
Leasing guarantee, total	117 483,44	94 799,50

Other rental liabilities	**31.12.2011**	**31.12.2010**
Current rental liabilities	132 102,04	96 790,34
Total other rental liabilities	132 102,04	96 790,34

Commitments	**31.12.2011**	**31.12.2010**
Commitments for intra-group companies	17 075 035,82	5 531 053,32

Pledges	**31.12.2011**	**31.12.2010**
Pledged investments	5 000,00	50 000,00

Derivatives	**31.12.2011**	**31.12.2010**
Bought currency option		
Book value	0,00	0,00
Fair value	28 201,00	0,00
Value of the object, subject to derivative	2 926 829,00	0,00

Parent company has concluded derivative agreement to hedge its net receivable portfolio against currency exchange rate risks.

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Auditor's Report on the Consolidated Financial Statements of Ferratum Oyj (formerly JT Family Holding Oy) for the Financial Period ended 31 December 2011

To the Board of Directors of Ferratum Oyj

We have audited the accompanying consolidated financial statements of Ferratum Oyj and its subsidiaries, which comprise of the consolidated income statement and the consolidated cash flow statement for the year ended 31 December 2011 and the consolidated balance sheet as at 31 December 2011 and notes to the consolidated financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of the consolidated financial statements in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Ferratum Oyj and its subsidiaries as at 31 December 2011 and of their financial performance for the year ended 31 December 2011 in accordance with the laws and regulations governing the preparation of the financial statements in Finland.

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Reg. Domicile Helsinki, Business ID 0486406-8

Other matter

Our auditor's report has been prepared for the purpose of including it in the Prospectus. The consolidated financial statements included in the Prospectus has formed a part of the statutory financial statements prepared for the period ended 31 December 2011, on which we have given an auditor's report on 21 March 2012. The consolidated financial statements included in the prospectus and this auditor's report do not reflect the effects of events that occurred subsequent to the date of our auditor's report on those statutory financial statements.

Helsinki 21 March 2012 and related to the Other matter 20 January 2015

PricewaterhouseCoopers Oy
Authorised Public Accountants

Mikko Nieminen
Authorised Public Accountant

GLOSSARY

The following is a glossary of important terms and definitions used in this Prospectus:

Audited Consolidated Financial Statements..................	The IFRS Financial Statements for the year 2013 and the FAS Financial Statements for the years 2012 and 2011.
BaFin	German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*).
Board of Directors.....................	The board of directors of the Company.
CBM	Central Bank of Malta.
Clearstream................................	Clearstream Banking, *société anonyme*.
Company	Ferratum Oyj, a Finnish public limited company.
Consolidated Financial Statements	The Unaudited Interim Consolidated Financial Statements and the Audited Consolidated Financial Statements.
CRM	Customer Relationship Management.
CSP	Customer Service Platform.
EBA	European Banking Authority.
Euroclear	Euroclear Bank SA/NV, as operator of the Euroclear System.
Euroclear Finland	Euroclear Finland Ltd.
FAS	Finnish generally accepted accounting principles.
FAS Financial Statements	The consolidated financial statements as of and for the years ended 31 December 2012 and 2011 prepared in accordance with FAS.
FIN-FSA	The Finnish Financial Supervisory Authority (in Finnish: *Finanssivalvonta*).
Finnish Companies Act	The Finnish Companies Act (624/2006, as amended).
Finnish Securities Markets Act	The Finnish Securities Markets Act (746/2012, as amended).
Financial Intermediaries	Credit institutions licensed to trade securities in accordance with Art. 4 number 1 of Directive 2006/48/EC of the European Parliament and of the Council of June 14, 2006, as amended.
General Shareholders' Meeting......................................	The general shareholders' meeting of the Company.
Greenshoe Shares	The Shares made available by European Recruitment Company OÜ and Pontos Capital to cover over-allotments.
Group...	The Company together with its consolidated subsidiaries.
IFRS	International Financial Reporting Standards as adopted by the European Union.
IFRS Financial Statements	The consolidated financial statements as of and for the year ended 31

	December 2013 prepared in accordance with IFRS.
MFSA	Malta Financial Services Authority.
New Shares	The shares of the Company an issue of new shares in the Company against cash consideration as is expected to be resolved by the Board of Directors pursuant to an authorization of the General Shareholders' Meeting convening on 29 August 2014 offered in this Prospectus.
Offering	The offering of the Offer Shares described in this Prospectus.
Offer Shares	The New Shares, the Old Shares and the Greenshoe Shares.
Old Shares	The Shares of the Company which will be sold by the Selling Shareholders.
Securities Act	U.S. Securities Act of 1933, as amended.
Selling Shareholders	European Recruitment Company OÜ, AS Pontos Capital, OÜ Pontcap 1 and several other minority shareholders.
Unaudited Interim Consolidated Financial Statements	The Company's unaudited consolidated financial statements as of and for the nine-month period ended 30 September 2014 prepared in accordance with IFRS.
Underwriters	ICF BANK AG, equinet Bank AG and Hauck & Aufhäuser.
Underwriting Agreement	The Underwriting Agreement entered into between the Underwriters and the Company.
WpHG	German Securities Trading Act (*Wertpapierhandelsgesetz*).
WpÜG	German Securities Acquisition and Takeover Act (*Wertpapierübernahmegesetz*).

Registered Office of the Company

Ferratum Oyj

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