Ferratum™

More than money to everyone

HALF-YEAR REPORT

FOR THE PERIOD
1 JANUARY 2017 –
30 JUNE 2017

CONTENTS

COMPANY OVERVIEW AND BUSINESS MODEL

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

Ferratum is at the forefront of the digital banking revolution and has been a pioneer in digital lending. Over the past 12 years, Ferratum has developed proprietary credit scoring algorithms that can deliver instant credit decisions, allowing Ferratum to make fully risk-assessed lending decisions at a pace unmatched by the traditional banking and lending industries. Ferratum's technology and services have been built around real customer behaviour and experience, enabling Ferratum to offer secure, easy-to-use, real time digital products and diversify the range of products available in its countries of operation as Ferratum quickly understands the credit behaviour of customers in each new market. Using big data technology, and centralizing IT systems and customer services as the group has expanded geographically, Ferratum has achieved balanced, profitable growth in every year of operation, underpinned by the ability to rapidly launch innovative new products in new countries and markets.

Ferratum is currently represented in 24 countries, 23 with lending activities and in five of these countries (Sweden, Germany, Norway, Spain and France) with a mobile banking service. An EU banking license enables passporting of financial services to all EU countries. With 1.73 million active and former customers over all geographies who have been granted one or more loans in the past, Ferratum is one of the leading international providers of mobile loans to consumers and small businesses.

Ferratum provides retail customers with digital borrowing solutions to suit a wide range of financial needs and circumstances. Microloan offers consumers quick and straightforward access to small cash amounts to meet immediate, short term financial needs ranging from EUR 25 to EUR 1,000 with durations between 7 days and 90 days; PlusLoan is a more flexible loan product, ranging between EUR 300 and EUR 5,000 and a duration between 2 months and 3 years, which is repayable in instalments to help customers to budget their finances. Credit Limit is a digital revolving credit line offering up to EUR 3,000. Borrowers are granted a maximum credit limit, which can be used or repaid at any time. Borrowers are only charged for the funds they withdraw, helping customers to budget according to their cash flow. Ferratum has also this year launched Primeloan in Finland, a longer term consumer lending product ranging from EUR 3,000 to EUR 20,000 with a duration between 1 to 10 years enabling customers to budget for more significant purchases such as a car or home improvements. In 2015, Ferratum expanded into small business lending providing loans from EUR 2,000 to EUR 100,000 with a term of 6 to 18 months.

Ferratum continues to evolve to fulfill its long-term vision of becoming a leading international mobile bank offering an ever-wider range of products. The Ferratum Mobile Bank, launched by Ferratum Bank p.l.c. in 2016, is an innovative mobile-only bank that puts the customer in control of their financial affairs. Offering real time digital payments and transfers, and available in a range of currencies, the Mobile Bank offers an extensive range of banking services including current accounts, overdrafts, savings, term deposits and a multi-currency contactless debit card, giving customers the freedom to manage their finances, via their mobile, whenever they need to, wherever they go. The technology platform supporting the Mobile Bank is designed to be scalable and will enable Ferratum to diversify its revenue by integrating additional products and services with partners in consumer-facing sectors, such as travel, utility and entertainment, in the near future.

JANUARY – JUNE 2017 HIGHLIGHTS

+47%	Group revenue of EUR 103.7 million, up 47.3% year-on-year
+48%	Operating profit (EBIT) of EUR 14.9 million, up 48.3% year-on-year
14.4%	EBIT margin of 14.4%
+68%	Profit before tax (EBT) of EUR 11.8 million, up 67.7% year-on-year
+63%	EPS (basic & diluted) increased 62.8% to EUR 0.46 per share
	Launch of Primeloan in Finland
	Launch of Ferratum Business (SME) Loans in United Kingdom
	Launch of Ferratum Brazil
	Launch of Mobile Bank in France and Spain
€25m	Maturing EUR 20 million Ferratum Bank p.l.c. bond repaid in Q1 with proceeds from EUR 25 million senior unsecured bond issued in December 2016
€15m	Successful tap issue of EUR 15 million by Ferratum Bank p.l.c.
	Subsequent event (July 2017): Launch of Ferratum P2P in Finland
€20m	Subsequent event (July 2017): EUR 20 million senior unsecured bond issued by Ferratum Germany GmbH

BOARD OF DIRECTORS REPORT H1 2017

FINANCIAL OVERVIEW

Financial highlights, EUR '000	Jan - Jun 2017	Jan - Jun 2016	% change
Revenue	103,730	70,428	+47.3%
Operating profit	14,942	10,075	+48.3%
Profit before tax	11,763	7,014	+67.7%
Net cash flows from operating activities before movements in loan portfolio and deposits received	51,605	32,009	n/a
Net cash flow from operating activities	(5,165)	8,826*	n/a
Net cash flow from investing activities	(4,164)	(4,229)	n/a
Net cash flow from financing activities	14,653	18,439*	n/a
Net increase/decrease in cash and cash equivalents	5,323	23,036	n/a
Profit before tax %	11.3	10.0	+13.9%

* restated: the amount of increase / decrease in interests accrued was taken out and included in the net cash flows from operating activities (after movements in loan portfolio)

Financial highlights, EUR '000	30 Jun 2017	31 Dec 2016	% change
Accounts receivable – loans to customers (net)	224,939	184,346	+22.0%
Deposits from customers	121,157	101,436	+19.4%
Cash and cash equivalents	79,397	73,059	+8.7%
Total assets	344,816	295,683	+16.6%
Non-current liabilities	88,917	72,246	+23.1%
Current liabilities	160,224	135,563	+18.2%
Equity	95,675	87,875	+8.9%
Equity ratio %	27.7	29.7	n/a
Net debt to equity ratio	1.77	1.53	n/a

Calculation of key financial ratios

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

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

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

KEY DEVELOPMENTS AND PROGRESS

SHAREHOLDER STRUCTURE

In May 2017, the Group's CEO, Mr. Jorma Jokela sold 329,500 shares in Ferratum at market price. 255,500 shares were sold to the J&W Global Fin-Tech Private Equity Fund managed by J&W Partners Co., Ltd and 74,000 shares to Danal Co., Ltd. The shares were sold by European Recruitment Company OÜ, an entity wholly owned by Mr. Jokela. Following the transaction, J&W Global Fin-Tech Private Equity Fund holds 373,817 shares, representing 1.72% of the total issued share capital of Ferratum.

In April 2017, Dorval Asset Management increased its shareholding to 1,105,012 shares, representing 5.09% of the total issued share capital of Ferratum as of 30 June 2017.

Jorma Jokela continues to hold, directly and indirectly, 12,087,970 shares as of 30 June 2017, which represents 55.37% of the total issued share capital of Ferratum.

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

MANAGEMENT AND CONTROL

Christopher Wang was elected as a new member to the Board of Directors of Ferratum Group at the Annual General Meeting of Ferratum Oyj on 4 May 2017. Mr. Wang is a Managing Partner at J&W Partners Co. Ltd, a private equity firm based in Seoul, South Korea which Mr. Wang co-founded in 2014. The firm's professionals have particular interest and expertise in the financial sector (traditional and fintech) with financial and business networks throughout the Asia-Pacific region.

PRODUCT AND COUNTRY LAUNCHES

In Q2 2017, Ferratum launched its new loan product "Primeloan" and expanded into new markets with existing products.

Primeloan, launched in May 2017 in Finland, is an unsecured personal loan with amounts of EUR 3,000 to EUR 20,000 and lending terms of 1 to 10 years. The product uses a new risk model which links pricing to the risk profile of the customer.

In Brazil, Ferratum entered the consumer lending market in May 2017. Ferratum has established a subsidiary in São Paulo, which initially focuses on Credit Limit, the flexible revolving credit product that Ferratum already offers in 10 markets internationally. Credit Limit in Brazil is available in credit limits up to BRL 3,000 (EUR 850) for consumers.

Ferratum Business was introduced in the UK in June 2017. Ferratum Business provides fast, easy working capital loans of up to £50,000 to small and medium sized enterprises ("SMEs") in the UK for periods of between 6 and 12 months.

In June 2017, the Mobile Bank was launched in France and Spain, two of Europe's largest retail banking markets. The introduction of Ferratum's Mobile Bank in these two important markets brings the total number of countries where the Mobile Bank is currently available to five, following its launch in Germany, Sweden and Norway in 2016. As of 30 June 2017, customer deposits have reached EUR 121.2 million.

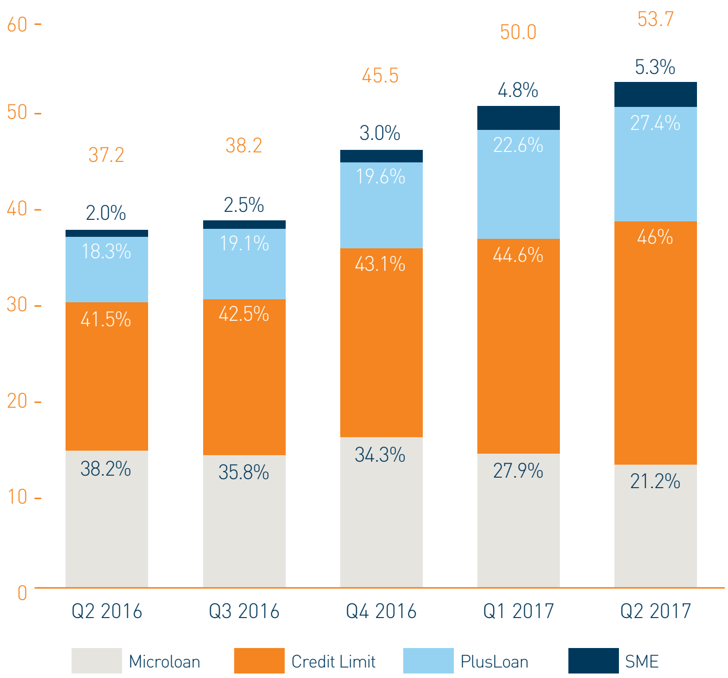
OPERATIONAL DEVELOPMENTS

In order to maintain profitable growth as Ferratum continues to innovate its product range and enter new markets, the Group has undertaken a number of restructuring initiatives to ensure that the Group's management structure, IT infrastructure, customer systems and processes remain resilient and scalable for international growth. Accordingly, Ferratum has taken steps to standardize and centralize its customer service, collection and back office functions. The functions for 14 countries have already been centralized in our Malta operations, where Ferratum Bank p.l.c. holds its banking license, and most of the 10 remaining countries of operation will follow by the end of 2017. The centralization programme covers both mobile banking and traditional lending customer services and yields a range of group-wide cost and efficiency benefits, such as the streamlining of resources, harmonization and standardization of processes, adoption of common key performance indicators across regions and cost reductions that avoid the duplication of country practices. The centralization programme is a key strategic initiative intended to protect and improve customer satisfaction throughout our network by delivering the same high standards of service and response, wherever and whenever our customers are using Ferratum's products.

EARNINGS PERFORMANCE

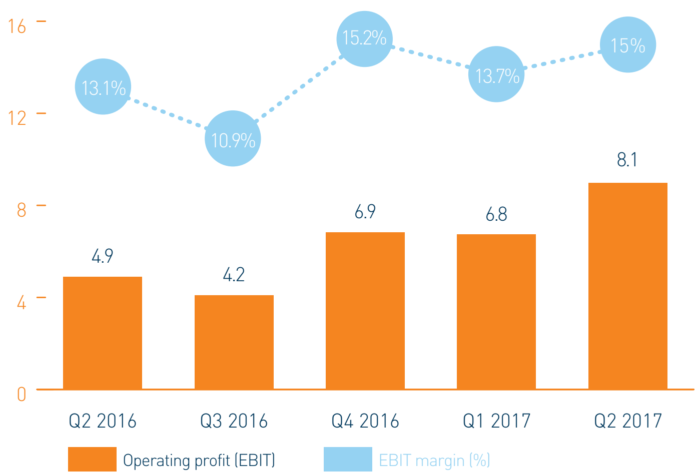
The first six months of 2017 have seen Ferratum build on the momentum and performance that the Group delivered in 2016. Group revenue was up 47.3% y-o-y to EUR 103.7 million (H1 2016: 70.4 million). Ferratum's premium, higher margin products such as PlusLoan and Credit Limit represent an increasing proportion of Group revenues, together accounting for 73.4% of Group revenue for H1 2017 (H1 2016: 67.2%) a validation of the Group's strategy of using Microloans as a 'beachhead' to understand customer behaviour and needs before launching higher margin products as Ferratum's brand and reputation becomes established in each market. Lending to SMEs continues to show rapid growth, with Ferratum Business volumes increasing by 320% y-o-y to EUR 5.5 million for H1 2017. The number of active and former customers increased by 24.2% y-o-y to 1.73 million as of 30 June 2017. Operating profit (EBIT) grew in line with revenue increasing by 48.3% y-o-y to EUR 14.9 million. The foreign exchange gain of EUR 842,000 in Q1 2017 was partly offset by a currency loss of EUR 473,000 in Q2 2017 resulting in a H1 2017 net gain of EUR 369,000. This meant that profit before tax (EBT) for H1 2017 continued to grow by more than EBIT for the period.

REVENUE



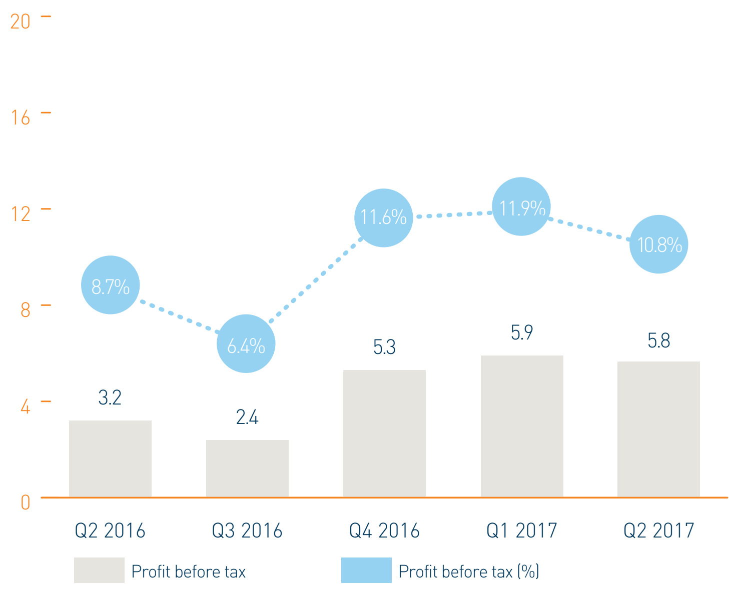
- Revenue in H1 2017 was up 47.3% y-o-y to EUR 103.7 million (H1 2016: 70.4 million)
- Revenue growth of 7.4% in Q2 2017 compared to Q1 2017
- Revenue share of Microloan decreased from 38.2% to 21.2% y-o-y
- Revenue share of PlusLoan increased from 18.3% to 27.4% y-o-y
- Revenue share of Credit Limit increased from 41.5% to 46.0% y-o-y
- Revenue share of SME loans increased from 2% to 5.3% y-o-y

OPERATING PROFIT (EBIT)



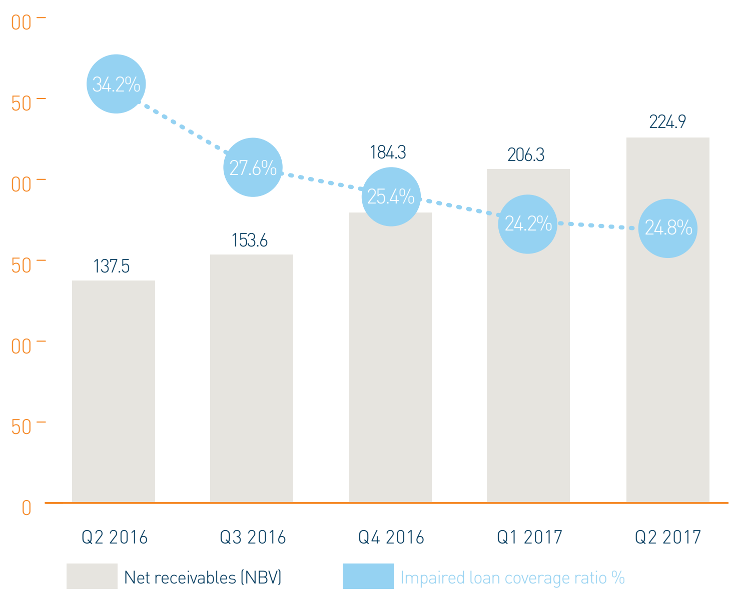
- EBIT in H1 2017 increased by 48.3% y-o-y to EUR 14.9 million
- Impairments on loans showed an increase by 60.4% y-o-y up to EUR 35.9 million in line with expectations
- Quarterly EBIT margin of 15.0% in Q2 2017
- Personnel expenses grew by 46.4% y-o-y to EUR 16.7 million, largely in line with revenue growth
- Selling and marketing expenses increased (+18.1% y-o-y to EUR 15.9 million) and lending costs (+29.6% y-o-y to EUR 4.8 million) both increased at a slower rate than revenue
- Expenses according IFRS2 (share based payments, see note 5) increased in H1 2017 to EUR 688,000 (H1 2016: EUR 177,000) and reflect the calculated benefit of options granted to employees. None of these options have vested yet. The first options under this scheme will vest in 2019

PROFIT BEFORE TAX (EBT)



- EBT growth in H1 2017 increased 67.7% y-o-y to EUR 11.8 million, supported by moderate currency gains of EUR 0.37 million included in finance income
- Net finance costs almost stable at EUR 3.18 million (H1 2016: EUR 3.06 million) due to FX gains of EUR 369,000 in H1 2017 compared to FX Losses of EUR 741,000 in H1 2016
- Quarterly EBT margin of 10.8% in Q2 2017

LOANS TO CUSTOMERS



- Net receivables up 22.0% to EUR 224.9 from EUR 184.3 million at the year end 2016
- Loan coverage ratio decreased from 25.4% as of 31 December 2016 to 24.8% as of 30 June 2017 due to improvements in portfolio quality

TREASURY UPDATE

Net receivables from customers grew by 22.0% to EUR 224.9 from EUR 184.3 million at the year end 2016. The loan coverage ratio decreased from 25.4% as of 31 December 2016 to 24.8% as of 30 June 2017.

Ferratum ended the reporting period with a strong cash position of EUR 79.4 million (30 June 2016: EUR 73.1 million).

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

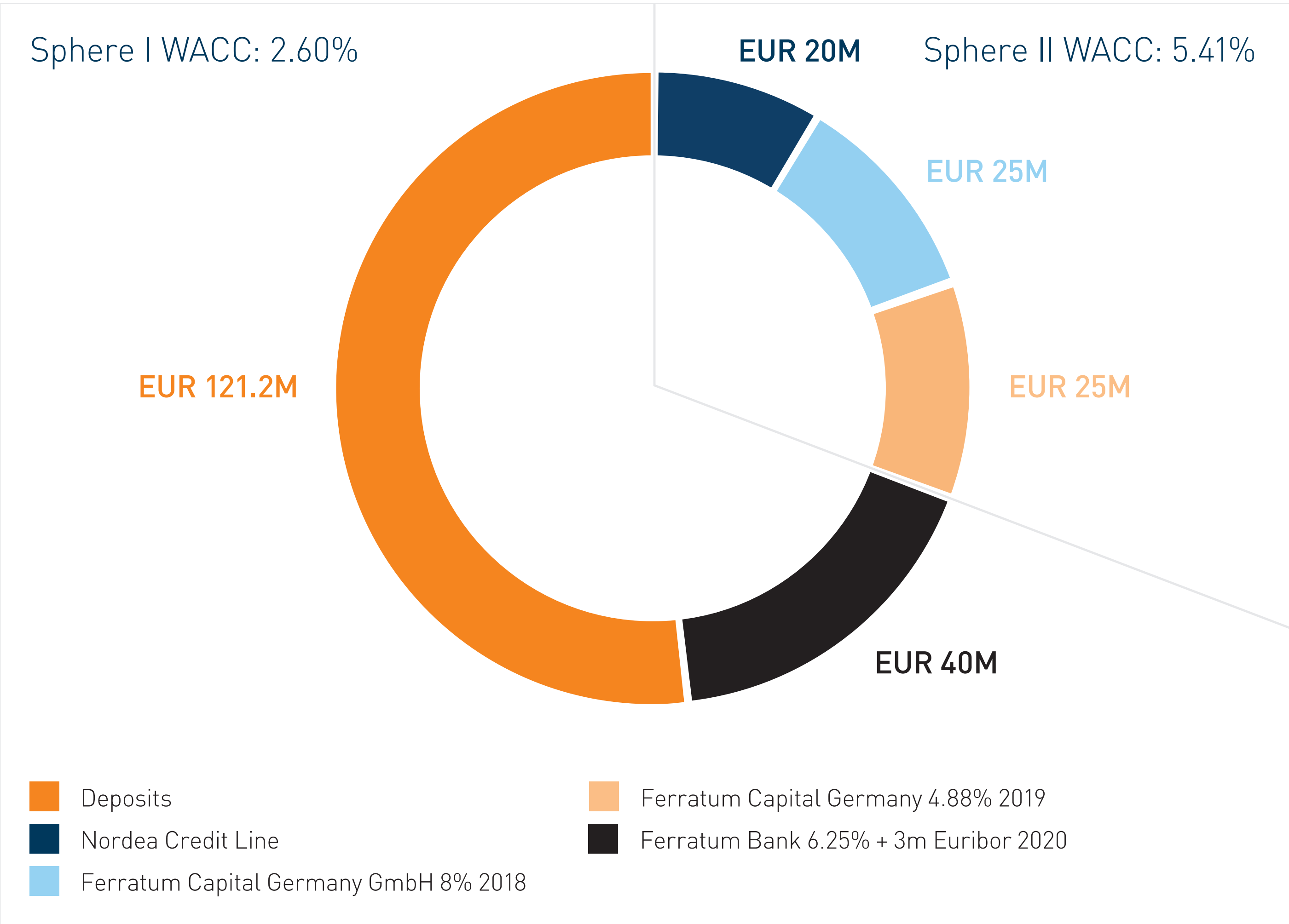
The net proceeds from the tap issue are intended to be used for the general corporate purposes of Ferratum Bank p.l.c.

By offering deposit products in Germany, France, Spain, Sweden and Norway, Ferratum is diversifying its funding base. In the first half of 2017, the deposit volume increased to EUR 121.2 million (31 December 2016: EUR 101.4 million). Besides the strong cash position, the Group had unused credit lines amounting to EUR 15 million as at 30 June 2017.

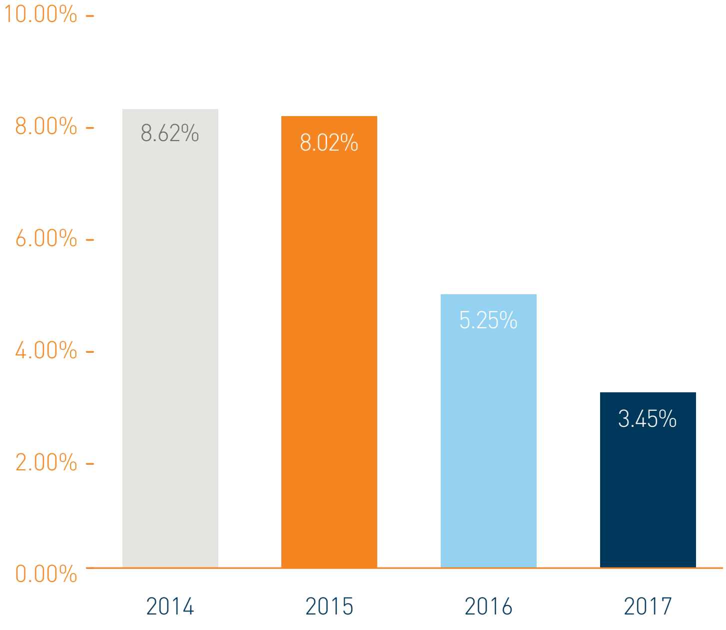
Ferratum's group rating of BBB+ was confirmed by Creditreform AG during March 2017 in its regular annual review. Bonds issued in 2013 and 2016 by Ferratum Capital Germany GmbH are rated BBB+.

The foreign exchange risk, mainly arising from fluctuations of the Polish Zloty and Swedish Krona against the Euro, has been managed by using derivative instruments.

SPHERE I/II FINANCING SPLIT Q1 2017



WEIGHTED AVERAGE COST OF FUNDING



CUSTOMER BASE

	Jan - Jun 2017	Jan – Jun 2016	Growth in %
Active/former customers	1,725,244	1,388,603	24.2%
New customers	163,557	157,061	4.1%

SUBSEQUENT EVENTS

In July 2017, Ferratum P2P was launched in Finland. The open peer-to-peer (P2P) platform allows private investors to invest in loan portfolios of Ferratum. Ferratum launched its P2P platform in the Czech Republic in 2016.

Ferratum P2P will be seamlessly integrated in the Mobile Bank platform, allowing banking customers to manage their Ferratum P2P investments across devices.

Also in July 2017, Ferratum Capital Germany GmbH, a subsidiary of Ferratum Oyj, has issued a EUR 20 million senior unsecured bond, following a successful private placement with institutional investors in Germany and Poland. The bond has a coupon of 4 per cent per annum and matures on 21 October 2018. The bond is listed on the Frankfurt Stock Exchange (Open Market). The proceeds from the new bond will principally be used to finance Ferratum's fast growing lending activities globally. The proceeds may also be used for general corporate purposes.

PERSONNEL

At the end of June 2017 Ferratum Group employed 801 persons compared with 692 persons at the end of 2016.

RISK FACTORS AND RISK MANAGEMENT

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

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

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

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

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

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

Market risks arise from open positions in interest rate and currency products. They are managed by the central treasury department, which is also responsible for Group cash flow planning and ensures the necessary liquidity level for all Group entities. Ferratum uses derivative financial instruments to hedge certain risk exposures (see note 3: Financial Risk Management).

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

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

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

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

		6 months ended 30 June	
EUR '000	Note	2017	2016
Revenue		103,730	70,428
Other income		20	16
Impairments on loans		(35,899)	(22,374)
Operating expenses:			
Personnel expenses	5	(16,677)	(11,394)
Selling and marketing expenses		(15,872)	(13,439)
Lending costs		(4,786)	(3,693)
Other administrative expenses		(1,510)	(922)
Depreciations and amortization		(1,338)	(807)
Other operating expenses	6	(12,726)	(7,739)
Operating profit		**14,942**	**10,075**
Finance income	7	643	-
Finance costs	8	(3,822)	(3,061)
Finance costs – net		(3,179)	(3,061)
Profit before income tax		**11,763**	**7,014**
Income tax expense		(1,761)	(842)
Profit for the period		**10,002**	**6,172**
Earnings per share, basic	9	0.46	0.29
Earnings per share, diluted	9	0.46	0.29
Profit attributable to:			
– owners of the parent company		10,002	6,172
– non-controlling interests (NCI)		0	0

CONSOLIDATED INCOME STATEMENT QUARTERLY OVERVIEW

EUR '000	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Revenue	53,722	50,009	45,483	38,218	37,215	33,213
Other income	7	13	(49)	97	8	8
Impairments on loans	(18,719)	(17,180)	(12,732)	(12,858)	(12,826)	(9,548)
Operating expenses:						
Personnel expenses	(8,759)	(7,918)	(7,090)	(6,277)	(6,036)	(5,358)
Selling and marketing expenses	(7,994)	(7,877)	(8,928)	(7,551)	(6,715)	(6,724)
Lending costs	(2,406)	(2,380)	(2,200)	(2,108)	(1,921)	(1,772)
Other administrative expenses	(802)	(708)	(748)	(535)	(457)	(465)
Depreciations and amortization	(672)	(667)	(242)	(497)	(422)	(385)
Other operating expenses	(6,285)	(6,441)	(6,583)	(4,333)	(3,964)	(3,775)
Operating profit	**8,093**	**6,849**	**6,911**	**4,156**	**4,882**	**5,193**
Financial income	(322)	965	113	49	(0)	0
Finance costs	(1,954)	(1,868)	(1,752)	(1,762)	(1,661)	(1,401)
Finance costs – net	(2,276)	(903)	(1,639)	(1,713)	(1,661)	(1,400)
Profit before income tax	**5,817**	**5,946**	**5,272**	**2,443**	**3,221**	**3,792**
Income tax expense	(869)	(892)	(633)	(293)	(387)	(455)
Profit for the period	**4,948**	**5,054**	**4,639**	**2,150**	**2,835**	**3,337**
Profit attributable to:						
– owners of the parent company	4,948	5,054	4,639	2,150	2,835	3,337
– non-controlling interests (NCI)	0	0	0	0	0	0

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

6 months ended 30 June

EUR '000	Note	2017	2016
Profit for the period		10,002	6,172
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Translation difference		(300)	(689)
Total items that may be subsequently reclassified to profit or loss		(300)	(689)
Total comprehensive income		**7,002**	**5,483**
Allocation of total comprehensive income to:			
– owners of the parent company		7,002	5,483
– non-controlling interests (NCI)			

The notes 1 - 16 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME QUARTERLY OVERVIEW

EUR '000	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Profit for the period	4,948	5,054	4,639	2,150	2,835	3,337
Other comprehensive income items that may be subsequently reclassified to profit or loss						
- translation differences	(355)	55	(117)	(159)	(104)	(585)
Total items that may be subsequently reclassified to profit or loss	(355)	55	(117)	(159)	(104)	(585)
Total comprehensive income	**4,593**	**5,109**	**4,522**	**1,990**	**2,730**	**2,752**
Allocation of total comprehensive income to:						
- owners of the parent company	4,593	5,109	4,522	1,990	2,730	2,752
- non-controlling interests	0	0	0	0	0	0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR '000	Note	30 Jun 2017	31 Dec 2016
Assets			
Non-current assets			
Property, plant and equipment		2,851	2,761
Intangible assets		14,994	12,736
Government stocks	3.3	11,246	11,450
Deferred income tax assets		3,648	3,480
Total non-current assets		**32,739**	**30,426**
Current assets			
Accounts receivable - loans to customers	10	224,939	184,346
Other receivables		7,255	7,298
Income tax assets		486	555
Cash and cash equivalents (excluding bank overdrafts)		79,397	73,059
Total current assets		**312,077**	**265,257**
Total assets		**344,816**	**295,683**
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	11	40,134	40,134
Treasury shares	11	(142)	(142)
Reserves	11	(1,201)	(1,202)
Unrestricted equity reserve	11	14,708	14,708
Retained earnings		42,177	34,377
Total equity		**95,675**	**87,875**
of which related to non-controlling interests			
Liabilities			
Non-current liabilities			
Borrowings	12	88,917	72,246
Other payables		-	-
Deferred income tax liabilities		-	-
Total non-current liabilities		**88,917**	**72,246**
Current liabilities			
Income tax liabilities	13	1,973	1,143
Deposits from customers	3.1, 3.3	121,157	101,436
Borrowings	12	20,276	18,469
Trade payables	13	6,587	4,958
Other current liabilities	13	10,229	9,557
Total current liabilities		**160,224**	**135,563**
Total liabilities		**249,141**	**207,809**
Total equity and liabilities		**344,816**	**295,683**

CONSOLIDATED STATEMENT OF CASH FLOW

EUR '000	6 months ended 30 June 2017	2016*
Cash flows from operating activities		
PROFIT/LOSS FOR THE PERIOD	10,002	6,172
Adjustments for:		
Depreciation and amortization	1,338	807
Finance costs, net	3,179	3,061
Tax on income from operations	1,761	842
Transactions without cash flow	688	(466)
Impairments on loans	35,899	22,374
Working capital changes:		
Increase (-) / decrease (+) in other receivables	676	(3,350)
Increase (+) / decrease (-) in trade payables and other liabilities	1,768	3,414
Interest paid	(3,309)	(457)
Interest received		5
Other financing items	680	(10)
Income taxes paid	(1,076)	(384)
Net cash from operating activities before movements in loan portfolio and deposits received	**51,605**	**32,009**
Deposits received	19,722	29,886
Movements in the portfolio:		
Movements in gross portfolio	(52,024)	(53,069)
Fully impaired portfolio write-offs	(24,469)	0
Net cash from operating activities	**(5,165)**	**8,826***
Cash flows from investing activities		
Purchase of tangible and intangible assets	(3,699)	(4,229)
Proceeds from sale of tangible and intangible assets		
Purchase of investments and other assets	(466)	
Net cash used in investing activities	**(4,164)**	**(4,229)**

*restated: the amount of Deposits received was reclassified from Net cash flow from financing activities to Net cash flow from operating activities

CONSOLIDATED STATEMENT OF CASH FLOW (CONT.)

6 months ended 30 June

Cash flows from financing activities	2017	2016*
Proceeds from share issue		
Expenses related to share issue		
Proceeds from short-term borrowings	20,000	134*
Repayment of short-term borrowings	(18,133)	
Proceeds from long-term borrowings	15,375	23,284
Repayment of long-term borrowings		(2,821)
Dividends paid / distribution of funds	(2,589)	(2,158)
Net cash used in financing activities	**14,653**	**18,439***
Net increase/decrease in cash and cash equivalents	**5,323**	**23,036**
Cash and cash equivalents at the beginning of the period	73,059	17,452
Exchange gains/(losses) on cash and cash equivalents	1,015	(1,084)
Net increase/decrease in cash and cash equivalents	5,323	23,036
Cash and cash equivalents at the end of the period	**79,397**	**39,403**

*restated: the amount of Deposits received was reclassified from Net cash flow from financing activities to Net cash flow from operating activities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Changes in equity Jan – Jun 2016, EUR '000	Share capital	Treasury shares	Unrestricted equity reserve	Other reserves
Opening balance Jan. 1, 2016 (audited)	**10,134**	**(142)**	**44,708**	**9**
Comprehensive income				
Profit or loss				
Other comprehensive income				
Currency translation difference:				
Total comprehensive income				
Transactions with owners				
Increase of share capital	30,000		(30,000)	
Distribution of funds				
Share-based payments				
Other changes				
Total transactions with owners	**30,000**		**(30,000)**	
Total equity Jun. 30, 2016 (unaudited)	**40,134**	**(142)**	**14,708**	**9**

Changes in equity Jan – Jun 2017, EUR '000	Share capital	Treasury shares	Unrestricted equity reserve	Other reserves
Opening balance Jan. 1, 2017 (audited)	**40,134**	**(142)**	**14,708**	**544**
Comprehensive income				
Profit or loss				
Other comprehensive income				
Currency translation difference:				
Total comprehensive income				
Transactions with owners				
Distribution of funds				
Transfers between items				173
Share-based payments				
Other changes				
Total transactions with owners				**173**
Total equity Jun. 30, 2017 (unaudited)	**40,134**	**(142)**	**14,708**	**717**

Translation differences	Retained earnings	Equity holders of parent	NCI	Total equity
(646)	**23,577**	**77,638**	**0**	**77,638**
	6,172	6,172	0	6,172
(1,407)	718	(689)	0	(689)
(1,407)	**6,890**	**5,483**	**0**	**5,483**
	(2,158)	(2,158)	0	(2,158)
	177	177	0	177
	(1,981)	**(1,981)**	**0**	**(1,981)**
(2,053)	**28,486**	**81,141**	**0**	**81,141**

Translation differences	Retained earnings	Equity holders of parent	NCI	Total equity
(1,746)	**34,377**	**87,875**	**0**	**87,875**
	10,002	10,002	(0)	10,002
(173)	(127)	(300)	0	(300)
(173)	**9,875**	**9,702**	**0**	**9,702**
	(2,589)	(2,589)	0	(2,589)
	(173)	0	0	-
	688	688	0	688
		-	-	-
	(2,075)	**(1,901)**	**0**	**(1,901)**
(1,919)	**42,177**	**95,675**	**0**	**95,675**

1. GENERAL INFORMATION

Ferratum Group is one of the leading providers of mobile consumer loans globally. It is an independent Group and does not belong to any other Group in the financial or commercial sector. Ferratum Group operates under generally accepted ethical principles, is one of the leading players in developing the credibility of mobile consumer lending and common industry processes, and 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These condensed interim financial statements for the six months ended 30 June 2017 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 2016, 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. The interim period income taxes for the six months period ended 30 June 2017 have been accrued based on estimated annual effective income tax rate of 15% for Ferratum Group.

The preparation of financial statements pursuant to IFRS requires management to make certain critical accounting estimates. The application of the company's accounting policies also requires that management makes assumptions and exercises its judgment in the process of applying the Group's accounting policies. These assumptions and estimates affect the amounts reported of assets and liabilities, income and expenses. Actual results may diverge from these estimates. In preparing this set of financial statements, the material judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2016.

2.2 IMPAIRMENT OF FINANCIAL ASSETS

At the end of each reporting period, Ferratum Group assesses whether there are objective evidences indicating that a financial asset or a 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 amortized cost

The criteria that Ferratum Group uses to determine objective evidences indicating impairment loss include:

(a) significant financial difficulty of the issuer or obligor;

(b) 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 a concession to the borrower 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 evidences indicating impairment exist 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 there are no objective evidences of impairment 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, recognized 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 recognized through profit or loss.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (that consider asset type, past-due status and other relevant factors based on the Group's grading process). Each entity of Ferratum Group tracks its historical data of collected amounts and unpaid amounts on receivables. These characteristics are relevant for the estimation of future cash flows for groups of such assets since they are indicative of the debtors' ability to pay all due amounts according to the contractual terms of the assets being evaluated.

The provisions for impairment of loan receivables are recognized in the financial statements based on historical trends and a collective assessment of groups of microloans with similar credit risk characteristics. When receivables are impaired, the respective receivables carrying amount is reduced to its recoverable amount. Impairment losses are recognized through an allowance account for the purpose of reducing 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 recognized the impairment loss previously recognized is reversed by adjusting the allowance account through profit or loss for the year. When the loans have been 100% impaired, 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 program focuses on the unpredictability of financial markets and seeks to minimize 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, whose function is, however, carried out by all of the members of the Group's management.

(a) Credit risk

Ferratum Group takes on exposure to credit risk, which is the risk that a 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 analyzed by class and IAS 39 categorization, reflecting the maximum exposure to credit risk before collateral held or other credit enhancements, are as follows:

EUR '000	30 Jun 2017	31 Dec 2016
Loans and receivables:		
Cash and cash equivalents (i)	79,397	73,059
Accounts receivable - loans to customers	224,939	184,346
Other receivables	7,255	7,298
	311,591	**264,702**

(i) The balance is broadly diversified with over 200 bank accounts in 25 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 on 30 June 2017, and 31 December 2016, 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 are steered centrally by the risk team. Measuring and monitoring the performance of the countries' credit portfolio's actual risk KPIs 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 with 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 repeat customers. Based on the credit score obtained, customers are grouped into risk classes that determine the possible credit decision.

Ferratum Group calculates reserving needs centrally for Group accounting purposes and also supports subsidiaries in calculating their local reserving requirements. The reserving requirements are calculated based on the 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 are 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 are the risks 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, recognized 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. On 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 a result of intra-group borrowings, main foreign exchange risk arises from the Polish zloty. On 30 June 2017, if the 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 2,162,000 higher/lower, mainly as a result of foreign exchange gains/losses on intra group borrowings (2016: EUR 1,110,000).

Based on the various scenarios, the Group occasionally manages its cash flow foreign exchange risk by using foreign exchange swaps and futures contracts. As per 30 June 2017, part of the foreign exchange risk arising from the net assets denominated in Polish zloty (PLN) was hedged by using a PLN-EUR foreign exchange futures contracts. The futures contract's nominal value was EUR 30,367,000, covering 58% of the Group's net assets denominated in Polish zloty.

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. These expose Ferratum Group to cash flow interest rate risk which is partially offset by having a short term loan portfolio as a 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. During the six months ended 30 June 2017, and the year ended 31 December 2016, Ferratum Group's borrowings at a variable rate were denominated in EUR.

EUR '000	30 Jun 2017	31 Dec 2016
Fixed interest rate borrowings	49,142	62,002
Variable interest rate borrowings	60,052	28,712
Total borrowings	**109,194**	**90,714**

Ferratum Group analyzes 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 30 June 2017, part of the interest rate risk arising from the credit line from Nordea was hedged using a floating-to-fixed interest rate swap. The swap's nominal value was EUR 5,000,000 covering 8% of the Group's variable rate borrowings. Interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

On 30 June 2017, if interest rates on 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 600,000 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 and aggregated by Ferratum Group finance. Ferratum Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure that 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, currency restrictions, for example. Surplus cash held by the operating entities over and above the balance required for working capital management is 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. On the reporting date, the Group had unused credit lines amounting to EUR 15 million.

Ferratum Group has entered into one factoring agreement in Finland, whereby a portfolio of loan receivables is transferred to a counterparty against a cash payment. The risks and benefits related to the transferred assets are not, however, transferred given that the Group has a repurchase obligation in case of the 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 recognized.

The repayment schedule for financial liabilities as of 30 June 2017, including future interest payments, is as follows. Variable interest payments are estimated based on the spot interest rate level on the balance sheet date. The amounts are undiscounted.

30 Jun 2017	Less than 12 months	Between 1-2 years	Between 2-5 years	Over 5 years
Bank borrowings	20,299			
Interest	600			
Bonds issued		25,000	65,375	
Interest	5,609	4,275	1,792	
Deposits from customers	121,157			
Interest	1,806			
Derivatives	355	33	33	
Trade payables and other current liabilities	16,816			
	166,642	**29,308**	**67,201**	**0**

31 Dec 2016	Less than 12 months	Between 1-2 years	Between 2-5 years	Over 5 years
Bank borrowings	358			
Interest	36			
Bonds issued	18,148	25,000	50,000	
Interest	4,874	4,368	2,463	
Deposits from customers	101,436			
Interest	1,535			
Derivatives	91	45	45	
Trade payables and other current liabilities	14,515			
	140,993	**29,413**	**52,508**	**0**

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 the six months ended 30 June 2017, Ferratum Group's strategy, which was unchanged from 2016, was to maintain the gearing ratio below 3.

Net debt to equity ratio	30 Jun 2017	31 Dec 2016
Total liabilities	249,141	207,809
Less: cash and cash equivalents	79,397	73,059
Net debt	169,744	134,750
Total equity	95,675	87,875
Net debt to equity ratio	**1.77**	**1.53**

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 on 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, EUR '000	30 Jun 2017	30 Jun 2017	31 Dec 2016	31 Dec 2016	Level of fair value measurement
	Carrying value	**Fair value**	**Carrying value**	**Fair value**	
Financial assets					
Items recognized at amortized cost					
Government stocks	11,246	11,246	11,450	11,450	Level 1
Items recognized at fair value through profit and loss					
Foreign exchange derivative					Level 2
Financial liabilities					
Items recognized at amortized cost					
Loans from financial institutions	20,299	20,299	358	358	Level 3
Bonds	88,895	93,561	90,356	92,403	Level 1
Deposits from customers	121,157	121,157	101,436	101,436	Level 3
Items recognized at fair value through profit and loss					
Foreign exchange derivative	322	322	46	46	Level 2
Interest derivative	100	100	136	136	Level 2

The fair value of foreign exchange and interest derivatives 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 Group would get the loan on the reporting date. These are categorized within level 3, given that credit spread is a significant unobservable input based on management's estimation.

Carrying values for the Group's loans and receivables and trade and other short term liabilities are a reasonable approximation of their fair value and accordingly, fair value is not presented.

4. SEGMENT INFORMATION

Operating segments are based on the major product types provided by Ferratum: Microloan, PlusLoan, Credit Limit, Ferratum Business (SME) and other (Mobile Bank, FerBuy and Ferratum P2P).

Non-directly attributable costs are allocated according the share in revenue and finance costs are allocated according the portfolio size of related types of products, i.e. their share in total accounts receivable - loans to customers.

4.1 BUSINESS SEGMENTS IN H1 2017

EUR '000	Microloan**	PlusLoan**	Credit Limit	SME	Other*	Total
Revenue	21,995	28,446	47,720	5,518	52	103,730
Share in Revenue, %	21.2	27.4	46.0	5.3	0.1	100.0
Directly attributable costs:						
Impairments	(11,937)	(10,655)	(11,806)	(1,238)	(263)	(35,899)
Marketing	(1,308)	(4,484)	(8,552)	(1,375)	(154)	(15,872)
Attributable Product Margin	**8,750**	**13,308**	**27,362**	**2,904**	**(364)**	**51,960**
Attributable Product Margin, %	39.8	46.8	57.3			
Non-directly attributable costs:						
Personnel expenses	(3,383)	(4,375)	(7,339)	(849)	(731)	(16,677)
Lending costs	(1,015)	(1,313)	(2,203)	(255)	-	(4,786)
Other administrative expenses	(278)	(359)	(603)	(70)	(201)	(1,510)
Depreciation and amortization	(202)	(261)	(437)	(51)	(388)	(1,338)
Other operating income and expenses	(2,411)	(3,118)	(5,231)	(605)	(1,342)	(12,706)
Total Non-directly attributable costs	**(7,289)**	**(9,426)**	**(15,813)**	**(1,828)**	**(2,661)**	**(37,018)**
Operating profit	**1,461**	**3,881**	**11,549**	**1,076**	**(3,026)**	**14,942**
Gross Product Margin, %	6.6	13.6	24.2			
Unallocated finance income						643
Finance expenses	(550)	(1,023)	(1,820)	(418)	(6)	(3,817)
Unallocated finance expense						(5)
Finance costs, net	(550)	(1,023)	(1,820)	(418)	(6)	(3,179)
Profit before income tax	**911**	**2,859**	**9,729**	**658**	**(3,032)**	**11,763**
Net Product Margin, %	4.1	10.1	20.4			
Accounts receivable – loans to customers	32,412	60,258	107,268	24,618	367	224,922
Unallocated assets						119,877
Unallocated liabilities						249,141

*Includes Mobile Bank, FerBuy and Ferratum P2P and Primeloan

**Multipart loans in Netherlands have been launched in Q4 2016 and initially classified as Microloans have been reclassified in Q2 2017 from Microloans to PlusLoans according to the further development of the product and the management structure.

4.2 BUSINESS SEGMENTS IN H1 2016

EUR '000	Microloan	PlusLoan	Credit Limit	SME	Other*	Total
Revenue	26,926	12,863	29,239	1,314	87	70,428
Share in Revenue, %	38.2%	18.3%	41.5%	1.9%	0.1%	100.0%
Directly attributable costs:						
Impairments	(10,447)	(4,235)	(7,262)	(318)	(113)	(22,374)
Marketing	(2,858)	(3,065)	(6,359)	(646)	(510)	(13,439)
Attributable Product Margin	**13,620**	**5,563**	**15,618**	**350**	**(536)**	**34,614**
Attributable Product Margin, %	50.6%	43.2%	53.4%			
Non-directly attributable costs:						
Personnel expenses	(4,212)	(2,012)	(4,574)	(206)	(391)	(11,394)
Lending costs	(1,414)	(675)	(1,535)	(69)	-	(3,693)
Other administrative expenses	(347)	(166)	(377)	(17)	(14)	(922)
Depreciation and amortization	(209)	(100)	(227)	(10)	(262)	(807)
Other operating income and expenses	(2,525)	(1,206)	(2,742)	(123)	(1,127)	(7,723)
Total Non-directly attributable costs	**(8,707)**	**(4,159)**	**(9,454)**	**(425)**	**(1,795)**	**(24,540)**
Operating profit	**4,914**	**1,404**	**6,164**	**(75)**	**(2,331)**	**10,075**
Gross Product Margin, %	18.2%	10.9%	21.1%			
Unallocated finance income						
Finance expenses	(496)	(577)	(979)	(104)	(8)	(2,164)
Unallocated finance expense	-	-	-	-	-	(898)
Finance costs, net	(702)	(816)	(1,385)	(148)	(11)	(3,061)
Profit before income tax	**4,212**	**587**	**4,779**	**(223)**	**(2,342)**	**7,014**
Net Product Margin, %	15.6%	4.6%	16.3%			
Accounts receivable – loans to customers	31,503	36,661	62,168	6,634	487	137,453
Unallocated assets						60,469
Unallocated liabilities						116,781

*Includes Mobile Bank, FerBuy and Ferratum P2P

4.3 REVENUE DOMESTIC

EUR '000	Jan – Jun 2017	Jan – Jun 2016
Revenue, international	83,883	54,543
Revenue, domestic	19,847	15,885
Total revenue	**103,730**	**70,428**

4.4 REVENUE OF BUSINESS SEGMENTS GEOGRAPHICALLY

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

EUR '000	Jan – Jun 2017	Jan – Jun 2016
Region 1 Finland, Sweden, Denmark, Norway	40,725	27,706
Region 2 Netherlands, UK, New Zealand, Australia, Canada	21,480	10,996
Region 3 Estonia, Latvia, Lithuania, Poland, Czech, Slovakia, Russia	26,513	21,815
Region 4 Brazil, Bulgaria, Romania, Croatia, Spain, Germany, France, Mexico	15,013	9,911
Total revenue	**103,730**	**70,428**

5. PERSONNEL EXPENSES

EUR '000	Jan – Jun 2017	Jan – Jun 2016
Salaries and other employee benefits (incl. bonuses)	(12,389)	(8,439)
Employee pension expenses	(432)	(337)
Other personnel expenses	(3,168)	(2,441)
Share-based payments equity settled*)	(688)	(177)
Total personnel expenses	**(16,677)**	**(11,394)**

*) According to IFRS 2 (Share-based payment) certain expenses need to be recorded in the income statement as equity settled share-based payments. These expenses reflect the calculated benefit of options granted to key employees. New employee option plans were introduced in April and August 2015 as well in April and December 2016, designed to provide long-term incentives for key management and employees to deliver long-term shareholder returns and increase their commitment to the company. Under the plans, participants are granted options with a defined fixed exercise price which only vest if the EBITDA in the audited consolidated statements under IFRS of the company has grown by an average of 25% a year during the four financial years prior the commencement of the exercising period of the options. Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each option may be converted into one ordinary share.

The share subscription price for each option shall be EUR 11.90, which constitutes 70% of the initial public offering price of the company's share on Frankfurt Stock Exchange on February 6, 2015. The fair value is independently determined using the Black and Scholes model, taking into consideration the terms and conditions of the grant.

6. OTHER OPERATING EXPENSES

EUR '000	Jan – Jun 2017	Jan – Jun 2016
Rent and other office expenses	(1,899)	(1,582)
Travel expenses	(1,084)	(841)
Professional fees (excl. Audit)	(4,438)	(2,298)
Audit fees	(290)	(305)
Other expenses	(5,015)	(2,713)
Total other operating expenses	**(12,726)**	**(7,739)**

7. FINANCE INCOME

EUR '000	Jan – Jun 2017	Jan – Jun 2016
Interest income from cash and cash equivalents	232	0
Derivatives held for trading – net gain / (loss)	42	
Foreign exchange gain, realized	369	
Total finance income	**643**	**0**

8. FINANCE COSTS

EUR '000	Jan – Jun 2017	Jan – Jun 2016
Interest on borrowings	(3,630)	(2,164)
Derivatives held for trading – net gain / (loss)	(5)	(58)
Other finance expenses paid on borrowings	(187)	(98)
Foreign exchange loss on liabilities, realized	-	(741)
Total finance costs	**(3,822)**	**(3,061)**

9. 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 a dilutive impact on the earnings per share.

Diluted earnings per share are calculated by adjusting the weighted average number of all shares to assume conversion of all options granted to employees. Options are considered to be potential ordinary share since each option may be converted into one ordinary share.

EUR '000	Jan – Jun 2017	Jan – Jun 2016
Profit for the reporting period attributable to owners of the parent	10,002	6,172
Weighted average number of ordinary shares in issue	21,578	21,578
Diluted weighted average number of ordinary shares in issue	21,679	21,668
Earnings per share, basic	**0.46**	**0.29**
Earnings per share, diluted	**0.46**	**0.29**

10. ACCOUNTS RECEIVABLE - LOANS TO CUSTOMERS

EUR '000	30 Jun 2017	31 Dec 2016
Accounts receivable - loans to customers (gross)	299,034	247,010
Less: provision for impairment of loan receivables	(74,095)	(62,664)
Accounts receivable - loans to customers (net)	**224,939**	**184,346**

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

EUR '000	30 Jun 2017				31 Dec 2016			
	GBV*	Provision for impairment	NBV**	ILCR***, %	GBV*	Provision for impairment	NBV**	ILCR***, %
Current	186,547	(8,836)	177,712	4.7	153,394	(7,309)	146,085	4.8
1-90 days due	25,742	(6,869)	18,874	26.7	20,683	(5,359)	15,324	25.9
91-180 days due	21,790	(9,620)	12,170	44.1	14,736	(6,597)	8,139	44.8
>181 days due	64,954	(48,770)	16,184	75.1	58,197	(43,400)	14,797	74.6
Total	**299,034**	**(74,095)**	**224,939**	**24.8**	**247,010**	**(62,664)**	**184,346**	**25.4**

*GBV = Gross book value
**NBV = Net book value
***Impaired loan coverage ratio

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

EUR '000	Jan - Jun 2017	Jan - Jun 2016
Provision for impairment on January 1	(62,664)	(49,131)
Impairments on loans	(35,899)	(22,374)
Amounts fully reserved and booked out	24,469	0
Provision for impairment on June 30	**(74,095)**	**(71,506)**

11. SHARE CAPITAL AND OTHER RESERVES AND DISTRIBUTIONS TO EQUITY HOLDERS OF THE PARENT

EUR '000	Number of shares	Share capital	Treasury share	Unrestricted equity reserve	Other reserves
On 1 Jan 2016	**21,723,960**	**10,134**	**(142)**	**44,708**	**(638)**
Increase of share capital		30,000		(30,000)	
Distribution of funds					
Currency translation differences					(1,099)
Transfers between items					535
On 31 Dec 2016	**21,723,960**	**40,134**	**(142)**	**14,708**	**(1,202)**
Increase of share capital					
Distribution of funds					
Currency translation differences					(173)
Transfers between items					174
On 30 Jun 2017	**21,723,960**	**40,134**	**(142)**	**14,708**	**(1,201)**

The cumulative translation differences of EUR -173,000 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 30 June 2017, Ferratum Group had 146,200 treasury shares in its possession which represent approximately 0.7% of the share capital and voting rights. No consideration is paid to the treasury shares in a distribution of equity.

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.

12. INTEREST BEARING LIABILITIES

EUR '000	30 Jun 2017	31 Dec 2016
Non-current interest bearing liabilities		
Bank borrowings	22	22
Bonds issued	88,895	72,224
Total non-current interest bearing liabilities	**88,917**	**72,246**
Current interest bearing liabilities		
Bank borrowings	20,276	335
Bonds issued		18,133
Deposits from customers	121,157	101,436
Total current interest bearing liabilities	**141,434**	**119,904**
Total interest bearing liabilities	**230,351**	**192,150**

13. CURRENT NON-INTEREST BEARING LIABILITIES

EUR '000	30 Jun 2017	31 Dec 2016
Current tax liabilities	1,973	1,143
Trade payables	6,587	4,958
Other current liabilities	10,229	9,557
Derivatives	484	182
Interest liabilities	2,160	1,627
Accrued employee expenses	2,445	1,700
Other current accrued liabilities on expenses, interest-free	5,140	6,048
Total current non-interest bearing liabilities	**18,790**	**15,659**

14. RELATED PARTY DISCLOSURE

Ferratum Group is controlled by Jorma Jokela, who owns 55.37% of the parent company's shares. The company also holds treasury shares.

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 – Jun 2017	Jan – Jun 2016
Purchase of services from related parties – Entity controlled by key management personnel	332	256
	332	**256**

The Group has business relationships with related party companies. The acquired services include administrative services, project management, advisory and consulting services, legal counselling, flight travel services and warehousing services. Related party transactions have been carried out on generally accepted market terms and they have been based on the market price of goods and services.

15. COMMITMENTS

EUR '000	30 Jun 2017	31 Dec 2016
Credit limit agreement		
Total amount of limits granted to Ferratum	35,111	35,111
Limit in use	20,000	0
Collateral on own debt		
Guarantees	90,000	99,648
Corporate pledge	20,000	20,000
Pledged subsidiary shares	11	11
Pledged investments	5	5
Operating lease		
Lease liabilities due within the next 12 months	1,314	508
Lease liabilities due after the next 12 months	410	245
Total operating lease liabilities	**1,724**	**753**

16. APPROVAL OF INTERIM REPORT

The Ferratum Group Interim Report (six months ended 30 June 2017) has been approved and submitted by the company's Management Board composed of:

Pieter van Groos
Transactions with related parties

Erik Ferm
Member of the Board

Jouni Hakanen
Member of the Board

Jorma Jokela
CEO, Member of the Board

Lea Liigus
Member of the Board

Juhani Vanhala
Member of the Board

Christopher Wang
Member of the Board

CONTACT PERSONS

Ferratum Group

Paul Wasastjerna
Head of Investor Relations

T: +358 (0)40 724 8247

F: +358 (0)20 741 1614

M: paul.wasastjerna@ferratum.com

Ferratum Group

Dr. Clemens Krause
CFO

T: +49 (0)30 88715 308

F: +49 (0)30 88715 309

Ferratum™

More than money to everyone

Ferratum Group

Ratamestarinkatu 11 A
00520 Helsinki, Finland

T: +358 (0)20 741 1611

F: +358 (0)20 741 1612

www.ferratumgroup.com