

QUARTERLY REPORT

2018

Q1-Q3

INVESDOR

Finance, let's dance.

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Dear Invesdor shareholders,

We're happy to bring you Invesdor Group's Q1–Q3 2018 report to its shareholders and other stakeholders.

The period, particularly the first half of the year, has been one of the busiest in terms of funding rounds in Invesdor's history. Invesdor was part of multiple high-profile fundraises where both retail investors and institutional investors were investing on the same financial terms, such as wave energy provider Wello and X-ray-enabled food safety company Mekitec.

During the Q1–Q3 period, we facilitated approximately 5,000 investments of a total value of €16.4 million. For comparison, in 2017 the corresponding numbers were €11.7 million and 4,400, respectively. Consequently, our revenue for the period nearly doubled from €640,000 in 2017 to €1.2 million in 2018. We're looking to end the last quarter with some

highly interesting offerings, both Finnish and international.

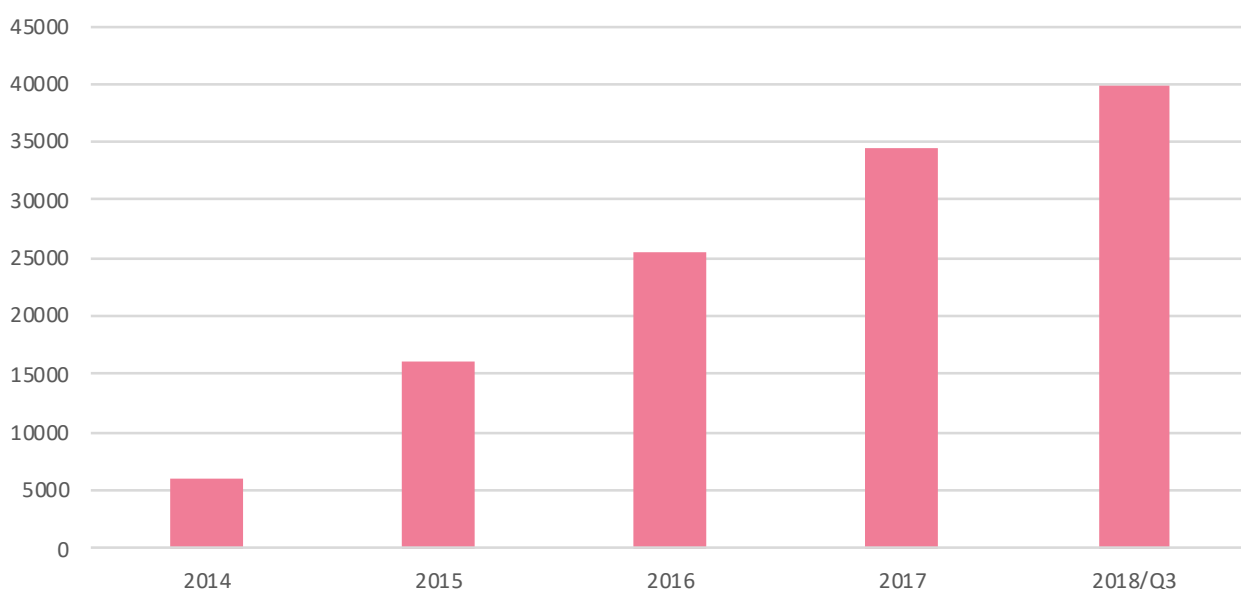
In May, we unveiled our biggest partner yet: Nordea, the biggest bank by assets in the Nordics. Invesdor is Nordea Finland's official equity crowdfunding partner, and we are actively working on a joint offering to be published very soon as well as creating processes for joint deal flow. The ideal situation for Invesdor is that the co-operation be expanded to other Nordea markets in the Nordic countries following a successful roll-out in Finland. Rest assured that we will keep you posted on this.

New
partnership with
Nordea

During the year we also completed our fourth own public funding round, raising approximately one million euros. Both existing and new investors joined our funding round, and currently our amazing pool of shareholders boasts 677 members. The round was the kick-off to our plans of expanding our service offering into that of a technology provider. Continue reading for more detailed information on our progress.

€16.4M
Total investment
value Q1–Q3

Amount of registered users



Exceptional funding rounds

The year 2018 has seen some amazing funding rounds thus far. We have had the honour to be a part of multiple fundraises in which both institutional and retail investors invested on the same financial terms. We believe this makes the offering more interesting for retail investors. We have also had the pleasure of completing four successful international offerings during this period and look to complete some more before year end.

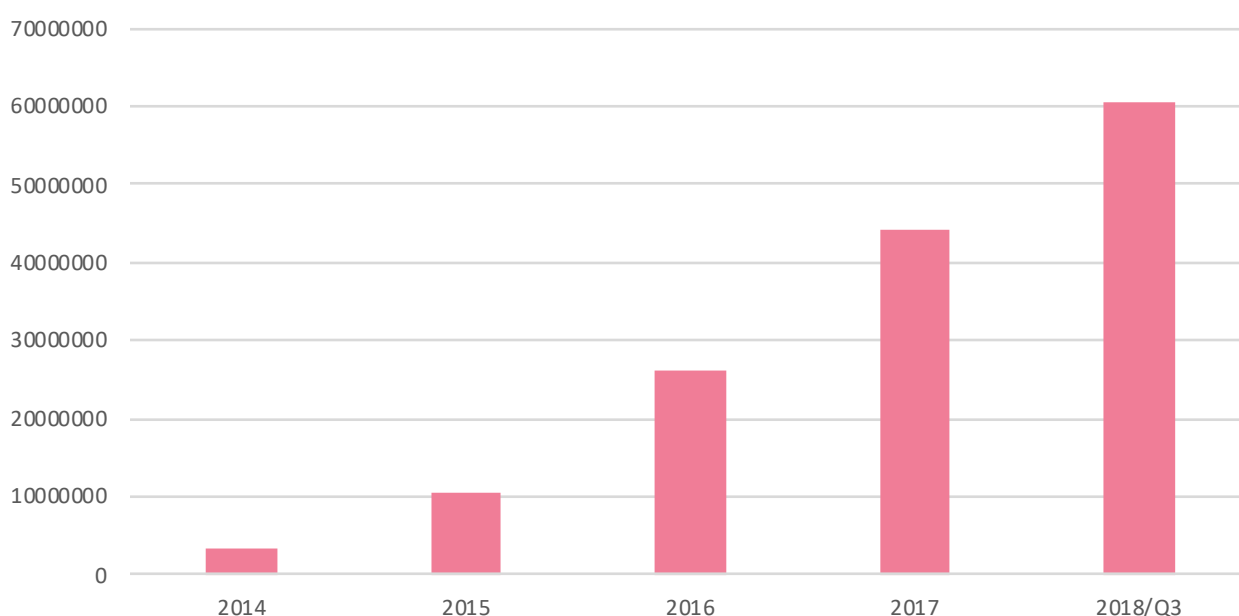
Three of the four international funding rounds were Swedish. During summer Tingtent raised SEK 6 million, Melobee raised approximately SEK 5.5 million and Seabased raised SEK 7.2 million. Our first Danish case, Zenz, raised DKK 3.9 million in February this year. Altogether our international deal flow during the Q1-Q3 period was almost 15% of our capital invested.

During this year we also acted as a subscription channel in Enersense Oyj's IPO. In addition to this we have been the main arranger working together with a financial advisor for Nitro Games Oyj's directed share issue and for Savo-Solar Oyj's rights issue earlier this year.

During the year we have completed a number of large unlisted funding rounds, such as Wello's near €2 million raise, Mekitec's €2.2 million raise, Klever's near €1.5 million raise and Sharetribe's €1.1 million raise. As of the end of Q3 2018 we have completed a total of 14 funding rounds of more than €1 million.

Overall, the average size of a successful funding round has gone up during the reporting period from €500k in Q1-Q3 2017 to €800k in Q1-Q3 2018. This does not take into account private directed share issues or IPOs or other public offerings. Our success rate, not taking into account where the company was based or what business stage the company was in, was over 65%.

Capital Invested



The Invesdor Offering

As mentioned in our last year's Q1-Q3 report Invesdor is increasing its focus on providing additional services to both investors and companies post-funding round. This is currently focused around communication to shareholders and other possible stakeholders through our capital management tool Ownersportal and investor relations page Company Profile Page.

For investors, these tools aim to provide a single place where to find relevant documentation, news and communication related to their investments or potential investments in the future. For companies, these tools provide an easier way to manage their growing shareholder lists, send and receive communication as well as share documentation. We believe that more communication and transparency make for both happier investors and companies.

In addition, Invesdor has started to offer its platform to other financial services companies to be used in both private and public securities offerings. We call this model Platform as a Service (PaaS). Many existing companies within the financial sector have not digitised their processes of offering shares or other forms of securities for subscription. This poses an opportunity for Invesdor, as we have extensive experience and efficient existing digital processes in place. Our first partners and pilot customers within this field are up and running and we are developing our offering according to the received feedback.

Internationalisation

In 2018 we have focused on strengthening our operations in Sweden. During the year

we have opened our branch in Sweden and have a physical location at the GT30 co-working space in Stockholm. We are currently looking to hire a country manager in Sweden to scale our sales in the country and establish a firmer foothold in Stockholm. Currently our entire sales team is based in Finland and operates from Helsinki to other Nordic countries.

During the period we have also decided to close down Invesdor's UK branch and London office. This is largely due to Brexit and the uncertainty it brings as to how Invesdor or any other regulated investment firm operating under EU regulation can offer their services in the UK in the future. For the time being, we can accept companies to raise funding on the platform, but we do not actively seek out British clients.

Our other target markets, Norway and Denmark, remain interesting for us. However, due to the early developmental statuses of both markets, we have decided not to hire local personnel as of yet. Our sales activities within these markets focus on generating visibility within specific target groups and working with partners.

Competition

As for competition in fundraising services, there have been no major mergers or acquisitions within the field and geographic expansion of competitors has also been limited. The growth plans of our larger British rivals, such as Crowdcube and Seedrs, are likely tempered by Brexit-related uncertainty, whereas the Nordics have recently seen our Finnish competitor Privanet open its Around crowdfunding service in Norway.

The biggest competitive challenge that we face in fundraising services is about value

propositions related to placing power (i.e., effective marketing that finds investors for our clients' rounds). Our guiding principle has always been to respect investors and shy away from 'pushing', instead focusing on 'pulling'. However, we are in the process of creating mechanisms to make our approach even more effective without compromising on our values.

The competitive field in fundraising technology services is very different from that of fundraising services. We are actively researching the field to determine the most effective positioning for Invesdor Technologies in the market. We will seek to combine the clear positioning with our existing client references in the area to grab market share in the quarters to come.

Regulation

The regulators have been busy this year. Firstly, the long-awaited MiFID II finally came to force on the 3rd of January 2018. It had huge effects on investment firms all over Europe, including Invesdor, as regulation tightened.

The new personal data regulation, GDPR, started to apply on the 25th of May 2018, and since we're a digital platform with loads of users' identity data, it had a large impact on us. It's worth mentioning that the new anti-money laundering (AML) regulation will come into force at the turn of the year, further growing the scope of know-your-customer (KYC) requirements and raising the costs of compliance.

Then to the absolutely great news: new prospectus rules are coming up, and they are quite favourable for the growth economy. The new prospectus directive came to force in the European Economic Area (EEA) last summer, and the new

scheme on prospectus rules will broaden the prospectus exemptions, enabling us to arrange larger offerings (up to €8M from the current €5m) without having to publish a comprehensive EEA-wide prospectus. The new rules will be applied by summer in the entire EEA, but in some member states already earlier. There might be implementation differences regarding the prospectus limit nationally, and we will keep a close eye on how the national legislation evolves in our target markets.

Personnel

We have made three hires during the reporting period. Dennis Zhang joined Invesdor as a Digital Marketing Manager. Previously Dennis worked for digital content agency Spoon, creating engaging content for brands such as Kone Corporation.

Juho Niemistö joined Invesdor as a Software Architect helping Invesdor further develop its digital platform and offering. Previously Juho worked as a Senior Software Engineer at Eficode.

Ville Erom ki joined Invesdor as a Client Manager. Previously Ville worked at Nordea as a Specialist in their Private Banking Operations.

Invesdor is currently well staffed within its marketing, development and client management functions. We currently see that any future additions to the team would be to sales, especially in Sweden as well as to our legal & compliance function.

Financials

Our revenues from the first three quarters of this year have already surpassed the total revenue of the previous fiscal year, signalling healthy growth. However, Invesdor will not be reaching break-even for the current fiscal year despite some months in the reporting period having had positive EBITDA levels.

Our cumulative revenues reached approximately €1.2M by the end of Q3 2018. In the previous reporting period, the corresponding number was €640k. Therefore, the period-over-period revenue growth was nearly 100%. Our revenues from outside of Finland have also increased during this period due to highly

successful Swedish and Danish client projects.

In addition to the ~€1m of new capital injected to our balance sheet by Invesdor's own funding round, there have been no significant changes in Invesdor Group's balance sheets during the reporting period.

Lasse Mäkelä

Co-founder & CEO



BALANCE SHEET & INCOME STATEMENT

Group Balance Sheet

Assets	31 December 2016	31 December 2017	31 September 2018
Cash in hand at banks	1,167,000.15	712,925.54	1,377,031.25
Other shares and similar rights	2,009.00	2,009.00	2,009.00
Intangible assets	187,079.63	234,451.68	187,865.43
Tangible assets	5,257.70	6,392.69	5,194.07
Other assets	34,547.88	223,015.23	194,979.31
Prepayments and accrued income	255,198.67	291,173.69	16,227.92
Assets in total	1,651,093.03	1,469,967.83	1,783,306.98
Liabilities	31 December 2016	31 December 2017	31 September 2018
Creditors			
Other creditors	41,474.96	121,265.38	52,014.34
Accruals and deferred payments	172,285.32	86,475.87	82,858.06
Creditors in total	213,760.28	207,741.25	134,872.40
Shares capital	125,000.00	125,000.00	125,000.00
Reserve provided for by the articles of association	2,784,451.84	2,929,274.84	3,898,814.84
Retained losses	-851,860.45	-1,472,119.09	-1,792,048.26
Loss of the fiscal year	-620,258.64	-319,929.17	-583,332.00
Capital and reserves in total	1,437,332.75	1,262,226.58	1,648,434.58
Liabilities in total	1,651,093.03	1,469,967.83	1,783,306.98

Group Income Statement

	31 December 2016	31 December 2017	31 September 2018
Sales accounts in general	436,771.25	1,020,835.30	1,205,656.13
Interest payments	1,307.29	7.89	434.75
Other operating income	272,508.44	293,018.72	0
Investment services net revenue	714,247.81	1,313,861.91	1,206,090.88
Sales accounts expenses	-32,262.02	-141,327.41	-143,086.02
Interest expenses	-829.14	-1,964.25	-2,477.49
Administration costs			
Personnel expenses	-733,524.23	-604,192.73	-756,651.58
Wages and salaries	-587,445.30	-487,638.56	-618,323.61
Social security	-146,078.93	-116,554.17	-138,327.97
Pension insurance fees	-120,722.08	-101,996.50	-111,039.74
Other social security	-25,356.85	-14,557.67	-27,288.23
Other administration costs	-547,193.65	-810,626.67	-839,422.92
Depreciations and reduction in value			
Depreciation according to plan	-20,697.41	-75,680.02	-47,784.87
Loss	-620,258.64	-319,929.17	-583,332.00