

ANNUAL REPORT

2017

INVESDOR

Finance, let's dance.

# Finance, let's dance.

Dear Shareholder,

The year 2017 is now behind us and we can proudly say that it was Invesdor's best one thus far. Our revenues more than doubled during the year with investments via the platform totalling over 19 million euros. During the year we successfully raised funding for 37 companies.

We continued our internationalisation during the year by adding Sweden as one of our target markets from which we accept companies to raise funding. During the year we completed three offerings in Sweden, of which two were IPOs with Invesdor as the main arranger. Towards the end of the year we hired Daniel Laurén as our country manager. He is well known in the Nordic venture capital scene, having previously been a successful tech entrepreneur and a venture partner at the Finnish VC firm Inventure.

As mentioned, we facilitated 37 successful funding rounds for companies during the year. The success rate for the year was 61%. The average size of a successful funding round was approximately 500,000 euros. At the end of the reporting period Invesdor had approximately 34,500 registered users.

During the year our platform helped place four offerings that were over a million euros. The year started with language-learning app WordDive's €1.2m funding round, which was followed in the summer by Injeq raising €1.65m for commercial-

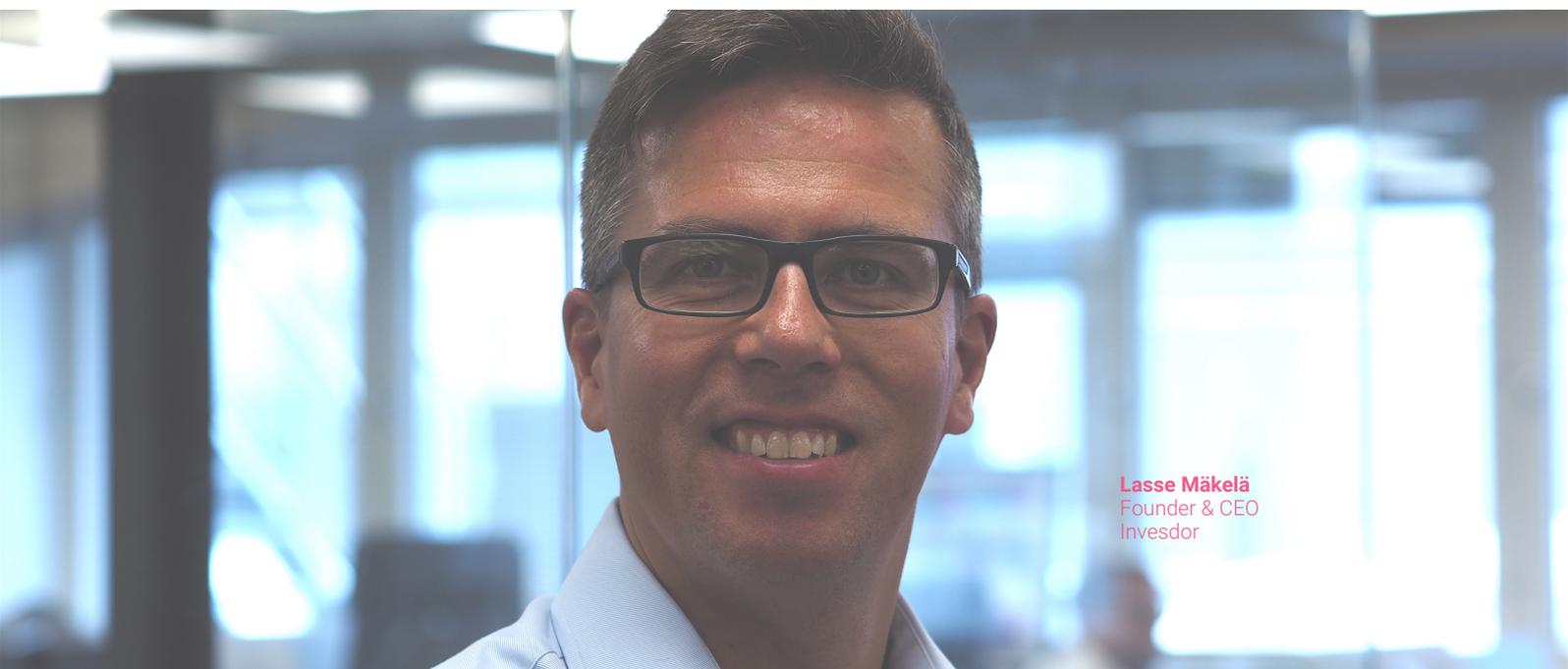
ization of its smart needle. In the fall Yepzon secured €1.3m for internationalisation of its GPS tracking device business. Towards the end of the year we had our largest-to-date funding round of an unlisted company with the oversubscription of cryptocurrency broker Praso's €2.5m funding round.

During the past year we have also put considerable effort in the development of our supplementary services. One of the key areas of development focus has been the Ownersportal shareholder register with which companies can maintain their up-to-date lists of share-, bond- and optionholders at Invesdor's service and communicate with them. There has been considerable demand for the product to which we have responded by allocating more resources to its development and sales. Ownersportal's role in Invesdor's product portfolio will be to generate recurring revenue and to increase the stickiness of our service offering.

We also released the Invesdor Digital Fundraising Index last year, which is the first index tracking unlisted investments. The quarterly updated index follows the share value development of companies that have done the largest funding rounds at Invesdor and acts as a proxy for returns attainable from investments made via the Invesdor platform. It is still early days for the index, and more time will need to pass for more data to be accumulated in the index.

Revenue  
+2x

Registered  
users  
34,5K



Lasse Mäkelä  
Founder & CEO  
Invesdor

# Invesdor in Numbers 2012 - 2017

## Target Companies



Total invested in target companies

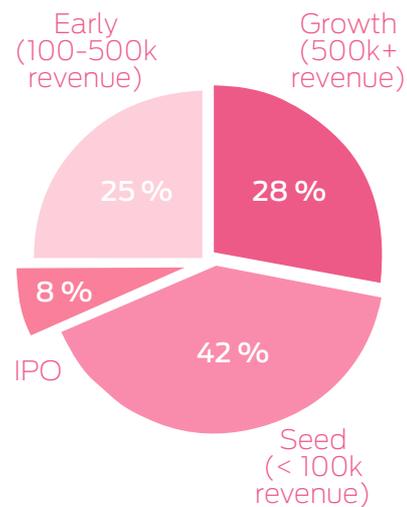
€44,000,000



108

Successful  
funding rounds

### Funded businesses by stage (2017)



95%  
of funded  
companies  
still active

### IPOs

**Heeros**

Nasdaq First  
North Finland

**AHOLA**  
TRANSPORT

AktieTorget

**siili**

Nasdaq Helsinki

*Dr Sannas*

NGM Nordic MTF

SEAFIRE

NGM Nordic MTF

## Turnover

Invesdor Group's turnover grew to 1,020,835 euros in 2017 (436,771 euros in 2016). The growth in turnover came mainly from increasing our list prices, increasing sales resources and organising bigger funding rounds. Invesdor was selected to Business Finland's (formerly The Finnish Funding Agency for Technology and Innovation) Young Innovative Companies programme's second stage and received a €250,000 grant for 2017. The programme also has a third stage where companies receive a €750,000 loan, however Invesdor will not aim to apply to the third stage of the programme because it will not be possible to use the loan while maintaining the degree of solvency required of an investment firm.

## Development of the result and the cost base

The business result was at an expected level. Our EBITDA increased substantially from the previous year. We will continue monitoring our cost level during this year and expect to hit a positive EBITDA level during 2018.

## Balance sheet and finances

Invesdor Group's shareholder's equity was 1,262,226.58 euros (parent company 2,308,724.04 euros) at the end of the review period (1,437,332.75 and 2,170,746.12 euros in 2016). The minimum capital requirement for Invesdor is 125,000 euros according to the Investment Services Act. Invesdor applies the Basel II capital requirement structure pillar I-II regulations. The Group's solvency ratio was high 85.87 % at the end of 2017 (87.05% in 2016).

	2017	2016	2015
Net turnover, euros	1,020,835	436,771	327,788
Growth in turnover, year-on-year	134 %	33 %	336 %
EBIT, euros	-319,929	-620,259	-488,802
Net loss, euros	-319,929	-620,259	-488,802
Solvency ratio	86 %	87 %	91 %
Dividend/share, euros	0	0	0
Personnel at the end of the period	11	16	14



## Staff and organisation

The staff of the group had some changes during the year, but the changes had little effect on the overall number of personnel at the end of the year. We have increased the number of part-time employees which brings us flexibility. At the end of the year Invesdor had 11 full-time employees and three part-time employees and four consultants divided between Helsinki, Stockholm and London. For 2018 we are planning to hire new employees especially in sales and marketing.

## Research

Invesdor is a research positive company. We have agreed on a set-up in which Aalto University's doctoral candidate Anna Lukkarinen can freely use our office space and has access to specific data. With this we get applicable information to be used for research purposes, benefiting Invesdor's clients and increasing the effectiveness of Invesdor's sales and marketing.

## Group structure

Invesdor Ltd has a wholly-owned subsidiary, Invesdor Services Ltd, offering tied-agent and other services to Invesdor Ltd. A part of the staff is employed by Invesdor Services Ltd.

There were no changes in the group structure in 2017.

## Operations

Invesdor Ltd's operations fall under the license it has received. The most important service is receiving and transmitting orders and acting as a main arranger in share issues. Through the subsidiary other supplementary financial services are offered, such as an outsourced investor relations page for companies, that wish to improve their shareholder reporting as well as Ownersportal, which is a software-as-a-service tool for effective administration of shareholder registers.

## Shares and share capital

There are 34,953 Invesdor shares outstanding, and the company's share capital, as required by investment services regulation, is 125,000 euros.

Invesdor's general meeting decided on 24th May 2017 to authorise the board of directors to issue a maximum of 20,000 new shares. The authorisation is valid until 30th June 2018. The board has not used their authorisation, and no share issues have been done in 2017.

During the year some of the key personnel subscribed for shares based on option-rights, leading to the number of shares outstanding growing by 1,045 shares during 2017.

## Dividend

In accordance with the board proposal, the annual general meeting of Invesdor Ltd decided on 24th May 2017 that dividends will not be distributed and that the loss will be recorded to the company's profit/loss account.

# Investor in Numbers 2012 - 2017

## Investors



**34,409**

Number of registered users



**21,760**

Number of investments



**€43,770**

Average Annual Investment Budget per user (surveyed)



Average investment per investor (2017)  
**€2,900**

Investments from  
**74**  
countries

Registered users from  
**151**  
countries

### Largest investments



Institutional investor  
**€ 1,007,500**



Investment firm  
**€ 370,000**



Individual investor  
**€ 198,625**

### Investments from legal entities

(VCs, family offices and other investment companies)



**8%**  
In number of investments



**33%**  
In value of investments



**40%**

of investors with 10+ years of experience



**70%**

Studied at university



**70%**

Invested in publicly listed shares



**50%**

Invested in mutual funds or ETFs



## Board of directors and the auditor

There were no changes in Invesdor Ltd's board members. The general meeting elected on 24th May 2017 Tero Weckroth, Lasse Mäkelä, Timo Lappi, Susanna Paloheimo and Teuvo Rintamäki as members of the board. Tero Weckroth acts as the chairman of the board.

The annual general meeting chose KPMG Ltd as the company auditor, with Authorised Public Accountant Turo Koila as the chief responsible accountant.

## Authorisations to the board

The general meeting decided on 24th May 2017 to authorise the board to issue a maximum of 20,000 new shares. The authorisation is valid until 30th June 2018. The board did not use its authorisation during the year.

The annual general meeting of Invesdor decided on 24th May 2017 to authorise the board to acquire no more than 2,500 of the company's own shares to cancel out or mitigate the dilution effect of option rights. The board has not used the authorisation. The authorisation is valid until 30th June 2018.

The board was also authorised to issue option rights to key personnel. The option rights entitle the subscription of at most 2,500 shares. The authorisation is valid until 30th June 2018. During 2017 the board issued option rights amounting to the subscription of 875 shares.

## Risk management

The Invesdor board of directors approves the risk management principles applied in the company. The risk management provides tools to govern the risks involved in company strategy, finance, property and agreements. In addition to this, the aim of the risk management is to identify and acknowledge comprehensively the risks involved in the business, services and staff and ensure that the risks are being managed and monitored appropriately.

The company has a separate, independent risk management operation, which reports to the board yearly according to the risk management program and on separate occasions if needed. In practice risk management operations include training of staff, risk management participation in decision-making and other preventative measures and insurance.

Invesdor Ltd's balance sheet does not have relevant risks related to financial instruments.

## Outlook on 2018

In 2018 we will continue offering our issuing and investment services to both companies and investors. Already in the beginning of the year we have arranged significant funding rounds, of which a special mention should be given to the wave-power technology company Wello, which raised almost 2 million euros in its funding round which closed in February.

Towards the end of 2017 we opened a branch in Stockholm and recruited Daniel Laurén as our country manager in Sweden. Sweden has a lot of growth potential for us and we believe that the Swedish market will play a crucial role in Invesdor's future business.

In the beginning of 2018 we launched an outsourced investor relations page service with the working name of Company Profile Pages for our target companies. This concept supports our existing Ownersportal service. Company Profile Pages is a service which any company can take into use to develop their shareholder and investor reporting. Ownersportal on the other hand is a software-as-a-service tool for management of shareholder registers. It can be used by both our target companies as well as other companies wanting to transfer their shareholder registers to an easy-to-use online environment considerably lighter than the Euroclear central securities depository. We offer both of these services through the subsidiary Invesdor Services Ltd. The reception has been good for both of these services, especially among investors.

Last year we promised to deliver an after-market during 2017. For this we applied for an extension to our existing investment services firm license. However, we faced some challenges in the organisation of said after-market as the European financial regulation tightened making automated after-markets practically impossible without an MTF license. After consulting the Finnish Financial Supervisory Authority we decided to withdraw from the project for the time being. At the end of the year we ran an experimental, manual pop-up after-market, which we will try to hold in the future as well.

Our growth ambitions are high for this year. We achieved over 100% growth during 2017 and aim to achieve similar results during 2018. Should our forecasts be realised, we will see positive EBITDA during 2018. Our industry is facing interesting changes. The competition gets tougher but also some operators disappear or merge with other operators. It will be interesting to see how our industry looks like already at the end of this year.

A big thanks for the trust all you shareholders have for us. It's good to build on this.

In Helsinki 15.2.2018,

Board of Directors



# Investor in Numbers 2012 - 2017

## Fun Facts



Least active day for  
investments

**25  
Dec**

Only 3 investments have  
been made on Christmas  
Day, all in 2014



Generosity by Gender

Women are  
**60 %**  
more generous  
than men

5% of men's investments  
are gifts vs. 8% of  
women's



Most popular hour  
for investing

**11-12  
am**

Nordic lunchtime is the  
most active time for  
investments. Is hunger  
positively correlated with  
investment activity?

# BALANCE SHEET & INCOME STATEMENT

# Group Balance Sheet

CONSOLIDATED BALANCESHEET	31.12.2017	31.12.2016
<b>ASSETS</b>		
<b>Cash in hand at banks</b>	712,925.54	1,167,000.15
<b>Shares and similar rights</b>	2,009.00	2,009.00
<b>Intangible assets</b>		
Other intangible assets	234,451.68	187,079.63
<b>Tangible assets</b>		
Other tangible assets	6,392.69	5,257.70
<b>Other assets</b>	223,015.23	34,547.88
<b>Prepayments and accrued income</b>	291,173.69	255,198.67
<b>ASSETS IN TOTAL</b>	<b>1,469,967.83</b>	<b>1,651,093.03</b>
<b>LIABILITIES</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
<b>CREDITORS</b>		
<b>Other creditors</b>		
Other creditors	121,265.38	41,474.96
<b>Accruals and deferred payments</b>	86,475.87	172,285.32
<b>Creditors in total</b>	207,741.25	213,760.28
<b>SHAREHOLDER'S EQUITY</b>		
<b>Shares capital</b>	125,000.00	125,000.00
<b>Non-restricted equity</b>		
Invested non-restricted equity reserve	2,929,274.84	2,784,451.84
<b>Retained losses</b>	-1,472,119.09	-851,860.45
<b>Loss for the financial period</b>	-319,929.17	-620,258.64
<b>Capital and reserves in total</b>	1,262,226.58	1,437,332.75
<b>LIABILITIES IN TOTAL</b>	<b>1,469,967.83</b>	<b>1,651,093.03</b>

## Group Income Statement

INVEDOR GROUP INCOME STATEMENT	1.1.-31.12.2017	1.1.-31.12.2016
<b>Net turnover</b>	1,020,835.30	436,771.25
<b>Interest payments</b>	7.89	1,307.29
<b>Net income of sellable financial assets</b>	0.00	3,660.83
<b>Other operating income</b>	293,018.72	272,508.44
<b>INVESTMENT SERVICES NET REVENUE</b>	<b>1,313,861.91</b>	<b>714,247.81</b>
<b>Sales accounts expenses</b>	-141,327.41	-32,262.02
<b>Interest expenses</b>	-1,964.25	-829.14
<b>Administration expenses</b>		
Personnel expenses	-604,192.73	-733,524.23
Wages and salaries	-487,638.56	-587,445.30
Social security	-116,554.17	-146,078.93
Pension insurance costs	-101,996.50	-120,722.08
Other social security costs	-14,557.67	-25,356.85
Other administration costs	-781,552.29	-491,958.69
<b>Depreciations and reduction in value</b>		
Depreciation according to plan	-75,680.02	-20,697.41
<b>Other operating expenses</b>	-29,074.38	-55,234.96
<b>LOSS</b>	<b>-319,929.17</b>	<b>-620,258.64</b>
<b>LOSS FOR THE FINANCIAL PERIOD</b>	<b>-319,929.17</b>	<b>-620,258.64</b>

This page intentionally left blank.

INVESDOR

Finance, let's dance.