

# QUARTERLY REPORT 2017

## Q1-Q3

INVESDOR

Finance, let's dance.

# Finance, let's dance.

Dear Shareholders,

This is Invesdor Group's Q1-Q3 2017-month report to its shareholders and other stakeholders. Please find below the description of our first three quarters for the ongoing year.

This year we have expanded our internationalisation to cover Sweden and have our first successes from there, including an initial public offering (IPO) in which we acted as the main arranger. This shows that our service can be used also for cross-border public transactions efficiently, providing further proof of our service model's flexibility.

We have had multiple VCs investing in our target companies through our platform as well during the year, which we have been anticipating for some time. During the reporting period, we have helped companies gather investments through our platform for approximately €11.7 million from around 4,400 investments while during Q1-Q3 2016 the numbers were over €8 million from more than 3,800 investments.

## Regulation and competition

In the Q3 report of last year we explained that there's a new Crowdfunding Act in Finland and anticipated that new competitors will register as

crowdfunding platforms in accordance with the new act. However, only one player was registered as a crowdfunding platform by the time this letter was written, and their operations are loan-based. We don't think there will be new equity crowdfunding players registering, since equity crowdfunding will be excluded from the scope of the crowdfunding act when implementing MiFID II, by 3rd January 2018. We will continue to monitor the development of the market closely.

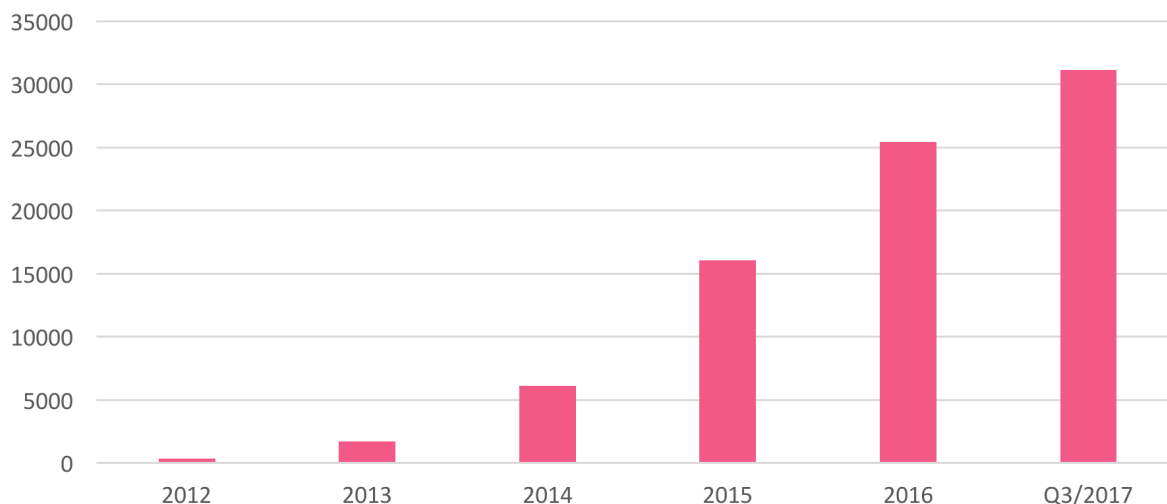
Last year we also announced that Nordea had made an entry to the equity crowdfunding market by launching their own equity crowdfunding service. As far as we know, this project has not been successful, since no companies have raised funding through Nordea's service so far. This fall another big player, OP, launched their own crowdfunding service. They have completed their first successful funding round on the platform at the time of writing. We welcome the competition as it brings credibility to the whole industry.

Another notable competitor in Finland is Privanet's platform Around. They have been closing a number of transactions, but as far as we know, Invesdor has focused on building its digital platform much further than the competition.

**Seafire IPO**  
Swedish cross-border initial public offering

**Our values**  
Play fair  
Get shit done  
Take the business seriously, not yourself.

Registered users at the end of the period



## Exceptional funding rounds

We have been able to deliver quality funding rounds to our investor network throughout the year 2017. We also believe that there is still room to increase the quality as our brand becomes more known in Finland and in other target markets.

During the month of October, we were the main organiser of the first cross-border initial public offering and listing of a Swedish company onto the Swedish NGM Nordic MTF marketplace through our platform. The SEK 20 million IPO of Seafire AB (publ), whose subscription period ended on 13 October, was offered to the public in Sweden and Finland and to institutional investors in Sweden, Finland and abroad. Invesdor co-operated in the IPO with Swedish financial adviser Augment Partners. Not only was this a first for Invesdor but we believe that this was first time a digital fundraising platform has acted as a main organiser in an IPO taking place in a country other than the one the arranger is based in. Although the IPO was small, this was an important proof-of-concept exercise for Invesdor.

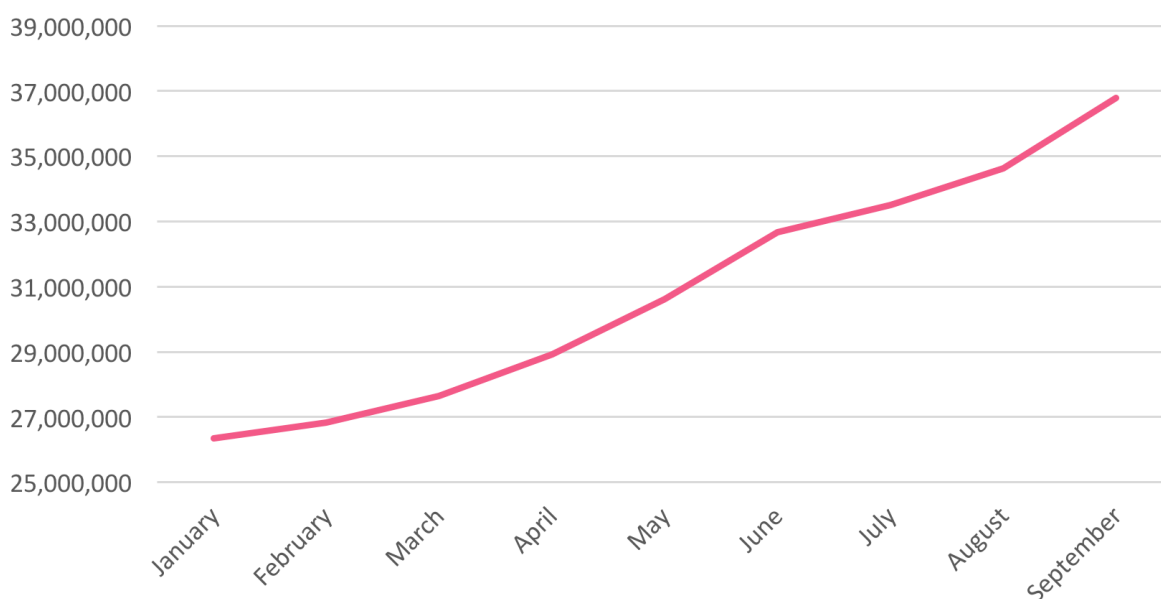
In addition to the IPO we have had some of the largest unlisted fundraising rounds ever on Invesdor this year, both Finnish and international. The largest one to date in the history of Invesdor was Injeq's funding round with the company

raising €1.65 million to develop their smart needle device. More recently, Yepzon closed a fundraising round where they successfully raised €1.3 million to support their strong triple digit growth.

We have also taken strides in our international funding rounds. The first successful Swedish funding round, Sharpfin, closed in early October raising SEK 2.7 million. We also had the largest international unlisted funding round close earlier this autumn, when the UK Gibraltar based Ezylet raised £750k to develop their online property rental portal.

Overall, the average size of a successful funding round was approximately €500k. The success rate overall, not taking into account where the company was based or what business stage the company was in, was nearly 70%. We have so far closed 8 over €1 million funding rounds throughout the Invesdor history.

Cumulative amount of capital raised during period



## Invesdor Relations

Following feedback from some of our investors, we have identified a need for a more active role towards investor relations. We are aware that there is a gap between how companies communicate and how they should communicate with their investors after the round has finished, both in terms of quality and quantity. Many of these are young companies so we can forgive some mistakes and allow them to learn on their journey, but we believe there is demand for us to take investor relations a step further and provide tools, guidance and best practices. Therefore we will soon be introducing the service concept of Invesdor Relations. The goal of Invesdor Relations is to improve communication from companies to investors as well as further develop Invesdor's relationships with its portfolio companies and regular investors.

The core of Invesdor Relations will be an investor relations portal taking the form of company-specific profile pages. We will provide this for free to our companies. The profile page will contain general information about the company – information you might find in the pitch page for example – but also information on previous funding rounds, news and reports. We think this information should be available to all, in the spirit of transparency, and we will be setting an example ourselves and publishing our annual reports for all to see.

There are a number of other service areas that Invesdor Relations will encompass, all of them striving to improve life for our companies and investors outside of the life cycle of an investment round. One example of such a service that we currently have on our shelf is Ownersportal, our shareholder management tool. We intend to market this more actively now and expect our companies to find value in using the tool to manage increasingly complicated cap tables.

We have a number of development ideas in this area. One of the main aims is to improve relations and trust with our regular investors, understand them more and provide the best possible service. Likewise, we would like to stay in touch with our companies on a more regular basis and provide some further benefit to their place in our ecosystem.

## Internationalisation

During 2017, we have focused on increasing sales in both UK and the Nordics. In London, we have a local team led by Henrik Ottosson. In the Nordics we are currently operating from Finland with Finland-based sales directors, however we are looking to hire a sales director to represent Invesdor directly in Sweden. We have also developed our partnership channels for all markets, and as can be seen for Sweden, some of these are already bearing fruit. Below you can find a quick break-down for all our international target markets.

UK has picked up since last year's slow start and we have had four successful funding rounds this year with the largest one being £750k. The competition in UK is the toughest out of all our target markets. This is largely due to the UK being a pioneer in equity-based crowdfunding. The largest platforms control most the market and our approach is to differentiate ourselves from the competition by being a more international player with an existing Nordic investor network to attract companies. Partnerships are also crucial for us to attract customers.

Since starting sales operations in Sweden earlier this year we can say that the market is, along with Finland, one of the more developed Nordic markets for digital fundraising. Since starting in Sweden we have closed three campaigns, two of which have succeeded. In regard to partnerships the market has proven to be an interesting one, and we see that Invesdor's service model, when compared to that of the competitors, is both needed and welcomed.

Norway remains an interesting market for us. We've had three successful funding rounds earlier this year from Norway but the leads, both in amounts and quality wise, are not up to the level we desire and need. This is mainly a result of the fact that we are early movers in a new industry in Norway, which means there is still a lot of market education to be done.

Denmark has remained the smallest and slowest growing target market for us. The market is overall the least developed from our target markets and to educate the market we will need effective partnerships. This should enable us as an early mover to be at a good position to grab market share in the still small market. management to execute.

## Personnel

We have made three hires during this year. Mikko Kangasaho was hired in May as VP of engineering to head Invesdor's development projects together with our CTO Petteri Kumpulainen. Previously Mikko worked at Eficode as a Project Manager and Scrum master. Erik Rehn was hired in June as director of sales to be responsible for managing Invesdor's sales team as well as sales in Finland. Previously Erik worked at IBM where he was the Watson Leader for the Nordics. Our third hire was Vera Lindström, who started her work as an account manager in July. Previously she worked for Hewlett Packard Enterprise as an Education Consultant & Pursuit Lead.

Invesdor is currently well staffed to deal with client on-boarding and development. To accelerate our sales, we are hiring a sales director in Sweden and to strengthen Invesdor's marketing we are currently also looking to hire a Digital Marketing Manager to work alongside our current marketing team. We currently see that most of our new additions are needed to our sales and marketing teams.

## Financials

We are expecting a good growth this year and our revenue from the first three quarters has already surpassed last year's revenue. However, we will not be able to reach break-even level for the entire year 2017. For the last quarter of 2017 we expect to reach positive EBITDA for some of the months.

Our revenues reached approximately €640k by end of Q3 2017. This is a healthy increase compared to Q3 2016 when our revenues were at approximately €250k. Our revenues from outside of Finland have also multiplied during that period.

We are currently in the Tekes' – the Finnish Funding Agency for Innovation's Young and Innovative Companies 2nd phase. This programme is targeted primarily for companies aiming towards rapid internationalisation. For the 1st phase we received a €250,000 grant and are expecting the same for 2017. The grant is paid after reporting to Tekes, which will happen in 2018. This grant income is not yet reflected below in our income statement for Q1 - Q3 2017.



BALANCE SHEET &  
INCOME STATEMENT

## Group Balance Sheet

Assets	31 December 2015	31 December 2016	31 September 2017
Cash in hand at banks	739,456.20	1,167,000.15	851,290.59
Other shares and similar rights	6,536.17	2,009.00	2,009.00
Intangible assets	40,096.96	187,079.63	150,885.77
Tangible assets	2,459.11	5,257.70	4,762.97
Other assets	107,041.73	34,547.88	199,344.17
Prepayments and accrued income	23,423.96	255,198.67	8,102.85
Assets in total	919,014.13	1,651,093.03	1,216,395.35
Liabilities	31 December 2015	31 December 2016	31 September 2017
Creditors			
Other creditors	53,873.55	41,474.96	72,584.89
Accruals and deferred payments	31,927.27	172,285.32	104,004.12
Creditors in total	85,764.82	213,760.28	176,589.01
Shares capital	125,000.00	125,000.00	125,000.00
Reserve provided for by the articles of association	1,560,109.76	2,784,451.84	2,929,274.84
Retained losses	-363,058.37	-851,860.45	-1,472,119.09
Loss of the fiscal year	-488,802.08	-620,258.64	-542,349.41
Capital and reserves in total	833,249.31	1,437,332.75	1,039,806.34
Liabilities in total	919,014.13	1,651,093.03	1,216,395.35

## Group Income Statement

	31 December 2015	31 December 2016	31 September 2017
Sales accounts in general	327,788.24	436,771.25	640,078.22
Interest payments	260.29	1,307.29	4.18
Other operating income	34,526.46	272,508.44	43,018.72
<b>Investment services net revenue</b>	<b>362,574.99</b>	<b>714,247.81</b>	<b>683,101.12</b>
Sales accounts expenses	-69,048.30	-32,262.02	-60,933.85
Interest expenses	-295.50	-829.14	-293.82
Administration costs			
Personnel expenses	-472,719.19	-733,524.23	-526,212.86
Wages and salaries	-391,624.27	-587,445.30	-442,031.06
Social security	-81,094.92	-146,078.93	-84,181.80
Pension insurance fees	-66,264.65	-120,722.08	-69,645.07
Other social security	-14,830.27	-25,356.85	-14,536.73
Other administration costs	-229,859.98	-491,958.69	-587,918.31
Depreciations and reduction in value			
Depreciation according to plan	-15,892.55	-20,697.41	-36,688.59
Other operating expenses	-63,561.55	-55,234.96	-13,403.10
<b>Loss</b>	<b>-488,802.08</b>	<b>-620,258.64</b>	<b>-542,349.41</b>