

ANNUAL REPORT

2016

INVESDOR

Finance, let's dance.

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Year 2016 was very eventful for Invesdor and once again full of important milestones. Although we did not reach breakeven yet, we feel that 2016 was a successful one nonetheless.

We entered a new frontier in April 2016, when we acted as a subscription channel for Siili Solutions Plc's equity offering as the company upgraded its listing from First North Helsinki to Nasdaq Helsinki Main Market. This was likely the first time in Europe that a crowdfunding platform was used in a regulated main market transaction. The crowd crashed the bankers' party, if you will.

In June, we ate our own dog food again and arranged Invesdor's own funding round, raising 1.2 million for our European expansion. Simultaneously we launched our new brand look and feel, moving away from the previously pastel-color dominated palette and clarifying our value propositions. Also born during this period was our tagline of 'Finance, let's dance', which we feel embodies our desire to shake things up in the financial industry.

Despite the numerous victories during the first three quarters of the year, November 2016 was hands down the highlight of our year, with Heeros Plc listing on the Nasdaq First North Helsinki. Heeros had done a pre-IPO crowdfunding round with us a year earlier. This was

probably the world's first crowdfunding exit via IPO and hopefully the first of many more to come.

Heeros IPO

World's first
crowdfunding exit
via IPO

In 2016, the capital invested via our platform doubled to 14.7 million euros from 7.1 million euros in 2015. The total amount of capital invested throughout the Invesdor history reached 26 million in the last days of 2016.

Average round size also doubled from 308,000 euros in 2015 to 612,000 euros in 2016, a change driven largely by our entry into IPOs and larger rounds such as Friends & Brgrs's million-euro offering. The largest ever single investments via our platform were also made during 2016, with a 360,000 euro investment in an unlisted company and a little more than a million euros in an IPO.

Additionally, we re-codified our company values in 2016. We firmly believe values are not something that can be imposed on a company, but something that come from within. True values help to make decisions when decision-making is hard and they are there whether you like it or not. The core values that we identified in our day-to-day business and that we continue to live by are 'play fair', 'get shit done' and 'take the business seriously, not yourself'.

Our values

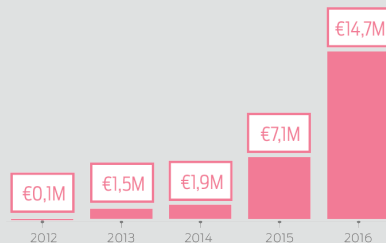
Play fair
Get shit done
Take the business
seriously, not
yourself.



OUR JOURNEY SO FAR

Investdor in numbers 2012-2016

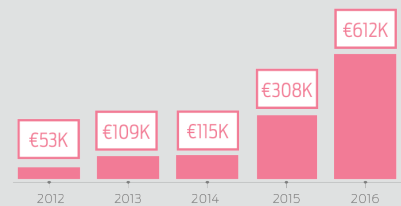
INVESTMENTS RAISED
2012 - 2016



SUCCESSFUL ROUNDS
2012 - 2016



AVERAGE ROUND SIZE
2012 - 2016



REGISTERED INVESTORS

26,000+

TOTAL RAISED

€26 M

TOTAL INVESTMENTS

15,000+



FUNDED BUSINESSES BY STAGE

SEED

47 %

32 %

EARLY

25 %

68 %

GROWTH

23 %

67 %

IPO

5 %

100 %

SUCCESS RATES
2012 - 2016

€1 M

LARGEST SINGLE INVESTMENT

INVESTMENTS FROM

70
COUNTRIES

IPO's

Heeros

siili

Afhola Transport



Turnover

The turnover of Invesdor Group rose in 2016 to 436 771 euros (327 788 euros in 2015). The growth of our turnover unfortunately did not measure up to our expectations. Much of this can be attributed to lacking sales power in the first half of the year and certain tactical decisions of low penetration pricing. However, during the latter half of the year we bolstered our sales resources as well as increased our list prices. Invesdor was selected to Finnish Funding agency for innovation (Tekes) program for Young innovative companies and was given a grant of 250,000 euros during year 2016. There may also be a possibility for an additional grant of 250,000 euros during 2017, but this requires an additional decision by Tekes.

Development of the net income

The net income was on an expected level. The resignation of four staff members narrowed the fixed costs' base and enabled a leaner, more flexible and more efficient processes. With the current forecasts, we expect our EBITDA to improve significantly in 2017.

Balance sheet and finances

We strengthened our balance sheet with our own crowdfunding round in June 2016. Our shareholders' equity was further reinforced with this directed share issue. The Invesdor Group has never borrowed from credit institutions, but has financed its operations from turnover and with equity financing through share issues. Our liquidity and solvency remained on a good level throughout the review period.

Invesdor Group's shareholders' equity was 1,437,332.75 euros (parent company 2,170,746,12 euros) at the end of the review period (833,249.31 and 1,010,406.64 euros in 2015). 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 solvency ratio was on a very good level of 103.73% at the end of 2016 (40.86% in 2015). Invesdor got the investment firm license in April 2015, so no solvency ratio has been reported from the previous years.

	2016	2015	2014
Net turnover, euros	436,771	327,788	75,202
Turnover growth since last financial year	33 %	336 %	-17 %
Operating loss, euros	-620,259	-488,802	-309,316
Financial year loss, euros	-620,259	-488,802	-309,316
Fundraising volume, euros	14,7 million	7,1 million	1,9 million
Equity ratio	124 %	95 %	93 %
Solvency ratio	103.73 %	41 %	-
Dividend/share, euros	0	0	0
Staff at the end of financial year	10	14	7

Staff and organisation

The staff of the group decreased during 2016 from 14 to 10. Instead of making new recruitments after we had parted with a few of our employees, we decided to rely more on outsourced work with consultants. We feel that this decision led to more efficient organisation for the time being, but we also acknowledge that there may be additional recruitment needs for Invesdor during 2017.

Operations

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

Changes in the group structure

There were no changes in the group structure.

Shares and share capital

On May 28th, 2015, the annual general meeting of Invesdor Ltd authorised the board of directors to issue a maximum of 20,000 shares. The authorisation is valid until June 30th, 2016. The

board decided on May 9th, 2016 on a directed share issue of 3,846 shares. 3,139 shares were subscribed for on Invesdor's own platform from May 10th to June 17th, 2016. The number of outstanding shares in Invesdor is currently 33,908 and the share capital 125,000 euros, as required by the Investment Services Act.

The annual general meeting of May 12th, 2016 also authorised 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 June 30th, 2017. The company has not acquired its own shares during the review period. The company has previously acquired 396 own shares. The shares were in the company's possession at the end of the period, but sold to a strategic investor specified below in the outlook for 2017.

Dividend

In accordance with the board proposal, the annual general meeting of Invesdor decided on May 12th, 2016, that dividends will not be distributed and that the loss will be recorded to the profit/loss account.



Board of directors and the auditor

The annual general meeting of Invesdor on May 12th, 2016 decided that the number of board members is five. Tero Weckroth, Lasse Mäkelä, Timo Lappi, Susanna Paloheimo and Teuvo Rintamäki were elected as board members. 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 annual general meeting of Invesdor decided on May 12th, 2016 to authorise the board to decide on an issue of 20,000 shares at most. The board has not used the authorisation. The authorisation is valid until June 30th, 2017. The equity offering of 2016 was based on the authorisation of the annual general meeting of May 28th, 2015.

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On May 12th, 2016, the annual general meeting of Invesdor authorised the board of directors to issue option rights or other special rights entitling to 2,500 shares at most, as described in Chapter 10 paragraph 1 of the Companies Act. In 2016, the board issued 300 option rights based on the May 28th, 2015 authorisation of 2015 and 280 option rights based on the 2016 authorisation. The 2016 authorisation is valid until June 30th, 2017.

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 risk management in Invesdor has been implemented by educating the staff, by other preventive measures and by insuring the operations and property. These measures are supported by the company's obligation to report to the board of directors the most significant risks that have been identified in the annual risk charting. Based on the report, preventive and adequate actions are defined for the risk management to execute.



Outlook on 2017

In 2017 we will continue on our mission of making finance easy for everyone. The year has already gotten off to a nice start with the closings of four rounds – Allas Sea Pool's 1.1 million euros, Norwegian Kitemill's 700,000 euros, Winled's 600,000 euros and WordDive's 1.2 million euros.

In early February, a prominent Finnish business executive and chairman of Marimekko Plc Mika Ihamuotila invested in Invesdor by acquiring the company's own shares. As the Invesdor board saw an immense business, image, network and professional value in his becoming onboard, the investment was made at a valuation equal to our equity offering in the summer of 2015. Provided the considerable value he brings to the company, we consider the discount from the summer 2016 equity offering very fair. Furthermore, because the acquired shares were owned by Invesdor, the investment had no dilutive effect on other shareholdings.

Our vision is to become the benchmark for European digital finance. This does not only entail funding. In order to steady our revenue flows, we are further developing our shareholding management and investor relations tool. We are considering finding better solutions to the ever-increasing investor demand for an active secondary market for unlisted shares. Invesdor is also expanding into more traditional corporate finance services and seeking a certified advisor status at Nasdaq First North markets in Finland, Sweden and Denmark. We have the competence to provide these services, and they have the potential to yield significant recurring revenue. With the current forecasts, Invesdor is improving its EBITDA significantly, but we will not break even yet in 2017.

In Helsinki, on February 9th, 2017

Board of Directors



BALANCE SHEET & INCOME STATEMENT

Group Balance Sheet

Assets	31 December 2016	31 December 2015
Cash in hand at banks	1,167,000.15	739,456.20
Other shares and similar rights	2,009.00	6,536.17
Intangible assets	187,079.63	40,096.96
Tangible assets	5,257.70	2,459.11
Other assets	34,547.88	107,041.73
Prepayments and accrued income	255,198.67	23,423.96
Assets in total	1,651,093.03	919,014.13
Liabilities	31 December 2016	31 December 2015
Creditors		
Other creditors	41,474.96	53,873.55
Accruals and deferred payments	172,285.32	31,927.27
Creditors in total	213,760.28	85,764.82
Shares capital	125,000.00	125,000.00
Reserve provided for by the articles of association	2,784,451.84	1,560,109.76
Retained losses	-851,860.45	-363,058.37
Loss of the fiscal year	-620,258.64	-488,802.08
Capital and reserves in total	1,437,332.75	833,249.31
Liabilities in total	1,651,093.03	919,014.13

Group Income Statement

	31 December 2016	31 December 2015
Sales accounts in general	436,771.25	327,788.24
Interest payments	1,307.29	260.29
Other operating income	272,508.44	34,526.46
Investment services net revenue	714,247.81	362,574.99
Sales accounts expenses	-32,262.02	-69,048.30
Interest expenses	-829.14	-295.50
Administration costs		
Personnel expenses	-733,524.23	-472,719.19
Wages and salaries	-587,445.30	-391,624.27
Social security	-146,078.93	-81,094.92
Pension insurance fees	-120,722.08	-66,264.65
Other social security	-25,356.85	-14,830.27
Other administration costs	-491,958.69	-229,859.98
Depreciations and reduction in value		
Depreciation according to plan	-20,697.41	-15,892.55
Other operating expenses	-55,234.96	-63,561.55
Loss	-620,258.64	-488,802.08