

ANNUAL REPORT 2018

INVESDOR

Finance, let's dance.

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Dear Shareholder,

Growth continued in 2018, and we can again proudly proclaim that it was Invesdor's best year yet. Our turnover grew by more than 50%, and approximately €23 million was invested (2017: €19m). During the year we successfully completed 31 (2017: 37) funding rounds, consisting of 24 public offerings and 7 private offerings.

In 2018 we continued to strengthen our position in Sweden, completing 4 funding rounds there. One of the four was an IPO in which we acted as the lead manager. At the end of the year we hired a new sales manager in Sweden.

In May we unveiled a collaboration with Nordea, the biggest Nordic bank by assets. The collaboration, called Nordea x Invesdor, made us the official digital growth financing partner of Nordea. In practice Nordea and Invesdor cross their respective deal flows and market the resulting funding rounds together. The first collaborative funding rounds – Naava and Weecos – were completed towards the end of the year. The collaboration supports our sales and branding and in the future can help Invesdor expand in the Nordics.

We completed a total of 31 successful funding rounds over the course of the year. The funding round success rate was 69.8% (2017: 61%). The average size of a successful funding round, excluding IPOs, was about €800,000 (2017: €500,000). At the end of the year, Invesdor had 43,000 (2017: 34,500) registered users.

Revenue
+50%

In 2018, our platform hosted 8 (2017: 4) funding rounds of over €1 million. Four of them raised more than €2 million. In the first quarter we had Wello's €2m round, in which we cooperated with VC investor VNT Management. In the second quarter both Sharetribe and an unnamed private funding round hit the €1m mark. Q3 had three million-euro rounds, Parking Energy, Klever and Mekitec, the last of which we did in cooperation with VC investor Inventure. In the year's final quarter we completed the funding rounds of Fafa's Plats and Naava.

The volatile market sentiment in Q4 was reflected in Invesdor's operations. As stock markets plunged, investors were understandably protective of their capital. Despite the turbulence, we still completed the excellent funding rounds of Fafa's and Naava.

We've invested a considerable amount of time and resources in our digital platform. We've been developing the "Platform-as-a-Service" concept, a part of our Invesdor Technologies business line. We will use the Platform-as-a-Service offering to help traditional organizers of financing, such as investment firms and fund managers, to digitalize their offerings. Many investors expect seamless digital experiences, but still dealing with most businesses in finance requires the filling of forms and making of phone calls. We've been piloting the service with our reference clients and believe that the service will automate the business of organising of financing in the future.

Registered
users
+24%



Lasse Mäkelä
Founder & CEO
Invesdor

Potential acquisition

On 28 February Invesdor's board gave its approval to an arrangement in which Invesdor buys a 100% stake in an Austrian debt-based crowdfunding company, Finnest GmbH. The transaction would be paid for with new shares issued by Invesdor Oy. As part of the transaction two shareholders of Finnest, the largest of which is fintech-focused venture capital investor Speedinvest, will invest a million euros into the new company. The final decision about the transaction will be made at Invesdor's annual general meeting.

Invesdor and Finnest will together create the largest crowdfunding platform in continental Europe operating in nine countries with a total staff of more than 30 people. The pro forma turnover the combined entity in 2018 was €2.2 million. A cumulative €100 million has been invested via the platforms, which together have registered users from about 160 countries.

Turnover

The turnover of Invesdor group grew to €1,560,458 in 2018 (€1,020,835 in 2017). The growth was largely spurred by larger funding rounds and sales of additional services.

Development of the financial result and the cost base

The business result was at a level lower than expected. We invested considerably in production of marketing content during the year. The same content can be used effectively in 2019, but the production costs were mainly incurred last year. We have rationalised our marketing cost tracking in such a way that a larger percentage of marketing costs are financed by clients. Also our withdrawal from the UK market and expansion into other Nordic countries resulted in incurred costs.

We'll continue to monitor our cost base and strive to reach a positive EBITDA level in 2019. However, whether we reach this goal will depend on our pace of investment and the potential acquisition.

	2018	2017	2016
Net turnover, euros	1,560,458	1,020,835	436.771
Growth in turnover, year-on-year	53 %	134 %	33 %
EBIT, euros	-739,060	-319.929	-620.259
Net loss, euros	-739,060	-319.929	-620.259
Solvency ratio	85 %	86 %	87 %
Dividend/share, euros	0	0	0
Personnel at the end of the period	18	11	16

2012–2018

Target Companies



Total invested in target companies

€67,200,000



139

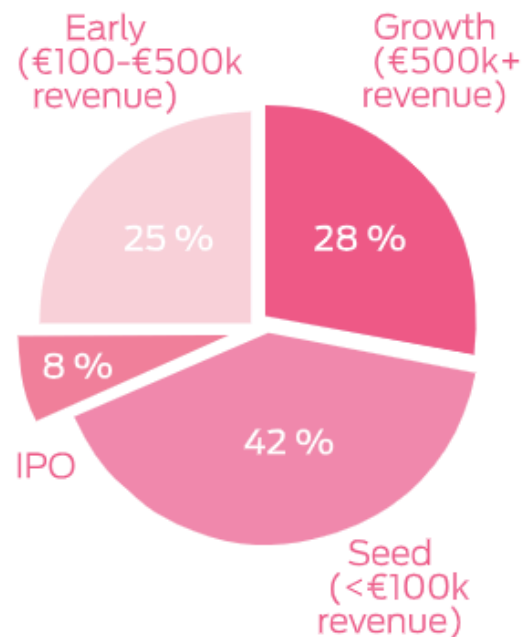
Successful
funding rounds



95%

of funded
companies
still active
(2017)

Funded businesses by stage



IPOs

Heeros

Nasdaq First
North Finland

AHOLA
TRANSPORT

AktieTorget

siili

Nasdaq Helsinki

Dr Sannas

NGM Nordic MTF

SEAFIRE

NGM Nordic MTF

enersense

Nasdaq First
North Finland

INCOAX

Nasdaq First
North Sweden



Balance sheet and finances

Invesdor Group's shareholder's equity was 1,477,961.81 euros (parent company 3,068,919.21 euros) at the end of the review period (1,262,226.58 and 2,308,724.04 euros in 2017). 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 a high 84.73 % at the end of 2018 (85.87 % in 2017). See Appendix 2 for CRR solvency code information.

Staff and organization

In 2018 we made hires in most functions. We have added some part-time staff so as to create flexibility for the company. At the end of 2018, Invesdor Group employed 15 full-time and 5 part-time employees as well as one consultant in Helsinki and Stockholm combined. For 2019 we are planning new hires in our Legal & compliance function.

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 2018.

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. The Platform-as-a-Service offering, with which we will help traditional organizers of financing digitalize their offerings, will be served through the parent company.

Shares and share capital

There are 36,648 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 27 March 2018 to authorise the board of directors to issue a maximum of 20,000 new shares. The authorisation is valid until 30 June 2019. On 7 May 2018 the board decided on a directed share issue, which led to the subscription of 1,695 new shares via Invesdor's own platform between 5 May–19 June 2018.

Dividend

In accordance with the board proposal, the annual general meeting of Invesdor Ltd decided on 27 March 2018 that dividends will not be distributed and that the loss will be recorded to the company's profit/loss account.

2012–2018

Investors



43,500

Number of registered users



34,700

Number of investments



€43,770

Average Annual Investment
Budget per user (surveyed)



Average investment
per investor (2018)

€3,200

Investments
from

78
countries

Registered
users from

162
countries

Largest investments



Institutional investor

€ 1,007,500



Private 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



84%

Studied at
university



87%

Invested in publicly
listed shares



61%

Consider themselves
above-average risk
takers



Board of directors and auditor

There were no changes in the composition of Invesdor Ltd's board. The general meeting elected on 27 March 2018 as members of the board Tero Weckroth (chairman), Lasse Mäkelä, Timo Lappi, Susanna Paloheimo and Anni Ronkainen.

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 27 March 2018 to authorise the board to issue a maximum of 20,000 new shares. The authorisation is valid until 30 June 2019. The authorisation was used to issue 1,695 shares as part of the share issue concluded on 19 June 2018.

The annual general meeting 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 authorisation is valid until 30 June 2019. The board did not use the authorisation in 2018.

The board was also authorised to issue at most 2,500 option rights to key personnel. The option rights entitle to the subscription of at most 2,500

shares. The authorisation is valid until 30 June 2019. The board issued 100 options in 2018. The decision had not been entered into the trade register by the date of the closing of the books.

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 2019

In 2019 we will continue offering our issuing and investment services to target companies and investors as well as grow the relative weighting of our Platform-as-a-Service offering.

The Platform-as-a-Service offering will help our diversify our turnover streams and thus manage the risks inherent to our project-based main business. Furthermore, the offering will serve a new client audience high in purchasing power, ie, investment firms and fund managers, which we believe will show in our growth.

We will also continue to grow our presence in Sweden with our new local sales manager. Sweden represents significant growth potential for us, and we believe the Swedish market to play a key role for Invesdor's business in the future. We offer in Sweden all the same services as in Finland.

In 2017 our turnover grew by 100%, and in 2018 growth was 50%. Weakening market sentiment in the second half of 2018 was reflected in the slowing of our growth. This tells us that we need to monitor the economic cycle and prepare for turbulence by, for example, diversifying our turnover streams and keeping our cash balance high. Therefore, in 2019 we will seek to reach a growth rate similar to 2018. If our forecasts are accurate, we will see positive EBITDA levels in 2019.

Many thanks to all our shareholders for your continued trust in us.

In Helsinki 15.2.2019,

Board of Directors



2012–2018

Fun Facts



Least active day for investments

**7
Aug**

Only 6 investments have been made on the date since 2012. Investors take summer breaks, too.



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	31.12.2018	31.12.2017
ASSETS		
Cash in hand at banks	924,764.56	712,925.54
Shares and similar rights		2,009.00
Intangible assets		
Other intangible assets	321,467.94	234,451.68
Tangible assets		
Other tangible assets	12,294.52	6,392.69
Other assets	451,218.78	223,015.23
Prepayments and accrued income	34,481.97	291,173.69
ASSETS IN TOTAL	1,744,227.77	1,469,967.83
LIABILITIES	31.12.2018	31.12.2017
CREDITORS		
Other creditors		
Other creditors	136,819.97	121,265.38
Accruals and deferred payments	129,445.99	86,475.87
Creditors in total	266,265.96	207,741.25
SHAREHOLDER'S EQUITY		
Shares capital	125,000.00	125,000.00
Non-restricted equity		
Invested non-restricted equity reserve	3,898,814.84	2,929,274.84
Retained losses	-1,792,048.26	-1,472,119.09
Loss for the financial period	-753,804.77	-319,929.17
Capital and reserves in total	1,477,961.81	1,262,226.58
LIABILITIES IN TOTAL	1,744,227.77	1,469,967.83

Group Income Statement

INVEDOR GROUP INCOME STATEMENT	1.1.–31.12.2018	1.1.–31.12.2017
Net turnover	1,560,458.17	1,020,835.30
Interest payments	671.65	7.89
Net income of sellable financial assets	-2,009.00	0.00
Other operating income	0.00	293,018.72
INVESTMENT SERVICES NET REVENUE	1,559,120.82	1,313,861.91
Sales accounts expenses	-182,109.74	-141,327.41
Interest expenses	-2,957.13	-1,964.25
Administration expenses		
Personnel expenses	-903,888.95	-604,192.73
Wages and salaries	-721,637.06	-487,638.56
Social security	-182,251.89	-116,554.17
Pension insurance costs	-153,464.44	-101,996.50
Other social security costs	-28,787.45	-14,557.67
Other administration costs	-1,087,712.84	-781,552.29
Depreciations and reduction in value		
Depreciation according to plan	-103,495.81	-75,680.02
Other operating expenses	-32,761.12	-29,074.38
LOSS	-753,804.77	-319,929.17
LOSS FOR THE FINANCIAL PERIOD	-753,804.77	-319,929.17

CRR SOLVENCY CODE COMPATIBLE INFORMATION

CRR Solvency Code Compatible Information 1/2

SOLVENCY CALCULATION	2018 (CRR4)
Paid shareholder's equity	€125,000
Reserve for invested non-restricted equity	€3,898,815
Profit/loss for previous periods	-€1,792,048
Common Equity Tier 1 (CET1) capital	€2,231,767
Reductions from CET1 capital	
Immaterial rights	€321,468
Loss after taxes from actual operations	€753,805
CET1 capital	€3,307,039
Additional Tier 1 (AT1) capital	€0
Tier 1 capital (T1 = CET1 + AT1)	€3,307,039
Tier 2 (T2) capital	€0
Total capital base (TC = T1 + T2)	€3,307,039
Risk-weighted asset (total capital based tied to fixed costs multiplied by coefficient 12.5)	€4,657,811
CET1 in relation to risk-weighted tranches	71,0 %
Tier 1 capital in relation to risk-weighted tranches	71,0 %
Total capital base in relation to risk-weighted tranches	71,0 %
Profit after taxes from actual operations	€0
Total capital base taking into account net loss for the period	€3,307,039
Capital adequacy ratios taking into account result of the period	
CET1 in relation to risk-weighted tranches	71 %
Tier 1 capital in relation to risk-weighted tranches	71 %
Total capital in relation to risk-weighted tranches	71 %
Minimum amount for shareholder's equity	€125,000

CRR Solvency Code Compatible Information 2/2

According to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms ("CRR") Article 26, the core capital of the company consists of the following items:

- share capital
- profits of previous accounting periods
- reserve of invested non-restricted equity (share premium)

In accordance with CRR Article 36, the company has deducted the undepreciated part of the intangible assets as well as the loss of the ongoing accounting period from the amount of core capital.

In accordance with the previously stated, the capital funds of the company has been calculated as follows:

share capital + share premium + profits of previous accounting periods - undepreciated part of intangible assets - loss of ongoing accounting period

The company is an investment firm with a restricted licence to operate, meant in CRR Article 95. According to the Article, the company shall calculate the amount of total risk as the larger of the following:

- credit risk defined in Article 92
- fixed overhead costs defined in Article 97 (that are based on the audited accounts of the previous accounting period), times 12,5.

In accordance with the previously stated, the company's amount of total risk (according to Article 95) is calculated as follows:

Fixed overhead costs - depreciations / 4 * 12,5

According to CRR, the company's solvency is calculated according to the formula below:

(capital funds - undepreciated part of intangible assets - loss of ongoing accounting period) / amount of total risk *100

According to CRR Article 92, the company's solvency shall always be at least 8 % (calculated in accordance with the previously stated formula).

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