

QUARTERLY REPORT

2019

Q1 - Q3

INVESDOR

Finance, let's dance.

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Dear Invesdor shareholders and stakeholders,

We're happy to bring you Invesdor Group's Q1–Q3 2019 report. The year has been both a turbulent and an exciting time in our company's history: while in some ways we have had to take a step back, in other fronts we have taken two steps forward.

Major changes in the company structure and strategy played a part in our revenue suffering. Merging with another European investment platform, subsequent focus on strategic re-planning and the related integration efforts required their share of time and focus. This left Invesdor Group's cumulative revenue for the first three quarters of 2019 at €1.0M, compared to €1.2M from the same period in 2018¹.

We have, however, managed to set a stronger foundation for future growth during 2019. Our strategic vision, daily operations and company structure have gone through a great deal of changes in order to support our goal of becoming the European powerhouse that we seek to be.

A massive step towards becoming a top European player was our merging with the Austrian company Finnest GmbH, the leading digital financing platform for mid-size ("Mittelstand") companies in the German speaking countries. The transaction was finalised in May. Read more about the transaction on the next pages.

During this period we have gained new experience and drive to our leadership: we have several new members in our management team (read more on page 6) and also a new, international Board of Directors, led by our Chairman of the Board, **Tero Weckroth**.

The new Board members are **Jörg Flöck** and **Guzel Gumerova** from Speedinvest, **Pekka Maki** from 3TS Capital and **Petteri Poutiainen** from Digitalist Group.

The new management team jumped straight on to building a new, bold strategy for Invesdor Group that will be launched with a renewed Invesdor brand and enhanced platform in 2020. Following the completion of the transaction and with this new, expansive vision for Invesdor, **Lasse Makela** announced that he will be stepping down from his position as CEO, expressing that it is the right time to bring in a new leader with a different skillset to take us to the next level. Lasse remains one of our largest shareholders; after the new CEO has been recruited and onboarded, Lasse plans to join the board at the next general meeting and focus on the sales and business development activities.

Beyond the changes, the Q1–Q3 period has also meant business as usual. Ten companies received over half a million euros of funding through us, including Oceanvolt who raised over €2M from 494 investors. During the Q1–Q3 period, Invesdor Group facilitated more than 4,900 investments of a total value of



¹ All figures for Q1–Q3 2019 are stated with Invesdor's contributions included from January 1, 2019 to September 30, 2019 and Finnest's contributions included from May 15, 2019 to September 30, 2019. All figures for Q1–Q3 2018 are prior to the merger with Finnest and thus include only Invesdor's contributions.

€15.2M. For comparison, in 2018 the corresponding numbers were €16.1M and 5,000, respectively².

Despite the aforementioned dip in revenue, our performance has kept steady within a broader financing market that's seeing a slump in sentiment. The IPO market in the EMEIA area (Europe, Middle-East, India and Africa) has seen lowered investor confidence in 2019 due to geopolitical issues such as the trade-related tensions between the United States and China, and the prospect of a hard Brexit. For context, in Europe the number of IPOs and their proceeds both saw a 40% drop in the first three quarters of 2019 compared to the same period in 2018³. Considering this market uncertainty, and the resources needed for the above mentioned strategic and personnel changes, Invesdor has managed to hold a steady course.

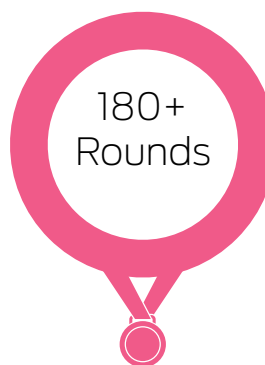
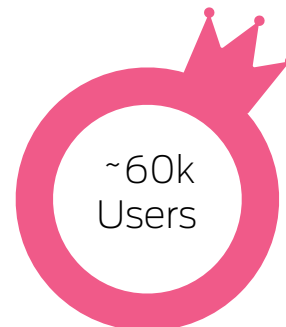
We're looking to end the year with some highly interesting offerings in Q4, both from the Nordics and the DACH region, and we're looking to bring established Austrian companies to invesdor.com already in Q1 2020.

Invesdor Group Key Figures



Capital invested via platforms: invesdor.com, finnest.com & finnestpro.com

Registered users on platforms



Successfully funded by our community

Where our investors come from



Who make things happen

² All figures for Q1-Q3 2019 are stated with Invesdor's contributions included from January 1, 2019 to September 30, 2019 and Finnest's contributions included from May 15, 2019 to September 30, 2019. All figures for Q1-Q3 2018 are prior to the merger with Finnest and thus include only Invesdor's contributions.

³ EY. More unwelcome delay or an extended opportunity to prepare? Global IPO trends: Q3 2019. p. 21-22, 25. Available at: https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/ipo/ey-quarterly-ipo-trends-2019-q3.pdf

Merging with Finnest

Invesdor took a major leap to central Europe this year: we merged with the Austrian crowdinvesting platform Finnest GmbH. The transaction was technically executed through a share swap that was approved by the Invesdor Ltd Annual General Shareholder's meeting in April and finalised in May.

Founded in 2015, Finnest specialises in financing top-rated mid-size ("Mittelstand") companies in the DACH region (i.e., Austria, Germany and Switzerland) and Slovakia and Croatia. Some of their key clients so far have included Falkensteiner, Biogena, Burger King Austria, Strasser, Voelkel and many more. Finnest has almost 9,000 registered users with an average investment size of €6,000.

The merger opens new opportunities for Invesdor, our investor crowd and target companies alike. Finnest, who operates in Austria as a tied agent of Invesdor, has in-depth knowledge and experience from the DACH market, debt crowdfunding and working with established, middle-sized companies. We are now starting to utilise that experience to the benefit of our client companies here in the Nordics, as well as offering Invesdor's extensive understanding of equity fundraising to companies in the DACH region. Please read more on the Invesdor offering in the next section.



The Invesdor offering

Invesdor's core business has focused mostly on equity funding rounds with unlisted growth companies on the Nordic market. Finnest offers debt crowdfunding products for established, mid-sized (German: "Mittelstand") companies: therefore, the transaction expands both our market and product selections as well as the type of target companies we as Invesdor Group will be working with.

We are currently working to bring the first target companies from the DACH region to Invesdor's platform. The first of these is expected to be a bond offering by an established, reputable Austrian company on Invesdor's platform in late November.

Finnest's primary offerings include a payment-in-kind loan product, where the investor can choose to receive the interest payment as products or services instead of a cash payment. With this expertise onboard, our plan is to offer the first bond with the payment-in-kind feature in the Nordic market around the turn of the year.

In addition to our funding round products, we have made strides this year in developing our PaaS (Platform as a Service) solution. Our aim is to secure PaaS partnerships and monetise our technical solution also in this way, allowing other investment and financing companies to utilise our platform for their funding rounds. This is another way in which we keep digitising the fundraising industry in cooperation with more traditional fundraising providers.

Range of great funding rounds

Funding rounds: big impacts, returning clients and high success rate

We have seen plenty of highly successful funding rounds so far in 2019. The selection of industries featured this year has varied from medtech to pet care and many others.

One notable case was the electric boat engine manufacturer Oceanvolt: their round was oversubscribed, reaching its maximum target of €2M. Sustainability seems to remain a core value to many of our investors and we are working to offer cases like this also in the future. As a highlight from a more traditional company, the construction planning and consultation company Solwers made a big impact, raising close to €1.5M.

We also want to highlight Komerofood: their round received a great deal of positive media attention and raised €480k. Komerofood's number of retailers grew by 213% in the round's closing month April compared to the same month in 2018. This is an excellent example of how digital fundraising can combine fundraising rounds with effective marketing campaigns for our customers and at the same time to build Invesdor's reputation.

Another positive sign we've noticed this year is the number of returning target company clients. Companies such as Injeq and Karhia, who have raised funding with us in years prior, also executed successful

rounds on our platform this year. A similar highlight for Finnest was their funding campaign with Biogena, securing over €1.3M: Biogena is Finnest's first client company from 2015 and together they have completed an impressive 12 funding rounds. Happy client is a returning client!

The average size of a successful funding round remained at a similar level to that of Q1-Q3 in 2018 and was ca. €800k*. Our success rate for rounds, not taking into account where the company was based or what business stage the company was in, was close to 70% in Q1-Q3 2019, remaining close to the rate of Q1-Q3 2018.⁴

* Only successful funding rounds are taken into account when calculating the average. This figure does not take into account private directed share issues, IPOs or other public offerings.

10 rounds
raising more than
€500k



⁴ All figures for Q1-Q3 2019 are stated with Invesdor's contributions included from January 1, 2019 to September 30, 2019 and Finnest's contributions included from May 15, 2019 to September 30, 2019. All figures for Q1-Q3 2018 are prior to the merger with Finnest and thus include only Invesdor's contributions.

Competition

During the first three quarters of 2019, global equity investors have witnessed an escalated market volatility, mainly due to the ongoing trade friction and evolving economic uncertainties in Europe. The turbulent stock market performance has also overshadowed investors' willingness and placing power in the unlisted market.

In regard to international expansion within our field, there were no major changes or mergers besides our own merger with Finnest in the spring. Even though half of equity-based platforms and 67% of debt-based platforms in the Nordics were reported to make internationalization efforts in 2018⁵, to most of our direct competitors, the efforts seem only to contain offering one global, English language website and brand. We believe true international service requires more localization efforts for the target markets (such as Sweden and German-speaking countries) while maintaining our global brand as Invesdor.

Investor uncertainty has created movement within our industry. In 2019 we have seen small players disappear and even some strong names have suffered from a decline in business. Invesdor can count itself among the more stable companies – the market uncertainty has not changed our position. We believe that the European investment platform sector is still headed towards a more concentrated market: the current high number of platforms will come down as small players decline, 2-5 large platforms will grow to have a presence across Europe, and small regional and niche

operators will compete for minor roles wherever market gaps exist. Invesdor aims to be one of the handful of major European platforms.

Management Team and HR

Our management team has been strengthened following the merger and we are extremely happy to have **Günther Lindenlaub** as our COO, bringing deep knowledge of debt products to our team. Günther is in charge of Invesdor Group's revenue generation with our Sales and Investor and Campaign Management teams. He was an investment banker for 20 years before he founded and managed Finnest.

Our other new Management Team members are bringing their own specialised expertise to the group in the following ways: **Robert Sjöblad** as VP, Finance and HR, **Katri Koponen** as VP, Marketing and Communication, **Juho Niemistö** as VP, Development. The management team is headed by **Lasse Makela** as CEO.

Regulation

Invesdor continues to keep up to pace with any and all regulatory requirements. So far in 2019, we've seen some EU-level legislation come fully to effect.

The new EU Prospectus Regulation came into full force in July 2019. In Finland, corresponding changes were enacted to the Securities Market Act. The limits triggering the duty to publish a prospectus

⁵ T. Ziegler, R. Shneor, K. Wenzlaff, et al. 2019. Shifting Paradigms: the 4th European Alternative Finance Benchmarking Report, p. 97. Available at: https://www.jbs.cam.ac.uk/fileadmin/user_upload/research/centres/alternative-finance/downloads/2019-04-4th-european-alternative-finance-benchmarking-industry-report-shifting-paradigms.pdf

are liberal on our key markets⁶ and accordingly no prospectus is required for offers of securities at a value between €1M and €8M during a 12 month period. However, a basic information document (perustietoasiakirja) is required.

The Finnish basic information document has less strenuous requirements than a prospectus. It must provide information for an informed assessment of the issuer and securities but – while it needs to be submitted to the Finnish Financial Supervisory Authority – does not require the Finnish Financial Supervisory Authority's approval. In Sweden, offers below €2.5M do not require a prospectus. In Austria, the trigger limit for a full prospectus is €5M - offers between €2M and €5M require a simplified national prospectus and for offers between €250k and €2M, the issuer needs to publish an information document.

The updated legislation pose no material challenges to Invesdor: we are well-equipped to meet regulatory requirements without major operational efforts.

Another interesting regulatory change in 2019 are the Regulatory Technical Standards of the Second Payment Services Directive (PSD2) that came into force in September. The updated standards e.g. require strong customer authentication in electronic payment transactions and online accessing of a payment account.

Financials

Year 2019 has been a year of building a new Invesdor with an ever stronger European reach. Our merger with Finnest in May, the following integration efforts, personnel changes at the top of our sales organisation, and the changes in the management team and board of Invesdor Ltd all required their share of time and resources during the Q1-Q3 2019 period. Consequently, our revenue didn't grow as expected. This should, however, be considered in the context of the broader market: in Europe the number of IPOs dropped by 40% and they raised 40% less proceeds in the first 9 months of 2019⁷.

In January-September 2019, our cumulative revenue totalled €1.0M compared to €1.2M last year in the corresponding period. Our cumulative EBITDA amounted to €-1.3M (€-0.5M in corresponding period in 2018).⁸

The pro forma figures for Invesdor Group, which include Finnest figures from the beginning of the year, were: Revenue €1.5M and EBITDA €-1.2M.

Lasse Makela
Co-founder & CEO

⁶ European Securities and Markets Authority. ESMA publishes list of thresholds below which an EU prospectus is not required. Related documents: list of prospectus thresholds. Available at: <https://www.esma.europa.eu/press-news/esma-news/esma-publishes-list-thresholds-below-which-eu-prospectus-not-required>

⁷ EY. More unwelcome delay or an extended opportunity to prepare? Global IPO trends: Q3 2019. p. 25. Available at: https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/ipo/ey-quarterly-ipo-trends-2019-q3.pdf

⁸ All figures for Q1-Q3 2019 are stated with Invesdor's contributions included from January 1, 2019 to September 30, 2019 and Finnest's contributions included from May 15, 2019 to September 30, 2019. All figures for Q1-Q3 2018 are prior to the merger with Finnest and thus include only Invesdor's contributions.

BALANCE SHEET & INCOME STATEMENT

Group Balance Sheet

Assets	31 December 2017	31 December 2018	30 September 2019**
Cash in hand	712 925,54	924 764,56	710 946,49
Other shares and similar rights	2 009,00	0,00	0,00
Intangible assets	234 451,68	321 467,94	1 519 525,87
Tangible assets	6 392,69	12 294,52	24 200,93
Investments	0,00	0,00	111 001,00
Other assets	223 015,23	451 218,78	438 971,90
Prepayments and accrued income	291 173,69	34 481,97	31 074,99
Assets in total	1 469 967,83	1 744 227,77	2 835 721,18
Liabilities	31 December 2017	31 December 2018	30 September 2019**
Creditors			
Other creditors	121 265,38	136 819,97	120 151,91
Accruals and deferred payments	86 475,87	129 445,99	184 783,94
Creditors in total	207 741,25	266 265,96	304 935,85
Shares capital	125 000,00	125 000,00	125 000,00
Reserve provided for by the articles of association	2 929 274,84	3 898 814,84	6 326 770,56
Retained losses	-1 472 119,09	-1 792 048,26	-2 545 853,03
Loss of the fiscal year	-319 929,17	-753 804,77	-1 375 132,20
Capital and reserves in total	1 262 226,58	1 477 961,81	2 530 785,33
Liabilities in total	1 469 967,83	1 744 227,77	2 835 721,18

** Invesdor's contributions have been included in the total from January 1, 2019 till September 30, 2019, and Finnest's contributions included in the total from the transaction date of May 15, 2019 till the end of September 2019.

Group Income Statement

	31 December 2017	31 December 2018	30 September 2019**
Sales accounts in general	1 020 835,30	1 560 458,17	1 047 834,52
Interest payments	7,89	671,65	31,38
Net income from securities trading	0,00	-2 009,00	0,00
Other operating income	293 018,72	0,00	0,00
Investment services net revenue	1 313 861,91	1 559 120,82	1 047 865,90
Sales accounts expenses	-141 327,41	-182 109,74	-211 167,72
Interest expenses	-1 964,25	-2 957,13	-2 247,32
Administration costs			
Personnel expenses	-604 192,73	-903 888,95	-1 398 125,94
Wages and salaries	-487 638,56	-721 637,06	-1 166 976,77
Social security	-116 554,17	-182 251,89	-231 149,17
Pension insurance fees	-101 996,50	-153 464,44	-129 639,81
Other social securities	-14 557,67	-28 787,45	-101 509,36
Other administration costs	-810 626,67	-1 120 473,96	-733 061,07
Depreciations and reduction in value			
Depreciation according to plan	-75 680,02	-103 495,81	-78 396,05
Loss	-319 929,17	-753 804,77	-1 375 132,20

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