



Fellow Finance Plc's half year review 2021

FELLOW FINANCE PLC COMPANY ANNOUNCEMENT 27.8.2021 8:00AM

Volume of intermediated loans has recovered to a growth path and we will start building a new innovative digital banking business

1.1.–30.6.2021 summary

- Turnover was 5.5 million euros (5.8), decrease of 5.3%
- Profit of the reporting period was -0.1 million euros (-0.7)
- EBIT was 0.5 million euros (-0.1)
- EBIT margin was 9.7% (-0.9)
- Earnings per share (EPS) was -0.01 euros (-0.10)
- Intermediated loan volume was approximately 90.7 million euros (69.1)
- Intermediated loan volume grew 31% compared to the same time period in financial year 2020
- After the end of the reporting period, the company announced the conclusion of a combination agreement with Evli Bank Plc, which provides for an arrangement whereby Fellow Finance Plc will merge with the company that will continue Evli Bank's banking services

Key Ratios

EUR 1 000 (unless otherwise informed)	(unaudited, unless otherwise informed)			
CONSOLIDATED KEY FIGURES	01-06/2021	01-06/2020	1-12/2020	1-12/2019
Turnover (EUR 1.000)	5 496.6	5 807.0	11 069.7 ¹⁾	14 193.7 ¹⁾
From which commissions	3 050.1	3 312.6	5 970.1 ¹⁾	10 042.1 ¹⁾
From which interest yields from loans	2 446.6	2 494.3	5 099.6 ¹⁾	4 151.6 ¹⁾
EBITDA	795.3	183.3	1 053.1	2 063.1
EBITDA –margin %	14.5%	3.2%	9.5%	14.5%
Adjusted EBITDA	795.3	183.3	1 053.1	2 762.2 ²⁾
Adjusted EBITDA margin	14.5%	3.2%	9.5%	19.5% ²⁾
Operating profit (EBIT)	533.7	-51.7	603.9 ¹⁾	1 647.4 ¹⁾
Operating profit (EBIT) -margin %	9.7%	-0.9%	5.5% ¹⁾	11.6% ¹⁾
Adjusted operating profit (Adjusted EBIT) -margin	533.7	-51.7	603.9	2 346.6 ²⁾
Adjusted operating profit (Adjusted EBIT) -margin, %	9.7%	-0.9%	5.5%	16.5% ²⁾



Earnings before taxes (EBT)	80.7	-713.0	-604.7 ¹⁾	126.6 ¹⁾
Earnings before taxes (EBT) -margin, %	1.5%	-12.3%	-5.5%	0.9%
Adjusted earnings before taxes (Adjusted EBT)	80.7	-713.0	-604.7	893.0 ²⁾
Adjusted earnings before taxes (Adjusted EBT) -margin, %	1.5%	-12.3%	-5.5%	6.3% ²⁾
Profit for accounting period	-57.8	-726.3	-880.0 ¹⁾	-69.1 ¹⁾
Adjusted profit for accounting period	-57.8	-726.3	-880.0	544.1 ²⁾
Lainaamo's loan receivables rate	19 390.9	24 488.5	22 477.4	28 657.3
Group's outstanding interest-bearing debt	10 560.0	15 870.0	13 610.0	20 370.0
Equity/share (issue-adjusted), EUR	1.89	1.92	1.90	2.03
Return on equity (ROE), %	neg.	neg.	neg.	neg.
Equity ratio, %	53.6%	45.3%	48.0% ¹⁾	40.2% ¹⁾
Personnel (average number)	50	45	47 ¹⁾	50 ¹⁾
Earnings per share (EPS), undiluted, EUR	-0.01	-0.10	-0.12	-0.01
Adjusted earnings per share (Adjusted EPS), undiluted, EUR	-0.01	-0.10	-0.12	0.08 ²⁾
Equity/share, EUR	1.89	1.92	1.90	2.02
Salaries and incentives	1 268.6 ³⁾	979.6 ³⁾	1 905.0 ³⁾	2 666.3 ³⁾
End balance of Balance Sheet	25 299.0	30 366.1	28 374.3	36 040.6
Average number of outstanding shares during period	7 173 625	7 173 625	7 173 625	7 146 872
Number of outstanding shares at the end of the period	7 173 625	7 173 625	7 173 625	7 173 625

¹⁾ Audited

²⁾ Adjusted with Company's nonrecurring costs related on listing to Nasdaq's First North Finland -marketplace and option incentives related to that on financial period 2019. Total of 0.7 million euros was booked to Personnel costs and 67.3 kEUR to financial items. Adjusted Profit for accounting period takes on account the computational taxes if the nonrecurring costs were not actualized.

³⁾ Personnel costs without pension and other non-wage expenses. Figure includes activated salaries.

CEO Teemu Nyholm: We returned to a growth path with volume of intermediated loans, implementation of our strategy is progressing, and we will start building a new innovative digital banking business

During the first half of 2021, our volume of intermediated loans continued to grow steadily and recover from the recession caused by the 2020 corona pandemic. We exceeded the monthly volumes in intermediated loans which preceded the 2020 pandemic both in consumer and business financing at the end of the reporting period. As a result of the growth, our turnover grew in comparison to the second half-year period in 2020. The company's profit remained slightly negative. Profitability was, as expected, affected by investments in new personnel and implementation of new products in accordance with our strategy and the temporary interest rate ceiling for consumer loans enacted in Finland as a result of the corona pandemic.

Out of our business segments, business financing, in particular, continued a strong and steady growth. We also embarked on a good growth path within Finnish consumer financing. Our



volumes in intermediated loans on the overseas markets continued to be modest but we progressed as planned with projects to relaunch on the Polish and German markets during 2021: the interest rate ceiling enacted in Poland as a result of the corona pandemic ended in June and in Germany, the project to relaunch operations with a new banking partner are progressing. In accordance with our strategy, we are focusing our overseas operations and running down operations in Sweden and the Czech Republic.

We implemented our renewed strategy, published at the end of year 2020, determinedly during the first half of the year. We launched our e-commerce payment solution in May and concluded significant cooperation agreements, which will enable us to offer our payment solutions in Finnish web stores to both consumers and businesses during autumn 2021. Our credit card project progressed as planned and we expect to be in a position to launch the card business during this year. We also launched a mobile application in August which will be a central service channel for our private customers going forward.

On the loan investor side, we invested strongly in institutional investors and are pleased to acknowledge that we gained several significant institutional investors to our peer-to-peer and crowdfunding platform during the first half of the year. We also succeeded in our strategic goal to increase the share of lower risk credits of our volume of intermediated loans. Credit risk management continues to be the cornerstone of our operations and we managed to decrease credit losses pertaining to credits originated by our subsidiary Lainaamo Oy in comparison to year 2020. At the same time, we decreased our own balance sheet loan stock, which translated into reducing funding costs.

We announced the conclusion of a combination agreement with Evli Bank Plc following the end of the reporting period. As part of the arrangement, Evli Bank will separate its other business operations into a new company and Fellow Finance will merge with Evli Bank Plc which will continue the deposit banking operations. The company that will carry on the banking business will form Fellow Bank, which aims to launch a new digital, customer-oriented bank with solid capital adequacy in Finland, to serve both private and SME customers. The arrangement is intended to be completed and the banking business launched during the first half of 2022. We will set the business strategy for Fellow Bank in more detail, make preparations for the integration work with Evli Bank's current organisation and implement required projects for commencing the banking business during the second half of the year. We see a great opportunity within banking business to offer our broad customer base more comprehensive services, thereby further broaden our customer base as well as service offering and, above all, significantly improve the profitability and competitiveness of our company through reduced funding costs enabled by deposit funding.

We continued to invest in strengthening our human resources and will continue this through strengthened capabilities particularly within banking operations and risk management as part of the Evli Bank integration as well as new recruitments within business development, sales and marketing.

We believe that the banking operations together with the investments in new products in accordance with our current strategy will provide conditions for significant growth in the coming years.



Financial goals and profit forecast for year 2021

The corona pandemic still impacts our business in 2021 causing uncertainty about the possible continuation of the temporary regulation and thus making it difficult to predict especially the level of growth in funding provided by our loan investors. Despite the uncertainty, we expect revenue growth compared to 2020. We also anticipate that the result for 2021 will remain slightly unprofitable because of investments in new products in accordance with our strategy and thereby growth and profitability for the upcoming years.

Fellow Finance's Financial Development 1–6/2021

Fellow Finance Group's consolidated turnover decreased by 5.3 percent to 5.5 (5.8) million euros and EBIT margin turned positive compared to the comparative period and was 9.7% (-0.9). EBIT was 0.5 (-0.05) million euros.

The parent company's turnover increased by 18 percent from the comparative period to 3.4 (2.8) million euros and EBIT was -0.1 (-0.2) million euros.

Fellow Finance's balance sheet and funding

Fellow Finance Group's balance sheet total was 25.3 (30.4) million euros. Fellow Finance Group's debt receivables were 19.4 (24.5) million euros, which equates to 76.6 percent (80.6) of total assets.

Fellow Finance Group's interest bearing debt was 10.6 (15.9) million euros. Liabilities in total were 11.7 (16.6) million euros and equity totaled 13.6 (13.8) million euros.

Fellow Finance Group's equity ratio was 53.6 (45.3) percent. Group's debt capital repayments during the reporting period were 3 million euros.

Fellow Finance's capital adequacy

Fellow Finance's capital adequacy management has been organized according to the laws regulating Payment Institutions. The base of the capital adequacy management is that payment institution's own assets together with their quality and allocation are on a sufficient level to cover the risks that payment institution carries continuously. To calculate the required amount of assets, Fellow Finance uses transaction-based calculation method. A transaction is included in the calculation when an investor transfers money via platform to the borrower and when borrower do repayment to the investor.

Fellow Finances total capital was 13.2 million euros when the minimum adequate capital requirement was 0.46 million euros at the end of the reporting period.

Essential events after the reporting period

After the end of the reporting period, the company concluded a combination agreement with Evli Bank Plc in July. The combination agreement sets out an arrangement by which Evli Bank will



demerge through a partial demerger into a new asset management group and a company that will carry on Evli Bank's banking services and into which Fellow Finance will merge. The company that will carry on the banking business will form Fellow Bank, which aims to launch a new digital, customer-oriented bank with solid capital adequacy in Finland, to serve both private and SME customers. The arrangement is intended to be completed during the first half of year 2022. The implementation of the arrangement is conditional upon, among others, authority approvals and approvals of Fellow Finance's and Evli Bank's shareholders.

More details on the arrangement were announced on 14.7.2021.

Annual general meeting

Fellow Finance Plc's Annual General Meeting of Shareholders was held in Helsinki on 31st of March 2021. The Annual General Meeting approved the financial statements for 2020 and granted release from liability of the members of the Board of Directors (Kai Myllyneva, Harri Tilev, Teemu Nyholm, Esa Laurila and Jorma Alanne) and CEOs (Jouni Hintikka between 1 January – 30 June 2020 and Teemu Nyholm between 1 July – 31 December 2020).

The Annual General Meeting made a resolution not to pay a dividend and minority dividend for financial year 2020.

The Annual General Meeting decided to re-elect Kai Myllyneva (Chairman) and Harri Tilev to the Board of Directors and that Michael Schönach, Karri Haaparinne and Tero Weckroth were elected as new members to the Board of Directors. It was decided that the annual remuneration of 20 000 euros will be paid to the Chairman of the Board of Directors and 15 000 euros to the members of the Board of Directors.

The Annual General Meeting resolved to elect Timo Helle, APA, as the auditor of the company.

Shareholder resolutions regarding share issues and repurchase of won shares are addressed in the section "Share and shareholders".

The Board, CEO and Auditors

The Company's Board of Directors was formed during the half-year period by Kai Myllyneva as a chairman of the Board of Directors and Jorma Alanne, Harri Tilev ja Esa Laurila as board members until the Annual General Meeting 31st March 2021. The Annual General Meeting 31st March 2021 decided that the Board of Directors is formed by Kai Myllyneva as the chairman of the Board of Directors and Harri Tilev, Michael Schönach, Karri Haaparinne and Tero Weckroth as board members until next Annual General Meeting. During the half-year period the board met 10 times and the participation percentage was 100 percent except for one meeting where one board member could not participate in the meeting.

The company's Auditor is APA Timo Helle (Grant Thornton).

The company's CEO in the reporting period has been Teemu Nyholm.

Share and shareholders



The company's number of shares on 30th June 2021 was 7 173 625. The Company's share is listed on Nasdaq First North Growth Market Finland under the trading code FELLOW. The share capital of the Company was 125 000 euros in the end of the half-year period. Fellow Finance did not own shares at the end of the half-year period.

The closing price of the share on the last trading day of the half-year period 30th June 2021 was 3.50 euros. The lowest trading price for half-year period was 2.46 euros and the highest 3.69 euros. Fellow Finance market capitalization at the end of the financial year was 25.1 million euros and the company had 2 644 owners.

The Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, to authorize the Board of Directors to decide on the repurchase of the company's own shares in one or more tranches using the company's unrestricted equity as follows. The maximum number of shares to be repurchased is 100 000. The shares will be repurchased otherwise than in proportion to the holdings of the shareholders in public trading on the Nasdaq Helsinki Ltd at the market price at the time of acquisition. The authorization is valid until the end of the next Annual General Meeting, but no later than June 30, 2022. The previous Board authorization expired on March 31, 2021.

The Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, to authorize the Board of Directors to decide on the issue of shares and the granting of special rights to shares referred to in Chapter 10, paragraph 1 of the Companies Act in one or more tranches either against payment or without payment as follows. The total number of shares to be issued, including the shares to be acquired on the basis of special rights, may not exceed 400 000 shares. The Board of Directors may decide to issue either new shares or treasury shares held by the company. The proposed maximum number of authorizations corresponds to approximately 5.6% of the total number of shares in the company, as of the date of the notice of the annual general meeting. The authorization is valid until the end of the next Annual General Meeting, but no later than June 30, 2022. The previous Board authorization expired on March 31, 2021.

The largest shareholders

Shareholder list is based on Euroclear Finland Oy's list of registered shareholders dated 30th June 2021.

Nr	Name	Stocks	(%)
1	TAALERI OYJ	1 847 163	25.75
2	TN VENTURES OY	830 843	11.58
3	OY T&T NORDCAP AB	656 436	9.15
4	OP-SUOMI MIKROYHTIÖT -ERIKOISSIJOITUSRAHASTO	298 174	4.16
5	OP-SUOMI PIENYHTIÖT	269 711	3.76
6	AVENSIS CAPITAL OY	165 000	2.30
7	VAKUUTUSOSAKEYHTIÖ HENKI-FENNIA	146 746	2.05
8	SIJOITUSRAHASTO SÄÄSTÖPANKKI PIENYHTIÖT	128 841	1.80
9	DB-MANAGER OY	95 429	1.33



Nr	Name	Stocks	(%)
10	SWISS LIFE (LUXEMBOURG) S.A.	82 306	1.15

Dividend policy and the Board of Directors dividend proposal

The Board of Directors of Fellow Finance made a resolution on the Company's dividend policy on 31st of July 2018. Fellow Finance seeks to distribute at least 30 percent of the Company's annual net profit to its Shareholders in dividends, taking into account the Company's financial condition and financing situation. However, the size and payment of dividend depend on at least the following: Company profits and financial condition, future investments, cash flow, amount of net debt and loan servicing requirements, and other factors deemed material by the Board. The dividend policy is in effect until further notice.

At the end of the financial period 2020 the parent company's distributable assets were 14 164 014.15 euros of which the financial period's 2020 profit was 94 359.97 euros. The Annual General Meeting of Shareholders decided on 31.3.2021 that no dividend shall be paid for the financial period of 2020.

Financial reporting

The company will publish the financial statements bulletin for the financial period 1.1.-31.12.2021 on 23.2.2022.

**Consolidated income statement, balance sheet, cash flow statement and change in equity (FAS)****CONSOLIDATED INCOME STATEMENT**

(1000eur)	1.1- 30.6.2021	1.1- 30.6.2020	1.1- 31.12.2020 (audited)	1.1- 31.12.2019 (audited)
REVENUE	5 496.6	5 807.0	11 069.7	14 193.7
Other income	84.1	0.0	0.0	0.0
Materials and services				
External services	-1 247.0	-1 397.2	-2 281.3	-4 275.6
Materials and services total	-1 247.0	-1 397.2	-2 281.3	-4 275.6
Personnel expenses				
Wages and salaries	-1 185.0	-938.8	-1 743.0	-2 515.8
Pension expenses	-172.3	-145.6	-240.3	-316.4
Other non-wage expenses	-69.5	-45.7	-65.4	-49.2
Personnel expenses total	-1 426.8	-1 130.1	-2 048.7	-2 881.4
Depreciation and amortization				
Depreciation according to plan	-261.7	-224.7	-438.9	-390.8
Depreciation on consolidated goodwill	0.0	-10.3	-10.3	-24.8
Depreciation and amortization total	-261.7	-235.0	-449.2	-415.6
Other operating costs	-2 111.7	-3 096.2	-5 686.6	-4 973.7
OPERATING PROFIT/LOSS	533.7	-51.7	603.9	1 647.4
Financial income and expenses				
Other interest and financial income				
From others	4.2	8.7	23.8	15.1
Interest and other financial expenses				
To others	-457.1	-670.1	-1 232.4	-1 536.0
Financial income and expenses total	-452.9	-661.3	-1 208.6	-1 520.8
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES	80.7	-713.0	-604.7	126.6
Income taxes	-138.6	-13.3	-275.3	-195.7
PROFIT/LOSS FOR THE PERIOD	-57.8	-726.3	-880.0	-69.1

**CONSOLIDATED BALANCE SHEET
(1000eur)**

ASSETS	30.6.2021	30.6.2020	31.12.2020	31.12.2019
NON-CURRENT ASSETS				
Intangible assets				
Other capitalized long-term expenditure	1 176.2	773.8	782.2	904.0
Goodwill	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>10.3</u>
Intangible assets total	1 176.2	773.8	782.2	914.4
Tangible assets				
Machinery and equipment	<u>51.6</u>	<u>122.6</u>	<u>69.5</u>	<u>148.8</u>
Tangible assets total	51.6	122.6	69.5	148.8
TOTAL NON-CURRENT ASSETS	1 227.8	896.3	851.7	1 063.2
CURRENT ASSETS				
Receivables				
Non-current				
Loan receivables	<u>11 604.4</u>	<u>17 308.1</u>	<u>15 045.9</u>	<u>22 779.2</u>
Non-current receivables total	11 604.4	17 308.1	15 045.9	22 779.2
Current				
Trade receivables	53.3	79.6	76.0	101.8
Loan receivables	7 982.4	7 188.1	7 439.3	5 878.1
Other receivables	609.9	465.7	435.2	1 761.8
Prepayments and accrued income	<u>919.7</u>	<u>468.5</u>	<u>756.9</u>	<u>534.5</u>
Current receivables total	9 565.3	8 201.9	8 707.4	8 276.1
Cash and cash equivalents				
Cash at banks	<u>2 901.5</u>	<u>3 959.8</u>	<u>3 769.3</u>	<u>3 922.1</u>
Cash at cash equivalents total	2 901.5	3 959.8	3 769.3	3 922.1
TOTAL CURRENT ASSETS	24 071.2	29 469.8	27 522.6	34 977.4
TOTAL ASSETS	25 299.0	30 366.1	28 374.3	36 040.6

**CONSOLIDATED BALANCE SHEET
(1000eur)**

EQUITY AND LIABILITIES	30.6.2021	30.6.2020	31.12.2020	31.12.2019
SHAREHOLDER'S EQUITY				
Share capital	125.0	125.0	125.0	125.0
Invested unrestricted equity reserve	13 360.7	13 360.7	13 360.7	13 360.7
Retained earnings/loss	126.7	996.7	1 002.3	1 077.7
Profit/loss for the period	-57.8	-726.3	-880.0	-69.1
TOTAL SHAREHOLDER'S EQUITY	13 554.5	13 756.0	13 608.0	14 494.2
LIABILITIES				
Non-current				
Bonds	0.0	11 100.0	11 100.0	11 100.0
Other liabilities	0.0	2 310.0	1 450.0	2 660.0
Non-current liabilities total	0.0	13 410.0	12 550.0	13 760.0
Current				
Loans from financial institutions	0.0	500.0	0.0	700.0
Bonds	9 100.0	0.0	0.0	0.0
Trade payables	539.5	175.8	270.4	383.2
Other liabilities	1 519.4	1 967.6	1 080.5	5 986.7
Accruals and deferred income	585.7	556.7	865.6	716.5
Current liabilities total	11 744.5	3 200.1	2 216.4	7 786.4
TOTAL LIABILITIES	11 744.5	16 610.1	14 766.4	21 546.4
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	25 299.0	30 366.1	28 374.3	36 040.6

**CONSOLIDATED CASH FLOW STATEMENT**
(1.000 eur)

	1.1- 30.6.2021	1.1.- 30.6.2020	1.1- 31.12.2020	1.1- 31.12.2019
Cash flow from operations				
Profit (loss) before extraordinary items	80.7	-713.0	-604.7	126.6
Depreciation and amortization according to plan	261.7	235.0	449.2	390.8
Financial income and expenses	452.9	661.3	1 208.6	1 520.8
Cash flow before change in working capital	795.3	183.3	1 053.1	2 038.2
Change in net working capital				
Increase (-)/decrease (+) in short-term non-interest-bearing receivables	-316.2	1 372.8	1 099.8	-739.0
Increase (+)/decrease (-) in short-term non-interest-bearing debts	218.6	-405.3	-159.0	282.4
Cash flow from business operations before financial items and taxes	697.7	1 150.8	1 993.9	1 581.7
Interest paid and payments made for other financial expenditure	-457.1	-670.1	-1 232.4	-1 541.1
Interest on business operations	4.2	8.7	23.8	15.1
Direct taxes paid	-287.8	-35.3	-33.4	-257.5
Cash flow from business operations (A)	-43.1	454.1	751.9	-201.8
Cash flow from investments				
Investments in tangible and intangible assets	-680.6	-68.2	-313.0	-645.8
Loans extended increase(-)/decrease(+)	2 905.8	4 161.1	6 172.1	-7 399.7
Cash flow from investments (B)	2 225.2	4 092.9	5 859.1	-8 045.5
Cash flow from financing activities				
Current loans increase(+)/decrease(-)	9 500.0	-4 150.0	-5 550.0	2 895.0
Non-current loans increase(+)/decrease(-)	-12 550.0	-350.0	-1 210.0	545.0
Dividends paid and other distribution of profit	0.0	0.0	0.0	-285.1
Share subscriptions	0.0	0.0	0.0	321.3
Translation difference	0.0	-9.3	-3.7	5.2
Cash flow from financing activities (C)	-3 050.0	-4 509.3	-6 763.7	3 481.3
Change in cash and cash equivalents	-867.9	37.7	-152.7	-4 766.0
Cash and cash equivalents at the beginning of the period	3 769.3	3 922.1	3 922.1	8 688.1
Cash and cash equivalents at the end of the period	2 901.5	3 959.8	3 769.3	3 922.1
Change in cash and cash equivalents	-867.9	37.7	-152.7	-4 766.0



Change in SH's equity Financial period half-year 01-06/2021, 1000eur	Share capital	Invested unrestricted equity reserve	Retained earnings/loss	SH's EQUITY TOTAL
Start balance 1.1.2021	125.0	13 360.7	122.3	13 608.0
Starting balance translation diff.				0.0
Dividend				0.0
Option subscriptions				0.0
Share issue				0.0
Translation differences			4.4	4.4
Profit/loss for the period			-57.8	-57.8
End balance 30.6.2021	125.0	13 360.7	68.9	13 554.6

Change in SH's equity Financial period half-year 01-06/2020, 1000eur	Share capital	Invested unrestricted equity reserve	Retained earnings/loss	SH's EQUITY TOTAL
Start balance 1.1.2020	125.0	13 360.7	1 008.6	14 494.3
Starting balance translation diff.			-2.6	-2.6
Dividend			0.0	0.0
Option subscriptions				0.0
Share issue				0.0
Translation differences			-9.3	-9.3
Profit/loss for the period			-726.3	-726.3
End balance 30.6.2020	125.0	13 360.7	270.4	13 756.1

Change in SH's equity Financial period 2020, 1000eur	Share capital	Invested unrestricted equity reserve	Retained earnings/loss	SH's EQUITY TOTAL
Start balance 1.1.2020	125.0	13 360.7	1 008.6	14 494.3
Starting balance translation diff.			-2.6	-2.6
Dividend			0.0	0.0
Option subscriptions		0.0		0.0
Share issue				0.0
Translation differences			-3.7	-3.7
Profit/loss for the period			-880.0	-880.0
End balance 31.12.2020	125.0	13 360.7	122.3	13 608.0

Change in SH's equity Financial period 2019, 1000eur	Share capital	Invested unrestricted equity reserve	Retained earnings/loss	SH's EQUITY TOTAL
Start balance 1.1.2019	125.0	13 039.4	1 361.4	14 525.8
Starting balance translation diff.			-3.8	-3.8
Dividend			-285.1	-285.1



FELLOW FINANCE

Option subscriptions		321.3		321.3
Share issue				0.0
Translation differences			5.2	5.2
Profit/loss for the period			-69.1	-69.1
End balance 31.12.2019	125.0	13 360.7	1 008.6	14 494.3



FELLOW FINANCE

FELLOW FINANCE PLC

The Board of Directors

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Fellow Finance in Brief

Fellow Finance Plc is a loan-based crowdfunding and peer-to-peer lending platform. The company's mission is to transform the traditional financing and payments to direct transactions between people and businesses. Fellow Finance has intermediated consumer and business financing of more than 800 million euros in Finland, Sweden, Denmark, Germany, Poland and Czech Republic and served more than 950 000 customers. The company is regulated by the Financial Supervisory Authority of Finland as an Authorized Payment Institution and listed on the Nasdaq First North Growth Market Finland.

Calculation of Key Ratios

EBITDA	=	Operating profit + Depreciation, amortization and impairment losses
EBITDA margin, %	=	$\frac{\text{Operating profit + Depreciation, amortization and impairment losses}}{\text{Turnover}}$
Adjusted EBITDA	=	EBITDA + non-recurring operative costs ¹⁾
Adjusted EBITDA margin, %	=	$\frac{\text{Operating profit + non-recurring operative costs}^{1)}}{\text{Turnover}}$
Adjusted operating profit (Adjusted EBIT)	=	Operating profit + non-recurring operative costs ¹⁾
Adjusted operating profit (Adjusted EBIT) margin, %	=	$\frac{\text{Operating profit + non-recurring operative costs}^{1)}}{\text{Turnover}}$
Earnings before taxes (EBT), margin, %	=	$\frac{\text{Profit for the year + income taxes}}{\text{Turnover}}$
Adjusted earnings before taxes (Adjusted EBT)	=	Profit for the year + income taxes + non-recurring operative costs ¹⁾ + non-recurring financing costs ¹⁾
Adjusted profit for the year	=	Profit for the year + non-recurring operative costs ¹⁾ + non-recurring financing costs ¹⁾
Equity ratio, %	=	$\frac{\text{Equity}}{\text{Balance sheet total - prepayments received}}$
Return on equity (ROE), %	=	$\frac{\text{Profit for the year (annualised)}}{\text{Equity (average)}}$
Earnings per share (EPS), undiluted, EUR	=	$\frac{\text{Profit for the year}}{\text{Share split-adjusted average number of outstanding shares during period}}$
Adjusted earnings per share (adjusted EPS), undiluted, EUR	=	$\frac{\text{Adjusted profit for the year}}{\text{Share split average number of outstanding shares during period}}$

Key Ratio table explanations

¹⁾ Adjusted with Company's nonrecurring costs on financial period 2019 related on listing to Nasdaq's First North Finland -marketplace and option incentives related to that. Total of 0.7 million euros was booked to personnel costs and 67.3 thousand to financial items. Adjusted Profit for accounting period takes on account the computational taxes if the nonrecurring costs were not actualized.