

A modern, bright office space with large windows, several people working at desks, and a lounge area with a sofa and coffee table. The image is overlaid with a semi-transparent white layer and small gold dots.

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2019 Preliminary results

**IFRS unaudited financial results for the full
year 2019 ended 31 December 2019**

18 March 2020

Important notice

This presentation contains, or may be deemed to contain, forward-looking statements. These statements relate to future events or future financial performance of Ferratum.

Such statements are based on the current expectations and certain assumptions of Ferratum's management, of which many are beyond the Ferratum's control. The words "aim", "anticipate", "assume", "believe", "continue", "could", "estimate", "expect", "forecast", "guidance", "intend", "may", "plan", "potential", "predict", "projected", "risk", "should", "will" and similar expressions or the negatives of these expressions are intended to

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By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Future results may vary from the results expressed in, or implied by, the forward-looking statements, possibly to a material degree.

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Highlights 2019 & Overview

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Highlights 2019 and group overview

14 Years of profitable growth

23 Countries



Consumer Loans

89% of revenues



Business loans

10% of revenues



Mobile Bank (incl. Primeloan)

1% of revenues



Founded Helsinki 2005



EU Banking Licence



Frankfurt Prime Standard

Full year 2019 highlights

- Guidance achieved: EBIT at EUR 45.5m (y-o-y + 20.5%)
- Successful execution of the Group's key priorities for 2019 – Strong operating leverage and continued growth in our business lending and Credit Limit products
- Solid capital structure: net debt to equity ratio stable at 2.59 at the end of Q4 2019

€293.1m

2019 revenue

+11.8%

Y-o-y revenue

€45.5m

2019 EBIT



Successful execution of the Group's key priorities for 2019

Management focus and key priorities in 2019	Highlights
Focus on profitability: Strong EBIT and EBT growth in 2019	<ul style="list-style-type: none"> EBIT up by +20.5% to EUR 45.5 million (margin: 15.5%) and EBT grew at +23.3% to EUR 27.5m (margin: 9.4%).
Management attention on operating leverage: Profit before risk reserve improved	<ul style="list-style-type: none"> Profit before risk reserve up by +23% to EUR 162m; the margin improved by +5.1PP to 55.2%. Main driver has been strict cost discipline especially at marketing and personnel expenses.
Driving revenue growth in SME Lending and in the Group's current consumer lending flagship product Credit Limit	<ul style="list-style-type: none"> Continuing strong performance in our SME Lending activities which we view as one of our future growth drivers: +33% to EUR 27.8m. The current flagship product Credit Limit has remained a key driver for Ferratum's revenue growth: y-o-y +20.4% to EUR 159m contributing 54% to Group revenue.
Further migration of consumer lending activities under the bank and promising results from management actions on rate-cuts in Finland	<ul style="list-style-type: none"> At the end of 2019 Finland and Denmark new lending activities migrated under the bank. Almost all European consumer loan issuance activities are under the bank resulting in higher flexibility, better access to funding and lower funding cost. First take-aways in Finland: Strongly increased application volume and improving payment behaviour
Preparing the rollout of the Mobile Wallet and Primeloan	<ul style="list-style-type: none"> Mobile Wallet rollout in preparation. Primeloan available to customers in four countries.

2019 revenue dynamics: increasing revenue share from our strategic key products SME Lending and Credit Limit

Products	Average Loan Value	Average Loan Term	Revenue Share	2019 Revenues by Product (€,000)		Active Markets	Comments
Primeloan (incl. Mobile Bank) €3,000 – €20,000 / 1 – 10 years	€6,624	5.3 years	1.2%	2018	1 468	+241% y-o-y	4 (4) <ul style="list-style-type: none">Primeloan in the ramp-up phase with focus on product and risk optimization
				2019	3 543		
Business (SMEs) Up to €250,000 / 6 – 24 Month term	€14,085	454 days	9.5%	2018	21 008	+33% y-o-y	7 <ul style="list-style-type: none">Discontinued in Australia and Poland
				2019	27 841		
Credit Limit Up to €4,000 / Digital revolving credit line	€1,331	N/A	54.3%	2018	132 321	+20% y-o-y	10
				2019	159 035		
PlusLoan €300 – €5,000 / 2 – 36 month term	€828	392 days	22.4%	2018	65 641	+0% y-o-y	10 <ul style="list-style-type: none">Bangladesh launched with PlusLoan
				2019	65 711		
Microloan €25 – €1,000 / 7 – 90 day term	€223	29 days	12.6%	2018	41 709	-11 % y-o-y	10 <ul style="list-style-type: none">Discontinued in Australia, Czech and UKRevenues and geographies further decreased as per strategy
				2019	36 974		

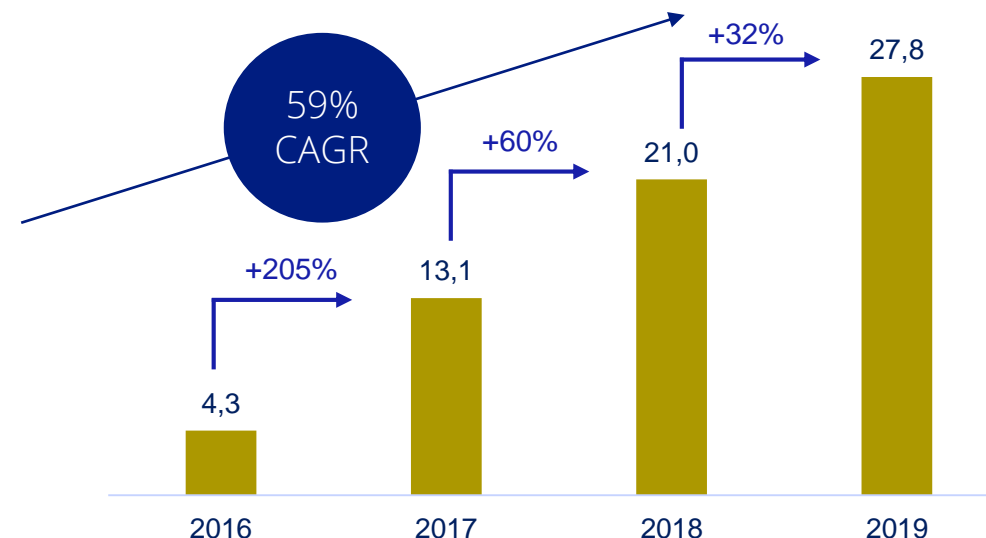
SME has been developed to a key growth driver for the Group

Profitable revenue growth CAGR (16-19) by 59%

Business lending: established in 2016

Six markets	FI, SE, DK, NL, UK, LT
Loan Amount + Terms	EUR 2K - 250K (Avg. c. EUR 13K); 6-24 months (Avg. c. 15)

Revenue performance (EUR)



Our vision: Establishing a key player for SME funding solutions

- Applying Ferratum's experiences, principles and technologies to the SME lending business

Serving underbanked small businesses in Europe with funding solutions and Ferratum philosophy: fast, easy, anytime access to digital lending

Changes in Leadership

Pieter van Groos

- The former Chairman of the Board of the Group, was appointed as Ferratum Bank CEO (subject to MFSA approval) in April 2019. Pieter has stepped down from this position and the related approval process. The daily oversight and lead of operations of Ferratum Bank continue to be with Antti Kumpulainen, Ferratum Bank Deputy CEO, who is supported by the Chairman of the Bank Board, Charles Borg, until a new CEO will be appointed.

Marius Solescu

- The former Head of Human Resources took over new responsibilities within the Group in December 2019 and now serves as Director of Partnerships - Financial Institutions. Marius stepped down from the Leadership Team in connection with the change in position.

Emmi Kyykkä

- Head of Group Communications and Investor Relations left on maternity leave, and stepped at the same time down from the Leadership Team, in February 2020.



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Financial Highlights

Robust revenue and strong profit performance y-o-y in 2019

in EUR m	2019	2018	% change
Revenue	293.1	262.1	11.8%
EBIT	45.5	37.8	20.5%
in% of Revenue	15.5%	14.4%	+ 1.1PP
EBT	27.5	22.3	23.3%
in% of Revenue	9.4%	8.5%	+0.9PP
profit after tax	23.6	19.3	22.7%
in% of Revenue	8.1%	7.4%	+0.7PP
EPS	1.10	0.89	22.7%
Return on Equity	18.3%	17.9%	+0.3PP
ND /E (Bond Covenant definition)	2.59	2.58	n.m.

- Revenue growth at 11.8%, main growth drivers Credit Limit and Business Lending
- Strong profit growth driven by scale effects and cost discipline: EBIT +20.5 %, EBT +23.3% and EPS by +22.7% y-o-y
- Solid Return On Equity at 18.3%
- Leverage structure: ND/E (bond covenant definition) remained y-o-y stable at 2.59
- Earnings growth increased equity by + EUR 23m to EUR 130m

Profit before risk reserves – EBIT bridge: impairments over net loans to costumers have been flat y-o-y at 27.4%

in EUR m	2019	2018	% change
Net loans to customers	386.2	320.5	20.5%
Profit before loan losses	162.0	131.5	23.2%
margin	55.3%	50.2%	
Impairment on loans	105.7	88.5	19.4%
in% of Revenue	36.1%	33.8%	
in% of gross loans to customers	19.0%	18.9%	
in% of net loans to customers	27.4%	27.6%	
D&A	10.8	5.2	107.2%
EBIT	45.5	37.8	20.5%
margin	15.5%	14.4%	

- Net loans to customers up by +20.4% (EUR 65m) mainly related to growth in Credit Limit and Business Lending
- Impairment on loans in% of net loans to customers were stable at 27.4% and increased by +EUR 17.2m
- D&A increased by EUR 5.6m whereof EUR 2.5m relate to the first time adoption of IFRS16

Strict cost discipline: Total operating expenses remained stable at EUR 131m

in EUR m	2019	2018	% change
Revenue	293.1	262.1	11.8%
Personnel Expenses	43.9	43.8	0.3%
in% of Revenue	15.0%	16.7%	
Selling and marketing expenses	38.8	41.4	-6.2%
in% of Revenue	13.2%	15.8%	
Other operating expenses	48.4	45.7	+6.0%
in% of Revenue	16.5%	17.4%	
Total operating expenses	131.2	130.9	0.3%
in% of Revenue	44.8%	49.9%	
Profit before loan losses	162.0	131.5	23.2%
margin	55.3%	50.2%	+ 5.1PP
IFRS 16 impact (lease obligations)			
IFRS 16 impact	2.7	0.0	n.m.
Total operating expenses excl. IFRS 16	133.9	130.9	2.3%
Profit before risk reserves excl. IFRS 16	159.3	131.3	21.2%
margin	54.4%	50.2%	+4.2PP

- Total operating expenses were stable at EUR 131.2m. Major drivers have been:
 - Increased marketing efficiency and focus on sales related campaigns decreased marketing expenses by -6.2%
 - Ferratum managed to keep personnel expenses stable at EUR 43.9m
- Other operating expenses up by +6.0%, but cost growth rate 50% lower than revenue growth

Credit Limit remains leading segment: 54% of Group revenues

EUR '000	Microloan		PlusLoan		Credit Limit		SME		Mobile Bank and Primeloan		Total	
	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018
Revenue	36,974	41,709	65,711	65,641	159,035	132,321	27,841	21,008	3,543	1,468	293,104	262,148
Impairments	(13,916)	(19,692)	(28,371)	(20,477)	(51,106)	(40,720)	(8,725)	(5,739)	(3,567)	(1,868)	(105,684)	(88,496)
As % of Revenue	37.6%	47.2%	43.2%	31.2%	32.1%	30.8%	31.3%	27.3%	100.7%	127.2%	36.1%	33.8%
Marketing	(2,536)	(4,192)	(7,834)	(9,219)	(21,871)	(21,318)	(5,617)	(4,558)	(970)	(2,101)	(38,828)	(41,388)
As % of Revenue	6.9%	10.1%	11.9%	14.0%	13.8%	16.1%	20.2%	21.7%	27.4%	143.1%	13.2%	15.8%
Attributable Product Margin	20,539	17,863	29,535	36,005	86,130	70,406	13,512	10,731	(995)	(2,501)	148,722	132,505
As % of Revenue	55.6%	42.8%	44.9%	54.9%	54.2%	53.2%	48.5%	51.1%	-	-	50.7%	50.5%
Total Non-directly Attributable costs	(12,481)	(14,339)	(22,182)	(22,567)	(53,686)	(45,492)	(9,398)	(7,223)	(5,442)	(5,084)	(103,189)	(94,706)
Operating Profit	8,058	3,524	7,353	13,438	32,444	24,913	4,114	3,509	(6,437)	(7,584)	45,532	37,799
Gross Profit Margin, %	21.8%	8.4%	11.2%	20.5%	20.4%	18.8%	14.8%	16.7%	-	-	15.5%	14.4%
Finance costs, net	(1,035)	(1,031)	(3,323)	(2,861)	(7,603)	(5,410)	(3,086)	(1,713)	(700)	(271)	(17,989)	(15,466)
Profit before tax	7,022	2,493	4,030	10,577	24,842	19,503	1,028	1,795	(7,136)	(7,856)	27,543	22,333
As % of Revenue	19.0%	6.0%	6.1%	16.1%	15.6%	14.7%	3.7%	8.5%	-	-	9.4%	8.5%

- Microloan: decreasing in absolute and relative terms as per strategy
- Growth drivers Credit Limit and SME Lending
- On segment level all product profitable except early stage product initiatives

Equity growth resulted in stable net debt to equity ratios while loans to customers increased by +20.5%

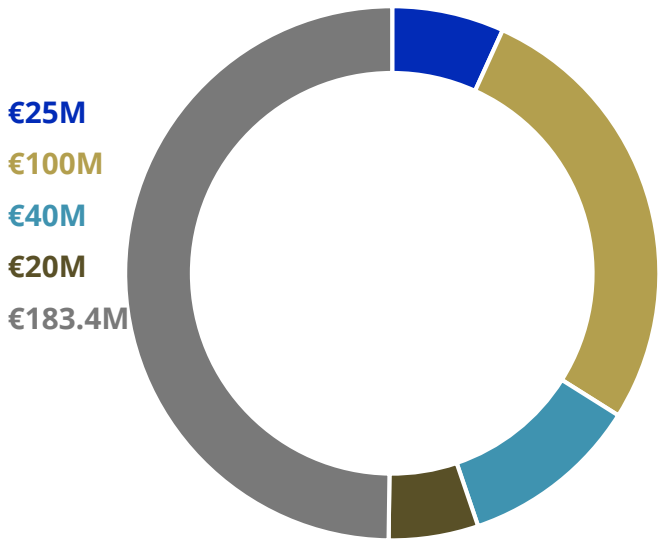
EUR '000	31 Dec 2019	31 Dec 2018	% Change
Assets			
Non-current assets	60,512	54,902	+10.2%
Accounts receivable – customer loans (net)	386,167	320,538	+20.5%
Other receivables	14,463	8,233	+75.7%
Income tax assets	2,167	961	+125.5%
Cash and cash equivalents	155,518	115,559	+34.6%
Total Assets	618,827	500,192	+23.7%

EUR '000	31 Dec 2019	31 Dec 2018	% Change
Equity and liabilities			
Equity	129,138	107,380	+21.0%
Non-current liabilities	174,236	138,276	+26.1%
Current liabilities	315,453	254,536	+23.6%
Of which deposits	242,161	183,405	+32.0%
Total Equity & Liabilities	618,827	500,192	+23.7%
Net debt to equity ratio	2.59	2.58	-0.1PP

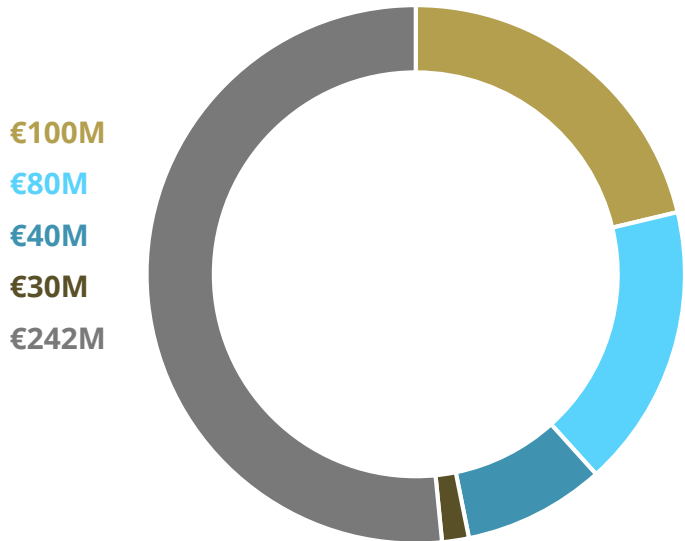
- Total Assets up by 24%, driven by customer loans (net) and cash
- loans to customers (net) grew at +21% to EUR 386m (FY 2019 vs FY 2018) – in line with management's expectations
- Successful completion of written procedure to increase ND/E to 3.5 for 2018/2022 bond – ND/E stable
- Deposit volume increased from EUR 183m at the end 2018 to EUR 242m at the end 2019
- Equity ratio stable at 21%

Cost of capital stable

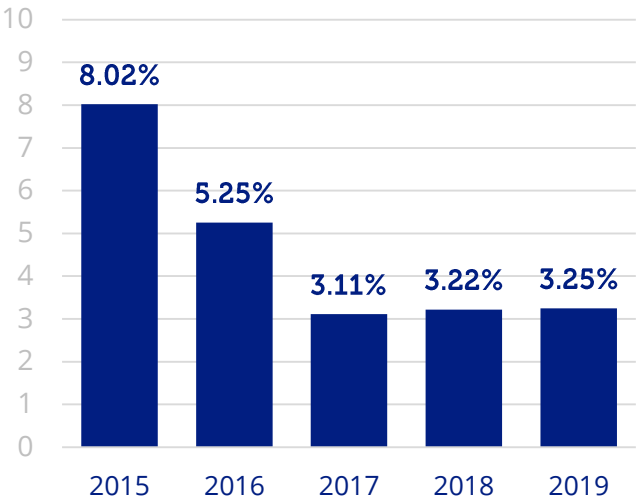
Financing mix at year end 2018



Financing mix at year end 2019



Weighted average cost of debt funding



- Ferratum Capital Germany 4.875% 2019 (repaid in June 2019)

■ Ferratum Bank 6.25% + 3m Euribor 2020

■ Ferratum Capital Germany 5.5% + 3m Euribor 2022

■ Ferratum Capital Germany 5.5% + 3m Euribor 2023

■ Nordea Credit Line (of which 7,6 million used at December 31, 2019)

■ Deposits

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Outlook 2020

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The Covid-19 pandemic's impact on Ferratum

Payment behaviour and impairments

- Payment behaviour of existing customers may deteriorate in the near future, implying an additional increase of impairments

FX

- Several important currencies devalued against the Euro as a consequence of both the Covid-19 outbreak and the oil market turmoil

Operational focus

- The Covid-19 outbreak requires valuable management focus

Ferratum is well positioned to face new challenges

- The group has a strong liquidity and equity level
- Actions to increase operational efficiency started in 2019
- Agile technology and business model

Early actions taken

- Management has identified and evaluated potential risks and has implemented action plans to protect against these
- Ferratum will actively tighten scoring and underwriting criteria for new loans to account for increased uncertainty
- Ferratum has a rigid contingency plan in place in which business and operations are handled remotely by employees
- Increased monitoring and analyzing of cashflows

Ferratum has seen an increased demand for its lending products

2020 Outlook

The global Covid-19 outbreak will most likely impact Ferratum's business performance in 2020

- The Board expects revenue and EBIT to materially decrease compared to 2019.
- Taking into consideration the current macro-economic uncertainty, impairment levels are expected to increase during 2020. An expectation of deteriorating economic indicators would increase impairments driven by the implemented statistical risk reserving model.

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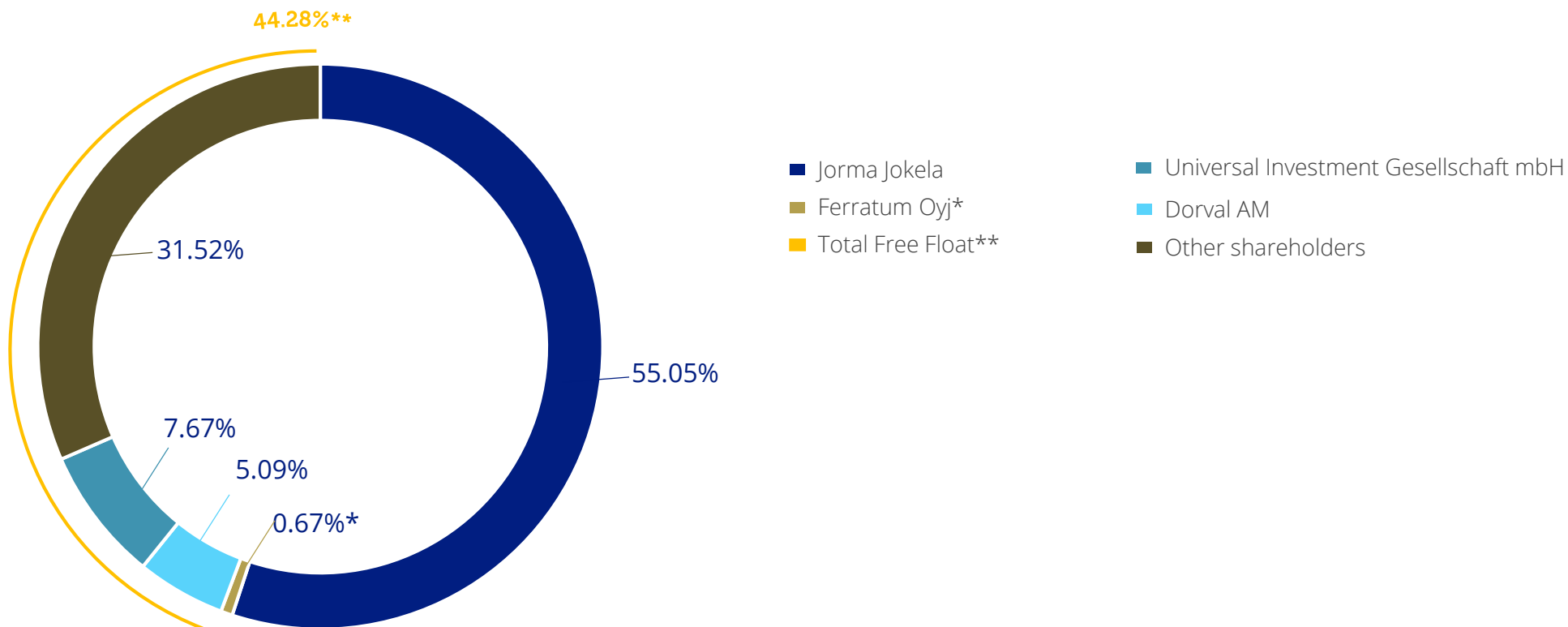
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Date	Financial Calendar Events
26.03.2020	Ferratum Group: full year 2019 results
23.04.2020	Ferratum Group: Annual General Meeting
28.04.2020	Ferratum Capital Germany: full year 2019 results
28.04.2020	Ferratum Bank p.l.c.: full year 2019 results
20.05.2020	Ferratum Group: Q1 results
20.08.2020	Ferratum Group: H1 results
28.08.2020	Ferratum Capital Germany: H1 report
28.08.2020	Ferratum Bank p.l.c.: H1 report
19.11.2020	Ferratum Group: 9M results

Shareholder information



All information of shareholders holding based on the latest shareholder notifications received

* Treasury shares held by Ferratum Oyj (no voting right and no dividends paid on treasury shares)

** Total free float includes shares held by institutional investors, but not treasury shares held by Ferratum Oyj