Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of Ferratum Oyj

Report on the Audit of the Financial Statements

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position and financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU

- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Audit Committee.

What we have audited

We have audited the financial statements of Ferratum Oyj (business identity code 1950969-1) for the year ended 31 December 2020. The financial statements comprise:

- the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies

- the parent company's balance sheet, income statement, statement of cash flows and notes.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

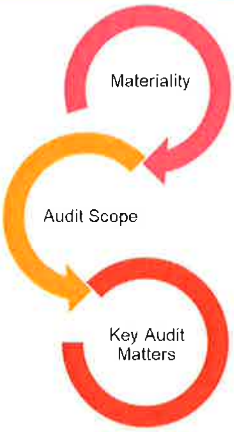
Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 8 to the Financial Statements.

Our Audit Approach

Overview



- Overall group materiality: € 1,7 million, which represents 0,75% of the group's net sales
- The group audit scope includes all significant companies in Finland, Sweden, Estonia and Malta, covering the vast majority of revenues, assets and liabilities
- Credit loss allowances in respect of loans and advances to customers

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality	€ 1,7 million (previous year € 3,0 million)
How we determined it	Net sales
Rationale for the materiality benchmark applied	We chose net sales as the benchmark because, in our view, it best reflects the extent of the business operations and the growth rate of the group and it is a generally accepted benchmark.

How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of the Ferratum group, the size, complexity and risks of individual subsidiaries, group's processes and controls related to financial reporting, and the industry in which the group operates. Using these criteria we selected companies and accounts into our group audit scope and at the same time ensured that we get sufficient coverage to our audit, in order to issue an audit opinion for the Group.

We determined the type of work that needed to be performed at group companies by us, as the group engagement team, or by auditors from other PwC network firms operating under our instruction. Audits were performed in group companies which are considered significant either because of their individual financial significance or due to their specific nature, covering the vast majority of revenue, assets and liabilities of the Group. Selected specified procedures as well as analytical procedures were performed to cover the remaining companies.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Credit loss allowances in respect of loans and advances to customers *Refer to Notes 3.2 in the consolidated financial statements* As at 31 December 2020 the group's loan and account receivables gross balance amounted to € 507,4 million. Loan and account receivables are measured at amortized cost using the effective interest method. A credit loss allowance is recorded to adjust the balance to the present value of estimated future cash flows. The credit loss allowance of loan and account receivables amounted to € 146,4 million as at 31 December 2020. Credit loss allowances in respect of loans and advances to customers represent management's best estimate of expected credit losses ('ECLs') within the loan portfolios at the reporting date. The development of the models designed to estimate ECLs on loans and advances to customers in accordance with the requirements of IFRS 9 requires a	During our audit of the financial statements for the year ended 31 December 2020 we continued to focus on the key drivers of the estimation of ECL. Apart from assessing the continued appropriateness of management assumptions, updates to key parameters, new assumptions and enhancements, largely driven by the outbreak of the covid-19 pandemic, were evaluated and tested. Discussions with the Audit Committee and Management included: • assumptions around inputs and adjustments to ECL, in particular changes to risk factors and other inputs within the Group's models, in respect of which we provided updates on the results of our testing procedures; and • the application of forward-looking economic guidance, including the severity and magnitude of modelled scenarios, particularly

considerable level of judgement since the determination of ECL is subject to a high degree of estimation uncertainty. The outbreak of the covid-19 pandemic has exacerbated the level of uncertainty around the calculation of ECL, giving rise to heightened subjectivity in the determination of model assumptions used to estimate key model risk parameters and hence necessitating a higher level of expert judgement.

In general, the Group calculates ECLs by using the following key inputs: probability of default (PD), loss given default (LGD) and exposure at default (EAD). The maximum period considered when measuring ECLs is the maximum period over which the Group is exposed to credit risk.

Credit loss allowances relating to all loans and advances to customers in the Group's short-term consumer and business lending portfolio (Stages 1-3) are determined on a collective portfolio basis.

The Group uses an ECL model that relies on risk parameters, specifically PDs determined at a country/product level to capture similar credit risk characteristics of portfolios. These assumptions are based on internally developed statistical models and historical development data derived from the Group's own experience as available at the reporting date.

The output PD is then adjusted using a linear scalar approach to reflect macroeconomic conditions in the Group's territories of operation.

The LGD used for the Group's consumer and business lending portfolio is driven by estimates of loss rates and loss severities (e.g. the valuation of recoveries from loan portfolio sales), taking into consideration other assumptions, including the impact of discounting of recoveries from the date of realisation back to the date of default. The loss severities for the consumer and business lending portfolios also take into account the Group's recovery history from internal debt collection activities and customer repayments.

The LGD modelling methodology utilises historical experience, which might result in limitations in its reliability to appropriately estimate ECLs especially during periods characterised by unprecedented in the context of the potential future impacts of the covid-19 pandemic;

- considerations around significant assumptions used by the management in determining LGD parameters, specifically in in a number of lending arrangements which exhibit a higher risk of estimation uncertainty.

With respect to the ECL models utilised by the Group, the continued appropriateness of the modelling policies and methodologies used was independently assessed by reference to the requirements of IFRS 9.

ECL calculation for short-term consumer and business lending exposures

We understood and critically assessed the models used for ECL estimation in the Group's short-term consumer and business lending portfolios. Since modelling assumptions and parameters are based on historic data, we assessed the impact of the unprecedent circumstances we are currently experiencing on the adequacy of key model parameters since these are based on historical experience that is not necessarily reflective of the current level of credit risk within the portfolios. The appropriateness of management's judgements was also independently considered in respect of calculation methodologies, calibration of PDs and LGDs, segmentation, and selection of macroeconomic variables. Model calculations were also tested independently.

Substantive procedures were performed as follows:

- Performed an overall assessment of the ECL provision levels by stage to determine if they were reasonable considering the Group's portfolio, risk profile, credit risk management practices and the macroeconomic environment.
- Reviewed and challenged of staging criteria adopted by management (including the definition of default) on the basis of the specific nature and contractual characteristics of the Group's short-term consumer and

economic conditions such as those currently experienced as a result of the covid-19 pandemic.

Under IFRS 9, the Group is required to formulate and incorporate multiple forward-looking economic conditions, reflecting management's view of potential future economic developments, into the ECL estimates. A number of macroeconomic scenarios based on the selected macroeconomic variables are considered to capture non-linearity across the Group's consumer and business lending portfolios. The complexity attributable to this factor requires management to develop multiple macroeconomic scenarios involving the use of significant judgements. The Group utilises a statistical methodology to generate the economic inputs applied within the ECL models.

The outbreak of covid-19 and the government support and relief measures adopted to mitigate it have significantly impacted macroeconomic factors such unemployment, increasing the uncertainty around judgements made in determining the severity and likelihood of macroeconomic forecasts across the different economic scenarios used in ECL models. Overly sensitive ECL modelled outcomes can be observed when current conditions fall outside the range of historical experience.

Data used in the impairment calculation is sourced from a number of systems, including systems that are not necessarily used for the preparation of the accounting records. This increases risk around completeness and accuracy of certain data used to create assumptions and operate the models. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed.

Accordingly, summarising the key areas relevant to the Group's measurement of expected credit losses (ECLs) would include:

- allocation of assets to stage 1, 2, or 3 using criteria in accordance with IFRS 9;
- accounting interpretations and modelling assumptions used to build the models that calculate the ECL;
- completeness and accuracy of data used to calculate the ECL; and

business lending products.

- Tested the completeness and accuracy of the critical data, extracted from the underlying systems, utilised within the models for the purpose of the year-end ECL calculation.
- Performed a risk-based testing of models including independent rebuild of certain assumptions, such as, the estimation of PDs for each sub-portfolio (at a territory and product level) and the re-estimation of ageing buckets on the basis of borrower days past due information at the reporting date.
- Tested the mathematical accuracy of the model.
- Tested the multiple macroeconomic scenarios and variables using our economic experts to assess their reasonableness. We assessed the base case and alternative economic scenarios, including challenging probability weights. We assessed whether the severity of the forecasted macroeconomic variables was appropriate in view of the pandemic and the high level of uncertainty surrounding the economic conditions. We challenged the correlation and impact of the macroeconomic factors on the ECL.
- Reviewed and challenged the assumptions adopted by the Group in respect of loan portfolio sales impacting its LGD calculation, including both under contractual forward-flow agreements and one-off sale transactions. With respect to lending arrangements which during 2020 were not subject to a contractual forward-flow agreement, and accordingly present a higher risk of estimation uncertainty, we challenged management's recovery assumptions, developed stress scenarios and considered the sensitivity of the ECL to such assumptions.

- inputs and assumptions used to estimate the impact of multiple macroeconomic scenarios.

We have identified calculation of credit loss allowances as a key audit matter as the estimation of ECLs is subjective in nature and inherently judgmental. The calculation of expected credit loss is a complex area and requires management to make significant assumptions on customer payment behaviour and other relevant risk characteristics when assessing the group's statistics of historical information and estimating the level and timing of expected future cash flows.

This matter is a significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014.

We have no key audit matters to report with respect to our audit of the parent company financial statements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Appointment

We were first appointed as auditors by the annual general meeting on 17 November 2009. Our appointment represents a total period of uninterrupted engagement of 11 years. Ferratum Oyj became a public interest entity on 6 February 2015 as a result of the initial public offering.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion

- the information in the report of the Board of Directors is consistent with the information in the financial statements

- the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 24 March 2021

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jukka Karinen
Authorised Public Accountant (KHT)