ferratum

NINE-MONTH REPORT FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2018


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COMPANY OVERVIEW AND BUSINESS MODEL

Ferratum Oyj and its subsidiaries form the Ferratum Group ("Ferratum" or the "Group") which is an international provider of mobile financial services. Ferratum, headquartered in Helsinki, Finland, was founded in May 2005 and has rapidly expanded its operations across Europe, South and North America, Africa and the Asia-Pacific region.

Ferratum is at the forefront of the digital banking revolution and a pioneer in digital lending. Over the past 13 years, Ferratum has developed proprietary credit scoring algorithms that can deliver instant credit decisions, allowing Ferratum to make fully risk-assessed lending decisions at a pace unmatched by the traditional banking and lending industries. Ferratum's technology and services have been built around real customer behaviour and experience, enabling Ferratum to offer secure, easy-to-use, real time digital products and diversify the range of products available in its countries of operation as Ferratum quickly understands the credit behaviour of customers in each new market. Using big data technology, and centralizing IT systems and customer services as the Group has expanded geographically, Ferratum has achieved balanced, profitable growth in every year of operation, underpinned by the ability to rapidly launch innovative new products in new countries and markets.

Ferratum is currently operating in 25 countries. An EU banking license enables passporting of financial services to all EEA member states. With 1.9 million active and former customers globally who have been granted one or more loans in the past, Ferratum is one of the leading international providers of online loans to consumers and small businesses.

Ferratum provides consumer and business customers with digital borrowing solutions to suit a wide range of financial needs and circumstances. Microloan offers consumers quick and straightforward access to small cash amounts to meet immediate, short term financial needs ranging from EUR 25 to EUR 1,000 with durations between 7 days and 90 days; PlusLoan is a longer term product with multiple instalments, ranging between EUR 300 and EUR 5,000 and a duration between 2 months and 3 years. Credit Limit is a digital revolving credit line offering up to EUR 3,000. Borrowers are granted a maximum credit limit, which can be used in a flexible way or repaid at any time. Borrowers with Credit Limit are only charged for the open balance, and can pay back flexibly, helping customers to budget according to their cash flow. Primeloan is a higher amount consumer lending product ranging from EUR 3,000 to EUR 20,000 with a duration between 1 to 10 years, enabling customers to budget for more significant purchases such as a car or home improvements. For business customers Ferratum offers small and medium size enterprises loans up to EUR 250,000 with a term of 6 to 18 months.

Ferratum continues to evolve to fulfil its long-term vision of becoming a leading international mobile bank offering an ever-wider range of products. The Ferratum Mobile Bank, launched by Ferratum Bank p.l.c. in 2016, is an innovative mobile-only bank that puts the customer in control of their financial affairs. Offering real time digital payments and transfers, and available in a range of currencies, the Mobile Bank offers an extensive range of banking services including current accounts, overdrafts, savings, term deposits and a multi-currency contactless debit card, giving customers the freedom to manage their finances, via their mobile, whenever they need to, wherever they go. The technology platform supporting the Mobile Bank is designed to be scalable and will enable Ferratum to diversify its revenue by integrating additional products and services with partners in consumer-facing sectors, such as travel, utility and entertainment. We are currently trialling the world's first mobile banking app designed for holidays in partnership with Thomas Cook Money, the newly launched financial services division of Thomas Cook Group plc, in Sweden.

January – September 2018 Highlights

+18.1%	Group revenue of EUR 190.2 million, up 18.1% year-on-year
+12.7%	Operating profit (EBIT) of EUR 26.8 million, up 12.7% year-on-year
14.1%	EBIT margin of 14.1%
€15.1m	Profit before tax (EBT) of EUR 15.1 million, down 14% due to unfavourable currency fluctuations
+7.4%	Active customers increased 7.4% in the period to 799,111
€0.60	Basic EPS decreased by 13.0% to EUR 0.60 per share
€0.59	Diluted EPS decreased by 14.5% to EUR 0.59 per share
€100m	Successful placement of EUR 100 million bonds by Ferratum Capital Germany GmbH
€306.3m	Net book value of loan portfolio grew by 19.0% to EUR 306.3 million (9M 2017: EUR 257.4 million)
€192.3m	Deposits from customers increased by 10.3% to EUR 192.3 million

BOARD OF DIRECTORS REPORT 9M 2018

Financial Overview

EUR '000	Jan - Sept 2018	Jan - Sept 2017	% change
Revenue	190,194	161,006	+18.1%
Operating profit	26,833	23,810	+12.7%
Profit before tax	15,110	17,575	-14.0%
Net cash flows from operating activities before movements in loan portfolio and deposits received	94,458	75,759	+24.7%
Net cash flow from operating activities	(18,982)	14,691	n/a
Net cash flow from investing activities	(10,284)	(6,862)	+49.9%
Net cash flow from financing activities	56,023	34,617	+61.8%
Net increase/decrease in cash and cash equivalents	26,757	42,446	-37.0%
Profit before tax %	7.9	10.9	-27.2%

Financial highlights, EUR '000	30 Sept 2018	31 Dec 2017	% change
Accounts receivable – consumer and business loans (net)	306,314	257,406	+19.0%
Deposits from customers	192,291	174,301	+10.3%
Cash and cash equivalents	159,409	131,832	+20.9%
Total assets	517,386	436,595	+18.5%
Non-current liabilities	137,613	64,167	+114.5%
Current liabilities	271,835	267,185	+1.7%
Equity	107,937	105,243	+2.6%
Equity ratio %	20.9	24.1	
Net debt to equity ratio	2.32	1.90	

Customer Base

	30 Sept 2018	30 Sept 2017	Growth in %
Total customers*	1,937,391**	1,803,076	7.4%
New customers	61,247**	241,389	-74.6%
Active customers***	799,111	744,086	7.4%

*Customers who have been granted one or several loans in the past or has an open Mobile Bank account.
**Decline from reported Q2 2018 total figure is due to GDPR related deletions of former customer records.
***Customers with a Mobile Bank account and lending customers who have had an open balance in the last 12 months. If loans are >24m overdue, the customer is not considered active.

Calculation of key financial ratios

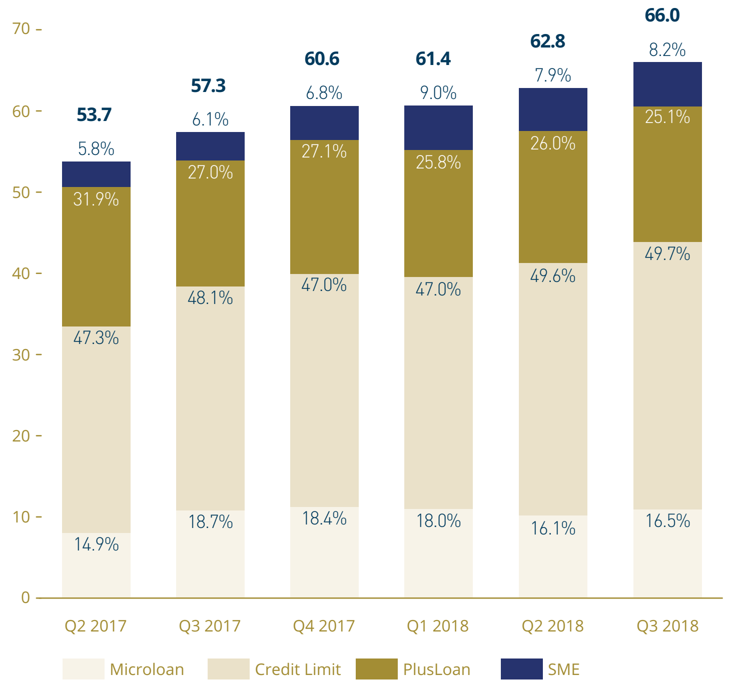
$$\text{Equity ratio (\%)} = 100 \times \frac{\text{Total equity}}{\text{Total assets}}$$

$$\text{Net debt to equity ratio} = \frac{\text{Total liabilities – cash and cash equivalents}}{\text{Total equity}}$$

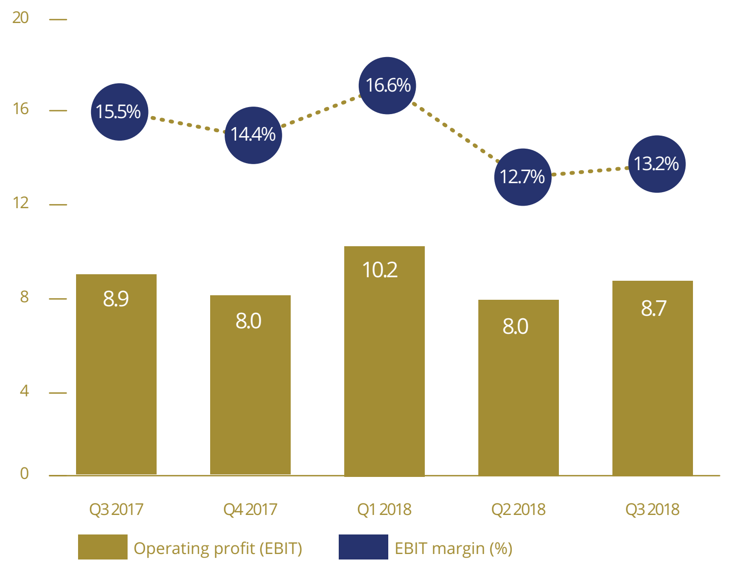
$$\text{Profit before tax (\%)} = 100 \times \frac{\text{Profit before tax}}{\text{Revenue}}$$

Quarterly performance trends

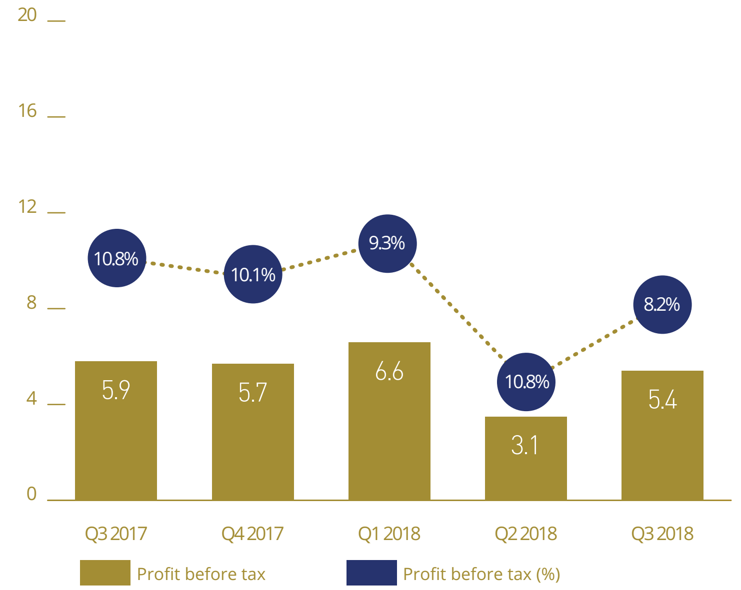
Revenue (EUR m)



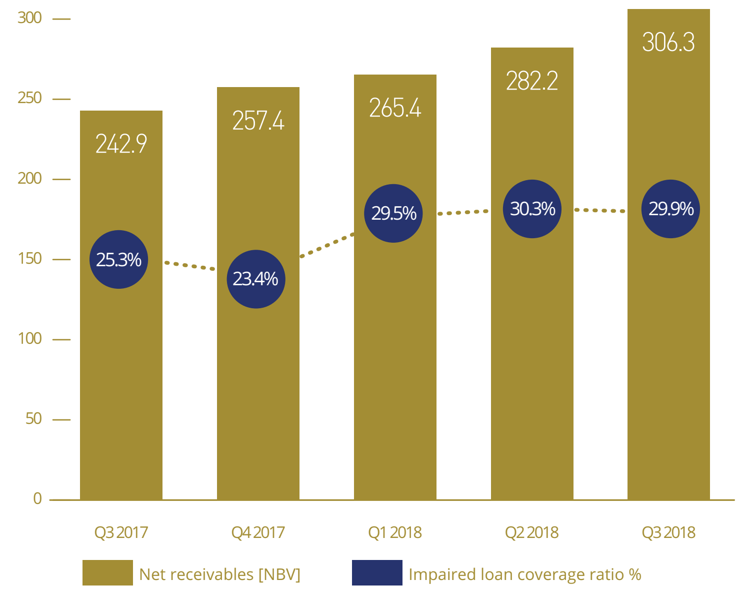
Operating profit (EBIT) (EUR m)



Profit before tax (EBT) (EUR m)



Loans to customers (EUR m)



Financial and segmental performance

Ferratum Group delivered further growth in the first nine months of 2018, building on the record performance of 2017, and has made progress with implementing the management actions announced in the half year results, to restore revenue growth and improve Group performance.

Operating profit (EBIT) for the first nine months of 2018 increased by 12.7% year-on-year to EUR 26.8 million. The gross impairment on loans ratio improved to 33.6% for the first nine months of 2018, compared to 35% for the comparable 2017 period.

In view of heightened revenues of EUR 190.2 million compared to EUR 161.0 million (+18.1%) the EBIT margin slightly decreased from 14.8% to 14.1% within the nine-month period. Due to increases in finance costs of EUR 5.5 million to EUR 11.8 million within the nine-month period the profit before tax (EBT) reduced to EUR 15.1 million from EUR 17.6 million.

Group revenues increased by 18.1% to EUR 190.2 million, with Ferratum's premium, higher value products such as Credit Limit and PlusLoan together representing 74.8% of this result, a marginal increase on the comparable period in 2017. Microloan revenues of EUR 31.5 million continued to represent a diminishing proportion of turnover, being 3.6% lower than Microloan revenue for the first nine months of 2017. The ongoing decline is reflective of the Group's successful strategy of positioning Microloan as an initial 'beachhead' to understand customer behaviour while prioritising longer term lending as Ferratum's brand becomes more established in each country.

Business lending to Small-Medium Enterprises (SMEs) is becoming an increasingly material customer segment for the Group, generating EUR 15.5 million of revenue in the first nine months, a 73% increase on SME revenues for the first nine months in 2017.

In Q2 the Board of Ferratum acknowledged that recent changes to the Group's credit scoring processes were having a counterproductive impact on loan approval rates, and on 27 June 2018 the Board announced that Ferratum would be revising its risk assessment criteria to ensure that the Group does not reject credit risks that have in the past proven to be acceptable.

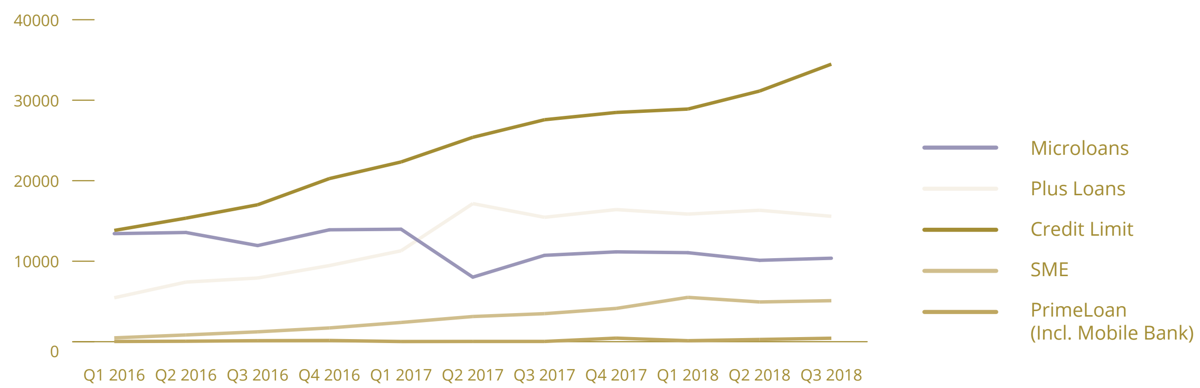
The objective is to ensure that Ferratum's automated credit assessment procedures remain tailored to the specific customer payment behaviour and hence risk tolerances that Ferratum has observed for each country of operation in order to restore the overall track record of growth that Ferratum has historically achieved across all geographies of operation.

As the graph of quarterly product revenues below illustrates, despite the temporary impact on revenues of lower loan approval rates – especially in the PlusLoan segment – the quarter-on-quarter picture indicates that Credit Limit and PlusLoan remain stable, core drivers for growth in line with Ferratum's product growth strategy.

While CreditLimit revenue growth improved in Q2 and in Q3 2018, and is now back to the growth levels of 2017, revenue growth for the PlusLoan segment indicates improving payment behaviour but has yet to fully recover in loan approval rates. Remedial action on PlusLoan approval rates remains a priority for management.

Revenues per segment

Growth in Credit Limit accelerated in Q2 and Q3



Recent country launches in SME business lending (mainly UK and Australia) have required corrective action on credit scoring in Q2 2018 due to suboptimal payment behaviour, but underlying SME lending growth across markets overall remains strong and is expected to continue its rapid growth path.

As previously communicated, the Group expects only modest contributions from the Mobile Bank and Partnerships for the time being, while Ferratum continues to develop its suite of Mobile Bank services.

The current pilot project in partnership with Thomas Cook Money is ongoing in Sweden until the end of February 2019, when we will evaluate the prospects for the pilot project and decide on next steps.

Financial position

Due to the adoption of the new IFRS 9 accounting standard – with effect from 1 January 2018, the risk provisions of the Group had to be increased by EUR 9.2 million from this effective date. This one-time increase of the risk provision reduced the equity of the Group by EUR 7.5 million as the increased risk provisions were partially offset by deferred tax assets of EUR 1.7 million. The adjustment was booked directly to the Group's equity and did not affect the reported profit for nine months 2018. Overall, Group equity increased marginally to EUR 107.9 million as at 30 September 2018 from EUR 105.2 million as of 31 December 2017.

The net debt to equity ratio remains strong at 2.32 and comfortably below the limit of 3 as required by Ferratum's bond covenants.

The profit before tax (EBT) declined by 14.0% y-o-y to EUR 15.1 million, mainly as a result of unfavourable foreign exchange movements during the first nine months of 2018 attributable to the weakening of the Swedish Krona and the Polish Zloty, as illustrated in the table below, and increased finance costs of an additional EUR 3.2 million in the period compared to the prior year.

The Group has substantial credit portfolios. Due to increasing foreign exchange volatility, Ferratum increased it hedging levels in Q3 – while recording a currency gain in Q3 of EUR 351,000 – and intends is to further increase the proportion of its currency exposure that is hedged.

Net receivables from customers grew by 19.0% to EUR 306.3 million from EUR 257.4 million. Deposits from customers increased by 10.3% to EUR 192.3 million vs EUR 174.3 million as at 31 December 2017. The current deposit volume exceeds the requirements for 2018.

EUR'000	Q1 2018	Q2 2018	Q3 2018	YTD 2018	Q1-Q3 2017
AUD	-0,193	0,045	-0,048	-0,196	-0,237
CZK	0,049	-0,381	0,138	-0,194	0,523
PLN	-0,284	-0,964	0,156	-1,092	-0,183
GBP	0,131	-0,080	-0,149	-0,098	-0,092
SEK	-0,900	-0,271	0,366	-0,805	-0,111
Other currencies	0,043	0,046	-0,112	-0,023	-0,009
FX impact on P&L	**-1,154**	**-1,605**	**0,351**	**-2,408**	**-0,109**

Rating

Ferratum's group rating of BBB+ was reconfirmed by Credit reform AG during March 2018 in its regular annual review.

Dividend payment

During the Annual General Meeting held in Helsinki on 19 April 2018, shareholders approved the payment of a final dividend of EUR 0.18 per share for the financial year 2017. Dividends of EUR 3.8 million (EUR 0.18 per share) were paid at the end of April 2018.

Cash flow position

Cash and cash equivalents increased from EUR 116.2 million to EUR 159.4 million (+37.2%) within the nine-month period ended 30 September 2018. Cash provided from financing activities of EUR 56.0 million was sufficient to cover cash outflows from operating activities of EUR 19.0 million (after movements in gross loan portfolio of EUR 109.8 million, fully impaired portfolio write-offs of EUR 21.6 million and after deposits received of EUR 18.0 million) and investing activities of EUR 10.3 million.

Cash and cash equivalents	Jan - Sept 2018	Jan - Sept 2017
Net cash from operating activities before movements in portfolio and deposits	94,458	75,579
Net cash from operating activities	(18,982)	14,691
Net cash used in investing activities	(10,284)	(6,862)
Net cash used in financing activities	56,023	34,617
Net increase/decrease in cash equivalents	26,757	42,446
Cash and cash equivalents at the end of the period	**159,409**	**116,198**

KEY DEVELOPMENTS AND PROGRESS

Shareholder structure

As part of an option agreement, CEO Jorma Jokela transferred 42,000 Ferratum shares on 3 September 2018. As a result, as at 30 September 2018 Jorma Jokela holds, directly and indirectly, 11,943,470 shares which represents 54.98% of the total issued share capital of Ferratum.

Due to the transaction, the free float was slightly increased to 44.35% of the total issued share capital as at 30 September 2018.

Operational developments

As announced at 27 June 2018, the Group is taking remedial action to ensure that the Group's automated credit assessment processes do not reject credit risks that have in the past proven to be acceptable. These measures are being rolled out and tailored to address the specific customer behaviour and risk profiles across all countries of operation and are expected to be completed by the end of 2018. Furthermore, Ferratum has taken a number of additional management actions to improve performance, including the strengthening of top management, staff streamlining, the rebalancing of resources to prioritise enhanced risk management and automation of lending processes in existing markets, and a review of the Groups performance across all geographies.

The new, enlarged Leadership Team was announced 19 September 2018 with a significant strengthening, promoting eight members into senior leadership positions in addition to the six existing members. Effective 12 September 2018, the new members of the Leadership Team are: Adam Tönning, Head of Financial Planning & Analysis; Outi Ellilä, Head of Marketing and Customer Experience; Scott Donnelly, Business Unit Director SME Lending; Kristjan Kajakas, Business Unit Director for Revolving Loans; Antti Kumpulainen, Business Unit Director for Instalment Loans; Marius Solescu, Head of Human Resources; Sami Kalliola, Head of Strategic Partnerships; and Emmi Kyykkä, Deputy Head of Investor Relations.

In addition, Dr. Clemens Krause, Chief Financial Officer, took on new responsibilities as Chief Risk Officer. He will continue serving as CFO until a new CFO has been appointed and shift his focus to the risk function. He continues to serve on the Directors Team along with the existing members Jorma Jokela, Founder and Chief Executive Officer of the Group; Lea Liigus, Head of Legal and Compliance; Ari Tiukkanen, Chief Operating Officer; Saku Timonen, Chief Commercial Officer and Jussi Mekkonen, Chief Executive Officer of Ferratum Bank p.l.c.

As part of the management actions announced with the H1 results to increase cost efficiency and streamline staffing, the overall headcount in the Group has been reduced by 5%. The biggest movements in personnel have been a 13% decrease in customer service and back office staff due to increase in automation in loan handling and pay-outs, while maintaining portfolio and service quality. A 9% increase in the personnel of the risk function and Dr Clemens Krause taking over the lead of the function supports the planned rebalancing and ensuring increased focus to be put on risk. A 68% decrease in country related, local organizations was enabled by the central functions taking over tasks that previously were handled locally. The Group is targeting to reduce its headcount to 900 in Q4 2018 and for the newly optimized cost structure, including staff costs to be during place in Q1 2019.

The Group has further centralized its operations in order to improve cost efficiency. Customer service operations for 21 countries and the collection operations for 18 countries have been centralized.

A new management model within Ferratum, the so called "five cylinder model", has been fully implemented. The cylinders are lead generation, conversion funnel, underwriting & collections, CRM and product & pricing. The model is enabled by the centralization of functions and ensures stronger internal controls over each part of the lending process due to designated teams and accountabilities for each cylinder with clear KPIs, which are being monitored on a daily basis.

The Group is conducting a thorough performance review of all geographies, which will last until the end of the year 2018, with the possibility of withdrawing from 1-2 countries, should it not see sufficient growth potential for the future or see that a higher level of profitability can be achieved by reallocating resources to other operations of the Group.

Since end of June 2018, there have been the following developments in the product segments. Microloan was discontinued in Canada and Sweden. This was a decision in line with Group strategy to decrease Microloan's presence, as higher customer lifetime value (CLV) can be achieved with other products. PlusLoan is now being offered in 10 countries with Canada the latest launch in July 2018. Primeloan was successfully launched in Germany in October, becoming the second country with this product.

The current Mobile Bank app has received some operational performance updates, which improve the usage and reduce loading times. Furthermore, Ferratum Bank is focused on the development of a new, enhanced Mobile Bank app, which is expected to go live in H1 2019.

Legal and Regulatory changes

Ferratum Group constantly monitors and reviews, with the help of its internal and external advisors, any legal changes that could affect its operations and overall management. In the future, this section shall give an overview on the ongoing developments in the regulatory environment of the Group. The legal changes that have been analyzed during the reporting period include developments within the legislative framework of the following countries:

Finland

In Finland a number of amendments are being considered within the Consumer Protection Act with regards to the maximum interest rates that may be charged to consumers, as well as a cap on overall costs. The latest draft amendments contemplate a maximum annual interest rate of 30% and a EUR 150.00 cap on fees. The text of the proposed changes has not yet been processed by the Government, and the amendments to the Act could come into force on 1 September 2019, at the earliest.

Bulgaria

A number of changes are expected to the legal framework implementing Directive (EU) 2015/849 of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (the "Fourth AML Directive"). These amendments are projected to clarify further matters pertaining to the application of the fourth AML Directive.

Romania

The Romanian Parliament is in the process of considering an APR cap of 18% on consumer loans, which would also require the approval of the Parliament's second Chamber. Discussions on the proposed legislative changes have been postponed numerous times.

The National Bank of Romania ("the NBR") is concurrently considering targeted adjustments to the debt to income ratio, which could result in measures limiting lending activity. While the NBR has proposed a debt to income ("DTI") indicator of 25% for variable interest and 30% for fixed interest, the relevant provisions it is contemplating have not yet been published.

Sweden

A new law came into force in Sweden on 1 September 2018 which capped the effective interest rates for high-cost credits to 40% above the reference rate of the Swedish national bank, Sveriges Riksbank. The relevant changes have been duly absorbed, in full compliance with the law, in the services offered by Ferratum in Sweden.

Latvia

A new law was passed in Latvia during the reporting period, imposing some restrictions on lenders. Some of these amendments, including a maximum interest rate of 0.07 % per day as regards the total costs of the loan and some restrictions on advertising of loans, will come into force on 1 July 2019. Other amendments including those relating to creditworthiness assessments will come into force on 1 January 2019.

Norway

The Financial Supervisory Authority of Norway (NFSA) issued a proposal in August 2018 for an administrative regulation on consumer loans, particularly creditworthiness and its assessment. The draft amendments, which are currently out for public consultation, also contemplate additional rules regarding the documentation of credit assessments.

Personnel

At the end of September 2018 Ferratum Group employed 912 persons compared with 958 persons at the end of June 2018.

Risk factors and management

Ferratum Group takes moderate and calculated risks in conducting its business. The prudent management of risks minimizes the probability of unexpected losses and threats to the reputation of the Group. Therefore, it can enhance profitability and shareholder value.

The Board of Directors monitors operations regularly and is ultimately responsible for adequate risk management and ensuring that the company has access to the appropriate software, including instructions on controlling and monitoring risks. The CEO is responsible for the daily operations of the Group. Each member of the Management Team ultimate bears responsibility for identifying and controlling the risks related to their functions in line with instructions from the Board. Ferratum proactively follows all legal changes that might occur in the countries it operates in and adjusts its operations accordingly, while always considering customer and user experience.

The risks of Ferratum's operations can be divided into four main categories: credit risks (receivables from customers), market risks (including foreign exchange risks, interest rate risks and other price risks), liquidity risks (cash flow and financing risks, as well as covenant compliance and regulatory requirements and compliance) and operational risks (such as IT risks, legal and regulatory risks and other operational risks).

Exposure to credit risks arises principally from Ferratum's lending activities. The risk is managed by proprietary risk management tools which assist subsidiaries in evaluating the payment behaviour of customers. These tools which are continuously updated and refined, ensure that only solvent customers are accepted, thereby controlling the level of credit losses. The scoring system and the credit policies of the Group's subsidiaries are managed by the central risk department.

The risk department is also responsible for the measurement of the payment behaviour of the credit portfolio on a daily, weekly and monthly basis. Risk provisioning and the calculation of the impairments are independently managed by the central finance department.

Market risks arise from open positions in interest rate and currency products. They are managed by the central treasury department, which is also responsible for Group cash flow planning and ensures the necessary liquidity level for all Group entities. Ferratum uses derivative financial instruments to hedge certain risk exposures.

Ferratum Group has rigorous processes in place to forecast and monitor the Group's liquidity requirements to ensure that it has sufficient cash available at all times to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements, currency restrictions, for example.

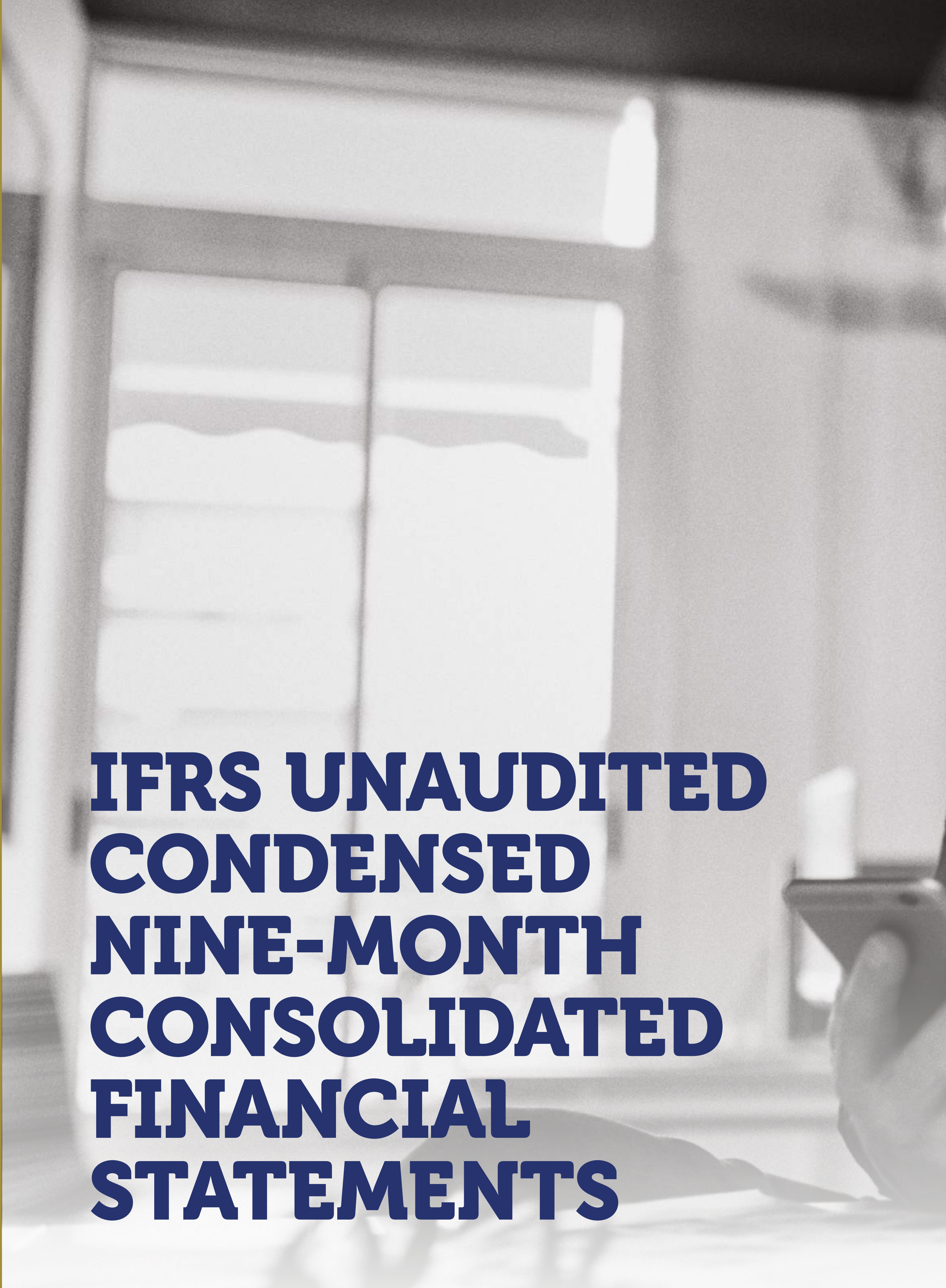
Operational risks, IT risks as well as legal and regulatory risks are of high relevance for Ferratum. Regulatory and legal risks are managed centrally by the Group's legal function in close cooperation with the authorities in the respective countries and relevant stakeholders. Potential or foreseeable changes in applicable laws are analyzed on an ongoing basis and any necessary modifications to Ferratum's legal structure are implemented proactively.

The smooth and continuous operation of critical IT systems is effectively guaranteed by various information security solutions. Ferratum has developed its processes and systems in order to offer its customers, stakeholders and partners the most efficient and practical software designed to cater to the demands of the developing mobile consumer lending industry.

Subsequent events

On 22 October 2018 Ferratum Capital Germany GmbH, a wholly owned subsidiary of Ferratum, announced that the EUR 20 million of senior unsecured bonds due October 2018 with ISIN: DE000A2GS104 and the EUR 25 million senior unsecured bonds due October 2018 with ISIN: DE000A1X3VZ3 have been repaid with proceeds from the EUR 100 million of senior unsecured bonds that Ferratum Capital Germany GmbH successfully placed in May 2018. The EUR 100 million of senior unsecured bonds have a coupon of 3 months Euribor plus 5.50 per cent p.a. and a tenor of four years and are listed on Nasdaq Stockholm with ISIN: SE0011167972. This EUR 100 million bond was admitted to the Prime Standard segment of the Frankfurt Stock Exchange on 9 November 2018 and has a tap option which allows Ferratum to increase the volume by an additional EUR 50 million.

In October a new milestone with IT development was reached, with the launch of a new IT platform. The first country on the new platform is New Zealand. The new platform is more automated, enables faster changes to products and scorecards, and accelerated launches in new markets, due to modular, scalable technology. The architecture also further supports future partnerships through flexible API connections. The new platform will be rolled out to all Ferratum markets over the medium-term and we expect a gradual decline in IT maintenance costs as a result.



IFRS UNAUDITED CONDENSED NINE-MONTH CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement for the period 1 January to 30 September 2018

EUR '000	2018	2017
	9 months ended 30 September	
Revenue	190,194	161,006
Other income	333	200
Impairments on loans	(63,996)	(56,277)
Operating expenses:		
Personnel expenses	(32,919)	(25,366)
Selling and marketing expenses	(30,396)	(24,958)
Lending costs	(9,146)	(7,515)
Other administrative expenses	(1,529)	(1,967)
Depreciations and amortization	(3,695)	(2,059)
Other operating expenses	(22,014)	(19,254)
Operating profit	**26,833**	**23,810**
Financial income	123	77
Finance costs	(11,846)	(6,312)
Finance costs – net	(11,723)	(6,236)
Profit before income tax	**15,110**	**17,575**
Income tax expense	(2,267)	(2,636)
Profit for the period	**12,843**	**14,939**
Earnings per share, basic	**0.60**	**0.69**
Earnings per share, diluted	**0.59**	**0.69**
Profit attributable to:		
– owners of the parent company	12,843	14,939
– non-controlling interests (NCI)	-	-

Consolidated statement of comprehensive income for the period 1 January to 30 September 2018

EUR '000	2018	2017
	9 months ended 30 September	
Profit for the period	12,843	14,939
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Translation difference	186	(550)
Total items that may be subsequently reclassified to profit or loss	186	(500)
Total comprehensive income	**13,030**	**14,388**
Allocation of total comprehensive income to:		
– owners of the parent company	13,030	14,388
– non-controlling interests (NCI)	-	-

Consolidated statement of financial position

EUR '000	30 Sept 2018	31 Dec 2017
Assets		
Non-current assets		
Property, plant and equipment	4,232	3,482
Intangible assets	25,827	20,037
Government stocks	8,613	8,851
Deferred income tax assets	5,860	3,757
Total non-current assets	**44,533**	**36,128**
Current assets		
Accounts receivable - loans to customers	306,314	257,406
Other receivables	5,721	10,554
Derivative assets	1,097	156
Income tax assets	312	519
Cash and cash equivalents (excluding bank overdrafts)	159,409	131,832
Total current assets	**472,853**	**400,468**
Total assets	**517,386**	**436,595**
Equity and liabilities		
Equity attributable to owners of the parent		
Share capital	40,135	40,134
Treasury shares	(142)	(143)
Reserves	(2,461)	(2,240)
Unrestricted equity reserve	14,708	14,708
Retained earnings	55,697	52,783
Total equity	**107,937**	**105,248**
of which related to non-controlling interests		
Liabilities		
Non-current liabilities		
Borrowings	137,497	64,049
Other payables	-	-
Deferred income tax liabilities	116	118
Total non-current liabilities	**137,613**	**64,167**
Current liabilities		
Income tax liabilities	1,157	1,867
Deposits from customers	192,291	174,301
Borrowings	56,862	69,741
Derivative liabilities	1,488	790
Trade payables	5,873	9,838
Other current liabilities	14,164	10,648
Total current liabilities	**271,835**	**267,185**
Total liabilities	**409,448**	**331,352**
Total equity and liabilities	**517,386**	**436,595**

Consolidated statement of cash flow

EUR '000	2018	2017
	9 months ended 30 September	
Cash flows from operating activities		
Profit/loss for the period	**12,843**	**14,939**
Adjustments for:		
Depreciation and amortization	3,695	2,059
Finance costs, net	11,723	6,236
Tax on income from operations	2,267	2,636
Transactions without cash flow	1,336	848
Impairments on loans	**63,996**	**56,277**
Working capital changes:		
Increase (-) / decrease (+) in other current receivables and government stocks	4,130	(2,388)
Increase (+) / decrease (-) in trade payables and other liabilities (excl. Interest liabilities)	3,285	231
Interest paid	(6,334)	(3,723)
Interest received	-	-
Other financing items	-	-
Income taxes paid	(2,483)	(1,537)
Net cash from operating activities before movements in loan portfolio and deposits received	**94,458**	**75,579**
Deposits received	17,990	53,909
Movements in the portfolio:		
Movements in gross portfolio	(109,849)	(77,895)
Fully impaired portfolio write-offs	(21,581)	(36,902)
Net cash from operating activities	**(18,982)**	**14,691**
Cash flows from investing activities		
Purchase of tangible and intangible assets	(10,284)	(6,396)
Proceeds from sale of tangible and intangible assets	-	-
Purchase of investments and other assets	-	(466)
Net cash used in investing activities	**(10,284)**	**(6,862)**

EUR '000	2018	2017
	9 months ended 30 September	
Cash flows from financing activities		
Proceeds from share issue	-	-
Expenses related to share issue	-	-
Proceeds from short-term borrowings	(24,747)	20,000
Repayment of short-term borrowings	(133)	(18,133)
Proceeds from long-term borrowings	97,881	35,340
Repayment of long-term borrowings	(13,145)	-
Dividends paid / distribution of funds	(3,833)	(2,589)
Net cash used in financing activities	**56,023**	**34,617**
Net increase/decrease in cash and cash equivalents	**26,757**	**42,446**
Cash and cash equivalents at the beginning of the period	131,832	73,059
Exchange gains/(losses) on cash and cash equivalents	820	693
Net increase/decrease in cash and cash equivalents	26,757	42,446
Cash and cash equivalents at the end of the period	**159,409**	**116,198**

1. SEGMENT INFORMATION

Operating segments are based on the major product types provided by Ferratum: Microloan, PlusLoan, Credit Limit, Ferratum Business (SME) and Mobile bank (incl. Mobile Bank, FerBuy, Primeloans and Ferratum P2P).

Attributable Product margin is defined and calculated as a difference between the revenue, other income and direct attributable costs of each product segment. Non-directly attributable costs are allocated according to the share in revenue and finance costs are allocated according to the portfolio size of related types of products i.e. their share in total accounts receivable - loans to customers.

1.1 Business segments in 9M 2018

EUR '000	Microloan	PlusLoan	Credit Limit	SME	Mobile bank*	Total
Revenue	31,538	47,757	94,519	15,540	840	190,194
Share in Revenue, %	16.6	25.1	49.7	8.2	0.4	100.0
Other income	56	84	166	27		333
Directly attributable costs:						
Impairments	(14,345)	(16,432)	(27,325)	(4,826)	(1,067)	(63,996)
Marketing	(3,267)	(6,862)	(15,415)	(3,381)	(1,471)	(30,396)
Attributable Product Margin	**13,981**	**24,547**	**51,945**	**7,361**	**(1,698)**	**96,136**
Attributable Product Margin, %	44.3	51.4	55.0	47.4		50.5
Non-directly attributable costs:						
Personnel expenses	(5,246)	(7,944)	(15,722)	(2,585)	(1,422)	(32,919)
Lending costs	(1,523)	(2,307)	(4,566)	(751)	-	(9,146)
Other administrative expenses	(150)	(226)	(448)	(74)	(631)	(1,529)
Depreciation and amortization	(453)	(686)	(1,359)	(223)	(974)	(3,695)
Other operating income and expenses	(3,492)	(5,288)	(10,467)	(1,721)	(1,045)	(22,014)
Total Non-directly attributable costs	**(10,865)**	**(16,452)**	**(32,561)**	**(5,353)**	**(4,071)**	**(69,303)**
Operating profit	**3,116**	**8,095**	**19,384**	**2,007**	**(5,769)**	**26,833**
Gross Product Margin, %	9.9	17.0	20.5	12.9		14.1
Unallocated finance income						123
Finance expenses	(917)	(2,394)	(4,612)	(1,338)	(177)	(9,438)
Unallocated finance expense						(2,408)
Finance expenses	(917)	(2,394)	(4,612)	(1,338)	(177)	(11,846)
Finance costs, net	(917)	(2,394)	(4,612)	(1,338)	(177)	(11,723)
Profit before income tax	**2,199**	**5,701**	**14,771**	**670**	**(5,946)**	**15,110**
Net Product Margin, %	7.0	11.9	15.6	4.3		7.9
Accounts receivable – loans to customers	29,776	77,698	149,689	43,417	5,733	306,314
Unallocated assets						211,071
Unallocated liabilities						409,448

*Includes Mobile Bank, FerBuy, Primeloan and Ferratum P2P

1.2 Business segments in 9M 2017

EUR '000	Microloan	PlusLoan	Credit Limit	SME	Mobile bank*	Total
Revenue	32,724	43,902	75,294	9,001	85	161,006
Share in Revenue, %	20.3	27.3	46.8	5.6	0.1	100.0
Directly attributable costs:						
Impairments	(17,942)	(16,325)	(19,657)	(2,066)	(288)	(56,277)
Marketing	(2,630)	(6,983)	(12,770)	(2,091)	(483)	(24,958)
Attributable Product Margin	**12,153**	**20,594**	**42,867**	**4,844**	**(687)**	**79,771**
Attributable Product Margin, %	37.1	46.9	56.9	53.8		49.5
Non-directly attributable costs:						
Personnel expenses	(4,911)	(6,588)	(11,299)	(1,351)	(1,216)	(25,366)
Lending costs	(1,528)	(2,050)	(3,516)	(420)	-	(7,515)
Other administrative expenses	(323)	(433)	(743)	(89)	(379)	(1,967)
Depreciation and amortization	(289)	(388)	(665)	(80)	(637)	(2,059)
Other operating income and expenses	(3,456)	(4,636)	(7,951)	(950)	(2,061)	(19,054)
Total Non-directly attributable costs	**(10,507)**	**(14,096)**	**(24,175)**	**(2,890)**	**4,293)**	**(55,961)**
Operating profit	**1,646**	**6,498**	**18,692**	**1,954**	**(4,980)**	**23,810**
Gross Product Margin, %	5.0	14.8	24.8	21.7		14.8
Unallocated finance income						77
Finance expenses	(747)	(1,648)	(2,939)	(737)	(9)	(6,080)
Unallocated finance expense						(232)
Finance expenses	(747)	(1,648)	(2,939)	(737)	(9)	(6,312)
Finance costs, net	(747)	(1,648)	(2,939)	(737)	(9)	(6,236)
Profit before income tax	**899**	**4,850**	**15,754**	**1,216**	**(4,989)**	**17,575**
Net Product Margin, %	2.7	11.0	20.9	13.5		10.9
Accounts receivable – loans to customers	29,824	65,832	117,383	29,453	374	242,866
Unallocated assets						160,948
Unallocated liabilities						303,283

*Includes Mobile Bank, FerBuy, Primeloan and Ferratum P2P

1.3 Revenue split

EUR '000	Jan – Sept 2018	Jan – Sept 2017
Revenue, international	156,481	130,559
Revenue, domestic	33,713	30,447
Total revenue	**190,194**	**161,006**

1.4 Revenue of business segments by geography

In addition to presenting the performance of operating segments by product type, Ferratum Group also reports revenue by geographic region. While geographical reporting has previously been based on the coverage of the Group's previous international management structure, in 2018 the Group adopted new geographical splits which organise Ferratum's countries of operation into more conventional geographic regions.

All countries where Ferratum has operating activities are now grouped into the following four regions: Northern Europe, Western Europe, Eastern Europe and Rest of the World. The full list of countries within each region, together with the total revenues generated by each region for the six months ended 30 September 2018 and six months ended 30 September 2017, are presented in the following table.

EUR '000		Jan – Sept 2018	Jan – Sept 2017
Nothern Europe	Finland, Sweden, Denmark, Norway	81,108	64,247
Western Europe	France, Germany, Netherlands, Spain, UK	41,908	36,608
Eastern Europe	Bulgaria, Croatia, Czech, Estonia, Latvia, Lithuania, Poland, Romania, Russia, Slovakia	59,793	53,012
Rest of the World	Australia, Brazil, Canada, Mexico, New Zealand, Nigeria	7,386	7,139
Total revenue		**190,194**	**161,006**

2. PERSONNEL EXPENSES

EUR '000	Jan – Sept 2018	Jan – Sept 20167
Salaries and other employee benefits (incl. bonuses)	(24,588)	(18,891)
Employee pension expenses	(764)	(664)
Other personnel expenses	(6,231)	(4,963)
Share-based payments equity settled*	(1,336)	(848)
Total personnel expenses	**(32,919)**	**(25,366)**

* Over time, certain individuals and employees have been granted option rights to invest in the shares of the parent company of Ferratum. According to IFRS 2 (Share-based payment), due to the fact that these individual investors are also employed by Ferratum, certain expenses need to be recorded in the income statement as equity settled share-based payments. These expenses reflect the potential upside for the minority shareholders in terms of a value increase of the shares. The fair value of this potential increase calculated is recognized annually as expenses over the vesting period.

3. FINANCE COSTS

EUR '000	Jan – Sept 2018	Jan – Sept 2017
Interest on borrowings	(8,280)	(6,080)
Derivatives held for trading – net gain / (loss)	(0)	(7)
Other finance expenses paid on borrowings	(1,158)	(181)
Foreign exchange loss on liabilities, realized	(2,408)	(44)
Total finance costs	**(11,846)**	**(6,312)**

4. FINANCE INCOME

EUR '000	Jan – Sept 2018	Jan – Sept 2017
Interest income from cash and cash equivalents	94	29
Derivatives held for trading – net gain / (loss)	29	48
Foreign exchange gain, realized		-
Total finance income	**123**	**77**

5. ACCOUNTS RECEIVABLE - LOANS TO CUSTOMERS

EUR '000	30 Sept 2018 IFRS 9	31 Dec 2017 IAS 39
Accounts receivable - loans to customers (gross)	436,829	336,243
Less: provision for impairment of loan receivables	(130,515)	(78,837)
Accounts receivable - loans to customers (net)	**306,314**	**257,406**

The Group does not have a material amount of individually impaired loan receivables.
The ageing analysis of loan receivables which are collectively assessed for impairment is as follows:

EUR '000	30 Sept 2018 IFRS 9				1 Jan 2018 IFRS 9			
	GBV*	Provision for	NBV**	ILCR***, %	GBV*	Provision for	NBV**	ILCR***, %
Current	189,648	(5,009)	184,639	2.6	158,368	(4,695)	153,673	3.0%
1-90 days due	84,800	(18,235)	66,565	21.5	72,398	(17,649)	54,749	24.4%
91-180 days due	22,943	(13,208)	9,734	57.6	21,474	(12,768)	8,706	59.5%
> **181 days due**	139,438	(94,062)	45,376	67.5	84,004	(52,988)	31,016	63.1%
Total	**436,829**	**(130,515)**	**306,314**	**29.9**	**336,243**	**(88,100)**	**248,143**	**26.2%**

*Gross book value
**Net book value
***Impaired loan coverage ratio

The Group uses an allowance account to recognize the impairment losses on loans to customers.
Reconciliation of movements in the allowance account is as follows:

EUR '000	Jan – Sept 2018 IFRS 9	Jan – Sept 2017 IAS 39
Provision for impairment on 1 January	(78,837)	(62,664)
IFRS 9 implementation impact	(9,263)	
Impairments on loans	(63,996)	(56,277)
Amounts fully reserved and booked out	21,581	36,902
Provision for impairment on 30 September	**(130,515)**	**(82,039)**

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FERRATUM GROUP RESTATED INTERIM RESULTS FOR 2018 DUE TO ADJUSTMENT ON CREDIT LOSS PROVISIONING IN CONNECTION WITH IFRS 9 ADOPTION

Ferratum Oyj publishes restated unaudited results for the 3 months ended 31 March 2018, (“3 Month ”), the 6 months ended 30 June 2018 (“6 Month ”), and the 9 months ended 30 September 2018 (“9 Month ”).These restatements are required following a review of the implemented risk provision model and assumptions that were implemented as per 1 January 2018 as part of the adoption of IFRS 9 accounting standards for the Group’s 2018 fiscal year.

As of 1 January 2018, Ferratum Group adopted the accounting standard IFRS 9 *Financial Instruments* which covers, among others, impairment of accounts and loan receivables and introduced an expected credit loss model, replacing IAS 39. The overall impact to the credit loss provisions as at 1 January 2018 was calculated and reported as part of the iterim results for the first 3 months ended 31 March 2018 as an increase of EUR 9.3 million as follows:

Credit loss provisions as at 1 January, reported for the first 3 months, ending 31 March 2018

EUR ’000	31 Dec 2017 IAS 39			1 Jan 2018 Reported			IFRS 9 – Reported impact		
	GBV*	Credit Loss Provisions	NBV**	GBV*	Credit Loss Provisions	NBV**	GBV*	Credit Loss Provisions	NBV**
Current	216,988	(10,159)	206,829	158,368	(4,695)	153,673	58,620	(5,464)	53,156
1-90 days due	29,895	(7,668)	22,227	72,398	(17,649)	54,749	(42,503)	9,981	(32,522)
91-180 days due	20,904	(9,228)	11,676	21,474	(12,768)	8,706	(570)	3,540	2,970
>180 days due	68,456	(51,782)	16,674	84,004	(52,988)	31,016	(15,548)	1,206	(14,342)
Sum	**336,243**	**(78,837)**	**257,406**	**336,243**	**(88,100)**	**248,143**	**-**	**9,263**	**9,263**

* Gross Book Value of Accounts Receivables
** Net Book Value of Accounts Receivables

The reported overall impact of the IFRS 9 adoption on equity was lower than the increased credit loss provisions, as the adjustment was offset by the impact of deferred taxes of EUR 1.7 million reflecting the timing difference of recognizing the loss allowance in accounting and taxation.

Accordingly, the adoption of IFRS 9 was previously published to have resulted in a one-off accounting charge of EUR 7.6 million which was debited directly to the equity of the Group as at 1 January 2018.

During the 2018 annual closing, the Group carried out a full review of the implemented credit loss provisioning model and came to the conclusion that the model has to be enhanced to be more accurate in the following aspects:

1. The parameters of default definition has been tightened from 91 to 61 days past due date for Primeloan, SME loans and PlusLoans, therefore aligning with the parameters set for Credit Limit.
2. Data extraction, discounting and mathematical modelling for Credit Limit, Primeloan, SME loans and PlusLoan has been corrected for accuracy.

These points impact the basic methodology of the credit loss provisioning model and are therefore to be applied for the full year 2018 as well as the opening balance 2018. In accordance with IAS 8, the Group has corrected the misstatement in opening balance related to IFRS 9 adoption as follows:

Credit loss provisions as at 1 January, reported for the first 3 months, ending 31 March 2018

EUR '000	31 Dec 2017 IAS 39			1 Jan 2018 Restated			IFRS 9 – Restated impact		
	GBV*	Credit Loss Provisions	NBV**	GBV*	Credit Loss Provisions	NBV**	GBV*	Credit Loss Provisions	NBV**
Current	158,368	(4,695)	153,673	158,368	(12,810)	145,558	-	8,115	8,115
1-90 days due	72,398	(17,649)	54,749	72,398	(20,720)	51,678	-	3,071	3,071
91-180 days due	21,474	(12,768)	8,706	21,474	(12,734)	8,740	-	(34)	(34)
>180 days due	84,004	(52,988)	31,016	84,004	(53,485)	30,519	-	497	497
Sum	**336,243**	**(88,100)**	**248,143**	**336,243**	**(99,749)**	**236,495**	**-**	**11,649**	**11,649**

* Gross Book Value of Accounts Receivables
** Net Book Value of Accounts Receivables

The restated credit loss provisions increase the one-off accounting adjustment of the credit loss provisions from EUR 9.3 million by EUR 11.6 million to EUR 20.9 million. The overall impact of the IFRS 9 adoption on equity is lower than the increased risk provision, as it is offset by the deferred taxes reflecting the timing difference of these reserve changes on profitability. After deducting deferred tax effects of EUR 5.8 million an adjustment of EUR 15.1 million is to be debited directly to the equity of the Group as per 1 January 2018 instead of the previously reported EUR 7.6 million.

In addition to the restatement of the opening balance adjustment as per 1 January 2018 for equity, deferred taxes and the value of accounts receivables, the Group has also restated all subsequently published quarterly results and balance sheets as follows:

Consolidated Statement of Financial Position

EUR '000	31 Mar 2018	30 Jun 2018	30 Sep 2018
	Restated	Restated	Restated
Assets			
Deferred income tax assets	8,187	10,123	10,029
Total non-current assets	41,441	46,641	48,701
Accounts receivable - loans to customers	254,597	269,989	294,237
Total current assets	398,472	448,486	460,776
Total assets	439,913	495,127	509,476
Equity and liabilities			
Total equity	95,417	93,374	98,369
Total equity and liabilities	439,913	495,127	509,476
Equity ratio %	21.7	18.9	19.3
Net debt to equity ratio	2.20	2.47	2.56

The above described corrections on the IFRS 9 credit loss provisioning model trigger also changes in the recorded impairments (credit losses) in the income statement in the reported interim results as follows:

Consolidated Statement of Financial Position

EUR '000	1 Jan 2018 - 31 Mar 2018	1 Jan 2018 - 30 Jun 2018	1 Jan 2018 - 30 Sep 2018
	Restated	**Restated**	**Restated**
Revenue	**61,442**	**124,232**	**190,194**
Impairments on loans Restated	-18,986	-42,162	-65,400
Impairments on loans Reported	-18,866	-40,609	-63,996
Difference	-120	-1,553	-1,404
Operating profit	**10,048**	**16,591**	**25,429**
Profit before income tax	**6,506**	**8,175**	**13,706**
Income tax expense	-976	-1,227	-2,055
Profit for the period	**5,530**	**6,948**	**11,650**
Earnings per share, diluted	0.25	0.32	0.54
Net debt to equity ratio	2.20	2.47	2.56

Based on the more accurate IFRS 9 model Ferratum Group has a stricter risk forecast model that improves substantially the quality of expected earnings in the foreseeable future.

Following the adjustments to the risk provisioning model outlined above, Ferratum considers its procedures on calculating potential loan losses as fully compliant with IFRS 9 and a highly sophisticated version of a credit loss prediction model.


Q3

Consolidated Income Statement for the Period 1 January to 30 September, 2018

EUR '000	Restated
Revenue	**190,194**
Other income	333
Impairments on loans Restated	-65,400
Impairments on loans Reported	-63,996
Difference	-1,404
Operating expenses:	
Personnel expenses	-32,919
Selling and marketing expenses	-30,396
Lending costs	-9,146
Other administrative expenses	-1,529
Depreciations and amortization	-3,695
Other operating expenses	-22,014
Operating profit	**25,429**
Financial income	123
Finance costs	-11,846
Finance costs - net	-11,723
Profit before income tax	**13,706**
Income tax expense	-2,055
Profit for the period	**11,650**
Earnings per share, basic	0.54
Earnings per share, diluted	0.54
Profit attributable to:	
– owners of the parent company	
– non-controlling interests (NCI)	11,650

Consolidated Statement of Compehensive Income for the Period 1 January to 30 September, 2018

EUR '000	Restated	Reported	Change
Profit for the period	11,650	12,843	-1,193
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss Translation difference	186	186	
Total items that may be subsequently reclassified to profit or loss	186	186	
Total comprehensive income	11,836	13,030	-1,194
Allocation of total comprehensive income to:			
- owners of the parent company	11,836	13,030	-1,194
- non-controlling interests (NCI)	0	0	

Consolidated Statement of Financial Position 30 Sep 2018

EUR '000	Restated
Assets	
Non-current assets	
Property, plant and equipment	4,232
Intangible assets	25,827
Government stocks	8,613
Deferred income tax assets	10,029
Total non-current assets	**48,701**
Current assets	
Accounts receivable - loans to customers	294,237
Other receivables	5,721
Derivative assets	1,097
Income tax assets	312
Cash and cash equivalents (excluding bank overdrafts)	159,409
Total current assets	**460,776**
Total assets	**509,476**
Equity and liabilities	
Equity attributable to owners of the parent	
Share capital	40,135
Treasury shares	-142
Credit Loss Provisions	-2,461
Unrestricted equity reserve	**14,708**
Retained earnings	46128
Total equity	**98,369**
of which related to non-controlling interests	-
Liabilities	
Non-current liabilities	
Borrowings	137,497
Other payables	-
Deferred income tax liabilities	116
Total non-current liabilities	**137,613**
Current liabilities	
Income tax liabilities	2,817
Deposits from customers	192,291
Borrowings	56,862
Derivative liabilities	1,488
Trade payables	5,873
Other current liabilities	14,164
Total current liabilities	**273,495**
Total liabilities	**411,108**
Total equity and liabilities	**509,477**
Equity ratio %	19.3
Net debt to equity ratio	2.56

Business segments in 9M 2018 Restated

EUR '000	Microloans	PlusLoans	Credit Limit	SME	Other*	Total
Revenue	31,538	47,757	94,519	15,540	840	190,194
Share in Revenue, %	17	25	50	8	0	100
Other income	56	84	166	27	0	333
Directly attributable costs:						
Impairments Restated	-14,401	-16,876	-28,070	-4,930	-1,124	-65,400
Impairments Reported	-14,345	-16,432	-27,325	-4,826	-1,067	-63,996
Difference	-56	-444	-744	-104	-56	-1,405
Marketing	-3,267	-6,862	-15,415	-3,381	-1,471	-30,396
Attributable Profit Margin	**13,925**	**24,103**	**51,201**	**7,256**	**-1,754**	**94,731**
Attributable Profit Margin, %	44.2	50.5	54.2	46.7		49.8
Non-directly attributable costs:						
Personnel expenses	-5,246	-7,944	-15,722	-2,585	-1,422	-32,919
Lending costs	-1,523	-2,307	-4,566	-751	0	-9,146
Other administrative expenses	-150	-226	-448	-74	-631	-1,529
Depreciation and amortization	-453	-686	-1,359	-223	-974	-3,695
Other operating income and expenses	-3,492	-5,288	-10,467	-1,721	-1,045	-22,014
Total Non-directly attributable costs	**-10,865**	**-16,452**	**-32,561**	**-5,353**	**-4,071**	**-69,303**
Operating profit	**3,060**	**7,652**	**18,639**	**1,903**	**-5,826**	**25,429**
Gross Profit Margin, %	9.7	16.0	19.7	12.2		13.4
Unallocated finance income	0	0	0	0	0	123
Finance expenses	-917	-2,394	-4,612	-1,338	-177	-9,438
Unallocated finance expense	0	0	0	0	0	-2,408
Finance costs, net	-917	-2,394	-4,612	-1,338	-177	-11,723
Profit before income tax	**2,143**	**5,258**	**14,027**	**565**	**-6,002**	**13,706**
Net Profit Margin, %	6.8	11.0	14.8	3.6		7.2
Accounts receivable - loans to customers	28,601	74,633	143,783	41,704	5,515	294,237
Unallocated assets						215,240
Unallocated liabilities						411,108

Accounts receivable - loans to customers 30 Sep 2018

EUR '000	Restated IFRS 9
Accounts receivable - loans to customers (gross)	436,820
Less: provision for impairment of loan receivables Restated	121,906
Less: provision for impairment of loan receivables Reported	130,515
Difference	(8,609)
Accounts receivable - loans to customers (net)	558,725

Ageing analysis restated

1 Jan 2018

EUR '000	GBV*	Provision for Impairment Restated	Provision for Impairment Reported	Difference	NBV**	ILCR***, %
Current	158,368	-12,054	-4,695	-7,359	146,314	7.6%
1-90 days due	72,398	-20,433	-17,649	-2,784	51,965	28.2%
91-180 days due	21,474	-12,737	-12,768	31	8,737	59.3%
> 181 days due	84,004	-53,433	-52,988	-445	30,571	63.6%
Total	**336,243**	**-98,657**	**-88,100**	**-10,557**	**237,586**	**29.3%**

30 Sep2018

EUR '000	GBV*	Provision for Impairment Restated	Provision for Impairment Reported	Difference	NBV**	ILCR***, %
Current	189,648	-13,646	5,009	-8,637	176,002	7.2%
1-90 days due	84,800	-20,491	18,235	-2,256	64,309	24.2%
91-180 days due	22,942	-13,248	13,208	-39	9,695	57.7%
> 181 days due	139,429	-95,198	94,062	-1,135	44,231	68.3%
Total	**436,820**	**-142,583**	**130,515**	**-12,068**	**294,237**	**32.6%**

EUR '000	Restated Jan – Sep 2018
Provision for impairment on January 1	-78,837
IFRS9 implementation impact Restated	-20,912
IFRS9 implementation impact Reported	-9,263
Difference	-11,649
Impairments on loans Restated	-18,986
Impairments on loans Reported	-18,866
Difference	-120
Amounts fully reserved and booked out Restated	-3,171
Amounts fully reserved and booked out Reported	-4,082
Difference	911
Provision for impairment on March 31	**142,583**

Changes in equity Jan – Sep 2018 Restated

EUR '000	Share capital	Treasury shares	Unrestricted equity reserve	Other Credit Loss Provisions	Translation differences	Retained earnings	Equity holders of parent	NCI	Total equity
Opening balance 1 Jan, 2018 (audited)	**40,134**	**-142**	**14,708**	**717**	**-2,957**	**52,783**	**105,243**	**0**	**105,243**
Comprehensive income									
Profit or loss									
Other comprehensive income						11,650	11,650	0	11,650
Currency translation difference:				0	-333	518	186	0	186
Total comprehensive income				**0**	**-333**	**12,168**	**11,837**	**0**	**11,837**
Transactions with owners									
Distribution of funds						-3,833	-3,833	0	-3,833
IFRS 9 Impact						-16,743	-16,743	0	-16,743
Share-based payments						1,336	1,336	0	1,336
Other changes				112		417	529	0	529
Total transactions with owners	**0**	**0**	**0**	**112**	**0**	**-18,823**	**-18,711**	**0**	**-18,711**
Total equity 31 Mar, 2018 (unaudited)	**40,134**	**-142**	**14,708**	**830**	**-3,291**	**46,128**	**98,368**	**0**	**98,368**

Earnings per share restated

EUR '000	Restated Jan – Mar 2018
Profit for the reporting period attributable to owners of the parent Restated	11650
Profit for the reporting period attributable to owners of the parent Reported	12843
Difference	-1193
Weighted average number of ordinary shares in issue	21578
Adjustment for calculation of diluted earnings per share:	
Options	160
Diluted weighted average number of ordinary shares in issue	21709
Earnings per share, basic	**0.54**
Earnings per share, diluted	**0.54**

ABOUT FERRATUM GROUP

Ferratum Group is an international provider of mobile banking and digital consumer and small business loans, distributed and managed by mobile devices. Founded in 2005 and headquartered in Helsinki, Finland, Ferratum has expanded rapidly to operate in 25 countries across Europe, Africa, South and North America and the Asia-Pacific region.

As a pioneer in digital and mobile financial services technology, Ferratum is at the forefront of the digital banking revolution. Ferratum's mobile bank, launched in 2016, is an innovative mobile banking platform offering a range of banking services, including real time digital payments and transfers, within a single app. It is currently available in five European markets. Ferratum has approximately 2.0 million active and former customers who have an account or have been granted one or more loans in the past (as at 31 December 2018), of which over 790,000 customers have an open Mobile Bank account or an active loan balance in the last 12 months.

Ferratum Group is listed on the Prime Standard of Frankfurt Stock Exchange under symbol 'FRU.' For more information, visit www.ferratumgroup.com.

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