



Ferratum Capital Germany GmbH

relating to the listing of

up to EUR 150,000,000 Senior Unsecured Callable Floating Rate
Bonds due 2022

ISIN: SE0011167972

Issuing Agent and Sole Bookrunner

Pareto Securities

Prospectus dated 13 July 2018

IMPORTANT NOTICE:

This prospectus (the "**Prospectus**") has been prepared by Ferratum Capital Germany GmbH (the "**Issuer**", "**Ferratum**" or the "**Company**" or, together with Ferratum Oyj and its direct and indirect subsidiaries unless otherwise indicated by the context, the "**Group**"), a limited liability company incorporated in Germany, having its headquarters located at the address, Helmholtzstr. 2-9, 10587 Berlin, with reg. no. HRB 152968 B, in relation to the application for the listing of the senior unsecured callable floating rate bonds denominated in EUR (the "**Bonds**") on the corporate bond list on Nasdaq Stockholm Aktiebolag, reg. no. 556420-8394 ("**Nasdaq Stockholm**"). Pareto Securities AB (publ) has acted as Sole Bookrunner in connection with the issue of the Bonds (the "**Sole Bookrunner**"). This Prospectus has been prepared in accordance with the standards and requirements of the Swedish Financial Instruments Trading Act (Sw. *lag (1991:980) om handel med finansiella instrument*) (the "**Trading Act**") and the Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC as amended by the Directive 2010/73/EC of the European Parliament and of the Council (the "**Prospectus Regulation**"). The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the "**SFSA**") pursuant to the provisions of Chapter 2, Sections 25 and 26 of the Trading Act. Approval and registration by the SFSA does not imply that the SFSA guarantees that the factual information provided in this Prospectus is correct and complete. This Prospectus has been prepared in English only and is governed by Swedish law and the courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Prospectus. This Prospectus is available at the SFSA's website (fi.se) and the Group's website (ferratumgroup.com).

Unless otherwise stated or required by context, terms defined in the terms and conditions for the Bonds beginning on page 78 (the "**Terms and Conditions**") shall have the same meaning when used in this Prospectus.

Except where expressly stated otherwise, no information in this Prospectus has been reviewed or audited by the Company's auditor. Certain financial and other numerical information set forth in this Prospectus has been subject to rounding and, as a result, the numerical figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them. This Prospectus shall be read together with all documents incorporated by reference in, and any supplements to, this Prospectus. In this Prospectus, references to "**EUR**" refer to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.

Investing in bonds is not appropriate for all investors. Each investor should therefore evaluate the suitability of an investment in the Bonds in light of its own circumstances. In particular, each investor should:

- (a) have sufficient knowledge and experience to carry out an effective evaluation of (i) the Bonds, (ii) the merits and risks of investing in the Bonds, and (iii) the information contained or incorporated by reference in the Prospectus or any supplements;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate in the context of its particular financial situation the investment in the Bonds and the impact that such investment will have on the investor's overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks resulting from an investment in the Bonds, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the investor's own currency;
- (d) understand thoroughly the Terms and Conditions and the other Finance Documents and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the assistance of a financial adviser) possible scenarios relating to the economy, interest rates and other factors that may affect the investment and the investor's ability to bear the risks.

This Prospectus is not an offer for sale or a solicitation of an offer to purchase the Bonds in any jurisdiction. It has been prepared solely for the purpose of listing the Bonds on the corporate bond list on Nasdaq Stockholm. This Prospectus may not be distributed in or into any country where such distribution or disposal would require any additional prospectus, registration or additional measures or contrary to the rules and regulations of such jurisdiction. Persons into whose possession this Prospectus comes or persons who acquire the Bonds are therefore required to inform themselves about, and to observe, such restrictions. The Bonds have not been and will not be registered under the US Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds may only be offered and sold outside the United States to purchasers who are not, or are not purchasing for the account of, U.S. persons in reliance upon Regulation S under the Securities Act. In addition, until 40 days after the later of the commencement of the offering and the closing date, an offer or sale of the Bonds within the United States by a dealer may violate the registration requirements of the Securities Act if such offer or sale of the Bonds within the United States by a dealer may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to an exemption from registration under the Securities Act.

The Bonds may not be sold to individuals domiciled in Australia, Japan, Canada, Hong Kong, the Italian Republic, New Zealand, the Republic of Cyprus, the Republic of South Africa, the United Kingdom, the United States (or to any U.S person), or in any other country where the offering, sale and delivery of the Bonds may be restricted by law.

This Prospectus may contain forward-looking statements and assumptions regarding future market conditions, operations and results. Such forward-looking statements and information are based on the beliefs of the Company's management or are assumptions based on information available to the Group. The words "considers", "intends", "deems", "expects", "anticipates", "plans" and similar expressions indicate some of these forward-looking statements. Other such statements may be identified from the context. Any forward-looking statements in this Prospectus involve known and unknown risks, uncertainties and other factors which may cause the actual results, performances or achievements of the Group to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Further, such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Although the Company believes that the forecasts of, or indications of future results, performances and achievements are based on reasonable assumptions and expectations, they involve uncertainties and are subject to certain risks, the occurrence of which could cause actual results to differ materially from those predicted in the forward-looking statements and from past results, performances or achievements. Further, actual events and financial outcomes may differ significantly from what is described in such statements as a result of the materialisation of risks and other factors affecting the Group's operations. Such factors of a significant nature are mentioned in the section "**Risk factors**" below.

Interest payable on the Bonds will be calculated by reference to EURIBOR. As at the date of this Prospectus, the administrator of EURIBOR is not included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011.

This Prospectus shall be read together with all documents that are incorporated by reference, see subsection "**Documents incorporated by reference**" under section "**Other information**" below, and possible supplements to this Prospectus.

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SUMMARY

This summary is made up of disclosure requirements known as "Sections". These Sections are numbered in sections A–E (A.1–E.7).

This summary contains all the Sections required to be included in a summary for this type of securities and issuer. Because some Sections are not required to be addressed, there may be gaps in the numbering sequence of the Sections.

Even though a Section may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Section. In this case a short description of the Section is included in the summary with the mention of "not applicable".

SECTION A – INTRODUCTION AND WARNINGS		
A.1	Introduction and warnings:	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability can only be imposed on those persons who have put forward the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Consent by the issuer:	Not applicable.
SECTION B – ISSUER AND GUARANTOR		
B.1 B.19	Legal and commercial name:	Ferratum Capital Germany GmbH (the " Issuer "). Ferratum Oyj (the " Guarantor ").
B.2 B.19	Domicile, legal form, legislation and country of incorporation:	Ferratum Capital Germany GmbH is a limited liability company incorporated under the laws of Germany at Amtsgericht Charlottenburg, Berlin and governed by German law. Ferratum Oyj is a Finnish public limited liability company operating under the laws of Finland.
B.4b B.19	Tendencies:	Not applicable for the Issuer. There are no trends known to the Issuer affecting the Issuer's business. Key structural drivers in respect of the Group for growth in the market for mobile consumer loans include in particular: <ul style="list-style-type: none"> • the digitalization of traditional financial services, in particular a further trend towards mobile phone consumer credit products; • the technological progress resulting from the revolution in payment methods (e.g. PayPal, mobile loans);

		<ul style="list-style-type: none"> • new players entering the payments and financial markets (e.g. Apple, Google Mobile operators and government authorities); • traditional players like Visa and Mastercard are moving into new technology payments; and • changes in attitudes of customers as manifested in the rise of social lending – peer-to-peer social lending via internet. 																																																						
B.5 B.19	Description of the group and the Issuer's position within the group.	The Issuer is wholly owned by Ferratum Oyj, Reg. No. 1950969-1, a Finnish public limited liability company operating under the laws of Finland. The Guarantor is the parent company of the Group.																																																						
B.9 B.19	Profit forecasts:	Not applicable. The Prospectus contains no profit/loss forecast.																																																						
B. 10 B.19	Complaints in the auditor's report:	Not applicable. There are no remarks in the auditor's reports.																																																						
B.12 B.19	Selected historical financial information:	<p>The Guarantor The information below is derived from the Group's audited financial statements for 2017 and 2016, which are prepared according to International Financial Reporting Standards ("IFRS") as adopted by the European Union. The content set out below has not been specifically reviewed by the Guarantor's auditor.</p> <p>No material adverse change has occurred since the date of the Group's latest audited accounts.</p> <p><u>Consolidated income statement</u></p> <table border="1"> <thead> <tr> <th>EUR '000</th> <th>2017 (audited)</th> <th>2016 (audited)</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>221,638</td> <td>154,128</td> </tr> <tr> <td>Other income</td> <td>534</td> <td>64</td> </tr> <tr> <td>Impairments on loans</td> <td>(75,629)</td> <td>(47,964)</td> </tr> <tr> <td>Operating expenses:</td> <td></td> <td></td> </tr> <tr> <td>Personnel expenses</td> <td>(35,375)</td> <td>(24,761)</td> </tr> <tr> <td>Selling and marketing expenses</td> <td>(37,184)</td> <td>(29,918)</td> </tr> <tr> <td>Lending costs</td> <td>(10,145)</td> <td>(8,001)</td> </tr> <tr> <td>Other administrative expenses</td> <td>(2,205)</td> <td>(2,204)</td> </tr> <tr> <td>Depreciations and amortizations</td> <td>(2,811)</td> <td>(1,547)</td> </tr> <tr> <td>Other operating expenses</td> <td>(26,986)</td> <td>(18,655)</td> </tr> <tr> <td>Operating profit</td> <td>31,838</td> <td>21,142</td> </tr> <tr> <td>Financial income</td> <td>97</td> <td>161</td> </tr> <tr> <td>Finance costs</td> <td>(8,691)</td> <td>(6,575)</td> </tr> <tr> <td>Finance costs – net</td> <td>(8,594)</td> <td>(6,414)</td> </tr> <tr> <td>Profit before income tax</td> <td>23,244</td> <td>14,728</td> </tr> <tr> <td>Income tax expenses</td> <td>(3,185)</td> <td>(1,768)</td> </tr> <tr> <td>Profit for the period</td> <td>20,058</td> <td>12,961</td> </tr> </tbody> </table>	EUR '000	2017 (audited)	2016 (audited)	Revenue	221,638	154,128	Other income	534	64	Impairments on loans	(75,629)	(47,964)	Operating expenses:			Personnel expenses	(35,375)	(24,761)	Selling and marketing expenses	(37,184)	(29,918)	Lending costs	(10,145)	(8,001)	Other administrative expenses	(2,205)	(2,204)	Depreciations and amortizations	(2,811)	(1,547)	Other operating expenses	(26,986)	(18,655)	Operating profit	31,838	21,142	Financial income	97	161	Finance costs	(8,691)	(6,575)	Finance costs – net	(8,594)	(6,414)	Profit before income tax	23,244	14,728	Income tax expenses	(3,185)	(1,768)	Profit for the period	20,058	12,961
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Consolidated statement of financial position

EUR '000	2017-12-31 (audited)	2016-12-31 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	3,482	2,761
Intangible assets	20,037	12,736
Government stocks	8,851	11,450
Deferred tax assets	3,757	3,480
Total non-current assets	36,128	30,426
Current assets		
Accounts receivable - loans to customers	257,406	184,346
Other receivables	10,554	7,298
Derivative assets	156	-
Current tax assets	519	555
Cash and cash equivalents	131,832	73,059
Total current assets	400,468	265,257
Total assets	436,595	295,683
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	40,134	40,134
Treasury shares	(142)	(142)
Reserves	(2,240)	(1,202)
Unrestricted equity reserve	14,708	14,708
Retained earnings	52,783	34,377
Total equity	105,243	87,875
Liabilities		
Non-current liabilities		
Borrowings	64,049	72,246
Deferred tax liabilities	118	-
Total non-current liabilities	64,167	72,246
Current liabilities		
Current tax liabilities	1,867	1,143
Deposits from customers	174,301	101,436
Borrowings	69,741	18,469
Derivative liabilities	790	182 ¹
Trade payables	9,838	4,958
Other current liabilities	10,648	9,376 ¹
Total current liabilities	267,185	135,563
Total liabilities	331,352	207,809
Total equity and liabilities	436,595	295,683

¹ Derivative financial liabilities have been presented as part of Other current liabilities in the Guarantor's audited financial statements for 2016, however presented herein separately on the face

of the balance sheet in line with the Guarantor's current balance sheet presentation. Reclassified figures are unaudited.

Consolidated statement of cash flow

EUR '000	2017 (audited)	2016 (audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/loss for the period	20,058	12,961
Adjustments for:		
Depreciation and amortization	2,811	1,547
Finance costs, net	8,594	6,414
Tax on income from operations	3,185	1,768
Transactions without cash flow	1,263	399 ¹
Impairment on loans	75,629	47,964
Working capital changes:		
Increase (-) / decrease (+) in other current receivables and government stocks	(813)	(16,848) ¹
Increase (+) / decrease (-) in trade payables and other current liabilities (excl. interest liabilities)	6,991	4,404
Interest paid	(6,892)	(4,434)
Interest received	41	163
Other financing items	-	(385)
Income taxes paid	(1,720)	(3,094)
Net cash from operating activities before movements in loan portfolio and deposits received	109,148	50,857
Deposits received	72,865	98,426
Movements in portfolio:		
Movements in gross portfolio	(89,233)	(91,120)
Fully impaired portfolio write-offs	(59,456)	(34,431)
Net cash from operating activities	33,324	23,733
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible and intangible assets	(10,863)	(8,347)
Proceeds from sale of tangible and intangible assets	-	81
Purchase of investments and other assets	(466)	-
Net cash from investing activities	(11,329)	(8,266)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	24,817	-

Repayment of short-term borrowings	(100)	(198)
Proceeds from long-term borrowings	35,000	49,338
Repayment of long-term borrowings	(18,133)	(6,125)
Dividends paid / distribution of funds	(2,594)	(2,158)
Net cash from financing activities	38,990	40,857
Net increase in cash and cash equivalents	60,985	56,324
Cash and cash equivalents at the beginning of the period	73,059	17,452
Exchange gains/(losses) on cash and cash equivalents	(2,212)	(717)
Net increase/decrease in cash and cash equivalents	60,985	56,324
Cash and cash equivalents at the end of the period	131,832	73,059

¹ Transactions without cash flow have been presented as part of Increase (+) / decrease (-) in trade payables and other liabilities in the in the Guarantor's audited financial statements for 2016, however presented separately on the face of the consolidated statement of cash flow in line with the Guarantor's current presentation. The reclassified figures are unaudited.

The information set out below is derived from the Group's unaudited condensed quarterly statements for the period 1 January to 31 March 2018, which are prepared according to IFRS. The content set out below has not been specifically reviewed by the Group's auditor.

Consolidated income statement

EUR '000	Q1 2018 (unaudited)	Q1 2017 (unaudited)
Revenue	61,442	50,009
Other income	6	13
Impairments on loans	(18,866)	(17,180)
Operating expenses:		
Personnel expenses	(10,826)	(7,918)
Selling and marketing expenses	(10,028)	(7,877)
Lending costs	(2,839)	(2,380)
Other administrative expenses	(407)	(708)
Depreciations and amortizations	(1,082)	(667)
Other operating expenses	(7,233)	(6,441)
Operating profit	10,169	6,849
Financial income	15	965
Finance costs	(3,557)	(1,868)
Finance costs – net	(3,542)	(903)
Profit before income tax	6,626	5,946
Income tax expenses	(994)	(892)
Profit for the period	5,633	5,054

Consolidated statement of financial position

EUR '000	2018-03-31 (unaudited)	2017-12-31 (audited)
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	3,484	3,482
Intangible assets	20,998	20,037
Government stocks	8,772	8,851
Deferred tax assets	5,761	3,757
Total non-current assets	39,015	36,128
<u>Current assets</u>		
Accounts receivable - loans to customers	265,455	257,406
Other receivables	7,852	10,554
Derivative assets	924	156
Current tax assets	411	519
Cash and cash equivalents	134,688	131,832
Total current assets	409,330	400,468
Total assets	448,345	436,595
EQUITY AND LIABILITIES		
<u>Equity attributable to owners of the parent</u>		
Share capital	40,134	40,134
Treasury shares	(142)	(142)
Reserves	(2,727)	(2,240)
Unrestricted equity reserve	14,708	14,708
Retained earnings	51,988	52,783
Total equity	103,960	105,243
<u>Liabilities</u>		
<u>Non-current liabilities</u>		
Borrowings	64,185	64,049
Deferred tax liabilities	117	118
Total non-current liabilities	64,302	64,167
<u>Current liabilities</u>		
Current tax liabilities	1,254	1,867
Deposits from customers	192,677	174,301
Borrowings	71,130	69,741
Derivative liabilities	604	790
Trade payables	2,634	9,838
Other current liabilities	11,783	10,648
Total current liabilities	280,083	267,185
Total liabilities	344,385	331,352
Total equity and liabilities	448,345	436,595

<u>Consolidated statement of cash flow</u>		
EUR '000	Q1 2018 (unaudited)	Q1 2017 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/loss for the period	5,633	5,054
Adjustments for:		
Depreciation and amortization	1,082	667
Finance costs, net	3,542	903
Tax on income from operations	994	892
Transactions without cash flow	436	-
Impairment on loans	18,866	17,180
Working capital changes:		
Increase (-) / decrease (+) in other current receivables and government stocks	2,013	893
Increase (+) / decrease (-) in trade payables and other liabilities	(1,201)	(1,010)
Interest paid	(1,018)	(1,086)
Interest received	-	-
Other financing items	-	771
Income taxes paid	(1,412)	(558)
Net cash from operating activities before movements in loan portfolio and deposits received	28,934	23,706
Deposits received	18,376	17,359
Movements in portfolio:		
Movements in gross portfolio	(49,523)	(25,121)
Fully impaired portfolio write-offs	4,082	(14,004)
Net cash from operating activities	1,870	1,940
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible and intangible assets	(2,047)	(1,706)
Proceeds from sale of tangible and intangible assets	-	-
Purchase of investments and other assets	-	(466)

		Net cash from investing activities	(2,047)	(2,172)
		CASH FLOWS FROM FINANCING ACTIVITIES		
		Proceeds from short-term borrowings	1,354	5,013
		Repayment of short-term borrowings	(63)	-
		Proceeds from long-term borrowings	-	-
		Repayment of long-term borrowings	-	(13,500)
		Dividends paid / distribution of funds	-	-
		Net cash from financing activities	1,291	(8,487)
		Net increase in cash and cash equivalents	1,114	(8,719)
		Cash and cash equivalents at the beginning of the period	131,832	73,059
		Exchange gains/(losses) on cash and cash equivalents	1,741	260
		Net increase/decrease in cash and cash equivalents	1,114	(8,719)
		Cash and cash equivalents at the end of the period	134,688	64,600
		The Issuer		
		The information below is derived from the Issuer's audited financial statements for 2017, which are prepared according to IFRS as adopted by the European Union. The figures for 2016 prepared according to IFRS have been presented only to ensure comparability between periods and are unaudited. The Issuer's audited financial statements for 2016 have been prepared according to applicable accounting principles in Germany. The content set out below has not been specifically reviewed by the Issuer's auditor.		
		No material adverse change has occurred since the date of the Issuer's latest audited accounts.		
		<u>Income statement</u>		
		EUR	2017 (audited)	2016 (unaudited)
		Revenue	0	400
		Other income	3,050	4,611
		Cost of purchased services	(3,570)	(4,149)
		Personnel expenses	(79,291)	(241,812)
		Depreciations and amortization	(1,482)	(2,104)
		Other operating expenses	(182,458)	(211,298)

Financial income	4,179,281	2,934,105
Financial expenses	(3,559,195)	(2,612,938)
Financial result	620,086	321,166
Profit/(Loss) before tax	356,335	(133,185)
Income taxes	(224,201)	(72,938)
Net income/(loss) for the year	132,134	(206,123)
<u>Statement of financial position</u>		
EUR	2017-12-31 (audited)	2016-12-31 (unaudited)
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	1,708	10,621
Loans to shareholder	25,532,928	50,015,689
Total non-current assets	25,534,636	50,026,310
<u>Current assets</u>		
Loans to shareholder	45,651,332	0
Other receivables	136,605	88,290
Other financial assets	0	597,000
Cash and cash equivalents	18,952	84,040
Total current assets	45,806,889	769,330
Total assets	71,341,526	50,795,640
EQUITY AND LIABILITIES		
<u>Equity</u>		
Subscribed capital	25,000	25,000
Capital reserve	250,000	250,000
Retained earnings	(141,914)	(274,048)
Accumulated other comprehensive income	0	(3,000)
Total equity	133,086	(2,048)
<u>Liabilities</u>		
<u>Non-current liabilities</u>		
Bonds	25,000,000	50,000,000
Total non-current liabilities	25,000,000	50,000,000
<u>Current liabilities</u>		
Bonds	46,193,425	639,489
Other payables and accrued expenses	15,015	76,629
Other accruals	0	0
Tax payable	0	81,570
Total current liabilities	46,208,440	797,688
Total equity and liabilities	71,341,526	50,795,640

<u>Statement of cash flows</u>		
EUR '000	2017 (audited)	2016 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net result before taxes	356,335	(133,185)
Depreciation of property, plant and equipment	1,482	2,103
Increase/(decrease) in other liabilities	(61,614)	61,224
Increase/(decrease) in other assets	(48,315)	(56,292)
Interest paid	3,559,195	2,612,938
Interest received	(4,179,281)	(2,934,105)
Income tax paid	(305,771)	(148,588)
Cash flow from regular operating activities	(677,969)	(595,905)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from disposals of property, plant and equipment	7,431	1,029
Cash paid for the acquisition of property, plant and equipment	0	(8,842)
Proceeds from purchasing securities	600,000	(600,000)
Interest received	4,179,281	2,934,105
Cash flow from investing activities	4,786,712	2,326,292
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	0	250,000
Proceeds from issuing bonds	20,553,935	25,244,969
Proceeds from borrowings	(21,168,571)	(24,545,084)
Interest paid	(3,559,195)	(2,612,938)
Cash flow from financing activities	(4,173,831)	(1,663,053)
Total of the cash flows		
	(65,088)	67,336
Cash and equivalents at the beginning of the period	84,040	16,705
Cash and equivalents at the end of the period	18,952	84,040
B.13 B.19	Events that affect solvency:	No events have recently occurred and which could have a material impact on the assessment of the Group's solvency.

B.14 B.19	Dependency on subsidiaries	A significant part of the Group's assets and revenues relate to the Guarantor's subsidiaries. Both the Issuer and the Guarantor are thus dependent upon receipt of sufficient income and cash flow related to the operations of the other companies within the Group. Consequently, the Issuer and the Guarantor are dependent on such companies' availability of cash and their legal ability to make necessary transfers which may from time to time be restricted by corporate restrictions and law.
B.15 B.19	Primary operations:	<p>The Group is an international provider of unsecured mobile and digital consumer loans and small business loans headquartered in Helsinki, Finland. The business is designed for easy and transparent loans to consumers and small businesses and can be accessed through the internet or mobile devices.</p> <p>The objects of the Issuer are the raising of outside capital through the issuance of bearer bonds and the granting of loans to other entities within the Group.</p>
B.16 B.19	Direct or indirect owner:	The Issuer is wholly owned by Ferratum Oyj, business identity code 1950969-1, a Finnish public limited liability company operating under the laws of Finland. Jorma Jokela owns (directly and indirectly) approximately 55 per cent. of the shares in the Guarantor.
B.17 B.19	Credit ratings:	<p>The Bonds will not be rated.</p> <p>Creditreform Rating AG has assigned a rating of BBB+ to the Issuer's EUR 25,000,000 bonds issued in 2013.</p> <p>Creditreform Rating AG has also assigned a rating of BBB+ to the Guarantor as a corporate group rating.</p> <p>For the purposes of Creditreform's ratings, a BBB+ rating means that an obligor has strongly satisfactory creditworthiness and low to medium insolvency risk. The rating categories reach from "AAA" for issuers with the strongest creditworthiness to "D" for issuers with insufficient creditworthiness. The ratings from "AA" to "B" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.</p>
B.18	Nature and scope of guarantee:	Pursuant to a guarantee and adherence agreement, the Guarantor has agreed to jointly and severally guarantee the Group's obligations in respect of the full and punctual payment and performance within applicable grace periods of all guaranteed obligations, including the payment of principal and premium, if any, and interest under the Finance Documents when due, whether at maturity, by acceleration, by redemption or otherwise, and interest on any such obligation which is overdue, and of all other monetary obligations of the Guarantor to the secured parties under the Finance Documents, and the full and punctual performance within applicable grace periods of all other obligations and liabilities of the Guarantor under the Finance Documents.

SECTION C – SECURITIES NOTE		
C.1	Securities offered	Up to EUR 150,000,000 bonds due 2022 with denomination EUR 1,000 per Bond and ISIN SE0011167972. The Bonds constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer.
C.2	Currency:	EUR.
C.5	Transferability Restrictions:	The Bonds are freely transferable. The minimum amount of Bonds to be transferred by or to any Bondholder may not be less than EUR 100,000.
C.8	Rights attached to the securities, including ranking and limitations of rights:	<p>When issued, the Bonds will be debt instruments under the Swedish Financial Instruments Accounts Act (1998:1479). The Bonds will carry the right to repayment of the nominal amount and interest on the relevant due date.</p> <p>The Bonds constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer, and:</p> <ul style="list-style-type: none"> • will at all times rank <i>pari passu</i> with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer without any preference among them, except those obligations which are mandatorily preferred by law; and • are guaranteed by the Guarantors (as defined below). <p>The Bonds are issued under and governed by Swedish law.</p>
C.9	Rights attached to the securities, including the nominal interest rate, starting date for the interest calculation, interest due dates, any base interest rate, maturity, yield and any representatives of debenture holders:	<p><i>Interest Rate:</i> the Bonds carry interest at EURIBOR (3 months) plus 5.50 per cent. <i>per annum</i>. Should EURIBOR be less than zero (0), EURIBOR shall be deemed to be zero (0).</p> <p><i>Interest Payment Dates:</i> 25 February, 25 May, 25 August and 25 November of each year or, to the extent such day is not a CSD Business Day, the next day that is a CSD Business Day unless that day falls in the next calendar month, in which case that date will be the immediately preceding day that is a CSD Business Day. The first Interest Payment Date for the Initial Bonds shall be 25 August 2018.</p> <p><i>Amortization:</i> during the term of the Bonds, no amortization will be made.</p> <p><i>Maturity:</i> the final maturity date is 25 May 2022.</p> <p><i>Representative of the holders:</i> Nordic Trustee & Agency AB (publ), Swedish Reg. No. 556882-1879.</p>
C.10	Information on interest payments based on derivative components:	Not applicable. The interest rate is not based on any derivative components.
C.11	Admission to trading:	The Issuer shall ensure that the Bonds are listed at the Frankfurt Stock Exchange Open Market on or about the First Issue Date. The Issuer shall ensure that the Initial Bonds are listed at the corporate bond list on Nasdaq Stockholm or (if the Issuer

		<p>determines in its reasonable discretion that a different Regulated Market should be preferred) an other Regulated Market not later than sixty (60) days after the First Issue Date, with an intention to complete such listing within thirty (30) days and that any Subsequent Bonds are listed on the relevant Regulated Market within 60 days after the issuance of such Subsequent Bonds and with an intention to complete such listing within twenty (20) days after the issuance of such Subsequent Bonds (unless the Subsequent Bonds are issued before the date falling sixty (60) days after the First Issue Date in which case such Subsequent Bonds shall be listed within sixty (60) days after the First Issue Date).</p> <p>In addition, the Issuer shall use its best efforts to procure that the Bonds are listed at the Frankfurt Stock Exchange Prime Standard within four (4) months after the First Issue Date (following listing on Frankfurt Stock Exchange Prime Standard, the listing on Frankfurt Stock Exchange Open Market may be removed).</p>
SECTION D – RISKS		
D2	<p>Key risks specific to the Group and its industry:</p>	<p><i>Investing in the Bonds involves inherent risks. A number of risk factors and uncertainties may adversely affect the Issuer and the Group. The risks presented herein are not exhaustive, and other risks not discussed herein, not currently known or not currently considered to be material may also affect the Group's future operations, performance and financial position, and consequently the Issuer's ability to meet its obligations under the Terms and Conditions. Further, the risk factors are not ranked in order of importance. Potential investors should consider carefully the information contained in this section and make an independent evaluation before making an investment in the Bonds.</i></p> <p><i>The Group may not be able to successfully evaluate the creditworthiness of its customers, may not price its consumer loan products correctly and may not be able to adequately diversify its consumer loan portfolio.</i></p> <p>The Group is exposed to the creditworthiness of its customers. The Group's customers generally have a higher frequency of delinquencies, higher risk of non-payment and, ultimately higher credit losses than consumers who are served by more traditional providers of consumer credit. The Group's customer base includes consumers who are not qualifying for general purpose credit cards and consumers who are expanding their existing credits. The Group prices its consumer loan products taking into account the estimated risk level of its customers. If its estimates are incorrect, customer default rates could be higher, which would result in an increase in the Group's operating expenses relating to loan impairments, and in turn the Group could experience reduced levels of net income.</p> <p>The Group operates according to its established credit risk policies, uses computer-aided loan approval algorithms and</p>

	<p>follows a set of self-imposed ethical and responsible lending principles which were put in place by the Group and are regularly reviewed. The Group performs due diligence of its customers based on information provided by individual customers, reviews provided by external consumer credit scoring agencies and various other available information on the customer. In addition, the Group uses its own software-based scoring procedure to rate the creditworthiness of new and existing customers. The software-based scoring procedure combines the Group's historical data from all markets it operates in with current information regarding the specific market and the customer. The Group's credit policies and software-based scoring procedure are refined and updated on an on-going basis. There is a risk that the aforementioned actions may prove insufficient. This may be caused by an internal failure of the Group's risk management procedures or an external change of conditions beyond the Group's control. Credit loss risks may further increase if the Group's consumer loan portfolio is not adequately diversified (country and social status diversification). In such a situation, a deterioration of economic conditions or an economic slowdown may additionally exacerbate the credit risk associated with insufficient diversification. An increase in the ratio of impairments on losses to revenues could significantly adversely affect the Group's financial, economic and liquidity condition.</p> <p><i>If the Group's risk provisions in relation to credit losses are not sufficient, the Group's results of operations and financial condition may be adversely affected.</i></p> <p>The Group needs to maintain risk provisions for anticipated credit losses. Since the provisions necessary to cover credit losses can only be estimated, there is a risk that actual credit losses are materially greater than the provisions accounted for to cover such losses. This could have a material adverse effect on the Group's business prospects, financial condition, or results of operations.</p> <p><i>If the Group incurs a large amount of fraud-related losses, the Group's results of operations and financial condition may be adversely affected.</i></p> <p>The Group is exposed to the fraud risk associated with information provided by its (potential) customers. The most common fraud risk is identity theft. There is a risk that the Group could suffer losses due to the criminal behaviour of its customers. This could have a material adverse effect on the Group's business prospects, financial condition or results of operations.</p> <p><i>Any disruption in the Group's information systems or external telecommunication infrastructure worldwide could adversely affect the Group's operations.</i></p> <p>IT systems are an essential component of the Group's business due to the diverse use of automated processes and controls. The</p>
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	<p>Group has improved its current systems continuously, developed new systems, and introduced comprehensive maintenance schemes for its existing software. The Group utilizes a proprietary in-house loan handling system, which provides control and automation of day-to-day business. However, due to the open nature of the internet and the increasing sophistication of online criminality, all web-based services are inherently subject to risks such as online theft through fraudulent transactions and inappropriate use of access codes, user IDs, usernames, PINs, and passwords. In addition, despite the comprehensive maintenance efforts and careful development of the IT systems, they might fail and significantly impact the Group's operations. Damage to the Group's IT systems and software or failure to protect its data against a cyber-attack will have a material adverse effect on the Group's business, financial condition, or results of operations.</p> <p>The Group relies on telecommunications, the internet, as well as mobile and online banking services worldwide in order to conduct its operations and offer its services to customers. To access the Group's online consumer loan portals, the Group's customers need to have an internet access or a mobile data connection. Disruption of such or similar telecommunications and internet services in the respective countries of operation due to equipment or infrastructure failures, strikes, piracy, terrorism, weather-related problems, or other events, could temporarily impair the Group's ability to supply its product portfolio to its customers, which in turn could have a material adverse effect on the Group's business, financial condition, or results of operations.</p> <p><i>Competition in the short-term lending industry could cause the Group to lose its market share and revenues.</i></p> <p>The Group faces competition in all the countries in which it operates. In some countries, such as the UK, there are particularly many competitors. There is a wide range of companies targeting the market for small consumer loans, including various smaller locally operating consumer loan companies as well as larger companies operating in several markets and traditional consumer banks. While the Group's key consumer loan segment relates to loans of EUR 5,000 and below with the average loan amounts being between EUR 200 and EUR 1200 per loan at the moment, most of the Group's competitors do not restrict the size of loans available through their companies. Thus the Group is competing with a variety of local and international companies. In addition, the Group also competes with traditional banks with small business loans providing working capital loans.</p> <p>The highest risk of competition is experienced particularly in mature markets with high saturation, such as Western and Northern Europe. In the past, intensive competition has pushed</p>
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	<p>prices downward in some markets, which, if competition further intensifies, could erode profit margins and the Group's net income. The Group believes that the consumer loan market may become even more competitive as the industry consolidates. Some of the Group's competitors will have larger and more established customer base and substantially greater financial, marketing and other resources than the Group has. As a result, the Group could lose market share and its revenues could decline, thereby affecting the Group's ability to generate sufficient cash flow to fund expansion of its operations and to service its indebtedness. This could have a material adverse effect on the Group's business prospects, financial condition or results of operations.</p> <p><i>Laws and regulations may restrict the Group's possibility to conduct its business and its profitability.</i></p> <p>The Group operates in a business that is heavily regulated. Present and potential future applicable laws and regulations may restrict the way the Group may conduct its business and may reduce its profitability. Legal requirements in respect of, for instance, interest rate caps may limit the Group's pricing of its products which would have a negative impact on the Group's earnings and result of operations.</p> <p>EU regulations in respect of e.g. capital requirements may also restrict the Group's possibility to conduct its business should the Group not have sufficient access to equity capital in order to fulfill applicable laws. This will have a negative impact on the Group's business, financial condition and result of operations.</p> <p>In addition to the aforementioned, the extensive laws and regulations in the business the Group operates in require the Group to spend both financial and human resources in order to ensure compliance with all applicable laws. There is a risk that an increase in regulations may necessitate the Group to spend even more financial and human resources in order to ensure legal compliance and to continue its business, which will have a material adverse effect on its business and financial condition.</p> <p><i>The Group is subject to various consumer protection laws, other local legal and regulatory requirements and European law, changes of which or interpretations of which by authorities could significantly impact the Group's business.</i></p> <p>Changes to local legislation require the Group's respective local subsidiaries to adapt operations to ensure compliance with such changes. Failure to timely implement procedures that comply with new rules will have a material adverse effect on the Group's business, financial condition, or results of operations. There is a risk that local courts, regulatory agencies and financial supervisory authorities, issue new regulations or interpretations or find the Group's services to be in violation of local or EU-wide</p>
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		<p>legal requirements such as license requirements, maximum interest rate provisions, transparency requirements or other regulatory requirements. For instance, there is a risk that the Finnish financial supervisory authority in the future would be of the view that, or issue an interpretation to the effect that, the Group's operations would be considered to require an authorisation or licence in Finland, since the parent company of the Group is Finnish, which the Group does not currently hold. In such case, the Guarantor or another entity within the Group would need either to apply for such authorisation or licence or to restructure the business in such manner that it is in compliance with the new requirements. Adverse judgments based on such findings or new regulations or interpretations could result in legal claims, administrative sanctions and reputational damage against the Group, need for restructuring or new licensing of the Group or alterations to the business carried out by the Group. Further, existing loan agreements might be held null and void by local courts. As a consequence, the Group may be restricted in successfully offering its services in certain jurisdictions or may be forced to terminate its business in certain jurisdictions. This could have material adverse impacts on the financial and market position of the Group.</p> <p>In the past, the Group has had to allocate resources in order to adapt its business model and product offerings in several countries as a result of regulatory changes. There is a risk that future regulatory changes may be too burdensome to comply with or may result in its business model in a particular jurisdiction becoming unprofitable. Such developments could have a material adverse impact on the financial and market position of the Group.</p> <p><i>The Group may lose required licences to operate the Group's consumer loan business or face challenges to renew such licences.</i></p> <p>The local financial authorities of some jurisdictions additionally require licences to operate a consumer loan business. There is a risk that, where a licence is required, the Group will not be able to maintain its licences on commercially favourable terms or at all. Accordingly, there is a risk of delay in obtaining the required licences, which may lead to operational delays. The loss of a licence or such operational delays may in turn have a material adverse effect on the Group's business, financial condition, or results of operations.</p>
D.3	Key risks specific to the securities:	<p><i>Credit risks</i></p> <p>Investors in the Bonds carry a credit risk relating to the Group. The investors' ability to receive payment under the Terms and Conditions is dependent on the Issuer's ability to meet its payment obligations, which in turn is largely dependent upon the performance of the Group's operations and its financial position.</p>

	<p>The Group's financial position is affected by several factors of which some will be mentioned on the proceeding pages. An increased credit risk may cause the market to charge the Bonds a higher risk premium, which would affect the Bonds' value negatively. Another aspect of the credit risk is that a deteriorating financial position of the Group may reduce the Group's possibility to receive debt financing at the time of the maturity of the Bonds.</p> <p>Refinancing risk</p> <p>The Group may eventually be required to refinance certain or all of its outstanding debt, including the Bonds. The Group's ability to successfully refinance its debt is dependent on the conditions of the capital markets and its financial condition at such time. The Group's access to financing sources may not be available on favourable terms, or at all.</p> <p>The Group's inability to refinance its debt obligations on favourable terms, or at all, could have a material adverse effect on the Group's business, financial condition and results of operations and on the bondholders' recovery under the Bonds.</p> <p>Liquidity risk</p> <p>The Issuer intends to list the Bonds on the corporate bond list of Nasdaq Stockholm and initially in the Open Market and later on the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange. Even if the Bonds are admitted to trading on the aforementioned markets, active trading in the Bonds does not always occur and a liquid market for trading in the Bonds might not occur even if the Bonds are listed. This may result in the bondholders not being able to sell their Bonds when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market. Lack of liquidity in the market will have a negative impact on the market value of the Bonds. Furthermore, the nominal value of the Bonds may not be indicative compared to the market price of the Bonds if the Bonds are admitted to trading. It should also be noted that during a given time period it may be difficult or impossible to sell the Bonds (at all or at reasonable terms) due to, for example, severe price fluctuations, close down of the relevant market or trade restrictions imposed on the market.</p> <p>Market price risk</p> <p>The development of market prices of the Bonds depends on various factors, such as changes of market interest rate levels, the policies of central banks, overall economic developments, inflation rates or the lack of or excess demand for the Bond. The bondholders are therefore exposed to the risk of an unfavourable development of market prices of their Bonds which materialise if the bondholders sell the Bonds prior to the final maturity. If a</p>
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		<p>bondholder decides to hold the Bonds until final maturity, the Bonds will be redeemed at the principal amount of the Bonds.</p> <p><i>Creditworthiness of the Guarantor</i></p> <p>If, e.g., because of the materialisation of any of the risks regarding the Guarantor, the likelihood that the Guarantor will be in a position to fully perform all obligations under the Bonds when they fall due decreases, the market value of the Bonds will suffer. In addition, even if the likelihood that the Guarantor will be in a position to fully perform all obligations under the Bonds when they fall due actually has not decreased, market participants could nevertheless have a different perception. In addition, the market participants' estimation of the creditworthiness of corporate debtors in general or debtors operating in the same business as the Group could adversely change.</p> <p>Further, a downgrade of the Guarantor's rating may – irrespective of the actual creditworthiness of the Guarantor – lead to a decrease of the exchange price of the Bonds. If any of these risks occurs, third parties would only be willing to purchase Bonds for a lower price than before the materialisation of said risk. Under these circumstances, the market value of the Bonds will decrease.</p> <p><i>Risks relating to the Bonds being unsecured</i></p> <p>The Bonds constitute unsecured debt obligations of the Issuer. If the Issuer and/or the Guarantor is subject to any foreclosure, dissolution, winding-up, liquidation, recapitalisation, administrative or other bankruptcy or insolvency proceedings, all of the Issuer's and the Guarantor's secured obligations must first be satisfied, potentially leaving little or no remaining assets in the Issuer or the Guarantor for the bondholders. As a result, the bondholders may not recover any or full value of their investment. The bondholders will only have an unsecured claim against the assets (if any) in the Issuer and the Guarantor for the amounts under or in respect of the Bonds, which means that the bondholders normally would receive payment (pro rata with other unsecured non-priority creditors) after any priority creditors have been paid in full. Each investor should be aware that by investing in the Bonds, they risk losing the entire, or part of, the investment in the event of the Issuer's or the Guarantor's liquidation, bankruptcy or group re-organisation.</p>
SECTION E – OFFER		
E.2b	Net proceeds and expenses	The proceeds, less the costs and expenses incurred by the Issuer in connection with the issue, shall be used to redeem existing bonds and for general corporate purposes of the Group.

E.3	Terms and conditions of the offer:	Not applicable. The issue of Bonds did not constitute an offer.
E.4	Interests and conflicts of interest:	Not applicable. There are no material interests or conflict of interests.
E.7	Costs for investors:	Not applicable. No expenses will be charged to the investor.

RISK FACTORS

The Issuer is a subsidiary of the Guarantor and its operations are focused on raising financing for the Group. As such and because the Bonds are guaranteed by the Guarantor, the risks described below for the Group are equally relevant for the Guarantor and the Issuer. Potential investors should consider carefully the information contained in this section and make an independent evaluation before making an investment in the Bonds.

Risks Related to the Group's Operations and Industry

An economic slowdown could adversely affect the demand for the Group's consumer loans, increase its credit losses and decrease its growth.

Because the Group's business is dependent to consumer spending trends in the countries it operates in, any period of economic slowdown or recession in these countries could make it more difficult for the Group to retain or expand its customer base. For example, high levels of unemployment in the markets in which the Group operates will likely reduce the number of customers who qualify for the Group consumer loan products, which in turn may reduce its revenues. Similarly, reduced consumer confidence and spending may decrease the demand for its products. In addition, during periods of economic slowdown or recession, the Group could experience an increase in defaults, credit extension requests as well as a higher frequency and severity of credit losses even if the Group adjusts its credit scoring models to adjust to such new economic conditions. As a result, adverse changes in economic conditions in countries in which the Group's customers are located could materially adversely affect the business prospects, results of operations and financial condition of the Group.

The Group may not be able to successfully evaluate the creditworthiness of its customers, may not price its consumer loan products correctly and may not be able to adequately diversify its consumer loan portfolio.

The Group is exposed to the creditworthiness of its customers. The Group's customers generally have a higher frequency of delinquencies, higher risk of non-payment and, ultimately higher credit losses than consumers who are served by more traditional providers of consumer credit. The Group's customer base includes consumers who do not qualify for general purpose credit cards and consumers who are expanding their existing credits. The Group prices its consumer loan products taking into account the estimated risk level of its customers. If its estimates are incorrect, customer default rates could be higher, which would result in an increase in the Group's operating expenses relating to loan impairments, and in turn the Group could experience reduced levels of net income.

The Group operates according to its established credit risk policies, uses computer-aided loan approval algorithms and follows a set of self-imposed ethical and responsible lending principles which were put in place by the Group and are regularly reviewed. The Group performs due diligence of its customers based on information provided by individual customers, reviews provided by external consumer credit scoring agencies and various other available information on the consumer. In addition, the Group uses its own software-based scoring procedure to rate the creditworthiness of new and existing customers. The software-based scoring procedure combines the Group's historical data from all markets it operates in with current information regarding the specific market and the customer. The Group's credit policies and software-based scoring procedure are refined and updated on an on-going basis. There is a risk that the aforementioned actions may prove insufficient. This may be caused by an internal failure of the Group's risk management procedures or an external change of conditions beyond the Group's control. Credit loss risks may further increase if the Group's consumer loan portfolio is not adequately diversified (country and social status diversification). In such a situation, a deterioration of economic conditions or an economic slowdown may additionally exacerbate the credit risk associated with insufficient diversification. An increase in the ratio of impairments on losses to revenues could significantly adversely affect the Group's financial, economic and liquidity condition.

If the Group's risk provisions in relation to credit losses are not sufficient, the Group's results of operations and financial condition may be adversely affected.

The Group needs to maintain risk provisions for anticipated credit losses. Since the provisions necessary to cover credit losses can only be estimated, there is a risk that actual credit losses are materially greater than the provisions accounted for to cover such losses. This could have a material adverse effect on the Group's business prospects, financial condition, or results of operations.

Dependency on other companies within the Group.

All of the Group's assets and revenues relate to companies within the Group other than the Issuer. The Issuer is thus dependent upon receipt of sufficient income and cash flow related to the operations of the other Group companies. Consequently, the Issuer is dependent on such companies' availability of cash and their legal ability to make necessary transfers which may from time to time be restricted by corporate restrictions and law. Should the Issuer not receive sufficient income from other Group companies, the investor's ability to receive payment under the Terms and Conditions may be adversely affected.

If the Group incurs a large amount of fraud-related losses, the Group's results of operations and financial condition may be adversely affected.

The Group is exposed to the fraud risk associated with information provided by its (potential) customers. The most common fraud risk is identity theft. There is a risk that the Group could suffer losses due to the criminal behaviour of its customers. This could have a material adverse effect on the Group's business prospects, financial condition or results of operations.

If the Group does not generate a sufficient amount of cash to satisfy its liquidity needs, it may not be able to grow its business as a result of cash shortages.

The Group's growth depends on cash flow efficiency and cash collection. Considering the Group's business model and the contemplated expansion in new markets, the Group is exposed to liquidity risk. There is a risk that the Group will not be able to satisfy its liquidity needs in the future. Lack of liquidity may occur in numerous scenarios. The Group, for instance, may experience a lack of liquidity due to an unexpected increase in rates of delinquencies or defaults on provided consumer loans. If the Group is unable to meet such cash requirements, its growth in new markets may be adversely affected. As a result, decreasing cash inflows from existing operations and/or increasing cash outflows associated with new operations may result in a material adverse effect on the Group's business prospects, financial condition or results of operations.

If the Group does not have access to financing under affordable terms, it may not be able to expand its business and refinance its existing or future indebtedness.

In order to support its growth and geographical expansion, the Group depends on external funds from credit and capital markets. If such external funds are not available under affordable terms, the Group may be required to take measures to conserve cash until the markets stabilize or until alternative credit arrangements or other funding necessary to cover the Group's business needs becomes available under affordable terms. Such measures could include deferring capital expenditures, including acquisitions, and reducing or eliminating use of cash for financing of further growth of the Group's business. Therefore, a limited availability of funds on the market combined with rising lending costs, especially when larger refinancing is required, may adversely affect the Group's growth in existing and new markets. If the Group could not refinance itself for a prolonged period of time or if the Group, due to adverse business developments, were to breach financial covenants in its financing instruments, the Group may be unable to service its debt with the liquidity provided from operating cash flows. This could have a material adverse effect on the Group's business, financial condition, or results of operations.

The Group is subject to floating rate interest rate risks.

The Group is subject to cash flow interest rate risk which is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Fair value interest rate risk entails the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. For instance, the Group's main interest rate risk arises from long-term borrowings that are issued with floating rate interest, amongst others, a EUR 25 million bond issued by the Group's Maltese banking subsidiary in 2016, with an additional EUR 15 million issued in connection with a tap issue in 2017, at a floating interest of EURIBOR plus a margin of 6.25%. These borrowings expose the Group to a cash flow interest rate risk.

Should the risks relating to cash flow interest rate risk materialise in the future, this could have a material adverse effect on the Group's business, financial condition, or results of operations.

The Group's business and results of operations may be adversely affected if the Group is unable to manage its growth effectively.

The Group's expansion strategy contemplates the fast growth in mobile consumer loan volumes in current markets and the establishment of operations in new markets such as Norway, France, Mexico and Canada in which the Group entered in 2015 or Germany and Romania which the Group entered in 2014. The Group's continued growth in this manner is dependent upon a number of factors, including the ability to develop efficient internal monitoring and control systems, the ability to implement high-quality business and management processes and standards, the ability to develop and implement "best practices" in response to day-to-day business challenges, the ability to secure adequate financing to successfully establish operations in new markets, the ability to turn new operations profitable within the expected time after the market entry, the ability to correctly assess legal requirements in targeted markets and monitor on-going changes in existing markets, the ability to obtain any government permits and licences that may be required, the ability to develop adequate and secured IT-platforms, the ability to successfully integrate any operations which may be acquired in the future, the ability to identify and overcome cultural and linguistic differences which may impact market practices within a given geographic region, and other factors, some of which are beyond the Group's control. Therefore, there is a risk that the Group will not be able to effectively manage the expansion of its operations or that the Group's current personnel, systems, procedures, and controls will be adequate to support the Group's operations. Any failure of management to effectively manage the Group's growth and development could have a material adverse effect on the Group's business, financial condition, or results of operations.

In some countries, certain consumer loan products of the Group may not be offered in the same manner as in other countries due to more restrictive bank and consumer regulation. For instance, there are countries in which consumers cannot instantly access the Group's mobile consumer loan products. Under these circumstances, the business success of the Group depends on its ability to offer consumers alternative and equally attractive products. Failure to offer such alternative products may result in lower revenues of the Group in respective markets.

Since the establishment, the Group has expanded its product portfolio, which now consists of Microloans, instalment loans (so called Plus Loans), a Credit line product, Prime Loan as well as small business loans (Ferratum Business) and invested in further development of scoring capabilities by founding a dedicated company (Ferratum International Services Oy) and acquiring software that enables the analysis of a broad set of customer data. Product variations provide the Group with a diversified product portfolio. Nonetheless, the launch of new products – even when based on the same processes, systems, and scoring as the existing products – involves additional investments and carries the risk of product failure or implementation delays. Intensified investment costs and product

introduction failure or delays may have a material adverse effect on the Group's business, financial condition, or results of operations.

In addition, in 2015 the Group started its drive to become a mobile bank. In this regard, the Group has already and is further making significant investments into its internal operational structure and production offerings, including a mobile banking platform, its deposit taking operations, as well as investments, enhancements and modifications to its anti-money laundering risk, foreign exchange risk, liquidity risk, operational risk and fraud risk systems and processes. Should the Group be unsuccessful to establish itself as a mobile bank or if this strategy is delayed or more costly than expected, this could jeopardize return on investments, reduce profitability, lead to lost investments and thus could have a material adverse effect on the Group's business, financial condition, or results of operations.

Organic growth, product variations, and geographical expansion are core components of the Group's growth strategy. However, growth through acquisitions (through the acquisition of a competing business or a loan portfolio or customer database) may also comprise part of the Group's strategy. Such acquisitions are accompanied by respective transactional risks. Any future acquisition may require significant financial resources (including cash). If the Group experiences any difficulties in integrating acquired operations into its business, the Group may incur higher than expected costs and may not realize all the benefits of such acquisitions. This could lead to adverse accounting and financial consequences, such as the need to write down acquired assets, which will have a material adverse effect on the Group's business prospects, financial condition or results of operations.

Any disruption in the Group's information systems or external telecommunication infrastructure worldwide could adversely affect the Group's operations.

IT systems are an essential component of the Group's business due to the diverse use of automated processes and controls. The Group has improved its current systems continuously, developed new systems, and introduced comprehensive maintenance schemes for its existing software. The Group utilizes a proprietary in-house loan handling system, which provides control and automation of day-to-day business. However, due to the open nature of the internet and the increasing sophistication of online criminality, all web-based services are inherently subject to risks such as online theft through fraudulent transactions and inappropriate use of access codes, user IDs, usernames, PINs, and passwords. In addition, despite the comprehensive maintenance efforts and careful development of the IT systems, they might fail and significantly impact the Group's operations. Damage to the Group's IT systems and software or failure to protect its data against a cyber-attack will have a material adverse effect on the Group's business, financial condition, or results of operations.

The Group relies on telecommunications, the internet, as well as mobile and online banking services worldwide in order to conduct its operations and offer its services to customers. To access the Group's online consumer loan portals, the Group's customers need to have an internet access or a mobile data connection. Disruption of such or similar telecommunications and internet services in the respective countries of operation due to equipment or infrastructure failures, strikes, piracy, terrorism, weather-related problems, or other events, could temporarily impair the Group's ability to supply its product portfolio to its customers, which in turn could have a material adverse effect on the Group's business, financial condition, or results of operations.

If the Group fails to geographically diversify and expand its operations and customer base, its business may be harmed.

Several countries that the Group operates in such as the Netherlands, the United Kingdom, Australia, Poland, the Czech Republic, Denmark, Finland and Sweden generate a significant share of the Group's revenues. As a result, the Group is exposed to country-specific risks with respect to such national

markets. In such markets, a dissatisfaction with the Group's products, a decrease in customer demand, the failure of the Group to successfully market new and existing products, or the failure to further expand its customer base and retain its existing customer base in these mature markets will have a material adverse effect on the Group's business prospects, financial condition or results of operations.

If the Group will not be able to continue providing Group wide services through specific service companies, the Group's business may be harmed.

Within the Group, there are several entities providing services to the operating companies. Should the Group not be able to continue the business operations of these service companies in the future, there is a risk for a material adverse effect on the Group's business, financial condition or results of operations.

Negative public perception and press coverage of short-term unsecured consumer loans could negatively affect the Group's revenues and results of operations.

Consumer protection bodies, consumer advocacy groups, certain media reports, and a number of regulators and elected officials in national markets in which the Group conducts business have from time to time advocated government action to prohibit or severely restrict certain types of short-term consumer lending. These efforts have often focused on lenders that target customers who have short term liquidity needs while having low levels of personal savings and in many cases low incomes and that charge consumers imputed interest rates and fees that, on an annualised basis, are higher than those charged by credit cards issuers or banks to more creditworthy consumers.

Due to its engagement in the market for small consumer loans, the Group is exposed to the risk of unfavourable media coverage or measures taken by consumer protection bodies. As a result, the Group's operations and products may become subject of an advanced public scrutiny and tightening regulatory and transparency requirements. In addition, the Group may experience a decrease in demand for its products if consumers accept the characterization of such products as unreasonably expensive or abusive toward customers. Furthermore, media coverage and public statements that allege some form of corporate wrongdoing may make it more difficult for the Group to attract and retain qualified employees and management, as well as divert management attention and increase hiring expenses. A negative perception of the behaviour of individual employees, the Group itself or the entire industry may severely damage the Group's reputation and thus will have a material adverse effect on the Group's business prospects, financial condition or results of operations.

Competition in the short-term lending industry could cause the Group to lose its market share and revenues.

The Group faces competition in all the countries in which it operates. In some countries, such as the UK, there are particularly many competitors. There is a wide range of companies targeting the market for small consumer loans, including various smaller locally operating consumer loan companies as well as larger companies operating in several markets and traditional consumer banks. While the Group's key consumer loan segment relates to loans of EUR 5,000 and below with the average loan amounts being between EUR 200 and EUR 1200 per loan at the moment, most of the Group's competitors do not restrict the size of loans available through their companies and thus the Group is competing with a variety of local and international companies. In addition, the Group also competes with traditional banks with small business loans providing working capital loans.

The highest risk of competition is experienced particularly in mature markets with high saturation, such as Western and Northern Europe. In the past, intensive competition has pushed prices downward in some markets, which, if competition further intensifies, could erode profit margins and the Group's net income. The Group believes that the consumer loan market may become even more competitive as the industry consolidates. Some of the Group's competitors may have larger and more established

customer base and substantially greater financial, marketing and other resources than the Group has. As a result, the Group could lose market share and its revenues could decline, thereby affecting the Group's ability to generate sufficient cash flow to fund expansion of its operations and to service its indebtedness. This could have a material adverse effect on the Group's business prospects, financial condition or results of operations.

A reduction in demand for the Group's products, and failure by the Group to develop innovative and attractive products, could adversely affect the Group's business and results of operations.

The demand for a particular product the Group offers may be reduced due to a variety of factors, such as regulatory restrictions that decrease customer access to particular products, the availability of competing products, changes in customers' preferences or financial conditions. Furthermore, any changes in economic factors that adversely affect consumer purchase behaviour and employment could reduce the volume or type of loan products the Group provides and have an adverse effect on the Group's revenues and result of operations. Should the Group fail to adapt to significant changes in consumers' demand for, or access to, the microloan products, the Group's revenues could decrease significantly and operations could be harmed. Each modification, new products and alternative method of conducting business is subject to risk and uncertainty and requires significant investment in time and capital, including additional marketing expenses, legal costs and other incremental start-up costs. Even if the Group does make changes to existing products or introduce new products to meet customer demand, customers may resist or may reject such products.

A significant part of the Group's revenues stems from new customers as well as from new products introduced in recent years to complement the Group's core Plus Loans and Credit Line products, such as Prime Loans and SME Loans. Additionally, the Group's strategy is to continue to evolve its product offerings to other bank products and to further establish itself as a mobile bank. If the Group is not able to further diversify and expand its product portfolio or if it fails to establish itself as a mobile bank, expand its customer base or reach enough deposits volume from customers and operate its planned common mobile bank application, this could have a material adverse effect on the Group's business, financial condition, or results of operations.

The Group's future growth may depend on its ability to foresee the direction of the commercial and technological development of production processes and technologies in all of its key markets. Future growth and the Group's ability to reach its innovation targets will also depend upon the Group's ability to successfully develop new and improved consumer loan products and services, using its existing or new technological and servicing capabilities, and to successfully market the products in changing economic environments.

There is a risk that the Group may not be successful in continuing to meet its customers' needs through innovation or in developing new products and/or technologies, or that, if developed, any such new products will not be accepted by the Group's customers. The Group may not be able to recover investments that it has made in order to develop these new products or processes, and may not have sufficient resources to keep pace with technological developments. The failure of the Group to keep pace with the evolving technological innovations in its markets and adequately predict customer preferences could have a material adverse effect on the Group's business, product portfolio, financial condition, or results of operations.

The Group's operations are subject to exchange rate risk.

The Group operates internationally and is therefore subject to unexpected changes in foreign currency exchange rates among various currencies. Foreign exchange risk arises in connection with current and future commercial transactions, recognized assets and liabilities, and net investments in foreign operations. Adverse foreign exchange fluctuations against the Euro (the Group's reporting currency),

especially in the Swedish, Polish, British, Australian, Danish and Czech currencies could have a material adverse effect on the Group's business, financial condition, or results of operations.

The Group is subject to accounting and management risk.

Preparation of the Group's financial statements requires the Group's management to make estimates, assumptions and forecasts regarding the future. These estimates, assumptions and forecasts may be inaccurate and are inherently subject to uncertainties. Future developments may deviate significantly from the assumptions made if changes occur in the business environment and/or business operations. Furthermore, the Group's management is required to use its judgement in the application of the accounting principles in the preparation of the financial statements. Group companies and subsidiaries vary by their size and they are located in different parts of the world. The nature of the Group's global operations involves arrangements that often require the judgement of the Group's management in the application of accounting policies. Inadvertent errors in accounting and/or management decisions could have a material adverse effect on the Group's business, financial condition, or results of operations.

Due to the size of the Group and its global presence in 25 countries, IFRS accounting may put significant further strain on the Group's internal resources in order to ensure compliance with the accounting principles, especially due to the Group's further international expansion in order to ensure compliant accounting for all of the entities within the Group. There is a risk that changes in the IFRS standards and policies may lead to significant resources will need to be allocated to ensure such compliance, which will have a negative effect on the Group's business, prospects for growth, financial condition and results of operations.

Certain tax positions taken by the Group require the judgment of management and could turn to be inefficient or challenged by tax authorities.

The Group's main tax risks are related to changes to or possible erroneous interpretations of tax legislation. Such changes or erroneous interpretations could lead to tax increases or other financial losses. Realization of such risks might have a material adverse effect on the Group's business, financial condition, or results of operations.

It is possible that the Group has made interpretations of the tax provisions that differ from those of the tax authorities in the various countries in which the Group operates, and that as a result, the tax authorities will impose taxes, tax rate increases, administrative penalties, or other consequences on the Group's companies. This could have a material adverse effect on the Group's business, financial condition, or results of operations.

If the Group loses its current CEO or key management or is unable to attract and retain the talent required for its business, the Group's operating results may suffer.

The Group's success depends on its employees, which as of 31 December 2017 totaled 857 persons (full-time equivalent). Familiarity with internal processes and operational expertise of the Group's employees are critical factors in the efficiency of the Group's business operations. There is a risk that the Group will not be able to retain its key employees, which will have a significant impact on the Group's business operations.

The Group is especially dependent on the expert knowledge of its CEO and majority shareholder Jorma Jokela as well as key management members in IT, legal, operational, financial as well as risk and analysis positions. If any of the key managers or other critical employees were to leave the Group or join a competitor, the Group may be unable to attract and retain suitable replacements. As a result, the Group may be unable to pursue its business operations as planned and this will have a material adverse effect on the Group's business, financial condition, or result of operations.

Laws and regulations may restrict the Group's possibility to conduct its business and its profitability.

The Group operates in a business that is heavily regulated. Present and potential future applicable laws and regulations may restrict the way the Group may conduct its business and may reduce its profitability. Legal requirements in respect of, for instance, interest rate caps may limit the Group's pricing of its products which would have a negative impact on the Group's earnings and result of operations.

EU regulations in respect of e.g. capital requirements may also restrict the Group's possibility to conduct its business should the Group not have sufficient access to equity capital in order to fulfill applicable laws. This will have a negative impact on the Group's business, financial condition and result of operations.

In addition to the aforementioned, the extensive laws and regulations in the business the Group operates in require the Group to spend both financial and human resources in order to ensure compliance with all applicable laws. There is a risk that an increase in regulations may necessitate the Group to spend even more financial and human resources in order to ensure legal compliance and to continue its business, which will have a material adverse effect on its business and financial condition.

The Group may incur property, casualty or other losses not covered by insurance.

There is a risk that the Group could sustain damages or incur liability claims that are not covered by the Group's insurance coverage in whole or in part. Further, there is a risk that insurance policies will not continue to be available, or that they will not be available at economically feasible premiums.

The actual losses suffered by the Group may exceed the Group's insurance coverage and would be subject to limitations and excesses, which could be material. The realization of one or more damaging event for which the Group has no or insufficient insurance coverage will have a material adverse effect on the Group's business, financial condition, or results of operations.

Moreover, any claims the Group makes under its insurance policies or the occurrence of an event or events resulting in a significant number of claims being made may also affect the availability of insurances and increase the premiums the Group pays for its insurance coverage. Hence, if the Group is unable to maintain its insurance cover on terms acceptable to it or if future business requirements exceed or fall outside the Group's insurance coverage or if the Group's provisions for uninsured costs are insufficient to cover the final costs, there is a risk that it will adversely impact the Group's operations, earnings and financial position.

Regulatory and Legal Risks***The Group is subject to various consumer protection laws, other local legal and regulatory requirements and European law, changes of which or interpretations of which by authorities could significantly impact the Group's business.***

Changes to local legislation require the Group's respective local subsidiaries to adapt operations to ensure compliance with such changes. Failure to timely implement procedures that comply with new rules will have a material adverse effect on the Group's business, financial condition, or results of operations. There is a risk that local courts, regulatory agencies and financial supervisory authorities, issue new regulations or interpretations or find the Group's services to be in violation of local or EU-wide legal requirements such as license requirements, maximum interest rate provisions, transparency requirements or other regulatory requirements. For instance, there is a risk that the Finnish financial supervisory authority in the future would be of the view that, or issue an interpretation to the effect that, the Group's operations would be considered to require an authorisation or licence in Finland, since the parent company of the Group is Finnish, which the Group does not currently hold. In such case, the Guarantor or another entity within the Group would need

either to apply for such authorisation or licence or to restructure the business in such manner that it is in compliance with the new requirements. Adverse judgments based on such findings or new regulations or interpretations could result in legal claims, administrative sanctions and reputational damage against the Group, need for restructuring or new licensing of the Group or alterations to the business carried out by the Group. Further, existing loan agreements might be held null and void by local courts. As a consequence, the Group may be restricted in successfully offering its services in certain jurisdictions or may be forced to terminate its business in certain jurisdictions. This could have material adverse impacts on the financial and market position of the Group.

In the past, the Group has had to allocate resources in order to adapt its business model and product offerings in several countries as a result of regulatory changes. There is a risk that future regulatory changes may be too burdensome to comply with or may result in its business model in a particular jurisdiction becoming unprofitable. Such developments could have a material adverse impact on the financial and market position of the Group.

The Group may fail to successfully manage the diverse sets of regulatory requirements the Group currently is subject to and may face regulatory problems entering into new markets.

Business operations in a wide set of different jurisdictions with diverse statutory requirements necessitates careful management of the legal and regulatory challenges of many fields, including but not limited to: (i) licence requirements, (ii) maximum interest rate regulations, (iii) distance contracts regulations, and (iv) consumer protection legislation. These diverse legal frameworks implicate various legal and regulatory risks, including but not limited to the risks of market entry in new jurisdictions.

The legal requirements for launching the Group's business in new jurisdictions vary significantly with some jurisdictions having no registration/licence requirements, while some jurisdictions requiring licences, e.g., a banking licence. Entering new jurisdictions implicates challenging legal requirements on a local level. Failure to comply with local legal requirements will have a material adverse effect on the Group's business, reputational standing, financial condition, or results of operations. In addition, the diversification of the group also increases its legal costs and continued compliance costs with local laws and regulations.

The Group's business may be challenged by consumers, consumer protection organizations, courts, or regulatory agencies in connection with compliance with the EU Consumer Credit Directive and the national laws implementing the Directive as well as other mandatory consumer protection legislation.

The EU Consumer Credit Directive (2008/48/EC) was adopted in April 2008 and entered into force in May 2008. The Member States were obliged to harmonize their legislation by May 12, 2010. Most EU Member States have implemented the directive. To serve the purposes of consumer protection and credit transparency, the EU Consumer Credit Directive mandates disclosure of a standardized annual percentage rate (APR) figure for all consumer credit products. Due to the nature of the Group's business model, whereby in most countries where the Group operates, small loan amounts are offered for very short periods of time, the extrapolated APRs may appear to be far higher than standard market APRs offered by other consumer credit companies and may therefore create an incorrect impression of the actual business relationship between the Group and its customers. The disclosure of high APRs may thus mislead consumers, consumer protection organizations, courts, or regulatory agencies in the belief that the Group is in violation of EU or local consumer protection and consumer credit regulations, specifically regarding interest rate caps. It is thus possible that legal or regulatory challenges may be brought against the Group regarding noncompliance with existing, amended, or new consumer protection or consumer credit laws. Adverse judgments based on such findings could result in legal claims and reputational damage against the Group. In addition, regulatory authorities have in recent times increased their inquiries as to compliance with European and local consumer

protection laws, which, if this intensifies, could further increase the burden on the Group's compliance, legal and business departments managing communication with authorities.

There is a risk that that new or amended statutory requirements, for instance regarding the EU Consumer Credit Directive and the national laws implementing the Directive as well as other mandatory consumer protection laws and regulations, would require the Group to further adapt its practices and procedures. Such statutory changes and/or additions may negatively impact the Group's financial position and may require changes to the Group's business model. It is additionally possible that consumers, consumer protection organizations, courts, regulatory agencies, financial or consumer ombudsman, challenge the Group's compliance with existing, amended, or new consumer protection laws or initiate related investigative or judicial proceedings. Adverse judgments based on such findings could result in legal claims and reputational damage against the Group.

Risks in relation to the Group's reputation.

There is a risk that consumers, consumer protection organizations, or journalists misunderstand the nature or scope of the Group's products, which may result in reviews, articles, or complaints regarding the Group, the Group's products, or the industry. Such legal claims and negative publicity will have a material adverse effect on the Group's business, reputational standing, financial condition, or results of operation.

Furthermore, one board member of Ferratum Bank p.l.c. has also been the chairman of the board of the company Falcon Fund SICAV p.l.c. ("**Falcon Funds**"). Falcon Funds is involved in an ongoing dispute with the Swedish Pensions Agency (Sw. Pensionsmyndigheten) since the Swedish Pension Agency has terminated their cooperation agreement and reported Falcon Funds to the Swedish Economic Crime Authority (Sw. Ekobrottsmyndigheten). The Malta Financial Services Authority ("**MFSA**") has issued a reprimand to the directors sitting on the board of Falcon Funds in connection with the same matter and prohibited the same board members from taking further appointments which require MFSA approval for a period of two years from the date of communication of the MFSA's final decision. There is a risk that the ongoing judicial matters related to Falcon Funds, may damage the Group's reputation and thus will have an adverse effect on Ferratum Bank's business prospects, financial condition or results of operations.

The Group may lose required licences to operate the Group's consumer loan business or face challenges to renew such licences.

The local financial authorities of some jurisdictions additionally require licences to operate a consumer loan business. There is a risk that, where a licence is required, the Group will not be able to maintain its licences on commercially favourable terms or at all. Accordingly, there is a risk of delay in obtaining the required licences, which may lead to operational delays. The loss of a licence or such operational delays may in turn have a material adverse effect on the Group's business, financial condition, or results of operations.

The Group may be subject to sanctions and other penalties from local authorities.

The Group operates in a business that is heavily regulated. Given the extensive regulatory requirements in respect of the Group, there is a risk that the Group will be in breach of such regulatory requirements which may lead to various sanctions and other penalties being imposed. The Group has previously been subject to audits where the authorities have found the business not to be compliant with applicable laws, which resulted in sanctions being imposed. There is a risk that the Group may be in breach of applicable laws in the future. Should such risks materialise, it will have a material adverse effect on the Group's business, financial conditions and results of operations.

European Central Bank's Single Supervisory Mechanism.

The European Central Bank has implemented the Single Supervisory Mechanism. Ferratum Bank p.l.c., the entity holding the banking licence under which the Group operates, is currently categorised as a less significant institution. However, Ferratum Bank p.l.c. may in the future be deemed to be a significant institution and, hence, being subject to a higher degree of regulatory requirements. Furthermore, there is a risk that institutions categorised as less significant institutions in the future will be subject to a higher degree of oversight and compliance related provisions. If any of these risks materialise, it will have a material adverse effect on the Group's business, financial standing and results of operations.

The Group's Maltese banking subsidiary may fail to comply with regulations it is subject to and such failures could materially impact its operations and strategy.

The Group operates in several markets making use of Ferratum Bank p.l.c.'s EU credit institution licence issued in September 2012 by the Malta Financial Services Authority, namely Poland, Estonia, Latvia, Germany, Bulgaria, the Czech Republic, Norway, France, Sweden, Spain and Croatia. This EU banking licence is required or may be required to conduct business in a number of existing and potential future markets. Ferratum Bank plc's banking licence also provides the Group with the benefits of increased levels of trustworthiness vis-à-vis its customers, access to pertinent databases to further enhance scoring models, and funding options linked to accepting deposits to support profit growth. However, under Maltese law, the credit institution licence may be revoked or restricted by the MFSA for a variety of reasons including, but not limited to, the Group's non-compliance with existing or new regulatory requirements. Such a restriction or revocation of the credit institution licence would require the Group to comply with the existing or new regulatory requirements of the MFSA or obtain a banking licence from the relevant regulatory authority of another EU Member State.

The MFSA will have to be informed in case a new shareholder accumulates a shareholding of 5% or more; whilst a new shareholder attaining a shareholding level of 10% or more will have to be approved by the MFSA so that the Group's Maltese banking subsidiary remains in compliance with Maltese laws and regulations.

These factors could impair the Group's swift entry into new European markets and/or result in operational delays that could have a material adverse effect on the Group's business, financial condition, or results of operations.

The Group is subject to a diverse set of tax regimes in the jurisdictions it operates in and changes in such tax regimes could materially impact its business, financial condition, or results of operations.

The Group operates in 25 different countries with diverse sets of tax regimes and operates its banking subsidiary in Malta subject to Maltese tax law. Corporate income tax, value added tax or sales taxes and other taxes levied upon on the Group's business are subject to change and can be increased, changed or completely restructured at any time. While the Group monitors tax changes consistently and is from time to time subject to tax audits, the Group has not faced any significant tax challenges or tax disputes with tax authorities in the past three years. Changes to local tax regimes or challenges to the current tax structures of the Group's business could have a material adverse effect on the Group's business, financial condition, or results of operations.

Failure to comply with data protection and privacy law could negatively affect the Group's reputation business and financial position.

The Group registers, processes, stores and uses personal data in the course of its business, and it is of high importance that the Group takes such actions in accordance with applicable personal data legislation and requirements. The Group's operations are subject to a number of laws relating to data privacy, including Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April

2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (GDPR) and Directive 2002/58/EC of the European Parliament and of the Council of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector (Directive on privacy and electronic communications) (the latter as implemented in different jurisdictions in which it operates) as well as relevant data protection and privacy laws. The GDPR includes higher sanctions for breaches than previous data protection legislation and there is a risk that the fines could amount to the higher of EUR 20 million or four per cent. of the global turnover. The requirements of these laws may affect the Group's ability to collect and use personal data in a way that is of commercial use to the Group. Breach of data privacy legislation could result in the Group being subject to claims from its customers that it has infringed their privacy rights, and it could face administrative proceedings (including criminal proceedings) initiated against it by the data protection regulators. In addition, any inquiries made, or proceedings initiated by, the regulator could lead to negative publicity in addition to potential liability for the Group, which could materially adversely affect its reputation and business. Hence, if the Group is in breach of personal data legislation this could have a material adverse effect on the Group's business, earnings or financial position.

There is a risk that future changes of data protection and privacy laws may lead to the Group not being able to continue its operations in the same course of action as currently. There is also a risk that changes in these regulations may increase costs to ensure compliance with such laws, having a material adverse effect on the Group's operations, earnings and financial position.

Legal disputes and litigations could have a negative effect on the Group's business, financial position and results of operation.

The Group is not currently involved in any material legal disputes or litigations. There is however a risk that the Group could become involved in legal disputes or subject to other litigation in the future. Disputes of different kinds can be time consuming, disrupt normal operations, involve large amounts and result in considerable costs and reputational risks, which would have a negative effect on the Group's business, financial position and results of operation.

Risks relating to the Bonds

The EU Bank Recovery and Resolution Directive could have a negative effect on the bondholders' investment.

The EU Bank Recovery and Resolution Directive (the "BRRD" or the "Directive"), which sets common rules across the EU for dealing with failing banks and large investment firms, came into force on 1 January 2015. The BRRD lays out a comprehensive set of measures that ensure that both banks and authorities make adequate preparation for crises, by empowering national authorities to intervene in troubled institutions at a sufficiently early stage to address developing problems, and to take rapid and effective action when bank failure cannot be avoided.

The Directive has also established a bail-in system. In Malta, bail-in was immediately applicable to junior debt holders as from 1 January 2015 and applicable to senior debt holders from 1 January 2016. The purpose of the bail-in system is to stabilise a failing bank so that its essential services can continue, without the need for bail-out by public funds. The tool enables authorities to recapitalise a failing bank through the write-down of liabilities and/or their conversion to equity so that the bank can continue as a going concern, giving authorities time to reorganise the bank or wind down parts of its business in an orderly manner. In the process, directors and senior management may be removed or replaced if those persons are found unfit to perform their duties.

The application of the bail-in system requires the prior evaluation as to whether certain conditions are met. In particular, the following pre-requisites would need to be satisfied:

- a) a determination by the competent authority or Resolution Authority that a bank is failing or is likely to fail;
- b) no reasonable prospect that any alternative private sector measures or supervisory action would prevent the failure of the bank within a reasonable timeframe; and
- c) a bail-in is necessary in the public interest.

Bail-in would apply to any liabilities of the Group not backed by assets or collateral. It would not apply to deposits protected by a deposit guarantee scheme, short-term inter-bank lending or claims of clearing houses and payment and settlement systems with a remaining maturity of seven days, client assets, or liabilities such as salaries, pensions, or taxes.

After shares and other similar instruments, bail-in will first, if necessary, impose losses evenly on holders of subordinated debt and then evenly on senior debt-holders. Deposits from SMEs and natural persons, including those in excess of EUR 100,000, will be preferred to senior creditors.

The tool applies as of 1 January 2015 to all outstanding and newly issued debt. Accordingly, in the event that Ferratum Bank meets the trigger conditions for entry into resolution, any portion of the Bonds, including both principal and accrued interest, that will not be backed by collateral could become subject to a write down or otherwise converted to equity as determined by the Resolution Authority. The write-down of liabilities and/or their conversion to equity will be beyond the Issuer's control. The write-down or conversion would follow the ordinary allocation of losses and ranking in insolvency. Equity has to absorb losses in full before any debt claim is subject to write-down or conversion. The determination by the Resolution Authority shall not constitute an event of default and bondholders will not have any further claims in respect of any amount so written off, converted to equity or otherwise applied to absorb losses. As a result, bondholders may lose all or part of their investment.

The term 'Resolution Authority', as utilised in this section, refers to the public administrative authority appointed within the jurisdiction of Malta and empowered to apply the resolution tools and exercise the resolution powers described in the BRRD. The resolution authority in Malta is the Malta Financial Services Authority.

Credit risks.

Investors in the Bonds carry a credit risk relating to the Group. The investors' ability to receive payment under the Terms and Conditions is dependent on the Issuer's ability to meet its payment obligations, which in turn is largely dependent upon the performance of the Group's operations and its financial position. The Group's financial position is affected by several factors of which some will be mentioned on the proceeding pages. An increased credit risk may cause the market to charge the Bonds a higher risk premium, which would affect the Bonds' value negatively. Another aspect of the credit risk is that a deteriorating financial position of the Group may reduce the Group's possibility to receive debt financing at the time of the maturity of the Bonds.

Refinancing risk.

The Group may eventually be required to refinance certain or all of its outstanding debt, including the Bonds. The Group's ability to successfully refinance its debt is dependent on the conditions of the capital markets and its financial condition at such time. The Group's access to financing sources may not be available on favourable terms, or at all.

The Group's inability to refinance its debt obligations on favourable terms, or at all, could have a material adverse effect on the Group's business, financial condition and results of operations and on the bondholders' recovery under the Bonds.

Liquidity risk.

The Issuer intends to list the Bonds on the corporate bond list of Nasdaq Stockholm and initially in the Open Market and later on the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange. Even if the Bonds are admitted to trading on the aforementioned markets, active trading in the Bonds does not always occur and a liquid market for trading in the Bonds might not occur even if the Bonds are listed. This may result in the bondholders not being able to sell their Bonds when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market. Lack of liquidity in the market will have a negative impact on the market value of the Bonds. Furthermore, the nominal value of the Bonds may not be indicative compared to the market price of the Bonds if the Bonds are admitted to trading. It should also be noted that during a given time period it may be difficult or impossible to sell the Bonds (at all or at reasonable terms) due to, for example, severe price fluctuations, close down of the relevant market or trade restrictions imposed on the market.

Risk of early redemption and put option.

Under the Terms and Conditions, and as described in the term sheet for the Bonds, the Issuer has reserved the possibility to redeem all outstanding Bonds before the final redemption date. If the Bonds are redeemed before the final redemption date, the holders of the Bonds have the right to receive an early redemption amount which exceeds the nominal amount in accordance with the Terms and Conditions. However, there is a risk that the market value of the Bonds is higher than the early redemption amount and that it may not be possible for bondholders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Bonds and may only be able to do so at a significantly lower rate.

According to the Terms and Conditions, the Bonds are subject to prepayment at the option of each bondholder (put options) if an event or series of event occurs whereby Jorma Jokela ceases to own and control more than 50 per cent. of the share capital and votes in the Guarantor or, in case of a new share issue following the First Issue Date, Jorma Jokela ceases to own and control more than 35 per cent. of the share capital and votes in the Guarantor and one or more persons acting together acquire control over the Guarantor. The Bonds are also subject to prepayment at the option of each bondholder if the shares of the Guarantor cease to be admitted to trading on the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange or a regulated market of another stock exchange. There is, however, a risk that the Issuer will not have sufficient funds at the time of such prepayment to make the required prepayment of the Bonds which could adversely affect the Issuer, e.g. by causing insolvency or an event of default under the Terms and Conditions, and thus adversely affect all bondholders and not only those that choose to exercise the option.

Market price risk.

The development of market prices of the Bonds depends on various factors, such as changes of market interest rate levels, the policies of central banks, overall economic developments, inflation rates or the lack of or excess demand for the Bond. The bondholders are therefore exposed to the risk of an unfavourable development of market prices of their Bonds which materialise if the bondholders sell the Bonds prior to the final maturity. If a Bondholder decides to hold the Bonds until final maturity, the Bonds will be redeemed at the principal amount of the Bonds.

Creditworthiness of the Guarantor

If, e.g., because of the materialisation of any of the risks regarding the Guarantor, the likelihood that the Guarantor will be in a position to fully perform all obligations under the Bonds when they fall due decreases, the market value of the Bonds will suffer. In addition, even if the likelihood that the Guarantor will be in a position to fully perform all obligations under the Bonds when they fall due actually has not decreased, market participants could nevertheless have a different perception. In addition, the market participants' estimation of the creditworthiness of corporate debtors in general or debtors operating in the same business as the Group could adversely change.

Further, a downgrade of the Guarantor's rating may – irrespective of the actual creditworthiness of the Guarantor – lead to a decrease of the exchange price of the Bonds.

If any of these risks occurs, third parties would only be willing to purchase Bonds for a lower price than before the materialisation of said risk. Under these circumstances, the market value of the Bonds will decrease.

Risks relating to the Bonds being unsecured.

The Bonds constitute unsecured debt obligations of the Issuer. If the Issuer and/or the Guarantor is subject to any foreclosure, dissolution, winding-up, liquidation, recapitalisation, administrative or other bankruptcy or insolvency proceedings, all of the Issuer's and the Guarantor's secured obligations must first be satisfied, potentially leaving little or no remaining assets in the Issuer or the Guarantor for the bondholders. As a result, the bondholders may not recover any or full value of their investment. The bondholders will only have an unsecured claim against the assets (if any) in the Issuer and the Guarantor for the amounts under or in respect of the Bonds, which means that the bondholders normally would receive payment (pro rata with other unsecured non-priority creditors) after any priority creditors have been paid in full. Each investor should be aware that by investing in the Bonds, they risk losing the entire, or part of, the investment in the event of the Issuer's or the Guarantor's liquidation, bankruptcy or group re-organisation.

Currency risk.

The Bonds are denominated in Euro. If such currency represents a foreign currency to a bondholder, such bondholder is particularly exposed to the risk of changes in currency exchange rates which may affect the yield of such Bonds in the currency of the bondholder. Changes in currency exchange rates result from various factors such as macro-economic factors, speculative transactions and interventions by central banks and governments.

In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable currency exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal at all.

Interest rate risk.

The Bonds' value depends on several factors, one of the most significant over time being the level of market interest. Investments in the Bonds involve a risk that the market value of the Bonds may be adversely affected by changes in market interest rates.

Resolutions of bondholders.

Since the Bonds provide for meetings of bondholders or the taking of votes without a meeting, a bondholder is subject to the risk of being outvoted by a majority resolution of the bondholders. As such majority resolution is binding on all bondholders, certain rights of such bondholder against the Issuer under the Terms and Conditions may be amended or reduced or even cancelled.

Bondholders' representative.

Since the Bonds provide for the appointment of a bondholders' representative, it is possible that a bondholder may be deprived of its individual right to pursue and enforce its rights under the Terms and Conditions against the Issuer, such right passing to the bondholders' representative who is then exclusively responsible to claim and enforce the rights of all the bondholders. Consequently, individual bondholders do not have the right to take legal actions to declare any default by claiming any payment from or enforcing any security granted by the Issuer and may therefore lack effective remedies unless and until a requisite majority of the bondholders agree to take such action. However, there is a risk that an individual bondholder, in certain situations, could bring its own action against the Issuer (in breach of the Terms and Conditions) which could negatively impact an acceleration of the Bonds or other action against the Issuer. To enable the Agent to represent bondholders in court, the bondholders and/or their nominees may have to submit a written power of attorney for legal proceedings. The failure of all bondholders to submit such a power of attorney could negatively affect the legal proceedings. Under the Terms and Conditions, the Agent will in some cases have the right to make decisions and take measures that bind all bondholders. Consequently, the actions of the Agent in such matters could impact a bondholder's rights under the Terms and Conditions in a manner that would be undesirable for some of the bondholders.

No restriction on the amount of debt which the Issuer may incur in the future.

There is no restriction on the amount of debt which the Issuer may issue which ranks equal to the Bonds. Such issuance of further debt may reduce the amount recoverable by the Bondholders upon winding-up or insolvency of the Issuer or may increase the likelihood that the Issuer may or shall defer payments of interest under the Bonds.

THE BONDS IN BRIEF

The following summary contains basic information about the Bonds. It is not intended to be complete and it is subject to important limitations and exceptions. Potential investors should therefore carefully consider this Prospectus as a whole, including documents incorporated by reference, before a decision is made to invest in the Bonds. For a more complete understanding of the Bonds, including certain definitions of terms used in this summary, see the Terms and Conditions.

Issuer	Ferratum Capital Germany GmbH.
Bonds Offered	The aggregate amount of the bond loan will be an amount of up to a maximum of EUR 150,000,000. The Issuer may choose not to issue the full amount of Bonds and may choose to issue the remaining amount of Bonds at one or more subsequent dates. At the date of this Prospectus, an aggregate amount of Bonds of EUR 100,000,000 were issued on the First Issue Date.
Number of Bonds	Maximum 150,000.
ISIN	SE0011167972.
First Issue Date	25 May 2018.
Issue Price	All Bonds issued on the First Issue Date have been issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount. The issue price of the Subsequent Bonds may be at a discount or at a premium compared to the Nominal Amount.
Interest Rates	The Bonds shall carry interest at EURIBOR (3 months) plus the Floating Rate Margin, payable quarterly in arrears. Should EURIBOR be less than zero (0), EURIBOR shall be deemed to be zero (0).
Use of benchmark	Interest payable on the Bonds will be calculated by reference to EURIBOR. As at the date of this Prospectus, the administrator of EURIBOR is not included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011.
Interest Payment Dates	25 February, 25 May, 25 August and 25 November of each year or to the extent such day is not a CSD Business Day, the next day that is a CSD Business Day unless that day falls in the next calendar month, in which case that date will be the immediately preceding day that is a CSD Business Day. The first Interest Payment Date for the Initial Bonds shall be 25 August 2018.

Nominal Amount The Bonds will have a nominal amount of EUR 1,000 and the minimum permissible investment in the Bonds is EUR 100,000.

Status of the Bonds The Bonds are denominated in EUR and each Bond is constituted by the Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with the Terms and Conditions.

The Bonds constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer, and:

- will at all times rank *pari passu* with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer without any preference among them, except those obligations which are mandatorily preferred by law; and
- are guaranteed by the Guarantors (as defined below).

Guarantee The Issuer's obligations under the Bonds are jointly and severally guaranteed (the "**Guarantee**") by Ferratum Oyj, a public limited liability company incorporated under the laws of Finland with reg. no. 1950969-1 (the "**Guarantor**").

See "*Description of Material Agreements – Guarantee and Adherence Agreement*" for further details.

Ranking of the Guarantee The Guarantee of the Guarantor is a general obligation of the Guarantor and:

- ranks *pari passu* in right of payment with any existing and future indebtedness of the Guarantor that is not subordinated in right of payment to the Guarantee;
- ranks senior in right of payment to any existing and future indebtedness of the Guarantor that is expressly subordinated in right of payment to such Guarantee; and
- is effectively subordinated to any existing or future indebtedness or obligation of the Guarantor that is secured by property and assets that do not secure the Bonds, to the extent of the value of the property and assets securing such indebtedness.

	The Guarantee is subject to certain limitations under local law.
Call Option	The Issuer has the right to redeem outstanding Bonds in full at any time at the applicable Call Option Amount in accordance with Clause 9.3 (<i>Voluntary Total Redemption</i>) of the Terms and Conditions.
Redemption Clauses	The Issuer has the right to redeem outstanding Bonds in full upon the occurrence of a Withholding Tax Event.
Call Option Amount	Call Option Amount: <ul style="list-style-type: none"> (a) the Applicable Premium at any time prior to the First Call Date; and (b) 101.00 per cent. of the Nominal Amount, together with accrued but unpaid interest, if the Call Option is exercised on or after the First Call Date to, but not including, the Final Redemption Date.
Applicable Premium	The sum of: <ul style="list-style-type: none"> (a) 101.00 per cent. of the Nominal Amount; and (b) the remaining interest payments (excluding accrued but unpaid interest up to the relevant redemption date) up to and including the First Call Date (assuming that the Interest Rate for the period from the relevant record date to the First Call Date will be equal to the Interest Rate in effect on the date on which notice of redemption is given to the bondholders), together with accrued but unpaid interest on the redeemed amount up to the relevant redemption date.
First Call Date	Means the date falling 42 months after the First Issue Date.
Final Maturity Date	Means 25 May 2022.
Change of Control	Upon a Change of Control Event occurring, each bondholder shall have the right to request that all, or some only, of its Bonds be repurchased at a price per Bond equal to 101 per cent. of the Nominal Amount together with accrued but unpaid Interest, during a period of sixty (60) days following a notice from the Issuer of the Change of Control Event pursuant to Clause 10.1(c) of the Terms and Conditions (after which time period such right shall lapse).
Change of Control Event	Change of Control Event means the occurrence of an event or series of events whereby:

- (a) Jorma Jokela ceases to own and control more than 50% of the share capital and votes in the Guarantor, or
- (b) in case of a new share issue following the First Issue Date (i) Jorma Jokela ceases to own and control more than 35% of the share capital and votes in the Guarantor, and (ii) one or more persons acting together acquire control over the Guarantor and where "control" means (A) acquiring or controlling, directly or indirectly, more than 50% of the voting shares of the Guarantor, or (B) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the Board of Directors of the Guarantor.

Certain Covenants..... The Terms and Conditions contain a number of covenants which restrict the ability of the Issuer and other Group Companies, including, *inter alia*:

- restrictions on making any substantial change to the nature of their business if this has a material adverse effect;
- a negative pledge, restricting the granting of security by the Issuer or Ferratum Bank, to secure Financial Indebtedness (as defined in the Terms and Conditions); and
- limitations on the making of distributions and disposal of assets.

The Terms and Conditions contain a maintenance covenant pursuant to which the Guarantor shall ensure that, at certain reference dates, the ratio of Net Debt to Equity shall not exceed 3.00:1.

Each of these covenants is subject to significant exceptions and qualifications, see the Terms and Conditions.

Use of Proceeds The Issuer shall use the proceeds from the issue of the Initial Bonds, less the costs and expenses incurred by the Issuer in connection with the issue of the Initial Bonds, to redeem Existing Bonds (to the extent not participating in the Exchange Offer) and for general corporate purposes of the Group. The proceeds from any Subsequent Bond Issue will be used to finance, *inter alia*, general corporate purposes.

Transfer Restrictions The Bonds are freely transferable but the bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to

which a bondholder may be subject. Each bondholder must ensure compliance with such restrictions at its own cost and expense.

Listing	Application has been made to list the Bonds on Nasdaq Stockholm and the Issuer will, on a best efforts basis, apply to list the Bonds on Frankfurt Stock Exchange Regulated Market (Prime Standard).
Agent	Nordic Trustee and Agency AB (publ).
Security Agent	Nordic Trustee and Agency AB (publ).
Issuing Agent	Pareto Securities AB.
Governing Law of the Bonds	Swedish law.
Governing Law of the Guarantee and Adherence Agreement	Swedish law.
Risk Factors	Investing in the Bonds involves substantial risks and prospective investors should refer to the section " <i>Risk Factors</i> " for a description of certain factors that they should carefully consider before deciding to invest in the Bonds.

STATEMENT OF RESPONSIBILITY

The issuance of the Bonds was authorised by resolutions taken by the Board of Directors of the Issuer on 14 May 2018, and was subsequently issued by the Issuer on 25 May 2018. This Prospectus has been prepared in connection with the Issuer's application to list the Bonds on the corporate bond list of Nasdaq Stockholm, in accordance with the Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC as amended by the Directive 2010/73/EC of the European Parliament and of the Council and Chapter 2 of the Trading Act.

The Issuer is responsible for the information given in this Prospectus. The Issuer is the source of all company specific data contained in this Prospectus and the Sole Bookrunner has conducted no efforts to confirm or verify the information supplied by the Issuer. The Issuer confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of the Issuer's knowledge, in accordance with the facts and contains no omissions likely to affect its import. Any information in this Prospectus and in the documents incorporated by reference which derive from third parties has, as far as the Issuer is aware and can be judged on the basis of other information made public by that third party, been correctly represented and no information has been omitted which may serve to render the information misleading or incorrect. The Board of Directors confirms that, having taken all reasonable care to ensure that such is the case, the information in this Prospectus is, to the best of the Board of Directors' knowledge, in accordance with the facts and contains no omission likely to affect its import.

12 July 2018

Ferratum Capital Germany GmbH

The Board of Directors

DESCRIPTION OF MATERIAL AGREEMENTS

The following is a summary of the material terms of material agreements to which the Issuer and/or the Guarantor is a party and considered as outside of the ordinary course of business. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements.

Guarantee and Adherence Agreement

The Guarantor and the Issuer have entered into a guarantee and adherence agreement with the Security Agent dated 24 May 2018 (the "**Guarantee and Adherence Agreement**"), pursuant to which the Guarantor has agreed to jointly and severally guarantee the Issuer's obligations as follows:

- the full and punctual payment and performance within applicable grace periods of all Guaranteed Obligations, including the payment of principal and premium, if any, and interest under the Finance Documents when due, whether at maturity, by acceleration, by redemption or otherwise, and interest on any such obligation which is overdue, and of all other monetary obligations of the Issuer to the Secured Parties under the Finance Documents; and
- the full and punctual performance within applicable grace periods of all other obligations and liabilities of the Issuer under the Finance Documents.

The Guarantee is subject to certain limitations imposed by local law requirements in certain jurisdictions.

DESCRIPTION OF THE GROUP

History and development of the Issuer

Ferratum Capital Germany GmbH (the "Issuer") a subsidiary of the Guarantor was founded as a limited liability company (Gesellschaft mit beschränkter Haftung) under the laws of the Federal Republic of Germany by notarial deed on 16 August 2013 for an unlimited period of time. On 24 September 2013 Ferratum Capital Germany GmbH was entered into the commercial register (*Handelsregister*) of the local court (*Amtsgericht Charlottenburg*) in Berlin under HRB 152968 B. The business address of the Issuer is Helmholtzstraße 2-9, 10587 Berlin, Federal Republic of Germany its phone number is +49 30 921005844.

Corporate object of the Issuer

In accordance with section 2 of the articles of association of the Issuer the objects of the company are the raising of outside capital through the issuance of bearer bonds and the granting of loans to other entities within the Group.

Organisational Structure

The Issuer is a wholly-owned subsidiary of Ferratum Oyj and has no subsidiaries itself.

Board of Directors

The Issuer is currently represented by one director who is Dr. Clemens Krause. Dr. Krause can be reached at the Issuer's business address. He is CFO of the Guarantor and performs no principal activities outside the Ferratum Group which are relevant for the Issuer.

Conflict of Interest

None of the members of the Board of Directors have declared that they have any interests outside the Issuer which would conflict with the interests of the Issuer.

Share Capital

The registered and fully paid up share capital of the Company is EUR 25,000. As of the date of this Prospectus, the share premium of the Issuer is EUR 250,000, paid in from the Guarantor on 24 November 2016.

History and development of the Guarantor

The registered name of the Guarantor is Ferratum Oyj, previously named JT Family Holding Oy. The company is a public limited company incorporated on 1 January 2005 in Finland, and is organized under the laws of Finland. The Guarantor uses the commercial name "Ferratum". The Guarantor is registered in the Finnish Trade Register under the business identity code 1950969-1. The Guarantor's business address is at Ratamestarinkatu 11A, FI-00520, Helsinki, Finland and the contact telephone number of the Guarantor is +358 407248247.

In accordance with section 2 of the articles of association of the Guarantor, the line of business of the Guarantor is to provide financing services, such as the provision of consumer credit, microloans and other loans as well as other funding. The Guarantor may conduct its business directly on its own or through subsidiaries or associated companies. The Guarantor may, as the parent company of the Group, offer its subsidiaries and affiliate companies financial services and administrative services.

Business and operations

The Group, made up of the Guarantor and its subsidiaries, is an international provider of mobile banking and digital consumer and small business loans, distributed and managed by mobile and digital devices. It was founded in 2005 in Helsinki and has, since then, expanded its operations across Europe, North America, South America, Africa and the Asia-Pacific region. At first the Group's operations expanded to Finland, Sweden, and the Baltic countries. In 2007 and 2008 the Group started offering services in Central and Eastern Europe as well as certain Western countries where entry into the microlending market was possible without a banking license. In 2011 the Group decided to expand internationally and enter the markets in New Zealand and Australia as well as Russia in 2012.

Today, the Group is considered as a pioneer in digital and mobile financial services technology, operating in 25 countries, and offering a variety of financial services including: digital consumer and business lending; mobile banking services; investments and white label and partnered mobile bank platforms.

The Group holds a credit institution licence from the Malta Financial Services Authority (MFSA) through the Guarantor's wholly owned subsidiary, Ferratum Bank p.l.c. This licence allows the Group to offer its products and services in all the European Economic Area through the European right of freedom of movement of services including those EEA countries in which the Group's activities may only be undertaken by licensed banks. This license has since 2013 been passported to 12 countries (Bulgaria, Croatia, Czech Republic, Estonia, France, Germany, Latvia, Norway, Poland, Slovakia, Spain and Sweden).

As at the 31st December 2017, the Group has more than 780,000 active customers. As a digital lender, the Group offers a comprehensive product portfolio to retail customers, who are able to apply for consumer credit in amounts varying between EUR 25 and EUR 20,000, and small businesses which may benefit from instalment loans of up to EUR 250,000 with a maturity period of six to eighteen months. The Group offers its customers the possibility to apply for a personal loan, with the same security and professionalism of a bank, while enjoying speed, simplicity, openness and uncomplicated services. In many cases, loans can be agreed and granted within a matter of minutes, with minimal amounts of red tape. The Group's success lies as much in its simple loan application processes, quick service and strict security as in the expertise of its employees whose dedication, knowhow and service skills help retain customers and gain referrals all over the world.

Ferratum's Mobile Bank, launched in 2016, is an innovative mobile banking application offering a range of banking services, including real time digital payments and transfers, at the customer's fingertip within a single application. It is currently available in five European markets. The mobile banking platform is at the heart of Ferratum's growth strategy. The technology and infrastructure developed means the platform is ready-made, allowing the Group to offer 'Banking-as-a-Service' to its partners in the form of a 'plug-and-play' solution enabling even non licensed entities to offer their customers a range of financial services via mobile application. As at the 31st December 2017, Ferratum Bank p.l.c. deposits totalled EUR 174.3 million.

The Group is listed on the Prime Standard of Frankfurt Stock Exchange under the symbol 'FRU.'

Share capital and ownership structure of the Issuer

The shares of the Issuer are denominated in EUR. Each share carries one vote and has equal rights on distribution of income and capital. As of the date of this Prospectus, the Issuer had an issued share capital of EUR 25,000 divided into 25,000 of shares. The Issuer has issued a total of 25,000 shares. The additional paid-in capital of the Issuer is denominated in EUR. As of the date of this Prospectus, the share premium of the Issuer is EUR 250,000, paid in from the Guarantor on 24 November 2016.

The following table sets forth the ownership structure in the Issuer as per the date of this Prospectus.

<i>Shareholder</i>	<i>No. of shares</i>	<i>Share capital</i>	<i>Voting Rights</i>
Ferratum Oyj	25,000	100.00%	100.00%
Total	25,000	100.00 %	100.00 %

Share capital and ownership structure of the Guarantor

The shares of the Guarantor are denominated in EUR. All the shares, with the exception of 146,200 shares held by the Guarantor, hold equal voting rights and equal rights to the distribution of profit. The shares held by the Guarantor have neither rights to dividends nor voting rights. As of the date of this Prospectus, the Guarantor had an issued share capital of EUR 10,133,560 divided into 21,723,960 shares. The Issuer has a total of 21,723,960 shares.

Major shareholder – Jorma Jokela (55.17 per cent.)

Jorma Jokela is the CEO and the founder of the Group. He studied accounting at the Commercial College of Kuopio and the Finnish Business School. He is the founder of Jokela Capital Oy in Helsinki, where he headed the company as CEO from 1998 to 2000. He subsequently sold the Jokela Capital Oy business in 2004. In 2005, he founded the Group and has been its CEO since then.

Jorma Jokela is currently a member of the board of Tinozza Oy, JT Capital Limited and European Recruitment Company OÜ. In addition, he acts as chairman of the board of Jokela Capital Oy and Minuntalli Oy.

Jorma Jokela holds as of 8 February 2018, directly and indirectly 11,985,470 shares in the Guarantor, which corresponds to 55.17 per cent. of the shares in the Guarantor. Jorma Jokela is not independent of the Guarantor and not independent of the significant shareholders.

Management shareholders

The following table sets forth the persons who are members of the management of the Guarantor and hold shares and/or options of the Guarantor. The figures reflect holdings as of 31 December 2017:

<i>Shareholder</i>	<i>Holdings</i>	<i>% of holdings</i>
Jorma Jokela	12 027 970	55.37%
Lea Liigus	180 310	0.83%
Clemens Krause	146 500	0.67%
Saku Timonen	147 300	0.68%
Ari Tiukkanen	79 000	0.36%
Jussi Mekkonen	50 000	0.23%

Other shareholders

The following table sets forth the persons who are members of the Board of Directors of the Guarantor and hold, directly and indirectly, shares and/or options in the Guarantor. The figures reflect holdings as of 31 December 2017.

<i>Shareholder</i>	<i>Holdings</i>	<i>% of holdings</i>
Jorma Jokela	12 027 970	55.37%
Lea Liigus	180 310	0.83%
Juhani Vanhala	106 551	0.49%
Pieter Van Groos	34 800	0.16%
Erik Ferm	151 158	0.70%

Shareholders' agreements

Neither the Issuer nor the Guarantor is aware of the details of any provision in the arrangement between its shareholders, the operation of which may at a subsequent date result in a change in control of the Issuer or the Guarantor.

Overview of Group structure

Currently, the Issuer has, directly and indirectly, no wholly-owned subsidiaries and the Guarantor has, directly and indirectly, 44 wholly-owned subsidiaries.

Operations are conducted by the subsidiaries of the Guarantor. The Guarantor is thus dependent on its subsidiaries to generate revenues and profit in order to be able to fulfil its obligations as guarantor. Further, since the Issuer is not carrying out any profit generating business on its own, the Issuer is dependent on the other entities within the Group making payments of interest and principal, as applicable, on intragroup loans granted by the Issuer in order for the Issuer to be able to fulfil its payment obligations under the Bonds.

Recent events

There has been no recent event particular to the Group which is to a material extent relevant to the evaluation of the Group's solvency.

Significant change and trend information

There has been no material adverse change in the prospects of the Group since the date of publication of its last audited annual accounts and no significant change in the financial or trading position of the Group since the end of the last financial period for which audited financial information has been published.

There are no trends known to the Issuer affecting the Issuer's business. Key structural drivers in respect of the Group for growth in the market for mobile consumer loans include in particular:

- the digitalization of traditional financial services, in particular a further trend towards mobile phone consumer credit products;
- the technological progress resulting from the revolution in payment methods (e.g. PayPal, mobile loans);
- new players entering the payments and financial markets (e.g. Apple, Google Mobile operators and government authorities);

- traditional players like Visa and Mastercard are moving into new technology payments; and
- changes in attitudes of customers as manifested in the rise of social lending – peer-to-peer social lending via internet.

Legal and arbitration proceedings

Neither the Issuer nor the Guarantor is, or has been over the past twelve months, party to any legal, governmental or arbitration proceedings that have had, or would have, a significant effect on the Group's financial position or profitability. Nor is the Issuer or the Guarantor aware of any such proceedings which are pending or threatening and which could lead to any member of the Group becoming a party to such proceedings.

Credit rating

The Bonds will not be rated. Creditreform Rating AG has assigned a rating of BBB+ to the Issuer's EUR 25,000,000 bonds issued in 2013.

Creditreform Rating AG has also assigned a rating of BBB+ to the Guarantor as a corporate group rating.

For the purposes of Creditreform's ratings, a BBB+ rating means that an obligor has strongly satisfactory creditworthiness and low to medium insolvency risk. The rating categories reach from "AAA" for issuers with the strongest creditworthiness to "D" for issuers with insufficient creditworthiness. The ratings from "AA" to "B" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

Creditreform Rating AG is established in the European Community and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, amended by Regulation (EC) No 513/2011 of the European Parliament and of the Council of 11 March 2011 (the "**CRA Regulation**"). The European Securities and Markets Authority publishes on its website (esma.europa.eu/page/List-registered-and-certified-CRAs) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update. No credit rating has been assigned to the Issuer, or its debt securities other than the Issuer's EUR 25,000,000 bonds issued in 2013.

MANAGEMENT

The Board of Directors of the Issuer currently consists of one member which has been elected by the general meeting. The supervisory board of the issuer currently consist of three members. The members of the Board of Directors and the supervisory board can be contacted through the Issuer at its headquarters at Helmholtzstraße 2-9, 10587 Berlin. Further information on the members of the Board of Directors and the supervisory board is set forth below.

The members of the Issuer's supervisory board do not perform any principal activities outside the Group which are relevant for the Issuer.

Board of Directors of the Issuer

Clemens Krause, member of the board since 2013.

Education: Business Administration, Westfälische Wilhelms-Universität, Münster, and PhD, Institut für Rechnungswesen, Münster.

Current commitments: CFO of the Guarantor. Krause performs no principal activities outside the Group which are relevant for the Group.

Supervisory Board of the Issuer

Erik Ferm

Please see below under "Board of Directors of the Guarantor".

Lea Liigus

Please see below under "Board of Directors of the Guarantor".

Jorma Jokela

Please see below under "Board of Directors of the Guarantor".

Management of the Group

Jorma Jokela, CEO

Please see below under "Board of Directors of the Guarantor".

Lea Liigus, Head of Legal and Compliance

Please see below under "Board of Directors of the Guarantor".

Saku Timonen, Head of Consumer Lending

Education: Marketing and finance & economics at the Helsinki School of Economics and Business Administration.

Current commitments: Saku Timonen is responsible for Group lending products, sales and marketing. Timonen performs no principal activities outside the Group which are relevant for the Group.

Clemens Krause, Chief Financial Officer

Please see below under "Board of Directors of the Issuer".

Ari Tiukkanen, Chief Operations Officer

Education: Industrial Engineering, Jyväskylä University of Applied Sciences.

Current commitments: Ari Tiukkanen is responsible for the operations of the Group. Tiukkanen performs no principal activities outside the Group which are relevant for the Group.

Jussi Mekkonen, CEO Ferratum Bank p.l.c.

Education: Industrial Engineering, Jyväskylä University of Applied Sciences.

Current commitments: Jussi Mekkonen is the chief executive officer of Ferratum Bank p.l.c. Mekkonen performs no principal activities outside the Group which are relevant for the Group.

Board of Directors of the Guarantor

The Board of Directors of the Guarantor currently consists of six members which have been elected by the general meeting. The Board of Directors and the senior management of the Group can be contacted through the Guarantor at its headquarters at Ratamestarinkatu 11A, FI-00520, Helsinki, Finland. Further information on the members of the Board of Directors and the senior management is set forth below.

Pieter van Groos, chairman of the board since 2016.

Education: Business Economics and Law, Erasmus University, Rotterdam, the Netherlands.

Current commitments: Pieter van Groos has been a member of the Board of Directors since 2015 and Chairman of the Board of Directors since 2016.

Erik Ferm, member of the board since 2012.

Education: Business Administration, Stockholm School of Economics, Sweden.

Current commitments: Erik Ferm has been a member of the Board of Directors of the Guarantor since 2012. During 2012-2016 he served as the Chairman of the Board of Directors. He was born in 1966. Since 2012 has been working as a director and a board member of GP Chambers and has founded Jigsaw Adoption.

Jorma Jokela, member of the board since 2005.

Education: Accounting, Commercial College of Kuopio and the Helsinki Business College.

Current commitments: Jorma Jokela is the CEO and the founder of the Group, responsible for managing the Group's day-to-day operations in accordance with the rules and instructions issued by the Board of Directors.

Lea Liigus, member of the board since 2006.

Education: Master of Laws, University of Helsinki, Finland.

Current commitments: Lea Liigus, born 1972, is the Head of Legal and Compliance of the Group. She has been a member of the Board of Directors since 2006.

Juhani Vanhala, member of the board since 2005.

Education: Engineering, Finland.

Current commitments: Juhani Vanhala has been a member of the Board of Directors since 2005. Currently, he works as a part time senior advisor for Empower Group, Valor and Mantec.

Christopher Wang, member of the board since 2017.

Education: Doctor of Law, University of Chicago Law School.

Current commitments: Christopher Wang joined the Board of Directors of the Group in May 2017. He is a managing partner at J&W Partners Co. Ltd., a private equity firm based in Seoul, South Korea that he co-founded in 2014. He has more than 15 years' experience as a transactional lawyer and investor operating in the Asian market, gained in roles at leading firms including Shearman & Sterling, DLA Piper, and Jones Day.

None of the members of Board of Directors performs any activities outside the Group that are significantly relevant for the Group.

The members of the Board of Directors may be reached at the business address of the Guarantor.

Conflicts of interest within administrative, management and control bodies

None of the members of the Board of Directors and the supervisory board of the Issuer have declared that they have any interests outside the Issuer which would conflict with the interests of the Issuer.

None of the members of the Board of Directors of the Guarantor and the management of the Group have declared that they have any interests outside the Guarantor which would conflict with the interests of the Guarantor.

To the extent that can be reasonably verified by the Group, no conflict of interest exists regarding the private affairs, family relations, or any other kind, between members of the administrative and senior management bodies that might conflict with the Group's interests or prevent the aforementioned to faithfully execute their duties to the Group.

Interest of natural and legal persons involved in the Issuer

The Sole Bookrunner and/or its affiliates have engaged in, and may in future engage in, investment banking and/or commercial banking or other services for the Issuer and the Group in the ordinary course of business. Accordingly, conflicts of interest may exist or may arise as a result of the Sole Bookrunner and/or its affiliates having previously engaged, or engaging in future, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

SELECTED FINANCIAL INFORMATION

The following tables provide a summary of the Group's and the Issuer's historical financial information as of, and for, the periods presented. The financial information of the Guarantor has been derived from the audited consolidated financial statements for the years ended 31 December 2017 and 2016 as well as from the Group's unaudited condensed quarterly statements for the three month period ended 31 March 2018. The financial information of the Issuer has been derived from the Issuer's audited financial statements for 2017. The financial information should be read together with the audited financial statements and the unaudited condensed quarterly statements that are incorporated in this Prospectus by reference. The audited financial statements that are incorporated herein in relation to the Group and the Issuer have been prepared in accordance with IFRS. The Guarantor's consolidated unaudited condensed quarterly statements for the three month period ended 31 March 2018 has been prepared in accordance with the accounting policies disclosed in the Groups financial statements for the year 2017. Figures reported in this section have in some cases been rounded.

The Guarantor

The Group's statement of financial position, income statement and cash flow statement as of the latest financial statements and for the year ended 31 December 2016 are prepared in accordance with IFRS and have been audited by the Group's auditor. No other information in the Prospectus has been reviewed or audited by the Group's auditor.

Consolidated income statement – the Group

EUR '000	2017 (audited)	2016 (audited)
Revenue	221,638	154,128
Other income	534	64
Impairments on loans	(75,629)	(47,964)
Operating expenses:		
Personnel expenses	(35,375)	(24,761)
Selling and marketing expenses	(37,184)	(29,918)
Lending costs	(10,145)	(8,001)
Other administrative expenses	(2,205)	(2,204)
Depreciations and amortizations	(2,811)	(1,547)
Other operating expenses	(26,986)	(18,655)
Operating profit	31,838	21,142
Financial income	97	161
Finance costs	(8,691)	(6,575)
Finance costs – net	(8,594)	(6,414)
Profit before income tax	23,244	14,728
Income tax expenses	(3,185)	(1,768)
Profit for the period	20,058	12,961

EUR '000	Q1 2018 (unaudited)	Q1 2017 (unaudited)
Revenue	61,442	50,009
Other income	6	13
Impairments on loans	(18,866)	(17,180)
Operating expenses:		
Personnel expenses	(10,826)	(7,918)

Selling and marketing expenses	(10,028)	(7,877)
Lending costs	(2,839)	(2,380)
Other administrative expenses	(407)	(708)
Depreciations and amortizations	(1,082)	(667)
Other operating expenses	(7,233)	(6,441)
Operating profit	10,169	6,849
Financial income	15	965
Finance costs	(3,557)	(1,868)
Finance costs – net	(3,542)	(903)
Profit before income tax	6,626	5,946
Income tax expenses	(994)	(892)
Profit for the period	5,633	5,054

Consolidated statement of financial position – the Group

EUR '000	2017-12-31 (audited)	2016-12-31 (audited)
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	3,482	2,761
Intangible assets	20,037	12,736
Government stocks	8,851	11,450
Deferred tax assets	3,757	3,480
Total non-current assets	36,128	30,426
<u>Current assets</u>		
Accounts receivable - loans to customers	257,406	184,346
Other receivables	10,554	7,298
Derivative assets	156	-
Current tax assets	519	555
Cash and cash equivalents	131,832	73,059
Total current assets	400,468	265,257
Total assets	436,595	295,683
EQUITY AND LIABILITIES		
<u>Equity attributable to owners of the parent</u>		
Share capital	40,134	40,134
Treasury shares	(142)	(142)
Reserves	(2,240)	(1,202)
Unrestricted equity reserve	14,708	14,708
Retained earnings	52,783	34,377
Total equity	105,243	87,875
<u>Liabilities</u>		
<u>Non-current liabilities</u>		
Borrowings	64,049	72,246

Deferred tax liabilities	118	-
Total non-current liabilities	64,167	72,246
<u>Current liabilities</u>		
Current tax liabilities	1,867	1,143
Deposits from customers	174,301	101,436
Borrowings	69,741	18,469
Derivative liabilities	790	182 ¹
Trade payables	9,838	4,958
Other current liabilities	10,648	9,376 ¹
Total current liabilities	267,185	135,563
Total liabilities	331,352	207,809
Total equity and liabilities	436,595	295,683

¹ Derivative financial liabilities have been presented as part of Other current liabilities in the Guarantor's audited financial statements for 2016, however presented herein separately on the face of the balance sheet in line with the Guarantor's current balance sheet presentation. Reclassified figures are unaudited.

EUR '000	2018-03-31 (unaudited)	2017-12-31 (audited)
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	3,484	3,482
Intangible assets	20,998	20,037
Government stocks	8,772	8,851
Deferred tax assets	5,761	3,757
Total non-current assets	39,015	36,128
<u>Current assets</u>		
Accounts receivable - loans to customers	265,455	257,406
Other receivables	7,852	10,554
Derivative assets	924	156
Current tax assets	411	519
Cash and cash equivalents	134,688	131,832
Total current assets	409,330	400,468
Total assets	448,345	436,595
EQUITY AND LIABILITIES		
<u>Equity attributable to owners of the parent</u>		
Share capital	40,134	40,134
Treasury shares	(142)	(142)
Reserves	(2,727)	(2,240)
Unrestricted equity reserve	14,708	14,708
Retained earnings	51,988	52,783
Total equity	103,960	105,243

Liabilities		
Non-current liabilities		
Borrowings	64,185	64,049
Deferred tax liabilities	117	118
Total non-current liabilities	64,302	64,167
Current liabilities		
Current tax liabilities	1,254	1,867
Deposits from customers	192,677	174,301
Borrowings	71,130	69,741
Derivative liabilities	604	790
Trade payables	2,634	9,838
Other current liabilities	11,783	10,648
Total current liabilities	280,083	267,185
Total liabilities	344,385	331,352
Total equity and liabilities	448,345	436,595

Consolidated statement of cash flows – the Group

EUR '000	2017 (audited)	2016 (audited)
CASH FLOWS FROM OPERATING ACTIVITES		
Profit/loss for the period	20,058	12,961
Adjustments for:		
Depreciation and amortization	2,811	1,547
Finance costs, net	8,594	6,414
Tax on income from operations	3,185	1,768
Transactions without cash flow	1,263	399 ¹
Impairment on loans	75,629	47,964
Working capital changes:		
Increase (-) / decrease (+) in other current receivables and government stocks	(813)	(16,848) ¹
Increase (+) / decrease (-) in trade payables and other current liabilities (excl. interest liabilities)	6,991	4,404
Interest paid	(6,892)	(4,434)
Interest received	41	163
Other financing items	-	(385)
Income taxes paid	(1,720)	(3,094)
Net cash from operating activities before movements in loan portfolio and deposits received	109,148	50,857
Deposits received	72,865	98,426
Movements in portfolio:		

Movements in gross portfolio	(89,233)	(91,120)
Fully impaired portfolio write-offs	(59,456)	(34,431)
Net cash from operating activities	33,324	23,733
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible and intangible assets	(10,863)	(8,347)
Proceeds from sale of tangible and intangible assets	-	81
Purchase of investments and other assets	(466)	-
Net cash from investing activities	(11,329)	(8,266)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	24,817	-
Repayment of short-term borrowings	(100)	(198)
Proceeds from long-term borrowings	35,000	49,338
Repayment of long-term borrowings	(18,133)	(6,125)
Dividends paid / distribution of funds	(2,594)	(2,158)
Net cash from financing activities	38,990	40,857
Net increase in cash and cash equivalents	60,985	56,324
Cash and cash equivalents at the beginning of the period	73,059	17,452
Exchange gains/(losses) on cash and cash equivalents	(2,212)	(717)
Net increase/decrease in cash and cash equivalents	60,985	56,324
Cash and cash equivalents at the end of the period	131,832	73,059

¹ Transactions without cash flow have been presented as part of Increase (+) / decrease (-) in trade payables and other liabilities in the in the Guarantor's audited financial statements for 2016, however presented separately on the face of the consolidated statement of cash flow in line with the Guarantor's current presentation. The reclassified figures are unaudited.

EUR '000	Q1 2018 (unaudited)	Q1 2017 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/loss for the period	5,633	5,054
Adjustments for:		
Depreciation and amortization	1,082	667
Finance costs, net	3,542	903
Tax on income from operations	994	892
Transactions without cash flow	436	-
Impairment on loans	18,866	17,180
Working capital changes:		
Increase (-) / decrease (+) in other current receivables and government stocks	2,013	893
Increase (+) / decrease (-) in trade payables and other liabilities	(1,201)	(1,010)
Interest paid	(1,018)	(1,086)
Interest received	-	-
Other financing items	-	771
Income taxes paid	(1,412)	(558)
Net cash from operating activities before movements in loan portfolio and deposits received	28,934	23,706
Deposits received	18,376	17,359
Movements in portfolio:		
Movements in gross portfolio	(49,523)	(25,121)
Fully impaired portfolio write-offs	4,082	(14,004)
Net cash from operating activities	1,870	1,940
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible and intangible assets	(2,047)	(1,706)
Proceeds from sale of tangible and intangible assets	-	-
Purchase of investments and other assets	-	(466)
Net cash from investing activities	(2,047)	(2,172)

CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,354	5,013
Repayment of short-term borrowings	(63)	-
Proceeds from long-term borrowings	-	-
Repayment of long-term borrowings	-	(13,500)
Dividends paid / distribution of funds	-	-
Net cash from financing activities	1,291	(8,487)
Net increase in cash and cash equivalents	1,114	(8,719)
Cash and cash equivalents at the beginning of the period	131,832	73,059
Exchange gains/(losses) on cash and cash equivalents	1,741	260
Net increase/decrease in cash and cash equivalents	1,114	(8,719)
Cash and cash equivalents at the end of the period	134,688	64,600

The Issuer

The Issuer's statement of financial position, income statement and cash flow statement as of the latest financial statements are prepared in accordance with IFRS and have been audited by the Issuer's auditor. The figures for 2016 prepared according to IFRS have been presented only to ensure comparability between periods and are unaudited. The Issuer's audited financial statements for 2016 have been prepared according to applicable accounting principles in Germany. No other information in the Prospectus has been reviewed or audited by the Issuer's auditor.

Income statement – the Issuer

EUR	2017 (audited)	2016 (unaudited)
Revenue	0	400
Other income	3,050	4,611
Cost of purchased services	(3,570)	(4,149)
Personnel expenses	(79,291)	(241,812)
Depreciations and amortization	(1,482)	(2,104)
Other operating expenses	(182,458)	(211,298)
Financial income	4,179,281	2,934,105
Financial expenses	(3,559,195)	(2,612,938)
Financial result	620,086	321,166
Profit/(Loss) before tax	356,335	(133,185)

Income taxes	(224,201)	(72,938)
Net income/(loss) for the year	132,134	(206,123)

Statement of financial position – the Issuer

EUR	2017-12-31 (audited)	2016-12-31 (unaudited)
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	1,708	10,621
Loans to shareholder	25,532,928	50,015,689
Total non-current assets	25,534,636	50,026,310
<u>Current assets</u>		
Loans to shareholder	45,651,332	0
Other receivables	136,605	88,290
Other financial assets	0	597,000
Cash and cash equivalents	18,952	84,040
Total current assets	45,806,889	769,330
Total assets	71,341,526	50,795,640
EQUITY AND LIABILITIES		
<u>Equity</u>		
Subscribed capital	25,000	25,000
Capital reserve	250,000	250,000
Retained earnings	(141,914)	(274,048)
Accumulated other comprehensive income	0	(3,000)
Total equity	133,086	(2,048)
<u>Liabilities</u>		
<u>Non-current liabilities</u>		
Bonds	25,000,000	50,000,000
Total non-current liabilities	25,000,000	50,000,000
<u>Current liabilities</u>		
Bonds	46,193,425	639,489
Other payables and accrued expenses	15,015	76,629
Other accruals	0	0
Tax payable	0	81,570
Total current liabilities	46,208,440	797,688
Total equity and liabilities	71,341,526	50,795,640

Statement of cash flows – the Issuer

EUR '000	2017 (audited)	2016 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net result before taxes	356,335	(133,185)
Depreciation of property, plant and equipment	1,482	2,103
Increase/(decrease) in other liabilities	(61,614)	61,224
Increase/(decrease) in other assets	(48,315)	(56,292)
Interest paid	3,559,195	2,612,938
Interest received	(4,179,281)	(2,934,105)
Income tax paid	(305,771)	(148,588)
Cash flow from regular operating activities	(677,969)	(595,905)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from disposals of property, plant and equipment	7,431	1,029
Cash paid for the acquisition of property, plant and equipment	0	(8,842)
Proceeds from purchasing securities	600,000	(600,000)
Interest received	4,179,281	2,934,105
Cash flow from investing activities	4,786,712	2,326,292
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	0	250,000
Proceeds from issuing bonds	20,553,935	25,244,969
Proceeds from borrowings	(21,168,571)	(24,545,084)
Interest paid	(3,559,195)	(2,612,938)
Cash flow from financing activities	(4,173,831)	(1,663,053)
Total of the cash flows	(65,088)	67,336
Cash and equivalents at the beginning of the period	84,040	16,705
Cash and equivalents at the end of the period	18,952	84,040

HISTORICAL FINANCIAL INFORMATION

Historical financial information

The Guarantor

The Guarantor's consolidated financial statements for the financial year ended 31 December 2017 and for the financial year ended 31 December 2016 as set out below are incorporated into this Prospectus by reference (please see section "*Other Information*"). The information incorporated by reference is to be read as part of this Prospectus.

The Guarantor's consolidated financial statements for the financial year ended 31 December 2017 and 31 December 2016 have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the EU.

Other than the auditing of the Guarantor's consolidated financial statements for the financial year ended 31 December 2017 and for the financial year ended 31 December 2016, the Group's auditor has not audited or reviewed any part of this Prospectus.

The specific information set out below (as also stated in section "*Other information*" subheading "*Documents incorporated by reference*" in this Prospectus) from the Guarantor's consolidated financial statements for the financial year ended 31 December 2017 and the related auditor's report are incorporated into this Prospectus by reference. The other information set out in the consolidated financial statements for the financial year ended 31 December 2017 is deemed to not be relevant for the purpose of the Prospectus Regulation.

- consolidated income statement and consolidated statement of comprehensive income, page 39;
- consolidated statement of financial position, page 40;
- consolidated cash flow statement, page 41;
- consolidated statement of changes in equity, pages 42-43; and
- notes, pages 44-78 and 86.

The specific information set out below (as also stated in section "*Other information*" subheading "*Documents incorporated by reference*" in this Prospectus) from the Guarantor's consolidated financial statements for the financial year ended 31 December 2016 and the related auditor's report are incorporated into this Prospectus by reference. The other information set out in the consolidated financial statements for the financial year ended 31 December 2016 is deemed to not be relevant for the purpose of the Prospectus Regulation.

- consolidated income statement and consolidated statement of comprehensive income, page 34;
- consolidated statement of financial position, page 35;
- consolidated cash flow statement, page 36;
- consolidated statement of changes in equity, page 37; and
- notes, pages 38-67 and 74.

The specific information set out below (as also stated in section "*Other information*" subheading "*Documents incorporated by reference*" in this Prospectus) from the Group's unaudited condensed quarterly statements for the period 1 January 2018 to 31 March 2018 are incorporated into this Prospectus by reference. The other information set out in the Group's unaudited condensed quarterly statements for the period 1 January 2018 to 31 March 2018 is deemed to not be relevant for the purpose of the Prospectus Regulation.

- consolidated income statement and consolidated statement of comprehensive income, page 7-8;
- consolidated statement of financial position, page 9; and
- consolidated cash flow statement, page 10.

The Issuer

The Issuer's financial statements for the financial year ended 31 December 2017 and the figures for the financial year ended 31 December 2016 as set out below are incorporated into this Prospectus by reference (please see section "*Other Information*"). The information incorporated by reference is to be read as part of this Prospectus.

The Issuer's financial statements for the financial year ended 31 December 2017 have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the EU. The Issuer's financial statements for the financial year ended 31 December 2016 have been prepared on the basis of the classification, accounting and valuation regulations of the German Commercial Code, the mandatory provisions of the German Accounting Law Modernization Act (BilMoG) and transitional provisions of Art. 66 and 67 EGHGB and, in addition to these regulations, the regulations of the GmbH Act / AktG have been observed (the "**Applicable Accounting Principles**").

Other than the auditing of the Issuer's financial statements for the financial year ended 31 December 2017 and for the financial year 31 December 2016, the Issuer's auditor has not audited or reviewed any part of this Prospectus.

The Issuer's financial statements for the financial year ended 31 December 2017 and the related auditor's report are incorporated into this Prospectus by reference. For particular financial figures, please refer to the pages set out below:

- income statement and statement of comprehensive income, page 3;
- balance sheet, page 2;
- cash flow statement, page 5;
- statement of changes in equity, page 4;
- notes, pages 6-38; and
- auditor's report, pages 39-40.

The specific information set out below (as also stated in section "*Other information*" subheading "*Documents incorporated by reference*" in this Prospectus) from the Issuer's financial statements for the financial year ended 31 December 2016 is, together with the related auditor's report, incorporated into this Prospectus by reference. The other information set out in the Issuer's financial statements for the financial year ended 31 December 2016 is deemed to not be relevant for the purpose of the Prospectus Regulation.

- income statement, page 20;
- balance sheet, page 18;
- cash flow statement, page 36; and
- notes, pages 8-15.

Factors affecting comparability of the historical financial information

The financial information of the Issuer for the financial year ended 31 December 2016 was prepared in accordance with the Applicable Accounting Principles. The Issuer has since then changed its accounting principles and the financial statements for the financial year ended 31 December 2017 has

been prepared in accordance with IFRS. The comparative historical financial information for the financial year ended 31 December 2016 has been retrospectively presented and prepared in accordance with IFRS and is presented together with the financial information for the financial year ended 31 December 2017 to ensure the historical comparability between the financial periods.

Auditing of the annual historical financial information

The Guarantor

The Guarantor's consolidated financial statements for the years 2016 to 2017 have been audited by PricewaterhouseCoopers Oy, Authorised Public accountants, P.O. Box 1015 (Itämerentori 2), FI-00101, Helsinki. PricewaterhouseCoopers Oy has been the Group's auditor since 2010, and was re-elected for the year 2018 during the latest annual general meeting. Mikko Nieminen, Authorised Public Accountant, is the auditor with principal responsibility for the Group audit.

The audit of the consolidated financial statements was conducted in accordance with international standards on auditing and the auditor's reports were unqualified.

The Issuer

The Issuer's financial statements for the year 2017 have been audited by MSW GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Straße des 17. Juni 106-108 10623 Berlin, Germany. MSW GmbH has been the Issuer's auditor since 2018. Robert Mallison is the auditor who is responsible for the Issuer. Robert Maillison is a certified accountant. The Issuer's financial statements for the year 2016 has been audited by Dr. Krumbholz GmbH, Eduard-Daelen-Straße 45, 40699 Erkrath, Germany. Dr. Marcus Krumbholz was the auditor who was responsible for the Issuer. Dr. Marcus Krumbholz is a certified accountant.

The auditing of the financial statements was conducted in accordance with international standards on auditing and the auditor's reports were submitted unqualified.

Age of the most recent financial information

The most recent audited financial information has been taken from the Guarantor's consolidated financial statements for the financial year ended 31 December 2017 and from the Issuer's financial statements for the fiscal year ended 31 December 2017, which was published on 27 March 2018 and 6 July 2018, respectively, on the Group's website ferratumgroup.com.

OTHER INFORMATION

Assurance regarding the Prospectus

The Issuer is responsible for the content of the Prospectus and has taken all reasonable precautions to ensure that, as far as the Issuer is aware, the information in the Prospectus accords with the facts and contains no omission likely to affect its import. To the extent prescribed by law, the Board of Directors of the Issuer is also responsible for the content of the Prospectus. The Board of Directors has taken all reasonable care to ensure that the information in the Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Clearing and settlement

As of the date of this Prospectus, Bonds have been issued in an amount of EUR 100,000,000 and the Issuer may, subject to certain conditions set out in the Terms and Conditions, issue additional Bonds in a maximum aggregate amount of EUR 150,000,000. Each Bond has a nominal amount of EUR 1,000. The ISIN for the Bonds is SE0011167972.

The Bonds have been issued in accordance with Swedish law. The Bonds are connected to the account-based system of Euroclear Sweden AB. No physical notes have been or will be issued. Payment of principal, interest and, if applicable, withholding tax will be made through Euroclear Sweden AB's book-entry system.

Representation of the bondholders

The Terms and Conditions stipulates the provisions for the Agent's representation of the bondholders.

The Guarantor

Ferratum Oyj is a public limited liability company incorporated in Finland since 1 January 2005. It is registered with the Finnish Trade Register, reg. no. 1950969-1. Its registered address is Ratamestarinkatu 11A, FI-00520, Helsinki, Finland. The Guarantor may be contacted through the address of the Guarantor.

Material contracts

Other than as described under the section entitled "*Description of Material Agreements*" herein, the Group has not entered into any material contracts not in the ordinary course of its business and which may affect the Group's ability to fulfil its obligations under the Bonds.

Documents incorporated by reference

This Prospectus is, in addition to this document, comprised of information from the following documents which are incorporated by reference and available in electronic format on the Issuer's website at www.ferratumgroup.com:

- pages 39 – 78 and 86 from the Guarantor's consolidated financial statements for the financial year ended 31 December 2017 and the auditor's report for the financial year ended 31 December 2017;
- pages 34 – 67 and 74 from the Guarantor's consolidated financial statements for the financial year ended 31 December 2016 and the auditor's report for the financial year ended 31 December 2016;

- the Issuer's financial statements for the financial year ended 31 December 2017 including the auditor's report;
- pages 8 – 15, 18, 20 and 36 of the Issuer's financial report for the financial year ended 31 December 2016 and the auditor's report; and
- pages 7– 10 of the Guarantor's consolidated unaudited condensed quarterly statements for the period 1 January 2018 to 31 March 2018.

Documents available for inspection

The following documents are available at the Group's headquarters at Ratamestarinkatu 11 A, 00520 Helsinki, Finland, on weekdays during the Group's regular office hours throughout the period of validity of this Prospectus:

- the Issuer's articles of association;
- the extract from the Commercial Register of the local Court in Berlin in relation to the Issuer;
- the Guarantor's articles of association;
- extract from the Trade Register database maintained by the Finnish Patent and Registration Office in relation to the Guarantor;
- the Guarantor's consolidated financial statements and auditor's report for the financial year ended 31 December 2017 and for the financial year ended 31 December 2016;
- the financial statements and auditor's reports for the financial year ended 31 December 2017 and for the financial year ended 31 December 2016 for the Issuer;
- the Guarantor's consolidated unaudited condensed quarterly statements for the period 1 January to 31 March 2018;
- this Prospectus; and
- the Guarantee and Adherence Agreement.

The following documents are also available in electronic form on the Group's website ferratumgroup.com:

- the Guarantor's consolidated financial statements and auditor's report for the financial year ended 31 December 2017 and for the financial year ended 31 December 2016;
- the Issuer's financial statements and auditor's reports for the financial year ended 31 December 2017 and for the financial year ended 31 December 2016;
- the Guarantor's consolidated unaudited condensed quarterly statements for the period 1 January to 31 March 2018; and
- this Prospectus.

Listing costs

The aggregate cost for the Bonds' admission to trading is estimated not to exceed SEK 260,000.

TAXATION

The following is a general discussion of certain tax consequences under the tax laws of Sweden and the Federal Republic of Germany of the acquisition, ownership and disposal of the Bonds. This discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase the Bonds. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the laws of Sweden and the Federal Republic of Germany currently in force and as applied on the date of this Prospectus, which are subject to change, possibly with retroactive or retrospective effect.

PROSPECTIVE PURCHASERS OF BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSAL OF THE BONDS, INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES UNDER THE TAX LAWS APPLICABLE IN SWEDEN, THE FEDERAL REPUBLIC OF GERMANY AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS.

Sweden

Holders not tax resident in Sweden

Payments of any principal or any amount that is considered to be interest for Swedish tax purposes to the holder of any Bonds should not be subject to Swedish income tax, provided that such a holder (a) is not resident in Sweden for Swedish tax purposes or (b) does not have a permanent establishment in Sweden to which the Bonds are effectively connected.

However, broadly speaking, provided that the value of or the return on the Bonds relates to securities taxed as shares, private individuals who have been residents of Sweden for tax purposes due to a habitual abode or continuous stay in Sweden at any time during the calendar year of disposal or redemption or the ten calendar years preceding the year of disposal or redemption are liable for capital gains taxation in Sweden upon disposal or redemption of such Bonds. In a number of cases though, the applicability of this rule is limited by the applicable tax treaty.

Swedish withholding tax, or Swedish tax deduction, is not imposed on payments of any principal amount or any amount that is considered to be interest for Swedish tax purposes, except in relation to certain payments of interest (and other distributions on Bonds) to a private individual (or the estate of a deceased individual) who is resident in Sweden for Swedish tax purposes (see "Holders tax resident in Sweden" below).

Holders tax resident in Sweden

In general, for Swedish corporations and private individuals (and estates of deceased individuals) with residence in Sweden for Swedish tax purposes, all capital income (for example, income that is considered to be interest for Swedish tax purposes and capital gains on Bonds) will be taxable, currently at the rate of 30 per cent. of the capital income. Specific tax consequences may be applicable to certain categories of corporations, for example life insurance companies. Moreover, specific tax consequences may be applicable if, and to the extent that, a holder of Bonds realises a capital loss on the Bonds and to any currency exchange gains or losses. If amounts that are deemed as interest for Swedish tax purposes are paid by a legal entity domiciled in Sweden, including a Swedish branch, or clearing institution within the EEA, to a private individual (or an estate of a deceased individual) with residence in Sweden for Swedish tax purposes, Swedish preliminary taxes are normally withheld by the legal entity that is making such payments. Swedish preliminary taxes should normally also be withheld on other returns on Bonds (but not capital gains), if the returns are paid out together with such a payment of interest referred to above. If the Bonds are registered with Euroclear Sweden AB or held by a Swedish nominee in accordance with the Swedish Financial Instruments Accounts Act (SFS

1998:1479), Swedish preliminary taxes are withheld by Euroclear Sweden AB or by the nominee on payments of amounts that are considered to be interest for Swedish tax purposes to a private individual (or an estate of a deceased individual) that is a resident holder in Sweden of any Bonds.

Federal Republic of Germany ("Germany")

Income Taxation - Tax Residents

Persons (individuals and corporate entities) who are tax resident in Germany (in particular, persons having a residence, habitual abode, seat or place of management in Germany) are subject to income taxation (income tax or corporate income tax, as the case may be, plus solidarity surcharge thereon plus church tax and/or trade tax, if applicable) on their worldwide income, regardless of its source, including interest from debt of any kind (such as the Bonds) and, in general, capital gains.

- Taxation if the Bonds are held as private assets (Privatvermögen)

In the case of German tax-resident individual investors (*unbeschränkt Steuerpflichtige*) holding the Bonds as private assets (*Privatvermögen*), the following applies:

-- Income

The Bonds qualify as other capital receivables (*sonstige Kapitalforderungen*) in terms of section 20 para 1 no 7 German Income Tax Act ("ITA" – *Einkommensteuergesetz*).

Accordingly, payments of interest on the Bonds qualify as taxable savings income (*Einkünfte aus Kapitalvermögen*) pursuant to section 20 para 1 no 7 ITA.

Capital gains / capital losses realised upon sale of the Bonds, computed as the difference between the acquisition costs and the sales proceeds reduced by expenses directly and factually related to the sale, qualify as positive or negative savings income in terms of section 20 para 2 sentence 1 no 7 ITA. If similar Bonds kept or administered in the same custodial account have been acquired at different points in time, the Bonds first acquired will be deemed to have been sold first for the purposes of determining the capital gains. Where the Bonds are acquired and/or sold in a currency other than Euro, the acquisition costs will be converted into Euro at the time of acquisition, the sales proceeds will be converted into Euro at the time of sale and the difference will then be computed in Euro. If interest claims are disposed of separately (i.e. without the Bonds), the proceeds from the sale are subject to taxation. The same applies to proceeds from the payment of interest claims if the Bonds have been disposed of separately. If the Bonds are assigned, redeemed, repaid or contributed into a corporation by way of a hidden contribution (*verdeckte Einlage in eine Kapitalgesellschaft*) rather than sold, as a rule, such transaction is treated like a sale. Losses from the sale of Bonds can only be offset against other savings income and, if there is not sufficient other positive savings income, carried forward to subsequent assessment periods.

Pursuant to a tax decree issued by the Federal Ministry of Finance dated 18 January 2016, as amended from time to time, a sale shall be disregarded where the transaction costs exceed the sales proceeds, which means that losses suffered from such "sale" shall not be tax-deductible. Similarly, a bad debt loss (*Forderungsausfall*), i.e. should the Issuer become insolvent, and a waiver of a receivable (*Forderungsverzicht*), to the extent the waiver does not qualify as a hidden contribution, shall not be treated like a sale. Accordingly, losses suffered upon such bad debt loss or waiver shall not be tax-deductible. The same shall apply where, based on an agreement with the depository institution, the transaction costs are calculated on the basis of the sale proceeds taking into account a deductible amount. With respect to a bad debt loss, the German Federal Fiscal Court (*Bundesfinanzhof*) has recently objected the view expressed by the Federal Ministry of Finance. However, the Federal Ministry of Finance has not yet updated the aforementioned tax decree in this respect.

-- German withholding tax (*Kapitalertragsteuer*)

With regard to savings earnings (*Kapitalerträge*), e.g. interest or capital gains, German withholding tax (*Kapitalertragsteuer*) will be levied if the Bonds are kept or administrated in a custodial account which the investor maintains with a German branch of a German or non-German credit or financial services institution or with a German securities trading business or a German securities trading bank (a "**German Disbursing Agent**") and such German Disbursing Agent credits or pays out the earnings.

The tax base is, in principle, equal to the taxable gross income as set out above (i.e. prior to withholding). However, in the case of capital gains, if the custodial account has changed since the time of acquisition of the Bonds (e.g. if the Bonds had been transferred from a non-EU custodial account prior to the sale) and the acquisition costs of the Bonds are not proven to the German Disbursing Agent in the form required by law, withholding tax is applied to 30 per cent. of the proceeds from the redemption or sale of the Bonds. When computing the tax base for withholding tax purposes, the German Disbursing Agent has to deduct any negative savings income (*negative Kapitalerträge*) or paid accrued interest (*Stückzinsen*) in the same calendar year or unused negative savings income of previous calendar years.

German withholding tax will be levied by a German Disbursing Agent at a flat withholding tax rate of 26.375 per cent. (including solidarity surcharge) plus, if applicable, church tax. Church tax, if applicable, will be collected by the German Disbursing Agent by way of withholding unless the investor has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*). In the latter case, the investor has to include the savings income in the tax return and will then be assessed to church tax.

No German withholding tax will be levied if the investor has filed a withholding tax exemption certificate (*Freistellungsauftrag*) with the German Disbursing Agent, but only to the extent the savings income does not exceed the exemption amount shown on the withholding tax exemption certificate. Currently, the maximum exemption amount is EUR 801 (EUR 1,602 in the case of jointly assessed spouses or registered life partners). Similarly, no withholding tax will be levied if the investor has submitted a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the relevant local tax office to the German Disbursing Agent.

The Issuer is, as a rule, not obliged to levy German withholding tax in respect of payments on the Bonds.

-- Tax assessment

The taxation of savings income shall take place mainly by way of levying withholding tax (please see above). If and to the extent German withholding tax has been levied, such withholding tax shall, in principle, become definitive and replace the investor's income taxation. If no withholding tax has been levied other than by virtue of a withholding tax exemption certificate (*Freistellungsauftrag*) and in certain other cases, the investor is nevertheless obliged to file a tax return, and the savings income will then be taxed within the assessment procedure. If the investor is subject to church tax and has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*), the investor is also obliged to include the savings income in the tax return for church tax purposes.

However, also in the assessment procedure, savings income is principally taxed at a separate tax rate for savings income (*gesonderter Steuertarif für Einkünfte aus Kapitalvermögen*) being identical to the withholding tax rate (26.375 per cent. - including solidarity surcharge (*Solidaritätszuschlag*) plus, if applicable, church tax). In certain cases, the investor may apply to be assessed on the basis of its personal tax rate if such rate is lower than the above tax rate. Such application can only be filed consistently for all savings income within the assessment period. In case of jointly assessed spouses

or registered life partners the application can only be filed for savings income of both spouses / life partners.

When computing the savings income, the saver's lump sum amount (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 in the case of jointly assessed spouses or registered life partners) will be deducted. The deduction of the actual income related expenses, if any, is excluded. That holds true even if the investor applies to be assessed on the basis of its personal tax rate.

- Taxation if the Bonds are held as business assets (*Betriebsvermögen*)

In the case of German tax-resident corporations or individual investors (*unbeschränkt Steuerpflichtige*) holding the Bonds as business assets (*Betriebsvermögen*), interest payments and capital gains will be subject to corporate income tax at a rate of 15 per cent. or income tax at a rate of up to 45 per cent., as the case may be, (in each case plus 5.5 per cent. solidarity surcharge thereon). In addition, trade tax may be levied, the rate of which depends on the municipality where the business is located. Further, in the case of individuals, church tax may be levied. Business expenses that are connected with the Bonds are deductible.

The provisions regarding German withholding tax (*Kapitalertragsteuer*) apply, in principle, as set out above for private investors. However, investors holding the Bonds as business assets cannot file a withholding tax exemption certificate with the German Disbursing Agent. Instead, no withholding tax will be levied on capital gains from the redemption, sale or assignment of the Bonds if, for example, (a) the Bonds are held by a corporation or (b) the proceeds from the Bonds qualify as income of a domestic business and the investor notifies this to the German Disbursing Agent by use of the officially required form.

Any withholding tax levied is credited as prepayment against the German (corporate) income tax amount. If the tax withheld exceeds the respective (corporate) income tax amount, the difference will be refunded within the tax assessment procedure.

Income Taxation - Non-residents

Persons who are not tax resident in Germany are not subject to tax with regard to income from the Bonds unless (i) the Bonds are held as business assets (*Betriebsvermögen*) of a German permanent establishment (including a permanent representative) which is maintained by the investor or (ii) the income from the Bonds qualifies for other reasons as taxable German source income. If a non-resident person is subject to tax with its income from the Bonds, in principle, similar rules apply as set out above with regard to German tax resident persons (please see above).

If the income is subject to German tax as set out in the preceding paragraph, German withholding tax will be applied like in the case of a German tax resident person.

Inheritance and Gift Tax

Inheritance or gift taxes with respect to any Bond will, in principle, arise under German law if, in the case of inheritance tax, either the decedent or the beneficiary or, in the case of gift tax, either the donor or the donee is a resident of Germany or if such Bond is attributable to a German trade or business for which a permanent establishment is maintained or a permanent representative has been appointed.

The few existing double taxation treaties regarding inheritance and gift tax may lead to different results. Special rules apply to certain German citizens that are living in a foreign country and German expatriates.

Other Taxes

No stamp, issue, registration or similar taxes or duties are payable in Germany in connection with the issuance, delivery or execution of the Bonds. Currently, net assets tax (*Vermögenssteuer*) is not levied

in Germany. It is intended to introduce a financial transaction tax (FTT). However, it is unclear if and in what form such tax will be actually introduced (please see below).

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a directive for a common FTT in Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia, Slovakia (the "**Participating Member States**") and Estonia. However, Estonia has since stated that it will not participate.

The Commission's Proposal has a very broad scope and could, if introduced, apply to certain dealings in the Bonds (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Bonds where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

However, the FTT proposal remains subject to negotiation between Participating Member States. It may, therefore, be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

CORPORATE GOVERNANCE

Ferratum Capital Germany GmbH

Corporate Governance

The Issuer, as a privately held company, is not subject to public corporate governance standards.

Audit Committee and Remuneration Committee

The Issuer has decided that the scope of the Issuer's business does not require separate committees.

Ferratum Oyj

Corporate Governance

The Guarantor voluntarily applies the Finnish Corporate Governance Code published by the Finnish Securities Market Association. While the Finnish Corporate Governance Code is aimed at companies listed on the Helsinki Stock Exchange (the "**Helsinki Stock Exchange**") maintained by NASDAQ OMX Helsinki Ltd, the Guarantor has considered the Finnish Corporate Governance Code to provide a corporate governance framework that is more suitable to the Guarantor than the German Corporate Governance Code as a company incorporated under the Finnish Companies Act.

The Finnish Corporate Governance Code is based on the "comply or explain" principle. This entails that while the Guarantor should, in general, comply with the Finnish Corporate Governance Code, it may depart from the recommendations of the Finnish Corporate Governance Code if it discloses such departures and explains the reasons of such departures. No departures from the reporting requirements concerning e.g. corporate governance matters and remuneration are allowed.

As at the date of this Prospectus, the Guarantor complies with the Finnish Corporate Governance Code 2016, with the exception of the following:

- Recommendation 10 (*Independence of the Company of the members of the directors*). Four out of six members of the Board are dependent on the Guarantor, which is why the composition of the Board does not meet recommendation 10 of the Corporate Governance Code in this respect.
- Recommendation 15 (*The Board of Directors shall appoint from among itself the members and chairman of the committee*). Two out of three members of the risk committee are not members of the Board of Directors, which is why the composition of the risk committee does not meet recommendation 15 of the Corporate Governance Code in this respect.
- Recommendation 16 (*Independence of the Company of the members of the audit committee*). Two out of three members of the audit committee are dependent on the Guarantor, which is why the composition of the audit committee does not meet the recommendation 16 of the Corporate Governance Code in this respect.
- Recommendation 17 (*Independence of the Company of the members of the remuneration committee*). All members of the remuneration committee are dependent on the Group, which is why the composition of the remuneration committee does not meet the recommendation 17 of the Corporate Governance Code in this respect.

The Board of Directors has considered that despite the deviation from the above-mentioned recommendations, the composition of the Board of Directors and Board committees and the skills and experience of the members correspond to the interest of the Guarantor and its shareholders regarding the Guarantor's current business and going forward.

Audit Committee

The audit committee is established to ensure the proper functioning of corporate governance, in particular to ensure the overseeing of the accounting and financial reporting, the Guarantor's internal control systems and work of external auditors.

In addition, the committee assists the Board of Directors in other duties related to the committee's work as specified by the Board. The purpose of the committee is to assist the Board by preparing the committee-dedicated matters for the Board.

The members of the committee must be sufficiently qualified to perform the responsibilities of the committee and at least one member shall have expertise specifically in accounting, bookkeeping or auditing. Further, the majority of the members of the committee shall be independent of the Guarantor and at least one of the members shall be independent of significant shareholders.

The external auditors and Chief Financial Officer attend the committee meetings on a regular basis. Other senior executives attend the meetings as invited by the committee.

The audit committee consists of Pieter van Groos (chairman), Juhani Vanhala and Erik Ferm. All members of the audit committee are independent of significant shareholders and Erik Ferm is independent of the Guarantor.

The composition of Guarantor's audit committee deviates from recommendation 16 of the Corporate Governance Code, according to which the majority of the members of the audit committee shall be independent of the company and at least one member shall be independent of the company's significant shareholders. Two out of three members of the audit committee (being Pieter van Groos and Juhani Vanhala) are dependent on the Guarantor or the Group. Pieter van Groos receives remuneration from the Group for providing strategic analysis and consultancy services to the Group and is therefore dependent on the Group. Juhani Vanhala had an employment relationship with the Guarantor until 31 August 2016 and is therefore still considered dependent on the Guarantor.

The committee shall:

1. monitor the financial status on the Guarantor;
2. monitor the reporting process of financial statements and interim reports, and assess the draft financial statements and interim reports;
3. assess the efficiency of the Guarantor's internal controls, internal auditing and risk management system;
4. monitor the statutory audit and review all material reports from the auditor;
5. assess the independence of the auditors, in particular with regard to their ancillary services;
6. prepare for the Board of Directors the proposals to the annual general meeting regarding the election of the auditor(s) and their remunerations;
7. review the auditors' and internal auditors' plans and reports;

8. review the Guarantor's corporate governance statement;
9. prepare for the Board of Directors any decisions on significant changes in the accounting principles or in the valuations of the group's assets;
10. assess the group's compliance with laws and regulations; and
11. maintain contact with the auditors.

Remuneration Committee

A remuneration committee has been appointed from among the Board of Directors. The Board of Directors has confirmed the central duties and operating principles of the committee in a written charter, the essential contents of which are presented on the Guarantor's website. The remuneration committee reports regularly on its work to the Board of Directors.

The task of the remuneration committee is to ensure the proper functioning of corporate governance, in particular, to ensure the efficient preparation of matters pertaining to the remuneration of the members of the Board of Directors, the CEO and other executives of the Guarantor as well as the remuneration schemes of the personnel. In addition, the committee assists the Board of Directors in other duties related to the committee's work as specified by the Board of Directors.

The purpose of the committee is to assist the Board of Directors by preparing the committee-dedicated matters for the Board of Directors. The members of the committee must be sufficiently qualified to perform the responsibilities of the committee.

The remuneration committee consists of Juhani Vanhala (chairman), Pieter van Groos and Lea Liigus. All members of the remuneration committee are independent of the significant shareholders.

The composition of Ferratum's remuneration committee deviates from recommendation 17 of the Corporate Governance Code, according to which the majority of the members of the remuneration committee shall be independent of the Group. All members of the remuneration committee are dependent on the Group. Juhani Vanhala had an employment relationship with the Group until 31 August 2016 and is therefore still considered dependent on the Group. Pieter van Groos receives remuneration from the Group for providing strategic analysis and consultancy services to the Group and is therefore dependent on the Group. Lea Liigus, Head of Legal and Compliance, has a service contract with the Group and is therefore dependent on the Group.

The committee prepares the following matters for the Board of Directors, and where the matter calls for a decision, the committee prepares decision proposals to the Board of Directors:

1. compensations, pensions, benefits and other material terms of the contract of the members of the Board of Directors, the CEO and the management team;
2. incentive and retention plans of the Board of Directors, the CEO and the management team;
3. the CEO's and the other executives' performance reviews;
4. assessment and development of the HR policy and leadership;
5. equity-based incentive plans;
6. the principles of the Guarantor's compensation policies;

7. the management's participation in the boards' of directors of the group companies and of external companies; and
8. major organizational changes.

In addition, the committee shall answer questions related to the remuneration statement at the general meeting.

The committee may also discuss other matters and duties appointed to it by the Board of Directors.

TERMS AND CONDITIONS OF THE BONDS

1. Definitions and Construction

1.1 Definitions

In these terms and conditions (the "**Terms and Conditions**"):

"**Account Operator**" means a bank or other party duly authorised to operate as an account operator pursuant to the Financial Instruments Accounts Act and through which a Bondholder has opened a Securities Account in respect of its Bonds.

"**Accounting Principles**" means international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time).

"**Additional Amount**" has the meaning set forth in Clause 7(e).

"**Adherence**" means the undertaking by the Guarantor, pursuant to the Guarantee and Adherence Agreement, to comply with any undertakings of the Guarantor set out in these Terms and Conditions.

"**Adjusted Nominal Amount**" means the Total Nominal Amount less the Nominal Amount of all Bonds owned by a Group Company or an Affiliate, irrespective of whether such person is directly registered as owner of such Bonds.

"**Affiliate**" means (i) an entity controlling or under common control with the Issuer, other than a Group Company, and (ii) any other person or entity owning any Bonds (irrespective of whether such person is directly registered as owner of such Bonds) that has undertaken towards a Group Company or an entity referred to in item (i) to vote for such Bonds in accordance with the instructions given by a Group Company or an entity referred to in item (i). For the purposes of this definition, "**control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity, whether through ownership of voting securities, by agreement or otherwise.

"**Agency Agreement**" means the agency agreement entered into on or prior to the First Issue Date, between the Issuer and the Agent, or any replacement agency agreement entered into after the First Issue Date between the Issuer and an agent.

"**Agent**" means Nordic Trustee & Agency AB (publ), Swedish Reg. No. 556882-1879, or another party replacing it, as Agent, in accordance with these Terms and Conditions.

"**Applicable Premium**" means the sum of:

- (a) 101.00 per cent. of the Nominal Amount; and
- (b) the remaining interest payments (excluding accrued but unpaid interest up to the relevant redemption date) up to and including the First Call Date (assuming that the Interest Rate for the period from the relevant redemption date to the First Call Date will be equal to the Interest Rate in effect on the date on which notice of redemption is given to the bondholders),

together with accrued but unpaid interest on the redeemed amount up to the relevant redemption date.

"**Bondholder**" means the person who is registered on a Securities Account as direct registered owner (*ägare*) or nominee (*förvaltare*) with respect to a Bond.

"**Bondholders' Meeting**" means a meeting among the Bondholders held in accordance with Clause 16 (*Bondholders' Meeting*).

"**Bond**" means a debt instrument (*skuldförbindelse*) for the Nominal Amount and of the type set forth in Chapter 1 Section 3 of the Financial Instruments Accounts Act and which are governed by and issued under these Terms and Conditions, including the Initial Bonds and any Subsequent Bonds.

"**Business Day**" means a day on which the deposit banks are generally open for business in Berlin and Helsinki.

"**Capital Market Indebtedness**" means any present or future indebtedness (whether being principal, premium, interest or other amounts) in respect of borrowed money which is in the form of, or represented by, bonds, notes or any similar securities which are or are capable of being quoted, listed or traded on any stock exchange or other recognized and regulated securities market or certificates of indebtedness, where the repayable amount exceeds EUR 2,000,000.

"**Change of Control Event**" means the occurrence of an event or series of events whereby:

- (a) Jorma Jokela ceases to own and control more than fifty (50) per cent. of the share capital and votes in the Guarantor, or
- (b) in case of a new share issue following the First Issue Date (i) Jorma Jokela ceases to own and control more than thirty-five (35) per cent. of the share capital and votes in the Guarantor, and (ii) one or more persons acting together acquire control over the Guarantor and where "**control**" means (A) acquiring or controlling, directly or indirectly, more than fifty (50) per cent. of the voting shares of the Guarantor, or (B) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Guarantor.

"**Compliance Certificate**" means a certificate signed by the Guarantor and the Issuer certifying that so far as it is aware no Event of Default is continuing or, if it is aware that such event is continuing, specifying the event and steps, if any, being taken to remedy it. If the Compliance Certificate is provided in connection with the Maintenance Test, the certificate shall include calculations and figures in respect of the Maintenance Test for the relevant Reference Date.

"**CSD**" means the Issuer's central securities depository and registrar in respect of the Bonds, from time to time, initially Euroclear Sweden AB, Swedish Reg. No. 556112-8074, P.O. Box 191, 101 23 Stockholm, Sweden.

"**CSD Business Day**" means a day in Sweden other than a Sunday or other public holiday. Saturdays, Midsummer Eve, Christmas Eve and New Year's Eve shall for the purpose of this definition be deemed to be public holidays.

"De-listing Event" means the occurrence of an event whereby (i) the Guarantor's shares are not listed and admitted to trading on the Regulated Market (Prime Standard) of Frankfurt Stock Exchange or the Regulated Market of any other stock exchange, or (ii) trading of the Guarantor's shares on the aforementioned stock exchanges is suspended (caused by the Guarantor) for a period of fifteen (15) consecutive Business Days.

"EBIT" means, in respect of the Relevant Period, the consolidated operating profit of the Group from ordinary activities according to the latest Financial Report(s):

- (a) before deducting any amount of tax on profits, gains or income paid or payable by any Group Company;
- (b) before deducting any interest payments in respect of Financial Indebtedness; and
- (c) before taking into account any restructuring costs or any extraordinary items or non-recurring items which are not in line with the ordinary course of business.

"Equity" means the equity as reported in the Guarantor's consolidated balance sheet in accordance with the Accounting Principles as applied by the Group.

"Euro" and **"EUR"** means the single currency of the participating member states in accordance with the legislation of the European Community relating to Economic and Monetary Union.

"EURIBOR" means:

- (a) the applicable percentage rate per annum displayed on Reuters screen EURIBOR01 (or through another system or website replacing it) as of or around 11.00 a.m. (Brussels time) on the Quotation Day for the offering of deposits in Euro and for a period comparable to the relevant Interest Period; or
- (b) if no screen rate is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places), as supplied to the Issuing Agent at its request quoted by banks reasonably selected by the Issuing Agent, for deposits of EUR 10,000,000 for the relevant period; or
- (c) if no quotation is available pursuant to paragraph (b), the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in Euro offered for the relevant period; and

if any such rate is below zero, EURIBOR will be deemed to be zero.

"Event of Default" means an event or circumstance specified in any of the Clauses 13.1 (*Non-Payment*) to and including Clause 13.9 (*Continuation of the Business*).

"Exchange Offer" means the exchange offer whereby holders of Existing Bonds were invited to exchange their Existing Bonds for Bonds in accordance with the terms of the exchange offer.

"Existing Bonds" means the EUR 25,000,000 bonds with ISIN DE000A1X3VZ3, issued by the Issuer on 21 October 2013 and the EUR 20,000,000 bonds with ISIN DE000A2GS104, issued by the Issuer on 26 July 2017.

"Ferratum Bank" means Ferratum Bank p.l.c., reg. no. C56251.

"Final Maturity Date" means 25 May 2022.

"Finance Documents" means these Terms and Conditions, the Guarantee and Adherence Agreement, the Agency Agreement and any other document designated by the Issuer and the Agent as a Finance Document.

"Financial Indebtedness" means any indebtedness in respect of:

- (a) monies borrowed or raised (including Capital Market Indebtedness);
- (b) the amount of any liability in respect of any finance leases, to the extent the arrangement is or would have been treated as a finance lease in accordance with the accounting principles applicable on the Issue Date (a lease which in the accounts of the Group is treated as an asset and a corresponding liability);
- (c) receivables sold or discounted (on a recourse basis);
- (d) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (e) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account, provided that if any actual amount is due as a result of a termination or a close-out, such amount shall be used instead);
- (f) any counter indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (g) (without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in the above items (a)-(f).

"Financial Instruments Accounts Act" means the Swedish Financial Instruments Accounts Act (*lag (1998:1479) om kontoföring av finansiella instrument*).

"Financial Report" means the Issuer's and the Guarantor's annual audited (consolidated) financial statements or quarterly interim unaudited reports of the Guarantor or semi-annual interim unaudited reports of the Issuer, which shall be prepared and made available in accordance with Clause 10.1(a)(i) and Clause 10.1(a)(ii).

"First Call Date" means the date falling 42 months after the First Issue Date.

"First Issue Date" means 25 May 2018.

"Force Majeure Event" has the meaning set forth in Clause 24(a).

"Guarantor" means Ferratum Oyj, a public limited liability company incorporated under the laws of Finland, with Reg. No. 1950969-1.

"Group" means the Guarantor and its Subsidiaries (including the Issuer) from time to time (each a **"Group Company"**).

"Guarantee" means the irrevocable and unconditional, joint and several, as principal obligor (*Proprieborgen*), guarantee provided by the Guarantor in relation to the punctual performance by the Issuer of all of the amounts outstanding under the Finance Documents, including, but not limited to, the Bonds, plus accrued interest and expenses, on the terms set out in the Guarantee and Adherence Agreement.

"Guarantee and Adherence Agreement" means the agreement between the Guarantor and the Agent relating to the Guarantee and the Adherence granted and provided for by the Guarantor.

"Initial Bonds" means the Bonds issued on the First Issue Date.

"Insolvent" means, in respect of a relevant person, that it is deemed to be insolvent, or admits inability to pay its debts as they fall due, in each case within the meaning of Chapter 2, Sections 7-9 of the Swedish Bankruptcy Act (*konkurslagen (1987:672)*) (or its equivalent in any other jurisdiction), suspends making payments on any of its debts or by reason of actual financial difficulties commences negotiations with its creditors (other than the Bondholders) with a view to rescheduling any of its indebtedness (including company reorganisation under the Swedish Company Reorganisation Act (*lag (1996:764) om företagsrekonstruktion*) (or its equivalent in any other jurisdiction)) or is subject to involuntary winding-up, dissolution or liquidation.

"Interest" means the interest on the Bonds calculated in accordance with Clauses 8(a) to 8(c).

"Interest Payment Date" means 25 February, 25 May, 25 August and 25 November of each year or, to the extent such day is not a CSD Business Day, the next day that is a CSD Business Day unless that day falls in the next calendar month, in which case that date will be the immediately preceding day that is a CSD Business Day. The first Interest Payment Date for the Bonds shall be 25 August 2018 and the last Interest Payment Date shall be the relevant Redemption Date.

"Interest Period" means (i) in respect of the first Interest Period, the period from (but excluding) the First Issue Date to (and including) the first Interest Payment Date, and (ii) in respect of subsequent Interest Periods, the period from (but excluding) an Interest Payment Date to (and including) the next succeeding Interest Payment Date (or a shorter period if relevant).

"Interest Rate" means EURIBOR (3 months) plus the Margin.

"Issuer" means Ferratum Capital Germany GmbH, a limited liability company incorporated under the laws of Germany with reg. no. 152968.

"Issuing Agent" means Pareto Securities AB, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

"Maintenance Test" means the Guarantor's test of its Net Debt to Equity in accordance with Clause 11 (*Financial Undertakings*).

"Margin" means 5.50 per cent. *per annum*.

"Material Adverse Effect" means a material adverse effect on (a) the business, financial condition or operations of the Group taken as a whole, (b) the Issuer's or the Guarantor's ability to perform and comply with its payment obligations under the Finance Documents, or (c) the validity or enforceability of the Finance Documents.

"Material Group Company" means the Guarantor, the Issuer and any Subsidiary representing more than ten (10) per cent. of the Total Assets or EBIT of the Group on a consolidated basis according to the latest Financial Report.

"Minimum Trading Unit" means EUR 100,000.

"Net Debt" means the total liabilities less cash and cash equivalents as reported in the Group's balance sheet in accordance with the Accounting Principles as applied by the Group.

"Net Proceeds" means the cash proceeds from the issuance of the Initial Bonds after deduction has been made for the Transaction Costs payable by the Issuer to the sole bookrunner to the extent the sole bookrunner elects to deduct such Transaction Costs from the cash proceeds from the issuance of the Initial Bonds.

"Nominal Amount" has the meaning set forth in Clause 2(c).

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organisation, government, or any agency or political subdivision thereof or any other entity, whether or not having a separate legal personality.

"Permitted Security" means:

- (a) any Security provided under the Finance Documents;
- (b) any Security required to be provided by Ferratum Bank by any competent authority or any applicable law or regulation;
- (c) any Security arising by operation of law, retention of title arrangements relating to prepayments or similar arrangements in the ordinary course of business and not arising as a result of any default or omission;
- (d) any Security for, or payment or close-out netting or set-off arrangement in respect of, derivative transactions or clearing activities;
- (e) any Security or quasi-security in respect of repo transactions entered into by the Issuer or Ferratum Bank in the ordinary course of its business, provided that the Security or quasi-security for each such repo transaction is discharged within six (6) months of the granting thereof;
- (f) any netting or set-off arrangement entered into in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;
- (g) any Security provided for in any foreign exchange transactions or interest rate hedging transactions; and
- (h) any Security provided for in any guarantee or counter-indemnity obligations issued by the Issuer or Ferratum Bank in the ordinary course of business.

"Proceeds Account" means a bank account of the Issuer held with a reputable bank, into which the Net Proceeds will be transferred and which has been pledged in favour of the Agent and the Bondholders (represented by the Agent) under the Proceeds Account Pledge Agreement.

"Proceeds Account Pledge Agreement" means the pledge agreement entered into between the Issuer and the Agent on or prior to the First Issue Date in respect of a first priority pledge over the Proceeds Account and all funds held on the Proceeds Account from time to time, granted in favour of the Agent and the Bondholders (represented by the Agent).

"Quotation Day" means, in relation to any period for which an interest rate is to be determined, two (2) Business Days before the first day of that period.

"Record Date" means the fifth (5) CSD Business Day prior to (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Bondholders is to be made under Clause 14 (*Distribution of Proceeds*), (iv) the date of a Bondholders' Meeting, or (v) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

"Reference Dates" means 31 March, 30 June, 30 September and 31 December in each year. The first Reference Date shall be 30 June 2018.

"Refinancing Amount" means an amount of EUR 45,000,000 less the nominal amount of the Existing Bonds exchanged into Bonds in the Exchange Offer.

"Redemption Date" means the date on which the relevant Bonds are to be redeemed or repurchased in accordance with Clause 9 (*Redemption and Repurchase of the Bonds*).

"Regulated Market" means any regulated market as defined in the Markets in Financial Instruments Directive 2014/65/EU (MiFID II), as amended.

"Securities Account" means the account for dematerialised securities maintained by the CSD pursuant to the Financial Instruments Accounts Act in which (i) an owner of such security is directly registered or (ii) an owner's holding of securities is registered in the name of a nominee.

"Security" means a mortgage, charge, pledge, lien, security assignment or other security interest securing any obligation of any person, or any other agreement or arrangement having a similar effect.

"Subsequent Bonds" means any Bonds issued under this programme after the First Issue Date on one or more occasions.

"Subsidiary" means, in respect of which such person, directly or indirectly, (i) owns shares or ownership rights representing more than fifty (50) per cent. of the total number of votes held by the owners, (ii) otherwise controls more than fifty (50) per cent. of the total number of votes held by the owners, (iii) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body, or (iv) exercises control as determined in accordance with the international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time)

"Total Assets" means the total assets as reported in the Guarantor's balance sheet in accordance with the Accounting Principles as applied by the Group.

"Total Nominal Amount" means the aggregate Nominal Amount of the Bonds outstanding at the relevant time.

"Transaction Costs" means all fees, costs and expenses, stamp, registration and other taxes incurred by the Issuer or any other Group Company in connection with (i) the issuance of the Initial Bonds and (ii) the listing of the Initial Bonds.

"Withholding Tax Event" means an event whereby the Issuer is obliged to pay any Additional Amounts in accordance with Clause 7(e).

"Written Procedure" means the written or electronic procedure for decision making among the Bondholders in accordance with Clause 17 (*Written Procedure*).

1.2 Construction

- (a) Unless a contrary indication appears, any reference in these Terms and Conditions to:
- (i) "assets" includes present and future properties, revenues and rights of every description;
 - (ii) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
 - (iii) a "regulation" includes any regulation, rule or official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
 - (iv) an Event of Default is continuing if it has not been remedied or waived;
 - (v) a provision of law is a reference to that provision as amended or re-enacted; and
 - (vi) a time of day is a reference to Stockholm time.
- (b) When ascertaining whether a limit or threshold specified in EUR has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against EUR for the previous Business Day, as published by the European Central Bank on its website (ecb.int). If no such rate is available, the most recently published rate shall be used instead.
- (c) A notice shall be deemed to be sent by way of press release if it is made available to the public within the European Economic Area promptly and in a non-discriminatory manner.
- (d) No delay or omission of the Agent or of any Bondholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.

2. Status of the Bonds

- (a) The Bonds are denominated in Euro and each Bond is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with these Terms and Conditions.
- (b) By subscribing for Bonds, each initial Bondholder agrees that the Bonds shall benefit from and be subject to the Finance Documents and by acquiring Bonds, each subsequent Bondholder confirms such agreement.
- (c) The nominal amount of each Initial Bond is EUR 1,000 (the "**Nominal Amount**"). The maximum total nominal amount of the Initial Bonds is EUR 100,000,000. All Initial Bonds are issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount. The minimum amount of Bonds to be transferred by or to any Bondholder may not be less than the Minimum Trading Unit.
- (d) Provided that no Event of Default is continuing or would result from such issue, the Issuer may, at one or several occasions, issue Subsequent Bonds. Subsequent Bonds shall benefit from and be subject to the Finance Documents, and, for the avoidance of doubt, the ISIN, the interest rate, the nominal amount and the final maturity applicable to the Initial Bonds shall apply to Subsequent Bonds. The price of the Subsequent Bonds may be set at a discount or at a premium compared to the Nominal Amount. The maximum total nominal amount of the Bonds (the Initial Bonds and all Subsequent Bonds) may not exceed EUR 150,000,000 unless a consent from the Bondholders is obtained in accordance with Clause 15(e)(i). Each Subsequent Bond shall entitle its holder to Interest in accordance with Clause 8(a), and otherwise have the same rights as the Initial Bonds.
- (e) The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank at least *pari passu* with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer, except obligations which are mandatorily preferred by law, and without preference among them.
- (f) Subject to the restriction set out in Clause 2(c) above, the Bonds are freely transferable but the Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which a Bondholder may be subject. Each Bondholder must ensure compliance with such restrictions at its own cost and expense.
- (g) No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of any document or other material relating to the Issuer or the Bonds in any jurisdiction where action for that purpose is required. Each Bondholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds.

3. Use of Proceeds

The Issuer shall use the Net Proceeds from the issue of the Initial Bonds, less the costs and expenses incurred by the Issuer in connection with the issue of the Initial Bonds, to redeem Existing Bonds (to the extent they have not been exchanged in the Exchange Offer) and for

general corporate purposes of the Group. The proceeds from any Subsequent Bond Issue will be used to finance, *inter alia*, general corporate purposes.

4. Conditions Precedent

- (a) The payment of the Net Proceeds to the Proceeds Account is subject to the Agent having received documents and evidence of the Proceeds Account Pledge Agreement being duly executed and perfected.
- (b) The Issuer shall provide, or procure the provision of, to the Agent:
 - (i) constitutional documents of the Issuer and the Guarantor;
 - (ii) copies of necessary corporate resolutions or relevant board minutes of the Issuer and the Guarantor;
 - (iii) evidence that each relevant Finance Document has been duly executed; and
 - (iv) legal opinions on the capacity and due execution in respect of any non-Swedish entity being party to a Finance Document and on the validity and enforceability of any Finance Document not governed by Swedish law, issued by a reputable law firm.
- (c) When the Agent is satisfied that it has received the conditions precedent for disbursement set out in Clause 4(b), the Agent shall instruct the bank (with which the Issuer holds the Proceeds Account) to transfer the Net Proceeds less the Refinancing Amount from the Proceeds Account to a bank account specified by the Issuer.
- (d) The Agent shall instruct the bank (with which the Issuer holds the Proceeds Account) to transfer the Refinancing Amount for the purpose of repurchasing or redeeming the Existing Bonds in full or in part if:
 - (i) the conditions precedent set out in Clause 4(b) have been received by the Agent; and
 - (ii) the Issuer provides evidence in the form of a funds flow (or similar) that the Refinancing Amount will immediately upon release from the Proceeds Account be applied towards repurchasing or redeeming Existing Bonds.
- (e) The Agent may assume that the documentation and evidence delivered to it pursuant to Clause 4(b) and Clause 4(d) is accurate, legally valid, enforceable, correct, true and complete unless it has actual knowledge to the contrary, and the Agent does not have to verify or assess the contents of any such documentation and evidence. The Agent does not have any obligation to review the document and evidence referred to in Clause 4(b) and Clause 4(d) from a legal or commercial perspective of the Bondholders.
- (f) If the conditions precedent for disbursement set out in Clause 4(b) have not been received by the Agent within thirty (30) Business Days from the First Issue Date, the Issuer shall repurchase all Bonds at a price equal to 100 per cent. of the Nominal Amount together with any accrued Interest. Any funds distributed by the Agent to the Bondholders in accordance with the Proceeds Account Pledge Agreement shall be deemed to be paid by the Issuer for the redemption under this Clause 4(e). The

repurchase date shall fall no later than thirty (30) Business Days after the ending of the thirty (30) Business Days period referred to above.

5. Bonds in Book-Entry Form

- (a) The Bonds will be registered for the Bondholders on their respective Securities Accounts and no physical notes will be issued. Accordingly, the Bonds will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Bonds shall be directed to an Account Operator.
- (b) Those who according to assignment, Security, the provisions of the Swedish Children and Parents Code (*föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Bond shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.
- (c) The Issuer (and the Agent when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (*skuldbok*) kept by the CSD in respect of the Bonds. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent.
- (d) For the purpose of or in connection with any Bondholders' Meeting or any Written Procedure, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Bonds.
- (e) The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Bonds. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Bondholders.

6. Right to Act on Behalf of a Bondholder

- (a) If any person other than a Bondholder wishes to exercise any rights under the Finance Documents on behalf of a Bondholder, it must obtain a power of attorney or other proof of authorisation from the Bondholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Bondholder and authorising such person.
- (b) A Bondholder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Bonds held by it. Any such representative may act independently under the Finance Documents in relation to the Bonds for which such representative is entitled to represent the Bondholder and may further delegate its right to represent the Bondholder by way of a further power of attorney.
- (c) The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clause 6(b) and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

7. Payments in Respect of the Bonds

- (a) Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Bonds, shall be made to such person who is registered as a Bondholder on the Record Date prior to an Interest Payment Date or other relevant due date, or to such other person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- (b) If a Bondholder has registered, through an Account Operator, that principal and interest shall be deposited in a certain bank account, such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Bondholder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect payments as aforesaid, the Issuer shall procure that such amounts are paid to the persons who are registered as Bondholders on the relevant Record Date as soon as possible after such obstacle has been removed.
- (c) If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Interest shall accrue in accordance with Clause 8(d) during such postponement.
- (d) If payment or repayment is made in accordance with this Clause 7, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a person not entitled to receive such amount.
- (e) All amounts payable by the Issuer to the Bondholders shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of Sweden or any authority thereof or therein unless such withholding or deduction is required by law or regulation or the interpretation or application of such laws or regulations. If such withholding or deduction is required, the Issuer will at the request of the relevant Bondholder pay such additional amounts (the "**Additional Amounts**") as are necessary in order that the net amount received by the relevant Bondholder, after such withholding or deduction, shall be equal to the respective amounts which would otherwise have been receivable in the absence of such withholding or deduction.
- (f) Notwithstanding Clause 7(e), no Additional Amounts shall be payable on account of any taxes or duties which:
 - (i) are payable by reason of any relevant person having, or having had, some connection with Sweden other than the mere holding of the Bond(s);
 - (ii) would not be payable if a relevant person made a declaration of non-residence or similar claim for exemption to the relevant tax authority;
 - (iii) would not be payable if a relevant person could claim an exemption under a tax treaty;
 - (iv) are withheld or deducted pursuant to any European Union Directive or Regulation concerning the taxation of interest income or any provision of law implementing or complying with such Directive or Regulation; or

- (v) gives rise to a tax credit that may be effectively used by a relevant person.

8. Interest

- (a) Each Initial Bond carries Interest at the Interest Rate from (but excluding) the First Issue Date up to (and including) the relevant Redemption Date. Any Subsequent Bond will carry Interest at the Interest Rate from (but excluding) the Interest Payment Date falling immediately prior to its issuance up to (and including) the relevant Redemption Date.
- (b) Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made to the Bondholders on each Interest Payment Date for the preceding Interest Period.
- (c) Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).
- (d) If the Issuer fails to pay any amount payable by it on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment at a rate which is two (2) per cent. higher than the Interest Rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD, in which case the Interest Rate shall apply instead.

9. Redemption and Repurchase of the Bonds

9.1 Redemption at maturity

The Issuer shall redeem the outstanding Bonds in full on the Final Maturity Date with an amount per Bond equal to the Nominal Amount (for the avoidance of doubt, together with accrued but unpaid Interest). If the Final Maturity Date is not a CSD Business Day, then the redemption shall occur on the next following CSD Business Day.

9.2 Issuer's purchase of Bonds

The Issuer and each other Group Company may, subject to applicable law, at any time and at any price purchase Bonds on the market or in any other way, provided that any Bond purchased by a Group Company (other than the Issuer) will be promptly surrendered to the Issuer. The Bonds held by the Issuer may at the Issuer's discretion be retained or sold, but not cancelled, by the Issuer.

9.3 Voluntary total redemption (call option)

- (a) The Issuer may redeem all, but not some only, of the outstanding Bonds in full:
 - (i) any time prior to the First Call Date, at an amount per Bond equal to the Applicable Premium; and
 - (ii) any time from and including the First Call Date (for avoidance of doubt other than on the Final Maturity Date) at an amount per Bond equal to 101.00 per cent. of the Nominal Amount, together with accrued but unpaid Interest.

- (b) Redemption in accordance with Clause 9.3(a) shall be made by the Issuer giving not less than fifteen (15) Business Days' notice to the Bondholders and the Agent. Any such notice is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon expiry of such notice and the fulfillment of the conditions precedent (if any), the Issuer is bound to redeem the Bonds in full at the applicable amounts.

9.4 Early redemption due to a Withholding Tax Event (call option)

- (a) The Issuer may redeem all, but not some only, of the outstanding Bonds at an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest and the relevant Additional Amount if a Withholding Tax Event occurs and the obligation to pay Additional Amounts cannot be avoided by reasonable measures available to the Issuer.
- (b) The Issuer shall give notice of any redemption pursuant to Clause 9.4(a) no later than thirty (30) Business Days after having received actual knowledge of the Withholding Tax Event (after which time period such right shall lapse). The redemption date shall occur within twenty (20) Business Days after the expiration of the aforementioned time period of thirty (30) Business Days.
- (c) A notice of redemption in accordance with Clause 9.4(a) is irrevocable and, on the date specified in such notice, the Issuer is bound to redeem the Bonds in full at the applicable amounts.

9.5 Mandatory repurchase due to a Change of Control Event or De-listing Event (put option)

- (a) Upon a Change of Control Event or De-listing Event occurring, each Bondholder shall have the right to request that all, or some only, of its Bonds be repurchased at a price per Bond equal to 101 per cent. of the Nominal Amount together with accrued but unpaid Interest, during a period of sixty (60) days following a notice from the Issuer of the Change of Control Event or De-listing Event pursuant to Clause 10.1(b) (after which time period such right shall lapse). However, such period may not start earlier than upon the occurrence of the Change of Control Event or the De-listing Event.
- (b) The notice from the Issuer pursuant to Clause 10.1(b) shall specify the repurchase date and include instructions about the actions that a Bondholder needs to take if it wants Bonds held by it to be repurchased. If a Bondholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer, shall repurchase the relevant Bonds and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to Clause 10.1(b). The repurchase date must fall no later than twenty (20) Business Days after the end of the period referred to in Clause 0.
- (c) The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Bonds. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 9.4, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 9.4 by virtue of the conflict.

- (d) Any Bonds repurchased by the Issuer pursuant to this Clause 9.4 may at the Issuer's discretion be retained or sold, but not cancelled.

10. Information to Bondholders

10.1 Information from the Issuer

- (a) The Issuer and the Guarantor will make the following information available in the English language to the Bondholders by way of press release and by publication on its website:
- (i) as soon as the same become available, but in any event within four (4) months after the end of each financial year, the Guarantor's audited consolidated financial statements for that financial year, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Guarantor's board of directors;
 - (ii) as soon as the same become available, but in any event within two (2) months after the end of each quarter of its financial year, the Guarantor's quarterly interim unaudited consolidated reports for such period, each including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Guarantor's board of directors;
 - (iii) unless an exemption has been obtained from each exchange where the Bonds are listed, as soon as the same become available, but in any event within four (4) months after the end of each financial year, the Issuer's audited (consolidated) financial statements for that financial year, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors;
 - (iv) unless an exemption has been obtained from each exchange where the Bonds are listed, as soon as the same become available, but in any event within two (2) months after the end of each interim period, the Issuer's semi-annually unaudited (consolidated) report for that interim period, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors;
 - (v) any other information required by the Swedish Securities Markets Act (*lag (2007:582) om värdepappersmarknaden*) and the rules and regulations of Nasdaq Stockholm or any other Regulated Market on which the Bonds are listed.
- (b) When the Bonds have been listed, the reports referred to in Clause 10.1(a)(iii) to Clause 10.1(a)(iv) shall be made available in accordance with the rules and regulations of Nasdaq Stockholm (as amended from time to time) and the Swedish Securities Market Act (*lag (2007:582) om värdepappersmarknaden*).
- (c) The Issuer shall promptly notify the Bondholders and the Agent upon becoming aware of the occurrence of a Change of Control Event or a De-Listing Event. Such notice may be given in advance of the occurrence of a Change of Control Event or De-Listing Event, conditioned upon the occurrence of such Change of Control Event or De-Listing Event, if a definitive agreement is in place providing for a Change of Control Event or De-

Listing Event. The Issuer shall provide the Agent with such further information as the Agent may request (acting reasonably) following receipt of such request.

- (d) When a Financial Report and other information are made available to the Bondholders pursuant to Clause 10.1(a), the Issuer shall send (electronic) copies of such Financial Report and other information to the Agent.
- (e) The Issuer shall submit a duly executed Compliance Certificate to the Agent:
 - (i) together with a Financial Report;
 - (ii) at the Agent's request, within twenty (20) days from such request.
- (f) The Issuer shall promptly notify the Agent (with full particulars) upon becoming aware of the occurrence of any event or circumstance which constitutes an Event of Default, or any event or circumstance which would (with the expiry of a grace period, the giving of notice or any combination of any of the foregoing) constitute an Event of Default, and shall provide the Agent with such further information as it may reasonably request in writing following receipt of such notice. Should the Agent not receive such information, the Agent is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that the Agent does not have actual knowledge of such event or circumstance. The Issuer shall provide the Agent with such further information as the Agent may request (acting reasonably) following receipt of such request.
- (g) The Issuer is only obliged to inform the Agent according to this Clause 10.1 if informing the Agent would not conflict with any applicable laws or, when the Bonds are listed with the Issuer's obligation resulting from such listing. If such a conflict would exist, the Issuer shall however be obliged to either seek approval or undertake other reasonable measures, including entering into a non-disclosure agreement with the Agent, in order to be able to timely inform the Agent according to this Clause 10.1.

10.2 Information from the Agent

Subject to the restrictions of any applicable law or regulation, the Agent is entitled to disclose to the Bondholders any event or circumstance directly or indirectly relating to the Issuer or the Bonds. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Bondholders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.

10.3 Publication of Finance Documents

- (a) The latest version of these Terms and Conditions (including any document amending these Terms and Conditions) shall be available on the websites of the Group and the Agent.
- (b) The latest versions of the Finance Documents shall be available to the Bondholders at the office of the Agent during normal business hours.

11. Financial Undertakings

Pursuant to the terms of the Guarantee and Adherence Agreement, the Guarantor shall ensure that, on each Reference Date, the ratio of Net Debt to Equity shall not exceed 3.00:1, based on the most recently delivered Financial Reports for the Guarantor.

12. General Undertakings

12.1 General

The Issuer shall, and the Guarantor shall pursuant to the terms of the Guarantee and Adherence Agreement, undertake to (and shall, where applicable, procure that each other Group Company will) comply with the undertakings set out in this Clause 12 for as long as any Bonds remain outstanding.

12.2 Distributions

Pursuant to the terms of the Guarantee and Adherence Agreement, the Guarantor shall not, and shall procure that none of its Subsidiaries will (i) pay any dividend in respect of its shares, (ii) repurchase any of its own shares, (iii) redeem or reduce its share capital or other restricted equity with repayment to shareholders, or (iv) make any other similar distribution or transfers of value to the Guarantor's, or its Subsidiaries', direct and indirect shareholders or the Affiliates of such direct and indirect shareholders (items (i)-(iv) above are together and individually referred to as a "**Restricted Payment**"), provided however that any such Restricted Payment can be made by any Subsidiary of the Guarantor if such Restricted Payment is made to the Guarantor or any of the wholly-owned Subsidiaries of the Guarantor and, if made by a Subsidiary which is not directly or indirectly wholly-owned by the Guarantor, is made on a *pro rata* basis.

Notwithstanding the above, a Restricted Payment may be made by the Guarantor, if at the time of the payment:

- (a) no Event of Default is outstanding or would occur when making the relevant Restricted Payment; and
- (b) the aggregate amount of all Restricted Payments of the Guarantor in any fiscal year does not exceed twenty-five (25) per cent. of the Guarantor's consolidated net profit for the previous fiscal year.

12.3 Nature of Business

Pursuant to the terms of the Guarantee and Adherence Agreement, the Guarantor shall procure that no substantial change is made to the general nature of the business carried on by the Group if such substantial change would have a Material Adverse Effect.

12.4 Disposal of Assets

- (a) The Guarantor, pursuant to the terms of the Guarantee and Adherence Agreement, and the Issuer shall not, and shall procure that no Subsidiary, under a single transaction or several transactions sell or otherwise dispose of shares in any Subsidiary or of all or substantially all of its or any Subsidiary's assets or operations to any person not being the Issuer or any of the Guarantor's wholly-owned Subsidiaries,

unless the transaction (i) is carried out at fair market value and on arm's length terms and (ii) does not have a Material Adverse Effect.

- (b) The Guarantor shall, pursuant to the terms of the Guarantee and Adherence Agreement, not dispose of any shares in the Issuer or Ferratum Bank.
- (c) Notwithstanding Clause 12.4(a) and Clause 12.4(b), any transfer of assets (not including the shares in the Issuer) between Group Companies, mergers (provided it is between two Group Companies not including the Issuer or the Guarantor) or liquidations of redundant Group Companies (provided that it does not involve the Issuer or the Guarantor) shall be permitted in connection with reorganizational measures within the Group provided in each case that no assets are transferred from the Group in connection with such transfer, merger or liquidation.

12.5 Dealings with Related Parties

- (a) The Issuer shall, and shall procure that its Subsidiaries, if any, conduct all dealings with the direct and indirect shareholders of the Group Companies (excluding other Group Companies) and/or any Affiliates of such direct and indirect shareholders on arm's length terms.
- (b) Pursuant to the terms of the Guarantee and Adherence Agreement, the Guarantor shall, and shall procure that its Subsidiaries, conduct all dealings with the direct and indirect shareholders of the Group Companies (excluding other Group Companies) and/or any Affiliates of such direct and indirect shareholders on arm's length terms.

12.6 Negative Pledge

- (a) The Guarantor, pursuant to the terms of the Guarantee and Adherence Agreement, and the Issuer shall not, and shall procure that no Subsidiary, provide, prolong or renew any security over any of its/their assets (present or future) for the purpose of:
 - (i) in relation to the Guarantor and its Subsidiaries (other than the Issuer and Ferratum Bank), to secure any Capital Markets Indebtedness; and
 - (ii) in relation to the Issuer and Ferratum Bank, to secure any Financial Indebtedness,

provided however that the Issuer and Ferratum Bank may provide, prolong and renew any Permitted Security.

12.7 Listing

- (a) The Issuer shall ensure that (i) the Initial Bonds are listed at the Frankfurt Stock Exchange Open Market (*Freiverkehr*) on or about the First Issue Date, (ii) the Initial Bonds are listed on the corporate bond list of Nasdaq Stockholm or, if such admission to trading is not possible to obtain or maintain or if the Issuer determines in its reasonable discretion that a different Regulated Market should be preferred, admitted to trading on another Regulated Market within 60 days after the First Issue Date and with an intention to complete such listing within 30 days after the First Issue Date, and (ii) any Subsequent Bonds are listed on the relevant Regulated Market within 60 days after the issuance of such Subsequent Bonds and with an intention to

complete such listing within 20 days after the issuance of such Subsequent Bonds (unless the Subsequent Bonds are issued before the date falling 60 days after the First Issue Date in which case such Subsequent Bonds shall be listed within 60 days after the First Issue Date). In addition, the Issuer shall use its best efforts to procure that the Bonds are listed at the Frankfurt Stock Exchange Prime Standard within four months after the First Issue Date and, following a listing on Frankfurt Stock Exchange Prime Standard, the listing on Frankfurt Stock Exchange Open Market may be removed.

- (b) Once the Bonds are listed on Nasdaq Stockholm (or another Regulated Market) and the Frankfurt Stock Exchange Open Market or Frankfurt Stock Exchange Regulated Market (Prime Standard), the Issuer shall ensure that the Bonds continue being listed on Nasdaq Stockholm (or another Regulated Market) and the Frankfurt Stock Exchange Open Market or Frankfurt Stock Exchange Regulated Market (Prime Standard), as applicable, for as long as any Bond is outstanding (however, taking into account the rules and regulations of Nasdaq Stockholm (or another Regulated Market) on which the Bonds are listed), the Frankfurt Stock Exchange Open Market and/or the Frankfurt Stock Exchange Regulated Market (Prime Standard), as applicable, and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to their redemption).

12.8 Compliance with laws

- (a) The Issuer shall, and shall procure that the Subsidiaries, if any, (i) comply in all material respects with all laws and regulations applicable from time to time and (ii) obtain, maintain and in all material respects comply with the terms and conditions of any authorisation, approval, license (including all relevant banking licenses) or other permit required for the business carried out by each respective Group Company.
- (b) Pursuant to the terms of the Guarantee and Adherence Agreement, the Guarantor shall, and shall procure that its Subsidiaries, (i) comply in all material respects with all laws and regulations applicable from time to time and (ii) obtain, maintain and in all material respects comply with the terms and conditions of any authorisation, approval, license (including all relevant banking licenses) or other permit required for the business carried out by each respective Group Company.

13. Events of Default and Acceleration of the Bonds

Each of the events or circumstances set out in this Clause 13 (other than Clause 13.10 (*Acceleration of the Bonds*)) is an Event of Default.

13.1 Non-Payment

The Issuer or the Guarantor fails to pay an amount on the date it is due in accordance with the Finance Documents unless its failure to pay is caused by administrative or technical error and payment is made within five (5) Business Days of the due date.

13.2 Other Obligations

The Issuer or the Guarantor does not comply with its obligations under the Finance Documents, in any other way than as set out under (a) above, provided that the Agent has requested the Issuer and the Guarantor in writing to remedy such failure and the Issuer or

the Guarantor (as applicable) has not remedied the failure within twenty-five (25) Business Days from such request (if the failure or violation is not capable of being remedied, the Agent may declare the Bonds due and payable without such prior written request).

13.3 Cross-Default

The occurrence of the following circumstances constitutes a cross-default:

- (a) if any Financial Indebtedness of a Material Group Company is not paid when due as extended by any originally applicable grace period;
- (b) if any Financial Indebtedness of a Material Group Company is declared to be due and payable prior to its specified maturity as a result of an event of default (however described);
- (c) if any commitment for any Financial Indebtedness of a Material Group Company is cancelled or suspended by a creditor of any Material Group Company as a result of an event of default (however described); or
- (d) if any creditor of any Material Group Company becomes entitled to declare any Financial Indebtedness of a Material Group Company due and payable prior to its specified maturity as a result of an event of default (however described),

provided that no Event of Default will occur under this Clause 13.3 if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (d) above is less than EUR 3,000,000 (or its equivalent in any other currency or currencies) and provided that this Clause 13.3 does not apply to any Financial Indebtedness owed to a Group Company.

13.4 Insolvency

- (a) Any Material Group Company is unable or admits inability to pay its debts as they fall due or is declared to be unable to pay its debts under applicable law, suspends making payments on its debts generally or, by reason of actual or anticipated financial difficulties, commences negotiations with its creditors generally (except for holders of Bonds) with a view to rescheduling its Financial Indebtedness; or
- (ii) a moratorium is declared in respect of the Financial Indebtedness of any Material Group Company.

13.5 Insolvency Proceedings

Any corporate action, legal proceedings or other procedures are taken (other than (i) proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within sixty (60) days of commencement or, if earlier, the date on which it is advertised and (ii), in relation to Subsidiaries, solvent liquidations) in relation to:

- (a) the suspension of payments, winding-up, dissolution, administration or reorganisation (by way of voluntary agreement, scheme of arrangement or otherwise) of any Material Group Company; and
- (b) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Material Group

Company or any of its assets or any analogous procedure or step is taken in any jurisdiction in respect of any Material Group Company.

13.6 Mergers and Demergers

A decision is made that any Material Group Company shall be demerged or merged if such merger or demerger is likely to have a Material Adverse Effect, provided that a merger involving the Issuer, where the Issuer is not the surviving entity, shall always be considered an Event of Default and provided that the Issuer may not be demerged.

13.7 Creditors' Process

Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Material Group Company having an aggregate value of an amount equal to or exceeding EUR 3,000,000 and is not discharged within sixty (60) days.

13.8 Impossibility or Illegality

It is or becomes impossible or unlawful for the Issuer or the Guarantor to fulfil or perform any of the applicable provisions of the Finance Documents or if the obligations under the Finance Documents are not, or cease to be, legal, valid, binding and enforceable.

13.9 Continuation of the Business

The Issuer or any other Material Group Company ceases to carry on its business if such discontinuation is likely to have a Material Adverse Effect.

13.10 Acceleration of the Bonds

- (a) Upon the occurrence of an Event of Default which is continuing, the Agent is entitled to, and shall, following an instruction given pursuant to Clause 13.10(d), on behalf of the Bondholders (i) by notice to the Issuer, declare all, but not some only, of the outstanding Bonds due and payable together with any other amounts payable under the Finance Documents, immediately or at such later date as the Agent determines, and (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents.
- (b) The Agent may not accelerate the Bonds in accordance with Clause 13.10(a) by reference to a specific Event of Default if it is no longer continuing or if it has been decided, on a Bondholders Meeting or by way of a Written Procedure, to waive such Event of Default (temporarily or permanently).
- (c) The Agent shall notify the Bondholders of an Event of Default within five (5) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing. The Agent shall, within twenty (20) Business Days of the date on which the Agent received actual knowledge that an Event of Default has occurred and is continuing, decide if the Bonds shall be so accelerated. If the Agent decides not to accelerate the Bonds, the Agent shall promptly seek instructions from the Bondholders in accordance with Clause 15 (*Decisions by Bondholders*). The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.

- (d) If the Bondholders instruct the Agent to accelerate the Bonds, the Agent shall promptly declare the Bonds due and payable and take such actions as may, in the opinion of the Agent, be necessary or desirable to enforce the rights of the Bondholders under the Finance Documents, unless the relevant Event of Default is no longer continuing.
- (e) If the right to accelerate the Bonds is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of acceleration to be deemed to exist.
- (f) In the event of an acceleration of the Bonds in accordance with this Clause 13.10, up to, but excluding, the First Call Date the Issuer shall redeem all Bonds at an amount per Bond equal to 102.75 per cent. of the Nominal Amount (plus accrued but unpaid interest) and thereafter the redemption amount specified in Clause 9.3(a)(ii).

14. Distribution of Proceeds

- (a) All payments by the Issuer or the Guarantor relating to the Bonds and the Finance Documents following an acceleration of the Bonds in accordance with Clause 13 (*Events of Default and Acceleration of the Bonds*) shall be distributed in the following order of priority, in accordance with the instructions of the Agent:
 - (i) first, in or towards payment pro rata of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent in accordance with the Finance Documents (other than any indemnity given for liability against the Bondholders), (ii) other costs, expenses and indemnities relating to the acceleration of the Bonds, or the protection of the Bondholders' rights as may have been incurred by the Agent, (iii) any costs incurred by the Agent for external experts that have not been reimbursed by the Issuer in accordance with Clause 19.2(g), and (iv) any costs and expenses incurred by the Agent in relation to a Bondholders' Meeting or a Written Procedure that have not been reimbursed by the Issuer in accordance with Clause 15(c);
 - (ii) secondly, in or towards payment pro rata of accrued but unpaid Interest under the Bonds (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
 - (iii) thirdly, in or towards payment pro rata of any unpaid principal under the Bonds; and
 - (iv) fourthly, in or towards payment pro rata of any other costs or outstanding amounts unpaid under the Finance Documents.

Any excess funds after the application of proceeds in accordance with paragraphs (i) to (iv) above shall be paid to the Issuer or the Guarantor.

- (b) If a Bondholder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 14(a)(i), such Bondholder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 14(a)(i).

- (c) Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Bonds constitute escrow funds (*redovisningsmedel*) and must be held on a separate interest-bearing account on behalf of the Bondholders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 14 as soon as reasonably practicable.
- (d) If the Issuer, the Guarantor or the Agent shall make any payment under this Clause 14, the Issuer, the Guarantor or the Agent, as applicable, shall notify the Bondholders of any such payment at least fifteen (15) Business Days before the payment is made. Such notice shall specify the Record Date, the payment date and the amount to be paid. Notwithstanding the foregoing, for any Interest due but unpaid the Record Date specified in Clause 7(a) shall apply.

15. Decisions by Bondholders

- (a) A request by the Agent for a decision by the Bondholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Bondholders' Meeting or by way of a Written Procedure.
- (b) Any request from the Issuer or a Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount (such request may only be validly made by a person who is a Bondholder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Bondholders, be made by them jointly) for a decision by the Bondholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Bondholders' Meeting or by way a Written Procedure, as determined by the Agent. The person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Bondholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Bondholders' Meeting.
- (c) The Agent may refrain from convening a Bondholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Bondholders and such person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.
- (d) Only a person who is, or who has been provided with a power of attorney or other proof of authorisation pursuant to Clause 6 (*Right to Act on Behalf of a Bondholder*) from a person who is, registered as a Bondholder:
 - (i) on the Record Date prior to the date of the Bondholders' Meeting, in respect of a Bondholders' Meeting, or
 - (ii) on the Business Day specified in the communication pursuant to Clause 17(c), in respect of a Written Procedure,
 may exercise voting rights as a Bondholder at such Bondholders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the definition of Adjusted Nominal Amount.
- (e) The following matters shall require the consent of Bondholders representing at least sixty-six and two thirds ($66 \frac{2}{3}$) per cent. of the Adjusted Nominal Amount for which

Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 17(c):

- (i) waive a breach of or amend an undertaking set out in Clause 12 (*General Undertakings*);
 - (ii) reduce the principal amount, interest rate or interest amount which shall be paid by the Issuer;
 - (iii) amend any payment day for principal or interest amount or waive any breach of a payment undertaking, or
 - (iv) amend the provisions regarding the majority requirements under these Terms and Conditions.
- (f) Any matter not covered by Clause 15(e) shall require the consent of Bondholders representing more than fifty (50) per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 17(c). This includes, but is not limited to, any amendment to, or waiver of, the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 18(a)(i) or 18(a)(iii)) or an acceleration of the Bonds.
- (g) Quorum at a Bondholders' Meeting or in respect of a Written Procedure only exists if a Bondholder (or Bondholders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount in case of a matter pursuant to Clause 15(e), and otherwise twenty (20) per cent. of the Adjusted Nominal Amount:
- (i) if at a Bondholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
 - (ii) if in respect of a Written Procedure, reply to the request.
- (h) If a quorum does not exist at a Bondholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Bondholders' Meeting (in accordance with Clause 16(a)) or initiate a second Written Procedure (in accordance with Clause 17(a)), as the case may be, provided that the relevant proposal has not been withdrawn by the person(s) who initiated the procedure for Bondholders' consent. The quorum requirement in Clause 15(g) shall not apply to such second Bondholders' Meeting or Written Procedure.
- (i) Any decision which extends or increases the obligations of the Issuer, the Guarantor or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer, the Guarantor or the Agent, under the Finance Documents shall be subject to the Issuer's, the Guarantor's or the Agent's consent, as appropriate.
- (j) A Bondholder holding more than one Bond need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.

- (k) The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Bondholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Bondholders that consent at the relevant Bondholders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- (l) A matter decided at a duly convened and held Bondholders' Meeting or by way of Written Procedure is binding on all Bondholders, irrespective of them being present or represented at the Bondholders' Meeting or responding in the Written Procedure. The Bondholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Bondholders.
- (m) All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Bondholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- (n) If a decision shall be taken by the Bondholders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Bonds owned by Group Companies or (to the knowledge of the Issuer) Affiliates, irrespective of whether such person is directly registered as owner of such Bonds. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Bond is owned by a Group Company or an Affiliate.
- (o) Information about decisions taken at a Bondholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Bondholders and published on the websites of the Group and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Bondholders' Meeting or Written Procedure shall at the request of a Bondholder be sent to it by the Issuer or the Agent, as applicable.

16. Bondholders' Meeting

- (a) The Agent shall convene a Bondholders' Meeting by sending a notice thereof to each Bondholder no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons).
- (b) Should the Issuer want to replace the Agent, it may convene a Bondholders' Meeting in accordance with Clause 16(a) with a copy to the Agent. After a request from the Bondholders pursuant to Clause 19.4(c), the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Bondholders' Meeting in accordance with Clause 16(a).
- (c) The notice pursuant to Clause 16(a) shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Bondholders) and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Bondholders' Meeting. Should prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, such requirement shall be included in the notice.

- (d) The Bondholders' Meeting shall be held no earlier than fifteen (15) Business Days and no later than thirty (30) Business Days from the notice.
- (e) Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Bondholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Bondholders to vote without attending the meeting in person.

17. Written Procedure

- (a) The Agent shall instigate a Written Procedure (which may be conducted electronically in a manner determined by the Agent) no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such person who is registered as a Bondholder on the Business Day prior to the date on which the communication is sent.
- (b) Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 17(a) to each Bondholder with a copy to the Agent.
- (c) A communication pursuant to Clause 17(a) shall include (i) each request for a decision by the Bondholders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a person must be registered as a Bondholder in order to be entitled to exercise voting rights, (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Bondholder must reply to the request (such time period to last at least fifteen (15) Business Days from the communication pursuant to Clause 17(a)). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- (d) When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 15(e) and 15(f) have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 15(e) or 15(f), as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

18. Amendments and Waivers

- (a) The Issuer and the Agent (acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:
 - (i) the Agent is satisfied that such amendment or waiver is not detrimental to the interest of the Bondholders;
 - (ii) such amendment or waiver is made solely for the purpose of rectifying obvious errors and mistakes;
 - (iii) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or

- (iv) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 15 (*Decisions by Bondholders*).
- (b) The consent of the Bondholders is not necessary to approve the particular form of any amendment to the Finance Documents. It is sufficient if such consent approves the substance of the amendment.
- (c) The Agent shall promptly notify the Bondholders of any amendments or waivers made in accordance with Clause 18(a), setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are published in the manner stipulated in Clause 10.3 (*Publication of Finance Documents*). The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority and that any amendments to the Finance Documents are available on its website.
- (d) An amendment to the Finance Documents shall take effect on the date determined by the Bondholders Meeting, in the Written Procedure or by the Agent, as the case may be.

19. Appointment and Replacement of the Agent

19.1 Appointment of Agent

- (a) By subscribing for Bonds, each initial Bondholder appoints the Agent to act as its agent in all matters relating to the Bonds and the Finance Documents, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds held by such Bondholder.
- (b) By acquiring Bonds, each subsequent Bondholder confirms the appointment and authorisation for the Agent to act on its behalf, as set forth in Clause 19.1(a).
- (c) The Agent is not acting as an adviser (whether legal, financial or otherwise) to the Bondholders.
- (d) Each Bondholder shall immediately upon request provide the Agent with any such documents, including a written power of attorney or other proof of authorisation (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Agent is under no obligation to represent a Bondholder which does not comply with such request.
- (e) The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.
- (f) The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agency Agreement and the Agent's obligations as Agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.

- (g) The Agent may act as agent or trustee for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

19.2 Duties of the Agent

- (a) The Agent shall represent the Bondholders in accordance with the Finance Documents. Except as specified in Clause 4 (*Conditions Precedent*), the Agent is not responsible for the content, valid execution, perfection, legal validity or enforceability of the Finance Documents.
- (b) The Agent shall have only those duties, obligations and responsibilities expressly specified in the Finance Documents (and no others shall be implied).
- (c) The Agent is not obligated to assess or monitor the financial condition of the Issuer or compliance by the Issuer of the terms of the Finance Documents unless to the extent expressly set out in the Terms and Conditions and the other Finance Documents, or to take any steps to ascertain whether any Event of Default has occurred.
- (d) When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Bondholders. The Agent shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- (e) The Agent is entitled to delegate its duties to other professional parties, but the Agent shall remain liable for the actions of such parties under the Finance Documents.
- (f) The Agent shall treat all Bondholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Bondholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Finance Documents.
- (g) The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents and/or related documents. The Issuer shall on demand by the Agent pay all costs for external experts engaged after the occurrence of an Event of Default, or for the purpose of investigating or considering (i) an event which the Agent reasonably believes is or may lead to an Event of Default or (ii) a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Bondholders under the Finance Documents. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 14 (*Distribution of Proceeds*).
- (h) Notwithstanding any other provision of the Finance Documents to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- (i) If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Bondholders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or

taking such action, until it has received such funding or indemnities (or adequate Security has been provided therefore) as it may reasonably require.

- (j) The Agent shall give a notice to the Bondholders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or (ii) if it refrains from acting for any reason described in Clause 19.2(i).

19.3 Limited liability for the Agent

- (a) The Agent will not be liable to the Bondholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect loss.
- (b) The Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Agent, by the Issuing Agent or by any other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.
- (c) The Agent shall not be considered to have acted negligently if it has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Bondholders to delay the action in order to first obtain instructions from the Bondholders.
- (d) The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Agent to the Bondholders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- (e) The Agent shall have no liability to the Bondholders for damage caused by the Agent acting in accordance with instructions of the Bondholders given in accordance with the Finance Documents or a demand by Bondholders given pursuant to Clause 13.10 (*Acceleration of the Bonds*).
- (f) Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Bondholders under the Finance Documents.

19.4 Replacement of the Agent

- (a) Subject to Clause 19.4(f), the Agent may resign by giving notice to the Issuer and the Bondholders, in which case the Bondholders shall appoint a successor Agent at a Bondholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- (b) Subject to Clause 19.4(f), if the Agent is Insolvent, the Agent shall be deemed to resign as Agent and the Issuer shall within ten (10) Business Days appoint a successor Agent

which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.

- (c) A Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a person who is a Bondholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Bondholders, be given by them jointly), require that a Bondholders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Bondholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Bondholders that the Agent be dismissed and a new Agent appointed.
- (d) If the Bondholders have not appointed a successor Agent within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Bondholders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (e) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (f) The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.
- (g) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Bondholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.
- (h) In the event that there is a change of the Agent in accordance with this Clause 19.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under the Finance Documents and the Agency Agreement. Unless the Issuer and the new Agent agrees otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

20. Appointment and Replacement of the Issuing Agent

- (a) The Issuer appoints the Issuing Agent to manage certain specified tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to and/or issued by the CSD and relating to the Bonds.
- (b) The Issuing Agent may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has approved that a commercial bank or securities institution

approved by the CSD accedes as new Issuing Agent at the same time as the old Issuing Agent retires or is dismissed. If the Issuing Agent is Insolvent, the Issuer shall immediately appoint a new Issuing Agent, which shall replace the old Issuing Agent as issuing agent in accordance with these Terms and Conditions.

21. No Direct Actions by Bondholders

- (a) A Bondholder may not take any steps whatsoever against the Issuer or the Guarantor to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (*företagsrekonstruktion*) or bankruptcy (*konkurs*) (or its equivalent in any other jurisdiction) of the Issuer or the Guarantor in relation to any of the liabilities of the Issuer under the Finance Documents.
- (b) Clause 21(a) shall not apply if the Agent has been instructed by the Bondholders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Bondholder to provide documents in accordance with Clause 19.1(d)), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or by any reason described in Clause 19.2(i), such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 19.2(j) before a Bondholder may take any action referred to in Clause 21(a).
- (c) The provisions of Clause 21(a) shall not in any way limit an individual Bondholder's right to claim and enforce payments which are due to it under Clause 7(e), Clause 9.5 (*Mandatory repurchase due to a Change of Control Event or De-listing Event* (put option)) or other payments which are due by the Issuer to some but not all Bondholders.

22. Prescription

- (a) The right to receive repayment of the principal of the Bonds shall be prescribed and become void ten (10) years from the Redemption Date. The right to receive payment of interest (excluding any capitalised interest) shall be prescribed and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Bondholders' right to receive payment has been prescribed and has become void.
- (b) If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (*preskriptionslag (1981:130)*), a new limitation period of ten (10) years with respect to the right to receive repayment of the principal of the Bonds, and of three (3) years with respect to receive payment of interest (excluding capitalised interest) will commence, in both cases calculated from the date of interruption of the limitation period, as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

23. Notices and Press Releases

23.1 Notices

- (a) Any notice or other communication to be made under or in connection with the Finance Documents:
 - (i) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (*Bolagsverket*) on the Business Day prior to dispatch;
 - (ii) if to the Issuer, shall be given at the address registered with the Commercial Register of the Local Court (*Amtsgericht*) of Charlottenburg on the Business Day prior to dispatch; and
 - (iii) if to the Bondholders, shall be given at their addresses as registered with the CSD, on the Business Day prior to dispatch, and by either courier delivery or letter for all Bondholders. A Notice to the Bondholders shall also be published on the websites of the Group and the Agent.
- (b) Any notice or other communication made by one person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 23.1(a) or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 23.1(a).
- (c) Failure to send a notice or other communication to a Bondholder or any defect in it shall not affect its sufficiency with respect to other Bondholders.
- (d) If an Event of Default is continuing, any notice or other communication made by the Agent to the Issuer under or in connection with the Finance Documents may, provided that the Agent deems it necessary in order to preserve the Bondholders' rights under the Finance Documents, be sent by email and will be effective on the day of dispatch (unless a delivery failure message was received by the Agent), save that any notice or other communication sent by email that is sent after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day. Any notice or other communication to be sent by email by the Agent to the Issuer in accordance with this paragraph (d) shall be sent to the Issuer at the email addresses most recently notified by the Issuer to the Agent.

23.2 Press releases

- (a) Any notice that the Issuer or the Agent shall send to the Bondholders pursuant to Clauses 9.3 (*Voluntary total redemption (call option)*), Clause 9.4 (*Early redemption due to a Withholding Tax Event (call option)*), 10.1(c), 13.10(c), 15(o), 16(a), 17(a) and 18(c) shall also be published by way of press release by the Issuer or the Agent, as applicable.
- (b) In addition to Clause 23.2(a), if any information relating to the Bonds or the Group contained in a notice the Agent may send to the Bondholders under these Terms and Conditions has not already been made public by way of a press release, the Agent shall

before it sends such information to the Bondholders give the Issuer the opportunity to issue a press release containing such information. If the Issuer does not promptly issue a press release and the Agent considers it necessary to issue a press release containing such information before it can lawfully send a notice containing such information to the Bondholders, the Agent shall be entitled to issue such press release.

24. Force Majeure and Limitation of Liability

- (a) Neither the Agent nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a "**Force Majeure Event**"). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Issuing Agent itself takes such measures, or is subject to such measures.
- (b) The Issuing Agent shall have no liability to the Bondholders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.
- (c) Should a Force Majeure Event arise which prevents the Agent or the Issuing Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.
- (d) The provisions in this Clause 24 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

25. Governing Law and Jurisdiction

- (a) These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.
- (b) The Issuer submits to the non-exclusive jurisdiction of the Swedish Courts and the District Court of Stockholm (*Stockholms tingsrätt*) shall be the court of first instance.

ADDRESSES**ISSUER**

Ferratum Capital Germany GmbH
 Helmholtzstraße 2-9, 10587
 Berlin, Federal Republic of Germany
 Tel.: +49 30 88715307

ISSUING AGENT

Pareto Securities AB
 Box 7415
 103 91 Stockholm
 Sweden
 Tel.: +46 8 402 50 00

LEGAL COUNSEL

Roschier Advokatbyrå AB
 Brunkebergstorg 2
 P.O. Box 7358
 SE-103 90 Stockholm
 Sweden
 Tel.: +46 8 553 190 00

AGENT

Nordic Trustee and Agency AB (publ)
 P.O. Box 7329
 SE-103 90 Stockholm
 Sweden
 Tel.: +46 8 783 7900

AUDITOR

PricewaterhouseCoopers Oy
 P.O. Box 1015
 FI-00101 Hesinki
 Finland
 Tel.: +358 20 787 7000

AUDITOR

Dr. Krumbholz GmbH
 Eduard-Daelen-Straße 45
 40699 Erkrath
 Germany
 Tel: +49 2104 36954

**AUDITOR
MSW GmbH**

Wirtschaftsprüfungsgesellschaft
 Steuerberatungsgesellschaft
 Straße des 17. Juni 106-108
 10623 Berlin
 Germany
 Tel.: +49.30.88 77 58

CENTRAL SECURITIES DEPOSITORY

Euroclear Sweden AB
 Box 191
 SE-101 23 Stockholm
 Sweden
 Tel.: +46 8 402 90 00