Q1 Report for the period 1 January – 31 March 2021

ferratum

Contents

Company Overview and business model

Ferratum Oyj and its subsidiaries, form the Ferratum Group ("Ferratum" or the "Group"), which is a leading international provider of mobile and digital financial services for consumers and small businesses. We have built our online financial ecosystem for, and with our customers during our 16 years of operations. Our financial ecosystem is designed to transcend the hassle of physical banking and financial transactions and transform it into a paperless and borderless real-time experience. Our data-driven approach to credit-scoring and knowing our customers puts us at the forefront of the financial revolution.

Ferratum, headquartered in Helsinki, Finland, was established in 2005 and serves 479,000 active customers (as of 31 March 2021) and has expanded its operations to 19 countries across Europe, North America, South America, Africa and the Asia-Pacific region.

Ferratum Bank p.l.c., is a wholly owned subsidiary of Ferratum Oyj. The bank is licensed by the Malta Financial Services Authority (MFSA) allowing Ferratum to passport financial services and products to all European Economic Area (EEA) member states.

Over the past 16 years, we have developed proprietary credit scoring algorithms that can deliver instant credit decisions digitally, allowing us to make fully risk-assessed lending decisions at a pace unmatched by the traditional banking and lending industries. Our technology and services have been built around real customer behaviour and experience, enabling us to offer secure, easy-to-use, real-time digital products. We can also diversify the range of products available in our countries of operation, as we quickly understand the credit behaviour of customers in each new market. Using big data technology, and by centralising IT systems and core functions, such as customer service and collections as the Group has expanded geographically, we have achieved balanced, profitable growth, underpinned by the ability to rapidly launch innovative new products in new countries and markets.

The Group offers a comprehensive product portfolio to both retail and business customers. The offering includes consumer credits in amounts varying between EUR 25 and EUR 30,000 and instalment loans for small businesses up to EUR 350,000 with a term of 6 to 24 months.

Ferratum's vision is to innovate and to operate a proprietary global digital financial platform, enabling the Group not only to distribute financial services directly to consumers and businesses, but leveraging the technology to partners with "plug-and-play" and "Banking-as-a-Service" concepts.

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

3M 2021 Highlights

EUR 51.9M	**Group revenue** down 20.9% year-on-year	EUR 0.6M	**Profit before tax** (EBT)
EUR 5.4M	**Operating profit** (EBIT)	2.74	**Net Debt to Equity**

Board of Directors Report 3M 2021

Financial Overview

Financial highlights, EUR '000	Jan - Mar 2021	Jan - Mar 2020
REVENUE	51,883	65,604
Operating profit	5,409	(2,292)
Profit before tax	608	(8,283)
Net cash flows from operating activities before movements in loan portfolio and deposits received	1,626	14,688
Net cash flow from operating activities	68,482	88,556
Net cash flow from investing activities	(2,436)	(4,138)
Net cash flow from financing activities	(1,394)	(22,251)
Net increase/decrease in cash and cash equivalents	64,653	62,168
Profit before tax %	1.2	(12.6)

Financial highlights, EUR '000	31 Mar 2021	31 Dec 2020
Loans and advances to customers	387,828	360,955
Deposits from customers	435,568	339,522
Cash and cash equivalents	300,438	236,564
Total assets	767,640	675,082
Non-current liabilities	249,483	242,959
Current liabilities	393,282	306,554
Equity	124,875	125,568
Equity ratio %	16.3	18,6
Net debt to equity ratio	2.74	2.49

Calculation of key financial ratios

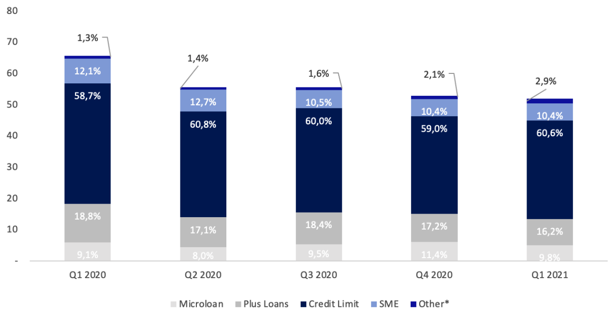
$$\text{Equity ratio (\%)} = 100 \times \frac{\text{Total equity}}{\text{Total assets}}$$

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

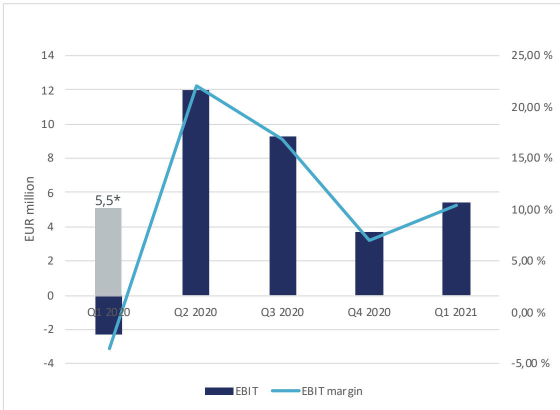
$$\text{Profit before tax (\%)} = 100 \times \frac{\text{Profit before tax}}{\text{Revenue}}$$

$$\text{Impaired loan coverage ratio (\%)} = 100 \times \frac{\text{Credit loss reserves}}{\text{Gross loans and advances to customers}}$$

Revenue



Operating profit (EBIT)



*Adjusted EBIT excluding COVID-19 related impairments

Customer Base

	Jan - Mar 2021	Jan - Mar 2020
Active customers*	479,230	681,508

** Customers with a Mobile Bank account and lending customers who have had an open balance in the last 12 months. If loans are >24m overdue, the customer is not considered active.*

Key Developments & Performance

Financial Performance in Q1 2021

Continued cautious underwriting approach in the Ferratum tribe and a controlled increase of the Group's risk appetite in its core products SweepBank and CapitalBox

In Q1 2021 the Group's financial performance and results remained affected by the COVID-19 pandemic. The company continued with its cautious sales and scoring approach in the Ferratum (Near Prime) tribe, in which the Group has, as a reaction to the COVID-19 pandemic, reduced its lending activities since Q1 2020. The Group has selectively increased its risk appetite and marketing activities in the SweepBank tribe which includes Primeloan and the Mobile Wallet as well as in CapitalBox, the Group's SME lending unit. SweepBank and CapitalBox which both have shown substantial growth since Q2 2020 accounted already for 29.8% of the Group's net receivables with EUR 115.4 million at end of Q1 2021.

Improved impairments and profit before taxes at break-even

The Group's revenues came in at EUR 51.9 million, a decrease of 20.9 % (Q1 2020: EUR 65.6 million). The decrease in revenues is a result of the continued effects from the COVID-19 pandemic and the company's earlier decision to discontinue lending in selected markets. The Group has however been able to steadily increase sales and its risk appetite in the SweepBank (Primeloan and Mobile Wallet) and CapitalBox (SME lending) tribes.

Operating profit (EBIT) for the first quarter of 2021 came in at EUR 5.4 million which is an increase of EUR 7.7 million compared to 2020 (Q1 2020 EUR -2.3 million).

The y-o-y EBIT increase of EUR 7.7 million is mainly a result of a decrease in impairments. Impairments stood in Q1 2021 at EUR 16.5 million which corresponds to a reduction of 53.7% compared to Q1 2020 (Q1 2020: EUR 35.6 million, including EUR 7.8 million impairment related to deteriorating macroeconomic forecast) and reflected 31.8 % of revenues. In addition, personnel expenses were down by 13.5 % to EUR 8.6 million (Q1 2020: EUR 10.0 million). Financial costs (net) decreased from EUR 6.0 million in Q1 2020 to EUR 4.8 million in Q1 2021. The decrease was driven by lower interest expenses and improved FX effects. Profit before income tax was slightly positive at EUR 0.6 million (Q1 2020: EUR -8.3 million).

Balance sheet ratios and financial metrics continued to remain strong

As at the end of Q1 2021, equity stood at EUR 124.9 million (31.12.2020: EUR 125.6 million) and the equity-ratio was at a healthy level of 16.3 % (31.12.2020: 18.6 %). Net debt to equity increased from 2.49 at the end of 2020 to 2.74 as of end of Q1 2021.

Total assets up by 13.7 %, driven by cash and accounts receivables

Total Assets increased from EUR 675.1 million at the end of Q4 2020 by EUR 92.6 million to EUR 767.6 million at the end of Q1 2021. Most important drivers were cash and cash equivalents and accounts receivables. Compared to end of Q4 2020, cash and cash equivalents were up by 27.0 % or by EUR 63.9 million at EUR 300.4 million. Accounts receivable grew with 7.4 % to EUR 387.8 million. The increase in net receivables is a result of the Group's successful increased loan disbursement of its strategic key segments SweepBank, more specifically the Primeloan product, and CapitalBox. Primeloan revenues came in at EUR 1.5 million and net accounts receivables for Primeloan stood at EUR 44.9 million, this reflects already a 11.6 % share of total net accounts receivables. In addition, net accounts receivables for Primeloan and Capitalbox reached EUR 115.4 million at the end of Q1 2021 which represents a 29.8 % share of the Group's total net loan book of EUR 387.8 million.

At the end of Q12021, current assets stood at EUR 710.1 million (31.12.2020: EUR 615.1 million), this equals to 92.5 % of total assets while non-current assets stood at EUR 57.6 million (7.5 % of total assets).

Current liabilities increased by 28.3 % or by EUR 86.7 million to EUR 393.3 million representing 51.2 % of total equity and liabilities. The largest driver for this increase was deposits which grew by 32.2 % to EUR 364.8 million. Non-current liabilities were almost stable at EUR 249.5 million (31.12.2020: EUR 243.0 million).

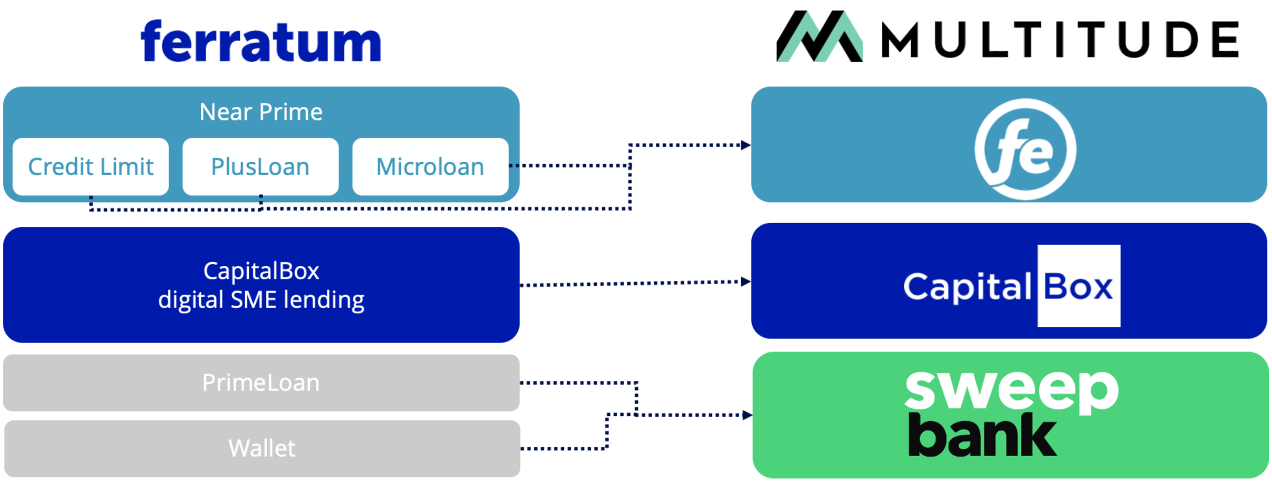
At the end of Q1 2021, current and non-current deposits totaled to EUR 435.6 million (31.12.2020: EUR 339.5 million) resulting in a higher liquidity. This enables the Group to continue with the strategically important growth in the SweepBank and CapitalBox segments.

At the end of Q1 2021, the Group had 683 employees, a decrease from Q1 2020 (771 employees). Personnel expenses were y-o-y down by 13.5% at EUR 8.6 million (2020 Q1: EUR 10.0 million).

Rebranding of segments and tribes

The Group has during the first quarter rebranded its previous segments Microloan, PlusLoan, CreditLimit, CapitalBox and Mobile Wallet including Primeloan. The newly introduced segments and brands within the Group are called Ferratum, CapitalBox and SweepBank. According to the new strategy, the Group's business units will gain a more independent role and will consequently be even more closely aligned to their clients and their specific needs. The Group will concentrate on business-critical operations, with cost advantages derived from delivering greater economies of scale.

The Group's role remains as an enabler, or a platform, for the business units to flourish. Primelending and the Mobile Wallet business has now been rebranded SweepBank, a brand with a very clear customer focus and an ambition to make its clients' lives easier. The brand Ferratum is reserved for the Near Prime lending business.



Matching share plan

The Group introduced during Q1 2021 a matching share plan for its employees. Under the program, employees have twice a year the opportunity to invest 5% of their annual salary in the Company's shares. The shares will vest after a two-year holding period, after which the Company will match the shares at a 1:1 ratio. In the first trance, a total of 113 employees participated in the matching share plan with a total investment of EUR 262 560.

Risk management

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

The Board of Directors monitors operations regularly and is ultimately responsible for adequate risk management and ensuring that the Group has access to the appropriate software, including instructions on controlling and monitoring risks. The CEO of the Group is responsible for the daily operations. Each member of the Leadership Team ultimately bears responsibility for identifying and controlling the risks related to their functions in line with instructions from the Board.

The Group proactively follows all legal changes that might occur in the countries it operates in and adjusts its operations accordingly, while always considering customer and user experience.

The risks of the company operations can be divided into three main categories: credit risks (receivables from customers), market risks (including foreign exchange risks, interest rate risks and other price risks) and operational risks (such as IT risks, legal and regulatory risks and other operational risks).

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

The scoring system and the credit policies of the Group's subsidiaries are managed by the central risk department. The risk department is also responsible for the measurement of the payment behaviour of the credit portfolio on a daily, weekly, and monthly basis.

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

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

The COVID-19 pandemic

The Group decided, in the early stages of the COVID-19 pandemic, to limit lending activities to higher risk customers in both the consumer and SME lending segments. After having revised its loan policies and scoring algorithms in Q2 2020, to improve underwriting in times of such high volatility, the company found itself in Q3 2020 in a healthy position to actively target customers that were in a stable financial situation despite the ongoing pandemic.

The adjusted algorithms and scoring policies helped the Group to maintain and even improve payment behaviour in certain countries during Q2 2020, and this healthy payment behaviour has been maintained during Q3 2020, Q4 2020 and Q1 2021, while disbursement rates have increased as demand has returned in key markets.

The Group continues to tightly monitor its underwriting performance for any early indications of deteriorating payment behaviour and properly judge the impact of governmental measures.

Due to this combination of tighter monitoring and a better understanding of the economic impacts of COVID-19-related lockdowns, the Group has maintained healthy portfolio quality through the pandemic and has not seen any significant impact on materialised credit losses.

The Group manages its risk provisioning in accordance with IFRS 9, that relies on a forward oriented methodology. Based on future macroeconomic indicators and previously recorded correlations, the reserving model is adjusted in accordance with the macroeconomic outlook. Based on this rigorous reserving model, the company increased its credit loss provisioning by EUR 7.8 million in Q1 2020, which remained unchanged as of March 31, 2021.

The Group retained its current provisioning unchanged after having taken cognisance of the economic forecasts for 2021, thereby assessing the impact of the COVID-19 outlook for 2021 macroeconomic forecasts. Accordingly, the expected credit loss model inputs utilised during Q1 2020 were deemed adequate to determine its Expected Credit Losses based on management judgement, and management will continue to closely monitor the economic forecasts releases and adjust the model inputs and assess its outcomes in the light of revised macroeconomic data and other quantitative and qualitative information.

Rating updates

Fitch Ratings affirmed in March the Long-Term Issuer Default Rating (IDR) of both Ferratum Oyj and the senior unsecured callable floating rate bonds, issued by Ferratum Capital Germany GmbH, at 'B+'. The Outlook on the Long-Term IDR is Negative.

Annual General Meeting

The Group's Annual General Meeting was held on 20 April 2021 under special arrangements due to the COVID-19 pandemic. The Annual General Meeting adopted the Annual Accounts including the Consolidated Annual Accounts for the financial year 2020 and discharged the members of the Board of Directors and the CEO from liability for the financial year 2020. The Annual General Meeting decided in accordance with the proposal of the Board of Directors that for the financial year ended 31 December 2020, no dividends be distributed.

The board members were re-elected during the Annual General Meeting, Goutam Challagalla, Michael A. Cusumano, Jorma Jokela, Clemens Krause, Lea Liigus, Frederik Strange and Juhani Vanhala, each one for a term ending at the end of the next Annual General Meeting.

PricewaterhouseCoopers Oy, with APA Jukka Karinen as the responsible auditor, was appointed as auditor of the Company for a term ending at the end of the next Annual General Meeting.

An authorization to the Board of Directors to decide to repurchase a maximum of 1,086,198 shares in the Company was given. This authorisation is in force until the end of the next Annual General Meeting, however, no longer than until 30 June 2022. The Board of Directors was also given an authorisation to decide to issue a maximum of 3,258,594 shares, which corresponds approximately to 15 per cent of the Company's total amount of shares, this authorisation is in force until the end of the next Annual General Meeting, however, no longer than until 30 June 2022.

For further information on the Annual General Meeting, please visit the Groups website.

Subsequent events

Board of Directors proposed the change of the Group name to Multitude Oyj

The Board of Directors proposed on May 11 the change of the Group name from Ferratum Oyj to Multitude Oyj.

The new name emphasises the Group's role as an enabler, or a platform. The Primelending and Mobile Wallet business have been rebranded SweepBank, a brand with a very clear customer focus and an ambition to make its clients' lives easier. The name Ferratum has been reserved for the Near Prime (Microloan, PlusLoan and Credit Limit) lending business. The Groups SME lending remains under the CapitalBox brand.

Consolidated Income Statement for the Period 1 January to 31 March, 2021

	3 months ended 31 March	
EUR '000	**2021**	**2020**
REVENUE	51,883	65,604
Other income	176	5
Impairments on loans	(16,492)	(35,592)
Operating expenses:		
Personnel expenses	(8,609)	(9,956)
Selling and marketing expenses	(6,836)	(7,068)
Lending costs	(3,231)	(4,075)
Other administrative expenses	(285)	(290)
Depreciations and amortization	(3,662)	(3,144)
Other operating expenses	(7,535)	(7,775)
Operating profit / (loss)	**5,409**	**(2,292)**
Financial income	58	43
Finance costs	(4,858)	(6,034)
Finance costs – net	(4,801)	(5,990)
Profit / (loss) before income tax	**608**	**(8,283)**
Income tax expense	(916)	(92)
Loss for the period	**(307)**	**(8,375)**
Earnings per share, basic	**(0.01)**	**(0.39)**
Earnings per share, diluted	**(0.01)**	**(0.39)**
Loss attributable to:		
– owners of the parent company	(307)	(8,375)
– non-controlling interests (NCI)	0	0

Consolidated Statement of Comprehensive Income for the Period 1 January to 30 March, 2021

	3 months ended 31 March	
EUR '000	**2021**	**2020**
Profit for the period	(307)	(8,375)
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Translation difference	(286)	(2,558)
Total items that may be subsequently reclassified to profit or loss	(286)	(2,558)
Total comprehensive income	**(593)**	**(10,932)**
Allocation of total comprehensive income to:		
– owners of the parent company	(593)	(10,932)
– non-controlling interests (NCI)	0	0

Consolidated Statement of Financial Position

EUR '000	31 Mar 2021	31 Dec 2020
ASSETS		
Non-current assets		
Property, plant and equipment	3,659	3,907
Right-of-use assets	2,967	4,207
Intangible assets	38,486	38,904
Deferred tax assets	7,466	7,897
Other financial assets	4,979	5,028
Total non-current assets	**57,558**	**59,943**
Current assets		
Loans and advances to customers	387,828	360,955
Other receivables	19,229	15,557
Derivative assets	1,320	496
Current tax assets	1,267	1,567
Cash and cash equivalents	300,438	236,564
Total current assets	**710,082**	**615,139**
Total assets	**767,640**	**675,082**
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	40,134	40,134
Treasury shares	(142)	(142)
Reserves	(2,722)	(2,827)
Unrestricted equity reserve	14,708	14,708
Retained earnings	72,897	73,696
Total equity	**124,875**	**125,568**
LIABILITIES		
Non-current liabilities		
Deposits from customers	70,802	63,689
Borrowings	175,151	174,849
Other non-current liabilities	2,160	2,160
Lease liabilities	1,031	1,961
Deferred tax liabilities	340	301
Total non-current liabilities	**249,483**	**242,959**
Current liabilities		
Current tax liabilities	2,375	3,241
Deposits from customers	364,767	275,833
Derivative liabilities	1,964	3,230
Trade payables	8,476	9,932
Lease liabilities	1,896	2,418
Other current liabilities	13,803	11,900
Total current liabilities	**393,282**	**306,554**
Total liabilities	**642,765**	**549,514**
Total equity and liabilities	**767,640**	**675,082**

Consolidated Statement of Cash flow

EUR '000	3 months ended 31 March 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/loss for the period	**(307)**	**(8,375)**
Adjustments for:		
Depreciation and amortization	3,662	3,144
Finance costs, net	4,801	5,990
Tax on income from operations	916	92
Transactions without cash flow	(122)	973
Impairments on loans	2,540	21,429
Working capital changes:		
Increase (-) / decrease (+) in other current receivables	1,564	(5,089)
Increase (+) / decrease (-) in trade payables and other liabilities	(7,349)	1,287
Interest paid	(3,228)	(3,752)
Interest received	56	46
Income taxes paid	(907)	(1,058)
Net cash from operating activities before movements in loan portfolio and deposits	**1,626**	**14,688**
Deposits from customers	96,047	76,274
Movements in gross portfolio	(29,191)	(2,406)
Net cash from operating activities	**68,482**	**88,556**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible and intangible assets	(1,757)	(3,583)
Purchase of investments and other assets	(678)	(554)
Net cash used in investing activities	**(2,436)**	**(4,138)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	12,796
Repayment of short-term borrowings	-	(39,947)
Proceeds from long-term borrowings	27	5,746
Repayment of finance lease liabilities	(1,421)	(846)
Net cash (used in) from financing activities	**(1,394)**	**(22,251)**
Net increase in cash and cash equivalents	**64,653**	**62,168**
Cash and cash equivalents at the beginning of the period	236,564	155,518
Exchange gains/(losses) on cash and cash equivalents	(779)	(4,528)
Net increase/decrease in cash and cash equivalents	64,653	62,168
Cash and cash equivalents at the end of the period	300,438	**213,158**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Presentation

Ferratum Group's interim financial statements have been prepared in accordance with the accounting policies set out in the annual report for the year ended 31 December 2020. New IFRS standards and interpretations have not had a material impact to the accounting policies. The group has chosen not to apply IAS 34 Interim Financial Reporting in preparing these interim financial statements but applies the recognition and measurement principles of IFRS.

2.SEGMENT INFORMATION

Operating segments are based on the major product types provided by Ferratum: Microloan, PlusLoan, Credit Limit, CapitalBox (SME) and Mobile bank including Primeloan.
Attributable product margin is defined and calculated as a difference between the revenue, other income and directly attributable costs of each product segment. Costs non-directly attributable are allocated according the share of revenue and finance costs are allocated according to the portfolio size of related product types, i.e. their share in total loans and advances to customers.

2.1 Business Segments in Q1 2021

EUR '000	Microloan	Plusloan	Credit Limit	CapitalBox	Mobile bank and Primeloan	Total
REVENUE	5 059	8 383	31 439	5 482	1 520	51,883
Share of Revenue, %	9.8	16.2	60.6	10.6	2.9	100.0
Other income	18	29	110	19	-	176
Directly attributable costs:						
Impairments on loans	(1,099)	(3,483)	(8,921)	(1,637)	(1,321)	(16,492)
Marketing	(930)	(1,020)	(2,972)	(1,229)	(684)	(6,836)
Attributable Product margin	3,047	3,910	19,626	2,635	(485)	28,732
Attributable Product margin %	60.2	46.6	62.4	48.1		55.4
Non-directly attributable costs:						
Personnel expenses	(797)	(1,320)	(4,951)	(863)	(678)	(8,609)
Lending costs	(325)	(538)	(2,017)	(352)		(3,231))
Other administrative expenses	(12)	(21)	(78)	(14)	(160)	(285)
Depreciation and amortization	(269)	(446)	(1,672)	(292)	(984)	(3,662)
Other operating expenses	(737)	(1,221)	(4,580)	(799)	(199)	(7,535)
Total Non-directly attributable costs	**(2,140)**	**(3,546)**	**(13,297)**	**(2,319)**	**(2,022)**	**(23,323)**
Operating profit / (loss)	**907**	**364**	**6,329**	**317**	**(2,507)**	**5,409**
Operating profit Margin, %	17.9	4.3	20.1	5.8		10.4
Unallocated finance income						58
Finance expenses	(134)	(350)	(2,270)	(715)	(462)	(3,932)
Unallocated finance expense						(926)
Finance costs, net	(134)	(350)	(2,270)	(715)	(462)	(4,801)
Profit before income tax	**773**	**14**	**4,058**	**(399)**	**(2,969)**	**608**
Net Profit Margin, %	15.3	0.2	12.9	(7.3)		1.2
Loans and advances to customers	13,247	34,531	223,921	70,550	45,579	387,828
Unallocated assets						379,813
Unallocated liabilities						642,765

2.2 Business Segments in Q1 2020

EUR '000	Microloan	Plusloan	Credit Limit	CapitalBox	Mobile bank and Primeloan	Total
REVENUE	5,987	12,322	38,486	7,956	853	65,604
Share of Revenue, %	9.1	18.8	58.7	12.1	1.3	100.0
Other income	0	1	3	1	-	5
Directly attributable costs:						
Impairments on loans	(3,623)	(9,977)	(16,643)	(4,102)	(1,248)	(35,592)
Marketing	(521)	(1,441)	(3,480)	(1,512)	(114)	(7,068)
Attributable Product margin	1,843	906	18,366	2,343	(509)	22,949
Attributable Product margin %	30.8	7.4	47.7	29.5		35.0
Non-directly attributable costs:						
Personnel expenses	(900)	(1,853)	(5,787)	(1,196)	(219)	(9,956)
Lending costs	(377)	(775)	(2,422)	(501)		(4,075)
Other administrative expenses	(6)	(13)	(40)	(8)	(223)	(290)
Depreciation and amortization	(215)	(442)	(1,380)	(285)	(823)	(3,144)
Other operating expenses	(653)	(1,345)	(4,200)	(868)	(709)	(7,775)
Total Non-directly attributable costs	**(2,151)**	**(4,428)**	**(13,829)**	**(2,859)**	**(1,974)**	**(25,241)**
Operating profit	**(308)**	**(3,522)**	**4,537**	**(516)**	**(2,483)**	**(2,292)**
Gross Product margin, %	(5.1)	(28.6)	11.8	(6.5)		(3.5)
Unallocated finance income						43
Finance expenses	(207)	(817)	(2,115)	(943)	(189)	(4,271)
Unallocated finance expense						(1,763)
Finance costs, net	(207)	(817)	(2,115)	(943)	(189)	(5,990)
Profit before income tax	**(515)**	**(4,339)**	**2,422**	**(1,458)**	**(2,673)**	**(8,283)**
Net Profit Margin, %	(8.6)	(35.2)	6.3	(18.3)		(12.6)
Loans and advances to customers	17,767	70,072	181,428	80,874	16,248	366,388
Unallocated assets						379,813
Unallocated liabilities						543,493

3. FINANCE COSTS

EUR '000	Jan – Mar 20201	Jan – Mar 2020
Interest on borrowings	(3,932)	(4,271)
Interest expenses on leases	(51)	(100)
Foreign exchange loss*	(875)	(1,663)
Total finance costs	**(4,858)**	**(6,034)**

*includes net gain / (loss) of currency derivatives.

4. LOANS AND ADVANCES TO CUSTOMERS

Ferratum Group calculates the expected credit losses (ECL) for its loans and advances to customers on a collective basis, given that its portfolio of micro-credit facilities is composed of homogenous groups of loans that are not considered individually significant, using three main components: probability of default (PD), loss given default (LGD) and exposure at default (EAD). These three components are multiplied together effectively calculating the forward-looking ECL, which is then discounted back to the reporting date. The discount rate used in the ECL calculation is the originated effective interest rate or an approximation thereof.

The ECL is measured on either a 12-month or on a lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). Group uses an allowance account to recognize the impairment losses on loans and advances to customers. The following tables shows the reconciliation of movements in the allowance account. For further information about loans and advances to customers and the ECL calculation methodology, please refer to Note 2 and 3 in the group's annual financial statements for the year ended 31 December 2020.

Ferratum Group manages the credit quality of its loans and advances to customers by using internal riskgrades, which provide a progressively increasing risk profile ranging from 'Regular' (best quality, less risky) to 'Loss'. These risk grades are an essential tool for the Group to identify both non-performing exposures and better performing customers. The internal risk grades used by the Group are as follows:

•Performing: Internal grade 'Regular'
•Under performing: Internal grades 'Watch' and 'Substandard'; and
•Non-performing: Internal grades 'Doubtful' and 'Loss'.

Regular
The Group's loans and advances to customers which are categorised as 'Regular' are principally debts in respect of which payment is not overdue by 30 days and no recent history of customer default exists. Management does not expect any losses from non-performance by these customers, which are considered as fully performing.

Watch
Loans and advances that attract this category principally comprise those where
(i) payment becomes overdue by 30 days, but does not exceed 60 days where a loan is deemed to be as nonperforming when past due for a more than 90 days;
(ii) and payment becomes overdue by 30 days but does not exceed 45 days where a loan is deemed to be as non-performing when past due for more than 60 days.

Substandard
Loans and advances that are categorised within this category comprise those where
(i) payment becomes overdue by 61 days but does not exceed 90 days for where a loan is deemed to be as non-performing when past dues for more than 90 days.
(ii) and where payment becomes overdue by 46 days but does not exceed 60 days where a loan is deemed to be as non-performing when past due for more than 60 days.

Doubtful
Loans and advances which attract a 'Doubtful' grading are principally those assets in respect of which
(i) payment becomes overdue by 61 days and over but does not exceed 180 days for where a loan is deemed to be as non-performing when past dues for more than 60 days.
(ii) and where payment becomes overdue by 91 days and over but does not exceed 180 days where a loan is deemed to be as non-performing when past due for more than 90 days.

Loss
Loans and advances in respect of which payment becomes overdue by 180 days.
The Group does not have a material amount of individually impaired loan receivables. The ageing analysis of loan receivables which are collectively assessed for impairment is as follows:

EUR '000	31 Mar 2021				31 Dec 2020
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Total
Loans and advances to customers					
Regular	328,127	-	-	328,127	304,112
Watch	-	14,016	-	14,016	14,812
Substandard	-	8,403	-	8,403	9,158
Doubtful	-	-	27,550	27,550	29,908
Loss	-	-	157,438	157,438	149,381
Gross carrying amount	**328,127**	**22,419**	**184,988**	**535,534**	**507,372**
Loss allowance	**19,354**	**7,193**	**121,160**	**147,706**	**146,417**
Carrying amount	**308,774**	**15,226**	**63,829**	**387,828**	**360,955**
Impaired Loan Coverage Ratio	**5.9%**	**32.1%**	**65.5%**	**27.6%**	**28.9%**

EUR '000	31 Mar 2020				31 Dec 2019
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Total
Loans and advances to customers					
Regular	313,157	-	-	313,157	321,722
Watch	-	19,459	-	19,459	21,371
Substandard	-	14,949	-	14,949	11,715
Doubtful	-	-	33,540	33,540	32,154
Loss	-	-	159,450	159,450	168,952
Gross carrying amount	**313,157**	**34,408**	**192,990**	**540,554**	**555,914**
Loss allowance	**27,765**	**12,343**	**134,059**	**174,166**	**169,747**
Carrying amount	**285,392**	**22,065**	**58,932**	**366,388**	**386,167**
Impaired Loan Coverage Ratio	**8.9 %**	**35.9 %**	**69.5 %**	**32.2 %**	**30.5 %**

The following tables explain the changes in gross carrying amount between the beginning and the end of the period March 31:

EUR '000	31 Mar 2021			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Loans and advances to customers				
Gross carrying amount as at 1 January 2021	**304,112**	**23,970**	**179,290**	**507,372**
Total changes in gross carrying amounts arising from transfers in stages, originations and derecognitions	24,645	(1,508)	14,400	37,537
Loans and advances written off and sold during the period			(8,347)	(8,347)
FX and other movements	(630)	(43)	(355)	(1,028)
Total net change during the year	**24,015**	**(1,551)**	**5,698**	**28,162**
Gross carrying amount as at 31 March 2021	**328,127**	**22,419**	**184,988**	**535,534**

EUR '000	31 Mar 2020			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Loans and advances to customers				
Gross carrying amount as at 1 January 2020	**321,722**	**33,086**	**201,106**	**555,914**
Total changes in gross carrying amounts arising from transfers in stages, originations and derecognitions	1,726	2,453	4,793	8,972
Loans and advances written off and sold during the period	-	-	(6,566)	(6,566)
FX and other movements	(10,292)	(1,131)	(6,343)	(17,765)
Total net change during the year	**(8,566)**	**1,322**	**(8,115)**	**(15,359)**
Gross carrying amount as at 31 March 2020	**313,157**	**34,408**	**192,990**	**540,554**

The following tables explain the changes in the loss allowance between the beginning and the end of the period March 31:

EUR '000	31 Mar 2021			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loans and advances to customers				
Loss allowance as at 1 January 2021	**20,589**	**7,818**	**118,011**	**146,417**
Increases in allowances- charge to profit or loss	(1,288)	(644)	18,928	16,996
Total net P&L charge during the year	**(1,288)**	**(644)**	**18,928**	**16,996**
Other movements				
Unwind of discount	-	-	192	192
Loans and advances written off and sold during the period	-	-	(16,303)	(16,303)
Exchange differences	53	20	332	404
Loss allowance as at 31 March 2021	**19,354**	**7,193**	**121,159**	**147,706**

EUR '000	31 Mar 2020			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loans and advances to customers				
Loss allowance as at 1 January 2020	**23,330**	**8,822**	**137,594**	**169,747**
Increases in allowances- charge to profit or loss	4,859	3,857	26,876	35,592
Total net P&L charge during the year	**4,859**	**3,857**	**26,876**	**35,592**
Other movements				
Loans and advances written off and sold during the period	-	-	(21,776)	(21,776)
Exchange differences	(424)	(337)	(8,636)	(9,397)
Loss allowance as at 31 March 2020	**27,765**	**12,343**	**134,059**	**174,166**

For further information about gross carrying amount and loss allowances please refer to note 3 in the Group's annual financial statements for the year ended 31 December 2020.

Further Information

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