

Profitability burdened by one-offs

Fellow Finance's H2/21 results fell short from our estimates. Revenue declined slightly to EUR 5.2m (Evli EUR 5.8m) despite a 59% increase in brokered financing, as interest income decreased clearly. EBIT amounted to EUR -1.4m (Evli EUR -0.5m), impacted by the one-offs relating to the intended merger and increase in personnel expenses.

- Revenue in H2 amounted to EUR 5.2m (EUR 5.3m in H2/20), below our estimates (Evli EUR 5.8m). Revenue declined 1.4% y/y. The amount of brokered financing during H2/21 grew 59% y/y while fee income grew 35%. Interest income decreased clearly more than expected to EUR 1.2m (H2/20: EUR 2.3m) vs. our expectation of EUR 2.1m.
- Fellow Finance facilitated loans during H2 for a total of EUR 142.3m (EUR 84.3m in H2/20), growing 59%. Loan volumes continued on a good growth track also in H2, as seen throughout 2021, with volumes passing the EUR 20m mark on a monthly basis during the last months of 2021.
- The EBIT in H2 amounted to EUR -1.4m (EUR 0.8m in H2/20), below our estimates (Evli EUR -0.5m). Profitability was burdened by one-off expenses relating to the intended merger and a growth in personnel expenses. Without the non-recurring items, the result for 2021 would have been slightly positive.
- The EPS in H2 amounted to EUR -0.23 per share (EUR 0.02 in H2/20), below our estimate of EUR -0.12.
- **Dividend proposal:** The BoD proposes that no dividends be paid for FY2021 (Evli EUR 0.0).
- **Guidance for 2022:** Due to the significant changes in Fellow Finance's business after the merger, the company does not currently provide a guidance.

Rating BUY

H2/21	Actual	Evli	H2/20
Revenue	5.2	5.8	5.3
EBIT	-1.4	-0.5	0.8
EPS	-0.23	-0.12	0.02
Deviation	Actual	Evli	H2/20
Revenue		-10 %	-2 %
EBIT		-171 %	-
EPS		-85 %	-
Share price, EUR (Last trading day's closing price)	2.91		
Target price, EUR	3.5		
Latest change in recommendation	04-May-21		
Latest report on company	09-Dec-21		
Research paid by issuer:	YES		
No. of shares outstanding, '000's	7,174		
No. of shares fully diluted, '000's	7,174		
Market cap, EURm	21		
Free float, %	0.0		
Exchange rate	0.000		
Reuters code	FELLOW.HE		
Bloomberg code	FELLOW HE		
Average daily volume, EURm	0.07		
Next interim report	23-Feb-22		
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BUY HOLD SELL

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2019	14.2	1.6	11.6%	-0.8	-0.01	-349.3	3.2	28.0	-2.9	0.00
2020	11.1	0.6	5.5%	6.7	-0.12	-23.6	2.8	50.8	32.0	0.00
2021E	11.3	-0.1	-0.6%	0.9	-0.14	-20.2	2.6	-453.0	4.2	0.00
2022E	13.5	1.8	13.3%	-0.7	0.11	27.0	2.3	17.1	-3.4	0.00
2023E	15.6	2.9	18.8%	-1.5	0.22	13.1	2.1	10.9	-7.4	0.07
Market cap, EURm	21		BV per share 2021E, EUR		71.4		CAGR EPS 2020-23, %		0.0	
Net debt 2021E, EURm	9		Price/book 2021E		1.7		CAGR sales 2020-23, %		12.1	
Enterprise value, EURm	30		Dividend yield 2021E, %		0.0		ROE 2021E, %		-7.9	
Total assets 2021E, EURm	25		Tax rate 2021E, %		7.6		ROCE 2021E, %		-0.3	
Goodwill 2021E, EURm	0		Equity ratio 2021E, %		50.4		PEG, P/E 21/CAGR		0.0	

All the important disclosures can be found on the last pages of this report.

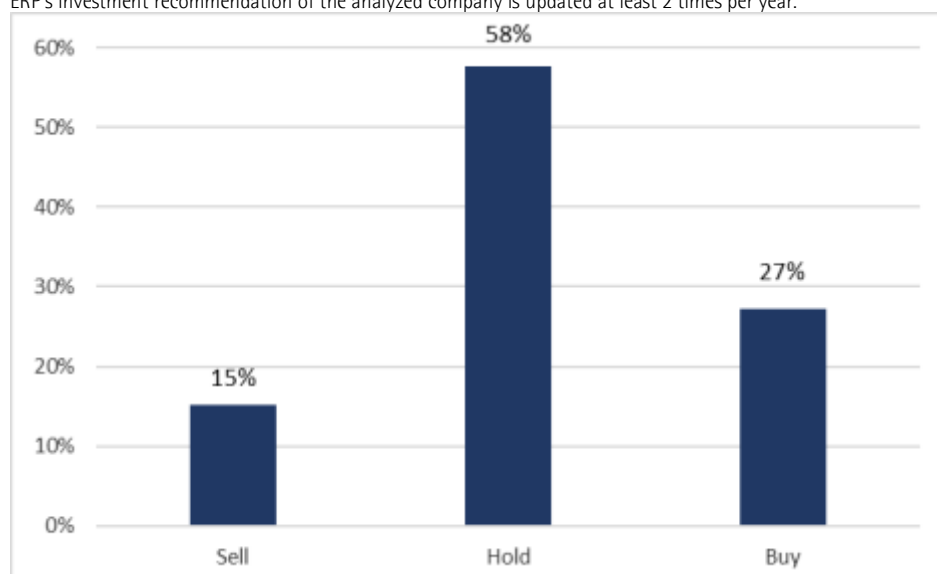
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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