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Ferratum Oyj: Multitude SE publishes H1 2021 results

Ferratum Oyj / Key word(s): Half Year Results

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Multitude SE publishes H1 2021 results

Helsinki, 19 August 2021 - Multitude SE (ISIN: FI4000106299, WKN: A1W9NS) ("Multitude" or the "Group") announces unaudited results for the first six months ended 30 June 2021 ("H1 2021").

Financial Highlights

- Q2 revenue exceeding Q1 revenue
- Strong EBIT-Margin despite higher marketing expenses
- H1 net financing costs decreased y-o-y by EUR 2.3 Mio

<i>Key Figures, EUR million</i>	H1 2021	H1 2020
<i>Revenue</i>	104.5	121.1
<i>Operating profit (EBIT)</i>	13.1	10.0
<i>Profit before tax</i>	4.0	-1.5
<i>Earnings per share, basic (EUR)</i>	0.11	-0.11
<i>Earnings per share, diluted (EUR)</i>	0.11	-0.11

Continued portfolio growth in Multitude's new core products SweepBank and CapitalBox in Q2 2021

Overall, in Q2 2021, the Group's financial performance was a result of Multitude's strategy, to continue driving the portfolio towards its core products SweepBank and CapitalBox. Furthermore, in Q2 2021 the Group increased its marketing activities preparing for sales growth in H2 2021 and continued to successfully manage its risk exposure.

In Q2 2021, the Group's revenues came in at EUR 52.6 million reflecting a decrease of 5.2% compared to the respective period the year before (Q2 2020: EUR 55.5 million). The decrease relates mainly to Multitude's decision to discontinue its activities in selected markets to improve the Group's efficiency and flexibility.

The Ferratum tribe revenues came in at EUR 89.8 million, a decrease of 14.1% y-o-y (H1 2020: 104.5 million) while CapitalBox reached EUR 11.2 million, losing 25.6% (H1 2020: 15.0 million). SweepBank over doubled its revenues y-o-y to 3.6 million, an increase of 119.9% (H1 2020: 1.6 million) As at the end of Q2 2021, the net accounts receivables had increased in all tribes and stood at EUR 412.8 million, an increase of 23.3% compared to the respective period in 2020 (EUR 334.7 million).

Multitude increased its marketing expenses during the second quarter from EUR 2.6 million in Q2 2020 by EUR 4.0 million to EUR 6.6 million in Q2 2021 to prepare for growth in H2 2021. Consequently, total operating expenses increased year-on-year by 4.2% to EUR 58.8 million (H1 2020: 56.4 million) representing 56.4% of Group revenues. Total operating expenses are defined as total costs excluding impairments and D&A.

Multitude achieved an EBIT of EUR 7.7 million in Q2 2021 compared to EUR 12.3 million in Q2 2020. The year-on-year decrease in EBIT reflects the Group's strategy to increase its marketing expenses and the decreased revenue level compared to Q2 2020. Looking at the Group's quarter-over-quarter performance, EBIT was up by 42.6% compared to Q1 2021 (EUR 5.4 million).

Profit for the period came in at EUR 2.7 million (Q2 2020: EUR 6.1 million) and was above the level of Q1 2021 (EUR -0.3 million).

Continued strong risk performance

Multitude continued its strong credit risk performance. Impairments on loans decreased year-on-year by 14.4% to 16.4 million (Q2 2020: EUR 19.1 million). Impairments in percentage of Group revenue stood at 31.1% compared to 34.5% the respective period the year before.

Financial Performance in H1 2021

In H1 2021 Group revenue stood at EUR 104.5 million, a decrease of 13.7% compared to H1 2020 (EUR 121.1 million). The revenue performance was impacted by the negative COVID-19 effects, and as described above, by Multitude's decision to discontinue its operations in selected countries.

EBIT increased year-over-year by 31.7% to EUR 13.1 million, reflecting an EBIT-margin of 12.6% (H1 2020: 8.2%). It should be considered that H1 2020 was negatively impacted by a one-time extraordinary COVID-19 related impairment charge of EUR 7.8 million. The impairment charge made in H1 2020 was partially released by EUR 1.4 million in Q2 2021.

The Group achieved a profit for the first half of 2021 of EUR 2.4 million (H1 2020: EUR - 2.3 million).

Strong balance sheet ratios and financial metrics as at the end of H1 2021

At the record date 30 Jun 2021 total equity stood at EUR 127.7 million (31 Dec 2020: EUR 125.6 million) reflecting a strong equity ratio of 16.7% (31.12.2020: 18.6%). Net debt to equity came in at 2.9 as at the end of June 2021 compared to 2.5 as at the end of December 2020. The increase is mainly driven by Multitude's net loans to customers growth in the first six months of 2021.

Total assets increased by 13.3% or by EUR 89.9 million to EUR 765.0 million compared to the year-end 2020 (EUR 675.1 million) reflecting the Group's selected loans to customer growth in all tribes Multitude, SweepBank and CapitalBox.

At the record date end of June 2021 loans to customers were up by 14.4% or by EUR 51.8 million to EUR 412.8 million. Loans to customers at SweepBank and CapitalBox amounted to EUR 132.8 million reflecting 32.2% of the Group's net loans to customers portfolio. In addition, cash and cash equivalents were at EUR 270.2 million, an increase of 14.2% compared to the record date December 31 2020 (EUR 236.6 million) along the group's financing strategy. Current assets stood at 706.8 million at the end of H1 2021 and reflected 92.4% of total assets reflecting an increase compared to the end of December 2020 where current assets were at EUR 615.1 million or at 91.1% of total assets. As described above, main drivers have been the increase in net loans to customers and in cash and cash equivalents.

At the record date 30 June 2021 total liabilities were at EUR 637.3 million, an increase of 16.0% or of EUR 87.7 million compared to the record date 31 December 2020. The increase was predominantly driven by the change in amounts owed to customers. In total, amounts owed to customers were up by 26.6% or EUR 90.2 million to EUR 429.7 million compared to the end of December 2020 (EUR 339.5 million). The higher value is along the Group's financing strategy to fund growth.

Bond issue

Multitude SE placed in July EUR 50 million in subordinated perpetual capital notes, qualifying as IFRS equity, under a framework of EUR 100 million to investors. The Hybrid Bonds will carry a floating rate coupon of 3 month Euribor + 8.90% and were issued at a price of 99.50% of the nominal amount.

Proceeds from the transaction will be used to buy back or repay outstanding debt instruments and for general corporate purposes.

In this context, Ferratum Capital Germany GmbH offered the holders of the company's outstanding senior unsecured floating rate bonds maturing in May 2022 and in April 2023, who were subscribing for Hybrid Bonds to tender any of their 2022 Bonds or 2023 Bonds. In connection with the issuance of Hybrid Bonds, Ferratum Capital Germany purchased EUR 15.6 million of the 2022 Bonds at a price of 101.50% of the nominal amount and EUR 20 million of the 2023 Bonds at a price of 102.00% of the nominal amount for the 2023 Bonds.

Personnel

At the end of June 2021 Multitude Group employed 672 persons compared with 678 persons at the end of June 2020. The decrease is a result of actions taken by the management in both 2019 and 2020 to improve operational efficiency, increase automation and streamline operations.

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.

Fitch Ratings has affirmed the long-term rating of the senior unsecured notes issued by Ferratum Capital Germany GmbH at 'B+' / RR4 on 10 June 2021. The Hybrid Bonds issued by Multitude SE received a 'B-' / RR6 credit rating on 6 July 2021.

Subsequent events

Multitude SE announced on 9 July 2021 that the Board of Directors of Multitude have resolved to approve a Transfer Proposal in accordance with Article 8 (2) of the Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company (SE) for the transfer of the registered office of Multitude from Finland to Germany. In addition to the Transfer Proposal, the Board of Directors have approved a Report of the Board of Directors in accordance with Article 8 (3) of the SE Regulation explaining and justifying the legal and economic aspects of the transfer and explaining the implications of the transfer for shareholders, creditors and employees.

The Relocation will be carried out in accordance with the Finnish Act on European Company (742/2004) and the SE Regulation. The Proposal and the Report are appended to this announcement as attachments. According to the Proposal, Multitude's new registered office would be seated in Hamburg, Germany.

According to the Proposal, the Relocation would take effect on or about 31 December 2021. The final decision on the Relocation is subject to approval by the shareholders' general meeting to be convened at a later stage.

About Multitude SE:

Multitude is an international provider of mobile banking and digital consumer and small business loans, distributed and managed by mobile devices. Founded in 2005 and headquartered in Helsinki, Finland, Multitude has expanded to operate across Europe, South and North America, Australia and Asia.

As a pioneer in digital and mobile financial services technology, Multitude is at the forefront of the digital banking revolution. The Group has approximately 467,000 active customers that have an open Mobile Bank or Wallet account or an active loan balance in the last 12 months (as at 30 June 2021).

Multitude SE is listed on the Prime Standard of Frankfurt Stock Exchange under symbol 'FRU.' For more information, visit www.multitude.com.

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Additional features:

File: [Multitude SE H1 2021 report](#)

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