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Multitude SE publishes restated interim results for 2022 due to prior period adjustments and change of presentation

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Multitude SE publishes restated interim results for 2022 due to prior period adjustments and change of presentation

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Helsinki, 09 May 2023 - Multitude SE (ISIN: FI4000106299, WKN: A1W9NS) ("Multitude" or the "Group") announces restated unaudited results for the 3 months ended 31 March 2022, ("3 Month"), the 6 months ended 30 June 2022 ("6 Month"), and the 9 months ended 30 September 2022 ("9 Month"). These restatements are required following a review of the brokerage fee treatment according to IFRS 9, classification of cash flows on deposits from customers in consolidated statement of cash flows and classification of loans to customers as non-current or current in consolidated statement of

financial position.

Brokerage fees on loans and deposits

The Group reviewed the way sales and commission fees payable to third parties of specific lending products are recognised, and the pattern and method of recognition of the fees within the consolidated statement of profit or loss. Previously these costs were expensed as incurred and presented within selling and marketing expense. Subsequent to the correction, such fees which are transaction costs directly attributable to the acquisition of loans to customers and deposits from customers, are adjusted against the initial fair value of the instrument and are amortised to the statement of profit or loss over the estimated life of the related loans and deposits received applying the effective interest rate method. The impact of the correction is that the timing of the expense recognition changes, and both the interest income and fee expenses decrease within the statement of profit or loss.

Following the adjustments to the treatment of commission fee, Multitude considers its procedures on calculating interest revenue as fully compliant with definition of effective interest rate in IFRS 9.

Classification of cash flows on deposits from customers to cash flows from financing activities

The Group corrected the presentation of cash flows from deposits from customers in the consolidated statement of cash flows to cash flows from financing and restated the comparative period. Previously the Group classified the deposit related cash flows as part of the cash flows from its net cash flows from operating activities.

Reclassification of cash flow on deposits is aimed to align with classification of interest cost on deposits in the consolidated statement of profit or loss where it is part of finance costs.

Classification of loans to customers as non-current or current

The Group has corrected the classification of loans to customers as current and non-current in the statement of financial position and restated the comparative financial information accordingly. Previously, the Group incorrectly classified loans to customers which did not meet the current asset criteria in IAS 1 as current assets. The correction relates solely to the presentation in the statement of financial position, and it has no impact on the results.

The impact of adjustments on the financial statement line items can be found in the table below:

<u>Consolidated statement of profit or loss</u> (EUR '000)	1 Jan 2022 - 31 Mar 2022	1 Jan 2022 - 30 Jun 2022	1 Jan 2022 - 30 Sep 2022	Type of adjustment
Interest revenue	(1,720)	(3,458)	(5,256)	1
Selling and marketing expense	2,000	4,022	6,112	1
Profit (loss) before interests and taxes ('EBIT')	280	564	857	1
Finance income (cost)	(231)	(464)	(705)	1
Income Tax Expense	(7)	(14)	(22)	1
Profit (loss) for the year	43	85	130	1

<u>Consolidated statement of financial position</u> (EUR '000)	31 Mar 2022	30 Jun 2022	30 Sep 2022	Type of adjustment
Assets:				

Non-current assets:				
Loans to customers	88,428	100,259	96,947	3
Current assets:				
Loans to customers	(82,205)	(93,140)	(88,821)	1, 3
Prepaid expenses and other current assets	(1,362)	(2,207)	(3,163)	1
Equity:				
Retained earnings	4,647	4,689	4,734	1
Liabilities:				
Non-current liabilities:				
Deferred tax liabilities	215	222	230	1

<u>Consolidated statement of cash flows (EUR '000)</u>	1 Jan 2022 - 31 Mar 2022	1 Jan 2022 - 30 Jun 2022	1 Jan 2022 - 30 Sep 2022	Type of adjustment
Profit (loss) for the year	43	85	130	1
Finance costs, net	231	464	705	1
Increase (+) / decrease (-) in trade payables and other liabilities	(273)	(550)	(835)	1
Deposits from customers	66,268	59,947	32,395	2
Net cash flows from (used in) operating activities	66,268	59,947	32,395	
Deposits from customers	(66,268)	(59,947)	(32,395)	2
Net cash flows from (used in) financing activities	(66,268)	(59,947)	(32,395)	

In connection to the aforementioned adjustments the Group has also restated all subsequently published interim results and balance sheets of the financial year 2022 as follows:

<u>Consolidated Statement of Financial Position (EUR '000)</u>	31 Mar 2022	30 Jun 2022	30 Sep 2022
ASSETS			

Non-current assets:			
Property, plant and equipment	3,240	3,099	2,933
Right-of-use assets	3,683	3,456	2,929
Intangible assets	34,832	34,593	34,094
Deferred tax assets	6,911	6,571	6,254
Loans to customers	88,428	100,259	96,947
Other non-current financial assets	6,625	16,706	16,652
Total non-current assets	143,719	164,684	159,809
Current assets:			
Loans to customers	383,205	384,286	395,915
Other current financial assets	11,369	15,085	28,789
Derivative financial assets	700	2,007	4,013
Current tax assets	2,347	2,081	2,862
Prepaid expenses and other current assets	7,053	161	2,614
Cash and cash equivalents	213,123	149,065	152,220
Total current assets	617,798	552,686	586,414
Total assets	761,517	717,370	746,223
EQUITY AND LIABILITIES			
Equity:			
Share capital	40,134	40,134	40,134
Treasury shares	(142)	(142)	(142)
Retained earnings	71,752	71,669	75,259
Perpetual bonds	50,000	50,000	50,000
Unrestricted equity reserve	14,708	14,708	14,708
Translation differences	(3,944)	(4,794)	(5,132)

Other reserves	2,631	2,631	2,630
Total equity	175,139	174,206	177,457
Liabilities:			
Non-current liabilities:			
Long-term borrowings	58,304	2,765	2,847
Deposits from customers	91,237	88,486	77,634
Lease liabilities	2,026	1,570	2,113
Deferred tax liabilities	418	417	824
Total non-current liabilities	151,985	93,238	83,418
Current liabilities:			
Short-term borrowings	84,291	97,644	95,891
Deposits from customers	326,886	335,953	374,358
Derivative financial liabilities	2,623	106	337
Lease liabilities	1,461	724	1,281
Current tax liabilities	2,081	210	23
Trade payables	3,508	3,254	2,205
Accruals and other current liabilities	13,543	12,035	11,253
Total current liabilities	434,393	449,926	485,348
Total liabilities	586,378	543,164	568,766
Total equity and liabilities	761,517	717,370	746,223

<u>Consolidated Statement of Profit or Loss (EUR '000)</u>	1 Jan 2022 - 31 Mar 2022	1 Jan 2022 - 30 Jun 2022	1 Jan 2022 - 30 Sep 2022
Interest revenue	51,006	101,948	155,076
Servicing fee revenue	763	1,620	2,497

Total revenue	51,769	103,569	157,573
Operating expenses:			
Impairment loss on loans to customers	(18,547)	(37,754)	(57,872)
Bank and lending costs	(3,815)	(6,854)	(10,535)
Personnel expense	(8,918)	(17,942)	(25,860)
Selling and marketing expense	(3,528)	(6,759)	(9,755)
General and administrative expense	(7,129)	(13,549)	(19,384)
Depreciation and amortisation	(4,073)	(8,071)	(12,640)
Operating profit	5,759	12,640	21,528
Other income (expense)	72	(47)	151
Profit before interests and taxes ("EBIT")	5,831	12,593	21,679
Finance income (costs)	(3,364)	(9,574)	(13,784)
Profit before income taxes	2,468	3,019	7,894
Income tax expense	(416)	(888)	(1,798)
Profit (loss) from continuing operations	2,052	2,130	6,097
Loss from discontinued operations	-	-	-
Profit (loss) for the year	2,052	2,130	6,097
Earnings (loss) per share:			
Weighted average number of ordinary shares in issue	21,578	21,578	21,578
Earnings (loss) per share from continuing operations, EUR	0.10	0.03	0.17
Earnings (loss) per share from discontinued operations, EUR	-	-	-
Total earnings (loss) per share, EUR	0.10	0.03	0.17

	Mar 2022	Jun 2022	Sep 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) for the year	2,052	2,130	6,096
Adjustments for:			
Depreciation and amortisation	4,062	8,060	12,617
Finance costs, net	3,364	8,968	13,074
Tax on income from operations	409	874	1,776
Other adjustments	(166)	280	223
Impairments on loans	18,547	38,107	57,872
Working capital changes:			
Increase (-) / decrease (+) in current receivables	(8)	(2,865)	(30,568)
Increase (+) / decrease (-) in trade payables and other liabilities	(62)	(624)	(6,658)
Interest paid	(2,953)	(6,751)	(9,337)
Interest received	61	188	662
Income taxes paid	(1,541)	(2,966)	(4,471)
Net cash flows from operating activities before movements in loan portfolio	23,764	45,402	41,286
Movements in gross portfolio	(41,609)	(72,310)	(83,413)
Net cash flows used in operating activities	(17,845)	(26,908)	(42,127)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible and intangible assets	(2,380)	(5,753)	(9,057)
Purchase of investments and other assets	900	784	784
Purchase of non-current financial assets	-	(10,000)	(10,000)
Disposal of subsidiaries	-	(3,781)	(5,584)
Net cash flows used in investing activities	(1,480)	(18,750)	(23,857)

CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of short-term borrowings	-	(83,521)	(85,221)
Perpetual bonds interests and issuance costs	(729)	(1,854)	(2,403)
Repayment of finance lease liabilities	(763)	(1,120)	(1,881)
Proceeds from long-term borrowings	-	39,400	39,400
Proceeds from short-term borrowings	-	2,765	2,770
Deposits from customers	(66,268)	(59,947)	(32,395)
Net cash flows from (used in) financing activities	(67,760)	(104,277)	(79,730)
Cash and cash equivalents, as at 1 January	301,592	301,592	301,592
Exchange gains (losses) on cash and cash equivalents	(1,383)	(2,592)	(3,658)
Net increase in cash and cash equivalents	(87,085)	(149,935)	(145,714)
Cash and cash equivalents, as at end of reporting period	213,124	149,065	152,220

The restatement of operating segments for each interim result of year 2022 are shown as follows:

Operating and reportable segments for 1 Jan 2022 - 31 Mar 2022

EUR '000	Ferratum	Sweep-Bank	Capital-Box	Central	Total
Gross interest revenue	44,204	3,406	5,448	-	53,058
Transaction costs	(1,720)	(280)	(53)	-	(2,052)
Interest revenue	42,485	3,126	5,395	-	51,006
Servicing fee revenue	751	13	-	-	763
Total revenue	43,235	3,139	5,395	-	51,769
Share in revenue, in %	83.5%	6.1%	10.4%	-	100.0%
Operating expenses:					
Impairment loss on loans to customers	(14,091)	(2,077)	(2,379)	-	(18,547)
% of revenue	32.6%	66.2%	44.1%	-	35.8%

Bank and lending costs	(3,288)	(339)	(188)	-	(3,815)
Personnel expense	(4,904)	(2,549)	(1,465)	-	(8,918)
Selling and marketing expense	(1,518)	(750)	(1,260)	-	(3,528)
General and administrative expense	(3,941)	(2,214)	(975)	-	(7,129)
Depreciation and amortisation	(3,452)	(485)	(136)	-	(4,073)
Operating profit (loss)	12,041	(5,275)	(1,008)	-	5,759
Other income (expense), net	14	1	57	-	72
Profit (loss) before interests and taxes ("EBIT")	12,055	(5,274)	(951)	-	5,831
EBIT margin, in %	27.9%	-168.0%	-17.6%	-	11.3%
Allocated finance costs, net	(2,463)	(744)	(640)		(3,847)
Unallocated foreign exchange losses, net				483	483
Profit before income taxes	9,593	(6,018)	(1,591)	483	2,468
Profit before tax margin, in %	22.2%	-191.7%	-29.5%	-	4.8%
Loans to customers	290,905	98,386	82,342	-	471,633
Unallocated assets	-	-	-	-	291,245
Unallocated liabilities	-	-	-	-	586,163

Operating and reportable segments for 1 Jan 2022 - 30 Jun 2022

EUR '000	Ferratum	Sweep-Bank	Capital-Box	Central	Total
Gross interest revenue	88,892	6,757	10,876	-	106,525
Transaction costs	(3,458)	(656)	(462)	-	(4,577)
Interest revenue	85,434	6,100	10,414	-	101,948
Servicing fee revenue	1,590	31	-	-	1,620
Total revenue	87,024	6,131	10,414	-	103,569
Share in revenue, in %	84.0%	5.9%	10.1%	-	100.0%
Operating expenses:					

Impairment loss on loans to customers	(29,032)	(4,216)	(4,506)	-	(37,754)
% of revenue	33.4%	68.8%	43.3%	-	36.5%
Bank and lending costs	(5,710)	(688)	(456)	-	(6,854)
Personnel expense	(9,969)	(5,218)	(2,754)	-	(17,942)
Selling and marketing expense	(4,000)	(1,115)	(1,644)	-	(6,759)
General and administrative expense	(7,629)	(4,117)	(1,803)	-	(13,549)
Depreciation and amortisation	(6,333)	(1,450)	(289)	-	(8,071)
Operating profit (loss)	24,351	(10,673)	(1,038)	-	12,640
Other income (expense), net	(40)	(3)	(5)	-	(47)
Profit (loss) before interests and taxes ("EBIT")	24,311	(10,676)	(1,043)	-	12,593
EBIT margin, in %	27.9%	-174.1%	-10.0%		12.2%
Allocated finance costs, net	(5,166)	(1,767)	(1,343)	-	(8,276)
Unallocated foreign exchange losses, net	-	-	-	(1,298)	(1,298)
Profit before income taxes	19,145	(12,443)	(2,386)	(1,298)	3,019
Profit before tax margin, in %	22.0%	-203.0%	-22.9%	-	2.9%
Loans to customers	291,334	111,154	82,058	-	484,546
Unallocated assets	-	-	-	-	23,507
Unallocated liabilities	-	-	-	-	543,312

Operating and reportable segments for 1 Jan 2022 - 30 Sep 2022

EUR '000	Ferratum	Sweep-Bank	Capital-Box	Central	Total
Gross interest revenue	135,087	11,253	15,883	-	162,222
Transaction costs	(5,256)	(1,116)	(775)	-	(7,147)
Interest revenue	129,831	10,137	15,108	-	155,075
Servicing fee revenue	2,443	54	-	-	2,498
Total revenue	132,274	10,191	15,108	-	157,573

Share in revenue, in %	83.9%	6.5%	9.6%	-	100.0%
Operating expenses:					
Impairment loss on loans to customers	(44,030)	(7,980)	(5,862)	-	(57,872)
% of revenue	33.3%	78.3%	38.8%		36.7%
Bank and lending costs	(8,236)	(1,062)	(1,237)	-	(10,535)
Personnel expense	(14,476)	(7,183)	(4,201)	-	(25,860)
Selling and marketing expense	(5,963)	(1,674)	(2,118)	-	(9,755)
General and administrative expense	(10,942)	(5,541)	(2,900)	-	(19,384)
Depreciation and amortisation	(9,060)	(3,105)	(475)	-	(12,640)
Operating profit (loss)	39,568	(16,354)	(1,685)	-	21,528
Other income (expense), net	128	9	14	-	151
Profit (loss) before interests and taxes ("EBIT")	39,696	(16,345)	(1,671)	-	21,679
EBIT margin, in %	30.0%	-160.4%	-11.1%	-	13.8%
Allocated finance costs, net	(7,100)	(2,601)	(1,846)	-	(11,547)
Unallocated foreign exchange losses, net	-	-	-	(2,237)	(2,237)
Profit before income taxes	32,595	(18,946)	(3,517)	(2,237)	7,894
Profit before tax margin, in %	24.6%	-185.9%	-23.3%	-	5.0%
Loans to customers	290,395	120,034	82,434	-	492,863
Unallocated assets	-	-	-	-	256,609
Unallocated liabilities	-	-	-	-	568,536

About Multitude Group:

Multitude aims to become the most valued financial ecosystem by acting as a growth platform that creates success stories in FinTech. With profound know-how in technology, regulation, funding and cross-selling, Multitude offers a range of sustainable banking and financial services for FinTechs to grow and scale rapidly. Multitude and its three independent business units, SweepBank, Ferratum and CapitalBox, employ around 700 people in 19 countries, and they together generated EUR 212 million revenue in 2022. Multitude was founded in 2005 in Finland and is listed in the Prime Standard segment of the Frankfurt Stock Exchange under the symbol 'FRU'. www.multitude.com

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