H1 2023 Report

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Board of Directors' Report H1 2023 Unaudited

Multitude SE in Brief

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 approx. 700 people in 18 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".

OUR CURRENT BUSINESS UNITS

sweep bank | ferratum | CapitalBox

COMPANY FACTS

Founded in Finland in 2005

Headquartered in Helsinki

Full European Banking Licence

Listed in the Frankfurt Stock Exchange

€212m
Group Revenue 2022

400,000+
Customers

700+
Employees

18
Countries

Key highlights

H1 in Brief

KEY HIGHLIGHTS:
- We are on track with EUR 45m EBIT guidance for 2023.
- Strong performance: EBIT 66% up to EUR 20.9m and profits 251% up to EUR 7.5m.
- Strong cash position continues.
- Robust payment behaviour.

Company structure and business model

Multitude Group is an international provider of digital financial services. Nordic-born and globally focused with operations in 18 countries, backed by 18+ years of solid track record in building and scaling financial technology, its ambition is to become the most valued financial ecosystem. How is Multitude reaching its ambitious vision?

The leading feature of the Multitude ecosystem is the growth platform, which offers four specific benefits to FinTech businesses.

The benefits of our platform can be divided into four main categories:
- Access to funding, supported by Multitude Bank
- Regulatory and compliance expertise (KYC, AML, anti-fraud, scoring, reporting)
- Technological support (API integration, security)
- Cross-resourcing and selling opportunities

At Multitude, we refer to a platform business as one that offers a suite of business processes and services to help other businesses scale and grow faster than they could on their own. The key to our growth platform thinking is that we can seamlessly deliver robust and reliable services to the customers of it, our business units, and extend these services to other partners.

Currently, the growth platform supports three business units: SweepBank as a shopping and financing app, Ferratum as a consumer lender, and CapitalBox as a business lender. The first external customers were successfully added to the growth platform in Q3 2022 and are currently utilising its funding benefits.

Our platform served 400,000 customers in 18 countries in 2022 through its internal customers SweepBank, Ferratum and CapitalBox. These customers have or have had an active loan balance with at least one of the independent business units within Multitude within the past 12 months or are active users of the SweepBank app, or a combination of these.

sweep bank

Business Unit: SweepBank

With full access to the Multitude growth platform and having onboarded its first customers in 2020, SweepBank serves the needs of tech-savvy underserved customers such as young adults, students, economic immigrants, and freelancers by offering a compelling and flexible, fully digitalised combination of shopping and financing services in one intuitive app. SweepBank's main customer segment in consumers represents approx. 35 million potential customers in the EU and the segment is expected to grow further. This segment expects nothing less than a strongly personalised experience in everything they do, including financial services and SweepBank offers exactly that and more.

At the end of H1 2023, SweepBank offered three products: Prime Loan, Credit Card and Bank Account and operated across three markets, Finland, Denmark and Latvia.

Credit card

The SweepBank Credit Card, a Mastercard® without annual or monthly fees, allows financing smaller purchases of up to EUR 8,000. The card offers free liability coverage for purchases with it and an interest-free period of up to 60 days. Virtual card integrations with Apple Pay and NFC payments allow easy usage online and at physical points of sale. Customers onboard the app within minutes and are automatically scored. Upon successful onboarding, the free card is immediately ready to use. Customers can also use the card as a flexible credit facility by withdrawing money from it directly into their bank account, a feature that is growing in popularity among customers.

Prime Loan

Prime Loans, longer-term instalment loans for consumers, enable higher purchases, like home renovations, cars and other more significant purchases. The loans can amount to up to EUR 15,000 with loan maturities ranging between 1-7 years. SweepBank is currently only issuing Prime Loans in Latvia.

Basic Banking & Shopping

SweepBank offers current accounts with up to 1% interest p.a. and fixed-term deposit accounts with up to 3.7% interest p.a. (max. deposit EUR 100,000) for up to three years. The current account includes a virtual Mastercard® debit card that is instantly ready to use online and in physical stores after successful onboarding to the app. In addition, SweepBank has a loyalty program that allows customers to earn up to 5% loyalty points and get discounted offers when they purchase from selected partners. Customers can convert loyalty points directly into cash in the SweepBank app.

H1 2023 highlights

The focus during 2023 is to shift towards profitability and continue bringing customers the best of financing and shopping in one app. SweepBank is executing its strategy to accelerate profitable growth by focusing on high-margin products and countries, by growing the Prime Loan business in Latvia and the credit card business in Finland. This is combined with operational and direct cost reductions.

The credit card growth derives from the digital marketing strategy, growing the customer base efficiently by +199% during H1. A flexible instalment solution (as a part of the credit card) and an initial merchant network have been established in H1 to further grow within the shopping segment.

The Prime Loan in Latvia had strong revenue growth of +55% y-o-y and during H1, price adjustments were made to meet higher funding costs and retain the high margin. At the end of H1, interest on current & saving accounts and term deposits were increased in Finland and Latvia to start growing a favourable source of funding for H2.

From the financial perspective, SweepBank improved its EBIT results by EUR 1.7 million from EUR -10.7 million in H1 2022 to EUR -8.9 million in H1 2023. Revenue growth shows an increase of 52.8% in H1 2023 as compared to H1 2022.

Going forward

The focus continues to be to maintain a low-cost credit card growth strategy by expanding the digital performance channels, diversifying the channel mix, and targeting the shopping segment through online and offline merchant networks. Additionally, continue growing Prime Loans in Latvia.

ferratum

Business Unit: Ferratum

Three services under the Ferratum brand – Micro Loan, Plus Loan and Credit Limit, allow Ferratum to cater to various, immediate financial needs of individuals, such as unplanned, short-term financing needs resulting from unexpected life events. To apply for any of Ferratum's loans, the customer only fills in a handful of data while the in-house developed and automated, AI-powered scoring algorithms handle the rest. This end-to-end digital process enables a finished and scored application within minutes. On average, it takes less than 15 minutes from an approved application for the customer to have the loan amount in their bank account.

Ferratum has three products and operates across 14 markets: Bulgaria, Brazil, Croatia, Czech Republic, Denmark, Estonia, Finland, Germany, Latvia, The Netherlands, Norway, Romania, Slovenia, and Sweden.

Micro Loan

Micro Loans, so-called bullet loans, serve the need for instant, short-term financing with quick repayment. Micro Loans range from EUR 25 to EUR 1,000, which customers pay back in one instalment within 7-60 days.

Plus Loan

A Plus Loan caters to a customer's higher need for instant finance, with loan amounts ranging from EUR 300 to EUR 4,000 and maturity periods between 2-18 months with equal repayments over the loan term.

Credit Limit

Credit Limit, the most popular service under Ferratum, is a pre-approved credit line, also called revolving credit, which enables financial flexibility on a more continuous basis. Eligible customers are pre-approved for up to EUR 5,000 and can withdraw money and repay without fixed amounts or timelines.

H1 2023 highlights

The further roll-out of Credit Limit, the most popular financing service within Ferratum, together with scaling the most profitable markets, are key growth drivers for 2023. On top of this, Ferratum continues to adjust its risk policy rules to ensure that customers make payments consistently. These changes were also meant to prepare the tribe for potential challenges in the future due to inflation, which might affect certain customer groups.

From the financial perspective, Ferratum significantly increased its EBIT level by 14.9% from EUR 24.3 million in H1 2022 to EUR 27.9 million in H1 2023. Revenue growth shows positive 2.5% in H1 2023 as compared to H1 2022.

AI service tools: Staying on top of the fast-changing trends
Customers read less and less, but they watch more and more. Ferratum continues identifying and addressing these new trends by pioneering and implementing advanced AI service tools such as a cutting-edge AI video system, employing hyper-realistic human-like avatars as virtual assistants. These avatars are more than mere visuals, offering personalized, 24/7 guidance on our financial services and products.

Furthermore, these tools include predictive service, which can anticipate and proactively address customer needs. Additionally, they use real-time customer sentiment analysis to gain insight into how customers feel about their experience and make necessary adjustments.

In H1, Ferratum has also added a further two communication channels, WhatsApp and Viber to make it easier for customers to reach out and get the support they need.

These AI service tools help improve customer and communication service, reducing the need for manual work and making the process cost-efficient. Overall, Ferratum's use of these advanced tools demonstrates its commitment to providing top-notch service and staying ahead of the curve in the ever-changing world of customer support.

The further roll-out of Credit Limit, the most popular financing service within Ferratum, together with scaling the most profitable markets, are key growth drivers for 2023.

Going forward
The focus going forward is to continue growth in the target markets by enhancing digital marketing and customer onboarding, as well as improving collection and credit risk technology to maintain stable credit loss performance over time.

Business Unit: CapitalBox

Small and medium-sized enterprises (SMEs) make up an impressive 99.8% of businesses in Europe. Nonetheless, they frequently encounter inadequate support or even outright neglect from traditional banking systems. The outdated methods and services offered by traditional banks no longer sync with the dynamic and evolving needs of today's SMEs within the contemporary business landscape.

CapitalBox provides essential financial solutions to SMEs through its credit lines and instalment loans. Through a streamlined, fully digitalised process, funds can be made available to SMEs in a matter of minutes after application approval. This efficiency positions CapitalBox as the perfect ally for meeting short-term business financing requirements. Powered by advanced technology, experience, and the resources of Multitude's growth platform, CapitalBox delivers a swift and dependable offering. As of the end of H1 2023, CapitalBox had established its presence in five markets: Finland, Sweden, Denmark, Lithuania, and the Netherlands, offering four distinct products.

Instalment Loans
These loans, with amounts reaching up to EUR 100,000, serve as working capital injections. Spanning a period of 6 to 48 months, these solutions empower SMEs to finance various aspects of their operations. From expansion initiatives to inventory management, marketing campaigns, talent acquisition, and the procurement or leasing of equipment, these loans cater to a wide array of business needs.

Credit Line
CapitalBox extends a flexible credit line to SMEs, accommodating financial needs ranging from EUR 2,000 to EUR 350,000. This adaptable financing option provides SMEs with the financial flexibility required to navigate the dynamic business environment.

Secured Loan
With the aim of promoting growth, CapitalBox offers secured loans designed for substantial investments. These loans can reach up to EUR 2.0 million, addressing a gap in the industry where smaller FinTech firms might lack capacity, and traditional banks might opt not to provide secured loans to SMEs.

Purchase Finance
In collaboration with retail partners, CapitalBox makes its financing accessible to business customers at the point of sale. This strategic partnership empowers businesses to acquire essential assets without undue financial strain.

CapitalBox's commitment to SMEs' financial needs, combined with its efficient digital approach and diverse product range, positions it as a pivotal ally in the journey of business growth and success.

H1 2023 highlights

In H1, CapitalBox's financial performance has exceeded expectations, primarily driven by controlled credit losses and a steady growth of its portfolio. It has made notable progress in expanding its financial offerings and automating key processes. This has contributed to improved customer satisfaction, profitable growth, and enhanced operational efficiency.

CapitalBox successfully launched secured bigger ticket loans, extending its ticket size to EUR 2.0 million. This strategic move allows larger companies to access financing while providing collateral as a security measure and positions CapitalBox to capture a larger market share across various markets.

The company's commitment to process automation is evident, with 30% of financing decisions already being made through automated processes. Automation initiatives have also been introduced in the Swedish market, with plans to extend this to other markets. This approach enhances efficiency, reduces manual intervention, and streamlines operations. Additionally, CapitalBox introduced an online Buy Now Pay Later (BNPL) product in the Finnish market, with plans for its scaling in other markets, to adapt to the evolving consumer preferences and its drive for increased revenue streams.

From the financial perspective, CapitalBox shows a significant development of its EBIT figure changing from the negative EUR 1.0 million in H1 2022 to the positive EUR 1.9 million in H1 2023. At the same time, revenue line showed an increase of 5.6% from EUR 10.4 million in H1 2022 to EUR 11.0 million.

Going forward

CapitalBox's upcoming plans include launching secured bigger ticket loans, starting with Lithuania. This expansion aims to bring the benefits of collateral-backed financing to new markets, fostering growth and stability. In addition to this, it is set to launch a multi-product offering, enabling clients to access multiple distinct financial products from CapitalBox to enhance customer engagement and the potential for increased revenue per customer.

Payment Behavior Improvement

CapitalBox intends to strengthen its payment behavior by enhancing soft-collections across markets. This strategic move is expected to bolster stable payment behavior and decrease credit reserves.

Automation Enhancement

Automation will play a pivotal role in CapitalBox's customer and partner outreach efforts, increasing reach and accelerating acquisition.

Customer and Employee Satisfaction

CapitalBox's commitment to customer satisfaction is reflected in its strong customer rating of 4.5 out of 5 across all markets on Trustpilot. In conclusion, CapitalBox's strategic initiatives, strong financial performance, and commitment to customer satisfaction position the company to achieve its growth objectives.

Key figures and ratios

EUR '000	Q2 2023	Q1-Q2 2023	Restated Q2 2022	Restated Q1-Q2 2022
Revenue	55,505	109,527	51,800	103,569
Profit (loss) before interests and taxes ("EBIT")	11,302	20,909	6,762	12,593
Profit (loss) before tax	6,461	9,346	552	3,019
Profit (loss) before tax margin, in %	11.6	8.5	1.1	2.9
Net cash flows from operating activities before movements in loan portfolio and deposits received	49,102	71,001	21,638	45,402
Net cash flows from (used in) operating activities	7,001	5,678	(9,063)	(26,908)
Net cash flows from (used in) investing activities	(17,292)	(18,700)	(17,270)	(18,750)
Net cash flows from (used in) financing activities	(19,688)	57,589	(36,517)	(104,277)
Net increase (decrease) in cash and cash equivalents	(29,980)	44,567	(62,850)	(149,935)

EUR '000	30 Jun 2023	31 Dec 2022
Loans to customers	520,817	509,463
Impaired loan coverage ratio, in %	18.0	17.8
Deposits from customers	567,420	501,734
Cash and cash equivalents	196,707	153,325
Total assets	826,512	755,228
Non-current liabilities	201,101	132,462
Current liabilities	443,910	440,807
Interest-bearing liabilities, excluding deposits from customers	52,622	51,358
Total equity	181,501	181,959
Equity ratio, in %	22.0	24.1
Net equity ratio, in %	29.1	30.6
Net debt to equity ratio	2.47	2.31

Calculation of key financial ratios

Profit before tax (%) = $100\text{x} \dfrac{\text{Profit before tax}}{\text{Revenue}}$

Impaired Loan coverage ratio (%) = $100\text{x} \dfrac{\text{Credit loss allowance}}{\text{Gross loans to customers}}$

Equity ratio (%) = $100\text{x} \dfrac{\text{Total equity}}{\text{Total assets}}$

Net equity ratio (%) = $100\text{x} \dfrac{\text{Total equity}}{\text{Total assets – cash and cash equivalents}}$

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

Key developments in H1 2023

Financial overview

Improved presentation of financial statement line items

The Group has improved its presentation of certain financial items on the consolidated financial statements at the end of 2022. As a result, the Group's consolidated statement of financial position, consolidated statements of profit or loss, total comprehensive income, and cash flows, including relevant note disclosures for the comparative period of H1 2022, have been restated to reflect the impact of the presentation adjustments. The adjustment pertains to brokerage fees on loans and deposits and the classification of loans to customers in the consolidated statement of financial position and deposits to customers in the consolidated statement of cash flows.

Stable portfolio size and solid portfolio quality

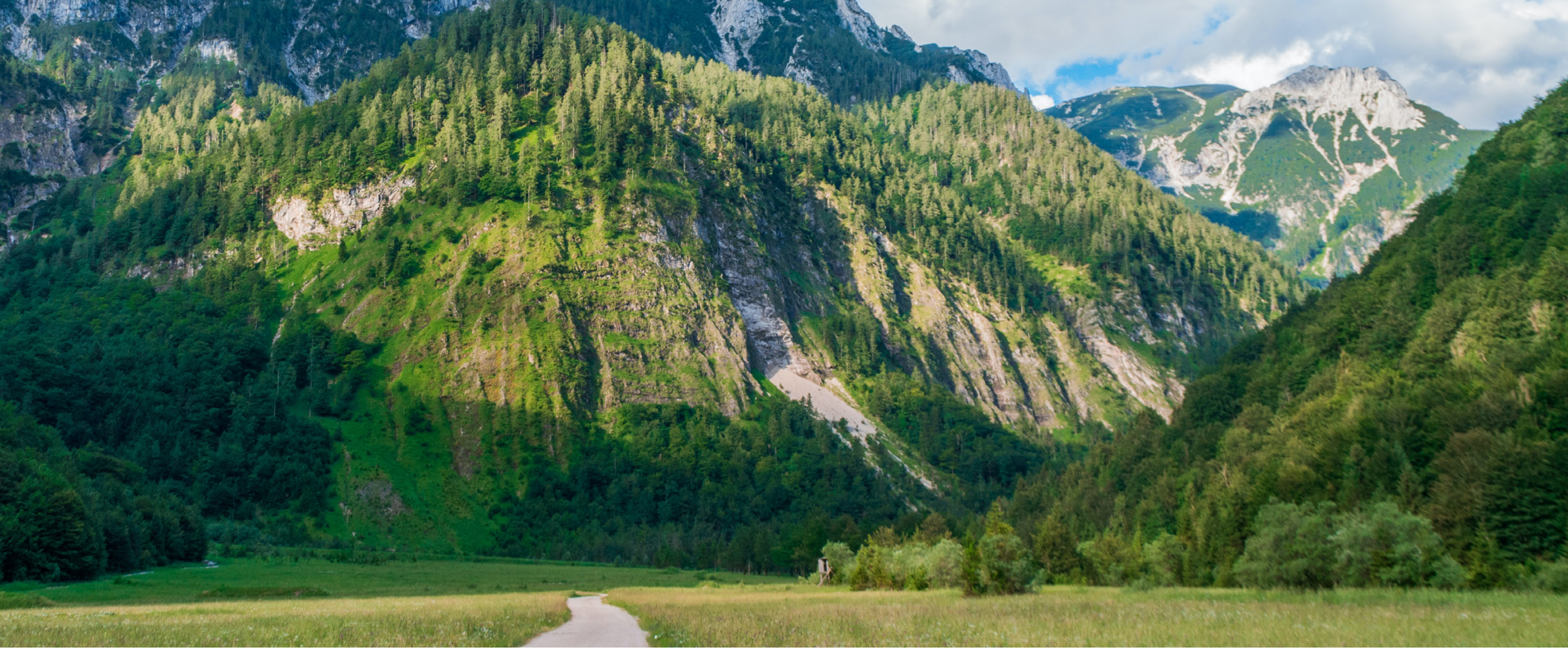
The Group's total loans to customers stood at EUR 520.8 million at the end of H1 2023 – an increase from EUR 509.5 million (+2.2%) at the end of Q4 2022. Despite the EUR 2.4 million (+6.5%) increase in impairment losses to customers when comparing H1 2023 and H1 2022, the Group's impaired loan coverage ratio ("ILCR") remains quite stable: 18.0% at the end of 2022 and 17.8% at the end of H1 2023.

Warehouse lending and non-current financial assets

At the second half of 2022, Multitude launched a new business activity of investing into the securitized bonds and loan part of mezzanine investments, which at the end of 2022 and now are recorded as other non-current financial assets. At the end of H1 2023, they equaled EUR 41.8 million with significant growth of EUR 12.9 million (+44.8%) due to the attraction of new customers from EUR 28.9 million at the end of 2022.

Continuous optimisation of operating expenses

As part of fulfilling its guidance, the Group introduced an effective cost management system and approval process. It showed a significant decline of EUR 2.3 million (-17.4%) in general and administrative expenses when comparing H1 2023 to H1 2022 (H1 2023: EUR 11.2 million, H1 2022: EUR 13.5 million). Bank and lending costs were also reduced significantly by EUR 0.9 million (-13.0%) (H1 2023: EUR 6.0 million, H1 2022: EUR 6.9 million). Personnel expenses decreased by EUR 1.1 million (-6.4%) (H1 2023: EUR 16.8 million, H1 2022: EUR 17.9 million). Depreciation and amortisation expenses decreased by EUR 0.5 million (-6.0%) (H1 2023: EUR 7.6 million, H1 2022: EUR 8.1 million) due to a change in the depreciation base of internally generated software. Due to the new offline media campaign, only selling and marketing expenses have slightly increased by EUR 0.2 million (4.2%) (H1 2023: EUR 7.0 million, H1 2022: EUR 6.8 million).



General increase in interest rates

The surge in interest rates across European economies during H1 2023 has notably impacted net finance costs, primarily driven by foreign exchange hedging expenses and supplementary deposit scheme contributions. In direct comparison, net finance costs escalated by EUR 2.0 million (+20.9%), marking a shift from EUR 9.6 million in H1 2022 to EUR 11.6 million in H1 2023.

This rise in foreign exchange hedging costs is directly attributed to the heightened interest rates prevalent in European economies throughout H1 2023. It is worth noting that the financial landscape of H1 2022 was unique, with exceptionally low finance costs. During that period, the offsetting effect of foreign exchange gains from the remaining open position outpaced the hedging costs, resulting in a positive net foreign exchange impact in H1 2022.

Furthermore, interest expenses observed a notable increase of EUR 0.9 million (+11.7%). This increase stems from the issuance of a new bond in Multitude SE in December 2022, heightened by the prevailing trend of rising interest rates.

Steady performance

In H1 2023, the Group's operations demonstrated strong profitability across key indicators. The profit before interest and taxes ("EBIT") reached EUR 20.9 million, complemented by a profit before taxes of EUR 9.3 million and an after-tax profit of EUR 7.5 million. Comparatively, in H1 2022, the figures were lower: EUR 12.6 million for EBIT, EUR 3.0 million for profit before taxes, and EUR 2.1 million for after-tax profit.

This favorable outcome can be attributed to strategic cost restructuring undertaken by management in H2 2022. Consequently, the Group witnessed a noteworthy year-over-year EBIT increase that translated into an enhanced EBIT margin, rising from 12.2% in H1 2022 to 19.1% in H1 2023.

Highly liquid asset position

The Group's liquidity position has strengthened significantly. As of the end of H1 2023, the total assets reached EUR 826.5 million, marking a substantial increase of EUR 71.3 million (9.4%) compared to EUR 755.2 million recorded at the close of Q4 2022.

At the end of H1 2023, the Group's current assets tallied up to EUR 629.2 million. The ratio of current assets to total assets remains notably high at 76.1%, representing a rise of EUR 52.8 million

(9.2%) compared to EUR 576.3 million and a corresponding ratio of 76.3% seen at the end of Q4 2022. This surge is primarily attributed to the net growth in cash and cash equivalents and an increase in other current assets, primarily stemming from receivables tied to the portfolios sold.

Cash and cash equivalents surged from EUR 153.3 million at the conclusion of Q4 2022 to EUR 196.7 million at the end of H1 2023, showcasing a substantial increase of EUR 43.4 million (28.3%). Additionally, the Group's non-current assets also experienced growth, expanding by EUR 18.4 million from EUR 178.9 million as of the end of Q4 2022 to EUR 197.3 million by the end of H1 2023.

Shift to non-current deposit base

The Group's shareholders' equity remained relatively steady, experiencing a minor decline of EUR 0.5 million (-0.3%). This shift brought it down from EUR 182.0 million at the close of Q4 2022 to EUR 181.5 million by the end of H1 2023. The Group's strategy revolved around strengthening its cash liquidity, mainly from an emphasis on non-current deposits. Consequently, the overall customer deposits surged from EUR 501.7 million at the end of Q4 2022 to EUR 567.4 million at the end of H1 2023, translating to a substantial growth of EUR 65.7 million or 13.1%.

The proportion of non-current deposits saw significant growth, escalating from 16.3% at the end of 2022 to 26.3% by the end of H1 2023. This shift influenced the equity ratio, which decreased by 2.1 percentage points from 24.1% at the conclusion of Q4 2022 to 22.0% at the end of H1 2023. Concurrently, total liabilities witnessed an expansion of EUR 71.7 million (+12.5%), transitioning from EUR 573.3 million at the end of Q4 2022 to EUR 645.0 million at the end of H1 2023.

This surge in liabilities can be attributed to a significant influx of new non-current deposits, marking an 82.8% increase from EUR 81.6 million in late 2022 to EUR 149.2 million by the end of H1 2023. Consequently, the Group's net debt-to-equity ratio experienced a slight uptick, moving from 2.31 at the close of Q4 2022 to 2.47 by the end of H1 2023. Among the Group's total liabilities, EUR 443.9 million were classified as current by the end of H1 2023 (a modest increase of EUR 3.1 million or 0.7% from Q4 2022). This contributed to a decline in the current liabilities over total liabilities ratio, which decreased from 76.9% at the conclusion of Q4 2022 to 68.8% by the end of H1 2023.

Treasury update

By the end of Q2 2023, Multitude's cash position saw a slight reduction of 13.4%, amounting to EUR 196.7 million. This is in contrast to the position of EUR 227.2 million observed at the end of Q1 2023. On February 23, 2023, Fitch Ratings maintained the Long-Term Issuer Default Rating (IDR) of Multitude SE at 'B+' with a Stable Outlook. Likewise, the senior unsecured notes retained an affirmation of 'B+'/RR4, and the subordinated hybrid perpetual capital notes were affirmed at 'B-'/RR6. Simultaneously, the Group's overall customer deposit base remained relatively stable, indicating only a marginal decrease of 2.3%. This brought the figure to EUR 567.4 million, compared to EUR 580.8 million as of March 31, 2023. Notably, the Multitude Bank has a highly diversified depositor base, with 99% of its deposits originating from customers covered by the Depositor Compensation Scheme.

Despite a significant rise in general interest rates over the past 9 months, Multitude's diverse funding base had a limited impact on the Group's funding costs.

During Q2 2023, the Group redeemed a portion of the equity-related bond for EUR 2.0 million. The total amount consists of EUR 1.9 million in cash payment and EUR 0.1 million in a discount recorded directly in equity.

Personnel update

In H1 2023, the average number of employees was 670 (compared to 693 in H1 2022), and the related personnel expenses amounted to EUR 16.8 million (down from EUR 17.9 million in H1 2022). Ari Tiukkanen has smoothly concluded his tenure as Deputy Group CEO and member of the Leadership Team. Following the resolutions of the Annual General Meeting held on April 27, 2023, Ari Tiukkanen was elected to assume the position of non-executive director on the group board. Harnessing his wealth of experience and proven expertise, Ari Tiukkanen has been further recognised by the board of directors, who have entrusted him with the pivotal role of Chairman of the Board. This appointment underlines his exceptional leadership qualities and visionary outlook.

Risk factors and risk management

Multitude carefully takes calculated risks in its business operations to minimise unexpected losses and protect the reputation of the Group. This prudent risk management approach can ultimately increase profitability and shareholder value. The leadership team and tribe management regularly oversee operations. They are ultimately responsible for managing risks and ensuring the Group can access the necessary software and instructions for controlling and monitoring risks. Each leadership team member ultimately bears responsibility for identifying and managing the risks related to their functions in line with instructions from the Board. Multitude is proactive in complying with all legal regulations and closely monitors any changes that might occur in the countries where it operates. The Group categorises its risk exposures into three main areas:

- Credit risks (such as receivables from customers)
- Market risks (including foreign exchange risks, interest rate risks, and other price risks)
- Operational risks (such as IT risks, legal and regulatory risks, and other operational risks)

By systematically addressing these risk factors, Multitude proactively safeguards its operations, sustains compliance with regulations, and ensures the sustained pursuit of long-term profitability and shareholder value.

Unaudited Interim Consolidated Financial Statements H1 2023

Consolidated statement of profit or loss

EUR '000	Notes	Q2 2023	Q1-Q2 2023	Restated Q2 2022	Restated Q1-Q2 2022
Interest revenue		54,785	108,033	50,942	101,948
Servicing fee revenue	5	721	1,495	857	1,620
Total revenue		55,505	109,527	51,800	103,569
Operating expenses:					
Impairment loss on loans to customers	6	(20,380)	(40,197)	(19,207)	(37,754)
Bank and lending costs		(2,917)	(5,960)	(3,039)	(6,854)
Personnel expense	7	(8,390)	(16,792)	(9,024)	(17,942)
Selling and marketing expense		(3,735)	(7,044)	(3,231)	(6,759)
General and administrative expense		(5,031)	(11,191)	(6,420)	(13,549)
Depreciation and amortisation		(3,909)	(7,590)	(3,998)	(8,071)
Operating profit		**11,145**	**20,753**	**6,881**	**12,640**
Other income	8	165	184	-	2
Other expense	8	(8)	(29)	(119)	(49)
Profit before interests and taxes ("EBIT")		**11,302**	**20,909**	**6,762**	**12,593**
Finance income	9	451	771	-	669
Finance costs	9	(5,303)	(12,346)	(6,211)	(10,243)
Share of result in associated companies		**12**	**12**	**-**	**-**
Profit before income taxes		**6,461**	**9,346**	**551**	**3,019**
Income tax expense	10	(1,204)	(1,865)	(472)	(888)
Profit for the period		**5,258**	**7,481**	**80**	**2,131**
Earnings (loss) per share:	**11**				
Weighted average number of ordinary shares in issue		21,578	21,578	21,578	21,578
Total adjusted earnings (loss) per share, EUR		**0.18**	**0.23**	**(0.07)**	**0.03**

Consolidated statement of comprehensive income

EUR '000	Q2 2023	Q1-Q2 2023	Restated Q2 2022	Restated Q1-Q2 2022
Profit (loss) for the period	5,258	7,481	80	**2,131**
Other comprehensive income (expense):				
Items that may be reclassified to profit or loss:				
Currency translation difference	(1,417)	(1,101)	(547)	(713)
Total other comprehensive income (loss)	**(1,417)**	**(1,101)**	**(547)**	**(713)**
Total comprehensive income (loss) for the period	**3,842**	**6,380**	**(469)**	**1,417**

Consolidated statement of financial position

EUR '000	Notes	30 June 2023	31 Dec 2022
ASSETS			
Non-current assets:			
Property, plant and equipment		2,691	3,081
Right-of-use assets		5,469	4,613
Intangible assets		30,066	31,400
Deferred tax assets		6,536	7,179
Loans to customers	6, 12	109,750	103,727
Other non-current financial assets	12	41,809	28,883
Investments accounted for using the equity method		1,012	-
Total non-current assets		**197,332**	**178,883**
Current assets:			
Loans to customers	6, 12	411,067	405,736
Other current financial assets	12	12,029	10,326
Derivative financial assets	12	3,218	3,180
Current tax assets		1,748	2,230
Prepaid expenses and other current assets		4,411	1,549
Cash and cash equivalents	12	196,707	153,325
Total current assets		**629,180**	**576,345**
Total assets		**826,512**	**755,228**
EQUITY AND LIABILITIES			
Equity:			
Share capital		40,134	40,134
Treasury shares		(97)	(142)
Retained earnings		78,226	77,679
Perpetual bonds		48,000	50,000
Unrestricted equity reserve		14,708	14,708
Translation differences		(2,100)	(3,049)
Other reserves		2,630	2,631
Total equity		**181,501**	**181,960**
Liabilities			
Non-current liabilities:			
Long-term borrowings	12	47,056	46,791
Deposits from customers	12	149,206	81,610
Lease liabilities	12	3,649	3,095
Deferred tax liabilities		1,189	966
Total non-current liabilities		**201,101**	**132,462**
Current liabilities:			
Deposits from customers	12	418,214	420,124
Derivative financial liabilities	12	179	446
Lease liabilities	12	1,916	1,472
Current tax liabilities		941	921
Trade payables	12	6,703	6,314
Accruals and other current liabilities	12	15,958	11,531
Total current liabilities		**443,910**	**440,807**
Total liabilities		**645,011**	**573,269**
Total equity and liabilities		**826,512**	**755,228**

Consolidated statement of cash flows

EUR '000	Notes	Q2 2023	Q1-Q2 2023	Restated Q2 2022	Restated Q1-Q2 2022
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit (loss) for the year		5,258	7,481	80	2,131
Adjustments for:					
Depreciation, amortisation and impairment		3,756	7,171	3,998	8,060
Finance costs, net	9	5,108	10,613	5,604	8,968
Tax on income from operations	10	1,204	1,865	465	874
Other adjustments		316	704	446	280
Impairments on loans	6	20,380	40,197	19,560	38,107
Working capital changes:					
Increase (-) / decrease (+) in current receivables		13,690	9,291	(2,857)	(2,865)
Increase (+) / decrease (-) in trade payables and other liabilities		1,051	(2,288)	(561)	(624)
Interest paid		(1,381)	(4,004)	(3,798)	(6,751)
Interest received		365	457	127	188
Income taxes paid		(646)	(486)	(1,425)	(2,966)
Net cash flows from operating activities before movements in loan portfolio and deposits		**49,102**	**71,001**	**21,638**	**45,402**
Movements in gross portfolio	6	(42,101)	(65,323)	(30,701)	(72,310)
Net cash flows from (used in) operating activities		**7,001**	**5,678**	**(9,063)**	**(26,908)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of tangible and intagible assets		(2,234)	(4,863)	(3,373)	(5,753)
Purchase of investments and other assets		(1,242)	(21)	(3,897)	(2,996)
Purchase of non-current financial investments		(12,800)	(12,800)	(10,000)	(10,000)
Purchase of investments accounted for using the equity method		(1,016)	(1,016)	-	-
Net cash flows used in investing activities		**(17,292)**	**(18,700)**	**(17,270)**	**(18,750)**
CASH FLOWS FROM FINANCINGACTIVITIES					
Dividends paid / distribution of equity reserve		(2,589)	(2,589)	-	-
Perpetual bond repayment		(1,875)	(1,875)	-	-
Repayment of short-term borrowings		-	-	(83,521)	(83,521)
Perpetual bond interests and expenses		(1,479)	(2,845)	(1,125)	(1,854)
Repayment of finance lease liabilities		(542)	(1,104)	(357)	(1,120)
Proceeds from long-term borrowings		-	-	39,400	39,400
Proceeds from short-term borrowings		-	-	2,765	2,765
Deposits from customers		**(13,202)**	**66,002**	**6,321**	**(59,947)**
Net cash flows from (used in) financing activities		**(19,688)**	**57,589**	**(36,517)**	**(104,277)**
Cash and cash equivalents, at the beginning of the period	12	227,171	153,325	213,124	301,592
Exchange losses on cash and cash equivalents	9	(484)	(1,186)	(1,209)	(2,592)
Net increase (decrease) in cash and cash equivalents		**(29,980)**	**44,568**	**(62,850)**	**(149,935)**
Cash and cash equivalents, at the end of the period	12	**196,707**	**196,707**	**149,065**	**149,065**

Consolidated statement of changes in equity

EUR '000	Share capital	Treasury shares	Retained earnings	Perpetual bonds	Unrestricted equity reserve	Translation differences	Other reserves	Total equity
At 1 January 2022	**40,134**	**(142)**	**70,466**	**50,000**	**14,708**	**(2,995)**	**2,631**	**174,802**
Comprehensive income								
Profit or loss for the period	-	-	2,131	-	-	-	-	2,131
Currency translation difference	-	-	(933)	-	-	218	-	(715)
Total comprehensive income	-	-	1,196	-	-	218	-	1,416
Transactions with owners								
Perpetual bonds interests and issuance costs	-	-	(1,483)	-	-	-	-	(1,483)
Share-based payments	-	-	219	-	-	-	-	219
Other changes	-	-	(750)	-	-	2	-	(748)
Total transactions with owners	-	-	(2,014)	-	-	2	-	(2,012)
Restated at 30 June 2022	**40,134**	**(142)**	**69,650**	**50,000**	**14,708**	**(2,775)**	**2,631**	**174,205**
At 1 January 2022	**40,134**	**(142)**	**70,466**	**50,000**	**14,708**	**(2,995)**	**2,631**	**174,802**
Comprehensive income								
Profit or loss for the period	-	-	11,995	-	-	-	-	11,995
Currency translation difference	-	-	(891)	-	-	(9)	-	(900)
Total comprehensive income	-	-	11,104	-	-	(9)	-	11,095
Transactions with owners								
Perpetual bonds interests and issuance costs	-	-	(3,670)	-	-	-	-	(3,670)
Share-based payments	-	-	483	-	-	-	-	483
Other changes	-	-	(704)	-	-	(44)	-	(748)
Total transactions with owners	-	-	(3,891)	-	-	(44)	-	(3,935)
At 31 December 2022	**40,134**	**(142)**	**77,679**	**50,000**	**14,708**	**(3,049)**	**2,631**	**181,960**
At 1 January 2023	**40,134**	**(142)**	**77,679**	**50,000**	**14,708**	**(3,049)**	**2,631**	**181,960**
Comprehensive income								
Profit or loss for the period	-	-	7,481	-	-	-	-	7,481
Currency translation difference	-	-	(2,050)	-	-	949	-	(1,101)
Total comprehensive income	-	-	5,431	-	-	949	-	6,380
Transactions with owners								
Dividend distribution	-	-	(2,589)	-	-	-	-	(2,589)
Perpetual bonds interests and issuance costs	-	-	(2,506)	-	-	-	-	(2,506)
Perpetual bonds repayment	-	-	-	(2,000)	-	-	-	(2,000)
Share-based payments	-	46	211	-	-	-	-	257
Other changes	-	-	1	-	-	-	(2)	(1)
Total transactions with owners	-	-	(4,883)	(2,000)	-	-	(2)	(6,839)
At 30 June 2023	**40,134**	**(97)**	**78,226**	**48,000**	**14,708**	**(2,101)**	**2,630**	**181,500**

1. GENERAL INFORMATION

Multitude SE and its subsidiaries ("Multitude" or the "Group"), is a leading FinTech company that aims to transcend the hassle of physical banking and manual financial transactions through a financial ecosystem. This ecosystem comprises mobile and digital platforms to promote a paperless, borderless, and real-time banking experience, to end customers and small and medium enterprises ("SMEs"). The parent company Multitude SE (business identity code 1950969-1) was established in 2005 and is headquartered at Ratamestarinkatu 11 A, FI-00520 Helsinki. Multitude SE is listed in the Prime Standard of Frankfurt Stock Exchange under the symbol "FRU". The Group also owns Multitude Bank p.l.c., licensed by the Malta Financial Services Authority ("MFSA"), which is a significant part of the Group that allows it to provide financial services and products to European Economic Area ("EEA") member states.

1.1 Significant changes in the current reporting period

The following significant events happened during Q2 2023:

Investment in Sortter

On 04 April 2023, Multitude acquired 19.97% ownership in a leading Finnish financial comparison platform, Sortter Oy, for the purchase price of EUR 1.0 million. The purchase price was recognised as an investment in an associate and classified as investments accounted for using the equity method in the consolidated statement of financial position. The estimated profit after tax of EUR 11.6 thousand from participation in the investment was recognised as share of result in associated companies in the consolidated statement of profit or loss for H1 2023. After the transaction, Multitude becomes a non-controlling minority shareholder of the company. Sortter is a Finnish FinTech company established in 2018, which compares financial services for its customers in the similar way hotels or flights are compared online. Sortter is a leading financial product comparison service in Finland, handling credit applications worth EUR 300 million+ monthly. Its revenues grew 160% Y-o-Y and amounted to over EUR 5.5 million in 2022.

Related party transaction

Due to the classification of investment into Sortter Oy as an investment in associates, the equity investment of EUR 1.0 million and corporate loan of EUR 7.8 million will be considered balances with related parties in the financial year 2023.

Annual General Meeting Multitude's

Annual General Meeting ("AGM") was held on 27 April 2023 in Helsinki, Finland. The following matters have been resolved during the AGM:

The AGM adopted the Annual Accounts, including the Consolidated Annual Accounts for the financial year 2022 and discharged the members of the Board of Directors and the CEO from liability for the financial year 2022. In accordance with the proposal of the Board of Directors, it was decided that dividends amounting to EUR 0.12 per share will be distributed for the financial year ended 31 December 2022.

In Q2 2023, dividends of EUR 2.6 million were distributed to shareholders.

The AGM confirmed the number of members of the Board of Directors as six and decided to re-elect Goutam Challagalla, Michael A. Cusumano, Jorma Jokela, Kristiina Leppänen and Lea Liigus to the Board of Directors and elected Ari Tiukkanen as new member, each one for a term ending at the end of the next Annual General Meeting. The Board of Directors will elect the Chairman and the Vice Chairman of the Board of Directors from amongst its members.

The AGM has also resolved to appoint Audit firm PricewaterhouseCoopers Oy, which had stated that APA Jukka Paunonen will act as the responsible auditor, as the auditor of the Group for a term ending at the end of the next Annual General Meeting.

Please visit the Group's website for further information on the Annual General Meeting.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The Group's unaudited interim consolidated financial statements and accompanying notes have been prepared in accordance with IAS 34, Interim Financial Reporting. The interim consolidated financial statements should be read in conjunction with the Group's audited consolidated financial statements at and for the year ended 31 December 2022, prepared in accordance with IFRS as published by the IASB and adopted by the EU. The interim consolidated financial statements follow the same accounting policies, computation methods, and judgment applications as the 2022 and 2023 Group consolidated financial statements. The only exception is the Sortter acquisition, which was treated as an investment in associates. Furthermore, the Group's revenue and earnings before interests and taxes ("EBIT") are not subject to seasonal or cyclical fluctuations within the financial year.

The Group's interim consolidated financial statements have been authorised for issue by Multitude's Board of Directors on 23 August 2023.

2.2 New and amended standards and interpretations

This paragraph provides a summary of (a) new standards and amendments that are effective for the first time for periods commencing on or after 1 January 2023 (i.e. years ending 31 December 2023), (b) a list of IFRS IC agenda decisions for consideration and (c) forthcoming requirements, being standards and amendments that will become effective on or after 1 January 2024.

(a) New standards and amendments – applicable 1 January 2023

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2023:

Title	Key requirements	Effective date *
IFRS 17 Insurance Contracts	IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of: - discounted probability-weighted cash flows - an explicit risk adjustment, and - a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period. The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short-duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the "variable fee approach" for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. Targeted amendments made in July 2020 aimed to ease the implementation of the standard by reducing implementation costs and making it easier for entities to explain the results from applying IFRS 17 to investors and others. The amendments also deferred the application date of IFRS 17 to 1 January 2023.	1 January 2023 (deferred from 1 January 2021)
	Further amendments made in December 2021 added a transition option that permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17. The classification overlay applies to all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17. It allows those assets to be classified in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. The classification can be applied on an instrument-by-instrument basis	
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is "material accounting policy information" and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.	1 January 2023
Definition of Accounting Estimates – Amendments to IAS 8	The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.	1 January 2023

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with: - right-of-use assets and lease liabilities, and - decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.	1 January 2023

* Applicable to reporting periods commencing on or after the given date

(b) IFRS IC agenda decisions issued in the last 12 months

At 28 February 2023, the following agenda decisions were issued that may be relevant for the preparation of annual and interim reports in 2023. The date issued refers to the date of approval by the IASB as per the IASB's website.

Date issued	Topic
April 2022	Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7)
May 2022	Principal versus Agent: Software Reseller (IFRS 15)
July 2022	Negative Low Emission Vehicle Credits (IAS 37)
July 2022	Special Purpose Acquisition Companies: Classification of Public Shares as Financial Liabilities or Equity (IAS 32)
July 2022	Transfer of Insurance Coverage under a Group of Annuity Contracts (IFRS 17)
October 2022	Special Purpose Acquisition Companies (SPAC): Accounting for Warrants at Acquisition
October 2022	Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16)
October 2022	Multi-currency groups of insurance contracts (IFRS 17 and IAS 21)

(c) Forthcoming requirements

At 28 February 2023, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2023.

Title	Key requirements	Effective date *
Non-current liabilities with covenants – Amendments to IAS 1	Amendments made to IAS 1 Presentation of Financial Statements in 2020 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarified what IAS 1 means when it refers to the 'settlement' of a liability. The amendments were due to be applied from 1 January 2022. However, the effective date was subsequently deferred to 1 January 2023 and then further to 1 January 2024. In October 2022, the IASB made further amendments to IAS 1 in response to concerns raised about these changes to the classification of liabilities as current or non-current. The new amendments clarify that covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current, even if the covenant is only tested for compliance after the reporting date. The amendments require disclosures if an entity classifies a liability as noncurrent and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include: - the carrying amount of the liability - information about the covenants, and - facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants. The amendments must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or noncurrent.	1 January 2024
Lease liability in sale and leaseback – amendments to IFRS 16	In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction. The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.	1 January 2024
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively. *** In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.	n/a ***

* Applicable to reporting periods commencing on or after the given date

3. Changes in Group companies

There were the following changes to the Group's companies:

- On 03 April 2023, Multitude sold its total shareholdings, representing 100% of the Group's ownership interests, in Ferratum Australia Pty Ltd. ("FAU") for a total consideration of AUD 10. Immediately before the sale, FAU's net assets amounted to EUR 477 thousand and accumulated a foreign exchange loss from the net foreign business investment equalled to EUR 514 thousand.
- Mr Credit Pty Ltd was voluntarily liquidated on 24 April 2023.
- Ferratum Czech s.r.o. was voluntarily liquidated on 06 June 2023.
- Ferratum Capital Germany GmbH merged with Pactum Poland GmbH on June 22, 2023, based on the merger agreement.

4. Segment information

Multitude has three independent business units, SweepBank, Ferratum and CapitalBox. Each business unit has a CEO that in coordination with the rest of the Leadership Team assumes the role of "Chief Operating Decision Maker" within the definition described in IFRS 8. The function of the "Segment Manager" within the meaning of IFRS 8 is performed by the CEO of the business unit in coordination with Multitude's finance department.

SweepBank

SweepBank simplifies and personalises shopping and financing for young, tech-savvy adults and other underserved segments into one user-friendly app. At the end of H1 2023, SweepBank offered three products: Prime Loan, Credit Card and Bank Account and operated actively across three markets, Finland, Denmark and Latvia. SweepBank's offering is serviced solely through Multitude Bank p.l.c. Multitude also aggregates the transactions arising from its Cream Finance and ESTO Holding debt investments in the SweepBank segment.

The SweepBank Credit Card, a Mastercard® without annual or monthly fees, allows financing smaller purchases of up to EUR 8,000. The card offers free liability coverage for purchases with it and up to 60 days interest-free period. Customers can also use the card as a flexible credit facility by withdrawing money from it directly into their bank account, a feature that is growing in popularity among customers.

Prime Loans, longer-term instalment loans for consumers, enable higher purchases, like home renovations, cars and other more significant purchases. The loans can amount to up to EUR 15,000 with loan maturities ranging between 1-7 years. SweepBank offers current accounts with up to 1% interest p.a. and fixed-term deposit accounts with up to 3.7% interest p.a. (max. deposit EUR 100,000) for up to three years.

The focus for 2023 is to continue executing its strategy to accelerate profitable growth by focusing on high-margin products and countries, by growing the Prime Loan business in Latvia and the credit card business in Finland. This is combined with further operational and direct cost reductions.

Ferratum

Ferratum offers digital loans for the daily needs of individuals, such as unplanned, short-term financing needs resulting from unexpected life events. By the end of H1 2023, Ferratum offered three distinct products: Credit Limit, Plus Loan, and Micro Loans. The company's operations spanned across 14 markets: Brazil, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, Germany, Latvia, The Netherlands, Norway, Romania, Slovenia, and Sweden. Ferratum's services are provided via Multitude Bank p.l.c. and other group entities, with 75% of revenue attributed to Multitude Bank p.l.c.

Ferratum's standout offering, the Credit Limit, is a pre-approved credit line that's often referred to as revolving credit. This unique service delivers enhanced financial flexibility on an ongoing basis. Eligible customers are granted pre-approval for amounts up to EUR 5,000. They have the freedom to withdraw funds and repay them without being tied to fixed sums or strict timelines.

For those seeking immediate financial solutions, the Plus Loan steps in. Designed to address higher financial needs, this service provides loan amounts ranging from EUR 300 to EUR 4,000. Customers can choose repayment periods spanning 2 to 18 months, with repayments spread evenly over the loan duration.

CapitalBox

For quick and short-term financing, Micro Loans, also known as bullet loans, meets the need for instant financial relief. These loans range from EUR 25 to EUR 1,000 with customers settling the entire loan amount in a single installment within 7 to 60 days. CapitalBox provides financing solutions to small and medium-sized businesses (SMEs) through Credit Lines and Instalment Loans. By the end of the first half of 2023, CapitalBox had established four distinct products that operated in five markets: Finland, Sweden, Denmark, Lithuania, and the Netherlands. The company operates under the name CapitalBox AB.

One of the key offerings from CapitalBox is its working capital instalment loans, which extend up to EUR 350,000. These loans come with flexible repayment periods spanning 6 to 48 months. They are specifically tailored to assist SMEs in funding various aspects of their operations such as expansion, inventory management, marketing efforts, hiring new personnel, and acquiring or leasing equipment. On average, businesses borrow around EUR 21,300 with a typical loan duration of 22 months.

Another financing option provided by CapitalBox is the Credit Line. This dynamic form of financing grants SMEs access to a credit limit ranging from EUR 2,000 to EUR 350,000. Additionally, CapitalBox collaborates with retail partners to offer financing solutions to business customers, enabling them to make purchases right at the point of sale.

In the year 2023, CapitalBox introduced a new product known as the Secured Loan. This product was launched initially in Finland and is planned to roll out in other markets as well. The Secured Loan is designed to support larger investments aimed at driving growth for SMEs. The loan amount for this product can go as high as EUR 2.0 million.

In summary, CapitalBox serves as a financial partner to SMEs, offering a range of financing solutions that cater to their diverse needs, from everyday operational expenses to substantial investments in growth.

The results of operations from the Group's operating and reportable segments for current period Q2, Q1-Q2 2023 and comparable period Q2, Q1-Q2 2022 are shown in the tables on the following page.

Operating and reportable segments for Q2 2023

EUR '000	Ferratum	Sweep-Bank	Capital-Box	Cen-tral	Total
Gross interest revenue	46,190	5,546	5,937	-	57,673
Transaction costs	(1,857)	(621)	(412)	-	(2,890)
Interest revenue	44,333	4,925	5,525	-	54,785
Servicing fee revenue	695	25	-	-	721
Total revenue	45,028	4,951	5,525	-	55,505
Share in revenue, in %	**81.1**	**8.9**	**10.0**	**-**	**100.0**
Operating expenses:					
Impairment loss on loans to customers	(13,609)	(5,145)	(1,627)	-	(20,380)
% of revenue	**(30.2)**	**(103.9)**	**(29.4)**	**-**	**(36.7)**
Bank and lending costs	(2,368)	(280)	(268)	-	(2,917)
Personnel expense	(5,213)	(1,816)	(1,361)	-	(8,390)
Selling and marketing expense	(2,775)	(164)	(796)	-	(3,735)
General and administrative expense	(3,356)	(1,069)	(607)	-	(5,031)
Depreciation and amortisation	(2,483)	(1,185)	(240)	-	(3,909)
Operating profit (loss)	**15,227**	**(4,709)**	**626**	**-**	**11,145**
Other income, net	166	(4)	(5)	-	157
Profit (loss) before interests and taxes ('EBIT')	**15,393**	**(4,713)**	**621**	**-**	**11,302**
EBIT margin, in %	**34.2**	**(95.2)**	**11.2**	**-**	**20.4**
Allocated finance costs, net	(2,404)	(946)	(685)	-	(4,034)
Unallocated foreign exchange losses, net	-	-	-	(817)	(817)
Share of result in associated companies	-	-	-	12	12
Profit before income taxes	**12,989**	**(5,659)**	**(63)**	**(806)**	**6,461**
Profit (loss) before tax margin, in %	**28.8**	**(114.3)**	**(1.1)**	**-**	**11.6**
Loans to customers	**306,828**	**122,618**	**91,371**	**-**	**520,817**
Unallocated assets	**-**	**-**	**-**	**-**	**305,683**
Unallocated liabilities	**-**	**-**	**-**	**-**	**645,011**

Operating and reportable segments for Q1-Q2 2023

EUR '000	Ferratum	Sweep-Bank	Capital-Box	Central	Total
Gross interest revenue	91,363	10,513	11,795	-	113,672
Transaction costs	(3,653)	(1,191)	(795)	-	(5,639)
Interest revenue	87,710	9,322	11,000	-	108,033
Servicing fee revenue	1,449	45	-	-	1,495
Total revenue	89,159	9,367	11,000	-	109,527
Share in revenue, in %	**81.4**	**8.6**	**10.0**	**-**	**100.0**
Operating expenses:					
Impairment loss on loans to customers	(29,076)	(8,709)	(2,413)	-	(40,197)
% of revenue	**(32.6)**	**(93.0)**	**(21.9)**	**-**	**(36.7)**
Bank and lending costs	(4,916)	(495)	(549)	-	(5,960)
Personnel expense	(10,385)	(3,604)	(2,803)	-	(16,792)
Selling and marketing expense	(5,311)	(331)	(1,402)	-	(7,044)
General and administrative expense	(7,280)	(2,454)	(1,458)	-	(11,191)
Depreciation and amortisation	(4,432)	(2,719)	(438)	-	(7,590)
Operating profit (loss)	**27,759**	**(8,945)**	**1,937**	**-**	**20,753**
Other income, net	164	(4)	(5)	-	155
Profit (loss) before interests and taxes ('EBIT')	**27,923**	**(8,949)**	**1,932**	**-**	**20,909**
EBIT margin, in %	**31.3**	**(95.5)**	**17.6**	**-**	**19.1**
Allocated finance costs, net	(5,500)	(2,198)	(1,638)	-	(9,335)
Unallocated foreign exchange losses, net	-	-	-	(2,239)	(2,239)
Share of result in associated companies	-	-	-	12	12
Profit before income taxes	**22,423**	**(11,147)**	**294**	**(2,227)**	**9,346**
Profit (loss) before tax margin, in %	**25.1**	**(119.0)**	**2.7**	**-**	**8.5**
Loans to customers	**306,828**	**122,618**	**91,371**	**-**	**520,817**
Unallocated assets	**-**	**-**	**-**	**-**	**305,683**
Unallocated liabilities	**-**	**-**	**-**	**-**	**645,011**

Operating and reportable segments for restated Q2 2022

EUR '000	Ferratum	Sweep-Bank	Capital-Box	Central	Total
Gross interest revenue	44,688	3,350	5,428	-	53,466
Transaction costs	(1,738)	(376)	(409)	-	(2,523)
Interest revenue	42,949	2,974	5,019	-	50,942
Servicing fee revenue	839	18	-	-	857
Total revenue	43,789	2,992	5,019	-	51,800
Share in revenue, in %	**84.5**	**5.8**	**9.7**	**-**	**100.0**
Operating expenses:					
Impairment loss on loans to customers	(14,941)	(2,139)	(2,127)	-	(19,207)
% of revenue	**(34.1)**	**(71.5)**	**(42.4)**	**-**	**(37.1)**
Bank and lending costs	(2,422)	(349)	(268)	-	(3,039)
Personnel expense	(5,065)	(2,669)	(1,289)	-	(9,024)
Selling and marketing expense	(2,482)	(365)	(384)	-	(3,231)
General and administrative expense	(3,688)	(1,903)	(828)	-	(6,420)
Depreciation and amortisation	(2,881)	(965)	(153)	-	(3,998)
Operating profit (loss)	**12,310**	**(5,398)**	**(30)**	**-**	**6,881**
Other income, net	(54)	(4)	(62)	-	(119)
Profit (loss) before interests and taxes ('EBIT')	**12,256**	**(5,402)**	**(92)**	**-**	**6,762**
EBIT margin, in %	**28.0**	**(180.5)**	**(1.8)**	**-**	**13.1**
Allocated finance costs, net	(2,703)	(1,023)	(703)	-	(4,429)
Unallocated foreign exchange losses, net	-	-	-	(1,781)	(1,781)
Profit before income taxes	**9,553**	**(6,425)**	**(795)**	**(1,781)**	**552**
Profit (loss) before tax margin, in %	**21.8**	**(214.7)**	**(15.8)**	**-**	**1.1**
Loans to customers	**291,334**	**111,154**	**82,058**	**-**	**484,546**
Unallocated assets	**-**	**-**	**-**	**-**	**232,824**
Unallocated liabilities	**-**	**-**	**-**	**-**	**543,312**

Operating and reportable segments for restated Q1-Q2 2022

EUR '000	Ferratum	Sweep-Bank	Capital-Box	Central	Total
Gross interest revenue	88,892	6,756	10,876	-	106,524
Transaction costs	(3,458)	(656)	(462)	-	(4,576)
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, 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 (loss) 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	**-**	**-**	**-**	**-**	**232,824**
Unallocated liabilities	**-**	**-**	**-**	**-**	**543,312**

5. Revenue

The Group analyses revenues by type and geographic market that representing how economic factors impact the nature, amount, timing, uncertainty, and cash flows of the above revenue streams. Revenues recognised per geographic market, including the composition of each geographic market, for the comparative periods and presented for each type separately, are as follows:

Interest revenue by geographic market

EUR '000		Q2 2023	Q1-Q2 2023	Restated Q2 2022	Restated Q1-Q2 2022
Country of domicile	Finland	6,297	12,227	6,524	13,208
Northern Europe	Sweden, Denmark, Norway	17,576	35,066	16,304	31,979
Western Europe	Germany, Netherlands, Spain	10,220	19,908	8,157	16,744
Eastern Europe*	Bulgaria, Croatia, Czechia, Estonia, Latvia, Lithuania, Poland, Romania	20,323	40,070	18,077	36,085
Other	Australia, Brazil, Mexico	369	762	1,880	3,933
Total		**54,785**	**108,033**	50,942	101,948

* There are no active business or portfolios in Belarus, Ukraine, or Russian Federation.

Interest revenue is calculated using the effective interest rate method based on loans to customers after considering fees directly attributable to the origination of the loans.

Servicing fee revenue by geographic market

EUR '000		Q2 2023	Q1-Q2 2023	Restated Q2 2022	Restated Q1-Q2 2022
Country of domicile	Finland	39	77	50	98
Northern Europe	Sweden, Denmark, Norway	260	527	271	526
Western Europe	Germany, Netherlands, Spain	157	351	159	294
Eastern Europe*	Bulgaria, Croatia, Czechia, Estonia, Latvia, Lithuania, Poland, Romania	254	513	360	669
Other	Australia, Brazil, Mexico	11	27	17	34
Total		**721**	**1,495**	857	1,620

* There are no active business or portfolios in Belarus, Ukraine, or Russian Federation.

Servicing fee revenue includes charges to customers that are not directly attributable to loan origination and are recognised at the point in time when the Group satisfies the underlying performance obligations, usually when such fees are due from the customer upon invoicing.

The Group recognises interest revenue minus the amortised transaction costs directly attributable to financial asset acquisition following sections 5.1 and 5.4 of IFRS 9. The transaction costs are mainly fees paid to brokers and affiliates that are irrevocably charged for the factual drown-downs of new loans. The following table shows transaction costs deducted from the gross revenue:

EUR '000	Q2 2023	Q1-Q2 2023	Restated Q2 2022	Restated Q1-Q2 2022
Gross interest revenue	57,674	113,672	53,467	106,525
Transaction costs	(2,889)	(5,639)	(2,525)	(4,577)
Interest revenue	**54,785**	**108,033**	**50,942**	**101,948**

6. Loans and advances to customers

The Group calculates expected credit losses ("ECL") as a function of the estimated exposure of default ("EAD"), probability of default ("PD"), loss given default ("LGD"), and where applicable, discounting using the effective interest rate ("EIR").

The ECL is measured on either a 12-month or on a lifetime basis depending on whether the underlying loans to customers are not credit-impaired (Stage 1), whether a significant increase in credit risk has occurred since initial recognition (Stage 2), or whether an asset is considered to be credit-impaired (Stage 3). In this assessment, the Group considers relevant, reasonable, and supportable information based on historical data, credit scoring, delinquency status, and days past due ("DPD"), and other forward-looking factors.

Due to the relatively high volume and low value of the underlying loans to customers, the Group generally considers that a significant increase in credit risk has occurred for Micro Loans, Plus Loans, and Credit Limit facilities when the outstanding loan balances exceed 30 DPD, and accordingly categorises the underlying loans to customers and measures ECL under Stage 2.

Accordingly, the Group considers that default has occurred when outstanding balances for Micro Loans exceed 90 DPD, and outstanding balances for Plus Loans, Prime Loans, Credit Limit facilities and SME loans exceed 60 to 90 DPD, depending on the market where the portfolio originated. ECL for the underlying loans to customers are categorised under Stage 3. Loss allowances on loans to customers under Stages 2 and Stage 3 are measured based on expected credit losses occurring throughout the lifetime of the financial assets ("lifetime ECL").

The Group further categorises outstanding loans to customers using an internal risk grading system based on their credit quality and performance, with "Regular" considered to be "performing" and not-credit impaired (Stage 1), "Watch" and "Substandard" considered as "underperforming" with occurrence of SICR since initial recognition (Stage 2), and "Doubtful" and "Loss" considered to be "non-performing" and credit-impaired (Stage 3).

The tables below show the Group's gross outstanding loans to customers balances, risk grading, and basis for ECL recognition and measurement, including the movements and balances of loss allowances for loans to customers for the periods presented:

Gross outstanding loans to customers risk grading and basis for ECL recognition

Risk grade	Category	Basis for ECL	Days past due* Lower range	Days past due* Upper range	UTP	30 June 2023	Restated 30 June 2022	31 Dec 2022
Regular	Performing	Stage 1 (12-month ECL)	0 to 30		-	479,859	431,985	464,238
Watch	Underperforming	Stage 2 (lifetime ECL)	31 - 45	31 - 60	-	20,387	20,687	20,755
Substandard	Underperforming	Stage 2 (lifetime ECL)	46 - 60	61 - 90	-	14,698	13,522	14,862
Doubtful	Non-performing	Stage 3 (lifetime ECL)	61 - 180	91 - 180	Yes	22,177	22,087	24,868
Loss	Non-performing	Stage 3 (lifetime ECL)	More than 180 days		-	97,896	117,515	95,072
Total						**635,018**	**605,796**	**619,794**

*Lower and upper ranges of days past due are based on DPD thresholds of 60 and 90 days, respectively, to be considered as non-performing.

At and for the period ended 30 June 2023:

EUR '000				30 June 2023
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
GROSS LOANS TO CUSTOMERS				
At 1 January 2023	**464,239**	**35,616**	**119,940**	**619,795**
Total changes in gross carrying amounts arising from transfers in stages, originations and derecognitions	21,898	(72)	37,269	59,095
Loans and advances written off and sold during the period	-	-	(35,564)	(35,564)
FX and other movements	(6,278)	(459)	(1,571)	(8,308)
Total net change during the period	15,620	(531)	134	15,223
Gross loans to customers at 30 June 2023	**479,859**	**35,085**	**120,074**	**635,018**
LOSS ALLOWANCES				
At 1 January 2023	**24,949**	**11,024**	**74,359**	**110,332**
Increase in allowances- charge to profit or loss	814	345	39,038	40,197
Other movements				
Unwind of discount	-	-	117	117
Loans and advances written off and sold during the period	-	-	(35,564)	(35,564)
Exchange differences	(197)	(87)	(597)	(881)
Total net change during the period	**617**	**258**	**2,994**	**3,869**
Loss allowance at 30 June 2023	**25,565**	**11,282**	**77,354**	**114,201**
Impaired loan coverage ratio ("ILCR")	**5.3%**	**32.2%**	**64.4%**	**18.0%**

At and for the period ended 30 June 2022:

EUR '000				Restated 30 June 2022
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
GROSS LOANS TO CUSTOMERS				
At 1 January 2022	**394,447**	**29,623**	**149,637**	**573,708**
Total changes in gross carrying amounts arising from transfers in stages, originations and derecognitions	41,492	4,831	28,975	75,298
Loans and advances written off and sold during the period	-	-	(38,314)	(38,314)
FX and other movements	(3,955)	(245)	(696)	(4,896)
Total net change during the period	**37,537**	**4,586**	**(10,035)**	**32,088**
Gross loans to customers at 30 June 2022	**431,985**	**34,209**	**139,602**	**605,796**
LOSS ALLOWANCES				
At 1 January 2022	**20,608**	**8,806**	**92,595**	**122,009**
Increase in allowances- charge to profit or loss	1,497	1,459	34,797	37,754
Other movements				
Unwind of discount	-	-	269	269
Loans and advances written off and sold during the period	-	-	(38,314)	(38,314)
Exchange differences	(233)	(40)	(194)	(467)
Total net change during the period	**1,264**	**1,419**	**(3,442)**	**(758)**
Loss allowance at 30 June 2022	**21,872**	**10,225**	**89,153**	**121,251**
Impaired loan coverage ratio ("ILCR")	**5.1%**	**29.9%**	**63.9%**	**20.0%**

At and for the year ended 31 December 2022:

EUR '000				31 December 2022
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
GROSS LOANS TO CUSTOMERS				
At 1 January 2022	**394,447**	**29,623**	**149,637**	**573,707**
Total changes in gross carrying amounts arising from transfers in stages, originations and derecognitions	78,446	6,673	61,428	146,547
Loans and advances written off and sold during the period	-	-	(89,444)	(89,444)
FX and other movements	(8,655)	(680)	(1,681)	(11,016)
Total net change during the year	**69,791**	**5,993**	**(29,697)**	**46,087**
Gross loans to customers at 31 December 2022	**464,239**	**35,616**	**119,940**	**619,795**
LOSS ALLOWANCES				
At 1 January 2022	**20,608**	**8,806**	**92,595**	**122,009**
Increase (decrease) in allowances- charge to profit or loss	4,806	2,387	71,648	78,661
Other movements				
Unwind of discount	-	-	480	480
Loans and advances written off and sold during the period	-	-	(89,444)	(89,444)
Exchange differences	(465)	(169)	(740)	(1,374)
Total net change during the year	**4,341**	**2,218**	**(18,236)**	**(11,677)**
Loss allowance at 31 December 2022	**24,949**	**11,024**	**74,359**	**110,332**
Impaired loan coverage ratio ("ILCR")	**5.4%**	**31.0%**	**62.0%**	**17.8%**

Transfers out of Stage 1 are driven by the underlying gross loans to customers to have significant increase in credit risks since initial recognition (Stage 2) or become credit-impaired (Stage 3). In contrast, transfers out of Stages 2 or 3 result from the underlying gross loans to customers no longer meeting said definitions.

Transfers in between Stages or changes within DPD bucket that do not necessarily impact the ECL model stages could also increase (decrease) loss allowances during the year.

Remeasurements from changes in ECL model, inputs and assumptions are mainly driven by updating the calculations, statistics and modelling parameters relating to EAD, PD, LGD, and EIR based on the most recent available information at the reporting date. The unwind of discount is driven by the amortisation of the ECL present value for long-outstanding loans to customers.

Macro-economic variables

The Group utilises an “Error Correction Model” (”ECM”) to determine the relationship between the performance of each market’s loan portfolios and the underlying macro-economic factors. ECM establishes a strong statistically significant relationship between the portfolio performance, the underlying macro-economic variables, and market and portfolio-specific spectrum. ECM considers both short and long-term effects of identified macro-economic variables through multiple regression analysis against the time series of defaults observed at a specific market and portfolio. Further, ECM allows for error corrections by providing observed deviations from long-run equilibrium that can influence short-run dynamics. It considers the speed at which defaults return to equilibrium after changing the macroeconomic variables considering the long-term equilibrium. The model also establishes stricter requirements for new loans and overall improvement in the average quality of the customer base.

Accordingly, the Group has determined that the key drivers for Micro Loans, Plus Loans, Credit Limit facilities and Prime Loans are Gross Domestic Product (”GDP”), Personal Disposable Income (”PDI”) and Unemployment Rate (”UR”), whereas the Consumption Rate Private (”CRP”) is the key driver for SME loans.

For these key drivers, the Group relies on the market-level data published by Oxford Economics. To capture a range of possible future outcomes, three possible scenarios are considered in the determination of the ECL - ”base line”, ”downside” and ”upside”. The current model assumes the ”downside” scenario to be ”Tighter credit conditions” and the ”upside” to be ”Excess savings run-down”. This quarter`s scenarios quantify key risks to the global economy. These relate primarily to banking stress and credit conditions, cost and price pressures, and the degree of consumer caution, as well as the associated impact on monetary policy, financial and property markets, and potential supply.

”Tighter credit conditions” - Banking stress spills over to the real economy as more small banks fail and tighter credit conditions weigh on activity for a sustained period. ”Excess savings run-down” - Household savings built up during the pandemic unwind, resulting in a more robust consumer-led recovery.

The following tables show the outlooks associated with the macro-economic variables (“MEV”) utilised in the calculation of expected credit losses (“ECL”) for the periods presented herein.

Unemployment rate

In %	2023			2024			2025			2026		
	Base	Down	Up	Base	Down	Up	Base	Down	Up	Base	Down	Up
Bulgaria	3.7	3.7	3.7	4.1	4.2	3.7	4.5	4.7	3.9	4.8	4.9	4.2
Czechia	3.6	3.6	3.6	4.2	4.2	3.5	3.9	4.2	3.0	3.8	4.0	3.3
Lithuania	7.6	7.6	7.6	6.7	6.7	6.6	6.2	6.4	5.9	5.7	5.9	5.4
Finland	7.1	7.1	7.1	7.2	7.2	7.0	6.6	6.7	6.3	6.3	6.4	6.1
Netherlands	3.6	3.6	3.6	4.2	4.3	3.5	4.4	4.7	3.4	4.5	4.8	3.9
Poland	5.1	5.1	5.1	5.1	5.2	4.8	4.6	4.8	4.1	4.8	5.1	4.3
Latvia	6.3	6.3	6.3	6.1	6.1	6.0	5.3	5.4	5.1	5.4	5.5	5.2
Slovenia	5.5	5.5	5.5	6.2	6.3	5.9	6.5	6.7	5.9	6.7	6.9	6.2
Germany	5.7	5.7	5.7	5.5	5.6	4.8	5.2	5.6	4.0	5.0	5.4	4.5

Personal disposable income

Billion units		2023			2024			2025			2026		
	Cur.	Base	Down	Up	Base	Down	Up	Base	Down	Up	Base	Down	Up
Bulgaria	**LEV**	7	7	7	7	7	7	7	7	7	7	7	7
Romania	**LEI**	16	16	16	17	17	17	18	18	18	18	18	18
Estonia	**EUR**	1	1	1	1	1	1	1	1	1	1	1	1
Finland	**EUR**	10	10	10	10	10	10	11	11	11	11	11	11
Norway	**NOK**	138	138	138	142	142	142	146	146	147	150	150	151
Sweden	**SEK**	223	223	223	226	226	227	229	228	230	232	231	234
Netherlands	**EUR**	34	34	34	34	34	35	34	34	35	35	35	35

Consumption rate private

Billion units		2023			2024			2025			2026		
	Cur.	Base	Down	Up	Base	Down	Up	Base	Down	Up	Base	Down	Up
Denmark	**DKK**	85	85	85	87	87	89	90	89	92	92	91	94
Finland	**EUR**	10	10	10	10	10	11	11	11	11	11	11	11

Gross domestic product

Billion units		2023			2024			2024			2025		
	Cur.	Base	Down	Up	Base	Down	Up	Base	Down	Up	Base	Down	Up
Brazil	**BRL**	166	166	166	165	164	165	169	168	171	173	172	174
Denmark	**DKK**	192	192	192	196	195	199	202	200	205	208	206	210
Germany	**EUR**	270	270	270	272	271	279	278	275	286	284	281	288
Romania	**LEI**	16	16	16	16	16	16	17	17	17	17	17	17
Croatia	**EUR**	5	5	5	5	5	5	5	5	5	5	5	5
Sweden	**SEK**	494	494	494	498	496	505	508	504	517	520	516	526

7. Personnel expenses

EUR '000	Q2 2023	Q1-Q2 2023	Restated Q2 2022	Restated Q1-Q2 2022
Wages and salaries	(6,748)	(13,617)	(7,082)	(14,785)
Social security costs	(398)	(1,506)	(1,156)	(1,739)
Post-employment benefit expense	(493)	(795)	(473)	(941)
Share-based payment expense	(116)	(257)	(108)	(219)
Other personnel expense	(635)	(617)	(205)	(258)
Total personnel expenses	**(8,390)**	**(16,792)**	**(9,024)**	**(17,942)**

8. Other income

EUR '000	Q2 2023	Q1-Q2 2023	Restated Q2 2022	Restated Q1-Q2 2022
OTHER INCOME				
Other income	165	184	-	2
Total other income	**165**	**184**	**-**	**2**
OTHER EXPENSE				
Loss from disposal of non-current assets	(29)	(29)	(114)	(49)
Other expense	21	-	(5)	-
Total other expense	**(8)**	**(29)**	**(119)**	**(49)**
Net other income (expense)	**157**	**155**	**(119)**	**(47)**

9. Finance income and costs

EUR '000	Q2 2023	Q1-Q2 2023	Restated Q2 2022	Restated Q1-Q2 2022
FINANCE INCOME				
Interest income	451	771	137	226
Net unrealised foreign exchange gain	215	-	-	443
Other finance income (cost)	198	-	-	-
Total finance income	**864**	**771**	**137**	**669**
FINANCE COSTS				
Interest expense on borrowings	(4,714)	(8,526)	(4,189)	(7,709)
Net realised foreign exchange loss	(355)	(511)	(780)	(1,531)
Net unrealised foreign exchange loss	-	(808)	(783)	-
Net unrealised foreign exchange loss on derivatives	(506)	(1,245)	(106)	(210)
Interest expense on lease liabilities	(141)	(213)	(58)	(116)
Other finance costs	-	(1,042)	(431)	(677)
Total finance costs	**(5,716)**	**(12,346)**	**(6,347)**	**(10,243)**
Net finance costs	**(4,852)**	**(11,574)**	**(6,210)**	**(9,574)**

10. Income taxes

EUR '000	Q2 2023	Q1-Q2 2023	Restated Q2 2022	Restated Q1-Q2 2022
Current income tax expense	(789)	(946)	(147)	(404)
Deferred tax (income) expense	(415)	(919)	(325)	(484)
Total income tax expense	**(1,204)**	**(1,865)**	**(472)**	**(888)**

Income tax expense is recognised based on Group's estimate of the weighted average effective annual income tax rate expected for the full financial year applicable to each Group company.

11. Earnings per share

EUR '000	Q2 2023	Q1-Q2 2023	Restated Q2 2022	Restated Q1-Q2 2022
Profit (loss) for the period	**5,246**	**7,469**	**78**	**2,130**
Perpetual bonds interests recognised directly in retained earnings, net of tax*	**(1,268)**	**(2,506)**	**(754)**	**(1,483)**
Profit (loss) for the period, after perpetual bond interest	**3,978**	**4,963**	**(674)**	**648**
**Weighted average number of ordinary shares in issue ** **	**21,578**	**21,578**	**21,578**	**21,578**
Total adjusted earnings per share attributable to the ordinary equity, EUR	**0.18**	**0.23**	**(0.03)**	**0.03**

*Earnings per share are calculated using profit (loss) adjusted for interest expense from perpetual bonds that are recorded directly in retained earnings

**There are no items that have dilutive impact on the weighted average number of ordinary shares, and as such, basic and diluted for all periods presented.

12. Financial assets and liabilities classification and fair value

The table below summarises the Group's financial assets and liabilities presented based on their classification based on their subsequent measurement, at amortised cost or FVPL; and based on their fair value measurement hierarchy, Level 1 being market values for exchange-traded products, Level 2 being primarily based on quotes from third-party pricing services and Level 3 requiring most management judgment:

Financial assets

EUR '000	Fair value measure-ment	30 June 2023		31 Dec 2022	
		Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL ASSETS AT FVPL					
Derivative financial assets	Level 2	3,218	3,218	3,180	3,180
FINANCIAL ASSETS AT AMORTISED COST					
Loans to customers	Level 3	520,817	520,817	509,463	509,463
Cash and cash equivalents	Level 3	196,707	196,707	153,325	153,325
Other non-current receivables	Level 3	41,809	41,809	28,883	28,883
Receivables from sold portfolios	Level 3	3,783	3,783	2,263	2,263
Receivables from banks	Level 3	4,362	4,362	4,362	4,362
Other current financial assets	Level 3	3,883	3,883	3,701	3,701
Total		**774,579**	**774,579**	**705,177**	**705,177**

Receivables from banks include deposits held with other banks for the purpose of hedging.

Other non-current financial assets at 30 June 2023 include investment in warehouse lending amounting to EUR 33.6 million. Total amount of this investment does not include the undrawn amount of EUR 2.4 million at 30 June 2023. This commitment is considered as a contingent liability. The value of this investment is determined using level 3 fair value measurement due to private placement.

Other non-current financial assets at 30 June 2023 include the corporate loan to Sortter Oy amounting to EUR 7.8 million. The value of this item is determined using level 3 fair value measurement.

The fair value of derivative financial assets is determined using level 2 fair value measurement. The derivative assets include currency forwards and tracker forwards. It is calculated as the present value of the estimated future cash flows based on observable yield curves (income method). With currency forwards, the Group agrees to sell a predetermined amount of its foreign currency exposure at a predetermined price. Regarding tracker forwards, the Group agrees to sell a predetermined amount of its foreign currency exposure at a predetermined price and buy its functional currency at the higher of the spot rate and a predetermined rate, thereby limiting the Group's downward exposure.

The fair values of the remaining financial assets measured at amortised cost are determined using level 3 fair value measurement based significantly on unobservable inputs. The Group estimates that the carrying amounts of these financial assets reasonably approximate their fair values at 30 June 2023 and 31 December 2022.

Financial liabilities

EUR '000	Fair value measurement	30 June 2023 Carrying amount	30 June 2023 Fair value	31 Dec 2022 Carrying amount	31 Dec 2022 Fair value
FINANCIAL LIABILITIES AT FVPL					
Derivative financial liabilities	Level 2	179	179	446	446
FINANCIAL LIABILITIES AT AMORTISED COST					
Deposits from customers	Level 3	567,420	567,420	501,734	501,734
Long-term borrowings	Level 1	47,056	47,381	46,791	46,791
Lease liabilities	Level 3	5,566	5,566	4,566	4,566
Trade payables	Level 3	6,703	6,703	6,314	6,314
Accruals and other current liabilities	Level 3	15,958	15,958	11,531	11,531
Total		**642,881**	**643,206**	**571,382**	**573,030**

2022 Multitude Bank tranche bonds

The Multitude Bank p.l.c. tranche bonds (series no. 1/2022 - ISIN: MT0000911215) ("2022 FBM tranche bonds") were issued on 13 April 2022 with a coupon rate of 6% maturing on 13 April 2032. Out of the EUR 5.1 million bonds issued, EUR 2 million was issued to Multitude SE, which was eliminated at the Group level as part of the consolidation process. At 30 June 2023, the 2022 FBM tranche bonds are presented as long-term borrowings in the Group's consolidated statement of financial position and have outstanding nominal and carrying amounts of EUR 3.1 million and EUR 2.8 million, respectively.

2022 Multitude SE senior unsecured bonds

Multitude SE senior unsecured bonds (ISIN: NO0012702549) were issued on 7 December 2022 with a coupon rate of 7.5% plus 3-month Euribor, maturing in December 2025 (the "2022 MSE Bonds"). At 30 June 2023, the MSE Bonds are presented as long-term borrowings in the Group's consolidated statement of financial position and have outstanding nominal and carrying amounts of EUR 46.0 million and EUR 44.4 million, respectively.

Financial liabilities fair value measurements

The fair value of derivative financial liabilities is determined using level 2 fair value measurement. It is calculated as the present value of the estimated future cash flows based on observable yield curves. The fair value of long-term and short-term borrowings that includes only listed bonds (2022 Multitude Bank tranche bonds and 2022 Multitude SE senior unsecured bonds) is determined using level 1 fair value measurement based on the published quotes in the Frankfurt Stock Exchange Open Market, Frankfurt Stock Exchange Prime Standard, and Malta Stocks Exchange, respectively.

The fair value of the remaining financial liabilities measured at amortised cost is determined using level 3 fair value measurement based significantly on unobservable inputs. The Group estimates that the carrying amounts of these financial liabilities reasonably approximate their fair values at the periods presented.

13. Correction of a prior period errors and a change of presentation

Brokerage fees on loans and deposits

During the financial year ended 31 December 2022, the Group corrected how 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. Interest revenue decreased by EUR 3.5 million and selling and marketing expense decreased by EUR 4.0 million in H1 2022. At the same time, loans to customers increased by EUR 7.1 million as of 30 June 2022. The correction with impacts to profit or loss led to an increase in deferred tax liability by EUR 0.2 million as of 30 June 2022. Retained earnings increased by EUR 4.7 million as of 30 June 2022. Comparative financial information presented within the consolidated statement of financial position and consolidated statement of profit or loss has been restated, as presented in the tables below. The impact on the earnings per share is included in the following tables.

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 Group reclassified loans to customers with maturity exceeding 12 months from current assets to non-current assets totalling to EUR 100.3 million as of 30 June 2022. The correction relates solely to the presentation in the statement of financial position, and it has no impact on the results.

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. As a result, net cash flows from operating activities increased by EUR 59.9 million in H1 2022 with a corresponding decrease in cash flows from financing activities.

Consolidated statement of financial position

EUR '000	Reported 30 June 2022	Brokerage fee	Classification of loans	Total correction	Restated 30 June 2022
ASSETS					
Non-current assets:					
Loans to customers	-	-	100,259	100,259	100,259
Non-current assets:					
Loans to customers	477,426	-	(93,140)	(93,140)	384,286
Prepaid expenses and other current assets	2,368	(2,207)	-	(2,207)	161
EQUITY					
Retained earnings	66,980	4,689	-	4,689	71,669
LIABILITIES					
Non-current liabilities:					
Deferred tax liabilities	195	222	-	222	417

Consolidated statement of profit or loss and Consolidated statement of comprehensive income

EUR '000	Reported Q1-Q2 2022	Brokerage fee	Restated Q1-Q2 2022
Interest revenue	105,406	(3,458)	101,948
Total revenue	107,027	(3,458)	103,569
Selling and marketing expense	(10,781)	4,022	(6,759)
Operating profit	12,076	564	12,640
Profit (loss) before interests and taxes ("EBIT")	**12,029**	**564**	**12,593**
Finance income (cost)	(9,110)	(464)	(9,574)
Profit before income taxes	**2,919**	**100**	**3,019**
Income Tax Expense	(874)	(14)	(888)
Profit (loss) for the year	**2,045**	**85**	**2,130**

EUR '000	Reported Q2 2022	Brokerage fee	Restated Q2 2022
Interest revenue	52,680	(1,738)	50,942
Total revenue	53,538	(1,738)	51,800
Selling and marketing expense	(5,253)	2,022	(3,231)
Operating profit	6,597	284	6,881
Profit (loss) before interests and taxes ("EBIT")	**6,478**	**284**	**6,762**
Finance income (cost)	(5,977)	(233)	(6,210)
Profit before income taxes	**500**	**51**	**551**
Income Tax Expense	(465)	(7)	(472)
Profit (loss) for the year	**36**	**42**	**78**

Consolidated statement of cash flows

EUR '000	Reported Q1-Q2 2022	Brokerage fee	Classification of deposits	Total correction	Restated Q1-Q2 2022
Profit (loss) for the year	**2,045**	**85**	**-**	**85**	**2,130**
Finance costs, net	8,504	464	-	464	8,968
Increase (+) / decrease (-) in trade payables and other liabilities	(74)	(550)	-	(550)	(624)
Deposits from customers	(59,947)	-	59,947	59,947	-
Net cash flows from (used in) operating activities	**(86,855)**	**-**	**59,947**	**59,947**	**(26,908)**
Deposits from customers	-	-	(59,947)	(59,947)	(59,947)
Net cash flows from (used in) financing activities	**(44,330)**	**-**	**(59,947)**	**(59,947)**	**(104,277)**

EUR '000	Reported Q2 2022	Brokerage fee	Classification of deposits	Total correction	Restated Q2 2022
Profit (loss) for the year	**36**	**42**	**-**	**42**	**78**
Finance costs, net	5,371	233	-	233	5,604
Increase (+) / decrease (-) in trade payables and other liabilities	(285)	(277)	-	(277)	(562)
Deposits from customers	6,321	-	(6,321)	(6,321)	-
Net cash flows from (used in) operating activities	**(2,742)**	**-**	**(6,321)**	**(6,321)**	**(9,063)**
Deposits from customers	-	-	6,321	**6,321**	6,321
Net cash flows from (used in) financing activities	**(42,838)**	**-**	**6,321**	**6,321**	**(36,517)**

Investor relations contacts

Lasse Mäkelä

Chief Strategy and IR Officer

E: lasse.makela@multitude.com

M: +41 79 371 3417

Bernd Egger

Chief Financial Officer

E: bernd.egger@multitude.com

M: +49 173 793 1235

For further information on the Multitude share and all publications, please visit

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