MULTITUDE

ANNUAL REPORT 2022

Contents

Multitude SE in brief

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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 19 countries, and they together generated EUR 212 million revenue in 2022. Multitude was founded in 2005 in Finland and is listed in the Prime Standard segment of the Frankfurt Stock Exchange under the symbol ‘FRU.

Our current business units

sweep bank | ferratum | Capital Box

Company facts

Group Revenue 2022	Employees
€212m	700

Countries	Customers
19	400,00

Founded in Finland in 2005, HQ in Helsinki

Listed on the Frankfurt Stock Exchange

Full European banking licence

Year in brief

The year 2022 in brief

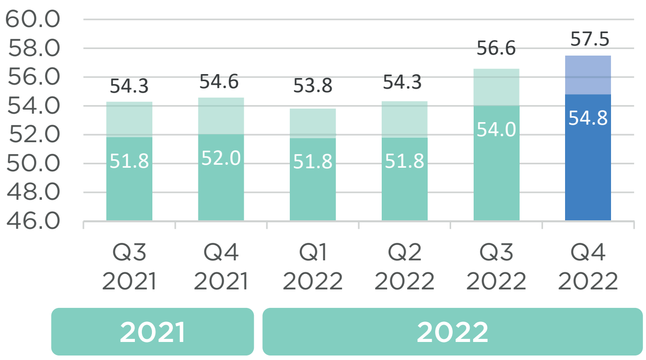
KEY HIGHLIGHTS:

- We exceeded our guidance and achieved EBIT of EUR 31.6 million, compared to EUR 27.2 million in 2021 (16.2% y-o-y)
- The loan portfolio grew to EUR 509.5 million, a 12.8% increase from the end of December 2021
- Our revenue increased 4.0% from EUR 204.2 million in 2021 to EUR 212.4 million (net of directly attributable transaction costs)
- Our net profit increased to EUR 12.0 million compared to EUR 2.3 million last year (-3.5 million after loss from discontinued operations)
- Our equity ratio increased to 24.1% in December 2022 compared to 21.2% in December 2021
- Earnings per share increased to EUR 0.39 from a loss of EUR (0.32) in 2021

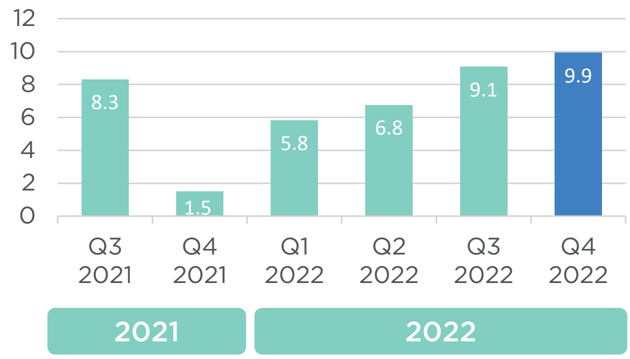
SIGNIFICANT EVENTS:

- Payment behaviour remains strong
- Major restructuring in SweepBank, shifting focus from fast growth to moderate growth with profitability
- Solid performance continues in Ferratum
- New management started in CapitalBox and we are moving towards new path of growth and profitability
- Improvements in our centralised growth platform and development of new opportunities continues
- Successful placement of EUR 50 million in senior unsecured bonds by Multitude, despite the challenging economic environment
- Rebranding continues: Ferratum Bank changed its name to Multitude Bank and our IT development hub was renamed to Multitude IT Labs
- We confirm our EBIT guidance of EUR 45 million for year 2023
- The Board proposes to the Annual General Meeting a dividend of EUR 0.12 per share

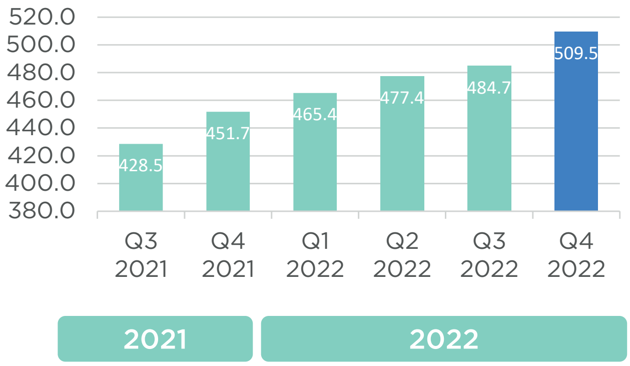
REVENUE in EURm*



EBIT in EURm



NET AR in EURm



* Delta relates to netting of directly attributable transaction costs (IFRS adj.)

Remarks from the CEO

Dear Shareholders,

In 2021, we published a four-year EBIT guidance, starting at EUR 20 million for 2021 and with 50% growth year on year. In the first year of 2021, we successfully surpassed this, and I am proud to say that we again, in 2022, exceeded our guidance by generating EUR 31.6 million in EBIT from EUR 212.4 million in revenue. This means that in 2022, we delivered a 16.2% increase in EBIT and a 4.0% increase in revenue y-o-y. This is an impressive performance from our team! We are also confirming our EBIT guidance of EUR 45 million for 2023. Our confidence comes from building scalability, a stronger focus on countries and products with the highest profitability, and a favorable macroeconomic environment for us currently.

In 2022, our loan portfolio amounted to EUR 509.5 million at the end of the year, a 13% increase from the previous year. Our net income increased to EUR 12.0 million and our earnings per share increased to EUR 0.39. In December 2022, our equity ratio stood at 24.1%, compared to 21.2% in December 2021. We are proud of this positive development that our business units have achieved. We have taken concrete actions for profit in each of our tribes and expect a further positive impact from these in 2023.

We announced our growth platform strategy and vision of becoming the most valued financial ecosystem and repositioned ourselves from Ferratum Group to Multitude SE in 2021. In 2022, we enforced the elements of our growth platform. This has allowed us to make our internal business units, SweepBank, Ferratum and CapitalBox, leaner and them to truly focus on delivering on their unique customer promise. It also allowed us to close partnerships with external players, which are now utilising our growth platform for funding. Funding is one of the four benefits our platform offers alongside regulatory know-how and tools, technological know-how, and cross-resourcing and selling opportunities. Naturally, we want to further expand our platform's usage externally.

The year 2022 has again been peculiar, bringing negative economic drivers, such as high inflation, increasing interest rates, electricity costs, and global geopolitical instability. At the same time, looking from our point of view, many of the developments support our future performance. During the COVID-19 pandemic, customers' spending decreased, which decreased the demand for loans. Now, spending has increased again and inflated living costs, which has resulted in higher demand for loans. As mortgage interest rates at high street banks, tied to reference rates, have risen, we have seen a new customer segment of higher-income consumers who need financial flexibility. The low unemployment rates in Europe, paired with intense pressure to increase salaries, support good payment behaviour.

In 2022, we restructured SweepBank to improve future profitability. We crystallised our focus and decreased the future cost base significantly. We launched the credit card business in 2022 and see good potential in expanding it. We aim for EUR -10 million EBIT in 2023, which means that SweepBank is covering its own costs. In 2024, SweepBank plans to be EBIT positive.

Ferratum exceeded expectations and is back on track to profitable growth, contributing 84%, EUR 178.2 million, to the Group's revenues. The EBIT increased from EUR 45.4 million in 2021 to EUR 54.9 million in 2022. The development shows how Ferratum can rapidly navigate the market to capture the highest ROI and shows there is still potential to grow in Europe. Our target for 2023 and 2024 is to achieve an improvement of 5% in EBIT y-o-y.

For CapitalBox, the year started weak, and H2 was one of a turnaround after a change in its management. Through an internal task force, we reduced the cost base, including credit losses, increased automation, and improved the overall approach and actions to capture the growing business opportunity in the market. In Q4, a new CEO took over and joined our Leadership Team. In 2023, we want to achieve EUR 5 million in EBIT, and in 2024, we will raise this number to EUR 10 million.

We are proud that, despite the challenging economic environment, we were able to place EUR 50 million in senior unsecured bonds under Multitude SE in December 2022 and earlier in the year, EUR 40 million as a subsequent bond issue under Ferratum Capital Germany GmbH. It tells a tale of our strength and the trust of investors in us, which we genuinely appreciate.

ESG continues to be an essential topic and focus for us. We started our ESG journey in 2021, convening the Group ESG Steering Committee that enables the implementation of ESG initiatives across business units and functions. We wrote down our 2025 ESG goals that define our ambitions for people, processes, and the environment. The publication of our first ESG Report under a new Group strategy followed. In 2022, we published several policies and finalised ESG metrics and targets for each goal, except the environment, where we piloted the carbon footprint measurement programme. We continue our journey with plans to accelerate our efforts regarding our processes to manage ESG risks, impacts and opportunities, to engage our employees on ESG, and drive engagement towards broad ownership of ESG activities within the organisation. ESG is deeply rooted in our mission of democratising financial services and making them fast, easy, and green.

Creating and maximising shareholder value is an important topic for us. We want to be on a mutually beneficial journey and strengthen our value as a growth and dividend stock. We ensure to align our employees' incentives with those of our investors, which is reflected in our decision-making, remuneration and incentivisation models.

I owe my gratitude to our team, partners, and investors for positively contributing to and making this journey with us. We would not be here today without all of you.

For nearly two decades, we have been vanguards and trailblazers in FinTech, and we intend to keep it that way.

Best regards,

Jorma Jokela

Founder and CEO, Multitude SE

Multitude's history

Our journey to positive impact

It is commonly known that access to finance and banking services is vital to the functioning of our society. Less widely known is that lack of access to it is not only a problem in the developing world. Due to cost, bureaucracy, and tightening regulation, access to financial services is getting increasingly difficult for the average person – the majority of our population. According to the World Savings and Retail Banking Institute, close to 40 million EU citizens are outside the banking mainstream.

As a result, an ever-increasing number of people have a decreasing number of options available. At Multitude, we create a three-fold positive effect by giving these people access to finance. The businesses we foster give individuals access to bank accounts and can help them out of financial distress; they allow business ideas to prosper and build employment; and help develop financial acumen that can lead to economic prosperity - even wealth.

A few significant events in our history:

- Multitude, founded in 2005, started its operations in Finland, Sweden and the Baltics, but has since then expanded into new markets and now operates in 19 countries. Back then, it had the mission to disrupt financial services by digitalising consumer lending and bringing the service online.
- With a European banking licence in place in 2012, we expanded our offering and geographical footprint further within the EU and subsequently also benefited from deposits as a source of funding.
- In 2015, we listed our shares on the Frankfurt Stock Exchange and launched the first version of our mobile banking platform.
- In recent years, we shifted our operations towards longer maturity products with higher customer lifetime value, and established SME lending operations.
- In May 2021, we announced a strategic shift and repositioning to become Multitude, and to support our three business units in operating independently, but backed by our experience, tools, and resources.
- Today, with a track record of profitable growth for 17+ years, Multitude is a fully regulated growth platform for financial technology with the ambition to become the most valued financial ecosystem.

Currently, Multitude has three independent business units on the growth platform: SweepBank as a shopping and financing app, Ferratum as a consumer lender and CapitalBox as a business lender. Multitude continued to strengthen the growth platform in 2022, a key achievement is the publication of two customers to the growth platform, which are currently utilising its funding capabilities.

What is Multitude?

Multitude growth platform

Platforms and platform thinking have been a hot topic amongst many FinTechs and other technology companies across industries, and a wide variety of platform models are in use globally. 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, by allowing them to leverage network effects of the platform ecosystem, increase their user base, and enhance their value proposition.

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.

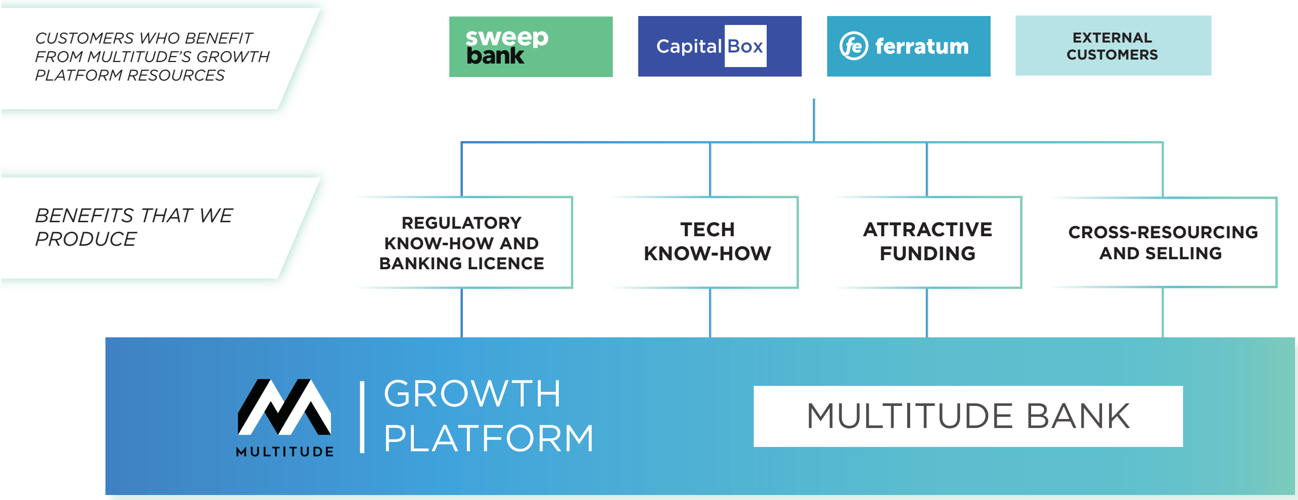
How Multitude will reach its ambitious vision of being the most valued financial ecosystem

Our growth platform, at the heart of this ecosystem, is built from various components, such as our technology platform, legal framework, Multitude Bank's banking processes and licence, and a variety of centralised functions to support business operations.

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

MULTITUDE GROWTH PLATFORM



Based on a unique combination of these four features, complemented with a solid track record despite macroeconomic challenges and changes during our history, Multitude continues to build an ecosystem for sustainable finance for its own business units, as well as for external customers. Internally, Multitude's customers are SweepBank as a shopping and financing app, Ferratum as a consumer lender, and CapitalBox as a business lender. Each business unit can leverage centralised core operations such as finance, customer service, IT, and legal for lean operations and strong synergies through data exchange. First external customers were successfully added to the growth platform in Q3 2022 and are currently utilising its funding benefits.

The underlying technology platform is based on highly available cloud-native infrastructure, flexible domain-driven design, automated business processes and workflows, unified identity and access management, fast and secure APIs, scalable event-driven architecture, real-time monitoring, data integration and data analytics, a vast number of external integrations and a variety of mobile and web platforms that aim to transcend the hassle of physical banking and manual financial transactions. This platform has been developed by 200 tech and IT professionals at Multitude and lies at the core of what we do.

Over the past 17 years, Multitude has developed proprietary data and credit scoring algorithms that deliver instant credit decisions digitally, allowing to make fully risk-assessed scoring at a pace and scale unmatched by traditional banking, neo banks, or the general lending industry. This technology and data, paired with the regulatory experience from global operations over so many years, brings Multitude a significant competitive advantage in large scale disruption of the financial industry. Our platform served 400,000 customers in 19 countries in 2022 through its internal customers SweepBank, Ferratum and CapitalBox.

Products and services

Through its three independent business units, SweepBank, Ferratum and CapitalBox, Multitude provides customers with digital financial solutions to suit a wide range of financial needs and circumstances.

Business unit: SweepBank

SweepBank, an independent business unit introduced in Q1 2021 and successfully utilising the Multitude growth platform, simplifies and personalises shopping and financing for young, tech-savvy adults and other underserved segments, such as expatriates, into one user-friendly app. Aiming at true financial inclusion, SweepBank puts personalised offering and user experience above all.

SweepBank is a key component to achieving Multitude's vision of becoming the most valued financial ecosystem, as it enables connecting different financial services into one place for customers. This includes the other business units on Multitude's growth platform and third parties through an open API architecture, thus creating cross-selling and funding opportunities and accelerated revenue generation and profitability for all sides.

During 2022, SweepBank offered three products and operated with over 64,000 customers across five markets, Finland, Germany, Denmark, Sweden, and Latvia.

Vision: Becoming the most valuable financial platform

Customers

The primary customer segment of SweepBank, young adults in the EU, expects nothing less than a strongly personalised experience in everything they do, including financial services. SweepBank offers precisely that and more. These customers are currently underserved by traditional banks and neo-banks, as traditional financial institutions are bureaucratic, slow, and inflexible. Neo banks need more experience and data to serve them successfully from a credit risk perspective for financing. The latter is a prime example of the benefits of synergies created from allowing independent businesses to grow on the Multitude growth platform, as SweepBank can tap into Multitude's 17+ years of experience in intelligent data usage and AI-based credit scoring.

Products

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 30,000 with loan maturities ranging between 1-10 years.

Bank Account

SweepBank offers current accounts with up to 0.2% interest p.a. and fixed-term deposit accounts with up to 1% 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.

Highlights 2022

In 2022, SweepBank generated nearly 7% of the Groups revenue, EUR 13.9 million, compared to EUR 6.9 million in 2021, translating to 102% growth y-o-y. Net AR stood at EUR 122.7 million at the end of 2022, an increase of 39% compared to 2021. The main revenue driver and net AR growth was growing the Prime Loan business. The impairments for 2022 stood at EUR 11.5 million, an increase of 86% compared to 2021. This was partially driven by the grown portfolio and the IFRS rules related to high credit loss reservations at the beginning of a loan. At the end of 2022, EBIT was EUR -22.1 million, compared to EUR -20.5 million in 2021. SweepBank realised an extensive restructuring of the organisation during H2 and the full impact of reduced operational and direct costs will realise in 2023.

SweepBank launched the Credit Card in Finland end of 2021, taking a cautious approach to scaling by ensuring quality and solid processes first. In addition to the card's utilisation for purchases, it enables customers to withdraw money to their accounts. In Q4 2022, SweepBank launched the "credit card light". The card has lower limits than the regular credit card and is a further step into a widened customer base and financial inclusion. SweepBank launched the SweepBank app in Germany in Q2 2022. As additional measures to enhance customers' shopping and financing experience, SweepBank expanded the Sweep Loyalty program and launched a physical, biodegradable debit card for customers that want or need one due to local customs or requirements.

To continuously enhance customer experience, SweepBank updated and enhanced its app based on data and feedback from customer usage. This included, e.g., supplementing the app with the possibility of web onboarding in the same manner as the longest-standing business unit within Multitude, Ferratum, onboards its customers - within minutes and including a complete, automated credit scoring. Customers appreciated this feature, leading to an increased number of new credit card customers.

During Q4 2022, SweepBank suspended lending in Sweden, Denmark, and Germany as a response to macroeconomic changes and to increase overall profitability by focusing on higher-margin customer segments in Finland and Latvia. SweepBank increased the total customer number by 35% compared to 2021 and had a total of over 64,000 customers of the app or with an open loan balance in 2022 - this includes customers that remain to have an open balance in the markets where SweepBank suspended lending during the year. At the end of 2022, SweepBank was operational in 3 countries: Finland, Latvia, and Germany.

Outlook and key growth drivers for 2023

The main focus in the new year is to further simplify shopping and financing in the app and to accelerate profitable growth. SweepBank wants to grow the Instalment Loan business and the Credit Card business, and actively explore new partnerships and commission-based business models within the app. SweepBank aims to further enhance EBIT to EUR -10 million in 2023 and achieve a positive EBIT result in 2024.

Business Unit: Ferratum

Ferratum, an independent business unit on the Multitude growth platform, offers digital loans for the daily needs of consumers. It has the longest history in the Group, as consumer lending was the Groups initial offering as a FinTech pioneer in 2005. It is a key source of data and experience which caters to Multitude's growth platform.

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.

At the end of 2022, Ferratum had three products and operated across 15 markets: Australia, Brazil, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, Germany, Latvia, The Netherlands, Norway, Romania, Slovenia, and Sweden.

Vision: To be the first choice of customers that seek small financial support to meet everyday needs.

Customers

Ferratum customers seek to fulfil their financial needs in unforeseen life events. They choose Ferratum due to its speed, digital customer experience, and reputation as a trustworthy, reliable partner.

Products

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 a 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.

Highlights 2022

Of the EUR 212.4 million in revenue for the whole Group, 84%, or EUR 178.2 million, was generated by Ferratum. Notably, while the revenue remained comparable to 2021 with EUR 175.8 million, Ferratum suspended lending in Brazil and Australia during 2022, meaning that Ferratum grew revenues in the countries it is active. The EBIT increased from EUR 45.4 million in 2021 to EUR 54.9 million in 2022. This development shows how Ferratum can rapidly navigate the market to capture the highest ROI. It also shows that there is still potential to grow within the markets it operates in and within the EU as green-field or M&A operations. Ferratum explores markets outside of Europe cautiously through potential partnerships or M&A. After a soft launch in Q4 2021, Ferratum officially launched Slovenia in Q1 2022. Ferratum is the first and only fully digital lender in the country.

The war in Ukraine caused a slightly reduced amount of loan applications in Eastern European countries in Q1. However, the demand recovered by Q2. As a typical trend, the demand was higher in H2 than in H1, resulting in a stronger second half of the year. Net AR increased from EUR 287.5 million in 2021 to EUR 299.3 million at the end of 2022. During a typical year, Ferratum sells non-performing loan portfolios as part of the ordinary course of business. However, during COVID-19 in 2020 and 2021, Ferratum had to put many of such agreements on hold. In 2022, Ferratum resumed sales of non-performing loans, resulting in a healthy and solid portfolio. During the year, Ferratum adjusted risk policy rules to ensure stability in payment behaviour and for a forward-looking effect on portfolio performance, as we may see pressure caused by inflation impacting selected customer groups. Overall, impairments stood at 33% of revenues at the end of 2022, compared to 34% in 2021.

In addition to the web offering, Ferratum launched a progressive web application. A progressive web app (PWA) is a website that looks and behaves like a mobile app. PWAs take advantage of native mobile device features without requiring the end user to visit an app store, purchase the app, and download software locally. Instead, a PWA can be located with a search engine query and accessed immediately through a browser. Customers now have a faster and more convenient way to access their “MyAccount” to make additional withdrawals or for making repayments. The web application has been well received by customers, leading to thousands of Ferratum customers already using it.

Throughout the year, Ferratum has continuously increased and improved the level of automation in its processes, which has led to more efficiency, customer happiness and profitability. Ferratum continued implementing, e.g., additional data sources for faster and better credit risk scoring, new customer-friendly KYC solutions, and added payment options for incoming and outgoing payments. Processes and efficiency in customer service also improved in 2022. By year-end, effortless and automated self-service channels handled around 80% of customer enquiries. The main contributor of service automation was an AI chatbot, which handles 74% of customer queries without transferring them to a human assistant. For customers, this means less effort and no waiting, and for Ferratum, it means cost efficiency and refocuses Ferratum specialists on sales and retention-related activities.

Ferratum is a pioneer in implementing the most advanced AI service tools, such as predictive service utilising data analyses and providing more personalised experience, real-time customer sentiment analyses, or AI video avatars with tutorial content explaining our services and products. During the year, Ferratum successfully established a service centre offshore. Opening a service hub in Asia results from labour - talent shortage in Europe and makes the operations more scalable and cost-efficient. Ferratum also utilises a unique AI translation tool, which enables specialists to serve customers in multiple languages without employing native speakers. Ferratum is a pioneer with this innovative concept. As a result of these highly advanced service tools, our thoroughly trained, native-speaking operational specialists in Malta can focus on more complex queries and quality aspects.

At the end of 2022, Ferratum's NPS score stood at 67, a 1pp increase from 2021. Ferratum customers appreciate the effortless digital experience balanced with friendly and professional support from our loan and service specialists, which give a good standing for long-term customer relationships and business referrals.

Outlook and key growth drivers for 2023

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. The targets of increasing EBIT in 2023 and 2024 by 5%, respectively, compared to the respective previous year, are supported by continuing tight cost control, process efficiency, and automation. In addition, Ferratum actively investigates growth opportunities for widening its service portfolio and geographic footprint.

Business Unit: CapitalBox

CapitalBox offers small and medium-sized companies (SMEs) financing through Credit Lines and instalment loans. With a unique, fully digitalised process that allows needed funds to reach SMEs as fast as within minutes from approved application, CapitalBox is the partner for short-term business financing needs.

SMEs account for 99.8% of European businesses but are widely underserved, even unserved, by traditional banks. The old-fashioned processes and offerings do not match the needs of SMEs today. CapitalBox caters to these needs through its fast and reliable offering, backed by advanced technology, experience, and resources offered by Multitude's growth platform.

At the end of 2022, CapitalBox had three products across five markets, Finland, Sweden, Denmark, Lithuania and the Netherlands.

Vision: Becoming Europe's leading digital SME lender

Customers

A typical CapitalBox customer has been in business for seven years, has three employees and EUR 500,000 in annual revenues. They need financing to grow and expand their business or to get through liquidity fluctuations and seasonality, and value the innovative technology approach and fast financial support that CapitalBox enables.

Products

Instalment Loan

Instalment Loans are working capital loans up to EUR 100,000. These 6–48-month solutions help SMEs finance, e.g., expansion, inventory, marketing, hiring new talent, and purchasing and leasing new equipment.

Credit Line

CapitalBox offers a Credit Line as a flexible form of finance to SMEs. The approved Credit Line can range from EUR 2,000 to EUR 350,000.

Purchase Finance

Through partnerships with retailers, CapitalBox financing is available to business customers for their purchases at a point of sale.

Highlights 2022

In 2022, CapitalBox reached EUR 20.3 million in revenue, a decrease of 6% compared to 2021 with EUR 21.6 million. The EBIT stood at EUR -1.1 million, compared to EUR 2.4 million in 2021. The loan portfolio increased from EUR 76.1 million at the end of 2021 to EUR 87.5 million at the end of 2022. Improved performance resulted from a new underwriting process, tightened credit control, and firm cost control throughout the operations.

At the end of Q2, the Group set up an internal team of experienced leaders to review the entire CapitalBox operations. This team contained one designated leader for processes, IT, and operations, one for credit risk management, and one for marketing and sales. The team restructured the CapitalBox organisation to a temporary change management organisation for the highest efficiency and results. The key aims of the task force were to reduce operational and marketing costs and to decrease credit losses.

During H2 2022, due to the organisation's restructuring, operational costs were reduced. A significant contributor to this decrease was ensuring a broader channel mix. Due to solid actions in the summer of 2022, the EBIT increased significantly in H2 2022 compared to H1 2022. As with other costs, the impairments show a considerable decrease, 34%, in H2 2022 compared to H1 2022 due to enhanced scoring of loan applications and implemented changes in the collection process. A key contributor to lower impairments was moving the early collections to Multitude's centralised collections company, Pactum Collections. The ability to do so is a prime example of the benefits for a business on Multitude's growth platform. A further example of these benefits is CapitalBox's risk and analysis team integration into the Groups resources. This move allows CapitalBox as a tribe to focus more on its core business while utilising the 17+ years of experience and expertise in credit risk and analysis that the Group has. It also brings financial benefits in terms of reduced costs within the tribe.

CapitalBox enhanced the application process by investing in higher automation in the onboarding and KYC processes, which CapitalBox will continue to roll out across all operational countries throughout 2023. Previously, CapitalBox was able to process and score applications within one business day, already faster than most competition. With the new, improved process, CapitalBox reviewed, scored and signed loans as quickly as in eight minutes without human involvement.

In Q4 2021, CapitalBox started a first pilot in purchase finance with Finnish furniture retailer Masku, which continued in 2022. Credit Line has proven to be a significant positive contributor to the development of CapitalBox. After a launch in December 2021 in Sweden, it is now live in all five countries CapitalBox is operational. The product is fully standardised and thus allows rapid market entry and expansion into further markets.

A new CEO for the CapitalBox tribe, Mantvydas Štareika, joined in December 2022, indirectly succeeding Oscar Barkman who left the company to pursue new opportunities outside the Group.

Outlook and key growth drivers for 2023

CapitalBox expects the full impact of all actions taken in H2 2022 to realise during H1 2023. A key contributor to growing revenues is the further increase of Credit Line. In 2023, CapitalBox aims to achieve EUR 5 million in EBIT, increasing the equivalent number to EUR 10 million in 2024. CapitalBox will achieve its goals through continued tight control of costs, growth of the Credit Line, the expansion of distribution channels, and further implementation of the enhanced onboarding and KYC processes, leading to further increased automation.

Why investors trust us? Our USPs

Why investors trust us?

We have a strong foothold in a market with high entry barriers

We offer financial and banking services across segments in a highly regulated field across 19 countries and their individual regulations. The regulatory environment makes it hard for new businesses to enter the market and, even more, to operate across borders. We have repeatedly proven to successfully navigate shifts in the regulatory environment and adapt accordingly in the market while delivering good financial results and superior customer experience.

Our independent business units focus on unique customer segments and unique customer experience

Each business unit serves an attractive, growing customer segment with a uniquely tailored customer experience. These segments range from short-term consumer loans to digital wallet users and sophisticated SME customers.

We have a diversified risk portfolio and the ability to react fast

We have a diversified customer portfolio across three customer segments and operate in 10 currencies. We possess financial and behavioral data from two decades; this data, paired with the most recent technology and algorithms, makes us uniquely positioned to react to any regional or global changes rapidly, be they financial, geopolitical or macroeconomic.

Our customers love us

The overall customer base of all brands on our growth platform consists of approx. 400,000 active customers. Our ability to attract new customers and offer them added value through an increasing service portfolio allows us to expand further. Positive customer satisfaction numbers across business units prove our success in keeping customers happy, leading to predictability and recurring revenues for us.

We are well-positioned to strengthen our platform

A large customer base, a vast amount of intelligent and actionable data, profound scoring know-how, funding capabilities, KYC processes and solutions, and unmatched regulatory expertise in the field give us an industry-leading position to continue our transformation into an ecosystem for further, exponential growth across a variety of financial services. We can achieve this growth organically and in cooperation with partners to develop value-adding, next-generation financial services for customers.

We have the means to democratise finance

Through the amount of data, knowledge, technology and geographical access we have built over the past two decades, we are uniquely positioned to serve customers that have been, and remain, underserved by traditional financial institutions - and even by the newer players in FinTech.

Multitude Group ESG Report 2022 – The sustainable growth platform

Contents

Our business

Multitude is creating an ecosystem through a growth platform that offers tried and tested services as benefits to our own business units and to a wider pool of FinTech companies.

Our three business units, SweepBank, Ferratum, and CapitalBox enable us to meet the unique needs of a broad range of customers, while the growth platform enables internal and external businesses to grow and scale faster by utilising our centralised core operations, fostering financial inclusion and local economic growth.

Our Business Units

SweepBank

SweepBank seeks to provide customers with a personalised shopping and financing experience, aligned with their expectations for sustainable financial solutions and backed by innovation and partnerships for added value. With its partnerships, SweepBank is increasing efforts towards the inclusion of businesses with a strong environmental and social focus.

The app is based on customer needs and the result of collaborating with customers in development. It offers innovative features and can flexibly address shifting expectations, including sustainable financing products and services.

Customers benefit from a green banking experience by using a cardless and paperless bank account. SweepBank promotes this experience, while providing the option to obtain a physical card made of biodegradable material to cater individual market needs. SweepBank is also working towards increasing the share of digital purchases which are considered greener than in-store purchases.

Ferratum

Ferratum gives customers the freedom to finance their lifestyles on their terms by offering solutions appropriate to their individual financial circumstances and risk profile.

Customers needing a financial safety net benefit from the offering as a means to access finance through a responsible, robust, fast, and easy application and loan decision process that is enabled by state-of-the-art technology with AI.

As a seamless digital offering, Ferratum allows anyone with an internet connection, in those countries it operates in, a chance at flexible finance.

CapitalBox

European SME's need for fast, uncomplicated access to finance is addressed as a one-stop solution. Where traditional financing solutions are often unavailable to the customer due to the economic environment or unable to meet SME needs in terms of speed of service, CapitalBox delivers fast, digital processes to help.

CapitalBox leverages its strong financial expertise in digital lending, thereby supporting SME growth and empowering further development and contribution to the resilience of local economies.

What we believe in

OUR VISION

Become the most valued financial ecosystem

OUR MISSION

Democratise financial services through digitalisation, making them fast, easy & green

OUR **VALUES**

- **Customer centricity**
- **Entrepreneurial spirit**
- **Candour**
- **Respect**
- **Winning teams**

Multitude's ESG values

Create positive change for customers and society.

Reduce our negative environmental and social impact.

Demonstrate empathy to customers and each other.

Ensure the holistic well-being of our employees.

Ensure transparency throughout the customer journey.

Conduct ourselves ethically and with integrity.

Protect the financial well-being of our customers.

About the ESG Report 2022

This ESG Report 2022 presents information on our approach and progress as Multitude SE ("Multitude" or "Group") in managing environmental, social and governance matters for the financial year ending 31 December 2022. As a result of a materiality assessment engaging our key stakeholders in 2022, we have set key topics. The report serves to meet obligations under Chapter 3a of the Finnish Accounting Act 1336/1997 based on Directive 2014/95/EU.

The Global Reporting Initiative has been referenced for specific indicators and topics. In 2022, we decided to review our level of voluntary disclosure framework alignment. In the future, it will include full alignment with frameworks that support compliance with ESG disclosure regulation, such as the Corporate Sustainability Reporting Directive and the European Sustainability Reporting Standards.

The sustainable growth platform

In 2022, Multitude launched the growth platform as part of unpacking the Group strategy, whilst ensuring ESG remains core to our strategy by building a sustainable growth platform. The year 2022 has been a year of growth, as we commenced implementation of actions previously highlighted under the ESG strategy.

Our ESG efforts took place in uncertain economic times for customers, within the context of geopolitical crises, rising inflation, and prevailing attention to employee well-being in the new era of hybrid work. We maintained our customer and employee focus in accordance with our values and ambition to be the employer of choice in FinTech.

Globally and in the EU, governments have intensified ESG regulation, and ESG regulatory risks are increasingly cited in leading risk reports as key risks. We are preparing for these requirements, including those under the Corporate Sustainability Reporting Directive, which will require robust reporting on ESG.

ESG journey

We started our ESG journey in 2021, convening the Group ESG Steering Committee that enables the implementation of ESG initiatives across business units and functions. The publication of our first ESG Report under a new Group strategy followed.

In 2022, the ESG Steering Committee outlined metrics and targets to support the 2025 ESG goals, including the launch of a new Responsibility Index which surveys customers on how responsible our practices are, in addition to other factors comprising the index.

We published several policies in 2022 to support ESG integration and management progress: the ESG Policy incorporating the Environmental Policy, the Human Rights statement, the Hybrid Policy and the Diversity and Inclusion Statement.

Early on our journey, we increased Board level engagement in ESG. This engagement was increased by including ESG in Board Committee charters, addressing, e.g., topics such as diversity and inclusion on the agenda of the People and Culture Committee (former Remuneration Committee).

During 2022, we started measuring the carbon footprint of our operations and lending. Our goal is to align with broader societal aims of combatting climate change by taking action to understand our negative impact and to reduce it.

We continue our journey with plans to accelerate our efforts regarding our processes to manage ESG risks, impact and opportunities, to engage our employees in ESG, and drive engagement towards broad ownership of ESG activities within the organisation.

ESG milestones

Q3 2021

- ESG Steering Committee convened
- 2025 ESG Goals published
- ESG Values Survey

March 2022

- First ESG Report published under new Group strategy

April 2022

- Responsible Lending Index launched

June 2022

- Metrics and targets set
- ESG Policy published
- Human Rights Statement published
- New Hybrid Policy finalised

December 2022

- Diversity and Inclusion statement and targets published

ESG approach

Our definition of ESG is at the core of who we are as an organisation. We have the vision of becoming the most valued financial ecosystem and believe that this can only be achieved if we understand our impact on society. Backed by our regulatory and technology know-how, we work to serve the underserved through our growth platform that supports our business units in democratising financial services and consciously making them faster, easier to access, and greener.

Our ESG approach focuses on three areas of impact, the first two are people and processes, where we believe our impact is most significant. This means widening access to financial products and services whilst ensuring that our customers and employees have positive experiences underpinned by a responsible policy environment. This approach is complemented by building towards a sustainable growth platform that minimises the negative impact of operations and product offerings on the environment.

Our ESG ambitions

In 2021, we articulated our 2025 ESG goals that define our ambitions on people, processes, and the environment. During the first half of 2022, we finalised ESG metrics and targets for each of the goals with the exception of the environment, where we piloted the carbon footprint measurement programme.

PROCESSES

1. Embed ESG conscious practices

We want to consciously embed ESG in our business unit activities and relationships with partners, suppliers, and other stakeholders. We are evolving our processes and governance mechanisms towards the integration of ESG.

PEOPLE

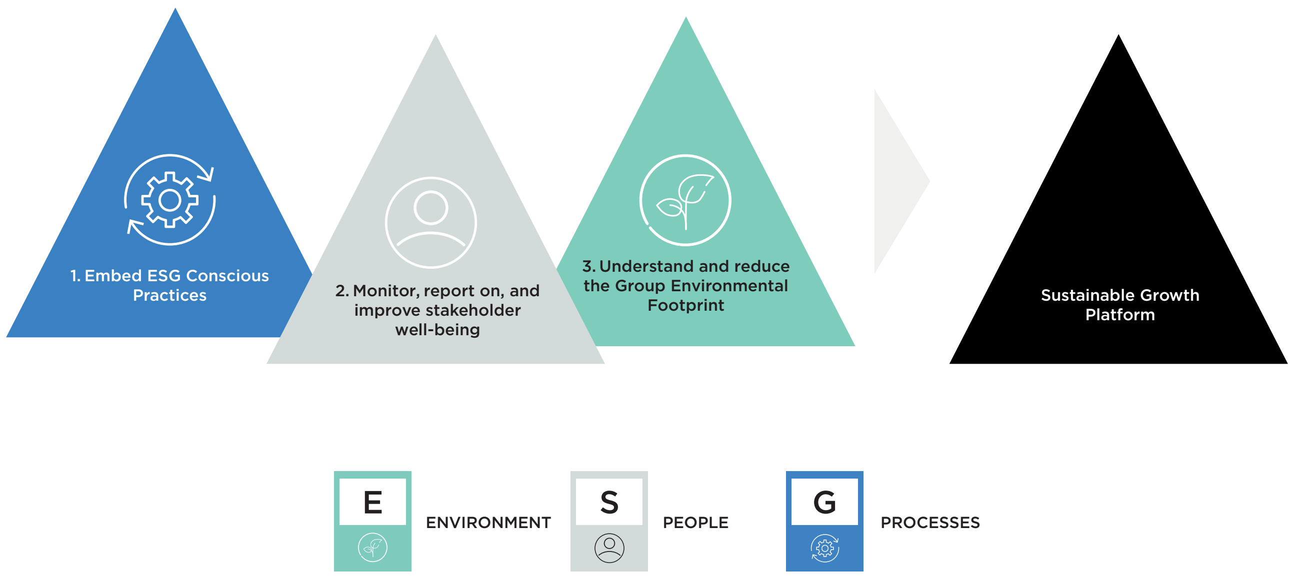
2. Monitor, report on and improve stakeholder well-being

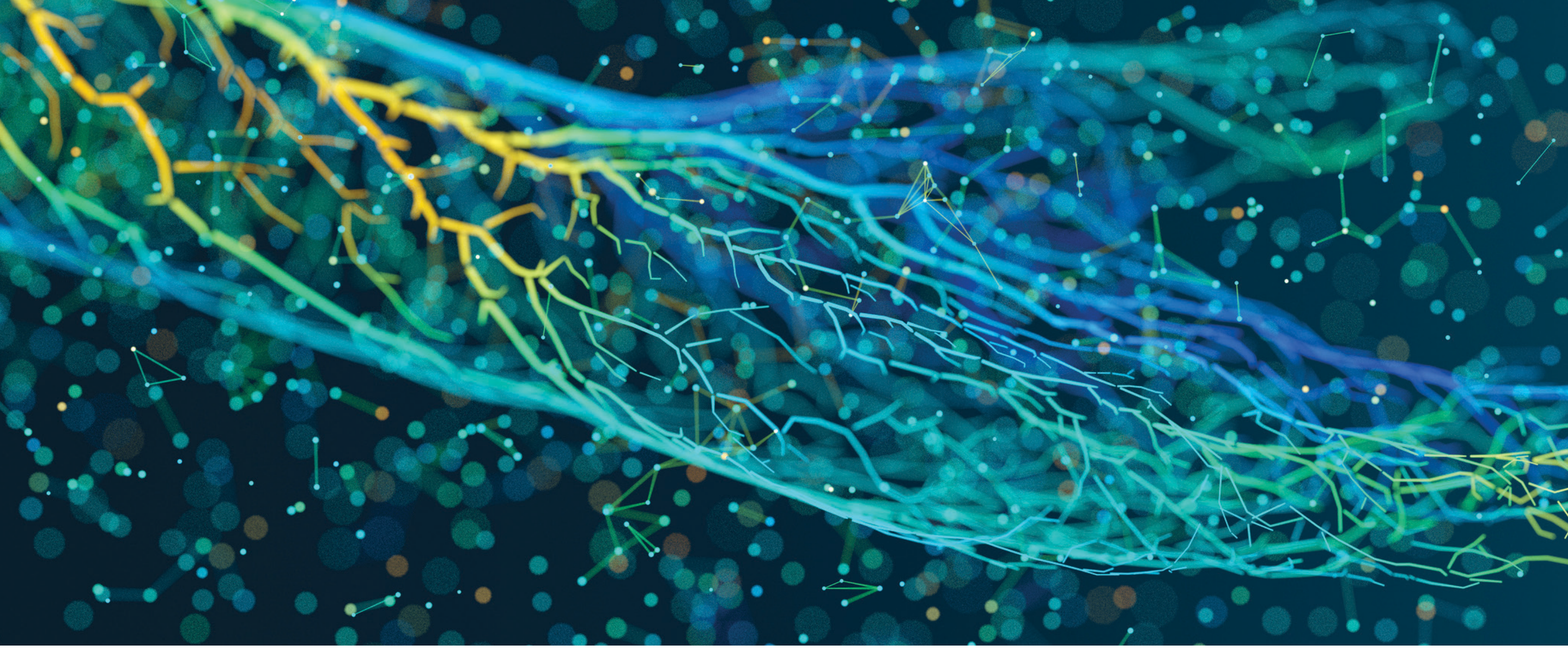
Our customers are the reason we exist, and our people are why we can deliver fast, easy, and fully digitalised financial services to customers. We have implemented NPS for our customers and employees and a Responsibility Index to measure how responsible our customers feel we are.

ENVIRONMENT

3. Understand and reduce Multitude's environmental footprint

Given the urgency of collectively addressing climate change as a society, we want to play our part in supporting the transition to a low-carbon economy. Through our digital platform, we offer cardless banking and paperless processes and seek to measure and manage our impact and our efforts in this area.





Materiality assessment – defining our ESG topics

In 2022, we conducted a materiality assessment to understand and prioritise issues that matter most to our stakeholders and to the execution of our strategy. The prioritised issues informed the focus of this ESG Report and support alignment with our ESG programme and KPIs with what matters to our stakeholders and performance.

A long list of potential issues was identified, and internal experts then assessed the list of potential ESG topics for relevance to their areas of focus. These experts included investor relations, legal and compliance, customer relations, financial planning, and risk management.

We surveyed key stakeholders on shortlisted topics, grouped into themes, and consulted our internal stakeholders to provide insight into their importance for the execution of our strategy.

Internally, we further engaged a panel on significant employee matters. We have identified the following ESG issues as priorities due to their relevance to strategic execution and to our stakeholders. The identified topics are addressed in our ESG metrics and targets and throughout sections of this report.

2022 Materiality assessment

Priority issues

Environmental	Social	Governance
1. SME lending carbon emission	2. Responsible lending 3. Transparency 4. Financial inclusion 5. Customer satisfaction 6. Employee well-being	7. Cybersecurity and financial crime prevention 8. Data protection 9. Business ethics and integrity

Top employee issues

1. **Diversity and inclusion**
2. **Skills development**
3. **Transparency**
4. **Well-being**
5. **Responsible lending**

Relevant UN SDGs

As part of the decision to review the use of voluntary frameworks, we will be reviewing our process to identify material issues and enhance our implementation of the double materiality perspective in accordance with the Corporate Sustainability Reporting Directive and the European Sustainability Reporting Standards with the requirement to report commencing the 2024 financial year. The European Sustainability Reporting Standards define a process for determining impact and financial materiality under the double materiality perspective.

Embedding ESG conscious practices – our processes

ESG risk management

As Multitude, we are in the initial stages of embedding ESG risk management. Prior to this, we had been managing certain ESG risks in operational risk management frameworks, such as data protection. Our ESG risk management integration efforts are therefore aimed at explicitly assessing ESG towards holistic risk management and supplementing processes for existing risk categories, with consideration of additional risks or risk drivers.

Responsibilities for effective oversight of risk management reside with the Chief Risk Officer and the Group Risk Committee. These are, on ESG matters, supported by the Group ESG Officer, who provides input on the integration of ESG into the risk management framework and the ESG risk assessment process.

In June 2022, we published the Group ESG Policy, outlining Group policies to manage ESG matters and risks. A newly convened ESG Risk Forum, comprising members of the Risk and ESG teams, will further support implementation of the ESG Risk Policy and integration of ESG into the Group risk management framework.

ESG governance

We have established a governance structure for ESG with clearly defined responsibilities. The governance structure supports our efforts to be a sustainable growth platform that serves the underserved responsibly, demonstrating accountability at multiple levels of our company.

The Group Board of Directors oversees the development of the ESG strategy, as well as goals and policies relating to ESG. Drawing from the diverse knowledge, skills, and experience, including in ESG, the Board provides insight on key ESG matters, reviewing progress on KPIs and the implementation of our strategy.

The Board is supported by committees that review specific ESG topics. In 2022, the Remuneration Committee was renamed to the People and Culture Committee, with the inclusion of human resources matters, such as diversity and inclusion addressed in its charter, and the Risk Committee explicitly included ESG risk in the committee charter.

Executional oversight of the ESG strategy lies with the Group Chief Executive Officer, who co-chairs the ESG Steering Committee with the Group ESG Officer. The ESG Officer drives ESG strategy development and implementation, supported by the ESG Steering Committee that enables the embedding of ESG across business units and functions. The cross-functional and ESG Steering Committee comprises leadership from the business units, IT, HR, Investor Relations, and Risk Management.

ESG governance structure

BOARD OF DIRECTORS

- ESG Strategy approval and performance monitoring
- ESG incorporation into strategic objectives
- Integration of ESG into Board and Committee practices

RISK COMMITTEE

- ESG risk management oversight
- Preparation of ESG risk matters for the Board

AUDIT COMMITTEE

- Monitoring of ESG internal controls
- Monitoring of ESG reporting process
- Preparation of ESG audit matter for the Board

PEOPLE & CULTURE COMMITTEE

- Review of matters and reporting to the Board on HR policy, including Diversity and Inclusion, leadership and remuneration

CEO

- Overview of company compliance with ESG strategy and regular reporting to the Board on ESG

GROUP ESG OFFICER

- Leading ESG strategy development and implementation
- Reporting to the Board and committees
- Chairing ESG Steering Committee and ESG stakeholder engagement

ESG STEERING COMMITTEE

- Chaired by Group CEO and Group ESG Officer
- Supporting development and implementation of ESG strategy

BUSINESS UNITS & FUNCTIONS

- Development of relevant ESG goals, KPIs and initiatives
- Implementation of business unit or function ESG strategy

Lending responsibly

Responsible lending is a driver of our sustainability and legitimacy as a credit provider in the communities we serve. Serving the underserved consumer responsibly can only be achieved by selecting the right customer through the implementation of credit-worthiness procedures that reduce the risk of over-indebtedness and negative impact on financial well-being. This means providing sufficient information to potential customers, collecting the right information, and utilising the right tools to determine a customer's ability to repay the loan in full and on time.

Over the past nearly two decades, we have designed robust processes and procedures that generally incorporate a range of controls, such as independent credit-worthiness checks on public and private databases and credit bureaus, which are carried out in accordance with legal requirements.

We ensure that the right customer is paired with the right product by applying strict policy rules and filtering, a sophisticated loan scoring system combining access to internally, privately, and publicly available data with proprietary self-learning algorithms, and by evaluating customer affordability and product suitability.

In addition, our employees are regularly trained and expected to demonstrate a high level of skill, knowledge, and best practices when dealing with customers, ensuring that we provide appropriate and consistent quality support throughout the customer journey.

Our responsible lending principles

1. Only lending to customers that can repay the loan in full and on time
2. Providing all legal documentation in a clear and transparent way for informed decision-making
3. Abiding by applicable consumer protection laws
4. Ensuring a non-discriminatory customer selection process
5. In many cases, subject to applicable conditions, we seek to prevent negative cycles of debt by only granting one loan to a customer at a time and adhering to a one-day "cooling off" period after repayment
6. Not allowing loan roll-overs or granting advances to finance a customer's unpaid interest or fees until the customer's outstanding loan has been paid*

*Does not apply to revolving loans due to their nature

Responsible business

We strive to demonstrate high ethical and responsible business principles in decision-making, underpinned by a robust compliance framework and policy environment. We have a Code of Business Conduct and Ethics that is communicated to all employees and has been approved by the Board of Directors. The Code of Business Conduct and Ethics sets out the minimum standards for employee interactions with customers, competitors, business authorities and shareholders, including on bribery and corruption, and conflicts of interest.

Anti-bribery and corruption

We have implemented a zero-tolerance approach to bribery and corruption. It is described comprehensively in the Code of Business Conduct and Ethics, which defines bribery as the offer, promise, transfer, request or agreement to receive anything of value, whether directly or indirectly, to or from any person, in order to induce that person to perform their roles improperly or, to influence them with the intention of obtaining or retaining business or an advantage in the conduct of business and corruption is defined as the misuse of entrusted power or public office for private gain.

Employees are required to conduct an appropriate level of due diligence regarding suppliers and, where necessary, include clauses relating to anti-bribery and corruption in agreements. Employees are, in addition, required to report suspicious activity to the Chief Legal and Compliance Officer.

In 2022, no incidents of bribery or corruption were reported within Multitude Group.

Whistleblowing

Multitude's Whistleblowing Policy is outlined in the Code of Business Conduct and Ethics, which defines whistleblowers as persons who expose improper practices such as serious misconduct, dishonest or illegal activity within the Group. Whistleblowing is, therefore, the disclosure by a person with information regarding improper practices within the Group. The code provides a list of improper practices and sets out internal reporting mechanisms.

Reports of improper practices can be submitted in several ways, including as an anonymous report via an intranet channel ensuring confidentiality, protecting the reporting person's identity and any third parties mentioned in the report.

As Multitude, we make room for escalation of suspected violations of financial markets regulation and bribery and corruption concerns to the Leadership Team, with audits conducted depending on the nature, scale and complexity of the situation.

Anti-bribery and corruption training

In 2022, we undertook a training programme extended to all employees on compliance topics, including anti-bribery and corruption. Employees were required to read the code and to complete tests to confirm understanding of concepts.

No. of employees that received training	% Employees that received training
542	96%

Percentage employees that received training is calculated based on the total number of employees at the time of training.

Protection of customer data

Ensuring the protection of customer data is central to our ability to maintain integrity and trust in our countries of operation. We employ robust data protection procedures and policies that address protection of customer information from theft, damage, and destruction, and are committed to upholding data protection laws and regulations and aligning with best practices and principles on data protection.

We ensure that we are lawful, fair, and transparent with regard to data handling, communicating to customers on how data is used and protected and that we have the lawful basis to handle their data. Data is collected and stored for specified, explicit and legitimate purposes.

In instances where the nature of our services require that we share personal data as part of our operations, we strictly adhere to financial industry secrecy obligations and work with carefully selected and trusted partners that need the data to provide the requested service, third parties performing duties arising from the law, and those that the customer has given consent that we share data with.

Training on data protection is provided to employees annually and new employees receive the training as part of the onboarding programme, within the first two weeks of joining. Additional training programmes are implemented for team members with close and regular interaction with customers and their personal data.

We monitor our performance with regard to data protection against our policies with regular audits conducted to ensure continuous compliance and prevention of breaches and violations. Our robust data protection framework is described on our website and in our ESG Policy published in June 2022.

In 2022, no substantiated customer complaints concerning breaches of customer privacy or leaks, thefts and losses of customer data were recorded. This demonstrates the effectiveness of our framework to protect customer data in accordance with our values and commitment to the highest ethical principles with regard to the handling of data.

Cybercrime prevention

We consider the prevention of cybercrime to be a key driver of our success. We have invested in our cyber security management programme with focus on increasing security in systems, networks, and processes. We implement information security controls at all levels of the company with every control designed using a ‘plan-for-failure’ approach to ensure that should one control level fail, it does not put Multitude’s systems, networks, or data at risk. These efforts are supported by a robust reporting environment including the Information Security Team giving regular updates to the IT Governance, Risk and Compliance (IT GRC) Committee. Such updates include reporting on established Key Risk Indicators (KRI) in various information security domains. In addition, the Group Risk Committee receives updates upon request. Other matters related to information security, such as fraud, are addressed in relevant areas, including the Group Fraud and Risk teams.

Training and security awareness initiatives are a central part of our approach to cybercrime prevention, and we train employees throughout every year. We utilise several methods and platforms for employee training including games, audio-visuals with mandatory tests for each online course, and regularly conduct phishing assessments to monitor employee risk scores. Employees can access their scores at any time, track their performance, and upskill where needed.

During 2022, we continued to enhance the training platform to maximise the effectiveness of delivered training by using a risk score feedback-loop mechanism to enrol employees on specific follow-up topics, depending on where needed. Training hours increased to 5,168 during 2022, compared to 1,763 hours in 2021 when we first launched the new training platform. Following significant efforts regarding security awareness on phishing attacks, there was a substantial improvement of 70% in the phishing simulation click rates when comparing the monthly average click rates of 2022 to 2021. Cybersecurity training and awareness initiatives are supported by the engagement of employees on our security culture. In 2022, as part of monitoring the overall approach to information security by employees and providing feedback to employees on progress on security awareness, we conducted the annual Security Culture Awareness survey.

Cybercrime prevention training

	2021	2022
Total training hours	**1,763**	**5,168**
Employees that received training in cybercrime prevention	91%	89%
Total number of employees trained	939	921

Responsible tax governance

We seek to demonstrate the highest ethical conduct with regard to tax matters, meeting the expectations of our stakeholders including investors, customers, and society. Our tax team oversees the tax strategy, which is reviewed annually and when material changes to the tax environment occur.

Our Group value of transparency is central to our approach and commitment to be responsible in dealing with tax matters in jurisdictions in which we operate.

This means:

- Meeting all statutory and regulatory tax obligations
- Acting with reasonable care in relation to all tax filing and payments
- Disclosing all relevant facts and circumstances to the tax authorities
- Resolving ongoing matters in a collaborative, courteous and timely manner
- Actively engaging with Tax Authorities on a real-time basis to minimise tax risk as part of the Group's effective tax management

Due to the complexity of the tax system within which Multitude operates, our long-term tax goals are consistent with our mission and relate to avoiding tax risks, as well as making tax payments at the currently required level. To avoid these risks, we update the identification and analysis of risks on an ongoing basis, taking analysis of our historical data, analysis of external data including court rulings and tax interpretations, reports and advice received from tax experts, tax advisors, legal advisors, or auditors into account. The assumption is that the maximum level or type of tax risk that an organisation can accept to achieve a financial or strategic goal is low. This means that we are unwilling to bear risks, and when in doubt, choose a safe solution that does not generate risks.

In instances where a tax law issue requires additional analysis by an external advisor, our personnel reports such a need to the Tax Team. The Tax Team decides on the performance of the relevant analysis. Legal issues that may directly or indirectly affect tax settlements are consulted with the Tax Team.

Monitoring, reporting on, and improving stakeholder well-being

Our customers

Customer centricity is enshrined in our Group values and is core to our ESG approach. We hold ourselves to the highest standard regarding the quality and speed of services provided to customers. This high quality and speedy service is enabled using a fully digital customer journey that offers "click to serve" user-friendly self-help tools and a well-trained customer service team. Smart, AI-based virtual assistants can solve most customer queries, meaning that customers receive assistance faster.

The digital journey is supplemented by empathetic customer support that considers changing circumstances of customers, fairness, and transparency throughout.

Our approach favours strong customer engagement, including through customer surveys that solicit feedback on products, services, and quality of support. Each of our business units undertakes a Net Promoter Survey.

Business unit	NPS score as of 31 December 2022	2025 Target
Ferratum**	67	≥ 65
SweepBank*	42	≥ 65
CapitalBox**	63	≥ 65

*SweepBank NPS is based on revenue driving customers with active Prime or Credit Card product.
**NPS as at 31 December 2022, except for CapitalBox with average NPS on account of smaller sample size

We also support customers with educational initiatives for a better understanding of financial products and are aiming to increase the level of educational content accessible on our website over time. In setting our ESG ambitions we focused on education for the Ferratum business unit which has been developing initiatives to better support customers in line with efforts to be a responsible lender with an educated customer base.

Ferratum educational content as at 31 December 2022	2025 Target
15%	≥ 50%

Monitoring our lending practices – Responsible Lending Index

Our commitment to responsible lending extends to monitoring of our practices. In 2022, we launched a Responsible Lending Index. It was piloted by Ferratum, the business unit with our largest share of consumer credit customers and one that is aiming to be a leader in responsible lending.

Index components

a. Gender bias in lending assessments
b. Default score measured by the 90DPD*
c. Responsible Lending Survey: customers are asked to indicate perceptions on transparency, flexibility, and ease of understanding the loan conditions and trustworthiness.

*Days past due

Each component's score is weighted to determine the overall index score. The responsible lending survey score was the highest score achieved as at 31 December 2022, followed by the gender bias score. The higher score in the survey signals customers benefitting from the business unit commitment to transparent product pricing, with no hidden fees and ensuring that we meet expectations on information provided throughout the customer journey.

The current overall score is 4.3 out of 5, which we consider to be a high level of performance across the components. Our 2025 target is 4.5.

Responsible Lending Index score

Average
- Gender Score
- Default Score
- Responsible Lending Survey Score

Responsible Lending Index Score as at 31 December 2022 4.3

2025 Target 4.5

Our people

As an aspiring leader in FinTech, attracting and retaining the best talent and people are key to our success. We aim to foster an engaged workforce where everyone can participate in meaningful work in an environment that encourages entrepreneurial spirit, candour, and personal career growth, underpinned by an agile way of working.

Employee development

We value our ability to grow talent from within and seek to empower employees through training and development opportunities along the employee journey. Employees have access to a learning platform comprising over 16,000 courses, and after conducting a survey in 2022 to assess training needs of employees, we plan to expand these programmes. In addition, we provide training on compliance, AML, anti-bribery and corruption, data protection, cyber security, and specific training to teams, such as sales teams.

Performance development and career reviews are conducted bi-annually, providing regular feedback to employees in line with our Group values of transparency and candour. Over the course of 2022, we have invested in building a core competency framework together with experts in the field, and gathered feedback across the organisation. We are now in the process of finalising Multitude's tailor-made core competency model that reflects our values and way of work.

The competency framework will be embedded in all people-related processes over the course of 2023 to further enable leaders to grow their teams, as well as enhance the employee journey and experience with Multitude.

Employee training

Average training hours	2025 Group target
17	15 Training Hours Per Year

Performance and career development reviews

Total employees	Managers	Other employees	Females	Males
76%	62%	78%	75%	81%

Employee engagement

Employee engagement is an important pillar in our approach as Multitude. We want to drive a culture of openness that allows diverse views and encourages employee feedback on our practices. We conduct a bi-annual survey to determine the employer net promoter score (eNPS) and gather insights to inform areas of focus regarding employee matters.

With the new macro-economic environment in 2022, and in line with the business strategy, we continued to streamline the teams' setups to further enable their ability to thrive. Following a norming phase, the teams are in a good position to grow and improve employee engagement.

eNPS 2021	eNPS 2022	2025 Target
12	7	25

Diversity and inclusion is embedded in our DNA

We pride ourselves in having a diverse workforce with nationalities from multiple countries across the world. Our products and services are available across the EU to customers with different and unique needs, and we seek to embody this diversity of our clients in our approach to provide service in their respective languages and with an understanding of the customers we serve, including their culture.

We strive to be inclusive, celebrating our differences and having a zero-tolerance approach to discrimination based on gender, gender identity, race, age, sexual orientation, ethnicity, nationality, country of origin, religion/non-religion, skills, work experience, socio-economic background, family structure or marital status. Inclusion to us means every voice finding a place to thrive at Multitude.

In 2022, the Group outlined its commitment to fostering diversity and inclusion in a statement approved by the Board of Directors and published on our website. The Diversity and Inclusion Statement lays the foundation to the diversity and inclusion programme and sets the pillars and targets regarding gender diversity in the management and Board. Subsidiaries are expected to align with these core principles over the next year. The Group has, in the Equal Opportunities Policy, Code of Business Conduct and Ethics and Anti-harassment Policy, outlined how we ensure a working environment that is fair and free of discriminatory practices or harassment.

Employee diversity

Females	Male
44%	56%

Female Managers	Male Managers	Female Board Members	Male Board Members
36%	64%	25%	75%

	Employees under 30 years old	Employees 30 – 50 years old	Employees over 50 years old
Total	25%	68%	7%
Management	10%	80%	10%
Board	0%	25%	75%

Employee data as at 31 December 2022

Employee well-being

The well-being of our employees is a material issue for us. In 2022, an essential step has been to formalise the Hybrid Policy which addresses the need for a flexible working environment to support a healthy work-life balance. Our new Hybrid Policy guides our employees on our hybrid model, enabling work from home partially whilst maintaining a culture of engagement with fellow employees.

In addition, we take matters of safety seriously in our offices across the world by ensuring to comply with safety standards and regulations relevant to the respective jurisdiction. For example, during the COVID-19 pandemic, we adhered to regulations and prioritised the safety of our staff with work-from-home being the first option.

We continue to prioritise health and safety similarly between offices, depending on relevance, implementing health and safety training or awareness days. For example, we organised first aid and fire warden training in Malta, and an ergonomics evaluation in Germany. Our offices provide first aid kits, and some include tools such as AED machines for emergencies.

In 2023, we will launch a bi-annual employee wellness survey to get a frequent pulse on our employees' emotional well-being to allow us to further improve the employee journey within Multitude.

Employee benefits

In addition to the hybrid working environment, we offer a Matching Share Plan to all employees, which supports all employees in becoming Multitude shareholders. All employees can invest up to 10% of their annual salary towards the purchasing of shares, which are matched 1:1 by the company after a two-year holding period.

All employees are encouraged and supported to learn and grow by us giving access to an online learning tool with more than 16,000 courses to choose from, anytime, anywhere and in any subject they prefer. The tool offers a wide range of courses taught by industry experts in business, IT, soft skills, leadership, and in creative subjects to name a few.

We offer several other benefits, such as a wellness benefit, food allowance, or weekly breakfast/ lunch. Benefits are unique to the contexts and needs of our different and diverse locations.

Multitude IT internship program
We are committed to nurturing the next generation of IT leaders through training and development initiatives for local communities. Our Information Technology hub, Multitude IT Labs, provides internship opportunities to students preparing them for joining the job market. Interns gain hands-on work experience by working with a mentor that supports their growth and learning. During 2022, two interns joined the programme and one of them joined the team permanently. This female intern, now a full team member, further supports our Group-wide efforts in increasing gender diversity in recognition of the prevailing gender gap in FinTech.

Employee information

Total no. employees as of 31 December 2022	649

	Permanent	Temporary	Full-time	Part-time
Female	286	1	271	15
Male	363	46	399	10

Female hires	Male hires	Female turnover	Male turnover
108	82	72	102

Serving our communities

We recognise that to be a good corporate citizen in the communities in which we provide products and services, we need to be aware of our impact, including the positive impact we can make on the lives around us through our support for the right causes.

In 2022, we supported non-profit organisations through donations in the areas of environment, health and humanitarian efforts, poverty, human rights, and animal rights. Our programmes involved our employees by allowing them to nominate and vote for the causes we supported. The active participation of our employees in our donations programme demonstrates a strong alignment within the company and being a force for positive impact in the lives of people. During 2022, we donated EUR 70,000 to charities globally.

Our approach to community contribution is responsive when needed, supporting, e.g., in the event of wars and political instability. We also donate IT equipment to organisations in need, allowing us to support educational initiatives in some of our countries of operation.

Understanding and reducing our environmental impact

As Multitude, we recognise our responsibility to minimise adverse environmental impact and contribute towards societal goals to mitigate climate change, including by implementing policies and carbon reduction plans.

In 2022, we published our first Environmental Policy. It lays the foundation for our actions related to the environment and outlines commitments towards protecting the environment and managing environmental matters. We expect the Environmental Policy to evolve to align with best practices and implemented measures by us and our subsidiaries.

The next step in the programme is to enhance our monitoring of environmental actions and communication on the application of the Environmental Policy. We want to support the Policy with meaningful targets, enabling us to track and communicate our progress.

We already encourage our offices to implement actions that reduce negative impact on the environment. Our office actions include recycling, reuse, and selection of glassware, requesting digital processes from vendors, water control valves, LED lighting with motion sensors, a paperless customer experience, and where paper is needed, use FSC certified paper.

In selecting buildings to lease, we encourage the selection of buildings demonstrating strong sustainability ratings. Some of our leased offices and buildings have achieved a BREEAM rating of "Very Good" to "Excellent", e.g., our office in the Multitude IT Labs building in Slovakia, which serves as our technology hub. In 2022 the total energy consumption of our office buildings was 534,813kWh.

We also take care to minimise waste with regard to our IT equipment, which includes allowing employees to purchase equipment or obtain it at no cost. IT equipment is also donated for education purposes. In some of our offices, we have facilitated the reuse of office furniture by our employees, reducing waste.

Group environmental commitments

The Group commits to:

1. Promoting initiatives to minimise environmental degradation and support sustainable natural resource management
2. Contributing towards global efforts to combat climate change through actions undertaken on and off our office premises
3. Educating ourselves on climate and environmental matters through awareness training
4. Integrating environmental matter consideration into our processes and governance
5. Integrating environmental criteria into our procurement processes
6. Complying with environmental regulations relevant for the office of operation or requesting evidence of such compliance as part of contractual lease agreements
7. Evolving our environmental performance monitoring and practices to align with best practice and the expectations of our stakeholders

Measuring our carbon footprint

In 2022, we began our efforts in measuring the carbon footprint of our operations, from offices to purchases and lending. The programme's initial phase focused on addressing data gaps and building collaborative teams with champions to support data provision to our carbon measurement partner.

Scope 3

For scope 3 emissions, we started to assess emission levels of business loans, partially based on Partnership for Carbon Accounting Financials (PCAF) framework, which we aim to continue to reference as we progress in this area. Additionally, under scope 3, we assessed the impact of purchases.

Scope 2

In measuring scope 2 emissions, we engaged our colleagues across our offices to collect building data and have initially focused on addressing emissions arising from electricity consumption. We will continue to enhance data collection in this area towards disclosing further indicators.

Scope 1

We will also be assessing our Scope 1 emissions in the next phase of our carbon footprint measurement programme.

2022 Carbon Emissions	Unit	Emissions
Scope 2: Indirect Emissions	Tons CO_2e	196
Purchased electricity and heating	Tons CO_2e	196
Scope 3: Indirect Emissions	Tons CO_2e	29.591
Purchases	Tons CO_2e	8.575
SME Lending	Tons CO_2e	21.016
Total	**Tons CO_2e**	**29.787**
Emissions per €M revenue	Tons CO_2e	140
Emissions per €M financed through SME loans	Tons CO_2e	200
Emissions per employee	Tons CO_2e	46

Notes
1. All data is subject to ongoing review to enhance quality in accordance with relevant standards and best practice
2. Financed emissions refers to CapitalBox loans with methodology based on the The Partnership for Carbon Accounting Financials (PCAF) Global GHG Accounting and Reporting standard.
3. PCAF Score 5 methodology was used in calculating financed emissions and the Group aims to improve data quality towards lower score levels.
4. The financed emissions calculation factored in outstanding loan amounts, sectoral asset turnover ratios and emissions per unit revenue using Exiobase as source.
5. Outstanding loan amount is refers to loans outstanding as at 31 December 2022 excluding accrued interest
6. Employees total is FTE as at 31 December 2022 (649 employees)

Greening purchases and finance

In our business units, we aim to provide products and services that support the transition to a greener economy, including through the paperless customer experience.

SweepBank wants to offer simplified banking and financing solutions to underserved customers in a way that minimises negative impact on the environment. Early in 2022, the business unit set a goal of the online share of digital transactions reaching 65% by 2025, significantly more than point-of-sale transactions. Later in the year, we redirected focus to our credit card customers as part of the business near-term strategic objectives. As at 31 December 2022, point-of-sale transactions stood at 42%. The commitment to being a shopping and financing app remains core to our approach and, in 2023, we expect an increase in our digital purchases.

ESG KPIs dashboard

	2025 GOAL	2025 TARGETS	PROGRESS TO 2025 GOALS
E	UNDERSTAND AND REDUCE THE GROUP ENVIRONMENTAL FOOTPRINT	Set & meet emission reduction targets for 2025	Scope 2 & 3 measurement – Publication in Q1 2023
		> 65% of Sweep app purchases are digital	44% of purchases digital as at 31 December 2022
S	MONITOR, REPORT ON AND IMPROVE STAKEHOLDER WELL-BEING - CUSTOMERS	Ferratum Responsible Lending Index Score ≥ 4.5* with 5 as maximum score achievable	Q4 Score: 4.3/5
		ferratum NPS ≥ 65; sweep bank NPS ≥ 65; CapitalBox NPS ≥ 65	ferratum NPS: 67; sweep bank NPS: 42; CapitalBox NPS: 63
		≥ 50% Ferratum customer content educational	15% as at 31 December 2022
	EMPLOYEES	Bi-annual Performance and Development Reviews	Ongoing to be concluded in Q1 2023
		Average 15 hrs training per employee per year	Achieved for 2022
		eNPS of 25	• eNPS of 7 and Group efforts on track for eNPS of 25 • New Hybrid Policy Implemented
		38% of board and 38% of management are female	• Diversity and Inclusion Statement finalised • Management Female: 36% Board Female: 25%
G	EMBED ESG CONSCIOUS PRACTICES	Materiality Assessment Integration in ESG Strategy	Updated Materiality Assessment completed and double-materiality assessment planned for 2023.
		ESG Policy and Human Rights Statement implemented	ESG Policy and Human Rights Statement published June 2022
		ESG assessment implemented for key suppliers and business relationships	ESG assessment framework under revised procurement strategy in development

EU taxonomy report

Article 8(1) of Regulation (EU) 2020/852 (the "Taxonomy Regulation") obligates certain large undertakings subject to Articles 19a or 29a of Directive 2013/34/EU to publicly disclose information on how and to what extent their activities are associated with environmentally sustainable economic activities as defined under the EU Taxonomy legislation.

The Commission Delegated Regulation 2021/2178 (the "Disclosures Delegated Act") specifies the disclosure obligations under Article 8 of the Taxonomy Regulation. This report fulfils the obligation under Article 8 of the Taxonomy Regulation and Article 10 of the Disclosures Delegated Act to disclose the proportion of taxonomy-eligible and taxonomy non-eligible activities for the financial year ending 31 December 2022.

Multitude did not identify any eligible activities during 2022.

Taxonomy-eligible activities as a proportion of total covered assets. *	0%
Taxonomy non-eligible activities as a proportion of total covered assets.	100%
Exposures to governments, central banks, and supranational issuers as a proportion of total covered assets**	9.65%
Derivatives as a proportion of total covered assets***	0.46%
Exposures to undertakings that are not obliged to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU	12.63%
Trading book as proportion of total covered assets	0%
On-demand interbank exposure as a proportion of covered assets. ****	22.15%
Total Covered Assets in EURm	692.3

*Article 7 of the Disclosures Delegated Act states "exposures to undertakings that are not obliged to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU shall be excluded from the numerator of key performance indicators of financial undertakings." 1. Given that SMEs are not obliged to publish non-financial information, Multitude deemed exposures to SMEs to be not eligible activities for the purposes of the assessment. 2. Multitude has bond receivables from entities not required to publish non-financial information.
**Includes receivables from Central Bank of Malta, Central Bank of Czech, Central Bank of Lithuania, and Central Bank of Sweden
*** Includes all derivative financial assets (all our derivatives are non-trading)
**** Cash and cash equivalents
Covered Assets: 1. Covered assets include cash and cash equivalents (on-demand interbank exposure). 2. Excludes investments in subsidiaries as eliminated in the Group's consolidated financial statements. Total covered assets refer to all on-balance sheet exposures except for sovereign exposures.

Appendix

GRI Index 2022

Statement of use	**Multitude SE has reported information in this index with reference to the GRI standards for the period 01 January 2022 to 31 December 2022**			
GRI 1 Used	**GRI 1: Foundation 2021**			
GRI STANDARD	DISCLOSURE		REFERENCE	OMISSION/ COMMENT
General Disclosures	2-1	Organisational Details	Our Business, p.34-35 **Annual Report 2022** Multitude SE in brief, p.4-5 What is Multitude?, p.15	
General Disclosures	2-2	Entities included in the organization's sustainability reporting	About the ESG Report 2022, p.38	All entities covered in the Group Annual Report 2022 are included in the ESG Report 2022.
General Disclosures	2-3	Reporting period, frequency and contact point	About the ESG Report 2022, p.38	
General Disclosures	2-4	Restatements of information		No restatements
General Disclosures	2-5	External assurance		External assurance is not conducted
Activities and workers				
General Disclosures	2-6	Activities, value chain and other business relationships	Our Business, p.34-35 **Annual Report 2022** Multitude SE in brief, p.4-5 What is Multitude?, p.15	
General Disclosures	2-7	Employees	Our people: Employee Information, p.55	
General Disclosures	2-8	Workers who are not employees	Our people: Employee Information, p.55	

Statement of use	Multitude SE has reported information in this index with reference to the GRI standards for the period 01 January 2022 to 31 December 2022			
GRI 1 Used	GRI 1: Foundation 2021			
GRI STANDARD	DISCLOSURE		REFERENCE	OMISSION/ COMMENT
Governance				
General Disclosures	2-9	Governance structure and composition	Multitude SE Corporate Governance Statement 2022	
General Disclosures	2-10	Nomination and selection of the highest governance body	Multitude SE Corporate Governance Statement 2022	
General Disclosures	2-11	Chair of the highest governance body	Multitude SE Corporate Governance Statement 2022	
General Disclosures	2-12	Role of the highest governance body in overseeing the management of impacts	Multitude SE Corporate Governance Statement 2022	
General Disclosures	2-13	Delegation of responsibility for managing impacts	Embedding ESG Conscious Practices – Our Processes: Risk Management, ESG Governance, p. 44-45	
General Disclosures	2-14	Role of the highest governance body in sustainability reporting	ESG Governance, p.44-45	
General Disclosures	2-15	Conflicts of interest	Multitude SE Corporate Governance Statement 2022	
General Disclosures	2-16	Communication of critical concerns	Multitude SE Corporate Governance Statement 2022	
General Disclosures	2-17	Collective knowledge of the highest governance body	Multitude SE Corporate Governance Statement 2022	
General Disclosures	2-18	Evaluation of the performance of the highest governance body	Remuneration Report 2022	
General Disclosures	2-19	Remuneration policies	Remuneration Report 2022	
General Disclosures	2-20	Process to determine remuneration	Remuneration Report 2022	
General Disclosures	2-21	Annual total compensation ratio	Remuneration Report 2022	

Statement of use	Multitude SE has reported information in this index with reference to the GRI standards for the period 01 January 2022 to 31 December 2022			
GRI 1 Used	**GRI 1: Foundation 2021**			
GRI STANDARD	**DISCLOSURE**		**REFERENCE**	**OMISSION/ COMMENT**
Strategy, policies and practices				
General Disclosures	2-22	Statement on sustainable development strategy	Remarks from the CEO, p.9-10	
General Disclosures	2-23	Policy commitments	Lending Responsibly, Anti-bribery and Corruption, Whistleblowing, p.46-47 ESG Journey, p.38-39 The Group Human Rights Statement ESG Policy (inclusive of Environmental Policy and Collective Barganing statements) and Diversity and Inclusion Statements and policies are located at: https://www.multitude.com/esg/esg-policies	
General Disclosures	2-24	Embedding policy commitments	ESG Governance, p.44-45 ESG Policy https://www.multitude.com/esg/esg-policies	
General Disclosures	2-25	Processes to remediate negative impacts	Anti-bribery and Corruption, Whistleblowing, p.47	
General Disclosures	2-26	Mechanisms for seeking advice and raising concerns	Anti-bribery and Corruption, Whistleblowing, p.47	
General Disclosures	2-27	Compliance with laws and regulations	The Financial Intelligence and Analysis Unit ("FIAU") informed Multitude Bank p.l.c. ("the Bank", formerly Ferratum Bank p.l.c.) in August 2022 that it imposed an administrative penalty of €653,637 for a number of findings that were considered as breaches of some provisions of the financial crime prevention framework. The FIAU's decision followed a compliance examination that was carried out on the Bank between December 2018 and May 2019. The Bank disagrees with the FIAU's decision and has submitted an appeal against this decision in front of the Court of Appeal in Malta.	
General Disclosures	2-28	Membership associations	• The Malta Bankers Association • The Association of Financial Companies in Poland (ZPF) • Polish Association of Loan Institutions (PZIP) • The Romanian Banking Association • Bulgaria AONK - Association for Responsible Lending	

Statement of use	Multitude SE has reported information in this index with reference to the GRI standards for the period 01 January 2022 to 31 December 2022			
GRI 1 Used	GRI 1: Foundation 2021			
GRI STANDARD	DISCLOSURE		REFERENCE	OMISSION/ COMMENT
Stakeholder engagement				
General Disclosures	2-29	Approach to stakeholder engagement	Monitoring, reporting on, and improving stakeholder well-being, Our customers, Monitoring our responsible lending practices, Materiality Assessment – Defining our ESG topics, p.42-43	
General Disclosures	2-30	Collective bargaining agreements	ESG Policy refers to respect for employee rights to collective bargaining . https://www.multitude.com/esg/esg-policies	
Material Topics				
Material Topics	3-1	Process to determine material topics	Materiality Assessment – Defining our ESG topics, p.42-43	
Material Topics	3-2	List of material topics	Materiality Assessment – Defining our ESG topics, p.42-43	
Material Topic	Topic-Specific Standards			
Economic Performance				
Economic Performance	3-3	Management of material topics	Materiality Assessment – Defining our ESG topics, p.42-43	
Economic Performance	201-1	Direct economic value generated and distributed	Year in Brief, Board of Directors Report 2022	
Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	Not reported for 2021, planned reporting by financial year ended 31 December 2024	
Economic Performance	201-3	Defined benefit plan obligations and other retirement plans	Not reported	
Economic Performance	201-3	Financial assistance received from government		Multitude SE did not receive financial assistance from the government during the financial year ended 31 December 2022.

Statement of use	Multitude SE has reported information in this index with reference to the GRI standards for the period 01 January 2022 to 31 December 2022			
GRI 1 Used	**GRI 1: Foundation 2021**			
GRI STANDARD	**DISCLOSURE**		**REFERENCE**	**OMISSION/ COMMENT**
Anti-corruption				
Anti-corruption	3-3	Management of material topics	Anti-bribery and corruption, Whistleblowing, p.47	
Anti-corruption	205-1	Operations assessed for risks related to corruption	Anti-bribery and corruption, Whistleblowing, p.47	
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	Anti-bribery and corruption, Whistleblowing, p.47	
Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	Anti-bribery and corruption, p.47	
Employment				
Employment	3-3	Management of material topics	Our people; Employee development, Employee engagement, Employee well-being, p.52-54	
Employment	401-1	New employee hires and employee turnover	Employee Information, p.55	
Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee benefits, p.54-55	
Employment	401-3	Parental leave	Employee benefits, p.54-55	Multitude applies regulatory requirements n respect of countries of location.

Statement of use	Multitude SE has reported information in this index with reference to the GRI standards for the period 01 January 2022 to 31 December 2022			
GRI 1 Used	GRI 1: Foundation 2021			
GRI STANDARD	DISCLOSURE		REFERENCE	OMISSION/ COMMENT
Labor/Management Relations				
Labor/Management Relations	3-3	Management of material topics	Our people, p.52-55	
Labor/Management Relations	402-1	Minimum notice periods regarding operational changes		Employees are informed regarding operatonal changes at earliest possible date post decision-making.
Training and Education				
Training and Education	3-3	Management of material topics	Employee development, p.52-53	
Training and Education	404-1	Average hours of training per year per employee	Employee training, p.53	
Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	Employee development, p.52-53	
Training and Education	404-3	Percentage of employees receiving regular performance and career development reviews	Performance and career development reviews, p.53	
Gender Diversity and Equal Opportunity				
Gender Diversity and Equal Opportunity	3-3	Management of material topics	Diversity and Inclusion is embedded in our DNA, p.53	
Gender Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Employee Diversity, Leadership Diversity, p.53-54	
Gender Diversity and Equal Opportunity	405-2	Ratio of basic salary and remuneration of women to men	Not reported	

Statement of use	Multitude SE has reported information in this index with reference to the GRI standards for the period 01 January 2022 to 31 December 2022			
GRI 1 Used	GRI 1: Foundation 2021			
GRI STANDARD	DISCLOSURE		REFERENCE	OMISSION/ COMMENT
Non-discrimination				
Non-discrimination	3-3	Management of material topics	Diversity and Inclusion is embedded in our DNA, p.53	
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	Diversity and Inclusion is embedded in our DNA, p.53	There were no incidents of discrimination during the financial year ended 31 December 2022.
Customer Privacy				
Customer Privacy	3-3	Management of material topics	Protection of customer data, p.48-49	
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Protection of customer data, p.48-49	

Statement of use	Multitude SE has reported information in this index with reference to the GRI standards for the period 01 January 2022 to 31 December 2022			
GRI 1 Used	GRI 1: Foundation 2021			
GRI STANDARD	DISCLOSURE		REFERENCE	OMISSION/COMMENT
Marketing and Labelling				
Marketing and Labelling	3-3	Management of material topics	Lending responsibly, p.46 Monitoring our Responsible Lending Practices – Responsible Lending Index, p.51	The Group has implemented internal guidelines that obligate it and its business units to not advertise any services or products in a misleading, false, or deceptive manner, and to ensure that customers can access all information that is relevant to their decision-making.
Marketing and Labelling	417-1	Requirements for product and service information and labelling	Lending responsibly, p.46 Monitoring our Responsible Lending Practices – Responsible Lending Index, p.51	
Marketing and Labelling	417-2	Incidents of non-compliance concerning product and service information and labelling		No incidents in financial year ending 31 December 2022
Marketing and Labelling	417-3	Incidents of non-compliance concerning marketing communications		No incidents in financial year ending 31 December 2022

Non-financial statement reference table

NFS disclosure	EU Non-Financial Reporting Directive Art. 19a (1)(a-e)	Report topics
Business Model	(a) a brief description of the undertaking's business model	• Our Business • What is Multitude?
Policies and Due Diligence	b) a description of the policy pursued by the undertaking in relation to those matters, including due diligence processes implemented;	• Our ESG Approach • Embedding ESG Conscious Practices – Our Processes • Understanding and reducing our environmental impact
Outcomes	(c) the outcome of those policies;	ESG KPIs Dashboard
Principal Impacts and Risks	(d) the principal risks related to those matters linked to the undertaking's operations including, where relevant and proportionate, its business relationships, products or services which are likely to cause adverse impacts in those areas, and how the undertaking manages those risks;	• Materiality Assessment – Defining our ESG topics • Embedding ESG Conscious Practices – Our Processes • Understanding and reducing our environmental impact
Key Performance Indicators	(e) non-financial key performance indicators relevant to the particular business.	ESG KPIs Dashboard

Approval of the non-financial statement

Frederik Strange
Chairman of the Board

Jorma Jokela
CEO, Vice Chairman of the Board

Goutam N. Challagalla
Member of the Board

Michael A. Cusumano
Member of the Board

Lea Liigus
Chief Legal and Compliance Officer
Member of the Board

Kristiina Leppänen
Member of the Board

Juhani Vanhala
Member of the Board

Jussi Mekkonen
Member of the Board

Legal and regulatory environment

General overview

Within the business community, 2022 will mostly be remembered as the year when the market upheavals triggered by the invasion of Ukraine brought the much-awaited post-COVID economic recovery rapidly into disarray. The raft of sanctions introduced or expanded by countries and supra-national institutions against the 'Russian establishment' and associated legal entities were just one manifestation of the war's indirect impact on businesses. Sanction screening is an embedded process within the Multitude Group. While the sanctions against the Russian regime have not impacted the Group's operations directly, they have had an indirect impact in the Group's operations through an additional layer of rigorous scrutiny that it introduced to ensure the Group always remaining compliant with its obligations in all markets in which it operates.

Legislative changes

As in previous years, also during 2022 Multitude dedicated significant resources to closely monitor legal changes and developments impacting the markets in which it is active.

Material legal changes tracked during the past year included the following:

Consumer Credit Directive

Amendments are presently being considered to the EU's Consumer Credit Directive (CCD) with proposals aiming to, among others, extend its scope and enhance the rights of the consumer.

Transposition of the CCD into national law should take place within 24 months from the date of adoption of the Directive. The new rules should apply within 6 months of transposition for large companies and within 18 months of transposition for SME lenders. The key points of the currently adopted draft include an increase in scope of the existing Directive, further rules on creditworthiness assessment, setting caps for costs/APR/borrowing rate, more information to consumers and further regulation of credit advertising.

New EU directive on credit purchasers and credit servicers

The European Parliament and Council published a new EU Directive 2021/216 on credit servicers and credit purchasers, regulating the sale, purchase and servicing of non-performing loans (NPLs) derived from EU banks. In essence, this Directive provides a regime for the introduction of a strategy addressing NPLs in the EU through the creation of a secondary market. Member States will be required to adopt measures to transpose the requirements by the 30th December 2023.

Proposal for a regulation on instant payments

A proposal for a regulation on Instant Payments (IPs) was published on the 26th October 2022. This regulation would oblige payment service providers (PSPs) that provide credit transfers in Euro to offer the service of sending and receiving also instant payments in Euro. A number of technical specifications are laid down for this service, including the requirement to receive payment orders and be reachable for instant payments 24 hours a day, 365 days a year, without any possibility to set up cut-off times or limit the processing of instant payments to business days only. It is expected that this proposal will be finalised by June 2023. The introduction of the requirements would be staggered, with four separate dates starting from 6 months after entry into force of the Regulation, to 36 months after entry into force. Multitude Bank p.l.c., one of the subsidiaries within the Group, already offers instant payments.

Croatia

On the 12th July 2022, the EU Council adopted the final three legal acts that were required to enable Croatia to introduce the Euro on the 1st January 2023. Croatia adopted the legal acts to make dual pricing mandatory as from September 2022 until the end of 2023.

Finland

A new law on a positive information register was adopted in Finland in 2022, which will see Multitude Bank p.l.c. reporting positive credit information in the register as from February 2024.

A further legislative proposal aimed at protecting consumers' interests was published on the 13th March 2022 and is aimed at regulating the marketing of credits and to revise the current interest rate cap proposing a variable and a fixed cap. The variable interest rate is proposed to be 15% above the reference rate, as per article 12 of the Finnish Interest Rate Act (base rate). There is also a fixed cap of 20%. No changes are proposed to caps on fees.

Norway

The new Financial Contracts Act which, among other matters, implements the Payment Services Directive 1 entered into force on the 1st January 2023 . It covers changes on interest rates that are in obvious disproportion to the credit, legal consequences for inadequate credit assessments, and the marketing of credit.

Poland

The law to counteract usury adjusting the thresholds of non-interest costs, the definition of what constitutes non-interest costs, costs of services that are additional to the granting of credit, and new rules on creditworthiness assessments was recently passed into law. Some amendments come into force on the 18th December 2022, while others come into force at a later stage.

Romania

A payments moratorium was introduced in Romania in May 2022 for a period of up to 9 months. The moratorium does not apply to the Credit Limit product.

A legislative proposal was further announced on the protection of consumer rights which, among other matters, includes obligations on establishment in Romania and a proposal for a platform aimed at educating consumers.

Board of Directors' report 2022

Company structure and business model

Multitude SE and its subsidiaries form the Multitude Group ("Multitude", "We", or the "Group"). Multitude is a fully regulated growth platform for financial technology. Our ambition is to become the most valued financial ecosystem. This vision is backed by +17 years of solid track record in building and scaling financial technology. Through a full European banking licence and profound know-how in technology, regulation, cross-selling, and funding, Multitude enables a range of sustainable banking and financial services to grow and scale. Currently, the Group has three independent business units on the growth platform: SweepBank as a shopping and financing app, Ferratum as a consumer lender and CapitalBox as a business lender.

Multitude, headquartered in Helsinki, Finland, was established in 2005 and currently serves approx. 400,000 active customers. These customers have or have had an active loan balance with at least one of the independent business units in Multitude within the past 12 months or are active users of the SweepBank app, or a combination of these. The business units within Multitude operate across 19 mainly in Europe. Multitude Bank p.l.c., is a wholly-owned subsidiary of Multitude SE, a credit institution licensed by the Malta Financial Services Authority (MFSA), allowing Multitude to passport financial services and products to all European Economic Area (EEA) member states.

Over the past +17 years, Multitude has developed proprietary data and credit scoring algorithms that can deliver instant credit decisions digitally, allowing to make fully risk-assessed scoring at a pace and scale unmatched by traditional banking, neo banks, or the general lending industry. This technology and data, paired with the regulatory experience from global operations over so many years, brings Multitude a significant competitive advantage in large scale disruption of the financial industry.

Each offering of the independent business units within Multitude is built based on the combination of behavioural data and direct customer feedback, ensuring a customer experience focused offering for each segment. Each business unit can leverage centralised core operations such as finance, customer service, IT, and legal for lean operations and strong synergies through data exchange.

Multitude SE is listed in the Prime Standard of Frankfurt Stock Exchange under the symbol "FRU".

Financial key figures and ratios

EUR '000	2022	2021*	2020
Revenue, continuing operations	212,366	204,189	230,472**
Profit before interests and taxes ("EBIT"), continuing operations	31,611	27,203	28,514
Profit before tax, continuing operations	13,841	4,688	6,210
Profit before tax ratio, continuing operations, in %	6.5	2.3	2.2
Net cash flows from operating activities before movements in loan portfolio and deposits received	112,195	67,710	110,681
Net cash flows from operating activities	(8,322)	71,723	140,360
Net cash flows used in investing activities	(35,328)	(13,677)	(13,701)
Net cash flows from (used in) financing activities	(100,687)	7,056	(43,313)
Net increase in cash and cash equivalents	(144,338)	65,102	83,345

*Restated
**Revenue amount is not adjusted by deducting broker fee. Comparable amounts for 2022 and 2021 are 222,215 and 213,671, respectively

EUR '000	31 Dec 2022	31 Dec 2021*	31 Dec 2020*
Loans to customers	509,463	451,698	365,372
Impaired loan coverage ratio, in %	17.8	21.6	28.6
Deposits from customers	501,734	484,764	339,522
Cash and cash equivalents	153,325	301,592	236,564
Total assets	755,228	824,550	679,498
Non-current liabilities	132,462	140,934	242,960
Current liabilities	440,807	508,813	306,734
Interest-bearing liabilities, excluding deposits from customers	51,358	143,508	179,228
Total equity	181,959	174,802	129,804
Equity ratio, in %	24.1	21.2	19.1
Net debt to equity ratio	2.31	1.99	2.41

*Restated

Calculation of key financial ratios		
Profit before tax (%) =	100x	Profit before tax / Revenue
Impaired Loan coverage ratio (%) =	100x	Credit loss allowance / Gross loans to customers
Equity ratio (%) =	100x	Total equity / Total assets
Net debt to equity ratio =		Total liabilities – cash and cash equivalents / Total equity

Share related key figures and ratios

EUR '000	2022	2021	2020
Earnings per share**	0.39	(0.32)*	0.02
Equity per share	8.43	8.10*	6.02*
Dividend per share	-	-	-
Dividend / net profit, in %	-	-	-
Effective dividend yield, in %	-	-	-
Price / Earnings ratio	7.4	(12.1)*	225.6
Share price on 31 December	2.86	3.83	5.06
Average share price	3.20	5.18	5.78
Lowest share price	2.20	3.78	2.86
Highest share price	4.90	7.84	14.16
Weighted average number of ordinary shares in issue	21,578	21,578	21,578
Market capitalisation	61,713	82,644	109,185
Volume of the trading with the company's share	2,242	6,387	13,452
Volume of the trading with the company's share, in %	10.4	29.6	62.3
Number of shares on 31 December	21,578	21,578	21,578

*Restated ** Look at Note 14

Calculation of key share ratios		
Earnings per share =		Profit attributable to shareholders of parent company / Weighted average number of ordinary shares in issue
Equity per share =		Equity attributable to shareholders of parent company / Number of shares on 31 December
Dividend per share =		Dividends paid for financial period / Number of shares on 31 December
Dividend / net profit, in % =	100x	Dividends paid for financial year / Profit (loss) for the year
Effective dividend yield, in % =	100x	Dividend per share / Share price on 31 December
Price / Earnings ratio =		Share price on 31 December / Earnings per share
Weighted average number of ordinary shares in issue =		Number of shares at the end of each day / Number of days in year
Market capitalisation =		Number of shares on 31 December x Share price on 31 December

Multitude share data	
Market:	Frankfurt Stock Exchange, Prime Standard
ISIN:	FI4000106299
Symbol:	FRU

sweep bank

Products and services

Through its three independent business units, SweepBank, Ferratum and CapitalBox, Multitude provides customers with digital financial solutions to suit a wide range of financial needs and circumstances.

Business Unit: SweepBank

SweepBank, an independent business unit introduced in Q1 2021 and successfully utilising the Multitude growth platform, simplifies and personalises shopping and financing for young, tech-savvy adults and other underserved segments, such as expatriates, into one user-friendly app. Aiming at true financial inclusion, SweepBank puts personalised offering and user experience above all.

SweepBank is a key component to achieving Multitude's vision of becoming the most valued financial ecosystem, as it enables connecting different financial services into one place for customers. This includes the other business units on Multitude's growth platform and third parties through an open API architecture, thus creating cross-selling and funding opportunities and accelerated revenue generation and profitability for all sides.

During 2022, SweepBank offered three products and operated with over 64,624 customers across five markets, Finland, Germany, Denmark, Sweden, and Latvia.

Vision: Becoming the most valuable financial platform

Customers

The primary customer segment of SweepBank, young adults in the EU, expects nothing less than a strongly personalised experience in everything they do, including financial services. SweepBank offers precisely that and more. These customers are currently underserved by traditional banks and neo-banks, as traditional financial institutions are bureaucratic, slow, and inflexible. Neo banks need more experience and data to serve them successfully from a credit risk perspective for financing. The latter is a prime example of the benefits of synergies created from allowing independent businesses to grow on the Multitude growth platform, as SweepBank can tap into Multitude's 17+ years of experience in intelligent data usage and AI-based credit scoring.

Products

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 up to 60 days interest-free period. 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 30,000 with loan maturities ranging between 1-10 years.

Bank Account

SweepBank offers current accounts with up to 0.2% interest p.a. and fixed-term deposit accounts with up to 1% 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.

Highlights 2022

In 2022, SweepBank generated nearly 7% of the Groups revenue, EUR 13.9 million, compared to EUR 6.9 million in 2021, translating to 102% growth y-o-y. Net AR stood at EUR 122.7 million at the end of 2022, an increase of 39% compared to 2021. The main revenue driver and net AR growth was growing the Prime Loan business. The impairments for 2022 stood at EUR 11.5 million, an increase of 86% compared to 2021. This was partially driven by the grown portfolio and the IFRS rules related to high credit loss reservations at the beginning of a loan. At the end of 2022, EBIT was EUR -22.1 million, compared to EUR -20.5 million in 2021. SweepBank realised an extensive restructuring of the organisation during H2 and the full impact of reduced operational and direct costs will realise in 2023.

SweepBank launched the Credit Card in Finland end of 2021, taking a cautious approach to scaling by ensuring quality and solid processes first. In addition to the card's utilisation for purchases, it enables customers to withdraw money to their accounts. Though not actively advertised, this feature has rapidly gained users as it will enable them to, e.g., pay bills and other expenses with flexible repayment options in the app. In Q4 2022, SweepBank launched the "credit card light". The card has lower limits than the regular credit card and is a further step into a widened customer base and financial inclusion. SweepBank launched the SweepBank app in Germany in Q2 2022. As additional measures to enhance customers' shopping and financing experience, SweepBank expanded the Sweep Loyalty program and launched a physical, biodegradable debit card for customers that want or need one due to local customs or requirements.

To continuously enhance customer experience, SweepBank updated and enhanced its app based on data and feedback from customer usage. This included, e.g., supplementing the app with the possibility of web onboarding in the same manner as the longest-standing business unit within Multitude, Ferratum, onboards its customers - within minutes and including a complete, automated credit scoring. Customers appreciated this feature, leading to an increased number of new credit card customers.

During Q4 2022, SweepBank suspended lending in Sweden, Denmark, and Germany as a response to macroeconomic changes and to increase overall profitability by focusing on higher-margin customer segments in Finland and Latvia. SweepBank increased the total customer number by 35% compared to 2021 and had a total of over 64,624 customers of the app or with an open loan balance in 2022 - this includes customers that remain to have an open balance in the markets where SweepBank suspended lending during the year. At the end of 2022, SweepBank was operational in 3 countries: Finland, Latvia, and Germany.

Outlook and key growth drivers for 2023

The main focus in the new year is to further simplify shopping and financing in the app and to accelerate profitable growth. SweepBank wants to grow the Instalment Loan business in Latvia and the Credit Card business in Finland, and actively explore new partnerships and commission-based business models within the app. SweepBank aims to further enhance EBIT to EUR -10 million in 2023 and achieve a positive EBIT result in 2024.

Business Unit: Ferratum

Ferratum, an independent business unit on the Multitude growth platform, offers digital loans for the daily needs of consumers. It has the longest history in the Group, as consumer lending was the Groups initial offering as a FinTech pioneer in 2005. It is a key source of data and experience which caters to Multitude's growth platform.

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.

At the end of 2022, Ferratum had three products and operated across 15 markets: Australia, Brazil, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, Germany, Latvia, The Netherlands, Norway, Romania, Slovenia, and Sweden.

Vision: To be the first choice of customers that seek small financial support to meet everyday needs.

Customers
Ferratum customers seek to fulfil their financial needs in unforeseen life events. They choose Ferratum due to its speed, digital customer experience, and reputation as a trustworthy, reliable partner.

Products

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 a 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.

Highlights 2022

Of the EUR 212.4 million in revenue for the whole Group, 84%, or EUR 178.2 million, was generated by Ferratum. Notably, while the revenue remained comparable to 2021 with EUR 175.8 million, Ferratum suspended lending in Brazil and Australia during 2022, meaning that Ferratum grew revenues in the countries it is active. The EBIT increased from EUR 45.4 million in 2021 to EUR 54.9 million in 2022. This development shows how Ferratum can rapidly navigate the market to capture the highest ROI. It also shows that there is still potential to grow within the markets it operates in and within the EU as green-field or M&A operations. Ferratum explores markets outside of Europe cautiously through potential partnerships or M&A. After a soft launch in Q4 2021, Ferratum officially launched Slovenia in Q1 2022. Ferratum is the first and only fully digital lender in the country.

The war in Ukraine caused a slightly reduced amount of loan applications in Eastern European countries in Q1. However, the demand recovered by Q2. As a typical trend, the demand was higher in H2 than in H1, resulting in a stronger second half of the year. Net AR increased from EUR 287.5 million in 2021 to EUR 299.3 million at the end of 2022. During a typical year, Ferratum sells non-performing loan portfolios as part of the ordinary course of business. However, during COVID-19 in 2020 and 2021, Ferratum had to put many of such agreements on hold. In 2022, Ferratum resumed sales of non-performing loans, resulting in a healthy and solid portfolios. During the year, Ferratum adjusted risk policy rules to ensure stability in payment behaviour and for a forward-looking effect on portfolio performance, as we may see pressure caused by inflation impacting selected customer groups. Overall, impairments stood at 33% of revenues at the end of 2022, compared to 34% in 2021.

In addition to the web offering, Ferratum launched a progressive web application. A progressive web app (PWA) is a website that looks and behaves like a mobile app. PWAs take advantage of native mobile device features without requiring the end user to visit an app store, purchase the app, and download software locally. Instead, a PWA can be located with a search engine query and accessed immediately through a browser. Customers now have a faster and more convenient way to access their “MyAccount” to make additional withdrawals or for making repayments. The web application has been well received by customers, leading to thousands of Ferratum customers already using it.

Throughout the year, Ferratum has continuously increased and improved the level of automation in its processes, which has led to more efficiency, customer happiness and profitability. Ferratum continued implementing, e.g., additional data sources for faster and better credit risk scoring, new customer-friendly KYC solutions, and added payment options for incoming and outgoing payments. Processes and efficiency in customer service also improved in 2022. By year-end, effortless and automated self-service channels handled around 80% of customer enquiries. The main contributor of service automation was an AI chatbot, which handles 74% of customer queries without transferring them to a human assistant. For customers, this means less effort and no waiting, and for Ferratum, it means cost efficiency and refocuses Ferratum specialists on sales and retention-related activities.

Ferratum is a pioneer in implementing the most advanced AI service tools, such as predictive service utilising data analyses and providing more personalised experience, real-time customer sentiment analyses, or AI video avatars with tutorial content explaining our services and products. During the year, Ferratum successfully established a service centre offshore. Opening a service hub in Asia results from labour - talent shortage in Europe and makes the operations more scalable and cost-efficient. Ferratum also utilises a unique AI translation tool, which enables specialists to serve customers in multiple languages without employing native speakers.

Ferratum is a pioneer with this innovative concept. As a result of these highly advanced service tools, our thoroughly trained, native-speaking operational specialists in Malta can focus on more complex queries and quality aspects.

At the end of 2022, Ferratum's NPS score stood at 67, a 1pp increase from 2021. Ferratum customers appreciate the effortless digital experience balanced with friendly and professional support from our loan and service specialists, which give a good standing for long-term customer relationships and business referrals.

Outlook and key growth drivers for 2023

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. The targets of increasing EBIT in 2023 and 2024 by 5%, respectively, compared to the respective previous year, are supported by continuing tight cost control, process efficiency, and automation. In addition, Ferratum actively investigates growth opportunities for widening its service portfolio and geographic footprint.

CapitalBox

Business Unit: CapitalBox

CapitalBox offers small and medium-sized companies (SMEs) financing through Credit Lines and Instalment Loans. With a unique, fully digitalised process that allows needed funds to reach SMEs as fast as within minutes from approved application, CapitalBox is the partner for short-term business financing needs.

SMEs account for 99.8% of European businesses but are widely underserved, even unserved, by traditional banks. The old-fashioned processes and offerings do not match the needs of SMEs today. CapitalBox caters to these needs through its fast and reliable offering, backed by advanced technology, experience, and resources offered by Multitude's growth platform.

At the end of 2022, CapitalBox had three products across five markets, Finland, Sweden, Denmark, Lithuania and the Netherlands.

Vision: Becoming Europe's leading digital lender

Customers

A typical CapitalBox customer has been in business for seven years, has three employees and EUR 500,000 in annual revenues. They need financing to grow and expand their business or to get through liquidity fluctuations and seasonality, and value the innovative technology approach and fast financial support that CapitalBox enables.

Products

Instalment Loan

Instalment Loans are working capital loans up to EUR 100,000. These 6–48-month solutions help SMEs finance, e.g., expansion, inventory, marketing, hiring new talent, and purchasing and leasing new equipment.

Credit Line

CapitalBox offers a Credit Line as a flexible form of finance to SMEs. The approved Credit Line can range from EUR 2,000 to EUR 350,000.

Purchase Finance

Through partnerships with retailers, CapitalBox financing is available to business customers for their purchases at a point of sale.

Highlights 2022

In 2022, CapitalBox reached EUR 20.3 million in revenue, a decrease of 6% compared to 2021 with EUR 21.6 million. The EBIT stood at EUR -1.1 million, compared to EUR 2.4 million in 2021. The loan portfolio increased from EUR 76.1 million at the end of 2021 to EUR 87.5 million at the end of 2022. Improved performance resulted from a new underwriting process, tightened credit control, and firm cost control throughout the operations.

At the end of Q2, the Group set up an internal team of experienced leaders to review the entire CapitalBox operations. This team contained one designated leader for processes, IT, and operations, one for credit risk management, and one for marketing and sales. The team restructured the CapitalBox organisation to a temporary change management organisation for the highest efficiency and results. The key aims of the task force were to reduce operational and marketing costs and to decrease credit losses.

During H2 2022, due to the organisation's restructuring, operational costs were reduced. A significant contributor to this decrease was ensuring a broader channel mix. Due to solid actions in the summer of 2022, the EBIT increased significantly in H2 2022 compared to H1 2022. As with other costs, the impairments show a considerable decrease, 34%, in H2 2022 compared to H1 2022 due to enhanced scoring of loan applications and implemented changes in the collection process. A key contributor to lower impairments was moving the early collections to Multitude's centralised collections company, Pactum Collections. The ability to do so is a prime example of the benefits for a business on Multitude's growth platform. A further example of these benefits is CapitalBox's risk and analysis team integration into the Groups resources. This move allows CapitalBox as a tribe to focus more on its core business while utilising the 17+ years of experience and expertise in credit risk and analysis that the Group has. It also brings financial benefits in terms of reduced costs within the tribe.

CapitalBox enhanced the application process by investing in higher automation in the onboarding and KYC processes, which CapitalBox will continue to roll out across all operational countries throughout 2023. Previously, CapitalBox was able to process and score applications within one business day, already faster than most competition. With the new, improved process, CapitalBox reviewed, scored and signed loans as quickly as in eight minutes without human involvement.

In Q4 2021, CapitalBox started a first pilot in purchase finance with Finnish furniture retailer Masku, which continued in 2022. Credit Line has proven to be a significant positive contributor to the development of CapitalBox. After a launch in December 2021 in Sweden, it is now live in all five countries CapitalBox is operational. The product is fully standardised and thus allows rapid market entry and expansion into further markets.

A new CEO for the CapitalBox tribe, Mantvydas Štareika, joined in December 2022, indirectly succeeding Oscar Barkman who left the company to pursue new opportunities outside the Group.

Outlook and key growth drivers for 2023

CapitalBox expects the full impact of all actions taken in H2 2022 to realise during H1 2023. A key contributor to growing revenues is the further increase of Credit Line. In 2023, CapitalBox aims to achieve EUR 5 million in EBIT, increasing the equivalent number to EUR 10 million in 2024. CapitalBox will achieve its goals through continued tight control of costs, growth of the Credit Line, the expansion of distribution channels, and further implementation of the enhanced onboarding and KYC processes, leading to further increased automation.

Key developments and progress 2022

Financial overview

Enhanced financial reporting structure
Following a restructuring and reinforcing internal business units as independent tribes, the Group has revised its financial reporting structure as at and for the years ended 31 December 2022 and 2021. Segment information is presented based on the tribes – SweepBank, Ferratum and CapitalBox, representing operating and reportable segments disclosed in Note 7 of the Group's 2022 consolidated financial statements. The Group's consolidated statements of profit or loss, total comprehensive income, and cash flows, including relevant note disclosures, have also been adjusted to reflect the impact of discontinued operations.

The Group has further revised the presentation of certain financial statement line items in its consolidated statements of profit or loss to provide more useful information to investors and better align with IFRS and ESEF reporting taxonomies. This includes presenting gains and losses that do not directly arise from the results of the Group's ordinary course of business operations into other income and other expenses below the operating profit or loss and enhancing the presentation of certain operating expenses to reflect the nature of the underlying expenditures. Other similar enhancements have been made to the Group's consolidated statement of financial position and accompanying note disclosures. The Group reports on the revenues net of broker fees, however chooses to present the gross revenue occasionally to improve comparison to the previous revenue numbers.

The financial information presented in this section reflects the results of continuing operations and as if the new financial reporting structure had been in operation for full years ended 31 December 2022 and 2021. Results of discontinued operations are separately presented in Note 6 of the Group's 2022 consolidated financial statements. The Group also defines earnings before interests and taxes ("EBIT") as the total of its operating profit (loss) and other income (expenses), before considering the impact of financial income (costs), income tax expense (benefit), and profit (loss) from discontinued operations.

Restatement of financial positions and comparative period

The Group revised accounting practicies related to the application of effective interest rates, classification of loans to customers and the impact of discontinued operations. Such revision invoked changes to the presentation of financial results and positions for the comparative periods found in Note 24. The consolidated statement of financial position includes comparative reporting date of 1 January 2021 while other consolidated statements and most of the disclosures for 2021 are labelled as "restated".

Steady growth of economic activity

Group revenue amounted to EUR 212.4 million in 2022, an increase of EUR 8.2 million (4.0%), compared to EUR 204.2 million in 2021. The total revenue comprises interest revenue generated by loans to customers for the amount of EUR 209.0 million in 2022 (EUR 200.9 million in 2021) and servicing fee revenue for the amount of EUR 3.3 million in 2022 (EUR 3.3 million in 2021). Interest revenue presented net of directly attributable transaction costs incurred for the acquisition of clients in the consolidated statement of profit or loss. Interest revenue growth is driven mainly by SweepBank products, where the growth showed a remarkable 102.4% from EUR 6.8 million in 2021 to EUR 13.8 million in 2022. Ferratum is the only tribe that generates servicing fee revenue and due to the stable portfolio structure, it shows similar economic results for 2022 and 2021. CapitalBox shows a decline in interest revenue from EUR 21.6 million in 2021 to EUR 20.3 million mainly due to the higher broker fee costs netted from gross interest revenue.

The Group decided to apply a diversified approach to the management of the portfolios depending on the product types of each tribe, which resulted in different growth rates in each. Namely, the Ferratum tribe continued investing in the development of products in stable markets with the proven customer base. As a result, the amount of loans to customers grew only by 4.1% from EUR 287.5 million in 2021 to EUR 299.3 million in 2022. SweepBank had the highest growth rates in loans to customers due to proactive lending in new markets that resulted in an increase of 39.3% from EUR 88.1 million in 2021 to EUR 122.7 million in 2022. A significant factor for the SweepBank growth in 2022 was the change in accounting policy for broker fees, that the Group started to capitalise in 2022 with a balance value added to the outstanding amount of loans to customers. Also, the emerging warehouse lending model by Multitude Bank has now been included to SweepBank numbers. CapitalBox tribe showed an increase on 14.9% of loans to customers from EUR 76.1 million in 2021 to EUR 87.5 million in 2022. These resulted in an increase of EUR 57.8 million (12.8%)

in the Group's collective loans to customers, which stand at EUR 509.5 million at the end of 2022 as compared to EUR 451.7 million at the end of 2021. The Group classified EUR 103.7 million of loans to customers as non-current based on the expected contractual cash flows. The non-current portion is equal to 20.4% of total loans to customers at the end of 2022 (19.9% in 2021).

Accordingly, the main operating activities resulted in a decrease in the Group's bank and lending costs by EUR 0.5 million (-3.8%), a decrease in selling and marketing expense by EUR 3.4 million (-22.0%) and an increase in depreciation and amortisation expense by EUR 2.2 million (14.4%), when comparing 2022 and 2021 continuing operations. Higher depreciation and amortisation expense is driven by a revision of the economic utility of the internally generated software, with a part of the intangible assets amortised at an increased rate in 2022.

At the same time, Multitude operated in a less favorable economic environment dictated by higher inflation and increased interest rates which were results of the economic uncertainty partly caused by the Russo-Ukrainian war. These uncertainties combined with business growth, particularly in SweepBank, resulted in an increase in impairment loss on loans to customers from EUR 71.9 million (35.2% of revenue) in 2021 to EUR 78.7 million (37.0% of revenue) in 2022 – an increase of EUR 6.7 million (9.3%).

Stable personnel expense year-on-year

During the year, personnel expense remained relatively stable with a slight increase from EUR 33.0 million in 2021 to EUR 34.0 million in 2022 (an increase of EUR 1.0 million or 2.9%), with a minor increase in the Group average headcount from 674 in 2021 to 683 in 2022.

Optimisation of administrative expense

The Group's general and administrative expense amounted to EUR 24.4 million in 2022 and EUR 26.5 million in 2021 (a decrease of EUR 2.1 million or 7.9%) mainly due to a more efficient Group structure.

Significant improvement in EBIT

The Group's EBIT from continuing operations reached EUR 31.6 million in 2022 compared to EUR 27.2 million in 2021, which include net other expense of EUR -0.6 million and EUR -0.6 million in 2022 and 2021, respectively.

The increase in EBIT from continuing operations amounting to EUR 4.4 million (16.2%), was driven mostly by an improvement in operating profit margins via the careful procurement process and lower relative customer acquisition costs compared to the generated interest revenue.

Lower net finance costs

Net finance costs decreased by EUR 4.7 million (20.9%), amounting to EUR 17.8 million in 2022, compared to EUR 22.5 million in 2021. Both foreign exchange losses and interest expenses were lower during the year – the latter of which was a result of the perpetual bonds issuance in 2021, where interests are charged directly to retained earnings instead of profit or loss. The decrease in foreign exchange losses is explained by the larger volume of currency hedging transactions.

Remarkable profit level

After the net loss of EUR 3.5 million in 2021 the Group generated profits from continuing operations of EUR 12.0 million in 2022.

Solid asset position

Total assets at the end of 2022 amounted to EUR 755.2 million, a decrease of EUR 69.3 million (8.4%), compared to EUR 824.6 million at the end of 2021. This is mainly due to the decrease in cash and cash equivalents by 49.2%.

A total change of intangible assets equal to EUR -4.5 million in 2022 (EUR 31.4 million in 2022, EUR 35.9 million in 2021) mainly driven by a decrease in computer software value down to EUR 9.6 million in 2022 as compared to EUR 14.1 million in 2021). Total capitalised expenses for 2022 consist of EUR 4.3 million of personnel expense and EUR 5.3 million of general and administrative expense. Externally generated software is capitalised from payments of trade payable amounting to EUR 1.6 million in 2022 (EUR 2.1 million in 2021). There are R&D expenses incurred prior reaching the development phase neither in 2022, nor in 2021 that were capitalised during the respective reporting periods.

Other impactful changes in non-current assets are driven by the upvaluation of the majority of the right-of-use assets due to revision of rental agreements and an increase in other non-current financial assets. Other non-current financial assets increased from EUR 6.2 million in 2021 to EUR 28.9 million due to introduction of new type of business where the Group is investing in collateralised bonds issued by other consumer lenders on the European Union territory.

Utilisation of liquid assets

Cash and cash equivalents decreased by EUR 148.3 million (49.2%), amounting to EUR 153.3 million at the end of 2022 (2021 - EUR 301.6 million) mainly due to the repayment of current borrowings and increase in investments in financial assets.

Current assets amounted to EUR 576.3 million, representing 76.3% of the Group's total assets at the end of 2022 (2021 - EUR 680.5 million, 82.5%), while non-current assets stood at EUR 178.9 million or 23.7% of total assets at the end of 2022 (2021 - EUR 144.1 million, 17.4%). The decrease in portion of current assets is caused by reclassification of loans to customers to non-current assets.

Shareholders' equity increased from EUR 174.8 million at the end of 2021 to EUR 182.0 million at the end of 2022, resulting in an improved equity ratio of 24.1% (2021 - 21.2%). On the other hand, Multitude shows an increase in the net debt-to-equity ratio from 1.99 at the end of 2021 to 2.31 at the end of 2022. These changes were primarily driven by the redemption of the 2018 and 2019 bonds which was partially offset by the issue of a 50 million new bond by Multitude SE in December 2022.

Current liabilities amounted to EUR 440.8 million, representing 76.9% of the Group's total liabilities at the end of 2022, a decrease of EUR 68.0 million (-13.4%), as compared to EUR 508.8 million at the end of 2021, representing 78.3% of total liabilities at the end of 2021. The changes in current liabilities are primarily due to the increase in current customer deposits, which stood at EUR 420.1 million at the end of 2022 as compared to EUR 402.0 million at the end of 2021 to - an increase of EUR 18.2 million (4.5%) and change in the composition of bonds issued by the Group and classified as borrowings.

Total current and non-current customer deposits amounted to EUR 501.7 million at the end of 2022 (2021 - EUR 484.8 million). Out of the total customer deposits in 2022, EUR 81.6 million is classified as long-term deposits, compared to EUR 82.8 million in 2021. Total short-term and long-term borrowings equaled to EUR 46.8 million at the end of 2022 (2021 - EUR 141.8 million).

Treasury update

During 2022, Multitude continued to actively manage its Group cash position with the objective to reduce interest costs, reduce regulatory cash reserves at the Central Bank of Malta and to utilise existing funds to redeem outstanding capital market bonds. Hence, the Group's cash position reduced by 49.2% to EUR 153.3 million (2021 - EUR 301.6 million) at the end of 2022.

On 28 February 2022, Fitch Ratings affirmed Multitude SE's Long-Term Issuer Default Rating ("IDR") and the long-term rating of the senior unsecured callable floating rate bonds, issued by Ferratum Capital Germany GmbH (ISIN: SE0012453835 and ISIN: SE0011167972), at "B+" and revised the outlook to "Stable". Fitch Ratings reconfirmed the ratings throughout 2022, particularly for the successful bond placement of Multitude's new EUR 50 million bond issue (ISIN: NO0012702549). This new bond issue was successfully launched on 7 December 2022.

Proceeds from the transaction and existing cash reserves of Multitude SE were jointly used to redeem early the outstanding bond issue of Ferratum Capital Germany (ISIN: SE0012453835). The new bonds are listed on the Frankfurt Stock Exchange Open Market with a trading commencement date of 21 December 2022.

During the 2022 Annual General Meeting ("AGM"), the Board of Directors was authorised to re-purchase a maximum of 2,172,396 shares of Multitude SE, which represents approximately 10% of all outstanding shares of the company. The Board of Directors was also authorised to issue a maximum of 3,258,594 shares. The Board of Directors may either issue new shares or transfer existing shares held by the Group. The authorisation also includes the right to issue special rights, in the meaning of Chapter 10 Section 1 of the Finnish Limited Liability Companies Act, which entitles the shareholders to receive new shares, or the treasury shares held by the Group against consideration. Subscribed shares arising from these special rights are included in the maximum number of shares authorised for issue. These authorisations are in force until the next Annual General Meeting, but not later than 30 June 2023.

Personnel

The average number of employees in 2022 is equal to 683 (2021 - 674). Personnel expense amounted to EUR 34.0 million (2021 - EUR 33.0 million).

Appointment of new Leadership Team members
Lasse Mäkelä joined the Leadership Team in October 2022 as Chief Strategy and IR Officer. Lasse joined Multitude in 2021 to head the mergers and acquisitions activities. In addition, Lasse leads external communications and is an active contributor to the overall Group strategy, which strongly bridges to Investor Relations. Lasse joined the Group as an established international financial and M&A executive with over 20 years of broad experience from various investment banking and finance roles. He was most recently the Founder and CEO of a Finnish equity-based crowdfunding platform, Invesdor, which operates as a matching service between investors and growth companies, where he, together with his team, successfully helped more than 170 companies raise growth funding.

Mantvydas Štareika, joined Multitude and the Leadership Team in December 2022 as Tribe CEO for CapitalBox. Mantvydas is a seasoned leader with over 16 years of experience in financial services. He has led insurance and lending businesses, e.g., as the CEO for Coface and SME Bank. With the latter, he was instrumental to obtaining its banking licence, the bank is now successfully operating across the Baltics and Finland, and positioning the business well for expansion.

Risk factors and risk management

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

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

Multitude proactively follows all legal regulations, monitors changes that might occur in the countries it operates in and adjusts its operations accordingly.

The Group's risk exposures can be divided into three main categories: credit risks (receivables from customers), market risks (including foreign exchange risks, interest rate risks and other price risks) and operational risks (such as IT risks, legal and regulatory risks and other operational risks).

Exposure to credit risks arises principally from the Group's lending activities. The risk is managed by proprietary risk management tools, which assist subsidiaries in evaluating the customer's payment behaviour. These tools, which are continuously updated and refined, ensure that only customers with a satisfactory credit profile are accepted. Experienced risk teams manage the Group's subsdiaries scoring system and credit policies. The risk departments are also responsible for the measurement of the payment behaviour of the credit portfolio on a daily, weekly, and monthly basis.

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

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

Changes in Group structure

Several legal entities changed their names in 2022: "Swespar AB" is now called "Multitude Services Sweden AB" and "Ferratum International Services Oy" is now called "Multitude International Services Oy", "Ferratum Bank p.l.c." is now called "Multitude Bank p.l.c.". Multitude Global Services Corp. started its operations in 2022 in the Philippines as a shared service centre that facilitates customer support for the Group.

Pactum Poland Sp. z.o.o. and Ferratum Czech s.r.o. are registered for liquidation while the liquidation process was finalised for Ferratum New Zealand Ltd.

Subsequent events

Fitch rating affirmation
On 23 February 2023, Fitch Ratings affirmed Multitude SE's Long-Term Issuer Default Rating (IDR) at 'B+' with Stable Outlook. The senior unsecured notes have been affirmed at 'B+'/RR4 and the subordinated hybrid perpetual capital notes at 'B-'/RR6.

Change of functional currency in Croatia
Croatia has been a member of the European Union since 1 July 2013. On 12 July 2022 the Council of the European Union approved the accession of Croatia to the euro area on 1 January 2023 and determined the conversion rate for the Croatian kuna. Multitude converted all local balances and operations at the conversion rate of HRK 7.53450 per EUR 1.

Changes in shareholdings

The Group did not receive any notification of changes in the number of shares held by shareholders with at least five percent (5%) ownership in Multitude SE.

Shares of the company

Largest shareholdings as at 31 December 2022

The table below describes the shareholder structure and summarises shareholders with the largest holdings, excluding nominee-registered shares, in Multitude SE as at 31 December 2022. The table shows shareholdings representing at least five percent (5%) ownership in the Group are updated based on the latest notification of major holdings.

Largest shareholders	Shares	% of shares	% of voting rights
Jorma Jokela*	11,999,807	55.24%	55.61%
Total free float**:	9,577,953	44.09%	44.39%
- Universal Investment Gesellschaft GmbH	2,167,660	9.98%	10.05%
- Dorval AM	1,105,012	5.09%	5.12%
- Board of Directors and Leadership Team***	472,518	2.18%	2.19%
- Other shareholders	5,832,763	26.85%	27.03%
Multitude SE****	146,200	0.67%	-
Total	21,723,960	100.00%	100.00%

All information of shareholders holding based on the latest shareholder notifications received
* Jorma Jokela holds directly 167,933 shares (0.77%), through Jokela Capital OÜ 5,773,139 shares (26.57%) and through JT Capital Limited 6,058,735 shares (27.89%). The shares held by Jokela Capital OÜ and JT Capital Limited are nominee registered.
**Total free float excludes shares held by Jorma Jokela and treasury shares held by Multitude SE
***Excluding Jorma Jokela
**** Treasury shares held by Multitude SE (no voting right and no dividend paid on treasury shares)

Board of Directors' shareholdings as at 31 December 2022

Name	Position	Holdings and voting righs*	% of holdings and voting rights**
Jokela, Jorma	Member	11,999,807	55.24% (55.61%)
Liigus, Lea	Member	125,859	0.58%
Vanhala, Erkki Juhani	Member	84,458	0.39%
Strange, Frederik	Chairman	5,300	0.02%
Leppänen, Kristiina	Member	1,300	0.01%
Cusumano, Michael	Member	-	0.00%
Challagalla, Goutam	Member	-	0.00%
Mekkonen, Jussi	Member	-	0.00%
Total		**12,216,724**	**56.24% (56.62%)**

*Include shareholdings held directly and indirectly by BOD
**Number in parentheses shows share of voting rights

Leadership Team shareholdings as at 31 December 2022

Name	Position	Holdings and voting righs*	% of holdings and voting rights**
Jokela, Jorma	Chief Executive Officer	11,999,807	55.24% (55.61%)
Liigus, Lea	Chief Legal and Compliance Officer	125,859	0.58%
Krause, Clemens	Chief Risk Officer	93,231	0.43%
Mäkelä, Lasse	Chief Strategy and IR Officer	42,462	0.20%
Egger, Bernd	Chief Financial Officer	32,183	0.15%
Kumpulainen, Antti	CEO of Multitude Bank	20,922	0.10%
Kajakas, Kristjan	Tribe CEO - Ferratum	18,975	0.09%
Tiukkanen, Ari	Deputy Chief Executive Officer	15,912	0.07%
Hansson - Tönning, Adam	Chief Financial Planning Analyst	13,134	0.06%
Chatterjee, Julie	Tribe CEO - SweepBank	9,468	0.04%
Kabele, Kornel	Chief Technology Officer	5,862	0.03%
Vella, Shaun	Chief HR Officer	3,452	0.02%
Štareika, Mantvydas	Tribe CEO - CapitalBox	0	0.00%
Total		**12,381,267**	**56.99% (57.38%)**

*Includes shareholdings held directly and indirectly by Leadership Team
**Number in parentheses shows share of voting rights

Distribution of holdings by number of shares held as at 31 December 2022

Lower Limit	Number of shareholders	% of shareholders	Total number of shares with voting righs	% of share capital with voting rights
1-100	48	26.81%	2,196	0.01%
101-500	60	33.52%	14,851	0.07%
501-1 000	21	11.73%	15,613	0.07%
1 001-5 000	27	15.08%	61,079	0.28%
5 001-10 000	7	3.91%	44,579	0.21%
10 001-50 000	10	5.59%	195,020	0.89%
50 001-100 000	2	1.12%	161,763	0.75%
100 001-500 000	2	1.12%	314,133	1.45%
500 001 and over	2	1.12%	20,914,726	96.27%
Total	**179**	**100.00%**	**21,723,960**	**100.00%**
Nominee registered	5	-	20,950,534	96.44%
Treasury shares held by Multitude SE	-	-	146,200	-

Table includes shares reported by Euroclear Finland Ltd

Distribution of holdings by group as at 31 December 2022

Sector	Total number of shares (book-entries)		Total number of shares (nominee-registered)		Total number of shares and voting rights	% of share capital and voting rights
Financial and insurance corporations	146,200	0.67%	975,333	4.49%	1,121,533	5.16%
Households	627,226	2.89%	-	-	627,226	2.89%
Shares registered in the member states of the Euro area	-	-	19,975,201	91.95%	19,975,201	91.95%
Total	**773,426**	**3.56%**	**20,950,534**	**96.44%**	**20,950,534**	**100.00%**

Table includes shares reported by Euroclear Finland Ltd

Annual general meeting 2023

Multitude's Annual General Meeting will be held on 27 April 2023 at 10:00 EEST at the offices of Castren & Snellman Attorneys Ltd, Eteläesplanadi 14, Helsinki, Finland. The meeting will be held as a physical meeting, and no remote participation or video link to the meeting venue will be provided. Shareholders may also use their voting rights by voting in advance.

Instructions for shareholders as well as proposals made for the AGM are provided in the AGM notice published on the Group's website.

Financial calendar

Date	Publication
16.03.2023	Multitude SE: 2022 preliminary results
30.03.2023	Multitude SE: full year 2022 results
30.03.2023	Multitude Bank p.l.c.: full year 2022 results
30.03.2023	Ferratum Capital Germany GmbH: full year 2022 results
27.04.2023	Multitude SE: Annual General Meeting
11.05.2023	Multitude SE: Q1 2023 results
24.08.2023	Multitude SE: H1 2023 results
24.08.2023	Multitude Bank p.l.c.: H1 2023 results
24.08.2023	Ferratum Capital Germany GmbH: H1 2023 results
16.11.2023	Multitude SE: 9M 2023 results

Board of Directors' proposals for profit distribution

The operations of the Group's parent company, Multitude SE, for the year ended 31 December 2022 amounted into a loss of EUR 9.3 million (2021 - EUR 4.3 million, loss), which resulted into a distributable equity amounting to EUR 50.8 million as at 31 December 2022 (2021 - EUR 60.1 million). Accordingly, the Board of Directors proposed during the Annual General Meeting to distribute dividend of EUR 0.12 per share in relation to the 2022 results and that 2022 loss to be carried forward.

Corporate governance statement

Multitude's Corporate Governance Statement has been prepared in accordance with the reporting requirements set out by the Corporate Governance Code 2020 issued by the Finnish Securities Market Association. The Corporate Governance Statement is published separately from the Board of Directors' report, and it is available on Multitude's website at: https://www.multitude.com/investors/corporate-governance/corporate-governance-statement.

Company management and auditor

Frederik Strange served as Chairman of the Board. Other members of the Board were Jorma Jokela, Lea Liigus, Michael A. Cusumano, Goutam Challagalla, Juhani Vanhala, Kristiina Leppänen and Jussi Mekkonen. Dr. Clemens Krause stepped down from the Board after the 2022 Annual General Meeting. The Chief Executive Officer is Jorma Jokela. The 2022 Annual General Meeting re-appointed PricewaterhouseCoopers Oy as the company's auditor, with APA Jukka Karinen as the auditor with principal responsibility.

Consolidated financial statements 2022 (audited)

Consolidated statement of profit or loss

EUR '000	Notes	2022	Restated 2021
Interest revenue	8, 24	209,030	200,857
Servicing fee revenue	8	3,336	3,332
Total revenue		212,366	204,189
Operating expenses:			
Impairment loss on loans to customers	4.2, 10	(78,660)	(71,949)
Bank and lending costs	10	(13,405)	(13,941)
Personnel expense	9	(33,956)	(33,010)
Selling and marketing expense	10	(12,205)	(15,644)
General and administrative expense	10	(24,408)	(26,499)
Depreciation and amortisation	10, 15-17	(17,522)	(15,323)
Operating profit		**32,210**	**27,823**
Other income	11	37	1,386
Other expense	11, 24	(636)	(2,006)
Profit before interests and taxes ("EBIT")		**31,611**	**27,203**
Finance income	12	460	3,603
Finance costs	12, 24	(18,230)	(26,118)
Profit before income taxes		**13,841**	**4,688**
Income tax expense	13	(1,846)	(2,384)
Profit (loss) from continuing operations		**11,995**	**2,304**
Loss from discontinued operations		**-**	**(5,808)**
Profit (loss) for the year		**11,995**	**(3,504)**
Earnings (loss) per share:	**14, 24**		
Weighted average number of ordinary shares in issue		21,578	21,578
Earnings (loss) per share from continuing operations, EUR		**0.39**	**(0.05)**
Earnings (loss) per share from discontinued operations, EUR		**-**	**(0.27)**
Total earnings (loss) per share, EUR		**0.39**	**(0.32)**

Consolidated statement of comprehensive income

EUR '000	2022	Restated 2021
Profit from continuing operations	**11,995**	**2,304**
Other comprehensive income (expense) from continuing operations:		
Items that may be reclassified to profit or loss		
Currency translation difference from continuing operations	(900)	(55)
Currency translation difference from discontinued operations	-	2,019
Total other comprehensive income (loss) from continuing operations	**(900)**	**1,964**
Total comprehensive income (loss) from continuing operations	**11,094**	**2,250**
Total comprehensive loss from discontinued operations	**-**	**(3,789)**
Total comprehensive income (loss) for the period	**11,094**	**(1,539)**

Consolidated statement of financial position

EUR '000	Notes	31 December 2022	Restated 31 December 2021	Restated 1 January 2021
ASSETS				
Non-current assets:				
Property, plant and equipment	15	3,081	3,404	3,907
Right-of-use assets	16	4,613	1,618	4,207
Intangible assets	17	31,400	35,850	38,904
Deferred tax assets	13	7,179	6,981	7,897
Loans to customers	18, 24	103,727	89,988	42,892
Other non-current financial assets	18	28,883	6,215	5,028
Total non-current assets		**178,883**	**144,056**	**102,835**
Current assets:				
Loans to customers	18, 24	405,736	361,710	322,480
Other current financial assets	18	10,326	13,344	12,348
Derivative financial assets	18	3,180	324	496
Current tax assets	13	2,230	2,200	1,567
Prepaid expenses and other current assets	19	1,548	1,324	3,208
Cash and cash equivalents	4.2, 18	153,325	301,592	236,564
Total current assets		**576,345**	**680,494**	**576,663**
Total assets		**755,228**	**824,550**	**679,498**
EQUITY AND LIABILITIES				
Equity:				
Share capital		40,134	40,134	40,134
Treasury shares		(142)	(142)	(142)
Retained earnings		77,679	70,466	77,931
Perpetual bonds	2.3	50,000	50,000	-
Unrestricted equity reserve		14,708	14,708	14,708
Translation differences	24	(3,049)	(2,995)	(5,458)
Other reserves		2,631	2,631	2,631
Total equity		**181,960**	**174,802**	**129,804**
Liabilities:				
Non-current liabilities:				
Long-term borrowings	20	46,791	57,656	174,849
Deposits from customers	20	81,610	82,793	63,689
Other non-current finance liabilities	1.1, 20	-	-	2,160
Lease liabilities	16, 20	3,095	282	1,961
Deferred tax liabilities	13	966	203	301
Total non-current liabilities		**132,462**	**140,934**	**242,960**
Current liabilities:				
Short-term borrowings	20	-	84,158	-
Deposits from customers	20	420,124	401,971	275,833
Derivative financial liabilities	20	446	1,232	3,230
Lease liabilities	16, 20	1,472	1,412	2,418
Current tax liabilities	13, 24	921	3,455	3,423
Trade payables	20	6,314	1,426	9,932
Accruals and other current liabilities	20, 21	11,530	15,160	11,898
Total current liabilities		**440,807**	**508,814**	**306,734**
Total liabilities		**573,269**	**649,748**	**549,694**
Total equity and liabilities		**755,228**	**824,550**	**679,498**

Consolidated statement of cash flows

EUR '000	Notes	2022	Restated 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) for the year		**11,995**	**(3,504)**
Adjustments for:			
Depreciation and amortisation	10, 15, 16, 17	18,144	17,237
Finance costs, net	12	15,286	22,690
Tax on income from operations	13	1,846	2,440
Other adjustments		(172)	(1,466)
Impairments on loans		78,660	72,487
Working capital changes:			
Increase (-) / decrease (+) in current receivables		1,078	(11,470)
Increase (+) / decrease (-) in trade payables and other liabilities		(453)	(12,565)
Interest paid		(11,251)	(16,815)
Interest received		699	1,102
Income taxes paid		(3,637)	(2,427)
Net cash flows from operating activities before movements in loan portfolio		**112,195**	**67,710**
Movements in gross portfolio	4.2	(138,346)	(141,432)
Net cash flows used in operating activities		**(26,151)**	**(73,722)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible and intangible assets	15, 16, 17	(10,903)	(11,542)
Purchase of investments and other assets		(3,625)	(747)
Disposal of subsidiaries	6	-	(1,388)
Purchase of non-current financial assets		**(20,800)**	**-**
Net cash flows used in investing activities		**(35,328)**	**(13,677)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of perpetual bonds		-	50,000
Repayment of long-term borrowings	20	-	(21,441)
Repayment of short-term borrowings	20	(182,150)	(15,861)
Perpetual bonds interests and issuance costs	1.12.3	(3,670)	(3,342)
Repayment of finance lease liabilities		(1,939)	(2,297)
Proceeds from long-term borrowings		47,672	-
Proceeds from short-term borrowings		39,400	-
Deposits from customers		17,828	145,443
Net cash flows from (used in) financing activities		**(82,859)**	**152,502**
Cash and cash equivalents, as at 1 January	18	301,592	236,564
Exchange gains (losses) on cash and cash equivalents		(3,930)	(74)
Net increase in cash and cash equivalents		**(144,338)**	**65,103**
Cash and cash equivalents, as at 31 December	**18, 4.2**	**153,325**	**301,592**

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
As at 1 January 2021	**40,134**	**(142)**	**73,696**	**-**	**14,708**	**(5,458)**	**2,631**	**125,569**
Restatement and adjustments to opening balance	-	-	4,235	-	-	-	-	4,235
Comprehensive income								
Restated profit or loss	-	-	(3,504)	-	-	-	-	(3,504)
Restated currency translation difference	-	-	(498)	-	-	2,463	-	1,965
Total comprehensive income	-	-	(4,002)	-	-	2,463	-	(1,539)
Transactions with owners								
Proceeds from perpetual bonds	-	-	-	50,000	-	-	-	50,000
Perpetual bonds interests and issuance costs	-	-	(3,342)	-	-	-	-	(3,342)
Share-based payments (Note 22)	-	-	156	-	-	-	-	156
Other changes	-	-	(277)	-	-	-	-	(277)
Total transactions with owners	-	-	(3,463)	50,000	-	-	-	46,537
Restated as at 31 December 2021	**40,134**	**(142)**	**70,466**	**50,000**	**14,708**	**(2,995)**	**2,631**	**174,802**
Restated as at 1 January 2022	**40,134**	**(142)**	**70,466**	**50,000**	**14,708**	**(2,995)**	**2,631**	**174,802**
Comprehensive income								
Profit or loss	-	-	11,995	-	-	-	-	11,995
Currency translation difference	-	-	(891)	-	-	(9)	-	(900)
Total comprehensive income	-	-	11,104	-	-	(9)	-	11,095
Transactions with owners								
Proceeds from perpetual bonds	-	-	-	-	-	-	-	-
Perpetual bonds interests and issuance costs	-	-	(3,670)	-	-	-	-	(3,670)
Share-based payments (Note 22)	-	-	483	-	-	-	-	483
Other changes	-	-	(704)	-	-	(44)	-	(748)
Total transactions with owners	-	-	(3,891)	-	-	(44)	-	(3,935)
As at 31 December 2022	**40,134**	**(142)**	**77,679**	**50,000**	**14,708**	**(3,049)**	**2,631**	**181,960**

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.

On 30 March 2022, Multitude's Board of Directors authorised the Group's consolidated financial statements as at and for the year ended 31 December 2022 and comparative year 31 December 2021 for issuance and filing.

1.1 Significant changes in the current reporting period

The financial position and performance of the Group was particularly affected by the following events and transactions during the reporting period:

2022 Multitude SE bond issue

On 7 December 2022, Multitude SE successfully placed EUR 50 million in senior unsecured bonds (ISIN: NO0012702549) with maturity in December 2025 (the "2022 MSE Bonds"). The net proceeds from the Bonds were, together with existing cash, used towards refinancing Ferratum Capital Germany GmbH's outstanding bonds maturing in April 2023 (ISIN: SE0012453835). The bond will carry a floating rate coupon of 3-month Euribor plus 7.5%, priced at 97% of the nominal amount. The Bonds will be listed on a regulated market within six months and on the Frankfurt Stock Exchange Open Market within 60 days (with the intention to list within 30 days).

2019 FCGE bonds tap issue and redemption

On 8 April 2022, the Group announced a successful placement of EUR 40 million worth of nominal bonds under the existing 2019 Capital Germany GmbH bond framework (ISIN: SE0012453835) ("2019 FCGE tap issue"). This brings down the remaining unissued portion of the 2019 FCGE bond framework to EUR 30 million. The bonds, quoted at 99.25% in the Frankfurt Stock Exchange Open Market, were issued at 99% of their nominal values on 21 April 2022 and followed the bond covenants associated with the outstanding 2019 FCGE Bonds.

The balance of 2019 FCGE including the 2019 FCGE tap issue was settled via roll-over into 2022 MSE Bonds for the nominal amount of EUR 24.6 million on 21 December 2022. On 29 December 2022, the remaining 2019 FCGE bonds with an outstanding nominal amount of EUR 99.0 million and carrying amounts of EUR 97.3 million were fully redeemed.

2018 FCGE bonds roll-over and redemption

In conjunction with the 2019 FCGE bonds tap issue, holders of the existing 2018 FCGE bonds (ISIN: AS5772809/SE0011167972) were given the option to roll-over their bond holdings and effectively convert them into the 2019 FCGE tap issue bonds ("2018 FCGE roll-over bonds") at a 1:1 conversion ratio. The transaction extinguished the underlying 2018 FCGE roll-over bonds with nominal and carrying amounts of EUR 19.9 million. On 25 May 2022, the remaining 2018 FCGE bonds with outstanding nominal and carrying amounts of EUR 0.1 million were redeemed in full. The roll-over and redemption of the 2018 FCGE bonds resulted in a net gain of EUR 0.4 million.

Multitude Bank unsecured subordinated bonds issue

On 13 April 2022, the Group issued a total of EUR 5,052 thousand worth of unsecured subordinated bonds, out of the EUR 20 million base prospectus listed in the Malta Stocks Exchange with a series no. 1/2022 (ISIN: MT0000911215), Tranche No 1 ("Tranche 1 bonds") through its wholly owned subsidiary, Multitude Bank p.l.c. ("MBM"). The Tranche 1 bonds will mature on 13 April 2032 and includes a coupon rate of 6%.

Out of the EUR 5,052 thousand issued bonds, MBM has issued EUR 2.0 million to its parent company Multitude SE, which is eliminated at the Group level as part of the consolidation process.

Matching Share Plans - April and October 2022

On 11 April and 17 October 2022, the Group granted a total of 31,638 and 57,055 matching shares, respectively, to participating employees as part of the Group's Matching Share Plan ("MSP") introduced in 2021. The MSP scheme allows employees to invest up to 10% of their annual gross salary in Multitude shares. Investment shares will vest after 2 years, provided the participants have held the shares and have uninterrupted employment during the holding period. Afterwards, the Group will provide free matching shares with a 1:1 ratio for all vested investment shares.

Investment in debt instruments

Multitude Bank has concluded strategic investments in debt instruments, representing the acquisition by the Bank of secured bonds issued by corporate entities, as outlined in Note 4.2.1.

Based on the solely payments of principal and interest ("SPPI") test, the Group has classified the investment in debt securities as a financial asset at amortised cost, presented as part of other non-current financial assets in the Group's consolidated statement of financial position.

Restatement of 2021 financial results and position

Some of the amounts reported for the previous period were restated due to correction of accounting treatment and change in accounting policy. Detailed information about these adjustments can be found in note 24.

2. Summary of significant accounting policies

2.1 Basis of preparation

Multitude Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and as adopted by the European Union ("EU"). The consolidated financial statements are presented in thousand euros ("EUR 000"), except when otherwise indicated, and are prepared under the historical cost convention, except as disclosed in the summary of significant accounting policies in Note 2.3.

2.2 New and amended standards and interpretations

On 1 January 2022, the Group adopted the following amendments to the accounting standards issued by the IASB and endorsed by the EU with no material impact on the Group's consolidated financial statements:

Title	Key requirements	Effective Date
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is atesting whether the asset is functioning properly when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.	1 January 2022
Reference to the Conceptual Framework – Amendments to IFRS 3	Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and IFRIC 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date. These updates do not change the accounting requirements for business combinations.	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.	1 January 2022
Annual Improvements to IFRS Standards 2018–2020	The following improvements were finalised in May 2020: • IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities. • IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives. • IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.	1 January 2022

2.3 Summary of significant accounting policies

Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company, and each of those companies over which it exercises control. Control over an entity exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and can affect those returns through its power over the entity. When the Group has less than a majority of voting or similar rights in an entity, it considers all relevant facts and circumstances in assessing whether it has power over an entity, including contractual arrangements, voting rights and potential voting rights. The Group reassesses whether it controls an entity if facts and circumstances indicate that there are changes to the elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Suppose the Group loses control over a subsidiary; in that case, the related assets, liabilities, non-controlling interests, and other components of equity are derecognised from the consolidated statement of financial positions with any gains or losses recognised in the consolidated statement of profit or loss. Any investment retained in the former subsidiary is measured at fair value.

All intercompany transactions are eliminated as part of the consolidation process. Since Multitude wholly owns all its subsidiaries, no components of non-controlling interests ("NCI") are presented separately as a component of the Group's consolidated financial statements.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured as the aggregate of the fair values of the assets transferred, liabilities incurred towards the former owners of the acquired entity or business, and equity instruments issued. Acquisition-related costs are recognised as expenses in the consolidated statement of profit or loss in the period in which the costs are incurred and the related services are received with the exception of costs directly attributable to the issuance of equity instruments that are accounted for as a deduction from equity.

Identifiable assets acquired and liabilities assumed are measured at the acquisition date fair values. The Group elects whether to measure the non-controlling interests in the acquiree at fair value or the proportionate share of the acquiree's identifiable net assets on a business combination by business combination basis. The excess of the consideration transferred over the aggregate amount of the non-controlling interests and the fair values of the identifiable net assets acquired is recorded as goodwill.

Non-current assets or disposal groups held for sale and discontinued operations

Non-current assets or disposal groups are classified as assets held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset, or the disposal group, must be available for immediate sale in its present condition subject only to the usual and customary terms for sales of such assets or disposal groups, and the sale must be highly probable. These assets, or in the case of disposal groups, assets and liabilities, are presented separately in the consolidated statement of financial position and measured at the lower of the carrying amount and fair value less costs to sell. Non-current assets classified as held for sale or included in a disposal group classified as held for sale, are not depreciated or amortised.

Discontinued operations are reported when a component of the Group, comprising operations and cash flows that can be clearly distinguished both operationally and for financial reporting purposes from the rest of the Group, is classified as held for sale or disposal group, or the component represents a major line of business or geographical area of operations, or is a part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations. Profit or loss from discontinued operations is reported separately from income and expenses from continuing operations in the consolidated statement of profit or loss, with prior periods presented on a comparative basis. Cash flows from discontinued operations are presented separately in the consolidated financial statements and accompanying notes. Intra-group revenues and expenses between continuing and discontinued operations are eliminated.

Revenue recognition

The Group recognises revenue from interest and fee charges arising from its banking and lending activities.

Interest revenue

IThe Group's revenue streams consist of process fees, rescheduling fees (charged when a customer applies to extend the repayment date), reminder fees (charged when reminder actions are effected with respect to a loan) and other fees and interest charged on revolving and longer term credit products. All these fees are considered to be an integral part of the effective interest rate of the loans and advances taking cognisance of the nature of these fees, the purposes for which these fees are assessed and the substance of the services provided. Interest revenue is calculated and recognised based on the effective interest rate method. The effective interest includes fees considered an integral part of the effective interest rate on loans to customers. The effective interest rate is the rate that discounts estimated future cash flows to the net carrying amount of loans to customers. Interest revenue recognition starts when the customer loan agreement is executed and the proceeds from the loan are transferred to the customer and accrued on a day-to-day basis until the derecognition of the underlying loan to customer. Interest revenue is presented net of directly attributable transaction cost in the consolidated statement of profit or loss.

Loan servicing fees

The Group charges origination and commitment fees that are considered an integral part of the effective interest rate on loans to customers and are under the scope of IFRS 9. Other fees, including invoicing, penalty, and additional similar loan servicing fees, that are not considered to be an integral part of the effective interest rate on loans to customers are accounted for under IFRS 15. These fees are recognised at the point in time when the Group satisfies the underlying performance obligations, typically when such fees are due from the customers or upon invoicing. There are no contract assets and liabilities relating to loan servicing fees as at 31 December 2022 and 2021.

Segment reporting

Operating segments are reported in a manner consistent with the internal reports provided to the senior management team who is identified as chief operating decision-maker within the scope of IFRS 8. The senior management team is responsible for allocating resources and assessing the performance of the operating segments. The Group's operating and reportable segments comprise 100% of the Group's external revenue.

Employee benefits

Post-retirement plans
The Group companies have various post-employment plans in accordance with local regulations and practices in the countries in which they operate. Group companies' pension plans are generally considered to be defined contribution plans that employees and relevant Group companies fund through pension insurance contracts, local government retirement schemes, and other external post-employment retirement plan arrangements, where the Group does not retain or incur any additional legal or constructive obligations on top of its regular contributions to such plans. These contributions are recognised as expense in the consolidated statement of profit or loss in the period they incurred.

Share-based payments
The Group's share-based payments granted are equity-settled share-based payment transactions. They are booked as employee benefit expense and as increases in equity based on the grant date fair value of the options or shares granted. The total expense is recognised over the vesting period, when all of the specified vesting conditions are satisfied.

At the end of each period, the Group revises its estimates of the number of options or shares that are expected to vest based on the vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. The cancellation of a share-based payment arrangement is accounted for as an acceleration of vesting, and the Group recognises immediately the amount that would have been settled with employees at the end of the original vesting period. Any payment made to the employee is accounted for as a deduction from equity, except to the extent that the payment exceeds the fair value of the equity instruments granted, measured at the cancellation date.

Finance income and costs

Interest income and expense
Interest income is recognised based on the amount receivable or received from deposits in the bank and other financial institutions and other financial assets at amortised cost apart from loans to customers, which is recognized as finance income in the consolidated statement of profit or loss.. Interest derived from loans to customers is recorded in interest revenue. Interest expense arises primarily from the current and non-current portion of borrowings, deposits from customers, and lease liabilities. Similar to interest income, interest expense is calculated and recognised based on the effective interest rate method, and considers transaction costs, premiums, or discounts that are integral parts of the origination of the underlying financial liability.

Other operating income and expenses
Gains and losses not arising from the Group's ordinary course of business, such as those deriving from impairment, sale, and disposal of non-current assets, among others, are recognised under other operating income (expenses) in the Group's consolidated statement of profit or loss.

Foreign currency translation

Functional and presentation currency

The financial statements of all Group companies are measured using functional currency, the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in euro ("EUR"), the functional and presentation currency of the Parent Company.

Transactions and balances in foreign currencies

Transactions in foreign currencies are recorded at exchange rates prevailing at the dates of the individual transactions. For practical reasons, a rate that approximates the actual rate as of the date of the transaction is often used in day-to-day accounting. Monetary assets and liabilities denominated in foreign currency are valued at the exchange rates prevailing at the end of the reporting period.

Foreign exchange gains and losses, realised or otherwise, arising from foreign currency denominated transactions and balances, including those arising from hedging activities, are recognised in financial income (cost) in the consolidated statement of profit or loss.

Group companies with different functional currencies

On consolidation, the assets and liabilities of Group companies, whose functional currency is other than the euro, are translated into euros at the exchange rates prevailing at the end of the reporting period. The income and expenses of these foreign operations are translated into euros at the average exchange rates for the reporting period. The exchange differences arising from translation for consolidation are recognised as translation differences in the consolidated statement of comprehensive income.

Income taxes

The income taxes comprise current tax and deferred tax. Income tax income or expense is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income, or directly in equity. The related tax is recognised in other comprehensive income or equity, respectively.

Current taxes

Current taxes are based on the results of Group companies and are calculated using local tax regulations and tax rates that are enacted or substantively enacted at each reporting date. Corporate taxes withheld at the source of the income, on behalf of Group companies, are accounted for in income tax expense, where they are determined to represent tax on profit or loss for the period.

Deferred taxes
Deferred tax assets and liabilities are determined using the balance sheet liability method for all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax assets are recognised to the extent that future taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilised in the relevant jurisdictions. Deferred tax assets are assessed for realisability as of each reporting date. When circumstances indicate it is no longer probable that deferred tax assets will be utilised, adjustments are made as necessary.

Deferred tax liabilities are recognised for temporary taxable differences, and for temporary differences that arise between the fair value and the tax base of identifiable net assets acquired in business combinations. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax liabilities are provided for the taxable temporary differences arising from investments in subsidiaries, except for deferred tax liability where the Group controls the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future.

The enacted or substantively enacted tax rates as of each reporting date, expected to apply in the period when the asset is realised or the liability is settled, are used in the measurement of deferred tax assets and deferred tax liabilities.

Deferred tax assets and liabilities are not discounted. The Group periodically evaluates positions taken in tax returns with respect to the situations in which applicable tax regulation is subject to interpretation. The Group adjusts the amounts of current and deferred tax assets and liabilities recorded, where it is considered probable, i.e., more likely than not, that certain tax positions may not be fully sustained upon review by tax authorities. The amounts recorded are based on the most likely amount or the expected value, depending on which method the Group expects to predict the resolution of the uncertainty better.

Deferred tax assets and deferred tax liabilities are offset for presentation purposes when there is a legally enforceable right to set off current tax assets against current tax liabilities. The deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period where significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

Property, plant and equipment

Property, plant and equipment are recognised in the financial statements at their carrying amount, equal to the cost of acquisition less cumulative depreciation, and where applicable, cumulative impairment. The acquisition cost includes costs directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are recognised as expense in the consolidated statement of profit or loss when they are incurred.

Property, plant and equipment are depreciated using the straight-line method towards their residual values and over their estimated useful lives, as follows:

Office Buildings	3 – 8 years
Furnitures, fittings, and equipment	3 – 8 years

The asset's residual value and useful life are reviewed and adjusted, if appropriate, at the end of each reporting period.

Gain or loss on disposal is determined as the difference between the net disposal proceeds, if any, and the carrying amount. The gain or loss from disposal is recognised in non-operating income and expenses in the consolidated statement of profit or loss.

Intangible assets

The Group's intangible assets mainly consist of internally generated and capitalised software development costs, and computer software purchased from third parties. The Group also has licences and trademarks that are presented under other intangible assets.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as of the date of acquisition. Research costs associated with internally generated intangible assets, except for development costs that may be capitalised, are expensed in the period when they are incurred. Development costs are capitalised only if the Group has the technical feasibility to complete the asset, has an ability and intention to use or sell the asset, can demonstrate that the asset will generate future economic benefits, has resources available to complete the asset, and can measure reliably the expenditure during development.

The useful economic life of the Group's intangible assets, other than goodwill, is finite. After initial recognition, finite intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised using the straight-line method, which is considered to reflect best the pattern in which the asset's future economic benefits are expected to be consumed, over their useful economic lives as follows:

Capitalised development costs:	2 – 5 years
Computer software:	2 – 10 years
Trademarks:	3 – 5 years
Licences:	2 – 10 years

Leases

The Group's lease agreements primarily consist of office buildings and equipment. At contract inception, the Group assesses whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration and, accordingly, recognises a right-of-use asset and a lease liability for all leases with a lease term exceeding 12 months. The commencement date is when the lessor makes the underlying leased asset available for use by the Group.

The Group applies a practical expedient whereby leases for which the lease term is 12 months or less at the lease commencement date ("short-term leases") are not recognised in its consolidated statement of financial position. Instead, the Group recognises the lease payments associated with short-term leases as an operating expense on a straight-line basis over the lease term. At the same time, Group designates any long-term lease with a monthly lease payment less than EUR 500 as a "low value lease". It recognises lease payments as an operating expense in the case when an estimated value of right-of-use asset for such lease agreement is less than EUR 60 thousand at the start of the contractual period. In addition, as a practical expedient, the Group does not separate certain non-lease components from lease components but instead accounts for each lease component and associated specified non-lease component as a single lease component. Other payments for non-lease components, variable based on consumption (e.g., property taxes, insurance payments and variable property service costs), are recognised as an expense when incurred.

Right-of-use asset
The right-of-use asset is initially measured at cost, which includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, and estimated restoration costs of the leased asset to the condition required by the contract at the end of the lease period, less any lease incentives (e.g., lease-free months) and any direct costs of the lease.

After initial measurement, right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight-line method, from the commencement date to the earlier of the end of the contractual lease term, or the estimated useful economic lives of the right-of-use assets, as follows:

Office buildings:	3 – 6 years
Office equipment:	3 – 4 years

At the end of each reporting period, the Group assesses the lease terms of open-ended contracts to determine whether an extension or reduction in the lease term is appropriate.

Lease liability
At commencement date, lease liabilities are measured at the present value of lease payments to be made over the lease term. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, as well as any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised. The lease payments include fixed lease payments and certain fixed non-lease components less any lease incentives receivable, variable lease payments that depend on an index or a rate, and appropriate termination fees whenever the lease term was determined based on the expectation that the Group will exercise its option to terminate. The Group does not generally enter into lease contracts with variable lease payments linked to future performance or use of an underlying asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. In addition, the carrying amounts for the right-of-use asset and lease liability are remeasured if there is a modification, a change in the lease term or a change in the future lease payments resulting from a change in an index or rate used to determine such lease payments. The interest component of the lease payments is recognised as interest expense within finance costs in the consolidated statement of profit or loss.

Incremental borrowing rate
The lease payments are discounted using the Group's incremental borrowing rate. This rate is calculated at the beginning of the lease and is equal to the weighted nominal interest rate paid on the Group's long-term borrowings. At the beginning of each period, the Group reviews and assesses the need to modify the applicable incremental borrowing rate based on whether there are significant changes in the economic conditions and assumptions used for modelling the incremental borrowing rate.

Impairment of non-financial assets

Property, plant and equipment, intangible assets, excluding goodwill, and right-of-use assets are reviewed annually for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

Goodwill arises from business combinations accounted for using the acquisition method, where the Group is the acquirer. Goodwill is not subject to amortisation, but is tested annually for impairment, or more frequently if events or changes in circumstances indicate impairment may have occurred.

The impairment loss is recognised as a non-operating expense in the consolidated statement of profit or loss when the asset's carrying amount exceeds its recoverable amount, which is the higher of the asset's fair value less costs of disposal and value-in-use.

Financial assets

Initial recognition and measurement

The Group recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on the trade date, which is the date on which the Bank commits to purchase or sell the asset. Accordingly, the Group uses trade date accounting for regular way contracts when recording financial asset transactions.

At initial recognition, the Group measures a financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset, such as fees and commissions. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at fair value through other comprehensive (FVOCI), which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets differs from the transaction price on initial recognition, the Group recognises the difference as follows:

- When the fair value is evidenced by a quoted price in an active market for an identical asset (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

- In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

Classification and subsequent measurement

The Group classifies its financial assets as financial assets subsequently measured at amortised cost (carrying amount less loss allowances calculated using expected credit losses), financial assets measured at fair value with changes recognised through other comprehensive income ("FVOCI"), and financial assets measured at fair value with changes recognised through profit and loss ("FVPL"). The appropriate category is selected based on the Group's business model for managing the financial asset and the contractual cash flow characteristics of the asset.

The Group's business model for managing financial assets is assessed at the portfolio level as this best reflects how the business and financial assets are managed to generate cash flows, and how information is provided to management. Similarly, the Group assesses contractual cash flow characteristics of financial assets at the portfolio level, and where applicable, at the individual product level. The Group assesses whether the contractual cash flows are generated solely through payments of principal and interest ("SPPI"), by considering contractual terms that might introduce elements of variability in the contractual cash flows in relation to contingent events, leverage features, prepayment clauses, the extension of payment terms, and similar modifications to the contract giving rise to a recognition of the financial asset.

Financial assets measured at amortised cost are debt instruments held within a business model that has an objective to hold assets to collect contractual cash flows. The Group's financial assets measured at amortised cost include loans to customers, cash and cash equivalents, receivables from sold portfolio, receivables from banks and other current and non-current financial assets from third parties. After initial measurement, the Group determines loss allowances related to financial assets, using the expected credit loss ("ECL") model. The Group's ECL model, inputs, and assumptions are disclosed in Note 3.1.

Financial assets at FVOCI are either debt instruments held within a business model which objective is achieved both by holding the financial assets to collect contractual cash flows and by selling the financial assets, or equity instruments that would otherwise be classified as financial assets at FVPL that are irrevocably designated as financial assets at FVOCI at initial recognition. The Group did not have any financial assets classified as FVOCI, designated or otherwise, as at and for the years ended 31 December 2022 and 2021.

Financial assets at FVPL are either equity instruments that do not meet the definition of equity under IAS 32, debt instruments that do not fall in either of the preceding categories, or debt instruments that fall in either of the preceding categories but are irrevocably designated as financial asset at FVPL at initial recognition to eliminate or significantly reduce measurement or recognition inconsistency. The Group's financial assets at FVPL consist of derivative financial assets that are used to hedge the cash flow impact of changes in exchange rates in relation to the foreign currency denominated intercompany loans, and as a result, do not fall in either of the preceding categories. The Group did not have any financial assets irrevocably designated as financial asset at FVPL at initial recognition as at and for the years ended 31 December 2022 and 2021.

Derecognition

The Group generally derecognises a financial asset, or a part of a financial asset, when it ceases to have control of the contractual rights that comprise the financial asset, or a part of a financial asset.

In determining the date when the Group ceases to have control of the financial asset, or a part of a financial asset, the Group considers the earliest date when the rights to the cash flows from the asset has expired; when the Group has transferred its rights to receive the cash flows and substantially all risks and rewards from the asset to another entity; and when the Group has assumed an obligation to pay the cash flows from the asset to another entity that meets the requirements set out in IFRS 9 and has transferred substantially all risks and rewards from the asset to the said entity.

At derecognition, the Group recognises the difference between the net proceeds received from the transfer of the financial asset, or a part of a financial asset, to another entity, if any. The carrying amount of the financial asset, or a part of a financial asset, transferred as gain or loss on derecognition of the financial asset in the consolidated statement of profit or loss.

Modification of contractual cash flows
When the contractual cash flows of a financial asset are renegotiated or modified, the Group assesses whether there are substantial differences between the terms and conditions, and the contractual cash flows associated with the financial asset after the modification. If so, the Group derecognises the carrying amount of the underlying financial asset, recalculates and recognises the gross carrying amount of the new financial asset based on the revised contractual terms and cash flows, and recognises any gains or losses arising from such modification in its consolidated statement of profit or loss.

Modifications of terms and conditions and contractual cash flows related to loans to customers normally arise from various product features included in the terms and conditions of loan agreements with customers, including rescheduling, payment holidays, due date changes, modification to the payment schedule, and payment-free months, which do not necessarily constitute forbearance as defined by EU Regulation 575/2013 ("CRR2"). These arrangements typically arise from short-term consumer loans that are not considered to be individually significant at the Group level. Usually, they occur without substantially modifying the contractual terms and cash flows of the underlying loan agreements apart from upfront payments of minor rescheduling and extension fees. As a result, the Group does not usually recognise any gain or loss arising from modifications of low-value consumer loans, instead, upfront rescheduling and extension fees are recognised as revenue at the point in time when the Group's performance obligation to reschedule or extend the underlying loan agreement was satisfied.

Financial liabilities

Classification
The Group generally recognises and classifies all its issued debt instruments as financial liabilities subsequently measured at amortised cost, except for derivative financial liabilities that are classified as financial liabilities at FVPL and issued debt instruments with characteristics of an equity instrument, classified as such. The Group's financial liabilities measured at amortised cost consist of borrowings, deposits from customers, lease liabilities, trade payables, and other current and non-current liabilities that will be extinguished through cash payments.

At initial recognition, the Group assesses whether an issued debt instrument should be classified as an equity instrument. The Group considers all relevant contractual terms to determine whether the instrument does not include a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or liabilities with another entity under conditions that are potentially unfavourable to the Group. In applying these criteria, the Group considers that discretionary payments of the principal amount, or any interests thereon, to the holders of the issued debt instrument do not necessarily constitute a contractual obligation to deliver cash or another financial asset to another entity. As at 31 December 2021 and 31 December 2022, the carrying amount of issued perpetual bonds classified as an equity instrument in the Group's consolidated statement of financial position is EUR 50 million.

Measurement
The Group generally recognises financial liabilities on initial measurement at their fair value including transaction costs, and subsequently at amortised cost using the effective interest method, with resulting interest expense recognised as a financial cost in the consolidated statement of profit or loss, except for financial liabilities at FVPL, which are initially measured at fair value, excluding transaction costs, and after that are carried at fair value, with changes in fair value recognised through profit or loss. The Group's financial liabilities at FVPL consist of derivative financial lia-

bilities used to hedge the cash flow impact of changes in exchange rates in relation to foreign currency denominated intercompany loans.

Derecognition and modification
The Group derecognises a financial liability, or portion of a financial liability, when its contractual obligations that comprise the financial liability are extinguished.

An exchange between the Group and the lender of debt instruments with substantially different terms is extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability, or a part of an existing financial liability, is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The Group recognises the difference between the carrying amount of a financial liability or part of a financial liability, extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred, or liabilities assumed, as gain or loss in the consolidated statement of profit or loss.

When the Group repurchases a part of a financial liability, the Group allocates the previous carrying amount of the financial liability between the part that continues to be recognised and the part that is derecognised based on the relative fair values of those parts on the date of the repurchase. Similarly, the Group recognises the difference between the carrying amount allocated to the part derecognised and the consideration paid, including any non-cash assets transferred, or liabilities assumed, for the part derecognised in the consolidated statement of profit or loss.

Cash and cash equivalents
Cash and cash equivalents include cash at bank and on hand as well as short-term highly liquid investments that are readily convertible to known amounts of cash with the maturities at the acquisition of three months or less, as well as bank deposits with maturities or contractual call periods at the acquisition of three months or less.

Bank deposits, that are set aside as collateral to fund the Group's swaps and forward contracts and do not meet the definition of cash and cash equivalents, are classified as financial assets at amortised cost and presented as receivables from banks under other current financial assets in the consolidated statement of financial position.

Derivative instruments
Tracker forwards and currency forward contracts are part of the Group's risk management policy. All derivatives arising from such contracts are recognised initially at fair value when a derivative contract is entered into and subsequently remeasured at fair value. Derivative financial assets and liabilities are presented in the consolidated statement of financial position under the current assets and current liabilities section, respectively.

The Group does not apply hedge accounting. As a result, realised and unrealised gains and losses arising from changes in fair values of the derivative financial assets and liabilities, as well as accumulated interest income and expenses for interest swaps and forward contracts during the financial period, are recognised as finance income or cost in the Group's consolidated statement of profit or loss.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest, by using quoted market rates, discounted cash flow analyses and other appropriate valuation models. In contrast, equity instruments are mainly valued using Multitude's market share price, adjusted using valuation techniques that can include both observable and unobservable inputs, where applicable. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All financial instruments for which fair values are being measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices for exchange-traded products in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which significant inputs other than quoted prices are directly or indirectly observable; and

Level 3 - Valuation techniques for which significant inputs are unobservable.

The Group categorises assets and liabilities that are measured at fair value on a recurring basis into an appropriate level of the fair value hierarchy at the end of each reporting period as presented in Notes 17 and 19 for financial assets and liabilities, respectively.

Contingent assets and contingent liabilities

The Group discloses probable assets and contingent liabilities such as commitments, guarantees, pledges, and other items that do not meet the recognition criteria for an asset or a liability, as outlined in the conceptual framework, to the extent that the amount can be measured reliably and that upon meeting such measurement criteria, the underlying asset or liability could have significant impact to the Group's consolidated statements of financial position, profit or loss, and cash flows. The Group does not disclose contingent assets and contingent liabilities wherein the probability of the occurrence or non-occurrence of one or more uncertain future events that can confirm the existence of the underlying asset or liability is considered remote.

At each reporting period, the Group performs a continuous assessment and monitoring of whether underlying events and circumstances give a rise to assets and liabilities that require disclosure and recognition in its consolidated statement of financial position. As at 31 December 2022, and 2021, the Group does not have any contingent assets or contingent liabilities requiring disclosure of its consolidated financial statements.

Equity

Share capital

The Group has 21,577,760 shares issued and outstanding as at 31 December 2022 and 2021, with par value of EUR 1.00 per share. The difference between the share par value and the fair value of considerations received in exchange for such shares are accounted for as additional paid-in capital.

Treasury shares
The Group recognises its equity instruments that are acquired (treasury shares) as a reduction of equity at the cost of acquisition. When cancelled or reissued, the acquisition cost of treasury shares is recognised in retained earnings or other distributable equity reserves. The Group holds 146,200 shares, representing 0.7% of total shares issued, held as treasury shares as at 31 December 2022 and 2021. No consideration is paid to the treasury shares in the distribution of equity.

Perpetual bonds
The carrying amount of perpetual bonds issued by the Group, classified as an equity instrument, is presented as part of the consolidated statement of shareholders' equity. Transaction costs, interest payments, and principal repayments are deducted directly from retained earnings, net of tax.

Multitude SE issued a EUR 50 million worth of unsecured and subordinated perpetual capital bonds("perpetual bonds") on 5 July 2021, at of 99.50% of the nominal amount. The perpetual bonds (ISIN NO0011037327) were drawn against a total authorised framework of EUR 100 million with a floating coupon rate of 8.90% plus 3-month Euribor.. The Group has a right to postpone the interest payment due on the perpetual bonds, provided it has informed the bondholders of the postponement within the timeframe specified in the terms and conditions. Any discretionary dividend distribution by the Company triggers an interest payment obligation on the perpetual bonds

Unrestricted and other reserves
The unrestricted equity reserve contains the amount paid for shares in a share issue, while other reserves include Multitude's legal reserves.

The Group did not declare any dividend distributions in relation to the results of its operations for the year ended 31 December 2021. The Board of Directors proposed to Annual General Meeting a dividend of EUR 0.12 per share in 2022.

Subsequent events
The Group monitors subsequent events or those transactions occurring after the end of the reporting period but before its consolidated financial statements are authorised for issue. The Group assesses whether each subsequent event provides evidence of conditions that existed at the end of the reporting period, constituting an adjusting event, or whether such subsequent events are indicative of conditions that arose after the reporting period, constituting a non-adjusting event.

The Group further assesses whether each identified subsequent event would significantly impact the fair presentation of the Group's consolidated financial statements, including the accompanying note disclosures, and accordingly adjusts or discloses the nature, timing, and amount relating to each significant adjusting or non-adjusting subsequent events, respectively.

Significant adjusting or non-adjusting subsequent events that require adjustments or additional disclosures occurring after 31 December 2022 and before 30 March 2023, when Multitude's Board of Directors authorised the consolidated financial statements as at and for the year ended 31 December 2022, are disclosed in Note 26.

3. Critical accounting estimates and judgements

The preparation of financial statements requires the use of management judgment in electing and applying accounting policies, as well as making estimates and assumptions about the future. These judgments, estimates and assumptions may significantly affect the amounts recognised in the financial statements.

The estimates and assumptions used in determining the carrying amounts of assets and liabilities are based on historical experience, expected outcomes and various other factors that were available when these consolidated financial statements were prepared, and they are believed to be reasonable under the circumstances. The estimates and assumptions are reviewed continually and revised if changes in circumstances occur or due to new information or more experience. As estimates and assumptions inherently contain varying uncertainty, actual outcomes may differ resulting in adjustments to the carrying amounts of assets and liabilities in the subsequent periods.

The accounting matters presented in this note are determined to involve the most difficult, subjective or complex judgments or are considered as key sources of estimation uncertainty.

3.1 ECL model, inputs, and assumptions

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed below.

A number of significant judgements are required in measurement of expected credit loss, such as:

- Determining criteria for significant increase in credit risk;

- Choosing appropriate models and assumptions for the measurement of ECL;

- Determining the value of the recoverable value of loans to customers, including the ability of the Group to sell credit portfolios as at predetermined price in the future; and

- Establishing the number and relative weightings of forward-looking scenarios and associated ECL.

During 2022 the levels of economic uncertainty were exacerbated again by the geopolitical developments which were unleashed by the military conflict between Russia and Ukraine which occurred on the back of pressures which were already being experienced in supply chain disruptions - as different economies struggled to recover from the impacts of the pandemic. These new conditions triggered new spiraling inflationary pressures across the world and pushed central banks, including the European Central Bank (‘ECB’), to invoke specific monetary policy actions at their disposal, namely the increase of interest rates to manage demand with a view curb inflation.

In a reaction to this, a number of governments implemented different levels of price mitigating fiscal measures to support the respective economies and ease pressures especially, on energy prices, which were particularly subject to significant price volatility.

The consequential effect of this new economic landscape implied new economic uncertainties which affected, amongst other things, the disposable income of households, individuals and SMEs in different European territories, and which represent the customer base of the Group.

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").

3.1.1 Exposure at default

For Micro Loans, the Group considers the gross balance, including the principal and processing fees charged at the loan's inception, of its outstanding loans to customers at the reporting date to be a reasonable estimate of EAD regarding this facility.

On the other hand, Plus Loans, Prime Loans and SME loans are typically subject to a monthly repayment schedule expected to impact EAD at different points in time throughout the residual life of such facilities. Similarly, the Group charges daily interest on outstanding balances in relation to Credit Limit facilities and Credit Cards, and collects monthly minimum repayments, which ultimately impacts EAD. However, due to the high volume and low value of individual Plus Loans, Prime Loans, SME loans, Credit Limit facilities, and Credit Cards, the Group does not calculate the amortisation profile to estimate the EAD over the different points in time throughout the residual life of such facilities. Rather, the Group considers the gross balance, inclusive of both principal and accrued interests, of its outstanding loans to customers at the reporting date to be a reasonable estimate of EAD regarding these facilities.

3.1.2 Probability of default

For Micro Loans, the Group utilises a roll-rate methodology at the country level, which employs statistical analysis of historical data and experience of delinquency to estimate the number of loans that are expected to reach default status as a result of events which the Group is not able to identify on an individual loan basis. Under this methodology, loans are grouped into buckets according to the number of days past due ("DPD buckets"). Statistical analysis (Markov Model) is used to estimate the likelihood that loans in each bucket will progress through the various stages of delinquency until default status is achieved.

In line with IFRS 9, the Group adopted the curve-stitching methodology to estimate the unconditional PDs for its Plus Loans, Prime Loans, SME loans, Credit Limit facilities, and Credit Cards. Under this approach, historical default data analysis is carried out to estimate cumulative monthly loss rates at various snapshot dates. Subsequently, statistical analysis is employed to combine curves with different historical performance windows into a single PD curve over the expected lifetime of the short-term credit exposures. Loans are further grouped into ranges according to the number of days past due, with an individual lifetime PD curve calculated for each range. Similar to Micro Loans, this methodology is also applied at the territory or country level to incorporate adaptations to reflect the nature of the different markets in which the Group operates.

The unconditional PD for each loan portfolio is further adjusted to consider forward-looking information through macro-economic modelling to arrive at the applicable PD.

3.1.3 Loss given default

The Group calculates LGD based on the loan sales price and loan repayment recoveries. Based on historical data on past portfolio sales, the Group estimates that it will take approximately 12 months after the occurrence of default before it can sell the underlying portfolio, and that the average loan sales price of each portfolio will be between 15% and 48%. The average loan sales price will be approximately 2% lower at each subsequent DPD bucket.

For Micro Loans, the Group utilises statistical information and the roll-rate methodology to estimate the level of recoveries from loan repayments it expects after loan facilities reaching a non-performing status.

For Plus Loans, Prime Loans, SME loans, Credit Limit facilities, and Credit Cards, the Group estimates the level of recoveries from loan repayments it expects after loan facilities reaching a non-performing status. The Group calculates the marginal recovery rates up to 12 months after default by tracking the monthly recoveries from loan repayments experienced over each performance window as a percentage of the total balance of defaulted exposures at each snapshot date. Expected recoveries are calculated on a discounted cash flow basis using the contractual default interest rate as the discounting factor.

3.1.4 Discounting using effective interest rate

The Group discounts the recoverable amount, which represents the future cash flows expected to be received from loan sales and loan repayment recoveries using the EIR at the date of default at a rate reflective of the late payment interest based on the applicable discount period, considering all relevant contractual terms relating to the loan. In the case of loan sales, a time-to-sell period of 12 months is assumed, whereas repayment recoveries are discounted monthly based on the month of occurrence. Subsequently, the Group discounts the ECL at the date of default at the reporting date.

3.1.5 Forward-looking considerations

The calculation of ECL incorporates forward-looking information. The Group performs a historical analysis to identify the key economic variables affecting credit risk and expected credit losses for each product portfolio at a territory level. These economic variables and their associated impact on PD, EAD and LGD may vary by portfolio or territory.

The Group has identified key drivers of credit risk and credit losses for each portfolio of financial instruments and using an analysis of historical data, has analysed relationships between macroeconomic variables, credit risk and credit losses. This analysis was conducted at a territory and sub portfolio level in order to take into consideration possible differences in customer behaviour and default experience arising from different product characteristics.

The determination impact of the territories specific macroeconomic variables have been determined by performing statistical regression analysis to understand the correlation between these macroeconomic variables and the historical default rates.

In those territories where due to certain risk data limitations, statistical relationships to macroeconomic variables were not deemed to be statistically significant (e.g. in those territories where the Group has recently launched new products resulting in limited available historical default experience), the Group has utilised proxy statistical data available in other territories with close geographical and demographic similarities.

The Group has improved the reliability of its macroeconomic modelling approach by incorporating multiple forward-looking economic conditions into its ECL estimates

The Group considers the "base line" scenario as most likely outcome based on published authoritative sources, whereas the "downside" and "upside" scenarios represent a more pessimistic and optimistic views, respectively, as they factor in current top and emergent risks and opportunities. As the Group considers that each scenario represents a plausible outcome, probability weightings are assigned to each scenario based on the current global economic outlook – 60% for "base line" scenario, and 20% each for "downside" and "upside" scenarios.

To be able to determine the manner in which economic conditions will be impacting the ECL estimates, the Group first performs an assessment to select the Macroeconomic Variable ('MEV') which has the highest correlation to credit risk factors for a certain country and product. The Group does this through the implementation of a one-step Error Correction Model ('ECM'). The ECM is a multiple regression model that automatically corrects short-term deviations from the long-term equilibrium relationship such that the defaulted loan amount is restored back to its long-term equilibrium at a specific speed of adjustment.

Through the utilisation of this model the Group has determined a set of four MEVs to which the Group's portfolios are the most sensitive, namely Gross Domestic Product ('GDP'), Personal Disposable Income ('PDI), and Unemployment Rate ('UR') for Micro Loans, Plus Loans, Credit Limit facilities and Prime Loans, whereas Consumption Rate Private ('CRP') is the key driver for SME Loans. The choice of macroeconomic variable to be used for a particular territory and product is determined through an optimised approach in which the ECM is run separately for each of these variables. The variable that is ultimately applied for the territory / product is the one that produces the most statistically significant result.

In order to capture a range of possible future outcomes, three possible scenarios are considered in the determination of the Group's ECL. The 'base line' scenario represents the most-likely outcome. It is based on forecasted economic variables, provided by Oxford Economics, referred to above and providing the best estimate view of each respective country within the Group's lending portfolio. Apart from the 'base line' scenario, the Group considers two other macro-economic scenarios – 'Upside' and 'Downside' scenarios – which respectively represent a more optimistic and a more pessimistic outcome, as further explained in this section. The more optimistic and more pessimistic scenarios are economically plausible and will not necessarily be as severe as scenarios used in stress testing.

Each scenario is weighted by a probability of occurrence, determined by a combination of macroeconomic research and expert credit judgement, taking account the range of possible outcomes each chosen scenario represents. The Group measures ECL as either a probability weighted 12-month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs).

As with any macro-economic forecasts, the projections and likelihoods of occurrence are subject to a degree of uncertainty, and therefore, the actual outcomes may be different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes.

The weightings assigned to each economic scenario, which are unchanged from 2021 were 60%, for the 'Base' scenario, 20% for the 'Downside' scenario and 20% for the 'Upside' scenario. The number of scenarios used is based on the analysis of each major product type to ensure that non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. The probability weightings assigned to the respective scenarios reflect an unbiased evaluation of range of possible outcomes.

For baseline scenario, the global economic outlook had become less positive than previously assumed. As a result, Oxford Economics have revised down the baseline forecast for world GDP for

2023 to 1.3%. World GDP forecast has been downgraded on the basis of severe energy market disruption, being the key near term downside risk to the global economy, and other inflation related risks, which also remain prominent. Albeit, an early end to the supply chain turmoil is expected to alleviate some of the pressures on the global economy. Overall, Oxford Economics expect the US, Eurozone, UK, and Canada all to record GDP contractions in 2023 as high inflation bites alongside monetary policy tightening and falling house prices.

For the downside scenario, management has considered the current gas rationing scenario to be more severe in terms of outlook. This scenario incorporates a complete stop to all flows of natural gas from Russia to Europe. The supply of oil is also more limited than in the baseline forecast. It is expected that the energy market disruption weighs heavily on Europe in such scenario. Against the backdrop of a relatively cold European winter, governments prioritise household heating needs and agree to ration natural gas use in the industry. With higher energy prices pushing up inflation and inflation expectations, central banks in Europe tighten policy further in the near term. European equity prices fall sharply, weighing additionally on domestic demand. The global economy thus contracts in the very near term, with global GDP standing at 0.8% in 2023, 0.5ppts below baseline.

An optimistic scenario was modelled for global economy in which inflationary pressures ease through the end of the supply-chain crisis. In this scenario, supply-chains normalise more quickly than expected, aided by an early and successful pivot by the Chinese authorities away from their zero-Covid policy. With commodity market disruption also more limited than anticipated, earlier rises in producer prices partially unwind. In financial markets, sentiment improves, with equities rising and government bond yields falling below baseline. Business and consumer confidence also improve, aiding the recovery in demand. Central banks remain cautious, with policy rates in the major economies on hold throughout 2023, but lower inflation then allows a sharper loosening of monetary policy than in the baseline forecast. Overall, the global economy expands by 2.2% in 2023, 0.9ppts above baseline.

In relation to the Bank's investments in debt instruments, the Bank also incorporates these macro-economic forecasts in its periodical assessments on the pledged loan portfolios, in order to assess whether the Bank should provide for expected credit losses. Such assessments are based on the credit information supplied by the bond issuers which the Bank has invested in. In order for its ECL methodology to represent an appropriate estimation of its credit risk emanating from said investments, the Bank assesses the ECL on each credit portfolio securing the Group's investment separately.

Consistent with regulatory and industry best practices, the Bank's ECL calculations are based on Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). The 12-month PD applicable for a stage 1 financial asset is derived from information obtained by external credit bureaus, the EAD equates to the investment itself, whilst the LGD is derived based on the loss arising on default when comparing the initial investment and the expected recoverability of the pledged portfolio.

The respective macro-economic variables as applicable to the consumer lending portfolio as at 31 December 2022 used in the multiple regression were obtained from Oxford Economics and were as follows:

Australia, Gross domestic product

AUS$ Millions: 2020Q3/2021Q2 prices	2023	2024	2025
Baseline	188,304	193,129	201,378
Downside	188,314	192,846	200,940
Upside	194,291	194,291	202,770

Brazil, Personal Disposable Income

Real millions: 2000 prices	2023	2024	2025
Baseline	129,984	130,496	131,371
Downside	129,438	130,417	131,035
Upside	132,193	132,193	132,085

Bulgaria, Gross domestic product

Lev millions: chained 2015 prices	2023	2024	2025
Baseline	9,013	9,238	9,455
Downside	8,977	9,163	9,360
Upside	9,134	9,402	9,594

Croatia, Personal Disposable Income

Kunas Millions 2015 prices	2023	2024	2025
Baseline	21,678	22,478	23,156
Downside	21,697	22,537	23,209
Upside	22,718	22,718	23,349

Czech Republic, Unemployment rate

Annualised %	2023	2024	2025
Baseline	4.09	3.74	3.61
Downside	4.36	4.11	4.14
Upside	3.92	3.50	3.43

Denmark, Personal disposable income

Kroner billions: 2010 prices	2023	2024	2025
Baseline	86	89	92
Downside	86	89	92
Upside	87	90	93

Estonia, Gross domestic product

Euro millions: chained 2015 prices	2023	2024	2025
Baseline	2,189	2,304	2,387
Downside	2,146	2,270	2,362
Upside	2,206	2,330	2,412

Finland, Personal disposable income

Euro billions: 2015 prices	2023	2024	2025
Baseline	10	11	11
Downside	10	11	11
Upside	11	11	11

Germany, Gross domestic product

Euro billions: chained 2015 prices	2023	2024	2025
Baseline	271	278	283
Downside	267	275	279
Upside	276	283	286

Latvia, Personal disposable income

Euro millions: chained 2015 prices	2023	2024	2025
Baseline	946	977	992
Downside	930	964	980
Upside	960	993	1,005

The Netherlands, Personal disposable income

Euro Billons: chained 2015 prices	2023	2024	2025
Baseline	33	34	34
Downside	33	34	34
Upside	34	34	34

Norway, Gross domestic product

Kroner billions: chained 2020 prices	2023	2024	2025
Baseline	318	322	327
Downside	316	320	325
Upside	321	326	330

Poland, Unemployment rate

Annualised %	2023	2024	2025
Baseline	6.08	4.88	4.88
Downside	6.35	5.24	5.36
Upside	5.87	4.71	4.70

Romania, Unemployment rate

Annualised %	2023	2024	2025
Baseline	2.46	2.16	2.18
Downside	2.71	2.60	2.67
Upside	2.22	2.04	2.04

Slovenia, Personal disposable income

Euro millions	2023	2024	2025
Baseline	2,670	2,744	2,807
Downside	2,624	2,703	2,773
Upside	2,703	2,800	2,861

Sweden, Personal disposable income

Kronor millions: chained 2021 prices	2023	2024	2025
Baseline	212,354	216,694	220,849
Downside	211,945	216,345	220,487
Upside	214,176	218,966	223,567

The respective macro-economic variables as applicable to the SME lending portfolio as at 31 December 2022 used in the multiple regression were obtained from Oxford Economics and were as follows:

Denmark, Consumption rate private

Kronor billions: 2010 prices	2023	2024	2025
Baseline	84	87	91
Downside	84	87	90
Upside	89	89	92

Finland, Unemployment rate

%	2023	2024	2025
Baseline	7	7	6
Downside	8	7	7
Upside	6	6	6

Lithuania, Unemployment rate

%	2023	2024	2025
Baseline	6	6	5
Downside	8	7	7
Upside	6	6	5

The Netherlands, Personal disposable income

Euro billions: chained 2015 prices	2023	2024	2025
Baseline	33	34	34
Downside	33	34	34
Upside	34	34	34

Sweden, Consumption rate private

Kronor millions: chained 2021 prices	2023	2024	2025
Baseline	206,472	212,329	217,274
Downside	204,966	209,527	213,502
Upside	215,473	215,473	221,174

The chained prices in respect to Gross Domestic Product and Personal Disposable Income outlined above adjust the respective real currency amounts for inflation over time to allow the comparison of figures from different periods. Management monitors, on an ongoing basis, the economic forecasts releases and adjusts its model inputs and assess the connected outcomes in the light of revised macroeconomic data and other quantitative and qualitative information.

3.2. Recoverability of deferred tax assets

The recognition of deferred tax assets is based on assessing whether sufficient taxable profit will be available in the future to utilise the deductible temporary differences, unused tax losses and unused tax credits before the unused tax losses and unused tax credits expire. The Group uses judgment in determining the extent to which deferred tax assets can be recognised. This assessment requires estimates of the future financial performance of a particular legal entity or a tax group that has recognised the deferred tax asset.

3.3. Fair value of rewards shares

The Group applies a valuation methodology based on geometric Brownian motion and the assumption that logarithmic returns are normally distributed, considering the dividend-adjusted share price at valuation dates, expected rate of return, and risk-free volatility. Since the performance share plan is essentially a derivative, the Group applies a risk-neutral valuation concept that uses a risk-free rate as the expected return. Using this methodology, the Group calculated the performance share valuation by modelling potential outcomes of the Group's share price at the end of the performance period and discounted the average calculated payoffs from each outcome to get the present value of the average payoffs after the performance period.

4. Financial risk management

4.1 Financial risk factors

The Group’s activities are exposed to various financial risks, including credit risk, market risk (foreign exchange, cash flow and fair value interest), and liquidity risk. The Group’s aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group’s Board of Ddirectors oversees credit, market, funding and liquidity, operational and strategic business risks. The Group has developed an integrated risk management framework to identify, assess, manage and report risks and risk adjusted returns.

The Group’s risk management policies are designed to identify and analyse risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to date information systems. The Board is responsible for the overall effectiveness of the risk management function, which function is however carried out by the members of the Group’s management team.

The Board may delegate any of its powers to a Committee. The Board establishes Committees in order to focus on specific risk areas and issues and consider certain issues and functions in greater detail.

These Committees may only act in accordance with the powers and responsibilities delegated to them by the Board, and in this regard, the extent to which a Committee is empowered to make decisions is carefully defined.

The Group’s governance structure comprises three Board Committees, namely the Audit Committee, the Risk Committee and the Remuneration Committee, in addition to additional committees established at the Multitude Bank level.

The Group’s Audit Committee is established to ensure the proper functioning of corporate governance, in particular to ensure the overseeing of the accounting and financial reporting, the Group's internal control systems and work of external auditors. In addition, the Committee assists the Board of Directors in other duties related to the committee’s work as specified by the Board.

The Group’s Risk Committee is established to ensure that risks are identified, monitored and can be managed. In addition, the Committee assists the Board in other duties related to the Committee’s work as specified by the Board. The purpose of the Committee is to assist the Board by preparing the committee dedicated matters for the Board. The members of the committee must be sufficiently qualified to perform the responsibilities of the committee.

The task of the Group’s Remuneration Committee is to ensure the proper functioning of corporate governance, in particular, to ensure the efficient preparation of matters pertaining to the remuneration of the members of the Board, the CEO and other executives of the Company as well as the remuneration schemes of the personnel. In addition, the Committee assists the Board in other duties related to the Committee’s work as specified by the Board.

Furthermore, Multitude Bank's governance structure comprises three Board Committees, namely the Audit Committee, the Risk Committee and the Remuneration Committee, as well as four

Management Committees, namely the Executive Committee (EXCO), Asset Liability Management Committee (ALCO), the Credit Committee and the Reserving Committee.

The Bank's Executive Committee (EXCO) is responsible to oversee the activities of the Bank and its Management in the implementation of its strategy, and is accountable for the soundness of the Bank's lending portfolio and for the implementation of the Capital Requirements Directive (as transposed into the Maltese regulatory framework) and capital allocation decisions.

The Bank's Asset and Liability Committee (ALCO) is responsible for managing assets, liabilities and the overall financial position and is also responsible for the management of funding and liquidity risks.

The Bank's Risk Committee is responsible for overseeing the policy and framework for all banking and operational risks, for developing and overseeing the risk management framework including the Bank's risk appetite and tolerance levels, for ensuring the ongoing execution of all risk policies, and for ensuring that all risk controls operating throughout the Bank are in accordance with regulatory requirements and best practices.

The Bank's Credit Committee is responsible to ensure the effective management of the Bank's credit portfolio through the implementation of sound and transparent credit scoring and decision-making processes around its various product lines. The Bank's Reserving Committee is primarily responsible for safeguarding the soundness of the valuation of the Bank's lending portfolio by inter alia ensuring that the Bank has appropriate credit risk practices to determine adequate expected credit loss (ECL) allowances in accordance with IFRS 9, as well as, the Bank's stated policies.

The Bank's Audit Committee is responsible for reviewing the adequacy and proper operation of internal controls in individual areas of operation, overseeing the quality and integrity of the Bank's financial reports, monitoring the Bank's compliance with legal, ethical and regulatory requirements, and for recommending areas of improvement across the business.

The Group's Risk Management function has the overall responsibility for the development of the entity's risk strategy and the implementation of risk principles, framework, policies and related limits.

The Group's objective is to deploy an integrated risk management approach that ensures an awareness of, and accountability for, the risks taken throughout the Group and also to develop the tools needed to address those risks. Strong risk management and internal controls are core elements of the Group's strategy. The Group has adopted a risk management and internal control structure, referred to as the Three Lines of Defence, to ensure it achieves its strategic objectives while meeting regulatory and legal requirements and fulfilling its responsibilities to shareholders, customers and staff.

In the three lines of defence model, business line management is the first line of defence, the various risk control and compliance oversight functions established by management represent the second line of defence, and internal audit is the third. Each of these three "lines" play a distinct role within the Group's wider governance framework.

4.2 Credit risk

4.2.1 Credit risk management

Credit risk is defined as the potential for financial losses arising from financial instruments due to the failure of the counterparty to meet their obligations to the Group. Multitude's credit risk arises from exposure from loans to customers, cash and cash equivalents, and other financial assets at amortised cost, receivables from sold portfolio, and other current and non-current receivables, advances, and deposits to other third parties.

During the financial year 31 December 2022, the impact of the COVID-19 pandemic which had dominated the previous two financial years declined and the different territories in which the Group operates experienced, albeit to different extents, signals of an economic rebound close to the levels experienced prior to the onset of the pandemic in early months of 2020.

In view of the tightening of the credit origination protocols which were introduced by the Group during 2020 as a reaction to the pandemic, which had triggered a consequential pressure on consumer spending which was mitigated, in part, through different forms of levels of government induced support and relief in the respective territories, the Group has not experienced an anomalous level of defaults during the preceding financial years.

Nonetheless, during 2022 the levels of economic uncertainty were exacerbated again by the geopolitical developments which were unleashed by the military conflict between Russia and Ukraine which occurred on the back of pressures which were already being experienced in supply chain disruptions - as different economies struggled to recover from the impacts of the pandemic. These new conditions triggered new spiraling inflationary pressures across the world and pushed central banks, including the European Central Bank ('ECB'), to invoke specific monetary policy actions at their disposal, namely the increase of interest rates to manage demand with a view curb inflation.

In a reaction to this, a number of governments implemented different levels of price mitigating fiscal measures to support the respective economies and ease pressures especially, on energy prices, which were particularly subject to significant price volatility.

The consequential effect of this new economic landscape implied new economic uncertainties which affected, amongst other things, the disposable income of households, individuals and SMEs in different European territories, and which represent the customer base of the Group.

In view of the above, during financial year 2022, the Group was engaged in a process of macroeconomic forecasting and modelling to assess how the Group's different geographical portfolios are affected by current economic developments. The model considers the equivalent of a 'Macro Exposure Score' to each country by factoring several parameters, including actual payment behavior trends, inflation, other macro indicators and government aid. Based on the assessments of the outcomes of the modelling process, the Group executed strategic decisions to tighten lending in certain markets where the model indicated unfavorable expectations. This process further assisted the Group to monitor its customer payment behavior in different territories and enabled agile action where circumstances necessitated the tightening or loosening of underwriting scorecards accordingly.

The calibration of the forward-looking information incorporated in the expected credit losses model (Note 3.1.5) and the determination of weightings assigned to the different scenarios also considered the new elevated level of economic uncertainty. The unfolding economic scenario was also considered in the process of collectively managing the loan portfolios and in determining whether particular cohort of debtors exhibited any significant increase in credit risk or demonstrated any unlikely to pay indicators as a result of prevailing economic conditions.

The Group reviews and grades advances to customers using the following internal risk grades:

Performing

- Regular
- Watch
- Substandard

Non-performing

- Doubtful
- Loss

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

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

Regular

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

Watch

Loans and advances that attract this category principally comprise those where:

- payment becomes overdue by 30 days, but does not exceed 60 days where a loan is deemed to be as non-performing when past due for more than 90 days;
- payment becomes overdue by 30 days but does not exceed 45 days where a loan is deemed to be as non-performing when past due for more than 60 days; and
- there are indicators of a significant increase in credit risk in instances when loans were granted a payment holiday in a specific portfolio.

Substandard

Exposures that are categorised within this category comprise those where:

- payment becomes overdue by 61 days but does not exceed 90 days for where a loan is deemed to be as non-performing when past due for more than 90 days; and

- where payment becomes overdue by 46 days, but does not exceed 60 days where a loan is deemed to be as non-performing when past due for more than 60 days;

Doubtful

Loans and advances which attract a 'Doubtful' grading are principally those assets in respect of which:

- repayment becomes overdue by 61 days and over but not exceeding 180 days for where a loan is deemed to be as non-performing when past due for more than 60 days;
- repayment becomes overdue by 91 days and over but not exceeding 180 days for a loan is deemed to be as non-performing when past due for more than 90 days; or
- have indicated Unlikeliness-To-Pay criteria, as outlined in Note 4.2.3.

Loss

Loans and advances in respect of which payment becomes overdue by 180 days.

The Group's maximum credit risk exposure without collateral held or other credit enhancements as at 31 December are as follows:

EUR '000	2022	Restated 2021
Loans to customers (gross)	619,794	573,708
Cash and cash equivalents	153,325	301,592
Other financial assets at amortised cost:		
Receivables from banks	4,362	5,108
Receivables from sold portfolio	2,263	4,657
Other non-current financial assets	28,883	6,215
Other current financial assets	3,701	3,579
Total	**812,328**	**894,859**

Use of External Credit Assessment Institutions

The Group runs the risk of loss of funds due to the possible delay in the repayment of existing and future obligations by counterparty banks. Within its daily operations the Group transacts, carrying out transactions through correspondent accounts, with banks and other financial institutions which are pre-approved and subject to a limits framework. In the normal course of business, the Group mainly places funds with good credit quality banks and financial institutions. By conducting these transactions, the Group is running the risk of losing funds due to the possible delays in the repayment to the Group of the existing and future obligations of the counterparty banks. The positions are checked against the limits on a regular basis, comprising real-time and end of day monitoring. Accordingly, such exposures are monitored through the practical use of exposure limits.

As part of the Group's credit risk management, Multitude Bank uses an External Credit Assessment Institution ('ECAI') in calculating its risk-weighted exposure amounts for Institutions for which a credit assessment is available. The credit quality of such exposures is determined by reference to credit ratings applicable to issuers published by Fitch Ratings. The Bank maps Fitch's ratings to the credit quality steps prescribed in the CRR as required by CEBS publication 'Standardised approach: Mapping of ECAIs' credit assessments to credit quality steps'.

Loans to customers

The Group's loans to customers can be grouped into several portfolios based on the structure of the underlying contracts with customers:

Prime Loans are longer-term instalment loans of up to EUR 30,000 for consumers, with loan maturity ranging between 1-10 years. The average loan amount is EUR 8,000 and the average loan term is five years.

A Micro Loan is a rapid and easy loan for instant, short-term need and quick payback. Micro Loans range from EUR 50 to EUR 1,000 and are paid back in one single instalment within 30–45 days. The average term of a Micro Loan is 33 days, with an average loan of EUR 372.

A Plus Loan is a larger loan, currently ranging from EUR 300-4,000 with maturity periods of between 2–18 months. The average term for a Plus Loan is 416 days and the average loan amount is EUR 1,252.

Credit Limit is a pre-approved credit line, also called revolving credit, allowing customers financial flexibility. Eligible customers are pre-approved for up to EUR 5,000 and can draw money or repay without fixed amounts or timelines. Credit Limit is like a credit card without a physical card. The average loan amount for a Credit Limit is EUR 2,620, the average first withdrawal amount is EUR 1,332 and the term is open-ended.

CapitalBox provides working capital instalment loans of up to EUR 350,000. These 6–48-month solutions are designed to help SMEs, e.g., finance expansion, inventory, marketing, hiring new talent, and purchasing or leasing equipment. The average loan amount is EUR 21,300 and the average term is 22 months.

Credit risk exposure from loans to customers pertains to short and long-term lending as part of the Group's principal activities and business model. Multitude considers this exposure the most critical risk and the biggest risk driver in its operating structure.

Customer credit rating and grading systems are in place to facilitate early identification and management of potential deteriorations in loan quality. Credit decisions are based on established risk governance framework, business credit policies, customer behaviour scorecards and risk categories, and country-specific legislations.

The creditworthiness of potential customers is assessed by reference to the calculation of a credit score for each loan application received and based on the customer's specific affordability. The relevant credit score is computed through the application scorecard for first time customers and through the behaviour scorecard for repeat customers. Based on the credit score registered, customers are grouped into risk classes. The respective risk class determines the maximum credit amount allowable for each customer. The scoring model and linked scorecards are monitored by the Risk management function of the Group. These are applied in all jurisdictions in which the Group operates with specific adaptations at country level taking cognisance of the different characteristics of each market; with the adaptations being centrally approved.

The scorecards are reviewed on an ongoing basis by the management team of the Group and updated according to market trends, political circumstances in the particular jurisdiction, legislative and socio-economic changes.

Credit risk exposure, including recognition and measurement of expected credit losses on loans to customers are discussed in more detail in Note 4.2.3.

Cash and cash equivalents

Credit risk exposure from cash and cash equivalents arises mainly from potential liquidity issues, coupled with liability caps applicable in various jurisdictions of banks and other financial institutions which hold the Group's cash and cash equivalents. The Group diversifies its deposits amongst 350 bank accounts in 19 countries to manage this risk.

The table below shows the amount of cash and cash equivalents deposited in various bank accounts, grouped based on Fitch's credit ratings for the years ended 31 December:

EUR '000	2022	2021
AAA	6,988	-
AA	-	-
AA-	2,364	1,773
A+	31,911	103,773
A	41,776	59,757
A-	24,309	69,696
BBB+	5,919	5,796
BBB	680	23
BBB-	3,161	17,488
BB+	300	-
BB	-	8,575
BB-	-	208
B	29	151
B-	-	-
No rating available	35,887	34,351
Total	**153,325**	**301,592**

Above mentioned balances include amounts deposited with central banks and loans and advances to banks.

EUR '000	2022	2021
Balance with the Central Bank of Czech	474	-
Balance with the Central Bank of Malta	37,045	98,019
Balance with the Central Bank of Lithuania	22,301	40,902
Balance with the Central Bank of Sweden	6,988	-
Total	66,808	138,921

The balances with Central Bank of Malta include a reserve deposit amounting to EUR 4.2 million (2021: EUR 4.3 million) held in terms of regulation. The Group shows this deposit as cash and cash equivalent for the purposes of statement of cash flows.

EUR '000	2022	2021
Loans to banks repayable on call and at short notice	27,356	48,165

Information on credit quality of balances with other banks

In the normal course of business, the Group places funds and carries out transactions through correspondent accounts with high credit quality local listed banks and international banks having a good credit rating, subject to the operational requirements and the application of a limit framework. Accordingly, such exposures are monitored through the practical use of exposure limits. In certain countries, the Group had to utilise unrated financial institutions due to operational constraints within such country, in view of the profile of the banking sector in those territories. The Group would carry out a comprehensive due diligence on such banks, prior to engaging with the banks, and on an event-driven basis throughout the term of the relationship.

At 31 December 2022, loans and advances to banks consisted primarily of immediately withdrawable nostro balances and term placements maturing within one month.

The Group runs the risk of loss of funds due to the possible political, economic and other events in a particular country where funds have been placed or invested with several counterparties domiciled in the same country or region. Countries are assessed according to their size, economic data and prospects together with credit ratings issued by international rating agencies. Existing country credit risk exposures, based on groupings of individual counterparties, are monitored and reviewed periodically. The Group's assets are predominantly in Europe.

At the end of the reporting period, none of the financial assets referred to were past due or impaired.

The following tables set out information about the credit quality of specific financial assets measured at amortised cost. The credit quality of the financial assets is determined by credit ratings applicable to issuers or counterparties based on external ratings published by reputable credit rating agencies:

2022, EUR '000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Balances with Central Banks at amortised cost A+ to A-	66,808	-	-	66,808
Gross carrying amount				
Loss allowance	66,808	-	-	66,808
Carrying amount – net of loss allowance	66,808	-	-	66,808

In this regard, the Government of Malta and Government of Lithuania as at 31 December 2022 had both a rating of A2, as issued by Moody's on 18 November 2022 and 29 April 2022, respectively. (2021: A2, as issued by Moody's on 06 August 2021 and 12 February 2021, respectively.) The Government of Sweden as at 31 December 2022 had a rating of AAA as issued by Moody's on 25 March 2022 (2021: AAA, as issued by Moody's on 27 March 2020). The Government of Czech as at 31 December 2022 had a rating of AA3 as issued by Moody's on 5 August 2022 (2021: AA3, as issued by Moody's on 5 February 2021).

As at 31 December 2022, expected credit loss allowances in respect of balances with the Central Banks (which are assumed to have the same credit quality as the Government of Malta, Government of Lithuania, Government of Czech and Government of Sweden) were deemed to be insignificant.

Similarly, the Group holds immediately withdrawable balances with highly rated and reputable financial institutions. As at 31 December 2022, expected credit loss allowances in respect of such balances were deemed to be insignificant.

2021, EUR '000	**Stage 1** **12-month ECL**	**Stage 2** **Lifetime ECL**	**Stage 3** **Lifetime ECL**	**Total**
Balances with Central Banks at amortised cost A+ to A-	138,921	-	-	138,921
Gross carrying amount Loss allowance	138,921	-	-	138,921
Carrying amount – net of loss allowance	138,921	-	-	138,921

2022, EUR '000	**Stage 1** **12-month ECL**	**Stage 2** **Lifetime ECL**	**Stage 3** **Lifetime ECL**	**Total**
Loans and advances to banks at amortised cost A+ to A-	3,795	-	-	3,795
BBB+ to BBB-	4,478	-	-	4,478
BB+ to BB-	241	-	-	241
Unrated	18,842	-	-	18,842
Gross carrying amount Loss allowance	27,356	-	-	27,356
Carrying amount – net of loss allowance	27,356	-	-	27,356

As at 31 December 2022 and 2021, there were no acquired credit-impaired assets.

After the end of the reporting period there were no significant changes in credit ratings reflected in the tables above which have a material impact on the credit quality of the financial assets.

2021, EUR '000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loans and advances to banks at amortised cost				
A+ to A-	14,283	-	-	14,283
BBB+ to BBB-	19,063	-	-	19,063
BB+ to BB-	1,016	-	-	1,016
Unrated	13,803	-	-	13,803
Gross carrying amount	48,165	-	-	48,165
Loss allowance				
Carrying amount – net of loss allowance	48,165	-	-	48,165

Other financial assets at amortised cost
The Group's other financial assets are mainly comprised of receivables from banks, receivables from sold portfolio, and other current and non-current financial assets as shown in Note 18.

Receivables from banks include bank deposits set aside to fund the Group's swaps and forward contracts and do not meet the definition of cash and cash equivalents. Credit risks associated with these receivables are similar to those of cash and cash equivalents. They are managed by the Group's treasury function as part of its hedging activities as discussed in Note 4.3.1.

Receivables from sold portfolio include mostly loans to customers considered to be non-performing and credit impaired. The Group manages the credit risk associated with these loans by selling related portfolios, in part or as a whole, to other financial institutions, generally on a non-recourse basis. The Group has defined vetting procedures to ensure the credit risk exposure arising from any amounts receivable from sold portfolio are minimised. Such portfolio sales are backed by strict contractual terms and conditions regarding payment terms and settlement of the amount due to the Group.

Other current and non-current financial assets include investment in bonds, non-operative receivables and deposits from various third parties. The Group individually assesses credit risk exposure arising from underlying financial assets at the end of each reporting period based on the applicable measurement guidelines under IFRS 9.

Recognition and measurement of expected credit losses in relation to other financial assets at amortised cost are discussed in detail in Note 4.2.3.

Investments in debt securities
The investment in debt instruments represent the acquisition by the Multitude Bank of secured bonds issued by corporate entities. Such bonds are secured by a number of loan portfolios which are pledged in favour of the Bank, and are subject to a number of covenants including predetermined ratios of ageing portfolios and advance rates. Such covenants are monitored on a regular basis by management. Moreover, the Bank also has additional collateral in the form of cash deposited in its accounts or pledged financial instruments. Additionally, the investment in debt instruments encompass several clauses and covenants to reduce the credit risk in relation to such investments.

The Risk Management team evaluates and assesses these investments at inception to determine the credit quality of the investment and potential credit risks that may arise. Moreover, on an ongoing basis, the Bank actively monitors respective credit risk related clauses to ensure that these are still being adhered to.

Credit risk exposure, also including recognition and measurement of expected credit losses on investment securities are discussed in more detail in Note 4.2.5.

4.2.2 Expected credit losses
IFRS 9 requires that an entity recognise loss allowance for ECL relating financial assets measured at amortised cost and financial assets at FVOCI, both at initial recognition and after that at each reporting date. Since Multitude does not have any financial assets at FVOCI, this section only applies to the Group's financial assets measured at amortised cost, including loans to customers, and other financial assets measured at amortised cost, as outlined in Note 3.2.1.

4.2.3 ECL for loans to customers

Following the "three-stage" model for recognising ECL under IFRS 9, at initial recognition, the Group presumes that loans to customers are not credit-impaired (Stage 1) and measures the related loss allowance at an amount equal to the portion of credit losses from expected defaults occurring within the next 12 months ("12-month ECL").

At each reporting period, the Group assesses whether a significant increase in credit risk ("SICR") since initial recognition is identified (Stage 2) or whether the underlying financial assets are credit-impaired (Stage 3). In doing this assessment, the Group compares the risk of a default occurring over the expected lifetime of its loans to customers at initial recognition and as at the reporting date, considering relevant, reasonable, and supportable information based on historical data, credit scoring, delinquency status, 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, Credit Cards, 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 portfolios were originated. ECL for the underlying loans to customers is 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").

Moreover, the Group has also implemented elements and observable events which may indicate Unlikeliness-To-Pay ("UTP"), in addition to the quantitative criteria of days past due, in its internal credit risk assessment as part of its ECL methodology. By doing so, the Group is no longer looking at its loans as a number of homogenous portfolios, assessing performance and staging solely based on the DPD criterion. The UTP criteria adopted are the following:

- Simulated Termination - The UTP flag is implemented when a loan has reached the days past due of termination for the portfolio, in cases where termination occurs before default definition;
- Suspected Fraud - Unlikeliness to pay is triggered if a loan is identified as possible fraud in the fraud management tool;
- Insolvency - Unlikeliness to pay is triggered if a customer has notified the Group of insolvency, through either collection tool or debt manager systems; and
- Death - Unlikeliness to pay is triggered if a customer has notified the Group of death, through either collection tool or debt manager systems.

The UTP assessment enhances the ECL methodology by checking on a loan-by-loan level whether a customer's performance has deteriorated based on other criteria that can be observed before meeting the hard DPD criterion. Under this methodology, apart from the defined NPL DPD criteria to be reclassified as Stage 3, by applying the UTP assessment, if the customer meets certain behavioural unlikeliness to pay criteria then the loan would accordingly be reclassified as Stage 3.

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" regarded as "underperforming" with an occurrence of SICR since initial recognition (Stage 2), and "Sub-standard" and "Doubtful" considered to be "non-performing" and credit-impaired (Stage 3).

The table below shows the Group's gross outstanding loans to customers balances, risk grading, and basis for ECL recognition and measurement as at the years ended 31 December:

Risk grade	Category	Basis for ECL	Days past due*		UTP	2022	2021
			Lower range	Upper range			
Regular	Performing	Stage 1 (12-month ECL)	0 to 30		-	464,238	394,447
Watch	Underperforming	Stage 2 (lifetime ECL)	31 - 45	31 - 60	-	20,755	20,208
Substandard	Underperforming	Stage 2 (lifetime ECL)	46 - 60	61 - 90	-	14,862	9,416
Doubtful	Non-performing	Stage 3 (lifetime ECL)	61 - 180	91 - 180	Yes	24,868	27,971
Loss	Non-performing	Stage 3 (lifetime ECL)	More than 180 days		-	95,072	121,666
Total						**619,794**	**573,708**

*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.

In addition, the table below summarises the movements and the balances of loss allowances for loans to customers for the years ended and as at 31 December:

EUR '000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
GROSS LOANS TO CUSTOMERS				
As at 1 January 2022	**394,447**	**29,623**	**149,637**	**573,708**
Transfers in between stages:				
Transfers out of Stage 1	(47,743)	14,126	33,618	-
Transfers out of Stage 2	3,029	(11,640)	8,610	-
Total changes from transfers in between Stages	**(44,714)**	**2,486**	**42,228**	**-**
Other changes in gross loans to customers				
New loans originated during the year	736,697	36,481	68,225	841,404
Loans derecognised during the year	(613,537)	(32,294)	(123,464)	(769,295)
Write-offs	-	-	(15,006)	(15,006)
Changes in forex and other movements	(8,655)	(680)	(1,681)	(11,016)
Net changes in gross loans to customers	**69,791**	**5,993**	**(29,698)**	**46,087**
Gross loans to customers as at 31 December 2022	**464,238**	**35,617**	**119,939**	**619,794**
LOSS ALLOWANCES				
Loss allowances, as at 1 January 2022	**20,608**	**8,806**	**92,595**	**122,009**
Transfers in between stages:				
Transfers out of Stage 1	(3,349)	824	2,525	-
Increase (decrease) due to transfers out of Stage 1	-	3,387	14,069	17,455
Transfers out of Stage 2	795	(3,433)	2,638	-
Increase (decrease) due to transfers out of Stage 2	(540)	-	2,607	2,067
Increase (decrease) due to changes in DPD buckets	777	65	7,641	8,484
Total changes from transfers in between Stages	**(2,317)**	**843**	**29,480**	**28,006**
Other changes in loss allowances:				
New financial assets originated during the year	46,412	11,806	34,539	92,757
Financial assets derecognised during the year	(39,136)	(9,976)	(67,668)	(116,781)
Write-offs	-	-	(15,006)	(15,006)
Remeasurements from changes in model	(153)	(286)	678	239
Unwind of discount	-	-	480	480
Changes in forex and other movements	(465)	(169)	(740)	(1,373)
Net changes in loss allowances	**4,341**	**2,218**	**(18,236)**	**(11,677)**
Loss allowances as at 31 December 2022	**24,949**	**11,024**	**74,359**	**110,332**
Impaired loan coverage ratio ("ICLR")	**5.37%**	**30.95%**	**62.00%**	**17.80%**

Transfers out of Stage 1 are driven by the underlying gross loans to customers to have a significant increase in credit risks since initial recognition (Stage 2) or become credit-impaired (Stage 3), whereas 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 ECL stages could also result in an increase (decrease) in loss allowances during the year.

Remeasurements from changes in the 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's present value for long-outstanding loans to customers.

EUR '000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
GROSS LOANS TO CUSTOMERS				
As at 1 January 2021	308,529	23,970	179,290	511,789
Transfers in between stages:				
Transfers out of Stage 1	(42,494)	8,358	34,135	-
Transfers out of Stage 2	2,473	(12,069)	9,597	-
Total changes from transfers in between Stages	**(40,021)**	**(3,711)**	**43,732**	**-**
Other changes in gross loans to customers				
New loans originated during the year	708,135	28,796	62,357	799,288
Loans derecognised during the year	(581,363)	(19,451)	(119,038)	(719,852)
Write-offs	-	-	(17,451)	(17,451)
Changes in forex and other movements	(833)	20	747	(66)
Net changes in gross loans to customers	**85,918**	**5,653**	**(29,653)**	**61,919**
Gross loans to customers as at 31 December 2021	**394,447**	**29,623**	**149,637**	**573,708**
LOSS ALLOWANCES				
Loss allowances, as at 1 January 2021	**20,589**	**7,818**	**118,010**	**146,417**
Transfers in between stages:				
Transfers out of Stage 1	(3,743)	603	3,141	-
Increase (decrease) due to transfers out of Stage 1	-	1,718	13,471	15,189
Transfers out of Stage 2	583	(3,834)	3,250	0
Increase (decrease) due to transfers out of Stage 2	(393)	-	2,428	2,035
Increase (decrease) due to changes in DPD buckets	340	16	9,997	10,353
Total changes from transfers in between Stages	**(3,212)**	**(1,497)**	**32,286**	**27,577**
Other changes in loss allowances:				
New loans originated during the year	42,576	9,321	31,472	83,368
Loans derecognised during the year	(38,204)	(6,801)	(74,639)	(119,644)
Write-offs	-	-	(17,451)	(17,451)
Remeasurements from changes in model	(1,126)	(58)	1,358	174
Unwind of discount	-	-	787	787
Changes in forex and other movements	(14)	23	772	781
Net changes in loss allowances	**20**	**988**	**(25,415)**	**(24,407)**
Loss allowances as at 31 December 2021	**20,608**	**8,806**	**92,595**	**122,009**
Impaired loan coverage ratio ("ICLR")	**5.22%**	**29.73%**	**61.88%**	**21.27%**

4.2.4 ECL for other financial assets at amortised cost

IFRS 9 provides a practical expedient for recognising 12-month ECL for financial instruments deemed to have low credit risk at the reporting date. Where applicable, the Group applies this practical expedient in determining loss allowances regarding other financial assets measured at amortised cost. This is to the extent that the underlying receivables from counterparties are "investment grade" based on the definition of external rating agencies – between AAA to BBB- (Standard & Poor's, Fitch) or Aaa-Baa3 (Moody's).

At each reporting date, the Group assesses whether there were any changes in circumstances that would result into a significant increase in credit risk since initial recognition in relation to its other financial assets at amortised cost and determines whether loss allowances should be recognised using lifetime ECL.

4.2.5 ECL for investments in debt instruments

For the investments in debt instruments that are classified as non-current financial assets in the consolidated statement of financial positions of the Group, Multitude Bank conducts periodical assessments in relation to the respective portfolio to assess whether the Bank should provide for expected credit losses. In order for its ECL methodology to represent an appropriate estimation of its credit risk emanating from said investments, the Bank assesses the ECL on each investment separately. Consistent with the regulatory and industry best practices, the Bank's ECL calculations are based on Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD"). This is consistent to the approach used for the purposes of measuring ECL under IFRS 9 (Note 18).

Albeit following the same methodology based on the above components, the Bank ensures that the assumptions of the underlying ECL methodology are reflective of the different natures and characteristics of each respective investment.

4.2.6 Write-off policy

The Group writes off and derecognises loans to customers and other financial assets at amortised cost when it determines that these are credit-impaired for a significant period, and the Group has exhausted all practical efforts and debt recovery strategies. In some cases, the Group may opt to conduct a one-off sale of the underlying financial assets, in part or as a whole, to third parties.

In case of a sale, the Group recognises the gain or loss from the sale of loans to customers or other financial assets as the difference between the consideration received, and the carrying amount (gross amount less any loss allowances) of such financial assets and costs incurred during the sale, in the statement of profit or loss. In the case of the write-offs, loss on disposal is recognised as equal to the carrying amount of such financial assets in the consolidated statement of profit or loss.

4.2.7 Credit concentration risk

Credit concentration risk exposure results from inadequate diversification of the Group's loans to customers. The Group manages this risk by actively and regularly monitoring, measuring, and analysing credit concentrations at the portfolio and market levels, and where applicable, with other counterparties.

Credit concentration risk for loans to customers

The Group's loans to customers do not include any significant credit risk concentrations. These are comprised of retail exposures which are individually insignificant, with the biggest value per customer arising from SME loans, granted through the standard underwriting process of the Group, at a cap of EUR 350,000 or 0.01% of total Group loans to customers for the years ended 31 December 2022 and 2021. Albeit, the Group has one particular exposure to an SME which exceeds this cap. Multitude does not have clients that individually generate more than 10% of total revenue for the years ended 31 December 2022 and 2021.

Credit concentration risk by geographic region

The Group has also assessed and analysed the credit concentration risk exposure by geographical region based on the country of domicile of the respective customers or counter parties. The top three credit exposure by country accounts for 20.1% 18.2%, and 14.3% (22.5% 16.8%, and 9.0% in 2021) of the Group's loans to customers, cash and cash equivalents, and other financial assets at amortised cost. The 20.1% credit concentration risk as at 31 December 2022 (22.5% in 2021) relates to loans to customers, cash and cash equivalents, and other financial assets at amortised cost in Finland.

EUR '000	Loans to customers	Other current financial assets	Total	2022
Finland	106,297	34,694	140,991	20.1%
Sweden	122,443	5,064	127,507	18.2%
Malta	-	100,352	100,352	14.3%
Latvia	83,603	123	83,726	11.9%
Denmark	58,176	-	58,176	8.3%
Germany	39,920	1,362	41,282	5.9%
Estonia	23,290	1,152	24,442	3.5%
The Netherlands	15,895	-	15,895	2.3%
Czech Republic	10,623	229	10,852	1.5%
Others	49,216	49,471	98,687	14.1%

4.3 Market risk

The Group's operations in different markets expose it to various market risks, including foreign exchange risk, interest rate risk, and fair value risk.

4.3.1 Foreign exchange risk

The Group operates in different markets, mainly within and selectively outside of the Euro zone and generates significant transactions and balances in various currencies and therefore is exposed to foreign exchange risk. In addition, intercompany transactions and loans between entities with different functional currencies are often carried out within the Group due to the nature and wide geographic scope of its operations. As a result, the Group is exposed to fluctuations in future cash flows arising from foreign currency denominated assets and liabilities, both with external and internal parties, primarily driven by changes in foreign exchange rates between the euro and other currencies.

Multitude manages foreign exchange risks through its treasury risk management policy that aims to hedge and mitigate the potential adverse impact of fluctuations in foreign exchange rates between the euro and other currencies.

In addition, the Group also enters into foreign exchange swaps and forward contracts to hedge material intercompany loans and balances that are not denominated in euros. Group treasury policy further requires all Group entities to fully manage and hedge all significant foreign currency denominated transactions and balances against their own and, ultimately, the Group's functional currencies.

As at 31 December 2022 and 2021, the Group's primary foreign exchange exposure arises from intercompany loans and other monetary assets and liabilities denominated in Swedish crown ("SEK"), Czech crown ("CZK"), Norwegian crown ("NOK") and Polish zloty ("PLN"). Accordingly, the Group hedges the foreign exchange risks from the net assets denominated in these currencies. SEK and CZK constitute roughly 91% of the hedged volume for 2022. The Group is mainly using CZK-to-EUR and SEK-to-EUR foreign exchange forward contracts for its hedging purposes. The Group is also subject to RON, HRK, GBP, DKK and BGN but they are assessed to be not material for both 2021 and 2022.

The table below shows the nominal value of the Group's net asset exposures and the hedging coverage from foreign exchange and forward contracts in relation to SEK, CZK, NOK and PLN as at 31 December:

	SEK		CZK		NOK		PLN	
EUR '000	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Cash in Bank	18,732	12,549	5,083	12,995	2,192	2,820	1,039	4,790
Portfolio	98,610	105,551	10,480	12,262	5,745	7,372	268	2,653
Intercompany loan	20,198	30,460	-	4,001	-		-	18,020
Net position	**137,541**	**148,559**	**15,563**	**29,259**	**7,938**	**10,193**	**1,306**	**25,463**
Hedging	**127,417**	**138,943**	**15,276**	**30,155**	**8,427**	**11,216**	**1,816**	**14,143**
Hedging coverage in %	**92.64%**	**93.53%**	**98.16%**	**103.06%**	**106.16%**	**110.04%**	**139.00%**	**55.54%**

The impact to the after-tax profit or loss if euro had weakened/strengthened by 10% against PLN and SEK, with all other variables held constant, for the years ended 31 December are as follows:

	SEK		CZK		NOK		PLN	
EUR '000	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Currency up by 10%	1,012	962	29	(90)	(49)	(102)	(51)	1,132
Currency down by 10%	(1,012)	(962)	(29)	90	49	102	51	(1,132)

4.3.2 Interest rate risk

The Group is exposed to interest rate risk either through market value fluctuations of items in the consolidated statement of financial position (price risk) or changes in interest income or expenses. Interest rate risk mainly arises through interest-bearing liabilities and assets. Estimated future changes in cash flows and the structure of the consolidated statement of financial position also expose the Group to interest rate risk.

The objective of interest rate risk management is to mitigate adverse impacts arising from interest rate fluctuations on the consolidated statements of profit or loss, cash flows, and financial position while considering the Group's target capital structure and the resulting net interest rate exposure. The Group maintains a diverse portfolio of financial assets and liabilities that yield interest income and expenses; based on fixed and variable interest rates. The Group's financial assets and liabilities with variable and a combination of fixed and variable interest rates are based on Euribor, which is the basic rate of interest used in lending between banks and is commonly used as a reference for setting the interest rate on loans within the European union ("EU"). Per 31.12.2022, the Group is not engaged in interest rate hedging transactions.

The interest rate profile of the Group's financial assets and liabilities as at 31 December are as follows:

EUR '000	Variable interest rate	Fixed interest rate	Non-interest bearing	Total
31 December 2022				
Loans to customers	10,688	498,775	-	509,463
Cash and cash equivalents	86,517	-	66,808	153,325
Receivables from banks	-	4,362	-	4,362
Other financial assets	21,107	7,776	5,964	34,847
Total	**118,312**	**510,913**	**72,772**	**701,997**
Deposits from customers	(93,170)	(402,719)	(5,845)	(501,734)
Perpetual bonds	(50,000)	-	-	(50,000)
Long-term borrowings	(49,052)	-	-	(49,052)
Lease liabilities	-	(3,669)	-	(3,669)
Total	**(192,222)**	**(406,388)**	**(5,845)**	**(604,455)**
Net exposure	**(73,910)**	**104,525**	**66,927**	**97,542**
31 December 2021				
Loans to customers	62,704	381,168	-	443,872
Cash and cash equivalents	134,589	125,964	41,039	301,592
Receivables from banks	-	5,108		5,108
Total	**197,293**	**512,240**	**41,039**	**750,572**
Deposits from customers	1,276	(477,969)	(8,071)	(484,764)
Short-term borrowings	(84,371)	-	-	(84,371)
Long-term borrowings	(58,979)	-	-	(58,979)
Lease liabilities	-	(1,764)	-	(1,764)
Total	**(142,074)**	**(479,733)**	**(8,071)**	**(629,878)**
Net exposure	**55,219**	**32,507**	**32,968**	**120,694**

The Group analyses its interest rate exposures on a periodic basis. Various scenarios are simulated considering refinancing, renewal of existing positions, alternative financing, and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift for the assets and liabilities held by Multitude Bank p.l.c. that constitute the majority of interest-bearing items. The same interest rate shift is used for each simulation for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Notwithstanding the above, the Group will keep monitoring the materiality of interest rate risk on a regular basis and when there are significant changes to the business model or strategy which might impact the assessment.

The Group is exposed to cash flow interest rate risk in respect of certain financial assets and liabilities which are subject to floating interest rates. Taking cognisance of the nature of Multitude Bank's financial assets and liabilities, under the requirements of IFRS 7, a sensitivity analysis in respect of interest rate changes is applied in relation to the majority of the net floating rate instruments to which the Group is exposed to via Multitude Bank p.l.c. These instruments are the net resultant of floating rate assets, which mainly constitute the surplus liquidity placed with banks, and floating rate liabilities, consisting of funding through customer deposits.

At the end of the reporting periods, if the interest rates on the floating rate instruments had increased/decreased by 100 basis points (assuming a parallel shift of 100 basis points in yields) with all other variables held constant, the pre-tax result for the year for Multitude Bank would change by the following amounts determined by applying the shift to the net variable interest exposure at the end of the reporting periods:

EUR '000	2022	2021
(+) 100 bp	(1,844)	(2,476)
(-) 100 bp	1,844	2,476

The amounts above are not impacted by intercompany funding arrangements.

4.4 Liquidity risk

Liquidity risk is defined as financial distress or extraordinarily high financing costs arising from a shortage of liquid funds in a situation where outstanding debt needs to be refinanced or where business conditions unexpectedly deteriorate and require financing. Transactional liquidity risk is defined as the risk of executing a financial transaction below fair market value or not being able to execute the transaction within a specific period. The objective of liquidity risk management is to maintain sufficient liquidity and to ensure that it is readily available without endangering its value to avoid uncertainty related to financial distress at all times.

Cash flow forecasting is performed at the market level in each operating entity and aggregated centrally by the Group's treasury. The Group's treasury function monitors rolling forecasts of the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom for its borrowing facilities and other non-current liabilities to avoid breaches in debt agreements. Such forecasting considers the Group's debt financing plans, debt covenants, internal balance sheet ratio targets, legal and regulatory requirements, and currency restrictions. Group Treasury is, together with Bank Treasury, jointly ensuring and aligning that the Group is sufficiently liquid at all times.

The undiscounted repayment schedule for financial assets, including future interest payments, as at 31 December are as follows:

EUR '000	Less than 12 months	Between 1-2 years	Over 2 years	Total
31 December 2022				
Cash and cash equivalents	153,325	-	-	153,325
Loans to customers	405,736	39,828	63,899	509,463
Prepaid expenses and other assets	1,549	-	-	1,549
Other financial assets	10,326	-	28,883	39,209
Total	**570,935**	**39,828**	**92,782**	**703,545**
31 December 2021				
Cash and cash equivalents	301,592	-	-	301,592
Loans to customers	361,710	55,181	34,807	451,698
Prepaid expenses and other assets	1,324	-	-	1,324
Other financial assets	13,344	6,215	-	19,559
Total	**677,970**	**96,203**	**-**	**774,173**

The undiscounted repayment schedule for financial liabilities, including future interest payments, as at 31 December are as follows:

EUR '000	Less than 12 months	Between 1-2 years	Between 2-5 years	Total
31 December 2022				
Deposits from customers*	420,124	53,862	27,748	501,734
Borrowings:				
Principal	-	3,052	46,000	49,052
Interests	-	-	-	-
Trade payables and other liabilities**	15,576	-	-	15,576
Lease liabilities	1,180	1,142	1,347	3,669
Total	**436,880**	**58,056**	**75,095**	**570,031**
31 December 2021				
Deposits from customers*	401,971	65,015	17,778	484,764
Borrowings:				
Principal	84,731	58,619	-	143,350
Interests	5,014	995	-	6,009
Trade payables and other liabilities*	15,221	-	-	15,221
Lease liabilities	1,467	181	116	1,764
Total	**508,404**	**124,810**	**17,894**	**651,108**

* Deposits from customers include EUR 119.9 million at 31 December 2022 and EUR 120.2 million at 31 December 2021 of payable on demand.
**Trade payables and other liabilities exclude accrued interests on borrowings.

The Group manages this risk, by maintaining a strong base of shareholders' capital considering the stage of development of its operations. The Group manages its asset base with liquidity in mind and monitors future cash flows and changes in available liquid assets on a regular basis. As at 31 December 2022 and 2021, the Group's pool of liquid assets consists mainly of balances with banks. The Group's financial liabilities comprise predominantly of deposits from customers i.e. amounts owed to customers. The Group's objective is to maintain an adequate level of liquid assets by reference to cash outflows expected in relation to amounts owed to customers and other liabilities.

The tables below show the maturity of deposits from customers of Multitude Bank plc as well as the split of such deposits by contractual terms:

As at 31 December 2022, EUR '000	Within three months	Between three months and one year	More than one year	Total
Maturity of: Deposits from customers	161,430	260,337	81,610	503,377

As at 31 December 2021, EUR '000	Within three months	Between three months and one year	More than one year	Total
Maturity of: Deposits from customers	212,168	190,190	83,682	486,040

Deposits from customers by contractual terms, EUR '000	2022	2021
Term deposits	402,362	394,498
Call accounts	101,015	91,542
	503,377	486,040

Deposits from customers, reflected in the table above and consisting of customer deposits, are not expected to be withdrawn in accordance with contractual terms, taking cognisance of the nature of these instruments. Hence, the Group is in a position to manage liquidity risk due to maturity mismatches between deposits and loans to customers.

4.5 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern to provide returns to shareholders and benefits for the Group's stakeholders and to maintain an optimal capital structure to reduce the cost of capital. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new bonds, or sell assets to reduce debt.

The Group's funding structure and cost of capital is primarily comprised of deposits received from customers and issued financial instruments such as the German bonds issued in 2018 and 2019, Multitude SE 2022 senior unsecured bonds, and Multitude Bank tranche bonds, presented borrowings, in the consolidated statement of financial position. To generate additional capitalisation, the Group issued a perpetual bond, accounted for as restricted reserves in equity, with a nominal value of EUR 50 million on 5 July 2021 (Note 1.1).

The nominal values, grouped by liquidity and interest characteristics, of the Group's costs of capital as compared to cash and cash equivalents ("net debt"), and the movements for the years ended and as at 31 December are as follows:

EUR '000	2022	2021
Cash and cash equivalents	153,325	301,592
Gross debt, due within 1 year	(420,124)	(486,342)
Gross debt, due after 1 year	(130,662)	(141,772)
Perpetual bonds with no maturity date	(50,000)	(50,000)
Net debt	**(447,461)**	**(376,522)**
Cash and cash equivalents	153,325	301,592
Gross debt - non-interest bearing	(402,719)	(477,969)
Gross debt - variable interest rates	(192,222)	(192,074)
Gross debt - fixed interest rates	(5,845)	(8,071)
Net debt	**(447,461)**	**(376,522)**

EUR '000	Cash and cash equivalents	Gross debt, due within 1 year	Gross debt, due after 1 year	Perpetual bonds	Net debt
AS AT 1 JANUARY 2021	**236,564**	**(275,833)**	**(243,689)**	**-**	**(282,958)**
Issuance of perpetual bonds	**-**	**-**	**-**	**(50,000)**	**(50,000)**
Repayment of borrowings	-	15,629	21,021	-	36,650
Net (increase) decrease in deposits	-	(226,138)	80,896	-	(145,242)
Net increase in cash and cash equivalents	65,103	-	-	-	65,103
Foreign exchange adjustments	(75)	-	-	-	(75)
AT 31 DECEMBER 2021	**301,592**	**(486,342)**	**(141,772)**	**(50,000)**	**(376,522)**
Issuance of perpetual bonds	**-**	**-**	**-**	**-**	**-**
Proceeds from borrowings	-	87,072	-	-	87,072
Repayment of borrowings	-	(182,150)	-	-	(182,150)
Net (increase) decrease in deposits	-	161,296	11,110	-	172,406
Net increase in cash and cash equivalents	(142,209)	-	-	-	(142,209)
Foreign exchange adjustments	(6,059)	-	-	-	(6,059)
AT 31 DECEMBER 2022	**153,325**	**(420,124)**	**(130,662)**	**(50,000)**	**(447,461)**

In addition to managing capital at Group level as described above, Multitude Bank monitors its capital requirements in compliance with applicable regulations by Malta Financial Services Authority (MFSA) due to the banking license, and through the net equity covenants for Multitude SE as prescribed by terms and conditions of 2022 senior unsecured floating rate bonds. Capital adequacy and the use of regulatory capital are monitored on an ongoing basis by the management, employing techniques based on the guidelines developed by the Basel Committee and the European Union Directives and regulations, as implemented by the MFSA for supervisory purposes. The level of own funds represents the Multitude Bank p.l.c. available capital and reserves for the purposes of assessing capital adequacy from a regulatory perspective. Multitude Bank. is required to maintain a ratio of total regulatory capital to risk-weighted assets ("Capital requirements ratio") as well as a CET 1 capital ratio above a minimum level as prescribed by banking regulations. The Bank has processes to ensure that the minimum regulatory requirements in relation to own funds are met at all times.

According to bond documentation the Multitude SE is obliged to ensure that Group's consolidated equity is maintained at the certain levels on each reporting date. These measurements include Maintenance Covenant and Distribution Test. The Maintenance Covenant shall be calculated in accordance with the Accounting Principles applicable to the Group and tested by reference to each of the consolidated financial statements on each reference date with respect to the reference period ending on such reference date. The first test date shall be 31 December 2022. Multitude SE shall ensure that the Net Equity Ratio is at all times at least 18%.

The calculation of the Net Equity Ratio for the purpose of the Distribution Test shall be on the most recent consolidated financial statements, adjusted for any Restricted Distributions made after the end of the period covered by such consolidated financial statements but before the date of the Restricted Distribution and include the contemplated Restricted Distribution on a pro forma basis. The Distribution Test is met if the Net Equity Ratio exceeds 25%. In relation to this test, Restricted Distribution shall be understood as dividends and other restricted payments that may be distributed to 50% of a Group's previous year's net profit and up to 10% of cash on the Group level (excluding Multitude Bank p.l.c.). Moreover, the Distribution Test shall be met at the time of distribution when calculated pro forma, including the relevant Restricted Distribution. Net Equity Ratio is 30.2% as of 31 December 2022.

5. Group companies

The Group organisational structure as at 31 December 2022 and comparative 31 December 2021 is shown in the table below:

Ownership in Group companies	Country	2022	2021
Bhawana Capital Private Limited	India	99.27%	99%
Bidellus Bangladesh Ltd	Bangladesh	100%	100%
CapitalBox AB	Sweden	100%	100%
CapitalBox GmbH	Germany	100%	100%
Ferratum (Malta) Holding Limited	Malta	100%	100%
Ferratum Australia Pty Ltd	Australia	100%	100%
Multitude Bank p.l.c.	Malta	100%	100%
Ferratum Brazil Servicos De Correspondente Bancario Ltda	Brazil	100%	100%
Ferratum Bulgaria EOOD	Bulgaria	100%	100%
Vector Procurement Solutions Inc.	Canada	100%	100%
Ferratum Capital Germany GmbH	Germany	100%	100%
Ferratum Capital Oy	Finland	100%	100%
Ferratum Czech s.r.o.	Czech Republic	100%	100%
Ferratum Latvia SIA	Latvia	100%	100%
Ferratum Mexico S. de R.L. de C.V.	Mexico	100%	100%
Ferratum New Zealand Ltd. (liquidated)	New Zealand	-	100%
Ferratum Portfolio S.à r.l.	Luxembourg	100%	100%
Ferratum Romania I.F.N.S.A.	Romania	100%	99.94%
fe Business Services OÜ	Estonia	100%	100%
Guarantee Services OÜ	Estonia	100%	100%
Multitude IT Labs s.r.o.	Slovakia	100%	100%
Inari Serviços Financeiros Ltda	Brazil	100%	100%
Mr Credit Pty Ltd	Australia	100%	100%
Multitude Global Services Corp	Philippines	99.94%	-
Multitude International Services Oy	Finland	100%	100%
Multitude Services Sweden AB	Sweden	100%	100%
Numeratum d.o.o.	Croatia	100%	100%
Pactum Collections GmbH	Germany	100%	100%
Pactum Poland Sp. z.o.o.	Poland	100%	100%
Saldodipje SL	Spain	100%	100%
Saldo Gestion SL	Spain	100%	100%
Suomen Joustava Oy	Finland	100%	100%
Multitude Services Lithuania UAB	Lithuania	100%	100%

Net assets and loss on disposal of subsidiaries

Immediately prior to their disposals, the Group has determined the fair values and carrying amounts of FGB and FDK's assets and liabilities as follows:

EUR '000	Ferratum UK at 31 October 2021	Ferratum Denmark at 31 December 2021
ASSETS		
Right-of-use assets	-	52
Loans to customers	1,058	-
Other current financial assets	-	35
Current tax assets	-	555
Prepaid expenses and other current assets	87	21
Cash and cash equivalents	927	461
Total assets	**2,072**	**1,124**
LIABILITIES		
Lease liabilities	-	(53)
Trade payables	(8)	-
Accruals and other current liabilities	(73)	(863)
Total liabilities	**(81)**	**(916)**
Net assets	**1,991**	**208**

In addition, immediately prior to their disposal, there were no components of non-controlling interests or other comprehensive income attributable to FGB or FDK. Total consideration from the disposals included cash receipts of EUR 100 and EUR 27 for FGB and FDK, respectively. Losses from these disposals are calculated as follows:

EUR	Ferratum UK	Ferratum Denmark
Consideration received	100	27
Carrying amount of net assets sold	1,990,540	208,361
Loss on disposal	**1,990,440**	**208,324***

*Loss on disposal of FDK is presented in other income (expenses) in Note 11.

6. Discontinued operations

On 31 October 2021, the Group disposed of its total shareholdings, representing 100% ownership interest in Ferratum UK Ltd. ("FGB"), which was accounted for as discontinued operations. Accordingly, the Group carved out the results of operations relating to FGB from its consolidated statements of profit or loss and the accompanying note disclosures at the financial statement line-item level after the elimination of intra-group income and expenses.

Loss from discontinued operations

The loss from discontinued operations, including the loss arising from the disposal of FGB for the years ended 31 December, as in the table below, is presented as a single line item in the consolidated statement of profit or loss. The Group did not retain any operations in FGB for the year ended 31 December 2022.

EUR '000	Restated 2021
Interest revenue	(459)
Servicing fee revenue	
Operating expenses:	
Impairment loss on loans to customers	(538)
Bank and lending costs	(530)
Personnel expense	(403)
Selling and marketing expense	(1)
General and administrative expense	(457)
Operating loss	**(2,388)**
Loss on disposal of discontinued operations	(1,991)
Other income, net	4
Loss before interests and taxes ("EBIT")	**(4,375)**
Finance costs, net	(1,351)
Loss before income tax	**(5,726)**
Income tax expense	(82)
Loss from discontinued operations	**(5,808)**

Net cash flows from discontinued operations

The net cash flows from operating, investing, and financing activities relating to FGB for the years ended 31 December are as follows:

EUR '000	2021
Net cash flows from (used in) operating activities	26
Net cash flows from (used in) investing activities*	8,755
Net cash flows from (used in) **discontinued operations**	**8,781**

*The net cash flows from (used in) investing activities include cash and cash equivalents transferred, net of cash proceeds received, from the disposals of FGB amounting to EUR 0.9 million.

7. Segment information

The results of operations from the Group's operating and reportable segments for current period 2022 and comparable period 2021 are shown in the tables below.

Multitude has three independent business units, SweepBank, Ferratum and CapitalBox. There are no transactions between segments.

SweepBank simplifies and personalises shopping and financing for young, tech-savvy adults and other underserved segments, such as expatriates, into one user-friendly app. During 2022, SweepBank offered three products: Prime Loan, Credit Card and Bank Account and operated across five markets, Finland, Germany, Denmark, Sweden, and Latvia. Sweep bank's offering is serviced solely through Multitude Bank p.l.c. Multitude also aggregates the transactions arising from its investments in Cream Finance and ESTO Holding into the SweepBank segment.

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 up to 60 days interest-free period. 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 30,000 with loan maturities ranging between 1-10 years.

Bank Account
SweepBank offers current accounts with up to 0.2% interest p.a. and fixed-term deposit accounts with up to 1% 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

Ferratum offers digital loans for the daily needs of consumers. At the end of 2022, Ferratum had three products: Credit Limit, Plus Loan and Micro Loans and operated across 15 markets: Australia, Brazil, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, Germany, Latvia, The Netherlands, Norway, Romania, Slovenia, and Sweden. Ferratum's offering is serviced both through Multitude Bank p.l.c. and other group entities with 92 % of loans to customers and 75 % of revenues in Multitude Bank p.l.c.

Credit Limit Credit Limit, the most popular service under Ferratum, is a pre-approved credit line, also called a 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.

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. Micro Loans, so-called bullet loans, serve the need for instant, shortterm 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.

CapitalBox offers small and medium-sized companies (SMEs) financing through Credit Lines and Instalment Loans. At the end of 2022, CapitalBox had two products across five markets, Finland, Sweden, Denmark, Lithuania and the Netherlands. CapitalBox service offering, and organization is organized into CapitalBox AB.

CapitalBox provides working capital instalment loans of up to EUR 350,000. These 6–48-month solutions are designed to help SMEs, e.g., finance expansion, inventory, marketing, hiring new talent, and purchasing or leasing equipment. The average loan amount is EUR 21,300 and the average term is 22 months.

Instalment Loan
Instalment Loans are working capital loans up to EUR 350,000. These 6–48-month solutions help SMEs finance, e.g., expansion, inventory, marketing, hiring new talent, and purchasing and leasing new equipment.

Credit Line
CapitalBox offers a Credit Line as a flexible form of finance to SMEs. The approved Credit Line can range from EUR 2,000 to EUR 350,000.

Purchase Finance
Through partnerships with retailers, CapitalBox financing is available to business customers for their purchases at a point of sale

Operating and reportable segments for 2022:

EUR '000	Ferratum	Sweep-Bank	Capital-Box	Central	Total
Gross interest revenue	181,980	15,457	21,443	-	218,879
Transaction costs	(7,080)	(1,642)	(1,127)	-	(9,849)
Interest revenue	174,900	13,815	20,316	-	209,030
Servicing fee revenue	3,259	77	-	-	3,336
Total revenue	178,158	13,892	20,316	-	212,366
Share in revenue, in %	**83.9%**	**6.5%**	**9.6%**	**-**	**100%**
Operating expenses:					
Impairment loss on loans to customers	(59,259)	(11,541)	(7,860)	-	(78,660)
% of revenue	**(33.3%)**	**(83.1%)**	**(38.7%)**		**(37.0%)**
Bank and lending costs	(10,672)	(1,328)	(1,405)	-	(13,405)
Personnel expense	(19,337)	(9,364)	(5,255)	-	(33,956)
Selling and marketing expense	(8,070)	(1,586)	(2,549)	-	(12,205)
General and administrative expense	(13,980)	(6,865)	(3,563)	-	(24,408)
Depreciation and amortisation	(11,431)	(5,316)	(775)	-	(17,522)
Operating profit (loss)	**55,410**	**(22,108)**	**(1,091)**	**-**	**32,211**
Other income (expense), net	(503)	(39)	(57)	-	(600)
Profit (loss) before interests and taxes ("EBIT")	**54,907**	**(22,148)**	**(1,149)**	**-**	**31,611**
EBIT margin, in %	**30.8%**	**(159.4%)**	**(5.7%)**		**14.9%**
Allocated finance costs, net	(8,179)	(3,353)	(2,390)	-	(13,922)
Unallocated foreign exchange losses, net	-	-	-	(3,848)	(3,848)
Profit before income taxes	**46,728**	**(25,501)**	**(3,539)**	**(3,848)**	**13,841**
Profit before tax margin, in %	**26.2%**	(183.6%)	(17.4%)	-	6.5%
Loans to customers	**299,297**	**122,705**	**87,461**	**-**	**509,463**
Unallocated assets	**-**	**-**	**-**	**-**	**245,766**
Unallocated liabilities	**-**	**-**	**-**	**-**	**573,269**

Operating and reportable segments for restated 2021:

EUR '000	Ferratum	Sweep-Bank	Capital-Box	Central	Total
Gross interest revenue	179,361	8,945	22,035	-	210,339
Transaction costs	(6,881)	(2,120)	(481)	-	(9,482)
Interest revenue	172,480	6,825	21,554	-	200,857
Servicing fee revenue	3,294	37	-	-	3,332
Total revenue	**175,774**	**6,862**	**21,554**	**-**	**204,189**
Share in revenue, in %	**86.1%**	**3.4%**	**10.6%**	**-**	**100%**
Operating expenses:					
Impairment loss on loans to customers	(60,206)	(6,220)	(5,522)	-	(71,949)
% of revenue	**(34.3%)**	**(90.6%)**	**(25.6%)**	**-**	**(35.2%)**
Bank and lending costs	(11,998)	(974)	(968)	-	(13,941)
Personnel expense	(18,584)	(8,771)	(5,656)	-	(33,010)
Selling and marketing expense	(9,944)	(2,481)	(3,220)	-	(15,644)
General and administrative expense	(15,423)	(7,591)	(3,484)	-	(26,499)
Depreciation and amortisation	(13,676)	(1,365)	(281)	-	(15,323)
Operating profit (loss)	**45,944**	**(20,539)**	**2,422**	**-**	**27,823**
Other income (expense), net	(590)	17	(47)	-	(620)
Profit (loss) before interests and taxes ("EBIT")	**45,354**	**(20,522)**	**2,375**	**-**	**27,203**
EBIT margin, in %	**25.8%**	**(299.1%)**	**11.0%**	**-**	**13.3%**
Allocated finance costs, net	(13,649)	(3,400)	(3,037)	-	(20,087)
Unallocated foreign exchange losses, net	-	-	(2,428)	-	(2,428)
Profit before income taxes	**31,705**	**(23,922)**	**(662)**	**(2,428)**	**4,688**
Profit before tax margin, in %	**18.0%**	(348.6%)	(3.1%)	-	2.3%
Loans to customers	**287,454**	**88,098**	**76,147**	**-**	**451,698**
Unallocated assets	**-**	**-**	**-**	**-**	**372,852**
Unallocated liabilities	**-**	**-**	**-**	**-**	**649,747**

8. Revenue

The Group analyses revenues by type and geographic market that represents 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		2022	Restated 2021
Country of domicile	Finland	25,322	30,420
Northern Europe	Sweden, Denmark, Norway	66,521	57,633
Western Europe	Germany, Netherlands, Spain	36,619	31,734
Eastern Europe*	Bulgaria, Croatia, Czechia, Estonia, Latvia, Lithuania, Poland, Romania	74,355	72,914
Other	Australia, Brazil, Mexico, New Zealand	6,212	8,157
Interest revenue		**209,030**	**200,858**

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		2022	Restated 2021
Country of domicile	Finland	190	249
Northern Europe	Sweden, Denmark, Norway	1,116	967
Western Europe	Germany, Netherlands, Spain	644	558
Eastern Europe*	Bulgaria, Croatia, Czechia, Estonia, Latvia, Lithuania, Poland, Romania	1,324	1,408
Other	Australia, Brazil, Mexico, New Zealand	62	149
Servicing fee revenue		**3,336**	**3,332**

* 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, typically when such fees are due from the customer upon invoicing. There are no significant payment terms concerning the servicing fee revenue and no discounting to present value is applied.

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

EUR '000	2022	Restated 2021
Gross interest revenue	218,879	210,339
Transaction costs	(9,849)	(9,482)
Interest revenue	**209,030**	**200,857**

9. Personnel expenses

EUR '000	Note	2022	2021
Wages and salaries		(27,526)	(26,776)
Social security costs		(3,554)	(3,089)
Post-employment benefit expense		(1,599)	(1,572)
Share-based payment expense	22	(483)	(156)
Other personnel expense		(793)	(1,417)
Total personnel expenses		**(33,956)**	**(33,010)**

10. Operating expenses by nature

EUR '000	Notes	2022	Restated 2021
Impairment loss on loans to customers	**4.2.3**	**(78,660)**	**(71,949)**
Bank and lending costs:			
Invoicing and collection costs		(5,734)	(6,288)
Scoring costs		(3,877)	(3,877)
Loan handling costs		(3,594)	(3,600)
Other bank and lending costs		(199)	(177)
Total bank and lending costs		**(13,405)**	**(13,942)**
Selling and marketing expenses:			
Marketing expenses		(6,260)	(13,315)
Commissions		(633)	(438)
Other selling and marketing expense		(5,312)	(1,892)
Total selling and marketing expense		**(12,205)**	**(15,645)**
Personnel expenses	9	(33,956)	(33,010)
Depreciation and amortisation:			
Amortisation expense	17	(14,926)	(12,380)
Depreciation expense	15, 16	(2,596)	(2,944)
Total depreciation and amortisation		**(17,522)**	**(15,324)**
General and administrative expense			
Professional fees		(12,281)	(11,568)
Other tax expense		(2,475)	(6,379)
Repairs and maintenance costs		(5,880)	(6,042)
Administrative expense		(1,451)	(1,152)
Fees and charges		(1,219)	(727)
Other operating expense		(1,103)	(627)
Total general and administrative expense		**(24,408)**	**(26,495)**
Total operating expenses		**(180,155)**	**(176,365)**

Audit and non-audit fees from audit companies

EUR '000	2022	2021
PWC:		
Audit fees	(698)	(1,011)
Non-audit fees:		
Audit-related services	-	(134)
Tax advice	(16)	(48)
Other non-audit services	(91)	(67)
OTHER AUDIT COMPANIES:		
Audit fees	(146)	(128)
Non-audit fees:		
Tax advice	-	(24)
Other services	-	-
Total audit fees	**(844)**	**(1,139)**
Total non-audit fees	**(107)**	**(273)**
Total fees from audit companies	**(951)**	**(1,412)**

Only non-audit fees paid by Multitude Group companies to audit companies performing the local statutory audits of said Multitude Group companies are included in the above disclosure.

PricewaterhouseCoopers Oy provided non-audit services to entities of Multitude Group in total 62 thousand euros during the financial year 2022 for other services (ESEF assurance).

11. Other income and expenses

EUR '000	Notes	2022	Restated 2021
OTHER INCOME:			
Other income		37	1,386
OTHER EXPENSES:			
Impairment losses		-	(1,387)
Loss from disposal of non-current assets		-	(404)
Loss from disposal of subsidiaries	5	(636)	(208)
Other expense		-	(7)
Total other expenses		**(636)**	**(2,006)**
Net other income		**(600)**	**(620)**

12. Finance income and costs

EUR '000	Note	2022	Restated 2021
FINANCE INCOME			
Net realised foreign exchange gain		-	2,526
Interest income		460	1,077
Total finance income		**460**	**3,603**
FINANCE COSTS			
Interest expense on borrowings		(13,691)	(17,605)
Net realised foreign exchange loss		(1,739)	-
Net unrealised foreign exchange loss		(1,604)	(5,194)
Interest expense on lease liabilities		(230)	(194)
Net unrealised foreign exchange loss on derivatives		(506)	(78)
Other finance costs		(460)	(3,047)
Total finance costs		**(18,230)**	**(26,118)**
Net finance costs		**(17,770)**	**(22,515)**

13. Income tax expenses

EUR '000	2022	Restated 2021
CURRENT TAX:		
Current tax on profits for the year	(877)	(947)
Adjustments in respect of prior years	(45)	(216)
Other direct taxes	(302)	(668)
Total current tax	**(1,223)**	**(1,831)**
DEFERRED TAX:		
Origination and reversal of temporary differences	(624)	(554)
Total deferred tax	**(624)**	**(554)**
Total income tax expense	**(1,846)**	**(2,385)**

Aggregate tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:

EUR '000	2022	2021
CURRENT TAX:		
Current tax benefit from perpetual bond interest	917	763

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

EUR '000	2022	Restated 2021
Profit before tax	**13,841**	**4,688**
Tax calculated at Finnish tax rate	(2,768)	(717)
Tax effects of:		
Difference between Finnish tax rate and rates in other countries	2,289	2,774
Income not subject to tax	317	258
Expenses not deductible for tax purposes	(54)	(1,997)
Utilisation of previously unrecognised tax losses	213	-
Tax losses for which no deferred income tax asset was recognised	(727)	(951)
Write down of previously recognised tax losses	(770)	(875)
Adjustment in respect of prior years	(45)	(216)
Other direct taxes	(302)	(660)
Total income tax expense	**(1,846)**	**(2,384)**

EUR '000	2022	2021
Losses on carried forward balance as at 31 December	**32,729**	**41,136**
of which		
Expires in one year	-	2,116
Expires in two years	-	-
Expires in later than two years	32,729	39,020

As at 31 December 2022, the Group has EUR 32.7 million (2021 - EUR 41.1 million) losses carried forward, with an average maturity of 5 years.

Deferred tax assets and liabilities

Changes in and balances of deferred tax assets and liabilities for the years ended and as at 31 December:

EUR '000	As at 1 Jan 2022	Recognised in profit or loss	Translation difference	As at 31 Dec 2022
DEFERRED TAX ASSETS:				
Tax losses carried forward	6,492	173	24	6,689
Deferred revenue and credit loss reserve	488	1	-	489
Total deferred tax assets	**6,980**	**174**	**24**	**7,178**
DEFERRED TAX LIABILITIES:				
Discretionary provisions	203	778	(15)	966
Total deferred tax liabilities	**203**	**778**	**(15)**	**966**

EUR '000	As at 1 Jan 2021	Recognised in profit or loss	Translation difference	As at 31 Dec 2021
DEFERRED TAX ASSETS:				
Tax losses carried forward	6,267	125	101	6,492
Deferred revenue and credit loss reserve	1,630	(1,142)	-	488
Derivative	-	-	-	-
Total deferred tax assets	**7,897**	**(1,017)**	**101**	**6,980**
DEFERRED TAX LIABILITIES:				
Discretionary provisions	301	(92)	(5)	203
Total deferred tax liabilities	**301**	**(92)**	**(5)**	**203**

14. Earnings per share

EUR '000	2022	Restated 2021
Profit (loss) for the period from continuing operations	11,995	2,304
Perpetual bonds interests recognised directly in retained earnings, net of tax*	**(3,670)**	**(3,342)**
Profit (loss) for the period from continuing operations, after perpetual bond interest	**8,325**	**(1,038)**
Profit (loss) for the period from discontinued operations	-	(5,808)
Profit (loss) for the period, after perpetual bond interest	**8,325**	**(6,846)**
Weighted average number of ordinary shares in issue **	**21,578**	**21,578**
Earnings per share from continuing operations, EUR	0.39	(0.05)
Earnings per share from discontinued operations, EUR	-	(0.27)
Total earnings per share attributable to the ordinary equity, EUR	**0.39**	**(0.32)**

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

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

15. Property, plant and equipment

EUR '000	Office building	Furnitures, fittings, and equipment	Total
ACQUISITION COSTS			
As at 1 January 2021	**2,563**	**4,409**	**6,972**
For the year ended 31 December 2021:			
Additions	67	381	448
Disposals	-	(234)	(234)
Reclassifications and adjustments	(107)	-	(107)
Acquisition costs, as at 31 December 2021	**2,523**	**4,556**	**7,079**
ACCUMULATED DEPRECIATION			
As at 1 January 2021	**(597)**	**(2,468)**	**(3,065)**
For the year ended 31 December 2021			
Depreciation (Note 10)	(128)	(725)	(853)
Disposals	-	136	136
Reclassifications and adjustments	107	-	107
Cumulative depreciation, as at 31 December 2021	**(618)**	**(3,057)**	**(3,675)**
Net carrying amount, as at 1 January 2021	**1,966**	**1,941**	**3,907**
Net carrying amount, as at 31 December 2021	**1,905**	**1,499**	**3,404**
ACQUISITION COSTS			
As at 1 January 2022	**2,523**	**4,556**	**7,079**
For the year ended 31 December 2022:			
Additions	184	285	470
Disposals	-	(1,298)	(1,298)
Reclassifications and adjustments	-	(10)	(10)
Acquisition costs, as at 31 December 2022	**2,707**	**3,533**	**6,241**
ACCUMULATED DEPRECIATION			
As at 1 January 2022	**(618)**	**(3,057)**	**(3,675)**
For the year ended 31 December 2022			
Depreciation (Note 10)	(143)	(640)	(783)
Disposals	-	1,298	1,298
Reclassifications and adjustments	-	-	-
Cumulative depreciation, as at 31 December 2022	**(761)**	**(2,399)**	**(3,160)**
Net carrying amount, as at 1 January 2022	**1,905**	**1,499**	**3,404**
Net carrying amount, as at 31 December 2022	**1,947**	**1,135**	**3,081**

16. Leases

Right-of-use assets, for the years ended and as at 31 December

EUR '000	Office buildings	Office equipment	Total
ACQUISITION COSTS			
As at 1 January 2021	**7,946**	**764**	**8,710**
For the year ended 31 December 2021:			
Additions	218	-	218
Disposals	(727)	-	(727)
Reclassifications and adjustments	(757)	(7)	(764)
Acquisition costs, as at 31 December 2021	**6,680**	**757**	**7,437**
ACCUMULATED DEPRECIATION			
As at 1 January 2021	(4,102)	**(402)**	**(4,504)**
For the year ended 31 December 2021:			
Disposals	727	-	727
Depreciation (Note 10)	(1,849)	(194)	(2,043)
Cumulative depreciation, as at 31 December 2021	**(5,224)**	**(596)**	**(5,819)**
Net carrying amount, as at 1 January 2021	**3,845**	**362**	**4,207**
Net carrying amount, as at 31 December 2021	**1,457**	**161**	**1,618**
ACQUISITION COSTS			
As at 1 January 2022	**6,680**	**757**	**7,437**
For the year ended 31 December 2022:			
Additions	4,230	857	5,087
Disposals	(455)	-	(455)
Reclassifications and adjustments	(76)	(15)	(91)
Acquisition costs, as at 31 December 2022	**10,380**	**1,599**	**11,978**
ACCUMULATED DEPRECIATION			
Cumulative depreciation, as at 1 January 2022	**(5,233)**	**(596)**	**(5,819)**
For the year ended 31 December 2022:			
Disposals	455	-	455
Reclassifications and adjustments	(203)	15	(188)
Depreciation (Note 10)	(1,634)	(179)	(1,813)
Cumulative depreciation, as at 31 December 2022	**(6,606)**	**(760)**	**(7,365)**
Net carrying amount, as at 1 January 2022	**1,457**	**161**	**1,618**
Net carrying amount, as at 31 December 2022	**3,774**	**839**	**4,613**

Lease liabilities, as at 31 December

EUR '000	2022	2021
Current	1,472	1,412
Non-current	3,095	282
Total	**4,566**	**1,694**

The above lease liabilities are presented in the consolidated statement of financial position. The maturity analysis of these lease liabilities is disclosed in Note 4.4

Amounts recognised in the consolidated statement of profit or loss for the years ended 31 December:

EUR '000	Notes	2022	2021
Expenses relating to short-term leases	10	47	102
Expenses relating to low value leases	10	(7)	(14)
Depreciation on ROU assets	10	(1,813)	(2,043)
Interest expense on lease liabilities	12	(230)	(194)

Rent expense on leases and depreciation of ROU assets are presented under other operating expense and depreciation and amortisation expenses, respectively, in operating expenses (Note 10). Interest expense on lease liabilities is presented under finance costs under finance income and expense (Note 12).

Amounts presented in the in the consolidated statement of cash flows for the years ended 31 December:

EUR '000	2022	2021
Total cash outflow for leases	**(1,939)**	**(2,297)**

17. Intangible assets

EUR '000	Internally generated software	Computer Software	Other in-tangible assets	Total
ACQUISITION AND DEVELOPMENT COSTS				
As at 1 January 2021	**35,156**	**28,412**	**3,108**	**66,676**
For the year ended 31 December 2021:				
Additions	8,970	1,956	77	11,003
Disposals	-	(292)	-	(292)
Reclassifications and adjustments	-	-	(220)	(220)
As at 31 December 2021	**44,127**	**30,075**	**2,965**	**77,167**
ACCUMULATED AMORTISATION				
As at 1 January 2021	**(14,271)**	**(12,374)**	**(1,127)**	**(27,772)**
For the year ended 31 December 2021:				
Reclassifications	-	195	22	217
Amortisation (Note 10)	(8,483)	(3,776)	(117)	(12,376)
Impairments (Note 11)	-	-	(1,386)	(1,386)
As at 31 December 2021	**(22,754)**	**(15,955)**	**(2,608)**	**(41,317)**
Net carrying amount, as at 1 January 2021	**20,886**	**16,037**	**1,981**	**38,904**
Net carrying amount, as at 31 December 2021	**21,373**	**14,120**	**357**	**35,850**
ACQUISITION AND DEVELOPMENT COSTS				
As at 1 January 2022	**44,127**	**30,075**	**2,965**	**77,167**
For the year ended 31 December 2022:				
Additions	9,594	262	-	9,855
Disposals	-	-	-	-
Reclassifications and adjustments	968	(239)	(61)	668
As at 31 December 2022	**54,688**	**30,098**	**2,905**	**87,691**
ACCUMULATED AMORTISATION AND IMPAIRMENT				
As at 1 January 2022	**(22,754)**	**(15,955)**	**(2,608)**	**(41,317)**
For the year ended 31 December 2022:				
Reclassifications	-	(98)	-	-
Cumulative amortization on disposals	-	-	-	-
Amortisation (Note 10)	(9,633)	(5,244)	(49)	(14,926)
Impairments (Note 1.1, 11)	-	54	(5)	49
As at 31 December 2022	**(32,387)**	**(21,243)**	**(2,662)**	**(56,293)**
Net carrying amount, as at 1 January 2022	**21,373**	**14,120**	**357**	**35,850**
Net carrying amount, as at 31 December 2022	**22,301**	**8,855**	**243**	**31,399**

*Majority of internally generated software is driven by development of Wallet, lending systems and FerraOS.

18. Financial assets

The table below summarises the Group's financial assets 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, 2 or 3; as at 31 December:

EUR '000	Fair value measure-ment	2022		Restated 2021	
		Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL ASSETS AT FVPL					
Derivative financial assets	Level 2	3,180	3,180	324	324
FINANCIAL ASSETS AT AMORTISED COST					
Loans to customers	Level 3	509,463	509,463	451,698	451,698
Cash and cash equivalents	Level 3	153,325	153,325	301,592	301,592
Other non-current financial assets	Level 3	28,883	28,883	6,215	6,215
Receivables from banks	Level 3	4,362	4,362	5,108	5,108
Receivables from sold portfolios	Level 2	2,263	2,263	4,657	4,657
Other current financial assets	Level 3	3,701	3,701	3,579	3,579
Total		**705,177**	**705,177**	**773,173**	**773,173**

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

Other non-current financial assets as at 31 December 2022 include investment in Cream Finance bonds amounting to EUR 10 million, with a 4-year maturity term. The value of this investment is determined using level 3 fair value measurement due to private placement. Other non-current financial assets as at 31 December 2022 include investment in ESTO Holding bonds amounting to EUR 10.8 million with a 3-year maturity term. The value of this investment is determined using level 3 fair value measurement due to private placement.

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. In the case of 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 downwards 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 as at 31 December 2022 and 2021.

19. Other non-financial assets

EUR '000	2022	Restated 2021
Prepaid expenses	(3)	1,077
VAT receivables	239	207
Other current assets	1,312	40
Total	**1,549**	**1,324**

20. Financial liabilities

The table below summarises the Group's financial 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, 2 or 3; as at 31 December:

		2022		2021	
EUR '000	Fair value hierarchy	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL LIABILITIES AT FVPL					
Derivative financial liabilities	Level 2	446	446	1,232	1,232
FINANCIAL LIABILITIES AT AMORTISED COST					
Deposits from customers	Level 3	501,734	501,734	484,764	484,764
Short-term borrowings	Level 1	-	-	84,158	83,949
Long-term borrowings	Level 1	46,791	48,439	57,656	59,038
Lease liabilities		4,566	4,566	1,694	1,694
Trade payables	Level 3	6,314	6,314	1,426	1,426
Other current liabilities	Level 3	11,531	11,531	15,159	15,159
Total		**571,382**	**573,030**	**646,089**	**647,262**

2019 FCGE bonds

Ferratum Capital Germany GmbH (ISIN: SE0012453835) ("FCGE 2019 bonds") were issued on 24 April 2019 with a coupon rate of 5.5% plus a 3-month Euribor, maturing on 24 April 2023. As at 31 December 2021, the 2019 FCGE bonds were presented under long-term borrowings in the Group's consolidated statement of financial position and had outstanding nominal and carrying amounts of EUR 59.0 million and EUR 57.7 million, respectively.

On 21 April 2022, the Group made a tap issue which increased the outstanding nominal value of the 2019 FCGE bonds by EUR 40 million with the same coupon rate and maturing date as the original issue. During September 2022, the Group executed several repurchases amounting to EUR 1.7 million. There are no outstanding 2019 FCGE bonds in the Group's consolidated statement of financial position as at 31 December 2022.

2018 FCGE bonds

Ferratum Capital Germany GmbH (ISIN: AS5772809/SE0011167972) ("FCGE 2018 bonds") were issued on 25 May 2018 with a coupon rate of 5.5% plus 3-month Euribor, maturing on 25 May 2022. As at 31 December 2021, the 2018 FCGE bonds were presented under short-term borrowings in the Group's consolidated statement of financial position and had outstanding nominal and carrying amounts of EUR 83.7 million and EUR 83.9 million, respectively.

On 21 April 2022, the Group settled and rolled over EUR 19.9 million worth of 2018 nominal FCGE bonds in conjunction with the 2019 FCGE tap issue and on 25 May 2022, the remaining 2018 FCGE bonds were fully settled by the Group. There are no outstanding 2018 FCGE bonds in the Group's consolidated statement of financial position as at 31 December 2022.

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. As at 31 December 2022, 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 2.9 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"). As at 31 December 2022, 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 43.9 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 (2018 FCGE bonds, 2019 FCGE 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.

21. Accruals and other liabilities

EUR '000	2022	2021
Interest payable	2,268	3,008
Accrued personnel expenses	2,948	2,551
Other accrued expenses	6,315	9,600
Total	**11,531**	**15,159**

22. Share-based payments

Performance share plan

During 2021, the Group introduced a new performance share plan ("PSP") wherein key personnel are awarded several of Multitude shares based on defined vesting conditions at the end of the performance period.

The PSP issued on 1 June 2021 has a maximum reward share of 1,159,185, of which, 10% to 100%, will be awarded to eligible participants if Multitude's market share price reaches EUR 12 to EUR 30, respectively, and provided that participants will have uninterrupted employment in Multitude at the end of the performance period, 31 December 2023.

Multitude applies Monte Carlo simulation model for valuation of PSP at the grant date. The Group determines the total fair value of outstanding PSP reward shares by reference to their fair value at the grant date, calculated by determining the present value of average payoffs at the end of the performance period based on a range of potential outcomes regarding Multitude's market share price (Level 2). The table below summarises the outstanding PSP reward shares and related expenses as at and for year ended 31 December:

Grant date						2021				
Perfor-mance period	Reward shares	Dividend adj. share price	Realised volatility	Risk-free volatility	Total FV in EUR	Outstand-ing shares	For-feited shares	Vested shares	Total FV in EUR	Expense in EUR
1 Jun 21 - 31 Dec 23	1,159,175	4.11	62.1%	(0.4%)	743,285	1,064,925	94,250	-	682,850	154,192

On 30 September 2022 the Group decided to review the vesting conditions of PSP issued on 1 June 2021 to reflect deteriorating macroeconomic conditions. It was decided to increase the duration of the performance period up until 31 December 2024 and change the target share price conditions to reduce the minimum target of EUR 12 to EUR 6 and the maximum target of 30 EUR to EUR 25. The incremental fair value granted as the difference between the fair value of the modified PSP, estimated at the date of the modification and that of the original PSP, is equal to EUR 169,165.

Grant date						2022				
Performance period	Reward shares	Dividend adj. share price	Realised volatility	Risk-free volatility	Total FV in EUR	Outstanding shares	Modified shares	Vested shares	Total FV in EUR	Expense in EUR
1 Jun 21 - 31 Dec 23	1,159,175	4.11	62.1%	(0.4%)	743,285	1,114,985	50,060	-	714,950	264,329

The difference between the number of reward shares outstanding at the grant date and reporting date, before the end of the performance period, pertains to reward shares attributable to participants who have ceased employment at Multitude and are no longer eligible to receive reward shares. Modified shares include a number of shares removed from the share plan during the reporting period compared to the previous reporting date or grant date (if reporting period includes the grant date) as well as granted shares as result of the plan modification. Vested shares include a number of shares vested during the reporting period compared either to previous reporting date or grant date (if the reporting period includes the grant date).

Matching Share Plan

During 2021, the Group introduced a Matching Share Plan ("MSP") that allows all employees to invest up to 10% of their annual gross salary in Multitude shares. Investment shares will vest after 2 years provided that the participants have held the shares and have uninterrupted employment during the holding period. After which, the Group will provide free matching shares with a 1:1 ratio for all vested investment shares.

The Group determines the total fair value of outstanding MSP investment shares by reference to Multitude's share price at the grant date (Level 1), assessed number of forfeited shares, and applicable social security costs. The table below summarises the outstanding MSP investment shares and related expenses as at and for the year ended 31 December:

Grant date			2021				
Holding period	Investment shares	Share price in EUR	Outstanding shares	Forfeited shares	Vested shares	Total FV in EUR	Expense In EUR
31 Mar 21- 14 Mar 23	39,746	6.05	38,165	1,581	-	226,446	85,155
30 Sep 21 - 30 Sep 23	27,784	4.94	27,585	199	-	134,905	17,050
Total	67,530		65,750	1,780	-	361,351	102,205

Grant date			2022				
Holding period	Investment shares	Share price in EUR	Outstanding shares	Forfeited shares	Vested shares	Total FV in EUR	Expense In EUR
31 Mar 21- 14 Mar 23	39,746	6.05	35,819	2,408	-	220,688	105,959
30 Sep 21 - 30 Sep 23	27,784	4.94	22,609	4,370	-	116,423	57,809
16 Mar 22 - 13 Apr 24	31,602	3.50	30,317	1,285	-	104,039	39,186
19 Sep 22 - 18 Oct 24	58,598	2.70	57,055	1,543	-	152,718	15,856
Total	157,592		145,800	9,468	-	593,868	218,809

Differences between the number of investment shares outstanding at the grant date and reporting date, before the end of the holding period, pertain to either those investment shares withdrawn from the plan or those that are attributable to participants who have seized employment in Multitude, and therefore are no longer eligible to receive matching shares. Forfeited shares include a number of shares removed from the share plan during the reporting period compared to the previous reporting date or grant date (if reporting period includes the grant date). Vested shares include a number of shares vested during the reporting period compared either to previous reporting date or grant date (if the reporting period includes the grant date).

23. Related party transactions

The Group is controlled by Jorma Jokela who owns 55.24% of Multitude SE's issued and outstanding shares as at 31 December 2022 (2021 - 55.20%). The Group's related parties include members of the Board of Directors and Leadership Team. This includes their close family members, the companies in which the Member of the Board or Leadership Team and their close family members have control or joint control. As a main principle, all transactions with related parties are conducted at arm's length and are part of the ordinary course of business. Transactions with related parties for the years ended 31 December 2022 and 2021 are as follows:

EUR '000	2022	2021
Purchase of consultancy fees and other services	780	656
Rent and utilities	107	125
Total	**887**	**781**

Outstanding balances arising from the above transactions with related parties as at the years ended 31 December are as follows:

EUR '000	2022	2021
Trade payables to related parties	-	49

Post-employment funds also meet the definition of related parties under IAS 24. The Group companies have various post-employment plans in accordance with local conditions and practices in the countries in which they operate. Total contributions made to these post-employment funds are recognised as an expense in the period they are incurred. Total post-employment benefit expense recognised arising from these contributions are presented in Note 9.

Key management compensation

The following table summarises the related party transactions with other related parties and they key management remuneration is specified in a table further below:

EUR '000	2022	2021
COMPENSATION FOR MEMBERS OF THE BOARD OF DIRECTORS AND CEO:		
Jorma Jokela, CEO		
Salaries and other short-term employee benefits*	240	222
Share-based payments	16	-
Frederik Strange, Chairman		
Salaries and other short-term employee benefits	48	48
Lea Liigus, Member		
Salaries and other short-term employee benefits	60	60
Share-based payments	6	-
Juhani Vanhala, Member		
Salaries and other short-term employee benefits	48	48
Michael Cusumano, Member		
Salaries and other short-term employee benefits	48	48
Goutam Challagalla, Member		
Salaries and other short-term employee benefits	48	48
Kristiina Leppänen, Member		
Salaries and other short-term employee benefits	28	-
Jussi Mekkonen, Member		
Salaries and other short-term employee benefits	29	-
Total	**571**	**542**
COMPENSATION OF KEY MANAGEMENT PERSONNEL		
Salaries and other short-term employee benefits	3,068	3,009
Share-based payments	229	154
Total	**3,297**	**3,163**

*The retirement age of CEO is 65 years, and he has no pension plan.

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

The following corrections had material impact on the results and financial position of the Group as at 1 January 2021 and 31 December 2021:

Brokerage fees on loans and deposits

During the financial year ended 31 December 2022, the Group corrected the manner in which 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 9.5 million and selling and marketing expense decreased by EUR 11.6 million. Similarly, finance costs increased due to adjustment of customer deposit related brokerage fees from fee expense to interest expense with impact of EUR 1.0 million in 2021. At the same time, loans to customers increased by EUR 7.8 million as of 31 December 2021 and EUR 4.4 million as of 1 January 2021. The correction with impacts to profit or loss led to an increase in deferred tax liability by EUR 0.2 million as of 31 December 2021 and EUR 0.2 million as of 1 January 2021. Retained earnings increased by EUR 5.3 million as of 31 December 2021 and EUR 4.2 million as of 1 January 2021.

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 of the correction for the year ended 31 December 2021 was EUR 1.1 million of increase in profit (loss) from continuing operations. 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 42.9 million and EUR 90.0 million as of 1 January 2021 and 31 December 2021 respectively. The correction relates solely to the presentation in the statement of financial position, and it has no impact on the results.

Translation differences in the UK

The Group discontinued its operations in the UK in 2021 by divesting its local subsidiary Ferratum UK Ltd. The divestment was presented as discontinued operations in the consolidated statement of profit or loss and the loss recognised in 2021 amounted to EUR 2.0 million. The Group had cumulative translation differences related to the disposed UK subsidiary which were not recognised correctly through the 2021 statement of profit or loss upon disposal. The Group restated the 2021 loss from discontinued operations by releasing the cumulative translation differences amounting to EUR 2.0 million as an increase of the previously recognised loss from the discontinued operations. The restatement has no impact on the profit (loss) from continuing operations.

Classification of depositor guarantee contributions
The Group analysed the composition and nature of its finance costs in 2022 and changed the presentation of the contributions to the guarantee funds directly attributable to deposits received from customers to provide more relevant information about the effects of such costs on the financing of the Group and to better reflect the economic substance of the transactions. Consequently, these costs were reclassified from general and administrative expense to finance costs since these costs are directly attributable to the funding of the Group. As a result of the change, the general and administrative expense decreased by EUR 1.2 million and finance costs increased by EUR 1.2 million in 2021. The restatement has no impact on the result of the financial year 2021.

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 decreased by EUR 145.4 million in 2021 with corresponding increase in cash flows from financing activities.

Reclassification of certain costs
The Group has analysed the composition of its operational costs presented by function in the consolidated statement of profit or loss in 2022. As a result, the Group has made reclassification of certain costs between selling and marketing expense bank and lending costs, general and administrative expense and other expenses to align the grouping with its current operational model. The reclassification aims to enhance the quality of the financial information and to better reflect the economic substance of transactions providing more relevant information about the nature of such costs by functions. The 2021 selling and marketing expense increased by EUR 0.7 million, bank and lending costs decreased by EUR 0.4 million, general and administrative expense decreased by EUR 1.2 million and other expense increased by EUR 0.9 million. The restatement has no impact on the results.

Tables below show movement between financial statement line items related to above mentioned cases:

Consolidated statement of financial position

EUR '000	Reported 31 December 2021	Brokerage fee	Classification of loans	Translation difference	Total correction	Restated 31 December 2021
Assets						
Non-current assets						
Loans to customers	-	-	89,988	-	89,988	89,988
Current assets:						
Loans to customers	443,872	7,826	(89,988)	-	(82,162)	361,710
Prepaid expenses and other current assets	3,628	(2,304)	-	-	(2,304)	1,324
Equity						
Retained earnings	67,172	5,313	-	(2,019)	3,294	70,466
Translation differences	(5,014)	-	-	2,019	2,019	(2,995)
Liabilities						
Current liabilities:						
Current tax liabilities	3,247	208	-	-	208	3,455

EUR '000	Reported 1 January 2021	Brokerage fee	Classification of loans	Total correction	Restated 1 January 2021
Assets					
Non-current assets:					
Loans to customers	-	-	42,892	42,892	42,892
Current assets:					
Loans to customers	360,955	4,417	(42,892)	(38,475)	322,480
Equity					
Retained earnings	73,696	4,235	-	4,235	77,931
Liabilities					
Current liabilities:					
Current tax liabilities	3,241	182	-	182	3,423

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

EUR '000	Reported 2021	Guarantee contributions	Cost optimisation	Brokerage fee	Translation difference	Total correction	Restated 2021
Statement of profit or loss:							
Revenue	213,671	-	-	(9,482)	-	(9,482)	204,189
Selling and marketing expense	(26,535)	-	(718)	11,609	-	10,891	(15,644)
Bank and lending costs	(14,338)	-	397	-	-	397	(13,941)
General and administrative expense	(28,896)	1,175	1,222	-	-	2,397	(26,499)
Operating profit	**23,620**	**1,175**	**901**	**2,127**	**-**	**4,203**	**27,823**
Other income (expense)	281	-	(901)	-	-	(901)	(620)
Profit before interests and taxes ("EBIT")	**23,901**	**1,175**	**-**	**2,127**	**-**	**3,302**	**27,203**
Finance income (costs)	(20,316)	(1,175)	-	(1,023)	-	(2,199)	(22,515)
Profit before income taxes	**3,585**	**-**	**-**	**1,104**	**-**	**1,103**	**4,688**
Income tax expense	(2,358)	-	-	(26)	-	(26)	(2,384)
Profit from continuing operations	**1,227**	**-**	**-**	**1,077**	**-**	**1,077**	**2,304**
Profit (loss) for the period from discontinued operations	**(3,789)**	**-**	**-**	**-**	**(2,019)**	**(2,019)**	**(5,808)**
Profit (loss) for the year	**(2,562)**	**-**	**-**	**1,077**	**(2,019)**	**(942)**	**(3,504)**
Statement of comprehensive income:							
Currency translation difference from discontinued operations	**-**	**-**	**-**	**-**	**2,019**	**2,019**	**2,019**
Earnings per share:							
Earnings per share from continuing operations, EUR*	**(0.10)**	**-**	**-**	**0.05**	**-**	**0.05**	**(0.05)**
Earnings per share from discontinued operations, EUR	**(0.18)**	**-**	**-**	**-**	**(0.09)**	**(0.09)**	**(0.27)**
Total earnings per share, EUR	**(0.28)**	**-**	**-**	**0.05**	**(0.09)**	**(0.04)**	**(0.32)**

*Adjusted for perpetual bond interest in Note 14

Consolidated statement of cash flows

EUR '000	Reported 2021	Broker-age fee	Trans-lation differ-ence	Customer deposits	Total correc-tion	Restated 2021
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit (loss) for the year	(2,562)	1,078	(2,019)	-	(942)	(3,504)
Finance costs, net	19,648	1,023	2,019	-	3,042	22,690
Increase (+) / decrease (-) in trade payables and other current liabilities (excl. Interest liabilities)	(10,464)	(2,101)	-	-	(2,101)	(12,565)
Deposits from customers	145,443	-	-	(145,443)	(145,443)	-
Net cash flows from operating activities	**71,721**	**-**	**-**	**(145,443)**	**-**	**(73,722)**
Deposits from customers	-	-	-	145,443	145,443	-
Net cash flows from financing activities	**7,059**	**-**	**-**	**145,443**	**145,443**	**152,502**

25. Subsequent events

Fitch rating affirmation

On 23 February 2023, Fitch Ratings affirmed Multitude SE's Long-Term Issuer Default Rating (IDR) at 'B+' with Stable Outlook. The senior unsecured notes have been affirmed at 'B+'/RR4 and the subordinated hybrid perpetual capital notes at 'B-'/RR6.

Change of functional currency in Croatia

Croatia has been a member of the European Union since 1 July 2013. On 12 July 2022 the Council of the European Union approved the accession of Croatia to the euro area on 1 January 2023 and determined the conversion rate for the Croatian kuna. Multitude converted all local balances and operations at the conversion rate of HRK 7.53450 per EUR 1.

Banking crisis 2023

Subsequent to the year ended 31 December 2022, the banking sector has faced some turmoil due to the fall of banks in the US (Silicon Valley Bank et al.) and Europe (Credit Suisse) which may be considered to increase liquidity risk and uncertainty in the sector. None of the Group's legal entities has direct or indirect exposures to any of these banks.

On the Bank level, liquidity position was managed by increasing the deposit portfolio by circa EUR 80 million in the first quarter of 2023, in order to maintain a healthy liquidity position. The Bank has a very well diversified depositor base, with 99% of its deposits from customers being covered by the depositor compensation scheme.

Multitude SE standalone financial statements 2022

Multitude SE standalone financial statements 2022

Statement of profit or loss

EUR '000	Notes	2022	2021
Other operating income	4	11,880	13,379
Material and services		-	-
Wages and salaries		(3,159)	(3,697)
Pension expenses		(474)	(571)
Other social expenses		(70)	(101)
Total personnel expenses		**(3,703)**	**(4,369)**
Depreciation, amortisation and impairment	5	(17,395)	(2,566)
Other operating expenses	6, 7	(17,155)	(30,860)
Operating loss		**(26,372)**	**(24,416)**
Financial income			
Intra-group dividend income		20,767	20,485
Other interest and financial income Group companies		3,065	5,941
Other interest and financial income from others		415	292
Total finance income		**24,248**	**26,717**
Financial expenses			
Other interest and financial expenses, Group companies		(8,718)	(11,440)
Other interest and financial expenses, others		(6,044)	(3,548)
Total financial expenses		**(14,762)**	**(14,988)**
Net financial income		**9,486**	**11,729**
Loss before appropriations and taxes		**(16,886)**	**(12,687)**
Group Contribution		**7,583**	**8,340**
Income tax		(1)	-
Loss for the year		**(9,304)**	**(4,347)**

Statement of financial position

EUR '000	Notes	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Intangible assets	8	2,862	6,585
Tangible assets	9	1,328	1,367
Investments	10	181,336	165,462
Non-current receivables	11	2,393	51,540
Total non-current assets		**187,919**	**224,955**
Current assets			
Current receivables	12	18,722	28,749
Cash and bank		8,148	42,528
Total current assets		**26,870**	**71,277**
Total assets		**214,789**	**296,232**
EQUITY AND LIABILITIES			
Equity			
Share capital	13	40,134	40,134
Treasury shares		(142)	(142)
Other reserves total		14,708	14,708
Retained earnings		45,436	49,783
Profit/loss for the period		(9,304)	(4,347)
Total equity		**90,831**	**100,136**
Liabilities			
Non-current liabilities, interest-bearing	14	118,446	190,416
Current liabilities, interest-free	15, 16	5,511	5,680
Total liabilities		**123,957**	**196,097**
Total equity and liabilities		**214,789**	**296,232**

Statement of cash flows

EUR '000	31 Dec 2022	31 Dec 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	(9,304)	(4,347)
Adjustments for:		
Depreciation, amortization & impairment loss	3,877	3,542
Financial income and expenses	(9,724)	(11,949)
Other adjustments	13,757	(34,254)
Operating profit before working capital changes	**(1,394)**	**(47,009)**
Working capital changes:		
Increase (-) /decrease(+) in trade and other receivables	1,710	5,258
Increase (+) / decrease (-) in trade payables	1,394	(957)
Cash generated from operations	**1,710**	**(42,708)**
Interest paid	(14,847)	(29,032)
Dividends received	20,767	20,485
Interest received	1,656	8,806
Other financing items	(1,312)	(1,160)
Income taxes paid	487	(509)
Net cash from operating activities	**8,461**	**(44,118)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible and intangible assets	(114)	(168)
Acquisition of subsidiaries	(17,604)	(20,650)
Disposal of subsidiaries	-	-
Loans granted (-) / Repayments of loans (+)	39,266	49,803
Net cash used in investing activities	**21,548**	**28,985**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings (+) / Repayment (-)	(71,972)	27,601
Dividends paid	-	-
Group contribution received (+) / paid (-)	7,583	11,365
Net cash used in financing activities	**(64,389)**	**38,966**
Net increase/decrease in cash and cash equivalents	**(34,380)**	**23,833**
Cash and cash equivalents at the beginning of the period	**42,528**	**18,694**
Net increase/decrease in cash and cash equivalents	**(34,380)**	**23,833**
Cash and cash equivalents at the end of the period	**8,148**	**42,528**

1. Basis of preparation of the parent company

Parent company information
Multitude SE, registered in Helsinki, is the parent company of Multitude Group. Copies of the consolidated financial statements can be obtained from Multitude SE, located in Ratamestarinkatu 11 A, 00520 Helsinki.

Share capital
The share capital of the company is EUR 40,133,560 and the number of shares is 21,723,960. The shares have no nominal value. All the shares are attached with equal voting rights and equal right when distributing dividend.

Accounting principles and methods
Multitude SE financial statements have been prepared in accordance with the Finnish Accounting Standards, FAS.

Valuation methods
Tangible assets have been valued at acquisition cost.

Receivables, financial assets and liabilities
Receivables are stated at face value, but no more than probable value. Securities and other financial assets included in financial assets are carried at cost or, if lower, at their probable value at the balance sheet date. Liabilities are stated at nominal value or, if the debt is linked to an index or other benchmark, at a higher nominal amount than the changed benchmark.

Allocation principles and methods
The acquisition cost of tangible assets is depreciated according to the amortisation plan. The difference between the acquisition cost and residual value of the asset is booked as depreciation over the economic period of the asset.

Depreciation periods
- Renovation in own premises - 10 years
- Intangible assets - 3 to 10 years
- Tangible assets - 25% declining depreciation

Receivables and liabilities denominated in foreign currency
Foreign currency transactions are recorded at the exchange rate on the transaction date. Other assets and liabilities denominated in foreign currencies outstanding at the end of the financial year have been translated into Finnish currency at the exchange prevailing in the balance sheet date and exchange differences have been recognized through profit or loss.

Deferred tax assets and liabilities
Deferred tax assets and liabilities are disclosed in the notes to the income statement in connection with income taxes.

Comparative data
The company's financial year is the calendar year. The comparative figures used are the previous year's financial statements.

Notes to the income statement of the parent company

2. Average personnel	2022	2021
During financial year	45	50

3. Management compensation, EUR '000	2022	2021
Board of directors and CEO	(490)	(480)

4. Other operating income, EUR '000	2022	2021
Sales to Group companies	11,880	13,379
Extraordinary income from selling to Group companies	-	-

5. Depreciation and amortization by asset class category, EUR '000	2022	2021
Intangible assets	-	-
Other capitalized expenditure	(3,838)	(3,479)
Tangible assets	-	-
Machinery and equipment	(39)	(62)
Impairment of investment	-	-
Impairment of investment in subsidiaries	(13,518)	975
Total depreciation and amortization	**(17,395)**	**(2,566)**

6. Other operating expenses, EUR '000	2022	2021
Other expenses for Group companies	(9,867)	(8,316)
Other operating cost	(2,080)	(1,710)
Professional fees	(3,685)	(3,383)
Marketing cost	(524)	(1,195)
Administration costs	(309)	(697)
Audit fees	(689)	(609)
Other operational expenses of selling to Group companies	-	(14,950)
Total other operating expenses	**(17,155)**	**(30,860)**

7. Audit fees and other services from audit companies		
EUR ’000	**2022**	**2021**
PWC		
Audit fees	198	508
Non-audit fees:		
Audit related services	-	4
Tax advice	-	-
Other services	62	43
Total audit fees	**198**	**508**
Total non-audit fees	**62**	**47**

Notes to the statement of financial position of the parent company

8a. Intangible assets, EUR ’000	Other capitalized expenditures
Acquisition cost on 1 January 2022	19,340
Additions during the year ended 31 December 2022	114
Disposals during the year ended 31 December 2022	(731)
Acquisition cost on 31 December 2022	**18,724**
Accumulated depreciation on 1 January 2022	(12,755)
Depreciation during the year ended 31 December 2022	(3,838)
Depreciation on disposals during the year ended 31 December 2022	731
Accumulated depreciation on 31 December 2022	**(15,862)**
Net book value on 31 December 2022	**2,862**
Net book value on 1 January 2022	**6,585**

8b. Intangible assets, EUR ’000	Other capitalized expenditures
Acquisition cost on 1 January 2021	19,238
Additions during the year ended 31 December 2021	102
Acquisition cost on 31 December 2021	**19,340**
Accumulated depreciation on 1 January 2021	(9,275)
Depreciation during the year ended 31 December 2021	(3,480)
Accumulated depreciation on 31 December 2021	**(12,755)**
Net book value on 31 December 2021	**6,585**
Net book value on 1 January 2021	**9,964**

9a. Tangible assets, EUR ’000	Real estate shares	Machinery and equipment	Other tangible assets	Total
Acquisition cost on 1 January 2022	1,308	606	1	1,915
Additions during the year ended 31 December 2022	-	-	-	-
Acquisition cost on 31 December 2022	**1,308**	**606**	**1**	**1,915**
Accumulated depreciation on 1 January 2022	-	(548)	-	(548)
Depreciation during the year ended 31 December 2022	-	(39)	-	(39)
Accumulated depreciation at 31 December 2022	**-**	**(587)**	**-**	**(587)**
Net book value on 31 December 2022	**1,308**	**20**	**1**	**1,328**
Net book value on 1 January 2022	**1,308**	**59**	**1**	**1,367**

9b. Tangible assets, EUR ’000	Real estate shares	Machinery and equipment	Other tangible assets	Total
Acquisition cost on 1 January 2021	1,241	606	1	1,848
Additions during the year ended 31 December 2021	67	-	-	67
Acquisition cost on 31 December 2021	**1,308**	**606**	**1**	**1,915**
Accumulated depreciation on 1 January 2021	-	(485)	-	(485)
Depreciation during the year ended 31 December 2021	-	(62)	-	(62)
Accumulated depreciation at 31 December 2021	**-**	**(548)**	**-**	**(548)**
Net book value on 31 December 2021	**1,308**	**59**	**1**	**1,367**
Net book value on 1 January 2021	**1,241**	**121**	**1**	**1,363**

10a. Investments, EUR ’000	Other shares and equity interests
Acquisition cost on 1 January 2022	165,462
Additions during the year ended 31 December 2022	20,450
Disposals during the year ended 31 December 2022	-
Impairment of investment during the year ended 31 December 2022	(4,576)
Acquisition cost on 31 December 2022	**181,336**
Book value on 31 December 2022	**181,336**
Book value on 1 January 2022	**165,462**

10b. Investments, EUR '000	Other shares and equity interests
Acquisition cost on 1 January 2021	121,786
Additions during the year ended 31 December 2021	61,131
Disposals during the year ended 31 December 2021	(15,948)
Impairment of investment during the year ended 31 December 2021	(1,507)
Acquisition cost on 31 December 2021	**165,462**
Book value on 31 December 2021	**165,462**
Book value on 1 January 2021	**121,786**

11. Non-current receivables, EUR '000	31 Dec 2022	31 Dec 2021
Receivables from intra-group companies	1,691	44,930
Non-current receivables from employees	-	-
Non-current receivables from external parties	703	6,610
Total non-current receivables	**2,393**	**51,540**

12. Current receivables, EUR '000	31 Dec 2022	31 Dec 2021
Other receivables	4,514	790
Receivables from intra-group companies, accounts receivables	2,811	4,610
Receivables from intra-group companies, other	7,456	20,044
Accruals	3,941	3,306
Total current receivables	**18,722**	**28,750**

13a. Change in equity 2022, EUR '000	Share capital	SVOP reserve	Retained earnings	Equity total
Total Equity on 1 January 2022	**40,134**	**14,708**	**45,294**	**100,136**
Other changes	-	-	-	-
Dividend distribution	-	-	-	-
Loss for the year	-	-	(9,304)	(9,304)
Total equity on 31 December 2022	**40,134**	**14,708**	**35,990**	**90,831**

13b. Change in equity 2021, EUR '000	Share capital	SVOP reserve	Retained earnings	Equity total
Total equity on 1 January 2021	**40,134**	**14,708**	**49,641**	**104,483**
Other changes	-	-	-	-
Dividend distribution	-	-	-	-
Loss for the year	-	-	(4,347)	(4,347)
Total equity on 31 December 2021	**40,134**	**14,708**	**45,294**	**100,136**

14. Non-current liabilities, EUR ’000	31 Dec 2022	31 Dec 2021
Non-current liabilities others*	100,000	50,000
Non-current intra-group debts	18,446	140,416
Total non-current liabilities	**118,446**	**190,416**

* On 5 July 2021, Multitude SE issued EUR 50 million worth of unsecured and subordinated perpetual capital notes ("capital notes") at of 99.50% of the nominal amount. The capital notes (ISIN: NO0011037327) were drawn against a total authorised framework of EUR 100 million with a floating coupon rate of 8.90% plus 3-month Euribor. Capital notes do not meet the definition of capital bond under Finnish companies Act 12 par. 1§ and as such, accounted and presented as liabilities in Multitude SE financial statements. Capital notes treated as equity according to the IFRS requirements in the Group consolidated financial statements (Note 2.3).

15. Current liabilities, EUR ’000	31 Dec 2022	31 Dec 2021
Trade payables	496	965
Other liabilities	489	417
Accruals	2,643	1,293
Intra-group liabilities	1,884	3,005
Total current liabilities	**5,511**	**5,680**

16. Accruals (current), EUR ’000	31 Dec 2022	31 Dec 2021
Accruals of personnel expenses	898	557
Other accruals	1,745	736
Total accruals (current)	**2,643**	**1,293**

17. Other rental liabilities, EUR ’000	31 Dec 2022	31 Dec 2021
Current rental liabilities	2	2

18. Commitments, EUR ’000	31 Dec 2022	31 Dec 2021
Commitments for intra-group companies	-	143,350

Multitude SE was the guarantor of the bonds issued by Ferratum Capital Germany GmbH. With redemption of the bonds the guarantee is no longer applicable.

19. Related party transactions

No loans and or any other commitments were issued to any related parties during 2022.

26. Approval of the consolidated financial statements and the Board of Directors' report

Helsinki, 30 March 2023

Frederik Strange	Chairman of the Board
Juhani Vanhala	Member of the Board
Lea Liigus	Member of the Board
Jorma Jokela CEO	Member of the Board
Goutam Challagalla	Member of the Board
Michael Cusumano	Member of the Board
Jussi Mekkonen	Member of the Board
Kristiina Leppänen	Member of the Board

The Auditor's Note
A report on the audit performed has been issued today
Helsinki, 30 March 2023

PricewaterhouseCoopers Oy
Authorized Public Accountants

Jukka Karinen

Authorized Public Accountant