



# MULTITUDE

Creating Success Stories in FinTech

**H1 2023 Results**

**Earnings Call 24.8.2023**

# Important notice

This presentation contains, or may be deemed to contain, forward-looking statements. These statements relate to future events or future financial performance of Multitude.

Such statements are based on the current expectations and certain assumptions of Multitude's management, of which many are beyond Multitude's control. The words "aim", "anticipate", "assume", "believe", "continue", "could", "estimate", "expect", "forecast", "guidance", "intend", "may", "plan", "potential", "predict", "projected", "risk", "should", "will" and similar expressions or the negatives of these expressions are intended to identify forward-looking statements.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Future results may vary from the results expressed in, or implied by, the forward-looking statements, possibly to a material degree.

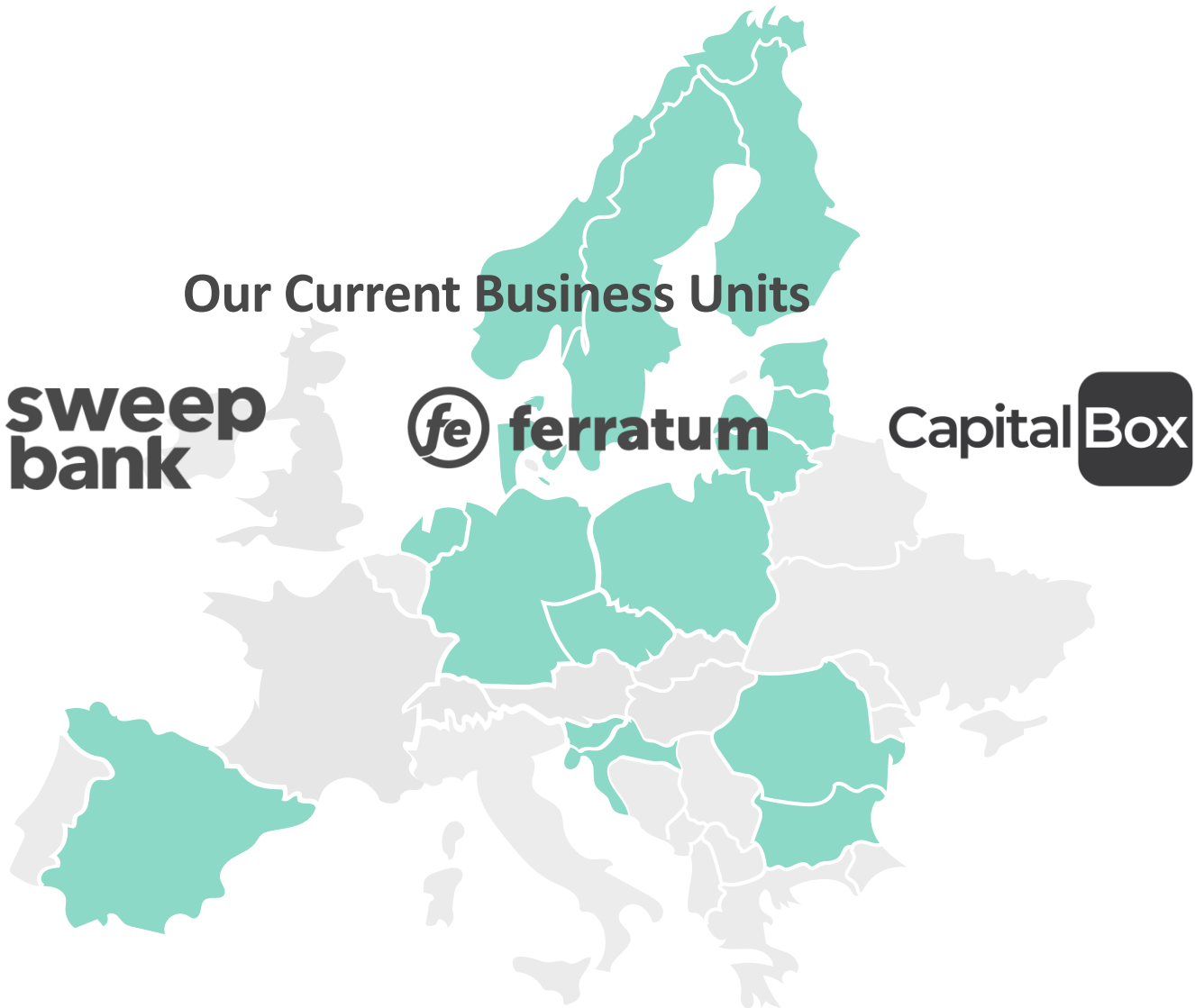
All forward-looking statements included herein are based on information presently available to Multitude and, accordingly, Multitude assumes no obligation to update any forward-looking statements, unless obligated to do so pursuant to an applicable law or regulation.

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## KEY TAKEAWAYS

- WE ARE ON TRACK WITH EUR 45M EBIT GUIDANCE FOR 2023
- STRONG PERFORMANCE: EBIT 66% UP TO EUR 20.9M AND PROFITS 251% UP TO EUR 7.5M
- STRONG CASH POSITION CONTINUES
- ROBUST PAYMENT BEHAVIOUR

# WE HAVE BEEN CREATING SUCCESS STORIES IN FINTECH FOR THE LAST TWO DECADES



Founded in Finland in 2005,  
HQ in Helsinki



EU wide banking  
license

Group Revenues  
2022\*

€212m

Employees

~700

Countries

18

Customers

~400,000

Listed on the  
Frankfurt Stock  
Exchange

\* Net revenue is net of directly attributable transaction costs. For comparison purposes, gross revenue is €222m in 2022.

# WE HAVE A CLEAR VISION OF BUILDING THE MOST VALUED FINANCIAL ECOSYSTEM



## VISION

Create the most valued financial ecosystem

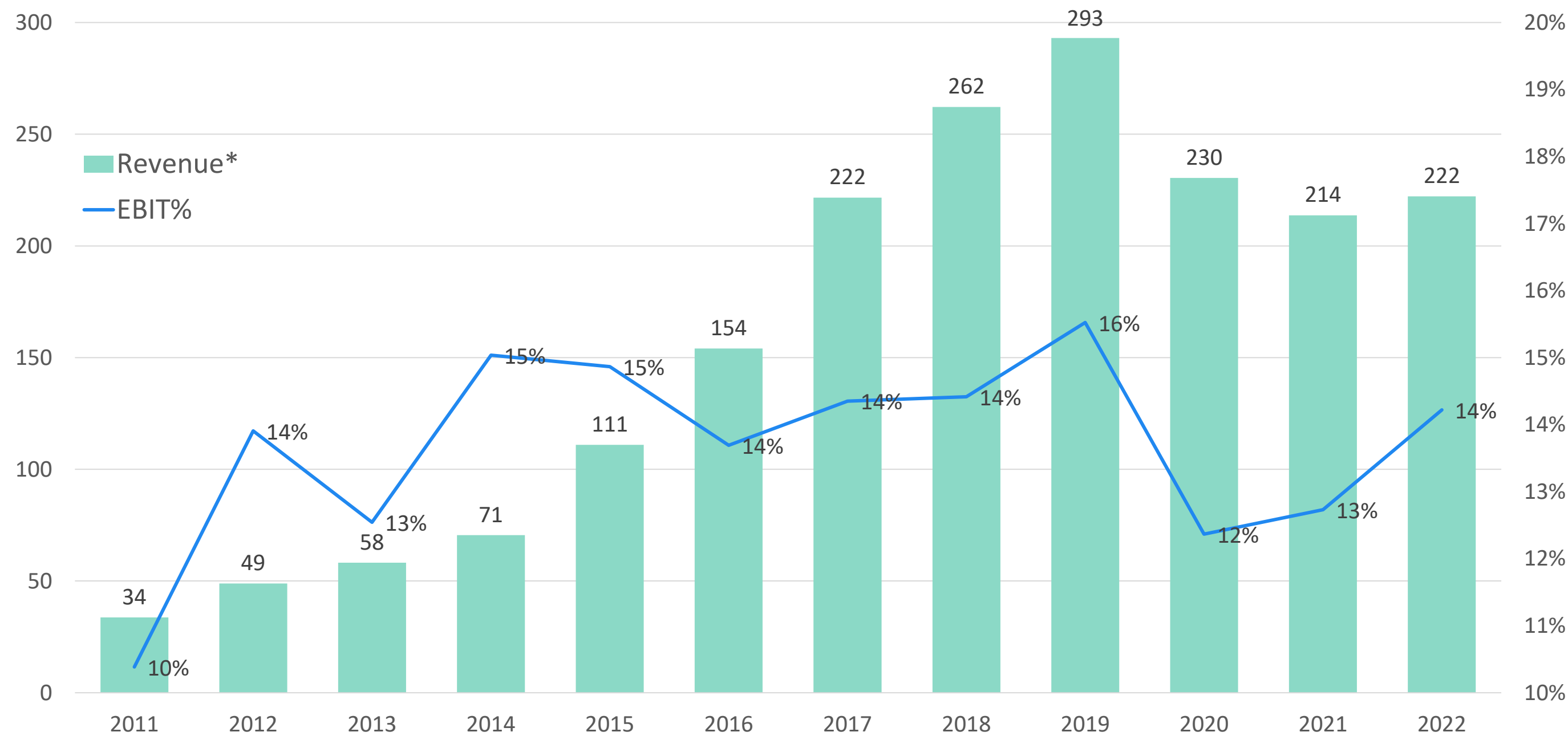
## MISSION

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

## OUR VALUES

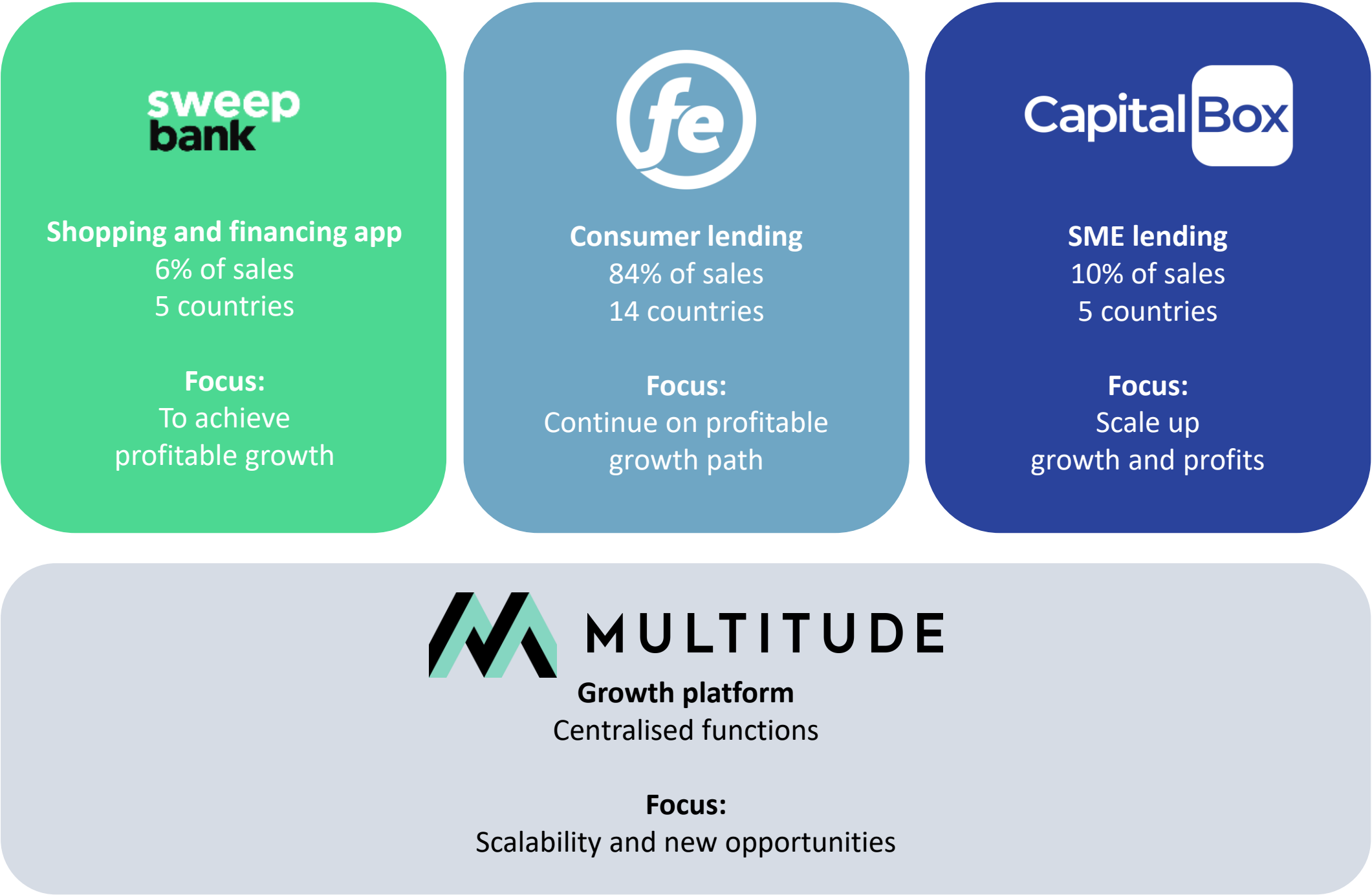
- Customer centricity – Entrepreneurial spirit – Candour –  
Respect – Winning teams

# WE ARE CAPABLE OF DELIVERING PROFITABLE GROWTH WITH 18 YEARS OF EXPERIENCE



\* For comparison purposes, gross revenue numbers shown, without netting of directly attributable transaction costs.

# CURRENTLY OUR ECOSYSTEM INCLUDES THREE INDEPENDENT BUSINESS UNITS AND OUR GROWTH PLATFORM



# MULTITUDE GROUP HIGHLIGHTS H1 2023

## – ON TRACK WITH EUR 45 MILLION EBIT GUIDANCE



### HIGHLIGHTS H1 2023

- Consistent growth in both revenues and EBIT for multiple consequent quarters
- Demand and payment behavior remains robust
- Ferratum delivers strong performance
- CapitalBox showing positive results
- SweepBank is still in the startup phase
- Warehouse lending has kicked off well
- Multitude acquired 19.97% stake in a leading Finnish financial service comparison platform, Sortter Oy, in the beginning of April 2023

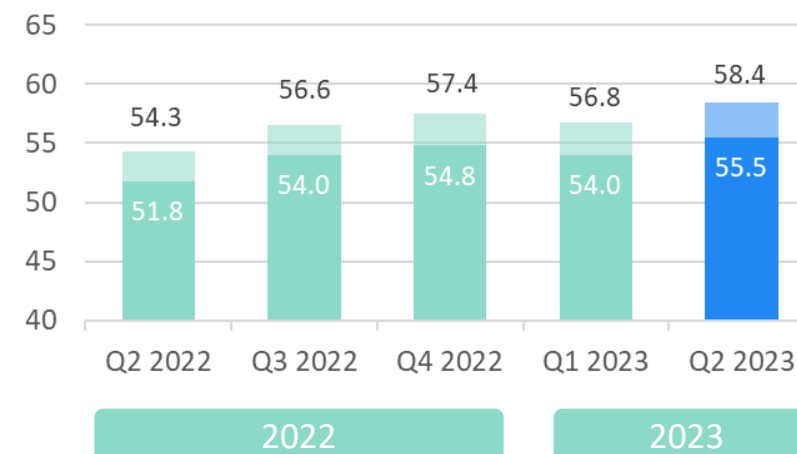
### FOCUS GOING FORWARD

- Utilize our agile organisation, to keep the fixed and administration expenses stable
- Shift initiatives to accelerate our profitability short and mid-term
- Improvements in our growth platform's central processes and value creation in tribes

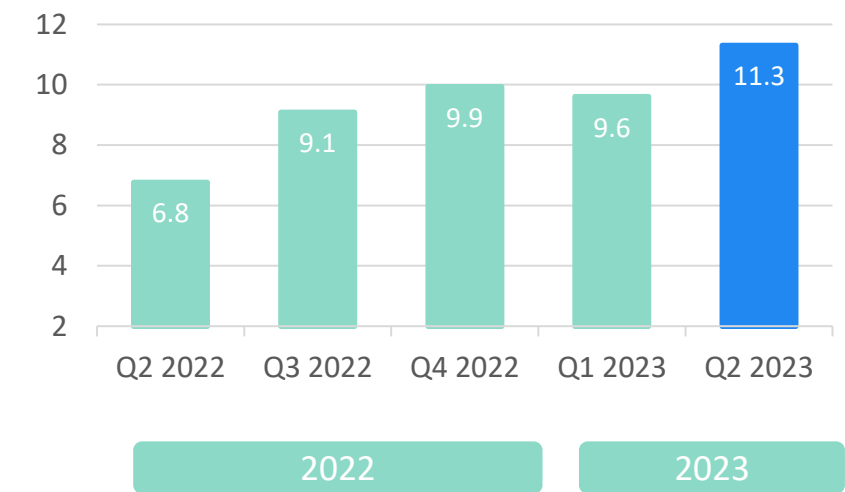
### LOOKING AHEAD

- In 2021, we published a four-year EBIT guidance, starting at EUR 20m for 2021 and with 50% growth year on year until 2024
- We have exceeded our guidance each year and we confirm that our EBIT guidance for year 2023 is EUR 45m

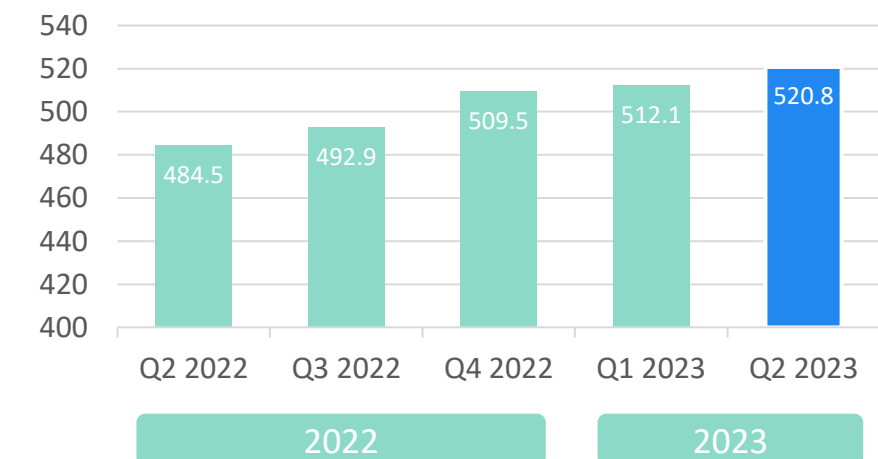
### REVENUE in EURm\*



### EBIT in EURm



### NET AR in EURm



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



# SWEEP BANK HIGHLIGHTS H1 2023

## – GROWTH CONTINUES WITH FOCUS TOWARDS PROFITABILITY



### HIGHLIGHTS H1 2023

- Strong net revenue growth (+52.8% y-o-y)
- Lending portfolio grew by 10.3% y-o-y
- During H1, the focus was to grow the Latvian prime loan business and the Finnish credit card business
- Warehouse lending is now included into SweepBank segment
- Credit losses were not on acceptable level
- Further operational and cost reductions realised

### FOCUS GOING FORWARD

- Profitable growth - products and countries with higher profitability
- Continue executing the cost-efficient credit card growth strategy and prime loans in Latvia
- Improvements in the cost income ratio
- Stronger cooperation with Ferratum and CapitalBox planned

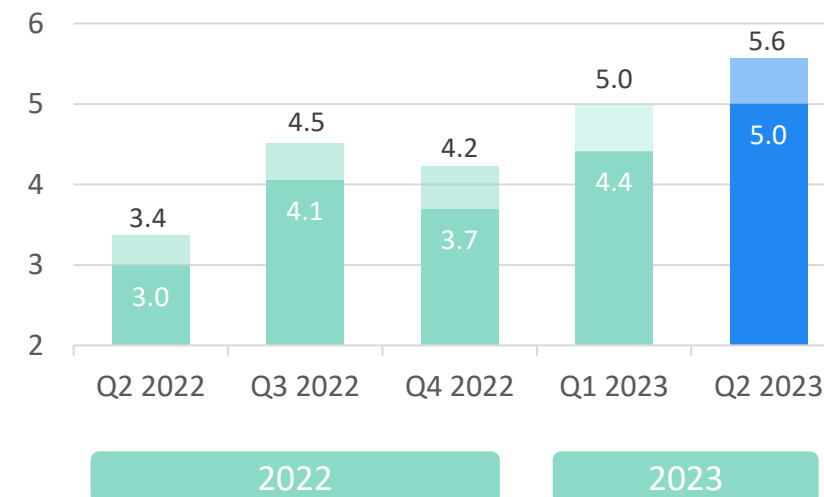
### TARGETS 2023-2024

Our target for 2023 is to reduce negative EBIT significantly and in 2024 to achieve a positive EBIT

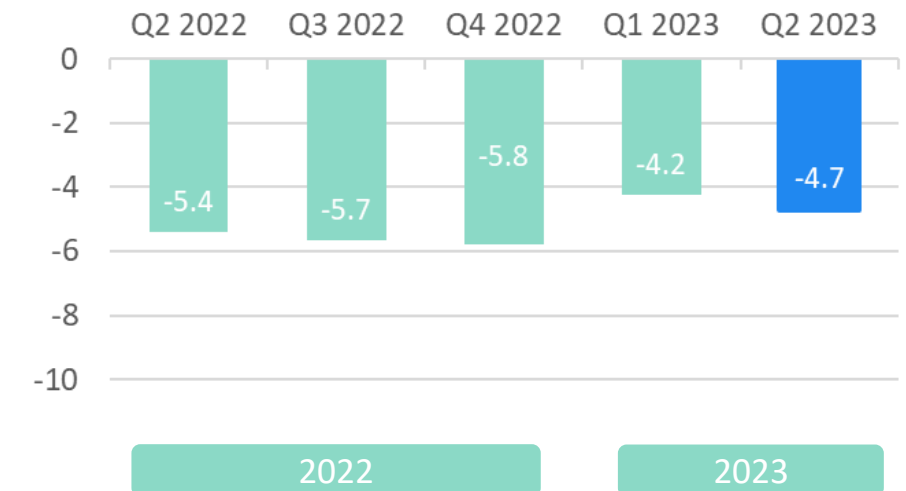
### H1 2023 IN NUMBERS



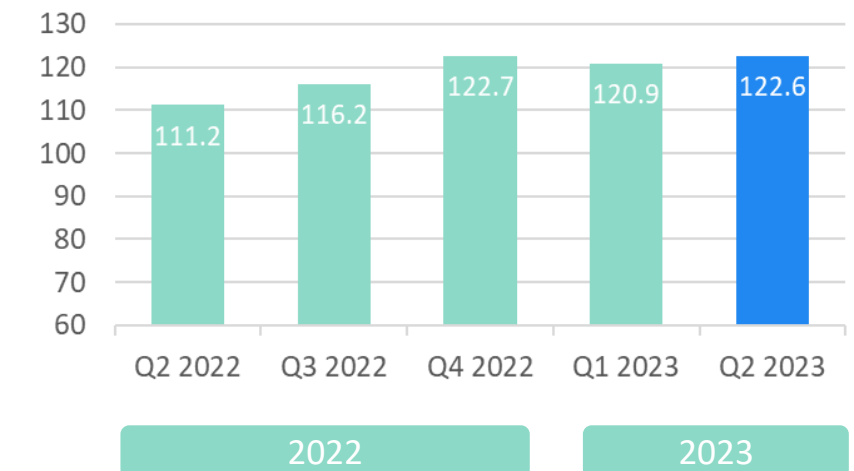
### REVENUE in EURm\*



### EBIT in EURm



### NET AR in EURm



\* SweepBank business unit revenue numbers include the new initiative, Warehouse lending by Multitude Bank. Delta relates to netting of directly attributable transaction costs (IFRS adj.)

# FERRATUM HIGHLIGHTS H1 2023

## – STRONG PERFORMANCE CONTINUES



### HIGHLIGHTS H1 2023

- Net revenue EUR 89.2m (+2.5% y-o-y)
- EBIT EUR 27.9m (+14.9% y-o-y)
- Focus on European markets - stepped out of some non-European countries
- Improvements in our digital marketing and customer onboarding processes
- Further improvements in technology and customer service to speed up our promise of “time to money”

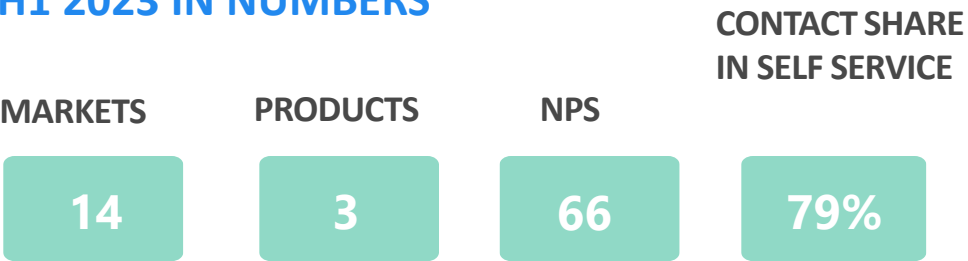
### FOCUS GOING FORWARD

- Continue Credit Limit product rollout
- Scale lending to higher profit countries
- Expand product portfolio and enter new countries
- Strong cost control and process automation
- Credit risk and underwriting innovations

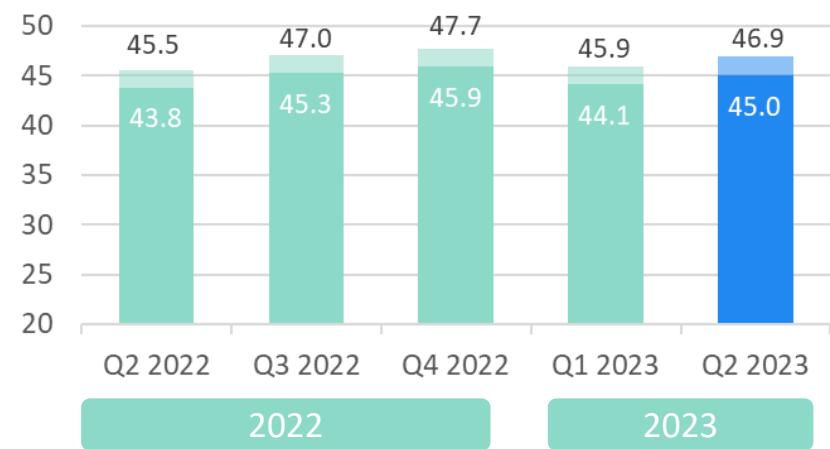
### TARGETS 2023-2024

Our target for 2023 and 2024 is to achieve 5% higher EBIT than the previous year

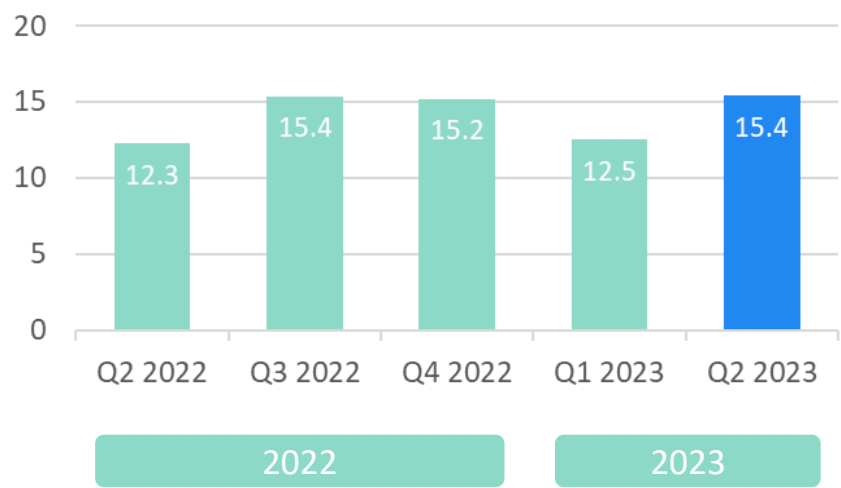
### H1 2023 IN NUMBERS



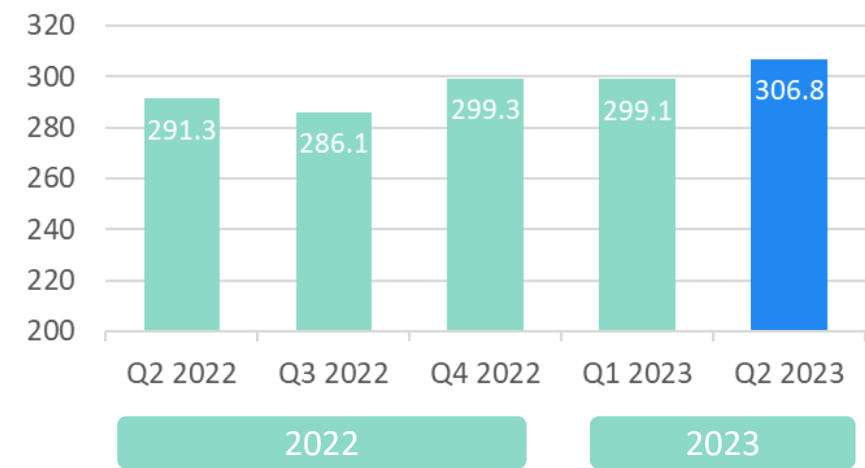
### REVENUE in EURm\*



### EBIT in EURm



### NET AR in EURm



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

# CAPITALBOX HIGHLIGHTS H1 2023

## – TURNAROUND BACK TO GROWTH AND PROFIT IN PROGRESS



### HIGHLIGHTS H1 2023

- Net revenues reached EUR 5.5m (+5.6% y-o-y)
- EBIT reached EUR 1.9m, an increase of EUR 3.0m
- CapitalBox expanded its distribution channels further and invested in digital marketing
- CapitalBox launched new product - secured lending of up to €2.0m to larger SMEs
- CapitalBox automated its underwriting and sales process further

### FOCUS GOING FORWARD

- Expand distribution channels further
- Roll new products to existing markets
- Improvements in processes and operations
- Full automation of underwriting and sales of all loan processes continues

### TARGETS 2023-2024

Our target for 2023 is to achieve EUR 5m EBIT and in 2024 to achieve EUR 10m EBIT

### H1 2023 IN NUMBERS

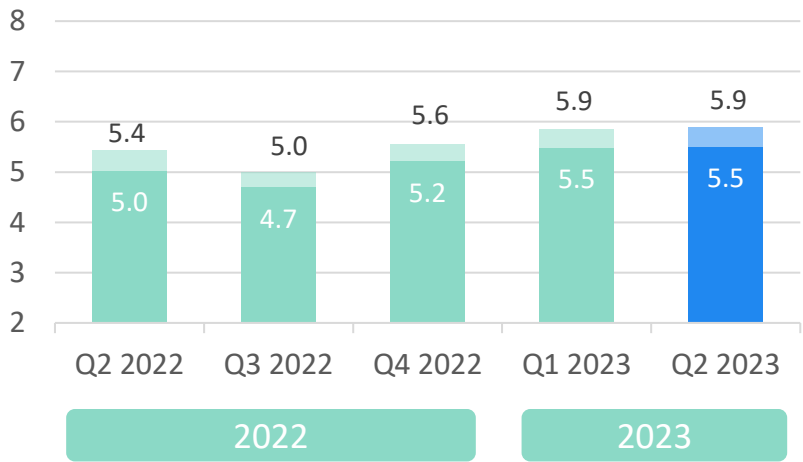
#### PRODUCTS

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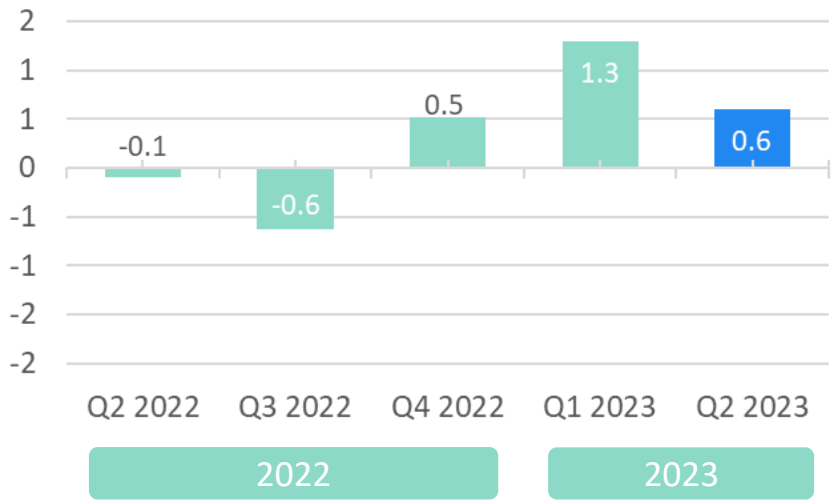
#### MARKETS

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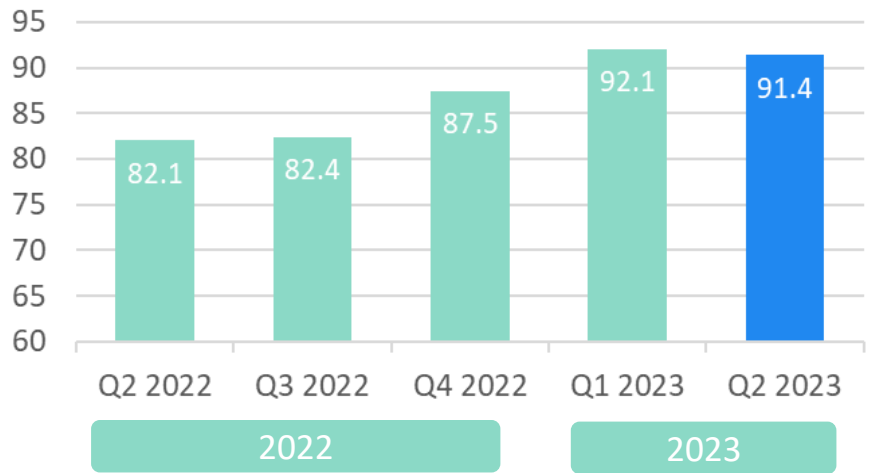
### REVENUE in EURm\*



### EBIT in EURm



### NET AR in EURm



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

# BUILDING A SUSTAINABLE GROWTH PLATFORM

## – ESG DASHBOARD AND H1 UPDATE



		2025 GOAL	2025 TARGETS	2023 H1 UPDATE
ESG	E	UNDERSTAND AND REDUCE THE GROUP ENVIRONMENTAL FOOTPRINT	<p>Set &amp; meet emission reduction targets for 2025</p> <p>&gt; 65% of Sweep app purchases are digital</p>	<ul style="list-style-type: none"> <li>Carbon emissions data refinement - Scope 3 emissions baseline data</li> </ul>
	S	MONITOR, REPORT ON AND IMPROVE STAKEHOLDER WELL-BEING - CUSTOMERS	<p>Ferratum Responsible Lending Index Score <math>\geq 4.5^*</math> with 5 as maximum score achievable</p> <div> <div> <p>NPS <math>\geq 65</math></p> </div> <div> <p>NPS <math>\geq 65</math></p> </div> <div> <p>NPS <math>\geq 65</math></p> </div> </div> <p><math>\geq 50\%</math> Ferratum customer content educational</p>	<ul style="list-style-type: none"> <li>Ferratum NPS: 66 with focus on customer service team coaching and personalisation of services and SweepBank NPS: 42 based on serviced customer segments.</li> <li>Ferratum Responsible Lending Index Score maintained at 4.3 from Q1 (90 dpd and customer base diversity, excl. survey component).</li> </ul>
			<p>Bi-annual Performance and Development Reviews</p> <p>Average 15 hrs training per employee per year</p> <p>eNPS of 25</p> <p>38% of board and 38% of management are female</p>	<ul style="list-style-type: none"> <li>eNPS survey score increased from 7 to 19 supported by groupwide rollout and engagement on core competencies model for performance and development management and in-person team leader training sessions held on strategy, innovation and core competencies.</li> <li>Group Diversity and Inclusion survey and eLearning course launched as part of employee wellbeing monitoring pillar.</li> </ul>
	G	EMBED ESG CONSCIOUS PRACTICES	<p>Materiality Assessment Integration in ESG Strategy</p> <p>ESG Policy and Human Rights Statement implemented</p> <p>ESG assessment implemented for key suppliers and business relationships</p>	<ul style="list-style-type: none"> <li>Double-materiality assessment for H2 in line with July EU Commission adopted CSRD related reporting standards (ESRS).</li> <li>New supplier code and human rights and environment due diligence process implemented in Bank operations in H2.</li> </ul>



# MULTITUDE

## FIRST HALF YEAR RESULT 2023

IFRS preliminary unaudited financial results for  
the 1st half year ended 30 June 2023

# FINANCIAL OVERVIEW: REVENUE GROWTH WITH 66.0% EBIT INCREASE AND 251.0% PROFIT INCREASE



in EURm	H1 2023*	H1 2022**	%/pp change
Revenue	109.5	103.6	5.8%
Impairment on loans to customers	(40.2)	(37.8)	6.5%
% of revenue	-36.7%	-36.5%	0,2pp
Costs of operations:			
Bank and lending costs	(6.0)	(6.9)	-13.0%
Selling and marketing expenses	(7.0)	(6.8)	4.2%
Personnel expenses	(16.8)	(17.9)	-6.4%
General and administrative expenses	(11.2)	(13.5)	-17.4%
Depreciation and amortisation	(7.6)	(8.1)	-6.0%
Operating profit	20.8	12.6	64.2%
Other income, net	0.1	-	na
Profit before interests and taxes ('EBIT')	20.9	12.6	66.0%
EBIT margin, in %	19.1%	12.2%	6.9pp
Finance costs, net	(11.6)	(9.6)	20.8%
Profit before income taxes	9.3	3.0	209.6%
Profit before tax margin, in %	8.5%	2.9%	5.6pp
Income tax expenses	(1.9)	(0.9)	110.1%
Profit (loss) for the period	7.5	2.1	251.0%



## IMPROVING BUSINESS; OPERATIONAL, AND FINANCIAL PERFORMANCE:

- Net Revenues grew by 5.8% from EUR 103.6m in H1 2022 to EUR 109.5m in H1 2023
- Impairment losses (+ 6.5% ) moved de facto in line with gross top-line growth – strong underwriting and portfolio management performance
- Bank and lending costs reduced by 13.0%
- Personnel expenses reduced by 6.4%
- General and administrative expenses reduced by 17.4%
- Overall, a great demonstration of our scalable operating model
- Net finance costs were increased from EUR 9.6m to EUR 11.6m (20.8% y-o-y)

## STRONG PROFITABILITY METRICS:

- EBIT increased 66.0% from EUR 12.6m to EUR 20.9m (19.1% margin)
- PBT increased 209.6% from EUR 3.0m to EUR 9.3m
- Profit increased 251.0% from EUR 2.1m to EUR 7.5m (6.8% margin)



\* Customer acquisition costs in all business units offset from revenue (IFRS adjustment)

\*\* Restated to reflect IFRS requirement of offsetting of customer acquisition cost from revenues, reclassification of depository compensation scheme costs

# BALANCE SHEET: ASSETS REFLECTING BUSINESS GROWTH AND STRONG CASH BALANCE



in EURm	June 2023	Dec 2022	% change
<b>Non-current assets</b>			
Property, plant and equipment	2.7	3.1	-12.6%
Right-of-use assets	5.5	4.6	18.5%
Intangible assets	30.1	31.4	-4.2%
Deferred tax assets	6.5	7.2	-9.0%
Loans to customers	109.8	103.7	5.8%
Other non-current financial assets	41.8	28.9	44.8%
Investments accounted for using the equity method	1.0	0.0	100.0%
<b>Total non-current assets</b>	<b>197.3</b>	<b>178.9</b>	<b>10.3%</b>
<b>Current assets</b>			
Loans to customers	411.1	405.7	1.3%
Other current financial assets	12.0	10.3	16.5%
Derivative financial assets	3.2	3.2	1.2%
Current tax assets	1.7	2.2	-21.6%
Prepaid expenses and other current assets	4.4	1.5	184.8%
Cash and cash equivalents	196.7	153.3	28.3%
<b>Total current assets</b>	<b>629.2</b>	<b>576.3</b>	<b>9.2%</b>
<b>Total assets</b>	<b>826.5</b>	<b>755.2</b>	<b>9.4%</b>

## BUSINESS PORTFOLIOS INCREASED:

- Lending portfolios EUR 520.8m, slightly up from FYE 2022
- Increase in non-current financial assets is driven by Warehouse lending

## STRONG CASH BALANCE:

- Cash position stable at EUR 196.7m, a slight reduction from Q1 according to plan
- Cash balances very well diversified



# BALANCE SHEET : LIABILITIES AND SHAREHOLDERS' EQUITY



in EURm	June 2023	Dec 2022	% change
<b>Equity</b>			
Share capital	40.1	40.1	0.0%
Treasury shares	(0.1)	(0.1)	-32.1%
Retained earnings and other reserves	93.5	91.9	1.6%
Restricted equity reserve	48.0	50.0	-4.0%
<b>Total equity</b>	<b>181.5</b>	<b>182.0</b>	<b>-0.3%</b>
<b>Non-current liabilities</b>			
Long-term borrowings	47.1	46.8	0.6%
Deposits from customers	149.2	81.6	82.8%
Lease liabilities	3.6	3.1	17.9%
Deferred tax liabilities	1.2	1.0	23.1%
<b>Total non-current liabilities</b>	<b>201.1</b>	<b>132.5</b>	<b>51.8%</b>
<b>Current liabilities</b>			
Deposits from customers	418.2	420.1	-0.5%
Derivative financial liabilities	0.2	0.4	-59.9%
Lease liabilities	1.9	1.5	30.2%
Current tax liabilities	0.9	0.9	2.1%
Trade payables	6.7	6.3	6.2%
Accruals and other current liabilities	16.0	11.5	38.4%
<b>Total current liabilities</b>	<b>443.9</b>	<b>440.8</b>	<b>0.7%</b>
<b>Total liabilities</b>	<b>645.0</b>	<b>573.3</b>	<b>12.5%</b>
<b>Total equity and liabilities</b>	<b>826.5</b>	<b>755.2</b>	<b>9.4%</b>

## SOLID EQUITY POSITION:

- Equity stable at EUR 181.5m after perpetual interest payments
- New bond covenant: Net Equity Ratio 29.1%
- ND/E 2.47

## HEALTHY LIABILITY LEVEL:

- Long-term borrowings stable at EUR 47.1m
- Utilization of deposit funding expanded during 2022 in line with long-term strategy
- All operating debt positions de facto stable

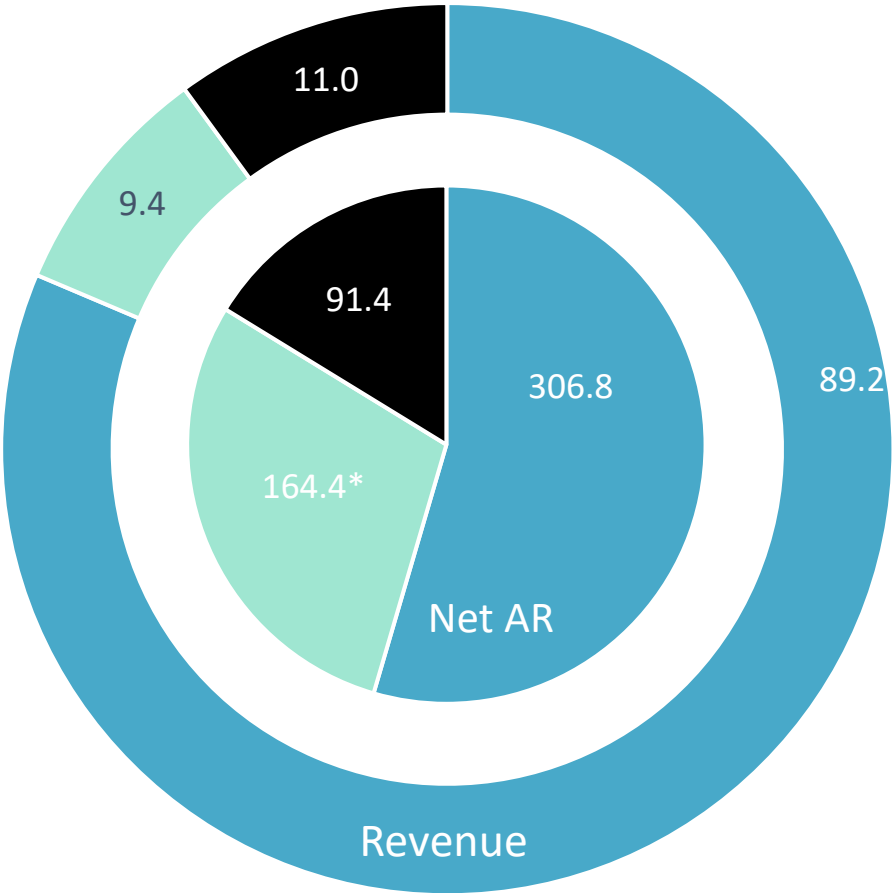


# GROWING LOAN PORTFOLIOS IN ALL TRIBES

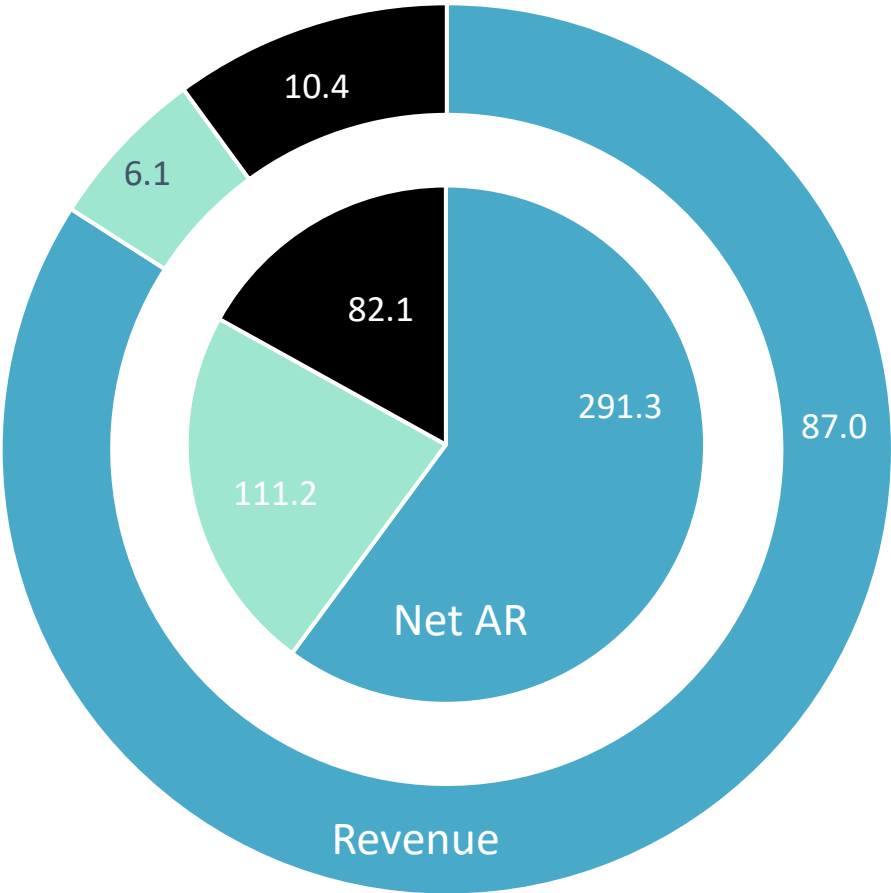


MULTITUDE

H1 2023 NET REVENUE AND NET AR in EURm



H1 2022 NET REVENUE AND NET AR in EURm



- Ferratum
- SweepBank
- CapitalBox

\* Including Warehouse lending

# SEGMENT VIEW – TRIBE PERFORMANCE



in EURm	Ferratum		SweepBank		CapitalBox		Group	
Continuing operations	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022
Revenue *	89.2	87.0	9.4	6.1	11.0	10.4	109.5	103.6
Share in revenue, in %	81.4%	84.0%	8.6%	5.9%	10.0%	10.1%	100.0%	100.0%
Impairment loss on loans to customers	(29.1)	(29.0)	(8.7)	(4.2)	(2.4)	(4.5)	(40.2)	(37.8)
% of revenue	-32.6%	-33.4%	-93.0%	-68.8%	-21.9%	-43.3%	-36.7%	-36.5%
Selling and marketing expenses	(5.3)	(4.0)	(0.3)	(1.1)	(1.4)	(1.6)	(7.0)	(6.8)
% of revenue	-6.0%	-4.6%	-3.5%	-18.2%	-12.7%	-15.8%	-6.4%	-6.5%
Attributable product margin	54.8	54.0	0.3	0.8	7.2	4.3	62.3	59.1
% of revenue	61.4%	62.0%	3.5%	13.0%	65.3%	40.9%	56.9%	57.0%
Other operating expenses	(27.0)	(29.6)	(9.3)	(11.5)	(5.2)	(5.3)	(41.5)	(46.4)
Operating profit	27.8	24.4	(8.9)	(10.7)	1.9	(1.0)	20.8	12.6
Other income, net	0.2	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	0.2	(0.0)
Profit before interests and taxes ('EBIT')	27.9	24.3	(8.9)	(10.7)	1.9	(1.0)	20.9	12.6
EBIT margin, in %	31.3%	27.9%	-95.5%	-174.1%	17.6%	-10.0%	19.1%	12.2%
Allocated finance costs, net	(5.5)	(5.2)	(2.2)	(1.8)	(1.6)	(1.3)	(9.3)	(8.3)
Unallocated FX losses	-	-	-	-	-	-	(2.2)	(1.3)
Profit before income taxes	22.4	19.1	(11.1)	(12.4)	0.3	(2.4)	9.3	3.0
Profit before tax margin, in %	25.1%	22.0%	-119.0%	-203.0%	2.7%	-22.9%	8.5%	2.9%
Net AR	306.8	291.3	164.4**	111.2	91.4	82.1	520.8	484.5



- Revenue slightly up
- Credit losses well under control
- Continued high profitability



- Significant revenue increase
- Increased impairment losses
- Reductions in operating expenses



- Slight increase in revenues
- Positive trend in financial performance with EUR 3.0m improvement in EBIT

\* All business units: Net revenue.

\*\* Including Warehouse lending

# IMPAIRMENT LOSSES REMAIN UNDER 4% - CONSTANTLY STRONG

## ASSET QUALITY

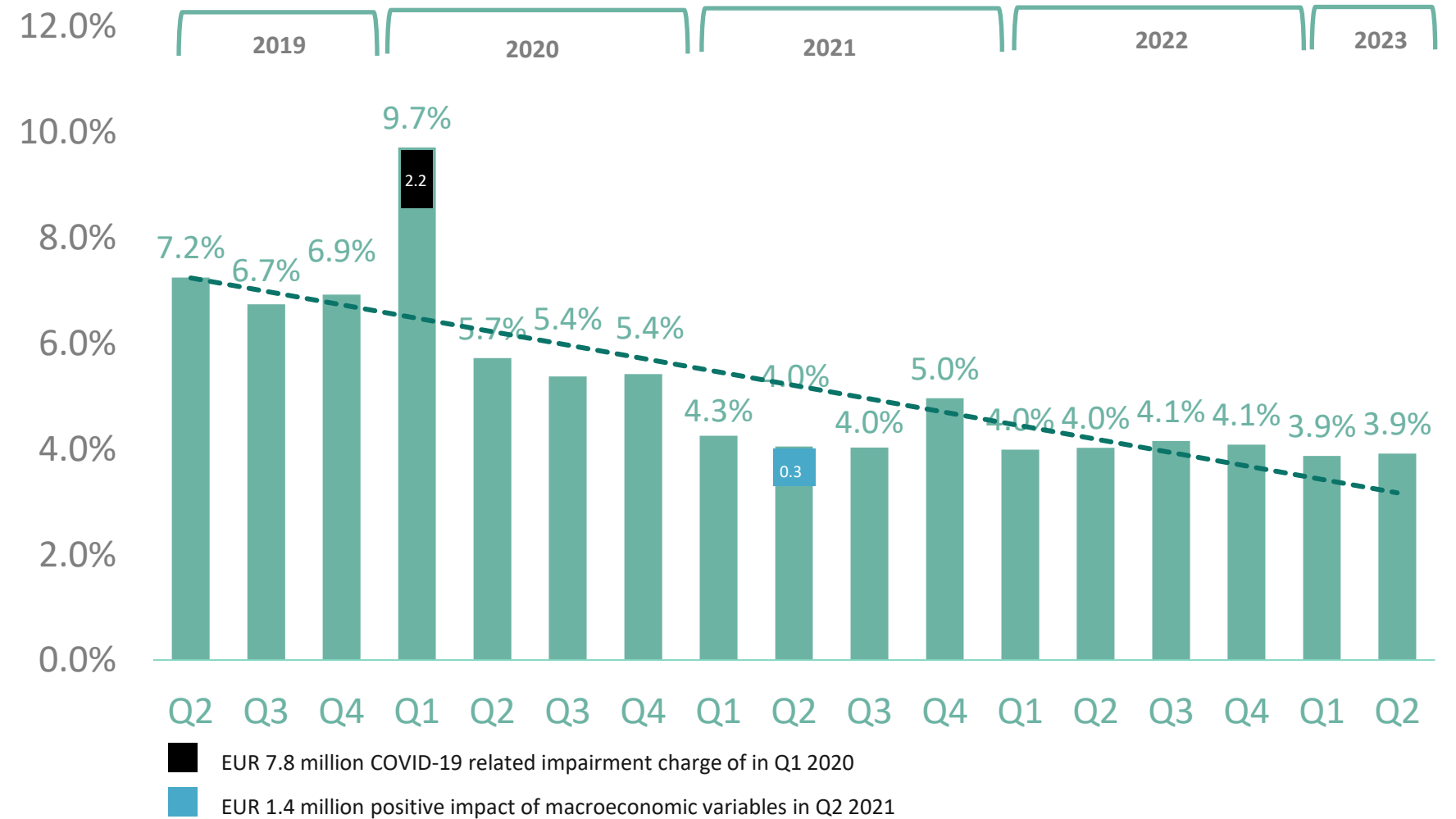


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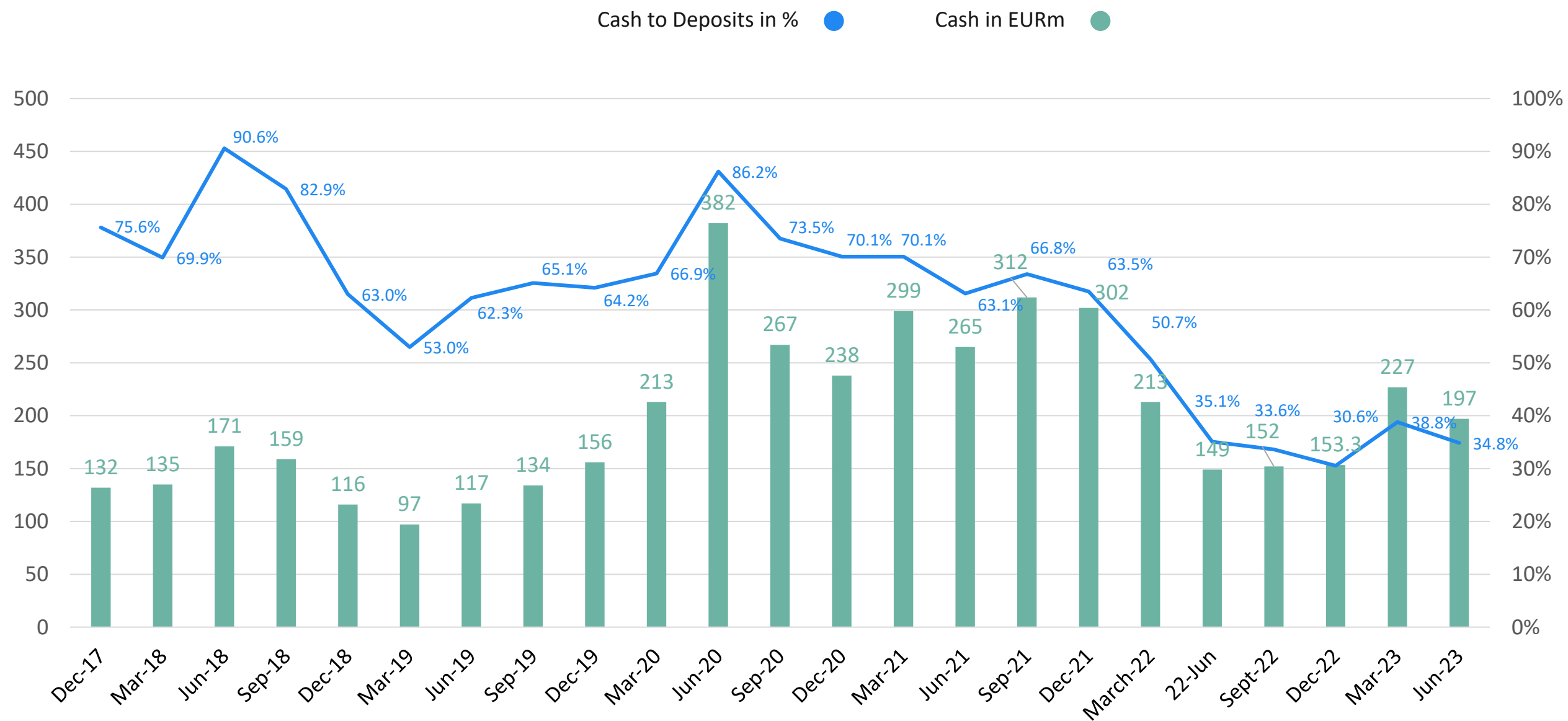
### BALANCED GROWTH STRATEGY DRIVES ASSET QUALITY IMPROVEMENTS

- Long-term trend: Continuous improvement in impairment losses over net accounts receivable (NAR)
- High asset quality maintained during challenging periods
- Key driver is enhanced scoring and underwriting and focus on better asset classes

### IMPAIRMENT LOSSES (TOTAL) / NAR



# SOLID CASH BASE

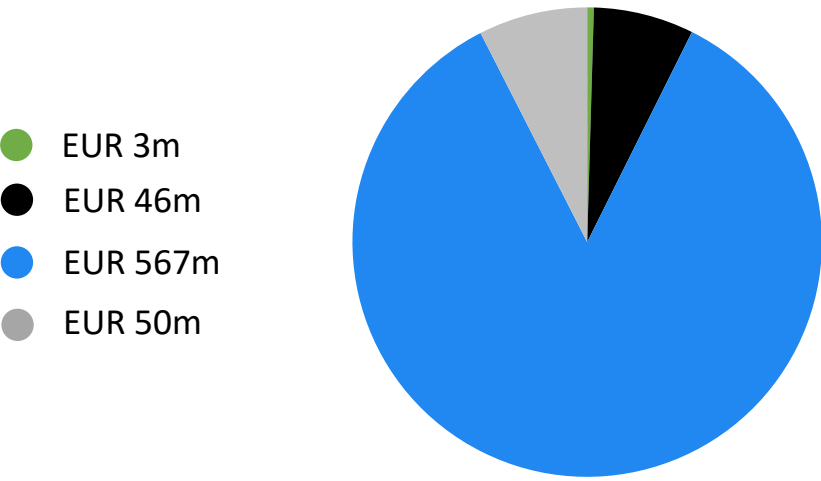


- Cash base on long-term target level – after successful capital market deleveraging
- Almost 27% of the deposit intake is maintained on longer maturities (long-term (> 12 months)), compared to 21% at the end of Q1/ 2023

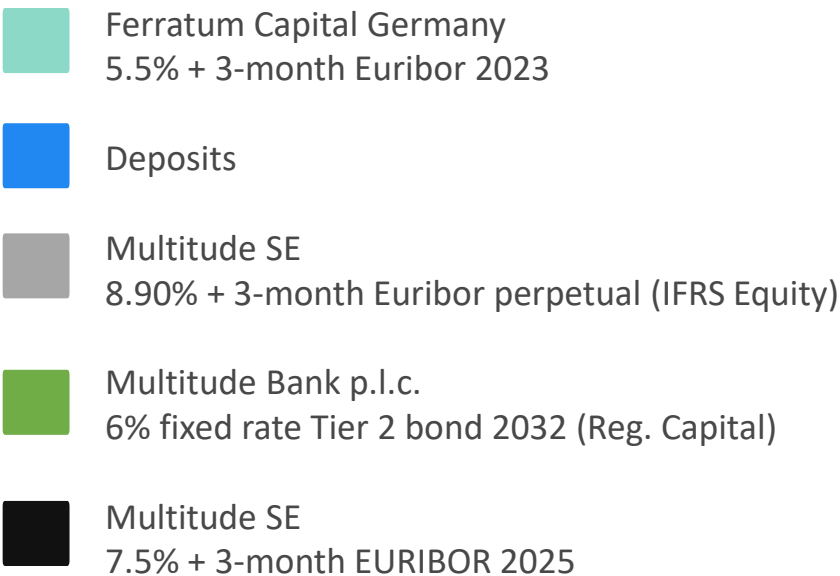
# FUNDING STRUCTURE AND COST OF DEBT CAPITAL



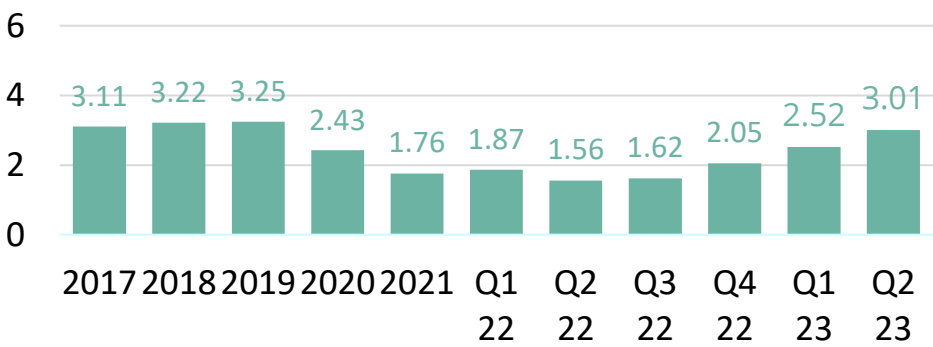
FINANCING MIX AT 30 JUNE 2023



FINANCING MIX AT 30 JUNE 2022



COST OF DEBT CAPITAL (%)\*



\*Excluding perpetual bond

## Important Events:

- 2018-2022 bond and 2019-2023 were redeemed at maturity
- In December 2022 Multitude issued a new 2025 bond (small tap issue contemplated during H2, subject to market conditions)
- Multitude Bank plc., Malta, has obtained its inaugural public credit rating by Fitch
- Subsequently, Multitude Bank is contemplating a Tier 2 issue in H2, subject to market conditions

## KEY TAKEAWAYS

- WE ARE ON TRACK WITH EUR 45M EBIT GUIDANCE FOR 2023
- STRONG PERFORMANCE: EBIT 66% UP TO EUR 20.9M AND PROFITS 251% UP TO EUR 7.5M
- STRONG CASH POSITION CONTINUES
- ROBUST PAYMENT BEHAVIOUR

# Q&A

**THANK YOU**



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