



# 9M 2024 Results

Earnings Call

14.11.2024

MULTITUDE

## Important notice

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

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Nothing in this presentation constitutes investment advice and this presentation shall not constitute an offer to sell or the solicitation of an offer to buy any securities of Multitude or otherwise to engage in any investment activity.



# We have been creating success stories in fintech for the last two decades

MULTITUDE



Founded in Finland in 2005

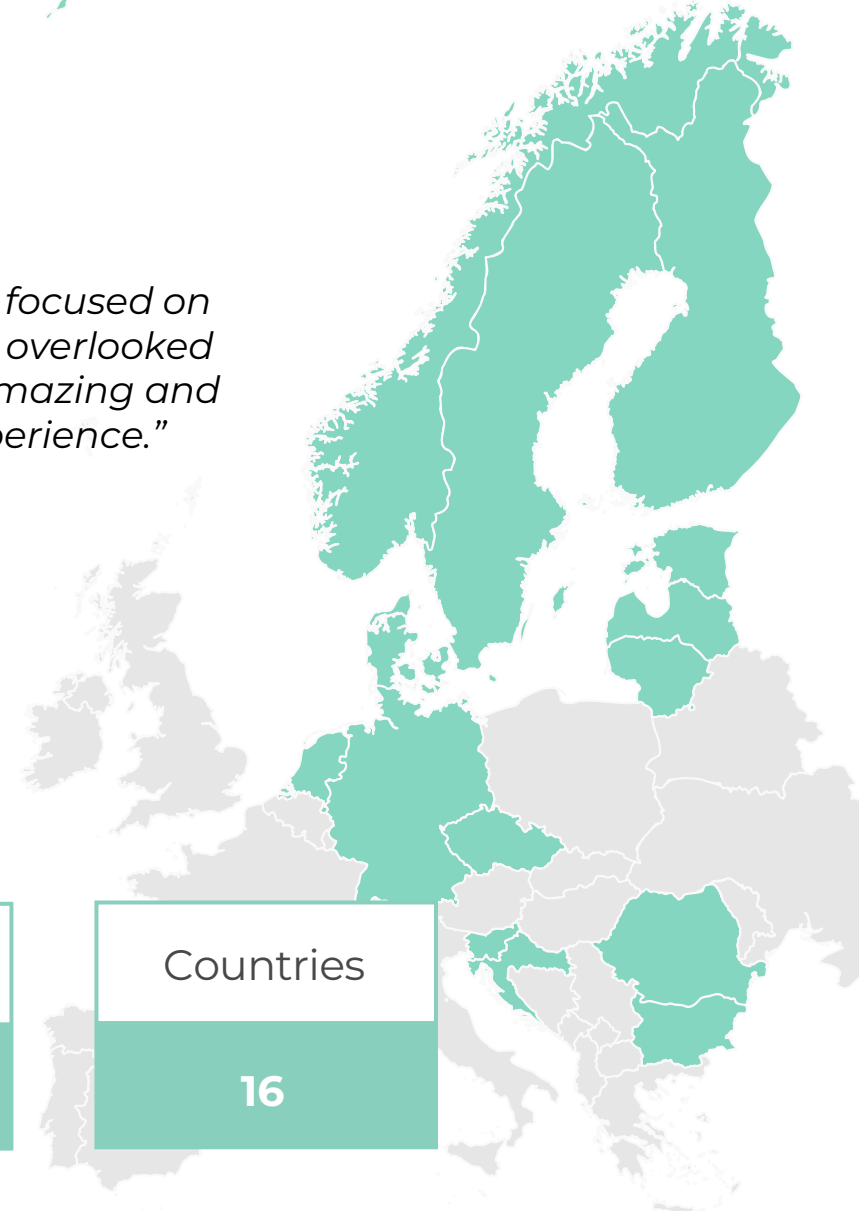


EU wide banking licence



Listed on the Frankfurt Stock Exchange

*“Since foundation, we have focused on helping customers who are overlooked by traditional banks, with amazing and fully digital customer experience.”*



Customers  
~400,000

Revenue 2023  
EUR 230m

Net profit 2023  
EUR 16.4m

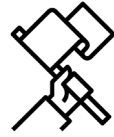
Employees  
~700

Countries  
16



## VISION

Building the most  
valuable financial  
platform  
for overlooked  
customers



## MISSION

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



## OUR VALUES

Customer centricity,  
Entrepreneurial spirit,  
Candour, Respect,  
and Winning teams

# Multitude's Growth platform

Our three independent business units focus on sales and customer experience

The growth platform makes sure that the other operations and processes work seamlessly

PLATFORM CUSTOMERS



PLATFORM CUSTOMER BENEFITS

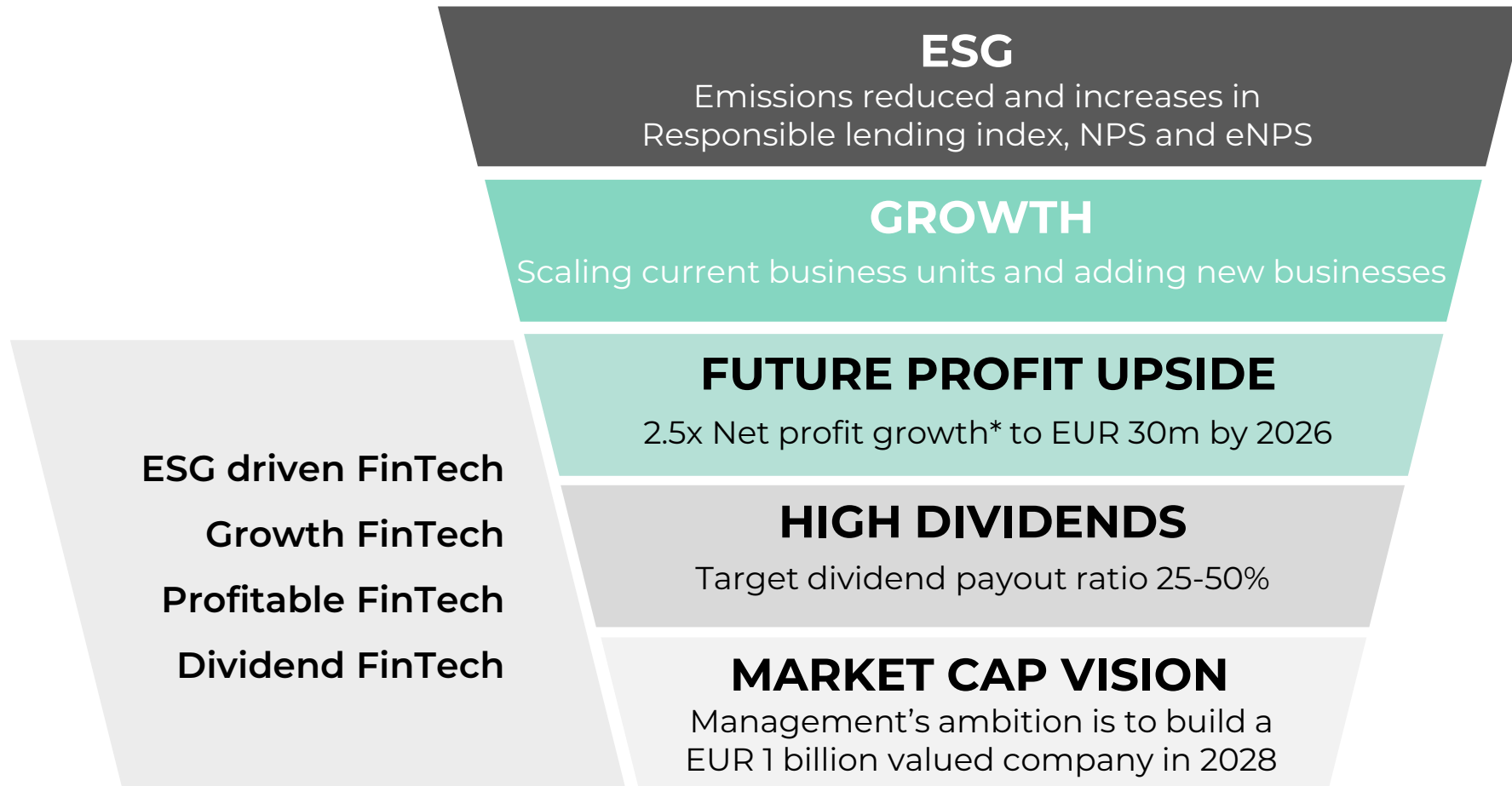


CENTRALISED PLATFORM ELEMENTS



We are aiming for stable profitable growth, commitment to ESG values, and dividend distribution to shareholders

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# Multitude group highlights 9M 2024

## – Increasing revenue and strong EBIT growth

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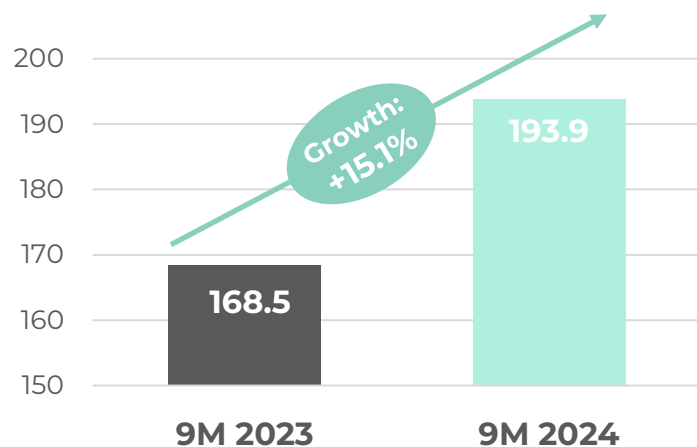
### Highlights 9M 2024

- Both revenue and EBIT growing strongly
- All 3 business units growing
- Demand and payment behaviour remains robust
- First share buyback programme completed in July 2024
- Relocation process to Switzerland will be completed on 31st December 2024

### Focus going forward

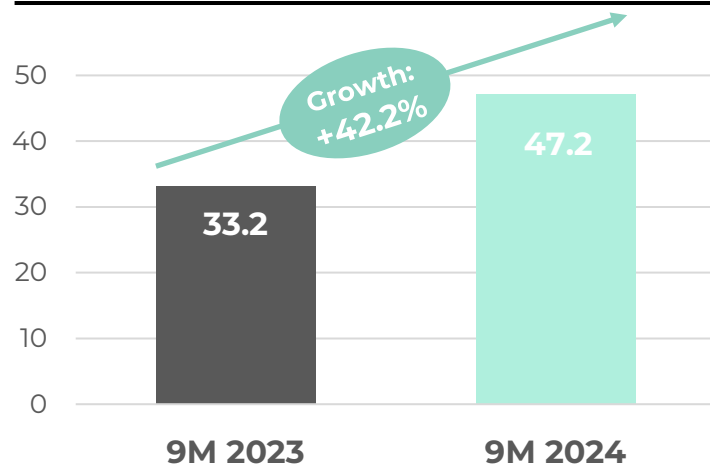
- Focus on 3 growth initiatives: Organic, Partnerships and M&A
- Enhance risk management and AI investments to further improve scalability
- Achieve our communicated guidance:
  - EBIT of EUR 67.5m in 2024, and
  - Net profit of EUR 23m in 2025
  - Net profit of EUR 30m in 2026

### Revenue\* in EURm

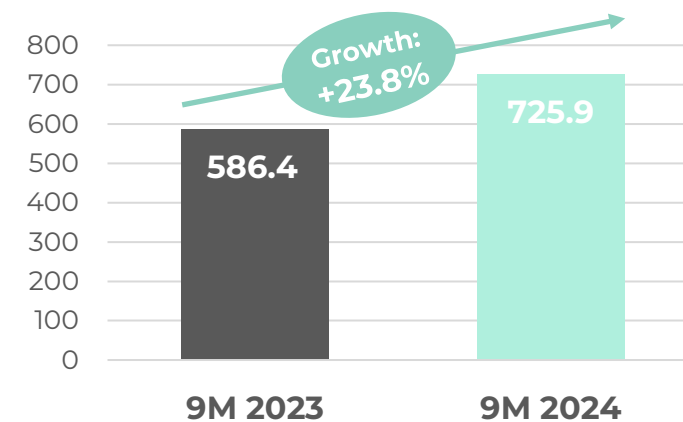


\*Includes Interest income and Fee and commission income

### EBIT in EURm



### NET AR\*\* in EURm



\*\* Net AR incl. Loans to customers and Debt investments

# Consumer Banking highlights 9M 2024

## – Strong performance continues



### Highlights 9M 2024

- Improved marketing bidding process in further countries
- Entered Polish market via partnership model in October
- Credit risk improvements done during Q2 and Q3 with visible positive results
- SweepBank banking products integrated to Ferratum offering in Finland and Latvia

### Focus going forward

- Continue integrating SweepBank banking products to Ferratum offering in other countries
- Focus on 3 main initiatives to accelerate revenue and profitability growth: Organic, Partnerships and M&A
- Improvements in scalability by automation, data & AI, and risk innovations

### Targets 2024

Our target for 2024 is to achieve 5% higher EBIT than the previous year. We are currently outperforming this target

### 9M 2024 in numbers

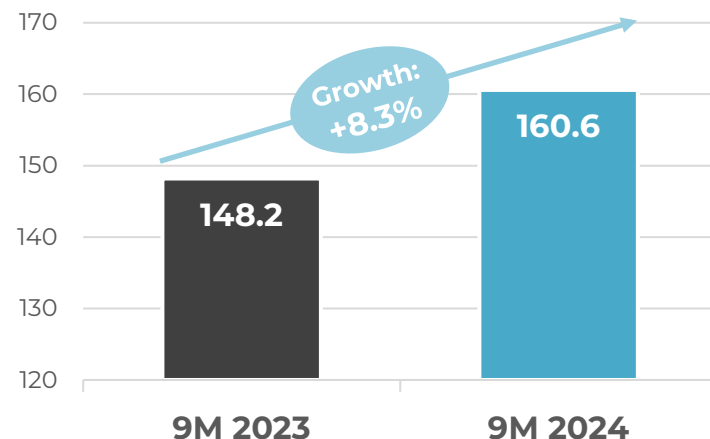
**Products**  
**3**

**Markets**  
**13**

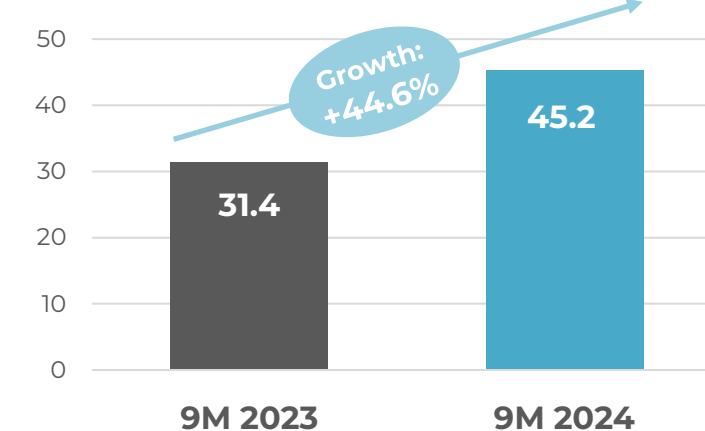
**NPS**  
**63**

**Contact share in self-service 83%**

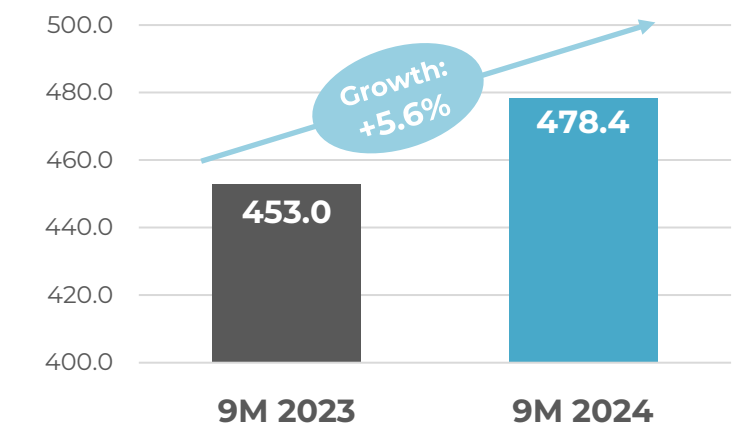
### Revenue\* in EURm



### EBIT\*\* in EURm



### NET AR in EURm



\*Includes Interest income and Fee and commission income

\*\*EBIT=PBT – Interest expense – Fair value and foreign exchange gains/losses

# SME Banking highlights 9M 2024

– Strong growth and credit risk provisions decreasing according to plan

## Highlights 9M 2024

- Focus on retention of customers: Multi-product offering launched and further development in daily banking solutions
- Secured lending portfolio growing, due to improvements in sales processes
- Improved collection processes
- Finetuned underwriting processes driving probability of default down
- Further automation by launching AI powered invoice scraping solution for factoring product

## Focus going forward

- Integrate SweepBank account and credit card products to CapitalBox offering
- Focus on 3 main initiatives to accelerate our revenue growth and profitability: Organic, Partnerships and M&A
- Improvements in risk management and scalability by automation, data & AI, and risk innovations

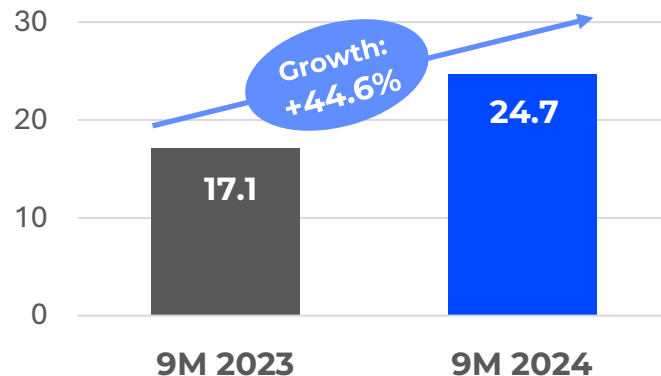
## Targets 2024

Our original target for 2024 was to achieve EUR 10m EBIT. We decided to tolerate lower EBIT levels due to strong Group level profitability and growth opportunities in CapitalBox

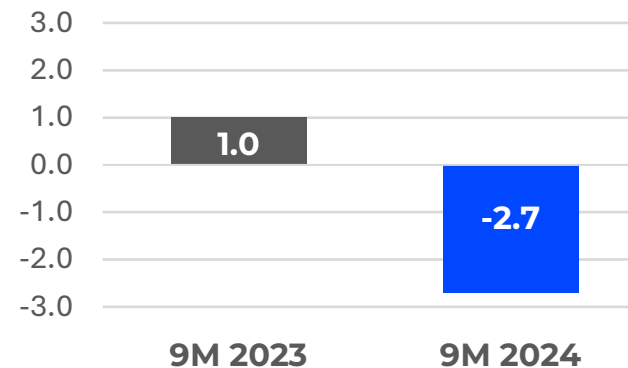
## 9M 2024 in numbers



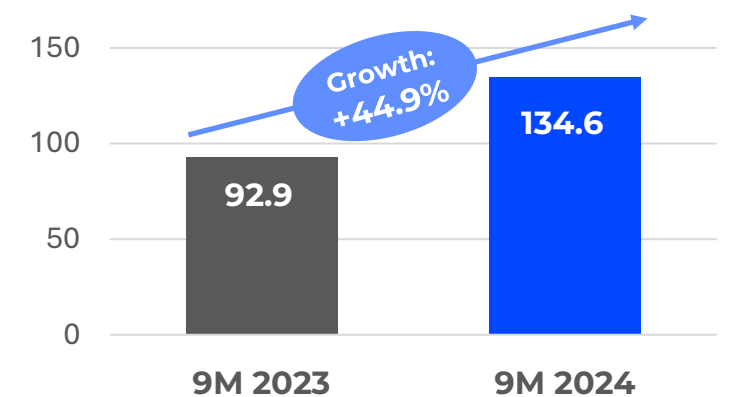
## Revenue in EURm



## EBIT\* in EURm



## NET AR in EURm



10 All numbers in the graphs are restated as of Q1 2023

\* EBIT=PBT – Interest expense – Fair value and foreign exchange gains/losses

# Wholesale Banking highlights 9M 2024

– Strong profitable growth with carefully selected institutional clients

## Highlights 9M 2024

- Increased expertise and reduced deal origination time: core team from 4 to 15 FTEs
- Enhanced risk management tools with new AI base systems in progress
- Active presence in 7 European countries
- Strong secured debt pipeline over EUR 300m, with EUR 100m in advanced stages
- Currently 2 Payment Institutions live for SEK and EUR payments

## Focus going forward

- Emphasizing smart risk-taking and disciplined and fast execution
- Enhance and accelerate our underwriting and bring scalability through automation, data-driven AI, and innovative risk solutions
- Expand our reach by successfully onboarding new clients for payment services

## Targets 2024

On our way to achieving our 2024 target of EUR 6m EBIT\*.

## 9M 2024 in numbers

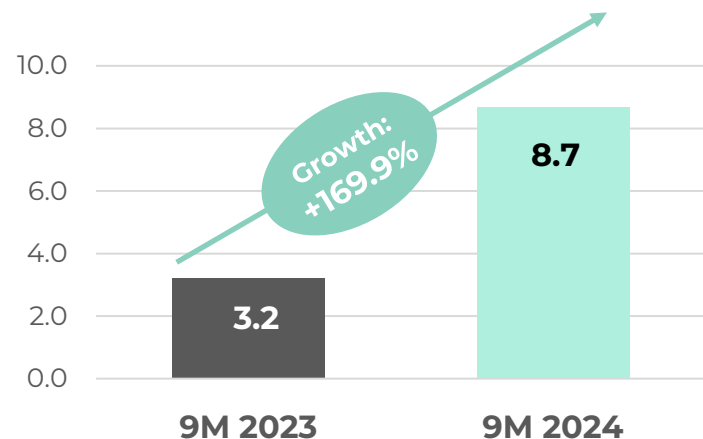
Products

2

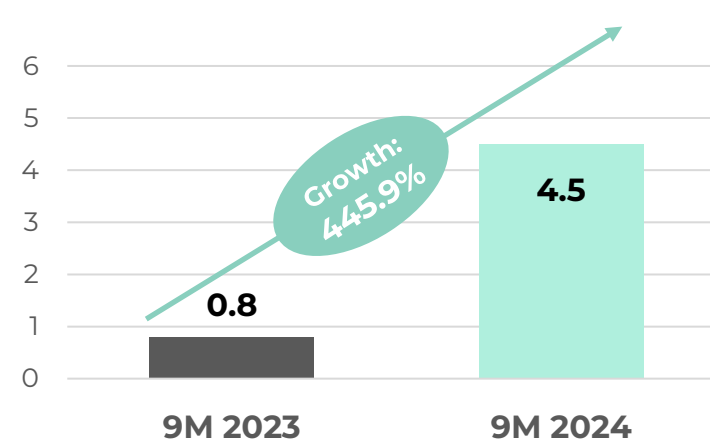
Markets

7

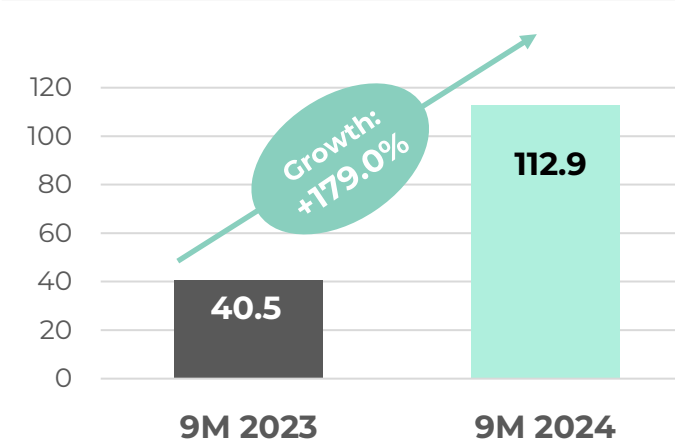
## Revenue in EURm



## EBIT\* in EURm



## NET AR\*\* in EURm



†† All numbers in the graphs are restated as of Q1 2023

\* EBIT=PBT – Interest expense – Fair value and foreign exchange gains/losses

\*\* Net AR incl. Loans to customers and Debt investments

## 2025 Goals

## 9M 2024 Progress highlights



E

Understand and reduce  
the Group environmental  
Footprint

- Improvement in impact materiality assessment across the downstream value chain (i.e., financing activities), upstream value chain and all our own operations
- Improvement in risk materiality assessments
- Improved data quality for estimation of Scope 3 financed emissions according to PCAF methodology



S

Monitor, report on and  
improve stakeholder  
wellbeing

### Customer wellbeing and employee happiness

- Customer NPS: 62 | Q2 2024: 61
- Responsible Lending Index: 4.4 | Q2 2024: 4.3 | 2025 Target: 4.5
- eNPS: **25** | Q1 2024: 25 | 2025 Target: 25 (achieved)

### Diversity

- Management – Female: **35%** | Q2 2024: 39% | 2025 Target: 38%
- Board – Female: **50%** | Q2 2024: 50% | 2025 Target: 38% (achieved)



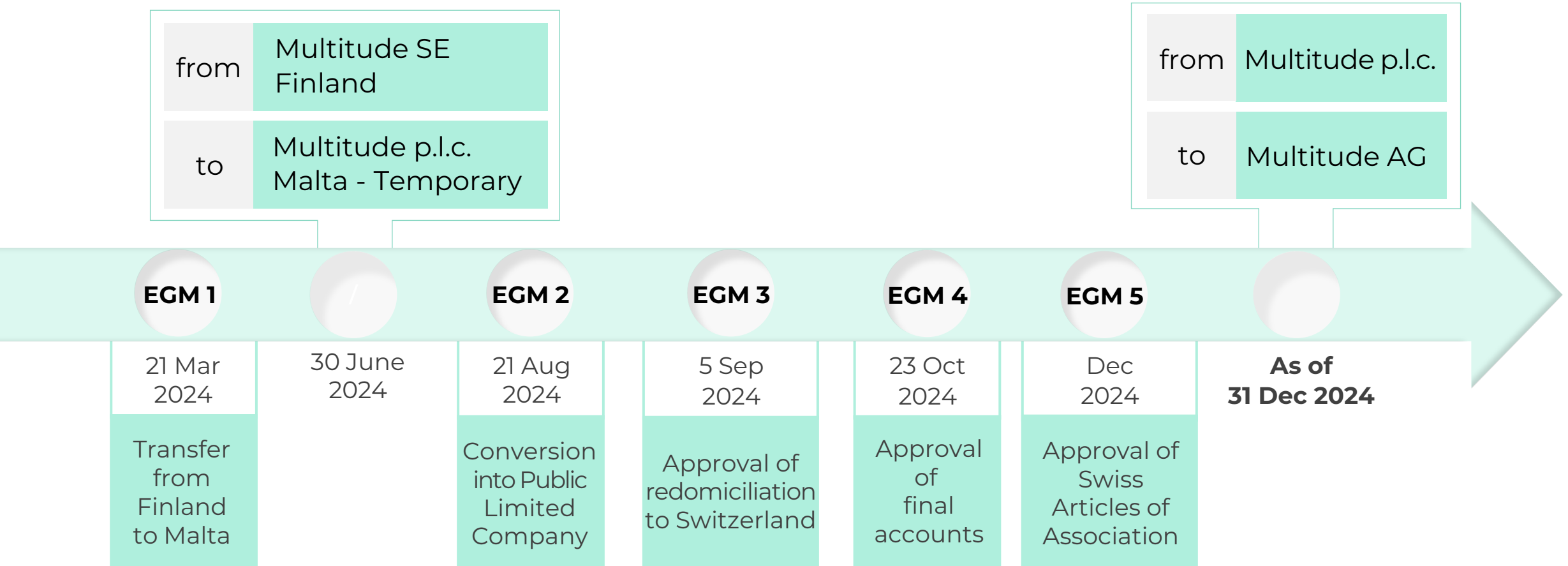
G

Embed ESG conscious  
Practices

- Piloted ESG risk assessment tools for suppliers and corporate loans
- Continuous advancement in the CSRD readiness programme
- Workation policy to further improve the work-life balance for our employees
- all-employee shareholder program

# Multitude Group's relocation of registered seat to Switzerland

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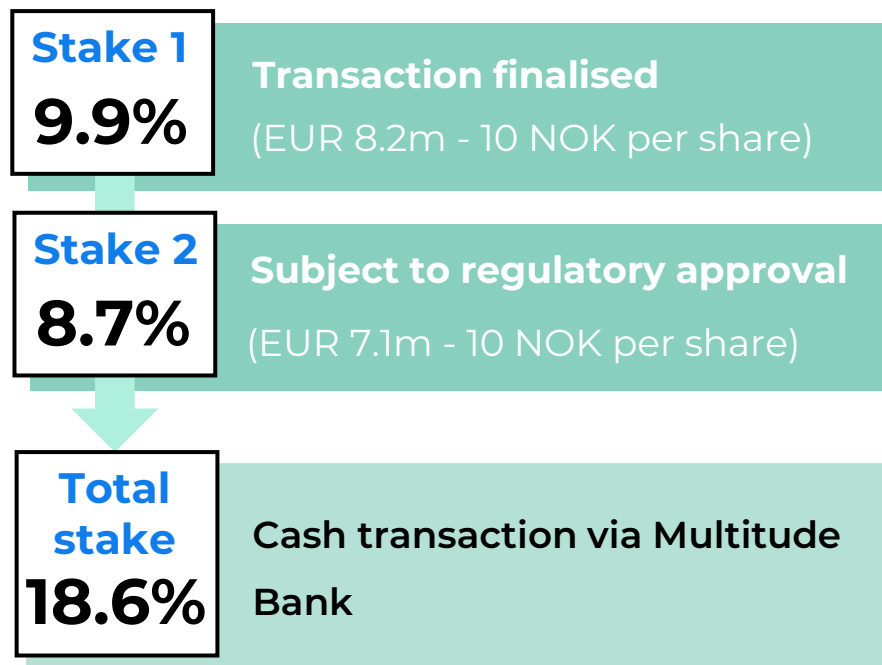
- The operations stay in the current countries and no employee transfers to Switzerland
- Multitude AG will continue to be exclusively listed on the Frankfurt Stock Exchange (no plans for dual-listing)
- The relocation is not expected to cause any adverse tax consequence in respect of the Group's tax management policy and future dividend distribution to Multitude's shareholders

# Multitude Bank acquired a strategic stake in Lea Bank ASA

- Great strategic fit with complementary offering and attractive financial return

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## Transaction breakdown



## Strategic investment

- Lea Bank represents an ideal strategic fit with its complementary product offerings
- This transaction is expected to provide us an attractive financial return in terms of dividend yield and income from associated company
- Additionally, this acquisition creates opportunities for further strategic cooperation
  - Referrals/product cooperations
  - Cross-selling
  - Potential use of payment infrastructure
- After completion of the second stake, Multitude is expected to become the largest shareholder of Lea Bank

# Lea Bank is a growing and profitable digital consumer financing bank from Norway

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## Lea Bank in brief

- Fully digital bank founded in 2016
- Offering focusing on unsecured consumer loans and deposits
- Has lending operations in Norway, Finland, Sweden and Spain
- Offers also deposit products to customers in Norway, Germany, Spain, Austria and France through cooperation with Raisin Bank
- Plans further expansion in additional European markets
- Listed on Oslo Stock Exchange
- Relocation to Sweden in process (6 to 12 months). Listing on Nasdaq Stockholm expected in 2025

## Key metrics

- Interest income 2023: NOK 712.3m (EUR~ 60.2m)
- Net profit 2023: NOK 106.3 (~ EUR 9m)
- Market cap. NOK 800m (~ EUR 67.7m)
- Gross loan portfolio NOK 7.2m (EUR ~ 606.8)
- 48 employees and 70,000+ existing customers



## Why this change?

The founder seeks to reduce time spent on daily operations, focusing fully on high-impact strategic and value-creative projects

## Jorma's future at Multitude

- Board member at Multitude and Multitude Bank
- Exploring potential acquisitions and partnerships
- Leading strategy, innovation, and business development projects
- Mentoring key people across the organization

## Focus

Leading  
by data

Accelerating  
digitalisation

Enhancing  
customer  
experience

Improving  
efficiency  
(Cost / Income ratio)

## Antti Kumpulainen

- Nine successful years in Multitude from which first years as country manager, followed by commercial leader and the last four years as the CEO of Multitude Bank
- Before Multitude risk management roles (incl. CRO) in Finnish banks and financial institutions

### Highlights as Bank CEO:

- Doubled the lending and investing portfolio
- Increased digitalisation and automation in operations throughout the Group (Bank FTEs from 273 to 186 and contact share in self-service from 0 to 83% in 5 years)
- Creation of the Wholesale Banking business unit
- European-wide regulatory knowledge



# MULTITUDE

## 9M 2024 RESULTS

IFRS preliminary unaudited financial results  
for the 9 months ended 30 September 2024

# Financial overview:

## Strong performance continues also in Q3

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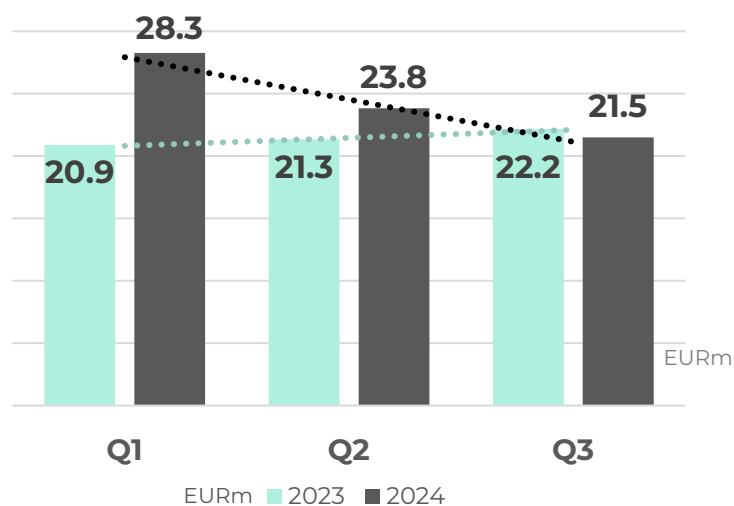
in EURm	9M 2024	9M 2023*	%/pp change
Interest income	193.9	168.5	15.1
Interest expense	(30.1)	(14.2)	112.1
<b>Net interest income</b>	<b>163.8</b>	<b>154.3</b>	<b>6.2</b>
Fair value and foreign exchange losses	(2.5)	(3.7)	-32.8
Other income and loss from associates	0.1	-	-
<b>Net operating income</b>	<b>161.4</b>	<b>150.6</b>	<b>7.1</b>
Operating expenses:			
Impairment loss on loans to customers	(73.6)	(64.4)	14.3
Personnel expense	(27.5)	(25.2)	9.3
General and administrative expense	(25.9)	(22.9)	13.0
Depreciation and amortisation	(9.4)	(11.5)	-18.4
Selling and marketing expense	(10.3)	(11.0)	-5.9
Other expense	-	(0.3)	-
<b>Profit before income tax</b>	<b>14.6</b>	<b>15.3</b>	<b>-4.7</b>
Income tax expense	(1.9)	(2.8)	-32.4
<b>Profit for the period</b>	<b>12.7</b>	<b>12.5</b>	<b>1.4</b>
One-off finance expense adjustment	3.0	-	-
<b>Profit for the period adjusted</b>	<b>15.7</b>	<b>12.5</b>	<b>24.0</b>

### Strong 9M business performance in challenging environment:

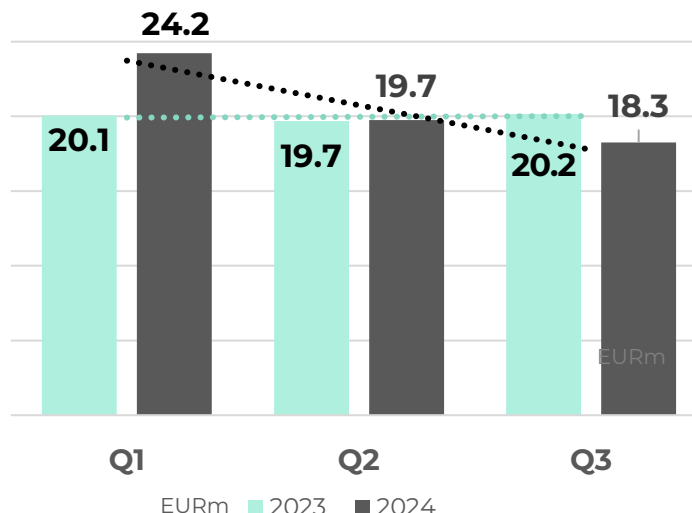
- Revenue grew by 15.1% to EUR 193.9m
- Net interest income up by 6.2% after increased interest expenses
- Credit losses elevated during beginning of the year, substantial improvement since then
- Increase in Personnel expenses mostly related to new hires in growth business initiatives
- Operating expenses remain well under control
- Cost income ratio at 45.3% vs 47.1% during 9M 2023
- 42.2% growth in EBIT to EUR 47.2m
- Net profit increased by 1.4% to EUR 12.7m; increased by ca 25% after one-off adjustment
- Basic EPS remains stable at EUR 0.38 per share during 9M 2024 (0.38 during 9M 2023)

# Credit loss development: Actions taken result in significantly lower credit losses

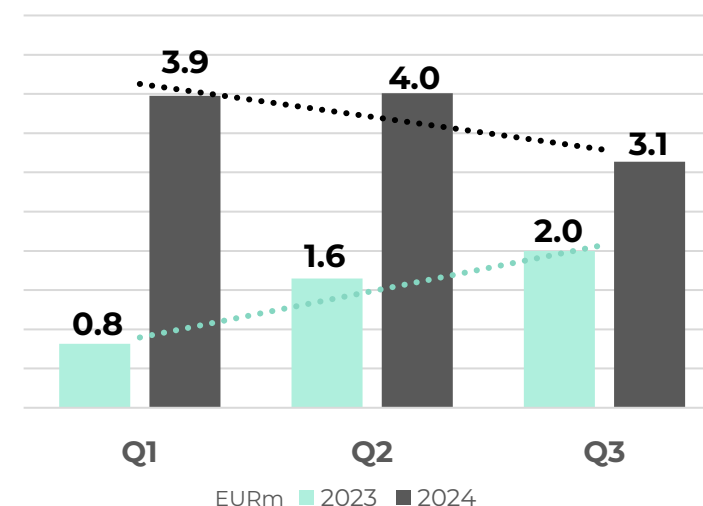
## Group credit loss development



## Consumer credit loss development



## SME credit loss development



### Consolidated credit loss performance

- Credit loss reduction has been a key corporate initiative during last 6 months, following elevated credit loss levels during Q1
- Financial impact of actions taken exceeded expectations
- Positive credit loss momentum in core businesses is supported by high asset quality in secured lending businesses

### Credit loss performance drivers

- Technological improvements: integration of new data sources
- Methodological improvements: introduction of refined underwriting models in several markets
- Operational improvements: payment offering and processes, collection processes

### Performance improvement drivers

- Business portfolio composition: increasing proportion of secured business
- Industry mix: gradual underweighting of industries affected by current economic environment
- Operational improvements: refined collection processes
- Methodological improvements: PD reduction via introduction of fine-tuned scoring models

# Balance sheet:

## Assets in line with business growth and performance

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in EURm	Sep 2024	Dec 2023	% change
Cash and cash equivalents	267.1	283.7	-5.9
Derivative financial assets	0.1	0.3	-68.3
Loans to customers	624.7	575.9	8.5
Debt investments	101.2	62.1	62.9
Current tax assets	1.9	1.8	1.1
Other financial assets	23.6	19.4	21.5
Prepaid expenses and other assets	2.9	2.8	0.6
Intangible assets	32.3	29.5	9.6
Right-of-use assets	4.9	4.8	1.4
Property, plant and equipment	2.6	2.9	-10.4
Investments accounted for using the equity method	0.8	1.0	-22.4
Deferred tax assets	5.8	6.5	-10.1
<b>Total assets</b>	<b>1,067.8</b>	<b>990.9</b>	<b>7.8</b>

### Asset movements:

- Loan portfolio and investments increased from EUR 638m in December 2023 to EUR 726m on 30 September 2024 (13.8% growth)
- Portfolio growth 23.8% 9M 2024 vs 9M 2023
- Cash balance supports further growth
- Total assets increased by 7.8% at EUR 1,068m

## Balance sheet: Liabilities and shareholders' equity

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in EURm	Sep 2024	Dec 2023	% change
<b>Equity</b>			
Share capital	40.1	40.1	-
Treasury shares	(0.6)	(0.1)	526.1
Retained earnings	92.0	87.3	5.4
Unrestricted equity reserve	14.8	14.7	0.4
Perpetual bonds	45.0	45.0	-
Translation differences	(3.5)	(3.4)	4.8
Total equity	187.7	183.6	2.2
<b>Liabilities</b>			
Derivative financial liabilities	2.3	5.3	-57.5
Deposits from customers	773.4	732.3	5.6
Current tax liabilities	1.0	2.3	-56.5
Provisions, accruals and other liabilities	21.2	13.4	58.4
Debt securities	76.1	47.8	59.1
Lease liabilities	4.9	5.0	-0.5
Deferred tax liabilities	1.3	1.2	14.0
Total liabilities	880.1	807.2	9.0
<b>Total equity and liabilities</b>	<b>1,067.8</b>	<b>990.9</b>	<b>7.8</b>

### Movements in liabilities and shareholders' equity:

- Equity of the group increased to EUR 187.7m
- ND/E 3.27
- Net Equity Ratio 23.4%
- Multitude Capital Oyj successfully placed a 4-year senior unsecured bond amounting to EUR 80m. Multitude SE bond 2022-2025 called. Issuing related one-off cost 3.0m. Interest rate cost of new instrument ca 100bp below old instrument.
- Deposits increased to EUR 773.4m and remain the main source of funding

# Segment view – business unit performance

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in EURm	Consumer Banking			SME Banking			Wholesale Banking			Group		
	9M 2024	9M 2023	% change	9M 2024	9M 2023	% change	9M 2024	9M 2023	% change	9M 2024	9M 2023	% change
Interest income	160.6	148.2	8.3	24.7	17.1	44.6	8.7	3.2	169.9	193.9	168.5	15.1
Interest income share,%	82.8	88	-5.2	12.7	10.1	2.6	2.2	1.4	57.1	100.0	100.0	-
Interest expense	(19.9)	(10.7)	87.1	(6.0)	(2.9)	105.8	(4.2)	(0.6)	551.5	(30.1)	(14.2)	112.1
<b>Net interest income</b>	<b>140.6</b>	<b>137.5</b>	<b>2.2</b>	<b>18.7</b>	<b>14.2</b>	<b>32.1</b>	<b>4.4</b>	<b>2.6</b>	<b>73.5</b>	<b>163.8</b>	<b>154.3</b>	<b>6.2</b>
Fair value and foreign exchange losses	(1.9)	(3.1)	-37	(0.5)	(0.6)	-11.6	-	-	-	(2.5)	(3.7)	-32.8
Other income and loss from associates	-	-	-	0.3	-	-	(0.2)	-	-	0.1	-	-
<b>Net operating income</b>	<b>138.8</b>	<b>134.5</b>	<b>3.1</b>	<b>18.4</b>	<b>13.5</b>	<b>36.0</b>	<b>4.2</b>	<b>2.6</b>	<b>62.5</b>	<b>161.4</b>	<b>150.7</b>	<b>7.1</b>
Impairment loss on loans to customers	(62.2)	(59.9)	3.9	(11.1)	(4.5)	149.5	(0.2)	-	-	(73.6)	(64.4)	14.3
Operating expenses	(53.1)	(57.0)	-6.9	(16.5)	(11.6)	42.3	(3.7)	(2.4)	51.7	(73.2)	(71.0)	3.1
<b>Profit before income tax</b>	<b>23.4</b>	<b>17.6</b>	<b>33.0</b>	<b>(9.2)</b>	<b>(2.5)</b>	<b>268.8</b>	<b>0.3</b>	<b>0.2</b>	<b>75.1</b>	<b>14.6</b>	<b>15.3</b>	<b>-4.7</b>
Loans to customers	478.4	453.0	5.6	134.6	92.9	44.9	11.7	0.2	-	624.7	575.9	8.5
Debt investments	-	-	-	-	-	-	101.2	40.3	151.0	101.2	40.3	151.0



- Strong growth in revenue (+8.3%)
- Very satisfactory credit loss performance displaying a clear positive trend
- Continues to deliver excellent profitability level



- Very strong growth in revenue (+44.6%)
- Credit loss impairments elevated but on the right track
- Investment rationale: scaling up based on positive unit economics

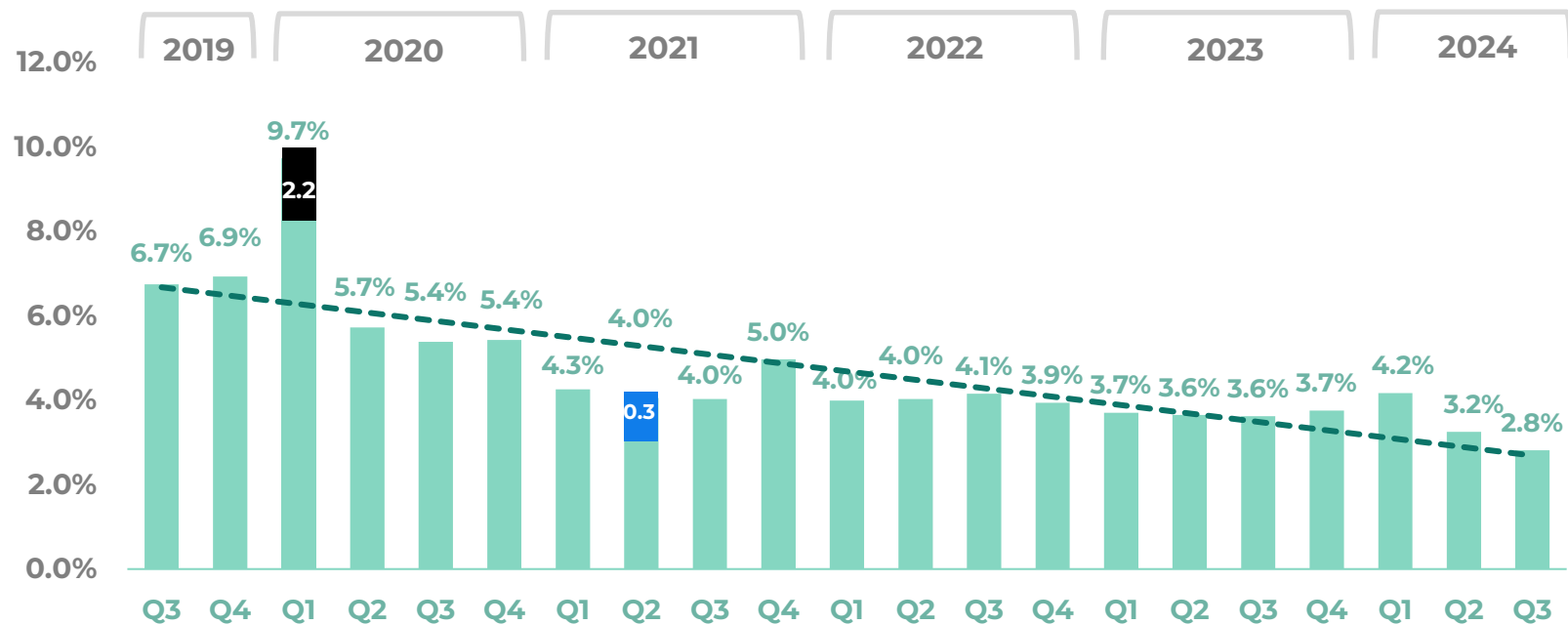


- Very strong top-line dynamics (+169.9%)
- Convincing financial performance despite being in early stage
- Business unit has massive opportunities (growth and profit)

# Strong asset quality

## - impairment losses down to 2.8% on quarterly basis

Impairment losses / NAR



■ EUR 7.8 million COVID-19 related impairment charge of in Q1 2020

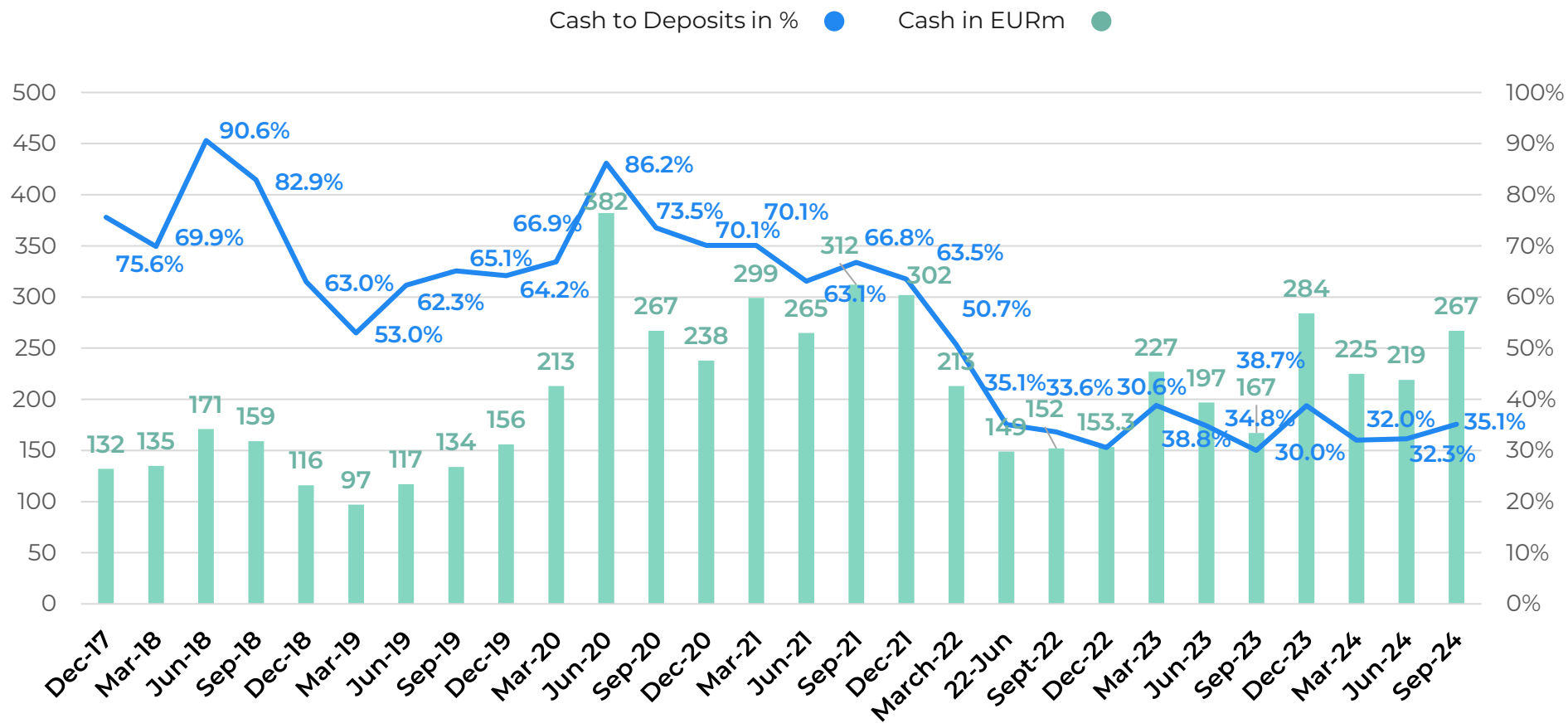
■ EUR 1.4 million positive impact of macroeconomic variables in Q2 2021

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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 – excellent performance in Q2 and Q3
- Key drivers are enhanced scoring and underwriting systems and processes, focus on better asset classes, improved operational processes, and increasing relevance of secured lending.

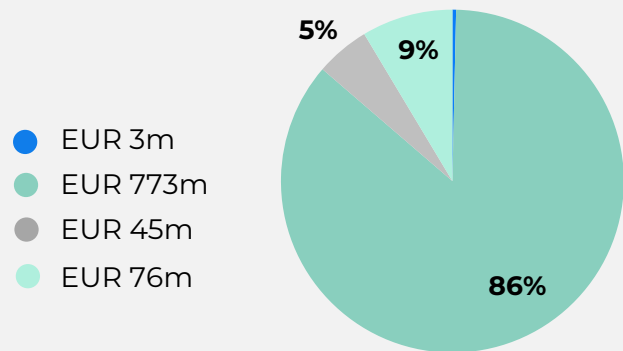
23 \*Credit losses do not include collection costs for comparative purposes. Net AR ("NAR") incl. Loans to customers and Debt investments



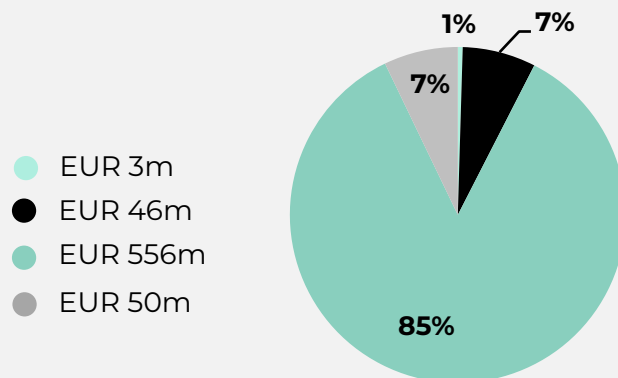
- Cash base within long-term target level corridor
- More than 35% of deposits have a residual maturity of more than 1 year
- Highly granular customer base

# Funding structure and cost of debt capital

Financing mix at 30 September 2024

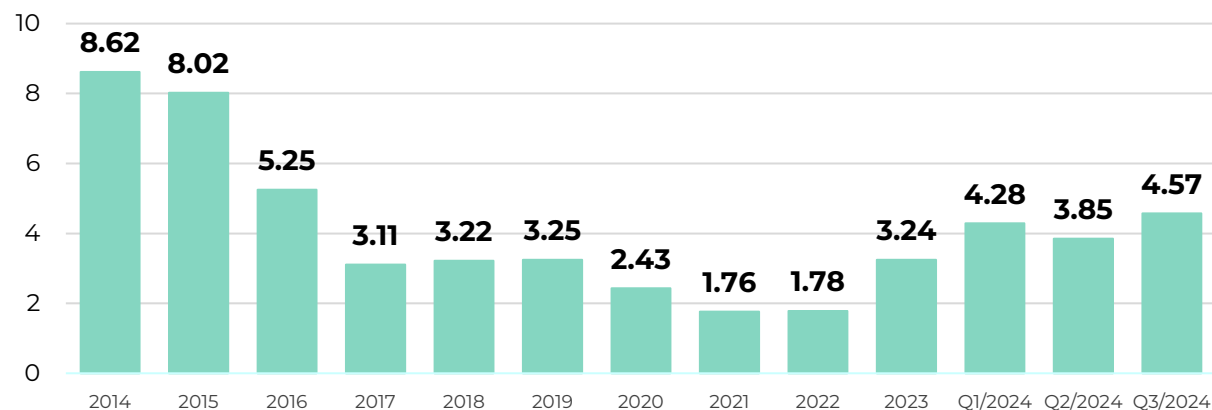


Financing mix at 30 September 2023



- Deposits
- Multitude p.l.c. 8.90% + 3-month Euribor perpetual (IFRS Equity)
- Multitude Bank p.l.c. 6% fixed rate Tier 2 bond 2032 (Reg. Capital)
- Multitude p.l.c. 7.5% + 3-month EURIBOR, due 2025)
- Multitude Capital Oyj 6.75% + 3-month Euribor, due 2028

## Cost of capital (%)\*

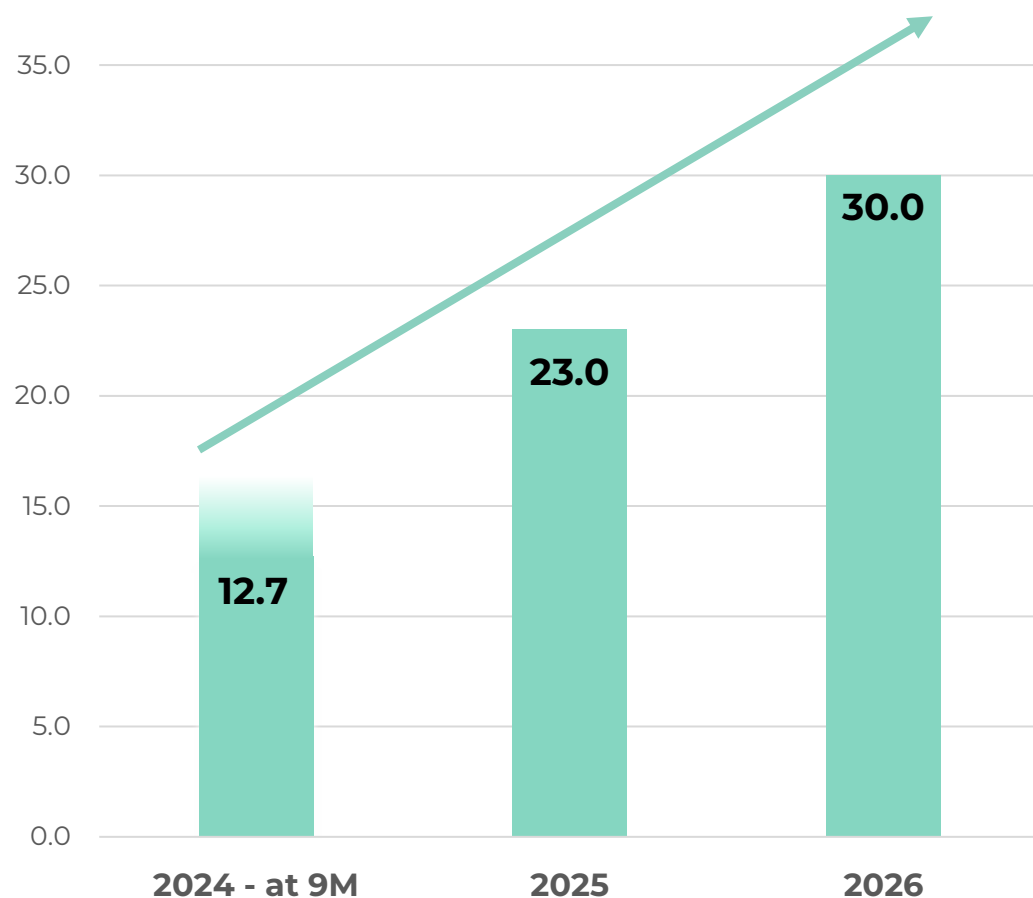


25 \*Excluding perpetual bond

## Important events and trends

- Multitude Capital Oyj has successfully launched an EUR 80 m 4-year bond in June 2024 and has subsequently refinanced the 2025 bond of Multitude p.l.c.
- Potential Tap issue during Q4 / Q1 2025
- Opportunistic Debt Capital Markets transactions constantly assessed (regulatory capital)

## Multitude Group Net Profit



**NOTE:**

Guidance metrics are subject to adjustments for one-off and/or extraordinary items, as well as to adjustments for the impact of negatively disruptive events. All guidance numbers in EURm.

## Our Guidance framework

- EBIT up by 50% each year from EUR 20m in 2021 to 67.5m in 2024 (expected range 66.5m-68.5m)
- EBIT guidance achieved in each period
- Net profit introduced as new guidance metric at Capital Markets Day 2023
- Net profit target 2025: EUR 23m (new)
- Net profit target 2026: EUR 30m (confirmed)

## Assumptions, success factors, and net profit drivers

- Profit first: clear focus on profitable markets and business initiatives (target: all initiatives net profit accretive in 24 months)
- Degressive cost development in all organizational units
- Continuous improvements in underwriting and credit risk management
- Ability to reduce weighted average cost of debt funding
- Determination to continue investing in future growth



**Q&A**



Thank you!

[ir@multitude.com](mailto:ir@multitude.com)

MULTITUDE p.l.c.