FERRATUM CAPITAL GERMANY GMBH

Helmholtzstraße 2-9

10587 Berlin

Financial statements as of

31 December 2021

FERRATUM CAPITAL GERMANY GMBH

Statement of financial position

as at 31 December 2021

ASSETS	Note	31 December 2021	31 December 2020	EQUITY AND LIABILITIES	Note	31 December 2021	31 December 2020
		EUR	EUR			EUR	EUR
Non-current assets				**Equity**			
Property, plant and equipment	(1)	635	971	Subscribed capital	(6)	50.000	50.000
Loans to shareholder	(2)	-	177.654.719	Capital reserve	(7)	1.325.000	1.175.000
Deferred tax assets	(3)	-	195.965	Retained earnings		(996.557)	(1.344.763)
Total non-current assets		**635**	**177.851.655**	**Total equity**		**378.443**	**(119.763)**
Current assets				**Non-current liabilities**			
Loans to shareholder	(2)	141.143.607	-				
Other receivables	(4)	1.238.947	204.205	Bonds	(8)	55.731.791	175.585.718
Cash and cash equivalents	(5)	387.843	376.308	Deferred tax liabilities	(3)	28.081	-
Total current assets		**142.770.397**	**580.514**	**Total non-current liabilities**		**55.759.872**	**175.585.718**
				Current liabilities			
				Bonds	(8)	85.967.367	2.613.254
				Other payables and accrued expenses	(9)	133.529	129.798
				Trade tax	(10)	531.821	223.162
				Total current liabilities		**86.632.717**	**2.966.215**
Total assets		**142.771.032**	**178.432.169**	**Total equity and liabilities**		**142.771.032**	**178.432.169**

FERRATUM CAPITAL GERMANY GMBH

Statements of profit or loss and other comprehensive income for the period from 1 January to 31 December 2021

	Note	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
		EUR	EUR
Other income	(11)	3.810	20.900
Cost of purchased services		-	(3.688)
Personnel expenses	(12)	(78.526)	(54.620)
Depreciations and amortization	(1)	(336)	(162)
Other operating expenses	(13)	(428.433)	(490.781)
Impairment gain/loss	(2)	155.853	(220.210)
Financial income	(14)	11.364.990	11.690.111
Financial expense	(15)	(9.898.763)	(10.561.444)
Financial result		**1.466.227**	**1.128.667**
Profit/(loss) before tax		**1.118.595**	**380.105**
Income taxes	(16)	(770.388)	(392.949)
Net income/(loss) for the year		**348.207**	**(12.844)**
Other comprehensive income		-	-
Items that may be classified subsequently to profit or loss		-	-
Change of fair value-bonds measured in FVTOCI		-	-
Total comprehensive profit/(loss)		**348.207**	**(12.844)**

FERRATUM CAPITAL GERMANY GMBH

Statement of cash flow

for the period from 1 January to 31 December 2021

		1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020
		EUR	EUR
	Net result before taxes	1.118.595	380.105
+	Depreciation of property, plant and equipment	336	162
+/-	Impairment gain/loss	(155.853)	-
+/-	Increase/(decrease) in other liabilities	(253.834)	(24.384)
-/+	Increase/(decrease) in other assets	(14.297)	61.812
+	Interest expense	9.898.763	10.561.444
-	Interest income	(11.364.990)	(11.690.111)
-	Income tax paid	(176.084)	(311.443)
=	**Cash flow from regular operating activities**	**(947.364)**	**(1.022.415)**
-	Cash paid for the acquisition of property, plant and equipment	-	(1.009)
+	Interest received	25.751.338	6.413.474
+	Proceeds from borrowings	21.456.138	-
=	**Cash flow from investing activities**	**47.207.475**	**6.412.465**
+	Proceeds from addition to the capital reserve	150.000	250.000
+	Proceeds from issuing bonds	(36.373.300)	4.418.122
-	Interest paid	(10.025.278)	(9.835.920)
=	**Cash flow from financing activities**	**(46.248.578)**	**(5.167.799)**
	Total of the cash flows	**11.534**	**222.252**
+	Cash and equivalents - beginning of the period	376.308	154.056
=	Cash and equivalents - end of the period	387.843	376.308

FERRATUM CAPITAL GERMANY GMBH

Statement of changes in equity

as at 31 December 2021

	Subscribed capital EUR	Capital reserve EUR	Accumulated losses EUR	Accumulated other comprehensive income EUR	Sum EUR
Balance as at 1 January 2020	**50.000**	**925.000**	**(1.331.920)**	**-**	**(356.920)**
Share Capital issue	-	-	-	-	-
Capital reserve	-	250.000	-	-	250.000
Results brought forward	-	-	-	-	-
Net Income for the period/year	-	-	(12.844)	-	(12.844)
Other comprehensive income	-	-	-	-	-
Balance as at 31 December 2020	**50.000**	**1.175.000**	**(1.344.764)**	**-**	**(119.764)**

	Subscribed capital EUR	Capital reserve EUR	Accumulated losses EUR	Accumulated other comprehensive income EUR	Sum EUR
Balance as at 1 January 2021	**50.000**	**1.175.000**	**(1.344.763)**	**-**	**(119.763)**
Share Capital issue	-	-	-	-	-
Capital reserve	-	150.000	-	-	150.000
Results brought forward	-	-	-	-	-
Net Income for the period/year	-	-	348.207	-	348.207
Other comprehensive income	-	-	-	-	-
Balance as at 31 December 2021	**50.000**	**1.325.000**	**(996.557)**	**-**	**378.443**

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Helmholtzstraße 2-9

10587 Berlin

Notes to the

financial statements

for the period

from 1 January to 31 December 2021

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A. General information

Ferratum Capital Germany GmbH, hereafter called the "company", was incorporated on 24 September 2013 under German Law. The registered office (Satzungssitz) of the company is in Berlin, Germany, and the company is registered with the commercial register of the local court (Amtsgericht) of Charlottenburg under the registration number HRB 152968. The registered office of the company is at Helmholtzstraße 2-9, 10587 Berlin.

Ferratum Capital Germany belongs to the Multitude Group ("Multitude Group") (former: Ferratum Group), which is an international provider of mobile banking and digital consumer and small business loans, distributed and managed by mobile devices. The parent company Multitude SE (former: Ferratum Oyj), founded in 2005 and headquartered in Helsinki, Finland. The company is a 100% subsidiary of the Multitude SE. The purpose of the company is the borrowing of capital through issuing bearer bonds on active market and granting loans to Multitude SE (former: Ferratum Oyj), subsidiaries and affiliated companies within the Multitude Group.

In June 2021 the shareholder of the company Ferratum Oyj, Helsinki, Finland, changed its legal form and was renamed to "Multitude SE".

On 9 July 2021 Multitude SE (former: Ferratum Oyj) announced to relocate its registered office from Helsinki, Finland, to Hamburg, Germany by the end of financial year 2021. On 9 December 2021 Multitude SE (former: Ferratum Oyj) announced that the board of directors of Multitude SE have resolved to postpone the relocation of Multitude's registered office from Finland to Germany for a period currently expected to be up to a year. As a result of the postponement, the relocation is expected to take place on or about 31 December 2022 at the latest. The postponement is due to uncertainties in applicability of certain administrative requirements to Multitude.

Ferratum Capital Germany has issued EUR 100,000,000 bonds with denomination EUR 1,000 per bond on 25 May 2018. The bonds have a coupon of 3 months Euribor plus 5.50% p.a. and a tenor of four years. The issued EUR 100,000,000 bonds are listed on Nasdaq Stockholm and Prime Standard of the Frankfurt Stock Exchange with ISIN: SE0011167972.

The issuance of the bonds was authorised by resolutions taken by the board of directors of the issuer on 14 May 2018. According to the prospectus dated 13 July 2018 bonds are offered up to EUR 150,000,000. The bonds rating is identical to the issuer rating. For further explanation we refer to notes made under D. 2. "loans to shareholders".

Furthermore, the company has issued 80,000,000 bonds with denomination EUR 1,000 at an issue price of 97% per bond on 24 April 2019. The bonds have a coupon of 3 months Euribor plus 5.50% p.a. and a tenor of four years. The issued EUR 80,000,000 bonds are listed on Nasdaq Stockholm and Frankfurt Stock Exchange Open Market with ISIN: SE0012453835.

The issuance of the bonds was authorised by resolutions taken by the board of directors of the issuer on 22 March 2019. According to the prospectus dated 23 May 2019 the bonds are offered up to EUR 150,000,000. The bonds rating is identical to the issuer rating. For further explanation we refer to notes made under D. 2. "loans to shareholders".

The Multitude Group (former: Ferratum Group) was downgraded from BBB- to BB by Creditreform in April 2020 due to the general impact of the corona pandemic. The outlook is negative. For the same reason, Fitch downgraded in April 2020 the rating from BB-/Stable to B+/Negative. In March 2021, Fitch confirmed its Rating of April 2020, B+/Negative.

The financial year of the company begins on 1 January and ends on 31 December each year.

The company presents its financial statements as of 31 December 2021. The presentation currency of the company is EUR which is the same as the functional currency of the company.

Financial Reporting Framework

The financial statements as of 31 December 2021 were prepared in accordance with the valid IFRS and IFRIC of the International Accounting Standards Board (IASB) which have to be applied in the EU as at the balance sheet date.

New and revised Standards applied in 2021

Amendments to IFRS

Amendments to Interest rate benchmark reform Phase 2 amendments

On 27 August 2020, the IASB issued 'Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)' with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after 1 January 2021. The endorsement dated 13 January 2021.

Amendments to Covid-19-Related Rent Concessions (Amendment to IFRS 16)

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16). The pronouncement amended IFRS 16 Leases to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021.

Since lessors continue to grant COVID-19-related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the IASB decided to look into whether to extend the time period over which the practical expedient is available for use.

The amendments are effective as of 1 April 2021. The endorsement dated 30 August 2021. All new and revised standards do not have material impact on the financial statements as of 31 December 2021.

Published and endorsed Standards which are not yet mandatory

Amendments to IFRS 3 Business Combinations

Issued on 14 May 2020 the IASB decided to update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The amendments are effective as of 1 January 2022. The endorsement dated 28 June 2021.

Amendments to IAS 16 Property, Plant and Equipment

Issued on 14 May 2020 the IASB decided to prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendments are effective as of 1 January 2022. The endorsement dated 28 June 2021.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets

Issued on 14 May 2020 the IASB specifies which costs a company includes when assessing whether a contract will be loss-making. The amendments are effective as of 1 January 2022. The endorsement dated 28 June 2021.

Amendments to Annual Improvements 2018-2020

Issued on 14 May 2020 the IASB makes minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases. The amendments are effective as of 1 January 2022. The endorsement dated 28 June 2021.

Amendments to IFRS 17 Insurance Contracts

Issued on 25 June 2020 the IASB amended IFRS 17 Insurance Contracts. Issued in May 2017, IFRS 17 sets out the requirements for a company reporting information about insurance contracts it issues and reinsurance contracts it holds. The amendments are aimed at helping companies implement the Standard and making it easier for them to explain their financial performance. IFRS 17 incorporating the amendments is effective from annual reporting periods beginning on or after 1 January 2023. The endorsement dated 19 November 2021.

All published and endorsed, but not yet mandatory standards do not have material impact on the financial statements as of 31 December 2021.

Standards which are not yet endorsed

IASB/IFRIC documents not yet endorsed

Amendments	**IASB effective date**
Amendments to IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020 respectively)	1 January 2023
Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021)	1 January 2023
Amendments to IAS 8 - Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021)	1 January 2023
Amendments to IAS 12 - Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021)	1 January 2023
Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021)	1 January 2023

Source:
https://www.efrag.org/Assets/Download?assetUrl=%2Fsites%2Fwebpublishing%2FLists%2FPublic%20News%2FAttachments%2F3
19%2FEFRAG%20Endorsement%20Status%20Report%2010%20December%202021.pdf

All not yet endorsed standards do not have material impact on the financial statements as of 31 December 2021.

B. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

General principles

The financial statements of the company as of 31 December 2021 have been prepared in accordance with IFRS as adopted in the European Union as issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRIC).

Preparation of the financial statements

The financial statements have been prepared on a going concern basis, applying a historical cost convention, except for financial assets and liabilities measured at fair value through profit or loss, financial assets classified as measured at fair value through other comprehensive income and derivative financial instruments that have been measured at fair value.

Current and non-current distinction

The company presents current and non-current assets and current and non-current liabilities as separate classifications in its statement of financial position.

Current assets include assets that are sold, consumed or realised as part of the normal operating cycle, even when they are not expected to be realised within 12 months after the reporting period. Some current liabilities, such as trade payables and some accruals for other operating costs, are part of the working capital used in the entity's normal operating cycle. Such operating items are classified as current liabilities, even if they are due to be settled more than 12 months after the reporting period.

Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Critical judgements and key sources of measurement uncertainty

In the application of the accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and are disclosed in the notes and policies where applicable. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The preparation of the financial statements under IFRS requires assumptions for several items that have a corresponding impact on recognition and measurement in the statements of financial position, in the income statement of the financial statements and regarding the disclosure of contingent liabilities. The actual results may deviate from these estimates. Uncertainties mainly result from the use of the expected credit loss model for shareholder loans. For further explanation we refer to section D. (2) "loans to shareholders".

Functional and presentation currency

The primary activity of the company is to borrow capital through issuing bearer bonds and granting loan to Multitude SE (former: Ferratum Oyj), subsidiaries and affiliated companies within the Multitude Group. The performance of the company is measured in EUR. The presentation currency of the company is the same as the functional currency of the company. The numbers in the financial statements under IFRS are rounded to full EUR.

Financial instruments

Classification of financial instruments

Financial assets

With respect to the classification and measurement, the number of categories of financial assets under IFRS 9 has been reduced compared to IAS 39. All recognised financial assets are measured at either amortised cost or fair value. Specifically:

- a debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortised cost (net of any write down for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option;
- a debt instrument that (i) is held within a business model whose objective is achieved both by collecting the contractual cash flows and selling financial assets and (ii) has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at FVTOCI, unless the asset is designated at FVTPL under the fair value option;
- all other debt instruments must be measured at FVTPL;
- all equity investments are to be measured in the statement of financial position at fair value, with gains and losses recognised in profit or loss except that if an equity investment is not held for trading, nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognised in profit or loss.

Financial assets only comprising loans to shareholders are valued at amortised cost using the expected credit loss model.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities mainly comprising bonds are valued at amortised costs using the effective interest method.

Measurement of financial instruments

All financial instruments are initially measured at fair value plus or minus transaction costs that are directly attributable to the financial instruments (IFRS 9.5.1.1.).

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is extinguished, discharged, cancelled or expired, or through amortisation process. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amount is recognised in profit or loss.

Loans to shareholder

Loans to shareholder are valued at amortised costs. Interest revenue as well as impairment gains and losses are recognized in profit and loss.

Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents include solely demand deposits.

Bonds

After the initial recognition, bonds are measured at amortised cost using the effective interest method.

Share capital

Share capital represents the nominal value of shares that have been issued.

Other payables

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Income realisation

Interest income

Interest income is recognised when it is probable that the economic benefit will accrue, and the amount of the income can be reliably determined. The interest income is accrued on a time basis, by reference to the principal outstanding nominal amount and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount upon first-time recognition. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial. Interest income is recognised using the effective interest method. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Effective interest method

The effective interest method is the method of calculating the amortised cost of a financial instrument and of allocating the interest income to the corresponding period. The effective interest rate is the interest rate with which the expected future outflows are discounted over the expected term of the financial instrument or a shorter period, where applicable, to arrive at the net carrying amount derived from initial measurement.

Taxation

Income tax comprises the total current tax expenses and deferred taxes. The current tax is determined on the basis of the taxable income for the relevant year.

Current tax

Current tax is recorded as expense or income through the income statements unless it is incurred in connection with the items reported either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognized on temporary difference between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

C. Discretionary decisions and assessments

The preparation of the financial statements under IFRS requires assumptions for several items that have a corresponding impact on recognition and measurement in the statements of financial position, in the income statement of the financial statements and regarding the disclosure of contingent liabilities. The actual results may deviate from these estimates.

Impairments of financial assets

Impairments of financial assets valued at amortized costs are addressed by using the expected credit loss model. For further explanation please see D. (2) “loans to shareholders”.

D. Notes to statement of financial positions

(1) Property, plant and equipment

	Office equipment
	EUR
Cost	
At 1 January 2021	8,613
Additions	-
Disposals	-
At 31 December 2021	8,613
Accumulated depreciation	
At 1 January 2021	7,642
Charge for the financial year	336
Disposals	-
At 31 December 2021	7,978
Net carrying amount 31 December 2021	**635**

	Office equipment
	EUR
Cost	
At 1 January 2020	7,604
Additions	1,009
Disposals	-
At 31 December 2020	8,613
Accumulated depreciation	
At 1 January 2020	7,481
Charge for the financial year	162
Disposals	1
At 31 December 2020	7,642
Net carrying amount 31 December 2020	**971**

This items concern solely the office equipment.

(2) Loans to shareholder

Loans to shareholder (Multitude SE, former: Ferratum Oyj - Loan 4) consist of the following loan on contractual basis as of 31 December 2021:

	31.12.2021	31.12.2020
Date of loan agreement	24.05.2018	24.05.2018
Loan amount in EUR million	141	178
Interest rate (until 30 April 2021)	7.0%	7.0%
Interest rate (starting 1 May 2021)	7.85%	7.0%
Term of repayment	by 25.05.2022	by 25.05.2022

By the agreements of parties, the company is entitled to demand the loan amount and accrued interest earlier than maturity date, by giving such verbal notice to the shareholder at least 3 days in advance. The shareholder has the right to pay back the loan at any time before the maturity date.

Loans to shareholder are valued at amortised costs because the objective of the company's business model for realizing these assets is collecting contractual cash flows. Interest revenue as well as impairment gains and losses are recognized in profit and loss.

In addition, the company assesses at the end of each reporting period whether there is a risk that a loan will default. In such case the loan is impaired and impairment losses are incurred (a 'loss allowance'). The company needs to determine the loss allowance at an amount equal to possible defaults only for the next 12 months ("12 month ECLs") or for the entire remaining life of the asset ("Lifetime ECLs"). In this case loss allowance is calculated until May 2022, as the remaining lifetime is shorter than 12 months. The company needs to measure that loss allowance at an amount equal to the lifetime expected credit losses if the credit risk on that loan has increased significantly since initial recognition, or if the loan is a purchased or originated credit-impaired loan. In all cases, the allowance and any changes to it are recognized by recognizing impairment gains and losses in profit and loss. If, in addition to a significant increase in the credit risk at the reporting date, there is also objective evidence of impairment, the allowance for losses on loans and advances is still measured on the basis of "Lifetime ECLs". Financial assets are written off in case the probability of default is close to 100% from a certain maturity date, and the loss rate in the default event is close to 100%. If a receivable is more than 90 days overdue, it is referred to as default.

The loan does not give rise to increased credit risk, hence the 12-months expected credit loss is calculated for the loan (as in prior year). If Multitudes rating had increased by 2 notches since the date of initial recognition, this would have result in a significant increase in credit risk (SICR trigger). As this was not the case, no increase in credit risk has to be considered. Due to the fact, that the loan has to be paid back by End of May 2022 the PD (Probability of default) was amended accordingly.

The impairments (expected credit losses) are calculated with input parameters exposure at default (EAD), probability of default (PD) and loss given default (LGD) (ECL = EAD * PD * LGD). For the calculation of the PD we refer to the below mentioned table.

In the previous year Multitude Groups' (former: Ferratum Groups') credit ratings were downgraded by Fitch Ratings from BB- to B+ (source: Fitch Ratings, March 2021) and by Creditreform Ratings from BBB- to BB (source: Creditreform Rating AG, April 2020). Multitude SE (former: Ferratum Oyj) decrease in ratings was mainly caused by the rating companies generally dropping the ratings of companies due to increased future uncertainty caused by COVID-19 pandemic. On 28 February 2022 Fitch revised the Outlook on Multitude SE's Rating from Negative to Stable and affirmed B+. The issued bonds by Ferratum Capital Germany have been affirmed at B+ and the subordinated hybrid perpetual capital notes issued by Multitude at B-.

The calculation of the 12-month ECL aims to determine the expected losses of the obligor within the total maturity based on events that could occur in the next 12 months. Due to the maturity of less than one year (duration on 25 May 2022), the 12-month PD was calculated pro rata for 142 days. The PD is determined by external ratings and internal assessments in accordance with the assessments on group level. As at group level no change of the PD was necessary, no change of PD for Ferratum Capital Germany applies. Moreover, Multitude Group has implemented an 'Error Correction Model' ('ECM') to determine the relationship between the performance of each Market's loan portfolios and underlying forward looking macro-economic factors. The ECM takes into account both short and long-term effects of identified macroeconomic variables through multiple regression analysis against the time series of defaults observed at a specific market and portfolio. As the economic performance of the Group's loan portfolios is the most critical driver of the loan to shareholder's credit risk of Ferratum Capital Germany, the results of 2021 ECM modelling on the Group level are taken into consideration also on the level of Ferratum Capital Germany GmbH. Forward looking macro-economic modelling based on the ECM has not resulted in additional ECL impairment requirements.

Due to the fact that The following parameters were used to calculate the ECL:

	2021	2020
Expected Credit Loss 1.1.	391,702	171,492
PD (12-months)	1.41%	1.1%
PD (142-days)	0.55%	-
LGD	29.52%	20%
ECL (142-days)	**0.16%**	**0.22%**
Decrease/Increase in ECL	-155,853	220,210
Expected Credit Loss 31.12.	**235,849**	**391,702**

The summary of the loan as of 31 December 2021 is as follows:

	Maturity	Nominal	Present value - beginning of the year	Additions/ Disposal	Accrued Interest receivable in FY	Transfer ** from/ to	Impairment based on expected credit loss model	Present value - end of the year
Loan 4	May 22	139,761,480	177,654,719	(48,031,955)	11,364,990	-	155,853	141,143,607

Prior Year:

	Maturity	Nominal	Present value - beginning of the year	Additions/ Disposal	Accrued Interest receivable in FY	Transfer ** from/ to	Impairment based on expected credit loss model	Present value - end of the year
Loan 4	May 22	161,217,617	171,320,447	(4,844,063)	11,398,545	-	(220,210)	177,654,719

The maturity of loans is presented in the following table:

	31.12.2021		31.12.2020	
	short - term	long - term	short - term	long - term
Loan 4	141,143,607	-	-	177,654,719

The interest income for fiscal year 2021 on the loans amounts to EUR 11,364,990 (2020: EUR 11,398,545). The interest income was recognized in profit or loss using the effective interest method within the scope of IFRS 9. Financial Assets are uncollateralized. The expected credit loss booked for financial year 2021 ended in an impairment gain in the amount of EUR 155,853 (2020: impairment loss EUR 220,210).

(3) Deferred tax assets

Deferred tax liabilities stand at EUR 28,081 (31.12.2020: EUR 195,965) as of financial year 2021. Calculation of deferred tax assets resulting from expected credit loss is based on an income tax rate of 30.175%. The deferred tax assets resulting from the corporate tax loss carried forward are calculated with a corporate tax rate of 15.825%. Deferred tax assets result from expected credit loss in an amount of EUR 71,168 (31.12.2020: EUR 118,196) and income taxable for corporate income tax purposes in the amount of EUR -99,249 (corporate tax loss carried forward 31.12.2020: EUR 77,769). In total deferred tax asset decreased by EUR -224,046 (31.12.2020: increased by EUR: 6,297).

(4) Other receivables

The other receivables amounting to EUR 1,238,947 (31.12.2020: EUR 204,205) mainly include deferred expenses in amount of EUR 182,759 (31.12.2020: EUR 161,416) and interests on own bonds that were paid to an intermediary in 2021 on the payment dates for which repayment to Ferratum is still outstanding in the amount of EUR 1,056,188 (31.12.2020: EUR 42,776).

(5) Cash and cash equivalents

The bank current accounts amount to EUR 387,843 (31.12.2020: EUR 376,308). Regarding the development of cash, we refer to the cash flow statement.

(6) Subscribed capital

The subscribed capital is held 100% by the Multitude SE (former: Ferratum Oyj). Multitude SE (former: Ferratum Oyj) owns 50,000 shares at EUR 1 each.

(7) Capital reserve

In accordance with the shareholders' resolution of 21 December 2021 the capital reserve increased in financial year 2021 by EUR 150,000 standing at EUR 1,325,000 (31.12.2020: EUR 1,175,000). The increase in capital reserve was made in cash.

(8) Bonds

On 25 May 2018 the company issued EUR 100,000,000 with 3 months Euribor (if such rates is below zero, Euribor will be deemed to be zero according to the terms and conditions of the bonds) plus 5.50% bonds due in 2022 under an unconditional and irrevocable guarantee of Multitude SE (former: Ferratum Oyj) (“bond 4”). Unless previously redeemed, the bonds will be redeemed at par on 25 May 2022 ("Maturity Date"). The bonds beared interest from (and including) 25 May 2018 to (but excluding) the Maturity Date at a coupon rate of 5.50% per annum, payable quarterly in arrears on 25 February, 25 May, 25 August and 25 November of each year, commenced on 25 August 2018.

Also there are covenants which restrict the ability of the issuer and other group companies as follows:

- Restrictions on making any substantial change to the nature of their business if this has a material adverse effect,
- A negative pledge, restricting the granting of security by the issuer or Ferratum Bank p.l.c., to secure financial indebtness
- Limitations on the making of distributions and disposals of assets.

The terms and conditions contain a maintenance convenance pursuant to which the guarantor shall ensure that, at certain reference dates, the ratio of net debt to equity shall not exceed 3.50 : 1.

At financial year end Multitude SE (former: Ferratum Oyj) discloses a ratio of net debt to equity of 2.05.

On 24 April 2019 the company issued EUR 80,000,000 (nominal amount) at an issue price of 97% (EUR 77,600,000) with 3 months Euribor plus 5.50% bonds due in 2023 under an unconditional and irrevocable guarantee of Ferratum Oyj (“bond 5”). Unless previously redeemed, the bonds will be redeemed at par on 24 May 2023 ("Maturity Date").

The bonds beared interest from (and including) 24 April 2019 to (but excluding) the Maturity Date at a coupon rate of 5.50% per annum, payable quarterly in arrears on 24 July, 24 October, 24 January and 24 April of each year, commenced on 24 July 2019.

In the first quarter of financial year 2020 Ferratum Capital Germany GmbH sold own bonds in amount of EUR 5,304,000. In June 2020 the company purchased own bonds in amount of EUR 1,200,000 (nominal amount). On 5 July 2021 Ferratum Capital Germany purchased EUR 15,629,000 of its own 2022 Bonds ("bond 4") at a price of 101.50% of the nominal amount and EUR 19,946,000 of its own 2023 Bonds ("bond 5") at a price of 102.00% of the nominal amount.

The income from issuing the above 2 bonds were granted as loan to the shareholder Multitude SE (former: Ferratum Oyj) in the corresponding years.

The valuation of the bonds is determined at its amortised cost with the application of an effective interest rate p.a. The development of the bonds is depicted as follows:

	31.12.2021	31.12.2020
	EUR	EUR
Bonds – beginning of the year	178,198,972	171,909,889
Additions during the year	-	-
Discount/Premium of bonds	1,325,199	1,459,559
Redemptions during the year	-	-
Offsetting of holding own bonds	(37,698,500)	4,104,000
Paid interest	(10,025,278)	(9,835,920)
Accrued fixed interest	9,898,763	10,561,444
Bonds – end of the year	141,699,154	178,198,972

	31.12.2021	31.12.2020
	EUR	EUR
Current bonds	85,877,557	2,613,254
Non-current bonds	55,821,600	175,585,718
Total bonds	141,699,157	178,198,972

The interest expense for the fiscal year 2021 on the bonds amounts to EUR 9,898,763 (2020: EUR 10,561,444).

(9) Other payables and accrued expenses

The other payables and accrued expenses mainly include audit and consulting fees EUR 67,000 (31.12.2020: EUR 66,575) and accruals for corporate income tax EUR 61,599 (31.12.2020: EUR 0).

(10) Trade tax

Accrued expenses for trade taxes amount to EUR 531,821 (31.12.2020: EUR 223,162).

E. Notes to income statement

(11) Other income

Other income mainly includes income from foreign currency conversion in the amount of EUR 3,601 (2020: EUR 0).

(12) Personnel expenses

Personnel expenses include wages and salaries amounting to EUR 62,852 (2020: EUR 48,900) and social benefit amounting to EUR 15,674 (2020: EUR 5,720).

The average number of personnel is as follows:

	2021	2020
Management	1	1
Administration and finance	1	1
Total	2	2

(13) Other operating expenses

Other operating expenses mainly include expenses relating with issuing of bonds EUR 508,035 (2020: EUR 183,012) accounting and audit fees amounting to EUR 118,046 (2020: EUR 122,176), consulting fees in the amount of EUR 13,642 (2020: EUR 121,759), rent in the amount of EUR 18,564 (2020: EUR 18,330) as well as maintenance costs for hardware and software amounting to EUR 14,910 (2020: EUR 2,106).

(14) Financial income

Interest income mainly includes the interest income from loans to shareholder for an amount of EUR 11,364,990 (2020: EUR 11,690,111).

(15) Financial expenses

Interest expenses resulted solely from issuing bonds amounting to EUR 9,898,763 (2020: EUR 10,561,444).

(16) Income taxes

Income taxes booked in the profit and loss statement consist of trade tax in the amount of EUR 484,713 (2020: EUR 399,246), corporate income tax amounting to EUR 61,629 (2020: EUR 0) and deferred tax expenses in the amount of EUR 224,046 (2020: deferred tax income EUR 6,297). Reconciliation between the statutory and effective tax expenses is as follows:

	2021	2020
	EUR	EUR
Profit before tax	**1.118.595**	**380,105**
Income tax on rate of 30,175%	334,180	114,698
Tax expense on respect of:		
- Tax losses carried forward	(43,049)	(57,016)
- Tax expense priory years	-	-
- Expenses non deductible for tax purposes	449,406	387,817
- Under provisions in prior years	(223,162)	-
- Other adjustments	28,966	(46,253)
- Adjustment deferred tax	224,046	(6,297)
Income tax expenses recognized in profit or loss	**(770,388)**	**(392,949)**

F. Additional statements

(17) Summary of financial assets and liabilities by categories

The carrying amounts of the company's financial assets and liabilities as recognised at the reporting date are also analysed into the following categories:

	31.12.2021	31.12.2020
	EUR	EUR
Financial assets		
Financial assets measured at amortised cost		
Loans to shareholder	141,143,607	177,654,719
Cash and cash equivalents	387,843	376,309
	141,531,449	178,031,028
Financial liabilities		
Financial liabilities measured at amortised cost		
Bonds	141,699,157	178,198,972
	141,699,157	178,198,972

(18) Financial instruments at fair value

Accounting *for financial assets and liabilities – fair value*

The company applies IFRS 9. Under IFRS 9 all financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs. This requirement is consistent with IAS 39. The fair value of a financial instrument 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.

Valuation

IFRS 13 Fair Value Measurement requires an entity to classify its assets and liabilities according to a hierarchy that reflects the observability of significant market inputs. The three levels of the fair value hierarchy are defined below.

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

As of 31 December 2021 cash and cash equivalents, other receivables, other financial assets as well as other payables and accrued expenses have short maturities. The carrying amounts of these financial instruments approximately correspond to the fair value. The loan to shareholder is measured at amortised cost and the carrying amounts approximately correspond to their fair value. This assumption is based on the fact that the expected credit losses have already been recognized.

The fair values of bonds were calculated with the market value at Frankfurt Stock Exchange as of the balance sheet date. The fair value can be assigned to level 1 of the fair value hierarchy.

31 December 2021	**Carrying value**	**Fair value**
Bonds	141,699,157	143,159,013

31 December 2020	**Carrying value**	**Fair value**
Bonds	178,198,972	166,947,271

(19) Financial risk management

Company's activities expose it to following financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk), credit risk and liquidity risk. Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

A. Market risk

The company takes on exposure to market risks, which are the risks that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The company's market risks arise from open positions in interest-bearing assets and liabilities, to the extent that these are exposed to general and specific market movements. Management sets limits on the exposure to interest rate risk that may be accepted, which are monitored on a periodic basis.

Foreign exchange risk

The company operates mainly in Germany and is not exposed to foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the company's financial instruments will fluctuate because of change in market interest rates. In phases of high liquidity and low bond prices the company invested in own bonds and saved interest and in phases of improving bond prices and increasing liquidity demand the bonds were sold on the bonds market again. All transactions are treated as repayments and borrowings of liabilities.

The carrying amount of the company's significant interest-bearing financial instruments, as at the reporting date is as follows:

	Duration	**fixed interest rate**	**31.12.2021**	**31.12.2020**
Loan 4	May 18 - May 22	7.000% respectively 7.85%	141,143,607	177,654,719
			141,143,607	**177,654,719**

	Duration	**fixed/variable interest rate**	**31.12.2021**	**31.12.2020**
Bond 4	May 18 - May 22	3 M Euribor + 5.500%	83,183,222	99,855,153
Bond 5	Apr 19 - Apr 23	3 M Euribor + 5.500%	58,515,835	78,343,819
			141,699,157	**178,198,972**

The company's main interest rate risk arises from bonds which are issued at fixed rates and floating rates (bond 4 and bond 5). These expose the company to interest rate risk which is partially offset by having loans as a main asset in the company. The objectives for the mix between fixed and floating rate bonds are set to reduce the impact of upward changes in interest rates while enabling benefits to be enjoyed if interest rates fall. Besides, the company's income statement is not exposed to significant fluctuations in interest rates, since both financial instruments are measured at amortised cost.

A change of the interest rate (5.500% + 3 month euribor for bond 4 and bond 5) at the end of the reporting period would have an effect on result for the financial years.

The following shows the effect on net income for the financial years with all other variables held constant by 1/100 basis points ("bp"):

	2021 EUR	2020 EUR
+1 bp	(0)	(18,000)
-1 bp	0	18,000

	2021 EUR	2020 EUR
+100 bps	(770,580)	(826,200)
-100 bps	770,580	826,200

B. Credit risk

Multitude SE (former: Ferratum Oyj) was rated by Fitch Ratings in April 2019 as part of an initial rating with BB-/outlook Stable. In March 2020 Fitch Ratings confirmed the rating and the outlook. In April 2020 Fitch Ratings downrated Multitude SE (former: Ferratum Oyj) from BB- to B+/outlook negative. The downgrade mainly reflects the impacts of the Corona-crises. The rating includes the fact that Multitude SE (former: Ferratum Oyj) acts as the guarantor of the issued bonds by the company. In March 2021, Fitch Ratings confirmed its Rating of April 2020, B+/Negative.

In April 2020 Creditreform Rating AG evaluated Multitude SE (former: Ferratum Oyj) with a follow-up rating of BBB-. Due to the Corona-crises the Creditreform Rating AG adjusted the rating to BB/outlook negative (source: Creditreform Rating, April 2020).

On 28 February 2022 Fitch revised the Outlook on Multitude SE's Rating from Negative to Stable and affirmed B+. The issued bonds by Ferratum Capital Germany have been affirmed at B+ and the subordinated hybrid perpetual capital notes issued by Multitude at B-.

Credit risk is the risk of a financial loss to the company if a counterparty to a financial instrument fails to meet its contractual obligations. The company has minimised credit risk by lending to its shareholder. The carrying amount corresponds to the maximum default risk.

Expected credit loss on the loan were EUR 155,853 as of 31. December 2021 (31.12.2020: EUR 220,210). The calculation of expected credit loss refers to the note (2).

C. Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as and when they fall due as a result of shortage of funds. In managing its exposures to liquidity risk arises principally from its various payables, the company maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due. The company aims to maintain a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities.

The bonds were issued under an unconditional and irrevocable guarantee of its shareholder and secured directly over the loans to shareholder. The company expects that its cash in hand and cash flow provided by operations will satisfy its liquidity need with respect to its obligations. As a precaution Multitude SE (former: Ferratum Oyj) issued an irrevocable letter of comfort limited to an amount of EUR 500,000 until 30 April 2022. In case of substantial solvency problems of the company, the shareholder will provide the company with further funds, so that the company will be in the position to meet all their liabilities within this limit.

Maturity analysis

The following table details the expected maturity for all financial assets and liabilities in order to provide a complete view of the company's contractual commitments and liquidity.

Financials assets at 31 December 2021	**Less than 6 months**	**6 to 12 months**	**1 to 2 years**	**2 to 5 years**	**More than 5 years**	**Total**
	EUR	EUR	EUR	EUR	EUR	EUR
Loans at amortized cost	141,143,607	-	-	-	-	141,143,607
Other receivables	1,238,947	-	-	-	-	1,238,947
Cash and cash equivalents	387,843	-	-	-	-	387,843
Total financial assets	**142.770.397**	**-**	**-**	**-**	**-**	**142.770.397**

Financial liabilities as 31 December 2021	**Less than 6 months**	**6 to 12 months**	**1 to 2 years**	**2 to 5 years**	**More than 5 years**	**Total**
	EUR	EUR	EUR	EUR	EUR	EUR
Bonds	87,128,869	1,643,910	59,497,509	-	-	148,270,288
Other payables	133,529	-	-	-	-	133,529
Total financial liabilities	**87,262,398**	**1,643,910**	**59,497,509**	**-**	**-**	**148,403,817**

Financials assets at 31 December 2020	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Loans at amortized cost	-	-	177,654,719	-	-	177,654,719
Other receivables	204,205	-	-	-	-	204,205
Cash and cash equivalents	376,309	-	-	-	-	376,309
Total financial assets	**580,514**	**-**	**177,654,719**	**-**	**-**	**178,235,233**

Financial liabilities as 31 December 2020	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Bonds	4,876,586	4,957,414	105,827,174	80,865,658	-	196,526,832
Other payables	352,960	-	-	-	-	352,960
Total financial liabilities	**5,229,546**	**4,957,414**	**105,827,174**	**80,865,658**	**-**	**196,879,792**

D. Capital Management

The company's main objective when managing capital is to safeguard the company's ability to continue as a going concern. The company considers total capital under management to be equity and bonds as shown in the statement of financial position. The amount of capital that the company managed as of 31 December 2021 was EUR 142,077,601 (31.12.2020: EUR 178,079,209).

With end of financial statements as of 31 December 2021 the equity of the company is positive in the amount of EUR 378,443 (31.12.2020: EUR -119,763). Based on that and the financial planning, going concern is secured. For further explanations we refer to our statements made under C. Liquidity risk.

(20) Related party relationships on an entity

Multitude SE (former: Ferratum Oyj) owns 100% of the company's shares. Related parties of the company include also the former Managing Director Mr. Stephan Schuller (until 18 March 2021) dismissed by resolution of the company on 19 March 2021, but not yet deleted from the commercial register. Furthermore, Managing Director Mr. Bernd Egger (since 4 March 2020) and their close family members.

Audit Committee

On 6 January 2021 an extraordinary shareholders' meeting took place. During this meeting it was agreed to amend the shareholders' agreement which resulted in the setup of an audit committee. Members of the audit committee are:

- Lea Liigus
- Clemens Krause
- Daniel Kliem

Related party transactions

In accordance with the shareholders' resolution of 21 December 2021, the capital reserve was increased in the amount of EUR 150,000. The increase was made by cash payment.

In previous years, the company granted its shareholder loans amounting to kEUR 141,144, which were combined into one loan. The company charges the parent company interest in the amount of the interest payable to the holders of the issued bonds plus a scheduled margin of 1.5 % p.a. and 2.35 % p.a., respectively, from 1 May 2021 onwards.

The parent company is obliged to repay the combined loan no later than 25 May 2022. In addition, the parent company has assumed the unconditional and irrevocable guarantee for timely payments by the company due under the respective terms and conditions of the bearer bonds issued. Furthermore, in order to ensure liquidity in principle, the parent company has issued an irrevocable letter of comfort limited until 30 April 2023, according to which the parent company will provide the company with further financial resources up to a total amount of kEUR 750 in the event of substantial liquidity problems, so that the company is in a position to meet its liabilities within this framework.

Compensation of key management personnel

Managing directors were paid no fees within financial year 2021 (2020: EUR 0).

(21) Contingent liabilities

Neither in this financial year nor in previous financial year any contingent liabilities occurred.

(22) Events after the reporting date

The management expects that both the persistent Corona pandemic and the RussiaUkraine crisis will not have a material impact on the Company's financial position and income. Also, no other significant events after the balance sheet date require adjustment to or disclosure in the financial statements.

The financial statements were authorized for issue by managing directors on 28 March 2022. Berlin, 28 March 2022

Bernd Egger

Managing Director