MULTITUDE

ANNUAL REPORT 2023

Contents

Multitude SE in brief

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Multitude ("Multitude", "Company", "we", "the Group" are used interchangeably for the purpose of this report) is a listed European FinTech company offering digital lending and online banking services to consumers, small and medium-sized businesses, and other FinTechs overlooked by traditional banks. We provide services through three independent business units, supported by our internal Banking-as-a-Service (BaaS) growth platform. In 2023, our business units comprised Ferratum (consumer lending), CapitalBox (SME lending), and SweepBank (banking app). In 2024, SweepBank will become an underlying enabler of a broadened offering at Ferratum (from consumer lending to consumer banking) and CapitalBox (from SME lending to SME banking) to better serve our customers. In November 2023, we announced our plan to form a new business unit in 2024 that offers wholesale banking that would be managed by Multitude Bank on behalf of the Group. As a Group, we employ over 700 people in 25 countries and provide services in 16 countries. In 2023, we achieved a combined turnover of EUR 230 million. Our company was founded in Finland in 2005 and is listed on the Prime Standard segment of the Frankfurt Stock Exchange under the symbol 'FRU'.

Strategic integration in 2024

During 2024, SweepBank's assets will become an integral part of the well-established business units Ferratum and CapitalBox. SweepBank will maintain its identity in the mobile banking and shopping sector, ensuring customers retain the brand's familiarity. Simultaneously, they will gain access to new product offerings through Ferratum and CapitalBox.

The wholesale banking offering is emerging as new independent business unit within the Group. This business unit has a twofold offering: Secured Debt (formerly called Warehouse lending) and Payment Solution. After successfully piloting these products in 2023, the teams, processes, and technology are poised for expansion in 2024.

OUR BUSINESS UNITS THROUGHOUT 2023

ferratum | CapitalBox | sweep bank

COMPANY FACTS

Founded in Finland in 2005

Headquartered in Helsinki

Full European Banking Licence

Listed on the Frankfurt Stock Exchange

€230m Group Revenue 2023

400,000+ Customers

700+ Employees

18 Countries

Year in brief

The year 2023 in brief

KEY HIGHLIGHTS:

- We reached our ambitious guidance: EUR 45.6 million EBIT
- Interest income increased by 8.5% from EUR 212.5 million in 2022 to EUR 230.5 million in 2023
- Net profit increased by 39.6% from EUR 11.8 million in 2022 to EUR 16.4 million in 2023
- Basic earnings per share increased by 34.2% from EUR 0.38 in 2022 to EUR 0.51 in 2023

SIGNIFICANT EVENTS:

- The Board of Directors of Multitude SE proposed a transfer of the company's registered office from Finland to Switzerland via a temporary location in Malta
- Multitude strengthened its commitment to sustainability by joining the Partnership for Carbon Accounting Financials (PCAF)
- We initiated an all-employees shareholder programme to strengthen employee ownership
- We announced our new guidance for the next three years: Net profit to reach EUR 30 million in 2026
- We announced changes in our Group structure during November 2023 Capital Markets Day, which will take place from January 2024 onwards
- SweepBank business unit will no longer be reported
- Instead of reporting under SweepBank, Wholesale Banking will be reported going forward as a separate business unit (wholesale banking was previously reported under SweepBank during the year 2023)
- SweepBank assets will be integrated into Ferratum and CapitalBox business units
- The Board of Directors proposes to the Annual General Meeting 2024 to distribute a dividend of EUR 0.19 per share

Remarks from the CEO

Dear Shareholders,

Nineteen years ago, Multitude's story began with a group of visionary individuals in Helsinki, Finland. We wondered why the financial sector had yet to evolve to address the modern customer's needs. The finance world seemed to trail behind as other industries swiftly embraced digital solutions. Identifying a genuine need, we took matters into our own hands. Our goal was to design fully digital, user-friendly, and fast solutions tailored to the financial needs of consumers and SMEs often overlooked by traditional banks. These three principles have guided us strongly from the start, shaping the core of the Multitude approach.

Since founding, I've had the honour of being the CEO and working with an incredible, talented and committed team. Together, we share a dream: to help our customers, who traditional banks ignore, achieve their dreams and goals. Our mission is to change the financial industry, making it faster, easier, and more environmentally friendly. This mission drives all our actions and inspires the Multitude team daily, fuelling our motivation and energy for nearly two decades. To clarify our goal, we've defined our vision as becoming the most valued financial platform for overlooked customers. This vision gives us a shared direction and a metric against which we can measure our progress.

At Multitude, we work smart by leveraging abundant data and cutting-edge technology technologies such as AI and Machine Learning to enhance every aspect of our operations, spanning from marketing to risk management.

Thanks to our agile way of working and our commitment to finding the best talent from anywhere in the world, our team can move fast and quickly improve where needed. Multitude's technology is based on advanced microservice architecture and cloud-based systems, ensuring our solutions are both powerful and ready to scale. Most importantly, our focus lies in ensuring our customers enjoy exceptional experiences with our products and constantly looking for areas of improvement. It's how we work at Multitude, and these are the principles we believe in.

We recognise that 2023 was a tough year for many companies, including the players in the FinTech sector. Despite this, it was a year of continuous success for our growth platform and business units. Our target customer segments grew in our business units, partly because many other banks and financial institutions began changing their services and treating some customers

unfavourably. As a result, many valuable customers were left without service from their usual banks. This led to increased customer demand and intake on our side, driving our revenue up by 8.5% to reach EUR 230.5 million in 2023. Our EBIT grew by 44.8% during the same period, reaching EUR 45.6 million. We are proud to say that we've met our ambitious guidance of increasing EBIT by 50% per year for the third consecutive year! The main contributors to the EBIT growth were stable credit risk management, fixed costs management, and increased sales, offsetting the higher funding costs and allowing us to diversify effectively. This remarkable achievement strongly indicates that we've chosen and executed our strategy well.

Over the past year, many of you have inquired about the remarkable success of our business, especially when some of our industry peers are facing challenging times. My answer is straightforward: we have revitalised our commitment to a laser-sharp focus on supporting SMEs, consumers, and institutional customers, which other banks often overlook. Keeping our operations simple, swift, and driven by technology and data enables our customers access to exceptional financial services.

We have also observed a positive direction sparked by a transformative change within our teams. Our people have raised their expectations of each other, fostering more direct communication, even on challenging topics, and have shown a healthy increase in overall enthusiasm and ownership. This is due to a combination of factors: our investment in internal training programs, positive customer feedback, improved share and bonus programmes, and our general success and high performance.

At the end of 2023, Multitude had its third Capital Markets Day, where we presented two strategic decisions and changes that have significantly contributed to improving our future operations. First, we integrated SweepBank into our established operations, enhancing our business units in consumer lending (Ferratum) and SME lending (CapitalBox). SweepBank will keep its name in the mobile banking and shopping sector, ensuring customers continue to enjoy the brand they know while benefiting from new product offerings from Ferratum and CapitalBox. This strategic move expands our potential and paves the way for introducing new products and innovations to benefit our customers.

Our second decision was to launch a new business unit at the beginning of 2023, Wholesale Banking. It has two products: Secured Debt, previously recognised as warehouse lending, and a comprehensive payment solution infrastructure initially developed to cater to our internal business needs. We are now prepared to extend the availability of our Payment Solution to external FinTech firms and banking institutions.

During the preceding year's Capital Market Day, we presented the revised total addressable markets for each of our business units. We still have a small market share, which indicates, that we are at the beginning of our story. The total addressable market, as measured by portfolio size, stood at EUR 25 billion in consumer banking, EUR 15 billion in SME banking, and EUR 16 billion in wholesale banking.

Multitude's FinTech growth platform is the backbone of our strategy. Centralising compliance, our banking licence, technology stack, and customer management allow our business units to focus on enhancing their customer experiences and sales. In the future, we will have three business units operating independently on our platform: Ferratum for consumer banking, CapitalBox for SME banking, and wholesale banking, managed by Multitude Bank, for banking, lending, and payment services to larger companies. SweepBank's customers, now part of the consumer and SME units, will enjoy an enriched array of services.

In line with our platform's emphasis on scalability and exploring new ventures, we invested in Sortter Oy at the beginning of 2023. Sortter is a leading Scandinavian financial services comparison platform. Our investment signals our readiness to embrace new opportunities. Whether Sortter becomes a new business unit or a catalyst for growth, we see significant opportunities to support its accelerated development and expand our global reach and Multitude's growth platform. Every step we take, whether through our current business units or future ones, is a part of our commitment to support customers overlooked by traditional banks.

Looking ahead, our strategy for profitable growth builds on three pillars: organic growth, acquisitions, and partnerships.

- For organic growth, we aim to significantly enhance our AI applications and further automate our processes while broadening our product offerings for customers. This approach will improve our services and help us manage costs more effectively. Our newly launched wholesale banking unit will be crucial to our future success.

- Through acquisitions, we plan to expand our profitable growth into new countries and introduce new products.

- Partnerships are equally vital, enabling us to expand our product range through new distribution channels and enhance our offerings with embedded finance solutions.

Investing in our business is more than just developing products and solutions or improving our operations. Investing time, money, and effort into our culture and people is just as important.

As I finish this letter, I want to share Multitude's management's dream with you: To increase its valuation to EUR 1 billion within the next five years. Thank you to the team, supporters, and investors for a fantastic year exceeding many expectations. We're excited to keep working hard to increase value for our shareholders.

Best regards,

Jorma Jokela

Founder and CEO, Multitude SE

Multitude's history

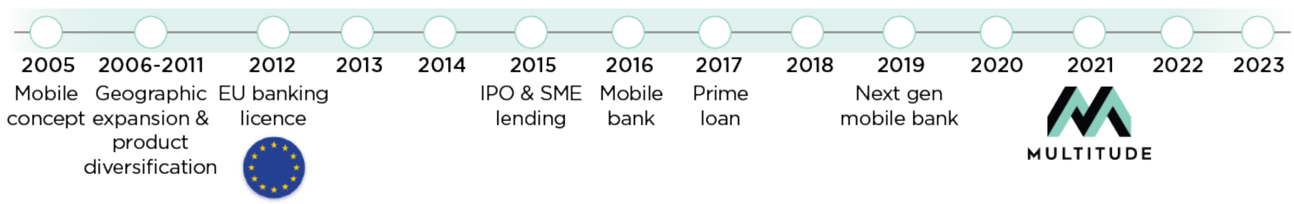
Our journey to positive impact

In 2005, our Founder and CEO, Jorma Jokela, drew inspiration from an article about the Grameen Bank in Bangladesh—a pioneering institution serving overlooked people with small loans. This visionary concept led him to realise the transformative potential of merging finance with mobile technology, an unexplored frontier in the Western world at the time. Through digital distribution of financial services, he could effectively address the needs of Europe's underserved people. Ferratum, a pioneering digital consumer lender, was born. Some years later, we broadened the consumer offering with banking and applied the same approach of serving the underserved to businesses through CapitalBox. In 2024, we extended it even further to other FinTechs through a new wholesale banking offering.

The World Savings and Retail Banking Institute reports in their latest study back in 2022 that more than 13 million adult EU citizens still lack access to formal financial services, with room for Europe's savings and retail banks to continue contributing to financial inclusion. This alarming discrepancy in access has resulted in a growing segment of the population with dwindling options at their disposal.

We aim to make a threefold positive impact. By extending financial access to these overlooked customers, we enable them to have bank accounts and navigate financial challenges effectively. Simultaneously, our services for businesses foster economic growth, job creation, and entrepreneurship. Furthermore, our initiatives contribute to cultivating financial literacy and expertise, opening pathways to economic prosperity and, ultimately, wealth accumulation for previously marginalised people.

MULTITUDE'S HISTORY



Some of the most significant milestones in our history:

- Founded in 2005 in Finland and originally named Ferratum, we pioneered digital financial solutions. From the beginning, we focused on fast, easy, and entirely digital consumer loans. This approach built the foundation of our core values, which still apply today.

- Within just a few years, we expanded rapidly across Europe. Between 2006 and 2011, we entered multiple markets each year while diversifying our product portfolio for consumers from bullet loans to instalment loans and credit limits.

- In 2012, we were granted a banking licence, enabling further EU expansion. This strategic milestone led to significant growth opportunities, one of the biggest being in Germany. In addition, it gave us a significant competitive edge and capital efficiency by allowing us to fund growth through deposit funding.

- Completing our Initial Public Offering in 2015 on the Frankfurt Stock Exchange in Prime Standard was another pivotal milestone for us and allowed us to raise substantial capital. We also began our expansion into SME lending by offering businesses rapid digital working capital financing.

- In 2016, we launched fully digital banking solutions to consumers, providing them with an even broader range of financial services.

- Despite the challenges of the COVID-19 pandemic in 2019-2021, we were able to show our resilience and adaptability by strategically focusing on European markets.

- In 2021, we rebranded from Ferratum to Multitude. We also introduced a dynamic, agile approach to working while unveiling a transformative business strategy of being a growth platform that nurtures Ferratum, CapitalBox, and SweepBank as independent business units. We aimed for robust and profitable growth from 2021 to 2024.

In November 2023, Multitude announced the integration of the SweepBank business unit into its existing business units, Ferratum and CapitalBox, including the launch of a new business unit for wholesale banking managed by Multitude Bank. The integration of SweepBank aims to streamline our operations and enhance our capabilities across various financial industry sectors to serve our customers better.

What is Multitude?

Multitude is a listed European FinTech company offering digital lending and online banking services to consumers, small and medium-sized businesses, and other FinTechs overlooked by traditional banks. We provide services through three independent business units, supported by our internal Banking-as-a-Service (BaaS) growth platform.

In 2023, our business units comprised Ferratum (consumer lending), CapitalBox (SME lending), and SweepBank (banking app). In 2024, SweepBank will become an underlying enabler of a broadened offering at Ferratum (from consumer lending to consumer banking) and CapitalBox (from SME lending to SME banking) to better serve our customers. In November 2023, we announced the plan to form a new business unit in 2024 that would offer wholesale banking managed by Multitude Bank on behalf of the Group.

As a Group, we employ over 700 people in 25 countries and provide services in 16 countries. In 2023, we achieved a combined turnover of EUR 230 million. Our company was founded in Finland in 2005 and is listed in the Prime Standard of the Frankfurt Stock Exchange under the symbol 'FRU'.

How we, as Multitude Group, will reach our ambitious vision of building the most valuable financial platform for overlooked customers

We built the core of our strategy, the growth platform, from value-adding components, such as our technology stack, compliance framework, Multitude Bank's banking processes and licence, and various centralised functions that support business operations.

How we define overlooked customers

At Multitude, overlooked customers are individuals or businesses that may not meet traditional financial players' criteria. Alternatively, many financial service providers, from conventional to neo banks, do not have the experience and tools to assess them properly. Such overlooked customers might have a limited credit history, irregular income, or unconventional financial needs. These are all reasons to be overlooked by traditional banks and lenders.

In addition, underserved communities, including those in rural or low-income areas, may also be overlooked due to limited access to financial services or discriminatory practices. Addressing the needs of these overlooked customers takes us back to the original spark of inspiration that led to founding of Multitude, Nobel Prize winner Dr Muhammad Yunus, with his Grameen Bank in Bangladesh. These overlooked customers require innovative approaches and inclusive financial products to access potentially life-changing, essential banking and lending services. Through our robust and proven combination and experience in credit risk scoring and a digital-only approach, we are ideally positioned to address the needs of many of these overlooked and underserved customers.

Multitude growth platform

We designed our services to be accessible to **anyone, anywhere, anytime** and built our business on these principles from the first day of operations. Our commitment to them remains as strong as ever. The core enabler for us today is our growth platform, an internal provider of Banking-as-a-Service (BaaS). As a vital enabler of scalability, our centralised and standardised operations to offer BaaS are built on its six elements:

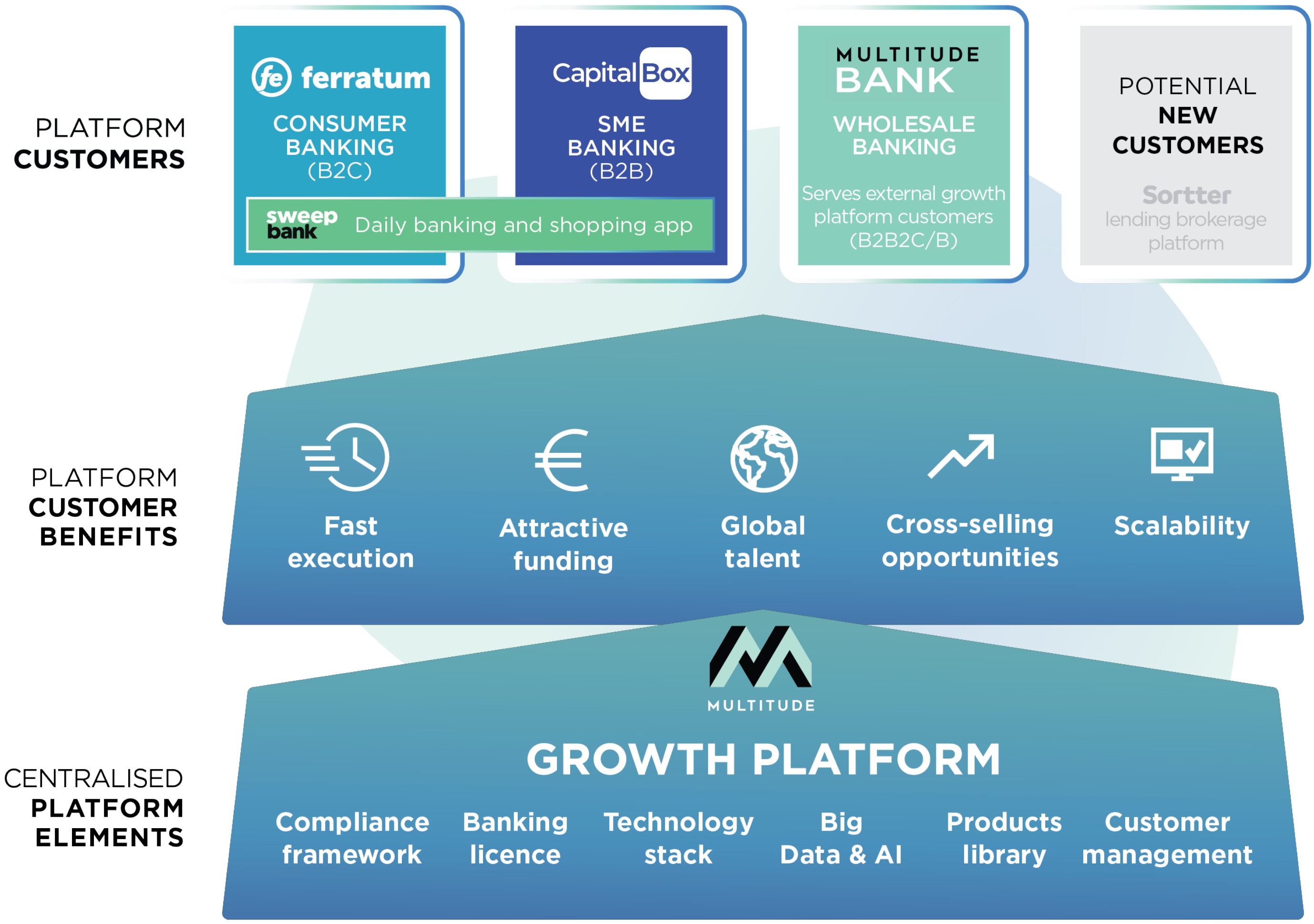
- Compliance framework
- Banking licence
- Technology stack
- Big data and AI
- Product library
- Customer management systems and processes

Multitude's growth platform generates value through these core elements that our customers can leverage. Complemented with a solid track record, despite macroeconomic challenges and changes during our history, we continue to build an ecosystem of sustainable finance for our customers. These customers comprise our internal business units and external institutional customers. The primary value that we unlock for customers derives from one or multiple of the following factors:

- Faster and leaner execution of their business
- Attractive funding conditions through our access to deposit funding
- Benefiting from our global pool of talents with over 40 nationalities
- Cross-selling opportunities between customers
- Scalability through the combined power of all the above

2024 GROWTH PLATFORM

an internal Banking-as-a-Service platform for our business units, is key to enabling our growth and scalability



Our growth platform as an engine empowers us to create the most valuable financial platform for overlooked customers. The underlying technology of this platform was developed by more than 200 internal technology and IT professionals and is based on:

- A highly available cloud-native infrastructure
- Flexible domain-driven design
- Automated business processes and workflows
- Unified identity and access management
- Fast and secure APIs
- Scalable event-driven architecture
- Real-time monitoring
- Data integration and data analytics
- A vast number of external integrations

A variety of mobile and web platforms aim to transcend the hassle of physical banking and manual financial transactions. Over the past 18 years, we have developed proprietary data and credit scoring algorithms that deliver instant credit decisions digitally. Our technology and data, paired with the regulatory experience from global operations over so many years, brings us a significant competitive advantage in large-scale financial industry disruption as it allows us to make fully risk-assessed scoring at a pace and scale unmatched by traditional banks, neo-banks, or the general lending industry. In 2023, through the internal customers of our growth platform, Sweep-Bank, Ferratum and CapitalBox, our platform served over 400,000 customers in 16 countries.

Multitude in 2024

At Multitude, we embark on an ambitious three-year plan to expand our growth platform's customer base significantly. Alongside our established consumer banking unit, Ferratum, catering to individuals and our SME banking unit, CapitalBox, serving small and medium-sized enterprises, we introduce a new offering of wholesale banking, managed by Multitude Bank. This new banking service targets larger companies and was previously integrated into SweepBank alongside our shopping and financing app and prime lending services.

The service of wholesale banking will become its own unit as we integrate SweepBank, with its offerings other than wholesale banking, into Ferratum and CapitalBox. This integration optimises our operations as a Group, enhancing our capabilities across various financial sectors. SweepBank, retaining its identity in mobile banking and shopping, will offer customers access to new products through Ferratum and CapitalBox. The wholesale banking services focus on Secured Debt and Payment Solution and are set for significant expansion in 2024 following successful piloting in 2023.

In 2024, we look forward to delivering innovative financial services through our three independent business units: Ferratum for consumer banking, CapitalBox for SME banking, and the new business unit managed by Multitude Bank offering wholesale banking. Our commitment to driving organic growth, alongside strategic partnerships and acquisitions, underscores our dedication to extending our value chain and global presence. We anticipate financing these initiatives primarily through self-generated free cash flow, ensuring sustainable growth and innovation in the years ahead.

Why investors trust us

With a proven track record of profitable growth in the FinTech megatrend, our investment case is unique

19 years track record of profitable growth in FinTech and digitalisation megatrends

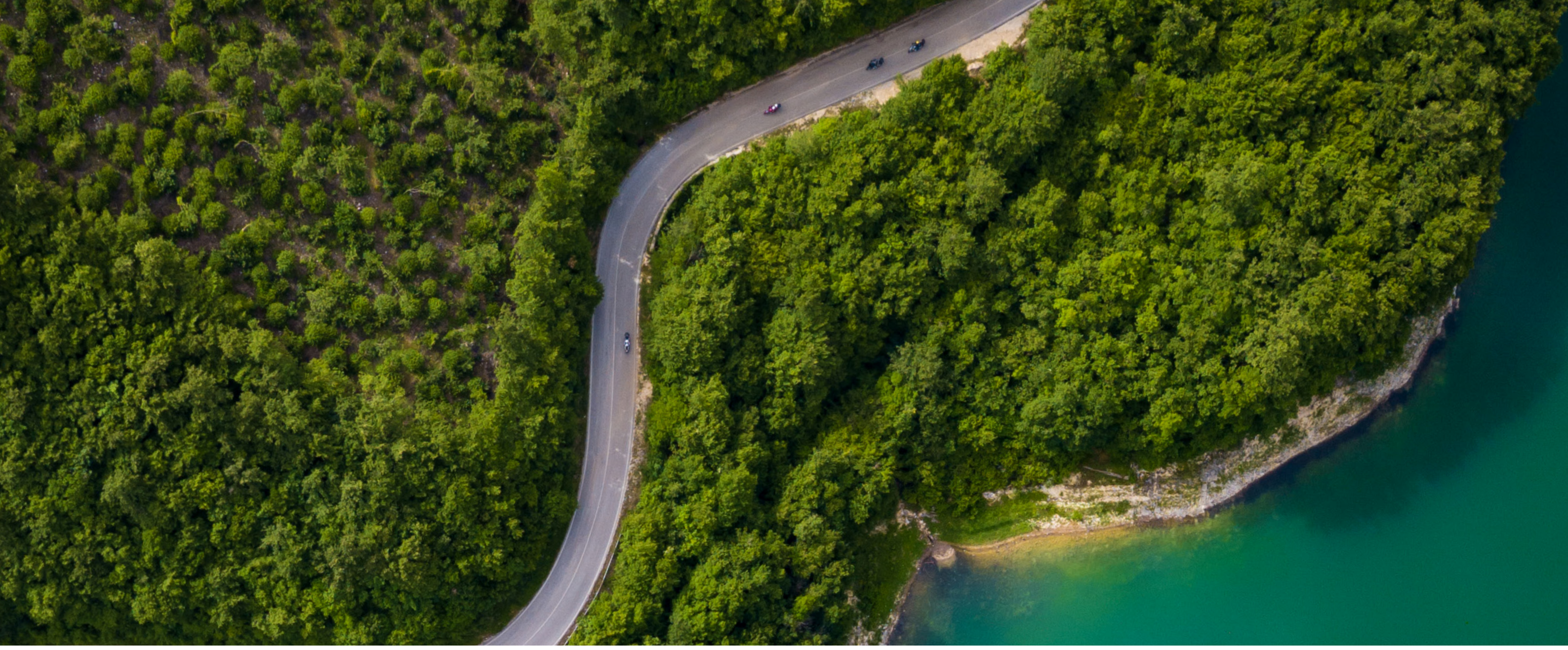
Since our foundation 19 years ago, we have been one of the pioneers and become a market leader in the FinTech megatrend with our fully digitalised financial platform. Our lending and investment portfolio has grown by 15% per year on average since 2017, reaching EUR 638 million at the end of 2023. We are growing highly profitably and aim to improve our net profit by a factor of 2.5 to at least EUR 30 million by 2026.

Unique business platform to support growth along the FinTech and financial services value chain

We offer highly regulated, independent financial and banking services in 16 individually regulated countries and across multiple segments. Our business model is based on a unique financial platform which allows us to offer fully digitalised, fast, easy, and green financial services to customers overlooked and underserved by other financial institutions. This platform provides a state-of-the-art compliance framework and technology, a banking licence, makes targeted use of AI and big data, and is perfectly tailored to customer needs. In 2023, approx. 400,000 customers accessed services across three segments in the FinTech value chain: consumer lending (Ferratum), SME lending (CapitalBox), and an app for shopping and financing (SweepBank). In 2024, we integrate SweepBank into Ferratum and CapitalBox, and a new business unit, Wholesale Banking managed by Multitude Bank, will emerge.

Significant organic and inorganic potential for further profitable growth

The growth of our platform is built on three fundamentals: organic growth, partnerships and acquisitions. Organic growth will be driven by enhanced customer centricity, a more direct approach, and a continued product and country portfolio expansion. Partnerships will be established based on sales alliances, the offering of additional services, and embedded financial solutions. Acquisitions will help us enter new countries and products, enhance our offering in existing markets, and attract new segments into the growth platform. In addition, substantial economies of scale will support our profitability.



Sound financial basis and robust risk management to support growth

In addition to high resilience through diversification of activities, Multitude's strategic focus remains on the financial stability and risk minimisation of our business model. As a result, we reported solid cash and cash equivalents of EUR 284 million at the end of 2023. The Group's net equity ratio, one of the most important measures of capital adequacy, stood at 26% and our total equity stood at EUR 184 million. Our coverage ratio for impaired loans (ILCR) stood at 16.6%.

Clear commitment to value generation supported by focused ESG strategy and values

In everything we do, we focus on increasing value for all our stakeholders: our employees, customers, partners, and shareholders. Our profitable growth is expected to increase our company's value sustainably. At the same time, Multitude's shareholders also benefit from the fact that we allow them to participate appropriately in the company's success with a payout ratio of 25 to 50% of our net profits. A clear commitment to sustainability also flanks our growth strategy. This commitment is documented in a detailed sustainability strategy and ambitious sustainability targets to minimise our environmental footprint by 2025 and 2030.

Multitude Group ESG Report 2023 – Responsible Financial Services for the Overlooked Customer

Contents

ESG Report 2023

About the ESG Report 2023

We are proud to present our ESG Report 2023, highlighting our commitment to ESG principles and sustainable transformation within our operations and the society we impact through financial products and services.

This report marks the third ESG report under our new name and strategy as Multitude Group, with our growth platform and mission to democratise financial services through digitalisation, making them fast, easy, and green.

The ESG Report 2023 provides insight into the environmental, social, and governance matters we manage through our programmes, strategies, and performance indicators. This report covers our activities in 2023 and serves to meet the obligations under Chapter 3a of the Finnish Accounting Act 1336/1997, based on Directive 2014/95/EU.

In producing this report, we used the Global Reporting Initiative (GRI) standards and emerging regulatory frameworks, to show transparency and alignment with good practice.

Recognising that there are linkages between ESG reporting and enabling effective strategy development towards sustainable business practices, we are resolute in advancing disclosure that addresses stakeholder information needs.

For investor related queries, please contact lasse.makela@multitude.com.

Responsible financial services for the overlooked customer

Our business model as a growth platform providing financial services to the overlooked customer is ESG-led. Our mission drives an approach that enables financial and social inclusion, supports global climate ambitions, and limits potential carbon emissions through the absence of a physical branch network.

We demonstrated sustainable value creation through our inclusive product offering with three business units: Ferratum (consumer lending), CapitalBox (SME lending), and SweepBank (shopping and financing app). The products of these business units each serve a unique customer segment with unique needs for banking and finance. A new independent business unit is emerging within Multitude Group in 2024. The business unit has a twofold offering: Secured Debt (formerly called Warehouse lending) and Payment Solution. After successfully piloting these products in 2023, the teams, processes, and technology are poised for expansion in 2024.

Wider access to finance and positive impact generation through our activities is underpinned by value drivers derived from our diverse skills, technological know-how, strong partnerships, and responsible lending approach.

Through our value drivers, product and service offerings, and ESG priorities, we responsibly serve the overlooked customer while contributing to local economic growth. This means continuous cognisance of the evolving needs of stakeholders and driving a transformative strategy that embeds ESG principles in our processes.

Our business activities enable positive impact generation

Our value drivers

Big Data & AI

Customer management

Global talent

Banking licence

Strong funding structure

OUR VISION

Build the most valuable financial platform for overlooked customers

OUR MISSION

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

OUR VALUES

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

OUR BUSINESS UNITS

ferratum

CapitalBox

sweep bank

OUR ESG PRIORITIES

E – Future proofing enviromental impact

S – Social parameter aligned access to financial services

G – Transformative governance

Our positive impact

Serving the overlooked customer

Responsible customer engagement

Digitally-powered environmental impact reduction

FinTech ecosystem growth

Diverse skills and inclusive communities

Our journey and external environment

We formalised our ESG journey in 2021 by establishing initial ESG governance mechanisms and the Group ESG Steering Committee. We then concentrated on defining ESG policies, focus areas, ambitions, and capacity building at all levels of our organisation.

Our focus has expanded to enhanced monitoring of impacts, risks, and opportunities and strengthening our governance and transparency as regulation and disclosure frameworks advancing ESG transparency increase.

The Corporate Sustainability Reporting Directive's (CSRD) approaching implementation date has been a key driver of the EU sustainability programme's direction. In addition, the issue of greenwashing risk is increasingly prominent as balancing transparency and elimination of greenwashing rises in priority. We are resolute in pursuing a transparent reporting approach strengthened by comprehensive stakeholder engagement in accordance with our values.

In an era of geopolitical, economic, climate risk and heightened environmental degradation, we are positioning ourselves for transitional financial services and product delivery approaches. Building on our efforts to develop strong governance and policies, we identify opportunities to support responsible and sustainable practice through finance and banking.

ESG ratings

Morningstar Sustainalytics regularly assesses our ESG performance to determine an ESG risk score based on disclosure. Our ESG risk rating has improved in the past two years, and as at 31 December 2023, Multitude received an ESG Risk Rating of 21.4. We were assessed to be at Medium risk of experiencing material financial impacts from ESG factors.

Rated

MORNINGSTAR | SUSTAINALYTICS

In no event should the ESG Risk Rating be construed as investment advice or expert opinion as defined by the applicable legislation.

Our ESG approach

At the inception of our ESG programme, we outlined three goals for 2025 that would guide our mission-underpinned progress. The goals addressed social matters, including stakeholder wellbeing, measuring employee and customer happiness, and the fairness of our practices.

Even though our digital-first business model enables reduced environmental impact and risk, we set out to be part of the solution, measuring our footprint and monitoring it using a target setting. In this regard, we considered impacts through our own operations and our core business, lending.

In addition, to support the effective integration of ESG principles, we aim to embed ESG-conscious practices through strong policies, procedures, and governance.

ESG Goals & Progress Highlights

2025 Goals | **Progress highlights**

E
Understand and reduce the Group environmental footprint

FY 2022
- Environmental Policy published
- Scope 2 and 3 emissions reporting commenced

FY 2023
- Target-setting baseline data refinement
- Carbon emissions reduction targets set for Scope 2 and 3
- Joined Partnership for Carbon Accounting Financials (PCAF)
- Corporate loans and investment carbon footprint reporting

NET ZERO AMBITIONS
Scope 2 emissions by 2030

Scope 3 purchased emissions by 2035

S
Monitor, report on and improve stakeholder wellbeing

FY 2022
- Wellbeing-focused targets set

	FY 2023	2025 Targets
Customer NPS	60*	
Responsible Lending Index	Achieved 4.4	Target 4.5
Employee Net Promoter Score (eNPS)	Target achieved 25	
Diversity Management - Female	Achieved 36%	Target 38%
Diversity Board - Female	Achieved 33%	Target 38%

*Multitude Group NPS first reporting year

G
Embed ESG conscious practices

FY 2022
- ESG steering committee convened
- ESG Policy published

FY 2023
- Human Rights Statement published
- ESG corporate loans and investments assessment
- Double-materiality assessment

TRUSTED ESG DUE DILIGENCE
Double materiality strategic integration

ESG assessment framework

2024 and beyond

Considering the increased pace of ESG matter relevance, stakeholder demand and business strategy evolution, we continuously advance our ESG ambition. We seek to be a responsible financial services provider for overlooked customers by providing a sustainable product and service offering with robust customer selection and a fair and transparent customer journey.

To us, responsible financial services also means deploying technologies that support and enable businesses a green, socially sustainable transition toward lower carbon levels. To be a FinTech providing responsible financial services for the overlooked customer, the Group must be able to demonstrate environmental future-proofing of services and products, measure what matters, and show leadership in embedding ESG.

We are well positioned by offering digital, paperless, and cardless banking and services, utilising cloud technology and working in a hybrid model to reflect ESG performance that aligns with the global transition.

Our ESG priorities

Social parameter-aligned access to financial services

The wellbeing of our customers and employees is a central pillar in our approach to ESG. It is a key area where our ability to be a responsible financial services provider is most evidenced. This means enabling socially inclusive products and services and protecting vulnerable customers through responsible lending and customer education. Our largest business unit, Ferratum, pioneered the Responsible Lending Index to monitor customer protection as part of our focus on wellbeing.

As a company, we also monitor and benefit from the diversity of skill sets, nationalities, genders, and ages. Thus, we have set targets accordingly. We want to strengthen our wellbeing-monitoring and leverage knowledge across teams to achieve an insight-driven approach to managing social matters.

Future-proofing environmental impact

We consider the rising imperative to address environmental challenges. To future-proof our impact, we need to understand it. By understanding our impact and setting targets, we can be part of the solution. Thus, in 2022, we started reporting on our carbon emissions. We began monitoring the emissions from our operations and lending, commencing with SME lending. In 2023, we set targets on climate action to position ourselves as a low-carbon finance provider for overlooked customers.

Transformative governance

We can only achieve our environmental and social objectives through good governance. We embed ESG-conscious practices with governance, fostering transformation.

We recognised the pivotal role of governance when embedding ESG early on in our journey. We set up an ESG Steering Committee comprising Leadership team members and co-chaired by our Group CEO and Group ESG Officer. This commitment from top management laid a strong foundation for ESG and transparent communication across stakeholders and sets expectations for the organisation to follow. Our activities drive ESG integration further, including sustainable finance and materiality determination.

Our material topics – Defining what matters

During 2023, we conducted a double-materiality assessment addressing the outside-in and inside-out impacts of ESG matters. Our approach to materiality assessment is informed by EU regulations and voluntary reporting standards, such as the Global Reporting Initiative (GRI). The Corporate Sustainability Reporting Directive (CSRD) comes into effect in January 2024, requiring company reporting based on double-materiality perspectives of ESG impacts as well as risks and opportunities emanating from company activities. CSRD differentiates between outside-in and inside-out views of ESG matters, with the former assessment referred to as financial materiality assessment and the latter as impact materiality assessment.

Our approach to materiality

As a first step, we mapped our value chain to identify material matters. We mapped issues across our value drivers, including technology know-how and the customer journeys in our business units.

To gather insights on relevant ESG matters, we followed a stakeholder engagement process that included internal focus groups and investor engagement. We used several sources of industry information to support identifying potentially relevant material matters and to ensure regulatory alignment and reference to topics outlined in the EU reporting standards (CSRD).

We scored a long list of potential material matters considering business model impacts and risks, potential strategy evolution, and emerging ESG matters. We conduct our ESG scoring in consultation with our Group Risk and the ESG Steering Committee.

We based scoring on the relevant value chain elements and assessed financial and impact materiality for these elements. In 2023, our materiality assessment accounted for time horizon differences, addressing impacts and risks over the short and medium term. We plan to integrate a long-term impacts and opportunities assessment in future iterations.

We aim to review the materiality assessment methodology regularly, subject to emerging best practices and relevant jurisdictional requirements.

Material topics

	Positive and negative	Positive only
Environment	Loans to carbon intensive sectors IT infrastructure energy consumption	Financing the transition to a low carbon economy Cloud transition
Social	Contract worker protection Employee work-life balance Product transparency Customer fairness Health and safety Employee upskilling Responsible marketing Employee anti-harrassment	Access to financial services
Governance	Whistleblowing policy Cybercrime controls Data protection Corporate culture Bribery and corruption	

Note: To assess impact materiality, we identified topics having potential and actual impacts on people and the environment from both positive and negative perspectives. In assessing financial materiality, topics with potential financial implications were considered from a risk perspective. Certain topics have been identified as having both potential and negative impact and others have only potentially positive impact for people and the environment

Towards a net – zero digital future:

Low carbon banking and finance for the overlooked customer

We recognise the gravity and urgency of the climate crisis and its societal and economy-wide implications. Thus, we seek to manage risks, identify opportunities, and reduce negative climate and environmental-related impacts.

We outlined ambitions to understand and reduce our environmental footprint. As a first step, we must understand and manage the footprint of our own operations. As a second step, on account of financial institutions' predominantly indirect impact on climate change, we address emissions from our financing activities. Finally, we seek to protect our ability to service and create value for our customers against the physical and transition risks arising from climate and identify opportunities in the next phase of our approach. These areas drive our environmental priority to bring low-carbon banking and finance to the overlooked customer.

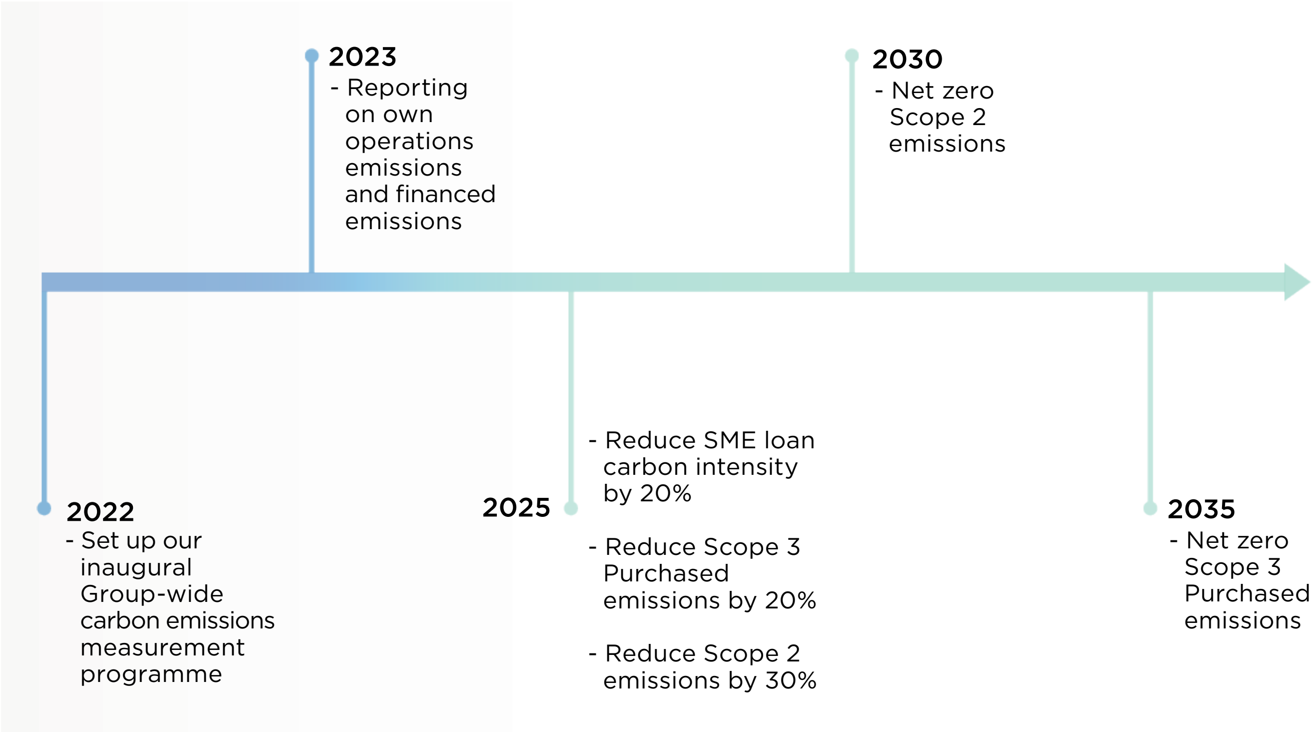
Managing environmental impact and risks

Managing our operational impact	Managing our financed emissions	Protecting our ability to serve customers
We utilise a data-driven approach guided by our Environmental Policy to manage emissions from our operations, mainly the emissions of our global offices, employee commuting patterns, and purchases.	We measure and disclose emissions associated with our business lending activities following the Partnership for Carbon Accounting Financials (PCAF) methodology, allowing us to benchmark in line with industry standards.	We assess vulnerability and perform customer due diligence to ensure a preparedness against climate risk.

Environmental initiative milestones

METRICS AND TARGETS	2022 • Publishing Scope 2 and 3 emissions 2023 • Scope 2 and 3 2025 targets set • Net zero targets for Scope 2 and 3 emissions set • Relative targets for emissions arising from SME lending portfolio set • Corporate loans and investment emissions reporting
RISK MANAGEMENT	2022 • Publishing Multitude Group ESG Policy 2023 • Advancing climate risk assessment for corprate loans and investments • Reporting on climate risk preparedness to the Banking Authority • Publishing Multitude Bank ESG Risk Policy
GOVERNANCE AND STRATEGY	2022 • Board of Directors approval of Group-wide Environmental Policy • ESG Steering Committee engagement on climate and impact risks 2023 • Group- wide double materiality assessment integrating climate topic • Piloting IT infrastructure climate risk assessment

Climate action roadmap



Taking responsibility for our direct operational activities

As a FinTech, our core business activities inherently enable net-zero ambitions. Our digital platform offers cardless banking and paperless processes, eliminates the need for physical branches, and empowers our customers to reduce their negative environmental impacts.

We strive to support the low-carbon economy transition by effectively measuring our footprint, leveraging digital tools, and utilising a data-driven approach to climate impact assessment while maintaining close engagement with stakeholders on data collection.

Scope 2 Emissions

In 2023, we took further steps to measure emissions from our global offices, building on our 2022 inaugural carbon footprint measurement programme. We engaged colleagues from across our European, North American, and Asia Pacific offices to collect data on building emissions, covering Scope 2 emissions from electricity, heating, and cooling. We also started to delve into our Scope 1 emissions arising from stationary combustion fuel in 2023, and did not identify any emissions from this source.

To increase the use of renewable energy, we want to improve our selection of office electricity service providers and energy sources. As of 2023, our offices in Finland, Sweden, and Switzerland use 100% renewable energy sources.

Group Environmental Policy

In 2022, we published our first ESG Policy incorporating the Board-approved Environmental Policy. It describes our commitments and strategies to responsibly manage and reduce environmental impacts and embed ESG-conscious practices in daily operations. In managing our impact on the environment, we commit to:

- Promoting initiatives to minimise environmental degradation and support sustainable natural resource management
- Contributing to global efforts in combatting climate change
- Educating employees on climate and environmental matters
- Integrating environmental criteria into our processes and governance
- Complying with applicable environmental regulations
- Improving our environmental performance monitoring to align with best practices and the expectations of our stakeholders

Guided by the Group Environmental Policy, we encourage our offices to implement proactive actions to minimise our negative environmental impact. Such actions include installing LED lighting with motion sensors and water control valves, providing recycling bins for office waste, and limiting paper use when possible. Where paper is needed, we supply our offices with FSC-certified paper supporting a zero-deforestation harvest process and fair wages for forestry workers. Buildings we lease as our office space in selected countries receive a BREEAM rating of "Very Good" to "Excellent".

To complement the Environmental Policy, we aim to publish further guidelines for employees to drive environmentally friendly practices across our offices.

Scope 3 emissions

Our scope 3 emissions mainly relate to employee commuting, upstream spend data, and downstream lending activities. For spend data, we collect company transaction data on purchased products and services from various suppliers across different categories. We calculate emissions against the appropriate inflation-adjusted emission factors in line with the Greenhouse Gas Protocol Technical Guidance.

Hybrid working for a greener workplace

Our Hybrid Work Policy accommodates flexible work locations, with some people working fully remote where we do not have local offices. For the employees who work at the office at any time of the week, we encourage public transportation by providing public transportation passes where feasible.

In 2023, we launched a survey to measure our carbon footprint arising from employees commuting between work and home. We asked employees six questions on commuting patterns, such as modes of transport, frequency of office commute per week, and distance travelled. The responses feed directly into our carbon accounting programme and strategic planning on climate action.

Managing our financed emissions

As a financial sector player, we understand that indirect emissions from our financing activities dominate most of our climate impacts. Financed emissions are the GHG emissions from investee and lending entities' activities attributed to the financial institution providing the capital. Understanding and measuring financed emissions is a key step to a financial institution's climate action journey, as this enables understanding climate-related transition risks and opportunities. It also serves as a basis for setting targets and developing transparent disclosures. We work with a carbon footprint measurement partner that supports our journey, taking accountability in earnest regarding our financing activities.

We use an industry-standard methodology for measuring and disclosing emissions applicable to financial institutions to understand our financed emissions. We selected the Partnership for Carbon Accounting Financials (PCAF) Methodology as the most suitable framework.

Multitude strengthens commitment to sustainability by joining Partnership for Carbon Accounting Financials (PCAF)

PCAF Partnership for Carbon Accounting Financials

In 2023, we officially signed to become a signatory of PCAF, solidifying our commitment to transparently measure and disclose our Scope 3 financed emission and our climate action.

PCAF is a global collaboration comprising over 440 financial institutions spanning six continents, focused on harmonising assessments and disclosures of greenhouse gas emissions associated with loans and investments.

The PCAF methodology provides Multitude with a standardised and internationally recognised framework to align our portfolio with the Paris Climate Agreement and enables transparency and accountability in greenhouse gas accounting.

We aim to follow best practice approach by following detailed methodological guidance as outlined by PCAF to measure our emissions for corporate loans and investments and SME loans.

For our lending activities, we initially assessed emissions associated with Multitude's SME lending segment and in 2023 have since expanded this assessment to include corporate loans and investments.

Data score

We source required data from reported emissions of investees and borrowers to apply the standard and measure financed emissions. Considering that data availability varies across markets and companies, PCAF provides a scoring system to enable financial institutions to communicate reported data accuracy based on acceptable data on a scale of 1 to 5 (1 being best and 5 worst).

The quality score is determined by the usage of data of different qualities using three different options:

Option 1: Borrower or investee company reported emissions
Option 2: Physical activity-based emissions
Option 3: Economic activity-based emissions

Such a scoring approach ensures that data limitations do not deter a transparent inventory of financial institutions' financed emissions and encourage progress over time. Emissions reported by the borrower and verified by a third party receive the highest score of 1. When using proxy information in the absence of direct and verified borrower reporting, scoring is adjusted accordingly.

We navigate the existing data gaps by relying on approximates where necessary in assessing the carbon footprint of our loans, either by applying sector-level or country-level proxies when company-level data is unavailable, particularly for SME loans where SMEs may not be subject to mandatory reporting requirements.

We expect to make progress as we continuously update our methodologies and align with available, evolving best practices.

PCAF formula

The PCAF calculation methodology and formula used to calculate financed emissions from borrowers and investees' emissions:

$$\text{Financed emissions} = \sum_i \text{Attribution factor}_{ii} \times \text{Emissions}$$

(with *i* = borrower or investee)

$$\frac{\text{Outstanding amount}_i^{*}}{\text{Total equity + debt}_i} \rightarrow \text{Business loans}$$

Enterprise value including cash (EVIC) → Corporate loans and bonds

** Outstanding loan amount is referring to loans outstanding as at 31 December 2023 excluding accrued interest*

General description of data quality score for listed equity and corporate bonds. Adapted from PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition.

Data quality	Options to estimate the financed emissions		When to use each option	Multitude Score
Score 1	Option 1: Reported emissions	1a	Verified emissions of the company is available	
Score 2		1b	Unverified emissions calculated by the company is available	
	Option 2: Physical activity-based emissions	2a	Emissions calculated using primary physical activity data of the company's energy consumption and emission factors specific to the primary data	
Score 3		2b	Emissions are calculated using primary physical activity data of the company's production and emission factors specific to that primary data	
Score 4	Option 3: Economic activity-based emissions	3a	Emission factors for the sector per unit of revenue are known (e.g., tCO2e per euro or dollar of revenue earned in a sector)	84% of SME Loans 100% of Corporate Loans and Investments - Warehouse lending
Score 5		3b	Emission factors for the sector per unit of asset (e.g., tCO2e per euro or dollar of asset in a sector) are known	16% of SME Loans
		3c	Emission factors for the sector per unit of revenue (e.g., tCO2e per euro or dollar of revenue earned in a sector) and asset turnover ratios for the sector are known.	

Attribution factor

The attribution factor is the share of total emissions of the borrower or investee to the loans or investment. Following the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standards, we calculate the attribution factor specific to the earmarked asset classes. For us, this comprises small business loans, corporate loans, and bond investments. We align the observation period with the financial accounting period.

For loans to unlisted companies, including SME loans, we use total equity and debt for attribution and, in its absence, sectoral asset turnover ratios.

In the case of listed company loans, we used EVIC, the sum of the market capitalisation of ordinary shares at fiscal year-end, preferred shares at fiscal year-end, and the book values of total debt and minorities' interests with no cash or cash equivalents deductions.

Emissions

We calculated emissions using sector and revenue information for PCAF Score 4. In instances where updated revenue information was available, the PCAF Score was 4. Otherwise, we used sectoral asset turnover, resulting in a PCAF Score 5.

SME portfolio

In 2023, we undertook efforts to refine our SME portfolio data quality, having commenced reporting on these emissions in 2022.

Our 2023 work to improve the data quality scores for SME loans resulted in a large part of the portfolio scoring a data quality score of 4 over 5, the lowest possible quality score. In 2022, 94% of SME loans were at a data quality score level of 5, with only 6% at a data quality score level of 4. In 2023, this improved substantially with 84% of the SME loans portfolio at a data quality score level of 4. This demonstrates the impact of our commitment to data enhancement in managing our carbon footprint.

Our data refinement included excluding dormant accounts (non-repayment in the past 12 months). In addition, we revised our definitions of "latest available information" in cases where financial information on companies is unavailable.

While improved data quality score levels supported our broader quality refinement efforts, in 2023, we observed a substantial increase in SME financed emissions as an outcome. In 2024, the Group will consider revised baseline and target setting to account for the change in overall data quality as we continue to progress in our efforts as a signatory of the Partnership for Carbon Accounting Financials.

Corporate loans and investments – Warehouse Lending

In 2023 we have expanded assessment of financed emissions to include corporate loans and investments. Up-to date revenue information was available resulting in PCAF data quality score of 4 for the entire portfolio.

Our carbon emissions and targets

In 2023, we set net-zero targets for our spend-based emissions by 2035 and scope 2 emissions targets for our global offices by 2030. Net zero is the achievement of a state where company activities do not have a net impact on the climate change arising from greenhouse gas emissions.

Emission category (Tons CO_2e)	2022	2023	Target
Scope 2: Indirect emissions			
Purchased electricity and heating	196	254	30% reduction by 2025, Net zero by 2030
Total	196	254	
Scope 3: Indirect emissions			
A. Business operations			
Business travel	-	103	20% reduction by 2025, Net zero by 2035
Purchased goods and services	8,575	5,395	
Fuel- and energy-related activities	-	35	
Employee commuting*	-	1,787	
Total	8,575	7,319	
B. Financed emissions			
SME lending	21,300	43,005	
Corporate loans and investments - Warehouse lending	-	6,053	
Total	21,300	49,058	
Total emissions	**30,071**	**56,631**	
Emissions per €M revenue	141	246	
Emissions per €M financed through corporate loans and investments - Warehouse lending	-	95	
Emissions per €M financed through SME loan**	203	412	20% intensity reduction by 2025
Emissions per employee***	46	86	

*Notes: * In 2023, we started to assess emissions stemming from employee commuting.*
*** Emissions figures for SME loans in 2022 have been revised post reporting year to account for PCAF 4 data.*
**** Employees total is full time equivalent (FTE) as at 31 December 2023 (658 employees).*

Protecting our operations - Managing climate risks

We further seek to protect operations by assessing climate-related risks relevant to our organisation. In 2023, we started mapping the impacts of climate risks on existing risk categories within our banking activities and addressing climate risk in a Group-wide materiality assessment.

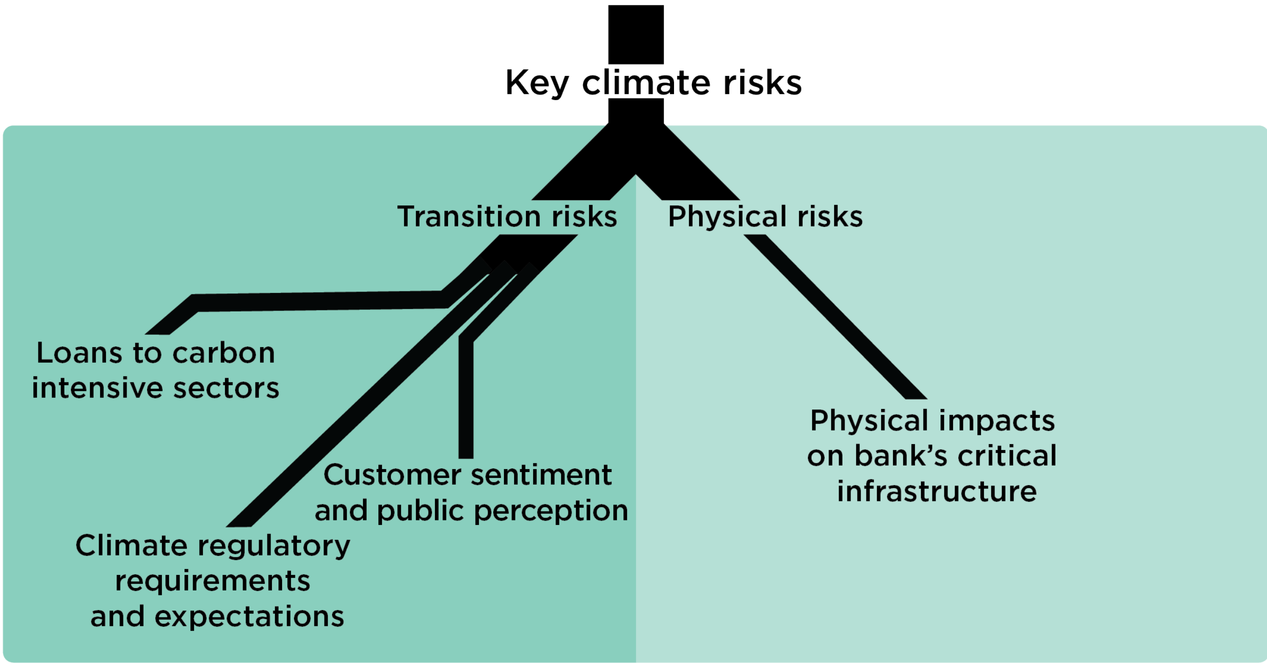
Our Group-wide ESG Risk Policy and a dedicated ESG Risk Policy for Banking activities outline the framework for identifying, assessing, and managing ESG risks, including risks stemming from climate change, further support our climate risk management.

Physical risks impact assessment – IT infrastructure

We conducted a preliminary assessment of the physical impacts of climate change in 2023 as part of the Multitude Bank ESG risk assessment activities, focusing on critical IT infrastructure, commencing with a pilot assessment of data centres.

The assessment result further informs the decision-making processes regarding climate risk assessment with plans to widen the scope of assessment to address further processes and infrastructural migration.

In 2023, we migrated from premise solutions to cloud solutions, enhancing our Infrastructure as a Service (IaaS). The latest move strengthens our global growth through cost efficiency, scalability, flexibility, and security while supporting our commitment to reducing our carbon footprint and climate-related transitional risk.



We recognise that a comprehensive approach to climate risk management will require an extension of the scope of the climate risk assessment processes and integrating these further into a broader risk management framework. Furthermore, it will require increased Board engagement and formalised monitoring. Through a double-materiality assessment, we aim to strengthen climate risk governance and further address potential climate risk exposures arising from lending and infrastructure.

Financing activity ESG due diligence

We have started undertaking ESG due diligence on certain customer segments as part of our effort to steer our lending portfolio towards more sustainable decisions. Multitude Bank implements an in-house ESG tool assessing social and environmental issues across five risk assessment categories: country, sector, incident, policy, and borrower level.

The sector assessment incorporates an exclusion list of sectors deemed unacceptable for loans and investments due to the severity of potential and environmental impacts and scoring based on the climate impact of respective sectors.

We use incident reporting in our assessment and evaluate further specific borrower-level indicators based on potential material topics. The final risk score supports our borrower engagement on ESG and monitoring of potential borrower-related risks.

Presently, the pilot tool outcomes form part of our risk review, and we are considering expanding the scope of usage during 2024.

Multitude Bank corporate lending ESG assessment

Our people

As a FinTech offering products and services in an era of redefined ways of work and increasingly scarce skills, our approach to people development is a key driver of our long-term sustainability. Our people are at the heart of achieving our vision to build the most valuable financial platform for overlooked customers. Our values of candor, entrepreneural spirit, respect and winning teams underpin our approach.

We aim to cultivate a workplace where our people thrive and achieve individual and collective success, with meaningful work underpinned by our agile and hybrid way of working. This includes providing tools that enable career growth and building collaborative teams where everyone has a voice.

> A key contributor to our ability to deliver on our ambitions is the diversity of our people, over 40 nationalities across 25 countries, bringing multiple experiences and skills to our value proposition. Our recruitment approach demonstrates our commitment to diversity and inclusion: we source talent where it is.

Our people further support our progress in driving positive societal outcomes and reducing negative impacts on communities and the environment.

Engaging our people

Employee engagement is an important pillar of our approach. We foster a culture of openness and encourage employees to engage with leaders and each other in accordance with our values. Engagement works both ways, and we seek to empower every individual to use their voice in a supportive and fair environment.

In driving a culture of engagement, our people regularly have exchanges with our Leadership Team through bi-weekly meetings. During the meetings, the Leadership Team provides updates on organisational developments and gives further insight into current topics by answering questions presented in the Q&A segment. Bi-weekly meetings are, in addition, used for training and information sharing on employee social impact initiatives and benefits.

Driving employee happiness – Navigating change to achieve excellence

Since 2020 and as part of monitoring wellbeing, we have been using the employee net promoter score, eNPS, to measure the happiness and satisfaction of our people.

We conduct a bi-annual survey to determine our eNPS, gathering insights from the employees' perspectives and identifying areas for improvement. Our eNPS has gradually improved, reflecting our evolution of migrating to an agile model and transitioning from a norming phase to a performance-driven engaged phase.

We set an eNPS target of 25 by 2025. We achieved the objective in 2023, reflecting our efforts to enhance employee experience through engagement and responsiveness to their needs, including leadership training and improved transparency.

The conducted eNPS surveys have further provided insights into what our people value. Things mentioned include our hybrid working model, flexibility, growth opportunities, autonomy, and thriving culture built on shared values, vision, and mission.

Nurturing our people

Cultivating the development of our people is integral to our success and the delivery of our vision. Our approach benefits from a shift to a hybrid working model and agile teams. We transitioned from a central hub model to sourcing diverse talent where it is, irrespective of geographical boundaries.

We have people located on three continents with more than 25 locations. Our largest offices are Malta, Philippines, Germany, Lithuania, and Slovakia.

On average, employees received 17 hours of training in 2023

We grow our people through internal development programmes with on-demand courses made available to support skills development and strengthening of core competencies. Recognising the importance of continuous career development opportunities for our employees, our efforts are aimed at bringing high quality training for our people. Training and development opportunities are made available through various platforms and formats such as internships, leader meetups and regular educational information sharing.

In 2023, we launched a customised course crafted explicitly for our leaders. The foundational leadership course aligns seamlessly with our core competencies, values, and culture. Over 50 leaders participated in this program, marking a significant milestone in our commitment to leadership development. We set this initiative to be an enduring force, strategically shaping the growth of current and future leaders. We are dedicated to expanding on this robust foundation and will unveil additional modules in 2024 and beyond. This continuous evolution underscores our unwavering dedication to cultivating skilled and visionary leaders within our organisation.

As a FinTech, we are well positioned to utilise our efficiency to support our people. We use AI to optimise our processes and enable our people and leaders to focus on value-adding activities and objectives beyond automation capabilities.

Leaders' Annual Meetup

In 2023, all key personnel gathered for a week-long face-to-face meeting in Jūrmala, Latvia, fostering a unique opportunity to collaborate and connect. The core focus of this event was to unite our key team members, allowing in-depth exploration of our history, work methodologies, values, and vision.

The event featured a series of workshops and keynote speakers addressing crucial topics such as next-level agile methodologies, improvement and innovation strategies, and the concept of extreme ownership. A highlight was a speaker who shared a personal adverse experience, emphasising the importance of ownership and providing a unique and impactful perspective.

Recognising the dynamic landscape of the FinTech industry, we emphasised the need for adaptive leadership skills, particularly in the context of our evolving hybrid work environment. This event served as a platform for reinforcing strong collaboration, decision-making, and communication skills essential for leading teams effectively. Furthermore, the week included an in-person leadership training session where leaders delved into areas such as business strategy and core competencies. Workshops to develop business, leadership, and life skills were integral to this training.

This holistic experience brought key personnel together to strengthen connections, explore crucial topics, and equip leaders with the skills necessary to succeed in the ever-evolving FinTech landscape.

Building on the event's success, we decided to institute similar gatherings annually. The aim is to ensure all key leaders stay synchronised with the organisation's trajectory and foster ongoing collaboration, alignment, and a shared understanding of our collective goals. This annual tradition will be pivotal for our Leadership Team, providing a dedicated space to reinforce connections, exchange insights, and collectively steer the company towards continued success.

Online learning

We have introduced online learning opportunities for our people to enhance their learning and development experience.

Our employees have unlimited access to the LinkedIn Learning platform, containing over 16,000 courses. We regularly highlight courses to employees, and leaders support teams in developing learning pathways to address role competencies. Our employees benefit from the wide range of courses available. Using a 2023 survey focused on learning and development needs, we identified an increased appetite for access to online learning platforms. Furthermore, our technical employees also leverage Udemy to access supplementary technical courses, enhancing their competence and staying abreast of the latest industry developments.

We also utilise an online course platform offering a range of compliance, ethics and ESG-related courses. It provides engaging, relevant training on our internal policies, including cybersecurity, anti-bribery and corruption. We further use this platform for company-tailored training conducted by specialists.

Onboarding training

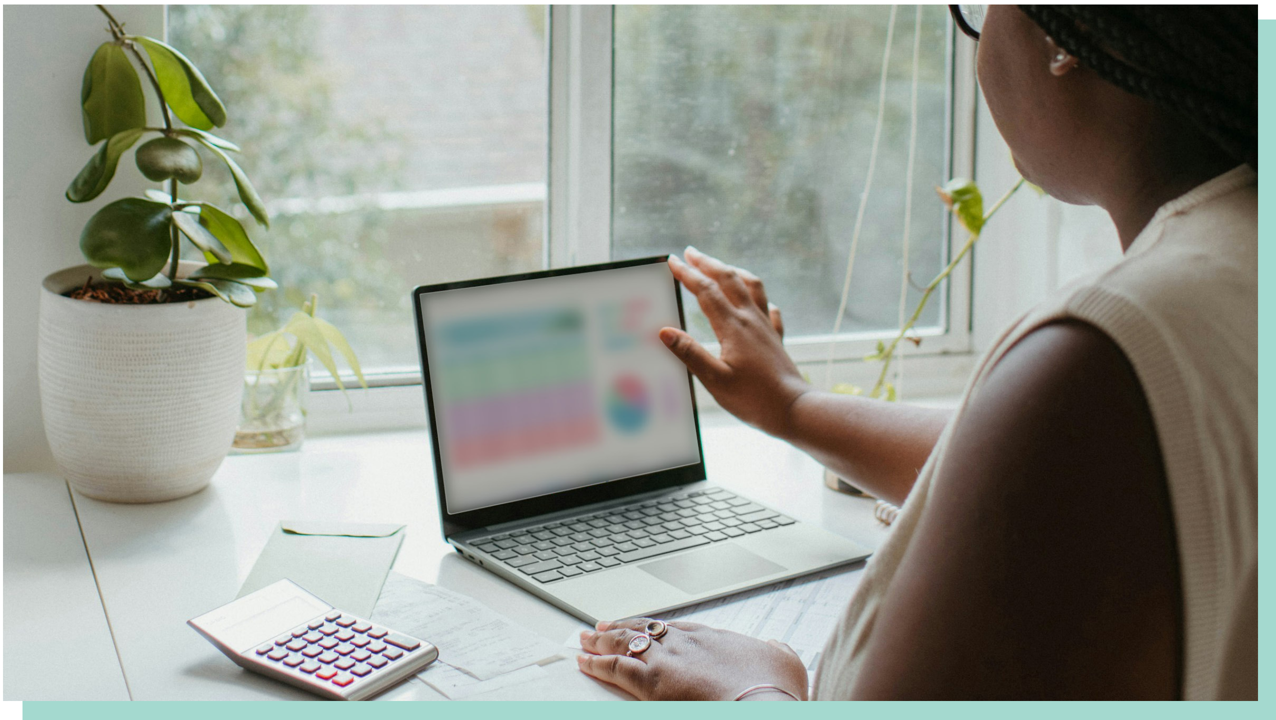
Our commitment to supporting employee development extends throughout their journey with us. From the onset, all employees undergo a comprehensive onboarding process, delivered either in-person or online. This dual-phased onboarding covers essential topics, including employee benefits, agile working, cybersecurity awareness, and data protection.

Moreover, we recognise the importance of fostering a strong organisational culture. Hence, we conduct group onboarding sessions, encompassing discussions about our culture, values, way of working our rich history and future direction. This holistic approach ensures that every employee is well-equipped with the knowledge and understanding needed to thrive within our community.

To facilitate continuous learning, our internal learning platform provides ongoing access to the onboarding training also after the initial phase. This allows employees to revisit and reinforce their understanding of key topics, fostering a culture of continual growth and development.

Knowledge sharing platforms

Our teams regularly participate in knowledge-sharing sessions to complement specialised skills and knowledge. In addition, we regularly use our internal platform to circulate information on various topics, such as data protection and financial education, developed by specialist functions for cross-functional learning and awareness.



The Multitude Academy

We have established an internal knowledge resources platform that serves as a hub for training materials curated by employees for employees. This platform offers a diverse array of resources aimed at maximising learning opportunities within the organisation. Among the available materials are in-house curated newsletters, blogs, videos, and podcast episodes covering topics ranging from customer relations and ESG to leadership.

The Multitude Academy releases a monthly newsletter to keep employees informed and engaged. This communication provides up-to-date information on the latest learning assets available in the Academy and any pertinent recommendations or announcements regarding training materials. This proactive approach ensures that employees stay well-informed and can readily access the wealth of knowledge resources at their disposal.

Multitude coaching guild

Multitude has established a coaching guild that provides a platform for trainers in the organisation to collaborate and leverage experiences across various functions. The guild addresses topics such as training development, monitoring, and opportunities for collaboration. Guild members actively engage in educational content and formats and benefit from an open environment to engage in training in their teams.

New people enablement platform

We launched a new people enablement platform to drive the next stage of our people development strategy. The platform's goal is to enhance employee satisfaction, productivity and growth, and support our valuable employees' retention.

We consider it critical to advance our people enablement resources in a manner responsive to our evolving context, with a versatile platform addressing the need for instant feedback and constant growth. The new platform offers the flexibility for advancing our efforts on performance development and training with easily accessible tools for employees across the organisation.

We recognise the impact of fair and accurate feedback on employee engagement, performance, retention, and growth. Thus, we have invested fully into the platform offering, equipping our people with tools for performance management, engagement, and tailored learning.

1. Performance

Insights and development frameworks that leverage actionable data to inform strategic decisions for employees' continuous improvement.

2. Engagement

Peer recognition and seamless collaboration with colleagues, fostering a culture of shared achievement.

3. Learning

A personalised learning path can be charted to tailor each employees' unique career goals, ensuring the learning development aligns with their skills and aspirations.

Employees who received performance review in 2023

Total employees	Managers	Other employees	Females	Males
68%	70%	84%	60%	39%

Competency-based performance discussions

We conduct bi-annual competency-based performance discussions and career development reviews to foster continuous growth and development within our workforce. These sessions provide valuable feedback, incorporating ongoing coaching and aligning on goals, challenges, and opportunities for career advancement.

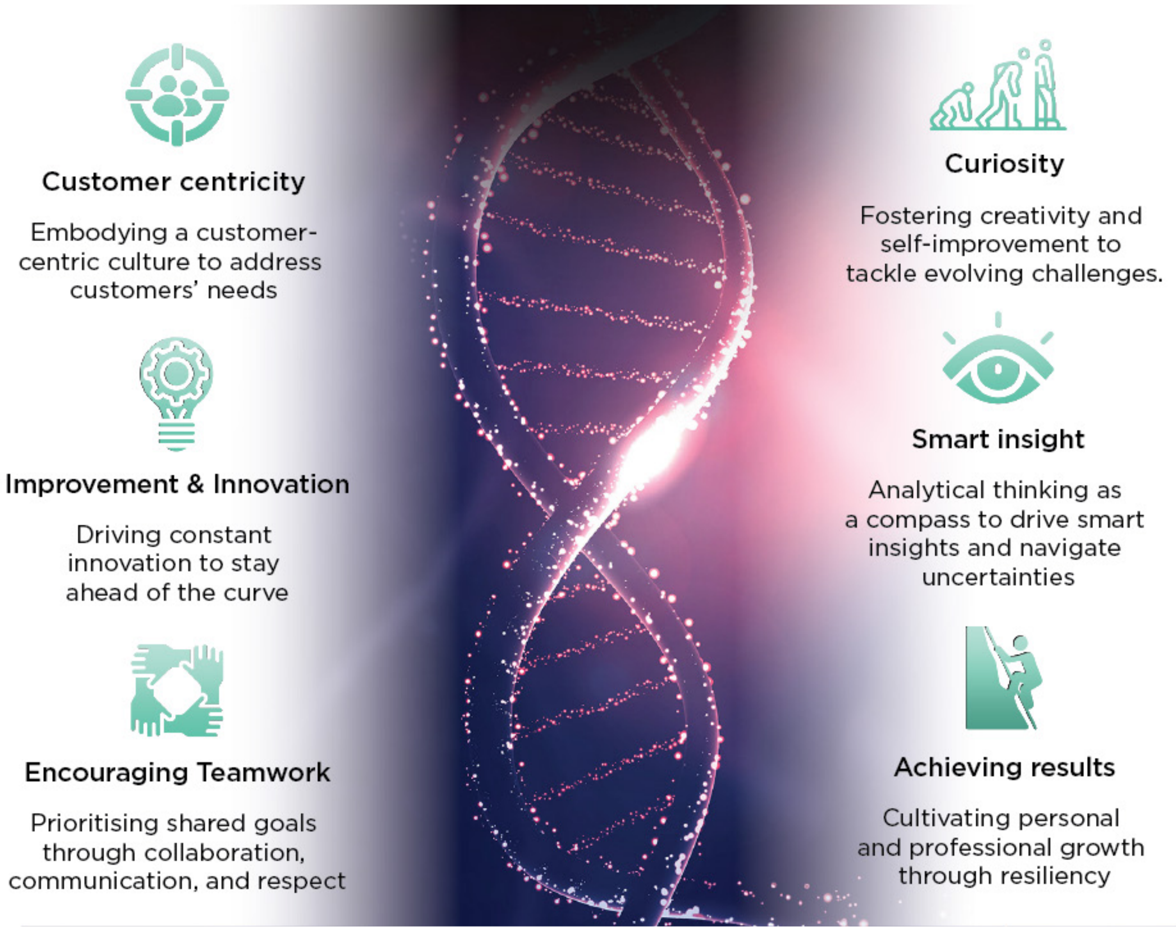
In 2023, as part of our strategic HR framework, we took a significant stride by collaboratively developing core competencies with our high-performing individuals. These competencies serve as our DNA, offering clear benchmarks for performance measurement in each role. They define our expectations and serve as guiding principles for decision-making regarding investments in our people and for monitoring organisational performance.

To support employees on their journey to acquire and develop these core competencies, we launched the Core Competencies Training and Awareness Programme in 2023. This comprehensive training initiative utilised various platforms, including videos, blogs, podcasts, and online Q&A sessions with the Human Resources team. This multi-faceted approach ensures that our employees have diverse resources at their disposal to enhance their skills and contribute to our overall success.

Multitude Core Competencies Model

Our bespoke Core Competency Model serves as a compass for guiding each employee's understanding of what can lead to individual success within the company and our overall success.

Our six core competencies underscore the essential knowledge, skills, and attributes that are important for success in any given role. Each role also has specific competencies defined to ensure the appropriateness of performance management objectives.



Workforce diversity and inclusion

We are proud of our diversity across several areas, including skills, gender, age, and nationality, representing more than 40 nationalities. Our diversity reflects our customers and supports our ability to address their unique needs across more than 19 markets.

We seek to cultivate a culture where every individual is valued, can make a meaningful impact and experience substantial growth within the company. This culture means providing opportunities to learn and develop towards strengthening our diversity and inclusivity.

Our workforce comprises 51% male and 49% female. We have set 2025 targets for diversity at the Board and management levels, with 38% targeted respectively. In implementing our development programmes and initiatives to grow our leaders and identify talent, we are confident in our progress towards these objectives. As of 31 December 2023, 36% of our management and 33% of our Board are female.

We respect each other's differences. That means having a zero-tolerance approach to discrimination based on gender, gender identity, race, age, sexual orientation, ethnicity, nationality, country of origin, religion/non-religion, skills, work experience, socio-economic background, family structure or marital status.

Our Hybrid Working Policy further supports our efforts in diversity and inclusion, providing flexibility and freedom for employees to work how and where they work best. The policy is guided by our value of customer centricity in relation to our people, acknowledging that there is no one-size-fits-all approach to ways of working.

Our Group Diversity and Inclusion Statement outlines our foundational pillars, dedication, and targets for diversity and inclusion. The statement addresses our fair remuneration practices and support for women in the workplace regarding maternity leave and career development.

Our Group's Equal Opportunities Policy, Code of Business Conduct, Ethics, and Anti-harassment Policies further support a working environment that is fair and free of discriminatory practices or harassment.

Embracing diversity and inclusion is the cornerstone of our innovation, growth, scalability, and sustainable success, and in 2024, we will continue driving actions to strengthen our approach.

Gender breakdown: Employees and board members

Employee gender diversity						
Male						336
Female						321
Not disclosed						1
Total						658
Employee age diversity	Under 30 years old		Between 30 to 50 years old		Over 50 years old	
	Head count	Percentage	Head count	Percentage	Head count	Percentage
Male	76	11.50%	236	35.86%	24	3.64%
Female	93	14.13%	213	32.37%	15	2.27%
Not disclosed	1	0.15%	0	0	0	0
Diversity by employee category			Female managers	Male managers	Female board members	Male board members
			36%	64%	33%	67%

Multitude Diversity and Inclusion week

In 2023 we launched our diversity and inclusion programme during EU Diversity month. The initiative was focused on starting a conversation on diversity and inclusion and how our people define it.

Multitude hosted a Diversity and Inclusion week to celebrate and bring special attention to diversity and inclusion in everyday work, highlighting different themes such as bias and actions for positive impact on inclusion.

During Diversity and Inclusion week, the Group released a new online course on diversity and inclusion to support employees in defining actions to support inclusion in the workplace and in interacting and connecting with customers as well as rethinking and innovating new products.

A survey was conducted asking people what diversity and inclusion means to them and whether they think our culture demonstrates inclusivity. The results of the survey indicated our people are confident in our approach to diversity and inclusion. We aim to use insights on strengths and weaknesses of our efforts on diversity and inclusion to drive internal engagement on further initiatives.

>80% agree that Multitude values a diverse and inclusive environment

Other organised programmes included the launch of a special episode on diversity and inclusion within the Multitude Academy's podcast programme where colleagues from our teams across the world held a conversation on diversity and inclusion.

Protecting our people

As our greatest asset, our people are at the heart of our success. It means we must ensure a thriving and happy work environment that places their health, safety, and wellbeing first.

We encourage our teams to be cognisant of protecting the wellbeing of colleagues, acting responsibly, reasonably preventing harm, and adapting to situations as required. Our hybrid working approach further enables us to provide flexibility in taking care of the safety and wellbeing of our people.

We aim to protect employee rights as enshrined in the International Labour Organisation (ILO) Fundamental Principles and Rights at Work and local country laws. We also regularly monitor our wellbeing frameworks to ensure continued compliance.

Our approach to health and safety is holistic and includes mental health. We build an open culture regarding mental health with some of our large hubs offering specialised support and Group-wide initiatives, including workshops, to drive mental health awareness. We aim to maintain a safe and dignified work environment free from all forms of harassment, intimidation and exploitation underpinned by our zero-tolerance approach to harassment.

We have procedures based on applicable local laws to ensure respect for employee privacy. Our whistleblowing mechanism allows employees to anonymously report any violation of privacy and human rights, thus providing a protection framework for the reporting person.

Our people benefits

Work-life balance and hybrid work

We recognise that a supporting and flexible working environment is important for attracting highly skilled employees and maintaining their wellbeing and retention.

We surveyed employees and organised roundtable discussions, which indicated an alignment of the hybrid model with our values. In 2022, in alignment with our inclusive organisational culture and consultation with our people, we decided to shift to a hybrid way of work and implemented the Hybrid Working Policy.

Matching Share Plan and new Employee Shareholder Program

In 2021, we established a Matching Share Plan to foster collective growth and enable our people to gain from our company's overall performance. Our employees in the EEA area, Switzerland, the UK, and Canada are eligible for the plan and can invest up to 10% of their annual gross salary towards purchasing our shares. After a two-year holding period, we match the shares 1:1.

The Matching Share Plan has been a success with our people. To date 402 participants have benefitted, with up to 49,723 gross shares received.

In December 2023, we launched a new Employee Shareholder Program to supplement the existing Matching Share Plan. In the new program, each employee received 50 free shares, underscoring the shared ownership that unites our organisation and enables stronger alignment with our people on our value creation objectives.

Employee information

Total no. of employee as of 31 December 2023				658
Employees contract type by gender				
		Permanent, full time and part time	Temporary, full time-fixed term, internship	Total
Male		323	13	336
Female		312	9	321
Not disclosed		1	0	1
Employees contract type by region				
		Permanent, full time and part time	Temporary, full time-fixed term, internship	Total
EU		575	21	596
America		4	0	4
Asia		57	1	58
New employee hires				
By gender	Male	Female	Not disclosed	Total
	97	88	0	185
By region	EU	America	Asia	Total
	146	0	39	185
By age group	Under 30 years old	Between 30 to 50 years old	Over 50 years old	Total
	86	91	8	185
Employees turnover				
By gender	Male	Female	Not disclosed	Total
Number of employee turnover	82	87	0	169
Percentage of employee turnover	12.46%	13.22%	0	
By region	EU	America	Asia	Total
Number of employee turnover	151	3	15	169
Percentage of employee turnover	21%	36.70%	31.50%	
By age group	Under 30 years old	Between 30 to 50 years old	Over 50 years old	Total
Number of employee turnover	58	104	7	169
Percentage of employee turnover	8.81%	15.80%	1.06%	


MULTITUDE

Serving our communities

Charity of choice

Apart from our role as a key player in the financial ecosystem, we strive to create a positive impact for communities in our countries of operation.

In 2023, we supported non-profit organisations through our annual Charity of Your Choice initiative. Organisations that received our support included those working in animal welfare, with at-risk children, humanitarian health, community development, and environmental protection. The selection of charities demonstrates our support for a wide range of causes and showcases the meaningful societal change we aim to drive through positive collective action.

The initiative, which has been running for its third consecutive year, follows a robust voting process in which employees can nominate their favourite local charity from the above-mentioned categories. After deliberation, employees vote during a live all staff call. We give organisations that receive ten or more votes in each category a set donation amount. Charities with less than ten votes receive an equally distributed amount of donation.

In 2023, 13 charities in seven countries received a combined contribution of EUR 17,000, tallying the total contribution since the initiative's inception to more than EUR 70,000.

IT internship program

We are committed to nurturing the skills of next-generation IT apprentices through training and development initiatives. Our Information Technology hub, Multitude IT Labs, gives students internship opportunities to equip them for the evolving job market. Guided by mentors, interns gain hands-on working experience in different positions such as Testing Engineer and Software Engineer. In 2023, 15 interns from Slovakia, Hungary, Russia, and Ukraine participated in the programme, and six have since joined the team permanently after concluding their studies.

Women's internship for Ukraine's IT

As part of the IT Internship programme, we support young female IT talents from Ukraine as they embark on their career while adjusting to a new life in times of crisis. Multitude IT Labs is proud to be a part of the Digi Talents programme by the Slovakian organisation EMA – Development and

Mobility Agency. Funded by the European Union, the Digi Talents labour mobility programme offers 12-month employment at leading Slovakian ICT companies, providing all-inclusive support for travel, immigration formalities, and accommodation.

Women's Day campaign

As part of International Women's Day, our consumer lending business unit celebrated its female consumers worldwide by hosting a campaign highlighting female achievements in various arenas. The campaign, which has been running for three consecutive years, includes unique competitions ranging from corporate logo reimagination contests to aspiring women in life nominations and further to global brand jingle competitions for young female musicians.

Creating value and protecting the wellbeing of our customers

As a digital financial services provider for consumers and businesses and in line with our mission, we seek to enable wider access to banking and finance. With simplified and faster access through us, customers who have not adequately benefitted from traditional banking can obtain services and finance that suits their needs.

SMEs can access one-stop, uncomplicated access to finance, and individuals can access a financial safety net and easy and inclusive banking services. Access to finance extends to companies through investments and loans in our Warehouse Lending business unit, further supporting local economic growth.

We seek to act responsibly by providing products and services through our business units, protecting customers, and minimising potential negative impacts on society. Ensuring that we employ a cautious approach to customer selection and prevent over-indebtedness in our communities is key to our long-term sustainability. Lending responsibly and recognising the potential impacts and the financial risk of a lack of robust policies and procedures is a consistently managed and material ESG issue.

We recognise the potential impacts of providing digital-only financial products and services related to protecting customer information and ensuring that customers have sufficient information to support informed decision-making. We seek to ensure no hidden terms and conditions.

We manage impacts associated with product information by ensuring that our customer relations teams use internal marketing guidelines and engage in best-practice labelling of financial products.

Customer education

As part of driving information access and product and service understanding, we undertake efforts to educate customers, supporting financial product understanding.

Our consumer banking unit, Ferratum, addresses finance and banking foundational knowledge in line with broader EU financial literacy ambitions. It aims for over 50% of its online content to be educational* by 2025 and will likely achieve this goal already in 2024, as 60% of its planned content across social media channels for 2024 is educational.

Responsible lending

Our business units implement protective procedures to prevent negative impacts on vulnerable customers. The main criterion for being successful with a loan application is the ability to repay the loan. We apply the following responsible lending principles:

- Only lending to customers that can repay the loan in full and on time
- Providing all legal documentation in a clear and transparent way for informed decision-making, including information on risks associated with products
- Abiding by applicable consumer protection laws
- Ensuring a non-discriminatory customer selection process
- Preventing cycles of debt by only granting one loan to a customer at a time and adhering to a one day “cooling off” period after repayment
- Not allowing loan roll-overs or granting advances to finance a customer’s unpaid interest or fees until the customer has paid the outstanding loan**

Responsible Lending Index

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

Components of the Index:

a. Gender bias in lending assessments
b. Default score measured by the 90 Days Past Due
c. Responsible Lending Survey

Each component’s score is weighted to determine the overall index score.

A higher score in the survey signals that customers benefit from the business unit’s commitment to transparent product pricing and ensuring that they meet expectations of information provided throughout the customer journey.

** Educational topics are defined as those containing information on financial product use non-specific to the Ferratum brand and contributing to financial education in the communities we operate in.*
*** Does not apply to revolving loans due to their nature*

The current overall score is 4.4 out of 5, which we consider to be a high-performance level across the components and an improvement from 4.3 in 2022. Our 2025 target is 4.5 and with gradually increasing response rates to the survey on responsible lending and continued commitment to ensuring non-discriminatory lending practices, we are observing better scoring in the index components.

Responsible Lending Index

Average:
- Gender score
- Default score
- Responsible survey score

Total Score

Responsible marketing

We strive to adhere to strict marketing guidelines when selling products and services. These guidelines cover the obligation to not advertise in a misleading, false, or deceptive manner and to provide up-to-date information on product and service implications such as total credit and borrower rates.

Where required, we ask our Legal and Compliance and Data Protection functions for approvals prior to publication. We address compliance with marketing guidelines in business unit steering committees. In 2023, we had no reports of incidents of non-compliance with regulations or internal marketing guidelines.

Customer engagement

Each of our business units strives to provide a transparent customer experience, providing platforms for customer engagement ranging from surveys, review platforms, and social media to grievance mechanisms.

The consumer segment, in particular, uses external review platforms with customer service agents responding to reviews. To ensure transparency and relevancy, we address frequently asked questions through several communication channels, including customer updates and social media.

Our customer relations team conducts surveys to assess satisfaction with products and services after onboarding or changes to customer policies and procedures. They conduct quarterly surveys on customer satisfaction for all active customers and periodically throughout the customer journey. Surveys comprise a combination of ratings or open-ended reviews, as required for the situation.

Customer relations process the feedback, supported by relevant stakeholder engagement and response. Customer survey responses inform the customer relations process. Business unit leadership meets quarterly to review reports and identify new services and product features that address concerns.

Business units address the effectiveness of the customer engagement process through:

1. Trained customer relations staff, providing adequate support
2. Transparent procedures to facilitate customer understanding of implications of product terms
3. Empathetic and customer-centric customer engagement

In 2023, the Group achieved a Net Promoter Score of 60

Ferratum Insights

Each year Multitude's consumer lending business unit, Ferratum, conducts market wide engagement through a Ferratum Insights survey. In 2023, the survey investigated real, public data trends on financial topics supporting a deepened understanding of consumer behaviour patterns across 13 European markets. This year's survey focused on the impact of the current inflation period within our operating markets. Participants provided insights on their spending patterns, as well as shared their thoughts and concerns regarding the current inflation period.

"Ferratum Insights help us understand our clients' needs of financial services and support. We are living in turbulent times with millions of vulnerable households across Europe being hit hard by inflation and all the implications of it. Unfortunately, inflation shows little sign of abating. With the study we wanted to highlight this is indeed a global/Pan-European phenomena."

- Kristjan Kajakas, CEO at Ferratum."

Visit www.multitude.com to learn more about the survey.

Customer grievance mechanisms

We make customer complaints procedures available on the website for each country where we provide products and services. Reports on grievances reach relevant customer relations teams via email, telephone, or their social media platforms in line with specific internal guidelines.

Customer relations teams undergo extensive training for dealing with customers and responding to grievances. The customer relations team monitors complaints and reports them to the Leadership Team. In addition, they form a part of Group risk assessments and reporting processes. Customers can, in addition, report grievances with competent authorities.

Protecting customer data

We aim to comprehensively address potentially harmful impacts on customer wellbeing and financial risks associated with losing customer data. These potential impacts inherently arise in our business model of providing products and services online. We strive to ensure the responsible collection, use, and storage of customer data in delivering customer value by implementing strong data governance mechanisms.

We have implemented policies and procedures to ensure compliance with the requirements of applicable data protection laws and best practices for protecting customers. We consider customer data protection as part of upholding human rights, as articulated in our Human Rights Statement outlining our commitment to protecting the rights of our customers.

Protecting our customer's data is important for all stages of the customer journey and all functions dealing with customer data. Implementing strong mechanisms to protect customer data enables us to retain our customer trust and achieve sustained legitimacy as a fully digital financial services platform.

Our approach to upholding customer rights regarding their data comprises the following key activities:

- Transparency regarding data and incident handling through customer communication about how data is used and protected in the event of a breach.

- Communicating in a timely manner with customers on policy and procedural changes regarding the collection, handling, and storage of their data.

- Ensuring that data is collected and processed lawfully in accordance with applicable data protection laws and stored for specified, explicit, and legitimate purposes.

- Working with carefully selected third party data processors who can demonstrate their accountability and trustworthiness, having their efforts and focus on data quality, efficiency, and security. We engage data processors who adhere to the highest standards of data protection and privacy and monitor their compliance regularly. We ensure having a clear and transparent relationship with our data processors, based on mutual respect and cooperation.

- Taking reasonable measures to ensure upholding data subjects' rights.

- Adhering to strong general security requirements for processing personal data in the Group, including but not limited to the pseudonymisation, anonymisation or encryption of personal data and measures to prevent unauthorised access to data and other possible breaches.

- Monitoring data protection performance against internal policies and documented procedures with regular audits to ensure continuous compliance and prevention of breaches and violations. The Group Data Protection Officer oversees data protection policies, procedures and strategies and monitors data protection performance.

We have detailed the terms on collection, use and retention of personal data in data protection policies of the countries of operation and in accordance with regulatory requirements for the operating entity providing products and services. Our customers can access the terms on protecting their data through our affiliate privacy policies or branches, during their onboarding process, or on the website. We have established and effected our general security requirements for processing personal data.

Employees receive annual data protection training, and new employees receive the training as part of the onboarding programme within the first two weeks of joining. We have implemented additional training programs for employees who regularly process personal data.

In 2023, we had no records of substantiated customer complaints concerning breaches of customer privacy.

Governance and ethics

We are committed to demonstrating ethical conduct and strong governance in social and environmental issues. Acting responsibly and with integrity is integral to our delivery of financial products and services whilst ensuring the protection our stakeholders.

Our ESG governance structure, with accountability in all areas and levels of the organisation, aims to support our efforts to be a sustainable growth platform that serves the overlooked customer. We consider governance as an essential pillar in ESG integration. Thus, structures to measure progress on ESG have been a priority since the inception of our ESG programme.

Our ESG governance mechanisms enable management's active engagement on social and environmental matters impacting our stakeholders. In partnership with functions, business units and management, our dedicated ESG Officer is responsible for developing our environmental and social issues strategies and has convened an ESG Steering Committee.

The ESG Steering Committee, chaired by the Group CEO and Group ESG Officer, enables embedding the Group ESG strategy into organisational activities and provides functional and business strategy expertise. The committee includes the Chief Financial Officer (CFO), Chief Risk Officer (CRO), Chief Legal and Compliance Officer (CLCO), and business unit Chief Executive Officers (CEOs).

Our ESG Steering Committee is the main forum for regular updates and decision-making on ESG matters across functions. Monthly meetings cover topics including materiality assessment, ESG target setting and monitoring, and social impact initiatives.

Our Group ESG Officer reports on the activities of the ESG Steering Committee and provides regular updates on material ESG matters to the Group Board of Directors. The Group Board of Directors oversees the monitoring of material ESG matters, ESG strategy development, and reviews ESG policies.

We continuously engage stakeholders in further advancing ESG governance and transparency. We are strengthening internal reporting mechanisms for ESG to comprehensively address material issues and address evolving requirements on sustainability disclosure. We plan to

increase the frequency and effectiveness of Board engagement in ESG and enhance internal performance monitoring.

Risk Committee

The primary responsibility for managing risk lies at a functional level, with the CRO and Group Risk Committee providing effective risk management oversight. The CRO assumes overall accountability for monitoring our risk profile, including ESG risks, relative to the risk appetite prescribed by the Board, and, with input from the ESG officer, periodically reports key developments to the Risk Committee. The Risk Committee reports to the Board on risk matters, including ESG risks, with ESG incorporated into the Risk Committee charter.

The CRO further provides guidance on ESG matters for the Risk function within the ESG Steering Committee. The CRO oversees ESG as part of the monitored risks in the Risk Committee table and, in addition, reviews the ESG Risk Policies of the Group.

The Group ESG Officer supports the Group Risk Function, provides input on integrating ESG into the risk management framework as part of Group ESG strategy implementation, and coordinates the ESG risk assessment.

Group Audit Committee

The Audit Committee is established to ensure proper functioning of corporate governance, including overseeing of the financial reporting.

The Audit Committee monitors and assess the efficiency of the Company's internal controls and risk management systems, as well as reviews the Company's non-financial report.

Internal Audit is responsible for the independent review of risk management and our overall control environment. Its objective is to provide reliable, valued, and timely assurance to management and the Audit Committee over the effectiveness of controls, mitigating current and evolving material risks and, in doing so, enhancing the control culture within our Group.

Internal Audit uses outputs from our risk assessment process when developing its annual internal audit plan. Internal Audit also reviews ESG risk processes, procedures and controls relating to ESG risk management, governance, metrics, policies, and reporting as part of the internal audit plan.

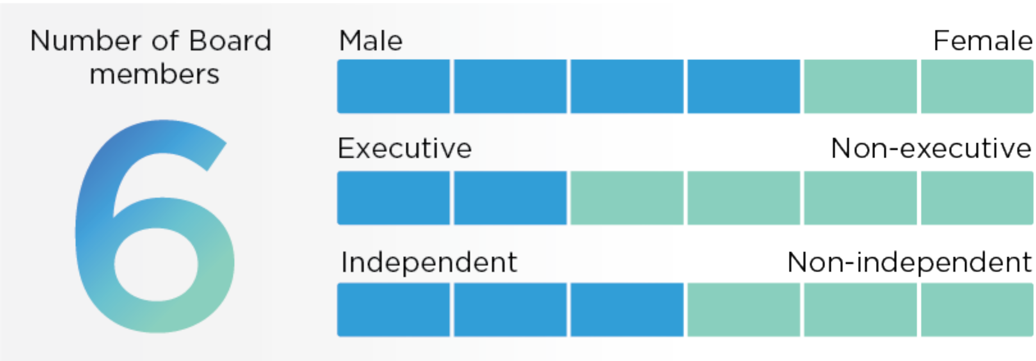
The Audit Committee reviews and approves internal audit plans, including those relating to ESG controls. During 2023, Internal Audit reviewed ESG reporting with a planned expansion of audited topics towards a stronger internal ESG control framework.

Group People and Culture Committee
In 2022, with the inclusion of human resources matters, such as diversity and inclusion addressed in its charter, we renamed the Remuneration Committee to the People and Culture Committee.

The People and Culture Committee reports regularly to the Board on its work. The task of the People and Culture Committee is to ensure the proper functioning of corporate governance and efficient preparation of matters pertaining to the performance review and remuneration of the members of the Board, the CEO, other executives, and the remuneration schemes of the personnel.

Board skills and experience in ESG matters
We benefit from a Board with diverse knowledge, skills, and experience, including ethics, corporate culture, risk management, and legal affairs. We recognise the integral role of the Board in overseeing holistic strategic management, considering environmental and social impacts, risks, and opportunities. We aim to maintain a skill level that meets regulatory requirements and furthers responsible business practices in response to current and emerging societal issues.

Board composition and diversity



Driving ethical business practices and culture
We are committed to demonstrating an ethical culture with responsible practices across all areas. Our commitment includes ensuring continuous engagement with our values and expectations of each other, e.g. through our core competency model.

Our Group policy framework, including policies related to employees and customers, supports ethical business practices. These policies are in the Group ESG Policy and available through our internal employee platform and our Group website.

We further prioritise awareness and education to enable an aligned understanding of our cultural values. Training on the Code of Ethics and Business Conduct, Whistleblowing and the Core Competencies model support us in strengthening our cultural framework.

We continuously monitor and gather feedback on our culture evolution through conversations with employees, Group-wide meetings, team meetings, and surveys. Key surveys include the eNPS, Security Culture, Learning and Development, and Diversity and Inclusion surveys.

Assessing ESG impacts in the value chain

We have implemented tools for ESG assessment in the value chain, with certain areas prioritised for piloting. In 2023, we commenced considering ESG matters in corporate loans and investments, piloting an ESG assessment tool incorporating human rights and environmental matters.

We will further develop the ESG assessment tool to capture additional asset classes, expand the scope of issues assessed, and implement further process integration. The tool is currently limited to our banking activities under Multitude Bank.

ESG in New Product Approval Process

We have developed a robust New Product Approval Policy (NPAP) incorporating ESG considerations for Multitude Bank in line with European Banking Authority Guidelines on Internal Governance. Incorporating ESG considerations into the NPAP process ensures abiding by an adequate risk approach and the necessary degree of intervention in relation to ESG impacts in product development when introducing new products or entering new markets.

Managing our supply chain impacts

In accordance with our Human Rights Statement, committing us to uphold the human rights of persons impacted by our business operations, we are developing our human rights and environmental assessment framework. In addition, we recognise potential risks associated with human rights violations and aim to address material issues in line with regulatory requirements and best practices.

We will integrate a human rights and environmental matter assessment in vendor compliance and onboarding processes for vendors exceeding determined internal thresholds. In addition, we have commenced ESG consideration in the RFP stage of vendor selection. We aim to formalise the ESG assessment process and monitoring of salient human rights issues in the value chain.

Lobbying – Industry association involvement

We do not engage in direct lobbying or make donations to political organisations. Lobbying is limited to contributions to and engagement within trade associations.

Our involvement in trade associations supports activities that benefit our customers and strategic objectives. We do not endorse industry association positions and consider each issue case-by-case.

We strive to be transparent with regard to our contributions and are registered in the EU Transparency Register.

Trade association membership

Total trade association membership spend in 2023	EUR 204,721.11

Note: Conversion to EUR is calculated by taking the average 12 months of foreign exchange reference rates for 2023 from the European Central Bank

Anti-bribery and anti-corruption

We have implemented a zero-tolerance approach to bribery and corruption and describe it comprehensively in our Code of Business Conduct and Ethics. It defines bribery as the offer, promise, transfer, request or agreement to receive anything of value, whether directly or indirectly, to or from any person, to induce that person to perform their roles improperly or to influence them to obtain or retain business or an advantage in the conduct of business. It defines corruption as misusing entrusted power or public office for private gain.

Employees are required to conduct an appropriate level of due diligence regarding suppliers and, where necessary, include clauses relating to anti-bribery and corruption in agreements.

Whistleblowing

We are committed to fostering an ethical culture that enables stakeholder protection and risk mitigation whilst fulfilling regulatory requirements, and thus, we have published a policy addressing whistleblowing. The Whistleblowing Policy encourages reporting improper practices, such as illegal activity within our Group and provides a clear framework for whistleblowing, communicating on the investigation process, and whistleblower protection.

In 2023, we revised our Whistleblowing Policy to align with requirements under the EU Whistleblowing Directive (Directive (EU) 2019/1937), which set new requirements for the provision of internal whistleblowing platforms and the protection of whistleblowers.

A person who exposes improper practices such as serious misconduct, dishonest or illegal activity within our Group is considered a “Whistleblower”. The Multitude Group Whistleblowing Policy covers reporting of improper practices, which may include but are not limited to:

- A criminal offence, miscarriage of justice, corrupt practice, bribery, or an unethical act that has occurred or is likely to occur or to have occurred
- A violation or suspected violation of law or a failure to comply with laws or regulations
- Deliberate concealment of any of the above-noted matters
- Human rights violations

Internal whistleblowing

We have an appropriate internal framework in place to report improper practices. For this purpose, we have appointed a Whistleblowing Reporting Officer to receive and deal with such internal disclosures. Employees can submit reports to the Whistleblowing Reporting Officer via email or in person.

We have secured the internal email channel for whistleblowing through measures that ensure the whistleblowers’ confidentiality and identity and protect any third party mentioned in a report. In addition, non-authorised persons are unable to access the channel.

All good-faith disclosures, and where the whistleblower reasonably believes the information to be true, the whistleblower is protected against detrimental action, including but not limited to any form of retaliation and/or discrimination, and against revealing the identity of the said whistleblower, who can only be revealed with the written consent of the whistleblower or if required under any applicable laws.

External whistleblowing

The Multitude Group Whistleblowing Policy sets out the potential for external whistleblowing through external competent authorities in accordance with the procedures outlined on their websites.

Communication and training on anti-corruption policies and procedures

We conduct regular training on anti-bribery, anti-corruption, and the Code of Business Conduct and Ethics. We share information about policies through staff calls and provide training online for all employees.

We make all policies available internally and on our public Multitude Group website.

Incidents

During the financial year ended 31 December 2023, there were no reported incidents related to anti-corruption, anti-bribery, and whistleblowing.

Preventing cybercrime

As a digital financial platform, we are potentially vulnerable to cyber security threats in the context of rising cybercrime within global financial systems. We manage this risk within our broader risk management framework to ensure robust measures to combat cyber attacks. In addition, preventing adverse impacts from cybersecurity threats to our stakeholders is a key element of managing negative potential societal impacts associated with our business operations and product and service offerings.

Cybercrime prevention is an essential contributor to our ability to maintain our customer trust and prevent reputational risks. Our efforts aim beyond compliance to align with best practice and frameworks.

We have implemented operational controls to monitor cyber risks to critical infrastructure supported by governance mechanisms across the organisation. Our controls' design and implementation utilise a "plan-for-failure" approach to ensure that should one control level fail, systems, networks, or data are not at risk.

The IT Governance, Risk and Compliance (IT GRC) Committee receives regular internal updates on cyber security. The Group Risk Committee receives reports on an ad-hoc basis, as required, and submits reports on cybersecurity risk evaluation and management to the Group Board of Directors. Reporting includes updates on key risk indicator performance in various areas of information security.

The Group Head of Information Security engages with the Leadership Team on cybersecurity matters and reports regularly internally. These activities ensure cross-functional engagement and continuous enhancement of infrastructure and data protection.

Through comprehensive capacity building and training, we want to foster a culture of awareness for employees at all levels. We equip employees with skills and tools to report and, over time, improve their knowledge of cybercrime risks through dedicated exercises, self-monitoring of score progression, and team metrics.

We use multiple methods to address diverse training and engagement needs, including games and audio-visuals with mandatory tests for each online course. We also regularly conduct phishing tests to monitor employee risk scores.

We encourage employees to take responsibility for their learning with optional training available for employees who want to upskill themselves in addition to regular mandatory training.

In October, our Group Information Security team held a cyber awareness month involving the launch of online employee training modules on cybersecurity risks and weekly educational engagement on preventing cybercrime.

As part of monitoring our success in embedding a strong culture of security awareness, we conduct a Security Culture Awareness Survey. The Security Culture Survey is a fundamental element of our security awareness program. This survey helps us assess and understand our employees' opinions regarding security within our organisation. It delves into the psychological and social aspects that drive our collective behaviour regarding security.

The survey measures seven essential topics of our security culture:

1. Attitude	Employees' feelings and beliefs regarding security protocols and issues
2. Behaviour	The actions and activities of employees that impact the security of our organisation, directly or indirectly
3. Cognition	Employees' understanding, knowledge, and awareness of security issues and activities
4. Communication	The quality of communication channels for discussing security-related events, fostering a sense of belonging, and supporting incident reporting
5. Compliance	The extent to which employees are aware of and adhere to written security policies
6. Norms	Unwritten expectations about appropriate behaviours related to the use of information technology within the organisation
7. Responsibility	How employees perceive their role as critical in sustaining or endangering the organisation's security

Due to continuous employee training, the results from the survey indicate that our performance was higher than the industry average in 2023.

An appointed Security Tester and a third-party provider conducts regular penetration testing throughout the year as part of our cybersecurity monitoring. In addition, we conduct regular vulnerability assessments utilising industry-leading systems. These systems include investing in a leading Dark Web monitoring solution, advanced malware detection systems (Endpoint Detection and Response (EDR), and Extended detection and response (XDR)), Data Loss Prevention Systems (DLPS) and Security Information and Event Management (SIEM) systems.

The Information Security function enforced the NIST400 40r4 framework for enterprise patching throughout the Group and our bank. Patching refers to system and software updates addressing vulnerabilities. This framework helps identify, prioritise, acquire, install, and verify installing patches, updates, and upgrades throughout the organisation.

Information security pillars

Confidentiality Ensuring information is only accessible to authorised individuals, systems, or processes	Integrity Ensuring the accuracy, and consistency of information and systems	Availability Ensuring information and systems are accessible and usable when needed
Authentication Verification of the identity of users, systems, or processes	**Non-repudiation** Ensuring that an action cannot be denied by the actor	**Incident response and recovery policies and procedures**
Authorisation Granting or denying of access to specific resources based on authenticated identities and defined permissions	**Security awareness and training**	

2023 Data on cybercrime prevention training

	2021	2022	2023
Total training hours	1763	5168	4512
Employees that received training in cybercrime prevention	91%	89%	91%
Total no. of employees trained	939	921	795
Decline in phishing simulation click rates*		70% from previous year	Increase of 28% due to the new phishing test complexity levels, from basic to advanced, and the frequency of which such phishing test format changes throughout the month

Tax governance

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

Transparency is a central value to our approach and commitment to responsibility in dealing with tax matters in the jurisdictions in which we operate. This means:

- Meeting all statutory and regulatory tax obligations
- Acting with reasonable care in relation to all tax filings and payments
- Disclosing all relevant facts and circumstances to the tax authorities
- Resolving ongoing matters in a collaborative, courteous and timely manner
- Actively engaging with tax authorities on a real-time basis to minimise tax risk as part of our effective tax management. Due to the complexity of the tax system within which we operate, our long-term tax goals are consistent with our mission and relate to avoiding tax risks and making tax payments at the currently required level.

We update the identification and analysis of risks on an ongoing basis, taking analysis of our historical data, analysis of external data including court rulings and tax interpretations, reports and advice received from tax experts, tax advisors, legal advisors, or auditors into account to avoid these risks.

The assumption is that the maximum level or type of tax risk an organisation can accept to achieve a financial or strategic goal is low. This means that we are unwilling to bear risks and choose a safe solution that does not generate risks when in doubt.

When a tax law issue requires additional analysis by an external advisor, our personnel reports such a need to the tax team. The tax team decides on the performance of the relevant analysis. We consult with the tax team on legal issues that may directly or indirectly affect tax settlements.

EU Taxonomy disclosures

The EU Taxonomy is a classification system that identifies environmentally sustainable activities supporting investment towards a low-carbon economy and the EU Green Deal.

Regulation (EU) 2020/852 (the "Taxonomy Regulation") differentiates between taxonomy-eligible and taxonomy-aligned activities. A taxonomy-eligible economic activity refers to specific economic activities described in the Delegated Acts. A taxonomy-aligned economic activity means an economic activity that complies with the requirements laid down in Article 3 of the Taxonomy Regulation, namely, provides a substantial contribution to one of the environmental objectives, does no significant harm to any of the other environmental objectives and is undertaken in compliance with minimum safeguards.

Multitude taxonomy eligibility

Article 8(1) of the Taxonomy Regulation obligates undertakings subject to Articles 19a or 29a of Directive 2013/34/EU, inserted by Directive 2014/95/EU (Non-Financial Reporting Directive), to publicly disclose information on how and to what extent their activities are associated with economic activities that qualify as environmentally sustainable as defined under the Regulation. Multitude Group falls under the Non-Financial Reporting Directive (NFRD)'s scope and is hence covered by the EU Taxonomy.

Article 10 of the Delegated Regulation (EU) 2021/2178 (the "Disclosures Delegated Act") provides for phased reporting of taxonomy key performance indicators on the extent to which economic activities are eligible or aligned.

Non-financial undertakings were required to disclose on taxonomy eligibility from January 2022 and on taxonomy alignment from January 2023. Financial undertakings are required to report on taxonomy eligibility from January 2022 and alignment from January 2024.

In determining Multitude's eligibility under the Taxonomy Regulation, we initially referred to the core activities, which include Multitude Bank activities and, in 2021 and 2022, reported on taxonomy eligibility for credit institutions.

The Disclosures Delegated Act sets out requirements for financial undertakings and non-financial undertakings. We do not fall into the categories for financial undertakings set out in Article 1(8) of the Disclosures Delegated Act. As a Group, despite undertaking credit institution activities through our subsidiary, Multitude Bank, are not a credit institution according to Article 4(1), point (1), of Regulation (EU) No 575/2013.

Given that we do not fit into the listed categories of this regulation and considering EU guidance on taxonomy disclosure requirement interpretation, we have decided to use the non-financial undertaking KPIs. This disclosure introduces a revised approach to our Group's EU Taxonomy disclosure for the financial year ending 31 December 2023.

Whilst there is provision for voluntary use of financial undertaking KPIs, we, in assessing the potential eligibility of activities under the credit institution KPIs (Green Asset Ratio), decided not to voluntarily publish the associated KPIs for 2023. We aim to review consideration on taxonomy disclosure annually and the potential expansion of voluntary disclosure, subject to data availability.

The KPIs reported are, hence, in accordance with the KPIs of non-financial undertakings referred to in Article 8(2), points (a) and (b) of the Taxonomy Regulation. Financial metrics to report are turnover, capital expenditure, and operating expenditure derived from products and services associated with the taxonomy's six environmental objectives.

We screened our corporate and investment lending portfolio for eligible activities under the taxonomy, categorising them by macro sectors. Our screening did not identify business activities within the taxonomy's scope. Considering that the portfolio constitutes businesses outside the NFRD scope, we consider exposure to this segment as non-eligible. This is also the case for CapitalBox's SME lending portfolio.

We identified real estate and marketplace for the trade of second-hand goods for assessment as potentially eligible activities through some of the corporate loans and investments due to these activities being included in the Delegated Regulations (EU) 2021/2139 (the "Climate Delegated Act") and (EU) 2023/2486 (the "Environmental Delegated Act"). However, we concluded that our customers' activities did fall into the outlined definitions.

For real estate, seven activities of three types (stand-alone, enabling, and transitional) are listed in the technical screening criteria for climate change mitigation and adaptation. We aim to continuously assess for Taxonomy eligibility as our real estate lending portfolio grows.

The Environmental Delegated Act outlines the technical screening criteria determining whether an economic activity qualifies as contributing substantially to the transition to a circular economy. We have excluded customers involved in retail trade since activity 5.6, 'Marketplace for the trade of second-hand goods for reuse', does not include the wholesale or retail trade of second-hand goods.

The Commission Delegated Regulation 2021/2178 (the "Disclosures Delegated Act") specifies the disclosure obligations under Article 8 of the Taxonomy Regulation. This report fulfils the obligation under Article 8 of the Taxonomy Regulation and Article 10 of the Disclosures Delegated Act to disclose the proportion of taxonomy-eligible and taxonomy-non-eligible activities for the financial year ending 31 December 2023.

We report no taxonomy-eligible and aligned activities in 2023, however, we aim to undertake efforts to assess our lending activities further and monitor Taxonomy Regulation towards concretising our reporting on the environmental sustainability of our activities.

In 2023, we commenced including ESG assessment in corporate loans and investments and aimed to consider additional indicators, including taxonomy alignment. This will support further integration of Taxonomy Regulation considerations within our Group's activities as we continuously work to meet the needs of our stakeholders.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Economic Activities	Code (s)	Absolute turnover (EUR '000)	Proportion of turnover	Substantial contribution criteria						DNSH criteria						Minimum safeguards	Taxonomy-aligned proportion of turnover 2023	Taxonomy-aligned proportion of turnover 2022	Category (enabling activity or)	Category (transitional activity)
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems					
A. TAXONOMY ELIGIBLE ACTIVITIES %																				
A.1. Environmentally sustainable acivities (Taxonomy-aligned)																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.00%	0.00%	N/A	N/A
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Turnover of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	0%														0.00%	0.00%	N/A	N/A
Total (A.1 + A.2)		-	0%														0.00%	0.00%	N/A	N/A
B. TAXONOMY NON-ELIGIBLE ACTIVITIES %																				
Turnover of Taxonomy non-eligible activities (B)		230,522	100%																	
Total (A + B)		230,522	100%																	

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

				Substantial contribution criteria						DNSH criteria										
Economic Activities	Code (s)	Absolute CapEx (EUR ‘000)	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of CapEx 2023	Taxonomy-aligned proportion of CapEx 2022	Category (enabling activity or)	Category (transitional activity)
A. TAXONOMY ELIGIBLE ACTIVITIES %																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.00%	0.00%	N/A	N/A
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
CapEx of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	0.00%														0.00%	0.00%	N/A	N/A
Total (A.1 + A.2)		-	0.00%														0.00%	0.00%	N/A	N/A
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy non-eligible activities (B)		13,169	100%																	
Total (A + B)		13,169	100%																	

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Economic Activities	Code (s)	Absolute OpEx (EUR '000)	Proportion of OpEx	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	DNSH criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of OpEX 2023	Taxonomy-aligned proportion of OpEx 2022	Category (enabling activity or)	Category (transitional activity)
A. TAXONOMY ELIGIBLE ACTIVITIES %																				
A.1. Environmentally sustainable acivities (Taxonomy-aligned)																				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.00%	0.00%	N/A	N/A
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
OpEx of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	0.00%														0.00%	0.00%	N/A	N/A
Total (A.1 + A.2)		-	0.00%														0.00%	0.00%	N/A	N/A
B. TAXONOMY NON-ELIGIBLE ACTIVITIES %																				
OpEx of Taxonomy non-eligible activities (B)		372,247	100%																	
Total (A + B)		372,247	100%																	

GRI Index 2023

Statement of use	**Multitude SE has reported in accordance with the GRI Standards for the period 1 January 2023 to 31 December 2023**			
GRI 1 Used	**GRI 1: Foundation 2021**			
GRI 2: GENERAL DISCLOSURES 2021	DISCLOSURE		REFERENCE	OMISSION/ COMMENT
General Disclosure	2-1	Organisational detail	Annual Report, What is Multitude?, p.14 - 17	
General Disclosure	2-2	Entities included in the organization's sustainability reporting	ESG Report, About the ESG report 2023, p.24	
General Disclosure	2-3	Reporting period, frequency and contact point	ESG Report, About the ESG report 2023, p.24	
General Disclosure	2-4	Restatements of information		In the process of improving alignment with the GRI Standards, the contents for GRI 203, 302, 305, 403 have been added to the 2023 reporting.
General Disclosure	2-5	External assurance		The ESG report was not subject to external assurance for the 2023 financial year. The Group aims to align with assurance requirements under the Corporate Sustainability Reporting Directive.
Activities and workers				
General Disclosure	2-6	Activities, value chain and other business relationships	Annual report, Multitude growth platform, p.15 - 17	
General Disclosure	2-7	Employees	ESG Report, Workforce diversity and inclusion, p.51	

Statement of use	Multitude SE has reported in accordance with the GRI Standards for the period 1 January 2023 to 31 December 2023			
GRI 1 Used	GRI 1: Foundation 2021			
GRI 2: GENERAL DISCLOSURES 2021	DISCLOSURE		REFERENCE	OMISSION/ COMMENT
Governance				
General Disclosure	2-9	Governance structure and composition	Multitude SE Corporate Governance Statement 2022	
General Disclosure	2-10	Nomination and selection of the highest governance body	Multitude SE Corporate Governance Statement 2022	
General Disclosure	2-11	Chair of the highest governance body	Multitude SE Corporate Governance Statement 2022	
General Disclosure	2-12	Role of the highest governance body in overseeing the management of impacts	Multitude SE Corporate Governance Statement 2022	
General Disclosure	2-13	Delegation of responsibility for managing impacts	ESG Report, Governance and ethics, p.62	
General Disclosure	2-14	Role of the highest governance body in sustainability reporting	ESG Report, Governance and ethics, p.62	
General Disclosure	2-15	Conflicts of interest	Multitude SE Corporate Governance Statement 2022	
General Disclosure	2-16	Communication of critical concerns	Multitude SE Corporate Governance Statement 2022	
General Disclosure	2-17	Collective knowledge of the highest governance body	Multitude SE Corporate Governance Statement 2022	
General Disclosure	2-18	Evaluation of the performance of the highest governance body	Remuneration Report 2023	
General Disclosure	2-19	Remuneration policies	Remuneration Report 2023	
General Disclosure	2-20	Process to determine remuneration	Remuneration Report 2023	
General Disclosure	2-21	Annual total compensation ratio	Remuneration Report 2023	

Statement of use	Multitude SE has reported in accordance with the GRI Standards for the period 1 January 2023 to 31 December 2023			
GRI 1 Used	GRI 1: Foundation 2021			
GRI 2: GENERAL DISCLOSURES 2021	DISCLOSURE		REFERENCE	OMISSION/ COMMENT
Strategy, policies and practices				
General Disclosure	2-22	Statement on sustainable development strategy	Annual Report, Remarks from the CEO, p.8, ESG Report, Responsible financial services for the overlooked customer, p.25 - 29	
General Disclosure	2-23	Policy commitments	"ESG Report, Governance and ethics, p.62 - 67 The Group Human Rights Statement ESG Policy (inclusive of Environmental Policy and Collective Barganing statements) and Diversity and Inclusion Statements and policies are located at: https://www.multitude.com/esg/esg-policies	
General Disclosure	2-24	Embedding policy commitments	ESG report, Governance and ethics, p.62 - 67 ESG Policy https://www.multitude.com/esg/esg-policies	
General Disclosure	2-25	Processes to remediate negative impacts	ESG Report, Governance and ethics, p.62 - 67	
General Disclosure	2-26	Mechanisms for seeking advice and raising concerns	ESG Report, Governance and ethics, p.62 - 67	
General Disclosure	2-27	Compliance with laws and regulations	ESG Report, Governance and ethics, p.62 - 67	
General Disclosure	2-28	Membership associations	ESG Report, Governance and ethics, p.62 - 67	
Stakeholder engagement				
General Disclosure	2-29	Approach to stakeholder engagement	ESG Report - Responsible financial services for the overlooked customers, p.25 -Our ESG approach, p.27 -Our ESG priorities, p.29 -Our approach to materiality, p.30 -Customer engagement, p.59 -Governance and ethics, p.62	
General Disclosure	2-30	Collective bargaining agreements	ESG Policy: https://www.multitude.com/esg/esg-policies	

Statement of use	Multitude SE has reported in accordance with the GRI Standards for the period 1 January 2023 to 31 December 2023			
GRI 1 Used	**GRI 1: Foundation 2021**			
GRI 2: GENERAL DISCLOSURES 2021	DISCLOSURE		REFERENCE	OMISSION/ COMMENT
Material Topics				
Material Topics	3-1	Process to determine material topics	ESG Report, Our material topics - Defining what matters, p.30 - 31	
Material Topics	3-2	List of material topics	ESG Report, Our material topics - Defining what matters, p.30 - 31	
GRI 203: Indirect Economic Impacts (2016)				
Indirect Economic Impacts	3-3	Management of material topics	ESG Report, Serving our communities, p.56	
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	ESG Report, Creating value and protecting the wellbeing of our customers, p.57	
Indirect Economic Impacts	203-2	Significant indirect economic impacts	ESG Report, Serving our communities, p.56	
GRI 205: Anti corruption (2016)				
Anti-corruption	3-3	Management of material topics	ESG Report, Governance and ethics, p.66 - 67	
Anti-corruption	205-1	Operations assessed for risks related to corruption		Information not reported for 2023.
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	ESG Report, Governance and ethics, p.66 - 67	
Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	ESG Report, Governance and ethics, p.66 - 67	

Statement of use	Multitude SE has reported in accordance with the GRI Standards for the period 1 January 2023 to 31 December 2023			
GRI 1 Used	**GRI 1: Foundation 2021**			
GRI 2: GENERAL DISCLOSURES 2021	DISCLOSURE		REFERENCE	OMISSION/ COMMENT
GRI 302: Energy (2016)				
Energy	3-3	Management of material topics	ESG report, Towards a net-zero digital future: Low carbon banking and finance for the overlooked customer, p.32 - 40	
Energy	302-1	Energy consumption within the organization	ESG report, Towards a net-zero digital future: Low carbon banking and finance for the overlooked customer, p.32 - 40	
Energy	302-2	Energy consumption outside the organization	ESG report, Towards a net-zero digital future: Low carbon banking and finance for the overlooked customer, p.32 - 40	
Energy	302-3	Energy intensity	ESG report, Towards a net-zero digital future: Low carbon banking and finance for the overlooked customer, p.32 - 40	
Energy	302-4	Reduction of energy consumption	ESG report, Towards a net-zero digital future: Low carbon banking and finance for the overlooked customer, p.32 - 40	
Energy	302-5	Reductions in energy requirements of products and services	ESG report, Towards a net-zero digital future: Low carbon banking and finance for the overlooked customer, p.32 - 40	
GRI 305: Emissions (2016)				
Emissions	3-3	Management of material topics	ESG report, Towards a net-zero digital future: Low carbon banking and finance for the overlooked customer, p.40	
Emissions	305-1	Direct (Scope 1) GHG emissions	ESG report, Towards a net-zero digital future: Low carbon banking and finance for the overlooked customer, p.40	
Emissions	305-2	Energy indirect (Scope 2) GHG emissions	ESG report, Towards a net-zero digital future: Low carbon banking and finance for the overlooked customer, p.40	
Emissions	305-3	Other indirect (Scope 3) GHG emissions	ESG report, Towards a net-zero digital future: Low carbon banking and finance for the overlooked customer, p.40	
Emissions	305-4	GHG emissions intensity	ESG report, Towards a net-zero digital future: Low carbon banking and finance for the overlooked customer, p.40	
Emissions	305-5	Reduction of GHG emissions	ESG report, Towards a net-zero digital future: Low carbon banking and finance for the overlooked customer, p.40	

Statement of use	Multitude SE has reported in accordance with the GRI Standards for the period 1 January 2023 to 31 December 2023			
GRI 1 Used	GRI 1: Foundation 2021			
GRI 2: GENERAL DISCLOSURES 2021	DISCLOSURE		REFERENCE	OMISSION/ COMMENT
GRI 401: Employment (2016)				
Employment	3-3	Management of material topics	ESG Report, Our people, p.44 - 55	
Employment	401-1	New employee hires and employee turnover	ESG Report, Our people, Our people benefits, p.54	
Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		Certain categories of employees such as contract employees are not currently covered under the Matching Share Plan program
Employment	401-3	Parental leave		Multitude provides parental leave in accordance to local jurisdication.
GRI 402: Labor / Management Relations (2016)				
Labor / Management Relations	3-3	Management of material topics	ESG Report, Our people, p.44 -55	
Labor / Management Relations	402-1	Minimum notice periods regarding operational changes		Employees are informed regarding operatonal changes at earliest possible date post decision-making.

Statement of use	Multitude SE has reported in accordance with the GRI Standards for the period 1 January 2023 to 31 December 2023			
GRI 1 Used	**GRI 1: Foundation 2021**			
GRI 2: GENERAL DISCLOSURES 2021	DISCLOSURE		REFERENCE	OMISSION/ COMMENT
GRI 403: Occupational Health and Safety (2018)				
Occupational Health and Safety	3-3	Management of material topics	ESG Report, Our people, Protecting our people, p.53	
Occupational Health and Safety	403-1	Occupational health and safety management system		No management system. Multitude global offices implement basic occupational health and safety measures in accordance with country regulation.
Occupational Health and Safety	403-2	Hazard identification, risk assessment, and incident investigation		No management system. Multitude global offices implement basic occupational health and safety measures in accordance with country regulation.
Occupational Health and Safety	403-3	Occupational health services	ESG Report, Our people, Protecting our people, p.53	No management system. Multitude global offices implement basic occupational health and safety measures in accordance with country regulation.
Occupational Health and Safety	403-4	Worker participation, consultation, and communication on cooupational health and safety	ESG Report, Our people, Protecting our people, p.53	No management system. Multitude global offices implement basic occupational health and safety measures in accordance with country regulation.
Occupational Health and Safety	403-5	Worker training on occupational health and safety	ESG Report, Our people, Protecting our people, p.53	No management system. Multitude global offices implement basic occupational health and safety measures in accordance with country regulation.
Occupational Health and Safety	403-6	Promotion of worker health	ESG Report, Our people, Protecting our people, p.53	No management system. Multitude global offices implement basic occupational health and safety measures in accordance with country regulation.
Occupational Health and Safety	403-8	Workers covered by an occupational health and safety management system		No management system. Multitude global offices implement basic occupational health and safety measures in accordance with country regulation.
Occupational Health and Safety	403-9	Work-related injuries		No incidents reported for 2023.
Occupational Health and Safety	403-10	Work-related ill health		No incidents reported for 2023.

Statement of use	Multitude SE has reported in accordance with the GRI Standards for the period 1 January 2023 to 31 December 2023			
GRI 1 Used	GRI 1: Foundation 2021			
GRI 2: GENERAL DISCLOSURES 2021	DISCLOSURE		REFERENCE	OMISSION/ COMMENT
GRI 404: Training and Education (2016)				
Training and Education	3-3	Management of material topics	ESG Report, Our people, Engaging our people, p.44 - 49	
Training and Education	404-1	Average hours of training per year per employee	ESG Report, Our people, Nurturing our people, p.45	
Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	ESG Report, Our people, Nurturing our people, p.45 - 49	
Training and Education	404-3	Percentage of employees receiving regular performance and career development reviews	ESG Report, Our people, Nurturing our people, p.45 - 49	
GRI 405: Diversity and Equal Opportunity (2016)				
Gender Diversity and Equal Opportunity	3-3	Management of material topics	ESG Report, Workforce diversity & inclusion, p.50 - 52	
Gender Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	ESG Report, Workforce diversity & inclusion, p.50 - 52	

Statement of use	Multitude SE has reported in accordance with the GRI Standards for the period 1 January 2023 to 31 December 2023			
GRI 1 Used	**GRI 1: Foundation 2021**			
GRI 2: GENERAL DISCLOSURES 2021	DISCLOSURE		REFERENCE	OMISSION/ COMMENT
GRI 406: Non-discrimination (2016)				
Non-discrimination	3-3	Management of material topics	ESG Report, Workforce diversity & inclusion, p.50 - 52	
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken		No incidents reported for 2023.
GRI 417: Marketing and Labelling (2016)				
Marketing and Labelling	3-3	Management of material topics	ESG Report, Creating value and protecting the wellbeing of our customers, p.57 - 60	
Marketing and Labelling	417-1	Requirements for product and service information and labelling	ESG Report, Customer education, p.58 -59 and Responsible Lending, p.58 - 59	
Marketing and Labelling	417-2	Incidents of non-compliance concerning product and service information and labelling		No incidents reported for 2023.
Marketing and Labelling	417-3	Incidents of non-compliance concerning marketing communications		No incidents reported for 2023.
GRI 418: Customer Privacy (2016)				
Customer Privacy	3-3	Management of material topics	ESG Report, Protecting customer data, p.60 -61	
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		No incidents reported for 2023.

Approval of the non-financial statement

Ari Tiukkanen
Chairman of the Board

Jorma Jokela
Chief Executive Officer, Vice Chairman of the Board

Lea Liigus
Head of Legal and Compliance, Member of the Board

Michael A. Cusumano
Member of the Board

Goutam Challagalla
Member of the Board

Kristiina Leppänen
Member of the Board

Legal and regulatory environment

General overview

From an international dimension, 2023 was characterised by an environment of heightened geopolitical instability. The ongoing conflict in Ukraine and escalating military action in the Middle East, among others, have contributed to economic uncertainties that directly or indirectly impacted many businesses within the EEA. Our Group Legal and Compliance function has remained vigilant throughout the year in monitoring international developments, the impact these have on the EU, UN and national sanctions being just one aspect that affects the work of the different lines of defence within our Group. Throughout the year, as part of the function's periodic review process, we also factored in changes to key interest rates triggered by decisions of the ECB's Governing Council in its efforts to reign in inflation.

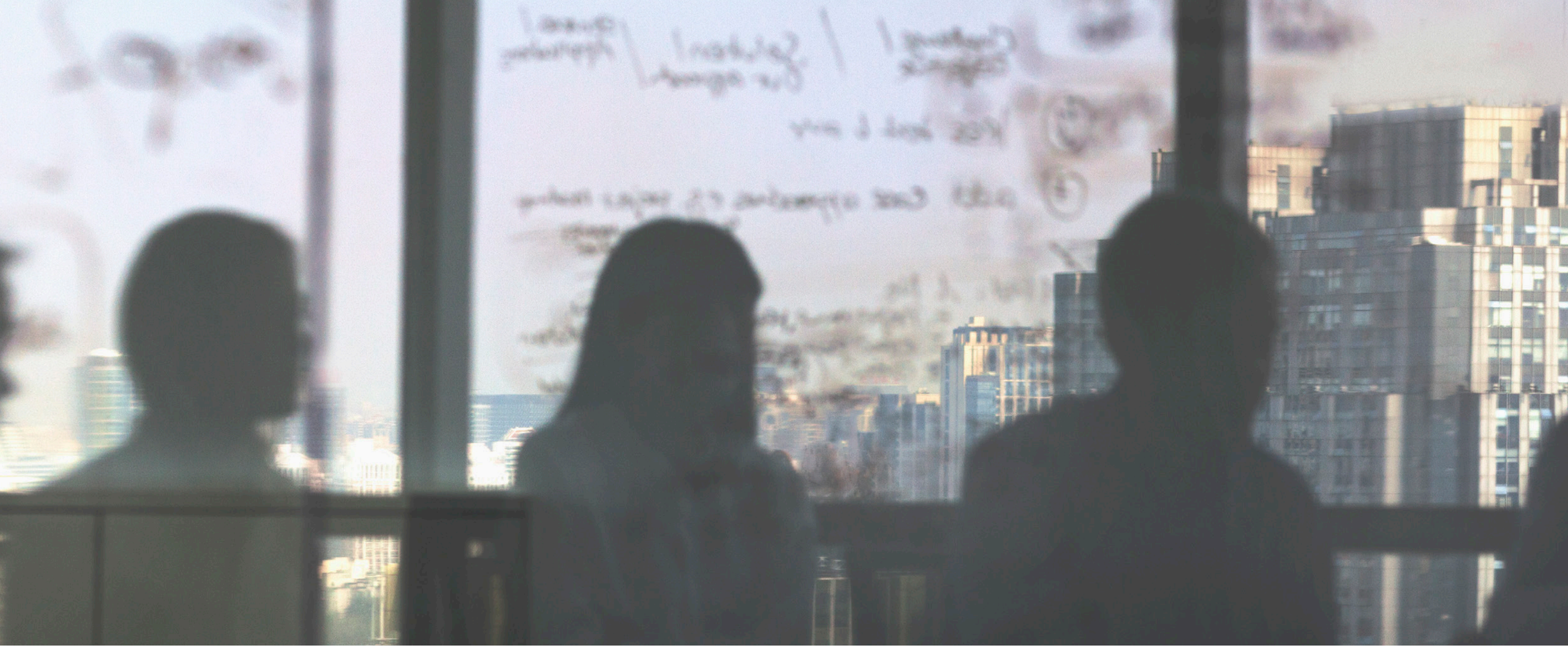
Beyond geopolitical developments and their impact, the Legal and Compliance function remains instrumental in assessing and addressing the evolving regulatory landscape in a manner that fosters stability, identifies new opportunities and ensures the long-term sustainability of our business. With these objectives in mind, we strengthened the resources of the Legal and Compliance function in the course of 2023, both to support our business plans more effectively and reduce our compliance risk.

Legal changes

As in previous years, in 2023, we closely monitored legal changes and developments impacting our business lines and the markets in which we are active. Material tracked legal changes during the past year included the following:

Consumer Credit Directive

The European Parliament approved the Consumer Credit Directive 2 ("CCD2") on 12 September 2023 and published it in the EU's Official Journal on 18 October 2023. EU Member States are, therefore, obliged to implement the CCD2 provisions into their national legal systems by November 2025. In addition, the new regulations transposing the CCD2 provisions must enter into force and be applied by November 2026 at the latest. Among other matters, this Directive imposes an obligation on Member States to cap APRs, interest rates or total costs, prohibits marketing from creating false expectations, regulates certain information requirements, including changes to the pre-contractual information, and imposes several obligations in relation to creditworthiness assessments.



Artificial Intelligence Act

In December 2023, members of the European parliament reached a political deal with the European Council on the Artificial Intelligence (“AI”) Act. This regulation aims to ensure that fundamental rights, democracy, the rule of law and environmental sustainability are protected from high-risk AI while boosting innovation and making Europe a leader in the field. The rules establish obligations for AI based on its potential risks and level of impact. Our Legal and Compliance function monitors developments in this field very closely to identify both opportunities and obligations that must be adhered to.

Proposal for a regulation on instant payments

A proposal for a regulation on Instant Payments (IPs) was published on the 26th October 2022. This will oblige payment service providers (PSPs) that provide credit transfers in euro to offer the service of sending and receiving instant payments in euro. A number of technical specifications are laid down for this service, including the requirement to receive payment orders and be reachable for instant payments 24 hours a day, 365 days a year, without any possibility to set up cut-off times or limit the processing of instant payments to business days only. Multitude Bank p.l.c., one of the subsidiaries within the Group, already offers instant payments, though these legislative developments will be followed closely.

Distance selling in financial services

The EU has adopted a directive amending Directive 2011/83/EU regarding distance selling in financial services, which entered into force in December 2023. The adopted directive repeals the 2002 rules and introduces a new chapter in the Consumer Rights Directive on distance financial services contracts. The CCD and CCD2 take priority in case of matters regulated by both acts. However, the aforementioned directive applies to deposit-taking. EU member states must implement the Directive by December 2025 and apply by June 2026.

Banking package

During Q4 of 2023, agreement was reached on the final elements for implementing Basel III in the EU set-up. The EU has already implemented the vast majority of the Basel III global standards of 2017. According to a number of commentators, this has contributed to increased financial stability within the EU while providing the basis for stable funding of the economy. Some final elements remained for the implementation of Basel III in the EU through the review of EU banking rules proposed by the Commission back in October 2021 (the "banking package"), which consists of the following:

- a legislative act to amend the Capital Requirements Directive (Directive 2013/36/EU)
- a legislative act to amend the Capital Requirements Regulation (Regulation No (EU) 2013/575).

The new CRR rules will start applying on 1 January 2025, and the provisions included in the CRD will need to be transposed by Member States before they start applying. Although still subject to legal revision and the final vote, the relevant texts have been published. The published documents enable banks to prepare for the final phase of implementing the Basel III agreement within the EU. At the same time, the EBA will embark on a consultation process on key technical standards, which will allow the practical implementation of the agreement by banks in the course of 2024 and beyond.

Revised ADR Directive

A Proposal for a Directive amending Directive 2013/11/EU on alternative dispute resolution for consumer disputes, as well as Directives (EU) 2015/2302, (EU) 2019/2161 and (EU) 2020/1828 was published. The proposal aims to enable alternative dispute resolution, including those concerning unfair commercial practices and terms, compulsory pre-contractual information, non-discrimination based on nationality or place of residence, and various other matters.

Proposal for a Regulation to repeal Regulation (EU) No 524/2013

The proposal aims to discontinue the European Online Dispute Resolution ("ODR") Platform at the Union level, which offers a single point of entry to consumers and traders seeking to resolve disputes arising from online transactions out-of-court in view of the very low usage of the ODR and the non-viability to continue maintaining such platform.

Country-specific legal changes

Croatia

In 2023, Croatia published proposals for amendments to the Consumer Crediting Act ("the Act") aimed to introduce provisions regulating forbearance for customers in payment difficulties, regulate the initiation of enforcement procedures, as well as information to be communicated to customers in case of amendments to the consumer credit agreement. The Act will come into force in 2024.

Finland

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

A legislative proposal, initially published in 2022 and entered into force in 2023, aims to regulate the marketing of credits and revise the interest rate cap, proposing both a variable and a fixed cap.

Furthermore, changes came into force in 2023 in the Act on Credit Institutions. Among other amendments, this law also establishes record-keeping obligations relating to creditworthiness assessment. Credit institutions should have a risk classification system to monitor and assess default risks in consumer lending reliably. Additionally, information reporting obligations to the Financial Supervisory Authority are established and expected to be supplemented by guidelines.

Norway

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

Romania

In the course of 2023, there were no material updates on the legislative proposal announced in 2022 on the protection of consumer rights, which includes obligations on establishment within the Romanian jurisdiction and a proposal for a platform aimed at educating consumers.

Sweden

In 2023, the Swedish Government commissioned and published a report on lending in Sweden. The report includes a legislative draft proposal that aims to reduce the current caps on lending and apply the caps to products that the current caps do not cover. Among other things, they propose introducing a Skri register, a database including information on payment delays, which will enable stricter creditworthiness assessments. The proposal also aims to clarify current provisions on moderation in marketing and proposes provisions which would require lenders to have sound remuneration policies. It is expected that changes will come into force in 2025.

Board of Directors' report 2023

Company structure and business model

Multitude ("the Group", "Multitude", "company", "we" have the same meaning for the purpose of this report) is a listed European FinTech company offering digital lending and online banking services to consumers, small and medium-sized businesses, and other FinTechs overlooked by traditional banks. We provide services through three independent business units, supported by our internal Banking-as-a-Service (BaaS) growth platform. In 2023, our business units comprised Ferratum (consumer lending), CapitalBox (SME lending), and SweepBank (banking app). In 2024, SweepBank will become an underlying enabler of a broadened offering at Ferratum (from consumer lending to consumer banking) and CapitalBox (from SME lending to SME banking) to better serve our customers. In November 2023, we announced our plan to form a new business unit in 2024 by rebranding part of the SweepBank's business that will offer wholesale banking and be managed by Multitude Bank, on behalf of the Group.

Multitude as a Group, headquartered in Helsinki, Finland, was established in 2005 and currently serves approx. 400,000 active customers. These customers have or have had an active loan balance with at least one of the independent business units in Multitude within the past 12 months, are active users of the SweepBank app, or a combination of these. The business units within Multitude operate across 16 countries, mainly in Europe. Multitude Bank p.l.c., a wholly-owned subsidiary of Multitude SE, is a credit institution licensed by the Malta Financial Services Authority (MFSA), allowing Multitude to passport financial services and products to all European Economic Area (EEA) member states.

Over the past +18 years, Multitude has developed proprietary data and credit scoring algorithms that can deliver instant credit decisions digitally, allowing to make fully risk-assessed scoring at a pace and scale unmatched by traditional banking, neo banks, or the general lending industry. This technology and data, paired with the regulatory experience from global operations over so many years, brings Multitude a significant competitive advantage in large scale disruption of the financial industry.

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

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

Financial key figures and ratios

EUR '000	2023	2022*	2021*
Net interest income	208,222	198,447	185,528
Profit before income tax	18,990	13,590	4,689
Net cash flows from (used in) operating activities	157,776	(34,346)	71,723
Net cash flows used in investing activities	(11,839)	(10,903)	(13,677)
Net cash flows from (used in) financing activities	(15,396)	(100,687)	7,056
Net increase (decrease) in cash and cash equivalents	130,541	(145,936)	65,102

*Restated.

EUR '000	31 December 2023	31 December 2022*	1 January 2022*
Loans to customers	575,948	507,075	449,562
Impaired loan coverage ratio, in %	16.6	18.2	21.6
Deposits from customers	732,350	503,378	486,010
Cash and cash equivalents	283,712	153,325	301,592
Total assets	990,878	753,235	822,779
Non-current liabilities	299,798	132,462	140,934
Current liabilities	507,434	440,807	508,814
Total liabilities	807,232	573,269	649,748
Total equity	183,647	179,966	173,031
Equity ratio, in %	18.5	23.9	21.2
Net equity ratio, in %	26.0	30.0	33.4
Net debt to equity ratio	2.85	2.33	1.99

*Restated.

Calculation of key financial ratios

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

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

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

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

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

Share related key figures and ratios

Multitude share data

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

EUR '000	2023	2022*	2021*
Basic earnings per share**	0.51	0.38	(0.32)
Equity per share	8.50	8.34	8.10
Dividend per share	-	0.12	-
Dividend / net profit, in %	-	22.0	-
Effective dividend yield, in %	-	4.2	-
Price / Earnings ratio	8.7	7.6	(12.1)
Share price on 31 December	4.46	2.86	3.83
Average share price	3.61	3.20	5.18
Lowest share price	2.60	2.20	3.78
Highest share price	4.98	4.90	7.84
Weighted average number of ordinary shares in issue	21,598	21,578	21,578
Market capitalisation	96,889	61,713	82,644
Volume of the trading with the company's share	3,332	2,242	6,387
Volume of the trading with the company's share, in %	15.4	10.4	29.6
Number of shares outstanding on 31 December	21,618	21,578	21,578

*Restated **Note 13.

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

Business unit: Ferratum

Ferratum, one of our growth platform's independent business units, offers digital loans for consumers' daily needs. It has the longest history in the Group, as consumer lending was our initial offering as a FinTech pioneer in 2005. It is a key data and experience provider to our growth platform.

With two product categories under the brand, Instalment loans and revolving loans, Ferratum caters to individuals' various immediate, unplanned, short-term financial needs resulting from, e.g. unexpected life events. Customers fill in a handful of data to apply for a Ferratum loan, while the in-house developed and automated, AI-powered scoring algorithms simultaneously handle the rest in the background. This end-to-end digital process enables finished and scored applications within minutes. On average, customers have the loan amount in their bank account within 15 minutes of an approved application.

At the end of 2023, Ferratum had two product categories and operated across 13 markets: Bulgaria, Croatia, Czechia, Denmark, Estonia, Finland, Germany, Latvia, the Netherlands, Norway, Romania, Slovenia, and Sweden.

Vision: To be the first choice for customers seeking small financial support to meet everyday needs

Customers

Ferratum's customer base is equally split between male and female and well spread across all age groups, with an average age above 30. Typical customers have a salary level slightly above the country's average and reside in cities. These customers form a diverse group with distinct needs. Often, they have encountered unexpected financial needs and appreciate swift service to address these urgent requirements. Ferratum's customers are tech-savvy individuals who prioritise superior service over pricing when applying for loans, valuing the convenience of accessing financial solutions from any location. This eclectic mix of characteristics underscores the broad appeal of Ferratum's products, catering to the varied preferences and situations of a diverse clientele.

Products

Instalment loans

Micro Loan

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

Plus Loan

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

Revolving loans

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

Highlights 2023

Ferratum's annual revenue reached EUR 192.7 million, growing by EUR 7.9 million (4.3%) from EUR 184.8 million in 2022. Earnings before interest expense and tax increased by EUR 5.4 million from EUR 53.7 in 2022 to EUR 59.1 million in 2023. Net AR increased by EUR 50.0 million in 2023 to EUR 343.3 million as at 31 December 2023 comparing to EUR 293.2 million from 31 December 2022.

High inflation across Europe has increased the demand for lending products and, at the same time, added pressure to payment behaviour. Ferratum continued its active credit portfolio management to maintain overall profitability at a high level.

During the year, Ferratum made several risk policy advancements. These resulted in payment behaviour stability and a forward-looking effect on portfolio performance. Ferratum collected new data sources across markets and further leveraged bank transactions and PSD2 data. In addition, several new scoring models were launched to improve predictive power.

Ferratum improved underwriting and affordability assessments by developing bespoke internal bank data categorisations to extract value from this data. In 2023, Ferratum significantly advanced in providing ease and accessibility for customers repaying loans. For instance, implementing direct debits and other repayment options gave customers a more convenient payment experience, resulting in improved payment behaviour.

Multitude Bank p.l.c. became a direct participant in Sweden's and Czechia's clearing systems, which allowed offering the 'Bankgirot' repayment option in Sweden and instant payments in Czechia. Participation in local markets' payment systems is a significant undertaking, including in-depth KYC and legal and compliance reviews. As a result of our success, we benefit from lower costs, remain independent of external parties and provide improved customer experience through more convenient repayment options.

In 2023, Ferratum made a transition from on-premise solutions to cloud solutions. This move empowered Infrastructure as a Service (IaaS) and enhanced security through GitHub and Azure. Manual reviews were replaced with automatic detection of data errors. The transition impacted cost, efficiency, scalability, global accessibility, flexibility, and security.

As a result, it provided more competitive and future-proof investments with improved reliability, monitoring, and compliance. Furthermore, the move supported the Group's ESG commitments since cloud-based data centres are known to largely reduce carbon emissions when compared to traditional on-premise data centres since they require fewer servers and consume less power.

During the year, several successful marketing campaigns took place, including a change in Google Ads' bidding strategy. Ferratum's Paid Media Marketing team adopted a new approach to Google Ads, using a value-based bidding strategy that resulted in higher sales and lower costs. They achieved a qualitative 122% increase in Return to Ad Spend (ROAS) and a quantitative 107% increase in new customers acquired. Additionally, Ferratum onboarded several new marketing partners in 2023, which further fuelled customer acquisition efforts.

Advancements in processes and customer service efficiency in 2023 were notable, with many customers preferring and opting for self-service options, rather than customer support. This trend not only contributed to enhanced scalability in operations but, most importantly, resonated positively with our customers, who have embraced and appreciated the self-service experience.

Ferratum's NPS levels have been above the industry average for years, reaching an astonishing 66 by the end of 2023. By year-end, effortless and automated self-service channels handled around 81% of customer enquiries. The main contributor of service automation was an AI chat-bot, which handles 77% of customer queries without transferring them to a human assistant.

For customers, this means less effort and no waiting, and for Ferratum, it means cost efficiency and refocuses Ferratum specialists on sales and retention-related activities.

Outlook and key growth drivers for 2024

A significant growth opportunity for Ferratum in 2024 is combining Ferratum's customer base with SweepBank's technology. With this move, Ferratum will expand from the previous two customer touchpoints, Instalment loans and revolving loans to a broader spectrum of five touchpoints and a more diversified and comprehensive range of financial services for Ferratum's customers by adding an app, cards and a loyalty programme to the offering.

Ferratum's strategic focus lies in sustaining growth within its target markets. The growth can be achieved by enhancing digital marketing strategies, customer onboarding processes and collection and credit risk technology. These efforts are essential to ensure a consistent and stable credit loss performance over time. Additionally, Ferratum plans to innovate further to improve the analysis of user data and search engine interactions.

Business unit: CapitalBox

Small and medium-sized enterprises (SMEs) comprise an impressive 99.8% of European businesses. Nonetheless, they frequently need more support than traditional banks can provide due to their legacy systems and cumbersome processes. Even if traditional banks tried serving SMEs, their outdated methods and services no longer appeal to today’s dynamic and evolving SMEs within the contemporary business landscape.

CapitalBox provides essential financial solutions to SMEs through its Credit Line and Instalment Loans. Due to a streamlined, fully digitalised process, funds can be made available to SMEs within minutes of an approved application. This efficiency positions CapitalBox as the perfect ally for businesses needing short-term financing. Powered by advanced technology, experience, and the resources of our growth platform, CapitalBox delivers a swift and dependable offering. As at the end of 2023, CapitalBox had established its presence in five markets: Finland, Sweden, Denmark, Lithuania, and the Netherlands, offering four different financial solutions to meet the different needs of SME’s: Instalment Loans, Secured Loan, Credit Line and Purchase Financing.

Vision: Becoming Europe's leading digital SME lender

Customers
A typical CapitalBox customer is a micro-to-small company that has been in business for at least one year, employs three people, and generates EUR 500,000 in annual revenue. They need financing to grow and expand their business or to get through liquidity fluctuations and seasonality, and they value the innovative technology approach and fast financial support that CapitalBox offers.

Products

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

Credit Line
This dynamic form of financing grants SMEs access to a credit limit ranging from EUR 2,000 to EUR 150,000. Additionally, CapitalBox collaborates with retail partners to offer financing solutions to business customers, enabling them to make purchases right at the point of sale. Credit Line is available in all markets in which CapitalBox operates.

Secured Loan
This product was launched initially in Finland and Lithuania and is planned to roll out in other markets. The Secured Loan is designed to support larger investments to drive growth for SMEs, addressing a gap in the industry where smaller FinTech firms might lack capacity, and traditional banks might opt not to provide secured loans. The loan amount for this product can go as high as EUR 3 million.

Purchase Financing (BNPL)
CapitalBox introduced a tailored Purchase Financing or Buy Now, Pay Later (BNPL) product explicitly designed for SMEs. This financial solution provides businesses flexible access to up to EUR 20,000 in funding without requiring collateral. The product, currently available in Finland, is strategically crafted to support SMEs in managing cash flow effectively and enabling them to invest in growth opportunities without immediate financial strain and finance purchasing without using the daily capital.

Highlights 2023

2023 marked a new era in CapitalBox's story with a new CEO, Mantvydas Štareika. The appointment started a transformative chapter for CapitalBox, bringing about a myriad of advantages that have positively impacted its direction and organisation.

In the year 2023, CapitalBox achieved a revenue of EUR 24.7 million, marking a 15.4% rise from its 2022 revenue of EUR 21.4 million. Additionally, the EBIT turned positive, reaching EUR 1.7 million, a notable improvement from the negative EUR 1.0 million recorded in 2022. Furthermore, the loan portfolio (Net AR) expanded from EUR 86.1 million at the conclusion of 2022 to EUR 103.7 million by the end of 2023.

CapitalBox improved performance through an updated underwriting process, stricter credit control, and cost control measures across all its operations. The launch of new products has contributed to the growth of revenue and increased the total amount of the portfolio. With a growing portfolio and stringent risk control measures in place, CapitalBox is well on its way toward strong operational efficiency.

Additionally, CapitalBox launched Secured Loans in Lithuania and Finland to enhance and increase the flexibility of its offering. With loans of up to EUR 3 million, CapitalBox enables SMEs to pursue significant investments like expanding operations or adopting new technology. With sizable loan amounts and potentially lower interest rates, SMEs can confidently execute long-term strategies. Secured lending reduces risk for both parties, providing SMEs with the financial backing needed for capital-intensive projects, R&D, or scaling operations.

Outlook and key growth drivers for 2024

A significant growth opportunity for CapitalBox in 2024 is adding SweepBank's developed assets to its offering, including the app, card, loyalty program, and core banking services, that are being extended to CapitalBox customers.

Additionally, the coming two years will be shaped by scaling to new heights. CapitalBox harnesses innovative channels for customer acquisition and retention, ensuring that each customer experiences a seamless, stress-free journey to financial empowerment.

The three main pillars of CapitalBox's growth strategy

Organic

Previously, CapitalBox's offering consisted solely of lending. However, small, complex companies need much more than this - they also need their everyday operations to be taken care of. Therefore, CapitalBox integrates SweepBank's mobile app solution and daily banking into its offering for more value to its SME customers. This integration is designed to unlock cross-selling opportunities and enhance operational scalability. In addition, it will increase the retention and lifetime value of a significant part of customers.

Partners

Together with other FinTech companies and service providers, CapitalBox plans to offer lending solutions embedded into different customer systems. CapitalBox's scalable and entirely API-based technical solution opens the doors to partners, such as accounting companies, marketplaces, POS providers and many more.

Mergers & Acquisitions (M&A)

One advantage of M&A is the ability to scale operations by leveraging the resources and expertise of other companies within the Group.

The evolution of CapitalBox is characterised by the development of a comprehensive multi-service solution, wherein customers seek more than just loans; they engage with us for a holistic financial partnership that caters to their daily operational requirements. Investing in automated workflows and expanding omnichannel capabilities signifies CapitalBox's transformation from being merely a lender to becoming a lifelong partner for small businesses.

The described approach to broaden the offering, together with SweepBank and CapitalBox, is planned to launch during 2024 and is expected to increase customer retention.

Our comprehensive small business solution offers essential financial tools, including working capital provision and the facilitation of secure bank accounts for streamlined payment transactions. Leveraging our established infrastructure within Multitude Group, CapitalBox seamlessly provides SMEs the support they need to meet their daily operational requirements and sustain their businesses effortlessly.

CapitalBox's mission isn't merely a goal; it's a tangible and achievable vision. At CapitalBox, actively shaping the future is not just observation but a deliberate action, benefiting ourselves and our clients.

Business unit: SweepBank

With full access to the Multitude growth platform and having onboarded its first customers in 2020, SweepBank offers customers a combination of daily banking, financing, and shopping services in a single, user-friendly app. SweepBank's target audience consists of tech-savvy individuals often overlooked by traditional banking institutions, including young adults, students, economic immigrants, and freelancers. The customer segment values fast, easy and digitalised services, and this is what SweepBank aims to offer in a green and sustainable way.

At the end of 2023, SweepBank offered three products: Credit Card, Prime Loan and Daily Banking across three markets: Finland, Germany and Latvia.

Vision: Becoming the most valuable financial platform

Customers

The primary customer segment of SweepBank, young adults in the EU, expects nothing less than a strongly personalised experience in everything they do, including financial services. SweepBank offers precisely that and more. These customers are currently underserved by traditional banks and neo-banks, as traditional financial institutions are bureaucratic, slow, and inflexible. Neo banks need more experience and data to serve them successfully with financing from a credit risk perspective. The latter is a prime example of the benefits of synergies created from allowing independent businesses to grow on the Multitude growth platform, as SweepBank can tap into Multitude's 18+ years of experience in intelligent data usage and AI-based credit scoring.

Products

Credit Card

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

Prime Loan

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

Daily Banking

SweepBank offers bank accounts with up to 1% interest p.a., savings accounts with up to 1.4% interest p.a., and fixed-term deposits with up to 4.3% interest p.a. (max. deposit EUR 100,000) for up to three years. The bank account includes a virtual Mastercard® debit card that is instantly ready to use online and in physical stores after successful onboarding to the app. In addition, SweepBank has a loyalty program that allows customers to earn up to 5% loyalty points and get discounted offers when they purchase from selected partners. Customers can convert loyalty points directly into cash in the SweepBank app.

Highlights 2023

In 2023, SweepBank's primary focus remained accelerating profitability through increased sales and expanding its portfolio, especially in high-margin lending products. It also kept a close eye on controlling costs and explored the potential to attract more customers by extending its app to Ferratum and CapitalBox users. Notably, SweepBank saw substantial growth in its Latvian Prime Loan and Finnish credit card portfolios, leading to a revenue increase from EUR 15.9 million in 2022 to an impressive EUR 23.1 million in 2023. Net AR grew by EUR 41.9 million (28.4%) in 2023 and reached EUR 189.2 million as at 31 December 2023 (31 December 2022: EUR 147.4 million). 2023 EBIT improved to EUR -15.3 million from EUR - 21.1 million in 2022.

Outlook and key growth drivers for 2024

During 2024, SweepBank's developed assets, including the app, card, loyalty program, and core banking services, will be extended to Ferratum and CapitalBox customers. Anticipated benefits include boosting customer retention, increasing non-interest income, enabling deposit base growth, and gaining access to valuable behavioural data for enhanced risk management, personalisation, and innovation efforts.

As a result of this integration, SweepBank's brand and customer base, now integrated into the consumer and SME banking units Ferratum and CapitalBox, will enjoy a broader spectrum of financial services. This strategic realignment positions our business units to better serve our customers while fostering innovation and growth within our organisation.

Wholesale banking in 2024

A new independent business unit within our Group, offering wholesale banking, managed by Multitude Bank, on behalf of the Group will emerge in 2024. So far, these piloted and validated activities, referred to as warehouse lending, were included in the SweepBank business unit.

WHOLESALE BANKING

Emerging business unit in 2024:

Wholesale banking for larger companies

Multitude Bank will manage wholesale banking for the Group.

A recent report by PwC, *Wholesale Banking 2025 and Beyond*, shows wholesale banking as a substantial and fast-growing opportunity in the financial field. They state that market shifts, such as infrastructure changes required for scaled adoption and participation in market structure changes, "...represent a generational opportunity to build new growth engines within the wholesale banking industry." Further, they state, "We're confident banking leaders understand the opportunity".

We have piloted wholesale banking throughout 2023, and now, a new independent business unit within our Group, offering wholesale banking managed by Multitude Bank, will emerge in 2024. The offering of this business unit is twofold: Secured Debt, earlier referred to as warehouse lending, and a Payment Solution. After successfully piloting and optimising these products, the teams, processes, and technology are ready for expansion.

In an era where innovation and adaptability are paramount, traditional banks encounter difficulties keeping pace with today's customers' sophisticated needs. After successfully addressing these challenges for ourselves, initially developing solutions to support our own three business units, we are now well-positioned to extend offering our growth platform, the solution, to external customers.

Why is Multitude Bank best placed to to meet the needs of the FinTech industry?
Our world-class risk management tools and successful experience in understanding and managing consumer and SME lending portfolios position us as experts in lending dynamics.

Wholesale banking

Customers

Wholesale banking customers encompass diverse entities, including traditional banks seeking specialised financial services, payment institutions requiring tailored solutions for transaction processing, and electronic money institutions seeking efficient mechanisms for handling digital currencies.

These customers may vary in size, scope, and specific needs. Still, all share a common interest in accessing comprehensive financial solutions to support their operations and serve their own clientele effectively. By catering to the requirements of these institutions, we aim to provide innovative products and services through wholesale banking to enhance efficiency, security, and scalability within the financial ecosystem, thereby fostering mutually beneficial partnerships and driving collective growth within the industry.

Products

Secured Debt

Secured Debt, utilising scalable deposit funding, our collection expertise, and the power of data and AI, is an ideal means to finance loan portfolios and other assets efficiently.

The product is straightforward: wholesale banking provides secured funding against lending portfolios or other assets pledged as collateral, while loan-to-value ratios protect against credit losses. This collateral mitigates credit losses and is subject to in-depth monitoring throughout the funding lifecycle.

We understand the dynamics and the risks in the lending industry. Our robust experience of nearly two decades, digital approach, efficient risk management tools, and internal and external data utilisation allow for an exceptionally swift underwriting process—typically concluding in just around six weeks.

Payment Solution

Wholesale banking offers all the necessary elements for successful end-to-end payment operations for other banks, payment institutions and electronic money institutions. This payment solution supports core payment processes and serves as a reliable daily business support or a fallback option for managing payment rails, facilitating receiving and making payments, and managing accounts efficiently.

Wholesale banking's purpose

Thanks to our deep knowledge of regulatory frameworks, we, as Multitude Group, supported by Multitude Bank, can provide solutions in multiple jurisdictions to banks, payments institutions, and electronic money institutions to help accelerate their business and growth.

Approximately 6,200 electronic money and payment institutions in Europe alone are alternative payment options. This means ample opportunities for us to find the right partners to serve with our solution. The experience from servicing internal business units has proven our platform's effectiveness in multiple jurisdictions where we operate.

We FinTechs have a few characteristics and built-in competitive advantages compared to traditional banks. Our agility and technological expertise position us as superior providers of wholesale banking services. Unlike traditional banks, we operate with leaner structures, allowing us to adapt quickly to market changes and develop tailored solutions for diverse customer needs. Moreover, we adapt faster to utilising and leveraging cutting-edge technologies such as artificial intelligence, blockchain, and cloud computing to deliver innovative products and services that streamline operations and enhance customer experience.

FinTech as an industry, and us as one of its earliest pioneers, were born into the time of customer centricity. We built our entire business on customer focus prioritising accessibility, transparency, and convenience in our offerings from the beginning. This customer-centric approach enables us to address the evolving needs of wholesale banking customers more effectively, driving greater value and differentiation in the market. Our combination of agility, technology-driven innovation, and customer-centricity positions us as formidable players in the wholesale banking landscape, poised to drive significant disruption and transformation in the industry.

Leveraging Multitude's global portfolio for tailored client funding and transparent execution

For alternative lenders, FinTechs, and investment companies, our wholesale banking's scalability extends to funding, risk management, and underwriting experience.

The global portfolio management knowledge and experience we as a Group have accumulated over the years allow our future wholesale banking unit to tailor solutions that offer our customers funding with swift execution and the transparent, favourable terms they need while we keep the necessary collateral.

Highlights 2023

The portfolio of secured debt, at the end of 2023, stood at EUR 62.1 million. The year marks the successful conclusion of a pilot phase, paving the way for wholesale banking to extend its proven solutions beyond internal operations to cater to a broader audience and for scalable growth.

Outlook and key growth drivers 2024

We expect the portfolio of Secured Debt to grow significantly across asset classes. Wholesale banking continues its conservative approach of prudent risk-taking and being selective of customers by ensuring good quality collateral for each.

In navigating the dynamic landscape of financial services, wholesale banking adheres to a strategy that places importance on the inherent value and reliability of the collateral associated with its ventures. This approach safeguards stakeholders' interests and fortifies the portfolio's resilience in market fluctuations.

In addition, the team expects several payment institutions to use the Payment Solution at the end of 2024 actively.

Key developments and progress 2023

Financial overview

Statement of profit or loss:

The Group exhibited robust financial performance in 2023, demonstrating stable growth compared to the preceding year 2022. Key financial metrics such as net interest income and profit before income tax displayed positive trends, reflecting the Group's resilience and effectiveness in navigating economic conditions and capitalising on market opportunities. Interest income increased by 8.5% (EUR 18.0 million) from EUR 212.5 million in 2022 to EUR 230.5 million in 2023, driven by a 5.5% growth (EUR 11.8 million) in interest income on loans to customers and a remarkable 608.0% surge (EUR 4.0 million) in interest income on debt investments. This new income source signifies a strategic financial move, utilising securitised instruments to generate additional earnings and keep credit risk under control. The interest income improvements reflect the Group's proactive approach to optimising portfolio structure and enhancing overall financial performance.

Due to growth in the loan portfolio, the impairment loss on loans to customers increased by 5.4% (EUR 4.6 million, from EUR 84.6 million in 2022 to EUR 89.3 million). Interest expenses grew by 58.5% (EUR 8.2 million) from EUR 14.0 million EUR in 2022 to EUR 22.2 million in 2023, primarily driven by a 108.3% rise in interest expense on customer deposits (EUR 4.7 million) and a 34.9% increase in interest expense on debt securities (EUR 3.3 million), influenced by overall interest rate hikes.

In a year-over-year comparison, general and administrative expense, and personnel expense, are stable at EUR 32.0 million and EUR 34.0 million, respectively.

The increase in selling and marketing expenses by 14.6% (EUR 1.8 million) (from EUR 12.4 million in 2022 to EUR 14.2 million in 2023) during 2023 was imperative to bolster business visibility and promote brand awareness through offline (increase by 100.4%, EUR 1.0 million) and online (increase by 10.2%, EUR 0.8 million) media channels. This increase is seen as a strategic investment aimed to capture a broader market share and enhance customer acquisition, aligning with the Group's growth objectives. The increased expenditure underscores a commitment to robust marketing initiatives, positioning Multitude for sustained income growth and market competitiveness.

Decrease in depreciation and amortisation by 14.3% (EUR 2.5 million) from EUR 17.5 million in 2022 to EUR 15.0 million in 2023 was mainly attributed to a decrease in the amortisation of intangible assets (15.8%, EUR 2.4 million). Depreciation of right-of-use assets and properties, plants and equipment are at a similar level in 2023 as in 2022.

The noteworthy expansion of debt investments and successful control of credit risk in 2023 contributed substantially to a significant increase in profit before income taxes by 39.7% (EUR 5.4 million) from EUR 13.6 million in 2022 to EUR 19.0 million in 2023. The revenue streams and economies of scale achieved through active growth strategies positively impacted Multitude's profitability, reflecting the effectiveness of its business development efforts. The consequence of the increase in profit before tax was an increase in amount of income tax expenses of 40.4% (EUR 0.7 million) from EUR 1.8 million in 2022 to EUR 2.6 million in 2023 but stable effective tax rate of 13.4% (2022: 13.4%).

Statement of financial position:

Assets:

Total assets increased by 31.5% (EUR 237.6 million) from EUR 753.2 million in 2022 to EUR 990.9 million in 2023. This increase was driven by a significant increase of 13.6% in loans to customers (EUR 68.9 million from EUR 507.1 million as at December 2022 to EUR 575.9 million as at December 2023).

In 2023, the Group substantially augmented its debt investments compared to the previous year, 2022 (increase EUR 41.0 million, 194.3%, from EUR 21.1 million in 2022 to EUR 62.1 million in 2023). This strategic move demonstrates a heightened appetite for floating rate investment, aiming to optimise the investment portfolio's risk-return profile. The Group has made EUR 1.0 million investment in associates in 2023 that underscores the Group's commitment to diversifying its asset allocation and making a strategic acquisition that can generate additional shareholder value.

Due to the aim to expand its investment activity the Group has attracted additional cash and cash equivalents in 2023 that show 85.0% rise from EUR 153.3 million as at December 2022 to EUR 283.7 million as at December 2023. The source of new liquidity is newly attracted deposits to customers.

Liabilities:
Total liabilities increased by 40.8% (EUR 234.0 million) from EUR 573.3 million as at December 2022 to EUR 807.2 million as at December 2023, primarily due to a substantial increase in deposits from customers (45.5%, EUR 229.0 million from EUR 503.4 million as at December 2022 to EUR 732.4 million as at December 2023). The structure of deposits from customers has changed in comparison to the previous year. While the amount of term deposits increased by EUR 295.5 million, the amount of call deposits decreased by EUR 66.6 million.

Equity:
Total equity increased by 2.0% (EUR 3.7 million) from EUR 180.0 million as at December 2022 to EUR 183.7 million as at December 2023. Profit for the year 2023 equals EUR 16.4 million which is a 39.6% increase as compared to EUR 11.8 million in 2022.

Key performance changes in period:
The impaired loan coverage ratio decreased by -1.6% from 18.2% in 2022 to 16.6% in 2023, due to the higher growth in gross loans to customers (11.4%) compared to growth in loss allowances (1.7%). Profit before interest and taxes increased from EUR 31.5 million in 2022 to EUR 45.6 million in 2023 (an increase of 44.8%). Profit before tax margin increased to 8.4% in 2023 from 6.4% in 2022 and profit after tax margin grew to 7.3% in 2023 from 5.5% in 2022.

The net equity ratio decreased 4.0% from 30.0% in 2022 to 26.0% in 2023. Net debt to equity ratio increased from 2.33 in 2022 to 2.85 in 2023. Basic earnings per increased EUR 0.13 per share from EUR 0.38 per share in 2022 to EUR 0.51 per share in 2023 due to increased profit margins. The equity per share increased from 8.34 in 2022 to 8.50 in 2023, reflecting an overall improvement in shareholder value. The dividend per share equals to EUR 0.12 in 2022 with dividend/net profit for year at 22.0%. The price/earnings ratio increased from 7.6 in 2022 to 8.7 in 2023.

Change in accounting policy and correction of errors:
During the financial period, the Group has made changes in its accounting policies regarding the presentation of financial statements. This involved reclassifying certain line items in the financial statements, correcting errors in accounting treatments and transitioning to a liquidity-based approach for the statement of financial position. As part of this endeavour, we included collection costs in the determination of expected credit losses, providing a more accurate portrayal of credit risks. Additionally, the treatment of reminder fees shifted from IFRS 15 to IFRS 9. We also revised practices regarding scoring costs, capitalising them as incremental costs directly linked to loan issuance, impacting the effective interest rate calculation and interest income.

These revisions have resulted in changes to the overall presentation of the Group's financial results and positions, reflecting the best practices in the lending industry for both the current and comparative periods (Note 26). The consolidated financial position includes a comparative date of 1 January 2022, with other statements and disclosures for 2022 labelled as "restated".

Alternative performance measures

Pursuant to Article 16 of Regulation 1095/2010/EU, the European Securities and Markets Authority (ESMA) has issued specific guidelines on the presentation criteria for Alternative Performance Measures (APMs) included by European issuers in regulated information, where such measures are not defined or provided for in the rules on financial reporting.

According to the definition provided in the ESMA Guidelines, an Alternative Performance Measure is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. APMs are typically based on financial statement line items prepared in accordance with applicable financial reporting rules. What sets them apart is that APMs are not defined in the financial reporting framework, yet their use is still widespread, with the role of conveying a view of the Group's performance that is closer to the Leadership Team's perspective than would be possible using only the defined measures.

To facilitate the understanding of the consolidated statement of profit or loss after a change in presentation of consolidated financial statements, Multitude introduced profit before interest expense and taxes (EBIT) as Alternative Performance Measure (APM) in 2023 as compared to prior years where it was directly reported in the consolidated statement of profit or loss. The reason for the application of APM is matching the profit guidance given by the Board to the public on the development of Group's profitability in the future. Our Leadership Team and Board use the presented APM for operational planning, control and various strategic decision-making initiatives.

It is calculated by adding back income tax, interest expense, and fair value and foreign exchange gains and losses to profit for the period in the consolidated statement of profit or loss:

EBIT = Profit for the period + Income tax + Interest expense + Fair value and foreign exchange gains and losses

EBIT for the consolidated Group in 2023, 2022 and 2021:

EUR '000	2023	Restated 2022	Restated 2021
Profit for the period	16,438	11,773	2,306
Interest expense	22,237	14,026	19,691
Income tax expense	2,552	1,817	2,384
Fair value and foreign exchange gains and losses	4,328	3,848	2,727
Profit before interest expense and taxes (EBIT)	45,555	31,465	27,109

It should be noted in this regard that the APM presented is complementary to the measures defined within the IFRS Accounting Framework. The figures and inputs used in the derivation of the said APM's are based on presentation and /or disclosures requirements emanating from the IFRS reporting framework and might include certain reconciliation statements from such presentation/ disclosures of financial statements.

Treasury update

During 2023, we focused strongly on maneuvering carefully through the ongoing economic challenges, mainly caused by the ongoing war in Ukraine, higher inflation figures across our core markets, and increased interest rates. In this volatile and uncertain market environment, we continued to manage Group cash position actively and to protect the business from volatile movements in foreign exchange markets. Our cash position increased by 85.1% to EUR 283.7 million (EUR 153.3 million in 2022) at the end of 2023.

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

On 24 August 2023, Fitch Ratings also published its first-time rating of Multitude Bank p.l.c. The bank obtained a Long-Term Default Rating (IDR) of "B+" and a Short-Term Issuer Default Rating (IDR) of "B". The outlook is stable.

In light of increasing interest rates and a strong deposit base, Multitude did not raise any new capital markets funding in 2023. On the other hand, the Group bought back EUR 5.0 million worth of perpetual bonds at nominal value, taking advantage of favourable market conditions.

The 2023 Annual General Meeting (AGM) decided to distribute a per-share dividend of EUR 0.12 for the financial year 2022 to a total of EUR 2,589,331. It paid the dividend on 9 May 2023. Furthermore, the AGM authorised the Board of Directors to repurchase a maximum of 2,172,396 shares of Multitude SE, which represents approximately 10% of all our outstanding shares. The Board of Directors was also authorised to issue a maximum of 3,258,594 shares. The Board of Directors may issue new shares or transfer existing shares held by the Group. The authorisation also includes the right to issue special rights, in the meaning of Chapter 10 Section 1 of the Finnish Limited Liability Companies Act, which entitles the shareholders to receive new shares or the treasury shares held by the Group against a consideration. Subscribed shares arising from these special rights are included in the maximum number of shares authorised for issue. These authorisations are in force until the next AGM, but not later than 30 June 2024.

Personnel

The average number of employees in 2023 is equal to 694 (2022 - 683). Personnel expense amounted to EUR 34.1 million (2022 - EUR 34.0 million).

There were no changes in the Leadership Team in 2023.

Risk factors and risk management

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

The Leadership Team and business unit CEOs monitor operations regularly and are responsible for adequate risk management and ensuring that the Group has access to the appropriate software, including instructions on controlling and monitoring risks. Each Leadership Team member bears responsibility for identifying and controlling the risks related to their functions in line with instructions from the Board. The Board is ultimately charged with overal responsibility to oversee the operations and risk management of the Group via its Risk Committee.

We proactively follow all legal regulations, monitor changes that might occur in the countries we operate in and adjusts operations accordingly.

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

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

Multitude uses foreign currency forward contracts to hedge foreign transaction risk exposures. Market risks arise from open positions in the interest rate and products in foreign currency. They are managed by the Group's Treasury function, in close cooperation with FP&A, which is also responsible for the Group's cash flow planning and ensure the necessary liquidity level for all Group companies.

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

The Group is also exposed to credit risk arising from its exposure to debt investments. The debt investments reflect the Group's acquisition of secured bonds. Such bonds are mainly secured by a number of loan portfolios which are pledged in favour of Multitude Bank, and are subject to a number of covenants including predetermined ratios of ageing portfolios and advance rates. Such covenants are monitored regularly by our Leadership Team and the Risk Committee.

Changes in the Group structure

The Group continues to streamline its legal and operative structure. These were the changes to the Group's companies in 2023:

- On 3 April 2023, Multitude sold its total shareholdings, representing 100% of the Group's ownership interests, in Ferratum Australia Pty Ltd.

- Mr Credit Pty Ltd was voluntarily liquidated on 24 April 2023.

- Ferratum Czech s.r.o. was voluntarily liquidated on 6 June 2023.

- Ferratum Capital Germany GmbH merged with Pactum Collections GmbH on June 22, 2023, based on the merger agreement.

- Capital Box GmbH was merged with Pactum Collections GmbH in accordance with the merger agreement between the two companies on 24 August 2023.

- On 28 November 2023, Multitude sold its total shareholdings, representing 100% of the Group's ownership interests, in Bidellus Bangladesh Ltd.

- On 22 December 2023, Multitude sold its total shareholdings, representing 100% of the Group's ownership interests, in Inari Serviços Financeiros Ltda.

- On 22 December 2023, Multitude sold its total shareholdings, representing 100% of the Group's ownership interests, in Ferratum Brazil Servicos De Correspondente Bancario Ltda.

Subsequent events

Relocation of headquarters

We as Multitude SE, announced on 5 January 2024 that we are contemplating a relocation from Finland to Switzerland while maintaining our legal personality and without dissolution. On 17 January 2024, Multitude SE announced that as a first phase of the plan to relocate to Switzerland, the Board of Directors of Multitude SE proposed a transfer of the registered office of Multitude SE from Finland to Malta.

The completion of this relocation is subject to the approval of the Annual General Meeting of Multitude SE. The transfer of the registered office from Finland to Malta would be followed by a conversion of Multitude SE into a public limited liability company governed by the laws of Malta and then an application to have the parent company registered in Switzerland pursuant to applicable Maltese and Swiss laws by the end of the year 2024.

On 21 March 2024 Multitude shareholders held an Extraordinary General Meeting and approved the proposal for the transfer of the registered office of Multitude SE from Finland to Malta in accordance with the Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European Company (SE).

In anticipation and in pursuance of the transfer of the registered office, the Extraordinary General Meeting resolved to amend the parent company's current Articles of Association to introduce a nominal value for our shares by adding a new Article 10 in the Articles of Association which reads as follows: The nominal value of the shares is EUR 1.85. Extraordinary General Meeting resolved to increase the parent company's share capital by EUR 55,766 from EUR 40,133,560 to EUR 40,189,326. The increase will be carried out by transferring the necessary amount from the invested unrestricted equity reserve to the share capital.

Extraordinary General Meeting resolved to appoint Ganado Services Limited (Registration Number: C10785) having its registered office at 171, Old Bakery Street, Valletta VLT1455, Malta as the company secretary of the parent company, with effect from the date of registration of the parent company with the Malta Business Registry.

Upon our registration with the Malta Business Registry, PricewaterhouseCoopers (Registration Number: AB/26/84/38), with their registered office situated at 78, Mill Street, Qormi, Malta will be appointed as the auditors of ours as the parent company until the close of the Annual General Meeting to be held in year 2024, and that our Group's Audit Committee be authorised to fix their remuneration and sign any engagement letter as may be required for the purposes of finalising the engagement thereof.

Ratings update

On 15 February 2024, Fitch Ratings revised Multitude SE's and Multitude Bank p.l.c.'s outlooks to positive from stable, while affirming their Long-Term Issuer Default Ratings (IDRs) at 'B+'. Multitude's senior unsecured notes were affirmed at 'B+' with a Recovery Rating of 'RR4' and its subordinated hybrid perpetual capital notes (perpetual bonds) at 'B-' with 'RR6'.

Acquisition of Omniveta

CapitalBox acquires the business of Capenhagen-based Omniveta Finance in an asset-transaction at the beginning of March 2024. Omniveta specialises in invoice purchasing, which provides CapitalBox with a complementing finance solution. This acquisition will add invoice purchasing to CapitalBox offering for SMEs in Denmark and an opportunity to extend such offering to the other markets that CapitalBox is active in.

New business unit

In November 2023, Multitude announced the plan to optimise the structure of its reportable segments and create a new business unit by rebranding part of the SweepBank business. The new business unit will be called Wholesale banking and, as it is managed by Multitude Bank p.l.c. on behalf of us as the Group, it will be led by the CEO of Multitude Bank, Antti Kumpulainen. It will be operational starting 1 January 2024 and offer Secured Debt products reported currently under SweepBank unit as debt investments financial statement line item in the consolidated statements for 2023.

Shares of the company

Largest shareholdings as at 31 December 2023

The table below describes the shareholder structure and summarises shareholders with the largest holdings, excluding nominee-registered shares, in Multitude SE as at 31 December 2023. The table shows shareholdings representing at least five percent (5%) ownership in the Group. These holdings are updated based on the latest notifications of change in major holdings. We received three notifications of changes in the number of shares held by shareholders with at least five percent (5%) ownership in Multitude SE during year 2023.

Largest shareholders	Shares	% of shares	% of voting rights
Jorma Jokela*	12,010,961	55.29%	55.56%
Total free float:**	9,607,163	44.22%	44.44%
- Lemanik Holding S.A.	1,129,000	5.20%	5.22%
- Board and Leadership Team***	440,052	2.03%	2.04%
- Other shareholders	8,038,111	37.00%	37.18%
Multitude SE****	105,836	0.49%	-
Total	**21,723,960**	**100%**	**100%**

All information of shareholders holding based on the latest shareholder notifications received.
* Jorma Jokela holds directly 179,087 shares (0.82%), through Jokela Capital OÜ 5,773,139 shares (26.58%) and through JT Capital Limited 6,058,735 shares (27.89%). The shares held by Jokela Capital OÜ and JT Capital Limited are nominee registered.
**Total free float excludes shares held by Jorma Jokela and treasury shares held by Multitude SE.
***Excluding Jorma Jokela.
**** Treasury shares held by Multitude SE (no voting right and no dividend paid on treasury shares).

Board of Directors' shareholdings as at 31 December 2023

Name	Position	Holdings and voting rights*	% of holdings and voting rights**
Jorma Jokela	Member	12,010,961	55.29% (55.56%)
Liigus, Lea	Member	127,396	0.59%
Tiukkanen, Ari	Chairman	18,338	0.08%
Cusumano, Michael	Member	-	-
Challagalla, Goutam	Member	-	-
Leppänen, Kristiina	Member	1,300	0.01%
Total		**12,157,995**	**55.97% (56.24%)**

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

Leadership Team shareholdings as at 31 December 2023

Name	Position	Holdings and voting rights*	% of holdings and voting rights**
Jorma Jokela	Chief Executive Officer	12,010,961	55.29% (55.56%)
Liigus, Lea	Chief Legal and Compliance Officer	127,396	0.59%
Krause, Clemens	Chief Risk Officer	96,566	0.44%
Mäkelä, Lasse	Chief Strategy and IR Officer	56,085	0.26%
Egger, Bernd	Chief Financial Officer	40,169	0.18%
Kumpulainen, Antti	CEO of Multitude Bank	24,278	0.11%
Kajakas, Kristjan	Tribe CEO - Ferratum	25,218	0.12%
Chatterjee, Julie	Tribe CEO - SweepBank	17,063	0.08%
Hansson-Tönning, Adam	Chief Financial Planning Analyst	13,956	0.06%
Kabele, Kornel	Chief Technology Officer	10,381	0.05%
Vella, Shaun	Chief HR Officer	6,749	0.03%
Štareika, Mantvydas	Tribe CEO - CapitalBox	2,553	0.01%
Total		**12,431,375**	**57.23% (57.50%)**

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

Distribution of holdings by number of shares held as at 31 December 2023

Lower Limit	Number of shareholders	% of shareholders	Total number of shares with voting righs	% of share capital with voting rights
1-100	37	19.072	1,541	0.007
101-500	66	34.021	16,225	0.075
501-1 000	26	13.402	19,721	0.091
1 001-5 000	39	20.103	76,420	0.352
5 001-10 000	7	3.608	53,483	0.246
10 001-50 000	12	6.186	226,930	1.045
50 001-100 000	2	1.031	184,099	0.847
100 001-500 000	3	1.546	513,077	2.362
500 001 and over	2	1.031	20,632,464	94.976
Total	**194**	**100.000**	**21,723,960**	**100.000**
Nominee registered	5	-	20,863,864	96.041
Treasury shares held by Multitude SE	-	-	105,836	-

Table includes shares reported by Euroclear Finland Ltd.

Distribution of holdings by group as at 31 December 2023

Sector	Total number of shares (book-entries)	% of share capital and voting rights	Total number of shares (nominee-registered)	% of share capital and voting rights	Total number of shares and voting rights	% of share capital and voting rights
Financial and insurance corporations	105,836	0.487	6,501,043	29.926	6,606,879	30.413
Households	744,621	3.428	-	-	744,621	3.428
Shares registered in the member states of the Euro area	9,639	0.044	14,362,821	66.115	14,372,460	66.159
Total	**860,096**	**3.959**	**20,863,864**	**96.041**	**21,723,960**	**100.000**

Table includes shares reported by Euroclear Finland Ltd.

Annual General Meeting 2024

Multitude's Annual General Meeting will be held on 25 April 2024 at 10:00 EEST at the offices of Castren & Snellman Attorneys Ltd, Eteläesplanadi 14, Helsinki, Finland. The meeting will be held as a physical meeting, and no remote participation or video link to the meeting venue will be provided. Shareholders may also use their voting rights by voting in advance.

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

Financial calendar

Date	Publication
14.03.2024	Multitude SE: 2023 preliminary results
28.03.2024	Multitude Bank p.l.c.: full year 2023 results
28.03.2024	Multitude SE: full year 2023 results
16.05.2024	Multitude SE: Q1 2024 results
22.08.2024	Multitude Bank p.l.c.: H1 2024 results
22.08.2024	Multitude SE: H1 2024 results
14.11.2024	Multitude SE: 9M 2024 results

Board of Directors' proposals for profit distribution

The operations of the Group's parent company, Multitude SE, for the year ended 31 December 2023 amounted into a profit of EUR 6.3 million (2022 - EUR 9.3 million, loss), which resulted into a distributable equity amounting to EUR 54.6 million as at 31 December 2023 (2022 - EUR 50.8 million). Accordingly, the Board of Directors proposed to the Annual General Meeting to distribute dividend of EUR 0.19 per share in relation to the 2023 results and that 2023 profit to be carried forward.

Corporate governance statement

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

Company management and auditor

Ari Tiukkanen served as Chairman of the Board since the 2023 Annual General Meeting. Other members of the Board were Jorma Jokela, Lea Liigus, Michael A. Cusumano, Goutam Challagalla, and Kristiina Leppänen. Frederik Strange, Juhani Vanhala and Jussi Mekkonen stepped down from the Board after the 2023 Annual General Meeting. The Chief Executive Officer is Jorma Jokela. The 2023 Annual General Meeting re-appointed PricewaterhouseCoopers Oy as the Group's auditor, with APA Jukka Paunonen as the auditor with principal responsibility.

Consolidated financial statements 2023 (audited)

Consolidated statement of profit or loss

EUR '000	Notes	2023	Restated 2022*
Interest income	7	230,459	212,474
Interest expense	7	(22,237)	(14,027)
Net interest income		208,222	198,447
Fee and commission income	8	63	32
Fair value and foreign exchange losses	9	(4,328)	(3,848)
Other income	10	30	70
Profit for the period from investment in associates		6	-
Net operating income		203,993	194,701
Operating expenses:			
Impairment loss on loans to customers	4.2, 11	(89,253)	(84,646)
Personnel expense	11	(34,076)	(33,956)
General and administrative expense	11	(31,976)	(31,943)
Depreciation and amortisation	11 , 17-19	(15,016)	(17,522)
Selling and marketing expense	11	(14,180)	(12,375)
Other expense	10	(502)	(669)
Profit before income taxes		**18,990**	**13,590**
Income tax expense	12	(2,552)	(1,817)
Profit for the period		**16,438**	**11,773**
Earnings per share:			
Basic earnings per share, EUR	**13**	**0.51**	**0.38**
Diluted earnings per share, EUR	**13**	**0.51**	**0.37**

*See Note 26 for the details of restatements due to change in accounting policies and correction of errors.

Consolidated statement of comprehensive income

EUR ’000	2023	Restated 2022*
Profit for the period	**16,438**	**11,773**
Other comprehensive expense:		
Items that may be reclassified to profit or loss		
Currency translation difference	(333)	(900)
Total other comprehensive loss	**(333)**	**(900)**
Total comprehensive income for the period	16,105	10,873

*See Note 26 for the details of restatements due to change in accounting policies and correction of errors.

Consolidated statement of financial position

EUR '000	Notes	31 December 2023	Restated 31 December 2022*	Restated 1 January 2022*
ASSETS				
Cash and cash equivalents	4.3	283,712	153,325	301,592
Derivative financial assets	15	299	3,180	324
Loans to customers	15, 26	575,948	507,075	449,562
Debt investments	15	62,114	21,107	-
Other financial assets	15	19,435	19,413	19,559
Current tax assets	12	1,832	2,230	2,200
Prepaid expenses and other assets	16	2,841	237	1,324
Intangible assets	17	29,468	31,400	35,850
Right-of-use assets	18	4,819	4,613	1,618
Property, plant and equipment	19	2,896	3,081	3,404
Investments accounted for using the equity method	14	1,022	-	-
Deferred tax assets	12	6,492	7,574	7,346
Total assets		**990,878**	**753,235**	**822,779**
EQUITY AND LIABILITIES				
Liabilities:				
Derivative financial liabilities	20	5,323	446	1,232
Deposits from customers	20	732,350	503,378	486,010
Current tax liabilities	12	2,268	921	3,455
Provisions, accruals and other liabilities	20	13,372	15,576	15,340
Debt securities	14, 20	47,805	47,416	141,814
Lease liabilities	18, 20	4,963	4,566	1,694
Deferred tax liabilities	12	1,151	966	203
Total liabilities		**807,232**	**573,269**	**649,748**
Equity:				
Share capital	21	40,134	40,134	40,134
Treasury shares	21	(103)	(142)	(142)
Retained earnings		87,258	75,685	68,695
Unrestricted equity reserve		14,708	14,708	14,708
Perpetual bonds	4.5	45,000	50,000	50,000
Translation differences	4.3	(3,382)	(3,050)	(2,995)
Other reserves	21	31	2,631	2,631
Total equity		**183,646**	**179,966**	**173,031**
Total equity and liabilities		**990,878**	**753,235**	**822,779**

*See Note 26 for the details of restatements due to change in accounting policies and correction of errors.

Consolidated statement of cash flows

EUR '000	Notes	2023	Restated 2022*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		**16,438**	**11,773**
Adjustments for:			
Impairment loss on loans to customers	4.2, 11	89,253	84,646
Depreciation and amortisation	11 , 17-19	15,016	17,522
Net interest income	7	(208,222)	(198,224)
Fair value and foreign exchange gains and losses	9	4,328	3,848
Income tax expense	12	2,552	1,817
Other adjustments		1,014	450
Changes in operating assets:			
Increase (-) in gross loans to customers	4.2	(176,413)	(144,080)
Increase (-) in debt investments		(40,247)	(20,800)
Increase (-) / decrease (+) in derivative financial instruments (net)		7,760	(3,625)
Increase (-) / decrease (+) in other assets		(2,603)	1,078
Changes in operating liabilities:			
Increase (+) in deposits from customers	4.2	228,972	17,828
Decrease (-) in other liabilities		(1,808)	(453)
Interest paid		(14,035)	(11,251)
Interest received		237,685	208,763
Income taxes paid		(1,914)	(3,637)
Net cash flows from (used in) operating activities		**157,776**	**(34,346)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible assets		(258)	(471)
Purchase of intangible assets		(10,565)	(10,433)
Purchase of investments accounted for using the equity method		(1,016)	-
Net cash flows used in investing activities		**(11,839)**	**(10,903)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of perpetual bonds interest		(6,031)	(3,670)
Dividends paid	22	(2,591)	-
Proceeds from debt securities		-	87,072
Repayment of debt securities		-	(182,150)
Repayment of lease liabilities	18	(2,219)	(1,939)
Repayment of perpetual bonds		(4,555)	-
Net cash flows used in financing activities		**(15,396)**	**(100,687)**
Cash and cash equivalents, as at 1 January	**15**	**153,325**	**301,592**
Exchange losses on cash and cash equivalents		(155)	(2,331)
Net increase (decrease) in cash and cash equivalents		**130,541**	**(145,936)**
Cash and cash equivalents, as at 31 December	**15**	**283,712**	**153,325**

*See Note 26 for the details of restatements due to change in accounting policies and correction of errors.

Consolidated statement of changes in equity

EUR '000	Share capital	Treasury shares	Retained earnings	Perpetual bonds	Unrestricted equity reserve	Translation differences	Other reserves	Total equity
As at 1 January 2022	**40,134**	**(142)**	**70,466**	**50,000**	**14,708**	**(2,995)**	**2,631**	**174,801**
Restatement and adjustments to opening balance	-	-	(1,771)	-	-	-	-	(1,771)
Restated as at 1 January 2022*	40,134	(142)	68,695	50,000	14,708	(2,995)	2,631	173,031
Comprehensive income								
Profit for the period	-	-	11,773	-	-	-	-	11,773
Currency translation difference	-	-	(891)	-	-	(9)	-	(900)
Total comprehensive income	-	-	10,882	-	-	(9)	-	10,873
Transactions with owners:								
Perpetual bonds interests payments	-	-	(3,670)	-	-	-	-	(3,670)
Share-based payments (Note 23)	-	-	483	-	-	-	-	483
Other changes	-	-	(704)	-	-	(44)	-	(748)
Total transactions with owners	-	-	(3,892)	-	-	(44)	-	(3,935)
As at 31 December 2022	**40,134**	**(142)**	**75,685**	**50,000**	**14,708**	**(3,050)**	**2,631**	**179,966**
As at 1 January 2023	**40,134**	**(142)**	**75,685**	**50,000**	**14,708**	**(3,050)**	**2,631**	**179,966**
Comprehensive income								
Profit for the period	-	-	16,438	-	-	-	-	16,438
Currency translation difference	-	-	-	-	-	(333)	-	(333)
Total comprehensive income	-	-	16,438	-	-	(333)	-	16,105
Transactions with owners:								
Repayment of perpetual bonds	-	-	445	(5,000)	-	-	-	(4,555)
Perpetual bonds interests payments	-	-	(5,831)	-	-	-	-	(5,831)
Share-based payments (Note 23)	-	39	511	-	-	-	-	550
Dividend distribution	-	-	(2,591)	-	-	-	-	(2,591)
Release of reserves (Note 21)	-	-	2,600	-	-	-	(2,600)	-
Total transactions with owners	-	39	(4,866)	(5,000)	-	-	(2,600)	(12,427)
As at 31 December 2023	**40,134**	**(103)**	**87,258**	**45,000**	**14,708**	**(3,382)**	**31**	**183,646**

*See Note 26 for the details of restatements due to change in accounting policies and correction of errors.

1. General information

Multitude SE and its subsidiaries ("Multitude", "we" or the "Group"), is a public company registered in accordance with the corporate law of the European Union that provides retail and corporate banking services to private clients and small and medium enterprises ("SMEs"). The ultimate parent company Multitude SE (business identity code 1950969-1) was established in 2005 and is headquartered at Ratamestarinkatu 11 A, FI-00520 Helsinki. Multitude SE is listed in the Prime Standard of Frankfurt Stock Exchange under the symbol "FRU". The Group is a sole shareholder of Multitude Bank p.l.c., licensed by the Malta Financial Services Authority ("MFSA"), which is a significant part of the Group that allows it to provide financial services and products to European Economic Area ("EEA") member states.

On 27 March 2024, Multitude's Board of Directors authorised the Group's consolidated financial statements as at and for the year ended 31 December 2023 for issuance and filing.

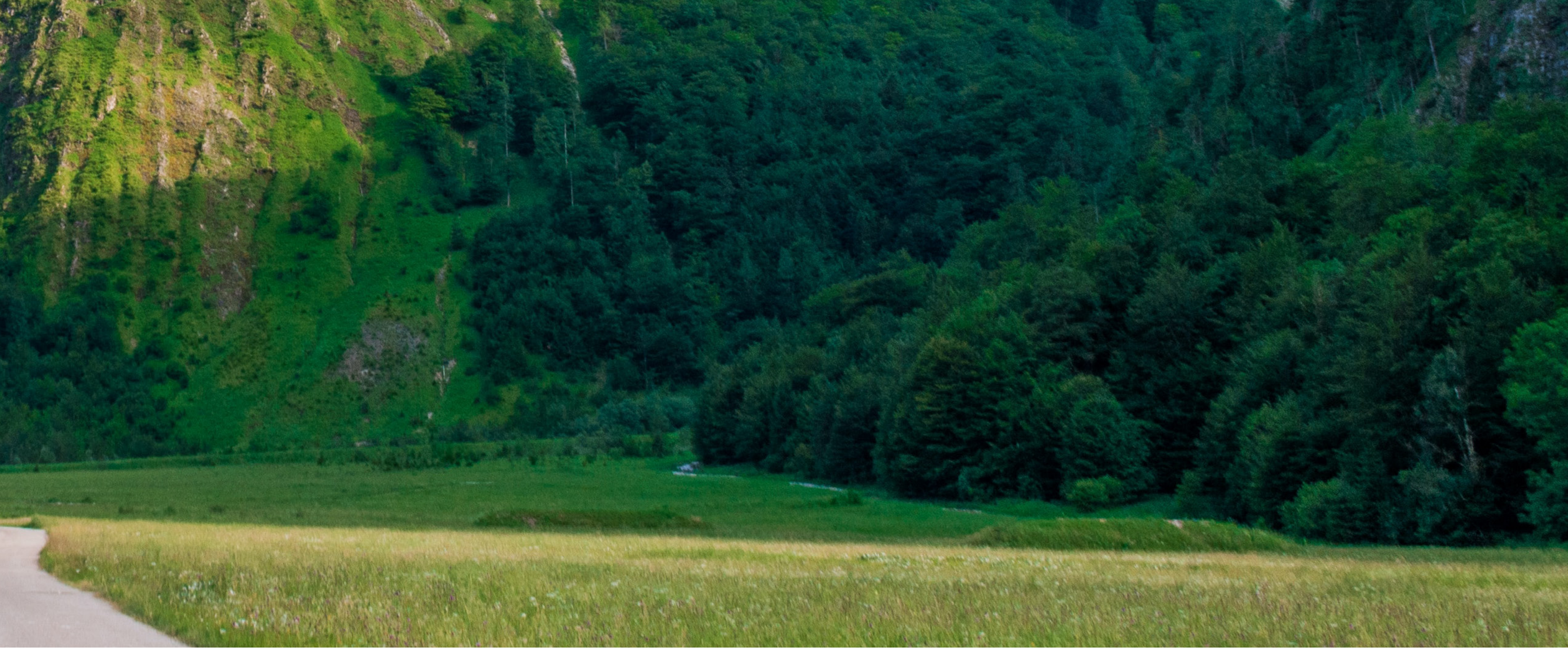
1.1 Significant changes in the current reporting period

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

Change of accounting policies and correction of prior period error

The composition of the consolidated statements of profit or loss, cash flows and financial position was adjusted due to a change in presentation driven by the alignment with the reporting format of the financial industry. In line with the initiative to adopt a presentation framework of the financial industry, the Group has also changed the presentation of its consolidated statement of financial position from a current/non-current approach to a liquidity-based approach. The consolidated statement of profit or loss was improved to show interest income and interest expense as main financial statement line items.

The change was also made to the accounting treatment of collection costs as a part of impairment loss on loans to customers financial statement line item to better reflect possible shortfall in cash flows derived from loan contracts. Classification of reminder fees as part of effective interest income was implemented alongside classification of certain scoring costs as part of directly attributable acquisition costs. Detailed information about these adjustments can be found in Note 26.



Annual General Meeting

The Annual General Meeting ("AGM") was held on 27 April 2023 in Helsinki, Finland. The following matters have been resolved during the AGM: The AGM adopted the Annual Accounts, including the Consolidated Annual Accounts for the financial year 2022 and discharged the members of the Board of Directors and the CEO from liability for the financial year 2022. In accordance with the proposal of the Board of Directors, it was decided that dividends amounting to EUR 0.12 per share will be distributed for the financial year ended 31 December 2022.

In 2023, dividends of EUR 2.6 million for the previous financial year were distributed to shareholders.

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

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

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

2. Basis of preparation and accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments which are measured at fair value through profit or loss (FVPL). The consolidated financial statements are presented in thousand Euros ("EUR 000"). The Group has prepared its consolidated financial statement on the basis that it will continue to operate as a going concern.

2.2 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with IFRS accounting stgandards as issued by the International Accounting Standards Board (IASB) and adopted by the European Union.

2.3 Presentation of financial statements

The Group presents its statement of financial position in order of liquidity based on Multitude's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 14.

2.4 New standards and amendments

This chapter provides a summary of (a) new standards and amendments that are effective for the first time for periods commencing on or after 1 January 2023 (i.e. year ending 31 December 2023), (b) IFRS Interpretations Committee agenda decisions issued in the last 12 months, and (c) forthcoming requirements, being standards and amendments that will become effective on or after 1 January 2024.

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

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

Title	Key requirements if relevant
IFRS 17 Insurance Contracts and Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	Not relevant. Multitude does not issue insurance contracts. The new standard had no impact on the Group's consolidated financial statements.
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Relevant. The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences, and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with: • right-of-use assets and lease liabilities, and • decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. The new amendments had insignificant impact on financial statements but required additional disclosure of netted deferred tax asset from carrying amount of leases and right-of-use asset (Note 12).
Amendments to IAS 1 Presentation of Financial Statements, IFRS Practice Statement 2 and IAS 8 Accounting Policies, Changes in Accounting Policies and Errors: Disclosure of Accounting policies and Definition of Accounting Estimates	Relevant. The IASB amended IAS 1 Presentation of Financial Statements to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. This amendment had an impact on the composition of accounting policies of the Group but did not lead to restatements of financial results and positions. The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important the Group because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.
Amendment to IAS 12 - OECD Pillar Two Rules	Not relevant. The Group's consolidated financial statements remain unaffected by the amendments, given that the Group falls outside the scope of the Pillar Two model rules, owing to its annual revenue being less than EUR 750 million.

The amendments described in the table above did not have any material impact on the Group's accounting records.

(b) IFRS Interpretations Committee agenda decisions issued in the last 12 months, the following agenda decisions were issued but not relevant for the preparation of annual reports in 2023. The date issued refers to the date of approval by the IASB as per the IASB's website.

Date issued	Topic
27 April 2023	Definition of a Lease—Substitution Rights (IFRS 16)
26 October 2023	Premiums Receivable from an Intermediary (IFRS 17 and IFRS 9)
26 October 2023	Homes and Home Loans Provided to Employees (IAS 19)
26 October 2023	Guarantee over a Derivative Contract (IFRS 9)

(c) Forthcoming requirements

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

Title	Key requirements if relevant	Effective Date
Classification of Liabilities as Current or Non-current– Amendments to IAS 1 Non-Current Liabilities with Covenants – Amendments to IAS 1	Not relevant. The Group does not apply classification of current and non-current items in the consolidated statement of financial position.	1 January 2024
Supplier finance arrangements – Amendments to IAS 7 and IFRS 7	Not relevant. The Group does not enter into supplier finance arrangements, therefore the amendments are not expected to have a material impact on the Group's financial statements.	1 January 2024 (not yet endorsed in the EU)
Amendments to IAS 21 – Lack of Exchangeability	Not relevant. Multitude does not have transactions that are not exchangeable into another currency at a measurement date for a specified purpose, therefore there is no impact expected from this amendment.	Annual periods beginning on or after 1 January 2025 (not yet endorsed in the EU)
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	Not relevant. The Group does not enter into sale and leaseback transactions. Therefore, these amendments are not expected to have a material impact on the Group's financial statements.	1 January 2024

The Group does not expect any new accounting standards or interpretations to have material impact.

2.5 Summary of material accounting policies

2.5.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company, and each of those companies over which parent company or another Group company exercises control. Control over an entity exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and can affect those returns through its power over the entity.

When the Group has less than a majority of voting or similar rights in an entity, it considers all relevant facts and circumstances in assessing whether it has power over an entity, including contractual arrangements, voting rights and potential voting rights, the relevant activities and how decisions about those activities are made and whether the Group can direct those activities. The

Group reassesses whether it controls an entity if facts and circumstances indicate that there are changes to the elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

When assessing whether to consolidate an entity, the Group evaluates a range of control factors, namely:

– Purpose and design of the entity
– Relevant activities and how these are determined
– Whether the Group's rights result in the ability to direct the relevant activities
– Whether the Group has exposure or rights to variable returns
– Whether the Group has the ability to use its power to affect the amount of its returns

Where voting rights are relevant, the Group is deemed to have control where it holds, directly or indirectly, more than half of the voting rights over an entity unless there is evidence that another investor has the practical ability to unilaterally direct the relevant activities. Potential voting rights that are deemed to be substantive are also considered when assessing control.

Likewise, the Group also assesses existence of control where it does not control the majority of the voting power but has the practical ability to unilaterally direct the relevant activities. This may arise in circumstances where the size and dispersion of holdings of the shareholders give the Group the power to direct the activities of the investee.

All intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Consistent accounting policies are applied throughout the Group for the purposes of consolidation.

At the date that control of a subsidiary is lost, the Group: a) derecognises the assets (including attributable goodwill) and liabilities of the subsidiary at their carrying amounts, b) derecognises the carrying amount of any non-controlling interests in the former subsidiary, c) recognises the fair value of the consideration received and any distribution of the shares of the subsidiary, d) recognises any investment retained in the former subsidiary at its fair value and e) recognises any resulting difference of the above items as a gain or loss in the consolidated statement of profit or loss.

There are no material non-controlling interests ("NCI") and all Group companies are fully consolidated. All profit after tax is attributable to shareholders of Multitude.

On the other hand, the Group also assesses existence of significant influence over other entities (including the cases when ownership share is below 20% and there are other indicators of significant influence). Multitude assesses if there are other indicators of significant influence for each investment like participation in policy making, material transaction, representation on the investee's board. When existence of significant influence can be clearly demonstrated, Multitude considers such entities as associates and accounts for them using the equity method. Under the equity method, the investment is initially recognised at cost in the consolidated statement of financial position. Subsequently, the investment is adjusted for the Group's share of the associate's post-acquisition profits or losses and other changes in its equity. The Group's share of post-acquisition profits or losses is recognised in the consolidated statement of profit or loss.

Any dividends received from the associate reduce the carrying amount of the investment. Investment, share of profit or loss and dividends from associates are recorded as investments accounted for using the equity method in the consolidated statement of financial position.

2.5.2 Functional and presentation currency

The items included in the financial statements of each of the Group companies are measured using the currency of the primary economic environment in which the company operates (the "functional currency").

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

2.5.3 Segment reporting

The Group defines operating and reportable segments as business units (Note 6). Operating segments are reported in a manner consistent with the internal reports provided to the Chief Operating Decision Maker (CODM). The CODM is defined as Group CEO, who is supported by business unit CEOs. The CODM is responsible for allocating resources and assessing the performance of the operating segments. The Group's operating and reportable segments comprise 100% of the Group's external income.

2.5.4 Business combinations

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration, classified as an asset or liability that is a financial instrument and within the scope of IFRS 9, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

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

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

Discontinued operations are reported when a component of the Group, comprising operations and cash flows that can be clearly distinguished both operationally and for financial reporting purposes from the rest of the Group. A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and

(a) represents a separate major line of business or geographical area of operations,
(b) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
(c) is a subsidiary acquired exclusively with a view to resale.

Profit or loss from discontinued operations is reported separately from income and expenses from continuing operations in the consolidated statement of profit or loss, with prior periods presented on a comparative basis. Cash flows from discontinued operations are presented separately in the consolidated financial statements and accompanying notes. Intra-group revenues and expenses between continuing and discontinued operations are eliminated.

Gain or loss on disposal of subsidiaries that does not qualify as discontinued operations is recorded in other income or expense in the consolidated statement of profit or loss.

2.5.6 Recognition of interest income/expense and effective interest rate

The Group recognises interest income and interest expense by applying an effective interest method (EIR). The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the EIR for financial instruments, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses.

The EIR, and consequently the amortised cost of the financial asset, is determined by considering transaction costs, any discount or premium on the acquisition of the financial asset, as well as fees and costs integral to the EIR. The EIR calculation accommodates the potential impact of other characteristics of the product life cycle including early repayments and penalty charges.

If revisions to the expected cash flows of fixed rate financial assets or liabilities occur for reasons other than credit risk, the changes to future contractual cash flows are discounted at the original EIR, resulting in an adjustment to the carrying amount. The difference with the previous carrying amount is recorded as a positive or negative adjustment to the financial asset or liability's carrying amount in the statement of financial position, with a corresponding increase or decrease in interest income/expense calculated using the effective interest method.

In the case of floating rate financial instruments, periodic re-estimation of cash flows to reflect market interest rate movements also impacts the effective interest rate. However, when instruments were initially recognised at an amount equal to the principal, re-estimating future interest payments does not significantly affect the carrying amount of the asset or liability.

The Group computes interest income on financial assets, excluding those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset. When a financial asset becomes credit-impaired (and is therefore categorised as 'Stage 3'), the Group calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial asset is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

2.5.7 Fee and commission income

Fee and commission income and expense that are an integral part of the effective interest rate on a financial asset or liability are included in the effective interest rate calculation and treated as part of effective interest (Note 2.5.6). Fee and commission income that is not considered to be an integral part of the effective interest rate on loans to customers and accounted as per IFRS 15.

Fee and commission income is recognised at an amount that reflects the consideration the Group expects to be entitled to in exchange for providing the services. The performance obligations, as well as the timing of their satisfaction, are identified and determined at the inception of the contract. When Multitude provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time.

2.5.8 Fair value and foreign exchange gains and losses

2.5.8.1 ***Recognition of fair value and foreign exchange gains and losses***

Within this line item, the Group reports unrealised and realised foreign exchange gains and losses on the retranslation of monetary items, as well as all gains and losses arising from fluctuations in fair value of derivatives. Gains and losses arising from fluctuations in the value of the derivatives resulting from foreign currency forward contracts.

2.5.8.2 ***Transactions and balances in foreign currencies***

Transactions in foreign currencies are recorded at exchange rates prevailing at the dates of the individual transactions. Monetary assets and liabilities denominated in foreign currency are valued at the exchange rates prevailing at the end of the reporting period.

2.5.9 Personnel expense

Post-employment plans:

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

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

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

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

2.5.11 Income tax expense

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

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

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

Recognition of deferred tax assets is contingent upon the availability of future taxable profit against which unused tax losses, tax credits, and deductible temporary differences can be utilised in the relevant jurisdictions. The realisability of deferred tax assets is assessed at each reporting date, and adjustments are made if circumstances indicate that these assets are no longer probable to be utilised.

Deferred tax liabilities are acknowledged for temporary taxable differences and those arising between the fair value and the tax base of identifiable net assets acquired in business combinations. Additionally, deferred tax liabilities are provided for taxable temporary differences arising from investments in subsidiaries, except when the Group controls the timing of the reversal of the temporary difference, and it is probable that the reversal will not occur in the foreseeable future.

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

Deferred tax assets and liabilities are not subject to discounting. The Group regularly assesses positions taken in tax returns concerning situations where applicable tax regulations are subject to interpretation. Adjustments to the recorded amounts of current and deferred tax assets and liabilities are made when it is considered probable, i.e., more likely than not, that certain tax positions may not be fully sustained upon review by tax authorities. The recorded amounts are based on the most likely amount or the expected value, depending on the method that the Group expects to predict the uncertainty's resolution better.

Deferred tax related to assets and liabilities arising from a single transaction that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences, will require the recognition of deferred tax assets and liabilities in equal amounts. Deferred tax assets and deferred tax liabilities are offset for presentation purposes if, and only if:

a) when there is a legally enforceable right to set off current tax assets against current tax liabilities;

b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period where significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

2.5.12 Cash and cash equivalents

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

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

2.5.13 Derivative financial instruments

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

All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Discounted Cash Flow (DCF) models are used to determine the fair values of over-the-counter derivatives which comprise foreign currency forward contracts. This involves projecting future cash flows, discounting them back to present value using a rate that considers risk factors, and calculating the fair value. Foreign currency forward contracts are valued at market-forward exchange rates. Changes in fair value are measured by comparing these rates with the original contract-forward rate.

The Group does not apply hedge accounting. As a result, realised and unrealised gains and losses arising from changes in fair values of the derivative financial assets and liabilities during the financial period are recognised as fair value and foreign exchange gains and losses in the Group's consolidated statement of profit or loss as described in Note 2.5.8.1.

2.5.14 Financial assets

2.5.14.1 Initial recognition and measurement of financial assets

The Group recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on the settlement date, which is the date on which the Group purchases or sells the asset.

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

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

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

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

2.5.14.2 Classification and subsequent measurement of financial assets

The Group classifies its financial assets as financial assets subsequently measured at amortised cost (carrying amount less expected credit losses), financial assets measured at fair value with changes recognised through other comprehensive income ("FVOCI"), and financial assets measured at fair value with changes recognised through profit and loss ("FVPL"). The appropriate category is selected based on

1. the Group's business model for managing the financial asset and,
2. the contractual cash flow characteristics of the asset.

The Group's business model for managing financial assets is assessed at the portfolio level as this best reflects how the business and financial assets are managed to generate cash flows. Similarly, the Group assesses contractual cash flow characteristics of financial assets at the portfolio level, and where applicable, at the individual product level. There are three business models available:

- **Hold to Collect** - Financial assets held with the objective of collecting contractual cash flows. These financial assets are subsequently measured at amortised cost and are recorded in multiple lines on the Group's consolidated statement of financial position.

- **Hold to Collect and Sell** - Financial assets held with the objective of both collecting contractual cash flows and selling financial assets. They are recorded as financial assets at fair value through other comprehensive income on the Group's consolidated statement of financial position.

- **Other** - Financial assets that do not meet the criteria of either "Hold to Collect" or "Hold to Collect and Sell". They are recorded as financial assets at fair value through profit or loss on the Group's consolidated statement of financial position.

The assessment of the business model requires judgement based on facts and circumstances upon initial recognition. As part of this assessment, the Group considers quantitative factors (e.g., the expected frequency and volume of sales) and qualitative factors such as how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Leadership Team. In addition to taking into consideration the risks that affect the performance of the business model and the financial assets held within that business model, in particular, how those market and credit risks are managed; and how managers of the business are compensated (e.g., whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected). This assessment results in an asset being classified in either a Hold to Collect, Hold to Collect and Sell or Other business model.

If the Group holds a financial asset either in a Hold to Collect or a Hold to Collect and Sell business model, then an assessment at initial recognition to determine whether the contractual cash flows of the financial asset are Solely payments of principal and interest (SPPI) test is required to determine the financial asset classification. Contractual cash flows that are SPPI compliant, are consistent with a basic lending arrangement.

Principal for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). Interest in a basic lending arrangement is consideration for the time value of money and the credit risk associated with the principal amount outstanding during a particular period of time. It can also include consideration for other basic lending risks (e.g., liquidity risk) and costs (e.g., administrative costs) associated with holding the financial asset for a particular period of time; and a profit margin that is consistent with a basic lending arrangement.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

Categories of financial assets include the following:

1. Financial assets measured at amortised cost are debt instruments held within a Hold to Collect business model and for which the contractual cash flows are SPPI compliant. The Group's financial assets measured at amortised cost include loans to customers, cash and cash equivalents, receivables from sold portfolio, receivables from banks, debt investments and other financial assets from third parties. Under this measurement category, the financial asset is measured at fair value at initial recognition. Subsequently the carrying amount is reduced for principal payments, plus or minus the cumulative amortisation using the effective interest method. After initial measurement, the Group determines loss allowances related to financial assets, using the expected credit loss ("ECL") model. The Group's ECL model, inputs, and assumptions are disclosed in Note 3.2. Financial assets measured at amortised cost are recognised on a settlement date basis.

2. Financial assets measured at FVOCI are debt instruments, that are held in a Hold to Collect and Sell business model and for which the contractual cash flows are SPPI compliant or equity instruments that would otherwise be classified as financial assets at FVPL that are irrevocably designated as financial assets at FVOCI at initial recognition. Equity instruments are instruments that meet the definition of equity from the issuer's perspective, that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Financial assets classified as FVOCI are recognised or derecognised on settlement date. This category is expected to have limited usage by the Group and has not been used to date.

3. Financial assets are classified at fair value through profit or loss if they are held in the Other business model because they are either held for trading or because they do not meet the criteria for Hold to Collect or Hold to Collect and Sell. In addition, they include financial assets that meet the criteria for Hold to Collect or Hold to Collect and Sell business model but fail the SPPI test, or where the Group designates the financial assets under the fair value option. The Group's financial assets at FVPL consist of derivative financial assets that are used to hedge the cash flow impact of changes in exchange rates, and as a result, do not fall in either of the preceding categories.

2.5.14.3 Modification of contractual cash flows of financial assets

A modification occurs when there is a change in the contractual cash flows of a financial asset due to modifications or renegotiations to the terms and conditions of the underlying loan agreement with the borrower. These modifications can take different forms, can happen at different stages during the maturity period of the loan.

Taking cognisance of the nature of the modifications granted by the Group (Note 4.2.8), given that the terms are not substantially different, the modification is not expected to result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss if material.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred.

However, the Group would also assess whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount would also be recognised in profit or loss as a gain or loss on derecognition. The new gross carrying amount is recalculated by discounting the modified cash flows at the original EIR (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

2.5.14.4 Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in the consolidated statement of profit or loss.

If an existing financial asset is replaced by another asset from the same counterparty on substantially different terms, or if the terms of the financial asset are substantially modified (due to forbearance measures or otherwise), the existing financial asset is derecognised and a new asset is recognised. Any difference between the respective carrying amounts is recognised in the consolidated statement of profit or loss.

2.5.15 Prepaid expenses and other assets

Prepaid expenses refer to payments made in advance for goods or services that a company will receive in the future. These payments create a right to receive future economic benefits. As such, they are recognised as assets until the related goods or services are consumed or the economic benefits are realised. Once consumed or realised, the prepaid expense is then recognised as an expense in the consolidated statement of profit or loss.

2.5.16 Intangible assets

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

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

After initial recognition, the intangible assets with a finite useful life are carried at cost less accumulated amortisation and impairment losses. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected consumption pattern of future economic benefits embodied in the asset can lead to a modification of the amortisation period or method. Such modifications are treated as changes in accounting estimates.

Finite intangible assets are amortised using the straight-line method, which is considered to reflect best the pattern in which the asset's future economic benefits are expected to be consumed, over their useful economic lives as follows:

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

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

2.5.17 Leases

The Group's lease agreements primarily relate to leases of office buildings and equipment. At contract inception, the Group assesses whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration and, accordingly, recognises a right-of-use asset and a lease liability for all leases with a lease term exceeding 12 months. The commencement date is when the lessor makes the underlying leased asset available for use by the Group. The Group companies generally enter into lease contracts that have a lease term varying between 1 and 5 years with a prolongation option of a similar range. The Group companies make assumptions on expected lease term that include prolongation option (Note 3.5).

The Group applies the practical expedient whereby leases for which the lease term is 12 months or less at the lease commencement date (short-term leases) are not recognised in its consolidated statement of financial position. Instead, the Group recognises the lease payments associated with short-term leases as an operating expense on a straight-line basis over the lease term. At the same time, the Group recognises lease payments as an operating expense in the case of leases for which the underlying asset is of low value. Other payments for non-lease components (e.g., property taxes, insurance payments and property service costs), are recognised as an expense when incurred.

Right-of-use asset:

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

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

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

The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options, including extension periods of open-ended contracts. The Group reassesses whether it is reasonably certain to exercise the options and extension periods if there is a significant event or significant changes in circumstances within its control.

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

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

Incremental borrowing rate:
The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. This rate is calculated at the beginning of the lease and is unique for every Group company - lessee (Note 3.6).

2.5.18 Property, plant and equipment

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

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

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

Office renovations:	3 – 8 years
Furnitures, fittings, and equipment:	3 – 8 years

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

Gain or loss on disposal is determined as the difference between the net disposal proceeds and the carrying amount. The gain or loss from disposal is recognised in other expense line item in the consolidated statement of profit or loss.

2.5.19 Financial liabilities

2.5.19.1 Initial recognition and measurement of financial liabilities

The Group recognises a financial liability on its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Group generally recognises financial liabilities on initial measurement at their fair value including transaction costs, and subsequently measures them at amortised cost using the effective interest method, with resulting interest expense recognised as an interest expense in the consolidated statement of profit or loss, except for financial liabilities at FVPL, which are initially measured at fair value, excluding directly attributable transaction costs, and after that are carried at fair value, with changes in fair value recognised through profit or loss. The Group's financial liabilities at FVPL consist of derivative financial liabilities used to hedge the cash flow impact of changes in exchange rates.

At initial recognition, the Group assesses whether an issued debt instrument should be classified as an equity instrument. The Group considers all relevant contractual terms to determine whether the instrument does not include a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or liabilities with another entity under conditions that are potentially unfavourable to the Group. In applying these criteria, the Group considers that discretionary payments of the principal amount, or any interests thereon, to the holders of the issued instrument do not constitute a contractual obligation and hence are recognised as movement in equity.

2.5.19.2 Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives; and
- Loan commitments.

The Group generally classifies all its issued debt securities as financial liabilities subsequently measured at amortised cost. The Group's financial liabilities measured at amortised cost consist of debt securities, deposits from customers, lease liabilities, and other liabilities that will be extinguished through cash payments.

2.5.19.3 Modification of financial liabilities

When the modification of the terms of an existing financial liability is not judged to be substantial and, consequently, does not result in derecognition, the amortised cost of the financial liability is recalculated by computing the present value of estimated future contractual cash flows that are discounted at the financial liability's original EIR. Any resulting difference is recognised immediately in profit or loss.

2.5.19.4 Derecognition of financial liabilities

The Group derecognises a financial liability, or portion of a financial liability, when its contractual obligations that comprise the financial liability are discharged, cancelled or expired.

An exchange between the Group and the lender of debt instruments with substantially different terms is the extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability, or a part of an existing financial liability, is accounted for as an extinguishment of the original financial liability and the recognition of a new one. The terms of a financial liability are considered substantially different if the discounted present value of the cash flows under the new terms is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

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

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

2.5.20 Provisions, accruals and other liabilities

The Group recognises a non-financial liability when there are existing contractual obligations or when it can identify an event that will likely lead to contractual obligations in the future, accompanied by a probable economic outflow. Multitude recognises provisions when the following criteria are met:

1. Present obligation: There must be a present obligation (legal or constructive) as a result of past events;

2. Probable outflow of resources: It is probable (more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation;

3. Reliable estimate: The amount recognised as a provision should represent the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Provisions are reviewed at each reporting date, and adjustments are made to reflect the current best estimate. The provision is reversed if it is no longer probable that an outflow of resources will be required to settle the obligation. If the estimate of the provision changes, and it is still probable that an outflow of resources is needed, the change is accounted for as a change in accounting estimate.

Other liabilities comprise obligations to pay for goods or services that have been acquired in the ordinary course of business. Other liabilities are recognised initially at fair value and measured subsequently at amortised cost using the EIR.

2.5.21 Equity

2.5.21.1 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. The difference between the share par value and the fair value of considerations received in exchange for such shares are accounted for as additional paid-in capital.

2.5.21.2 Treasury shares
The Group recognises its equity instruments that are acquired (treasury shares) as a reduction of equity at the cost of acquisition. When cancelled or reissued, the acquisition cost of treasury shares is recognised in retained earnings or other distributable equity reserves.

2.5.21.3 Perpetual bonds
The carrying amount of perpetual bonds issued by the Group, classified as an equity instrument, is presented as part of the equity in the consolidated statement of financial position. Transaction costs, interest payments, and principal repayments are deducted directly from retained earnings, net of tax. The nominal amount of the bonds is presented as separate line item within equity in the consolidated statement of financial position. In case of a full or partial redemption of perpetual bonds any premium or discount is also recognised in the retained earnings while nominal amount of redeemed bonds is deducted from the separate line (perpetual bonds) in the consolidated statement of financial position.

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

2.5.21.5 Dividends
The Group declares and pays dividends based on the shareholders' approval at the Annual General Meetings. Dividends are recognised as a liability and as a reduction of equity in the period they are approved. Dividends are measured at the amount of the distribution to shareholders.

2.5.22 Contingent assets and contingent liabilities
The Group discloses contingent assets and contingent liabilities such as commitments, guarantees, pledges, and other items that do not meet the recognition criteria for an asset or a liability to the extent that the amount can be measured reliably and that upon meeting such measurement criteria. The Group does not disclose contingent assets and contingent liabilities wherein the probability of the occurrence or non-occurrence of one or more uncertain future events that can confirm the existence of the underlying asset or liability is considered remote.

At each reporting period, the Group performs a continuous assessment and monitoring of whether underlying events and circumstances give rise to assets and liabilities that require disclosure and recognition in its consolidated statement of financial position.

2.5.23 Offsetting financial instruments
Financial assets and financial liabilities are generally reported gross in the consolidated statement of financial position, except when certain criteria are met. Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if the key conditions are met. The key conditions for offsetting financial instruments include:

1. Intent and ability to settle net: There must be a current intention and ability to settle the financial instruments on a net basis. This means that the entity intends to settle the amounts due or realise the assets and settle the liabilities simultaneously.

2. Legal right to settle net: There must be a legally enforceable right to set off the recognised amounts. This often involves a legal agreement between the parties involved that explicitly permits net settlement.

3. Right to settle on a net basis: The right to set off must apply to the financial instruments individually or in combination with others and must be exercisable in the normal course of business, not just in the event of default or liquidation.

4. Same counterparty: The financial instruments must be with the same counterparty or with a group of counterparties in a master netting arrangement.

5. Close link between the instruments: There should be a close link between the financial assets and financial liabilities, such as those arising from a master netting arrangement or a similar agreement.

Other instruments are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the Group also intends to settle on a net basis in all the following circumstances:

1. The ordinary course of business.

2. The event of voluntary liquidation of any Group company.

3. The event of insolvency or bankruptcy of any Group company and/or its counterparties.

2.5.24 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest, by using quoted market rates, discounted cash flow analyses and other appropriate valuation models. The Group uses valuation techniques that are appropriate, depending on circumstances and for which sufficient data is available to measure fair value, while maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

The Group categorises assets and liabilities that are measured at fair value regularly into an appropriate level of the fair value hierarchy at the end of each reporting period as presented in Notes 15 and 20 for financial assets and liabilities, respectively.

2.5.25 Impairment of non-financial assets

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

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

2.5.26 Subsequent events

The Group monitors subsequent events or transactions occurring after the end of the reporting period but before its consolidated financial statements are authorised for issue. The Group assesses whether each subsequent event:

- provides evidence of conditions that existed at the end of the reporting period;

- constitutes an adjusting event, or whether such subsequent events are indicative of conditions that arose after the reporting period;

- constitutes a non-adjusting event.

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

Significant adjusting subsequent events require quantitative adjustment to the financial statements while significant non-adjusting subsequent events require qualitative disclosure. Significant subsequent events are reported in the consolidated financial statements if they occur after 31 December 2023 and before 27 March 2024, when Multitude's Board of Directors authorises the consolidated financial statements (Note 27).

3. Significant accounting judgements, estimates and assumptions

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

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

The accounting matters presented in this Note are determined to involve difficult, subjective or complex judgements or are considered as key sources of estimation uncertainty that are applied by the Group in 2023.

3.1 Impact of climate risk on accounting judgements and estimates

The Leadership Team has considered the impact of climate-related risks on Multitude's financial position and performance. While the effects of climate change are a source of uncertainty, the Leadership Team did not consider there to be a material impact on the critical judgements and estimates from the physical, transition and other climate-related risks in the short to medium term.

3.2 ECL model, inputs, and assumptions

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

A number of significant judgements are required by the Leadership Team in the measurement of

ECL, such as:

- Determining criteria for significant increase in credit risk (refer to Note 4.2.5.1);
- Determining definition of default (refer to Note 4.2.5.2);
- Choosing appropriate models and assumptions for the measurement of ECL (refer to Note 4.2.5.3);
- Determining the value of the recoverable value of loans to customers, including the ability of the Group to sell credit portfolios as at a predetermined price in the future (refer to Note 4.2.5.3); and
- Establishing the number and relative weightings of forward-looking scenarios and associated ECL (refer to Note 4.2.5.4).
- The most significant areas of estimation uncertainty in the measurement of ECL relate to:
- Estimating the inputs in the ECL model (refer to Note 4.2.5.3);
- Application of weightings to different macroeconomic assumptions (refer to Notes 4.2.5.4 and 4.2.5.5).

3.3. Recoverability of deferred tax assets

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

3.4. Provisions and other contingent liabilities

The Group operates within a regulatory and legal framework inherently characterised by a heightened risk of litigation, inherent to its operations. Consequently, the Group is engaged in various litigation, arbitration, and regulatory investigations and proceedings, in Finland and other jurisdictions, arising in the ordinary course of the Group's business.

Provisions are recorded for specific cases when the Group can reliably measure the outflow of economic benefits and deems such outflows probable. Contingent liability is disclosed in instances where the probability of outflow is considered not probable or it is probable but a reliable estimate cannot be determined.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates. For further details on provisions and other contingencies see Notes 20 and 24.

3.5. Determination of the lease term for lease contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. This applies also for open-ended lease contracts.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

3.6. Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the interest rate that the Group company - lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group company - lessee estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments (such as the subsidiary's stand-alone credit rating, or to reflect the terms and conditions of the lease).

3.7. Fair value of rewards shares

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

3.8. Investment in associates

The Group has determined that, despite holding less than 20% of the voting rights in Sortter Oy, the Group exercises significant influence over Sortter Oy, as a main financier. This influence arises mainly from a material transaction (a substantial corporate loan extended to Sortter Oy), a right to impact decisions about dividend distribution and oversee the development of investee's financial results. The loan is classified as part of other financial assets in Multitude's consolidated statement of financial position. This loan constitutes a major portion of Sortter's liabilities, thereby exerting a significant impact on Sortter's financing policy as managed by its leadership. It has also been concluded that such investment is not material to the Group and will be disclosed in aggregate amount of its share in profit or loss, other comprehensive income and total comprehensive income.

3.9. Modification of financial assets

The Group includes certain clauses in the terms and conditions of loan products which impact the amount and timing of interest income. Such clauses allow customers to request adjustments of repayment schedules (Note 4.2.8). Such adjustments are considered by Multitude to be part of modifications to the loan repayment schedule and hence are the source of critical accounting estimates due to uncertainty in timing of interest recognistion. These modifications relate to extensions of payment terms or rescheduling.

Multitude applies the average historical lifetime of its loan products to evaluate the impact of allowed modifications on the interest income at the inception of loans. The lifetime of loans is reassessed by the Group at a territory level based on more recent borrower behaviour patterns on a periodic basis. Such modifications are included in the estimation of effective interest rates and expected credit losses.

4. Financial risk management

4.1 Financial risk factors

The Group’s activities expose the Group to various financial risks, including credit risk, market risk and liquidity risk. The Group’s aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

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

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

The Board may delegate any of its powers to a committee. The Board establishes committees to focus on specific risk areas and issues and consider certain issues and functions in greater detail. These committees may only act in accordance with the powers and responsibilities delegated to them by the Board. In this regard, the extent to which the committee is empowered to make decisions is carefully defined. The members of a committee must be sufficiently qualified to perform the responsibilities of such committee.

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

The Group’s Audit Committee is established to ensure the proper functioning of corporate governance, in particular the overseeing of the accounting and financial reporting, the Group's internal control systems and work of external auditors.

The Board has delegated to the Risk Committee its oversight responsibilities of the Risk Management function of the Group. The main duties of the Risk Committee include:

1. to oversee the policy and framework for all risks to which the Group may be exposed;

2. to develop and monitor a risk management system across all business units of the Group, including a risk appetite framework, and to ensure the effective implementation of all risk policies;

3. to ensure that all risk controls operating throughout the Group are in accordance with regulatory requirements (including Multitude Bank as a regulated entity) and best practice, and for advising the Group on the coordination and prioritisation of risk management issues.

The task of the Group's People and Culture Committee is to ensure the proper functioning of corporate governance, in particular, to ensure the efficient preparation of matters pertaining to the remuneration of the members of the Board, the CEO and other executives of the Group as well as the remuneration schemes of the personnel.

Furthermore, Multitude Bank's governance structure comprises three Board Committees, namely the Audit Committee, the Risk Committee and the People and Culture Committee, as well as four Management Committees, namely the Executive Committee (EXCO), Asset Liability Management Committee (ALCO), the Credit Committee and the Reserving Committee.

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

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

The Bank's Risk Committee is responsible:

- for overseeing the policy and framework for all banking and operational risks;

- for developing and overseeing the risk management framework including the Bank's risk appetite and tolerance levels;

- for ensuring the ongoing execution of all risk policies; and

- for ensuring that all risk controls are operating throughout the Bank by regulatory requirements and best practices.

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

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

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

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

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

4.2 Credit risk

4.2.1 Introduction

The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Group by failing to discharge an obligation.

Credit risk is the most important risk for the Group's business and; accordingly the Group carefully manages its exposure to this risk. Credit exposure arises principally through the Group's lending activities in various European countries, together with the placement of liquidity with banks.

The Group is also exposed to credit risk arising from its exposure to debt investments. The investments reflect the Group's acquisition of secured bonds. Such bonds are principally secured by loan portfolios which are pledged in favour of the Group and are subject to a number of covenants including predetermined ratios of ageing portfolios and advance rates. Such covenants are monitored on a regular basis by Group's Risk Management function. Moreover, the Group also has additional collateral in the form of cash deposited in its accounts and/or pledged financial instruments in its favour in respect of each investment.

4.2.2 Credit risk management

In 2023, the COVID-19 pandemic's influence, which had been dominant in preceding financial years, diminished. Economic recovery across the various regions where the Group operates approached pre-pandemic levels seen in early 2020. However, heightened economic uncertainty returned in 2023 due to geopolitical developments stemming from military conflicts between Russia and Ukraine since February 2022, and Israel and Palestine since September 2023. These events globally increased inflationary pressures, leading Central Banks like the European Central Bank to implement specific monetary policy measures, notably raising interest rates, to regulate demand and mitigate inflation. In response, several governments implemented varying levels of fiscal measures to mitigate prices and support their economies, particularly addressing energy price volatility. This new economic landscape brought about increased uncertainties affecting disposable incomes of households, individuals, and SMEs across different European territories, representing the Group's customer base.

The Group engages in a process of macroeconomic forecasting and modelling to assess how the Group's different geographical portfolios are affected by current and future economic developments. The model considers the equivalent of a 'Macro Exposure Score' to each country by factoring several parameters, including actual payment behaviour trends, inflation, other macro indicators and government aid. Based on the assessments of the outcomes of the modelling process, the Group may execute strategic decisions to tighten lending in certain markets where the model indicates unfavourable expectations. This process further assists the Group to monitor its customer payment behaviour in different territories and enables agile action where circumstances necessitated the tightening or loosening of underwriting scorecards accordingly.

Loans to customers
The Group's lending activities comprise the granting of unsecured short-term micro-credit facilities, medium-term and long-term credit products with instalment repayment features, and revolving credit facilities to individual customers and SMEs in specific European jurisdictions. All loans to customers are granted on the basis of the outcome of the scoring model, depending on the loan type, and the rules embedded within the credit policy. Each lending transaction and the related agreement are determined on the strength of an individual credit decision.

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

The scorecards are reviewed on an ongoing basis by the Leadership Team and updated according to market trends, political circumstances in the particular jurisdiction, legislative and economic changes.

Expected credit loss (ECL) allowances are calculated in respect of the Group's short-term micro-credit facilities, other medium-term and long-term credit products with instalment repayment features and revolving credit facilities at a collective portfolio level, as according to loan type, the portfolios consist of a large pool of homogeneous loans which by nature cannot be considered individually significant. The model considers the equivalent of a 'Macro Exposure Score' to each country by factoring several parameters, including actual payment behaviour trends, inflation, other macro indicators and government aid. Based on the assessments of the outcomes of the modelling process, the Group may execute strategic decisions to tighten lending in certain markets where the model indicates unfavourable expectations. The Group's ECL methodology is set out in detail in Note 4.2.5 below.

The Group has a formal rigorous debt collection process that provides for the way the Group deals with past due loans to customers. This process is supported by procedures for use within the operations in the respective territories. The procedures highlight the prescribed actions, channels and mechanisms utilised to follow up on outstanding exposures indicating the precise point in time at which the respective actions are taken and allocating roles and responsibilities in this respect.

These procedures also focus on the extent to which collection activities are carried out by the Group and the stage or phase at which external collection companies are utilised.

The Group also enters into sale arrangements with third parties for the transfer of outstanding balances in respect of certain credit products granted in specific territories once such balances reach pre-established trigger points in terms of days past due. Such transfers take place at pre-established levels of consideration. These arrangements constitute an intrinsic part of the Group's management of past due and non-performing assets.

Debt investments

The debt investments represent the acquisition by the Group of secured bonds issued by corporate entities. These investments are evaluated and assessed at inception in order to determine the credit quality of the investment and potential credit risks that may arise. Moreover, on an ongoing basis, the Group actively monitors respective credit risk related clauses that have been agreed to in order to ensure that these are still being adhered to. These investments are principally secured by a number of loan portfolios which are pledged in favour of the Group, and are subject to a number of covenants including inter alia predetermined ratios of ageing portfolios and advance rates. Such covenants are monitored on a regular basis by management. Moreover, the Group also has additional collateral in the form of cash deposited in its accounts or pledged financial instruments in its favour in respect of each investment. Additionally, the debt investments encompass several clauses and covenants to reduce the credit risk in relation to such investments.

Cash and cash equivalents

The majority of the Group's cash is held with Central Banks. Other than cash held with Central Banks, the Group's excess liquidity is deposited with a large number of credit and financial institutions.

Other financial assets

The Group also holds loans to related parties and receivables from sold portfolios.

4.2.3 Credit risk measurement

Loans to customers

The Group uses internal credit risk gradings (Note 4.2.5) to reflect its assessment of the probability of default of individual counterparties. The Group's credit grading and monitoring systems are also in place to react to any early identification and management of deterioration in loan quality. Internal credit risk gradings is based on payment behaviour of the borrower. The Group monitors the payment behaviour of its clients and other key risk indicators at portfolio level and at cohort level. The latter is regarded as an important metric as it tracks the behaviour of recent loans granted. At onboarding stage, any known information about a borrower which impacts their creditworthiness, such as unemployment and previous delinquency history, is assessed during the initial credit assessment. After the date of initial recognition, for consumer lending facilities, the payment behaviour of borrowers is monitored on an ongoing basis at a collective portfolio level.

Debt investments

The Group's Risk Management team evaluates and assesses these investments at inception in order to determine the credit quality of the investment and the potential credit risks that may arise. Moreover, on an ongoing basis, the Group actively monitors the applicable covenants to ensure that these are still being adhered to.

The Group also conducts periodical assessments to the respective collateral, in order to assess whether the Group should account for expected credit losses. Such assessments are based on the credit information supplied by the bond issuers. In order for its ECL methodology to represent an appropriate estimation of its credit risk emanating from said investments, the Group independently assesses the ECL on each credit portfolio pledged as collateral by the bond issuer.

The Group, on a selective basis, also elects to enforce specific rights arising from the contractual investment arrangements in place with the counterparties and through the engagement of external independent auditors obtains assurance reports in connection to specific credit and financial information supplied by the counterparties, on the basis of which the requirement for expected credit losses is calculated. All debt investments of the Group are held by the Bank and monitored by respective Bank's Credit and Risk Committees.

Cash and cash equivalents

Cash and cash equivalents include Balances with Central Bank of Malta, Central Bank of Sweden, Central Bank of Czechia and Central Bank of Lithuania and balances with other banks. The Group uses external risk grades to reflect its assessment of the probability of default of individual counterparties. These published grades are continuously monitored and updated. The PDs associated with each grade are determined based on realised default rates over the prior 12 months, as published by rating agencies. In determining the probability of default of individual counterparties, the Group distinguishes between exposures considered 'investment-grade' defined by recognised external rating agencies as a rating between AAA-BBB- (Standard & Poor's, Fitch) and Aaa-Baa3 (Moody's), and 'non-investment grade' exposures. Credit risk in cash and cash equivalents of Multitude Bank is also mitigated through limits set in the Bank's treasury management policy and in accordance with large exposure limits set in the CRR respectively.

Other financial assets

The Group uses external risk grades to reflect its assessment of the probability of default of individual counterparties included in other financial assets. These published grades are continuously monitored and updated. The PDs associated with each grade are determined based on realised default rates over the prior 12 months, as published by rating agencies. Other financial assets of Multitude Bank are assessed in line with large exposure limits set in the Capital Requirements Regulation (CRR).

4.2.4 Categorisation of loans to customers for ECL measurement

The Group's expected credit loss allowances on loans to customers are modelled on a collective basis. As a result, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group of financial assets are homogenous. In performing this grouping, the Group ensures that there is sufficient information for the group of financial assets to be statistically credible. In this respect, Multitude considers the following categories for ECL measurement of loans to customers, split in business units as follows as managed by respective Leadership Team members:

Ferratum business unit:

I. Micro-credit portfolios which are subject to bullet repayment (includes Micro Loan);

II. Credit portfolios with instalment repayment and revolving credit facilities (includes Plus Loan and Credit Limit Product);

SweepBank business unit:

I. Credit portfolios with instalment repayment and revolving credit facilities (includes Credit Card);

II. Other amortising, long-term credit products with instalment repayment (includes Prime Loan);

Capital Box business unit:

I. Secured long-term credit products subject to bullet repayment (includes Secured Loan);

II. Unsecured credit portfolios with instalment repayment (includes Instalment Loan, Credit Line, Purchase Financing (BNPL)).

As at 31 December 2023, the Group's loans to customers include exposures to a few corporate entities which in the view of their significance are assessed individually.

4.2.5 Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

I. A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.

II. If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Please refer to Note 4.2.5.1 for a description of how the Group determines when a significant increase in credit risk has occurred.

III. If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Please refer to Note 4.2.5.2 for a description of how the Group defines credit-impaired and default.

IV. Financial instruments in 'Stage 1' have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in 'Stages 2 or 3' have their ECL measured based on expected credit losses on a lifetime basis. Please refer to Note 4.2.5.3 for a description of inputs, assumptions and estimation techniques used in measuring the ECL.

V. A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information. Note 4.2.5.4 includes an explanation of how the Group incorporates this in its ECL models.

VI. Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis.

The following diagram summarises the impairment requirements under IFRS 9:

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired financial assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

The expected credit loss requirements apply to financial assets measured at amortised cost and certain loan commitments. At initial recognition, an impairment allowance (or provision in the case of commitments) is required for ECL resulting from default events that are possible within the next 12 months ("12-month ECL"). In the event of a significant increase in credit risk, an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ("lifetime ECL"). In line with the 'three stage' model described above, financial assets where 12-month ECL is recognised are considered 'Stage 1'. Financial assets which are considered to have experienced a significant increase in credit risk would be classified as 'Stage 2' and financial assets for which there is objective evidence of impairment, thus considered to be in default or otherwise credit-impaired, would be classified as 'Stage 3'.

4.2.5.1 Significant increase in credit risk

To determine whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information. Such analysis is based on the Group's historical experience, credit assessment and forward-looking information.

Loans to customers

The consumer lending exposures of Multitude are not managed on a credit-by-credit basis due to the high volume of relatively low value and homogeneous exposures. As a result, it is not feasible to include qualitative information based on an expert credit assessment performed on an individual credit basis. On this basis, the Group adopts a retail portfolio methodology which takes into account the nature of the consumer lending exposures and the underlying credit risk management practices of the Group.

The consumer lending portfolio comprises of credit facilities with bullet repayment or instalment loan characteristics and revolving credit facilities. Given how such retail facilities are originated and managed for internal risk management purposes, consumer loans within a particular segment are expected to have similar credit risk characteristics.

As a result, for loans to customers, which are managed on a portfolio basis for credit risk purposes, the Group measures a significant increase in credit risk based on a quantitative assessment driven by the delinquency status of borrowers (days past due). The Group presumptively considers that a significant increase in credit risk occurs when an asset is more than 30 days past due, in line with the backstop indicator established under IFRS 9. Multitude determines days past due by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

For the financial year 2023, the Group assessed all the different portfolios of loans to customers by product and by country to determine whether a significant increase in credit risk was observed. The assessment is conducted by analysing the rate of default in the 1-30 days past due ageing buckets in each portfolio. When the Group identifies a significant increase in credit risk in any of the portfolios, it shifts the calculation of ECL of the respective ageing bucket from 12-month to lifetime as required by IFRS 9.

Debt investments
In relation to debt investments, a significant increase in credit risk is deemed to arise, if the counterparty's credit rating experiences specific downgrades from the initial rating determined at inception of the investment or if there is a breach of covenants which are deemed to be 'major' by the Group. The Risk Management function evaluates and assesses these investments at inception in order to determine the credit quality of the investment and potential credit risks that may arise. Moreover, on an ongoing basis, the Group actively monitors respective credit risk related clauses that have been agreed to in order to ensure that these are still being adhered to. The Group also conducts periodical assessments in relation to the respective portfolio, in order to assess how much it should provide for the expected credit losses. In order for its ECL methodology to represent an appropriate estimation of its credit risk emanating from said investments, the Group assesses the ECL on each investment separately.

Cash and cash equivalents
In relation to cash and cash equivalents, the Group applies low credit risk simplification and does not measure SICR unless there is a significant decrease in independent credit ratings given to Central Banks and other banks.

Other financial assets
In the case of other financial assets, the Group applies low credit risk simplification to all its exposures considered 'investment-grade', thus they are not subject to the SICR assessment. Moving from 'investment-grade' to 'non-investment grade' does not automatically mean that there has been a SICR.

4.2.5.2 Definition of default and credit-impaired assets
The Group's assessment to determine the extent of increase in credit risk of a financial instrument since initial recognition is performed by considering the change in the risk of default occurring over the remaining life of the financial instrument.

IFRS 9 does not specifically define default but requires it to be applied on a consistent basis with internal credit risk management practice for the relevant instruments and requires consideration of qualitative factors where appropriate.

For the absolute majority of consumer loans, default occurs when the exposure exceeds 90 days past due, except for Micro Loans in Germany for which default occurs when the exposures exceed 60 days past due. For corporate clients, default occurs when the exposures exceeds 90 days past due.

In addition, IFRS 9 also introduces a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging criterion is appropriate. In this respect, the Group generally defines a financial instrument as in default (credit impaired and in Stage 3 for impairment purposes), when the borrower is more than 90 days past due on any material credit obligation to the Group.

During 2023, the Group has further aligned the definition of default on a number of products in specific territories from 60 to 90 days in line with internal risk management practices and analysis of the pay back rates arising on such portfolio.

Moreover, in accordance with EBA guidelines, the Group factors in observable events which may indicate Unlikeliness-To-Pay ('UTP') which also constitute default. Through this process, the Group assesses developments occurring at the level of the individual debtor. The UTP criteria adopted by Multitude are the following:

- Suspected Fraud - UTP is triggered if a loan has been identified as possible fraud in the fraud management tool;

- Insolvency - UTP is triggered if a customer has notified the Multitude Group of insolvency, through either collection tool or debt manager systems; and

- Death - UTP is triggered if the Group has been notified of death, through either collection tool or debt manager systems.

The UTP assessment enhances the ECL methodology through the application of a loan-by-loan focus with a view to determine on the basis of qualitative factors, and before the hard days past due criterion is met, whether a customer's credit risk has deteriorated to a level which is indicative of default.

The definitions of credit-impaired and default are aligned so that Stage 3 represents all loans which are considered defaulted or credit-impaired. Whenever the Group enters into a forward sale agreement with a third party, the definition of default is usually aligned with the contractual days past due under such agreement.

The default definition has been applied consistently to model the PD, EAD and LGD throughout the Group's expected loss calculations.

In addition to the above, Multitude has an Arrears Management Policy to direct its credit portfolio management strategy in certain territories with a view to improve its debt collection capabilities in respect of overdue loan facilities. In achieving this strategy, the Group prescribes four stages,

(I) early collection stage,
(II) late collection stage carried out through third party management and debt collection agencies,

(III) legal collections, and
(IV) debt sales.

The Group also seeks to extend its debt collection period with customers in order to increase recoveries from loan repayments prior to termination of loan contracts. Additionally, the Group negotiates forward sale agreements with third parties to conduct regular sales of overdue loan facilities subsequent to a greater level of ageing that is sufficient to enable Multitude to perform its internal debt collection procedures for a sufficiently extended period prior to sale. Subsequent to the aforementioned portfolio management strategies being implemented, the Group assesses the impact, if any, on the definition of default that it uses in estimating IFRS 9 expected credit losses in the respective territories.

The Group considers other financial assets and cash and cash equivalents to be in default when a payment due (including a coupon payment) is not completed. In relation to debt investments, an event of default is also triggered in scenarios when the investment covenants are not met.

4.2.5.3 Measuring ECL - Explanation of inputs, assumptions and estimation techniques
The Group calculates expected credit losses (ECL) as a function of the estimated exposure of default (EAD), probability of default (PD), loss given default (LGD), and discounting using the effective interest rate (EIR). The ECL is measured on either a 12-month or on a lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired.

Loans to customers
The ECL for loans to customers are determined by projecting the PD, EAD and LGD at a collective portfolio level as allowable under IFRS 9 in the case of retail portfolios comprising individually insignificant exposures that are homogenous in nature. These three components are multiplied together effectively calculating the forward-looking ECL, which is then discounted back to the reporting date. The discount rate used in the ECL calculation is the actual effective interest rate or an approximation thereof.

The 12-month ECL is calculated by multiplying the 12-month PD, LGD, and EAD. Lifetime ECL is calculated on a similar basis for the residual life of the exposure.

The PD, EAD and LGD parameters are derived from internally developed statistical models and other historical data, adjusted to reflect forward-looking information as described below in this Note.

The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

In the case of micro lending facilities with bullet repayment characteristics, the Group utilises roll-rate methodology in order to estimate its PDs. This methodology employs statistical analysis of historical data and experience of delinquency and default to estimate the amount of loans that will eventually be written off as unrecoverable. This methodology is applied at territory or country level with adaptations to reflect the different nature of the respective markets in which the Group operates. Under this methodology, loans are grouped into ranges according to the number of days past due and statistical analysis is used to estimate the likelihood that loans in each range will progress through the various stages of delinquency, and ultimately prove irrecoverable.

In the case of credit facilities with characteristics of instalment loans or revolving facilities, the Group utilises curve-stitching methodology in order to estimate its PDs. Under this approach, an analysis of historical default data is carried out in order to estimate cumulative monthly loss rates at various snapshot dates. Subsequently, statistical analysis is employed in order to combine curves with different historical performance windows into a single PD curve over the expected lifetime of the micro-credit exposures. This methodology is also applied at territory or country level in order to incorporate adaptations to reflect the nature of the different markets in which the Group operates. Under this approach, loans are also grouped into ranges according to the number of days past due, with an individual lifetime PD curve being calculated for each range.

For Micro Loans, the Group utilises a roll-rate methodology at the country level, which employs statistical analysis of historical data and experience of delinquency to estimate the number of loans that are expected to reach default status as a result of events which the Group is not able to identify on an individual loan basis. Under this methodology, loans are grouped into buckets according to the number of days past due ("DPD buckets"). Statistical analysis (Markov Model) is used to estimate the likelihood that loans in each bucket will progress through the various stages of delinquency until default status is achieved. For the absolute majority of consumer loans, default occurs when the exposure exceeds 90 days past due.

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

EAD is based on the amounts Multitude expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). EAD represents the expected exposure in the event of a default (including any expected drawdowns of committed facilities).

The 12-month and lifetime EADs are determined based on the total balance of receivable at the reporting date, taking into account the total amount receivable from borrowers inclusive of principal, interest and fees that are accounted for as part of the effective interest rate. This is deemed an adequate representation of the expected balance at default in the case of the Multitude's credit facilities given that the Group models its ECLs on a collective portfolio level with the modelling of the EAD for each future month on an individual loan-by-loan basis not being deemed practical. Additionally, in the case of revolving credit facilities the Group also factors in expected drawdowns of committed facilities.

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

On the other hand, Plus Loans, Prime Loans and SME loans are typically subject to a monthly repayment schedule expected to impact EAD at different points in time throughout the residual life of such facilities. Similarly, the Group charges daily interest on outstanding balances in relation to Credit Limit facilities and Credit Cards, and collects monthly minimum repayments, which ultimately impacts EAD.

However, because Plus Loans, Prime Loans, SME loans, Credit Limit facilities, and Credit Cards typically have high volumes and low values individually, the Group opts not to calculate the amortisation profile to estimate the EAD across various points in time throughout the remaining lifespan of these facilities. Instead, the Group deems the gross balance of its outstanding loans to customers at the reporting date, which includes both principal and accrued interest, to be a reasonable approximation of the EAD for these facilities.

The LGD represents the Group's expectation of the extent of loss on a defaulted exposure. Hence, the LGD represents expected credit losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral values (if any) at the time it is expected to be realised and the time value of money. The LGD is determined based on the factors which impact the recoveries made post default.

Given that its credit facilities are generally unsecured in nature, the Group estimates LGD parameters based on the history of recovery rates in respect of claims against defaulted customers, which rates are highly impacted by collective debt recovery strategies. Moreover, the Group's LGDs comprise the effects of the Multitude's ability to dispose of overdue loans originated in specific territories to other parties at pre-established prices, that are dependent on the credit quality or ageing of the loans. Estimated LGDs are also impacted by historical one-off portfolio sales and the expected future uncontracted portfolio sales activity. Recoveries from loan portfolio sales are calculated on a discounted cash flow basis using the contractual interest rate as the discounting factor.

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

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

The ECL is measured from the initial recognition of the financial asset. The maximum period considered when measuring ECL (be it 12-month or lifetime ECL) is the maximum contractual period over which Multitude is exposed to credit risk. With respect to non-revolving credit facilities, the contractual life of the facility is considered. In the case of revolving credit facilities, provided that such facilities do not have a fixed term or repayment structure, the Group defines the lifetime of such exposures as 24 months in line with observed borrower behaviour in the respective territories. The lifetime of revolving credit facilities is re-assessed by the Group at a territory level based on more recent borrower behaviour patterns on a periodic basis.

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

The Group discounts the recoverable amount of loans to customers, which represents the future cash flows expected to be received from loan sales and loan repayment recoveries using the original EIR of the product for the applicable discount period. In the case of forward sales, a time-to-sell period of 12 months is assumed, whereas repayment recoveries are discounted monthly based on the month of occurrence.

Debt investments
In relation to debt investments, the Group also conducts periodical assessments in relation to the respective underlying collateral, in order to assess whether the Group should account for expected credit losses. In order for its ECL methodology to represent an appropriate estimation of its credit risk emanating from said exposures, the Group assesses the ECL on each exposure separately. Consistent with regulatory and industry best practices, the Group's ECL calculations are based on PD, EAD and LGD.

The PD of the entity is derived through an internal credit rating on the counterparty which is determined using an internal model that the Bank developed, from information obtained by external credit bureaus or other proxies as applicable. In the absence of sufficient internal historical default data, in order to estimate PDs, the Group makes reference to external publicly available information published by S&P Global Ratings in the case of exposures to corporate entities.

Debt investments are typically subject to bullet repayments upon maturity with only interest (coupon) payments being paid separately throughout the useful life of the financial assets. Thus, assuming no interest payments are in arrears, the EAD equates to the investment itself.

The LGD is derived based on the loss arising on default when comparing the initial investment and the expected recoverability of the collateral. On the other hand, in estimating LGD for debt investments, the Group refers to the historical corporate debt recovery rates for senior unsecured bond issuers published by Moody's. In this regard, the Group assumes that its LGD is represented by the inverse of the corporate and sovereign recovery rates published by Moody's. More specifically, the Group utilises the recovery measure provided by Moody's which is based on ultimate recoveries, or the value creditors realise at the resolution of a default event. For example, for issuers filing for bankruptcy, the ultimate recovery is the present value of the cash and/or securities that the creditors actually receive when the issuer exits bankruptcy, typically one to two years following the initial default date.

The Group discounts the recoverable amount of debt investments using the original EIR.

Cash and cash equivalents
The Group uses external risk grades to reflect its assessment of the probability of default of individual counterparties. These published grades are continuously monitored and updated. The PDs associated with each grade are determined based on realised default rates over the prior 12 months, as published by rating agencies. In determining the probability of default of individual counterparties, the Group distinguishes between exposures considered 'investment-grade' defined by recognised external rating agencies as a rating between AAA-BBB- (Standard & Poor's, Fitch) and Aaa-Baa3 (Moody's), and 'non-investment grade' exposures. Similarly, the Group utilises S&P Global Ratings in the case of exposures to sovereign issuers (for balances with Central Banks). In those cases where public information by S&P Global Ratings in relation to sovereigns is not available, the Group utilises, Moody's 'Sovereign Default and Recovery Rates'.

Other financial assets

The Group uses external risk grades to reflect its assessment of the probability of default of individual counterparties. These published grades are continuously monitored and updated. The PDs associated with each grade are determined based on realised default rates over the prior 12 months, as published by rating agencies.

4.2.5.4 Forward-looking information incorporated in the ECL model

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

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

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

In order to capture a range of possible future outcomes, three possible scenarios are considered in the determination of the Group's ECL. The 'base line' scenario represents the most likely outcome. It is based on forecasted economic variables, provided by Oxford Economics, and provides the best estimate view of each respective country within the Group's lending portfolio. Apart from the 'base line' scenario, the Group considers two other macroeconomic scenarios – 'Upside' and 'Downside' scenarios – which respectively represent a more optimistic and a more pessimistic outcome, as further explained in this section.

Each scenario is weighted by a probability of occurrence, determined by a combination of macroeconomic research and expert credit judgement, taking account the range of possible outcomes, each chosen scenario represents.

The weightings assigned to each economic scenario, which are unchanged from 2022 were 60%, for the 'Base' scenario, 20% for the 'Downside' scenario and 20% for the 'Upside' scenario. The number of scenarios used is based on the analysis of each major product type to ensure that non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. The probability weightings assigned to the respective scenarios reflect an unbiased evaluation of the range of possible outcomes.

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

The pertinent macroeconomic variables relating to the Group's lending portfolio as at 31 December 2023, utilised in the multiple regression, are sourced from Oxford Economics and are listed below:

Unemployment rate

In %	2024			2025			2026		
	Base	Down	Up	Base	Down	Up	Base	Down	Up
Bulgaria	5.04	4.90	5.22	4.80	4.36	5.26	4.80	4.41	5.26
Czechia	4.01	3.84	4.20	3.83	3.17	4.50	3.67	3.20	4.44
Denmark	3.04	2.97	3.24	2.86	2.52	3.51	2.75	2.49	3.56
Netherlands	3.80	3.62	3.99	4.34	3.67	5.04	4.46	3.98	5.28
Poland	4.97	4.87	5.08	4.61	4.20	5.09	4.83	4.47	5.42
Romania	2.64	2.52	2.85	2.60	2.19	3.20	2.49	2.17	3.13

Personal disposable income

Billion units		2024			2025			2026		
	Cur.	Base	Down	Up	Base	Down	Up	Base	Down	Up
Croatia	EUR	38.15	38.31	38.02	38.29	38.56	38.52	38.63	38.72	38.90
Finland	EUR	127.23	127.37	127.08	128.93	129.27	128.94	130.25	130.62	130.02
Lithuania	EUR	32.56	32.70	32.33	33.81	33.94	33.84	34.75	34.82	34.89
Netherlands	EUR	416.53	417.37	415.07	419.27	421.57	416.91	420.92	421.92	418.87
Norway	NOK	1,737.40	1,738.12	1,736.35	1,803.29	1,804.92	1,806.00	1,854.65	1,860.58	1,854.82
Sweden	SEK	2,853.78	2,858.50	2,849.92	2,889.93	2,902.96	2,877.08	2,929.02	2,946.06	2,903.16

Consumption rate private

Billion units		2024			2025			2026		
	Cur.	Base	Down	Up	Base	Down	Up	Base	Down	Up
Denmark	DKK	1,051.37	1,053.61	1,046.06	1,080.36	1,086.27	1,063.66	1,106.50	1,111.76	1,084.18
Sweden	SEK	2,557.16	2,562.64	2,549.58	2,608.32	2,622.65	2,582.60	2,663.55	2,678.36	2,627.62

Gross domestic product

Billion units		2024			2025			2026		
	Cur.	Base	Down	Up	Base	Down	Up	Base	Down	Up
Bulgaria	BGN	112.22	112.58	111.58	114.90	116.06	113.33	116.90	117.94	115.29
Croatia	EUR	59.60	60.08	59.37	60.35	61.62	59.66	61.54	62.58	60.75
Estonia	EUR	25.48	25.55	25.31	27.24	27.46	26.96	28.73	28.90	28.53
Germany	EUR	3,256.62	3,280.03	3,232.21	3,305.18	3,375.19	3,228.35	3,371.93	3,417.40	3,292.72
Latvia	EUR	29.62	29.72	29.39	30.39	30.67	30.08	31.16	31.39	30.95
Netherlands	EUR	812.28	818.30	806.05	832.64	848.47	815.00	846.44	857.30	827.58
Romania	RON	1,252.81	1,257.15	1,244.29	1,289.75	1,303.58	1,265.96	1,323.44	1,334.28	1,297.77
Slovenia	EUR	49.86	50.10	49.39	51.01	51.69	50.21	52.08	52.56	51.55

The Risk Management team monitors, on an ongoing basis, the economic forecasts releases and adjusts its model inputs and assesses the connected outcomes in the light of revised macroeconomic data and other quantitative and qualitative information.

There is an absence of an observable historical trend that can accurately represent the severity and speed of the economic impacts brought about by the pandemic. Consequently, in some cases, the Group's models generate outputs that appear overly sensitive when compared with other credit risk metrics and as a result, modelled assumptions and linkages between economic factors and credit losses may underestimate or overestimate ECL in these conditions.

4.2.5.5 ECL sensitivity analysis in respect of macroeconomic scenarios
Risk Management team considered the sensitivity of the ECL outcome (refer to Note 4.2.5.4) to the macroeconomic forecasts by recalculating the ECL under the different scenarios, applying a 100% weighting to each scenario. The effect of economic uncertainty on the ECL outcome is disclosed in the sensitivity analysis presented in Note 4.2.5.5. The ECL calculated for the upside and downside scenarios should not be taken to represent the upper and lower limits of possible ECL outcomes as there is a high degree of estimation uncertainty in the numbers representing tail risk scenarios when assigned a 100% weighting.

As with any macroeconomic forecasts, the projections and likelihood of occurrence are subject to a high degree of uncertainty, especially in the context of the macroeconomic and geopolitical conflicts and tensions being experienced, and therefore, the actual outcomes may be specifically different from those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes.

In view of the above, the Group assessed and is hereby presenting the sensitivity analysis in respect of its exposures as at 31 December, estimated by determining the range of credit loss allowances which would have been measured by assigning a 100% weighting to each of the three macroeconomic scenarios developed as presented in the tables below.

	(Decrease) / increase in ECL 2023	(Decrease) / increase in ECL 2022
100% Baseline, EUR '000	(262)	(244)
100% Downside, EUR '000	7,618	6,937
100% Upside, EUR '000	(6,832)	(6,204)

For baseline scenario, the global economic outlook reflects a prolonged period of steady and unspectacular growth over the coming quarters, despite a slight upward. As a result, Oxford Economics have slightly revised upward the baseline forecast for world GDP for 2024 to 2.0% and 2.6%

in 2025. Oxford Economics expect that, in the US, the economy will likely avoid a recession, which has prompted a push back in the timing of the Federal Reserve's first rate cut. Other advanced economies are also set to grow slowly as the adverse impact on activity from past policy tightening builds. As a result, Oxford Economics expect the global economy to experience a second consecutive year of sub-par growth in 2024, with world GDP set to remain well below the level anticipated prior to the pandemic.

For the downside scenario, the Risk Management team has considered a protracted period of high interest rates which weigh on stock markets and house prices, resulting in tighter credit conditions and several years of sub-par growth. Under this scenario, monetary policy is tightened again in the near term as core inflation proves stickier than expected and renewed concerns over a potential escalation of the Israel-Hamas conflict temporarily push up energy prices. Equity prices fall, causing adverse wealth effects and raising the cost of capital. The result is a protracted period of sub-par global growth. Oxford Economics estimate that growth is only 1.3% in 2024 and 2025, with world GDP as much as 0.7pp and 1.3pp respectively below baseline.

The upside scenario was modelled for global economy in which an early monetary policy loosening fuels an unwind of household savings built up during the pandemic, resulting in a more robust consumer led recovery. In this scenario, a near term improvement in the inflation outlook prompts earlier than expected Central Bank policy loosening. Energy prices ease further as remaining concerns over the risk of a wider Middle East conflict fade, at the same time as core inflation undershoots expectations. As a result, sentiment improves significantly and consumers across advanced economies run down a significant proportion of the savings accumulated during the pandemic. Overall, the global economy recovers strongly and financial markets strengthen, particularly in Europe. Oxford Economics expect world GDP to rise by 0.4pp and 0.8pp above baseline in 2024 and 2025 respectively, standing at 2.4% and 3.4% respectively.

4.2.6 Information on credit quality of cash and cash equivalents

Credit risk exposure from cash and cash equivalents arises mainly from potential liquidity issues, coupled with liability caps applicable in various jurisdictions of banks and other financial institutions which hold the Group’s cash and cash equivalents. To manage this risk the Group diversifies its deposits amongst 292 bank accounts in 24 countries.

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

EUR '000	2023	2022
AAA	6,734	6,988
AA	-	-
AA-	593	2,364
A+	358	31,911
A	175,759	41,776
A-	40,045	24,309
BBB+	25,125	5,919
BBB	50	680
BBB-	6,610	3,161
BB+	59	300
BB	210	-
BB-	-	-
B	-	29
B-	-	-
No rating available	28,169	35,887
Total	**283,712**	**153,325**

The above-mentioned balances include amounts deposited with central banks and other banks.

EUR '000	2023	2022
Balances with Central Banks:	210,030	66,808
Balance with the Central Bank of Czechia	293	474
Balance with the Central Bank of Malta	171,320	37,045
Balance with the Central Bank of Lithuania	31,683	22,301
Balance with the Central Bank of Sweden	6,734	6,988
Balances with other banks	73,682	86,517
Total	283,712	153,325

The balances with the Central Bank of Malta include a reserve deposit amounting to EUR 4.5 million (2022: EUR 3.8 million) held in terms of Regulation (EC) No. 1745/2003 of the European Central Bank.

EUR '000	2023	2022
Balances with other banks (repayable on call and at short notice) held by Multitude Bank	36,074	27,356

In the ordinary course of business, the Group places funds and carries out transactions through correspondent accounts with high credit quality local listed banks and international banks with a good credit rating, subject to the operational requirements and the application of a limit framework. Accordingly, such exposures are monitored through the practical use of exposure limits. In certain countries, the Group had to utilise unrated financial institutions due to operational constraints within such countries, in view of the profile of the banking sector in those territories. The

Group would carry out a comprehensive due diligence on such banks, prior to engaging with them, and on an event-driven basis throughout the term of the relationship.

At 31 December 2023, balances with other banks consisted primarily of immediately withdrawable nostro balances and term placements maturing within one month.

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

At the end of the reporting periods in 2023 and 2022, none of the financial assets referred to were past due or impaired.

The following tables provide information about the credit quality of cash and cash equivalents. The credit quality of them is determined by credit ratings applicable to counterparties based on external ratings published by reputable credit rating agencies.

2023, EUR '00	**Stage 1 12-month ECL**
Balances with Central Banks	
A+ to A-	210,030
Gross carrying amount	210,030
Loss allowance	-
Carrying amount – net of loss allowance	210,030

2022, EUR '000	**Stage 1 12-month ECL**
Balances with Central Banks	
A+ to A-	66,808
Gross carrying amount	66,808
Loss allowance	-
Carrying amount – net of loss allowance	66,808

In this regard, the Government of Malta and Government of Lithuania as at 31 December 2023 had both a rating of A2, as issued by Moody's on 18 November 2022 and 29 April 2022, respectively. (2022: A2) The Government of Sweden as at 31 December 2023 had a rating of AAA as issued by Moody's on 25 March 2022 (2022: AAA). The Government of Czechia as at 31 December 2023 had a rating of AA3 as issued by Moody's on 5 August 2022 (2022: AA3).

The respective Fitch rating for the Government of Malta is A+, the Government of Lithuania is A, the Government of Sweden is AAA and the Government of Czechia is AA-.

As at 31 December 2023 and 2022, expected credit loss allowances in respect of balances with the Central Banks (which are assumed to have the same credit quality as the Government of Malta, Government of Lithuania, Government of Czechia and Government of Sweden) were deemed to be insignificant.

2023, EUR '000	**Stage 1 12-month ECL**
Balances with other banks	
A+ to A-	1,558
BBB+ to BBB-	11,344
BB+ to BB-	59
Unrated	60,721
Gross carrying amount	73,682
Loss allowance	-
Carrying amount – net of loss allowance	73,682

2022, EUR '000	**Stage 1 12-month ECL**
Balances with other banks	
A+ to A-	3,795
BBB+ to BBB-	4,478
BB+ to BB-	241
Unrated	78,003
Gross carrying amount	86,517
Loss allowance	-
Carrying amount – net of loss allowance	86,517

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

4.2.7 Information on credit quality of loans to customers

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

- Performing: Internal grade 'Regular';

- Under performing: Internal grades 'Watch' and 'Substandard'; and

- Non-performing: Internal grades 'Doubtful' and 'Loss'.

Regular

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

Watch

- Loans that attract this category principally comprise those where:

- payment becomes overdue by 30 days, but does not exceed 60 days where a loan is deemed to be as non-performing when past due for more than 90 days;

- payment becomes overdue by 30 days but does not exceed 45 days where a loan is deemed to be as non-performing when past due for more than 60 days; and

- there are indicators of a significant increase in credit risk in instances when loans were granted a payment holiday in a specific portfolio.

Substandard

Exposures that are categorised within this category comprise those where:

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

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

Doubtful

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

- repayment becomes overdue by 61 days and over but not exceeding 180 days for where a loan is deemed to be as non-performing when past due for more than 60 days;

- repayment becomes overdue by 91 days and over but not exceeding 180 days for a loan is deemed to be as non-performing when past due for more than 90 days; or

- have indicated UTP criteria, as outlined in Note 4.2.5.2.

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

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

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

Risk grade	Category	Basis for ECL	Days past due*		UTP	2023	2022
			Lower range	Upper range			
Regular	Performing	Stage 1 (12-month ECL)	0 to 30		-	532,234	464,238
Watch	Underperforming	Stage 2 (lifetime ECL)	31 - 45	31 - 60	-	26,955	20,755
Substandard	Underperforming	Stage 2 (lifetime ECL)	46 - 60	61 - 90	-	17,309	14,862
Doubtful	Non-performing	Stage 3 (lifetime ECL)	61 - 180	91 - 180	Yes	21,661	24,868
Loss	Non-performing	Stage 3 (lifetime ECL)	More than 180 days		-	92,458	95,072
Total						**690,617**	**619,794**

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

Reconciliation of 12-month and lifetime ECL provision

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between 'Stage 1' and 'Stages 2 or 3' due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;

- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;

- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;

- Impacts on the measurement of ECL due to changes made to models and assumptions;

- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;

- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and

- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

The table below summarises the Group's movements and the balances of loss allowances for loans to customers for the years ended and as at 31 December 2023:

EUR '000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
GROSS LOANS TO CUSTOMERS				
As at 1 January 2023	**464,238**	**35,617**	**119,939**	**619,794**
Transfers in between stages:				
Transfers out of Stage 1	(48,992)	20,086	28,906	-
Transfers out of Stage 2	3,171	(12,861)	9,690	-
Total changes from transfers in between Stages	**(45,821)**	**7,225**	**38,596**	**-**
Other changes in gross loans to customers				
New loans originated during the year	777,408	40,590	65,294	883,292
Loans derecognised during the year	(663,086)	(39,110)	(101,137)	(803,334)
Write-offs	-	-	(8,397)	(8,397)
Changes in forex and other movements	(505)	(57)	(176)	(739)
Net changes in gross loans to customers	**67,996**	**8,647**	**(5,821)**	**70,823**
Gross loans to customers as at 31 December 2023	**532,234**	**44,264**	**114,119**	**690,617**
LOSS ALLOWANCES				
Loss allowances, as at 1 January 2023	**27,337**	**11,024**	**74,359**	**112,719**
Transfers in between stages:				
Transfers out of Stage 1	(3,275)	1,292	1,983	-
Increase (decrease) due to transfers out of Stage 1	-	5,089	13,675	18,764
Transfers out of Stage 2	854	(3,837)	2,984	(0)
Increase (decrease) due to transfers out of Stage 2	(552)	-	2,957	2,405
Increase (decrease) due to changes in DPD buckets	448	36	9,492	9,976
Total changes from transfers in between Stages	**(2,525)**	**2,580**	**31,090**	**31,145**
Other changes in loss allowances:				
New financial assets originated during the year	44,413	13,296	31,479	89,187
Financial assets derecognised during the year	(38,822)	(12,540)	(63,517)	(114,879)
Write-offs	-	-	(8,397)	(8,397)
Remeasurements from changes in model	908	22	4,094	5,025
Unwind of discount	-	-	46	46
Changes in forex and other movements	(29)	(20)	(129)	(178)
Net changes in loss allowances	**3,945**	**3,337**	**(5,334)**	**1,949**
Loss allowances as at 31 December 2023	**31,282**	**14,361**	**69,025**	**114,669**
Impaired loan coverage ratio ("ICLR")	**5.88%**	**32.44%**	**60.49%**	**16.60%**

The table below summarises the Group's movements and the balances of loss allowances for loans to customers for the years ended and as at 31 December 2022:

EUR '000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
GROSS LOANS TO CUSTOMERS				
As at 1 January 2022	**394,447**	**29,623**	**149,637**	**573,708**
Transfers in between stages:				
Transfers out of Stage 1	(47,743)	14,126	33,618	-
Transfers out of Stage 2	3,029	(11,640)	8,610	-
Total changes from transfers in between Stages	**(44,714)**	**2,486**	**42,228**	**-**
Other changes in gross loans to customers				
New loans originated during the year	736,697	36,481	68,225	841,404
Loans derecognised during the year	(613,537)	(32,294)	(123,464)	(769,295)
Write-offs	-	-	(15,006)	(15,006)
Changes in forex and other movements	(8,655)	(680)	(1,681)	(11,016)
Net changes in gross loans to customers	**69,791**	**5,993**	**(29,698)**	**46,087**
Gross loans to customers as at 31 December 2022	**464,238**	**35,617**	**119,939**	**619,794**
LOSS ALLOWANCES				
Loss allowances, as at 1 January 2022	**22,744**	**8,806**	**92,595**	**124,145**
Transfers in between stages:				
Transfers out of Stage 1	(3,349)	824	2,525	-
Increase (decrease) due to transfers out of Stage 1	-	3,387	14,069	17,455
Transfers out of Stage 2	795	(3,433)	2,638	-
Increase (decrease) due to transfers out of Stage 2	(540)	-	2,607	2,067
Increase (decrease) due to changes in DPD buckets	777	65	7,641	8,484
Total changes from transfers in between Stages	**(2,317)**	**843**	**29,480**	**28,006**
Other changes in loss allowances:				
New financial assets originated during the year	46,663	11,806	34,539	93,009
Financial assets derecognised during the year	(39,136)	(9,976)	(67,668)	(116,781)
Write-offs	-	-	(15,006)	(15,006)
Remeasurements from changes in model	(153)	(286)	678	239
Unwind of discount	-	-	480	480
Changes in forex and other movements	(465)	(169)	(740)	(1,373)
Net changes in loss allowances	**4,592**	**2,218**	**(18,236)**	**(11,426)**
Loss allowances as at 31 December 2022	**27,337**	**11,024**	**74,359**	**112,719**
Impaired loan coverage ratio ("ICLR")	**5.89%**	**30.95%**	**62.00%**	**18.19%**

Transfers out of Stage 1 are driven by the underlying gross loans to customers to have a significant increase in credit risks since initial recognition (Stage 2) or become credit-impaired (Stage 3), whereas transfers out of Stages 2 or 3 result from the underlying gross loans to customers no longer meeting said definitions. Transfers in between Stages or changes within DPD bucket that do not necessarily impact ECL stages could also result in an increase (decrease) in loss allowances during the year.

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

The table below summarises the movements and the balances of loss allowances for loans to customers for the years ended and as at 31 December 2023 for the Ferratum business unit:

EUR '000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
GROSS LOANS TO CUSTOMERS				
As at 1 January 2023	**269,856**	**26,602**	**85,698**	**382,156**
Transfers in between stages:				
Transfers out of Stage 1	(26,484)	12,970	13,514	-
Transfers out of Stage 2	2,429	(7,433)	5,004	-
Total changes from transfers in between Stages	**(24,055)**	**5,537**	**18,518**	**-**
Other changes in gross loans to customers				
New loans originated during the year	593,759	35,297	55,896	684,952
Loans derecognised during the year	(518,736)	(34,071)	(85,550)	(638,357)
Write-offs	-	-	(5,878)	(5,878)
Changes in forex and other movements	(563)	(59)	(187)	(809)
Net changes in gross loans to customers	**50,405**	**6,704**	**(17,201)**	**39,908**
Gross loans to customers as at 31 December 2023	**320,261**	**33,306**	**68,497**	**422,064**
LOSS ALLOWANCES				
Loss allowances, as at 1 January 2023	**19,969**	**8,417**	**56,057**	**84,442**
Transfers in between stages:				
Transfers out of Stage 1	(2,041)	948	1,093	-
Increase (decrease) due to transfers out of Stage 1	-	3,158	6,369	9,527
Transfers out of Stage 2	639	(2,145)	1,506	-
Increase (decrease) due to transfers out of Stage 2	(415)	-	1,744	1,329
Increase (decrease) due to changes in DPD buckets	77	28	5,410	5,515
Total changes from transfers in between Stages	**(1,739)**	**1,989**	**16,121**	**16,372**
Other changes in loss allowances:				
New financial assets originated during the year	36,978	11,737	26,788	75,502
Financial assets derecognised during the year	(31,670)	(11,429)	(56,006)	(99,105)
Write-offs	-	-	(5,878)	(5,878)
Remeasurements from changes in model	(390)	(20)	3,618	3,209
Unwind of discount	-	-	462	462
Changes in forex and other movements	(31)	(20)	(136)	(187)
Net changes in loss allowances	**3,149**	**2,258**	**(15,030)**	**(9,624)**
Loss allowances as at 31 December 2023	**23,117**	**10,674**	**41,027**	**74,818**
Impaired loan coverage ratio ("ICLR")	**7.22%**	**32.05%**	**59.90%**	**17.73%**

The table below summarises the movements and the balances of loss allowances for loans to customers for the years ended and as at 31 December 2022 for the Ferratum business unit:

EUR '000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
GROSS LOANS TO CUSTOMERS				
As at 1 January 2022	**237,686**	**24,835**	**117,995**	**380,516**
Transfers in between stages:				
Transfers out of Stage 1	(26,403)	9,719	16,684	-
Transfers out of Stage 2	2,752	(8,573)	5,821	-
Total changes from transfers in between Stages	**(23,651)**	**1,146**	**22,505**	**-**
Other changes in gross loans to customers				
New loans originated during the year	548,736	30,916	56,323	635,975
Loans derecognised during the year	(486,757)	(29,719)	(94,893)	(611,370)
Write-offs	-	-	(15,197)	(15,197)
Changes in forex and other movements	(6,158)	(576)	(1,034)	(7,768)
Net changes in gross loans to customers	**32,170**	**1,767**	**(32,297)**	**1,640**
Gross loans to customers as at 31 December 2022	**269,856**	**26,602**	**85,698**	**382,156**
LOSS ALLOWANCES				
Loss allowances, as at 1 January 2022	**17,737**	**7,570**	**73,134**	**98,440**
Transfers in between stages:				
Transfers out of Stage 1	(2,388)	656	1,733	-
Increase (decrease) due to transfers out of Stage 1	-	2,286	6,650	8,936
Transfers out of Stage 2	736	(2,673)	1,938	-
Increase (decrease) due to transfers out of Stage 2	(496)	-	1,750	1,254
Increase (decrease) due to changes in DPD buckets	460	9	6,121	6,590
Total changes from transfers in between Stages	**(1,689)**	**277**	**18,193**	**16,780**
Other changes in loss allowances:				
New financial assets originated during the year	36,199	10,109	28,999	75,307
Financial assets derecognised during the year	(31,447)	(9,111)	(49,855)	(90,414)
Write-offs	-	-	(15,197)	(15,197)
Remeasurements from changes in model	(459)	(290)	485	(264)
Unwind of discount	-	-	649	649
Changes in forex and other movements	(372)	(137)	(349)	(858)
Net changes in loss allowances	**2,232**	**847**	**(17,077)**	**(13,997)**
Loss allowances as at 31 December 2022	**19,969**	**8,417**	**56,057**	**84,442**
Impaired loan coverage ratio ("ICLR")	**7.40%**	**31.64%**	**65.41%**	**22.10%**

The table below summarises the movements and the balances of loss allowances for loans to customers for the years ended and as at 31 December 2023 for the SweepBank business unit:

EUR '000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
GROSS LOANS TO CUSTOMERS				
As at 1 January 2023	**111,412**	**5,838**	**19,912**	**137,162**
Transfers in between stages:				
Transfers out of Stage 1	(13,615)	4,455	9,160	-
Transfers out of Stage 2	500	(3,442)	2,941	-
Total changes from transfers in between Stages	**(13,114)**	**1,013**	**12,101**	**-**
Other changes in gross loans to customers				
New loans originated during the year	70,570	2,632	5,284	78,486
Loans derecognised during the year	(55,210)	(2,662)	(7,321)	(65,193)
Write-offs	-	-	(664)	(664)
Changes in forex and other movements	12	1	11	24
Net changes in gross loans to customers	**2,258**	**983**	**9,411**	**12,652**
Gross loans to customers as at 31 December 2023	**113,670**	**6,821**	**29,323**	**149,814**
LOSS ALLOWANCES				
Loss allowances, as at 1 January 2023	**4,062**	**1,336**	**9,598**	**14,997**
Transfers in between stages:				
Transfers out of Stage 1	(702)	191	511	-
Increase (decrease) due to transfers out of Stage 1	-	1,342	4,503	5,844
Transfers out of Stage 2	118	(925)	807	-
Increase (decrease) due to transfers out of Stage 2	(63)	-	935	872
Increase (decrease) due to changes in DPD buckets	240	6	3,218	3,465
Total changes from transfers in between Stages	**(407)**	**614**	**9,974**	**10,181**
Other changes in loss allowances:				-
New financial assets originated during the year	2,504	835	2,714	6,053
Financial assets derecognised during the year	(2,471)	(667)	(3,229)	(6,367)
Write-offs	-	-	(664)	(664)
Remeasurements from changes in model	1,452	43	243	1,739
Unwind of discount	-	-	(243)	(243)
Changes in forex and other movements	1	-	7	7
Net changes in loss allowances	**1,079**	**825**	**8,801**	**10,705**
Loss allowances as at 31 December 2023	**5,141**	**2,161**	**18,400**	**25,702**
Impaired loan coverage ratio ("ICLR")	**4.52%**	**31.69%**	**62.75%**	**17.16%**

The table below summarises the movements and the balances of loss allowances for loans to customers for the years ended and as at 31 December 2022 for the SweepBank business unit:

EUR '000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
GROSS LOANS TO CUSTOMERS				
As at 1 January 2022	**80,666**	**2,114**	**12,490**	**95,270**
Transfers in between stages:				
Transfers out of Stage 1	(12,143)	2,829	9,314	-
Transfers out of Stage 2	248	(1,770)	1,521	-
Total changes from transfers in between Stages	**(11,895)**	**1,059**	**10,836**	**-**
Other changes in gross loans to customers				
New loans originated during the year	84,274	3,087	6,804	94,165
Loans derecognised during the year	(40,964)	(383)	(9,589)	(50,936)
Write-offs	-	-	(379)	(379)
Changes in forex and other movements	(670)	(38)	(250)	(957)
Net changes in gross loans to customers	**30,746**	**3,725**	**7,422**	**41,893**
Gross loans to customers as at 31 December 2022	**111,412**	**5,838**	**19,912**	**137,162**
LOSS ALLOWANCES				
Loss allowances, as at 1 January 2022	**3,103**	**436**	**6,334**	**9,872**
Transfers in between stages:				
Transfers out of Stage 1	(562)	108	454	-
Increase (decrease) due to transfers out of Stage 1	-	585	3,817	4,402
Transfers out of Stage 2	51	(364)	313	-
Increase (decrease) due to transfers out of Stage 2	(36)	-	497	460
Increase (decrease) due to changes in DPD buckets	176	6	859	1,040
Total changes from transfers in between Stages	**(371)**	**335**	**5,939**	**5,903**
Other changes in loss allowances:				
New financial assets originated during the year	2,957	812	3,057	6,826
Financial assets derecognised during the year	(1,574)	(242)	(5,097)	(6,913)
Write-offs	-	-	(379)	(379)
Remeasurements from changes in model	(25)	4	51	29
Unwind of discount	-	-	(185)	(185)
Changes in forex and other movements	(27)	(8)	(120)	(156)
Net changes in loss allowances	**959**	**900**	**3,265**	**5,125**
Loss allowances as at 31 December 2022	**4,062**	**1,336**	**9,598**	**14,997**
Impaired loan coverage ratio ("ICLR")	**3.65%**	**22.89%**	**48.20%**	**10.93%**

The table below summarises the movements and the balances of loss allowances for loans to customers for the years ended and as at 31 December 2023 for the Capital Box business unit:

EUR '000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
GROSS LOANS TO CUSTOMERS				
As at 1 January 2023	**82,970**	**3,177**	**14,329**	**100,476**
Transfers in between stages:				
Transfers out of Stage 1	(8,893)	2,662	6,232	-
Transfers out of Stage 2	242	(1,986)	1,744	-
Total changes from transfers in between Stages	**(8,651)**	**675**	**7,976**	**-**
Other changes in gross loans to customers				
New loans originated during the year	113,079	2,661	4,114	119,854
Loans derecognised during the year	(89,140)	(2,377)	(8,266)	(99,784)
Write-offs	-	-	(1,854)	(1,854)
Changes in forex and other movements	45	1	-	46
Net changes in gross loans to customers	**15,333**	**961**	**1,969**	**18,263**
Gross loans to customers as at 31 December 2023	**98,303**	**4,137**	**16,298**	**118,739**
LOSS ALLOWANCES				
Loss allowances, as at 1 January 2023	**3,305**	**1,271**	**8,704**	**13,280**
Transfers in between stages:				
Transfers out of Stage 1	(532)	154	379	-
Increase (decrease) due to transfers out of Stage 1	-	589	2,803	3,392
Transfers out of Stage 2	96	(768)	671	-
Increase (decrease) due to transfers out of Stage 2	(74)	-	278	204
Increase (decrease) due to changes in DPD buckets	131	2	864	997
Total changes from transfers in between Stages	**(379)**	**(23)**	**4,995**	**4,593**
Other changes in loss allowances:	-	-	-	-
New financial assets originated during the year	4,930	724	1,978	7,632
Financial assets derecognised during the year	(4,681)	(444)	(4,282)	(9,407)
Write-offs	-	-	(1,854)	(1,854)
Remeasurements from changes in model	(154)	(2)	232	77
Unwind of discount	-	-	(174)	(174)
Changes in forex and other movements	2	-	-	1
Net changes in loss allowances	**(282)**	**255**	**895**	**868**
Loss allowances as at 31 December 2023	**3,023**	**1,526**	**9,599**	**14,148**
Impaired loan coverage ratio ("ICLR")	**3.08%**	**36.88%**	**58.90%**	**11.92%**

The table below summarises the movements and the balances of loss allowances for loans to customers for the years ended and as at 31 December 2022 for the Capital Box business unit:

EUR '000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
GROSS LOANS TO CUSTOMERS				
As at 1 January 2022	**68,269**	**2,675**	**19,152**	**90,096**
Transfers in between stages:				
Transfers out of Stage 1	(9,197)	1,578	7,619	-
Transfers out of Stage 2	28	(1,297)	1,268	-
Total changes from transfers in between Stages	**(9,168)**	**281**	**8,888**	**-**
Other changes in gross loans to customers	-	-	-	
New loans originated during the year	104,717	2,568	5,211	112,496
Loans derecognised during the year	(79,021)	(2,281)	(19,094)	(100,396)
Write-offs	-	-	571	571
Changes in forex and other movements	(1,827)	(66)	(398)	(2,291)
Net changes in gross loans to customers	**14,701**	**502**	**(4,823)**	**10,380**
Gross loans to customers as at 31 December 2022	**82,970**	**3,177**	**14,329**	**100,476**
LOSS ALLOWANCES				
Loss allowances, as at 1 January 2022	**1,905**	**800**	**13,128**	**15,833**
Transfers in between stages:				
Transfers out of Stage 1	(399)	60	339	-
Increase (decrease) due to transfers out of Stage 1	-	516	3,601	4,117
Transfers out of Stage 2	8	(395)	387	-
Increase (decrease) due to transfers out of Stage 2	(7)	-	360	353
Increase (decrease) due to changes in DPD buckets	115	-	862	977
Total changes from transfers in between Stages	**(283)**	**181**	**5,549**	**5,447**
Other changes in loss allowances:				
New financial assets originated during the year	7,507	885	2,484	10,876
Financial assets derecognised during the year	(6,088)	(572)	(12,917)	(19,577)
Write-offs	-	-	571	571
Remeasurements from changes in model	331	-	142	473
Unwind of discount	-	-	16	16
Changes in forex and other movements	(66)	(23)	(270)	(359)
Net changes in loss allowances	**1,401**	**471**	**(4,424)**	**(2,553)**
Loss allowances as at 31 December 2022	**3,305**	**1,271**	**8,704**	**13,280**
Impaired loan coverage ratio ("ICLR")	**3.98%**	**40.01%**	**60.74%**	**13.22%**

4.2.8 Modification of financial assets

As explained in Note 2.5.14.3, the Group sometimes modifies the payment terms of customer loans. These modifications can take different forms and can happen at different stages during the maturity period of the loan. The modifications included in this section also encompass change in estimates of interest income due to amendments to contractual cash flow included in original terms and conditions. During 2022, the Group updated its policies to reflect whether material modifications granted by the Bank constitute forbearance as defined by EU Regulation 575/2013 ('CRR2') and are not considered to be change in estimates.

The following are the most widely used payment term modification clauses incorporated in terms and conditions by the Group:

I.Rescheduling

Rescheduling is applied in short-term credit products where the customer requests an extension of the maturity period of up to one month in consideration of a fee payable to Multitude when the rescheduling is accepted. The extension period varies in different markets but is pre-established by the Group as part of the product feature. The upfront payment of a rescheduling fee is a pre-condition for accepting the modification and extending the loan term. The rescheduling is not tied to the lack of repayment capabilities of the customer and indeed, this upfront payment requirement, together with the short-term of the extension period, is considered inconsistent with the profile of a customer who is experiencing financial difficulties.

II. Payment Holidays

Payment holidays are a standard feature of the credit line facility which allows customers who are repaying on time to request the Group to reduce the monthly minimum payment to zero on not more than two occasions in any twelve-month period. The customer's request will not be accepted unless the customer has been paying on time.

Additionally, Multitude incorporates the following modification options for its customers into the terms and conditions of its long-term credit products:

III. Due date change

Generally, the repayment date is assigned by the Group thirty days after the loan agreement date and recurs monthly after that. This product feature allows customers to change the monthly payment due date to one that is more convenient for them. The new payment due date will apply throughout the maturity period of the loan, unless subsequently modified. This modification is not granted due to the customers experiencing financial difficulties; they simply continue to pay their monthly instalments on a different day of the month.

IV. Modification to the payment schedule

During the loan term, the customer may choose to modify the standard maturity date and payment schedules included in the loan agreement by increasing the number of monthly instalments, thus extending the loan's maturity period. This gives customers more flexibility through tailor-made payment schedules. The Group assesses whether the customer is experiencing financial difficulties before granting this modification. This modification does not constitute forbearance if the customer is not experiencing financial difficulties.

V. Payment-free month

Long-term credit products allow the customer to apply for a payment-free month under terms and conditions prescribed by the Group. The policy under which a payment-free month may be granted includes the conditions that the loan must have been open for several months as specified in the policy and that the customer must have been making timely repayments. This modification is not granted to customers who are experiencing financial difficulties, but is meant to make the products better adapted to the customers' needs.

Apart from cash flow modifications which are carried out in accordance with the terms and conditions of the loan agreements, the Group also grants other modifications as part of its collection policies. The most widely used modification option as part of the Group's collection policies is the payment plan where the customer is granted a longer schedule in which to pay the amounts due. Multitude may also grant a grace period for the payment of the principal amount due for a short period of time. An assessment is conducted by the Group to evaluate whether the customer is experiencing financial difficulties before granting these modifications. If the customer is experiencing financial difficulties, then these exposures are marked as forborne.

The table below shows the gross outstanding loans to customers balances, loss allowance, and basis for ECL recognition and measurement for the years 2023 and 2022 for modified loan contracts (as a forbearance and also as a change in estimated expected cash flows included in terms and conditions):

Basis for ECL	31 December 2023		31 December 2022	
	Gross carrying amount	ECL	Gross carrying amount	ECL
Stage 1	101,015	6,319	87,396	5,543
Stage 2	10,625	3,344	7,090	2,169
Stage 3	6,231	2,828	6,959	2,997
Total	**117,870**	**12,492**	**101,444**	**10,709**

The Group's modified gross outstanding loans to customers are analysed by geographical location for the years 2023 and 2022 as follows:

EUR '000	2023 amount	2023 %	2022 amount	2022 %
Finland	22,814	19.4%	19,529	19.3%
Northern Europe	69,178	58.7%	53,437	52.7%
Western Europe	3,722	3.2%	3,800	3.7%
Eastern Europe	22,156	18.8%	24,679	24.3%
Total	**117,870**	**100.0%**	**101,444**	**100.0%**

In cases where the Group grants specific modifications (not included in the original terms and conditions) to customers whom the Group assesses as experiencing financial difficulties, then these exposures are marked as forborne in line with the Group's policies in relation to forbearance. As at 31 December 2023, total loans which were identified as forborne amounted to EUR 2.4 million on which a total ECL of EUR 0.8 million was accounted for.

Basis for ECL	31 December 2023		31 December 2022	
	Gross carrying amount	ECL	Gross carrying amount	ECL
Stage 1	27	3	2	1
Stage 2	1,837	558	4	2
Stage 3	586	269	47	35
Total	**2,450**	**830**	**53**	**38**

The table below shows an increase in ECL due to modification of original terms and conditions as per the forbearance definition that are included in the impairment loss on loans to customers in 2023.

EUR '000	Not Modified ECL	Modified ECL	Change
Stage 1	128	3	(125)
Stage 2	133	558	425
Stage 3	140	269	129
Grand Total	**401**	**830**	**429**

Change reported in the table above includes movement between stages as a result of modification.

4.2.9 Information on credit quality of other financial assets at amortised cost

The Group's other financial assets are mainly comprised of loans to related parties, receivables from banks, receivables from sold portfolio, and other financial assets as shown in Note 15.

Receivables from banks include bank deposits set aside to fund the Group's foreign currency forward contracts and do not meet the definition of cash and cash equivalents. Credit risks associated with these receivables are similar to those of cash and cash equivalents. The Group's Treasury function manages them as part of its hedging activities (Note 15 and Note 4.3).

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

The Group individually assesses credit risk exposure arising from underlying financial assets at the end of each reporting period based on the applicable measurement guidelines under IFRS 9.

The table below summarise the balances for loss allowance for loans to related parties reported in other financial assets for the years ended and as at 31 December 2023:

2023, EUR '000	Stage 1 12-month ECL
Loans to related parties	
A+ to A-	-
BBB+ to BBB-	-
BB+ to BB-	-
Unrated	10,096
Gross carrying amount	10,096
Loss allowance	(48)
Carrying amount – net of loss allowance	10,048

The table below summarise the balances for loss allowance for loans to related parties reported in other financial assets for the years ended and as at 31 December 2022:

2022, EUR '000	Stage 1 12-month ECL
Loans to related parties	
A+ to A-	-
BBB+ to BBB-	-
BB+ to BB-	-
Unrated	8,379
Gross carrying amount	8,379
Loss allowance	(241)
Carrying amount – net of loss allowance	8,138

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

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

4.2.10 information on credit quality of debt investments

The debt investments reflect the Group's acquisition of secured bonds. Such bonds are principally secured by loan portfolios that are pledged in favour of the Group, taking into consideration pre-established collateralised ratios in relation to the amount invested and also encompass pre-established ratios of exposures by ageing of the underlying pledged portfolio. Moreover, the Group also has additional collateral in the form of cash deposited in its accounts or pledged financial instruments in favour of the Group in respect of this investment.

The Group conducts periodical assessments in relation to the respective portfolio, in order to assess whether the Group should provide for expected credit losses. The outcome of such assessments, coupled with the several clauses contained within the agreement, reflects the need for the Group to account for expected credit losses of EUR 33,000 in relation to one of these investments as at 31 December 2023.

The table below summarise the balances for loss allowance for debt investments for the year ended and as at 31 December 2023:

2023, EUR '000	Stage 1 12-month ECL
Debt investments	
A+ to A-	-
BBB+ to BBB-	-
BB+ to BB-	-
Unrated	62,147
Gross carrying amount	62,147
Loss allowance	(33)
Carrying amount – net of loss allowance	62,114

The table below summarise the balances for loss allowance for debt investments for the year ended and as at 31 December 2022:

2022, EUR '000	Stage 1 12-month ECL
Debt investments	
A+ to A-	-
BBB+ to BBB-	-
BB+ to BB-	-
Unrated	21,107
Gross carrying amount	21,107
Loss allowance	-
Carrying amount – net of loss allowance	21,107

4.2.11 Write-off policy

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

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

4.2.12 Collateral

The Group's consumer lending portfolio is generally unsecured, in line with the typical nature and characteristics observed for short-term retail portfolios. However, the Group employs a range of policies and practices to mitigate credit risk, including collection strategies, contractual arrangement by which the Group can sell aged portfolios once specific loans reach a predetermined ageing profile and one-off debt sales. Note 4.2.7 discloses the amount of loans to customers disposed of during the year.

In 2023, the Group started to offer collateralised loans to SME customers. The underlying collateral for these loans must be comprised of either loan portfolios, apartments or residential buildings, commercial properties or plots that meet specific requirements including any additional cash or financial instrument collateral provided by the issuer. The Group assigns different loan-to-value coefficients to every collateral item depending on its nature. The value of collateral is regularly reviewed for changes in the underlined market prices.

The debt investments are mainly secured by loan portfolios pledged in favour of the Multitude Bank and hence the Group, taking into consideration pre-established collateralised ratios in relation to the amount invested and encompassing pre-established ratios of exposures by ageing of the underlying pledged portfolio. Moreover, the Bank also has additional collateral in the form of cash deposited in its accounts or pledged financial instruments in favour of the Bank in respect of this investment.

4.2.13 Maximum exposure to credit risk

An ‘exposure’ is defined as the amount at risk arising from the Group’s assets and off-balance sheet items. The Group’s maximum credit risk concerning on- and off-balance sheet items can be classified into the following categories:

- Financial assets that comprise principally cash and cash equivalent (balances with Central Banks and balances with other banks), loans to customers, debt investments and other financial assets. The maximum exposure to credit risk of these financial assets equals their gross carrying amounts.

- Loan commitments and other credit-related commitments that are irrevocable over the life of the respective facilities. The maximum exposure to credit risk is the full amount of the committed facilities. However, the likely amount of loss is less than the total unused commitments as the most commitments to extend credit are contingent upon customers maintaining specific credit standards. These exposures are monitored in the same manner as loans to customers and debt investments.

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

EUR ’000	2023	Restated 2022
Credit risk exposures relating to on-balance sheet assets:		
Loans to customers (gross)	690,617	619,794
Cash and cash equivalents	283,712	153,325
Other financial assets at amortised cost:		
Debt investments	62,114	21,107
Loans to related parties	10,048	8,138
Receivables from banks	4,362	4,362
Receivables from sold portfolios	1,476	2,263
Other receivables	3,549	4,649
Credit risk exposures relating to off-balance sheet instruments:		
Commitments	8,000	7,000
Total credit risk exposure	**1,063,879**	**820,640**

4.2.14 Credit concentration risk

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

The Group's loans to customers do not include any significant credit risk concentrations. These are mainly comprised of retail exposures which are individually insignificant, with the biggest value per customer arising from uncollaterised SME loans, granted through the standard underwriting process of the Group, at a cap of EUR 350,000 or 0.01% of total Group loans to customers for the years ended 31 December 2023 and 2022. The Group has higher exposure to debt investments that have collateral and loans to related parties. Multitude does not have clients that individually generate more than 10% of total revenue for the years ended 31 December 2023 and 2022. Concentration limits for balances with Central Banks and other banks are set out individually as a percentage to the Group's equity in treasury management policy. The limit ranges between 10% and 100% depending on the individual credit rating of each bank.

Following table shows credit concentration of the Group by geographic regions as at 31 December 2023:

EUR '000		Cash and cash equivalents	Loans to customers	Debt investments	Other financial assets	Total financial assets	2023
Country of domicile	Finland	17,184	109,779	15,057	13,879	155,900	16.56%
Northern Europe	Sweden, Denmark, Norway, UK	3,248	231,863	-	173	235,284	25.00%
Western Europe	Germany, The Netherlands, Spain, Luxembourg	11,329	46,992	10,225	185	68,732	7.30%
Eastern Europe	Latvia, Estonia, Czechia, Croatia, Romania, Bulgaria, Lithuania, Slovakia, Slovenia, Poland	4,015	180,776	21,410	373	206,574	21.95%
Southern Europe	Malta, Cyprus	246,177	-	15,421	4,103	265,702	28.23%
Other	Canada, Mexico, India, Philippines, Bangladesh, New Zealand, Brazil, Australia	1,758	6,537	-	722	9,018	0.96%
Total		283,712	575,948	62,114	19,436	941,210	100.00%

Following table shows credit concentration of the Group by geographic regions as at 31 December 2022:

EUR '000		Cash and cash equivalents	Loans to customers	Debt investments	Other financial assets	Total financial assets	2022
Country of domicile	Finland	29,973	106,273	-	12,792	149,038	21.26%
Northern Europe	Sweden, Denmark, Norway, UK	4,656	186,080	-	454	191,190	27.28%
Western Europe	Germany, The Netherlands, Spain, Luxembourg	11,760	54,009	-	139	65,908	9.40%
Eastern Europe	Latvia, Estonia, Czechia, Croatia, Romania, Bulgaria, Lithuania, Slovakia, Slovenia, Poland	7,895	138,896	10,879	973	158,642	22.63%
Southern Europe	Malta, Cyprus	97,188	229	10,229	4,618	112,264	16.02%
Other	Canada, Mexico, India, Philippines, Bangladesh, New Zealand, Brazil, Australia	1,853	21,588	-	437	23,878	3.41%
Total		153,325	507,075	21,107	19,413	700,920	100.00%

4.3 Market risk

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

4.3.1 Foreign currency risk

4.3.1.1 Foreign currency transaction risk

The Group operates in different markets, mainly within and selectively outside of the Euro zone and generates significant transactions and balances in various currencies and therefore is exposed to foreign currency risk. Foreign currency transaction risk only relates to foreign currency items in currencies other than the respective Group company's functional currency. Also, transactions and loans between Group companies with different functional currencies create foreign currency transaction risk.

Multitude manages foreign currency transaction risks through its treasury risk management policy that aims to hedge and mitigate the potential adverse impact of fluctuations in foreign exchange rates between the Euro and other foreign currencies that may impact profit or loss.

As part of this policy, Group companies enter into foreign currency forward contracts to hedge material loan and other balances (including intercompany) that are not denominated in Euros. In accordance with the policy, the aim is to hedge close to 100% of the net exposures. The Group treasury policy further requires all Group companies to apply rules of natural hedging and optimally counterbalance significant foreign currency denominated transactions and balances.

As of 31 December 2023, and 2022, the Group's primary foreign exchange transaction exposure arises from monetary assets and liabilities denominated in Swedish Krona ("SEK"), Czech Koruna ("CZK"), Norwegian Krone ("NOK") and Romanian New Leu ("RON") and accordingly, the Group hedges the foreign currency exchange risks arising from the net assets denominated in these currencies wherein.

The following tables include the estimated effect on the profit for the period owing to the weakening of the most significant foreign currencies against the Group company's functional currency. For other Group companies and currencies, the Leadership Team has assessed that the impact of foreign exchange transaction risk is not significant. The sensitivities have been calculated based on a 10% movement in the foreign exchange rates, which Multitude has assessed to be a reasonably possible change in the exchange rates. A corresponding strengthening of the exposure currency would have an approximately equal opposite impact. A negative (positive) amount in the table reflects a potential net loss (net gain) in the consolidated statement of profit or loss.

The table below shows, at the level of the whole Group, in which currencies the monetary items are mainly held or issued and sensitivity analysis as at 31 December 2023.

EUR '000	EUR	PLN	SEK	CZK	BGN	NOK	DKK	RON
Financial assets at amortised cost:								
Loans to customers	1,360	191	146,026	11,232	6,017	7,276	77,837	7,278
Cash and cash equivalents	1,670	725	18,390	2,115	210	1,502	4,144	5,570
Total	3,030	915	164,417	13,347	6,227	8,778	81,982	12,848
Intercompany loans	-	-	20,275	-	2,403	-	-	-
Notional of derivative financial instrument	-	622	150,732	16,179	-	8,763	-	4,058
Residual exposure	**3,030**	**293**	**33,960**	**(2,832)**	**8,630**	**15**	**81,982**	**8,790**
Currency up by 10%	303	29	3,396	(283)	863	1	8,198	879
Currency down by 10%	(303)	(29)	(3,396)	283	(863)	(1)	(8,198)	(879)

The table below shows exposure to the majority of foreign currency denominated monetary items at consolidated level, the hedging coverage from foreign currency forward contracts and sensitivity analysis as at 31 December 2022:

EUR '000	EUR	PLN	SEK	CZK	BGN	NOK	DKK	HRK	RON
Financial assets at amortised cost:									
Loans to customers	971	1,082	100,661	10,644	6,063	5,870	58,982	4,869	6,214
Cash and cash equivalents	2,273	468	16,598	5,012	624	2,176	4,222	65	1,872
Total	3,243	1,550	117,259	15,656	6,687	8,046	63,204	4,934	8,086
Intercompany loans	-	19,350	20,198	2,480	3,079	-	-	-	29
Notional of derivative financial instrument	-	1,816	127,417	15,276	-	8,427	-	-	4,049
Residual exposure	**3,243**	**19,084**	**10,040**	**2,860**	**9,765**	**(381)**	**63,204**	**4,934**	**4,066**
Currency up by 10%	324	1,908	1,004	286	977	(38)	6,320	493	407
Currency down by 10%	(324)	(1,908)	(1,004)	(286)	(977)	38	(6,320)	(493)	(407)

The calculation includes currency hedges and assumes no changes in other underlying currencies. The currency effects are based on the statement of financial position exposure at year end, hedging levels at the year end, and the assumption that the currency cash flow hedging levels and all other variables will remain constant during the next twelve months. Hedging instruments include foreign currency forward contracts and disclosed in Notes 15 and 20.

4.3.1.2. Foreign currency risk - Foreign currency translation risk

Translation risk arises from the translation of the financial position of investments in foreign subsidiaries to presentation currency and impacts other comprehensive income. To mitigate translation risk, the Group endeavors to fund assets in the same currency as the asset itself whenever it is economically feasible. The Group may also enter into foreign exchange forwards or foreign currency denominated loans to hedge its net investments in foreign entities with different functional currencies than the Group.

The statements of financial position of foreign subsidiaries are translated into Euro using exchange rates prevailing on the reporting date and their statements of profit or loss are translated at spot exchange rates prevailing at the dates of the transactions. The resulting translation differences are recorded in other comprehensive income and accumulated in a separate reserve in shareholders' equity. The same also applies for the translation differences of intra-group monetary items, whose repayment is neither planned nor likely to occur, and that form part of the net investment in a foreign operation. These cumulative differences materialise through the profit or loss of the Group on the disposal, in whole or in part, of each foreign subsidiary.

The main currencies creating translation risk in the Group are presented in the table below.

	CZK		CAD		BRL		MXN		SEK		AUD	
EUR '000	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Translation reserve in equity	-	152	51	51	-	(429)	329	20	(3,456)	(990)	-	(558)

	PLN		INR		RON		Other		Total	
EUR '000	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Translation reserve in equity	-	(1,122)	(20)	(5)	(280)	(279)	(6)	110	(3,383)	(3,049)

4.3.2 Interest rate risk

4.3.2.1 Interest rate risk management

The Group is exposed to interest rate risk, which could impact its net interest income and the value of assets and liabilities through its business activities. The main items exposing the Group to the interest rate risk are loans to customers, debt investments, deposits from customers as well as issued debt securities. Currently, Group is exposed to cash flow interest rate risk through its floating interest rate financial assets and liabilities, as well as pricing risk arising from the differences in refinancing periods between its fixed rate financial assets and liabilities. However, the Leadership Team does not currently consider the risk significant, and accordingly the risk is not hedged even though it is taken into account on Multitude Bank level in the regulatory capital requirements

The Group rather aims to keep the interest expenses stable by entering into long term fixed rate financing, while also mitigating adverse impacts arising from interest rate fluctuations in the consolidated statements of profit or loss, cash flows, and financial position by having a balanced portfolio of fixed and floating rate instruments. The combination of fixed and floating interest rates is based on Euribor, which is the basic rate of interest used in lending between banks and is commonly used as a reference for setting the interest rate on loans within the European Union. Multitude does not use Interbank Offered Rates (IBORs) other than Euribor.

4.3.2.2 Interest rate risk measurement

The Group analyses its interest rate exposures on a periodic basis. Various scenarios are simulated considering refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift for the assets and liabilities held by Multitude SE and Multitude Bank that constitute the majority of interest-bearing items with floating interest rates. The same interest rate shift is used for each simulation for all currencies. The scenarios are run for items that are subject to daily reference rates.

The Group keeps monitoring the materiality of interest rate risk derived from items recognised in the statement of financial position on a regular basis and aims to incorporate all significant changes of the business model into the assessment.

The Group's floating and fixed rate interest-rate position as per the year-end is presented in the following table. Floating rate refers to instruments which are tied to maximum 12 month Euribor. Non-interest bearing refer to zero-coupon products.

EUR '000	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
31 December 2023				
Loans to customers	118,774	457,174	-	575,948
Cash and cash equivalents	-	107	283,605	283,712
Debt investments	62,114	-	-	62,114
Loans to related parties	8,148	1,900	-	10,048
Receivables from banks	-	4,362	-	4,362
Derivative financial assets	-	-	299	299
Receivables from sold portfolios	-	-	1,476	1,476
Other receivables	-	-	3,549	3,549
Total	189,036	463,543	288,929	941,508
Deposits from customers	(8,803)	(712,399)	(11,148)	(732,350)
Debt securities	(44,885)	(2,920)	-	(47,805)
Provisions, accruals and other liabilities	-	-	(9,331)	(9,331)
Lease liabilities	-	(4,963)	-	(4,963)
Derivative financial liabilities	-	-	(5,323)	(5,323)
Total	(53,688)	(720,282)	(25,802)	(799,772)
Net exposure	**135,348**	**(256,739)**	**263,127**	**141,736**
31 December 2022				
Loans to customers	100,688	406,387	-	507,075
Cash and cash equivalents	-	1,228	152,097	153,325
Debt investments	21,107	-	-	21,107
Loans to related parties	8,138	-	-	8,138
Receivables from banks	-	4,362	-	4,362
Derivative financial assets	-	-	3,180	3,180
Receivables from sold portfolios	-	-	2,263	2,263
Other receivables	-	-	4,649	4,649
Total	129,934	411,977	162,190	704,101
Deposits from customers	-	(497,065)	(6,313)	(503,378)
Debt securities	(44,517)	(2,899)	-	(47,416)
Provisions, accruals and other liabilities	-	-	(12,172)	(12,172)
Lease liabilities	-	(4,566)	-	(4,566)
Derivative financial liabilities	-	-	(446)	(446)
Total	(44,517)	(504,530)	(18,930)	(567,977)
Net exposure	**85,417**	**(92,553)**	**143,259**	**136,123**

4.3.2.3 Interest rate sensitivity analysis

Taking cognisance of the nature of Multitude's financial assets and liabilities, under the requirements of IFRS 7, a sensitivity analysis in respect of interest rate changes is applied in relation to all net floating rate instruments to which the Group is exposed to. These instruments are the net resultant of floating rate assets, which mainly constitute the surplus liquidity placed with banks, loans to customers, debt investments; and floating rate liabilities, consisting of funding through bonds.

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

EUR '000	2023	Restated 2022
(+) 100 bp	4,864	2,593
(-) 100 bp	(4,864)	(2,593)

The amounts above are not impacted by intercompany funding arrangements.

4.4 Liquidity risk

Liquidity risk is defined as the risk that the Group does not have sufficient liquid financial resources to meet obligations associated with financial liabilities settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both the normal and stress circumstances. Transactional liquidity risk is defined as the risk of executing a financial transaction below fair market value or not being able to execute the transaction within a specific period. The objective of liquidity risk management is to maintain sufficient liquidity and to ensure that it is readily available without endangering its value to avoid uncertainty related to financial distress at all times.

To mitigate potential risks, the Group diversified funding sources beyond its core deposit base. Additionally, they have adopted a policy that prioritises liquidity in asset management, monitoring future cash flows at the market level across each operating entity. This oversight is consolidated centrally by the Group Treasury function. The Treasury function diligently tracks rolling forecasts of liquidity requirements, ensuring adequate cash reserves to meet operational needs. The goal is to maintain a comfortable margin for debt facilities and other non-current liabilities, preventing any breaches in debt agreements. The forecasting process takes into account the Group's debt financing plans, compliance with debt covenants, adherence to internal balance sheet ratio targets, consideration of legal and regulatory requirements, and management of currency restrictions. Collaborating closely with Multitude Bank's Treasury, Group Treasury function works jointly to guarantee that the Group remains sufficiently liquid. This collaborative effort ensures a cohesive approach to liquidity management across the organisation.

The tables below show an analysis financial of assets and financial liabilities presented according to when they are expected to be recovered or settled. With regard to loans to customers, deposits from customers and issued debt securities the Group uses the same basis of expected repayment behaviour that was used for estimating the effective interest rate of each instrument, respectively.

Maturity analysis of financial assets as at 31 December 2023 and 31 December 2022:

EUR '000	On demand	Within three months	Between three months and one year	Between 1-2 years	Between 2-5 years	Over 5 years	Total carrying amount
31 December 2023							
Cash and cash equivalents	283,712	-	-	-	-	-	283,712
Derivative financial assets	-	299	-	-	-	-	299
Loans to customers	2,346	124,584	271,268	122,979	44,868	9,903	575,948
Debt investments	-	1,100	-	-	61,014	-	62,114
Other financial assets	-	1,476	3,549	10,048	4,362	-	19,435
Total	286,058	127,459	274,817	133,027	110,244	9,903	941,507
31 December 2022							
Cash and cash equivalents	153,325	-	-	-	-	-	153,325
Derivative financial assets	-	3,180	-	-	-	-	3,180
Loans to customers	2,346	111,543	239,724	96,408	40,505	16,549	507,075
Debt investments	-	307	-	-	20,800	-	21,107
Other financial assets	-	2,263	4,649	-	12,501	-	19,413
Total	155,671	117,293	244,373	96,408	73,806	16,549	704,101

Maturity analysis of undiscounted financial liabilities as at 31 December 2023 and 31 December 2022:

EUR '000	On demand	Within three months	Between three months and one year	Between 1-2 years	Between 2-5 years	Over 5 years	Total	Carrying amount
31 December 2023								
Derivative financial liabilities	-	5,323	-	-	-	-	5,323	5,323
Deposits from customers								
Principal	34,382	114,385	333,139	112,173	138,211	-	732,290	732,350
Interests	-	72	882	1,300	-	-	2,254	-
Debt securities:								
Principal	-	-	-	46,000	-	3,052	49,052	47,805
Interests	-	1,328	4,436	4,421	909	1,515	12,609	-
Lease liabilities	-	694	1,542	1,293	2,046	-	5,575	4,963
Commitments given	-	8,000	-	-	-	-	8,000	-
Total	34,382	129,802	339,999	165,187	141,166	4,567	815,103	790,441
31 December 2022								
Derivative financial liabilities	-	446	-	-	-	-	446	446
Deposits from customers								
Principal	101,015	60,415	260,337	82,090	-	-	503,857	503,378
Interests	-	33	891	824	-	-	1,748	-
Debt securities:								
Principal	-	-	-	-	46,000	3,052	49,052	47,416
Interests	-	1,100	4,136	5,765	5,028	1,515	17,544	-
Lease liabilities	-	544	1,147	1,683	1,347	-	4,721	4,566
Commitments given	-	7,000	-	-	-	-	7,000	-
Total	101,015	69,538	266,511	90,362	52,375	4,567	584,368	555,360

The Group addresses this risk by maintaining a robust shareholders' capital base that aligns with the developmental stage of its operations. Strategic management of the asset base prioritises liquidity, with regular monitoring of future cash flows and changes in available liquid assets. As of December 31, 2023, and 2022, the Group mainly holds a pool of liquid assets, primarily in the form of bank balances (cash and cash equivalent).

The most of the Group's financial liabilities consist of customer deposits, representing amounts owed to customers. The Group's overarching goal is to sustain an adequate level of liquid assets, considering anticipated cash outflows related to customer obligations and other liabilities.

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

4.5 Capital management

The primary objectives of the Group's capital management policy are to ensure that it complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Group manages its capital structure and adjusts according to changes in economic conditions and the risk characteristics of its activities. To maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue new capital securities. No changes have been made to the objectives, policies and processes from the previous years. They are, however, under constant review by the Board.

The Group's funding structure and cost of capital are primarily comprised of deposits received from customers and issued financial instruments such as Multitude SE 2022 senior unsecured bonds (presented as debt securities in the consolidated statement of financial position) and Multitude Bank tranche bonds (presented as debt securities in the consolidated statement of financial position). To generate additional capitalisation, the Group issued perpetual bonds, accounted for as a separate line item in equity part of the consolidated statement of financial position, with a nominal value of EUR 50 million on 5 July 2021.

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

EUR '000	2023	2022
Cash and cash equivalents	283,712	153,325
Gross debt, due within 1 year	(484,523)	(422,392)
Gross debt, due after 1 year	(295,632)	(128,401)
Perpetual bonds with no maturity date	(45,000)	(50,000)
Net debt	**(541,443)**	**(447,468)**
Cash and cash equivalents	283,712	153,325
Gross debt - fixed interest rates	(715,319)	(499,964)
Gross debt - floating interest rates	(98,688)	(94,517)
Gross debt - non-interest bearing	(11,148)	(6,313)
Net debt	**(541,443)**	**(447,469)**

In addition to managing capital at the Group level as described above, Multitude Bank monitors its capital requirements in compliance with applicable regulations by the Malta Financial Services Authority (MFSA) due to the banking license. Multitude Bank is required to maintain a ratio of total regulatory capital to risk-weighted assets ("Capital requirements ratio") as well as a CET 1 capital ratio above a minimum level as prescribed by banking regulations. The capital requirements ratio expresses own funds as a proportion of risk-weighted assets and off-balance sheet items in relation to credit risk together with notional risk-weighted assets in respect of operational risk.

Capital adequacy and the use of regulatory capital are monitored on an ongoing basis by the management of Bank, employing techniques based on the guidelines developed by the Basel Committee and the European Union Directives and regulations, as implemented by the MFSA for supervisory purposes. Multitude Bank has processes to ensure that the external capital requirements are met, and during the financial year ended 31 December 2023 and 2022 Multitude Bank has met all external capital requirements.

In addition, Multitude Bank is required to fulfil its Payment Commitment requirements under the Depositor Compensation Scheme (DCS). The DCS provides compensation, up to a certain limit, to eligible customers of the credit institutions that are unable, or likely to be unable, to pay claims against them.

According to bond documentation Multitude SE is obliged to ensure that the Group's consolidated equity is maintained at certain levels on each reporting date. These measurements include a Maintenance Covenant.

The Maintenance Covenant shall be calculated based on the accounting standards of IFRS applicable to the Group and tested by reference to each of the consolidated financial statements on each reference date with respect to the reference period ending on such reference date. The first test date was 31 December 2022. Multitude SE shall ensure that the consolidated Net Equity Ratio as defined in the relevant bond term is at least 18% at all times.

Restricted Distributions, such as dividend payments, are limited to 50% of the Group's previous year's net profit. Distribution of more than 50% of net profit is permitted in case a Distribution Test is met as defined in the bond terms. For the purpose of the Distribution Test the Net Equity Ratio should be more than 25%. Net Equity Ratio is 30.2% as of 31 December 2022 and 26.0% as of 31 December 2023.

EUR '000	Cash and cash equivalents	Gross debt, due within 1 year	Gross debt, due after 1 year	Perpetual bonds	Net debt
AS AT 1 JANUARY 2022	**301,592**	**(486,342)**	**(141,772)**	**(50,000)**	**(376,522)**
Proceeds from debt securities	-	87,072	-	-	87,072
Repayment of debt securities	-	(182,150)	-	-	(182,150)
Net decrease in deposits from customers	-	159,028	13,371	-	172,399
Net decrease in cash and cash equivalents	(144,338)	-	-	-	(144,338)
Foreign exchange adjustments	(3,929)	-	-	-	(3,929)
AT 31 DECEMBER 2022	**153,325**	**(422,392)**	**(128,401)**	**(50,000)**	**(447,468)**
Repayment of perpetual bonds	-	-	-	5,000	5,000
Net increase in deposits from customers	-	(62,131)	(167,231)	-	(229,362)
Net increase in cash and cash equivalents	130,541	-	-	-	130,541
Foreign exchange adjustments	(154)	-	-	-	(154)
AT 31 DECEMBER 2023	**283,712**	**(484,523)**	**(295,632)**	**(45,000)**	**(541,443)**

5. Group companies

5.1 Organisational structure of the Group

The Group organisational structure with ownership interest in subsidiaries as at 31 December 2023 and comparative 31 December 2022 is shown in the table below:

Subsidiary	Country	2023	2022
Bhawana Capital Private Limited	India	99.27%	99.27%
Bidellus Bangladesh Ltd	Bangladesh	-	100%
CapitalBox AB	Sweden	100%	100%
CapitalBox GmbH	Germany	-	100%
Ferratum (Malta) Holding Limited	Malta	100%	100%
Ferratum Australia Pty Ltd	Australia	-	100%
Multitude Bank p.l.c.	Malta	100%	100%
Ferratum Brazil Servicos De Correspondente Bancario Ltda	Brazil	-	100%
Ferratum Bulgaria EOOD	Bulgaria	100%	100%
Vector Procurement Solutions Inc.	Canada	100%	100%
Ferratum Capital Germany GmbH	Germany	-	100%
Ferratum Capital Oy	Finland	100%	100%
Ferratum Czech s.r.o.	Czechia	-	100%
Ferratum Latvia SIA	Latvia	100%	100%
Ferratum Mexico S. de R.L. de C.V.	Mexico	100%	100%
Ferratum Portfolio S.à r.l.	Luxembourg	100%	100%
Ferratum Romania I.F.N.S.A.	Romania	100%	100%
fe Business Services OÜ	Estonia	100%	100%
Guarantee Services OÜ	Estonia	100%	100%
Multitude IT Labs s.r.o.	Slovakia	100%	100%
Inari Serviços Financeiros Ltda	Brazil	-	100%
Mr Credit Pty Ltd	Australia	-	100%
Multitude Global Services Corp	Philippines	99.94%	99.94%
Multitude International Services Oy	Finland	100%	100%
Multitude Services Sweden AB	Sweden	100%	100%
Numeratum d.o.o.	Croatia	100%	100%
Pactum Collections GmbH	Germany	100%	100%
Pactum Poland Sp. z.o.o.	Poland	-	100%
Saldodipje SL	Spain	100%	100%
Saldo Gestion SL	Spain	100%	100%
Suomen Joustava Oy	Finland	100%	100%
Multitude Services Lithuania UAB	Lithuania	100%	100%

Multitude Group does not have any joint ventures. Multitude has investment into associates not included in the table above and disclosed in Note 5.3.

The Group also had several changes to its organisational structure in 2023: Ferratum Australia Pty Ltd., Bidellus Bangladesh Ltd, Inari Serviços Financeiros Ltda and Ferratum Brazil Servicos De Correspondente Bancario Ltda were sold; Mr Credit Pty Ltd and Ferratum Czech s.r.o. were voluntarily liquidated; Ferratum Capital Germany GmbH and Capital Box GmbH were merged with Pactum Collections GmbH.

5.2 Nature, purpose and extent of the Group's exposure to structured entities

In the course of its business, the Group's activities include transactions with structured entity designed to achieve a specific business objective. A structured entity has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The primary use of structured entities is to provide Multitude and its clients and customers with specific pools of assets and to provide access to liquidity for clients through asset securitisations. Structured entities generally finance the purchase of assets through securitisation and, therefore, raise finance from external investors by enabling them to invest in parcels of specified financial assets.

A structured entity has the following features or attributes:

- Restricted activities
- Insufficient equity to permit the structured entity to finance its activities without subordinated financial support
- Financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

Multitude only has one consolidated structured entity, Ferratum Portfolio S.à r.l. which is a securitisation vehicle helping with the purchase of asset-backed securities connected to CapitalBox's SME lending business. The vehicle funds these purchases by issuing multiple tranches of debt securities. There are no investors other than Multitude Bank p.l.c. All investments are considered to be intra-group balances which are eliminated for consolidation purposes.

5.3 Interests in associates

Multitude has made an equity investment of 19.97% in Sortter which a FinTech company incorporated in Finland in 2018, that compares and ranks financial services for its customers in the similar way hotels or flights are compared online. Multitude also acquired a share option to purchase the remaining interest from other shareholders as part of the total purchase price and integral to the transaction. Apart from equity investment Multitude has given the corporate loan for the amount of EUR 8.0 million for the purpose of funding operational activity of Sortter. Partnership of Multitude Group with Sortter Oy includes provision of leads and introduction of new clients. The estimated profit after tax of EUR 6 thousand from participation in the investment was recognised as share of result in associated companies in the consolidated statement of profit or loss for 2023.

There are no substantial investments into associates and hence the Group presents the following aggregated information as at 31 December 2023 in the table below.

EUR '000	2023
Carrying amount of investment in associates	1,022
Aggregate amounts of the Group's share of:	
Profit from continuing operations	6
Other comprehensive income	-
Total comprehensive income	**6**

Due to the classification of investment into Sortter Oy as an investment in associates, the equity investment of EUR 1.0 million and corporate loan of EUR 7.8 million will be considered balances with related parties in the financial year 2023 (Note 25).

6. Segment information

Multitude has three independent business units, Ferratum, CapitalBox and SweepBank, which are considered operating and reportable segments within the definition described in IFRS 8. Multitude Bank is a regulatory service provider for each business unit within the Group. Multitude has reviewed the role of CODM in 2023. The CODM is defined as Group CEO, who is supported by business unit CEOs. The measurement principles and allocation between business units follow the information provided to CODM as required by IFRS 8.

The CODM monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Business unit performance is evaluated based on the earnings before interest expense and tax and is reconciled consistently to profit before income tax in the consolidated financial statements.

SweepBank

SweepBank simplifies and personalises shopping and financing for young, tech-savvy adults and other underserved segments into one user-friendly app. SweepBank offered three products: Prime Loan, Credit Card and Bank Account, and operated actively across three markets, Finland, Germany and Latvia. SweepBank's offering is serviced solely through Multitude Bank p.l.c.

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

Prime Loans, longer-term instalment loans for consumers, enable higher purchases, like home renovations, cars and other more significant purchases. The loans can amount to up to EUR 15,000 with loan maturities ranging between 1-7 years. SweepBank offers current accounts with up to 1% interest p.a. and fixed-term deposit accounts with up to 4% interest p.a. (max. deposit EUR 100,000) for up to three years. SweepBank also includes the Secured Debt product that is reported as debt investments in the consolidated statements.

Ferratum

Ferratum offers digital loans for the daily needs of individuals, such as unplanned, short-term financing needs resulting from unexpected life events. By the end of 2023, Ferratum offered two distinct product categories: Instalment loans (including Plus Loans and Micro Loans) and revolving loans (Credit Limit). The business unit's operations spanned across 13 markets: Bulgaria, Croatia, Czechia, Denmark, Estonia, Finland, Germany, Latvia, the Netherlands, Norway, Romania, Slovenia and Sweden. Ferratum's services are provided via Multitude Bank p.l.c. and other Group companies, with 75% of revenue attributed to Multitude Bank p.l.c.

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

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

For quick and short-term financing, Micro Loans, also known as bullet loans, meets the need for instant financial relief. These loans range from EUR 25 to EUR 1,000 with customers settling the entire loan amount in a single instalment within 7 to 60 days.

CapitalBox

CapitalBox provides financing solutions to small and medium-sized businesses (SMEs). By the end of 2023, CapitalBox had established four distinct products: Secured Loans, Instalment Loans, Credit Lines, Purchase Financing (BNPL). CapitalBox operated in five markets: Finland, Sweden, Denmark, Lithuania, and the Netherlands.

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

Another financing option provided by CapitalBox is the Credit Line. This dynamic form of financing grants SMEs access to a credit limit ranging from EUR 2,000 to EUR 150,000. Additionally, CapitalBox collaborates with retail partners to offer financing solutions to business customers, enabling them to make purchases right at the point of sale.

In the year 2023, CapitalBox introduced a new product known as the Secured Loan. This product was launched initially in Finland and Lithuania, and is planned to roll out in other markets as well. The Secured Loan is designed to support larger investments aimed at driving growth for SMEs. The loan amount for this product can go as high as EUR 3.0 million.

CapitalBox recently introduced a tailored Purchase Financing or Buy Now, Pay Later (BNPL) product explicitly designed for SMEs. This financial solution provides businesses with flexible access to up to EUR 20,000 in funding without requiring collateral. The product, currently available in Finland, is strategically crafted to support SMEs in managing cash flow effectively, enabling them to invest in growth opportunities without immediate financial strain.

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

The results of operations from the Group's operating and reportable segments for current period 2023 and comparable period 2022 are shown in the tables below.

Operating and reportable segments for 2023:

EUR '000	Ferratum	SweepBank*	CapitalBox	Total
Revenue	192,731	23,137	24,686	240,554
Credit losses	(62,760)	(16,197)	(6,635)	(85,591)
EBIT (reported to CODM)	59,079	(15,258)	1,735	45,556
Net AR	343,256	189,217	103,697	636,170

*Includes Secured Debt product.

Operating and reportable segments for restated 2022:

EUR '000	Ferratum	SweepBank*	CapitalBox	Restated Total
Revenue	184,776	15,961	21,395	222,132
Credit losses	(59,075)	(11,722)	(7,838)	(78,635)
EBIT (reported to CODM)	53,694	(21,144)	(994)	31,555
Net AR	293,216	147,354	86,118	526,688

*Includes Secured Debt product.

The CODM uses EBIT (Earnings before interest expense and taxes) for their management plans and decision-making processes. The EBIT structure is intricately defined to encompass the main operating activity before finance costs, including interest expenses and fair value and foreign exchange gains and losses. The CODM employs revenue, credit losses, EBIT, and Net AR as key metrics to evaluate the performance of each business unit. Each metric is reconciled with one of the financial statement line items from the consolidated statements as numbers presented to CODM do not follow presentation requirements of IFRS. 2022 EBIT for business units does not reconcile with the amounts presented in the 2022 consolidated financial statements due to restatements triggered by the change in accounting policies that led to reclassification of certain financial statement line items and the amendment of errors in accounting treatment of reminder fees, collection costs and scoring costs (Note 26).

CODM reviews total revenue that consists of interest income and fee and commission income and does not include all components of EIR to resemble cash income from clients not affected by accounting policies. Reconciliation between revenue and interest income is presented below for explanation of the relationship between CODM report line items and consolidated financial statements line items.

CODM reviews credit losses that do not include invoicing and collection costs reported under general and administrative expense. Reconciliation between credit losses and impairment loss on loans to customers is presented below for explanation of the relationship between CODM report line items and consolidated financial statements line items.

CODM reviews net accounts receivable (Net AR) which essentially includes loans to customers that are adjusted for issue costs. Reconciliation between net AR and loans to customers is presented below for explanation of the relationship between CODM report line items and consolidated financial statements line items.

Reconciliation between EBIT and profit before income tax, is presented in the table below for both the financial years 2023 and 2022.

Reconciliation of revenue to consolidated interest income:

EUR '000	2023	Restated 2022
Revenue	240,554	222,132
Other reconciliation items:		
Broker fee capitalisation in EIR reported as selling and marketing expense in CODM report	(12,239)	(9,850)
Scoring costs capitalisation in EIR reported as general and administrative expense in CODM report	(470)	(320)
Intragroup eliminations and adjustments not included in CODM report*	2,551	480
Item from consolidated statement of profit or loss:		
Fee and commission income	63	32
Interest income	230,459	212,474

* Eliminations include accounting adjustments for reclassifications, intragroup sales of portfolio and associated gain or loss as well as accruals for loans in Stage 3.

Reconciliation of credit losses to impairment loss loans to customers:

EUR '000	2023	Restated 2022
Credit losses	(85,591)	(78,635)
Other reconciliation items:		
Invoicing and collection costs reported as general and administrative expense in CODM report	(3,835)	(5,985)
Intragroup eliminations and adjustments not included in CODM report*	173	(26)
Impairment loss on loans to customers	(89,253)	(84,646)

* Eliminations include accounting adjustments for reclassifications, intragroup sales of portfolio and associated gain or loss as well as accruals for loans in Stage 3.

Reconciliation of net AR to consolidated loans to customers:

EUR '000	2023	Restated 2022
Net AR	636,170	526,688
Other reconciliation items:		
Broker fee capitalisation to loans to customers as part of directly attributable acquisition costs in EIR reported as prepaid selling and marketing expense in CODM report	11,416	9,845
Debt investments and loan to Sortter Oy	(70,262)	(29,247)
Intragroup eliminations and adjustments not included in CODM report*	(1,376)	(211)
Loans to customers	575,948	507,075

* Eliminations include accounting adjustments for reclassifications, additional ECL for invoicing and collection costs, intragroup sales of portfolio and associated gain or loss as well as accruals for loas in Stage 3.

Reconciliation of EBIT reported to CODM to consolidated profit before income taxes:

EUR '000	2023	Restated 2022
EBIT (reported to CODM)	45,556	31,555
Other reconciliation items:		
Additional ECL for invoicing and collection costs	-	(251)
Intragroup eliminations and adjustments not included in CODM report*	(2)	161
EBIT (as measured in IFRS)	45,554	31,465
Items from consolidated statement of profit or loss:		
Interest expense	(22,237)	(14,026)
Fair value and foreign exchange gains and losses	(4,328)	(3,848)
Profit before income taxes	18,990	13,590

* Eliminations include accounting adjustments for reclassification of interest income from deposits and related parties not included in CODM report for EBIT but considered interest expense below EBIT, reclassification of depositor guarantee scheme cost not included in CODM report for EBIT but considered interest expense, intragroup sales of portfolio and associated gain or loss as well as accruals for loans in Stage 3.

7. Interest income and expense

Interest income

EUR '000	2023	Restated 2022
Interest income on loans to customers	223,550	211,817
Interest income on debt investments	4,630	654
Interest income on bank deposits	2,279	3
Total interest income	**230,459**	**212,474**

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

EUR '000		2023	Restated 2022
Country of domicile	Finland	25,250	25,856
Northern Europe	Sweden, Denmark, Norway	74,140	67,559
Western Europe	Germany, Netherlands, Spain	43,923	37,195
Eastern Europe*	Bulgaria, Croatia, Czechia, Estonia, Latvia, Lithuania, Poland, Romania	85,370	75,574
Other	Australia, Brazil, Mexico, New Zealand	1,776	6,290
Total interest income		**230,459**	**212,474**

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

Interest expense

EUR '000	2023	Restated 2022
Interest expense on debt securities	(12,719)	(9,430)
Interest expense on deposits from customers	(9,093)	(4,367)
Interest expenses on lease liabilities	(425)	(230)
Total interest expense	**(22,237)**	**(14,027)**

8. Fee and commission income

EUR '000	2023	Restated 2022
Fee income on loans to customers that is not part of EIR	42	20
Other fee and commission income	21	12
Total fee and commission income	**63**	**32**

There are no contract assets and liabilities relating to fee and commission income as at 31 December 2023 and 2022. There are no significant payment terms concerning the fee and commission income and no discounting to present value is applied.

9. Fair value and foreign exchange gains and losses

EUR '000	2023	Restated 2022
Realised foreign exchange loss	(3,007)	(1,739)
Unrealised foreign exchange gain (loss)	715	(1,604)
Realised gain on derivative financial assets and liabilities	2,402	490
Unrealised loss on derivative financial assets and liabilities	(4,438)	(995)
Total fair value and foreign exchange gains and losses	**(4,328)**	**(3,848)**

10. Other income and expenses

EUR '000	2023	Restated 2022
OTHER INCOME:		
Gain from disposal of property, plant and equipment	-	14
Gain from disposal of right-of-use assets*	30	52
Other income	-	3
Total other income	**30**	**70**
OTHER EXPENSES:		
Loss on disposal of property, plant and equipment**	(98)	-
Loss on disposal of intangible assets	-	(33)
Loss from disposal of subsidiaries***	(404)	(636)
Total other expenses	**(502)**	**(669)**

*Gain from disposal of right-of-use assets includes positive impact from cancelation of lease agreements before expected lease term.
**Loss of disposal of property, plant and equipment includes EUR 18 thousand of impairment in 2023.
***Loss from disposal of subsidiaries includes net loss on disposal of Ferratum Australia Pty Ltd., Ferratum Czech s.r.o., Inari Serviços Financeiros Ltda, Ferratum Brazil Servicos De Correspondente Bancario Ltda and Bidellus Bangladesh Ltd. in 2023.

11. Operating expenses

EUR '000	Notes	2023	Restated 2022
Impairment loss on loans to customers*		**(89,253)**	**(84,646)**
General and administrative expense:			
Professional fees		(11,455)	(12,281)
Interbank transaction fees		(699)	(550)
Loan handling costs		(3,065)	(3,103)
Repairs and maintenance costs		(4,852)	(5,880)
Scoring costs		(3,569)	(3,557)
Administrative expense		(1,752)	(1,451)
Membership and subscription fees		(576)	(990)
Other bank and lending costs*		(2,276)	(745)
Other operating expense		(3,734)	(3,386)
Total general and administrative expense		**(31,976)**	**(31,943)**
Personnel expenses:			
Wages and salaries		(27,890)	(27,526)
Social security costs		(2,964)	(3,554)
Post-employment benefit expense		(1,577)	(1,599)
Share-based payment expense		(511)	(483)
Other personnel expense		(1,134)	(794)
Total personnel expenses		**(34,076)**	**(33,956)**
Depreciation and amortisation:			
Amortisation expense	17	(12,561)	(14,926)
Depreciation expense	19	(2,455)	(2,596)
Total depreciation and amortisation		**(15,016)**	**(17,522)**
Selling and marketing expenses:			
Offline medias		(2,024)	(1,010)
SEM and other online paid medias		(8,551)	(7,761)
SEO and social media		(599)	(835)
CRM		(211)	(361)
Offline affiliates		(86)	(53)
PR/Sponsoring		(1,503)	(1,103)
Sales and commissions and other loan handling fees		(507)	(750)
Agency fees and other marketing expense		(699)	(503)
Total selling and marketing expense		**(14,180)**	**(12,375)**
Total operating expenses		**(184,501)**	**(180,441)**

*Includes EUR 4.1 million of invoicing and collection costs in 2023 (2022: EUR 5.7 million).
**Includes depositor compensation scheme contributions for the total amount of EUR 2.1 million in 2023 (2022: EUR 0.5 million).

Audit and non-audit fees from audit companies

The following table shows the breakdown of audit fees included in professional fees category of general and administrative expense in 2023 and 2022.

EUR '000	2023	2022
PWC:		
Audit fees	(634)	(698)
Non-audit fees:		
Audit-related services	(64)	-
Tax advice	(27)	(16)
Other non-audit services	(95)	(91)
OTHER AUDIT COMPANIES:		
Audit fees	(53)	(146)
Total audit fees	**(687)**	**(844)**
Total non-audit fees	**(186)**	**(107)**
Total fees from audit companies	**(873)**	**(951)**

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

Reconciliation of impairment loss on loans to customers to changes in loss allowances

The following table shows the breakdown of movement in loss allowances with reconciliation to profit or loss for 2023.

LOSS ALLOWANCES	Stage 1	Stage 2	Stage 3	Total
Loss allowances as at 1 January 2023	**27,337**	**11,023**	**74,359**	**112,719**
Transfers in between stages:				
Transfers out of Stage 1	(3,275)	1,292	1,983	-
Increase due to transfers out of Stage 1	-	5,089	13,675	18,764
Transfers out of Stage 2	854	(3,838)	2,984	-
Increase (decrease) due to transfers out of Stage 2	(552)	-	2,956	2,404
Increase due to changes in DPD buckets	448	36	9,492	9,976
Total net changes from transfers in between Stages	(2,525)	2,579	31,090	31,144
Other changes in loss allowances:				
Net remeasurement of ECLs	(12,156)	(3,927)	(19,888)	(35,971)
New financial assets originated during the year	44,413	13,296	31,479	89,188
Remeasurements from changes in model	908	22	4,094	5,024
Unwind of discount	-	-	46	46
Changes in forex and other movements	(29)	(20)	(129)	(178)
Net changes in loss allowances recognised through profit or loss statement	**30,611**	**11,950**	**46,692**	**89,253**
Financial assets derecognised during the year	(26,666)	(8,611)	(43,629)	(78,906)
Write-offs	-	-	(8,397)	(8,397)
Net changes in loss allowances	3,945	3,339	(5,334)	1,950
Loss allowances as at 31 December 2023	**31,282**	**14,362**	**69,025**	**114,669**

The following table shows the breakdown of movement in loss allowances with reconciliation to profit or loss for 2022.

LOSS ALLOWANCES	Stage 1	Stage 2	Stage 3	Total
Loss allowances as at 1 January 2022	**22,744**	**8,806**	**92,595**	**124,145**
Transfers in between stages:				
Transfers out of Stage 1	(3,349)	824	2,525	-
Increase due to transfers out of Stage 1	-	3,387	14,069	17,455
Transfers out of Stage 2	795	(3,433)	2,638	-
Increase (decrease) due to transfers out of Stage 2	(540)	-	2,607	2,067
Increase due to changes in DPD buckets	777	65	7,641	8,484
Total net changes from transfers in between Stages	(2,317)	843	29,480	28,006
Other changes in loss allowances:				
Net remeasurement of ECLs	(11,969)	(3,051)	(20,695)	(35,715)
New financial assets originated during the year	46,663	11,806	34,539	93,009
Remeasurements from changes in model	(153)	(286)	678	239
Unwind of discount	-	-	480	480
Changes in forex and other movements	(465)	(169)	(740)	(1,373)
Net changes in loss allowances recognised through profit or loss statement	**31,759**	**9,143**	**43,742**	**84,646**
Financial assets derecognised during the year	(27,168)	(6,925)	(46,973)	(81,066)
Write-offs	-	-	(15,006)	(15,006)
Net changes in loss allowances	4,591	2,218	(18,237)	(11,426)
Loss allowances as at 31 December 2022	**27,335**	**11,024**	**74,358**	**112,719**

12. Income tax expenses

EUR '000	2023	Restated 2022
CURRENT TAX:		
Current tax on profits for the year	(1,350)	(877)
Adjustments for current tax of prior periods	82	(45)
Other direct taxes*	-	(302)
Total current tax	**(1,268)**	**(1,223)**
DEFERRED TAX:		
Origination and reversal of temporary differences	(1,283)	(594)
Total deferred tax	**(1,283)**	**(594)**
Total income tax expense	**(2,551)**	**(1,817)**

*Other direct taxes relate to trade tax paid in Germany.

Multitude has subsidiaries that suffered a loss in 2023 in tax jurisdiction to which the deferred tax assets were created on loss carry forwards from previous periods. Utilisation of these loss carry forwards is dependent on future taxable profits and the Group considers these carry forwards reasonably recoverable.

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

EUR '000	2023	2022
CURRENT TAX:		
Current tax benefit from perpetual bond interest	1,117	917

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

EUR '000	2023	Restated 2022
Profit before tax	**18,990**	**13,590**
Tax calculated at Finnish tax rate of 20% (20% in 2022)	(3,878)	(2,772)
Tax effects of:		
Difference between Finnish tax rate and rates in other countries	1,895	2,293
Income not subject to tax	6	317
Expenses not deductible for tax purposes	(628)	(25)
Utilisation of previously unrecognised tax losses	593	213
Tax losses for which no deferred income tax asset was recognised	(3)	(727)
Write down of previously recognised tax losses	(618)	(770)
Adjustments for current tax of prior periods	82	(45)
Other direct taxes	-	(302)
Total income tax expense	**(2,551)**	**(1,817)**

The effective income tax rate for 2023 is 13.2% (2022: 13.4%).

EUR '000	2023	2022
Losses on carried forward balance as at 31 December for which deferred tax assets have been recognised for	**28,507**	**32,891**
of which		
Expires in one year time	-	-
Expires in 2 year's time	-	-
Expires between 2 and 5 years	1,489	2,478
Expires between 5 and 10 years	21,819	23,634
Expires after 10 years*	5,198	6,779

*Includes EUR 1.1 million of losses in Germany and EUR 4.0 million of losses in Canada without expiration date.

As at 31 December 2023, the Group has EUR 28.5 million (2022 - EUR 32.9 million) losses carried forward, with an average maturity between 5 and 10 years.

EUR '000	2023	2022
Total amount of loss carry forward on which DTA was not recognised in Finland with latest expiration in 2032	7,315	10,160

Deferred tax assets and liabilities

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

EUR '000	As at 1 January 2023	Recognised in profit or loss	Translation differences	As at 31 December 2023
DEFERRED TAX ASSETS:				
Tax losses carried forward	7,574	(1,117)	15	6,472
Lease liability	611	56	-	667
Netting of lease liability	(611)	(37)	-	(647)
Total deferred tax assets	**7,574**	**(1,098)**	**15**	6,492
DEFERRED TAX LIABILITIES:				
Right of use asset	617	31	-	648
Netting of right of use asset	(611)	(37)	-	(648)
Withholding tax on dividends from Group companies	960	191	-	1,151
Total deferred tax liabilities	**966**	**185**	**-**	**1,151**
Total movement in period	**-**	**(1,283)**	**(15)**	**-**

EUR '000	As at restated 1 January 2022	Recognised in profit or loss	Translation differences	As at restated 31 December 2022
DEFERRED TAX ASSETS:				
Tax losses carried forward	7,346	169	59	7,574
Lease liability	861	(250)	-	611
Netting of lease liability	(861)	250	-	(611)
Total deferred tax assets	**7,346**	**169**	**59**	**7,574**
DEFERRED TAX LIABILITIES:				
Right of use asset	823	(206)	-	617
Netting of right of use asset	(823)	212	-	(611)
Withholding tax on dividends from Group companies	203	757	-	960
Total deferred tax liabilities	**203**	**763**	**-**	**966**
Total movement in period	**-**	**594**	**(59)**	**-**

13. Earnings per share

Calculation of earnings per share attributable to shareholders of the Group includes an adjustment for interests paid due to perpetual bonds minus tax benefit on the interest expense arising from a classification of the perpetual bonds as liability (and deductibility of associated interest expense) according to Finnish tax regulations. Calculation of basic earnings per share is shown in the table below.

	2023	**Restated 2022**
Profit for the period (EUR '000)	16,438	11,773
Perpetual bonds interests recognised directly in retained earnings, net of tax (EUR '000)	(5,386)	(3,670)
Profit for the period, after perpetual bond interest (EUR '000)	11,052	8,103
Weighted average number of ordinary shares in issue	21,598	21,578
Basic earnings per share attributable to the ordinary equity holders, EUR	**0.51**	**0.38**

Calculation of diluted earnings per share is shown in the table below.

	2023	**Restated 2022**
Profit for the period (EUR '000)	16,438	11,773
Perpetual bonds interests recognised directly in retained earnings, net of tax (EUR '000)	(5,386)	(3,670)
Profit for the period, after perpetual bond interest (EUR '000)	11,052	8,103
Weighted average number of ordinary shares and potential ordinary shares*	21,751	21,684
Diluted earnings per share attributable to the ordinary equity holders, EUR	**0.51**	**0.37**

*Weighted number of ordinary shares is adjusted by weighted number of potential shares derived from performance share plan and matching share plan. Share based payment plans that are currently employed by Multitude do not create obligation to issue new shares and the Group has the right to utilise treasury shares to fulfil its obligations towards participants of both plans.

Calculation of weighted average number of ordinary shares used in determination of earnings per share is shown in the table below.

	2023	**Restated 2022**
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	21,598	21,578
Adjustments for calculation of diluted earnings per share:		
- Matching share plan	153	106
- Performance share plan	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**21,751**	**21,684**

14. Current and non-current assets and liabilities

Asset and liability line items by amounts recovered or settled within or after one year as at 31 December 2023:

EUR '000	Within one year	After one year	Total as at 31 December 2023
ASSETS:			
Cash and cash equivalents	283,712	-	283,712
Derivative financial assets	299	-	299
Loans to customers	400,356	175,592	575,948
Debt investments	1,067	61,047	62,114
Current tax assets	1,832	-	1,832
Other financial assets	12,483	6,952	19,435
Prepaid expenses and other assets	2,840	1	2,841
Intangible assets	-	29,468	29,468
Right-of-use assets	-	4,819	4,819
Property, plant and equipment	-	2,896	2,896
Investments accounted for using the equity method	-	1,022	1,022
Deferred tax assets	-	6,492	6,492
Total	**702,589**	**288,289**	**990,878**
LIABILITIES:			
Derivative financial liabilities	5,323	-	5,323
Deposits from customers	484,230	248,120	732,350
Provisions, accruals and other liabilities	13,372	-	13,372
Current tax liabilities	2,268	-	2,268
Debt securities	293	47,512	47,805
Lease liabilities	1,948	3,015	4,963
Deferred tax liabilities	-	1,151	1,151
Total	**507,434**	**299,798**	**807,232**

Asset and liability line items by amounts recovered or settled within or after one year as at 31 December 2022:

EUR '000	Within one year	After one year	Total as at restated 31 December 2022
ASSETS:			
Cash and cash equivalents	153,325	-	153,325
Derivative financial assets	3,180	-	3,180
Loans to customers	405,736	101,339	507,075
Debt investments	307	20,800	21,107
Current tax assets	2,230	-	2,230
Other financial assets	11,330	8,083	19,413
Prepaid expenses and other assets	237	-	237
Intangible assets	-	31,400	31,400
Right-of-use assets	-	4,613	4,613
Property, plant and equipment	-	3,081	3,081
Deferred tax assets	-	7,574	7,574
Total	**576,345**	**176,890**	**753,235**
LIABILITIES:			
Derivative financial liabilities	446	-	446
Deposits from customers	421,768	81,610	503,378
Provisions, accruals and other liabilities	15,576	-	15,576
Current tax liabilities	921	-	921
Debt securities	624	46,791	47,416
Lease liabilities	1,472	3,095	4,566
Deferred tax liabilities	-	966	966
Total	**440,807**	**132,462**	**573,269**

Asset and liability line items by amounts recovered or settled within or after one year as at 1 January 2022:

EUR '000	Within one year	After one year	Total as at restated 1 January 2022
ASSETS:			
Cash and cash equivalents	301,592	-	301,592
Derivative financial assets	324	-	324
Loans to customers	361,710	87,852	449,562
Debt investments	-	-	-
Current tax assets	2,200	-	2,200
Other financial assets	13,344	6,215	19,559
Prepaid expenses and other assets	1,324	-	1,324
Intangible assets	-	35,850	35,850
Right-of-use assets	-	1,618	1,618
Property, plant and equipment	-	3,404	3,404
Deferred tax assets	-	7,346	7,346
Total	**680,494**	**142,285**	**822,779**
LIABILITIES:			
Derivative financial liabilities	1,232	-	1,232
Deposits from customers	403,217	82,793	486,010
Provisions, accruals and other liabilities	15,340	-	15,340
Current tax liabilities	3,455	-	3,455
Debt securities	84,158	57,656	141,814
Lease liabilities	1,412	282	1,694
Deferred tax liabilities	-	203	203
Total	**508,814**	**140,934**	**649,748**

The Group's net amounts of non-financial assets are analysed by geographical location as at 31 December 2023:

EUR '000	Intangible assets	Right-of-use assets	Property, plant and equipment	Total	%
Slovakia	25,122	2,369	169	27,660	74.39%
Finland	1,508	568	2,091	4,168	11.21%
Malta	1,285	644	256	2,185	5.88%
Germany	900	647	76	1,623	4.37%
Other	654	590	303	1,547	4.16%
Total	**29,468**	**4,819**	**2,896**	**37,183**	**100.00%**

The Group's net amounts of non-financial assets are analysed by geographical location as at 31 December 2022:

EUR '000	Intangible assets	Right-of-use assets	Property, plant and equipment	Total	%
Slovakia	26,820	1,535	168	28,524	72.96%
Finland	2,073	100	2,124	4,297	10.99%
Malta	1,235	1,205	509	2,950	7.55%
Germany	1,040	775	108	1,923	4.92%
Other	232	997	172	1,401	3.58%
Total	**31,400**	**4,613**	**3,081**	**39,094**	**100.00%**

15. Financial assets

The table below summarises the Group's financial assets presented based on their classification based on their subsequent measurement, at amortised cost or FVPL; and based on their fair value measurement hierarchy, level 1, 2 or 3; as at 31 December:

EUR '000	Fair value measure-ment	2023		Restated 2022		Restated 2021	
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL ASSETS AT FVPL							
Derivative financial assets	Level 2	299	299	3,180	3,180	324	324
FINANCIAL ASSETS AT AMORTISED COST							
Loans to customers	Level 3	575,948	575,948	507,075	507,075	449,562	449,562
Cash and cash equivalents		283,712	-	153,325	-	301,592	-
Debt investments	Level 3	62,114	62,114	21,107	21,107	-	-
Other financial assets:							
- Loans to related parties	Level 3	10,048	10,048	8,138	8,138	6,215	6,215
- Receivables from banks	Level 3	4,362	4,362	4,362	4,362	5,108	5,108
- Receivables from sold portfolios	Level 3	1,476	1,476	2,263	2,263	4,657	4,657
Other receivables	Level 3	3,549	3,549	4,649	4,649	3,579	3,579
Total		**941,508**	**657,796**	**704,101**	**550,776**	**771,037**	**469,445**

The fair value of derivative financial assets is determined using level 2 fair value measurement. The derivative assets include only foreign currency forward contracts where the Group agrees to sell a predetermined amount of its foreign currency exposure at a predetermined price.

Debt investments at 31 December 2023 include investment in secured bonds. The value of this item is determined using level 3 fair value measurement due to the private placement of instruments.

Other financial assets mainly include loans to related parties, receivables from banks and receivables from sold portfolios. Receivables from banks include mandatory deposits held with other banks as a collateral for the purpose of hedging. Loans to related parties comprise corporate loan issued by Multitude Bank to Sortter Oy and disclosed in Note 25.

The fair values of the other financial assets measured at amortised cost are determined using level 3 fair value measurement based significantly on unobservable inputs. The Group estimates that the carrying amounts of these financial assets reasonably approximate their fair values as it is derived from the purchased price agreed in orderly transactions at 31 December 2023 and 31 December 2022.

16. Prepaid expenses and other assets

EUR '000	2023	Restated 2022	Restated 2021
Prepaid expenses	2,725	(3)	1,077
VAT receivables	115	239	207
Other assets	1	1	40
Total	**2,841**	**237**	**1,324**

17. Intangible assets

EUR '000	Internally generated software	Computer Software	Other in-tangible assets	Total
ACQUISITION AND DEVELOPMENT COSTS				
As at 1 January 2023	**54,635**	**23,643**	**2,965**	**81,244**
For the year ended 31 December 2023:				
Additions	9,776	851	-	10,627
Disposals	-	(13)	(6)	(19)
Translation differences	-	-	4	4
Acquisition costs, as at 31 December 2023	**64,411**	**24,481**	**2,963**	**91,855**
ACCUMULATED AMORTISATION				
As at 1 January 2023	**(32,387)**	**(14,800)**	**(2,657)**	**(49,845)**
For the year ended 31 December 2023:				
Cumulative amortisation on disposals	-	13	6	19
Amortisation (Note 11)	(9,982)	(2,517)	(63)	(12,561)
Cumulative amortisation, as at 31 December 2023	**(42,369)**	**(17,304)**	**(2,714)**	**(62,387)**
Net carrying amount, as at 1 January 2023	**22,248**	**8,844**	**308**	**31,400**
Net carrying amount, as at 31 December 2023	**22,041**	**7,178**	**249**	**29,468**
ACQUISITION AND DEVELOPMENT COSTS				
As at 1 January 2022	**44,127**	**30,075**	**2,965**	**77,167**
For the year ended 31 December 2022:				
Additions	10,508	-	61	10,569
Disposals	-	(6,432)	-	(6,432)
Translation differences	-	-	(61)	(61)
Acquisition costs, as at 31 December 2022	**54,635**	**23,643**	**2,965**	**81,244**
ACCUMULATED AMORTISATION AND IMPAIRMENT				
As at 1 January 2022	**(22,754)**	**(15,955)**	**(2,608)**	**(41,317)**
For the year ended 31 December 2022:				
Cumulative amortisation on disposals	-	6,399	-	6,399
Amortisation (Note 11)	(9,633)	(5,244)	(49)	(14,926)
Cumulative amortisation, as at 31 December 2022	**(32,387)**	**(14,800)**	**(2,657)**	**(49,844)**
Net carrying amount, as at 1 January 2022	**21,373**	**14,120**	**357**	**35,850**
Net carrying amount, as at 31 December 2022	**22,248**	**8,844**	**308**	**31,400**

There are no intangible assets pledged as securities for liabilities.

18. Leases

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

EUR '000	Office buildings	Office equipment	Total
ACQUISITION COSTS			
As at 1 January 2023	**10,125**	**1,614**	**11,738**
For the year ended 31 December 2023:			
Additions	591	1,600	2,190
Disposals	-	-	-
Acquisition costs, as at 31 December 2023	**10,716**	**3,213**	**13,929**
ACCUMULATED DEPRECIATION			
As at 1 January 2023	(6,351)	**(775)**	**(7,125)**
For the year ended 31 December 2023:			
Revaluation (Note 10)	30	-	30
Depreciation (Note 11)	(1,517)	(498)	(2,015)
Cumulative depreciation, as at 31 December 2023	**(7,838)**	**(1,272)**	**(9,110)**
Net carrying amount, as at 1 January 2023	**3,774**	**839**	**4,613**
Net carrying amount, as at 31 December 2023	**2,878**	**1,941**	**4,819**
ACQUISITION COSTS			
As at 1 January 2022	**6,681**	**757**	**7,438**
For the year ended 31 December 2022:			
Additions	3,899	857	4,756
Disposals	(455)	-	(455)
Acquisition costs, as at 31 December 2022	**10,125**	**1,614**	**11,738**
ACCUMULATED DEPRECIATION			
Cumulative depreciation, as at 1 January 2022	**(5,224)**	**(596)**	**(5,819)**
For the year ended 31 December 2022:			
Disposals	455	-	455
Revaluation (Note 10)	52	-	52
Depreciation (Note 11)	(1,634)	(179)	(1,813)
Cumulative depreciation, as at 31 December 2022	**(6,351)**	**(775)**	**(7,125)**
Net carrying amount, as at 1 January 2022	**1,457**	**161**	**1,618**
Net carrying amount, as at 31 December 2022	**3,774**	**839**	**4,613**

There are no material translation differences recognised on right-of-use asset.

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

EUR '000	Notes	2023	Restated 2022
Expenses relating to short-term leases	10	(2)	-
Expenses relating to low value leases	10	(5)	(7)
Depreciation on ROU assets	10	(1,453)	(1,813)
Interest expense on lease liabilities	12	(388)	(230)

Rent expenses related to short-term and low value leases, and depreciation of right-of-use assets are presented under general and administrative expense and depreciation and amortisation, respectively, in operating expenses (Note 11). Interest expense on lease liabilities is presented under interest expense (Note 7). There is no expense in relation to variable lease payments.

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

EUR '000	2023	Restated 2022
Total cash outflow for leases	(2,219)	(1,939)

19. Property, plant and equipment

EUR ’000	Office building	Furnitures, fittings, and equipment	Total
ACQUISITION COSTS			
As at 1 January 2023	**2,707**	**3,533**	**6,240**
For the year ended 31 December 2023:			
Additions	18	338	356
Disposals*	-	(81)	(81)
Translation differences	-	-	-
Acquisition costs, as at 31 December 2023	**2,725**	**3,790**	**6,515**
ACCUMULATED DEPRECIATION			
As at 1 January 2023	**(761)**	**(2,399)**	**(3,160)**
For the year ended 31 December 2023			
Depreciation (Note 11)	(160)	(281)	(441)
Impairment (Note 10)	-	(17)	(17)
Cumulative depreciation, as at 31 December 2023	**(921)**	**(2,697)**	**(3,618)**
Net carrying amount, as at 1 January 2023	**1,947**	**1,134**	**3,081**
Net carrying amount, as at 31 December 2023	**1,804**	**1,094**	**2,898**
ACQUISITION COSTS			
As at 1 January 2022	**2,523**	**4,556**	**7,079**
For the year ended 31 December 2022:			
Additions	184	275	460
Disposals	-	(1,298)	(1,298)
Translation differences	-	-	-
Acquisition costs, as at 31 December 2022	**2,707**	**3,533**	**6,240**
ACCUMULATED DEPRECIATION			
As at 1 January 2022	**(618)**	**(3,057)**	**(3,675)**
For the year ended 31 December 2022			
Depreciation (Note 11)	(143)	(640)	(783)
Disposals	-	1,298	1,298
Cumulative depreciation, as at 31 December 2022	**(761)**	**(2,399)**	**(3,160)**
Net carrying amount, as at 1 January 2022	**1,906**	**1,498**	**3,404**
Net carrying amount, as at 31 December 2022	**1,947**	**1,134**	**3,081**

*Loss of EUR 81 thousand was recored as other expense for the disposals of furnitures, fittings, and equipment in 2023.

There are no contractual commitments to acquire property, plant and equipment. There are no property, plant and equipment which are pledged as securities for liabilities. There are no material translation differences recognised on property, plant and equipment.

20. Financial liabilities

The table below summarises the Group's financial liabilities presented based on their classification based on their subsequent measurement, at amortised cost or FVPL; and based on their fair value measurement hierarchy, level 1, 2 or 3; as at 31 December:

EUR '000	Fair value hierarchy	2023 Carrying amount	2023 Fair value	Restated 2022 Carrying amount	Restated 2022 Fair value	Restated 2021 Carrying amount	Restated 2021 Fair value
FINANCIAL LIABILITIES AT FVPL							
Derivative financial liabilities	Level 2	5,323	5,323	446	446	1,232	1,232
FINANCIAL LIABILITIES AT AMORTISED COST							
Deposits from customers	Level 3	732,350	732,350	503,378	503,378	486,010	486,010
Debt securities	Level 1	47,805	46,676	47,416	48,439	141,814	142,987
Provisions, accruals and other liabilities:	Level 3						
- Other financial liabilities		9,331	9,331	12,172	12,172	12,789	12,789
Lease liabilities		4,963	-	4,566	-	1,694	-
Total		**799,772**	**793,680**	**567,978**	**564,435**	**643,539**	**643,018**

2022 Multitude Bank tranche bonds

The Multitude Bank p.l.c. tranche bonds (series no. 1/2022 - ISIN: MT0000911215) ("2022 FBM tranche bonds") were issued on 13 April 2022 with a coupon rate of 6% maturing on 13 April 2032. Out of the EUR 5.1 million bonds issued, EUR 2.0 million was issued to Multitude SE, which was eliminated at the Group level as part of the consolidation process. At 31 December 2023, the 2022 FBM tranche bonds are presented as debt securities in the Group's consolidated statement of financial position and have outstanding nominal and carrying amounts of EUR 3.1 million and EUR 2.9 million, respectively.

2022 Multitude SE senior unsecured bonds

Multitude SE senior unsecured bonds (ISIN: NO0012702549) were issued on 7 December 2022 with a coupon rate of 7.5% plus 3-month Euribor, maturing in December 2025 (the "2022 MSE Bonds"). At 31 December 2023, the 2022 MSE Bonds are presented as debt securities in the Group's consolidated statement of financial position, have outstanding nominal and carrying amounts of EUR 46.0 million and EUR 44.9 million, respectively.

Financial liabilities fair value measurements

The fair value of derivative financial liabilities is determined using level 2 fair value measurement. Derivative financial liabilities include only foreign currency forward contracts where the Group agrees to sell a predetermined amount of its foreign currency exposure at a predetermined price. The fair value of debt securities that includes only listed bonds (2022 Multitude Bank tranche bonds and 2022 Multitude SE senior unsecured bonds) is determined using level 1 fair value measurement based on the published quotes in the Frankfurt Stock Exchange Open Market, Frankfurt Stock Exchange Prime Standard, and Malta Stocks Exchange, respectively. The fair value of the remaining financial liabilities measured at amortised cost is determined using level 3 fair value measurement based significantly on unobservable inputs. The Group estimates that the carrying amounts of these financial liabilities reasonably approximate their fair values as it is derived from the purchased price agreed in orderly transactions at 31 December 2023 and 31 December 2022.

Provisions, accruals and other liabilities

EUR '000	2023	Restated 2022	Restated 2021
Accrued personnel expenses	3,445	2,948	2,551
Provisions	596	457	-
Other financial liabilities	9,331	12,172	12,789
Total	**13,372**	**15,576**	**15,340**

Other financial liabilities include trade payables and accrued financial liabilities for serviced received but not yet invoiced by the suppliers.

Deposits from customers by contractual terms

EUR '000	2023	Restated 2022	Restated 2021
Term deposits	697,968	402,363	394,468
Call accounts	34,382	101,015	91,542
Total	**732,350**	**503,378**	**486,010**

21. Issued capital and reserves

The table below shows composition of authorised share capital of Multitude SE.

	2023, N '000	2022, N '000	2023, EUR '000	2022, EUR '000
AUTHORISED SHARE CAPITAL	21,724	21,724	40,134	40,134

The table below shows composition of issued capital of Multitude SE.

	2023, N '000	2022, N '000
ORDINARY SHARES ISSUED AND OUTSTANDING		
At 1 January	21,578	21,578
Share-based payment during the period	40	-
At 31 December	21,618	21,578

The Group holds 106 thousand shares, held as treasury shares as at 31 December 2023 and 146 thousand shares as at 31 December 2022. The movement in the number of treasury shares is related to payout of 40,134 shares in connection with the matching share plan in 2023.

	2023, N '000	2022, N '000	2023, EUR '000	2022, EUR '000
TREASURY SHARES				
At 1 January	146	146	142	142
Share-based payment during the period	(40)	-	(39)	-
At 31 December	106	146	103	142

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

During 2023, the Group redeemed a portion of the equity-related bond for EUR 5.0 million. The total amount consists of EUR 4.6 million in cash payment and EUR 0.4 million in a discount recorded directly in equity.

The table below shows breakdown of other reserves:

EUR '000	2023	2022
Reserve for General Banking Risks	-	1,519
Reserve for Excessive Non-Performing Loans	31	1,073
Total other reserves	**31**	**2,592**

The Reserve for General Banking Risks refers to the amount allocated by the Multitude Bank from its retained earnings to a non-distributable reserve against potential risks linked to the Bank's non-performing loans. Banking Rule BR/09 also requires the recognition of a separate non-distributable reserve for Excessive Non-Performing Loans composed of allocations from retained earnings when the Bank deviates from any phase of the non-performing loans reduction plan in order to strengthen its resiliency to the risks associated with high NPL. Banking Rule 09 was revised as from 1 January 2023 and under the new rule banks are no longer required to hold these reserves. Therefore, during 2023 the Bank released these amounts back to retained earnings. The reserve balance as at 31 December 2023 amounted to EUR 31 thousand (2022: EUR 1.1 million).

22. Dividends

The Group declared a dividend of EUR 0.12 per share in the total amount of EUR 2.6 million for the financial year 2022 that was paid in 2023. The Board of Multitude SE proposed EUR 0.19 per share of dividend distribution in relation to the results of operations for the year ended 31 December 2023 before the date of financial statements publishing.

23. Share-based payments

Performance share plan

During 2021, the Group introduced a new equity-settled performance share plan ("PSP") wherein key personnel are awarded several of Multitude shares based on defined vesting conditions at the end of the performance period. The shares will be awarded net of payroll taxes.

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

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

Grant date						2023				
Performance period	Reward shares	Dividend adj. share price	Realised volatility	Risk-free volatility	Total FV in EUR	Outstanding at the beginning of period	Forfeited during the period	Outstanding at the end of the period	Outstanding total FV in EUR	Expense in EUR
1 Jun 21 - 31 Dec 24	1,159,175	4.11	62.1%	(0.4%)	743,285	1,114,985	22,207	1,092,778	700,710	225,310

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

Grant date						2022				
Performance period	Reward shares	Dividend adj. share price	Realised volatility	Risk-free volatility	Total FV in EUR	Outstanding at the beginning of period	Modified shares during the period	Outstanding at the end of the period	Outstanding total FV in EUR	Expense in EUR
1 Jun 21 - 31 Dec 24	1,159,175	4.11	62.1%	(0.4%)	743,285	1,064,925	50,060	1,114,985	714,950	264,329

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

Matching share plan

During 2021, the Group introduced an equity-settled matching share plan ("MSP") that allows all employees to invest up to 10% of their annual gross salary in Multitude shares. Investment shares will vest after 2 years provided that the participants have held the shares and have uninterrupted employment during the holding period. After which, the Group will provide free matching shares with a 1:1 ratio for all vested investment shares. The shares will be awarded net of payroll taxes.

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

	Grant date		2023					
Holding period	**Investment shares**	**Share price in EUR**	**Outstanding at the beginning of period**	**Forfeited shares**	**Vested shares**	**Outstanding at the end of the period**	**Total FV in EUR**	**Expense in EUR**
31 Mar 21 - 13 Apr 23	39,746	6.05	35,819	951	34,868	-	226,567	35,453
30 Sep 21 - 30 Sep 23	27,784	4.94	22,609	995	21,614	-	114,822	39,963
16 Mar 22 - 13 Apr 24	31,602	3.50	30,317	536	-	29,781	112,476	57,484
19 Sep 22 - 18 Oct 24	58,598	2.70	57,055	798	-	56,257	168,336	84,978
06 Apr 23 - 13 Apr 25	35,951	3.69	-	463	-	35,488	132,740	48,369
28 Sep 23 - 31 Oct 25	49,723	3.10	-	-	-	49,723	154,928	19,064
Total	**243,404**		**145,800**	**3,743**	**56,482**	**171,249**	**909,868**	**285,311**

	Grant date		2022					
Holding period	**Investment shares**	**Share price in EUR**	**Outstanding at the beginning of period**	**Forfeited shares**	**Vested shares**	**Outstanding at the end of the period**	**Total FV in EUR**	**Expense in EUR**
31 Mar 21 - 13 Apr 23	39,746	6.05	38,165	2,408	-	35,819	220,688	105,959
30 Sep 21 - 30 Sep 23	27,784	4.94	27,585	4,370	-	22,609	116,423	57,809
16 Mar 22 - 13 Apr 24	31,602	3.50	-	1,147	-	30,317	104,039	39,186
19 Sep 22 - 18 Oct 24	58,598	2.70	-	1,543	-	57,055	152,718	15,856
Total	**157,592**		**65,750**	**9,468**	**-**	**145,800**	**593,868**	**218,809**

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

24. Commitments given

In terms of credit risk associated with commitments to extend credit, the Group faces potential exposure to losses equivalent to the total unused commitments should those amounts be utilised. It is essential to note, however, that commitments to extend credit are contingent on customers adhering to specific credit standards outlined in the terms of product in all circumstances.

In respect to its debt investments the Group has an outstanding commitment to provide EUR 8.0 million of additional investment as at 31 December 2023. There is no separate ECL provision created for these commitments due to conditional character of investment and the low risk profile of already drawn debt facilities.

There are no contingent liabilities for year ended and as at 31 December 2023 and 31 December 2022.

25. Related party transactions

The Group is controlled by Jorma Jokela who ultimately owns 55.56% of Multitude SE's issued and outstanding shares as at 31 December 2023 (2022 - 55.24%), who is also the Member of Multitude SE's Board and Leadership Team. The Group's related parties include Sortter Oy (accounted as investment into associates), Members of the Board of Directors and Leadership Team. This includes their close family members, the companies in which the Member of the Board or Leadership Team and their close family members have control or joint control. As a main principle, all transactions with related parties are conducted at arm's length and are part of the ordinary course of business. Transactions with related parties for the year ended 31 December are as follows:

EUR '000	2023	2022
Sortter Oy:		
Lead sales fees received from Sortter Oy for introducing customers	47	-
Broker fees paid to Sortter Oy for introducing customers	(35)	-
Interest income received from Sortter Oy	535	-
Other related parties*:		
Professional fees paid to other related parties for key management personnel services	(1,137)	(780)
Rental payments done to other related parties for office lease	(125)	(107)
Total	**(715)**	**(887)**

*Other related parties include the companies related to Leadership Team members.

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

EUR '000	2023	2022
Sortter Oy:		
Loans to related parties	8,148	8,139
Leadership Team members:		
Loans to related parties	1,900	-
Total	**10,048**	**8,139**

The Group has issued loan in the total amount of EUR 1.9 million to the Leadership Team members with the purpose of purchase of Multitude's shares. All shares purchased with this loan are pledged to the Group and used as collateral. There is no ECL provision created for this loan as at 31 December 2023. The loan shall accrue fixed interest of 5.5% per annum and paid annually. The principal on the loan shall be repaid on 31 December 2028.

The Group issued a loan in the total amount of EUR 8.0 million to Sortter Oy in December 2022 with the purpose of financing development of the business. Sortter Oy shall pay interest on the loan at the rate of 3-month Euribor plus the margin 5.5% per annum. Should 3-month Euribor be less than zero, it shall be deemed to be zero. Sortter Oy shall repay the loan principal in one instalment on 11 December 2026. There is EUR 48 thousand of ECL provision as at 31 December 2023 on this loan with positive impact of EUR 193 thousand in impairment loss during the year.

Key management compensation

The table below outlines the related party transactions involving Members of Multitude's Board and Leadership Team, encompassing gross salary and short-term benefits, share-based payments, and employer contributions to defined contribution post-employment plans.

EUR '000	2023	2022
COMPENSATION FOR MEMBERS OF THE BOARD OF DIRECTORS AND CEO:		
Jorma Jokela, CEO		
Salaries and other short-term employee benefits*	246	240
Share-based payments	14	16
Dividend payments	1,441	-
Ari Tiukkanen, Chairman		
Salaries and other short-term employee benefits**	212	-
Share-based payments	2	-
Post-employment benefits	104	-
Dividend payments	2	-
Frederik Strange, Ex Chairman		
Salaries and other short-term employee benefits	16	48
Dividend payments	1	-
Michael Cusumano, Member		
Salaries and other short-term employee benefits	48	48
Goutam Challagalla, Member		
Salaries and other short-term employee benefits	48	48
Kristiina Leppänen, Member		
Salaries and other short-term employee benefits	49	28
Juhani Vanhala, Ex Member		
Salaries and other short-term employee benefits	16	48
Dividend payments	10	-
Jussi Mekkonen, Member		
Salaries and other short-term employee benefits	16	29
Lea Liigus, Member		
Salaries and other short-term employee benefits	60	60
Share-based payments	6	6
Dividend payments	15	-
Total	**2,306**	**571**
COMPENSATION OF LEADERSHIP TEAM MEMBERS AND CEO:		
Salaries and other short-term employee benefits	3,024	3,068
Share-based payments	241	229
Post-employment benefits	229	230
Dividend payments	1,488	-
Total	**4,982**	**3,527**

*The retirement age of CEO is 65 years, and he has no defined benefit pension plan.
**Including remuneration in the role of Deputy CEO.

26. Change in accounting policies and correction of errors

During the financial period, the Group has made changes in its accounting policies regarding the presentation of financial statements. As a result of this change, prior period classification errors were noted and corrected as explained below. The reasons and impact of change in accounting policies and correction of prior period errors in financial statements are described below.

a) Change in accounting policy - Adoption of new presentation:
In 2023, the Group has undertaken a strategic initiative to enhance the presentation of its financial results, with the aim of providing reliable and more relevant information about the Group's financial position and performance, aligning the presentation of primary statements with the common practice within the financial industry. As a result, the Group, starting with the financial year ended 31 December 2023:

- changed the presentation of the statement of financial position from current / non-current classification to presentation based on the order of liquidity;

- has restructured the statement of profit or loss to present the net interest income, net fair value and foreign exchange gains and losses and other items;

- made corresponding changes in the presentation of the statement of cash flows, to align the presentation with the financial industry and to include the cash flows of operating financial assets and financial liabilities in the cash flows from operating activities in line with IAS 7.

The retrospective impact of the change in the presentation and the resulting reclassification of certain financial statement line items is shown in the tables below.

b) Correction of prior period errors:

The following corrections have been made:

1. **Inclusion of collection costs in the calculation of expected credit losses**
   Previously, the Group recognised collection costs as incurred and presented them in general and administrative expense. Debt collection costs are considered incremental and directly attributable to the recovery of cash flows of the granted loans in the event of a default, and as such, they should rather be incorporated into the estimate of the expected credit losses. After the correction, debt collection costs are included in the calculation of expected credit losses by incorporating them in the net expected cash flows of loans to customers to which the collection costs directly relate to.
2. **Classification of reminder fees as interest income**
   The Group has revised its treatment of reminder fees. Historically these fees have been classified as fee and commission income in the statement of profit or loss and accounted for under IFRS 15. Reminder fees are a standard feature of loans to customers and they are collected from the inception of the loan contract over the lifetime of loan similarly to interest. From the financial year ended 31 December 2023 onwards, the Group accounts for these fees in line with IFRS 9, and factors the reminder fees in the calculation of interest income by applying the effective interest method.

3. Scoring costs

Scoring costs consist of credit information, credit rating and similar checks conducted when a client applies for a loan or product and reaches a certain stage in this process. Historically, scoring costs have been recognised as incurred and presented in general and administrative expense. However, whenever such scoring costs relate to a loan which is granted to the client, the costs should be treated as a directly attributable transaction cost to such loan, and should be included in the loan balance at inception and in the calculation of the effective interest rate of that loan, thus decreasing the interest income. This restatement only applies to scoring costs related to loans issued.

These changes, together with any potential impact in recognised deferred taxes, have been applied consistently, by adjusting the comparative period and the opening balances for the earliest period presented for each affected financial statement line item.

List of restatements in the consolidated statement of financial position on 1 January 2022:

Accounting policy change 1: Merged EUR 13,344 thousand of receivables from sold portfolios and receivables from banks previously categorised under non-current financial assets with current other financial assets into other financial assets financial statement line item.

Accounting policy change 2: Reclassified EUR 1,246 thousand previously categorised under provisions, accruals, and other liabilities as interest payable to be included under the deposits from customers financial statement line item.

Accounting policy change 3: Merged trade payables totalling EUR 1,426 thousand with accruals and other current liabilities totalling EUR 15,160 thousand into the provision, accruals, and other liabilities financial statement line item.

Accounting policy change 4: Merged EUR 84,158 thousand previously categorised under short-term borrowings with long-term borrowings to be included under the debt securities financial statement line item.

Correction of error: An adjustment has been made regarding the change in accounting treatment of collection costs under the loans to customers, resulting in corresponding deferred tax implications on the change in the amount of ECL. EUR 2,136 thousand of additional ECL provision was recognised with subsequent decrease in loans to customers balance. Additionally, EUR 365 thousand of deferred tax asset was recognised on the amount of ECL provision recorded in retained earnings.

Consolidated statement of financial position on 1 January 2022

EUR '000 Old FSLI	New FSLI	1 January 2022 (Reported)	Policy change 1	Policy change 2	Policy change 3	Policy change 4	Correction of error	Total change	1 January 2022 (Restated)
Loans to customers	Loans to customers	451,698	-	-	-	-	(2,136)	(2,136)	449,562
Other non-current financial assets	Other financial assets	6,215	13,344	-	-	-	-	13,344	19,559
Other current financial assets	Other financial assets	13,344	(13,344)	-	-	-	-	(13,344)	-
Prepaid expenses and other current assets	Prepaid expenses and other assets	1,324	-	-	-	-	-	-	1,324
Deferred tax assets	Deferred tax assets	6,981	-	-	-	-	365	365	7,346
Total assets	**Total assets**	**824,550**	**-**	**-**	**-**	**-**	**(1,771)**	**(1,771)**	**822,779**
Deposits from customers	Deposits from customers	484,764	-	1,246	-	-	-	1,246	486,010
Trade payables	Provisions, accruals and other liabilities	1,426	-	(1,246)	15,160	-	-	13,914	15,340
Accruals and other current liabilities	Provisions, accruals and other liabilities	15,160	-	-	(15,160)	-	-	(15,160)	-
Long-term borrowings	Debt securities	57,656	-	-	-	84,158	-	84,158	141,814
Sort-term borrowings	Debt securities	84,158	-	-	-	(84,158)	-	(84,158)	-
Total liabilities	**Total liabilities**	**649,748**	**-**	**-**	**-**	**-**	**-**	**-**	**649,748**
Retained earnings	Retained earnings	70,466	-	-	-	-	(1,771)	(1,771)	68,695
Total equity	**Total equity**	**174,802**	**-**	**-**	**-**	**-**	**(1,771)**	**(1,771)**	**173,031**

List of restatements in the consolidated statement of financial position on 31 December 2022:

Accounting policy change 1: Reclassified EUR 1,311 thousand previously categorised under prepaid expenses and other assets to align with other financial assets financial statement line item.

Accounting policy change 2: Reclassified EUR 1,664 of thousand interest payable previously categorised under provisions, accruals, and other liabilities to be included under the deposit from customers financial statement line item. Additionally, EUR 21,107 thousand of secured bonds were reclassified from other financial assets to debt investments.

Accounting policy change 3: Merged trade payables totalling EUR 6,314 thousand and accruals and other current liabilities totalling EUR 11,530 thousand into the provision, accruals, and other liabilities financial statement line item.

Accounting policy change 4: Reclassified EUR 625 thousand of interest payable previously categorised under provisions, accruals, and other liabilities to be included under the debt securities financial statement line item as they relate to issued bonds.

Correction of error: An adjustment has been made regarding the change in accounting treatment of collection costs under the loans to customers, resulting in corresponding deferred tax implications on the change in the amount of ECL. EUR 2,389 thousand of additional ECL provision was recognised with subsequent decrease in loans to customers balance. This adjustment includes EUR 2,136 thousand of ECL provision from opening balance on 1 January 2022. Additionally, EUR 395 thousand of deferred tax asset was recognised on the amount of ECL provision recognised in retained earnings. This adjustment includes EUR 365 thousand of opening balance on 1 January 2022.

Consolidated statement of financial position on 31 December 2022

EUR '000 Old FSLI	New FSLI	31 December 2022 (Reported)	Policy change 1	Policy change 2	Policy change 3	Policy change 4	Correc-tion of error	Total change	31 December 2022 (Restated)
Loans to customers	Loans to customers	509,463	-	-	-	-	(2,389)	(2,389)	507,075
Other non-current financial asset, other current financial assets	Debt investments	-	-	21,107	-	-	-	21,107	21,107
Other non-current financial asset, other current financial assets	Other financial assets	39,209	1,311	(21,107)	-	-	-	(19,796)	19,413
Prepaid expenses and other current assets	Prepaid expenses and other assets	1,548	(1,311)	-	-	-	-	(1,311)	237
Deferred tax assets	Deferred tax assets	7,179	-	-	-	-	395	395	7,574
Total assets	**Total assets**	**755,229**	**-**	**-**	**-**	**-**	**(1,994)**	**(1,994)**	**753,235**
Deposits from customers	Deposits from customers	501,734	-	1,644	-	-	-	1,644	503,378
Trade payables	Provisions, accruals and other liabilities	6,314	-	-	(6,314)	-	-	(6,314)	-
Accruals and other current liabilities	Provisions, accruals and other liabilities	11,530	-	-	(11,530)	-	-	(11,530)	-
Trade payables, Accruals and other current liabilities and Long-term borrowings	Provisions, accruals and other liabilities	-	-	(1,644)	17,844	(625)	-	15,576	15,576
Long-term borrowings	Debt securities	46,791	-	-	-	625	-	625	47,416
Total liabilities	**Total liabilities**	**573,269**	**-**	**-**	**-**	**-**	**-**	**-**	**573,269**
Retained earnings	Retained earnings	77,679	-	-	-	-	(1,994)	(1,994)	75,685
Total equity	**Total equity**	**181,960**	**-**	**-**	**-**	**-**	**(1,994)**	**(1,994)**	**179,966**

List of restatements in the consolidated statement of profit or loss for 2022

Changes in the income side of the consolidated statement of profit or loss:

Accounting policy change 1: Finance income in relation to interest from loans to related parties and deposits with other banks of EUR 460 thousand has been merged with interest income financial statement line item.

Accounting policy change 2: New customer and application fee totalling EUR 9 thousand have been reclassified from the fee and commission income to interest income financial statement line item.

Correction of error 1: Reminder fee of EUR 3,295 thousand has been reclassified from fee and commission income to interest income financial statement line item.

Changes in the expense side of the consolidated statement of profit or loss:

Accounting policy change 1: A new financial statement line item titled fair value and foreign exchange gains and losses has been created, and finance cost of EUR 3,848 thousand related expenses included in interest expense have been reclassified there. Gain from disposal of non-current assets of EUR 33 thousand has been reclassified from other expense to the other income financial statement line item.

Accounting policy change 2: Depositor compensation scheme contributions of EUR 356 thousand have been reclassified from interest expense to general and administrative expense, and total banking and lending costs of EUR 13,589 thousand have been reclassified to the general and administrative expense and selling and marketing expense financial statement line items.

Correction of error 2: Invoicing and collection cost of EUR 5,734 thousand has been reclassified from the general and administrative expense to impairment loss on loans to customers financial statement line item.

Correction of error 3: Scoring costs of EUR 320 thousand have been reclassified from the general and administrative expense to interest income as part of effective interest income.

Correction of error 4: An adjustment has been made regarding the change in accounting treatment of collection costs that led to increase in ECL provision for the loans to customers, resulting in corresponding deferred tax implications on the change in the amount of ECL. Impact for 2022 includes increase in impairment loss on loans to customers by EUR 252 thousand and a positive change in deferred tax asset by EUR 30 thousand.

Renaming of financial statement line items for alignment with the financial industry:

Interest revenue has been renamed to interest income.

Service fee revenue has been renamed to fee and commission income.

Finance cost has been renamed to interest expense and reclassified to net interest income.

Bank and lending costs have been merged with general and administrative expense.

Consolidated statement of profit or loss on 31 December 2022

EUR '000 Old FSLI	New FSLI	2022 (Reported)	Policy change 1	Policy change 2	Correction of error 1	Correction of error 2	Correction of error 3	Correction of error 4	Total change	2022 (Restated)
Interest revenue	Interest income	209,030	460	9	3,295	-	(320)	-	3,444	212,474
Finance income	Interest income	460	(460)	-	-	-	-	-	(460)	-
Other income	Other income	37	33	-	-	-	-	-	33	70
Service fee revenue	Fee and commission income	3,336	-	(9)	(3,295)	-	-	-	(3,304)	32
Finance costs	Interest expense	(18,230)	3,848	356	-	-	-	-	4,204	(14,026)
Finance costs	Fair value and foreign exchange gains and losses	-	(3,848)	-	-	-	-	-	(3,848)	(3,848)
Impairment loss on loans to customers	Impairment loss on loans to customers	(78,660)	-	-	-	(5,734)	-	(252)	(5,986)	(84,646)
Personnel expense	Personnel expense	(33,956)	-	-	-	-	-	-	-	(33,956)
Selling and marketing expense	Selling and marketing expense	(12,205)	-	(170)	-	-	-	-	(170)	(12,375)
General and administrative expense	General and dministrative expense	(24,408)	-	(13,589)	-	5,734	320	-	(7,535)	(31,943)
Bank and lending costs	General and dministrative expense	(13,405)	-	13,405	-	-	-	-	13,405	-
Depreciation and amortisation	Depreciation and amortisation	(17,522)	-	-	-	-	-	-	-	(17,522)
Other expense	Other expense	(636)	(33)	-	-	-	-	-	(33)	(669)
Profit before income taxes	Profit before income taxes	13,841	-	-	-	-	-	-	-	13,590
Income tax expense	Income tax expense	(1,846)	-	-	-	-	-	30	30	(1,817)
Profit for the year	**Profit for the year**	**11,995**	**-**	**-**	**-**	**-**	**-**	**(222)**	**(222)**	**11,773**
Earnings per share:	Earnings per share:									
Weighted average number of ordinary shares in issue	Weighted average number of ordinary shares in issue	21,578	-	-	-	-	-	-	-	21,578
Total earnings per share, EUR	Basic earnings per share, EUR	0.38	-	-	-	-	-	-	-	0.38

List of restatements in the consolidated statement of cash flows on 31 December 2022

The following changes have been implemented:

Accounting policy change 1: Purchase of non-current assets for the total amount of EUR 20,800 thousand has been relocated from investing activities to operating activities. The item was renamed to increase (-) / decrease (+) in debt investments. Impairment on non-financial assets for the total amount of EUR 622 thousand has been reclassified from other adjustments line.

Accounting policy change 2: Purchase of investments and other assets for the total amount of EUR 3,625 thousand has been transferred from investing activities to operating activities. The item was renamed to increase (-) / decrease (+) in derivative financial instruments (net). Purchase of intangible assets of EUR 10,432 thousand was reclassified from purchase of tangible assets to separate line item.

Accounting policy change 3: Finance cost, net has been split between net interest income and unrealised items included in fair value and fair values and foreign exchange gain or loss in the statement of profit or loss totaling EUR 194,170 thousand (EUR 198,224 thousand of interest expense and EUR 3,848 thousand of fair value and fair values and foreign exchange gain or loss) and interest received totaling EUR 208,064 thousand.

Accounting policy change 4: Movement in gross portfolio in amount of EUR 138,346 thousand has been shifted to change in operating assets, and proceeds from long-term (EUR 47,672 thousand) and short-term borrowings (EUR 39,400 thousand) have been merged. Movement in gross portfolio has been renamed to increase (-) / decrease (+) in loans to customers. Deposits from customers line item (EUR 17,828 thousand) has been moved from financing activities to operating activities and renamed to increase (+) / decrease (-) in deposits from customers.

Correction of error 1: Invoicing and collection cost of EUR 5,734 thousand has been reclassified from the general and administrative expense to impairment loss on loans to customers and hence deducted from increase/decrease in loans to customers.

Correction of error 2: An adjustment has been made regarding the change in accounting treatment of collection costs that led to increase in ECL provision for the loans to customers, resulting in corresponding deferred tax implications on the change in the amount of ECL. EUR 252 thousand of additional ECL provision was recognised with subsequent decrease in loans to customers balance. Additionally, EUR 29 thousand of deferred tax asset was recognised on the amount of ECL provision recognised in retained earnings.

Consolidated statement of cash flows for 2022

EUR '000 Old FSLI	New FSLI	2022 (Reported)	Policy change 1	Policy change 2	Policy change 3	Policy change 4	Correction of error 1	Correction of error 2	Total change	2022 (Restated)
CASH FLOWS FROM PERATING ACTIVITIES	**CASH FLOWS FROM PERATING ACTIVITIES**									
Profit for the year	Profit for the period	11,995	-	-	-	-	-	(222)	(222)	11,772
Adjustments for:	Adjustments for:									
Depreciation and amortisation	Depreciation and amortisation	18,144	(622)	-	-	-	-	-	(622)	17,522
Finance costs, net	Net interest income and Fair values and foreign exchange gain or loss	15,286	-	-	(15,286)	-	-	-	(15,286)	-
Tax on income from operations	Income tax expense	1,846	-	-	-	-	-	(29)	(29)	1,817
Other adjustments	Other adjustments	(172)	622	-	-	-	-	-	622	450
Impairments on loans	Impairment loss on loans to customers	78,660	-	-	-	-	5,734	251	5,986	84,646
Finance costs, net, Interest received	Net interest income	-	-	-	(198,224)	-	-	-	(198,224)	(198,224)
Finance costs, net, Interest received	Fair value and foreign exchange gains and losses	-	-	-	3,848	-	-	-	3,848	3,848
Working capital changes:	Changes in operating assets:									
Increase (-) / decrease (+) in current receivables	Increase (-) / decrease (+) in other assets	1,078	-	-	-	-	-	-	-	1,078
Increase (+) / decrease (-) in trade payables and other liabilities	Increase (+) / decrease (-) in other liabilities	(453)	-	-	-	-	-	-	-	(453)
Movements in gross portfolio	Increase (-) / decrease (+) in loans to customers	-	-	-	-	(138,346)	(5,734)	-	(144,080)	(144,080)

Consolidated statement of cash flows for 2022 (continuation)

EUR '000 Old FSLI	New FSLI	2022 (Reported)	Policy change 1	Policy change 2	Policy change 3	Policy change 4	Correc-tion of error 1	Correc-tion of error 2	Total change	2022 (Restated)
Purchase of non-current financial assets	Increase (-) / decrease (+) in debt investments	-	(20,800)	-	-	-	-	-	(20,800)	(20,800)
Purchase of investments and other assets	Increase (-) / decrease (+) in derivative financial instruments (net)	-	-	(3,625)	-	-	-	-	(3,625)	(3,625)
Deposits from customers	Increase (+) / decrease (-) in deposits from customers	-	-	-	-	17,828	-	-	17,828	17,828
Interest paid	Interest paid	(11,251)	-	-	-	-	-	-	-	(11,251)
Interest received	Interest received	699	-	-	208,064	-	-	-	208,064	208,763
Income taxes paid	Income taxes paid	(3,637)	-	-	-	-	-	-	-	(3,637)
Movements in gross portfolio	Increase (-) / decrease (+) in loans to customers	(138,346)	-	-	-	138,346	-	-	138,346	-
Net cash flows used in operating activities	Net cash flows used in operating activities	(26,151)	(20,800)	(3,625)	(1,598)	17,828	-	-	(8,195)	(34,346)
CASH FLOWS FROM INVESTING ACTIVITIES	**CASH FLOWS FROM INVESTING ACTIVITIES**									
Purchase of tangible and intangible assets	Purchase of tangible assets	(10,903)	-	10,432	-	-	-	-	10,432	(471)
Purchase of tangible and intangible assets	Purchase of intangible assets	-	-	(10,432)	-	-	-	-	(10,432)	(10,433)
Purchase of investments and other assets	Increase (-) / decrease (+) in derivative financial instruments (net)	(3,625)	-	3,625	-	-	-	-	3,625	-
Purchase of non-current financial assets	Increase (-) / decrease (+) in debt investments	(20,800)	20,800	-	-	-	-	-	20,800	-
Net cash flows used in investing activities	Net cash flows used in investing activities	(35,328)	20,800	3,625	-	-	-	-	24,425	(10,903)

Consolidated statement of cash flows for 2022 (continuation)

EUR '000 Old FSLI	New FSLI	2022 (Reported)	Policy change 1	Policy change 2	Policy change 3	Policy change 4	Correction of error 1	Correction of error 2	Total change	2022 (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES	**CASH FLOWS FROM FINANCING ACTIVITIES**									
Repayment of short-term borrowings	Repayment of debt securities	(182,150)	-	-	-	-	-	-	-	(182,150)
Perpetual bonds interests and issuance costs	Payment of perpetual bonds interest	(3,670)	-	-	-	-	-	-	-	(3,670)
Repayment of finance lease liabilities	Repayment of lease liabilities	(1,939)	-	-	-	-	-	-	-	(1,939)
Proceeds from long-term borrowings	Proceeds from debt securities	47,672	-	-	-	39,400	-	-	39,400	87,072
Proceeds from short-term borrowings	Proceeds from debt securities	39,400	-	-	-	(39,400)	-	-	(39,400)	-
Deposits from customers	Increase (+) / decrease (-) in deposits from customers	17,828	-	-	-	(17,828)	-	-	(17,828)	-
Net cash flows from (used in) financing activities	Net cash flows from (used in) financing activities	(82,859)	-	-	-	(17,828)	-	-	(17,828)	(100,687)
Cash and cash equivalents, as at 1 January	Cash and cash equivalents, as at 1 January	301,592	-	-	-	-	-	-	-	301,592
Exchange gains (losses) on cash and cash equivalents	Exchange gains (losses) on cash and cash equivalents	(3,930)	-	-	1,599	-	-	-	1,599	(2,331)
Net increase in cash and cash equivalents	Net increase in cash and cash equivalents	(144,338)	-	-	(1,599)	-	-	-	(1,599)	(145,937)
Cash and cash equivalents, as at 31 December	Cash and cash equivalents, as at 31 December	153,325	-	-	-	-	-	-	-	153,325

27. Subsequent events

Relocation of parent company

Multitude SE, announced on 5 January 2024 that it contemplates a relocation from Finland to Switzerland while maintaining its legal personality and without dissolution. On 17 January 2024, Multitude SE announced that as a first phase of the plan to relocate to Switzerland, the Board of Directors of Multitude SE proposed a transfer of the registered office of Multitude SE from Finland to Malta.

The completion of this relocation is subject to the approval of the Annual General Meeting of Multitude SE. The transfer of the registered office from Finland to Malta would be followed by a conversion of Multitude SE into a public limited liability company governed by the laws of Malta and then an application to have the parent company registered in Switzerland pursuant to applicable Maltese and Swiss laws by the end of the year 2024. On 21 March Multitude shareholders held an Extraordinary General Meeting and approved proposal for the transfer of the registered office of Multitude SE from Finland to Malta in accordance with the Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European Company (SE).

In anticipation and in pursuance of the transfer of the registered office, the Extraordinary General Meeting resolved to amend the parent company's current Articles of Association to introduce a nominal value for Multitude's shares by adding a new Article 10 in the Articles of Association which reads as follows: The nominal value of the shares is EUR 1.85. Extraordinary General Meeting resolved to increase the parent company's share capital by EUR 55,766 from EUR 40,133,560 to EUR 40,189,326. The increase will be carried out by transferring the necessary amount from the invested unrestricted equity reserve to the share capital.

Extraordinary General Meeting resolved to appoint Ganado Services Limited (Registration Number: C10785) having its registered office at 171, Old Bakery Street, Valletta VLT1455, Malta as the company secretary of the parent company, with effect from the date of registration of the parent company with the Malta Business Registry.

Upon the registration of the parent company with the Malta Business Registry, PricewaterhouseCoopers (Registration Number: AB/26/84/38), with their registered office situated at 78, Mill Street, Qormi, Malta will be appointed as the auditors of parent company until the close of the Annual General Meeting to be held in year 2024, and that the Group's Audit Committee be authorised to fix their remuneration and sign any engagement letter as may be required for the purposes of finalising the engagement thereof.

Ratings update

On 15 February 2024, Fitch Ratings revised Multitude SE's and Multitude Bank p.l.c.'s outlooks to positive from stable, while affirming their Long-Term Issuer Default Ratings (IDRs) at 'B+'. Multitude's senior unsecured notes were affirmed at 'B+' with a Recovery Rating of 'RR4' and its subordinated hybrid perpetual capital notes (perpetual bonds) at 'B-' with 'RR6'.

Acquisition of Omniveta

CapitalBox acquires the business of Capenhagen-based Omniveta Finance in an asset-transaction at the beginning of March 2024. Omniveta specialises in invoice purchasing, which provides CapitalBox with a complimenting finance solution. This acquisition will add invoice purchasing to CapitalBox offering for SMEs in Denmark and an opportunity to extend such offering to the other markets that CapitalBox is active in.

New business unit

In November 2023, Multitude announced the plan to optimise the structure of its reportable segments and create a new business unit by rebranding the part of the SweepBank business. The new business unit will be called Wholesale banking and be led by the CEO of Multitude Bank, Antti Kumpulainen. It will be operational starting 1 January 2024 and be offering Secured Debt products reported currently under SweepBank unit as debt investments financial statement line item in the consolidated statements for 2023.

Multitude SE separate financial statements 2023

Multitude SE separate financial statements 2023

Statement of profit or loss

EUR '000	Notes	2023	2022
Revenue	**4**	**15,369**	**11,880**
Personnel expenses:			
Wages and salaries		(3,101)	(3,159)
Pension expenses		(456)	(474)
Other social expenses		(70)	(70)
Total personnel expenses		**(3,627)**	**(3,703)**
Depreciation and amortisation	5	(794)	(3,876)
Other operating expenses	6, 7	(16,373)	(17,155)
Operating loss		**(5,424)**	**(12,854)**
Financial income:			
Intra-group dividend income		8,013	20,767
Interest and financial income from third parties		4,888	415
Interest and financial income from Group companies		2,024	3,065
Total financial income		**14,925**	**24,248**
Financial expenses:			
Interest and financial expenses to third parties		(12,555)	(6,044)
Interest and financial expenses to Group companies		(1,103)	(8,718)
Impairment of investments in subsidiaries		(5,461)	(13,518)
Total financial expenses		**(19,119)**	**(28,280)**
Net financial expenses		**(4,194)**	**(4,032)**
Loss before Group contribution and taxes		**(9,618)**	**(16,886)**
Group contribution		15,974	7,583
Income tax		(24)	(1)
Profit (loss) for the year		**6,332**	**(9,304)**

Statement of financial position

EUR '000	Notes	31 December 2023	31 December 2022
ASSETS			
Non-current assets:			
Intangible assets	8	2,173	2,862
Tangible assets	9	1,426	1,328
Investments	10	185,378	181,336
Non-current receivables from Group companies	11	18,000	1 691
Non-current receivables from third parties	11	-	703
Total non-current assets		**206,977**	**187,919**
Current assets:			
Current receivables from Group companies	12	22,755	6,267
Current receivables from third parties		4,262	8,455
Cash and cash equivalents		333	8,148
Total current assets		**27,350**	**22,870**
Total assets		**234,327**	**210,789**
EQUITY AND LIABILITIES			
Equity:			
Share capital	13	40,134	40,134
Treasury shares		(103)	(142)
Other reserves		14,708	14,708
Retained earnings		33,541	45,436
Profit (loss) for the period		6,332	(9,304)
Total equity		**94,611**	**90,831**
Liabilities:			
Non-current liabilities			
Non-current liabilities, interest-bearing to third parties	14	91,000	96,000
Non-current liabilities, interest-bearing to Group companies	14	41,583	18,446
Total non-current liabilities		**132,583**	**114,446**
Current liabilities			
Current liabilities, interest-free to third parties	15	4,147	3,627
Current liabilities, interest-free to Group companies	15	2,986	1,884
Total current liabilities		**7,132**	**5,511**
Total liabilities		**139,715**	**119,957**
Total equity and liabilities		**234,327**	**210,789**

Statement of cash flows

EUR '000	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) for the year	6,332	(9,304)
Adjustments for:		
Depreciation and amortisation	794	3,877
Financial income and expenses	4,194	(4,910)
Group contributions	(15,975)	(7,583)
Other adjustments	39	-
Operating loss before working capital changes	**(4,616)**	**(17,920)**
Working capital changes:		
Decrease in trade and other receivables	305	1,861
Increase in trade payables	1,303	1,202
Cash used in operations	**(3,008)**	**(14,857)**
Interest paid	(15,357)	(14,886)
Dividends received	4,358	20,767
Interest received	2,703	3,480
Other financing items	(372)	(1,246)
Net cash used in operating activities	**(11,677)**	**(6,742)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible and intangible assets	(205)	(114)
Proceeds from sale of tangible and intangible assets	3	-
Acquisition of subsidiaries	(2,442)	(20,450)
Acquisition of associates	(1,016)	-
Loans granted (-) / Repayment of loans (+)	(15,607)	49,147
Net cash (used in) from investing activities	**(19,267)**	**28,583**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings (+) / Repayment (-)	18,138	(71,972)
Dividends paid	(2,591)	-
Group contribution received	7,583	15,750
Net cash from (used in) financing activities	**23,130**	**(56,221)**
Net decrease in cash and cash equivalents	**(7,815)**	**(34,380)**
Cash and cash equivalents at the beginning of the period	**8,148**	**42,528**
Net decrease in cash and cash equivalents	(7,815)	(34,380)
Cash and cash equivalents at the end of the period	**333**	**8,148**

Notes to the separate financial statements

1. Basis of preparation of the separate financial statements

Parent company information

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

Share capital

The share capital of the company is EUR 40,134 thousand and the number of shares is 21,723,960. The shares have no nominal value. All the shares are attached with equal voting rights and equal right when distributing dividend.

Accounting principles and methods

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

Valuation methods

Tangible assets have been valued at acquisition cost.

Receivables, financial assets and liabilities

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

Allocation principles and methods

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

Depreciation periods

- Renovation in own premises - 10 years
- Intangible assets - 3 to 10 years
- Tangible assets - 4 years

Receivables and liabilities denominated in foreign currency

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

Comparative information

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

2. Average personnel	2023	2022
During financial year	46	45

3. Management compensation, EUR ’000	2023	2022
Board of Directors and CEO	699	490

4. Revenue, EUR ’000	2023	2022
Canada	12,418	-
EU	2,924	5,315
Finland	27	2,155
Australia	-	4,410
Total revenue	**15,369**	**11,880**

5. Depreciation and amortisation, EUR ’000	2023	2022
Intangible assets		
Other capitalised expenditure	(772)	(3,838)
Tangible assets		
Machinery and equipment	(22)	(38)
Total depreciation and amortisation	**(794)**	**(3,876)**

6. Other operating expenses, EUR ’000	2023	2022
Other expenses with Group companies	(8,641)	(9,867)
Professional fees	(4,278)	(3,685)
Other operating expenses	(1,620)	(2,080)
Marketing cost	(357)	(524)
Administrative expenses	(637)	(309)
Audit fees	(672)	(400)
Non-audit fees	(169)	(289)
Total other operating expenses	**(16,373)**	**(17,155)**

7. Audit fees and other services from audit companies, EUR '000	2023	2022
PWC		
Audit fees	672	400
Non-audit fees:		
Other services	169	62
Total audit fees	**672**	**400**
Total non-audit fees	**169**	**62**

8. Intangible assets, EUR '000	Capitalised expenditures
Acquisition cost as at 1 January 2023	**18,724**
Additions for the year ended 31 December 2023	83
Acquisition cost as at 31 December 2023	**18,807**
Accumulated amortisation as at 1 January 2023	**(15,862)**
Amortisation for the year ended 31 December 2023	(772)
Accumulated amortisation as at 31 December 2023	**(16,634)**
Net book value as at 1 January 2023	**2,862**
Net book value as at 31 December 2023	**2,173**

8. Intangible assets, EUR '000	Capitalised expenditures
Acquisition cost as at 1 January 2022	19,340
Additions for the year ended 31 December 2022	114
Disposals for the year ended 31 December 2022	(731)
Acquisition cost as at 31 December 2022	**18,724**
Accumulated amortisation as at 1 January 2022	(12,755)
Amortisation for the year ended 31 December 2022	(3,838)
Depreciation on disposals for the year ended 31 December 2022	731
Accumulated amortisation as at 31 December 2022	**(15,862)**
Net book value as at 1 January 2022	**6,585**
Net book value as at 31 December 2022	**2,862**

9. Tangible assets, EUR ’000	Real estate shares	Machinery and equip-ment	Other tangible assets	Total
Acquisition cost as at 1 January 2023	1,308	606	1	1,915
Additions for the year ended 31 December 2023	-	122	-	122
Disposals for the year ended 31 December 2023	-	(3)	-	(3)
Acquisition cost as at 31 December 2023	**1,308**	**725**	**1**	**2,035**
Accumulated depreciation as at 1 January 2023	-	(587)	-	(587)
Depreciation for the year ended 31 December 2023	-	(22)	-	(22)
Accumulated depreciation as at 31 December 2023	**-**	**(609)**	**-**	**(609)**
Net book value as at 1 January 2023	**1,308**	**20**	**1**	**1,328**
Net book value as at 31 December 2023	**1,308**	**118**	**1**	**1,426**

9. Tangible assets, EUR ’000	Real estate shares	Machinery and equip-ment	Other tangible assets	Total
Acquisition cost as at 1 January 2022	1,308	606	1	1,915
Additions for the year ended 31 December 2022	-	-	-	-
Acquisition cost as at 31 December 2022	**1,308**	**606**	**1**	**1,915**
Accumulated depreciation as at 1 January 2022	-	(548)	-	(548)
Depreciation for the year ended 31 December 2022	-	(39)	-	(39)
Accumulated depreciation as at 31 December 2022	**-**	**(587)**	**-**	**(587)**
Net book value as at 1 January 2022	**1,308**	**59**	**1**	**1,367**
Net book value as at 31 December 2022	**1,308**	**20**	**1**	**1,328**

10. Investments, EUR ’000	Investments in subsidiaries	Investments in associates	Total investments
Acquisition cost as at 1 January 2023	181,336	-	181,336
Additions for the year ended 31 December 2023	3,655	1,016	4,671
Impairment of investment for the year ended 31 December 2023	(629)	-	(629)
Book value as at 1 January 2023	**181,336**	**-**	**181,336**
Book value as at 31 December 2023	**184,362**	**1,016**	**185,378**

10. Investments, EUR ’000	Investments in subsidiaries
Acquisition cost as at 1 January 2022	165,462
Additions for the year ended 31 December 2022	20,450
Impairment of investment for the year ended 31 December 2022	(4,576)
Book value as at 31 December 2022	**181,336**
Book value as at 1 January 2022	**165,462**

11. Non-current receivables, EUR ’000	31 December 2023	31 December 2022
Receivables from Group companies	18,000	1,691
Non-current receivables from third parties	-	703
Total non-current receivables	**18,000**	**2,393**

12. Current receivables, EUR ’000	31 December 2023	31 December 2022
Receivables from Group companies	22,755	6,266
Other receivables	1,728	7,456
Accrued revenue	2,534	3,941
Total current receivables	**27,017**	**17,663**

13. Changes in equity 2023, EUR ’000	Share capital	Treasury shares	SVOP reserve	Retained earnings	Equity total
Total equity as at 1 January 2023	**40,134**	**(142)**	**14,708**	**36,132**	**90,831**
Other changes	-	39	-	-	39
Dividend distribution	-	-	-	(2,591)	(2,591)
Profit for the year	-	-	-	6,332	6,332
Total equity as at 31 December 2023	**40,134**	**(103)**	**14,708**	**39,873**	**94,611**

13. Changes in equity 2022, EUR ’000	Share capital	Treasury shares	SVOP reserve	Retained earnings	Equity total
Total equity as at 1 January 2022	**40,134**	**(142)**	**14,708**	**45,436**	**100,136**
Loss for the year	-	-	-	(9,304)	(9,304)
Total equity as at 31 December 2022	**40,134**	**(142)**	**14,708**	**36,132**	**90,831**

14. Non-current liabilities, EUR '000	31 December 2023	31 December 2022
Non-current liabilities to third parties*	91,000	96,000
Non-current liabilities to Group companies	41,583	18,446
Total non-current liabilities	**132,583**	**114,446**

* On 5 July 2021, Multitude SE issued EUR 50 million worth of unsecured and subordinated perpetual capital notes ("capital notes") at 99.50% of the nominal amount. The capital notes (ISIN: NO0011037327) were drawn against a total authorised framework of EUR 100 million with a floating coupon rate of 8.90% plus 3-month Euribor. Capital notes do not meet the definition of equity under Finnish companies Act 12 par. 1§ and as such, accounted and presented as liabilities in the separate financial statements of Multitude SE. Capital notes are treated as equity according to the IFRS requirements in the Group consolidated financial statements (Note 2.5.21 and Note 21 of consolidated financial statements).

15. Current liabilities, EUR '000	31 December 2023	31 December 2022
Trade payables	309	496
Other liabilities	109	489
Accrued expenses	3,728	2,643
Liabilities to Group companies	2,986	1,884
Total current liabilities	**7,132**	**5,511**

16. Accruals, EUR '000	31 December 2023	31 December 2022
Accruals of personnel expenses	1,541	898
Other accrued expenses	2,188	1,745
Total accruals	**3,728**	**2,643**

17. Rental liabilities, EUR '000	31 December 2023	31 December 2022
Rental liabilities	2	2

18. Commitments given

There are no commitments issued by Multitude SE to third parties or Group companies in 2023.

19. Related party transactions

The Group has issued loan in the total amount of EUR 1.9 million to the Leadership Team members with the purpose of purchasing Multitude's shares. All shares purchased with this loan are pledged to the Group and used as collateral. There is no ECL provision created for this loan as at 31 December 2023. The loan shall accrue fixed interest of 5.5% per annum and be paid annually. The principal on the loan shall be repaid on 31 December 2028.

Approval of the consolidated financial statements and the Board of Directors' report

Helsinki, 27 March 2024

Ari Tiukkanen	Chairman of the Board
Lea Liigus	Member of the Board
Jorma Jokela CEO	Member of the Board
Michael Cusumano	Member of the Board
Kristiina Leppänen	Member of the Board
Goutam Challagalla	Member of the Board

The Auditor's Note
A report on the audit performed has been issued today
Helsinki, 28 March 2024

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jukka Paunonen

Authorised Public Accountant