MULTITUDE

HALF-YEAR REPORT

1 JANUARY – 30 JUNE, 2021

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COMPANY OVERVIEW AND BUSINESS MODEL

Multitude SE and its subsidiaries form the Multitude Group ("Multitude" or the "Group"), which is a leading international provider of mobile and digital financial services for consumers and small businesses. We have built our online financial ecosystem for, and with our customers during our 16 years of operations. Our financial ecosystem is designed to transcend the hassle of physical banking and financial transactions and transform it into a paperless and borderless real-time experience. Our data-driven approach to credit-scoring and knowing our customers puts us at the forefront of the financial revolution.

Multitude, headquartered in Helsinki, Finland, was established in 2005 and serves 467,000 active customers (as of 30 June 2021) and has expanded its operations across Europe, North America, South America and the Asia-Pacific region. Ferratum Bank p.l.c., is a wholly owned subsidiary of Multitude SE. The bank is licensed by the Malta Financial Services Authority (MFSA) allowing Ferratum to passport financial services and products to all European Economic Area (EEA) member states.

Over the past 16 years, we have developed proprietary credit scoring algorithms that can deliver instant credit decisions digitally, allowing us to make fully risk assessed lending decisions at a pace unmatched by the traditional banking and lending industries. Our technology and services have been built around real customer behaviour and experience, enabling us to offer secure, easy-to-use, real-time digital products. We can also diversify the range of products available in our countries of operation, as we quickly understand the credit behaviour of customers in each new market. Using big data technology, and by centralising IT systems and core functions, such as customer service and collections as the Group has expanded geographically, we have achieved balanced, profitable growth, underpinned by the ability to rapidly launch innovative new products in new countries and markets.

The Group offers a comprehensive product portfolio to both retail and business customers. The offering includes consumer credits in amounts varying between EUR 25 and EUR 30,000 and instalment loans for small businesses up to EUR 350,000 with a term of 6 to 36 months.

Multitude's vision is to innovate and to operate a proprietary global digital financial platform, enabling the Group not only to distribute financial services directly to consumers and businesses, but leveraging the technology to partners with "plug-and-play" and "Banking-as-a-Service" concepts.

Multitude SE is listed on the Prime Standard of Frankfurt Stock Exchange under the symbol 'FRU'.

JANUARY – JUNE 2021, FINANCIAL HIGHLIGHTS

EUR 104.5M	**Group revenue down 13.7% y-o-y**	EUR 429.7M	**Customer deposits**
EUR 13.1M	**Operating profit (EBIT) improved by 31.7%**	2.87	**Net debt to equity**

BOARD OF DIRECTORS REPORT H1 2021

FINANCIAL OVERVIEW

Financial highlights, EUR '000	Jan - Jun 2021	Jan - Jun 2020
Revenue	104,531	121,139
Operating profit	13,123	9,965
(Loss) / profit before tax	3,995	(1,506)
Net cash flows from operating activities before movements in loan portfolio and deposits received	20,192	28,211
Net cash flow from / used in operating activities	38,532	257,672
Net cash flow used in investing activities	(6,229)	(7,258)
Net cash flow used in / from financing activities	(1,740)	(19,784)
Net increase in cash and cash equivalents	30,563	230,629
(Loss) / profit before tax %	3.8	(1.2)

Financial highlights, EUR '000	30 Jun 2021	31 Dec 2020
Loans and advances to customers	412,786	360,955
Deposits from customers	429,689	339,522
Cash and cash equivalents	270,197	236,564
Total assets	765,039	675,082
Non-current liabilities	236,287	242,959
Current liabilities	401,018	306,554
Equity	127,734	125,568
Equity ratio %	16.7	18.6
Net debt to equity ratio	2.87	2.49

CALCULATION OF KEY FINANCIAL RATIOS

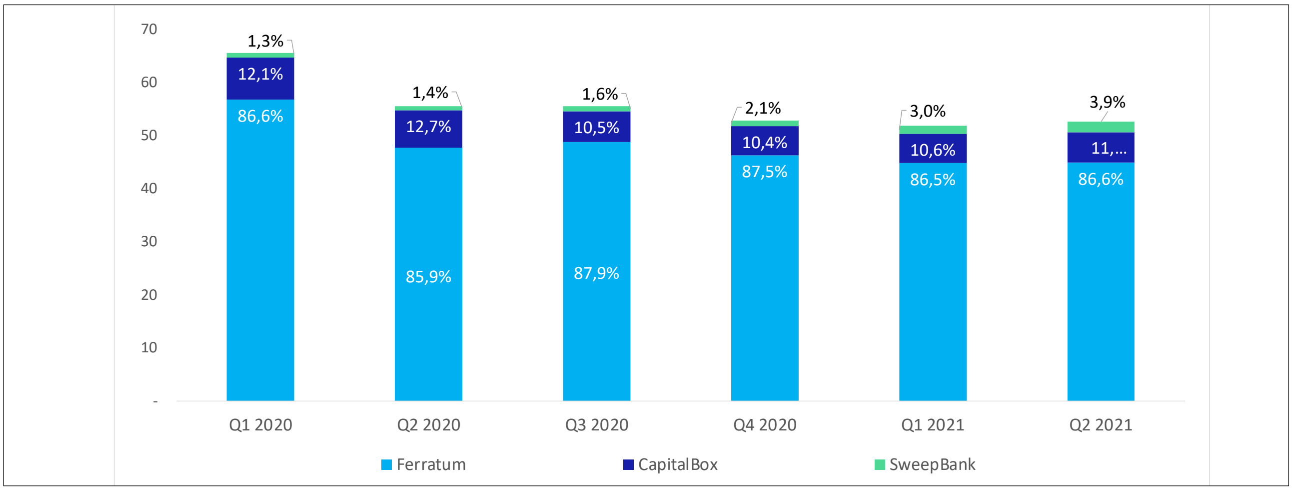
$$\text{Equity ratio (\%)} = 100 \text{ X } \frac{\text{Total equity}}{\text{Total assets}}$$

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

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

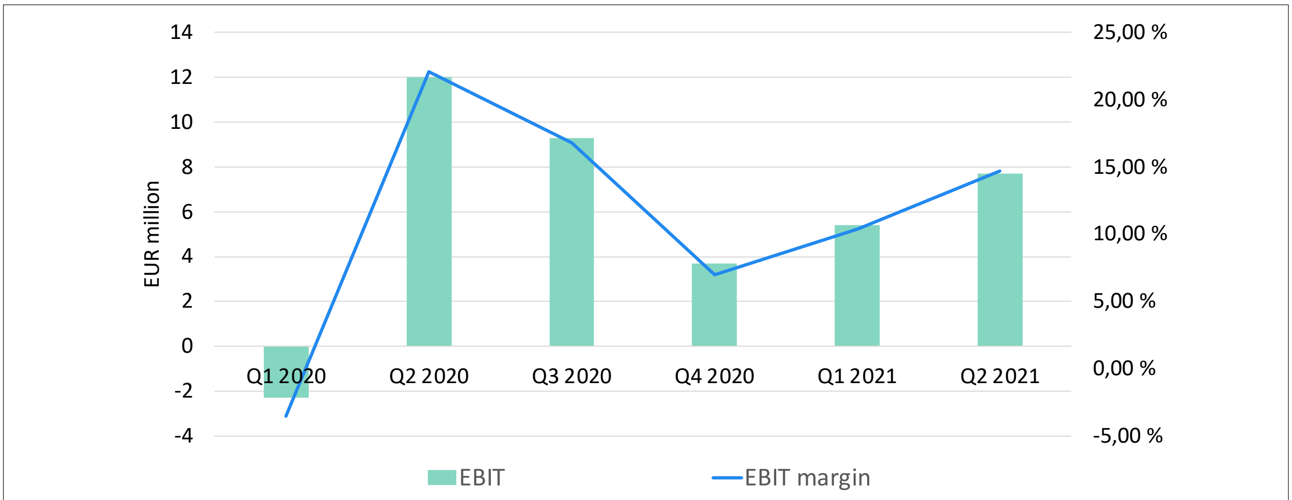
$$\text{Impaired Loan coverage ratio (\%)} = 100 \text{ X } \frac{\text{Credit loss reserves}}{\text{Gross loans and advances to customers}}$$

REVENUE



- Revenue started to increase slightly:
- Positive trend: Q2 revenue exceeding Q1 revenue
- Strong revenue dynamic in SweepBank

OPERATING PROFIT (EBIT)



- EBIT improved
- credit quality continues to be good
- In line with refined Macro-Economic-Model, EUR 1.4 Mio out of EUR 7.8 Mio impairment released
- Operational expenses well under control
- Strong EBIT-Margin despite higher marketing expenses

CUSTOMER BASE

	30 Jun 2021	30 Jun 2020
Active customers*	467,525	606,994

* Customers with a Mobile Bank account and lending customers who have had an open balance in the last 12 months. If loans are >24 months overdue, the customer is not considered active.

KEY DEVELOPMENTS AND PROGRESS

CONTINUED PORTFOLIO GROWTH IN MULTITUDE'S NEW CORE PRODUCTS SWEEPBANK AND CAPITALBOX IN Q2 2021

Overall, in Q2 2021, the Group's financial performance was a result of Multitude's strategy, to continue driving the portfolio towards its core products SweepBank and CapitalBox. Furthermore, in Q2 2021 the Group increased its marketing activities preparing for sales growth in H2 2021 and continued to successfully manage its risk exposure.

In Q2 2021, the Group's revenues came in at EUR 52.6 million reflecting a decrease of 5.2% compared to the respective period the year before (Q2 2020: EUR 55.5 million). The decrease relates mainly to Multitude's decision to discontinue its activities in selected markets to improve the Group's efficiency and flexibility.

The Ferratum tribe revenues came in at EUR 89.8 million, a decrease of 14.1% y-o-y (H1 2020: 104.5 million) while CapitalBox reached EUR 11.2 million, losing 25.6% (H1 2020: 15.0 million). SweepBank over doubled its revenues y-o-y to 3.6 million, an increase of 119.9% (H1 2020: 1.6 million) As at the end of Q2 2021, the net accounts receivables had increased in all tribes and stood at EUR 412.8 million, an increase of 23.3% compared to the respective period in 2020 (EUR 334.7 million).

Multitude increased its marketing expenses during the second quarter from EUR 2.6 million in Q2 2020 by EUR 4.0 million to EUR 6.6 million in Q2 2021 to prepare for growth in H2 2021. Consequently, total operating expenses increased year-on-year by 4.2% to EUR 58.8 million (H1 2020: 56.4 million) representing 56.4% of Group revenues. Total operating expenses are defined as total costs excluding impairments and D&A.

Multitude achieved an EBIT of EUR 7.7 million in Q2 2021 compared to EUR 12.3 million in Q2 2020. The year-on-year decrease in EBIT reflects the Group's strategy to increase its marketing expenses and the decreased revenue level compared to Q2 2020. Looking at the Group's quarter-over-quarter performance, EBIT was up by 42.6% comparted to Q1 2021 (EUR 5.4 million).

Profit for the period came in at EUR 2.7 million (Q2 2020: EUR 6.1 million) and was above the level of Q1 2021 (EUR -0.3 million).

Continued strong risk performance

Multitude continued its strong credit risk performance. Impairments on loans decreased year-on-year by 14.4% to 16.4 million (Q2 2020: EUR 19.1 million). Impairments in percentage of Group revenue stood at 31.1% compared to 34.5% the respective period the year before.

Financial Performance in H1 2021

In H1 2021 Group revenue stood at EUR 104.5 million, a decrease of 13.7% compared to H1 2020 (EUR 121.1 million). The revenue performance was impacted by the negative COVID-19 effects, and as described above, by Multitude's decision to discontinue its operations in selected countries.

EBIT increased year-over-year by 31.7% to EUR 13.1 million, reflecting an EBIT-margin of 12.6% (H1 2020: 8.2%). It should be considered that H1 2020 was negatively impacted by a one-time extraordinary COVID-19 related impairment charge of EUR 7.8 million The impairment charge made in H1 2020 was partially released by EUR 1.4 million in Q2 2021.

The Group achieved a profit for the first half of 2021 of EUR 2.4 million (H1 2020: EUR – 2.3 million).

Strong balance sheet ratios and financial metrics as at the end of H1 2021

At the record date 30 Jun 2021 total equity stood at EUR 127.7 million (31 Dec 2020: EUR 125.6 million) reflecting a strong equity ratio of 16.7% (31.12.2020: 18.6%). Net debt to equity came in at 2.9 as at the end of June 2021 compared to 2.5 as at the end of December 2020. The increase is mainly driven by

Multitude's net loans to customers growth in the first six months of 2021.

Total assets increased by 13.3% or by EUR 89.9 million to EUR 765.0 million compared to the year-end 2020 (EUR 675.1 million) reflecting the Group's selected loans to customer growth in all tribes Multitude, SweepBank and CapitalBox.

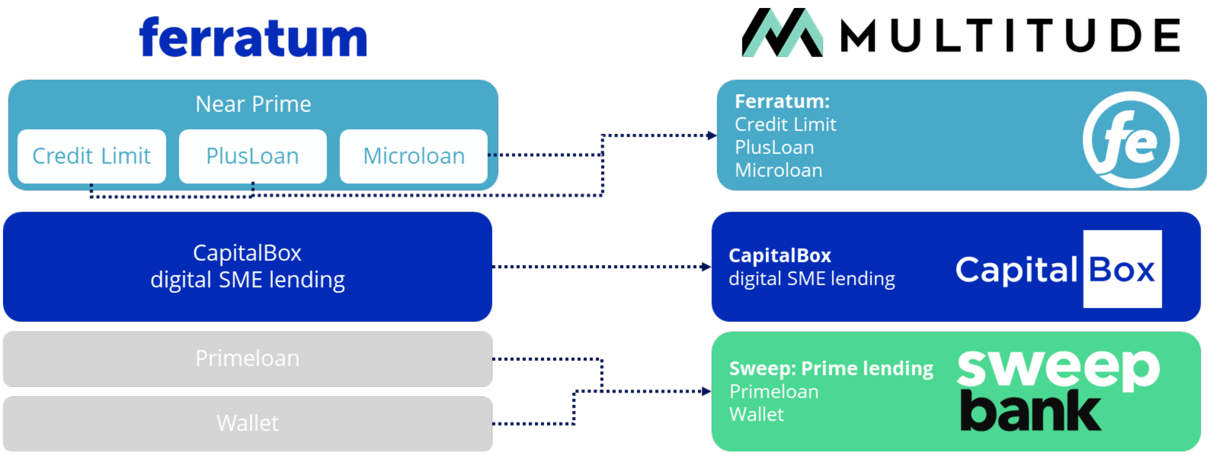
At the record date end of June 2021 loans to customers were up by 14.4% or by EUR 51.8 million to EUR 412.8 million. Loans to customers at SweepBank and CapitalBox amounted to EUR 132.8 million reflecting 32.2% of the Group's net loans to customers portfolio. In addition, cash and cash equivalents were at EUR 270.2 million, an increase of 14.2% compared to the record date December 31 2020 (EUR 236.6 million) along the group's financing strategy. Current assets stood at 706.8 million at the end of H1 2021 and reflected 92.4% of total assets reflecting an increase compared to the end of December 2020 where current assets were at EUR 615.1 million or at 91.1% of total assets. As described above, main drivers have been the increase in net loans to customers and in cash and cash equivalents.

At the record date 30 June 2021 total liabilities were at EUR 637.3 million, an increase of 16.0% or of EUR 87.7 million compared to the record date December 31 2020. The increase was predominantly driven by the change in amounts owed to customers. In total, amounts owed to customers were up by 26.6% or EUR 90.2 million to EUR 429.7 million compared to the end of December 2020 (EUR 339.5 million). The higher value is along the Group's financing strategy to fund growth.

Rebranding of segments and tribes

The Group has during the first quarter rebranded its previous segments Microloan, PlusLoan, CreditLimit, CapitalBox and Mobile Wallet including Primeloan. The newly introduced segments and brands within the Group are called Ferratum, CapitalBox and SweepBank. According to the new strategy, the Group's business units have gained a more independent role and will consequently be even more closely aligned to their clients and their specific needs. The Group will concentrate on business-critical operations, with cost advantages derived from delivering greater economies of scale.

The Group's role remains as an enabler, or a platform, for the business units to flourish. Primelending and the Mobile Wallet business has now been rebranded SweepBank, a brand with a very clear customer focus and an ambition to make its clients' lives easier. The brand Ferratum is reserved for the Near Prime lending business.



Bond issue

Multitude SE placed in July EUR 50 million in subordinated perpetual capital notes, qualifying as IFRS equity, under a framework of EUR 100 million to investors. The Hybrid Bonds will carry a floating rate coupon of 3 month Euribor + 8.90% and were issued at a price of 99.50% of the nominal amount.

Proceeds from the transaction will be used to buy back or repay outstanding debt instruments and for general corporate purposes.

In this context, Ferratum Capital Germany GmbH offered the holders of the company's outstanding senior unsecured floating rate bonds maturing in May 2022 and in April 2023, who were subscribing for Hybrid Bonds to tender any of their 2022 Bonds or 2023 Bonds. In connection with the issuance of Hybrid Bonds, Ferratum Capital Germany purchased EUR 15.6 million of the 2022 Bonds at a price of 101.50% of the nominal amount and EUR 20 million of the 2023 Bonds at a price of 102.00% of the nominal amount for the 2023 Bonds.

Personnel

At the end of June 2021 Multitude Group employed 672 persons compared with 678 persons at the end of June 2020. The decrease is a result of actions taken by the management in both 2019 and 2020 to improve operational efficiency, increase automation and streamline operations.

Matching share plan

The Group introduced during H1 2021 a matching share plan for its employees. Under the program, employees have twice a year the opportunity to invest 5% of their annual salary in the Company's shares. The shares will vest after a two-year holding period, after which the Company will match the shares at a 1:1 ratio. In the first tranche, a total of 113 employees participated in the matching share plan with a total investment of EUR 262 560.

Risk management

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

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

The Group proactively follows all legal changes that might occur in the countries it operates in and adjusts its operations accordingly, while always considering customer and user experience.

The risks of the company operations can be divided into three main categories: credit risks (receivables from customers), market risks (including foreign exchange risks, interest rate risks and other price risks) and operational risks (such as IT risks, legal and regulatory risks and other operational risks).

Exposure to credit risks arises principally from the Group's lending activities. The risk is managed by proprietary risk management tools which assist the Group in evaluating the payment behaviour of customers. These tools, which are continuously updated and refined, ensure that only solvent customers are accepted, thereby controlling the level of credit losses.

The scoring system and the credit policies of the Group's subsidiaries are managed by the central risk department. The risk department is also responsible for the measurement of the payment behaviour of the credit portfolio on a daily, weekly, and monthly basis.

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

Operational risks, IT risks, as well as legal and regulatory risks, are of high relevance for the Group. Regulatory and legal risks are managed centrally by the Group's legal function 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 COVID-19 pandemic

The Group decided, in the early stages of the COVID-19 pandemic, to limit lending activities to higher risk customers in both the consumer and SME lending segments. After having revised its loan policies and scoring algorithms in Q2 2020, to improve underwriting in times of such high volatility, the company found itself in Q3 2020 in a healthy position to actively target customers that were in a stable financial situation despite the ongoing pandemic.

The adjusted algorithms and scoring policies helped the Group to maintain and even improve payment behaviour in certain countries during Q2 2020, and this healthy payment behaviour has been maintained during Q3 2020, Q4 2020, Q1 2021 and Q2 2021, while disbursement rates have increased as demand has returned in key markets.

The Group continues to tightly monitor its underwriting performance for any early indications of deteriorating payment behaviour and properly judge the impact of governmental measures.

Due to this combination of tighter monitoring and a better understanding of the economic impacts of COVID-19-related lockdowns, The Group has maintained healthy portfolio quality through the pandemic and has not seen any significant impact on materialised credit losses.

The Group manages its risk provisioning in accordance with IFRS 9, that relies on a forward oriented methodology. Based on future macroeconomic indicators and previously recorded correlations, the reserving model is adjusted in accordance with the macroeconomic outlook. Based on this rigorous reserving model, the company increased its credit loss provisioning by EUR 7.8 million in Q1 2020, of which EUR 1.4 million was released in Q2 2021.

The Group retained its current provisioning unchanged after having taken cognisance of the economic forecasts for 2021, thereby assessing the impact of the COVID-19 outlook for 2021 macroeconomic forecasts. Accordingly, the expected credit loss model inputs utilised during Q1 2020 were deemed adequate to determine its Expected Credit Losses based on management judgement, and management will continue to closely monitor the economic forecasts releases and adjust the model inputs and assess its outcomes in the light of revised macroeconomic data and other quantitative and qualitative information.

Rating updates

Fitch Ratings affirmed in March the Long-Term Issuer Default Rating (IDR) of both Multitude and the senior unsecured callable floating rate bonds, issued by Ferratum Capital Germany GmbH, at ‘B+’. The Outlook on the Long-Term IDR is Negative.

Fitch Ratings has affirmed the long-term rating of the senior unsecured notes issued by Ferratum Capital Germany GmbH at ‘B+’/RR4 on 10 June 2021. The Hybrid Bonds issued by Multitude SE received a ‘B-’/RR6 credit rating on 6 July 2021.

Annual General Meeting

The Group’s Annual General Meeting was held on 20 April 2021 under special arrangements due to the COVID-19 pandemic. The Annual General Meeting adopted the Annual Accounts including the Consolidated Annual Accounts for the financial year 2020 and discharged the members of the Board of Directors and the CEO from liability for the financial year 2020. The Annual General Meeting decided in accordance with the proposal of the Board of Directors that for the financial year ended 31 December 2020, no dividends be distributed.

The board members were re-elected during the Annual General Meeting, Goutam Challagalla, Michael A. Cusumano, Jorma Jokela, Clemens Krause, Lea Liigus, Frederik Strange and Juhani Vanhala, each one for a term ending at the end of the next Annual General Meeting.

PricewaterhouseCoopers Oy, with APA Jukka Karinen as the responsible auditor, was appointed as auditor of the Company for a term ending at the end of the next Annual General Meeting.

An authorization to the Board of Directors to decide to repurchase a maximum of 1,086,198 shares in the Company was given. This authorisation is in force until the end of the next Annual General Meeting, however, no longer than until 30 June 2022. The Board of Directors was also given an authorisation to decide to issue a maximum of 3,258,594 shares, which corresponds approximately to 15 per cent of the Company’s total amount of shares, this authorisation is in force until the end of the next Annual General Meeting, however, no longer than until 30 June 2022.

For further information on the Annual General Meeting, please visit the Groups website.

Subsequent events

Multitude SE announced on 9 July 2021 that the Board of Directors of Multitude have resolved to approve a Transfer Proposal in accordance with Article 8 (2) of the Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company (SE) for the transfer of the registered office of Multitude from Finland to Germany. In addition to the Transfer Proposal, the Board of Directors have approved a Report of the Board of Directors in accordance with Article 8 (3) of the SE Regulation explaining and justifying the legal and economic aspects of the transfer and explaining the implications of the transfer for shareholders, creditors and employees.

The Relocation will be carried out in accordance with the Finnish Act on European Company (742/2004) and the SE Regulation. The Proposal and the Report are appended to this announcement as attachments. According to the Proposal, Multitude's new registered office would be seated in Hamburg, Germany.

According to the Proposal, the Relocation would take effect on or about 31 December 2021. The final decision on the Relocation is subject to approval by the shareholders' general meeting to be convened at a later stage.

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD 1 JANUARY TO 30 JUNE 2021

6 months ended 30 June

EUR '000	Note	2021	2020
Revenue	4	104,531	121,139
Other income		297	13
Impairments on loans		(32,876)	(54,738)
Operating expenses:			
Personnel expenses	5	(17,100)	(18,330)
Selling and marketing expenses		(13,389)	(9,673)
Lending costs		(6,351)	(7,235)
Other administrative expenses		(418)	(752)
Depreciations and amortizations		(7,262)	(6,438)
Other operating expenses	6	(14,310)	(14,020)
Operating profit		**13,123**	**9,965**
Financial income	7	124	110
Finance costs	8	(9,252)	(11,581)
Finance costs – net		(9,128)	(11,472)
Profit / (loss) before income tax		**3,995**	**(1,506)**
Income tax expense		(1,582)	(784)
Profit / (loss) for the period		**2,413**	**(2,290)**
Earnings per share, basic	9	**0.11**	**(0.11)**
Earnings per share, diluted	9	**0.11**	**(0.11)**
Profit / (loss) attributable to:			
– owners of the parent company		2,413	(2,290)
– non-controlling interests (NCI)		-	-

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY TO 30 JUNE 2021

6 months ended 30 June

EUR '000	Note	2021	2020
Profit / (loss) for the period		2,413	(2,290)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Translation difference		(198)	(1,029)
Total items that may be subsequently reclassified to profit or loss		(198)	(1,029)
Total comprehensive income		**2,215**	**(3,319)**
Allocation of total comprehensive income to:			
– owners of the parent company		2,215	(3,319)
– non-controlling interests (NCI)		-	-

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR '000	Note	30 June 2021	31 Dec 2020
Assets			
Non-current assets			
Property, plant and equipment	13	3,536	3,907
Right-of-use assets	14	2,565	4,207
Intangible assets	15	37,832	38,904
Deferred tax assets	16	7,939	7,897
Other financial assets		6,350	5,028
Total non-current assets		**58,222**	**59,943**
Current assets			
Loans and advances to customers	17	412,786	360,955
Other receivables	18	22,281	15,557
Derivative assets		68	496
Current tax assets		1,485	1,567
Cash and cash equivalents	18	270,197	236,564
Total current assets		**706,817**	**615,139**
Total assets		**765,039**	**675,082**
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	19	40,134	40,134
Treasury shares	19	(142)	(142)
Reserves	19	(1,734)	(2,827)
Unrestricted equity reserve	19	14,708	14,708
Retained earnings		74,769	73,696
Total equity		**127,734**	**125,568**
Liabilities			
Non-current liabilities			
Deposits from customers	21	56,922	63,689
Borrowings	20	175,704	174,849
Other non-current liabilities		2,160	2,160
Lease liabilities	22	1,046	1,961
Deferred tax liabilities	16	455	301
Total non-current liabilities		**236,287**	**242,959**
Current liabilities			
Current tax liabilities	21	3,682	3,241
Deposits from customers	20	372,767	275,833
Borrowings	20	2	-
Derivative liabilities		1,439	3,230
Trade payables	21	9,845	9,932
Lease liabilities	22	1,627	2,418
Other current liabilities	21	11,656	11,900
Total current liabilities		**401,018**	**306,554**
Total liabilities		**637,305**	**549,514**
Total equity and liabilities		**765,039**	**675,082**

CONSOLIDATED STATEMENT OF CASH FLOW

	6 months ended 30 June	
EUR '000	**2021**	**2020**
Cash flows from operating activities		
Profit/(loss) for the period	**2,413**	**(2,290)**
Adjustments for:		
Depreciation and amortization	7,262	6,438
Finance costs, net	9,128	11,472
Tax on income from operations	1,582	784
Transactions without cash flow	561	(578)
Impairments on loans	7,710	22,716
Working capital changes:		
Increase (-) / decrease (+) in other current receivables	4,988	2,605
Increase (+) / decrease (-) in trade payables and other liabilities	(5,009)	(3,130)
Interest paid	(7,741)	(6,897)
Interest received	125	115
Income taxes paid	(827)	(3,023)
Net cash from operating activities before movements in loan portfolio and deposits	**20,192**	**28,211**
Deposits from customers	90,172	200,727
Movements in the portfolio:		
Movements in gross portfolio	(71,832)	28,734
Net cash from operating activities	**38,532**	**257,672**
Cash flows from investing activities		
Purchase of tangible and intangible assets	(4,161)	(6,314)
Purchase of investment and other assets	(2,068)	(944)
Net cash used in investing activities	**(6,229)**	**(7,258)**
Cash flows from financing activities		
Proceeds from short-term borrowings	-	16,213
Repayment of short-term borrowings	-	(39,947)
Proceeds from long-term borrowings	-	5,147
Repayment of finance lease liabilities	(1,740)	(1,197)
Dividends paid / distribution of funds	-	-
Net cash (used in) / from financing activities	**(1,740)**	**(19,784)**
Net increase in cash and cash equivalents	**30,563**	**230,629**
Cash and cash equivalents at the beginning of the period	236,564	155,518
Exchange gains/(losses) on cash and cash equivalents	3,070	(4,317)
Net increase/decrease in cash and cash equivalents	30,563	230,629
Cash and cash equivalents at the end of the period	**270,197**	**381,831**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Changes in equity Jan-Jun 2020 (EUR '000)	Share capital	Treasury shares	Unrestricted equity reserve	Other reserves	Translation differences	Retained earnings	Equity holders of parent	NCI	Total equity
Opening balance 1 Jan 2020 (audited)	**40,134**	**(142)**	**14,708**	**1,485**	**(2,583)**	**75,536**	**129,138**	**-**	**129,138**
IAS8 change of Accounting policy						(3,277)	(3,277)		(3,277)
IAS8 correction of error						(626)	(626)		(626)
Restated opening balance 1 Jan 2020*						71,633	125,235		125,235
Comprehensive income									
Profit or loss						(2,290)	(2,290)	-	(2,290)
Other comprehensive income									
Currency translation difference				0	(3,257)	2,229	(1,029)	-	(1,029)
Total comprehensive income				**0**	**(3,257)**	**(61)**	**(3,319)**	**-**	**(3,319)**
Transactions with owners									
Transfer between items				362		(362)	0	-	(362)
Acquisition of own options						(329)	(329)	-	(329)
Share-based payments						(125)	(125)	-	(455)
Other changes						25	25	-	25
Total transactions with owners				**362**		**(792)**	**(430)**	**-**	**(430)**
Total equity 30 Jun 2020 (unaudited)	**40,134**	**(142)**	**14,708**	**1,847**	**(5,840)**	**70,780**	**121,486**	**-**	**121,486**

Changes in equity Jan-Jun 2021 (EUR ’000)	Share capital	Treasury shares	Unrestricted equity reserve	Other reserves	Translation differences	Retained earnings	Equity holders of parent	NCI	Total equity
Opening balance 1 Jan 2021 (audited)	**40,134**	**(142)**	**14,708**	**2,631**	**(5,458)**	**73,696**	**125,568**	**-**	**125,568**
Comprehensive income									
Profit or loss						2,413	2,413	-	2,413
Other comprehensive income									
Currency translation difference					1,092	(1,291)	(198)	-	(198)
Total comprehensive income					**1,092**	**1,122**	**2,215**	**-**	**2,215**
Transactions with owners									
Transfer between items									
Acquisition of own options									
Share-based payments						(355)	(355)		(355)
Other changes						305	305		305
Total transactions with owners						**(50)**	**(50)**		**(50)**
Total equity 30 Jun 2021 (unaudited)	**40,134**	**(142)**	**14,708**	**2,631**	**(4,366)**	**74,769**	**127,734**	**-**	**127,734**

1. GENERAL INFORMATION

Multitude Group is one of the leading international providers of mobile banking and digital consumer and small business loans, distributed and managed by mobile devices. It is an independent Group and does not belong to any other Group in the financial or commercial sector. Multitude Group operates under generally accepted ethical principles, is one of the leading players in developing the credibility of mobile consumer lending and common industry processes, and has developed its business model and processes to be efficient and customer-oriented. The identification and scoring of customers are key factors in the business globally.

The parent company, Multitude SE (business identity code 1950969-1), is headquartered in Helsinki, Finland. The registered address is Ratamestarinkatu 11 A, FI 00520 Helsinki.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with the accounting policies set out in the annual report for the year ended 31 December 2020. New IFRS standards or interpretations have not had any material impact to the accounting policies. This interim report has been prepared in accordance with IAS 34.

The preparation of financial statements pursuant to IFRS requires management to make certain critical accounting estimates. The application of the company's accounting policies also requires that management makes assumptions and exercises its judgment in the process of applying the Group's accounting policies. These assumptions and estimates affect the amounts reported of assets and liabilities, income and expenses. Actual results may diverge from these estimates. In preparing this set of financial statements, the material judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2020.

2.2 Effect of COVID-19 pandemic on Estimated Credit Loss (ECL) calculation

Given the heightened uncertainty with regards to the impact from COVID-19 at the start of the pandemic, on 31st March 2020, Multitude had assessed the macroeconomic forecasts issued by Oxford Economics and updated the reserving model to reflect the deteriorating economic outlook. This had resulted in an increase of € 7.8 million in ECL.

In response to the rising vaccination rates and falling infection numbers, Governments have started to ease restrictions and consumers seem to be eager to take advantage of this, and in fact, macroeconomic outlooks as forecasted by Oxford Economics on 22nd June 2021 shows an expected rebound through a growth in GDP and decreasing unemployment rates. As a result of this, as of 30th June 2021 Multitude has accommodated these revised macro-economic expectations for the following 12 months into the newly-implemented Error Correction Model (ECM) which resulted in a € 1.4 million release in provisions as the macroeconomic outlook moves closer to business-as-usual. One should note that since only the macroeconomic expectation for the next 12 months are taken into consideration, reserve volumes are based solely on short-term.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

Multitude Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Multitude Group's overall risk management program focuses on financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Multitude Group uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (Group treasury). Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board is responsible for the overall effectiveness of the risk management.

3.2 Credit risk

3.2.1 Credit risk management

Multitude 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; accordingly, management carefully manages its exposure to this risk. Credit exposures arise principally through the Group's participation in short-term lending. The Group's principal credit risk exposures relating to on-balance sheet financial assets, reflecting the maximum exposure to credit risk before collateral held or other credit enhancements, are as follows:

EUR '000	30 Jun 2021	31 Dec 2020
Cash and cash equivalents	270,197	236,564
Loans and advances to customers	412,786	360,955
Derivative assets	68	496
Other non-current receivables	6,350	4,301
Other current receivables	15,263	9,127
Total	**704,663**	**611,443**

The exposures set out in the table above are based on carrying amounts as reported in the statement of financial position for on-balance sheet financial assets. The table represents the credit risk exposure to the Group on June 30, 2021, and December 31, 2020.

Other receivables consist mainly of still open receivables from non performing loans (NPL) sales and rent and other deposits.

Cash and cash equivalents are broadly diversified with over 400 bank accounts in about 25 countries which had the following Fitch ratings:

EUR '000	30 June 2021	31 Dec 2020
AA	-	1,071
AA-	1,698	2,139
A+	75,319	84,009
A	95,377	76,603
A-	0	2,819
BBB+	24,138	16,297
BBB	4,241	12,267
BBB-	17,520	74
BB+	528	1,879
B-	307	20
No rating available	51,068	39,385
Total	**270,197**	**236,564**

Loans and advances to customers

Credit risk is managed centrally. Scoring and credit policies are steered centrally by the risk team. Measuring and monitoring the performance of the countries' credit portfolios' actual risk is done on different aggregation levels on a daily, weekly and monthly rhythm. Credit risk is managed and controlled on the basis of established credit processes, and within a framework of credit policy. Credit grading and monitoring systems are in place to accommodate the early identification and management of deterioration in loan quality. Credit decisions are always based on the ethical principles set by the central risk team and the business credit policy as well as being in accordance with the rules of crediting set in the legislation of each country. Every lending agreement requires an individually shaped decision. To assess the potential customers' creditworthiness, the credit score is calculated for each new application received. An application scorecard is used for the assessment of new customers and a behavior scorecard is used for the assessment of repetitive customers. Based on the credit score obtained, customers are grouped into risk classes that determine the possible credit decision.

The measurement of credit exposure for risk management purposes depends on the fact that the exposure may vary with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. Multitude Group measures expected credit losses using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

3.2.2 Credit risk measurement

(a) Loans and advances to customers

The Group uses internal credit risk gradings to reflect its assessment of the probability of default of individual customers. Internal credit risk gradings are based on payment behaviour, loan specific information and expert judgement. Information considered by the Group when determining the internal credit risk grades include the payment behaviour of the customer and other information about customers which impact their creditworthiness, including level of income and/or financial performance.

At onboarding stage, any known information about a borrower which impacts their creditworthiness - such as unemployment and previous delinquency history as well as affordability to service the loan - are assessed during the initial credit assessment. After the date of initial recognition, for short-term consumer lending facilities, the payment behaviour of borrowers is monitored on an ongoing basis at a collective portfolio level.

(b) Other financial assets

Other financial assets include cash and cash equivalents and loan receivables. 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 recognized external rating agencies as a rating between AAA-BBB- (Standard & Poor's, Fitch) and Aaa-Baa3 (Moody's), and 'non-investment grade' exposures.

3.2.3 Categorisation of loans and advances to customers for ECL measurement

The Group's expected credit loss allowances on loans and advances to customers are modelled on 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, the Group considers the following categories for ECL measurement of loans and advances to customers:

I. Short-term credit portfolios which are subject to bullet repayment characteristics;

II. Short to mid-term credit portfolios or business loans with instalment repayment features and revolving credit facilities

3.2.4 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'.

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 3.2.5 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 3.2.6 for a description of how Multitude Group defines credit-impaired and default.

Financial instruments in 'Stage 1' have their ECL measured at an amount equal to the portion of 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 3.2.7 for a description of inputs, assumptions and estimation techniques used in measuring the ECL.

A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information. 3.2.8 includes an explanation of how the Group has incorporated this in its ECL models.

Further explanation is also provided in respect of how Multitude Group determines appropriate groupings of loas and advances to customers for ECL measurement (refer to 3.2.9).

The expected credit loss requirements apply to financial assets measured at amortised cost and FVOCI. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) 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"). 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'.

Multitude Group recognises loss allowances at an amount equal to 12-month ECL for debt investment securities that are determined to have low credit risk at the reporting date. The Group considers a debt security to have low credit risk when it is considered 'investment-grade', defined by recognised external rating agencies as a rating between AAA to BBB- (Standard & Poor's and Fitch) and Aaa-Baa3 (Moody's).

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

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

3.2.5 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.

The Group's short-term consumer lending exposures 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, Multitude Group adopts a retail portfolio methodology which takes into account the nature of the short-term consumer lending exposures and the underlying credit risk management practices of the Group.

The short-term consumer lending portfolio comprises of credit facilities with bullet repayment or instalment loan characteristics, as well as, revolving credit facilities. The business lending portfolio comprises of credit facilities with instalment loan characteristics. Given how such retail facilities are originated and managed for internal risk management purposes, short-term consumer loans within a particular portfolio are expected to have similar credit risk characteristics.

As a result, for loans and advances 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. The Group 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.

In the case of other financial assets (cash and cash equivalents and investments in debt securities), the Group applies the 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.

3.2.6 Definition of default and credit-impaired assets

Multitude 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 asset.

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. 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 later default criterion is more appropriate.

In this respect, the Group defines a financial instrument as in default, when it meets one or more of the criteria below.

I. with respect to credit facilities with bullet repayment characteristics, exposures are considered defaulted where the borrower is more than 90 days past due on any material credit obligation to the Group, with the exception of those countries where termination occurs earlier and default is considered to be more than 60 days past due on any material credit obligation in such other countries; and

II. with respect to credit facilities with instalment loan characteristics or revolving credit facilities, exposures are considered defaulted once the customer is overdue on minimum monthly payments by more than 60 days or 90 days depending on the country in question.

Therefore, the definitions of credit-impaired and default are aligned so that stage 3 represents all loans which are considered defaulted or credit-impaired.

An instrument is considered to no longer be in default (i.e. to have been cured) when it no longer meets any of the default criteria for a consecutive period of three months. This period has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

The Group considers other financial assets, mainly cash and cash equivalents and investments in debt securities respectively, to be in default when a payment due (including a coupon payment) is not affected.

3.2.7 Measuring ECL – Explanation of inputs, assumptions and estimation techniques

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. Expected credit losses are the discounted product of the PD, EAD and LGD.

The ECL is 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 originated 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.

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. Accordingly, the 12-month and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the instrument, respectively.

In the case of credit facilities with bullet repayment characteristics, the Group utilises roll-rate methodology in order to estimate its unconditional 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 (PD).

In the case of credit facilities with characteristics similar to instalment loans or revolving facilities, the Group utilises curve-stitching methodology in order to estimate its unconditional 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.

The unconditional PD is adjusted to consider forward-looking information through macroeconomic modelling, which then constitutes the conditional PD.

EAD is based on the amounts the Group 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.

The 12-month and lifetime EADs are determined based on the total balance of loan receivables at the reporting date, taking into account the total amount receivable from borrowers inclusive of principal and interest. This is deemed an adequate representation of the expected balance at default in the case of the Group's credit facilities given that Multitude Group models its ECLs on a collective portfolio level with the modelling of the EAD for each future month at 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.

The Loss Given Default (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 12-month and lifetime LGD are determined based on the factors which impact the recoveries made post default.

Given that its short-term credit facilities are unsecured in nature, the Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties which are highly influenced by collective debt recovery strategies. Moreover, the Group's LGD incorporates elements in relation to the Group's ability to dispose of overdue loan facilities to third parties in certain territories at a price that is dependant on the credit quality of the portfolio, current investor appetite in the market and the economic trends in the particular country or territory. Recoveries from loan portfolio sales are calculated on a discounted cash flow basis using the contractual 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 the Group 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 specific 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.

Forward-looking economic information is also included in determining the 12-month and lifetime PD and LGD.

With the exception of the change from the linear model to the ECM to determine the impact of forward-looking macroeconomic variables on reserves, there have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

3.2.8 Forward-looking information incorporated in the ECL model

The calculation of ECL incorporates forward-looking information. Multitude 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 IFRS 9 standard requires institutions to estimate the ECL by taking into account "reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions".

In this respect, 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 macro-economic variables, credit risk and credit losses. This analysis was conducted at a territory and sub portfolio level in order to take into consideration possible differences in customer behaviour and default experience arising from different product characteristics. The key driver were found to be unemployment rate for retail lending as well as GDP for SME lending.

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

Up to 31st May 2021, Multitude was making use of a linear regression analysis to determine the relationship between the performance of each of its Country-Product portfolios and the Eurozone unemployment rate. From each of these relationships, the ECL was determined given the utilised 'Base', 'Downside' and 'Upside' scenarios and their respective weightings. However, the Group had embarked on the process of exploring the use of an alternative statistical methodology, that is mathematically more enhanced than the linear regression analysis in order to find more statistically significant relationship between default and the respective macro economic variables in each of its territories of operations and hence improve the reliability of its macroeconomic modelling approach. In this regard, on 30th June 2021 the Group switched from utilising the Linear model to the new Error Correction Model (ECM) in order to forecast its reserve requirements for the upcoming 12 months with greater reliability. This was done after these two models had been utilised in parallel for several months. The ECM model takes into account the short-term effect of the chosen macroeconomic variable as well as its long-term effect through a multiple regression analysis against the time series of defaults observed at country/product level. The model has an inbuilt error correction term that provides for observed deviations from a long-run equilibrium which in turn influences it short-run dynamics. It also takes into account the speed at which defaults return to equilibrium after a change in the macroeconomic variable given the longer-term equilibrium. Other than the enhanced statistical methodology, this model also provides more statistically significant relationships through the use of country-specific macroeconomic variables, thus more accurately reflecting the Group's spectrum of products.

One must note that in the case of both ECL models, management's decisions play a strong role and have a considerable impact on the volume of defaulted loans over and above the impacts emanating from the macroeconomic environment. In fact, Multitude had strongly suppressed its lending during Q2 2020, thus establishing stricter requirements for new clients to qualify for lending, which resulted in an increase of the average quality of the client base, even though at that time the global situation was deteriorating.

In determining the ECL, three possible scenarios are considered to capture different possible future outcomes. The 'base line' scenario represents the most-likely outcome. It is based on authoritative sources forecasting these economic variables referred to above and providing the best estimate view of each territory's economy. Apart from the 'base line' scenario, the Group considers two other macro-economic scenarios – Upside and Downside scenarios – which respectively represent a more optimistic and a more pessimistic outcome. Such scenarios reflect the current top and emergent risks and opportunities. The more optimistic and more pessimistic scenarios are economically plausible and will not necessarily be as severe as scenarios used in stress testing.

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

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

The most significant period-end assumptions used for the ECL estimate, territory unemployment rates and GDP growth prepared by Oxford economics, and their development during the period are set out below. The 'base', 'upside' and 'downside' scenarios were used for all portfolios.

- The 'Base' Scenario captures business-as-usual macroeconomic expectations, whereby the current rhythm of economic activity is maintained;
- The 'Downside' Scenario is based on a subdued level of economic activity hypothesized to correspond to an economic recession;
- The 'Upside' Scenario is based on the assumption that it would be possible to marginally improve further over the already benign economic conditions.

Unemployment Rates

	Baseline Forecast			Downside: Return of Inflation			Upside: Consumer Boom		
	2021Q1	2022Q1	Δ PP	2021Q1	2022Q1	Δ PP	2021Q1	2022Q1	Δ PP
Bulgaria	5.80%	4.89%	(0.91)	5.80%	5.04%	(0.76)	5.80%	4.66%	(1.14)
Croatia	7.13%	6.68%	(0.45)	7.13%	6.77%	(0.36)	7.13%	6.56%	(0.57)
Czech Republic	4.10%	4.12%	0.02	4.10%	4.26%	0.16	4.10%	3.85%	(0.25)
Denmark	4.53%	3.87%	(0.66)	4.53%	3.90%	(0.63)	4.53%	3.63%	(0.90)
Estonia	6.48%	4.76%	(1.72)	6.53%	5.10%	(1.43)	6.45%	4.50%	(1.95)
Finland	7.97%	7.34%	(0.63)	7.97%	7.39%	(0.58)	7.97%	7.01%	(0.96)
Germany	6.00%	5.50%	(0.50)	6.00%	5.63%	(0.37)	6.00%	4.97%	(1.03)
Latvia	7.47%	6.13%	(1.34)	7.53%	6.46%	(1.07)	7.42%	5.86%	(1.56)
Norway	4.90%	3.85%	(1.05)	4.90%	3.95%	(0.95)	4.90%	3.53%	(1.37)
Poland	6.23%	5.70%	(0.53)	6.23%	5.78%	(0.45)	6.23%	5.55%	(0.68)
Spain	15.98%	16.09%	0.11	15.98%	16.19%	0.21	15.98%	14.78%	(1.20)
Sweden	9.13%	7.51%	(1.62)	9.13%	7.58%	(1.55)	9.13%	7.28%	(1.85)

Unemployment Rates

	Baseline Forecast			Downside: Return of Inflation			Upside: Consumer Boom		
	2021Q1	**2022Q1**	**Δ PP**	**2021Q1**	**2022Q1**	**Δ PP**	**2021Q1**	**2022Q1**	**Δ PP**
Australia	6.00%	5.06%	(0.94)	6.00%	5.23%	(0.77)	6.00%	4.40%	(1.60)
Brazil	14.74%	12.49%	(2.25)	14.74%	12.72%	(2.02)	14.74%	12.43%	(2.31)
Netherlands	4.54%	6.00%	1.46	4.54%	6.06%	1.52	4.54%	5.35%	0.81
Romania	3.30%	3.20%	(0.10)	3.30%	3.33%	0.03	3.30%	3.15%	(0.15)

Gross Domestic Product

	Baseline Forecast			Downside: Return of Inflation			Upside: Consumer Boom		
	2021Q1	**2022Q1**	**Δ PP**	**2021Q1**	**2022Q1**	**Δ PP**	**2021Q1**	**2022Q1**	**Δ PP**
Denmark	526.71	547.85	3.86%	526.71	542.47	2.91%	526.71	552.83	4.72%
Finland	56.29	58.26	3.38%	56.29	57.70	2.44%	56.29	59.19	4.90%
Netherlands	183.37	191.35	4.17%	183.37	189.39	3.18%	183.37	196.18	6.53%
Sweden	1,273,620.00	1,322,910.00	3.73%	1,273,620.00	1,313,090.00	3.01%	1,273,620.00	1,3367,80.00	4.72%

The weightings assigned to each economic scenario were 60% for the 'Base' scenario, 20% for the 'Downside' scenario and 20% for the 'Upside' scenario.

Such weightings take into account the outlook for the global economy, that is showing signs of a robust rebound during Q2 2021 with indicators pointing to a GDP growth of 4.9% during 2021 and another 4.6% during 2022 for the Eurozone baseline scenario. Additionally, as can be seen in the table above, Unemployment Rate is expected to decrease over the next 12 months in most of the Group's countries and GDP is expected to grow in all of the territories. However, the threat posed by the Delta variant continues to cast a shadow o the outlook. While Oxford Economics think that the vaccination roll-out means a new wave will look very different from the previous ones, restrictions put in place in response to the rising number of infections could still impact on the recovery over the coming months.

In the upside scenario, a consumer boom is observed as consumers use up a large proportion of the substantial savings they accumulated during the pandemic. Sentiment is boosted for households, businesses and investors. The result is a more robust global recovery in the near term with Eurozone GDP growth 0.5% points pa above the baseline for 2021 to 2023. On the other hand, the downside scenario shows an increase in inflation amid higher energy prices and stronger core inflation.

3.2.9 Information on credit quality of loans and advances to customers

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

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

Regular

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

Watch
Loans and advances to customers that attract this category principally comprise those where

(i) payment becomes overdue by 30 days, but does not exceed 60 days where a loan is deemed to be as nonperforming when past due for more than 90 days;

(ii) and 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.

Substandard
Exposures that are categorised within this category comprise those where

(i) payment becomes overdue by 61 days but does not exceed 90 days for where a loan is deemed to be as nonperforming when past dues for more than 90 days.

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

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

(i) payment becomes overdue by 61 days and over but not exceeding 180 days for where a loan is deemed to as non-performing when past due for more than 60 days;

(ii) and where payment 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.

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

The Group does not have a material amount of individually impaired laon receivables. The ageing analysis of loan receivables which are collectively assessed for impairment is as follows:

	30 June 2021				31 Dec 2020
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Loans and advances to customers					
Regular	353,734	-	-	353,734	304,112
Watch	-	13,638	-	13,638	14,812
Substandard	-	8,197	-	8,197	9,158
Doubtful	-	-	25,913	25,913	29,908
Loss	-	-	163,766	163,766	149,381
Gross carrying amount	**353,734**	**21,836**	**189,679**	**565,249**	**507,372**
Loss allowance	19,437	6,851	126,176	152,463	146,417
Carrying amount	**334,297**	**14,985**	**63,504**	**412,786**	**360,955**
Impaired Loan Coverage Ratio (ICLR)	**5.5%**	**31.4%**	**66.5%**	**27.0%**	**28.9%**

	30 June 2020				31 Dec 2019
	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL	Lifetime ECL	Total	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Loans and advances to customers					
Regular	275,954	-	-	275,974	321,722
Watch	-	15,059	-	15,059	21,371
Substandard	-	13,945	-	13,945	11,715
Doubtful	-	-	35,500	35,500	32,154
Loss	-	-	164,033	164,033	168,952
Gross carrying amount	**275,974**	**29,004**	**199,533**	**504,510**	**555,914**
Loss allowance	23,808	10,484	135,501	169,794	169,747
Carrying amount	**252,615**	**18,520**	**64,032**	**334,716**	**386,167**
Impaired Loan Coverage Ratio (ICLR)	**8.6%**	**36.1%**	**67.9%**	**33.7%**	**30.5%**

3.2.10 Loss Allowance

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 following tables explain the changes in the loss allowance between the beginning and the end of the annual period:

	Stage 1 12-month ECL EUR '000	Stage 2 Lifetime ECL EUR '000	Stage 3 Lifetime ECL EUR '000	Total EUR '000
Loans and advances to customers				
Loss allowance as at 1 January 2021	**20,589**	**7,818**	**118,010**	**146,417**
Transfers of financial instruments between stages	-	-	-	-
Transfer from Stage 1 to Stage 2	(919)	3,085	-	2,166
Transfer from Stage 1 to Stage 3	(3,549)	-	11,810	8,261
Transfer from Stage 2 to Stage 1	253	(813)	-	(560)
Transfer from Stage 2 to Stage 3	-	(4,432)	6,838	2,406
Transfer from Stage 3 to Stage 1	69	-	(254)	(185)
Transfer from Stage 3 to Stage 2	-	23	(49)	(25)
Other transfers - Aging change	459	13	10,773	11,245
Total remeasurement of loss allowance arising from transfers in stages	**(3,686)**	**(2,123)**	**29,119**	**23,309**
New financial assets originated or purchased	20,964	5,238	7,416	33,617
Changes to risk parameters (model inputs PDs/LGDs/EADs)	(1,880)	(78)	1,973	15
Financial assets derecognised during the year	(16,583)	(4,029)	(18,511)	(39,122)
Stage 3 revenues	**-**	**-**	**(1,743)**	**(1,743)**
Write-offs	-	-	(12,831)	(12,831)
Unwind of discount	-	-	2,159	2,159
FX and Other movements	34	25	1,001	1,059
Total net change in loss allowance during the year	**(1,152)**	**(967)**	**8,582**	**6,463**
Loss allowance as at 30 June 2021	**19,437**	**6,851**	**126,592**	**152,879**

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	EUR '000	EUR '000	EUR '000	EUR '000
Loans and advances to customers				
Loss allowance as at 1 January 2020	**23,330**	**8,822**	**137,594**	**169,747**
Transfers of financial instruments between stages				
Transfer from Stage 1 to Stage 2	(1,686)	5,104	-	3,418
Transfer from Stage 1 to Stage 3	(4,075)	-	16,361	12,286
Transfer from Stage 2 to Stage 1	616	(1,542)	-	(926)
Transfer from Stage 2 to Stage 3	-	(7,194)	12,780	5,586
Transfer from Stage 3 to Stage 1	192	-	(988)	(796)
Transfer from Stage 3 to Stage 2	-	21	(46)	(24)
Other transfers - Aging change	2,481	(206)	11,897	14,172
Total remeasurement of loss allowance arising from transfers in stages	**(2,473)**	**(3,816)**	**40,004**	**33,715**
New financial assets originated or purchased	24,848	8,113	12,906	45,867
Changes to risk parameters (model inputs PDs/LGDs/EADs)	3,997	517	(245)	4,269
Financial assets derecognised during the year	(25,460)	(2,981)	(29,365)	(57,806)
Stage 3 revenues	-	-	-	-
Write-offs	-	-	(20,873)	(20,873)
Unwind of discount	-	-	(91)	(91)
FX and Other movements	(434)	(172)	(4,428)	(5,034)
Total net change in loss allowance during the year	**478**	**1,662**	**(2,093)**	**47**
Loss allowance as at 30 June 2020	**23,808**	**10,484**	**135,594**	**169,794**

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	EUR '000	EUR '000	EUR '000	EUR '000
Loans and advances to customers				
Gross carrying amount as at 1 January 2021	**304,112**	**23,970**	**179,290**	**507,372**
Transfers from stage 1 to stage 2	(10,727)	10,727	-	-
Transfers from stage 1 to stage 3	(25,328)	-	25,328	-
Transfers from stage 2 to stage 1	3,362	(3,362)	-	-
Transfers from stage 2 to stage 3	-	(13,083)	13,083	-
Transfers from stage 3 to stage 1	565	-	(565)	-
Transfers from stage 3 to stage 2	-	129	(129)	-
Total changes in gross carrying amounts arising from transfers in stages	**(32,128)**	**(5,589)**	**37,717**	**-**
New financial assets originated or purchased	362,835	15,941	15,198	393,973
Financial assets derecognised during the year	(281,140)	(12,534)	(30,444)	(324,118)
Write-offs	-	-	(12,831)	(12,831)
FX and Other Movements	55	48	1,167	1,270
Total net change during the year	**49,622**	**(2,135)**	**10,806**	**58,293**
Gross carrying amount as at 30 June 2021	**353,734**	**21,836**	**190,096**	**565,665**

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	EUR '000	EUR '000	EUR '000	EUR '000
Loans and advances to customers				
Gross carrying amount as at 1 January 2020	**321,722**	**33,085**	**201,105**	**555,914**
Transfers from stage 1 to stage 2	(19,080)	19,080	-	-
Transfers from stage 1 to stage 3	(35,552)	-	35,552	-
Transfers from stage 2 to stage 1	7,741	(7,741)	-	-
Transfers from stage 2 to stage 3	-	(24,115)	24,115	-
Transfers from stage 3 to stage 1	2,112	-	(2,112)	-
Transfers from stage 3 to stage 2	-	109	(109)	-
Total changes in gross carrying amounts arising from transfers in stages	**(44,780)**	**(12,668)**	**57,447**	**-**
New financial assets originated or purchased	305,847	20,290	25,223	351,360
Financial assets derecognised during the year	(303,716)	(11,188)	(57,101)	(372,005)
Write-offs	-	-	(20,873)	(20,873)
FX and Other Movements	(3,100)	(516)	(6,269)	(9,886)
Total net change during the year	**(45,749)**	**(4,082)**	**(1,573)**	**(51,403)**
Gross carrying amount as at 30 June 2020	**275,974**	**29,004**	**199,533**	**504,510**

3.2.11 Write-off Policy

The Group writes off loans and advances to customers when it determines that these are uncollectible and it has exhausted all practical recovery efforts. This is generally the case when the Group has applied debt recovery strategies for a significant period of time and has concluded there is no reasonable expectation of recovery.

In those cases where it has no reasonable expectation of full or partial recovery from overdue micro-credit facilities, the Group may opt to conduct one-off loan portfolio sales with third parties. Subsequent to the conduct of such sales, the Group writes-off any unrecovered amounts (after taking into account expected credit losses originally reserved against the portfolio).

3.2.12 Collateral

The Group's short-term consumer lending portfolio is generally unsecured, in line with the typical nature and characteristics observed for short-term retail portfolios.

In Business Lending a factoring model has been introduced in one country where collateral is available. The portfolio is relatively small though and not considered for the calculation of credit loss provisions.

3.3 Market Risk

Multitude Group takes on exposure to market risks, which are the risks that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate and currency products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates and foreign exchange rates.

(a) Foreign exchange risk

Multitude Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Transaction risk arises from future commercial transactions, recognized assets and liabilities. Translation risk arises from net investments in foreign operations.

Multitude Group treasury's risk management policy is to hedge the main FX exposures in non-euro currencies. Management has set up a policy to require Multitude Group companies to manage their foreign exchange risk against their functional currency. The Group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. On the reporting date, the Group companies mainly had transactions in their respective functional currencies, and accordingly, the transaction risk in the Group companies was minimal.

The Group has several investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

Intra-group loans between the parent and other Group companies are usually denominated in the Group companies' functional currencies, which creates some transaction risk that is not eliminated in consolidation. Currency exposure arising from the monetary transactions in foreign currencies are managed primarily through foreign exchange swaps and forward contracts.

As a result of intra-group borrowings, main foreign exchange risk arises from the Polish zloty and Swedish crown. Based on the various scenarios, the Group manages its cash flow foreign exchange risk by using foreign exchange swaps and forward contracts. Part of the foreign exchange risk arising from the net assets denominated in Polish zloty (PLN) and Swedish crown (SEK) was hedged by using a PLN-EUR and SEK-EUR foreign exchange forward contracts.

The table below shows the nominal value of the forward contracts and the covering of the Group's net assets denominated in Polish zloty and Swedish crown. It also presents the effect in after-tax profit if the euro had weakened/strengthened by 10% against the currencies with all other variables help constant.

30 Jun EUR '000	**PLN 2021**	**PLN 2020**	**SEK 2021**	**SEK 2020**
Cash in bank	19,882	14,938	7,381	13,710
Portfolio	6,735	28,729	91,614	32,351
Intercompany loan	15,836	11,180	29,147	38,977
Net position of group companies	**42,452**	**54,847**	**128,142**	**85,038**
EUR/Currency swap	36,300	45,033	81,832	68,356
Swap covering net currency position %	86	82	64	80

30 Jun EUR '000	**PLN 2021**	**PLN 2020**	**SEK 2021**	**SEK 2020**
Currency up by 10%	615	981	4,631	1,668
Currency down by 10%	(615)	(981)	(4,631)	(1,668)

(b) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

Multitude Group's main interest rate risk arises from long-term borrowings which are issued at fixed and variable rates. These expose Multitude Group to cash flow interest rate risk which is partially offset by having a short-term loan portfolio as a main asset in the Group. Increasing refinancing cost can be potentially covered by corresponding price changes in the new loans granted whereby the spread between lending interest and borrowing interest is comparably high. During the period ended June 30, 2021, Multitude Group's borrowings at a variable rate were denominated in EUR.

Multitude Group analyzes its interest rate exposure on a continuous basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, Multitude Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest- bearing positions.

EUR '000	30 Jun 2021	31 Dec 2020
Fixed interest rate borrowings	2,673	4,379
Variable interest rate borrowings	175,706	174,849
Total borrowings	**178,379**	**179,228**

3.4 Liquidity Risk

Cash flow forecasting is performed in the operating entities of Multitude Group and aggregated by Multitude Group finance. Multitude Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements, currency restrictions, for example. Surplus cash held by the operating entities over and above the balance required for working capital management is transferred to the Group treasury. Multitude Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

During the first half of 2021, the Group put effort on increasing utilization of deposit funding. The key rationale behind this strategy, reflected in an increase of deposits from clients to 429.6 million at end of H1 2021, has been to support portfolio growth especially in the SweepBank business. During 2021, the Group has continued to raise deposit via its relatively new term deposit products.

The repayment schedule for financial liabilities as of June 30, 2021, including future interest payments, are as follows. Variable interest payments are estimated based on the spot interest rate level on the balance sheet date.

30 Jun 2021 EUR '000	Less than 12 months	Between 1-2 years	Between 2-5 years	Over 5 years
Bonds issued	100,000	80,000		
Interest	9,442	3,667		
Other non-current liabilities		1,674	488	
Deposits from customers	372,767	37,111	19,811	
Interest	3,131	312	166	
Trade payables and other current liabilities	12,428			
Lease liabilities	1,627	966	80	
Total, without derivatives	**499,395**	**123,729**	**20,546**	**0**
Gross settled foreign exchange futures contracts				
- Inflow (-)	(169,930)			
- Outflow	171,369			

31 December 2020 EUR '000	Less than 12 months	Between 1-2 years	Between 2-5 years	Over 5 years
Bonds issued		180,000		
Interest	9,900	6,692	1,467	
Other non-current liabilities		1,152	1,008	
Deposits from customers	275,833	35,275	28,413	
Interest	2,330	296	239	
Trade payables and other current liabilities	12,957			
Lease liabilities	2,418	1,855	106	
Total, without derivatives	**303,439**	**225,270**	**31,233**	**0**
Gross settled foreign exchange futures contracts				
- Inflow (-)	(166,854)			
- Outflow	170,580			

3.5 Capital management

Multitude Group's objectives when managing capital are to safeguard Multitude Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for the Group's stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, Multitude Group may adjust the amount of dividends paid to shareholders, issue new bonds or sell assets to reduce debt.

Multitude Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by equity. Net debt is calculated as total interest bearing liabilities (including 'current and non-current liabilities' as shown in the consolidated balance sheet) less cash and cash equivalents.

Net interest bearing debt to equity ratio EUR '000	30 Jun 2021	31 Dec 2020
Cash and cash equivalents	270,197	236,564
Borrowings and deposits due within 1 year	(372,769)	(275,833)
Borrowings and deposits due after 1 year	(232,626)	(238,537)
Lease liability due within 1 year	(1,627)	(2,418)
Lease liability due after 1 year	(1,046)	(1,961)
Net debt	**(337,871)**	**(282,185)**
Cash	270,197	236,564
Gross debt - fixed interest rates	(272,038)	(280,382)
Gross debt - variable interest rates	(327,860)	(210,030)
Gross debt - non-interest bearing	(8,170)	(28,338)
Net debt	**(337,871)**	**(282,185)**

EUR '000	Cash and Cash Equivalents	Government Bonds	Borrowings due within 1 year	Borrowings due after 1 year	Total
Net debt as at 1 January 2020	**155,518**	**0**	**(292,073)**	**(173,564)**	**(310,118)**
Cash flow	83,345		13,821	(66,934)	28,072
Foreign exchange adjustments	(2,300)				(2,300)
Net debt as at 31 December 2020	**236,564**	**0**	**(278,252)**	**(240,498)**	**(282,185)**
Cash flow	30,563		(96,145)	6,826	(58,756)
Foreign exchange adjustments	3,070				3,070
Net debt as at 30 Jun 2021	**270,197**	**0**	**(374,396)**	**(233,672)**	**(337,871)**

3.6 Carrying values and fair values of financial instruments

Financial assets and liabilities measured at fair value, and for which fair value is disclosed in the notes, are classified on three levels, depending on the estimated reliability of the valuation method:

Level 1:
A quoted market price for identical instruments in an active market where the Group can access on the measurement date.

Level 2:
Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3:
Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table shows the carrying amounts and fair values of the Group's financial instruments and their level of measurement, where the carrying amount is not a reasonable approximation of the fair value due to the short maturity:

Financial instruments, EUR '000	30 Jun 2021	30 Jun 2021	31 Dec 2020	31 Dec 2020	Level of fair value measurement
	Carrying value	**Fair value**	**Carrying value**	**Fair value**	
Financial assets					
Items recognized at fair value through profit and loss					
Foreign exchange derivative	68	68	496	496	Level 2
Financial liabilities					
Items recognized at amortized cost					
Loans from financial institutions	-	-	-	-	Level 3
Bonds	175,704	178,457	174,849	164,332	Level 1
Other non-current liabilities	2,162	2,162	2,160	2,160	Level 3
Deposits from customers	429,689	429,689	339,522	339,522	Level 3
Items recognized at fair value through profit and loss					
Foreign exchange derivative	1,439	1,439	3,230	3,230	Level 2

The fair value of foreign exchange derivatives are calculated as the present value of the estimated future cash flows based on observable yield curves. The Group has during the period experienced increased volatility in foreign exchange and has in reaction to this increased the volume of derivative instruments to mitigate FX risk.

Fair value of bonds issued by the Group are measured directly by reference to their market price in an active market. The market value of the Group's bonds decreased during the period due to a deriorating market sentiment caused by the COVID-19 pandemic.

Loans from financial institutions are fair valued based on the present value of the estimated future cash flows using the approximate interest rate for which the Group would get the loan on the reporting date. These are categorized within level 3, given that credit spread is a significant unobservable input based on management's estimation.

Carrying values for the Group's loans and receivables and trade and other short-term liabilities are a reasonable approximation of their fair value and accordingly, fair value is not presented.

credit spread is a significant unobservable input based on management's estimation.

Carrying values for the Group's loans and receivables and trade and other short-term liabilities are a reasonable approximation of their fair value and accordingly, fair value is not presented.

4. SEGMENT INFORMATION

During June 2021 Multitude has rebranded its previous operating segments Microloan, PlusLoan, CreditLimit, CapitalBox (SME) and Mobile Wallet including Primeloan. Primelending and the Mobile Wallet business have been rebranded as SweepBank, a brand with a clear customer focus and an ambition to make its clients' lives easier. The Ferratum brand is reserved for the Near Prime lending business. The newly introduced segments and brands within the Group are structured as: Ferratum, CapitalBox and SweepBank. According to the new strategy, the Group's business units will gain a more independent role and will consequently be more closely aligned to their clients and their specific needs. The Group will concentrate on business-critical operations, with cost advantages derived from delivering greater economies of scale. . The refined structure has enabled the Group to establish improved allocation of directly attributable costs of each segment and assign them accordingly in segment reporting, giving business units more control over costs.

The improvements in assigning directly attributable costs have, in turn, led to a better understanding of those costs that are not directly attributable to tribes (central costs). A new process to allocate residual central costs to segments has been established, with allocation keys being reviewed frequently.

4.1 Business segments in H1 2021

EUR '000	Ferratum	Sweep	CapitalBox	Central	Total
Revenue	89,807	3,556	11,168	0	104,531
Share in Revenue, %	86%	3%	11%	0%	100%
Other income	281	5	11	0	297
Impairments on loans	26,921	2,404	3,551	0	32,876
Operating expenses					
Personnel expenses	9,824	4,644	2,631	0	17,100
Selling and marketing expenses	9,454	1,568	2,366	0	13,389
Lending costs	5,540	284	527	0	6,351
Other administrative expenses	399	(2)	21	0	418
Depreciation and amortization	6,488	636	138	0	7,262
Other operating expenses	9,235	3,507	1,567	0	14,310
Operating profit / (loss)	**22,226**	**(9,480)**	**378**	**0**	**13,123**
Gross Product Margin, %	25%	(267%)	3%	0%	13%
Funding expenses	5,308	1,173	1,346	0	7,827
Unallocated finance expense (FX)	0	0	0	1,302	1,302
Finance costs, net	5,308	1,173	1,346	1,302	9,128
Profit before income tax	**16,918**	**(10,653)**	**(968)**	**(1,302)**	**3,995**
Net Product Margin, %	19%	(300%)	(9%)	0%	4%
Loans and advances to customers	279,944	61,842	71,000	0	412,786
Unallocated assets					352,253
Unallocated liabilities					637,305

4.2 Business segments in H1 2020

EUR '000	Ferratum	Sweep	CapitalBox	Central	Total
Revenue	104,521	1,617	15,001	0	121,139
Share in Revenue, %	86%	1%	12%	0%	100%
Other income	(29)	49	(6)	0	13
Impairments on loans	47,034	1,997	5,707	0	54,738
Operating expenses					
Personnel expenses	12,089	4,008	2,233	0	18,330
Selling and marketing expenses	7,731	186	1,756	0	9,673
Lending costs	6,672	25	538	0	7,235
Other administrative expenses	710	3	39	0	752
Depreciation and amortization	3,505	2,264	668	0	6,438
Other operating income and expenses	9,171	3,488	1,361	0	14,020
Operating profit / (loss)	**17,579**	**(10,306)**	**2,692**	**0**	**9,966**
Gross Product Margin, %	17%	(637%)	18%	0%	8%
Funding expenses	6,372	426	1,659	0	8,457
Unallocated finance expense (FX)	0	0	0	3,015	3,015
Finance costs, net	6,372	426	1,659	3,015	11,472
Profit before income tax	**11,207**	**(10,731)**	**1,034**	**(3,015)**	**(1,506)**
Net Product Margin, %	11%	(664%)	7%	0%	(1%)
Loans and advances to customers	252,222	16,845	65,649	0	334,716
Unallocated assets					456,874
Unallocated liabilities					666,201

4.3 Revenue

EUR '000	Jan – Jun 2021	Jan – Jun 2020
Revenue, international	95,291	104,174
Revenue, domestic	9,240	16,965
Total revenue	**104,531**	**121,139**

5. PERSONNEL EXPENSES

EUR '000	Jan – Jun 2021	Jan – Jun 2020
Salaries and other employee benefits (incl. bonuses)	(13,899)	(14,820)
Employee pension expenses	(765)	(947)
Other personnel expenses	(2,483)	(2,318)
Share-based payments equity settled *)	47	(246)
Total personnel expenses	**(17,100)**	**(18,330)**

*) A new employee share performance plan was introduced in December 2020, designed to provide long-term incentive and commitment for key employees to deliver long-term performance targets and increase their commitment to Multitude. Under the plan, participants are granted shares, less deduction for relevant tax possibly paid by the Participant, determined by the achievement of the performance criteria set by the Group in relation to financial performance and share price development of Multitude. The performance plan consists of two annually commencing three-year performance periods. There is no restriction period for the awarded shares. Additionally, during December 2020 the Board decided on a share saving plan for all employees, aiming to give incentive for employees as shareholders of Multitude. The plan enables employees to invest 5% of their annual salary in shares of Multitude during 2021 with a two year performance period to receive award shares from the company.

6. OTHER OPERATING EXPENSES

EUR '000	Jan – Jun 2021	Jan – Jun 2020
Other office expenses	(524)	(676)
Expenses relating to short-term leases	(55)	20
Travel expenses	(52)	(281)
Professional fees (excl. Audit)	(4.389)	(5,240)
Audit fees	(878)	(922)
Other expenses	(8,411)	(6,921)
Total other operating expenses	**(14,310)**	**(14,020)**

7. FINANCE INCOME

EUR '000	Jan – Jun 2021	Jan – Jun 2020
Interest income from cash and cash equivalents	121	110
Interest derivatives held for trading – net gain / (loss)	3	-
Total finance income	**124**	**110**

8. FINANCE COSTS

EUR '000	Jan – Jun 2021	Jan – Jun 2020
Interest on borrowings	(8,095)	(8,415)
Interest expenses on leases	(82)	(189)
Foreign exchange loss*	(1,076)	(2,978)
Total finance costs	**(9,252)**	**(11,581)**

*Includes net gain / (loss) of currency derivatives.

9. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares.

Diluted earnings per share is calculated by adjusting the weighted average number of all shares to assume conversion of all options granted to employees. Options are considered to be potential ordinary share since each option may be converted into one ordinary share. In June 2020 there were no options granted and in June 2021 options were not considered as dillutive because the exercise price was less than average share price of the period.

EUR '000	Jan – Jun 2021	Jan – Jun 2020
Profit for the reporting period attributable to owners of the parent	2,413	(2,290)
Weighted average number of ordinary shares in issue	21,578	21,578
Adjustment for calculation of diluted earnings per share:		
Options	0	0
Diluted weighted average number of ordinary shares in issue	21,578	21,578
Earnings per share, basic	**0.11**	**(0.11)**
Earnings per share, diluted	**0.11**	**(0.11)**

10. SHARE CAPITAL AND OTHER RESERVES AND DISTRIBUTIONS TO EQUITY HOLDERS OF THE PARENT

EUR '000	Number of shares	Share capital	Treasury share	Unrestricted equity reserve	Other reserves
On 1 Jan 2020	**21,723,960**	**40,134**	**(142)**	**14,708**	**(1,098)**
Currency translation differences					(2,875)
Transfers between items					1,146
On 31 Dec 2020	**21,723,960**	**40,134**	**(142)**	**14,708**	**(2,827)**
Currency translation differences					(1,092)
Transfers between items					-
On 30 Jun 2021	**21,723,960**	**40,134**	**(142)**	**14,708**	**(1,735)**

The par value of each share is 1 EUR. The cumulative translation differences of EUR 1,092,000 in the statement of changes in consolidated shareholders' equity contain the translation differences arising from translating the financial statements of non-euro area business units.

On 30 June 2021, Multitude Group had 146,200 treasury shares in its possession which represent approximately 0.7% of the share capital and voting rights. No consideration is paid to the treasury shares in a distribution of equity.

The unrestricted equity reserve contains the amount paid for shares in a share issue and the amount when converting convertible capital notes to shares. Other reserves include legal reserves in Multitude Group companies.

11. INTEREST BEARING LIABILITIES

EUR '000	30 Jun 2021	31 Dec 2020
Non-current interest bearing liabilities		
Other liabilities	-	-
Bonds issued	175,704	174,849
Lease liabilities	1,046	1,961
Deposits from customers	56,922	63,689
Total non-current interest bearing liabilities	**233,672**	**240,498**
Current interest bearing liabilities		
Bank borrowings	2	-
Bonds issued	-	-
Lease liabilities	1,627	2,418
Deposits from customers	364,597	247,496
Total current interest bearing liabilities	**366,226**	**249,914**
Total interest bearing liabilities	**599,898**	**490,412**

2021: Issuance of subordianted perpetual bonds in July 2021. See note 15 for details.

12. CURRENT NON-INTEREST BEARING LIABILITIES

EUR '000	30 Jun 2021	31 Dec 2020
Current tax liabilities	**3,682**	**3,241**
Deposits from customers	**8,170**	**28,338**
Trade payables	**9,845**	**9,932**
Other current liabilities	**11,656**	**11,900**
Interest liabilities	2,583	3,025
Accrued employee expenses	2,565	2,558
Other current accrued liabilities on expenses, interest-free	6,508	6,317
Total current non-interest bearing liabilities	**33,354**	**53,411**

13. RELATED PARTY DISCLOSURE

Multitude Group is controlled by Jorma Jokela, who owns 55.18% of the parent company's shares. The company also holds treasury shares.

Related parties of Multitude Group are members of the board, senior management team, their close family members and the companies in which the member of the board or senior management team and their close family members have significant control or joint control. Also companies where Multitude's controlling individual has control, joint control or significant influence is considered to be a related party of Multitude Group.

Transactions with related parties

EUR	Jan – Jun 2021	Jan – Jun 2020
Purchase of services from related parties – Entity controlled by key management personnel	306	525
	306	**525**

The Group has business relationships with related party companies. The acquired services include administrative services, project management, advisory and consulting services and legal counselling. Related party transactions have been carried out on generally accepted market terms and they have been based on the market price of goods and services.

14. COMMITMENTS

EUR '000	30 Jun 2021	31 Dec 2020
Credit limit agreement		
Total amount of limits granted to Multitude	-	-
Limit in use	-	-
Collateral on own debt		
Guarantees	180,000	180,000
Corporate pledge	-	-
Pledged subsidiary shares	-	-

15. SUBSEQUENT EVENTS

In July 2021, Multitude SE, successfully completed transactions related to the issuance of the EUR 50 million subordinated perpetual capital notes, qualifying as IFRS equity under a framework of EUR 100,000,000 to qualified investors following a European bookbuilding (the "Hybrid Bonds"). The Hybrid Bonds will carry a floating rate coupon of 3 month Euribor + 8.90% and were issued at a price of 99.50% of the nominal amount. The bonds will be listed on Nasdaq Stockholm and the Frank Stock Exchage. The Hybrid Bonds are expected to receive a 'B- (EXP)'/RR6 credit rating. Proceeds from the transaction will be used to finance the Tender Offer described below and for general corporate purposes.

Ferratum Capital Germany GmbH, a subsidiary of Multitude SE, offered the holders of Ferratum Capital Germany's outstanding senior unsecured floating rate bonds maturing on 25 May 2022 with ISIN SE0011167972 (the "2022 Bonds") and on 24 April 2023 with ISIN SE0012453835 (the "2023 Bonds"), who were subscribing for Hybrid Bonds to tender any of their 2022 Bonds or 2023 Bonds (the "Tender Offer"). In connection with the issuance of Hybrid Bonds, Ferratum Capital Germany GmbH purchased EUR 15,629,000 of the 2022 Bonds at a price of 101.50% of the nominal amount and EUR 19,946,000 of the 2023 Bonds at a price of 102.00% of the nominal amount for the 2023 Bonds.

16. APPROVAL OF INTERIM REPORT

The Multitude Group Interim Report (six months ended 30 June 2021) has been approved and submitted by the company's Management Board composed of:

Juhani Vanhala
Chairman of the Board

Lea Liigus
Member of the Board

Jorma Jokela
CEO, Member of the Board

Clemens Krause
Member of the Board

Michael Cusumano
Member of the Board

Goutam Challagalla
Member of the Board

Frederik Strange
Member of the Board

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For further information on the Multitude share and all publications please visit www.multitude.com

FURTHER INFORMATION

CONSOLIDATED INCOME STATEMENT QUARTERLY OVERVIEW

EUR '000	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Revenue	52,648	51,883	52,887	55,538	55,535
Other income	121	176	432	57	8
Impairments on loans	(16,384)	(16,492)	(19,566)	(18,590)	(19,146)
Operating expenses:					
Personnel expenses	(8,491)	(8,609)	(8,209)	(7,409)	(8,374)
Selling and marketing expenses	(6,553)	(6,836)	(7,065)	(6,341)	(2,605)
Lending costs	(3,120)	(3,231)	(3,071)	(3,413)	(3,160)
Other administrative expenses	(133)	(285)	(201)	(412)	(462)
Depreciations and amortization	(3,600)	(3,662)	(3,533)	(3,383)	(3,294)
Other operating expenses	(6,775)	(7,535)	(7,985)	(6,725)	(6,245)
Operating profit	**7,714**	**5,409**	**3,690**	**9,323**	**12,258**
Financial income	66	58	131	280	66
Finance costs	(4,394)	(4,858)	(4,095)	(6,046)	(5,548)
Finance costs – net	(4,328)	(4,801)	(3,963)	(5,766)	(5,481)
Profit before income tax	**3,386**	**608**	**(274)**	**3,557**	**6,776**
Income tax expense	(666)	(916)	183	(691)	(692)
Profit for the period	**2,720**	**(307)**	**(91)**	**2,865**	**6,084**
Profit attributable to:					
– owners of the parent company	**2,720**	**(307)**	**(91)**	**2,865**	**6,084**
– non-controlling interests (NCI)	-	-	-	-	-

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME QUARTERLY OVERVIEW

EUR '000	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Profit for the period	**2,720**	**(307)**	**(91)**	**2,865**	**6,084**
Other comprehensive income items that may be subsequently reclassified to profit or loss					
- translation differences	88	(286)	1,565	(359)	1,581
Total items that may be subsequently reclassified to profit or loss	88	(286)	1,565	(359)	1,581
Total comprehensive income	**2,808**	**(593)**	**1,474**	**2,506**	**7,666**
Allocation of total comprehensive income to:					
- owners of the parent company	2,808	(593)	1,474	2,506	7,666
- non-controlling interests	-	-	-	-	-

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