MULTITUDE

Q1 2024 Report

Contents

Board of Directors' Report Q1 2024 Unaudited

Multitude SE in Brief

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

In 2023, our business units comprised Ferratum (consumer lending), CapitalBox (SME lending), and SweepBank (banking app). In 2024, SweepBank become an underlying enabler of a broadened offering at Ferratum (from consumer lending to consumer banking) and CapitalBox (from SME lending to SME banking) to better serve our customers. Earlier this year we launched Multitude's third and newest business unit, Wholesale banking. It provides fast and digital access to scalable credit facilities through a dual offering: Secured Debt and Payment Solution.

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

OUR CURRENT BUSINESS UNITS

CONSUMER BANKING	SME BANKING	WHOLESALE BANKING
ferratum	CapitalBox	MULTITUDE BANK

COMPANY FACTS

Founded in Finland in 2005

Headquartered in Helsinki

Full European Banking Licence

BÖRSE FRANKFURT

Listed on the Frankfurt Stock Exchange

€230m	400,000+	700+	16
Group Revenue 2023	Customers	Employees	Countries

Key highlights

Q1 in Brief

KEY HIGHLIGHTS:

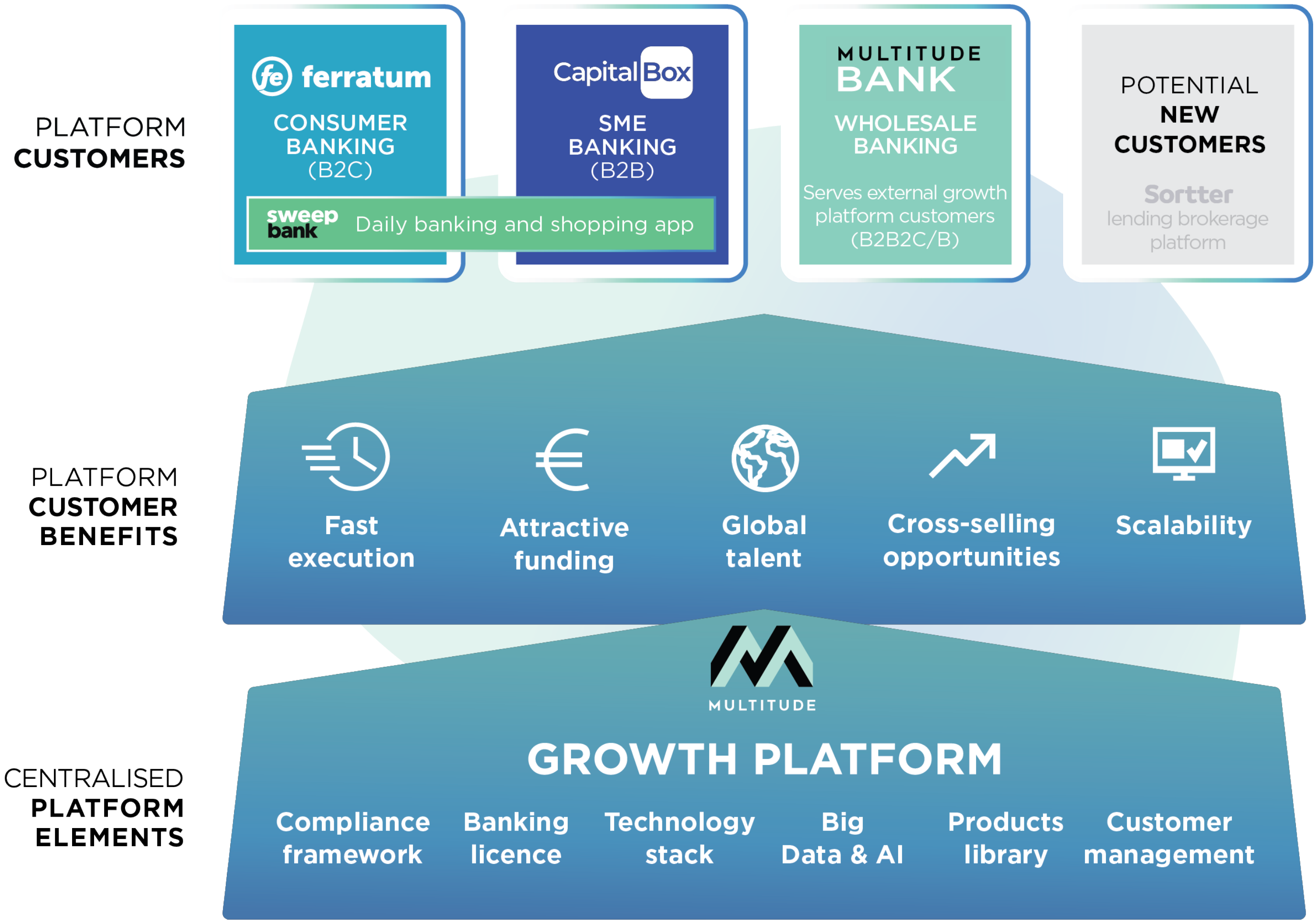
- Strong performance continues: Revenues 18.3% up to EUR 64.2 million and EBIT 31.0% up to EUR 11.6 million y-o-y
- Strong cash position
- CapitalBox acquired Omniveta business to strengthen factoring offering to its SME customers
- EUR 67.5 million EBIT guidance for 2024 is in place

Company structure and business model

Multitude Group is an international provider of digital financial services. Nordic-born and globally focused with operations in 16 countries, backed by 18+ years of solid track record in building and scaling financial technology, its ambition is to become the most valuable financial platform for overlooked customers. Overlooked customers include individuals and businesses that traditional financial players may neglect due to unconventional financial profiles or underserved communities with limited access to financial services.

Multitude growth platform

The core of Multitude's strategy lies in its growth platform with services designed to be accessible to anyone, anywhere and anytime and have built the business on these principles from the first day of operations. This platform enables scalable Banking-as-a-Service (BaaS), emphasising accessibility, scalability, and customer value. By leveraging its expertise in credit risk scoring and digital-first approach, Multitude aims to serve overlooked and underserved customers effectively.



As a vital enabler of scalability, our centralised and standardised operations to offer BaaS are built on its six elements and generates value for both internal business units and external customers:

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

Our platform serves 400,000 customers in 16 countries through our internal business units - consumer banking (Ferratum), SME banking (CapitalBox) and Wholesale banking (Multitude Bank). These customers have or have had an active loan balance with at least one of the business units within Multitude within the past 12 months or are active users of the SweepBank app, which will be used by each of the business units to offer additional digital banking services to its customers.

ferratum

Business Unit: Consumer banking - Ferratum

Four products under the Ferratum brand – Micro Loan, Plus Loan, Prime Loan and Credit Limit allow Ferratum to cater to various, immediate financial needs of individuals, such as unplanned, short-term financing needs resulting from unexpected life events. To apply for any of Ferratum's loans, the customer only fills in a handful of data while the in-house developed and automated, AI-powered scoring algorithms handle the rest. This end-to-end digital process enables a finished and scored application within minutes. On average, it takes less than 15 minutes from an approved application for the customer to have the loan amount in their bank account.

Ferratum has four products and operates across 13 markets: Bulgaria, Croatia, Czechia, Denmark, Estonia, Finland, Germany, Latvia, the Netherlands, Norway, Romania, Slovenia, and Sweden.

Instalment loans:

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

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

Prime Loan
Prime Loans, longer-term instalment loans for consumers, enable higher purchases, like home renovations, cars and other more significant purchases. The loans can amount to up to EUR 15,000 with loan maturities ranging between 1-7 years. In 2023, Prime Loans were issued by SweepBank.

Revolving loans:

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

Q1 2024 highlights

Consumer banking remains focused on sustaining its momentum through consistently executing its established strategies and robust portfolio.

From the financial perspective, Ferratum increased its EBIT level by 51.3% from EUR 8.0 million in Q1 2023 to EUR 12.0 million in Q1 2024. Interest income shows positive 13.0% growth in Q1 2024 as compared to Q1 2023.

Consumer banking continues to be at the forefront of trends in the digital landscape and continues to improve and innovate advanced video systems, these tools incorporate predictive services to anticipate and address customer needs proactively.

Going forward

Ferratum persists in driving innovation by enhancing the analysis of user data and interactions with search engines. The business unit aims to refine its digital marketing tactics and customer acquisition methods to maintain its strategic priority of sustaining growth within its designated markets. These efforts are essential to ensure a consistent and stable credit loss performance over time.

Ferratum's strategic direction for the upcoming quarter is marked by a series of dynamic initiatives aimed at enhancing profitability and expanding market presence. One key focus area involves shifting lending operations towards higher-profit countries, aligning with the Group's strategic growth objectives. Concurrently, Ferratum aims to broaden its product portfolio and penetrate new markets, leveraging its expertise to capitalise on emerging opportunities. The continued rollout of the Credit Limit product underscores Ferratum's commitment to innovation and customer-centric solutions. Moreover, the implementation of robust cost control measures and process automation initiatives remains a top priority, ensuring operational efficiency and sustainable growth.

Business Unit: SME banking - CapitalBox

Small and medium-sized enterprises (SMEs) make up an impressive 99.8% of businesses in Europe. Nonetheless, they frequently encounter inadequate support or even outright neglect from traditional banking systems. The outdated methods and services offered by traditional banks no longer sync with the dynamic and evolving needs of today's SMEs within the contemporary business landscape.

SME banking business unit provides essential financial solutions to SMEs through its credit lines and instalment loans under the brand of CapitalBox. Through a streamlined, fully digitalised process, funds can be made available to SMEs in a matter of minutes after application approval. This efficiency positions CapitalBox as the perfect ally for meeting short-term business financing requirements. Powered by advanced technology, experience, and the resources of Multitude's growth platform, CapitalBox delivers a swift and dependable offering. In Q1 2024, CapitalBox operates in five markets: Finland, Sweden, Denmark, Lithuania, and the Netherlands, offering four distinct products.

Instalment Loans

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

Credit Line

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

Secured Loan

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

Purchase Finance (BNPL)

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

Q1 2024 highlights

In March 2024, Multitude SE further strengthened its market presence by strategically acquiring Omniveta's business through CapitalBox. The company is currently diligently integrating Omniveta's operations into the CapitalBox framework as part of the ongoing efforts to extend the invoice purchasing to other regions within the Nordic countries.

From the financial perspective, CapitalBox shows a decrease of its EBIT figure changing from the negative EUR 0.3 million in Q1 2023 to the negative EUR 1.5 million in Q1 2024. At the same time, interest income showed an increase of 39.9% from EUR 5.5 million in Q1 2023 to EUR 7.7 million in Q1 2024.

Going forward

CapitalBox continues to expand it's distribution channels further and roll out new products to existing markets. Additionally, the business unit aims to bring further product innovations to the market and make improvements in scalability. The full automation of underwriting and sales of all loan processes continues to be a focus.

MULTITUDE BANK

Business Unit: Wholesale banking – Multitude Bank

Multitude's newest business unit, under the Multitude Bank brand, has undergone a pilot phase in wholesale banking throughout 2023. Wholesale banking will be officially recognised and reported as a distinct business unit, financial reporting starting from Q1 2024. The offering of this new business unit is twofold: Secured Debt, earlier referred to as warehouse lending, and a Payment Solution. After successfully piloting and optimising these products, the teams, processes, and technology are ready for expansion. In an era where innovation and adaptability are paramount, traditional banks encounter difficulties keeping pace with today's customers' sophisticated needs. After successfully addressing these challenges for ourselves, initially developing solutions to support our own three business units, we are now well-positioned to extend the offering of our growth platform, to external customers. Multitude's robust experience of nearly two decades, digital approach, efficient risk management tools, and internal and external data utilisation allow for an exceptionally swift underwriting process, typically concluding in just around six weeks.

Wholesale banking customers encompass diverse entities, including traditional banks seeking specialised financial services, payment institutions requiring tailored solutions for transaction processing, and electronic money institutions seeking efficient mechanisms for handling payments and currencies. These customers may vary in size, scope, and specific needs, however they share a common interest in accessing comprehensive financial solutions to support their operations and serve their own clientele effectively.

Secured Debt

Secured Debt, utilising scalable deposit funding, our collection expertise, and the power of data and artificial intelligence, is an ideal means to finance loan portfolios and other assets efficiently. Wholesale banking provides secured funding against lending portfolios or other assets pledged as collateral, while loan-to-value ratios protect against credit losses. This collateral mitigates credit losses and is subject to in-depth monitoring throughout the funding lifecycle. We understand the dynamics and the risks in the lending industry.

Payment Solution

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

Q1 2024 highlights

In March 2024, Multitude announced that Alain Nydegger will start as Tribe CEO for Multitude Group's Wholesale banking and join the Group Leadership Team. He joins Multitude as a seasoned leader and brings a wealth of experience, having spent the past 17 years in the financial industry, most recently serving as the Chief Executive Officer at Pala Assets Ltd., where he spearheaded transformative initiatives, resulting in positive returns over multiple years within a global high-yield credit portfolio.

From the financial perspective, Wholesale banking business unit reached EUR 1.0 million of EBIT in Q1 2024. Interest income stands at EUR 2.3 million in Q1 2024 compared to EUR 0.8 million in the restated Q1 2023.

Going forward

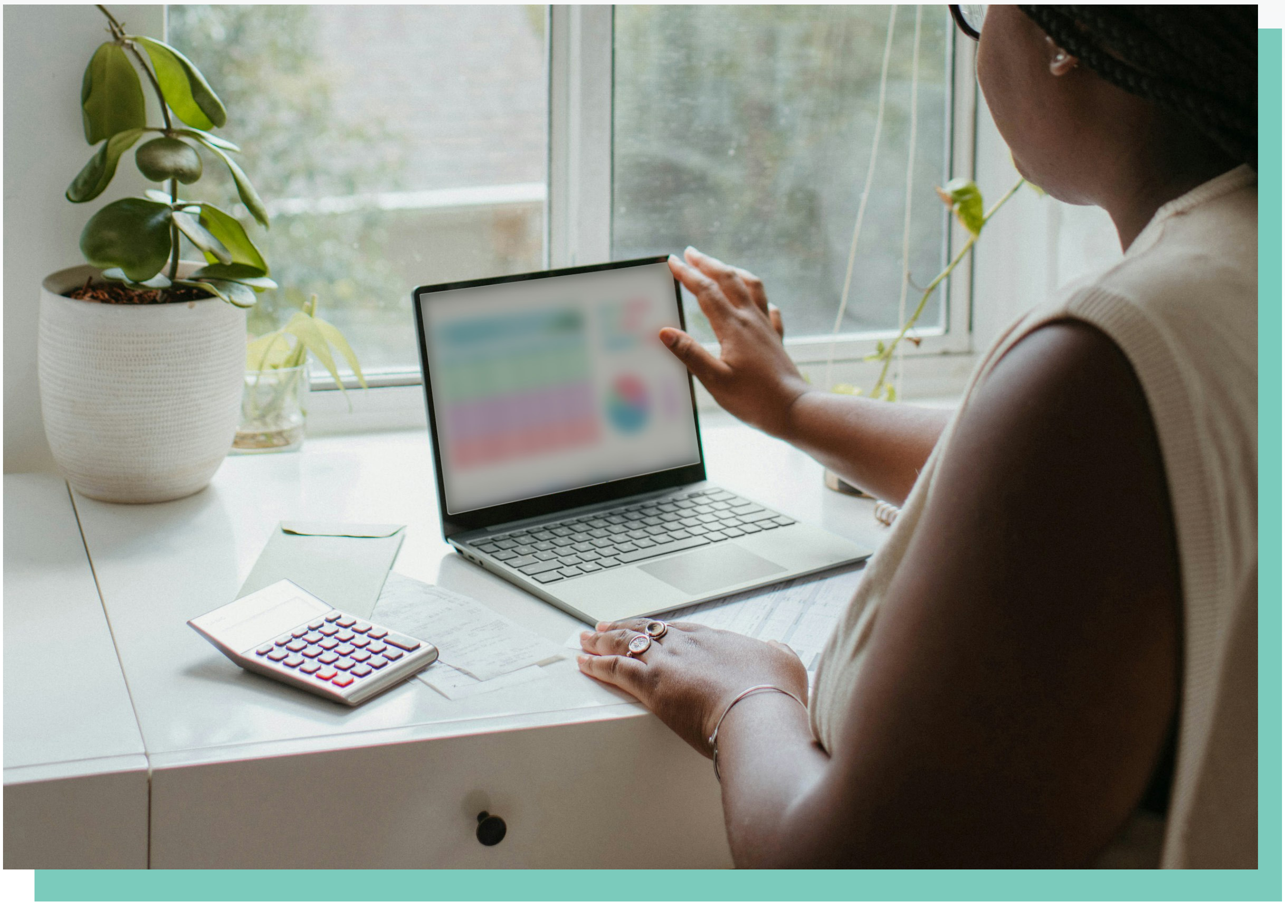
The business unit team is currently dedicated to portfolio development, and will be actively engaging in marketing and public relations efforts to promote the products and generate high-quality leads.

Key figures and ratios

EUR '000	Q1 2024	Restated Q1 2023
Net interest income	55,594	50,323
Profit before income tax	2,996	3,032
Net cash flows from (used in) operating activities	(53,066)	78,575
Net cash flows used in investing activities	(3,448)	(2,642)
Net cash flows used in financing activities	(2,064)	(1,928)
Net increase (decrease) in cash and cash equivalents	(58,579)	74,005

EUR '000	31 March 2024	31 December 2023	Restated 1 January 2023
Loans to customers	589,238	575,948	507,075
Impaired loan coverage ratio, in %	17.6	16.6	18.2
Deposits from customers	703,384	732,350	503,378
Cash and cash equivalents	225,033	283,712	153,325
Total assets	960,288	990,878	753,235
Non-current liabilities	309,623	299,798	132,462
Current liabilities	465,433	507,434	440,807
Total liabilities	775,056	807,232	573,269
Total equity	185,232	183,647	179,966
Equity ratio, in %	19.3	18.5	23.9
Net equity ratio, in %	25.2	26.0	30.0
Net debt to equity ratio	2.97	2.85	2.33

Calculation of key financial ratios		
Profit before tax (%) =	100x	$\frac{\text{Profit before tax}}{\text{Revenue}}$
Impaired loan coverage ratio (%) =	100x	$\frac{\text{Credit loss allowance}}{\text{Gross loans to customers}}$
Equity ratio (%) =	100x	$\frac{\text{Total equity}}{\text{Total assets}}$
Net debt to equity ratio =		$\frac{\text{Total liabilities – cash and cash equivalents}}{\text{Total equity}}$
Net equity ratio (%) =	100x	$\frac{\text{Total equity}}{\text{Total assets – cash and cash equivalents}}$



Key developments and progress in Q1 2024

Financial overview

Statement of profit or loss:

The Group exhibited robust financial performance in Q1 2024, demonstrating stable growth compared to the comparative Q1 2023. Key financial metrics such as net interest income and profit before income tax displayed positive trends, reflecting the Group's resilience and effectiveness in navigating economic conditions and capitalising on market opportunities. Interest income increased by 18.3% (EUR 10.0 million) from EUR 54.2 million in Q1 2023 to EUR 64.2 million in Q1 2024 driven by a 12.7% growth (EUR 6.8 million) in interest income on loans to customers and a substantial 264.8% increase (EUR 1.6 million) in interest income on debt investments. The interest income improvements reflect the Group's aim to optimise portfolio structure and develop long term source of income.

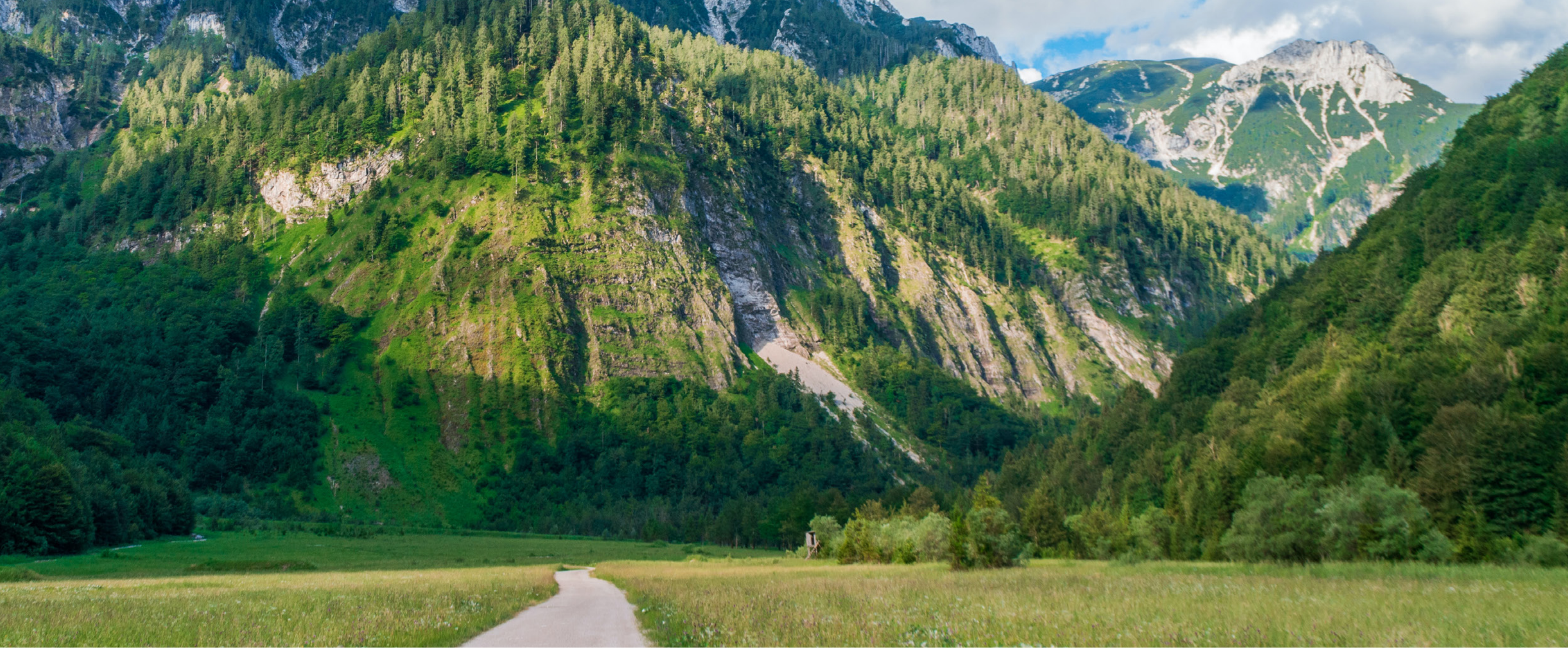
The impairment loss on loans to customers increased by 35.4% (EUR 7.4 million, from EUR 20.9 million in Q1 2023 to EUR 28.3 million). The main contributors of high impairment losses in Q1 2024 are SME loans. Interest expenses grew by 119.3% (EUR 4.7 million) from EUR 3.9 million EUR in Q1 2023 to EUR 8.6 million in 2024, primarily driven by a rise in interest expense on customer deposits (EUR 4.0 million) and a growth of interest expense on debt securities (EUR 0.6 million), influenced by overall interest rate hikes.

In a year-over-year comparison, general and administrative expense and personnel expense are stable at the level of EUR 8.2 million (Q1 2023: EUR 9.0 million) and EUR 9.4 million (Q1 2023: EUR 8.4 million), respectively.

The Group shows a minor decrease in selling and marketing expenses by 1.9% (EUR 0.1 million) from EUR 3.4 million in Q1 2023 to EUR 3.3 million in Q1 2024.

Decrease in depreciation and amortisation by 8.1% (EUR 0.3 million) from EUR 3.7 million in Q1 2023 to EUR 3.4 million in Q1 2024 was mainly attributed to a decrease in the amortisation of intangible assets (12.3%, EUR 0.4 million). Depreciation of right-of-use assets and properties, plants and equipment are at a similar level in Q1 2024 as in Q1 2023 with a minor increase by EUR 0.1 million.

The Group has reached the same profitability level in Q1 2024 as in Q1 2023 with EUR 3.0 million of profit before income tax expense. The Group expects to incur EUR 0.4 million of income tax for Q1 2024 with effective tax rate of 14%.



Statement of financial position:

Assets

Total assets decreased by 3.1% (EUR 30.6 million) from EUR 990.9 million at the end of in 2023 to EUR 960.3 million at the end of Q1 2024. This decrease was driven by an outflow of cash equivalents via the repayment of deposits from customers.

In Q1 2024, the Group continues to grow its debt investments compared to the previous year end, 2023 (increase EUR 6.3 million, 10.2%, from EUR 62.1 million in 2023 to EUR 68.4 million at the end of Q1 2024).

Liabilities

Total liabilities decreased by 4.0% (EUR 32.2 million) from EUR 807.2 million as at December 2023 to EUR 775.1 million as at end of Q1 2024, primarily due to a minor decrease in deposits from customers (4.0%, EUR 29.0 million from EUR 732.4 million as at end of 2023 to EUR 703.4 million as at end of Q1 2024). The structure of deposits from customers has changed in comparison to the end of previous year. While the amount of term deposits decreased by EUR 33.0 million, the amount of call deposits increased by EUR 4.0 million.

Equity

Total equity increased by 0.9% (EUR 1.6 million) from EUR 183.7 million as at December 2023 to EUR 185.2 million as at March 2024. As a main driver of equity increase, profit for Q1 2024 equals EUR 2.6 million which is a 13.0% increase as compared to EUR 2.3 million in Q1 2023.

Key performance changes in period:

The impaired loan coverage ratio increased by 1.0% from 16.6% in 2023 to 17.6% in Q1 2024, due to the higher growth in loss allowances as compared to gross loans to customers. The net equity ratio decreased by 0.8% from 26.0% at the end of 2023 to 25.2% in Q1 2024. Net debt to equity ratio increased from 2.85 in 2023 to 2.97 in Q1 2024. Basic earnings per share increased EUR 0.02 per share from EUR 0.05 per share in Q1 2023 to EUR 0.07 per share in Q1 2024 due to improved profit margins.

Change in accounting policy and correction of errors:

At the end of 2023, the Group has made changes in its accounting policies regarding the presentation of financial statements. This involved reclassifying certain line items in the financial statements, correcting errors in accounting treatments and transitioning to a liquidity-based approach for the statement of financial position. As part of this endeavour, we included collection costs in the determination of expected credit losses, providing a more accurate portrayal of credit risks. Additionally, the treatment of reminder fees shifted from IFRS 15 to IFRS 9. We also revised practices regarding scoring costs, capitalising them as incremental costs directly linked to loan issuance, impacting the effective interest rate calculation and interest income.

These revisions have resulted in changes to the overall presentation of the Group's financial results and positions, reflecting the best practices in the lending industry for the comparative period (Note 16). The consolidated statement of financial position includes a comparative date of 1 January 2023, with other statements and disclosures for 2023 labelled as "restated".

Treasury update

By the end of Q1 2024, Multitude's cash position stood at EUR 225.0 million. Out of this amount a significant portion is invested in short-term deposits with reputable banks, hereby generating additional interest income.

Notably, Multitude Bank has a highly diversified depositor base, with 99% of its deposits originating from customers covered by the Depositor Compensation Scheme. Despite a significant rise in general interest rates throughout 2023 and in early 2024 over the past 9 months, Multitude's diverse funding base supported the limited impact on the Group's funding costs.

On 15 February 2024, Fitch Ratings has revised "Multitude SE's" and its fully-owned operating bank "Multitude Bank" rating Outlook to Positive from Stable, while affirming their Long-Term Issuer Default Ratings (IDR) at `B+`.

Personnel update

The average number of employees in Q1 2024 is equal to 750 HC (Q1 2023 – 664 HC) with related personnel expense amounting to EUR 9.4 million (Q1 2023 – EUR 8.4 million).

There are no changes in the Group's Leadership Team or the Board during Q1 2024.

Alternative performance measures

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

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

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

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

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

EBIT for the consolidated Group in Q1 2024, and Q1 2023:

EUR '000	Q1 2024	Restated Q1 2023
Profit for the period	2,578	2,281
Interest expense	8,580	3,912
Income tax expense	418	752
Fair value and foreign exchange gains and losses	36	1,918
Profit before interest expense and taxes (EBIT)	11,612	8,862

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

Risk factors and risk management

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

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

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

The Group's risk exposures can be divided into three main categories:

I. Credit risks (mainly receivables from customers)

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

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

II. Market risks (including foreign exchange risks, interest rate risks and other price risks)

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

III. Operational risks (such as IT risks, legal and regulatory risks and other operational risks)

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

Unaudited condensed interim consolidated financial statements Q1 2024

Condensed consolidated statement of profit or loss

EUR ’000	Notes	Q1 2024	Restated Q1 2023
Interest income	5	64,174	54,235
Interest expense	5	(8,580)	(3,912)
Net interest income		55,594	50,323
Fee and commission income	6	11	2
Fair value and foreign exchange losses	7	(36)	(1,918)
Other income	8	13	19
Loss for the period from investment in associates		(36)	-
Net operating income	5.2	55,546	48,426
Operating expenses:			
Impairment loss on loans to customers	9, 13	(28,276)	(20,879)
Personnel expense	9	(9,383)	(8,402)
General and administrative expense	9	(8,202)	(9,041)
Depreciation and amortisation	9	(3,384)	(3,681)
Selling and marketing expense	9	(3,305)	(3,370)
Other expense	8	-	(21)
Profit before income taxes		**2,996**	**3,032**
Income tax expense	10	(418)	(752)
Profit for the period		**2,578**	**2,281**
Earnings per share:			
Basic earnings per share, EUR	11	**0.07**	**0.05**
Diluted earnings per share, EUR	11	**0.07**	**0.05**

Condensed consolidated statement of comprehensive income

EUR '000	Q1 2024	Restated Q1 2023
Profit for the period	**2,578**	**2,281**
Other comprehensive expense:		
Items that may be reclassified to profit or loss		
Currency translation difference	(298)	315
Total other comprehensive loss	**(298)**	**315**
Total comprehensive income for the period	2,280	2,596

Condensed consolidated statement of financial position

EUR '000	Notes	31 March 2024	31 December 2023	Restated 1 January 2023
ASSETS				
Cash and cash equivalents	14	225,033	283,712	153,325
Derivative financial assets	14	6,346	299	3,180
Loans to customers	13, 14	589,238	575,948	507,075
Debt investments	14	68,442	62,114	21,107
Other financial assets	14	2,256	19,435	19,413
Current tax assets		21,416	1,832	2,230
Prepaid expenses and other assets		2,994	2,841	237
Intangible assets		30,032	29,468	31,400
Right-of-use assets		4,329	4,819	4,613
Property, plant and equipment		2,849	2,896	3,081
Investments accounted for using the equity method		986	1,022	-
Deferred tax assets		6,367	6,492	7,574
Total assets		**960,288**	**990,878**	**753,235**
EQUITY AND LIABILITIES				
Liabilities:				
Derivative financial liabilities	14	3,288	5,323	446
Deposits from customers	14	703,384	732,350	503,378
Current tax liabilities		2,102	2,268	921
Provisions, accruals and other liabilities		12,750	13,372	15,576
Debt securities	14	48,005	47,805	47,416
Lease liabilities		4,360	4,963	4,566
Deferred tax liabilities		1,168	1,151	966
Total liabilities		**775,056**	**807,232**	**573,269**
Equity:				
Share capital		40,134	40,134	40,134
Treasury shares		(79)	(103)	(142)
Retained earnings		89,118	87,258	75,685
Unrestricted equity reserve		14,709	14,708	14,708
Perpetual bonds		45,000	45,000	50,000
Translation differences		(3,681)	(3,382)	(3,050)
Other reserves		31	31	2,631
Total equity		**185,232**	**183,646**	**179,966**
Total equity and liabilities		**960,288**	**990,878**	**753,235**

Condensed consolidated statement of cash flows

EUR '000	Q1 2024	Restated Q1 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	**2,578**	**2,281**
Adjustments for:		
Impairment loss on loans to customers	28,276	20,879
Depreciation and amortisation	3,384	3,681
Net interest income	(55,594)	(50,323)
Fair value and foreign exchange gains and losses	36	1,918
Income tax expense	418	752
Other adjustments	260	122
Changes in operating assets:		
Increase (-) in gross loans to customers	(41,566)	(21,151)
Increase (-) in other financial assets	(6,329)	(3,460)
Increase (-) / decrease (+) in derivative financial instruments (net)	(4,071)	994
Increase (-) in other assets	(2,133)	(6,032)
Changes in operating liabilities:		
Decrease (-) / increase (+) in deposits from customers	(28,966)	80,847
Increase (+) in other liabilities	621	1,429
Interest paid	(6,525)	(1,926)
Interest received	56,853	48,405
Income taxes paid	(308)	159
Net cash flows from (used in) operating activities	**(53,066)**	**78,575**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(90)	(242)
Purchase of intangible assets	(3,358)	(2,400)
Net cash flows used in investing activities	**(3,448)**	**(2,642)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of perpetual bonds interest	(1,352)	(1,365)
Repayment of lease liabilities	(712)	(562)
Net cash flows used in financing activities	**(2,064)**	**(1,928)**
Cash and cash equivalents, as at 1 January	**283,712**	**153,326**
Exchange losses on cash and cash equivalents	(100)	(160)
Net increase (decrease) in cash and cash equivalents	**(58,579)**	**74,005**
Cash and cash equivalents, as at 31 March	**225,033**	**227,171**

Condensed consolidated statement of changes in equity

EUR '000	Share capital	Treasury shares	Retained earnings	Perpetual bonds	Unrestricted equity reserve	Translation differences	Other reserves	Total equity
At 1 January 2023	**40,134**	**(142)**	**75,685**	**50,000**	**14,708**	**(3,050)**	**2,631**	**179,966**
Comprehensive income								
Profit or loss for the period	-	-	2,224	-	-	-	-	2,224
Currency translation difference	-	-	-	-	-	374	-	374
Total comprehensive income	-	-	2,224	-	-	374	-	2,598
Transactions with owners								
Perpetual bonds interests payments	-	-	(1,238)	-	-	-	-	(1,238)
Share-based payments	-	-	141	-	-	-	-	141
Total transactions with owners	-	-	(1,097)	-	-	-	-	(1,097)
Restated at 31 March 2023	**40,134**	**(142)**	**76,812**	**50,000**	**14,708**	**(2,676)**	**2,631**	**181,465**
At 1 January 2023	**40,134**	**(142)**	**75,685**	**50,000**	**14,708**	**(3,050)**	**2,631**	**179,966**
Comprehensive income								
Profit or loss for the period	-	-	16,438	-	-	-	-	16,438
Currency translation difference	-	-	-	-	-	(333)	-	(333)
Total comprehensive income	-	-	16,438	-	-	(333)	-	16,105
Transactions with owners								
Repayment of perpetual bonds	-	-	445	(5,000)	-	-	-	(4,555)
Perpetual bonds interests payments	-	-	(5,831)	-	-	-	-	(5,831)
Share-based payments	-	39	511	-	-	-	-	550
Dividend distribution	-	-	(2,591)	-	-	-	-	(2,591)
Release of reserves	-	-	2,600	-	-	-	(2,600)	-
Total transactions with owners	-	39	(4,866)	(5,000)	-	-	(2,600)	(12,427)
At 31 December 2023	**40,134**	**(103)**	**87,258**	**45,000**	**14,708**	**(3,382)**	**31**	**183,646**
At 1 January 2024	**40,134**	**(103)**	**87,258**	**45,000**	**14,708**	**(3,382)**	**31**	**183,646**
Comprehensive income								
Profit or loss for the period	-	-	2,578	-	-	-	-	2,578
Currency translation difference	-	-	-	-	-	(298)	-	(298)
Total comprehensive income	-	-	2,578	-	-	(298)	-	2,280
Transactions with owners								
Perpetual bonds interests payments	-	-	(1,027)	-	-	-	-	(1,027)
Share-based payments	-	24	309	-	-	-	-	333
Total transactions with owners	-	24	(718)	-	-	-	-	(693)
At 31 March 2024	**40,134**	**(79)**	**89,118**	**45,000**	**14,708**	**(3,681)**	**31**	**185,231**

Notes to condensed interim consolidated financial statements

1. GENERAL INFORMATION

Multitude SE and its subsidiaries ("Multitude" or the "Group"), is a leading FinTech company that aims to transcend the hassle of physical banking and manual financial transactions through a financial platform. This platform comprises mobile and digital elements to promote a paperless, borderless, and real-time banking experience, to end customers and small and medium enterprises ("SMEs"). The parent company Multitude SE (business identity code 1950969-1) was established in 2005 and is headquartered at Ratamestarinkatu 11 A, FI-00520 Helsinki. Multitude SE is listed in the Prime Standard of Frankfurt Stock Exchange under the symbol "FRU". The Group also owns Multitude Bank p.l.c., licensed by the Malta Financial Services Authority ("MFSA"), which is a significant part of the Group that allows it to provide financial services and products to European Economic Area ("EEA") member states.

1.1 Significant changes in the current reporting period

Relocation

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

The completion of this relocation is subject to the approval of the Annual General Meeting of Multitude SE. The transfer of the registered office from Finland to Malta would be followed by a conversion of Multitude SE into a public limited liability company governed by the laws of Malta and then an application to have the parent company registered in Switzerland pursuant to applicable Maltese and Swiss laws by the end of the year 2024. On 21 March, Multitude shareholders held an Extraordinary General Meeting and approved proposal for the transfer of the registered office of Multitude SE from Finland to Malta in accordance with the Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European Company (SE).

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

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

Upon the registration of the parent company with the Malta Business Registry, Pricewaterhouse Coopers (Registration Number: AB/26/84/38), with their registered office situated at 78, Mill Street, Qormi, Malta will be appointed as the auditors of parent company until the close of the Annual

General Meeting to be held in year 2024, and that the Group's Audit Committee be authorised to fix their remuneration and sign any engagement letter as may be required for the purposes of finalising the engagement thereof.

Acquisition of Omniveta

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

The acquisition has been classified as a business combination. The consideration transferred amounted to EUR 800 thousand. At the acquisition date, the Group recognised the identifiable assets acquired and the liabilities assumed in the business combination. The recognised amounts of assets and liabilities are as follows:

- Software: EUR 530 thousand
- Customer list: EUR 320 thousand
- Other assets: EUR 24 thousand
- Liabilities: EUR 80 thousand

A goodwill of EUR 6 thousand has been recognised as a result of the business combination. The fair values of the consideration transferred, the acquired assets and liabilities as well as the value of the goodwill are provisional and subject to adjustment during the measurement period.

New business unit

In November 2023, Multitude announced the plan to optimise the structure of its reportable segments and create a new business unit by rebranding the part of the SweepBank business. The new business unit will be called Wholesale banking (under the brand of Multitude Bank), and it will be led by Alain Nydegger, who has been appointed CEO of this business unit. The business unit is operational since 1 January 2024 and is offering Secured Debt products, which have been previously reported under SweepBank business unit as debt investments financial statement line item, as well as payment solutions to other payment institutions, Electronic Money Institutions or other banks.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

This condensed consolidated interim financial report for the three month reporting period ended 31 March 2024 has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2023 and any public announcements made by Multitude during the interim reporting period.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments which are measured at fair value through profit or loss (FVPL).

The consolidated financial statements are presented in thousand Euros ("EUR 000"). The Group has prepared its consolidated financial statements on the basis that it will continue to operate as a going concern.

2.2 Statement of compliance

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

2.3 Presentation of financial statements

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

2.4 New standards and amendments

This chapter provides a summary of new standards and amendments that are effective for the first time for periods commencing on or after 1 January 2024 (i.e. year ending 31 December 2023) and IFRS Interpretations Committee agenda decisions issued in the last 3 months.

(a) New standards and amendments – applicable 1 January 2024

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2024:

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

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

(b) IFRS Interpretations Committee agenda decisions issued in the last 3 months, the following agenda decisions were issued but not relevant for the preparation of reports in 2024. The date issued refers to the date of approval by the IASB as per the IASB's website.

Date issued	Topic
5 March 2024	Climate-related Commitments (IAS 37 Provisions, Contingent Liabilities and Contingent Assets), Payments Contingent on Continued Employment during Handover Periods (IFRS 3 Business Combinations).

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

3. Changes in Group companies

3.1 Changes in organisational structure of the Group

During Q1 2024, one new entity was created into Switzerland as part of the relocation prepaparations, Multitude GmbH. There were no new entities created as a result of the business combination with Omniveta, as the transaction has been structured as an asset purchase. The assets acquired have been integrated into CapitalBox AB.

3.2 Interests in associates

Multitude has made an equity investment of 19.97% in Sortter which a FinTech company incorporated in Finland in 2018, that compares and ranks financial services for its customers in the similar way hotels or flights are compared online. Multitude also acquired a share option to purchase the remaining interest from other shareholders as part of the total purchase price and integral to the transaction. Apart from equity investment Multitude has given the corporate loan for the amount of EUR 8.0 million for the purpose of funding operational activity of Sortter. Partnership of Multitude Group with Sortter Oy includes provision of leads and introduction of new clients. The estimated loss after tax of EUR 36 thousand from participation in the investment was recognised as share of result in associated companies in the consolidated statement of profit or loss for Q1 2024.

There are no substantial investments into associates and hence the Group presents the following aggregated information as at 31 March 2024 and 31 March 2023 in the table below.

EUR '000	Q1 2024	Q1 2023
Carrying amount of investment in associates	986	-
Aggregate amounts of the Group's share of:		
Profit from continuing operations	(36)	-
Other comprehensive income	(36)	-
Total comprehensive income	**(36)**	**-**

Due to the classification of investment into Sortter Oy as an investment in associates, the equity investment of EUR 1.0 million and corporate loan of EUR 8.0 million are considered balances with related parties.

4. Segment information

Multitude has three independent business units, Consumer banking (under Ferratum brand), SME banking (under CapitalBox brand) and Wholesale banking (under Multitude Bank brand), which are considered operating and reportable segments within the definition described in IFRS 8. Multitude Bank is a regulatory service provider for each business unit within the Group. The CODM is defined as Group CEO, who is supported by business unit CEOs. The measurement principles and allocation between business units follow the information provided to CODM as required by IFRS 8.

The CODM monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Business unit performance is evaluated via the multiple key indicators and is reconciled consistently to profit before income tax in the consolidated financial statements.

Consumer banking - Ferratum

Ferratum offers digital loans for the daily needs of individuals, such as unplanned, short-term financing needs resulting from unexpected life events. By the end of Q1 2024, Ferratum offered two distinct product categories: Instalment loans (including Plus Loans, Micro Loans, and Prime Loans) and revolving loans (Credit Limit). The business unit's operations spanned across 13 markets: Bulgaria, Croatia, Czechia, Denmark, Estonia, Finland, Germany, Latvia, the Netherlands, Norway, Romania, Slovenia and Sweden.

Ferratum's standout offering, the Credit Limit, is a pre-approved credit line that's often referred to as revolving credit. This unique service delivers enhanced financial flexibility on an ongoing basis. Eligible customers are granted pre-approval for amounts up to EUR 5,000. They have the freedom to withdraw funds and repay them without being tied to fixed sums or strict timelines.

For those seeking immediate financial solutions, the Plus Loan is offered. Designed to address higher financial needs, this service provides loan amounts ranging from EUR 300 to EUR 4,000. Customers can choose repayment periods spanning 2 to 18 months, with repayments spread evenly over the loan duration.

For quick and short-term financing, Micro Loans, also known as bullet loans, meets the need for instant financial relief. These loans range from EUR 25 to EUR 1,000 with customers settling the entire loan amount in a single instalment within 7 to 60 days.

For longer-term instalment loans for consumers, Prime Loans, meet the need for higher purchases, like home renovations, cars and other more significant purchases. The loans can amount to up to EUR 15,000 with loan maturities ranging between 1 - 7 years. In 2023, Prime Loans were issued by SweepBank.

SME banking - CapitalBox

CapitalBox provides financing solutions to small and medium-sized businesses (SMEs). By the end of Q1 2024, CapitalBox had established four distinct products: Secured Loan, Instalment Loans, Credit Lines, Purchase Financing (BNPL). CapitalBox operated in five markets: Finland, Sweden, Denmark, Lithuania, and the Netherlands.

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

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

In the year 2023, CapitalBox introduced a new product known as the Secured Loan. This product was launched initially in Finland and Lithuania and is planned to roll out in other markets as well. The Secured Loan is designed to support larger investments to drive growth for SMEs. The loan amount for this product can go as high as EUR 3.0 million.

Wholesale banking – Multitude Bank

Wholesale banking is Multitude's newest business unit and offered under the Multitude Bank brand. Wholesale banking business unit provides Secured Debt funding against lending portfolios or other assets pledged as collateral, while loan-to-value ratios protect against credit losses. The robust experience of nearly two decades, digital approach, efficient risk management tools, and internal and external data utilisation allow for an exceptionally swift underwriting process - typically concluding in just around six weeks.

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

The results of operations from the Group's operating and reportable segments for current period Q1 2024 and comparable period Q1 2023 are shown in the tables below.

Operating and reportable segments for Q1 2024

EUR '000	Consumer banking	Business banking	Wholesale banking	Total
Interest income	54,131	7,723	2,319	64,174
Interest expense	(5,952)	(1,634)	(994)	(8,580)
Net interest income	**48,180**	**6,090**	**1,325**	**55,594**
Fee and commission income	**11**	**-**	**-**	**11**
Fair value and foreign exchange losses	(29)	(7)	-	(36)
Other income	11	2	-	13
Loss for the period from investment in associates	-	-	(36)	(36)
Net operating income	**48,173**	**6,084**	**1,289**	**55,546**
Operating expenses:				
Impairment loss on loans to customers	(24,232)	(3,977)	(67)	(28,276)
General and administrative expense	(6,140)	(1,593)	(469)	(8,202)
Personnel expense	(6,606)	(2,173)	(603)	(9,383)
Depreciation and amortisation	(2,979)	(322)	(83)	(3,384)
Selling and marketing expense	(2,157)	(1,123)	(25)	(3,305)
Profit (loss) before income tax	**6,058**	**(3,104)**	**42**	**2,996**
Loans to customers	**465,123**	**123,327**	**788**	**589,238**
Debt investments	**-**	**-**	**68,442**	**68,442**

Operating and reportable segments for restated Q1 2023

EUR '000	Consumer banking	Business banking	Wholesale banking	Total
Interest income	47,913	5,521	801	54,235
Interest expense	(2,927)	(853)	(133)	(3,913)
Net interest income	**44,986**	**4,668**	**668**	**50,322**
Fee and commission income	**2**	**-**	**-**	**2**
Fair value and foreign exchange losses	(1,579)	(339)	-	(1,918)
Other income	29	(6)	(5)	18
Net operating income	**43,438**	**4,323**	**663**	**48,424**
Operating expenses:				
Impairment loss on loans to customers	(20,060)	(816)	(3)	(20,879)
General and administrative expense	(7,353)	(1,275)	(412)	(9,040)
Personnel expense	(6,405)	(1,665)	(332)	(8,402)
Depreciation and amortisation	(3,418)	(240)	(23)	(3,681)
Selling and marketing expense	(2,734)	(610)	(26)	(3,370)
Other expense	(19)	(2)	-	(21)
Profit (loss) before income tax	**3,449**	**(285)**	**(133)**	**3,031**
Loans to customers	**417,822**	**91,784**	**127**	**509,734**
Debt investments	**-**	**-**	**24,567**	**24,567**

5. Interest income and expense

Interest income

EUR '000	Q1 2024	Restated Q1 2023
Interest income on loans to customers	60,296	53,479
Interest income on debt investments	2,190	600
Interest income on bank deposits	1,688	155
Total interest income	**64,174**	**54,235**

The Group analyses interest income by type and geographic market that represents how economic factors impact the nature, amount, timing, uncertainty, and cash flows of the above income streams. Interest income recognised per geographic market, including the composition of each geographic market, for the comparative periods and presented for each type separately, are as follows:

Interest income by geographic market

EUR '000		Q1 2024	Restated Q1 2023
Country of domicile	Finland	6,614	6,233
Northern Europe	Sweden, Denmark, Norway	21,066	17,588
Western Europe	Germany, Netherlands, Spain	12,685	9,935
Eastern Europe*	Bulgaria, Croatia, Czechia, Estonia, Latvia, Lithuania, Poland, Romania	23,248	20,073
Other	Australia, Brazil, Mexico	560	406
Total interest income		**64,173**	**54,235**

* There are no active business or portfolios in Belarus, Ukraine, or Russian Federation.

Interest expense

EUR '000	Q1 2024	Restated Q1 2023
Interest expense on debt securities	(3,365)	(2,758)
Interest expense on deposits from customers	(5,126)	(1,082)
Interest expense on lease liabilities	(89)	(72)
Total interest expense	**(8,580)**	**(3,912)**

6. Fee and commission income

EUR '000	Q1 2024	Restated Q1 2023
Fee income on loans to customers that is not part of EIR	6	-
Other fee and commission income	5	2
Total fee and commission income	**11**	**2**

There are no contract assets and liabilities relating to fee and commission income as at 31 March 2024 and 2023. There are no significant payment terms concerning the fee and commission income and no discounting to present value is applied.

7. Fair value and foreign exchange gains and losses

EUR '000	Q1 2024	Restated Q1 2023
Realised foreign exchange loss	(355)	(156)
Unrealised foreign exchange gain (loss)	709	(928)
Realised (loss) gain on derivative financial assets and liabilities	(2,247)	799
Unrealised gain (loss) on derivative financial assets and liabilities	1,857	(1,633)
Total fair value and foreign exchange losses	**(36)**	**(1,918)**

8. Other income and expenses

EUR '000	Q1 2024	Restated Q1 2023
OTHER INCOME:		
Gain from disposal of right-of-use assets*	1	19
Other income	12	-
Total other income	**13**	**19**
OTHER EXPENSES:		
Loss from disposal of subsidiaries	-	(21)
Total other expenses	**-**	**(21)**

*Gain from disposal of right-of-use assets includes positive impact from cancelation of lease agreements before expected lease term.

9. Operating expenses

EUR '000	Q1 2024	Restated Q1 2023
Impairment loss on loans to customers*	(28,276)	(20,879)
Personnel expense	(9,383)	(8,402)
General and administrative expense**	(8,202)	(9,040)
Depreciation and amortisation	(3,384)	(3,681)
Selling and marketing expense	(3,305)	(3,372)
Total operating expenses	**(52,550)**	**(45,374)**

*Includes EUR 0.9 million of invoicing and collection costs in Q1 2024 (Q1 2023: EUR 1.1 million).
**Includes depositor compensation scheme contributions for the total amount of EUR 0.1 million in Q1 2024 (Q1 2023: EUR 1.2 million).

10. Income tax expenses

EUR '000	Q1 2024	Restated Q1 2023
Current income tax expense	(269)	(248)
Deferred tax expense	(149)	(504)
Total income tax expense	**(418)**	**(752)**

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 31 March 2024 is 14.0%.

11. Earnings per share

Calculation of earnings per share attributable to shareholders of the Group includes an adjustment for interests paid due to perpetual bonds minus tax benefit on the interest expense arising from a classification of the perpetual bonds as liability (and deductibility of associated interest expense) according to Finnish tax regulations. Calculation of basic earnings per share is shown in the table below.

	Q1 2024	Restated Q1 2023
Profit for the period (EUR '000)	2,578	2,281
Perpetual bonds interests recognised directly in retained earnings, net of tax (EUR '000)	(1,027)	(1,238)
Profit for the period, after perpetual bond interest (EUR '000)	1,551	1,043
Weighted average number of ordinary shares in issue	21,645	21,578
Basic earnings per share attributable to the ordinary equity holders, EUR	**0.07**	**0.05**

Calculation of diluted earnings per share is shown in the table below.

	Q1 2024	Restated Q1 2023
Profit for the period (EUR '000)	2,578	2,281
Perpetual bonds interests recognised directly in retained earnings, net of tax (EUR '000)	(1,027)	(1,238)
Profit for the period, after perpetual bond interest (EUR '000)	1,551	1,043
Weighted average number of ordinary shares and potential ordinary shares*	21,862	21,724
Diluted earnings per share attributable to the ordinary equity holders, EUR	**0.07**	**0.05**

*Weighted number of ordinary shares is adjusted by weighted number of potential shares derived from matching share plan. Share based payment plans that are currently employed by Multitude do not create obligation to issue new shares and the Group has the right to utilise treasury shares to fulfil its obligations towards participants of plans.

Calculation of weighted average number of ordinary shares used in determination of earnings per share is shown in the table below.

'000	Q1 2024	Restated Q1 2023
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	21,645	21,578
Adjustments for calculation of diluted earnings per share:		
- Matching share plan	217	146
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**21,862**	**21,724**

12. Current and non-current assets and liabilities

Asset and liability line items by amounts recovered or settled within or after one year as at 31 March 2024:

EUR '000	Within one year	After one year	Total as at 31 March 2024
ASSETS:			
Cash and cash equivalents	225,033	-	225,033
Derivative financial assets	6,346	-	6,346
Loans to customers	410,536	178,702	589,238
Debt investments	1,396	67,047	68,442
Current tax assets	2,256	-	2,256
Other financial assets	12,465	8,950	21,416
Prepaid expenses and other assets	2,994	-	2,994
Intangible assets	-	30,032	30,032
Right-of-use assets	-	4,329	4,329
Property, plant and equipment	-	2,849	2,849
Investments accounted for using the equity method	-	986	986
Deferred tax assets	-	6,367	6,367
Total	**661,026**	**299,262**	**960,288**
LIABILITIES:			
Derivative financial liabilities	3,288	-	3,288
Deposits from customers	445,409	257,975	703,384
Provisions, accruals and other liabilities	12,750	-	12,750
Current tax liabilities	2,102	-	2,102
Debt securities	284	47,721	48,005
Lease liabilities	1,600	2,760	4,360
Deferred tax liabilities	-	1,168	1,168
Total	**465,433**	**309,623**	**775,056**

Asset and liability line items by amounts recovered or settled within or after one year as at 31 December 2023:

EUR '000	Within one year	After one year	Total as at 31 December 2023
ASSETS:			
Cash and cash equivalents	283,712	-	283,712
Derivative financial assets	299	-	299
Loans to customers	400,356	175,592	575,948
Debt investments	1,067	61,047	62,114
Current tax assets	1,832	-	1,832
Other financial assets	12,483	6,952	19,435
Prepaid expenses and other assets	2,840	1	2,841
Intangible assets	-	29,468	29,468
Right-of-use assets	-	4,819	4,819
Property, plant and equipment	-	2,896	2,896
Investments accounted for using the equity method	-	1,022	1,022
Deferred tax assets	-	6,492	6,492
Total	**702,589**	**288,289**	**990,878**
LIABILITIES:			
Derivative financial liabilities	5,323	-	5,323
Deposits from customers	484,230	248,120	732,350
Provisions, accruals and other liabilities	13,372	-	13,372
Current tax liabilities	2,268	-	2,268
Debt securities	293	47,512	47,805
Lease liabilities	1,948	3,015	4,963
Deferred tax liabilities	-	1,151	1,151
Total	**507,434**	**299,798**	**807,232**

Asset and liability line items by amounts recovered or settled within or after one year as at 1 January 2023:

EUR '000	Within one year	After one year	Total as at restated 1 January 2023
ASSETS:			
Cash and cash equivalents	153,325	-	153,325
Derivative financial assets	3,180	-	3,180
Loans to customers	405,736	101,339	507,075
Debt investments	307	20,800	21,107
Current tax assets	2,230	-	2,230
Other financial assets	11,330	8,083	19,413
Prepaid expenses and other assets	237	-	237
Intangible assets	-	31,400	31,400
Right-of-use assets	-	4,613	4,613
Property, plant and equipment	-	3,081	3,081
Deferred tax assets	-	7,574	7,574
Total	**576,345**	**176,890**	**753,235**
LIABILITIES:			
Derivative financial liabilities	446	-	446
Deposits from customers	421,768	81,610	503,378
Provisions, accruals and other liabilities	15,576	-	15,576
Current tax liabilities	921	-	921
Debt securities	624	46,791	47,416
Lease liabilities	1,472	3,095	4,566
Deferred tax liabilities	-	966	966
Total	**440,807**	**132,462**	**573,269**

13. Loans and advances to customers

The ECL for loans to customers are determined by projecting the PD, EAD and LGD at a collective portfolio level as allowable under IFRS 9 in the case of retail portfolios comprising individually insignificant exposures that are homogenous in nature. These three components are multiplied together effectively calculating the forward-looking ECL, which is then discounted back to the reporting date. The discount rate used in the ECL calculation is the actual effective interest rate or an approximation thereof.

The 12-month ECL is calculated by multiplying the 12-month PD, LGD, and EAD. Lifetime ECL is calculated on a similar basis for the residual life of the exposure.

The PD, EAD and LGD parameters are derived from internally developed statistical models and other historical data, adjusted to reflect forward-looking information as described below in this Note.

The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

In the case of micro lending facilities with bullet repayment characteristics, the Group utilises roll-rate methodology in order to estimate its PDs. This methodology employs statistical analysis of historical data and experience of delinquency and default to estimate the amount of loans that will eventually be written off as unrecoverable. This methodology is applied at territory or country level with adaptations to reflect the different nature of the respective markets in which the Group operates. Under this methodology, loans are grouped into ranges according to the number of days past due and statistical analysis is used to estimate the likelihood that loans in each range will progress through the various stages of delinquency, and ultimately prove irrecoverable.

In the case of credit facilities with characteristics of instalment loans or revolving facilities, the Group utilises curve-stitching methodology in order to estimate its PDs. Under this approach, an analysis of historical default data is carried out in order to estimate cumulative monthly loss rates at various snapshot dates. Subsequently, statistical analysis is employed in order to combine curves with different historical performance windows into a single PD curve over the expected lifetime of the micro-credit exposures. This methodology is also applied at territory or country level in order to incorporate adaptations to reflect the nature of the different markets in which the Group operates. Under this approach, loans are also grouped into ranges according to the number of days past due, with an individual lifetime PD curve being calculated for each range.

For Micro Loans, the Group utilises a roll-rate methodology at the country level, which employs statistical analysis of historical data and experience of delinquency to estimate the number of loans that are expected to reach default status as a result of events which the Group is not able to identify on an individual loan basis. Under this methodology, loans are grouped into buckets according to the number of days past due ("DPD buckets"). Statistical analysis (Markov Model) is used to estimate the likelihood that loans in each bucket will progress through the various stages of delinquency until default status is achieved. For the absolute majority of consumer loans, default occurs when the exposure exceeds 90 days past due.

In line with IFRS 9, the Group adopted the curve-stitching methodology to estimate the unconditional PDs for its Plus Loans, Prime Loans, SME loans, Credit Limit facilities, and Credit Cards. Under this approach, historical default data analysis is carried out to estimate cumulative monthly loss rates at various snapshot dates. Subsequently, statistical analysis is employed to combine curves with different historical performance windows into a single PD curve over the expected lifetime of the short-term credit exposures. Loans are further grouped into ranges according to the number of days past due, with an individual lifetime PD curve calculated for each range. Similar to Micro Loans, this methodology is also applied at the territory or country level to incorporate adaptations to reflect the nature of the different markets in which the Group operates. The unconditional PD for each loan portfolio is further adjusted to consider forward-looking information through macroeconomic modelling to arrive at the applicable PD.

EAD is based on the amounts Multitude expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). EAD represents the expected exposure in the event of a default (including any expected drawdowns of committed facilities).

The 12-month and lifetime EADs are determined based on the total balance of receivable at the reporting date, taking into account the total amount receivable from borrowers inclusive of principal, interest and fees that are accounted for as part of the effective interest rate. This is deemed an adequate representation of the expected balance at default in the case of the Multitude's credit facilities given that the Group models its ECLs on a collective portfolio level with the modelling of the EAD for each future month on an individual loan-by-loan basis not being deemed practical. Additionally, in the case of revolving credit facilities the Group also factors in expected drawdowns of committed facilities.

For Micro Loans, the Group considers the gross balance, including the principal and processing fees charged at the loan's inception (and repayable at the loan maturity), of its outstanding loans to customers at the reporting date to be a reasonable estimate of EAD regarding this facility.

On the other hand, Plus Loans, Prime Loans and SME loans are typically subject to a monthly repayment schedule expected to impact EAD at different points in time throughout the residual life of such facilities. Similarly, the Group charges daily interest on outstanding balances in relation to Credit Limit facilities and Credit Cards, and collects monthly minimum repayments, which ultimately impacts EAD.

However, because Plus Loans, Prime Loans, SME loans, Credit Limit facilities, and Credit Cards typically have high volumes and low values individually, the Group opts not to calculate the amortisation profile to estimate the EAD across various points in time throughout the remaining lifespan of these facilities. Instead, the Group deems the gross balance of its outstanding loans to customers at the reporting date, which includes both principal and accrued interest, to be a reasonable approximation of the EAD for these facilities.

The LGD represents the Group's expectation of the extent of loss on a defaulted exposure. Hence, the LGD represents expected credit losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral values (if any) at the time it is expected to be realised and the time value of money. The LGD is determined based on the factors which impact the recoveries made post default.

Given that its credit facilities are generally unsecured in nature, the Group estimates LGD parameters based on the history of recovery rates in respect of claims against defaulted customers, which rates are highly impacted by collective debt recovery strategies. Moreover, the Group's LGDs comprise the effects of the Multitude's ability to dispose of overdue loans originated in specific territories to other parties at pre-established prices, that are dependent on the credit quality or ageing of the loans. Estimated LGDs are also impacted by historical one-off portfolio sales and the expected future uncontracted portfolio sales activity. Recoveries from loan portfolio sales are calculated on a discounted cash flow basis using the contractual interest rate as the discounting factor.

For Micro Loans, the Group utilises statistical information and the roll-rate methodology to estimate the level of recoveries from loan repayments it expects after loan facilities reach a non-performing status.

For Plus Loans, Prime Loans, SME loans, Credit Limit facilities, and Credit Cards, the Group estimates the level of recoveries from loan repayments it expects after loan facilities reach a non-performing status. The Group calculates the marginal recovery rates up to 12 months after default by tracking the monthly recoveries from loan repayments experienced over each performance window as a percentage of the total balance of defaulted exposures at each snapshot date. Expected recoveries are calculated on a discounted cash flow basis using the contractual default interest rate as the discounting factor.

The ECL is measured from the initial recognition of the financial asset. The maximum period considered when measuring ECL (be it 12-month or lifetime ECL) is the maximum contractual period over which Multitude is exposed to credit risk. With respect to non-revolving credit facilities, the contractual life of the facility is considered. In the case of revolving credit facilities, provided that such facilities do not have a fixed term or repayment structure, the Group defines the lifetime of such exposures as 24 months in line with observed borrower behaviour in the respective territories. The lifetime of revolving credit facilities is re-assessed by the Group at a territory level based on more recent borrower behaviour patterns on a periodic basis.

The Group performs a historical analysis to identify the key economic variables affecting credit risk and expected credit losses for each product portfolio at a territory level. These economic variables and their associated impact on the PD, EAD and LGD may vary by portfolio or territory.

The Group discounts the recoverable amount of loans to customers, which represents the future cash flows expected to be received from loan sales and loan repayment recoveries using the original EIR of the product for the applicable discount period. In the case of forward sales, a time-to-sell period of 12 months is assumed, whereas repayment recoveries are discounted monthly based on the month of occurrence.

The tables below show the Group's gross outstanding loans to customers balances, risk grading, and basis for ECL recognition and measurement, including the movements and balances of loss allowances for loans to customers for the periods presented:

Gross outstanding loans to customers risk grading and basis for ECL recognition

Risk grade	Category	Basis for ECL	Days past due*		UTP	31 March 2024	31 December 2023	Restated 1 January 2023
			Lower range	Upper range				
Regular	Performing	Stage 1 (12-month ECL)	0 to 30		-	540,825	532,234	464,238
Watch	Underperforming	Stage 2 (lifetime ECL)	31 - 45	31 - 60	-	28,559	26,955	20,755
Substandard	Underperforming	Stage 2 (lifetime ECL)	46 - 60	61 - 90	-	17,064	17,309	14,862
Doubtful	Non-performing	Stage 3 (lifetime ECL)	61 - 180	91 - 180	Yes	22,792	21,661	24,868
Loss	Non-performing	Stage 3 (lifetime ECL)	More than 180 days		-	105,751	92,458	95,072
Total						**714,991**	**690,617**	**619,794**

*Lower and upper ranges of days past due are based on DPD thresholds of 60 and 90 days, respectively, to be considered as non-performing.

At and for the period ended 31 March 2024:

EUR '000				31 March 2024
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
GROSS LOANS TO CUSTOMERS				
At 1 January 2024	**532,234**	**44,264**	**114,119**	**690,617**
Total changes in gross carrying amounts arising from transfers in stages, originations and derecognitions	13,757	1,795	31,656	47,208
Loans and advances written off and sold during the period	-	-	(15,843)	(15,843)
FX and other movements	(5,166)	(436)	(1,229)	(6,832)
Total net change during the period	8,590	1,359	14,584	24,533
Gross loans to customers at 31 March 2024	**540,825**	**45,623**	**128,702**	**715,150**
LOSS ALLOWANCES				
At 1 January 2024	**31,282**	**14,361**	**69,025**	**114,669**
Increase in allowances - charged to profit or loss	2,214	831	25,231	28,276
Other movements	-	-	-	
Unwind of discount	-	-	(61)	(61)
Loans and advances written off and sold during the period	-	-	(15,843)	(15,843)
Exchange differences	(298)	(135)	(696)	(1,129)
Total net change during the period	**1,917**	**696**	**8,631**	**11,244**
Loss allowance at 31 March 2024	**33,199**	**15,057**	**77,657**	**125,912**
Impaired loan coverage ratio ("ILCR")	**6.14%**	**33.00%**	**60.29%**	**17.61%**

At and for the period ended 31 March 2023:

EUR '000				31 March 2023
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
GROSS LOANS TO CUSTOMERS				
At 1 January 2023	**464,238**	**35,617**	**119,939**	**619,794**
Total changes in gross carrying amounts arising from transfers in stages, originations and derecognitions	6,888	954	14,240	22,082
Loans and advances written off and sold during the period	-	-	(20,536)	(20,536)
FX and other movements	(1,556)	(121)	(375)	(2,052)
Total net change during the period	5,332	833	(6,671)	(506)
Gross loans to customers at 31 March 2023	**469,570**	**36,450**	**113,269**	**619,289**
LOSS ALLOWANCES				
At 1 January 2023	**24,949**	**11,024**	**74,359**	**110,332**
Increase in allowances - charged to profit or loss	2,280	124	17,414	19,817
Other movements				
Unwind of discount	-	-	106	106
Loans and advances written off and sold during the period	-	-	(20,536)	(20,536)
Exchange differences	(41)	(17)	(107)	(165)
Total net change during the period	**2,239**	**107**	**(3,123)**	**(777)**
Loss allowance at 31 March 2023	**27,187**	**11,131**	**71,236**	**109,554**
Impaired loan coverage ratio ("ILCR")	**5.79%**	**30.54%**	**62.89%**	**17.69%**

The table below summarises the Group's movements and the balances of loss allowances for loans to customers for the years ended and as at 31 December 2023:

EUR '000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
GROSS LOANS TO CUSTOMERS				
As at 1 January 2023	**464,238**	**35,617**	**119,939**	**619,794**
Transfers in between stages:				
Transfers out of Stage 1	(48,992)	20,086	28,906	-
Transfers out of Stage 2	3,171	(12,861)	9,690	-
Total changes from transfers in between Stages	**(45,821)**	**7,225**	**38,596**	**-**
Other changes in gross loans to customers				
New loans originated during the year	777,408	40,590	65,294	883,292
Loans derecognised during the year	(663,086)	(39,110)	(101,137)	(803,334)
Write-offs	-	-	(8,397)	(8,397)
Changes in forex and other movements	(505)	(57)	(176)	(739)
Net changes in gross loans to customers	**67,996**	**8,647**	**(5,821)**	**70,823**
Gross loans to customers as at 31 December 2023	**532,234**	**44,264**	**114,119**	**690,617**
LOSS ALLOWANCES				
Loss allowances, as at 1 January 2023	**27,337**	**11,024**	**74,359**	**112,719**
Transfers in between stages:				
Transfers out of Stage 1	(3,275)	1,292	1,983	-
Increase (decrease) due to transfers out of Stage 1	-	5,089	13,675	18,764
Transfers out of Stage 2	854	(3,837)	2,984	-
Increase (decrease) due to transfers out of Stage 2	(552)	-	2,957	2,405
Increase (decrease) due to changes in DPD buckets	448	36	9,492	9,976
Total changes from transfers in between Stages	**(2,525)**	**2,580**	**31,090**	**31,145**
Other changes in loss allowances:				
New financial assets originated during the year	44,413	13,296	31,479	89,187
Financial assets derecognised during the year	(38,822)	(12,540)	(63,517)	(114,879)
Write-offs	-	-	(8,397)	(8,397)
Remeasurements from changes in model	908	22	4,094	5,025
Unwind of discount	-	-	46	46
Changes in forex and other movements	(29)	(20)	(129)	(178)
Net changes in loss allowances	**3,945**	**3,337**	**(5,334)**	**1,949**
Loss allowances as at 31 December 2023	**31,282**	**14,361**	**69,025**	**114,669**
Impaired loan coverage ratio ("ICLR")	**5.88%**	**32.44%**	**60.49%**	**16.60%**

Transfers out of Stage 1 are driven by the underlying gross loans to customers to have significant increase in credit risks since initial recognition (Stage 2) or become credit-impaired (Stage 3). In contrast, transfers out of Stages 2 or 3 result from the underlying gross loans to customers no longer meeting said definitions.

Transfers in between Stages or changes within DPD bucket that do not necessarily impact the ECL model stages could also increase (decrease) loss allowances during the year.

Remeasurements from changes in ECL model, inputs and assumptions are mainly driven by updating the calculations, statistics and modelling parameters relating to EAD, PD, LGD, and EIR based on the most recent available information at the reporting date. The unwind of discount is driven by the amortisation of the ECL present value for long-outstanding loans to customers.

Reconciliation of impairment loss on loans to customers to changes in loss allowances

The following table shows the breakdown of movement in loss allowances with reconciliation to profit or loss for 2023.

LOSS ALLOWANCES	Stage 1	Stage 2	Stage 3	Total
Loss allowances as at 1 January 2023	**27,337**	**11,023**	**74,359**	**112,719**
Transfers in between stages:				
Transfers out of Stage 1	(3,275)	1,292	1,983	-
Increase due to transfers out of Stage 1	-	5,089	13,675	18,764
Transfers out of Stage 2	854	(3,838)	2,984	-
Increase (decrease) due to transfers out of Stage 2	(552)	-	2,956	2,404
Increase due to changes in DPD buckets	448	36	9,492	9,976
Total net changes from transfers in between Stages	(2,525)	2,579	31,090	31,144
Other changes in loss allowances:				
Net remeasurement of ECLs	(12,156)	(3,927)	(19,888)	(35,971)
New financial assets originated during the year	44,413	13,296	31,479	89,188
Remeasurements from changes in model	908	22	4,094	5,024
Unwind of discount	-	-	46	46
Changes in forex and other movements	(29)	(20)	(129)	(178)
Net changes in loss allowances recognised through profit or loss statement	**30,611**	**11,950**	**46,692**	**89,253**
Financial assets derecognised during the year	(26,666)	(8,611)	(43,629)	(78,906)
Write-offs	-	-	(8,397)	(8,397)
Net changes in loss allowances	3,945	3,339	(5,334)	1,950
Loss allowances as at 31 December 2023	**31,282**	**14,362**	**69,025**	**114,669**

Macro-economic variables

The calculation of ECL incorporates forward-looking information. The Group has identified key drivers of credit risk and credit losses for each portfolio of financial instruments and using an analysis of historical data, has analysed relationships between macroeconomic variables, credit risk and credit losses. This analysis is conducted at a territory and sub portfolio level in order to take into consideration possible differences in customer behaviour and default experience arising from different product characteristics.

To be able to determine the manner in which economic conditions will be impacting the ECL estimates, the Group first performs an assessment to select the Macroeconomic Variable ('MEV') which has the highest correlation to credit risk factors for a certain country and product. The Group does this through the implementation of a one-step Error Correction Model ('ECM'). The ECM is a multiple regression model that automatically corrects short-term deviations from the long-term equilibrium relationship such that the defaulted loan amount is restored back to its long-term equilibrium at a specific speed of adjustment.

Through the utilisation of this model the Group has determined a set of four MEVs to which the Group's portfolios are the most sensitive, namely Gross Domestic Product ('GDP'), Personal Disposable Income ('PDI), and Unemployment Rate ('UR') for Micro Loans, Plus Loans, Credit Limit facilities, Credit Cards and Prime Loans, whereas Consumption Rate Private ('CRP') is the key driver for SME Loans and corporate loans. The choice of macroeconomic variable to be used for a particular territory and product is determined through an optimised approach in which the ECM is run separately for each of these variables. The variable that is ultimately applied for the territory / product is the one that produces the most statistically significant result.

In order to capture a range of possible future outcomes, three possible scenarios are considered in the determination of the Group's ECL. The 'base line' scenario represents the most likely outcome. It is based on forecasted economic variables, provided by Oxford Economics, and provides the best estimate view of each respective country within the Group's lending portfolio. Apart from the 'base line' scenario, the Group considers two other macroeconomic scenarios – 'Upside' and 'Downside' scenarios – which respectively represent a more optimistic and a more pessimistic outcome, as further explained in this section.

Each scenario is weighted by a probability of occurrence, determined by a combination of macroeconomic research and expert credit judgement, taking account the range of possible outcomes, each chosen scenario represents.

The weightings assigned to each economic scenario, which are unchanged from 2022 were 60%, for the 'Base' scenario, 20% for the 'Downside' scenario and 20% for the 'Upside' scenario. The number of scenarios used is based on the analysis of each major product type to ensure that non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. The probability weightings assigned to the respective scenarios reflect an unbiased evaluation of the range of possible outcomes.

In relation to the debt investments, the Group also incorporates these macroeconomic forecasts in its periodical assessments on the pledged loan portfolios, in order to assess whether the Group should provide for expected credit losses. Such assessments are based on the credit information supplied by the bond issuers which the Multitude Group has invested in. In order for its ECL methodology to represent an appropriate estimation of its credit risk emanating from said investments, the Group assesses the ECL on each credit portfolio securing the Group's investment separately.

The pertinent macroeconomic variables relating to the Group's lending portfolio as at 31 March 2024, utilised in the multiple regression, are sourced from Oxford Economics and are listed below:

Unemployment rate

In %	2024			2025			2026			2027		
	Base	Down	Up	Base	Down	Up	Base	Down	Up	Base	Down	Up
Bulgaria	4.64	4.76	4.58	4.80	5.23	4.60	4.80	5.29	4.53	4.80	5.08	4.57
Czechia	3.96	4.07	3.93	3.90	4.43	3.79	3.73	4.40	3.61	3.66	4.08	3.62
Denmark	2.90	3.06	2.83	2.65	3.32	2.39	2.51	3.47	2.22	2.50	3.19	2.29
Netherlands	3.63	3.77	3.55	4.02	4.73	3.76	4.17	5.14	3.91	4.22	4.87	4.05
Poland	5.19	5.30	5.10	4.87	5.43	4.57	4.87	5.70	4.59	4.87	5.48	4.78
Romania	2.86	3.05	2.77	2.72	3.47	2.56	2.62	3.55	2.52	2.48	3.07	2.42

Personal disposable income

Billion units		2024			2025			2026			2027		
	Cur.	Base	Down	Up	Base	Down	Up	Base	Down	Up	Base	Down	Up
Croatia	EUR	39	38	39	39	39	39	40	40	40	41	41	41
Finland	EUR	137	137	137	139	138	140	140	139	141	141	140	142
Lithuania	EUR	33	32	33	34	34	34	35	35	35	36	35	36
Netherlands	EUR	414	412	416	418	413	421	421	415	424	423	419	424
Norway	NOK	1727	1722	1729	1806	1804	1806	1856	1850	1858	1891	1882	1894
Sweden	SEK	2905	2897	2910	2937	2921	2942	2969	2934	2979	3005	2967	3015

Consumption rate private

Billion units		2024			2025			2026			2027		
	Cur.	Base	Down	Up	Base	Down	Up	Base	Down	Up	Base	Down	Up
Denmark	DKK	1,054	962	1,057	1,080	972	1,085	1,109	990	1,115	1,137	1,016	1,142
Sweden	SEK	2,576	2,356	2,580	2,615	2,378	2,624	2,664	2,404	2,682	2,718	2,449	2,737

Gross domestic product

Billion units		2024			2025			2026			2027		
	Cur.	Base	Down	Up	Base	Down	Up	Base	Down	Up	Base	Down	Up
Bulgaria	BGN	113	112	113	116	115	117	119	117	120	121	119	121
Croatia	EUR	61	61	61	62	61	62	63	62	64	65	64	65
Estonia	EUR	26	25	26	27	27	27	28	28	29	29	29	29
Germany	EUR	3,261	3,244	3,270	3,308	3,231	3,333	3,370	3,278	3,391	3,426	3,372	3,437
Latvia	EUR	29	29	29	30	30	30	31	31	31	32	32	32
Netherlands	EUR	816	811	819	833	814	839	846	822	852	856	839	861
Romania	RON	1,231	1,223	1,237	1,280	1,250	1,294	1,317	1,280	1,327	1,353	1,325	1,355
Slovenia	EUR	50	50	51	51	51	52	53	52	53	54	53	54

14. Financial assets and liabilities classification and fair value

The table below summarises the Group's financial assets presented based on their classification based on their subsequent measurement, at amortised cost or FVPL; and based on their fair value measurement hierarchy, level 1, 2 or 3; as at 31 March 2024, 31 December 2023 and 1 January 2023:

Financial assets

EUR '000	Fair value measure-ment	31 March 2024		31 December 2023		Restated 1 January 2023	
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL ASSETS AT FVPL							
Derivative financial assets	Level 2	6,346	6,346	299	299	3,180	3,180
FINANCIAL ASSETS AT AMORTISED COST							
Loans to customers	Level 3	589,238	589,238	575,948	575,948	507,075	507,075
Cash and cash equivalents		225,033	-	283,712	-	153,325	-
Debt investments	Level 3	68,442	68,442	62,114	62,114	21,107	21,107
Other financial assets:							
- Loans to related parties	Level 3	12,189	12,189	10,048	10,048	8,138	8,138
- Receivables from banks	Level 3	4,225	4,225	4,362	4,362	4,362	4,362
- Receivables from sold portfolios	Level 3	915	915	1,476	1,476	2,263	2,263
Other receivables	Level 3	4,087	4,087	3,549	3,549	4,649	4,649
Total		**910,475**	**685,442**	**941,508**	**657,796**	**704,101**	**550,776**

The fair value of derivative financial assets is determined using level 2 fair value measurement. The derivative assets include only foreign currency forward contracts where the Group agrees to sell a predetermined amount of its foreign currency exposure at a predetermined price.

Debt investments at 31 March 2024 include investment in secured bonds. The value of this item is determined using level 3 fair value measurement due to the private placement of instruments.

Other financial assets mainly include loans to related parties, receivables from banks and receivables from sold portfolios. Receivables from banks include mandatory deposits held with other banks as a collateral for the purpose of hedging. Loans to related parties comprise corporate loan to Sortter Oy and loan to members of Leadership Team.

The fair values of the other financial assets measured at amortised cost are determined using level 3 fair value measurement based significantly on unobservable inputs. The Group estimates that the carrying amounts of these financial assets reasonably approximate their fair values as it is derived from the purchased price agreed in orderly transactions at 31 March 2024 and 31 December 2023.

Financial liabilities

The table below summarises the Group's financial liabilities presented based on their classification based on their subsequent measurement, at amortised cost or FVPL; and based on their fair value measurement hierarchy, level 1, 2 or 3; as at 31 March 2024, 31 December 2023 and 1 January 2023:

EUR '000	Fair value hierarchy	31 March 2024 Carrying amount	31 March 2024 Fair value	31 December 2023 Carrying amount	31 December 2023 Fair value	Restated 1 January 2023 Carrying amount	Restated 1 January 2023 Fair value
FINANCIAL LIABILITIES AT FVPL							
Derivative financial liabilities	Level 2	3,288	3,288	5,323	5,323	446	446
FINANCIAL LIABILITIES AT AMORTISED COST							
Deposits from customers	Level 3	703,384	703,384	732,350	732,350	503,378	503,378
Debt securities	Level 1	48,005	49,896	47,805	46,676	47,416	48,439
Provisions, accruals and other liabilities:	Level 3						
- Other financial liabilities		8,418	8,418	9,331	9,331	12,172	12,172
Lease liabilities		4,360	-	4,963	-	4,566	-
Total		**767,454**	**764,986**	**799,772**	**793,680**	**567,978**	**564,435**

2022 Multitude Bank tranche bonds

The Multitude Bank p.l.c. tranche bonds (series no. 1/2022 - ISIN: MT0000911215) ("2022 FBM tranche bonds") were issued on 13 April 2022 with a coupon rate of 6% maturing on 13 April 2032. Out of the EUR 5.1 million bonds issued, EUR 2.0 million was issued to Multitude SE, which was eliminated at the Group level as part of the consolidation process. At 31 March 2024, the 2022 FBM tranche bonds are presented as debt securities in the Group's consolidated statement of financial position and have outstanding nominal and carrying amounts of EUR 3.2 million and EUR 3.0 million, respectively.

2022 Multitude SE senior unsecured bonds

Multitude SE senior unsecured bonds (ISIN: NO0012702549) were issued on 7 December 2022 with a coupon rate of 7.5% plus 3-month Euribor, maturing in December 2025 (the "2022 MSE Bonds"). At 31 March 2024, the 2022 MSE Bonds are presented as debt securities in the Group's consolidated statement of financial position, have outstanding nominal and carrying amounts of EUR 46.0 million and EUR 45.0 million, respectively.

Financial liabilities fair value measurements

The fair value of derivative financial liabilities is determined using level 2 fair value measurement. Derivative financial liabilities include only foreign currency forward contracts where the Group agrees to sell a predetermined amount of its foreign currency exposure at a predetermined price. The fair value of debt securities that includes only listed bonds (2022 Multitude Bank tranche bonds and 2022 Multitude SE senior unsecured bonds) is determined using level 1 fair value measurement based on the published quotes in the Frankfurt Stock Exchange Open Market, Frankfurt Stock Exchange Prime Standard, and Malta Stocks Exchange, respectively. The fair value of the remaining financial liabilities measured at amortised cost is determined using level 3 fair value measurement based significantly on unobservable inputs. The Group estimates that the carrying amounts of these financial liabilities reasonably approximate their fair values as it is derived from the purchased price agreed in orderly transactions at 31 March 2024 and 31 December 2023.

15. Dividends

The Board of Multitude SE proposed EUR 0.19 per share of dividend distribution in relation to the results of operations for the year ended 31 December 2023 before the date of financial statements publishing.

16. Correction of a prior period errors and a change of presentation

During the financial year 2023, the Group implemented modifications to its accounting policies pertaining to the presentation of financial statements and rectification of prior period errors. This section shows adjustmets in the comparative period of Q1 2023. The reasons and impact of change in accounting policies and correction of prior period errors in financial statements are described below.

a) Change in accounting policy - Adoption of new presentation:

In 2023, the Group has undertaken a strategic initiative to enhance the presentation of its financial results, with the aim of providing reliable and more relevant information about the Group's financial position and performance, aligning the presentation of primary statements with the common practice within the financial industry. As a result, the Group, starting with the financial year ended 31 December 2023:

- changed the presentation of the statement of financial position from current / non-current classification to presentation based on the order of liquidity;
- has restructured the statement of profit or loss to present the net interest income, net fair value and foreign exchange gains and losses and other items;
- made corresponding changes in the presentation of the statement of cash flows, to align the presentation with the financial industry and to include the cash flows of operating financial assets and financial liabilities in the cash flows from operating activities in line with IAS 7.

b) Corrections of prior period errors:

1. Inclusion of collection costs in the calculation of expected credit losses

Previously, the Group recognised collection costs as incurred and presented them in general and administrative expense. Debt collection costs are considered incremental and directly attributable to the recovery of cash flows of the granted loans in the event of a default, and as such, they should rather be incorporated into the estimate of the expected credit losses. After the correction, debt collection costs are included in the calculation of expected credit losses by incorporating them in the net expected cash flows of loans to customers to which the collection costs directly relate to.

2. Classification of reminder fees as interest income

The Group has revised its treatment of reminder fees. Historically these fees have been classified as fee and commission income in the statement of profit or loss and accounted for under IFRS 15. Reminder fees are a standard feature of loans to customers and they are collected from the inception of the loan contract over the lifetime of loan similarly to interest. From the financial year ended 31 December 2023 onwards, the Group accounts for these fees in line with IFRS 9, and factors the reminder fees in the calculation of interest income by applying the effective interest method.

3. Scoring costs

Scoring costs consist of credit information, credit rating and similar checks conducted when a client applies for a loan or product and reaches a certain stage in this process. Historically, scoring costs have been recognised as incurred and presented in general and administrative expense. However, whenever such scoring costs relate to a loan which is granted to the client, the costs should be treated as a directly attributable transaction cost to such loan, and should be included in the loan balance at inception and in the calculation of the effective interest rate of that loan, thus decreasing the interest income. This restatement only applies to scoring costs related to loans issued. These changes, together with any potential impact in recognised deferred taxes, have been applied consistently, by adjusting the comparative period and the opening balances for the earliest period presented for each affected financial statement line item.

The following tables show restatement of comparative three month period ended on 31 March 2023.

Condensed consolidated statement of financial position

EUR '000 Old FSLI	New FSLI	Reported 31 March 2023	Adjustment amount	Adjustment numbe	Restated 31 March 2023
ASSETS	ASSETS				
Non-current assets					
Deferred tax assets	Deferred tax assets	6,817	394	6	7,211
Loans to customers	Loans to customers	107,897	401,837	1, 5	509,734
Other non-current financial assets	Debt investments	32,061	(7,494)	3	24,567
Current assets					
Loans to customers	Loans to customers	404,167	(404,167)	1	-
Other current financial assets	Other financial assets	17,185	5,275	2, 3	22,460
Prepaid expenses and other current assets	Prepaid expenses and other assets	1,004	2,218	2	3,222
Total assets	**Total assets**	**838,527**	**(1,936)**	-	**836,591**
EQUITY	EQUITY				
Retained earnings	Retained earnings	78,561	(1,936)	4, 5	76,625
Total equity	**Total equity**	**183,401**	**(1,936)**	-	**181,465**
LIABILITIES	LIABILITIES				
Non-current liabilities					
Deposits from customers	Deposits from customers	123,639	460,767	6, 9	584,406
Lease liabilities	Lease liabilities	2,670	1,551	7	4,221
Current liabilities					
Deposits from customers	Deposits from customers	457,118	(457,118)	6	-
Lease liabilities	Lease liabilities	1,551	(1,551)	7	-
Trade payables	Provisions, accruals and other liabilities	6,610	10,395	8, 9	17,005
Accruals and other current liabilities	Provisions, accruals and other liabilities	14,044	(14,044)	8	-
Total liabilities	**Total liabilities**	**655,126**	**-**	-	**655,126**
Total equity and liabilities	**Total equity and liabilities**	**838,527**	**(1,936)**	-	**836,591**

Description of adjustments to condensed consolidated statement of financial position

Number	Amount, EUR ’000	Description
1	404,167	Current and non-current loans to customers have been merged due to change of the presentation of consolidated statement of financial position based on the order of liquidity.
2	2,218	Part of the prepaid expenses (which in economic terms should be presented as financial assets, such as receivables under the depositor compensation scheme) has been reclassified into other financial assets financial statement line item for a more accurate presentation of information.
3	7,494	Current portion of debt investments has been reclassified from other financial assets line item to debt investments line item.
4	394	An additional deferred tax asset generated as a result of compliance with IAS 8 has been recognised as result of increased ECL provision.
5	2,330	An additional ECL generated as a result of compliance with IAS 8 has been recognised due to collection costs classification as part of ECL.
6	457,118	Current and non-current deposits from customers have been merged due to change of the presentation of consolidated statement of financial position based on the order of liquidity.
7	1,551	Current and non-current lease liability have been merged due to change of the presentation of consolidated statement of financial position based on the order of liquidity.
8	14,044	Trade payables line item has been merged with accruals and other current liabilities line item and renamed to provisions, accruals and other liabilities.
9	3,649	Interest accrual liability has been reclassified from provisions, accruals and other liabilities to deposit from customers.

Condensed consolidated statement of profit or loss

EUR ’000 Old FSLI	New FSLI	Reported Q1 2023	Adjustment amount	Adjustment number	Restated Q1 2023
Interest revenue	Interest income	53,248	988	2, 6, 7, 9	54,236
Fees	Fee and commission income	774	(772)	6	2
Impairment loss on loans to customers	Impairment loss on loans to customers	(19,817)	(1,062)	3, 4	(20,879)
Bank and lending costs	General and administrative expense	(3,044)	3,044	1	-
Selling and marketing expense	Selling and marketing expense	(3,309)	(61)	11	(3,370)
General and administrative expense	General and administrative expense	(6,160)	(2,881)	1, 3, 7, 8, 10, 11	(9,041)
Profit before interests and taxes (EBIT)	**Profit before interest expense and taxes (EBIT)**	**9,607**	**(744)**		**8,863**
Finance income	Interest income	320	(320)	2	-
Finance costs	Interest expense	(7,043)	3,130	5, 8, 9	(3,913)
Finance costs	Fair value and foreign exchange gains and losses	-	(1,918)	5	(1,918)
Profit before income tax	**Profit before income tax**	**2,885**	**148**		**3,033**
Income tax expense	Income tax expense	(662)	(90)	10	(752)
Profit (loss) for the period	**Profit (loss) for the period**	**2,223**	**58**		**2,281**

Description of adjustments to consolidated statement of profit or loss

Number	Amount, EUR '000	Description
1	3,044	Bank and lending costs line item has been merged with general and administrative expenses.
2	320	Finance income in relation to interest from loans to related parties and deposits with other banks has been merged with the interest income financial statement line item.
3	1,120	Invoicing and collection costs have been reclassified from general and administrative expense to impairment loss on loans to customers financial statement line item.
4	58	Impairment loss adjustment due to change in ECL estimate for collection costs.
5	1,918	A new financial statement line item titled fair value and foreign exchange losses has been separated from interest expense previously reported under finance cost line item.
6	772	Reminder fee has been reclassified from fee and commission income to interest income financial statement line item.
7	118	Scoring costs have been reclassified from general and administrative expense to interest income as part of effective interest income.
8	1,225	Depositor compensation scheme contributions have been reclassified from interest expense to general and administrative expense.
9	13	Finance cost has been renamed to interest expense and reclassified to net interest income.
10	90	Withholding tax on consumer loans has been reclassified from general and administrative expense to income tax expense.
11	61	Bank and lending costs related to loan handling costs have been merged with general and administrative expense.

Consolidated statement of cash flows

EUR '000 Old FSLI	New FSLI	Reported Q1 2023	Adjustment amount	Adjustment number	Restated Q1 2023
Profit for the year	Profit for the period	2,223	58	1	2,281
Adjustments for:	Adjustments for:				
Impairments on loans	Impairment loss on loans to customers	19,817	1,063	1, 2	20,879
Depreciation and amortisation	Depreciation and amortisation	3,416	265	3	3,681
Finace costs, net	Net interest income	5,505	(55,828)	6	(50,323)
Fair value and foreign exchange gains and losses	Fair value and foreign exchange gains and losses		1,918	5, 11	1,918
Tax on income from operations	Income tax expense	662	90	4	752
Other adjustments	Other adjustments	388	(265)	3	122
Working capital changes:	Changes in operating assets:				
Movements in gross portfolio	Increase (-) in loans to customers	(4,399)	(1,633)	12, 14, 16	(6,032)
	Increase (-) in debt investments	-	(21,151)	2, 4, 10, 15, 17	(21,151)
	Increase (-) in other assets	-	(3,460)	18	(3,460)
	Decrease (+) in derivative financial instruments (net)	-	994	8, 12	994
Changes in operating liabilities:	Changes in operating liabilities:				
Deposits from customers	Increase (+) in deposits from customers	-	80,847	7, 14	80,847
Increase (+) / Decrease (-) in trade payables and other liabilities	Increase (+) / decrease (-) in other liabilities	(3,339)	4,767	16, 17, 18	1,429
Interest paid	Interest paid	(2,623)	697	13	(1,926)
Interest received	Interest received	91	48,313	6, 13, 15	48,405
Income taxes paid	Income taxes paid	159	-	-	159
Movements in gross portfolio	Increase (-) / decrease (+) in loans to customers	(23,222)	23,222	10	-
Net cash from (used in) operating activities	Net cash from operating activities	(1,322)	79,896	-	78,575
Cash flows from investing activities	Cash flows from investing activities				
Proceeds from sale of investments and other assets	Increase (-) / decrease (+) in derivative financial instruments (net)	1,233	(1,233)	8	-

EUR '000 Old FSLI	New FSLI	Reported Q1 2023	Adjustment amount	Adjustment number	Restated Q1 2023
Purchase of tangible and intangible assets	Purchase of tangible assets	-	(242)	9	(242)
Purchase of tangible and intangible assets	Purchase of intangible assets	(2,642)	242	9	(2,400)
Net cash used in investing activities	Net cash used in investing activities	(1,409)	(1,233)	26	(2,642)
Cash flows from financing activities	Cash flows from financing activities				
Perpetual bonds interest	Repayment of perpetual bonds interest	(1,365)	-	-	(1,365)
Repayment of finance lease liabilities	Repayment of lease liabilities	(562)	-	-	(562)
Deposits from customers	Increase (+) in deposits from customers	79,204	(79,204)	7	-
Net cash from (used in) financing activities	Net cash from (used in) financing activities	77,277	(79,204)	7	(1,928)
Cash and cash equivalents at beginning of the period	Cash and cash equivalents at beginning of the period	153,325	-	-	153,326
Exchange losses on cash and cash equivalents	Exchange losses on cash and cash equivalents	(701)	541	11	(160)
Net increase in cash and cash equivalents	Net increase/ decrease in cash and cash equivalents	74,546	(541)	11	74,005
Cash and cash equivalents at the end of the period	Cash and cash equivalents at the end of the period	227,171	-	-	227,171

Description of adjustments to consolidated statement of cash flows

Number	Amount, EUR '000	Description
1	58	Change in accounting treatment of collection costs that led to increase in ECL provision for the loans to customers.
2	1,120	Invoicing and collection cost has been reclassified from general and administrative expense to impairment loss on loans to customers and hence deducted from movement in loans to customers.
3	265	Impairment on non-financial assets has been reclassified from other adjustments line.
4	90	An adjustment has been made regarding the change in accounting treatment of witholding tax on Romanian portfolio leading to reclassification of adjustment from movement in working capital to add back of income tax expense.
5	2,459	Finance cost, net has been split between net interest income and unrealised items included in fair value and fair values and foreign exchange gain or loss in the statement of profit or loss.
6	53,369	Finance cost, net has been split between net interest income and Fair value and foreign exchange gains and losses.
7	79,204	Reclassification of movement in deposits from customers to operating cash flow with subsequent renaming of line item.
8	1,233	Reclassification of changes in derivative assets and liabilities.
9	242	Separation of purchase of tangible assets from purchase of intangible assets.
10	23,222	Reclassification of movement of loans to customers with subsequent renaming of line item.
11	541	Reclassification of part of exchange gains/(losses) on cash and cash equivalents to fair value and foreign exchange gains and losses.
12	239	Reclassification of part of accrued gain or loss from derivatives from other assets to movement in derivatives.
13	697	Adjustment of net interest income with netting of interest received and interest paid line items.
14	1,643	Reclassification of change in prepayment related to issue costs to loans to customers.
15	4,358	Separation of movement on interest accrual from loans to customers.
16	229	Netting of other liabilities with other assets to match movement on the statement of financial position.
17	1,078	Reclassification of movements in other liabilities related to unallocated payments to loans to customers to match movement on the statement of financial position.
18	3,460	Netting of other liabilities to other financial assets to match movement on the statement of financial position.

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