

Qliro Q2 2021 presentation

CEO Carolina Brandtman and CFO Robert Stambro

20 July 2021



Top tier payment solution that simplifies the online shopping experience

- The number one challenger within payment solutions in the Nordics for larger e-merchants with a modern checkout solution and a top digital post-purchase experience
- True understanding of the needs among large- and mid-sized merchants and consumers has been the strength of Qliro since it was founded.
- Geographic focus is on the Nordics where Qliro's pay-after delivery products are available. The checkout supports 34 countries in total for Nordic merchants who aims to grow internationally.
- Digital banking services which includes personal loans and savings available in Sweden

2.5 m

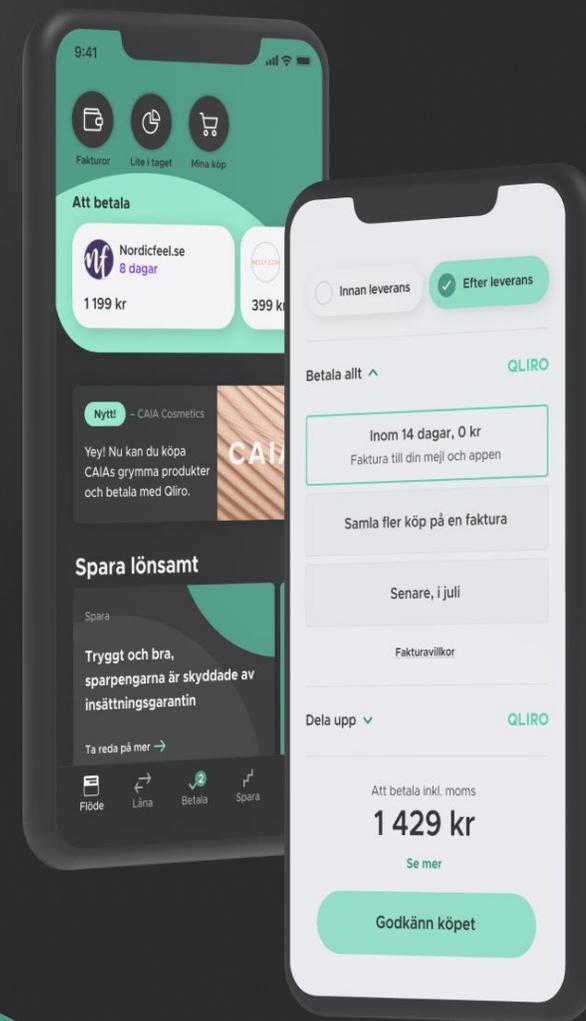
Active consumers¹⁾

7.4 m

transactions²⁾

6.8 bn

Pay-after delivery volume³⁾



Q2

FINANCIAL HIGHLIGHTS

17%

GROWTH IN PAD VOLUME

15%

INCOME GROWTH

5%

ADJUSTED INCOME GROWTH
improvement since Q1

-16%

LOAN LOSSES COMPARED TO
LENDING BALANCE

Q2 HIGHLIGHTS

Strengthened market position

Merchants live during Q2

BILTEMA

New segment and top 5 merchant in
PAD volume during June

blush

First pure Norwegian merchant

Some of new merchants going live during H2

STRONGER

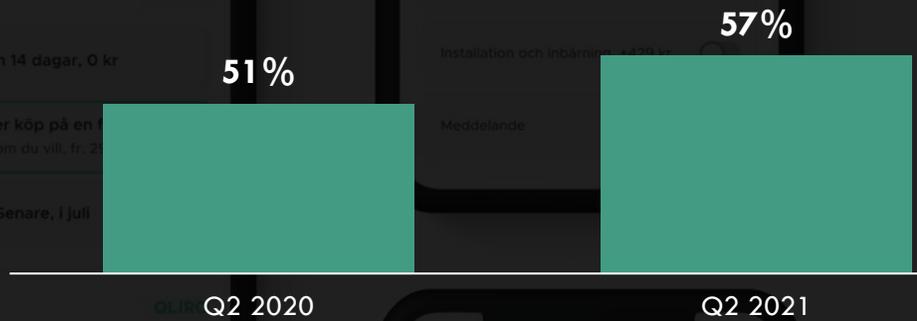
 **PARFYMONLINE^{SE}**

TWISTSHAKE

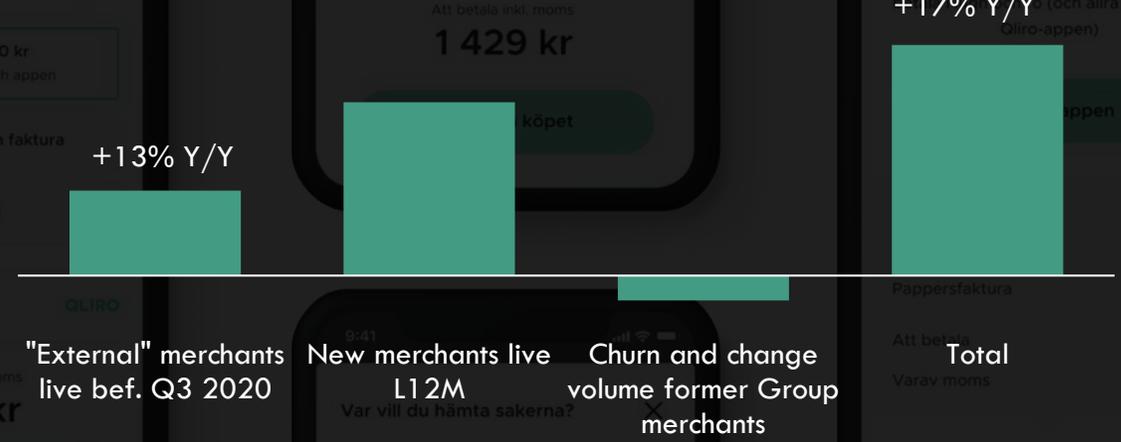
 **TEKNIKPROFFSET**

Strong growth in PAD volumes

Share of PAD volume, merchants outside previous Qliro Group



Breakdown PAD volume growth Q2 2021, MSEK



- Total PAD volume growth +17% Y/Y or 248 MSEK

- Volume growth merchant outside previous Qliro Group totalling +32% Y/Y

- New merchants includes Billema (live late May), Scandinavian Luxury, Inet and CAIA for April/May 2020. Churn includes SKBV and

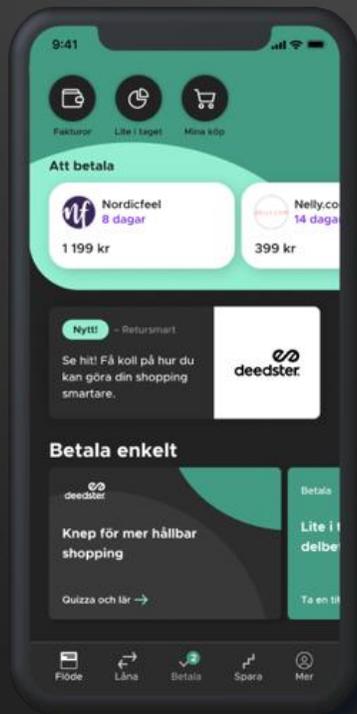


We have developed our services to create a seamless payment experience from purchase in checkout to payment in app and web

From checkout...



Purchase complete – we will notify the customer as soon as the order is activated



Invoice with a clearly marked due date are easy to spot in the app – the customer won't miss the payment



Clear purchase overview and possibility to pause the invoice if a return is made



The customer can pay easily with just one click – without having to enter card details or log into their bank

... to one-click payment



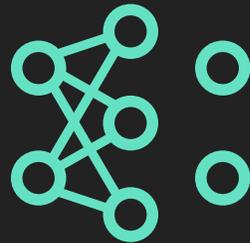
The customer has finalised the payment

Continuous investment in proprietary superior credit decision engine starting to pay off

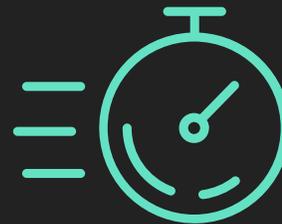
Investment in own (proprietary) credit decision engine, data & infrastructure as well as scoring models results in shorter time to market with new models and more accurate credit decisioning.



Qliro has it's own credit decision engine which combines internal and external data sources



Advanced & better modelling techniques, improved features and trained on more data provides superior new models



Investments in data & infrastructure results in faster iterations and roll-out of new models



Launch of own proprietary scoring models and improved fraud prevention work

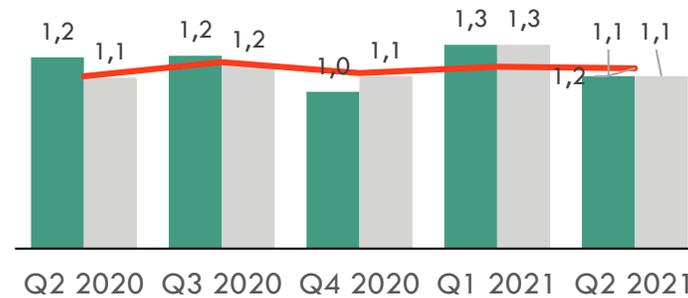
Improved credit performance

Comments

- Clean balance sheet strategy – low valuation risk in the balance sheet
- Stable PAD credit performance with improved underlying credit quality
- Improved credit performance personal loans, strict and improved underwriting
- Approx. 6 MSEK in the balance sheet as extra provisions given pandemic.

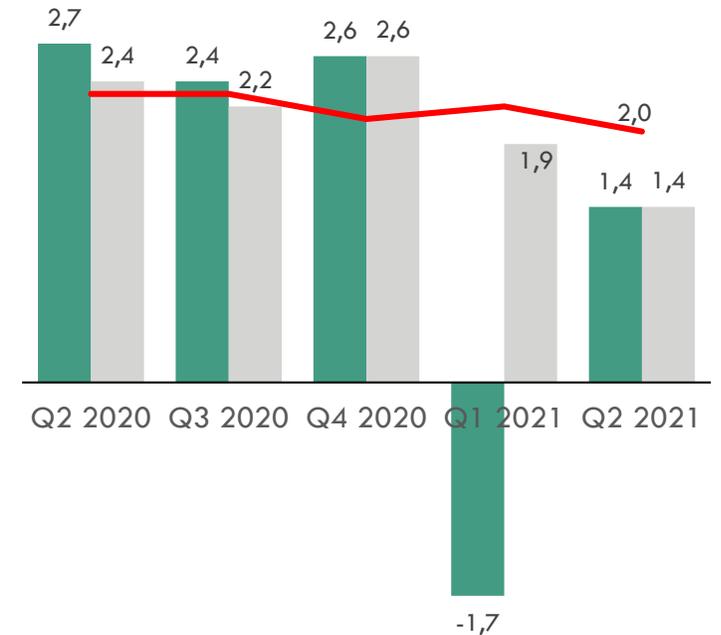
PAD losses in relation to PAD volumes, %

Reported Adjusted* Adjusted rolling 12m*



Loan loss level, personal loans, %

Reported Adjusted* Adjusted rolling 12m*



Q2

FINANCIALS

Improved statutory profit

Comments

- Improved operating profit
- Q2 2020 impacted by items affecting comparability
- Income in Q2 2020 was negatively effected by 8,4 MSEK due to changed timing for revenue share to merchants
- Write-down of assets increased depreciation with 15,6 MSEK in Q2 2020

Qliro income statement

SEKm	Q2 2021	Q2 2020	Change Q/Q
Net interest income	54,4	48,7	+12%
Net commission income	42,9	36,8	+16%
Other income	1,8	0,9	+98%
Total income	99,1	86,4	15%
Operational expenses	67,1	62,1	+8%
Depreciation	24,1	36,8	-34%
Total expenses before loan losses	91,3	98,8	-8%
Profit before loan losses	7,8	-12,4	
Net loan losses	-22,7	-23,4	-3%
Operating profit	-14,9	-35,8	-
Lending to the public	2 479	2 151	15%
PAD-volume	1 710	1 462	17%

Improved income growth

Comments

- Improved income growth from Q1 but below long-term ambition
- Underlying business growing and increasing income but effects from regulation and lower reminder rates effects income negatively
- Expenses increases with e.g. costs for cloud migration and increased costs for being a listed company
- Solid underlying credit quality lowers loss levels in Payment Solutions as well as Digital Banking Services

Qliro income statement adjusted for items affecting comparability in Q2 2020

SEKm	Q2 2021	Q2 2020	Change Q/Q
Net interest income	54,4	52,1	+5%
Net commission income	42,9	41,8	+3%
Other income	1,8	0,9	+98%
Total income	99,1	94,8	+5%
Operational expenses	67,1	62,1	+8%
Depreciation	24,1	21,2	+14%
Total expenses before loan losses	91,3	83,2	+10%
Profit before loan losses	7,8	11,6	-32%
Net loan losses	-22,7	-23,4	-3%
Operating profit	-14,9	-11,8	-26%
Lending to the public	2 479	2 151	15%
PAD-volume	1 710	1 462	17%

Payment solutions – back to income growth

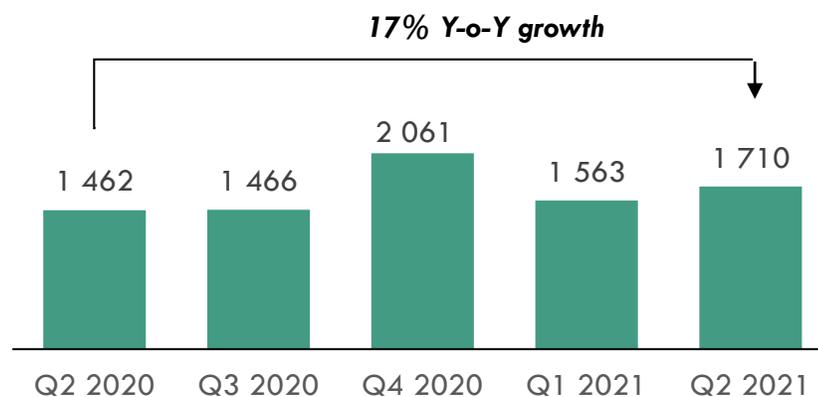
Comments

- Continued strong volume development. Underlying growth and new merchants drive growth
- Back to income growth but below long-term ambitions
- Margin pressure from regulatory changes and improved customer platforms that lowers reminder fees
- Stable credit performance

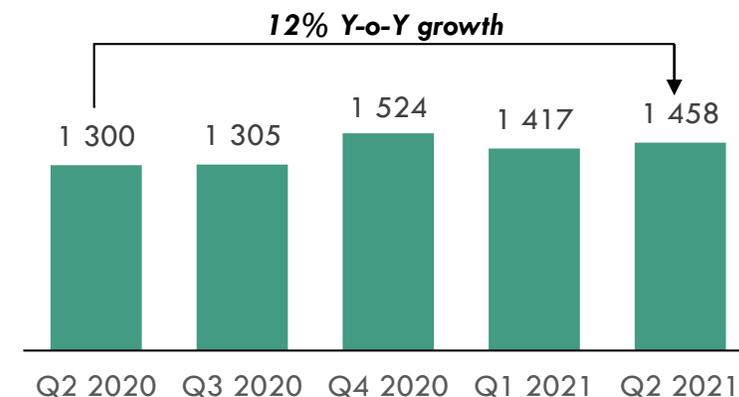
Key figures, Q2 2020 adjusted for items affecting comparability

SEKm	Q2 21	Q2 20	Change Y/Y
Total operating income	81,7	80,0	+2%
Loan losses	-19,1	-17,8	+8%
Income after loan losses	62,5	62,2	+1%
Lending to the public	1 458	1 300	+12%
PAD volume	1 710	1 462	+17%
Operating income margin	22.5%	25.3%	
Loan loss level, % of originated PAD volume	1.1%	1.2%	

PAD volume, SEKm



Lending, SEKm



Digital banking services – high growth of risk adjusted income

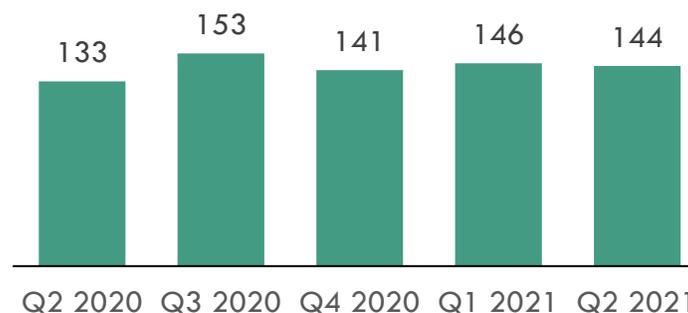
Comments

- Stable financial performance
- Growth in lending 20% YoY and 4% Q/Q. June the best month for new lending since the pandemic started
- Stable lending margin development
- Lower losses and loss levels, improved credit quality
- Risk adjusted income +49% Y/Y

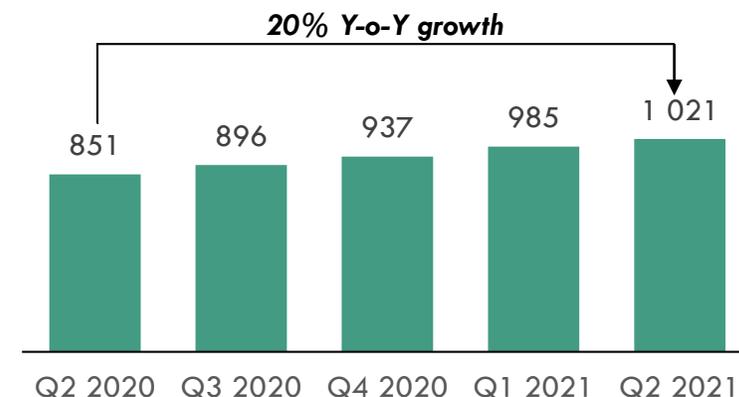
Key figures

SEKm	Q2 21	Q2 20	Change Y/Y
Total operating income	17.4	14.9	+17%
Loan losses	-3.6	-5.6	N/A
Income after losses	13.9	9.3	+49%
Lending to the public	1 021	851	+20%
Operating income margin, %	6.9%	7.1%	- 0.2 pp
Loan loss level, % of average lending	1,4%	2.7%	

New lending, SEKm



Lending, SEKm

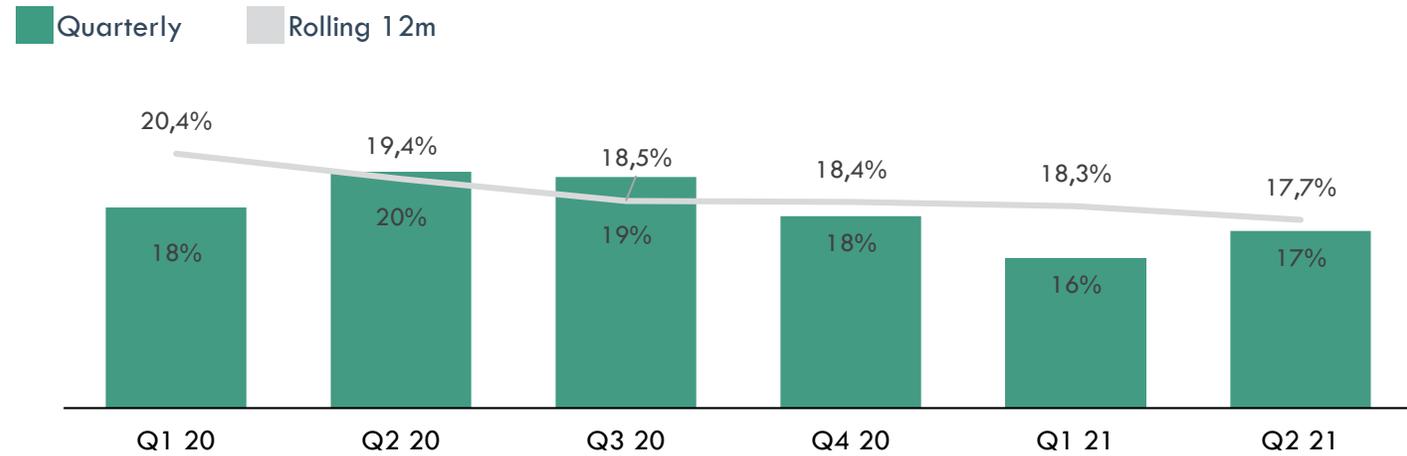


Margin development segments

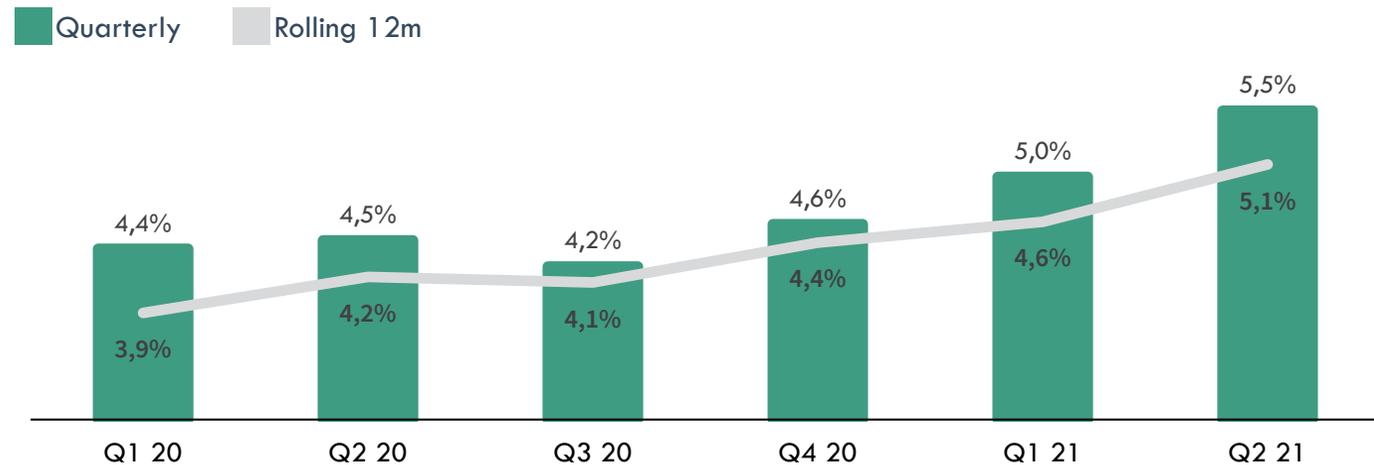
Comments

- Income margin lower in 2021 than 2020 for Payment solutions but to some extent mitigated by improved credit performance
- Positive margin development in Digital Banking services driven by
 - 2019-2020 increased pricing of new lending
 - Last 12 months - improved credit quality

Payment solutions, riskadjusted income margin¹



Digital Banking Services, riskadjusted income margin¹



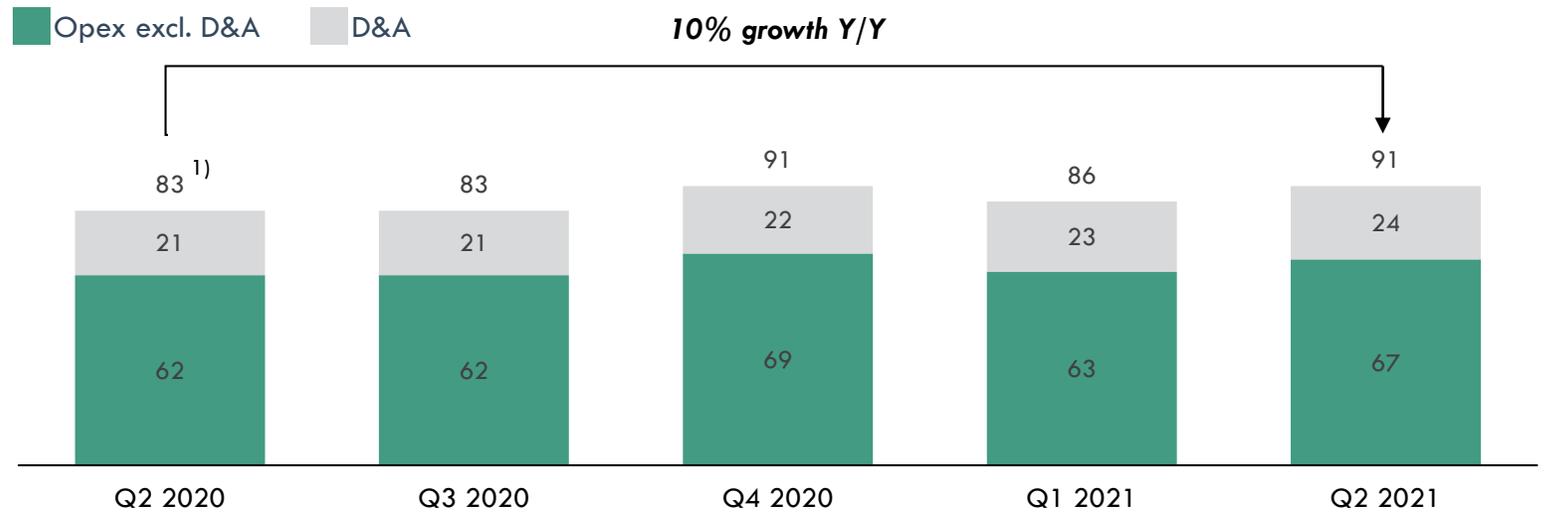
¹⁾ Adjusted for the negative non-recurring income effect of 8,4 MSEK in Q1 2020 in Payment Solutions and the positive effect of 8.9 MSEK on credit losses in Q1 2021 in Digital Banking Services

Cost development

Comments

- Increased cost related to cloud migration, development costs and costs for being listed company
- Will continue to invest in our technical platforms

Cost development adjusted for items affecting comparability in Q2 2020, SEKm

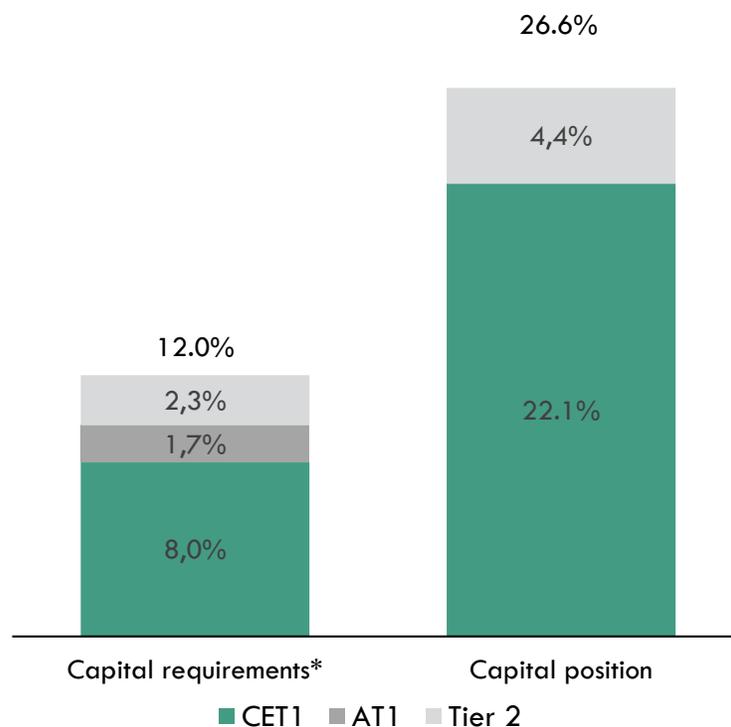


Well capitalised for continued growth

Comments

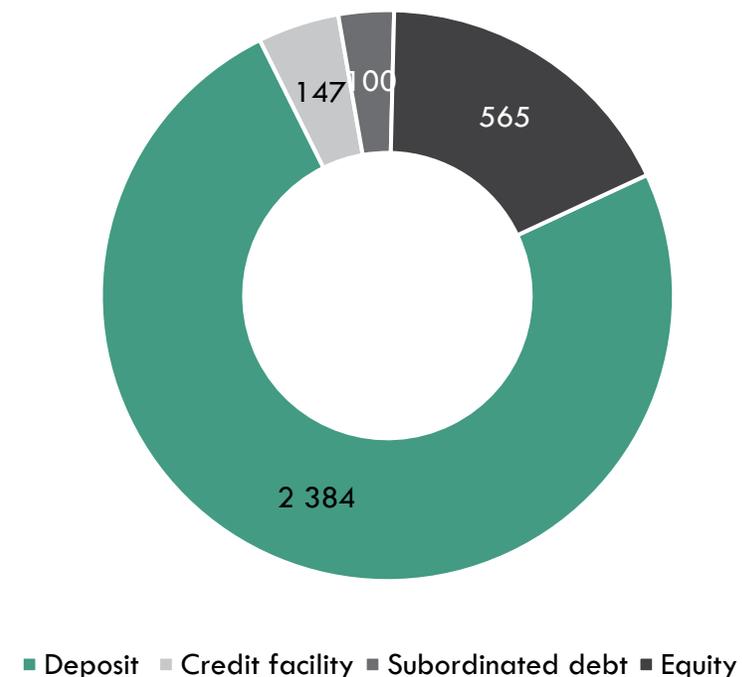
- Stable capital ratios and capital base ~ 300 MSEK larger than total regulatory requirement
- Continued strong liquidity position with LCR at 590%, NSFR at 131% and leverage ratio at 14,4%

Capitalisation, %



Funding split

SEKm



Looking ahead

- ✓ Continue to sign and onboard new merchants
- ✓ Explore a more standardised SME-offering and partnerships within the area
- ✓ Develop digital loan offering where we see positive signs of improved volumes
- ✓ Improve income growth with clear long-term ambition to grow income faster than cost

Q3 report 26th of October



QLIRO