

# Q2 2024 PRESENTATION

CEO CHRISTOFFER RUTGERSSON

CFO ROBERT STAMBRO



# TODAY'S PRESENTERS



**Christoffer Rutgersson**

CEO



**Robert Stambro**

CFO

# AGENDA

- BUSINESS & STRATEGY UPDATE
- FINANCIAL UPDATE
- OUTLOOK
- Q&A



# **BUSINESS & STRATEGY UPDATE**

1

**DOUBLE DOWN ON PAYMENTS TRANSFORMATION:  
DELIVER A WORLD-LEADING EXPERIENCE FOR MERCHANTS, AND THEIR CUSTOMER JOURNEY**

2

**DIVESTMENT OF THE ASSETS IN DIGITAL BANKING SERVICES**

3

**BUILDING ACCELERATED GROWTH MOMENTUM IN PAYMENTS**

4

**LAUNCHED COMPOSABLE PAYMENTS PRODUCT STRATEGY**

5

**LAUNCHING OUR SALES OFFICE IN NORWAY IN Q3 2024**



# 1 DOUBLE DOWN ON PAYMENTS TRANSFORMATION:

DELIVER A **WORLD-LEADING EXPERIENCE** FOR  
MERCHANTS, AND THEIR CUSTOMER JOURNEY



# 1

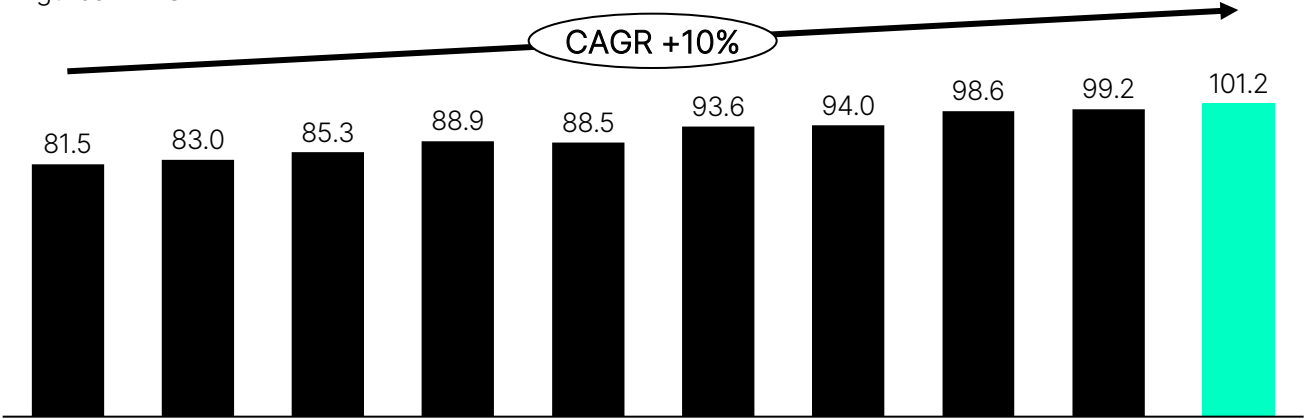
# PAYMENTS TRANSFORMATION THE KEY DRIVER TO PROFITABILITY

## PAYMENTS SOLUTIONS: FINANCIAL OVERVIEW OF BUSINESS SEGMENT

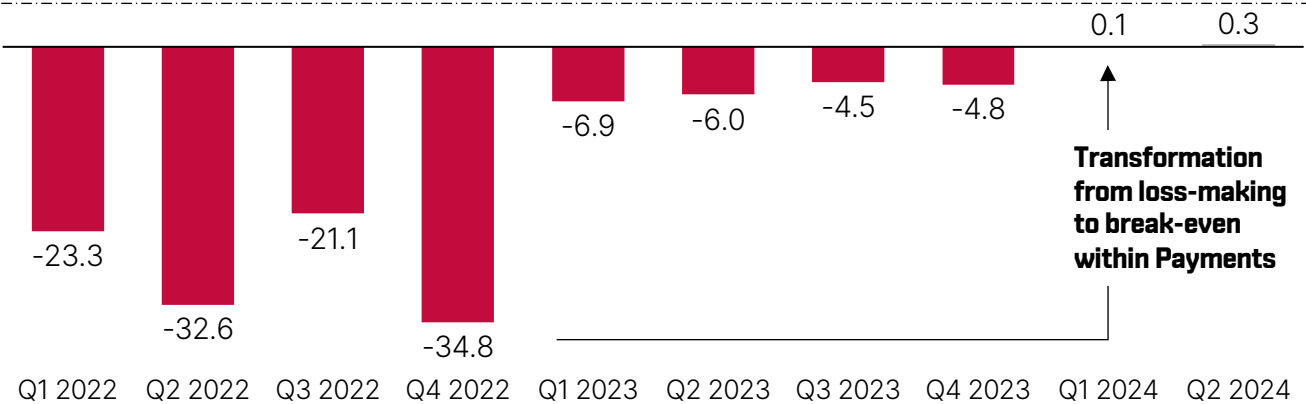


Figures in mSEK

Operating Income



Operating Profit



Note: The financial data represents the pro-forma income statement for Payment Solutions, excl. IAC

### Payments key driver in Qliro's transformation

The majority of initiatives executed in 2022-2023 to redirect the strategy and reach profitability have been made within Payments Solutions

From a pro forma operating loss in 2022 of -112 mSEK, operating profit improved by +90 mSEK in 2023 and reached above break-even in both Q1 and Q2 2024

### Key initiatives driving our current success

- New Executive Leadership team
- Profitability programmed launched in June 2022
- New strategic focus on payments, back to core
- Sales towards SME in addition to Enterprise segment
- Launch of Unified Payments
- Operational Excellence across teams and platforms
- Acceleration of commercial focus
- Tech & automation investments

# 1 >30% OF PAY NOW VOLUMES PROCESSED IN UNIFIED PAYMENTS

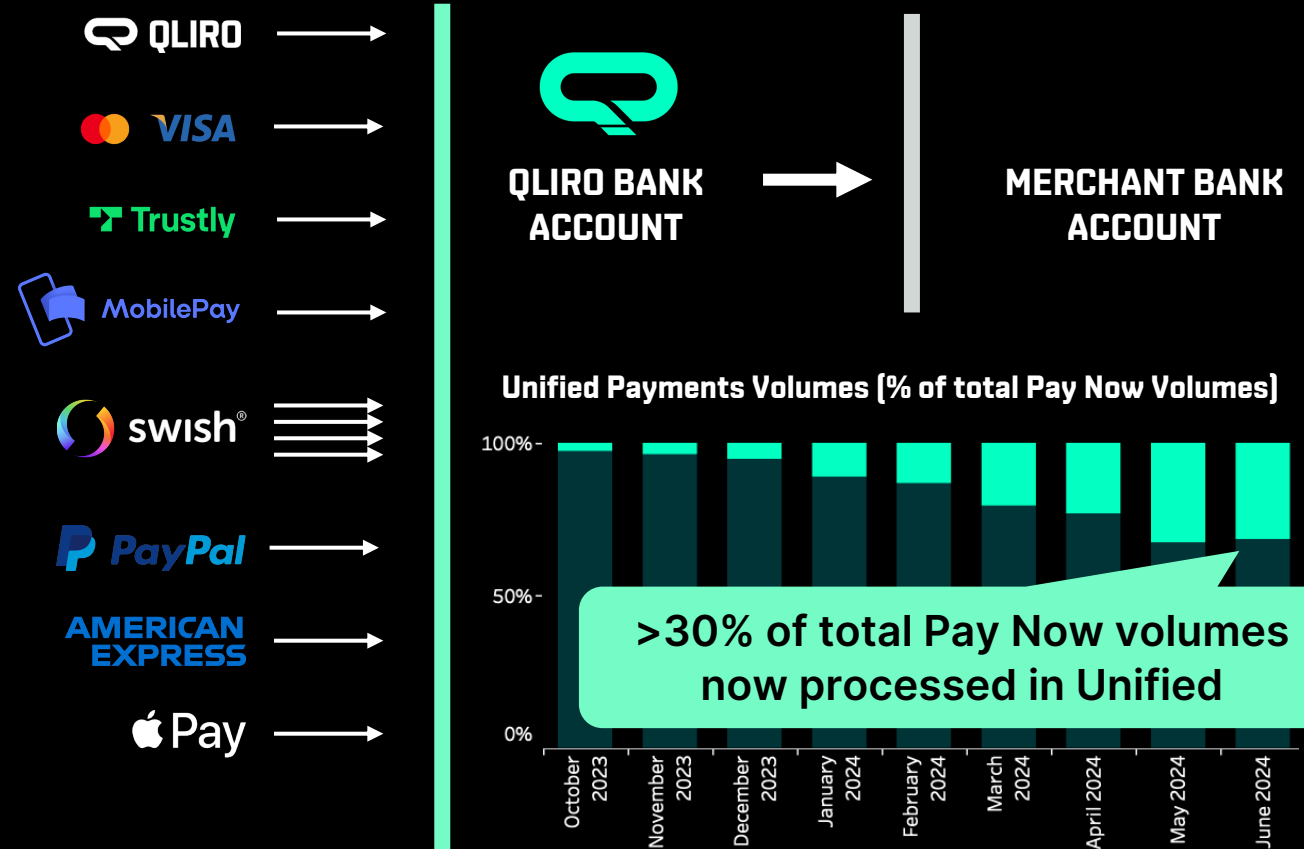
## DOUBLE DOWN ON PAYMENTS TRANSFORMATION

### QLIRO UNIFIED PAYMENTS

- ONE AGREEMENT
- ONE ONBOARDING
- ONE PAYOUT AND REPORT
- ONE POINT OF CONTACT

#### Benefits for Qliro

- Higher take rate on transaction volume
- Strong position to win new merchants
- Increased retention existing merchants



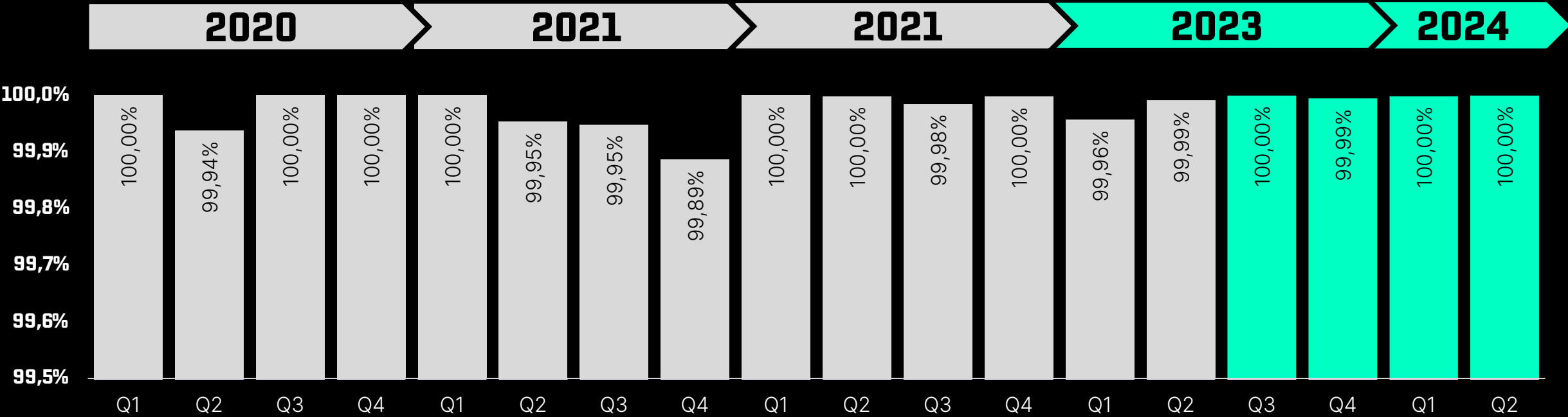


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# SIGNIFICANTLY INCREASED PAYMENT PLATFORM PERFORMANCE

DOUBLE DOWN ON PAYMENTS TRANSFORMATION

## QLIRO PLATFORM UPTIME

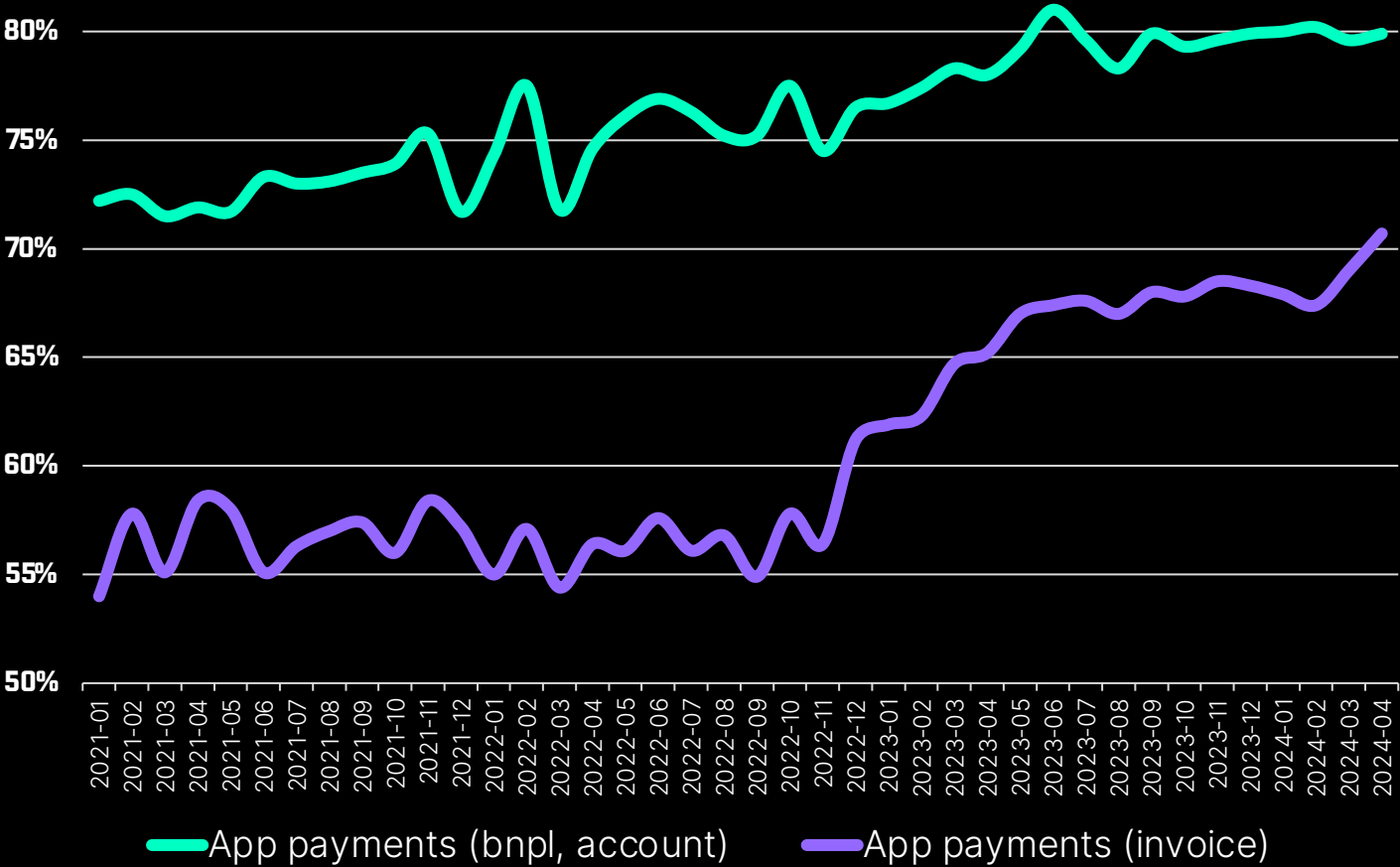


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# INCREASING QLIRO APP USAGE FOR CONSUMER PAYMENTS

DOUBLE DOWN ON PAYMENTS TRANSFORMATION

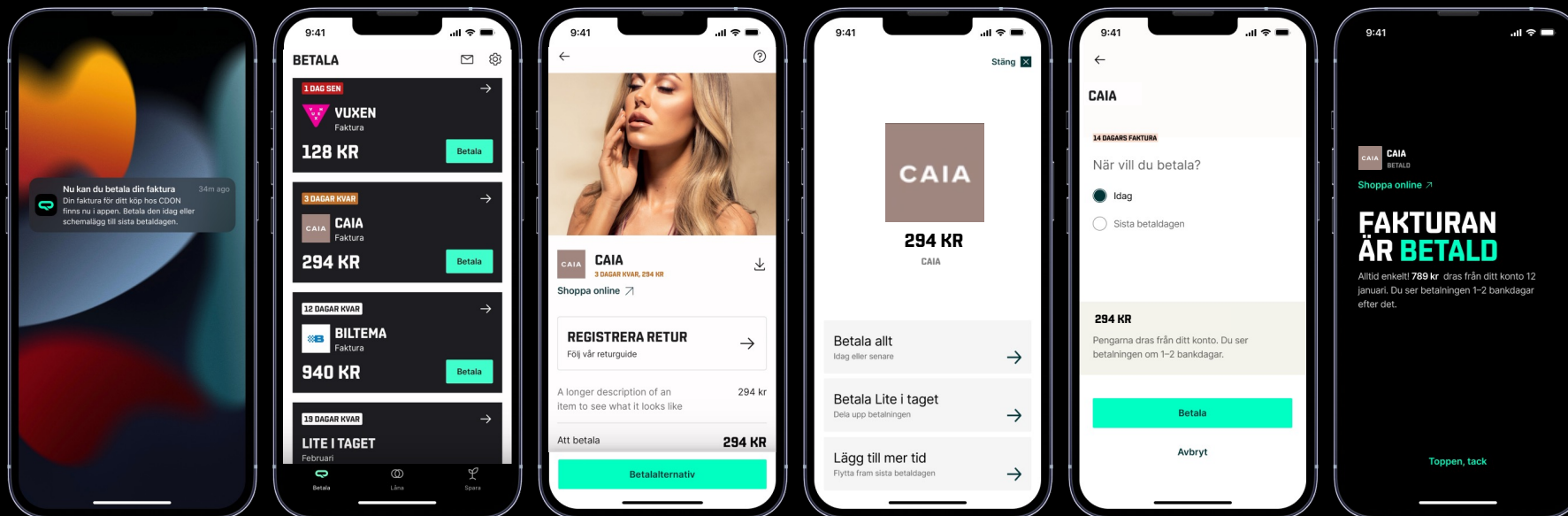
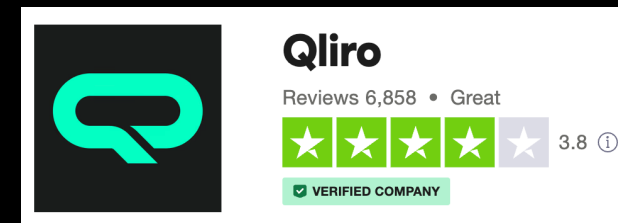
APP PAYMENTS, SHARE %  
Unique users in Swedish market



1

# INCREASED CONSUMER RATING ON TRUSTPILOT

## DOUBLE DOWN ON PAYMENTS TRANSFORMATION



### CUSTOMER SERVICE

- Local & human support
- Local language for all Nordics
- +92% CSAT

### QLIRO APP

- Sweden's 2<sup>nd</sup> most downloaded financial app
- 4.4 app store rating

### PERSONALIZED COMMUNICATION

- E-mail
- Push notifications
- Sms
- Print
- Digital inbox
- (Content cards)

# INCREASED FOCUS ON PAYMENT SOLUTIONS THROUGH DIVESTMENT OF THE ASSETS IN DIGITAL BANKING SERVICES

## About the transaction

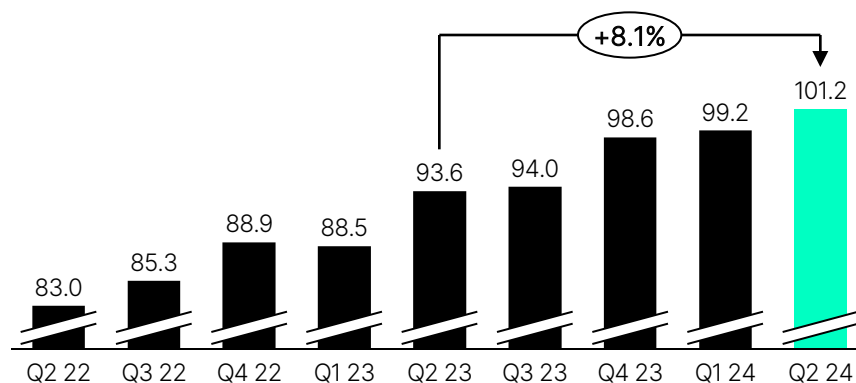
- Divestment of the company's personal loans portfolio for a purchase consideration of SEK 714 million.
- The profit effect of the transaction totals to SEK 0-5 million.
- According to contract, the transaction is due to be completed in August 2024.

## Strategic rationale

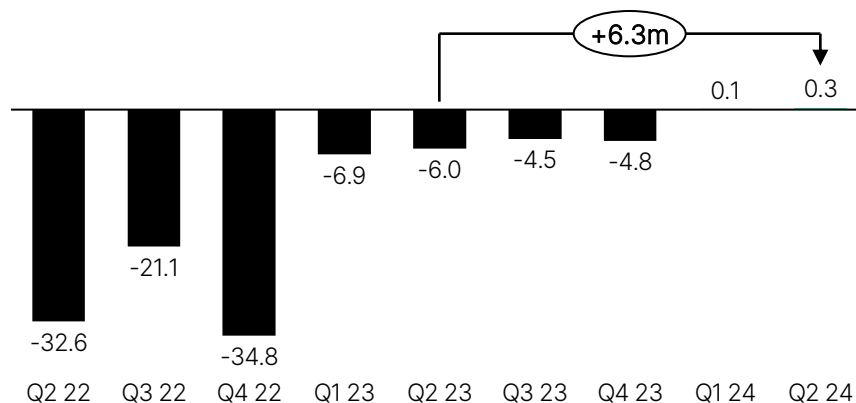
- Payment Solutions key driver in Qliro's transformation — both in terms of income and operating profit development
- Qliro is streamlining its operations to focus on its core business within Payments
- Significantly improved capital position, facilitating the scalable expansion of Payment Solutions
- Since the implementation of the company's new strategy in 2022, Digital Banking Services have been outside Qliro's focus

## Payment Solutions (remaining operations)

### Income development

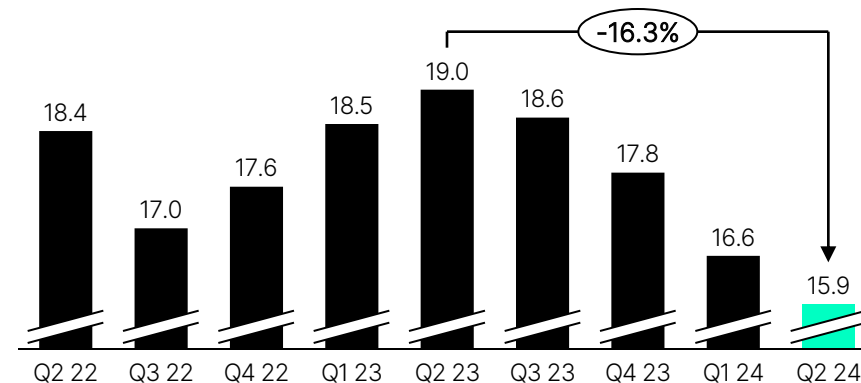


### Operating profit excl. IAC

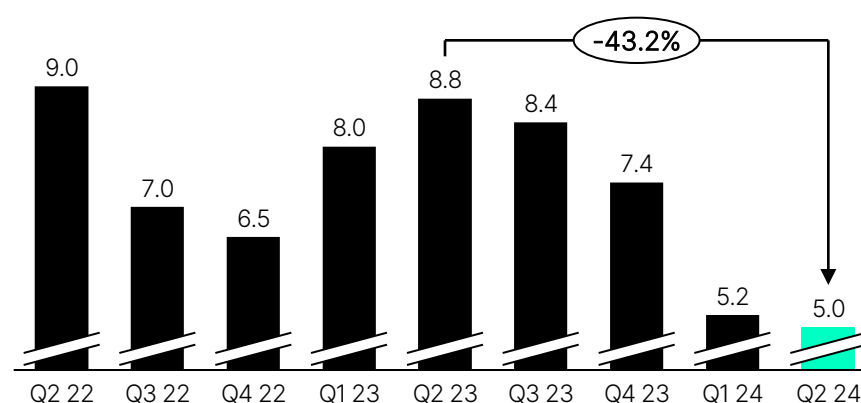


## Digital Banking Services (divested assets)

### Income development



### Operating profit excl. IAC



3

# BUILDING ACCELERATED GROWTH MOMENTUM IN PAYMENTS

## +114%

Connected merchants

## +8%

Total Payment Volume

## >+20%

Total Payment Volume  
(SIGNED/NOT YET LIVE)

### SIGNIFICANT MERCHANT BASE GROWTH IN H1 2024

- Prolonged & expanded collaboration with existing merchant CDON –including CDONs wholly owned subsidiary Fyndiq (TPV of SEK >600 m) with expected go live early 2025.
- New frame-agreement with Make Webo (TPV of SEK ~500 m) and iPiccolo
- Qliro have signed >100 new SME merchant agreements YTD
- Qliro announced several new mid-sized merchants signed in Q2, including brands such as Penstore and C'est Normal, with TPV of SEK ~500 m.



**CDON**

c'est normal

**Pen Store**

### EXPANDED SALES CAPACITY YIELDS RESULTS

- Peder Ålenius appointed CCO, started in Q2 2024
- Investments in the increased sales capacity in Sweden starting to yield results (typically long sales cycles of 1-3 year processes) since the team was scaled up since summer 2022 and is still being expanded
- Market dynamics present a window of opportunity to accelerate growth as merchants recognize the value of improving their consumer experience

### NEW PARTNERS INCREASING ADRESSABLE MARKET

- Launched a new app for the leading global e-commerce platform Shopify enabling Nordic merchants to use Qliro's checkout on Shopify's platform in close to 60 countries.
- Launched integration with leading composable e-commerce platform Brink Commerce with existing merchant Nelly



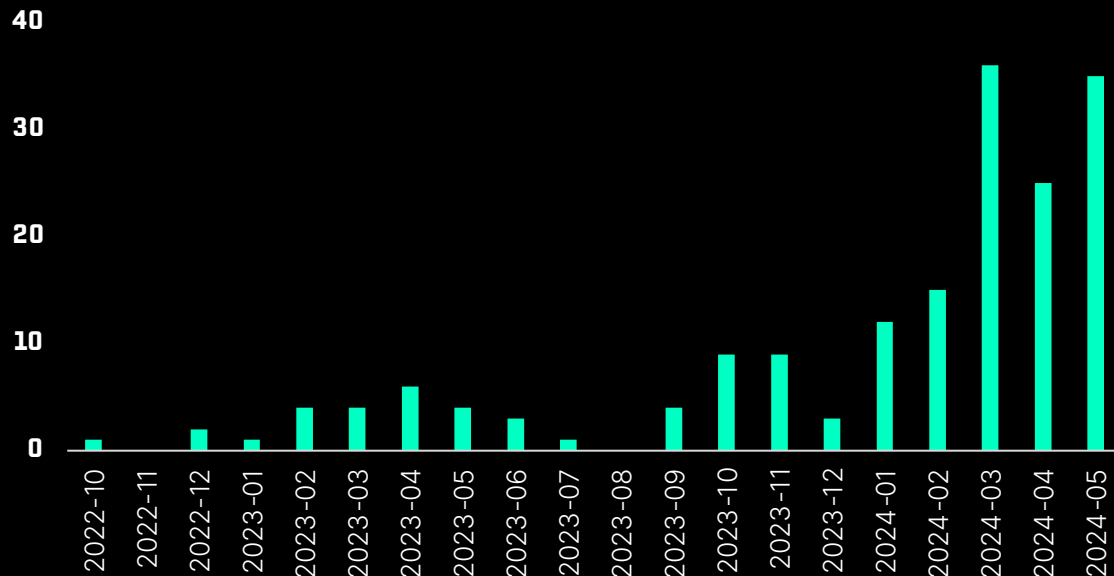
3

# BUILDING ACCELERATED GROWTH MOMENTUM IN PAYMENTS

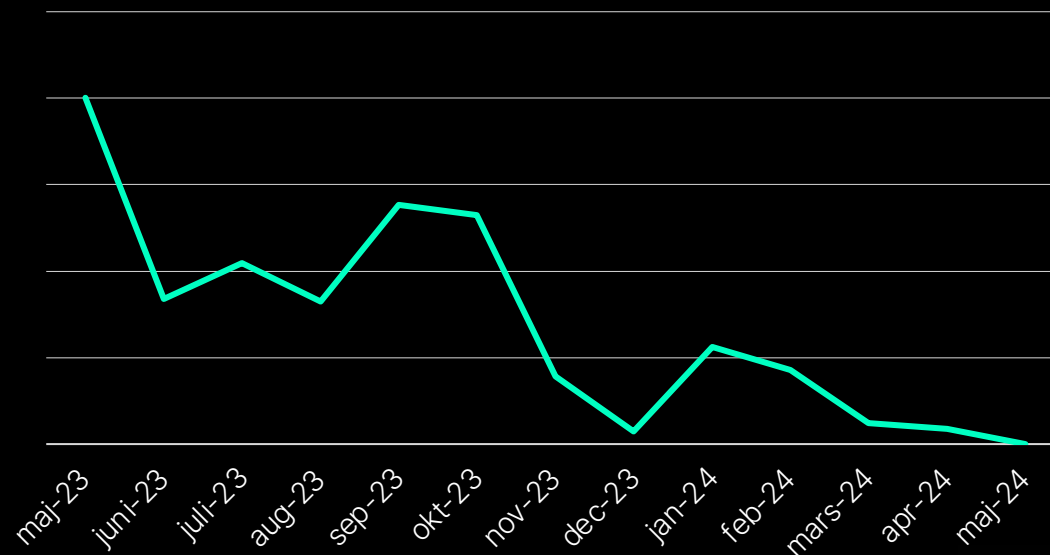
## SME GROWTH TAKING OFF

ONBOARDING >1 MERCHANT PER DAY

NEW MERCHANTS PER MONTH



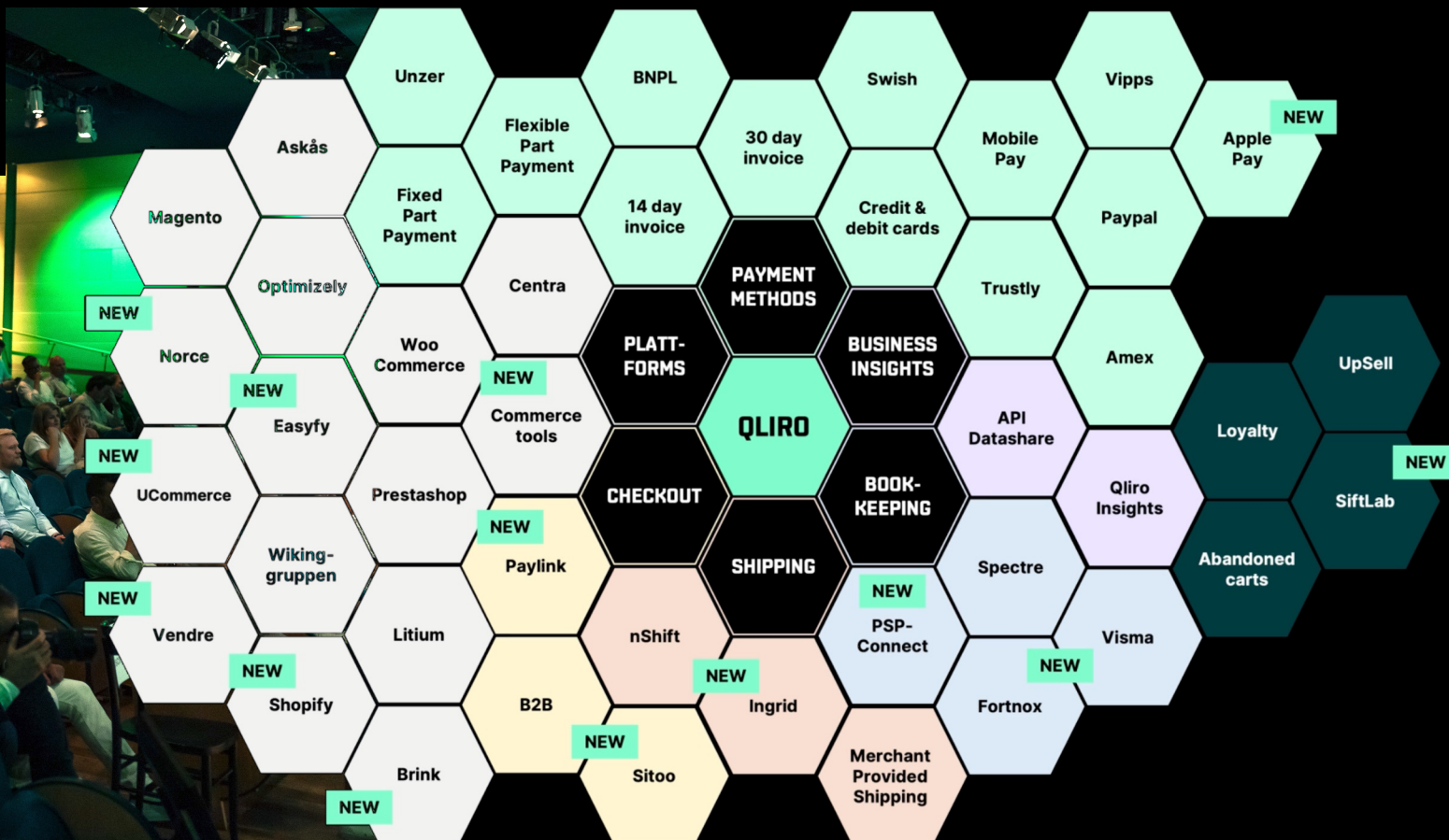
ONBOARDING LEAD TIME



4

# LAUNCHED COMPOSABLE PAYMENTS PRODUCT STRATEGY

QLIRO ANNUAL E-COM SUMMIT MAY 2024  
~200 MERCHANTS & PARTNERS  
Moderna Museet, Sthlm



**COMPOSABLE PAYMENTS FOR GROWTH:  
WITH FLEXIBLE MODULES, MERCHANTS CAN COMPOSE THE SOLUTION DEPENDING ON THEIR TECH STACK**



## 5 OPENING OUR SALES OFFICE IN NORWAY IN Q3

COUNTRY MANAGER WITH EXPERIENCE FROM SEVERAL COMPETITORS STARTING 1 AUG

QLIRO PRODUCT OFFERING ALREADY AVAILABLE IN NORWAY, WITH >15% OF OUR VOLUME

EXPANDING COMMERCIAL TEAM TO NORWAY INCREASE OUR ADDRESSABLE MARKET >+50%

SIMILAR MARKET DYNAMICS IN NORWAY AS IN SWEDEN,  
WITH MERCHANTS WANTING TO TAKE BACK CONTROL OF THEIR CONSUMER JOURNEY

NORWEGIAN E-COM TECH STACK SIMILAR TO SWEDEN, MAKING COMPOSABLE PAYMENTS  
SCALABLE FOR NORWAY WITH LIMITED ADDITIONAL TECH INVESTMENTS

FIRST LOCAL MERCHANTS ONBOARDED DURING H1 2024

INVESTMENT IN LOCAL TEAM OF >5 FTE BEFORE YEAR END





# SUMMARY FIRST HALF OF 2024

- QLIRO DOUBLE DOWN ON OUR **PAYMENTS TRANSFORMATION**
- **SIGNIFICANT GROWTH** MOMENTUM IN PAYMENTS STARTING TO MATERIALIZE
- ROBUST **MERCHANT BASE GROWTH**, LAYING THE FOUNDATION FOR LONG-TERM GROWTH AND PROFITABILITY
- DIVESTING DIGITAL BANKING SERVICES ALIGNS WITH QLIRO'S STRATEGY TO FOCUS ON ITS **CORE BUSINESS** AND **ACCELERATE** PAYMENT SOLUTIONS.
- LAUNCH OF **COMPOSABLE PAYMENTS** PRODUCT STRATEGY ENHANCES OUR SCALABILITY, FLEXIBILITY, AND SPEED OF INNOVATION
- SEVERAL OPPORTUNITIES TO **ACCELERATE FURTHER**, STARTING IN NORWAY

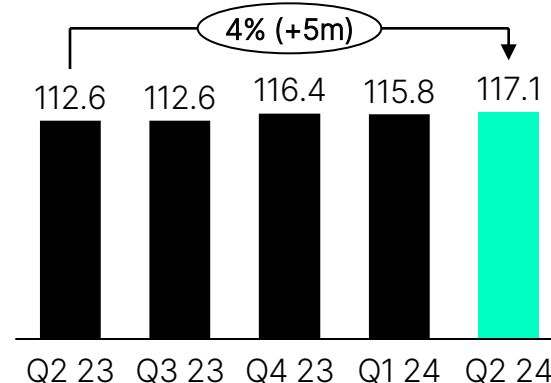
# FINANCIAL UPDATE

# CONTINUED GROWTH AND PROFITABILITY IN Q2 2024

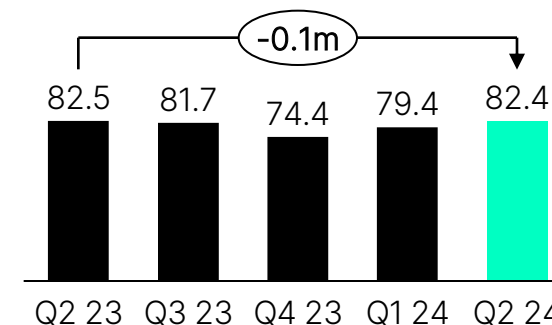
## Key financial highlights

- Total operating income growth of 4 percent to SEK 117.1 million, primary driven by an increased interest in Qliro's payment products.
- Operating costs in line with previous year SEK 82.4 million (82.5)
- Operating profit increased by SEK 2.2 million to SEK 5.0 million (2.8).
- Credit losses of SEK -29.7 m – continued changed composition between BNPL/invoice.

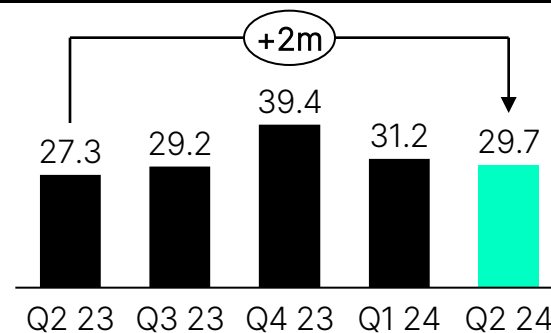
## Income development



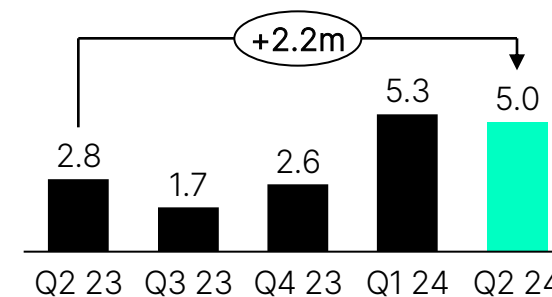
## Operating costs



## Credit losses



## Operating profit development



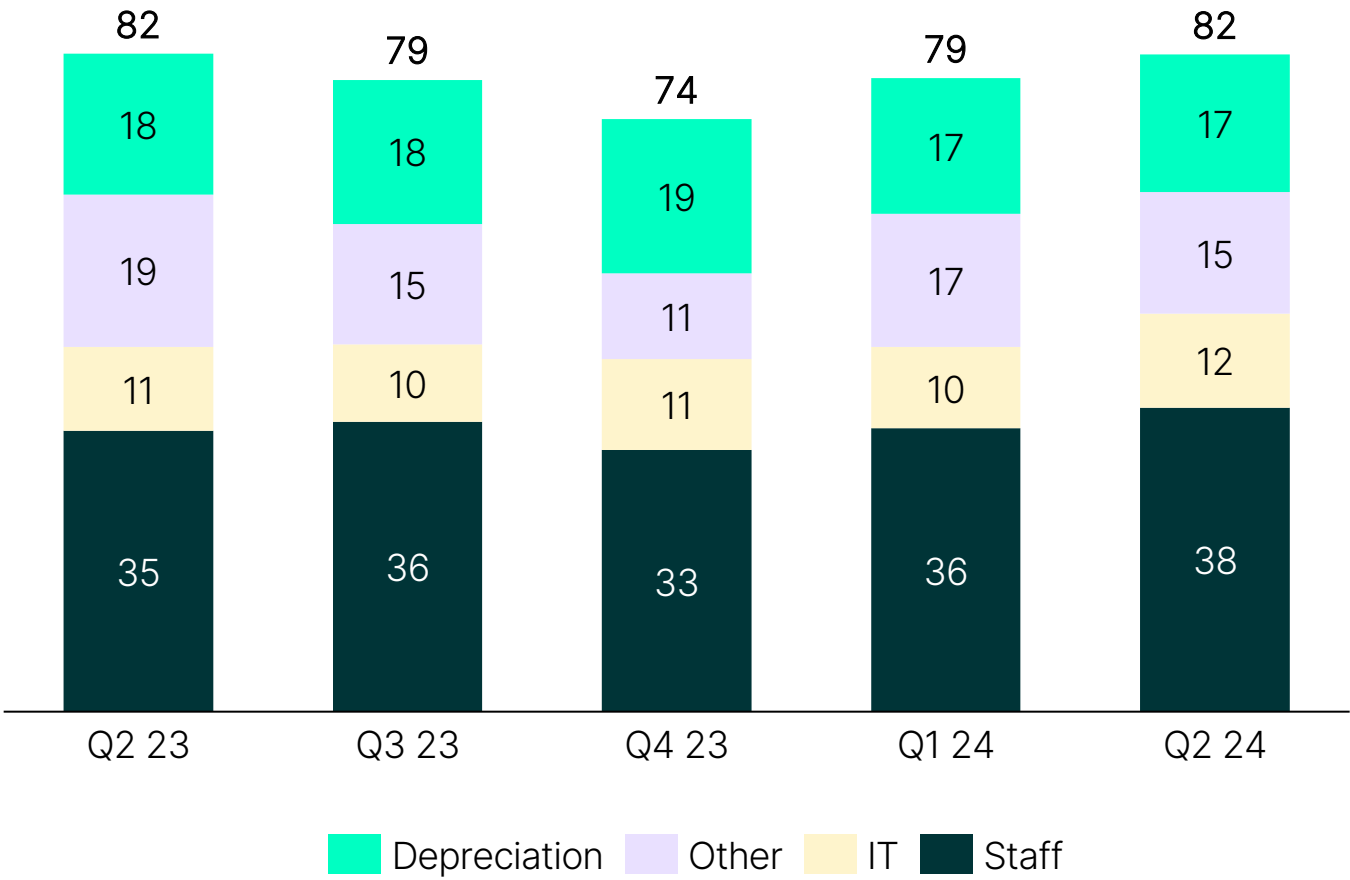
SEKm unless otherwise stated.

# STABLE COST BASE CONTRIBUTED TO CONTINUED PROFITABILITY IN Q2'24

## Comments

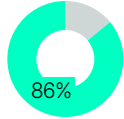
- Stable cost base compared to Q2 last year.
- Increased costs compared to Q1 due to expansion within Payment Solutions.
- Q4 2023 outlier given one-time effects in that quarter
- We continuously evaluate costs closely to ensure efficient resource allocation and maximize ROI.

## Cost development excl. IAC



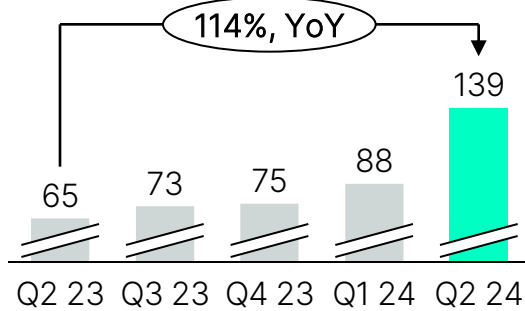
# PAYMENT SOLUTIONS - Q2 PERFORMANCE [I/II]

Share of income

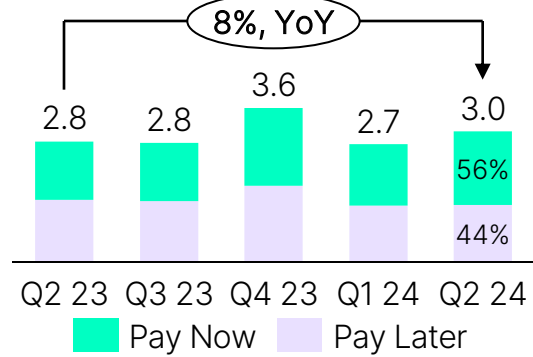


## Operational KPI's

### No. of active merchants

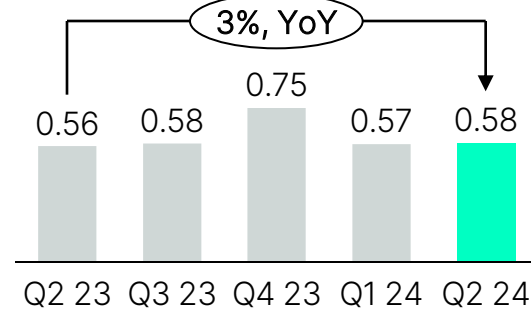


### Total Payments Volume, SEKbn



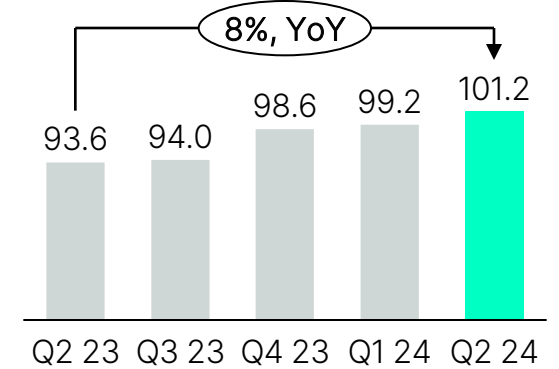
### BNPL Volumes, SEKbn

BNPL is our most profitable part of the Pay Later volumes given that the invoice volumes have limited fees

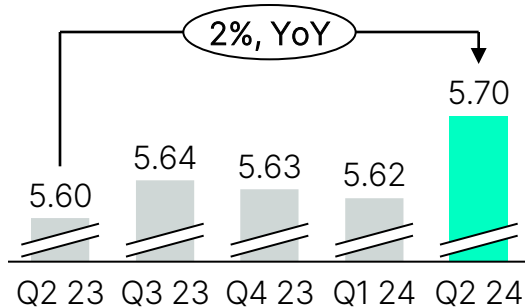


## Financial KPI's

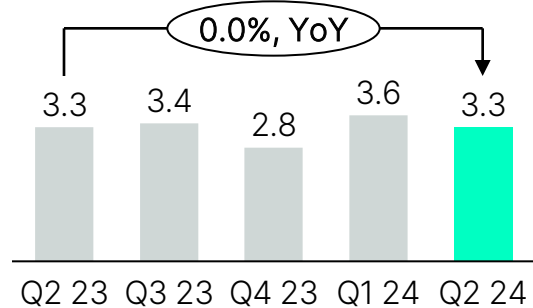
### Income development, SEKm



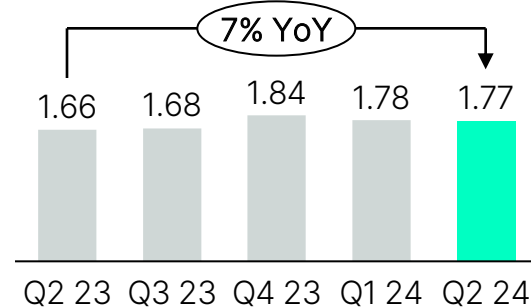
### No. of active consumers, LTM (m)



### Take Rate, % [Income / TPV]

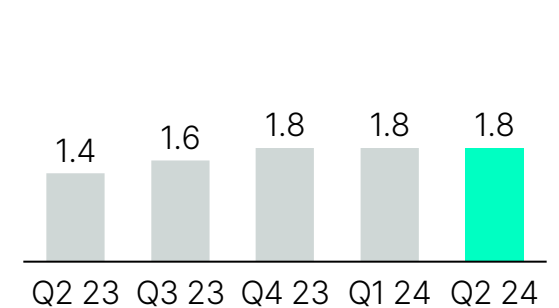


### Payment Balance, SEKbn



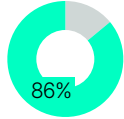
### Credit losses / Pay Later volume, %

The average credit losses over all quarters has been Ø 1,68%



# PAYMENT SOLUTIONS - Q2 PERFORMANCE [II/II]

Share of income

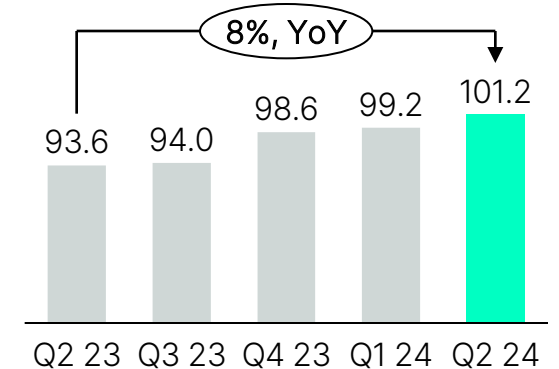


## Comments on Q2 Performance

- Operating income increased by 8% to SEK 101.2 million (93.6), driven by increased interest in Qliro's payment products.
- Reached break-even for the first time in Q1 2024 and continued to contribute positively to operating profit in Q2 2024.
- Credit losses amounted to SEK -24.4 million (-20.1). Compared to the Pay Later Volume, credit losses remained flat for the third consecutive quarter.
- Total Payment Volume increased by 8% to 3,030 million (2,799), driven by higher Pay Now and BNPL-volumes.
- Pay Now volume increased by 26% to SEK 1,706 million. BNPL volume increased by 3%, while total Pay Later volume decreased by 9% to SEK 1,324 million as a result of lower invoice volumes.

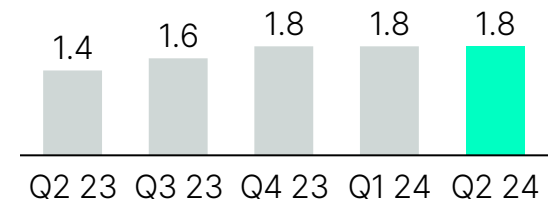
## Financial KPI's

### Income development, SEKm



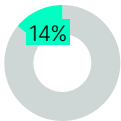
### Credit losses / Pay Later volume, %

The average credit losses over all quarters has been Ø 1,68%



# DIGITAL BANKING – Q2 PERFORMANCE

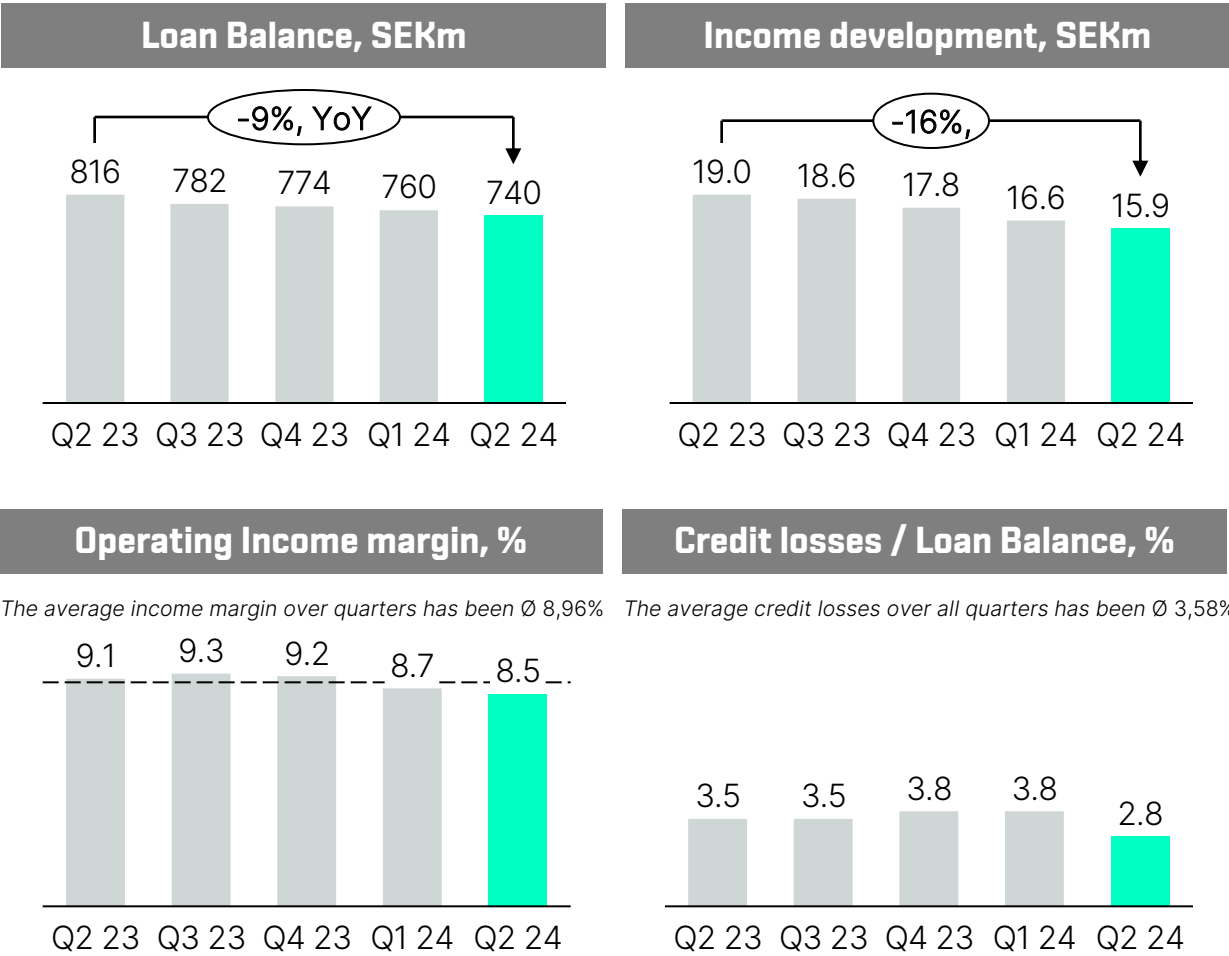
Share of income



## Comments on Q2 Performance

- Operating income decreased with 16% to SEK 15.9m (19.0) due to due to lower new loan volumes.
- Operating income margin decreased to 8.5% (9.1%) due to changes in the customer mix.
- Loan balance development has continued decrease in Q2 and amounted to SEK 740m (816m).
- Credit losses significantly reduced due to decreased inflow of new volume and an optimized credit process.
- Digital Banking Services segment will be discontinued following the divestment of the loans portfolio.

## Financial KPI's



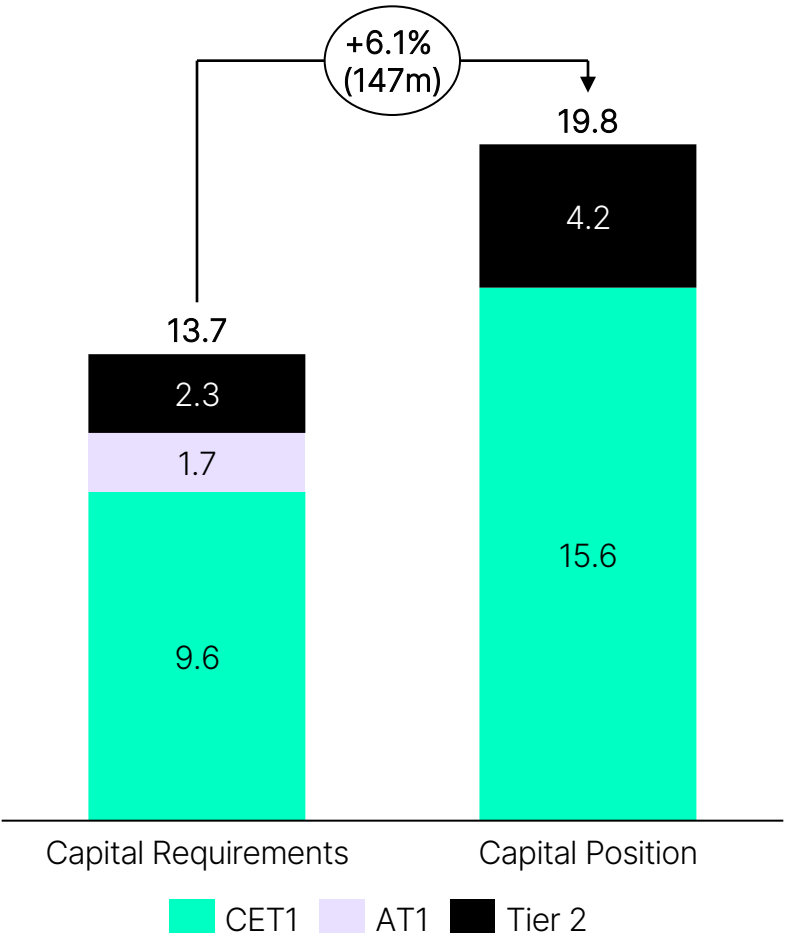


# CAPITAL AND LIQUIDITY

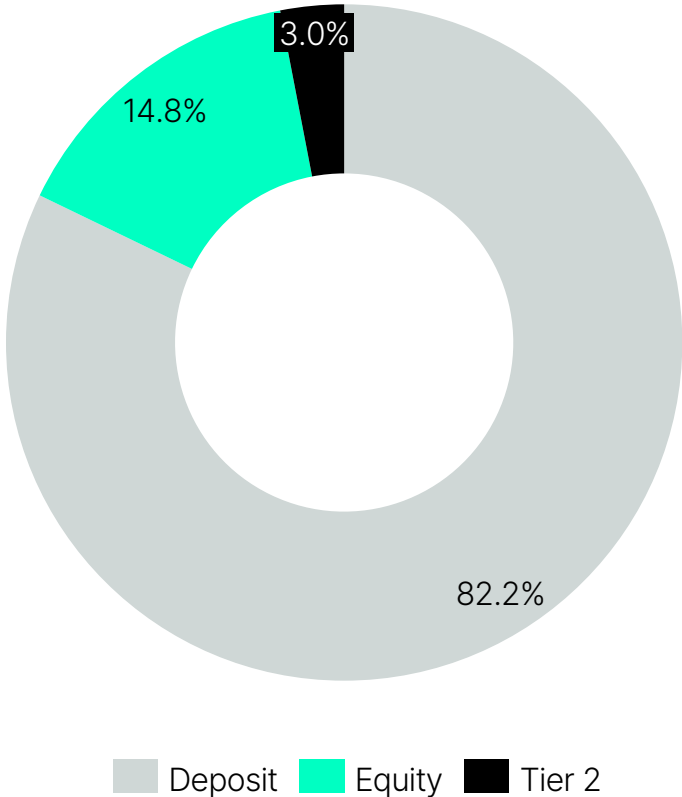
## Comments

- Capital headroom of 6.1% or 147m towards regulatory requirement
- Solid liquidity position with an LCR of 223% and NSFR of 126%
- Lending to the public primarily financed through deposits in Sweden and Germany

## Capitalization



## Financing mix





# OUTLOOK

# LOOKING AHEAD - ACCELERATION

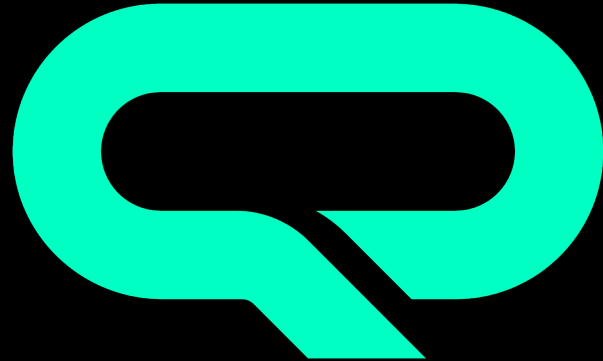
- 1 ACCELERATE OUR SME SALES ENGINE**
- 2 EXECUTE ON THE STRONG ENTERPRISE SALES PIPELINE**
- 3 CONTINUED TO INVEST IN OUR PAYMENT CAPABILITIES**
- 4 EXPAND ADDRESSABLE MARKET BY LAUNCH IN NORWAY**
- 5 CONTINUE TO OPTIMIZE ONBOARDING TO HANDLE INFLOW**

**DELIVER A MARKET LEADING EXPERIENCE FOR MERCHANTS AND THEIR CUSTOMER JOURNEY**

**Q3 MIGRATION OF DIGITAL BANKING SERVICE LOAN PORTFOLIO AND EXECUTE ON RELATED TRANSFORMATION**



# Q&A



**IR@QLIRO.COM**