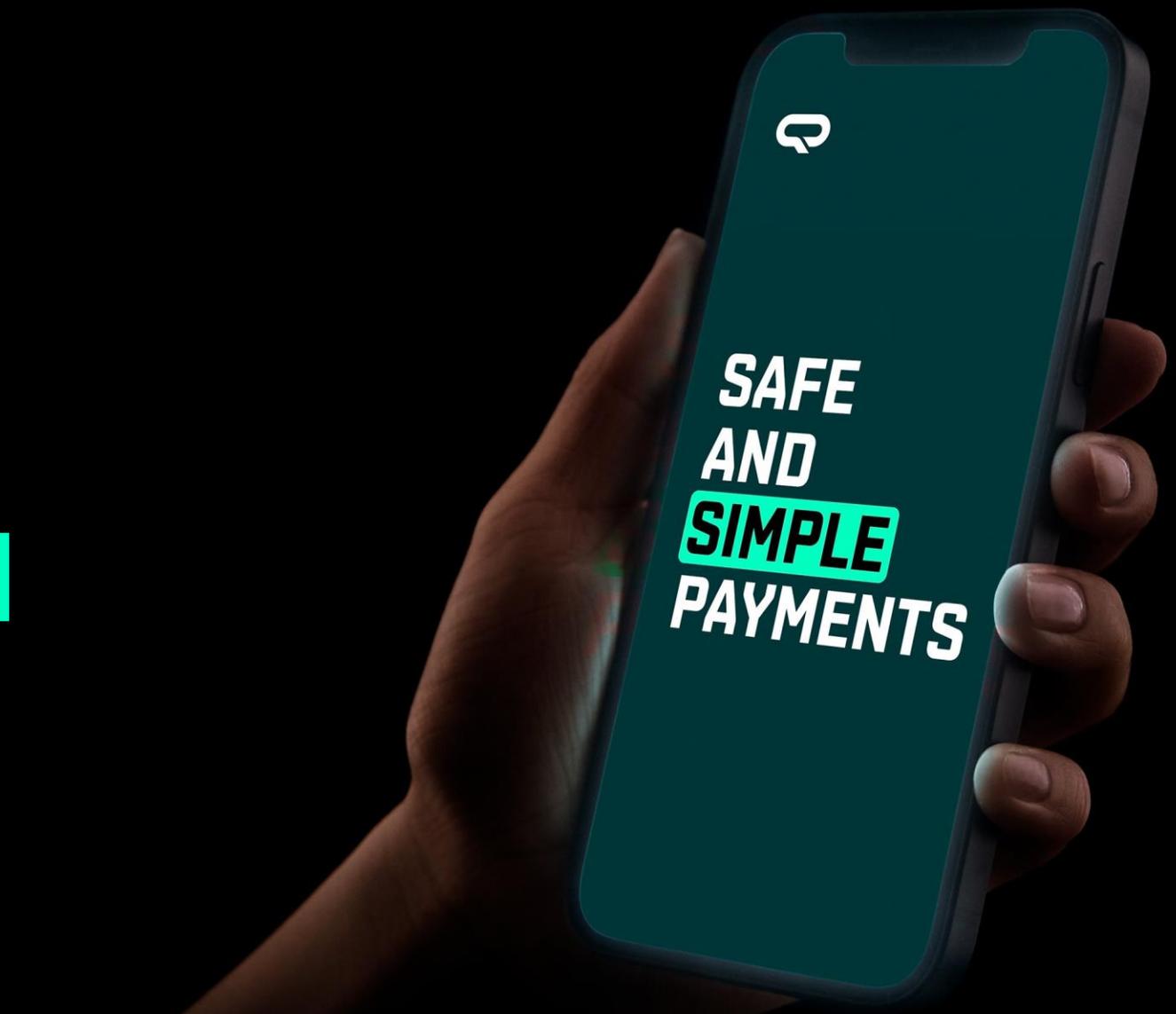


# Q4 2022 PRESENTATION

CEO CHRISTOFFER RUTGERSSON

CFO ROBERT STAMBRO



# TODAY'S PRESENTERS



**Christoffer Rutgersson**

CEO



**Robert Stambro**

CFO

# NEW LEADERSHIP TEAM

## New leaders in the Executive Management Team



**Robin Soubry**

Product & Marketing



**Anna Engman**

People



**Carl-Åke Nilson**

Interim Risk Officer

## Transformation of broader leadership team

>50% of all leaders across Qliro are new in their positions since the summer in order to improve our operating model to execute on the strategy of expanding within Payment Solutions

# Q4 - KEY BUSINESS HIGHLIGHTS



- ✓ Revenues increased 6% during Q4 and 8% for the full year despite a decline in e-commerce in general
- ✓ Continued to deliver on the transformation of Qliro, taking 28 MSEK in costs within the profitability program
- ✓ Previously communicated profitability measures were completed by the year-end – positive EBT expected 2023
- ✓ Cost development excluding IAC +6% in Q4 and +1% for the full year. Temporary increase in Q4
- ✓ 4 new merchants in the SME segment went live and we have an onboarding backlog of 8 additional new merchants
- ✓ Successful Black Week and Christmas with zero incidents, thanks to investments in modern end-to-end testing

# PROFITABILITY PROGRAM

**DIGITALIZATION OF  
CORE FUNCTIONS**

**OFFICE  
IMPROVEMENTS**

**MODERNIZED  
TECHNOLOGY**

**REDUCTION OF  
EXTERNAL COSTS**

**OPERATIONAL  
EFFICIENCY**

**SALES ACCELERATION  
& SME LAUNCH**

**Expectation to reach profitability in 2023**

# CONTINUED INCOME GROWTH IN A DECLINING MARKET

## Comments

- **Income growth of 6% in a declining e-commerce market**  
Svensk Handel's e-commerce indicator for Q4 and Jan-Dec showed that e-commerce sales were down 6% and 9% respectively y-o-y
- **Temporary increase in underlying costs** – Items affecting cost comparability amounted to SEK 17.8m, of which -28m connected to the profitability program and +10.3m connected to VAT deductions. The underlying cost growth of 6% is temporary made to enhance acceleration however not classified as IAC
- **Strengthened credit model** – write-downs and increased reserves in Q4 2022 to ensure an improved quality in the portfolio for the upcoming years. Q4 2021 contained reduction of reserves with 7.9m. Adjusted for these effects, credit losses amounted to SEK 34.0 million (31.2)

1) Comparative figures have been adjusted

2) Adjusted for revaluations and impairments of the credit portfolio in the period and renegotiated SRG contracts and change in credit model during the comparison period

## Income statement

SEKm, unless otherwise stated <sup>1)</sup>	Q4 2022	Q4 2021	Δ
Net interest income	63.0	59.2	6%
Net commission income	49.0	45.5	8%
Other income	0.4	0.3	33%
<b>Total income</b>	<b>110.8</b>	<b>104.8</b>	<b>6%</b>
Operational expenses before credit losses adjusted for IAC	-98.2	-92.8	6%
Depreciation	-23.9	-24.2	-1%
<b>Total expenses before loan losses</b>	<b>-116.0</b>	<b>-99.6</b>	<b>16%</b>
<b>Profit before loan losses</b>	<b>-5.2</b>	<b>5.2</b>	<b>-200%</b>
Net loan losses	-41.0	-23.6	74%
Adjusted net loan losses <sup>2)</sup>	-34.0	-31.5	8%
<b>Operating profit adjusted for IAC</b>	<b>-32.7</b>	<b>-11.6</b>	<b>182%</b>
<b>IAC</b>	<b>-17.8</b>	<b>-6.8</b>	<b>162%</b>
<b>Operating profit</b>	<b>-46.1</b>	<b>-18.4</b>	<b>-151%</b>
<b>Lending to the public</b>	<b>2,687</b>	<b>2,759</b>	<b>-3%</b>
<b>PAD-volume</b>	<b>1,969</b>	<b>2 211</b>	<b>-11%</b>

# PAYMENT SOLUTIONS – SUSTAINED INCOME GROWTH

## Comments

- **Demonstrating resilience** in a declining e-commerce market, demand for our part payment products has led to a 9% increase in income within Payment Solutions
- **Credit losses increased** due to impairments and increased provisions in the credit portfolio. The comparison period were affected by one-offs. Adjusted for these effects, credit losses amounted to SEK 27.3 million (24.8)

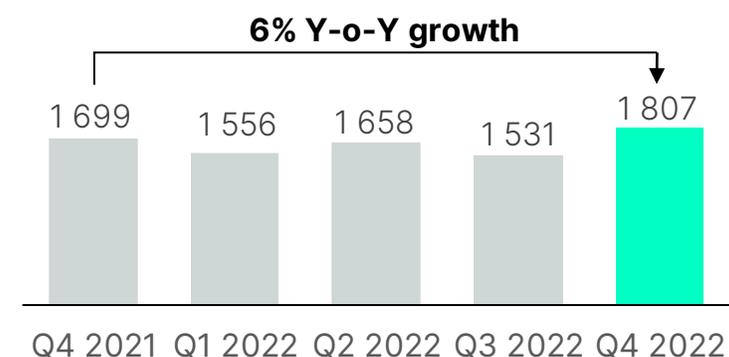
## Key figures, SEKm

SEKm, unless otherwise stated <sup>1)</sup>	2022 Oct-Dec	2021 Oct-Dec	Δ
Total income	93.2	85.5	9%
Credit losses	-32.9	-20.3	62%
Adjusted credit losses <sup>2)</sup>	-27.3	-24.8	10%
Total income after credit losses	60.3	65.2	-8%
Payment balance <sup>3)</sup>	1,807	1,699	6%
Payment after delivery (PAD), volume	1,969	2,211	-11%
Operating income margin,%	22.3%	21.6%	0.7 p.p
Credit loss level, %, in relation to PAD volume	1.7%	0.9%	0.8 p.p
Adj. Credit losses R12, %	1.4%	1.2%	0.2 p.p

## PAD volume, SEKm



## Payment balance<sup>3)</sup>, SEKm



1) Comparative figures have been adjusted

2) Adjusted for revaluations and impairments of the credit portfolio in the period and renegotiated SRG contracts and change in credit model during the comparison period

3) Refers to lending to the public withing Payment Solutions

# DIGITAL BANKING SERVICES – STABLE INCOME MARGINS

## Comments

- **Decline in loan book** due to reduced marketing of loans
- Numerous initiatives to stabilize the trend:
  - Proactively offering top-ups
  - Improved customer communication
- **Credit losses increased** due to model revisions and increased provisions, impact SEK 1.4m. The comparison period were affected by a revised credit model, decreasing credit losses with SEK 3.4m

## Key figures, SEKm

SEKm, unless otherwise stated	2022 Oct-Dec	2021 Oct-Dec	Δ
Total income	17.6	19.3	-9%
Credit losses	-8.0	-3.3	142%
Adjusted credit losses <sup>1)</sup>	-6.6	-6.7	-1%
Total income after credit losses	9.6	16.0	-40%
Lending to the public	879	1,060	-16%
Operating income margin, %	7.9%	7.2%	0.7 p.p
Credit loss level, %, of average lending to the public	3.6%	1.2%	2.4 p.p
Adj. Credit losses R12, % <sup>1)</sup>	2.4%	2.0%	0.4 p.p

## New lending, SEKm



## Lending, SEKm



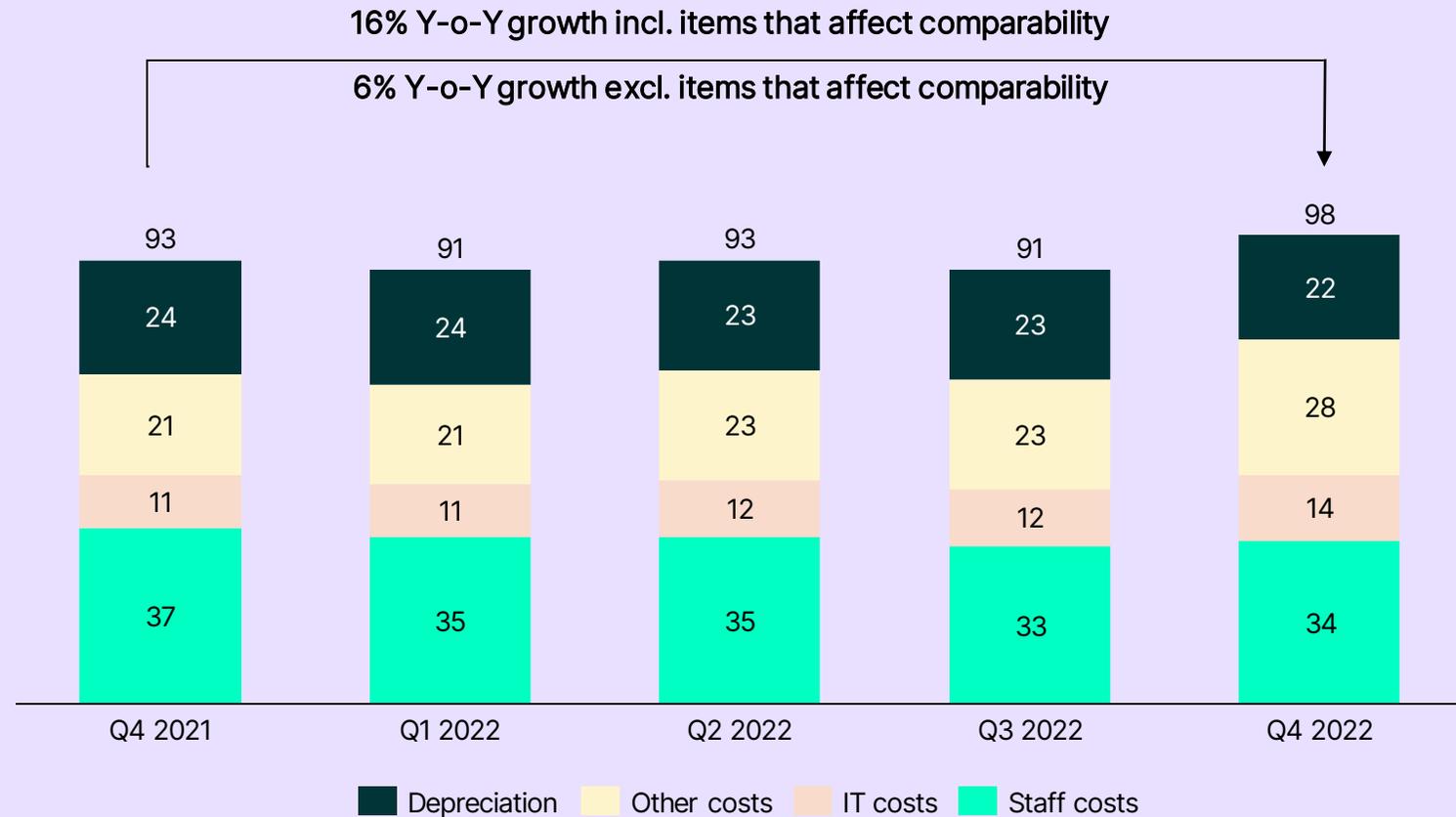
1) Adjusted for model revision and increased provisions in accordance with IFRS 9. The comparison period were affected by a revised credit model.

# UNDERLYING COST TEMPORARILY INCREASE WITH 6%

## Comments

- **The last quarter of IAC connected to the Profitability program** – A total of 28m invested in Q4
- **Positive VAT return for 2020 and 2021** – reduced IAC with 10.3m in the quarter
- **Temporary underlying cost hike explains the 6% opex growth** – Not classified as IAC, made to further speed-up the acceleration and transformation of Qliro to reach profitability in 2023.

## Cost development, SEKm<sup>1</sup>



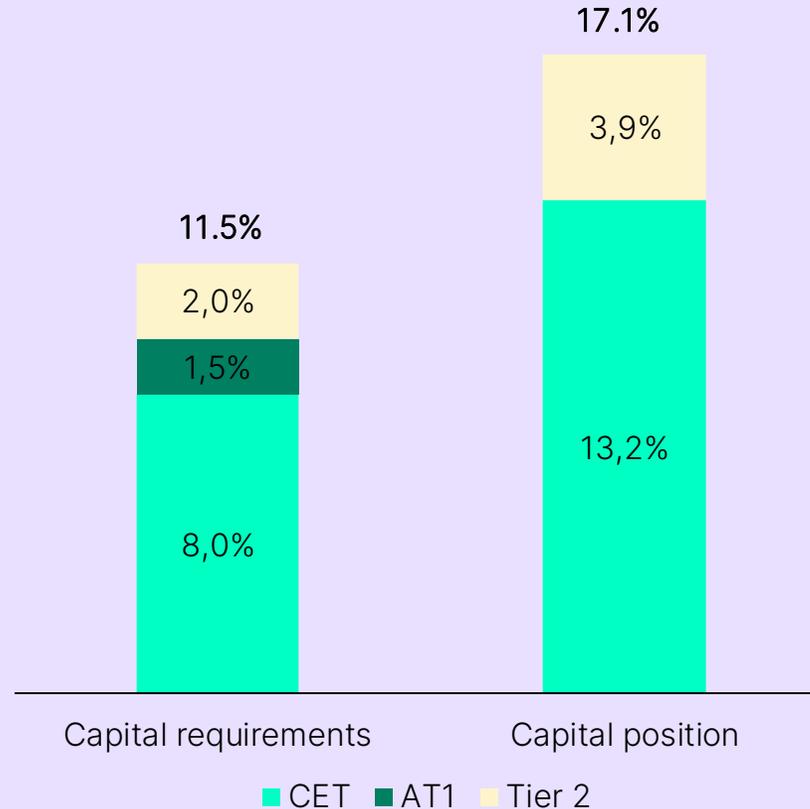
1) Excluding items affecting comparability

# CAPITAL AND LIQUIDITY

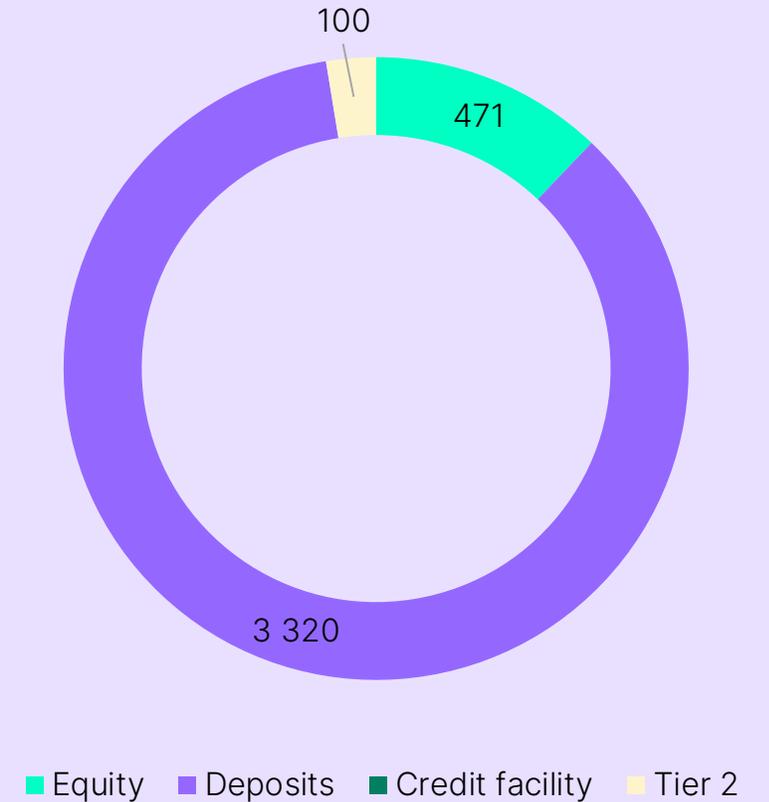
## Comments

- Capital headroom of 5,1% or 145m towards regulatory requirement
- Solid liquidity position with an LCR above 200% and NSFR above 125%.
- Lending to the public primarily financed through deposits in Sweden and Germany combined with a multicurrency credit facility

## Capitalization



## Financing mix, SEKm



# LOOKING AHEAD

- Remained focus on improving our operational efficiency
- Continue to develop enterprise and SME-offering
- Execution of our digitalization initiatives
- Once through with the profitability measures during the spring, long-term financial targets will be defined

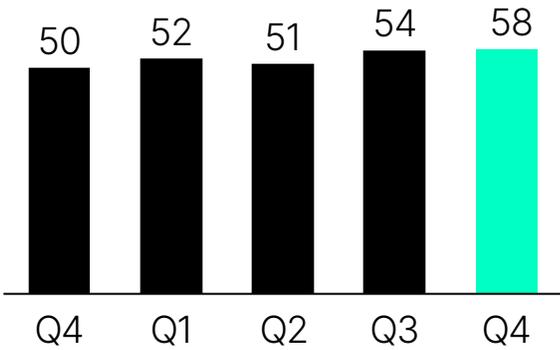


# Q&A

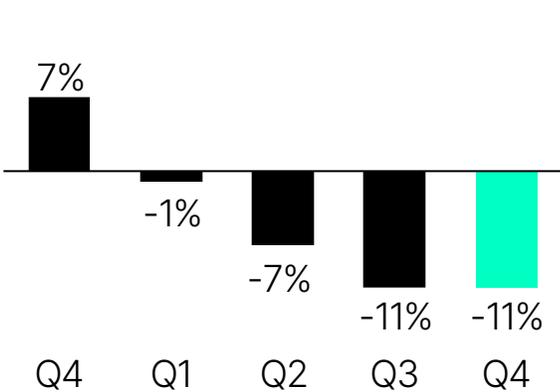
# APPENDIX

# Q4 PERFORMANCE SUMMARY - KEY FIGURES

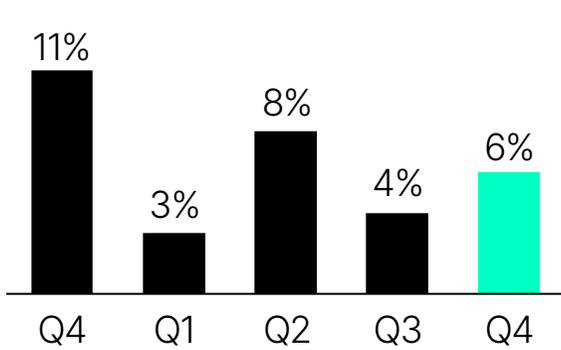
## Merchants [#]



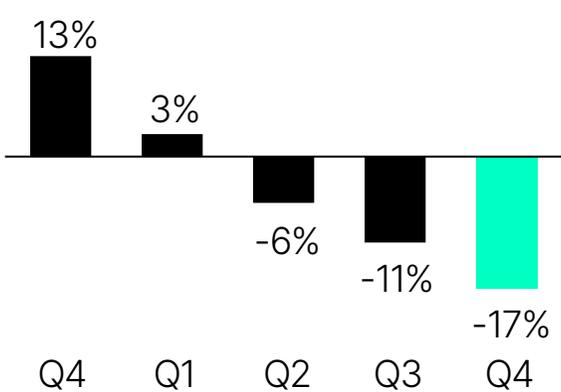
## PAD Volume [% YoY]



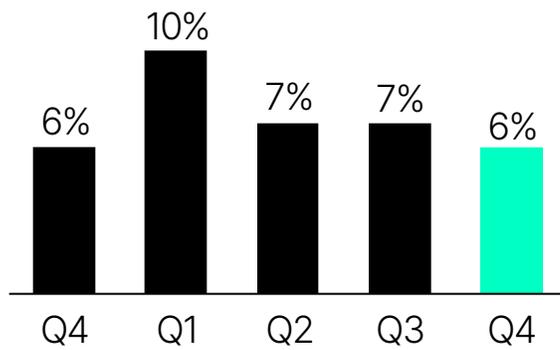
## Payments Balance [% YoY]



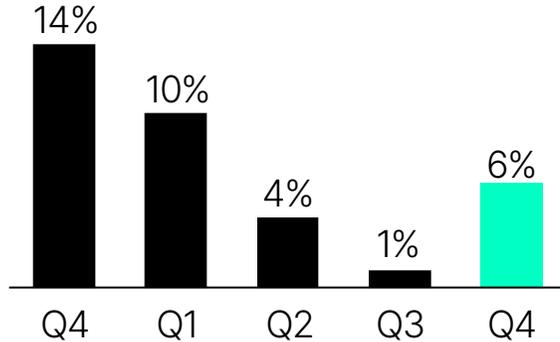
## Loan Balance [% YoY]



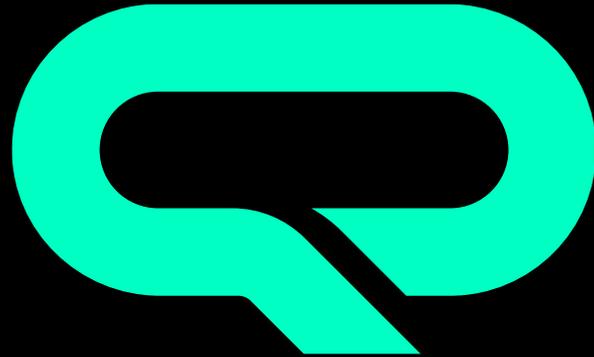
## Income Growth [% YoY]



## Cost growth, ex IAC [% YoY]



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