

Qliro presentation

CEO Carolina Brandtman and CFO Robert Stambro

18 November 2020



Qliro is a next generation fintech company focused on digital payments

Examples of providers in the digital payment value chain (not exhaustive)

Online checkout solutions

Digital native

QLIRO Klarna. **adyen** stripe

Traditional sales finance providers

SVEA Resurs Bank collector bank

Pay-after-delivery products

Digital native

QLIRO Klarna. afterpay 

Traditional sales finance providers

SVEA Resurs Bank collector bank

Direct payment options

 **Trustly**  swish® 

 **PayPal**  **VISA** **AMERICAN EXPRESS**

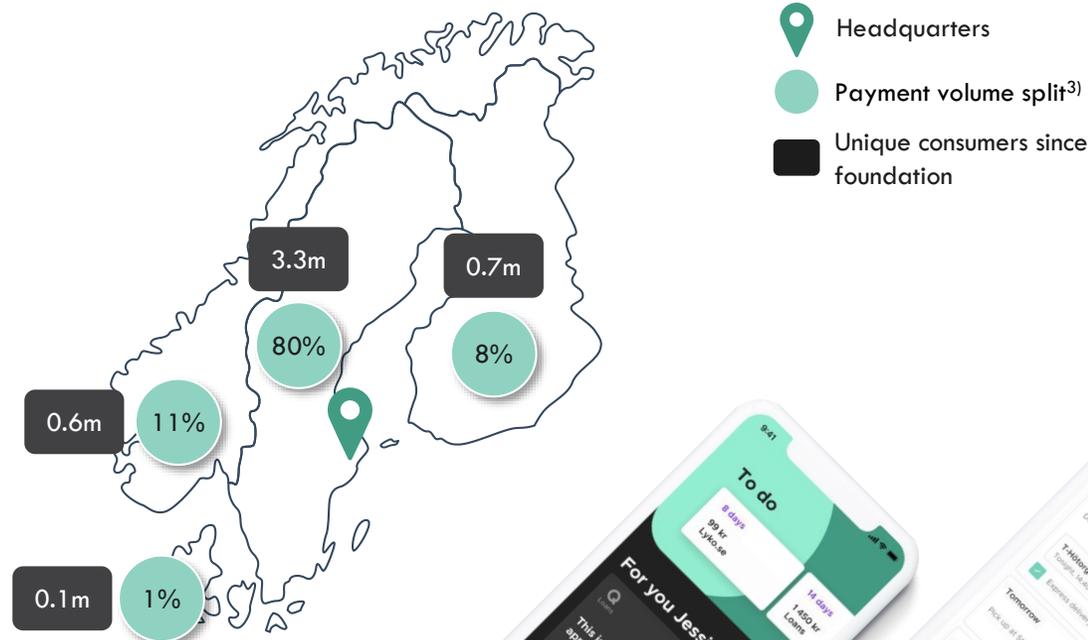
Payment processing

adyen **iZettle**  Square

stripe **nets**  **bambora** 

Fast growing tech company offering payment solutions and digital banking services on a modern platform

- Business powered by data collection and analytics from millions of payment transactions and consumer interactions on Qliro's platform
- True understanding of the needs among large- and mid-sized merchants and consumers has been the strength of Qliro since it was founded
- Based in Stockholm, Qliro is active on four markets and employs ~200 FTEs, of which ~70 FTEs within tech and product development
- Payment solutions available across the Nordics and personal loans currently only in Sweden



Active consumers¹⁾

2.3 m

Transactions²⁾

6.5 m

Payment volume³⁾

5.8 bn

Revenue⁴⁾

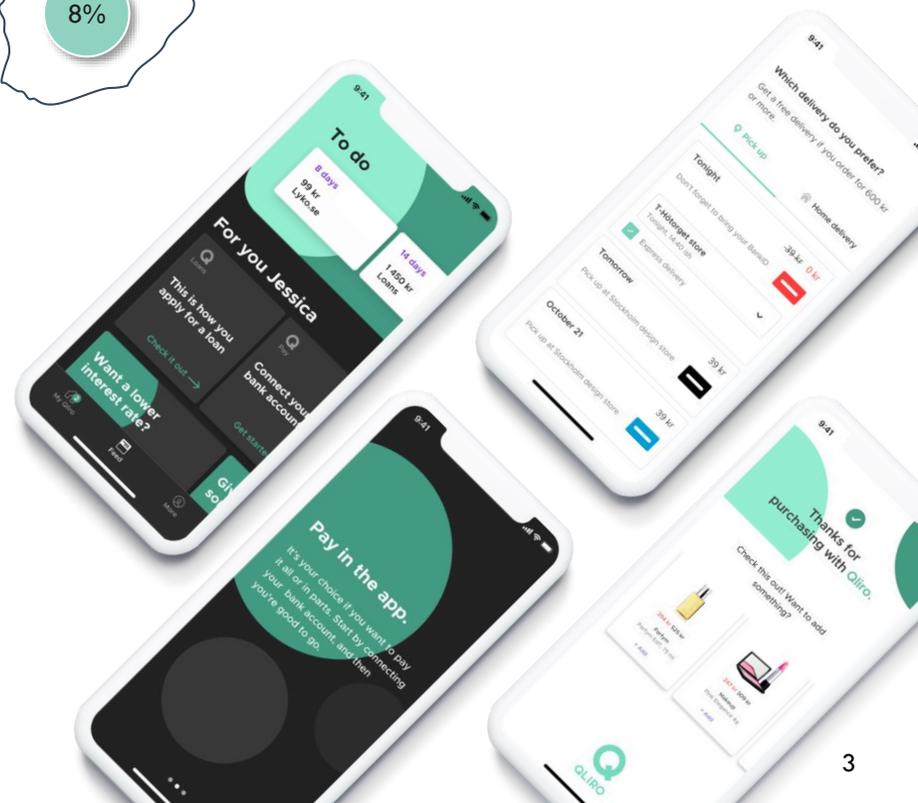
367 m

Revenue growth⁵⁾

13%

Largest owners⁶⁾

Rite Ventures: **25.8%**
Sampo Group: **9.8%**
(through Mandatum Life)



Qliro offers payment solutions that simplify online shopping

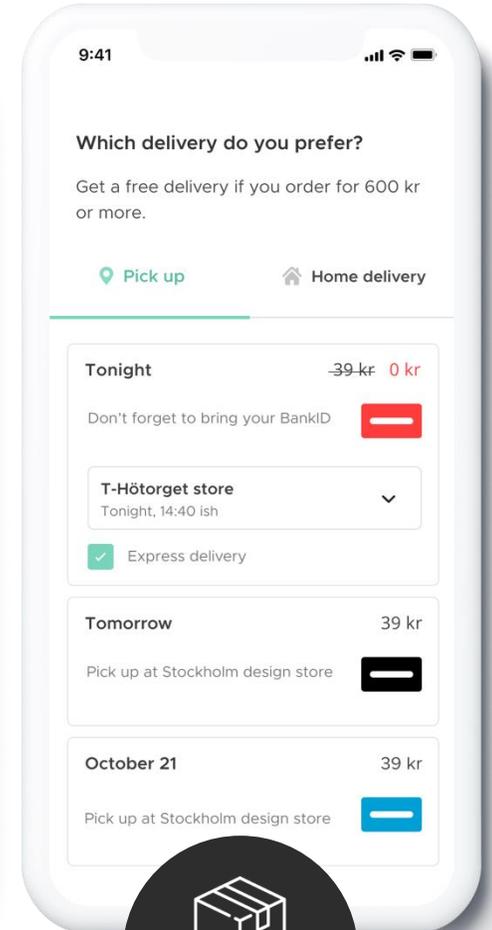
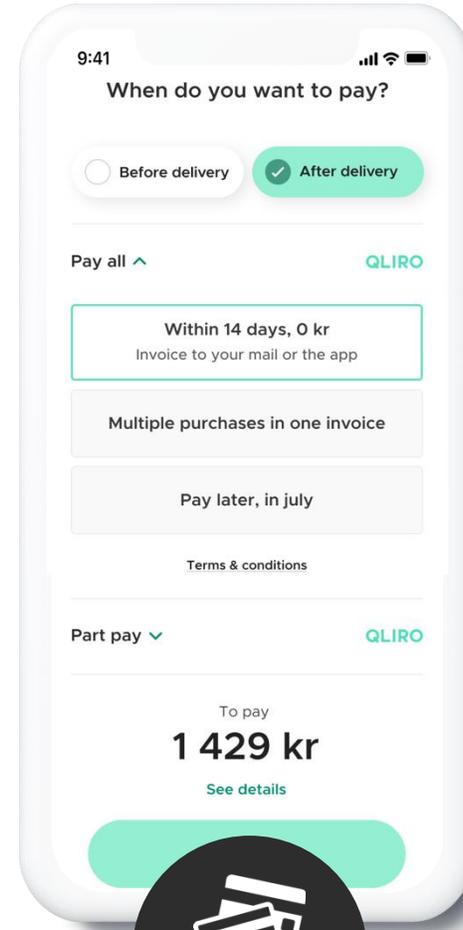


Qliro's pay-after-delivery offering

Invoice	14 days from purchase to payment
"Buy Now Pay Later"	Payment due date up to 90 days
Part Payment	Fixed and Flexible part payment

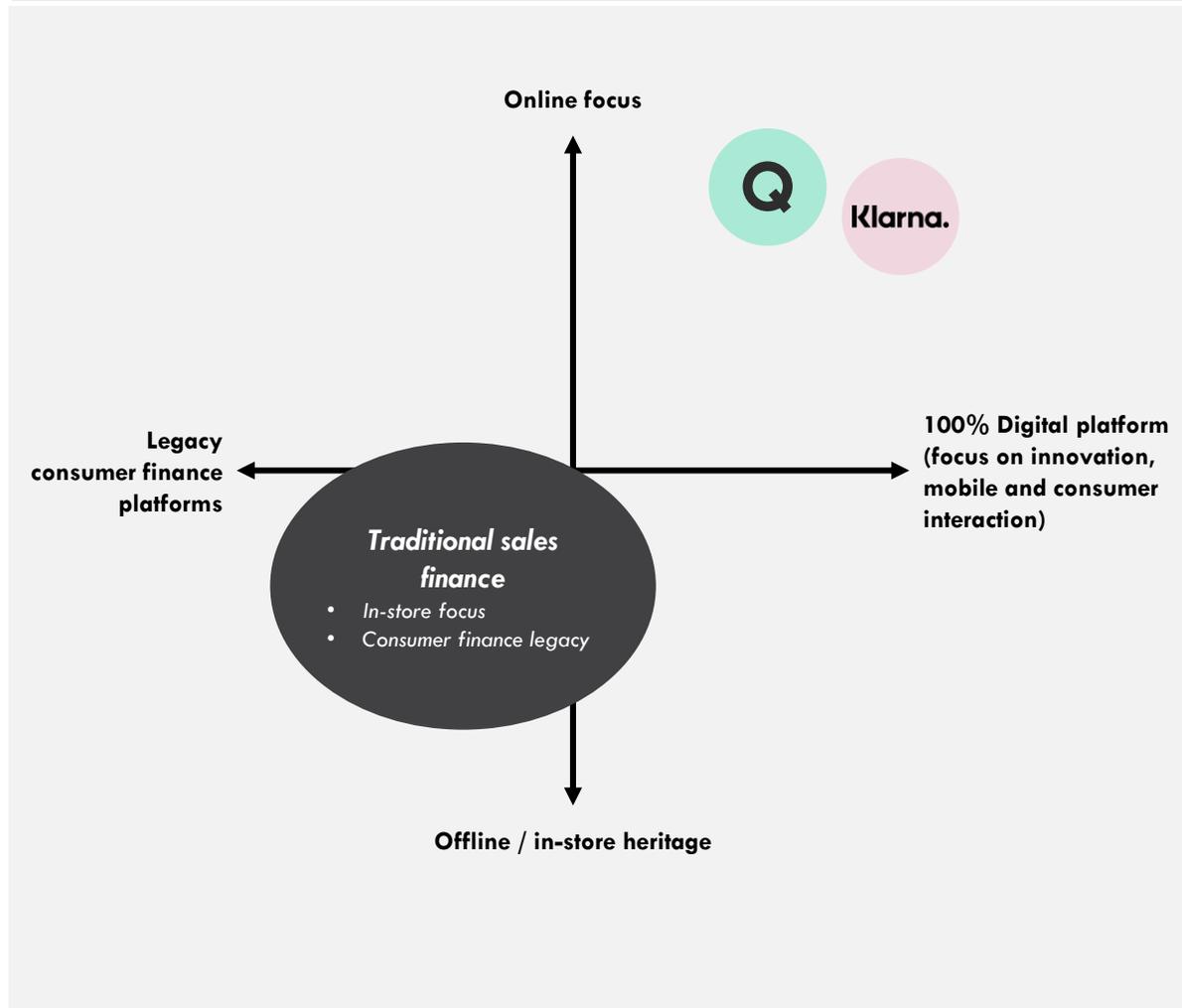
Direct payment offered through partnerships

Card	  
Direct from bank	 Trustly
PayPal	



Two digital native companies with focus on innovation and online consumer interaction

Qliro and Klarna's digital payment platforms...

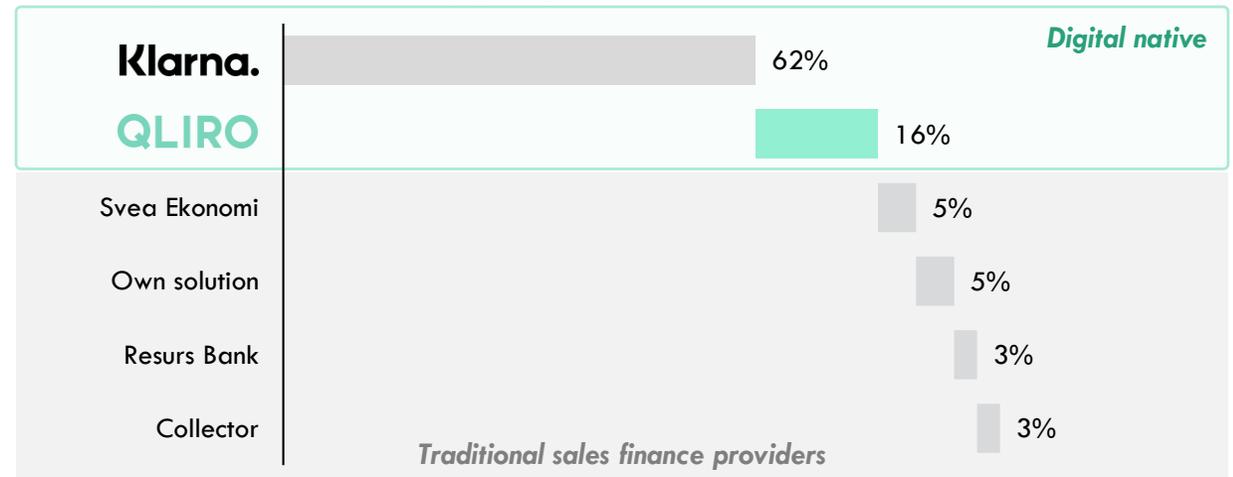


...are fundamentally different compared to traditional sales finance...

- ✓ Digital native with focus on innovation, mobile and consumer interactions
- ✓ Significant investments in technology
- ✓ No legacy in platform and business model
- ✓ Strong team of data scientists and data engineers across the organizations

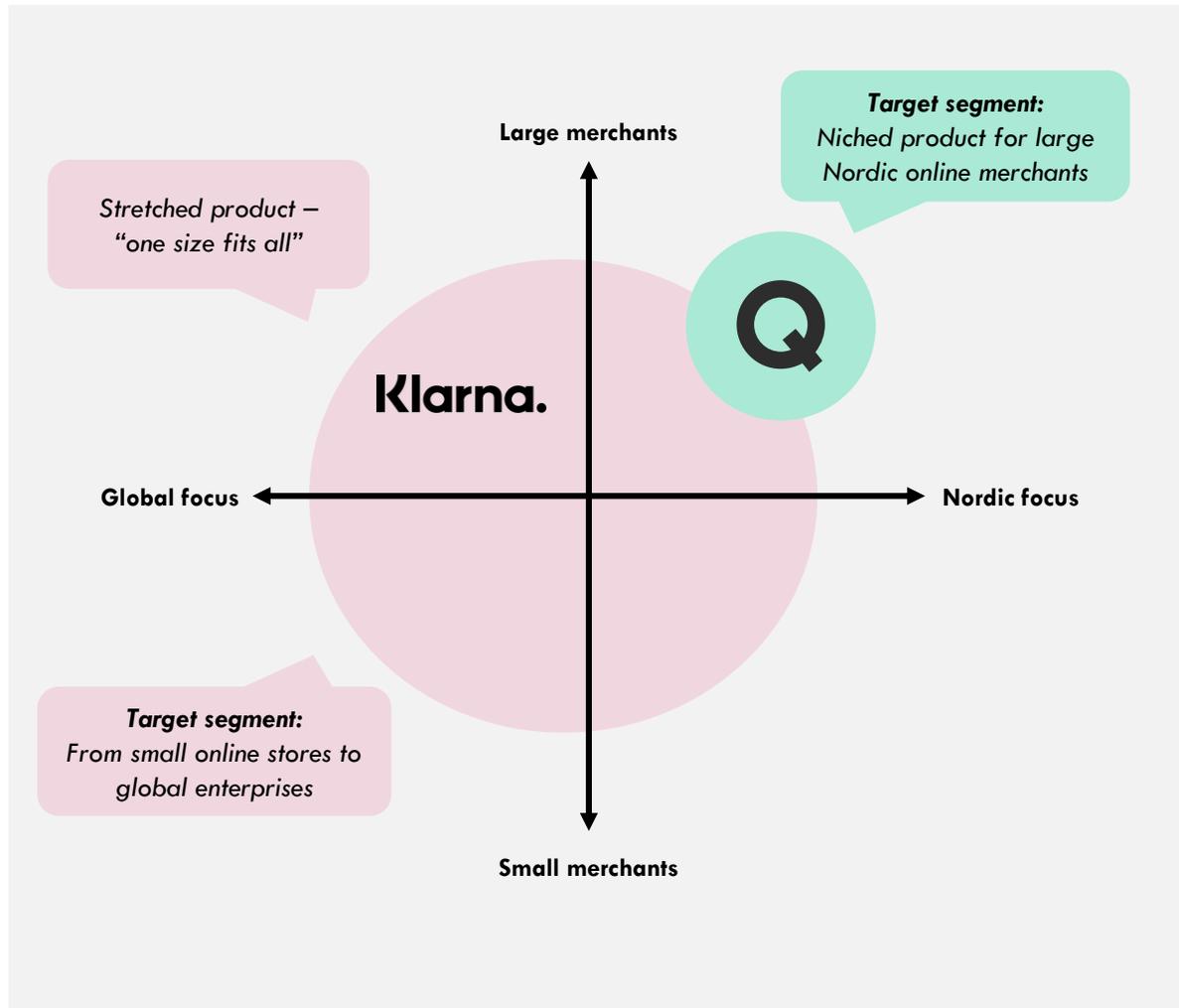
...and hold ~80% of top 100 Swedish e-retailers of physical goods

Share of top 100 Swedish e-retailers of physical goods¹⁾



Why Qliro is winning merchants from Klarna

Well-defined market position with focused strategy



Qliro key success factors

- ✓ Not for everyone - clear focus on large local Nordic merchants
- ✓ Deep understanding of e-commerce and actual business specific needs
- ✓ Payment partner – not provider
- ✓ Strong integration, flexibility and customization capabilities
- ✓ Dedicated support and solutions team

LYKO

"Qliro is a flexible and responsive partner who helps us improve our customer journey and profitability."

Rickard Lyko, CEO

eleven

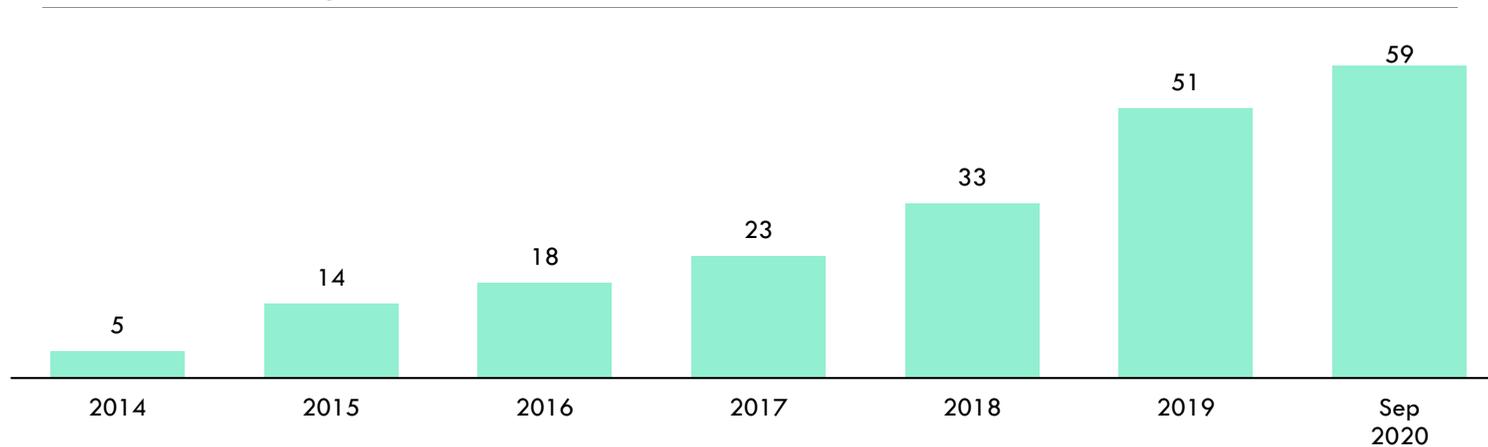
"Qliro is an established partner who understands our challenges and gives us the attention needed to strengthen our entire business."

Pernilla Barkman, CEO

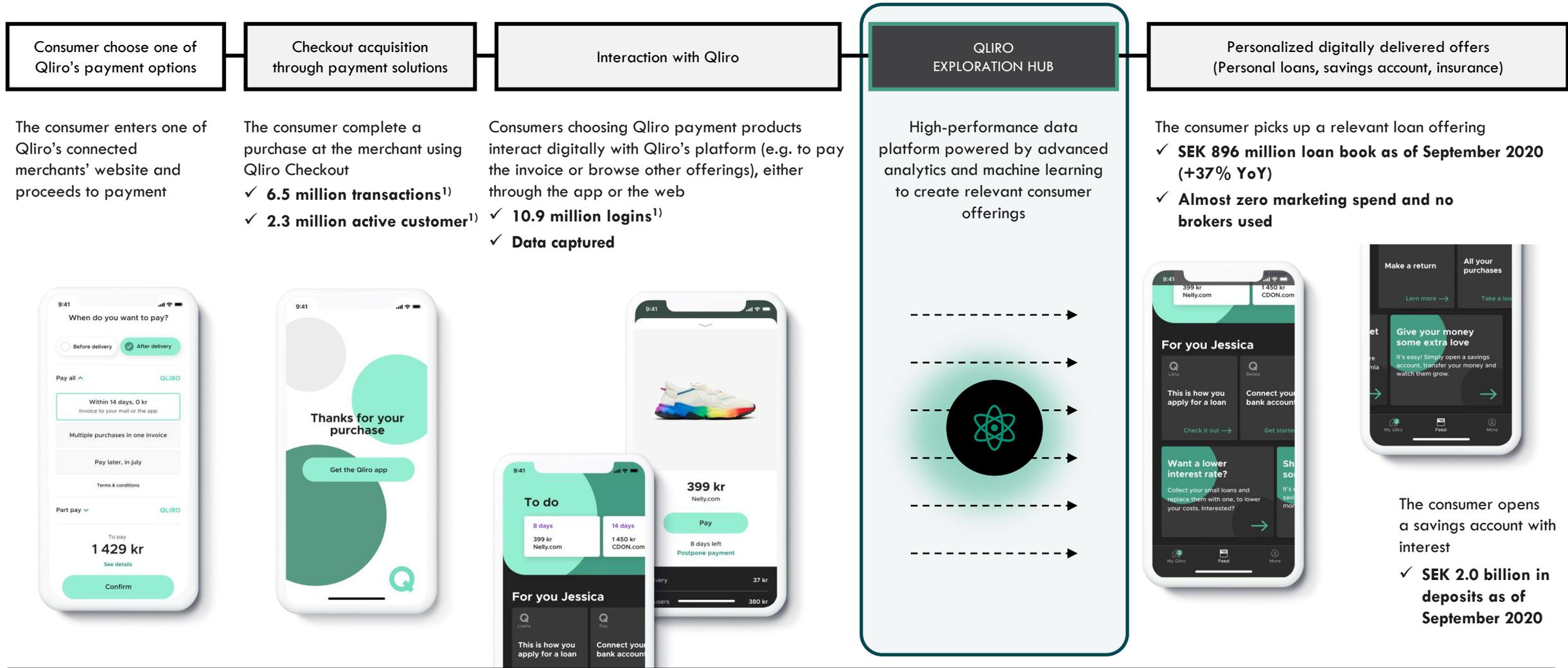
Some of Qliros partnerships



Number of signed merchants



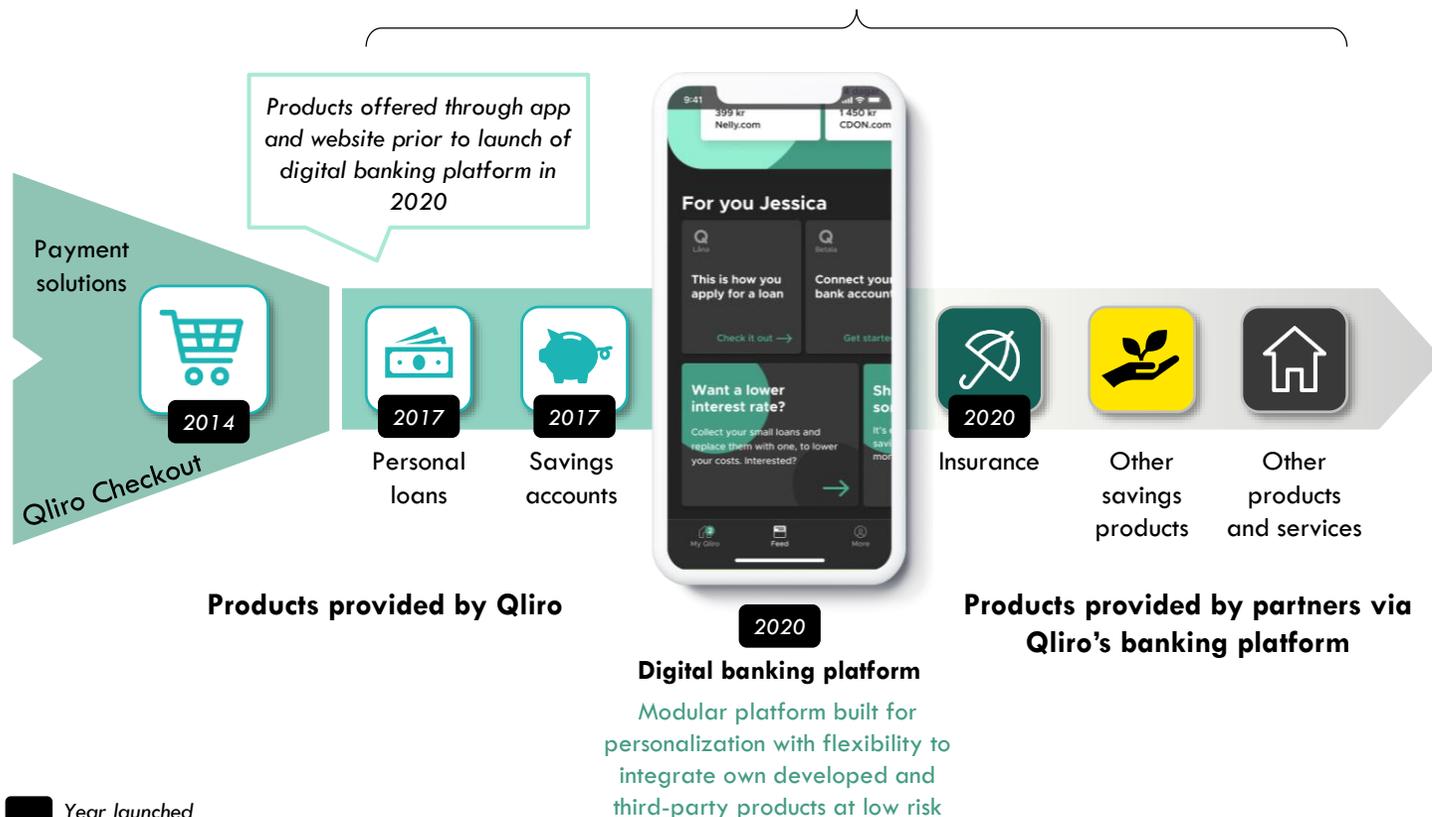
Qliro's platform enables interactions and cross-selling



Digital banking platform enables partnership with third-party services to create consumer relevance

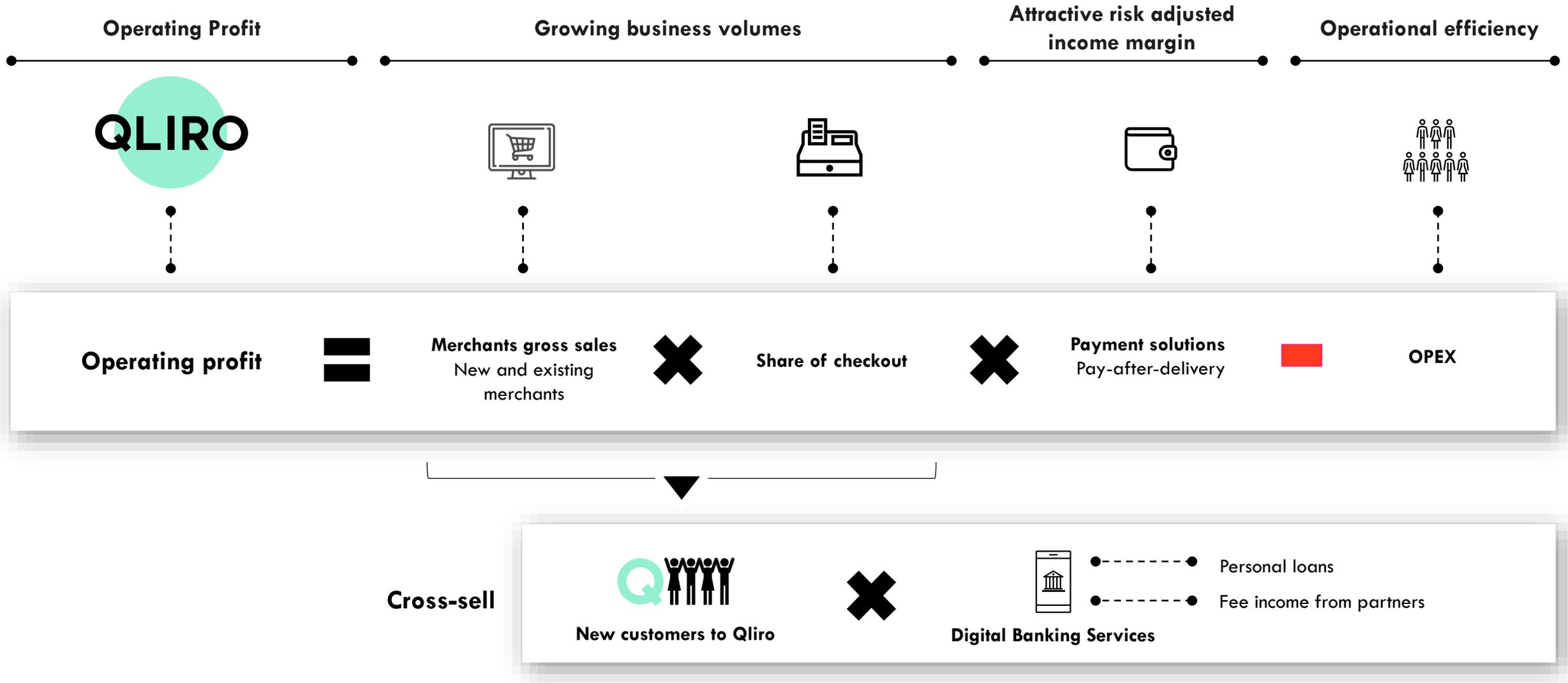
Illustrative

Cross-selling of value added products and services



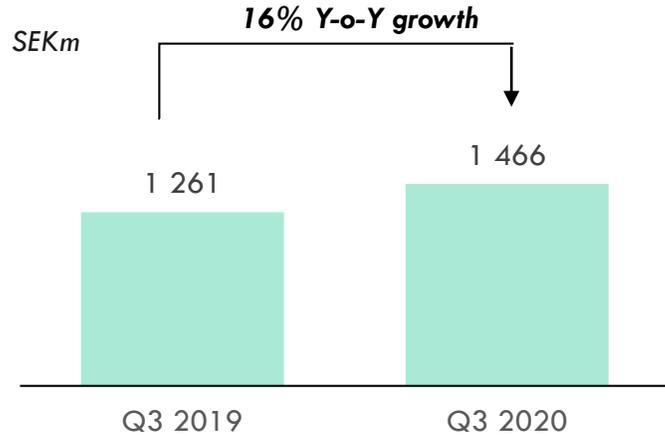
- Qliro is an enabler for fintech companies with strong customer value propositions to **leverage Qliro's already existing customer base** for distribution
- **Proof of concept** with new insurance product launched in 2020 that provides an overview and easy comparison of insurances for Qliro's customers
- **Low risk and asset light model** – focus on fee income, not building balance sheet

Operating leverage on platform scaled to support profitable growth

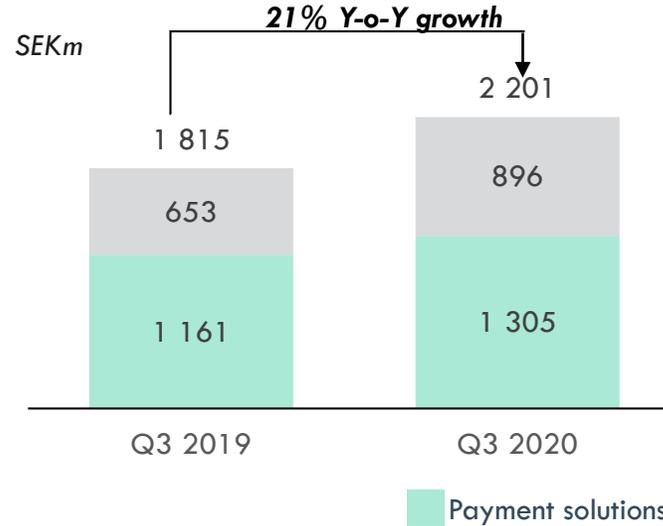


Financial snapshot Q3 2020

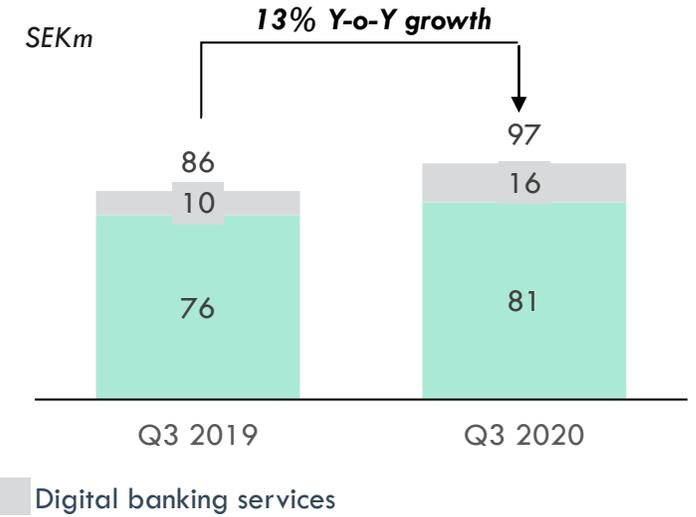
PAD volume



Lending to the public



Total operating income



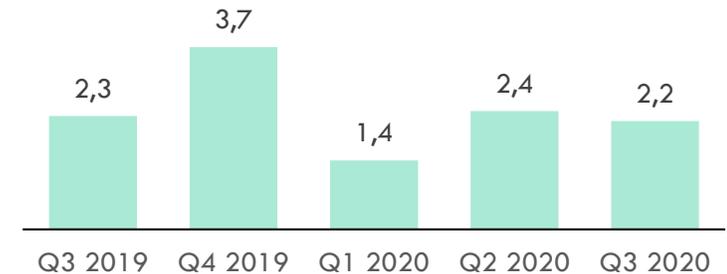
Cost development SEKm



Adj. PAD losses in relation to PAD volumes, %*



Adj. loan loss level, personal loans, %*



Summary

- Fast growing payment company with a purpose-built platform based on a deep understanding of merchant and consumer needs
- #1 challenger to Klarna for large merchants in the Nordics
- Unique opportunity to expand digital banking services and continue grow cross-selling on large and high-quality database
- Strong momentum in signing new merchants through highly successful commercialization of payment offering
- Organization and platform scaled to support profitable growth. Income growth to exceed cost growth

Appendix/Q3 Financials

November 2020



Q3

HIGHLIGHTS

NASDAQ LISTING – 2ND OF OCTOBER

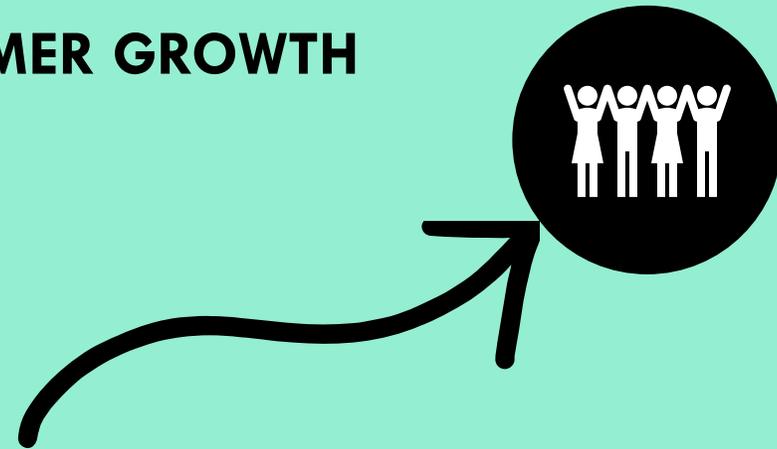
Q3
HIGHLIGHTS



Q3

HIGHLIGHTS

CUSTOMER GROWTH



- Growth of number of active customers with **>200k Q2+Q3**
- **2,3m** active customers

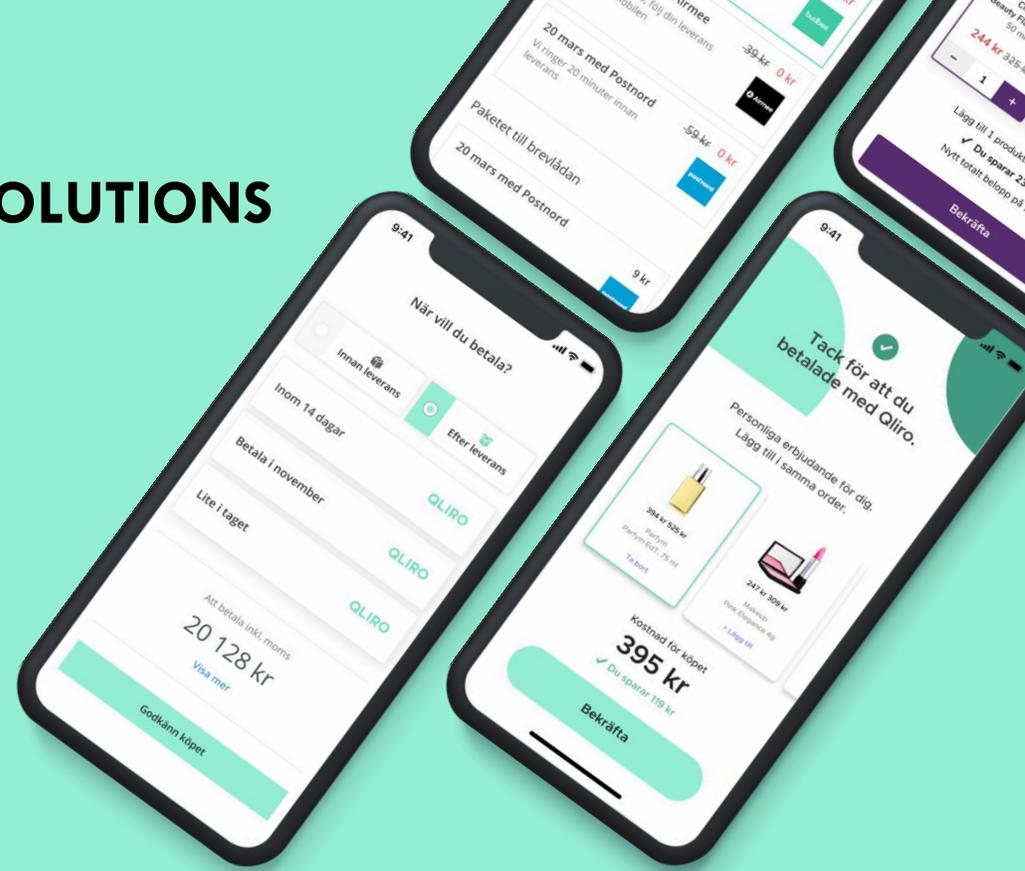
NEW App Q1 - Success

- One of the most downloaded apps in its category with **4.4** rating
- **8,3m** customers log-ins YTD - growth of **30%**

Q3

HIGHLIGHTS

PAYMENT SOLUTIONS

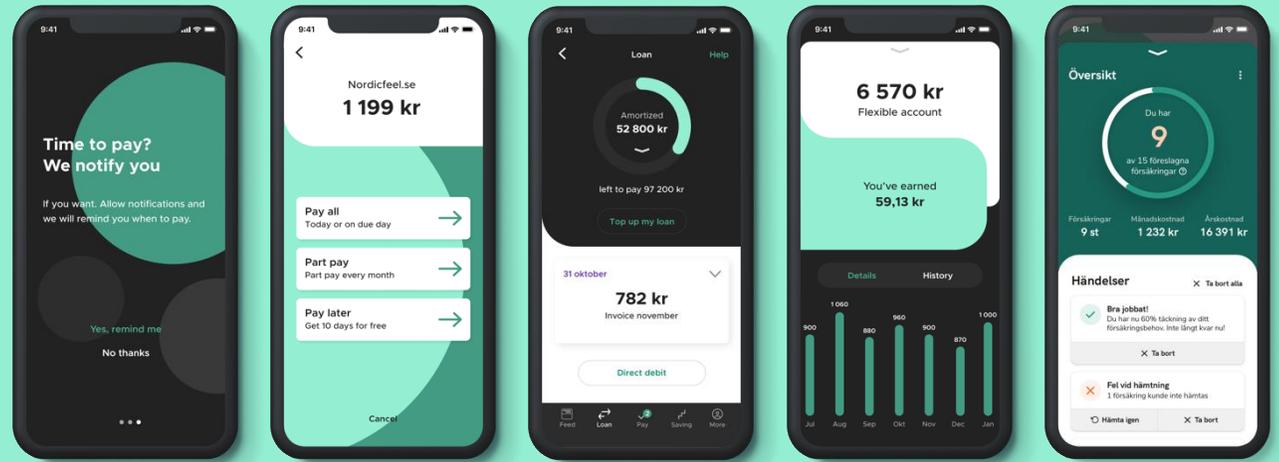


- Many of our partner merchants are experiencing a **strong growth**
- Growth of **32% YoY** in number of pay-after-delivery transactions
- **Strongest volume growth 16% YoY** since late 2018

Q3

HIGHLIGHTS

DIGITAL BANKING SERVICES



- **High growth rate** YoY within personal loans though at slower rate than pre covid-19

Qliro – more restrictive
in our lending

Dampening demand
since March/April

We still see good potential to continue to grow lending but important to do so with the right level of credit risk, given the uncertain economy

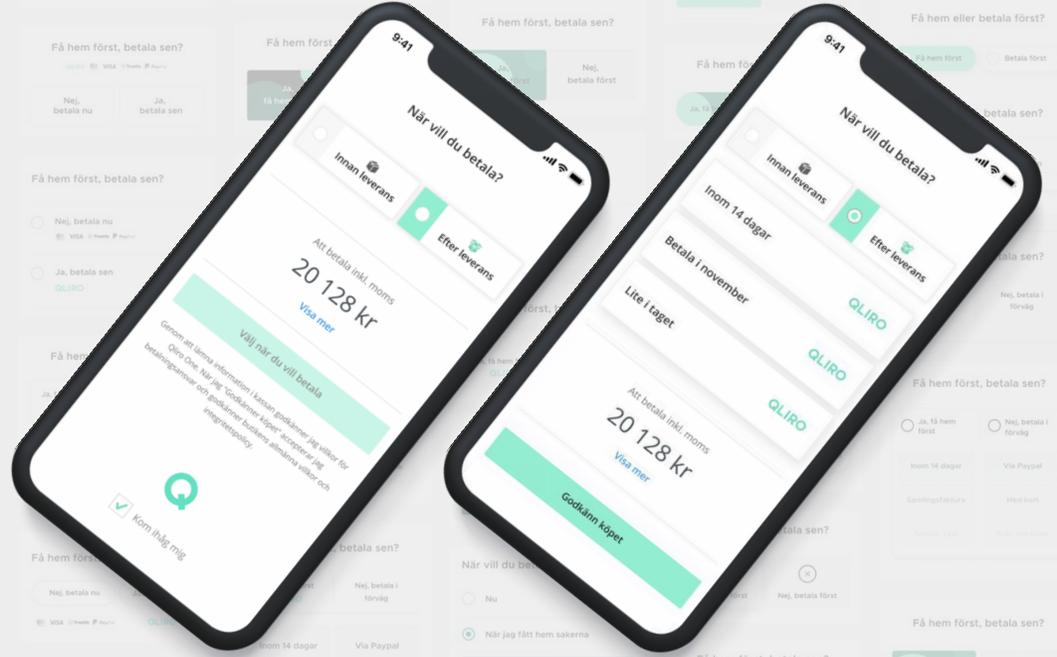
- **No** general signs of reduced ability to pay from consumers

NEW CHECKOUT LEGISLATION SWEDEN

Q3

HIGHLIGHTS

- Customer centric approach with +120 variations tested
- New checkout that is **easy and intuitive to use**
- **Good results** from new checkout design



Consumers continues to make informed decision on which payment method they prefer to use

Payment solutions – income growth from commercial execution

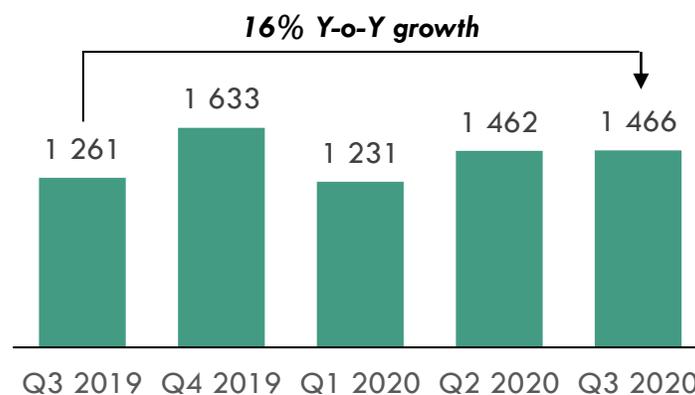
Comments

- **Strongest volume growth** experienced in almost two years, +16%
- **Income momentum picking up -** growth at 7%, despite some headwind from Finnish regulation in 2019. Highest income growth in over a year
- **Continued higher provisioning** for worsening macro (0.9 MSEK in Q3 and 5.2 MSEK YTD 2020). No deterioration in underlying credit quality. Lower loan loss level than withdrawn guidance of 1,25%

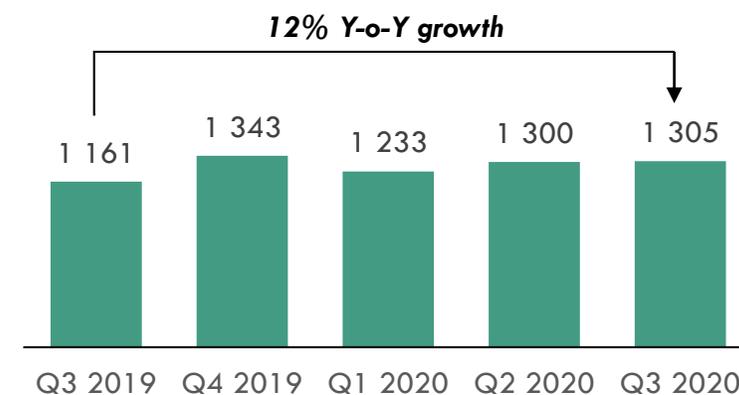
Key figures

SEKm	Q3 20	Q3 19	Change Y/Y
Total operating income	81	76	+7%
Loan losses	18	7	
Lending to the public	1 305	1 161	+12%
PAD volume	1 466	1 261	+16%
Operating income margin	25.0%	26,3%	
Loan loss level, % of volumes	1.2%	0,6%	

PAD volume, SEKm



Lending, SEKm



Digital banking services – continued growth but at a lower level

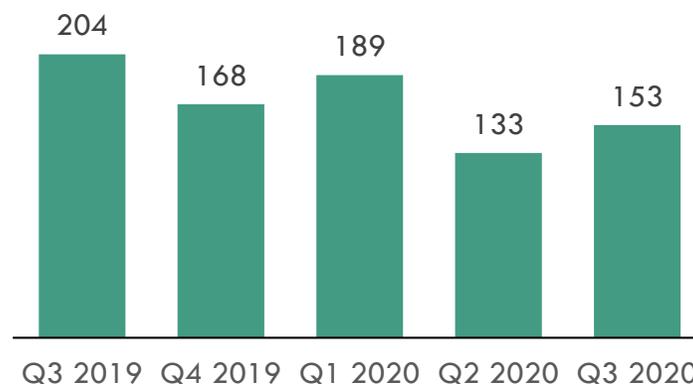
Comments

- **Stricter underwriting and dampened demand since Covid-19.** Growth in lending 37% YoY and 5% QoQ
- Total operating income 59% grows faster than lending driven by **higher operating margins**
- **Continued higher provisioning** for worsening macro given covid-19 (0.5 MSEK Q3 and 3.7 MSEK YTD). No deterioration in underlying credit quality. Lower loan loss level than the withdrawn guidance of 2,5%

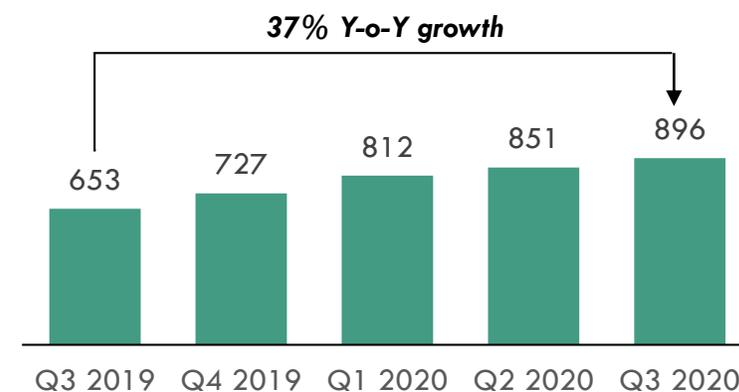
Key figures

SEKm	Q3 20	Q3 19	Change Y/Y
Total operating income	16	10	+59%
Loan losses	5	3	+55%
Lending to the public	896	653	+37%
Operating income margin, %	7.2%	6.8%	+0.4 pp
Loan loss level, % of average lending	2.4%	2,3%	

New lending, SEKm



Lending, SEKm

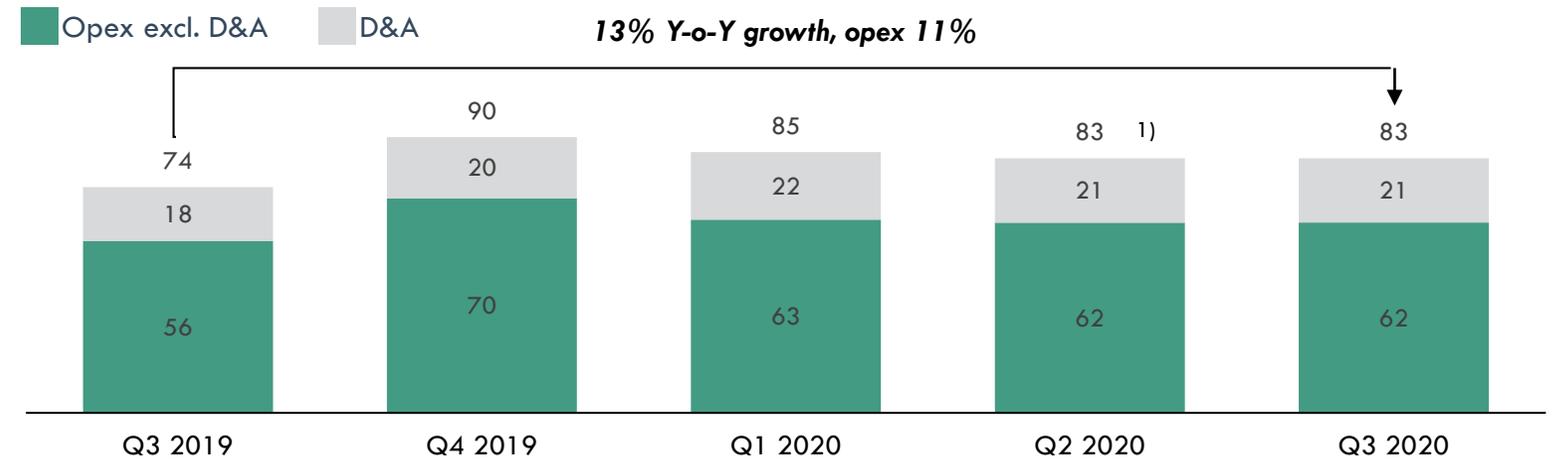


Stable cost development in 2020

Comments

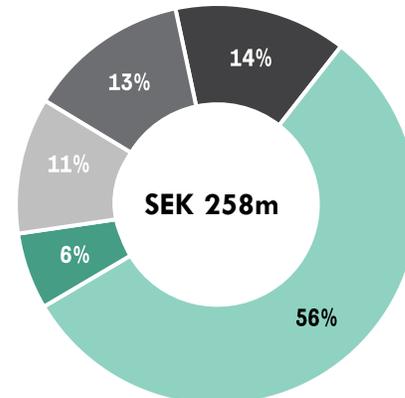
- **Stable cost level** during 2020
- **Seasonality in cost** - Q4 driven by higher volumes but lower variance expected in 2020
- **Depreciations on a somewhat lower level** in Q3 driven by the impairment of 16m made in Q2

Cost development, SEKm



Opex breakdown

Opex breakdown LTM Q3, 2020



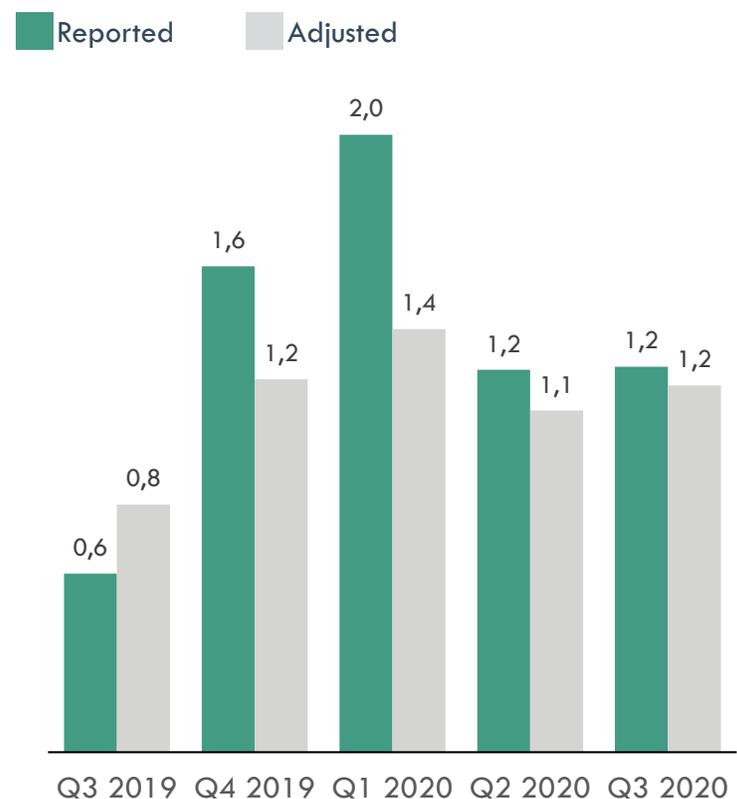
- 56% **Staff** - Salaries and social costs as well as other organizational costs
- 6% **Postage, print and marketing** - Mainly postage and print costs
- 11% **Other variable expenses** - Scoring and other transaction related costs
- 13% **Other fixed expenses** - Rent and other fixed expenses
- 14% **IT Expenses** - IT infrastructure, systems and consultants

Stable underlying credit quality

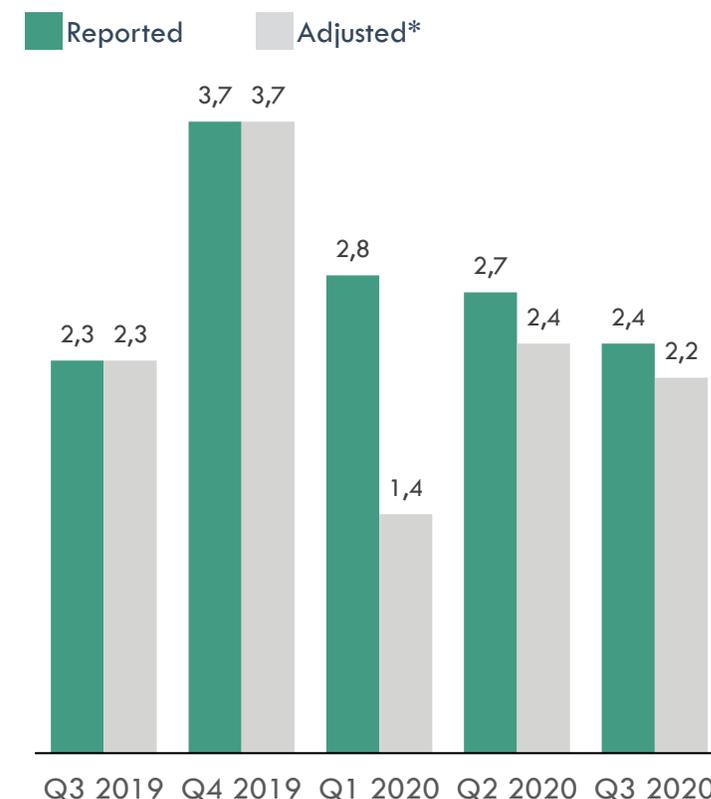
Comments

- **Clean balance sheet strategy** gives low remaining balance sheet risk - last market implemented in Q3 2019
- **PAD underlying credit quality stable and stable development in 2020**, Adjusted for ad-hoc portfolio sales and increased provisions due to covid-19, loss level is <1.25%, the withdrawn guidance
- **Improved underlying credit quality personal loans** – below previous withdrawn guidance of 2.5% although higher provisions due to covid-19

PAD losses in relation to PAD volumes, %



Loan loss level, personal loans, %



Positive trends becoming visible in Q3

Comments

- In accordance with our ambitions - **Income now grows faster than cost**
- **Income growth – 13% highest growth level since Q2 2019**
- **Positive trend in income and cost** when comparing the quarter development to YTD trend - shows the positive momentum in the business

Condensed income statement and volumes

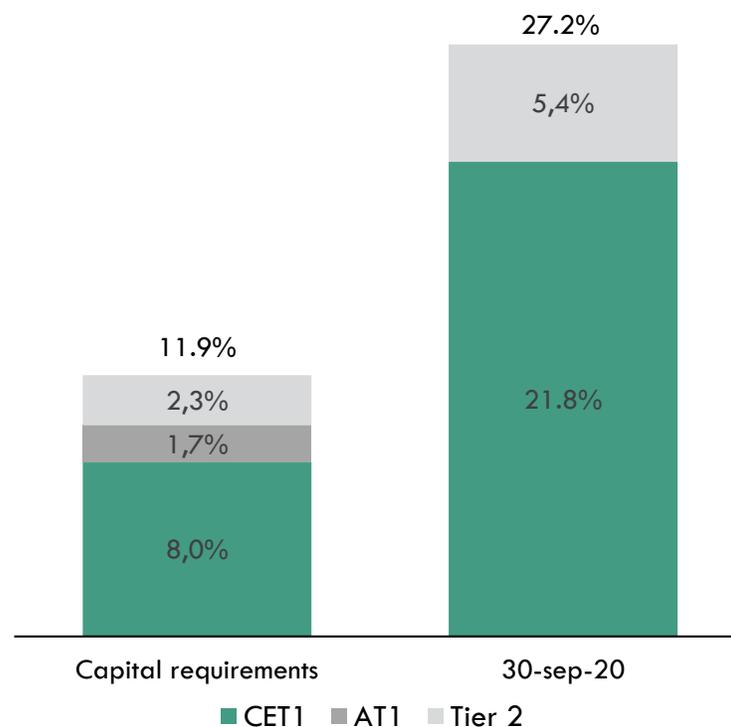
SEKm	Q3 2020	Q3 2019	Change Y/Y	YTD 2020 ¹	YTD 2019	Change Y/Y
Total income	97	86	13%	280	258	9%
Total expenses before loan losses	-83	-74	13%	-268	-212	26%
Net loan losses	-23	-11	-	-76	-42	83%
Operating profit	-10	1	-	-64	4	-
Lending to the public	2 201	1 815	21%	2 201	1 815	21%
PAD-volume	1 466	1 261	16%	4 159	3 692	13%

Capital position and funding platform for growth

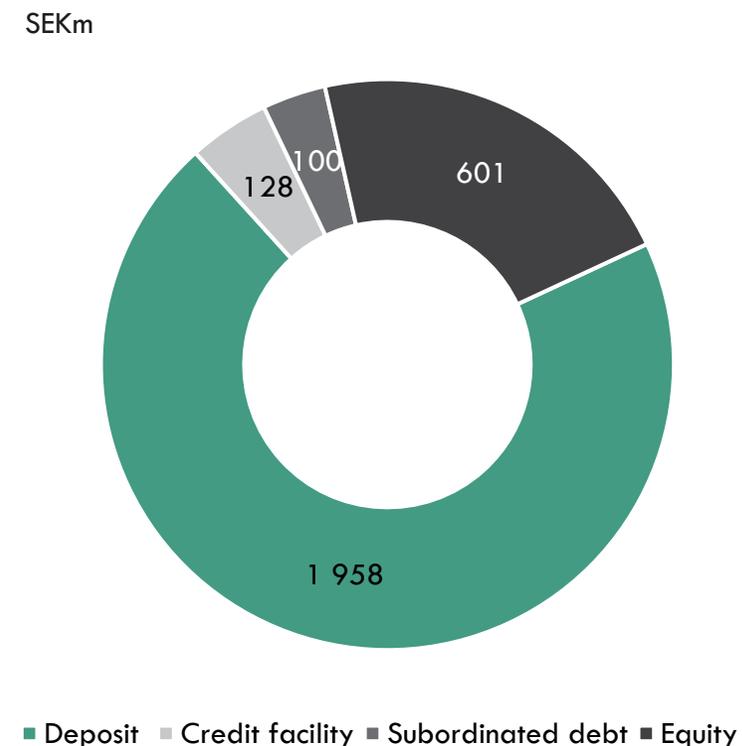
Comments

- **Well capitalised well above regulatory levels** - Injection of capital from share issue in Qliro Group, +125 SEKm in Q3
- **100m in lower capital requirements during 2020**
 - Changed method capital requirement for operational risk
 - Countercyclical buffers lowered
- **Diversified and suitable funding base** - EUR deposits launched in Germany in H1 20 provides additional funding source

Capitalisation, %



Funding split



Q4

FOCUS

- **Commercial execution - peak quarter**
- **Improve customer experience**
- **Continued focus on credit quality**
- **Cost control**
- **Income growth to exceed cost growth**

Appendix other

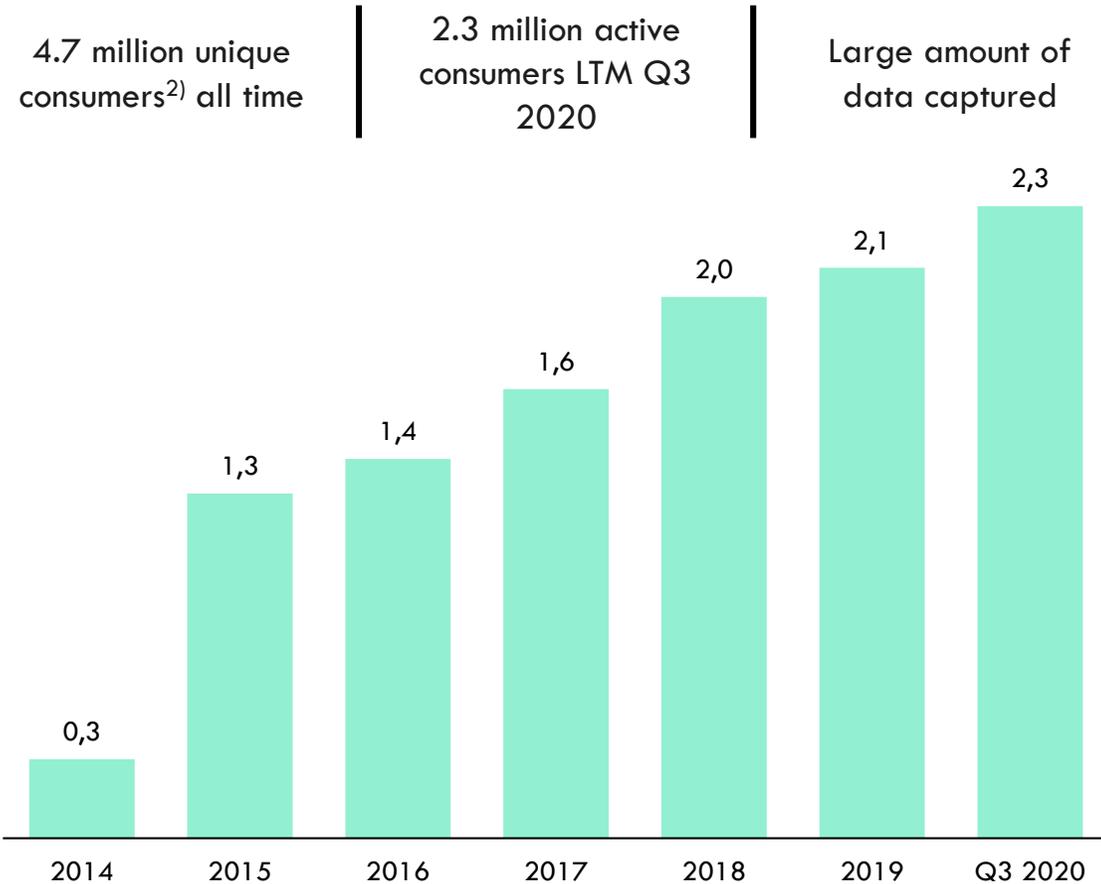
November 2020



Building relationships with millions of consumers

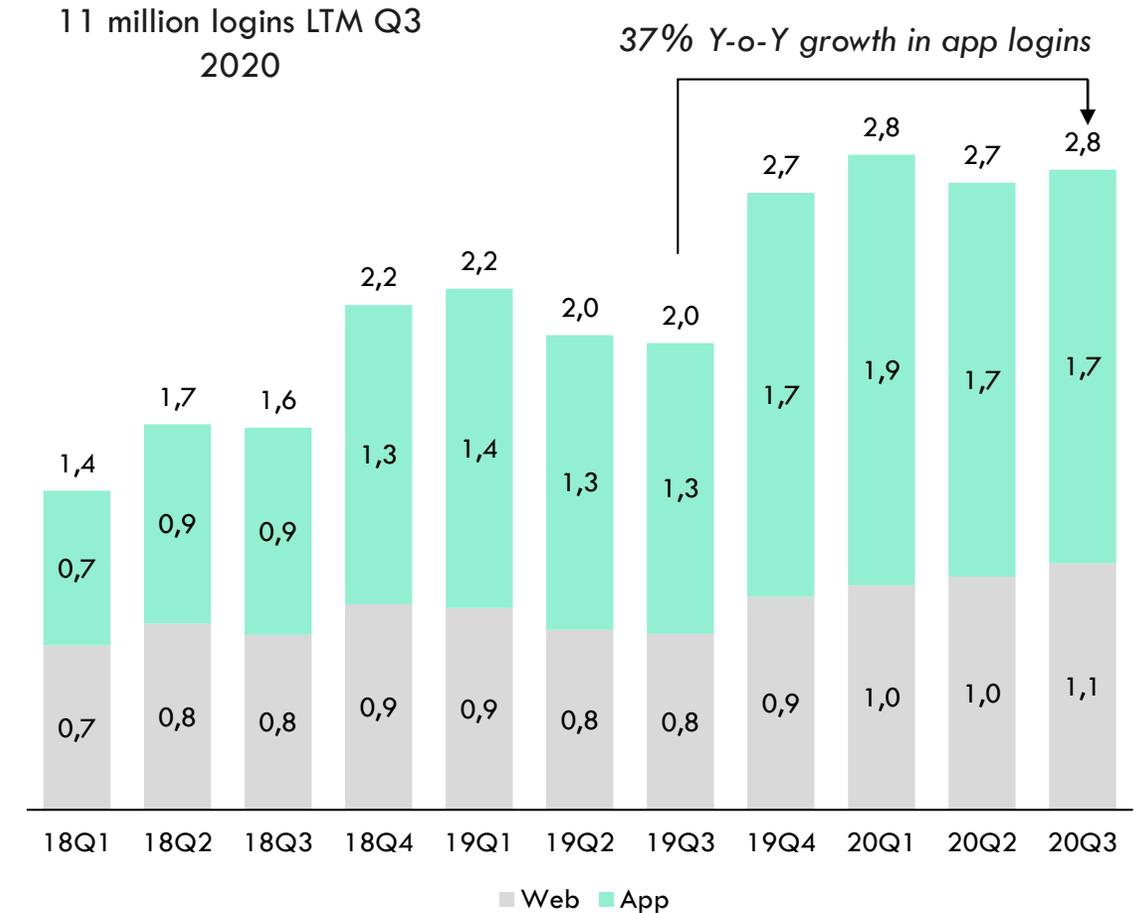
Large and growing database of active consumers...

Active consumers (million)¹⁾



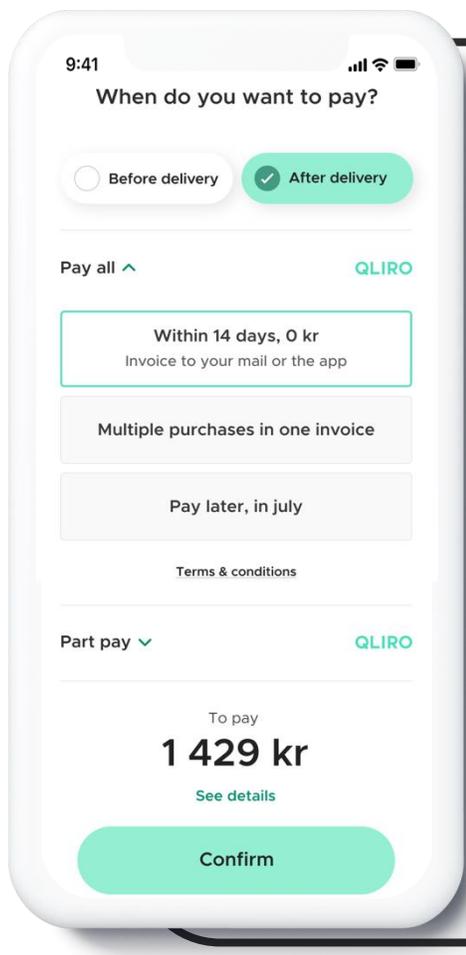
...with strong customer interaction

Number of web and app logins per quarter (million)



Qliro offers four popular payment options

Qliro's PAD products



Our products	Product specs	Consumer fees ¹⁾
Invoice	14 days from purchase to payment	<ul style="list-style-type: none">No fee from QliroPotential fee from merchants
Campaigns "Buy Now Pay Later"	Payment due date up to 90 days	<ul style="list-style-type: none">Setup fee: SEK 39
Part Payment	Pay in 3, 6, 12, 24 or 36 months	<ul style="list-style-type: none">Setup fee: SEK 95-395Admin fee: SEK 29Interest: No interest except 24 and 36 months (9.95%)
Flexible Account	Flexible long term payment From 50 SEK/month	<ul style="list-style-type: none">Admin fee: SEK 29Interest: 19.90%



Highly affordable and attractively priced private loans, primarily used for loan consolidation

Average borrower characteristics and method

Age 41	Annual income ~SEK 360k	Employment Permanent
Loan size ~SEK 78k	Duration 8.8 years ¹⁾	Interest rate ~8.5%
Information Internal and external	Pricing Risk based pricing	Reason Debt consolidation

Clean balance sheet strategy

Efficient risk management through clean-balance-sheet principle

- Loans generally sold shortly after being sent to debt collection
- Taking the final and full credit losses eliminates valuation matters from the balance sheet – resulting in a clean balance sheet
- Loans with net balance of SEK 7m as of Q3 2020 from prior to implementing clean-balance-sheet strategy



Efficient risk management



Keeps focus on core business

ILLUSTRATIVE

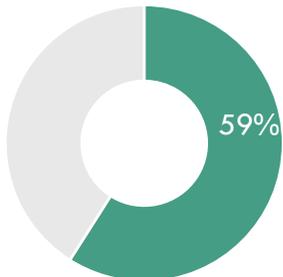


NPL strategy differs between products



PAD

Share of loan portfolio¹⁾



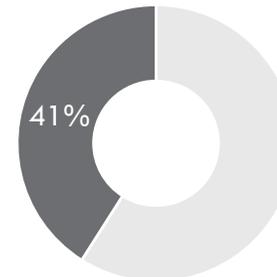
Qliro's collection strategy

- Sell NPLs on "solution rate guarantee" agreements
- Sold after 180 days at debt collection in Sweden, 90 days in other markets



PERSONAL LOANS

Share of loan portfolio¹⁾



Qliro's collection strategy

- Sell NPLs on forward-flow agreements
- Sold when sent to debt collection (c. 90 days past due)



QLIRO