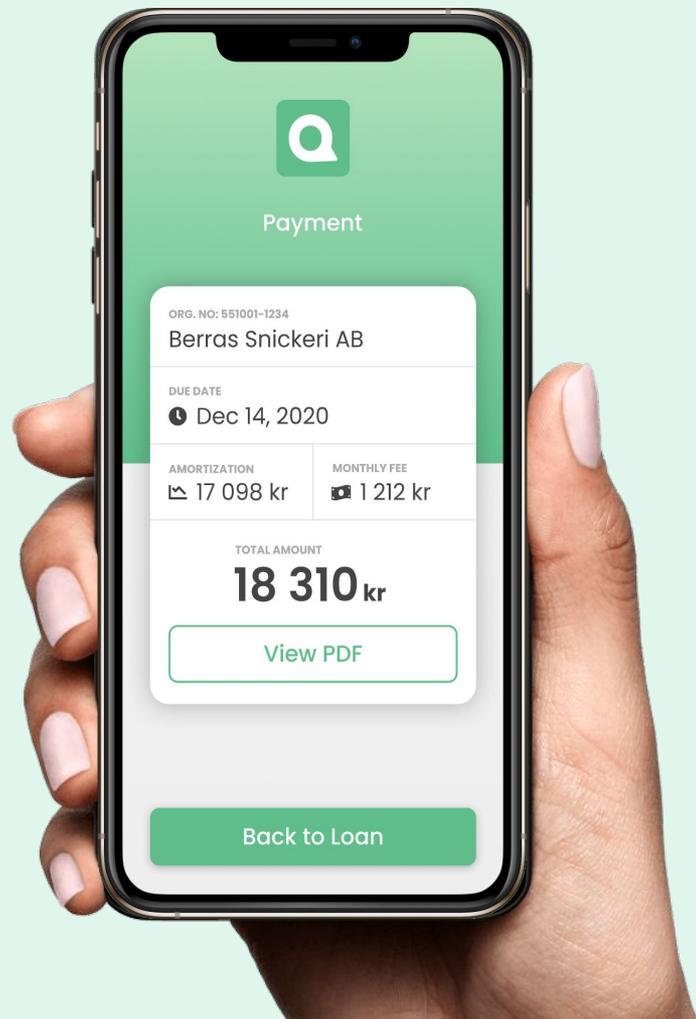




Interim Report Q3 2020



Highlights 2020 Q3 report

Operating income

+41%

vs Q3-19

Operating profit

+54%

vs Q3-19

Commission

52%

of income

>8,000

active users

New market

Belgium

launched in October

Payment service

License

awarded by SFSA
in November

From asset heavy to

Light

balance sheet

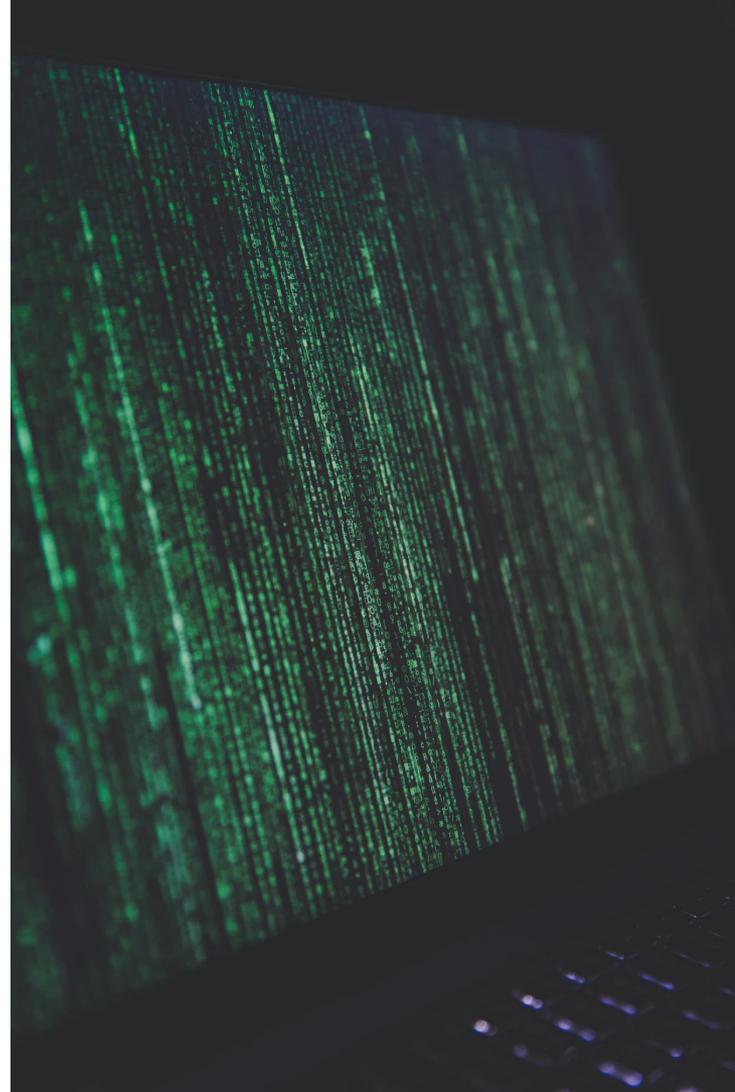
Qred enables

10

new jobs per day
7 days a week

PIS/AIS license

- Qred was awarded a **PIS/AIS license** by the Swedish FSA in November
- The license will allow Qred to offer **new innovative payment services**:
- View transactions and **initiate bank payments** from Qred's app
- New **smooth payment methods** for small businesses using credits provided by Qred

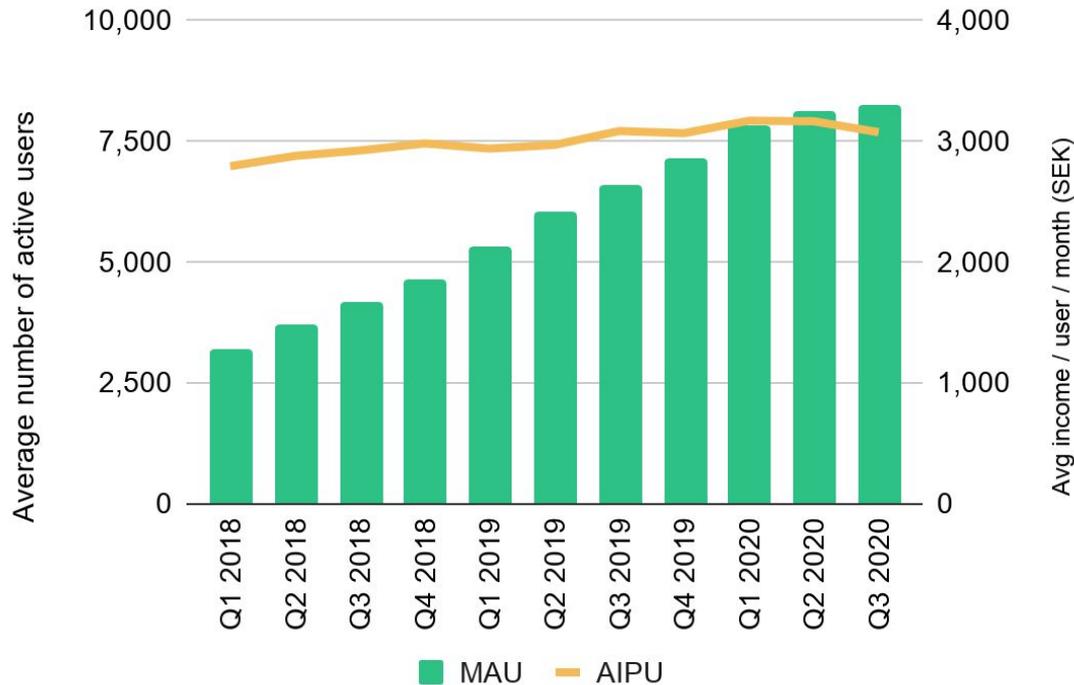


Launch in Belgium

- **620,000 SMEs** in Belgium, of which 95% have less than 10 FTEs
- SME's account for **69% of employment** in Belgium
- Still, the **competition** in Qred's segment is **very limited**
- Belgium is **Qred's 6th market**, in addition to SE, FI, DK, NL and BR
- The new site was **launched in October**
- Operations are handled from Qred's **office in Stockholm**

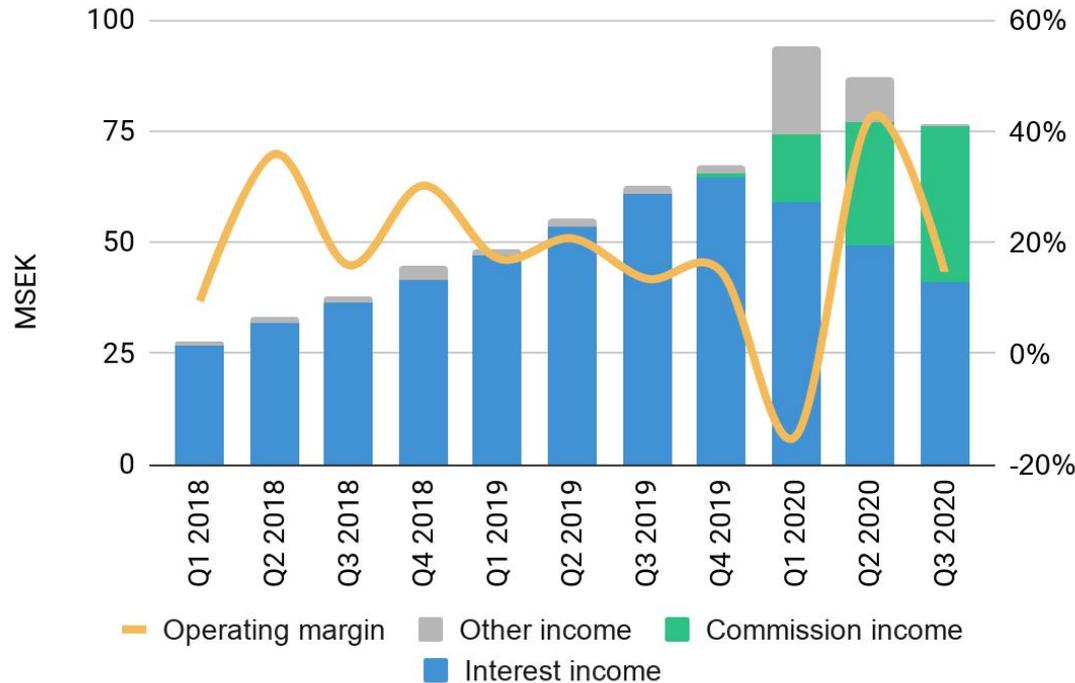


Active users growth continues, at a lower speed



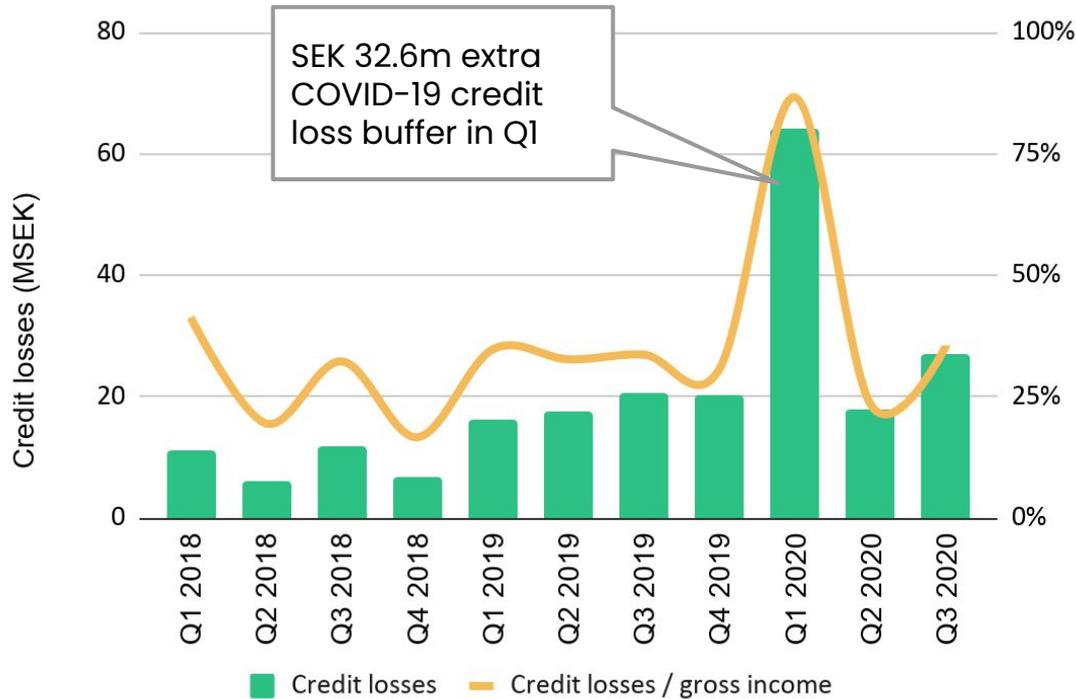
- The growth in **active customers** over the quarter continued at a lower pace due to COVID-related effects
- **MAU (Average Monthly Active Users)** increased with 25% to 8,242
- **AIPU (Average gross Income Per User)** amounted to SEK 3,071 per month (3,080)

Business model proven resilient in challenging times



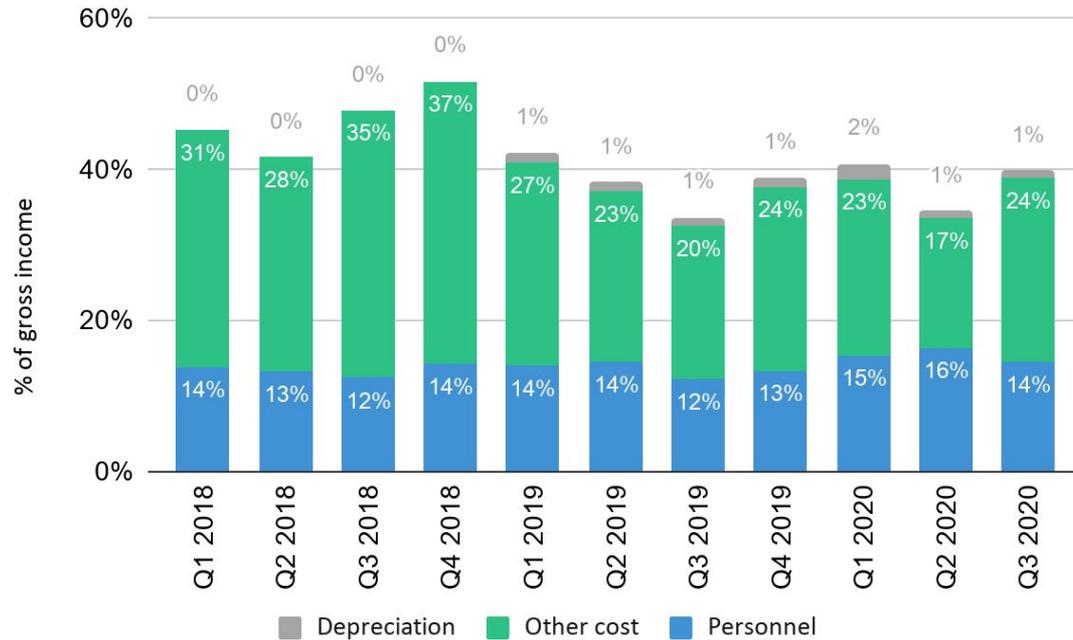
- **Recurring revenue** (commission & interest) increased to SEK 75.9m (61.0)
- **Commission income** (from loan referrals) increased to SEK 34.7m (0.0)
- **Interest income** decreased to SEK 41.2m (61.0)
- **Other income** increased to SEK 0.6m (1.9)
- **Operating profit (EBIT)** increased to SEK 9.8m (6.4)
- **EBIT margin** increased to 14.7% (13.4%)

Credit losses normalising after COVID-19 effects



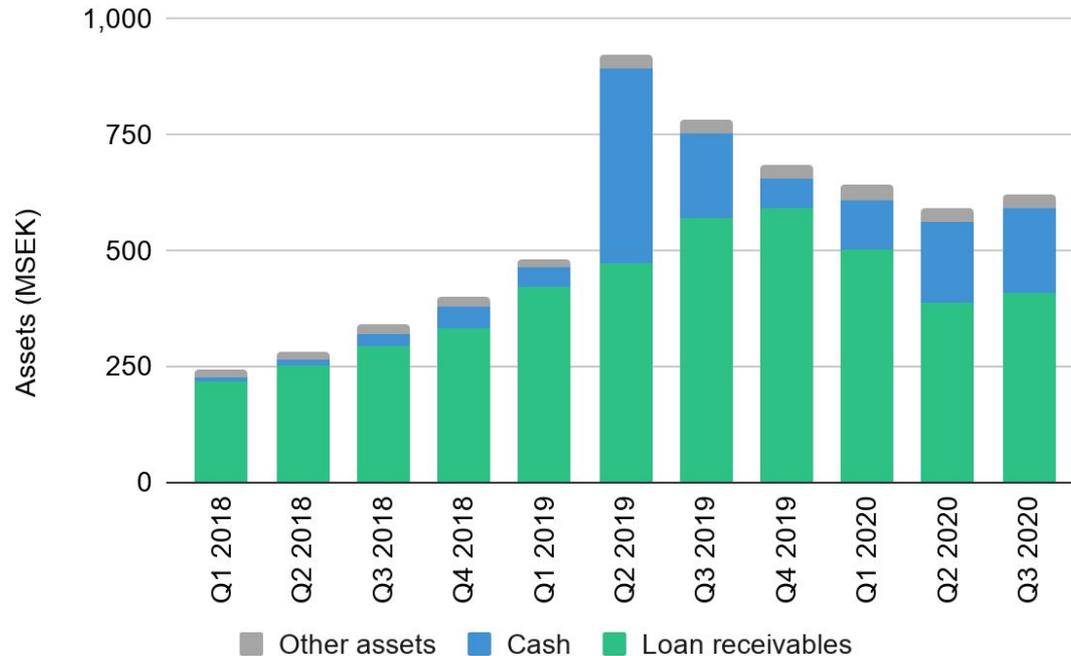
- **Credit losses** increased with 32% to SEK 27.0m (20.5)
- **Credit losses / gross income** increased to 36% (34%) of gross income
- **The increased default risk related to COVID-19** was estimated to 47% at the end of Q1, 32% at the end of Q2 and 22% at the end of Q3

Other costs as share of income decreasing



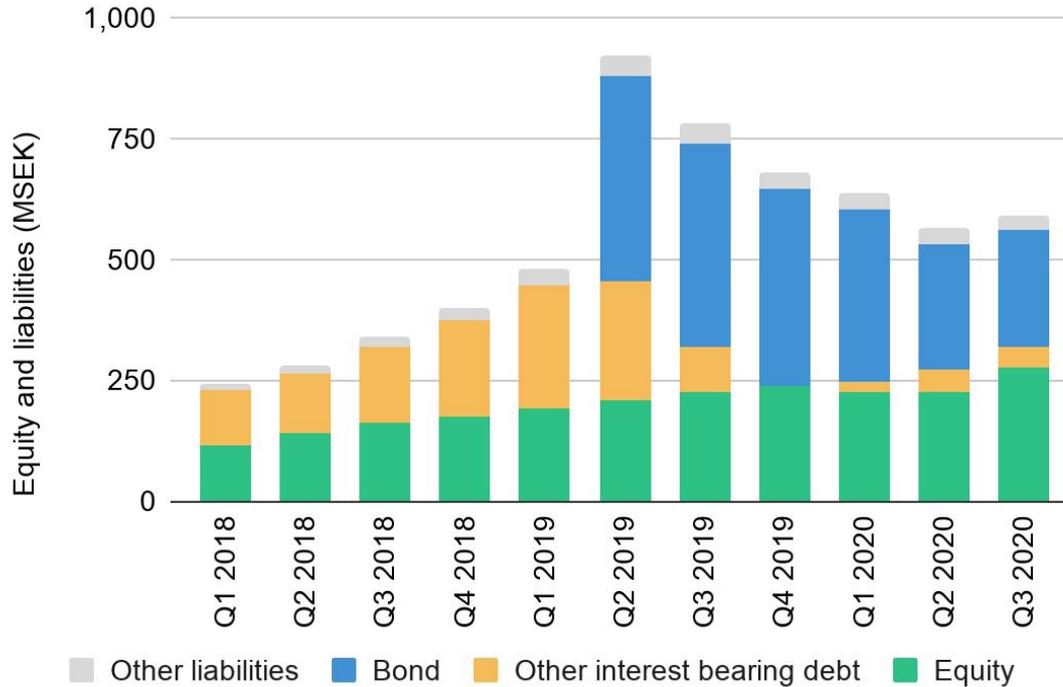
- **Personnel** cost increased to SEK 11.0m (7.4) primarily driven by expanded engineering team
- **Other cost** increased to SEK 18.4m (12.4)

Lean balance sheet with fewer loans on own book



- **Loan receivables** decreased to SEK 409m (569)
- **Cash** decreased to SEK 183m (184)
- **Lighter balance sheet** due to change in business model from balance lender to referral business
- Capacity for **continued growth**

Additional repurchases of bond during Q3



- **The balance sheet** decreased to SEK 621m (780)
- **Equity** increased to SEK 275m (226), following a directed share issue of SEK 40m in Q3
- **A bond** of EUR 40.0m was issued in June 2019. Outstanding by the end of the period was EUR 23.1m
- **Other interest bearing debt** declined to SEK 25m (225)

Say 🙌 to Qred

Qred is Sweden's fastest growing FinTech

And the 8th fastest growing company in Europe

Rank	Name	in 2019 ranking	in 2018 ranking	Country	FT Category	Absolute Growth Rate [in %]	Compound Annual Growth Rate (CAGR) [in %]	Revenue 2018 [in €m]	Revenue 2015 [in €m]	Number of employees 2018	Founding Year
1	OakNorth Bank	no	no	United Kingdom	Fintech	37,462.5%	621.5%	67.91	0.22	200	2015
2	Wolt Enterprises	no	no	Finland	Technology	15,641.9%	439.9%	30.07	0.19	293	2014
3	Bolt Technology	yes	no	Estonia	Technology	12,959.7%	407.4%	79.68	0.61	700	2013
4	Elements Global Services	no	no	Spain	Support Services	10,233.3%	369.3%	26.25	0.27	38	2015
5	Les Eco-Isolateurs	yes	no	France	Construction	10,077.5%	366.9%	32.98	0.32	67	2013
6	Gismart	no	no	United Kingdom	Games industry	8,788.3%	346.3%	57.65	0.79	150	2013
7	Enens	no	no	France	Energy	8,602.9%	343.2%	100.98	1.16	2	2015
8	Qred Företagslån*	no	no	Sweden	Fintech	7,300.9%	319.9%	13.65	0.20	26	2015
9	Mamma 2.0	no	no	Italy	Ecommerce	7,110.0%	316.2%	7.21	0.10	19	2014
10	In Touch Networks	no	yes	United Kingdom	Technology	6,324.8%	300.5%	8.40	0.16	114	2013
11	farmermobil	no	no	Germany	Industrial Goods	6,055.8%	294.8%	7.47	0.12	34	2014
12	Holidu	no	no	Germany	Technology	6,030.5%	294.3%	13.12	0.21	100	2014

Qred has reinvented a hundred year old process

Easy to use experience for small business lending



Traditional lending



Offline application
Manual data submission



Manual review
Weeks or months



Low conversion
Most applications rejected

Highly satisfied and loyal customers

Loyalty is main profitability driver

Qred Företagslån AB ★

4,8 ★★★★★ 68 Google reviews

Loan agency in Stockholm

Website

Qred Yrityslaina ★

4,7 ★★★★★ 94 Google reviews

Loan agency in Helsinki, Finland



Qred

Reviews 61 • Excellent



★ Trustpilot

Qred has helped me grow my business and given me peace of mind

- *Faizal*

Great service and very helpful!

- *Lotta*

It was fast and easy, and I had my funds by the next day. Thanks for helping my business in a time of need

- *Öner*

Good service, simple and helpful in all situations. Very happy with the help I have received as a small business owner.

Recommended!

- *Veronika*

We're here to make a difference in society

8 DECENT WORK AND ECONOMIC GROWTH



Creating jobs with sustained economic growth

Qred helps unbankable businesses that are too small to get the attention from big banks or too new to get a solid credit rating. Since 2015, Qred has

- ✓ Assisted in **creating over 5,000 jobs** in small businesses
- ✓ Generated over **EUR 200m in tax revenues**

1 NO POVERTY



End poverty - once and for all

At Qred we believe in the potential of grassroots entrepreneurs in alleviating poverty in rural communities.

- ✓ Qred has recently launched **operations in Brazil**, a country with a large underbanked population.
- ✓ **Created 300 new micro enterprises** in a project in a small rural village in Kenya

5 GENDER EQUALITY



Empowering the next generation of entrepreneurs

In our definition of equality, we also include religion, age, race and sexual orientation. Qred has an extensive policy for equal opportunity:

- ✓ **Recruitment** is based strictly on tangible criteria, such as experience, education and performance.
- ✓ **Remuneration** is based on performance.

13 CLIMATE ACTION



Direct action to combat climate change.

During 2019 the company's impact on the climate was mapped and the following actions have been implemented:

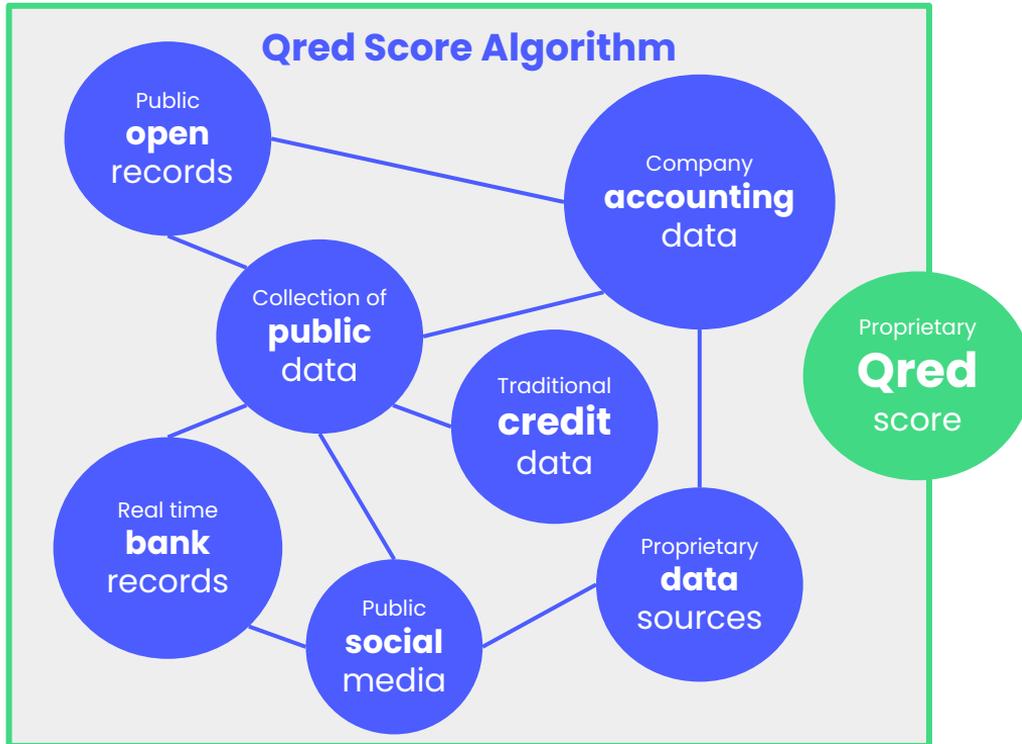
- ✓ **Energy efficiency** - purchased electricity produced from renewable sources.
- ✓ **Travel** - minimise business travel and compensate any carbon emissions.
- ✓ **Sound resource management** - Digital solutions to cut back on paper waste.

Asset light and scalable funding

- **Majority of loans** currently referred to and issued by partner banks
- Qred is responsible for e.g. **customer acquisition** and **loan servicing**
- Qred's **scoring algorithm QSA** used to assess credit risk
- The arrangement allows Qred to continue **grow without increasing balance sheet**
- **Qred receives commission from issuing banks for services provided**



Automated credit scoring system is the secret sauce



- **Automated scoring**
A 100-year old process automated using machine learning
- **Large dataset**
Leading SME lender in the Nordics
- **+ 4,000 MSEK**
Paid out to small businesses
- **+150,000 sets of data**
Data is king in machine learning

Risk and compliance

A core part of operations

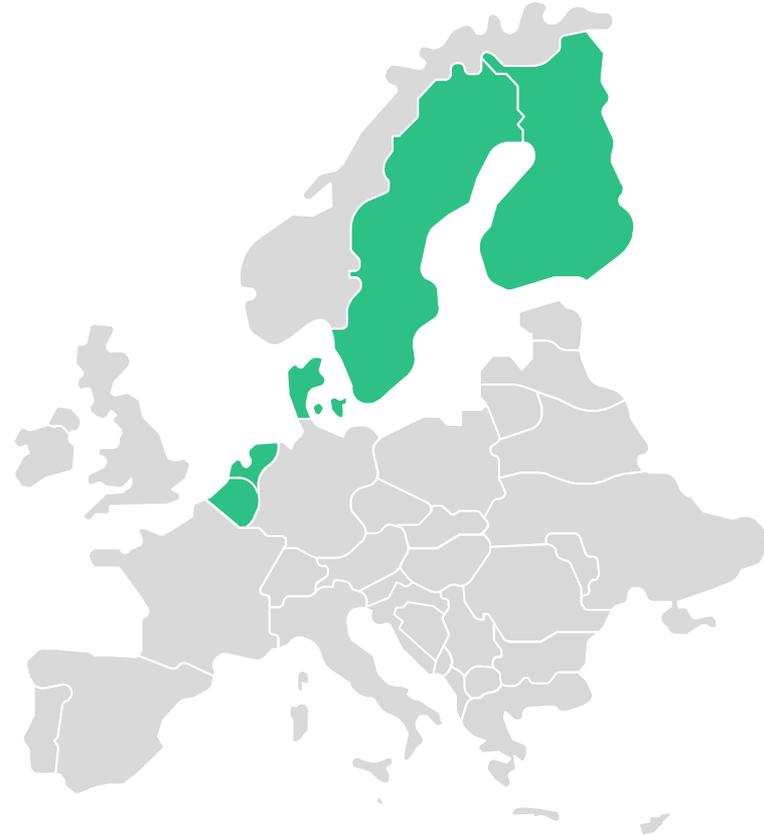
- **Inhouse compliance and legal functions** with a seasoned team complimented by external specialists
- AML and fraud prevention based on **automated processes**
- **Real time access** to companies' bank transactions with advanced risk transaction detection
- Extended KYC (Know Your Customer) processes to **prevent money laundry and terrorism financing**
- Advanced **AML screening system** to find and prevent money laundry



Successful expansion

Business model proven scalable

- Qred exported and scaled to **new markets**
- **Profitability** in new markets gradually improving over time
- Loan book is **highly diversified**
 - Great distribution across **industries**
 - Low exposure to individual borrower (< 0.2%)
 - Diversification over several **geographies**
- **Additional geographies** can be added with limited fixed cost



Joint venture for Brazil

Commercial launch in Q3

- The addressable market is estimated to **10 million small businesses**
- Qred has entered into a **joint venture** with Webrock and Atlant Fonder
- Commercial operations in **Brazil started in Q3-2020**
- **Qred owns 40%** of the outstanding shares in the Swedish holding company Qred Brazil AB
- Qred will mainly contribute with its unique **system for scoring** and small business loan management as well as industry **know-how**



Qred reinvents factoring

Automation and integration

- **Factoring** services for small businesses supported by **digital platform** and digital processes
- **Automated** processes that can easily be scaled
- **Integrated** with the customers' accounting systems
- **Complementing product** to Qred's business loans with high customer demand
- Big **potential for cross selling** products
- Young, ambitious and **sales focused team** drives revenue

factoring.qred.com



Board of directors



Emil Sunvisson

Thomas Jansson

Andrea Gisle Joosen

Jason Francis

Mattias Carlsson
Chairman of the board

Contact

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