



Qred AB (publ)

Interim Report Q3 2019



Qred Q3 highlights

+95%

loan portfolio

+68%

interest income

+16%

operating profit

+4000

jobs created

Qred

Factoring

new business area

Qred

Brazil

new joint venture

EUR

40m

Q2 bond issue

SEK

+2.5 bn

loans issue to date

Qred's solution for small business lending



Traditional lending



Offline application
Manual data submission

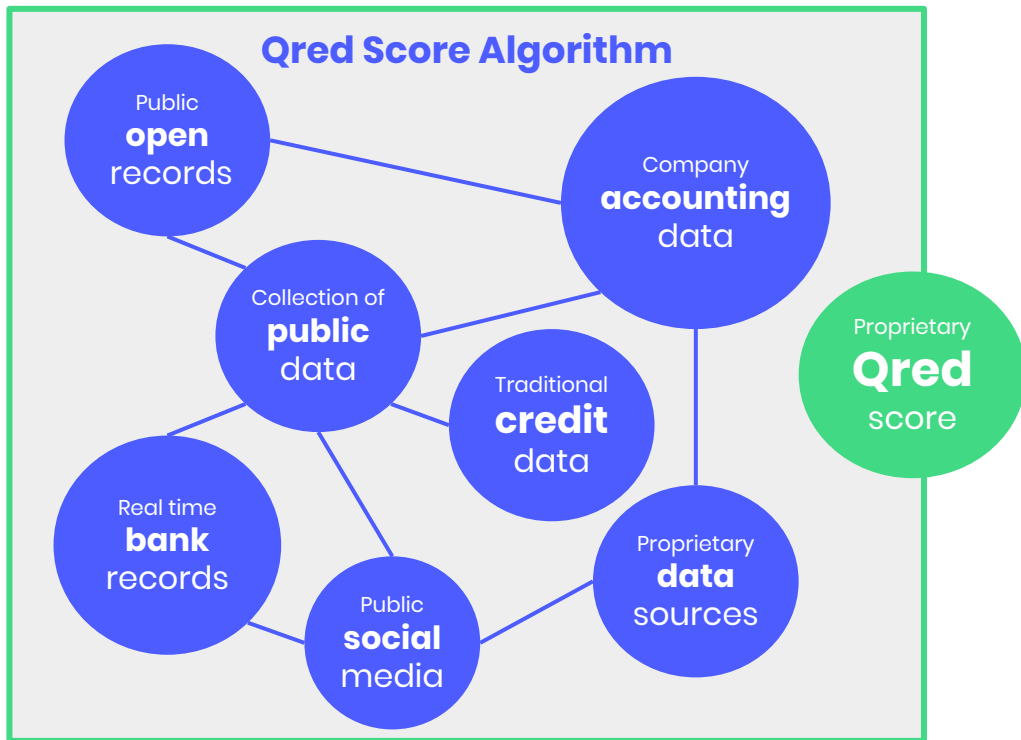


Manual review
Weeks or months



Low conversion
Most applications rejected

Automated credit scoring system



- **Automated scoring**
Based on machine learning
- **Large dataset**
Leading SME lender in the Nordics
- **+ 2,500 mSEK**
Issued loans
- **+150,000 sets of data**
Data is king in machine learning

Risk and compliance

- Qred has submitted **license application** to Swedish FSA to become Account Information Service Provider (**AISP**)
- Enable **real time access** to companies' bank transactions
- Additional data will result in **improved scoring** capabilities
- Increased customer knowledge to **prevent money laundry** and terrorism financing



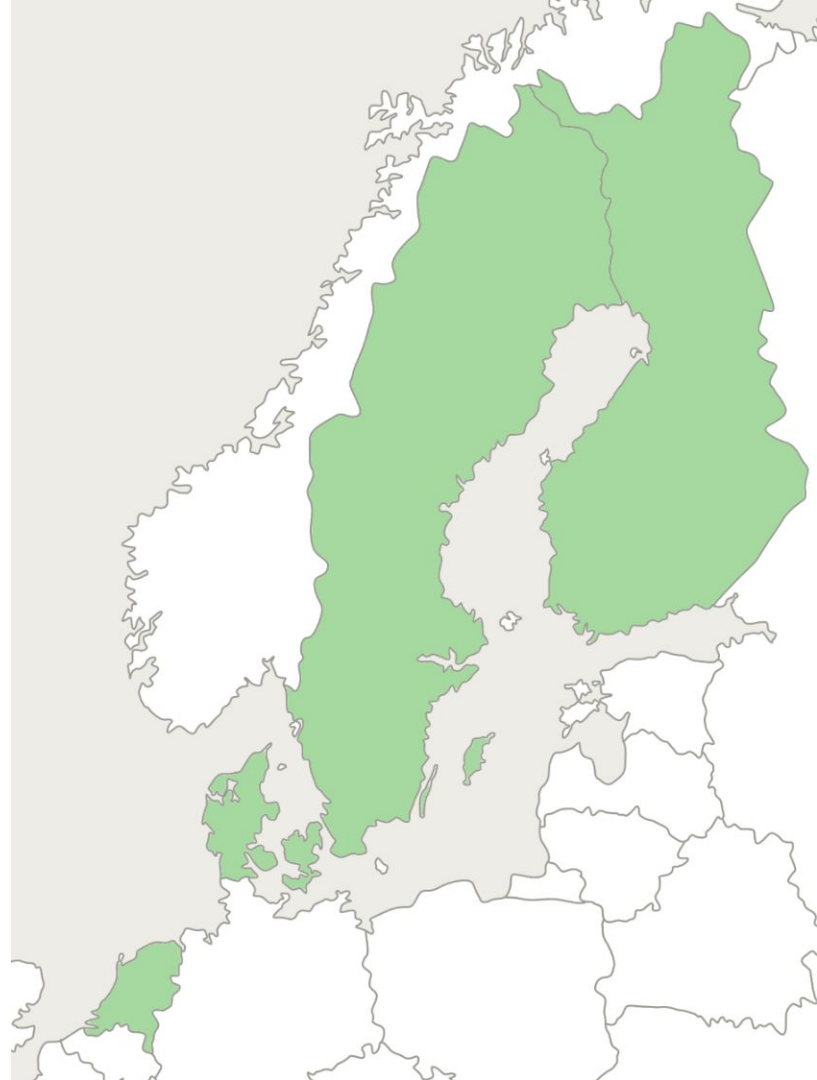
International diversification

Loan book **diversified** over several geographies

Leveraging **shared knowledge** and scalable platform

Successful **international roll-out**

- Sweden 2015
- Finland 2016
- Denmark 2017
- The Netherlands 2018



New joint venture for Brazil

- The addressable market is estimated to **10 million small businesses**
- Qred has entered into a **joint venture** with Webrock and Atlant Fonder
- The ambition is to launch Qred business loans in **Brazil starting in 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**

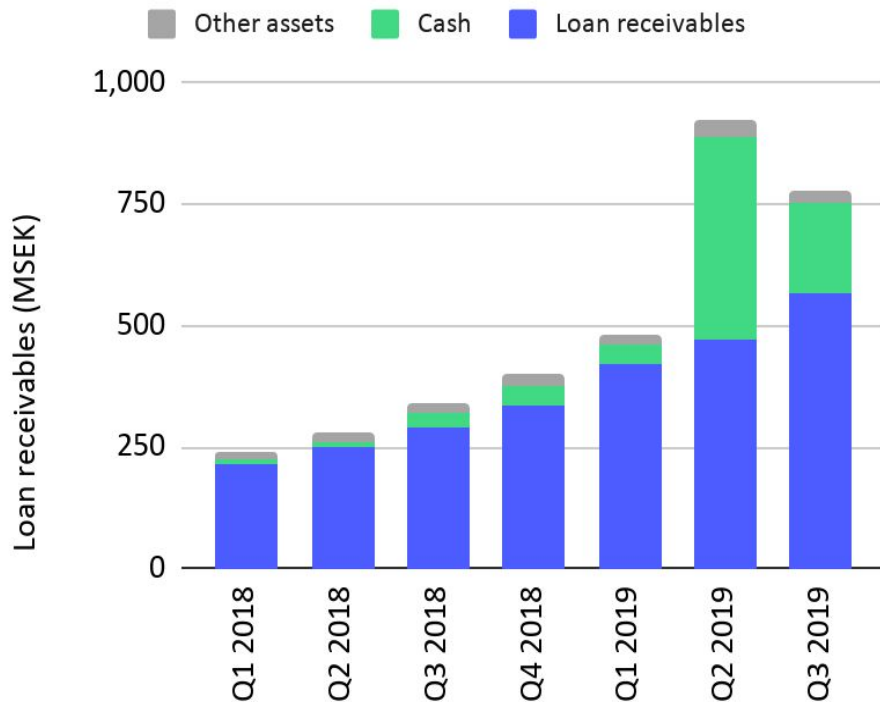


Qred factoring

- Qred is offering **factoring** services for small businesses
- Qred will **purchase invoices** with and without recourse
- **Complementing product** to Qred's business loans with high customer demand
- **New subsidiary** "Qred Factoring AB" operating from Malmö
- Business supported by **digital platform** and digital processes

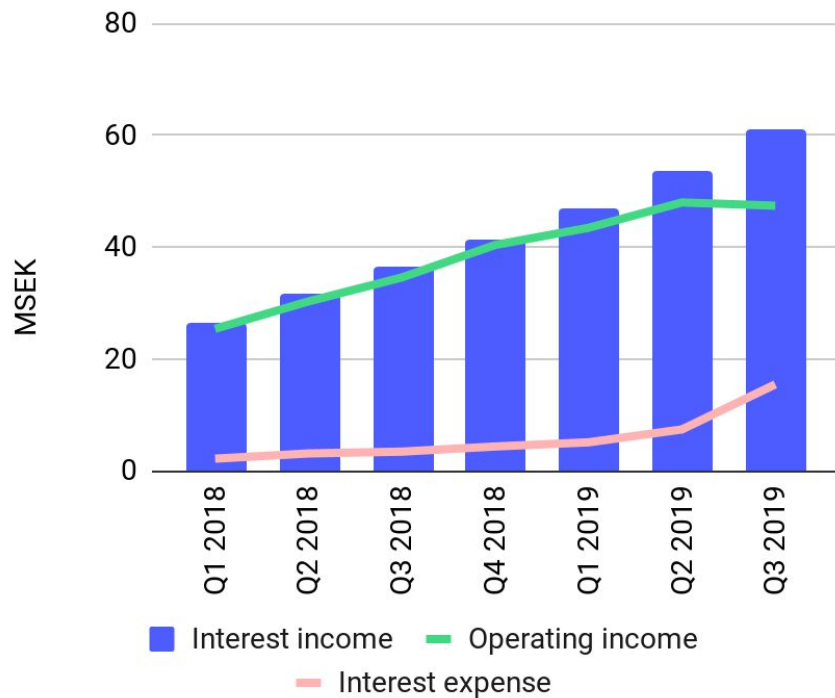


Strong loan book growth



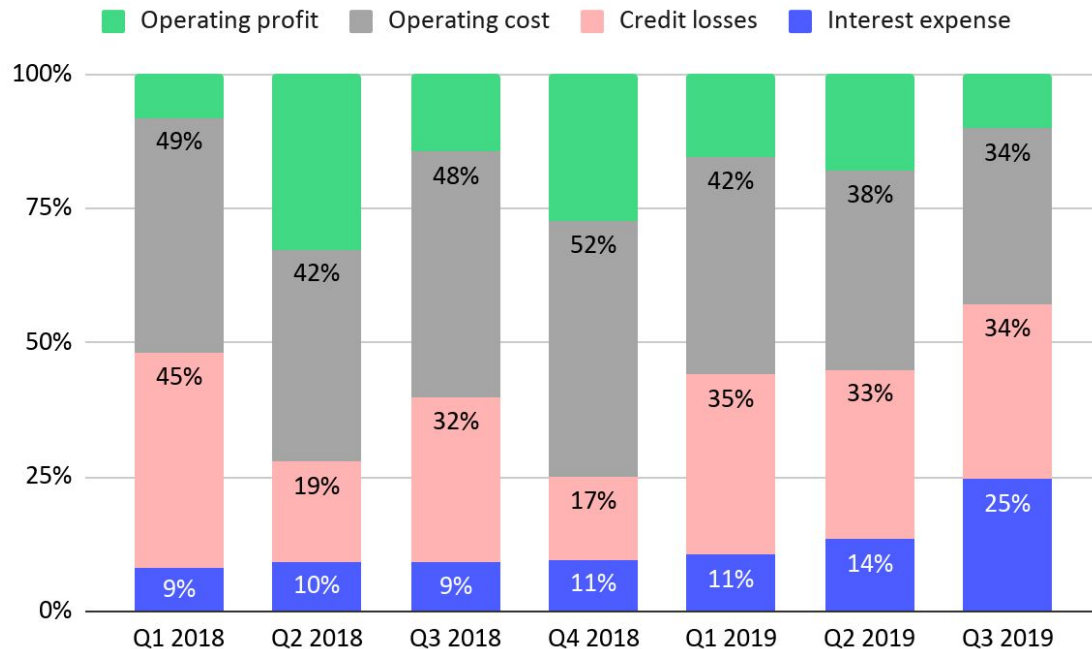
- **Loan receivables** increased with 95% to 569 mSEK (292)
- **Cash** increased with 592% to mSEK 184 (27) following the issue of the bond
- Strong growth across markets
- Capacity for continued growth

Continued growth in interest income



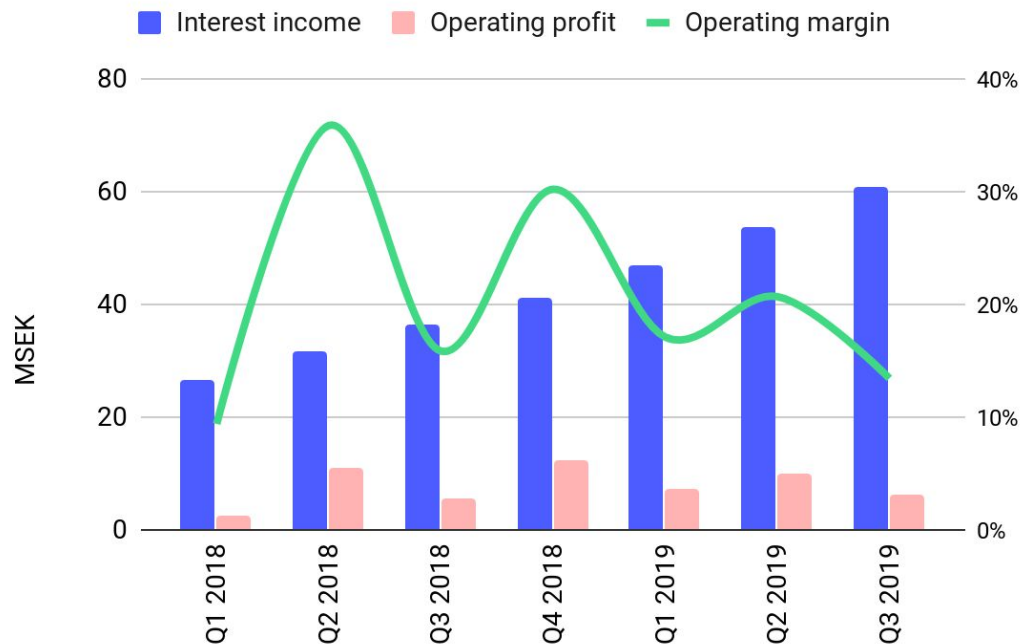
- **Interest income** increased with 68% to 61.0 mSEK (36.3)
- **Operating income** increased with 37% to 47.4 mSEK (34.6)
- **Interest expense** increased with 351% to 15.4 mSEK (3.4)
- Operating income burdened by high interest expense following the bond issue in mid June 2019
- Interest expense to interest income ratio expected to improve as a result of deploying excess cash

Operating cost declining and credit losses stable



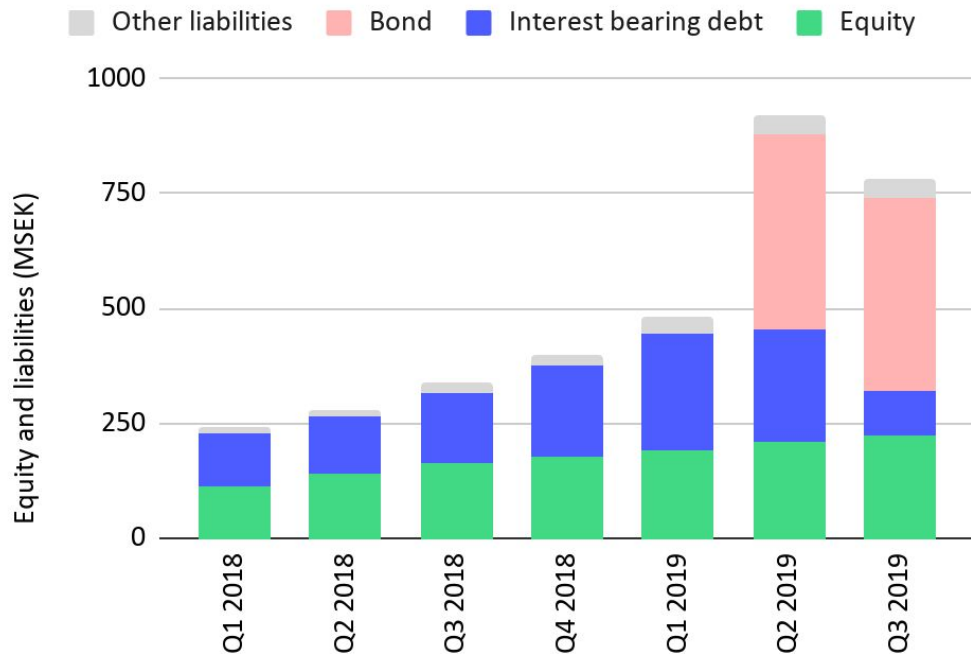
- **Operating cost** decreased to 34% (48%) of interest income
- **Credit losses** amounted to 34% (32%) of interest income
- **Interest expense** increased to 25% (9%) of interest income

Operating profit



- **Operating profit** increased by 16% to 6.4 mSEK Q3 (5.5)
- **Operating margin** decreased to 13% (16%)
- Operating profit impacted by sub-optimal financial structure during the period

Funding structure



- Total **balance sheet** increased with 130% to 780 mSEK Q3 (338)
- **Equity** increased with 39% to 226 mSEK (163)
- **A bond** was issued in June 2019
- **Interest bearing debt** declined with 39% to mSEK 94 (154), using proceeds from the bond

Technical and management capabilities underpin the business

- Proven ability to attract/retain **senior competence** to quickly develop and launch new ventures & markets
- 100% **measurable and trackable marketing** capabilities backed by Google Scale and tech-optimised
- Digital and integrated **channel management** backed by highly efficient and aligned customer success
- Machine learning **credit algorithm** based on millions of data points, scores of causal factors, across all markets
- Proprietary, scalable, API-integrated **technical platform** supported by own global development resources
- Efficient setup of **accountabilities and operational policies**, financial control, and legal compliance



Board of directors



Emil Sunvisson

Thomas Jansson

Jason Francis

Andrea Gisle Joosen

Mattias Carlsson
Chairman of the board

Contact

Qred AB (publ)
Tulegatan 15
113 53 Stockholm

finance@qred.com
<https://qred.com>
08-474 46 62