



Qred – helping businesses grow

## Interim Report Q2 2020





# Highlights 2020 Q2

operating income

**+61%**

vs Q2-19

credit losses

**+3%**

vs Q2-19

SEK **41.1**<sub>m</sub>  
Q2 EBT

**>8,000**  
active users

Qred enables

**10**

new jobs per day  
7 days a week

Qred supports

**SMEs**

new community  
and podcast

Qred's latest

**Factoring**

product  
is scaling up

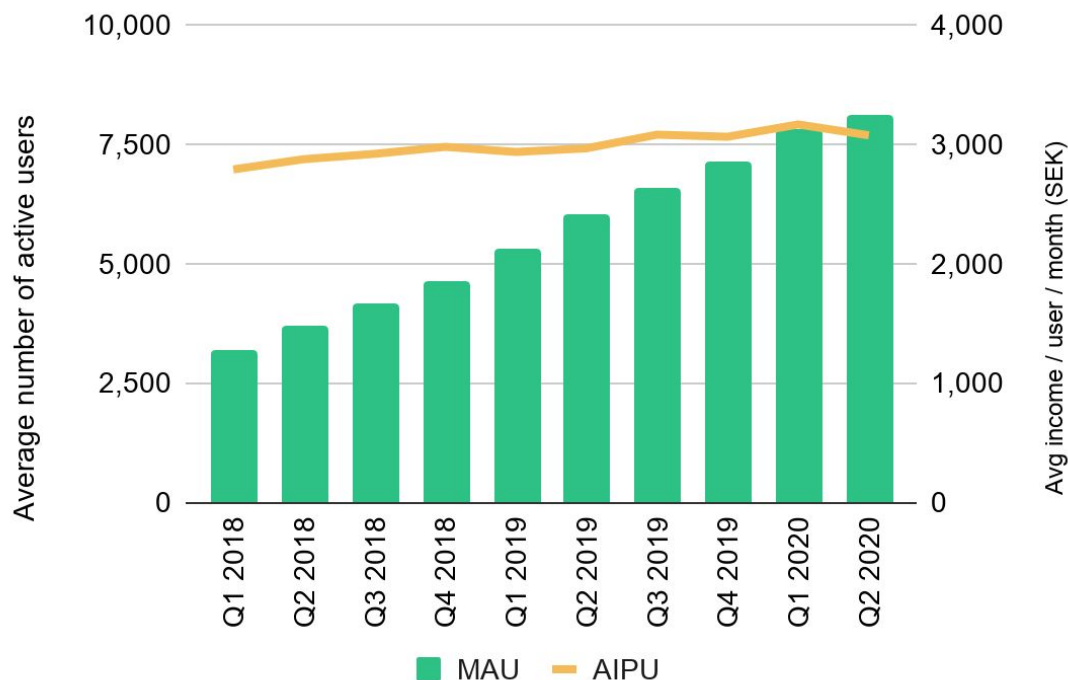
Qred international

**Brazil**

ready to start  
scaling



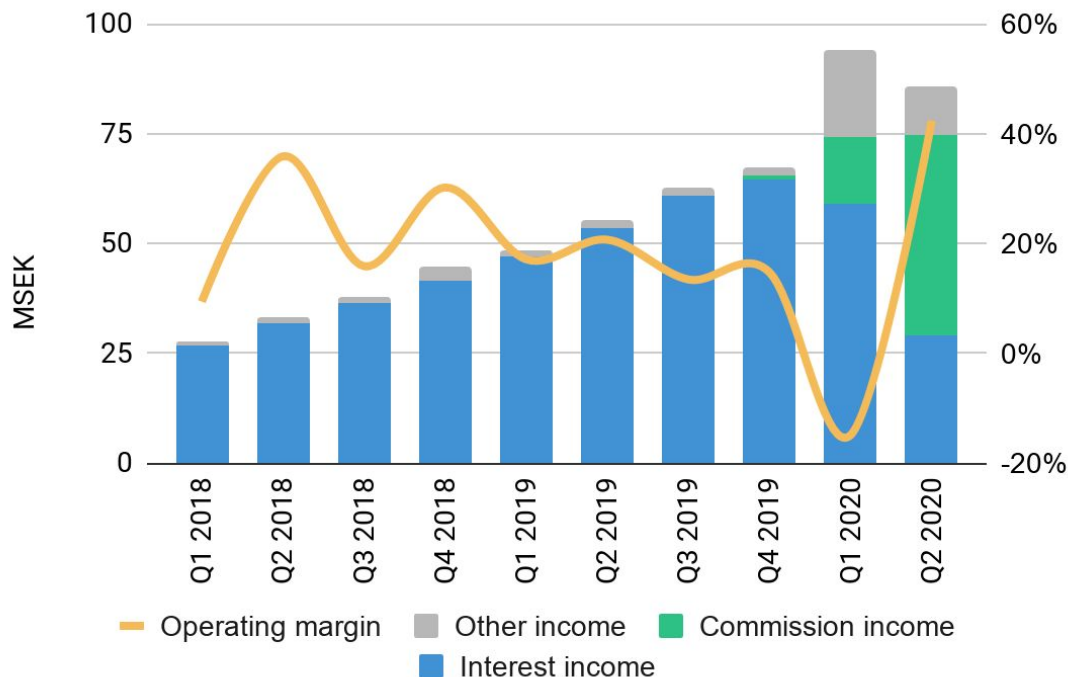
# Active users growth continues, at a lower speed



- The growth in **active customers accelerated** over the quarter with a large **intake of many new smaller customers**
- **MAU (Average Monthly Active Users)** increased with 34% to 8,104
- **AIPU (Average gross Income Per User)** amounted to SEK 3,075 per month (2,966)



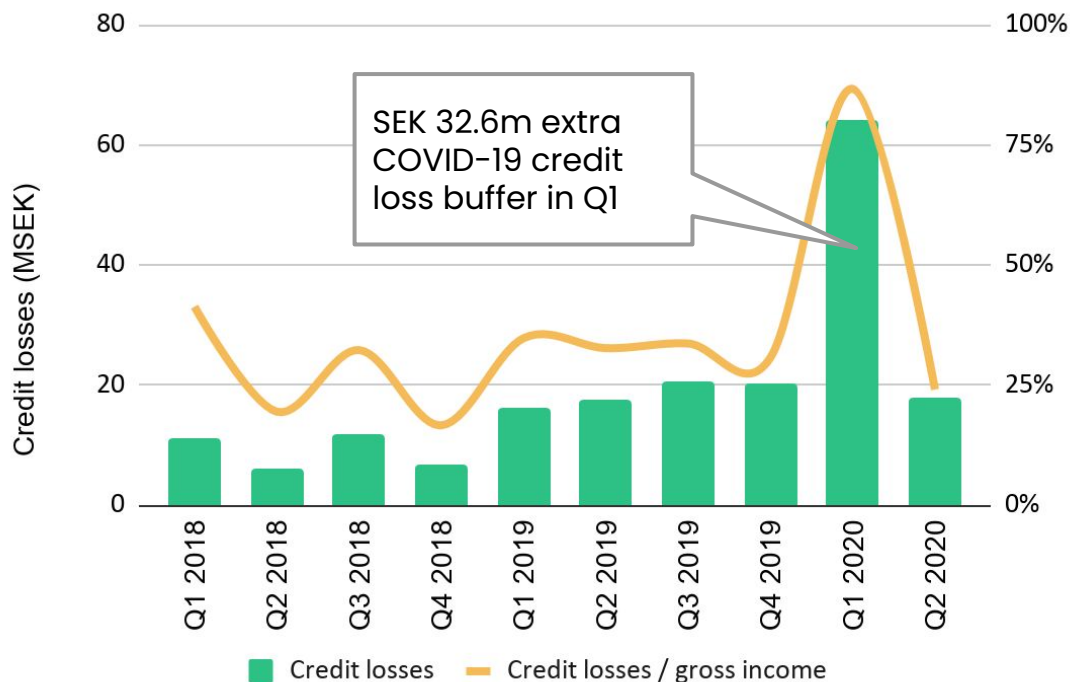
# Business model proven resilient in challenging times



- **Recurring revenue** (commission & interest) increased to SEK 74.7m (56.6)
- **Commission income** (from loan referrals) increased to SEK 45.8m (0.0)
- **Interest income** decreased to SEK 28.9m (53.6)
- **Other income** increased to SEK 10.8m (0.0), of which SEK 9.4m is result from bond repurchase
- **Operating profit (EBIT)** increased to SEK 32.6m (9.9)
- **EBIT margin** increased to 42% (21%)



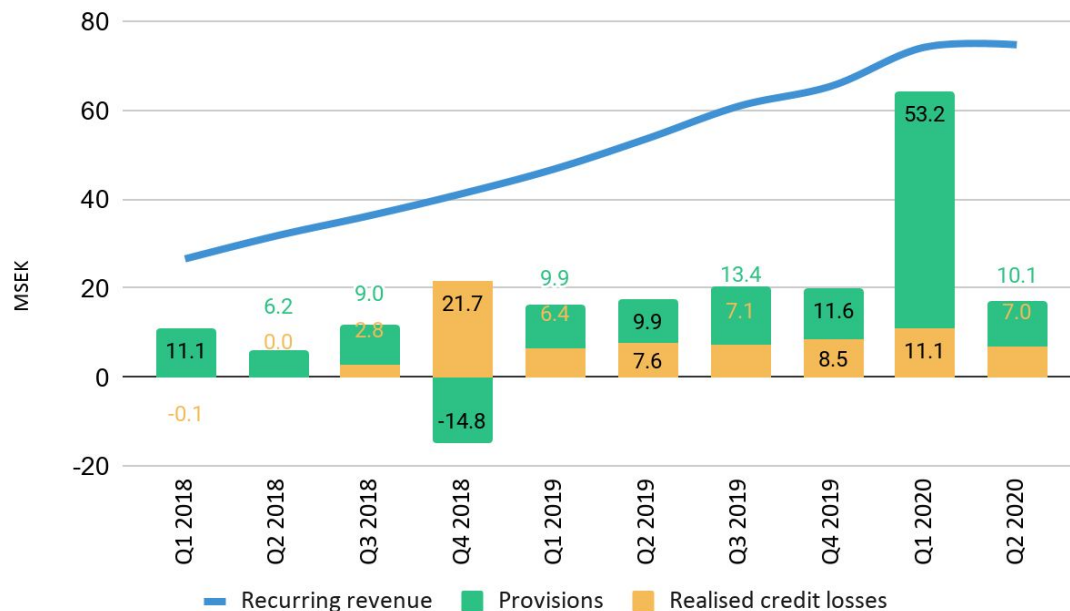
# Credit losses normalising after COVID-19 effects



- **Credit losses** increased to SEK 18.0m (17.6)
- **Credit losses / gross income** decreased to 24% (33%) of gross income
- **The increased default risk related to COVID-19** was estimated to 47% at the end of Q1, and 32% at the end of Q2



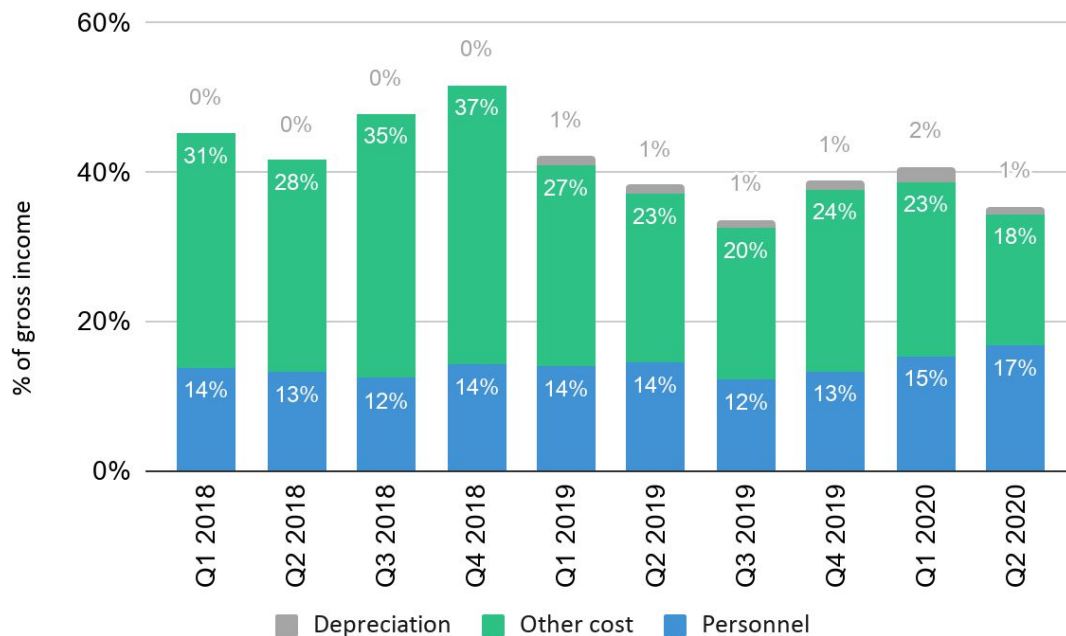
# Majority of credit losses from increased provisions



- **Credit losses** consist of realised credit losses and provisions for expected future credit losses
- **Realised credit losses** decreased to SEK 7.0m (7.6)
- **Provisions for future credit losses** increased to SEK 10.1m (9.9)



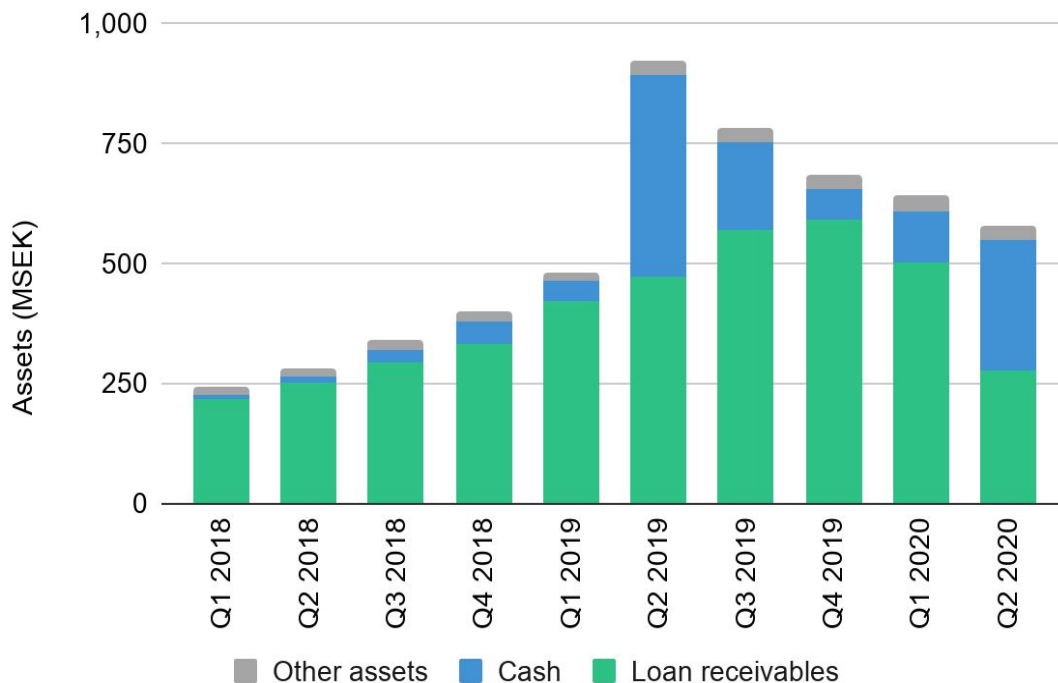
# Other costs as share of income decreasing



- **Operating cost** increased to SEK 26.4m (20.5)
- **Personnel** cost increased to SEK 12.5m (7.8) primarily driven by expanded engineering team
- **Other cost** increased to SEK 13.1m (12.1)



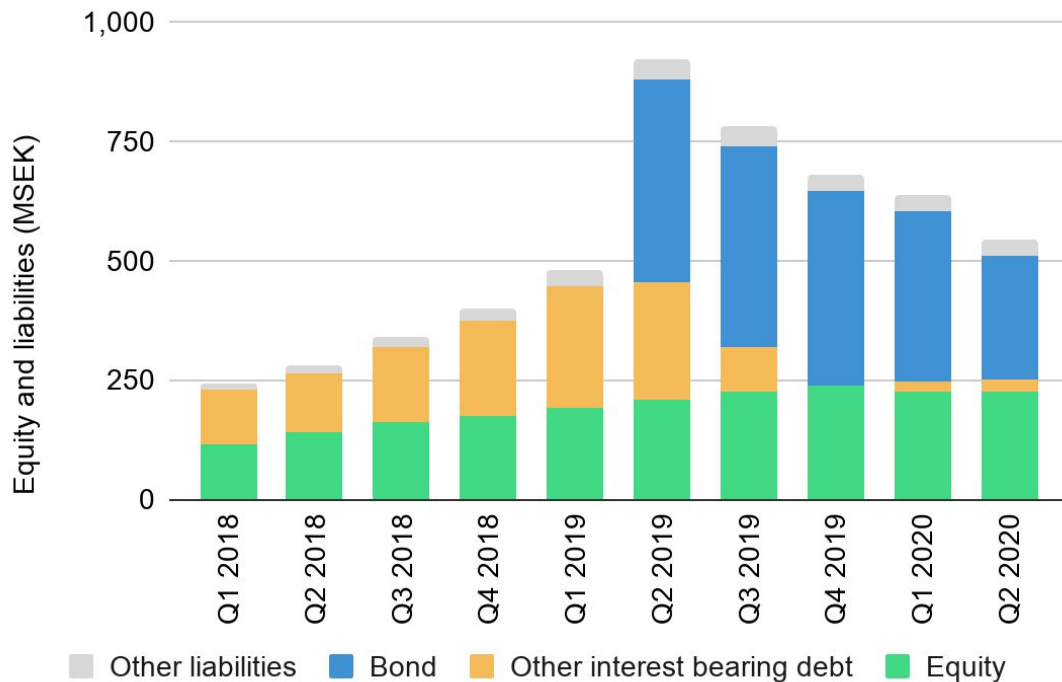
# Lean balance sheet with fewer loans on own book



- **Loan receivables** decreased to SEK 252m (473)
- **Cash** decreased to SEK 273m (418)
- **Lighter balance sheet** due to off-balance arrangements
- Capacity for **continued growth**



# Additional repurchases of bond during Q2



- **The balance sheet** decreased to SEK 577m (906)
- **Equity** increased to SEK 226m (210)
- **A bond** of EUR 40.0m was issued in June 2019. Outstanding by the end of the period was EUR 25.1m
- **Other interest bearing debt** declined to SEK 25m (225)



Say 🙌 to Qred



# Qred is Sweden's fastest growing FinTech

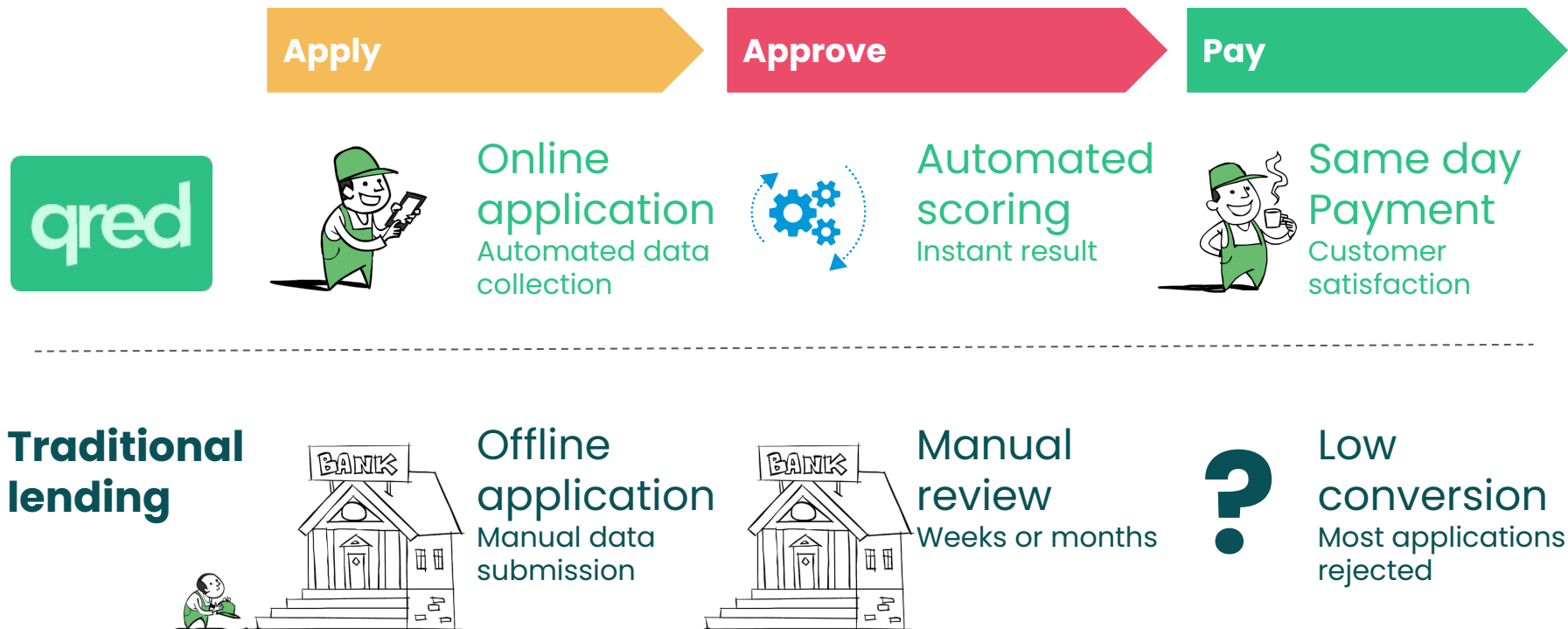
## And the 8th fastest growing company in Europe

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	<a href="#">OakNorth Bank</a>	no	no	United Kingdom	Fintech	37,462.5%	621.5%	67.91	0.22	200	2015
2	<a href="#">Wolt Enterprises</a>	no	no	Finland	Technology	15,641.9%	439.9%	30.07	0.19	293	2014
3	<a href="#">Bolt Technology</a>	yes	no	Estonia	Technology	12,959.7%	407.4%	79.68	0.61	700	2013
4	<a href="#">Elements Global Services</a>	no	no	Spain	Support Services	10,233.3%	369.3%	26.25	0.27	38	2015
5	<a href="#">Les Eco-Isolateurs</a>	yes	no	France	Construction	10,077.5%	366.9%	32.98	0.32	67	2013
6	<a href="#">Gismart</a>	no	no	United Kingdom	Games industry	8,788.3%	346.3%	57.65	0.79	150	2013
7	<a href="#">Enens</a>	no	no	France	Energy	8,602.9%	343.2%	100.98	1.16	2	2015
8	<b>Qred Företagslån*</b>	no	no	Sweden	Fintech	7,300.9%	319.9%	13.65	0.20	26	2015
9	<a href="#">Mamma 2.0</a>	no	no	Italy	Ecommerce	7,110.0%	316.2%	7.21	0.10	19	2014
10	<a href="#">In Touch Networks</a>	no	yes	United Kingdom	Technology	6,324.8%	300.5%	8.40	0.16	114	2013
11	<a href="#">farmermobil</a>	no	no	Germany	Industrial Goods	6,055.8%	294.8%	7.47	0.12	34	2014
12	<a href="#">Holidu</a>	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

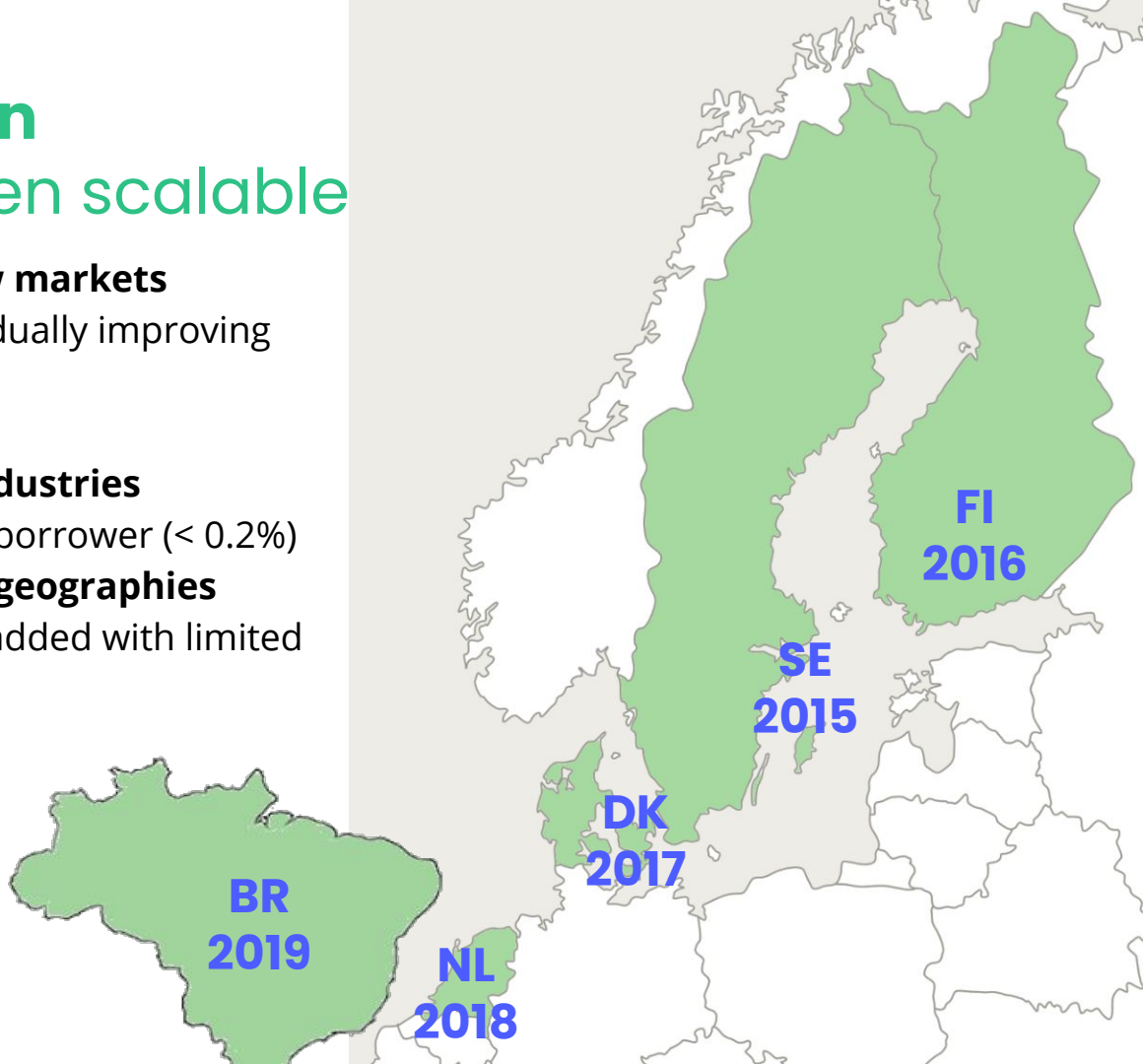




# Successful expansion

## 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





# Highly satisfied and loyal customers

## Loyalty is main profitability driver

**Qred Företagslån AB** ★

4,8 ★★★★★ 68 Google reviews

Loan agency in Stockholm

Website

**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

**Qred Yrityslaina** ★

4,7 ★★★★★ 94 Google reviews

Loan agency in Helsinki, Finland

4.8

facebook  
AVERAGE RATING



**Qred**

Reviews 61 • Excellent



★ Trustpilot



# Expanding off-balance setup

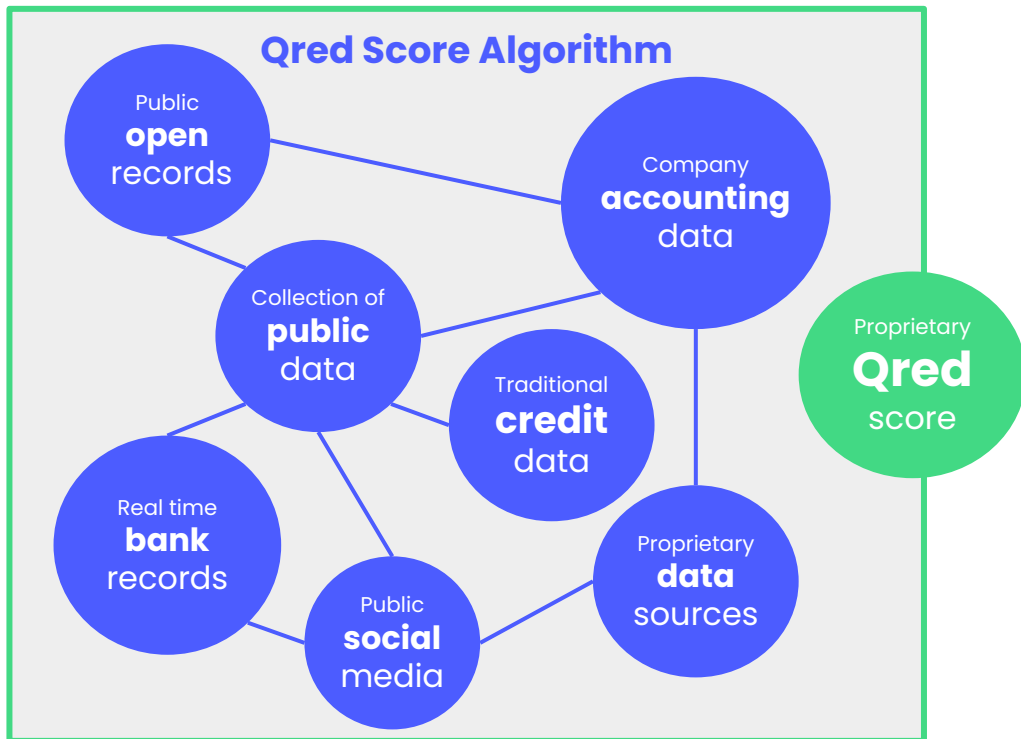
## Asset light and scalable funding

- New **off-balance sheet funding** arrangement expanded during the quarter
- 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**
- New income class: **Commission income**
- New direct cost: **Commission cost**





# 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
- **+ 3,000 MSEK**  
Issued loans
- **+150,000 sets of data**  
Data is king in machine learning



# 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 using sophisticated algorithmic bidding
- 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





# 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





# Joint venture for Brazil

## Preparing for launch

- The addressable market is estimated to **10 million small businesses**
- Qred has entered into a **joint venture** with Webrock and Atlant Fonder
- Operations in **Brazil starting in Q2-2020**
- **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**
- Pilot during Q2 2020 and **commercial launch Q3 2020**





# 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](https://factoring.qred.com)





# Board of directors



**Emil Sunvisson**

**Thomas Jansson**

**Jason Francis**

**Andrea Gisle Joosen**

**Mattias Carlsson**  
Chairman of the board



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