

Interim report Q3 2022

Qred Holding AB (publ)



Interim report Q3 2022

Qred continues to grow, and the operating income increased by 47% to SEK 145.1m compared to the same period last year, while the period's net income amounted to SEK 13.7m. The number of active users increased 30% to 16 374 by the end of the quarter.

Values for the same period the previous year are stated within brackets.

July – September 2022

- The number of active monthly users increased by 30% to 16 374 (12 568)
- Operating income increased by 47% to SEK 145.1m (98.5)
- Commission income increased by 40% to SEK 85.3m (61.1)
- Interest income increased by 49% to SEK 70.3m (47.3)
- Operating profit amounted to SEK 17.2m (7.2)
- Net profit for the period amounted to SEK 13.7m (5.6)

January – September 2022

- Operating income increased by 50% to SEK 400.0m (266.9)
- Commission income increased by 46% to SEK 230.8m (158.6)
- Interest income increased by 44% to SEK 196.1m (136.3)
- Operating profit amounted to SEK 6.1m (8.7)
- Net profit for the period amounted to SEK 5.3m (6.3)

Significant events July – September 2022

No significant events have occurred during the period.

Significant events after the end of the interim period

No significant events have occurred after the end of the interim period.

Key figures

	Q3 2022	Q3 2021	Δ %	Q1-Q3 2022	Q1-Q3 2021	Δ %	Full year 2021
Total operating income (SEKm)	145.1	98.5	47.3	400.0	266.9	49.9	372.6
Net commission income (SEKm)	85.8	58.1	40.8	220.7	150.4	46.7	214.1
Net interest income (SEKm)	60.6	39.1	55.2	165.6	113.6	45.7	156.2
Operating profit margin	9.5%	5.7%	3.7	1.3%	2.4%	-1.0	4.6%
Active users	16 374	12 568	30.3				13 483
Average number of employees	150	112	33.9	144	106	35.8	111

Interest income: Interest income for the period less interest expenses

Commission income: Commission income for the period less commission expenses

Operating profit margin: Operating profit for the period divided by operating income

Active users: Number of companies that at the end of the period actively used Qred for financing through business loans, credit cards or factoring.

Other information

Risks and uncertainties

For a description of risks and uncertainties, please see the annual report for 2021, which can be found on the company's website qred.com.

Other

This report has not been subject to review by the company's auditors. The board and the managing director assure that the interim report provides a fair overview of the parent company's and the group's operations, position and results, and describes essential risks and uncertainty factors that the parent company and the group face.

Comments by the CEO

I am happy to conclude that this year's third quarter was once again a strong quarter for Qred. Operating income increased by 47% compared to the same period last year. In addition the number of active users (MAU) increased to 16 374, implying a 30 % increase.

Taking a step back, the third quarter has been challenging, with increasing interest rates, an energy crisis, a war in Ukraine, and rising inflation. This unique set of circumstances is adversely affecting our customer segment as a whole, both their ability to operate their businesses on a daily basis, and ultimately in turn their ability to pay their suppliers and creditors.

We continue to support the small business community. We know that being regarded as creditworthy can be the difference between surviving a demanding period, or having to say goodbye to your life's work. That said, we also understand that additional credit is not always advisable. At Qred we take pride in being responsible lenders, and habitually ask our customers to consider their options and think about the implications before they take on further financing.

The evolving macroeconomic environment, now heavily impacted by inflation levels not seen in decades, has resulted in a significant retreat of venture and investment capital. Many of our tech industry peers have learned that funding has dried up, and that investors now prioritize profitability ahead of growth. In response, many tech companies have been forced to cut costs and staff as a means to reduce losses.

We have been able to deliver healthy results year after year for seven consecutive years. Thanks to robust profitability and a stable long-term strategy we have been able to continue growing, all while recruiting numerous top talents in this past quarter.

That our ambition continues to be to deliver profitable growth for years to come is a challenge that will put our entire organization to the test.

Operationally, our product offering was greatly enhanced during the third quarter, with focus on improved features and a smoother user experience for our Qred VISA customers.

We have automated expense management so that customers can now handle daily expenses directly in the Qred mobile app, thereby reducing the need for saving paper receipts, and using laborious and wasteful printed expense forms. Batched expenses are then exported to the customer's accounting system, resulting in significant time savings, while taking the pain out of expense management.

Also, we launched our B2B payment platform in Finland, allowing small businesses to pay their business invoices conveniently with their Qred VISA credit card.

We are convinced that in offering a solution that yields 1% unlimited cash back, no monthly fees, and free credit for up to 45 days, we have the market's strongest proposition for small business credit cards.

Finally, at the time of writing, Qred hit a major milestone, surpassing SEK 10 billion of deployed funding to small businesses. The cumulative impact of that has created tens of thousands of jobs across our 6 national markets.

As a company, we are very proud to have helped tens of thousands of small business owners during the pandemic that otherwise may not have remained in operations. In this challenging economy of inflationary pressures, they are again being put to the test. We have strong faith in the future and the resolve of small business owners, and we are determined to continue to serve the underbanked and ignored entrepreneurs during these trying times.



Emil Sunvisson
CEO

Qred in brief

This is what we do

Qred helps small businesses with simple and flexible financing services; business loans, invoice purchases and credit cards. Through digitization, the process has become easier, faster and safer both for our customers and for us at Qred. Therefore, many customers have chosen Qred instead of traditional bank financing. Today we help customers in Sweden, Finland, Denmark, the Netherlands, Belgium, Norway and Brazil. We currently have over 16,000 small companies that use Qred to gain access to the financing needed to be able to create growth.

This is what we offer

Financing is a highly sought-after service among small businesses. Our own, automated credit system enables us to quickly provide entrepreneurs with what is needed to be able to create growth in their businesses. With Qred, small businesses get access to simple, fast and transparent financing, regardless of whether it concerns business loans, invoice purchases or payments.

These are our products

Qred offers simple and flexible business loans to small businesses. The loan amounts are relatively small (up to approximately SEK 2 million) and the maturities are normally 6-36 months with straight amortization. The loans have no set-up fee, no hidden costs and no lock-in period. Qred's loan has a fixed monthly fee and as a customer you only pay for the months you use the loan.

With the Qred VISA credit card, small businesses are given the opportunity to handle daily purchases in a simple way, and also receive up to 45 days of free credit. The card is used together with an app that gives entrepreneurs control over costs.

With factoring, entrepreneurs easily free up liquidity through our digital platform. The system is integrated with all standard accounting systems, so that you as an entrepreneur can easily choose whether you want to sell invoices and which invoices you wish to sell. We make sure that they are paid and that you have an overview of your finances.

With Qred Pay, we enable entrepreneurs to pay invoices using their credit card. Through Qred Pay, companies get the opportunity to divide larger payments into smaller parts in order to optimize their liquidity. Additional services within the Qred Pay family for partial payment of purchases and invoices are under development and will be released shortly.

This is our team

Qred's employees are the single most important success factor. Today we are around 180 people with headquarters in Stockholm and regional offices in Helsinki, Malmö and Sao Paulo. With a focus on leading technology and data processing, international expansion and strong growth, Qred is an attractive employer. This gives us the opportunity to recruit many talented people and expand our team with the right skills.

Income statement, Group

kSEK	Note	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	FY 2021
Interest income		70 263	47 282	196 111	136 273	187 641
Interest expenses		-9 671	-8 230	-30 520	-22 612	-31 467
Commission income		85 295	61 124	230 810	158 587	224 867
Commission expenses		-3 523	-3 058	-10 109	-8 138	-10 813
Net result from financial transactions		2 160	816	11 858	975	- 21
Other income		600	600	1 800	1 800	2 400
Total operating income	3	145 124	98 534	399 950	266 885	372 607
Operating expenses						
Credit losses, net	4	-59 636	-45 302	-192 194	-124 393	-163 898
Personnel expenses		-22 484	-15 813	-68 314	-48 834	-70 346
Other administrative expenses		-43 412	-28 917	-127 183	-81 353	-117 495
Depreciation and amortization		-2 415	-1 337	-6 203	-3 592	-5 111
Total operating expenses		-127 947	-91 369	-393 894	-258 172	-356 850
Operating profit		17 177	7 165	6 056	8 713	15 757
Other financial expenses		- 4	- 7	- 57	- 27	- 212
Profit from shares in associated companies		158	- 17	835	- 612	6 114
Profit from financial transactions		154	- 24	778	- 639	5 902
Profit before tax		17 331	7 141	6 834	8 074	21 659
Income tax expense		-3 616	-1 523	-1 570	-1 794	-4 635
Net profit for the period		13 715	5 618	5 264	6 280	17 024
<i>Profit for the period attributable to:</i>						
Parent Company's shareholders		13 716	5 575	5 262	6 280	17 024
Non-controlling interests		-	43	-	-	-

Group statement of comprehensive income

kSEK	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	FY 2021
Net profit for the period	13 715	5 618	5 264	6 280	17 024
Translation differences, foreign operations	2 181	506	6 448	1 029	2 438
Tax expense on translation differences, foreign operations	-1 329	- 104	-1 329	-212	- 502
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	14 567	6 020	10 383	7 097	18 960

Balance sheet, Group

kSEK	Note	2022-09-30	2021-12-31
ASSETS			
Non-current assets			
Right of use assets		2 598	4 436
Deferred tax assets		7 776	7 992
Provided depositions		1 762	1 665
Non-current loan receivables	5	49 197	35 739
Shares in associated companies		21 307	20 472
Intangible fixed assets		32 028	15 010
Tangible non-current assets		392	134
Total non-current assets		115 060	85 448
Current assets			
Current loan receivables	5	613 283	436 016
Other current receivables		204 827	194 712
Cash		101 702	105 180
Total current assets		919 812	735 908
TOTAL ASSETS		1 034 872	821 356
EQUITY AND LIABILITIES			
Equity attributable to the parent company's shareholders			
Share capital		17 719	15 462
Other contributed capital		367 705	268 184
Reserves		7 136	1 589
Retained earnings including profit for the year		90 388	88 336
Total equity attributable to the parent company's shareholders		482 948	373 571
Provisions			
Other provisions		76 418	52 639
Deferred tax liabilities		2 707	2 535
Total provisions		79 125	55 174
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions		40 432	23 420
Bond loans		393 272	-
Other non-current liabilities		283	571
Total long-term liabilities		433 987	23 991
Current liabilities			
Accounts payable		14 355	6 219
Bond loans		-	342 880
Other liabilities		14 645	10 983
Accrued expenses and deferred income		9 812	8 538
Total current liabilities		38 812	368 620
TOTAL EQUITY AND LIABILITIES		1 034 872	821 356

Change in equity Group

	Share capital	Other contributed capital	Reserves	Retained earning including profit for the year	Holding without controlling interest	Total equity
Opening balance 2021-01-01	15 421	167 392	-830	79 032	-112	260 903
Profit for the year				17 024		17 024
Foreign currency translation differences			2 437			2 437
Tax on foreign currency translation differences			-502			-502
Total comprehensive income for the period	0	0	1 936	17 024	0	18 960
Transaction costs for new share issue		-2 087				-2 087
Tax effect on transaction costs for new share issue			430			430
Redemption preference shares, registered	-1	-4 969				-4 970
Issued warrants		1 426				1 426
Subscribed, not registered ordinary shares		103 313				103 313
Dividend preference shares				-4 458		-4 458
New issue of ordinary shares	42	3 109				3 151
Acquisition of minority interest				-3 263	112	-3 151
Share-based payments - value of employee service			53			53
Equity 2021-12-31	15 462	268 184	1 589	88 336	0	373 571

	Share capital	Other contributed capital	Reserves	Retained earnings including profit for the year	Total equity
Opening balance 2022-01-01	15 462	268 184	1 589	88 336	373 571
Profit for the period				5 264	5 264
Foreign currency translation differences			6,448		6 448
Tax on foreign currency translation differences			-1 329		-1 329
Total comprehensive income for the period	0	0	5 119	5 264	10 383
Transaction costs for new share issue		-2 081			-2 081
Tax effect on transaction costs for new share issue			429		429
Redemption of preference shares, registered	0	-2 230			-2 230
Issued warrants		2 072			2 072
Redeemed warrants		-38			-38
New issue of ordinary shares	1 150	102 905			104 055
Dividend preference shares				-3 212	-3 212
Registration of previously not registered ordinary shares	1 107	-1 107			0
Equity 2022-09-30	17,719	367,705	7,136	90,388	482,948

Cash flow statement, Group

kSEK	Note	Q1-Q3 2022	Q1-Q3 2021	FY 2021
Operations				
Operating profit including interest expenses		6 056	8 713	15 757
<i>Of which received interest</i>		200 514	126 970	174 923
<i>Of which paid interest</i>		-27 339	-24 744	-34 969
<i>Adjustments for non-cash items</i>				
-Depreciation and amortization		6 203	3 592	5 111
-Capitalized interest		5 558	282	451
-Change in credit loss reserves		64 732	92 943	119 519
-Other non-cash items		-4 788	46	803
Other interest paid		-57	-27	-211
Tax paid		-4 266	-14 343	-20 035
Cash flow from operating activities before change in working capital		73 438	91 206	121 395
Cash flow from changes in working capital				
Change in loan receivables		-204 857	-112 054	-155 089
Change in other operating receivables		-692	-81 480	-107 681
Change in accounts payable		7 887	4 771	1 666
Change in other operating liabilities		6 209	4 343	5 558
Cash flow from changes in working capital		-191 453	-184 420	-255 546
Cash flow from operating activities		-118 017	-93 214	-134 151
Cash flow from investment activities				
Change in other financial non-current assets		-9	-1 651	-1 648
Investments in associated companies		-	-	-7 966
Change in other intangible fixed assets		-20 578	-8 839	-12 353
Change in other tangible non-current assets		-319	-	-
Cash flow from investment activities		-20 906	-10 490	-21 967
Cash flow from financing activities				
New issue ordinary shares		101 974	-	101 226
Redemption of preference shares	6	-2 230	-4 790	-4 970
Dividend preference shares	6	-3 212	-3 371	-4 458
Warrants		2 034	1 426	1 426
New loans		382 339	131 701	147 133
Repayment of loans		-347 021	-1 934	-2 841
Cash flow from financing activities		133 884	123 032	237 516
Cash flow for the period		-5 040	19 328	81 398
Cash at beginning of period		105 180	23 477	23 477
Exchange rate differences in cash		1 562	248	305
Cash at the end of the period		101 702	43 053	105 180

Income statement, Parent company

kSEK	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	FY 2021
Interest income and similar items	8 970	11 111	31 312	31 396	41 325
Interest expenses and similar items	-8 970	-11 111	-31 312	-31 395	-41 325
Net result from financial transactions	105	-1 431	1 061	-4 205	-6 977
Total operating income	105	-1 431	1 061	-4 204	-6 977
Other administrative expenses	-223	-195	-714	-1 587	-1 747
Total operating expenses	-223	-195	-714	-1 587	-1 747
Operating profit	- 117	-1 626	347	-5 791	-8 724
Other financial expenses	-	-	-1	-	-16
Result from financial items	0	0	-1	0	-16
Appropriations					
Group contributions received	-	-	-	-	10 900
Earnings before tax	- 118	-1 626	345	-5 791	2 160
Income tax expense	24	335	- 71	1 193	-445
Net profit for the period	- 93	-1 291	274	-4 599	1 715
The parent company's report on other comprehensive income					
Net profit for the period	- 93	-1 291	274	-4 599	1 715
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	- 93	-1 291	274	-4 599	1 715

Balance sheet, Parent company

kSEK	2022-09-30	2021-12-31
ASSETS		
Non-current assets		
Shares in subsidiaries	59 347	59 347
Shares in associated companies	8 166	8 166
Receivables from group companies	544 583	537 530
Total Financial non-current assets	622 096	605 043
Total non-current assets	622 096	605 043
Current assets		
Receivables from group companies	136 236	13 888
Other current receivables	1 523	683
Prepaid expenses and accrued income	74	93
Cash	19 631	76 438
Total current assets	157 464	91 102
TOTAL ASSETS	779 560	696 145
SHAREHOLDERS' EQUITY		
Restricted equity		
Share capital	17 719	15 462
Reserve fund	7	7
Total restricted equity	17 726	15 469
Non-restricted equity		
Other contributed capital	3 460	104 739
Share premium fund	365 885	164 657
Retained earnings	-2 683	-1 186
Profit for the year	274	1 716
Total non-restricted equity	366 936	269 926
Total shareholders' equity	384 662	285 395
LIABILITIES		
Non-current liabilities		
Bond loans	393 272	-
Total non-current liabilities	393 272	-
Current liabilities		
Accounts payable	959	16
Liabilities to group companies	-	68 242
Bond loans	-	341 949
Accrued expenses and deferred income	667	543
Total current liabilities	1 626	410 750
Total liabilities	394 898	410 750
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	779 560	696 145

Comments and notes

Amounts in thousands of swedish kronor (kSEK)

Note 1 – General information

Qred Holding AB (publ), with registration number 559031-0685, conducts business through its subsidiaries. The head office is located in Stockholm. The address of the head office is Tulegatan 15, 113 53 Stockholm. The business consists of financing services in the form of business loans, factoring and credit cards, aimed at companies in Sweden, Finland, Denmark, Belgium, the Netherlands and Norway.

Subsidiary	Org. no.	%
Qred AB	559008-9800	100
Qred Factoring AB	559221-0180	100

Branches Qred AB	Org. no.
Finland	2868615-5
Denmark	38972294
Netherlands	72603372
Norway	928148793

Note 2 – Summary of important accounting principles

Consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Annual Accounts Act. For further information on accounting principles, please refer to the Company's annual report.

The parent company's accounts have been prepared in accordance with the Annual Accounts Act and RFR 2 Accounting for legal entities.

The group's and the Parent Company's accounting principles, basis of calculation and presentation are essentially unchanged compared to the annual report 2021.

Note 3 – Operating income

Operating income 2022 Q3	Sweden	Other countries	Central functions	Group
Interest income	8 258	62 005	-	70 263
Interest expenses	-2 157	-7 514	-	-9 671
<i>Of which internal financing costs</i>	-1 485	-7 446	8 930	-
Net interest income	6 100	54 491	-	60 592
Commission income	30 299	54 996	-	85 295
Commission expenses	- 866	-2 657	-	-3 523
Net commission income	29 433	52 340	-	81 773
Net result from financial transactions	-	-	2 160	2 160
<i>which income sales bond</i>	-	-	-	-
Other operating income	600	-	-	600
Total operating income	36 133	106 831	2 160	145 124

Operating income 2021 Q3	Sweden	Other countries	Central functions	Group
Interest income	9 556	37 726	-	47 282
Interest expenses	-2 854	-5 375	-	-8 230
<i>Of which internal financing costs</i>	-1 451	-5 144	6 595	-
Net interest income	6 702	32 351	-	39 053
Commission income	26 202	34 921	-	61 124
Commission expenses	-1 043	-2 015	-	-3 058
Net commission income	25 160	32 906	-	58 066
Net result from financial transactions	-	-	816	816
<i>Of which income sales bond</i>	-	-	408	408
Other operating income	600	-	-	600
Total operating income	32 461	65 258	815	98 534

Operating income 2022 Q1-Q3	Sweden	Other countries	Central functions	Group
Interest income	24 932	171 179	-	196 111
Interest expenses	-7 143	-23 377	-	-30 520
<i>Of which internal financing costs</i>	-4 589	-23 131	27 719	-
Net interest income	17 789	147 802	-	165 591
Commission income	88 739	142 071	-	230 810
Commission expenses	-3 435	-6 673	-	-10 109
Net commission income	85 304	135 398	-	220 701
Net result from financial transactions	-	-	11 858	11 858
<i>Of which income sales bond</i>	-	-	-	-
Other operating income	1 800	-	-	1 800
Total operating income	104 893	283 200	11 858	399 950

	Sweden	Other countries	Central functions	Group
Operating income 2021 Q1-Q3				
Interest income	32 808	103 466	-	136 273
Interest expenses	-8 695	-13 918	-	-22 612
<i>Of which internal financing costs</i>	-4 559	-12 425	16 984	-
Net interest income	24 113	89 548	-	113 661
Commission income	71 459	87 128	-	158 587
Commission expenses	-2 922	-5 216	-	-8 138
Net commission income	68 538	81 912	-	150 450
Net result from financial transactions	-	-	975	975
<i>Of which income sales bond</i>	-	-	1 019	1 019
Other operating income	1 800	-	-	1 800
Total operating income	94 451	171 460	975	266 885

	Sweden	Other countries	Central functions	Group
Operating income full year 2021				
Interest income	41 909	145 732	-	187 641
Interest expenses	-9 462	-22 005	-	-31 467
<i>Of which internal financing costs</i>	-4 123	-20 392	24 515	-
Net interest income	32 448	123 726	-	156 174
Commission income	99 471	125 396	-	224 867
Commission expenses	-3 975	-6 838	-	-10 813
Net commission income	95 496	118 558	-	214 053
Net result from financial transactions	-	-	-21	-21
<i>Of which income sales bond</i>	-	-	1 019	1 019
Other operating income	2 400	-	-	2 400
Total operating income	130 343	242 284	-21	372 607

Note 4 - Credit losses, net

Group	Q3 2022	Q3 2021	Q1-Q3 2022	Q1-Q3 2021	FY 2021
Realized credit losses	86 813	524	128 381	31 468	44 511
Change in reserves, net	-40 307	38 685	41 731	75 449	102 054
Provision for guarantee commitment	13 130	6 093	22 082	17 476	17 333
Total	59 636	45 302	192 194	124 393	163 898

Note 5 – Loan receivables

Group	2022-09-30	2021-12-30
Loan receivables, gross	894 651	635 498
<i>Of which long-term</i>	63 948	52 034
<i>Of which short-term</i>	781 661	557 633
<i>Of which acquired receivables in default</i>	49 043	25 831
Reservation for doubtful loan receivables	-232 171	-163 743
<i>Of which long-term loans</i>	-14 750	-16 295
<i>Of which short-term</i>	-205 961	-141 023
<i>Of which acquired receivables in default</i>	-11 460	-6 425
Loan receivables, net	662 480	471 755
Overdue loan receivables	129 301	91 765
Loans due in 0 to 3 months	300 127	192 515
Loans due in 3 to 12 months	401 275	299 184
Loans due in more than 12 months	63 948	52 034
Total	894 651	635 498

Reported amounts, per currency, for the Group's loan receivables

	2022-09-30	2021-12-31
SEK '000	120 610	119 269
EUR '000	53 241	37 148
DKK '000	130 929	157 969
NOK '000	4 171	–

The provision for credit losses amounted to SEK 232 171 (218 257). Qred makes ongoing assessments of loan receivables. The provisions are calculated on the expected cash flow with regards to an age analysis. There is no further need for impairment at the end of the quarter output. The provision for the doubtful loan receivables and the reversal are expensed under Credit losses, net in the Group's income statement.

Note 6 – Dividends and new share issue

Information about the company's shares

The company's shares are issued in three series, ordinary shares, ordinary shares B and preference shares. Both ordinary shares as well as preference shares carry one vote per share. Ordinary shares B carry 1.5 votes per share. The number of registered ordinary shares as of 30th of September 2022 amounted to 10 614 311. Registered ordinary shares B amounted to 1 516 300. The number of preference shares amounted to 5 982. The nominal value per share is SEK 1.46. See the annual report for further information regarding the company's shares.

Dividends and new share issue

Until the end of September 2022, dividends have taken place with SEK 0 to common shares and common shares B and SEK 3 212 350 to preference shares. During the same period, 223 preference shares have been redeemed.

As part of the previous agreement with the Nordic Capital Evolution Fund, the general meeting of Qred Holding AB (publ) on 19 April 2022 decided to increase the Company's share capital by SEK 1 106 899 through a directed new issue of 758 150 common shares series B to Cidron Gallo 2 S.à .rl

According to the decision at the general meeting on May 30, an issue from warrants has taken place at a value of 30 000 in respect of common shares.

Note 7 – Significant events after the end of the interim period

No significant events have occurred after the end of the interim period.

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