

Interim report Q4 2022

Qred Holding AB (publ)



Interim report Q4 2022

Qred continues to grow, as operating income increased by 46% to SEK 154.5m compared to the same period last year. The number of active users increased 23% to 16 517 by the end of the quarter.

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

October – December 2022

- The number of active monthly users increased by 23% to 16 517 (13 483)
- Operating income increased by 46% to SEK 154.5m (105.7)
- Commission income increased by 54% to SEK 102.3m (66.3)
- Interest income increased by 27% to SEK 65.0m (51.4)
- Operating profit amounted to SEK 0.0m (7.0)
- Net profit for the period amounted to SEK -0.1m (10.8)

January – December 2022

- Operating income increased by 49% to SEK 554.8m (372.6)
- Commission income increased by 48% to SEK 333.6m (224.9)
- Interest income increased by 39% to SEK 261.1m (187.6)
- Operating profit amounted to SEK 6.0m (15.8)
- Net profit for the period amounted to SEK 5.1m (17.0)

Significant events October – December 2022

- Qred launched automated expense management, smart invoice payment services and Google Pay for the Qred VISA product to further simplify everyday life for small businesses.
- As part of a previous agreement with Nordic Capital Evolution Fund, the Board of Directors on December 16, 2022 voted to increase the Company's share capital by SEK 1 106 899 via a directed share issue of 758 150 ordinary series B shares to Cidron Gallo 2 S.à.r.l.

Significant events after the end of the interim period

A process to merge Qred Factoring AB into Qred AB has been initiated and is expected to be completed by the end of Q1 2023.

Key figures

	Q4 2022	Q4 2021	Δ %	FY 2022	FY 2021	Δ %
Total operating income (SEKm)	154.5	105.7	46.1	554.8	372.6	48.9
Net commission income (SEKm)	98.0	63.6	54.1	319.2	214.1	49.1
Net interest income (SEKm)	53.9	42.5	26.8	219.5	156.2	40.6
Operating profit margin	-0.1%	10.2%	-10.3	0.9%	4.6%	-3.6
Active users	16 517	13 483	22.5			
Average number of employees	180	124	45	160	111	44

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 during 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 en.qred.se/company-information.

Other

This report has not been subject to review by the company's auditors. The board and the managing director certify 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 faced by the parent company and the group.

Comments by the CEO

I am proud to conclude that Qred can report yet another year of profitable growth with revenues up 49% compared to 2021. The growth is proof that our services and products are in high demand and appreciated by our customers.

2022 is a year we will not soon forget with heightened instability in the world, escalating inflation, increasing interest rates, an energy crisis, and of course Russia's invasion and war in Ukraine. The macro environment has with no doubt affected our customer segment with concerns regarding the future development and worries around day-to-day payments. In these times Qred's flexible financing solutions are more valuable and appreciated than ever.

I get asked the same question a lot nowadays: How do the current circumstances affect Qred's long-term goals? I choose to be an optimist and I always respond the same way: This does not affect our goal to become number one in European online SME financing. We shall stay true to our commitment to support small businesses across industries in our six markets. It is in times like these that Qred's social impact is greater than ever. For a small business owner, being granted a business credit, whether in the form of a credit card, business loan or factoring, could be the difference between making it through a tough time and being able to invest for the future and having to give up everything that they have worked so hard for. The macroeconomic situation does not only create additional risks for the customer, but also for Qred. We have aligned interests with our customers. When our customers do good, we do good. Now, more than ever, it is of utmost importance to profoundly discuss the benefits and risks of taking on credit in a business. This is something we have made a habit from the

beginning and is a natural part of being a responsible lender. We are also proud to offer transparent and predictable terms and the option of flexible repayments without penalty or prepayment fees.

Thanks to our long-term strategy, Qred has now been delivering healthy and profitable results for seven years in a row. By hiring skilled talents with aspiring ambition, we have developed some of the most sophisticated AI-powered products in the market. Qred's straightforward and efficient customer onboarding process has elicited thousands of small businesses to become customers, which has generated increased revenues and growth in our company. As always, we believe that targeting and delivering profitability is a hygiene factor for a responsible, healthy and sustainable business model.

Going forward, we will focus on leveraging our investments in technology and product development by expanding our existing product portfolio across existing markets. We are now laying the foundation to further accelerate our European expansion.

We are respectful of the ambition of delivering continued profitable growth and I am confident that we have the skills, organization and motivation that is up to the challenge. Our faith in the future is as strong as ever and we are determined to continue to serve northern Europe's underbanked entrepreneurs.



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 service in high demand among small businesses. Our own, automated credit system enables us to quickly provide entrepreneurs with access to the financing necessary to grow 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

Business loans: 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.

Credit cards: 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.

Factoring: 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 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.

Invoice payments: 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	Q4 2022	Q4 2021	FY 2022	FY 2021
Interest income		65 023	51 367	261 134	187 641
Interest expenses		-11 076	-8 825	-41 596	-31 467
Commission income		102 355	66 279	333 608	224 867
Commission expenses		-4 327	-2 675	-14 436	-10 813
Net result from financial transactions		1 880	-1 032	13 739	- 21
Other income		600	600	2 400	2 400
Total operating income	3	154 454	105 714	554 848	372 607
Operating expenses					
Credit losses, net	4	-69 017	-39 505	-261 211	-163 898
Personnel expenses		-26 878	-21 513	-95 192	-70 346
Other administrative expenses		-55 798	-36 129	-183 424	-117 495
Depreciation and amortization		-2 782	-1 519	-8 985	-5 111
Total operating expenses		-154 475	-98 666	-548 812	-356 850
Operating profit		- 21	7 048	6 035	15 757
Other financial income		0	0	0	0
Other financial expenses		- 223	-183	- 280	-212
Profit from shares in associated companies		100	6 726	935	6 114
Profit from financial transactions		- 123	6 543	655	5 902
Profit before tax		- 144	13 591	6 691	21 659
Income tax expense		9	-2 841	-1 561	-4 635
Net profit for the period		- 134	10 750	5 130	17 024
<i>Profit for the period attributable to:</i>					
Parent Company's shareholders		- 134	10 750	5 130	17 024
Non-controlling interests			0		0

Group statement of comprehensive income

kSEK	Q4 2022	Q4 2021	FY 2022	FY 2021
Net profit for the period	- 134	10 750	5 130	17 024
Translation differences, foreign operations	1 875	1 408	8 323	2 438
Tax expense on translation differences, foreign operations	-1 715	-290	-1 715	- 502
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	25	11 868	11 737	18 960

Balance sheet, Group

kSEK	Note	2022-12-31	2021-12-31
ASSETS			
Non-current assets			
Right of use assets		1 705	4 436
Deferred tax assets		18 652	7 992
Provided depositions		1 798	1 665
Non-current loan receivables	5	24 758	35 739
Shares in associated companies		21 407	20 472
Intangible fixed assets		39 378	15 010
Tangible non-current assets		367	134
Total non-current assets		108 065	85 448
Current assets			
Current loan receivables	5	536 477	436 016
Other current receivables		272 815	194 712
Cash		269 024	105 180
Total current assets		1 078 316	735 908
TOTAL ASSETS		1 186 381	821 356
EQUITY AND LIABILITIES			
Equity attributable to the parent company's shareholders			
Share capital		17 720	15 462
Other contributed capital		474 922	268 184
Reserves		9 079	1 589
Retained earnings including profit for the year		89 214	88 336
Total equity attributable to the parent company's shareholders		590 935	373 571
Provisions			
Other provisions		107 440	52 639
Deferred tax liabilities		2 728	2 535
Total provisions		110 168	55 174
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions		30 211	23 420
Bond loans		402 847	-
Other non-current liabilities		100	571
Total long-term liabilities		433 158	23 991
Current liabilities			
Accounts payable		8 552	6 219
Bond loans		-	342 880
Other liabilities		30 225	10 983
Accrued expenses and deferred income		13 343	8 538
Total current liabilities		52 120	368 620
TOTAL EQUITY AND LIABILITIES		1 186 381	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	15 463	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	15 463	268 184	1 589	88 336	373 571
Profit for the period				5 130	5 130
Foreign currency translation differences			8 323		8 323
Tax on foreign currency translation differences			-1 715		-1 715
Total comprehensive income for the period	0	0	6 608	3 130	11 737
Transaction costs for new share issue		-4 284			-4 284
Tax effect on transaction costs for new share issue			883		883
Redemption of preference shares, registered	-1	-3 809			-3 810
Issued warrants		2 060			2 060
Redeemed warrants		-64			-64
New issue of ordinary shares	1 151	213 943			215 094
Dividend preference shares				-4 251	-4 251
Registration of previously not registered ordinary shares	1 107	-1 107			0
Equity 2022-12-31	17 720	474 922	9 079	89 214	590 935

Cash flow statement, Group

kSEK	Note	FY 2022	FY 2021
Operations			
Operating profit including interest expenses		6 035	15 757
<i>Of which received interest</i>		200 514	174 923
<i>Of which paid interest</i>		-27 339	-34 969
Adjustments for non-cash items			
-Depreciation and amortization		8 985	5 111
-Capitalized interest		6 375	451
-Change in credit loss reserves		124 865	119 519
-Other non-cash items		-9 324	803
Other interest paid		-280	-211
Tax paid		11 271	-20 035
Cash flow from operating activities before change in working capital		147 928	121 395
Cash flow from changes in working capital			
Change in loan receivables		-122 797	-155 089
Change in other operating receivables		-89 646	-107 681
Change in accounts payable		1 990	1 666
Change in other operating liabilities		24 616	5 558
Cash flow from changes in working capital		-185 836	-255 546
Cash flow from operating activities		-37 909	-134 151
Cash flow from investment activities			
Change in other financial non-current assets		-9	-1 648
Investments in associated companies		-	-7 966
Change in other intangible fixed assets		-29 782	-12 353
Change in other tangible non-current assets		-319	-
Cash flow from investment activities		-30 111	-21 967
Cash flow from financing activities			
New issue ordinary shares		210 810	101 226
Redemption of preference shares	6	-3 810	-4 970
Dividend preference shares	6	-4 251	-4 458
Warrants		1 996	1 426
New loans		372 119	147 133
Repayment of loans		-347 505	-2 841
Cash flow from financing activities		229 358	237 516
Cash flow for the period		161 338	81 398
Cash at beginning of period		105 180	23 477
Exchange rate differences in cash		2 506	305
Cash at the end of the period		269 024	105 180

Income statement, Parent company

kSEK	Q4 2022	Q4 2021	FY 2022	FY 2021
Interest income and similar items	10 363	9 930	41 676	41 325
Interest expenses and similar items	-10 363	-9 930	-41 676	-41 325
Net result from financial transactions	-2 958	-2 772	-1 897	-6 977
Total operating income	-2 958	-2 772	-1 897	-6 977
Other administrative expenses	54	-160	-660	-1 747
Total operating expenses	54	-160	-660	-1 747
Operating profit	-2 904	-2 932	-2 557	-8 724
Other financial income	0	0	0	0
Other financial expenses	- 215	-15	- 216	-16
Result from financial items	- 215	-15	- 216	-16
Appropriations				
Group contributions received	11 300	10 900	11 300	10 900
Group contributions left	-4 000	-	-4 000	-
Earnings before tax	4 181	7 953	4 527	2 160
Income tax expense	- 861	-1 638	- 932	-445
Net profit for the period	3 320	6 315	3 595	1 715
The parent company's report on other comprehensive income				
Net profit for the period	3 320	6 315	3 595	1 715
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3 320	6 315	3 595	1 715

Balance sheet, Parent company

kSEK	2022-12-31	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	578 093	537 530
Total Financial non-current assets	645 606	605 043
Total non-current assets	645 606	605 043
Current assets		
Receivables from group companies	48 9753	13 888
Other current receivables	645	683
Prepaid expenses and accrued income	42	93
Cash	202 694	76 438
Total current assets	252 356	91 102
TOTAL ASSETS	897 963	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	114 460	104 739
Share premium fund	362 556	164 657
Retained earnings	-3 722	-1 186
Profit for the year	3 595	1 716
Total non-restricted equity	476 889	269 926
Total shareholders' equity	494 615	285 395
LIABILITIES		
Non-current liabilities		
Bond loans	402 847	-
Liabilities to group companies		68 242
Total non-current liabilities	402 847	68 242
Current liabilities		
Accounts payable	-	16
Bond loans	-	341 949
Accrued expenses and deferred income	501	543
Total current liabilities	501	342 508
Total liabilities	403 348	410 750
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	897 963	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 Q4 2022	Sweden	Other countries	Central functions	Group
Interest income	10 557	54 466		65 023
Interest expenses	-3 018	-8 058		-11 076
<i>Of which internal financing costs</i>	-2 319	-7 920	10 239	0
Net interest income	7 539	46 408		53 946
Commission income	32 122	70 233		102 355
Commission expenses	-1 254	-3 073		-4 327
Net commission income	30 867	67 160		98 028
Net result from financial transactions <i>which income sales bond</i>			1 880	1 880
Other operating income	600	0		600
Total operating income	39 006	113 568	1 880	154 454

Operating income Q4 2021	Sweden	Other countries	Central functions	Group
Interest income	9 102	42 265		51 367
Interest expenses	-759	-8 066		-8 825
<i>Of which internal financing costs</i>	444	-7 947	7 503	0
Net interest income	8 343	34 199		42 542
Commission income	28 012	38 267		66 279
Commission expenses	-1 054	-1 621		-2 675
Net commission income	26 958	36 646		63 604
Net result from financial transactions <i>Of which income sales bond</i>			-1 032 234	-1 032 234
Other operating income	600	0		600
Total operating income	35 901	70 845	-1 032	105 714

Operating income FY 2022	Sweden	Other countries	Central functions	Group
Interest income	35 489	225 645		261 134
Interest expenses	-11 776	-29 820		-41 596
<i>Of which internal financing costs</i>	-8 522	-29 560	38 082	0
Net interest income	23 713	195 825		219 538
Commission income	121 076	212 531		333 608
Commission expenses	-4 690	-9 746		-14 436
Net commission income	116 387	202 785		319 172
Net result from financial transactions <i>Of which income sales bond</i>			13 739	13 739
Other operating income	2 400	0		2 400
Total operating income	142 500	398 610	13 739	554 848

Operating income FY 2021	Sweden	Other countries	Central functions	Group
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	0
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	0		2 400
Total operating income	130 343	242 284	-21	372 607

Note 4 - Credit losses, net

Group	Q4 2022	Q4 2021	FY 2022	FY 2021
Realized credit losses	8 014	13 043	136 395	44 511
Change in reserves, net	31 331	26 605	73 062	102 054
Provision for guarantee commitment	29 672	-143	51 754	17 333
Total	69 017	39 505	261 211	163 898

Note 5 – Loan receivables

Group	2022-12-31	2021-12-30
Loan receivables, gross	805 526	635 498
<i>Of which long-term</i>	34 879	52 034
<i>Of which short-term</i>	710 062	557 633
<i>Of which acquired receivables in default</i>	60 585	25 831
Reservation for doubtful loan receivables	-244 292	-163 743
<i>Of which long-term loans</i>	-10 122	-16 295
<i>Of which short-term</i>	-221 728	-141 023
<i>Of which acquired receivables in default</i>	-12 442	-6 425
Loan receivables, net	561,234	471 755
Overdue loan receivables	163 601	91 765
Loans due in 0 to 3 months	305 237	192 515
Loans due in 3 to 12 months	301 809	299 184
Loans due in more than 12 months	34 879	52 034
Total	805 526	635 498

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

	2022-12-31	2021-12-31
SEK '000	139 652	119 269
EUR '000	46 210	37 148
DKK '000	98 496	157 969
NOK '000	3 990	-
USD '000	739	-

The provision for credit losses amounted to SEK 244 292 (163 743). Qred makes ongoing assessments of loan receivables. The provisions are calculated based on the expected cash flow with regards to an age analysis. The provision for doubtful loan receivables 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 31st of December 2022 amounted to 10 614 311. Registered ordinary shares B amounted to 1 516 300 and unregistered ordinary shares B amounted to 758 150. The number of preference shares amounted to 5 824. 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

During 2022, the Company has paid dividends with SEK 0 to common shares and common shares B and SEK 4 250 916 to preference shares and 381 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.r.l.

As part of the previous agreement with the Nordic Capital Evolution Fund, the Board of Directors, by virtue of the authorisation from the Annual General Meeting, on the 16 December 2022 resolved to increase the Company's share capital by SEK 1 106 899 through a directed share issue of 758 150 ordinary shares of series B to Cidron Gallo 2 S.à.r.l.

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

A process to merge Qred Factoring AB into Qred AB has been initiated and is expected to be completed by the end of Q1 2023.

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