

# QLIRO

## Annual report 2020



# Welcome to Qliro

Founded in 2014, Qliro is a fast-growing tech company that offers online payment solutions, including a complete checkout solution for e-merchants and their customers in the Nordics. Through its digital platforms, Qliro also offers other financial services to consumers in Sweden.

Qliro has a strong and growing market position in payment solutions for large e-merchants, a market with strong underlying growth. Via modern digital platforms, customers can easily manage their payments and cost-effectively are offered other products such as personal loans and savings. Through collaborations with partners, Qliro offers additional financial services in the digital platforms.

Qliro has two business segments: Payment Solutions and Digital Banking Services.

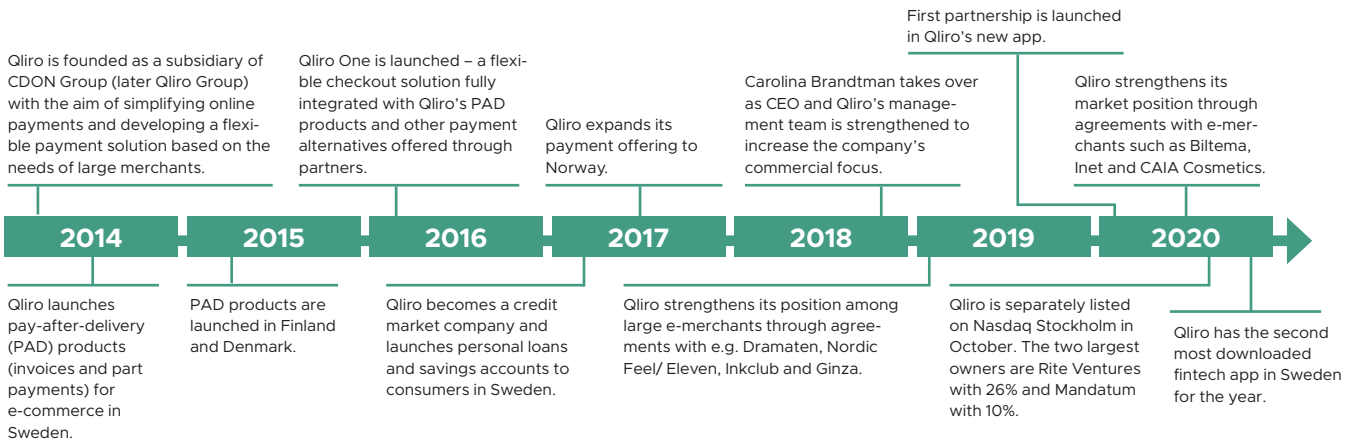
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### Note to readers of Qliro's Annual and Sustainability Report.

This is Qliro AB's first annual report and sustainability report as a separately listed company on Nasdaq Stockholm. Until October 2, 2020, Qliro was a subsidiary of the former e-commerce group Qliro Group, which consisted of Qliro, Nelly and CDON. After a distribution of shares to existing shareholders of the former Qliro Group, Qliro and CDON were separately listed on Nasdaq Stockholm and Qliro Group changed its name to Nelly Group. The parent company's results and assets are essentially the same as the Group's results and assets. On December 31, 2019, Qliro acquired a subsidiary and thereby formed a group. Since the Group was established in December 2019 and the differences in the income statement and balance sheet are minor, the financial performance measures and line items for 2020 are related to the Group and the comparative figures for 2019 are related to the parent company. Alternative Performance Measures are key indicators not defined in the International Financial Reporting Standards (IFRS) or in the fourth Capital Requirements Directive (CRD IV) or in the EU's Capital Requirements Regulation (CRR) 575/2013. The financial performance measures are used internally to monitor and govern operations. These measures are not directly comparable to similar financial measures presented by other companies; for definitions of key performance measures, see pages 80–81. Qliro AB, with corporate ID number 556084-0315, has its registered address in Stockholm. For more information on Qliro's operations, visit [qliro.com](http://qliro.com) or contact us at [ir@qliro.com](mailto:ir@qliro.com)

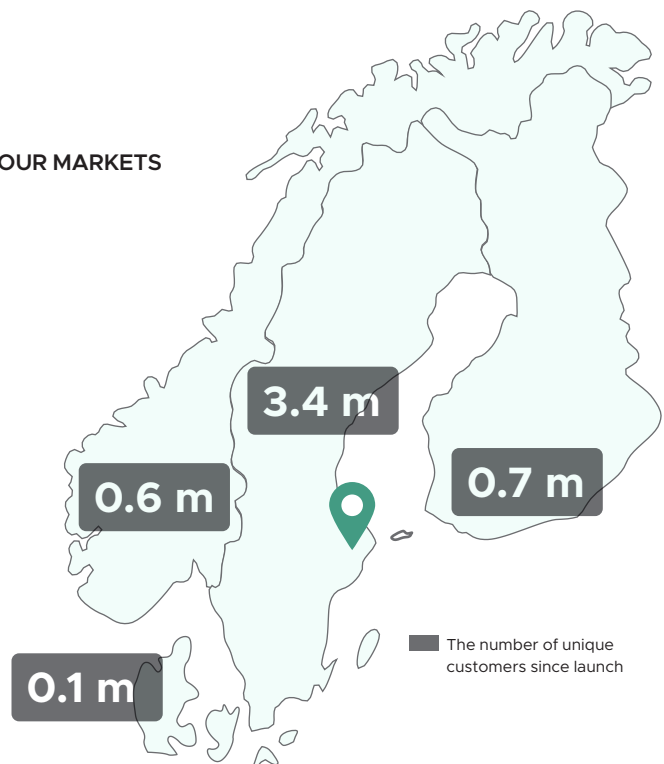
## OUR HISTORY



## OUR VISION

- TO OFFER NEXT-GENERATION PAYMENT SOLUTIONS THAT IMPROVE THE BUYING EXPERIENCE FOR CONSUMERS AND CONTRIBUTE TO THE SUCCESS OF MERCHANTS
- Be a reliable partner for merchants and a digital platform for consumers by delivering a wow experience

## OUR MARKETS



## OUR VALUES

THROUGH  
COLLABORATION

EVERYDAY  
CURIOSITY

WE  
EMPOWER

MY  
ACCOUNTABILITY

# 2020 by the numbers

**SEK 388 M**

Total income<sup>1)</sup> (+12%)

**SEK 6,221 M**

Pay-after-delivery (PAD)  
volume (+17%)

**SEK 2,133 M**

Deposits and borrowings from  
the public (+17%)

**7.1 million**

PAD transactions (+30%)

**SEK 2,460 M**

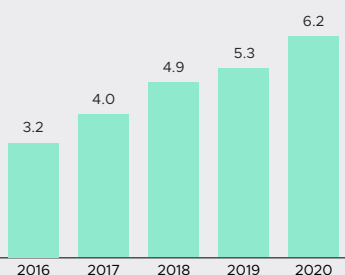
Lending to the public (+19%)

**26.8%**

Total capital ratio (17.8%)

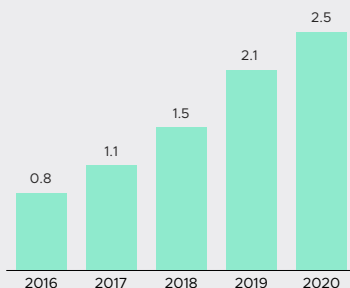
Pay-after-delivery volume

SEK M



Lending to the public, net

SEK M



Total income<sup>1)</sup>

SEK M



**2.5 million**

Active customers (+400,000)

**4.4**

Out of 5 – average score for  
Qliro's app in the App Store

**198**

Average number of  
employees (199)

**7.7 million**

Logins in Qliro's app  
(+37%)

**+20**

Employee Net Promotor  
Score (+5)

**16,872**

Shareholders (1)

<sup>1)</sup> Adjusted for items affecting comparability

# Highlights of the year

## Q1

- **New digital platform launched in Sweden.** The new platform for financial services was launched in Qliro's app and online. With the platform, companies with strong customer offers can distribute services in partnership with Qliro. The first to be integrated was an insurance service in collaboration with the insurtech company Insurely.
- **Savings accounts launched in Germany.** Qliro diversifies its funding by launching savings accounts to consumers in Germany in collaboration with the open banking platform Deposit Solution.
- **Mattias Forsberg is appointed** as Chief Technology Officer (CTO) and a new member of the management team.

## Q2

- **New partnerships** with the tech company Inet and beauty products company CAIA Cosmetics on payment solutions.
- **Rite Ventures become the largest owner of the former Qliro Group** after signing an agreement with Kinnevik, the largest shareholder at the time, to acquire Kinnevik's shares.

## Q3

- **A directed share issue** of SEK 210 million is carried out by the former Qliro Group, with Mandatum Private Equity subscribing for 9.8% of the shares.
- **Decision to distribute the shares** in Qliro to existing shareholders of the former Qliro Group.
- **Johnny Sällberg is recruited** as Chief Commercial Officer (CCO) and a new member of the management team.

## Q4

- **Qliro is separately listed on Nasdaq** Stockholm under the ticker symbol QLIRO.
- **Alexander Antas, as a representative** of Mandatum Private Equity is elected as a new member of the Board, and a decision is made to establish an incentive program for senior executives and other key persons in Qliro.
- **Qliro signs an agreement with Biltema** as a payment partner for Biltema's Nordic e-commerce.

### A sample list of our partners

- CDON • Nelly • Biltema • Lyko
- Inet • Nordic Feel/Eleven
- Campadre • Parfym • Inkclub
- CAIA Cosmetics

# Qliro – the challenger in e-commerce payment solutions in the Nordics

During 2020 we strengthened our competitiveness by improving and further developing our payment solutions and digital customer platforms. As a result, we have built a foundation to become the main challenger in e-commerce payment solutions in the Nordics in the coming years. Focus during the year was of course also the separate listing of Qliro on Nasdaq Stockholm and handling of the covid-pandemic.

## Qliro today

Qliro is a growing tech company that today is an established payment partner to major e-merchants in the Nordics, and in the last year 2.5 million customers have used one or more of our payment products when shopping online. We were born in the digital era without a long history from brick-and-mortar retail. Our comprehensive checkout was built from the start for online with a focus on simplicity and convenience for the customer. Our consumer offering is also fully digital – where we with our own products and through partners offer financial services in our app or online.

## Our sustainability agenda

Operating our business sustainably and inspiring e-merchants and customers to make sustainable choices is important to us. In our sustainability work, we focus on three main areas: sustainable e-commerce, responsible business and lending, and being an attractive employer.

In all these areas, we took important steps in 2020. As a link between e-merchants and consumers, we want to use our technology, data and platform to drive development toward sustainable consumption. During the year, we created a service called Retursmart, which has now been launched in our Swedish app. Its purpose is to help consumers understand the impact of returns on the environment and how they can have an influence. Our ambition is to reduce the environmental impact through a long-term reduction in the number of returns. In 2021, we will launch additional services involving sustainable consumption in our app.

In the area of responsible business and lending, the most important initiative during the year was to improve the customer experience by launching our new digital applications in the Nordic countries. It should always be easy for our customers to make payments on time, and through the digital services that we have built we have greatly simplified the process. The app allows customers to link a bank account to payments and add a function which ensures that payments are always made on the due date. There is also an option to receive push notices and delay the payment date for invoices by an additional ten days directly in the app. With the help of the improved services, more data and better processes, we reduced the percentage of claims sent to external collection partners during the year by approximately 40 percent for our most popular payment method, invoices, in the Swedish market.

As an employer, we have taken major steps in the right direction by creating a strong, positive corporate culture. Interest in Qliro as an employer has increased and the likelihood that our employees would recommend us has risen significantly. Despite the challenges with COVID-19, we increased employee engagement during the year and strengthened the results in every category in our periodic employee survey. It is important and encouraging that our efforts in this area are producing results, since a talented staff is the key to further developing our services in the best way. For more information, see pages 9–21 of our sustainability report.

## The COVID-19 pandemic

COVID-19 has affected us in many ways. We acted early on to protect employees, customers and suppliers as much as possible. Since the pandemic broke out, we have focused on enabling remote work and employees who have been able to work remotely have been encouraged to do so. This has worked well and a lot of positive things have come out of being challenged to do things differently. Going forward, we will be much more flexible in how we work, which in many areas is contributing to greater efficiency.

The transition from brick-and-mortar to e-commerce has been accelerated by the pandemic as more consumers and new customer segments have shopped online. For most of our e-commerce partners, the pandemic has positively affected revenues, while merchants in apparel and entertainment, for example, have been negatively impacted. In total, business volumes have risen. For personal loans, growth continued in 2020, but at a slower than historical rate as demand was hurt by the pandemic.

When the pandemic broke out, we performed an analysis of all our lending products and among other things raised the requirements on income and form of employment. So far, we have not seen an overall decline in the ability of consumers to pay owing to COVID-19. However, our result was negatively affected by an increase of SEK 9 million in provisions for credit losses due to assumptions about a poorer economic outlook. In summary, we have not yet experienced any major negative consequences from the pandemic, but we remain prepared.

## Stronger position and improved customer experience

The IPO in early October and the pandemic of course dominated the year, and operationally the pace of develop-



ment remained high, as it always will in a tech company. We have continued to upgrade our checkout with an improved design, integrated shipping solutions and by making it available in more markets outside the Nordics to support merchants that are expanding outside the Nordics.

Demand and interest in switching payment partners by large and medium-sized e-merchants have increased. More and more, they are realizing that they get a closer partnership with us and that we provide a technological solution that is easy, convenient and secure for both the merchant and the consumer. During the year, we signed agreements with a number of large merchants and well-known brands such as Inet, CAIA Cosmetics and Biltema. In total, payment volumes with our payment methods rose by 17 percent. The rate of increase was higher at the end of the year as new partnerships were launched. In the fourth quarter, growth was 26 percent with volume from merchants outside the former Qliro Group increasing by 59 percent. In total, merchants that we began to partner with in 2020 accounted for 15 percent of volume in the quarter.

For e-merchants and online shoppers, the customer experience during and after a purchase is key. At the beginning of the year, we launched our new digital platforms and our app was the second most downloaded fintech app in Sweden in 2020, according to the company Sifted. The number of logins in the app rose during the year by 37 percent to 7.7 million and in total there were 12 million logins in the digital platforms. Now we have also launched the updated platforms in Norway, Finland and Denmark, which is an important step in strengthening our Nordic offering. The increased interactions, improved functions and additional services in the app in collaboration with partners tie our large customer base closer to Qliro.

Our income excluding items affecting profitability increased by 12 percent and total lending was up 19 percent. Expenses excluding items affecting profitability rose by 14 percent, but a large part of the increase is related to faster depreciation of our investments. Expenses excluding depreciation increased by 8 percent. The underlying credit loss level was stable during the year. Net profit for the period excluding items affecting profitability amounted to SEK -48 million (-23). The decline was due to the higher depreciation rate as well as the extra provisions for potential future credit losses that were allocated due to COVID-19.

### **Growth is our top priority**

We will in coming years continue to strengthen our position as the primary partner for large e-merchants in Sweden but also broaden our offering to more segments within e-commerce, both in terms of other product segments and the size of e-merchants. One of our priorities will be to further

**» More and more e-merchants understands that we can offer a closer partnership and that our payment solution is easy, convenient and secure for e-merchants as well as consumers .«**

develop our offering in the Nordics by improving the checkout in Norway, Finland and Denmark. We know that our geographical focus on the Nordics is a competitive advantage, allowing us to be close to our partners so that we can develop our shared business together. In the middle of April 2021 Qliro's Board of Directors, with support from the two largest owners Rite Ventures and Mandatum Private Equity, decided to broaden our organic growth strategy to also include potential acquisitions within digital payments in the Nordics.

Our main ambition is to continue to grow business volumes in order to increase the scalability of our business by growing income faster than expenses. At the same time, we will continue to invest in technological infrastructure, products and services, which is critical given the rapid pace of technological development. We also believe that there will be a great value in our digital customer platforms, where we easily can offer our customers services together with partners in addition to our own payment products.

With long-term owners, the newly added possibility to do add-on acquisitions and a strong focus on further developing and improving our services, we will strengthen our position as the primary payment partner for large and medium-sized merchants in the Nordics.

Lastly, I want to wish all our new shareholders a warm welcome and also express my gratitude to all employees for the engagement and hard work during the year.

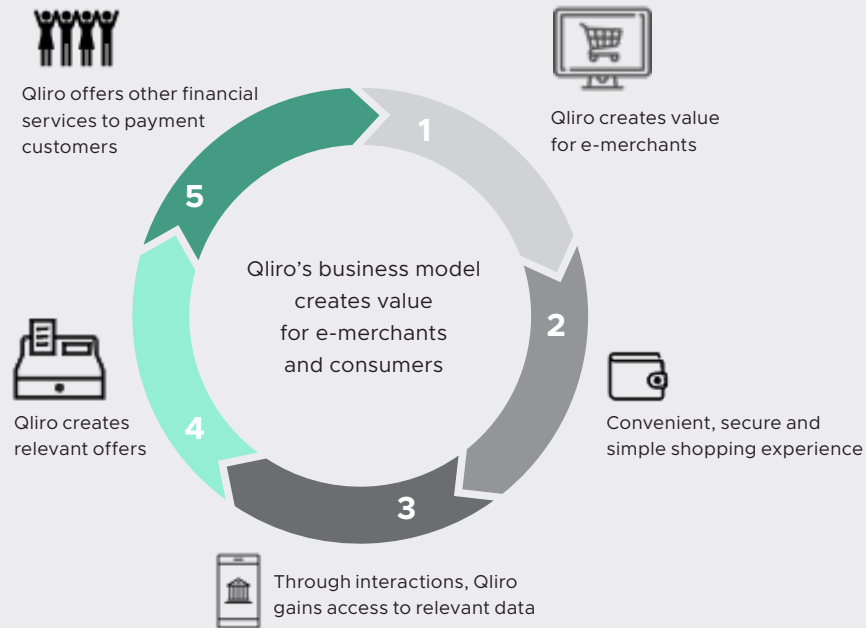
Carolina Brandtman  
CEO


# Business model

## Qliro's business model – more than just payments


While its core business is payments, Qliro's solution is bigger than that. The customer shops, is shipped their goods and pays in the app. By being clear and transparent, Qliro makes it convenient to pay.


Qliro creates value for e-merchants by increasing sales, improving cash flow and raising income. Qliro also manages credit and fraud risks. Through millions of transactions and interactions through the platform, Qliro gains access to relevant data and in this way can make other relevant offers to Qliro's customers.





 1. Qliro attracts large e-merchants in the Nordics with its modern checkout solution. The strategy for e-merchants is to be a reliable partner that supports them in every aspect of their business and offers their customers a truly outstanding customer experience.

### » Qliro's business model creates digital interactions and opportunities for upsell of other products.«

 2. When a customer shops with one of Qliro's e-commerce partners and chooses one of Qliro's credit products, they become a Qliro customer. The customer finds a convenient, secure and simple shopping experience. Qliro's payment methods provide protection for the consumer, who does not have to pay before the goods have been delivered. This is where the majority of Qliro's income is generated in the segment Payment Solutions.

 3. The customer finalizes and manages payments on Qliro's modern digital platforms. The platforms enable them to link their bank account for payments, activate reminders, pause payment in the case of a return, and change their payment date or method. Through these interactions, Qliro gains access to relevant data.

 4. Advanced analysis and machine learning of transactions and digital interactions are performed on Qliro's data platform. The platform can handle large volumes of internal and external data in real time to provide relevant offers to Qliro's customers. Machine learning is used, for example, for segmentation, credit checks and pricing.

 5. Personal offers are provided on the digital platforms. Qliro offers its own products such as personal loans and savings, but also other products through collaborations with partners. The model provides upsell opportunities to a large customer base at minimal marketing cost. This is where income in the segment Digital Banking Services is generated. Relevant services and convenient and positive customer experiences create repeat customers and make Qliro competitive to more e-merchants.



# Sustainability report

Sustainability is high on the agenda for Qliro, our employees, our merchant partners, customers and our owners. Sustainability is an integral part of our strategy. We are convinced that we as a company can contribute to a sustainable future through the active choices we make on how we run our business, but not least through our business model, where we, via our partners, our platforms and our large customer base, are able to influence behavior and reach many consumers.

Qliro operates in a socially, ethically and environmentally sustainable way with the goal to create value for partners, customers, employees, owners and society. This also means taking responsibility for minimizing risks through proactive measures, robust processes, compliance and transparency. In our sustainability work we focus on three main areas: sustainable e-commerce, responsible lending and business, and being an attractive employer.

The sustainability report 2020 comprises Qliro AB (publ) and its subsidiaries. This is Qliro's first sustainability report prepared in accordance with chapters 6 and 7 of the Annual Accounts Act. The auditor's opinion regarding the statutory sustainability report can be found on page 21.

**» In our sustainability work we focus on three main areas: sustainable e-commerce, responsible lending and business, and being an attractive employer.«**

## Business model

Qliro is a credit market company under the supervision of the Swedish Financial Supervisory Authority. Sweden is the main market, but Qliro also operates across borders in Norway, Finland and Denmark. Qliro's operations are divided into two business segments: Payment Solutions and Digital Banking Services. The former comprises payment solutions and sales financing for e-commerce, and the latter currently comprises personal loans and other digital financial services.

Qliro was founded in 2014 and offers payment solutions that help to convert visitors to the e-merchant's website into paying customers. The payment service ensures that e-merchants receive payment for their goods and allows consumers to shop securely and pay for their purchases by invoice or part payment. The payment service is used by several of the largest e-commerce companies in the Nordics, and five million consumers have used the service to pay online.

Qliro also offers savings accounts and personal loans to Swedish consumers. Qliro's strategy is to add financial services to the digital platform through collaborations with external partners. In 2020, Qliro added its first partnership in insurance with the insurtech company Insurely.

## Sustainability management

Ultimate responsibility for sustainability issues rests with Qliro's Board of Directors, which decides on the strategic direction and establishes Qliro's policy framework and control processes. The CEO is responsible for integrating the sustainability work, and each function is responsible for driving and developing the work in its area.

Qliro has a comprehensive policy framework, including the following policies that have an impact on sustainability.

- Enterprise Risk Management Policy – sets out the fundamental principles that apply to Qliro's processes and structures as relates to risk management.
- Code of Conduct – contains principles for ethical and responsible behavior at Qliro to contribute to a sound and sustainable financial market, society and environment.
- Conflict of Interest Policy – describes how employees and representatives of Qliro should respond to potential conflicts of interest and similar situations (e.g., in relation to gifts and benefits).
- Anti-Money Laundering and Counter-Terrorism Financing Policy – describes the reasoning behind Qliro's measures to prevent money laundering and terrorism financing.
- Credit Policy – describes processes for lending and managing credit risk to ensure sound lending.
- Whistleblower Policy – ensures that Qliro's employees can and know how to report sensitive issues such as discrimination without the risk that it could lead to negative treatment.
- Policy for handling customers' issues and complaints – describes how Qliro handles complaints from customers.
- Guidelines for remuneration of senior executives – adopted by the Annual General Meeting.
- Merchant Policy – fundamental principles and methods Qliro uses to ensure that all merchants, both new and existing, meet Qliro's requirements concerning counterparty risk, volume, profitability and ethics.
- Governance Policy – ensures effective internal control and management in accordance with regulatory requirements as well as the internal framework, in order to have effective independent control functions and for the Board's ability to effectively monitor Qliro's operations.

**Qliro’s most significant risks in this area involve:**

- Responsible lending
- Solid business ethics
- Financial crime
- Attractive employer
- Gender equality and diversity.

As a regulated credit market company and given the nature of Qliro’s business, risk and risk management are a natural element in its operations. To manage risk, Qliro strives to continuously maintain a good risk culture, a high level of risk awareness and a cautious approach to taking risk. The Board of Directors decides on Qliro’s risk appetite and has established a structure for internal governance and control of risk management. All internal governing documents adopted by the Board are reviewed and updated annually, or more often if needed. The Board and, according to instructions from the Board, the CEO are responsible for regularly evaluating whether Qliro’s overarching risks are being monitored and managed effectively and appropriately. The Board has established a committee to support its work – the Risk, Capital, Audit and Compliance Committee (“RCACC”) – whose tasks include ensuring that risk taking is well-balanced and controlled, monitoring the financial reporting and ensuring that internal control is effective. For more information on the RCACC, see page 36. The company has implemented internal structures, procedures and processes for internal governance in accordance with the Swedish FSA’s Regulations and General Guidelines (FFFS 2014:1) regarding governance, risk management and control at credit institutions.

**Risk management based on three lines of defense**

Qliro’s risk management is based on the three lines of defense model to ensure that risks which could have a significant impact on Qliro’s strategic, operational, reporting and compliance goals are managed correctly and sufficiently. Qliro systematically assesses the risks that the company faces to identify, analyze and evaluate current and potential risks and how they are handled and reported. This assessment is done through the risk management process, consisting of six steps: risk identification, risk analysis, risk assessment, risk management, risk monitoring and reporting. Qliro’s risks and risk management are described in more detail in each focus area and on pages 31–33 in the Directors’ report.

**Qliro works with seven UN Sustainable Development Goals**

In addition to following the existing regulations that apply in our markets, Qliro works with 7 of the 17 UN Sustainable Development Goals. The seven goals we have identified that Qliro is able to impact and contribute to are:



Qliro takes responsibility for people and society by offering a safe and healthy working environment.



Qliro promotes gender equality with equal opportunities for women and men. We are dedicated to developing a culture and workplace distinguished by gender equality, equal terms and diversity.



Qliro wants to contribute to sustainable growth and job opportunities by helping partners achieve success and grow. Qliro’s convenient checkout solutions and sustainable financial solutions contribute to economic growth in our markets.



When developing new products and services, Qliro’s compliance function is brought in at an early stage to ensure that regulations are followed and that appropriate processes and control routines are in place. We see potential to develop more sustainable services.



Responsible and sustainable lending requires credit checks and processes to ensure that customers can repay their debt and to avoid over-indebtedness.



Qliro is a small actor in a global context with little direct impact on climate change. We still believe that we can help to drive change towards a more sustainable future mainly through our position between e-merchants and consumers in the Nordics.



By taking initiative and taking part in networks in the e-commerce industry, we contribute to the transition to a more sustainable future.

## FOCUS AREA 1

## Sustainable e-commerce and reduced climate impact

Climate change and the global climate crisis are one of the greatest challenges of our time, and one that we at Qliro feel everyone in society must help to meet. Qliro is a small actor in a global context, but we believe that we can help to drive change towards a more sustainable future through conscious choices in our day-to-day operations, but mainly through our position. As a link between large e-merchants and end consumers in the Nordics, we have an opportunity to have an influence, and our digital platform with millions of interactions gives us access to information and insight into the impact of climate change.

### Risk management in sustainable e-commerce

At Qliro we take climate change seriously and playing a part in driving society towards a more sustainable future could negatively affect Qliro's brand.

Qliro's Employee Code of Conduct mentions climate change as a priority issue for the company. We work actively to reduce our carbon footprint, encourage carbon-neutral travel, and sustainability issues are a parameter when evaluating new suppliers.



### Outward-focused initiatives for greater insight, knowledge and engagement on climate impact

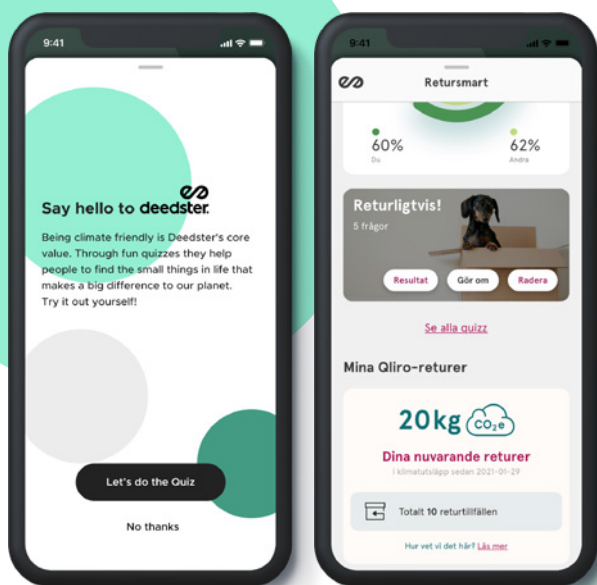
Qliro works both internally within the organization and outwardly on an individual and organizational level to create forums and services to spread information on climate change within e-commerce, but also increase engagement and drive change on climate issues.

In 2019, Qliro started a collaboration with Deedster, a data-driven tech company that works with climate change by creating digital challenges and products with the goal of increasing knowledge and insight and inspiring people to reduce their personal impact. A climate challenge was launched for all employees of Qliro with the goal of increasing awareness of how small, conscious decisions every day, such as choosing vegetarian for lunch, can reduce a person's footprint. Empowerment is one of Qliro's values, and the collaboration with Deedster was therefore expanded in 2020 to create a product that gives Qliro's customers the same opportunity.

Since Qliro is in e-commerce, it was natural to take the next sustainability initiative to the heart of the business, and one climate-related problem with e-commerce is the number of returns, which are costly for both the environment and the e-merchant. Together with Deedster, we created a service called Retursmart, which was developed in 2020 and is now being launched in the Swedish app. The aim of Retursmart is to raise public awareness of the impact of returns on the environment and how customers can influence this, and on an individual level to give customers greater transparency how they personally impact climate change by showing them the emissions generated by their returns. The aim is to reduce the number of returns over the long term.

By collecting data on returns in 2020, we have gained greater insight on how they are handled and the opportunities to work more closely with our e-merchants and together reduce e-commerce returns. As part of this, Qliro joined the trade association Sustainable E-commerce in fall 2020 and is playing an active part in a working group on returns, where the aim is to evaluate industry best practices on returns and highlight and spread innovative ideas.

In 2020, Qliro arranged a seminar for e-merchants with the theme "Do sustainability and profitability go hand in hand?" to highlight the issue of sustainable e-commerce, spread knowledge and inspire the industry to make more sustainable choices.



The Retursmart service was launched during the year in Qliro's app. The aim is to increase awareness of the impact of returns on the environment and to provide greater transparency to customers on their individual impact. The goal is to reduce the number of returns in the long term.

### Climate impact and initiatives in day-to-day operations

As a digital company in tech and financial services, Qliro’s main environmental impact is from its office, data centers and business travel, which will be the priority areas for reducing the climate impact of our day-to-day operations.

### Energy consumption

All electricity used in Qliro’s operations, including the building where the office is located as well as data centers, comes from 100% renewable sources. The office property is BREEAM certified, level 4 of 6, Very Good. BREEAM certification comes originally from the UK and is the most widely used system for environmental certification in Europe, measuring a property’s environmental performance in a number of areas.

kWh	2020
Electricity consumption – share of property	101,193
Heat consumption – share of property	18,376
Cooling consumption – share of property	33,928
Electricity consumption – operating facilities	128,026
Electricity consumption – data centers	240,960
<b>Total electricity consumption</b>	<b>522,483</b>

Plans are in place to install solar panels on the property in 2021, which will make the electricity not only renewable but also locally produced. In addition, Qliro will analyze its own energy usage to reduce the risk that energy goes to waste.

### Waste and recycling

It should be easy to recycle and take care of waste the right way. Qliro’s office has clearly labeled recycling stations for paper, plastics, glass and metals. Hazardous waste currently consists of fluorescent lamps, batteries and electronics, and non-hazardous waste consists of glass, metals, cardboard, paper and plastics. In 2020, recycling and reuse from Qliro’s operations reduced CO2 emissions by over 8 metric tons. In 2021, the company will also evaluate opportunities to convert food waste to biofuel and to minimize paper consumption.

Kg	2020
Total weight hazardous waste	204
Total weight non-hazardous waste reused/recycled	18,159

To ensure that hazardous materials are handled correctly and that recyclable materials are in fact recycled, we have chosen a supplier that offers transparency on how the material is processed once it leaves Qliro.

### Travel

Qliro is a growing company with operations throughout the Nordic region, and travel to some extent is part of our business, though mainly within Sweden. Less travelling than usual took place in 2020 due to the ongoing pandemic.

Km	2020
Air	5,610
Car (taxi)	4,143
Rail	2,742

In 2020, Qliro joined the zero-emissions campaign Nollzon, which means that electric cars are given priority when ordering taxis to or from Qliro’s office on Sveavägen.

In 2021, Qliro will finalize its travel guidelines, where the emphasis is on the following points to encourage climate-smart travel:

- To reduce travel, virtual meetings will be given priority over in-person meetings where suitable.
- Travel will be planned and scheduled using mass transit, or by walking or biking if possible.
- Trains will be given priority over air travel on domestic trips.
- When reserving a taxi or rental car, electric vehicles or other green alternatives will be given priority if possible.

### Other

For company events, Qliro’s policy is to prioritize vegetarian meals, and in 2020 Qliro replaced its cleaning company with one that only uses green cleaning products.

### Ambitions in 2021

- Expand the cooperation with Deedster and launch an additional service on the theme of sustainable lifestyles and climate impacts.
- Continue to spread awareness within the e-commerce industry on climate impacts.
- Continue to create a workplace where employees have the opportunity to learn more about climate change through various initiatives and how individuals impact the climate.
- Finalize travel guidelines for more eco-friendly travel
- Actively work with the “Sustainable e-commerce” network in the focus area of returns.

FOCUS AREA 2

# Responsible business and lending



Qliro's main business consists of offering e-merchants in the Nordics a modern and secure payment solution. The solution also contains modern payment methods offered through partners as well as Qliro's credit products, so-called pay-after-delivery (PAD) products, such as invoices and part payments. Qliro's solution ensures that e-merchants receive payment for their goods and that consumers can shop securely online and offers flexibility when it comes to payment methods.

Given the nature of Qliro's business, the most important sustainability issues are:

- Responsible lending
- Being a trusted business partner and combating corruption and financial crime (including money laundering, terrorism financing)

### Responsible lending

Lending is a key part of Qliro's business and accounts for the majority of income. Lending plays an important role in a functional society and gives consumers the opportunity to increase their purchasing power and spread their expenses over time. As a consumer, borrowing money has a direct impact on your personal finances, and responsible lending means carefully considering these perspective and making sure that enough information is in place to make well-informed decisions.

Consumer lending is licensed and supervised by the Swedish FSA. Qliro's responsibility as a lender includes preventing over-indebtedness, which is why credit checks are performed to ensure that the customer does not borrow more than their financial situation allows. Internal control, together with

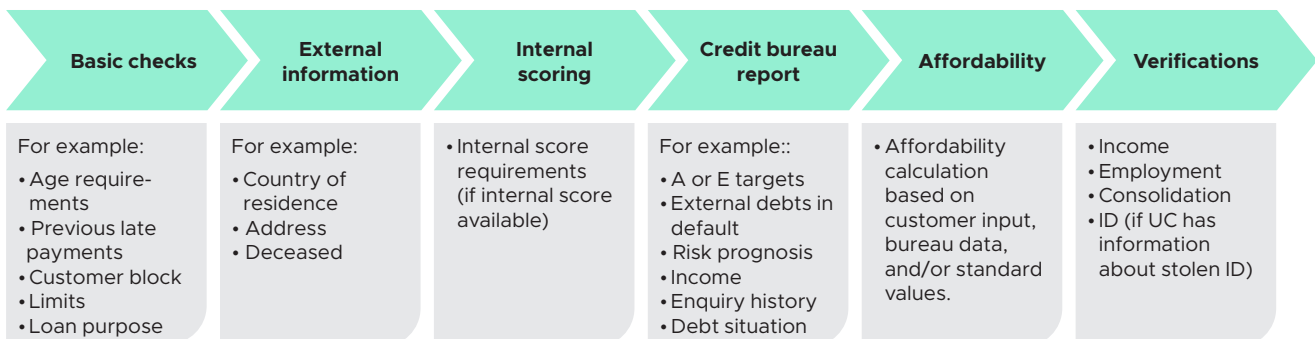
robust internal systems and processes, is fundamental. To minimize the risk that customers suffer financial difficulties, a systematic credit process serves as the basis of all decisions and Qliro follows the Swedish Bankers' Association's responsible lending code. We offer credit only to individuals who we believe can repay. However, there is always a risk that customers, due to various circumstances, will have problems repaying their loans, which is not desirable for the customer, society or us as a lender. Responsible lending is therefore our most obvious focus area in our sustainability work.

Qliro's credit assessment is a data-driven, integrated process supported by internal competence. In e-commerce, consumers expect an immediate response to their credit inquiries, which requires us to have automated processes and access to a wealth of data. The illustration below shows the overall credit assessment model, which can vary depending on factors specific to a particular case and on whether a loan is tied to Qliro's PAD products or a personal loan. Qliro has developed its own scorecard for a number of markets and products, and new scorecards are added over time to improve risk management capacity. The scorecard is also continuously improved through analyses of the large data flow through Qliro's platform. A new credit assessment is done each time a customer makes a purchase or applies for credit. If the customer is assessed as not having the financial capacity to repay the credit, the application is denied.

In addition to reducing credit risks, the goal of Qliro's assessments and loan processing is to ensure sustainable and sound lending. Qliro has had stable credit loss ratios, especially for PAD products in Sweden, which is the largest and most mature market with very good access to

### Steps in the credit assessment

(a selection of checks)



**Checks depend on a number of criteria, for example applied amount and previous history with Qliro**

For example: an invoice purchase of SEK 100 does not go through the same assessment as a personal loan of SEK 500,000.

information. All Nordic markets are tightly regulated and impose strict rules on lending, and also offer good access to data for credit assessments.

**Significant risks related to responsible lending:**

- Insufficient repayment capacity
- Overindebtedness among customers
- Increased indebtedness in society

**Credit assessment in pay-after-delivery products**

A credit assessment is done for all purchases with Qliro’s PAD products, regardless of size and duration. The controls and rules in the assessment process may vary depending on factors specific to a particular case, including geographic market, repayment period, type of product and customer history. Thresholds, limits and the degree to which external and internal data are used can also differ between products and customers with different payment histories. Qliro has established limits on the highest credit it offers. In general, credit purchases pass through six sets of rules: i) direct rules, ii) threshold, iii) payment history, iv) address verification, v) internal scores and vi) external scores.

Each set contains different rules depending on the market and to some extent the product. The transaction must pass through every step to be approved, with the exception of the first set, where the customer can be approved or denied directly under certain circumstances. When external data is collected, Qliro collaborates with at least one established credit reporting company to obtain relevant data in each market. For the PAD products in Sweden, Qliro currently has agreements with two companies that serve as primary and secondary providers, where response time is critical. The external information that is obtained is often related to address data and basic customer information as well as non-payments, income and credit score.

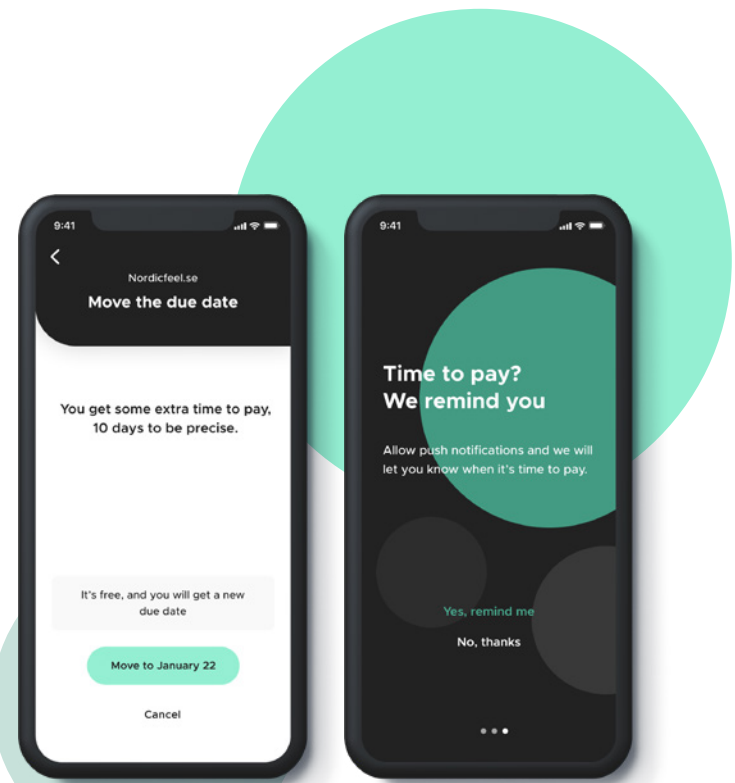
**Personal loans**

Personal loans are offered only in Sweden up to SEK 350,000 per borrower. For two borrowers, the maximum amount is SEK 500,000, but the average loan is approximately SEK 80,000. The credit assessment process for personal loans contains a similar set of rules as PAD products, with additional calculations based on information from the customer and in certain cases controls tied to various documents provided by the customer. In 2020, Qliro launched an internally developed personal loan scorecard, where the credit framework is based to a greater extent on statistical models than expert rules. Qliro’s personal loans are marketed only in Qliro’s own digital channels, which means that Qliro knows its customers well, since more than 95 percent of all private loan customers are previous PAD customers. Qliro’s database on purchasing histories and

payment patterns for PAD products is critical therefore to the credit assessment and scoring process for personal loans as well.

**Managing overdue payments**

Qliro manages reminders of overdue payments using internal resources, which are activated when a customer has violated the terms of their agreement. The measures differ for different receivables depending on financial exposure, risk level and type of products. They include contacting these customers through the app, push notices, text message, email and/or outgoing conversation. The development of digital functions and rollout of the new app in 2020 are important steps that make it easier for Qliro’s customers to pay on time. For example, they can now link a bank account to their payments and schedule a payment from their bank account on the due date each month. There is also an option to delay the payment date for invoices by another ten days directly in the app. If a customer is temporarily struggling to pay their bills, there are established guidelines on how it should be handled to avoid unnecessary unpaid and overdue credits, e.g., by granting a payment-free month. If a customer has not paid despite internal measures, their agreement is canceled and a



By developing intuitive digital services for its app, Qliro makes it easy for customers to manage their payments and reduces the risk that they will be late with a payment.

claim is submitted to an outside collection agency. Canceled agreements negatively impact profitability, the brand and not least the individual, so Qliro always tries to improve both credit assessment processes and processes to help customers who are having difficulty paying their bills. Qliro currently has agreements with two collection agencies. When choosing collection partners, Qliro takes ethical aspects and customer relationship management into account.

### Development in 2020

In spring 2020, Qliro reviewed the lending procedures for all its products and, among other things, raised the requirements on income and form of employment, and in certain cases required co-signers to reduce the risk of over-indebtedness and potential credit losses.

Qliro's recognized credit losses, which are a combination of established credit losses and provisions for potential future credit losses, amounted to 1.3% of the total PAD volume in the Payment Solutions segment (1.1% in 2019). The credit losses were negatively impacted by extra provisions for potential future credit losses due to the macroeconomic conditions caused by the COVID-19 pandemic. Within Qliro's other segment, Digital Banking Services, the credit loss ratio decreased in relation to average lending to 2.7% (3.1) despite the extra provisions necessitated by COVID-19's impact on the economy.

Improvements to credit processes and larger data samples for lending have helped to reduce the share of claims sent to collection agencies. For the most popular credit product, invoices in the Swedish market, the decrease in the fourth quarter 2020 was nearly 40% year-over-year. The trend was the same for personal loans, which also dropped nearly 40% when you compare the outcome in 2020 with 2019.

### Combating corruption, money laundering and terrorism financing

Qliro has zero tolerance for corruption. Corruption poses serious legal risks and reputational risks. Qliro is exposed to corruption through, for example, the risk of fraud, money laundering, terrorism financing, bribery and conflicts of interest. Anti-corruption work is based on Qliro's policy documents. Combating all forms of corruption is an extremely high priority, and the CEO along with the rest of management have overarching responsibility for the preventive work and ensuring that resources, processes and control systems are in place. As a credit institution in accordance with LBF, Qliro is subject to the Act on Measures against Money Laundering and Terrorist Financing (2009:62) and must, before a business relationship is established with a customer, follow Know Your Customer (KYC) procedures to identify the customer and assess the risks associated with the customer. Continuous KYC, including transactions made by customers, is necessary to identify any suspicious activity that could entail

money laundering or terrorism financing. Qliro will deny transactions that it suspects, or has reasonable grounds to suspect, may involve money laundering or terrorism financing. Qliro has adopted internal policy documents and procedures to comply with the Act on Measures against Money Laundering and Terrorist Financing.

Policies in the area include:

- Code of Conduct – contains principles for ethical and responsible behavior at
- Conflict of Interest Policy – describes how employees and representatives of Qliro should respond to potential conflicts of interest.
- Anti-Money Laundering and Counter-Terrorism Financing Policy - describes the reasoning behind Qliro's measures to prevent money laundering and terrorism financing.
- Whistleblower Policy – ensures that Qliro's employees can and know how to report sensitive issues such as discrimination without the risk that it could lead to negative treatment.
- Merchant Policy – fundamental principles and methods Qliro uses to ensure that all merchants, both new and existing, meet Qliro's requirements concerning counterparty risk, volume, profitability and ethics.
- Governance Policy – ensures effective internal control and management in accordance with regulatory requirements as well as the internal framework, in order to have effective independent control functions and for the Board's ability to effectively monitor Qliro's operations.

Qliro's Code of Conduct and guidelines are fundamental and cover all employees, senior management and Board members. All employees have access through the intranet to the Code of Conduct, and it is part of the mandatory train-



~ 40%

Reduction of share of claims sent to collection agencies for invoices and private loans

ing that Qliro's employees are required to take. Qliro has three levels of control functions, the three lines of defense, to manage corruption risks and ensure that Qliro does business and enters into business relationships on the basis of value creation and on ethical grounds. For more information on current control levels, see page 31.

The key to this work is to continuously monitor trends, patterns and monetary flows to prevent the business from being exploited for purposes of money laundering and terrorism financing, for instance. In the event that suspicious patterns and transactions arise, reporting routines are in place. In collaboration with the Swedish Bankers' Association and the Swedish Police Authority, opportunities are available to share experiences and information on money laundering and fraud in the banking sector.

It is critical that employees are aware of the risk of corruption and the reporting routines that are used. The priority therefore is to continuously educate employees on how corruption can be combated and provide them with skills that make it easier to see the warning signs. A number of online courses are available as support and guidance. For example, Qliro offers ten mandatory online courses, five of which are considered especially important, and participation is continuously reported to the Board. In a measurement in the fourth quarter 2020, about 90 percent of Qliro's employees had completed these courses:

- Qliro's Code of Conduct, which is also included in introductory training for new employees.
- Introduction to data privacy
- Compliance onboarding
- Managing conflicts of interest and anti-corruption
- Risk control awareness

#### **Anonymous channel for whistleblowers**

Employees who anonymously want to report improper activity can use the whistleblower channel available on Qliro's intranet. The information is also found in the mandatory training on Qliro's Code of Conduct. For more information for whistleblowers, see page 17.

#### **Customer privacy and information security**

On a daily basis, Qliro processes a large volume of personal data on the consumers who use its services. The EU has adopted the General Data Protection Regulation (GDPR, Regulation 2016/679/EU), which governs Qliro's ability to collect, store, share and otherwise process information on consumers. Qliro's compliance with GDPR is also monitored by national data protection authorities. Failure to follow GDPR can lead to high financial sanctions for Qliro.

»Qliro's employees are aware of the risk exposure towards corruption and which routines that apply for reporting. Continuous education is a top priority.«

Qliro works continuously to safeguard customer privacy in an effective and robust way. Qliro has established a privacy organization that, together with other expertise, is brought in at an early stage in new processes where personal information is handled to ensure that data are processed legally and that the necessary security measures have been taken.

All business entails risks, and in Qliro's case it faces information risks, along with organizational or product changes that potentially could impact information security. Oversight and control are critical therefore to minimize vulnerability. Proactive risk and incident management ensures a high level of protection in terms of information and assets in every aspect of operations.

It is also a question, with the help of control systems, of identifying transactions and monetary flows that deviate from the normal, as well as maintaining adequate control of levels of authority for handling information and executing services. All Qliro employees are responsible for reporting incidents; Qliro's risk control function ensures that an incident owner in the first line is assigned responsibility for managing the incident. Qliro's information security and risk management function (ISRM) is responsible for publishing the latest versions of policies and guidelines on customer privacy and information security on the intranet for easy access.



## FOCUS AREA 3

## Attractive employer



Qliro has high ambitions when it comes to being an attractive employer, and we try to create a WOW-experience in everything we do. Qliro is defined by its results-oriented organization and a modern, diverse and inclusive culture that promotes learning and the health, safety and well-being of our employees. An important basis for this ambition is our shared working environment, promoted by consideration and sound values. Processes for employee reviews and professional development are well-established. Examples of benefits includes pension, flexible working hours, supplemental pay during parental leave and wellness allowances.

### Diversity

Qliro's ability to attract, develop and retain employees with the right skills is a prerequisite for maintaining a profitable business. When recruiting, Qliro looks for a variety of skills and other qualities in terms of gender, age, etc. Qliro does not tolerate any form of discrimination or harassment. As part of the onboarding process for new employees, they are informed of Qliro's values regarding gender equality, diversity and discrimination.

### Code of Conduct and working environment

All employees are informed of and expected to follow Qliro's Code of Conduct. The Employee Code of Conduct clarifies the obligations of employees and covers the following areas:

- Relationships with customers
- Colleagues and working environment – including health and safety, human rights, the right to collective bargaining, fair pay, no discrimination by position or profession
- Relationships with suppliers, other business partners and competitors
- External communication and information processing
- Contact with authorities
- Whistleblower function
- Consequences of violating the code

Qliro and its employees together are responsible for a healthy working environment and that every employee is appreciated and respected. Qliro has an instruction on working environments and has established a work environment committee.

### Risk management in the area of attractive employer

Qliro's risks as an employer mainly include:

- Risk of not being seen as an attractive employer
- Risk that gender equality and diversity initiatives are unsuccessful

Being an attractive employer is critical to the business. The risk is otherwise that talented people cannot be recruited or leave the company, which could lead to a talent gap, efficiency losses or a lack of continuity.

Competition for talent in the tech sector in Stockholm is fierce and hiring competent employees is the key to achiev-

ing the strategic ambition and surpassing the expectations of partners and customers. Working conditions and compensation help to attract and retain employees, but even more important is to have sound values and offer an attractive workplace and inclusive culture where employees have the opportunity to develop and take responsibility. Using a digital tool, Qliro takes the weekly "temperature" of the organization on issues such as engagement, well-being and corporate culture. The measurements serve as a catalyst for discussions within and between functions on these issues and also help to provide input on where special measures or improvements may be needed.

For Qliro, diversity and gender equality are imperative, partly to offer an attractive and inclusive workplace and partly to have the knowledge and understanding of what customers and markets need. A lack of gender equality and diversity may lead to an inability to understand the market. When recruiting new employees, Qliro looks for a variety of skills and other qualities in terms of gender, age, etc. and strives for gender parity at the management level with equal wages. A salary audit is conducted each year by an external party. This year's audit did not find a gender pay gap for equal or similar work.

Qliro has a whistleblower function to report acts of discrimination or harassment. The function provides all employees a way to report violations without fear of repercussion. Employees should also feel assured that reports are handled professionally. The whistleblower policy is available on Qliro's intranet and is also included in the mandatory digital Compliance Onboarding Education.

### Culture and values – a key for Qliro as an attractive employer

At Qliro, we believe that all employees want to succeed and contribute. We believe that a strong corporate culture will result in greater engagement, higher productivity, increased creativity and more motivated employees. We also believe that it will create greater cooperation between functions, more innovation and ultimately that our strategy will be realized and that we create better results.

### Qliro's values:

- Through collaboration
- Everyday curiosity
- We empower
- My accountability

All employees of the company were invited to help shape Qliro's values, which serve as the inner compass for how we work. Through workshops, all functions put in concrete terms what the values mean in their work.

Among the ways we use our values to strengthen the culture are:

- Sharing success stories where the values played a key role.
- All company events we hold are tied in with our values.

- Longer personal reviews with self-assessments tied to our values.
- Living by the values is one of several factors in the wage setting process.

In 2020, we worked in various ways with Qliro's new values and culture to clearly explain what Qliro stands for externally and internally and what we can offer as an employer. This helped to spark greater interest in Qliro and creates pride internally.

**Qliro's business culture :**



**Leadership**

We at Qliro believe that our leaders are the key to creating a culture of success through their leadership and encouragement. Leaders play a key role in improving their function's results, encouraging cooperation within the function and between functions, and helping our employees to grow as professionals.

Among the many ways we work with leadership are:

- A leadership program with three modules led by Qliro's Head of Empowerment within the HR function.
- Monthly leadership forum for networking, sharing information, additional leadership training and as a forum for leaders and executive management to dialogue and trade experiences.
- Continuous coaching for leaders, through Qliro's Head of Empowerment.
- A strong HR function that supports Qliro's leaders.

The leadership program and forum help to build a network between leaders, which impacts more than just leadership. We are also seeing positive effects on collaboration between functions and increased job rotation between functions.

**Employeeeeship**

Employeeeeship is Qliro's way to enable all employees to grow and take responsibility and initiative for their own and Qliro's results, but also to provide the right support for them. Employeeeeship is also important because it shows a focus and commitment to everyone at Qliro. We are all important to create a successful culture.

Among the ways we worked with employeeeeship in 2020 were:

- Invited all employees to help in shaping Qliro's values.
- All employees were offered employeeeeship training with a focus on self-awareness.
- Arranged workshops on our expectations for each other, based on our values, when we work together.
- A new preboarding process to get new employees excited before they begin.

» **During the year, interest in Qliro as an employer rose, employee engagement increased and more employees recommended Qliro as a place to work.**«

**Transparent organization**

To create ownership, participation and accountability, employees have to be kept informed and understand the business. Only then will they make the right decisions, which builds confidence and is the key to delivering on the other strategic cultural dimensions. As a transparent organization, our focus has been to transition from limited information sharing to a more open approach to sharing information within the company. Among the ways we are building a transparent organization are:

- Company information is shared at monthly employee meetings, through brief updates on Slack or in longer updates on the intranet.
- Brief updates through Slack when, for example, Qliro is in the news or on job openings, company success stories, personal reflections, knowledge sharing, customer feedback, etc.

All employees are encouraged to participate and share information as well as actively seek out information. Through the updates we create engagement and inclusion.

### Gender distribution employees



**Distribution**  
Women 46%  
Men 54%

	2020		
	Women	Men	Total
Below 30 year	40	25	65
30–50 year	48	74	122
Above 50 year	4	7	11
<b>Total</b>	<b>92</b>	<b>106</b>	<b>198</b>

	2019		
	Women	Men	Total
Below 30 year	41	38	79
30–50 year	45	64	109
Above 50 year	4	7	11
<b>Total</b>	<b>90</b>	<b>109</b>	<b>199</b>

### Gender distribution managers



**Distribution**  
Women 39%  
Men 61%

	2020		
	Women	Men	Total
Below 30 year	1	1	2
30–50 year	12	22	34
Above 50 year	3	2	5
<b>Total</b>	<b>16</b>	<b>25</b>	<b>41</b>

	2019		
	Women	Men	Total
Below 30 year	3	2	5
30–50 year	13	15	28
Above 50 year	2	3	5
<b>Total</b>	<b>18</b>	<b>20</b>	<b>38</b>

### Gender distribution Executive management



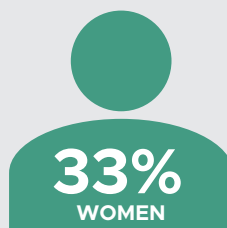
**Distribution**  
Women 50%  
Men 50%

	2020		
	Women	Men	Total
Below 30 year	0	0	0
30–50 year	4	5	9
Above 50 year	1	0	1
<b>Total</b>	<b>5</b>	<b>5</b>	<b>10</b>

	2019		
	Women	Men	Total
Below 30 year	0	0	0
30–50 year	4	5	9
Above 50 year	1	0	1
<b>Total</b>	<b>5</b>	<b>5</b>	<b>10</b>

### Gender distribution Board of Directors



**Distribution**  
Women 33%  
Men 67%

	2020		
	Women	Men	Total
Below 30 year	0	0	0
30–50 year	0	1	1
Above 50 year	2	3	5
<b>Total</b>	<b>2</b>	<b>4</b>	<b>6</b>

	2019		
	Women	Men	Total
Below 30 year	0	0	0
30–50 year	0	3	3
Above 50 year	2	2	4
<b>Total</b>	<b>2</b>	<b>5</b>	<b>7</b>

**Learning organization**

To maximize performance in today’s high-speed society, people and organizations have to constantly surpass themselves. We believe that one way to accomplish this is to design a culture and an organization that support continuous learning and development for our employees. Creating a learning organization depends on the other four focus areas. It is a continuous process and is built up over time. What we have done so far and are doing are:

- Leadership and employeeship training, which are good platforms to create opportunities for learning, information sharing and collaboration.
- We have visualized and discussed how we see personal development and career building within Qliro, which largely involve learning and development.
- We have clearly communicated and visualized job rotation as a way to inspire our employees to develop and learn within Qliro.
- We offer mindfulness training, through an internal resource, to all employees to support focus, reflection and learning.
- Training and information sharing by departments or specialists for the rest of the company on, for example, Tech Expos or Qliro’s financial model.
- All employees are provided a number of digital courses on Qliro, some of which are mandatory and where the results are tracked and reported to the Board of Directors.

**Result 2020: Attractive employer**

Interest in Qliro as a workplace increased during the year. At the start of 2020, Qliro launched new career pages and the number of visits rose. The number of applications nearly doubled in the second half of the year compared to the first, with more qualified candidates applying for job openings.

Employee engagement has increased and we are seeing gains in all the categories we track in pulse surveys within the organization (leadership, satisfaction, meaningfulness, autonomy, work situation, participation, personal development, team cohesion and engagement). All the categories are above the average for Qliro’s benchmark consisting of tech companies in Sweden.

Our eNPS score – the likelihood that our employees would recommend Qliro as an employer – rose from +5 to +21 (on a scale from -100 to +100) and employee turnover decreased during the year.

No whistleblower cases were reported during the year.

**Results of Qliro’s employee survey**

Scale of 1-10	2020	2019
Leadership	8.3	7.7
Meaningfulness	7.7	7.2
Team cohesion	8.4	8.1
Engagement	7.7	7.5
Participation	7.9	7.4
<b>Total</b>	<b>7.7</b>	<b>7.4</b>

**Ambition 2021**

In 2021, the focus remains on strengthening leadership and employeeship within Qliro. Our focus areas include:

- Leadership development and increased self-awareness through a 360 feedback tool for all leaders.
- Future workplace – how Qliro’s workplace and working environment should be designed after the COVID-19 pandemic.
- Strengthen internal pride in Qliro’s products and offer.
- Continue to strengthen cross-functional collaboration.
- Increase knowledge and understanding of Qliro’s strategy and how all our employees are connected to it.
- Maintain a eNPS score that at any given time is 50 percent higher than our benchmark, Swedish tech companies.

## Auditor's opinion regarding the statutory sustainability report

To the general meeting of the shareholders in Qliro AB, corporate identity number 556962-2441

### Engagement and responsibility

It is the Board of Directors who is responsible for the sustainability report for the year 2020 on pages 9-21 and that it is prepared in accordance with the Annual Accounts Act.

### The scope of the examination

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means

that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

### Opinion

A statutory sustainability report has been prepared.

Stockholm 15th of April 2021  
KPMG AB

Mårten Asplund  
Authorized Public Accountant

# Directors' report

## Company overview

Qliro AB 556962-2441 (publ) ("Qliro" or "the company") is a credit market company under the supervision of the Swedish Financial Supervisory Authority. The company has its registered office and main operations in Stockholm. Qliro was separately listed on Nasdaq Stockholm on October 2 2020. Qliro also operates across borders in Norway, Finland and Denmark, but all employees and operations are based in Sweden.

Qliro's operations are divided into two business areas: Payment Solutions and Digital Banking Services. The former comprises payment solutions and sales financing, and the latter currently comprises personal loans and other digital financial services. In the financial reporting they are denoted as segments. Qliro was founded in 2014 and offers payment solutions for e-merchants to help them convert visitors to the e-merchant's website into paying customers. The payment service ensures that e-merchants receive payment for their goods and allows consumers to shop securely online and pay for their purchases by invoice or part payment. The payment service is used by several of the largest e-commerce companies in the Nordics, and nearly five million consumers have used Qliro's products to pay online. The financial services offering for e-merchants and consumers is gradually being broadened by further developing existing products and creating new products and services. Qliro also offers savings accounts and personal loans to Swedish consumers. Qliro's savings accounts are insured by the state deposit guarantee and are available with fixed or variable interest rates. Qliro also has as its strategy to add more financial services to the digital platform through collaborations with external partners. In 2020, the first partnership offer was added to the Qliro app together with the insurtech company Insurely.

## SIGNIFICANT EVENTS DURING THE YEAR

- In the first quarter, a new digital platform for financial services was launched on Qliro's app and website. The platform provides companies with strong offers a place to distribute their services in partnership with Qliro. The first service to be integrated was an insurance service in collaboration with the insurtech company Insurely.
- In the first quarter, Qliro diversified its funding by launching consumer savings accounts in Germany in collaboration with the open banking platform Deposit Solution.
- In the second quarter, Qliro received the Swedish FSA's approval to replace the method used to calculate the capital requirement for operational risk, which reduced the risk exposure amount for operational risk and strengthened Qliro's capital ratios.
- In the second quarter, the tech company Inet and the beauty products company CAIA Cosmetics switched to Qliro as their payment partner.
- In the second quarter, an agreement was signed between former Qliro Group's two largest shareholders, Kinnevik and Rite Ventures, whereby Rite Ventures acquired

Kinnevik's shares and thereby became the largest shareholder in former Qliro Group.

- In the third quarter, former Qliro Group carried out a directed share issue of SEK 210 million, where Qliro's second largest shareholder, Mandatum Private Equity, subscribed for 9.8 percent of the shares. In connection with the issue, the former Qliro Group's board of directors proposed that the shares in Qliro be distributed to the former Qliro Group's shareholders.
- In the third quarter, Johnny Sällberg was recruited as the new CCO and succeeded David Lundqvist on Qliro's management team.
- The Extraordinary General Meeting in Qliro Group held in the third quarter, on September 28, resolved to distribute the shares in Qliro AB to the existing shareholders in former Qliro Group.
- In the fourth quarter, on October 2, Qliro was separately listed on Nasdaq Stockholm under the ticker symbol QLIRO.
- In the fourth quarter, an Extraordinary General Meeting was held where Alexander Antas was elected as a new Board member and a decision was made to introduce an incentive plan for senior executives and other key persons in Qliro. In total, 23 employees subscribed for 834,920 warrants, which entitle the holder to subscribe for one share in Qliro in two possible periods, either the fourth quarter of 2023 or the first quarter of 2024.
- In the fourth quarter, Qliro signed an agreement with Biltema as payment partner for Biltema's Nordic e-commerce.

## FINANCIAL DEVELOPMENT

### Financial development in brief

- Total operating income increased by 10 percent to SEK 379.7 million (345.2) and total operating income adjusted for items affecting comparability increased by 12 percent to SEK 388.1 million (345.2).
- Net credit losses amounted to SEK 102.5 million (73.4).
- Operating profit decreased to SEK -81.1 million (-30), while operating profit adjusted for items affecting comparability decreased to SEK -57.1 million (-30.0).
- Net profit for the period was SEK -67.0 million (-23.8), while net profit for the period adjusted for items affecting comparability was SEK -48.1 million (-23.8) and earnings per share amounted to SEK -3.73 (-1.32).
- Lending to the public increased by 19 percent to SEK 2,460 million (2 070).
- Pay-after-delivery (PAD) volume increased by 17% to SEK 6,221 million (5,325) and the number of PAD transactions increased by 30 percent to 7.1 million (5.5).
- Deposits from the public amounted to SEK 2,133 million (1,819).
- Own funds amounted to SEK 599 million (384), compared to the total minimum capital requirement of SEK 260 million.

### Items affecting comparability

During the year, two types of affecting comparability were reported. Items affecting comparability within the segment Payment Solutions amounted to SEK 8.4 million and arose when Qliro brought forward the date for recognition of commissions paid to merchants to coincide with the date for recognition of income from consumers. This affected net interest income negatively by SEK 3.4 million and net commission income negatively by SEK 5.0 million. The effect arises due to a delay in accrual, for more information, see Note 1 on page 53. Additionally, assets worth SEK 15.6 million were impaired, since they are no longer in use in the business. The impairments comprised, among other things, technology development for the loan product, infrastructure for data storage and app solutions. In total, items affecting comparability reduced operating income by SEK 24 million and net income for the period by SEK 18.9 million.

### Good underlying income growth thanks to increased payment volumes and lending

Total operating income increased by 10 percent to SEK 379.7 million (345.2). Total operating income adjusted for items affecting comparability increased by 12 percent to SEK 388.1 million (345.2).

Net interest income increased by 20 percent to SEK 205 million (170.2), where interest income increased by 21 percent to SEK 240.6 million (198.9) and interest expenses by 24 percent to SEK 35.6 million (28.6). Adjusted for items affecting comparability, net interest income increased by 22 percent to SEK 208.4 million (170.2), which was slightly higher than lending growth of 19 percent. The increase in interest income was a result of growing business volumes and lending in both Payment

Solutions and Digital Banking Services. Interest expenses also increased, due to growing lending and the subordinated Tier 2 capital issued in 2019.

Net commission income decreased by 3 percent to SEK 167.5 million (172.1). Adjusted for items affecting comparability, net commission income was stable. The fee restriction introduced in Finland in the third quarter 2019 and in Norway in the fourth quarter 2020 had a negative impact, while the increased business volumes had a positive impact.

Net gains and losses on financial transactions amounted to SEK -0.2 million (-0.1) and other income rose to SEK 7.5 million (2.9), with income increasing from other payment methods in Qliro's checkout solution driven by higher volumes and more merchants who signed up for Qliro's comprehensive solution, which integrates all our payment methods.

### Increased depreciation is the main reason for increased expenses

Total expenses increased by 19 percent to SEK 358.3 million (301.8), partly due to the SEK 15.6 million impairment in the second quarter 2020, but also because of investments in growth-related initiatives, increased business volumes and generally higher depreciation.

Administrative expenses, primarily consisting of employee benefits and IT expenses, increased by 6 percent to SEK 222.5 million (210.0). Other expenses, largely consisting of variable expenses, amounted to SEK 34.4 million (28.6).

Depreciation, amortization and impairment increased to SEK 101.4 million (63.2) and mainly consisted of amortization of previously capitalized development expenses related to payment solutions, consumer products, the website and app solutions. In addition to the above-mentioned impairment charge of SEK

### Income statement, balance sheet and key performance measures in brief

SEK million except where otherwise state	2020	2019	% Δ
<b>Income statement</b>			
Total operating income	379,7	345,2	10%
Total operating income adjusted for items affecting comparability <sup>1)</sup>	388,1	345,2	12%
Total expenses before credit losses	-358,3	-301,8	19%
of which depreciation	-101,4	-63,2	61%
Net credit losses	-102,5	-73,4	40%
Operating profit/loss <sup>1)</sup>	-81,1	-30,0	-
Operating profit/loss adjusted for items affecting comparability <sup>1)</sup>	-57,1	-30,0	-
Profit/loss for the period	-67,0	-23,8	-
Profit/loss for the period adjusted for items affecting comparability	-48,1	-23,8	-
<b>Balance Sheet</b>			
Lending to the public <sup>1)</sup>	2 460	2 070	19%
of which Payment solutions	1 524	1 343	13%
of which Digital banking services	937	727	29%
Deposits and borrowings from the public	2 133	1 819	17%
<b>Key figure</b>			
Credit loss level, (%) <sup>1)</sup>	4,5%	4,1%	-
Cost/income ratio, (%) <sup>1)</sup>	94,4%	87,4%	-
CET 1 capital ratio, % <sup>3)</sup>	22,4%	15,5%	-
Total capital Ratio, % <sup>3)</sup>	26,8%	17,8%	-
Pay-after-delivery volume <sup>2)</sup>	6 221	5 325	17%

1) Alternative performance measures that management and analysts use to evaluate the company's development, which are not specified or defined in IFRS or other applicable regulations. For definition and reconciliation tables see pages 80-81.

2) Operating performance measures. For definitions see page 81.

3) Övriga nyckeltal. För definitioner se sidan 81.

15.6 million, the increase in depreciation, amortization and impairment is mainly due to the completion of more projects in 2019, which were therefore subject to depreciation.

### Stable credit quality but increased provisions due to COVID-19 and growing lending

Total credit losses amounted to SEK 102.5 million (73.4) and the net loan loss level was 4.5 percent (4.1) of average lending. Underlying credit quality remained stable and no negative effects on customer solvency were noted in 2020. In accordance with accounting standard IFRS 9, the provisions for expected credit losses increased by SEK 8.9 million due to the deteriorating macroeconomic situation caused by COVID-19. Excluding these increased provisions, the net loan loss level was stable. Within the segment Payment Solutions, credit losses in relation to PAD volume increased to 1.3 percent (1.1), largely due to the increased provisions of SEK 5.3 million related to COVID-19. Within the segment Digital Banking Services, the net loan loss level in relation to average lending decreased to 2.7 percent (3.1) despite increased provisions of SEK 3.6 million due to COVID-19.

### Profit decreased due to items affecting comparability, increased depreciation and higher reported credit losses

Operating profit decreased to SEK -81.1 million (-30). Operating profit adjusted for items affecting comparability amounted to SEK -57.1 million (-30). Net profit for the period amounted to SEK -67.0 million (-23.8), while net profit for the period adjusted for items affecting comparability amounted to SEK -48.1 million (-23.8).

## SEGMENT INFORMATION

### PAYMENT SOLUTIONS

Payment Solutions are offered to large e-merchants in the Nordics and are Qliro's primary segment, accounting for 84 percent of total income in 2020. The solutions contain Qliro's pay-after-delivery (PAD) products for consumers when they buy goods and services online. The offering includes invoices, "Buy Now Pay Later" products (BNPL) and various types of part payments. Qliro's payment solution also contains other payment methods offered through partnerships, such as card payments, direct payments from a bank account or payments through PayPal. Qliro's income is mainly generated through interest and fees associated with PAD products. The average

credit is low and the maturity is short. Through its payment solutions, Qliro has since its start interacted with more than 4.8 million unique customers in the Nordics, and the number of active customers in the last 12 months is just over 2.5 million.

### Operational development 2020

Qliro offers digital payment solutions to large e-merchants in the Nordics. Growth within Payment Solutions is driven by deferred payments (pay-after-delivery, PAD). This grows the loan book, which generates income that is shared with the merchants. As new merchants connect to the platform, business volumes rise, gradually driving growth in the loan book and generating interest income over time. It is not uncommon for it to take several quarters from the time a merchant signs a contract and becomes connected until it generates substantial income.

During the year, Qliro continued to sign agreements with large Nordic merchants for e-commerce payment solutions, including Inet, CAIA Cosmetics and Biltema, and the number of connected merchants grew during the year to 46 (38). During the year, 82 percent (78) of business volume was related to Sweden.

Payment solutions are gradually adapted to consumer and merchant demand. During the year, new regulations were introduced in Sweden on how credit alternatives are shown at checkout. Qliro's flexible shipping solution was also enhanced through a partnership with Unifaun that gives e-merchants the opportunity to tailor their shipping interface through integration with Qliro's payment solution.

### Financial development 2020

PAD volume increased by 17 percent during the year to SEK 6,221 million (5,325) and the number of transactions rose by 30 percent to 7.1 million (5.5). Growth in PAD volumes is driven by increased sales by previously connected merchants as well as the new merchants that started using Qliro as a payment partner. Volumes from merchants outside the former Qliro Group (Nelly and CDON) gradually increased, growing by 32 percent during the year and representing 54 percent (48) of total business volume. In the fourth quarter, the corresponding share was 57 percent (45). Merchants that signed up in 2020 accounted for 15 percent of total volume in the fourth quarter.

Lending, which consists of interest-bearing lending such as part payments and non-interest-bearing lending such as invoices or "Buy Now Pay Later" campaigns, increased by 13 percent to SEK 1,524 million.

### PAYMENT SOLUTIONS

SEK million except where otherwise stated	2020	2019	% Δ
Net interest income	144.5	135.4	7%
Net commission income	167.0	171.7	-3%
Total operating income	318.8	309.9	3%
Net credit losses	80.3	57.1	41%
Total operating income less credit losses	238.4	252.8	-6%
Lending to the public	1,524	1,343	13%
Pay-after-delivery (PAD), volume	6,221	5,325	17%
Pay-after-delivery (PAD), no of transactions, thousands	7,124	5,462	30%
Credit loss level, %, in relation to PAD volume	1.3%	1.1%	20%



Total operating income increased by 3 percent to SEK 319 million (310), while total operating income without items affecting comparability increased by 6 percent to SEK 327.2 million. In the fourth quarter, income growth was 10 percent.

Net interest income increased by 7 percent as a result of increased interest-bearing lending. Net commission income decreased by 3 percent with increased business volume contributing positively and settlement of fees in Finland and Norway contributing negatively. Other income, which consists of net gains and losses on financial transactions and other income, increased to SEK 7.3 million (2.8), mainly due to higher income from payment methods offered through partners.

Credit losses amounted to SEK 80.3 million (57.1) in 2020 and increased mainly due to higher volumes and increased lending. In relation to PAD volume, credit losses amounted to 1.3 percent (1.1). In accordance with IFRS 9, provisions for expected credit losses increased by SEK 5.3 million due to the deteriorating macroeconomic situation caused by COVID-19. Excluding these provisions, credit losses amounted to 1.2 percent (1.1) of PAD-volume.

## DIGITAL BANKING SERVICES

Digital Banking Services consist of services offered on Qliro's digital platforms beyond the payment products from Payment Solutions. Income in the segment accounted for 16 percent of total income in 2020. Today Digital Banking Services mainly comprise Qliro's personal loans in Sweden, which were launched at the end of 2017. The large database of payment customers is a competitive advantage that enables Qliro to offer other attractive products, such as personal loans and savings accounts, at a low cost. The products are marketed only in Qliro's own channels, including the app, website and by email to existing customers. Qliro also has a strategy to add more financial services to the digital platform through outside collaborations. In 2020, Qliro added its first partnership offer in insurance together with the insurtech company Insurely.

### Operational development 2020

The number of active customers increased during the year from 2.0 to 2.5 million, including 1.9 million in Sweden. Qliro mainly interacts with customers on its own digital platforms. A new platform launched in Sweden in the first quarter enables Qliro to integrate partners and in this way offer a broader range of products and services. At the same time, the app and website were updated with improved services and a new

design. The new app can be personalized and provide more relevant offers based on various types of customer profiles. A similar platform was launched in Denmark in the fourth quarter with corresponding updates in Finland and Norway in the first quarter 2021.

Qliro's app makes it easy to manage payments, loans and savings. The app was one of the most downloaded in the financial category in Sweden in 2020, with an average rating of 4.4 out of 5 in the App Store. The total number of logins in Sweden increased by 37 percent in the year to 7.7 million and the total number of logins in the digital platforms in Sweden was 12 million during the year.

In 2020, two new services were launched on the app in partnership with the insurtech company Insurely, and in the fourth quarter a digital service was integrated in collaboration with the partner Deedster to provide e-commerce related sustainability information. Offers through partners increase the range of available services and give Qliro's customers access to more relevant products, which generates more digital interactions and ties customers closer to Qliro.

Qliro's personal loans are offered on the digital platforms mainly to customers who have used Qliro's e-commerce payment solutions. More than 95 percent of borrowers had an existing relationship with Qliro and many applied through Qliro's app. The results in low customer acquisition costs and good knowledge of the customers who apply for loans. Credit checks are automated and based on a combination of internal and external data which is analyzed in real time through machine learning.

Lending has steadily grown since the product's launch in 2017. The growth rate slowed at the end of the first quarter 2020 due to COVID-19, when Qliro became more restrictive in its lending, a higher share of less creditworthy customers applied for loans and demand declined due to uncertainty related to the pandemic.

### Financial development 2020

Lending increased by 29 percent to SEK 937 million (727), but the growth rate peaked in the first quarter. The annualized growth rate in the fourth quarter was 18 percent. Increased lending and improved margins contributed to an increase in total operating income of 39 percent to SEK 16.5 million (11.9). Underlying credit quality was stable and the net loan loss level decreased to 2.7 percent (3.1). There was no negative impact on customers' ability to pay due to COVID-19.

## DIGITAL BANKING SERVICES

SEK million except where otherwise stated	2020	2019	% Δ
Net interest income	60.5	34.9	74%
Total operating income	61.0	35.3	73%
Net credit losses	22.2	16.4	36%
Total operating income less credit losses	38.8	18.9	105%
Lending to the public	937	727	29%
Credit loss level, %, of average lending to the public	2.7%	3.1%	-15%

## BALANCE SHEET AND CASH FLOW

### Financial position

Qliro has a strong financial position and as of December 31, 2020 own funds amounted to SEK 599 million (384). In addition to Common Equity Tier 1 capital, own funds consist of SEK 100 million in subordinated Tier 2 bonds issued in 2019. Own funds were strengthened during the year through a shareholders' contribution from the former Qliro Group and due to a change in how intangible assets are treated in the calculation of regulatory capital, so-called "Prudent treatment of software assets" in article 36 in Regulation (EU) 575/2013. According to the previous method, intangible software assets were deducted in their entirety in the calculation of regulatory capital, but in the new method only the difference between prudential amortization (three-year amortization) and the amortization period used for accounting purposes is deducted.

The risk exposure amount increased to SEK 2,231 million (2,154 as of December 31, 2019), where increased lending and the revised rules on intangible assets raised the risk exposure amount for credit risk. A revised method to calculate the own funds requirement for operational risks, which the Swedish FSA approved in the second quarter 2020, reduced the risk exposure amount for operational risk.

Qliro is well-capitalized and the total capital ratio was 26.8 percent (17.8 as of December 31, 2019), compared with the regulatory requirement of 11.7 percent, and the Common Equity Tier 1 capital ratio was 22.4 percent (15.5 as of December 31, 2019), compared with the regulatory requirement of 7.8 percent. This means that Qliro has approximately SEK 340 million in available capital over and above the total capital requirement. The capital requirement was lowered during the year due to the deteriorating macroeconomic outlook, which reduced the countercyclical buffer requirement in the Nordics. The lower countercyclical buffer requirement decreased Qliro's capital requirement by approximately SEK 48 million.

Lending to the public as of December 31, 2020 amounted to SEK 2,460 million (2,070), an increase during the year of 19 percent. In addition to capital from shareholders and bond investors, the business is funded by deposits from the public and through a secured loan facility. The latter enables Qliro to match currencies between the asset and liability sides of the balance sheet. Qliro's strategy is to actively work with a variety of funding sources in order to tap the most appropriate source at any given time and diversify long-term funding.

Deposits from the public as of December 31, 2020 increased by 17 percent to SEK 2,133 million (1,819). Deposits from the public are a flexible and well-functioning form of funding given Qliro's lending, which largely consists of smaller loans of short duration. Qliro offers two different savings accounts in Sweden, one with a variable interest rate that as of December 31 was 0.8 percent, and one account with a 1-year fixed interest rate that at the end of the period was 1.25 percent. Funding was diversified during the year through the launch of a deposit offering in EURO for individuals in Germany in partnership with the platform Deposit Solutions. As of December 31, deposits in Germany amounted to SEK 222 million. Funding through the credit facility amounted to SEK 215 million (292).

Liquidity remains solid and the Liquidity Coverage Ratio

(LCR) was 448 percent (374). The legal requirement for LCR is 100 percent. Qliro's liquidity portfolio as of December 31, was SEK 443 million. In addition to liquid investments, Qliro had access to SEK 585 million in back-up liquidity via undrawn funding in a secured committed credit facility. The liquidity portfolio is invested in Nordic banks as well as other liquid investments such as Swedish municipal bonds and commercial paper with an average rating of AA+ and an average maturity of 65 days.

### Cash flow statement

Cash flow amounted to SEK -85 million (218). The change is mainly due to increased lending, lower operating income and the issuance in 2019 of SEK 100 million in subordinated debt. Qliro's cash flow from operating activities amounted to SEK -130 million (78) million. The change was mainly due to increased lending in both segments as well as lower operating income. Qliro's cash flow from investing activities amounted to SEK -74.5 million (-97.6) and consists mostly of acquisitions of intangible assets. Qliro's cash flow from financing activities amounted to SEK 119 million (238). The positive cash flow in 2020 consisted of a shareholder's contribution from the former Qliro Group of SEK 125 million (138). In 2019, subordinated debt of SEK 100 million was issued, which positively contributed to cash flow.

### EFFECT OF THE COVID-19 PANDEMIC ON QLIRO

A number of measures were taken during the year to protect employees, customers and suppliers as far as possible – and at the same time enable the business to continue to operate with as little impact as possible from the pandemic. All the decisions have taken into consideration the recommendations of relevant authorities.

#### Effect on operations

Since the COVID-19 outbreak, Qliro has focused on shifting to remote work, and employees who are able to work from home have been encouraged to do so. In-person meetings have been avoided as far as possible and replaced by virtual meetings. At the office, where mainly the company management, Customer Operations and some internal IT staff have been working, the focus has been on ensuring a safe work environment. Among the measures taken have been to change cleaning routines and how people are physically spaced in the office. It was important during the year to support our leaders and employees in terms of WFH routines, equipment to ensure a good work environment at home and regular communication on how Qliro is handling the pandemic and adapting to existing recommendations.

From a technological perspective, remote work has worked well and we have not seen a widespread increase in incidents related to COVID-19. During certain periods, Qliro has experienced slightly higher sick leave related to the pandemic, and while operations have not been interrupted, existing employees have occasionally had to take on higher workloads. The results in Qliro's employee surveys generally improved during the year.

#### Effect on customers

When the pandemic broke out, Qliro reviewed its lending procedures for all products and, among other things, raised the

requirements on income and form of employment, and in certain cases co-signers have been required to reduce the risk of potential credit losses. In general, Qliro has not seen a decline in customers' solvency tied to the pandemic. In the first month after the pandemic broke out, more customers applied for a payment-free month and other measures tied to uncertainty about their personal solvency, but later during the year the number of applications for a payment-free month returned to normal levels.

#### **Effect on business volumes, capital requirements and earnings**

The transition from brick-and-mortar to e-commerce has been accelerated by COVID-19. More consumers have shopped online, including new customer segments. For Qliro's e-commerce partners, the pandemic has affected turnover in various ways, with many merchants being positively impacted while those in fashion and ticket sellers, for example, have been negatively affected. In total, Qliro's business volumes in e-commerce payment solutions have been positively affected.

For Qliro's personal loans, growth continued in 2020, but at a slower rate than the historical average. After the pandemic broke out, demand has decreased and in general incoming credit quality has been lower, which together with a more restrictive approach by Qliro has meant that a lower percentage of applications have been approved.

Qliro has not seen a widespread decline in solvency among consumers due to COVID-19. However, profit was adversely affected during the year by an increase in provisions for credit losses of SEK 8.9 million due to assumptions about a poorer economic outlook according to IFRS 9. Qliro's recognized credit losses have also been negatively affected by the lower prices received on sales of past due receivables, partly as a result of COVID-19 and its expected impact on the economy.

The deteriorating macroeconomic outlook led to lower capital requirements as the countercyclical buffer requirements were reduced for the Nordic countries, which lowered Qliro's capital requirement by approximately SEK 48 million.

#### **EMPLOYEES**

Qliro recognizes that its employees are crucial to its operations. Attracting, developing and retaining employees is necessary to achieving success and meeting established targets for growth and business development. During the year, Qliro's strengthened its employer brand, reduced employee turnover and raised employer net promoter score (eNPS). The average number of employees was 198 (199) during the year. Qliro's sustainability report on page 17-20 contains more information on Qliro as an employer.

#### **REMUNERATION TO SENIOR EXECUTIVES**

##### **Current guidelines for remuneration to senior executives**

The annual general meeting held on the 12th of March 2020 decided to resolve on the guidelines for remuneration for senior executives in Qliro as well as board members, to the extent remuneration is received outside of their board duties. The guidelines shall apply to remuneration that is agreed upon,

and changes made to previously agreed remuneration, after the guidelines have been adopted by the general meeting on 12 March 2020. The guidelines do not apply to remuneration resolved by the general meeting.

##### **The guidelines' promotion of the company's business strategy, long-term interests and sustainability**

In short, Qliro's business strategy entails that Qliro, through continued product development and continued expansion in the Nordic e-commerce market, shall strengthen its position as one of the leading players in payment solutions for major e-merchants in the Nordics. In addition to the payment solutions, Qliro shall also continue to develop the digital banking platform and the offer to consumers. For more information about the company's business strategy, see [qliro.com](http://qliro.com). A prerequisite for Qliro to realize its business strategy and safeguard its long-term interests, including its sustainability, is that Qliro can attract, motivate and retain senior executives in competition with comparable Nordic companies, primarily Nordic credit market companies and banks that specialize in e-commerce payments, digital consumer financing, private loans and savings accounts. These guidelines shall therefore facilitate that senior executives are offered a competitive remuneration. At the same time, Qliro's remuneration system shall be compatible with and promote sound and efficient risk management and counteract excessive risk taking.

Remuneration to senior executives in Qliro shall be based on the individual's performance and responsibility in the short and long term and the financial outcome in Qliro as well as align the interests and rewards of the senior executives with the shareholders'. Therefore, senior executives shall receive remuneration according to the principle of reward after performance.

The board of directors assesses that the possibility of variable remuneration and participation in possible share-related incentive plans resolved by the general meeting together with a well-balanced fixed remuneration will facilitate Qliro being a competitive employer, while the form and terms for the variable remuneration will support responsible and sound risk management as well as the company's growth strategy, long-term interests and sustainability. Remuneration to senior executives can consist of:

- fixed salary
- possible cash variable remuneration,
- the opportunity to participate in long-term share-related incentive plans resolved by the general meeting,
- pension, as well as
- other customary benefits.

##### **Fixed salary and variable remuneration**

The senior executives' fixed salary is revised each year and shall be competitive and based on the individual's competence, responsibility and performance. The fixed remuneration shall also constitute a sufficiently large part of the executive's total remuneration to enable the variable components to be set to zero.

The senior executives' variable cash remuneration shall be based on how well-defined targets for their respective areas

of responsibility and for Qliro have been met. Both financial and non-financial criteria shall be taken into account in the assessment. The outcome shall be linked to measurable targets, which, as far as concerning Qliro, shall be directly or indirectly linked to the achievement of Qliro's financial targets. The targets within the senior executives' respective responsibilities are to promote Qliro's development in both short and long term and thus promote Qliro's business strategy and long-term interests, including Qliro's sustainability.

The maximum payment of variable remuneration may not exceed a maximum of 100 percent of the senior executive's annual fixed salary. Should the variable remuneration during a year exceed SEK 100,000, at least 40-60 percent of the remuneration shall be deferred for at least three to five years prior to the payment or the ownership transfer to the senior executive.

When Qliro decides on how much of the variable remuneration that shall be deferred, and for how long, the company shall consider the company's business cycle, the risks the business operations entail, the senior executive's responsibilities and tasks and the size of the variable remuneration. The board may also resolve that an amount of the senior executives' variable cash remuneration shall be invested in shares or share related instruments in Qliro.

Variable remuneration, including deferred amounts, shall only be paid or transferred to the senior executive if it is reasonable with respect to the company's financial situation, including own funds and motivated in accordance with the result of the company, the business unit concerned and the senior executive. The variable remuneration may therefore be reduced or lapse due to such reasons. The company also has the right to claim back, in whole or in part, paid variable remuneration if it can be demonstrated that the variable remuneration has been calculated based on information or results that prove to be incorrect and the recipient of the remuneration has been in bad faith.

#### **Long-term share-related incentive plans**

Senior executives can be offered incentive programs which should mainly be share or share price related. One Incentive programs should aim to improve participants' commitment to the Company's development and is implemented on market conditions

#### **Pension and other customary benefits**

The pension commitments are premium-based and are secured by premium payments to insurance companies. The size of the pension premiums follow the company's pension plan and shall essentially correspond to the provision levels that apply according to the ITP 1 plan and have the limitations as follows in relation to the fixed annual salary. No contributions are made for salary components exceeding 60 income base amounts calculated on an annual basis. As a general rule, variable cash remuneration shall not be pensionable. The retirement age is normally 65 years.

Other benefits shall be customary and facilitate the executive's ability to perform its tasks, such as company car, occupational health care and health insurance. Costs arising from such benefits may amount to a maximum of 25 percent of the fixed annual salary.

#### **Compensation in connection with new employment**

In addition to the aforementioned remuneration forms, remuneration shall also in certain exceptional cases and in accordance with the company's remuneration policy, be paid in connection with new employment in order to attract certain key persons to the company as part of the company's business strategy. Such remuneration shall be limited to the first year of employment.

#### **Termination and severance pay**

In the event of termination by the company, the notice period shall not exceed twelve months. In total, the fixed cash salary during the notice period together with the severance pay may not exceed an amount corresponding to the fixed cash salary for a period of eighteen months for the CEO and one year for other senior executives. In the event of termination by the executive, the notice period shall not exceed six months, without the right to severance pay.

#### **Remuneration policy for credit market companies**

In addition to these guidelines, the board of directors of Qliro has, in accordance with, inter alia, the Swedish Financial Supervisory Authority's regulations regarding remuneration systems in credit market companies and EBA's guidelines for sound remuneration policy, established a remuneration policy that includes all employees in Qliro and is compatible with and promotes healthy and efficient risk management, and counteracts excessive risk taking. Information on the company's remuneration policy is published on the company's website.

#### **Deviation from the guideline**

The board of directors may temporarily resolve to deviate from the guidelines if in a specific case there is special cause for the deviation and a deviation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability, in case such deviation is not subject to the provisions of the Swedish Financial Supervisory Authority's regulations or EBA's guidelines. If the board of directors deviates from the guidelines, the board of directors shall report the objects for the deviation at the next annual general meeting.

No deviation from the guidelines has been made during 2020.

#### **The board of directors proposal to the annual general meeting 2021 regarding new guidelines for remuneration to senior executives in Qliro AB**

The board of directors proposes that the extraordinary general meeting resolves to adopt the following guidelines for remuneration to senior executives in Qliro as well as board members, to the extent remuneration is received outside of their board duties. The guidelines shall apply to remuneration that is agreed upon, and changes made to previously agreed remuneration, after the guidelines have been adopted by the annual general meeting on 19 May 2021. The guidelines shall apply until new guidelines have been adopted by the annual general meeting. The guidelines do not apply to remuneration resolved by the general meeting.

### Senior executives

Senior executives shall within these guidelines refer to the board of directors of Qliro, the chief executive officer (CEO), the deputy chief executive officer (if applicable) and the group management, which is also presented on the website.

### The guidelines' promotion of the company's business strategy, long-term interests and sustainability

In short, Qliro's business strategy entails that Qliro, through continued product development and continued expansion in the Nordic e-commerce market, shall strengthen its position as one of the leading players in payment solutions for e-merchants in the Nordics. In addition to the payment solutions, Qliro shall also continue to develop the digital banking-platform and the offer to consumers. For more information about the company's business strategy, see the company's website.

A prerequisite for Qliro to realize its business strategy and safeguard its long-term interests, including its sustainability, is that Qliro can recruit and retain qualified senior executives in competition with comparable Nordic companies, primarily Nordic credit market companies and banks that specialize in e-commerce payments, digital consumer financing, private loans and savings accounts. These guidelines shall therefore facilitate that senior executives are offered a competitive remuneration. At the same time, Qliro's remuneration system shall be compatible with and promote sound and efficient risk management and counteract excessive risk taking.

Remuneration to senior executives in Qliro shall be based on the individual's performance and responsibility in the short and long term and the financial outcome in Qliro as well as align the interests and rewards of the senior executives with the shareholders.

The board of directors assesses that the possibility of variable remuneration and participation in possible share-related incentive plans resolved by the general meeting together with a well-balanced fixed remuneration will facilitate Qliro being a competitive employer, while the form and terms for the variable remuneration will support responsible and sound risk management as well as the company's growth strategy, long-term interests and sustainability.

### Forms of compensation

The remuneration shall be competitive and on market terms and may consist of the following components:

- fixed cash remuneration,
- variable cash remuneration,
- pension, as well as
- other customary benefits.

The total remuneration also includes long-term variable remuneration. Such long-term variable remuneration is decided by the annual general meeting and is therefore, as previously mentioned, not covered by these guidelines.

### Fixed cash remuneration

The senior executives' fixed cash remuneration in the form of salary is revised each year and shall be competitive and based on the individual's competence, responsibility and performance. The fixed remuneration shall also constitute a

sufficiently large part of the executive's total remuneration to enable the variable components to be set to zero.

### Variable cash remuneration

The senior executives' variable cash remuneration shall be based on how well the determined targets for their respective areas of responsibility and for Qliro have been met. Both financial and non-financial criteria can be considered in the assessment. The outcome shall be linked to measurable targets, which, as far as concerning Qliro, shall be directly or indirectly linked to the achievement of Qliro's targets. The targets within the senior executives' respective responsibilities are to promote Qliro's development in both short and long term and thus promote Qliro's business strategy and long-term interests, including the company's sustainability. The CEO's variable cash remuneration is set based on company-targets, which has been determined internally by the board, for example based on income and expenses and credit loss development. Others in group management has targets divided into three levels; company level, function level and individual level.

The maximum payment of variable cash remuneration may not exceed a maximum of 100 percent of the senior executive's annual fixed salary. Furthermore, such remuneration shall only be paid or transferred to the senior executive if it is reasonable with respect to the company's financial situation, including own funds and motivated in accordance with the result of the company, the business unit concerned and the senior executive. The variable cash remuneration may therefore be reduced or lapse due to such reasons.

The company also has the right to claim back, in whole or in part, paid variable cash remuneration if it can be demonstrated that such remuneration has been calculated based on information or results that prove to be incorrect and the recipient of the remuneration has been in bad faith.

### Long-term share-related incentive programs

Senior executives can be offered to participate in incentive programs, which are mainly to be share or share-price related. An incentive program shall aim to improve participants' commitment to the company's development and is implemented on market terms. A long-term share-related incentive program, Qliro's warrant program 2020/2023, has been implemented in Qliro during 2020. Qliro's warrant program 2020/2023 has been resolved upon by the annual general meeting and is therefore not covered by these guidelines. For further information about Qliro's warrant program 2020/2023, including the requirements on which the outcome depends, please see the company's website.

### Pension

The pension commitments are premium-based and are secured by premium payments to insurance companies. The size of the pension premiums follows the company's pension plan and shall essentially correspond to the provision levels that apply according to the ITP 1 plan and have the limitations as follows in relation to the fixed annual salary. No contributions are made for salary components exceeding 60 income base amounts calculated on an annual basis. As a general rule,

variable cash remuneration shall not be pensionable. The retirement age is normally 65 years. Pension costs may amount to a maximum of 40 percent of the fixed annual salary.

#### **Other customary benefits**

Other benefits shall be customary and facilitate the executive's ability to perform its tasks and to attract and retain qualified employees, such as company car, occupational health care as well as life- and health insurance. Costs arising from such benefits may amount to a maximum of 25 percent of the fixed annual salary.

#### **Compensation in connection with new employment**

In addition to the aforementioned remuneration forms, remuneration shall also in certain exceptional cases and in accordance with the company's guidelines for remuneration to senior executives and remuneration policy, applicable at each time, be paid in connection with new employment to attract certain key persons to the company as part of the company's business strategy. Such remuneration shall be limited to the first year of employment.

#### **Termination and severance pay**

In the event of termination by the company, the notice period shall not exceed twelve months. In total, the fixed cash salary during the notice period together with the severance pay may not exceed an amount corresponding to the fixed cash salary for a period of eighteen months for the CEO and twelve months for other senior executives. In the event of termination by the executive, the notice period shall not exceed six months, without the right to severance pay. Severance pay can also be paid in the form of a specifically agreed pension.

Income that the senior executive earns from other employment or assignments during the time when the severance pay is paid may be deducted from the severance pay.

In addition, remuneration for non-compete undertakings may be awarded. Such remuneration shall be based on the fixed annual salary at the time of notice of termination, unless otherwise stipulated by mandatory collective agreement provisions, and awarded during the period for which the non-compete clause applies, which shall be a maximum of twelve months after the date of termination of employment. The remuneration shall be reduced by a value corresponding to the income that the person receives from other sources of income, either from employment or from other independent activities.

#### **Remuneration policy for credit market companies**

In addition to these guidelines, the board of directors of Qliro has, in accordance with, inter alia, the Swedish Financial Supervisory Authority's regulations regarding remuneration structures (FFFS 2011:1), which covers remuneration structures in credit market companies, in its current wording, and EBA's guidelines for a sound remuneration policy according to the articles 74(3) and 75(2) in the Directive 2013/36/EU and information according to article 450 in the Regulation (EU) No 575/2013, established a remuneration policy that includes all employees in Qliro and is compatible with and promotes

healthy and efficient risk management, and counteracts excessive risk taking. Information about the company's remuneration system is published on the company's website.

#### **Salary and employment conditions for employees**

In the preparation of the board of director's proposal for these guidelines, salary and employment conditions for the employees of the company have been taken into account in that information on employees' total remuneration, the components of remuneration and the increase and rate of remuneration over time have formed part of the Remuneration Committee's and the board's decision basis in evaluating the reasonableness of the guidelines and the limitations that follow from them.

The guidelines do not deviate from the remuneration systems that are generally applied within the company for other employees. In other respects as well, the remuneration, remuneration forms and salary development for senior executives are also assessed to be in line with the salaries and employment conditions of other employees of the company.

#### **The decision-making process**

The board of directors has established a Remuneration Committee. The committee's tasks include preparing the board of directors' proposal on guidelines on remuneration to senior executives. The board of directors shall prepare a proposal for new guidelines on remuneration to senior executives at least every fourth year and submit it to the annual general meeting to resolve upon. The guidelines shall be in force until new guidelines are adopted by the general meeting.

The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the senior executives, the application of the guidelines as well as the current remuneration structures and compensation levels in the company.

The members of the Remuneration Committee are independent in relation to Qliro and its management. The CEO or other members of the group management are not present at the board's consideration of and decisions on remuneration-related issues, insofar as they are affected by the issues.

#### **Deviation from the guidelines**

The board of directors may temporarily resolve to deviate from the guidelines if in a specific case there is special cause for the deviation and a deviation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability, in case such deviation do not violate the provisions of the Swedish Financial Supervisory Authority's regulations or applicable parts of EBA's guidelines. As stated above, it is part of the Remuneration Committee's tasks to prepare the board's decisions on remuneration issues, which includes decisions on deviations from the guidelines. The reasons for any deviations from the guidelines shall be reported and justified by the board annually in the remuneration report.

#### **Changes in the guidelines**

Compared with the previous guidelines, the reference to certain provisions in the Swedish Supervisory Authority's regulations (FFFS 2011:1) (regarding deferral of payment of variable remuneration and payment of variable remuneration

in the form of shares/share-related instruments) has been excluded since these provisions are no longer applicable to the Company due to the amendments implemented in the Swedish Supervisory Authority's regulations (FFFS 2020:30) on amendments to the Swedish Supervisory Authority's regulations (FFFS 2011:1). This will also be clarified in the Company's Remuneration Policy, also mentioned above under the heading "Remuneration Policy for credit market companies".

### SUSTAINABILITY REPORT 2020

Qliro's sustainability work is focused on three main areas: sustainable e-commerce, responsible lending and business, and being an employer of choice. For the financial year 2020, Qliro has prepared its first sustainability report separate from the annual report in accordance with Chapters 6 and 7 of the Swedish Annual Accounts Act. The sustainability report comprises pages 9–20.

### RISKS AND RISK MANAGEMENT

As a credit market company, risk is a natural element in Qliro's operations. Risk management is essential to the long-term profitability of the business. To manage risk, Qliro strives continuously to maintain a good risk culture, a high level of risk awareness and a cautious approach to taking risk. The Board of Directors makes the decisions on Qliro's risk appetite and has established a structure for internal governance and control of risk management. All internal governing documents adopted by the Board are reviewed and updated annually or more often if necessary. The 30 or so policy documents adopted by the Board include the credit policy, operational risk policy, policy for ICLAAP and recovery planning, risk management policy, code of conduct, conflict of interest policy and outsourcing policy.

The Board and, according to instructions from the Board, the CEO are responsible for regularly evaluating whether Qliro's overarching risks are monitored and managed effectively and appropriately. The Board has established a committee to support the Board's work with risk, capitalization, audit and compliance – the Risk, Capital, Audit and Compliance Committee ("RCACC") – whose tasks include ensuring that risk

taking is well-balanced and controlled, monitoring the financial reporting and ensuring that internal control is effective. For more information on the RCACC, see the corporate governance report on pages 36–37.

The company has implemented internal structures, procedures and processes for internal governance in accordance with the Swedish FSA's Regulations and General Guidelines (FFFS 2014:1) regarding governance, risk management and control at credit institutions. The internal governance processes include measures to reduce risks through the three lines of defense model, which is described below.

#### Model with three lines of defense

To ensure adequate control of risks and compliance with laws, regulations and internal governing documents, Qliro's risk management and internal control are based on three lines of defense.

##### First line of defense – business management

The first line of defense refers to all risk management performed at an operating level and by support functions. These activities include implementation of relevant governance, risk management and internal controls when these functions take action within their respective area of responsibility. As a result, Qliro's first line of defense is the risk owner within each individual business unit. These individuals must identify, assess, control and internally report risks within their own operations.

##### Second line of defense – independent control functions

The second line of defense consists of Qliro's risk control function and compliance function. These functions are separate from Qliro's business operations and from each other and are responsible, in accordance with their respective policies, for monitoring and controlling that Qliro's business units manage relevant risks and for providing advice to and supporting Qliro's employees, the CEO and Board of Directors to act in accordance with internal and external rules.

Qliro's risk control function and compliance function report to the Board and to CEO, and are directly subordinate to the CEO. The members of the functions have knowledge of risk management methods and processes, as well as legal

#### Board of directors

Remuneration Committee  
Risk, Capital, Audit and Compliance Committee ("RCACC")

#### CEO

Risk, Control and Compliance Committee  
Credit Committee  
ICLAAP and Recovery Plan Committee  
New Product Committee  
Interest Committee

#### First line of defence

##### Business/Operations

Appointed by: CEO  
Reports to: CEO

Own and manage risks

#### Second line of defence

##### Risk control

Appointed by: Board  
Reports to: Board and CEO

##### Compliance

Appointed by: CEO  
Reports to: Board and CEO

Supports the business in regulatory compliance and act as independent risk control

#### Third line of defence

##### Internal audit

Appointed by: Board  
Reports to: Board

Assess and validate the first and second line of defence

requirements. The Board decides each year on annual plans for the risk control function and compliance function.

### Third defense – independent internal audit

The third defense consists of Qliro's internal audit function, which is an independent audit function directly subordinate to the Board of Directors. The internal audit function is responsible for reviewing and evaluating Qliro's first and second lines of defense in accordance with its policy. The purpose of the internal audit function is to improve Qliro's risk management, governance and internal control. Qliro has outsourced its internal audit function.

## INDEPENDENT CONTROL FUNCTIONS

### Risk control function

The Board of Directors has established a risk control function whose work is based on policy documents and instructions adopted by the Board. The risk control function is responsible for independently reviewing and analyzing Qliro's risks and risk management.

The responsibilities of the risk control function include identifying new risks that can arise as a result of changing circumstances, monitoring the first line of defense, assessing whether new business initiatives could lead to increased risk exposure, offering support and training to employees so that risk management and reporting are conducted in accordance with the internal framework, and ensuring compliance with internal risk management rules, processes and procedures, and, when necessary, proposing changes to them. The risk control function also participates in Qliro's New Product Approval Process (NPAP).

The risk control function will report its observations to the Board, the CEO and the RCACC and present its reports at the RCACC's meetings. The reports will contain among other things a summary of the most important results of the review of the implementation of internal rules, completed controls and review activities, any new risks that have been identified, monitoring of risk exposure and the risk appetite level. The risk control function will also, as needed or requested by the Board or the CEO, provide interim reports between other reports. Further, the CEO will be immediately informed when a serious violation of the external regulatory framework and/or internal policies is identified, including any risks related to levels that the risk control function is responsible for monitoring, or if any other significant event is identified.

### Compliance function

The Board of Directors has established a compliance function whose work is based on policy documents and instructions adopted of the Board. The compliance function is part of Qliro's second line of defense. The compliance function is responsible for independently supporting and reviewing operations as part of its work to ensure compliance with laws, regulations and internal rules, as well as generally accepted practices or approved standards for credit market companies and their operations.

The compliance function will continuously monitor Qliro's operations with respect to compliance. The means, tools and methods chosen for monitoring will be based on the results of the risk assessments and the specific circumstances that apply to Qliro. The compliance function will coordinate its monitoring with Qliro's other control functions and will monitor and document the measures taken by the Board and the CEO with respect to reported shortcomings.

Moreover, the compliance function is responsible for ensuring that employees receive information and training on new or revised internal and external governing documents. The compliance function will also participate in Qliro's NPAP and is consulted in the event of significant changes to existing products and services.

The compliance function will report its observations to the Board of Directors, the CEO and RCACC, and present its reports at RCACC's meetings. The reports will include Qliro's compliance risks, any new identified compliance risks, shortcomings, relevant sanctions and decisions made by supervisory authorities. The CEO will be immediately informed when a serious violation of the external framework and/or internal policies is identified, or if any other significant event is identified.

### Internal audit function

Qliro has outsourced its internal audit to an external consultant, Deloitte AB. The scope of the outsourced services is set down in a written agreement, according to which Deloitte AB must perform the services in accordance with applicable laws, regulations, practices and written instructions for the audit adopted by the Board of Directors, as well as the audit plan adopted by the Board. The internal audit function is responsible for among other things reviewing and evaluating whether Qliro's organization, governance, processes, IT systems, models and processes are effective, reviewing and evaluating Qliro's risk management based on its established risk strategy and risk appetite, the reliability and quality of the work performed within Qliro's other control functions, and following up on measures taken in accordance with the internal audit function's recommendations. The internal audit function is directly subordinate to the Board of Directors.

The internal audit function will report its observations to the Board of Directors, the CEO and RCACC, and present its reports at the RCACC's meetings. The reports will contain among other things the results of audits, proposed changes and improvements, and a follow-up on the status of previously reported observations.

## RISK MANAGEMENT PROCESS

Qliro's risk management is based on the model with three lines of defense, as described above. The risks that could have a significant impact on Qliro's strategic, operational, reporting and compliance goals will be managed correctly and sufficiently. Qliro systematically assesses the risks that the company faces in order to identify, analyze and evaluate current and potential risks, as well as the treatment and reporting of these risks. This assessment is done through the risk management process,



which is comprised of six steps: risk identification, risk analysis, risk assessment, risk management, risk monitoring and reporting. The first line of defense is responsible for identifying possible risks that threaten Qliro's operations, products, activities, processes and systems. The risk control function will verify whether the identified risks are relevant and provide recommendations on additional improvements. One of the outcomes of the risk identification process is the risk profile, i.e., a summary of the risks that Qliro is or could be exposed to.

The risk analysis is the second step in the risk management process, where each risk is assessed in order to prioritize management of risks and established risk limits. The risks can be classified as high, medium-high, medium or low with respect to the impact of and likelihood that various risks will arise. After the risk analysis, a risk assessment is performed by the risk control function, where the goal is to evaluate whether the existing control environment is effectively reducing the risks. If not, the first line of defense must evaluate further action to control and reduce the risks, which leads to the risk management stage.

The risk management stage involves selecting alternatives to modify risks. Risk management is a cyclical process which consists of:

- evaluating the management of a risk;
- deciding whether the remaining risk levels are acceptable;
- if they are not acceptable, generating a new risk management approach and assessing the effectiveness of the new management approach.

To ensure that Qliro's operations are conducted within the risk limits and that the control environments are effective, the risk control function has also established a risk monitoring process. The monitoring process comprises a number of different activities, e.g., the self-assessment process, reviews of processes, sampling and evaluations of the risk indicators generated by the first line of defense. The results from the monitoring process are reported to appointed forums in accordance with Qliro's internal governance.

For more information on Qliro's risks and risk management, see note 3 on pages 55–61.

## FUTURE OUTLOOK

Qliro offers payment solutions for e-merchants in the Nordics, personal loans and savings accounts in Sweden. Qliro has gradually expanded its operations, has a stable platform with 2.5 million active consumers and sees continued potential for good growth in coming years. The ambition is that income will grow faster than expenses and that the company will be well-capitalized.

## OWNERSHIP STRUCTURE

Qliro's share has been listed on the Nasdaq Stockholm, Small Cap list since October 2, 2020. At year-end, the last price paid for the Qliro share was SEK 37.35.

### The 10 largest shareholders registered in their own names as of December 31, 2020

Rite Ventures	25.8%
Mandatum Private Equity	9.8%
Avanza Pension	7.1%
Staffan Persson	4.7%
Nordnet pensionsförsäkring	3.8%
EQ Asset Management	3.7%
Ulf Ragnarsson	1.7%
Markus Schiller	1.2%
Sune Mordenfeld	1.1%
Anders Böös	1.1%
<b>Total</b>	<b>60.0%</b>

## DIVIDEND

The Board of Directors proposes that the Annual General Meeting 2021 resolve not to pay a dividend for the financial year 2020.

### Proposed appropriation of profits

The following amounts are at the disposal of the shareholders as of December 31, 2020 (SEK):

The following profits are at the disposal of the Annual General Meeting (SEK):

Retained earnings	483,676,326
Share premium reserve	2,529,808
Fair value reserve	-43,339
Loss for the year	-66,632,544
<b>Total</b>	<b>419,530,250</b>

The Board of Directors proposes that earnings and unrestricted reserves be disposed as follows:

To be carried forward	419,530,250
Of which to fair value reserve	-43,339

## EVENTS AFTER END OF PERIOD

On the 15th of April 2021 Qliro's Board of Directors decided that acquisitions might complement the existing growth strategy to further strengthen Qliro's position within the area of digital payments in the Nordic's. The Board of Directors also proposed that the Annual General Meeting decides to authorize the Board to, on one or more occasions, during the period until the next AGM resolves on a new issue of shares. The number of shares issued based on the authorization may correspond to an increase in the share capital of a maximum of twenty (20) percent based on the number of shares in the Company at the time of the 2021 Annual General Meeting.

## FIVE-YEAR OVERVIEW

SEK million except where otherwise stated	2020	2019	2018	2017	2016
<b>Income Statement</b>	205.0	170.2	135.7	101.7	74.8
Net interest income <sup>1)</sup>	205.0	170.2	135.7	101.7	74.8
Net commission income <sup>1)</sup>	167.5	172.1	157.4	120.6	83.6
Other operating income	7.3	2.9	2.1	0.1	0.0
Total operating income	379.7	345.2	295.2	222.4	158.4
Total expenses before credit losses	-358.3	-301.8	-254.5	-196.7	-135.7
Profit/loss before credit losses	21.4	43.4	40.7	25.7	22.7
Net credit losses	-102.5	-73.4	-57.3	-27.6	-20.4
Operating profit/loss	-81.1	-30.0	-16.6	-01.9	02.3
Appropriations			0.0	2.0	-2.4
Income tax expense	14.1	6.2	3.4	-0.1	0.0
<b>Profit/loss for the year</b>	<b>-67.0</b>	<b>-23.8</b>	<b>-13.2</b>	<b>0.0</b>	<b>-0.1</b>
<b>Balance Sheet</b>					
Bonds and other fixed-income securities	290.1	255.0	197.2	65.2	0.0
Lending to credit institutions	155.1	240.2	21.8	70.9	05.8
Lending to the public	2,460.3	2,070.4	1,492.9	1,028.4	738.2
Tangible and intangible assets	194.3	219.5	164.0	142.2	95.4
Other assets	95.6	93.4	60.6	46.1	24.5
<b>Total assets</b>	<b>3,195.3</b>	<b>2,878.5</b>	<b>1,936.4</b>	<b>1,352.8</b>	<b>863.8</b>
Liabilities to credit institutions	215.0	292.4	457.9	324.6	511.8
Deposits and borrowings from the public	2,132.9	1,819.1	967.9	612.4	0.0
Other liabilities	159.4	139.1	97.1	70.4	50.6
Subordinated debt	100.0	100.0	0.0	0.0	
Equity	588.0	528.0	413.5	345.4	301.4
<b>Total liabilities and equity</b>	<b>3,195.3</b>	<b>2,878.5</b>	<b>1,936.4</b>	<b>1,352.8</b>	<b>863.8</b>
<b>Key figures</b>					
Earnings per share before and after dilution SEK	-3.73	-1.32	-0.73	0.00	-0.01
Operating margin, %	16.8%	19.4%	23.4%	25.2%	25.4%
Cost/income ratio, % <sup>2)</sup>	94.4%	87.4%	86.2%	88.4%	85.7%
Cost/income ratio excl depreciation, % <sup>3)</sup>	67.7%	69.1%	73.3%	76.0%	76.6%
Return on equity, % <sup>2) 3)</sup>	-12.0%	-5.1%	-3.5%	0.0%	-0.1%
Credit loss level, % <sup>3)</sup>	4.5%	4.1%	4.5%	3.1%	3.3%
Average number of employees	198	199	195	178	130

Key figures	2020-12-31	2019-12-31	2018-12-31	2017-12-31
Total capital	598.7	383.9	255.2	215.1
CET 1 capital ratio, %	22.4%	15.5%	16.9%	20.5%
Total capital ratio, %	26.8%	17.8%	16.9%	20.5%
Liquidity coverage ratio (LCR), %	448%	374%	512%	323%
Pay-after-delivery volume, SEK million <sup>3)</sup>	6,221	5,325	4,940	3,962
Number of connected merchants <sup>2)</sup>	46	38	33	23

1) Alternative performance measures that management and analysts use to evaluate the company's development, which are not specified or defined in IFRS or other applicable regulations. For definition and reconciliation tables see pages 80-81.

# Corporate governance report

This report describes Qliro's principles of corporate governance. Qliro is a Swedish public limited liability company. The corporate governance report has been prepared in accordance with the Annual Accounts Act and the Swedish Code of Corporate Governance ("the Code"). Qliro strives to follow the Code where appropriate, and with the exception that the members of the Nomination Committee were presented less than six months before the Annual General Meeting (AGM), there are no deviations to report for 2020. The reason for the deviation was that Qliro was listed at the beginning of October 2020, because of which the process to appoint the Nomination Committee took place later than normal and the Nomination Committee was appointed on December 11 2020, just over five months before the scheduled 2021 AGM.

Qliro is governed by several bodies. At the AGM, the shareholders exercise their voting rights by electing the Board of Directors and external auditors. Some of the Board's duties are prepared by Qliro's CEO. The CEO is responsible for and oversees the company's day-to-day management in accordance with guidelines from the Board.

## Shares and shareholders

In 2020, the former Qliro Group (which then consisted of the companies CDON, Nelly and Qliro AB) decided to distribute the shares in Qliro to existing shareholders and separately list Qliro on Nasdaq Stockholm. Qliro was 100 percent owned by the former Qliro Group until the separate listing of Qliro in 2020. Qliro's first day of trading on Nasdaq Stockholm was October 2, 2020.

According to the share register maintained by Euroclear Sweden AB, there were 16,872 shareholders at the end of 2020. Shareholdings by the 15 largest shareholders correspond to approximately 63.1 percent of the share capital and votes. Swedish institutions and equity funds own approximately 48.8 percent of the share capital, international investors hold approximately 23.4 percent and Swedish individual investors own approximately 27.8 percent.

The share capital consists of one type of shares, ordinary shares. There are no restrictions on the number of votes each shareholder can cast at the AGM. In preparation for the separate listing, the share capital and number of shares were changed during the year. At year-end, the number of shares was 17,972,973 and the share capital amounted to SEK 50,324,324.40, corresponding to a quota value of SEK 2.80 per share.

Shareholders are regularly provided with information, including interim and year-end reports, annual reports and press releases on significant events. All reports, press releases and other information can be found on the website at qliro.com.

## Annual General Meeting

The Annual General Meeting is a limited company's highest decision-making body. It is where all shareholders can exercise

their voting rights to decide on issues affecting the company and its operations. The Swedish Companies Act and the Articles of Association stipulate how notice is given of the AGM and Extraordinary General Meetings, as well as who is entitled to participate and vote at the meetings. The authority of the AGM and its rules of procedure are primarily based on the Swedish Companies Act and the Code, as well as the Articles of Association adopted by the AGM. The AGM must be held within six months of the end of the financial year. The AGM makes decisions on adoption of the company's income statement and balance sheet, appropriation of the year's profit or loss according to the adopted balance sheet, discharge of liability for the Board and CEO, appointment of the Board, its Chairman and the company's auditors, and certain other matters provided for by law and the Articles of Association. The AGM for the financial year 2020 will be held on May 19, 2021 in Stockholm, Sweden.

## Nomination Committee

The members of Qliro's Nomination Committee consist of Christoffer Häggblom, Alexander Antas, Lars Johannesson and Lennart Yescobsen. The Nomination Committee held its first meeting on February 12, 2021. According to the instruction for the Nomination Committee, its tasks include:

- Proposal on the number of Board members and auditors and, where applicable, deputy auditors
- Proposal for election of the Chairman of the Annual General Meeting
- Proposal for election of the Board
- Proposal for election of the Chairman of the Board
- Proposal for remuneration for the Board divided between the Chairman and other members, as well as for committee work
- Proposal for election of auditors and, where applicable, deputy auditors
- Proposal for remuneration to the auditors, and to the extent it is considered necessary, proposals for revisions to the instruction for the Nomination Committee

## Board of Directors

Qliro's Board of Directors is elected at the AGM for the period until the conclusion of the next AGM. Qliro's Articles of Association do not include any restrictions on the eligibility of Board members. According to the Articles of Association, the Board should consist of a minimum of three and a maximum of nine members.

## Responsibilities and duties of the Board

The Board has overarching responsibility for Qliro's organization and management. The Board has adopted rules of procedure for its work that include rules pertaining to the number of scheduled Board meetings, which issues are dealt with at scheduled Board meetings, the duties of the Chairman

and instructions on the division of duties between Qliro's and the CEO.

In addition to the rules of procedure for the Board, the Board's work is governed by rules and regulations that include the Swedish Companies Act, the Swedish FSA's Regulations and General Guidelines regarding Governance, Risk Management and Control at Credit Institutions (FFFS 2014:1), Guidelines on Internal Governance (EBA/GL2017/11), Guidelines on the Assessment of the Suitability of Members of the Management Body and Key Function Holders (EBA/GL/2017/12), the Articles of Association and the Code.

To perform its work effectively, the Board has appointed a Remuneration Committee and a Risk, Capital, Audit and Compliance Committee (RCACC) with special tasks. These committees deal with matters within their respective areas and present recommendations and reports on which the Board can base its decisions and actions. However, all members of the Board have the same responsibility for all decisions, irrespective of whether the issue in question has been reviewed by a committee.

The Board has also issued an instruction for the CEO, which requires among other things that major investments in fixed assets must be approved by the Board. The Board also approves major transactions, including acquisitions and divestments or business closures. Further, the Board has issued written instructions specifying when and how the information required by the Board to evaluate the company's financial position must be reported.

The rules of procedure adopted annually by the Board include instructions on which financial reports and what financial information must be submitted to the Board. In addition to the year-end report, interim reports and annual report, the Board examines and evaluates extensive financial information related to the company as a whole, as well as various entities within the company. The Board also examines, primarily through the RCACC, the most significant accounting policies applied in the company regarding financial reporting, and any key changes to these policies. The RCACC Committee is also tasked with examining reports on internal controls and the processes for financial reporting, along with internal audit reports compiled by the internal audit function, which

is outsourced to an external party. The company's auditor reports to the Board as required, but at least once a year. At least one of these reporting occasions takes place without the CEO or any other member of executive management in attendance. The company's auditor also participates in a number of meetings of the RCACC. The Committee meetings are minuted and the minutes are made available to all Board members and the auditors.

### Composition of the Board

The Board of Qliro consists of six members: Lennart Jacobsen (Chairman), Alexander Antas, Robert Burén, Monica Caneman, Lennart Francke and Helena Nelson.

The Board's composition shall comply with current laws and regulations, as well as the policy on competence and composition (including diversity) of the Board adopted by Qliro's Board. The policy states that the Board shall, as far as possible and without compromising with regard to competence, consist of an even distribution of men and women from different backgrounds. The composition of Qliro's Board satisfies the requirements of Nasdaq Stockholm and the Code regarding independent members. This means that the majority of the Board members elected by the AGM are independent in relation to the company and the management. At least two of them are also independent in relation to the company's major shareholders.

### Remuneration Committee

The Remuneration Committee consists of Monica Caneman (Chairman) and Lennart Jacobsen.

The Remuneration Committee's primary tasks are to: (i) prepare decisions for the Board on matters regarding remuneration principles, remuneration and other employment terms for the CEO and senior executives; (ii) monitor and evaluate ongoing programs and programs concluded during the year for variable remuneration (e.g., long-term share-based incentive programs) for the CEO, senior executives and other key persons within Qliro; and (iii) monitor and evaluate the application of the guidelines for remuneration of senior executives that the AGM by law decides on, along with

## Board of Directors

Name	Position	Born	Citizenship	Elected	Independent of major shareholders	Independent of company and management	Remuneration Committee	RCACC
Lennart Jacobsen	Chairman	1966	Swedish	2017	Yes	Yes	Yes	No
Alexander Antas	Member	1981	Finnish	2020	Yes	Yes	No	No
Robert Burén	Member	1970	Swedish	2018	Yes	Yes	No	No
Monica Caneman	Member	1954	Swedish	2019	Yes	Yes	Yes	Yes
Lennart Francke	Member	1950	Swedish	2016	Yes	Yes	No	Yes
Helena Nelson	Member	1965	Swedish	2015	Yes	Yes	No	Yes

applicable remuneration structures and remuneration levels in the company.

### Risk, Capital, Audit and Compliance Committee

The RCACC consists of Lennart Francke (Chairman), Helena Nelson and Monica Caneman.

The RCACC's tasks are set out in the Code. The Committee's responsibility is to: (i) monitor the company's financial reporting and make recommendations and suggestions to ensure reporting reliability; (ii) in respect of the financial reporting, monitor the efficiency of the company's internal controls, internal audits and risk management; (iii) stay informed about the audit of the annual report and consolidated accounts, as well as the conclusions of the Supervisory Board of Public Accountants' quality control; (iv) inform the Board about the results of the audit and how the audit contributed to the reliability of financial reporting, as well as the role the Committee has played; (v) review and monitor the impartiality and independence of the auditor, particularly paying special attention to whether the auditor provides the company with services other than auditing; and (vi) assist in the preparation of proposals for the AGM's resolution on election of the auditor.

The RCACC's work is focused on evaluating the quality and accuracy of the financial reporting, internal controls, internal audits and risk assessments.

Qliro has an independent internal audit function that is outsourced to an external party.

### Remuneration of Board members

The fixed remuneration for the Board for the period leading up to the IPO totaled SEK 1,925,000 based on a customary term of 12 months, of which SEK 450,000 to the Chairman and SEK 225,000 each to Board members Andreas Bernström, Robert Burén, Monica Caneman, Lennart Francke and Helena Nelson. Board member Marcus Lindqvist received no remuneration. For the period from the IPO until the conclusion of the AGM 2021, Board fees have been raised as follows: SEK 600,000 to the Chairman and SEK 300,000 to other members.

For the work of the Board's committees, a fee of SEK 125,000 is paid to the Chairman and SEK 75,000 each to the

two other members of the RCACC, along with SEK 50,000 to the Chairman and SEK 25,000 to the other member of the Remuneration Committee. Remuneration of Board members is proposed by the Nomination Committee, which represents the company's largest shareholders, and approved by the AGM. The Nomination Committee's proposal is based on benchmarking of peer group remuneration for companies of similar size.

### The Board's work in 2020

During the year, the Board regularly reviewed Qliro's earnings, financial position, organization and administration. During its meetings, the Board dealt with matters involving Qliro's strategy, including budget and other financial forecasts, capital structure and financing, investments in fixed assets and continued streamlining of internal procedures and control processes. Further, the Board dealt with preparations for the IPO and the handling of the pandemic situation. The Board held a total of 19 meetings in 2020, including one statutory meeting.

### The Board's self-assessment

In connection with Qliro's IPO in autumn 2020, a thorough assessment was made of the Board's suitability and collective competence. An additional self-assessment of the Board's competence was conducted at the end of the year to identify training needs for 2021. After each Board meeting, a simpler assessment is conducted as well to monitor the ongoing work of the Board.

### External auditors

Qliro's auditor, KPMG AB, was elected at the 2020 AGM for a period of one year. KPMG has been the company's external auditor since 2014. Mårten Asplund, Authorized Public Accountant at KPMG, has overseen the company's audits since May 2017. An auditor election will take place at the 2021 AGM.

The auditors report their findings to the shareholders by means of the auditor's report, which is presented to the AGM. In addition, the auditors report their findings to the Audit Committee twice a year and to the full Board once a year, and annually provide written assurance of their impartiality and independence to the Audit Committee.

### Attendance at Board and Committee meetings in 2020

	Board meetings	Audit Committee	Remuneration Committee
Number of meetings 2020	19	11	2
Lennart Jacobsen	19/19		2/2
Robert Burén	19/19		
Monica Caneman	16/19	11/11	
Lennart Francke	18/19	11/11	2/2
Helena Nelson	18/19	11/11	
Alexander Antas <sup>1)</sup>	2/2		
Andreas Bernström <sup>2)</sup>	11/14		
Marcus Lindqvist <sup>3)</sup>	6/9		

1) Alexander Antas was elected as a new Board member at an Extraordinary General Meeting on November 23, 2020

2) Andreas Bernström left the Board on September 18, 2020

3) Marcus Lindqvist left the Board on May 5, 2020

KPMG also provided the company with certain additional services beyond the audit in 2018, 2019 and 2020. These services comprised consultation on accounting, general tax questions and issues, and the review in connection with the listing.

Audit engagements involve examination of the annual report, financial accounting and administration by the Board and CEO. In addition, the engagement has included other reviews and audit-related tasks incumbent on the company's auditor. For more information on the auditor's fee, see Note 10.

### CEO and executive management

The company's executive management consists of the CEO and Group Management.

The CEO is responsible for the ongoing administration of the company in accordance with the guidelines and directions established by the Board.

The CEO and executive management team, supported by various staff functions, are responsible for adhering to the Group's overall strategy, financial and business controls, financing, capital structure, risk management and acquisitions. Among other tasks, this includes the preparation of financial reports and information to and communication with investors.

### Internal control of financial reporting

The processes for internal control, risk assessment, control activities and monitoring regarding financial reporting are designed to ensure reliable overall and external financial reporting in accordance with IFRS, for the parent company with the limitations and additions pursuant to Recommendation RFR 2 Accounting for Legal Entities and FFFS 2008:25 and for the Group according to full IFRS as well as applicable laws and regulations.

Qliro has a clear framework in place for internal control of financial reporting. The Board has overarching responsibility for ensuring that suitable systems and structures for internal control of financial reporting have been established and for monitoring that such systems and structures are effective.

Som ett minimikrav ska ramverket för intern kontroll avseende finansiell rapportering omfatta följande komponenter:

- A risk assessment to identify, analyze and evaluate risks and key processes relevant to the financial reporting.
- Mapping and documentation of key processes, including the risks associated with each key process.
- Key controls, established through policies and processes, to ensure that relevant risks are mitigated. Control activities should be conducted at all levels within Qliro, in various stages of the business processes, including the IT environment. Key controls should be designed, implemented and documented.

- Monitoring and reporting the results of the risk assessment to management, the RCAAC and the Board, including the measures required to remedy ineffective controls, deadlines for measures and determination of responsibility. Measures should be followed up and reported.

### Control environment

The Board has adopted a series of policies and instructions, which together with the external rules provide the foundation for the company's control environment. In addition to communicating a clearly defined internal control environment, the policies and instructions have as a goal to define roles and the distribution of responsibilities between the CEO, the Board and independent control functions. The policies and instructions cover among other things credit processes, conflicts of interest, anti-money laundering and counter-terrorist financing, information security, risk management, management of operational risks, compliance, internal audit, outsourcing, data security, remuneration, etc.

To create an effective system for internal control and risk management, the company has established a model with three lines of defense (including control functions for risk, compliance and internal audit). The control functions are organizationally separated from each other to ensure independence and avoid conflicts of interest. The control functions must regularly report material shortcomings and risks to the CEO and the Board, or the Board's committees, which will ensure that processes are established to regularly monitor the measures that are taken due to such reports.

The Board is ultimately responsible for maintaining an effective control environment, and the CEO must regularly submit a report to the Board containing among other things comments on significant events. Managers at various levels of the company have, in their capacity as operational staff and operational managers of certain business units and support functions in the first line of defense, responsibility for identifying, addressing and reporting operational risks.

### Risk assessment and control activities

The risks that could materially impact the company's strategic, operational, reporting and compliance goals must be managed correctly and sufficiently. The company systematically evaluates the risks that it faces, to identify, analyze and evaluate current and potential risks, as well as how these risks are addressed and reported. This assessment is performed through the risk management process, which consists of six steps: risk identification, risk analysis, risk assessment, risk management, risk monitoring and reporting.

**Information and communication**

Qliro's communication channels and the company's limited size make it possible to quickly and easily communicate written information regarding internal control to the employees concerned. In addition to written information and reports, risk management and control activities are communicated verbally and discussed at in-person/digital meetings with the employees concerned. With regard to external communication, the company has established policies to ensure that it meets applicable information requirements as well as to guarantee that communicated information is accurate and of high quality. Qliro's website is continuously updated and meets the requirements for credit market companies and companies listed on Nasdaq Stockholm.

**Monitoring**

The Board continuously evaluates the information submitted by company management and the RCAAC. The Board receives regular updates between meetings on the Group's development. The company's financial position, strategies and investments are discussed at every ordinary Board meeting. The RCAAC reviews all quarterly reports prior to publication. The RCAAC is also responsible for monitoring internal control activities. This work includes ensuring that measures are taken to deal with any shortcomings and implementing proposed measures that have emerged from the internal and external audits. The external auditors participate in a number of regular meetings of the RCAAC.

The company has an independent internal audit function with responsibility for monitoring and evaluating risk management and internal control activities. Internal audit has been performed by an external party whose work includes scrutinizing compliance with established guidelines.

## The separate listing has strengthened the company

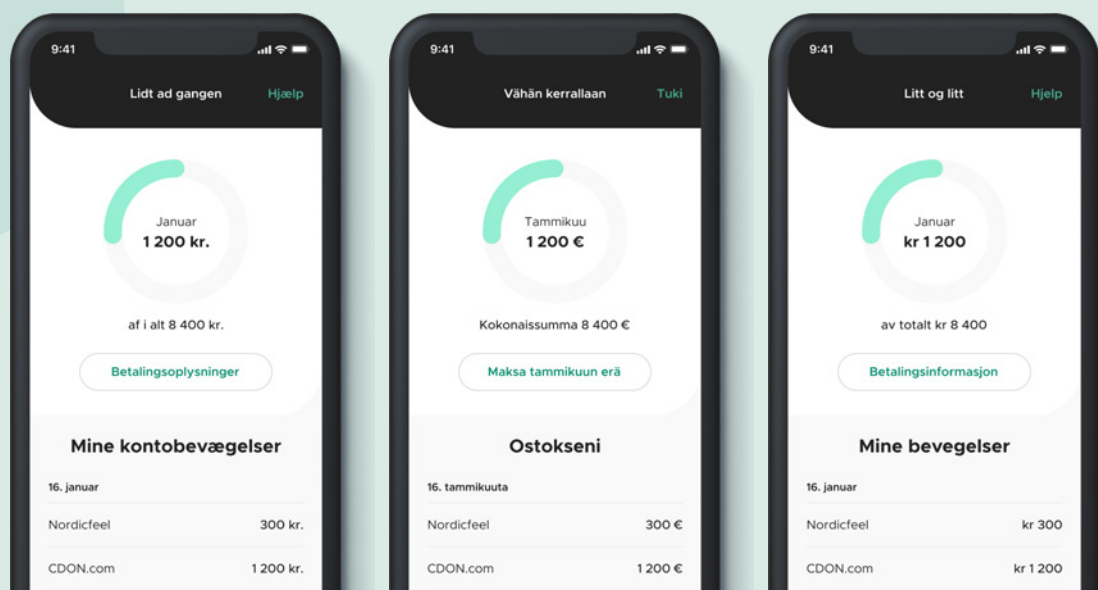
»Our primary focus in the Board has been to prepare the company for the separate listing at Nasdaq Stockholm that took place in the beginning of October 2020. Our separation from former Qliro Group has strengthened the company and we are now well-equipped to act in a listed environment with strong and long-term investors.

Durint the year Qliro has strengthened the market position through a number of new partnerships regarding payment solutions with a number of larger e-merchants in Sweden. With our technical well-developed platforms I believe we have solid growth opportunities going forward where our strategic focus will be critical to catch these opportunities.

I would also like to emphasize how the company during the year has worked to improve the customer experience in the new platforms, which were launched in our Nordic markets.

Finally, I and the Board are impressed by how well Qliro handled the challenge during the current pandemic and at the same time strengthened the culture in the company with an increased commitment among employees.«

Lennart Jacobsen, Chairman



Qliro has continued to improve the customer experience in the digital platforms which was launched in Sweden, Norway, Finland and Denmark during 2020 and during the first quarter of 2021.



## Board of Directors



### Lennart Jacobsen

Chairman since 2018, member since 2017

**Assignments committees:** Member of the remuneration committee

**Education:** Master's degree in Electrical Engineering Telecommunication from the Royal Institute of Technology, Stockholm.

**Professional experience:** Executive Vice President at Nordea Bank AB (2013-2016), CEO at GE Capital Global Banking Nordic branch (2008-2012), CEO at GE Money Bank Sweden branch (2003-2008) and various positions at GE Capital Bank (1998-2003) and Systemhuset Affärssystem AB/Upec Data AB/Upec Edicom AB (1991-1998).

**Other ongoing assignments:** CEO, founder and board member of Invesi Investment AB. Chairman of the board of Doro AB and Playground Group AB. Board member in Oryx Holding AB, Swedbank Robur AB and AB Svensk Exportkredit (SEK).

**Ownership in Qliro AB as of December 31:** 10 000 shares

Independent in relation to the Company and its management, independent in relation to major shareholders.



### Alexander Antas

Member since 2020

**Assignments committees:** –

**Education:** Master's degree in finance from Hanken School of Economics in Finland.

**Professional experience:** Alexander Antas is Head of Private Equity at Mandatum Asset Management, and has previously been Portfolio Manager and Head of Alternative Investments at Sampo plc (2008-2020) and analyst at Carnegie Investment Bank (2006-2008).

**Other ongoing assignments:** Board observer at Coronaria Oy. Board observer at Elematic Oy.

**Ownership in Qliro as of December 31:** 0 shares

Independent in relation to the company and its management, and independent in relation to major shareholders



### Robert Burén

Member since 2018

**Assignments committees:** –

**Education:** Studies in Computer Science and Technology at Luleå University of Technology and the Royal Institute of Technology, Stockholm

**Professional experience:** Co-founder of and Consultant at Cygni AB. Previous experience as interim CTO Blocket.se (Nov 2020- May 2021) and Mediaplanet 2017-2018), CIO Bisnode Group (2016-2017) and SBAB Bank AB (2015). CTO at Kindred (2011-2015) and co-founder to Bluefish AB (1998-2006).

**Other ongoing assignments:** Board member of Cygni AB and Bredband2 i Skandinavien AB.

**Ownership in Qliro AB as of December 31:** 3 000 shares

Independent in relation to the Company and its management, independent in relation to major shareholders.



### Monica Caneman

Member since 2019

**Assignments committees:** Chairman remuneration committee and member in RCACC

**Education:** M.B.A. from Stockholm School of Economics.

**Professional experience:** Experience as board member of several Swedish and foreign companies, both listed and not listed. Deputy CEO and member of the group management in Skandinaviska Enskilda Banken AB 1995-2001, held various management positions at Skandinaviska Enskilda Banken (1977-2001).

**Other ongoing assignments:** Chairman Euroclear Sweden AB, Almi Företagspartner AB och Monu AB. Board member in SAS AB. Chairman in Nasdaq Stockholms listing committee. CEO and Chairman Monica Caneman Konsult AB and Hundhjälpen På Lidingö AB.

**Ownership in Qliro AB as of December 31:** 0 shares

Independent in relation to the Company and its management, independent in relation to major shareholders.



### Lennart Francke

Member since 2016

**Assignments committees:** Chairman RCACC

**Education:** M.B.A. from Stockholm School of Economics and Program for Management Development, Harvard Business School, USA.

**Professional experience:** Appointed by Swedbank Robur in several nomination committees in listed companies. Previous experience as Senior Advisor and Head of Group Finance at Swedbank (2013-2014 and 2011-2012) and deputy CEO, Head of Group Finance and Group Credit at Handelsbanken (1998-2006). Other senior management positions within Handelsbanken (1978-1998).

**Other ongoing assignments:** Board member of Centrum för Näringslivshistoria Cfn AB, Stiftelsen Affärsvärlden. Chairman ABRF Group and Youple AB.,

**Ownership in Qliro AB as of December 31:** 11 249 shares

Independent in relation to the Company and its management, independent in relation to major shareholders.



### Helena Nelson

Member since 2015

**Assignments committees:** Member RCACC

**Education:** Master of Laws from Lund University and Ruter Dam Management Programme, Stockholm.

**Professional experience:** General Counsel and part of the executive management of Carnegie Investment Bank AB (publ) and previous experience as Chief Compliance Officer and Head of Operational Risk at Swedbank (2009-2013), General Counsel at Skandia (2006-2009) and other legal positions at Skandia (1994-2006) and court work (1989-1994).

**Other ongoing assignments:** Board member of Carnegie Personal AB and Familjeföretagens Pensionsredovisning i Värmland AB and member of the council in Livförsäkringsbolaget Skandia.

**Ownership in Qliro AB as of December 31:** 0 shares

Independent in relation to the Company and its management, independent in relation to major shareholders.

## Executive Management Team



### Carolina Brandtman

CEO

Born: 1974

In the management team since 2018

**Education:** Studies in Economics at University of Örebro and Central Queensland University, Australia.

**Previous experience:** CEO of Santander Consumer Bank Sweden (2014-2018) and various senior and other positions at GE Money Bank Sweden, GE Money Bank Nordic, GE Money Europe HQ and GE Money Australia & NZ (1999-2014).

Ownership in Qliro AB as of 31 December: 4,780 shares and 150,000 warrants



### Jonas Adolffson

Chief Credit Officer

Born: 1984

In the management team since 2018

**Education:** Master's degree in Business Administration and Bachelor's degree in Economics, Linköping University

**Previous experience:** Previous experience from other positions at Qliro (2015-2018), Manager Nordics, Risk and Information Management at American Express (2014-2015) and various positions at Klarna AB (2009-2013).

Ownership in Qliro AB as of 31 December: 0 shares and 7,000 warrants



### Lina Agrell

General Counsel

Born: 1979

In the management team since 2019

**Education:** Master of Laws from Stockholm University

**Previous experience:** Senior Legal Counsel at Nordea Bank AB (publ) (2014-2019), Attorney at Wistrand Advokatbyrå (2008-2014), Associate at Bird & Bird Advokatbyrå (2007-2008) and Law clerk at the District Court of Jönköping (2006-2007).

Ownership in Qliro AB as of 31 December: 0 shares and 35,000 warrants



### Johanna Blom

Chief People Officer

Born: 1978

In the management team since 2019

**Education:** Master's degree in Work and Organizational Psychology from Linköping University and studies at University of Auckland, New Zealand.

**Previous experience:** Interim HR Manager at Nordax Bank AB (2017-2018), Interim HR Manager at GE Capital AB (2015-2017), HR Director at Santander Consumer Bank AB (2014-2015), HR Manager at Nordic, GE Capital Real Estate (2008-2014), HR advisor at Linklaters (2004-2008) and HR assistant at Fonus HQ (2003-2004).

Ownership in Qliro AB as of 31 December: 2,000 shares and 70,070 warrants



### Ann Ekroth

Chief Risk Officer

Born: 1969

In the management team since 2019

**Education:** **Previous experience:** Compliance Director at Santander Consumer Bank Sweden (2017-2019), Non-Financial Risk & Governance Director Nordic and Acting Chief Risk Officer Nordic at Santander Consumer Bank AS (2015-2017 and 2014-2015), various positions within inter alia finance and risk at GE Money Bank (1996-2014) and auditor at Arthur Andersen AB (1993-1996).

Ownership in Qliro AB as of 31 December: 0 shares and 10,000 warrants



### Mattias Forsberg

Chief Technology Officer

Born: 1973

In the management team since 2019

**Education:** Studies in computer science at Linköping University and Vrije University, Amsterdam and industrial doctoral student, Human-computer interaction at the Royal Institute of Technology in Stockholm.

**Previous experience:** Head of Strategy & Software Engineering, Head of Strategy Office and Head of Center of Excellence for Agile at SEB (2014-2019), Manager Systems Development at Com Hem (2008-2014) and partner and consultant at Alcesys (2000-2008)

Ownership in Qliro AB as of 31 December: 368 shares and 49,500 warrants



### Andreas Frid

Head of Investor Relations

**Born:** 1977

**In the management team since** 2019

**Education:** Studies in Business Administration and Management and Economics at Lund University, Uppsala University and Wellington International University.

**Previous experience:** Head of Marketing, Communication and Investor Relations at Nordax Bank AB (2016–2019) and different positions at Investor Relations, Group Finance and Group Treasury within Swedbank (2003–2016).

Ownership in Qliro AB as of 31 December: 3 000 shares and 70,070 warrants



### Martina Skande

Chief Business Development Officer

**Born:** 1975

**In the management team since** 2018

**Education:** Master's degree in Finance from Lund University

**Previous experience:** Business Transformation Director (2017-2018) and Nordic Commercial Director (2016-2017) at Santander Consumer Bank Sweden, Director of Financial Services at EY Advisory Services Sweden (2011-2016), Product Development Manager (2008-2009) and Client Relationship Manager (2007-2009) at Genworth Financial Mortgage Insurance and various positions at GE Money Bank/GE Capital Europe (2000-2006).

Ownership in Qliro AB as of 31 December: 390 shares and 70,070 warrants



### Robert Stambro

Chief Financial Officer

**Born:** 1975

**In the management team since** 2019

**Education:** Master's degree in International Business from Luleå University of Technology

**Previous experience:** Head of Financial Planning & Analysis (2018-2019), Head of Treasury and Head of Business Control (2017-2018), Acting CFO (2016-2017), Deputy CFO (2016) and Head of Treasury (2009-2016) at Nordnet AB.

Ownership in Qliro AB as of 31 December: 3 500 shares and 84,084 warrants



### Johnny Sällberg

Chief Commercial Officer

**Born:** 1985

**In the management team since** 2020

**Education:** Courses in e-commerce and English

**Previous experience:** Chief Commercial Officer, Managing Director and Head of Sales Urb-it (2018-2020), Advisory Board Member IHM Business School (2019-) and Director Commercial Training & Development and Director Bid Management at Klarna (2015-2017) and other various management roles at Klarna (2012-2015)

Ownership in Qliro AB as of 31 December: 1 785 shares and 70,070 warrants

# Financial reports

## INCOME STATEMENT OF THE GROUP

Amounts in SEK million	Note	2020	2019
Interest income		240.6	-
Interest expenses		-35.6	-
<b>Net interest income</b>	5	<b>205.0</b>	-
Commission income	6	171.4	-
Commission expenses	7	-4.0	-
Net profit/loss from financial transactions	8	-0.2	-
Other operating income		7.5	-
<b>Total operating income</b>		<b>379.7</b>	-
General administrative expenses	9, 10, 11	-222.5	-
Depreciation/amortisation of tangible and intangible assets	12	-101.4	-
Other operating expenses	13	-34.4	-
<b>Total expenses before credit losses</b>		<b>-358.3</b>	-
<b>Profit/loss before credit losses</b>		<b>21.4</b>	-
Net credit losses	14	-102.5	-
<b>Operating profit/loss</b>		<b>-81.1</b>	-
Income tax expense	15	14.1	-
<b>Profit/loss for the year</b>		<b>-67.0</b>	-
<b>Earnings per share before and after dilution, SEK</b>	36	<b>-3.73</b>	-

## STATEMENT OF COMPREHENSIVE INCOME OF THE GROUP

Amounts in SEK million	2020	2019
<b>Profit/loss for the year</b>	<b>-67.0</b>	-
<b>Other comprehensive income</b>		
<b>Items that can later be reclassified to profit or loss</b>		
Translation differences from foreign operations	-1.1	-
Translation differences from foreign operations reclassified to the income statement	0.6	-
<b>Other comprehensive income for the year</b>	<b>-0.5</b>	-
<b>Comprehensive income for the year</b>	<b>-67.5</b>	-

1) As the group was formed 2019-12-31 there is no relevant information to report from the consolidated income statement 2019.

## BALANCE SHEET OF THE GROUP

Amounts in SEK million	Note	2020	2019
<b>Assets</b>			
Treasury bills eligible for refinancing etc	16	-	25.0
Lending to credit institutions	19	155.1	240.2
Lending to the public	20	2,460.3	2,070.4
Bonds and other fixed-income securities	17	290.1	230.0
Intangible assets	21	162.8	178.5
Tangible assets	22	31.5	41.0
Deferred tax assets	15	28.8	14.7
Other assets	23	47.0	43.1
Prepaid expenses and accrued income	24	19.8	35.7
<b>Total assets</b>		<b>3,195.3</b>	<b>2,878.5</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Liabilities to credit institutions	25	215.0	292.4
Deposits and borrowings from the public	26	2,132.9	1,819.1
Other liabilities	27	96.8	103.3
Accrued expenses and deferred income	28	62.6	35.8
Subordinated debt	29	100.0	100.0
<b>Total liabilities</b>		<b>2,607.3</b>	<b>2,350.6</b>
<b>Equity</b>			
Share capital	30	50.3	50.1
Reserves		0.0	0.5
Retained profit or loss		604.7	477.4
Profit/loss for the year		-67.0	-
<b>Total equity</b>		<b>588.0</b>	<b>528.0</b>
<b>Total liabilities and Equity</b>		<b>3,195.3</b>	<b>2,878.5</b>

## STATEMENT OF CHANGES IN EQUITY OF THE GROUP

Amounts in SEK million	Restricted equity			Non-restricted equity			Profit/ loss for the year	Total equity
	Share capital	Reserve for develop- ment costs	Translation of foreign operations	Fair value reserve	Share premium reserve	Retained profit		
<b>Opening balance 2019-01-01</b>	-	-	-	-	-	-	-	-
Formation of the Group 2019-12-31	50.1	124.2	0.6	-0.1	-	377.0	-23.8	528.0
<b>Closing balance 2019-12-31</b>	<b>50.1</b>	<b>124.2</b>	<b>0.6</b>	<b>-0.1</b>	<b>-</b>	<b>377.0</b>	<b>-23.8</b>	<b>528.0</b>
Appropriation of last year's profit or loss	-	-	-	-	-	-23.8	23.8	0.0
Profit/loss for the year	-	-	-	-	-	-	-67.0	-67.0
Transfer of internally generated capitalised development costs	-	5.7	-	-	-	-5.7	-	-
<b>Other comprehensive income</b>								
Financial assets measured at fair value through other comprehensive income (net after tax)	-	-	-	0.0	-	-	-	0.0
Translation differences from foreign operations	-	-	-1,1	-	-	-	-	-1,1
Translation differences from foreign operations reclassified to the income statement	-	-	0.6	-	-	-	-	0.6
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-0.5</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>-0.5</b>
Bond issue	0.3	-	-	-	-	-0.3	-	-
Issuance of warrant	-	-	-	-	2.5	-	-	2.5
Shareholders' contributions	-	-	-	-	-	125.0	-	125.0
<b>Closing balance 2020-12-31</b>	<b>50.3</b>	<b>118.5</b>	<b>0.0</b>	<b>-0.0</b>	<b>2.5</b>	<b>483.7</b>	<b>-67.0</b>	<b>588.0</b>

## CASH FLOW STATEMENT OF THE GROUP

	2020	2019
<b>Operating activities</b>		
Operating profit/loss	-81.1	-
<i>Adjustments</i>		
- Depreciation	101.4	-
- Credit losses	102.5	-
- Commission income	-171.4	-
- Interest income	-240.6	-
- Interest expenses	35.6	-
- Unrealised exchange differences	-0.1	-
Tax paid	0.0	-
Commission received	181.1	-
Interest received	233.1	-
Interest paid	-33.0	-
Increase/decrease in securities	-35.0	-
Increase/decrease in lending to the public	-487.1	-
Increase/decrease in other claims/liabilities	30.6	-
Increase/decrease in deposits and borrowings from the public	311.4	-
Increase/decrease in liabilities to credit institutions	-77.3	-
<b>Cash flow from operating activities</b>	<b>-130.0</b>	-
<b>Investing activities</b>		
Purchase of tangible assets	-6.8	-
Purchase of intangible assets	-67.7	-
<b>Cash flow from investing activities</b>	<b>-74.5</b>	-
<b>Financing activities</b>		
Shareholders' contributions received	125.0	-
Amortization lease	-8.2	-
Issuance of warrants	2.5	-
<b>Cash flow from financing activities</b>	<b>119.3</b>	-
<b>Cash flow for the year</b>	<b>-85.2</b>	-
<b>Increase in cash and cash equivalents</b>		
Cash and cash equivalents at beginning of the year	240.2	-
Exchange differences in cash and cash equivalents	0.1	-
Formation of the Group	-	240.2
Cash flow for the period	-85.2	-
<b>Cash and cash equivalents at end of the year</b>	<b>155.1</b>	<b>240.2</b>

## SELECTED INCOME STATEMENT DATA FROM THE PARENT COMPANY

Amounts in SEK million	Note	2020	2019
Interest income		240.6	198.9
Interest expenses		-35.3	-28.6
<b>Net interest income</b>	5	<b>205.3</b>	<b>170.2</b>
Commission income	6	171.4	176.0
Commission expenses	7	-4.0	-3.9
Net profit/loss from financial transactions	8	-0.2	-0.1
Other operating income		7.5	2.9
<b>Total operating income</b>		<b>380.0</b>	<b>345.2</b>
General administrative expenses	9, 10, 11	-230.7	210.0
Depreciation/amortisation of tangible and intangible assets	12	-93.1	63.2
Other operating expenses	13	-34.4	28.6
<b>Total expenses before credit losses</b>		<b>-358.2</b>	<b>301.8</b>
<b>Profit/loss before credit losses</b>		<b>21.8</b>	<b>43.4</b>
Net credit losses	14	-102.5	-73.4
<b>Operating profit/loss</b>		<b>-80.7</b>	<b>-30.0</b>
Income tax expense	15	14.1	6.2
<b>Profit/loss for the year</b>		<b>66.6</b>	<b>-23.8</b>
<b>Earnings per share before and after dilution</b>	36	<b>-3.71</b>	<b>-1.32</b>

## STATEMENT OF COMPREHENSIVE INCOME OF THE PARENT COMPANY

Amounts in SEK million	2020	2019
<b>Profit/loss for the year</b>	<b>-66.6</b>	<b>-23.8</b>
<b>Other comprehensive income</b>		
<b>Items that can later be reclassified to profit or loss</b>		
Translation differences from foreign operations	-1.1	0.3
Translation differences from foreign operations reclassified to the income statement	0.6	-
<b>Other comprehensive income for the year</b>	<b>-0.5</b>	<b>0.3</b>
<b>Comprehensive income for the year</b>	<b>-67.2</b>	<b>-23.5</b>



## BALANCE SHEET OF PARENT COMPANY

Amounts in SEK million	Note	2020	2019
<b>Assets</b>			
Treasury bills eligible for refinancing etc	16	–	25.0
Lending to credit institutions	19	152.5	240.2
Lending to the public	20	2,460.3	2,070.4
Bonds and other fixed-income securities	17	290.1	230.0
Shares and units	18	0.1	0.1
Intangible assets	21	162.8	178.5
Tangible assets	22	17.0	19.9
Deferred tax assets	15	28.8	14.7
Other assets	23	49.5	43.0
Prepaid expenses and accrued income	24	19.8	37.7
<b>Total assets</b>		<b>3,180.8</b>	<b>2,859.4</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Liabilities to credit institutions	25	215.0	292.4
Deposits and borrowings from the public	26	2,132.9	1,819.1
Other liabilities	27	82.0	84.2
Accrued expenses and deferred income	28	62.6	35.8
Subordinated debt	29	100.0	100.0
<b>Total liabilities</b>		<b>2,592.5</b>	<b>2,331.5</b>
<b>Equity</b>			
	30		
<b>Restricted equity</b>			
Share capital		50.3	50.1
Reserve for development costs		118.5	124.2
<b>Total restricted equity</b>		<b>168.8</b>	<b>174.2</b>
<b>Non-restricted equity</b>			
Retained profit or loss		483.7	377.0
Share premium reserve		2.5	–
Reserves		0.0	0.5
Profit/loss for the year		–66.6	–23.8
<b>Total non-restricted equity</b>		<b>419.6</b>	<b>353.7</b>
<b>Total equity</b>		<b>588.3</b>	<b>528.0</b>
<b>Total liabilities and Equity</b>		<b>3,180.8</b>	<b>2,859.4</b>

## STATEMENT OF CHANGES IN EQUITY OF THE PARENT COMPANY

Amounts in SEK million	Restricted equity		Non-restricted equity					Total equity
	Share capital	Reserve for development costs	Translation of foreign operations	Fair value reserve	Share premium reserve	Retained profit	Profit/loss for the year	
<b>Opening balance 2019-01-01</b>	<b>50.1</b>	<b>87.0</b>	<b>0.3</b>	<b>-0.0</b>	<b>-</b>	<b>289.4</b>	<b>-13.2</b>	<b>413.5</b>
Appropriation of last year's profit or loss	-	-	-	-	-	-13,2	13.2	-
Profit/loss for the year	-	-	-	-	-	-	-23.8	-23.8
Transfer of internally generated capitalised development costs	-	37.1	-	-	-	-37.1	-	-
<b>Other comprehensive income</b>								
Financial assets measured at fair value through other comprehensive income (net after tax)	-	-	-	-0.1	-	-	-	-0.1
Translation differences from foreign operations	-	-	0.3	-	-	-	-	0.3
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>0.3</b>	<b>-0.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.3</b>
Shareholders' contributions	-	-	-	-	-	138.0	-	138.0
<b>Closing balance 2019-12-31</b>	<b>50.1</b>	<b>124.2</b>	<b>0.6</b>	<b>-0.1</b>	<b>-</b>	<b>377.0</b>	<b>- 23.8</b>	<b>528.0</b>
Appropriation of last year's profit or loss	-	-	-	-	-	-23.8	23.8	-
Profit/loss for the year	-	-	-	-	-	-	-66.6	-66.6
Transfer of internally generated capitalised development costs	-	-5.7	-	-	-	5.7	-	-
<b>Other comprehensive income</b>								
Financial assets measured at fair value through other comprehensive income (net after tax)	-	-	-	0.0	-	-	-	0.0
Translation differences from foreign operations	-	-	-1,1	-	-	-	-	-1,1
Translation differences from foreign operations reclassified to the income statement	-	-	0.6	-	-	-	-	0.6
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-0.5</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-0,5</b>
Bond issue	0.3	-	-	-	-	-0.3	-	-
Issuance of warrant	-	-	-	-	2.5	-	-	2.5
Shareholders' contributions	-	-	-	-	-	-	125.0	125.0
<b>Closing balance 2020-12-31</b>	<b>50.3</b>	<b>118.5</b>	<b>-</b>	<b>-0.0</b>	<b>2.5</b>	<b>483.7</b>	<b>-66.6</b>	<b>588.3</b>

## CASH FLOW STATEMENT OF THE PARENT COMPANY

	2020	2019
<b>Operating activities</b>		
Operating profit/loss	-80.7	-30.0
<b>Adjustments</b>		
- Depreciation/amortisation	93.1	63.2
- Credit losses	102.5	73.4
- Commission income	-171.4	-176.0
- Interest income	-240.6	-198.9
- Interest expenses	35.3	28.6
- Unrealised exchange differences	-0.1	0.0
Tax paid	0.0	0.0
Commission received	181.1	171.2
Interest received	233.1	189.7
Interest paid	-33.0	-27.6
Increase/decrease in securities	-35.0	-57.8
Increase/decrease in lending to the public	-487.1	-639.8
Increase/decrease in other claims/liabilities	28.0	-3.1
Increase/decrease in deposits and borrowings from the public	311.4	850.8
Increase/decrease in liabilities to credit institutions	-77.3	-165.6
<b>Cash flow from operating activities</b>	<b>-140.8</b>	<b>78.0</b>
<b>Investing activities</b>		
Acquisition of subsidiary	-	-0.1
Purchase of tangible assets	-6.8	-14.9
Purchase of intangible assets	-67.7	-82.7
<b>Cash flow from investing activities</b>	<b>-74.5</b>	<b>-97.6</b>
<b>Financing activities</b>		
Shareholders' contributions received	125.0	138.0
Emission av teckningsoptioner	2.5	-
Subordinated debt	-	100.0
<b>Cash flow from financing activities</b>	<b>127.5</b>	<b>238.0</b>
<b>Cash flow for the year</b>	<b>-87.8</b>	<b>218.4</b>
<b>Increase in cash and cash equivalents</b>		
Cash and cash equivalents at beginning of the year	240.2	21.8
Exchange differences in cash and cash equivalents	0.1	0.0
Cash and cash equivalents at end of the year	-87.8	218.4
<b>Change</b>	<b>152.5</b>	<b>240.2</b>

## NOTES

### Note 1. Company information

Qliro AB (publ), reg. no. 556962-2441, has a licence from the SFSA to be a credit market company. The parent company's shares are since October 2nd 2020 listed on Nasdaq Stockholm with the ticker "QLIRO". Qliro conducts its operations in the Nordic region and its head office is located in Stockholm, Sweden. The operations comprise payment solutions, consumer financing, personal loan products and savings accounts in the Nordic market and Germany through cooperation with Deposit Solutions GmbH.

Qliro is a limited liability company in Sweden with its registered office in Stockholm. The address of the head office is Sveavägen 151, Stockholm, Sweden.

As of 31 December 2019, Qliro acquired a subsidiary, QFS Incitement AB and thereby established a group (refer to note 18).

This historical financial information was approved by the board of directors and CEO for issue and publication on 15 April 2021. The consolidated statement of financial position and other comprehensive income and the statement of financial position, as well as the parent company's income statement and balance sheet, are subject to adoption by the Annual General Meeting on May 19, 2021.

### Note 2. Accounting policies

#### Compliance with standards and laws

The financial statement for the group has been prepared in accordance with international financial reporting standards (IFRS) and interpretations of these standards have been adopted by the EU. In addition, the supplements and what follows from Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), as well as the SFSA's regulations and general advice on annual accounts for credit institutions and securities companies (FFFS 2008:25) are applied. The consolidated accounts also apply the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Regulations for Groups, as well as interpretive statements.

The financial information of the parent company has been prepared in accordance with Annual Accounts Act for Credit Institutions and Securities Companies as well as the SFSA's regulations and general advice on annual accounts for credit institutions and securities companies (FFFS 2008:25). The parent company also applies RFR 2 Accounting for legal entities and statements from the Swedish Financial Reporting Board. In accordance with the SFSA's general advice the parent company applies the so called non-statutory IFRS, meaning that the international financial reporting standards which have been adopted by the EU, are applied when preparing the financial reports. The accounting principles stated below, have been applied consequently on all periods presented in the financial reports, unless otherwise stated.

#### Valuation methods used in preparing the company's financial statements

Assets and liabilities are recognized at historical cost. Financial assets and liabilities are recognized at amortised cost, except for certain financial assets and liabilities that are measured at fair value.

#### Revised accounting policies as of 2020

##### Revised accounting

In order to more accurately account for commissions paid to merchants (interest and commissions), Qliro's model for accrual has been modified.

In brief, this means that commissions are tied to recognized income in the income statement and recognized in the same period. The change negatively affected profit by SEK 8.4 million and was recognized in its entirety in the second quarter 2020 – net interest income was negatively affected by SEK 3.4 million and net commission income negatively by SEK 5.0 million. As there is no historical data to calculate previous periods, reporting could not be modified in their case.

#### Changed accounting policies with future application

Changed accounting policies with future application is not expected to have a significant effect on Qliro's financial reporting, capital adequacy or large exposures when they are applied for the first time.

#### Future regulatory changes

For the coming accounts there are no new regulatory changes adopted.

#### Summary of key accounting policies

##### Transactions in foreign currency

Qliro's functional currency is Swedish krona (SEK). The foreign operations have EUR, DKK and NOK as their functional currencies. The operations are translated to Qliro's functional currency as follows below. Transactions in foreign currency are translated to SEK at the exchange rates applied on the transaction date. Monetary assets and liabilities in foreign currencies are translated to SEK at the exchange rates applicable at the balance sheet date. Non-monetary assets and liabilities in foreign currencies are translated to

SEK at the exchange rate on the transaction date.

Fair value changes in securities in foreign currency, which are classified to fair value through comprehensive income, are divided between translation differences due to changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences attributable to other changes in amortised cost are recognised through profit or loss under the item Net profit/loss from financial transactions. Other changes in carrying amount are recognised in other comprehensive income.

Exchange differences for non-monetary financial assets and liabilities classified as financial instruments measured at fair value through profit or loss are recognised as part of the gains or losses on fair value. Exchange differences arising on the translation of balance sheet items in foreign currency at the closing day rate are recognised through profit or loss under Net profit/loss from financial transactions.

#### Interests and commissions

##### Interest income and interest expenses

The income is recognized using the effective interest method or when the identified performance commitments have been fulfilled. Recognition of interest income from the financial assets and liabilities measured at amortized cost is calculated according to the effective interest method. When a financial asset or liability is valued at amortized cost, interest income or interest expenses are distributed over the period in question. The effective interest rate corresponds to the interest rate used to calculate future cash flows at the reported value of the financial asset or liability. The estimated future cash flows used in the calculation include all fees that are an integral part of the effective interest rate.

The interest income which is calculated using the effective interest method consist of interest from payment solution products and personal loans which are recognized as lending the public.

##### Commission income and commission expenses

Commission income is recognised as income in the period in which it is earned and comprises primarily lending commission related to payment solutions products and other payment services. Under commission expenses, costs for services received are recognized insofar as they are not considered interest.

Origination fees are considered to be an integral part of the effective interest rate and are reported under interest income in accordance with IFRS9.

##### Net profit/loss from financial transactions

Net profit/loss from financial transactions comprises -realised and unrealised changes in value arising through financial transactions, such as exchange rate fluctuations.

##### General administrative expenses

General administrative expenses include staff costs, including salaries, bonuses and commission, pension costs, employer's contributions and other social security contributions. General administrative expenses also include costs for office premises, postage, printing, credit checks, IT, fees and other administration.

##### Remuneration to employees

###### (a) Short-term employee benefits

Short-term employee benefits are calculated without discounting and recognized as an expense when the related services are provided.

###### (b) Pension costs

Qliro's pension plans are financed through payments to insurance companies. Qliro has only defined contribution pension plans. Defined contribution plans are plans under which Qliro pays fixed contributions into a separate legal entity. Qliro does not have any legal or informal obligations to pay additional contributions if this legal entity has insufficient assets with which to make all pension payments to employees that are associated with the current or past service of employees.

In a defined contribution pension plan, Qliro pays contributions to publicly or privately managed pension schemes on a mandatory, contractual or voluntary basis. Qliro has no further payment obligations once the contributions have been paid. The contributions are recognised as staff costs when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

###### (c) Termination benefits

Termination benefits are paid when an employee's employment has been terminated by Qliro before the normal time of retirement or when an employee accepts voluntary redundancy in exchange for such compensation. Qliro recognises severance pay when the Group is demonstrably committed either to terminate employment according to a detailed formal plan without any option of withdrawal or to provide compensation in a case of termination of employment as a result of an offer made to encourage voluntary resignation. Benefits that are due more than 12 months after the balance sheet date are discounted to present value.

### Group contributions

All Group contributions paid and received between Qliro and its subsidiary, Parent Company or sister companies are recognised through profit or loss under appropriations.

### Taxes

The current tax expense is calculated based on the tax rules that have been enacted or substantively enacted at the balance sheet date in the country where Qliro operates and generates taxable income, meaning Sweden. Management regularly evaluates the claims made in tax returns for situations where applicable tax rules are subject to interpretation and, when deemed necessary, makes provisions for amounts that are likely to be paid to the tax authorities. Income tax is recognised directly through profit or loss.

Deferred tax assets are recognised insofar as it is probable that tax surpluses will be available in the future against which temporary differences can be utilised. The amounts allocated to untaxed reserves comprise taxable temporary differences. Because of the connection between accounting and taxation, the deferred tax liability attributable to the untaxed reserves is not recognised separately. These have thus been recognised in a gross amount in the balance sheet. Appropriations are recognised in a gross amount in profit or loss.

### Financial assets

Under IFRS 9, financial assets are to be divided into the following categories: amortised cost, fair value through comprehensive income and fair value through profit or loss.

The classification of each category of financial assets is governed by the objective of the company's business model for holding the financial instruments and if the contractual cash flows of the instruments are solely payments of -principal and interest.

Qliro has two types of financial assets

#### (a) Financial assets measured at amortised cost

Financial assets measured at amortised cost are debt instruments that are held for the objective of realising the instruments' cash flows by collecting contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. By way of exception, sales may occur, e.g. due to disruptions in the capital and money market or close to the maturity date of the instrument.

Amortised cost is determined based on the effective interest rate calculated at the acquisition date. Assets in this category are subject to provisions for expected credit losses.

#### (b) Financial assets measured at fair value through other comprehensive income

Debt instruments are recognised in the category of financial assets measured at fair value through other comprehensive income when the objective is to realise cash flows by both collecting contractual cash flows and by selling the instrument. A requirement for a financial asset to be recognised in this category is that the contractual cash flows are solely payments of principal amount outstanding and interest on the principal amount outstanding.

Unrealised gains and losses are recognised in other comprehensive income and accumulated in the fair value reserve in equity. In connection with the disposal of the asset, the reserve is reclassified to the income statement.

### Recognition and measurement

Purchases and sales of financial assets are recognised on the trade date, which is the date when Qliro undertakes to buy or sell the asset. Financial instruments are initially measured at fair value plus transaction costs, which applies to all financial assets not measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are initially measured at fair value, while the related transaction costs are recognised through profit or loss.

Financial assets are derecognised from the balance sheet when the rights to collect cash flows from the instrument have expired or been transferred and Qliro has transferred substantially all the risks and rewards associated with ownership. If the risks and rewards associated with ownership of the financial asset are neither transferred nor retained, Qliro will assess whether it has relinquished control. If Qliro assesses that it has relinquished control, the financial asset is derecognised from the balance sheet. If Qliro assesses that it has not relinquished control, the company will continue to recognise the asset to the extent to which it has a continuing involvement in the asset.

Gains and losses arising from changes in fair value in respect of the category financial assets measured at fair value through profit or loss are recognised as revenue in the period when they are realised and are included in the item Net profit/loss from financial transactions in profit or loss. Unrealised gains and losses are recognised in other comprehensive income.

### Impairment of financial assets

Loss provisions are established for lending to the public and on all items in the balance sheet measured at amortised cost. Loss provisions are also recognised for fixed-income securities measured at fair value through other comprehensive income and off-balance exposures, granted loan

commitments (e.g. unutilised bank overdraft facilities) and issued financial guarantees. A derecognition reduces the recognised gross amount of the financial asset. Derecognition takes place when the amount of the loss is finally established and is recognised under credit losses, and represents the amount before utilising previously made provisions.

The reserve for credit losses is measured according to a model for expected credit losses and reflects a probability-weighted amount determined by evaluating a number of possible outcomes, taking into consideration all reasonable and verifiable information available on the reporting date without unreasonable costs or efforts. The provisions for credit losses are measured on the basis of whether a significant increase in the credit risk has occurred compared with initial recognition of an instrument.

- Stage 1 includes financial instruments whose credit risk has not increased significantly since initial recognition and the counterparties encompassed by Qliro's policy for low credit risk on the reporting date.
- Stage 2 includes financial instruments whose credit risk has increased significantly since initial recognition but where there is no objective evidence that the receivable is bad at the reporting date.
- Stage 3 includes financial instruments where there is objective evidence that the receivable is bad.

For financial instruments attributable to stage 1, the loss provision corresponds to the 12-month expected credit losses, and for financial instruments in stage 2 where a significant increase in credit risk has been identified and bad debts in stage 3, the loss provision corresponds to the expected credit losses for the full lifetime of the financial instrument. The expected credit losses for the financial instruments remaining maturity represent losses from all default events which are possible during the financial instruments remaining maturity. The 12-month expected credit losses represent the portion of expected credit losses for the full lifetime of the financial instrument that are caused by loss events within 12 months after the reporting date.

### Recognition of expected credit losses – lending to the public Determination of a significant increase in credit risk

An exposure that is subject to a significant increase in credit risk is no longer included in stage 1 but in stage 2 (provided that it is not credit-impaired, in which case it is included in stage 3). Qliro assesses separately whether credit risk has significantly increased for each individual exposure. The quantitative method used to assess an increase in credit risk comprises a forward-looking estimate of the risk of default of each individual exposure, defined as the exposure having unpaid amounts that are more than 90 days past due. This method involves calculating such risk variables as probability of default, loss given default, etc. for each individual exposure. Depending on the probability of default that an exposure initially had, different increases in the probability of default on the most recent measurement date are required in order for the credit risk to be deemed to have increased significantly. In general, a lower initial calculation of the probability of default means that a smaller increase in the probability of default is required before the credit risk is considered to have increased significantly. The credit risk is always considered to have increased significantly for exposures with unpaid amounts that are more than 30 days past due. If the estimate of probability of default in the method reduces so that it again falls below the threshold values for a significant increase in credit risk, the exposure is transferred from stage 2 back to stage 1, on the condition that the exposure does not have unpaid amounts that are more than 30 days past due.

### Credit-impaired loans

Similar to previous policies, loss provisions are recognised on the full lifetime of credit-impaired exposures (previously known as bad debts) when one or more events that have a negative impact on the estimated future cash flows for the financial asset have occurred (stage 3). An exposure is considered to be credit-impaired when the exposure has unpaid amounts that are more than 90 days past due. If an exposure that was considered to be credit-impaired no longer is credit-impaired, it is transferred to either stage 2 (if the exposure can still be deemed to have caused a significant increase in credit risk) or to stage 1.

### Measurement of expected credit losses

Expected credit losses are calculated for individual credit exposures as the discounted total of probability of default (PD), credit exposure at default (EAD), loss given default (LGD) and macroeconomic factors (MF). The Institution's definition of default is closely aligned with the regulatory definition of default since it is used in credit risk management and includes exposures that have unpaid amounts that are more than 90 days past due. PD corresponds to the probability of an exposure defaulting at a given point in time during a 12-month horizon for stage 1 exposures or during the expected lifetime of the financial assets for stage 2 and stage 3 exposures. PD corresponds to the probability that an exposure will fall at a given point in time over a 12-month horizon for exposures in step 1 or during the financial asset's expected remaining maturity of exposures in step 2 and step 3. EAD corresponds to an expected credit exposure at the time of default after considering the expectation of repayments as well as interest and fees imposed. LGD corresponds to the expected credit loss on a defaulted credit exposure, taking into account expected payments after the date of default and expected sales prices of the remaining exposure. MF corresponds to the expected impact

on the credit loss relating to macroeconomic factors, further description below. Expected credit losses are determined by calculating the PD, LGD, EAD and MF for each exposure. These parameters are multiplied by the outstanding balance on the reporting date and discounted to estimate the expected credit loss.

When calculating the expected credit losses, the Institution considers three scenarios (a base scenario, a positive scenario and a negative scenario), where the scenario currently used is set by a combination of quantitative macroeconomic variables and qualitative assessments of the external environment. The quantitative variables used are the GDP gap, unemployment, volatility on the stock market and interest rate levels. The qualitative assessments are designed to be broad in order to span many different outcomes with possible impact on credit risk that the quantitative variables miss, and cover, but are not limited to, political turmoil, liquidity and general market sentiment. At any given time, only a macroeconomic scenario affects the expected credit losses. In cases where the effect of relevant factors is not captured by risk models, Qliro uses expert adjustments.

#### Modifications

When a loan is modified but not derecognised from the balance sheet, significant increases in credit risk compared with the original credit risk level continue to be made for impairment purposes. These modifications do not automatically result in a decrease in credit risk and all indicators continue to be assessed. Furthermore, a modification gain or loss will also be recognised through profit or loss. When a loan is modified and derecognised from the balance sheet, the date on which the modification was made is considered to be the initial reporting date of the new loan for the purpose of assessing impairment, including the assessment of significant increases in credit risk.

#### Presentation of credit losses

For financial assets measured at amortised cost, provisions for credit losses are presented in the balance sheet as a reduction in the recognised gross value of the asset, to obtain the recognised net value.

Changes in provisions for credit losses and write-offs are recognised as credit losses in profit or loss. Any recoveries of write-offs or provisions are recognised as income within credit losses.

#### Financial assets

Qliro classified its financial assets in the following categories: financial assets measured at fair value through profit or loss, loans receivable and accounts receivable, and available-for-sale financial assets. The classification depends on the purpose for which the financial asset was acquired.

#### Derivatives

All derivatives are recognized in the balance sheet and measured at fair value. Derivatives with positive fair values are recognized on the asset side under the item other assets. Derivatives with negative fair values are recognized on the liability side under the item other liabilities. Realized and unrealized gains and losses on derivatives are recognized under the item Net profit/loss from financial transactions in the income statement.

#### Leasing

An agreement is, or contains, a lease agreement if the agreement assigns the right to decide over a period of use over an identified asset in exchange for compensation. Qliro's leasing agreement consists primarily of leasing premises, but also leasing of IT equipment, where applicable.

#### Reporting in the group

An asset for a right of use and a lease liability is reported at the start date of the lease. The lease liability is initially valued at the present value of remaining leasing fees during the assessed lease period. The right to use the asset is initially valued at cost, which consists of the initial value of the lease debt with the addition of leasing fees paid on or before the commencement date plus any initial direct expenses. The right of use is amortized on a straight-line basis over the lease period. The value of the debt is increased by the interest cost for each period and reduced by the lease payments. Interest expense is calculated as the value of the debt times the discount rate. For leasing contracts that have a leasing period of 12 months or less or with an underlying asset of low value, less than SEK 50 thousand, no rights of use and leasing debt are reported. Leasing fees for these leases are recognized as a cost on a straight-line basis over the lease period.

#### Reporting in Qliro AB

In accordance with the exception in RFR 2, Qliro AB recognizes all leases without activation of rights of use and leasing debt. Leasing fees are instead reported as costs on a straight-line basis over the lease period.

#### Intangible assets

Intangible assets primarily comprise proprietary and acquired intangible assets of significant value to the operations in future years. The assets are recognised at cost less accumulated amortisation and impairment.

Intangible assets are recognised when the following criteria have been fulfilled:

- there is an identifiable asset.
- the company has control of the asset and it is probable that the economic benefits that are attributable to the asset will flow to the company.
- the cost of the asset can be measured reliably, and there is adequate, technical, economic and other resources available to complete the development and to utilise or sell the intangible asset.

The cost of the intangible asset comprises directly attributable expenses, such as expenses for employees and materials. Other development costs, that do not meet these criteria, are expensed as they arise.

Development costs previously expensed are not recognised as an asset in subsequent periods. Development costs recognised as an intangible asset are amortised over their estimate useful life, when the asset can be used. Amortisation takes place straight line over the assessed useful life of the asset, which varies between 3–10 years. Useful lives are reviewed every year.

#### Tangible assets

Tangible assets are recognised when it is probable that the future economic benefits associated with the asset will flow to the company, and the cost of the asset can be measured reliably. Tangible assets are recognised at cost less accumulated depreciation and any impairment. Depreciation takes place straight line over the expected useful life of the asset, which varies between 3–5 years. Useful lives are reviewed every year.

#### Impairment of non-financial assets

Assets that have an indefinite useful life are not depreciated but instead tested annually for any impairment. Assets that are depreciated are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is recognised at the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less selling expenses and its value in use. When determining impairment requirements, assets are grouped down to the lowest level where separate identifiable cash flows (cash-generating units) exist.

#### Cash flow statement

Qliro's cash flow statement is prepared in accordance with the indirect method. The recognised cash flow includes only transactions involving inflows and outflows of cash. Cash and cash equivalents are attributable to the item Lending to credit institutions.

#### Critical accounting estimates and assessments

Estimates and assessments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Qliro makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom correspond to the actual results. The estimates and assumptions that involve a significant risk for material adjustments in the carrying amounts of assets and liabilities during the next financial year are totalized below.

### Note 3. Financial risk management

#### Risks and risk management

Qliro's business activities are exposed to a variety of risks, the most prominent being credit risk, operational risk and business risk. Qliro must also manage financial risks such as liquidity risk, currency risk and interest rate risk. The board and CEO are ultimately responsible for risk management with the aim of ensuring that the risks do not exceed the risk appetite/risk tolerance set by the board. Risk management is based on the established model of three lines of defence. The first line of defence comprises the business activities that own and manage the risk in the daily operations. The second line of defence consists of the independent control functions that are responsible for monitoring and evaluating risk management. The internal audit function is responsible for the third line of defence to independently review the quality and compliance of risk management, as tasked by the board.

#### Credit risk

Credit risk is Qliro's dominant risk and is defined as the risk that counterparties are unable to fulfill their obligations. Credit risk entails that Qliro does not receive payment for issued invoices and/or will incur a loss due to the counterparty's inability to fulfill its commitments. Qliro manages credit risk by applying a sound lending process, well-defined regulations and limits for lending/exposure and a highly developed credit organisation. The risk is monitored, controlled and reported regularly to the CEO and board. Good credit risk management can optimise the profitability of lending activities. Qliro has no collateral on the loans.

Purchases financed by Qliro come from all parts of Sweden, Denmark, Finland and Norway. The credit risk of the loans is divided between countries and sectors. Refer to tables below for industrial concentration and geographic concentration.

#### Geographic distribution of exposures

##### The Group

Amounts in SEK million	2020-12-31					2019-12-31				
	Sweden	Denmark	Finland	Norway	Total	Sweden	Denmark	Finland	Norway	Total
Public sector	290.7	–	–	–	290.7	255.4	–	–	–	255.4
Financial institutions	155.1	–	–	–	155.1	240.2	–	–	–	240.2
Non-financial corporates	30.0	0.3	0.2	1.3	31.8	27.1	2.0	17.2	0.7	47.0
Retail	2 175.9	37.0	95.8	127.6	2 436.3	1 763.0	33.4	107.0	129.8	2 033.2
Defaulted exposures	152.3	3.9	8.4	19.2	183.7	127.4	3.8	13.3	22.9	167.4
<b>Total</b>	<b>2 804.0</b>	<b>41.2</b>	<b>104.4</b>	<b>148.1</b>	<b>3 097.7</b>	<b>2 413.0</b>	<b>39.2</b>	<b>137.5</b>	<b>153.5</b>	<b>2 743.1</b>

#### Credit quality of exposures by geographic area

##### The Group

Amounts in SEK million	Recognised gross amount for			
	Defaulted exposures	Exposures not in default	Loss provision	Net amount
<b>2020-12-31</b>				
Sweden	152.3	2 651.7	–100.1	2 703.9
Denmark	3.9	37.3	–5.2	36.0
Finland	8.4	96.0	–8.9	95.4
Norway	19.2	128.9	–16.2	131.9
<b>Total</b>	<b>183.7</b>	<b>2 913.9</b>	<b>–130.5</b>	<b>2 967.2</b>

Amounts in SEK million	Recognised gross amount for			
	Defaulted exposures	Exposures not in default	Loss provision	Net amount
<b>2019-12-31</b>				
Sweden	127.4	2 285.6	–71.7	2 341.3
Denmark	3.8	35.4	–4.7	34.5
Finland	13.3	124.2	–11.5	125.9
Norway	22.9	130.5	–13.3	140.2
<b>Summa</b>	<b>167.4</b>	<b>2 575.8</b>	<b>–101.2</b>	<b>2 642.0</b>

**Note 3. Financial risk management, cont.****The Group**

Loans receivable by category of borrower Amounts in SEK million	2020-12-31	2019-12-31
<b>Loans receivable, net</b>	<b>2 460,3</b>	<b>2 070,4</b>
Of which, retail sector	2 453,9	2 062,7
Of which, public sector	0,1	0,2
Of which, corporate sector	6,2	7,5
<b>Total</b>	<b>2 460,3</b>	<b>2 070,4</b>

Maturity analysis of receivables	2020-12-31	2019-12-31
<b>Loans receivable, gross</b>	<b>2 590,8</b>	<b>2 171,6</b>
Not past due	1 916,2	1 399,5
1-30 days	374,6	463,3
31-90 days	127,9	153,5
>90 days	172,1	155,2
<b>Total</b>	<b>2 590,8</b>	<b>2 171,6</b>

**The Group**

Less credit loss - provisions	2020-12-31	2019-12-31
Not past due	-31,3	-18,7
1-30 days	-12,1	-10,3
31-90 days	-20,5	-17,3
>90 days	-66,6	-54,8
<b>Total</b>	<b>-130,5</b>	<b>-101,2</b>

Carrying amount	2020-12-31	2019-12-31
Not past due	1 884,9	1 380,9
1-30 days	362,4	453,0
31-90 days	107,4	136,1
>90 days	105,5	100,4
<b>Total</b>	<b>2 460,3</b>	<b>2 070,4</b>

The merchants offering Qliro's payment services also constitute a credit risk for Qliro. If a merchant closes or becomes insolvent, there is the risk that Qliro must compensate any returns from customers without being compensated by the merchant or possibly a bankruptcy estate. Qliro believes that this risk is considered to be limited based on the low probability that a credit loss event will occur in combination with a significant exposure. In some of the agreements between Qliro and merchants it is stipulated that commission

are paid in advance, fully or partially. Qliro is also exposed to credit risk in liquidity management through investments in financial instruments such as fixed-income securities and treasury bills eligible for refinancing. The risk is managed by only making investments with counterparties with a minimum credit rating of AA. Refer to note 20 for more information.

**Credit risk exposure, gross and net****The Group**

	Credit risk exposure (before impairment)	Loss provision	Carrying amount	Amount of collateral	Credit risk exposure including collateral
<b>2020-12-31</b>					
Lending to credit institutions	155,1	-	155,1	-	155,1
Lending to the public	2 590,8	-130,5	2 460,3	-	2 460,3
Other	61,8	-	61,8	-	61,8
of which credit institutions	-	-	-	-	-
<b>Total</b>	<b>2 807,6</b>	<b>-130,5</b>	<b>2 677,1</b>	<b>-</b>	<b>2 677,1</b>
Of which credit-impaired on the reporting date	183,7	-66,6	117,2	-	183,7
<b>Bonds and other fixed-income securities<sup>1)</sup></b>					
Government securities and other public bodies					
- AAA	50,0	-	50,0	-	50,0
- AA	240,0	-	240,0	-	240,0
<b>Total</b>	<b>290,1</b>	<b>-</b>	<b>290,1</b>	<b>-</b>	<b>290,1</b>
Of which credit-impaired on the reporting date	-	-	-	-	-
<b>Total credit risk exposure</b>	<b>3 097,7</b>	<b>-130,5</b>	<b>2 967,2</b>	<b>-</b>	<b>2 967,2</b>
Of which credit-impaired on the reporting date	183,7	-66,6	117,2	-	183,7

1) According to Standard & Poor



### Note 3. Financial risk management, cont.

#### Credit risk exposure gross and net

##### The Group

2019-12-31	Credit risk exposure (before impairment)	Loss provision	Carrying amount	Amount of collateral	Credit risk exposure including collateral
Lending to credit institutions	240.2	–	240.2	–	240.2
Lending to the public	2,171.6	–101.2	2,070.4	–	2,171.6
Other	76.4	–	76.4	–	76.4
of which credit institutions	–	–	–	–	–
<b>Total</b>	<b>2,488.2</b>	<b>–101.2</b>	<b>2,387.0</b>	<b>–</b>	<b>2,488.2</b>
Of which credit-impaired on the reporting date	167.4	–54.8	112.6	–	167.4
<b>Bonds and other fixed-income securities<sup>1)</sup></b>					
Government securities and other public bodies					
– AAA	155.0	–	155.0	–	155.0
– AA	100.0	–	100.0	–	100.0
<b>Total</b>	<b>255.0</b>	<b>–</b>	<b>255.0</b>	<b>–</b>	<b>255.0</b>
Of which credit-impaired on the reporting date	–	–	–	–	–
<b>Total credit risk exposure</b>	<b>2,743.1</b>	<b>–101.2</b>	<b>2,642.0</b>	<b>–</b>	<b>2,743.1</b>
Of which credit-impaired on the reporting date	167.4	–54.8	112.6	–	167.4

1) According to Standard & Poor

#### Credit risk exposure specified by credit rating of financial assets, guarantees and loan commitments

##### The Group

2020-12-31	Stage 1	Stage 2	Stage 3 (not purchased or issued creditimpaired)	Stage 3 (purchased or issued creditimpaired)	Total
<b>Lending to credit institutions</b>					
Normal risk	155.1	–	–	–	155.1
<b>Total carrying amount</b>	<b>155.1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>155.1</b>
<b>Lending to the public</b>					
Not past due	1,694.9	221.4	–	–	1,916.2
1–30 days	246.0	128.6	–	–	374.6
31–90 days	–	127.9	–	–	127.9
>90 days	–	–	172.1	–	172.1
Loss provision	–18.5	–45.4	–66.6	–	–130.5
<b>Total carrying amount</b>	<b>1,922.4</b>	<b>432.4</b>	<b>105.5</b>	<b>–</b>	<b>2,460.3</b>
<b>Bonds and other fixed-income securities</b>					
AAA–AA	290.1	–	–	–	290.1
<b>Total carrying amount</b>	<b>290.1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>290.1</b>
Other assets	38.5	11.6	11.6	–	61.8
<b>Total carrying amount</b>	<b>38.5</b>	<b>11.6</b>	<b>11.6</b>	<b>–</b>	<b>61.8</b>
<b>Total gross carrying amount of financial assets measured at amortised cost or fair value through other comprehensive income</b>	<b>2,424.5</b>	<b>489.4</b>	<b>183.7</b>	<b>–</b>	<b>3,097.7</b>
<b>Total loss provision</b>	<b>–18.5</b>	<b>–45.4</b>	<b>–66.6</b>	<b>–</b>	<b>–130.5</b>
<b>Total carrying amount</b>	<b>2,406.0</b>	<b>444.0</b>	<b>117.2</b>	<b>–</b>	<b>2,967.2</b>

**Note 3. Financial risk management, cont.**

## Credit risk exposure specified by credit rating of financial assets, guarantees and loan commitments

## The Group

2019-12-31	Stage 1	Stage 2	Stage 3 (not purchased or issued credit- impaired)	Stage 3 (purchased or issued credit- impaired)	Total
<b>Treasury bills eligible for refinancing etc</b>					
AAA-AA	25.0	-	-	-	25.0
<b>Total carrying amount</b>	<b>25.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25.0</b>
<b>Lending to credit institutions</b>					
Normal risk	240.2	-	-	-	240.2
<b>Total carrying amount</b>	<b>240.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>240.2</b>
<b>Lending to the public</b>					
Not past due	1,229.6	169.9	-	-	1,399.5
1-30 days	315.8	147.5	-	-	463.3
31-90 days	-	153.5	-	-	153.5
>90 days	-	-	155.2	-	155.2
Loss provision	-12.3	-33.9	-55.0	-	-101.2
<b>Total carrying amount</b>	<b>1,533.2</b>	<b>437.0</b>	<b>100.3</b>	<b>-</b>	<b>2,070.4</b>
<b>Bonds and other fixed-income securities</b>					
AAA-AA	230.0	-	-	-	230.0
<b>Total carrying amount</b>	<b>230.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>230.0</b>
Other assets	50.4	13.7	12.3	-	76.4
<b>Total carrying amount</b>	<b>50.4</b>	<b>13.7</b>	<b>12.3</b>	<b>-</b>	<b>76.4</b>
<b>Total gross carrying amount of financial assets measured at amortised cost or fair value through other comprehensive income</b>	<b>2,091.1</b>	<b>484.5</b>	<b>167.5</b>	<b>-</b>	<b>2,743.1</b>
<b>Total loss provision</b>	<b>-12.3</b>	<b>-33.9</b>	<b>-55.0</b>	<b>-</b>	<b>-101.2</b>
<b>Total carrying amount</b>	<b>2,078.8</b>	<b>450.6</b>	<b>112.6</b>	<b>-</b>	<b>2,642.0</b>

### Note 3. Financial risk management, cont.

#### Credit quality of exposures by exposure class and instrument

##### The Group

Amounts in SEK million	Recognised gross amount for			Net amount
	Defaulted exposures	Exposures not in default	Loss provision	
<b>2020-12-31</b>				
Public sector	–	290.7	-0.0	290.7
Financial institutions	–	155.1	–	155.1
Non-financial corporates	–	31.8	-0.1	31.7
Retail	–	2,436.3	-63.8	2,372.5
Defaulted exposures	183.7	–	-66.6	117.2
<b>Total</b>	<b>183.7</b>	<b>2,913.9</b>	<b>-130.5</b>	<b>2,967.2</b>

Amounts in SEK million	Recognised gross amount for			Net amount
	Defaulted exposures	Exposures not in default	Loss provision	
<b>2019-12-31</b>				
Public sector	–	255.4	-0.0	255.4
Financial institutions	–	240.2	–	240.2
Non-financial corporates	–	47.1	-0.4	46.7
Retail	–	2,033.1	-46.1	1,987.0
Defaulted exposures	167.4	–	-54.7	112.7
<b>Total</b>	<b>167.4</b>	<b>2,575.8</b>	<b>-101.2</b>	<b>2,642.0</b>

#### Operational risk

Operational risk is the risk of losses resulting from an ineffective organisation, human error, failed internal processes, defective systems or external events. The definition includes legal risks. To ensure effective management of the company's operational risks, Qliro has prepared internal regulations and processes and a control environment to minimise these risks based on established standards. As part of this, Qliro documents the operation's significant processes and analyses its risks and control structure. To minimise the effects of disruptions to and outages in its processes, Qliro follows a structured business continuity process. Qliro performs regular self-assessments to identify, measure and manage the operational risks arising in the company. Qliro also works continuously on informing and training its employees in matters related to operational risk management and the company's objective is to spread and maintain a sound risk culture. The risk is monitored, controlled and reported regularly to the CEO and board.

#### Business risk/strategic risk

Business risk/strategic risk is the current and future risk of losses due to changed market conditions (changes in volume, interest rate margins and other price changes regarding lending) and incorrect and failed business decisions as well as consumers choosing payment solutions from other providers than Qliro. Qliro's reputation could be damaged if e-merchants' customers do not perceive the services Qliro provides to be secure, economically beneficial and easy to use. To manage the risk, Qliro ensures that the company is aware of its strategic position to be well prepared for changes in market conditions and by applying highly developed decision making processes.

#### Interest rate risk

Interest rate risk refers to the risk that fair value or future cash flows may fluctuate due to changes in market interest rates. Qliro is primarily exposed to interest rate risk when the interest rate horizon of assets and liabilities is not matched. Qliro minimises interest rate risk by matching the interest rate horizon on assets and liabilities. The risk is monitored, controlled and reported regularly to the CEO and board.

Lending to the public, lending to credit institutions and investment portfolio have an average interest term of less than three months. The interest term of Qliro's credit facilities is one month and 54 percentage of deposits from the public have variable interest rates and 46 percentage have fixed interest rates with an average maturity of 185 days as of 31 December 2020 (originally six month or one-year fixed interest). Customers with deposits at fixed rates have the option of withdrawing the deposits before maturity but a penalty fee means that withdrawals before maturity are limited to a very low level.

Qliro follows EBA/GL/2018/02 Guidelines on the management of interest rate risk arising from non-trading book activities, and performs the sensitivity analysis described there with six standard scenarios. One of these scenarios is risk appetite which is found in the Finance Policy. The scenario means a parallel shift upwards of 200 basis points in the yield curve. The risk appetite is set as a share of own funds and may amount to a maximum of 4 percentage. For relevant interest rates, the interest rate risk amounted to 0.51 percentage of Qliro's own funds as of 31 December 2020, corresponding to SEK 3,1 million.

In addition to the six scenarios that affect equity, Qliro also performs a sensitivity analysis of the net interest risk. It is measured as an impact on the net interest over the coming twelve-month period at an increase of interest rate of 200 basis points and represents SEK 0,9 million, given the interest-bearing assets and liabilities that existed on the balance sheet date.

#### Currency risk

Qliro's reporting currency is the Swedish krona (SEK). Since a portion of Qliro's sales are outside Sweden, the company incurs currency risk for transactions in different currencies (transaction exposure). The most important currencies to which Qliro is exposed are EUR, NOK and DKK.

Qliro's risk appetite for currency risks is regulated in the Finance Policy and is calculated as the total net exposure in foreign currency translated to SEK, which may amount to a maximum equivalent of 10 percentage of Qliro's own funds. Translation exposure is primarily hedged by matching the balance sheet's assets and liabilities in foreign currency. Qliro has also the option of hedging currency risks using futures and currency swaps. The risk is monitored, controlled and reported regularly to the CEO and board.

### Note 3. Financial risk management, cont.

#### Financial assets and liabilities specified by significant currencies

##### The Group

	2020-12-31					2019-12-31				
	SEK	EUR	NOK	DKK	Total	SEK	EUR	NOK <sup>1)</sup>	DKK <sup>1)</sup>	Total
<b>Assets</b>										
Treasury bills eligible for refinancing etc	-	-	-	-	-	25.0	-	-	-	25.0
Shares and units	-	-	-	-	-	0.1	-	-	-	0.1
Lending to credit institutions	141.3	13.1	0.6	0.0	155.1	239.4	0.1	0.6	0.0	240.2
Lending to the public	2,203.5	94.2	128.7	34.0	2,460.3	1,796.4	107.4	136.1	30.5	2,070.4
Bonds and other fixed income securities	290.1	-	-	-	290.1	230.0	-	-	-	230.0
Other assets	34.5	1.6	5.0	1.9	43.0	29.2	18.6	5.2	4	56.9
<b>Total assets</b>	<b>2,669.4</b>	<b>108.8</b>	<b>134.2</b>	<b>35.9</b>	<b>2,948.4</b>	<b>2,320.1</b>	<b>126.1</b>	<b>141.9</b>	<b>34.5</b>	<b>2,622.5</b>
<b>Liabilities</b>										
Liabilities to credit institutions	55.5	0.8	124.0	34.8	215.0	0.4	124.0	134.4	33.5	292.4
Deposits and borrowings from the public	1,910.7	222.2	-	-	2,132.9	1,819.1	-	-	-	1,819.1
Subordinated debt	100.0	-	-	-	100.0	100.0	-	-	-	100.0
Other liabilities and equity	133.8	5.3	8.0	0.9	148.0	97.5	5.3	5.4	0.9	109.1
<b>Total liabilities</b>	<b>2,200.0</b>	<b>228.3</b>	<b>132.0</b>	<b>35.7</b>	<b>2,596.0</b>	<b>2,017.1</b>	<b>129.3</b>	<b>139.9</b>	<b>34.4</b>	<b>2,320.6</b>
Currency swap	-	-122.2	-	-	-	-	-	-	-	-
Effect of 10% change in foreign currency	-	0.3	0.2	0.0	-	-	-0.3	0.2	0.0	-

1) Comparative figures for 2019 are adjusted between NOK and DKK.

#### Liquidity risk

Liquidity risk is defined as the risk that Qliro is not able to meet its payment obligations without significant increase of the cost to receive means of payment. Qliro's strategy is based on a well-balanced composition of assets and liabilities and allocation of maturities and currencies to keep liquidity risk at a low level. Qliro ensures that sufficient cash and cash equivalents are always available from a regulation and business perspective as well as the possibility to expand available financing, when necessary. Both Qliros Recovery plan and ERM-policy states a number of indicators that monitor liquidity risk and measures for strengthening liquidity in the event of liquidity stress. Liquidity risk is monitored, controlled and reported every day to the CEO and regularly to the board.

Qliro has liquid assets to ensure access to liquidity in the event of stressed market conditions (LCR). As of 31 December 2020, liquid investments amounted to SEK 290 million in the form of Swedish municipal bonds and municipal commercial papers which belong to the highest level (L1A) of assets qualified as high-quality liquid assets (HQLA). The average rating of the liquid investments was average AA+ with an average maturity of 68 days. In addition to the investments above, as of 31 December 2020, Qliro AB had SEK 152.5 million placed in Nordic banks and SEK 585 million in additional liquidity through undrawn financing in a secured contracted credit facility. As of 31 December 2020, Qliro AB had a liquidity coverage ratio of 448 percent. Qliro AB's liquidity coverage ratio measures that liquidity reserve

of SEK 250 million related to net outflows of SEK 55,8 million over a 30-day period during stressed market conditions. A statutory limit of 100 percent applies to the liquidity coverage ratio. In addition to the liquidity coverage ratio, Qliro also has internal metrics that regulate liquidity risk. Deposit usage, which measures liquidity investments in relation to the volume of deposits from the public, is to amount to at least 20 percent and the Cash ratio, which measures liquidity investments in relation to total loan stocks, is to amount to at least 10 percent.

#### Funding source

The net lending to the public of Qliro AB amounted to SEK 2,460 million (2,070) at the end of the year. The lending was funded with SEK 215 million (292) through a secured loan facility and with SEK 2 133 million (1,819) through deposits and borrowings from the public (saving accounts) in Sweden and Germany, whereof 99,6 percent are covered by the Swedish Deposit Guarantee Scheme. The deposits and borrowings from the public, had 54 percent variable interest and 46 percent had fixed interest with an average maturity of 185 days (originally one-year fixed interest) as of 31 December 2020. Corresponding 21 percent of deposits and borrowings from the public in Qliro AB are held as liquid fixed-income securities and as deposits in Nordic banks.

### Not 3. Financial risk management, cont.

#### Maturity analysis of financial assets and liabilities (contractual due dates not discounted cash flows)

##### The Group

2020-12-31	Payable on demand	Less than 3 months	Between 3 months and 1 year	More than 1 year	Total
<b>Financial assets</b>					
Bonds and other fixed-income securities	-	191.4	98.6	-	290.1
Lending to credit institutions	155.1	-	-	-	155.1
Lending to the public	-	247.1	326.0	1,887.2	2,460.3
Other assets	-	43.0	-	-	43.0
<b>Total</b>	<b>155.1</b>	<b>437.9</b>	<b>372.7</b>	<b>1,982.7</b>	<b>2,948.4</b>
<b>Financial liabilities</b>					
Liabilities to credit institutions	-	-	-	215.0	215.0
Deposits and borrowings from the public	1,030.2	337.1	765.6	-	2,132.9
Derivatives	-	1.8	-	-	1.8
Leasing liabilities	-	2.0	8.1	4.7	14.9
Subordinated debt	-	-	-	100.0	100.0
<b>Total</b>	<b>1,030.2</b>	<b>341.0</b>	<b>773.7</b>	<b>319.8</b>	<b>2,464.6</b>
Undrawn credit facility	-	585.0	-	-	585.0
<b>2019-12-31</b>					
	Payable on demand	Less than 3 months	Between 3 months and 1 year	More than 1 year	Total
<b>Financial assets</b>					
Treasury bills eligible for refinancing etc	-	25.0	-	-	25.0
Bonds and other fixed-income securities	-	230.0	-	-	230.0
Lending to credit institutions	240.2	-	-	-	240.2
Lending to the public	-	235.9	276.8	1,557.7	2,070.4
Other assets	-	36.3	-	-	36.3
<b>Total</b>	<b>240.2</b>	<b>527.2</b>	<b>276.8</b>	<b>1,557.7</b>	<b>2,601.9</b>
<b>Financial liabilities</b>					
Liabilities to credit institutions	-	-	-	292.4	292.4
Deposits and borrowings from the public	1,288.1	159.8	371.2	-	1,819.1
Leasing liabilities	-	-	6.1	13.0	19.1
Subordinated debt	-	-	-	100.0	100.0
<b>Total</b>	<b>1,288.1</b>	<b>159.8</b>	<b>371.2</b>	<b>392.4</b>	<b>2,211.5</b>
Undrawn credit facility	-	507.6	-	-	507.6

#### Capital, capital adequacy and recovery plan

Qliro is to always be well-capitalised. The Board has established capital targets aimed at meeting regulatory minimum requirements, buffer requirements and managing risk exposures in financial stress situations. Qliro performs stress tests using an ongoing capital adequacy assessment process to ensure that the company has sufficient capital for unexpected losses. The total capital ratio at year-end amounted to 26.8% compared with the supervisory authority's capital requirement of 11.7%. For more information on

capital adequacy, refer to Note 32. As part of the capital adequacy assessment process, Qliro has also prepared a recovery plan in accordance with the EU Bank Recovery and Resolution Directive ("BRRD") and the SFSA's regulations regarding recovery plans, group recovery plans and intra-group financial support agreements (FFFS 2016:6). The recovery plan describes and defines Qliro's strategy for preventing any deterioration of its financial situation.

## Note 4. Operating segments

### Distribution of revenue

#### The Group

Amounts in SEK million	2020			2019		
	Payment solutions	Digital banking services	Total	Payment solutions	Digital banking services	Total
Interest income	166.2	74.4	240.6	-	-	-
Interest expenses	-21.7	-13.9	-35.6	-	-	-
Net commission income	167.0	0.4	167.5	-	-	-
Net profit/loss from financial transactions	-0.2	-	-0.2	-	-	-
Other operating income	7.5	-	7.5	-	-	-
<b>Total operating income</b>	<b>318.8</b>	<b>61.0</b>	<b>379.7</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net credit losses	-80.3	-22.2	-102.5	-	-	-
<b>Total operating income less credit losses</b>	<b>238.4</b>	<b>38.8</b>	<b>277.2</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Parent company

Amounts in SEK million	2020			2019		
	Payment solutions	Digital banking services	Total	Payment solutions	Digital banking services	Total
Interest income	166.2	74.4	240.6	154.9	43.9	198.9
Interest expenses	-21.5	-13.9	-35.3	-19.6	-9.1	-28.6
Net commission income	167.0	0.4	167.5	171.7	0.4	172.1
Net profit/loss from financial transactions	-0.2	-	-0.2	-0.1	-	-0.1
Other operating income	7.5	-	7.5	2.9	-	2.9
<b>Total operating income</b>	<b>319.0</b>	<b>61.0</b>	<b>380.0</b>	<b>309.9</b>	<b>35.3</b>	<b>345.2</b>
Net credit losses	-80.3	-22.2	-102.5	-57.1	-16.4	-73.4
<b>Total operating income less credit losses</b>	<b>238.7</b>	<b>38.8</b>	<b>277.5</b>	<b>252.8</b>	<b>18.9</b>	<b>271.8</b>

The CEO of Qliro AB is the company's chief operating-decision maker. Company management has determined the segments based on the information addressed by the CEO and for the purposes of allocating resources and assessing results. The CEO assesses the results for Payment Solutions and Digital Banking Services. The CEO evaluates the development of the seg-

ments based on operating income less net credit losses. Segment reporting is based on the same principles as the external accounting.

The operations are monitored in the two segments of Payment Solutions and Digital Banking Services. The former refers to payment solutions and sales finance and the latter now refers to personal loans.

#### The Group

Belopp i msek	2020				2019			
	Sweden	Finland	Other Nordic countries	Total	Sweden	Finland	Other Nordic countries	Total
Net interest income	171.9	13.2	19.8	205.0	-	-	-	-
Net commission income	133.2	7.4	26.8	167.5	-	-	-	-
Net profit/loss from financial transactions	0.1	-0.2	-0.2	-0.2	-	-	-	-
Other operating income	7.5	0.0	0.0	7.5	-	-	-	-
<b>Total</b>	<b>312.8</b>	<b>20.5</b>	<b>46.5</b>	<b>379.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Parent company

Belopp i msek	2020				2019			
	Sweden	Finland	Other Nordic countries	Total	Sweden	Finland	Other Nordic countries	Total
Net interest income	172.2	13.2	19.8	205.3	140.1	15.6	14.5	170.2
Net commission income	133.2	7.4	26.8	167.5	126.0	16.7	29.4	172.1
Net profit/loss from financial transactions	0.1	-0.2	-0.2	-0.2	-0.1	0.0	0.0	-0.1
Other operating income	7.5	0.0	0.0	7.5	2.9	0.0	0.0	2.9
<b>Total</b>	<b>313.0</b>	<b>20.5</b>	<b>46.5</b>	<b>380.0</b>	<b>269.0</b>	<b>32.3</b>	<b>44.0</b>	<b>345.2</b>

The geographic distribution has mainly been made based on where the operations are conducted. Other Nordic countries comprises Denmark and Norway.

## Note 5. Net interest income

The Group		
Amounts in SEK million	2020	2019
<b>Interest income</b>		
Lending to credit institutions <sup>1)</sup>	0.0	-
Lending to the public <sup>1)</sup>	240.4	-
Interest-bearing securities <sup>2)</sup>	0.2	-
<b>Total</b>	<b>240.6</b>	<b>-</b>
<b>Interest expenses</b>		
Liabilities to credit institutions <sup>3)</sup>	-10.5	-
Deposits and borrowings from the public <sup>3)</sup>	-17.8	-
Interest-bearing securities <sup>4)</sup>	-0.1	-
Subordinated debt <sup>3)</sup>	-6.9	-
Lease liabilities <sup>3)</sup>	-0.2	-
Other interest expenses <sup>3)</sup>	-	-
<b>Total</b>	<b>-35.6</b>	<b>-</b>
<b>Net interest income</b>	<b>205.0</b>	<b>-</b>
1) Interest income from financial items measured at amortised cost	240.4	-
2) Interest income for financial items measured at fair value	0.2	-
3) Interest expense from financial items measured at amortised cost	-35.2	-
4) Interest cost for financial items measured at fair value.	-0.1	-
<b>Parent company</b>		
Amounts in SEK million	2020	2019
<b>Interest income</b>		
Lending to credit institutions <sup>1)</sup>	0.0	-
Lending to the public <sup>1)</sup>	240.4	198.9
Interest-bearing securities <sup>2)</sup>	0.2	-
<b>Total</b>	<b>240.6</b>	<b>198.9</b>
<b>Interest expenses</b>		
Liabilities to credit institutions <sup>3)</sup>	-10.5	-11.3
Deposits and borrowings from the public <sup>3)</sup>	-17.8	-13.2
Interest-bearing securities <sup>4)</sup>	-0.1	-1.4
Subordinated debt <sup>3)</sup>	-6.9	-2.2
Other interest expenses <sup>3)</sup>	-	-0.5
<b>Total</b>	<b>-35.3</b>	<b>-28.6</b>
<b>Net interest income</b>	<b>205.3</b>	<b>170.2</b>
1) Interest income from financial items measured at amortised cost	240.4	198.9
2) Interest income for financial items measured at fair value	0.2	-
3) Interest expense from financial items measured at amortised cost	-35.2	-27.2
4) Interest cost for financial items measured at fair value.	-0.1	-1.4

## Note 6. Commission income

The Group / Parent company		
Amounts in SEK million	2020	2019
Lending commissions	143.7	151.2
Other commission income	27.7	24.9
<b>Total</b>	<b>171.4</b>	<b>176.0</b>
<b>Commission income per geographic market and segment</b>		
Amounts in SEK million	2020	2019
<b>Payment Solutions</b>		
Lending commissions		
Sweden	109.9	104.6
Finland	7.2	16.6
Denmark	6.0	7.3
Norway	20.2	22.2
<b>Total</b>	<b>143.3</b>	<b>150.8</b>
<b>Other commission income</b>		
Sweden	26.5	23.7
Finland	0.5	0.5
Denmark	0.1	0.1
Norge	0.7	0.5
<b>Total</b>	<b>27.7</b>	<b>24.9</b>
<b>Total commission income Payment Solutions</b>	<b>171.0</b>	<b>175.6</b>
<b>Digital Banking Services</b>		
Lending commissions		
Sweden	0.4	0.4
<b>Total lending commissions Digital Banking</b>	<b>0.4</b>	<b>0.4</b>
<b>Total commission income</b>	<b>171.4</b>	<b>176.0</b>

## Note 7. Commission expenses

The Group / Parent company		
Amounts in SEK million	2020	2019
Other commission expenses	-4.0	-3.9
<b>Total</b>	<b>-4.0</b>	<b>-3.9</b>

## Note 8. Net profit/loss from financial transactions

The Group / Parent company		
Amounts in SEK million	2020	2019
Net profit/loss on fixed-income securities	0.0	0.1
Realised/unrealised exchange rate fluctuations	-0.2	-0.1
<b>Total</b>	<b>-0.2</b>	<b>-0.1</b>
<b>Net profit/loss per measurement category</b>		
Financial assets measured at fair value through other comprehensive income	0.0	0.1
Financial liabilities at	-0.2	-0.1
<b>Amortised cost</b>	<b>-0.2</b>	<b>-0.1</b>

**Note 9. General administrative expenses****The Group**

Amounts in SEK million	2020	2019
<b>Staff costs, employees</b>		
Salaries, bonuses and other remunerations	-119.4	-
Capitalised payroll expenses	39.0	-
Pension costs	-14.4	-
Social security costs	-39.5	-
Other staff costs	-2.5	-
<b>Total</b>	<b>-136.8</b>	<b>-</b>
<b>Staff costs, board of directors and CEO</b>		
Salaries, bonuses and other remunerations	-5.5	-
Pension costs <sup>1)</sup>	-0.8	-
Social security costs	-1.9	-
Other staff costs	-0.2	-
<b>Total</b>	<b>-8.4</b>	<b>-</b>
<b>Total staff costs</b>	<b>-145.2</b>	<b>-</b>
<b>Other administrative expenses</b>		
Costs of premises	-9.1	-
IT expenses	-28.7	-
Postage costs	-13.2	-
Consultant fees	-13.9	-
Transaction costs	-4.4	-
Legal costs	-1.5	-
Other general administrative expenses	-6.5	-
<b>Total</b>	<b>-77.3</b>	<b>-</b>
<b>Total general administrative expenses</b>	<b>-222.5</b>	<b>-</b>

**Parent company**

Amounts in SEK million	2020	2019
<b>Staff costs, employees</b>		
Salaries, bonuses and other remunerations	-119.4	-112.4
Capitalised payroll expenses	39.0	45.8
Pension costs	-14.4	-12.8
Social security costs	-39.5	-38.6
Other staff costs	-2.5	-6.8
<b>Total</b>	<b>-136.8</b>	<b>-124.7</b>
<b>Staff costs, board of directors and CEO</b>		
Salaries, bonuses and other remunerations	-5.5	-5.1
Pension costs <sup>1)</sup>	-0.8	-0.8
Social security costs	-1.9	-1.6
Other staff costs	-0.2	-0.3
<b>Total</b>	<b>-8.4</b>	<b>-7.9</b>
<b>Total staff costs</b>	<b>-145.2</b>	<b>-132.6</b>
<b>Other administrative expenses</b>		
Costs of premises	-17.3	-16.6
IT expenses	-28.7	-26.2
Postage costs	-13.2	-10.0
Consultant fees	-13.9	-11.7
Transaction costs	-4.4	-3.6
Legal costs	-1.5	-0.9
Other general administrative expenses	-6.5	-8.5
<b>Total</b>	<b>-85.5</b>	<b>-77.4</b>
<b>Total general administrative expenses</b>	<b>-230.7</b>	<b>-210.0</b>

1) All pension costs are costs for premiums.

**Employee benefits**

The guidelines for remuneration at Qliro follow the SFSA's regulations regarding remuneration systems in credit institutions (FFFS 2011:1). Through the remuneration policy, the board establishes the principles that are to be followed and addresses the decision-making processes, and the structure, function and control of the remuneration system. If Qliro terminates the employment, the current CEO is entitled to receive salary during the period of notice, which is six months. The CEO is not entitled to receive severance pay. Other senior executives have a period of notice in accordance with applicable agreements and are not entitled to receive severance pay.

**Variable remuneration**

Qliro pays a small number and has relatively low variable remuneration. This, combined with the criteria for triggering payment of variable remuneration, has been deemed to discourage individuals from taking unsound risks in the operations. Disclosures on remuneration to be provided in accordance with the SFSA's regulations are presented on Qliro's website: [www.qliro.com](http://www.qliro.com).

**Pension commitments**

The company only has defined contribution plans, which means that the company's commitments are limited to the contributions that the company has undertaken to pay to an insurance company. The expenses for defined contribution plans are recognised in profit or loss as the benefits are earned, which usually coincides with the time when pension premiums are paid.



**Note 9. General administrative expenses cont.****Remuneration of senior executives**

Amounts in SEK thousand	Basic salary /fees	Paid out variable remuneration	Other benefits	Pension costs	Total
<b>2020</b>					
Lennart Jacobsen, Chairman of the Board	512	-	-	-	512
Marcus Lindqvist, Board member <sup>1)</sup>	-	-	-	-	-
Lennart Francke, Board member	444	-	-	-	444
Helena Nelson, Board member	394	-	-	-	394
Andreas Bernström, Board member <sup>2)</sup>	244	-	-	-	244
Robert Burén, Board member	161	-	-	-	161
Monica Caneman, Board member	418	-	-	-	418
Alexander Antas, Board member <sup>3)</sup>	32	-	-	-	32
Carolina Brandtman, CEO	3,105	175	5	799	4,084
Other senior executives (11 people)	14,847	445	19	3,346	18,656
<b>Total</b>	<b>20,157</b>	<b>620</b>	<b>24</b>	<b>4,145</b>	<b>24,945</b>

Amounts in SEK thousand	Basic salary /fees	Paid out variable remuneration	Other benefits	Pension costs	Total
<b>2019</b>					
Lennart Jacobsen, Chairman of the Board	463	-	-	-	463
Marcus Lindqvist, Board member	-	-	-	-	-
Lennart Francke, Board member	463	-	-	-	463
Helena Nelson, Board member	413	-	-	-	413
Johan Wigh, Board member	250	-	-	-	250
Andreas Bernström, Board member	225	-	-	-	225
Robert Burén, Board member	225	-	-	-	225
Monica Caneman, Board member <sup>4)</sup>	62	-	-	-	62
Carolina Brandtman, CEO	2,984	-	5	832	3,821
Other senior executives (11 people)	14,350	325	19	2,895	17,589
<b>Total</b>	<b>19,435</b>	<b>325</b>	<b>24</b>	<b>3,727</b>	<b>23,511</b>

1) Marcus Lindqvist resigned as Board member 5th of May 2020

2) Andreas Bernström resigned as Board member on 18th of September 2020

3) Alexander Antas was elected as a Board member at an extraordinary general meeting on 23rd of November 2020

4) Monica Caneman was elected as a Board member at an extraordinary general meeting in October 2019

**Note 10. Auditors' fees****The Group / Parent company**

Amounts in SEK million	2020	2019
KPMG		
Audit engagements <sup>1)</sup>	-1.5	-1.6
Auditing activities in addition to audit engagement	-0.4	-0.0
Tax consulting	-	-0.1
<b>Total</b>	<b>-1.9</b>	<b>-1.8</b>

1) Audit engagements refer to statutory audits of the annual accounts and accounting records and the administration of the board and CEO, as well as other audits and reviews conducted in accordance with agreements or contracts. This includes other duties that are incumbent on the company's auditor as well as the provision of advice or other assistance resulting from observations in connection with such reviews or the performance of such other duties.

**Note 11. Average number of FTEs****The Group / Parent company**

Amounts in SEK million	2020	2019
Average number of employees	198	199
Of whom women <sup>1)</sup>	92	90
Of whom men <sup>1)</sup>	106	109

1) Comparative figures are adjusted.

Specification of senior executives on balance sheet date	2020-12-31	2019-12-31
<b>Women</b>		
Board members	2	2
Other members of executive management incl. CEO	5	5
<b>Men</b>		
Board members	4	5
Other members of executive management incl. CEO	5	5
<b>Total</b>	<b>16</b>	<b>17</b>

**Note 12. Depreciation/amortisation of tangible and intangible assets****The Group**

Amounts in SEK million	2020	2019
Amortisation of intangible assets	-67.9	-
Depreciation of tangible assets	-17.9	-
Write-downs of intangible assets	-15.6	-
<b>Total</b>	<b>-101.4</b>	<b>-</b>

**Parent company**

Amounts in SEK million	2020	2019
Amortisation of intangible assets	-67.9	-53.8
Depreciation of tangible assets	-9.6	-9.4
Write-downs of intangible assets	-15.6	-
<b>Total</b>	<b>-93.1</b>	<b>-63.2</b>

**Note 13. Other operating expenses****The Group / Parent company**

Amounts in SEK million	2020	2019
Marketing	-3.3	-3.8
Credit check costs	-15.1	-13.4
Other operating expenses	-16.1	-11.4
<b>Total</b>	<b>-34.4</b>	<b>-28.6</b>

**Note 14. Net credit losses****The Group / Parent company**

Amounts in SEK million	2020	2019
<b>Expected credit losses on items in the balance sheet</b>		
Net loss provision for the period, Stage 1	-6.2	-3.9
Net loss provision for the period, Stage 2	-12.0	-7.5
<b>Total net credit losses non-creditimpaired lending</b>	<b>-18.2</b>	<b>-11.4</b>
Net loss provision for the period, Stage 3	-12.9	6.0
Net confirmed credit losses for the period	-71.4	-68.0
<b>Total net credit losses credit-impaired lending</b>	<b>-84.3</b>	<b>-62.1</b>
<b>Net credit losses</b>	<b>-102.5</b>	<b>-73.4</b>
<b>Loss provision on loans measured at amortised cost</b>	<b>-130.5</b>	<b>-101.2</b>

Contractual amounts that are written off and are still subject to compliance measures amounted to SEK 17.5 million (11.1) at year-end.

## Note 15. Taxes

### Parent company

Amounts in SEK million	2020	2019
Current income tax expense	15,7	6,2
Adjustment of tax attributable to prior years	-0,5	-
Adjustment of tax attributable to changed corporate tax	-1,1	-
<b>Total recognised tax expense</b>	<b>14,1</b>	<b>6,2</b>

Tax of SEK 14.1 million (6.2) is recognised in Sweden and includes foreign operations.

The income tax on Qliro's profit before tax differs from the theoretical amount that would have resulted using the weighted average tax rate applicable to profit/loss as follows:

Amounts in SEK million	2020	2019
Profit/loss before tax	-80,7	-30,0
Deferred tax income in capitalised taxable value of loss carry-forwards for the year	17,3	6,4
Tax effect of non-deductible expenses	-1,6	-0,2
<b>Current income tax expense</b>	<b>15,7</b>	<b>6,2</b>

Amounts in SEK million	2020	2019
Current income tax expense	15,7	6,2
<b>Tax items recognised directly against equity</b>		
Deferred tax attributable to previous years	9,2	3,4
Deferred tax attributable to changed accounting policies <sup>1)</sup>	5,0	5,0
Adjustment of deferred tax attributable to changed corporate tax <sup>2)</sup>	-1,1	-
<b>Tax attributable to other comprehensive income</b>		
Deferred tax attributable to change in financial assets measured at fair value	0,0	0,0
<b>Total deferred tax</b>	<b>28,8</b>	<b>14,7</b>

- 1) Effect of transition to IFRS 9, adjustment in capitalised tax loss carry-forwards.  
2) Effect of changed corporate tax to 20.6% 2021.

## Note 16. Treasury bills eligible for refinancing etc

Measurement category, financial assets measured to fair value through other comprehensive income.

### The Group / Parent company

Amounts in SEK million	2020-12-31	2019-12-31
Swedish municipalities	-	25,0
<b>Total</b>	<b>-</b>	<b>25,0</b>
<b>Of which, SEK</b>	<b>-</b>	<b>25,0</b>

Treasury bills eligible for refinancing etc comprise the financial instruments in Qliro's liquidity portfolio that are eligible for refinancing with Sweden's Riksbank.

The fair value of the investments as of 31 December 2020 amounted to SEK 0.0 million (25.0), refer to note 31 for more information.

The carrying amount of the treasury bills eligible for refinancing that have a remaining maturity of a maximum of one year amounts to SEK 0.0 million (25.0).

## Note 17. Bonds and other fixed-income securities

Measurement category, financial assets measured to fair value through other comprehensive income.

### The Group / Parent company

Amounts in SEK million	2020-12-31	2019-12-31
Issued by public bodies	290,1	230,0
<b>Total</b>	<b>290,1</b>	<b>230,0</b>
<b>Of which, SEK</b>	<b>290,1</b>	<b>230,0</b>

Bonds and other fixed-income securities comprise the financial instruments in Qliro's liquidity portfolio that are not eligible for refinancing with Sweden's Riksbank.

The fair value of the investments as of 2020-12-31 amounted to SEK 290.1 million (230.0), refer to note 31 for more information.

The carrying amount of the bonds and other fixed-income securities that have a remaining maturity of a maximum of one year amounts to SEK 290.1 million (230.0).

## Note 18. Shares and units in Group companies

### Parent company

Amounts in SEK million	2020-12-31	2019-12-31
Value at acquisition date	0,1	0,1
<b>Total</b>	<b>0,1</b>	<b>0,1</b>

Refers to QFS Incitament AB, org.nr. 559232-4452, registered office Stockholm. The number of shares are 50,000 shares, holding 100%.

## Note 19. Lending to credit institutions

### The Group

Amounts in SEK million	2020-12-31	2019-12-31
Lending to credit institutions	155,1	240,2
Of which, SEK	141,3	239,4
Of which, foreign currency	13,7	0,8
<b>Total</b>	<b>155,1</b>	<b>240,2</b>

### Parent company

Amounts in SEK million	2020-12-31	2019-12-31
Lending to credit institutions	152,5	240,2
Of which, SEK	138,8	239,4
Of which, foreign currency	13,7	0,8
<b>Total</b>	<b>152,5</b>	<b>240,2</b>

## Note 20. Lending to the public

### The Group / Parent company

Amounts in SEK million	2020-12-31	2019-12-31
Loans receivable	2,590,8	2,171,6
Provisions for expected credit losses	-130,5	-101,2
<b>Total</b>	<b>2,460,3</b>	<b>2,070,4</b>

**Note 20. Lending to the public cont.****Lending subject to impairment testing specified by stage (IFRS 9)  
Financial assets**

Amounts in SEK million	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
Assets measured at amortised cost				
<b>Opening balance, 1 January 2020</b>	<b>1,545.5</b>	<b>470.9</b>	<b>155.2</b>	<b>2,171.6</b>
New lending for the period	1,260.8	165.1	50.6	1,476.4
Change in existing loans	36.9	10.2	-7.0	40.1
Decrease in lending for the period	-822.0	-157.8	-117.5	-1,097.3
Transfers:				
Transfer from stage 1 to stage 2	-151.2	151.2	-	-
Transfer from stage 1 to stage 3	-34.7	-	34.7	-
Transfer from stage 2 to stage 1	105.0	-105.0	-	-
Transfer from stage 2 to stage 3	-	-58.1	58.1	-
Transfer from stage 3 to stage 1	0.6	-	-0.6	-
Transfer from stage 3 to stage 2	-	1.4	-1.4	-
<b>Closing balance, 31 December 2020</b>	<b>1,940.9</b>	<b>477.8</b>	<b>172.1</b>	<b>2,590.8</b>
<b>Opening balance, 1 January 2019</b>	<b>1,034.3</b>	<b>406.2</b>	<b>147.3</b>	<b>1,587.6</b>
New lending for the period <sup>1)</sup>	1,135.6	194.9	46.6	1,377.3
Change in existing loans <sup>1)</sup>	41.6	22.2	-9.3	54.5
Decrease in lending for the period <sup>1)</sup>	-604.0	-133.8	-110.0	-847.9
Transfers:				
Transfer from stage 1 to stage 2	-127.4	127.4	-	-
Transfer from stage 1 to stage 3	-26.2	-	26.2	-
Transfer from stage 2 to stage 1	90.9	-90.9	-	-
Transfer from stage 2 to stage 3	-	-56.3	56.3	-
Transfer from stage 3 to stage 1	0.6	-	-0.6	-
Transfer from stage 3 to stage 2	-	1.3	-1.3	-
<b>Closing balance, 31 December 2019</b>	<b>1,545.5</b>	<b>470.9</b>	<b>155.2</b>	<b>2,171.6</b>

1) The comparative figures 2019 are adjusted for New lending for the period, Change in existing loans and Decrease in lending for the period.

**Change in loss allowance – Lending (IFRS 9)**

Amounts in SEK million	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
Assets measured at amortised cost				
<b>Opening balance, 1 January 2020</b>	<b>12.4</b>	<b>34.0</b>	<b>54.8</b>	<b>101.2</b>
New loss allowance for the period	11.1	19.0	19.2	49.3
Changes in loss allowance in existing loans	23.9	12.4	3.3	39.5
Decrease in loss allowance for the period	-5.4	-13.7	-40.5	-59.5
Transfers:				
Transfer from stage 1 to stage 2	-13.6	13.6	-	-
Transfer from stage 1 to stage 3	-11.3	-	11.3	-
Transfer from stage 2 to stage 1	1.5	-1.5	-	-
Transfer from stage 2 to stage 3	-	-18.6	18.6	-
Transfer from stage 3 to stage 1	0.0	0.0	0.0	-
Transfer from stage 3 to stage 2	-	0.2	-0.2	-
<b>Closing balance, 31 December 2020</b>	<b>18.5</b>	<b>45.4</b>	<b>66.6</b>	<b>130.5</b>
<b>Opening balance, 1 January 2019</b>	<b>8.4</b>	<b>26.2</b>	<b>60.1</b>	<b>94.7</b>
New loss allowance for the period	8.4	16.6	15.9	40.9
Changes in loss allowance in existing loans <sup>1)</sup>	16.3	12.6	-1.6	27.2
Decrease in loss allowance for the period <sup>1)</sup>	-4.4	-10.4	-46.9	-61.6
Transfers:				
Transfer from stage 1 to stage 2	-8.8	8.8	-	-
Transfer from stage 1 to stage 3	-8.7	-	8.7	-
Transfer from stage 2 to stage 1	1.2	-1.2	-	-
Transfer from stage 2 to stage 3	-	-18.9	18.9	-
Transfer from stage 3 to stage 1	0.0	-	0.0	-
Transfer from stage 3 to stage 2	-	0.2	-0.2	-
<b>Closing balance, 31 December 2019</b>	<b>12.4</b>	<b>34.0</b>	<b>54.8</b>	<b>101.2</b>

1) The comparative figures 2019 are adjusted for Changes in loss allowance in existing loans and Decrease in loss allowance for the period

## Note 21. Intangible assets

Internally generated capitalised development costs with determinable useful lives

### The Group / Parent company

Amounts in SEK million	2020-12-31	2019-12-31
Cost at beginning of the year	305.5	222.8
New acquisitions and internal development <sup>1)</sup>	67.7	82.7
Disposals	-20.1	-
<b>Cost at year-end</b>	<b>353.1</b>	<b>305.5</b>
<b>Accumulated amortisation at beginning of the year</b>	<b>-126.9</b>	<b>-73.1</b>
Amortisation for the year	-67.9	-53.8
Depreciation of the year	-15.6	-
Disposals of the year	20.1	-
<b>Accumulated amortisation at year-end</b>	<b>-190.3</b>	<b>-126.9</b>
<b>Closing carrying amount</b>	<b>162.8</b>	<b>178.5</b>

Intangible assets consist primarily of in-house program products related to Qliro's product segment Payment Solutions and Digital Banking Services.

1) Of which SEK 39.0 million (45.7) for internally generated work.

## Note 22. Tangible assets

### The Group

Amounts in SEK million	2020-12-31	2019-12-31
<b>Cost at beginning of the year</b>	<b>64.9</b>	<b>28.8</b>
Purchases for the year	6.8	14.9
Additional rights to use premises and buildings	1.6	21.2
<b>Cost at year-end</b>	<b>73.3</b>	<b>64.9</b>
<b>Accumulated depreciation at beginning of the year</b>	<b>-23.9</b>	<b>-14.5</b>
Depreciation for the year	-17.9	-9.4
<b>Accumulated depreciation at year-end</b>	<b>-41.8</b>	<b>-23.9</b>
<b>Closing carrying amount</b>	<b>31.5</b>	<b>41.0</b>

### Parent company

Amount in msek	2020-12-31	2019-12-31
<b>Cost at beginning of the year</b>	<b>43.7</b>	<b>28.8</b>
Purchases for the year	6.8	14.9
<b>Cost at year-end</b>	<b>50.5</b>	<b>43.7</b>
<b>Accumulated depreciation at beginning of the year</b>	<b>-23.9</b>	<b>-14.5</b>
Depreciation for the year	-9.6	-9.4
<b>Accumulated depreciation at year-end</b>	<b>-33.5</b>	<b>-23.9</b>
<b>Closing carrying amount</b>	<b>17.0</b>	<b>19.9</b>

## Note 23. Other assets

### The Group

Amounts in SEK million	2020-12-31	2019-12-31
Accounts receivable	40.0	37.9
Current tax assets	5.6	4.5
Receivables from Group companies	-	0.3
Other receivables	1.4	0.4
<b>Total</b>	<b>47.0</b>	<b>43.0</b>

### Parent company

Amounts in SEK million	2020-12-31	2019-12-31
Accounts receivable	40.0	37.9
Current tax assets	5.6	4.5
Receivables from Group companies	2.5	0.3
Other receivables	1.4	0.4
<b>Total</b>	<b>49.5</b>	<b>43.0</b>

## Note 24. Prepaid expenses and accrued income

### The Group

Amounts in SEK million	2020-12-31	2019-12-31
Prepaid rental charges	3.0	1.0
Prepaid pension premiums	1.2	1.1
Prepaid licences	6.3	4.7
Prepaid marketing expenses	1.0	0.3
Prepaid commission expenses	3.4	5.1
Other prepaid expenses	3.2	5.1
Accrued income	1.6	18.4
<b>Total</b>	<b>19.8</b>	<b>35.7</b>

### Parent company

Amounts in SEK million	2020-12-31	2019-12-31
Prepaid rental charges	3.0	3.0
Prepaid pension premiums	1.2	1.1
Prepaid licences	6.3	4.7
Prepaid marketing expenses	1.0	0.3
Prepaid commission expenses	3.4	5.1
Other prepaid expenses	3.2	5.1
Accrued income	1.6	18.4
<b>Total</b>	<b>19.8</b>	<b>37.7</b>

## Note 25. Liabilities to credit institutions

### The Group / Parent company

Amounts in SEK million	2020-12-31	2019-12-31
Swedish banks	215.0	292.4
Of which, SEK	55.5	0.4
Of which, foreign currency	159.6	292.0
<b>Total</b>	<b>215.0</b>	<b>292.4</b>

**Note 26. Deposits and borrowings from the public****The Group / Parent company**

Amounts in SEK million	2020-12-31	2019-12-31
Deposits and borrowings from the public	2,132.9	1,819.1
<b>By category</b>		
Private individuals	2,132.9	1,819.1
Companies	-	-
<b>Total</b>	<b>2,132.9</b>	<b>1,819.1</b>
<b>By currency</b>		
Swedish currency	1,910.7	1,819.1
Foreign currency	222.2	-
<b>Total</b>	<b>2,132.9</b>	<b>1,819.1</b>

**Note 27. Other liabilities****The Group**

Amounts in SEK million	2020-12-31	2019-12-31
Accounts payable	7.9	12.7
Tax at source, employees	3.5	3.9
Liabilities to Group companies	-	15.5
Factoring	28.8	21.4
Excess payments from customers	22.1	17.5
Leasing liabilities	14.9	19.1
Derivatives	1.8	-
Other liabilities	17.9	13.2
<b>Total</b>	<b>96.8</b>	<b>103.3</b>

**Parent company**

Amounts in SEK million	2020-12-31	2019-12-31
Accounts payable	7.9	12.7
Tax at source, employees	3.5	3.9
Liabilities to Group companies	-	15.5
Factoring	28.8	21.4
Excess payments from customers	22.1	17.5
Derivatives	1.8	-
Other liabilities	17.9	13.2
<b>Total</b>	<b>82.0</b>	<b>84.2</b>

**Note 28. Accrued expenses and deferred income****The Group / Parent company**

Amounts in SEK million	2020-12-31	2019-12-31
Accrued staff costs	19.8	17.4
Accrued commissions	21.9	5.7
Accrued bonus costs	2.2	1.6
Accrued postage costs	1.4	1.2
Accrued credit check costs	1.8	1.3
Other deferred income/accrued expenses	15.0	8.1
Accrued interest expense	0.5	0.5
<b>Total</b>	<b>62.6</b>	<b>35.8</b>

**Note 29. Subordinated debt****The Group / Parent company**

Amounts in SEK million	2020-12-31	2019-12-31
Bonds	100,0	100,0
<b>Total</b>	<b>100,0</b>	<b>100,0</b>

Under the third quarter 2019 Qliro issued SEK 100 million subordinated Tier 2 capital notes. The financial instrument has been registered at Nasdaq Stockholm in October 2019. The bond issue is subordinated to other liabilities and can be counted into own funds as tier 1 capital according to current regulation.

The bond issue carry a floating rate interest of three months STIBOR plus 6.75 percent per annum and mature in September 2029 with the first redemption in September 2024.

**Note 30. Equity****Specification share capital**

As of 31 December 2020, the registered share capital of 50,324,324 (50,050,000) comprised ordinary shares with a quota value of SEK 2.80 per share.

**Bonus issue**

A bonus issue has, through non-restricted equity, increased share capital by SEK 274,327.

**Warrants**

The Extraordinary General Meeting on November 23 resolved to introduce a warrant plan for members of the executive management team and key employees in Qliro. In total, 23 employees subscribed for 834,920 warrants, corresponding to 88 percent of the maximum number of warrants according to the Extraordinary General Meeting's resolution. Each warrant entitles the holder to subscribe for one share in Qliro in two possible periods, either in late 2023 or early 2024. The exercise price was set at SEK 43.27 (corresponding to 135% of VWAP, which is set at SEK 32.05) and the value limitation per warrant at SEK 80.13 (corresponding to 250% of VWAP).

**Reserve for translation differences**

Translation differences from foreign operations are in year 2020 reclassified to the income statement.

**Reserve for fair value**

Reserve for fair value includes the accumulated net change of fair value debt instrument measured at fair value through other comprehensive income until the assets has been derecognised from the report over the financial condition or is reclassified.

**Reserve for development costs**

In the parent company the regulations concerning provisions for reserve for development costs are applied. Upon capitalization of in-house developed intangible assets, an amount corresponding to the capitalized development costs, is transferred from non-restricted equity to a reserve for development costs within restricted equity. Upon amortization of capitalized development costs, the corresponding amount is returned to non-restricted equity. The change for the year for the reserve for development costs comprises of in-house developed capitalized development fees of SEK 43.3 million (70.5) and the amortization of the year of SEK 49.1 million (33.4).

## Note 31. Financial instruments – classification and fair value

### Classification of financial instruments

#### The Group

Amounts in SEK million	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying amount
<b>2020-12-31</b>				
<b>Assets</b>				
Treasury bills eligible for refinancing etc	–	290.1	–	290.1
Lending to credit institutions	–	–	155.1	155.1
Lending to the public	–	–	2,460.3	2,460.3
Other assets	–	–	41.4	41.4
Accrued income	–	–	1.6	1.6
<b>Total financial instruments</b>	<b>–</b>	<b>290.1</b>	<b>2,658.3</b>	<b>2,948.4</b>
Other non-financial instruments				246.9
<b>Total assets</b>				<b>3,195.3</b>
<b>Liabilities</b>				
Liabilities to credit institutions	–	–	215.0	2,132.9
Deposits and borrowings from the public	–	–	2,132.9	2,132.9
Derivatives	1.8	–	–	1.8
Other liabilities	–	–	90.6	90.6
Accrued expenses	–	–	55.7	55.7
Subordinated debt	–	–	100.0	100.0
<b>Total financial instruments</b>	<b>1.8</b>	<b>–</b>	<b>2,594.2</b>	<b>2,596.0</b>
Other non-financial instruments				11.4
Equity				588.0
<b>Total liabilities and equity</b>				<b>3,195.3</b>

Amounts in SEK million <sup>1)</sup>	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying amount
<b>2019-12-31</b>				
<b>Assets</b>				
Treasury bills eligible for refinancing etc	–	25.0	–	25.0
Bonds and other fixed-income securities	–	230.0	–	230.0
Lending to credit institutions	–	–	240.2	240.2
Lending to the public	–	–	2,070.4	2,070.4
Other assets	–	–	38.6	38.6
Accrued income	–	–	16.4	16.4
<b>Total financial instruments</b>	<b>–</b>	<b>255.0</b>	<b>2,365.5</b>	<b>2,620.5</b>
Other non-financial instruments				258.1
<b>Total assets</b>				<b>2,878.5</b>
<b>Liabilities</b>				
Liabilities to credit institutions	–	–	292.4	292.4
Deposits and borrowings from the public	–	–	1,819.1	1,819.1
Other liabilities	–	–	98.6	98.6
Accrued expenses	–	–	29.6	29.6
Subordinated debt	–	–	100.0	100.0
<b>Total financial instruments</b>	<b>–</b>	<b>–</b>	<b>2,339.7</b>	<b>2,339.7</b>
Other non-financial instruments				10.9
Equity				528.0
<b>Total liabilities and equity</b>				<b>2,878.5</b>

1) The comparative figures are adjusted to figures for the Group.

The fair value of financial instruments that are traded on an active market (financial instruments measured at fair value through other comprehensive income) is based on quoted market prices at the balance sheet date. The quoted market price used for Qliro's financial assets is the current buying-rate.

The levels on the fair value is based on the following fair value hierarchy:

- Listed prices (unadjusted) on active markets for identical assets or liabilities (level 1)
- Calculated amounts which are based on observable market quotations for similar instruments which includes measurement at price quotation on a less active market (level 2). In this level there are inter alia interest-bearing securities.
- Data for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs) (level 3).

**Note 31. Financial instruments cont.****Financial instruments measured at fair value**

Amounts in SEK million	Level 1	Level 2	Level 3
<b>2020-12-31</b>			
Treasury bills eligible for refinancing	-	-	-
Bonds and other fixed-income securities	-	290.1	-
<b>Total assets</b>	-	<b>290.1</b>	-
Derivatives	-	1.8	-
<b>Total liabilities</b>	-	<b>1.8</b>	-
<b>2019-12-31</b>			
Treasury bills eligible for refinancing	-	25.0	-
Bonds and other fixed-income securities	-	230.0	-
<b>Total assets</b>	-	<b>255.0</b>	-

**Fair value of financial instruments amortised cost<sup>1)</sup>****The Group**

Amounts in SEK million	Level 1	Level 2	Level 3
<b>2020-12-31</b>			
Liabilities to credit institutions	-	-	155.1
Lending to the public	-	-	2,460.3
Other assets	-	-	41.4
Accrued income	-	-	1.6
<b>Total</b>	-	-	<b>2,658.3</b>
Liabilities to credit institutions	-	-	215.0
Deposits and borrowings from the public	-	-	2,132.9
Other liabilities	-	-	90.6
Accrued expenses	-	-	55.7
Subordinated debt	-	100.0	-
<b>Total</b>	-	<b>100.00</b>	<b>2,494.2</b>

Amounts in SEK million <sup>2)</sup>	Level 1	Level 2	Level 3
<b>2019-12-31</b>			
Liabilities to credit institutions	-	-	240,2
Lending to the public	-	-	2,070,4
Other assets	-	-	38,5
Accrued income	-	-	16,4
<b>Total</b>	-	-	<b>2,365,5</b>
Liabilities to credit institutions	-	-	292,4
Deposits and borrowings from the public	-	-	1,819,1
Other liabilities	-	-	98,6
Accrued expenses	-	-	29,6
Subordinated debt	-	100,0	-
<b>Total</b>	-	<b>100,0</b>	<b>2,239,7</b>

1) Fair value for financial instruments which are recognised to amortised cost do not materially diverge from the book value.

2) The comparative figures are adjusted to figures for the Group.



## Note 32. Capital adequacy

Qliro AB's publication of information about capital adequacy and liquidity management. These disclosures are provided for Qliro AB (556962-2441) as of 31 December 2019 in accordance with Regulation (EU) No 575/2013 (CRR) and the SFSA's regulations regarding prudential requirements and capital buffers (FFFS 2014:12). Annual disclosures in accordance with Article 8 of CRR are available on Qliro's website [www.qliro.com](http://www.qliro.com)

Capital, SEK million	2020-12-31		2019-12-31	
Common Equity Tier 1 capital				
Share capital	50.3		50.1	
Retained profit or loss	604.6		501.7	
Common equity Tier 1 capital prior to adjustment	654.9		551.8	
Adjustments				
Intangible assets	-60.7		-178.5	
Loss for current financial year	-66.6		-23.8	
Deferred tax assets	-28.6		-14.7	
Other adjustment	-0.3		-0.3	
<b>Total Common Equity Tier 1</b>	<b>498.7</b>		<b>334.5</b>	
Other Tier 1 capital	0.0		0.0	
Tier 2 capital	100.0		49.5	
<b>Total capital</b>	<b>598.7</b>		<b>383.9</b>	
Of which, Tier 1 capital	498.7		334.5	
Of which, Common Equity Tier 1 capital	498.7		334.5	
<b>Risk exposure amount, SEK million</b>				
Credit risk according to standardized approach, of which				
exposure to households	1,779.4		1,490.2	
exposure to corporates	40.0		51.2	
exposures in default	117.2		112.7	
exposure to institutions	30.5		48.0	
exposure covered bonds	0.0		0.0	
other exposures	117.0		19.9	
exposure equity	0.1		0.1	
Total credit risk	2,084.1		1,722.1	
Market risk according to standardized approach	0.0		0.0	
Operational risk according to alternative standardised approach	146.9		431.8	
Credit valuation adjustment according to standardized approach	0.0		0.0	
<b>Total risk exposure amount</b>	<b>2,231.0</b>		<b>2,153.9</b>	
<b>Capital ratios, %</b>				
Total capital ratio		26.8%		17.8%
Tier 1 capital ratio		22.4%		15.5%
Common Equity Tier 1 capital ratio		22.4%		15.5%
<b>Capital requirement, SEK million</b>				
<b>Pillar 1 requirement (total minimum capital requirement)</b>	<b>178.5</b>	<b>8.0%</b>	<b>172.3</b>	<b>8.0%</b>
of which, credit risk	166.7	7.5%	137.8	6.4%
of which, operational risk	11.7	0.5%	34.5	1.6%
of which, market risk	0.0	0.0%	0.0	0.0%
of which, credit valuation adjustment	0.0	0.0%	0.0	0.0%
<b>Internally assessed Pillar 2 capital requirement</b>	<b>26.4</b>	<b>1.2%</b>	<b>52.9</b>	<b>2.5%</b>
<b>Combined buffer requirement</b>	<b>56.9</b>	<b>2.6%</b>	<b>103.2</b>	<b>4.8%</b>
of which, countercyclical buffer requirement	1.1	0.1%	49.4	2.3%
of which, capital conservation buffer requirement	55.8	2.5%	53.8	2.5%
<b>Total capital requirement</b>	<b>261.8</b>	<b>11.7%</b>	<b>328.4</b>	<b>15.2%</b>
of which, Tier 1 capital requirement	212.1	9.5%	275.3	12.8%
of which, Common Equity Tier 1 capital requirement	174.9	7.8%	235.4	10.9%
<b>Leverage ratio, %</b>		<b>16.1%</b>		<b>12.5%</b>
<b>Total Common Equity Tier 1 capital requirement including buffer <sup>1)</sup>, %</b>		<b>7.1%</b>		<b>9.3%</b>
<b>Common Equity Tier 1 available to meet buffers, %</b>		<b>15.3%</b>		<b>6.2%</b>

1) CET1 requirement in accordance to article 92.1 a plus capital conservation buffer and countercyclical capital buffer, plus systemic risk buffer, plus buffer for systemically important institutions as a percentage of risk weighted assets.

### Note 32. Capital adequacy

As of 31 december 2020 Qliro AB had own funds of SEK 598.7 million, that comprises common equity Tier 1 capital of SEK 498.7 million and Tier 2 capital of SEK 100 million. The total risk exposure amount was SEK 2,231 million and the total capital requirement was SEK 261.8 million. The total capital ratio at year-end amounted to 26.8% compared with the supervisory authority's capital requirement of 11.7%.

### Note 33. Pledged assets, contingent liabilities and commitments

#### Pledged assets

##### The Group / Parent company

Amounts in SEK million	2020-12-31	2019-12-31
Loans receivable	1,559.1	1,379.8
Tangible assets	–	1.2
<b>Total</b>	<b>1,559.1</b>	<b>1,381.0</b>
<b>The collateral above pertains to liabilities</b>		
Liabilities to credit institutions	215.0	292.4
Liabilities attributable to leased assets	–	0.5
<b>Total</b>	<b>215.0</b>	<b>292.9</b>

There were no commitments or contingent liabilities with third parties on the balance sheet date.

### Note 34. Disclosures on related parties

A related party encompasses all companies that are part of the former Qliro Group and key individuals in senior positions. Transactions with former Qliro Group was only considered a related party until the distribution of Qliro's shares and Qliro's separate listing on Nasdaq Stockholm, October 2, 2020. Normal business transaction took place between Qliro and other companies that are part of the former Group as well as contractual regular remuneration of the CEO, board and other key individuals. Pricing for business operations is based on market terms. Refer to note 9 for further information on salaries and other remuneration and pensions for key individuals in senior positions.

Transactions and balances with related parties, SEK million	2020-12-31	2019-12-31
<b>Related companies in the former Qliro Group</b>		
Interest income	–13.0	–17.2
Commission income	–22.4	–30.7
Commission expenses	–	–8.0
Other operating income	1.7	0.0
General administrative expenses	–1.0	1.3
Other assets	2.5	2.8
Other liabilities	–	12.4
Lending to the public	–	1.3
<b>Other related parties</b>		
General administrative expenses	–2.1	–2.1
Deposits and borrowings from the public	1.4	1.9

### Note 35. Events after end of period

On the 15th of April 2021 Qliro's Board of Directors decided that acquisitions might complement the existing growth strategy to further strengthen Qliro's position within the area of digital payments in the Nordic's. The Board of Directors also proposed that the Annual General Meeting decides to authorize the Board to, on one or more occasions, during the period until the next AGM resolves on a new issue of shares. The number of shares issued based on the authorization may correspond to an increase in the share capital of a maximum of twenty (20) percent based on the number of shares in the Company at the time of the 2021 Annual General Meeting.

### Note 36. Earnings per share

The calculation of earnings per share is based on profit/loss attributable to the parent company's shareholders and the weighted average number of shares outstanding. There were no outstanding potential ordinary shares that can trigger a dilution effect during the periods covered by the financial reports. Diluted earnings per share are therefore the same as earnings per share before dilution.

The Extraordinary General Meeting on November 23 resolved to introduce a warrant plan for members of the executive management team and key employees in Qliro. In total, 23 employees subscribed for 834,920 warrants, corresponding to 88 percent of the maximum number of warrants according to the Extraordinary General Meeting's resolution. For further information, see note 30.

The share price as of December 31, 2020 was SEK 37.35.

The Group	2020
Profit for the period attributable to the shareholders of Qliro AB (publ) SEK million	–67.0
Earning per share before and after dilution	17,972,973
Number of outstanding shares before and after dilution	–3.73

### Note 37. Proposed appropriation of profits

#### Parent Company

The following profits are at the disposal of the Annual General Meeting (SEK):

Retained earnings	483,676,326
Share premium reserve	2,529,808
Fair value reserve	–43,339
Loss for the year	–66,632,544
<b>Total</b>	<b>419,530,250</b>
The Board of Directors proposes that earnings and unrestricted reserves be disposed as follows:	
Carried forward to next year	419,530,250
<b>Total</b>	<b>419,530,250</b>

## The Board's assurance

The undersigned certify that the consolidated financial statements and the annual report have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU and generally accepted accounting principles and present a fair summary of the company's and the Group's activities, position and results, and describes the significant risks and uncertainty factors faced by the company and its subsidiaries.

Stockholm, 15 April, 2021

Lennart Jacobsen  
Chairman of the Board

Alexander Antas  
Board member

Robert Burén  
Board member

Monica Caneman  
Board member

Lennart Francke  
Board member

Helena Nelson  
Board member

Carolina Brandtman  
CEO

Our auditor's report was submitted on 15 April 2021  
KPMG AB

Mårten Asplund  
Authorized Public Accountant

# Auditor's report

To the general meeting of the shareholders of Qliro AB,  
corp. id 556962-2441

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

### Opinions

We have audited the annual accounts and consolidated accounts of Qliro AB for the year 2020, except for the corporate governance statement on pages 35–43. The annual accounts and consolidated accounts of the company are included on pages 22-75 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies. The consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies. Our opinions do not cover the corporate governance statement on pages 35–43. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our re-sponsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were the most significance in the audit of the annual accounts and consolidated accounts for the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

### LENDING AND PROVISIONS FOR CREDIT LOSSES

*See Notes 14 and 20 and the accounting policies in Note 2 in the annual report and consolidated accounts for detailed information and description of the matter.*

### Description of key audit matter

Lending in Qliro AB mainly consists of invoices, consumer finance and personal loans. Lending is conducted in Sweden, Finland and Denmark. The company's lending to the public amounted to SEK 2,070 million as of December 31, 2019, which corresponds to 72 percent of the company's total assets. The company's provisions for credit losses in the loan portfolio amount to SEK 101 million.

As of January 1, 2018, the company applies IFRS 9, issued by the IASB in July 2014. Provisions for credit losses in the company's loan portfolio represent the company's best estimate of potential losses in the loan portfolio at the end of the reporting period.

The provisions require the company to make estimates and assumptions about credit risks and calculate expected credit losses. Due to the complexity of these calculations and the estimates and assumptions, we regard this as a key audit matter.

### Response in the audit

We have tested the company's key controls in the lending process, including credit decisions, credit reviews, ratings classifications and models for credit loss provisions. Tested controls included both manual and automatic controls in the application system. We have also tested general IT controls for current systems.

We have reviewed the company's policies based on IFRS 9 to determine whether the company's interpretation is reasonable. Further, we have tested the company's key controls in the provisions process. We have also sampled inputs in the models and the accuracy of the calculations. In addition, we have reviewed and estimated outcomes of the model valuation that was performed. In our audit we have used our internal model specialists to assist us in the audit we conducted.

We have reviewed the circumstances presented in the disclosures in the annual report and consolidated accounts and whether the information is sufficient as a description of the company's estimates.

## VALUATION OF INTANGIBLE ASSETS

See Note 21 and the accounting policies in Note 2 in the annual report and consolidated accounts for detailed information and description of the matter..

### Description of key audit matter

The carrying amount of the company's proprietary and acquired intangible assets amounted to SEK 179 million as of December 31, 2019, which corresponds to approximately 6 percent of total assets.

Intangible assets with an indefinite life are tested annually for impairment. Other intangible assets are tested when there is an indication of impairment.

Impairment tests are complex and entail significant estimates. The estimated recoverable amount for the assets is based on forecasts and discounted future cash flows, where the estimated discount rate, income forecasts and long-term growth estimates are by definition dependent on projections, which can be influenced by management.

### Response in the audit

We have reviewed capitalization and that the impairment tests are prepared in accordance with the methodology prescribed by the IFRS.

Additionally, we have evaluated cash flow projections and the assumptions that served as their basis, which includes the long-term growth rate and uses discount rates. We have also evaluated the historical accuracy of the forecasts.

We have performed sensitivity analyses to evaluate the parameters used in the impairment tests.

Furthermore, we have ensured that the supplemental disclosures meet the requirements of the accounting standards.

### Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 3–21 and 80–83. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of

this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts..

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control

relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Report on other legal and regulatory requirements
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report

unless law or regulation precludes disclosure about the matter.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Qliro AB for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for justifiable considering the requirements which the company's and the appropriations of the company's profit or loss. At the proposal of a group's type of operations, size and risks place on the size of the dividend, this includes an assessment of whether the dividend is parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Banking and Financing Business Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgement and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

### The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 35-43 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Qliro AB by the general meeting of the shareholders on the 12 of March 2020. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2014.

Stockholm 15th of April 2021

KPMG AB

Mårten Asplund  
Authorized Public Accountant

## Alternative performance measures

Alternative performance measures that management and analysts use to evaluate the company's development, which are not specified or defined in IFRS or other applicable regulations.

Performance measure	Definition	Motivation
<b>Return on equity, %</b>	Net income for the year/period, restated as a full-year value, as a percentage of average equity for two measurement periods (opening and closing balance for the period).	The measure is used it to analyze profitability in relation to equity.
<b>Deposits and funding from the public</b>	The period's closing balance for deposits and funding from the public in the balance sheet.	The purpose is to monitor the level of and growth in the deposit business and to track the scope of external funding that comes from deposits from the public.
<b>Items affecting comparability</b>	Income and expenses that affect comparability over time in a significant way because they do not by nature or size recur with the same regularity as other items.	The company's management separates out items affecting comparability in order to explain variations over time. Separation of the items makes it easier for readers of the financial reports to understand and evaluate what management is doing when certain items, subtotals and totals from the income statement are presented or used in other performance measures.
<b>C/I ratio, %</b>	Total expenses before credit losses as a percentage of the sum of operating income.	The purpose is to provide an indication of the company's cost-effectiveness in relation to the sum of operating income. Also used in benchmark comparisons.
<b>Net credit losses</b>	The period's expected credit losses on items in the balance sheet as well as the period's established credit losses, net.	The purpose is to track the size of and trend in credit risks in lending and to explicitly do so for the size of the forecast-based credit loss amount that reduces net income for the period.
<b>Credit loss level, % in relation to average lending</b>	The period's credit losses, restated as a full-year value, net in relation to average net lending to the public for two measurement periods (opening and closing balance for the period).	The purpose is to provide a measure of credit losses in relation to net lending to the public. The measure is critical to the analysis of credit risk between various periods and versus the competition.
<b>Credit loss level, % in relation to average lending Digital Banking Services</b>	The period's credit losses in Digital banking services, restated as a full-year value, net in relation to average net lending to the public in Digital banking services for two measurement periods (opening and closing balance for the period).	The purpose is to provide a measure of credit losses in relation to net lending to the public. The measure is critical to the analysis of credit risk between various periods and versus the competition.
<b>Credit loss level, % in relation to processed pay-after-delivery (PAD) volume</b>	The period's credit losses for pay-after-delivery (PAD), restated as a full-year value, net in relation to total capitalized volume.	The purpose is to provide a measure of credit losses in relation to processed pay-after-delivery (PAD) volume. The measure is critical to the analysis of credit risk between various periods and versus the competition.
<b>Net income for the period adjusted for items affecting comparability</b>	Net income for the period after tax adjusted for items affecting comparability.	Net income for the period is tracked to monitor the total return, after all expenses and after tax. Adjusted for items affecting comparability improves opportunities for evaluation and comparison over time.
<b>Net commission income</b>	The sum of commission income less commission expenses.	Net commission income is tracked to monitor development in the part of the core business not related to lending and deposits. Largely reflects the scope and profitability of lending commissions related to payment solutions and other payment services.
<b>Net commission income adjusted for items affecting comparability</b>	The sum of commission income less commission expenses adjusted for items affecting comparability.	Net commission income adjusted for items affecting comparability improves opportunities for evaluation and comparison over time.
<b>Net interest income</b>	The sum of interest income less interest expenses.	Net interest income is monitored to track the development of the core business related to lending and deposits.
<b>Net interest income adjusted for items affecting comparability</b>	The sum of interest income less interest expenses adjusted for items affecting comparability.	Net interest income adjusted for items affecting comparability improves opportunities for evaluation and comparison over time.
<b>Operating profit</b>	The sum of operating income less administrative expenses, depreciation, amortization and impairment of tangible and intangible assets, other operating expenses and credit losses, net.	Operating profit is monitored to track the profitability of the total business, taking into account credit losses and all other expenses except tax.
<b>Operating profit adjusted for items affecting comparability</b>	The sum of operating income less administrative expenses, depreciation, amortization and impairment, other operating expenses and credit losses adjusted for items affecting comparability.	Operating profit adjusted for items affecting comparability improves opportunities for evaluation and comparison over time.



## Alternative performance measures, cont.

Performance measure	Definition	Motivation
<b>Operating profit less depreciation, amortization and impairment of intangible and tangible assets</b>	The sum of operating profit less depreciation, amortization and impairment of tangible and intangible assets.	The purpose is to evaluate operating activities.
<b>Total expenses before credit losses</b>	The sum of the period's operating expenses, which for the company represents the sum of administrative expenses, depreciation, amortization and impairment of tangible and intangible assets, and other expenses.	The purpose is to monitor the size of central expenses that are not directly related to lending and commissions.
<b>Total operating income</b>	The sum of net interest income, net commission income, net gains and losses on financial transactions, and other operating income.	Total operating income is monitored to track the development of the core business before employee benefits, depreciation and amortization, credit losses and other central expenses. The measure depends primarily on the overall trend in net interest income and net commission income.
<b>Total operating income adjusted for items affecting comparability (accrual of merchant commissions)</b>	The sum of net interest income, net commission income, net gains and losses on financial transactions, and other operating income adjusted for items affecting comparability.	Total operating income adjusted for items affecting comparability provides improved opportunities for evaluation and comparison over time.
<b>Total operating income margin, %</b>	The sum of operating income restated as a full-year value, in relation to average net lending to the public for two measurement periods (opening and closing balance for the period).	The measure is used to analyze value creation and profitability in relation to net lending to the public.
<b>Net lending to the public</b>	Loans receivable less provision for expected credit losses.	Net lending to the public is a central driver of the sum of operating income.

## OPERATIONAL PERFORMANCE MEASURES

Performance measure	Definition	Motivation
<b>The number of connected merchants</b>	The number of brands that use Qliro as a payment provider.	The number of connected merchants is a central measure in the analysis of the growth forecast for pay-after-delivery volume.
<b>The number of average employees</b>	Full-time services excluding contracted consultants.	The measure indicates how well one of the Group's key processes, HR recruitment and development, develops over time.
<b>Pay-after-delivery, volume</b>	Total volume of Qliro's payment products (invoice, BNPL or part payment), including VAT.	Pay-after-delivery volume is a central driver of the sum of operating income. It is used as a complement to net lending to the public to capture the high turnover of the loan book for the segment of payment solutions.
<b>Pay-after-delivery, transactions</b>	The number of transactions with Qliro's payment products (invoice, BNPL or part payment), including VAT.	Pay-after-delivery transactions is a central driver of the sum of operating income. It is used as a complement to net lending to the public to capture the high turnover of the loan book for the segment of payment solutions.

## OTHER PERFORMANCE MEASURES

Performance measure	Definition	Motivation
<b>Common Equity Tier 1 capital ratio, %</b>	Regulation (EU) No. 575/2013. The institution's Tier 1 capital level expressed as a percentage of the risk exposure amount.	Regulatory requirement. A regulatory floor applies to total the Common Equity Tier 1 capital ratio to ensure that the institution has sufficient capital.
<b>Liquidity Coverage Ratio (LCR) %</b>	Regulation (EU) No. 575/2013 and Regulation (EU) No. 2015/61. The Liquidity Coverage Ratio is the high-quality liquid assets that the institution holds divided by net liquidity outflows during a 30 calendar day stress period.	Regulatory requirement. Legislators require the institution to hold high-quality liquid assets to cover net liquidity outflows during a 30 calendar day stress period to ensure that the institution has sufficient capital.
<b>Total capital ratio, %</b>	Regulation (EU) No. 575/2013. The total capital ratio is the institution's own funds expressed as a percentage of the total risk amount.	Regulatory requirement. A regulatory floor applies to total capital ratio to ensure that the institution has sufficient capital.

# Annual general meeting 2021

The annual general meeting will be held on Wednesday the 19th of May 2021. Due to the coronavirus and in order to reduce the risk of spreading the virus, the board of directors has decided for the annual general meeting to be held without any physical presence of shareholders, representatives and third parties, and that shareholders shall have the possibility to exercise their voting rights only through advance voting (postal voting). Information on the resolutions passed at the general meeting will be disclosed on 19 May 2021, as soon as the result of the postal voting has been finally confirmed.

## Registration and notice of attendance

Shareholders who wish to participate in the annual general meeting through postal voting shall:

- be registered as a shareholder in the Company's register of shareholders kept by Euroclear Sweden AB concerning the circumstances on Monday 10 May 2021, and
- give notice of participation no later than on Tuesday 18 May 2021, by sending in a postal vote in accordance with the instructions under the heading Postal voting below so that the postal voting form is received by Qliro, through Computershare AB, no later than that day.

## Nominee registered shares

To be entitled to participate in the annual general meeting, a shareholder whose shares are nominee registered must, in addition to giving notice of participation in the general meeting by sending in a postal vote, register its shares in its own name so that the shareholder is registered in the share register as of Monday 10 May 2021. Such registration may be temporary (so-called voting rights registration), and a request for such voting rights registration shall be made to the nominee in advance and in accordance with the nominee's routines. Voting rights registrations that have been made by the nominee no later than Wednesday 12 May 2021 will be taken into account in the presentation of the share register.

## Postal voting

The board of directors has decided that the shareholders shall be able to exercise their voting rights only by postal voting in accordance with section 22 of the Act (2020:198) on temporary exceptions to facilitate the execution of general meetings in companies and other associations.

A special form must be used for the postal vote. The form for postal voting is available at [qliro.com/en/investor-relations/general-meeting-2021](http://qliro.com/en/investor-relations/general-meeting-2021).

Completed and signed forms for postal voting must be received by Computershare AB no later than Tuesday 18 May 2021. The form shall be sent by mail to Computershare AB, "Qliro AB's AGM 2021", Box 5267, SE-102 46 Stockholm

or via e-mail to [info@computershare.se](mailto:info@computershare.se). Shareholders who are natural persons may also, by verifying with BankID in accordance with instructions on the Company's website [qliro.com/en/investor-relations/general-meeting-2021](http://qliro.com/en/investor-relations/general-meeting-2021), cast their postal votes electronically.

The shareholder may not provide special instructions or conditions to the postal vote. If so, the entire postal vote is invalid. Further instructions and conditions can be found in the postal voting form and at [qliro.com/en/investor-relations/general-meeting-2021](http://qliro.com/en/investor-relations/general-meeting-2021). For having the postal voting form sent to you by mail, please contact Computershare AB on telephone +46 77 124 64 00.

## Powers of attorney

If shareholders submit their postal votes by proxy, a written and dated power of attorney signed by the shareholder shall be attached to the postal voting form. Power of attorney forms are available at the Company's website [qliro.com/en/investor-relations/general-meeting-2021](http://qliro.com/en/investor-relations/general-meeting-2021) and will also be sent by e-mail to all registered shareholders who have notified their e-mail address to the Company. If the shareholder is a legal person, it shall also attach a registration certificate or equivalent authorizing documentation to the power of attorney

## Shareholders' right to receive information

If a shareholder so requests, and if the board of directors determines it can be made without significant harm to the Company, the board of directors and the CEO shall provide information on circumstances that may affect the assessment of an agenda item, circumstances that may affect the assessment of the Company's or its subsidiaries' financial situation and the company's relation to another company within the group. A request for such information shall be made in writing to the Company no later than on Sunday 9 May 2021, to Qliro AB, AGM 2021, Box 195 25, SE-104 32 Stockholm, or by e-mail to [generalmeeting@qliro.com](mailto:generalmeeting@qliro.com). The information provided by the Company by such request will be made available at the Company's website [qliro.com/en/investor-relations/general-meeting-2021](http://qliro.com/en/investor-relations/general-meeting-2021) and at the Company's head office, Sveavägen 151 in Stockholm, no later than Friday 14 May 2021. The information will also be sent to the shareholder who has requested the information and has provided its address.

## Notice

Notice was published 15 April 2021 on Qliros website [qliro.com/en/investor-relations/general-meeting-2021](http://qliro.com/en/investor-relations/general-meeting-2021) and will be published, around 19 April, Post- och Inrikes Tidningar. The Notice will also be published in the newspaper Svenska Dagbladet.

## FINANCIAL CALENDAR

11 May 2021, at 7.30 am

19 May 2021

20 July 2021, at 7.30 am

26 October 2021, at 7.30 am

Interim report January-March 2021

Annual General Meeting

Interim report January-June 2021

Interim report January-September 2021



### For more information please contact:

Andreas Frid, Head of Investor Relations.  
Phone: +46 705 29 08 00 or [ir@qliro.com](mailto:ir@qliro.com)

The financial reports are also published on  
[qliro.com/en/investor-relations](https://qliro.com/en/investor-relations)

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