

QLIRO

Interim report January – June 2021

Positive volume development

Important events in the second quarter 2021

- 17 percent increase in pay-after-delivery volumes, 32 percent growth excluding former Qliro Group merchants
- Collaboration with Biltema on its Pay & Collect service in the Nordic region started in late May
- Partnership established with the cosmetics company Blush regarding e-commerce in Norway and the Nordic offering was strengthened through the integration of the payment methods Vipps in Norway and Mobile Pay in Denmark
- Agreements signed with among others Twistshake on Nordic e-commerce payment solutions

April – June 2021 (April – June 2020)

- Total operating income increased by 15 percent to SEK 99.1 million (86.4). Total operating income adjusted for items affecting comparability increased by 5 percent to SEK 99.1 million (94.8)
- Total operating expenses decreased by 8 percent to SEK 91.3 million (98.8). Adjusted for items affecting comparability, expenses increased by 10 percent to SEK 91.3 million (83.2)
- Credit losses decreased to a net of SEK 22.7 million (23.4)
- Operating profit improved to SEK -14.9 million (-35.8). Operating profit adjusted for items affecting comparability decreased to SEK -14.9 million (-11.8)
- Net profit for the period was SEK -12.2 million (-28.2) and earnings per share amounted to SEK -0.68 (-1.57). Net profit adjusted for items affecting comparability was SEK -12.2 million (-9.3).

January – June 2021 (January – June 2020)

- Total operating income increased by 8 percent to SEK 196.9 million (182.8). Total operating income adjusted for items affecting comparability increased by 3 percent to SEK 196.9 million (191.2)
- Total operating expenses decreased by 4 percent to SEK 177.6 million (184.3). Adjusted for items affecting comparability, expenses increased by 5 percent to SEK 177.6 million (168.7)
- Credit losses decreased to a net of SEK 39.4 million (53.0)
- Operating profit improved to SEK -20.1 million (-54.4). Operating profit adjusted for items affecting comparability improved to SEK -20.1 million (-30.4)
- Net profit for the period was SEK -16.7 million (-42.8) and earnings per share amounted to SEK -0.93 (-2.38). Net profit for the period adjusted for items affecting comparability was SEK -16.7 million (-24.0).

+5%

Adjusted income growth¹⁾

2,5 M

Number of active customers²⁾

+17%

Growth pay-after delivery volume¹⁾

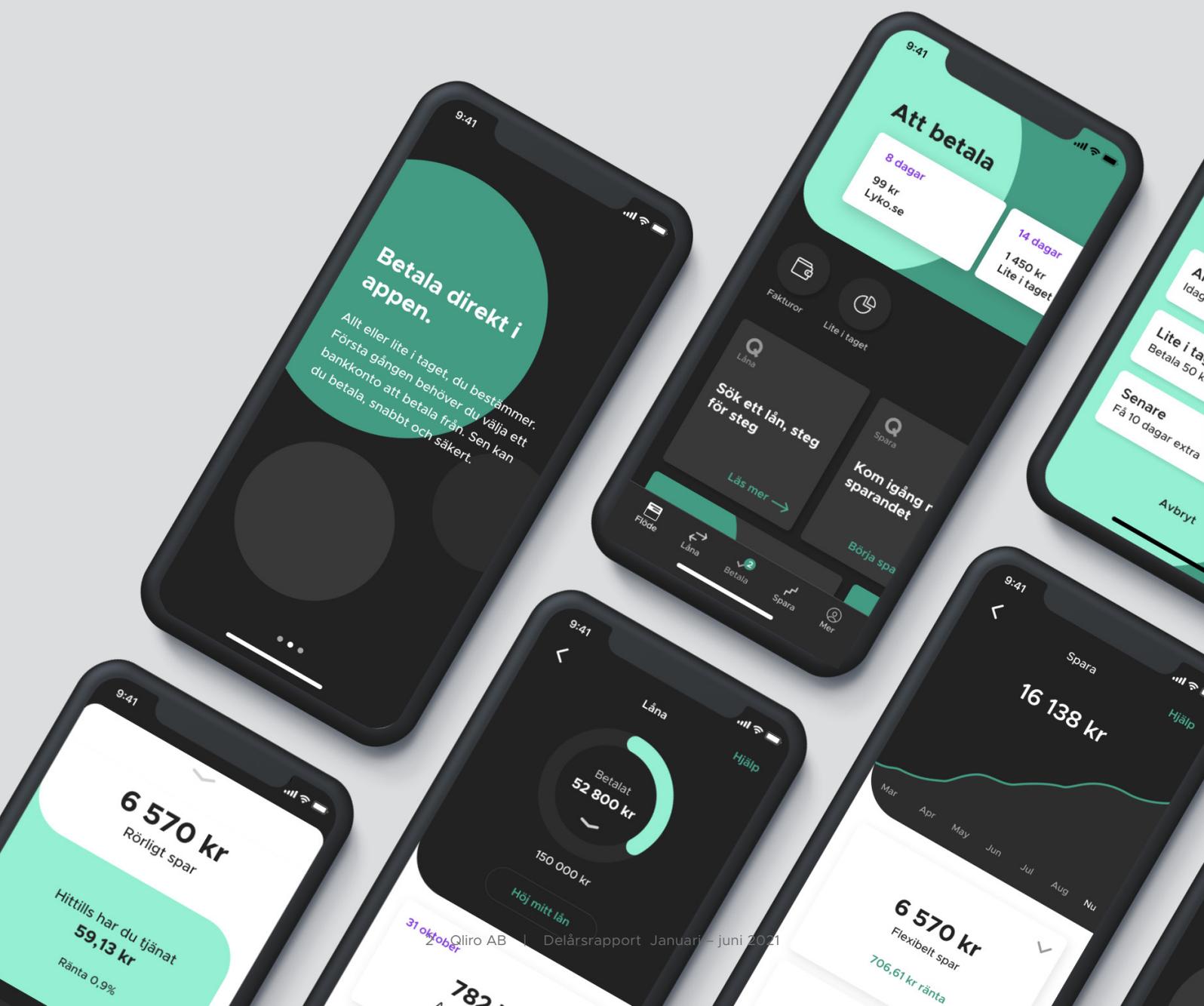
+21%

Increased no. of mobile app log-ins¹⁾

1) Second quarter 2021 in comparison with second quarter 2020

2) Unique customers that have used Qliro's services in the last 12 months

»In the second half of the year we look forward to onboard more successful Nordic e-merchants such as Stronger, Teknikproffset, Twistshake and Parfymonline«





CEO COMMENT

Continued volume growth and agreements with new merchants

Volumes with Qliro's payment methods continued to grow in the second quarter by 17 percent, and excluding the former Qliro Group merchants, growth was 32 percent. The growth is driven by underlying growth by existing merchants as well as by new merchants that have chosen to use our services. Of the nominal growth, volumes from new merchants account for about 2/3 and 1/3 comes from earlier partners.

During the quarter we went live with Biltema's Nordic Pay & Collect service and with the Norwegian cosmetics company Blush. Biltema signed an agreement in late May and already in June it was one of our five largest merchant partnerships. We also continued to sign agreements with new merchants such as Twistshake and Teknikproffset in the quarter.

We continue to see good demand from large e-merchants. Recently, more small and medium-sized e-merchants have also shown interest in partnering with us. The merchants want a partner with sophisticated digital services that can also offer a close partnership. We have therefore begun to develop an offering specifically for this category of merchants and begun discussions with several parties on potential collaborations to meet the demand.

Migration to new infrastructure with a focus on scalability

In the first half of 2021 we migrated our systems to a new infrastructure in order to be able to handle more transactions. We have transitioned from an infrastructure with limited capacity to a hybrid environment where part of our system is in the cloud and part is in our own data centers. The cloud transition will facilitate greater scalability and increase the availability of our systems in the transaction-intensive business we have, while also further accelerating our rate of development. The work has been intense and I am pleased that we have been able to implement such a major infrastructure change without it having a negative impact on our payment solutions during the time the work was under way.

Comment on the second quarter results

Net profit for the period improved to SEK -12.2 million (-28.2), but adjusted for items affecting comparability income decreased slightly.

Income excluding items affecting comparability increased by 5 percent, which is an improvement compared with the previous quarter (+1 percent), but lower than our long-term ambition. Income in the Payment Solutions segment increased by 2 percent (-2 percent previous quarter), while lending grew by 12 percent and the volume with our payment methods by 17 percent. The margin is lower than the previous year, mainly due to lower reminder rates resulting from the improved customer applications and services we offer. In the short term, this adversely affects our income, but we are convinced that the increased customer benefit over time will create opportunities for new merchant alliances, higher customer satisfaction and more returning customers.

In our other segment, Digital Banking Services, the positive trend in income is continuing (+17 percent), which is largely in line with lending growth of 20 percent. We are pleased that in June new lending was the highest since the outbreak of the pandemic in March 2020. The risk-adjusted margin has gradually improved in recent years, and did so again in the last quarter.

Our credit quality is developing positively. The continuous efforts to develop our credit engines and our credit check models based on more data and advanced modeling are producing results. With more and more customers using our payment services on a regular basis, and more using the services in the mobile app, we have made it easier for consumers to pay on time, which also has a positive effect.

Our checkout and digital post-purchase experience are market-leading and we will continue to grow our network of e-merchants in the Nordic countries. In the second half of the year we look forward to signing up more successful Nordic e-merchants such as Stronger, Teknikproffset, Twistshake, and Parfymonline.

Stockholm, July 20, 2021

Carolina Brandtman
CEO Qliro AB

Qliro in brief

Qliro AB (Qliro), founded in 2014, is a tech company offering payment solutions in the form of digital checkout solutions for large e-merchants and their customers in the Nordics and digital financial services to consumers in Sweden. Since 2017 Qliro is a licensed credit market company under the supervision of the Swedish Financial Supervisory Authority (SFSA). The entire operations are managed from the head office in Stockholm

In total, Qliro has 2.5 million active customers and 47 connected e-merchants that use Qliro’s payment solutions. During the last 12 months more than 7.4 million purchases were made with Qliro’s payment products with a total volume of approximately SEK 6.8bn.

In October 2020 Qliro was listed on Nasdaq Stockholm with the ticker “QLIRO.” The largest owners are Rite Ventures with a 26% interest and Mandatum Private Equity (Sampo) with 10%.

Qliro’s business segments in brief

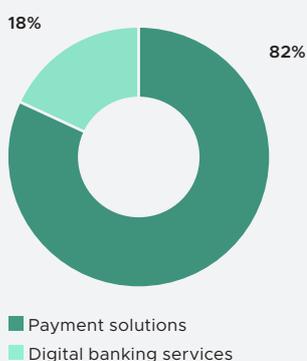
Payment solutions

Payment solutions are offered to larger e-merchants in the Nordics. The solutions contain Qliro’s pay-after-delivery (PAD) products for consumers who 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 bank accounts or PayPal payments. 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 the payment solutions, Qliro has since the start interacted with 5.1 million unique customers in the Nordics, and the number of active customers in the last 12 months is just over 2.5 million.

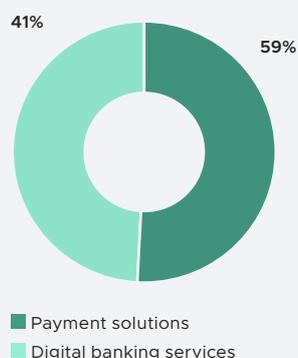
Digital banking services

Digital banking services consist of services offered in Qliro’s digital platforms beyond the payment products offered in Payment solutions. Today the segment mainly consists of personal loans in Sweden, which were launched at the end of 2017. The large database of payment solution customers is a competitive advantage that enables Qliro to offer other attractive products, such as personal loans and savings accounts, at 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 linked to e-commerce payments to the digital platform through outside collaborations. In 2020 Qliro added its first partnership offerings in insurance and during 2021 Qliro has launched two services connected to sustainable consumption in the Swedish app.

Share of total income



Share of lending to the public



Key performance measures

SEK million except where otherwise stated	2021 Apr – Jun	2020 Apr – Jun	% Δ	2021 Jan – Jun	2020 Jan – Jun	% Δ
Income statement						
Total operating income ¹	99.1	86.4	15%	196.9	182.8	8%
Total operating income adjusted for items affecting comparability ¹	99.1	94.8	5%	196.9	191.2	3%
Total expenses before credit losses	-91.3	-98.8	-8%	-177.6	-184.3	-4%
of which depreciation	-24.1	-36.8	-34%	-47.1	-58.9	-20%
Total expenses before credit losses adjusted for items affecting comparability	-91.3	-83.2	10%	-177.6	-168.7	5%
Net credit losses	-22.7	-23.4	-3%	-39.4	-53.0	-26%
Operating profit/loss ¹	-14.9	-35.8	58%	-20.1	-54.4	63%
Operating profit/loss adjusted for items affecting comparability ¹	-14.9	-11.8	-26%	-20.1	-30.4	34%
Profit/loss for the period	-12.2	-28.2	57%	-16.7	-42.8	61%
Profit/loss for the period adjusted for items affecting comparability	-12.2	-9.3	-31%	-16.7	-24.0	30%
Earnings per share before and after dilution SEK ⁴	-0.68	-1.57	57%	-0.93	-2.38	61%
Balance sheet						
Lending to the public ¹	2,479	2,151	15%	2,479	2,151	15%
of which Payment solutions	1,458	1,300	12%	1,458	1,300	12%
of which Digital banking services	1,021	851	20%	1,021	851	20%
Deposits and borrowings from the public	2,384	1,850	29%	2,384	1,850	29%
Key figures						
Operating margin, % ¹	16.2%	16.5%	-1%	15.9%	17.3%	-8%
Credit loss level, % ¹	3.7%	4.5%	-16%	3.2%	5.0%	-36%
Cost/income ratio, % ¹	92.1%	114.4%	-19%	90.2%	100.8%	-11%
Return on equity, % ¹	neg.	neg.	-	neg.	neg.	-
CET 1 capital ratio, % ³	20.8%	15.8%	32%	20.8%	15.8%	32%
Total capital Ratio, % ³	25.2%	18.1%	39%	25.3%	18.1%	40%
Liquidity coverage ratio (LCR), % ³	590%	614%	-4%	590%	614%	-4%
Pay-after-delivery volume ²	1,710	1,462	17%	3,273	2,694	22%
Number of connected merchants ²	47	45	4%	47	45	4%
Average number of employees ²	209	201	-100%	208	198	-100%

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 28–31.

2) Operating performance measures. For definitions see page 29.

3) Other key performance measures. For definitions see page 29.

4) Retroactive adjustments has been made for historical periods for the change in number of shares that took place on September 2nd 2020.

Financial performance

THE SECOND QUARTER 2021 COMPARED WITH THE SECOND QUARTER 2020

Qliro's income primarily consists of interest income from pay-after-delivery (PAD) products and personal loans as well as fees charged when customers choose Qliro's payment methods, where payment is made after the customer has received their goods.

Items affecting comparability

Two types of items affecting comparability were reported in the second quarter 2020. Items affecting comparability within the Payment solutions segment 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, as a result of which the second quarter will not be comparable with other periods, while previous and future quarters are still comparable over time (for more information, see note 1 on page 18). Additionally, assets worth SEK 15.6 million were impaired, since they are no longer being used in the business. The impairments comprised, among other things, technology development for the loan product, infrastructure for data storage and app solutions. In total, the items affecting comparability reduced operating profit by SEK 24 million and profit for the period by SEK 18.9 million for the second quarter 2020.

Increased volumes and lending increased income

Total operating income increased by 15 percent to SEK 99.1 million (86.4). Total operating income adjusted for items affecting comparability (described above) increased by 5 percent to SEK 99.1 million (94.8), which is an improvement compared with the previous quarter, when income grew by 1 percent. Regulatory changes in Norway and Denmark, which were introduced in late 2020, negatively affected income by approximately SEK 3.5 million.

Net interest income increased by 12 percent to SEK 54.4 million (48.7), where interest income increased by 12 percent to SEK 64.2 million (57.4) and interest expenses by 12 percent to SEK 9.8 million (8.7). Interest income increased due to growing business volumes and lending in both Payment solutions and Digital banking services. Compared with the previous year, the fee limit in Denmark had a negative effect. Interest expenses increased less than lending growth thanks to more efficient funding. Adjusted for the item affecting comparability, net interest income increased by 5 percent.

Net commission income increased by 16 percent to SEK 42.9 million (36.8). Net commission income adjusted for the item affecting comparability increased by 3 percent to SEK 42.9 million (41.8). Increased business volumes contributed positively, while regulatory changes in Norway and Denmark had a negative effect. Qliro's focus on improving the digital customer applications and the customer experience reduced reminder levels, which also contributed to the decrease in net commission income.

Net gains and losses on financial items amounted to SEK -0.8 million (-0.7).

Other income increased to SEK 2.6 million (1.6), where income from payment methods offered through partners in Qliro's checkout solution increased due to higher volumes and more merchants signed up for Qliro's comprehensive payment solution.

Decreased expenses but increased underlying expenses

Total expenses decreased by 8 percent to SEK 91.3 million (98.8). Adjusted for the item affecting comparability, expenses increased by 10 percent. Excluding depreciation, expenses increased by 8 percent

Administrative expenses, primarily consisting of the employee benefits and IT expenses, increased by 8 percent to SEK 59.3 million (54.6). The cost increases are mainly attributable to higher IT-costs as well as costs for being a listed company. The increased IT costs are driven by the infrastructure shift and higher system costs.

Other expenses increased by 6 percent to SEK 7.8 million (7.4). Other expenses, which to a large extent are variable, fluctuate by business volume, e.g. credit inquiry expenses

Depreciation, amortization and impairment decreased by 34 percent to SEK 24.1 million (36.8). Adjusted for the item affecting comparability, depreciation and amortization increased by 14 percent and total intangible assets in the balance sheet was at the same level as last year. Depreciation and amortization mainly consist of amortization of previously capitalized development expenses for e-merchant payment solutions, but also consumer products, the website and app solutions.

Lower credit losses

Total credit losses decreased to SEK 22.7 million (23.4) despite growing volumes and lending. Underlying credit quality improved and no negative effects on customers' payment patterns were noted due to the ongoing pandemic.

Within Payment solutions, credit losses increased to SEK 19.1 million (17.8). In relation to PAD volume, credit losses amounted to 1.1 percent (1.2), where improved underlying credit quality had a positive effect, while slightly lower prices on the sale of past due receivables negatively affected the outcome.

In the Digital banking services segment, credit losses decreased to SEK 3.6 million (5.6). Credit losses corresponded to 1.4 percent of average lending (2.7 percent).

In accordance with IFRS 9, provisions increased in 2020 as a result of the lower macroeconomic forecast in the wake of the ongoing pandemic. In total, these provisions amounted to SEK 6.3 million as of June 30, 2021.

Improved result

Operating profit improved to SEK -14.9 million (-35.8) and net profit for the period improved to SEK -12.2 million (-28.2). Adjusted for items affecting comparability, operating profit decreased to SEK -14.9 million (-11.8) and net profit for the period to SEK -12.2 million (-9.3).

JANUARY – JUNE 2021 COMPARED WITH JANUARY – JUNE 2020

Items affecting comparability

Two types of items affecting comparability were reported in the second quarter 2020. Items affecting comparability within the Payment solutions segment 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, as a result of which the second quarter will not be comparable with other periods, while previous and future quarters are still comparable over time (for more information, see note 1 on page 18). Additionally, assets worth SEK 15.6 million were impaired, since they are no longer being used in the business. The impairments comprised, among other things, technology development for the loan product, infrastructure for data storage and app solutions. In total, the items affecting comparability reduced operating profit by SEK 24 million and profit for the period by SEK 18.9 million for the period January-June 2020.

Income increased but the margin was lower due to lower “negative” income

Total operating income increased by 8 percent to SEK 196.9 million (182.8). Total operating income adjusted for items affecting comparability (described above) increased by 3 percent to SEK 196.9 million (191.2). Regulatory changes which took effect in Denmark and Norway in late 2020 negatively affected income by nearly SEK 7 million

Net interest income increased by 11 percent to SEK 108.4 million (97.9), where interest income amounted to SEK 127.6 million (115.4) and interest expenses to SEK 19.2 million (17.5). Adjusted for the item affecting comparability, net interest income increased by 7 percent. The increase in interest income was due to growing business volumes and lending in both Payment solutions and Digital banking services. Interest expenses also increased due to lending growth

Net commission income increased by 3 percent to SEK 84.5 million (82.1). Net commission income adjusted for the item affecting comparability decreased by 3 percent to SEK 84.5 million (87.1). Increased business volumes contributed positively, while regulatory changes in Norway and Denmark had a negative effect. Qliro’s focus on improving the digital customer applications and the customer experience reduced reminder levels, which also contributed to the decrease in net commission income.

Net gains and losses on financial items amounted to SEK -0.7 million (0.2) and other income increased to SEK 4.7 million (2.6), where income from other payment methods in Qliro’s checkout solutions increased as more merchants signed up for Qliro’s comprehensive payment solution, where all payment methods are integrated.

Impairment in 2020 led to lower expenses

Total expenses decreased by 4 percent to SEK 177.6 million (184.3) due to an impairment loss of SEK 15.6 million in the second quarter 2020. Adjusted for the impairment, expenses increased by 5 percent.

Administrative expenses, primarily consisting of the employee benefits and IT expenses, increased by 5 percent to SEK 114.5 million (109.0). The cost increase is primarily due to a larger workforce driven by a growing business, higher system costs, costs related to the infrastructure shift and increased costs related to being a listed company.

Other expenses, which to a large extent fluctuate by business volume, e.g. credit inquiry expenses, amounted to SEK 16.0 million (16.3).

Depreciation, amortization and impairment decreased to SEK 47.1 million (58.9) and mainly consisted of amortization of previously capitalized development expenses for e-merchant payment solutions, consumer products, the website and app solutions. Adjusted for the impairment described above, depreciation and amortization increased by 9 percent and total intangible assets in the balance sheet was at the same level as last year.

Improved credit quality reduced credit losses

Total credit losses amounted to SEK 39.4 million (53.0) and the net loan loss level was 3.2 percent (5.0) of average lending. Underlying credit quality developed positively and no general negative impact on customer solvency was noted in 2020. In accordance with IFRS 9, provisions for expected credit losses increased by SEK 7.5 million in the first half of 2020 due to the lower macroeconomic forecast caused by Covid-19.

Within the Payment solutions segment, credit losses decreased in relation to PAD volume to 1.2 percent (1.6). Underlying credit quality developed positively, while slightly lower prices on the sale of past due receivables have a negative effect.

In the Digital banking services segment, recoveries of 0.1 percent were recognized in relation to average lending (credit losses 2.8 percent). In the first quarter 2021, the provision model for personal loans was updated. The updated model is based on considerably more data compared with the previous model, which was implemented in connection with the product’s launch at the end of 2017. The transition to the new model reduced provisions by SEK 7.5 million based on stable credit quality in the portfolio. Credit losses adjusted for the model update also decreased within the segment.

Profit improved due to lower credit losses and items affecting comparability

Operating profit improved to SEK -20.1 million (-54.4). Operating profit adjusted for items affecting comparability amounted to SEK -20.1 million (-30.4 million). The improvement was due to lower recognized credit losses.

Net profit for the period amounted to SEK -16.7 million (-42.8), while net profit for the period adjusted for items affecting comparability amounted to SEK -16.7 million (-24.0).

Affärssegment

PAYMENT SOLUTIONS – MORE AGREEMENTS WITH MERCHANTS

Comparisons with the second quarter 2020 unless otherwise indicated

Growth in connected merchants and agreements with new merchants in the quarter

Qliro offers digital payment solutions to large e-merchants in the Nordics. Growth in Payment solutions is driven by offering deferred payment for online purchases (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 significant income.

The number of connected merchants increased to 47 (45). In the quarter 80 percent (80) of business volume was related to Sweden.

In the period agreements were signed with among others Twistshake on payment solutions in the Nordic countries and Blush on e-commerce payment solutions in Norway. The collaboration with Blush has begun and the collaboration with Twistshake is expected to begin in the second half of 2021. Stronger, Teknikproffset, Parfymonline.se and Sothie are also expected to begin using Qliro's payment solution in the second half of the year.

In the period a collaboration was started with Biltema regarding its Nordic Pay & Collect service, and in June Biltema was one of the five largest collaborations in relation to PAD volume. The Nordic offering was improved in the quarter through the integration of the popular payment sites VIPPS in Norway and Mobile Pay in Denmark.

Growth in volumes and lending but lower margin

Payment volume continued to grow and PAD volume increased by 17 percent to SEK 1,710 million, while the number of transactions was stable at 1.7 million.

Growth in PAD volumes is driven by increased sales by previously connected merchants as well as new merchants

that add Qliro as a payment partner. Volumes from merchants outside what was formerly the Qliro Group (Nelly and CDON) increased by 32 percent and represented 57 percent (51) of total volume in the 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" products, increased by 12 percent to SEK 1,458 million.

Total operating income increased by 14 percent to SEK 81.7 million (71.6). Excluding the item affecting comparability as described on page 6, income increased by 2 percent. The income margin excluding the item affecting comparability decreased to 22.5 percent (25.3), mainly due to the lower share of reminder income.

Net interest income increased by 9 percent to SEK 37.1 million (33.9), but was stable after adjusting for the item affecting comparability.

Net commission income increased by 17 percent to SEK 42.8 million (36.7). Excluding the item affecting comparability, net commission income increased by 3 percent. Increased business volumes contributed positively, while regulatory changes in Norway and Denmark had a negative effect. Qliro's focus on improving the customer experience in the digital customer platforms reduced reminder rates, which had a negative effect on net commission income.

Other income, which consists of net gains and losses on financial transactions and other income, increased to SEK 1.8 million (1.0).

Lower credit loss ratio

Credit losses amounted to SEK 19.1 million (17.8). In relation to PAD volume, credit losses amounted to 1.1 percent (1.2), where improved underlying credit quality had a positive impact, while slightly lower prices for current sales agreements negatively affected the outcome. No widespread negative impact on customer solvency was noted due to COVID-19.

PAYMENT SOLUTIONS

SEK million except where otherwise stated	2021 Apr – Jun	2020 Apr – Jun	% Δ	2021 Jan – Jun	2020 Jan – Jun	% Δ
Net interest income	37.1	33.9	9%	74.0	69.5	7%
Net commission income	42.8	36.7	17%	84.3	81.9	3%
Total operating income	81.7	71.6	14%	162.3	154.1	5%
Net credit losses	19.1	17.8	8%	39.9	42.0	-5%
Total operating income less credit losses	62.5	53.8	16%	122.5	112.1	9%
Lending to the public	1,458	1,300	12%	1,458	1,300	12%
Pay-after delivery (PAD), volume	1,710	1,462	17%	3,273	2,694	22%
Pay-after delivery (PAD), no of transactions, thousands	1,711	1,710	0%	3,392	3,103	9%
Credit loss level, %, in relation to PAD volume	1.1%	1.2%	-8%	1.2%	1.6%	-22%

82%

Share of total operating income

59%

Share of lending to the public

+14%

Income growth

+17%

Growth in PAD volume

DIGITAL BANKING SERVICES – STRONG LENDING AND INCOME GROWTH

Comparisons with the second quarter 2020 unless otherwise indicated

Ökad användning av mobilappen

Qliro drives growth in Digital banking services through cost-effective marketing in its own digital applications to the 2.5 million consumers (of whom 1.9 million in Sweden) who in the last year have used Qliro's products.

Qliro offers personal loans and savings accounts to consumers in Sweden and also offers other digital payment services in partnership with other financial firms. In 2020 and 2021 new mobile apps were launched in Sweden, Norway, Finland and Denmark. Qliro's app makes it easy to manage payments, loans and savings. The app was the second most downloaded fintech app in Sweden (after Swish) in 2020 with an average rating of 4.4 out of 5 in the App Store. The new applications simplify and improve the customer experience with better services and simpler payment management.

In 2020 two new services were launched in the app in partnership with the insuretech company Insurely. In 2021 Qliro integrated the two digital services Retursmart and Lifestyle Profile in collaboration with the partner Deedster to inspire and educate consumers on sustainability issues related to e-commerce.

The total number of app logins increased by 21 percent to 2.2 million and the total number of logins in the digital applications (website and app) amounted to 3.1 million in the quarter.

Strong growth in lending and income

Growth in personal loans is driven through digital marketing to existing customers. More than 95 percent of borrowers had an existing relationship with Qliro and many applied through Qliro's app. This means 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 that is analyzed in real time through machine learning.

Lending increased by 20 percent to SEK 1,021 million (851) and in comparison with the previous quarter, lending increased by 4 percent. Growth has been lower since the COVID-19 outbreak due to tighter lending, lower demand and lower incoming credit quality, which reduced the approval rate. In June new lending reached the highest level since February 2020.

The increased lending and stable margins contributed to an increase in total operating income by 17 percent to SEK 17.4 million (14.9).

Improved credit quality results in lower credit losses

Underlying credit quality in the loan portfolio continues to develop positively and for the quarter credit losses of SEK 3.6 million (5.6) were recognized. The net loan loss level corresponded to 1.4 percent of average lending (2.7). The risk-adjusted income margin increased to 5.5 percent (4.5).

No widespread negative impact on customer solvency was noted due to COVID-19.

DIGITAL BANKING SERVICES

SEK million except where otherwise stated	2021 Apr – Jun	2020 Apr – Jun	% Δ	2021 Jan – Jun	2020 Jan – Jun	% Δ
Net interest income	17.3	14.8	17%	34.3	28.5	21%
Total operating income	17.4	14.9	17%	34.5	28.7	20%
Net credit losses	3.6	5.6	-36%	-0.4	11.0	-104%
Total operating income less credit losses	13.9	9.3	49%	35.0	17.7	97%
Lending to the public	1,021	851	20%	1,021	851	20%
Credit loss level, %, of average lending to the public	1.4%	2.7%	-47%	-0.1%	2.8%	-103%

18%

Share of total operating income

41%

Share of lending to the public

+17%

Income growth

+20%

Lending growth

Capital, funding and liquidity

Qliro is well-capitalized

Qliro AB's own funds (see Note 9 Capital adequacy) decreased to SEK 565 million (599 as of December 31, 2020). In addition to Common Equity Tier 1 capital, own funds consist of SEK 100 million in subordinated Tier 2 capital issued in 2019. The risk exposure amount increased slightly to SEK 2,243 million (2,231 as of December 31, 2020) due to higher lending compared with the start of the year.

Qliro is well-capitalized and the total capital ratio was 25.2 percent (26.8 as of December 31, 2020), compared with the regulatory requirement of 12.0 percent (regulatory requirement and internally assessed Pillar 2 capital requirement) and the Common Equity Tier 1 capital ratio was 20.8 percent (22.4 as of December 31, 2020), compared with the regulatory requirement of 8.0 percent. This means that Qliro has nearly SEK 300 million in available capital over and above the total capital requirement.

Diversified funding platform

In addition to equity, lending to the public was funded by SEK 2,348 million (2,133 as of December 31, 2020) in deposits from the public (savings accounts) in Sweden and Germany and SEK 147 million (215 as of December 31, 2020) through a secured loan facility. The latter enables Qliro to match currencies between the asset and liability sides of the balance sheet.

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 June 30 was 0.8 percent, and one account with a 1-year fixed interest rate that at the end of the period was 1.1 percent.

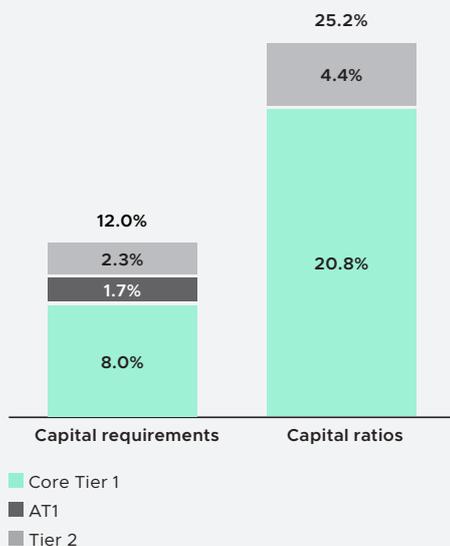
Funding was diversified in 2020 through the launch of a deposit offering in EURO for private individuals in Germany in partnership with the open banking platform Deposit Solutions. Deposits in Germany amounted to SEK 512 million at the end of the quarter (SEK 222 million as of December 31).

Qliro has solid liquidity

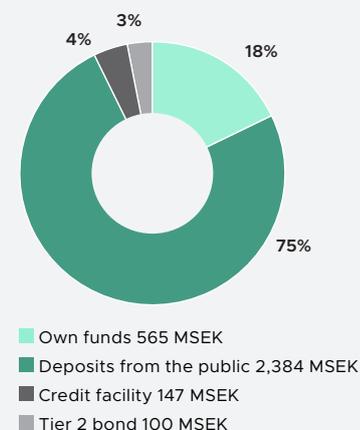
Qliro has solid liquidity and as of June 30 the liquidity portfolio amounted to SEK 580 million. In addition to the liquid investments, Qliro AB had SEK 653 million in back-up liquidity via undrawn funding in a secured committed credit facility. The liquidity portfolio is invested in Nordic banks as well as other liquid investments such as Swedish municipal bonds and commercial paper with an average rating of AA+ and an average maturity of 122 days.

The Liquidity Coverage Ratio (LCR) was 590 percent as of June 30, compared with the legal requirement of 100 percent. The Net Stable Funding Ratio was 131 percent and the Leverage Ratio was 14.4 percent

Capitalisation, %



Funding mix, %



Other information

Other events during the period

On April 15 Qliro's Board of Directors decided that going forward acquisitions may complement the existing organic growth strategy to further strengthen Qliro's position in digital payments in the Nordic region.

On May 19 Qliro's Annual General Meeting for 2021 was held. The meeting resolved to authorize the Board of Directors to, on one or more occasions, during the period until the next Annual General Meeting, resolve upon issuances of new shares. The number of shares issued pursuant to the authorization may not exceed an increase of twenty (20) percent of the number of shares in the company at the time of the Annual General Meeting 2021. Moreover, it was resolved not to pay any dividend to the shareholders for the financial year 2020, and Chairman of the Board Lennart Jacobsen and all Board members – Alexander Antas, Robert Burén, Monica Caneman, Lennart Francke and Helena Nelson – were re-elected until the Annual General Meeting 2022. All information on the Annual General Meeting can be accessed by following the link qliro.com/en/investor-relations/general-meeting-2021.

During the period the Swedish Financial Supervisory Authority (SFS) completed a survey on how Qliro presents different payment options when consumers buy goods from e-retailers online. The case has been written off as Qliro and SFS agreed that marginal adjustments in the design of the checkout shall be implemented in order to comply with the legislation which was implemented in 2020.

Effects of COVID-19 pandemic

Qliro's operations have been affected in several ways by the ongoing COVID-19 pandemic.

Since the outbreak, the majority of Qliro's employees have worked remotely.

Due to COVID-19, Qliro has become more restrictive in its lending. Growth in Digital banking services has been limited by tighter lending and lower demand. Within Payment solutions, some e-merchants have seen lower and others higher volumes, and COVID-19 has generally accelerated the transition from brick-and-mortar to e-commerce.

In 2020 the provisions for credit losses increased according to IFRS 9, due to the assumption that the future economic activity will decline. In total, these extra provisions amount to SEK 6.3 million as of June 30, 2021.

Qliro's 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. Qliro has not seen a widespread decline in solvency among consumers due to COVID-19.

The deteriorating macroeconomic outlook also reduced the countercyclical buffer requirement in the Nordic countries in 2020, which lowered Qliro's capital requirement.

Qliro's top 10 shareholders as of June 30, 2021

1. Rite Ventures 25.8% of total shares.
2. Mandatum Private Equity 9.8%
3. Avanza Pension 6.1%
4. Staffan Persson 4.8%
5. Nordnet pensionsförsäkring 3.2%
6. Öhman Fonder 3.0%
7. eQ Asset Management 2.8%
8. Silaxo Investment AB 1.6%
9. Thomas Krishan 1.5%
10. Nordea Liv & Pension 1.5%

Source: Monitor by Modular Finance. Compiled and processed data from Euroclear, Morningstar and the Swedish FSA, among others.

Transactions with related parties

Transactions with related parties are of the same character as described in the annual report for 2020, which was published on April 16, 2021.

Significant risks and uncertainties

Qliro's operations entail daily risks that are measured, controlled and when needed mitigated to protect the company's capital and reputation. The most prominent risks are credit risk, business risk/strategic risk, operational risk, currency risk, interest rate risk and liquidity risk. Qliro's annual report for 2020, which was published on April 16, 2021, and Qliro's prospectus, dated September 28, 2020, which was released before Qliro's shares were listed for trading on Nasdaq Stockholm, contain a detailed description of the company's risk exposures and risk management. In the company's assessment, no significant risks have arisen beyond those described in the prospectus and in this report.

FINANCIAL REPORTS

Consolidated income statement

SEK million	Note	2021 Apr – Jun	2020 Apr – Jun	2021 Jan – Jun	2020 Jan – Jun
Interest income		64.2	57.4	127.6	115.4
Interest expenses		-9.8	-8.7	-19.2	-17.5
Net interest income	2	54.4	48.7	108.4	97.9
Commission income	3	43.9	38.1	86.5	84.3
Commission expenses	3	-1.0	-1.2	-2.0	-2.2
Net profit/loss from financial transactions		-0.8	-0.7	-0.7	0.2
Other operating income		2.6	1.6	4.7	2.6
Total operating income		99.1	86.4	196.9	182.8
General administrative expenses		-59.3	-54.6	-114.5	-109.0
Depreciation/amortization of tangible and intangible assets		-24.1	-36.8	-47.1	-58.9
Other operating expenses		-7.8	-7.4	-16.0	-16.3
Total expenses before credit losses		-91.3	-98.8	-177.6	-184.3
Profit/loss before credit losses		7.8	-12.4	19.3	-1.4
Net credit losses	4	-22.7	-23.4	-39.4	-53.0
Operating profit/loss		-14.9	-35.8	-20.1	-54.4
Income tax expense		2.7	7.6	3.4	11.6
Profit/loss for the period		-12.2	-28.2	-16.7	-42.8
Earnings per share before and after dilution ¹⁾		-0.68	-1.57	-0.93	-2.38
Average number of shares before and after dilution, thousands		17,973	17,973	17,973	17,973

Consolidated statement of comprehensive income

SEK million	Note	2021 Apr – Jun	2020 Apr – Jun	2021 Jan – Jun	2020 Jan – Jun
Profit/loss for the period		-12.2	-28.2	-16.7	-42.8
Other comprehensive income					
Items that will be reversed to the income statement					
Changes in value of financial assets recognized at fair value through other comprehensive income		0.0	0.1	0.0	0.1
Translation differences from foreign operations		-	0.0	-	-1.1
Translation differences from foreign operations reclassified to the income statement		-	0.6	-	0.6
Total other comprehensive income for the period		0.0	0.7	0.0	-0.5
Total profit or loss and other comprehensive income		-12.2	-27.5	-16.7	-43.3

1) Retroactive adjustment has been made for comparative periods for the change in the number of shares that took place on September 2, 2020.

Consolidated balance sheet

SEK million	Note	2021-06-30	2020-06-30	2020-12-31
Assets				
Lending to credit institutions		181.4	64.1	155.1
Lending to the public	5	2,479.1	2,150.9	2,460.3
Bonds and other fixed-income securities		400.7	350.0	290.1
Intangible assets		168.4	168.1	162.8
Tangible assets		28.2	33.7	31.5
Deferred tax assets		32.2	26.3	28.8
Other assets		46.5	42.5	47.0
Prepaid expenses and accrued income		22.5	20.5	19.8
Total assets		3,359.1	2,856.1	3,195.3
Liabilities and Equity				
Liabilities				
Liabilities to credit institutions		147.3	275.4	215.0
Deposits and borrowings from the public	6	2,383.8	1,849.7	2,132.9
Other liabilities		99.8	99.6	96.8
Derivative		0.2	-	-
Accrued expenses and deferred income		56.8	46.8	62.6
Subordinated debt		100.0	100.0	100.0
Total liabilities		2,787.8	2,371.4	2,607.3
Equity				
Share capital		50.3	50.1	50.3
Reserves		0.0	0.0	0.0
Retained profit or loss		537.7	477.4	604.7
Profit/loss for the year		-16.7	-42.8	-67.0
Total equity		571.3	484.6	588.0
Total liabilities and equity		3,359.1	2,856.1	3,195.3

Consolidated statement of changes in equity

SEK million	2021 Apr – Jun	2020 Apr – Jun	2021 Jan – Jun	2020 Jan – jun
Opening balance	583.4	512.2	588.0	528.0
Profit/loss for the period	-12.2	-28.2	-16.7	-42.8
Total other comprehensive income for the period	0.0	0.7	0.0	-0.5
Closing balance	571.3	484.6	571.3	484.6

Consolidated cash flow statement

SEK million	2021 Apr – Jun	2020 Apr – Jun	2021 Jan – Jun	2020 Jan – jun
Operating activities				
Operating profit/loss	-14.9	-35.8	-20.1	-54.4
Adjustments	54.2	61.5	94.8	120.9
Changes in the assets and liabilities of operating activities	-114.7	56.6	5.4	-199.0
Cash flow from operating activities	-75.4	82.3	80.0	-132.5
Investing activities				
Purchase of tangible assets	-0.8	-0.1	-6.4	-0.3
Purchase of intangible assets	-24.3	-17.5	-43.1	-39.2
Cash flow from investing activities	-25.1	-17.7	-49.5	-39.5
Financing activities				
Amortization lease	-2.0	-2.0	-4.1	-4.1
Cash flow from financing activities	-2.0	-2.0	-4.1	-4.1
Cash flow for the period	-102.6	62.6	26.5	-176.1
Cash and cash equivalents at beginning of the period	283.8	1.6	155.1	240.2
Exchange differences in cash and cash equivalents	0.2	0.0	-0.1	0.1
Cash flow for the period	-102.6	62.6	26.5	-176.1
Cash and cash equivalents at the end of the period	181.4	64.1	181.4	64.1

Parent company's income statement

SEK million	Note	2021 Apr – Jun	2020 Apr – Jun	2021 Jan – Jun	2020 Jan – Jun
Interest income		64.2	57.4	127.6	115.4
Interest expenses		-9.8	-8.7	-19.1	-17.4
Net interest income	2	54.5	48.7	108.4	98.1
Commission income	3	43.9	38.1	86.5	84.3
Commission expenses	3	-1.0	-1.2	-2.0	-2.2
Net profit/loss from financial transactions		-0.8	-0.7	-0.7	0.2
Other operating income		2.6	1.6	4.7	2.6
Total operating income		99.1	86.5	197.0	183.0
General administrative expenses		-61.3	-56.7	-118.6	-113.1
Depreciation/amortization of tangible and intangible assets		-22.1	-34.6	-43.0	-54.8
Other operating expenses		-7.8	-7.4	-16.0	-16.3
Total expenses before credit losses		-91.3	-98.7	-177.5	184.2
Profit/loss before credit losses		7.9	-12.3	19.4	-1.3
Net credit losses	4	-22.7	-23.4	-39.4	-53.0
Operating profit/loss		-14.8	-35.6	-20.0	-54.2
Income tax expense		2.7	7.6	3.4	11.6
Profit/loss for the period		-12.1	-28.0	-16.6	-42.6
Earnings per share before and after dilution ¹⁾		-0.67	-1.56	-0.92	-2.37

Parent company's statement of comprehensive income

SEK million	Note	2021 Apr – Jun	2020 Apr – Jun	2021 Jan – Jun	2020 Jan – Jun
Profit/loss for the period		-12.1	-28.0	-16.6	-42.6
Other comprehensive income					
Items that will be reversed to the income statement					
Changes in value of financial assets recognized at fair value through other comprehensive income		0.0	0.1	0.0	0.1
Translation differences from foreign operations		-	-	-	-1.1
Translation differences from foreign operations reclassified to the income statement		-	0.6	-	0.6
Total other comprehensive income for the period		0.0	0.6	0.0	-0.4
Total profit or loss and other comprehensive income		-12.1	-27.4	-16.6	-43.2

1) Retroactive adjustment has been made for historical periods for the change in the number of shares that took place on September 2nd, 2020.

Parent company's balance sheet

SEK million	Note	2021-06-30	2020-06-30	2020-12-31
Assets				
Lending to credit institutions		178.8	64.1	152.5
Lending to the public	5	2,479.1	2,150.9	2,460.3
Bonds and other fixed-income securities		400.7	350.0	290.1
Shares and units		0.1	0.1	0.1
Intangible assets		168.4	168.1	162.8
Tangible assets		17.9	15.0	17.0
Deferred tax assets		32.2	26.3	28.8
Other assets		49.0	42.5	49.5
Prepaid expenses and accrued income		22.5	20.5	19.8
Total assets		3,348.7	2,837.4	3,180.8
Liabilities and Equity				
Liabilities				
Liabilities to credit institutions		147.3	275.4	215.0
Deposits and borrowings from the public	6	2,383.8	1,849.7	2,132.9
Other liabilities		88.9	80.7	82.0
Derivative		0.2	–	–
Accrued expenses and deferred income		56.8	46.8	62.6
Subordinated debt		100.0	100.0	100.0
Total liabilities		2,777.0	2,352.6	2,592.5
Equity				
Restricted equity				
Share capital		50.3	50.1	50.3
Reserve for development costs		117.8	123.1	118.5
Total restricted equity		168.1	173.2	168.8
Non-restricted equity				
Reserves		0.0	0.0	0.0
Share premium reserve		2.5	–	2.5
Retained profit or loss		417.7	354.3	483.7
Profit/loss for the year		–16.6	–42.6	–66.6
Total non-restricted equity		403.6	311.6	419.5
Total equity		571.7	484.8	588.3
Total liabilities and equity		3,348.7	2,837.4	3,180.8

Parent company statement of changes in equity

SEK million	2021 Apr – Jun	2020 Apr – Jun	2021 Jan – Jun	2020 Jan – Jun
Opening balance	583.8	512.2	588.3	528.0
Profit/loss for the period	-12.1	-28.0	-16.6	-42.6
Total other comprehensive income for the period	0.0	0.6	0.0	-0.5
Closing balance	571.7	484.8	571.7	484.8

Parent company's cash flow statement

SEK million	2021 Apr – Jun	2020 Apr – Jun	2021 Jan – Jun	2020 Jan – Jun
Operating activities				
Operating profit/loss	-14.8	-35.6	-20.0	-54.2
Adjustments	52.1	59.3	90.6	116.6
Changes in the assets and liabilities of operating activities	-114.7	56.5	5.4	-199.0
Cash flow from operating activities	-77.4	80.2	75.9	-136.7
Investing activities				
Purchase of tangible assets	-0.8	-0.1	-6.4	-0.3
Purchase of intangible assets	-24.3	-17.5	-43.1	-39.2
Cash flow from investing activities	-25.1	-17.7	-49.5	-39.5
Cash flow for the period	-102.6	62.5	26.5	-176.2
Cash and cash equivalents at beginning of the period	281.2	1.6	152.5	240.2
Exchange differences in cash and cash equivalents	0.2	0.0	-0.1	0.1
Cash flow for the period	-102.6	62.5	26.5	-176.2
Cash and cash equivalents at the end of the period	178.8	64.1	178.8	64.1

NOTES

Not 1. Accounting policies

The interim report for Qliro AB covers the period January 1 to June 30, 2021. Qliro has its registered address in Stockholm and its registration number is 556962-2441.

The interim report is prepared in accordance with IAS 34 Interim financial reporting. The consolidated accounts are prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretive statements on these standards as approved for application within the EU. The complementary rules in the Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL) and the regulations and general advice FFFS 2008:25 of the Swedish Financial Supervisory Authority regarding annual reports at credit institutions and securities companies are applied as well.

RFR 1 Complementary accounting rules for groups and the statement from the Swedish Financial Reporting Board are also applied in the consolidated accounts.

The parent company has prepared the interim report in accordance with ÅRKL and the regulations and general advice of the Swedish Financial Supervisory Authority. The parent company also applies RFR 2 Accounting for legal entities of the Swedish Financial Reporting Board. In accordance with the Swedish Financial Supervisory Authority's general advice, the parent company applies the international financial reporting standards that have been approved by the EU in the preparation of the financial reports.

Qliro's interim report is prepared in accordance with the same accountings policies and calculation methods applied in the annual report for 2020.

Note 2. Net interest income

SEK million	Group			
	2021 Apr – jun	2020 Apr – jun	2021 Jan – jun	2020 Jan – jun
Interest income				
Lending to the public	64.2	57.3	127.5	115.3
Interest-bearing securities	0.1	0.1	0.1	0.1
Total interest income	64.2	57.4	127.6	115.4
Interest expenses				
Liabilities to credit institutions	-2.5	-2.7	-5.0	-5.6
Deposits to the general public	-5.4	-4.1	-10.5	-8.3
Interest-bearing securities	-0.1	-	-0.2	0.0
Subordinated debt	-1.7	-1.8	-3.4	-3.5
Lease liabilities	0.0	-0.1	-0.1	-0.1
Total interest expenses	-9.8	-8.7	-19.2	-17.5
Net interest income	54.4	48.7	108.4	97.9

SEK million	Parent company			
	2021 Apr – jun	2020 Apr – jun	2021 Jan – jun	2020 Jan – jun
Interest income				
Lending to the public	64.2	57.3	127.5	115.3
Interest-bearing securities	0.1	0.1	0.1	0.1
Total interest income	64.2	57.4	127.6	115.4
Interest expenses				
Liabilities to credit institutions	-2.5	-2.7	-5.0	-5.6
Deposits to the general public	-5.4	-4.1	-10.5	-8.3
Interest-bearing securities	-0.1	-	-0.2	0.0
Subordinated debt	-1.7	-1.8	-3.4	-3.5
Total interest expenses	-9.8	-8.7	-19.1	-17.4
Net interest income	54.5	48.7	108.4	98.1

Note 3. Net commission income

SEK million	Group and Parent company			
	2021 Apr – jun	2020 Apr – jun	2021 Jan – jun	2020 Jan – jun
Commission income				
Lending commissions	37.0	32.0	72.4	71.4
Other commission income	6.9	6.1	14.1	13.0
Total commission income	43.9	38.1	86.5	84.3
Commission expenses				
Other commission expenses	-1.0	-1.2	-2.0	-2.2
Total commission expenses	-1.0	-1.2	-2.0	-2.2
Net commission income	42.9	36.8	84.5	82.1

Note 4. Net credit losses

SEK million	Group and Parent company			
	2021 Apr – jun	2020 Apr – jun	2021 Jan – jun	2020 Jan – jun
Expected credit losses on items in the balance sheet				
Net loss provision for the period, Stage 1	-0.7	-1.2	0.3	-4.5
Net loss provision for the period, Stage 2	-1.0	-2.6	10.5	-4.1
Total net credit losses non-credit-impaired lending	-1.7	-3.9	10.9	-8.6
Net loss provision for the period, Stage 3	5.0	-3.7	-5.7	-7.0
Realized net credit losses for the period	-26.0	-15.8	-44.6	-37.4
Total net credit losses credit-impaired lending	-21.0	-19.5	-50.3	-44.4
Total net credit losses	-22.7	-23.4	-39.4	-53.0
Loss provisions on loans measured at amortized costs	-126.1	-115.6	-126.1	-115.6

Note 5. Lending to the public

2021-06-30, SEK million	Group and Parent company			
	Stage 1	Stage 2	Stage 3	Total
Loans receivable	2,053.4	394.5	157.2	2,605.2
Provisions for expected credit losses	-18.2	-35.1	-72.8	-126.1
Net lending to the public	2,035.2	359.4	84.4	2,479.1

2020-06-30, SEK million	Group and Parent company			
	Stage 1	Stage 2	Stage 3	Total
Loans receivable	1,665.5	433.5	167.5	2,266.5
Provisions for expected credit losses	-16.8	-37.8	-61.0	-115.6
Net lending to the public	1,648.7	395.7	106.5	2,150.9

2020-12-31, SEK million	Group and Parent company			
	Stage 1	Stage 2	Stage 3	Total
Loans receivable	1,940.9	477.8	172.1	2,590.8
Provisions for expected credit losses	-18.5	-45.4	-66.6	-130.5
Net lending to the public	1,922.4	432.4	105.5	2,460.3

Loans with modified conditions, where the loan is not derecognised from the balance sheet and replaced with new loan, amounted June 30 2021 to SEK 22 million (4).

Note 6. Deposits and borrowings from the public

SEK million	Group / Parent company		
	2021-06-30	2020-06-30	2020-12-31
Deposits and borrowings from the public	2,383.8	1,849.7	2,132.9
By category			
Private individuals	2,383.8	1,849.7	2,132.9
Companies	-	-	-
Total	2,383.8	1,849.7	2,132.9
By currency			
Swedish currency	1,871.8	1,792.3	1,910.7
Foreign currency	512.1	57.4	222.2
Total	2,383.8	1,849.7	2,132.9

Not 7. Financial instruments cont.

Classification of financial instruments

2021-06-30, SEK million	Group			
	Fair value through other comprehensive income	Fair value through income statement	Amortized cost	Total carrying amount
Assets				
Bonds and other fixed-income securities	400.7	-	-	400.7
Lending to credit institutions	-	-	181.4	181.4
Lending to the public	-	-	2,479.1	2,479.1
Other assets	-	-	41.9	41.9
Accrued income	-	-	5.2	5.2
Total financial instruments	400.7	-	2,707.5	3,108.2
Other non-financial instruments				250.9
Total assets				3,359.1
Liabilities				
Liabilities to credit institutions	-	-	147.3	147.3
Deposits and borrowings from the public	-	-	2,383.8	2,383.8
Other liabilities	-	-	94.9	94.9
Derivatives	-	0.2	-	0.2
Accrued expenses	-	-	50.8	50.8
Subordinated debt	-	-	100.0	100.0
Total financial instruments	-	0.2	2,776.8	2,776.9
Other non-financial instruments				10.9
Total liabilities				2,787.8

2020-06-30, SEK million	Group			
	Fair value through other comprehensive income	Fair value through income statement	Amortized cost	Total carrying amount
Assets				
Bonds and other fixed-income securities	350.0	-	-	350.0
Lending to credit institutions	-	-	64.1	64.1
Lending to the public	-	-	2,150.9	2,150.9
Other assets	-	-	38.5	38.5
Accrued income	-	-	0.4	0.4
Total financial instruments	350.0	-	2,253.9	2,603.8
Other non-financial instruments				252.2
Total assets				2,856.1
Liabilities				
Liabilities to credit institutions	-	-	275.4	275.4
Deposits and borrowings from the public	-	-	1,849.7	1,849.7
Other liabilities	-	-	95.7	95.7
Accrued expenses	-	-	41.7	41.7
Subordinated debt	-	-	100.0	100.0
Total financial instruments	-	-	2,362.5	2,362.5
Other non-financial instruments				8.9
Total liabilities				2,371.4

Note 7. Financial instruments cont.**Classification of financial instrument**

2020-12-31, SEK million	Group			
	Fair value through other comprehensive income	Fair value through income statement	Amortized cost	Total carrying amount
Assets				
Bonds and other fixed-income securities	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
Total financial instruments	290.1	-	2,658.3	2,948.4
Other non-financial instruments				246.9
Total assets				3,195.3
Liabilities				
Liabilities to credit institutions	-	-	215.0	215.0
Deposits and borrowings from the public	-	-	2,132.9	2,132.9
Derivative	-	1.8	-	1.8
Other liabilities	-	-	90.6	90.6
Accrued expenses	-	-	55.7	55.7
Subordinated debt	-	-	100.0	100.0
Total financial instruments	-	1.8	2,594.2	2,596.0
Other non-financial instruments				11.4
Total liabilities				2,607.3

Classification of financial instrument

The fair value of financial instruments traded in an active markets is based on quoted market prices on the closing day. The quoted market price used for Qliro's financial assets is the official bid rate. A disclosure of the fair value of items measured at fair value can be found below. The levels in the disclosure according to the fair value hierarchy below are defined as follows:

- Quoted prices (unadjusted) on active markets for identical assets or liabilities (Level 1)
- Observable data for assets or liabilities other than quoted prices included in Level 1, either directly (i.e., through price quotes) or indirectly (i.e., extrapolated from price quotes) (Level 2)
- Input data for assets or liabilities that are not based on observable market data, i.e., non-observable input data (Level 3)

2021-06-30, SEK million	Group			
	Level 1	Level 2	Level 3	Total
Assets				
Bonds and other fixed-income securities	-	400.7	-	400.7
Summa tillgångar	-	400.7	-	400.7
Liabilities				
Derivatives	-	0.2	-	0.2
Total liabilities	-	0.2	-	0.2

2020-06-30, SEK million	Group			
	Level 1	Level 2	Level 3	Total
Assets				
Bonds and other fixed-income securities	-	350.0	-	350.0
Summa tillgångar	-	350.0	-	350.0

2020-12-31, SEK million	Group			
	Level 1	Level 2	Level 3	Total
Assets				
Bonds and other fixed-income securities	-	290.1	-	290.1
Summa tillgångar	-	290.1	-	290.1
Liabilities				
Derivatives	-	1.8	-	1.8
Total liabilities	-	1.8	-	1.8

For assets or liabilities which are recognized at to amortized cost, carrying amounts are considered equivalent to fair value.

Note 8. Operating segments

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 allocation resources and assessing results. The CEO assess the results for Payment Solutions and Digital Banking Services. The CEO evaluates the development of the segments based on operating income less net credit losses. Segment reporting is based on the same principles and external accounting.

SEK million	Group					
	2021 Apr – jun			2020 Apr – jun		
	Payment solutions	Digital banking services	Total	Payment solutions	Digital banking services	Total
Interest income	43.0	21.3	64.2	39.2	18.2	57.4
Interest expenses	-5.9	-3.9	-9.8	-5.3	-3.4	-8.7
Net commission income ¹	42.8	0.1	42.9	36.7	0.1	36.8
Net profit/loss from financial transactions	-0.8	-	-0.8	-0.7	-	-0.7
Other operating income	2.6	-	2.6	1.6	-	1.6
Total operating income	81.7	17.4	99.1	71.6	14.9	86.4
Net credit losses	-19.1	-3.6	-22.7	-17.8	-5.6	-23.4
Total operating income less credit losses	62.5	13.9	76.4	53.8	9.3	63.0

SEK million	Group					
	2021 Jan – jun			2020 Jan – jun		
	Payment solutions	Digital banking services	Total	Payment solutions	Digital banking services	Total
Interest income	85.6	42.0	127.6	80.2	35.2	115.4
Interest expenses	-11.6	-7.6	-19.2	-10.8	-6.8	-17.5
Net commission income ¹	84.3	0.2	84.5	81.9	0.2	82.1
Net profit/loss from financial transactions	-0.7	-	-0.7	0.2	-	0.2
Other operating income	4.7	-	4.7	2.6	-	2.6
Total operating income	162.3	34.5	196.9	154.1	28.7	182.8
Net credit losses	-39.9	0.4	-39.4	-42.0	-11.0	-53.0
Total operating income less credit losses	122.5	35.0	157.4	112.1	17.7	129.9

1) Non-recurring effects, accrual of merchant commissions, impact Payment Solution net interest by SEK -3.4 million and net commission income by SEK -5.0 million year 2020.

Note 8. Operating segments cont.

Of the net lending to the public of SEK 2,479 million (2,151 as of June 30, 2020 and 2,460 as of December 31, 2020), SEK 1,458 million (1,300 as of June 30, 2020 and 1,524 as of December 31, 2020) refers to Payment solutions and SEK 1,021 million (851 as of June 30, 2020 and 937 as of December 31, 2020) refers to Digital banking services.

Commission income per geographic market and segment

SEK million	Group and Parent company			
	2021 Apr – jun	2020 Apr – jun	2021 Jan – jun	2020 Jan – jun
Payment solutions				
Lending commissions				
Sweden	30.1	22.9	59.9	52.1
Finland	2.3	1.8	3.4	4.0
Denmark	0.6	1.5	1.2	3.4
Norway	4.0	5.7	7.7	11.7
Total	36.9	31.9	72.2	71.1
Other commission income				
Sweden	6.5	5.8	13.3	12.3
Finland	0.1	0.1	0.2	0.2
Denmark	0.0	0.0	0.0	0.1
Norway	0.3	0.2	0.6	0.3
Total	6.9	6.1	14.1	13.0
Total commission income Payment Solution	43.8	38.0	86.3	84.1
Digital banking services				
Lending commissions				
Sweden	0.1	0.1	0.2	0.2
Total commission income Digital Banking	0.1	0.1	0.2	0.2
Total commission income	43.9	38.1	86.5	84.3

Note 9. Capital Adequacy Analysis

In accordance with the Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms ("CRR") and the Finansinspektionen's regulations regarding prudential requirements and capital buffers (FFFS 2014:12), Qliro AB ("Qliro") hereby discloses the information about capital adequacy and other information in accordance with the above regulations.

Qliro's internal procedures for reporting and disclosure of information are included in the Financial Handbook, owned by the Chief Financial Officer and annually approved by the CEO. The procedures include roles and responsibilities as well as Qliro's framework for internal control over the financial reporting.

Key metrics

Template "EU KM1 – Key metrics template" is disclosed below as per the technical standards in the Commission implementing regulation 2021/637.

		2021-06-30	2021-03-31	2020-12-31	2020-09-30	2020-06-30
	Available own funds (SEKm)					
1	Common Equity Tier 1 (CET1) capital	465.5	488.0	498.7	408.7	290.1
2	Tier 1 capital	465.5	488.0	498.7	408.7	290.1
3	Total capital	565.5	588.0	598.7	508.7	331.7
	Risk-weighted exposure amounts (SEKm)					
4	Total risk exposure amount	2,242.7	2,211.1	2,231.0	1,872.4	1,833.3
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	20.8%	22.1%	22.4%	21.8%	15.8%
6	Tier 1 ratio (%)	20.8%	22.1%	22.4%	21.8%	15.8%
7	Total capital ratio (%)	25.2%	26.6%	26.8%	27.2%	18.1%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 7b	of which: to be made up of CET1 capital (percentage points)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 7d	Total SREP own funds requirements (%)	8.0%	8.0%	8.0%	8.0%	8.0%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.0%	0.0%	0.0%	0.0%	0.0%
9	Institution specific countercyclical capital buffer (%)	0.1%	0.1%	0.1%	0.0%	0.1%
EU 9a	Systemic risk buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
10	Global Systemically Important Institution buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 10a	Other Systemically Important Institution buffer	0.0%	0.0%	0.0%	0.0%	0.0%
11	Combined buffer requirement (%)	2.6%	2.6%	2.6%	2.5%	2.6%
EU 11a	Overall capital requirements (%)	10.6%	10.6%	10.6%	10.5%	10.6%
12	CET1 available after meeting the total SREP own funds requirements (%)	13.7%	15.0%	15.4%	14.8%	8.8%
	Leverage ratio					
13	Total exposure measure (SEKm)	3,242.5	3,231.4	3,089.1	2,716.8	2,642.7
14	Leverage ratio (i %)	14.4%	15.1%	16.1%	15.0%	11.0%
	Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14b	of which: to be made up of CET1 capital (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14c	Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%	3.0%	3.0%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Total SREP leverage ratio requirements (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 14e	Overall leverage ratio requirements (%)	3.0%	3.0%	3.0%	3.0%	3.0%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value – average, SEKm)	400.7	260.7	250.1	325.1	350.0
16a	Cash outflows – Total weighted value (SEKm)	271.5	349.4	223.1	196.9	209.8
16b	Cash inflows – Total weighted value (SEKm)	280.6	411.3	253.9	166.0	152.8
16	Total net cash outflows (adjusted value) (SEKm)	67.9	87.4	55.8	49.2	57.0
17	Liquidity coverage ratio (%)	590.5%	298.4%	448.4%	660.5%	614.0%
	Net Stable Funding Ratio					
18	Total available stable funding (SEKm)	3,058.8	3,046.7	2,924.9	2,591.2	2,522.4
19	Total required stable funding (SEKm)	2,336.6	2,283.4	2,327.4	2,089.2	2,041.9
20	NSFR ratio (%)	130.9%	133.4%	125.7%	124.0%	123.5%

Note 9. Capital Adequacy Analysis cont.

Statement for the total capital requirement and capital base

Risk-weighted capital requirement and capital requirement in relation to gross leverage.

	2021-06-30		2021-03-31		2020-12-31		2020-09-30		2020-06-30	
	SEKm	%								
Risk-weighted capital requirement										
Risk-weighted exposure amounts										
Total risk-weighted exposure amount	2,242.7	–	2,211.1	–	2,231.0	–	1,872.4	–	1,833.3	–
Capital requirement (Pillar 1 requirement)¹										
Common Equity Tier 1 (CET1) capital	100.9	4.5%	99.5	4.5%	100.4	4.5%	84.3	4.5%	82.5	4.5%
Tier 1 capital	134.6	6.0%	132.7	6.0%	133.9	6.0%	112.3	6.0%	110.0	6.0%
Total capital requirement	179.4	8.0%	176.9	8.0%	178.5	8.0%	149.8	8.0%	146.7	8.0%
Special capital requirement (Pillar 2 requirement)²										
Common Equity Tier 1 (CET1) capital	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Tier 1 capital	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Total Pillar 2 requirement	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Combined buffer requirement³										
Capital conservation buffer	56.1	2.5%	55.3	2.5%	55.8	2.5%	46.8	2.5%	45.8	2.5%
Institution specific countercyclical capital buffer	1.2	0.1%	1.1	0.1%	1.1	0.1%	0.9	0.0%	1.0	0.1%
Combined buffer requirement	57.3	2.6%	56.4	2.6%	56.9	2.6%	47.7	2.5%	46.8	2.6%
Notification (Pillar 2-guidance)⁴										
Common Equity Tier 1 (CET1) capital	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Tier 1 capital	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Total Pillar 2 guidance	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Total overall capital requirements										
Common Equity Tier 1 (CET1) capital	158.2	7.1%	155.9	7.1%	157.3	7.1%	132.0	7.0%	129.3	7.1%
Tier 1 capital	191.9	8.6%	189.1	8.6%	190.7	8.6%	160.0	8.5%	156.8	8.6%
Total Overall capital requirements	236.7	10.6%	233.3	10.6%	235.4	10.6%	197.5	10.5%	193.4	10.6%
Available own funds (Capital base)										
Common Equity Tier 1 (CET1) capital	465.5	20.8%	488.0	22.1%	498.7	22.4%	408.7	21.8%	290.1	15.8%
Tier 1 capital	465.5	20.8%	488.0	22.1%	498.7	22.4%	408.7	21.8%	290.1	15.8%
Total available own funds	565.5	25.2%	588.0	26.6%	598.7	26.8%	508.7	27.2%	331.7	18.1%

1) Capital requirements according to article 92.1 a–c, Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms

2) Special capital requirement according to chapter 2, 12, Act (2014: 968) on special supervision of credit institutions and securities companies (Pillar 2-requirement)

3) Combined buffer requirement according to chapter 2, 2, Act (2014:966) on capital buffers

4) Notification according to 2 chapter, 1 c, Act (2014: 968) on special supervision of credit institutions and securities companies (Pillar 2-guidance)

	2021-06-30		2021-03-31		2020-12-31		2020-09-30		2020-06-30	
	SEKm	%								
Leverage ratio – Capital requirements										
Total exposure amounts										
Total exposure amounts	3,242.5	–	3,231.4	–	3,089.1	–	2,716.8	–	2,642.7	–
Leverage requirements (Pillar 1 requirement)¹										
Common Equity Tier 1 (CET1) capital	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Tier 1 capital	97.3	3.0%	96.9	3.0%	92.7	3.0%	81.5	3.0%	79.3	3.0%
Special leverage requirement (Pillar 2 requirement)²										
Common Equity Tier 1 (CET1) capital	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Tier 1 capital	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Notification (Pillar 2 guidance)³										
Common Equity Tier 1 (CET1) capital	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Tier 1 capital	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Total Overall capital requirements	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Overall leverage requirements										
Common Equity Tier 1 (CET1) capital	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Tier 1 capital	97.3	3.0%	96.9	3.0%	92.7	3.0%	81.5	3.0%	79.3	3.0%
Total Overall capital requirements	97.3	3.0%	96.9	3.0%	92.7	3.0%	81.5	3.0%	79.3	3.0%
Available Common Equity Tier 1- and Tier 1 Capital (Capital base)										
Common Equity Tier 1 (CET1) capital	465.5	20.8%	488.0	22.1%	498.7	22.4%	408.7	21.8%	290.1	15.8%
Tier 1 capital	465.5	20.8%	488.0	22.1%	498.7	22.4%	408.7	21.8%	290.1	15.8%
Total Overall capital requirements	565.5	25.2%	588.0	26.6%	598.7	26.8%	508.7	27.2%	331.7	18.1%

1) Capital requirements according to article 92.1 d, Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms

2) Special capital requirement according to chapter 2, 11, Act (2014: 968) on special supervision of credit institutions and securities companies (Pillar 2-requirement)

3) Notification according to chapter 2, 1 c, Act (2014: 968) on special supervision of credit institutions and securities companies (Pillar 2-guidance)

Internal assessed capital need

As per 2021-06-30 the internal assessed capital need, as per the minimum capital requirement according to Pillar 1, additional capital requirement as per the company's internal capital adequacy assessment process to cover for risks within Pillar 2, and the combined buffer requirement, amounted to SEK 269 million, or 12.0% of the risk-weighted exposure amount.

Note 10. Disclosure of liquidity risks

The disclosure below refers to Qliro AB and includes information in accordance with Finansinspektionen's regulations regarding management of liquidity risks in credit institutions and investment firms (FFFS 2010:7). The information is disclosed at least four times per year.

Sources of funding

Qliro AB's net lending to the public amounted to SEK 2,479 (2,151) million at the end of the quarter. The lending was financed by the amount of SEK 147 (275) million via a secured contracted credit facility and SEK 2,384 (1,850) million through deposits from the public (savings accounts) in Sweden and Germany, of which 99.2 percent are protected by the deposit insurance scheme in Sweden. Deposits from the public were divided into 58 percent on demand with variable rate and 42 percent fixed interest rate with a duration of 175 days as of June 30, 2021 (initially 6-month fixed rate and 1-year fixed rate). Correspondingly, 24 percent of the deposit from the public is invested in liquid financial assets and placed in Nordic banks.

Liquidity Qliro AB

Qliro AB's total liquidity as of June 30, 2021 amounted to SEK 580 million, consisting of:

- Investments in debt securities: SEK 401 million
- Bank balances in Nordic Banks: SEK 179 million

In addition to the financial investments, Qliro AB had as of June 30, 2021 SEK 653 million in back up liquidity via undrawn funding in a secured committed credit facility.

As of June 30, 2021, the liquidity coverage ratio amounted to 590 percent for Qliro AB, to be compared with the regulatory requirement of 100 percent. The liquidity coverage ratio measures a liquidity buffer of SEK 401 million, related to net outflows of SEK 68 million over a thirty-day period under stressed market conditions.

The liquidity reserve consists of the following high-quality liquid assets:

- Investments in debt securities consists of SEK 380 million in SEK denominated currency and SEK 21 million in EUR denominated currency.
- Of the debt securities denominated in EUR currency SEK 10 million invested in Finnish municipal debt securities, all other investments in Swedish municipalities securities.
- All debt securities in the portfolio had a rating of AA+ with an average maturity of 122 days.

Note 11. Event after end of period

No significant events after end of period to report.

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
Return on equity, %	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 to analyze profitability in relation to equity.
Deposits and funding from the public	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.
Items affecting comparability	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.
C/I ratio, %	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.
Net credit losses	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.
Credit loss level, % in relation to average lending	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.
Credit loss level, % in relation to average lending Digital Banking Services	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.
Credit loss level, % in relation to processed pay-after-delivery (PAD) volume	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.
Net income for the period adjusted for items affecting comparability	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.
Net commission income	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.
Net commission income adjusted for items affecting comparability	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.
Net interest income	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.
Net interest income adjusted for items affecting comparability	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.
Operating profit	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.
Operating profit adjusted for items affecting comparability	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
Operating profit less depreciation, amortization and impairment of intangible and tangible assets	The sum of operating profit less depreciation, amortization and impairment of tangible and intangible assets.	The purpose is to evaluate operating activities.
Total expenses before credit losses	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.
Total operating income	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.
Total operating income adjusted for items affecting comparability (accrual of merchant commissions)	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.
Total operating income margin, %	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.
Net lending to the public	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
The number of connected merchants	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.
The number of average employees	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.
Pay after delivery, volume	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.
Pay after delivery, transactions	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
Common Equity Tier 1 capital ratio, %	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.
Liquidity Coverage Ratio (LCR) %	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.
Total capital ratio, %	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.

RECONCILIATION TABLES

for derivation of alternative key figures

SEK million (unless otherwise stated)	2021 Apr – jun	2020 Apr – jun	2021 Jan – jun	2020 Jan – jun
Business volume				
Pay-after-delivery volume	1,710	1,462	3,273	2,694
Return on equity, %				
Total equity, opening balance	583	512	588	528
Total equity, closing balance	571	485	571	485
Average equity (OB+CB)/2	577	498	580	506
Profit/loss for the period	-12.2	-28.2	-16.7	-42.8
Average profit/loss for the period 12 month	-48.7	-112.7	-33.5	-85.7
Return on equity, %	-8.4%	-22.6%	-5.8%	-16.9%
Items affecting comparability				
Accrual merchant commissions	-	8.4	-	8.4
Impairment of intangible assets	-	15.6	-	15.6
Items affecting comparability	-	24.0	-	24.0
C/I ratio, %				
Total expenses before credit losses	-91.3	-98.8	-177.6	-184.3
Total operating income	99.1	86.4	196.9	182.8
C/I ratio, %	92.1%	114.4%	90.2%	100.8%
Credit loss level, %				
Lending to the public, opening balance	2,401	2,044	2,460	2,070
Lending to the public, closing balance	2,479	2,151	2,479	2,151
Average lending to the public (OB+CB)/2	2,440	2,097	2,470	2,111
Net credit losses	-22.7	-23.4	-39.4	-53.0
Average net credit losses 12 month	-90.8	-93.5	-78.9	-105.9
Credit loss level, %	3.7%	4.5%	3.2%	5.0%
Credit loss level Digital banking services, %				
Lending to the public, Digital banking services, opening balance	985	812	937	727
Lending to the public, Digital banking services, closing balance	1,021	851	1,021	851
Average lending to the public Digital banking services (OB+CB)/2	1,003	831	979	789
Net credit losses	-3.6	-5.6	0.4	-11.0
Average net credit losses Digital banking services 12 month	-14.2	-22.3	0.8	-21.9
Credit loss level Digital banking services, %	1.4%	2.7%	-0.1%	2.8%
Credit loss level, % in relation to pay-after-delivery (PAD) volume				
Net credit losses, PAD	-19.1	-17.8	-39.9	-42.0
Pay-after-delivery (PAD) volume	1,710	1,462	3,273	2,694
Credit loss level, % in relation to pay-after-delivery (PAD) volume	1.1%	1.2%	1.2%	1.6%
Profit/loss for the period adjusted for Items affecting comparability				
Profit/loss for the period	-12.2	-28.2	-16.7	-42.8
Items adjusted for items affecting comparability	-	24.0	-	24.0
Tax effect on items affecting comparability	-	-5.1	-	-5.1
Profit/loss for the period adjusted for items affecting comparability	-12.2	-9.3	-16.7	-24.0

RECONCILIATION TABLES cont.

SEK million (unless otherwise stated)	2021 Apr – jun	2020 Apr – jun	2021 Jan – jun	2020 Jan – jun
Net commission adjusted for items affecting comparability				
Commission income	43.9	38.1	86.5	84.3
Commission expenses	-1.0	-1.2	-2.0	-2.2
Net commission income	42.9	36.8	84.5	82.1
Items affecting comparability (accrual commission)	-	5.0	-	5.0
Net commission adjusted for items affecting comparability	42.9	41.8	84.5	87.1
Net interest income adjusted for items affecting comparability				
Net interest income	54.4	48.7	108.4	97.9
Items affecting comparability (accrual commission)	-	3.4	-	3.4
Net interest income adjusted for items affecting comparability	54.4	52.1	108.4	101.3
Operating profit/loss less depreciation/amortization of tangible and intangible assets				
Operating profit/loss	-14.9	-35.8	-20.1	-54.4
Depreciation/amortization of tangible and intangible assets	24.1	36.8	47.1	58.9
Operating profit/loss excl. depreciation/amortization of tangible and intangible assets	9.3	1.0	27.0	4.5
Operating profit/loss adjusted for items affecting comparability				
Operating profit/loss	-14.9	-35.8	-20.1	-54.4
Items affecting comparability	-	24.0	-	24.0
Operating profit/loss adjusted for items affecting comparability	-14.9	-11.8	-20.1	-30.4
Total operating income	99.1	86.4	196.9	182.8
of which Payment Solutions	81.7	71.6	162.3	154.3
of which Digital banking services	17.4	14.9	34.5	28.7
Total operating income adjusted for items affecting comparability				
Total operating income	99.1	86.4	196.9	182.8
Items affecting comparability (accrual commission)	-	8.4	-	8.4
Total operating income adjusted for items affecting comparability	99.1	94.8	196.9	191.2
Total operating income margin, %				
Lending to the public, opening balance	2,401	2,044	2,460	2,070
Lending to the public, closing balance	2,479	2,151	2,479	2,151
Average lending to the public (OB+CB)/2	2,440	2,097	2,470	2,111
Total operating income	99.1	86.4	196.9	182.8
Average profit/loss for the period 12 month	396.4	345.6	393.7	365.7
Total operating income margin, %	16.2%	16.5%	15.9%	17.3%
Lending to the public	2,479	2,151	2,479	2,151
of which Payment Solution	1,458	1,300	1,458	1,300
of which Digital banking services	1,021	851	1,021	851

The Board's assurance

The Board of Directors and the CEO give their assurance that the interim report provides a fair summary of the operations, position, and earnings of Qliro AB and describes the material risks and uncertainties faced by the company and its subsidiaries.

The Board of Directors and the CEO attest that Qliro AB has made the disclosures required in accordance with the Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, Part Eight, in accordance with Qliro's formal policies and internal processes, systems and controls.

This report has not been reviewed by the Company's auditors.

Stockholm, July 20, 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

This is information that Qliro AB (Publ) is obliged to make public pursuant to EU Market Abuse Regulation. The information was submitted for publication, through the contact person set above, at 07.30 a.m CET on July 20th 2021 .

Webcast/Phone conference

Media, analysts and investors are invited to a conference call on the 20th of July at 10 am when CEO Carolina Brandtman and CFO Robert Stambro will present the results.

After the presentation there will be a Q&A session:

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Link to the webcast: <https://tv.streamfabriken.com/qliro-q2-2021>

You can also follow the presentation on:

qliro.com/en/investor-relations/presentations

FINANCIAL CALENDAR 2021

26 of October 2021, at 7.30 am

Interim report January-September 2021



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The financial reports are also published on
qliro.com/en/investor-relations

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