

Qliro rationalises operations with focus on Payment Solutions by divesting its private loan portfolio

Qliro AB (publ) has today entered into an agreement with Morrow Bank ASA (“Morrow”) to divest its private loan portfolio within the Digital Banking Services business segment. The purchase price is expected to amount to SEK 714 million in cash, which represents a premium of two percent to the loan volume. The earnings impact from the transaction, including the discontinuation of Digital Banking Services, is expected to amount to SEK 0-5 million.

"Today's announcement is an important milestone in Qliro's growth journey and reaffirms our commitment to creating the best experience for our merchants and their customer journey. By selling the loan portfolio, we are streamlining the business and strengthening our strategic focus to accelerate the expansion in Payment Solutions. The business segment reached break-even for the first time in Q1 2024 and has been instrumental in the company's transformation to profitability and in the positive development of both revenues and costs", says Christoffer Rutgersson, CEO, Qliro.

Qliro and Morrow Bank ASA have today entered into an agreement whereby Morrow will acquire Qliro's private loan portfolio. At the time of the transaction, the loan volume is expected to be approximately SEK 700 million. The purchase price is expected to be SEK 714 million in cash, which represents a premium of two percent to the loan volume. The final purchase price will be determined in connection with the closing of the transaction, which is expected to take place in August 2024.

Background:

In 2022, Qliro announced an updated strategy with an increased focus on Payment Solutions. As part of the new strategy, Qliro has in the spring of 2024 evaluated selling the retail loan portfolio in the Digital Banking Services business segment.

Strategic rationale for the transaction:

- Qliro is streamlining its operations to focus on its core business within Payment Solutions, aiming to create the best experience for merchants and their customer journey.
- By divesting the retail loan portfolio, the company is strengthening its strategic focus and will be able to allocate a larger share of resources to its e-commerce payment solution, which has a significantly higher marginal return on invested capital.
- Since the implementation of the company's new strategy, with the goal of budling a leading European player in payments with global reach, private loans have been outside the company's focus area.

Earnings impact and indicative impact on the income statement and balance sheet

The earnings impact from the transaction, including direct costs for the divestment and the discontinuation of Digital Banking Services, is expected to amount to SEK 0-5 million. As part of the transaction, Qliro's balance sheet will be reduced by the amount corresponding to the portfolio volume.

In relation to the reported financial figures for the financial year 2023, the operating income of the divested business (Digital Banking Services) amounted to SEK 73.9 million, with an operating profit of SEK 32.6 million before items affecting comparability.

The remaining business (Payment Solutions) operating income for the financial year 2023 increased by 11 percent to 374.6 MSEK while the business segment's operating costs decreased by 57.2 MSEK. During 2023, Payment Solutions' operating profit amounted to -22.2 MSEK before items affecting comparability. The operating result profit before items affecting comparability for Payment Solutions improved by 89.6 MSEK in 2023 and reached break-even for the first time during the first quarter of 2024.

Below are illustrative pro forma figures for the financial years 2022 and 2023 and the first quarter of 2024, indicating what the income statement of the divested part and the remaining part would have looked like if they had been reported as separate entities.

Divested part, Digital Banking Services											
MSEK	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	FY22	FY23
Interest income	23.1	22.2	21.2	23.5	24.7	26.6	27.5	27.0	26.0	90.0	105.8
Interest expenses	-3.9	-3.9	-4.3	-6.0	-6.4	-7.6	-9.0	-9.3	-9.5	-18.1	-32.3
Net commission income	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.5	0.5
Result from financial transactions	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	-0.1
Other operating income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total operating income	19.3	18.4	17.0	17.6	18.5	19.0	18.6	17.8	16.6	72.3	73.9
Net credit losses	-6.2	-6.3	-6.4	-8.0	-7.5	-7.2	-7.0	-7.3	-7.3	-27.0	-29.0
Operating income after credit losses	13.1	12.1	10.6	9.6	11.0	11.8	11.6	10.5	9.4	45.4	44.8
Operating expenses	-3.3	-3.1	-3.6	-3.1	-3.0	-2.9	-3.2	-3.1	-4.2	-13.1	-12.2
Operating profit before items affecting comparability	9.8	9.0	7.0	6.5	8.0	8.8	8.4	7.4	5.2	32.2	32.6
Remaining part, Payment Solutions											
MSEK	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	FY22	FY23
Interest income	45.2	46.0	50.1	57.5	58.0	64.7	70.3	73.9	70.4	198.9	267.0
Interest expenses	-6.1	-6.5	-7.6	-12.0	-12.7	-15.6	-19.1	-21.1	-21.6	-32.3	-68.5
Net commission income	42.9	44.2	43.7	44.5	44.5	44.3	42.3	45.1	50.6	175.3	176.3
Result from financial transactions	-0.6	-0.9	-1.0	-1.6	-1.4	-0.1	-0.1	0.2	-0.3	-4.0	-1.3
Other operating income	0.0	0.2	0.0	0.4	0.0	0.2	0.5	0.5	0.1	0.6	1.2
Total operating income	81.5	83.0	85.3	88.9	88.5	93.6	94.0	98.6	99.2	338.6	374.6
Net credit losses	-16.6	-24.8	-19.2	-28.6	-18.3	-20.1	-22.2	-32.1	-23.9	-89.1	-92.6
Operating income after credit losses	64.9	58.2	66.1	60.3	70.2	73.5	71.8	66.6	75.3	249.4	282.0
Operating expenses	-88.2	-90.8	-87.2	-95.1	-77.0	-79.6	-76.2	-71.3	-75.3	-361.3	-304.1
Operating profit before items affecting comparability	-23.3	-32.6	-21.1	-34.8	-6.9	-6.0	-4.5	-4.8	0.1	-111.8	-22.2

Operational developments in Payment Solutions

During 2023 and the first half of 2024, Payment Solutions achieved several important milestones. In Q1 2024, the company signed its largest contract to date with Skruvat Reservdelar/Bythjul Norden, with a total payments volume of more than SEK 1 billion. Qliro has also extended and expanded its cooperation with two of the company's current largest merchants in terms of volume, Nelly Group and CDON AB. In addition, Qliro has signed agreements with more than 100 new merchants in 2024, which represents an increase of more than 20 percent in total payments volume. The number of merchants connected to Qliro's platform increased by 29 percent in 2023 and 44 percent in the first quarter of 2024.

Advisors

Lenner & Partners is financial advisor, Wigge & Partners is legal advisor and Redgert Comms is strategic communications advisor to Qliro in connection with the transaction.

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About Qliro AB

Qliro is a leading fintech company offering safe and simple digital payment solutions, including a complete check-out solution to e-merchants. The company also provides digital financial services to consumers in the Nordic region. Qliro is a credit market company under supervision of the Swedish Financial Supervisory Authority and has its registered address in Stockholm. Qliro's shares is listed on Nasdaq Stockholm under the ticker "Qliro".

For more information, please visit <https://www.qliro.com/en/investor-relations>

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This information is information that Qliro AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2024-07-04 14:30 CEST.

Attachments

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