

Qliro Group

Half-year report for January 1 – June 30, 2020

GOOD OPERATIONAL DEVELOPMENT IN THE QUARTER THE GOAL IS TO COMPLETE THE SPLIT-UP IN 2020

SECOND QUARTER

- Net sales amounted to SEK 683.9 (732.8) million
 - Qliro AB increased the loan book by 29 percent and total operating income by 10 percent, adjusted for the previously announced non-recurring effect of SEK 8.4 million
 - CDON increased total marketplace sales by 44 percent and external merchant sales by 106 percent. Net sales increased by 89 percent for CDON Marketplace and decreased by 22 percent for CDON Retail (our own sales)
 - Nelly's sales were flat in the Nordics despite a very weak market, and decreased outside the Nordics, in line with our previously communicated focus on the Nordics
- Operating profit before depreciation and amortization amounted to SEK 7.5 (31.5) million
 - Qliro AB's operating profit before depreciation and amortization of SEK 1.0 (16.0) million was impacted by non-recurring effects of SEK 8.4 million and increased provisions for credit losses of SEK 6 million partially due to COVID-19
 - CDON's operating profit before depreciation and amortization amounted to SEK 2.5 (-2.6) million
 - Nelly's operating profit before depreciation and amortization of SEK 25.6 (32.1) million was impacted by a weak market and margin pressure due to COVID-19
- Operating profit amounted to SEK -42.9 (1.0) million
- Profit after tax amounted to SEK -43.8 (0.4) million
- Basic and diluted earnings per share amounted to SEK -0.29 (0.00)
- As previously communicated, the goal is to finalize the unbundling of the group before the end of the year and the previous financial targets have been removed

FIRST HALF OF THE YEAR

- Net sales amounted to SEK 1,275.4 (1,385.7) million
- Operating profit before depreciation, amortization, and impairment was SEK -25.1 (25.3) million
- Operating profit amounted to SEK -119.2 (-32.5) million
- Earnings after tax excluding discontinued operations amounted to SEK -120.4 (-43.9) million
- Basic and diluted earnings per share excluding discontinued operations amounted to SEK -0.80 (-0.29)
- Cash and cash equivalents amounted to SEK 312.6 (270.4) million at the end of the period

SEK million	2020 April-June	2019 April-June	2020 Jan-June	2019 Jan-June
Net sales	683.9	732.8	1,275.4	1,385.7
Gross profit	208.8	230.2	360.4	404.8
Gross margin	30.5%	31.4%	28.3%	29.2%
Operating profit before depreciation	7.5	31.5	-25.1	25.3
Operating margin before depreciation	1.1%	4.3%	-2.0%	1.8%
Operating profit	-42.9	1.0	-119.2	-32.5
Operating margin	-6.3%	0.1%	-9.3%	-2.3%

In this report, operations are recognized including the effects of IFRS 16. Some revenue has been reclassified from interest income to commission income in Qliro AB, and commission income is now included in consolidated net sales. The comparative figures have been adjusted by SEK 8.9 million for the quarter and by SEK 22.0 million for the half-year.

GOOD OPERATIONAL DEVELOPMENT IN THE QUARTER

Qliro Group is working to split the group into three separately listed companies as soon as possible. The goal is to make this happen before the end of the year. We have increased the amount of information on the subsidiaries in this report to make it easier to analyze their operations.

Good operational development in the quarter

During the quarter, Qliro AB grew its business volume, loan book, number of merchants and its income adjusted for non-recurring items. This strengthened the company's market position and business progressed as planned. The company increased the provisions for future credit losses in accordance with IFRS 9 because of COVID-19 but did not experience any impaired ability to pay from its consumers.

Qliro AB is well prepared for a stock exchange listing, which will lay the foundation for the company's future growth.

CDON doubled sales from external merchants for the second quarter in a row. This was driven by a fast digitalization of retail and the successful positioning of the marketplace as a significant sales channel for other e-merchants. CDON Marketplace now comprises the core operations and its gross profit grew by 87 percent and represented three-fourths of total gross profit.

CDON has a scalable business model with a strong cash flow. The company has exceeded expectations and is ready to continue its successful development outside Qliro Group.

Nelly succeeded in maintaining its sales level in the Nordics despite a strong downturn in the total fashion market. Despite the drop in total income, Nelly successfully generated an operating profit by boosting efficiency, focusing on the Nordics, reducing marketing costs, and lowering return rates. The company was also able to greatly reduce its inventory, resulting in a strong cash flow.

Nelly has increased its market share and strengthened its position in a very weak market. The company is prepared to be an independent future Nelly Group.

Qliro Group's future operations

As previously communicated, the group is being unbundled and the previous financial targets for the subsidiaries have been removed. The main plan is, as before, to list Qliro AB separately, distribute CDON to Qliro Group's shareholders and to retain Nelly as the only continuing operation in Qliro Group, which then is expected to change its name to Nelly Group.

Mathias Pedersen
President and CEO
Stockholm, July 15, 2020

QLIRO AB INCREASED THE LOAN BOOK AND VOLUMES

SEK million	2020		Δ	2019		Δ
	April-June	April-June		Jan-June	Jan-June	
Interest income	57.4	49.0	17%	115.4	92.0	25%
Interest expense	-8.7	-6.4	37%	-17.5	-12.6	39%
Net interest income	48.7	42.6	14%	97.9	79.4	23%
Net commission income	36.8	42.8	-14%	82.1	91.5	-10%
Other operating income	0.9	0.6	46%	2.8	1.2	139%
Total operating income	86.4	86.1	0%	182.8	172.1	6%
of which Payment Solutions	71.6	78.4	-9%	154.1	158.6	-3%
of which personal loans, Digital Banking Services	14.9	7.7	93%	28.7	13.4	114%
Operating expenses excluding depreciation, amortization, and impairment	-62.1	-52.9	17%	-125.4	-110.7	13%
Depreciation, amortization, and impairment	-36.8	-15.8	133%	-58.9	-27.6	114%
Total operating expenses	-98.8	-68.7	44%	-184.3	-138.3	33%
Operating profit before credit losses	-12.4	17.4	-1.4	33.8		
Net credit losses	-23.4	-17.2	36%	-53.0	-31.0	71%
Operating profit	-35.8	0.3	-54.4	2.8		
Operating profit before depreciation, amortization, and impairment	1.0	16.0	-94%	4.5	30.3	-85%
Net lending to the public (loan book)	2,151	1,671	29%	2,151	1,671	29%
of which Payment Solutions	1,300	1,144	14%	1,300	1,144	14%
of which personal loans, Digital Banking Services	851	527	61%	851	527	61%
External financing	2,225	1,601	39%	2,225	1,601	39%
of which deposits from the public	1,850	1,165	59%	1,850	1,165	59%
of which secured credit facility	275	436	-37%	275	436	-37%
of which bond loans	100	0		100	0	
Payment Solutions						
Processed business volume	1,462	1,342	9%	2,694	2,431	11%
Orders, thousands	1,710	1,254	36%	3,103	2,482	25%
Average shopping basket, SEK	855	1,070	-20%	868	980	-11%

Financial services to merchants and consumers

Qliro AB offers payment solutions to merchants while utilizing their transaction volume and customer relationships to offer financial services to consumers. It is a credit market company under the supervision of the Swedish Financial Supervisory Authority (FI).

Qliro AB's payment solution (so called check-out) ensures that connected e-merchants can give their customers a better buying experience, secure payments, and related financial services. The company offers financing for consumers when they buy goods and services online with payment via invoice or installments (pay-after-delivery or PAD). It also offers savings accounts and personal loans to individuals with good financial standing. The company has just over 2.2 million active customers.

Qliro AB conducts data-driven credit assessments to lend money to consumers with good credit ratings. Credit assessments are largely automated and based on internal and external data that is analyzed in real time. Business is conducted in the Nordics, which is an attractive market for lending with good access to individual financial information and established credit recovery processes.

Qliro AB reports in two complementary business areas: Payment Solutions (check-out and PAD) and Digital Banking Services (savings accounts, private loans and related services).

Qliro AB reported two non-recurring effects during the quarter. The non-recurring effect within Payment Solutions amounted to SEK 8.4 million and arose since the company brought forward the date for recognizing commissions to connected merchants so that it coincides with the date for recognizing income from the consumers. This non-recurring effect impacted net interest by SEK 3.4 million and net commission income by SEK 5.0 million. In addition, assets worth SEK 15.6 million were impaired since they were no longer in use. To

simplify analysis of the company, the income statement and key ratios are adjusted for these non-recurring effects in Note 3 on page 22.

Loan book increased by 29 percent

Qliro AB is established as one of two major payments providers for larger e-merchants in its markets. The company strengthened its market position during the quarter and operations continued to progress as planned.

Qliro AB increased the total loan book by 29 percent to SEK 2.2 billion by the end of the quarter. The growth and composition of the loan book is the most important driver of future revenue and earnings. Payment Solutions' loan book has relatively higher interest rates and shorter maturities while Digital Banking Services' loan book generates interest income for a longer period.

Total operating income increased to SEK 86.4 (86.1) million despite a non-recurring effect in Payment Solutions of SEK 8.4 million. Adjusted for this previously announced non-recurring effect, total operating income increased by 10 percent.

Payment Solutions increased business volume

Qliro AB drives growth in Payment Solutions by offering deferred payment for purchases (pay-after-delivery PAD). This grows a loan book that generates income, which is shared with the merchants. As new merchants connect to the platform, business volume increases, driving growth in the loan book that will generate interest income over time. It is not uncommon that it takes several quarters from that a merchant signs the contract, becomes connected and thereafter generates substantial income.

Qliro AB has strengthened its position as a leading supplier of payment services to major Nordic online merchants. At the end of June, 45 major Nordic online merchants were connected compared with 41 one quarter ago and 38 one year ago. New collaborations include Inet and CAIA Cosmetics.

Business volume increased by 9 percent to SEK 1.5 billion. Total external volume (excluding CDON and Nelly) increased by 17 percent and represented 51 (47) percent of total business volume. Business volume increased by 21 percent in June compared with June 2019 mostly due to the connection of new merchants at the end of May. Payment Solutions' loan book increased by 14 percent to SEK 1.3 billion and comprised invoices and installments.

Total operating income for Payment Solutions amounted to SEK 71.6 (78.4) million. Adjusted for non-recurring effects, the segment's total operating income increased by 2 percent. Net interest decreased by 2 percent to SEK 34 million. Adjusted for the non-recurring effect, net interest increased by 7 percent, driven by the growing lending and business volume. Net commission income decreased by 14 percent to SEK 37 million. Adjusted for the non-recurring effect, net commission income decreased by 1 percent. Net commission income was impacted positively by growing business volume but negatively by the fee restrictions imposed in Finland during the year.

Qliro AB is constantly developing its payment solution to meet consumer and merchant demand and legal requirements. On July 1, 2020, new regulations were introduced in Sweden that regulate how credit alternatives are shown at check-out. The company has adapted its offering to continue to provide a smooth experience for consumers and merchants.

Digital Banking Services continued to increase income

Qliro AB drives growth in Digital Banking Services through cost-effective marketing to consumers that use the payment solution. Over 95 percent of the borrowers had a previous relationship with the company.

Digital Banking Services' loan book increased by 61 percent to SEK 851 million and comprised personal loans to consumers with an average maturity of approximately eight years. Growth in the second quarter was lower than earlier periods and was due to stricter lending and lower demand resulting from COVID-19.

Digital Banking Services increased its total operating income, mainly consisting of net interest, by 93 percent to SEK 14.9 (7.7) million. This was driven by lending growth and margin improvements compared with the same period last year. Digital Banking Services was not impacted by the non-recurring effect on operating income.

Deposits from the public (savings accounts) increased by 59 percent, which is a cost-effective source for financing. In total, interest expenses increased due to the bond loan.

Developing the offering

Qliro AB is continually expanding its offering of financial services, partly in partnership with others in the financial sector. In February, a new digital platform for partner offers was launched through the website and the app. The company's recently launched app makes it easier to manage payments, loans, and savings. It has been one of the most downloaded financial apps in 2020 in Sweden. The number of logins to the app increased by 34 percent to 3.5 million in the first half of 2020.

In the quarter, an insurance advice service was launched in partnership with Insurely. It is a step toward a digital insurance advice service that helps people keep track of their insurance needs.

Increased depreciation combined with an impairment

Qliro AB's total operating expenses excluding depreciation, amortization, and impairment increased by 17 percent, mainly driven by increased volume, commercial investments, IT development, and recruitment to strengthen Qliro AB prior to its listing.

Toward the end of the first quarter, some cost savings were introduced due to the market situation. This decreased operating expenses by SEK 1.3 million compared with the first quarter of 2020. As the company benefits from e-commerce volume and existing relationships with consumers, marketing costs are limited.

Depreciation, amortization, and impairment increased to SEK 36.8 (15.8) million. As previously announced, assets worth SEK 15.6 million were impaired since they are no longer in use. The impairment comprises technology development for the lending product, infrastructure for data storage, app solutions, etc. The impairment does not affect Qliro AB's capital adequacy. Depreciation also increased as several parts of the technology platform went live.

Stable credit losses and continued good customer solvency

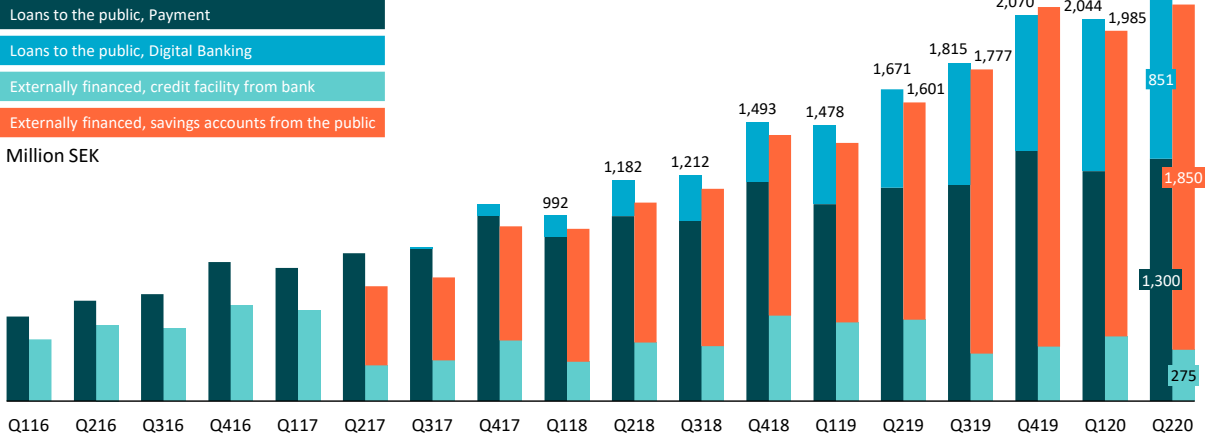
Net credit losses increased by 36 percent to SEK 23.4 (17.2) million, of which SEK 17.8 million was attributable to Payment Solutions and SEK 5.6 million to Digital Banking Services. Credit losses were impacted negatively by approximately SEK 2.4 million due to increased provisions made after assumptions about a more unfavorable economy resulting from the IFRS 9 accounting standard. Credit losses in Payment Solutions increased somewhat in relation to business volume, amounting to 1.2 percent, partially due to the increased provisions mentioned above. Credit losses in Digital Banking Services decreased in relation to lending, amounting to 2.6 percent of the average lending volume for the quarter. So far, the company has not experienced any deterioration in its customers' solvency.

Operating profit amounted to SEK -35.8 (0.3) million. Adjusted for non-recurring effects in the quarter, operating profit amounted to SEK -11.8 (0.3) million.

Capital adequacy and funding

Qliro AB's own funds amounted to SEK 332 million, its total risk exposure amounted to SEK 1,833 million, and its Common Equity Tier 1 capital ratio amounted to 15.8 percent of the risk exposure as of June 30, 2020. During the year, the capital adequacy requirement for Qliro AB was reduced mostly due to the approval from the Financial Supervisory Authority to use the alternative standardized approach to calculate the capital adequacy requirement for operating risks and following reductions in the countercyclical buffer requirements in Sweden, Norway, and Denmark in connection with COVID-19. Qliro AB's total capital requirement was estimated at SEK 219 million at the end of the period, compared with SEK 328 million at the end of the previous year.

In addition to equity, lending to the public was financed by SEK 275 (436) million through a secured loan facility, by SEK 1,850 (1,165) million in deposits from the public (savings accounts) in Sweden and Germany, and by SEK 100 (0) million through a bond loan. Of the deposits from the public, 99.7 percent were protected by the deposit guarantee in Sweden. Financing through the loan facility is done in various currencies to match the lending.



CDON'S EXTERNAL MERCHANTS INCREASED SALES BY MORE THAN 100 PERCENT

SEK million	2020 April-June	2019 April-June	Δ	2020 Jan-June	2019 Jan-June	Δ
CDON Marketplace						
Gross merchandise value, external merchants ¹	421.7	204.8	106%	729.6	358.8	103%
Net sales	45.6	24.2	89%	76.6	44.3	73%
Gross profit	43.4	23.2	87%	72.9	42.5	71%
CDON Retail						
Gross merchandise value ¹	151.2	193.5	-22%	304.4	434.0	-30%
Net sales	151.2	193.5	-22%	304.4	434.0	-30%
Gross profit	14.5	18.3	-21%	28.8	42.8	-33%
Total gross merchandise value ¹	572.9	398.4	44%	1,034.0	792.8	30%
Net sales	196.8	217.7	-10%	381.0	478.3	-20%
Gross profit	57.8	41.6	39%	101.7	85.3	19%
Gross margin, %	29.4%	19.1%	10.3 pp	26.7%	17.8%	8.9 pp
Operating profit before depreciation, amortization, and impairment	2.5	-2.6		1.9	-8.3	
Operating margin before depreciation, amortization, and impairment, %	1.3%	-1.2%	2.5 pp	0.5%	-1.7%	2.2 pp
Operating profit	-4.2	-7.4		-19.5	-17.7	
Operating margin, %	-2.2%	-3.4%	1.3 pp	-5.1%	-3.7%	-1.4 pp
Investments	-5.4	-7.4	-28%	-11.2	-14.5	-23%
Opening inventory balance	61.6	131.8	-53%	103.7	176.7	-41%
Closing inventory balance	40.9	107.3	-62%	40.9	107.3	-62%
Active customers, last 12 months, thousands	1,988	1,744	14%	1,988	1,744	14%
Visits, thousands	29,735	20,167	47%	53,082	42,742	24%
Orders, thousands	883	620	42%	1,594	1,307	22%
Average shopping basket, SEK	639	632	1%	637	597	7%

¹Gross merchandise value refers to total sales of goods and services excluding returns and sales tax.

CDON is the leading Nordic online marketplace

CDON continues to strengthen its position as the leading Nordic online marketplace. Consumers turn to CDON to compare and shop on a common site with millions of products, competitive prices, easy payments, and fast delivery. Merchants connect to CDON Marketplace to reach new customers and increase sales. This business is supplemented by CDON Retail with sales from its own inventories and dropshipment in selected categories.

CDON's vision is to be a hub for e-commerce in the Nordics, both for local e-merchants and for major international players who want to drive sales in the region. The number of products and merchants has increased rapidly in recent years. During the last quarter, the number of connected merchants increased by 131 to 1,248. The vision is driven by the idea that the more e-merchants connect, the more products will be available for consumers under better terms in a positive spiral that drives continued growth.

CDON reports in two business areas: CDON Marketplace (external merchants) and CDON Retail (own inventory and dropshipment). CDON Retail is one of the e-merchants on CDON Marketplace.

CDON's growth is supported by changing consumer patterns

CDON increased its number of orders by 42 percent, customers by 14 percent, and visits by 47 percent during the quarter, driven by fast digitalization and successful positioning of CDON. Total gross merchandise value increased by 44 percent to SEK 573 million.

The company's total net sales decreased by 10 percent to SEK 196.8 (217.7) million. CDON Marketplace increased its net sales by 89 percent, driven by increased commission income, while CDON Retail's net sales declined since sales from its own inventory decreased. The total gross profit increased by 39 percent to SEK 57.8 (41.6) million.

CDON Marketplace doubled external merchants' sales

CDON Marketplace is the company's core business. This segment is growing rapidly and provides three-fourths of the company's total gross profit.

CDON drives growth in CDON Marketplace by connecting new merchants and growing existing merchants. The external merchants increased their sales by 106 percent. This helped increase net sales by 89 percent to SEK 45.6 million. Gross profit increased by 87 percent to SEK 43.4 million.

Cdiscount, the second largest marketplace in France, was launched in Sweden via CDON during the quarter. Cdiscount will initially place about 50,000 of its own products in the consumer electronics, housewares, baby, and toys categories for sale on CDON's marketplace. Cdiscount quickly became one of the biggest merchants on CDON's marketplace.

CDON Retail complements CDON Marketplace

CDON Retail acts as one of the merchants on CDON Marketplace and offers products and services from its own inventory or via dropshipment. CDON Retail complements the marketplace in selected categories to ensure that it has a complete and attractive offer.

In recent years, CDON Retail has switched from having a broad own product range to instead focusing on products that complement the marketplace in selected categories. For example, the segment reduced its own consumer electronics sales. This product category has instead been built up by specialized external merchants. This transition impacted net sales that decreased by 22 percent to SEK 151.2 (193.5) million. Gross profit decreased to SEK 14.5 (18.3) million.

Less inventory increases scalability and reduces risk

CDON has a modern and flexible technology platform and highly automated processes. The company increased its marketing investment by SEK 7 million during the quarter, which helped the marketplace grow and will help with future brand recognition.

Operating profit before depreciation, amortization, and impairment was SEK 2.5 (-2.6) million. The company has launched new functions in the technology platform, which increased depreciation. Due to the transition to external merchants, inventory levels were 62 percent lower at the end of the quarter compared with the previous year. This lowers the operations' inventory risk and demonstrates the business model's scalability.

Developing the offer

CDON continuously rolls out new services to merchants to drive sales and improve the marketplace. During the quarter, CDON initiated mediation of business loans to connected external merchants. Since CDON has already conducted credit assessments of all retailers on the marketplace, lead times between loan application and cash in hand is only 24 hours. Business loans are provided by Froda, a lender that specializes in loans to businesses.

CDON has exceeded expectations during several quarters

CDON has established itself as the leading Nordic marketplace with a proven scalable model, strong cash flow and limited capital requirements. In many respects, the company has exceeded expectations and is ripe for growth outside Qliro Group.

NELLY MAINTAINED SALES IN THE NORDICS AND SECURED A POSITIVE RESULT

SEK million	2020	2019	Δ	2020	2019	Δ
	April-June	April-June		Jan-June	Jan-June	
Net sales	393.4	424.3	-7%	698.6	726.6	-4%
of which Nordics	375.1	379.9	-1%	661.1	648.8	2%
of which outside Nordics	18.3	44.3	-59%	37.6	77.8	-52%
Cost of goods sold	-215.6	-209.9	3%	-394.5	-367.3	7%
Product result	177.8	214.4	-17%	304.1	359.4	-15%
<i>Product margin, %</i>	45.2%	50.5%	-5.3 pp	43.5%	49.5%	-5.9 pp
Direct sales costs	-84.9	-97.1	-13%	-162.7	-173.3	-6%
<i>Direct sales costs, %</i>	-21.6%	-22.9%	1.3 pp	-23.3%	-23.8%	0.6 pp
Gross profit	92.9	117.3	-21%	141.4	186.1	-24%
<i>Gross margin, %</i>	23.6%	27.6%	-4.0 pp	20.2%	25.6%	-5.4 pp
Operating profit before depreciation, amortization, and impairment	25.6	32.1	-20%	5.4	28.9	
<i>Operating margin before depreciation, amortization, and impairment, %</i>	6.5%	7.6%	-1.1 pp	0.8%	4.0%	-3.2pp
Operating profit	18.8	23.0	-18%	-8.3	10.8	
<i>Operating margin, %</i>	4.8%	5.4%	-0.6 pp	-1.2%	1.5%	-2.7 pp
Investments (CAPEX)	-1.0	-2.9	-64%	-2.4	-9.3	-74%
Opening inventory balance	283.4	287.1	-1%	245.9	241.6	2%
Closing inventory balance	169.9	254.0	-33%	169.9	254.0	-33%
No. of active customers, thousands	1,244	1,327	-6%	1,244	1,327	-6%
Visits, thousands	33,307	32,686	2%	60,749	60,993	0%
Orders, thousands	788	865	-9%	1,395	1,512	-8%
Average shopping basket, SEK	686	752	-9%	698	735	-5%
Percentage of own brands	41%	45%	-4	40%	45%	-5
Return rate, last 12 months	36%	39%	-3	36%	39%	-3

One of the Nordics' strongest fashion brands online

Nelly offers fashion for young women through Nelly.com and for men through NLY MAN. Nelly is one of the most well-known fashion brands online among women ages 18 to 29 in the Nordics. All marketing and sales are done digitally. At its core are its own brands, complemented by a well-composed portfolio of external brands. Nelly's target audience is highly engaged, and its brand is one of the most popular among young Nordic women. Starting this quarter, Nelly reports more data from its income statement to simplify analysis.

Nelly secured sales in the Nordics

In a very weak market, Nelly prioritized to secure sales and profitability. Sales were flat in the Nordics. The Swedish Trade Federation reports that fashion sales in traditional retail and their e-commerce businesses fell sharply during the spring. As previously announced, the company is focusing on the home markets and in line with this, sales decreased significantly outside the Nordics.

Despite the drop in total income, Nelly successfully generated an operating profit by increased efficiency, focus on the Nordics, reduced marketing costs, and lower return rates. The company has also successfully reduced inventory by 33 percent compared with the previous year. This improved cash flows.

The product result was hampered by very low sales in the seasonally crucial product categories party dresses and swimwear, actions to reduce inventory, and a high general campaign level on the weak market. The product margin decreased to 45.2 (50.5) percent. The company's focus on costs helped decrease direct sales costs by 13 percent. The gross margin decreased to 23.6 (27.6) percent and operating profit before depreciation, amortization, and impairment decreased to SEK 25.6 (32.1) million. The company estimates that operating profit was impacted negatively by approximately SEK 5 million as a direct consequence of COVID-19.

Nelly's cost-saving measures have effect

Nelly reduced its administrative organization by about 25 positions. A program of shortened work hours was also initiated that covers the administrative organization in Borås, where hours are being reduced by 20 percent over three months. Marketing costs were reduced by SEK 10 million and employee expenses by SEK 4 million.

SIGNIFICANT EVENTS IN 2020

On January 2, it was announced that Kristina Lukes had been appointed the new CEO of Nelly. She has extensive international experience in fast-moving consumer goods, most recently from Paulig. Kristina started at the end of March.

On February 3, it was announced that Nelly focused its operations on the Nordics, took steps to reduce inventories, and eliminated about 25 positions in the administrative organization.

On February 4, it was announced that Qliro Group would be unbundled according to the previously announced plan. The plan was to list Qliro AB on NASDAQ. A process was also initiated to distribute shares in CDON to Qliro Group's shareholders and admit the company's shares for trading on the First North exchange. Under this plan, Nelly would remain in the Group. It was also announced that CEO Marcus Lindqvist would leave his position, which he did on June 1.

On February 4, new financial targets for Qliro AB were announced. Financial developments for all three subsidiaries in 2020 were also commented on.

On March 6, Qliro Group held an Extraordinary General Meeting that resolved that the Group would change its name from Qliro Group to Nelly Group and that a share warrant program would be introduced in the subsidiary Qliro AB. Both resolutions were conditional on Qliro AB being listed in the first half of 2020, which did not happen.

On March 20, Qliro Group commented on the effect of COVID-19 and announced that the Group held off on the separate listing of its subsidiary Qliro AB. Up until that date, Qliro Group's total sales had not been negatively affected by the outbreak of COVID-19. The Board's aim to split up the Group remained unchanged.

On April 29, Qliro AB received approval to change its approach to calculating the capital requirement for operating risk, which strengthened the company's capital situation.

On May 4, Mathias Pedersen was appointed CEO (previously CFO) and David Granath was appointed CFO. They have both worked at Qliro Group since 2016 and entered their new positions on June 1.

On May 19, Mathias Pedersen announced that he would leave his position as CEO of Qliro Group in November to take on a different position.

On June 11, it was announced that the company had been informed that its two biggest shareholders, Kinnevik and Rite Ventures, had entered an agreement for Rite Ventures to acquire 36,021,945 shares in Qliro Group, corresponding to 23.2 percent of Qliro Group shares, from Kinnevik. The transaction was conditional on approval from the Financial Supervisory Authority, which is expected in the third quarter of 2020. After the transaction, Rite Ventures will be Qliro Group's biggest shareholder with 29.9% of the shares.

On July 3, it was announced that Qliro Group's subsidiary Qliro AB would recognize two negative non-recurring effects totaling SEK 24 million in the second quarter. The first effect referred to amortization of intangible assets since they are no longer in use. The second non-recurring effect was due to an improvement in accounting regarding when compensation to connected merchants is booked so that it coincides with recognition of income from consumers. None of the non-recurring effects impacted cash flow.

On July 14, it was announced that Qliro Group removed the financial targets and previous guidance for 2020 for its subsidiaries. The Group's goal is to complete the planned split-up during 2020, where Qliro AB, CDON and Nelly will become separately listed companies, and in addition limit the central management costs. Qliro AB's previous targets had been set based on a planned IPO with a capital infusion and before COVID-19 affected the size of the credit loss provisions. CDON's previous growth target has been reached and sales from the company's external merchants are growing significantly faster. Nelly's previous targets were set based on a plan for continued expansion outside the Nordics. Since then, the company has shifted focus to the Nordics and has been impacted by COVID-19.

GROUP

Consolidated figures and tables include the effects of IFRS 16. To better reflect the business, certain revenues previously reported as interest income since the fourth quarter of 2019 have been reclassified to commission income in Qliro AB. In connection with this, commission income in the consolidated financial statements was reclassified from other operating income to net sales. The comparative figures for 2019 have therefore been adjusted by SEK 8.9 million for the quarter and by SEK 22.0 million for the half-year.

Net sales decreased by SEK 6.7 percent to SEK 683.9 (732.8) million in the quarter, of which SEK 386.8 (395.1) million in Sweden, SEK 278.9 (293.3) million in other Nordics and SEK 18.3 (44.3) million in the rest of the world. Sales decreased by 8.0 percent to SEK 1,275.4 (1,385.7) million for the half-year, of which SEK 729.3 (755.7) million in Sweden, SEK 508.6 (552.2) million in other Nordics and SEK 37.6 (77.8) million in the rest of the world. Exchange rate fluctuations had a negative effect of 3 percent for the quarter and 2 percent for the half-year.

The gross margin amounted to 30.5 (31.4) percent for the quarter and 28.3 (29.2) percent for the first half of the year. The gross margin increased for CDON and decreased for Nelly.

Operating profit before depreciation, amortization and impairment was SEK 7.5 (31.5) million for the quarter and SEK -25.1 (25.3) million for the first six months.

Consolidated central costs increased to SEK 21.7 (14.8) million for the quarter and SEK 37.1 (28.4) million for the first six months. During the second quarter, costs of SEK 4 million were recognized for changes in management and project costs of SEK 10 million for continued unbundling of the group. Central costs (excluding projects) were reduced over the past year and amounted at the end of the half-year to approximately SEK 30 million on an annual basis.

Operating profit was SEK -42.9 (1.0) million for the quarter and SEK -119.2 (-32.5) million for the first six months. This was impacted by non-recurring effects of SEK 24 million in Qliro AB during the second quarter. To facilitate analysis of the company, the income statement and key ratios are adjusted for these non-recurring effects on page 23.

Net financial items amounted to SEK -1.5 (-1.8) million for the quarter and SEK -1.6 (-11.8) million for the first six months. Profit before tax was SEK -44.4 (0.2) million for the quarter and SEK -120.8 (-44.2) million for the first six months. Recognized tax expense was SEK 0.6 (0.2) million for the quarter and SEK 0.4 (0.3) million for the first six months.

Profit after tax was SEK -43.8 (0.4) million for the quarter and SEK -120.4 (-43.9) million for the first six months. Basic and diluted earnings per share totaled SEK -0.29 (0.00) for the quarter and SEK -0.80 (-0.29) for the half-year.

Cash flow and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 2.6 (23.6) million for the quarter and SEK -30.4 (17.4) million for the half-year. CDON and Nelly reduced their inventories during the quarter.

Consolidated cash flow from operations after changes in working capital amounted to SEK 196.3 (62.7) million for the quarter and SEK -218.0 (-96.2) million for the half-year. Investments in non-current assets amounted to SEK 24.1 (40.1) million for the quarter and SEK 53.1 (74.0) million for the half-year. The investments were made mainly in technology platforms for Qliro AB and CDON.

Cash flow from financing activities totaled SEK -33.2 (-7.0) million for the quarter and SEK 61.0 (-269.6) million for the half-year. During the first half of 2020, loans of SEK 75 million were raised in the e-commerce business. In the first quarter of 2019, Qliro Group repaid a bond loan of SEK 250 million.

Consolidated cash and cash equivalents amounted to SEK 312.6 (270.4) million at the end of the quarter. In e-commerce operations, cash and cash equivalents amounted to SEK 248.5 (211.7) million and net cash to

SEK 172.5 million. Total assets amounted to SEK 3,700.6 (3,244.6) million at the end of the quarter. Equity amounted to SEK 764.7 (954.5) million.

Parent company

The Qliro Group AB parent company reported sales of SEK 0.8 (2.1) million for the quarter and SEK 1.8 (5.0) million for the first half of the year. Profit before tax was SEK 50.1 (-13.0) million for the quarter and SEK 37.1 (-29.9) million for the first six months. This was impacted positively by a dividend from CDON in the second quarter. Cash and cash equivalents in the parent company amounted to SEK 53.5 (43.3) million at the end of the quarter.

As of June 30, Qliro Group had 154,994,779 shares issued, of which 149,774,779 were common shares and 5,220,000 were C shares. The C shares are held by Qliro Group and may not be represented at General Meetings.

The impact of the Covid-19 pandemic

Qliro Group's operations have been affected in several ways by the ongoing Covid-19 pandemic. Future effects of Covid-19 are difficult to predict, which has increased uncertainty in future outlooks.

Qliro AB has become more restrictive in its lending as a result of Covid-19. Growth in Digital Banking Services has been limited by tightened lending and lower demand. In Payment Solutions, some e-merchants have had reduced and others increased volumes and the effect in the long run is too early to estimate. In addition, reserves for credit losses increased by SEK 2.4 million following assumptions about a worse future economy in accordance with the accounting standard IFRS 9. The company has not experienced any impaired ability to pay from its consumers.

Nelly's market conditions have been affected by Covid-19, among other things through low demand for seasonally important product categories such as party dresses and bikinis. The company has taken cost-saving measures, including short-term work, which has entailed certain subsidies from the state. In total, the negative effect of Covid-19 is estimated at approximately SEK 5 million on operating profit during the second quarter.

CDON offers a large number of products in part to a target group that has increased its digital commerce as an effect of Covid-19. This has contributed to the number of customers and visitors to CDON increasing during the quarter.

Consolidated situation

Qliro Group and its subsidiary Qliro AB (credit market company under FI's supervision) constitute a consolidated situation as Qliro AB accounts for more than half of the Group's total assets. Certain rules for the credit market company therefore also apply to the parent company, such as the capital adequacy regulations.

Accounting policies and valuation principles

This interim report was prepared in accordance with IFRS using the same accounting policies and bases of calculation as the most recent annual report and with application of IAS 34 Interim Financial Reporting.

IFRS 16 Leases

IFRS 16 has been applied since January 1, 2019. For lessees, IFRS 16 means that all leases (as defined) are recognized as assets and liabilities in the balance sheet and that associated depreciation and interest expenses are recognized in the income statement, with some exceptions. The transition to IFRS 16 at the start of 2019 resulted in assets and liabilities increasing by SEK 101 million. The current year and historical comparative figures are presented with IFRS 16 included.

Risks and uncertainties

Several factors affect, or may come to affect, directly or indirectly, the operations of the Qliro Group. These factors can be divided into industry and market risks, operational risks, financial risks, and legal risks. In addition to these risks, there are specific risks for Qliro AB. Industry and market risks include market developments in e-commerce, seasonal variations, risks related to fashion trends, the economic situation and consumer purchasing power. Operational risks include interruptions or deficiencies in IT and control systems, supplier relationships, inventories, and distribution. Financial risks include currency risk, credit risk, interest rate risk and liquidity risk. Legal risks include legislation, regulation and compliance, disputes, and intellectual

property rights. The most prominent risks for Qliro AB include financial risks (see above), business risk/strategic risk and operational risks.

The 2019 annual report contains a more comprehensive description of the risks and uncertainty factors affecting the Group in the Management Report and under Note 21. The long-term effects of COVID-19 are difficult to predict, which has increased the uncertainty in future outlooks.

CDON Alandia

Like other companies in the industry, CDON previously distributed orders to customers in Finland from Åland. As communicated previously, the Finnish authorities have been investigating CDON Alandia for suspected tax fraud for several years. Proceedings had earlier been initiated at Åland district court in Finland against three persons who were members of CDON Alandia Ab's board in 2008–2013 and against two former employees of the Group. The Åland District Court rejected all charges and handed down an acquittal on February 25, 2020. On April 30, 2020, the Finnish prosecutor appealed parts of the Åland district court's judgement to the Åbo court of appeal. However, the appeal only concerns four (of the previous five) defendants and the alleged period of the offence has been limited by the prosecutor. If those prosecuted are convicted in a court of appeal trial, they may be liable to pay damages to the Finnish authorities. If those prosecuted are ordered to pay damages, under certain circumstances they may make a claim to Qliro Group, CDON or CDON Alandia for compensation for any damages. No such claim has been made, and Qliro Group has not made any provisions for such claims.

Related party transactions

Transactions with related parties are presently of the same character as described in the 2019 annual report.

Interim report for the third quarter

Qliro Group's interim report for the third quarter will be presented on October 21.

2020 Annual General Meeting

On May 12, Qliro Group AB held its Annual General Meeting in Stockholm, at which all proposals from the Board and the Nomination Committee were approved. The Annual General Meeting re-elected Board members Christoffer Häggblom, Daniel Mytnik, Jessica Pedroni Thorell, Andreas Bernström, and Lennart Jacobsen. Christoffer Häggblom was also re-elected as Chairman of the Board. KPMG AB was re-elected as auditor.

Dividend

At the AGM on May 12, it was resolved that no dividend be paid to shareholders for the 2019 financial year and the company's retained earnings were carried forward into the 2020 accounts.

The Board's assurance

The Board and CEO give their assurance that the half-year report provides a fair summary of the Group and parent company's operations, position, and earnings, and describes significant risks and uncertainty factors faced by the parent company and Group companies.

Stockholm, July 15, 2020

Christoffer Häggblom
Chairman

Daniel Mytnik
Member

Jessica Pedroni Thorell
Member

Andreas Bernström
Member

Lennart Jacobsen
Member

Mathias Pedersen
CEO

This report was not subject to review by the Group's auditor.

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Conference call

Analysts, investors, and the media are invited to a conference call today at 10 a.m. To participate in the conference call, please dial:

Sweden: 08 5033 6546

UK: +44 (0)330 336 9401

US: +1 929 477 0338

The pin code to access this call is 419929.

The presentation material and webcast will be published at www.qlirogroup.com.

For further information, please contact:

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About Qliro Group

Qliro Group operates CDON.COM, the leading Nordic online marketplace, the fashion brand Nelly and fintech company Qliro AB, offering financial services to merchants and consumers. In 2019 the Group had sales of SEK 2.9 billion. Qliro Group's shares are listed on the Nasdaq Stockholm Mid Cap segment under the ticker symbol QLRO.

This information is information that Qliro Group AB is required to disclose under the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was released for publication through the agency of the above-mentioned contacts at 8:00 a.m. CET on July 15, 2020.

Consolidated income statement	2020	2019	2020	2019
SEK million	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun
Net sales	683.9	732.8	1,275.4	1,385.7
Cost of goods and services	-475.1	-502.6	-915.1	-980.9
Gross profit	208.8	230.2	360.4	404.8
Sales and administration expenses	-247.2	-218.5	-468.8	-424.1
Other operating income and expenses, net	-4.5	-10.8	-10.8	-13.2
Operating profit or loss	-42.9	1.0	-119.2	-32.5
Net interest & other financial items	-1.5	-0.8	-1.6	-11.8
Net profit or loss before tax	-44.4	0.2	-120.8	-44.2
Tax	0.6	0.2	0.4	0.3
Net profit or loss	-43.8	0.4	-120.4	-43.9
Net profit or loss for discontinued operations	-2.7	-	-2.7	-
Total net profit or loss for continued and discontinued operations	-46.5	0.4	-123.1	-43.9
<i>Attributable to:</i>				
Equity holders of the parent	-46.5	0.4	-123.1	-43.9
Non-controlling interests	-	-	-	-
Net income for the period	-46.5	0.4	-123.1	-43.9
Basic earnings per share (excluding discontinued operations) before and after dilution, SEK	-0.29	0.00	-0.80	-0.29
Basic earnings per share (including discontinued operations) before and after dilution, SEK	-0.31	0.00	-0.82	-0.29

Consolidated statement of comprehensive income	2020	2019	2020	2019
SEK million	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Translation difference for the period	-1.6	0.2	-2.4	2.7
Total comprehensive income for period	-48.0	0.6	-125.5	-41.2
<i>Total comprehensive income attributable to:</i>				
Parent company shareholders	-48.0	0.6	-125.5	-41.2
Non-controlling interests	-	-	-	-
Total comprehensive income for the period	-48.0	0.6	-125.5	-41.2
Shares outstanding at period's end, million	149.8	149.8	149.8	149.8
Shares outstanding at period's end, diluted, million	149.8	149.8	149.8	149.8
Average number of shares, basic, million	149.8	149.8	149.8	149.8
Average number of shares, diluted, million	149.8	149.8	149.8	149.8

Consolidated Statement of financial position SEK million	2020 30 jun	2019 30 jun	2019 31 dec
Non-current assets			
Goodwill	64.5	64.7	64.4
Other intangible assets	249.3	258.2	269.6
Total intangible assets	313.7	322.9	333.9
Tangible assets	21.7	29.9	28.1
Leased assets	73.0	94.0	81.4
Deferred tax asset	111.0	118.2	111.0
Total non-current assets	519.4	565.0	554.5
Current assets			
Inventories	210.8	361.3	349.6
Loans to the public	2,150.9	1,671.2	2,070.4
Current interest-bearing investments	350.0	202.0	255.0
Current non-interest bearing receivables	156.9	174.7	226.8
Cash and cash equivalents	312.6	270.4	553.9
Total current assets	3,181.1	2,679.6	3,455.6
Total assets	3,700.6	3,244.6	4,010.0
Equity			
Equity attributable to owners of the parent	764.7	954.5	888.5
Total equity	764.7	954.5	888.5
Non-current liabilities			
<i>Non interest bearing</i>			
Other provisions	0.5	0.9	0.7
<i>Interest bearing</i>			
Loan Facility	275.4	435.7	292.4
Bond	100.0	-	100.0
Leased liabilities	43.5	65.9	53.6
Total non-current liabilities	419.3	502.6	446.6
Current liabilities			
<i>Interest bearing</i>			
Credit Facility	75.0	-	-
Deposits from the public	1,849.7	1,164.9	1,819.1
Leased liabilities	30.6	30.1	29.1
<i>Non interest bearing</i>			
Current non-interest bearing liabilities	561.2	592.5	826.7
Total current liabilities	2,516.5	1,787.5	2,674.9
Total equity and liabilities	3,700.6	3,244.6	4,010.0

The carrying amounts are considered to be reasonable approximations of fair value for all financial assets and financial liabilities

Statement of changes in equity SEK million	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-dec
Opening balance	888.5	994.5	994.5
Comprehensive income for the period	-125.5	-41.2	-108.7
Effects of long term incentive program	1.7	1.3	2.7
Closing balance	764.7	954.5	888.5

Consolidated statement of cash flow	2020	2019	2020	2019
SEK million	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun
Cash flow from operating activities before changes in working capital	2.6	23.6	-30.4	17.4
Changes in working capital ¹	196.3	62.7	-218.0	-96.2
Cash flow from operations	198.9	86.3	-248.5	-78.8
Investments in non-current assets	-24.1	-40.1	-53.1	-74.0
Cash flow to/from investing activities	-24.1	-40.1	-53.1	-74.0
Redemption of / Issued unsecured bond	-	-	-	-256.0
Amortization of leasing debt	-7.1	-7.0	-14.0	-13.6
Utilised credit facilities	-26.1	-	75.0	-
Cash flow to/from financing activities	-33.2	-7.0	61.0	-269.6
Change in cash and cash equivalents for the period	141.6	39.2	-240.7	-422.5
Cash and cash equivalents at period's start	170.9	231.1	553.9	691.8
Translation difference, cash and cash equivalents	0.1	0.2	-0.6	1.1
Cash and cash equivalents at period's end	312.6	270.4	312.6	270.4

¹ Utilised credit facilities within Qliro AB are reported as changes in working capital

Net Sales by segment	2020	2020	2020	2019	2019	2019	2019	2019	2019
SEK million	Q2	Q1	Jan-Jun	Q4	Q3	Q2	Q1	Jan-Jun	Full year
CDON	196.8	184.2	381.0	421.6	211.9	217.7	260.6	478.3	1,111.7
Nelly	393.4	305.3	698.6	399.4	329.9	424.3	302.4	726.6	1,456.0
Qliro AB	95.7	104.7	200.4	97.4	93.0	92.1	92.2	184.4	374.7
Group central operations and adjustment ¹	-1.9	-2.7	-4.6	0.8	-1.0	-1.3	-2.3	-3.6	-3.7
Qliro Group Consolidated Total	683.9	591.5	1,275.4	919.2	633.8	732.8	652.9	1,385.7	2,938.6

Operating profit by segment	2020	2020	2020	2019	2019	2019	2019	2019	2019
SEK million	Q2	Q1	Jan-Jun	Q4	Q3	Q2	Q1	Jan-Jun	Full year
CDON	-4.2	-15.2	-19.5	17.2	-0.7	-7.4	-10.3	-17.7	-1.3
Nelly	18.8	-27.1	-8.3	-16.6	0.7	23.0	-12.2	10.8	-5.2
Qliro AB	-35.8	-18.6	-54.4	-34.0	1.6	0.3	2.5	2.8	-29.6
Group central operations and adjustment ¹	-21.7	-15.4	-37.1	-14.4	-13.9	-14.8	-13.5	-28.4	-56.6
Qliro Group Consolidated Total	-42.9	-76.4	-119.2	-47.8	-12.4	1.0	-33.5	-32.5	-92.7

Inventories by segment	2020	2020	2019	2019	2019	2019
SEK million	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar
CDON	40.9	61.6	103.7	86.5	107.3	131.8
Nelly	169.9	283.4	245.9	308.1	254.0	287.1
Total e-commerce	210.8	345.1	349.6	394.7	361.3	418.9

¹ Group adjustments between Qliro and internal clients, related to differences in phasing of costs/revenues.

Parent company income statement SEK million	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Net sales	0.8	2.1	1.8	5.0	7.4
Gross profit	0.8	2.1	1.8	5.0	7.4
Administration expenses	-18.2	-15.4	-31.4	-27.5	-56.4
Operating profit or loss	-17.4	-13.2	-29.7	-22.5	-49.0
Profit or loss from shares in subsidiaries ¹	69.0	-	69.0	-	-
Net interest & other financial items	-1.4	0.2	-2.2	-7.4	-7.7
Profit or loss after financial items	50.1	-13.0	37.1	-29.9	-56.7
Group contribution received	-	-	-	-	0.0
Group contribution paid	-	-	-	-	-10.0
Profit or loss before tax	50.1	-13.0	37.1	-29.9	-66.6
Tax	-	2.7	-	6.4	-15.0
Net income or net loss for the period	50.1	-10.3	37.1	-23.5	-81.6

Parent company statement of comprehensive income SEK million	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Profit or loss for period	50.1	-10.3	37.1	-23.5	-81.6
Other comprehensive income	-	-	-	-	-
Total comprehensive income for period	50.1	-10.3	37.1	-23.5	-81.6

¹Profit/loss from shares in subsidiaries consists primarily of a dividend from CDON

Parent company statement of financial position SEK million	2020 30 jun	2019 30 jun	2019 31 dec
Non-current assets			
Equipment	0.2	0.5	0.4
Shares and participating interests in group companies	1,084.9	1,009.9	1,068.9
Deferred tax asset	94.7	109.6	94.7
Total non-current assets	1,179.7	1,120.0	1,163.9
Current assets			
Current non-interest-bearing receivables	5.7	10.1	3.6
Receivables from group companies	0.2	0.5	5.8
Total current receivables	5.8	10.6	9.4
Cash and bank	53.5	43.3	8.3
Total cash and cash equivalents	53.5	43.3	8.3
Total current assets	59.4	53.9	17.7
Total assets	1,239.1	1,174.0	1,181.5
Equity			
Restricted equity	155.8	155.8	155.8
Unrestricted equity	992.0	1,009.9	953.2
Total equity	1,147.8	1,165.7	1,109.0
Provisions			
Other provisions	0.5	0.9	0.7
Total provisions	0.5	0.9	0.7
Current liabilities			
Short term interest bearing loans	75.0	-	-
Short-term interest bearing loans, group companies	-	-	50.2
Liabilities to group companies	0.2	0.2	10.9
Non-interest-bearing liabilities	15.6	7.1	10.7
Total current liabilities	90.8	7.3	71.9
Total liabilities	91.3	8.2	72.5
Total equity and liabilities	1,239.1	1,174.0	1,181.5

Key ratios	2020 Q2	2020 Q1	2020 Jan-Jun	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2019 Jan-Jun	2019 Full year
Qliro AB									
Business volume handled, Payment Solutions	1,462	1,231	2,694	1,633	1,261	1,342	1,089	2,431	5,325
No. of orders, thousand	1,710	1,393	3,103	1,746	1,234	1,254	1,227	2,482	5,462
Average shopping basket, SEK	855	884	868	935	1,022	1,070	887	980	975
CDON									
No. of active customers, thousand	1,988	1,827	1,988	1,771	1,747	1,744	1,761	1,744	1,771
No. of visits, thousand	29,375	23,346	53,082	33,381	20,071	20,167	22,574	42,742	96,194
No. of orders, thousand	883	711	1,594	1,127	638	620	687	1,307	3,072
Average shopping basket, SEK	639	635	637	671	612	632	566	597	627
Nelly									
No. of active customers, thousand	1,244	1,278	1,244	1,298	1,317	1,327	1,351	1,327	1,298
No. of visits, thousand	33,307	27,442	60,749	32,137	25,284	32,686	28,307	60,993	118,414
No. of orders, thousand	788	607	1,395	810	624	865	647	1,512	2,946
Average shopping basket, SEK ¹	686	714	698	712	772	752	711	735	736
Qliro AB									
Net debt, SEK million ⁴	1,811.2	1,713.2	1,811.2	1,716.0	1,452.1	1,340.0	1,161.7	1,340.0	1,716.0
E-commerce									
Net cash, SEK million ⁴	-172.5	-67.4	-172.5	-312.1	-117.9	-209.7	-202.2	-209.7	-312.1
Group									
Net debt, SEK million ⁴	1,638.6	1,644.9	1,638.6	1,403.9	1,334.2	1,130.2	959.5	1,130.2	1,403.9
Basic earnings per share before and after dilution, SEK ²	-0.29	-0.51	-0.80	-0.36	-0.09	0.00	-0.30	-0.29	-0.74
Equity per share, SEK ³	5.11	5.43	5.11	5.93	6.30	6.38	6.37	6.38	5.93

Key ratios have been adjusted to enable historical comparisons for continued operations

¹ Calculation method based on order value

² Basic Earnings per share before and after dilution for the period apr-jun 2020 and jan-jun 2020 have been calculated on the average number of outstanding shares for the periods. The weighted average number of shares before and after dilution for the period apr-jun and jan-jun is 149,774,779.

³ Calculated on present number of common shares, which per june 2020 amounts to 149,774,779

⁴ Net debt /net cash adjusted for IFRS 16

DEFINITIONS

Net debt (+) / Net cash (-)	Interest-bearing liabilities, less interest-bearing current and non-current assets and cash and cash equivalents
Earnings per share	Earnings for the year attributable to parent company shareholders for the period divided by the average number of shares for the period
Equity per share	Equity attributable to parent company shareholders divided by the number of shares at the end of the period
Number of active customers	The number of customers who have made a purchase at least once in the past 12 months
Number of visits	Gross number of visits to the Group's online stores
Average shopping basket	(Online sales + shipping revenue)/number of orders placed
Capital base	Total of Tier 1 capital and Tier 2 capital for capital adequacy purposes
Risk exposure amount (REA)	The total risk-weighted exposure amount is the total of credit risks, currency risks and operational risks
Minimum capital requirement	Institutions must meet the following own funds requirements: <ul style="list-style-type: none"> i) Common Equity Tier 1 capital ratio of 4.5% ii) Tier 1 capital ratio of 6% iii) Total capital ratio of 8% under Article 92 of the Capital Requirements Regulation
Combined buffer requirement	Common Equity Tier 1 capital to meet the requirement for the capital conservation and countercyclical capital buffer and the buffer for systemically important institutions under Article 128 of the Capital Requirements Directive
Capital ratio	The own funds expressed as a percentage of the total risk-weighted exposure amount under Article 92 of the Capital Requirements Regulation

ALTERNATIVE PERFORMANCE MEASURES

Certain key ratios stated in this report are not defined according to generally accepted accounting principles (GAAP), for example IFRS. These alternative performance measures are considered useful to investors because they form the basis for assessing operational performance, along with the comparable GAAP ratios. Alternative performance measures should not be considered in isolation from, or as a substitute for, financial information presented in accordance with GAAP. Alternative performance measures may not be comparable to similar measures reported by other companies.

Earnings before interest, taxes, depreciation, amortization and impairment of intangible and tangible assets.

Q2 2020					Group central
SEK million	CDON	Nelly	Qliro AB	operations ¹	Group
Earnings before interest and taxes	-4.2	18.8	-35.8	-21.7	-42.9
Depreciation, amortization and impairment	-6.8	-6.8	-36.8	0.0	-50.3
Earnings before interest, taxes, depreciation, amortization and impairment	2.5	25.6	1.0	-21.6	7.5

Q2 2019					Group central
SEK million	CDON	Nelly	Qliro AB	operations ¹	Group
Earnings before interest and taxes	-7.4	23.0	0.3	-14.8	1.0
Depreciation, amortization and impairment	-4.9	-9.1	-15.8	-0.8	-30.5
Earnings before interest, taxes, depreciation, amortization and impairment	-2.6	32.1	16.0	-14.1	31.5

Jan-Jun 2020					Group central
SEK million	CDON	Nelly	Qliro AB	operations ¹	Group
Earnings before interest and taxes	-19.5	-8.3	-54.4	-37.1	-119.2
Depreciation, amortization and impairment	-21.4	-13.7	-58.9	-0.1	-94.1
Earnings before interest, taxes, depreciation, amortization and impairment	1.9	5.4	4.5	-37.0	-25.1

Jan-Jun 2019					Group central
SEK million	CDON	Nelly	Qliro AB	operations ¹	Group
Earnings before interest and taxes	-17.7	10.8	2.8	-28.4	-32.5
Depreciation, amortization and impairment	-9.4	-18.1	-27.6	-2.7	-57.8
Earnings before interest, taxes, depreciation, amortization and impairment	-8.3	28.9	30.3	-25.7	25.3

¹ Includes group adjustments

Note 1

Disclosures in accordance with IAS 34.16A are on page 12.

Note 2

The Group is divided into three segments. CDON is the leading Nordic online marketplace. Nelly offers online fashion. Qliro AB offers financial services to merchants and consumers.

The Group's segments operate mainly in the Nordics. Net sales are recognized below by geographical area as the countries have different business conditions. The geographical breakdown into Sweden, other Nordics and rest of the world reflects where income is generated in the Group.

Net sales in CDON and Nelly are mainly online sales. Qliro AB's net sales comprise interest income (gross) and commission fee income. Sales are recognized by country of sale, that is, the country in which the recipient is located.

Sales by geographic area

Q2 2020					
SEK million	CDON	Nelly	Qliro AB	Group central operations ¹	Group consolidated total
Sweden	119.9	191.9	76.9	-1.9	386.8
Other nordics	76.9	183.2	18.8	-	278.9
Nordics	196.8	375.1	95.7	-1.9	665.7
Rest of the world	-	18.3	-	-	18.3
Total	196.8	393.4	95.7	-1.9	683.9

Q2 2019					
SEK million	CDON	Nelly	Qliro AB	Group central operations ¹	Group consolidated total
Sweden	127.3	199.5	69.7	-1.3	395.1
Other nordics	90.4	180.5	22.5	-	293.3
Nordics	217.7	379.9	92.1	-1.3	688.5
Rest of the world	-	44.3	-	-	44.3
Total	217.7	424.3	92.1	-1.3	732.8

Jan-Jun 2020					
Miljoner kronor	CDON	Nelly	Qliro AB	Group central operations ¹	Group consolidated total
Sweden	230.0	342.0	161.9	-4.6	729.3
Other nordics	151.1	319.1	38.5	-	508.6
Nordics	381.0	661.1	200.4	-4.6	1,237.9
Rest of the world	-	37.6	-	-	37.6
Total	381.0	698.6	200.4	-4.6	1,275.4

Jan-Jun 2019					
Miljoner kronor	CDON	Nelly	Qliro AB	Group central operations ¹	Group consolidated total
Sweden	279.5	340.3	139.5	-3.6	755.7
Other nordics	198.8	308.5	44.9	-	552.2
Nordics	478.3	648.8	184.4	-3.6	1,307.9
Rest of the world	-	77.8	-	-	77.8
Total	478.3	726.6	184.4	-3.6	1,385.7

¹ Includes group adjustments

Note 3

Qliro AB's income statement and key ratios adjusted for the quarter's non-recurring effects.

During the quarter, Payment Solutions was impacted by a non-recurring effect of SEK 8.4 million that arose since as from this quarter the company brought forward the date for recognizing commissions to connected merchants so that it coincides with the date for recognizing income from the consumers. This non-recurring effect impacted net interest by SEK 3.4 million and net commission income by SEK 5.0 million. In addition, assets worth SEK 15.6 million were impaired since they are no longer in use. To facilitate analysis of the company, the income statement and key ratios are adjusted for these non-recurring effects below.

SEK million	2020 Apr-Jun	2019 Apr-Jun	Δ	2020 Jan-Jun	2019 Jan-Jun	Δ
Interest income	60.8	49.0	24%	118.8	92.0	29%
Interest expense	-8.7	-6.4	37%	-17.5	-12.6	39%
Net interest income	52.1	42.6	22%	101.3	79.4	28%
Net commission income	41.8	42.8	-2%	87.1	91.5	-5%
Other operating income	0.9	0.6	46%	2.8	1.2	139%
Total operating income	94.8	86.1	10%	191.2	172.1	11%
of which Payment Solutions	80.0	78.4	2%	162.5	155.1	5%
of which personal loans, Digital Banking Services	14.9	7.7	93%	28.7	16.8	71%
Operating expenses excluding depreciation, amortization and impairment	-62.1	-52.9	17%	-125.4	-110.7	13%
Depreciation, amortization and impairment	-21.2	-15.8	34%	-43.3	-27.6	57%
Total operating expenses	-83.2	-68.7	21%	-168.7	-138.3	22%
Operating profit before credit losses	11.6	17.4		22.6	33.8	
Net credit losses	-23.4	-17.2	36%	-53.0	-31.0	71%
Operating profit	-11.8	0.3		-30.4	2.8	
Operating profit before depreciation, amortization, and impairment	9.4	16.0	-42%	12.9	30.3	-57%
Net lending to the public (loan book)	2,151	1,671	29%	2,151	1,671	29%
of which Payment Solutions	1,300	1,144	14%	1,300	1,144	14%
of which personal loans, Digital Banking Services	851	527	61%	851	527	61%
External financing	2,225	1,601	39%	2,225	1,601	39%
of which deposits from the public	1,850	1,165	-76%	1,850	1,165	-76%
of which secured credit facility	275	436	325%	275	436	325%
of which bond loans	100	0		100	0	
Payment Solutions						
Processed business volume	1,462	1,342	9%	2,694	2,431	11%
Orders, thousands	1,710	1,254	36%	3,103	2,482	25%
Average shopping basket, SEK	855	1,070	-20%	868	980	-11%

Publication of information regarding capital adequacy and liquidity management

Qliro AB (556962-2441) is a credit market institution and wholly owned subsidiary of Qliro Group AB (556035-6940). Qliro AB and Qliro Group AB are included in a consolidated situation. All information is presented as of June 30, 2020 in accordance with Regulation (EU) 575/2013 and the Swedish Financial Supervisory Authority's (FI) regulations and general guidelines (FFFS 2014:12). All amounts are stated in millions of Swedish kronor.

Own funds	Qliro AB	Consolidated situation
Common Equity Tier 1 capital	290.1	500.1
Additional Tier 1 capital	-	-
Tier 2 capital	41.5	41.5
Total capital	331.7	541.6

Risk exposure amount	Qliro AB	Consolidated situation
Credit risk according to standardized approach, of which	1,726.0	1,982.7
exposure to households	1,547.1	1,547.1
exposure to corporates	32.7	36.8
exposures in default	118.3	118.3
exposure to institutions	12.8	23.5
exposure covered bonds	-	-
exposure equity	0.1	241.7
other exposures	15.1	15.3
Market risk	-	-
Operational risk according to alternative standardised approach	107.3	122.4
Total risk exposure amount	1,833.3	2,105.2

Capital requirement	Qliro AB	Consolidated situation
Pillar 1 requirement (Total minimum capital requirement)	146.7	168.4
Pillar 2 requirement, incl. capital planning buffer	25.5	52.7
Combined buffer requirement	46.8	53.6
Total capital requirements, excl. combined buffer requirement	172.2	221.1
Total capital requirements, incl. combined buffer requirement	219.0	274.7
Total capital requirement ratio, incl. combined buffer requirement	11.9%	13.0%

Capital adequacy analysis	Qliro AB	Consolidated situation
Common Equity Tier 1 capital ratio	15.8%	23.8%
Tier 1 capital ratio	15.8%	23.8%
Total capital ratio	18.1%	25.7%
Leverage ratio	11.0%	17.0%
Combined buffer requirement	2.6%	2.5%
of which: capital conservation buffer requirement	2.5%	2.5%
of which: countercyclical buffer requirement	0.1%	0.0%
Capital planning buffer	0.0%	0.8%

Funding

Qliro AB's net lending to the public amounted to SEK 2,151 (1,671) million at the end of the quarter. The lending was financed by the amount of SEK 275 (436) million via a secured contracted credit facility and SEK 1,850 (1,165) million through deposits from the public (savings accounts) in Sweden and Germany, of which 99.7 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 235 days as of June 30, 2020 (initially 6-month fixed rate and 1-year fixed rate). 22 percent of the deposit from the public is invested in liquid financial assets and placed in Nordic banks.

Liquidity

Qliro AB's total liquidity as of June 30, 2020 amounted to SEK 414 million, consisting of:

- Capital market investments*: SEK 350 million
- Bank balances in Nordic Banks: SEK 64.1 million

The consolidated situation had additional SEK 53.5 million placed in Nordic banks as of June 30, 2020.

In addition to the financial investments, Qliro AB had as of June 30, 2020 SEK 525 million in back up liquidity via undrawn funding in a secured committed credit facility.

As of June 30, 2020, the liquidity coverage ratio amounted to 614 percent for Qliro AB and 667 percent for the consolidated situation, to be compared with the regulatory requirement of 100 percent. The liquidity coverage ratio measures a liquidity buffer of SEK 350 million for both Qliro AB and the consolidated situation, related to net outflows of SEK 57.0 million for Qliro AB and SEK 52.4 million for the consolidated situation over a thirty-day period under stressed market conditions.

**Capital market investments consist of Swedish municipal bonds. Average rating of the capital market investments was AA+ with an average maturity of 69 days.*

Disclosure of information regarding capital in accordance with Regulation (EU) 1423/2013 Annex IV.

Common Equity Tier 1 (CET1) capital	Qliro AB	Consolidated situation
Instruments and reserves	50.1	155.0
1 Capital Instruments and the related shared premium accounts	434.8	893.9
2 Retained earnings	0.0	0.0
3 Accumulated other comprehensive income (and other reserves)	0.0	0.0
5a Independently reviewed interim profits net of any foreseeable charge or dividend	484.8	1,048.9
6 Common Equity Tier 1 (CET1) capital before regulatory adjustment	484.8	1,048.9
Regulatory adjustments		
7 Additional value adjustments	-0.3	-0.3
8 Intangible assets (net of related tax liability)	-168.1	-168.1
10 Deferred tax assets that rely on future profitability excluding those arising from temporary differences	-26.3	-120.9
20a Exposure amount of the following items which qualify for a RW of 1250 %, where the institution opts for the deduction alternative	0.0	-259.5
20b of which: qualifying holdings outside the financial sector	0.0	-259.5
20c of which: securitisation positions	0.0	0.0
20d of which: free deliveries	0.0	0.0
21 Deferred tax assets arising from temporary differences	0.0	0.0
28 Total regulatory adjustments to Common Equity Tier 1 (CET1)	-194.7	-548.8
29 Common Equity Tier 1 (CET1) capital	290.1	500.1
45 Tier 1 capital (T1 = CET1 + AT1)	290.1	500.1
Tier 2 (T2) capital		
Instruments and provisions		
46 Capital instruments and the related share premium accounts	41.5	0.0
48 Qualifying own funds instruments included in consolidated T2 capital issued by subsidiaries and held by third party	0.0	41.5
51 Tier 2 (T2) capital before regulatory adjustments	41.5	41.5
Regulatory adjustments		
57 Total regulatory adjustments to Tier 2 (T2) capital	0.0	0.0
58 Tier 2 (T2) capital	41.5	41.5
59 Total capital (TC= T1 + T2)	331.7	541.6
60 Total risk weighted assets	1,833.3	2,105.2
Capital ratios and buffers		
61 Common Equity Tier 1 (as a percentage of total risk exposure amount)	15.8%	23.8%
62 Tier 1 (as a percentage of total risk exposure amount)	15.8%	23.8%
63 Total capital (as a percentage of total risk exposure amount)	18.1%	25.7%
64 Institution specific buffer requirement (CET1 requirement in accordance with article 92(1)(a) plus capital conservation and countercyclical buffer requirements)	7.1%	7.0%
65 of which: capital conservation buffer requirement	2.5%	2.5%
66 of which: countercyclical buffer requirement	0.1%	0.0%
68 Common Equity Tier 1 available to meet buffers (as a percentage of REA)	8.8%	16.7%