

Qliro Group

Interim report for January 1 – September 30, 2020

SPLIT-UP BEING FINALIZED

THIRD QUARTER

- Net sales amounted to SEK 460.7 (540.8) million
 - CDON increased external merchant's sales by 100 percent. Net sales increased by 82 percent for CDON Marketplace (service income) and decreased by 42 percent for CDON Retail (sale of own goods).
 - Nelly's sales in the Nordics decreased by 3 percent but was stable in local currencies in the Nordic. In line with the Nordic focus, sales decreased outside the region.
- Operating profit before depreciation and amortization improved to SEK 14.0 (-0.8) million
 - CDON's operating profit before depreciation and amortization increased to SEK 7.6 (3.6) million
 - Nelly's operating profit before depreciation and amortization amounted to SEK 1.8 (9.3) million, impacted by restructuring costs of SEK 5.4 million
- Operating profit improved to SEK 0.2 (-13.9) million
- Profit after tax improved to -1.9 (-13.9) million and to SEK 126.4 (-13.0) million including discontinued operations
- Basic and diluted earnings per share including discontinued operations improved to SEK 0.83 (-0.09)
- Qliro AB was distributed and listed on Nasdaq Stockholm on October 2 and CDON is scheduled to be distributed and listed on First North in November
- On November 6, Qliro Group will change its name to Nelly Group and Kristina Lukes will become CEO

FIRST NINE MONTHS

- Net sales amounted to SEK 1,535.8 (1,742.1) million
- Operating profit before depreciation, amortization, and impairment was SEK -15.6 (-5.9) million
- Operating profit totaled SEK -64.7 (-49.2) million
- Profit after tax amounted to SEK -79.5 (-59.8) million and to SEK 3.3 (-56.9) million including discontinued operations
- Earnings per share after tax including discontinued operations amounted to SEK 0.02 (-0.38)
- Cash and cash equivalents amounted to SEK 222.0 (313.9) million at the end of the period

SEK million	2020 July-Sep	2019 July-Sep	2020 Jan-Sep	2019 Jan-Sep
Net sales	460.7	540.8	1,535.8	1,742.1
Gross profit	133.8	118.0	375.4	388.9
Gross margin	29.0%	21.8%	24.4%	22.3%
Operating profit before depreciation	14.0	-0.8	-15.6	-5.9
Operating margin before depreciation	3.0%	-0.2%	-1.0%	-0.3%
Operating profit	0.2	-13.9	-64.7	-49.2
Operating margin	0.0%	-2.6%	-4.2%	-2.8%

Qliro AB is recognized as a discontinued operation in this report. Operations are recognized including the effects of IFRS 16. Comparisons refer to the same period last year if nothing else is stated.

UNBUNDLING BEING FINALIZED

During the quarter, we took several steps toward the goal of unbundling the Group into three independent listed companies. Qliro AB is now listed on Nasdaq Stockholm and we intend to distribute CDON and list the company on First North in November. When that is done, the unbundling of Qliro Group will be completed. Qliro Group's sole business will be Nelly and on November 6, Qliro Group is changing its name to Nelly Group.

Our shareholders previously owned shares in a conglomerate with limited synergies but will instead hold shares in three focused listed companies.

Strong development for CDON in the quarter

CDON increased sales from external merchants by 100 percent for the third quarter and 102 percent for the first nine months. This was driven by quick digitalization of commerce and the successful positioning of the marketplace as a significant sales channel for e-merchants. CDON Marketplace is the company's core operation and this segment's net sales grew 82 percent. CDON Marketplace rapid growth meant that 80 percent of CDON's total gross profit was generated by service-related income from the 1,385 merchants who pay fees to be part of the marketplace.

CDON has a scalable business model with a strong cash flow. The company has exceeded expectations and is ready to continue growing outside Qliro Group. Provided that the extra general meeting on October 26 resolves to distribute CDON to Qliro Group's shareholders, the company is expected to be listed on First North in early November.

Focus on Nelly and name change to Nelly Group

Nelly's sales in the Nordics fell by 3 percent but was stable in local currency in the Nordics. Nelly increased its gross margin through higher efficiency, focus on the Nordics and lower return rates. The inventory turnover rate increased, which limited the need for working capital. The company continues to streamline its organization and is gathering its operations and logistics in Borås.

Qliro AB has been distributed and soon CDON will also be an independent listed company. I thank you for the privilege to lead the group during the split-up, and I look forward to continuing the work as a board member of Nelly Group with Kristina Lukes as its CEO.

Mathias Pedersen
President and CEO
Stockholm, October 21, 2020

CDON'S EXTERNAL MERCHANTS INCREASED SALES BY 100 PERCENT

SEK million	2020 July-Sep	2019 July-Sep	Δ	2020 Jan-Sep	2019 Jan-Sep	Δ
CDON Marketplace						
Gross merchandise value, external merchants ¹	426.1	213.1	100%	1,155.7	571.9	102%
Net sales	46.9	25.8	82%	123.5	70.1	76%
Gross profit	44.7	24.9	80%	117.6	67.4	75%
CDON Retail						
Gross merchandise value ¹	107.5	186.1	-42%	412.0	620.1	-34%
Net sales	107.5	186.1	-42%	412.0	620.1	-34%
Gross profit	11.3	17.3	-35%	40.1	60.2	-33%
Total gross merchandise value ¹	533.6	399.1	34%	1,567.7	1,192.0	32%
Net sales	154.5	211.9	-27%	535.5	690.1	-22%
Gross profit	56.0	42.1	33%	157.7	127.4	24%
Gross margin (%)	36.3%	19.9%	16.4 p.e	29.5%	18.5%	11.0% p.e
Operating profit before depreciation	7.6	3.6	110%	9.5	-4.7	
Operating margin before depreciation	4.9%	1.7%	3.2 p.e	1.8%	-0.7%	2.5% p.e
Operating profit	0.9	-0.7		-18.6	-18.4	
Operating margin (%)	0.6%	-0.3%	0.9 p.e	-3.5%	-2.7%	-0.8 p.e
Investments	-5.3	-6.4	-17%	-16.5	-20.9	-21%
Opening inventory balance	40.9	107.3	-62%	103.7	176.7	-41%
Closing inventory balance	26.3	86.5	-70%	26.3	86.5	-70%
Active customers, last 12 months, thousands	2,141	1,747	23%	2,141	1,747	23%
Visits, thousands	28,255	20,071	41%	81,337	62,813	29%
Orders, thousands	863	638	35%	2,457	1,945	26%
Average shopping basket, SEK	607	612	-1%	627	602	4%

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

CDON is the leading Nordic marketplace

CDON continues to strengthen its position as the leading Nordic online marketplace. Consumers turn to CDON to compare terms and shop millions of products on one site, competitive prices, easy payments, and fast delivery. Merchants connect to CDON Marketplace to reach new customers and increase sales through CDON's services and technology. This is complemented by CDON Retail, which sells its own goods in categories that are missing from the external merchants' range of products.

CDON's vision is to simplify digital commerce for Nordic e-merchants and consumers by investing in technology and automation. By attracting more merchants more products will be made available to consumers under better terms. This in turn attracts more visitors resulting in a positive spiral that drives continued growth. The number of products and merchants has increased rapidly in recent years, and by the end of the quarter, 1,385 merchants were using CDON's services to increase their sales.

CDON's growth is driven by digitalization of commerce

During the quarter, CDON increased its number of orders by 35 percent, customers by 23 percent and visits by 41 percent. This is driven by the rapid digitalization and successful positioning of CDON. Total gross merchandise value increased by 34 percent to SEK 533.6 (399.1) million and total gross profit by 33 percent to SEK 56.0 (42.1) million.

CDON has two business areas: the core business CDON Marketplace (external merchants) and the complementary CDON Retail (sale of own goods). CDON Retail is a merchant on CDON Marketplace.

CDON Marketplace increased external merchant sales 100 percent

CDON Marketplace is the company's core business and strategic focus area. This segment is growing very quickly and represented 80 percent of the company's total gross profit. This means that 80 percent of CDON's gross profit was generated by service-related income from merchants who paid fees to be part of the marketplace.

CDON drives growth in CDON Marketplace by connecting new merchants, growing existing merchants and launching new services to merchants. The external merchants increased their sales by 100 percent. This helped the segment increase net sales by 82 percent to SEK 46.9 million and gross profit by 80 percent to SEK 44.7 million.

CDON Retail is a merchant on CDON Marketplace

CDON Retail's strategy is to sell goods in categories that external merchants do not offer, mostly traditional media. CDON Retail acts as one of the merchants on CDON Marketplace.

CDON Retail previously offered a wide range of its own products, but over the last few years, it has changed its strategy so as to not compete with the external merchants. For example, CDON's offering of consumer electronics have been built by specialized external merchants and consequently CDON Retail has phased out its own sales of consumer electronics. This transition reduced net sales for the segment by 42 percent to SEK 107.5 (186.1) million. The segment's gross profit amounted to SEK 11.3 (17.3) million.

Less inventory increased scalability and reduced risk

CDON's operating profit before depreciation, amortization and impairment increased to SEK 7.6 (3.6) million. The company has launched new functions in the technology platform, which increased depreciations.

Due to the transition to a service-based income model, inventory levels were 70 percent lower at the end of the quarter compared with the previous year. This lowered the operations' inventory risk and increased the scalability of the business model.

Developing the offering

CDON continuously launches new services to merchants to drive sales and improve the marketplace. A new website was launched during the quarter that will make it easier for consumers to search among the merchants' over eight million products. In addition, data-driven insights will provide the merchants with new tools for driving sales.

CDON Connect, the merchants' tool for driving sales on CDON, was improved during the quarter. CDON Connect contains several smart functions. By making more data-driven decisions, merchants can follow sales in real time, compare prices, optimize product pages, attract traffic, extract sales reports and much more. Merchants can also easily upload items manually using a drag and drop function, via APIs or by integrating other IT systems.

CDON is always looking for new ways to generate value-creating add-on sales. One example is the new collaboration with mySafety Försäkringar, which makes it possible for customers to buy insurance when purchasing mobile phones through CDON.

NELLY INCREASED GROSS MARGIN

SEK million	2020	2019	Δ	2020	2019	Δ
	July-Sep	July-Sep		Jan-Sep	Jan-Sep	
Net sales	300.3	329.9	-9%	999.0	1,056.5	-5%
of which Nordics	287.8	296.0	-3%	948.9	944.8	0%
of which outside Nordics	12.5	33.9	-63%	50.1	111.7	-55%
Cost of goods sold	-161.9	-173.9	-7%	-556.4	-541.2	3%
Product result	138.4	156.0	-11%	442.5	515.3	-14%
<i>Product margin (%)</i>	46.1%	47.3%	-1.2 p.e	44.3%	48.8%	-4.5 p.e
Direct sales costs	-68.0	-80.4	-15%	-230.7	-253.7	-9%
<i>Direct sales costs (%)</i>	-22.6%	-24.4%	1.7 p.e	-23.1%	-24.0%	0.9 p.e
Gross profit	70.5	75.6	-7%	211.8	261.7	-19%
<i>Gross margin (%)</i>	23.5%	22.9%	0.5 p.e	21.2%	24.8%	-3.6 p.e
Operating profit before depreciation	1.8	9.3		7.2	38.2	
<i>Operating margin before depreciation (%)</i>	0.6%	2.8%	-2.2 p.e	0.7%	3.6%	-2.9 p.e
Operating profit	-5.3	0.7		-13.6	11.5	
<i>Operating margin (%)</i>	-1.8%	0.2%	-2.0 p.e	-1.4%	1.1%	-2.4 p.e
Investments (CAPEX)	-1.4	-1.8	-25%	-3.8	-11.1	-66%
Opening inventory balance	169.9	254.0	-33%	245.9	241.6	2%
Closing inventory balance	211.6	308.1	-31%	211.6	308.1	-31%
No. of active customers, thousands	1,214	1,317	-8%	1,214	1,317	-8%
Visits, thousands	25,763	25,284	2%	86,513	86,276	0%
Orders, thousands	554	624	-11%	1,949	2,136	-9%
Average shopping basket (SEK)	752	772	-3%	713	745	-4%
Percentage of own brands	41%	40%	1	41%	43%	-2
Return rate (last 12 months)	36%	38%	-2	36%	38%	-2

Nelly is one of the Nordics' strongest fashion brands for young women

Nelly offers fashion for young women through Nelly.com. Nelly is one of the most well-known fashion brands online among women aged 18 to 29 in the Nordics. The company has a direct-to-customer strategy with its own strong brand combined with digital sales directly to its target group. At its core is its own brand, complemented by a well-composed portfolio of external brands.

Nelly's sales in the Nordics was stable in local currencies

Nelly's sales in the Nordics fell by 3 percent compared with the previous year. In local currency, sales in the Nordics were unchanged. Since beginning of the year, Nelly has been focusing on the Nordics and in line with this, sales decreased outside the region.

Nelly increased its gross margin and inventory turnover rate

Nelly increased its gross margin through higher efficiency, a focus on the Nordics and a lower return rate. The company's focus on costs helped reduce direct sales costs by 15 percent and increased the gross margin to 23.5 (22.9) percent.

Nelly has successfully increased its inventory turnover rate by streamlining its buying and selling process along with measures for handling inventory levels. Inventories fell by 31 percent compared with the previous year, which limited the need for working capital.

Nelly continues to streamline its organization

Nelly continued to streamline the organization and moved about 15 Stockholm-based sales and marketing positions to the head office in Borås and decreased the existing organization in Borås with about the same number of positions. The reorganization had a negative impact on operating profit of SEK 5.4 million for the quarter. As previously announced, Nelly will move its warehouse from Falkenberg to Borås in 2021.

SIGNIFICANT EVENTS DURING AND AFTER THE THIRD QUARTER

On July 14, it was announced that Qliro Group withdrew the financial targets and previous guidance for 2020 for the subsidiaries.

On August 26, it was announced that Qliro Group had carried out a directed share issue of 29,954,951 ordinary shares at a subscription price of SEK 7 per share, consequently raising proceeds of approximately SEK 210 million before transaction related expenses. The net liquidity was mostly intended to strengthen own funds in Qliro AB but also to finance the unbundling of the Group and strengthen equity in the parent company. Mandatum Life, a wholly owned subsidiary of Sampo Group, subscribed for shares equivalent to 9.8 percent of the total number of outstanding shares in Qliro Group after the share issue. On the same day, the Board called for an extraordinary general meeting to resolve on distribution of the shares in Qliro AB to Qliro Group's shareholders.

On September 18, it was announced that the Financial Supervisory Authority (FI) approved Rite Venture's acquisition of 36,021,945 shares in Qliro Group from Kinnevik. Thus, Rite Ventures became Qliro Group's largest shareholder with 25.1 percent of the shares.

On September 25, Qliro Group's Board called for an extraordinary general meeting on October 26 to resolve on distribution of all shares in CDON AB to Qliro Group's shareholders. Provided that the meeting resolves to distribute the shares, CDON's shares will be listed on the Nasdaq First North Growth Market in November.

On September 28, the extraordinary general meeting resolved to distribute the shares in Qliro AB to Qliro Group's shareholders. The meeting also appointed Mathias Pedersen and Josephine Salenstedt as new Qliro Group board members. Andreas Bernström and Jessica Pedroni Thorell left their seats on Qliro Group's board after Kinnevik's sale of shares to Rite Ventures.

On October 2, Qliro AB's shares were listed for trading on the Nasdaq Stockholm exchange.

On October 20, it was announced Kristina Lukes will become new CEO on 6 November and John Afzelius new CFO on 1 April 2021. Kristina and John currently have corresponding roles at the subsidiary Nelly. As previously announced, Mathias Pedersen is leaving his role as CEO as the split-up of Qliro Group is being completed. David Granath will remain in his role as CFO until March. It was also announced that Qliro Group plans to change its name to Nelly Group on 6 November.

GROUP

Net sales decreased by 14.8 percent to SEK 460.7 (540.8) million in the quarter, of which SEK 256.7 (279.9) million in Sweden, SEK 191.4 (227.1) million in other Nordics and SEK 12.5 (33.9) million in the rest of the world. Sales decreased by 11.8 percent to SEK 1,535.8 (1,742.1) million for the nine-month period, of which SEK 824.1 (896.0) million in Sweden, SEK 661.6 (734.4) million in other Nordics and SEK 50.1 (111.7) million in the rest of the world. Exchange rate fluctuations had a negative effect of 2.8 percent for the quarter and 2.1 percent for the nine-month period.

The gross margin increased by 7.1 percentage points to 29.0 (21.8) percent for the quarter and amounted to 24.4 (22.3) percent for the nine-month period. The gross margin increased for both CDON and Nelly.

Operating profit before depreciation, amortization, and impairment was SEK 14.0 (-0.8) million for the quarter and SEK -15.6 (-5.9) million for the nine-month period.

The distribution on the shares in Qliro AB had a positive impact of SEK 12 million on earnings for the Group's central operations, as costs previously reported in the central operations have now been moved to discontinued operations. The result amounted to SEK 4.6 (-13.8) million for the quarter and -32.5 (-42.1) million for the nine-month period. Running Group-wide operational costs (excluding projects) amounted at the end of the period to approximately SEK 30 million on an annual basis.

Operating profit was SEK 0.2 (-13.9) million for the quarter and SEK -64.7 (-49.2) million for the nine-month period.

Net financial items amounted to SEK 0.4 (-0.4) million for the quarter and SEK -1.1 (-12.1) million for the nine-month period. Profit before tax was SEK 0.6 (-14.4) million for the quarter and SEK -65.8 (-61.2) million for the nine-month period. Recognized tax expense was SEK -2.5 (0.4) million for the quarter and SEK -13.7 (1.4) million for the nine-month period.

Profit after tax was SEK -1.9 (-13.9) million for the quarter and SEK -79.5 (-59.8) million for the nine-month period.

Profit after tax including discontinued operations was SEK 126.4 (-13.0) million for the quarter and SEK 3.3 (-56.9) million for the nine-month period. Earnings per share after tax including discontinued operations amounted to SEK 0.83 (-0.09) million for the quarter and SEK 0.02 (-0.38) million for the nine-month period.

Cash flow and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 0.4 (1.2) million for the quarter and SEK -33.2 (-6.0) million for the nine-month period. CDON and Nelly reduced their inventories during the quarter.

Consolidated cash flow from operations after changes in working capital amounted to SEK -17.7 (-42.9) million for the quarter and SEK -133.6 (-128.9) million for the nine-month period. Investments in non-current assets amounted to SEK -6.6 (-8.2) million for the quarter and SEK -20.3 (-32.0) million for the nine-month period. The investments were made mainly in technology platforms for CDON.

Cash flow from financing activities amounted to SEK -2.1 (-21.9) million for the quarter and SEK 62.8 (-371.5) million for the nine-month period. SEK 75 million in loans were taken during the nine-month period, which were repaid in the third quarter. In August, a directed share issue raised SEK 210 million before transaction expenses, and in September, SEK 125 million was invested in Qliro AB through an unconditional shareholder contribution.

At the end of the quarter, consolidated cash and cash equivalents amounted to SEK 222.0 (118.9) million and net cash amounted to SEK 221.0 (118.9) million.

At the end of the quarter, total assets amounted to SEK 829.3 (3,506.1) million and equity amounted to SEK 338.2 (943.2) million.

Discontinued operations

Qliro Group distributed Qliro AB to Qliro Group's shareholders in the third quarter of 2020. This company was recognized as a discontinued operation in the Group.

Qliro AB was listed on Nasdaq Stockholm with October 2 as the initial trading day. Profit after tax for discontinued operations amounted to SEK 128.3 (1.0) million for the quarter and SEK 82.2 (3.0) million for the nine months period. The third quarter item consisted of loss after tax for Qliro AB of SEK -8.6 million and positive earnings including transaction expenses from the distribution of Qliro AB of SEK 136.9 million. The positive profit contribution came from the fact that Qliro AB in the opening trade in its first trading day was valued at SEK 755 million, which exceeded the book value of the net assets attributable to Qliro AB, which previously amounted to SEK 601 million in the Group, for more information see not 3.

CDON is not recognized as an asset held for sale since the decision on distribution of shares in CDON AB will not be made until October 26 at the earliest.

Parent company

The Qliro Group AB parent company reported sales of SEK 0.7 (1.4) million for the quarter and SEK 2.5 (6.4) million for the nine-month period. Profit from shares in subsidiaries amounted to SEK -27.4 million in the third quarter and consisted primarily of transaction expenses related to the distribution of Qliro AB.

Profit/loss before tax was SEK -27.1 (-12.3) million for the quarter and SEK 10.0 (-42.3) million for the nine-month period. Cash and cash equivalents in the parent company amounted to SEK 55.7 (15.1) million at the end of the quarter.

The August 26 share issue increased the number of shares and votes by 29,954,951 and increased share capital by SEK 29,954,951 million. As of September 30, Qliro Group had 184,949,730 shares issued, of which 179,729,730 were ordinary shares and 5,220,000 were C shares. Share capital totaled SEK 184,949,730. The C shares are held by Qliro Group and may not be represented at general meetings.

Effects of COVID-19

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

Nelly's market conditions have been affected by COVID-19 through low demand in certain product categories. The company has implemented cost-saving measures, including short-term work, which has entailed some state subsidies. CDON offers many products to a target group that has increased its online shopping due to COVID-19. This helped increase the number of customers and visitors to CDON in the quarter and the nine months period.

Consolidated situation dissolved

The previous subsidiary Qliro AB (credit market company under FI's supervision) was distributed to the shareholders, which means that Qliro Group is no longer in a consolidated situation.

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.

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. 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 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.

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's subsidiary CDON Alandia Ab 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 (expected to be held in the spring of 2021), 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. No such claim has been made, and Qliro Group has not made any provisions for such claims. In light of the proposed distribution of CDON's shares, CDON Alandia, CDON and Qliro Group have entered into an agreement that regulates the parties' responsibility if any of them, by a definitive judgement are ordered to pay damages to those prosecuted. According to this agreement, any damages shall in all material respects be borne by CDON.

Related party transactions

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

Financial calendar 2021

Qliro Group's year-end report for 2020 will be presented on February 4.

The interim report for the first quarter will be presented on April 21.

Qliro Group's 2021 annual general meeting (AGM) will be held in Stockholm on May 12.

Nomination Committee

In accordance with the Nomination Committee Rules adopted at the 2018 AGM, a representative for the largest shareholder, Rite Ventures, convened a nomination committee to prepare proposals for Qliro Group's 2021 AGM. Shareholders who wish to propose members for Qliro Group's board of directors may submit written proposals to Qliro Group AB, attn: Company Secretary, Box 195 25, 104 32 Stockholm, Sweden.

Mathias Pedersen, CEO
Stockholm, October 21, 2020

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Registered office: Stockholm
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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: +44 330 336 9401

US: +929 477 0630

The pin code to access this call is 709667

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

For further information, please contact:

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Om Qliro Group

Qliro Group operations include fashion brand Nelly.com and the leading Nordic marketplace CDON. In late September, Qliro AB was distributed to Qliro Group's shareholders. The plan is to distribute CDON AB shares to Qliro Group's shareholders. Qliro Group will subsequently change its name to Nelly Group to reflect the new business. 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. The information was released for publication through the agency of the above-mentioned contacts at 8:00 a.m. on October 21, 2020.

Review report

To the Board of Directors of Qliro Group AB (publ)
Corp. id. 556035-6940

Introduction

We have reviewed the condensed interim financial information (interim report) of Qliro Group AB (publ) as of 30 September 2020 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm 20 October 2020
KPMG AB

Mårten Asplund
Authorized Public Accountant

Consolidated income statement	2020	2019	2020	2019
SEK million	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep
Net sales	460.7	540.8	1 535.8	1 742.1
Cost of goods and services	-326.9	-422.8	-1 160.4	-1 353.3
Gross profit	133.8	118.0	375.4	388.9
Sales and administration expenses	-134.2	-131.3	-443.1	-435.6
Other operating income and expenses, net	0.6	-0.6	3.1	-2.5
Operating profit or loss	0.2	-13.9	-64.7	-49.2
Net interest & other financial items	0.4	-0.4	-1.1	-12.1
Net profit or loss before tax	0.6	-14.4	-65.8	-61.2
Tax	-2.5	0.4	-13.7	1.4
Net profit or loss for continued operations	-1.9	-13.9	-79.5	-59.8
Net profit or loss for discontinued operations	128.3	1.0	82.8	3.0
Total net profit or loss for continued and discontinued operations	126.4	-13.0	3.3	-56.9
<i>Attributable to:</i>				
Equity holders of the parent	126.4	-13.0	3.3	-56.9
Non-controlling interests	-	-	-	-
Net income for the period	126.4	-13.0	3.3	-56.9
Basic earnings per share for continued operations before and after dilution, SEK	-0.01	-0.09	-0.52	-0.40
Basic earnings per share (including discontinued operations) before and after dilution, SEK	0.83	-0.09	0.02	-0.38

Consolidated statement of comprehensive income	2020	2019	2020	2019
SEK million	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Translation difference for the period	0.1	0.1	-2.3	2.8
Total comprehensive income for period	126.6	-12.8	1.0	-54.1
<i>Total comprehensive income attributable to:</i>				
Parent company shareholders	126.6	-12.8	1.0	-54.1
Non-controlling interests	-	-	-	-
Total comprehensive income for the period	126.6	-12.8	1.0	-54.1
Shares outstanding at period's end, million	179.7	149.8	179.7	149.8
Shares outstanding at period's end, diluted, million	179.7	149.8	179.7	149.8
Average number of shares, basic, million	151.7	149.8	153.7	149.8
Average number of shares, diluted, million	151.7	149.8	153.7	149.8

Consolidated Statement of financial position SEK million	2020 30 Sep	2019 30 Sep	2019 31 Dec
Non-current assets			
Goodwill	64.6	65.1	64.4
Other intangible assets	80.2	264.0	269.6
Total intangible assets	144.8	329.0	333.9
Tangible assets	6.1	26.9	28.1
Leased assets	49.8	86.2	81.4
Deferred tax asset	83.9	118.3	111.0
Total non-current assets	284.5	560.5	554.5
Current assets			
Inventories	237.9	394.7	349.6
Loans to the public	-	1 813.6	2 070.4
Current interest-bearing investments	-	250.1	255.0
Current non-interest bearing receivables	84.9	173.4	226.8
Cash and cash equivalents	222.0	313.9	553.9
Total current assets	544.8	2 945.7	3 455.6
Total assets	829.3	3 506.1	4 010.0
Equity			
Equity attributable to owners of the parent	338.2	943.2	888.5
Total equity	338.2	943.2	888.5
Non-current liabilities			
<i>Non interest bearing</i>			
Other provisions	5.9	1.0	0.7
<i>Interest bearing</i>			
Loan Facility	-	254.7	292.4
Bond	-	100.0	100.0
Leased liabilities	27.8	59.1	53.6
Total non-current liabilities	33.7	414.9	446.6
Current liabilities			
<i>Interest bearing</i>			
Credit Facility	-	19.2	-
Deposits from the public	-	1 522.6	1 819.1
Leased liabilities	23.0	28.8	29.1
<i>Non interest bearing</i>			
Current non-interest bearing liabilities	434.5	577.5	826.7
Total current liabilities	457.4	2 148.1	2 674.9
Total equity and liabilities	829.3	3 506.1	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-Sep	2019 Jan-Sep	2019 Jan-Dec
Opening balance	888.5	994.5	994.5
Comprehensive income for the period	1.0	-54.1	-108.7
Effects of long term incentive program	0.7	2.8	2.7
New share issue	203.4	-	-
Distribution of shares	-755.5	-	-
Closing balance	338.2	943.2	888.5

Consolidated statement of cash flow	2020	2019	2020	2019
SEK million	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep
Cash flow from operating activities before changes in working capital	0.4	1.2	-33.2	-6.0
Changes in working capital ¹	-18.1	-44.0	-100.4	-122.9
Cash flow from operations	-17.7	-42.9	-133.6	-128.9
Investments in non-current assets	-6.6	-8.2	-20.3	-32.0
Cash flow to/from investing activities	-6.6	-8.2	-20.3	-32.0
New share issue ¹	203.4	-	203.4	-
Shareholder contribution, net change ²	-125.0	-15.0	-125.0	-95.0
Internal loan, net change	-	-	-	0.1
Redemption of / Issued unsecured bond	-	-	-	-256.0
Amortization of leasing debt	-5.5	-6.9	-15.6	-20.5
Utilised credit facilities ³	-75.0	-	-	-
Cash flow to/from financing activities	-2.1	-21.9	62.8	-371.5
Change in cash and cash equivalents for the period from continued operations	-26.5	-72.9	-91.1	-532.4
<i>Cash flow from discontinued operations</i>				
Cash flow from operations	-110.0	21.6	-242.6	28.8
Cash flow from investing activities	-16.3	-20.1	-55.8	-70.4
Cash flow from financing activities	123.0	115.0	119.0	194.9
Change in cash and cash equivalents for the period from discontinued operations	-3.3	116.4	-179.3	153.4
Change in cash and cash equivalents for the period	-29.7	43.5	-270.4	-379.0
Cash and cash equivalents at period's start	312.6	270.4	553.9	691.8
Translation difference, cash and cash equivalents	0.0	0.0	-0.6	1.1
Less cash from discontinued operations	-60.9	-	-60.9	-
Cash and cash equivalents at period's end	222.0	313.9	222.0	313.9

¹ In August, a directed new share issue of SEK 210 million was carried out before transaction costs

¹ Investment of SEK 125 million in Qliro AB through unconditional shareholder contribution

³ Repayment of Nordea facility of SEK 75 million

Net Sales by segment	2020	2020	2020	2020	2020	2019	2019	2019	2019	2019	2019	2019
SEK million	Q3	Q2	Q1	Jan-Jun	Jan-Sep	Q4	Q3	Q2	Q1	Jan-Jun	Jan-Sep	Full year
CDON	154.5	196.8	184.2	381.0	535.5	421.6	211.9	217.7	260.6	478.3	690.1	1 111.7
Nelly	300.3	393.4	305.3	698.6	999.0	399.4	329.9	424.3	302.4	726.6	1 056.5	1 456.0
Group central operations and adjustments	5.9	-1.9	-2.7	-4.6	1.3	0.8	-1.0	-1.3	-2.3	-3.6	-4.5	-3.7
Qliro Group Consolidated Total	460.7	588.2	486.8	1 075.1	1 535.8	821.8	540.8	640.7	560.7	1 201.3	1 742.1	2 564.0

Operating profit by segment	2019	2020	2020	2020	2020	2019	2019	2019	2019	2019	2019	2019
SEK million	Q3	Q2	Q1	Jan-Jun	Jan-Sep	Q4	Q3	Q2	Q1	Jan-Jun	Jan-Sep	Full year
CDON	0.9	-4.2	-15.2	-19.5	-18.6	17.2	-0.7	-7.4	-10.3	-17.7	-18.4	-1.3
Nelly	-5.3	18.8	-27.1	-8.3	-13.6	-16.6	0.7	23.0	-12.2	10.8	11.5	-5.2
Group central operations and adjustments	4.6	-21.7	-15.4	-37.1	-32.5	-14.4	-13.9	-14.8	-13.5	-28.4	-42.2	-56.6
Qliro Group Consolidated Total	0.2	-7.1	-57.8	-64.8	-64.7	-13.8	-13.9	0.7	-36.0	-35.3	-49.2	-63.0

Inventories by segment	2020	2020	2020	2019	2019	2019	2019
SEK million	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar
CDON	26.3	40.9	61.6	103.7	86.5	107.3	131.8
Nelly	211.6	169.9	283.4	245.9	308.1	254.0	287.1
Total e-commerce	237.9	210.8	345.1	349.6	394.7	361.3	418.9

Parent company income statement SEK million	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	2019 Jan-Dec
Net sales	0.7	1.4	2.5	6.4	7.4
Gross profit	0.7	1.4	2.5	6.4	7.4
Administration expenses	-1.6	-13.9	-33.0	-41.4	-56.4
Operating profit or loss	-0.9	-12.4	-30.5	-35.0	-49.0
Profit or loss from shares in subsidiaries ¹	-27.4	-	41.6	-	-
Net interest & other financial items	1.2	0.1	-1.0	-7.3	-7.7
Profit or loss after financial items	-27.1	-12.3	10.0	-42.3	-56.7
Group contribution received	-	-	-	-	0.0
Group contribution paid	-	-	-	-	-10.0
Profit or loss before tax	-27.1	-12.3	10.0	-42.3	-66.6
Tax	-12.5	2.7	-12.5	9.0	-15.0
Net income or net loss for the period	-39.6	-9.8	-2.5	-33.2	-81.6

Parent company statement of comprehensive income SEK million					
Profit or loss for period	-39.6	-9.8	-2.5	-33.2	-81.6
Other comprehensive income	-	-	-	-	-
Total comprehensive income for period	-39.6	-9.8	-2.5	-33.2	-81.6

¹Profit/loss from shares in subsidiaries consists primarily of a dividend from CDON, write-down of the book value of shares in CDON and transactions costs related to the dividend of Qliro AB.

Parent company statement of financial position SEK million	2020 30 Sep	2019 30 Sep	2019 31 Dec
Non-current assets			
Equipment	0.2	0.4	0.4
Shares and participating interests in group companies	478.6	1 025.9	1 068.9
Deferred tax asset	82.2	109.6	94.7
Total non-current assets	560.9	1 136.0	1 163.9
Current assets			
Current non-interest-bearing receivables	4.5	12.1	3.6
Receivables from group companies	0.6	5.7	5.8
Total current receivables	5.1	17.8	9.4
Cash and bank	55.7	15.1	8.3
Total cash and cash equivalents	55.7	15.1	8.3
Total current assets	60.8	32.9	17.7
Total assets	621.7	1 168.8	1 181.5
Equity			
Restricted equity	185.8	155.8	155.8
Unrestricted equity	416.2	1 001.6	953.2
Total equity	602.0	1 157.4	1 109.0
Provisions			
Other provisions	0.5	1.0	0.7
Total provisions	0.5	1.0	0.7
Current liabilities			
Short-term interest bearing loans, group companies	-	-	50.2
Liabilities to group companies	-	1.0	10.9
Non-interest-bearing liabilities	19.2	9.3	10.7
Total current liabilities	19.2	10.3	71.9
Total liabilities	19.8	11.4	72.5
Total equity and liabilities	621.7	1 168.8	1 181.5

Key ratios	2020 Q3	2020 Q2	2020 Q1	2020 Jan-Jun	2020 Jan-Sep	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2019 Jan-Jun	2019 Jan-Sep	2019 Full year
<i>CDON</i>												
No. of active customers, thousand	2 141	1 988	1 827	1 988	2 141	1 771	1 747	1 744	1 761	1 744	1 747	1 771
No. of visits, thousand	28 255	29 375	23 346	53 082	81 337	33 381	20 071	20 167	22 574	42 742	62 813	96 194
No. of orders, thousand	863	883	711	1 594	2 457	1 127	638	620	687	1 307	1 945	3 072
Average shopping basket, SEK	607	639	635	637	627	671	612	632	566	597	602	627
<i>Nelly</i>												
No. of active customers, thousand	1 214	1 244	1 278	1 244	1 214	1 298	1 317	1 327	1 351	1 327	1 317	1 298
No. of visits, thousand	25 763	33 307	27 442	60 749	86 513	32 137	25 284	32 686	28 307	60 993	86 276	118 414
No. of orders, thousand	554	788	607	1 395	1 949	810	624	865	647	1 512	2 136	2 946
Average shopping basket, SEK ¹	752	686	714	698	713	712	772	752	711	735	745	736
Group												
Net cash, SEK million	-221.0	-172.5	-67.4	-172.5	-221.0	-312.9	-118.9	-211.3	-204.2	-211.3	-118.9	-312.9
Basic earnings per share before and after dilution, SEK ²	-0.01	-0.29	-0.51	-0.80	-0.52	-0.36	-0.09	0.00	-0.30	-0.29	-0.38	-0.74
Equity per share, SEK ³	1.88	5.11	5.43	5.11	1.88	5.93	6.30	6.38	6.37	6.38	6.30	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 jul-sep 2020 and jan-sep 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 jul-sep is 151,728,363 and for the period jan-sep the weighted average number of shares before and after dilution is 153,710,466.

³ Calculated on present number of common shares, which per september 2020 amounts to 179,729,730

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

ALTERNATIVE PERFORMANCE MEASURES

Certain key ratios 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.

Jul-Sep 2020				Group central	
SEK million	CDON	Nelly	operations ¹	Group	
Earnings before interest and taxes	0.9	-5.3	4.6	0.2	
Depreciation, amortization and impairment	6.7	7.1	0.0	13.9	
Earnings before interest, taxes, depreciation, amortization and impairment	7.6	1.8	4.7	14.0	

Jul-Sep 2019				Group central	
SEK million	CDON	Nelly	operations ¹	Group	
Earnings before interest and taxes	-0.7	0.7	-13.9	-13.9	
Depreciation, amortization and impairment	4.3	8.6	0.1	13.1	
Earnings before interest, taxes, depreciation, amortization and impairment	3.6	9.3	-13.8	-0.8	

Jan-Sep 2020				Group central	
SEK million	CDON	Nelly	operations ¹	Group	
Earnings before interest and taxes	-18.6	-13.6	-32.5	-64.7	
Depreciation, amortization and impairment	28.1	20.8	0.1	49.1	
Earnings before interest, taxes, depreciation, amortization and impairment	9.5	7.2	-32.3	-15.6	

Jan-Sep 2019				Group central	
SEK million	CDON	Nelly	operations ¹	Group	
Earnings before interest and taxes	-18.4	11.5	-42.2	-49.2	
Depreciation, amortization and impairment	13.8	26.7	2.8	43.3	
Earnings before interest, taxes, depreciation, amortization and impairment	-4.7	38.2	-39.4	-5.9	

¹ Includes group adjustments

Net cash	2020	2020	2020	2019	2019	2019	2019
SEK million	30-sep	30-jun	31-mar	31-dec	30-sep	30-jun	31-mar
Leased assets	49.8	54.3	55.2	60.2	64.7	70.4	99.4
Cash	222.0	248.5	169.4	313.7	138.7	211.7	204.5
Leasing liabilities	-50.8	-55.2	-56.0	-61.0	-65.3	-70.8	-99.7
Credit facility	-	-75.0	-101.1	-	-19.2	-	-
Nettokassa	221.0	172.5	67.4	312.9	118.9	211.2	204.2

Note 1

Disclosures in accordance with IAS 34.16A are on page 8.

Note 2

The Group is divided into two segments: Nelly, which offers online fashion shopping and CDON, which is the leading Nordic local online marketplace.

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. Sales are recognized by country of sale, that is, the country in which the recipient is located.

Sales by geographic area

Jul-Sep 2020	CDON	Nelly	Group central operations ¹	Group consolidated total
SEK million				
Sweden	100.5	150.3	5.9	256.7
Other nordics	54.0	137.5	-	191.4
Nordics	154.5	287.8	5.9	448.2
Rest of the world ²	-	12.5	-	12.5
Total	154.5	300.3	5.9	460.7

Jul-Sep 2019	CDON	Nelly	Group central operations ¹	Group consolidated total
SEK million				
Sweden	126.7	154.1	-1.0	279.9
Other nordics	85.2	141.9	-	227.1
Nordics	211.9	296.0	-1.0	506.9
Rest of the world ²	-	33.9	-	33.9
Total	211.9	329.9	-1.0	540.8

Jan-Sep 2020	CDON	Nelly	Group central operations ¹	Group consolidated total
Miljoner kronor				
Sweden	330.5	492.3	1.3	824.1
Other nordics	205.0	456.6	-	661.6
Nordics	535.5	948.9	1.3	1 485.7
Rest of the world ²	-	50.1	-	50.1
Total	535.5	999.0	1.3	1 535.8

Jan-Sep 2019	CDON	Nelly	Group central operations ¹	Group consolidated total
Miljoner kronor				
Sweden	406.1	494.5	-4.5	896.0
Other nordics	284.0	450.4	-	734.4
Nordics	690.1	944.8	-4.5	1 630.4
Rest of the world ²	-	111.7	-	111.7
Total	690.1	1 056.5	-4.5	1 742.1

¹ Includes group adjustments

² Refers mainly to sales in Germany and the Netherlands

Note 3

At the extraordinary general meeting held on September 28, 2020, it was resolved to distribute the shares in the wholly owned subsidiary Qliro AB to Qliro Group's shareholders. The shares in Qliro AB were transferred to Euroclear on 30 September, for further distribution to new shareholders, and was thereafter listed on Nasdaq Stockholm with the first day of trading on 2 October 2020.

The following table shows the distributed operations related to the previously wholly owned subsidiary Qliro AB.

Discontinued operations

Group SEK million	2020	2019	2020	2019
	Jul-Sep	Jul-sep	Jan-Sep	Jan-Sep
Income	105.0	83.8	305.4	246.2
Expenses	-114.5	-82.4	-369.3	-242.0
Profit/loss before tax	-9.5	1.5	-63.9	4.2
Tax	0.9	-0.5	12.5	-1.1
Profit/loss after tax but before capital gains on dividends from the discontinued operations	-8.6	1.0	-51.4	3.0
Result after distribution of Qliro AB ¹	136.9	-	134.3	-
Profit/loss from discontinued operations after tax	128.3	1.0	82.8	3.0

Group SEK million	2020	2019	2020	2019
	Jul-Sep	Jul-sep	Jan-Sep	Jan-Sep
Net cash flow from discontinued operations				
Cash flow from operations	-110.0	21.6	-242.6	28.8
Cash flow from investing activities	-16.3	-20.1	-55.8	-70.4
Cash flow from financing activities	123.0	115.0	119.0	194.9
Net cash flow from discontinued operations	-3.3	116.4	-179.3	153.4

Group SEK million	2020	2019
	Jan-Sep	Jan-Sep
Distributed assets and liabilities		
Intangible assets	-165.1	-
Tangible assets	-15.5	-
Leased assets	-16.6	-
Deferred tax asset	-27.2	-
Loans to the public	-2 200.7	-
Current interest-bearing investments	-375.1	-
Current non-interest bearing receivables	-65.0	-
Cash and cash equivalents	-60.8	-
Loan facility	127.7	-
Deposits from the public	1 958.5	-
Bond	100.0	-
Leased liabilities	16.8	-
Current non-interest bearing liabilities	121.9	-
Net assets and liabilities	-601.0	-

¹SEK 0,25 million in the quarter 2020 and SEK 2,9 million in the nine-month period 2020 refers to transaction cost in connection with the sale of HSNB.