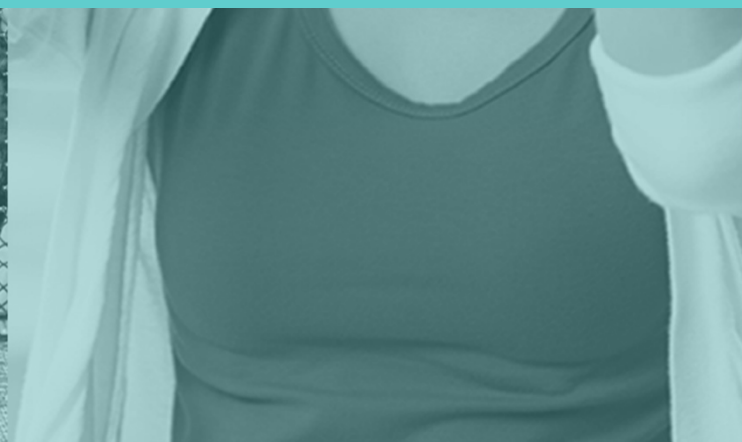




## Qliro Group – Q1 Report

*Marcus Lindqvist, CEO*  
*April 21, 2020*



# Split up of the group will be done, but delayed due to market conditions

## QLIRO

- Loan book +38%
- Income +12%
- Volumes +13%
- Onboarding of merchants
- To be listed on Nasdaq

## CDON

- External merchants +101%
- Gross sales +17%
- Commission revenue +52%
- Gross margin 24%
- Inventory -53%
- Distribution to shareholders following Qliro's listing

## NELLY.COM

- Sales in the Nordics +6%
- Total sales +1% on a very weak market
- Focus on Nordics and actions to cut costs
- Nelly to remain within the listed entity

## Qliro Group

- Split up of group will be done, but the process is delayed due to market conditions

# Ready for listing on Nasdaq Stockholm

## Onboarding of new merchants

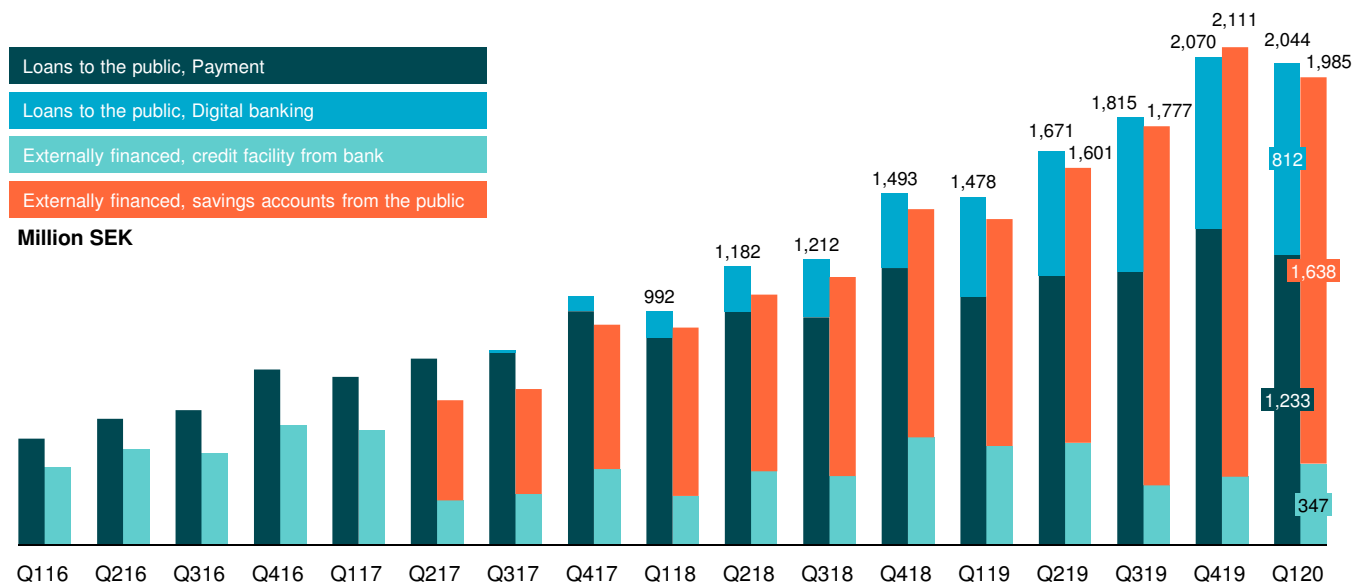
SEKm	Q1 20	Q1 19	Δ
Total operating income	96.4	86.0	12%
Total operating expenses, excl. depreciations	-63.3	-57.8	9%
EBTDA	3.5	14.3	
Loan book	2,044	1,478	38%
Payment business volume	1,231	1,089	13%

- Payment business volume grew 13%, positively affected by onboarding of new merchants, 41 now versus 33 a year ago
- Total operating income grew 12%, faster than operating expenses excluding depreciations
- Net interest grew 34%, while net commission income declined 7%, i.a. mix of merchants and a cap on fees in Finland
- Depreciation increased SEK 10m, following rollout of new features
- Changed capital adequacy rules resulted in SEK 50m lower capital requirements
- Covid-19 impacted reservations for credit losses following more conservative assumptions about the economy and lower market value on part of the credit portfolio, in total SEK 10m

# Loan book reached SEK ~2 billion

Grown 44 percent per annum during last two years

- Loan book grew 38%, driven by both e-commerce volumes and digital banking
- Payment services loans grew 17% and personal loans grew 92%
- Interest cost for loan book amounted to SEK 9m. Interest revenue from loan book amounted to SEK 58m
- Net interest amounted to SEK 49m, reflecting a solid interest rate spread

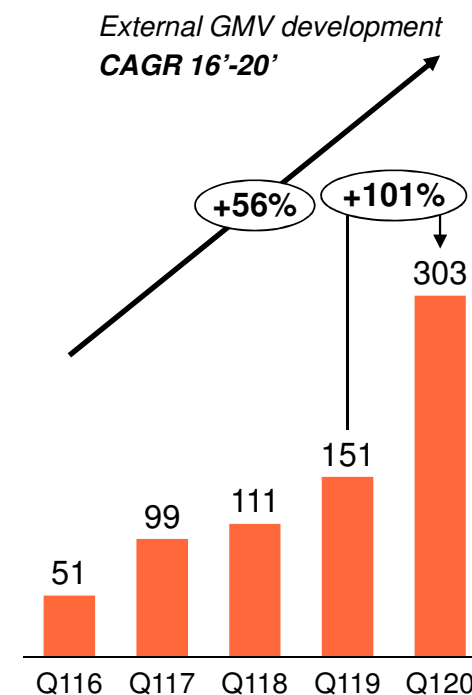


## CDON's external merchants doubled sales

### Strong momentum

SEKm	Q1 20	Q1 19	Δ
External merchants	302.6	150.8	101%
Gross sales	461.2	394.5	17%
Gross profit	43.9	43.8	
Gross margin, %	23.8%	16.8%	7 p.p.
EBITDA	-0.6	-5.7	

- External merchants increased sales 101%, leading to a growth in commission income with 52%
- External volumes and drop shipment accounted for 74% of gross sales
- Total gross sales grew 17%
- Gross margin increased with 7 percentage points and reached 24%
- Scalable and capital efficient model, as inventory decreased 53%
- Leverage investments in automation, with 24% lower personnel costs
- Rollout of new tech platform resulted in write-off of old functionality with SEK 7m



# Nelly grew in the Nordics on a very weak market

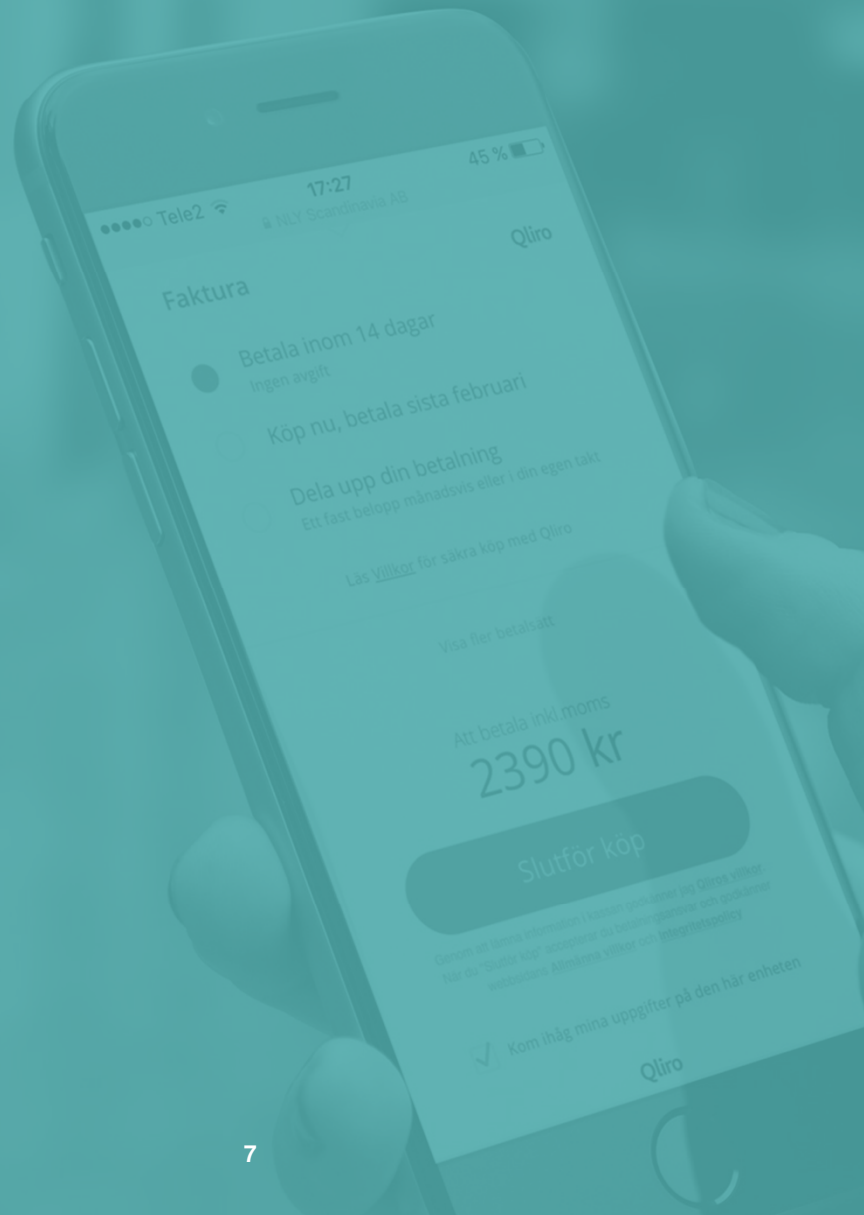
## Action program launched to increase efficiency

SEKm	Q1 20	Q1 19	Δ
Net Sales	305.3	302.4	1%
Gross profit	48.4	68.8	-30%
Gross margin, %	15.9%	22.8%	-6.9 p.p.
EBITDA	-20.2	-3.2	

- ➔ Sales grew 6% in the Nordic region and 1% in total, while the fashion market in Sweden dropped 39% in March
- ➔ Initiated strategy to transform the business into a Nordic focus which will hamper total growth, but support long-term profitability
- ➔ Customer acquisitions and sales prioritized over margins during Covid-19 outbreak
- ➔ Negative impact from Covid-19 approximately SEK 10m, through clearance sales and increased warehouse operation cost
- ➔ Adjustment of organization to secure right size, reducing costs with SEK 15m annually going forward, added cost of SEK 2.5m in the quarter
- ➔ Return ratio decreased with 1 percentage point to 38%, as a result of the Nordic Focus

# Financials

Mathias Pedersen, CFO



# Consolidated income statement

## Lower gross margin, impacted by Covid-19

- Net sales decreased to SEK 592m (SEK 653m) in the quarter as growth in Qliro was offset by the effects of CDON's continued phaseout of own inventory-based sales
- Exchange rate fluctuations reduced sales with 0.4% and the operating result with 0.8 percentage points
- Covid-19 impacted Nelly's margins (approximately SEK 10m) and Qliro AB's provisions for future credit losses and lower market value on a credit portfolio (SEK 10m)
- Net profit before tax amounted to SEK -76m (SEK -44m)

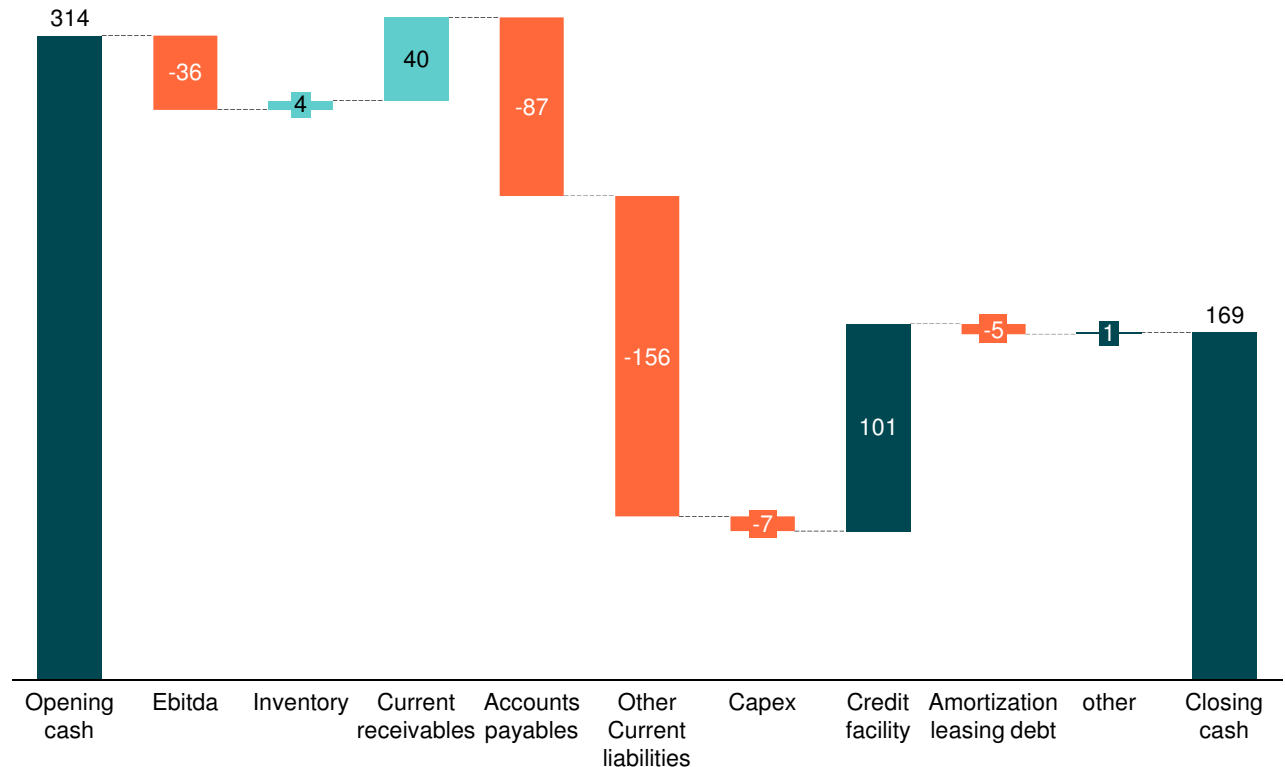
SEKm	Q1 20	Q1 19
<b>Net sales</b>	<b>591.5</b>	<b>652.9</b>
<b>Gross profit</b>	<b>151.6</b>	<b>174.6</b>
<i>Gross margin</i>	<i>25.6%</i>	<i>26.7%</i>
<b>Operating result</b>	<b>-76.4</b>	<b>-33.5</b>
Financial net	0.0	-10.9
<b>Net result before tax</b>	<b>-76.4</b>	<b>-44.4</b>



# E-commerce cash flow

## Seasonally weak cash flow

- Net inventory increased with SEK 4m during the quarter as Nelly increased its inventory before the spring/summer period following the usual seasonal pattern. CDON's continued its phase out of own inventory
- Other operating net working capital increased SEK 203m, following the seasonal pattern where payment for purchased goods and VAT were due after year end
- Capex amounted to SEK 7m
- Utilization of credit facility amounted to SEK 101m



# E-commerce balance sheet

## Credit facility for E-commerce

- E-commerce net cash amounted to SEK 68m
- Credit facility of SEK 101m utilized during the quarter
- CDON's continued transformation within the marketplace model decreased its need for inventory with 53% compared to last year
- Nelly's inventory decreased somewhat compared to last year
- Impairment of intangible in CDON of SEK 7m following decommission of older IT-functions

SEKm	876	876	
Cash	169	217	Accounts payable
Accounts receivables	41		
Other receivables	72		
Inventory	345	256	Other operating debt
Goodwill	66	1	Other liabilities
Other intangibles	82	101	Credit facility
Financial assets	92		
Fixed assets	7		
	Assets	Eq. & Liab.	Equity

# Qliro AB's balance sheet

## Focus on further expansion

- Payment services loan book amounted to SEK 1,233m and personal loans to SEK 812m
- Public deposits increased with 70% to SEK 1,638m
- SEK 347m in utilized secured credit facility, with an additional SEK 453m in undrawn funding
- SEK 100m from Tier 2 bond launched during 2019

### Regulatory capital

- Risk Exposure Amount of SEK 2.2bn
- Own funds amounted to SEK 360m, of which SEK 310m in Common Equity Tier 1 ("CET1") capital
- CET1 adequacy ratio of 14.1% (18.8% for consolidated situation)

SEKm

	2,728	2,728	
Cash	73	129	Accounts payable
Other receivables	370		Other liabilities
Current investments			
Loans to the public: payments	1 233	1 638	Public deposits
Loans to the public: personal loans	812	347	Credit facility
Financial assets		100	Bond
Other intangibles	19	512	Equity
Fixed assets	183		
	38		
	Assets	Eq. & Liab.	

# THANK YOU

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# Qliro Group