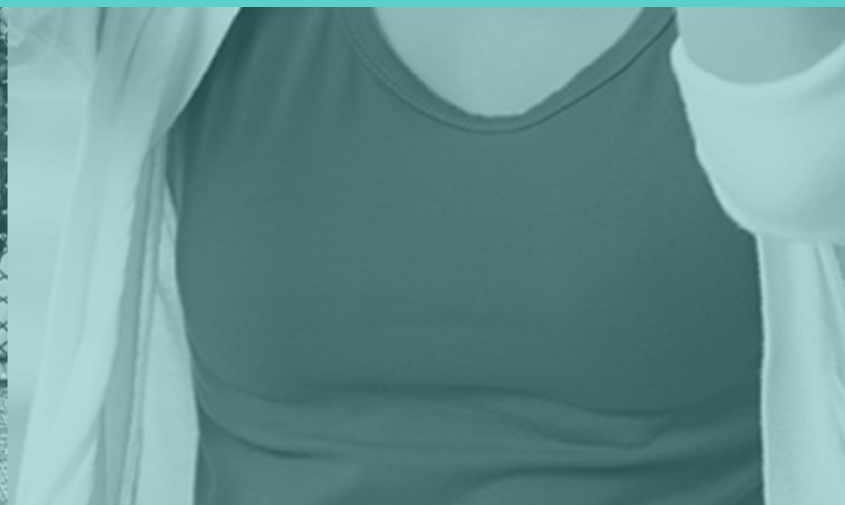




## Qliro Group – Q1 Report

*Marcus Lindqvist, CEO*  
*April 17, 2019*



# All companies improved results

**QLIRO**

Financial services to  
consumers and merchants

Inflow of new merchants  
and  
expansion of loan book

**CDON.COM**

The leading Nordic  
online marketplace

Growth for external sales  
and  
improved efficiency

**NELLY.COM**

A leading online Nordic  
fashion brand

Strong growth in net sales  
and  
improved margins

Ongoing dialogue on potential transactions to create shareholder value  
First half of 2019, all subsidiaries to be operationally and structurally independent  
Second half of 2019, all subsidiaries are ready to be listed companies

# Qliro Financial Services attracted new merchants

## Profit improved substantially

SEKm	Q1 19	Q1 18	Δ
Total operating income	86.0	68.1	26%
Total operating expenses	69.6	59.3	17%
EBTDA	14.0	3.5	295%
Loan book	1 514	1 019	49%
Business volume	1 089	947	15%

- Total operating income increased 26%, driven by increased lending to the public
- Total operating expense increased 17%, proving the scalability of the business
- Operating result before depreciation increased 295%
- Business volume grew 15% despite negative impact from CDON's transformation
- Initiatives to attract merchants very successful. New merchants include Dollarstore, Best of Brands, Baresso, Nordicfeel, Eleven, inkClub.com, dammsugarpåsar.nu, dinVitamin.com etc

**>5**  
Million Qliro Transactions<sup>1</sup>

**2**  
Million active customers<sup>1</sup>

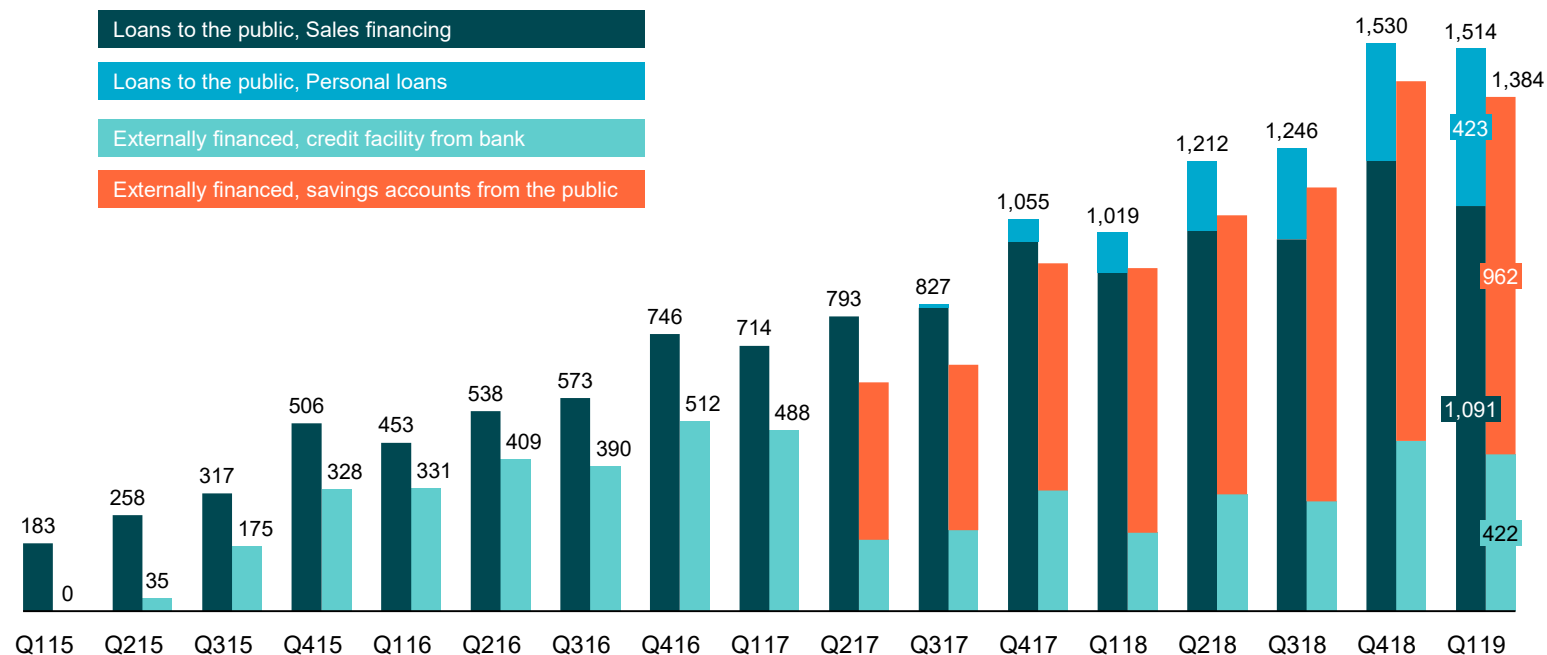


# Loan book above SEK 1.5 billion

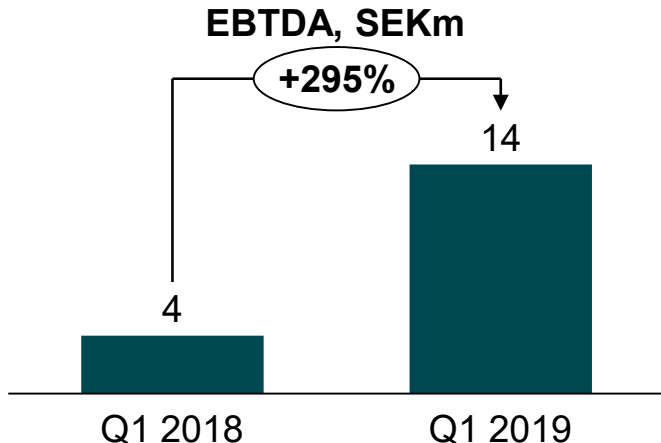
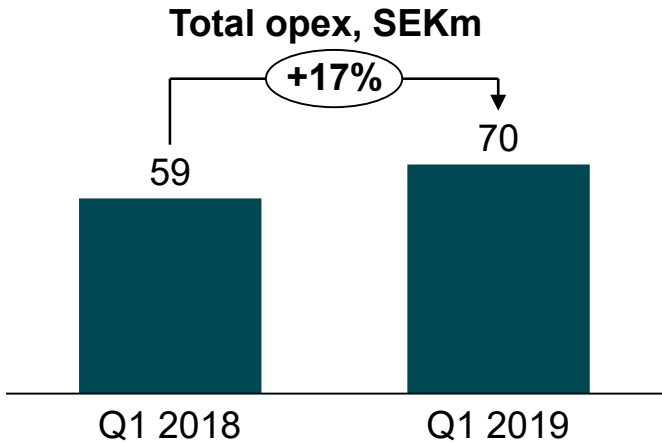
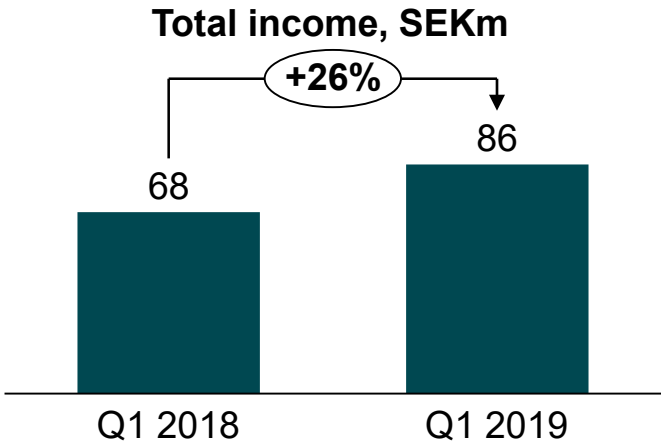
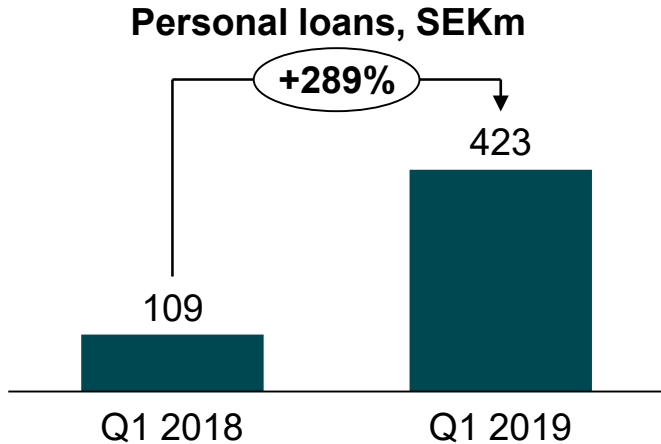
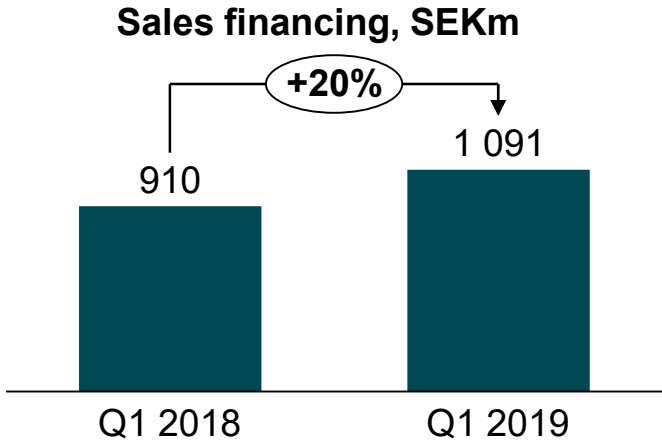
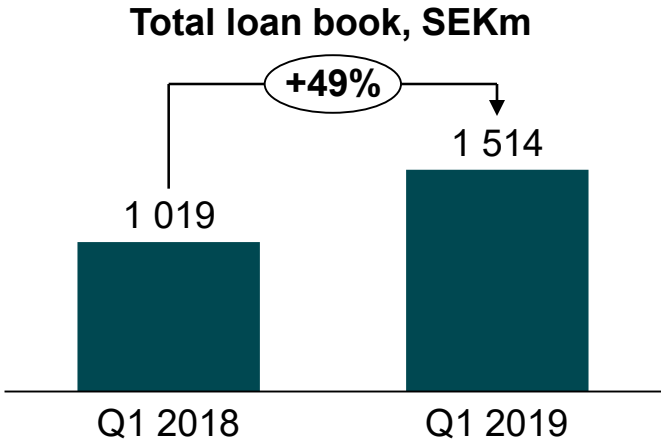
## Grown 70 percent per annum last four years

- ➔ Machine learning applied to internal and external data for real-time credit scoring
- ➔ Continued ramp-up of personal loans to SEK 423m
- ➔ Interest cost for loan book amounted to SEK 6m, through savings accounts and secured credit facility
- ➔ Interest revenue from loan book amounted to SEK 79m, reflecting positive interest rate spread
- ➔ An e-commerce transaction generates income for up to three years and personal loans even further

Net lending, SEKm



# Qliro Financial Services on the right track



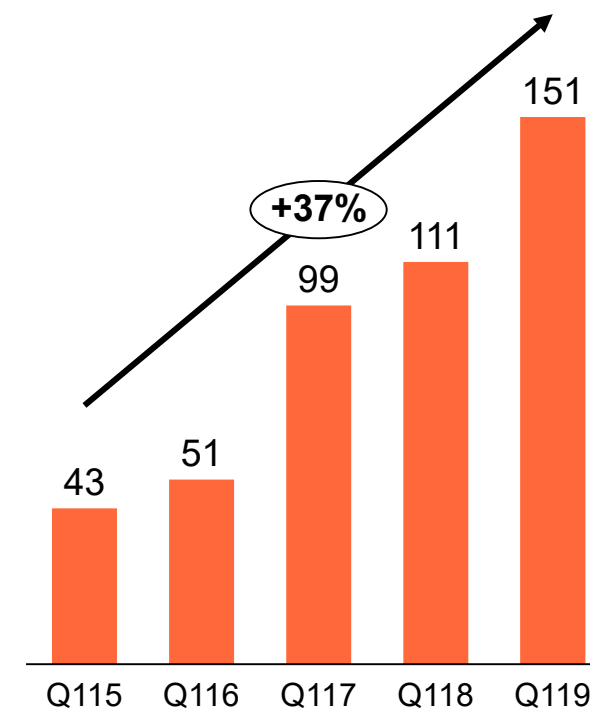
# CDON Marketplace benefits from transformation

## Growth in external merchants and higher gross profit

SEKm	Q1 19	Q1 18	Δ
External merchants	150.8	111.2	36%
Net sales	260.6	378.4	-31%
Gross profit	43.8	39.6	11%
Gross profit margin, %	16.8	10.5	
EBITDA	-7.0	-21.2	

- Proven model with over 1,500 merchants e.g. Adlibris, VidaXL, Furniturebox, Ellos, Cervera, Carpet Vista and Trademax
- External merchants increased sales 36% and commission income 32%
- Own sales phased out, mainly products with lower margins, resulting in increased gross margin of 6.3 percentage points and lower net sales
- Takes advantage of investments in automation, with lower personnel costs going forward

External GMV development  
CAGR 15'-19'

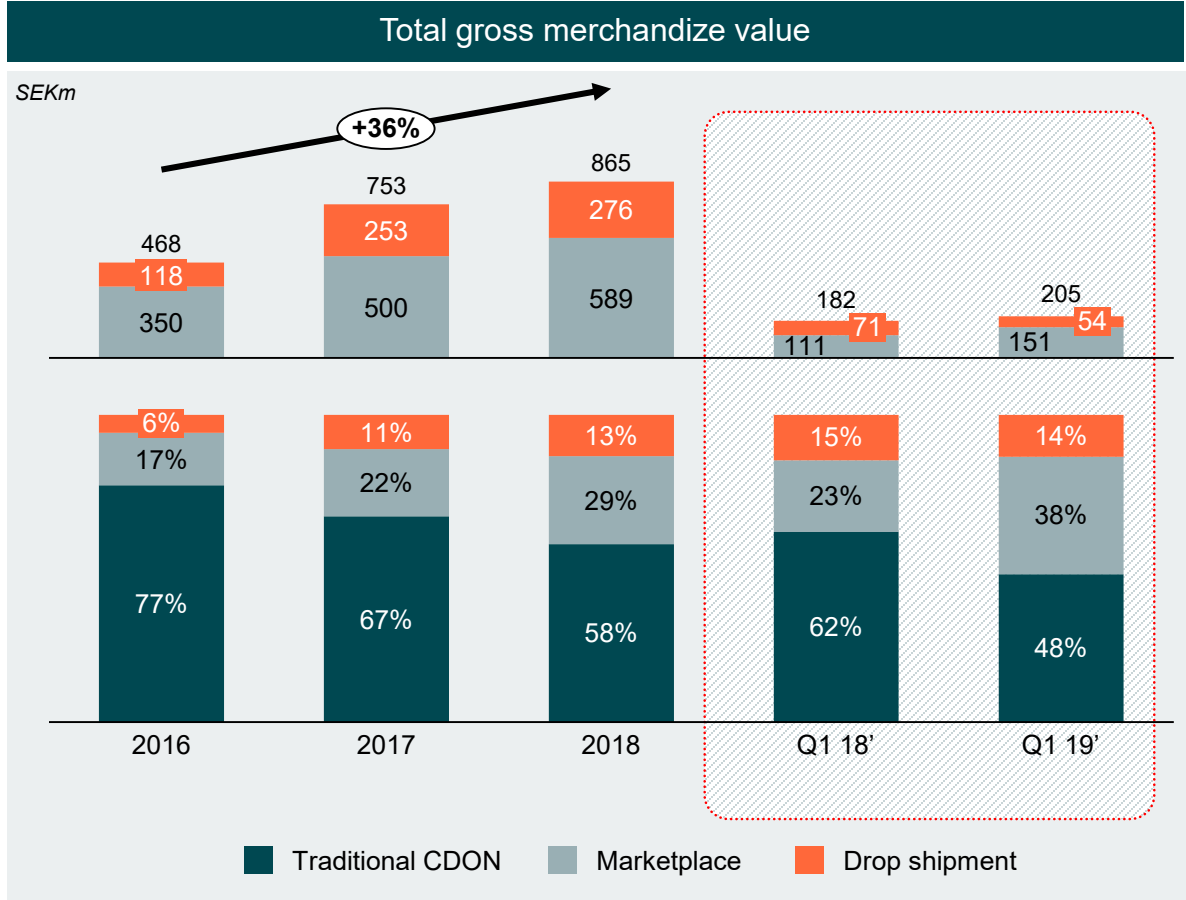


**23**  
Million  
visits in quarter

**1.8**  
Million  
active  
customers<sup>1</sup>

## Transformation to higher scalability and lower risk

### Marketplace and drop shipment model enables growth with less capital

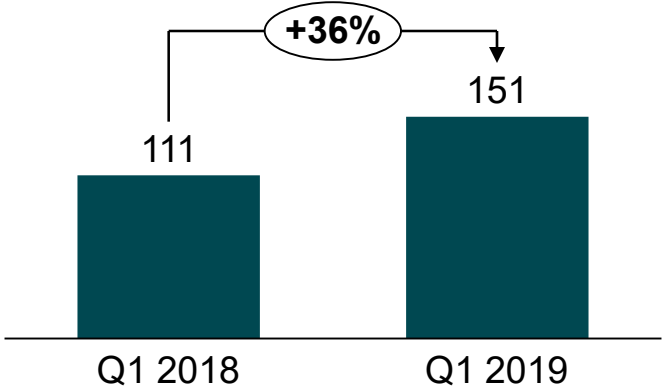


	Traditional CDON	Drop shipment	Marketplace
SALES	CDON.COM	CDON.COM	CDON.COM
PLATFORM	CDON.COM	CDON.COM	CDON.COM
PRICING	CDON.COM	CDON.COM	Merchant
LOGISTICS	CDON.COM	Merchant	Merchant
INVENTORY	CDON.COM	Merchant	Merchant

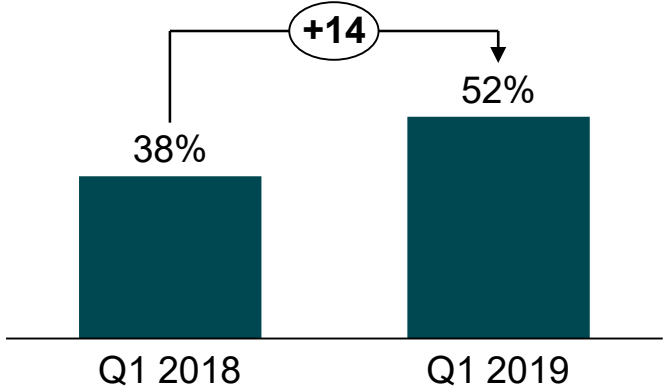
- Decreasing legacy dependency especially in non-profitable categories
- Growing drop shipment without own inventory
- Transforming into a highly scalable marketplace

# CDON Marketplace on the right track

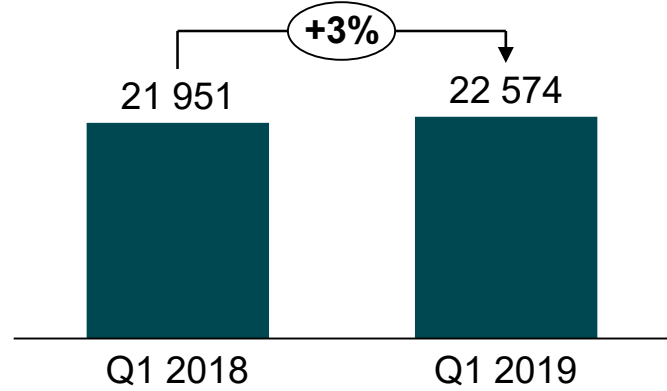
External sales, SEKm



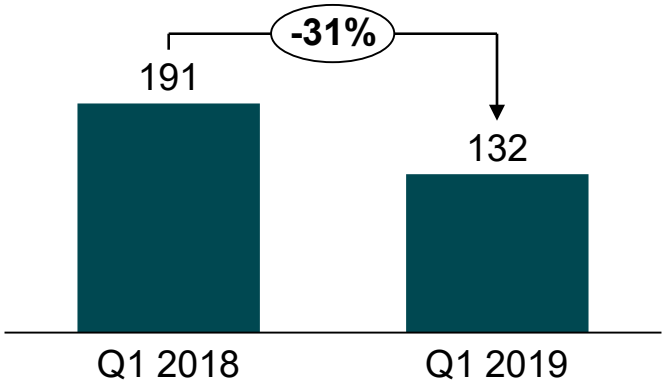
Share external & drop ship



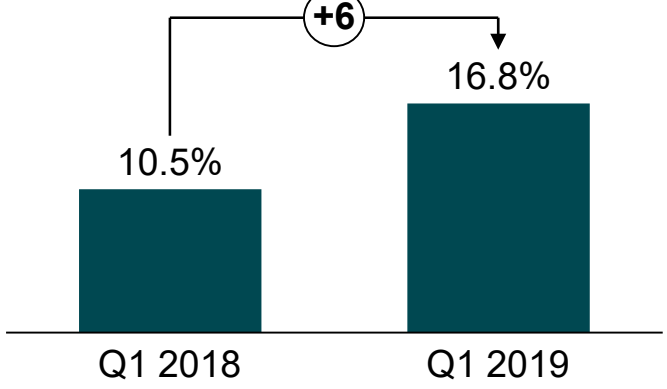
Number of visits, '000



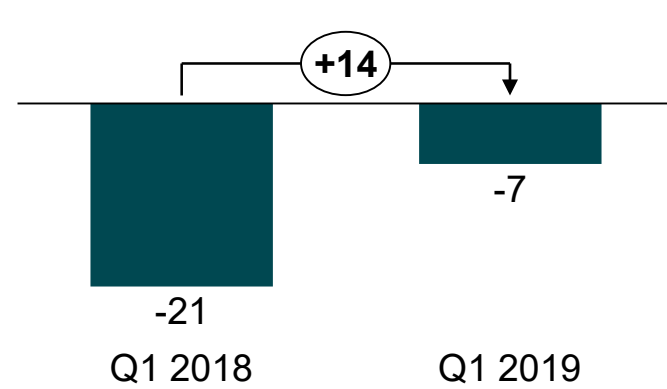
Inventory, SEKm



Gross margin, percentage



EBITDA, SEKm





# Nelly shows growth and improved gross profit

## Digitalized return process

SEKm	Q1 19	Q1 18	Δ
Net Sales	302.4	276.0	10%
Gross profit	68.8	58.0	19%
<i>Gross profit margin</i>	22.8	21.0	
EBITDA	-7.0	-14.9	

- ➔ Growth initiatives increased net sales 10%, number of customer 7% and average order 11%
- ➔ Return ratio amounted to 39%, same as Q4 2018, but higher level than 2017, believed to have reached normalized level
- ➔ Started selling via Zalando, reaching new markets such as Germany and Switzerland
- ➔ Initiatives to digitalize return process implemented to simplify for consumers and speed up process

**44%**

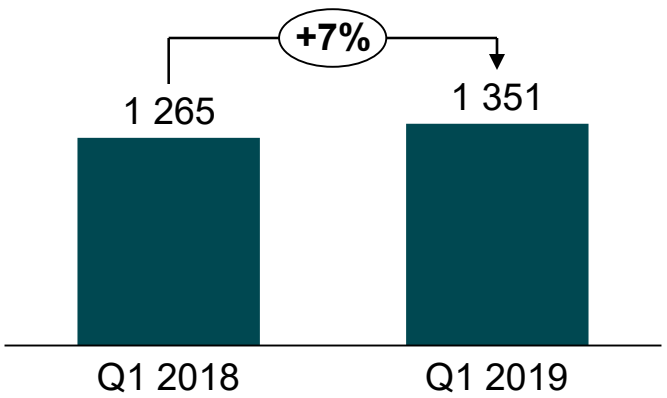
Share of own brands

**1.4**

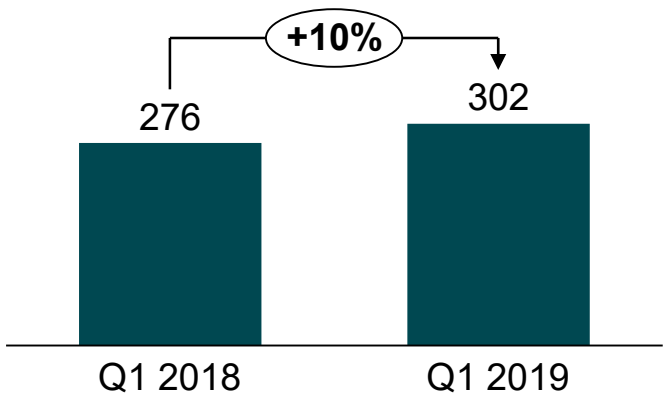
Million active customers<sup>1</sup>

# Nelly on the right track

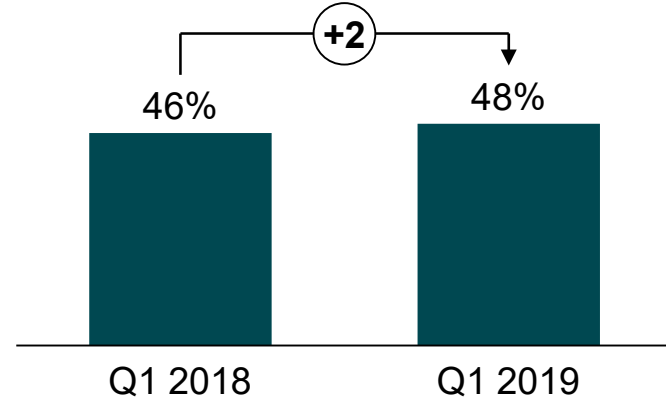
Number of customers, '000



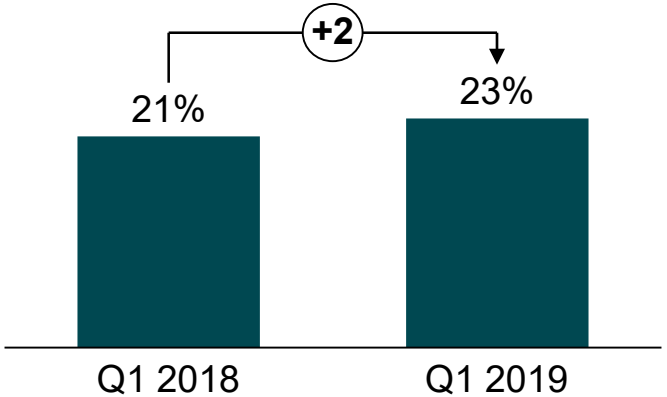
Net Sales, SEKm



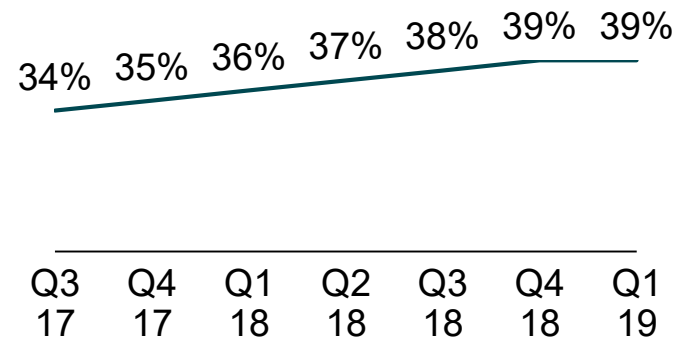
Product margin, percentage



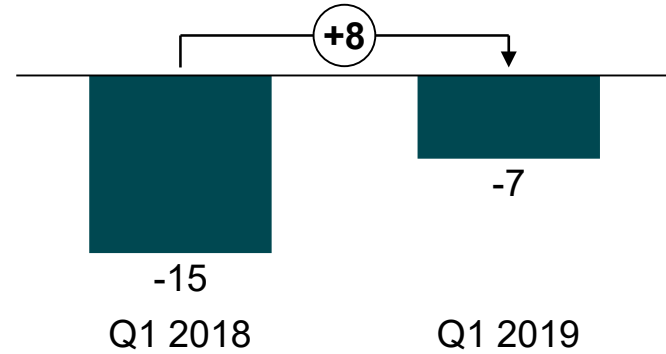
Gross margin, percentage



Return ratio, percentage

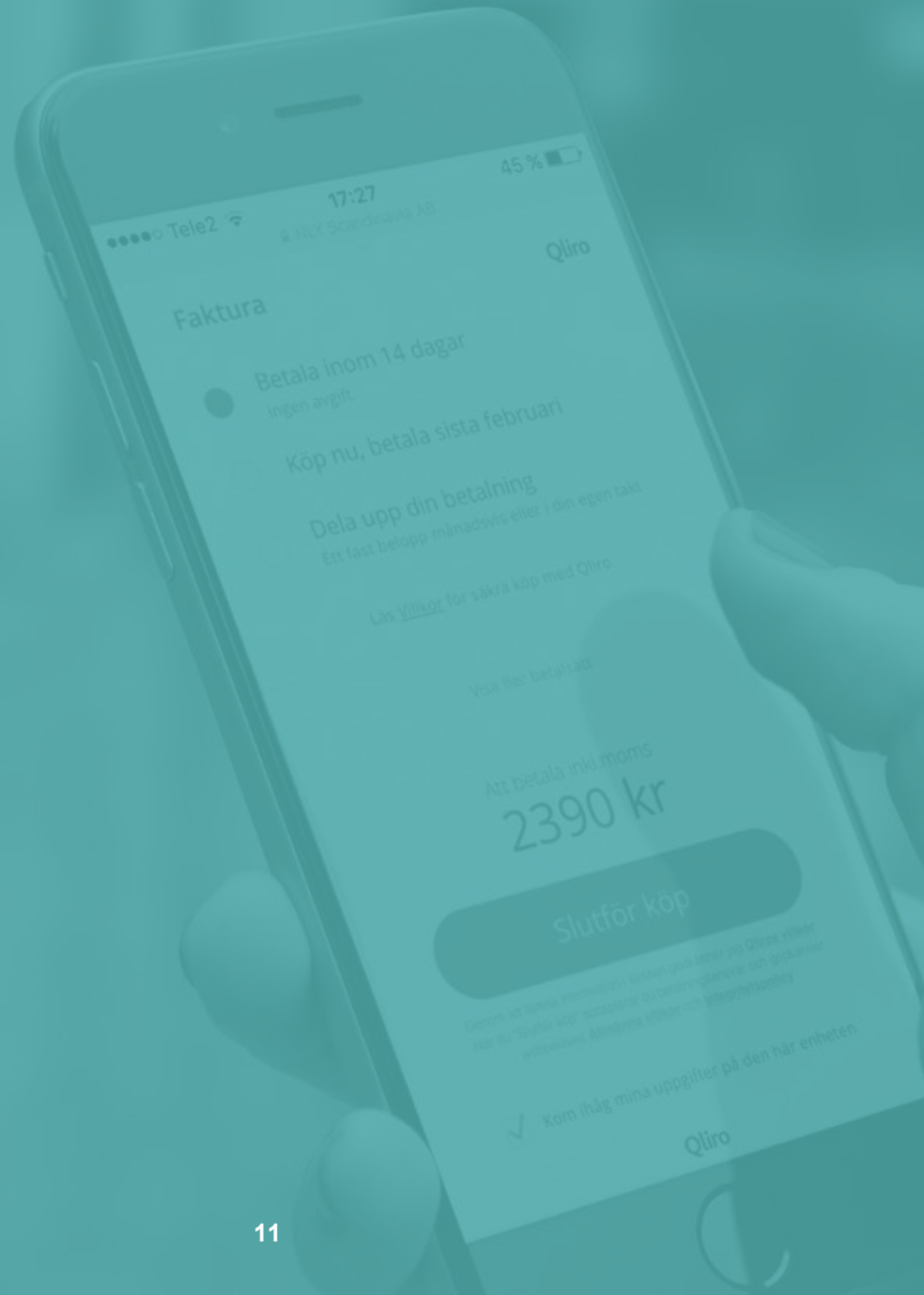


EBITDA, SEKm



# Financials

Mathias Pedersen, CFO



# Consolidated income statement

## Decrease in net sales, increase in gross margin

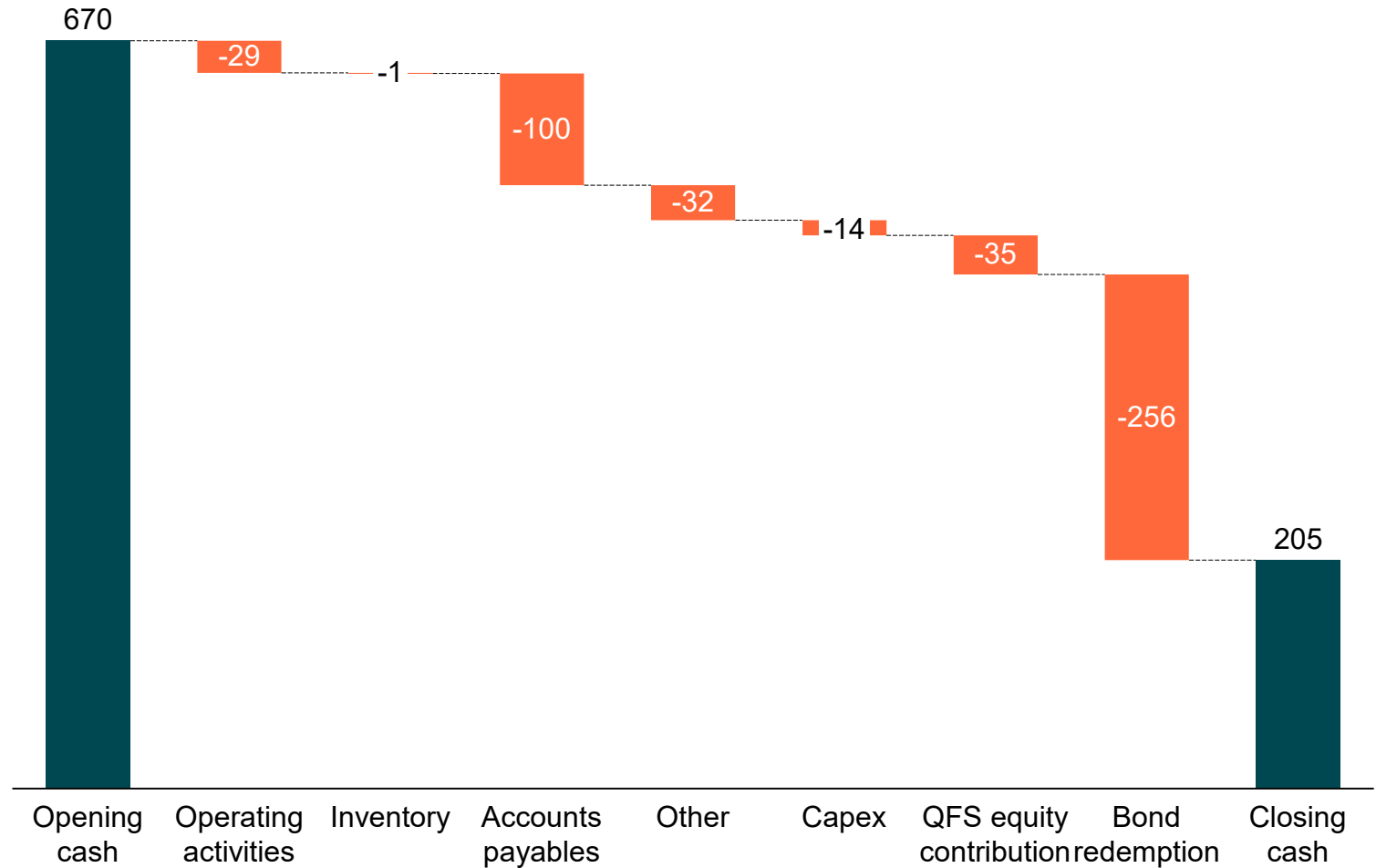
- Net sales decreased to SEK 640m (SEK 716m) in the quarter, as growth in Nelly and Qliro Financial Services was offset by CDON's transformation
- While the transformation in CDON had a negative impact on net sales, it had a positive effect on gross margin
- Exchange rate fluctuations had a positive impact on sales of 1.7 percent
- Financial net includes SEK 6m in cost for early bond redemption in addition to regular interest, and the effects of exchange rate fluctuations
- Net result before tax in the seasonally weak first quarter amounted to SEK -44m (SEK -63m)

SEKm	Q1 19	Q1 18
<b>Net sales</b>	<b>639.8</b>	<b>716.1</b>
<b>Gross profit</b>	<b>161.5</b>	<b>135.3</b>
<i>Gross margin</i>	25.2%	18.9%
<b>Operating result</b>	<b>-33.5</b>	<b>-58.8</b>
Financial net	-10.9	-3.7
<b>Net result before tax</b>	<b>-44.4</b>	<b>-62.5</b>

# E-commerce cash flow

## Seasonal negative cash flow

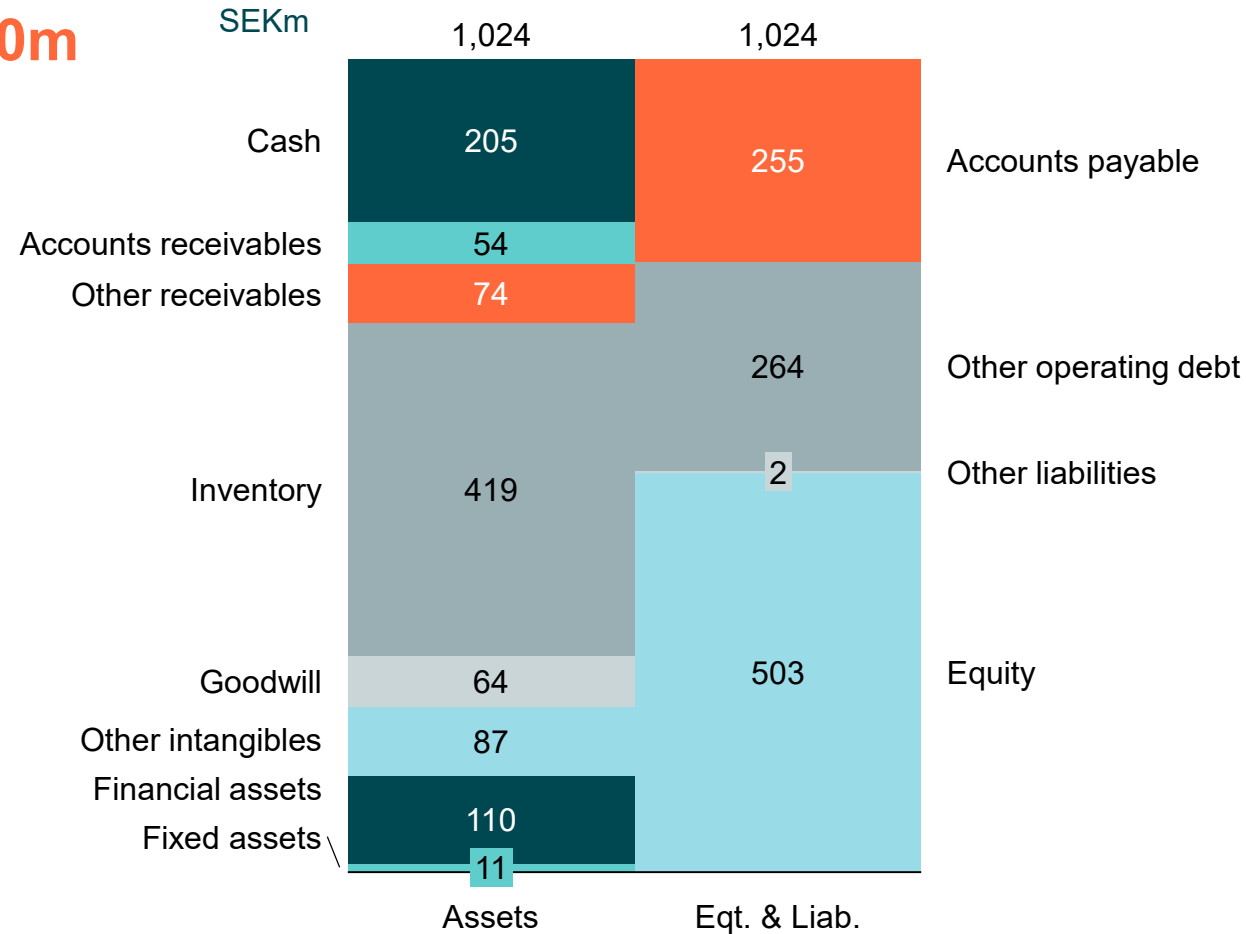
- Seasonally weak quarter with negative result
- Inventory remained flat as the SEK 45m decrease (-31%) in CDON offset the SEK 46m increase (+12%) in Nelly
- Accounts payables decreased as invoices for products sold in the seasonally strong fourth quarter was paid
- Capex amounted to SEK 14m and SEK 35m was invested in the continued expansion of Qliro Financial Services
- Bond repaid with SEK 256m (incl SEK 6m early redemption fee)



# E-commerce balance sheet

## Bond redemption reduced debt with SEK 250m

- E-commerce net cash amounted to SEK 205m
- Bond repaid to reduce debt and cut interest cost with SEK 12m annually (early redemption cost of SEK 6m)
  - No further use of joint financing
  - Covenants lifted, allowing for distributions to shareholders if so decided
- CDON's continued transformation within the marketplace model decreased its need for inventory with 31% compared to last year
- Nelly continued to invest in its inventory for further growth



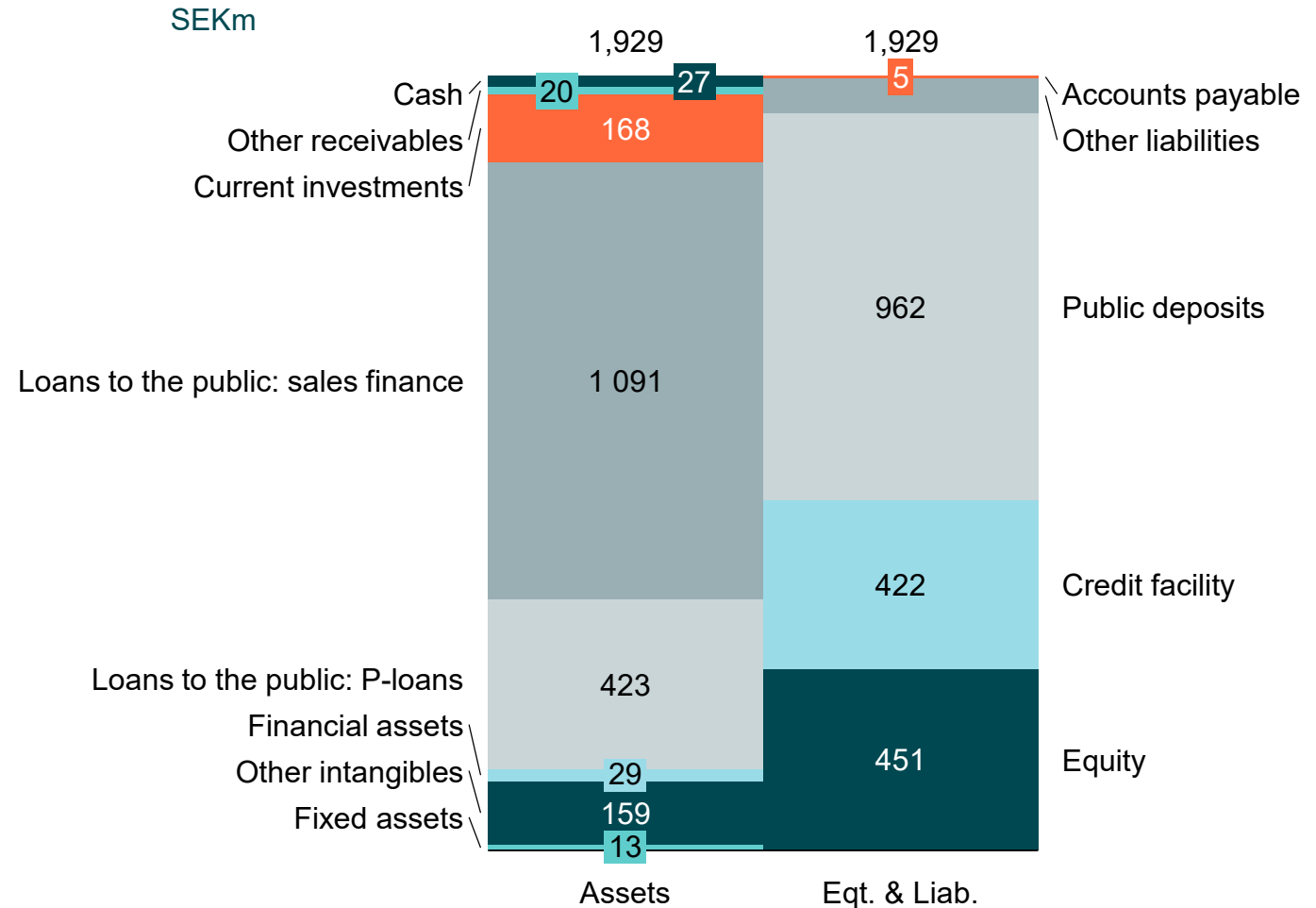
# Qliro Financial Services balance sheet

## Well positioned for further expansion

- Sales finance loan book amounted to SEK 1,091m and personal loans to SEK 423m
- SEK 193m held as liquidity reserve, mainly invested in Swedish municipal bonds and commercial papers
- Public deposits increased with 35% to SEK 962m
- SEK 422m in utilized secured credit facility, with an additional SEK 346m in undrawn funding

### Regulatory capital

- Risk Exposure Amount of SEK 1.6bn
- Own funds of SEK 281m in Common Equity Tier 1 capital
- Capital adequacy ratio of 17%
- Capital adequacy ratio of 33% for consolidated situation



# THANK YOU

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