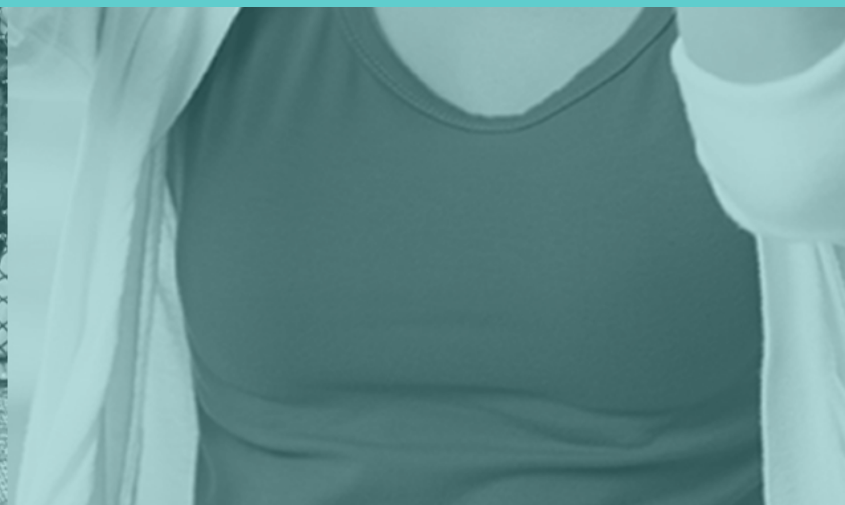




Qliro Group – Q1 Report

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 Transactions¹

2
Million active customers¹

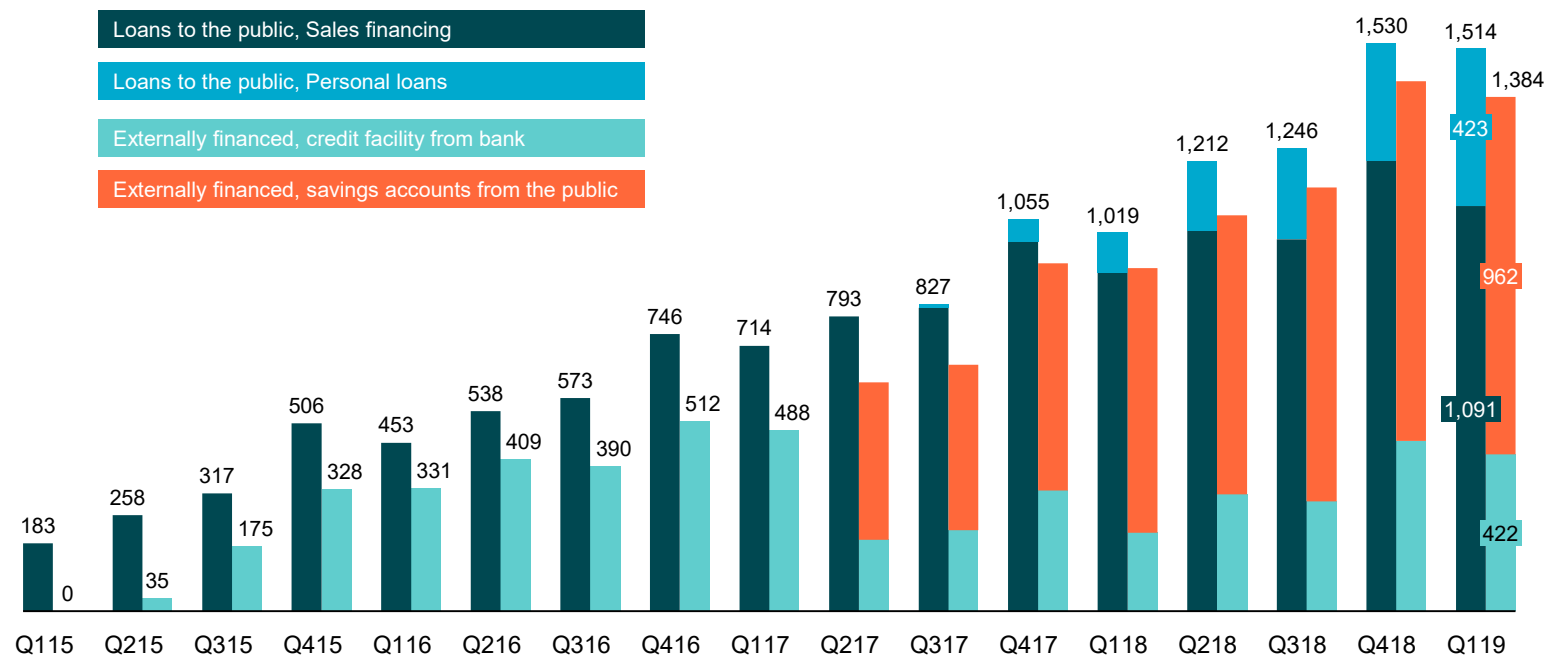


Loan book above SEK 1.5 billion

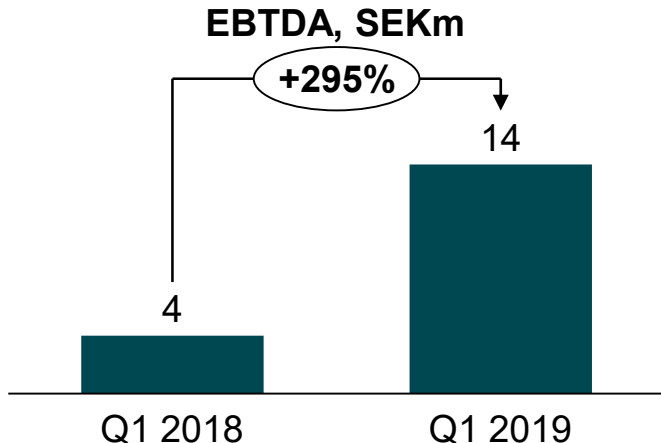
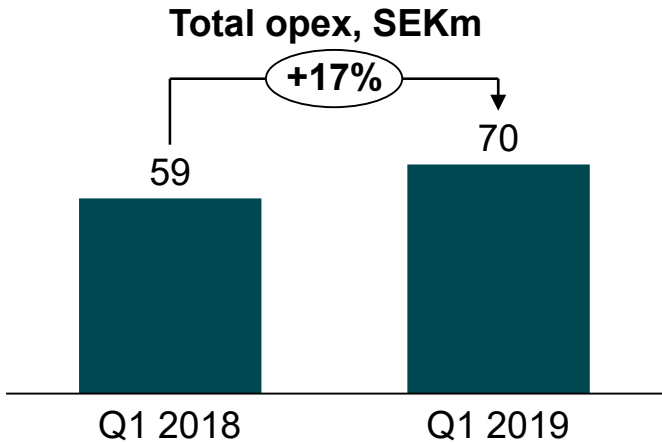
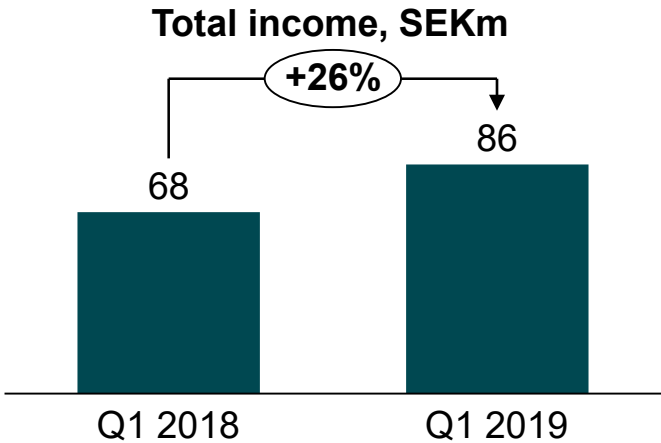
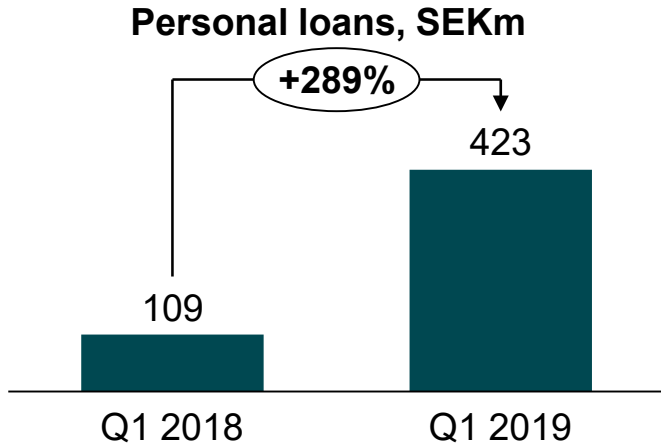
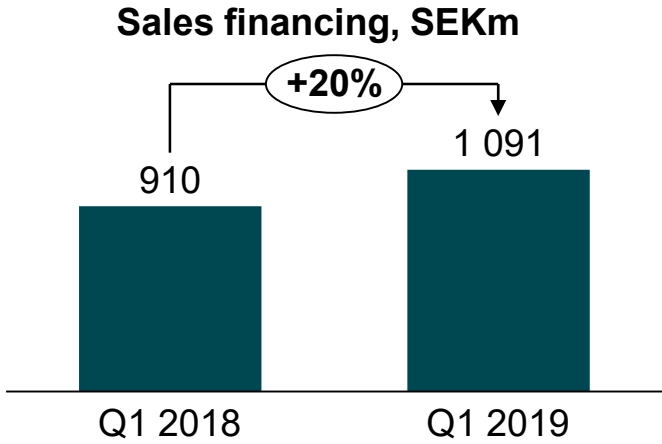
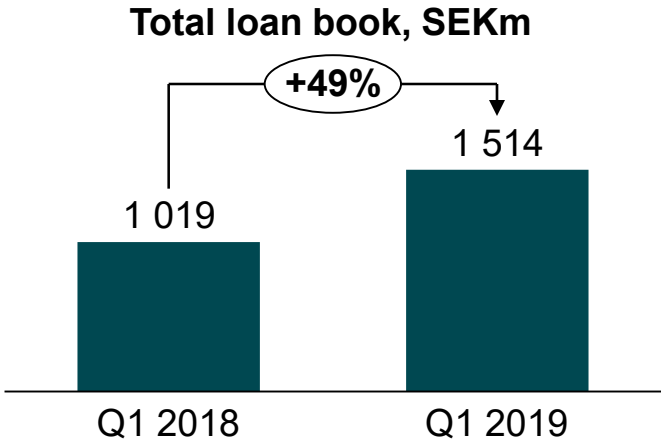
Grown 70 percent per annum last four years

- 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



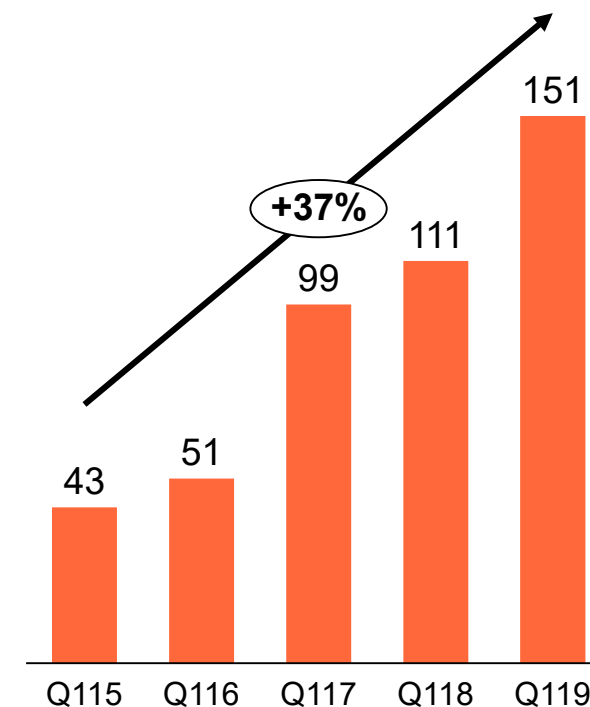
CDON Marketplace benefits from transformation

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'

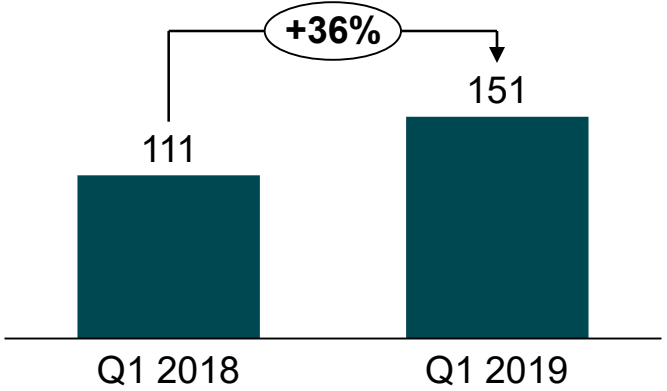


23
Million
visits in quarter

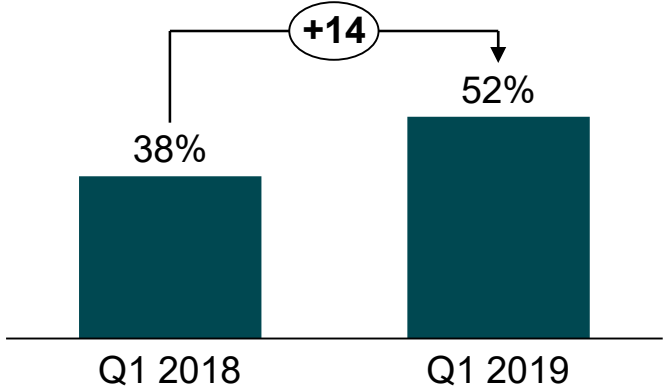
1.8
Million
active
customers¹

CDON Marketplace on the right track

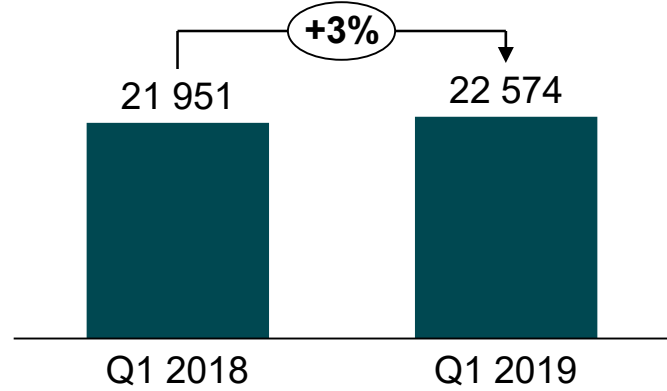
External sales, SEKm



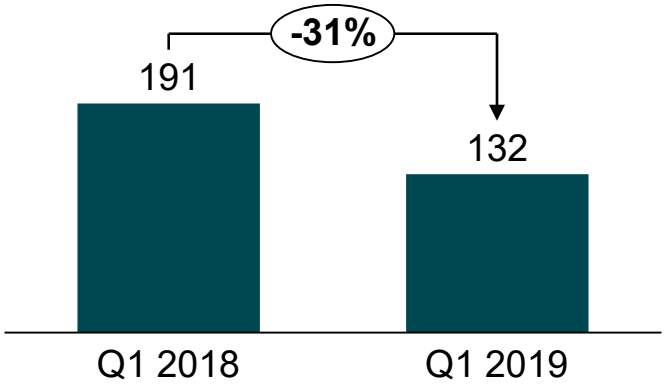
Share external & drop ship



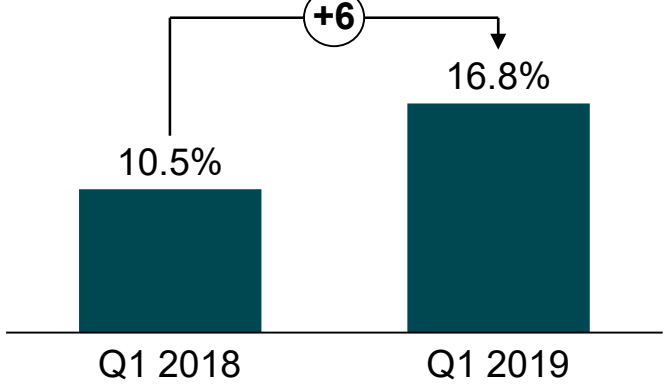
Number of visits, '000



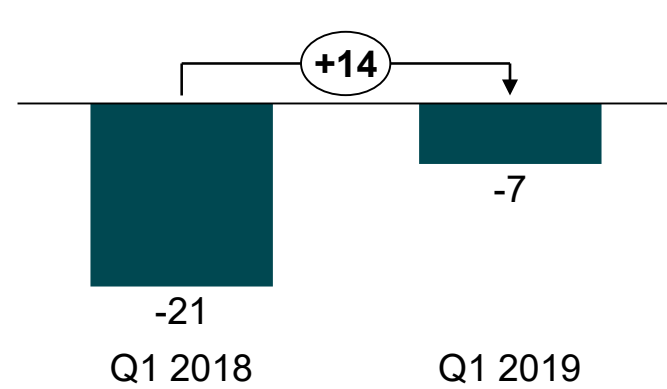
Inventory, SEKm



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%

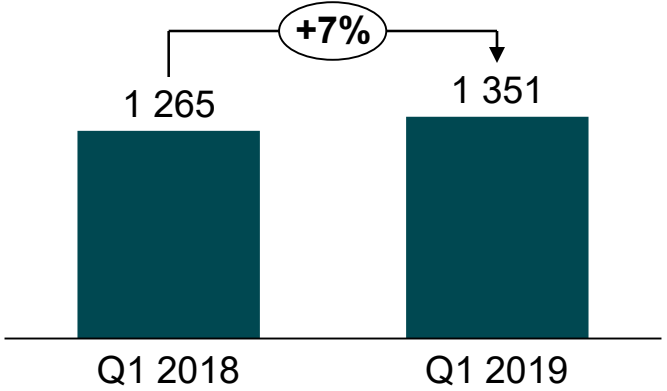
Share of own brands

1.4

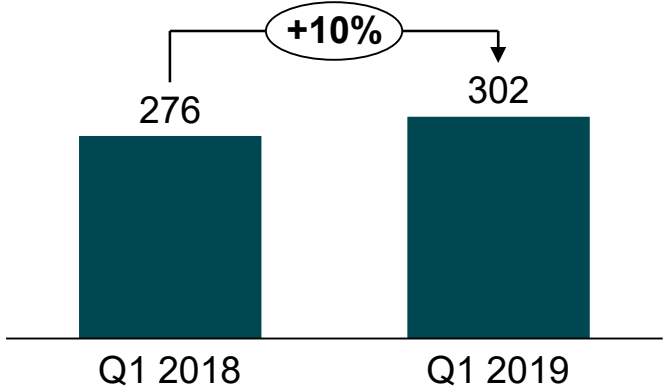
Million active customers¹

Nelly on the right track

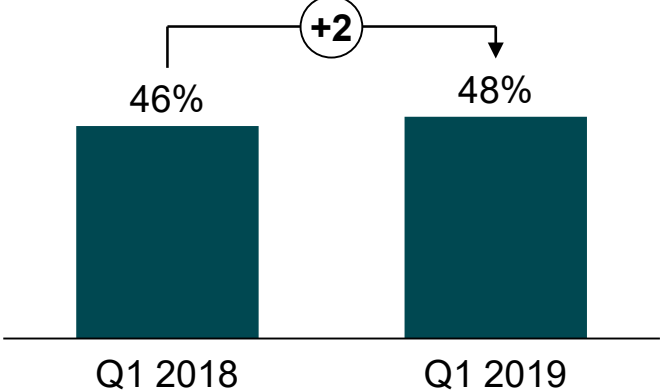
Number of customers, '000



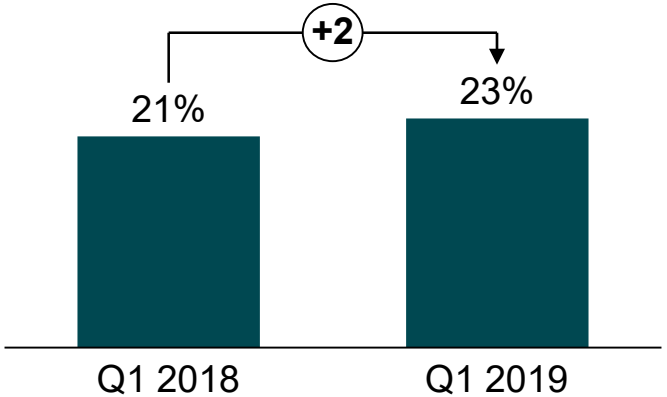
Net Sales, SEKm



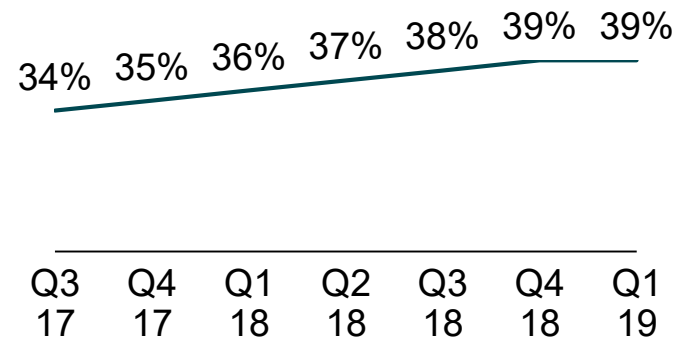
Product margin, percentage



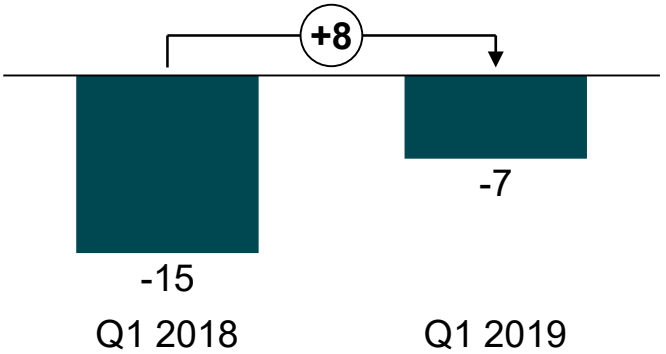
Gross margin, percentage



Return ratio, percentage



EBITDA, SEKm





**CDON Marketplace
CEO Kristoffer Väliharju**

04/17/2019

CDON.COM

The Nordic's largest marketplace

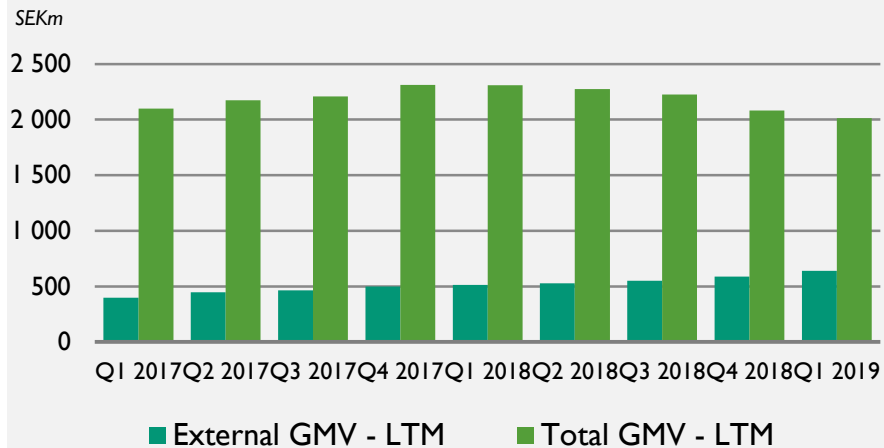
Company overview

- Founded in 1999, as one of the first e-commerce players at scale in the Nordics
- Since inception, CDON has accumulated an unmatched knowledge for Nordic e-commerce
- New management team since 2018 including CEO Kristoffer Väliharju
- 2013 extended assortment by opening up for external merchants
- 2018 accelerated transformation to external merchant and reduced own inventory
- 2019 reaching above 50% external sales and positive EBITDA

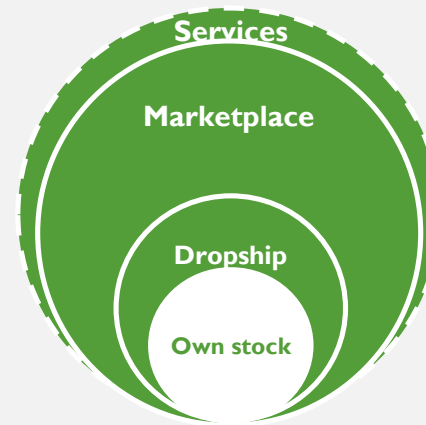
Selected merchants



Total sales vs external merchants



Strategy for assortment



- Services – Added as a compliment for typical CDON customers
- Marketplace – Full assortment, including tail for key categories
- Dropship – Short lifecycle products (ie. home electronics)
- Own stock – top products and profit generators

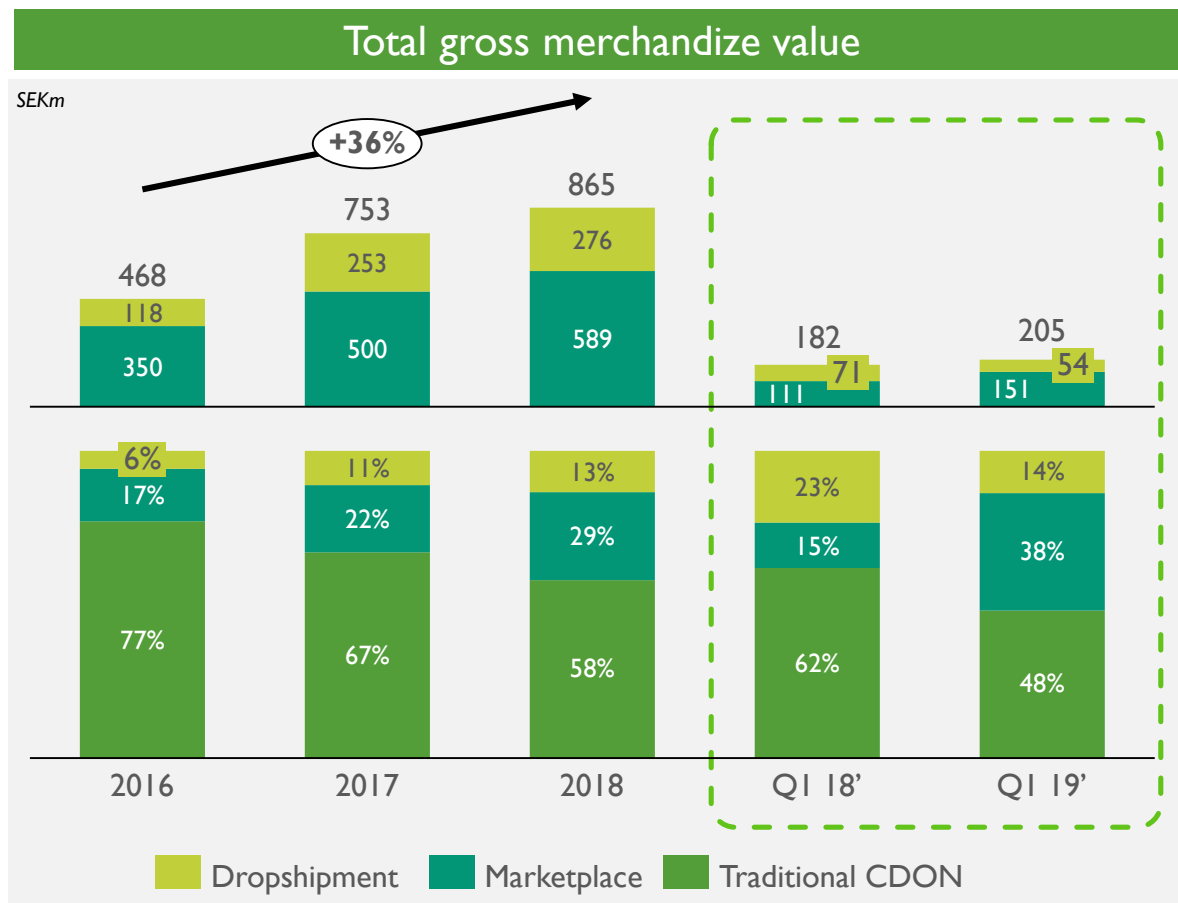
Built for future shopping behavior

First mover advantage in untapped regional market



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

Category leaders as well as long-tail merchants

Building their sales reach and competitiveness

Cervera

vitvaruexperten

Adlibris
FÖR BOKÄLSKARE

KitchenTime

Spelbutiken.se

ellos

trademax.se
ALLT FÖR HEMMET

vidax.se



Roliga Prylar

NELLY.COM

MAX GAMING

SoffaDirekt.se

Ur&Penn

STYLEPIT

Lekmer.com

BAMBA.se

ONRAD

Cavalet
Since 1945

nordicfeel

GYM GROSSISTEN.com
For Athletes. By Athletes

FURNITUREBOX™
MÖBELVARUHUSET PÅ NÄTET

Swedish
Match

PANOS
EMPORIO

Cargobike
Kungen av lådcyklar

Buildor.se
-Mycket byggvaror för pengarna

Priorities

The best buying and selling experience online



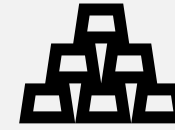
Assortment & Merchants

- Accelerate onboarding
- Focus on category leaders to replace own sales
- Scale nr. of merchants through aggregators



Customer Retention

- New CRM – capitalize on customer data
- Grow share of non-paid traffic
- Re-positioning and strengthen the brand in more categories



Commercial Offer

- Capitalize on traffic volumes with advertising on site
- Additional revenue streams via services
- Grow usage of sponsored products



Operational Excellence

- Increase automation for scalability and efficiency
- Organizational structure – account vs. product
- Focus on cost control in all functions

TECH

- Improve user friendliness for merchants, incl onboarding interface and product import

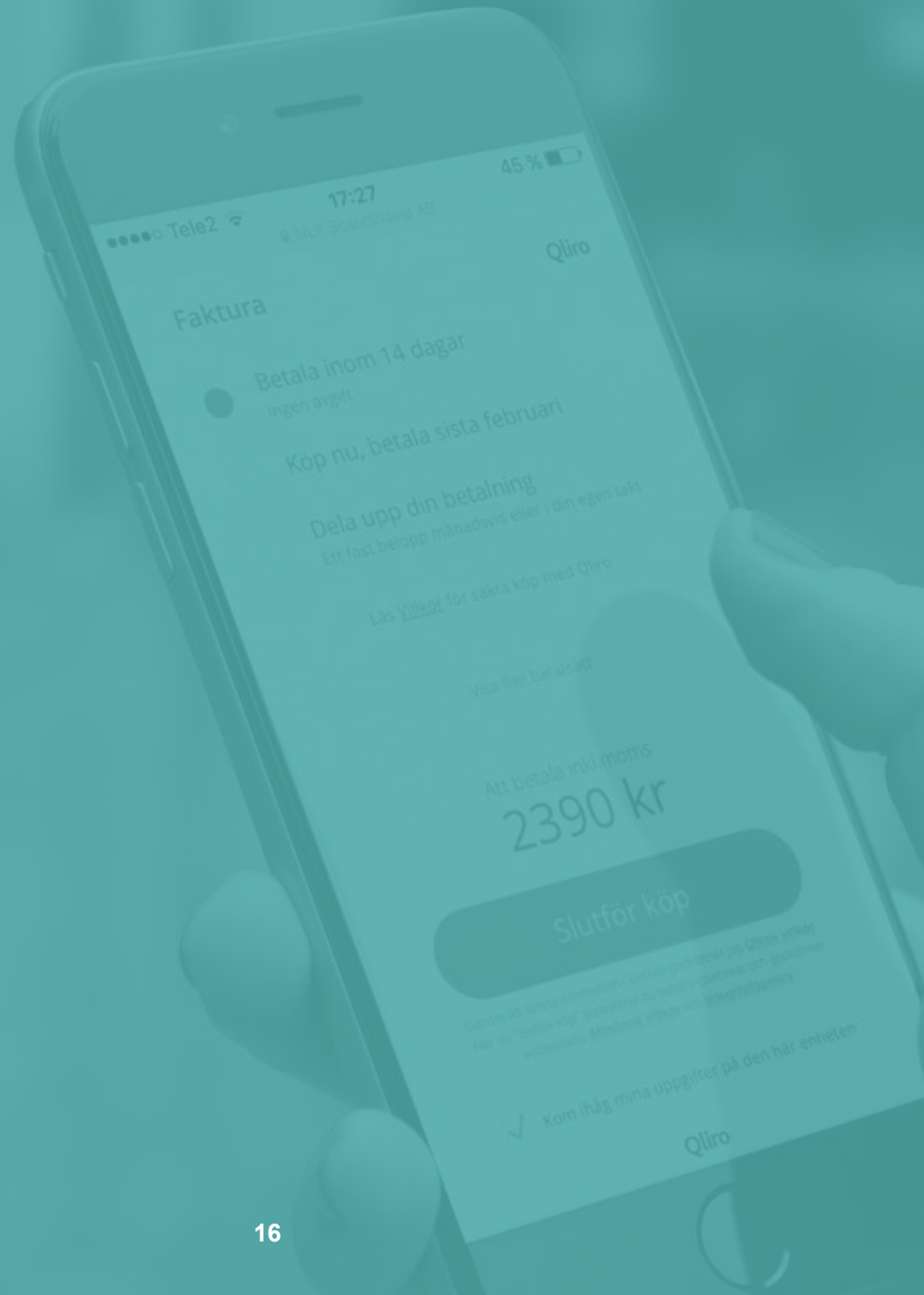
- Predictive analysis and improved reach and targeting of customer contacts

- Automated solution to sponsor products on site

- Customer service hub (errands to merchants) and tools for automatic pricing and returns

Financials

Mathias Pedersen, CFO



Consolidated income statement

Decrease in net sales, increase in gross margin

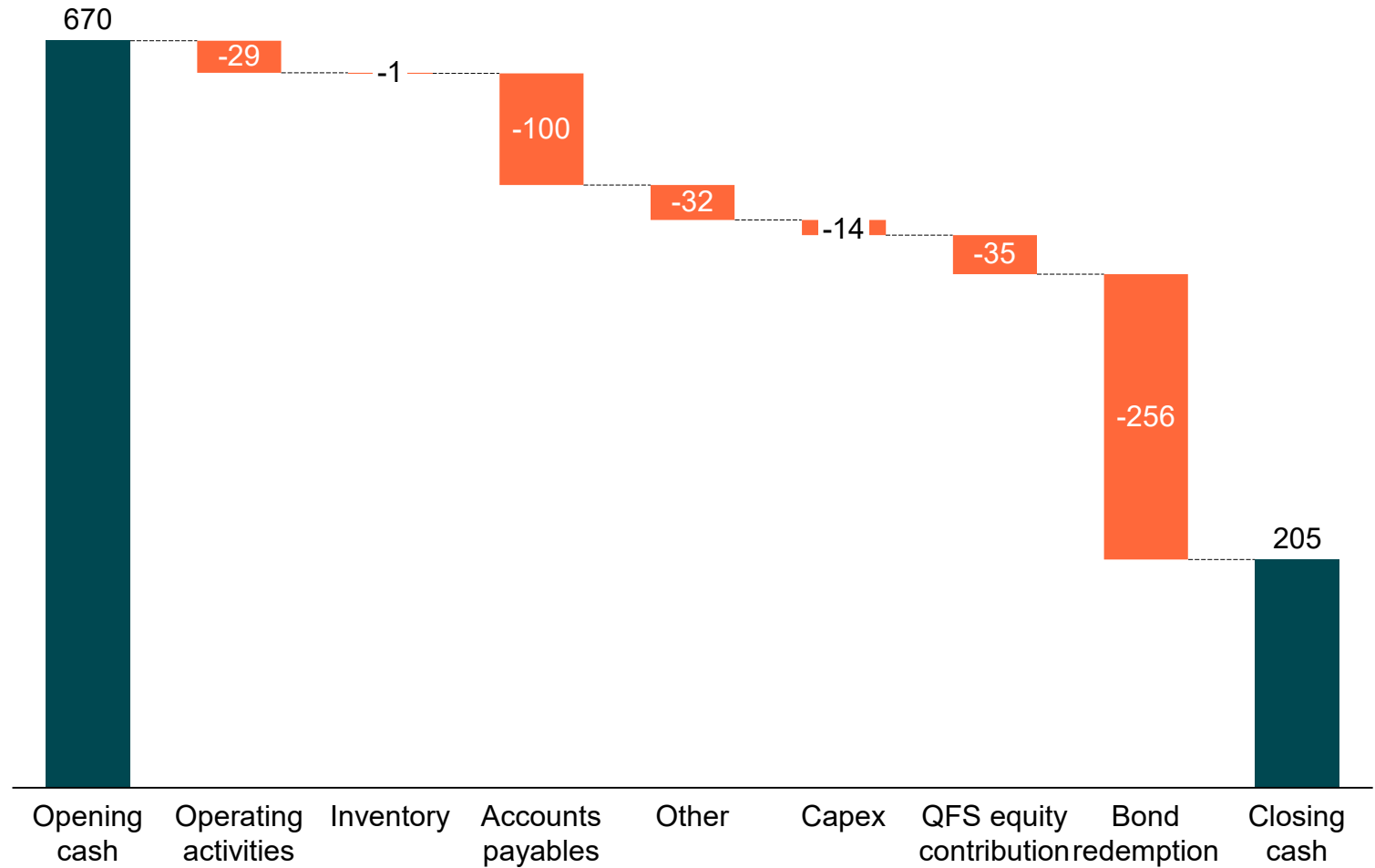
- Net sales decreased to SEK 640m (SEK 716m) in the quarter, as growth in Nelly and Qliro Financial Services was offset by CDON's transformation
- While the transformation in CDON had a negative impact on net sales, it had a positive effect on gross margin
- Exchange rate fluctuations had a positive 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
Net sales	639.8	716.1
Gross profit	161.5	135.3
<i>Gross margin</i>	25.2%	18.9%
Operating result	-33.5	-58.8
Financial net	-10.9	-3.7
Net result before tax	-44.4	-62.5

E-commerce cash flow

Seasonal negative cash flow

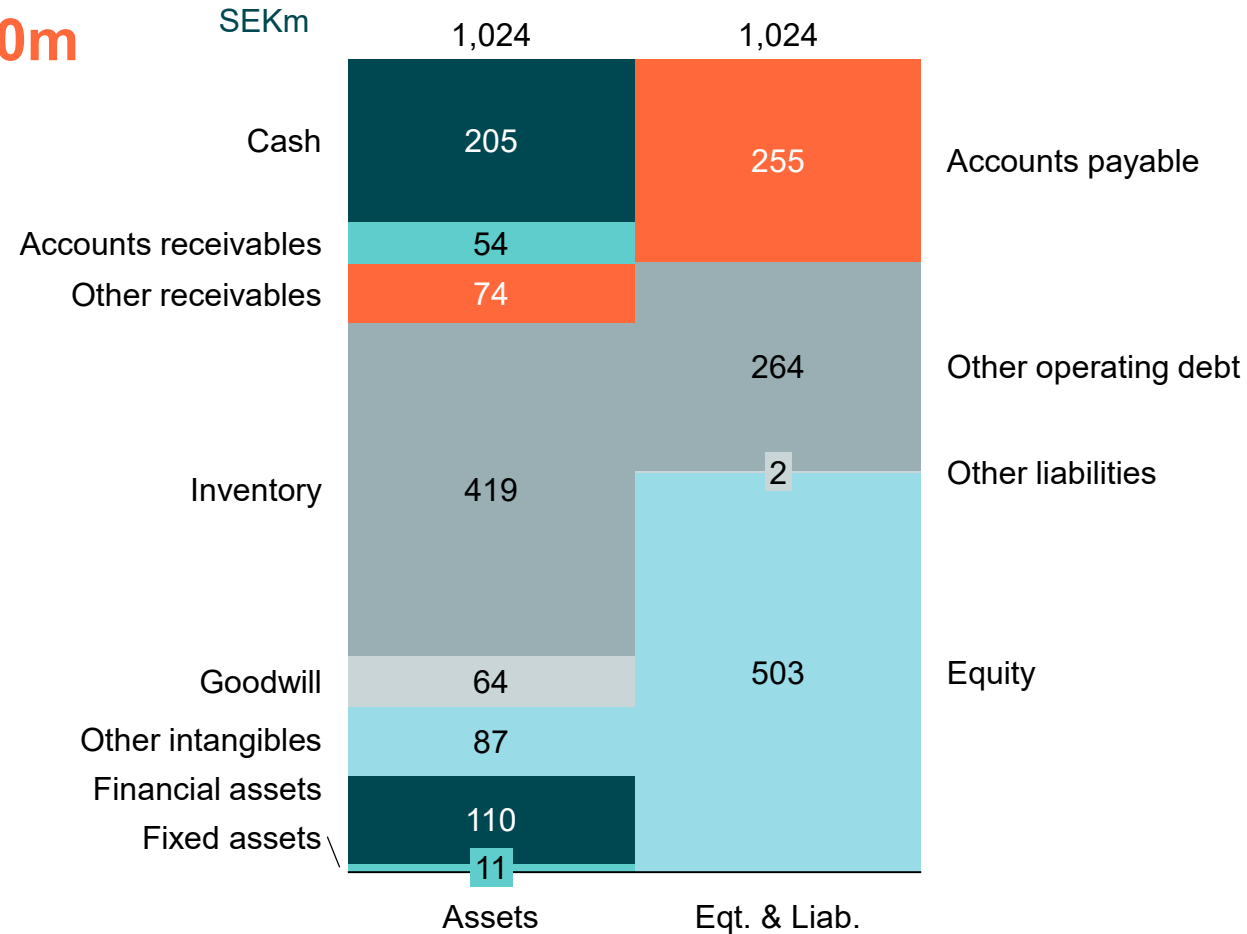
- Seasonally weak quarter with negative result
- Inventory remained flat as the SEK 45m decrease (-31%) in CDON offset the SEK 46m increase (+12%) in Nelly
- Accounts payables decreased as invoices for products sold in the seasonally strong fourth quarter was paid
- Capex amounted to SEK 14m and SEK 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



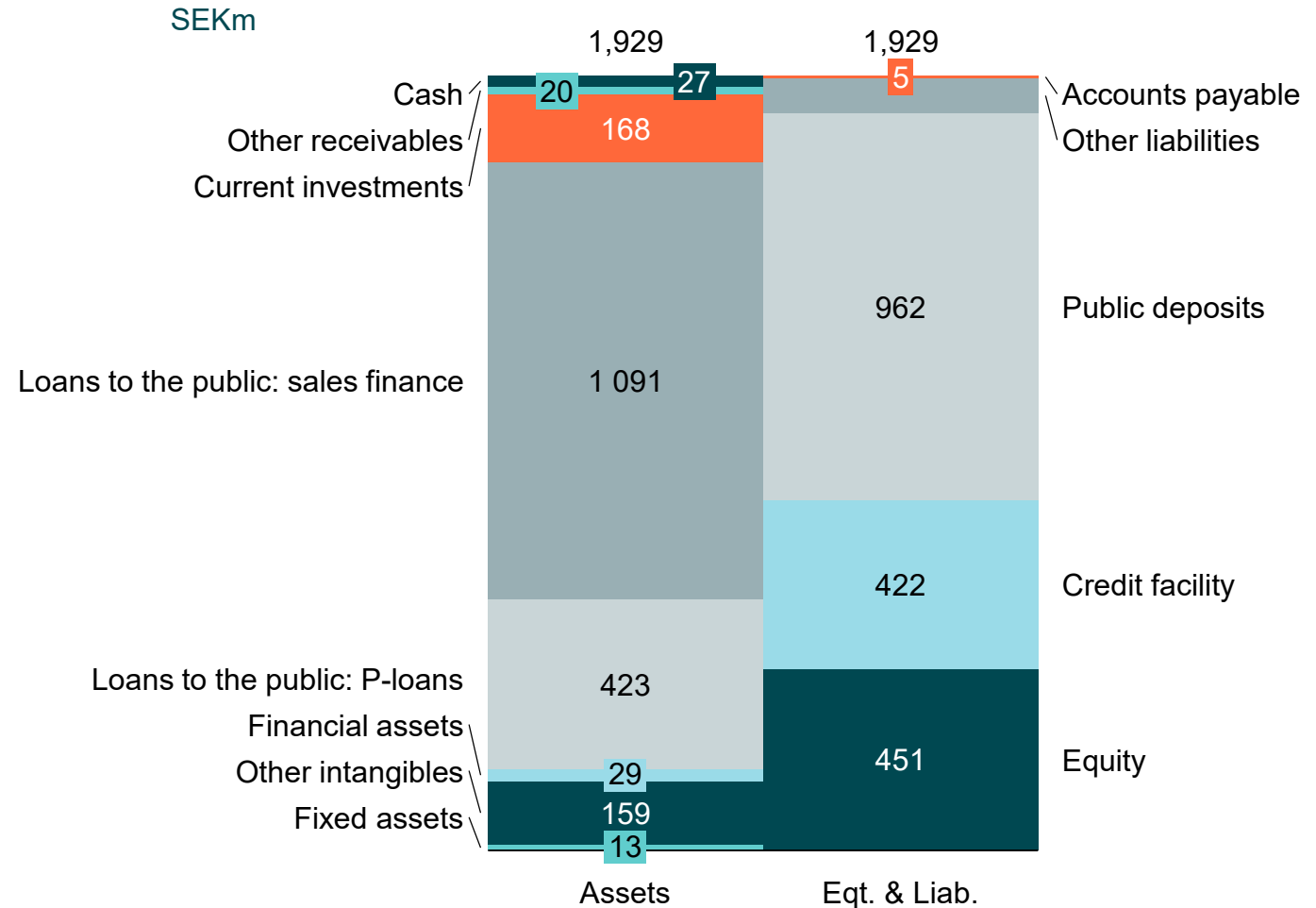
Qliro Financial Services balance sheet

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

Next report released July 12

 Nasdaq symbol **QLRO**

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