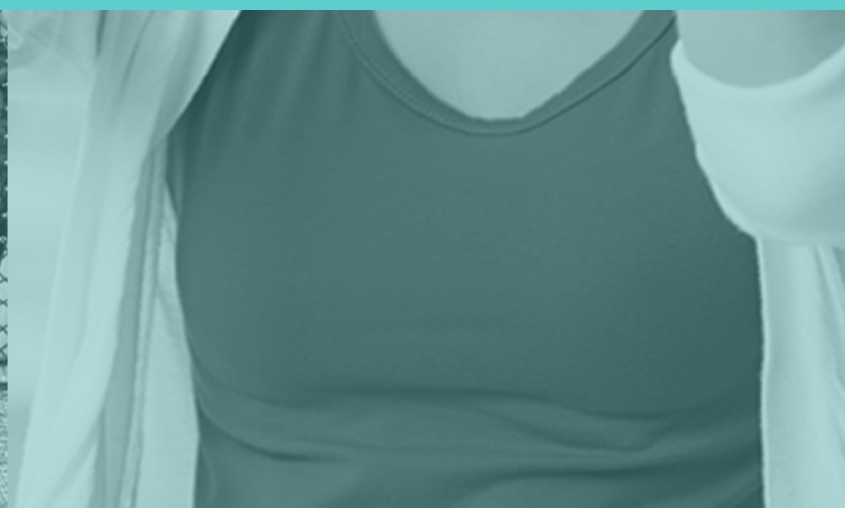




## Qliro Group – Q2 Report

*Mathias Pedersen, CEO*  
*July 15, 2020*



# Good operational development in the quarter

## QLIRO

- Loan book +29%
- Income +10% (adjusted)
- Volumes +9%
- Onboarding of merchants
- To be listed on Nasdaq

## CDON

- CDON Marketplace
  - External merchant sales +106%
  - Gross profit +87%
- CDON Retail
  - Net sales -22%
  - Gross profit -21%
- To be distributed

## NELLY.COM

- Flat sales in the Nordics
- Successfully lowered costs and increased efficiency
- Inventory -33%
- To remain as the listed entity

## Qliro Group

- The split-up is the group's main target and the previous financial targets are no longer relevant
- The ambition is to complete the split-up before the end of 2020
- Group overhead to be kept at minimum

# Growth in loan book, volumes and adjusted income

## One of the leaders in its markets

SEKm	Q2 20	Q2 19	Δ
Total operating income, adjusted	94.8	86.1	10%
whereof Payment solutions, adjusted	80.0	78.4	2%
whereof Banking Services	14.9	7.7	93%
Total operating expenses, excl. depreciations	-62.1	-52.9	17%
EBTDA, adjusted	9.4	16.0	-42%
EBT, adjusted	-11.8	0.3	
Loan book	2,151	1,671	29%
Payment business volume	1,462	1,342	9%

Qliro AB reported two negative one-off effects totaling SEK 24 million

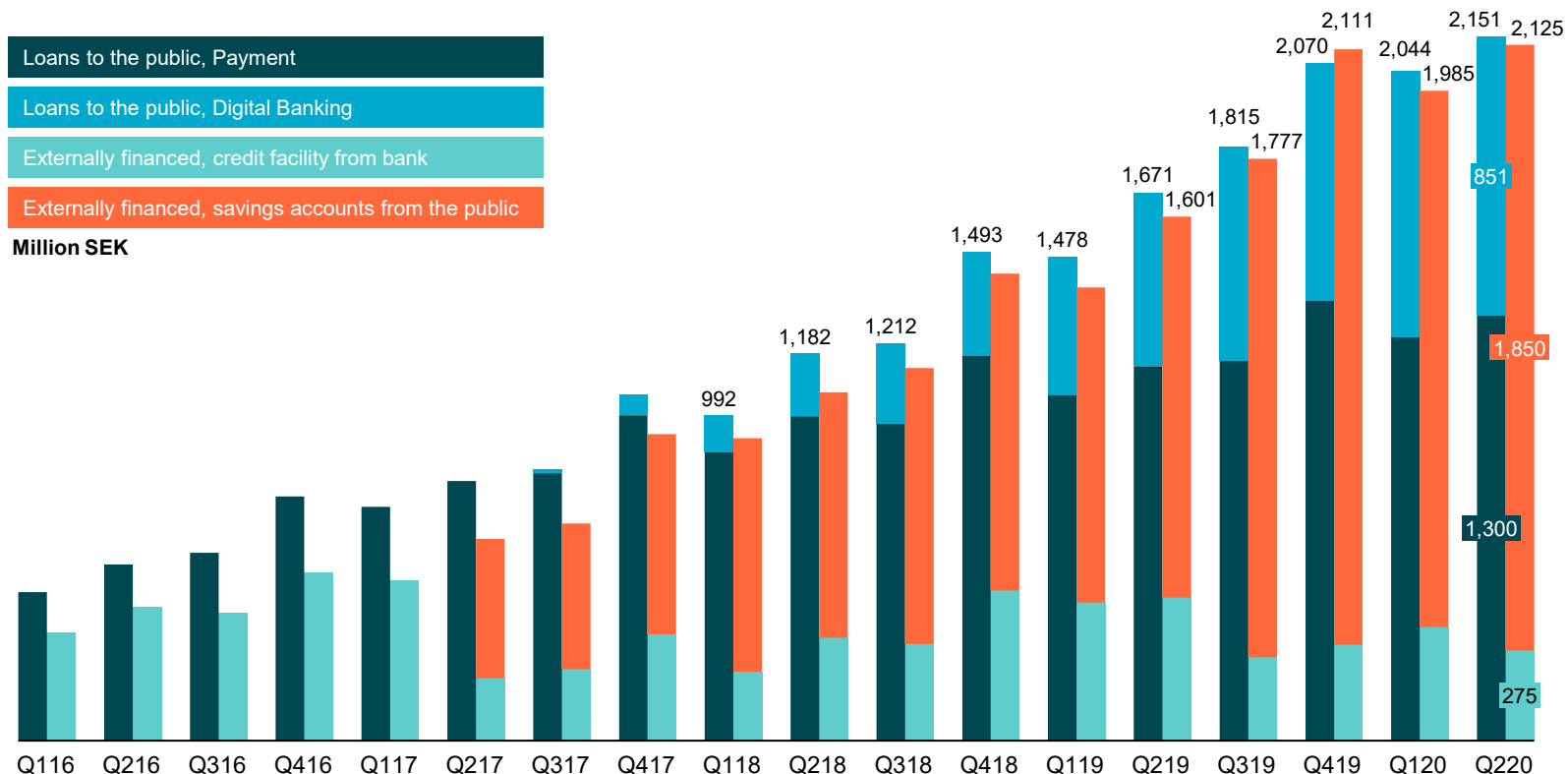
- Impairment of intangible fixed assets of SEK 15.6 million
- Changed timing of reporting of commissions to merchants led to a one-off of SEK 8.4 million

- Overall strengthened market position in line with plans
  - Total operating income +10%, adjusted for one-offs
  - Total loan book +29%
- **Payment solutions** is now established as one of two leaders for large merchants in its markets
  - Onboarding of new merchants, now 45 versus 41 a quarter ago
  - Business volume +9%, whereof external volumes +17%
- **Digital banking services** continued strong growth
  - Total operating income +93%
  - Slightly more conservative due to market uncertainty
- **Business model** where new and existing merchants generate volumes, then loan book and thereafter income over time
- Ready for IPO enabling future growth

# Loan book reached SEK 2.2 billion

Grown 35 percent per annum during last two years

- ➔ Loan book grew 29%, driven by both Payment solutions and Digital banking
  - ➔ Payment solutions loans +14%
  - ➔ Digital banking loans +61%
- ➔ Interest revenue from loan book amounted to SEK 57m
- ➔ Interest cost for loan book amounted to SEK 9m
- ➔ Net interest amounted to SEK 49m, reflecting a solid interest rate spread



# Qliro AB's balance sheet

## Focus on further expansion

- Payment services loan book amounted to SEK 1,300m and personal loans to SEK 851m
- Public deposits increased with 59% to SEK 1,850m
- SEK 275m in utilized secured credit facility, with an additional SEK 525m in undrawn funding
- SEK 100m from Tier 2 bond launched during 2019

### Regulatory capital

- Risk Exposure Amount of SEK 1.8bn
- Own funds amounted to SEK 332m, of which SEK 290m in Common Equity Tier 1 ("CET1") capital
- CET1 adequacy ratio of 15.8% (23.8% for consolidated situation)

SEKm

	2,856	2,856	
Cash	64	139	Accounts payable
Other receivables	63	7	Other liabilities
Current investments	350		
Loan book	1 300	1 850	Public deposits
Payment solutions			
Loan book		275	Credit facility
Digital banking services	851	100	Bond
Financial assets			
Other intangibles		485	Equity
Fixed assets	26		
	34	168	
	<b>Assets</b>	<b>Eqt. &amp; Liab.</b>	

# Strong position in changing landscape

## CDON's external merchants doubled sales

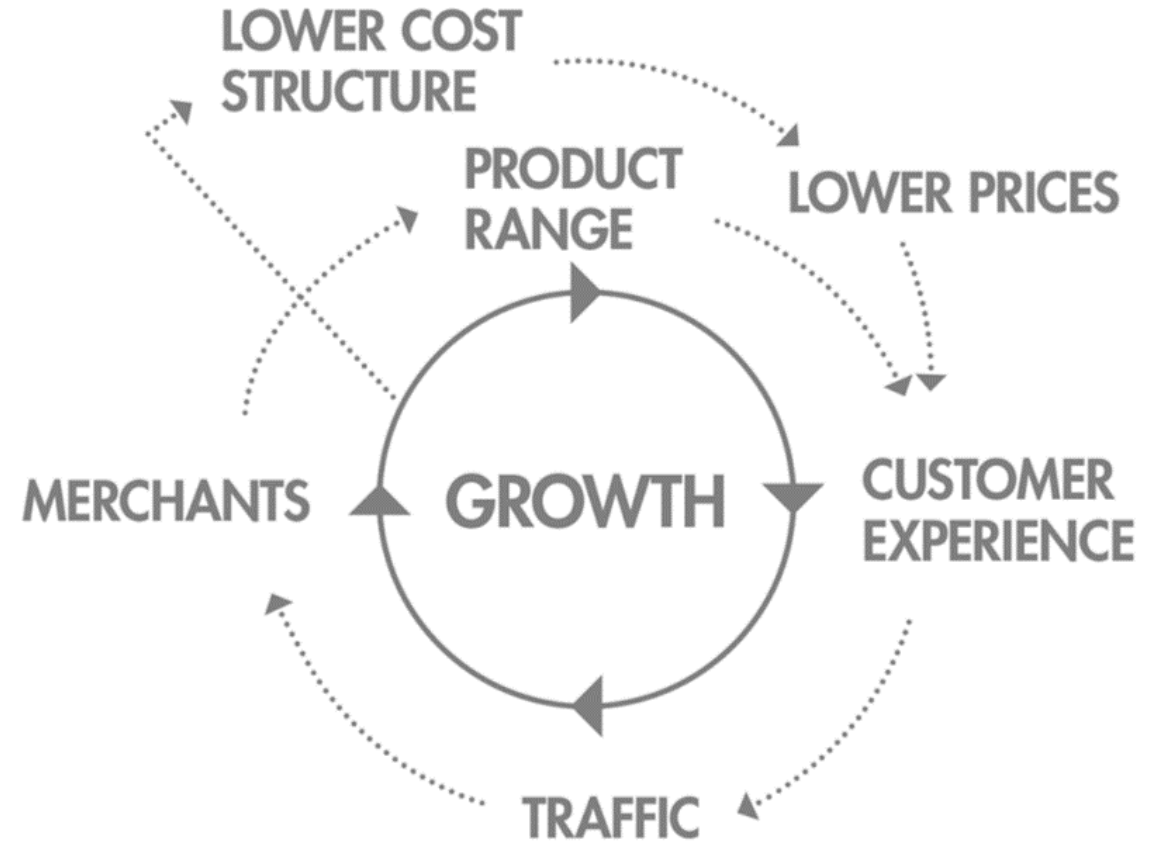
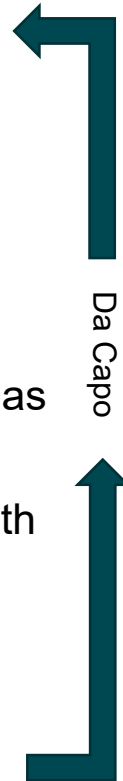
SEKm	Q2 20	Q2 19	Δ
<b>CDON Marketplace</b>			
Sales external merchants	421.7	204.8	106%
Net sales	45.6	24.2	89%
Gross profit	43.4	23.2	87%
<b>CDON Retail</b>			
Net sales	151.2	193.5	-22%
Gross profit	14.5	18.3	-21%
<b>CDON Total</b>			
Gross profit	57.8	41.6	39%
Gross margin, %	29.4%	19.1%	10 p.p.
EBITDA	2.5	-2.6	
EBIT	-4.2	-7.4	
Inventory	40.9	107.3	-62%

- **Strong position** in the changing retail landscape
  - Total gross sales +44%
  - Total gross profit +39%
- **CDON Marketplace** is now the core business
  - External merchants' sales +106%, gross profit +87%
  - Segment now  $\frac{3}{4}$  of total gross profit and growing fast
- **CDON Retail** complements CDON Marketplace
  - Focus on selected categories
  - Gross profit SEK 14.5 million
- Scalable and capital efficient model, as inventory decreased 62%
- Exceeding expectations and well-positioned to be independent

## CDON has created a positive business spiral

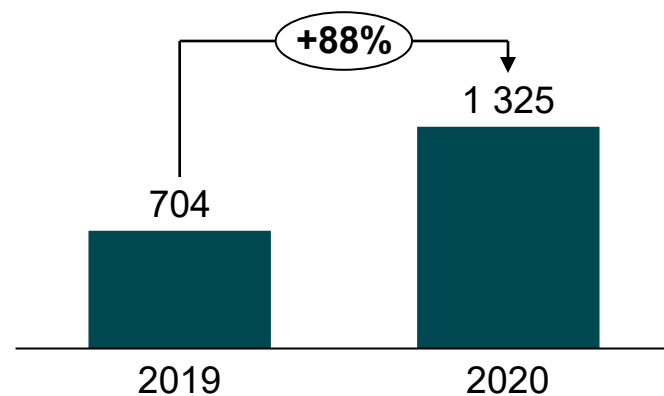
### Business model for growth

- **More merchants**  
131 new added in quarter totaling 1,248
- **Leading to a wider product range**  
Now about 8 million products
- **Leading to lower prices** as merchants compete, e.g. in home electronics
- **Combined with a lower cost structure** as we benefit from automation and scale
- **Improving the customer experience** with lower prices and more products
- **Attracting more customers**  
Increase of 14 percent last 12 months
- **Attracting even more merchants**

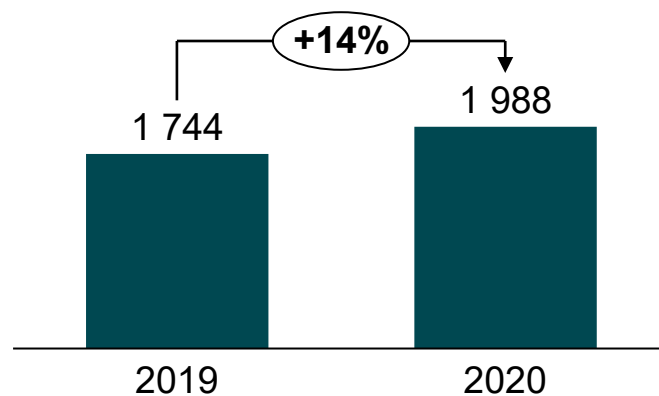


# CDON has great momentum – LTM development

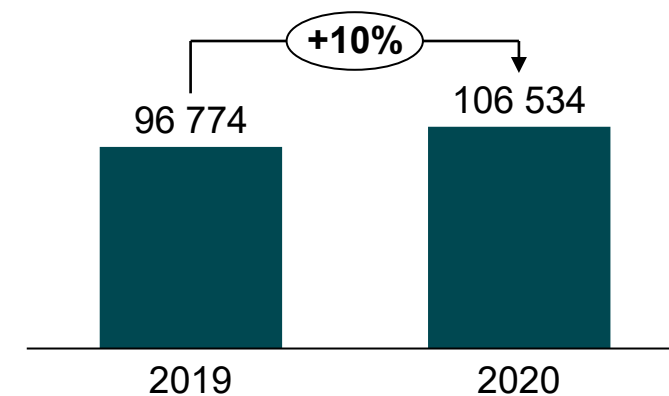
Sales external merchants, SEKm



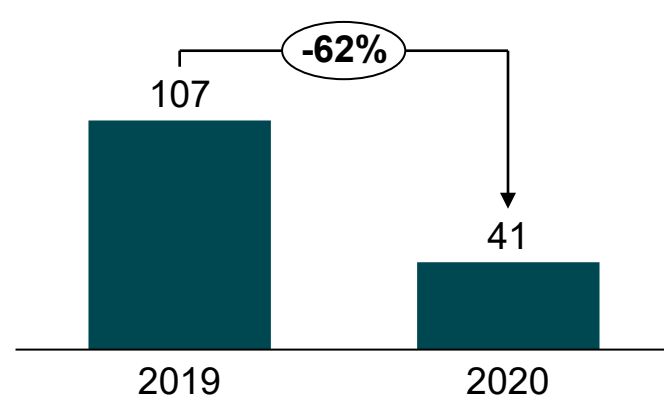
Active customers, '000



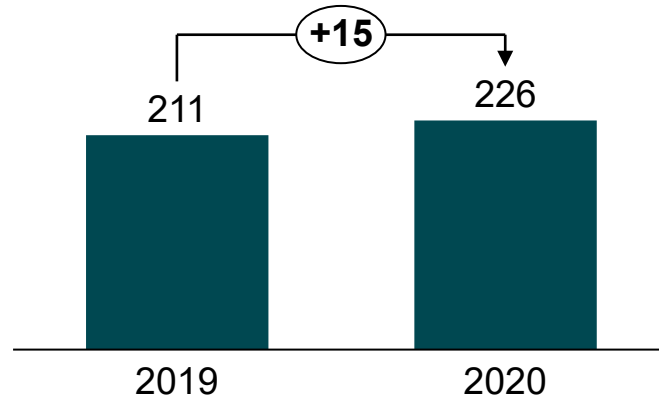
Number of visits, '000



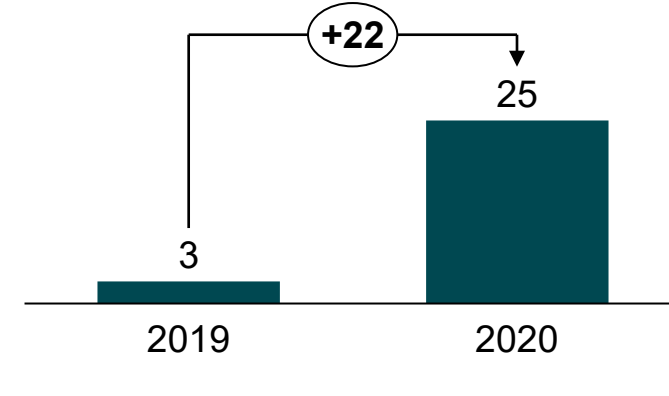
Inventory, SEKm



Gross profit, SEKm



EBITDA, SEKm





# Profitable quarter despite tough market conditions

## Action program successfully increased efficiency

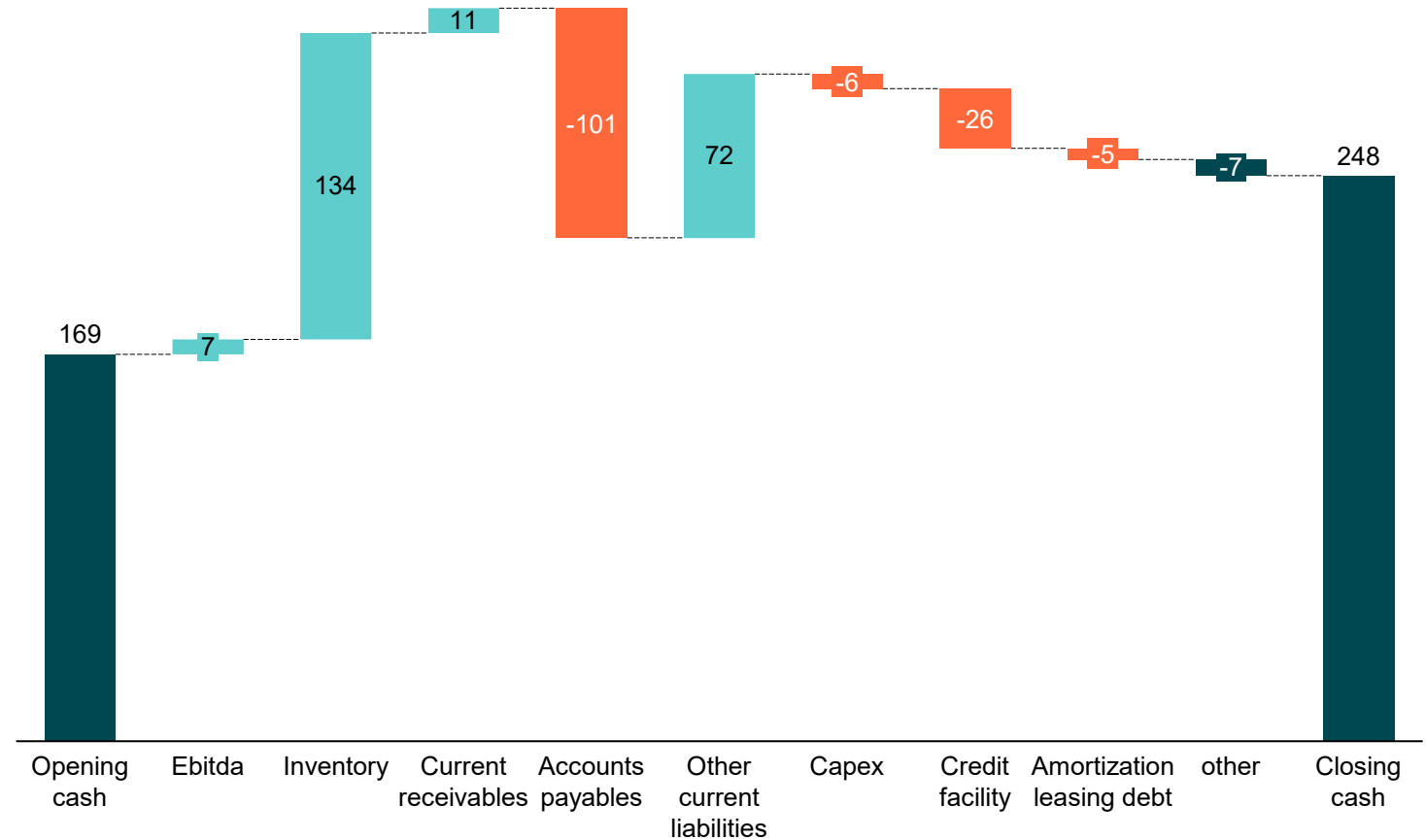
SEKm	Q2 20	Q2 19	Δ
Net Sales	393.4	424.3	-7%
whereof Nordics	375.1	379.9	-1%
whereof outside Nordics	18.3	44.3	-59%
Cost of goods sold	215.6	209.9	3%
Direct selling cost	84.9	97.1	-13%
Gross profit	92.9	117.3	-21%
<i>Gross margin, %</i>	<i>23.6%</i>	<i>27.6%</i>	<i>-4 p.p.</i>
EBITDA	25.6	32.1	-20%
EBIT	18.8	23.0	-18%
Inventory	169.9	254.0	-33%

- ➔ **Flat sales in the Nordics** in a very weak market
  - ➔ Very limited demand for key categories such as party dresses and bikinis
  - ➔ Sales declined outside the Nordics in line with focus on home markets
- ➔ **Successful business focus and action program** secured profitability despite lower sales and weak market
  - ➔ Nordic focus
  - ➔ Higher efficiency
  - ➔ Lower marketing cost
  - ➔ Return ratio decreased 3 percentage points to 36%
  - ➔ Reduced inventory 33 percent, improving cash flow
- ➔ Ready to be independently listed Nelly Group

# E-commerce cash flow

## Inventory focus generated strong cash flow

- Net inventory decreased with SEK 134m during the quarter as both Nelly and CDON reduced inventory
- Other operating net working capital increased SEK 18m
- Capex amounted to SEK 6m
- Reduced debt of SEK 26m



# E-commerce balance sheet

## Credit facility for e-commerce

- E-commerce net cash amounted to SEK 173m
- Credit facility of SEK 75m utilized during the quarter
- CDON's continued transformation within the marketplace model, together with Nelly's inventory reduction decreased e-commerce need for inventory with 42% compared to last year

SEKm	848	848	
		116	Accounts payable
Cash	248	321	Other operating debt
Accounts receivables	31		
Other receivables	65		
Inventory	211	56	Other liabilities
		75	Credit facility
Goodwill	64	280	Equity
Other intangibles	81		
Financial assets	85		
Fixed assets	61		
	Assets	Eqt. & Liab.	

# THANK YOU

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**Qliro Group AB (publ.)**  
Box 195 25  
SE-104 32 Stockholm  
+46 (0)10 703 20 00  
[ir@qlirogroup.com](mailto:ir@qlirogroup.com)

Qliro  
Group