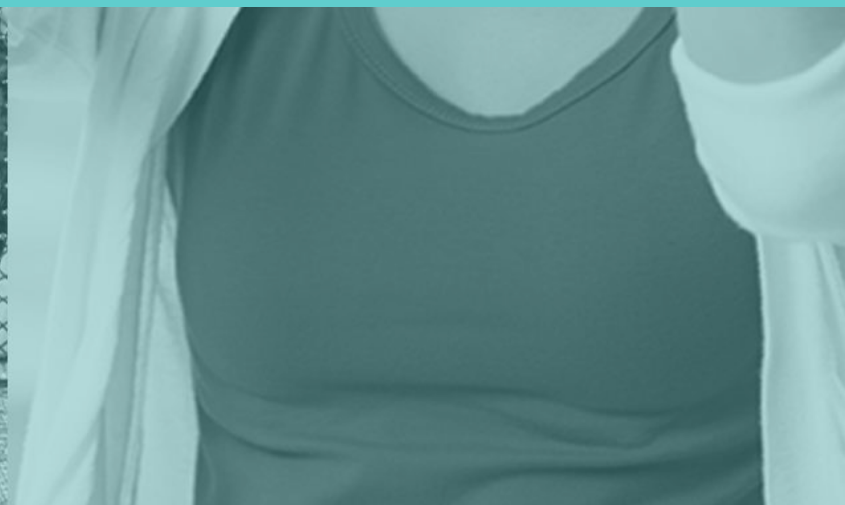




Qliro Group – Q3 Report

*Marcus Lindqvist, CEO
October 22, 2019*



Third quarter progress

QLIRO

Financial services to consumers and merchants

Expansion of loan book, increased profitability and connected merchants

CDON.COM

The leading Nordic online marketplace

Marketplace model proven successful

NELLY.COM

A leading online Nordic fashion brand

Growth in sales but lower margins on weak market

Qliro improved profitability

Profit improved

SEKm	Q3 19	Q3 18	Δ
Total operating income	85.7	76.7	12%
Total operating expenses	-73.6	-62.1	18%
EBTDA	19.0	10.3	85%
Loan book	1,852	1,246	49%
Business volume	1,261	1,129	12%

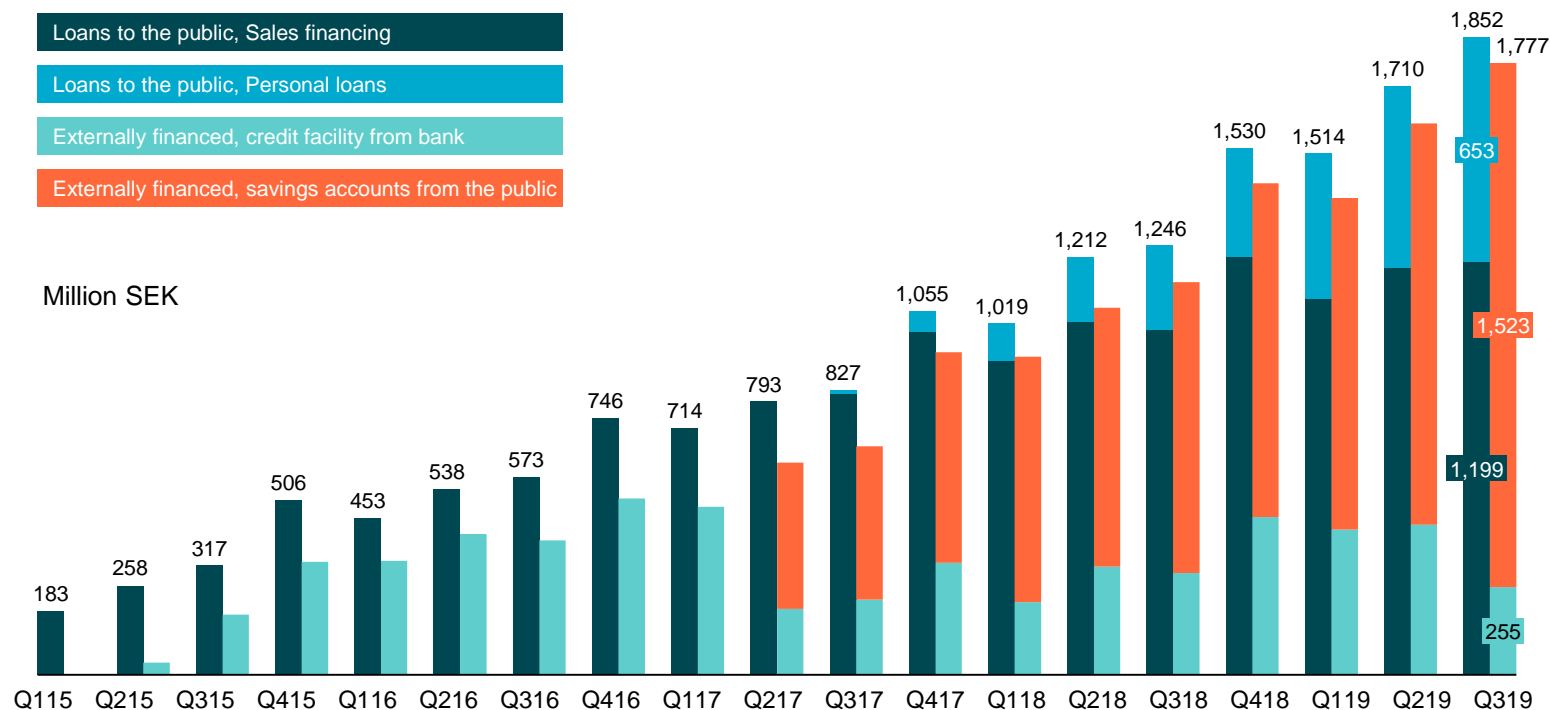
- ➔ Loan book grew 49%
- ➔ Total operating income increased 12%
- ➔ Total operating expense excluding depreciations and amortization increased 8%, following new initiatives to expand offering
- ➔ Operating result before depreciation increased 85%
- ➔ Business volume grew 12%



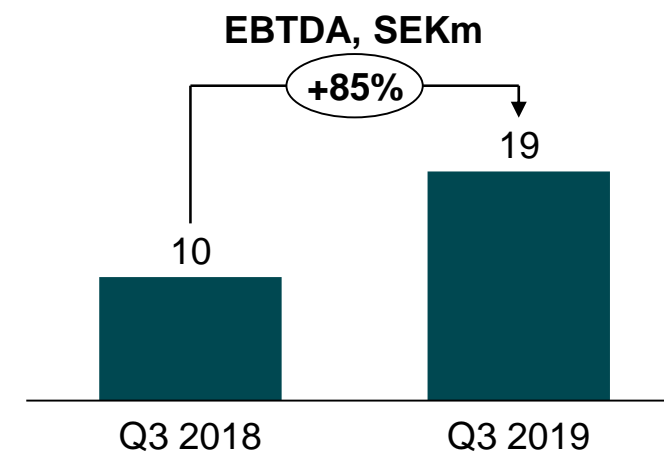
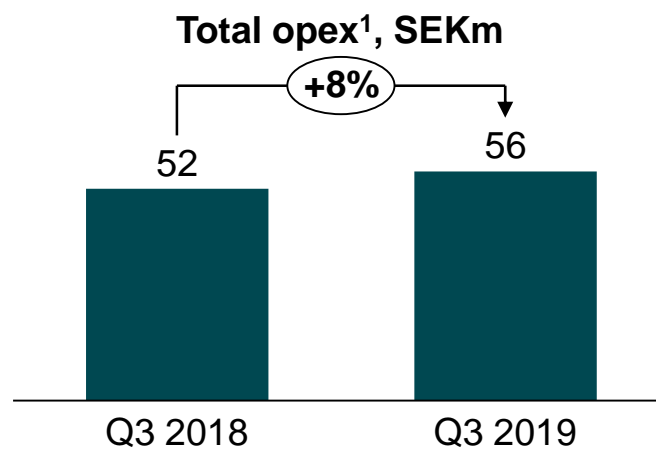
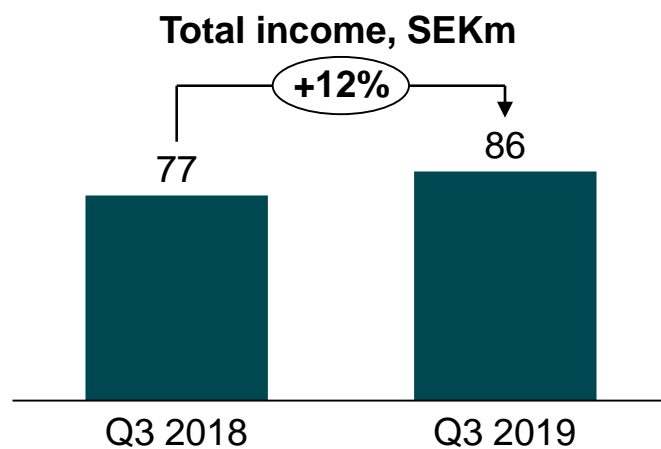
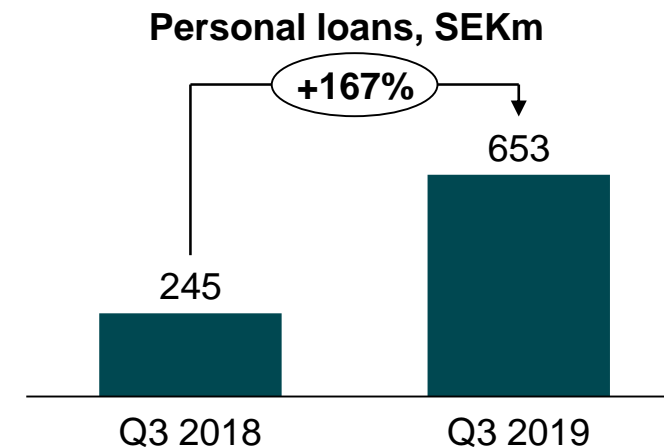
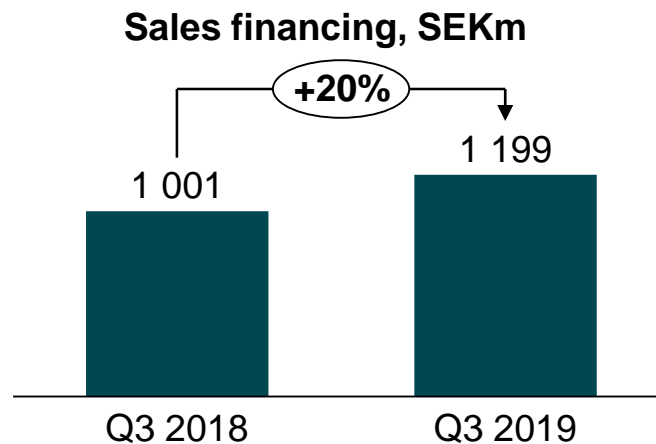
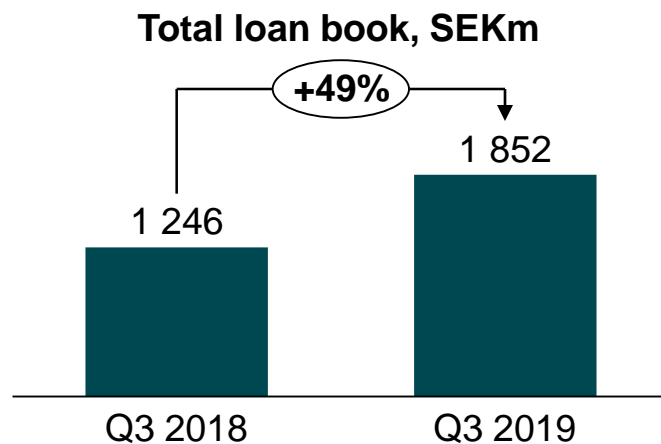
Loan book above SEK 1.9 billion

Grown an average 55 percent per annum during last four years

- Continued ramp-up of personal loans to SEK 653m
- Interest cost for loan book amounted to SEK 7.6m
- Interest revenue from loan book amounted to SEK 83.6m, reflecting a large interest rate spread
- An e-commerce transaction generates income for up to three years and personal loans even further



Qliro on the right track



¹ Operating expenses excluding depreciation and amortization

Separate listing of subsidiary Qliro in the first half of 2020

- Qliro Group starts process to list subsidiary Qliro on Nasdaq Stockholm main market during first half 2020
- Qliro is operationally and structurally independent from the other entities within Qliro Group
- Carnegie Investment Bank has been appointed Global Coordinator and Bookrunner
- Listing rationale:
 - Provide best conditions for growth and profitability, and thereby shareholder value
 - Add potential source of financing
 - Simplify governance
 - Boost the Qliro brand
 - Make it easier to recruit and attract key employees
 - Dissolve “consolidated situation”

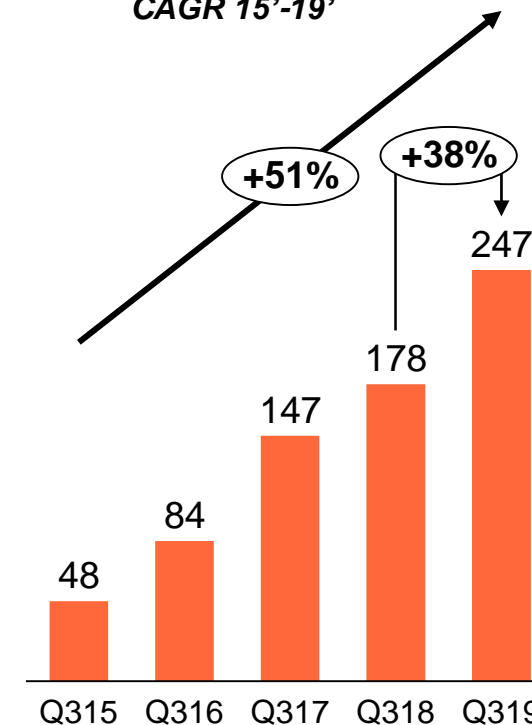
CDON's transformation successful

Strong growth in external merchant sales and profitable last 12 months

SEKm	Q3 19	Q3 18	Δ
External merchants	207.5	124.7	66%
Total GMV	399.1	396.4	1%
Gross profit	42.1	42.3	0%
Gross profit margin, %	19.9%	14.8%	5.1 p.p.
EBITDA	2.3	-5.9	

- External merchants increased sales 66% and commission income 39%
- Own sales phased out, mainly products with lower margins
- Total marketplace grows again
- Gross margin reached 19.9%
- Leverage investments in automation, with significantly lower personnel costs
- Reached a positive EBITDA of SEK 2.3m in the quarter and of SEK 11m last 12 months

External GMV development
CAGR 15'-19'

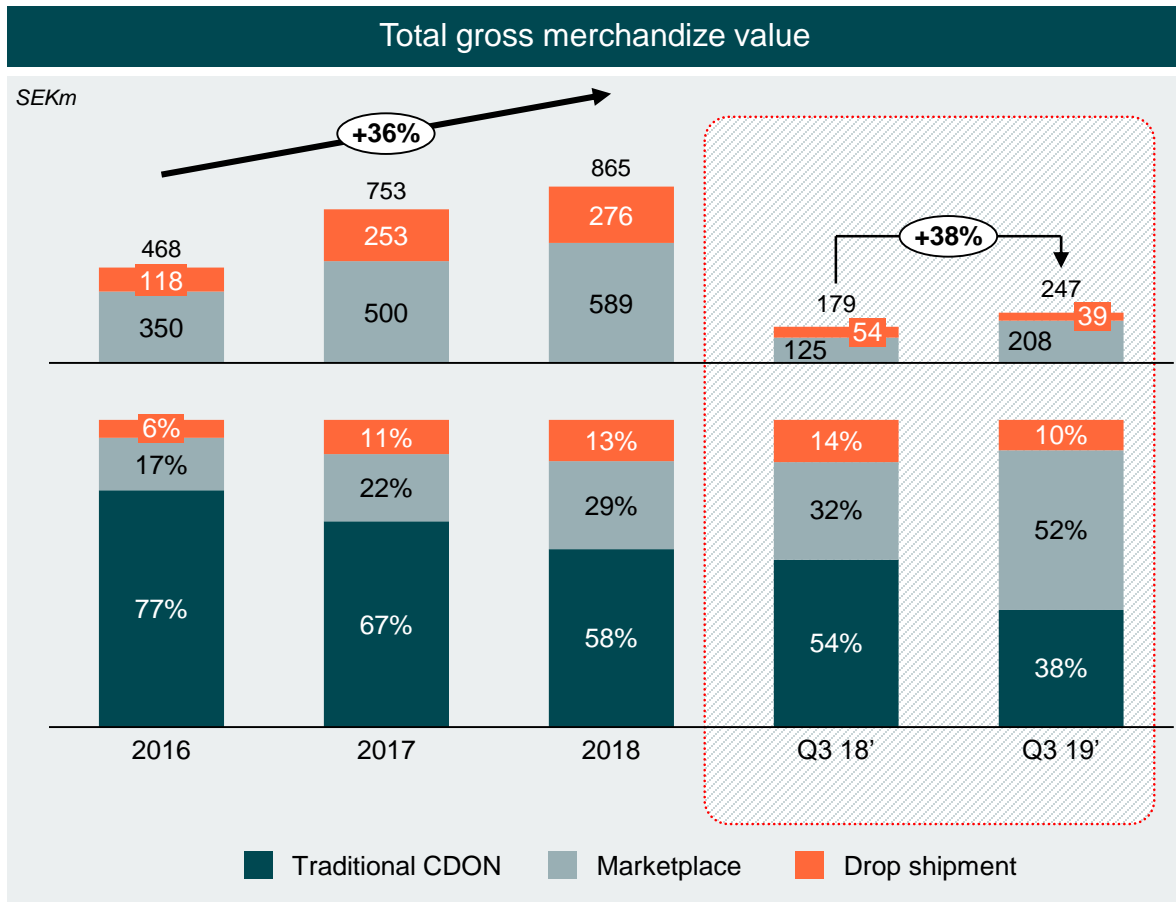


20
Million
visits in quarter

1.7
Million
active
customers¹

Transformation to higher scalability and lower risk

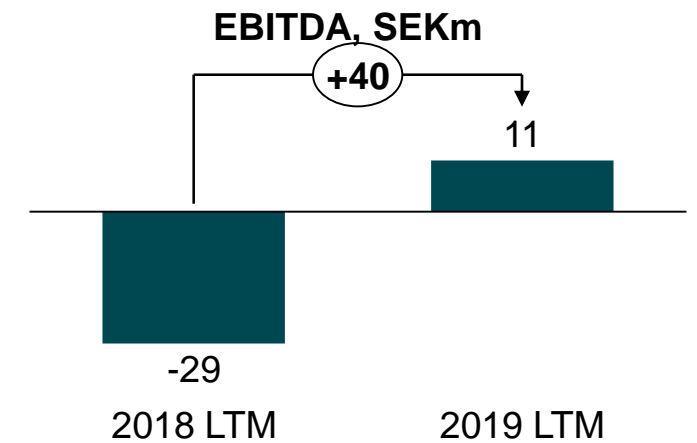
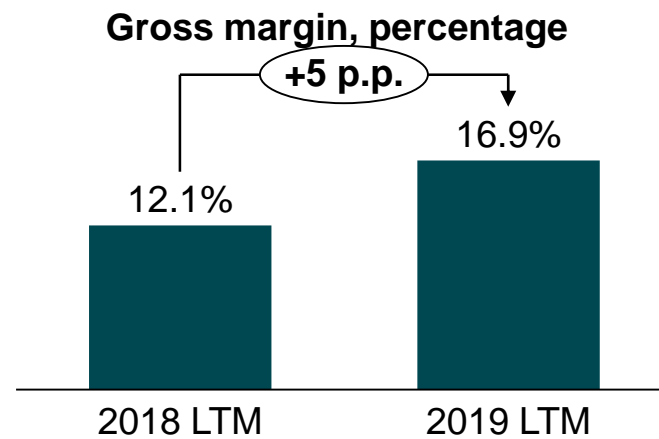
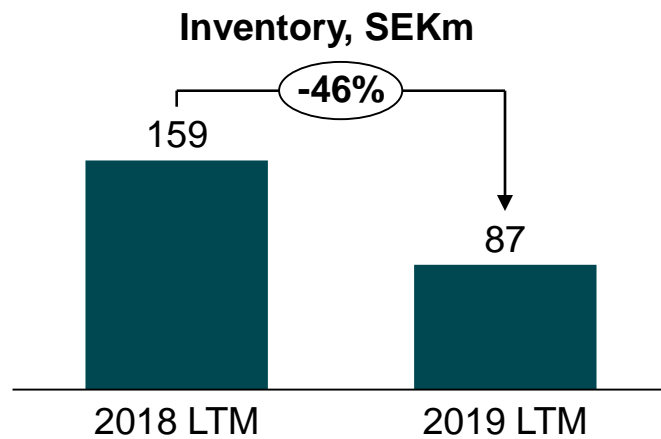
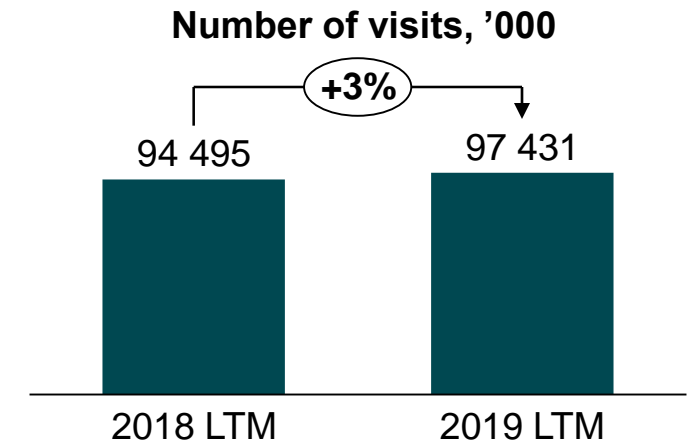
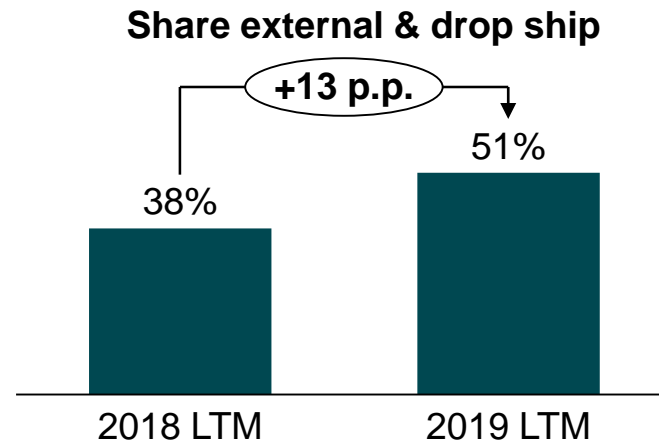
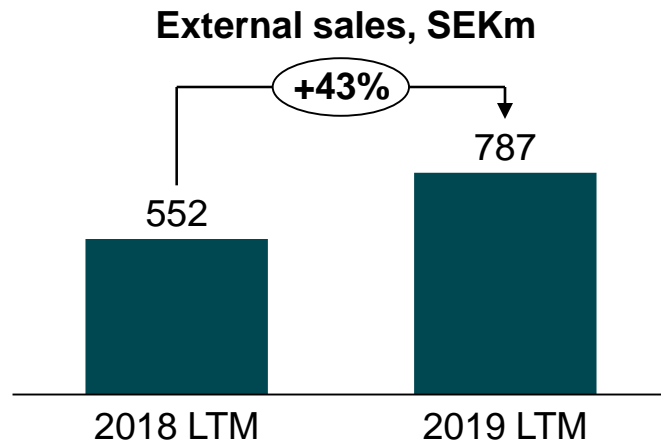
Marketplace and drop shipment model enables growth with less capital



	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's marketplace model proven successful



Nelly continues growth in weak market

Stabilized return levels

SEKm	Q3 19	Q3 18	Δ
Net Sales	329.9	308.9	7%
Gross profit	75.6	87.4	-14%
Gross profit margin	22.9%	28.3%	-5.4 p.p.
EBITDA	5.3	23.9	-78%

40%

Share of
own brands

1.3

Million active
customers¹

- Sales grew 7% in a weak market, returned to growth in Sweden
- Product margin impacted by weak Swedish krona and clearance campaigns. This is likely to continue in Q4 as inventory is not on an optimal level
- In addition, marketing spend increased with SEK 5m and the quarter was impacted with SEK 5m due to a departing CFO and a settlement with PostNord
- Digitalized return process has simplified for consumers and speed up process, return ratio stabilized at 38%
- Anna Ullman Sersé leaves after three years. Strong management team supported by Marcus Lindqvist as working chairman
- Decided to move logistic center from Falkenberg to Borås, closer to head office and with more transportation options

Financials

Mathias Pedersen, CFO



Consolidated income statement (including IFRS 16)

Decrease in net sales, increase in gross margin

- Net sales decreased to SEK 625m (SEK 665m) in the quarter as growth in Nelly and Qliro was offset by the effects of CDON's continued transformation
- While the transformation in CDON had a negative impact on net sales, it had a positive effect on gross margin which rose 2.6 percentage point
- Exchange rate fluctuations had a positive impact on sales of 0.4 percent, but a slight negative effect on gross margins
- Financial net mainly comprised leasing interest cost according to IFRS 16
- Net profit before tax amounted to SEK -13.0m (SEK -4.7m)

SEKm	Q3 19	Q3 18
Net sales	624.6	665.1
Gross profit	180.4	175.3
<i>Gross margin</i>	28.9%	26.3%
Operating result	-12.4	0.7
Financial net	-0.6	-5.4
Net result before tax	-13.0	-4.7

E-commerce cash flow

Seasonally weak cash flow

- Net inventory increased with SEK 33m during the quarter as Nelly prepared for Q4, while CDON continued to lower its dependence on inventory
- Other operating new working capital increased SEK 30m, following the seasonal pattern
- Nelly utilized its overdraft facility with SEK 19m
- Capex amounted to SEK 8m and SEK 15m was invested in the continued expansion of Qliro



E-commerce balance sheet

Nelly and CDON secured own financing

- E-commerce net cash amounted to SEK 119m, as Nelly utilized part of its overdraft facility with its bank
- CDON's continued transformation within the marketplace model decreased its need for inventory with 46% compared to last year
- Nelly's inventory higher than last year and presently not optimized
- Both Nelly and CDON has secured independent sources of financing, through revolving credit facilities with their banks respectively

SEKm	920	920	
Cash	139	221	Accounts payable
Accounts receivables	54		
Other receivables	57		
Inventory	395	246	Other operating debt
Goodwill	65	19	Other liabilities
Other intangibles	91		
Financial assets	110		
Fixed assets	9		
	9	1	Credit facility
	Assets	Eqt. & Liab.	

Qliro balance sheet

Focus on further expansion

- Sales finance loan book amounted to SEK 1,199m and personal loans to SEK 653m
- Public deposits increased with 80% to SEK 1,523m
- SEK 255m in utilized secured credit facility, with an additional SEK 539m in undrawn funding
- SEK 100m from newly launched Tier 2 bond

Regulatory capital

- Risk Exposure Amount of SEK 1.9bn
- Own funds amounted to SEK 372m, of which SEK 326m in Common Equity Tier 1 (“CET1”) capital
- CET1 adequacy ratio of 16.9% (27.0% for consolidated situation)

SEKm

	2,503	2,503	
Cash	175	107	Accounts payable
Other receivables	26	6	Other liabilities
Current investments	250		
		1,523	Public deposits
Loans to the public: sales finance	1,199		
		255	Credit facility
Loans to the public: P-loans	653	100	Bond
Financial assets		512	Equity
Other intangibles	8		
Fixed assets	173		
	18		
	Assets	Eqt. & Liab.	

THANK YOU

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