



Qliro Group – Q4 Report

*Marcus Lindqvist, CEO
February 5, 2020*



Split up of the group to be completed first half 2020

QLIRO

- To be listed on Nasdaq
- New targets set
- New share issue at listing
- Qliro Group may remain an owner for a limited period

CDON

- Listing on First North
- Leading Nordic marketplace
- Profitable and scalable
- Distribution to shareholders

NELLY.COM

- Focus on Nordic market
- Actions to reduce inventory
- Organizational adjustment
- In current plan, Nelly remains within Qliro Group

Qliro Group

- Ongoing dialogue on alternative transactions, that may affect which company remains in the group
- Changes name to Nelly Group
- Following the split, Marcus Lindqvist has completed his job as CEO and leaves the group

Qliro Financial Services – a tech company in financial services

IPO in the first half of 2020

- ➔ Payment solutions with strong merchant and consumer value on a truly modern platform
- ➔ A fully integrated checkout - helps merchants boost user experience, sales and revenue to drive business success
- ➔ Building relationships and cross-selling opportunities with millions of consumers at low cost
- ➔ Digital banking platform provides additional attractive opportunities



Prepared for listing on the Nasdaq Stockholm main market

Strong growth in loan book

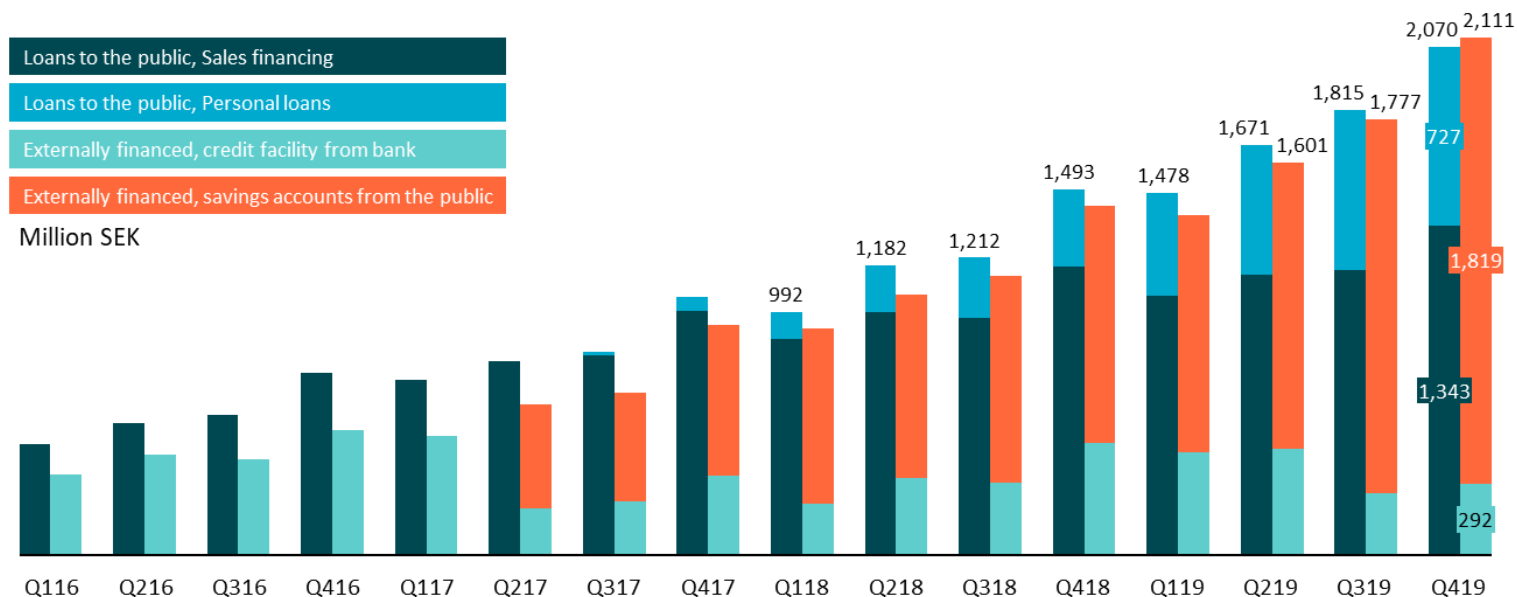
SEKm	Q4 19	Q4 18	Δ
Total operating income	87.5	80.8	8%
Total operating expenses	-89.9	-71.5	26%
EBTDA	-14.3	2.8	
Loan book	2,070	1,493	39%
Business volume	1,633	1,593	2%

- ➔ Loan book grew 39%, driven by both PAD and personal loans
- ➔ Business volume grew 2%, affected partly by CDON's transformation and onboarding of new signed merchants
- ➔ During 2019, agreements were signed with more merchants than during 2016-2018. Merchants will join the platform but this process takes longer than previously anticipated
- ➔ Following new initiatives prior to listing, total operating expense excluding depreciations increased 15%
- ➔ Depreciation increased with SEK 9m following continued investment
- ➔ Reservations for potential credit losses increased with SEK 15m following more conservative assumptions about the economy

Loan book reached SEK ~2.1 billion

Grown an average 42 percent per annum during last four years

- ➔ Continued ramp-up of personal loans to SEK 727m
- ➔ Interest cost for loan book amounted to SEK 8.5m
- ➔ Interest revenue from loan book amounted to SEK 57m, reflecting a large interest rate spread
- ➔ An e-commerce transaction generates income for up to three years and personal loans even further



Qliro AB's new financial targets

Financial targets

Growth

In the medium term, Qliro AB:s target is to achieve an income growth of 20-25 percent on average per annum

Cost

By growing income and increase its operational efficiency, Qliro AB shall become more cost-effective. Qliro AB:s target is to reach a cost to income ratio of 50 percent by 2023

Capital

In the medium term, Qliro AB shall remain adequately capitalized to support strong growth opportunities. In the longer term, Qliro AB:s target is to maintain capital buffers of at least 150 bps over the regulatory requirements

Assessment 2020

Credit Quality

Qliro AB shall maintain a strong asset quality as the business continues to grow

For the financial year 2020, Qliro AB:s target is a net loan loss level below 1.25 percent of managed PAD volumes (total payment volume with Qliro AB:s own payment methods invoice, and fixed and flexible part payments) and below 2.5 percent of average lending volumes for personal loans

Profit before tax

Qliro AB expects a negative profit before tax for the full-year in 2020, mainly related to the first half of the year, until the full effect from new partnerships are materialized

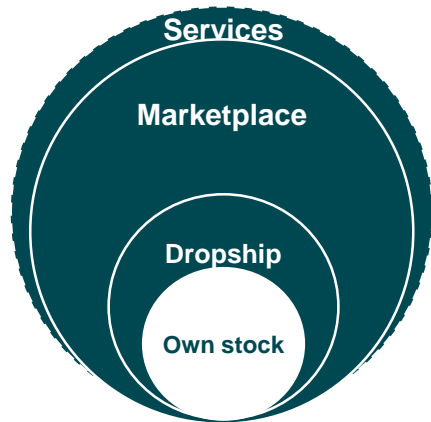
Marketplaces increasingly dominate global e-commerce



- CDON being #1 of the Nordics

Growing quickly with healthy profitability

- Marketplaces have over +50% of global online sales, but Nordic market still untapped
- CDON the leading Nordic marketplace with 1000 merchants, 7 million products, 1.8 million customers and 96 million visitors
- Unique technology infrastructure with high degree of automation enabler of profitable growth
- Built for future shopping behavior, lower operational risk and less capital



Selected merchants



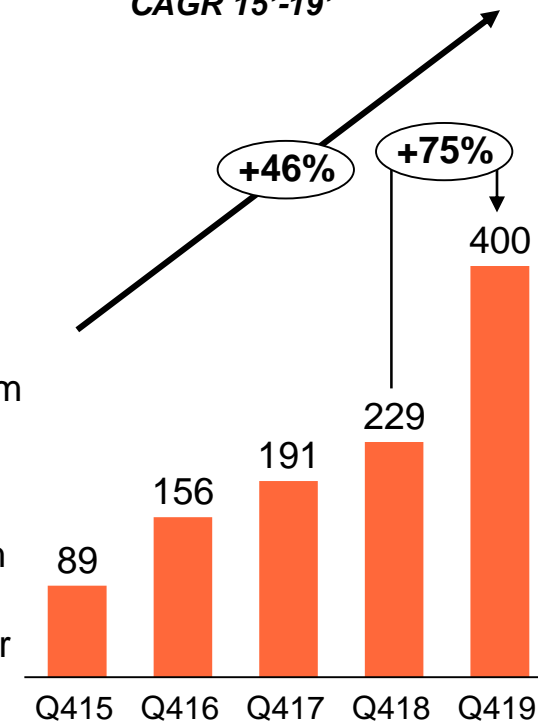
CDON showed significant growth and profitability

Profitable before depreciations for Q4 and full year

SEKm	Q4 19	Q4 18	Δ
External merchants	399.5	228.5	75%
Total GMV	785.2	760.6	3%
Gross profit	82.0	83.6	-2%
Gross margin, %	19.5%	15.0%	4.5 p.p.
EBITDA	23.2	19.7	

- External merchants increased sales 75% and commission income 39%
- Gross margin increased with 4.5 percentage points and reached 19.5%
- Own sales phased out, inventory decreased 41 percent
- Leverage investments in automation, with significantly lower personnel costs
- Reached a positive EBITDA of SEK 23m in the quarter and of SEK 15m in the year
- For 2020, it is estimated that the growth target for external merchants will be significantly exceeded and the target for margin will be achieved

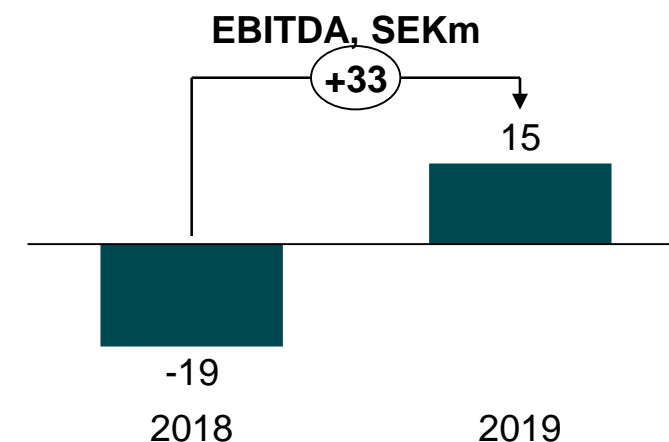
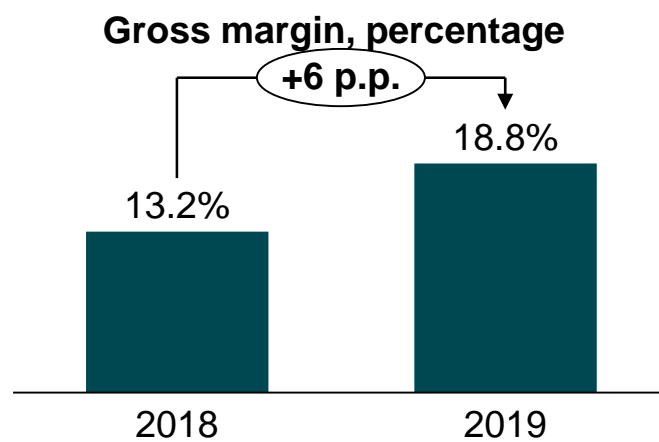
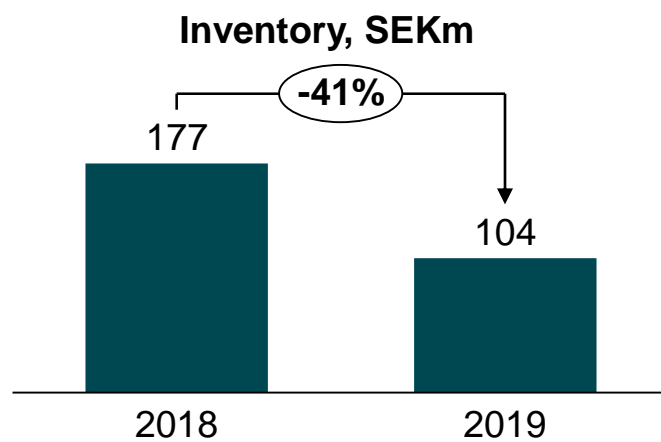
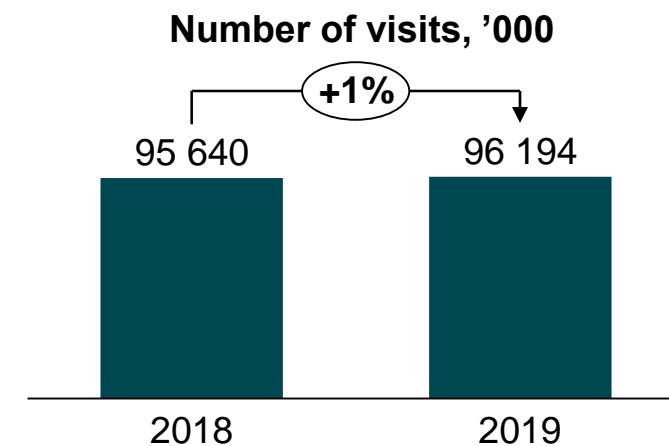
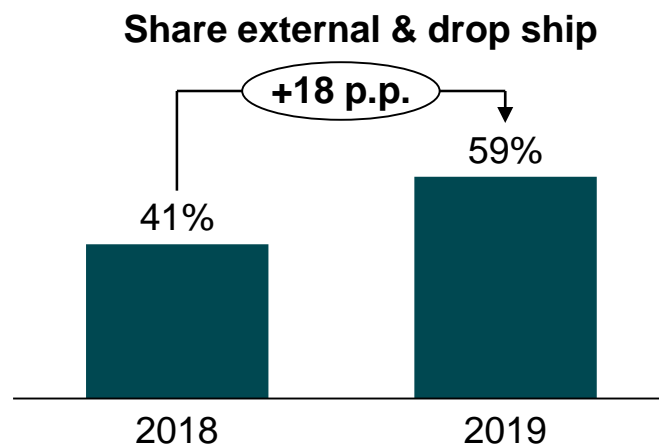
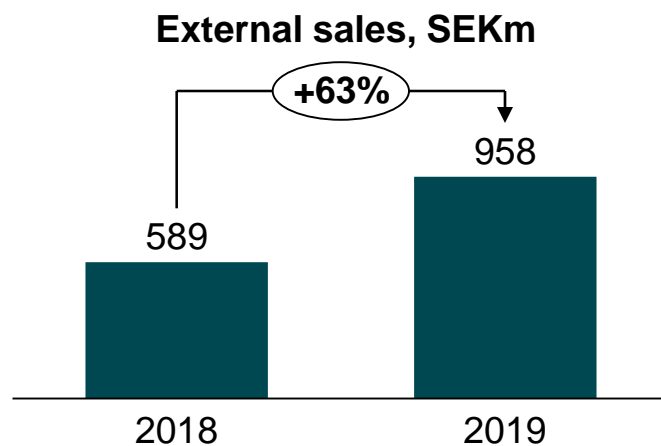
External GMV development
CAGR 15'-19'



33
Million
visits in quarter

1.8
Million
active
customers¹

CDON's has great momentum



Nelly well positioned to take advantage of

The most popular fashion brand in target group in Sweden and Norway



No 1 online store for inspiration

- ✓ The most popular online store for inspirations
- ✓ Strong Nordic reach as ~20 % of 15-19 year old visit us weekly
- ✓ Nelly has the power to create the trends with 1.3 million customers

NLYbyNelly

MARC JACOBS



GESTUZ



adidas



BY
MALENE BIRGER

Curated assortment with right trend at the right price

- ✓ Strong brand loyalty with high share of own brands (41% of sales)
- ✓ Over 300 complementary must-have external brands
- ✓ Short design lead times to create assortment for new trends



Pure online retailing and engaging marketing

- ✓ From inception, only online sales and innovative marketing
- ✓ Always something new with 46 campaigns per year
- ✓ High customer engagement from inspirational content resulting in higher conversion



Nelly – focus on the Nordics

Action program to improve profitability

SEKm	Q4 19	Q4 18	Δ
Net Sales	399.4	402.9	-1%
Gross profit	75.0	107.3	-30%
Gross margin, %	18.8%	26.6%	-7.8 p.p.
EBITDA	-13.2	19.2	

- ➔ Actions reduced inventory by 20% but impacted product margin
- ➔ Digitalized return process is successful and the return ratio decreased with 1 percentage point to 38%
- ➔ Focus on the Nordics, actions to decrease inventory and adjustment of organization to improve profitability
- ➔ Moving logistic center from Falkenberg to Borås, closer to head office and with more transportation options
- ➔ For 2020, it is estimated that the company will grow but slower than the target and that the EBITDA-margin will be 2-4 percent



Financials

Mathias Pedersen, CFO



Consolidated income statement (including IFRS 16)

Decrease in net sales and gross margin

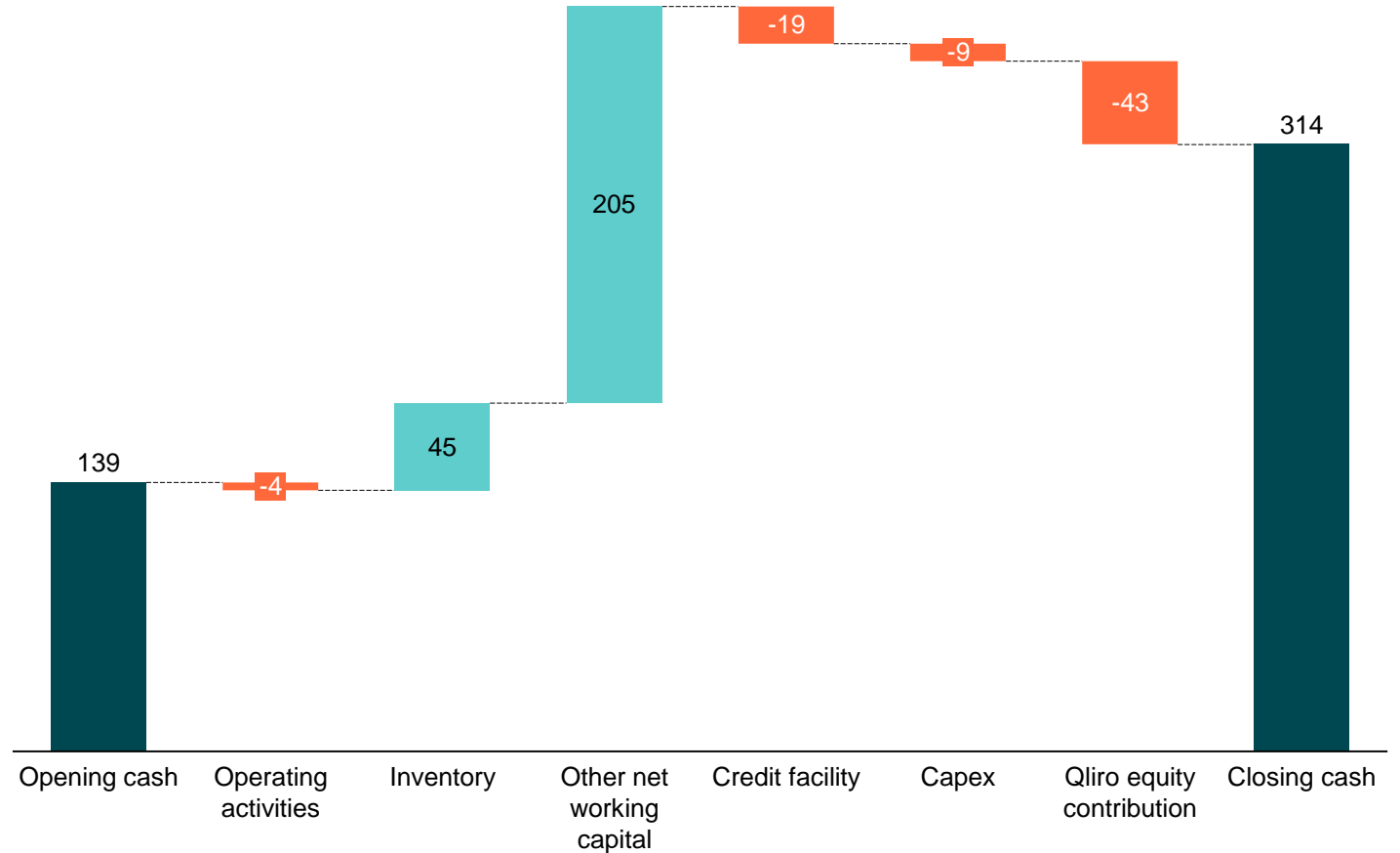
- Net sales decreased to SEK 919m (SEK 1,047m) in the quarter as growth in Qliro was offset by the effects of CDON's continued phaseout of own inventory-based sales
- Exchange rate fluctuations had a positive impact on sales of 0.4 percent, but a negative effect on gross margins
- Financial net mainly comprised leasing interest cost according to IFRS 16
- Net profit before tax amounted to SEK -48.3m (SEK 13.6m)

SEKm	Q4 19	Q4 18
Net sales	919.2	1047.0
Gross profit	209.1	247.5
<i>Gross margin</i>	22.7%	23.6%
Operating result	-47.8	16.3
Financial net	-0.5	-2.7
Net result before tax	-48.3	13.6

E-commerce cash flow

Seasonally strong cash flow

- Net inventory decreased with SEK 45m during the quarter as Nelly actively reduced its inventory during Q4, while CDON's increased slightly
- Other operating net working capital decreased SEK 205m, following the seasonal pattern where payment for purchased goods and VAT were due after year end
- Capex amounted to SEK 9m and SEK 43m was invested in the continued expansion of Qliro



E-commerce balance sheet

All equity financed

- E-commerce net cash amounted to SEK 314
- CDON's continued transformation within the marketplace model decreased its need for inventory with 41% compared to last year
- Nelly's inventory decreased during the quarter, although marginally higher than last year

SEKm	1,084	1,084	
Cash	314	304	Accounts payable
Accounts receivables	41	419	Other operating debt
Other receivables	121		
Inventory	350		
Goodwill	64	1	Other liabilities
Other intangibles	91	361	Equity
Financial assets	96		
Fixed assets			
	8		
	Assets	Eqt. & Liab.	

Qliro AB balance sheet

Focus on further expansion

- Sales finance loan book amounted to SEK 1,343m and personal loans to SEK 727m
- Public deposits increased with 88% to SEK 1,819m
- SEK 292m in utilized secured credit facility, with an additional SEK 508m 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 384m, of which SEK 334m in Common Equity Tier 1 (“CET1”) capital
- CET1 adequacy ratio of 15.5% (20.9% for consolidated situation)

SEKm	2,881	2,881	
Cash	240	128	Accounts payable
Other receivables	81	13	
Current investments	255		Other liabilities
Loans to the public: sales finance	1,343	1,819	Public deposits
Loans to the public: P-loans	727	292	Credit facility
Financial assets		100	Bond
Other intangibles	15	528	Equity
Fixed assets	41	179	
	Assets	Eqt. & Liab.	

THANK YOU

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