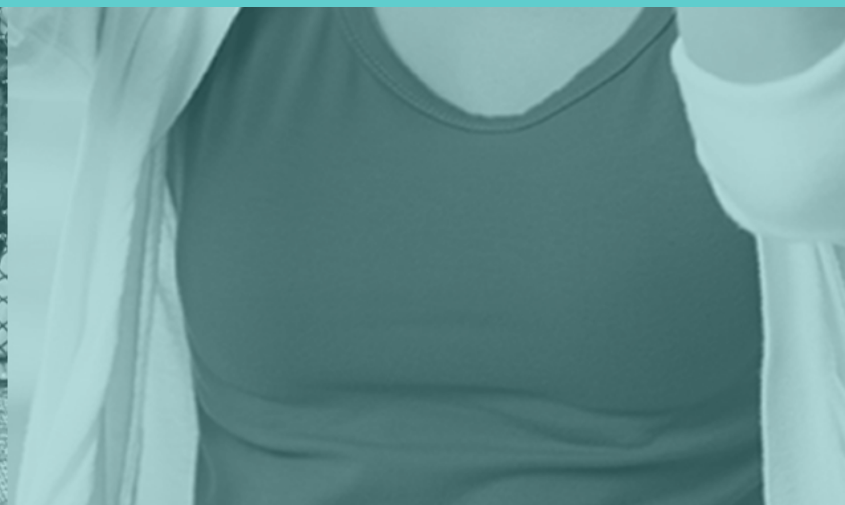




Qliro Group – Q4 Report

Marcus Lindqvist, CEO
February 5, 2019



Establishment of three independent listable companies

QLIRO

Financial services to consumers and merchants

Focus on external merchants and scalability

CDON.COM

A leading Nordic online marketplace

Focus on accelerating transformation

NELLY.COM

A leading online Nordic fashion brand

Focus on own brands and profitable growth

Separate boards with representatives from group board, management and external members
Renewed management team in all three companies
Separation of IT, financial and business processes
Ongoing dialogue on potential transactions
First half of 2019, all subsidiaries are operationally and structurally independent
Second half of 2019, all subsidiaries are ready to be listed companies

Qliro Financial Services continues to grow

Loan book expansion with low acquisition costs

SEKm	Q4 18	Q4 17	Δ
Total operating income	81.8	64.9	26%
Total operating expenses	72.1	54.9	31%
EBTDA	3.2	11.1	-71%
Loan book	1 530	1 055	45%
Business volume	1 593	1 340	19%

- Total operating income increased 26%, driven by increased lending to the public
- Total operating expense increased 31%, following expansion of team to attract and integrate new merchants
- Loan book grows faster than business volumes due to growth in personal loans
- Business volume grew 19% despite negative impact from CDON's transformation
- Growing independency from group, as external merchants accounted for around 50% of business volume in the quarter
- Focus to attract merchants and capitalize existing service offering

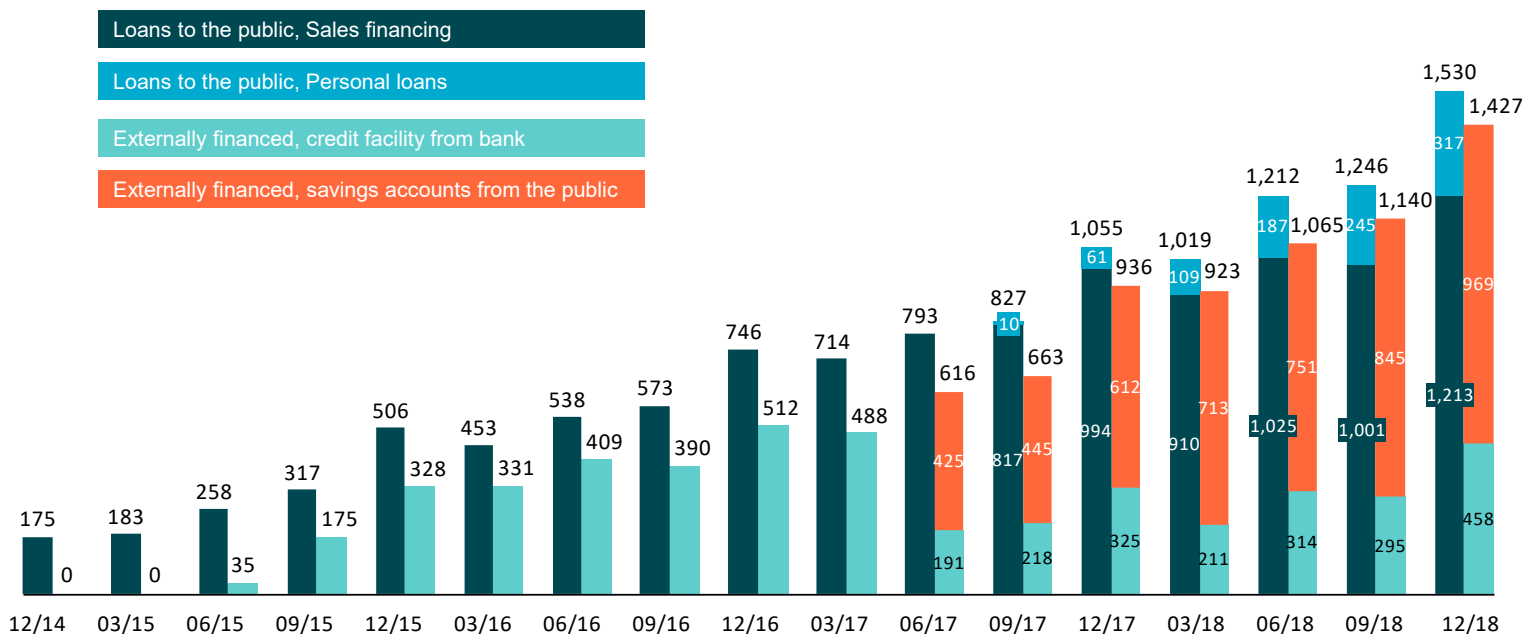


Loan book above SEK 1.5 billion

Focus on expansion

- ➔ Machine learning applied to internal and external data for real-time credit scoring
- ➔ Continued ramp-up of personal loans to SEK 317m
- ➔ Interest cost for loan book amounted to SEK 5m, through savings accounts and secured credit facility
- ➔ Interest revenue from loan book amounted to SEK 77m, reflecting positive interest rate spread
- ➔ An e-commerce transaction generates income for up to three years and personal loans even further

Net lending, SEKm

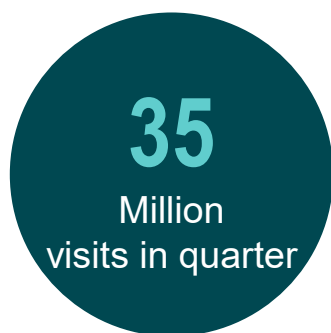


CDON Marketplace benefits from transformation

Focus on external merchants

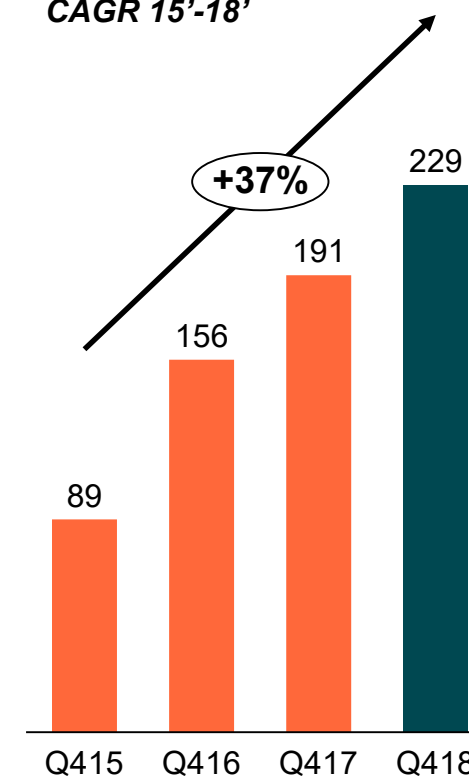
SEKm	Q4 18	Q4 17	Δ
GMV external	228.5	190.8	20%
Total GMV	760.6	903.7	-16%
Net sales	558.0	733.1	-24%
Gross profit margin, %	15.0	11.9	
EBITDA	19.7	9.6	105%

GMV = Gross merchandise value



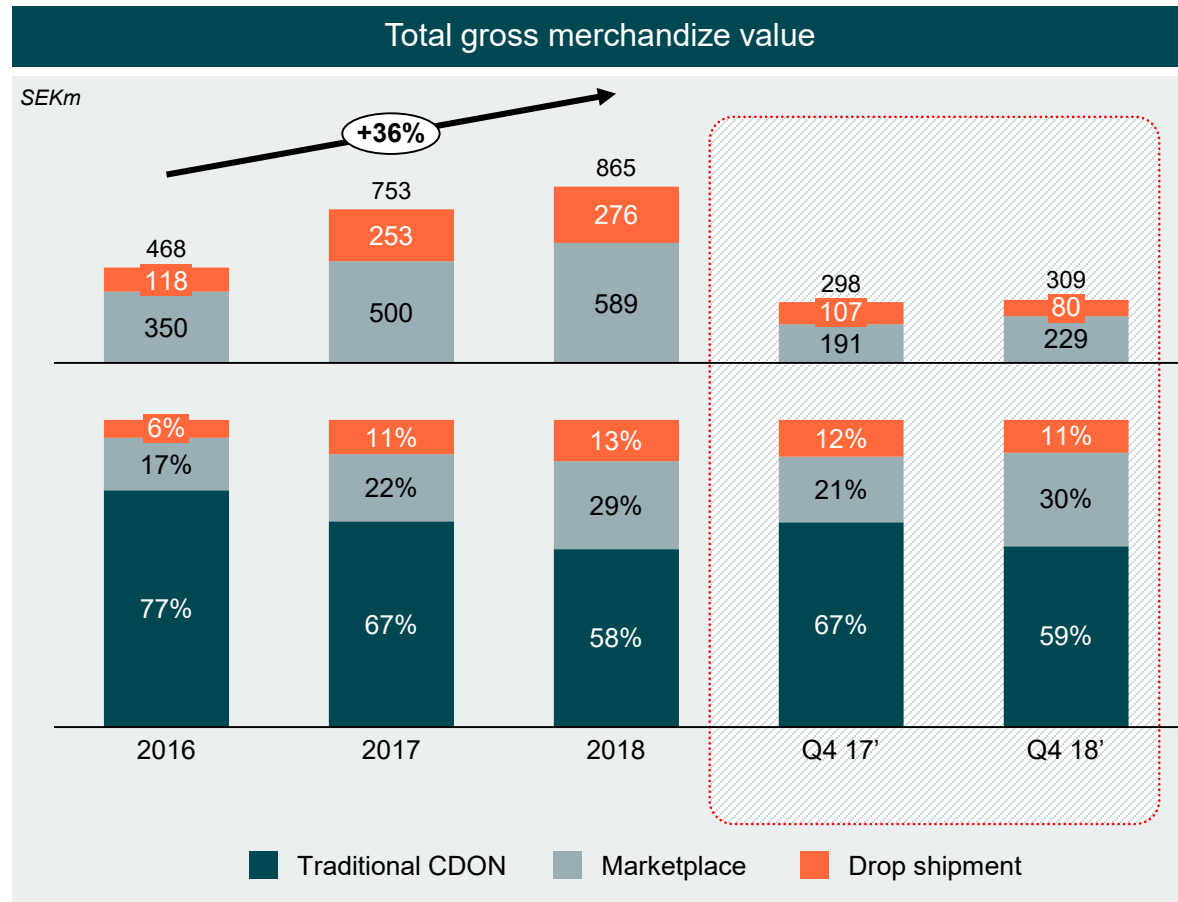
- Proven model with over 1,500 merchants e.g. Adlibris, VidaXL, Furniturebox, Ellos, Cervera and Trademax
- External merchants increased sales 20% and commission income with 27% driven by long-tail activation
- Own sales phased out, mainly products with lower margins, resulting in increased gross margin of 3.1 percentage points and lower net sales
- Takes advantage of investments in automation, with lower personnel costs going forward

External GMV development
CAGR 15'-18'



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

Nelly reports lower growth in challenging market

High campaign activity

SEKm	Q4 18	Q4 17
Net Sales	402.9	400.3
EBITDA	19.2	39.5
<i>EBITDA margin</i>	4.8%	9.9%
EBIT	13.9	34.4
<i>EBIT margin</i>	3.5%	8.6%

45%

Share of
own brands

1.4

Million active
customers¹

- Growth initiatives increased number of customer with 11% and average order with 10%
 - Weaker demand with generally high campaign activity
 - Strong Singles' Day, but weaker Black Week in Sweden leading to discounts towards the end of the quarter
 - In April 2018, it was communicated that reserves for returns was insufficient in Q4 2017
- Order intake increased 6 percent, but growth in net sales was limited to 1%, due to increase in return ratio
- Return ratio amounted to 39%, higher level than 2017, believed to have reached normalized level
- Initiatives to digitalize return process

Qliro Financial Services

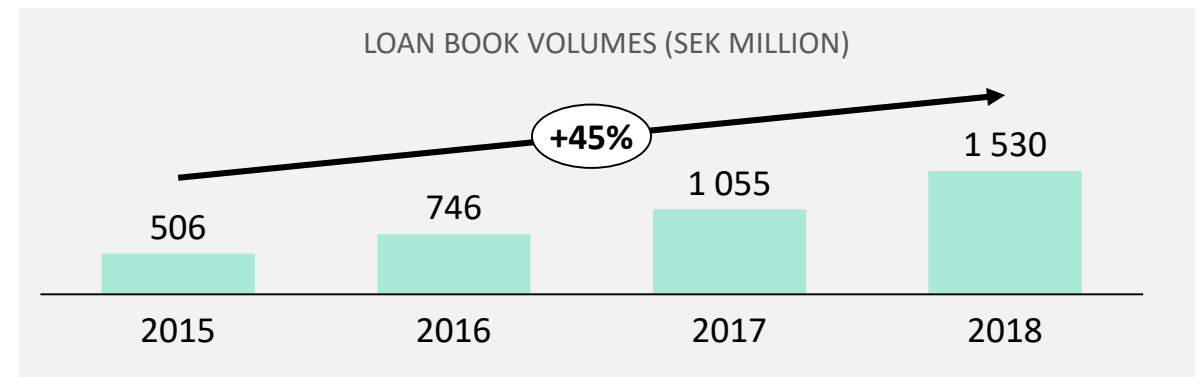
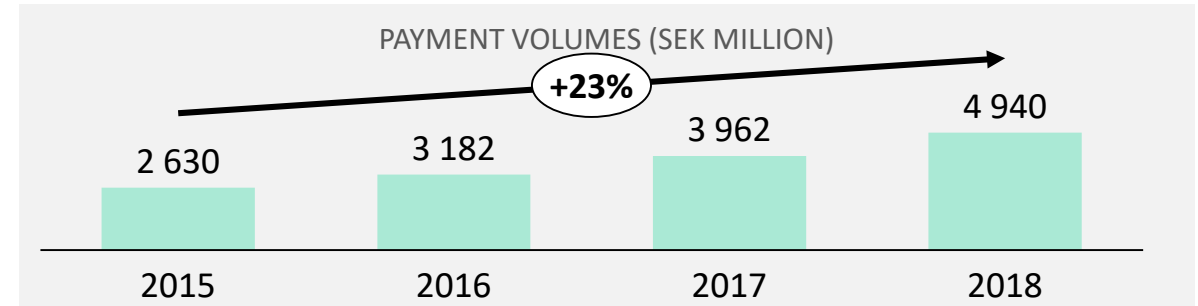
Carolina Brandtman, CEO



Qliro – a payment company founded for retailers by retailers

HISTORY

- 2014 Launched in Sweden
- 2015 Building the business, including expansion to Finland and Denmark
- 2016 Preparation for KMB license
Scoping of consumer offering
- 2017 KMB license received
Consumer App, Loans and Savings released
- 2018 Focus on growing market share



Founded as an inhouse payment company, Qliro is now a licensed second-in-line challenger on the Swedish Pay After Delivery market

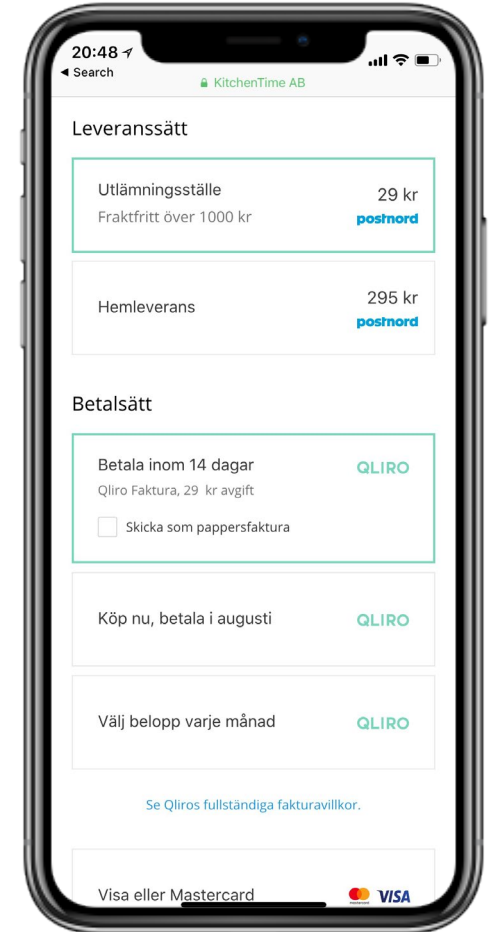
Payment offering – turn payments from cost to revenue for retailers

PRODUCT

- **Full checkout solution or integration of selected Pay After Delivery methods** (Invoice, Account, Part Payment Campaigns)
- **Built for mobile** and maximum conversion, allowing consumers to purchase with one click
- **Other popular local payment methods customizable** (Trustly, PayPal and more)

COMPETITIVE EDGE

- **Offering.** A superior commercial proposition, allowing merchants to turn payments from cost to revenue
- **Service.** A highly customized service level – from sales pitch to integration to merchant development. “One out of few, rather than one of thousands”



BANGERHEAD
EXPERTS IN BEAUTY

GYM GROSSISTEN.com
For Athletes. By Athletes

NELLY.COM

LYKO

Parfym.se

OUTDOOR
Expert

Designatorget

White Away

CDON.COM

CAMPADRE®

Lekmer.com

Consumers are at the center of the payment offering –
but merchants choose Qliro both for revenue and customized service

A growing consumer footprint in the Nordic payment space

Country, Number of unique customers (all time)

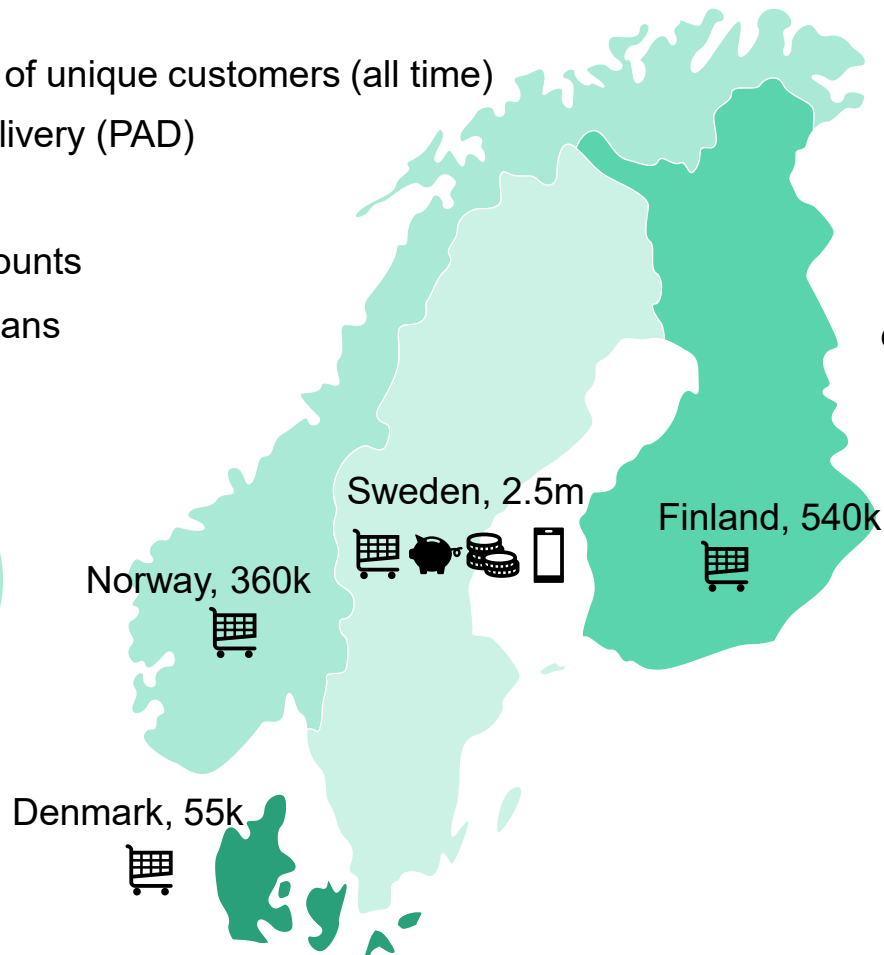
 Pay After Delivery (PAD)

 Qliro App

 Savings accounts

 Consumer loans

>5
Million Qliro transactions¹




28%
of Swedish online consumers are familiar with the Qliro brand

>40%
of Swedish online population already in database

195k
Swedish customers active users of the Qliro app (Dec 2018)

Topplistor

Gratisappar Betalappar

-  1 Swish betalningar
Finans [ÖPPNA](#)
-  2 Qliro – låna, spara, betala
Finans [ÖPPNA](#)
-  3 Klarna Bank Sverige
Smooth payments. [ÖPPNA](#)
-  4 Swedbank privat
Finans [ÖPPNA](#)

Betyg och recensioner

Betyg och recensioner

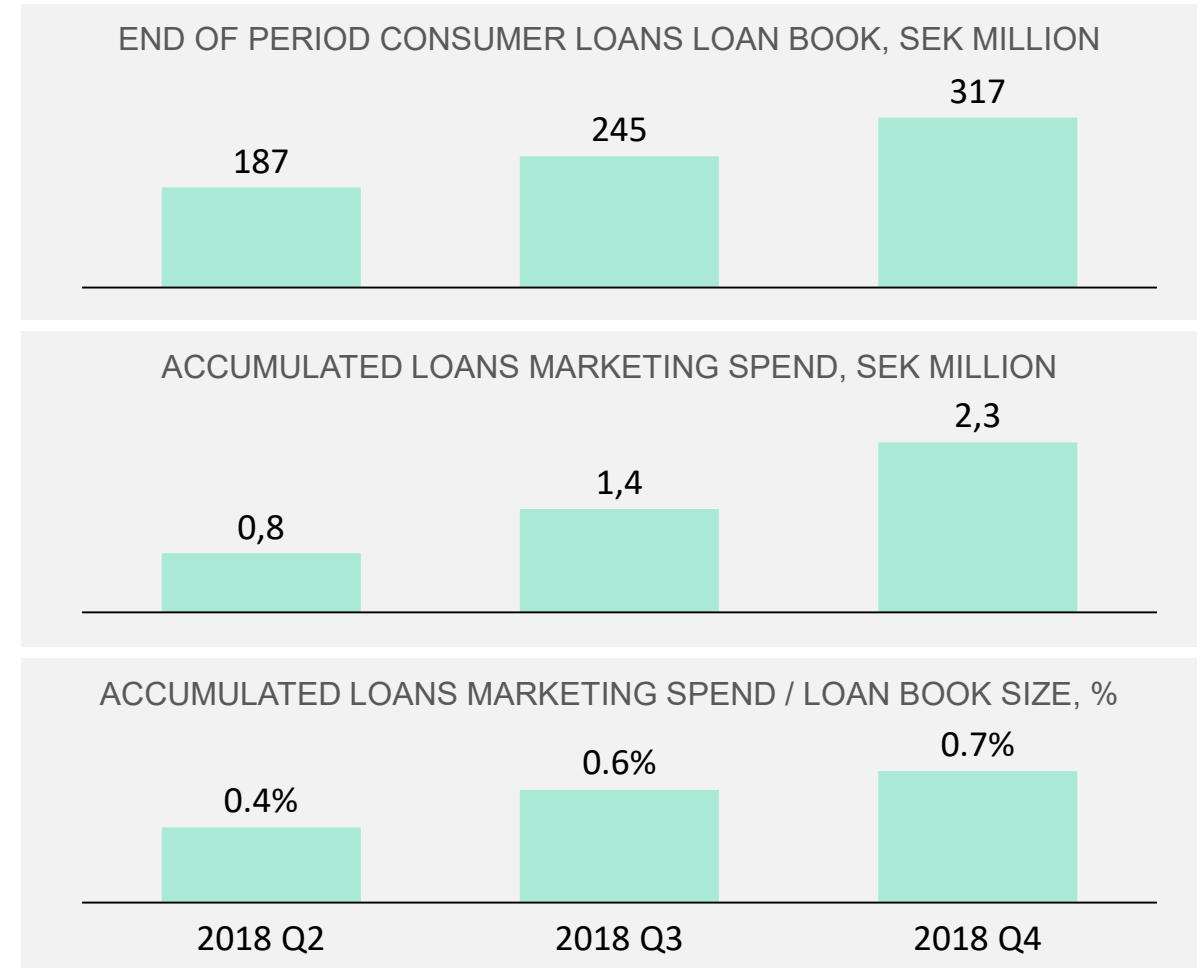
4,5  
av 5 24 169 betyg

Sätt betyg: 

Today, Qliro has over 3m total unique consumers – an amazing base to leverage into a direct-to-consumer relationship

First step: Leveraging e-commerce to build personal loan book

- Brand building and customer interaction through proprietary channels and touchpoints
- Low-cost acquisition engine utilizing machine learning to increase customer targeting accuracy
- Data-driven approach in marketing, customer support, product development, application flow and credit decision
- Competitive prices to consumers, majority of loans issued for debt consolidation purposes
- Existing relation to more than 95% of loan customers
- Net loan book of SEK 317m built with an accumulated marketing acquisition spend of SEK 2.3m



Priorities



Grow base of merchants

- Attractive model that turns payments into a revenue stream for merchants
- Already 30 merchants live across the Nordics
- New team to build relationships with merchants



Grow loan book

- Loan book is the key driver to growth and profitability
- Grows faster than business volumes
- Personal loans at minimal customer acquisition costs



Leverage scalable position

- On the verge of proving scalable business model with the right foundation to grow topline fast and profits faster
- Recruitment and initiatives to secure competitiveness and ability to be independent

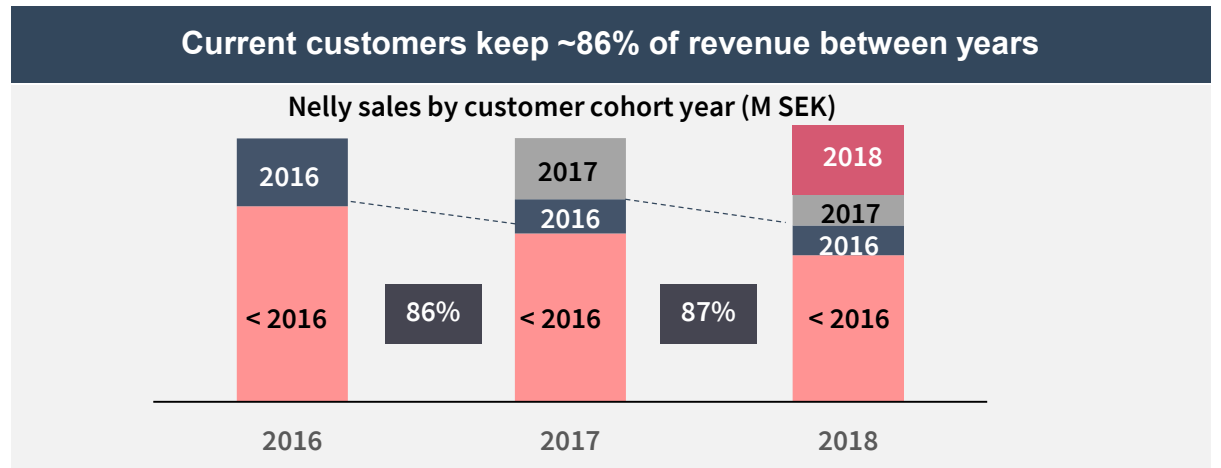
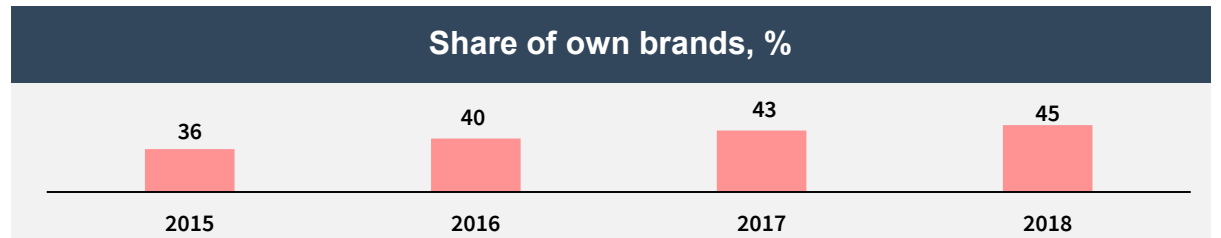
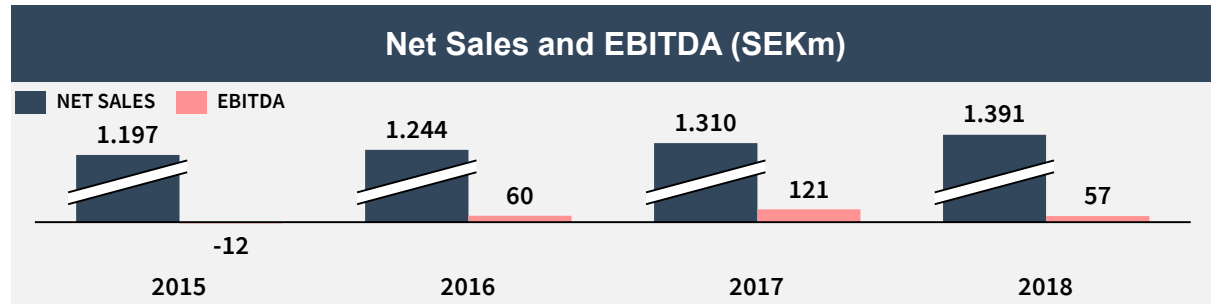


NELLY.COM | NLY MAN

Anna Ullman Sersé, CEO

Nelly – the online fashion thought leader of Scandinavia

- A number one inspiration position among online retailers
- A leading driver of fashion trends among young women in Scandinavia
- Strong customer loyalty with high share of returning customers with higher frequency and order value
- Proven ability to create fashion and trend-driven growth while securing profitability
- Core enablers are sense of fashion, fast trend based procurement and innovative and digital marketing



Our customer loves us because we inspire and engage them with an attractive assortment

Value proposition for our inspiration platform

Why CUSTOMERS choose us



No 1 online store for inspiration

- ✓ Young customers use online stores for inspiration
- ✓ We are the most popular online store for inspirations
- ✓ The customers trust our trend advise—Nelly has the power to create the trends

NLYbyNelly

MARC JACOBS



GESTUZ

BY
MALENE BIRGER

Curated assortment with right trend at the right price

- ✓ Attractive assortment of own brands—own brands represent 59% of quantity sold
- ✓ Over 200 must-have external brands
- ✓ Short design lead times to create assortment for new trends



Innovative and engaging marketing

- ✓ Always something new with 46 campaigns per year
- ✓ High level of innovation e.g. drama series Filter and NellyNewFaces
- ✓ High customer engagement from inspirational content resulting in higher conversion

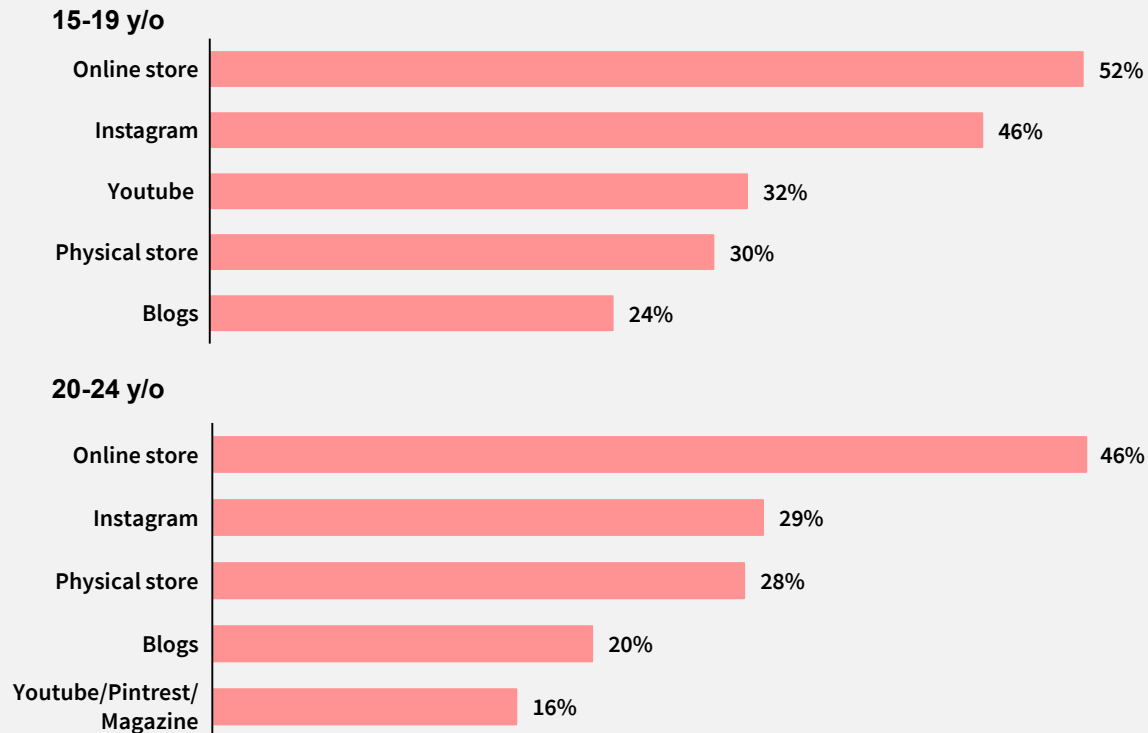


NELLY.COM

The customers comes to us for inspiration and to find out what to buy

Online stores the go-to channel for inspiration for our target group

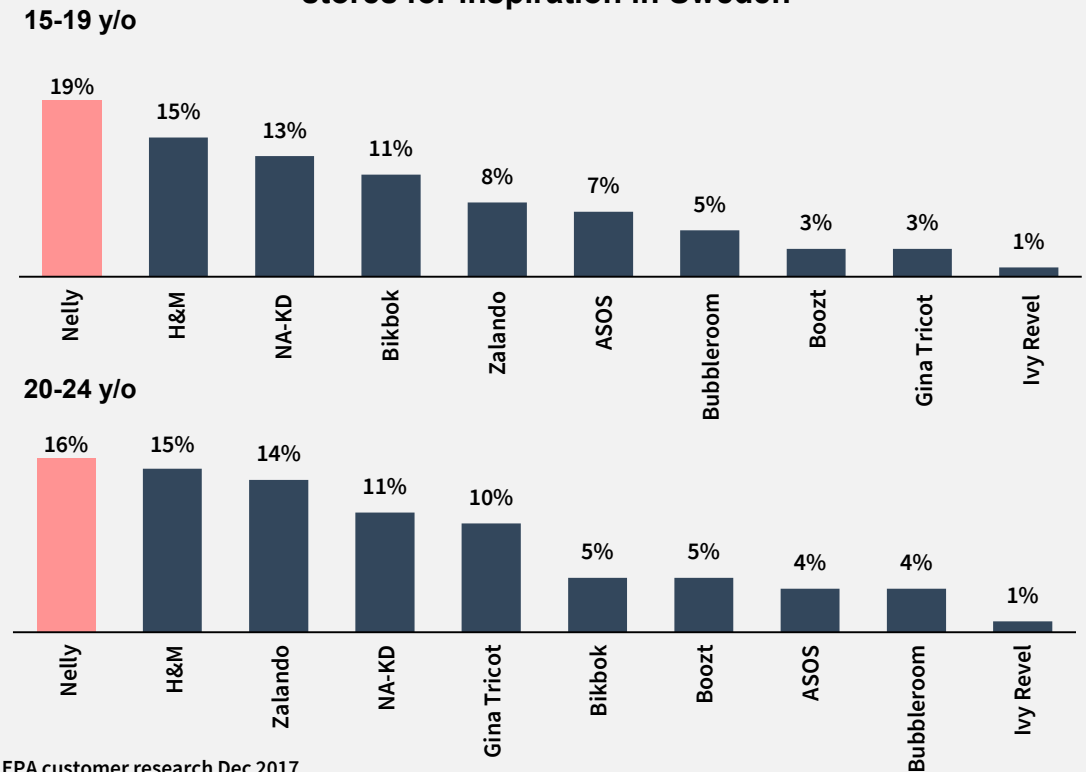
Where customers search for shopping inspiration*



*NEPA customer research Dec 2017

We are the most popular destination for inspiration

Top brands visited on weekly basis for those who use online clothing stores for inspiration in Sweden*



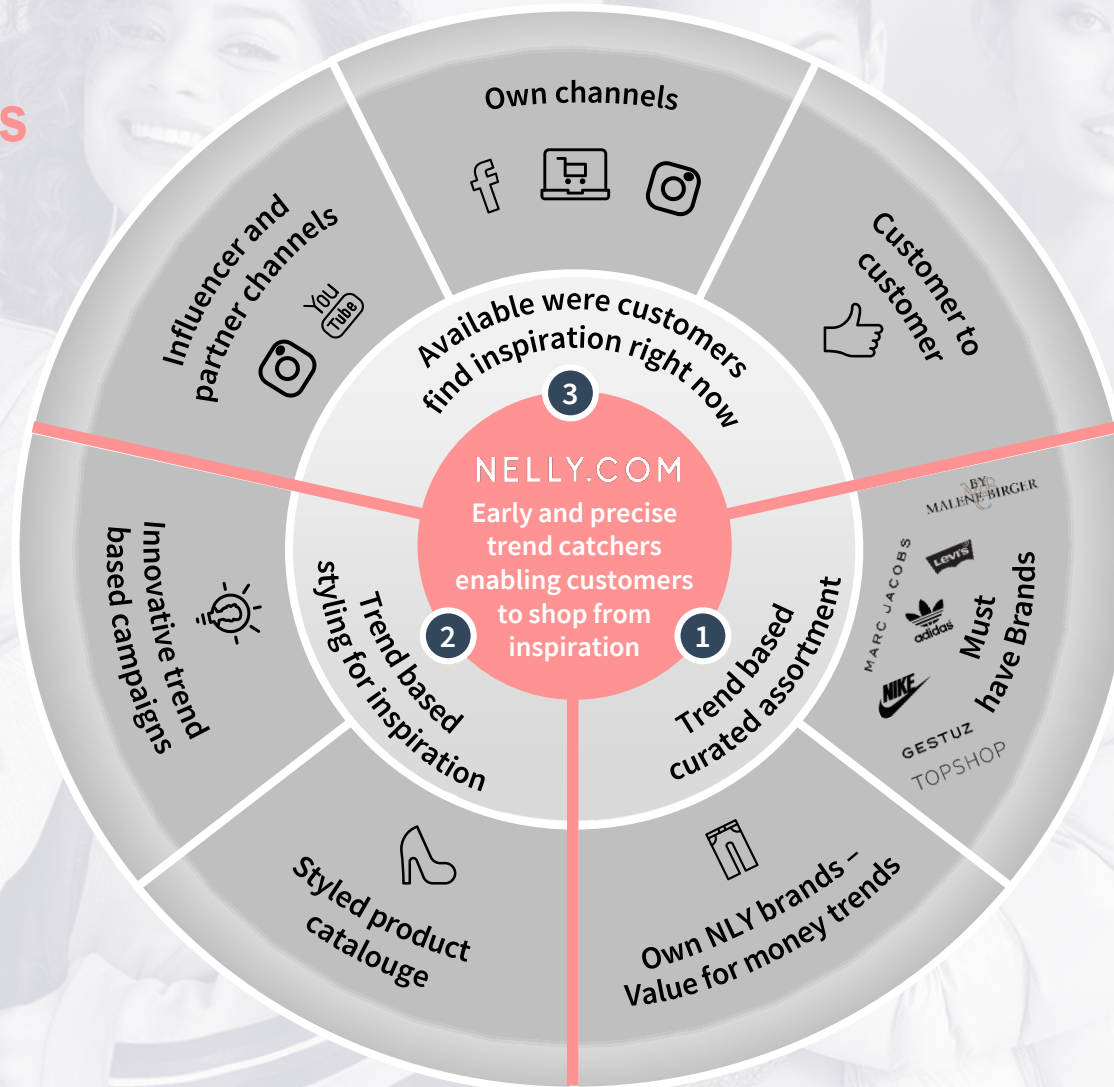
*NEPA customer research Dec 2017

Nelly has the strongest position early in the customer journey – customers start their purchase process at our platform

We enable and inspire our customers to shop from a curated assortment

Inspiration platform
around the latest trends

Nelly's high market penetration and broad reach using all relevant channels makes it possible for us to drive the trend



The Nelly inspiration platform has created the success of Nelly brands and its fashion thought leadership position

NELLY.COM

In 4 out of 5 markets Nelly has above 50% of the target group in the data base



UP TO 80% OF POPULATION
IN DATABASE



UP TO 90% OF POPULATION
IN DATABASE



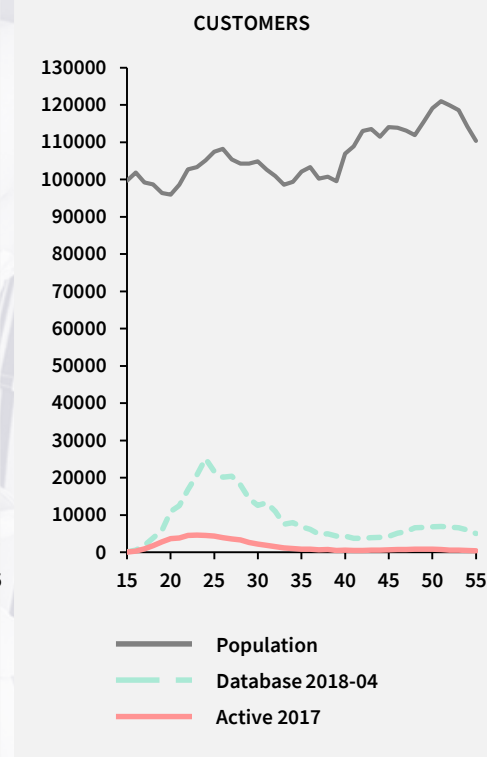
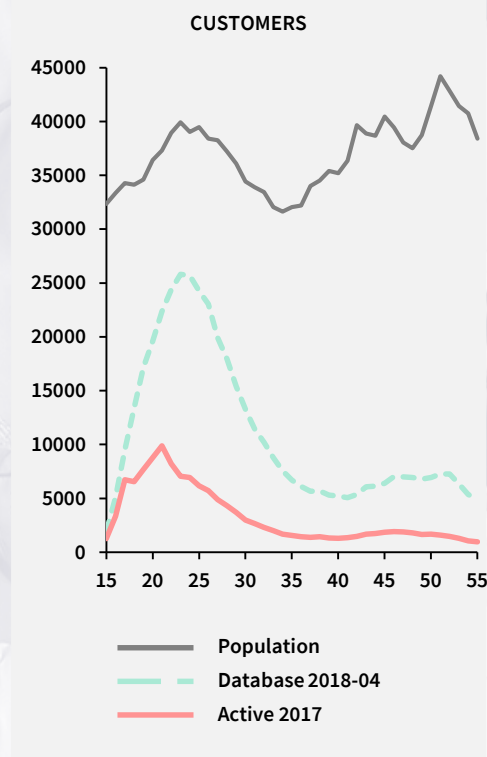
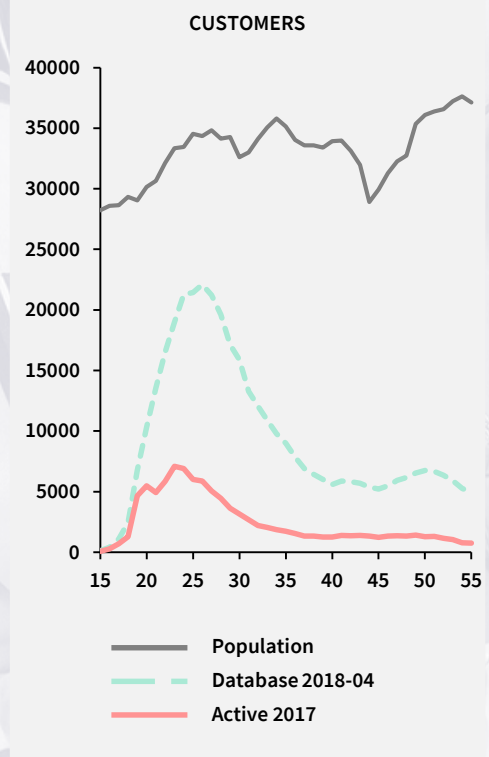
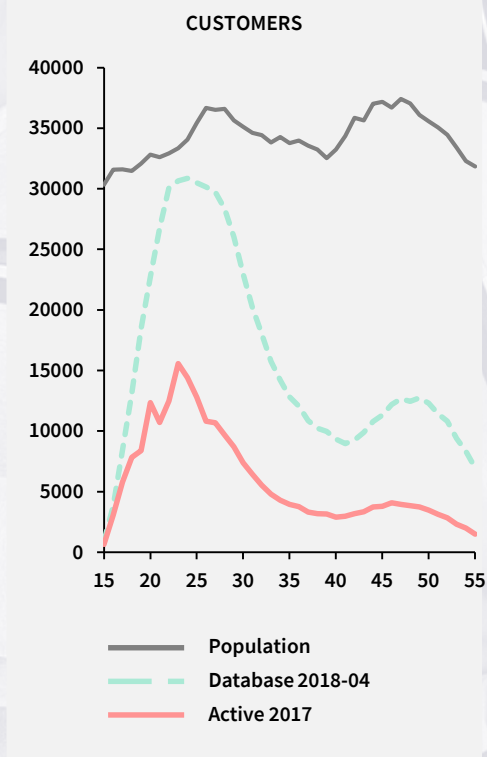
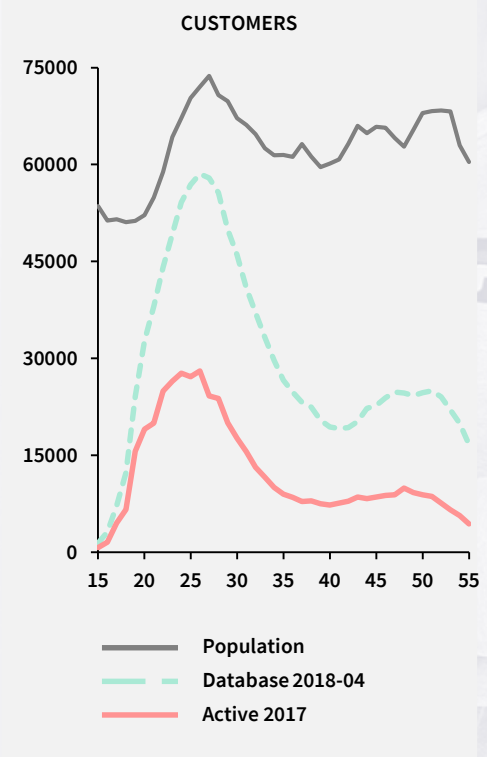
UP TO 60% OF POPULATION
IN DATABASE



UP TO 60% OF POPULATION
IN DATABASE



UP TO 20% OF POPULATION
IN DATABASE

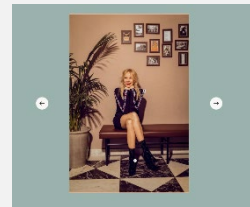


Nelly.com continue to innovate in campaigns and create customer engagement

Our strength is to secure inspiring content with wide spread and high engagement for our campaigns

Innovation in brand building

- Nelly continuously innovate brand building and campaigns
- 46 campaigns during the year and with four larger and more innovative



Filter series



Nelly charter



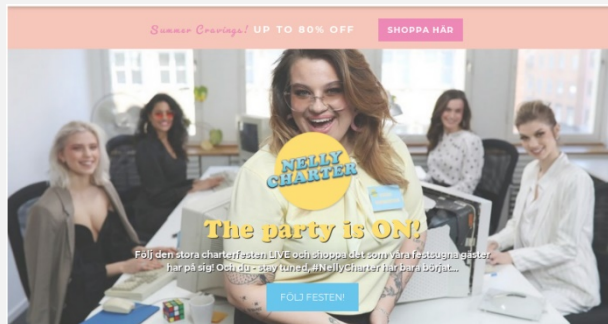
#Nellytalk



Live Dazzle

Building a buzz to get engagement

- Building up the buzz before a campaign to engage our customers often using influencer channels as a complement to our own channels



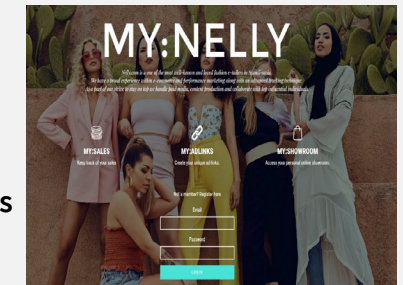
Align inspiring content

- Activate all channels and the site together e.g. Nelly charter with influencer event and product campaign at the same time
- Aligned content used in e.g.:
 - Own site/app
 - Own social channels
 - Bought ads social
 - Banners/affiliate



Secure a wide spread

- Secure wide spread e.g. influencer, PR and bought traffic besides own channels
- E.g. Nelly charter 181 million impression from:
 - Content in 180 influencers channels
 - PR in magazines
 - Blogs
 - Own site/app
 - Own social channels
 - Bought ads social
 - Banners/affiliate



Priorities



CURATED ASSORTMENT

Best in class selection of products and latest commercial trends for young people



PROFITABLE GROWTH

Profitable growth by reaching new customers and new channels



CUSTOMER EXPERIENCE

Excellent customer experience and ongoing innovation, such as digitalization of return process



OPERATIONAL EXCELLENCE

Operational excellence with processes and organization for control and efficiency

Financials

Mathias Pedersen, CFO



Consolidated income statement

Decrease in net sales, increase in gross margin

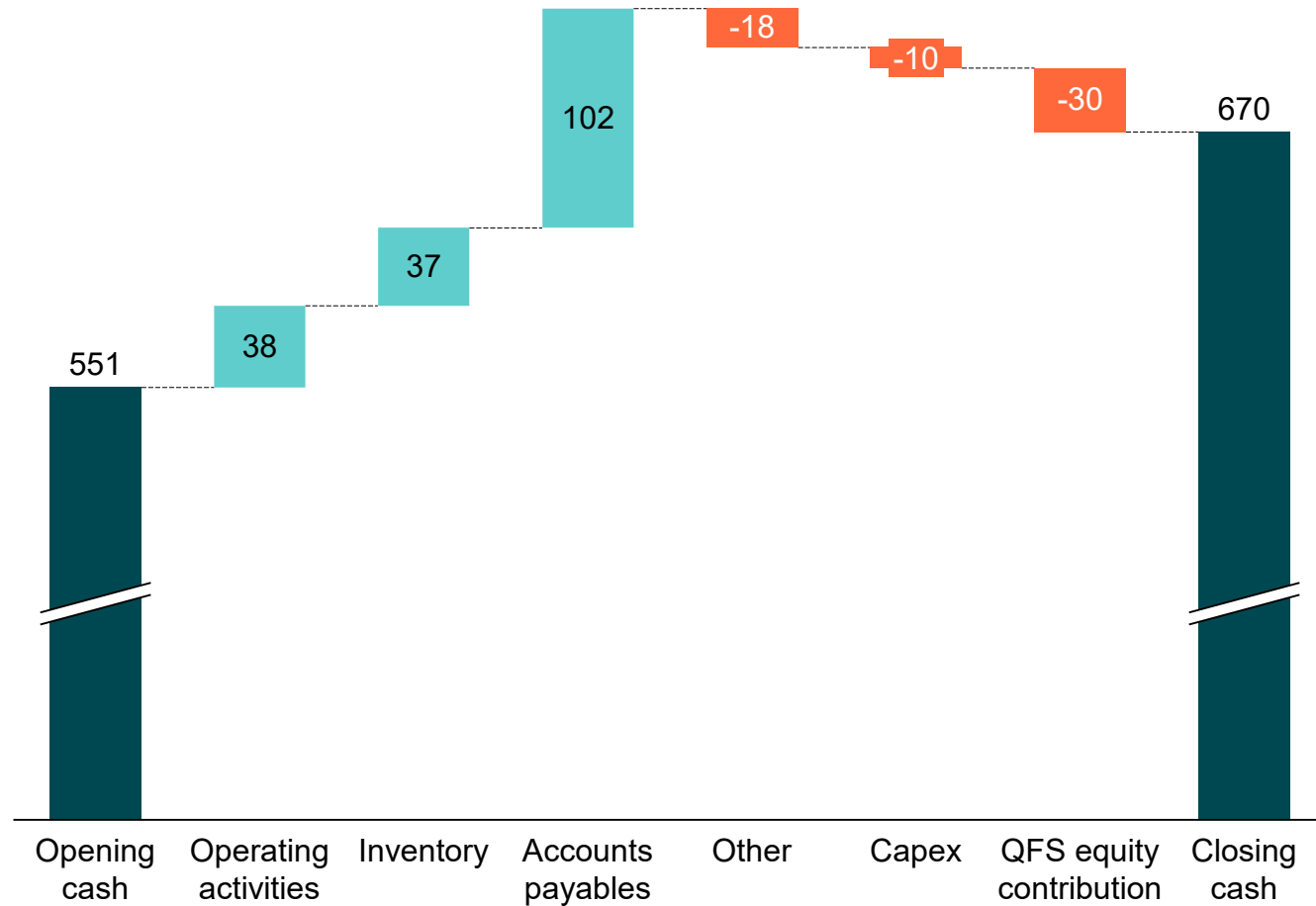
- Net sales decreased to SEK 1,038m (SEK 1,200m) in the quarter
- Transformation in CDON had a negative impact on net sales and a positive effect on gross margin
- Exchange rate fluctuations had a positive impact on sales of approximately 2 percent
- Financial net includes interest for bond and the effects of exchange rate fluctuations
- Net result before tax amounted to SEK 13.6m (SEK 32.7m)

SEKm	Q4 18	Q4 17
Net sales	1 037.7	1 199.8
Gross profit	238.2	261.8
<i>Gross margin</i>	<i>23.0%</i>	<i>21.8%</i>
Operating result	16.3	35.6
Financial net	-2.7	-2.9
Net result before tax	13.6	32.7

E-commerce cash flow

Seasonally strong quarter

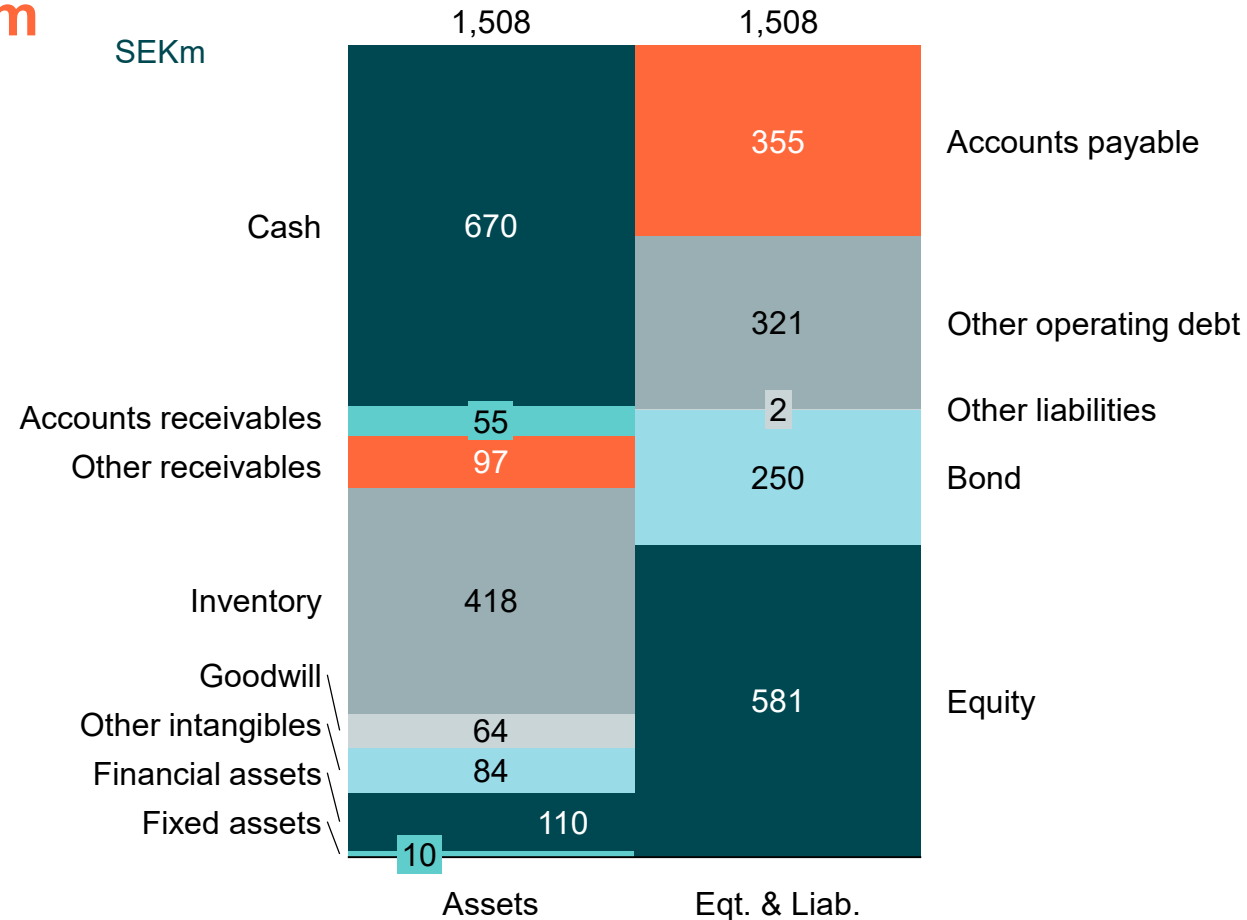
- Profitable quarter with positive Ebitda
- Inventory decreased during the peak season
- Accounts payables increased, with invoices due in January 2019
- Capex of SEK 10m mainly related to CDON's continued investment in automation
- SEK 30m invested in the continued expansion of Qliro Financial Services



E-commerce balance sheet

Bond redemption reduce debt with SEK 250m

- E-commerce had SEK 420m in net cash (SEK 670m in liquid funds and SEK 250m in outstanding bonds)
- Early redemption of bond to reduce debt and cut interest cost with SEK 12m annually (early redemption cost of SEK 6m)
 - No further use of joint financing on a group level as subsidiaries are made independent
 - Bond covenants to be lifted, which will allow the group to pay dividends and distribute shares in its subsidiaries if so decided
- CDON continued transformation to drop-shipment and marketplace has decreased its need for inventory with 31% compared to 31 Dec 2017
- Nelly's has continued to investment in its inventory for further growth



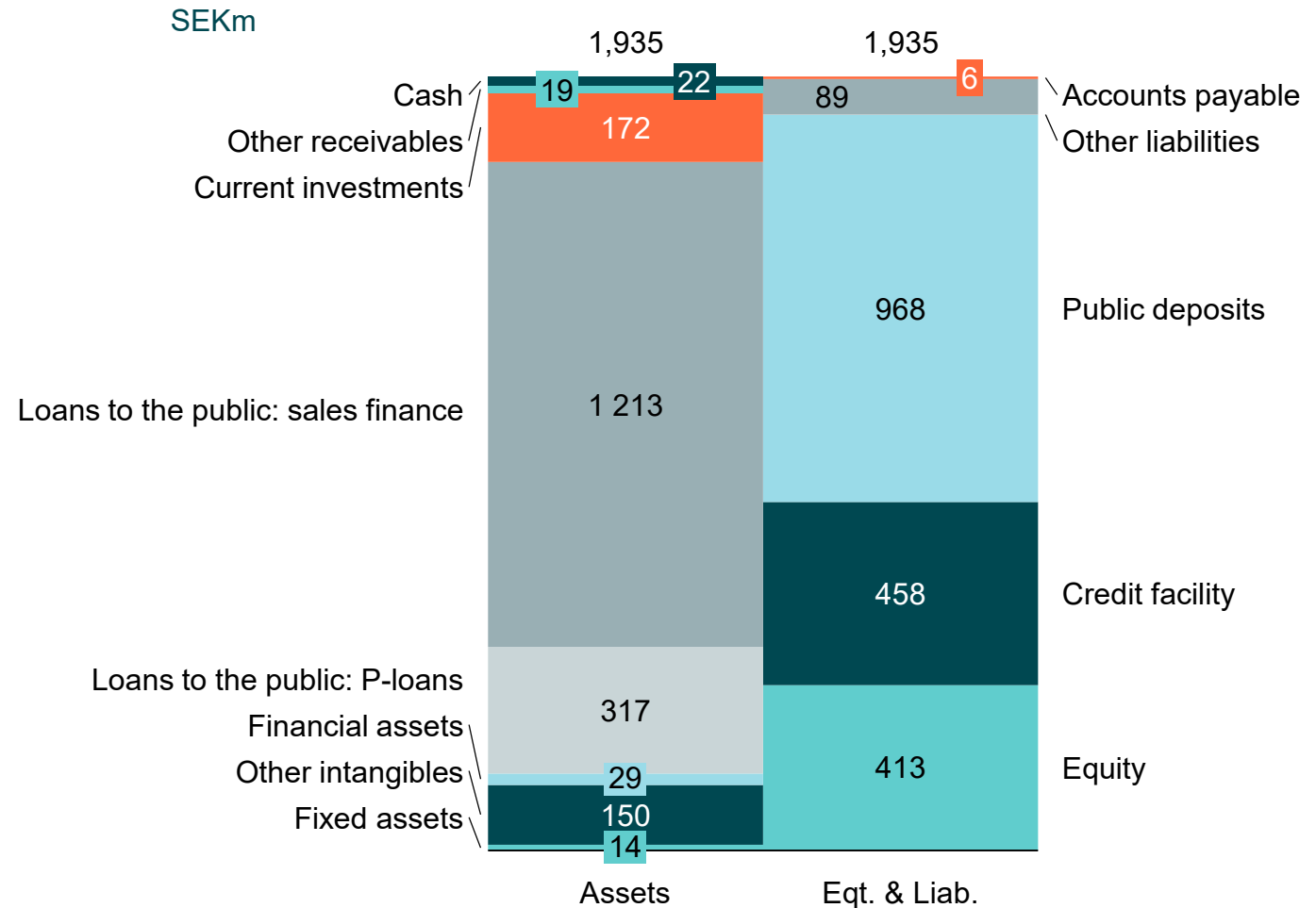
Qliro Financial Services balance sheet

Well positioned for further expansion

- Sales finance loan book grew to SEK 1,213m and personal loans to SEK 317m
- SEK 197m held as liquidity reserve, mainly invested in Swedish municipal bonds and commercial papers
- Public deposits increased with 58% to SEK 969m
- SEK 458m in utilized secured credit facility, with an additional SEK 342m in undrawn funding

Regulatory capital

- Risk Exposure Amount of SEK 1.5bn
- Own funds of SEK 255m in Common Equity Tier 1 capital
- Capital adequacy ratio (“CAR”) of 17% well above requirements
- “Consolidated situation” from Q3 2018 (CAR 35%)



Questions and Answers

Marcus Lindqvist, CEO



THANK YOU

Next report released April 17

 Nasdaq symbol **QLRO**

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