



Qliro Group – Q2 Report

Marcus Lindqvist, CEO

July 12, 2019



Improved results during the quarter

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

All subsidiaries are operationally and structurally independent
Ongoing dialogue on potential transactions to create shareholder value
Ongoing project to make all subsidiaries ready to be listed

Qliro Financial Services attracted new merchants

Profit improved, not reaching target

SEKm	Q2 19	Q2 18	Δ
Total operating income	86.1	71.2	21%
Total operating expenses	68.7	62.4	10%
EBTDA	14.5	5.7	154%
Loan book	1 710	1 212	41%
Business volume	1 342	1 270	6%

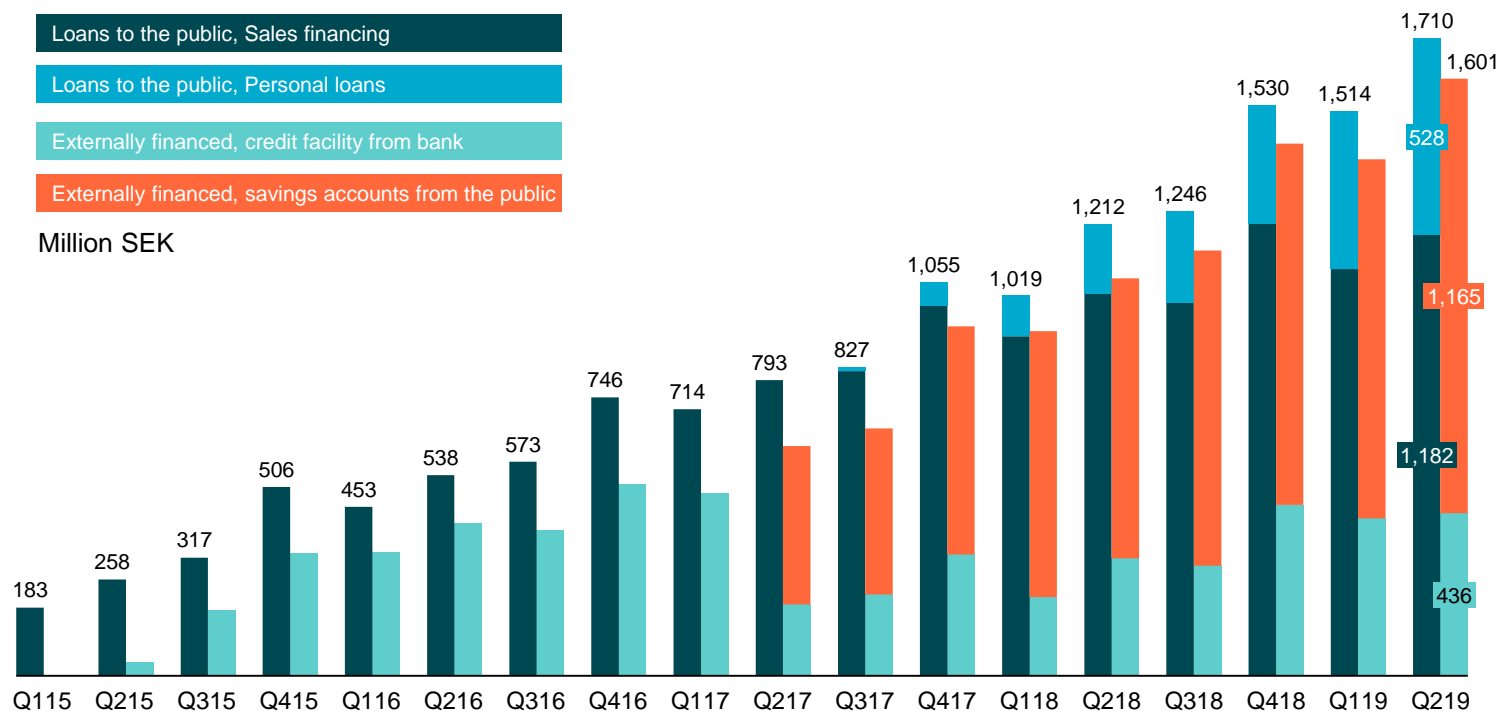


- Total operating income increased 21%, driven by increased lending to the public
- Total operating expense increased 10%, proving the scalability of the business
- Operating result before depreciation increased 154%
- Business volume grew 6% as QFS managed to offset CDON's declining volumes due to CDON's transformation
- New signed merchants during 2019 adds an estimated 1.6 billion of volume, including Dollarstore, Best of Brands, Baresso, Nordicfeel, Eleven, inkClub.com, and a not yet disclosed recently signed large merchant
- Efforts to attract new merchants more successful than anticipated but effect on profits slower than plan as volumes will arrive later on to platform

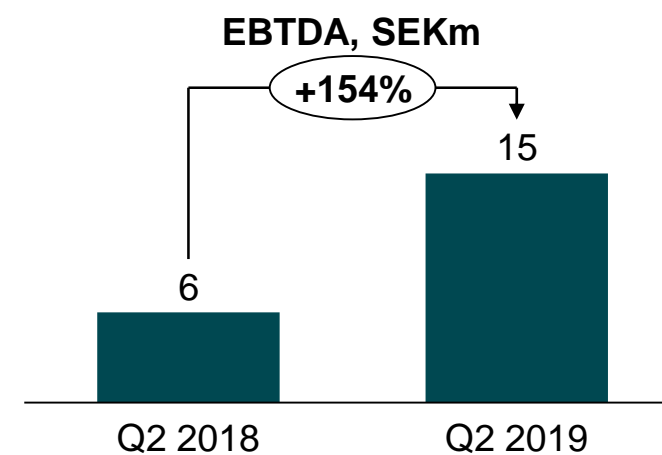
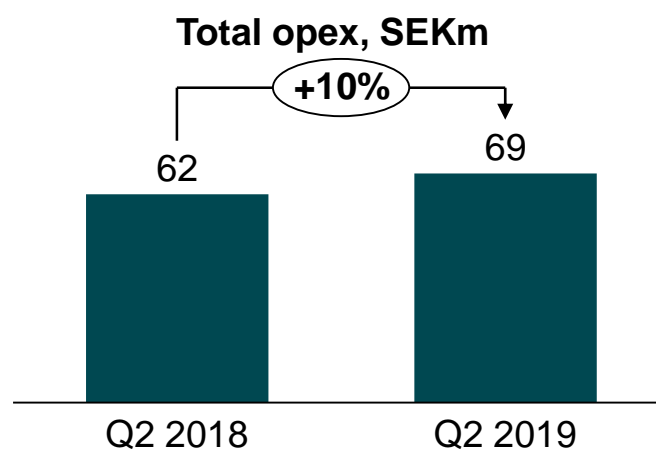
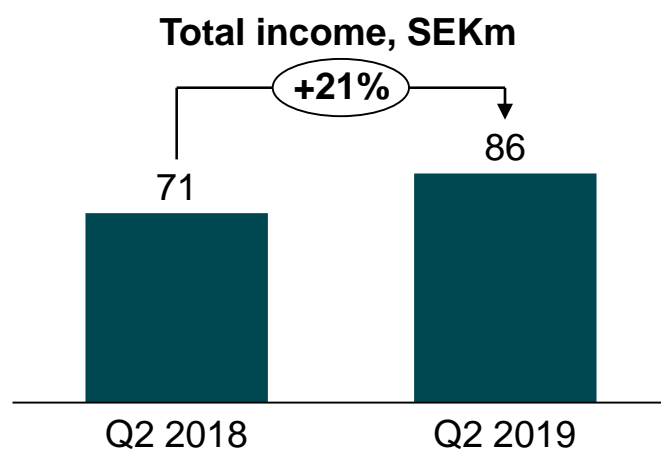
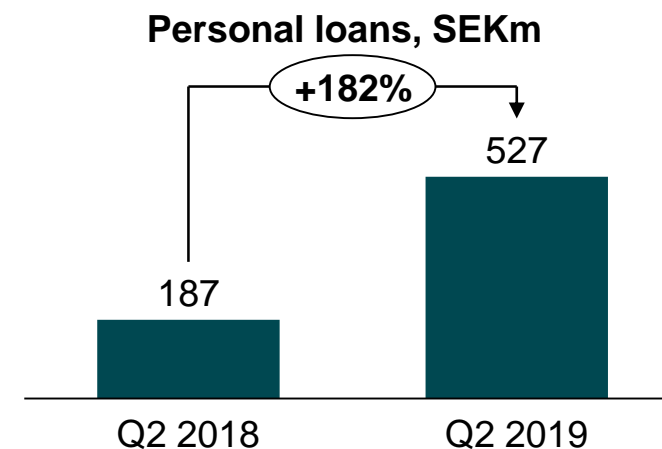
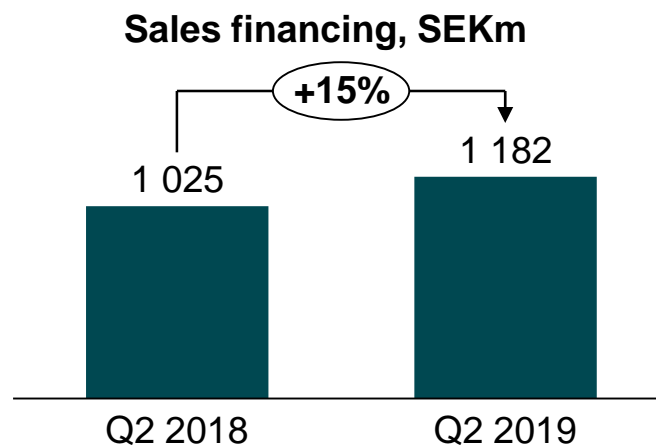
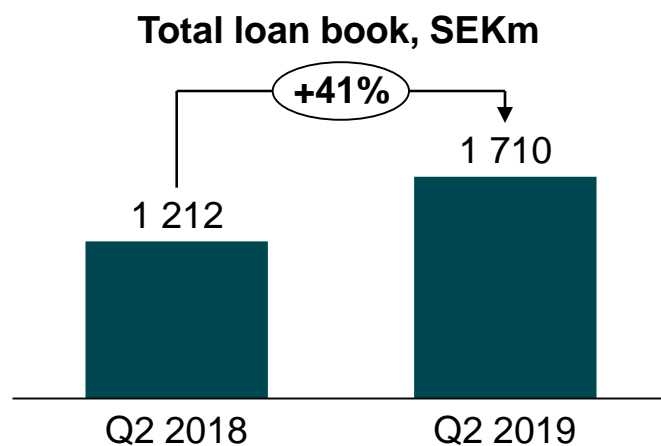
Loan book above SEK 1.7 billion

Grown 60 percent per annum last four years

- ➔ Continued ramp-up of personal loans to SEK 527m
- ➔ Interest cost for loan book amounted to SEK 6m, through savings accounts and secured credit facility
- ➔ Interest revenue from loan book amounted to SEK 83m, reflecting a large interest rate spread
- ➔ An e-commerce transaction generates income for up to three years and personal loans even further
- ➔ Limited impact on loan book from volumes signed during 2019



Qliro Financial Services on the right track



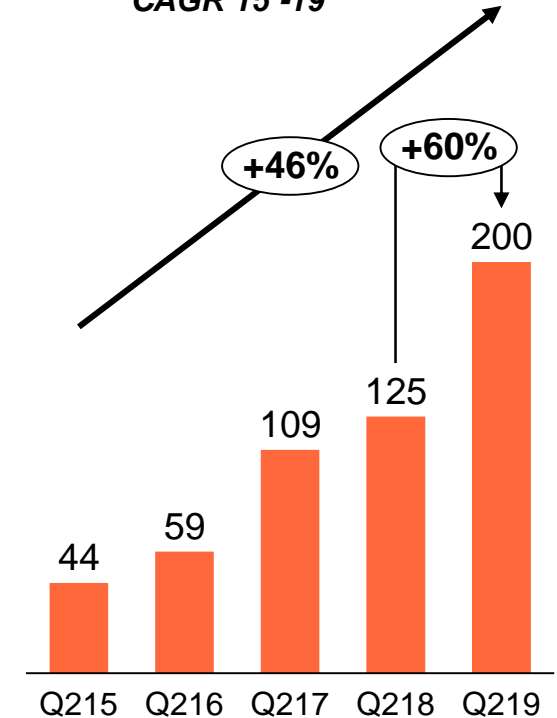
CDON Marketplace strengthens its position as the largest marketplace in the Nordics

Strong growth in external merchants sales and profitable last 12 months

SEKm	Q2 19	Q2 18	Δ
External merchants	200.3	124.8	60%
Net sales	217.7	337.5	-35%
Gross profit	41.6	41.0	1%
Gross profit margin, %	19.1	12.2	
EBITDA	-3.8	-11.3	

- External merchants increased sales 60% and commission income 38%
- Own sales phased out, mainly products with lower margins, resulting in increased gross margin of 6.9 percentage points and lower net sales
- Leverage its investments in automation, with lower personnel costs
- Profitable last 12 months with a positive EBITDA of SEK 3m
- Commission rate decline driven by change in merchant and product mix

External GMV development
CAGR 15'-19'

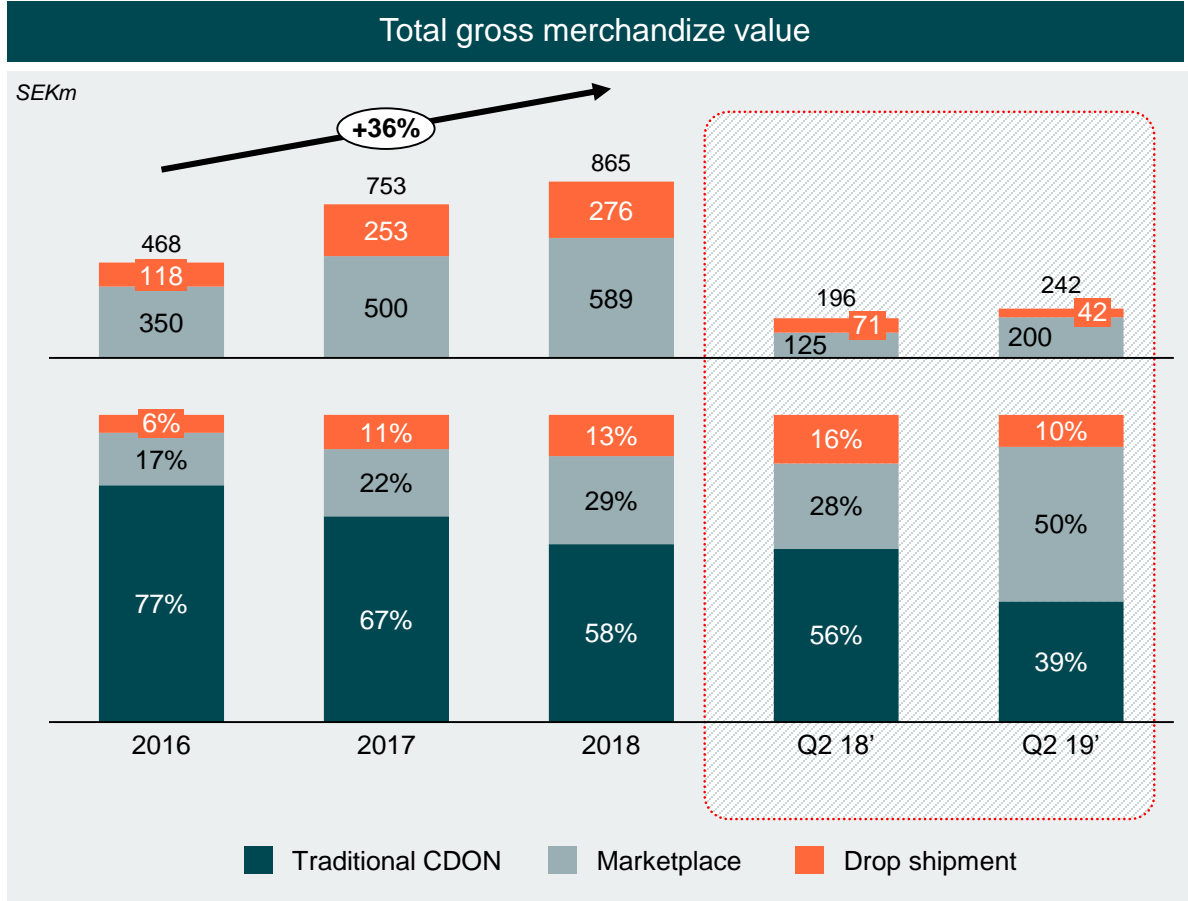


20
Million
visits in quarter

1.7
Million
active
customers¹

Transformation to higher scalability and lower risk

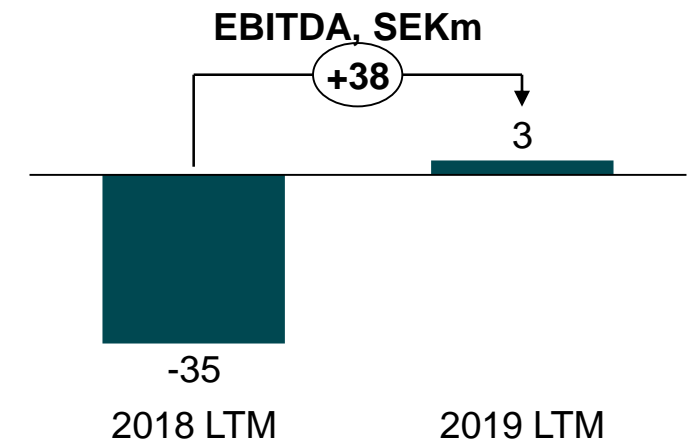
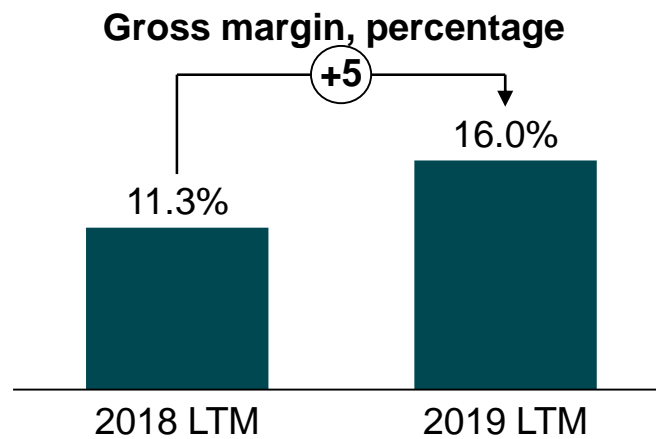
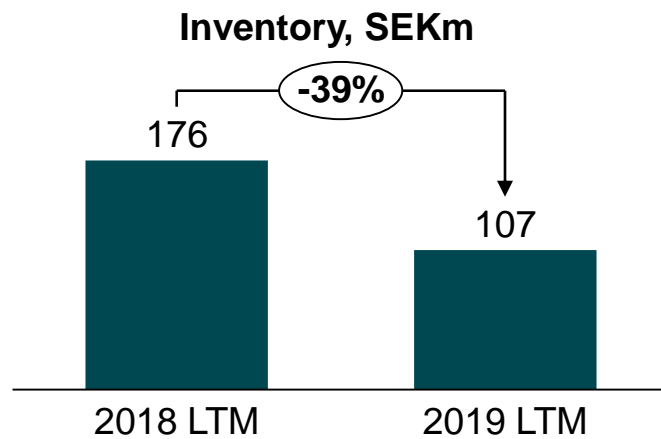
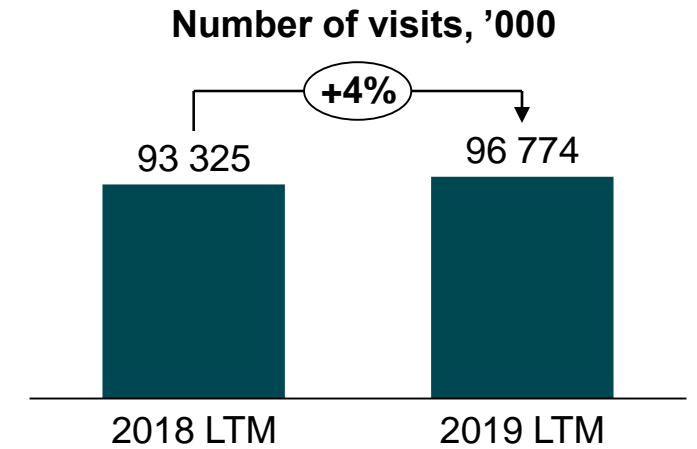
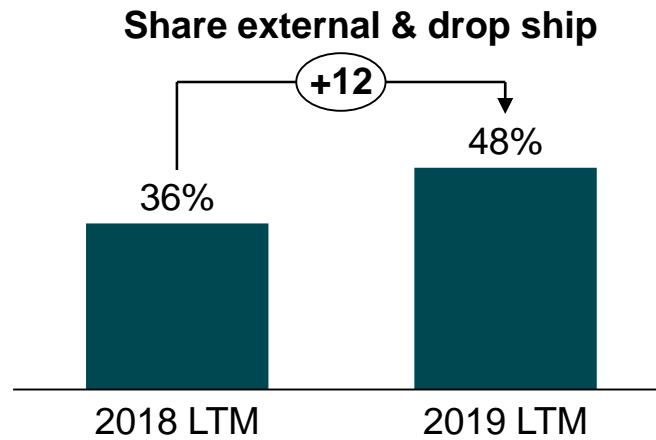
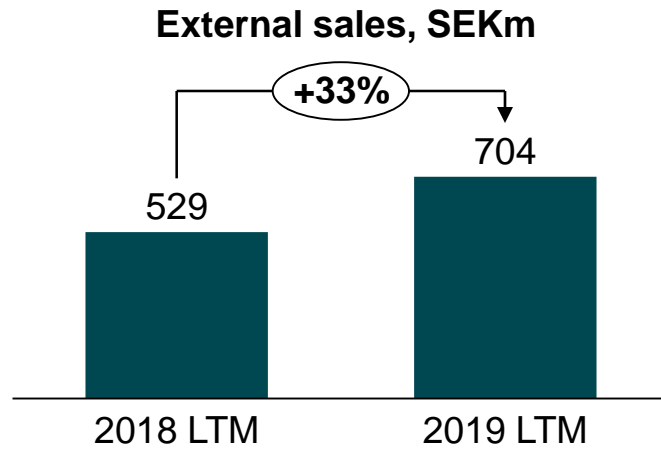
Marketplace and drop shipment model enables growth with less capital



	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 transformed to a profitable market leader



Nelly continues profitable growth

Stabilized return levels

SEKm	Q2 19	Q2 18	Δ
Net Sales	424.3	403,1	5%
Gross profit	117.3	117.8	
<i>Gross profit margin</i>	27.6	29.2	
EBITDA	28.1	28.6	

- ➔ Net sales growth of 5%. Number of customer grew 1% and average order value with 8%
- ➔ Return ratio amounted to 39%, same as Q4 2018 and Q1 2019, but higher level than 2017, believed to have reached normalized level
- ➔ Strengthened management team with new Chief Purchasing Officer, Chief Commercial Officer and Chief Financial Officer
- ➔ Initiatives to digitalize return process implemented to simplify for consumers and speed up process
- ➔ Growth outside of Sweden in line with financial targets, key priority to return back to strong growth in Sweden

45%

Share of own brands

1.3

Million active customers¹

Financials

Mathias Pedersen, CFO



Consolidated income statement (including IFRS 16)

Decrease in net sales, increase in gross margin

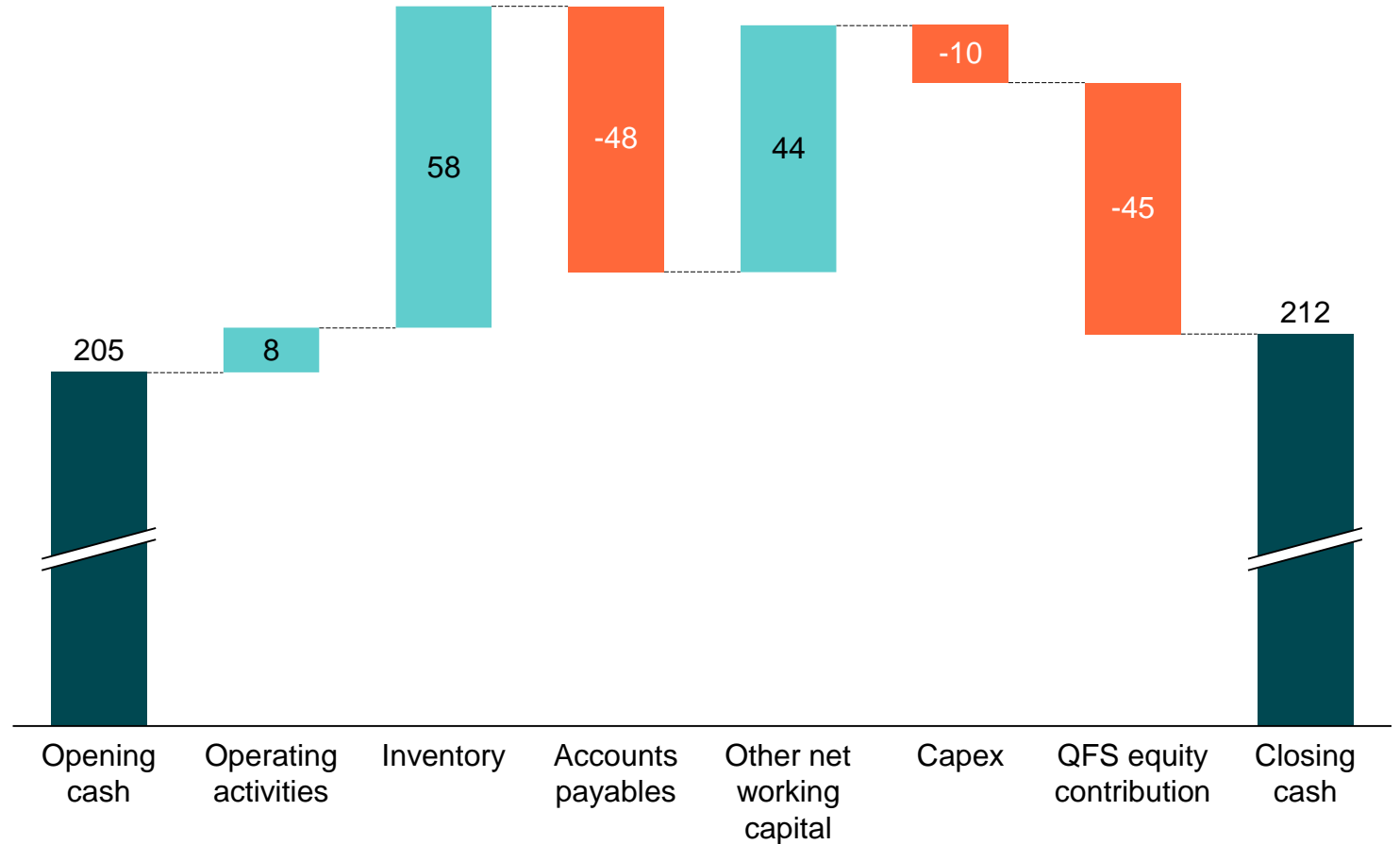
- Net sales decreased to SEK 724m (SEK 807m) in the quarter as growth in Nelly and Qliro Financial Services was offset by the effects of CDON's continued transformation
- While the transformation in CDON had a negative impact on net sales, it had a positive effect on gross margin which rose 5.6 percentage point
- Exchange rate fluctuations had a positive impact on sales of 1 percent
- Financial net mainly comprised leasing interest cost according to IFRS 16
- Net profit before tax amounted to SEK 0.2m (SEK -30.8m)

SEKm	Q2 19	Q2 18
Net sales	723.9	807.0
Gross profit	221.3	202.1
<i>Gross margin</i>	<i>30.6%</i>	<i>25.0%</i>
Operating result	1.0	-10.3
Financial net	-0.8	-20.5
Net result before tax	0.2	-30.8

E-commerce cash flow

Seasonal positive cash flow

- Inventory declined with SEK 58m during the quarter as both CDON and Nelly decreased their inventories
- Accounts payables decreased following a quarter where procurement activity typically are low and by the transformation in CDON
- Other net working capital changes were seasonally positive
- Capex amounted to SEK 10m and SEK 45m was invested in the continued expansion of Qliro Financial Services



E-commerce balance sheet

All equity financed businesses

- E-commerce net cash amounted to SEK 212m
- CDON's continued transformation within the marketplace model decreased its need for inventory with 39% compared to last year
- Nelly's inventory higher than last year due to earlier investments in its assortment
- All equity financed with and equity ratio of 48%

SEKm	962	962	
Cash	212	207	Accounts payable
Accounts receivables	62	295	Other operating debt
Other receivables	53		
Inventory	361	1	Other liabilities
Goodwill	65	459	Equity
Other intangibles	90		
Financial assets	110		
Fixed assets	10		
	Assets	Eqt. & Liab.	

Qliro Financial Services balance sheet

Well positioned for further expansion

- Sales finance loan book amounted to SEK 1,182m and personal loans to SEK 528m
- Public deposits increased with 55% to SEK 1,165m
- SEK 436m in utilized secured credit facility, with an additional SEK 338m in undrawn funding

Regulatory capital

- Risk Exposure Amount of SEK 1.8bn
- Own funds of SEK 316m in Common Equity Tier 1 capital
- Capital adequacy ratio of 17.5%
- Capital adequacy ratio of 29.4% for consolidated situation

SEKm

	2,190	2,190
Cash	23	3
Other receivables	59	
Current investments	202	
Loans to the public: sales finance	1,182	1,165
Loans to the public: P-loans	527	436
Financial assets		496
Other intangibles	9	
Fixed assets	169	
	20	
	Assets	Eq. & Liab.

Accounts payable
Other liabilities
Public deposits
Credit facility
Equity

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

Qliro
Group