



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

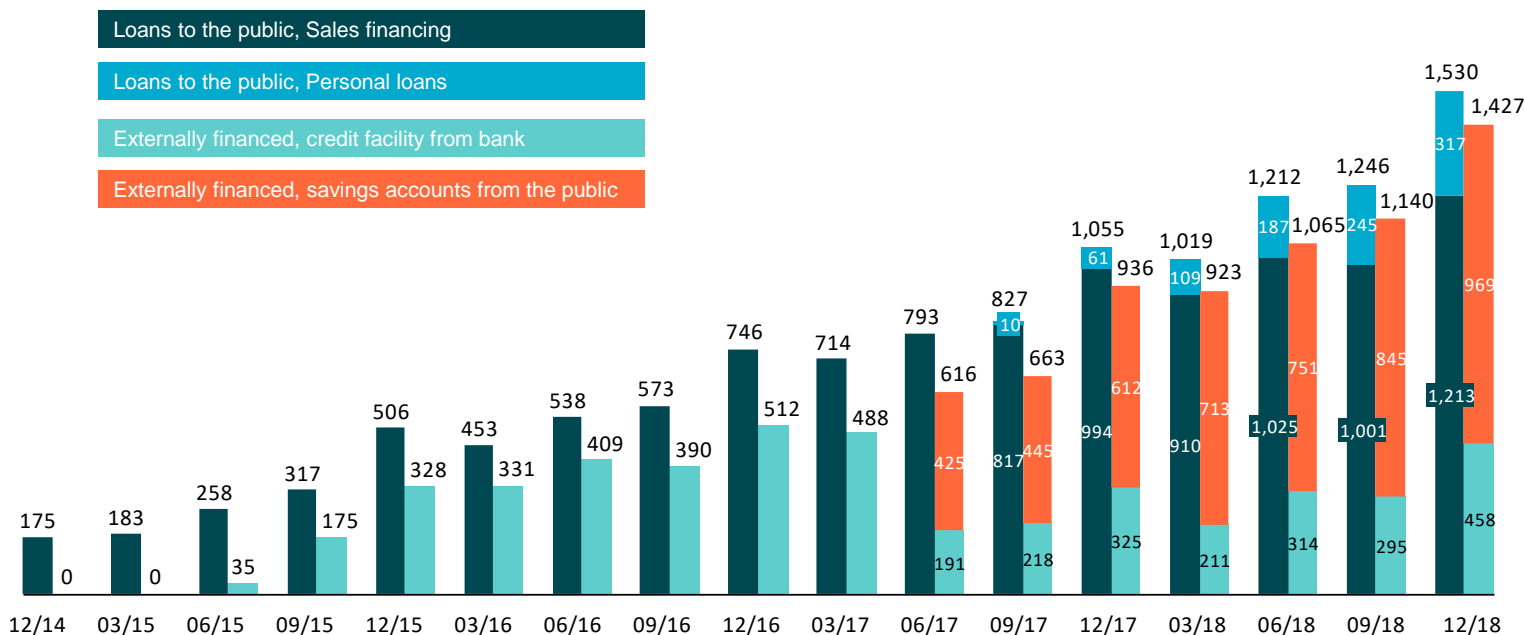


Loan book above SEK 1.5 billion

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

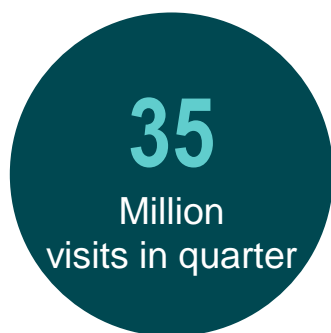


CDON Marketplace benefits from transformation

Focus on external merchants

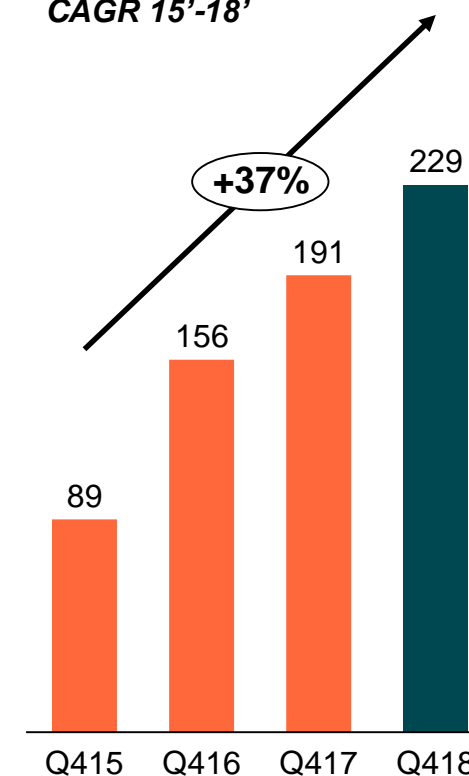
SEKm	Q4 18	Q4 17	Δ
GMV external	228.5	190.8	20%
Total GMV	760.6	903.7	-16%
Net sales	558.0	733.1	-24%
Gross profit margin, %	15.0	11.9	
EBITDA	19.7	9.6	105%

GMV = Gross merchandise value



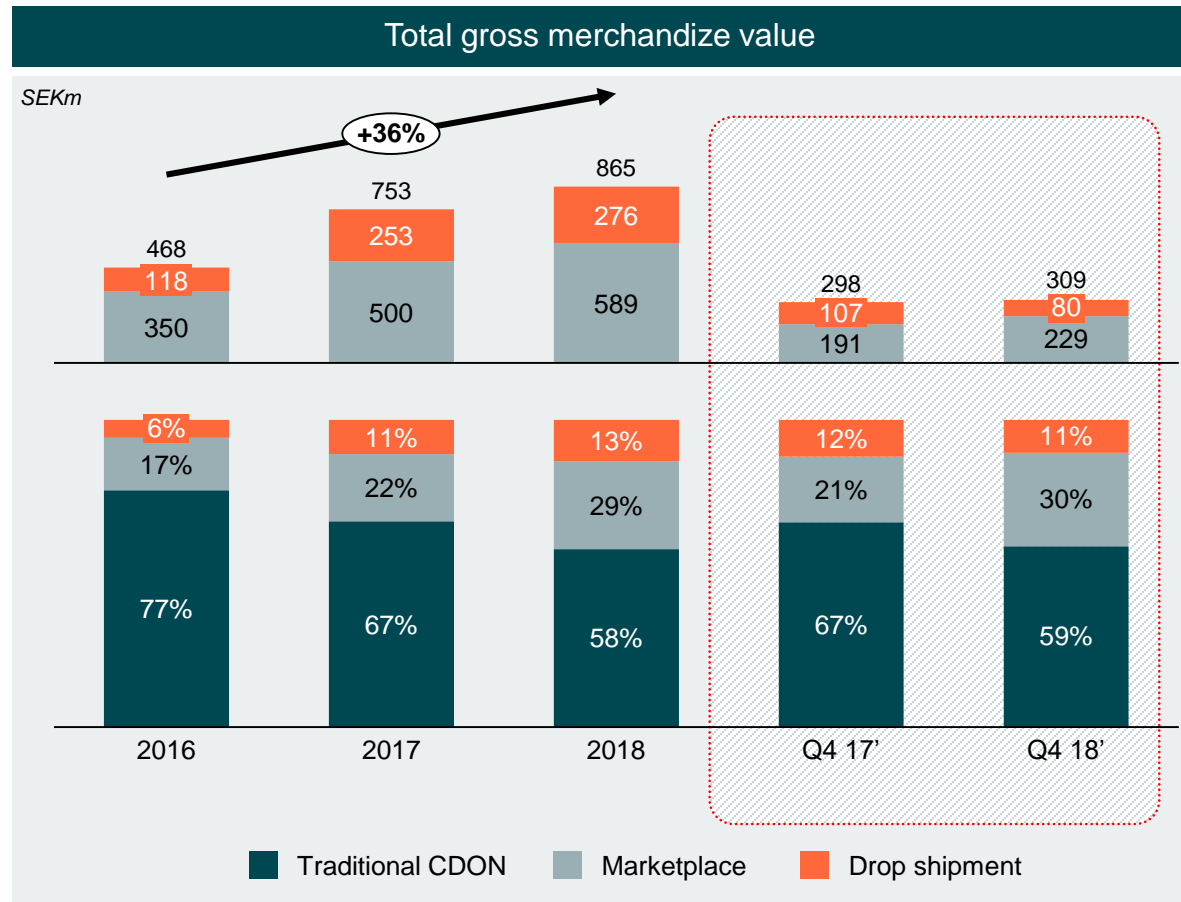
- Proven model with over 1,500 merchants e.g. Adlibris, VidaXL, Furniturebox, Ellos, Cervera and Trademax
- External merchants increased sales 20% and commission income with 27% driven by long-tail activation
- Own sales phased out, mainly products with lower margins, resulting in increased gross margin 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

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>	23.0%	21.8%
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

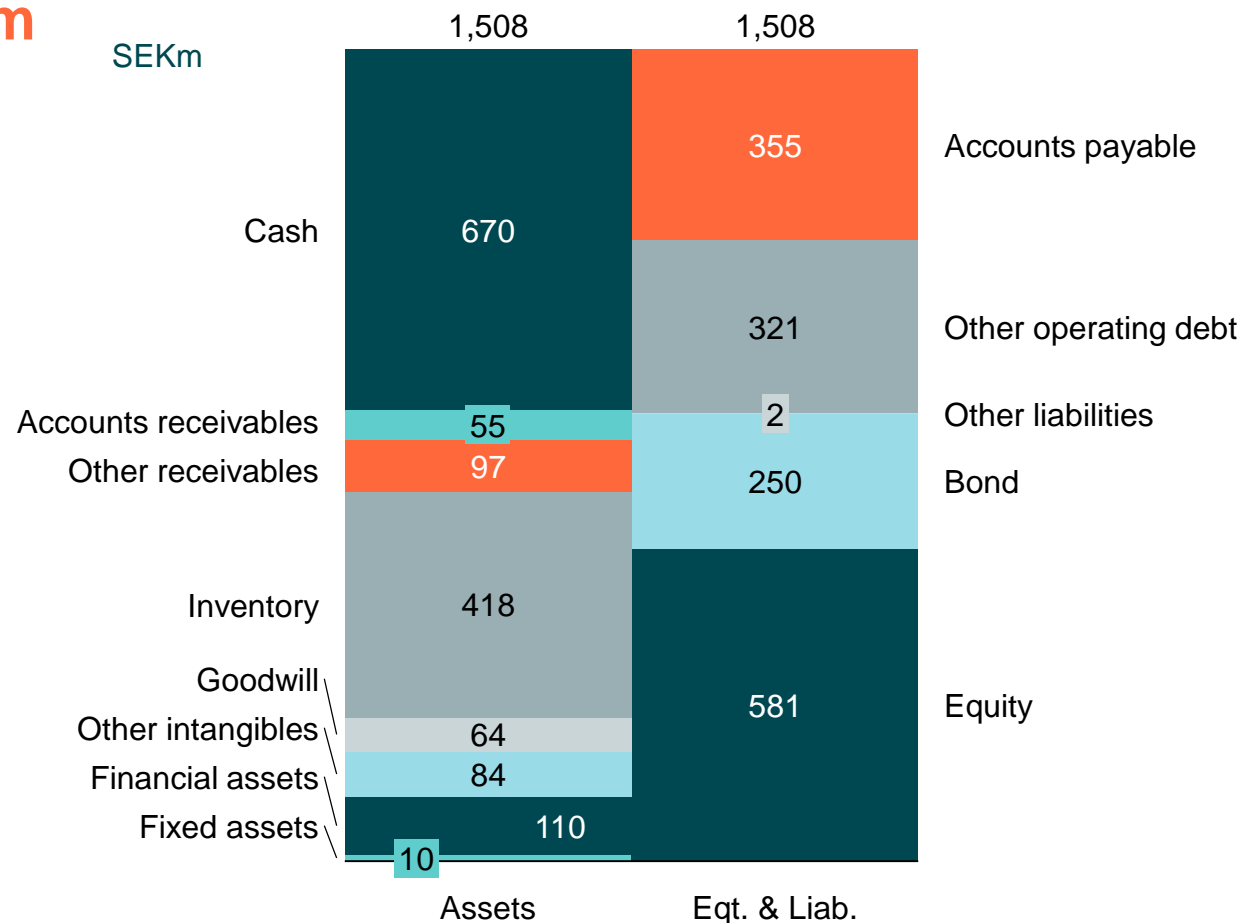
- Profitable quarter with positive Ebitda
- Inventory decreased during the peak season
- Accounts payables increased, with invoices due in January 2019
- Capex of SEK 10m mainly related to CDON's continued investment in automation
- SEK 30m invested in the continued expansion of Qliro Financial Services



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



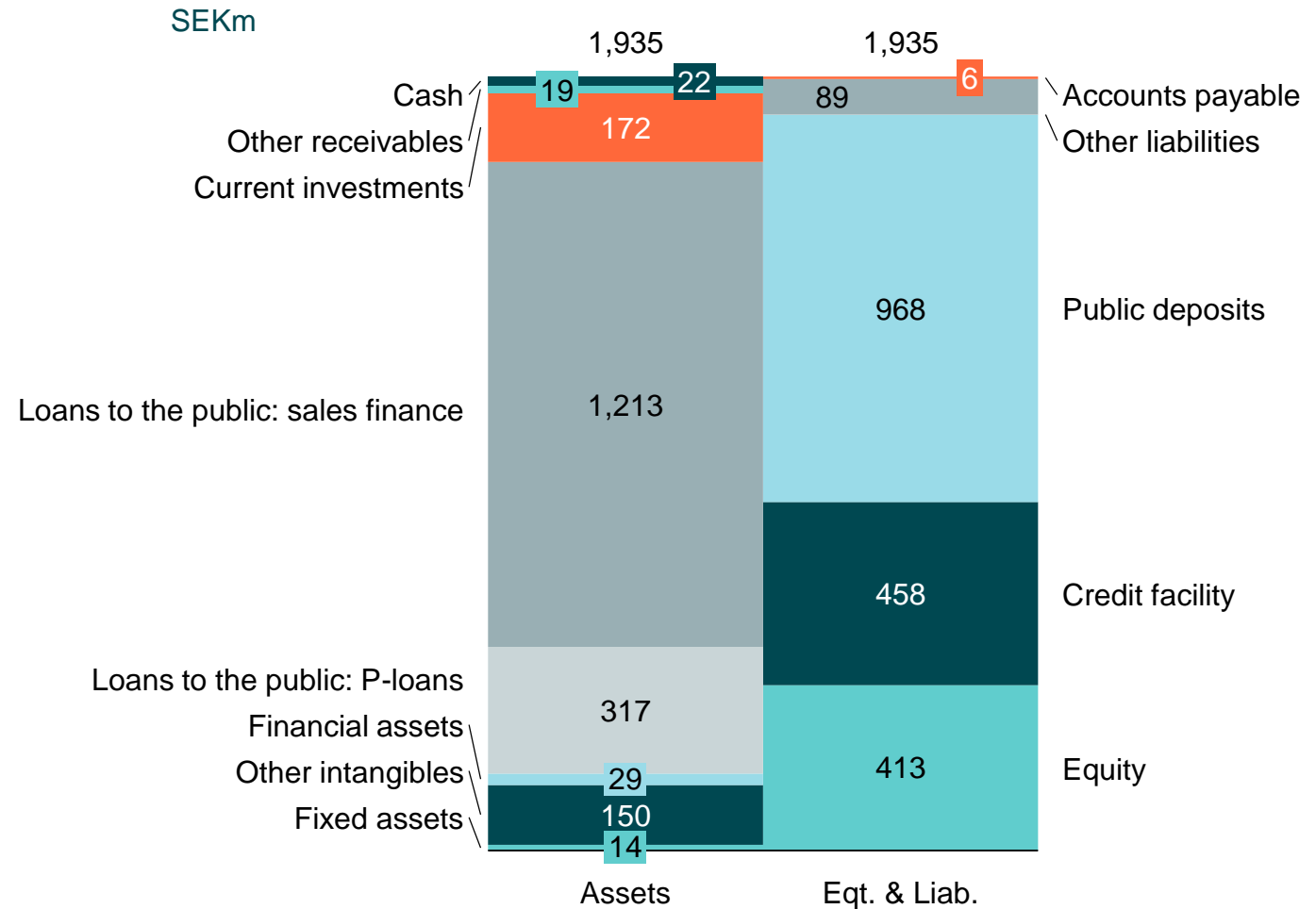
Qliro Financial Services balance sheet

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

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Qliro Group AB (publ.)
Box 195 25
SE-104 32 Stockholm
+46 (0)10 703 20 00
office@qlirogroup.com

Qliro
Group