

Qliro Group

Information brochure to the shareholders of Qliro Group AB prior to resolution regarding the proposed distribution of the shares in Qliro AB at the extraordinary general meeting on 28 September 2020

This information brochure is to be used for information purposes only and as a basis for resolution by Qliro Group's shareholders when resolving on the board of directors' proposed distribution of the shares in the wholly owned subsidiary Qliro to the ordinary shareholders in Qliro Group. This information brochure does not contain or constitute an invitation or an offer to acquire, sell, subscribe for or otherwise trade in shares or other securities in Qliro Group. The information brochure has not been approved by any regulatory authority and is not a prospectus.

Provided that the extraordinary general meeting of Qliro Group on 28 September 2020 resolves to approve the distribution in accordance with the board of directors' proposal, no further actions are required by you as an ordinary shareholder in Qliro Group in order to receive shares in Qliro except for being registered as a shareholder (directly or nominee registered) on the record date for the distribution of shares in Qliro.

A prospectus in respect of Qliro will be published prior to the listing of Qliro's shares on Nasdaq Stockholm, provided that the extraordinary general meeting resolves on a distribution in accordance with the board of directors' proposal.

IMPORTANT INFORMATION

The board of directors of Qliro Group AB ("**Qliro Group**") has proposed that the shareholders resolve at the extraordinary general meeting on 28 September 2020 to distribute all of the shares in Qliro AB ("**Qliro**") to the ordinary shareholders in Qliro Group.

Qliro Group publishes this information brochure only to provide information to the shareholders in Qliro Group. This information brochure is not a prospectus and has consequently not been produced in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council or Commission Delegated Regulation (EU) 2019/980. This information brochure has not been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) as the competent authority pursuant to Regulation (EU) 2017/1129 of the European Parliament and of the Council. This information brochure does not constitute an offer to the public to subscribe for, or otherwise acquire, shares or any other financial instruments in Qliro or Qliro Group, neither in Sweden nor in any other jurisdiction.

The information brochure is available in Swedish and English on Qliro Group's website, www.qlirogroup.com. In the event of discrepancies between the versions, the Swedish version shall prevail. For definitions of specific terms used in the information brochure, refer to the section "*Definitions and abbreviations*".

The information brochure is governed by Swedish law. Disputes arising in connection with the information brochure or any subsequent legal matters are to be settled exclusively by the courts of Sweden.

This information brochure or any part of it does not constitute or form part of any offer to issue or sell, or the solicitation of an offer to acquire, purchase or subscribe for, any securities in the United States or any other jurisdiction in which the same would be unlawful. The shares in Qliro have not been, and will not be registered under the United States Securities Act of 1933 as amended (the "**U.S. Securities Act**") or the securities legislation of any other state or other jurisdiction in the United States and may not be offered, sold or otherwise transferred, directly or indirectly, in or into the United States except under an available exemption from, or by a transaction not subject to, the registration requirements under the U.S. Securities Act and in compliance with the securities legislation in the relevant state or any other jurisdiction of the United States. Qliro expects to rely on the exemption from registration under Rule 12g3-2(b) of the U.S. Securities Exchange Act of 1934 as amended (the "**U.S. Exchange Act**"), and accordingly the shares in Qliro will not be registered under the U.S. Exchange Act and Qliro will not be subject to the reporting requirement of the U.S. Exchange Act. The shares in Qliro have neither been approved nor rejected by the United States Securities and Exchange Commission, any state securities authority or any other authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the transaction or the accuracy or adequacy of this information brochure.

Forward-looking statements and risk factors

The information brochure contains certain forward-looking statements that reflect Qliro Group's or Qliro's current views on future events as well as financial and operational development. Such forward-looking statements refers, among other things, without limitation, to the expected costs and benefits of the separation and distribution of Qliro, statements about the growth of e-commerce, etc. Such words as "intends", "assesses", "expects", "can", "plans", "estimates" and other expressions that relate to indications or predictions concerning future development or trends and that do not refer to historical facts constitute forward-looking statements. Forward-looking statements are, by nature, associated with known, as well as unknown, risks and uncertainties, given their dependence on future events and circumstances. Forward-looking statements are no guarantee of future results or trends, and the actual results could differ materially from those contained in the forward-looking statements due to, without limitation, deterioration of general economic and financial conditions, changes in the markets in which Qliro Group and Qliro operate, the anticipated benefits of the distribution not being realized, changes in laws and regulations, or negative effects as a result of future litigation. All forward-looking statements provided by Qliro Group or on Qliro Group's behalf apply only from the date on which they were provided and are based on the knowledge and information available to the board of directors of Qliro Group on the date of this information brochure. Neither Qliro Group nor Qliro makes any undertaking that it will disclose updates or revisions of forward-looking statements due to new information, future events or other such matters other than what is required according to applicable laws.

An investment in securities is associated with certain risks. When investors make a decision to invest, they must rely on their own evaluation of Qliro Group and/or Qliro, including existing circumstances and risks. Such factors include, *inter alia*, the risk factors described in the section "*Risk factors associated with the distribution*" in this information brochure, risk factors in Qliro Group's annual report for the financial year 2019 and the risk factors which will be described in the prospectus regarding Qliro, which will be published before Qliro's shares are listed on Nasdaq Stockholm.

Industry and market information

Neither Qliro Group nor Qliro assumes any responsibility for the accuracy of any industry and market information that is included in this information brochure. Information from third parties has been accurately reproduced and, as far as Qliro Group or Qliro is aware and can ascertain by comparisons with other information published by a relevant third party, no information has otherwise been omitted that could render the reproduced information inaccurate or misleading.

Presentation of financial information

Certain financial and other information that is presented in this information brochure has been rounded to make the information easily comprehensible to the reader. Accordingly, the figures contained in certain columns do not tally exactly with the total amount specified. No information in the information brochure has been audited or reviewed by Qliro Group's or Qliro's auditors.

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DEFINITIONS AND ABBREVIATIONS

"**CDON**" refers to CDON AB, reg. no. 556406-1702

"**Euroclear**" refers to Euroclear Sweden AB

"**Nasdaq Stockholm**" refers to Nasdaq Stockholm Aktiebolag's main market.

"**Nelly**" refers to Nelly NLY AB, reg. no. 556653-8822

"**Qliro**" refers to, depending on the context, Qliro AB, reg. no. 556962-2441, or the group in which Qliro AB is the parent company

"**Qliro Group**" refers to, depending on the context, Qliro Group AB (publ), reg. no. 556035-6940, or the group in which Qliro Group AB (publ) is the parent company

IMPORTANT DATES

18 September 2020	Record date for attendance at the extraordinary general meeting in Qliro Group
22 September 2020	Final date to provide notification of attendance at the extraordinary general meeting in Qliro Group
28 September 2020	Extraordinary general meeting in Qliro Group
On or about 28 September 2020	Publication of prospectus regarding the listing of the shares in Qliro at Nasdaq Stockholm
On or about 30 September 2020	Record date for the distribution
On or about 2 October 2020	Expected date for the distribution of, and first day of trading in, shares in Qliro

QLIRO GROUP'S EXTRAORDINARY GENERAL MEETING

Information regarding the right to attend and how to register for attendance at Qliro Group's extraordinary general meeting can be found in the notice convening the extraordinary general meeting, which is published on Qliro Group's website, www.qlirogroup.com.

BACKGROUND AND REASONS

The board of directors of Qliro Group has made a proposal to the extraordinary general meeting of Qliro Group on 28 September 2020, to resolve on a distribution of all of the shares in its wholly owned subsidiary Qliro to the ordinary shareholders of Qliro Group. The shares in Qliro are intended to be listed at Nasdaq Stockholm in the beginning of October 2020. Consequently, Nelly and CDON will be the remaining businesses in Qliro Group, which after the distribution of Qliro will change its name to Nelly Group AB (publ). As previously communicated, the current plan is to also distribute the shares in CDON. The aim is to distribute the shares in CDON by the end of 2020.

Since June 2018, Qliro Group's strategy has been to operate Qliro, CDON and Nelly as three independent companies to create the best conditions for each company's continued growth and, thereby, an increased value for the shareholders. Qliro has reached a strong position on the fast-growing market for online- and mobile payment solutions. CDON has established itself as the leading marketplace in the Nordics with a proven scalable model. Nelly has developed into one of the strongest "direct to consumer" fashion brands in the Nordics for young women.

According to the assessment of the board of directors and management of Qliro Group, Qliro is now well-prepared to grow outside of Qliro Group, and a separate listing of the shares in Qliro will increase the awareness of the company and strengthen its brand among investors, customers and consumers. Further, the listing of Qliro will provide Qliro with access to the Swedish and international capital markets, which is expected to support the company's ability to successfully implement its strategy for continued growth and development.

Stockholm on 4 September 2020

Qliro Group AB (publ)

The board of directors

INFORMATION REGARDING THE PROPOSED DISTRIBUTION OF SHARES IN QLIRO

RESOLUTION REGARDING DISTRIBUTION OF THE SHARES IN QLIRO

Provided that the extraordinary general meeting of Qliro Group on 28 September 2020 resolves, in accordance with the board of directors proposal, to distribute all of the shares in the wholly owned subsidiary Qliro to the ordinary shareholders of Qliro Group, registered ordinary shareholders of Qliro Group on the record date of the distribution are entitled to receive shares in Qliro. The shares in Qliro will be distributed to Qliro Group's ordinary shareholders in proportion to each individual ordinary shareholder's holding of ordinary shares in Qliro Group on the record date of the distribution. Aside from being registered as an ordinary shareholder on the record date of the distribution (directly registered or nominee-registered) no further actions are required in order to receive shares in Qliro. The distribution of the shares is expected to fulfil the requirements of the so called Lex ASEA rules regarding taxation. For further information, refer to the section "*Taxation in Sweden*".

DISTRIBUTION RATIO

The intention is to distribute the shares in Qliro in accordance with the Lex ASEA rules, meaning in proportion to the shareholding in Qliro Group of each individual ordinary shareholder on the record date of the distribution. Ten (10) ordinary shares in Qliro Group carries entitlement to one share in Qliro. If it is not possible to distribute the current shareholding evenly, fractions of shares will be distributed. Such fractions of shares in Qliro will be consolidated into whole shares which, after Qliros shares have been listed at Nasdaq Stockholm, will be sold by a securities company. No commission will be paid in connection with such sale and the proceeds will be distributed to shareholders via Euroclear. Class C shares held by Qliro Group, and any ordinary shares held in treasury by Qliro Group on the record date, carry no entitlement to distribution. All of the shares in Qliro will be distributed, provided that the extraordinary general meeting resolves in accordance with the board of directors' proposal.

RECORD DATE

The board of directors proposes that the extraordinary general meeting authorises the board of directors to determine the record date for the distribution of the shares. The board of directors of Qliro Group's intention is that the distribution of the shares shall be executed, and that the first day of trading shall be, on 2 October 2020.

RECEIPT OF SHARES

Directly registered holdings

Those entered in the share register, maintained by Euroclear, as ordinary shareholders in Qliro Group on the record date of the distribution will receive shares in Qliro without taking any further action. Shares in Qliro will be available in the CSD account (Sw. *VP-konto*) of those ordinary shareholders who are entitled to receive the distribution (or the CSD account belonging to the party who is otherwise entitled to receive the distribution) two banking days after the record date. Thereafter, Euroclear will send an account statement containing information on the number of shares registered in the CSD account of the recipient.

Nominee-registered holdings

Shareholders whose holdings in Qliro Group are nominee-registered with a bank or other nominee will not receive an account statement from Euroclear. Notification and distribution of the shares in Qliro will instead take place in accordance with the procedures of each respective nominee.

LISTING OF THE SHARES IN QLIRO

The board of directors of Qliro intends to apply for a listing of Qliro's shares on Nasdaq Stockholm. The ISIN code for Qliro's share will be SE0013719077. Prior to the listing, Qliro will publish a prospectus providing further information about Qliro. Qliro does not intend to apply to have Qliro shares admitted for trading on any other exchange or marketplace than Nasdaq Stockholm. Nor does Qliro intend to register the shares under the U.S. Securities Act or another foreign equivalent, or take any other measures that may entail that Qliro is subject to the reporting requirements of the SEC (United States Securities and Exchange Commission).

TRANSACTION COSTS

Qliro Group estimates that the total costs directly attributable to the transaction will amount to approximately SEK 13 million, which will be borne by Qliro Group.



QLIRO'S BUSINESS IN BRIEF

Qliro was founded in 2014 with the aim to simplify online payments and to develop flexible payment solutions based on the merchants' needs. Coming from an e-commerce group, the Company has a deep understanding of merchant needs and has been able to develop both products and services that are aligned with merchants' as well as consumers' expectations and wishes. In addition to online payment solutions, the Company also offers digital banking services to consumers in Sweden, primarily through cross-selling to the over 2.2 million consumers who have used Qliro's payment services during the last twelve-month period.

The business is operated through the two complementary segments Payments solutions and Digital banking services. Within the segment Payment solutions, merchants are offered the product Qliro One, a fully integrated checkout solution, which includes Qliro's pay-after-delivery products¹, which are offered to consumers across the Nordic region. The pay-after-delivery products also serve as an entry to Qliro's digital platform where the Company offers digital banking services to consumers. Within the segment Digital banking services, personal loans was the first product, launched 2017 on the Swedish market. Thereafter, in 2020, the Company has, through a third-party collaboration, launched a service for consumers to keep track of their insurances and receive advice regarding their insurance needs. Since 2017, in addition to the aforementioned products, Qliro also offers consumers the possibility to open savings accounts on Qliro's platform. Deposits and borrowings from the public is a source of funding for Qliro but also forms part of Qliro's consumer offering which increases the customer engagement and the relevance of the platform.

Qliro has an offering which benefits all parties involved, including consumers, merchants and Qliro. By using Qliro's pay-after-delivery options, consumers can enjoy the benefits of receiving the products first and pay later. Qliro One also offers a very convenient and simplified shopping experience throughout the entire customer journey, including flexible payment and shipping options all integrated into one checkout. These inherent value propositions increase consumers' willingness to make online purchases and improve conversion rates and drives sales for merchants. Managing customers' payments for goods and services has traditionally come at a cost for online and retail merchants. Qliro operates with a revenue share model where the merchants receive a share of the pay-after-delivery revenues, which effectively converts the traditionally costly checkout to a source of revenue. Further, merchants' cash flows are typically improved since Qliro offers a more efficient settlement process compared to traditional payment alternatives. Through this business model, Qliro has built a strong position among online merchants during a relatively short period of time, and Qliro's merchant base today consists of a number of large Swedish merchants, of which some also operate in the other Nordic countries. The number of merchants has grown quickly with 43 new merchants² since the end of 2015. As of 30 June 2020, Qliro had entered into agreements with 57 merchants (45 merchants were fully onboarded as of the same date), of which some are among the largest e-merchants in Sweden. 43 of the onboarded merchants are external merchants³ such as Inet, Lyko, SDHJ Group, CAIA

¹ Different types of payment products (invoice, "buy now, pay later"-campaigns and part payments (fixed and flexible)) provided by Qliro enabling customers to receive goods or services before paying for them.

² Refers to merchants who Qliro still has a partnership with.

³ All merchants except Nelly and CDON.

Cosmetics and Eleven/Nordic Feel, and the external merchants' share⁴ of Qliro's pay-after-delivery volume has increased from 34 percent in 2017 to 48 percent in 2019, and 51 percent during the first half of 2020.

Payment solutions

The business volume attributable to Qliro's pay-after-delivery products has increased significantly from SEK 2.6 billion in 2015 to SEK 5.3 billion in 2019, corresponding to a compound annual growth rate (CAGR) of 19.3 percent. During the first half of 2020, the business volume within the Payment solutions segment amounted to SEK 2.7 billion, an increase by 11 percent compared to the corresponding period 2019. As of 30 June 2020, the lending to the public amounted to SEK 1.3 billion and generated operating income of SEK 154.1 million during the first half of 2020, which corresponded to 84 percent of Qliro's total operating income.

Digital banking services

The personal loan product, which is only marketed through Qliro's own channels, has also, as the pay-after-delivery products, experienced strong growth since launch in 2017. During the period from 31 December 2017 to 31 December 2019, the lending to the public within the segment Digital banking services increased from SEK 61 million to SEK 727 million and generated operating income of SEK 35.3 million during 2019. At the end of the first half of 2020, the lending to the public amounted to SEK 851 million and generated an operating income of SEK 28.7 million during the first half of 2020, which corresponded to 16 percent of Qliro's total operating income.

VISION

- Offer next generation payment solutions that improves the shopping experience for consumers and drives success for merchants
- Be a trusted partner for merchants and a digital platform for consumers by delivering an experience that is simply WOW

STRATEGY

- Leverage a strong position in the company's core markets
- Expand into new segments and verticals within e-commerce
- Geographic expansion in the Nordics
- Cross-selling opportunities between the segments and develop the digital platform with a wider offering of services

SOUND CREDIT GRANTING

Qliro is working for sound credit granting practices and to prevent over-indebtedness. Protection against consumer over-indebtedness is a natural element in Qliro's offerings and credit assessments, and throughout its credit framework and instructions. A new credit assessment is made at every point of purchase/application of a loan for every customer. Where the risk of not being able to repay the debt is too high, the credit request will be denied. During the spring of 2020, the company has carried out a review of the credit granting within all of its products and has increased the requirements for, inter alia, income and form of employment, and in some cases required co-applicants in order to decrease the risk of over-indebtedness and credit losses.

Affordability calculations ("KALP") are used for all personal loans to ensure that no loans are approved for customers who are unable to repay their loans. Additional checks, such as unsecured volume trend and

⁴ Refers to fully integrated merchants.

maximum allowed total loan engagement, are other relevant measurements to capture vulnerable credit customers. Further, there are set guidelines for how to handle customers with short term payment difficulties in order to avoid unnecessary defaulted credits, for example a payment free month.

ORGANIZATION

Since Qliro's inception, a clear focus has always been on fostering an entrepreneurial and innovative culture, combining a strong tech organization with experience and deep understanding of e-merchants operations and consumers' preferences and behaviours. Corporate culture is central in Qliro and one of the three foundations in Qliro's strategy. A strong workplace culture is important in order to attract, retain and engage employees.

The operations are carried out at a centralized level from the company's headquarters in Stockholm, including merchant and consumer support in the local Nordic languages. Being centrally located and not growing the organization too large creates opportunities to act with speed, to be flexible and innovative. Today, Qliro has approximately 200 employees.

SUMMARY OF FINANCIAL INFORMATION FOR QLIRO

The selected financial information presented below has been derived from: (i) Qliro's (referred to as "the Qliro-group" in this section below, which comprises Qliro AB and its subsidiary QFS Incitament AB which was acquired on 31 December 2019) audited consolidated financial statements for the financial year that ended on 31 December 2019, which have been prepared in accordance with the International Financial Reporting Standards as they have been adopted by the European Union ("IFRS"), (ii) the Qliro-group's unaudited consolidated financial statements in summary for the six month period that ended on 30 June 2020, which have been prepared in accordance with IAS 34 Interim Financial Reporting and reviewed by Qliro's auditors, (iii) Qliro AB's (i.e. the parent company in the Qliro-group, referred to as "Qliro AB" in this section below) audited financial statements for the financial years that ended on 31 December 2019, 2018 and 2017, which have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) (Sw. lag (1995:1559) om årsredovisning i kreditinstitut och värdepappersbolag), the Swedish Financial Supervisory Authority's regulations and general advice on annual accounts for credit institutions and securities companies (FFS 2008:25), and RFR 2 – Financial reporting for legal entities (together the "Qliro AB accounting principles") and (iv) Qliro AB's unaudited financial statements in summary for the six month period that ended on 30 June 2020 with comparative figures for the six month period that ended on 30 June 2019, which have been prepared in accordance with the Qliro AB accounting principles and reviewed by Qliro's auditors. The selected key performance measures presented below have been derived from the sources mentioned in (ii), (iii) and (iv) above.

SEK million unless otherwise stated	For the year ended 31 December		
	2019	2018	2017
Interest income	198.9	153.1	118.4
Interest expenses	-28.6	-17.4	-16.7
Net interest income	170.2	135.7	101.7
Commission income	176.0	161.9	125.6
Commission expenses	-3.9	-4.5	-5.0
Net profit/loss from financial transactions	-0.1	-0.2	-0.1
Other operating income	2.9	2.3	0.2
Total operating income	345.2	295.2	222.4
General administrative expenses	-210.0	-192.2	-148.6
Depreciation of tangible and intangible assets	-63.2	-38.1	-27.6
Other operating expenses	-28.6	-24.1	-20.4
Total expenses before credit losses	-301.8	-254.5	-196.7
Profit/loss before credit losses	43.4	40.7	25.7
Net credit losses	-73.5	-57.3	-27.6
Operating profit/loss	-30.0	-16.6	-1.9
Appropriations	-	-	2.0
Income tax expense	6.2	3.4	-0.1
Profit/loss for the year	-23.8	-13.2	0.0
Earnings per share before and after dilution, SEK	-1.55	-0.86	0.00

SELECTED INCOME STATEMENT DATA FROM QLIRO AB AND THE QLIRO-GROUP

SEK million unless otherwise stated	For the six-month period ended 30 June		
	The Qliro-group	Qliro AB	
	2020	2020	2019
Interest income	115.4	115.4	92.0
Interest expenses	-17.5	-17.4	-12.6
Net interest income	97.9	98.1	79.4
Commission income	84.3	84.3	93.5
Commission expenses	-2.2	-2.2	-2.0
Net profit/loss from financial transactions	0.2	0.2	0.0
Other operating income	2.6	2.6	1.2
Total operating income	182.8	183.0	172.1
General administrative expenses	-109.0	-113.1	-98.9
Depreciation/amortisation of tangible and intangible assets	-58.9	-54.8	-25.7
Other operating expenses	-16.3	-16.3	-13.7
Total expenses before credit losses	-184.3	-184.2	-138.3
Profit/loss before credit losses	-1.4	-1.3	33.7
Net credit losses	-53.0	-53.0	-31.0
Operating profit/loss	-54.4	-54.2	2.7
Income tax expense	11.6	11.6	-0.7
Profit/loss for the year	-42.8	-42.6	2.0
Earnings per share before and after dilution, SEK	-2.78	-2.77	0.13

SELECTED INFORMATION FROM THE BALANCE SHEET OF QLIRO AB AND THE QLIRO-GROUP

SEK million unless otherwise stated	As of 31 December			
	The Qliro-group	Qliro AB		
	2019	2019	2018	2017
ASSETS				
Treasury bills eligible for refinancing etc	25.0	25.0	65.1	40.2
Lending to credit institutions	240.2	240.2	21.8	70.9
Lending to the public	2,070.4	2,070.4	1,492.9	1,028.4
Bonds and other fixed-income securities	230.0	230.0	132.0	25.0
Shares and units	–	0.1	–	–
Intangible assets	178.5	178.5	149.6	130.2
Tangible assets	41.0	19.9	14.3	12.0
Deferred tax assets	14.7	14.7	8.5	–
Other assets	43.1	43.0	45.3	40.4
Prepaid expenses and accrued income	35.7	37.7	6.9	5.7
TOTAL ASSETS	2,878.5	2,859.4	1,936.4	1,352.8
LIABILITIES AND EQUITY				
Liabilities				
Liabilities to credit institutions	292.4	292.4	457.9	324.6
Deposits and borrowings from the public	1 819.1	1 819.1	967.9	612.4
Other liabilities	103.3	84.2	69.3	47.5
Accrued expenses and deferred income	35.8	35.8	27.8	22.9
Subordinated debt	100.0	100.0	–	–
Total liabilities	2,350.6	2,331.5	1,522.9	1,007.4
Equity				
<i>Restricted equity</i>				
Share capital	50.1	50.1	50.1	50.1
Reserve for development costs	–	124.2	87.0	69.0
Total restricted equity	–	174.2	137.1	119.0
<i>Non-restricted equity</i>				
Retained profit or loss	477.4	377.0	289.4	226.3
Reserves	0.5	0.5	0.2	0.1
Profit/loss for the year	–	–23.8	–13.2	0.0
Total non-restricted equity	–	353.7	276.4	226.4
Total equity	528.0	528.0	413.5	345.4
TOTAL LIABILITIES AND EQUITY	2,878.5	2,859.4	1,936.4	1,352.8

SELECTED INFORMATION FROM THE BALANCE SHEET OF QLIRO AB AND THE QLIRO-GROUP

SEK million unless otherwise stated	As of 30 June		
	The Qliro-group	Qliro AB	
	2020	2020	2019
ASSETS			
Treasury bills eligible for refinancing etc	–	–	55.1
Lending to credit institutions	64.1	64.1	58.8
Lending to the public	2,150.9	2,150.9	1,671.2
Bonds and other fixed-income securities	350.0	350.0	146.9
Shares and units	–	0.1	0.0
Intangible assets	168.1	168.1	168.7
Tangible assets	33.7	15.0	19.7
Deferred tax assets	26.3	26.3	8.5
Other assets	42.5	42.5	44.4
Prepaid expenses and accrued income	20.5	20.5	17.4
TOTAL ASSETS	2,856.1	2,837.4	2,190.7
LIABILITIES AND EQUITY			
Liabilities			
Liabilities to credit institutions	275.4	275.4	435.7
Deposits and borrowings from the public	1,849.7	1,849.7	1,164.9
Other liabilities	99.6	80.7	62.4
Accrued expenses and deferred income	46.8	46.8	31.9
Subordinated debt	100.0	100.0	–
Total liabilities	2,371.4	2,352.6	1,694.9
Equity			
<i>Restricted equity</i>			
Share capital	50.1	50.1	50.1
Reserve for development costs	–	123.1	87.0
Total restricted equity	–	173.2	137.1
<i>Non-restricted equity</i>			
Retained profit or loss	477.4	354.3	356.2
Reserves	0.0	0.0	0.5
Profit/loss for the period	–42.8	–42.6	2.0
Total non-restricted equity	–	311.6	358.7
Total equity	484.6	484.8	495.8
TOTAL LIABILITIES AND EQUITY	2,856.1	2,837.4	2,190.7

SELECTED INFORMATION FROM THE CASH FLOW STATEMENT OF QLIRO AB

SEK million unless otherwise stated	For the year ended 31 December		
	2019	2018	2017
Operating activities			
Operating profit/loss	-30.0	-16.6	-1.9
<i>Adjustments</i>			
- Depreciation/amortisation	63.2	38.1	27.6
- Credit losses	73.5	57.3	35.2
- Commission income	-176.0	-161.9	-125.6
- Interest income	-198.9	-153.1	-118.4
- Interest expenses	28.6	17.4	16.7
- Unrealised exchange differences	0.0	0.2	0.0
Tax paid	-	-2.3	-2.7
Commission received	171.2	175.1	122.2
Interest received	189.7	144.9	113.6
Interest paid	-27.6	-14.2	-15.6
Increase/decrease in securities	-57.8	-132.0	-65.3
Increase/decrease in lending to the public	-639.9	-537.8	-319.6
Increase/decrease in other claims/other liabilities	-3.1	9.1	-0.2
Increase/decrease in deposits and borrowings from the public	850.8	353.4	611.8
Increase/decrease in liabilities to credit institutions	-165.6	133.3	-187.2
Cash flow from operating activities	78.0	-89.2	90.4
Investing activities			
Purchase of tangible assets	-14.9	-8.0	-2.8
Purchase of intangible assets	-82.7	-51.8	-66.5
Cash flow from investing activities	-97.6	-59.8	-69.3
Financing activities			
New share issue	-	-	-
Subordinated debt	100.0	-	-
Shareholders' contributions received	138.0	100.0	44.0
Cash flow from financing activities	238.0	100.0	44.0
Cash flow for the year	218.4	-49.1	65.1
Cash and cash equivalents at the beginning of the year	21.8	70.9	5.8
Exchange differences in cash and cash equivalents	0.00	0.0	-
Cash and cash equivalents at the end of the year	240.2	21.8	70.9
Change	218.4	-49.1	65.1

SELECTED INFORMATION FROM THE CASH FLOW STATEMENT OF QLIRO AB AND THE QLIRO-GROUP

SEK million unless otherwise stated	For the six-month period ended 30 June		
	The Qliro-group	Qliro AB	
	2020	2020	2019
Operating activities			
Operating profit/loss	-54.4	-54.2	2.7
Adjustments	120.9	116.6	59.4
Changes in assets and liabilities of the operating activities	-199.0	-199.0	-54.9
Cash flow from operating activities	-132.5	-136.7	7.2
Investing activities			
Purchase of tangible assets	-0.3	-0.3	-8.8
Purchase of intangible assets	-39.2	-39.2	-41.4
Cash flow from investing activities	-39.5	-39.5	-50.2
Financing activities			
Amortization leasing	-4.1	-	-
Shareholders' contributions	-	-	80.0
Subordinated debt	-	-	0.0
Cash flow from financing activities	-4.1	-	80.0
Cash flow for the period	-176.1	-176.2	37.0
Cash and cash equivalents at the beginning of the period	240.2	240.2	21.8
Exchange differences in cash and cash equivalents	0.1	0.1	0.0
Cash and cash equivalents at the end of the period	64.1	64.1	58.8
Change	-176.1	-176.2	37.0

SELECTED KEY PERFORMANCE MEASURES FOR QLIRO

As the Qliro-group was established on 31 December 2019, financial performance measures can only be presented for Qliro AB for the financial years that ended on 31 December 2018 and 2017, and for the financial year that ended on 31 December 2019, financial performance measures for Qliro AB are the most relevant. Further, financial performance measures for the six-month period that ended on 30 June 2019 can only be presented for Qliro AB. Since there are only minor differences between the income statements and balance sheets for Qliro AB and the Qliro-group, the financial performance measures presented below for the first half of 2020 only relate to the Qliro-group. For definitions, refer to Qliro's interim report for the period 1 January – 30 June 2020.

SEK million unless otherwise stated	As of, and for the year ended 31 december		
	2019	2018	2017
Total operating income	345	295	222
Total operating income adjusted for items affecting comparability	345	–	–
Total expenses before credit losses	–302	–254	–197
<i>of which relate to depreciation</i>	–63	–38	–28
Net credit losses	–73	–57	–28
Operating profit/loss	–30	–17	–2
Operating profit/loss adjusted for items affecting comparability	–30	–	–
Profit/loss for the year	–24	–13	0
Profit/loss for the period adjusted for items affecting comparability	–24	–	–
Earnings per share, before and after dilution, SEK	–1.55	–0.86	0.00
Lending to the public	2,070	1,493	1,028
Deposits and borrowings from the public	1,819	967.9	612.4
Total operating income margin, %	19.4%	23.4%	25.2%
Credit loss level, %	4.1%	4.5%	3.1%
C/I ratio, %	87.4%	86.2%	88.4%
Return on equity ("ROE"), %	neg.	neg.	0.0%
CET 1 capital ratio, %	15.5%	16.9%	20.5%
Total capital ratio, %	17.8%	16.9%	20.5%
Liquidity coverage ratio (LCR), %	374%	512%	323%
Pay-after-delivery volume	5,325	4,940	3,962
Number of merchants	38	33	23
Average number of FTEs	199	195	178

SEK million unless otherwise stated	As of, and for the six-month period ended 30 June	
	The Qliro-group	Qliro AB
	2020	2019
Total operating income	183	172
Total operating income adjusted for items affecting comparability	191	172
Total expenses before credit losses	-184	-138
<i>of which relate to depreciation</i>	-59	-26
Net credit losses	-53	-31
Operating profit/loss	-54	3
Operating profit/loss adjusted for items affecting comparability	-30	3
Profit/loss for the period	-43	2
Profit/loss for the period adjusted for items affecting comparability	-24	2
Earnings per share, before and after dilution, SEK	-2.78	0.13
Lending to the public	2,151	1,671
Deposits and borrowings from the public	1,850	1,165
Total operating income margin, %	17.3%	21.8%
Credit loss level, %	5.0%	3.9%
C/I ratio, %	100.8%	80.4%
Return on equity ("ROE"), %	neg.	0.9%
CET 1 capital ratio, %	N/A	17.5%
Total capital ratio, %	N/A	17.5%
Liquidity coverage ratio (LCR), %	N/A	536%
Pay-after-delivery volume	2,694	2,431
Number of merchants	45	38
Average number of FTEs	197	195

ITEMS AFFECTING COMPARABILITY DURING THE SECOND QUARTER 2020

During the first half of 2020, two types of items affecting comparability were reported. Items affecting comparability within the segment Payment solutions amounted to SEK 8.4 million and arose since the company brought forward the date for recognizing commissions to connected merchants so that it coincides with the date for recognizing income from the consumers. This impacted net interest by SEK 3.4 million and net commission income by SEK 5.0 million. The effect comes from a delay in accrual, making the second quarter incomparable with other periods, whereas previous and future quarters will remain comparable over time. Additionally, assets worth SEK 15.6 million were impaired since they are no longer in use in the business. The impairments comprise, among other things, technology development for the loan product, infrastructure for data storage and app solutions. In total, the items affecting comparability decreases the operating profit for the period by SEK 24 million and the profit for the period by SEK 18.9 million.

FINANCING

Qliro has a diversified funding base that consists of deposits and borrowings from the public in Sweden (since 2017) and Germany (since 2020, through a collaboration with the German company Deposit Solutions), a credit facility from Nordea Finans Sverige AB and subordinated debt in the form of Tier 2 bonds of SEK 100 million issued in September 2019 and listed on Nasdaq Stockholm Corporate Bond List. The credit facility is primarily used for borrowing in different currencies (NOK, DKK, EUR) but is also a flexible tool for managing the company's funding needs. The funding model is scalable, which provides resources

for growth, for example through the flexible credit facility and deposit products, in which Qliro is able to adjust retail deposit flows according to its funding needs by adjusting the interest rates.

Further, in order to improve Qliro's capital base and to increase Qliro's flexibility to leverage opportunities for growth in the market, Qliro has as of 31 August 2020 received an unconditional shareholder's contribution from Qliro Group in a total amount of SEK 125 million as a result of the directed share issue carried out by Qliro Group on 26 August 2020.

QLIRO'S BOARD OF DIRECTORS, SENIOR EXECUTIVES AND AUDITOR

BOARD OF DIRECTORS

Qliro's board of directors comprises six board members elected by the general meeting. All board members are elected for the period until the end of the annual general meeting 2021.

Lennart Jacobsen, born 1966

Chairman of the board since 2018 and board member since 2017. Member of the remuneration committee since 2019.

Education and professional experience: Master's degree in Electrical Engineering Telecommunication at Royal Institute of Technology in Stockholm. Senior Advisor at Invesi Investments and previous experiences from leading positions such as Executive Vice President at Nordea Bank AB (publ), CEO at GE Capital Global Banking Nordics, CEO at GE Money Bank Sweden and various positions at GE Capital Bank and Systemhuset Affärssystem AB/Upec Data AB/Upec Edicom AB.

Other ongoing assignments: CEO, founder and board member of Invesi Investment AB. Chairman of the board of Dora AB and Playground Group AB. Board member of Qliro Group AB (publ), Oryx AB and Swedbank Robus Fonder AB.

Not independent in relation to Qliro and Qliro's management, not independent in relation to major shareholders.

Andreas Bernström⁵, born 1974

Board member since 2018.

Education and professional experience: Bachelor's degree in Economics and French at Manchester University and Master's degree in Finance at Webster University, London. Investment Director at Kinnevik AB. He is founder and CEO of Sinch and Managing Director of Rebtel and has previous experience from positions at EQT, Taptu and TradeDoubler.

Other ongoing assignments: Board member of Mathem i Sverige AB and Pleo A/S. Board member of Qliro Group AB (publ) and CDON AB.

Not independent in relation to Qliro and Qliro's management, not independent in relation to major shareholders.

Robert Burén, born 1970

Board member since 2018.

Monica Caneman, born 1954

Board member since 2019. Chairman of the remuneration committee and member of the RCACC since 2019.

⁵ Andreas Bernström has informed that he intends to resign as board member of Qliro Group and its subsidiaries in connection with the completion of Kinneviks' transfer of its shares in Qliro Group to Rite Ventures, which is expected to take place during Q3 2020.

Education and professional experience: Robert has studied systems science and technology at Luleå University of Technology and Royal Institute of Technology, Stockholm. Co-founder of and Consultant at Cygni AB. Previous experience as, inter alia, Interim CTO at Skincity and Mediaplanet, CIO at Bisnode Group and SBAB Bank, CTO at Unibet and Co-founder of Bluefish AB.

Other ongoing assignments: Board member of Cygni AB, Verkkokauppa.com Oyj and Bredband2 in Skandinavien AB.

Independent in relation to Qliro and Qliro's management, independent in relation to major shareholders.

Lennart Francke, born 1950

Board member since 2016. Chairman of RCACC since 2016.

Education and professional experience: M.B.A. from Stockholm School of Economics and Program for Management Development, Harvard Business School, USA. By Swedbank Robur appointed as member in several nomination committees in public companies. Previous experience as Senior Advisor and Head of Group Finance at Swedbank, Group Chief Financial Officer and Group Chief Credit Officer at Handelsbanken and various other executive positions at Handelsbanken.

Other ongoing assignments: Styrelseledamot Board member of Centrum för Näringslivshistoria CfN AB, Stiftelsen Affärsvärlden, ABRF Group AB and several subsidiaries of the ABRF group, Youple Holding AB and Youple AB.

Independent in relation to Qliro and Qliro's management, independent in relation to major shareholders.

Education and professional experience: M.B.A from Stockholm School of Economics. Chairman of the board of Nasdaq Stockholm's Listing Committee, Euroclear Sweden AB and Almi Företagspartner AB as well as board member of SAS AB (publ). Previous experience as board member of several Swedish and foreign companies, both listed and not listed. Was deputy CEO and member of the group management of Skandinaviska Enskilda Banken and held several other executive positions at Skandinaviska Enskilda Banken.

Other ongoing assignments: CEO and chairman of the board of Monica Caneman Konsult AB. Board member of Hundhjälpen På Lidingö AB.

Independent in relation to Qliro and Qliro's management, independent in relation to major shareholders.

Helena Nelson, born 1965

Board member since 2015. Member of RCACC since 2016.

Education and professional experience: Master of laws from Lund University and Ruter Dam Management Programme, Stockholm. General Counsel and part of the executive management board of Carnegie Investment Bank AB (publ) and previous experience as Chief Compliance Officer and Head of Operational Risk at Swedbank, General Counsel at Skandia and other legal positions and assignments as board member in Swedish and foreign subsidiaries of the Skandia group, as well as experience from work in court.

Other ongoing assignments: Board member of Carnegie Personal AB and Familjeföretagens Pensionsredovisning i Värmland AB. Member of the council in Livförsäkringsbolaget Skandia.

Independent in relation to Qliro and Qliro's management, independent in relation to major shareholders.

SENIOR EXECUTIVES

Carolina Brandtman, born 1974

Chief Executive Officer since 2018

Employed since: 2018

Education and professional experience: Studies in Economics at University of Örebro and Queensland University, Australia. Previous experience as CEO of Santander Consumer Bank Sweden and various leading and other positions at GE Money Bank Sweden, GE Money Bank Nordic, GE Money Europe HQ and GE Money Australia & NZ.

Other ongoing assignments: Board member of Right to play Sverige (a non-profit association) and QFS Incitement AB.

Jonas Adolfsson, born 1984

Chief Credit Officer since 2018

Employed since: 2015

Education and professional experience: Master's degree in Business Administration and Bachelor's degree in Economics, Linköping University. Previous experience from other positions at Qliro, Manager Nordics, Risk and Information Management at American Express and various positions at Klarna AB.

Other ongoing assignments: –

Lina Agrell, born 1979

General Counsel since 2019

Employed since: 2019

Education and professional experience: Master of Laws from Stockholm University. Previous experience as Senior Legal Counsel at Nordea Bank AB (publ), Attorney at Wistrand Law Firm, Associate at Bird & Bird Law Firm and law clerk at the District Court of Jönköping.

Other ongoing assignments: –

Johanna Blom, born 1978

Chief People Officer since 2019

Employed since: 2019

Education and professional experience: Master's degree in Work and Organizational Psychology from Linköping University and studies at University of Auckland, Nya Zeeland. Previous experience as Interim HR Manager at Nordax Bank AB, Interim HR Manager at GE Capital AB, HR Director at Santander Consumer Bank AB, HR Manager at Nordic, GE Capital Real Estate, HR advisor at Linklaters and HR assistant at Fonus HQ.

Other ongoing assignments: Board member of Bloom HR & Coaching AB.

Ann Ekroth, born 1969

Chief Risk Officer and Data Protection Officer since 2019

Employed since: 2019

Education and professional experience: Bachelor's degree in Business Administration and Economics from Uppsala University. Previous experience as

Mattias Forsberg, born 1973

Chief Technology Officer since 2019

Employed since: 2019

Education and professional experience: Studies in Computer Science at Linköping University and Vrije University, Amsterdam and industry-

Compliance Director at Santander Consumer Bank Sweden, Non-Financial Risk & Governance Director Nordic and deputy Chief Risk Officer Nordic at Santander Consumer Bank AS/AB, various positions within, inter alia, finance and risk at GE Money Bank, and auditor at Arthur Andersen AB.

Other ongoing assignments: –

employed doctoral student in Human Machine Interaction at the Royal Institute of Technology, Stockholm. Previous experience as Head of Strategy & Software Engineering, Head of Strategy Office and Head of Center of Excellence for Agile at SEB, Manager Systems Development at Com Hem and partner and consultant at Alcesys.

Other ongoing assignments: Board member of Bostadsrättsföreningen Sadelbyn2 and Bostadsrättsföreningen Edsviken Townhouse.

Andreas Frid, born 1977

Head of Investor Relations since 2019

Employed since: 2019

Education and professional experience: Studies in Business Administration and Management, Economics etc. at Lund University, Uppsala University and Wellington International University. Previous experience as marketing and communications manager and responsible for Investor Relations at Nordax Bank AB, as well as various positions at Swedbank (including in Investor Relations).

Other ongoing assignments: –

Martina Skande, born 1975

Chief Business Development Officer since 2018 and Chief Product & Marketing Director since 2018

Employed since: 2018

Education and professional experience: Master's degree in Finance from Lund University. Previous experience as Business Transformation Director and Nordic Commercial Director at Santander Consumer Bank Sweden, Director of Financial Services at EY Advisory Services Sweden, Product Development Manager and Client Relationship Manager at Genworth Financial Mortgage Insurance and various positions at GE Money Bank/GE Capital Europe.

Other ongoing assignments: –

David Lundqvist⁶, born 1984

Chief Commercial Officer since 2018

Employed since: 2018

Education and professional experience: Courses within, inter alia, leadership and communication. Previous experience as Senior Vice President Technical Sales and Vice President Global

Robert Stambro, born 1975

Chief Financial Officer since 2019

Employed since: 2019

Education and professional experience: Master's degree in International Business from Luleå University of Technology. Previous experience as Head of Financial Planning & Analysis, Head of

⁶ David Lundqvist has resigned from his position as of 9 October 2020 and will be succeeded in the role as CCO by Johnny Sällberg. Johnny Sällberg was born 1985 and has previously had several roles within Urb-it, among others as Managing Director and CCO. He has also had several roles within Klarna and is member of IHM Business School's advisory board since 2019,

Commercial Efficiency & Excellence and other positions at Klarna Bank AB.

Other ongoing assignments: Board member of Bostadsrättsföreningen Violen Målaren 8.

Treasury & Head of Business Control, Acting CFO, Deputy CFO and Head of Treasury at Nordnet AB.

Other ongoing assignments: –

AUDITOR

KPMG AB, with the address P.O. Box 382, SE-101 27 Stockholm, is Qliro's auditor, and was re-elected as auditor at the annual general meeting 2020 for the period until the end of the annual general meeting 2021. Mårten Asplund, authorised public accountant and member of FAR (institute for the accountancy profession in Sweden) is the auditor-in-charge.

THE REMAINING BUSINESS IN BRIEF

After the distribution of Qliro, Qliro Group's business will consist of operating the wholly-owned subsidiaries CDON and Nelly. To reflect the new business, Qliro Group will change its name to Nelly Group after the distribution of the shares in Qliro.

As mentioned above in the section "*Background and reasons*", the current plan is to also distribute the shares in CDON to the shareholders of Qliro Group. The group is working towards being able to do this during the fourth quarter of 2020.

During the last three years, the group has established functions within the subsidiaries to ensure that they can be operated as independent companies. This means that the intragroup costs have been reduced.

NELLY.COM

NELLY'S BUSINESS IN BRIEF

Nelly is one of the Nordic countries' strongest online "direct to consumer" brands within fashion for young women. Its success is based on the ability to inspire its target group with fashion and to generate commitment by building direct relationships on social media. Growth and profitability are driven by a high proportion of own brands and loyal customers. Nelly has a strong focus on sustainability, gender equality and continuously being a brand that is up-to-date, trendy, youthful and inclusive. Nelly was founded 2003 in Sweden and launched in the other Nordic countries in 2008.

Nelly's business model is based on a core of its own brands in its own design, primarily its own brand NLYbyNelly, and a complementary range of selected fashion- and beauty products from approximately 200 brands. Nelly receives over 300 new garments each day from internationally renowned fashion houses and the store's own brands. Clothes and accessories are purchased from manufacturers in, for example, the UK, Turkey and China. The clothes are transported to the Falkenberg logistics center, marketed digitally and sold at Nelly.com and NLYman.com.

During 2019, sales increased by 5 percent to SEK 1,456 million, and operating income before depreciation and amortization amounted to SEK 13 million. The range of own brands accounted for 43 percent of sales. The number of visits increased by 2 percent to 118 million, and the average shopping basket increased by 6 percent to SEK 736. The company developed its offering of fashion and continued to build relationships with its target group. The return process was digitized, which helped to stabilize return levels.

During the spring of 2020, the general demand for fashion has decreased as a consequence of covid-19. Despite this fact, Nelly maintained its sales level in the Nordics during the second quarter of 2020. During the second quarter, Nelly managed to successfully generate an operating profit by boosting efficiency, focusing on the Nordics, reducing marketing costs, and lowering return rates. The company was also able to greatly reduce its inventory, resulting in a strong cash flow.

Nelly is to be the number one online fashion destination by providing inspiration and a wide selection of the latest trends and fashion musts for confident young women.

Nelly's strategy is to continue to strengthen its brand by remaining at the forefront of fashion and digital marketing and sales. The company will continue to inspire its target group with fashion and build direct relationships with customers. The company is also working with automating and streamlining its processes.

During the last year, Nelly has gained market shares and strengthened its position. The company has strengthened its corporate governance and is prepared to be an independent, future Nelly Group.

SUSTAINABILITY

Nelly works to create sustainability within the company and its entire value chain. The areas of focus for Nelly's sustainability strategy are Planet, People and Product. Within the area Planet, Nelly focuses on, inter alia, climate impact, energy, its own travelling, sustainable transports, packaging, circular fashion. To support circular fashion, Nelly works towards a Zero Waste goal. This means, among other things, that Nelly does not throw away returned or discarded clothing, but rather sells, donates or recycles them in collaboration with different partners. Within the area Product, the focus is on sustainable material, animal rights, chemical control and quality control. Within the area People, the focus is aimed at, among other things, leadership, gender equality, transparency, social supply chain responsibility and ethics.

CDON

CDON'S BUSINESS IN BRIEF

CDON was launched in 1999 and is a Nordic e-commerce pioneer. From initially selling media products from its own inventories online, the website was opened for external merchants in 2013.

Today, CDON is the leading Nordic online marketplace for external merchants. At CDON, approximately 1,300 active merchants sell everything from consumer electronics to sport- and leisure products, clothing, shoes and toys to approximately 1.8 million customers. CDON also sells certain selected products on its own in order to complement the range of the marketplace and drive traffic.

CDON's business model is to offer external merchants the opportunity to carry out sales against payment of commission. The marketplace model offers CDON the opportunity to grow without building own inventory, which reduces capital needs. It also enables a wider range of products, creating a better customer offering at competitive prices.

Globally, marketplaces have a very strong position in e-commerce. In the Nordic region, marketplaces still have a smaller market share than in other countries. The marketplace is an attractive model for buying and selling online. Consumers appreciate the possibility to buy multiple items and compare prices at the same place, and consumers turn to CDON for the wide range of products all gathered at the same website, and to benefit from the lucid interface of the marketplace, the simple payments and the efficient deliveries. At the same time, online merchants benefit from the traffic and services generated by others. E-commerce in the Nordic region is expected to grow significantly over the next few years and CDON's marketplace is positioned to take advantage of this growth.

CDON reports in two business areas, CDON Marketplace (external merchants) and CDON Retail (own inventory and drop shipment). CDON Retail is one of the e-merchants at CDON Marketplace.

CDON Marketplace is the core business of the company. This segment is fast growing and represented three-fourths of the company's total gross profit in the second quarter of 2020. CDON drives growth in CDON Marketplace by connecting new merchants as the existing merchants grow.

CDON Retail acts as one of the merchants at CDON Marketplace and offers products and services from its own inventories or by drop shipment. CDON Retail complements the marketplace in selected categories to

ensure that the marketplace provides a complete and attractive offer. In the last years, CDON Retail has moved away from a wide assortment in order to instead focus on products that complements the marketplace in certain selected categories.

For a couple of years, CDON has made considerable investments into automation of the marketplace and to facilitate for new external merchants to carry out sales on the platform. The scalability of the platform is the key to creating a profitable and independent company. The ambition is to continue increasing the income from commissions while maintaining a high degree of efficiency within the organization.

During 2019, sales by the external merchants on CDON rose by 63 percent to MSEK 958. The number of visits increased to MSEK 96. The growth of the marketplace increased the income from commissions which helped to increase the gross margin by 5.6 percentage points to 18.8 percent. CDON achieved positive operating profit before depreciation of MSEK 15 (-19) for the year. A driving force for investments in the marketplace is to generate growth with lower inventory levels over time, and the change has led to CDON having considerably lower inventory levels at the end of 2019 compared to the previous year (inventory levels were 41 percent lower than the previous year).

In the spring of 2020, the digitalization of the Nordic commerce has continued, in part as an effect of the covid-19 pandemic. During the first and second quarters, CDON doubled sales from external merchants. This was driven by a fast digitalization of commerce and a successful positioning of the marketplace as one of the leading marketplaces for e-merchants. CDON Marketplace now constitutes the core business and this segment's gross profit increased by 87 percent and constituted three quarters of the total gross profits during the second quarter. During the second quarter of 2020, CDON increased the number of orders by 42 percent, the number of customers by 14 percent and the number of site visits by 47 percent, driven by rapid digitalization and successful position of CDON. The number of connected e-merchants increased from 131 to 1,248 and the total gross profit increased by 44 percent to MSEK 573.

CDON's vision is to become a hub for e-commerce in the Nordics and turn to both local e-merchants and big international players wanting to drive sales in the region. CDON shall continue to reinforce its position as the Nordic leading marketplace. The vision is driven by the idea that when more e-merchants are connected, more products become available for the customer at better terms which will attract more visitors to create a positive spiral that drives a continuous growth.

CDON has a scalable business model with strong cash flow. The company has exceeded the expectations and is well suited to develop successfully outside of the Qliro Group.

SUSTAINABILITY

CDON considers it an opportunity and an obligation to act in the most sustainable way possible. CDON prioritizes freight forwarders who actively work to reduce their environmental impacts. Limiting environmental impact in logistics and packaging materials often leads to increased cost-effectiveness. For example, efforts are made to optimize the use of packaging materials which is important for cost-effectiveness, profitability and environmental impact. This means that packages are tailored to the size of the product to minimize packaging materials and air.

SUMMARY OF FINANCIAL INFORMATION FOR QLIRO GROUP EXCLUDING QLIRO

Set out in the tables below is a summary of the financial information for the six-month period that ended on 30 June 2020, and the financial year which ended on 31 December 2019, for Qliro Group excluding Qliro AB. The basis of the financial information in this section is Qliro Group's annual report for 2019, and Qliro Group's interim report for the period 1 January – 30 June 2020.

The information which is displayed in the tables does not comprise financial statements prepared in accordance with IFRS, and is thus not necessarily comparable with similar calculations in other companies and has certain limitations as a tool for analysis.

CONSOLIDATED INCOME STATEMENT FOR QLIRO GROUP EXCLUDING QLIRO

Consolidated income statement	Qliro Group excl. Qliro AB	Qliro Group excl. Qliro AB
SEK million	1 January - 30 June 2020	1 January - 31 December 2019
Net sales	1 075,1	2 564,0
Cost of goods and services	-833,5	-2 015,6
Gross profit	241,5	548,4
Sales and administration expenses	-308,9	-608,6
Other operating income and expenses, net	2,5	-2,4
Operating profit or loss	-64,8	-62,6
Net interest & other financial items	-1,6	-12,9
Net profit or loss before tax	-66,4	-75,5
Tax	-11,2	-10,9
Net profit or loss for continued operations	-77,6	-86,4
Net profit or loss for discontinued operations	-2,7	-
Total net profit or loss for continued and discontinued operations	-80,3	-86,4

CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS FOR QLIRO GROUP EXCLUDING QLIRO

Consolidated Statement of financial positions SEK million	Qliro Group excl. Qliro AB 30 June 2020	Qliro Group excl. Qliro AB 31 dec 2019
Non-current assets		
Goodwill	64,5	64,4
Other intangible assets	81,2	91,0
Total intangible assets	145,7	155,4
Tangible assets	6,7	8,2
Leased assets	54,3	60,2
Deferred tax asset	84,7	96,3
Total non-current assets	291,4	320,2
Current assets		
Inventories	210,8	349,6
Loans to the public	-	-
Current interest-bearing investments	-	-
Current non-interest bearing receivables	94,0	146,0
Cash and cash equivalents	248,5	313,7
Total current assets	553,3	809,3
Total assets	844,7	1 129,5
Equity		
Equity attributable to owners of the parent	280,1	360,6
Total equity	280,1	360,6
Non-current liabilities		
<i>Non interest bearing</i>		
Other provisions	0,5	0,7
<i>Interest bearing</i>		
Loan Facility	-	-
Bond	-	-
Leased liabilities	32,7	40,6
Total non-current liabilities	33,2	41,3
Current liabilities		
<i>Interest bearing</i>		
Credit Facility	75,0	-
Deposits from the public	-	-
Leased liabilities	22,6	20,4
<i>Non interest bearing</i>		
Current non-interest bearing liabilities	434,0	707,3
Total current liabilities	531,5	727,6
Total equity and liabilities	844,7	1 129,5

CONSOLIDATED STATEMENT OF CASH FLOW FOR QLIRO GROUP EXCLUDING QLIRO

Consolidated statement of cash flow	Qliro Group excl. Qliro AB	Qliro Group excl. Qliro AB
SEK million	1 January - 30 June 2020	1 January - 31 December 2019
Cash flow from operating activities before changes in working capital	-33,6	-1,4
Changes in working capital	-82,3	107,0
Cash flow from operations	-115,9	105,6
Investments in non-current assets	-13,7	-41,3
Cash flow to/from investing activities	-13,7	-41,3
Shareholder contribution, net change	-	-138,0
Internal loan, net change	-	0,1
Redemption of / Issued unsecured bond	-	-256,0
Amortization of leasing debt	-10,1	-27,6
Utilised credit facilities	75,0	-
Cash flow to/from financing activities	64,9	-421,6
Change in cash and cash equivalents for the period from continued operations	-64,6	-357,2
Cash and cash equivalents at period's start	313,7	670,0
Translation difference, cash and cash equivalents	-0,6	0,9
Less cash from discontinued operations	-	-
Cash and cash equivalents at period's end	248,5	313,7

FINANCING

On 26 August 2020, Qliro Group carried out a directed share issue of 29,954,951 ordinary shares at a subscription price of SEK 7.00 per share, consequently raising proceeds of approximately SEK 210 million before transaction related expenses. Thereafter, the group has allocated SEK 125 million in order to improve the capital base in Qliro AB through an unconditional shareholder's contribution and settled its credit facility of SEK 75 million from Nordea Bank Abp, filial i Sverige. Thereby Qliro Group does not have any external interest-bearing liabilities and is financed through its operating activities.

RISK FACTORS ASSOCIATED WITH THE DISTRIBUTION

A brief description of certain risk factors related to the distribution of the shares in Qliro is presented below. Additional risks related to the operations of Qliro Group and Qliro is described in Qliro Group's annual report that was published on 9 April 2020. A more detailed description of the risks related to Qliro will be provided in the prospectus that will be produced and published prior to the listing of Qliro's shares on Nasdaq Stockholm, provided that the extraordinary general meeting resolves on a distribution of Qliro's shares in accordance with the board of directors' proposal.

The anticipated benefits of the distribution of Qliro may not be realised

The intended purpose with the distribution is to create the best conditions for the continued growth of Qliro, Nelly and CDON, and thereby increase the value for the shareholders. However, there is a risk that the anticipated benefits of the distribution will not be achieved if the assumptions on which the decision to carry out the distribution are based on prove to be incorrect. To the extent that the companies fail to implement and carry out their respective strategies, the companies' operations and financial positions could be adversely affected, and the anticipated benefits from the distribution may not be realised.

The proposed distribution may impact Qliro Group's deferred tax asset

As of 30 June 2020, Qliro Group recognized a deferred tax asset of approx. SEK 111 million, of which approx. SEK 95 million are attributable to the parent company Qliro Group AB. In connection with future impairment tests, there is a risk that Qliro Group may need to impair the value of the deferred tax asset in the parent company if the amount cannot be motivated when Qliro is no longer part of the group. The assessment of the need for impairment could also be affected by whether, and when, the intended distribution of the shares in CDON is carried out.

The proposed distribution may negatively impact the price of both Qliro Group's and Qliro's shares

There is a risk that the market price of the Qliro Group shares and the Qliro shares, respectively, as independent companies, will not exceed the current price for the Qliro Group shares. The distribution may also have an impact on the independent companies' financial positions and risk profiles, and on other conditions for the respective operations. There is also a risk that the current shareholders of Qliro Group will sell their Qliro Group shares as a result of the distribution, which could have a negative impact on the price of the Qliro Group shares. There is a risk that the market will perceive the independent companies as less attractive investment objects than the group in its current form.

Risks relating to small and specialised operations

The asset pool in Qliro Group and Qliro as independent companies will be smaller than the total asset pool in the group in its current form. Accordingly, each risk that currently exists in the group today and that will also exist in one of the two operations (Qliro Group or Qliro) after the distribution will be of proportionally greater significance for the specific operation than it would be for the respective companies in their current form. This may apply to, for example, the capacity to manage unforeseen claims and expenses of material significance, or negative effects for the respective companies' earnings and cash flow caused by the current covid-19 pandemic.

Risks relating to Qliro as an independent company

As a subsidiary of Qliro Group, Qliro has in the past received substantial unconditional shareholder's contributions from Qliro Group. Following a separation from Qliro Group, Qliro will not be able to use this source of capital. Qliro could therefore require a higher buffer in relation to the legal capital and liquidity requirements. To prepare for a listing on Nasdaq Stockholm, Qliro has established a new function for investor relations and strengthened existing functions and internal resources to be able to meet the requirements and

demands on a listed company on Nasdaq Stockholm. There are additional costs related to the expanded organization and that follow from being listed on Nasdaq Stockholm and operating in a public environment, which Qliro did not have as a subsidiary of Qliro Group. There is a risk that the increased costs will not be covered by the expected benefits associated with the contemplated listing.

TAX CONSIDERATIONS

The following is a general description of certain tax considerations relating to the proposed distribution of shares in Qliro to the ordinary shareholders of Qliro Group, and the listing of the shares in Qliro. It does not purport to be a complete analysis of all tax considerations relating to the proposed distribution, neither in Sweden nor any other country. The tax treatment of each individual shareholder depends on the shareholder's particular circumstances and the tax laws in the country where the shareholder is resident. Each shareholder should therefore consult its own tax adviser with regard to the specific tax consequences that may arise in the individual case. This summary is based upon the laws as in effect on the date of this information brochure and is subject to any change in law that may take effect after such date.

Certain tax issues in Sweden

The following is a summary of certain tax consequences that, based on the currently applicable Swedish tax legislation, may arise from the proposed distribution of shares in Qliro. The summary is based on current legislation, is intended to only provide general information and is only applicable to individuals and limited liability companies that are resident in Sweden for tax purposes, unless otherwise stated. The summary is not exhaustive and does not cover, for example, (i) shares held by partnerships or held as current assets in business operations, (ii) the specific rules on tax-exempt capital gains (including non-deductibility for capital losses) and dividends in the corporate sector, which may become applicable when shareholders hold shares that are considered to be held for business purposes (Sw. *näringsbetingade andelar*), (iii) the specific rules that in some cases may be applicable to shares in companies that are, or have been, close companies (Sw. *fåmansföretag*) or to shares that have been acquired through the use of such shares, (iv) foreign companies that operate a business from a permanent establishment, or foreign companies that have previously been Swedish companies, or (v) shares that are held through special investment vehicles such as so-called investment savings accounts (Sw. *investeringssparkonto*) or endowment insurances (Sw. *kapitalförsäkring*). Special tax rules also apply to certain categories of taxpayers, such as investment companies, common funds and insurance companies, and to situations that are considered abusive. Accordingly, the tax treatment of each individual shareholder depends on the individual's particular circumstances. Each shareholder should therefore analyze the tax implications of the transaction based on their own specific set of circumstances, including the potential applicability and effect of foreign tax rules and tax treaties. The summary below is based on the assumption that the respective shares in Qliro Group and Qliro shall be considered as listed for tax purposes.

Taxation of the distribution of the shares in Qliro

Swedish shareholders are generally subject to income tax upon dividend distributions in kind (e.g. in the form of the shares), based on the market value of the distributed shares. The income tax is levied at a rate of 21.4 percent for limited liability companies and 30 percent for individuals.

Foreign shareholders are instead subject to a 30 percent withholding tax charge, based on the market value of the distributed shares. Such withholding taxes may be reduced or eliminated by virtue of an applicable double taxation treaty.

However, if the criteria for a so-called Lex ASEA distribution (as defined under Swedish tax law) are met, the distribution of the shares in Qliro should instead be fully exempt from Swedish income tax for Swedish shareholders as well as withholding tax for foreign shareholders. It is the conclusion of Qliro Group's management and its external advisors that the distribution of the shares in Qliro should qualify as a Lex ASEA distribution.

In case of a Lex ASEA distribution, the historic acquisition price (i.e. the amount which may be deducted for calculating capital gains) of the Qliro Group shares will be split between these shares and the shares received in Qliro. The allocation of the historic acquisition price will be determined as a percentage, by reference to the change in value of the shares in Qliro Group that arises due to the distribution of the shares in Qliro. Qliro Group will request general guidelines from the Swedish Tax Agency regarding the division of the historic acquisition price in the distribution. Information regarding the general guidelines from the Swedish Tax Agency will be published as soon as possible on the respective websites of Qliro Group and the Swedish Tax Agency.

Shares in Qliro

Individuals

Dividends: As the Qliro shares will be listed following the Lex ASEA distribution, future dividends from Qliro received by individuals will be treated as capital/investment income (Sw. *kapitalinkomst*) subject to a flat tax rate of 30 percent. A preliminary tax of 30 percent is generally withheld on dividends to individual tax residents in Sweden.

Capital gains: When listed shares are sold or otherwise disposed of, a taxable capital gain or a deductible capital loss may arise. Capital gains are taxed as capital/investment income at a rate of 30 percent. The capital gain or loss is calculated as the difference between the sales proceeds, after deducting sales costs, and the tax basis. The tax basis for all shares of the same class and type is calculated together in accordance with the "average cost method". The acquisition cost, and thus the tax basis, for the shares received in Qliro through the distribution from Qliro Group is calculated based on the general guidelines which will be received from the Swedish Tax Agency. Alternatively, the tax basis may be determined as 20 percent of the sales proceeds after deducting sales costs.

Capital losses on listed shares are fully deductible against taxable gains on listed and non-listed shares and other listed equity-related securities. Capital losses that cannot be set off in this way can be deducted with up to 70 percent against other capital/investment income. If there is a net loss in the capital/investment income basket (Sw. *inkomstslaget kapital*), a tax reduction is allowed against municipal and national income tax, as well as against real estate tax and municipal real estate charges. A tax reduction is allowed with 30 percent on the amount of such net loss that does not exceed SEK 100,000 and with 21 percent on the net loss exceeding SEK 100,000. Losses cannot be carried forward to a later income year.

Limited liability companies

For Swedish limited liability companies, all income, including taxable capital gains and dividends, is taxed as business income at a rate of 21.4 percent (20.6 percent for the income year starting on 1 January 2021). Capital gains and capital losses are calculated in the same manner as described above for individuals. Deductible capital losses on shares may only be deducted against taxable capital gains on such securities. Under certain circumstances, such capital losses may also be deducted against capital gains in another company in the same group, provided that the requirements for exchanging group contributions (Sw. *koncernbidragsrätt*) between the companies are met. A capital loss that cannot be utilized during a given income year may be carried forward and be offset against taxable capital gains on shares and other equity-related securities during future income years, without limitation in time.

Foreign shareholders

Dividends: Dividends from listed shares will normally be subject to Swedish withholding tax. The withholding tax rate is 30 percent but it is often reduced for shareholders who are tax residents in countries with which Sweden has entered into a tax treaty. In Sweden, the appointed Central Securities Depository (e.g. Euroclear),

or for nominee-registered shares, the nominee, normally carries out the withholding. In the event that 30 percent withholding tax is deducted from a payment to a person entitled to be taxed at a lower rate, or if too much withholding tax has otherwise been withheld, a refund can be claimed from the Swedish Tax Agency prior to the expiry of the fifth calendar year following the dividend distribution.

Capital gains: Shareholders with limited tax liability in Sweden and whose shareholding is not attributable to a permanent establishment in Sweden, are generally not subject to capital gains taxation in Sweden upon the disposal of shares. Shareholders may, however, be subject to taxation in their country of residence. Under a specific tax rule, individuals with limited tax liability in Sweden may, however, be subject to tax in Sweden on the sale of shares if they have been resident or lived permanently in Sweden at any time during the calendar year of such disposal or during any of the previous ten calendar years. The application of this rule may be limited by tax treaties between Sweden and other countries.

FAQ

What is the reason for the distribution of the shares in Qliro?

The board of directors of Qliro Group believes that a distribution of shares and a separate listing of Qliro will provide better conditions to leverage the potential in Qliro and in the current Qliro Group group, and thereby increase the shareholder value.

What are the terms and conditions of the distribution of shares in Qliro?

Registered ordinary shareholders of Qliro Group on the record date for the distribution will receive one share in Qliro for ten (10) ordinary shares held in Qliro Group.

Do I need to take any actions in order to receive the distributed shares?

No, registered ordinary shareholders of Qliro Group on the record date for the distribution will automatically receive shares in Qliro.

When is the record date for the distribution?

The board of directors proposes that the extraordinary general meeting authorises the board of directors to determine the record date for the distribution. Consequently, as per the date of this information brochure, the record date has not been decided but will be announced separately at a later date. The intention is that the distribution of shares shall be executed, and that the first day of trading shall be, on 2 October 2020.

Will the distribution have any tax consequences for me as an ordinary shareholder?

No, if the criteria for a so-called Lex ASEA distribution (as defined under Swedish tax law) are met, the distribution of the shares in Qliro should be fully exempt from Swedish income tax for Swedish shareholders as well as withholding tax for foreign shareholders.

In case of a Lex ASEA distribution, the historic acquisition price (i.e. the amount which may be deducted for calculating capital gains) of the Qliro Group shares will be split between these shares and the shares received in Qliro. The allocation of the historic acquisition price will be determined as a percentage, by reference to the change in value of the shares in Qliro Group that arises due to the distribution of the shares in Qliro. Qliro Group will request general guidelines from the Swedish Tax Agency regarding the division of the historic acquisition price in the distribution. Information regarding the general guidelines from the Swedish Tax Agency will be published as soon as possible on the respective websites of Qliro Group and the Swedish Tax Agency.

About Qliro Group

Qliro Group operates the leading Nordic marketplace CDON.COM, the online fashion brand Nelly.com and Qliro AB, that offers financial services to merchants and consumers. Qliro Group's shares are listed on the Nasdaq Stockholm MidCap segment under the ticker symbol "QLRO".

Qliro Group AB

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