

# Qliro Group

## Year-end Report 2017

### GOOD GROWTH AND IMPROVED GROSS PROFIT

#### FOURTH QUARTER<sup>1</sup>

- Net sales increased by 9 percent to SEK 1,199.8 (1,100.3) million
- Gross profit increased by 14 percent to SEK 261.7 (230.5) million
- Operating income before depreciation and amortization was SEK 52.4 (62.9) million
- Operating income totaled SEK 35.6 (42.7) million
- Basic and diluted earnings per share including discontinued operations amounted to SEK 0.05 (0.13)
- Cash and cash equivalents increased to SEK 624.7 (435.2) million at year-end
- The envisioned group structure attained with the divestment of Health and Sports Nutrition Group

#### FULL-YEAR<sup>1</sup>

- Net sales increased by 8 percent to SEK 3,396.7 (3,158.5) million
- Gross profit increased by 35 percent to SEK 762.7 (565.7) million
- Operating income before depreciation and amortization increased to SEK 90.0 (13.2) million
- Operating income improved to SEK 20.7 (-60.5) million
- Basic and diluted earnings per share including discontinued operations amounted to SEK -0.16 (-1.24)

SEK million	2017 Oct-Dec	2016 Oct-Dec	Δ	2017 Jan-Dec	2016 Jan-Dec	Δ
Net sales	1,199.8	1,100.3	9%	3,396.7	3,158.5	8%
Gross profit	261.7	230.5	14%	762.7	565.7	35%
<i>Gross margin (%)</i>	21.8%	20.9%		22.5%	17.9%	
Operating income before depreciation and amortization	52.4	62.9	-17%	90.0	13.2	582%
<i>Operating margin before depreciation and amortization (%)</i>	4.4%	5.7%		2.7%	0.4%	
Operating income	35.6	42.7	-17%	20.7	-60.5	
<i>Operating margin (%)</i>	3.0%	3.9%		0.6%	-1.9%	
Cash flow from operations	225.4	223.7	1%	25.4	-3.4	

<sup>1</sup>Tretti, Lekmer and HSNG are recognized as discontinued operations in the company accounts. Interest expenses in Qliro Financial Services are reported as cost of goods sold in the consolidated financial statement. In 2017, there were no items affecting comparability. Historical figures have not been adjusted for items affecting comparability during 2016.

## **GOOD GROWTH AND IMPROVED GROSS PROFIT**

**Qliro Group enters the new year with full focus on three businesses areas, CDON Marketplace, Nelly and Qliro Financial Services. After divestments of Lekmer, Members.com and HSNG, we have the structure we envisioned when we revised our strategy in January 2017. The transformation has proved successful and the Group's net sales increased by 8 percent and the gross margin improved by 4.6 percentage points to 22.5 percent for the year. At the same time, operating income before depreciation and amortization increased 582 percent to SEK 90 million. All three business areas increased sales and gross profit for the year as well as the quarter.**

Our goal is to be the Nordic leader in digital commerce and associated financial services. CDON Marketplace and Nelly have strong positions in two dynamic segments of e-commerce. At the same time, their growth drive increasing volumes to Qliro Financial Services. This gives Qliro Financial Services low customer acquisition costs and extends our relationship with consumers, enabling us to up-sale additional services.

The strategy for Qliro Financial Services is to build a finance company that simplifies digital commerce and everyday lives of consumers. We ensure that merchants provide efficient payment solutions with good conversion. In addition, consumers with Qliro accounts shop more frequently with our affiliated e-merchants.

### **CDON Marketplace enters a new phase**

CDON Marketplace has attained a strong position as the leading digital Nordic marketplace. The marketplace has reached a critical scale, and external merchants sold goods for SEK 0.5 billion via CDON.COM during the year. We are now entering a new phase where investments in technology, logistics and branding enable increased efficiency and where the organization will not need to grow from the current level.

### **Nelly positioned for accelerated growth**

Nelly is one of the strongest online fashion brands for young consumers in the Nordics. Sales increased by 5 percent for the year, while operating profit before depreciation and amortization more than doubled. This shows that our investments in own brands, assortment and logistics have provided the right basis for profitable growth. We are now well-positioned for accelerated growth.

### **Qliro Financial Services has reached sufficient scale**

Qliro Financial Services increased its operating income by 41 percent and its operating profit before depreciation and amortization by 56 percent during the year. At the end of the year, lending to the public exceeded SEK 1 billion. A growing share of this was personal loans in Sweden where conditions are good for accelerating this business. Qliro Financial Services' organization has reached a sufficient size to manage substantial expansion of the loan book with its existing offering without a significant increase in the number of employees.

### **Financial flexibility**

Our financial position is healthy and was further strengthened by the sale of HSNG, which gave us an additional SEK 370 million when we closed the deal. This gives us good opportunities to continue investing in our business areas. With a focus on operational excellence, we continue to expand our marketplace with 1,500 merchants, develop our fashion brands, streamline logistics, take advantage of our customer relationships and strengthen our role in the value chain.

Stockholm, January 2018

Marcus Lindqvist, President and CEO

## LONG-TERM FINANCIAL TARGETS

Qliro Group's long-term financial targets are:

### CDON Marketplace

- Reach a level of organic growth in gross merchandise value of 10 percent per year on average
- Generate operating profit before depreciation, amortization and impairment of 1-2 percent of gross merchandise value

### Fashion (Nelly and NLYMan)

- Reach a level of organic growth of 8 percent per year on average
- Generate operating margin before depreciation, amortization and impairment of at least 6 percent

### Qliro Financial Services

- Reach an operating profit before depreciation, amortization and impairment of at least SEK 150 million by 2019

The target for Qliro Financial Services remains the same after the introduction of IFRS 9.

## SIGNIFICANT EVENTS DURING AND AFTER THE FOURTH QUARTER 2017

### Sale of Health and Sports Nutrition Group HSNB AB

On November 21, an agreement was reached to sell Health and Sports Nutrition Group to Orkla. HSNB's value in the transaction is SEK 360 million on a debt-free basis with normalized working capital, corresponding to an Ebit-multiple of 14.6x based on the results for 2017. HSNB remains a partner with Qliro Financial Services and CDON Marketplace after the transaction. HSNB is recognized in the group accounts as a discontinued operation.

On January 30, 2018, it was announced that the sale was completed. Based on year-end figures 2017, the capital gain from the divestment amounts to approximately SEK 140 million. The final amount will be recognized as earnings from discontinued operations in the first quarter.

### New Head of Qliro Financial Services

On December 15, it was announced that Carolina Brandtman had been recruited as the new Head of Qliro Financial Services. She joins in the fourth quarter of 2018 at the latest. Carolina succeeds Patrik Illerstig as permanent Head of Qliro Financial Services. Eva-Lotta Berg Ljungström serves as interim Head of Financial Services.

### Changed accounting policies for Qliro Financial Services

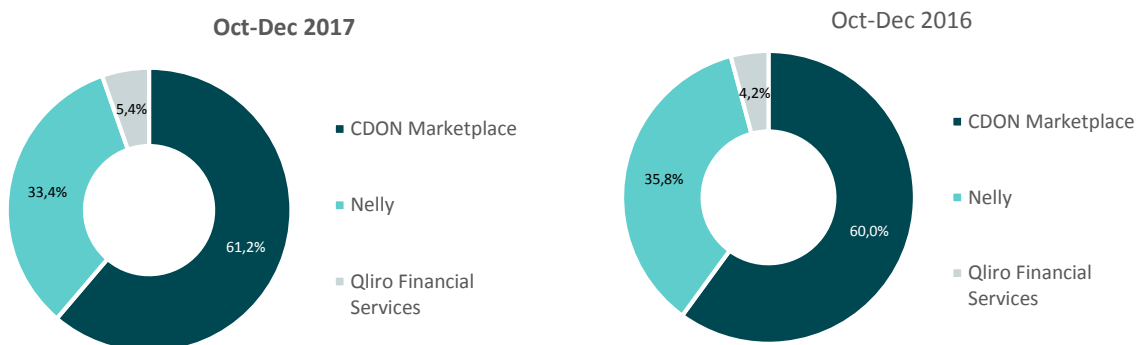
New rules for the reporting of financial instruments, IFRS 9, were introduced on January 1, 2018. They primarily affect Qliro Group through Qliro Financial Services' credit loss reserves. According to IFRS 9, reserves for credit losses shall be made directly when a credit is issued, instead of as previously when there is an indication of increased credit risk. This results in earlier and higher recognition of the reserves for credit losses than before, but it will not affect cash flow or underlying credit risk. In the opening balance of 2018, the reserves increased by SEK 24 million due to the transition to IFRS 9. These reserves affect the balance sheet items Shareholders' equity and Lending to the public, but will not impact the profit or loss statement. From January 1, reserves for projected credit losses will be made directly when credit is issued and impact the results.

## FINANCIAL INFORMATION FOR THE FOURTH QUARTER IN BRIEF

Consolidated financial reports are divided into the categories E-commerce (CDON Marketplace, Nelly and Group central operations) and Qliro Financial Services. Tretti, Lekmer and HSNG are recognized as discontinued operations. This report shows continuing operations (including historical comparative figures in income statements and cash flow reports) unless otherwise stated. Interest expenses in Qliro Financial Services have been included in cost of goods sold in the consolidated financial statements since the first quarter of 2017 and have been adjusted for the comparative periods. See pages 12 and 24.

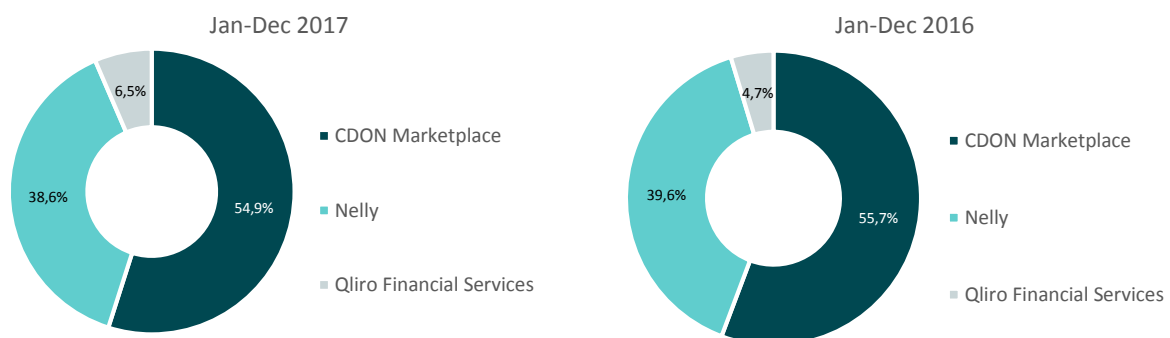
Fourth quarter SEK million	E-commerce			Qliro Financial Services			Eliminations		Qliro Group		
	2017 Oct-Dec	2016 Oct-Dec	Δ	2017 Oct-Dec	2016 Oct-Dec	Δ	2017 Oct-Dec	2016 Oct-Dec	2017 Oct-Dec	2016 Oct-Dec	Δ
Net sales	1,134.6	1,055.5	7%	64.1	45.6	40%	1.1	-0.8	1,199.8	1,100.3	9%
Gross profit	214.1	195.4	10%	44.9	36.4	23%	2.7	-1.3	261.7	230.5	14%
Gross margin (%)	18.9%	18.5%		70.1%	79.9%		-	-	21.8%	20.9%	
Operating income before depreciation and amortization	38.6	48.8	-21%	11.1	15.4	-28%	2.7	-1.3	52.4	62.9	-17%
Operating margin before depreciation and amortization (%)	3.4%	4.6%		17.3%	33.8%		-	-	4.4%	5.7%	
Operating income	29.9	32.8	-9%	3.0	11.2	-73%	2.7	-1.3	35.6	42.7	-17%
Operating margin (%)	2.6%	3.1%		4.7%	24.5%		-	-	3.0%	3.9%	
Net financial items	-2.7	4.8		-0.2	0.0		-	-	-2.9	4.8	
Income before tax and group contributions	27.1	37.6	-28%	2.8	11.2	-75%	2.7	-1.3	32.6	47.5	-31%
Cash flow from operations	207.2	254.2	-18%	18.2	-30.5		-	-	225.4	223.7	1%
Qliro FS net loans to the public, at end of period	-	-		1,054.8	754.2	40%	-	-	1054.8	754.2	40%
Qliro FS external finance, at end of period	-	-		936.4	511.8	83%	-	-	936.4	511.8	83%
Opening inventory balance	403.4	372.9	8%	-	-		-	-	403.4	372.9	8%
Closing inventory balance	447.5	345.9	29%	-	-		-	-	447.5	345.9	29%

### Sales per business area in the quarter



Full year 2017 SEK million	E-commerce			Qliro Financial Services			Eliminations		Qliro Group		
	2017	2016	Δ	2017	2016	Δ	2017	2016	2017	2016	Δ
	Jan-Dec	Jan-Dec		Jan-Dec	Jan-Dec		Jan-Dec	Jan-Dec	Jan-Dec		
Net sales	3,179.8	3,016.3	5%	220.1	147.1	50%	-3.2	-4.9	3,396.7	3,158.5	8%
Gross profit	613.3	471.9	30%	147.7	92.8	59%	1.6	0.9	762.7	565.7	35%
Gross margin (%)	19.3%	15.6%		67.1%	63.1%		-	-	22.5%	17.9%	
Operating income before depreciation and amortization	62.3	-4.3		26.1	16.7		1.6	0.9	90.0	13.2	582%
Operating margin before depreciation and amortization (%)	2.0%	-0.3%		11.8%	11.3%		-	-	2.7%	0.4%	
Operating income	20.6	-63.7		-1.5	2.3		1.6	0.9	20.7	-60.5	
Operating margin (%)	0.6%	-2.1%		-0.7%	1.6%		-	-	0.6%	-1.9%	
Net financial items	-7.1	-		-0.4	0.0		-	-	-7.5	0.0	
Income before tax and group contributions	13.5	-63.7		-1.9	2.3		1.6	0.9	13.2	-60.5	
Cash flow from operations	-78.4	8.7		103.8	-12.1		-	-	25.4	-3.4	
Qliro FS net loans to the public, at end of period	-	-		1,054.8	754.2	40%	-	-	1054.8	754.2	40%
Qliro FS external finance, at end of period	-	-		936.4	511.8	83%	-	-	936.4	511.8	83%
Opening inventory balance	345.9	426.0	-19%	-	-		-	-	345.9	426.0	-19%
Closing inventory balance	447.5	345.9	29%	-	-		-	-	447.5	345.9	29%

### Sales per business area for full-year 2017



### Consolidated earnings

Net sales increased by 9 percent to SEK 1,199.8 (1,100.3) million during the quarter and by 8 percent to SEK 3,396.7 (3,158.5) million for the year. Adjusted for exchange rate fluctuations, growth was 9 percent for the quarter and 7 percent for the year.

The gross margin increased by 0.9 percentage points to 21.8 (20.9) percent for the quarter and by 4.6 percentage points to 22.5 (17.9) percent for the year. The improvement was mainly driven by Nelly and Qliro Financial Services.

Operating income before depreciation, amortization and impairment was SEK 52.4 (62.9) million for the quarter and SEK 90.0 (13.2) million for the year.

Operating income was SEK 35.6 (42.7) million for the quarter and SEK 20.7 (-60.5) million for the year.

Net financial items amounted to SEK -2.9 (4.8) million for the quarter and SEK -7.5 (0.0) million for the year. This was due, among other things, to interest and transaction costs for the Group's bond loans taken in the second quarter of 2017. Qliro Financial Services' interest expenses are regarded as operating expenses and have been recognized as cost of goods sold since January 1, 2017, and recalculated comparative numbers are presented for comparability.

Earnings before tax and group contributions for continuing operations was SEK 32.6 (47.5) million for the quarter and SEK 13.2 (-60.5) million for the year.

A tax expense of SEK -12.9 (-8.7) million was recognized for the quarter and SEK -8.9 (12.9) million for the year.

Earnings after tax for continuing operations was SEK 44.2 (36.3) million for the quarter and SEK 28.8 (6.0) million for the year. Earnings after tax for the total of continuing and discontinued operations was SEK 6.9 (20.1) million for the quarter and SEK -23.3 (-186.4) million for the year.

Earnings per share for the total of continuing and discontinued operations, before and after dilution, amounted to SEK 0.05 (0.13) for the quarter and -0.16 (-1.24) for the year.

### **Consolidated cash flow and financial position**

Cash flow from operating activities before changes in working capital amounted to SEK 53.7 (69.5) million for the quarter and SEK 93.7 (11.0) million for the year, whereof e-commerce operation generated SEK 42.0 (58.6) million for the quarter and SEK 66.8 (-2.8) million for the year and Qliro Financial Services generated SEK 11.7 (10.9) million for the quarter and SEK 27.0 (13.8) million for the year.

Cash flow from changes in working capital in e-commerce operations amounted to SEK 165.2 (195.6) million for the quarter and SEK -145.2 (11.5) million for the year. In the first quarter of 2017 CDON Alandia made a payment of EUR 5.9 million attributable to the tax claim previously made by the Finnish Tax Administration for the 2012 financial year. The amount was recognized as a non-interest-bearing receivable in the balance sheet. CDON Marketplace and Nelly had higher inventory levels at the end of the year compared to last year. By year-end, Nelly had initiated the built-up of inventories ahead of the spring season. An increase of inventories enables growth.

Cash flow from changes in working capital in Qliro Financial Services amounted to SEK 6.5 (-41.4) million for the quarter and SEK 76.8 (-25.9) million for the year. This was made up of a combination of increased loans to the public (invoices, partial payments and personal loans), deposits from the public (savings accounts) and utilization of credit facilities.

Cash flow from operations after changes in working capital amounted to SEK 225.4 (223.7) million for the quarter and SEK 25.4 (-3.4) million for the year.

Cash flow from investing activities amounted to SEK -20.5 (-28.0) million for the quarter and SEK -95.5 (164.2) million for the year. Investments were made mainly in Qliro Financial Services and CDON Marketplace. The divestment of Lekmer contributed SEK 11.5 million in the fourth quarter of 2017.

Cash flow from financing activities totaled SEK 5.7 (-25.0) million for the quarter and SEK 333.7 (-68.0) million for the year. Cash flow for the year was mainly affected in the second quarter by Qliro Group AB's bond issue of SEK 250 million and the refinancing of internal loans related to the divestment of Lekmer.

Cash and cash equivalents for the group including translation differences amounted to SEK 624.7 (435.2) million at year-end.

Cash and cash equivalents in the e-commerce operations amounted to SEK 553.8 (435.2) million. After deducting the outstanding bond of SEK 250.0 (-) million, the net cash position in the e-commerce operations amounted to SEK 303.8 (435.2) million.

Total assets at the end of the reporting period amounted to SEK 3,243.5 (2,536.7) million. The divestment of Lekmer in 2017 decreased consolidated assets compared with the previous year, which was offset by Qliro Financial Services' increased lending to the public. Equity amounted to SEK 1,009.6 (1,026.2) million at the end of the year.

### **Items affecting comparability in previous reports**

There were no items affecting comparability for 2017. In this report, historical comparisons have not been adjusted for previously reported items affecting comparability in 2016. The total effect on operating income from previously recognized adjustments in 2016 amounted to SEK -35.4 million, of which SEK -22.3 million in CDON Marketplace, SEK -4.2 million in Nelly and SEK -8.9 million in the Group's central operations.

## CDON MARKETPLACE ENTERS A NEW PHASE

SEK million	2017	2016	Δ	2017	2016	Δ
	Oct-Dec	Oct-Dec		Jan-Dec	Jan-Dec	
Gross merchandise value, external merchants	190.8	155.5	23%	499.9	350.0	43%
Total gross merchandise value <sup>1</sup>	903.7	799.5	13%	2,313.3	2,069.4	12%
Net sales	733.1	657.8	11%	1,863.2	1,751.0	6%
Operating income before depreciation and amortization	9.6	23.5	-59%	-21.4	-10.1	
<i>Operating margin before depreciation and amortization (%)</i>	<i>1.3%</i>	<i>3.6%</i>		<i>-1.1%</i>	<i>-0.6%</i>	
Operating income	6.2	16.7	-63%	-40.3	-37.3	
<i>Operating margin (%)</i>	<i>0.8%</i>	<i>2.5%</i>		<i>-2.2%</i>	<i>-2.1%</i>	
Cash flow from operations	152.1	194.6		-108.2	47.9	
Investments (CAPEX)	-10.4	-4.0		-24.7	-11.7	
Cash flow after investments	141.7	198.2		-132.9	43.8	
Opening inventory balance	169.4	140.2	21%	186.1	236.2	-21%
Closing inventory balance	254.5	186.1	37%	254.5	186.1	37%
Active customers, past twelve months (thousands)	1,772	1,707	4%	1,772	1,707	4%
Visits (thousands)	33,472	31,181	7%	90,434	85,039	6%
No. of orders (thousands)	1,323	1,249	6%	3,416	3,374	1%
Average shopping basket (SEK)	665	637	4%	664	614	8%

<sup>1</sup>Commission income included in net sales is replaced with gross merchandise value from external retailers for CDON Marketplace

CDON Marketplace is the leading digital Nordic marketplace. The growth target is based on the gross merchandise value, which constitutes the sum of own sales and external merchant sales. The goal is to achieve a level of long-term organic growth in gross merchandise value of an average of 10 percent per year and generate operating profit before depreciation and amortization of 1-2 percent of gross merchandise value. CDON Marketplace's growth drives volume and economies of scale for the entire Group.

### External merchants sold for half a billion

The scale of CDON Marketplace is now significant. External merchant sales increased by 23 percent in the quarter and by 43 percent to SEK 0.5 billion during the year. Net sales increased by 11 percent to SEK 733 million in the quarter, driven by own sales and commission income.

The development of CDON Marketplace continued through automation of the platform, expansion of the product range and positioning of the brand. During the quarter, several attractive external merchants were added and the approximately 1,500 external merchants accounted for 21 percent of gross merchandise value. The focus is on adding online merchants with strong positions in their respective categories. It is important to combine sales from external merchants with own sales to optimize the product range and drive traffic. Consumers turn to CDON.COM to purchase various products at the same site, while taking advantage of competitive prices, easy payments and efficient delivery. During the quarter, the number of visits, number of orders, number of active customers and shopping basket all increased. The delivery quality during Black Friday demonstrates that CDON.COM has the capacity and routines to handle significant volumes. CDON Marketplace has increased its inventory level compared to last year, but intends to decrease the levels during first quarter. CDON Marketplace has some possibilities to reduce inventory through returns to suppliers.

### CDON Marketplace enters a new phase

Higher sales, better inventory management efficiency and lower costs for delivery to customers led to higher gross profit after shipping and warehousing costs for the year and the quarter. At the same time, initiatives led to an increase in personnel costs of SEK 2 million for the quarter and SEK 13 million for the year and marketing costs, mainly TV advertising, of SEK 12 million for the quarter and SEK 23 million for the year. This contributed to a decrease in the operating income before depreciation and amortization to SEK 9.6 (23.5) million.

CDON Marketplace has achieved a strong position as the leading digital Nordic marketplace. The business is now entering a new phase where investments in technology, logistics and branding enable increased efficiency and where the organization will not grow from the current level.

## NELLY POSITIONED FOR ACCELERATED GROWTH

SEK million	2017	2016	Δ	2017	2016	Δ
	Oct-Dec	Oct-Dec		Jan-Dec	Jan-Dec	
Net sales	400.3	392.4	2%	1,309.7	1,244.0	5%
Operating income before depreciation and amortization	39.5	39.3	1%	121.3	59.9	103%
<i>Operating margin before depreciation and amortization (%)</i>	9.9%	10.0%		9.3%	4.8%	
Operating income	34.4	30.4	13%	99.2	30.1	230%
<i>Operating margin (%)</i>	8.6%	7.7%		7.6%	2.4%	
Cash flow from operations	77.8	122.3		140.1	84.4	
Investments (CAPEX)	-2.1	-6.5		-7.2	-17.6	
Cash flow after investments	75.7	115.7		132.9	66.7	
Opening inventory balance	234.0	232.7	1%	159.8	189.8	-16%
Closing inventory balance	193.0	159.8	21%	193.0	159.8	21%
Active customers, past twelve months (thousands)	1,217	1,162	5%	1,217	1,162	5%
Visits (thousands)	32,948	30,911	7%	110,237	107,728	2%
Orders before returns (thousands)	905	837	8%	2,832	2,735	4%
Average shopping basket (SEK)	645	662	-3%	681	654	4%
<i>Other data, change in percentage points</i>						
Percentage of own brands	46%	44%	2	43%	40%	3
Return ratio, past twelve months	35%	33%	2	35%	33%	2
Product margin	50%	47%	3	51%	45%	6
Fulfillment and distribution costs	16%	18%	-2	18%	20%	-2
Nordics, share of net sales	94%	92%	2	93%	92%	1

Nelly offers fashion for young women through Nelly.com and for men through NLY MAN. Nelly's long-term target is to achieve organic growth of 8 percent per year on average and generate an operating margin before depreciation and amortization of at least 6 percent. Nelly has grown every year since 2007 and has shown a profit for the last seven quarters.

### Growth and high profitability

Sales increased by 5 percent, while operating profit before depreciation and amortization more than doubled for the year. This shows that investments in brands, assortment and logistics have created the right conditions for profitable growth. Nelly is now well-positioned for accelerated growth.

During the quarter, the number of orders increased by 8 percent. Sales, however, were affected by a decrease in average shopping basket and an increase in the return ratio. During the year, the product margin increased 6 percentage points to 51 percent, driven by an increase in the share of own brands. As a result, operating income before depreciation and amortization amounted to SEK 121 million. Investments in the brand and internal processes continued. This led to an increase in marketing costs of SEK 13 million for the quarter and SEK 36 million for the year. Nelly also prepared to go from 3-5 days delivery to 1-3 days in the Nordic region, which will be introduced in 2018. Including these initiatives, operating income before depreciation and amortization was in line with last year and amounted to SEK 39.5 (39.3) million, corresponding to a margin of 9.9 percent in the quarter. Nelly increased its inventory levels, partly due to earlier ramp-up of its inventory ahead of the spring season 2018.

### One of the Nordics' strongest fashion brands online

Nelly is one of the most well-known fashion brands online among women aged 18 to 29 in the Nordics. At its core is its own brands, complemented by a well-curated portfolio of approximately 200 external brands. More than 25 people work in the company's design and purchasing department to produce clothes under their own brands. This provides a unique offering that fosters customer loyalty and contributes to profitability. During the quarter, 46 percent of sales came from Nelly's own brands.

Investments in the customer experience and digital marketing have led to strong brand loyalty and the target group trusts Nelly's fashion sense. Nelly is a forerunner in mobile sales and social media, and over half the visits and purchases are made on mobile devices. During the autumn, a second season of the drama series Filter was produced. Filter is an innovative format to build the brand in social media.



## QLIRO FINANCIAL SERVICES<sup>1</sup> HAS ACHIEVED SCALE

SEK million	2017			2016		
	Oct-Dec	Oct-Dec	Δ	Jan-Dec	Jan-Dec	Δ
Interest income	64.1	45.6	40%	220.1	147.1	50%
Interest expense	-4.0	-3.6	11%	-16.5	-8.4	96%
<b>Net interest income</b>	<b>60.0</b>	<b>42.0</b>	<b>43%</b>	<b>203.6</b>	<b>138.7</b>	<b>47%</b>
Net fee and commission income	1.2	1.7	-28%	7.6	7.4	2%
Other operating income	3.6	6.0	-40%	11.7	12.3	-5%
<b>Total operating income</b>	<b>64.9</b>	<b>49.7</b>	<b>31%</b>	<b>222.8</b>	<b>158.4</b>	<b>41%</b>
Other operating expenses	-46.8	-35.5	32%	-169.1	-121.3	39%
Depreciation, amortization and impairment	-8.1	-4.2	91%	-27.6	-14.4	92%
<b>Total operating expenses</b>	<b>-54.9</b>	<b>-39.8</b>	<b>38%</b>	<b>-196.7</b>	<b>-135.7</b>	<b>45%</b>
Net credit losses	-7.0	1.3		-27.6	-20.4	35%
<b>Operating profit or loss</b>	<b>3.0</b>	<b>11.2</b>	<b>-73%</b>	<b>-1.5</b>	<b>2.3</b>	
Operating profit before depreciation and amortization	11.1	15.4	-28%	26.1	16.7	56%
Loans to the public, net <sup>2</sup>	1,055	754	40%	1,055	754	40%
Externally financed	936	512	83%	936	512	83%
Public deposits	612	0		612	0	
Business volume	1,340	1069	25%	3,962	3182	25%
No. of orders (thousands)	1,517	1260	20%	4,209	3644	15%
Average shopping basket (SEK)	884	848	4%	941	873	8%

<sup>1</sup>In connection with Qliro AB becoming a credit market company in March 2017, the internal presentation of Qliro Financial Services was changed, and recalculated comparative figures are presented for comparability, see page 12

<sup>2</sup>Loans to the public are recognized at net value (previously recognized at gross value)

Qliro Financial Services consists of the credit market company Qliro AB, which offers financial services to merchants and consumers. The segment's target is to reach an operating profit before depreciation and amortization of at least SEK 150 million in 2019.

### Low customer acquisition costs

Qliro Financial Services' strategy is to create a digital offering of financial services that facilitates online commerce and simplifies everyday lives of consumers. Qliro Financial Services ensures that online merchants offer simple and efficient payments with good conversion rates. The business area also benefits from the Group's e-commerce since it generates customers for Qliro Financial Services. This gives Qliro Financial Services low customer acquisition costs while extending the relationship with consumers after their online purchase. Qliro Financial Services focuses on the Nordic region, which offers an attractive lending market due to availability of information and established credit recovery processes.

### Growing business volume

Qliro Financial Services' total operating income increased by 31 percent to SEK 65 million, driven by increased lending to the public. Lending to the public increased by 40 percent to SEK 1,055 (754) million, that is, faster than the increase in business volume, which grew 25 percent to SEK 1,340 million.

At year-end, SEK 994 million of the loan book consisted of invoices and partial payments and SEK 61 million of personal loans. Lending was financed mainly through savings accounts, i.e. public deposits.

### Strengthening of the offering

Qliro Financial Services continuously strengthens its offering to merchants and gradually takes in external merchants from all the Nordic countries. At the same time, the consumer offering is being developed to simplify payments, savings and loans. Savings accounts were introduced in the spring and personal loans to consumers in Sweden were introduced in the autumn. Savings accounts are offered at fixed or floating rates and are subject to the government deposit guarantee.

Qliro Financial Services' introduction of personal loans in Sweden has been successful. Personal loans amounted to SEK 61 million at year-end, to approximately a thousand consumers. Customer acquisition is based on digital marketing to existing customers. Over 95 percent of borrowers have already a relationship with Qliro Financial Services and many applied through the app. This provides very low customer acquisition costs and the opportunity of issuing selective credits through identification of people with good creditworthiness. Initially, individuals can borrow SEK 20,000 to SEK 350,000 without collateral with a payback

period of 2 to 15 years at an individually set interest rate. The average duration on existing personal loans is naturally significantly longer than for other products. The credit rating is automated and based on a combination of internal and external data. Qliro Financial Services has good prospects for a cost-effective acceleration of this business.

### Organization at sufficient level

Qliro Financial Services continued to recruit, primarily for commercial, technical and regulatory roles. As a result, personnel costs increased by SEK 7 million in the quarter and SEK 25 million for the year. These initiatives contributed to increased operating expenses to SEK 55 (40) million in the quarter.

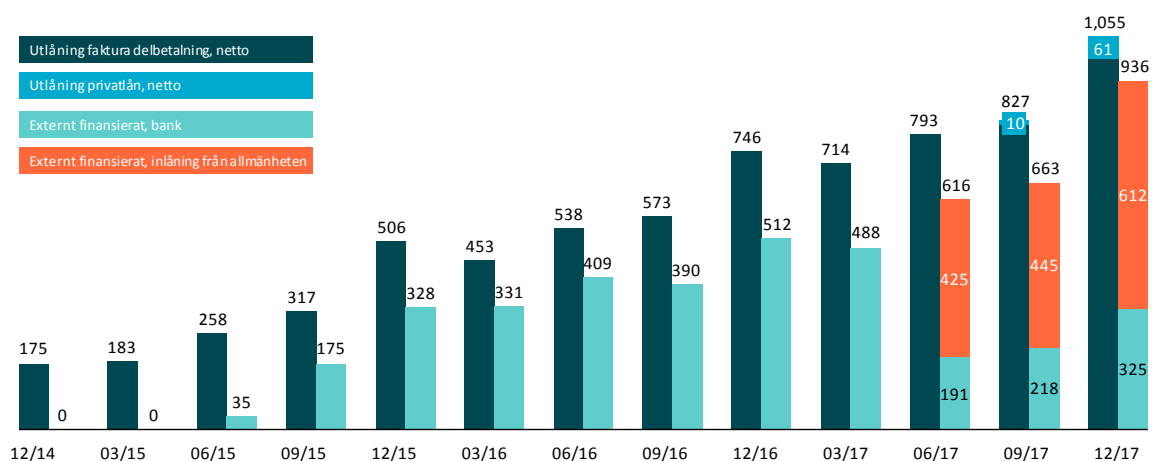
Qliro Financial Services' organization has now reached a sufficient size to manage a substantial expansion of the loan book with the existing offering without a significant increase in the number of employees.

During the second half of 2017, credit losses amounted to SEK 13 million, compared to SEK 10 million in the second half of 2016. This increase is lower than the growth in the loan book. However, credit losses were distributed differently between the third and fourth quarters. In the fourth quarter of 2016, a reduction of reserves for credit losses were a positive post after divestment of overdue consumer credits, while in the fourth quarter of 2017 they increased with SEK 7 million. This led to operating income before depreciation, amortization and impairment decreasing to SEK 11.1 (15.4) million for the quarter. Operating income before depreciation and amortization increased to SEK 22.2 (19.9) million for the second half of the year.

### Capital adequacy and funding

Qliro AB is under the supervision of the Swedish Financial Supervisory Authority (FI). The capital base was SEK 215 million, the total risk exposure was SEK 1,051 million and the core capital ratio was 20.5 percent of the risk exposure amount as of December 31, 2017. Qliro Group provides Qliro AB with capital as needed to support the company's growth and capital needs. At year-end, net lending to the public amounted to SEK 1,055 (754) million of which SEK 994 million was for invoices and partial payments and SEK 61 million was for personal loans.

In addition to equity, the lending was financed with SEK 325 (512) million via a secured credit facility and SEK 612 million through public deposits (savings accounts) in Sweden. Of the deposits from the public, 99.9 percent were protected by the deposit guarantee in Sweden. Of all deposits from the public, 75 percent had floating interest rates and 25 percent had fixed interest rates with a remaining average maturity of approximately eight months as of December 31, 2017 (initially 1-year fixed interest rate). Funding through the credit facility is mainly used for lending to the public (invoice and partial payment) in other Nordic countries.



### Changes to accounting policies

New rules for the reporting of financial instruments, IFRS 9, were introduced on January 1, 2018. They primarily affect Qliro Group through Qliro Financial Services' credit loss reserves. According to IFRS 9, reserves for credit losses shall be made directly when a credit is issued, instead of as previously when there is an indication of increased credit risk. This results in earlier and higher recognition of the reserves for credit losses than before, but it will not affect cash flow or underlying credit risk.

The Qliro Financial Services balance sheet at year-end 2017 included accumulated reserves of SEK 31 million for future credit losses. In the opening balance of 2018, the reserves increased by SEK 24 million due to the transition to IFRS 9. These reserves affect the balance sheet items Shareholders' equity and Lending to the public, but will not impact the profit or loss statement. Most of the additional reserves stem from credits where at year-end there was no indication of impaired payment ability, and for which no provision had been made in accordance with previous accounting rules. From January 1, reserves for projected credit losses will be made directly when credit is issued and impact the results.

In order to facilitate comparison for the future, it could be noted that if IFRS 9 had been introduced at the beginning of 2017, the provisions for credit reserves for loans issued before the beginning of 2017 would have been SEK 17 million, which indicates that running provisions for credit reserves would have been SEK 7 million higher in 2017.

#### **New Head of Qliro Financial Services**

Carolina Brandtman has been appointed new Head of Qliro Financial Service and will join in the fourth quarter of 2018 at the latest. Eva-Lotta Berg Ljungström serves as interim Head of Qliro Financial Services.

## DISCONTINUED OPERATIONS AND OTHER INFORMATION

### Discontinued operations (Lekmer, Tretti and Health and Sports Nutrition Group)

Qliro Group divested Tretti AB in the third quarter of 2016, Lekmer AB in the third quarter of 2017 and Health and Sports Nutrition Group HSNG AB in the first quarter of 2018. These companies are recognized as discontinued operations in the group accounts. This report shows continuing operations (including historical comparative figures in income statements and cash flow reports) unless otherwise stated.

On June 30, 2017, Qliro Group completed the sale of Lekmer AB to Babyshop. Lekmer was valued at SEK 90 million on a debt-free basis with normalized working capital. The result of the divestment of shares including divestment expenses was SEK -2.2 million.

On January 30, 2018, Qliro Group sold Health and Sports Nutrition Group HSNG AB to Orkla. HSNG was valued at SEK 360 million on a debt-free basis with normalized working capital. The Group's carrying amount for HSNG shares amounted to SEK 202.1 million at the end of 2017. Final results will be recognized in the first quarter.

Earnings after tax for discontinued operations amounted to SEK -37.3 (-16.2) million for the quarter and SEK -52.1 (-192.4) million for the year. In the second quarter, this consists of the earnings effect from Lekmer's operating earnings and transaction-related expenses. In the third quarter, this consists of the earnings effect from Lekmer's operating earnings, the earnings effect from divestment of Lekmer shares and transaction-related expenses. In the fourth quarter, this consists of the earnings effect from HSNG's operating earnings, transaction-related expenses and a Group contribution of SEK 24.5 (-2.5) million from discontinued operations to continuing operations. In the first quarter of 2018, the result for discontinued operations is affected by the earnings effect from HSNG's operating earnings, the earnings effect from divestment of HSNG and transaction-related expenses.

### Parent company

The Qliro Group AB parent company reported sales of SEK 6.7 (4.6) million for the quarter and SEK 27.1 (17.5) million for the year. Earnings before tax totaled SEK 47.1 million (-56.1) for the quarter and SEK -41.6 (-198.6) for the year. Cash and cash equivalents in the parent company amounted to SEK 545.1 (422.6) million at year-end.

### Accounting policies and valuation principles

This report was prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The interim report for the parent company has been prepared in accordance with the Annual Accounts Act. The Group's consolidated financial statements were prepared according to the same accounting policies and calculation methods as the 2016 annual accounts, with the following exceptions related to Qliro Financial Services.

In connection with subsidiary Qliro AB becoming a credit market company in March 2017, Qliro Group changed its internal presentation of the Qliro Financial Services segment. Because of the change in presentation, the presentation of the Qliro Financial Services segment has also changed compared to the 2016 annual report. Unlike in the past, net interest income is now presented for Qliro Financial Services. At the same time, a review has been done of the items that are considered part of the effective interest for assets and liabilities. Paid commissions and similar fees directly attributable to acquiring assets in Qliro Financial Services are considered part of the effective interest, thereby reducing interest income on receivables. That which is recognized in the segment reporting for Qliro Financial Services as interest income is recognized as net sales for the Group. Similarly, interest expenses in Qliro Financial Services are included in the cost of sales for the Group. The parent company's financial statements were prepared according to the same accounting policies and calculation methods as the 2016 annual accounts. See page 25 for more information.

IFRS 9 primarily affect Qliro Group through Qliro Financial Services' credit loss reserves. According to IFRS 9, reserves for credit losses shall be made directly when a credit is issued, instead of as previously when there is an indication of increased credit risk. From January 1, 2018, reserves for projected credit losses will be made directly when credit is issued and impact the results.

The implementation and application of IFRS 15 will not result in any material changes in revenue recognition as Qliro Group reports revenue in a manner that is consistent with the requirements of IFRS 15. Note, however, that Qliro Group is affected by the increased disclosure requirements, thus providing more information for a more transparent income reporting.

Work on IFRS 16 continues, and the status is essentially the same as disclosed in the 2016 Annual Report.

### **Risks and uncertainties**

Several factors affect, or may come to affect, directly or indirectly, the operations of the Qliro Group. These factors can be divided into industry and market risks, operational risks, financial risks and legal risks. In addition to these risks, there are specific risks for Qliro Financial Services. Industry and market risks include market developments in e-commerce, seasonal variations, risks related to fashion trends, the economic situation and consumer purchasing power. Operational risks include interruptions or deficiencies in IT and control systems, supplier relationships, inventories and distribution. Financial risks include currency risk, credit risk, interest rate risk and liquidity risk. Legal risks include legislation and compliance, as well as intellectual property rights. The most prominent risks for Qliro Financial Services include financial risks (see above), business risk/strategic risk and operational risks. Risks to Qliro Financial Services may change as credit market companies are permitted to launch new products. The 2016 annual report contains a more comprehensive description of the risks and uncertainty factors affecting the Group in the Management Report and under Note 21.

### **CDON Alandia**

Finnish customs authorities are investigating a subsidiary of CDON AB, the Åland company CDON Alandia, on suspicion of tax fraud. Like other companies in the industry, CDON.com has chosen to serve its Finnish customers from Åland. The company has been in operation since 2007 and has been fully transparent for the relevant authorities, who have routinely reviewed it, most recently as part of a customs audit in 2010 and a tax audit in 2012. CDON AB is fully assisting in the investigation and is still of the opinion that the company acts in accordance with relevant laws and regulations.

In late 2015, the Finnish Tax Administration ordered a supplementary tax on CDON AB's Finnish subsidiary CDON Alandia AB for the 2012 financial year in the amount of about EUR 3.8 million and imposed tax surcharges of about EUR 1.9 million on the company. CDON Alandia asserts that the company acted correctly and is in compliance with applicable legislation and appealed the decision to the Administrative Court of Helsinki in Finland in the first quarter of 2016, which has not yet considered the case. No date for the judicial review has yet to be announced.

On 12 January 2017, Qliro Group announced that CDON Alandia AB had paid EUR 5.9 million at the request of the Åland authorities attributable to the tax claim previously made by the Finnish Tax Administration for the financial year 2012, pending the tax dispute ruling. CDON Alandia and its advisers still assert that the company acted correctly and in compliance with applicable legislation. In light of this, the company has not expensed the amount paid.

### **Transactions with related parties**

Transactions with related parties are presently of the same character as described in the 2016 annual report.

### **Interim report for the first quarter of 2018**

Qliro Group's interim report for the first quarter will be published on April 20, 2018.

### **Nomination Committee**

Qliro Group's board chairman convened a nomination committee to prepare proposals for the company's 2018 AGM. The Nomination Committee consists of Lars-Johan Jarnheimer in his role as board chairman of Qliro Group, Cristina Stenbeck, appointed by Kinnevik AB, Christoffer Häggblom, appointed by Rite Ventures, and Stefan Roos, appointed by Origo Capital. The members of the Nomination Committee have at their first meeting appointed Cristina Stenbeck as the Nomination Committee Chairman.

Shareholders who wish to propose members for Qliro Group's board of directors may submit written proposals to [ir@qlirogroup.com](mailto:ir@qlirogroup.com) or to Qliro Group AB (publ), attn: Company Secretary, Box 195 25, 104 32 Stockholm, Sweden.

### **Dividend**

The Board of Directors will propose to the 2018 AGM that no dividend be paid to shareholders for the financial year ended December 31, 2017, and that retained earnings be carried forward into the 2018 accounts.

### 2018 Annual General Meeting

The AGM for 2018 will be held on May 22, 2018, in Stockholm, Sweden. Shareholders wishing to have a matter addressed at the AGM should send a written request to [ir@qlirogroup.com](mailto:ir@qlirogroup.com), or to Qliro Group AB (publ), attn: Company Secretary, Box 195 25, 104 32 Stockholm, Sweden. To be certain that a matter can be included in the notice of the AGM, the request must be received no later than seven weeks prior to the AGM. Further details on how and when to give notice to attend will be published in advance of the AGM. The 2017 Annual Report will be available at [www.qlirogroup.com](http://www.qlirogroup.com) and the head office at Sveavägen 151 in Stockholm at least three weeks prior to the 2018 AGM.

This report has not been subject to review by the Group's auditor.

Stockholm, January 31, 2018

Lars-Johan Jarnheimer <i>Chairman</i>	Caren Genthner-Kappesz <i>Board member</i>	Daniel Mytnik <i>Board member</i>	Peter Sjunnesson <i>Board member</i>
Christoffer Häggblom <i>Board member</i>	Erika Söderberg Johnson <i>Board member</i>	Jessica Pedroni Thorell <i>Board member</i>	Marcus Lindqvist <i>CEO</i>

Qliro Group AB (publ.)  
Registered office: Stockholm  
Corporate ID number: 556035-6940  
Postal address: Box 195 25, 104 32 Stockholm, Sweden  
Street address: Sveavägen 151, 113 46, Stockholm, Sweden

### Conference call

Analysts, investors and the media are invited to a conference call today at 10 a.m. To participate in the conference call, please dial:

Sweden: 08 5033 6574

UK: +44 330 336 9105

US: +1 323 794 2551

The pin code to access this call is 7238530.

The presentation material and webcast will be published at [www.qlirogroup.com](http://www.qlirogroup.com).

### For additional information, please visit [www.qlirogroup.com](http://www.qlirogroup.com) or contact:

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Mathias Pedersen, Chief Financial Officer

Telephone: +46 (0)10 703 20 00

Niclas Lilja, Head of Investor Relations

Telephone: +46 (0)736 511 363

[ir@qlirogroup.com](mailto:ir@qlirogroup.com)

### About Qliro Group

Qliro Group is a leading Nordic e-commerce group in consumer goods, lifestyle products and related financial services. Qliro Group operates the leading Nordic marketplace CDON.COM, the online fashion brand Nelly.com and Qliro Financial Services that offers financial services to merchants and consumers. In 2017 the Group had sales of SEK 3.4 billion. Qliro Group's shares are listed on the Nasdaq Stockholm Mid-Cap segment under the ticker symbol QLRO.

*This information is information that Qliro Group AB is required to disclose under the EU Market Abuse Regulation. This information was released for publication through the agency of the above-mentioned contacts at 8:00 a.m. CET on January 31, 2018.*

Consolidated Income Statement, fourth quarter SEK million	E-commerce		Qliro FS		Eliminations <sup>1</sup>		Qliro Group	
	2017	2016	2017	2016	2017	2016	2017	2016
Net sales	1,134.6	1,055.5	64.1	45.6	1.1	-0.8	1,199.8	1,100.3
Cost of goods and services	-920.5	-860.1	-19.2	-9.2	1.6	-0.5	-938.1	-869.8
<b>Gross profit</b>	<b>214.1</b>	<b>195.4</b>	<b>44.9</b>	<b>36.4</b>	<b>2.7</b>	<b>-1.3</b>	<b>261.7</b>	<b>230.5</b>
Sales and administration expenses	-185.3	-162.4	-46.6	-32.8	1.5	0.8	-230.4	-194.4
Other operating income and expenses, net	1.1	-0.2	4.7	7.5	-1.5	-0.8	4.3	6.6
<b>Operating profit or loss</b>	<b>29.9</b>	<b>32.8</b>	<b>3.0</b>	<b>11.2</b>	<b>2.7</b>	<b>-1.3</b>	<b>35.6</b>	<b>42.7</b>
Net interest & other financial items	-2.7	4.8	-0.2	0.0	-	-	-2.9	4.8
<b>Net profit or loss before tax and group contribution</b>	<b>27.1</b>	<b>37.6</b>	<b>2.8</b>	<b>11.2</b>	<b>2.7</b>	<b>-1.3</b>	<b>32.6</b>	<b>47.5</b>
Group contribution, net	22.5	-0.1	2.0	-2.4	-	-	24.5	-2.5
Tax							-12.9	-8.7
<b>Net profit or loss for continued operations</b>							<b>44.2</b>	<b>36.3</b>
Net profit or loss for discontinued operations							-37.3	-16.2
<b>Total net profit or loss for continued and discontinued operations</b>							<b>6.9</b>	<b>20.1</b>
<i>Attributable to:</i>								
Equity holders of the parent							6.9	20.1
Non-controlling interests							-	0.0
<b>Net income for the period</b>							<b>6.9</b>	<b>20.1</b>
Basic earnings per share including discontinued operations before dilution, SEK							0.05	0.13
Basic earnings per share including discontinued operations after dilution, SEK							0.05	0.13

<sup>1</sup> Including adjustment related to differences in phasing of costs/revenues.

Consolidated Statement of Comprehensive Income, fourth quarter SEK million	Qliro Group	
	2017	2016
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Translation difference for the period	0.2	0.1
<b>Total comprehensive income for period</b>	<b>7.1</b>	<b>20.2</b>
<i>Total comprehensive income attributable to:</i>		
Parent company shareholders	7.1	20.2
Non-controlling interests	-	0.0
<b>Total comprehensive income for the period</b>	<b>7.1</b>	<b>20.2</b>
Shares outstanding at period's end, basic, million	149.3	149.3
Shares outstanding at period's end, diluted, million	151.4	149.3
Average number of shares, basic, million	149.3	149.3
Average number of shares, diluted, million	151.4	149.3

Qliro FS is used as an abbreviation for the Qliro Financial Services segment.

Consolidated Income Statement, year SEK million	E-commerce		Qliro FS		Eliminations <sup>1</sup>		Qliro Group	
	2017	2016	2017	2016	2017	2016	2017	2016
Net sales	3,179.8	3,016.3	220.1	147.1	-3.2	-4.9	3,396.7	3,158.5
Cost of goods and services	-2,566.5	-2,544.4	-72.4	-54.3	4.9	5.8	-2,634.0	-2,592.8
<b>Gross profit</b>	<b>613.3</b>	<b>471.9</b>	<b>147.7</b>	<b>92.8</b>	<b>1.6</b>	<b>0.9</b>	<b>762.7</b>	<b>565.7</b>
Sales and administration expenses	-605.3	-535.4	-167.8	-109.7	5.8	2.9	-767.3	-642.2
Other operating income and expenses, net	12.6	-0.3	18.6	19.2	-5.8	-2.9	25.4	16.0
<b>Operating profit or loss</b>	<b>20.6</b>	<b>-63.7</b>	<b>-1.5</b>	<b>2.3</b>	<b>1.6</b>	<b>0.9</b>	<b>20.7</b>	<b>-60.5</b>
Net interest & other financial items	-7.1	-	-0.4	0.0	-	-	-7.5	0.0
<b>Net profit or loss before tax and group contribution</b>	<b>13.5</b>	<b>-63.7</b>	<b>-1.9</b>	<b>2.3</b>	<b>1.6</b>	<b>0.9</b>	<b>13.2</b>	<b>-60.5</b>
Group contribution, net	22.5	56.1	2.0	-2.4	-	-	24.5	53.6
Tax							-8.9	12.9
<b>Net profit or loss for continued operations</b>							<b>28.8</b>	<b>6.0</b>
Net profit or loss for discontinued operations							-52.1	-192.4
<b>Total net profit or loss for continued and discontinued operations</b>							<b>-23.3</b>	<b>-186.4</b>
<i>Attributable to:</i>								
Equity holders of the parent							-23.3	-185.7
Non-controlling interests							-	-0.7
<b>Net income for the period</b>							<b>-23.3</b>	<b>-186.4</b>
Basic earnings per share including discontinued operations before dilution, SEK							-0.16	-1.24
Basic earnings per share including discontinued operations after dilution, SEK							-0.16	-1.24

<sup>1</sup> Including group adjustment related to differences in phasing of costs/revenues

Consolidated Statement of Comprehensive Income, year SEK million	Qliro Group	
	2017	2016
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Translation difference for the period	-0.6	4.7
<b>Total comprehensive income for period</b>	<b>-23.9</b>	<b>-181.7</b>
<i>Total comprehensive income attributable to:</i>		
Parent company shareholders	-23.9	-181.0
Non-controlling interests	-	-0.7
<b>Total comprehensive income for the period</b>	<b>-23.9</b>	<b>-181.7</b>
Shares outstanding at period's end, million	149.3	149.3
Shares outstanding at period's end, diluted, million	151.3	149.3
Average number of shares, basic, million	149.3	149.3
Average number of shares, diluted, million	151.3	149.3



Consolidated Statement of Financial Position SEK million	E-Commerce		Qliro FS		Eliminations		Qliro Group	
	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec
	2017	2016	2017	2016	2017	2016	2017	2016
<b>Non-current assets</b>								
Goodwill	63.0	211.5	-	-	-	-	63.0	211.5
Other intangible assets	85.2	172.3	130.2	86.1	-	-	215.5	258.4
<b>Total intangible assets</b>	<b>148.2</b>	<b>383.8</b>	<b>130.2</b>	<b>86.1</b>	-	-	<b>278.5</b>	<b>469.9</b>
Tangible assets	11.6	19.0	12.0	9.3	-	-	23.6	28.3
Deferred tax asset	107.6	120.3	-	1.7	-	-	107.6	122.0
<b>Total non-current assets</b>	<b>267.4</b>	<b>523.2</b>	<b>142.2</b>	<b>97.0</b>	-	-	<b>409.7</b>	<b>620.3</b>
<b>Current assets</b>								
Inventories	447.5	547.9	-	-	-	-	447.5	547.9
Loans to the public <sup>1</sup>	-	-	1,054.8	754.2	-	-	1,054.8	570.4
Current interest-bearing investments	-	-	65.2	-	-	-	65.2	-
Current non-interest bearing receivables	259.0	183.9	10.0	4.4	6.8	-9.1	275.8	363.0
Cash and cash equivalents	553.8	435.2	70.9	0.0	-	-	624.7	435.2
<b>Total current assets</b>	<b>1,260.4</b>	<b>1,166.9</b>	<b>1,200.9</b>	<b>758.7</b>	<b>6.8</b>	<b>-9.1</b>	<b>2,468.1</b>	<b>1,916.4</b>
Total assets held for sale	365.7	-	-	-	-	-	365.7	-
<b>Total assets</b>	<b>1,893.6</b>	<b>1,690.1</b>	<b>1,343.1</b>	<b>855.7</b>	<b>6.8</b>	<b>-9.1</b>	<b>3,243.5</b>	<b>2,536.7</b>
<b>Equity</b>								
Equity attributable to owners of the parent	664.3	730.9	345.4	295.3	-	-	1,009.6	1,026.2
<b>Total equity</b>	<b>664.3</b>	<b>730.9</b>	<b>345.4</b>	<b>295.3</b>	-	-	<b>1,009.6</b>	<b>1,026.2</b>
<b>Non-current liabilities</b>								
<i>Non interest bearing</i>								
Deferred tax liability	0.6	12.4	-	-	-	-	0.6	12.4
Other provisions	3.2	4.8	-	-	-	-	3.2	4.8
<i>Interest bearing</i>								
Loan Facility <sup>2</sup>	-	-	324.6	-	-	-	324.6	-
Bond	250.0	-	-	-	-	-	250.0	-
Financial leasing liabilities	-	-	2.6	0.8	-	-	2.6	0.8
<b>Total non-current liabilities</b>	<b>253.7</b>	<b>17.3</b>	<b>327.2</b>	<b>0.8</b>	-	-	<b>581.0</b>	<b>18.0</b>
<b>Current liabilities</b>								
Loan Facility <sup>2</sup>	-	-	-	511.8	-	-	-	511.8
Deposits from the public	-	-	611.8	-	-	-	611.8	-
Financial leasing liabilities	-	-	2.3	0.6	-	-	2.3	0.6
Current non-interest bearing liabilities	812.0	941.9	56.4	47.1	6.8	-9.1	875.2	979.9
<b>Total current liabilities</b>	<b>812.0</b>	<b>941.9</b>	<b>670.5</b>	<b>559.6</b>	<b>6.8</b>	<b>-9.1</b>	<b>1,489.3</b>	<b>1,492.4</b>
Total liabilities related to assets held for sale	163.6	-	-	-	-	-	163.6	-
<b>Total equity and liabilities</b>	<b>1,893.6</b>	<b>1,690.1</b>	<b>1,343.1</b>	<b>855.7</b>	<b>6.8</b>	<b>-9.1</b>	<b>3,243.5</b>	<b>2,536.7</b>

The carrying amounts are considered to be reasonable approximations of fair value for all financial assets and financial

<sup>1</sup> Loans to the public are recognized at net value i.e. after deduction of bad debts.

<sup>2</sup> The Loan facility is reclassified from short-term to long-term interest bearing liability due to extended contract period.

Statement of changes in Equity SEK million	2017 31-Dec	2016 31-Dec
<b>Opening balance January</b>	<b>1,026.2</b>	<b>1,205.4</b>
Comprehensive income for the period	-23.9	-181.6
Effects of long term incentive program	7.9	2.5
Divestment of minority	-0.6	-
<b>Closing balance</b>	<b>1,009.6</b>	<b>1,026.2</b>

Consolidated Statement of Cash Flow, fourth quarter SEK million	E-commerce		Qliro FS		Eliminations		Qliro Group	
	2017	2016	2017	2016	2017	2016	2017	2016
Cash flow from operating activities before changes in working capital	42.0	58.6	11.7	10.9	-	-	53.7	69.5
Changes in working capital <sup>1</sup>	165.2	195.6	6.5	-41.4	-	-	171.7	154.2
<b>Cash flow from operations</b>	<b>207.2</b>	<b>254.2</b>	<b>18.2</b>	<b>-30.5</b>	-	-	<b>225.4</b>	<b>223.7</b>
Investments in non-current assets	-13.0	-10.5	-19.0	-17.5	-	-	-32.0	-28.0
Divested operations <sup>2</sup>	11.5	-	-	-	-	-	11.5	-
<b>Cash flow to/from investing activities</b>	<b>-1.5</b>	<b>-10.5</b>	<b>-19.0</b>	<b>-17.5</b>	-	-	<b>-20.5</b>	<b>-28.0</b>
Group contribution, net change	-	-75.0	-	50.0	-	-	-	-25.0
Other cash flow from/to financing activities	5.7	-	-	-	-	-	5.7	-
<b>Cash flow to/from financing activities</b>	<b>5.7</b>	<b>-75.0</b>	-	<b>50.0</b>	-	-	<b>5.7</b>	<b>-25.0</b>
<b>Change in cash and cash equivalents for the period from continued</b>	<b>211.4</b>	<b>168.7</b>	<b>-0.8</b>	<b>2.0</b>	-	-	<b>210.6</b>	<b>170.7</b>
<i>Cash flow from discontinued operations</i>								
Cash flow from operations	-10.1	61.3	-	-	-	-	-10.1	61.3
Cash flow from investing activities	-2.7	-3.3	-	-	-	-	-2.7	-3.3
Cash flow from financing activities	-	25.0	-	-	-	-	-	25.0
<b>Change in cash and cash equivalents for the period from discontinued operations</b>	<b>-12.7</b>	<b>83.0</b>	-	-	-	-	<b>-12.7</b>	<b>83.0</b>
<b>Change in cash and cash equivalents for the period</b>	<b>198.6</b>	<b>251.7</b>	<b>-0.8</b>	<b>2.0</b>	-	-	<b>197.9</b>	<b>253.7</b>
<b>Cash and cash equivalents at period's start</b>							<b>433.8</b>	<b>180.9</b>
Translation difference, cash and cash equivalents							-0.2	0.6
Less cash from discontinued operations							-7.0	-
<b>Cash and cash equivalents at period's end</b>							<b>624.7</b>	<b>435.2</b>

<sup>1</sup> Utilised credit facilities within Qliro FS are reported as changes in working capital to follow new reporting structure

<sup>2</sup> Divested operations Oct-Dec 2017 comprises consideration related to the sale of Lekmer AB.

Consolidated Statement of Cash Flow, year SEK million	E-Commerce		Qliro FS		Eliminations		Qliro Group	
	2017	2016	2017	2016	2017	2016	2017	2016
Cash flow from operating activities before changes in working capital	66.8	-2.8	27.0	13.8	-	-	93.7	11.0
Changes in working capital <sup>3</sup>	-145.2	11.5	76.8	-25.9	-	-	-68.3	-14.4
<b>Cash flow from operations</b>	<b>-78.4</b>	<b>8.7</b>	<b>103.8</b>	<b>-12.1</b>	-	-	<b>25.4</b>	<b>-3.4</b>
Investments in non-current assets	-32.6	-29.4	-74.5	-56.4	-	-	-107.0	-85.8
Divested operations <sup>2</sup>	11.5	250.0	-	-	-	-	11.5	250.0
<b>Cash flow to/from investing activities</b>	<b>-21.0</b>	<b>220.6</b>	<b>-74.5</b>	<b>-56.4</b>	-	-	<b>-95.5</b>	<b>164.2</b>
New share issue in Qliro Financial Services	-	-50.0	-	50.0	-	-	-	-
Shareholder contribution, net change	-44.0	-	44.0	-	-	-	-	-
Group contribution, net change	-0.1	-237.1	-2.4	202.1	-	-	-2.5	-35.0
Issued unsecured bond <sup>1</sup>	246.3	-	-	-	-	-	246.3	-
Other cash flow from/to financing activities <sup>4</sup>	90.0	-33.0	-	-	-	-	90.0	-33.0
<b>Cash flow to/from financing activities</b>	<b>292.2</b>	<b>-320.1</b>	<b>41.6</b>	<b>252.1</b>	-	-	<b>333.7</b>	<b>-68.0</b>
<b>Change in cash and cash equivalents for the period from continued operations</b>	<b>192.8</b>	<b>-90.8</b>	<b>70.9</b>	<b>183.6</b>	-	-	<b>263.6</b>	<b>92.8</b>
<i>Cash flow from discontinued operations</i>								
Cash flow from operations	-35.2	11.0	-	-	-	-	-35.2	11.0
Cash flow from investing activities	-8.2	-11.4	-	-	-	-	-8.2	-11.4
Cash flow from financing activities	2.5	68.0	-	-	-	-	2.5	68.0
<b>Change in cash and cash equivalents for the period from discontinued operations</b>	<b>-40.9</b>	<b>67.6</b>	-	-	-	-	<b>-40.9</b>	<b>67.6</b>
<b>Change in cash and cash equivalents for the period</b>	<b>151.9</b>	<b>-23.1</b>	<b>70.9</b>	<b>183.6</b>	-	-	<b>222.8</b>	<b>160.5</b>
<b>Cash and cash equivalents at period's start</b>							<b>435.2</b>	<b>324.2</b>
Translation difference, cash and cash equivalents							0.0	2.2
Less cash from discontinued operations							-33.2	-51.6
<b>Cash and cash equivalents at period's end</b>							<b>624.7</b>	<b>435.2</b>

<sup>1</sup> Issued a three-year senior unsecured bond in the amount of SEK 250,0 million

<sup>2</sup> Divested operations Jan-Dec 2017 comprises consideration related to the sale of Lekmer AB

<sup>3</sup> Utilised credit facilities within Qliro FS are reported as changes in working capital to follow new reporting structure

<sup>4</sup> Other cash flow from/to financing activities comprises repayment of external loan from Babyshop related to the sale of Lekmer AB

Net Sales by Segment	2017	2017	2017	2017	2017	2016	2016	2016	2016	2016
SEK million	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1	Full year
CDON	733.1	353.5	386.8	389.8	1,863.2	657.8	333.4	356.9	403.1	1,751.0
Nelly	400.3	277.5	364.8	267.1	1,309.7	392.4	252.5	331.0	268.0	1,244.0
Group central operations	2.4	2.1	2.5	1.3	8.3	2.4	1.1	1.8	2.0	7.3
Eliminations within E-commerce	-1.2	-0.8	-0.1	0.7	-1.4	2.9	4.1	3.6	3.4	14.0
<b>Total E-commerce</b>	<b>1,134.6</b>	<b>632.3</b>	<b>754.0</b>	<b>659.0</b>	<b>3,179.8</b>	<b>1,055.5</b>	<b>591.0</b>	<b>693.3</b>	<b>676.5</b>	<b>3,016.3</b>
Qliro FS	64.1	54.9	52.5	48.5	220.1	45.6	42.2	30.6	28.7	147.1
<b>Total Qliro FS</b>	<b>64.1</b>	<b>54.9</b>	<b>52.5</b>	<b>48.5</b>	<b>220.1</b>	<b>45.6</b>	<b>42.2</b>	<b>30.6</b>	<b>28.7</b>	<b>147.1</b>
Eliminations between E-commerce and Qliro FS	-1.6	-1.1	-1.2	-0.9	-4.9	-0.8	-1.5	-1.4	-1.3	-4.9
Group Adjustment <sup>1</sup>	2.7	0.2	0.1	-1.4	1.6	-	-	-	-	-
<b>Qliro Group Consolidated Total</b>	<b>1,199.8</b>	<b>686.4</b>	<b>805.4</b>	<b>705.3</b>	<b>3,396.7</b>	<b>1,100.3</b>	<b>631.8</b>	<b>722.5</b>	<b>703.9</b>	<b>3,158.5</b>
<b>Eliminations within E-commerce</b>										
CDON	0.1	0.1	0.5	0.5	1.1	1.4	0.9	1.4	0.9	4.5
Group central operations	1.1	0.7	-0.4	-1.2	0.2	-4.3	-4.9	-5.0	-4.3	-18.5
<b>Total eliminations within E-commerce</b>	<b>1.2</b>	<b>0.8</b>	<b>0.1</b>	<b>-0.7</b>	<b>1.4</b>	<b>-2.9</b>	<b>-4.1</b>	<b>-3.6</b>	<b>-3.4</b>	<b>-14.0</b>
<b>Eliminations between E-commerce and Qliro FS</b>										
CDON	1.2	0.8	0.8	0.6	3.4	0.7	0.9	0.6	0.7	2.8
Nelly	0.4	0.3	0.4	0.2	1.3	0.1	0.2	0.3	0.2	0.8
Group central operations	0.0	0.0	0.1	0.0	0.2	0.0	0.4	0.5	0.5	1.4
<b>Total eliminations between E-commerce and Qliro FS</b>	<b>1.6</b>	<b>1.1</b>	<b>1.2</b>	<b>0.9</b>	<b>4.9</b>	<b>0.8</b>	<b>1.5</b>	<b>1.4</b>	<b>1.3</b>	<b>4.9</b>
<b>Operating profit by Segment</b>										
SEK million	2017	2017	2017	2017	2017	2016	2016	2016	2016	2016
SEK million	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1	Full year
CDON	6.2	-16.3	-17.9	-12.3	-40.3	16.7	-17.0	-11.6	-25.4	-37.3
Nelly	34.4	18.2	40.0	6.6	99.2	30.4	-3.1	10.6	-7.7	30.1
Group central operations	-10.7	-10.2	-7.6	-9.8	-38.2	-14.2	-23.6	-8.8	-9.9	-56.6
<b>Total E-commerce</b>	<b>29.9</b>	<b>-8.3</b>	<b>14.5</b>	<b>-15.5</b>	<b>20.6</b>	<b>32.8</b>	<b>-43.7</b>	<b>-9.9</b>	<b>-43.0</b>	<b>-63.7</b>
Qliro FS	3.0	3.6	-5.6	-2.6	-1.5	11.2	0.0	-4.1	-4.9	2.3
<b>Total Qliro FS</b>	<b>3.0</b>	<b>3.6</b>	<b>-5.6</b>	<b>-2.6</b>	<b>-1.5</b>	<b>11.2</b>	<b>0.0</b>	<b>-4.1</b>	<b>-4.9</b>	<b>2.3</b>
Group Adjustment <sup>1</sup>	2.7	0.2	0.1	-1.4	1.6	-1.3	0.3	0.9	1.0	0.9
<b>Qliro Group Consolidated Total</b>	<b>35.6</b>	<b>-4.4</b>	<b>9.0</b>	<b>-19.4</b>	<b>20.7</b>	<b>42.7</b>	<b>-43.4</b>	<b>-13.1</b>	<b>-46.9</b>	<b>-60.5</b>
<b>Inventories by Segment</b>										
SEK million	2017	2017	2017	2017	2016	2016	2016	2016	2016	2016
SEK million	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Mar	31-Mar
CDON	254.5	169.4	166.2	164.4	186.1	140.2	163.4	186.8	186.8	186.8
Nelly	193.0	234.0	169.6	201.7	159.8	232.7	191.2	244.5	244.5	244.5
<b>Total E-commerce</b>	<b>447.5</b>	<b>403.4</b>	<b>335.8</b>	<b>366.1</b>	<b>345.9</b>	<b>372.9</b>	<b>354.7</b>	<b>431.3</b>	<b>431.3</b>	<b>431.3</b>
<b>Qliro Group Consolidated Total for continued operations</b>	<b>447.5</b>	<b>403.4</b>	<b>335.8</b>	<b>366.1</b>	<b>345.9</b>	<b>372.9</b>	<b>354.7</b>	<b>431.3</b>	<b>431.3</b>	<b>431.3</b>
<b>Qliro Group Consolidated Total for continued and discontinued operations<sup>2</sup></b>	<b>550.4</b>	<b>484.2</b>	<b>415.7</b>	<b>556.1</b>	<b>547.9</b>	<b>569.9</b>	<b>581.1</b>	<b>683.5</b>	<b>683.5</b>	<b>683.5</b>

<sup>1</sup> Group Adjustment between Qliro FS and internal clients, related to differences in phasing of costs/revenues.

<sup>2</sup> Including divested operations (HSNG AB, Lekmer AB and Tretti AB)

Parent Company Income Statement				
SEK million	2017	2016	2017	2016
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net Sales	6.7	4.6	27.1	17.5
<b>Gross profit</b>	<b>6.7</b>	<b>4.6</b>	<b>27.1</b>	<b>17.5</b>
Administration expenses	-17.4	-18.9	-65.6	-65.2
<b>Operating profit or loss</b>	<b>-10.6</b>	<b>-14.2</b>	<b>-38.5</b>	<b>-47.7</b>
Profit or loss from shares in subsidiaries <sup>1</sup>	-15.1	-	-76.3	-102.9
Net interest & other financial items	-2.8	3.7	-2.4	-2.3
<b>Profit or loss after financial items</b>	<b>-28.6</b>	<b>-10.5</b>	<b>-117.3</b>	<b>-153.0</b>
Group contribution received	127.0	-	127.0	-
Group contribution paid	-51.3	-45.6	-51.3	-45.6
<b>Profit or loss before tax</b>	<b>47.1</b>	<b>-56.1</b>	<b>-41.6</b>	<b>-198.6</b>
Tax	-13.9	12.2	-7.9	20.9
<b>Net income or net loss for the period</b>	<b>33.2</b>	<b>-44.0</b>	<b>-49.4</b>	<b>-177.7</b>
Parent Company Statement of Comprehensive Income				
SEK million				
<b>Profit or loss for period</b>	<b>33.2</b>	<b>-44.0</b>	<b>-49.4</b>	<b>-177.7</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for period</b>	<b>33.2</b>	<b>-44.0</b>	<b>-49.4</b>	<b>-177.7</b>

<sup>1</sup> Loss from shares in subsidiaries consists primarily of capital gains from the divestment of Lekmer AB

Parent Company Statement of Financial Position SEK million	2017 31-Dec	2016 31/dec
<b>Non-current assets</b>		
Equipment	1.5	1.6
Shares and participating interests in group companies	797.6	808.9
Deferred tax asset	106.3	114.2
<b>Total non-current assets</b>	<b>905.5</b>	<b>924.7</b>
<b>Current assets</b>		
Current non-interest-bearing receivables	31.1	6.5
Receivables from Group companies	164.4	56.7
<b>Total current receivables</b>	<b>195.4</b>	<b>63.1</b>
Cash and bank	545.1	422.6
<b>Total cash and cash equivalents</b>	<b>545.1</b>	<b>422.6</b>
<b>Total current assets</b>	<b>740.6</b>	<b>485.7</b>
<b>Total assets</b>	<b>1,646.1</b>	<b>1,410.4</b>
<b>Equity</b>		
Restricted equity	301.7	301.7
Unrestricted equity	668.4	709.9
<b>Total equity</b>	<b>970.1</b>	<b>1,011.6</b>
<b>Provisions</b>		
Other provisions	3.2	0.7
<b>Total provisions</b>	<b>3.2</b>	<b>0.7</b>
<b>Non-current liabilities</b>		
Bond	250.0	-
<b>Total non-current liabilities</b>	<b>250.0</b>	<b>-</b>
<b>Current liabilities</b>		
Short term interest bearing loans	-	57.0
Liabilities to Group companies	375.9	323.7
Non-interest-bearing liabilities	46.9	17.4
<b>Total current liabilities</b>	<b>422.8</b>	<b>398.1</b>
<b>Total liabilities</b>	<b>672.8</b>	<b>398.8</b>
<b>Total equity and liabilities</b>	<b>1,646.1</b>	<b>1,410.4</b>

Key Ratios	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2017 Full year	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2016 Full year
<b>E-COMMERCE</b>										
Sales growth (%)	7.5	7.0	8.7	-2.6	5.4	-7.9	-7.4	-8.5	2.2	-5.9
Gross profit margin (%)	18.9	20.2	21.5	16.7	19.3	18.5	14.0	15.2	13.1	15.6
Operating margin (%)	2.6	-1.3	1.9	-2.3	0.6	3.1	-4.0	0.3	-3.0	-0.4
Return on equity (%)	1.1	neg	neg	neg	1.1	neg	neg	neg	neg	neg
Return on capital employed (%)	10.4	neg	neg	neg	10.4	neg	neg	neg	neg	neg
Equity/assets ratio (%)	35.1	40.3	42.5	49.0	35.1	43.2	54.2	51.6	52.9	43.2
Net debt (SEK million)	-303.8	-112.2	-239.5	-156.9	-303.8	-435.2	-180.9	-144.9	-138.7	-435.2
Depreciation/Net sales (%)	0.8	1.5	1.5	1.8	1.3	1.5	4.1	1.4	1.4	2.0
Capital Expenditure/Net sales (%)	1.2	1.4	0.8	0.8	1.0	1.0	1.1	1.1	0.8	1.0
<b>CDON</b>										
No. of active customers (thousand)	1,772	1,723	1,711	1,683	1,772	1,707	1,699	1,710	1,705	1,707
No. of visits (thousand)	33,472	18,245	18,480	20,237	90,434	31,181	17,289	16,110	20,459	85,039
No. of orders (thousand)	1,323	663	709	721	3,416	1,249	671	664	790	3,374
Average shopping basket (SEK)	665	665	665	659	664	637	613	620	573	614
<b>Nelly</b>										
No. of active customers (thousand)	1,217	1,178	1,187	1,229	1,217	1,162	1,157	1,178	1,237	1,162
No. of visits (thousand)	32,948	23,408	29,377	24,504	110,237	30,911	21,695	28,607	26,515	107,728
No. of orders (thousand)	905	580	779	568	2,832	837	527	770	601	2,735
Average shopping basket (SEK)	645	719	708	662	681	662	696	634	631	654
<b>QLIRO FINANCIAL SERVICES</b>										
Sales growth (%)	40.5	30.1	71.7	69.1	49.6	108.7	163.8	125.0	191.1	139.9
Return on equity (%)	0.0	0.6	neg	0.5	0.0	0.3	11.9	11.6	neg	0.3
Equity/assets ratio (%)	25.7	31.6	30.3	35.2	25.7	34.5	36.0	31.8	36.9	34.5
Net debt (SEK million)	870.4	596.3	616.0	489.0	870.4	513.2	390.2	408.6	330.7	513.2
Depreciation/Net sales (%)	12.7	13.7	14.1	9.3	12.5	9.2	10.6	9.8	9.4	9.8
Capital Expenditure/Net sales (%)	29.6	15.7	42.4	35.7	33.8	38.3	40.1	37.7	36.5	38.3
<b>GROUP</b>										
Sales growth (%)	9.0	8.6	11.5	0.2	7.5	-9.0	-8.7	-10.7	-0.8	-7.6
Gross profit margin (%)	21.8	24.3	24.1	19.9	22.5	21.0	16.8	17.3	14.8	17.9
Operating margin (%)	3.0	-0.6	1.1	-2.8	0.6	3.9	-6.9	-1.8	-6.7	-1.9
Return on equity (%)	0.8	0.0	neg	neg	0.8	neg	neg	neg	neg	neg
Return on capital employed (%)	1.8	0.5	neg	neg	1.8	neg	neg	neg	neg	neg
Equity/assets ratio (%)	31.1	37.1	38.0	44.1	31.1	40.5	48.5	46.9	50.3	40.5
Net debt (SEK million)	566.6	484.2	376.4	332.1	566.6	78.1	209.3	263.7	192.0	78.1
Depreciation/Net sales (%)	1.4	2.5	2.3	2.4	2.0	1.8	4.5	1.8	1.7	2.3
Capital Expenditure/Net sales (%)	2.7	3.6	3.5	3.2	3.2	2.5	3.7	2.6	2.2	2.7
Basic Earnings per share before and after dilution (SEK) <sup>1</sup>	0.30	0.00	0.03	-0.10	0.19	0.24	-0.42	-0.08	-0.25	0.04
Equity per share (SEK) <sup>2</sup>	6.76	6.76	6.71	6.73	6.76	6.88	6.73	7.03	7.82	6.88
No. of active customers (thousand)	2,989	2,901	2,898	2,912	2,989	2,869	2,856	2,888	2,942	2,869
No. of visits (thousand)	66,420	41,653	47,857	44,741	200,671	62,092	38,984	44,717	46,974	192,767
No. Of orders (thousand)	2,228	1,243	1,488	1,289	6,248	2,086	1,198	1,434	1,391	6,109
Average shopping basket (SEK)	657	690	688	660	672	647	650	627	598	632

Key ratios have been adjusted to enable historical comparisons for continued operations.

<sup>1</sup> Basic Earnings per share for the periods Oct-Dec 2017 and Jan-Dec 2017 have been calculated on the average number of outstanding shares for the respective periods. The weighted average number of shares before dilution for the periods Oct-Dec and Jan-Dec 2017 is 149,269,779. The weighted average number of shares after dilution for the fourth quarter is 151,382,640. For the period Jan-Dec 2017 the weighted average number of shares after dilution amounted to 151,264,223. The dilution is due to Qliro Group's performance share program.

<sup>2</sup> Calculated on present number of shares, which per December 2017 amounts to 149,269,779.

<sup>3</sup> Historical numbers adjusted due to updated methodology for calculation of active customers.

**DEFINITIONS**

Sales growth	The amount by which the average number of sales volume has changed during the period
Gross profit margin	Gross profit as a percentage of net sales. Gross profit includes costs directly attributable to the goods sold, fulfilment costs, and shipping costs
Gross merchandise value	The value of all sold goods on a marketplace
Operating margin	Operating profit as percentage of net sales
Ebit	Earnings before interest and taxes
Ebitda	Earnings before interest, taxes, depreciation, amortization and impairment of intangible and tangible assets
Ebt	Earnings before taxes
Ebtlda	Earnings before taxes excluding depreciation, amortization and impairment of intangible and tangible fixed assets
Return on equity	Net income for the last four quarters as a percentage of average equity for the last four quarters
Return on capital employed	Operating income for the last four quarters as a percentage of average capital employed for the last four quarters
Equity/assets ratio	Equity plus non-controlling interests as a percentage of total assets
Net debt (+) / Net cash (-)	Interest-bearing liabilities less interest-bearing current and non-current assets and cash and cash equivalents
Earnings per share	Earnings for the period attributable to the parent company's shareholders divided by average number of shares for the period
Equity per share	Equity attributable to the parent company's shareholders divided by the number of shares at the end of the period
Capital Expenditure/Net Sales	Investments in tangible non-current assets divided by net sales for the period
Depreciation/Net Sales	Depreciation and impairment of intangible and tangible assets divided by net sales for the period
No. of active customers	Number of customers that have shopped at least once during the past 12 months
No. of visits	Gross number of visits to the Groups online stores
Average shopping basket	(Internet sales + postage income) / No. Incoming orders
Own funds	The sum of Tier 1 capital and supplementary capital for capital adequacy purposes
Risk exposure amount	Total risk-weighted exposure amount is the sum of credit risks, currency risks and operational risk
Minimal capital requirement	The institution shall meet the following capital adequacy requirements: <ul style="list-style-type: none"> <li>i) core capital ratio of 4.5%</li> <li>ii) tier 1 ratio</li> <li>iii) total equity ratio of 8% pursuant to Article 92 (1) of the supervisory regulation</li> </ul>
Combined capital requirement	Core capital to meet the requirement for capital conservation and counter-cyclic capital buffer and buffer for system-weighted institutions pursuant to Article 128 of the capital adequacy directive
Capital ratio	The capital base expressed as a percentage of the total risk-weighted exposure amount pursuant to Article 92 of the Supervision Regulation

## ALTERNATIVE PERFORMANCE MEASURES

Certain key ratios stated in this report are not defined according to generally accepted accounting principles (GAAP), for example IFRS. We consider the following alternative performance measures to be useful to investors because they form the basis for assessing operational performance, along with the comparable GAAP ratios. Alternative performance measures should not be considered in isolation from, or as a substitute for, financial information presented in accordance with GAAP. Alternative performance measures reported by us may not be comparable to similar measures reported by other companies.

### Earnings before interest, taxes, depreciation, amortization and impairment of intangible and tangible assets.

Q4 2017							
SEK million	CDON	Nelly	Central	E-commerce	Qliro FS	Adjustment	Group
Earnings before interest and taxes	6.2	34.4	-10.7	29.9	3.0	2.7	35.6
Items affecting comparability	-	-	-	-	-	-	-
<b>Adjusted Earnings before interest and taxes</b>	<b>6.2</b>	<b>34.4</b>	<b>-10.7</b>	<b>29.9</b>	<b>3.0</b>	<b>2.7</b>	<b>35.6</b>
Depreciation, amortization and impairment	-3.4	-5.2	-0.2	-8.8	-8.1	-	-16.9
<b>Earnings before interest, taxes, depreciation, amortization and impairment</b>	<b>9.6</b>	<b>39.5</b>	<b>-10.5</b>	<b>38.6</b>	<b>11.1</b>	<b>2.7</b>	<b>52.4</b>
Items affecting comparability	-	-	-	-	-	-	-
<b>Adjusted Earnings before interest, taxes, depreciation, amortization and impairment</b>	<b>9.6</b>	<b>39.5</b>	<b>-10.5</b>	<b>38.6</b>	<b>11.1</b>	<b>2.7</b>	<b>52.4</b>

Q4 2016							
SEK million	CDON	Nelly	Central	E-commerce	Qliro FS	Adjustment	Group
Earnings before interest and taxes	16.7	30.4	-14.2	32.8	11.2	-1.3	42.7
Items affecting comparability	-	-	-	-	-	-	0.0
<b>Adjusted Earnings before interest and taxes</b>	<b>16.7</b>	<b>30.4</b>	<b>-14.2</b>	<b>32.7</b>	<b>11.2</b>	<b>-1.3</b>	<b>42.7</b>
Depreciation, amortization and impairment	-6.8	-8.9	-0.2	-15.9	-4.2	-	-20.1
<b>Earnings before interest, taxes, depreciation, amortization and impairment</b>	<b>23.5</b>	<b>39.3</b>	<b>-14.0</b>	<b>48.8</b>	<b>15.4</b>	<b>-1.3</b>	<b>62.9</b>
Items affecting comparability	-	-	-	-	-	-	-
<b>Adjusted Earnings before interest, taxes, depreciation, amortization and impairment</b>	<b>23.5</b>	<b>39.3</b>	<b>-14.0</b>	<b>48.8</b>	<b>15.4</b>	<b>-1.3</b>	<b>62.9</b>

Jan - Dec 2017							
SEK million	CDON	Nelly	Central	E-commerce	Qliro FS	Adjustment	Group
Earnings before interest and taxes	-40.3	99.2	-38.2	20.6	-1.5	1.6	20.7
Items affecting comparability	-	-	-	-	-	-	-
<b>Adjusted Earnings before interest and taxes</b>	<b>-40.3</b>	<b>99.2</b>	<b>-38.2</b>	<b>20.6</b>	<b>-1.5</b>	<b>1.6</b>	<b>20.7</b>
Depreciation, amortization and impairment	-18.9	-22.1	-0.7	-41.7	-27.6	-	-69.3
<b>Earnings before interest, taxes, depreciation, amortization and impairment</b>	<b>-21.4</b>	<b>121.3</b>	<b>-37.5</b>	<b>62.3</b>	<b>26.1</b>	<b>1.6</b>	<b>90.0</b>
Items affecting comparability	-	-	-	-	-	-	-
<b>Adjusted Earnings before interest, taxes, depreciation, amortization and impairment</b>	<b>-21.4</b>	<b>121.3</b>	<b>-37.5</b>	<b>62.3</b>	<b>26.1</b>	<b>1.6</b>	<b>90.0</b>

Jan - Dec 2016							
SEK million	CDON	Nelly	Central	E-commerce	Qliro FS	Adjustment	Group
Earnings before interest and taxes	-37.3	30.1	-56.6	-63.7	2.3	0.9	-60.5
Items affecting comparability	-22.3	-4.2	-8.9	-35.4	-	-	-35.4
<b>Adjusted Earnings before interest and taxes</b>	<b>-15.0</b>	<b>34.3</b>	<b>-47.7</b>	<b>-28.4</b>	<b>2.3</b>	<b>0.9</b>	<b>-25.1</b>
Depreciation, amortization and impairment	-27.2	-29.8	-2.5	-59.4	-14.4	-	-73.8
<b>Earnings before interest, taxes, depreciation, amortization and impairment</b>	<b>-10.1</b>	<b>59.9</b>	<b>-54.1</b>	<b>-4.3</b>	<b>16.7</b>	<b>0.9</b>	<b>13.2</b>
Items affecting comparability	-15.3	-	-8.9	-24.2	-	-	24.2
<b>Adjusted Earnings before interest, taxes, depreciation, amortization and impairment</b>	<b>5.2</b>	<b>59.9</b>	<b>-45.2</b>	<b>19.9</b>	<b>16.7</b>	<b>0.9</b>	<b>37.5</b>

<sup>1</sup> Non-GAAP financial measures are shown for continued operations

### Note 1

Disclosures in accordance with IAS 34.16A are found on the pages before the income statement and statement of other comprehensive income.

### Note 2

The subsidiary Qliro AB reports in accordance to the Annual Accounts Act for Credit Institutions and Securities Companies. This resulted in an adjustment to how the accounts are included in the consolidated financial statements. That which is recognized in the segment reporting for Qliro Financial Services as interest income is recognized as net sales for the Group. Similarly, interest expenses in Qliro Financial Services are included in the cost of sales and services for the Group. Unlike in the past, net interest income (interest income less interest expense) is presented for Qliro Financial Services. At the same time, a review has been done of the items that are considered part of the effective interest for assets and liabilities. Paid commissions and similar fees directly attributable to acquiring assets in Qliro Financial Services are considered part of the effective interest, thereby



reducing interest income on receivables. The change has been implemented from January 1, 2017, and comparative figures have been adjusted for comparability.

The first two tables below show Qliro Financial Services' earnings from a consolidated perspective, using the new and previous presentation methods, respectively. However, consolidated earnings before tax are unchanged.

INCOME STATEMENT, new reporting method	2017	2017	2017	2017	2017	2016	2016	2016	2016	2016
SEK million	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1	Full year
Net sales	64.1	54.9	52.5	48.5	220.1	45.6	42.2	30.6	28.7	147.1
Cost of goods and services	-19.2	-16.1	-20.2	-16.8	-72.4	-9.2	-18.6	-12.2	-14.2	-54.3
<b>Gross profit</b>	<b>44.9</b>	<b>38.8</b>	<b>32.3</b>	<b>31.7</b>	<b>147.7</b>	<b>36.4</b>	<b>23.6</b>	<b>18.4</b>	<b>14.5</b>	<b>92.8</b>
Sales and administration expenses	-46.6	-40.4	-41.9	-39.0	-167.8	-32.8	-27.0	-26.9	-23.0	-109.7
Other operating income and expenses, net	4.7	5.1	4.1	4.7	18.6	7.5	3.4	4.5	3.7	19.2
<b>Operating profit or loss</b>	<b>3.0</b>	<b>3.6</b>	<b>-5.6</b>	<b>-2.6</b>	<b>-1.5</b>	<b>11.2</b>	<b>0.0</b>	<b>-4.1</b>	<b>-4.9</b>	<b>2.3</b>
Net interest & other financial items	-0.2	-0.1	-0.1	0.0	-0.4	0.0	0.0	0.0	0.0	0.0
<b>Net profit or loss before tax <sup>1</sup></b>	<b>2.8</b>	<b>3.5</b>	<b>-5.6</b>	<b>-2.6</b>	<b>-1.9</b>	<b>11.2</b>	<b>0.0</b>	<b>-4.1</b>	<b>-4.9</b>	<b>2.3</b>

INCOME STATEMENT, previous reporting method	2016	2016	2016	2016	2016
SEK million	Q4	Q3	Q2	Q1	Full year
Net sales	65.8	58.8	47.9	41.3	213.7
Cost of goods and services	-25.8	-29.2	-23.3	-26.3	-104.6
<b>Gross profit</b>	<b>40.0</b>	<b>29.6</b>	<b>24.5</b>	<b>15.0</b>	<b>109.1</b>
Sales and administration expenses	-32.8	-27.0	-26.9	-23.0	-109.7
Other operating income and expenses, net	6.0	-0.3	1.0	5.6	12.2
<b>Operating profit or loss</b>	<b>13.2</b>	<b>2.3</b>	<b>-1.5</b>	<b>-4.2</b>	<b>11.6</b>
Net interest & other financial items	-3.6	-1.9	-1.7	-1.2	-8.4
<b>Net profit or loss before tax, Group perspective <sup>1</sup></b>	<b>9.5</b>	<b>0.4</b>	<b>-3.2</b>	<b>-3.6</b>	<b>3.2</b>
Less Group adjustment <sup>2</sup>	1.6	-0.4	-0.9	-1.3	-0.9
<b>Net profit or loss before tax, Segment perspective</b>	<b>11.2</b>	<b>0.0</b>	<b>-4.1</b>	<b>-4.9</b>	<b>2.3</b>

<sup>1</sup> Excluding year-end appropriations

<sup>2</sup> Group Adjustment between Qliro Financial Services and internal clients, related to differences in phasing of costs/revenues.

The next two tables show Qliro Financial Services' segment accounting, using the new previous presentation methods, respectively. However, the segment's operating income is unchanged.

INCOME STATEMENT, new reporting method	2017	2017	2017	2017	2017	2016	2016	2016	2016	2016
SEK million	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1	Full year
Net interest income	60.0	51.0	48.3	44.3	203.6	42.0	40.3	28.9	27.5	138.7
Net fee and commission income	1.2	2.4	1.7	2.2	7.6	1.7	2.7	1.8	1.2	7.4
Other operating income	3.6	2.9	2.5	2.7	11.7	6.0	0.9	2.8	2.6	12.3
<b>Total operating income</b>	<b>64.9</b>	<b>56.3</b>	<b>52.5</b>	<b>49.2</b>	<b>222.8</b>	<b>49.7</b>	<b>43.9</b>	<b>33.5</b>	<b>31.3</b>	<b>158.4</b>
Other operating expenses	-46.8	-39.5	-41.5	-41.4	-169.1	-35.5	-28.0	-30.4	-27.4	-121.3
Depreciation, amortization and impairments	-8.1	-7.5	-7.4	-4.5	-27.6	-4.2	-4.5	-3.0	-2.7	-14.4
<b>Total operating expenses</b>	<b>-54.9</b>	<b>-47.0</b>	<b>-49.0</b>	<b>-45.9</b>	<b>-196.7</b>	<b>-39.8</b>	<b>-32.5</b>	<b>-33.4</b>	<b>-30.1</b>	<b>-135.7</b>
Net credit losses	-7.0	-5.6	-9.1	-5.9	-27.6	1.3	-11.4	-4.2	-6.1	-20.4
<b>Operating profit or loss</b>	<b>3.0</b>	<b>3.6</b>	<b>-5.6</b>	<b>-2.6</b>	<b>-1.5</b>	<b>11.2</b>	<b>0.0</b>	<b>-4.1</b>	<b>-4.9</b>	<b>2.3</b>
Operating profit or loss before depreciation, amortization and impairments	11.1	11.1	1.9	2.0	26.1	15.4	4.5	-1.1	-2.2	16.7

INCOME STATEMENT, previous reporting method	2016	2016	2016	2016	2016
SEK million	Q4	Q3	Q2	Q1	Full year
Interest income	19.4	16.8	13.9	12.2	62.3
Other income	52.4	41.6	34.9	34.8	163.7
<b>Total operating income</b>	<b>71.8</b>	<b>58.4</b>	<b>48.8</b>	<b>46.9</b>	<b>226.0</b>
Administrative expenses	-24.1	-29.5	-24.2	-27.6	-105.5
Other operating expenses	-28.6	-22.5	-23.9	-20.3	-95.4
Financial net	-3.6	-1.9	-1.7	-1.2	-8.4
Depreciation, amortization and impairments	-4.2	-4.5	-3.0	-2.7	-14.4
<b>Operating profit or loss</b>	<b>11.2</b>	<b>0.0</b>	<b>-4.1</b>	<b>-4.9</b>	<b>2.3</b>
Operating profit or loss before depreciation, amortization and impairments	15.4	4.5	-1.1	-2.2	16.7

### Note 3

Qliro Group divested Tretti AB in the third quarter of 2016, Lekmer AB in the third quarter of 2017 and Health and Sports Nutrition Group HSNAB AB in the first quarter of 2018. These companies are recognized as discontinued operations in the Group.

On June 30, 2017, Qliro Group completed the sale of Lekmer AB to Babyshop Sthlm Holding AB. Lekmer was valued at SEK 90 million on a debt-free basis with a normalized working capital. The result of the divestment of shares including divestment expenses was SEK -2.2 million.

Earnings after tax for discontinued operations amounted to SEK -37.3 (-16.2) million for the quarter and SEK -52.1 (-192.4) million for the year. In the second quarter, this consists of the earnings effect from Lekmer's operating earnings and transaction-related expenses. In the third quarter, this consists of the earnings effect from Lekmer's operating earnings, the earnings effect from divestment of Lekmer shares and transaction-related expenses. In the fourth quarter, this consists of the earnings effect from HSNB's operating earnings, transaction-related expenses and a Group contribution of SEK 24.5 (-2.5) million from discontinued operations to continuing operations.

#### Discontinued operations

GROUP SEK million	2017 Q4	2016 Q4	2017 Jan-Dec	2016 Jan-Dec
Income	194.0	425.8	942.3	1,781.0
Expenses	-221.5	-446.2	-985.8	-1,875.7
<b>Profit/loss before tax</b>	<b>-27.5</b>	<b>-20.3</b>	<b>-43.5</b>	<b>-94.7</b>
Tax	5.8	4.1	9.2	6.3
<b>Profit/loss after tax but before capital gains from sale of operations</b>	<b>-21.7</b>	<b>-16.2</b>	<b>-34.3</b>	<b>-88.4</b>
Result from sales of shares incl. cost for disposal	-15.6	-	-17.8	-103.9
Tax attributable to above stated capital gain	-	-	-	-
<b>Profit/loss from discontinued operations after tax</b>	<b>-37.3</b>	<b>-16.2</b>	<b>-52.1</b>	<b>-192.4</b>

GROUP SEK million	2017 Q4	2016 Q4	2017 Jan-Dec	2016 Jan-Dec
<b>Net cash flow from discontinued operations</b>				
Cash flow from operations	-10.1	61.3	-35.2	11.0
Cash flow from investing activities	-2.7	-3.3	-8.2	-11.4
Cash flow from financing activities	-	25.0	2.5	68.0
<b>Net cash flow from discontinued operations</b>	<b>-12.7</b>	<b>83.0</b>	<b>-40.9</b>	<b>67.6</b>

GROUP SEK million	2017 Q4	2016 Q4	2017 Jan-Dec	2016 Jan-Dec
<b>Divested assets and liabilities</b>				
Intangible assets	212.5	-	228.8	300.2
Tangible assets	3.1	-	4.1	4.4
Deferred tax receivable	-	-	15.4	-
Inventories	102.9	-	185.0	78.7
Current non-interest bearing receivables	40.8	-	47.4	35.6
Cash and cash equivalents	6.4	-	32.6	51.7
Deferred tax liability	-10.8	-	-11.9	-10.7
Current non-interest bearing liabilities	-152.8	-	-287.8	-107.8
<b>Net assets and liabilities</b>	<b>202.2</b>	<b>-</b>	<b>213.5</b>	<b>352.2</b>
Received purchase price	11.5	-	11.5	250.0
Accrued purchase price	2.1	-	37.4	-
Less cash from discontinued operations	-7.0	-	-33.2	-51.6
<b>Change in cash and cash equivalents</b>	<b>4.6</b>	<b>-</b>	<b>-21.6</b>	<b>198.4</b>

Comparative figures also include income, expenses and capital gains attributable to the sale of Tretti AB, Lekmer AB and HSNB AB.

### Qliro AB's publication of information regarding capital adequacy and liquidity management

The information is presented for Qliro AB (556962-2441) as of December 31, 2017, in accordance with Regulation (EU) 575/2013 and the Swedish Financial Supervisory Authority's (FI) regulations and general guidelines (FFFS 2014: 12).

Own funds	SEK in thousands
Common Equity Tier 1 capital	215,119
Additional Tier 1 capital	-
Tier 2 capital	-
Total capital	215,119

Risk exposure amount	SEK in thousands
Credit risk according to standardized approach, of which	855,105
exposure to households	741,800
exposure to corporates	28,711
exposures in default	58,366
exposure to institutions	14,176
other exposures	12,051
Market risk according to standardized approach	4,366
Operational risk according to basic indicator approach	191,274
Total risk exposure amount	1,050,746

Capital requirement	SEK in thousands
Total minimum capital requirement	84,060
Internally assessed required capital	23,572
Total capital requirements, excl. regulatory capital buffers	107,631

Capital adequacy analysis	% of REA
Common Equity Tier 1 capital ratio	20.5%
Additional Tier 1 capital ratio	20.5%
Total capital ratio	20.5%
Combined buffer requirement	4.2%
of which: capital conservation buffer requirement	2.5%
of which: countercyclical buffer requirement	1.7%

### Funding

Net lending to the public amounted to SEK 1,055 (754) million at the end of the year. The lending was financed by the amount of SEK 325 (512) million via a secured contracted credit facility and SEK 612 (0) million through deposits from the public (savings accounts) in Sweden, of which 99.9 percent are protected by the deposit insurance scheme in Sweden. Deposits from the public were divided into 75 percent on demand with variable rate and 25 percent fixed interest rate with a duration of 234 days as of December 31, 2017 (initially 1-year fixed rate). Twenty-two percent of the deposit portfolio is held as liquidity reserve.

### Liquidity

As of December 31, 2017, Qliro AB's liquidity reserve amounted to SEK 136 million of which SEK 65 million was investment in Swedish municipal bonds and commercial papers and SEK 71 million in a Nordic bank. Average rating of the liquidity reserve was AA and had average maturity of 145 days. As of December 31, 2017, Qliro AB had a liquidity coverage ratio of 323 percent. This measures Qliro AB's highly liquid assets amounting to SEK 65 million related to net outflows of SEK 20 million over a thirty-day period under strained market conditions. A statutory limit for the liquidity coverage ratio of 80 percent applies with an increasing phasing to 100 percent

on January 1, 2018. In addition to the liquidity reserve as of December 31, 2017, Qliro AB had SEK 275 million in additional liquidity via undrawn funding in a secured contracted credit facility.