

Qliro Group

Half year report for 1 January – 30 June 2017

SUBSTANTIALLY IMPROVED OPERATING EARNINGS IN THE QUARTER

SECOND QUARTER¹

- Net sales increased by 7 per cent to SEK 983.6 (918.5) million
- The gross margin increased by 5.5 percentage points to 23.9 (18.4) per cent
- Operating earnings before depreciation, amortisation and impairment improved by SEK 23.1 million to SEK 36.3 (13.2) million
- Operating earnings improved by SEK 16.9 million to SEK 16.6 (-0.3) million
- Basic and diluted earnings per share including discontinued operations improved to SEK -0.04 (-0.81)
- On April 25 the divestment of Lekmer was announced and on June 30 it was completed
- A bond of SEK 250 million was issued

FIRST SIX MONTHS¹

- Net sales increased by 3 per cent to SEK 1,897.6 (1,839.4) million
- The gross margin increased by 4.8 percentage points to 22.3 (17.5) per cent
- Operating earnings before depreciation, amortisation and impairment amounted to SEK 47.2 (11.4)², an increase of SEK 35.8 million compared with last year's adjusted operating earnings before depreciation, amortisation and impairment
- Operating earnings amounted to SEK 9.5 (-15.1)² million, an increase of SEK 24.6 million compared with last year's adjusted operating earnings
- Basic and diluted earnings per share including discontinued operations improved to SEK -0.19 (-1.07)

SEK Million	2017			2016		
	Apr-Jun	Apr-Jun	Δ	Jan-Jun	Jan-Jun ²	Δ
Net Sales	983.6	918.5	7%	1,897.6	1,839.4	3%
Gross profit	235.2	168.6	39%	422.8	321.3	32%
Gross margin (%)	23.9%	18.4%		22.3%	17.5%	
Operating income before depreciation and amortization	36.3	13.2	175%	47.2	11.4	312%
Operating margin before depreciation and amortization (%)	3.7%	1.4%		2.5%	0.6%	
Operating income	16.6	-0.3		9.5	-15.1	
Operating margin (%)	1.7%	0.0%		0.5%	-0.8%	
Items affecting comparability, excluded above	0.0	0.0		0.0	-15.3	

¹Tretti AB was divested in the third quarter of 2016 and Lekmer AB in the second quarter of 2017. These companies are recognised as discontinued operations in the group. Comparative figures in the income statements and cash flow statements present continuing operations. This report refers to continuing operations unless otherwise stated. In addition, interest expenses in Qliro Financial Services have been included in cost of goods sold in the consolidated financial statements since 1 January 2017, which has been adjusted for in comparative figures.

²The term "adjusted" is used to show that earnings in the first quarter of 2016 were adjusted with items affecting comparability of SEK -15.3 million related to a reorganisation in CDON Marketplace, see page 6.

SUBSTANTIALLY IMPROVED OPERATING EARNINGS IN THE QUARTER

During the quarter, we took several important steps in line with our stated strategy. In our core areas, we are pleased with the growth in CDON Marketplace, the growth and profitability in Nelly and the expansion in Qliro Financial Services. In addition, we have divested Lekmer and are working to create additional value in Health and Sports Nutrition Group (formerly Gymgrossisten segment). During the quarter, we have also secured additional funding through the placing of a SEK 250 million bond, the divestment of Lekmer and the launch of savings accounts in Qliro Financial Services where deposits from the public amounted to SEK 425 million at the end of the quarter.

CDON Marketplace grew by 18 per cent

CDON Marketplace has taken several successful steps towards becoming the leading online marketplace in the Nordics. Gross merchandise value rose by 18 per cent to SEK 485 million, driven by both external merchants and own sales. External merchants' sales increased by 83 per cent and net sales by 8 per cent. This shows that the marketplace is appreciated by consumers and that it is an effective sales channel for external merchants. We continue to invest in developing the marketplace, not at least within automatization and the brand CDON.COM. Growth within CDON Marketplace provides volumes and advantages of scale for the rest of the group, including Qliro Financial Services.

Nelly well positioned for profitable growth

Nelly is taking advantage of its strong market position in online fashion. Sales increased by 10 per cent to SEK 365 million, and operating earnings before depreciation, amortisation and impairment increased by nearly SEK 30 million to SEK 46 million during a seasonally strong quarter. To a certain extent, the increase in profits was driven by a favourable inventory with optimized assortment and stock levels at the start of the quarter. Jan Wallsin took over as Head of Nelly during the quarter. We are working on further developing Nelly's product lines, its private label and online and mobile marketing and sales as a foundation for further growth.

Qliro Financial Services launches new services

Qliro Financial Services increased its operating income by 57 per cent to SEK 53 million and its operating earnings before depreciation, amortisation and impairment became positive with SEK 2 million. Business volume increased by 34 per cent. During the quarter, our offering to merchants was strengthened by the introduction of the full payment service in Norway and to consumers by the launch of savings accounts. The strategy is to continue to broaden our offering and the next step is to launch private loans to consumers in Sweden during second half of the year.

Health and Sports Nutrition Group had a weak quarter

Net sales for the Health and Sports Nutrition Group (formerly Gymgrossisten segment) decreased by 9 per cent to SEK 180 million during the quarter, despite a moderately growing market. Sales fell sharply in April with this year's Easter holiday, but recovered back to growth by June. The decrease was mainly in sales of protein powder online, where Gymgrossisten is the market leader. We invest and achieved growth in Bodystore (health food) and Fitness Market Nordic (wholesale operation), which together accounted for 18 per cent of sales.

Gustav Hasselgren joined as Head of Health and Sports Nutrition Group. As previously announced, we are looking for potential partnerships and evaluating strategic alternatives to create greater shareholder value.

Lekmer and Members.com divested

The divestment of Lekmer to Babyshop was closed on 30 June and the sale of Members.com to Campadre was closed on 3 July. The transactions release capital and make our underlying earnings more transparent in our core areas. It will allow us to invest even more in our core areas.

Leading platform for digital commerce

Qliro Group's goal is to be the leading Nordic platform for digital commerce with complementary financial services. We combine digital commerce with financial services for both consumers and merchants. The focus is on CDON Marketplace, the fashion company Nelly and Qliro Financial Services. We did take several important steps during the quarter and continue to implement the strategy with continuous streamlining and investments.

Stockholm, July 2017

Marcus Lindqvist
President and CEO

LONG-TERM FINANCIAL TARGETS

Qliro Group's long-term financial targets are:

CDON Marketplace

- Attain a level of organic growth in gross merchandise value of an average of 10 per cent per year.
- Generate operating earnings before depreciation, amortisation and impairment of 1-2 per cent of gross merchandise value.

Fashion (Nelly and NLYMan)

- Attain a level of organic growth of an average of 8 per cent per year.
- Generate operating earnings before depreciation, amortisation and impairment of at least 6 per cent.

Qliro Financial Services

- Attain operating earnings before depreciation, amortisation and impairment of at least SEK 150 million by 2019.

The priority for the Health and Sports Nutrition Group (formerly Gymgrossisten segment) is continuous improvement of operating earnings and cash flows along with development of the brand.

SIGNIFICANT EVENTS DURING AND AFTER THE SECOND QUARTER 2017

Qliro Group divested Lekmer

On 25 April 2017, Qliro Group announced that it had entered into an agreement to sell Lekmer AB to Babyshop Sthlm Holding AB. Together, Lekmer and Babyshop have a larger scale. Lekmer was valued at SEK 90 million on a debt-free basis and with a normalised working capital. The transaction was closed on 30 June 2017. The preliminary purchase price for the shares was SEK 39 million. The remainder of the consideration was going towards repayment of loans to Qliro Group AB.

Nelly entered partnership with Campadre and divested Members.com

On 2 May, Nelly began collaborating with Campadre on shopping club sales. In connection with this, the assets in the Members.com shopping club were sold to Campadre as of 3 July. The divestment is expected to have a positive effect on earnings of approximately SEK 6 million in the third quarter.

Qliro launched savings accounts with state deposit guarantee in Sweden

On 3 May, Qliro Group's subsidiary Qliro AB launched savings accounts with the state deposit guarantee in Sweden.

2017 Annual General Meeting

On 8 May, Qliro Group AB held its Annual General Meeting in Stockholm, at which all proposals from the Board and the Nomination Committee were approved.

Bond

On 18 May, Qliro Group announced that the Group had issued a senior unsecured bond of SEK 250 million with a floating rate coupon of 3 month Stibor + 4.8 per cent and a final maturity in May 2020. The total framework amounts to SEK 500 million and the company may look to tap the remaining part at a later stage. The bond's first trading day (under the ticker QLRO 01) on Nasdaq Stockholm was 16 June 2017. The prospectus is available at www.qlirogroup.com.

New members of management team

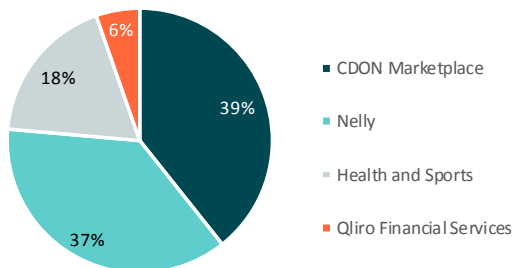
During the quarter, Jan Wallsin joined as Head of Nelly and Gustav Hasselgren as Head of Health and Sports Nutrition Group.

FINANCIAL INFORMATION FOR THE SECOND QUARTER IN BRIEF, EXCLUDING DISCONTINUED OPERATIONS¹

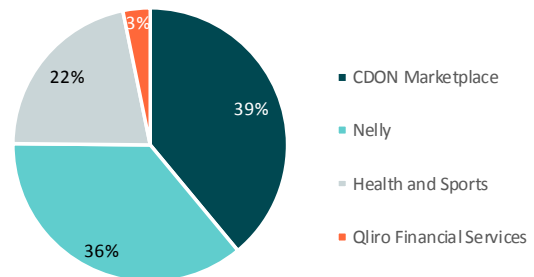
Consolidated financial figures are divided into the categories E-commerce and Financial Services. E-commerce consists of the CDON Marketplace, Nelly, and Health and Sports Nutrition Group segments along with the Group's central operations. Financial Services consists of the Qliro Financial Services segment. Lekmer and Tretti are reported as discontinuing operations. Interest expenses in Qliro Financial Services have been included in cost of sales and services in the consolidated financial statements since 1 January 2017. See pages 12 and 26 for more information.

Second quarter (SEK million)	E-Commerce			Financial Services			Eliminations		Qliro Group		
	2017	2016	Δ	2017	2016	Δ	2017	2016	2017	2016	Δ
	Apr-Jun	Apr-Jun		Apr-Jun	Apr-Jun		Apr-Jun	Apr-Jun	Apr-Jun		
Net Sales	932.2	889.3	5%	52.5	30.6	72%	-1.1	-1.4	983.6	918.5	7%
Gross profit	202.8	149.6	36%	32.3	18.4	76%	0.1	0.9	235.2	168.6	39%
Gross margin (%)	21.8%	16.8%		61.5%	60.0%		-	-	23.9%	18.4%	
Operating income before depreciation and amortization	34.4	13.5	155%	1.9	-1.1		0.1	0.9	36.3	13.2	175%
Operating margin before depreciation and amortization (%)	3.7%	1.5%		3.5%	-3.4%		-	-	3.7%	1.4%	
Operating income	22.1	3.0		-5.6	-4.1		0.1	0.9	16.6	-0.3	
Operating margin (%)	2.4%	0.3%		-10.6%	-13.3%		-	-	1.7%	0.0%	
Financial items	-4.2	-0.9		-0.1	0.0		-	-	-4.3	-0.9	
Income before tax	17.9	2.2		-5.6	-4.1		0.1	0.9	12.3	-1.2	
Items affecting comparability, excluded above	-	-		-	-		-	-	-	-	
Cash flow from operations	48.0	62.2		22.6	1.8		-	-	70.5	64.1	
QFS net loans to the public, at end of period	-	-		792.9	537.9	47%	-	-	792.9	537.9	47%
of which externally financed, at end of period	-	-		615.7	408.6	51%	-	-	615.7	408.6	51%
Opening inventory balance	453.6	523.6	-13%	-	-		-	-	453.6	523.6	-13%
Closing inventory balance	415.7	439.6	-5%	-	-		-	-	415.7	439.6	-5%

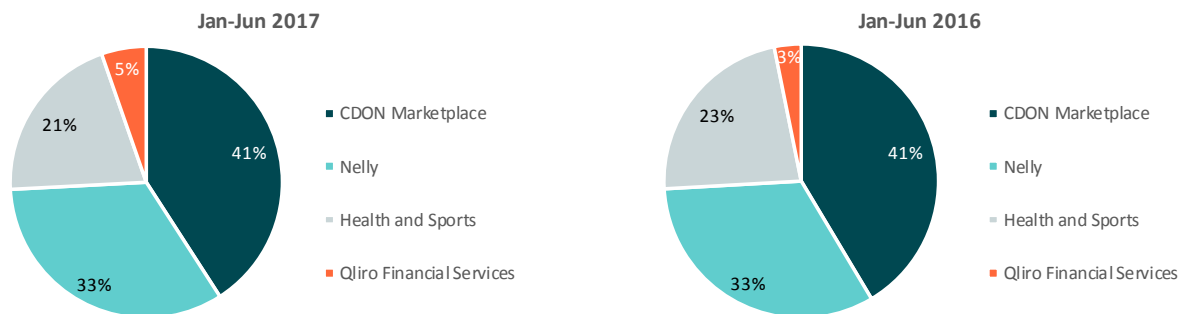
Apr-Jun 2017



Apr-Jun 2016



First six months (SEK million)	E-Commerce			Financial Services			Eliminations		Qliro Group		
	2017	2016	Δ	2017	2016	Δ	2017	2016	2017	2016	Δ
	Jan-Jun	Jan-Jun ²		Jan-Jun	Jan-Jun		Jan-Jun	Jan-Jun	Jan-Jun ²		
Net Sales	1,799.9	1,782.7	1%	101.1	59.3	70%	-3.4	-2.7	1,897.6	1,839.4	3%
Gross profit	360.1	286.3	26%	64.0	32.8	95%	-1.3	2.2	422.8	321.3	32%
Gross margin (%)	20.0%	16.1%		63.3%	55.4%		-	-	22.3%	17.5%	
Operating income before depreciation and amortization	44.7	12.5	256%	3.7	-3.2		-1.3	2.2	47.2	11.4	315%
Operating margin before depreciation and amortization (%)	2.5%	0.7%		3.7%	-5.4%		-	-	2.5%	0.6%	
Operating income	18.9	-8.3		-8.1	-8.9		-1.3	2.2	9.5	-15.1	
Operating margin (%)	1.1%	-0.5%		-8.0%	-15.1%		-	-	0.5%	-0.8%	
Financial items	-3.7	-1.2		-0.1	0.0		-	-	-3.8	-1.2	
Income before tax	15.3	-9.6		-8.2	-8.9		-1.3	2.2	5.8	-16.3	
Items affecting comparability, excluded above	-	-15.3		-	-		-	-	-	-15.3	
Cash flow from operations	-129.9	-169.6		42.0	73.5		-	-	-87.9	-96.1	
QFS net loans to the public, at end of period	-	-		792.9	537.9	47%	-	-	792.9	537.9	47%
of which externally financed, at end of period	-	-		615.7	408.6	51%	-	-	615.7	408.6	51%
Opening inventory balance	453.0	538.2	-16%	-	-		-	-	453.0	538.2	-16%
Closing inventory balance	415.7	439.6	-5%	-	-		-	-	415.7	439.6	-5%



¹Tretti AB was divested in the third quarter of 2016 and Lekmer AB was divested in the second quarter of 2017. These companies are recognised as discontinued operations in the Group. Comparative figures in the income statements and cash flow statements present continuing operations. Continuing operations are recognised in the table above and in the text of following pages unless otherwise stated.

²The term "adjusted" is used to show that earnings in the first quarter of 2016 were adjusted with items affecting comparability of SEK -15.3 million related to a reorganisation in CDON Marketplace, see page 6.

Earnings summary

Consolidated net sales increased by 7 per cent for the quarter and by 3 per cent for the first half of the year. When comparing with the previous year, it should be noted that Easter's negative impact on sales occurred in the second quarter of this year (14-17 April), but in the first quarter of 2016 (25-28 March).

The consolidated gross margin increased by 5.5 percentage points to 23.9 (18.4) per cent for the quarter and by 4.8 percentage points to 22.3 (17.5) per cent for the half-year. The improvement was mainly driven by Nelly and Qliro Financial Services.

Consolidated operating earnings before depreciation, amortisation and impairment were SEK 36.3 (13.2) million for the quarter and SEK 47.2 (11.4) million for the first six months (adjusted in the first quarter 2016). In the first quarter of 2016, an item affecting comparability related to a reorganisation in CDON Marketplace had an effect of SEK -15.3 million on operating earnings. Adjusted for this, operating earnings before depreciation, amortisation and impairment improved by SEK 35.8 million.

Consolidated operating earnings improved by SEK 16.9 million to SEK 16.6 (-0.3) million for the quarter and amounted to SEK 9.5 (-15.1) million (adjusted in the first quarter 2016) for the half-year.

Consolidated net financial items amounted to SEK -4.3 (-0.9) million for the quarter and SEK -3.8 (-1.2) million for the half-year. The increase is partly explained by the interest on and transaction costs for the Group's outstanding bond. Qliro Financial Services' interest expenses are regarded as operating expenses and have been recognised as cost of goods sold since 1 January 2017.

Consolidated earnings before tax improved by SEK 13.5 million to SEK 12.3 (-1.2) million for the quarter and amounted to SEK 5.8 (-31.7) million for the half-year.

The Group recognised a tax expense of SEK 2.3 (-0.4) million for the quarter and SEK 1.1 (-6.5) million for the half-year.

Consolidated earnings after tax improved by SEK 10.8 million to SEK 10.0 (-0.8) million for the quarter and amounted to SEK 4.6 (-25.1) million for the half-year. Basic and diluted earnings per share totalled SEK 0.07 (-0.01) for the quarter and SEK 0.03 (-0.17) for the half-year.

Earnings after tax for the sum of continuing and discontinued operations improved by SEK 114.9 million to SEK -5.3 (-120.2) million for the quarter and amounted to SEK -28.2 (-160.7) million for the half-year. Earnings per share for continuing and discontinued operations amounted to SEK -0.04 (-0.81) for the quarter and -0.19 (-1.07) for the half-year.

Cash flow and financial position

Consolidated cash flow from operating activities before changes in working capital improved by SEK 24.5 million to SEK 32.8 (8.3) million for the quarter and amounted to SEK 43.6 (-10.8) million for the half-year.

Cash flow from changes in working capital in E-commerce operations amounted to SEK 16.5 (53.7) million for the quarter and SEK -168.8 (-159.8) million for the half-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 recognised as a non-interest-bearing liability in the balance sheet.

Cash flow from changes in working capital in Financial Services (Qliro Financial Services) amounted to SEK 21.1 (2.0) million for the quarter and SEK 37.4 (74,6) million for the half-year. This consisted largely of a combination of increased lending to the public, deposits from the public (savings accounts) and decreased use of credit facilities.

Consolidated cash flow from operations after changes in working capital amounted to 70.5 (64.1) million for the quarter and SEK -87.9 (-96.1) million for the half-year.

Consolidated cash flow from investing activities amounted to SEK -29.0 (-20.6) million for the quarter and SEK -52.6 (-37.4) million for the half-year. Investments were made mainly in Qliro Financial Services and CDON Marketplace.

Cash flow from financing activities amounted to SEK 330.6 (-) million for the quarter and 274.4 (-) million for the half-year. This was mainly proceeds from Qliro Group AB's bond issue and refinancing of internal loans in connection with the divestment of Lekmer. Consolidated cash and cash equivalents including translation differences amounted to SEK 495.3 (144.9) million at the end of the quarter.

Total consolidated assets at the end of the reporting period amounted to SEK 2,631.5 (2,237.4) million. The divestment of Tretti in 2016 and Lekmer in 2017 decreased consolidated assets compared with the previous year, which was offset by Qliro Financial Services' increased lending to the public. Consolidated equity amounted to SEK 1,001.0 (1,049.1) million at the end of the quarter, compared with SEK 1,005.0 million at the end of the first quarter of 2017.

Items affecting comparability

No items affecting comparability arose in the first half of 2017. In the first quarter of 2016, the operating earnings was negatively affected by SEK -15.3 million due to a reorganization in CDON Marketplace. Separate accounting of items affecting comparability is intended to provide a better understanding of underlying operating activities.

FAST GROWTH IN CDON MARKETPLACE¹

SEK Million	2017	2016	Δ	2017	2016	Δ
	Apr-Jun	Apr-Jun		Jan-Jun	Jan-Jun ¹	
Gross Merchandise Value, external merchants	108.6	59.2	84%	207.2	110.2	88%
Total Gross Merchandise value ²	484.6	410.5	18%	964.2	859.4	12%
Net sales	386.8	356.9	8%	776.6	759.9	2%
Operating income before depreciation and amortization	-12.8	-7.6		-18.9	-13.6	
Operating margin before depreciation and amortisation (%)	-3.3%	-2.1%		-2.4%	-1.8%	
Operating income	-17.9	-11.6		-30.2	-21.6	
Operating margin (%)	-4.6%	-3.3%		-3.9%	-2.8%	
Items affecting comparability, excluded above	-	-		-	15.3	
Cash flow from operations	-36.3	18.6		-241.4	-148.8	
Investments (CAPEX)	-4.1	-3.7		-7.2	-4.8	
Cash flow after investments	-40.4	14.9		-248.6	-153.6	
Opening inventory balance	164.4	186.8	-12%	186.1	236.2	-21%
Closing inventory balance	166.2	163.4	2%	166.2	163.4	2%
Active customers (thousand) ³	1,711	1,710	0%	1,711	1,710	0%
Visits (thousand)	18,480	16,110	15%	38,717	36,569	6%
Orders (thousand)	709	664	7%	1,430	1,454	-2%
Average shopping basket (SEK)	665	620	7%	662	594	11%

¹Excluding items affecting comparability from first quarter 2016, which are recognised on page 6

²Commission income is replaced with gross merchandise value from external merchants for CDON Marketplace

³Past twelve months

CDON Marketplace is developing well and extending its offering of products from external merchants and own sales. The growth target is based on the gross merchandise value, which measures own sales plus external merchant sales. The target is to achieve a level of long-term organic growth in gross merchandise value of an average of 10 per cent per year and generate operating earnings of 1 - 2 per cent of gross merchandise value before depreciation, amortisation and impairment. Growth within CDON Marketplace provides volumes and advantages of scale for the rest of the group, including Qliro Financial Services.

Progress in conversion to a marketplace

CDON Marketplace is growing and gross merchandise value increased by 18 per cent in the quarter. External merchant sales increased by 84 per cent to SEK 109 million, as existing merchants increased sales and about a hundred new merchants joined the marketplace. External merchants accounted for 22 per cent of gross merchandise value, which is expected to increase as the marketplace expands in the coming years. It is strategically important to combine external merchants with own sales, in part to optimise the product range and drive traffic. Net sales rose by 8 per cent to SEK 387 million, driven by strong own sales and growing commission income from external merchants.

Consumers appreciate the marketplace

Consumers appreciate the marketplace and turn to CDON.COM to purchase various products on the same site and take advantage of competitive prices, easy payment and efficient delivery. During the quarter, the number of visits increased by 15 per cent to 18.5 million. This led to over 700,000 purchases, while the average customer shopping basket increased.

Continued investment in building the marketplace

Gross profit after fulfilment and distribution costs increased. This is driven by increased sales but also reduced costs for logistics and distribution relative to sales. The former indicates that the marketplace is popular among consumers, the latter shows that it is becoming more efficient. Recruitment, mainly in IT, led to an increase in salaries and social costs of SEK 3.6 million. In addition, marketing costs increased by SEK 8.4 million, in part to continue expanding brand awareness to new product categories. These initiatives contributed to a reduction in operating earnings before depreciation, amortisation and impairment to SEK -12.8 (-7.6) million and operating earnings decreased to SEK -17.9 (-11.6) million.

NELLY INCREASES SALES AND PROFITS

SEK Million	2017			2016		
	Apr-Jun	Apr-Jun	Δ	Jan-Jun	Jan-Jun	Δ
Net sales	364.7	331.0	10%	631.8	599.0	5%
Operating income before depreciation and amortisation	45.8	15.9	187%	58.1	13.6	328%
<i>Operating margin before depreciation and amortization (%)</i>	12.5%	4.8%		9.2%	2.3%	
Operating income	40.0	10.6	279%	46.6	2.9	
<i>Operating margin (%)</i>	11.0%	3.2%		7.4%	0.5%	
Cash flow from operations	95.2	42.0	126%	88.9	-1.3	
Investments (CAPEX)	-1.7	-3.6		-3.7	-7.8	
Cash flow after investments	93.5	38.5	143%	85.3	-9.1	
Opening inventory balance	201.7	244.5	-18%	159.8	189.8	-16%
Closing inventory balance	169.6	191.2	-11%	169.6	191.2	-11%
Active customers (thousand) ¹	1,187	1,178	1%	1,187	1,178	1%
Visits (thousand)	29,377	28,607	3%	53,881	55,122	-2%
Orders (thousand) ²	779	770	1%	1,347	1,371	-2%
Average shopping basket (SEK)	708	634	12%	689	632	9%
<i>Other data, change in percentage points</i>						
Share, private label sales	45%	40%	5	42%	39%	3
Return ratio (last twelve months)	34%	33%	1	34%	33%	1
Product margin	53%	45%	8	51%	45%	6
Fulfillment and distribution costs	18%	21%	-3	19%	22%	-3
Nordics, share of net sales	92%	92%	0	92%	91%	1

¹Past twelve months²Recognised before returns

Nelly offers fashion for young women through Nelly.com and for men through NLYMan. Nelly focuses on digital marketing and sales. Nelly's long-term target is to achieve organic growth of 8 per cent per year on average and to generate an operating margin before depreciation, amortisation and impairment of at least 6 per cent.

Growth in number of customers, visits, orders, shopping baskets and net sales

Net sales increased by 10 per cent to SEK 365 million during the quarter. This was partly driven by an increase in the average shopping basket of over 12 per cent. After several years of building the brand, the offering and delivery capability, Nelly has now shown an operating profit for five consecutive quarters. This is driven by growth and a higher proportion of private label, and a decrease in costs for logistics and personnel relative to sales.

The product margin increased from 45 per cent to 53 per cent. Lower logistics costs helped improve operating earnings before depreciation, amortisation and impairment by nearly SEK 30 million to SEK 45.8 million during a seasonally strong period. To a certain extent, the increase in profits was driven by a favourable inventory situation with optimized assortment and stock levels at the start of the quarter. The corresponding margin was 12.5 per cent. Cash flow from operations more than doubled to SEK 95 million.

The assets of the Members.com shopping club were sold to Campadre as of 3 July. The divestment is expected to have a one-off positive effect on earnings of approximately SEK 6 million in the third quarter. After that, Nelly can focus more on its core business. Jan Wallsin took over as Head of Nelly during the quarter.

Well positioned for increasing growth

Nelly is one of the largest online fashion companies in the Nordic region, with over 300 employees and more than 200 brands in its product range. During the quarter, 45 per cent of sales were of own designed private label items and the average shopping basket increased from SEK 634 to 708. Nelly's investment in the customer experience and digital marketing has led to strong customer loyalty, primarily through social media. One example is the drama series Filter, which in an innovative way helped increase the number of visitors by 5 million compared with the previous quarter. A second season of the series is planned for the autumn.



STRONG DEVELOPMENT IN QLIRO FINANCIAL SERVICES¹

SEK Million	2017	2016	Δ	2017	2016	Δ
	Apr-Jun	Apr-Jun		Jan-Jun	Jan-Jun	
Interest income	52.5	30.6	72%	101.1	59.3	70%
Interest cost	-4.3	-1.7	151%	-8.5	-2.9	191%
Net interest income	48.3	28.9	67%	92.6	56.4	64%
Net fee and commission income	1.7	1.8	-8%	3.9	3.0	29%
Other operating income	2.5	2.8	-11%	5.2	5.4	-4%
Total operating income	52.5	33.5	57%	101.7	64.8	57%
Other operating expenses	-41.5	-30.4	37%	-82.9	-57.8	44%
Depreciation, amortization and impairments	-7.4	-3.0	147%	-11.9	-5.7	109%
Total operating expenses	-49.0	-33.4	47%	-94.9	-63.5	50%
Net credit losses	-9.1	-4.2	116%	-15.0	-10.3	45%
Operating profit or loss	-5.6	-4.1		-8.2	-8.9	
Operating profit or loss before depreciation, amortization and impairments	1.8	-1.1		3.7	-3.2	
Loans to the public, net ²	792.9	537.9	47%	792.9	537.9	47%
of which externally financed	615.7	408.6	51%	615.7	408.6	51%
Loans from the public	424.5	0.0		424.5	0.0	
Business volume	991	737	34%	1,774	1419	25%
Orders (thousand)	968	830	17%	1,798	1620	11%
Average shopping basket (SEK)	1,023	888	15%	987	875	13%

¹In connection with subsidiary Qliro AB receiving authorisation as a credit market company in March 2017, Qliro Group changed its internal presentation of the Qliro Financial Services segment. See pages 12 and 26 for more information.

²Loans to the public are recognised at net value (previously recognised at gross value)

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

Greatly increased business volume

Qliro Financial Services continues its strong evolution. Total operating income rose by 57 per cent, driven by growth in lending to the public and the launch of its full payment service in Norway. Business volume increased by 34 per cent to SEK 991 million and the average purchase increased 15 per cent to SEK 1,023. Following a successful launch of savings accounts in May, deposits through savings accounts amounted to SEK 425 million at the end of the quarter.

Continued investment

Qliro Financial Services continues to recruit personnel to handle the growth in business volume and take advantage of new opportunities. We are reinforcing staff in technology, regulatory compliance and commercial roles. These initiatives resulted in an increase in salaries and social costs with SEK 4.8 million. At the end of the quarter, Qliro Financial Services had 167 employees.

The strategy is to leverage the Group's business volumes by launching new, affordable, customer-friendly and innovative financial services. During the quarter, the segment has taken expenses for launching savings accounts and preparing for private loans. The gradual introduction of private loans to consumers in Sweden is being planned for the second half of 2017.

Operating expenses increased by 47 per cent to SEK 49.0 (33.4) million. Operating earnings increased faster than this, which resulted in an operating profit before depreciation and amortisation of SEK 1.8 (-1.1) million for the quarter.

Strengthening of offer to merchants

Qliro Financial Services takes advantage of the business volume generated in the Group and also helps internal e-merchants offer simple, efficient payment. Qliro continuously strengthens its offer to merchants and gradually recruits external merchants as customers. The full payment solution was launched in Norway during the quarter, which increased volume and made the offer more attractive to large Nordic e-merchants.

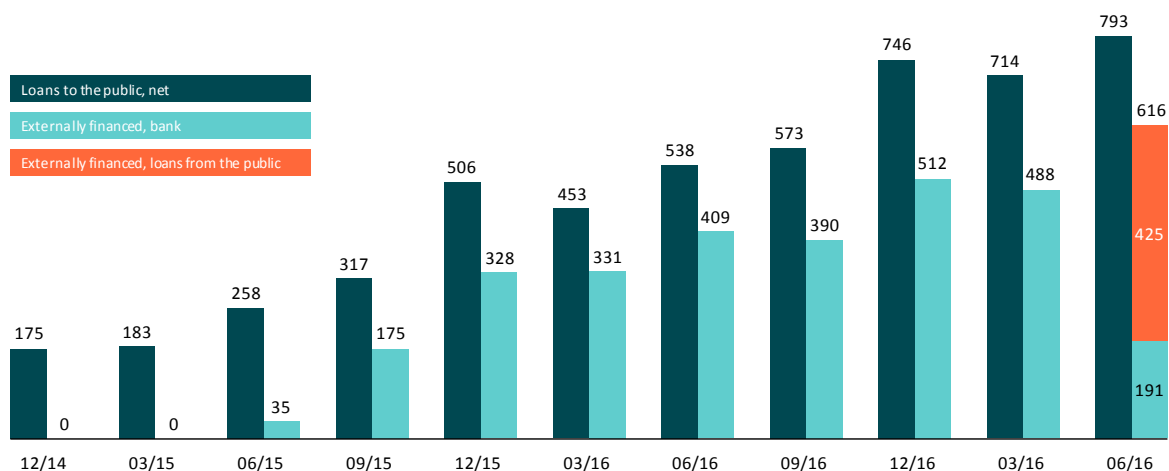
New services for consumers

At the same time, the consumer offering is being extended. An important launch during the quarter was savings accounts covered by the government deposit guarantee. This deepens the relationship with consumers and serves as a source of funding for the business. Savings accounts will be followed by private loans in the second half of the year.

Capital adequacy and sources of funding

Qliro AB is under the supervision of the Swedish Financial Supervisory Authority (FI). The capital base was SEK 183.7 million, the total risk exposure amount was SEK 824.4 million and the total capital ratio was 22.3 per cent of the risk exposure amount as of 30 June.

Net lending to the public amounted to SEK 792.9 (537.9) million at the end of the quarter. Exposures in default was SEK 42.1 million at the end of the quarter. The lending was financed in the amount of SEK 191.2 (408.6) million via a contracted credit facility and SEK 425 million through deposits from the public (savings accounts).





WEAK QUARTER FOR HEALTH AND SPORTS NUTRITION GROUP

SEK Million	2017			2016		
	Apr-Jun	Apr-Jun	Δ	Jan-Jun	Jan-Jun	Δ
Net sales	179.7	198.1	-9%	389.5	416.9	-7%
Operating income before depreciation and amortisation	8.9	13.7	-35%	22.5	30.8	-27%
<i>Operating margin before depreciation and amortization (%)</i>	4.9%	6.9%		5.8%	7.4%	
Operating income	7.6	12.9	-41%	19.9	29.2	-32%
<i>Operating margin (%)</i>	4.2%	6.5%		5.1%	7.0%	
Cash flow from operations	2.4	16.8	-86%	38.6	37.9	2%
Investments (CAPEX)	-1.0	-1.8		-2.2	-2.8	
Cash flow after investments	1.4	15.0	-91%	36.4	35.1	4%
Opening inventory balance	87.5	92.3	-5%	107.1	112.2	-5%
Closing inventory balance	79.9	84.9	-6%	79.9	84.9	-6%
Active customers (thousand) ¹	578	560	3%	578	560	3%
Visits (thousand)	4,733	5,685	-17%	10,852	12,403	-13%
Orders (thousand)	258	289	-11%	560	600	-7%
Average shopping basket (SEK)	703	688	2%	703	700	0%
<i>Other data, change in percentage points</i>						
Share, private label sales	41%	45%	-4	41%	46%	-5
Product margin	36%	37%	-1	36%	37%	-1
Fulfillment and distribution costs	12%	14%	-2	13%	14%	-1

¹Past twelve months

The Health and Sports Nutrition Group segment consists of Gymgrossisten (nutritional supplements and exercise equipment), Bodystore (health food online) and Fitness Market Nordic (wholesale operation). The segment was previously called Gymgrossisten but has been renamed to clarify that it operates several businesses. The segment is focused on improving profitability and cash flow.

Weak start to the quarter

Net sales for the Health and Sports Nutrition Group decreased by 9 per cent during the quarter, despite a moderately growing market. Sales fell in April with the Easter holiday, but gradually recovered back to growth by June. The decrease was mainly in protein powder online, where Gymgrossisten is a market leader. Gymgrossisten stopped selling online in Germany during the first quarter, which affected sales to a certain extent. Bodystore and Fitness Market Nordic showed growth and accounted together for 18 (14) per cent of the segment's sales.

Private label accounted for 41 per cent of sales, mainly Star Nutrition, which maximises performance, and Vitaprana, based on organic raw materials. The ambition is to make the products widely available to customers especially before, during and after training. To achieve this, the franchise business is being developed and a store was opened in Norway recently. There are now 33 stores under the Gymgrossisten brand. Another element of this strategy is that Fitness Market Nordic has taken a leading role in selling nutritional supplements to retail and gyms since a few years. An example from the quarter is that 150 SATS ELIXIA centres started selling Star Nutrition and Vitaprana in Sweden, Norway and Finland. Bodystore, with its organic profile, grew by 14 per cent in the first half of the year. Bodystore's sales amounted to just under SEK 100 million over the last 12 months.

During the first half of the year, cash flow from operations amounted to SEK 38.6 million, of which SEK 2.4 million was during the quarter. Operating earnings before depreciation, amortisation and impairment reached SEK 8.9 (13.7) million for the quarter, corresponding to a margin of 4.9 (6.9) per cent. During the second quarter 2016, a previously reserved provision of SEK 1.9 million was dissolved. Logistics costs decreased by 2 percentage points. Apart from this, the change in earnings was mainly due to reduced sales.

Gustav Hasselgren took over as Head of HSNG and the management team was reinforced with a head of private label and a new head of Bodystore. As previously announced, the Group is looking for partnerships and is evaluating strategic alternatives to create greater shareholder value.

Discontinuing operation (Lekmer)

On 25 April 2017, Qliro Group announced that it had entered into an agreement to sell Lekmer AB to Babyshop Sthlm Holding AB. Together, Lekmer and Babyshop have a larger scale. Lekmer was valued at SEK 90 million on a debt-free basis and with a normalised working capital. The transaction was closed on 30 June 2017. The preliminary purchase price for the shares was SEK 39 million. The remainder of the consideration was going towards repayment of loans to Qliro Group AB.

The earnings effect from the divestment and costs for disposal of Lekmer was preliminary SEK 0.1 million and the earnings effect from Lekmer's operations amounted to SEK -15.4 million during the quarter. This means that the earnings from discontinued operations amounted to SEK -15.3 million for the quarter. The deal with the buyer is finally finalized in the third quarter of 2017. In connection with the sale, a deal was also concluded with a logistics supplier where final settlement takes place in the coming year, which may affect the parent company's result going forward.

Parent company

The Qliro Group AB parent company reported sales of SEK 7.9 (3.1) million for the quarter and SEK 14.0 (8,2) million for the half-year. Cash and cash equivalents in the parent company amounted to SEK 472.5 (132.1) million at the end of the quarter.

Accounting policies

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 accounting policies in 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 receiving authorisation as a capital 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 recognised in the segment reporting for Qliro Financial Services as interest income is recognised as net sales for the Group. Similarly, interest expenses in Qliro Financial Services are included in the cost of sales for the Group. The accounting policies in the parent company's financial statements were prepared according to the same accounting policies and calculation methods as the 2016 annual accounts. See page 26 for more information. The work on IFRS 9 and IFRS 15 proceed, and in all essentials, the status is the same as disclosed in the Annual Report 2016.

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 risks, credit risk, interest rate risk and liquidity risks. 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.

Transactions with related parties

Related party transactions are presently of the same character as described in the 2016 annual report.

2016 annual report

The annual report for 2016 is available on www.qlirogroup.com and at Sveavägen 151 in Stockholm.

2017 Annual General Meeting

On 8 May, Qliro Group AB held its Annual General Meeting in Stockholm, at which all proposals from the Board and the Nomination Committee were approved. The Annual General Meeting re-elected Board members Caren Genthner-Kappesz, Lars-Johan Jarnheimer, Daniel Mytnik and Peter Sjunnesson, and elected Christoffer Häggblom, Erika Söderberg Johnson and Jessica Thorell as new Board members. Lars-Johan Jarnheimer was also re-elected as Chairman of the Board. KPMG AB was re-elected as auditor.

Dividend

The 2017 AGM resolved that no dividend be paid to shareholders for the fiscal year ended 31 December 2016, and that retained earnings be carried forward into the 2017 accounts.

CDON Alandia

Finnish customs authorities are investigating a subsidiary of CDON AB, Åland-based 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.

Results for the third quarter 2017

Qliro Group's results for the third quarter 2017 will be published on 18 October 2017.

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

The Board's assurance

The Board of Directors and the Chief Executive Officer certify that this undersigned six months interim report provides a true and fair overview of the parent company and Group's operations, financial position and performance for the period, and describes the material risks and uncertainties facing the parent company and other companies in the Group.

Stockholm, 14 July 2017

Lars-Johan Jarnheimer
Chairman of the Board

Caren Genthner-Kappesz
Board Member

Daniel Mytnik
Board Member

Peter Sjunnesson
Board Member

Christoffer Häggblom
Board Member

Erika Söderberg Johnson
Board Member

Jessica Thorell
Board Member

Marcus Lindqvist
CEO

Qliro Group AB (publ.)
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Corporate ID number: 556035-6940
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Street address: Sveavägen 151, 113 46, Stockholm, Sweden

Conference call

Analysts, investors and the media are invited to a conference call today at 10:00 a.m.

To participate in the conference call, please dial:

Sweden: 08 5065 3942
UK: +44 330 336 9412
US +1 719 457 2086

The pin code to access this call is 1063618.

The presentation material will be published at www.qlirogroup.com/presentations/

For additional information, please visit www.qlirogroup.com or contact:

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About Qliro Group

Qliro Group is a leading Nordic e-commerce group in consumer goods, lifestyle products and related financial services. Qliro Group operates CDON.COM (the leading Nordic marketplace), Nelly.com and NLYman.com (fashion), Gymgrossisten and Bodystore.com (health and training), and Qliro Financial Services. In 2016 the Group had sales of SEK 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 obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 08:00 CET on 14 July 2017.

CONSOLIDATED INCOME STATEMENT SECOND QUARTER CONDENSED (SEK million)	E-commerce		Financial Services		Eliminations ¹		Qliro Group	
	2017	2016	2017	2016	2017	2016	2017	2016
Net sales	932.2	889.3	52.5	30.6	-1.1	-1.4	983.6	918.5
Cost of goods and services	-729.4	-739.7	-20.2	-12.2	1.2	2.2	-748.4	-749.9
Gross profit	202.8	149.6	32.3	18.4	0.1	0.9	235.2	168.6
Sales and administration expenses	-183.6	-147.4	-41.9	-26.9	1.5	0.7	-224.1	-173.6
Other operating income and expenses, net	2.9	0.8	4.1	4.5	-1.5	-0.7	5.5	4.6
Operating profit or loss	22.1	3.0	-5.6	-4.1	0.1	0.9	16.6	-0.3
Net interest & other financial items	-4.2	-0.9	-0.1	0.0	-	-	-4.3	-0.9
Net profit or loss before tax	17.9	2.2	-5.6	-4.1	0.1	0.9	12.3	-1.2
Tax							-2.3	0.4
Net profit or loss for continued operations							10.0	-0.8
Net profit or loss for discontinued operations							-15.3	-119.4
Total net profit or loss for continued and discontinued operations							-5.3	-120.2
Attributable to:								
Equity holders of the parent							-5.3	-120.2
Non-controlling interests							-	-
Net income for the period							-5.3	-120.2
Basic earnings per share (excluding discontinued operations) (SEK)							0.07	-0.01
Basic earnings per share (including discontinued operations) (SEK)							-0.04	-0.81
Diluted earnings per share (excluding discontinued operations) (SEK)							0.07	-0.01
Diluted earnings per share (including discontinued operations) (SEK) ²							-0.04	-0.81

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

² Diluted earnings per share are adjusted and shows basic earnings per share

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME SECOND QUARTER CONDENSED (SEK million)	Qliro Group	
	2017	2016
Profit or loss for the period	-5.3	-120.2
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Translation difference for the period	-0.4	2.0
Other comprehensive income for the period	-0.4	2.0
Total comprehensive income for period	-5.7	-118.3
<i>Total comprehensive income attributable to:</i>		
Parent company shareholders	-5.7	-118.3
Non-controlling interests	-	-
Total comprehensive income for the period	-5.7	-118.3
Shares outstanding at period's end, basic, million	149.3	149.3
Average number of shares, basic, million	149.3	149.3
Average number of shares, diluted, million	151.1	149.3

CONSOLIDATED INCOME STATEMENT FIRST SIX MONTHS CONDENSED (SEK million)	E-commerce		Financial Services		Eliminations ¹		Qliro Group	
	2017	2016	2017	2016	2017	2016	2017	2016
Net sales	1,799.9	1,782.7	101.1	59.3	-3.4	-2.7	1,897.6	1,839.4
Cost of goods and services	-1,439.8	-1,496.5	-37.1	-26.5	2.1	4.8	-1,474.8	-1,518.1
Gross profit	360.1	286.3	64.0	32.8	-1.3	2.2	422.8	321.3
Sales and administration expenses	-346.0	-310.4	-80.9	-50.0	2.9	1.4	-424.0	-359.0
Other operating income and expenses, net	4.8	0.5	8.8	8.2	-2.9	-1.4	10.7	7.3
Operating profit or loss	18.9	-23.7	-8.1	-8.9	-1.3	2.2	9.5	-30.4
Net interest & other financial items	-3.7	-1.2	-0.1	0.0	-	-	-3.8	-1.2
Net profit or loss before tax	15.3	-24.9	-8.2	-8.9	-1.3	2.2	5.8	-31.7
Tax							-1.1	6.5
Net profit or loss for continued operations							4.6	-25.1
Net profit or loss for discontinued operations							-32.8	-135.6
Total net profit or loss for continued and discontinued operations							-28.2	-160.7
Attributable to:								
Equity holders of the parent							-28.2	-160.0
Non-controlling interests							0.0	-0.7
Net income for the period							-28.2	-160.7
Basic earnings per share (excluding discontinued operations) before dilution (SEK)							0.03	-0.17
Basic earnings per share (including discontinued operations) before dilution (SEK)							-0.19	-1.07
Basic earnings per share (excluding discontinued operations) after dilution (SEK)							0.03	-0.17
Basic earnings per share (including discontinued operations) after dilution (SEK)							-0.19	-1.07

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FIRST SIX MONTHS CONDENSED (SEK million)	Qliro Group	
	2017	2016
Profit or loss for the period	-28.2	-160.7
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Translation difference for the period	-0.5	3.3
Other comprehensive income for the period	-0.5	3.3
Total comprehensive income for period	-28.8	-157.3
Total comprehensive income attributable to:		
Parent company shareholders	-28.8	-156.6
Non-controlling interests	0.0	-0.7
Total comprehensive income for the period	-28.8	-157.3
Shares outstanding at period's end, million	149.3	149.3
Shares outstanding at period's end, diluted, million	151.1	149.3
Average number of shares, basic, million	149.3	149.3
Average number of shares, diluted, million	151.1	149.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONDENSED (SEK million)	E-Commerce		Financial Services		Eliminations		Qliro Group	
	30-Jun	30-Jun	30-Jun	30-Jun	30-Jun	30-Jun	30-Jun	30-Jun
	2017	2016	2017	2016	2017	2016	2017	2016
Non-current assets								
Goodwill	203.9	206.3	-	-	-	-	203.9	206.3
Other intangible assets	150.2	194.7	109.5	64.9	-	-	259.7	259.6
Total intangible assets	354.2	401.0	109.5	64.9	-	-	463.7	466.0
Tangible assets	13.4	23.8	13.5	4.7	-	-	27.0	28.5
Deferred tax asset	127.3	113.5	1.8	3.4	-	-	129.1	116.9
Total non-current assets	494.9	538.4	124.8	73.0	-	-	619.7	611.3
Current assets								
Inventories	415.7	500.6	-	-	-	-	415.7	500.6
Loans to the public ¹	-	-	792.9	537.9	-	-	792.9	538.3
Current interest-bearing investments	-	-	40.1	-	-	-	40.1	-
Current non-interest bearing receivables	262.1	109.2	9.6	44.2	-3.8	-47.4	267.9	105.5
Cash and cash equivalents	489.5	144.9	5.7	-	-	-	495.3	144.9
Total current assets	1,167.3	754.6	848.2	582.1	-3.8	-47.4	2,011.8	1,289.3
Total assets held for sale	-	336.9	-	-	-	-	-	336.9
Total assets	1,662.2	1,629.8	973.0	655.0	-3.8	-47.4	2,631.5	2,237.4
Equity								
Equity attributable to owners of the parent	706.1	840.6	295.0	208.4	-	-	1,001.0	1,049.1
Total equity	706.1	840.6	295.0	208.4	-	-	1,001.0	1,049.1
Non-current liabilities								
<i>Non interest bearing</i>								
Deferred tax liability	11.2	12.6	-	-	-	-	11.2	12.6
Other provisions	1.3	0.9	-	-	-	-	1.3	0.9
<i>Interest bearing</i>								
Facility ²	-	-	191.2	-	-	-	191.2	-
Bond	250.0	-	-	-	-	-	250.0	-
Financial leasing liabilities	-	-	3.7	-	-	-	3.7	-
Total non-current liabilities	262.5	13.4	194.9	-	-	-	457.5	13.4
Current liabilities								
Facility ²	-	-	-	408.6	-	-	-	408.6
Deposits from the public	-	-	424.5	-	-	-	424.5	-
Financial leasing liabilities	-	-	2.3	-	-	-	2.3	-
Current non-interest bearing liabilities	693.6	688.9	56.3	38.0	-3.8	-47.4	746.2	679.4
Total current liabilities	693.6	688.9	483.1	446.5	-3.8	-47.4	1,173.0	1,088.1
Total liabilities related to assets held for sale	-	86.9	-	-	-	-	-	86.9
Total equity and liabilities	1,662.2	1,629.8	973.0	655.0	-3.8	-47.4	2,631.5	2,237.4

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

¹ Loans to the public are recognized at net value (gross value reported previously).

² The facility is reclassified from short-term to long-term interest bearing liability

CONSOLIDATED STATEMENT OF CASH FLOWS FOR SECOND QUARTER CONDENSED (SEK million)	E-commerce		Financial Services		Eliminations		Qliro Group	
	2017	2016	2017	2016	2017	2016	2017	2016
Cash flow from operating activities before changes in working capital	31.4	8.5	1.4	-0.2	-	-	32.8	8.3
Changes in working capital ²	16.5	53.7	21.1	2.0	-	-	37.7	55.7
Cash flow from operations	48.0	62.2	22.6	1.8	-	-	70.5	64.1
Investments in other non-current assets	-6.7	-9.1	-22.3	-11.5	-	-	-29.0	-20.6
Cash flow to/from investing activities	-6.7	-9.1	-22.3	-11.5	-	-	-29.0	-20.6
Issued unsecured bond ¹	246.3	-	-	-	-	-	246.3	-
Other cash flow from/to financing activities ³	84.3	-	-	-	-	-	84.3	-
Cash flow to/from financing activities	330.6	-	-	-	-	-	330.6	-
Change in cash and cash equivalents for the period from continued operations	371.8	53.1	0.3	-9.7	-	-	372.1	43.4
<i>Cash flow from discontinued operations</i>								
Cash flow from operations	-6.8	-31.1	-	-	-	-	-6.8	-31.1
Cash flow from investing activities	-	-1.7	-	-	-	-	-	-1.7
Cash flow from financing activities ⁴	-0.8	-2.0	-	-	-	-	-0.8	-2.0
Change in cash and cash equivalents for the period from discontinued operations	-7.6	-34.9	-	-	-	-	-7.6	-34.9
Change in cash and cash equivalents for the period	364.2	18.2	0.3	-9.7	-	-	364.5	8.5
Cash and cash equivalents at period's start							156.9	138.7
Translation difference, cash and cash equivalents							0.1	0.6
Less cash from discontinued operations							-26.2	-3.0
Cash and cash equivalents at period's end							495.3	144.9

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

² Utilised credit facilities within Qliro Financial Services are reported as changes in working capital to follow new reporting structure

³ Other cash flow from/to financing activities comprises repayment of external loan from Babyshop related to the sale of Lekmer AB

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST SIX MONTHS CONDENSED (SEK million)	E-Commerce		Financial Services		Eliminations		Qliro Group	
	2017	2016	2017	2016	2017	2016	2017	2016
Cash flow from operating activities before changes in working capital	38.9	-9.7	4.6	-1.1	-	-	43.6	-10.8
Changes in working capital ²	-168.8	-159.8	37.4	74.6	-	-	-131.4	-85.2
Cash flow from operations	-129.9	-169.6	42.0	73.5	-	-	-87.9	-96.1
Investments in other non-current assets	-13.0	-15.4	-39.6	-22.0	-	-	-52.6	-37.4
Cash flow to/from investing activities	-13.0	-15.4	-39.6	-22.0	-	-	-52.6	-37.4
New share issue in Qliro Financial Services	-	-50.0	-	50.0	-	-	-	-
Shareholder contribution, net change	-	-121.1	-	121.1	-	-	-	-
Group contribution, net change	-53.7	-	-2.4	-	-	-	-56.1	-
Issued unsecured bond ¹	246.3	-	-	-	-	-	246.3	-
Other cash flow from/to financing activities ³	84.3	-	-	-	-	-	84.3	-
Cash flow to/from financing activities	276.9	-171.1	-2.4	171.1	-	-	274.4	-
Change in cash and cash equivalents for the period from continued operations	134.0	-356.1	0.0	222.6	-	-	133.9	-133.5
<i>Cash flow from discontinued operations</i>								
Cash flow from operations	-103.4	-42.5	-	-	-	-	-103.4	-42.5
Cash flow from investing activities	-	-3.5	-	-	-	-	-	-3.5
Cash flow from financing activities	56.1	2.1	-	-	-	-	56.1	2.1
Change in cash and cash equivalents for the period from discontinued operations	-47.3	-43.9	-	-	-	-	-47.3	-43.9
Change in cash and cash equivalents for the period	86.7	-399.9	0.0	222.6	-	-	86.6	-177.4
Cash and cash equivalents at period's start							435.2	324.2
Translation difference, cash and cash equivalents							-0.4	1.0
Less cash from discontinued operations							-26.2	-3.0
Cash and cash equivalents at period's end							495.3	144.9

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

² Utilised credit facilities within Qliro Financial Services are reported as changes in working capital to follow new reporting structure

³ Other cash flow from/to financing activities comprises repayment of external loan from Babyshop related to the sale of Lekmer AB

STATEMENT OF CHANGES IN EQUITY CONDENSED (SEK million)	2017 30-Jun	2016 30-Jun	2016 31-Dec
Opening balance January	1,026.2	1,205.4	1,205.4
Comprehensive income for the period	-28.8	-157.3	-181.6
Effects of long term incentive program	3.6	1.0	2.5
Closing balance	1,001.0	1,049.1	1,026.2

NET SALES BY SEGMENT (SEK million)	2017 Q2	2017 Q1	2017 Jan-Jun	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2016 Jan-Jun	2016 Full year
CDON	386.8	389.8	776.6	657.8	333.4	356.9	403.1	759.9	1,751.0
Nelly	364.7	267.1	631.8	392.3	252.5	331.0	268.0	599.0	1,243.8
HSNG	179.7	209.8	389.5	200.3	192.8	198.1	218.8	416.9	810.1
Group central operations	2.5	1.4	3.8	7.1	5.0	6.5	6.4	12.9	25.1
Eliminations within E-commerce	-1.4	-0.4	-1.8	-3.6	-1.9	-3.1	-2.9	-6.0	-11.4
Total E-commerce	932.2	867.7	1,799.9	1,253.9	781.8	889.3	893.4	1,782.7	3,818.5
Qliro Financial Services	52.5	48.5	101.1	45.6	42.2	30.6	28.7	59.3	147.1
Eliminations within Financial Services	-	-	-	-	-	-	-	-	-
Total Financial Services	52.5	48.5	101.1	45.6	42.2	30.6	28.7	59.3	147.1
Eliminations between E-commerce and Financial Services	-1.2	-0.9	-2.1	-0.8	-1.5	-1.4	-1.3	-2.7	-4.9
Group Adjustment ¹	0.1	-1.4	-1.3	-	-	-	-	-	-
QLIRO GROUP CONSOLIDATED TOTAL	983.6	914.0	1,897.6	1,298.8	822.6	918.5	920.8	1,839.4	3,960.7
Eliminations within E-commerce									
CDON	0.5	0.5	1.0	1.4	0.9	1.4	0.9	2.3	4.5
Group central operations	0.9	-0.1	0.8	2.2	1.0	1.8	1.9	3.7	6.9
Total	1.4	0.4	1.8	3.6	1.9	3.1	2.9	6.0	11.4
Eliminations between E-commerce and Financial services									
CDON	0.8	0.6	1.4	0.7	0.6	0.9	0.7	1.5	2.8
Nelly	0.4	0.2	0.6	0.2	0.3	0.2	0.1	0.3	0.8
HSNG	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Group central operations	0.0	0.0	0.1	-0.1	0.6	0.2	0.5	0.8	1.3
Total	1.2	0.9	2.1	0.8	1.5	1.3	1.3	2.7	4.9
OPERATING PROFIT BY SEGMENT									
(SEK million)	2017 Q2	2017 Q1	2017 Jan-Jun	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2016 Jan-Jun	2016 Full year
CDON	-17.9	-12.3	-30.2	16.7	-17.0	-11.6	-25.4	-37.0	-37.3
Nelly	40.0	6.6	46.6	30.4	-3.1	10.6	-7.7	2.9	30.1
HSNG	7.6	12.3	19.9	5.8	12.4	12.9	16.3	29.2	47.5
Group central operations	-7.6	-9.8	-17.4	-14.2	-23.6	-8.8	-9.9	-18.7	-56.6
Total E-commerce	22.1	-3.2	18.9	38.6	-31.2	3.0	-26.7	-23.7	-16.3
Qliro Financial Services	-5.6	-2.6	-8.1	11.2	0.0	-4.1	-4.9	-8.9	2.3
Total Financial services	-5.5	-2.6	-9.4	11.2	0.0	-4.1	-4.9	-8.9	2.3
Group Adjustment ¹	0.1	-1.4	-1.3	-1.6	0.4	0.9	1.3	2.2	0.9
CONSOLIDATED TOTAL	16.6	-7.1	9.5	48.2	-30.8	-0.3	-30.3	-30.4	-13.1
INVENTORIES BY SEGMENT									
(SEK million)	2017 30-Jun	2017 31-Mar		2016 31-Dec	2016 30-Sep	2016 30-Jun	2016 31-Mar		
CDON	166.2	164.4		186.1	140.2	163.4	186.8		
Nelly	169.6	201.7		159.8	232.7	191.2	244.5		
HSNG	79.9	87.5		107.1	89.3	84.9	92.3		
Total E-commerce	415.7	453.6		453.0	462.2	439.6	523.6		
Qliro Financial Services	-	-		-	-	-	-		
Total Consumer Finance	-	-		-	-	-	-		
CONSOLIDATED TOTAL for continued operations	415.7	453.6		453.0	462.2	439.6	523.6		
CONSOLIDATED TOTAL for continued and discontinued operations²	415.7	453.6		453.0	462.2	500.6	598.2		

¹ Group Adjustment between Qliro Financial Services and internal clients, related to differences in phasing of costs/revenues.

² Including divested operations (Lekmer AB)

PARENT COMPANY INCOME STATEMENT CONDENSED (SEK million)					
	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	2016 Jan-Dec
Net Sales	7.9	3.1	14.0	8.2	17.5
Gross profit	7.9	3.1	14.0	8.2	17.5
Administration expenses	-15.7	-12.1	-31.7	-27.1	-65.2
Operating profit or loss	-7.7	-8.9	-17.7	-18.8	-47.7
Profit or loss from shares in subsidiaries ¹	-58.9	-102.1	-102.9	-102.1	-102.9
Net interest & other financial items	-2.6	-1.7	44.2	-2.5	-2.3
Profit or loss after financial items	-69.1	-112.7	-76.4	-123.4	-153.0
Group contribution paid	-	-	-	-	-45.6
Profit or loss before tax	-69.1	-112.7	-76.4	-123.4	-198.6
Tax	2.3	2.3	3.8	4.7	20.9
Net income or Net loss for the period	-67.0	-110.4	-72.6	-118.8	-177.7

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME CONDENSED (SEK million)					
Profit or loss for period	-67.0	-110.4	-72.6	-118.8	-177.7
Other comprehensive income	-	-	-	-	-
Total comprehensive income for period	-67.0	-110.4	-72.6	-118.8	-177.7

¹ Loss from sale of shares in Lekmer AB in 2017 and Tretti AB in 2016

PARENT COMPANY STATEMENT OF FINANCIAL POSITION CONDENSED (SEK million)	2017 30-Jun	2016 30-Jun	2016 31/dec
Non-current assets			
Other intangible assets	-	1.6	-
Equipment	1.3	2.0	1.6
Shares and participating interests in group companies	738.6	932.9	808.9
Deferred tax asset	118.0	98.0	114.2
Total non-current assets	857.9	1,034.6	924.7
Current assets			
Current interest-bearing receivables	-	-	0.1
Current non-interest-bearing receivables	49.7	5.5	6.4
Receivables from Group companies	143.3	280.8	56.7
Total current receivables	193.0	286.3	63.1
Cash and bank	472.5	132.1	422.6
Total cash and cash equivalents	472.5	132.1	422.6
Total current assets	665.4	418.4	485.7
Total assets	1,523.3	1,453.0	1,410.4
Equity			
Restricted equity	301.7	301.7	301.7
Unrestricted equity	640.9	767.4	709.9
Total equity	942.6	1,069.1	1,011.6
Provisions			
Other provisions	2.0	0.9	0.7
Total provisions	2.0	0.9	0.7
Non-current liabilities			
Non-current interest bearing liabilities	250.0	-	-
Total non-current liabilities	250.0	-	-
Current liabilities			
Short term interest bearing loans	-	90.0	57.0
Liabilities to Group companies	285.7	284.2	323.7
Non-interest-bearing liabilities	43.1	8.8	17.4
Total current liabilities	328.7	383.0	398.1
Total liabilities	578.7	383.0	398.8
Total equity and liabilities	1,523.3	1,453.0	1,410.4

KEY RATIOS	2017 Q2	2017 Q1	2017 Jan-Jun	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2016 Jan-Jun	2016 Full year
E-COMMERCE									
Sales growth (%)	4.8	-3.1	1.0	-0.5	-5.2	1.6	-2.5	-0.5	-1.5
Gross profit margin (%)	21.8	17.9	20.0	18.9	15.9	16.8	15.3	16.1	16.9
Operating margin (%)	2.4	-0.4	1.1	3.1	-4.0	0.3	-3.0	-1.3	-0.4
Return on equity (%)	neg	neg	neg	neg	neg	neg	neg	neg	neg
Return on capital employed (%)	2.2	neg	2.2	neg	neg	neg	neg	neg	neg
Equity/assets ratio (%)	42.5	49.0	42.5	43.2	54.2	51.6	52.9	51.6	43.2
Net debt (SEK million)	-239.5	-156.9	-239.5	-435.2	-180.9	-144.9	-138.7	-144.9	-435.2
Depreciation/Net sales (%)	1.4	1.5	1.5	1.3	3.2	1.2	1.2	1.2	1.6
Capital Expenditure/Net sales (%)	0.7	0.7	0.7	0.9	7.7	1.0	0.7	0.9	2.3
FINANCIAL SERVICES									
Sales growth (%)	71.7	69.1	70.4	107.8	163.7	125.0	191.1	152.8	139.6
Return on equity (%)	neg	0.5	neg	0.3	11.9	11.6	7.4	11.6	0.3
Equity/assets ratio (%)	30.3	35.2	30.3	34.5	35.8	31.8	36.9	31.8	34.5
Net debt (SEK million)	616.0	489.0	616.0	513.2	390.2	408.6	330.7	408.6	513.2
Depreciation/Net sales (%)	14.1	9.3	11.8	9.2	10.6	9.8	9.4	9.6	9.8
Capital Expenditure/Net sales (%)	42.4	35.7	39.2	38.3	40.1	37.7	36.5	37.1	38.3
GROUP									
Sales growth (%)	7.1	-0.7	3.2	1.3	-2.2	3.3	-0.6	1.3	0.6
Gross profit margin (%)	23.9	20.5	22.3	20.9	18.0	18.4	16.6	17.5	19.2
Operating margin (%)	1.7	-0.8	0.5	3.7	-3.7	0.0	-3.3	-1.7	-0.3
Return on equity (%)	neg	neg	neg	neg	neg	neg	neg	neg	neg
Return on capital employed (%)	1.6	neg	1.6	neg	neg	neg	neg	neg	neg
Equity/assets ratio (%)	38.0	44.1	38.0	40.5	48.5	46.9	50.3	46.9	40.5
Net debt (SEK million)	376.5	332.1	376.5	78.0	209.3	263.8	192.0	263.8	78.0
Depreciation/Net sales (%)	2.0	2.0	2.0	1.6	3.6	1.5	1.4	1.4	1.9
Capital Expenditure/Net sales (%)	3.0	2.6	2.8	2.3	9.4	2.2	1.8	2.0	3.6
Basic Earnings per share (SEK) ¹	0.07	-0.15	0.03	-0.01	-0.16	-0.01	-0.16	-0.17	-0.36
Equity per share (SEK) ²	6.71	6.73	6.71	6.88	6.73	7.03	7.82	7.03	6.88

Key ratios have been adjusted to enable historical comparisons.

KEY RATIOS CONTINUED	2017 Q2	2017 Q1	2017 Jan-Jun	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2016 Jan-Jun	2016 Full year
No. of active customers (thousand)	3,476	3,521	3,476	3,465	3,430	3,448	3,503	3,448	3,465
No. of visits (thousand)	52,590	50,860	103,450	68,018	44,294	50,402	53,692	104,094	216,406
No. of orders (thousand)	1,746	1,591	3,337	2,384	1,480	1,723	1,701	3,425	7,289
Average shopping basket (SEK)	2,076	2,023	2,054	1,981	2,000	1,942	1,915	1,926	1,961
CDON									
No. of active customers (thousand)	1,711	1,683	1,711	1,707	1,699	1,710	1,705	1,710	1,707
No. of visits (thousand)	18,480	20,237	38,717	31,181	17,289	16,110	20,459	36,569	85,039
No. of orders (thousand)	709	721	1,430	1,249	671	664	790	1,454	3,374
Average shopping basket (SEK)	665	659	662	637	613	620	573	594	614
Nelly									
No. of active customers (thousand)	1,187	1,229	1,187	1,162	1,157	1,178	1,237	1,178	1,162
No. of visits (thousand)	29,377	24,504	53,881	30,911	21,695	28,607	26,515	55,122	107,728
No. of orders (thousand)	779	568	1,347	837	527	770	601	1,371	2,735
Average shopping basket (SEK)	708	662	689	662	696	634	631	632	654
Gymgrossisten									
No. of active customers (thousand) ³	578	609	578	596	574	560	561	560	596
No. of visits (thousand)	4,733	6,119	10,852	5,926	5,310	5,685	6,718	12,403	23,639
No. of orders (thousand)	258	302	560	298	282	289	310	600	1,180
Average shopping basket (SEK)	703	702	703	682	691	688	711	700	693

Key ratios have been adjusted to enable historical comparisons.

¹ Basic Earnings per share for the periods Apr-Jun 2017 and Jan-Jun 2017 have been calculated on the average number of outstanding shares for the respective periods. The weighted average number of shares for the second quarter is 149,269,779. For the period Jan-Jun 2017 the weighted average number of shares amounted to 149,269,779.

² Calculated on present number of shares, which per June 2017 amounts to 149,269,779.

³ 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, fulfillment costs, and shipping costs.
Operating margin	Operating profit as percentage of net sales.
Adjusted gross margin	Gross profit margin excluding items affecting comparability.
Ebit	Earnings before interest and taxes.
Ebitda	Earnings before interest, taxes, depreciation, amortization and impairment of intangible and tangible assets.
Adjusted Ebitda	Ebitda excluding items affecting comparability.
Ebt	Earnings before taxes.
Ebitda	Earnings before taxes excluding depreciation, amortization and impairment of intangible and Ebitda excluding items affecting comparability.
Adjusted Ebitda	Earnings before taxes excluding depreciation, amortization and impairment of intangible and Ebitda excluding items affecting comparability.
Items affecting comparability	Items affecting comparability between periods intended to provide a better understanding of Qliro Group's operating activities.
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

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.

Q2 2017 (SEK million)	CDON	Nelly	HSNG	Central Operations	E-commerce	Financial Services	Group Adjustment	Group
Earnings before interest and taxes, continued operations	-17.9	40.0	7.6	-7.6	22.1	-5.6	0.1	16.6
Items affecting comparability	-	-	-	-	-	-	-	-
Adjusted Earnings before interest and taxes, continued operations	-17.9	40.0	7.6	-7.6	22.1	-5.6	0.1	16.6
Depreciation, amortization and impairment, continued operations	-5.1	-5.8	-1.3	-0.2	-12.3	-7.4	-	-19.7
Earnings before interest, taxes, depreciation, amortization and impairment, continued operations	-12.8	45.8	8.9	-7.5	34.4	1.9	0.1	36.3
Items affecting comparability	-	-	-	-	-	-	-	-
Adjusted Earnings before interest, taxes, depreciation, amortization and impairment, continued operations	-12.8	45.8	8.9	-7.5	34.4	1.9	0.1	36.3

Q2 2016 (SEK million)	CDON	Nelly	HSNG	Central Operations	E-commerce	Financial Services	Group Adjustment	Group
Earnings before interest and taxes, continued operations	-11.6	10.6	12.9	-8.8	3.0	-4.1	0.9	-0.3
Items affecting comparability	-	-	-	-	-	-	-	-
Adjusted Earnings before interest and taxes, continued operations	-11.6	10.6	12.9	-8.8	3.0	-4.1	0.9	-0.3
Depreciation, amortization and impairment, continued operations	-4.1	-5.4	-0.8	-0.2	-10.5	-3.0	-	-13.5
Earnings before interest, taxes, depreciation, amortization and impairment, continued operations	-7.6	15.9	13.7	-8.6	13.5	-1.1	0.9	13.2
Items affecting comparability	-	-	-	-	-	-	-	-
Adjusted Earnings before interest, taxes, depreciation, amortization and impairment, continued operations	-7.6	15.9	13.7	-8.6	13.5	-1.1	0.9	13.2

JAN - JUN 2017 (SEK million)	CDON	Nelly	HSNG	Central Operations	E-commerce	Financial Services	Group Adjustment	Group
Earnings before interest and taxes, continued operations	-30.2	46.6	19.9	-17.4	18.9	-8.1	-1.3	9.5
Items affecting comparability	-	-	-	-	-	-	-	-
Adjusted Earnings before interest and taxes, continued operations	-30.2	46.6	19.9	-17.4	18.9	-8.1	-1.3	9.5
Depreciation, amortization and impairment, continued operations	-11.4	-11.4	-2.5	-0.5	-25.8	-11.9	-	-37.7
Earnings before interest, taxes, depreciation, amortization and impairment, continued operations	-18.9	58.1	22.5	-16.9	44.7	3.7	-1.3	47.2
Items affecting comparability	-	-	-	-	-	-	-	-
Adjusted Earnings before interest, taxes, depreciation, amortization and impairment, continued operations	-18.9	58.1	22.5	-16.9	44.7	3.7	-1.3	47.2

JAN - JUN 2016 (SEK million)	CDON	Nelly	HSNG	Central Operations	E-commerce	Financial Services	Group Adjustment	Group
Earnings before interest and taxes, continued operations	-37.0	2.9	29.2	-18.7	-23.7	-8.9	2.2	-30.4
Items affecting comparability	15.3	-	-	-	-	-	-	15.3
Adjusted Earnings before interest and taxes, continued operations	-21.6	2.9	29.2	-18.7	-8.3	-8.9	2.2	-15.1
Depreciation, amortization and impairment, continued operations	-8.1	-10.7	-1.6	-0.5	-20.8	-5.7	-	-26.5
Earnings before interest, taxes, depreciation, amortization and impairment, continued operations	-28.9	13.6	30.8	-18.2	-2.9	-3.2	2.2	-3.9
Items affecting comparability	15.3	-	-	-	-	-	-	15.3
Adjusted Earnings before interest, taxes, depreciation, amortization and impairment, continued operations	-13.6	13.6	30.8	-18.2	12.5	-3.2	2.2	11.4

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

As a result of the credit market licence in the subsidiary Qliro AB, its business will in future be recognised per the Annual Accounts Act for Credit Institutions and Securities Companies. This also results in an adjustment to how the accounts are included in the consolidated financial statements. That which is recognised in the segment reporting for Qliro Financial Services as interest income is recognised 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 now presented for Qliro Financial Services. At the same time, a review has been made 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 1 January 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 presentation method and the previous presentation method, respectively. However, consolidated earnings before tax are unchanged.

INCOME STATEMENT, new reporting method (SEK million)							
	2017 Q2	2017 Q1	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2016 Full year
Net sales	52.5	48.5	28.7	30.6	42.2	45.6	147.1
Cost of goods and services	-20.2	-16.8	-14.2	-12.2	-18.6	-9.2	-54.3
Gross profit	32.3	31.7	14.5	18.4	23.6	36.4	92.8
Sales and administration expenses	-41.9	-39.0	-23.0	-26.9	-27.0	-32.8	-109.7
Other operating income and expenses, net	4.1	4.7	3.7	4.5	3.4	7.5	19.2
Operating profit or loss	-5.6	-2.6	-4.9	-4.1	0.0	11.2	2.3
Net interest & other financial items	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
Net profit or loss before tax ¹	-5.6	-2.6	-4.9	-4.1	0.0	11.2	2.3

INCOME STATEMENT, previous reporting method (SEK million)							
	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2016 Full year		
Net sales	41.3	47.9	58.8	65.8	213.7		
Cost of goods and services	-26.3	-23.3	-29.2	-25.8	-104.6		
Gross profit	15.0	24.5	29.6	40.0	109.1		
Sales and administration expenses	-23.0	-26.9	-27.0	-32.8	-109.7		
Other operating income and expenses, net	5.6	1.0	-0.3	6.0	12.2		
Operating profit or loss	-2.4	-1.5	2.3	13.2	11.6		
Net interest & other financial items	-1.2	-1.7	-1.9	-3.6	-8.4		
Net profit or loss before tax, Group perspective ¹	-3.6	-3.2	0.4	9.5	3.2		
Less Group adjustment ²	-1.3	-0.9	-0.4	1.6	-0.9		
Net profit or loss before tax, Segment perspective	-4.9	-4.1	0.0	11.2	2.3		

¹ Excluding year-end appropriations

² 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 presentation method and the previous presentation method, respectively. However, the segment's operating earnings are unchanged.

INCOME STATEMENT, new reporting method (SEK million)							
	2017 Q2	2017 Q1	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2016 Full year
Net interest income	48.3	44.3	27.5	28.9	40.3	42.0	138.7
Net fee and commission income	1.7	2.2	1.2	1.8	2.7	1.7	7.4
Other operating income	2.5	2.7	2.6	2.8	0.9	6.0	12.3
Total operating income	52.5	49.2	31.3	33.5	43.9	49.7	158.4
Other operating expenses	-41.5	-41.4	-27.4	-30.4	-28.0	-35.5	-121.3
Depreciation, amortization and impairments	-7.4	-4.5	-2.7	-3.0	-4.5	-4.2	-14.4
Total operating expenses	-49.0	-45.9	-30.1	-33.4	-32.5	-39.8	-135.7
Net credit losses	-9.1	-5.9	-6.1	-4.2	-11.4	1.3	-20.4
Operating profit or loss	-5.6	-2.6	-4.9	-4.1	0.0	11.2	2.3
Operating profit or loss before depreciation, amortization and impairments	1.8	1.9	-2.2	-1.1	4.5	15.4	16.6

INCOME STATEMENT, previous reporting method (SEK million)							
	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2016 Full year		
Interest income	12.2	13.9	16.8	19.4	62.3		
Other income	34.8	34.9	41.6	52.4	163.7		
Total operating income	46.9	48.8	58.4	71.8	226.0		
Administrative expenses	-27.6	-24.2	-29.5	-24.1	-105.5		
Other operating expenses	-20.3	-23.9	-22.5	-28.6	-95.4		
Financial net	-1.2	-1.7	-1.9	-3.6	-8.4		
Depreciation, amortization and impairments	-2.7	-3.0	-4.5	-4.2	-14.4		
Operating profit or loss	-4.9	-4.1	0.0	11.2	2.3		
Operating profit or loss before depreciation, amortization and impairments	-2.2	-1.1	4.5	15.4	16.6		

Note 3

On April 25, 2017, Qliro Group announced that they had signed an agreement to sell the subsidiary Lekmer AB to Babyshop Sthlm Holding AB. Lekmer AB is an independent company in the E-commerce segment. The transaction was completed on June 30, 2017 and its operation are reported as discontinued operations.

Lekmer AB was valued in the transaction to SEK 90 million on a debt-free basis with a normalized working capital. The preliminary purchase price for the shares amounts to SEK 39 million. The result from sales of shares including cost for disposal preliminary amounted to SEK 0.1 million in the second quarter. Lekmer's loss after tax and before capital gains from sale of operations amounted to SEK -15.4 million during the quarter. Thereby the loss from discontinued operations after tax amounted to SEK 15.3 million (-119.4) for Q2 and SEK -32.8 million (-135.6) for the first six months.

The deal with the buyer is finally finalized in the third quarter of 2017. In connection with the sale, a deal was also concluded with a logistics supplier where final settlement takes place in the coming year, which may affect the parent company's result going forward.

Discontinued operations

GROUP (SEK million)	2017 Q2	2016 Q2	2017 Jan-Jun	2016 Jan-Jun
Income	87.5	273.5	173.3	523.8
Expenses	-107.2	-288.3	-215.5	-559.0
Profit/loss before tax	-19.7	-14.8	-42.2	-35.2
Tax	4.3	3.0	9.2	7.3
Profit/loss after tax but before capital gains from sale of operations	-15.4	-11.8	-33.0	-27.9
Result from sales of shares incl. cost for disposal	0.1	-107.6	0.1	-107.6
Tax attributable to above stated capital gain	-	-	-	-
Profit/loss from divestment efter tax	0.1	-107.6	0.1	-107.6
Profit/loss from discontinued operations after tax	-15.3	-119.4	-32.8	-135.6

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

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

The information is presented for Qliro AB (publ) (556962-2441) as of June 30, 2017 in accordance with Regulation (EU) 575/2013 and the Swedish Financial Supervisory Authority's regulations and general guidelines (FFFS 2014:12).

Own funds	SEK in thousands
Common Equity Tier 1 capital	183,680
Additional Tier 1 capital	-
Tier 2 capital	-
Total capital	183,680

Risk exposure amount	SEK in thousands
Credit risk according to standardised approach, of which	633,087
exposure to households	551,608
exposure to corporates	24,766
exposures in default	42,059
exposure to institutions	1,142
other exposures	13,512
Market risk according to standardised approach	-
Operational risk according to basic indicator approach	191,274
Total risk exposure amount (REA)	824,361

Capital requirement	SEK in thousands
Total minimum capital requirement	65,949
Internally assessed required capital	18,399
Total capital requirements, excl. regulatory capital buffers	84,348

Capital adequacy analysis	% of REA
Common Equity Tier 1 capital ratio	22.3%
Additional Tier 1 capital ratio	22.3%
Total capital ratio	22.3%
Combined buffer requirement	4.1%
of which: capital conservation buffer requirement	2.5%
of which: countercyclical buffer requirement	1.6%

Funding sources

The net lending to the public amounted to 792.9 (537.9) MSEK at the end of the quarter. The lending was financed in the amount of SEK 191.2 (408.6) million via a contracted credit facility and SEK 425 million through deposits from the public (savings accounts).

Liquidity reserve

As of June 30, 2017, Qliro AB's liquidity reserve amounted to 40 MSEK and consisted of high-quality liquid assets.