

Qliro Group

Half-year report for January 1 – June 30, 2019

IMPROVED GROUP RESULT AND SIGNIFICANT NEW CONTRACT VOLUMES IN QLIRO FINANCIAL SERVICES

SECOND QUARTER¹

- Net sales amounted to SEK 723.9 (807.0) million
 - Qliro Financial Services' total operating income increased 21 percent
 - CDON Marketplace increased external merchant sales by 60 percent, while net sales decreased in line with the ongoing transition
 - Nelly's net sales increased 5 percent
- The gross margin increased by 5.6 percentage points to 30.6 (25.0) percent
- Operating profit before depreciation and amortization increased to SEK 23.9 (7.7) million
 - Qliro Financial Services' operating profit before depreciation increased to SEK 14.5 (5.7) million
 - CDON Marketplace's gross margin increased by 6.9 percentage points to 19.1 (12.2) percent and its operating profit before depreciation and amortization improved to SEK -3.8 (-11.3) million
 - Nelly's operating profit before depreciation and amortization amounted to SEK 28.1 (30.2) million
- Operating profit improved to SEK 0.5 (-10.3) million
- Earnings after tax including discontinued operations improved to SEK 0.5 (-91.7) million
- Basic and diluted earnings per share including discontinued operations improved to SEK 0.00 (-0.61)
- Qliro Financial Services entered several new contracts with leading e-commerce merchants. Since the new agreements will not come into effect until the second half of the year, operating profit before depreciation and amortization is estimated to be slightly lower than the financial target for the full-year 2019

FIRST HALF OF THE YEAR¹

- Net sales amounted to SEK 1,363.7 (1,523.2) million
- The gross margin increased to 28.1 (22.2) percent
- Operating profit before depreciation and amortization improved to SEK 10.4 (-35.1) million
- Operating profit improved to SEK -33.3 (-69.1) million
- Earnings after tax including discontinued operations amounted to SEK -43.5 (-0.7) million
- Basic and diluted earnings per share including discontinued operations amounted to SEK -0.29 (0.00)
- Cash and cash equivalents amounted to SEK 270.4 (646.3) million by the end of the period

SEK million	2019 April-June	2018 April-June	2019 Jan-June	2018 Jan-June
Net sales	723.9	807.0	1,363.7	1,523.2
Gross profit	221.3	202.1	382.8	337.4
<i>Gross margin</i>	30.6%	25.0%	28.1%	22.2%
Operating profit before depreciation	23.9	7.7	10.4	-35.1
<i>Operating margin before depreciation, %</i>	3.3%	1.0%	0.8%	-2.3%
Operating profit	0.5	-10.3	-33.3	-69.1
<i>Operating margin</i>	0.1%	-1.3%	-2.4%	-4.5%

¹ Operations are recognized excluding the effects of IFRS 16. Lekmer and HSNG are recognized as discontinued operations in the consolidated accounts.

IMPROVED EARNINGS IN THE QUARTER

Gross margin and operating profit, both before and after depreciation and amortization, increased in the second quarter. This was primarily driven by Qliro Financial Services, which continued to expand its loan book and increased its operating profit, and by CDON Marketplace, which significantly increased the share of sales from external merchants and its gross margin. Nelly also continued its profitable growth. The companies advanced their market positions during the quarter.

Three independent companies

Qliro Group's strategy since June 2018 has been to operate Qliro Financial Services, CDON Marketplace and Nelly as three independent companies. Work is proceeding according to plan, and the companies are now operationally and structurally independent. This creates the best prospects for the companies' continued growth, and thereby increased shareholder value.

Group management continues its work to evaluate a number of different potential transactions, for example divestments, separate listings or partnerships for all three subsidiaries.

Qliro Financial Services increased operating profit but is not estimated to meet the financial target for 2019

Qliro Financial Services increased its loan book by 41 percent in the quarter to over SEK 1.7 billion. The fastest growth was in personal loans, which exceeded SEK 0.5 billion at the end of the period. Total operating income increased by 21 percent while the increase in total operating expenses was limited to 10 percent, which is a testament to the scalability of the business model. Operating profit before depreciation and amortization improved by 154 percent to SEK 14.5 million.

As previously communicated, the financial development is largely dependent on e-commerce volumes and recruitment of new merchants. Since year-end, the company has signed a number of new partnership agreements with merchants that are gradually starting to use Qliro. As the new merchants are connected to the platform, business volumes will increase, driving growth in the loan book and, in turn, generating interest income and thus profitability.

The business volumes, contracted so far during the year, amounts to more than SEK 1.5 billion on an annual basis, equivalent to approximately one third of Qliro Financial Services' total volume in 2018. Although the influx of new business volumes exceed expectations, the new volume will only have gradual effect during the second half of the year, i.e. later than previously anticipated. The current assessment is that operating profit before depreciation will be slightly lower than the financial target, i.e. to achieve operating profit before depreciation, amortization and impairment of SEK 100 – 125 million in 2019. Qliro Financial Services is well positioned to continue to benefit from increased e-commerce and new merchants volumes.

CDON Marketplace increased sales and gross margin of external merchants

CDON Marketplace increased external merchants sales by 60 percent. Commission income increased by 38 percent, which helped boost gross margin by as much as 7 percentage points to 19 percent. Employee costs have fallen considerably as the company benefits from its continuously improved IT platform and increased share of automation. This led to operating profit before depreciation and amortization increasing to SEK -3.8 (-11.3) million for the quarter.

CDON Marketplace achieved positive operating profit before depreciation and amortization of SEK 3 million during the past 12 months. This shows that CDON Marketplace's transition has been successful and that the marketplace model is scalable and profitable.

Nelly continued its profitable growth

Nelly's net sales increased by 5 percent, despite the fact that the Swedish market has been challenging. Svensk Handel reports that the Swedish general fashion market declined in the quarter. The average shopping basket increased 8 percent during the quarter. Gross profit was SEK 117 million, and operating profit before depreciation and amortization was SEK 28.1 (28.6) million.

Nelly digitalized its return process during the first half of the year and launched its own brand via Zalando in Europe, with most sales in markets that complement Nelly's own reach. Nelly has also strengthened its

management with Carola Lundell as the new Chief Commercial Officer, Maria Segergren as the new Chief Purchasing Officer and John Afzelius as the new Chief Financial Officer.

Development re CDON Alandia

CDON's dormant subsidiary CDON Alandia is since before a party in a tax process that will be reviewed by the Supreme Administrative Court of Finland. A potential loss in this process would not lead to any further cost or cash flow effects. In parallel to the tax process, Finnish prosecutors also prosecuted former employees and board members of CDON and CDON Alandia. Furthermore, Finnish authorities also stated a demand that the prosecuted individuals should pay damages personally. It cannot be ruled out that these individuals might direct claims for compensation against CDON or Qliro Group, corresponding to damages that might potentially be imposed on these individuals. No such claims have been made, but we are following the situation closely.

Financial flexibility

Qliro Group has a strong financial position. Qliro Financial Services has several sources of future funding and net cash in the e-commerce business totals SEK 212 million. Our companies have strong positions and are a driving force in Nordic e-commerce and related financial services.

Marcus Lindqvist
President and CEO

Stockholm, July 12, 2019

FINANCIAL TARGETS

Qliro Group's financial targets for subsidiaries.

Qliro Financial Services:

- The financial target is to achieve an operating profit before depreciation, amortization and impairment of SEK 100 – 125 million in 2019

As previously communicated, the financial development is largely dependent on e-commerce volumes and the recruitment of new merchants. Although the influx of new business volumes exceed expectations, the new volumes will only gradually take effect during the second half of the year, i.e. later than previously anticipated. As a consequence, the profit for the year is expected to be slightly lower than the financial target.

CDON Marketplace:

- Achieve a growth rate in external merchants' gross merchandise value above 20 percent per year
- Achieve an operating margin before depreciation, amortization and impairment above 3 percent of net sales per year

It is estimated that operating profit before depreciation, amortization and impairment will be positive for full year 2019.

Nelly:

- Achieve organic growth in net sales above 10 percent per year
- Achieve an operating margin before depreciation, amortization and impairment above 6 percent per year

The company's ability to reach the target is largely dependent of the development on the fashion market, strength of its brand, attractiveness of its assortment and the return ratio.

QLIRO FINANCIAL SERVICES – IMPROVED RESULTS AND INFLUX OF NEW E-COMMERCE MERCHANTS WITH EFFECT IN THE SECOND HALF OF THE YEAR

SEK million	2019		Δ	2018		Δ
	April-June	April-June		Jan-June	Jan-June	
Interest income	83.0	68.1	22%	161.9	132.4	22%
Interest expense	-6.4	-3.7	70%	-12.6	-7.4	69%
Net interest income	76.7	64.3	19%	149.3	125.0	19%
Net fee and commission income	3.6	2.9	24%	8.5	6.8	25%
Other operating income	5.8	4.0	45%	14.2	7.6	88%
Total operating income	86.1	71.2	21%	172.1	139.4	23%
Other operating expenses	-54.5	-53.0	3%	-112.6	-103.9	8%
Depreciation, amortization and impairment	-14.3	-9.4	51%	-25.7	-17.8	45%
Total operating expenses	-68.7	-62.4	10%	-138.3	-121.7	14%
Net credit losses	-17.2	-12.6	37%	-31.0	-26.2	18%
Operating profit	0.2	-3.7		2.7	-8.5	
Operating profit before depreciation, amortization and impairment	14.5	5.7	154%	28.4	9.2	208%
Net loans to the public	1,710	1,212	41%	1,710	1,212	41%
of which sales financing	1,182	1,025	15%	1,182	1,025	15%
of which personal loans	527	187	182%	527	187	182%
External financing	1,601	1,065	50%	1,601	1,065	50%
of which secured credit facility	436	314	39%	436	314	39%
of which deposits from the public ¹	1,165	751	55%	1,165	751	55%
Sales financing						
Business volume	1,342	1,270	6%	2,431	2,218	10%
No. of orders, thousands	1,254	1,201	4%	2,482	2,247	10%
Average shopping basket, SEK	1,070	1,058	1%	980	987	-1%
Personal loans						
Average loan, SEK thousand	79	68	16%	78	67	18%

¹Of which accrued interest was SEK 0.0 (1.3) million.

Financial services to merchants and consumers

Qliro Financial Services consists of the credit market company Qliro AB, which is under the supervision of the Swedish Financial Supervisory Authority (FI), and offers digital financial services to merchants and consumers.

The strategy is to offer a payment solution to merchants while utilizing transaction volume and customer relationships to offer digital financial services to consumers. The payment solution ensures that e-commerce merchants have good conversion, offer secure payments and receive financial income. E-commerce volumes allow for lower customer acquisition costs for the company's consumer services. This is expected to provide a long-term competitive advantage and contribute to profitability and an attractive return on equity.

Qliro Financial Services operates in the Nordic region, which is an attractive credit market through the availability of individual financial information and established government supported credit recovery processes.

New merchants and growing business volume

Since year-end, Qliro Financial Services has signed contracts with several new merchants that are gradually being connected to the platform. New merchants include iPiccolo, Baresso, Nordicfeel, Eleven, Dollarstore and Best of Brands, plus a still undisclosed large player. The new merchants have business volumes amounting to more than SEK 1.5 billion on an annual basis, equivalent to approximately one third of Qliro Financial Services' total volume in 2018. As the new merchants are connected to the platform, business volumes will increase, driving growth in the loan book and, in turn, generating interest income and thus profitability.

Volumes from CDON Marketplace to Qliro Financial Services fell by 9 percent in the quarter due to the ongoing phaseout of sales from own inventory in line with the transition to the marketplace model. This affected business volumes, which still increased by 6 percent to SEK 1.3 billion. Merchants that are not part of the Qliro Group accounted for about half of e-commerce volumes. This share is estimated to increase as new merchants are connected.

Fast growth in the loan book for personal loans

Total operating income increased by 21 percent to SEK 86 million driven by the loan book, which grew by 41 percent to SEK 1.7 billion, with the fastest growth in personal loans. SEK 1.2 billion of the loan book comprised of invoices, partial payments and installments, and SEK 0.5 billion comprised personal loans.

Growth within personal loans is driven by digital marketing to existing customers. Over 95 percent of the borrowers had an existing relationship with Qliro Financial Services, and many applied through Qliro’s app. This results in low customer acquisition costs and an ability to restrict credit granting by identifying people with good creditworthiness. Credit assessments are automated and based on a combination of internal and external data that is analyzed in real time using machine learning. The company has good prospects for cost-effectively growing the personal loan business.

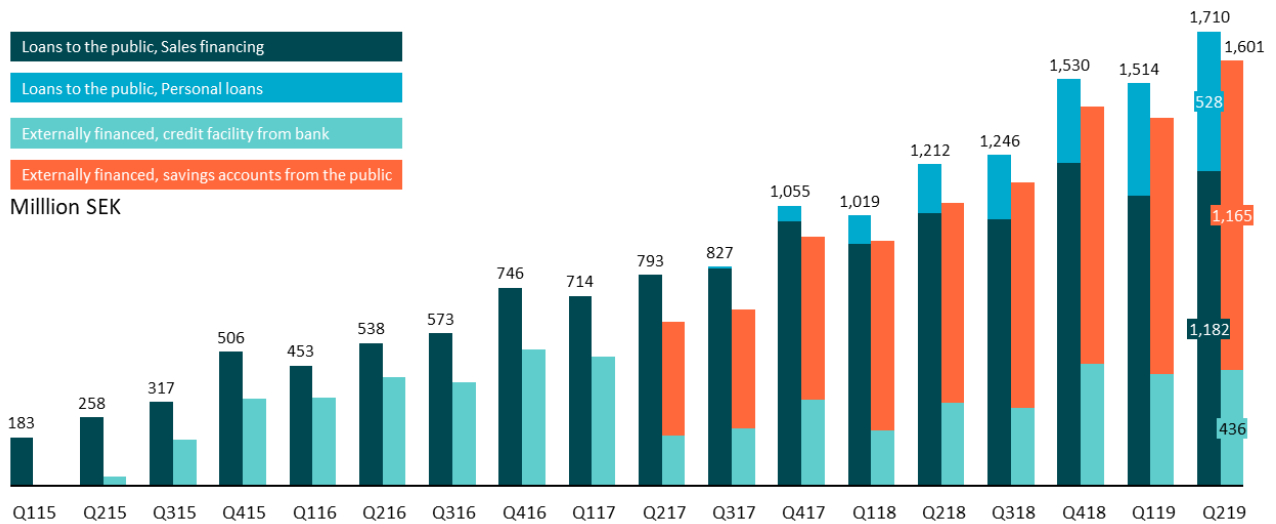
Fast increase in operating profit before depreciation and amortization

Qliro Financial Services now has the scale to cost-effectively manage significant growth in the loan book. Depreciation increased by SEK 4.9 million as the technology platform was gradually implemented. Expected net credit losses increased slightly slower than the loan book.

Total operating expenses increased by 10 percent, driven primarily by commercial investments and IT development. Operating income grew much faster, which resulted in operating profit before depreciation and amortization improving by more than 150 percent to SEK 14.5 (5.7) million.

Capital adequacy and funding

Qliro AB’s own funds were SEK 316.4 million, its total risk exposure was SEK 1,812.3 million and its Common Equity Tier 1 capital ratio was 17.5 percent of the risk exposure as of June 30, 2019. Besides equity, lending to the public was financed in the amount of SEK 435.7 (314.2) million via a secured credit facility and SEK 1,164.9 (751.1) million through deposits from the public (savings accounts) in Sweden. Of the deposits from the public, 99.8 percent were protected by the deposit guarantee in Sweden. Deposits from the public had an average remaining term of approximately 177 days as of June 30, 2019. Funding through the loan facility is mainly used for lending to the public in foreign currencies.



CDON MARKETPLACE – POSITIVE OPERATING RESULT BEFORE DEPRECIATION DURING LATEST TWELVE MONTHS

SEK million	2019	2018	Δ	2019	2018	Δ
	April-June	April-June		Jan-June	Jan-June	
Gross merchandise value, external merchants	200.3	124.8	60%	351.1	236.1	49%
Total gross merchandise value ¹	398.4	448.1	-11%	792.8	925.0	-14%
Net sales	217.7	337.5	-35%	478.3	715.9	-33%
Gross profit/loss	41.6	41.0	1%	85.3	80.7	6%
<i>Gross margin, %</i>	19.1%	12.2%	6.9%	17.8%	11.3%	6.6%
Operating profit before depreciation, amortization and impairment	-3.8	-11.3		-10.8	-32.5	
<i>Operating margin before depreciation, amortization and impairment, %</i>	-1.8%	-3.3%	1.6%	-2.3%	-4.5%	2.3%
Operating profit	-7.5	-14.7		-17.9	-38.3	
<i>Operating margin, %</i>	-3.5%	-4.4%	0.9%	-3.7%	-5.4%	1.6%
Investments	-7.4	-6.1		-14.5	-11.7	-7.4
Opening inventory balance	131.8	190.8	-31%	176.7	254.5	-31%
Closing inventory balance	107.3	176.4	-39%	107.3	176.4	-39%
Active customers, past twelve months, thousands	1,744	1,804	-3%	1,744	1,804	-3%
Visits, thousands	20,167	19,657	3%	42,742	41,608	3%
No. of orders, thousands	620	682	-9%	1,307	1,460	-10%
Average shopping basket, SEK	632	651	-3%	597	628	-5%

¹Total of own and external merchants' sales.

CDON Marketplace is a leading marketplace

CDON Marketplace is the leading digital Nordic marketplace. Consumers turn to CDON.COM to purchase various products on a common site and to take advantage of low prices, easy payments and efficient deliveries. Merchants join CDON Marketplace to take advantage of its market position, traffic and tools to drive sales.

Rapid growth in external merchant sales

CDON Marketplace continues its transition toward the marketplace model and to build an independently profitable company. The external merchant sales increased by 60 percent, which contributed to a 38 percent increase in commission revenue in the quarter. The marketplace is growing through existing and new merchants, both large and small. Together, the external merchants' sales and dropshipment (delivery direct to the customer from the supplier) accounted for 60 percent of total gross merchandise value.

The phaseout of sales from its own inventory continued, primarily in the lower-margin consumer electronics segment (mobile phones, TVs, etc.). The home electronics offer is instead based on external merchants with a wide range of products on CDON's marketplace at competitive prices. Consequently, net sales (consisting of own sales and commission income from external merchant sales) decreased by 35 percent to SEK 218 million in the quarter. This is part of the transition to the marketplace model, which has a negative effect on net sales but a positive effect on profitability and capital tied in the company. The phaseout is expected to decrease during the second half of the year, and the company's total gross merchandise value is then expected to increase again. The phaseout of home electronics sales also means that the average shopping basket decreased.

The transition to a marketplace and dropshipment based business model creates prospects for future growth with lower inventory levels, which over time is expected to provide stronger cash flows and further decrease working capital needs. In line with this strategy, inventory levels were 39 percent lower at the end of the second quarter of 2019 than at the same period in 2018. The transition to the marketplace model led to a continued increase in gross margin, which increased by as much as 7 percentage points to 19.1 percent.

Positive operating profit before depreciation and amortization in the past year

CDON Marketplace has for several years invested in its technology platforms and process automation. The company benefits from these investments and has reduced its number of employees, leading to a reduction in employee costs of 12 percent for the quarter and 17 percent for the past year. Operating profit before depreciation increased to SEK -3.8 (-11.3) million. For the last 12 months CDON Marketplace had a positive operating profit before depreciation of SEK 3 million and positive cash flow before investments.

NELLY – CONTINUED PROFITABLE GROWTH

SEK million	2019	2018	Δ	2019	2018	Δ
	April-June	April-June		Jan-June	Jan-June	
Net sales	424.3	403.1	5%	726.6	679.2	7%
Gross profit/loss	117.3	117.8	0%	186.1	175.8	6%
Gross margin, %	27.6%	29.2%	-1.6%	25.6%	25.9%	-0.3%
Operating profit before depreciation, amortization and impairment	28.1	28.6	-2%	21.1	13.7	54%
<i>Operating margin before depreciation, amortization and impairment, %</i>	6.6%	7.1%	-0.5%	2.9%	2.0%	0.9%
Operating profit	22.8	23.6	-3%	10.5	3.6	194%
<i>Operating margin, %</i>	5.4%	5.9%	-0.5%	1.4%	0.5%	0.9%
Investments	-2.9	-1.1		-9.3	-2.6	
Opening inventory balance	287.1	257.3	12%	241.6	193.0	25%
Closing inventory balance	254.0	220.1	15%	254.0	220.1	15%
Active customers, past twelve months, thousands	1,327	1,313	1%	1,327	1,313	1%
Visits, thousands	32,686	31,776	3%	60,993	59,948	2%
Orders before returns, thousands	865	889	-3%	1,512	1,559	-3%
Average shopping basket, SEK	752	697	8%	735	673	9%
Percentage of own brand sales	45%	48%	-3	45%	47%	-2
Return ratio, past twelve months	39%	37%	2	39%	37%	2
Product margin	51%	52%	-1	49%	49%	0
Fulfillment and distribution costs	20%	19%	1	20%	20%	0

One of the Nordics' strongest fashion brands online

Nelly offers fashion for young women through Nelly.com and for men through NLY MAN. Nelly is one of the best-known fashion brands online among women aged 18 to 29 in the Nordics. At its core are its own brands, complemented by a curated portfolio of approximately 200 external brands. Nelly has attained a high level of engagements with its customers through its own brands and digital marketing. An important component of the strategy is that a high percentage of sales consists of own brands.

Continued profitable growth

Nelly's visits increased by 3 percent, the number of customers by 1 percent and the average shopping basket by 8 percent in the quarter. This resulted in a net sales increase of 5 percent. This shall be viewed against the backdrop that the Swedish market has been challenging and Svensk Handel reports that the Swedish general fashion market declined in the quarter. The product margin was hampered by weak SEK affecting purchasing costs. The product margin was 51 (52) percent.

During the first half of the year, sales through Zalando were launched to cost-effectively reach new consumers, mainly in countries that complement Nelly's own range.

The return ratio appears to have stabilized during recent quarters and Nelly has benefited from having implemented a digitalized returns process. Customers can now manage returns and buy replacement products more easily, and the company thereby gets the products back faster for re-sale. The inventory decreased during the quarter, and earlier investments in the assortment have led to a higher inventory at this mid-year stage than last year. This allows for continued growth.

Higher sales but a slightly lower product margin resulted in the gross profit being on a par with last year at SEK 117 million. The corresponding margin was 27.6 percent. Operating profit before depreciation and amortization was SEK 28.1 (28.6) million.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

There are no significant events to report.

THE GROUP¹

Continuing operations are recognized in this report (including historical comparative figures) unless otherwise stated. Lekmer and HSNB are recognized as discontinued operations.

Net sales decreased by SEK 10.3 percent to SEK 723.9 (807.0) million in the quarter, of which SEK 386.9 (444.0) million in Sweden, SEK 292.6 (313.6) million in the rest of the Nordic region and SEK 44.3 (49.4) million in the rest of the world. Net sales decreased by 10.5 percent to SEK 1,363.7 (1,523.2) million for the first half of the year. Exchange rate fluctuations had a positive effect of approximately 1 percent for both the quarter and the first half of the year.

The gross margin increased by 5.6 percentage points to 30.6 (25.0) percent for the quarter and amounted to 28.1 (22.2) percent for the first half of the year. The gross margin increased for CDON Marketplace and decreased for Nelly.

Operating profit before depreciation, amortization and impairment increased to SEK 31.5 (7.7) million for the quarter and SEK 25.3 (-35.1) million for the first half of the year. Operating profit increased to SEK 1.0 (-10.3) million for the quarter and SEK -32.5 (-69.1) million for the first half of the year.

Net financial items amounted to SEK -0.8 (-20.5) million for the quarter and SEK -11.8 (-24.2) million for the first half of the year. During the second quarter of 2018, an interest expense of SEK 13 million (paid in 2017 or earlier) was recognized due to the ruling in the tax case by the Helsinki Administrative Court.

Profit before tax amounted to SEK 0.2 (-30.8) million for the quarter and SEK -44.2 (-93.4) million for the first half of the year. Recognized tax expense amounted to SEK 0.2 (-56.6) million for the quarter and SEK 0.3 (-42.6) million for the first half of the year. In the second quarter of 2018, a tax expense of SEK 57 million (paid in 2017 or earlier) was recognized due to the ruling in the tax case by the Helsinki Administrative Court (see page 10).

Profit after tax amounted to SEK 0.4 (-87.4) million for the quarter and SEK -43.9 (-136.0) million for the first half of the year. Profit after tax for the total of continuing and discontinued operations was SEK 0.4 (-91.7) million for the quarter and SEK -43.9 (-0.7) million for the first half of the year. Earnings per share for the total of continuing and discontinued operations, before and after dilution, amounted to SEK 0.00 (-0.61) for the quarter and SEK -0.29 (0.00) for the first half of the year.

Cash flow and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 23.6 (-13.3) million for the quarter and SEK 17.4 (-85.4) million for the first half of the year, of which e-commerce operations accounted for SEK 8.0 (-17.7) million for the quarter and SEK -20.9 (-69.4) million for the first half of the year, and Qliro Financial Services accounted for SEK 8.6 (4.4) million for the quarter and SEK 24.6 (-16.0) million for the first half of the year.

Cash flow from changes in working capital in e-commerce operations amounted to SEK 54.1 (111.0) million for the quarter and SEK -78.9 (-151.9) million for the first half of the year. CDON Marketplace reduced its inventory during the second quarter and compared with the same period last year. Earlier investments in the assortment led to a higher inventory for Nelly compared to last year.

Cash flow from changes in working capital in Qliro Financial Services amounted to SEK 8.5 (-51.5) million for the quarter and SEK -17.4 (-91.1) million for the first half of the year. This was made up of a combination of increased loans to the public (invoices, payments, partial payments and personal loans), deposits from the public (savings accounts) and utilization of credit facilities.

Consolidated cash flow from operations after changes in working capital amounted to SEK 86.3 (46.1) million for the quarter and SEK -78.8 (-328.4) million for the first half of the year. Investments in non-current assets amounted to SEK -40.1 (-21.3) million for the quarter and SEK -74.0 (-43.3) million for the first half of the year. Investments were made mainly in Qliro Financial Services and CDON Marketplace.

¹ Consolidated figures and tables include the effects of IFRS 16.

Cash flow from divestment of operations amounted to SEK 0.0 (19.2) million for the quarter and SEK 0.0 (387.2) million for the first half of the year. Last year, this consisted mainly of payment for HSNG in the first quarter and the final payment for Lekmer in the second quarter.

Cash flow from financing activities amounted to SEK -7.0 (0.0) million for the quarter and SEK -269.6 (0.0) million for the first half of the year.

Cash and cash equivalents amounted to SEK 270.4 (646.3) million at the end of the first half of the year. Cash and cash equivalents from e-commerce operations amounted to SEK 211.7 (638.8) million. The bond loan of SEK 250.0 million was repaid during the first quarter.

Total assets amounted to SEK 3,244.6 (2,985.6) million at the end of the first half of the year. The divestments of Lekmer in 2017 and HSNG in 2018 decreased consolidated assets compared with the previous year, which was offset by Qliro Financial Services' increased lending to the public. Equity amounted to SEK 954.5 (985.1) million.

Discontinued operations

Qliro Group divested 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. Continuing operations are recognized in this report (including historical comparative figures in income statements and cash flow reports) unless otherwise stated.

HSNG was valued at SEK 360 million on a debt-free basis with normalized working capital. Earnings from the divestment of shares excluding transaction-related costs were SEK 140.6 million in the first quarter of 2018.

Earnings after tax for discontinued operations amounted to SEK 0.0 (-4.3) million for the quarter and SEK 0.0 (135.3) million for the first half of the year.

Parent company

The Qliro Group AB parent company reported sales of SEK 2.1 (4.1) million for the quarter and SEK 5.0 (9.3) million for the first half of the year. Profit before tax amounted to SEK -13.0 (-20.4) million for the quarter and SEK -29.9 (110.0) million for the first half of the year. Cash and cash equivalents in the parent company amounted to SEK 43.3 (408.7) million at the end of the first half of the year.

As of June 30, Qliro Group had 154,994,779 shares issued, of which 149,774,779 were common shares and 5,220,000 were C shares. The C shares are held by Qliro Group and may not be represented at General Meetings.

Consolidated situation

Qliro Group and its subsidiary Qliro AB (credit market company under FI's supervision) have constituted a consolidated situation since the third quarter of 2018 as Qliro AB accounts for more than half of the Group's total assets. Certain rules for the credit market company therefore also apply to the parent company, such as the capital adequacy regulations. The consolidated situation (parent company and Qliro AB) was well-capitalized at the end of the period.

Accounting policies and valuation principles

This interim report was prepared in accordance with IFRS using the same accounting policies and bases of calculation as the most recent annual report and with application of IAS 34 Interim Financial Reporting. IFRS 9 and IFRS 15 were applied from January 1, 2018 and IFRS 16 from January 1, 2019.

IFRS 9 Financial Instruments

IFRS 9 primarily affects 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 at the time of lending with the effect recognized in earnings. Due to the transition to IFRS 9 on January 1, 2018, the reserves increased by SEK 24 million, which affected the balance sheet items equity and lending to the public, but not the income statement. Most of the additional reserves stemmed 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.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 has not led to any significant changes in revenue recognition since Qliro Group already recognizes revenue in a manner that complies with the requirements. In accordance with IFRS 15, Qliro Group has increased its reporting of information about the composition of net sales.

IFRS 16 Leases

IFRS 16 replaced IAS 17 Leases and IFRIC 4 as of January 1, 2019. For leases, IFRS 16 means that all leases (as defined) are recognized as assets and liabilities in the balance sheet and that associated depreciation and interest expenses are recognized in the income statement, with some exceptions. Qliro Group is applying the simplified approach over a transitional period. The transition to IFRS 16, at the start of 2019, resulted in assets and liabilities increasing by SEK 101 million.

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, regulation and compliance, disputes and intellectual property rights. The most prominent risks for Qliro Financial Services include financial risks (see above), business risk/strategic risk and operational risks. The 2018 annual report contains a more comprehensive description of the risks and uncertainties affecting the Group in the Management Report and under Note 21.

CDON Alandia

In January 2016, Qliro Group announced that the tax administration in Finland had decided to place an additional tax on CDON AB's Åland subsidiary CDON Alandia Ab for the 2012 fiscal year. In May 2018, Helsinki Administrative Court upheld parts of the decision, with the result that, in the second quarter of 2018, Qliro Group reported a tax expense of SEK 57 million and an interest expense of SEK 13 million. As communicated previously, the full amount was paid to the Finnish authorities in 2017 or earlier. This tax process only applies to the 2012 tax year and any additional claims from the Finnish tax authority against CDON Alandia are barred by the statute of limitations. CDON Alandia has requested that the case shall be reviewed by the Supreme Administrative Court of Finland, which has not yet passed its decision in relation to its review.

As communicated previously, the Finnish authorities have been investigating CDON Alandia for suspected tax fraud for several years. Even though no decision has yet been passed in relation to the review in the tax process, three persons who were members of CDON Alandia Ab's board in 2008-2013 and two former employees of the Group have been prosecuted at the District Court of Åland, Finland. The proceedings were previously expected to be held at the District Court of Åland during the fourth quarter of 2019, but are now expected to commence at the end of the third quarter of 2019. If the prosecuted would be convicted, they may be liable to pay damages to the Finnish authorities. The prosecuted might, in case they are imposed to pay damages, under certain conditions direct claims against Qliro Group, CDON or CDON Alandia for compensation for such damages that might be imposed. No such claims have been made, and Qliro Group has not made any provisions for such claims.

Related party transactions

Transactions with related parties are presently of the same character as described in the 2018 annual report.

Interim report for the third quarter of 2019

Qliro Group's interim report for the third quarter will be published on October 22, 2019.

2019 Annual General Meeting

On May 7, 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 Christoffer Häggblom, Daniel Mytnik, Erika Söderberg Johnson, Jessica Pedroni Thorell, Andreas Bernström and Lennart Jacobsen. Christoffer Häggblom was also re-elected as Chairman of the Board. KPMG AB was re-elected as auditor.

Dividend

The 2019 AGM resolved that no dividend be paid to shareholders for the 2018 fiscal year, and that retained earnings be carried forward into the 2019 accounts.

The Board's assurance

The Board and CEO give their assurance that the half-year report provides a fair summary of the Group and parent company's operations, position, and earnings, and describes significant risks and uncertainties faced by the parent company and Group companies.

Stockholm, July 12, 2019

Christoffer Häggblom
Chairman

Daniel Mytnik
Director

Erika Söderberg Johnson
Director

Jessica Pedroni Thorell
Director

Andreas Bernström
Director

Lennart Jacobsen
Director

Marcus Lindqvist
CEO

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

Qliro Group AB (publ.)
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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 6573

UK +44 330 336 9104

US +1 929 477 0630

PIN code for participation: 537924

The presentation material and webcast will be published at www.qlirogroup.com.

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

Marcus Lindqvist, President and Chief Executive Officer

Niclas Lilja, Head of investor relations

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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 online marketplace, the fashion brand Nelly.com and Qliro Financial Services, offering financial services to merchants and consumers. In 2018 the Group had sales of SEK 3.2 billion. Qliro Group's shares are listed on the Nasdaq Stockholm MidCap segment under the ticker symbol QLRO.

This information is information that Qliro Group AB is required to disclose under the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was released for publication through the agency of the above-mentioned contacts at 8:00 a.m. CET on Friday, July 12, 2019.

Consolidated Income Statement, second quarter	E-commerce		Qliro FS		Other ¹		Qliro Group	
SEK million	2019	2018	2019	2018	2019	2018	2019	2018
Net sales	642.0	740.6	83.2	68.2	-1.3	-1.8	723.9	807.0
Cost of goods and services	-483.1	-581.8	-21.1	-24.4	1.6	1.2	-502.6	-604.9
Gross profit	158.9	158.8	62.2	43.8	0.3	-0.5	221.3	202.1
Sales and administration expenses	-161.8	-169.7	-59.6	-54.1	2.8	5.4	-218.5	-218.3
Other operating income and expenses, net	2.9	4.8	-2.4	6.6	-2.4	-5.4	-1.9	5.9
Operating profit or loss	0.0	-6.1	0.2	-3.7	0.8	-0.5	1.0	-10.3
Net interest & other financial items	0.0	-20.3	-	-0.2	-0.8	-	-0.8	-20.5
Net profit or loss before tax	0.0	-26.4	0.2	-3.9	-0.1	-0.5	0.2	-30.8
Tax							0.2	-56.6
Net profit or loss for continued operations							0.4	-87.4
Net profit or loss for discontinued operations							-	-4.3
Total net profit or loss for continued and discontinued operations							0.4	-91.7
<i>Attributable to:</i>								
Equity holders of the parent							0.4	-91.7
Non-controlling interests							-	-
Net income for the period							0.4	-91.7
Basic earnings per share excluding discontinued operations before dilution, SEK							0.00	-0.58
Basic earnings per share including discontinued operations before dilution, SEK							0.00	-0.61
Basic earnings per share excluding discontinued operations after dilution, SEK							0.00	-0.58
Basic earnings per share including discontinued operations after dilution, SEK							0.00	-0.61

¹ Including adjustment related to differences in phasing of costs/revenues and adjustments due to IFRS 16 Leasing

Consolidated statement of comprehensive income, second quarter	Qliro Group	
SEK million	2019	2018
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Translation difference for the period	0.2	0.9
Total comprehensive income for period	0.6	-90.8
<i>Total comprehensive income attributable to:</i>		
Parent company shareholders	0.6	-90.8
Non-controlling interests	-	-
Total comprehensive income for the period	0.6	-90.8
Shares outstanding at period's end, basic, million	149.8	149.7
Shares outstanding at period's end, diluted, million	149.8	151.0
Average number of shares, basic, million	149.8	149.7
Average number of shares, diluted, million	149.8	151.0

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

Consolidated income statement, first two quarters		E-commerce		Qliro FS		Other ¹		Qliro Group	
SEK million	2019	2018	2019	2018	2019	2018	2019	2018	
Net sales	1,204.9	1,395.3	162.3	132.6	-3.6	-4.7	1,363.7	1,523.2	
Cost of goods and services	-933.5	-1,138.6	-50.4	-49.4	3.0	2.3	-980.9	-1,185.7	
Gross profit	271.4	256.7	111.9	83.2	-0.5	-2.4	382.8	337.4	
Sales and administration expenses	-311.7	-322.0	-119.9	-105.5	7.4	8.5	-424.1	-419.0	
Other operating income and expenses, net	4.8	7.2	10.7	13.7	-6.6	-8.5	8.8	12.4	
Operating profit or loss	-35.5	-58.2	2.7	-8.5	0.3	-2.4	-32.5	-69.1	
Net interest & other financial items	-10.0	-23.8	-	-0.5	-1.8	-	-11.8	-24.2	
Net profit or loss before tax	-45.4	-82.0	2.7	-9.0	-1.5	-2.4	-44.2	-93.4	
Tax							0.3	-42.6	
Net profit or loss for continued operations							-43.9	-136.0	
Net profit or loss for discontinued operations							-	135.3	
Total net profit or loss for continued and discontinued operations							-43.9	-0.7	
<i>Attributable to:</i>									
Equity holders of the parent							-43.9	-0.7	
Non-controlling interests							-	-	
Net income for the period							-43.9	-0.7	
Basic earnings per share excluding discontinued operations before dilution, SEK							-0.29	-0.91	
Basic earnings per share including discontinued operations before dilution, SEK							-0.29	0.00	
Basic earnings per share excluding discontinued operations after dilution, SEK ²							-0.29	-0.91	
Basic earnings per share including discontinued operations after dilution, SEK							-0.29	0.00	

¹ Including group adjustment related to differences in phasing of costs/revenues and adjustments due to IFRS 16 Leasing

Consolidated statement of comprehensive income, first two quarters		Qliro Group	
SEK million	2019	2018	
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Translation difference for the period	2.7	4.4	
Total comprehensive income for period	-41.2	3.8	
<i>Total comprehensive income attributable to:</i>			
Parent company shareholders	-41.2	3.8	
Non-controlling interests	-	-	
Total comprehensive income for the period	-41.2	3.8	
Shares outstanding at period's end, million	149.8	149.3	
Shares outstanding at period's end, diluted, million	149.8	149.3	
Average number of shares, basic, million	149.8	149.3	
Average number of shares, diluted, million	149.8	149.3	

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

Consolidated Statement of financial position	E-commerce		Qliro FS			Other ¹	Qliro Group	
	30 jun 2019	30 jun 2018	30 jun 2019	30 jun 2018	30 jun 2019	30 jun 2018	30 jun 2019	30 jun 2018
SEK million								
Non-current assets								
Goodwill	64.7	64.3	-	-	-	-	64.7	64.3
Other intangible assets	89.5	84.8	168.7	142.4	-	-	258.2	227.2
Total intangible assets	154.2	149.2	168.7	142.4	-	-	322.9	291.6
Tangible assets	10.2	10.6	19.7	10.4	-	-	29.9	21.0
Leased assets	-	-	-	-	94.1	-	94.1	-
Deferred tax asset	109.6	121.6	8.5	1.9	0.1	-	118.2	123.6
Total non-current assets	274.0	281.4	196.9	154.7	94.2	-	565.1	436.1
Current assets								
Inventories	361.3	396.5	-	-	-	-	361.3	396.5
Loans to the public	-	-	1,709.9	1,212.4	-	-	1,709.9	1,212.4
Current interest-bearing investments	-	-	202.0	165.2	-	-	202.0	165.2
Current non-interest bearing receivables	115.2	122.4	22.9	12.1	-2.1	-5.4	136.0	129.0
Cash and cash equivalents	211.7	638.8	58.8	7.5	-	-	270.4	646.3
Total current assets	688.2	1,157.7	1,993.5	1,397.2	-2.1	-5.4	2,679.6	2,549.5
Total assets	962.1	1,439.1	2,190.5	1,551.9	92.0	-5.4	3,244.6	2,985.6
Equity								
Equity attributable to owners of the parent	459.2	600.5	495.8	384.7	-0.4	-	954.5	985.1
Total equity	459.2	600.5	495.8	384.7	-0.4	-	954.5	985.1
Non-current liabilities								
<i>Non interest bearing</i>								
Other provisions	0.9	4.4	-	-	-	-	0.9	4.4
<i>Interest bearing</i>								
Loan Facility	-	-	435.7	314.2	-	-	435.7	314.2
Bond	-	250.0	-	-	-	-	-	250.0
Financial leasing liabilities	-	-	-	1.4	-	-	-	1.4
Leased liabilities	-	-	-	-	65.9	-	65.9	-
Total non-current liabilities	0.9	254.4	435.7	315.5	65.9	-	502.6	569.9
Current liabilities								
Deposits from the public	-	-	1,164.9	749.8	-	-	1,164.9	749.8
Financial leasing liabilities	-	-	1.5	2.3	-	-	1.5	2.3
Leased liabilities	-	-	-	-	28.6	-	28.6	-
Current non-interest bearing liabilities	502.1	584.3	92.6	99.6	-2.1	-5.4	592.5	678.5
Total current liabilities	502.1	584.3	1,259.0	851.7	26.5	-5.4	1,787.5	1,430.5
Total equity and liabilities	962.1	1,439.1	2,190.5	1,551.9	92.0	-5.4	3,244.6	2,985.6

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

¹ Including group adjustments and adjustments related to IFRS 16 Leasing

SEK million	Equity attributable to parent company shareholders						
	Equity	Other capital contributions	Trans-lation reserve	Retained earnings incl. Profit/loss for the year	Total	Non-controlling interest	Total equity
Closing balance 2017-12-31	300.9	1,077.4	-3.9	-364.7	1,009.6	0.0	1,009.6
Change of accounting principle (IFRS 9)	-	-	-	-23.5	-23.5	-	-23.5
Opening balance 2018-01-01	300.9	1,077.4	-3.9	-388.2	986.1	-	986.1
Statement of changes in equity					2019	2018	2018
SEK million					Jan-Jun	Jan-Jun	Jan-Dec
Opening balance					994.5	986.1	986.1
Comprehensive income for the period					-41.2	3.8	5.9
Effects of long term incentive program					1.3	-4.7	-2.5
Tax effect when changing accounting principle (IFRS 9)					-	-	5.0
Closing balance					954.5	985.1	994.5

Consolidated statement of cash flow, second quarter	E-commerce		Qliro FS		Other ²		Qliro Group	
SEK million	2019	2018	2019	2018	2019	2018	2019	2018
Cash flow from operating activities before changes in working capital	8.0	-17.7	8.6	4.4	7.0	-	23.6	-13.3
Changes in working capital ¹	54.1	111.0	8.5	-51.5	-	-	62.7	59.4
Cash flow from operations	62.2	93.3	17.1	-47.1	7.0	-	86.3	46.1
Investments in non-current assets	-10.3	-7.5	-29.8	-13.8	-	-	-40.1	-21.3
Divested operations	-	19.2	-	-	-	-	-	19.2
Cash flow to/from investing activities	-10.3	11.6	-29.8	-13.8	-	-	-40.1	-2.1
Shares contribution, net change	-45.0	-40.0	45.0	40.0	-	-	-	-
Amortization of leasing debt	-	-	-	-	-7.0	-	-7.0	-
Cash flow to/from financing activities	-45.0	-40.0	45.0	40.0	-7.0	-	-7.0	-
Change in cash and cash equivalents for the period from continued operations	6.9	64.9	32.3	-20.9	-	-	39.2	44.0
Change in cash and cash equivalents for the period from discontinued operations	-	-	-	-	-	-	-	-
Change in cash and cash equivalents for the period	6.9	64.9	32.3	-20.9	-	-	39.2	44.0
Cash and cash equivalents at period's start²							231.1	601.9
Translation difference, cash and cash equivalents							0.2	0.3
Less cash from discontinued operations							-	-
Cash and cash equivalents at period's end							270.4	646.3

¹ Utilised credit facilities, deposits to the public and loans to the public within Qliro FS are reported as changes in working capital

² Including adjustments related to IFRS 16 Leasing

Consolidated statement of cash flow, first two quarters	E-commerce		Qliro FS		Eliminations ³		Qliro Group	
SEK million	2019	2018	2019	2018	2019	2018	2019	2018
Cash flow from operating activities before changes in working capital	-20.9	-69.4	24.6	-16.0	13.6	-	17.4	-85.4
Changes in working capital ¹	-78.9	-151.9	-17.4	-91.1	-	-	-96.2	-243.0
Cash flow from operations	-99.7	-221.3	7.3	-107.1	13.6	-	-78.8	-328.4
Investments in non-current assets	-23.8	-15.0	-50.2	-28.3	-	-	-74.0	-43.3
Divested operations	-	387.2	-	-	-	-	-	387.2
Cash flow to/from investing activities	-23.8	372.3	-50.2	-28.3	-	-	-74.0	344.0
Shareholder contribution, net change	-80.0	-70.0	80.0	70.0	-	-	-	-
Group contribution, net change	-	-2.0	-	2.0	-	-	-	-
Internal loan, net change	0.1	-	-0.1	-	-	-	-	-
Issued unsecured bond ²	-256.0	-	-	-	-	-	-256.0	-
Amortization of leasing debt	-	-	-	-	-13.6	-	-13.6	-
Cash flow to/from financing activities	-335.9	-72.0	79.9	72.0	-13.6	-	-269.6	-
Change in cash and cash equivalents for the period from continued operations	-459.5	78.9	37.0	-63.4	-	-	-422.5	15.5
<i>Cash flow from discontinued operations</i>								
Cash flow from operations	-	13.9	-	-	-	-	-	13.9
Cash flow from investing activities	-	-0.6	-	-	-	-	-	-0.6
Change in cash and cash equivalents for the period from discontinued operations	-	13.3	-	-	-	-	-	13.3
Change in cash and cash equivalents for the period	-459.5	92.2	37.0	-63.4	-	-	-422.5	28.9
Cash and cash equivalents at period's start							691.8	631.1
Translation difference, cash and cash equivalents							1.1	1.1
Less cash from discontinued operations							-	-14.7
Cash and cash equivalents at period's end							270.4	646.3

¹ Utilised credit facilities within Qliro FS are reported as changes in working capital

² Early redemption of all outstanding bonds at 102.4 percent of the nominal amount 250 SEK million

³ Including adjustments related to IFRS 16 Leasing

Net Sales by segment	2019	2019	2019	2018	2018	2018	2018	2018	2018
SEK million	Q2	Q1	Jan-Jun	Q4	Q3	Q2	Q1	Jan-Jun	Full year
CDON	217.7	260.6	478.3	558.0	286.3	337.5	378.4	715.9	1,560.2
Nelly	424.3	302.4	726.6	402.9	308.9	403.2	276.0	679.2	1,391.0
Group central operations	-	-	-	-	0.0	0.1	1.7	1.8	1.8
Eliminations within e-commerce	-	-	-	-	0.0	-0.1	-1.4	-1.6	-1.6
Total e-commerce	642.0	562.9	1,204.9	960.9	595.2	740.6	654.7	1,395.2	2,951.3
Qliro Financial Services	83.2	79.1	162.3	77.0	71.6	68.2	64.4	132.6	281.2
Total Qliro Financial Services	83.2	79.1	162.3	77.0	71.6	68.2	64.4	132.6	281.2
Eliminations between e-commerce and Qliro Financial	-1.4	-1.1	-2.5	-1.8	-1.2	-1.3	-1.0	-2.3	-5.3
Group adjustment ¹	0.1	-1.1	-1.0	1.6	-0.6	-0.5	-1.9	-2.4	-1.4
Qliro Group Consolidated Total	723.9	639.8	1,363.7	1,037.7	665.1	807.0	716.2	1,523.2	3,226.0

Eliminations within e-commerce									
Nelly	-	-	-	-	0.0	0.1	1.4	1.6	1.6
Group central operations	-	-	-	-	0.0	-0.1	-1.4	-1.6	-1.6
Total eliminations within E-commerce	-	-	-	-	0.0	0.0	0.0	0.0	0.0
Eliminations between e-commerce and Qliro Financial Services									
CDON	0.8	0.8	1.5	1.4	0.7	0.6	0.7	1.3	3.4
Nelly	0.6	0.4	1.0	0.5	0.5	0.7	0.3	1.0	1.9
Group central operations	-	-	-	-	-	-	-	-	-
Qliro Financial Services	-1.4	-1.1	-2.5	-1.8	-1.2	-1.3	-1.0	-2.3	-5.3
Total eliminations between e-commerce and Qliro Financial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Operating profit by segment	2019	2019	2019	2018	2018	2018	2018	2017	2018
SEK million	Q2	Q1	Jan-Jun	Q4	Q3	Q2	Q1	Jan-Jun	Full year
CDON	-7.4	-10.3	-17.7	16.8	-8.9	-14.7	-23.6	-38.3	-30.4
Nelly	23.0	-12.2	10.8	13.9	18.7	23.6	-20.0	3.6	36.2
Group central operations	-15.2	-12.7	-27.8	-8.9	-8.9	-15.0	-8.5	-23.4	-41.2
Total e-commerce	0.4	-35.1	-34.7	21.9	0.9	-6.1	-52.1	-58.2	-35.5
Qliro Financial Services	0.3	2.5	2.8	-7.2	0.4	-3.7	-4.8	-8.5	-15.4
Total Qliro Financial Services	0.3	2.5	2.8	-7.2	0.4	-3.7	-4.8	-8.5	-15.4
Group adjustment ¹	0.3	-0.8	-0.5	1.6	-0.6	-0.5	-1.9	-2.4	-1.4
Qliro Group Consolidated Total	1.0	-33.5	-32.5	16.3	0.7	-10.3	-58.8	-69.1	-52.2

Inventories by segment	2019	2019	2018	2018	2018	2018
SEK million	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar
CDON	107.3	131.8	176.7	158.9	176.4	190.8
Nelly	254.0	287.1	241.6	296.0	220.1	257.3
Total e-commerce	361.3	418.9	418.4	454.9	396.5	448.1
Qliro Group Consolidated total for continued operations	361.3	418.9	418.4	454.9	396.5	448.1

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

Parent company income statement					
SEK million	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Net sales	2.1	4.1	5.0	9.3	18.0
Gross profit	2.1	4.1	5.0	9.3	18.0
Administration expenses	-15.4	-16.0	-27.5	-23.7	-55.7
Operating profit or loss	-13.2	-11.8	-22.5	-14.4	-37.7
Profit or loss from shares in subsidiaries	-	-4.3	-	135.4	237.7
Net interest & other financial items	0.2	-4.3	-7.4	-10.9	-14.8
Profit or loss after financial items	-13.0	-20.4	-29.9	110.0	185.2
Group contribution received	-	-	-	-	34.1
Group contribution paid	-	-	-	-	-2.3
Profit or loss before tax	-13.0	-20.4	-29.9	110.0	217.0
Tax	2.7	1.2	6.4	3.0	3.3
Net income or net loss for the period	-10.3	-19.3	-23.5	113.0	220.3
Parent company statement of comprehensive income					
SEK million					
Profit or loss for period	-10.3	-19.3	-23.5	113.0	220.3
Other comprehensive income	-	-	-	-	-
Total comprehensive income for period	-10.3	-19.3	-23.5	113.0	220.3

Parent company statement of financial position	2019	2018	2018
SEK million	30/jun	30/jun	31/dec
Non-current assets			
Equipment	0.5	1.1	0.8
Shares and participating interests in group companies	1,009.9	725.4	929.9
Deferred tax asset	109.6	109.3	109.6
Total non-current assets	1,120.0	835.9	1,040.3
Current assets			
Current non-interest-bearing receivables	10.1	6.7	4.6
Receivables from group companies	0.5	106.6	14.4
Total current receivables	10.6	113.2	19.0
Cash and bank	43.3	408.7	431.0
Total cash and cash equivalents	43.3	408.7	431.0
Total current assets	53.9	521.9	450.0
Total assets	1,174.0	1,357.8	1,490.3
Equity			
Restricted equity	155.8	310.8	310.8
Unrestricted equity	1,009.9	767.6	877.1
Total equity	1,165.7	1,078.4	1,187.9
Provisions			
Other provisions	0.9	4.4	1.6
Total provisions	0.9	4.4	1.6
Non-current liabilities			
Bond	-	250.0	250.0
Total non-current liabilities	-	250.0	250.0
Current liabilities			
Liabilities to group companies	0.2	-	43.7
Non-interest-bearing liabilities	7.1	25.0	7.1
Total current liabilities	7.3	25.0	50.8
Total liabilities	8.2	279.4	302.4
Total equity and liabilities	1,174.0	1,357.8	1,490.3

Key ratios	2019	2019	2019	2018	2018	2018	2018	2018	2018
	Q2	Q1	Jan-Jun	Q4	Q3	Q2	Q1	Jan-Jun	Full year
E-commerce									
Net debt, SEK million	-211.7	-204.5	-211.7	-420.0	-300.9	-388.8	-323.5	-388.8	-420.0
<i>CDON Marketplace</i>									
No. of active customers, thousand	1,744	1,761	1,744	1,775	1,814	1,804	1,800	1,804	1,775
No. of visits, thousand	20,167	22,574	42,742	34,618	19,415	19,657	21,951	41,608	95,640
No. of orders, thousand	620	687	1,307	1,219	653	682	778	1,460	3,333
Average shopping basket, SEK	632	566	597	610	599	651	608	628	616
<i>Nelly</i>									
No. of active customers, thousand	1,327	1,351	1,327	1,354	1,353	1,313	1,265	1,313	1,354
No. of visits, thousand	32,686	28,307	60,993	31,288	24,993	31,776	28,172	59,948	116,230
No. of orders, thousand	865	647	1,512	866	648	889	670	1,559	3,072
Average shopping basket, SEK ¹	752	711	735	698	735	697	642	673	693
Qliro Financial Services									
Net debt, SEK million	1,341.4	1,163.8	1,341.4	1,207.8	949.6	894.9	757.9	894.9	1,207.8
Group									
Net debt, SEK million	1,129.7	959.2	1,129.7	787.8	648.7	506.1	434.3	506.1	787.8
Basic earnings per share before and after dilution, SEK ²	0.00	-0.29	-0.29	0.03	-0.03	-0.58	-0.33	-0.91	-0.90
Equity per share, SEK ³	6.38	6.37	6.38	6.64	6.58	6.58	7.24	6.58	6.64

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

¹ Calculation method based on order value

² Basic Earnings per share before and after dilution for the periods Apr-Jun 2019 and Jan-Jun 2019 have been calculated on the average number of outstanding shares for the periods. The weighted average number of shares before and after dilution for the periods Apr-Jun 2019 and Jan-Jun 2019 is 149,774,779.

³ Calculated on present number of common shares, which per June 2019 amounts to 149,774,779

DEFINITIONS

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 year attributable to parent company shareholders for the period divided by the average number of shares for the period
Equity per share	Equity attributable to parent company shareholders divided by the number of shares at the end of the period
Number of active customers	The number of customers who have made a purchase at least once in the past 12 months
Number of visits	Gross number of visits to the Group's online stores
Average shopping basket	(Online sales + shipping revenue)/number of orders placed
Own funds	Total of Tier 1 capital and Tier 2 capital for capital adequacy purposes
Risk exposure amount	The total risk-weighted exposure amount is the total of credit risks, currency risks and operational risks
Minimum capital requirement	Institutions must meet the following own funds requirements: <ul style="list-style-type: none"> i) Common Equity Tier 1 capital ratio of 4.5% ii) Tier 1 capital ratio of 6%
Combined buffer requirement	Total capital ratio of 8% under Article 92 of the Capital Requirements Regulation Common Equity Tier 1 capital to meet the requirement for the capital conservation and countercyclical capital buffer and the buffer for systemically important institutions under Article 128 of the Capital Requirements Directive
Capital ratio	The own funds expressed as a percentage of the total risk-weighted exposure amount under Article 92 of the Capital Requirements Regulation <ul style="list-style-type: none"> iii)

ALTERNATIVE PERFORMANCE MEASURES

Certain key ratios stated in this report are not defined according to generally accepted accounting principles (GAAP), for example IFRS. These alternative performance measures are deemed 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 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 2019							
SEK million	CDON	Nelly	Central	E-commerce	Qliro FS	Adjustment	Group
Earnings before interest and taxes	-7.4	23.0	0.0	15.6	0.3	0.0	1.0
Depreciation, amortization and impairment	-4.9	-9.1	-0.8	-14.7	-15.8	0.0	-30.5
Earnings before interest, taxes, depreciation, amortization and	-2.6	32.1	0.8	30.3	16.0	0.0	31.5

Q2 2018							
SEK million	CDON	Nelly	Central	E-commerce	Qliro FS	Adjustment	Group
Earnings before interest and taxes	-14.7	23.6	-15.0	-6.1	-3.7	-0.5	-10.3
Depreciation, amortization and impairment	-3.4	-5.0	-0.2	-8.6	-9.4	0.0	-18.0
Earnings before interest, taxes, depreciation, amortization and	-11.3	28.6	-14.8	2.5	5.7	-0.5	7.7

Jan-Jun 2019							
SEK million	CDON	Nelly	Central	E-commerce	Qliro FS	Adjustment	Group
Earnings before interest and taxes	-17.7	10.8	-27.5	-34.4	2.8	-0.8	-32.5
Depreciation, amortization and impairment	-9.4	-18.1	-2.7	-30.2	-27.6	0.0	-57.8
impairment	-8.3	28.9	-24.8	-4.2	30.3	-0.8	25.3

Jan-Jun 2018							
SEK million	CDON	Nelly	Central	E-commerce	Qliro FS	Adjustment	Group
Earnings before interest and taxes	-38.3	3.6	-23.4	-58.2	-8.5	-2.4	-69.1
Depreciation, amortization and impairment	-5.8	-10.1	-0.4	-16.3	-17.8	0.0	-34.1
impairment	-32.5	13.7	-23.1	-41.9	9.2	-2.4	-35.1

¹Non-GAAP financial measures are shown for continued operations

Note 1

Disclosures in accordance with IAS 34,16A are on pages 9-10.

Note 2

On January 30, 2018, Qliro Group AB (publ.) sold Health and Sports Nutrition Group HSNG AB to Orkla. HSNG AB was valued at SEK 360 million on a debt-free basis with normalized working capital. On June 30, 2017, Qliro Group AB (publ.) completed the sale of Lekmer AB to Babyshop Sthlm Holding AB. The consideration was received in two parts, in December 2017 and April 2018.

The table below shows the effect of the sale of Health and Sports Nutrition HSNG AB and Lekmer AB. These companies are recognized as discontinued operations in the Group.

Discontinued operations				
Group	2019	2018	2019	2018
SEK million	Q2	Q2	Jan-Dec	Jan-Dec
Income	-	-	-	70.4
Expenses	-	-	-	-69.4
Profit/loss before tax	-	-	-	1.0
Tax	-	-	-	-0.3
Profit/loss after tax but before capital gains from sale of operations	-	-	-	0.7
Result from sales of shares incl. cost for disposal	-	-4.3	-	134.6
Profit/loss from discontinued operations after tax	-	-4.3	-	135.3

Group	2019	2018	2019	2018
SEK million	Q2	Q2	Jan-Dec	Jan-Dec
Net cash flow from discontinued operations				
Cash flow from operations	-	-	-	13.9
Cash flow from investing activities	-	-	-	-0.6
Cash flow from financing activities	-	-	-	0.0
Net cash flow from discontinued operations	-	-	-	13.3

Group	2019	2018	2019	2018
SEK million	Q2	Q2	Jan-Dec	Jan-Dec
Divested assets and liabilities				
Intangible assets	-	-	-	-212.8
Tangible assets	-	-	-	-3.0
Deferred tax receivable	-	-	-	0.0
Inventories	-	-	-	-96.1
Current non-interest bearing receivables	-	-	-	-50.8
Cash and cash equivalents	-	-	-	-14.7
Deferred tax liability	-	-	-	10.8
Current non-interest bearing liabilities	-	-	-	139.3
Net assets and liabilities	-	-	-	-227.4
Received purchase price	-	19.2	-	387.2
Accrued purchase price	-	-	-	-
Less cash from discontinued operations	-	-	-	-14.7
Change in cash and cash equivalents	-	19.2	-	372.5

Note 3

The Group is divided into three segments. CDON Marketplace is the leading Nordic online marketplace. Nelly is a digital fashion house offering fashion to women through Nelly.com and to men via NLY MAN. Qliro Financial Services provides financial services to merchants and consumers

The Group's segments operate mainly in the Nordics. Net sales are recognized below by geographical area as the countries have different business conditions. The geographical breakdown into Sweden, rest of the Nordics and rest of the world reflects where income is generated in the Group.

Net sales in CDON and Nelly are mainly online sales. Qliro Financial Services' net sales are interest income (gross). Sales are recognized by country of sale, that is, the country in which the recipient is located.

Sales by geographic area

Q1 2019							
SEK million	CDON	Nelly	Qliro FS	Group central operations	Eliminations	Group adjustment	Group consolidated total
Sweden	127.3	199.5	61.4	-	-1.4	0.1	386.9
Other nordics	90.4	180.5	21.8	-	-	-	292.6
Nordics	217.7	379.9	83.2	-	-1.4	0.1	679.6
Rest of the world ¹	-	44.3	-	-	-	-	44.3
Total	217.7	424.3	83.2	-	-1.4	0.1	723.9

Q1 2018							
SEK million	CDON	Nelly	Qliro FS	Group central operations	Eliminations	Group adjustment	Group consolidated total
Sweden	200.0	196.8	49.0	0.1	-1.5	-0.5	444.0
Other nordics	137.5	157.0	19.2	-	-	-	313.6
Nordics	337.5	353.8	68.2	0.1	-1.5	-0.5	757.6
Rest of the world ¹	-	49.4	-	-	-	-	49.4
Total	337.5	403.2	68.2	0.1	-1.5	-0.5	807.0

Jan-Dec 2018							
SEK million	CDON	Nelly	Qliro FS	Group central operations	Eliminations	Group adjustment	Group consolidated total
Sweden	279.5	340.3	118.6	0.0	-2.5	-1.0	734.8
Other nordics	198.8	308.5	43.8	-	-	-	551.0
Nordics	478.3	648.8	162.3	0.0	-2.5	-1.0	1,285.8
Rest of the world ¹	-	77.8	-	-	-	-	77.8
Total	478.3	726.6	162.3	0.0	-2.5	-1.0	1,363.7

Jan-Dec 2017							
SEK million	CDON	Nelly	Qliro FS	Group central operations	Eliminations	Group adjustment	Group consolidated total
Sweden	429.2	331.8	94.2	1.8	-3.8	-2.4	850.7
Other nordics	286.7	267.0	38.4	-	-	-	592.1
Nordics	715.9	598.8	132.6	1.8	-3.8	-2.4	1,442.8
Rest of the world ¹	-	80.4	-	-	-	-	80.4
Total	715.9	679.2	132.6	1.8	-3.8	-2.4	1,523.2

¹Includes mainly sales in Europe

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

Qliro AB (556962-2441) is a credit market institution and wholly owned subsidiary of Qliro Group AB (556035-6940). Qliro AB and Qliro Group AB are included in a consolidated situation. All information is presented as of June 30, 2019 in accordance with Regulation (EU) 575/2013 and the Swedish Financial Supervisory Authority's (FI) regulations and general guidelines (FFFS 2014: 12). All amounts are stated in thousands of Swedish kronor.

Own funds	Qliro AB	Consolidated situation
Common Equity Tier 1 capital	316,362	619,595
Additional Tier 1 capital	-	-
Tier 2 capital	-	-
Total capital	316,362	619,595

Risk exposure amount	Qliro AB	Consolidated situation
Credit risk according to standardized approach, of which	1,371,475	1,645,170
exposure to households	1,192,834	1,192,834
exposure to corporates	30,830	40,349
exposures in default	111,614	111,614
exposure to institutions	11,756	20,422
exposure to covered bonds	4,678	4,678
exposure to equity	-	254,992
other exposures	19,763	20,281
Market risk	9,083	-
Operational risk according to basic indicator approach	431,778	463,792
Total risk exposure amount	1,812,336	2,108,962

Capital requirement	Qliro AB	Consolidated situation
Total minimum capital requirement	144,987	168,717
Internally assessed required capital	43,840	63,087
Combined buffer requirement	78,303	91,737
Total capital requirement, excl. combined buffer requirement	188,827	231,804
Total capital requirement, incl. combined buffer requirement	267,131	323,540

Capital adequacy analysis	Qliro AB	Consolidated situation
Common Equity Tier 1 capital ratio	17.5%	29.4%
T1 capital ratio	17.5%	29.4%
Total capital ratio	17.5%	29.4%
Leverage ratio	15.7%	26.7%
Combined buffer requirement	4.3%	4.3%
of which: capital conservation buffer	2.5%	2.5%
of which: Countercyclical buffer	1.8%	1.8%
Capital planning buffer	0.9%	1.3%

Funding sources

Qliro AB's net lending to the public amounted to SEK 1,710 (1,212) million at the end of the quarter. The

lending was financed by the amount of SEK 436 (314) million via a secured contracted credit facility and SEK 1,165 (751) million through deposits from the public (savings accounts) in Sweden, of which 99.8 percent are protected by the deposit insurance scheme in Sweden. Deposits from the public were divided into 48 percent on demand with variable rate and 52 percent fixed interest rate with a duration of 177 days as of June 30, 2019 (initially 1-year fixed rate). 22 percent of the deposit portfolio is invested in liquid interest-bearing securities and placed in Nordic banks.

Liquidity

Qliro AB has a liquidity reserve to ensure sufficient liquidity in times of a stressed financial market situation. As of June 30, 2019, Qliro AB's financial investments amounted to SEK 202 million and were invested in Swedish municipal bonds, commercial papers and covered bonds. The average rating of the financial investments was AAA and they had an average maturity of 96 days.

In addition to the financial investments, as of June 30, 2019, Qliro AB had SEK 59 million placed in Nordic banks and SEK 338 million in additional liquidity via undrawn funding in a secured contracted credit facility. The consolidated situation had additional SEK 43 million placed at Nordic banks as of June 30, 2019.

As of June 30, 2019, Qliro AB had a liquidity coverage ratio of 536 percent. The liquidity coverage ratio measures the liquidity buffer amounting to SEK 167 million related to net outflows of SEK 31 million over a thirty-day period under strained market conditions. As of June 30, 2019, the consolidated situation had a liquidity buffer amounting to SEK 167 million and a liquidity coverage ratio of 529 percent. A statutory limit for the liquidity coverage ratio of 100 percent applies.