Qliro Group

Annual report 2015

Qliro Group AB
Nasdaq Stockholm: QLRO

Contents

Comments by the CEO

2015 was an eventful year for Qliro Group, as we finalised several key operational initiatives and investments. We have continued the roll-out of Qliro Financial Services in the Nordics, but also carried out two warehouse moves and strengthened the management teams within several segments. Our companies have sustained strong market positions and, during 2015, the number of active customers continued to grow and now amount to over 4.2 million in the Nordics. This creates very good conditions for an exciting future.

E-commerce is growing in the Nordics as more consumers shop online, and shop more often. This provides many opportunities but also challenges given that competition within e-commerce is growing. To succeed in this environment our Group needs to always put the customer first and continue to deliver the best possible product range, quality and service levels. With over 4 million active customers, we need to constantly adapt and be relevant and competitive within our segments. To succeed in online retail, one needs to always have control over the details and follow up results on a daily basis. An important confirmation that we are doing many things right is that several of the Group's companies once again were elected winners when Prisjakt and Pricerunner named the year's best online retailers in 2015. This was of course very pleasing. Further proof is that we as a Group once more reported record sales during Black Friday, a day where we attracted over 3.5 million visits to our stores and sold around 800,000 products.

Developing the customer offering

A good example of how Qliro Group and our companies develop to meet new customer behavior and deliver the best possible product range can be seen in CDON. From initially only selling media products, CDON is undergoing a transformation to become the leading online department store in the Nordics through the development of CDON Marketplace. The department store concept was launched in 2013 to enable external merchants to sell their products via CDON.com. The initiative has been successful and the company now has over 800 external merchants affiliated while sales generated from the marketplace is constantly increasing.

Continued progress within Qliro Financial Services

Another central part of the customer experience within e-commerce is related to payments and financial services. Payments are a very important part of the value chain and provide opportunities to further strengthen the customer relationship. For this reason, Qliro Group decided to launch its own payment solution, Qliro, during the end of 2014. Qliro has been very well received in the market and has, during 2015, continued to develop in line with our high expectations. During 2015, which was Qliro's first full year, Qliro has handled 3.1 million orders and a business volume exceeding 2.5 billion SEK, which are impressive figures a short period of time after the launch. This result also gives an indication of the future potential in the segment, not least as we plan to launch in Norway and introduce additional financial services after the expected approval to become a credit market company has been received from Finansinspektionen (the Swedish Financial Supervisory Authority).

Strong platform for the future

We see that our companies have continued strong market positions and we have also finalised several strategically important initiatives during the year. Both CDON and Lekmer have carried out warehouse moves at the same time as Nelly continues to grow in the Nordics and within private label sales. Gymgrossisten has completed a reorganization to further strengthen the company's Nordic position and Tretti continued to show stable growth during the year. Focus going forward will be to work for continued growth and to reach our long term profitability targets. We have a strong platform in place to make this possible.

To summarize, I would like to thank all employees for your contributions during 2015 and, on behalf of the entire Group, also thank our customers and shareholders for the faith you have shown us over the past year. We look forward to welcoming you all to our stores in 2016.

Paul Fischbein
CEO
Qliro Group AB

Responsibility within Qliro Group

Qliro Group is a part of society. Our ability to take responsibility for how we conduct our business is fundamental to our ability to build a credible business that creates long-term value. At Qliro Group, we see it as our opportunity and obligation to act in our everyday decisions from an economic, social and environmentally sustainable perspective.

We conduct our business responsibly

Qliro Group promotes a company culture of openness and accountability, and we always act with honesty and integrity.

We act responsibly towards society

Qliro Group supports selected social initiatives to bring about positive change in the society in which we operate. We are constantly seeking new ways to reduce our environmental impact and encourage environmental responsibility in our employees and suppliers, in the general public and in society as a whole.

We act responsibly towards our colleagues

Qliro Group guarantees equality in the workplace, invests in the development of employees and ensures that our companies are good and safe places to work.

Qliro Group is part of society and together with our employees, we show commitment to our community. We do this by working together with voluntary organisations to raise awareness regarding issues that are close to our business and that we support.

In 2015, all the companies within the Group cooperated with Reach For Change, a non-proft organisation that works to create a better world for children. Reach For Change enables social entrepreneurs to get the financing, knowledge and expertise, and networks they need to develop their ideas. Qliro Group collaborated both as a sponsor for Reach For Change and through our work as adviser to the organisations Peppy Pals, Barnrättsbyrån, Föreningen Storasyster and Föreningen Tilia. Reach For Change operates in 17 countries on three continents and is validated by Swedish Fundraising Control. In the course of 2015, 133 social entrepreneurs around the world received support through Reach For Change's incubator programmes, an increase of 40% compared with 2014. Hundreds of thousands of children were helped towards a better life through these social entrepreneurs.

The Group's companies are also involved in separate initiatives that have a connection with their business. During the year Nelly launched a new brand, NLY Together, where products are developed with the aim of supporting selected charitable projects. The first product that was launched in 2015 was a bracelet, and profits were donated in their entirety to UNHCR's work to support young refugee women and girls. During the year, CDON was involved in both the pink ribbon and Movember moustache campaigns which fund research regarding breast and prostate cancer respectively. Lekmer supported a number of organisations focusing on children during the year, such as SOS Children's Villages, Superheroes Fighting Cancer and the Mannerheim League for Child Welfare. Tretti also collaborated with UNHCR, Rädda Regnskog (Save the Rainforest) and Reach For Change by providing opportunities to donate at the company's check out, so that customers could donate money to the organisations.

Corporate responsibility

Corporate responsibility can be defined in many ways; at Qliro Group we regard it as both our opportunity and obligation to take responsibility in relation to direct and indirect stakeholders but also future generations. Qliro Group has a particular focus on sustainability from an economic, social and environmental perspective. We strive to ensure that our relationships with our partners are conducted in an appropriate manner, and our aim is to only enter into partnerships with companies that manage their businesses in line with current legislation and ethical principles. Human rights, gender equality and environmental requirements are always upheld, and Qliro Group strives to ensure that our suppliers and partners meet these requirements.

Our code of conduct, or "the code", explains the basic standards that we expect our employees to observe in all situations. The code contains regulations to protect the interests of Qliro Group and its shareholders, to ensure compliance with the law and clarify Qliro Group's position on moral and ethical issues. The code exists to make sure that we as individuals take responsibility for conducting operations in accordance with Qliro Group's values. We always gather information on, and comply with, relevant laws, ordinances and international conventions in the countries in which we operate.

Our goal at Qliro Group is always to be honest and professional in our relationships with suppliers and subcontractors. We always aim to develop business relationships with companies that manage their operations in accordance with ethical principles. Qliro Group's supplier policy is an integral part of our code of conduct.

All of the Group's own production is conducted abroad, primarily in China but also in countries such as Turkey and the UK. For example, irrespective of market, Nelly works exclusively with suppliers who have signed the company's standard supplier agreement and committed to comply with Nelly's ethical rules and regulations. During 2015, Nelly representatives carried out visits and follow-up visits to a large number of the production facilities with which the company works. Nelly is also a member of the textile trade organisation Textilimportörerna, which works towards free and sustainable trade, and The Swedish Shoe Environmental Initiative (SSEI), which works with tools that help individual companies to produce shoes more sustainably. The other companies within Qliro Group work in a similar manner to set requirements for suppliers.

Qliro Group's corporate responsibility guidelines and current code of conduct, supplier policy and environmental policy are available on the Group's website http://www.qlirogroup.com/en/Modern-Responsibility/.

Sustainable environmental work

The environment is everyone's responsibility – both companies and individuals. Qliro Group's ability to take responsibility for sustainable development is key to strengthening public confidence in us. Qliro Group is constantly searching for new ways to further reduce its environmental impact.

Qliro Group's operations require warehousing, packaging and transportation. Our customers, owners and society in general expect us to offer environmentally conscious choices and to operate our business in a manner that is sustainable in the long term.

Qliro Group has spent a considerable amount of time developing its packaging selection to optimise product protection for every delivery, while using the least amount of material possible and generating minimal environmental impact. The result is smaller and lighter packaging. Most of Qliro Group's deliveries are shipped in cardboard boxes produced from recycled fibre and companies within Qliro Group contribute to the financing of recycling systems by their membership in the Packaging and Newspaper Collection Service (FTI) in Sweden and Grönt Punkt Norge AS (Green Dot Norway plc).

During the year, CDON.com finalised its warehouse consolidation by moving the four remaining warehouse units into the company's new central warehouse facility. The warhouse consolidation leads to fewer shipment items and transports as well as reduced material consumption.

Most of Qliro Group's deliveries are distributed to customers by PostNord, Bring and Posti. PostNord is the leading supplier of logistics services to, from and within the Nordic region. PostNord is actively involved in environmental and climate initiatives, and since 2009 it has cut its carbon dioxide emissions by 23 per cent, mainly by means of efficiency improvements in its transport chain, investments in fuel-efficient vehicles, a higher share of biofuels and the procurement of green electricity. Bring's environmental ambition is to target environmental efficiency of operations and sustainable development so as to make Bring the world's most future-focused mail and logistics group. Posti, which is used by Qliro Group in Finland, is certified to the ISO 14001 standard, complies with the UN Global Compact and provides carbon-neutral green services. Posti's target is to reduce the company's carbon dioxide emissions by 30% by 2020, measured from 2007 and in relation to net sales.

Responsibility towards colleagues

Within Qliro Group, we rely on our skilled and motivated employees to run our business, and we value our employees highly. It is essential for us that everyone is treated fairly and that their efforts are appreciated. Qliro Group is an employer that provides equal opportunities for all employees.

At Qliro Group we value diversity and we provide equal treatment; for us it is performance that determines opportunities to develop within our Group. We are constantly striving to improve as an employer and we encourage involvement, interest and dedication from our employees. We carry out yearly employee surveys and performance reviews are held with all employees to identify areas for improvement, as well as to identify talent within the Group.

5 year summary

Group (SEK million)	2015	2014	2013	2012	2011
Operating income and earnings					
Net sales	5,174	5,015	4,441	4,462	3,404
Gross profit	683	711	594	471	587
Operating profit/loss (EBIT)	-123	33	-48	-174	129
Profit/loss after net financial items	-130	8	-82	-201	111
Profit/loss for the period	-102	5	-67	-152	83
Profitability and related key ratios					
Gross margin	13.2%	14.2%	13.4%	10.6%	17.3%
Operating margin	-2.4%	0.7%	-1.1%	-3.9%	3.8%
Return on capital employed	-11.8%	4.4%	-5.7%	-23.3%	18.7%
Return on equity	-8.0%	0.3%	-12.9%	-41.3%	22.0%
Capital structure and related key ratios					
Gross debt Group, excl. Qliro Financial Services	-	-	-232	-373	-380
Gross debt Qliro Financial Services	-328	-	-	-	-
Liquid funds	324	534	289	126	417
Net debt (-)/Net cash (+)	-4	534	57	-247	38
Equity/assets ratio	45.5%	55.7%	39.2%	15.8%	25.7%
Operating ratios					
No. of visits, millions	284.5	275.3	249	244	172
No. of orders, millions	8.6	8.5	7.2	7.1	6
Average shopping basket, SEK	661	656	621	603	546

For definitions of key ratios, see page 78.

Directors' Report

Qliro Group AB (publ) is a leading e-commerce group in the Nordic region. The payment and consumer financing solution Qliro is also part of the Group. Qliro Group's shares are traded on Nasdaq Stockholm's Mid-cap list under the symbol QLRO. The Company's registered office is Sveavägen 151, Box 19525, SE-10432 Stockholm, Sweden. The company's registration number is 556035-6940.

Operations

The launch of CDON.com in 1999 became the foundation for Qliro Group today. Since it was founded, Qliro Group has grown significantly by broadening its product range and launching new online stores and ancillary services, as well as by making acquisitions. Today, the Group has a turnover of over SEK 5 billion, has nine online stores and is a leading player in the Nordic online retail market. Its assortment includes a wide selection of products such as media, toys, children's and baby products, consumer electronics, clothing, beauty products, white goods and nutritional supplements. In addition to online stores, the Group also operates the payment and consumer financing solution Qliro, which enables the Group's customers to pay by invoice or by instalment. The customer database contains around 4.2 million active customers. Qliro Group divides its operations into six segments: CDON Marketplace, Nelly, Gymgrossisten, Tretti, Lekmer and Qliro Financial Services.

CDON Marketplace

Operations in the CDON Marketplace segment are conducted through the CDON.com online store, which is also home to CDON Marketplace. The store registered 86.8 million site visits in 2015 and received 3.5 million orders.

CDON.com

CDON.com was launched in 1999 and is currently a leading online retailer with a very strong position in the Nordic market. CDON.com has one of the Nordic region's largest selections of products and has a presence in Sweden, Norway, Denmark and Finland. CDON.com's wide product selection contains everything from consumer electronics and mobile phones to books, games, films, sports and leisure products, clothing and shoes and toys. The segment's strategic objective is to transform CDON.com from a pure entertainment store into a leading e-commerce department store by focusing on strengthening sales volumes in future growth areas. The department store concept was further developed in 2013 and CDON.com opened a marketplace for external merchants that want to sell their products via CDON Marketplace. In 2015, CDON Marketplace continued to develop and now has over 800 affiliated external merchants and a turnover of approximately SEK 224 million in total.

Nelly

Operations in the Nelly segment are conducted through the online stores Nelly.com, NLYman.com and Members.com. Together the stores registered 133.4 million site visits in 2015 and received approximately 2.8 million orders.

Nelly.com

Nelly.com was launched in 2004. After Qliro Group acquired the online retailer in 2007, Nelly.com experienced rapid expansion. The product range has broadened from its initial offering of underwear and swimwear for women to also include clothing, accessories, beauty products and sportswear. The segment focuses primarily on the Nordic market, but Nelly.com also runs websites for Germany, the Netherlands, Austria, the United Kingdom, France, Belgium and Poland, plus a global online store that enables customers in around 100 geographical markets to shop at Nelly.com.

In 2014, the men's department of Nelly.com was broken out into a dedicated men's store, NLYman.com. Nelly.com and NLYman.com offer a total of more than 800 brands and have launched several private label products. The websites have also launched successful design partnerships with well-known fashion profiles. The product range under Nelly.com's own private label products, which are all gathered under the name "NLY" and represent around 36 per cent of Nelly's total turnover, has grown and now includes an extensive range of clothing, shoes, accessories, underwear, swimwear and training wear.

Members.com

Members.com is a shopping club that was launched in 2011 throughout the Nordic region, where registered members can access new unique e-commerce offerings on carefully selected brands and services. Its initial focus was on fashion clothing but the site now also offers sports items, furnishing and beauty products.

Gymgrossisten

Operations in the Gymgrossisten segment are conducted through the online stores Gymgrossisten.com (Fitnesstukku.fi in Finland, Bodystore.dk in Denmark, Gymsector.com in Germany, Austria and in other EU countries), Bodystore.com and Milebreaker.com. As of 2015, Fitness Market Nordic AB, which sells nutritional supplements primarily to grocery stores, is also included in the segment. Together the stores registered 23.5 million site visits and received 1.1 million orders in 2015.

Gymgrossisten.com

Gymgrossisten.com was founded in 1996 and is currently, even taking the entire market into consideration, the leading retailer of nutritional supplements in the Nordic region. Qliro Group acquired Gymgrossisten.com in 2008. Gymgrossisten.com's strategic focus is on the Nordic region but in 2015 the store also had a presence in Germany and Austria as well as through an EU store. In addition to online sales, Gymgrossisten.com also retails its products through physical franchise stores in Sweden, Norway and Finland. Gymgrossisten.com offers a wide selection of different nutritional supplements. The products are available in different forms, such as bars, powders and beverages. They are mainly used for muscle-building, meal replacement, performance enhancement, fat burning and to achieve general good health. The products contain for example vitamins, minerals, carbohydrates and proteins. The online store offers attractive external brands together with its own private label products such as Star Nutrition, Chained Nutrition, Vitaprana, Conscious Chef and Smart Supps. Gymgrossisten.com also has a growing selection of training equipment, sportswear and health foods.

Bodystore.com

Bodystore.com is an online store for beauty, health foods and general well-being. The online store was included in the acquisition of Gymgrossisten in 2008. Bodystore has established itself as one of Sweden's leading online stores for health foods and general well-being. Its multi-faceted assortment is constantly growing and includes everything from health and body care products, food, naturopathic medicines, OTC medicines and beauty products to nutritional supplements, sportswear and training equipment. The product range includes external as well as private label products.

Milebreaker.com

Milebreaker.com is an online store specifically aimed at fitness enthusiasts. It was launched on the Swedish market in April 2013.

Fitness Market Nordic

Fitness Market Nordic was acquired in the first quarter of 2015 as a part of the B2B sales undertaking. Fitness Market Nordic AB is a company that sells nutritional supplements primarily to grocery stores. The product range includes external as well as private label products.

Tretti

Operations in the Tretti segment are conducted through the online store Tretti.com and a physical store located next to the warehouse facility in Jordbro outside Stockholm. The online store registered 12 million site visits in 2015 and received approximately 343 thousand orders.

Tretti.com

Tretti.com is one of the Nordic region's largest online stores for white goods and household appliances. The product range includes more than 10,000 articles from well-known brands such as AEG, Bosch, Electrolux, Smeg, Miele, KitchenAid, Samsung, OBH Nordica, Siemens and Whirlpool. Tretti.com was established in 2004, publicly listed in 2005 and launched in Norway and Denmark in 2010. In June 2011, the company was bought out from NASDAQ OMX First North by Qliro Group and the company was established in Finland in the same month.

Lekmer

Operations in the Lekmer segment are conducted through the online store Lekmer.com, a physical store in the Barkarby shopping centre outside Stockholm as well as a temporary outlet store in InfraCity outside Stockholm. The online store registered 28.8 million site visits in 2015 and received approximately 859 thousand orders.

Lekmer.com

Lekmer.com was launched in Sweden in 2006 and is today the Nordic region's largest online store for toys and other products for children. Lekmer.com was acquired by Qliro Group in March 2010. The Company has online stores in Sweden, Norway, Denmark and Finland. Lekmer's ambition is to present a comprehensive product range for families with children. Directly from its warehouse, the company offers more than 1,000 brands within the categories toys, baby products, children's clothes and furnishings for children's rooms.

Qliro Financial Services

Qliro Financial Services comprises the payment and consumer financing solution Qliro. Qliro is a service that offers Qliro Group's customers the ability to pay for their purchases by invoice or by instalment. Offering customers invoice-based or instalment-based payment via Qliro provides Qliro Group with greater control over the value chain and the ability to strengthen customer relationships. Qliro has also been launched at several retailers outside Qliro Group.

The Qliro payment solution was established by Qliro Group and was launched on the Swedish market in the fourth quarter of 2014. In 2015, the roll out of Qliro continued in Sweden and Qliro was also launched in Finland and Denmark. In 2015, Qliro handled over 3.1 million orders and a business volume of approximately SEK 2.6 billion. At the end of the year the Qliro Financial Services segment had 90 full-time employees and the organisation is expected to continue to grow as the segment develops and continues to expand on existing and new markets. In February 2015, Qliro Financial Services applied to the Swedish Financial Supervisory Authority for a licence to become a credit market company. A licence enables entry into the Norwegian market as well as deposits from the public.

Significant events in 2015

Name change to Qliro Group completed

Qliro Group, formerly CDON Group, announced in January 2015 that the Swedish Companies Registration Office ("Bolagsverket") had registered the company's new Articles of Association and that the company's name would thereafter be Qliro Group AB (publ.). The company's shares, which are traded on Nasdaq Stockholm's Mid-cap list, consequently changed name to Qliro Group, with the ticker "QLRO".

New warehouse for Lekmer

In the first half of 2015 Lekmer relocated its warehouse operations from Falkenberg to Arlandastad just north of Stockholm. The move involved a non-recurring cost of approximately SEK 16.5 million. During 2015 an additional SEK 26.2 million was expensed, which was related to Lekmer's inventory, and is reported as a non-recurring item. For further information regarding non-recurring items see page 8.

The payment solution Qliro applied for a licence to become a credit market company

In February 2015 Qliro applied to the Swedish Financial Supervisory Authority for a licence to become a credit market company. As per the date of publication of this annual report no licence had yet been received.

The payment solution Qliro opened for external merchants and was launched in Finland and Denmark

In March 2015 it was announced that Qliro was now also available to external merchants. In order to make this possible, Qliro had developed integration modules for the Magento and Askås platforms. In April it was announced that Qliro had been launched in Finland and in October it was announced that Qliro had expanded to Denmark.

New CEO for CDON and new CEO for Lekmer

Qliro Group announced in August 2015 that Magnus Fredin had been appointed new CEO of the subsidiary CDON. In December, Qliro Group announced that Niklas Jarl had been appointed new CEO of the subsidiary Lekmer.

New CEO of Qliro Group

In September 2015 Qliro Group announced that Paul Fischbein had decided to step down as CEO of Qliro Group. After the end of the period, in February 2016, Marcus Lindqvist was appointed new CEO of Qliro Group and will assume his new role in August 2016 at the latest.

Consolidated financial position and results

Consolidated financial results

(SEK million)	2015	2014	Change (%)
Net sales	5,174.1	5,014.9	3.2%
Gross profit	683.3	711.0	-3.9%
Gross margin, %	13.2%	14.2%	
Operating profit/loss	-122.7	33.0	-
Operating margin, %	-2.4%	0.7%	
Net financial items	-7.4	-24.7	
Profit/loss before tax	-130.0	8.4	-
Profit/loss after tax	-101.6	5.4	-
Basic earnings per share (SEK)	-0.68	0.02	-
Diluted earnings per share (SEK)	-0.68	0.02	-
Total assets	2,651.1	2,367.9	12.0%

Summary of divestment of operations and non-recurring items

(SEK million)	2015	2014
Net sales	-	48.0
Divestment of operations (Heppo & Rum21)	-	48.0
Operating profit/loss	-57.1	24.4
CDON Marketplace	-9.8	-11.6
Gymgrossisten	-4.6	-
Lekmer	-42.7	-
Sale of operations (Heppo & Rum21 and others)	-	36.0

Consolidated financial results excluding sale of operations and non-recurring items

(SEK million)	2015	2014	Change (%)
Net sales	5,174.1	4,966.8	4%
Gross profit	729.7	710.4	3%
Gross margin, %	14.1%	14.3%	
Operating profit/loss	-65.6	8.6	
Operating margin, %	-1.3%	0.2%	

Sales

The Group's net sales, excluding the divested operations of the previous year, increased by 4 per cent in 2015 to SEK 5,174.1 (4,966.7) million. The Group's online retailers attracted a total of 285.5 (275.3) million site visits and generated 8.6 (8.5) million orders.

Operating expenses

Consolidated expenses for goods sold totalled SEK 4,490.8 (4,303.9) million, including non-recurring items totalling SEK 46.3 (10.0) million. The gross margin amounted to 13.2 (14.2)% . Excluding non-recurring items and divested operations, the gross margin came in at 14.1 (14.3)% . Gross margin was adversely affected by the increase in the cost of goods caused by negative exchange rate effects as well as increased fulfilment and distribution costs.

Consolidated sales and administrative expenses amounted to SEK 823.1 (717.6). million

The Group's operating profit excluding non-recurring items and the sale of operations for the full year amounted to SEK -65.6 million (8.6) with an operating margin of -1.3 (0.2)% . Including non-recurring items and sale of operations, the operating profit amounted to SEK -122.7 (33.0) million and the operating margin to -2.4 (0.7)% .

Net financial items

Consolidated net financial items amounted to SEK -7.4 (-24.7) million, which primarily related to interest costs and to costs pertaining to contracted credit facilities. Net financial items of the previous year mainly reflected costs related to the convertible loan that was redeemed in December 2014. Group profit before tax totalled SEK -130.0 (8.4) million.

Tax

The Group reported tax revenue of SEK 28.4 (tax expense 3.0) million as a result of capitalised loss carryforwards. See Note 9 for further details regarding tax.

Net profit and earnings per share

Group income after tax amounted to SEK -101.6 million compared with SEK 5.4 million in the previous year.

The total number of shares issued amounted to 150,444,779. The Group reported basic earnings per share before and after dilution of SEK -0.68 (0.02) for the full year, based on the weighted average number of outstanding shares during the period.

Consolidated financial position

Total consolidated assets on the reporting date grew by 12% year-on-year to SEK 2,651.1 (2,367.9) million, primarily attributable to increased current receivables, driven by Qliro Financial Services' increased loans to the public. Inventory levels increased year-on-year to SEK 702.0 (657.9) million.

Cash flow from operating activities before changes in working capital amounted to SEK -91.8 (16.0) million. The Group reported a SEK -328.2 (-122.5)million change in working capital, mostly driven by Qliro Financial Services' increased loans to the public. The Group's 12-month return on capital employed was negative (4.4%).

Consolidated cash flow from investing activities totalled SEK -117.7 (-19.0) million and was primarily attributable to investment in Qliro Financial Services and ongoing investments in the Group's web platforms and logistics operations. The cash flow from the previous year to the investing activities was positively affected by divestment of operations in the amount of SEK 77.2 million.

Cash flow from financing activities amounted to SEK 330.3 (368.3) million, which was totally attributable to Qliro Financial Services' use of credit facilities to finance its expanding loans to the public. The previous year's cash flow from financing activities was mostly attributable to the carried out rights issue of SEK 626.3 million and the early redemption of the Group's convertible bond amounting to SEK -251.6 million.

Total interest-bearing liabilities for the Group amounted to SEK 328.0 million (0.0) and were wholly attributable to Qliro Financial Services' financing of its expanding loans to the public.

The Group's cash and cash equivalents amounted to SEK 324.2 (534.0) million. The Group therefore had a net debt position (defined as interest-bearing liabilities less cash and cash equivalents) of SEK -3.8 (534.0) million.

Acquisitions and divestments

In 2015 the Group acquired 100% of the shares in Fitness Market Nordic AB. This acquisition is reported in the activities undertaken by Gymgrossisten Sweden AB.

CDON Marketplace

CDON.COM
Marketplace

(SEK million)	2015	2014	Change (%)
Gross merchandise value, external merchants	223.9	145.5	*54%*
Total gross merchandise value[2]	2,058.3	2,024.4	*2%*
Net sales	1,853.5	1,887.8	*-2%*
EBITDA[1]	19.0	4.0	
EBITDA margin	*1.0%*	*0.2%*	
EBIT[1]	8.9	-4.0	
EBIT margin	*0.5%*	*-0.2%*	
Cash flow from operations	17.8	9.2	
Investments (CAPEX)	-29.0	-17.6	
Cash flow after investments	-11.3	-8.3	
Opening inventory balance	237.9	188.7	*26%*
Closing inventory balance	236.2	237.9	*-1%*
No. of active customers (thousands)	1,729	1,733	*0%*
No. of visits (thousands)	86,767	82,857	*5%*
No. of orders (thousands)	3,500	3,647	*-4%*
Average shopping basket (SEK)	590	551	*7%*

[1] Excluding non-recurring items of SEK -9.8 (-11.6) million, which are detailed on page 8.

[2] Commission income is replaced with gross merchandise value from external merchants.

The CDON Marketplace segment comprises the online store CDON.com, where CDON Marketplace is also included. From initially only selling media products, the product offering has gradually been broadened and today includes everything from consumer electronics to sports & leisure, clothing & shoes and toys. The shift from media products to other categories continued in 2015 not least as the continued expansion of CDON Marketplace, where external merchants can sell their products through CDON.com, contributed to increased sales volumes. Over 800 external merchants were affiliated with CDON Marketplace at the end of 2015.

Net sales decreased by 2% during the full year and accounted for 36% (38%) of the Group's total sales. Sales generated for external merchants rose by 54% to SEK 224 (145) million for the full year. Gross merchandise value, i.e. net sales including sales generated for external merchants, increased by 2% for the full year. Sales of media-related products (films, music and games, excl. video game consoles) amounted to 32% (35%) of total net sales during the year. The operating profit during the year was positively affected by a higher gross margin.

In the third quarter of 2015, CDON Marketplace completed the last phase of the warehouse consolidation project that had been under way since the fourth quarter of 2014. The new central warehouse in Ljungby improves the customer experience, in part as a result of co-ordinated customer deliveries. Non-recurring costs, mainly attributable to the warehouse consolidation, amounted to SEK 9.8 million during 2015. See also page 8.

1,853
Net sales (SEK million)

1,729
No. of active customers (thousands)

3,500
No. of orders (thousands)

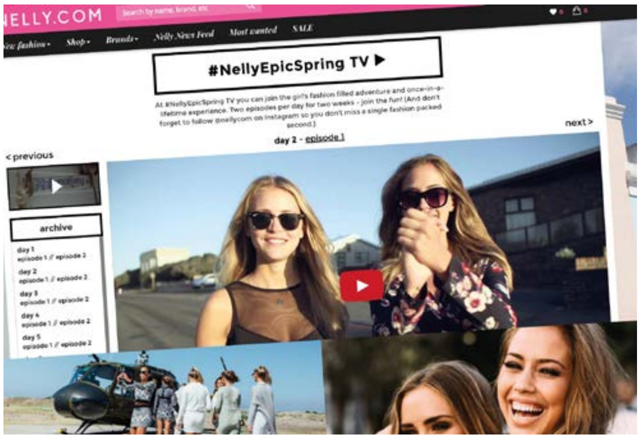
590
Average shopping basket (SEK)

Nelly

NELLY.COM

NLY MAN

MEMBERS.COM



(SEK million)	2015	2014	Change (%)
Net sales	1,197.0	1,102.0	*9%*
EBITDA	-11.7	-10.0	
EBITDA margin	*-1.0%*	*-0.9%*	
EBIT	-19.4	-14.7	
EBIT margin	*-1.6%*	*-1.3%*	
Cash flow from operations	-6.7	-3.4	
Investments (CAPEX)	-22.3	-20.6	
Cash flow after investments	-29.1	-24.0	
Opening inventory balance	196.2	124.7	*57%*
Closing inventory balance	189.5	196.2	*-3%*
No. of active customers (thousands)	1,243	1,229	*1%*
No. of visits (thousands)	133,383	135,082	*-1%*
No. of orders (thousands)	2,766	2,681	*3%*
Average shopping basket (SEK)	620	585	*6%*

Other information	2015	2014	Change (%-unit)
Share, private label sales	36%	31%	*5%*
Return ratio[1]	33%	33%	*0%*
Product margin	44%	47%	*-3%*
Fulfillment and distribution costs	21%	25%	*-4%*
Nordic region, percentage of net sales	90%	89%	*1%*

[1] Last 12 months.

The Nelly segment comprises the online stores Nelly.com, NLYman.com and Members.com. The segment's sales increased by 9 per cent during the year and accounted for 23% (22%) of the Group's total sales.

In 2015, the Swedish market accounted for 50% (43%) of the segment's total sales volume. Nelly's Nordic focus has entailed that sales outside the Nordic region have decreased. Sales outside the Nordic region accounted for 10% (11%) of total sales, with the Netherlands being the largest market. The segment's product margin was 44% (47%) and sales of private label products accounted for 36% (31%) of total sales. The percentage of returns during the year was 33% (33%).

The operating profit during the year was adversely affected by exchange rate fluctuations mainly attributable to the strengthening of the USD and GBP.

1,197
Net sales (SEK million)

1,243
No. of active customers (thousands)

2,766
No. of orders (thousands)

620
Average shopping basket (SEK)

Gymgrossisten

GYMGROSSISTEN.com For Athletes, By Athletes

BODYSTORE.COM

MILEBREAKER.COM

FITNESS MARKET NORDIC

(SEK million)	2015	2014	Change (%)
Net sales	851.9	831.1	*2%*
EBITDA[1]	55.3	68.9	
EBITDA margin	*6.5%*	*8.3%*	
EBIT[1]	52.2	65.9	
EBIT margin	*6.1%*	*7.9%*	
Cash flow from operations	48.6	76.3	
Investments (CAPEX)	-5.1	-6.9	
Cash flow after investments	43.6	69.4	
Opening inventory balance	97.1	85.9	*13%*
Closing inventory balance	112.2	97.1	*16%*
No. of active customers (thousands)	570	527	*8%*
No. of visits (thousands)	23,495	20,090	*17%*
No. of orders (thousands)	1,140	1,087	*5%*
Average shopping basket (SEK)	749	768	*-3%*

[1] Excluding non-recurring items of SEK -4,6 (0.0) million, which are detailed on page 8.

Other information	2015	2014	Change (%-unit)
Share, private label sales	45%	43%	2%
Product margin	34%	36%	-2%
Fulfillment and distribution costs	13%	13%	0%

The Gymgrossisten segment includes the online stores Gymgrossisten.com (Fitnesstukku.fi in Finland, Gymsector.com in the EU and Bodystore.dk in Denmark), which mainly sells nutritional supplements, and the Swedish stores Bodystore.com, an online health food store, and Milebreaker.com, aimed at fitness enthusiasts. Fitness Market Nordic AB, a company that sells nutritional supplements primarily to grocery stores, was acquired as a part of the B2B sales venture. Sales in the segment grew by 2% in 2015 and accounted for 16% (17%) of the Group's total sales.

Gymgrossisten performed well in terms of sales growth in Sweden during the year while the other Nordic countries showed weaker performance. Gymgrossisten's Nordic focus with diminishing market activities outside of the Nordics resulted in negative sales growth in these markets. The number of customers, orders and visits rose during the year, while the average order value was somewhat lower than the previous year. Sales of private label products such as Star Nutrition, Chained Nutrition and SmartSupps accounted for 45% (43%) of total sales in 2015.

In comparison to last year, the operating profit was negatively affected by a lower product margin and by negative currency effects related to purchases in USD and EUR. Gymgrossisten completed a reorganisation in October 2015 in order to strengthen the company's position in key segments of the Nordic market and secure a platform for continued strong sales and earnings. The reorganisation entailed that the company was divided into three business areas – Gymgrossisten.com, Bodystore.com and Retail – and a staff reduction. The staff reduction is reported as a non-recurring cost of SEK 4.6 million. See also page 8.

852
Net sales (SEK million)

570
No. of active customers (thousands)

1,140
No. of orders (thousands)

749
Average shopping basket

Tretti

(SEK million)	2015	2014	Change (%)
Net sales	754.0	668.7	*13%*
EBITDA	4.4	6.5	
EBITDA margin	*0.6%*	*1.0%*	
EBIT	1.2	3.4	
EBIT margin	*0.2%*	*0.5%*	
Cash flow from operations	-18,1	6.7	
Investments (CAPEX)	-5.2	-1.3	
Cash flow after investments	-23.3	5.4	
Opening inventory balance	61.5	64.2	*-4%*
Closing inventory balance	79.8	61.5	*30%*
No. of active customers (thousands)	289	282	*2%*
No. of visits (thousands)	12,049	11,946	*1%*
No. of orders (thousands)	343	336	*2%*
Average shopping basket (SEK)	2,263	2,058	*10%*

The Tretti segment comprises the online store Tretti.com and, as of 2015, Tretti's physical store in Jordbro outside Stockholm.

Tretti.com has a market-leading position in e-commerce for white goods in the Nordics and showed positive sales development in 2015. Sales increased by 13 per cent during the year and accounted for 15% (13%) of the Group's total sales.

During the first six months of the year, Tretti's head office relocated from Malmö to Stockholm and the company opened a physical store in Jordbro outside Stockholm. Operating profit for the full year was negatively affected by costs associated with the relocation of the head office and the opening of the physical store.

754
Net sales (SEK million)

289
No. of active customers (thousands)

343
No. of orders (thousands)

2,263
Average shopping basket (SEK)

Lekmer

(SEK million)	2015	2014	Change (%)
Net sales	481.8	484.0	*0%*
EBITDA[1]	-33.1	2.2	
EBITDA margin	*-6.9%*	*0.5%*	
EBIT[1]	-34.9	0.5	
EBIT margin	*-7.2%*	*0.1%*	
Opening inventory balance	65.0	42.9	*52%*
Closing inventory balance	84.0	65.0	*29%*
No. of active customers (thousands)	414	408	*2%*
No. of visits (thousands)	28,849	25,348	*14%*
No. of orders (thousands)	859	782	*10%*
Average shopping basket (SEK)	572	630	*-9%*

[1] Excluding non-recurring items of SEK -42.7 (0.0) million, which are detailed on page 8.

The Lekmer segment comprises the online store Lekmer.com, a physical store in the Barkarby shopping centre outside Stockholm and, during 2015, a temporary outlet store in InfraCity outside Stockholm.

During 2015, Lekmer's sales were in line with the previous year and accounted for 9% (10%) of the Group's total sales. Lekmer's physical store in Barkarby outside Stockholm continued to perform well in 2015.

Lekmer carried out a warehouse move during the first half of 2015 to provide the company with a larger warehouse and an automated flow of goods. The warehouse move and the deployment of the new warehouse system proved to be more complex than expected, which resulted in major operational consequences primarily in the second half of the year and in the fourth quarter in particular as the company experienced substantial volume increases during Black Friday and the start of the Christmas shopping season. The increased order volumes put significant pressure on the warehouse. Even though Lekmer themselves took over management of the warehouse in the second half of the year and were able to increase productivity, Lekmer were not able to achieve the expected warehouse efficiency. At the end of November, the company therefore decided to minimize marketing and sales promotion activities and focus solely on delivering orders that had already been placed.

Operational disturbances at the warehouse had a considerable effect on the company's sales and earnings in 2015. The major operational problems are now considered to have been solved, even though it is expected to take one to two quarters in 2016 before Lekmer is back to the same good standing it was in 2014. Lekmer's future high potential is considered to be unchanged.

The warehouse move resulted in non-recurring costs of SEK 16.5 million in the first quarter 2015. In 2015, an additional SEK 26.2 million was expensed, which was related to Lekmer's inventory, and is reported as a non-recurring item. See also page 8.

482
Net sales (SEK million)

414
No. of active customers (thousands)

859
No. of orders (thousands)

572
Average shopping basket (SEK)

Qliro Financial Services

(SEK million)	2015	2014	Change (%)
Interest income	19.8	0.2	
Other income	90.9	2.1	
Total operating income	110.7	2.3	
Administrative expenses	-80.5	-12.0	
Other operating expenses	-52.8	-3.1	
EBTDA[1]	-22.6	-12.8	
EBT[1]	-30.1	-12.8	
Loans to the public	527.8	181.2	
of which externally financed	328.0		
Business volume	2,579	344	
No. of orders (thousands)	3,144	428	
Average shopping basket (SEK)	827	802	

[1] EBITDA and EBIT reported in Note 4.

Qliro Financial Services' payment and consumer financing solution, Qliro, was launched on CDON's, Nelly's and Lekmer's Swedish websites during the fourth quarter of 2014. The roll out of Qliro to additional stores in Sweden continued in 2015 and Qliro was also launched in Finland and Denmark as well as for external merchants. In 2015, Qliro Financial Services handled 3.1 million orders and a total business volume amounting to approximately SEK 2.6 billion. At the end of the year, loans to the public amounted to SEK 527.8 (181.2) million. The lending was financed in the amount of SEK 328.0 (0.0) million via a contracted credit facility and the remainder via own funding.

Qliro Financial Services made a series of product improvements during the year in order to strengthen its consumer and merchant offering and at the end of the year the segment had 90 full-time employees. The roll-out of the payment solution in existing markets is expected to continue in 2016. There are also plans for improvements to the offering and preparations for a launch on the Norwegian market. Qliro Financial Services plans to launch in Norway and introduce additional financial services after the expected approval to become a credit market company has been received from Finansinspektionen (the Swedish Financial Supervisory Authority).

527.8
Loans to the public (SEK million)

2,579
Business volume (SEK million)

Outlook

Qliro Group's long-term sales goal is growth that is consistent with or above that of the market for each segment.

Qliro Group's long-term profitability targets:

Segment	EBITDA margin
Nelly	5–7%
Lekmer	3–5%
CDON Marketplace	2–3%
Gymgrossisten	7–9%
Tretti	2–4%

Provided that the subsidiaries deliver sales volumes in line with their business plans, the objective for Qliro Financial Services is, as previously announced, to generate positive earnings for the full year 2016 and contribute approximately SEK 100 million to consolidated earnings before tax (EBT) for the full year 2018. During 2016, we expect the same seasonality pattern as 2015 which means that the result within Qliro Financial Services is expected to be negative in the first quarter of 2016 and thereafter gradually improve during 2016.

During the first quarter of 2016, CDON Marketplace will carry out efficiency measures as part of the company's transformation into becoming the leading online marketplace in the Nordics. The measures include a staff reduction of approx. 35 full time positions at CDON's office in Malmö. The staff reduction affects all departments within the company and will be reported as a non-recurring cost of around SEK 15 million in the first quarter of 2016.

The previously announced expected cost savings associated with Lekmer's warehouse relocation from Falkenberg to Arlandastad have been revised. The cost savings were expected to, after completed relocation and on an annual basis, exceed the relocation costs, which were expected to amount to SEK 15-20 million. The operational disturbances at Lekmer's warehouse have made it clear that the previously expected cost savings will not be reached during 2016. The Company is expected to require at least another one to two quarters in 2016 to stabilise the warehouse operations in terms of efficiency and costs. Thereafter, Lekmer's quarterly earnings are expected to be in line with 2014. Lekmer's sales growth has slowed as a result of the operational challenges at the warehouse. Growth is expected to gradually start increasing again during the second quarter 2016.

No forecast is otherwise being submitted for 2016.

Overview of risk factors

A number of factors affect, or may come to affect, the operations of the Qliro Group, some directly related to the Qliro Group and some that relate indirectly. Some of the risk factors considered significant to the Qliro Group's future development are summarised below, in no particular order.

Industry and market risks

- Market trend for e-commerce
- Seasonal variations
- Risks related to fashion trends
- Economic situation and consumer purchasing power

Operational risks

- Disturbances or inadequacies in the Qliro Group's IT and control systems
- Supplier relationships
- Warehousing and distribution
- Expansion into new markets and new segments
- Ability to recruit and retain staff

Financial risks

- Currency risks
- Credit risks
- Qliro Financial Services
- Interest rate risk
- Liquidity risks
- Intangible non-current assets

Legal risks

- Legislation, regulation and compliance
- Intellectual property rights

Industry and market risks

Market trend for e-commerce

The market for e-commerce is undergoing change. E-commerce in the Nordic region has generally grown by around 15% per annum in recent years. According to the Swedish Retail Institute (HUI), in 2015 the e-commerce market in Sweden constituted 6.9% of total retail sales, compared with 1.2% in 2003. There are no guarantees that the e-commerce market will continue to show the same positive trend, nor that the products the Qliro Group sells will benefit from positive market developments.

Seasonal variations

In the CDON Marketplace and Lekmer segments Qliro Group is exposed to major seasonal variations since a large portion of sales occur during the fourth quarter. The Nelly segment also exhibits seasonal variations, whereby the second and fourth quarters are the strongest. Lower demand during a single quarter can have an adverse impact on sales and profits in a segment, and therefore the entire Group.

Risks related to fashion trends

In the Nelly segment, Qliro Group is exposed to fluctuations in trends and fashion, as well as consumer preferences in terms of design, quality and price. If Qliro Group misjudges consumer preferences and does not succeed in selling its products, this may lead to excess inventory of certain products, and consequently to price cuts.

Economic situation and consumer purchasing power

Demand for the products that Qliro Group sells is affected by the general economic situation, particularly in Sweden and the rest of the Nordic region, as well as developments in the e-commerce market and the product markets in which the Group operates. The economy and consumers' purchasing power are in turn affected by factors that are beyond Qliro Group's control, such as interest rates, exchange rates, inflation levels, taxes, unemployment levels and other economic factors. A weakening of the economic situation with ensuing reduced private consumption may reduce demand for Qliro Group's products, which may have an adverse impact on the Group's financial position and results.

Operational risks

Disturbances or inadequacies in Qliro Group's IT and control systems

Qliro Group's operations are highly dependent on reliable IT and control systems that are well suited to Qliro Group's operations. Qliro Group has made significant investments in sophisticated IT and control systems, but certain systems are not fully integrated yet and some processes contain elements of manual administration and assumptions as regards valuations and reserves. Despite ongoing improvements, maintenance, upgrades and support of these systems and processes, it cannot be ruled out that systems could suffer from operational disturbances or interruptions, which could lead to the disruption of operations and a subsequent adverse impact on the Group's financial position and earnings.

Supplier relationships

Qliro Group is dependent on the availability of hundreds of external suppliers to be able to pursue its operations. However, Qliro Group is of the view that alternatives exist for most of the Company's current suppliers, which means that if the Company were to lose one or more suppliers, it would only have a limited adverse impact on the business.

Warehousing and distribution

Qliro Group has a number of warehouses that are associated with the Company's online stores. If for some reason a warehouse were to be destroyed or were to close, or if its equipment were to be seriously damaged, the Company might not be able to deliver products to its customers. In addition, Qliro Group is dependent on functioning transport to and from warehouses and is exposed to disruptions in its distribution network. Under such circumstances, and to the extent Qliro Group were unable to quickly and cost-effectively find an alternative warehouse or repair the warehouse in question or its equipment, or find alternative transport solutions, this could have a considerable adverse effect on the Company's operations, results and financial position. Qliro Group works with loss prevention measures on an ongoing basis and has insurance policies for property damage and production stoppages, but there is no guarantee that such amounts can be recovered in full or that the amounts recovered are sufficient to cover potential losses.

Expansion into new markets and new segments

Qliro Group's long-term strategy is to achieve growth that is consistent with or above that of the market for each segment. Even if the Group conducts a thorough business analysis prior to each investment, potential expansion into new geographic or industrial markets may entail unforeseen costs such as lower-than-expected sales for Qliro Group.

Ability to recruit and retain staff

Qliro Group's future success is highly dependent on the Company's ability to recruit, retain and develop qualified senior executives and other key individuals. The Company works with programmes and initiatives to ensure that staff development, talent identification and succession planning procedures are in place for the Group's key individuals.

Financial risks

Currency risks

Qliro Group's reporting currency is the Swedish krona. Since a significant portion of Qliro Group's sales, some 40% for the full year 2015, are completed outside Sweden, the Company is exposed to certain risks related to transactions in different currencies (transaction exposure). Qliro Group is also exposed to currency risk arising from the translation of foreign operations into Swedish krona (translation exposure). The most important currencies that Qliro Group is exposed to are NOK, DKK and EUR for sales, and NOK, DKK, EUR, USD and GBP for purchases. Qliro Group does not hedge this exposure.

Credit risks

Credit risk is defined as the Company's exposure to loss in the event that a counterparty fails to fulfil its obligations. The exposure is based on the carrying amount of the financial assets, of which the majority comprises accounts receivable and cash and cash equivalents. The credit risk attributable to the Qliro Group's accounts receivable is spread among a large number of customers, mainly private individuals, involving small amounts. Accounts receivable are sold both to the internal company Qliro AB (see also "Qliro Financial Services") and to external factoring companies. The vast majority of accounts receivable are sold to external factoring companies with full transfer of the credit risk to the counterparty.

Qliro Financial Services

Qliro AB is part of the Qliro Financial Services segment and is a "financial institution" registered with the Swedish Financial Supervisory Authority. Invoices and part payments for purchases via all of the Group's Swedish online stores are provided through Qliro Financial Services, as is now also provided to a number of the Group's Finnish and Danish online stores and external merchants outside the Group. Qliro's consumer lending is supervised by the Swedish Consumer Agency. The operations conducted by Qliro during 2015 were not subject to a licence but licensing would be required if it were to expand into new geographical markets, such as Norway. Qliro applied to the Swedish Financial Supervisory Authority for a licence to become a credit market company. The licence enables entry to the Norwegian market as well as deposits from the public.

Qliro's main risks relate to operational, strategic, business, regulatory compliance and reputational risks as well as financial risks (i.e. credit, liquidity-, currency- and interest rate risks). The Company's activities may give rise to a wide spectrum of risks that could potentially impact on its operating profit and financial position.

The most significant risks are considered to be credit risk and business risk/strategic risk.

Credit risk refers to Qliro not receiving payment according to an invoice it has issued and/or making a loss owing to a counterparty's inability to fulfil its commitments.

Business/strategic risk refers to the current and future risk of loss owing to changes in market conditions (changes in volumes, interest rate margins and other price changes related to lending operations) and erroneous and unsuccessful business decisions, as well as consumers choosing other payment solutions instead of Qliro's services. If the services provided by Qliro are not considered to be secure, financially advantageous and easy to use by the online stores' customers, this could lead to lower sales in Qliro Group's online stores and subsequent deterioration in Qliro Group's reputation.

Interest rate risk

From time to time, Qliro Group may finance its operations by borrowing funds. At year-end 2015, Qliro Group's net debtamounted to SEK 3.8 million. A part of Qliro Financial Services' operations and consumer lending is funded through borrowing, chiefly through a short-term revolving credit facility. When using credit facilities, a portion of the Qliro Group's cash flow is used to service interest.

Liquidity risks

Liquidity risk is the risk that the Group will not be able to fulfil its obligations associated with financial liabilities. The risk is centrally managed by the parent company, which ensures that there is always sufficient cash and cash equivalents and the ability to extend available financing. Access to cash and cash equivalents for subsidiaries is ensured partly through the use of cash pools. At the reporting date, total available credit facilities amounted to SEK 700 million, of which SEK 550 million were attributable to Qliro Financial Services. At the reporting date utilizations amounted to SEK 77 million in the form of bank guarantees and SEK 328 (0.0) million in the form of outstanding loans attributable to Qliro Financial Services. At year-end 2015, Qliro Group had cash and cash equivalents amounting to SEK 324.2 (534.0) million. The Group's net debt was SEK 3.8 million at year-end.

See Note 21 for further details regarding financial risks.

Legal risks

Legislation, regulation and compliance

Qliro Group pursues operations in several countries with different legislation, fiscal regulations and regulations governing some of the goods that Qliro Group sells. For example, products within the Gymgrossisten segment must follow national food regulations. These products must therefore be approved by regulatory authorities in some of the countries where Qliro Group operates. To increase control, Gymgrossisten has created a department that monitors rules and regulations on the markets where Gymgrossisten operates. Legal violations or breaching regulations, such as food and drink legislation, could lead to injunctions against Qliro Group. Moreover, the cost of regulatory compliance can be substantial. In the future, if the business is expanded to encompass external customers and new geographical markets, Qliro Financial Services' operations may be subject to regulatory requirements (see "Qliro Financial Services" in the Financial Risks section). Qliro Group always endeavours to comply with the laws and regulations that exist and always enlists the help of external expertise when required.

Intellectual property rights

Qliro Group is proactive about protecting its brands, name and domain name in the jurisdictions where Qliro Group operates. It may nevertheless transpire that the measures the Group takes are insufficient and may consequently have an adverse effect.

Environment

Qliro Group's operations require warehousing, packaging and transportation. Our customers, our owners and society in general expect Qliro Group to offer environmentally conscious choices and to operate our business in a manner that is sustainable in the long term.

Qliro Group has spent a considerable amount of time developing its packaging selection to optimise product protection for every delivery, while using the least amount of material possible and generating minimal environmental impact.Most of Qliro Group's deliveries are distributed to customers by PostNord, Bring and Posti. PostNord is the leading supplier of logistics services to, from and within the Nordic region. PostNord is actively involved in environmental and climate initiatives, and since 2009 it has cut its carbon dioxide emissions by 23 per cent, mainly by means of efficiency improvements in its transport chain, investments in fuel-efficient vehicles, a higher share of biofuels and the procurement of green electricity. Bring's environmental ambition is to target environmental efficiency of operations and sustainable development so as to make Bring the world's most future-focused mail and logistics group. Posti, which is used by Qliro Group in Finland, is certified to the ISO 14001 standard, complies with the UN Global Compact and provides carbon-neutral green services. Posti's target is to reduce the company's carbon dioxide emissions by 30% by 2020, measured from 2007 and in relation to net sales.

The Group does not have any operations that require permits or applications under the Swedish Environmental Code.

Employees

Qliro Group recognises that its employees are crucial to its operations. Attracting and retaining staff and developing employee skills are essential to the success of Qliro Group, as well as to meet established targets for growth and business development.

The Group's average number of employees amounted to 1,002 during the year, compared with 899 during the previous year. See notes 23 and 24 for information regarding the average number of employees and salary expenses.

Proposal for guidelines for remuneration to senior executives

The Board of Directors proposes that the 2016 Annual General Meeting decides on the following guidelines for remuneration to senior executives in Qliro Group and Board members of the parent company, to the extent to which they are remunerated outside their directorship.

Remuneration guidelines

Qliro Group shall strive to offer a total remuneration which will enable the group to attract, motivate and retain senior executives in competition with Qliro Group's international peers, which primarily are Nordic companies operating within e-commerce and retailing with consumer brands and products, as well as consumer credit financing and payment solutions. The remuneration to the senior executives in Qliro Group shall both short-term and long-term reflect the individual's performance and responsibility and the results in Qliro Group, inclusive of its subsidiaries, and shall also be designed so that it aligns the senior executives' interest and rewards with the shareholders'. Therefore, the remuneration to the senior executives shall be based on the pay for performance principle and encourage them to build up a significant private ownership of Qliro Group shares (in relation to their personal financial conditions).

The remuneration to the senior executives shall consist of:

- fixed salary
- short-term variable remuneration paid in cash
- the possibility of participation in long-term share- or share price-related incentive programs, and
- pension and other customary benefits.

Fixed salary

The senior executives' fixed salary is revised each year and shall be competitive and based on the individual's competence, responsibilities and performance.

Variable remuneration

The senior executives' variable remuneration paid in cash shall be based on fulfilment of established targets for their areas of responsibility and for Qliro Group and its subsidiaries, respectively. The outcome shall be linked to measurable targets (qualitative, quantitative, general and individual). The targets within the senior executives' respective area of responsibility are defined to promote Qliro Group's development both in the short and long-term. The maximum payment of cash based variable remuneration shall generally not exceed a maximum of 100 percent of the senior executive's annual fixed salary. The Board may resolve that part of the variable remuneration paid in cash shall be invested in shares or share-related instruments in Qliro Group.

Share and share-price related incentive plans shall include an own investment, and be linked to certain pre-determined financial and / or share or share-price related performance criteria and shall be designed to ensure a long-term commitment to the value growth of Qliro Group and its subsidiaries and align the senior executives' interests and rewards with the shareholders'.

For senior executives employed by Qliro Financial Services part of such remuneration will be deferred and capped in accordance with applicable rules for credit institutions, and the Board has imposed restrictions for their variable remuneration by making payment conditional on whether the performance on which it was based proved to be sustainable over time or not.

Pension and other benefits

Pension commitments will be secured through premiums paid to insurance companies. Under normal circumstances the retirement age is 65 years.

Other benefits shall be customary and facilitate that the senior executives can carry-out their duties. Other benefits that may be offered are for example a company car, company health care and health care insurance.

Notice of termination and severance pay

The maximum notice period in any senior executive's contract is generally twelve months, and in exceptional cases, eighteen months, during which time salary payment will continue.

Compensation to Board members

Board members, elected at General Meetings, may in certain cases receive a fee for services performed within their respective areas of expertise, outside of their Board duties. Compensation for these services shall be paid at market terms and be approved by the Board.

Deviations from the guidelines

The Board may, if it considers that special circumstances are at hand, deviate from the guidelines. In such a case the Board shall explain the reason for the deviation at the following Annual General Meeting.

The current guidelines for remuneration to senior executives in Qliro Group are described in the Corporate Governance Report. For further information on remuneration of the CEO and senior executives, see Note 24.

Share-based long-term incentive programmes

Qliro Group has three outstanding share-based long-term incentive programmes decided on at the AGMs in 2013, 2014 and 2015. See Note 24 for further information about these programmes.

The total cost of the incentive programme proposed by the 2016 AGM is estimated to amount to about SEK 10.7 million excluding social security contributions in accordance with IFRS 2. The cost will be distributed over the years 2016–2019. The estimated expenses for social security contributions will also be expensed as staff costs through regular provisions. Costs relating to social security contributions are expected to amount to about SEK 2.6 million.

The maximum cost of the incentive programme is expected to total about SEK 14.5 million, and the maximum cost for social security contributions about SEK 54.8 million.

Parent Company

Qliro Group AB is the Group's Parent Company and is responsible for Group-wide management, administration and finance functions. Qliro Group's financial policy includes providing a central cash pool or financing through internal loans to support the Group's companies. The Parent Company holds shares in the subsidiaries, as specified in Note 12. The Parent Company has the same risks and uncertainty factors as the Group, since the Parent Company's operations are dependent on the Group.

The Parent Company reported sales of SEK 19.9 (31.0) million for the full year. Administrative expenses totalled SEK 61.0 (59.7) million for the full year, and reflect costs of a recurring nature, primarily related to operating Qliro Group AB as a publicly listed company, consisting of expenses for central functions, Board fees, auditing services, etc. Other net financial items amounted to SEK 17.5 (-17.2) million for the full year. The Parent Company received Group contributions from subsidiaries amounting to SEK 41.9 million and gave Group contributions to subsidiaries amounting to SEK -154.1 million during the year. Group losses before tax totalled SEK -161.6 (-28.1) million for the full year.

Cash and cash equivalents in the Parent Company amounted to SEK 280.6 (495.3) million at year-end.

The Parent Company made investments of SEK 41.6 (17.9) million in non-current assets during the year. The majority of the investments, SEK 40.0 million, related to an unconditional shareholders' contribution to Qliro AB.

Proposed appropriation of profits

These amounts are at the disposal of the shareholders as of 31 December 2015 (SEK):

Share premium reserve	1,076,535,317.28
Retained earnings	-59,464,914.77
Loss for the year	-131,909,384.76
Total	**885,161,017.75**

The Board proposes that retained earnings, share premium reserve and profit for the year amounting to a total of SEK 885,161,017.75 be carried forward. The share premium reserve totals SEK 1,076,535,317.28.

As regards the Company's financial performance and position, please see the financial statements and accompanying notes and comments.

Share data

Qliro Group's shares are listed on Nasdaq Stockholm's Mid-cap list under the symbol QLRO. Qliro Group's market capitalisation at the close of trading on Nasdaq Stockholm on the last business day of 2015 was SEK 1.8 billion.

Shareholders at 31 December 2015[1]

	Equity (%)	Votes (%)	Number of shares
Investment AB Kinnevik	28.3%	28.5%	42,613,642
Swedbank Robur Funds	6.7%	6.8%	10,112,338
Oppenheimer Funds[2]	5.5%	5.5%	8,232,854
Henderson Funds	2.9%	2.9%	4,401,671
Avanza Pension	2.8%	2.8%	4,158,456
Nordnet Pension Insurance	2.1%	2.2%	3,218,325
AMF Insurance & Funds	2.1%	2.1%	3,135,081
Swedbank Insurance	1.9%	1.9%	2,840,040
Nordea Funds	1.5%	1.5%	2,263,219
Öhman Funds	1.2%	1.2%	1,799,938
Fourth AP Fund	1.1%	1.1%	1,701,215
Enter Funds	1.1%	1.1%	1,618,025
DNB Funds	1.0%	1.0%	1,511,238
Humle Funds	0.9%	0.9%	1,400,000
Origo Funds	0.9%	0.9%	1,370,000
Total for the 15 largest owners – by holdings	**60.1%**	**60.5%**	**90,376,042**
Other shareholders	39.1%	39.5%	60,068,737
Repurchased shares (Class C shares)	0.8%	0.0%	1,175,000
Total shares issued[1]	**100%**	**100%**	**150,444,779**

[1] Includes 1,175,000 class C shares held by Qliro Group as treasury shares. Own shares that are held by the company may not be represented at general meetings of shareholders. Practically, this means that a shareholder's share of ownership as a % of votes is slightly higher than her/his share of ownership as a % of capital.

[2] The shares are fully or partly held in nominee accounts. The holding has been confirmed by "flagging" notifications to Finansinspektionen (Swedish FSA) and amounts to 5-10% of share capital/votes as of 2015-12-31.

Share capital

At 31 December 2015, outstanding shares amounted to 150,444,779, of which 149,269,779 were ordinary shares and 1,175,000 were Class C shares. Each ordinary share and each Class C share entitle the holder to 1 (one) vote. The Class C shares are not entitled to dividend payments. The Class C shares were issued and repurchased by the company as part of the performance-based incentive programmes authorised by the 2011–2013 AGMs. The Class C shares have a par value of SEK 2 and are fully owned by Qliro Group AB. Qliro Group AB acquired the Class C shares for a total of SEK 2,350,000. The Group's share capital amounted to SEK 300.9 million at year-end. For changes in the share capital between 2014 and 2015, please see the Consolidated Statement of Changes in Equity.

At 31 December 2015 there were 1,238,838 outstanding rights and employee stock options attributable to the company's share-based incentive programmes. See Note 24 for further details regarding the incentive programmes.

The company is not aware of any agreements between shareholders that would limit the rights to transfer shares.

Dividend

The parent company paid no dividend in 2015 and the Board proposes no dividend for 2016.

Share price development

The share price at the beginning of the year was SEK 17.50. On the last trading day of the year, the share price was SEK 12.10.

Corporate Governance Report

This report describes Qliro Group AB's policies for corporate governance. Qliro Group is a Swedish public limited liability company. The company's governance is based on the Articles of Association, the Swedish Companies Act, the Swedish Annual Accounts Act, the listing rules of Nasdaq Stockholm, the Swedish Code of Corporate Governance and other relevant Swedish and international regulations.

The company follows the Swedish Corporate Governance Code in most aspects, and only deviates from its recommendations in respect of the composition of the Nomination and Remuneration Committees. The deviations are detailed below in the "Nomination Committee" and "Remuneration Committee" sections.

Qliro Group is governed by several bodies. At the Annual General Meeting, the shareholders exercise their voting rights by electing the Board of Directors and external auditors. Some of the Board's duties are assigned to the President and Chief Executive Officer (CEO) of Qliro Group. The CEO is in charge of the day-to-day management of the Group in accordance with guidelines and instructions from the Board.

Shares and shareholders

According to the share register held by Euroclear Sweden AB, there were 17,306 shareholders at year-end 2015. Shareholdings by its ten largest shareholders correspond to some 52 per cent of share capital and votes. Swedish institutions and mutual funds own approximately 60.5 per cent of the share capital, international investors hold about 21 per cent and Swedish private investors own around 18.5 per cent.

Share capital consists of two share types: ordinary shares and Class C shares. There are no restrictions on the number of votes each shareholder may cast at the AGM. For more information regarding company shares, see the "Shares" section.

On 18 May 2015 the Qliro Group's AGM authorised the Board of Directors to decide on a new share issue (and repurchase) of a maximum of 2,200,000 Class C shares in the company. The purpose of the authorisation was to ensure delivery of shares to participants in Qliro Group's share-based long-term incentive programmes adopted at the 2015 AGM. As at the end of 2015, the above authorisation has not been utilized.

The 2015 AGM also authorised the Board of Directors to decide on one or several occasions until the next AGM to repurchase a total of as many of the company's own ordinary shares as to ensure that the Qliro Group's holdings should not at any time exceed 10 per cent of all shares in Qliro Group. As at the end of 2015, the said authorisation has not been utilized.

Shareholders are provided with information on an ongoing basis, including interim and full-year financial reports, financial statements and press releases on significant events during the year. All reports, press releases and other information can be found on Qliro Group's website at www.qlirogroup.com.

Annual General Meeting

The Annual General Meeting (AGM) is a limited company's highest decision-making body. It is there that all shareholders can exercise their voting rights to decide on issues affecting the ompany and its operations. The Swedish Companies Act and the Articles of Association detail procedures on how notice is given of the AGM and Extraordinary General Meetings, along with who is entitled to participate and vote at the meetings.

The authority of the AGM and its rules of procedure are primarily based on the Swedish Companies Act and the Swedish Corporate Governance Code, as well as on the Articles of Association adopted by the AGM. The AGM must be held within six months of the end of the financial year. The AGM makes decisions on adoption of the income statement and balance sheet, consolidated income statement and statement of financial position, allocation of the company's earnings according to the adopted balance sheet, discharge of liability for the Board and CEO, appointment of the Board, its Chairman, the company's auditors, and certain other matters provided for by law and the Articles of Association.

The AGM for the financial year 2015 will be held on 23 May 2016, in Stockholm, Sweden.

Nomination Committee

Tasks of the Nomination Committee include:

- evaluating the Board's work and composition
- submitting proposals to the AGM regarding the election of Board members and the Chairman of the Board
- preparing proposals for the election of auditors in consultation with the Audit Committee (when appropriate)
- presenting proposals for the setting of remuneration for the Board and the auditors
- preparing proposals for the Chairman of the Annual General Meeting
- preparing proposals for the AGM regarding the Nomination Committee's composition and work for the following year.

In accordance with the Nomination Committee procedure adopted at the 2015 AGM, the Chairman of the Board of Qliro Group has convened a Nomination Committee to prepare the proposals for the company's 2016 AGM.

The Nomination Committee is to consist of at least three members appointed by the largest shareholders in the company that wished to appoint a member. In addition, the Chairman of the Board shall also be a member of the Nomination Committee. The Nomination Committee for the 2016 AGM consists of Lars-Johan Jarnheimer in his role as Chairman of the Board, Lorenzo Grabau, appointed by Investment AB Kinnevik, Annika Andersson, appointed by Swedbank Robur Funds, and Jan Särlvik, appointed by Nordea Funds.

Lorenzo Grabau was appointed Chairman of the Nomination Committee at the Committee's first meeting. As Lorenzo Grabau is also a Board member of Qliro Group, this constitutes a deviation from the Swedish Code of Corporate Governance. The Nomination Committee explained its selection on the grounds that it was in the interests of the company and its shareholders, and that it was a natural consequence of Lorenzo Grabau representing Qliro Group's largest shareholder, Investment AB Kinnevik.

As at 30 December 2015 the Nomination Committee represented over 36 per cent of the voting rights in Qliro Group AB. The members of the Nomination Committee do not receive any separate remuneration for their work.

The Nomination Committee will be submitting proposals as regards the composition of the Board, the election of auditors and remuneration for the Board and its Chairman for presentation to the 2016 AGM for approval.

Board of Directors

The members of the Board of Directors are elected at the AGM for the period until the end of the following AGM. Qliro Group's Articles of Association do not contain any restrictions regarding the eligibility of Board members. According to the Articles of Association, the Board should consist of a minimum of three and a maximum of nine members.

Responsibilities and duties of the Board

The Board has overall responsibility for the organisation and management of Qliro Group. The Board has adopted working procedures for its work that include rules pertaining to the number of regular Board meetings, which issues are to be handled at regular Board meetings, and the duties of the Chairman. The work of the Board is also governed by rules and regulations, including the Swedish Companies Act, Articles of Association and the Swedish Code of Corporate Governance.

In order to carry out its work more effectively, the Board has appointed a Remuneration Committee and an Audit Committee with special tasks. These committees handle matters within their respective areas and present recommendations and reports on which the Board may base its decisions and actions. However, all members of the Board have the same responsibility for decisions made and actions taken, irrespective of whether issues have been reviewed by such committees or not.

The Board has also adopted guidelines with instructions and mandates to the CEO. These guidelines require that investments in non-current assets of more than SEK 2,000,000 must be approved by the Board. The Board must also approve major transactions, including acquisitions and closures or divestments of businesses. In addition, the Board has also issued written instructions specifying when and how information, which is required in order to enable the Board to evaluate the Group's and its subsidiaries' financial positions, should be reported.

The rules of procedure that are adopted annually by the Board include instructions on which financial reports and which financial information should be submitted to the Board. In addition to the year-end report, interim reports and the annual report, the Board also examines and evaluates extensive financial information relating to both the Group as a whole and various units included in the Group. The Board also examines, primarily through the Audit Committee, the most significant accounting policies applied in the Group with regard to financial reporting, as well as any key changes to these policies. The Audit Committee is also tasked with examining reports on internal controls and the processes for financial reporting, along with internal audit reports compiled by the Group's internal auditing function.

Name	Position	Date of birth	Nationality	Elected	Independent of major shareholders	Independent of company and management	Remuneration Committee	Audit Committee
Lars-Johan Jarnheimer	Chairman	1960	Swedish	2010	Yes	Yes	-	-
Patrick Andersen	Member	1962	Danish	2013	Yes	Yes	Member	-
Mengmeng Du	Member	1980	Swedish	2010	Yes	Yes	-	-
Lorenzo Grabau	Member	1965	Italian	2014	No	Yes	Chairman	Member
Jens Grede	Member	1978	Swedish	2015	Yes	Yes	-	-
David Kelly	Member	1963	British	2013	Yes	Yes	-	Member
Daniel Mytnik	Member	1971	Swedish	2014	Yes	No	Member	-
Peter Sjunnesson	Member	1959	Swedish	2015	Yes	Yes	-	Chairman

The Group's external auditor reports to the Board as required, and at least once a year. At least one of these reporting occasions occurs without the CEO or any other member of executive management being present. The Group's external auditor also participates in the meetings of the Audit Committee. All Audit Committee meetings are minuted and the minutes are made available to all Board members and the auditors.

Composition of the Board as at 31 December 2015

The Board of Qliro Group AB comprises eight Board members. The Board members are Lars-Johan Jarnheimer, Patrick Andersen, Mengmeng Du, Lorenzo Grabau, Jens Grede, David Kelly, Daniel Mytnik and Peter Sjunnesson. Biographical information on each of the Board members is contained in the "Board" section of this annual report.

Qliro Group's Board composition during the year has fulfilled the requirements of Nasdaq Stockholm and the Code on the independence of Board members. This means that the majority of Board members appointed by the AGM are independent in relation to the company and its management. At least two of these members are also independent of the company's major shareholders.

Remuneration Committee

The Remuneration Committee comprises Lorenzo Grabau, Chairman, Patrick Andersen and Daniel Mytnik.

The tasks of the Remuneration Committee are set out in section 9.1 of the Swedish Corporate Governance Code. The main tasks of the Remuneration Committee are to: (i) prepare decisions for the Board on matters regarding remuneration principles, remuneration and other employment terms for the CEO and senior executives; (ii) monitor and evaluate ongoing programmes and programmes concluded during the year for variable remuneration (e.g. long-term share-based incentive programmes) for the CEO, senior executives and other key individuals within Qliro Group; and (iii) monitor and evaluate the application of the guidelines for remuneration to senior executives that the AGM, in accordance with the law, will decide upon, along with applicable remuneration structures and remuneration levels in the company.

The Swedish Corporate Governance Code states that the members of the Remuneration Committee are to be independent of the company and its executive management with the exception of the Chairman of the Board who may chair the committee regardless of whether or not this criterion is met. Board member Daniel Mytnik is not independent of the company and the management, as he has (following a board decision in 2014) had an assignment as a consultant for the company and performed various advisory services, which have been remunerated according to a separate consultancy agreement, see Note 24. The company therefore deviates from this rule in the Code. The reason for the deviation is that Daniel Mytnik has significant experience in establishing and defining remuneration principles in listed companies, thereby providing the Committee with appropriate expertise.

Audit Committee

The Audit Committee comprises Peter Sjunnesson, Chairman, Lorenzo Grabau and David Kelly.

The tasks of the Audit Committee are set out in Chapter 8, Section 49b of the Swedish Companies Act. The Audit Committee's responsibilities are to (i) monitor the company's financial reporting; (ii) in respect of the financial reporting, monitor the efficiency of the company's internal controls, internal audits and risk management; (iii) stay informed on the audit of the annual report and consolidated accounts; (iv) review and monitor the impartiality and independence of the auditor, and therewith paying special attention to whether the auditor provides the company with services other than auditing services; and (v) assist with preparation of proposals to the AGM's resolution on election of an auditor. The work of the Audit Committee is focused on, inter alia, matters such as evaluating the quality and accuracy of financial reporting, internal control, internal audit and risk assessments.

Remuneration of Board members

The fixed remuneration for the Board for the period until the close of the 2016 AGM is in total SEK 3,471,000, of which SEK 670,000 is allocated to the Chairman of the Board, SEK

325,000 to each Board member, and a total of SEK 526,000 as remuneration for work in Board committees. The remuneration of Board members is proposed by the Nomination Committee, which represents the company's largest shareholders, and approved by the AGM. The Nomination Committee proposal is based on benchmarking of peer group companies compensation and company size.

Board work in 2015

During the year the Board regularly reviewed the financial position of Qliro Group AB and the Group's earnings, financial position, organisational structure and administration. During its meetings, the Board addressed matters including Qliro Group's strategy, budget and other financial forecasts, its capital structure and funding, investments in fixed assets, potential acquisitions, start-ups, divestments and efficiency improvements of internal procedures and control processes.

The Board held 16 meetings in 2015: four were ordinary Board meetings, one was a constitutive meeting and 11 were extraordinary meetings (one of which was held per capsulam).

Attendance at Board and committee meetings

Name	Board meetings	Audit Committee	Remuneration Committee
Number of meetings up to 18 May 2015	3	2	3
Number of meetings from 18 May 2015	13	3	2
Total number of meetings in 2015	**16**	**5**	**5**
Lars-Johan Jarnheimer	16/16		2/3
Patrick Andersen	14/16		2/2
Mengmeng Du	14/16		
Lorenzo Grabau	10/16	3/3	5/5
Jens Grede (from 18 May 2015)	10/13		
David Kelly	15/16	5/5	
Daniel Mytnik	15/16	2/2	5/5
Peter Sjunnesson (from 18 May 2015)	12/13	3/3	
Mia Brunell Livfors (up to 18 May 2015)	3/3	2/2	
Lars Nilsson (up to 18 May 2015)	2/3	2/2	

Note: Lars-Johan Jarnheimer was a member of the Remuneration Committee up to 18 May 2015; Patrick Andersen is a member of the Remuneration Committee from 18 May 2015; Mia Brunell Livfors was a member (and Chairman) of the Audit Committee up to 18 May 2015; Daniel Mytnik and Lars Nilsson were members of the Audit Committee up to 18 May 2015; Lorenzo Grabau is a member of the Audit Committee from 18 May 2015.

External auditors

Qliro Group AB's auditor was elected by the 2012 AGM for a period of four years. KPMG has been the company's external auditor since 1997. Cronie Wallquist, certified public accountant, is responsible for the audit of the company on behalf of KPMG since September 2013. Election of the auditor will be carried out at the 2016 AGM.

The auditors report their findings to the shareholders by means of the auditors' report, which is presented to the AGM. In addition, the auditors report detailed findings to the Audit Committee twice a year and to the full Board once a year, and annually provide written assurance of their impartiality and independence to the Audit Committee.

KPMG also provided certain additional services in 2014 and 2015. These services comprised consultation on accounting and tax issues and other audit-related assignments.

The audit assignment involves examination of the annual report and financial accounting, administration by the Board and CEO, other tasks related to the duties of a company auditor, and consultation or other services which may result from observations noted during such examination or implementation of such other tasks.

For more detailed information on auditing fees for the year, see Note 25 in this annual report.

CEO and executive management

Executive management of Qliro Group includes the Chief Executive Officer, the Chief Financial Officer, managing directors of the Qliro Group's operating subsidiaries and other key executives. Biographical information on the Group's executive managers is contained in the "Executive Management" section of this annual report.

The Chief Executive Officer (CEO) is responsible for the day-to-day management of the company in accordance with the guidelines and directions established by the Board.

The CEO and executive management team, supported by various staff functions, are responsible for adhering to the Group's overall strategy, financial and business controls, financing, capital structure, risk management and acquisitions. This includes preparation of financial reports and providing information to and communicating with investors.

Regular Board meetings are held in the Qliro Group's operating subsidiaries. The subsidiaries' Boards consist of the Qliro Group's CEO and CFO, the respective subsidiary's managing director and, in some cases, a representative of minority shareholders. There are further three external members on the Qliro AB Board. Qliro Group's CEO is Chairman of the subsidiaries' Boards and leads the meetings. The subsidiaries' executive management teams may also participate in the meetings of the subsidiaries' Boards. The Boards of the operating subsidiaries have adopted working procedures for their work that include rules pertaining to the number of regular Board meetings, which issues are to be handled at regular Board meetings, etc. Furthermore, guidelines have been adopted that must be followed by the subsidiaries' managing directors.

Applicable guidelines for remuneration of senior executives

The current guidelines for remuneration to senior executives in Qliro Group, as well as to members of the Board (of the parent company), to the extent they are remunerated outside their directorship, were adopted at the Annual General Meeting on 18 May 2015.

Remuneration guidelines

Qliro Group shall strive to offer a total remuneration which will enable the group to attract, motivate and retain senior executives in competition with Qliro Group's international peers, which primarily are Nordic companies operating within e-commerce and retailing with consumer brands and products, as well as consumer credit financing and payment solutions. The remuneration to the senior executives in Qliro Group shall both short-term and long-term reflect the individual's performance and responsibility and the results in Qliro Group, inclusive of its subsidiaries, and shall also be designed so that it aligns the senior executives' interest and rewards with the shareholders'. Therefore, the remuneration to the senior executives shall be based on the pay for performance principle and encourage them to build up a significant private ownership of Qliro Group shares (in relation to their personal financial conditions).

The remuneration to the senior executives shall consist of:

- fixed salary,
- short-term variable remuneration paid in cash,
- the possibility of participation in long-term share or share-price related incentive programs, and
- pensions and other customary benefits.

Fixed salary

The senior executives' fixed salary is revised each year and shall be competitive and based on the individual's competence, responsibilities and performance.

Variable remuneration

The senior executives' variable remuneration paid in cash shall be based on fulfillment of established targets for their areas of responsibility and for Qliro Group and its subsidiaries, respectively. The outcome shall be linked to measurable targets (qualitative, quantitative, general and individual). The targets within the senior executives' respective area of responsibility are defined to promote Qliro Group's development both in the short and long-term. The maximum payment of cash based variable remuneration shall generally not exceed a maximum of 100 percent of the senior executive's annual fixed salary. The Board may resolve that part of the variable remuneration paid in cash shall be invested in shares or share-related instruments in Qliro Group.

Share and share-price related incentive plans shall be linked to certain pre-determined financial and / or share or share-price related performance criteria and shall be designed to ensure a long-term commitment to the value growth of Qliro Group and its subsidiaries and align the senior executives' interests and rewards with the shareholders'.

Pension and other benefits

Pension commitments will be secured through premiums paid to insurance companies. Under normal circumstances the retirement age is 65 years.

Other benefits shall be customary and facilitate that the senior executives can carry-out their duties. Other benefits that may be offered are for example a company car, company health care and health care insurance.

Notice of termination and severance pay

The maximum notice period in any senior executive's contract is generally twelve months, and in exceptional cases, eighteen months, during which time salary payment will continue.

Compensation to Board members

Board members, elected at General Meetings, may in certain cases receive a fee for services performed within their respective areas of expertise, outside of their Board duties. Compensation for these services shall be paid at market terms and be approved by the Board.

Deviations from the guidelines

The Board may, if it considers that special circumstances are at hand, deviate from the guidelines. In such a case the Board shall explain the reason for the deviation at the following Annual General Meeting.

The guidelines were followed in 2015. Information about remuneration to senior executives is provided in Note 24 of this annual report.

Share-based long-term incentive programmes

Qliro Group has three outstanding share-based long-term incentive programmes decided on at the AGMs in 2013, 2014 and 2015. For further information about these programmes, please see Note 24.

Internal control of financial reporting

The procedures for internal control, risk assessment, control activities and monitoring with regard to financial reporting are designed to ensure reliable overall and external financial reporting in accordance with International Financial Reporting Standards (IFRS), applicable laws, regulations and other requirements for listed companies on the Nasdaq Stockholm exchange. This work involves the Board, executive management and other staff.

Control environment

In addition to the Board's rules of procedure and instructions to the CEO and Board committees, there is a clear division of roles and responsibilities for effective management of operational risks. The Board also has a number of established basic guidelines, which are important for its work with internal control activities. This includes control and monitoring of results as compared with plans and prior years. The Audit Committee assists the Board in overseeing various issues, such as internal audit and accounting policies applied by the Group.

The responsibility for maintaining an effective control environment with risk assessment of ongoing activities and internal control over financial reporting is delegated to the CEO. Other managers at different levels in the Group have this responsibility in their particular areas of responsibility. The executive management regularly reports to the Board according to established procedures and in addition to the Audit Committee's reports. The control environment is made up of defined responsibilities and authority, instructions, guidelines, manuals and policies, together with laws and regulations. All employees are accountable for compliance with these guidelines.

Risk assessment and control activities

The company has prepared a model for assessing risks in all areas, in which a number of parameters are identified and measured. These risks are reviewed regularly by the Board and the Audit Committee, and include both the risk of loss of assets and irregularities and fraud. Special attention was paid to designing controls for preventing and discovering shortcomings in these areas. The important areas for monitoring are purchasing, logistics, and inventory processes, technical development and performance of the web platform, as well as general IT security. Assessing and controlling risks involves the Boards in each operating subsidiary, where meetings are held at least four times a year. Qliro Group's CEO, CFO and the managers of each subsidiary participate in these minuted meetings. Further information about the subsidiary Boards can be found under the heading "CEO and Executive Management".

Information and communication

Important guidelines, manuals and the like that are significant for financial reporting are regularly updated and distributed to the employees concerned. There are formal as well as informal information channels to the executive management and Board for employees to transmit information of significance. Guidelines for external communications ensure that the company applies the highest standards for providing accurate information to the financial market.

Monitoring

The Board continuously evaluates the information submitted by company management and the Audit Committee. The Board receives regular updates between meetings as to the Group's development. The Group's financial position, strategies and investments are discussed at every ordinary Board meeting. The Audit Committee reviews all quarterly reports prior to publication. The Audit Committee is also responsible for monitoring internal control activities. This work includes ensuring that action is taken to deal with any deficiencies and to implement proposed measures emerging from the internal and external audits. The external auditors participate in the regular meetings of the Audit Committee.

The company has an independent internal audit function responsible for the evaluation of risk management and internal control activities. Internal auditing is performed by a third party, whose work includes scrutinising the application of established procedures and guidelines. The internal audit function plans its work in consultation with the Audit Committee and reports the results of its reviews to the Audit Committee.

Board of Directors

Lars-Johan Jarnheimer
Chairman of the Board
Swedish citizen, born 1960

Lars-Johan Jarnheimer has been a member of the Board of Qliro Group since August 2010 (Chairman of the Board since May 2012). He is currently Chairman of the Board of Directors of INGKA Holding B.V. (the parent company of the IKEA group), Eniro AB and Arvid Nordquist Handelsaktiebolag and a member of the Boards of SAS AB and Egmont International Holding A/S. Lars-Johan served as President and Chief Executive Officer of Tele2 AB from 1999 to 2008, and previously held various positions at IKEA, Hennes & Mauritz and Comviq AB. Lars-Johan was a Board member of Modern Times Group MTG AB between 1997 and 2008, and of Millicom International Cellular S.A. between 2001 and 2007.

Lars-Johan graduated with a Degree in Economics and Business Administration from Växjö and Lund universities in Sweden.

Independent of the company and executive management and independent of major shareholders.

Shareholding (including any related person ownership) in Qliro Group: 100,000 shares

Patrick Andersen
Board member
Danish citizen, born 1962

Patrick Andersen has been a member of the Board of Qliro Group since May 2013. He is currently serving as President of the Americas business area (North America and Latin America) at Carlson Wagonlit Travel, where he has been since 2008, having held numerous executive positions leading up to his current role. Prior to this, Patrick was a consultant and owner of PNA Consulting and before that held several executive positions at DHL, where he worked for over 20 years.

Patrick studied management at the London Business School.

Member of the Remuneration Committee.

Independent of the company and executive management and independent of major shareholders.

Shareholding (including any related person ownership) in Qliro Group: 45,000 shares

Mengmeng Du
Board member
Swedish citizen, born 1980

Mengmeng Du has been a member of the Board of Qliro Group since September 2010. Since November 2014 Mengmeng has been running Mimion AB, a consulting company that advises on digital strategy. In addition, Mengmeng has been COO of Acast (a company that operates as a podcast-hosting platform) since September 2015. Mengmeng is also a member of the Boards of Livförsäkringsbolaget Skandia and Filippa K. Between August 2011 and October 2014 Mengmeng worked at Spotify, where she held a number of executive positions, the most recent of which was as Director Global Marketing Operations. Prior to this, she had worked as Head of Product Development at Stardoll (one of the world's largest online fashion and games communities for girls), as Project Manager at Alumni (an executive search consultancy) and as Management Consultant at Bain & Company in the Nordic region.

Mengmeng holds a Master of Science in Economics and Business Administration from the Stockholm School of Economics and a Master of Science in Computer Science and Engineering from the Royal Institute of Technology in Stockholm.

Independent of the company and executive management and independent of major shareholders.

Shareholding (including any related person ownership) in Qliro Group: 675 shares

Lorenzo Grabau
Board member
Italian citizen, born 1965

Lorenzo Grabau has been a member of the Board of Qliro Group since May 2014. Lorenzo has been President and CEO of Investment AB Kinnevik since May 2014. Lorenzo was a Board member of Investment AB Kinnevik between 2013 and 2014. Lorenzo Grabau is Chairman of the Board of Global Fashion Group, Vice Chairman of Zalando SE, member of Supervisory Board of Rocket Internet AG and a member of the Boards of Millicom International Cellular S.A. and Tele2 AB.
Lorenzo was a partner in and Managing Director of Goldman Sachs International in London until 2011. He started in the Investment Banking division at Goldman Sachs in 1994 and during his 17 years with the firm held a number of management positions within the Consumer/Retail and Media/Online industry practices, as well as in the Financial Sponsors business. Lorenzo began his investment banking career in 1990 when he started at Merrill Lynch, where he worked for five years in the Mergers and Acquisitions departments in London and New York.

Lorenzo holds a degree from the Università degli Studi di Roma, La Sapienza, in Italy.

Chairman of the Remuneration Committee and member of the Audit Committee.

Independent of the company and executive management, but not independent of major shareholders.

Shareholding (including any related person ownership) in Qliro Group: -

The current Board of Directors was elected at the Annual General Meeting of the shareholders (AGM) on 18 May 2015 for the period until the end of the next AGM, which will be held on 23 May 2016.

Jens Grede
Board member
Swedish citizen, born 1978

Jens Grede has been a member of the Board of Qliro Group since May 2015. Jens is a co-founder and Chairman of the Board of Saturday Group, one of the world's leading marketing agencies, and is also a Board member of Global Fashion Group, the e-commerce group in the fashion sector with a focus on growth markets operating under the brands Dafiti, Jabong, Lamoda, Namshi and Zalora. Since he was involved in founding Saturday Group in 2003 Jens has had responsibility for the agency's expansion in sectors such as marketing, e-commerce, talent management and brand management. Before he founded Saturday Group, Jens spent three years as project manager at Wallpaper Group.

Independent of the company and executive management and independent of major shareholders.

Shareholding (including any related person ownership) in Qliro Group: -

David Kelly
Board member
British and Irish citizen, born 1963

David Kelly has been a member of the Board of Qliro Group since May 2013. Previously, David served as adviser to the CDON Group Board between June 2012 and April 2013. David is currently Chairman of the Boards of LoveHomeSwap, Pure360 and MBA & Company, and is also a member of the Boards of Camelot UK Lotteries Limited, Holiday Extras, On the Beach, Simply Business and Trinity Mirror Group. David was previously a member of the executive management as well as CEO for Rackspace Cloud Hosting. He has also held several positions at eBay, Amazon.com and Lastminute.com. David is also one of the founders of Mydeco.

David holds a Ph.D. in Business Strategy and an MBA in marketing from City University Business School, as well as an BSc in computer science from Leicester University.

Member of the Audit Committee.

Independent of the company and executive management and independent of major shareholders.

Shareholding (including any related person ownership) in Qliro Group: -

Daniel Mytnik
Board member
Swedish citizen, born 1971

Daniel Mytnik has been a member of the Board of Qliro Group since May 2014. Daniel has been a partner at Ventiga Capital Partners in London since 2015. Daniel was previously a partner at Palamon Capital Partners in London until 2013. During his seven years at Palamon, Daniel identified and managed a significant number of investments in rapid-growth service-oriented businesses, primarily in the Nordic countries and the United Kingdom. Before joining Palamon Capital Partners, Daniel spent four years as Managing Director at investment bank Altium Capital, prior to which he worked in Morgan Stanley's Private Equity and Investment Banking department in London for five years.

Daniel has a BA in Philosophy, Politics & Economics and an M.Phil. in Economics from Oxford University.

Member of the Remuneration Committee.

Not independent of the company and executive management, but independent of major shareholders.

Shareholding (including any related person ownership) in Qliro Group: 131,513 shares

Peter Sjunnesson
Board member
Swedish citizen, born 1959

Peter Sjunnesson has been a member of the Board of Qliro Group since May 2015. Peter has been active as a consultant since 2002. He advises financial and service companies on growth and operational efficiency projects. Peter is a Board member of Lindorff Group, one of Europe's largest credit management companies, and was the Group's interim CEO between October 2014 and April 2015. Peter serves on the Boards of the Qliro Group's payment solutions company Qliro AB and of a number of start-up ventures, and has previously served on the Boards of Dibs Payment Services and Klarna, the latter as Chairman of the Board between 2006 and 2010. Prior to starting his consulting business in 2002, Peter was Group Chief Executive Officer of Intrum Justitia for four years up until the company's listing on the Stockholm Stock Exchange in 2002.

Peter holds a Master of Science in Economics and Business Administration from the Stockholm School of Economics.

Chairman of the Audit Committee.

Independent of the company and executive management and independent of major shareholders.

Shareholding (including any related person ownership) in Qliro Group: 21,000 shares

Executive Management

Paul Fischbein
President and CEO
Born 1973

Paul Fischbein took over as CEO of Qliro Group in November 2011. Paul's most recent position was with e-commerce company Tretti AB (acquired by Qliro Group in 2011), which he founded and of which he was CEO between 2004 and 2011. Prior to this Paul worked as an entrepreneur within internet services and recruitment.

Paul holds a Master's Degree in Economics and Business Administration from Lund University and has also studied at the London School of Economics and Political Science.

Shareholding (including any related person ownership) in Qliro Group: 135,000 shares

Nicolas Adlercreutz
CFO
Born 1970

Nicolas Adlercreutz joined as CFO of Qliro Group in February 2013. Nicolas' most recent position was CFO at PA Resources AB (publ), and prior to that he worked for Svenska Cellulosa Aktiebolaget SCA (publ), where he held several positions, including Vice President Group Control.

Nicolas has a Master's degree in Economics and Business Administration from Mid Sweden University.

Shareholding (including any related person ownership) in Qliro Group: 25,100 shares

Jonas Danielsson
Head of Tretti
Born 1969

Jonas Danielsson became Managing Director of Tretti AB in May 2014. Jonas's most recent position was with Samsung, where he was Head of Sales for household products. Prior to this he was Head of Purchasing at Tretti and was a member of the company's executive management when Tretti was previously publicly listed as a stand-alone company.

Jonas holds a degree in Marketing Management from IHM Business School.

Shareholding (including any related person ownership) in Qliro Group: 3,450 shares

Magnus Fredin
Head of CDON
Born 1981

Magnus Fredin was appointed Managing Director of CDON AB (the CDON.com marketplace) in August 2015. Magnus's most recent position was as CEO of the e-commerce stores Babyshop and Alexandalexa (The Luxury Kids Group). Prior to this Magnus worked for many years as VP of Global Sales for Klarna.

Shareholding (including any related person ownership) in Qliro Group: –

Therese Hillman
Head of Gymgrossisten
Born 1980

Therese Hillman was employed as Business Developer for Gymgrossisten in 2007, and in the same year she became the company's CFO. She was appointed COO of Gymgrossisten in 2009, and in 2011 she was appointed Managing Director. Therese has also been a Board member of Unibet Group since May 2015. Prior to joining Gymgrossisten, Therese worked at Handelsbanken Capital Markets.

Therese holds a Master's Degree in Economics and Business Administration from the Stockholm School of Economics, and has also taken MBA courses at Darden School of Business at the University of Virginia.

Shareholding (including any related person ownership) in Qliro Group: 8,900 shares

Patrik Illerstig
Head of Qliro Financial Services
Born 1982

Patrik Illerstig was employed as Head of Business Development at Qliro Group in 2012 and was appointed Managing Director of Qliro Financial Services in 2014. Patrik's most recent position before joining Qlio Group was as CEO and co-founder of Rocket Internet Scandinavia, and prior to that he worked for McKinsey & Company.

He holds a Master's Degree in Economics and Business Administration from the Stockholm School of Economics, and has also taken MBA courses at Instituto Tecnológico Autónomo de México.

Shareholding (including any related person ownership) in Qliro Group: 11,700 shares

Magnus Månsson
Head of Nelly
Born 1967

Magnus Månsson was appointed Managing Director of Nelly.com and Members.com in 2012. Before joining Qliro Group, Magnus was most recently employed at New Wave Group where he worked as Managing Director for the New Wave Sport business area, as well as for Craft, a clothing company. Magnus has many years' experience in the sport and fashion industry, including at Nike and Puma.

Shareholding (including any related person ownership) in Qliro Group: 14,502 shares

Niklas Jarl
Head of Lekmer
Born 1979

Niklas Jarl was appointed Managing Director of Lekmer in December 2015. Niklas is one of the founders of Lekmer and has been in the company's management group since it started in 2006. Niklas's most recent position was as Head of Sales & Marketing. He had previously held a number of senior posts within Lekmer, including Head of Purchasing and Head of Private Label.

Shareholding (including any related person ownership) in Qliro Group: –

Erik Löfgren
Head of Communications
Born 1981

Erik Löfgren joined as Head of Communications for Qliro Group in August 2015. Erik most recently comes from the communications consultancy firm Kreab where he was Director. Prior to this, Erik was Head of Investor Relations for RusForest AB (publ).

Erik holds a Master's Degree in Business Administration and Economics from the University of Gothenburg School of Business, Economics and Law.

Shareholding (including any related person ownership) in Qliro Group: –

Consolidated income statement

(SEK million)	Note	2015	2014
Net sales	4	5,174.1	5,014.9
Cost of sales	29	-4,490.8	-4,303.9
Gross profit/loss		**683.3**	**711.0**
Sales & administrative expenses		-823.1	-717.6
Other operating income	7	45.7	57.8
Other operating expenses	7	-28.6	-18.2
Operating profit/loss	4, 5, 6, 10, 11, 12, 13, 22, 24, 25, 27, 29	**-122.7**	**33.0**
Financial income	8, 26	0.7	1.5
Financial expenses	8, 26	-8.1	-26.2
Profit/loss before tax		**-130.0**	**8.4**
Tax	9	28.4	-3.0
Profit/loss for the year		**-101.6**	**5.4**
Attributable to:			
Parent company shareholders		-101.6	2.8
Non-controlling interest		0.0	2.6
Profit/loss for the year		**-101.6**	**5.4**
Basic and diluted earnings per share, SEK	16	-0.68	0.02

Consolidated statement of comprehensive income

(SEK million)	Note	2015	2014
Profit/loss for the year		-101.6	5.4
Other comprehensive income			
Items that have been or can be reclassified to profit/loss for the year			
Translation differences for foreign operations for the year		-7.9	1.2
Other comprehensive income for the year	17	**-7.9**	**1.2**
Comprehensive income for the year		**-109.5**	**6.6**
Comprehensive income for the year attributable to:			
Parent company shareholders		-109.5	4.0
Non-controlling interest		-	2.6
Comprehensive income for the year		**-109.5**	**6.6**

Consolidated statement of financial position

(SEK million)	Note	31 December 2015	31 December 2014
ASSETS			
Non-current assets			
Intangible non-current assets	10		
Ongoing projects		28.8	54.3
Development expenses		159.3	68.2
Domains		3.3	4.0
Trademarks		102.4	102.4
Customer relationships		0.4	1.5
Goodwill		455.3	455.5
Total intangible non-current assets		**749.5**	**685.9**
Property, plant and equipment	11		
Leasehold improvements		2.7	-
Equipment		34.5	27.5
Construction in progress		-	0.7
Total property, plant and equipment		**37.1**	**28.2**
Financial non-current assets			
Other financial non-current assets		-	1.6
Deferred tax asset	9	95.2	64.6
Total financial non-current assets		**95.2**	**1.6**
Total non-current assets		**881.8**	**780.3**
Current assets			
Inventory	30		
Finished goods and merchandise		696.8	651.7
Advances to suppliers		5.3	6.2
Total inventory		**702.0**	**657.9**
Current receivables			
Accounts receivable	14	98.9	85.5
Loans to the public	14	527.8	181.2
Other current receivables, non-interest-bearing		26.4	57.1
Prepaid expenses and accrued income	15	90.0	72.0
Total current receivables		**743.1**	**395.8**
Cash and cash equivalents	21		
Cash and bank balances		324.2	534.0
Total cash and cash equivalents		**324.2**	**534.0**
Total current assets		**1 769.3**	**1 587.6**
TOTAL ASSETS		**2 651.1**	**2 367.9**

(SEK million)	Note	31 December 2015	31 December 2014
EQUITY AND LIABILITIES			
Equity attributable to parent company shareholders	17		
Share capital		300.9	300.9
Other capital contributions		1,077.4	1,077.4
Reserves		-8.1	-0.2
Retained earnings including net income for the year		-165.5	-64.4
Total equity attributable to parent company shareholders		**1,204.8**	**1,313.8**
Non-controlling interest			
Non-controlling interest		0.7	0.7
Total equity		**1,205.4**	**1,314.5**
Non-current liabilities	21		
Non-interest-bearing			
Deferred tax liability	9	23.4	22.9
Other provisions	18	3.3	6.8
Total non-current non-interest-bearing liabilities		**26.7**	**29.7**
Total non-current liabilities		**26.7**	**29.7**
Current liabilities	21		
Interest-bearing			
Interest-bearing loans		328.0	-
Total current interest-bearing liabilities		**328.0**	**-**
Non-interest-bearing			
Accounts payable		680.4	604.2
Other liabilities		119.2	117.0
Accrued expenses and prepaid income	19	291.4	302.5
Total current non-interest-bearing liabilities		**1,091.0**	**1,023.7**
Total current liabilities		**1,419.0**	**1,023.7**
Total liabilities		**1,445.6**	**1,053.4**
TOTAL EQUITY AND LIABILITIES		**2,651.1**	**2,367.9**

For information on pledged assets and contingent liabilities, see Note 20.

Consolidated statement of changes in equity

		Equity attributable to parent company shareholders						
(SEK million)	Note 9, 17	Share capital	Other capital contributions	Translation reserve	Retained earnings incl. net income for the year	Total	Non-controlling interest	Total equity
Opening balance, 1 January 2014		**201.4**	**579.1**	**-1.4**	**-90.5**	**688.7**	**2.2**	**690.9**
Comprehensive income for the year								
Profit/loss for the year					2.8	2.8	2.6	5.4
Other comprehensive income for the year				1.2		1.2		1.2
Comprehensive income for the year		**-**	**-**	**1.2**	**2.8**	**4.0**	**2.6**	**6.6**
New share issue		99.5	531.3			630.8		630.8
Effect of redemption of convertible bond			-33.1		24.2	-8.9		-8.9
Acquisition of shares from non-controlling interest, where there is already a controlling interest					-2.4	-2.4	-4.1	-6.5
Share savings plan					1.4	1.4		1.4
Closing balance, 31 December 2014		**300.9**	**1,077.4**	**-0.2**	**-64.4**	**1,313.8**	**0.7**	**1,314.5**
Opening balance, 1 January 2015		**300.9**	**1,077.4**	**-0.2**	**-64.4**	**1,313.8**	**0.7**	**1,314.5**
Comprehensive income for the year								
Profit/loss for the year					-101.6	-101.6	0.0	-101.6
Other comprehensive income for the year				-7.9		-7.9		-7.9
Comprehensive income for the year		**-**	**-**	**-7.9**	**-101.6**	**-109.5**	**0.0**	**-109.5**
Share savings plan					0.5	0.5		0.5
Closing balance, 31 December 2015		**300.9**	**1 077.4**	**-8.1**	**-165.5**	**1,204.8**	**0.7**	**1,205.4**

2015

No transaction expenses in 2015.

2014

Transaction expenses of SEK 20.5 million (SEK 16 million after tax) directly attributable to the issue of new ordinary shares are recognised, net of tax, in equity as a deduction from the issue proceeds.

Consolidated statement of cash flow

(SEK million)	Note	2015	2014
Operating activities			
Profit/loss before tax		-130.0	8.4
Adjustments for items not included in cash flow	26	43.3	5.0
Income tax paid		-5.0	2.6
Cash flow from operating activities before change in working capital		**-91.8**	**16.0**
Cash flow from changes in working capital			
Increase (-)/decrease (+) in inventories		-43.5	-151.9
Increase (-)/decrease (+) in other current receivables[1]		-357.0	-179.1
Increase (+)/decrease (-) in accounts payable		75.9	132.1
Increase (+)/decrease (-) in other non-current liabilities		-3.6	76.5
Total cash flow from changes in working capital		**-328.2**	**-122.5**
Cash flow from operating activities		**-420.0**	**-106.4**
Investing activities			
Investments in operations[2]	6	-0.5	-0.6
Sales of operations	5	-	77.2
Investments in property, plant and equipment		-21.3	-14.4
Investments in intangible non-current assets		-95.8	-81.2
Cash flow from investing activities		**-117.7**	**-19.0**
Financing activities			
New share issue		-	646.8
Share issue expenses		-	-20.5
Acquisition of shares from non-controlling interest	6	-	-6.5
Utilised credit facilities[3]		330.3	-
Early redemption of convertible bond		-	-251.6
Cash flow from financing activities		**330.3**	**368.3**
Cash flow for the year		**-207.4**	**242.8**
Cash and cash equivalents, start of year		**534.0**	**288.9**
Exchange rate difference for cash and cash equivalents		-2,3	2.3
Cash and cash equivalents, end of year		**324.2**	**534.0**

[1] Loans to the public, refer to Note 14.

[2] Investments in operations in 2015 relates to SEK 0.5 million for acquisition of Fitness Market Nordic.

[3] Utilised credit facilities in 2015 within Qliro Financial Services. The difference from the consolidated balance sheet due to translation differences.

Income statement – parent company

(SEK million)	Note	2015	2014
Net sales		19.9	31.0
Gross profit/loss		**19.9**	**31.0**
Administrative expenses		-61.0	-59.7
Operating profit/loss	22, 24, 25, 27	**-41.1**	**-28.7**
Profit/loss from shares in subsidiaries		-25.8	-
Interest income and similar items		20.0	16.5
Interest expenses and similar items		-2.5	-33.7
Profit/loss after financial items	8	**-49.4**	**-45.9**
Group contributions received		41.9	125.2
Group contributions paid		-154.1	-107.4
Profit/loss before tax		**-161.6**	**-28.1**
Tax	9	29.7	6.7
Profit/loss for the year		**-131.9**	**-21.4**

Statement of comprehensive income – parent company

(SEK million)	2015	2014
Profit/loss for the year	-131.9	-21.4
Other comprehensive income		
Items that have been or can be reclassified to profit/loss for the year	-	-
Other comprehensive income for the year	**-**	**-**
Comprehensive income for the year	**-131.9**	**-21.4**

Balance sheet – parent company

(SEK million)	Note	31 December 2015	31 December 2014
ASSETS			
Non-current assets			
Intangible non-current assets			
Ongoing projects	10	1.6	1.3
Total intangible non-current assets		**1.6**	**1.3**
Property, plant and equipment			
Equipment	11	2.5	2.2
Total property, plant and equipment		**2.5**	**2.2**
Financial non-current assets			
Participations in Group companies	12	863.0	848.6
Deferred tax asset	9	93.3	63.6
Total financial non-current assets		**956.4**	**912.2**
Total non-current assets		**960.4**	**915.8**
Current assets			
Current receivables			
Receivables in Group companies		343.0	377.8
Other receivables		4.1	4.9
Prepaid expenses and accrued income	15	2.6	3.1
Total current receivables		**349.8**	**385.8**
Cash and bank balances	21	280.6	495.3
Total cash and cash equivalents		**280.6**	**495.3**
Total current assets		**630.3**	**881.1**
Total assets		**1,590.8**	**1,796.9**

(SEK million)	Note	31 December 2015	31 December 2014
EQUITY AND LIABILITIES			
Equity	17		
Restricted equity			
Share capital		300.9	300.9
Statutory reserve		0.8	0.8
Total restricted equity		**301.7**	**301.7**
Non-restricted equity			
Share premium reserve		1,076.5	1,076.5
Profit brought forward		-59.4	-38.6
Profit/loss for the year		-131.9	-21.4
Total non-restricted equity		**885.2**	**1,016.5**
Total equity		**1,186.9**	**1,318.2**
Provisions			
Other provisions	18	0.9	1.4
Total provisions		**0.9**	**1.4**
Current liabilities			
Accounts payable		6.3	13.8
Current interest-bearing loans		90.0	90.0
Other interest-bearing liabilities, Group companies		-	254.8
Liabilities to Group companies		297.1	103.8
Other liabilities		-	0.5
Accrued expenses and prepaid income	19	9.7	14.3
Total current liabilities		**403.0**	**477.3**
Total liabilities		**403.9**	**478.7**
Total equity and liabilities		**1,590.8**	**1,796.9**
Pledged assets and contingent liabilities – parent company	20		
Pledged assets		None	None
Contingent liabilities		203.5	147.1

Statement of changes in equity – parent company

(SEK million)	Note 17	Restricted equity Share capital	Restricted equity Statutory reserve	Non-restricted equity Share premium reserve	Non-restricted equity Profit brought forward	Non-restricted equity Profit/loss for the year	Total equity
Opening balance, 1 January 2014		**201.4**	**0.8**	**578.3**	**125.6**	**-189.9**	**716.2**
Comprehensive income for the year							
Profit/loss for the year						-21.4	-21.4
Comprehensive income for the year		**-**	**-**	**-**	**-**	**-21.4**	**-21.4**
Appropriation of profits					-189.9	189.9	-
New share issue		99.5		531.3			630.8
Share savings plan					1.4		1.4
Effect of redemption of convertible bond				-33.1	24.2		-8.9
Closing balance, 31 December 2014		**300.9**	**0.8**	**1,076.5**	**-38.6**	**-21.4**	**1,318.2**
Opening balance, 1 January 2015		**300.9**	**0.8**	**1,076.5**	**-38.6**	**-21.4**	**1,318.2**
Comprehensive income for the year							
Profit/loss for the year						-131.9	-131.9
Comprehensive income for the year		**-**	**-**	**-**	**-**	**-131.9**	**-131.9**
Appropriation of profits					-21.4	21.4	-
Share savings plan					0.5		0.5
Closing balance, 31 December 2015		**300.9**	**0.8**	**1,076.5**	**-59.4**	**-131.9**	**1,186.9**

2015
No transaction expenses in 2015.

2014
Transaction expenses in 2014 of SEK 20.5 million (SEK 16 million after tax) directly attributable to the issue of new ordinary shares are recognised, net of tax, in equity as a deduction from issue proceeds.

Cash flow statement – parent company

(SEK million)	Note	2015	2014
Cash flow from operations			
Profit/loss after financial items		-49.4	-45.9
Adjustments for items not included in cash flow	26	16.1	22.7
Income tax paid		-	-0.1
Cash flow from operating activities before change in working capital		**-33.4**	**-23.2**
Cash flow from changes in working capital			
Increase (-)/decrease (+) in other current receivables		-47.8	-39.2
Increase (+)/decrease (-) in accounts payable		-7.5	11.6
Increase (+)/decrease (-) in other non-current liabilities		-102.3	128.0
Total cash flow from changes in working capital		**-157.6**	**100.4**
Cash flow from operating activities		**-191.0**	**77.2**
Investing activities			
Investment in shares in subsidiaries	6	-0.1	-0.2
Sales of shares in subsidiaries		-	0.1
Investments in intangible non-current assets		-0.3	-8.8
Investments in property, plant and equipment		-1.0	-2.4
Cash flow from investing activities		**-1.3**	**-11.3**
Financing activities			
New share issue		-	646.8
Share issue expenses		-	-20.5
Acquisition of shares without controlling interest		-	-6.5
Early redemption of convertible bond		-	-251.6
Shareholder contribution paid out		-40.2	-
Group contributions paid out		-107.4	-263.2
Group contributions received		125.2	56.6
Cash flow from financing activities		**-22.4**	**161.6**
Cash flow for the year		**-214.7**	**227.5**
Cash and cash equivalents, start of year		495.3	267.7
Cash and cash equivalents, end of year		**280.6**	**495.3**

The new share issue in 2014 refers to the issue of new ordinary shares of SEK 646.8 million.

Notes

Note 1 General information

Qliro Group AB has its registered office in Stockholm, Sweden. The company's address is Sveavägen 151, Box 195 25, SE-104 32 Stockholm, Sweden. The consolidated income statements and balance sheets as at 31 December 2015 include the parent company and its subsidiaries. Qliro Group is listed on the NASDAQ OMX Stockholm exchange under the ticker symbol "QLRO".

This annual report was approved for publication by the Board and CEO on 15 April 2016.

Note 2 Accounting policies and valuation principles

2.1 Compliance with standards and laws

The consolidated accounts were prepared per International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), as well as interpretive statements from the International Financial Reporting Interpretations Committee (IFRIC) as approved for application within the EU. The Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Regulations for Groups has also been applied when preparing the consolidated accounts.

The parent company applies the same accounting policies as the Group, except where otherwise stated below in the parent company accounting policies section.

The parent company's functional currency is the Swedish krona, which is also the reporting currency for the parent company and the Group. The financial statements are therefore presented in the Swedish krona. All amounts are rounded off to the nearest million, unless otherwise specified.

The accounting policies specified below, with their detailed exceptions, were applied consistently to all periods presented in the consolidated financial statements.

2.1.1. Information on such IFRS standards or interpretations that have entered into force in 2015

IFRS standards that came into force in 2015 has had no impact in on the consolidated accounts.

2.1.2 Information on such IFRS standards or interpretations that have not yet entered into force

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement. IASB through IFRS 9 completed an entire "package" of changes in accounting for financial instruments. The package contains new starting points for the classification and measurement of financial instruments, a forward-looking ("expected loss") impairment model and simplified conditions for hedge accounting. IFRS 9 becomes effective 1/1 2018 and earlier adoption is permitted given that the EU adopt the standard. The Group has not yet evaluated the impact of the introduction of the standard.

IFRS 15 Revenue from Contracts with Customers. The aim of a new revenue standard is to have a single principle-based standard for all industries to replace existing standards and statements of income. Sectors deemed most affected are telecommunications, software, real estate, aerospace, custody and construction industries as well as companies engaged in contract manufacturing. All businesses will be affected by the new, significantly increased disclosure requirements. Three alternative methods available for the transition; full retroactivity, partial retroactivity (includes relief rules) and a "cumulative effect" approach where equity adjusted per 1/1 2018 contracts is ongoing under the old regulations (IAS 11 / IAS 18). IFRS 15 will come into effect in 2018 and earlier adoption is permitted given that the EU has adopted the standard. The EU is expected to approve IFRS 15 in Q2 2016. The Group has not yet evaluated the impact of the introduction of the standard.

IFRS 16 Leases. New standard relating to accounting for leases. For lessees disappear classification under IAS 17 of the operational and financial leasing and replaced with a model in which the assets and liabilities for all leases should be recognized in the balance sheet. Except for accounting in the balance sheet are leasing contracts of lesser value and the contract has a term of 12 months. In the income statement, the depreciation is reported separately from interest expense related to the lease liability. IFRS 16 is applied from and including 1 January 2019. Earlier application is permitted provided that IFRS 15 also apply from the same date. Timing of the approval has not yet been determined by the EU. The Group has not yet evaluated the impact of the introduction of the standard.

Other published changes in accounting standards with future application are not expected to have any material effect on the consolidated accounts.

2.1.3 Valuation methods used in preparing the financial statements

Assets and liabilities are recognised at historical cost, except for financial assets and financial liabilities, which are recognised at amortised cost.

2.2 Classification

Non-current assets and non-current liabilities are essentially expected to be recovered or paid 12 months or more after the end of the reporting period. Current assets and current liabilities essentially comprise amounts expected to be recovered or paid within 12 months of the end of the reporting period.

2.3 Operating segment reporting

An operating segment is a Group entity that engages in activities that may generate income and incur expenses, and for which separate financial information is available. An operating segment's earnings are regularly reviewed by the company's chief operating decision maker to assess performance and allocate resources to the operating segment. See Note 4 for further information on the division and presentation of operating segments.

Note 2, continued

2.4 Consolidation principles and business combinations

Subsidiaries

Subsidiaries are companies over which Qliro Group AB has a controlling interest. Controlling interest means, directly or indirectly, the right to formulate a company's financial and operational strategies with the aim of receiving economic benefits. When assessing whether there is a controlling interest, potential voting shares that can be used or converted immediately are taken into account.

Acquisitions

Subsidiaries are recognised using the acquisition method. With this method, acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition analysis establishes the fair value of acquired identifiable assets and assumed liabilities on the acquisition date, as well as any non-controlling interest. Transaction expenses, except for those transaction expenses attributable to issued equity or debt instruments, are recognised directly in profit/loss for the year.

In business combinations in which the transferred payment, any non-controlling interest, and fair value of previously held interest (for step acquisitions) exceeds the fair value of acquired assets and assumed liabilities that are recognised separately, the difference is recognised as goodwill. When the difference is negative, it is recognised directly in profit/loss for the year.

Compensation transferred in connection with the acquisition does not include payments for the settlement of past business relationships. This type of settlement is recognised in profit/loss for the year.

Contingent considerations are recognised at fair value on the date of acquisition. In cases where contingent considerations are presented as equity instruments, no revaluation is done and adjustments are made in equity. Other contingent considerations are revalued at each reporting date and the change is recognised in profit/loss for the year.

Non-controlling interest arises in cases where the acquisition does not include 100% of the subsidiary. There are two options for recognising non-controlling interest: (1) recognise the non-controlling interest's share of proportional net assets, or (2) recognise non-controlling interest at fair value, which means that non-controlling interest is part of goodwill. Choosing between the two options for recognising non-controlling interest can be done individually for each acquisition.

For step acquisitions, goodwill is determined on the date control is taken. Previous holdings are assessed at fair value and changes in value are recognised in profit/loss for the year.

Disposals leading to loss of controlling interest but where holdings are retained are assessed at fair value and the change in value is recognised in profit/loss for the year.

Acquisition of non-controlling interest

Acquisitions of non-controlling interest are recognised as a transaction in equity, that is, between the parent company's owners (in retained earnings) and the non-controlling interest. Therefore, no goodwill arises in these transactions. The change in non-controlling interest is based on its proportional share of net assets.

Transactions eliminated at consolidation

Intra-group receivables and liabilities, income or expenses, and unrealised gains or losses that arise from intra-group transactions between Group companies are entirely eliminated in preparation of the consolidated accounts.

2.5 Foreign currency

2.5.1 Foreign currency transactions

Foreign currency transactions are translated into the functional currency at the exchange rate that applied on the transaction date. The functional currency is the currency used in the primary economic environments in which the companies operate. Monetary assets and liabilities in foreign currencies are translated into the functional currency at the exchange rate applicable at the end of the reporting period. Exchange differences arising from the translations are recognised in profit/loss for the year.

2.5.2 Financial statements of foreign operations

Assets and liabilities in foreign operations, including goodwill and other consolidated surpluses and deficits, are translated from the functional currency of the foreign operation to the Group's reporting currency, the Swedish krona, at the exchange rate applicable at the end of the reporting period. Income and expenses in foreign operations are translated to the Swedish krona at an average rate that is an approximation of the exchange rates on the respective transaction date. Translation differences that arise from currency translation of foreign operations are otherwise recognised in comprehensive income and are accumulated in a separate component of equity called the translation reserve. In the event that the foreign operation is wholly owned, the translation difference is allocated to non-controlling interest based on its proportional participating interest. When divesting foreign operations, they are realised in the operation for accumulated translation differences, where they are reclassified from the translation reserve in equity to profit/loss for the year. In cases where divestment occurs but controlling interest is retained, the proportional share of cumulative translation differences is transferred from other comprehensive income to non-controlling interest.

2.6 Revenue

2.6.1 Sale of goods and rendering of services

Revenue from the sale of goods is recognised in accordance with the terms of sale, that is, when the goods are submitted to the transport agent, net of returns. Since the majority of sales are made to consumers who, depending on the country, most often have a legal right to return goods when trading over long distances, the deduction for returns is a relatively significant item. Group revenue reflects seasonal variations. Fourth-quarter revenue

Note 2, continued

significantly exceeds the other quarters due to Christmas shopping.

Revenue from the sale of services is recognised when services are delivered.

2.6.2 Bartering

Bartering refers to the exchange of gift vouchers for other goods or services. Bartering is recognised at the fair value of the goods or services. The fair value is determined from existing contracts for the same type of services with other customers. Revenue from bartering is recognised when the gift voucher is redeemed; the expense is booked when the goods or services are used.

2.7 Leasing

2.7.1 Operating leases

Expenses pertaining to operating leases are recognised in profit/loss for the year on a straight-line basis over the lease term. Incentives received in conjunction with signing a lease are recognised in profit/loss for the year as a reduction of the lease payments on a straight-line basis over the lease term. Variable charges are expensed in the periods in which they arise. See Note 22.

2.8 Financial income and expenses

Financial income comprises interest income on invested funds.

Financial expenses comprise interest expenses on loans. Borrowing costs are recognised in profit/loss using the effective interest method.

Exchange gains and exchange losses are recognised net: operating-related in operating profit/loss and financial with financial items.

Effective interest is the interest that discounts estimated future payments and disbursements during a financial instrument's expected term at the financial asset's or liability's recognised net value. The calculation includes all fees paid or received by the parties to the contract, transaction costs and all other surplus and deficit values.

2.9 Taxes

Income taxes comprise current and deferred tax. Income taxes are recognised in profit/loss for the year, except when the underlying transaction is recognised in other comprehensive income or equity, in which case the related tax effect is recognised in other comprehensive income or equity.

Current tax is tax that is payable or receivable for the current year, according to the tax rates enacted or for all practical purposes enacted at the end of the reporting period. Current tax also includes adjustment of current tax attributable to previous periods.

Deferred tax is calculated using the balance sheet method, based on temporary differences between the carrying amounts and tax bases of assets and liabilities. Temporary differences are not considered in consolidated goodwill or for differences that arise in initial recognition of assets and liabilities that are not business combinations, which at the time of the transaction affect neither recognised nor taxable earnings.

Also not considered are temporary differences that are attributable to interests in subsidiaries that are not expected to be reversed within the foreseeable future. Measurement of deferred tax is based on how underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated using the tax rates and regulations enacted or for all practical purposes enacted at the end of the reporting period.

Deferred tax assets related to deductible temporary differences and loss carry-forwards are only recognised if it is deemed probable that they can be used. The value of deferred tax assets is reduced when their use is no longer deemed probable.

Any additional income tax that arises in conjunction with dividends is recognised as a liability when the dividend is recognised.

2.10 Financial instruments

Financial instruments recognised in the statement of financial position include cash and cash equivalents, loans receivable, and accounts receivable among the assets and accounts payable and loans payable among the liabilities.

2.10.1 Recognition in and derecognition from the statement of financial position

A financial asset or financial liability is recognised in the statement of financial position when the company becomes party to the contractual provisions of the instrument. A receivable is carried when the company has rendered a service or supplied a product and there is a contractual obligation on the counterparty to pay, even if an invoice has not yet been sent. Accounts receivable are carried in the statement of financial position when an invoice is sent. Liabilities are carried when the counterparty has rendered a service or supplied a product and there is a contractual obligation to pay, even if an invoice has not yet been received. Accounts payable are carried when an invoice is received.

Financial assets are removed from the statement of financial position when the entitlements of agreements are realised, fall due, or the company loses control of them. The same applies to part of a financial asset. Financial liabilities are removed from the statement of financial position when contractual obligations are fulfilled or are otherwise extinguished. The same applies to part of a financial liability.

Financial assets and financial liabilities are offset and recognised at the net amount in the statement of financial position only when there is a legal offset right for the amounts and the intention is to (1) settle the items at a net amount, or (2) realise the asset and settle the liability simultaneously.

Acquisition and divestment of financial assets are recognised on the settlement date, which is the date the asset is delivered to or from the company.

Note 2, continued

2.10.2 Classification and measurement

Financial instruments that are not derivatives are initially recognised at cost corresponding to the fair value of the instrument, plus transaction costs for all financial instruments apart from those in the category of "financial assets at fair value through profit or loss"; these are recognised at fair value excluding transaction costs. A financial instrument is classified at initial recognition based in part on the purpose for which it is acquired. The classification determines how the financial instrument is valued after initial recognition, as described below.

Cash and cash equivalents consist of cash resources.

2.10.3 Loans receivable and accounts receivable

Loans receivable and accounts receivable are non-derivative financial assets that have fixed or determinable payments and are not quoted on an active market. These assets are valued at amortised cost, which is determined on the basis of the effective rate as calculated at the time of acquisition. Accounts receivable are recognised at the amounts expected to be received, that is, less bad debts.

2.10.4 Financial liabilities

This category contains loans and other financial liabilities, such as accounts payable. Liabilities are valued at amortised cost.

Consolidated financial assets and liabilities are allocated to the categories described in Note 20 Financial instruments and financial risk management. Recognition of financial income and expenses is also described in section 2.8 above.

2.11 Property, plant and equipment

Property, plant and equipment are recognised in the consolidated accounts at cost, less accumulated depreciation and any impairment losses. Cost includes the purchase price and expenses directly attributable to ensuring the asset is in place and in the right condition to be used as intended. Borrowing costs that are directly attributable to the purchase, construction, or production of assets that require a substantial amount of time to ready for their intended use or sale are included in the cost.

The carrying amount of an item of property, plant or equipment is derecognised from the statement of financial position upon retirement or sale or when no future economic benefits are expected from the asset's retirement/sale. Gains or losses that arise from an asset's retirement or sale comprise the difference between the selling price and the carrying amount, less direct selling expenses. Gain and loss are recognised as other operating income/expense.

2.11.1 Depreciation principles for property, plant and equipment

Depreciation occurs on a straight-line basis over the estimated useful life of the asset. Depreciation methods, residual values and useful lives are reassessed at each year-end.

Estimated useful lives:

Equipment	3-10 years

2.12 Intangible assets

2.12.1 Intangible assets with indefinite useful lives

2.12.1.1 Goodwill

Goodwill is valued at cost, less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested at least once a year for impairment (see accounting policy 2.15).

2.12.1.2 Trademarks

Trademarks are carried at cost, less any accumulated impairment losses. Trademarks are allocated to cash-generating units and are tested at least once a year for impairment (see accounting policy 2.14).

2.12.2 Intangible assets with defined useful lives

2.12.2.1 Development expenses

Development expenses for creating new or improved products or processes are recognised as assets in the statement of financial position if the product or process is technically and commercially viable and the Group has sufficient resources to complete the development. The carrying amount includes direct costs and, where applicable, expenses for salaries and share of indirect expenses. Other expenses are recognised in the income statement as expenses when they arise. In the statement of financial position, capitalised development expenses are carried at cost, less accumulated amortisation and any impairment losses. Capitalised expenses refer mainly to software and software platforms.

2.12.2.2 Domains

Domains are recognised at cost less accumulated amortisation (see below) and any impairment loss (see accounting policy 2.14).

2.12.2.3 Customer relationships

Customer relationships are recognised at cost less accumulated amortisation (see below) and any impairment loss (see accounting policy 2.14).

2.12.3 Amortisation method for intangible assets

Amortisations are recognised in profit/loss for the year on a straight-line basis over the estimated useful life of the intangible asset, provided such useful life is indefinite. Useful lives are reassessed at least once a year. Goodwill and trademarks with indefinite useful lives are tested for impairment annually and when there are indications that the asset has lost value. Intangible assets with determinable useful lives are amortised from the date on which they become available for use.

Estimated useful lives:

Development expenses	5 years
Domains	5 years
Customer relationships	4-5 years

Note 2, continued

2.13 Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and sale. The cost of inventory is based on weighted averages and includes expenses incurred in the acquisition of goods and bringing the goods to their present state and location. Provisions for obsolescence are included in cost of goods sold.

2.14 Impairment losses

The Group's recognised assets are assessed at the end of every reporting period to determine whether indications of impairment exist. IAS 36 is applied to impairment of assets other than financial assets, which are recognised as per IAS 39.

2.14.1 Impairment of intangible assets and property, plant and equipment

The recoverable amount of the asset is calculated if there is indication of impairment (see below). The recoverable amount is also calculated annually for goodwill, trademarks and intangible assets that are not yet ready for use. If substantially independent cash flows to an individual asset cannot be established, and if the asset's fair value less selling expenses cannot be used, then assets are grouped in impairment testing at the lowest level at which substantially independent cash flows can be identified – this grouping is called a cash-generating unit (CGU).

An impairment charge is recognised when the carrying amount of an asset or CGU (group of units) exceeds the recoverable amount. Impairment loss is recognised in profit/loss for the year as an expense. When impairment has been identified for a CGU (group of units), the impairment loss is first allocated to goodwill. Thereafter, impairment losses are distributed proportionately among other assets included in the unit (group of units).

The recoverable amount is the higher of fair value less selling expenses and value in use. When calculating value in use, future cash flows are discounted using a discount rate that accounts for risk-free interest and the risk associated with the specific asset.

2.14.2 Impairment of financial assets

On each reporting date, the company determines if there is any objective evidence that a need exists to recognise an impairment loss on any financial asset or group of assets. Objective evidence comprises observable past events that adversely affect the possibility of recovering the cost.

Accounts receivable impairment is determined based on historical experience of bad debts on similar receivables. Accounts receivable with impairment is recognised at the value of expected future cash flows. Under normal circumstances, accounts receivable are impaired by 100% 90 days after maturity.

2.14.3 Reversal of impairment losses

Impairment losses on assets included in the scope of IAS 36 are reversed if there is (1) an indication that impairment has ceased and (2) a change in the assumptions that formed the basis of calculating the recoverable amount. Impairment losses on goodwill are never reversed. A reversal only occurs to the extent that the asset's carrying amount (after reversal) does not exceed the carrying amount that would have been recognised (less depreciation or amortisation, where applicable), had no impairment loss been recognised.

Impairment losses on loans and accounts receivables recognised at amortised cost are reversed if the previous reasons for impairment no longer exist and full payment from the customer is expected to be received.

2.15 Capital payments to shareholders

2.15.1 Dividends

Dividends are recognised as a liability after approval at the AGM.

2.15.2 Acquisition of own shares

Acquisition of own shares is recognised as a deductible item from equity. Payment from divestment of such equity instruments is recognised as an increase in equity. Any transaction expenses are recognised directly in equity.

2.16 Earnings per share

The calculation of earnings per share is based on consolidated profit/loss for the year attributable to the parent company's shareholders and the weighted average number of shares outstanding during the year. In calculating diluted earnings per share, earnings and the average number of shares are adjusted to account for effects of diluted potential ordinary shares. For the reported periods, the parent company had one class of instrument that may generate potential dilution in the future: custodial C shares attributable to the Group incentive programme. These have not been included in the calculation of earnings per share since they contribute no dilutive effect to either 2014 or 2015.

2.17 Employee benefits

2.17.1 Short-term employee benefits

Short-term employee benefits are calculated without discounting and are recognised as a cost when the related services are rendered.

A provision is recognised for the expected cost of bonus payments when the Group has an applicable legal or constructive obligation to make such payments due to services being rendered by employees, and the commitment can be reliably calculated.

2.17.2 Defined contribution pension plans

Defined contribution plans are plans wherein the company's obligation is limited to the contributions the company has undertaken to pay. In such cases the size of the employee's pension depends on the contributions the company pays to the plan or to an insurance company and the contributions' return on capital.

Note 2, continued

The employee thus bears the actuarial risk (that the remuneration will be lower than expected) and the investment risk (that the invested assets will not suffice to pay out the expected remuneration). The company's obligations for contributions to defined contribution plans are recognised as an expense in profit/loss for the year at the rate earned by the employee performing services for the company over a period.

2.17.3 Termination benefits

An expense for remuneration paid on termination of employment is only recognised if the company is demonstrably committed – without realistic option of withdrawal – to a detailed formal plan to terminate an employment contract before the normal end date. If benefits are offered to encourage voluntary redundancy, an expense is recognised if it is probable that the offer will be accepted and that the number of employees who will accept the offer can be reliably estimated.

2.17.4 Share-based payments

The Group has incentive programmes directed to certain employees that consist of shareholder rights and employee options. The fair value of the programmes is measured as of the grant date. The fair value includes social security contributions and is distributed over the vesting period, based on the Group's estimate of the number of shares and employee options that will eventually be redeemed. The fair value expense is reported in the income statement as employee costs and including the corresponding equity increase. The fair value is revalued each interim period to calculate social security contributions. This cost is adjusted for future periods to eventually reflect the number of shares and employee options that will eventually be redeemed. See Note 24.

2.18 Provisions

A provision differs from other liabilities because of prevailing uncertainty about payment date or the amount required to settle the provision. A provision is recognised on the statement of financial position when there is an existing legal or informal obligation due to a past event, and it is probable that an outflow of economic resources will be required to settle the obligation, and the amount can be reliably estimated.

The amount allocated to a provision is the best estimate of what is required to settle the existing obligation on the reporting date. When the payment date has a material impact, provisions are calculated by discounting the expected future cash flow at an interest rate before tax that reflects (1) current market estimates of the time value of money and (2) where applicable, the risks associated with the liability.

2.19 Contingent liabilities

A contingent liability is recognised when there is a possible obligation from past events, and the occurrence of the obligation is only confirmed by one or more uncertain future events, or when there is an obligation that is not recognised as a liability or provision since it is not probable that an outflow of resources will be required.

2.20 Parent company accounting policies

The parent company prepared its annual accounts as per the Swedish Annual Accounts Act (1995:1554) and Recommendation RFR 2 Accounting for Legal Entities of the Swedish Financial Reporting Board. The Swedish Financial Reporting Board's statement on listed companies is also applied. RFR 2 means that, in the annual report for the legal entity, the parent company must apply all EU-approved IFRS and interpretations as far as possible within the framework of the Annual Accounts Act and the Act on Safeguarding of Pension Commitments, and with regard to the connection between accounting and taxation. The recommendation states which exceptions from and additions to IFRS must be applied.

2.20.1 Differences between accounting policies of the Group and parent company

The differences between Group and parent company accounting policies are stated below. The parent company's accounting policies described below were applied consistently to all periods reported in the parent company's financial statements.

2.20.1.1 Changes to accounting policies

Unless otherwise indicated below, changes to the parent company's accounting policies in 2015 were the same as stated above for the Group.

2.20.1.2 Classification and presentation

The parent company uses the names Balance Sheet and Cash Flow Statement for the reports that in the Group are called Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows. The parent company's income statement and balance sheet are prepared in accordance with the Swedish Annual Accounts Act's schedule, while the statement of comprehensive income, statement of changes in equity, and cash flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows. The differences in parent company reporting versus Group reporting as seen in the parent company income statement and balance sheet mainly comprise reporting of financial income and expenses, equity, and the occurrence of provisions as a separate heading in the balance sheet.

2.20.1.3 Subsidiaries

Participations in subsidiaries are recognised in the parent company using the cost method. This means that transaction costs are included in the carrying amount for holdings in subsidiaries. In the consolidated accounts, transaction costs related to subsidiaries are recognised directly in profit/loss for the year when they arise.

Contingent considerations are valued based on the probability that the purchase price will be payable. Any changes to the pro-

Note 2, continued

vision increases/decreases the cost. In the consolidated accounts, contingent considerations are recognised at fair value with changes in value via earnings.

2.20.1.4 Group contributions and shareholder contributions for legal entities

The parent company reports Group contributions received and paid as balance sheet appropriations in accordance with RFR 2. Shareholder contributions are recognised directly in the equity of the recipient and are capitalised in shares and participating interests of the issuer, to the extent impairment is not required.

Note 3 Estimates and assessments

Preparation of the financial statements using IFRS requires that the Board and company management make assessments, estimates, and assumptions that affect application of the accounting policies and the recognised amounts of assets, liabilities, income, and expenses. These estimates and assumptions are based on historic experience and several other factors that are judged to be reasonable taking current conditions into consideration. Resulting estimates and assumptions are used to determine the estimated value of assets and liabilities that are not otherwise clear from other sources. The actual outcome may differ from these estimates and assessments.

The estimates and assumptions are reviewed regularly. Changes to estimates are recognised in the period when the change is made – if the change only affected that period. If the change affects current and future periods, it is recognised in the period when the change is made and in future periods. The development, selection of, and disclosures regarding the Group's significant accounting policies and estimates, and the application of these policies and estimates, are reviewed by the Qliro Group's Audit Committee.

Key sources of uncertainties in estimates

Note 10 contains information about the assumptions and risk factors regarding impairment testing of goodwill and other intangible assets with indefinite useful lives. Note 18 includes a description of provisions made.

Goodwill and other intangible non-current assets

Goodwill and other intangible assets with indefinite useful lives are tested annually for impairment or when evidence demonstrates a need for impairment. The impairment test requires that management determines the fair value of cash-generating units on the basis of projected cash flows and internal business plans and forecasts. See Note 10 Intangible assets for further information.

Obsolescence assessment of inventories

Inventories are reviewed monthly to determine possible impairment. An impairment loss is recognised in cost of goods sold at the amount which, after careful evaluation, the inventory is considered obsolete. If true obsolescence differs from estimates or if management makes future adjustments to the assumptions, changes in valuation can affect the period's earnings and financial position.

Assessment of returns rate

Each month, the provision requirement associated with future returns is assessed. The assessment is carried out based on historic outcome and actual sales. The provision requirement is recognised as a reduction in net sales, with the equivalent adjustment being made to cost of goods sold.

Provisions and contingent liabilities

Liabilities are recognised when there is a present obligation as a result of a past event, when it is probable that an outflow of economic benefits will occur and a reliable assessment of the amount can be made. In these cases, a calculation of the provision is made and recognised in the statement of financial position. A contingent liability is recognised in the notes when a possible obligation is incurred, but whose existence can only be confirmed by one or more uncertain future events beyond the Group's control, or when it is not possible to calculate the amount. Realisation of contingent liabilities that are not recognised or not included in the annual report can have a material effect on the Group's financial position.

The Group regularly reviews significant outstanding disputes to determine the need for provisions. Among the factors considered in such an assessment are the type of litigation or summons, the amount of any damages, the development of the case, perceptions of legal and other advisers, experience from similar cases, and decisions of Group management regarding the Group's actions concerning these disputes. Estimates do not necessarily reflect the outcome of pending litigation, and differences between outcome and estimate may significantly affect the company's financial position and have an unfavourable impact on operating income and liquidity. For additional information, see Note 18 Provisions.

Deferred taxes

The Group's deferred tax asset is based on loss carryforwards in the Swedish operations. Management has made assumptions and estimates about the company's future earnings potential and based on this, the scope for future utilization of these loss carryforwards.

Note 4 Segment reporting

Group operations are divided into six segments. The head of each segment regularly reports to Group management, the Group's highest operative decision-maker. The Group's internal reporting is designed so that Group management can follow each segment's revenue growth and operating performance.

- CDON Marketplace – Operations in this company are conducted through the online store CDON.com, which mainly

Note 4, continued

sells films, games, music, home electronics and books, and through CDON Marketplace, which is part of CDON.com.
- Nelly – Operations in Nelly.com are conducted through the online stores Nelly.com, NLYman.com and Members.com, which sell clothes and accessories.
- Gymgrossisten – Operations are conducted through the online stores Gymgrossisten.com (Fitnesstukku.fi in Finland, Gymsector.de in Germany, Gymsector.at in Austria, Gymsector.com for most other EU countries, Bodystore.dk in Denmark), Bodystore.com and Milebreaker.com. Gymgrossisten sells nutritional supplements and products for sports training.
- Tretti - Operations are conducted via the online store Tretti.com, which sells white goods and household appliances.
- Lekmer – Lekmer.com is one of the Nordic region's largest online stores for toys and children's products.
- Qliro Financial Services – Operations are conducted through the payment- and consumer finance solution Qliro, which enables customers to pay by invoice or by instalment.

Group-wide

In 2015 the parent company provided the Group segments with specific services. These sales were conducted at cost price. CDON Group Logistics AB provided some Group segments with logistics services and Qliro Group Services AB provided some Group segments with staffing services. Pricing of these services was based on market terms. In 2014, the Group-wide item also included sales of businesses and non-recurring items that were not attributable to the new segments. See p. 8 for more information on the sale of businesses and non-recurring items.

	2015								
Group (SEK million)	CDON	Nelly	Gym-grossisten	Tretti	Lekmer	Qliro F.S.	Group-wide	Elimina-tions	Group
External sales	1,853.5	1,197.0	851.9	754.0	481.8	97.5	131.6	-193.2	5,174.1
Internal sales	30.6	14.4	3.1	2.8	5.2	5.7	151.2	-213.1	-
Cost of sales									-4,490.8
Sales & administrative expenses, excluding depreciation									-781.2
Other operating income									45.7
Other operating expenses									-28.6
EBITDA	9.2	-11.7	50.7	4.4	-75.8	-28.0	-29.5		-80.7
Operating profit/loss	-0.9	-19.4	47.6	1.2	-77.7	-35.5	-37.9		-122.7
Financial income									0.7
Financial expenses									-8.1
Profit/loss before tax									**-130.0**

	2014								
Group (SEK million)	CDON	Nelly	Gym-grossisten	Tretti	Lekmer	Qliro F.S.	Group-wide	Elimina-tions	Group
External sales	1,887.8	1,102.0	831.1	668.7	484.0	3.2	192.3	-154.3	5,014.9
Internal sales	6.8	1.2	0.0	0.9	0.4	0.9	175.1	-185.3	-
Cost of sales									-4,303.9
Sales & administrative expenses, excluding depreciation									-691.4
Other operating income									57.8
Other operating expenses									-18.2
EBITDA	-7.7	-10.0	68.9	6.5	2.2	-14.2	13.5		59.2
Operating profit/loss	-15.6	-14.7	65.9	3.4	0.5	-14.2	7.8		33.0
Financial income									1.5
Financial expenses									-26.2
Profit/loss before tax									**8.4**

Note 4, continued

No individual customer account represents more than 10% of Group revenue.

The Group's segments operate mainly in the Nordics. Revenues and non-current assets are shown below by geographical area. Sales are shown by country of sale.

	Net sales		Non-current assets	
(Mkr)	2015	2014	2015	2014
Sweden	3,103.0	2,810.3	855.6	757.8
Norway	964.2	1,081.4	-	-
Finland	630.4	636.7	24.7	22.5
Denmark	351.2	327.8	1.5	-
Rest of world	125.3	158.7	-	-
Total	**5,174.1**	**5,014.9**	**881.8**	**780.3**

Sales per type of income (SEK million)	2015	2014
Products	4,976.1	4,863.3
Services	198.0	151.5
Total revenue	**5,174.1**	**5,014.9**

Note 5 Sale of operations

Sale of operations in 2015

No operations were sold during the year.

Sale of operations in 2014

CDON Group Online Retailing AB (formerly Rum21 AB)

On 22 May 2014, Qliro Group AB announced that it had entered into an agreement on the sale of operations in the subsidiary CDON Group Online Retailing AB (formerly Rum21 AB) to Royal Design Group AB. The sale should not be regarded as a discontinued operation as per IFRS 5.

The sale was completed via an assets deal and comprised the majority of CDON Group Online Retailing AB's assets and associated obligations. CDON Group Online Retailing AB was part of the Group's central operations, and reported sales totalling about SEK 90 million with an operating loss of roughly SEK -1.5 million in 2013. The purchase price amounted to SEK 68 million, of which SEK 61.5 million was received by the date of transfer. The remaining portions were received in June and December 2014, respectively. The transaction had a negative impact on earnings of SEK 39.5 million. Transfer of the operations took place on 27 May.

Group (SEK million)	2015	2014
Revenue	-	48.0
Expenses	-	-47.5
Profit/loss before tax	**-**	**0.5**
Tax	-	-0.1
Profit/loss after tax but before capital gains from sale of operations	**-**	**0.4**
Capital gain on divestment of sold operation	-	39.5
Tax attributable to above stated capital gain	-	-10.5
Profit/loss from sale after tax	-	29.0
Total profit/loss for the period	**-**	**29.4**

Net cash flows from sold operation

Group (SEK million)	2015	2014
Cash flow from operations	-	-1.7
Cash flow to/from investing activities	-	68.0
Cash flow to/from financing activities	-	-
Net cash flow from sold operation	**-**	**66.3**

Effect of divestment on individual Group assets and liabilities

Group (SEK million)	2015	2014
Property, plant and equipment	-	-0.2
Intangible non-current assets	-	-15.7
Inventory	-	-19.3
Accounts receivable and other receivables	-	-2.5
Deferred tax liability	-	1.4
Accounts payable and other liabilities	-	7.7
Net divested assets and liabilities	**-**	**-28.5**
Purchase price	-	68.0
Deferred purchase price	-	-
Net cash flow	**-**	**68.0**

CDON Group E-commerce AB (formerly Heppo AB)

Earnings were encumbered by SEK 1.5 million at final settlement of the sale of CDON Group E-commerce AB (formerly Heppo AB). Adjusted for this, the proceeds amounted to SEK 9.2 million in 2014 instead of SEK 10.7 million. The total proceeds from the sale of CDON Group E-commerce AB amounted to SEK 41.4 million.

Note 5, continued

Sales of operations in 2014

Group (SEK million)	2014
Purchase price, CDON Group Online Retailing AB	68.0
Deferred purchase price, CDON Group E-commerce AB	9.2
Net cash flow	**77.2**

Note 6 Business combinations

Acquisitions in 2015

During the year the Group acquired 100% of the shares in Fitness Market Nordic AB. This acquisition is reported in the Gymgrossisten segment.

Acquired net assets (SEK thousands)[1]	Carrying amoun
Inventory	0.6
Accounts receivable and other receivables	0.8
Cash and cash equivalents	0.2
Other non-current interest-free liabilities	-0.4
Accounts payable and other liabilities	-1.5
Net identifiable assets and liabilities	**-0.3**
Consolidated goodwill	0.7
Purchase price	**0.4**

[1] The analysis of acquired net assets is preliminary and may change.

Transaction expenses

Transaction expenses for the acquisition of Fitness Market Nordic AB amounted to SEK 0.1 million and are recognised in the item 'Sales & administrative expenses' in the consolidated income statement.

Acquisitions in 2014

In 2014, the Group acquired an additional 9.9% of the shares in CDON Group Online Retailing AB (formerly Rum21 AB). Consequently, Qliro Group AB owns 100% of the share capital in CDON Group Online Retailing AB. This acquisition is reported under the Group's central operations. An additional purchase price was paid for CDON Group Online Retailing AB during the year in accordance with the acquisition agreement. This acquisition is reported under central operations.

Summary of acquisitions

	2014		
Group (SEK million)	Net cash flow	Net identifiable assets and liabilities	Goodwill
Additional purchase price from prior years, CDON Group Online Retailing AB	-0.6	-	-
Acquisition of shares from non-controlling interests, CDON Group Online Retailing AB	-6.5	-	-
Total	**-7.1**	**-**	**-**

Transaction expenses

No transaction expenses arose during the year from the acquisition of shares from non-controlling interests in CDON Group Online Retailing AB.

Note 7 Other operating income and expenses

	Group		Parent company	
(SEK million)	2015	2014	2015	2014
Other operating income				
Gain from sale of operations	-	39.5	-	-
Exchange gains on operating receivables/liabilities	31.5	16.9	-	-
Other operating income	14.2	1.5	-	-
Total	**45.7**	**57.8**	**-**	**-**
Other operating expenses				
Exchange losses on operating receivables/liabilities	-28.6	-18.2	-	-
Total	**-28.6**	**-18.2**	**-**	**-**

Note 8 Financial items

	Group		Parent company	
(SEK million)	2015	2014	2015	2014
Loss from sale of shares in subsidiaries	-	-	-25.8	-
Profit/loss from shares in subsidiaries	**-**	**-**	**-25.8**	**-**
Interest income:				
- Subsidiary, Qliro Group	-	-	8.9	15.2
- Interest income, other	0.7	1.5	0.6	1.3
Net exchange differences	-	-	10.6	-
Financial income	**0.7**	**1.5**	**20.0**	**16,5**
Interest expenses:				
- Subsidiary, Qliro Group	-	-	-0.7	-1.4
- Convertible bonds (Note 28)	-	-15.8	-	-15.8
- Interest expenses, other	-3.8	-3.1	-1.0	-1.2
Net exchange differences	-2.4	-5.7	-	-13.9
Other	-1.9	-1.6	-0.8	-1.4
Financial expenses	**-8.1**	**-26.2**	**-2.5**	**-33.7**
Net financial items	**-7.4**	**-24.7**	**-8.3**	**-17.2**

Note 9 Taxes

Distribution of tax expenses (SEK million)	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Current tax expense				
Tax expense for the year	-1.7	-2.6	-	-
Adjustment of tax attributable to prior years	-	-0.2	-	-
Total	**-1.7**	**-2.8**	**-**	**-**
Deferred tax				
Deferred tax on temporary differences	0.4	4.7	-	2.0
Deferred tax income in capitalised taxable value of loss carry-forwards for the year	29.7	4.7	29.7	4.7
Deferred tax expense in loss carry-forwards used during the year	-	-9.5	-	-
Total	**30.1**	**-0.2**	**29.7**	**6.7**
Total recognised consolidated tax expense	**28.4**	**-3.0**	**29.7**	**6.7**

Reconciliation of tax expense (SEK million)	Group 2015	Group %	Group 2014	Group %	Parent company 2015	Parent company %	Parent company 2014	Parent company %
Profit/loss before tax	-130.0		8.3		-161.6		-28.1	
Tax as per applicable tax rate for parent company	28.6	-22.0	-1.8	-22.0	35.6	-22.0	6.2	-22.0
Effect of other tax rates for foreign subsidiaries	-0.8	0.6	0.0	-0.1	-	-	-	-
Non-taxable income	0.4	-0.3	-0.1	-1.1	-	-	0.6	0.0
Non-deductible expenses	-1.2	0.9	-2.6	-31.1	-5.9	3.6	-2.1	7.3
Utilisation of previously uncapitalised loss carry-forwards	0.1	-0.1	0.9	11.1	-	-	-	-
Other permanent effects	0.7	-0.6	-1.1	-13.7	-	-	-	-
Tax effect of convertible loan	-	-	2.0	23.6	-	-	2.0	-7.0
Effects of changes in tax rate	0.5	-0.4	-	-	-	-	-	-
Tax attributable to prior years	-	-	-0.2	-2.5	-	-	-	-
Effective tax/tax rate	**28.4**	**-21.8**	**-3.0**	**-35.8**	**29.7**	**-18.4**	**6.7**	**-21.7**

Tax items recognised directly in equity (SEK million)	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Current tax attributable to share issue expenses	-	4.5	-	4.5
Total	**-**	**4.5**	**-**	**4.5**

Recognised deferred tax assets and liabilities (SEK million)	Group 31 December 2015	Group 31 December 2014	Parent company 31 December 2015	Parent company 31 December 2014
Deferred tax asset				
Loss carry-forwards	93.3	63.6	93.3	63.6
Temporary differences	1.1	1.0	-	-
Total	**94,4**	**64.6**	**93.3**	**63.6**
Deferred tax liability				
Intellectual property rights	22.6	22.9	-	-
Total	**22.6**	**22.9**	**-**	**-**
Net deferred tax	**71.8**	**41.8**	**93.3**	**63.6**

Note 9, continued

Change in net temporary differences:

Group (SEK million)	2015						
	Opening balance 1 January	Deferred tax income	Deferred tax expense	Acquisition of subsidiaries	Recognised in equity	Other	Closing balance, 31 December
Temporary differences:							
Loss carry-forwards	63.6	29.7					93.3
Intellectual property rights	-22.9	0.2					-22.6
Temporary differences	1.0	0.1					1.1
Non-current liabilities							-
Total	**41.8**	**30.0**	**-**	**-**	**-**	**-**	**71.8**

Group (SEK million)	2014						
	Opening balance 1 January	Deferred tax income	Deferred tax expense	Acquisition of subsidiaries	Recognised in equity	Other	Closing balance, 31 December
Temporary differences:							
Loss carry-forwards	64.0	-4.8			4.5		63.6
Intellectual property rights	-24.6	1.7					-22.9
Temporary differences	-	1.0					1.0
Non-current liabilities	-4.0	2.0			2.1		-
Total	**35.3**	**-0.2**	**-**	**-**	**6.6**	**-**	**41.8**

Parent company (SEK million)	2015			
	Opening balance 1 January	Deferred tax income	Recognised in equity	Closing balance, 31 December
Temporary differences:				
Loss carry-forwards	63.6	29.7		93.3
Non-current liabilities	-	-		-
Total	**63.6**	**29.7**	**-**	**93.3**

Parent company (SEK million)	2014			
	Deferred tax income	Recognised in equity	Closing balance, 31 December	Utgående balans 31 december
Temporary differences:				
Loss carry-forwards	54.4	4.7	4.5	63.6
Non-current liabilities	-4.0	2.0	2.0	-
Total	**50.4**	**6.7**	**6.5**	**63.6**

At 31 December 2015, recognised consolidated loss carry-forwards without an expiration date amounted to SEK 424.2 million (289.3). The 2015 annual accounts include the tax value of a deferred income tax asset in all countries where it is considered probable that the loss carry-forward will be able to be used against taxable surplus.

Non-current liabilities relate to the tax effect on the present value of the convertible loan, which was redeemed early on 19 December 2014.

Loss carry-forwards for which no deferred tax asset is recognised, by expiration date (SEK million)	Group		Parent company	
	31 December 2015	31 December 2014	**31 December 2015**	31 December 2014
No expiration date	-	2.9	-	-
Total	**-**	**2.9**	**-**	**-**

Note 10 Intangible non-current assets

Internally developed intangible assets

Ongoing projects (SEK million)	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Opening accumulated cost	**54.3**	**14.2**	**1.3**	**2.1**
Investments	67.4	53.4	0.3	8.8
Reclassifications	-92.1	-13.1	-	-
Divestments	-0.9	-0.2	-	-
Internal divestments	-	-	-	-9.5
Closing accumulated cost	**28.8**	**54.3**	**1.6**	**1.3**
Carrying amounts	**28.8**	**54.3**	**1.6**	**1.3**

This item relates to expenditures on projects that have not been put into use, principally related to Group web platforms.

Both internal and external expenditures were capitalised. No borrowing costs were capitalised.

Development expenses (SEK million)	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Opening accumulated cost	**119.5**	**79.1**	**-**	**-**
Investments	28.4	27.7	-	-
Reclassifications	92.1	13.1	-	-
Divestments	-	-0.4	-	-
Translation difference	-0.1	-	-	-
Closing accumulated cost	**239.9**	**119.5**	**-**	**-**
Opening accumulated amortisation	**-51.3**	**-34.5**	**-**	**-**
Amortisation for the year	-29.3	-16.9	-	-
Divestments	-	0.1	-	-
Closing accumulated amortisation	**-80.6**	**-51.3**	**-**	**-**
Carrying amounts	**159.3**	**68.2**	**-**	**-**

This item relates to expenses for the Group's web platforms.

Amortisation costs of SEK 29.3 (16.9) million are included in consolidated sales and administrative expenses.

Both internal and external expenditures were capitalised. No borrowing costs were capitalised.

Domains (SEK million)	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Opening accumulated cost	**7.0**	**7.1**	**-**	**-**
Divestments	-	-0.1	-	-
Closing accumulated cost	**7.0**	**7.0**	**-**	**-**
Opening accumulated amortisation	**-3.0**	**-2.2**	**-**	**-**
Amortisation for the year	-0.7	-0.8	-	-
Closing accumulated amortisation	**-3.7**	**-3.0**	**-**	**-**
Carrying amounts	**3.3**	**4.0**	**-**	**-**

This item relates to expenses for registering and maintaining the company's internet domains.

Amortisation costs of SEK 0.7 (0.8) million are included in consolidated sales and administrative expenses.

Only external expenses have been capitalised. No borrowing costs were capitalised.

Acquisition of intangible assets

Trademarks (SEK million)	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Opening accumulated cost	**102.4**	**108.7**	**-**	**-**
Impairment losses during the period	-	-6.2	-	-
Closing accumulated cost	**102.4**	**102.4**	**-**	**-**
Carrying amounts	**102.4**	**102.4**	**-**	**-**

This item relates to the Gymgrossisten Sweden AB, Lekmer AB and Tretti AB trademarks. No impairment losses were taken during the period. Impairment charges for 2014 relate to CDON Group Online Retailing (formerly Rum21).

Note 10, continued

Customer relationships (SEK million)	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Opening accumulated cost	**18.7**	**18.7**	**-**	**-**
Closing accumulated cost	**18.7**	**18.7**	**-**	**-**
Opening accumulated amortisation	**-17.3**	**-15.6**	**-**	**-**
Amortisation for the year	-1.1	-1.3	-	-
Impairment losses during the period	-	-0.4	-	-
Closing accumulated amortisation	**-18.3**	**-17.3**	**-**	**-**
Carrying amounts	**0.4**	**1.5**	**-**	**-**

This item relates to the identified customer relationships from the acquisitions of Gymgrossisten Sweden AB, Lekmer AB, and Tretti AB. No impairment losses were taken during the year. Impairment charges for 2014 relate to CDON Group Online Retailing AB (formerly Rum21 AB).

Amortisation costs of SEK 1.1 (1.3) million are included in consolidated sales and administrative expenses.

Goodwill (SEK million)	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Opening accumulated cost	**455.5**	**462.6**	**-**	**-**
Investments	0.7	-	-	-
Impairment losses during the year	-	-8.5		
Exchange differences	-0.9	1.4	-	-
Closing accumulated cost	**455.3**	**455.5**	**-**	**-**
Carrying amounts	**455.3**	**455.5**	**-**	**-**

During the year, Gymgrossisten Sweden AB made an investment in Fitness Market Nordic AB.

No impairment losses were taken during the year. Impairment charges for 2014 relate to CDON Group Online Retailing AB (formerly Rum21).

Impairment testing for cash-generating units containing goodwill

The following cash-generating units, which coincide with the Group's subsidiaries and subgroups, recognise significant goodwill values in relation to the Group's total recognised goodwill values:

(SEK million)	2015	2014
CDON Group	21.6	22.5
Gymgrossisten Group	140.7	139.9
NLY Group	24.1	24.1
Lekmer Group	3.7	3.7
Qliro Group	-	-
Tretti Group	249.6	249.6
CDON Group Logistics AB	15.7	15.7
Total	**455.3**	**455.5**

Impairment testing

Impairment testing for goodwill for cash-generating units is based on the recoverable amount (value in use), calculated using a discounted cash flow model. The cash flow is projected over a five-year period and is based on the most recently adopted budgets and forecasts, which are based on actual historical outcomes of the business. The single most important variables associated with the preparation of the impairment tests are net sales and operating margin. The net sales projection is the total of estimated performance within each product segment and the operating margin projection is an average of the product mix. The cash flows calculated for each unit after the first five years were based on annual growth of 2.5% (2.5).

The cash flow is discounted for each unit using an appropriate discount rate, taking into consideration the cost of capital and risk. The estimated cash flows were calculated at present value using a discount rate of 9.3% (9.3) after tax. The nature of and market for each unit, and therefore the risk, was determined to be so similar that the same discount rate is used for all units. The discount rate before tax amounts to between 10.8 and 11.1% (10.7-13.8).

Sensitivity

The impairment tests do not indicate an impairment requirement. The impairment tests generally have a margin such that any adverse changes in individual parameters would not be likely to cause the recoverable amount to fall below the carrying amount. However, the cash flow projections are uncertain and may also be influenced by factors beyond the company's control. Even if the estimated growth rate applied after the forecasted five-year period had been 1% lower, there would be no need to recognise a goodwill impairment loss. Even if the estimated discount rate applied to the discounted cash flows had been 1% higher, there would be no need to recognise a goodwill

Note 10, continued

impairment loss. Nor does the company deem that likely changes in other important assumptions would cause the recoverable amount to fall below the carrying amount.

Impairment testing for cash-generating units containing trademarks

(SEK million)	2015	2014
Gymgrossisten Group	48.9	48.9
Lekmer Group	5.1	5.1
Tretti Group	48.4	48.4
Total	**102.4**	**102.4**

For disclosures on impairment testing of these cash-generating units, see the previous section on goodwill testing. Trademarks are included in the cash-generating units tested as previously stated. Trademarks are also tested individually, based on the trademark's share of sales and/or the trademark's market value based on market position.

Indefinite useful life

Recognised trademarks are deemed to have an indefinite useful life since they relate to trademarks that are well-known in the market that the Group intends to retain and further develop, and thus may be expected to generate cash flows indefinitely.

Note 11 Property, plant, and equipment

Leasehold improvements (SEK million)	Group		Parent company	
	2015	2014	2015	2014
Opening accumulated cost	**-**	**-**	**-**	**-**
Investments	-	-	-	-
Reclassifications	3.6	-	-	-
Closing accumulated cost	**3.6**	**-**	**-**	**-**
Opening accumulated depreciation	**-**	**-**	**-**	**-**
Depreciation for the year	-0.8	-	-	-
Reclassifications	-	-	-	-
Divestments	-	-	-	-
Closing accumulated depreciation	**-0.8**	**-**	**-**	**-**
Carrying amounts	**2.7**	**-**	**-**	**-**

The item refers to capital investments in expansion of the storage space in Falkenberg.

Both internal and external expenditures were capitalised. No borrowing costs were capitalised.

Equipment (SEK million)	Group		Parent company	
	2015	2014	2015	2014
Opening accumulated cost	**47.6**	**34.7**	**2.8**	**0.4**
Investments	13.0	7.9	1.0	2.4
Reclassifications	5.4	5.9	-	-
Divestments	-1.9	-0.9	-	-
Closing accumulated cost	**64.1**	**47.6**	**3.8**	**2.8**
Opening accumulated depreciation	**-20.1**	**-13.7**	**-0.6**	**0.0**
Depreciation for the year	-10.0	-7.2	-0.8	-0.6
Reclassifications	-	0.1	-	-
Divestments	0.6	0.7	-	-
Closing accumulated depreciation	**-29.6**	**-20.1**	**-1.3**	**-0.6**
Carrying amounts	**34.5**	**27.5**	**2.5**	**2.2**

Depreciation costs of SEK 10.0 (7.2) million are included in consolidated sales and administrative expenses.

Depreciation costs of SEK 0.8 (0.6) thousand are included in sales and administrative expenses for the parent company.

Construction in progress (SEK million)	Group		Parent company	
	2015	2014	2015	2014
Opening accumulated cost	**0.7**	**0.0**	**-**	**-**
Investments	8.3	6.6	-	-
Reclassifications	-9.0	-5.9	-	-
Closing accumulated cost	**-**	**0.7**	**-**	**-**
Carrying amounts	**-**	**0.7**	**-**	**-**

The item refers to expenditures on capital investments for the period prior to commissioning.

Both internal and external expenditures were capitalised. No borrowing costs were capitalised.

Note 12 Participations in Group companies

Shares in subsidiaries, parent company (SEK million)	Corporate ID number	Registered office	No. of shares	Share capital (%)	Share of voting rights (%)	Carrying amount 2015-12-31	Carrying amount 2014-12-31
CDON AB	556406-1702	Malmö	1,000	100.0	100.0	27.8	27.8
CDON Group E-commerce AB	556533-8372	Stockholm	1 666	100,0	100,0	0.0	0.0
Gymgrossisten Sweden AB	556564-4258	Stockholm	1,000	100.0	100.0	202.1	202.1
NLY Scandinavia AB	556653-8822	Borås	172,100	100.0	100.0	196.9	196.9
Lekmer AB	556698-8035	Stockholm	901	90.1	90.1	35.3	35.3
CDON Group Online Retailing AB	556774-1300	Stockholm	1,000	100.0	100.0	0.0	25.6
Tretti AB	556665-7606	Stockholm	5,141,758	100.0	100.0	351.2	351.2
CDON Group Logistics AB	556904-0834	Malmö	50,000	100.0	100.0	0.1	0.1
Qliro AB	556962-2441	Stockholm	50,000	100.0	100.0	49.6	9.6
Qliro Group Services AB	559018-1185	Stockholm	50,000	100.0	100.0	0.1	-
Total						**863.0**	**848.6**

Shares in subsidiaries, Group	Corporate ID number	Registered office	No. of shares	Share capital (%)	Share of voting rights (%)
CDON AB	556406-1702	Malmö	1,000	100.0	100.0
CDON Alandia AB	2143083-5	Finland	100	100.0	100.0
CDON Group E-commerce AB	556533-8372	Stockholm	1,666	100.0	100.0
Gymgrossisten Sweden AB	556564-4258	Stockholm	1,000	100.0	100.0
Fitness Market Nordic AB	556761-9282	Stockholm	1,000	100.0	100.0
NLY Scandinavia AB	556653-8822	Borås	172,100	100.0	100.0
NLY Norge AS	896 508 202	Norway	100	100.0	100.0
Lekmer AB	556698-8035	Stockholm	901	90.1	90.1
Scandinavian Kids Group AB	559000-6028	Stockholm	50,000	100.0	100.0
CDON Group Online Retailing AB	556774-1300	Stockholm	1,000	100.0	100.0
Tretti AB	556665-7606	Stockholm	5,141,758	100.0	100.0
Tretti Danmark ApS	32788300	Denmark	80,000	100.0	100.0
CDON Group Logistics AB	556904-0834	Malmö	50,000	100.0	100.0
Qliro AB	556962-2441	Stockholm	50,000	100.0	100.0
Qliro Group Services AB	559018-1185	Stockholm	50,000	100.0	100.0

Shares and participations in subsidiaries, (SEK million)	Parent company	
	2015	2014
Opening accumulated cost	**864.5**	**848.5**
Acquisitions	0.1	16.1
Shareholder contribution	40.2	0.1
Sales	-	-0.1
Closing balance, 31 December	**904.8**	**864.5**
Opening accumulated impairment	**-16.0**	**-15.9**
Impairment losses for the year	-25.8	-0.1
Closing balance, 31 December	**-41.8**	**-16.0**
Carrying amount, 31 December	**863.0**	**848.6**

Note 13 Operating expenses by cost type

	Group	
(SEK million)	2015	2014
Cost of goods sold	-3,589.2	-3,588.1
Distribution and warehousing costs	-661.7	-586.3
Personnel expenses	-489.1	-425.7
Depreciation/amortisation	-41.9	-26.2
Other expenses	-528.1	-356.6
Total expenses	**-5,310.1**	**-4,982.9**

Note 14 Accounts receivable

Credit exposure

Accounts receivable are recognised taking into consideration consolidated credit losses incurred during the year of SEK 5.5 (2.9) million. The credit losses relate to losses on a number of smaller customers. See Note 21.

	Group	
(SEK million)	31 December 2015	31 December 2014
Accounts receivable not overdue or impaired	564.1	228.2
Accounts receivable overdue but not impaired	62.6	38.5
Accounts receivable written down	29.1	15.4
Provision for bad debts	-29.1	-15.4
Total accounts receivable	**626.7**	**266.7**

The table above includes loans to the public.

Credit risks in accounts receivable that are not overdue or impaired are not deemed to be large. No individual customer represents more than 10% of consolidated accounts receivable. See Note 21 for further details regarding credit risk.

The company's accounts receivable are mainly in SEK. There is not deemed to be any significant currency exposure in accounts receivable.

The increase in accounts receivable compared with last year is mainly attributable to Qliro Financial Services. At year-end Qliro Financial Services' lending to the public amounted to SEK 527.8 million. Lending to the public in 2014 was SEK 181.2 million.

Receivables past due without provision for bad debts (SEK million)	31 December 2015	31 December 2014
<30 days	31.4	20.9
30-90 days	30.4	16.5
>90 days	0.8	1.2
Total	**62.6**	**38.5**

Receivables past due with provision for bad debts (SEK million)	31 December 2015	31 December 2014
<30 days	4.3	0.9
30-90 days	4.0	-
>90 days	20.8	14.5
Total	**29.1**	**15.4**

Provision for bad debts (SEK million)	31 December 2015	31 December 2014
Opening balance, 1 January	15.4	6.2
Provision for potential losses	17.0	10.7
Unutilised amount reversed during the period	-2.6	-2.3
Actual losses	-0.7	0.9
Closing balance, 31 December	**29.1**	**15.4**

Note 15 Prepaid expenses and accrued income

	Group		Parent company	
(SEK million)	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Prepaid insurance expenses	0.5	0.7	0.5	0.6
Prepaid rent	10.7	10.0	0.1	0.7
Prepaid licensing costs	2.7	2.5	1.1	1.2
Accrued income	58.7	34.0	-	-
Other prepaid expenses and accrued income	17.4	24.8	0.9	0.6
Total	**90.0**	**72.0**	**2.6**	**3.1**

Note 16 Earnings per share

	Group	
(SEK)	2015	2014
Basic and diluted earnings per share	-0.68	0.02

The numerator and denominator used in the above calculation are shown below.

Basic and diluted earnings per share	2015	2014
Profit/loss for the year attributable to parent company shareholders (SEK million)	-101.6	2.8
Average number of shares	149,269,779	114,909,709
Basic earnings per share, SEK	**-0.68**	**0.02**

Note 16, continued

Earnings per share for 2014 were calculated taking into account the new share issue, following which the number of outstanding shares increased from 99,513,186 to 149,269,779.

The parent company's custodial Class C shares attributable to the Group incentive programme (see Note 24) may generate potential dilution in the future. These have not been included in the calculation of earnings per share since they have not contributed with any dilution effect to either 2015 or 2014.

Note 17 Equity

At 31 December 2015, share capital comprised 150,444,779 shares (150,444,779). Each share has a par value of SEK 2.

Issued shares (SEK million)	No. of shares	Share capital
Ordinary shares	149,269,779	298.5
Class C shares	1,175,000	2.4
Total number of shares issued/total par value at 31 December 2015	**150,444,779**	**300.9**

Change in number of shares/share capital

Date	Event	Change in share capital (SEK)	Change in no. of shares	Share capital after change (SEK)	No. of shares after change
36-12-11	Establishment	1,000,000	2,000	1,000,000	2,000
10-09-24	Split	-	498,000	1,000,000	500,000
10-09-24	Offset issue	131,090,244	65,545,122	132,090,244	66,045,122
10-10-26	Cash issue	594,004	297,002	132,684,248	66,342,124
11-05-31	Cash issue Class C shares	380,000	190,000	133,064,248	66,532,124
12-05-30	Cash issue Class C shares	570,000	285,000	133,634,248	66,817,124
13-06-14	Cash issue	66,342,124	33,171,062	199,976,372	99,988,186
13-09-03	Cash issue Class C shares	1,400,000	700,000	201,376,372	100,688,186
14-12-19	Cash issue	99,513,186	49,756,593	300,889,558	150,444,779
No. of issued shares/share capital at 31 December 2015		**300,889,558**	**150,444,779**	**300,889,558**	**150,444,779**

On 17 November 2014, the Extraordinary General Meeting of Qliro Group AB resolved to approve the Board's decision of 21 October 2014 to increase the company's share capital via an issue of new ordinary shares. Qliro Group AB's share capital increased by SEK 99,513,186 in connection with the cash issue.

On 14 May 2013, the Extraordinary General Meeting of Qliro Group AB resolved to approve the Board's decision from 16 April 2013 to increase the company's share capital via an issue of new ordinary shares. Qliro Group AB's share capital increased by SEK 66,342,124 in connection with the cash issue.

The cash issues of Class C shares in 2011, 2012 and 2013 were implemented for use in the Group's incentive programme. See Note 24 for further details regarding the incentive programme. All Class C shares are owned by Qliro Group AB.

Class C shares may be issued in an amount corresponding to the maximum total share capital and do not entitle the holder to dividends. Class C shares may be converted into ordinary shares at the request of the Board. Customary provisions on primary and subsidiary preferential rights for cash issues apply to Class C shares. Class C shares have limited rights to assets at liquidation of the company.

The 2010 offset issue was implemented by offsetting previously issued loans from Modern Times Group MTG AB at a value corresponding to SEK 239,000,000. Qliro Group AB's share capital thus increased to SEK 132,090,244.

Other capital contributions/Share premium reserve

A share premium reserve arises when shares are issued at a premium, that is, a price higher than the par value was paid for the shares.

Translation reserve

The translation reserve includes all translation differences that arise on translation of income statements and balance sheets into SEK in the consolidated accounts.

	Group	
(SEK million)	**2015**	2014
Opening balance, 1 January	-0.2	-1.4
Translation difference for the year, net of tax	-7.9	1.2
Total accumulated translation differences	**-8.1**	**-0.2**

Note 17, continued

Retained earnings

Retained earnings include previously earned profit.

Proposed dividend

The Board of Directors will propose to the 2016 Annual General Meeting that no dividend be paid to shareholders for the fiscal year ending 31 December 2015, and that retained earnings for the year be carried forward into the 2016 accounts.

Note 18 Other provisions

	Group		Parent company	
Other provisions (SEK million)	2015	2014	2015	2014
Provisions for social security contributions on share-based remuneration	0.9	1.4	0.9	1.4
Other provisions	2.4	5.4	-	-
Total	**3.3**	**6.8**	**0.9**	**1.4**

	Group		Parent company	
Provisions for share-based remuneration (SEK million)	2015	2014	2015	2014
Carrying amount at start of period	**1.4**	**0.9**	**1.4**	**0.9**
Provisions allocated during the period	-0.5	0.5	-0.5	0.5
Carrying amount at end of period	**0.9**	**1.4**	**0.9**	**1.4**

See Note 24 for further details regarding share-based remuneration.

	Group		Parent company	
Total provisions (SEK million)	2015	2014	2015	2014
Total carrying amount at start of period	**6.8**	**3.3**	**1.4**	**0.9**
Provisions allocated during the period	-3.5	3.5	-0.5	0.5
Total carrying amount at end of period	**3.3**	**6.8**	**0.9**	**1.4**
Of which total non-current portion of provisions	*3.3*	*6.8*	*0.9*	*1.4*
Of which total current portion of provisions	-	-	-	-

	Group		Parent company	
Payments (SEK million)	2015	2014	2015	2014
Amount for which payment is expected to be made after 12 months	3.3	6.8	0.9	1.4

Note 19 Accrued expenses and deferred income

	Group		Parent company	
(SEK million)	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Accrued personnel expense	64.8	56.0	7.1	9.4
Accrued cost of goods sold	54.9	80.7	-	-
Accrued postage	61.8	50.8	-	-
Accrued fulfillment	30.4	25.4	-	-
Accrued marketing	20.6	31.2	-	-
Accrued provision for returns	32.9	23.8	-	-
Accrued share issue expense	-	-	-	3.8
Other	26.1	34.6	2.6	1.2
Total	**291.4**	**302.5**	**9.7**	**14.3**

Note 20 Pledged assets and contingent liabilities

	Group		Parent company	
Contingent liabilities (SEK million)	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Bank guarantees and pledged security to external parties	77.0	114.5	77.0	114.5
Parent company guarantees to external parties	126.5	52.6	126.5	52.6
Total	**203.5**	**167.1**	**203.5**	**167.1**

Bank guarantees and pledged security to external parties relate to bank guarantees and security pledged to suppliers and other external parties for companies in the Group.

Parent company guarantees to external parties relate to parent company guarantees to suppliers and other external parties for subsidiaries in the Group.

The parent company has pledged capital cover guarantees to the subsidiaries Qliro AB and CDON Group Logistics AB.

In December 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 appealed the decision in March 2016. The company has not made a provision for the taxes imposed.

	Group		Parent company	
Pledged assets (SEK million)	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Pledged receivables	527.8	-	-	-
Total	**527.8**	**-**	**-**	**-**

Pledged receivables relate entirely to Qliro Financial Services, where accounts receivable are used as collateral for borrowing.

Note 21 Financial instruments and financial risk management

Capital management

The Group's aim is to have a solid financial position that helps maintain the confidence of investors, creditors and the market, as well as form a solid foundation for the continued development of business operations, while generating satisfactory long-term investor returns. However, there are no explicit quantitative objectives for capital management, such as regards the debt/equity ratio.

Capital is defined as total equity.

	Group	
Capital (SEK million)	31 December 2015	31 December 2014
Total equity	1,205.4	1,314.5

Neither the parent company nor any of the subsidiaries have any external capital requirements to be met.

Finance policy

Qliro Group is exposed to various types of financial risks through its operations, such as market risk, liquidity risk and credit risk.

Qliro Group's financial risk management is centralised within the parent company to capitalise on economies of scale and synergies, as well as to minimise operational risks. The parent company also functions as the Group's internal bank and is responsible for financing and financial policies. This includes the pooling of cash requirements. The Board has established financial policies for overall management of risks and for specific areas, such as liquidity risk, interest rate risk, currency risk, credit risk, insurance risk, the use of financial instruments and placement of excess liquidity.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to fulfil its obligations associated with financial liabilities. This risk is centrally managed by the parent company, which ensures that there is always sufficient cash and cash equivalents and the ability to extend the available financing. Access to cash and cash equivalents for the subsidiaries is partially ensured through the use of cash pools. Total available credit amounted to SEK 700 million at the end of the reporting period, of which SEK 550 million was attributable to Qliro Financial Services. Accounts receivable are continously pledged for the credit facility of Qliro Financial Services. Conventional loan agreement covenants are applicable to both Qliro Financial Services' and Qliro Group's credit facilites. At the end of the reporting period, the Group's credit facility was utilised with bank guarantees of about SEK 77 million and Qliro Financial Services' credit facility was utilised in the form of outstanding loans of SEK 328.0 million. At 31 December 2015, consolidated cash and cash equivalents stood at SEK 324.2 (534.0) million.

The Group's financial policy stipulates that there must always be at least SEK 50 million in available cash and cash equivalents.

Market risk – interest rate risk

Interest rate risk is the risk that the value of a financial instrument may vary due to changes in market interest rates.

Consolidated interest-bearing liabilities at year-end amounted to SEK 328.0 (0.0) million, which was entirely attributable to the utilised portion of Qliro Financial Services credit facilities. If the variable interest rate on the Group's credit facilities were to increase or decrease by 1% in 2015, it would have affected consolidated net financial items by SEK 0.8 (0.2) million.

Credit risk

Credit risk is defined as the company's exposure to losses in the event that one party to a financial instrument fails to fulfil its obligations. The exposure is based on the carrying amount of the financial assets, of which the majority comprises accounts receivable and cash and cash equivalents. The Group has a credit policy detailing how customer credit is to be managed.

Credit risk attributable to consolidated accounts receivable is distributed among a large number of customers, mainly private individuals. A growing proportion of accounts receivable were handled by Qliro Financial Services in 2015. As previously, other accounts receivable were mostly sold to factoring companies. The vast majority of these accounts receivable are sold with full transfer of the credit risk to the counterparty. See Note 14 for further details regarding accounts receivable.

Market risk – currency risk

Currency risk is the risk that fluctuations in exchange rates will adversely affect the company's income statement, financial position and/or cash flow. The risk can be divided into transaction exposure and translation exposure.

Transaction exposure

Transaction exposure is the risk that arises from the net inflows and outflows in foreign currencies required by operations and their financing. The transactions are not hedged.

Net cash flow in foreign currencies was as follows:

	Group	
Flow of foreign funds (SEK million)	2015	2014
DKK	294.1	271.0
NOK	788.1	816.7
EUR	-136.8	-44.5
USD	-269.7	-244.8
GBP	-162.0	-197.0
PLN	6.4	4.5

Note 21, continued

A five per cent exchange rate fluctuation for each currency would affect operating profit/loss by the following amounts:

	Group	
Sensitivity analysis (SEK million)	2015	2014
DKK	±14.7	±13.5
NOK	±39.4	±40.8
EUR	±6.8	±2.2
USD	±13.5	±12.2
GBP	±8.1	±9.9
PLN	±0.3	±0.2

Translation exposure

Translation exposure is the risk that arises from translation of equity in foreign subsidiaries. Translation exposure is not hedged. Net foreign assets including goodwill and other intangible assets arising from acquisitions are distributed as follows:

	Group			
Currency (SEK million)	2015	%	2014	%
DKK	-1.7	-35.3	-2.4	-156.8
NOK	2.3	48.2	1.3	87.2
EUR	4.2	87.1	2.6	169.7
Total	**4.9**	**100.0**	**1.5**	**100.0**

A five per cent exchange rate fluctuation for each currency would affect equity by the following amounts:

	Group	
Sensitivity analysis (SEK million)	2015	2014
DKK	±0.1	±0.1
NOK	±0.1	±0.1
EUR	±0.2	±0.1

Classification and categorisation of financial assets and liabilities in the Group

Valuation at fair value includes a valuation hierarchy related to the data for said valuations. This valuation hierarchy is divided into three levels, which coincides with the levels introduced in IFRS 13 Financial Instruments: Information.

The three levels consist of:

Level 1: Listed prices (unadjusted) on active markets for identical assets or liabilities which the company has access to at the time of valuation.

Level 2: other data than those listed prices included in Level 1, which are directly or indirectly observable for the asset or liability. Level 2 can also include other data than observable listed prices of the asset or liability, such as interest rate levels, yeild curves, volatility and multiples.

Level 3: Non-observable data for the asset or liability. At this level, assumptions that market participants would use when pricing the asset or liability should be taken into account, including risk assumptions.

For all items, with the exception of extended loans, the book value is an approximation of the fair value, why these items are not divided into levels according to the valuation hierarchy. Lending belongs to level 2. As loans from credit institutions (Credit facilities) have a floating interest rate and short tenors the book value is, in all material aspects, judged to correspond to fair value.

	Carrying amount				Fair value
2015 Group (SEK million)	Held for trading	Loans receivable and accounts receivable	Other liabilities	Total	Total
Financial assets not measured at fair value					
Accounts receivable		98.9		98.9	98.9
Loans to the public		527.8		527.8	527.8
Other receivables		26.4		26.4	26.4
Accrued income		58.7		58.7	58.7
Cash and cash equivalents		324.2		324.2	324.2
Total financial assets	**-**	**1,036.0**	**-**	**1,036.0**	**1,036.0**
Financial liabilities not measured at fair value					
Accounts payable			680.4	680.4	680.4
Credit facilities			328.0	328.0	328.0
Other liabilities			119.2	119.2	119.2
Accrued expenses			291.4	291.4	291.4
Total financial liabilities	**-**	**-**	**1,419.0**	**1,419.0**	**1,419.0**

Note 21, continued

2015 Parent company (SEK million)	Carrying amount Held for trading	 Loans receivable and accounts receivable	 Other liabilities	 Total	Fair value Total
Receivables from Group companies		343.0		343.0	343.0
Cash and cash equivalents		280.6		280.6	280.6
Total financial assets	**-**	**627.7**	**-**	**627.7**	**627.7**
Financial liabilities not measured at fair value					
Accounts payable			6.3	6.3	6.3
Liabilities to Group companies			387.1	387.1	387.1
Accrued expenses			9.7	9.7	9.7
Total financial liabilities	**-**	**-**	**403.0**	**403.0**	**403.0**

2014 Group (SEK million)	Carrying amount Held for trading	 Loans receivable and accounts receivable	 Other liabilities	 Total	Fair value Total
Financial assets not measured at fair value					
Deposits		1.6		1.6	1.6
Accounts receivable		85.5		85.5	85.5
Loans to the public		181.2		181.2	181.2
Other receivables		57.1		57.1	57.1
Cash and cash equivalents		534.0		534.0	534.0
Total financial assets	**-**	**859.3**	**-**	**859.3**	**859.3**
Financial liabilities not measured at fair value					
Accounts payable			604.2	604.2	604.2
Other liabilities			117.0	117.0	117.0
Accrued expenses			302.5	302.5	302.5
Total financial liabilities	**-**	**-**	**1,023.7**	**1,023,7**	**1,023.7**

Deposits are recognised in the statement of financial position as other financial non-current assets.

Note 21, continued

2014 Parent company (SEK million)	Carrying amount Held for trading	Loans receivable and accounts receivable	Other liabilities	Total	Fair value Total
Financial assets not measured at fair value					
Receivables from Group companies		377.8		377.8	377.8
Other receivables		4.9		4.9	4.9
Cash and cash equivalents		495.3		495.3	495.3
Total financial assets	**-**	**878.0**	**-**	**878.0**	**878.0**
Financial liabilities not measured at fair value					
Accounts payable			13.8	13.8	13.8
Liabilities to Group companies			358.7	358.7	358.7
Other liabilities			0.5	0.5	0.5
Accrued expenses			14.3	14.3	14.3
Total financial liabilities	**-**	**-**	**387.3**	**387.3**	**387.3**

Additional purchase price considerations (SEK million)	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Carrying amount at start of period	-	0.6	-	0.6
Disbursements	-	-0.6	-	-0.6
Carrying amount at end of period	**-**	**-**	**-**	**-**

Maturity structure of financial liabilities – undiscounted cash flows

Maturity structure for agreed future interest payments are based on current interest rate levels and instalments.

Group (SEK million)	2015 Total	0-3 months	3 mon. - 1 year	1-5 years	>5 years
Accounts payable	680.4	680.4			
Other liabilities	129.3	129.3			
Utilized credit facility	328,2	328,2			
Accrued expenses and prepaid income	291.6	252.4	39.3		
Total	**1,429,6**	**1,390,3**	**39.3**	**-**	**-**

Parent company (SEK million)	2015 Total	0-3 months	3 mon. - 1 year	1-5 years	>5 years
Accounts payable	6.3	6.3			
Liabilities to Group companies	243.6	243.6			
Other liabilities	0.6	0.6			
Accrued expenses and prepaid income	9.7	7.0	2.7		
Total	**260.1**	**257.4**	**2.7**	**-**	**-**

Group (SEK million)	2014 Total	0-3 months	3 mon. - 1 year	1-5 years	>5 years
Accounts payable	604.2	604.2			
Other liabilities	117.0	117.0			
Accrued expenses and prepaid income	305.5	282.5	23.0		
Total	**1,026.7**	**1,003.8**	**23.0**	**-**	**-**

Parent company (SEK million)	2014 Total	0-3 months	3 mon. - 1 year	1-5 years	>5 years
Accounts payable	13.8	13.8			
Liabilities to Group companies	193.8	193.8			
Other liabilities	0.5	0.5			
Accrued expenses and prepaid income	14.3	11.7	2.6		
Total	**222.5**	**219.8**	**2.6**	**-**	**-**

Note 22 Operating leases

Group

The Group rents mainly office premises and warehousing facilities through operating leases. The parent company rents mainly office premises through operating leases.

Leases and other future payment commitments at 31 December 2015 (SEK million)	2015 Group	2015 Parent company
2016	54.5	10.0
2017	50.1	9.6
2018	21.3	9.0
2019	12.5	2.9
2020	2.6	-
2021 and beyond	-	-
Total leases and other commitments	**141.0**	**31.5**
Leasing expense for the year	**52.1**	**2.9**

Leases and other future payment commitments at 31 December 2014 (SEK million)	2014 Group	2014 Parent company
2015	49.7	7.6
2016	47.0	6.8
2017	43.4	6.2
2018	18.5	5.7
2019	3.5	1.9
2020 and beyond	0.5	-
Total leases and other commitments	**162.5**	**28.2**
Leasing expense for the year	**52.2**	**3.7**

Note 23 Average number of employees

	2015		2014	
Group	Men	Women	Men	Women
Sweden	484	518	436	463
Total	**484**	**518**	**436**	**463**
Total average no. of employees		**1,002**		**899**

	2015		2014	
Parent company	Men	Women	Men	Women
Sweden	13	7	20	15
Total	**13**	**7**	**20**	**15**
Total average no. of employees		**20**		**35**

Distribution of men and women in executive management

	2015		2014	
Group	Men %	Women %	Men %	Women %
Board	89	11	85	15
CEO and other executives	76	24	81	19
Total	**83**	**17**	**83**	**17**

	2015		2014	
Parent company	Men %	Women %	Men %	Women %
Board	88	12	75	25
CEO and other executives	100	0	78	22
Total	**94**	**6**	**76**	**24**

Note 24 Salaries, other remuneration and social security contributions

Remuneration of senior executives

Guidelines for remuneration of senior executives, referred to below as "Executives", were adopted at the AGM on 18 May 2015 as follows.

Remuneration guidelines

The objective of the guidelines is to ensure that Qliro Group can attract, motivate, and retain senior executives within the context of Qliro Group's peer group, which mainly consists of Nordic companies involved in e-commerce and retail sales of consumer brands and products, and in consumer credit and payment solutions. Remuneration shall be formulated so as to be competitive, while still in alignment with the interests of shareholders. Remuneration of Executives shall consist of a fixed and variable cash-based salary, opportunities to participate in long-term share-based incentive programmes, customary benefits and pension plans. These components shall create a well-balanced remuneration package that reflects individual performance and responsibility, in both the short and long term, as well as Qliro Group's overall performance.

Fixed salary

The fixed salary of Executives shall be reviewed annually and shall be competitive and based on the individual Executive's expertise, responsibilities and performance.

Variable remuneration

Executives may receive variable remuneration in addition to fixed remuneration. The variable remuneration should be based on the performance of Executives in relation to established goals and targets. The targets are meant to promote Qliro Group's growth in both the short and long term. The variable cash remunera-

Note 24, continued

tion may not exceed 100% of the Executives' fixed annual salary. The Board may decide that part of the Executives' variable cash remuneration should be invested in Qliro Group shares or share-related instruments.

Share and share-related incentive programmes shall be related to certain predetermined financial and/or share or share-price-related performance targets and shall be designed to ensure a long-term commitment to increasing the value of Qliro Group and its subsidiaries, and align the interests and rewards of the Executives with those of the shareholders.

Other benefits

The Qliro Group provides other benefits to Executives in accordance with local practice. Other benefits may include a company car, company health care and health insurance. Occasionally, company accommodation may be provided for a limited period.

Pensions

Executives are entitled to pension commitments based on those that are customary in the country in which they are employed. Pension commitments are secured through premiums paid to insurance companies. The retirement age is normally 65.

Notice of termination and severance pay

The maximum notice period in Executive contracts is generally 12 months, and in exceptional cases 18 months, during which time salaries will continue to be paid.

Remuneration to Board members

Board members elected at General Meetings may in certain cases receive a fee for services within their respective areas of expertise, outside of their Board duties. Compensation for these services shall be paid at market terms and be approved by the Board.

Deviations from the guidelines

In special circumstances the Board may deviate from these guidelines, for example, paying additional variable remuneration for exceptional performance. In such a case, the Board shall explain the reason for the deviation at the following AGM.

Share-based remuneration

The 2015 long-term incentive programme

At the 2015 Annual General Meeting (AGM), it was resolved to adopt a new long-term share-related incentive programme (the "LTIP 2015"). The LTIP 2015 comprises of:
(a) a long-term performance share plan (the "PSP") with a similar structure as the long-term incentive plans adopted in 2011-2014; and
(b) a synthetic call option plan based on the underlying value-growth in Qliro Group's subsidiaries/business units (CDON.com, Gymgrossisten, Nelly, Lekmer, tretti and Qliro Financial Services (collectively referred to as the "Subsidiaries" and each referred to as "Subsidiary")), (the "Synthetic Call Option Plan").

The performance share plan ("PSP") is proposed to in total include 51 senior executives and other key employees in the Qliro Group. In order to participate in the PSP, the employees must make a personal investment in Qliro Group shares ("Saving Shares"). The Saving Shares can either be Qliro Group shares already held by the participant, which are not allocated to ongoing incentive plans, or shares purchased on the market in connection with the notification to participate in the PSP. For each Saving Share, Qliro Group will allot retention and performance based rights to the participants free of charge, and, to the CEO and the senior executives, performance based employee stock options. Subject to fulfilment of certain retention and performance based conditions during the period 1 April 2015 – 31 March 2018 (the "Measurement Period"), each retention right and performance right will entitle the participant to receive one ordinary share free of charge and each employee stock option will entitle the participant to purchase one ordinary share at a price corresponding to 120 per cent of the market value of the share at the time of the grant of the employee stock option. The right to finally be awarded shares is also dependant on the participant retaining the Saving Shares, and, with certain exceptions, continued his/her employment in Qliro Group during the vesting period ending at the release of the interim report for the period January-March 2018.

The Synthetic Call option programme would comprise the CEOs and other key people working in Subsidiaries, in total 43 persons. The invitation to acquire and the agreements regarding synthetic call options would be attributable to a specific underlying Subsidiary in which the participant was employed. The value of the issued synthetic call options for each Subsidiary would amount to a maximum of approximately 1 per cent of the value of Qliro Group's shareholding in the underlying Subsidiary.

Allocation of synthetic call options would be made by the Board, or the Remuneration Committee, in accordance with the principles adopted by the Annual General Meeting and would be based on the employees' competence, area of responsibility and annual base salary, gross before taxes ("Gross Salary"). The participants could acquire synthetic call options for an amount that corresponded to a maximum of 7 per cent of the Gross Salary per person. The employees could, in total, invest a maximum of SEK 2.7 million in the Synthetic Call Option Plan.

Due to various reasons, the Synthetic Call option programme 2015 had not been launched.

Note 24, continued

The 2014 long-term incentive programme

At the 2014 AGM, it was resolved to adopt a performance-based incentive programme (“LTIP 2014” or ”the Plan”) for about 55 senior executives and other key employees in the Qliro Group. To participate in the Plan, the participants are required to make a personal investment in Qliro Group shares. These shares can either be shares already held or shares purchased on the market in connecction with the notification to participate in the Plan. The participants will then receive, free of charge, an allocation of retention- and performance-based share rights, as well as, in certain cases, performance-based employee options according to the terms adopted at the AGM. Subject to fulfilment of certain retention- and performance-based conditions for the period 1 April 2014 – 31 March 2017 (“the Measurement Period”), and subject to the participant retaining the invested shares during the vesting period ending at the release of the Qliro Group’s interim report for the period January – March 2017, and that the participant, with some exceptions, is still employed in the Qliro Group at the release of the interim report for the period January – March 2017, each right entitles the participant to receive, free of charge, one ordinary share in the company and each option entitles the participant to purchase one ordinary share at a price equivalent to 120% of the share price at the allotment date.

The 2013 long-term incentive programme

At the 2013 AGM, it was resolved to adopt a performance-based incentive programme (“LTIP 2013” or ”the Plan”) for about 40 senior executives and other key employees in the Qliro Group. In order to participate in the Plan, the participants are required to own shares in Qliro. These shares can either be shares already held or shares purchased on the market in connection with the notification to participate in the Plan. The participants will then receive, free of charge, an allocation of retention- and performance-based share rights, as well as, in certain cases, performance-based employee options according to the terms adopted at the AGM. Subject to fulfilment of certain retention- and performance-based conditions for the period 1 April 2013 – 31 March 2016 (“the Measurement Period”), and subject to the participant retaining the invested shares during the vesting period ending at the release of the Qliro Group’s interim report for the period January – March 2016, and that the participant, with some exceptions, is still employed in the Qliro Group at the release of the interim report for the period January – March 2016, each right entitles the participant to receive, free of charge, one ordinary share in the company and each option entitles the participant to purchase one ordinary share at a price equivalent to 120% of the share price at the allotment date.

The 2012 long-term incentive programme

The long-term incentive programme (“LTIP 2012”) adopted at the 2012 AGM was wrapped up in the second quarter of 2015. One of the Board’s established performance conditions of the LTIP 2012 was Qliro Group’s gross profit during the measurement period (1 April 2012 - 31 March 2015) which would amount to at least 2,810 million SEK for entry level and at least 3,120 million SEK to stretch target. None of the retention- and performance-based conditions were met in the 2012 long-term incentive programme, and all retention- and performance-based rights have therefore lapsed.

Personnel expenses (SEK million)	Group		Parent company	
	2015	2014	**2015**	2014
Salaries	329.9	301.6	21.0	26.4
Social security contributions	104.4	85.2	7.2	8.7
Pension expenses – defined contribution plans	23.4	20.0	3.2	3.1
Expenses for share-based remuneration	0.6	1.4	0.6	1.4
Social security contributions on share-based remuneration	-0.5	0.5	-0.5	0.5
Total	**457.8**	**408.8**	**31.5**	**40.2**

Basic salary and variable remuneration (SEK million)	Group 2015	Group 2014
Senior executives (13 persons)	20.2	22.4
Of which variable salary	*1.9*	*5.4*

Note 24, continued

Remuneration and other benefits Group (SEK million)	2015					
	Basic salary	Variable remuneration	Other benefits	Pension expenses	Rights expenses	Total
Paul Fischbein, CEO	3.5	0.3	-	1.0	0.3	5.1
Senior executives (12 persons)	14.8	1.6	-	3.7	0.2	20.3
Total	**18.3**	**1.9**	**-**	**4.8**	**0.5**	**25.5**

The amounts recognised for 2015 relate to the full year. Variable remuneration for 2015 paid out in 2016 to the CEO: SEK 0.3 (1.0) million. Remuneration for 2015 paid out in 2016 to other senior executives: SEK 1.6 (4.4) million.

Remuneration and other benefits Group (SEK million)	2014					
	Basic salary	Variable remuneration	Other benefits	Pension expenses	Rights expenses	Total
Paul Fischbein, CEO	3.3	1.0	-	0.6	0.5	5.4
Senior executives (10 persons)	13.8	4.4	-	3.4	0.9	22.5
Total	**17.0**	**5.4**	**-**	**4.0**	**1.4**	**27.9**

The amounts recognised for 2014 are for the full year. Variable remuneration for 2014 paid out in 2015 to the CEO: SEK 1.0 (0.3) million. Remuneration for 2014 paid out in 2015 to other senior executives: SEK 4.4 (3.0) million.

	Parent company	
Payroll expenses and other remuneration (SEK million)	**2015**	2014
Board and senior executives (13 persons)	12.0	14.8
Of which variable salary	*0.7*	*2.4*
Other employees	9.5	13.1
Total salaries and other remuneration	**21.5**	**27.9**

Remuneration and other benefits Group and parent company (SEK million)	2015						
	Basic salary/ Board remuneration	Board positions, subsidiaries	Variable remunera-tion	Other benefits	Pension expenses	Rights expenses	Total
Lars-Johan Jarnheimer, Chairman of the Board	0.7						0.7
Peter Sjunnesson	0.5	0.2					0.7
Lorenzo Grabau	0.5						0.5
David Kelly	0.4						0.4
Patrick Andersen	0.4						0.4
Daniel Mytnik[1]	0.4						0.4
Jens Grede	0.3						0.3
Mengmeng Du	0.3						0.3
Paul Fischbein, CEO							
Remuneration from parent company	3.5		0.3	-	1.0	0.3	5.1
Other senior executives (12 persons)							
Remuneration from parent company	3.9		0.4	-	0.9	0.2	5.5
Remuneration from subsidiaries	10.9		1.2	-	2.8	-	14.9
Total	**21.7**	**0.2**	**1.9**	**-**	**4.8**	**0.5**	**29.1**

[1] During 2015, there was a consultancy agreement between Qliro Group and Daniel Mytnik through his company which entitled him to a service fee of SEK 1.6 (0.0) million per year for services provided to the Board and management of Qliro Group in addition to customary board work. Daniel Mytnik was therefore not considered as an independent Director of the Company and its management.

Note 24, continued

The amounts recognised for 2015 relate to the full year. Accrued variable remuneration to be paid after year-end totals SEK 0.3 (1.0) million for the CEO and SEK 1.6 (4.4) million for other senior executives. The Board will receive its full remuneration from the parent company.

Notice of termination of the CEO is maximum 18 months when terminated by the company and 12 months when terminated by the employee. The CEO has no right to severance pay.

	2014						
Remuneration and other benefits Group and parent company (SEK million)	Basic salary/ Board remuneration	Board positions, subsidiaries	Variable remunera- tion	Other benefits	Pension expenses	Rights expenses	Total
Lars-Johan Jarnheimer, Chairman of the Board	0.7						0.7
Mia Brunell Livfors	0.5						0.5
Lars Nilsson	0.4						0.4
Mengmeng Du	0.3						0.3
David Kelly	0.4						0.4
Patrick Andersen	0.3						0.3
Lorenzo Grabau	0.4						0.4
Daniel Mytnik	0.4						0.4
Paul Fischbein, CEO							
Remuneration from parent company	3.3		1.0	-	0.6	0.5	5.4
Other senior executives (10 persons)							
Remuneration from parent company	4.2		1.4	-	0.9	0.9	7.5
Remuneration from subsidiaries	9.6		3.0	-	2.4	-	15.0
Total	**20.5**	**-**	**5.4**	**-**	**4.0**	**1.4**	**31.3**

The amounts recognised for 2014 are for the full year. Accrued variable remuneration to be paid after year-end totals SEK 1.0 (0.3) million for the CEO and SEK 4.4 (3.0) million for other senior executives. The Board will receive its full remuneration from the parent company.

Notice of termination of the CEO is maximum 18 months when terminated by the company and 12 months when terminated by the employee. The CEO has no right to severance pay.

Share-based remuneration

Starting in 2011, Qliro Group AB's AGM established an incentive programme for management and key employees.

The 2015 long-term incentive programme

The 2015 programme is intended for about 51 senior executives and other key employees within Qliro Group. A personal investment in Qliro Group AB shares is necessary to participate. These shares can either be already held or shares purchased at market price in connection with notification to participate in the programme. Participants must retain the shares during the three-year vesting period. After that, participants are allotted retention- and performance-based rights, and in some cases, employee options, which can be utilised later on depending on whether defined targets are met. The objectives relate to return on shares, gross profit levels and return on shares compared with a reference group. The retention-based and performance-based rights as well as the employee options were allotted to the participants free of charge in early June 2015. They can be utilised after publication of the interim report for the first quarter of 2018. The programme contains 142,800 retention-based rights, 870,000 performance-based rights and 208,000 performance-based employee stock options.

The Synthetic Call option programme for 2015 has not been launched.

Note 24, continued

The 2014 long-term incentive programme
The 2014 programme is intended for about 55 senior executives and other key employees in Qliro Group. A personal investment in Qliro Group AB shares is necessary to participate. These shares can either be already held or shares purchased at market price in connection with notification to participate in the programme. Participants must retain the shares during the three-year vesting period. After that, participants are allotted retention- and performance-based rights, and in some cases, employee options, which can be utilised later on depending on whether defined targets are met. The objectives relate to return on shares, gross profit levels and return on shares compared with a reference group. The retention-based and performance-based rights as well as the employee options were allotted to the participants free of charge in early June 2014. They can be utilised after publication of the interim report for the first quarter of 2017. The programme contains 90,100 retention-based rights, 537,500 performance-based rights and 116,000 performance-based employee stock options.

The 2013 long-term incentive programme
The 2013 programme is intended for about 40 senior executives and other key employees in the Qliro Group. A personal investment in Qliro Group AB shares is necessary to participate. These shares can either be already held or shares purchased at market price in connection with notification to participate in the programme. Participants must retain the shares during the three-year vesting period. After that, participants are allotted retention- and performance-based rights, and in some cases, employee options, which can be utilised later on depending on whether defined targets are met. The objectives relate to return on shares, gross profit levels and return on shares compared with a reference group. The retention-based and performance-based rights as well as the employee options were allotted to the participants free of charge in early June 2013. They can be utilised after publication of the interim report for the first quarter of 2016. The programme contains 61,700 retention-based rights, 361,600 performance-based rights and 344,400 performance-based employee stock options.

The 2012 long-term incentive programme
The 2012 programme is intended for about 20 senior executives and other key employees in the Qliro Group. A personal investment in Qliro Group AB shares is necessary to participate. These shares can either be already held or shares purchased at market price in connection with notification to participate in the programme. Participants must retain the shares during the three-year vesting period. After that, participants are allotted retention- and performance-based rights, and in some cases, employee options, which can be utilised later on depending on whether defined targets are met. The objectives relate to return on shares, gross profit levels and return on shares compared with a reference group. The retention-based and performance-based rights as well as the employee options were allotted to the participants free of charge in early June 2012. They could be utilised after publication of the interim report for the first quarter of 2015. The programme contains 26,375 retention-based rights, 173,100 performance-based rights and 202,800 performance-based employee stock options.

Cost effects of incentive programmes
The programmes are equity-regulated programmes. The fair value at the allotment date is expensed over the vesting period. The cost of the programmes is recognised in equity and as an operating expense. The cost is based on the fair value of Qliro Group AB shares at the allotment date and the number of shares that are expected to be earned. The cost of the programmes in 2015 totalled SEK 0.6 million (1.4), excluding social security contributions. When shares are allotted, social security contributions are paid for the value of benefits to the employee. During the vesting period, provisions are made for these estimated social security contributions.

The estimated fair value of services received in return for the employee options granted is based on the Black & Scholes valuation model. The expected volatility is based on historic values. The assumption of a 10% attrition rate during the period was also made. For the retention-based programmes, the probability that the targets will be achieved is taken into account by using adjustment factors for the various targets when the cost is calculated.

Recalculation of certain conditions in the incentive programmes adopted in 2013-2014 due to the preferential rights issues in the Qliro Group
Certain conditions in the long-term incentive programmes adopted in 2013-2014 were recalculated due to Qliro Group's preferential rights issues (carried out in Q4 2014). The following conditions were recalculated: a) the number of ordinary shares that each retention-based and performance-based right and employee option allotted 2013-2014 entitles to be granted; b) exercise prices for the employee options allotted 2013-2014; and c) the participant's maximum profit per each retention-based and performance-based right or employee option allotted 2013-2014. The actual number of assigned retention and performance shares and stock options have not been affected by the aforementioned conversion, that is, it is unchanged.

Recalculated number of ordinary shares that each retention-based and performance-based right and employee option allotted 2013-2014 entitles to be granted:

Number of ordinary shares that each retention-based and performance-based right or employee stock option entitles to be granted:	After recalculation	Before recalculation
Long-term incentive programme, 2013	1,156 shares	1,000 shares
Long-term incentive programme, 2014	1,156 shares	1,000 shares
Long-term incentive programme, 2015	1,000 shares	1,000 shares

Note 24, continued

This means that if all 1,238,838 rights and employee stock options that were allotted to senior executives and other key employees 2013-2014 could be utilised as at 31 December 2015, then a total of 1,331,256 ordinary shares would be granted to the participants after recalculation.

Dilution

If all rights and options allotted to senior executives and other key employees had been utilised as at 31 December 2015, the number of shares issued by the company would have increased by 1,331,256 ordinary shares, which corresponds to a dilution of 0.9 % of capital and votes at year-end 2015.

Outstanding rights and options	Group CEO	Senior executives	Key employees	Total
Long-term incentive programme, 2013	0	203,500	42,500	246,000
Long-term incentive programme, 2014	0	176,800	169,626	346,426
Long-term incentive programme, 2015	0	299,000	347,412	646,412
Total outstanding as at 31 December 2015	**0**	**679,300**	**559,538**	**1,238,838**

	2015		2014	
	No. of rights and options	Weighted redemption price	No. of rights and options	Weighted redemption price
Outstanding rights and options as at 1 January	1,234,801	-	807,575	-
Rights and options issued during the year	1,009,612	-	639,026	-
Rights and options forfeited during the year	-1,005,575	-	-211,800	-
Total outstanding as at 31 December	**1,238,838**	**-**	**1,234,801**	**-**

Specification of long-term incentive programme	Number of rights and options	Number of participants	Maximum redemption price[1]	Redemption period	No. of rights and options at 1 January	Forfeited during the year	Redeemed during the year	Outstanding rights and options at 31 December
Total allocation 2012[1]								
2012	267,300	20	196.3	2015	150,375	-150,375	-	-
Total allocation 2013[1]								
2013	710,200	30	150.6	2016	507,800	-261,800	-	246,000
Total allocation 2014[1]								
2014	639,026	42	109.0	2017	576,626	-230,200	-	346,426
Total allocation 2015[2]								
Senior executives	637,000	7	50.0	2018	-	-338,000	-	299,000
Key people	372,612	30	82.0	2018	-	-25,200	-	347,412
Total	**2,626,138**				**1,234,801**	**-1,005,575**		**1,238,838**

[1] Recalculated due to preferential rights issues (see explanation above)
[2] Refers only to the long-term performance share plan ("PSP")

	Group		Parent company	
Personnel expenses (SEK million)	2015	2014	2015	2014
Granted rights 2011	-	-0.5	-	-0.5
Granted rights and options 2012	-	0.1	-	0.1
Granted rights and options 2013	0.1	1.1	0.1	1.1
Granted rights and options 2014	0.3	0.6	0.3	0.6
Granted rights and options 2015	0.2	-	0.2	-
Total expense recognised as personnel expenses	**0.6**	**1.4**	**0.6**	**1.4**

The long-term incentive programme adopted at the 2012 AGM was wrapped up in the second quarter of 2015. None of the retention- or performance-based conditions were met in the 2012 long-term incentive programme, and all retention-based and performance-based rights and employee stock options have therefore expired.

Note 25 Fees and compensation to auditors

	Group		Parent company	
(SEK million)	2015	2014	2015	2014
KPMG				
Audit engagements	2.8	3.8	0.7	1.5
Audit-related services	-	0.7	-	0.7
Tax consulting	0.1	0.6	-	0.4
Other services	0.1	0.1	-	-
Total	**3.0**	**5.1**	**0.7**	**2.6**

Audit engagements refer to statutory audits of the annual accounts and accounting records and the administration of the Board and CEO, as well as other audits and reviews conducted in accordance with agreements or contracts.

This includes other duties that are incumbent on the company's auditor as well as the provision of advice or other assistance resulting from observations in connection with such reviews or the performance of such other duties.

Note 26 Supplementary disclosures regarding the statement of cash flows

Items in profit/loss for the year that do not generate cash flow from operations.

	Group		Parent company	
(SEK million)	2015	2014	2015	2014
Gain/loss on divestment of operations	-	-53.1	25.8	-
Gain from sale of non-current assets	2.2	-	-	-
Depreciation, amortisation, impairment, and disposal of non-current assets	41.9	41.3	0.8	0.6
Change in other provisions	-0.5	0.1	-0.5	-
Incentive programme	0.6	1.9	0.6	1.9
Interest expenses and income	-	8.9	-	8.9
Unrealised exchange differences	-1.0	5.9	-10.6	13.9
Other items	-	-	-	-2.6
Total	**43.3**	**5.0**	**16.1**	**22.7**
Other supplementary disclosures				
Interest received during the financial year	0.7	1.5	0.6	13.9
Interest paid during the financial year	-3.8	-18.9	-1.0	-18.4
Total	**-3.1**	**-17.4**	**-0.5**	**-4.5**

Note 27 Transactions with related parties

Group

Related parties	
Investment AB Kinnevik (Kinnevik)	Kinnevik holds shares in Qliro Group AB.
Parties related to Kinnevik:	
Tele2 AB (Tele2)	Kinnevik holds a significant number of shares in Tele2.
Modern Times Group MTG AB (MTG)	Kinnevik holds a significant number of shares in MTG

All transactions between related parties are based on market-based conditions and negotiations are completed on an arm's-length basis.

During the year, Qliro Group made purchases from Daniel Mytnik regarding rendered consulting services including disbursement of SEK 1.6 million (0.0). Daniel Mytnik is a Board member of Qliro Group AB.

In addition, there have been no transactions with senior executives beyond what is found in Note 24.

Transactions with related parties

Qliro Group purchases telecom, data communication and marketing services from Kinnevik. In 2015, purchases totalled SEK 5.5 million (16.3). Purchases in 2014 included a guarantee commission to Kinnevik in connection with the new share issue.

Transactions with parties related to Kinnevik

Qliro Group purchases telecom and data communication services from Tele2.

Qliro Group purchases advertising services from MTG.

Parent company

The parent company has related party relationships with its subsidiaries (see Note 12).

Summary of related party transactions (SEK million)	Year	Sale of goods/ services to related parties	Purchase of goods/services from related parties	Other (e.g. interest, dividend)	Claims on related parties at 31 December	Liability to related parties at 31 December
Subsidiaries	2015	19.9	-	-103.9	343.0	297.1
Subsidiaries	2014	31.0	-	29.0	377.8	358.7

Note 28 Significant events after the end of the financial year

Finnish Tax Administration seeks to impose additional tax on CDON Alandia Ab

Qliro Group AB announced after the year-end that the Finnish Tax Administration has, pertaining to the financial year 2012, decided to impose an additional tax of approx. EUR 3.8 million and a tax increase of approx. EUR 1.9 million against CDON AB's Finnish subsidiary CDON Alandia Ab.

The Tax Administration claims that Åland-registered CDON Alandia, in conjunction with the sale of goods to the Finnish mainland, has reported too little Value Added Tax (VAT) to Finland and shall pay approx. EUR 3.3 million in VAT and that the company has incorrectly reported taxes and shall be charged approx. EUR 0.5 million in additional VAT. The Tax Administration has also decided to charge CDON Alandia with a tax increase of approx. EUR 1.9 million for the financial year 2012. Any additional tax carries delay interest as of the date the taxes falls due.

CDON Alandia maintains that the company has acted correctly and in accordance with applicable law and consequently views the Tax Administration's decision to be incorrect. The company will appeal the decision to the Helsinki Administrative Court in Finland and request that the Tax Administration's decision be annulled entirely. The company will therefore not make any provisions in the accounts for the tax charges.

CDON carries out efficiency measures

Qliro Group AB announced after the year-end that the subsidiary CDON carries out efficiency measures as part of the company's transformation into the leading online marketplace in the Nordics.

Marcus Lindqvist appointed CEO of Qliro Group

Qliro Group AB announced after the year-end that Marcus Lindqvist has been appointed CEO of Qliro Group. He assumes his new role in August 2016 at the latest.

Marcus Lindqvist, 46 years old, has extensive experience from sales and marketing within the IT sector as well as from working with e-commerce. His most recent role was Head of B2B Sweden & Products at Dustin. Prior to Dustin, he served as Country Manager for Sweden at Hewlett Packard's PC division, as well as Channel Director for the Nordics at DELL.

Adlibris joins CDON Marketplace

Qliro Group AB announced after the year-end that Adlibris, the leading Nordic online bookstore, has agreed on a partnership with CDON to sell books via CDON Marketplace. In connection with the launch of Adlibris as a new Marketplace merchant, CDON will phase out its own assortment of books and instead sell Adlibris's assortment on CDON Marketplace. CDON's current sales volume of books is in the range SEK 200-250 million on an annual basis. The cooperation is expected to be launched during the summer of 2016.

Note 29 Inventories

Consolidated cost of sales includes SEK 4.2 (3.7) million in impairment of inventories.

The Board's attestation

The Board of Directors and Chief Executive Officer certify that the Annual Report has been prepared in accordance with generally accepted accounting principles in Sweden and the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards which are defined in regulation (EC) 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The annual accounts and consolidated accounts provide a true and fair view of the financial position and financial performance of the Parent Company and the Group. The Directors' Report for the Group and Parent Company present a fair summary of the Group and Parent Company's activities, position and results, and describes significant risks and uncertainty factors faced by the Parent Company and Group companies.

Stockholm, 15 April 2016

Lars-Johan Jarnheimer
Chairman of the Board

Paul Fischbein
Chief Executive Officer

Peter Sjunnesson
Board member

Jens Grede
Board member

Lorenzo Grabau
Board member

Mengmeng Du
Board member

Patrick Andersen
Board member

David Kelly
Board member

Daniel Mytnik
Board member

Our audit report was submitted on 15 April 2016

KPMG AB

Cronie Wallquist
Authorised Public Accountant

As stated above, the annual accounts and consolidated accounts were approved for publication by the Board on 15 April 2016.

Auditor's report

To the Annual General Meeting of the Qliro Group AB, Corporate Identity No. 556035-6940

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Qliro Group AB (publ) for the year 2015, except for the corporate governance statement on pages 22–31. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 6–74.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are re-sponsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and in accordance with the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 22–31. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the income statement and statement of financial position for the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Qliro Group AB (publ) for the year 2015. We have also conducted a statutory examination of the corporate governance statement.

Responsibility of the Board of Directors and Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act, and that the corporate governance statement on pages 22–31 has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As basis for our opinion on the Board of Directors proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained as above is sufficient and appropriate to provide a basis for our opinions.

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted audit standards in Sweden.

Opinion

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and consolidated accounts.

Stockholm 15 April 2016
KPMG AB

Cronie Wallquist
Authorised Public Accountant

Definitions

Average shopping basket
(Online sales + shipping revenue)/number of orders placed.

Average shopping basket – Tretti
(Online sales + shipping revenue + services sold)/number of orders placed.

Business volume – Qliro Financial Services
Gross loans granted during the period (incl. VAT)

Earnings per share
Earnings for the year attributable to the parent company's shareholders divided by average number of shares for the period.

Return on equity, %
Return on equity is calculated as net income for the four last quarters divided by average equity for the same period, as a percentage.

Equity/assets ratio
The equity/assets ratio equals equity including non-controlling interests, expressed as a percentage of total assets.

Equity per share
Equity attributable to parent company shareholders divided by the number of shares at the end of the period.

Investments/Net sales
Investments in property, plant and equipment divided by net sales for the period.

Net cash flow from operations
Cash flow from operating activities is calculated as operating income before depreciation, amortisation and other non-cash items, plus/minus changes in working capital.

Net debt/Net cash
Net debt equals total interest-bearing liabilities, less interest bearing current and non-current assets and cash and cash equivalents.

Non-recurring items
Non-recurring items, e.g. restructurings and effects of acquisitions and divestments.

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.

Operating margin, %
Operating margin is operating income as a percentage of net sales.

Operating profit/loss (EBIT)
Operating profit/loss is earnings before interest and tax (EBIT).

Return on capital employed, %
Return on capital employed is calculated as operating income for the four last quarters divided by average capital employed for the same period, as a percentage. Capital employed is calculated as the average of total non-current assets, cash and cash equivalents and working capital, less provisions.

Working capital
Working capital equals the total of inventory and current receivables, less accounts payable and other current liabilities.

NARVA

Qliro Group

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