Qliro Group

Annual Report 2014

Qliro Group AB
Nasdaq Stockholm: QLRO

Contents

Comments by the CEO	**1**
Responsibility	**3**
Financial review	**6**
Directors' Report	**7**
Corporate Governance Report	**28**
Board of Directors	**37**
Executive Management	**41**
Financial statements – The Group	**44**
Financial statements – Parent Company	**49**
Notes	**54**
The Board's attestation	**91**
Auditor's Report	**92**
Definitions	**93**

Comments by the CEO

Qliro Group continues its rapid growth and our attractive offering is reaching an increasing number of customers. In 2014, our online stores together welcomed more than 275 million visits and more than 4 million customers made over 8.5 million purchases. These impressive volumes show that each year a growing number of customers are experiencing the advantages of shopping online. This strengthens our view that e-commerce will continue to grow and take market share from traditional bricks-and-mortar retail.

2014 was an exciting and intense year for our Group; we started the year as CDON Group and ended it as Qliro Group. Sales grew by more than SEK 500 million, exceeding SEK 5 billion for the first time. All our companies showed strong performance and we continued to invest in our operations.

A focus on customers

Each of our nine stores faces its own challenges and opportunities, but the one thing they have in common is a focus on customers, and the stores are constantly developing to ensure they provide an attractive customer offering. We are expanding our range of products, enhancing customer service and improving the quality of our services. Qliro Group aims to always deliver what we promise our customers. It's therefore very pleasing that in 2014 Lekmer, Tretti and CDON were voted Prisjakt members' favourite stores and that Tretti was also named "Online Retailer of the Year" in its category for the eighth consecutive year. I would like to congratulate our employees on the great work they do in creating a better customer experience. The above-mentioned awards are a real testament from our customers, and they would not have been achieved without our talented and committed staffs, which are passionate about customer service.

Launch of Qliro payment service

Our continued success is founded on the satisfaction of our customers, and this is also the basis of an exciting initiative launched in the past year: our in-house payment and consumer finance solution Qliro. The launch of Qliro gives us greater control over the value chain and the opportunity to further strengthen customer relationships. Qliro is a strategic investment for the future that benefits both our customers and our shareholders.

Strong profitable growth

Qliro Group's sales enjoyed strong momentum in 2014, with all its companies showing growth. The Group increased total sales by 13 per cent to SEK 5,015 million and also posted a profit while making significant long-term investments. Positive earnings and improved underlying cash flow, combined with the rights issue undertaken at the end of the year, provide Qliro Group with a strong financial position and create new opportunities for the company.

Positive market outlook

We operate in a sector with high market growth and our businesses need to take advantage of the opportunities that come with such growth. We will be focusing our efforts on the Nordic markets, where we see continued strong performance and an opportunity to bolster our leading market positions. We will be establishing the Qliro payment service on a larger scale and will also launch the service in additional Nordic countries.

Our increasing volumes place significant demands on effective logistics and we are continuing measures to improve efficiency. Two examples are the consolidation of CDON's warehousing in Ljungby, which started in 2014 and Lekmer's relocation of its warehouse operations from Falkenberg to Arlandastad, which will also free up capacity for Nelly's continued expansion in Falkenberg, which will take place during the first half of 2015.

These developments mean that we are now in an exciting phase that involves making well-balanced strategic investments in a high-growth market which, under our new name of Qliro Group, will see us rapidly form a new future for the Group.

I would like to thank our customers and shareholders for the confidence you have shown in us over the past year, and we look forward to welcoming you all to our stores in 2015.

Paul Fischbein
President and 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 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 consider the climate issue 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 an equal 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 we show commitment to our community, together with our employees. We do this by working together with voluntary organisations to raise awareness on issues that are close to our business and that we support.

All the companies in the Group cooperate with Reach For Change, a charity that works to create a better world for children. Reach for Change provides social entrepreneurs with the funding, skills and networks they need to develop their ideas. Qliro Group is involved both as a sponsor for Reach For Change and through our work as adviser to the organisations Peppy Pals, Föreningen Storasyster, Right 2 Choose and Spread the Signs. Reach för Change is active in 17 countries on three continents and is approved by the Swedish Fundraising Control Authority. In 2014, 105 social entrepreneurs all over the world received support from Reach for Change, which is more than twice as many as in 2013. In total, 940,000 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 activities. For example, CDON is involved with the Movember charity, which funds research for prostate cancer, and the Ulla Karin Lindqvist foundation for ALS Research, which were supported financially and through increased awareness via the company's social media campaigns. Lekmer started a new long-term partnership with the Project Playground charity, which campaigns to improve opportunities for children and young people in South Africa's shanty towns through organised leisure activities. In addition, Gymgrossisten is partnering with the organisation Strong As Life to help children and young people in the South African shanty town Kayamandi.

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 relations 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 also 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 Qliro Group's interests 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 follow relevant laws, ordinances and international conventions in the countries in which we operate.

Our goal at Qliro Group is to always be honest and professional in our relationships with suppliers and subcontractors. We always aim to have and 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 and applies to all companies, suppliers and manufacturers with whom Qliro Group works.

All of the Group’s own production is conducted abroad, principally in China but also in countries such as Turkey and the UK. For example, irrespective of market, Nelly works exclusively with suppliers that have signed the company’s standard supplier agreement and committed to comply with Nelly’s ethical regulations. In 2014, representatives from Nelly visited all production facilities. Qliro Group’s other companies work in a similar manner to set requirements for suppliers.

Qliro Group's corporate responsibility guidelines and current code of conduct, suppler 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 the 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 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 smallest amount of material possible and generating minimal environmental impact. The result is smaller and lighter packaging material. The majority of Qliro Group's packages are sent in cardboard boxes produced from recycled fibre and companies within Qliro Group contribute to the funding of recycling systems through their membership of the Packaging and Newspaper Collection Service ("FTI") in Sweden and Grönt Punkt in Norway.

During the year, CDON.com consolidated two warehousing units into a new central warehouse facility, which will result in fewer shipment items and transits and reduced consumption of materials. This consolidation will continue and be completed in 2015, with more warehousing units being relocated to the central warehouse.

Most of Qliro Group's shipments are distributed to customers by PostNord, Bring and Posti. PostNord is the leading supplier of logistics services to, from and within the Nordics. PostNord is actively involved in environmental and climate initiatives, and since 2009 it has cut its carbon dioxide emissions by 16 per cent, owing mainly to efficiency improvements in its transport chain and investments in fuel-efficient vehicles. Bring is the first climate-neutral postal company in the world. Carbon emissions from transport between companies and consumers provided by Bring and its subcontractors is fully offset. Posti, which is used by Qliro Group in Finland, is certified to ISO 14001 standard. In 2013 it built a sorting centre equipped with solar panels, and some of its transport to agents is done with electric vehicles.

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 and we offer all our employees the same opportunities, regardless of anything that does not affect an individual's ability to do his or her job.

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 participation, interest and dedication from our employees. Every year we carry out an employee survey and performance reviews are held with all employees to identify areas for improvement, as well as to identify talent within the Group.

Financial review

2010-2014

Group (SEK million)	2014	2013	2012	2011	2010
Operating revenue and income					
Net sales	5,015	4,441	4,462	3,404	2,210
Gross income	711	594	471	587	420
Operating profit/loss (EBIT)	33	-48	-174	129	135
Earnings after net financial items	8	-82	-201	111	116
Income for the period	5	-67	-152	83	90
Profitability and related ratios					
Gross margin	14.2%	13.4%	10.6%	17.3%	19.0%
Operating margin	0.6%	-1.1%	-3.9%	3.8%	6.1%
Return on capital employed	4.4%	-5.7%	-23.3%	18.7%	36.1%
Return on equity	0.3%	-12.9%	-41.3%	22.0%	60.6%
Capital structure and related ratios					
Net debt (+)/Net cash (-)	-534	-57	247	-38	-224
Equity/assets ratio	55.7%	39.2%	15.8%	25.7%	34.2%
Key operating ratios					
No. of visits (millions)	275.3	249	244	172	114
No. of orders (millions)	8.5	7.2	7.1	6	4.7
Average shopping basket (SEK)	656	621	603	546	442

For definitions of key ratios, see Definitions.

Directors' Report

Qliro Group AB (publ) (QLRO) is a leading e-commerce group in the Nordic region. The payment service and consumer finance solution Qliro is also part of the Group. Qliro Group's shares are traded on Nasdaq Stockholm 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 its 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 nine online stores and is a leading player in the Nordic online retailing market. Its assortment includes a wide selection of products such as media, games, children's and baby products, home electronics, clothes, beauty products, white goods and nutritional supplements. In addition to online stores, the Group also operates the consumer credit service Qliro Financial Services, 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, Nelly, Gymgrossisten, Tretti, Lekmer and Qliro Financial Services. Qliro Group was previously called CDON Group until January 2015.

CDON

Operations in the CDON segment are conducted through the CDON.com online store, which is also home to CDON Marketplace. The store registered 82.9 million site visits in 2014 and received 3.6 million orders.

CDON.com was launched in 1999 and is today a leading online retailer with a very strong position on the Nordic market. CDON.com offers more products than any other Nordic online retailer and has a local presence in Sweden, Norway, Denmark and Finland. CDON.com has a scalable business model, and growth in recent years has partly originated from expansion into new product segments. Today, CDON.com has a wide product selection that offers everything from consumer electronics and mobile phones, to books, games, films, sports and leisure products, clothing and shoes and toys. The strategic objective, as a result of the segment's focus on strengthening sales volumes in future growth areas, is to convert CDON.com from a pure entertainment store into a leading e-commerce store. The department store concept was further developed in 2013 and CDON.com opened a marketplace for external stores that want to sell their products via CDON Marketplace. In 2014, CDON.com continued to broaden its own product range within new categories, and CDON Marketplace has developed into a marketplace with over 400 external retailers and sales of around SEK 145 million.

Nelly

Operations in the Nelly segment are conducted through the online stores Nelly.com, NLYman.com and Members.com. Together, the stores registered 135.1 million site visits in 2014 and received 2.7 million orders. NLYman.com was established as a separate online store in February 2014.

Nelly.com was founded in 2004. After Qliro Group acquired the online retailer in 2007, Nelly.com experienced rapid expansion and is now active in Sweden, Norway, Denmark, Finland, Germany, the Netherlands, Austria, the UK, France, Belgium, Poland and through a global online store enabling customers in around a further 60 geographical markets to shop at Nelly.com. The product selection has broadened from its initial offering of lingerie, swimwear and women's clothing to include men's clothing, as well as accessories, beauty products and sportswear. In February 2014, the men's department of Nelly.com was broken out into a men's store ***NLYman.com***. Nelly.com and NLYman.com offer a total of more than 800 brands. Several private label products have been launched since 2008 and successful design partnerships with well-known fashion bloggers have been implemented. These partnerships have resulted in the expansion of Nelly.com's 30 or so own brands, which account for around 31 per cent of Nelly's sales, and now include an extensive range of shoes and accessories and a selection of clothing and underwear.

Members.com is a shopping club launched throughout the Nordic region in September 2011, in which registered members are presented with new and unique offerings every day on carefully selected branded items and services. From its initial focus on fashion clothing, the site now also offers sports items, furnishings and beauty products.

Gymgrossisten

Operations in the Gymgrossisten segment are conducted through the online stores Gymgrossisten.com (Fitnesstukku.fi in Finland, Gymsector.com (name changed from Bodystore.de in 2014) in Germany, Austria and other EU countries, Bodystore.dk in Denmark), Bodystore.com and Milebreaker.com. Together, the stores registered 20.1 million site visits in 2014 and received 1.1 million orders in 2014.

Gymgrossisten.com was founded in 1996 and is today, even taking the entire market into consideration, the leading retailer of nutritional supplements in the Nordics. Qliro Group acquired Gymgrossisten.com and its Finnish equivalent, Fitnesstukku.fi, in 2008. The company established the brand in Norway in October 2008, in Denmark in February 2011, in Germany in December 2011, in Austria in June 2014 and an EU store in October 2014. 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 variety of nutritional supplements in various forms, such as bars, powders, and beverages. They are mainly used for muscle-building, meal replacement, performance enhancement, weight loss and to achieve general good health. The products contain vitamins, minerals, carbohydrates, and protein. The online store offers attractive external brands together with its own brands including Star Nutrition, Chained Nutrition and Smart Supps. Gymgrossisten.com also offers a growing selection of books, training equipment and training clothing.

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

Milebreaker.com launched in April 2013 on the Swedish market as an online store specifically aimed at fitness enthusiasts. Milebreaker offers everything from nutritional supplements to training equipment and sportswear for most types of fitness sports. The store is also designed to function as a source of information and inspiration, offering dietary and training tips. The product range includes name as well as in-house brands.

Tretti

Operations in the Tretti segment are conducted through the online store Tretti.com and a physical store next to the warehouse facility in Jordbro outside Stockholm. In 2014, the store registered 11.9 million site visits and received 336,000 orders.

Tretti.se is one of the largest online retailers in the Nordics of white goods and household appliances. The online store offers more than 9,000 items from well-known brands such as AEG, Bosch, Electrolux, Smeg, Miele, KitchenAid, Samsung, OBH Nordica, Siemens and Whirlpool. Tretti.se 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; the company was established the same month in Finland.

Lekmer

Operations in the Lekmer segment are conducted through the online store Lekmer.com and a physical store in Barkarby outlet centre outside Stockholm. In 2014, the online store registered 25.3 million site visits and received 782,000 orders.

Lekmer.com launched in Sweden in 2006 and is now the leading Nordic online store for toys and other products for children. Lekmer.com was acquired by Qliro Group at the end of March 2010 and the company has online stores in Sweden, Norway, Denmark, Finland and the Netherlands. Lekmer's ambition is to present a comprehensive product range for families with children. The company offers more than 10,000 items direct from the warehouse within toys, baby products, children's clothes and furnishings for children's rooms.

Qliro Financial Services

Qliro Financial Services consists of Qliro Payment Solution. Qliro Payment Solution 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 gives Qliro Group greater control over the value chain and the ability to strengthen customer relationships.

Qliro Payment Solution was launched in stages in 2014, and was launched in full on 1 December on the Swedish sites Nelly, Tretti, Lekmer and CDON.com. In December Qliro Payment Solution handled over 400,000 orders and a retail volume of more than SEK 320 million. The Qliro Financial Services segment had 42 employees at year-end. The organisation is expected to grow, primarily within technology, credit management and customer service, as the segment develops and expands into new markets. During the first half of 2015, Qliro Payment Solution will be launched on Gymgrossisten in Sweden and on the Finnish market. Furthermore, improvements to the offering are planned, along with preparations for a launch on the Norwegian market. In February 2015 Qliro applied to the Swedish Financial Supervisory Authority for a licence to become a credit market company. The licence enables entrance on the Norwegian market as well as deposits from the public.

Significant events in 2014

Divestment of Rum21

In May, Qliro Group AB entered an agreement to sell its operations in Rum21 AB to Royal Design Group AB. The agreed compensation for 100 per cent of the operations was SEK 68.0 million, of which SEK 61.5 million was paid upon transfer of the business on 27 May 2014, SEK 3.25 million in June 2014 and SEK 3.25 million in December 2014. All operational activities in Rum21 AB have consequently ceased within Qliro Group.

New Managing Director for CDON.com and Tretti

Qliro Group AB announced in May that Patrik Settlin had been appointed Managing Director of the subsidiary CDON.com (CDON AB) and that Jonas Danielsson had been appointed Managing Director of the subsidiary Tretti (Tretti AB).

Consolidation of logistics and new warehouse for CDON.com

In September, it was announced that the subsidiary CDON.com will be consolidating the majority of its warehouse operations at Ljungby, Sweden, in one of the country's largest and most modern e-commerce facilities. The move was initiated in the fourth quarter of 2014 and will be carried out in stages over a period of 12 months.

Rights issue carried out and name change to Qliro Group

Qliro Group AB's Board announced in October the decision to carry out a rights issue to fund the continued launch of Qliro Payment Solution, growth plans for subsidiaries, particularly Nelly, and the early redemption of the company's convertible bond. The Board also proposed a change to the company name from CDON Group AB to Qliro Group AB. The rights issue and the name change were approved at an extraordinary shareholders' meeting on 21 November. The early redemption of the convertible bond was carried out on 19 December. On 30 December it was announced that the rights issue had resulted in the total number of shares and votes in Qliro Group increasing by 49,756,593 to 150,444,779, of which 149,269,779 are ordinary shares and 1,175,000 are Class C shares. All 1,175,000 Class C shares are held by Qliro Group. The issue was consequently fully subscribed and raised approximately SEK 647 million before transaction costs. In January 2015, the Swedish Companies Registration Office registered the new articles of association and the company's shares, which are traded on Nasdaq Stockholm, consequently changed name to Qliro Group, with the ticker symbol "QLRO".

Qliro payment service launched in Sweden

In December, the Group announced the launch of the payment solution Qliro for invoice payments and payment by instalments on the Group's online stores Nelly, NLYman, Lekmer and CDON.com in Sweden. The payment service had been piloted on the online store Members since June and on Tretti since September.

Consolidated financial position and results

Consolidated financial results

(SEK million)	2014	2013	*Change %*
Net sales	5,014.9	4,440.5	*12.9%*
Gross income	710.9	593.8	*´19.7%*
Gross margin (%)	*14.2%*	*13.4%*	
Operating profit/loss	33.0	-48.0	-
Operating margin (%)	*0.6%*	*-1.1%*	
Net financial items	-24.6	-34.1	
Profit/loss before tax	8.3	-82.1	-
Profit/loss after tax	5.4	-67.3	-
Basic earnings per share (SEK)	0.02	-0.65	-
Diluted earnings per share (SEK)	0.02	-0.65	-
Total assets	2,367.9	1,772.1	*33.2%*

Summary of sale of operations and non-recurring items

(SEK million)	2014	2013
Net sales	**48.0**	**113.7**
Sales of operations (Heppo & Rum 21)	48.0	113.7
Operating profit/loss	**24.4**	**-47.8**
Gymgrossisten (warehouse relocation)	0.0	-5.6
CDON (warehouse consolidation)	-11.6	-32.0
Sales of operations (Heppo & Rum 21 and others)	36.0	-10.1

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

(SEK million)	2014	2013	*Change %*
Net sales	4,966.8	4,326.8	*15%*
Gross income	710.4	608.7	*17%*
Gross margin (%)	*14.3%*	*14.1%*	
Operating profit/loss	8.6	-0.3	
Operating margin (%)	*0.2%*	*0.0%*	

Sales

Net sales amounted to SEK 5,014.9 million (4,440.5). Excluding divested operations, net sales increased by 15 per cent in 2014, amounting to SEK 4,966.8 million (4,326.8). The Group's online retailers attracted a total of 275.3 million visits (249.4) and generated 8.5 million orders (7.2).

Operating expenses

Consolidated expenses for goods sold totalled SEK 4,303.9 million (3,846.6), including non-recurring items totalling SEK 10 million (33.2) related to CDON's warehouse consolidation. The corresponding gross margin amounted to 14.2% (13.4%); excluding non-recurring items and divested operations the gross margin was 14.3% (14.1%). The gross margin increased mainly as a consequence of higher sales in a number of segments.

Consolidated sales and administrative expenses amounted to SEK 717.6 million (637.0).

The Group's operating profit excluding non-recurring items and the sale of operations for the full year amounted to SEK 8.6 million (loss: -0.3) with an operating margin of 0.2% (0.0%). Including non-recurring items and sale of operations, operating profit amounted to SEK 33.0 million (loss of -48.0) million and the operating margin totalled 0.6% (-1.1%).

Net financial items

The Group's net interest and other financial items amounted to SEK -24.6 million (-34.1), which primarily concerned the interest costs related to the convertible bond issued by Qliro Group on 2 December 2010, for which early redemption was carried out on 19 December, 2014. Consolidated profit before tax totalled SEK 8.3 million (loss of -82.1).

Tax

The Group reported income tax expenses of SEK 3.0 million (tax revenue of SEK 14.8 million). Group net income therefore totalled SEK 5.4 million (-67.3). See Note 9 for further details regarding taxes.

Net profit and earnings per share

Group net income improved from SEK -67.3 million to SEK 5.4 million.

The total number of shares issued at 31 December 2014 amounted to 150,444,779 (100,688,186). The Group reported basic earnings per share of SEK 0.02 (-0.65) for the full year, based on the weighted average number of shares outstanding during the period. The Group reported diluted earnings per share of SEK 0.02 (-0.65), based on the weighted average number of shares outstanding during the period.

Consolidated financial position

Group total assets at the reporting date grew by 33.2 per cent compared to the previous year, to SEK 2,360.8 million (1,772.1), attributable mainly to cash and cash equivalents, and owing to increased accounts receivable and higher stock levels. Stock levels increased year-on-year to SEK 657.9 million (525.2). The increase in stock levels is mainly due to the group's increased sales.

Cash flow from operating activities before changes in working capital improved to SEK 16.0 million (-54.5). The Group reported a SEK -122.5 million (-84.0) change in working capital. The Group's rolling twelve month return on capital employed was 4.4% (-5.7%).

Group cash flow to investing activity amounted to SEK -19.0 million (-36.4), which primarily reflected investments in Qliro Financial Services and ongoing investments in the Group's store platforms and logistics operations, as well as the SEK 68.0 million cash flow impact from divestment of the operations in Rum21.

Consolidated cash flow from financing activities amounted to SEK 368.3 million (336.7), which is chiefly an effect of the rights issue carried out in 2014, with a cash flow impact of SEK 626.3 million, including issue expenses, as well as early redemption of the Group's convertible bond of a nominal amount of SEK -250 million.

Total interest-bearing liabilities for the Group amounted to SEK 0.0 million (231.7) at year-end.

Group cash and cash equivalents increased by SEK 245.1 million to SEK 534.0 million (288.9). The Group therefore had a net cash position (defined as interest-bearing liabilities less cash and cash equivalents) of SEK 534.0 million (-57.2).

Acquisitions and divestments

In May, it was announced that an agreement had been entered to sell the operations in Rum21 AB to Royal Design Group AB. The agreed compensation for 100 per cent of the operations was SEK 68.0 million, of which SEK 61.5 million was paid upon transfer of the business on 27 May 2014, SEK 3.25 million in June 2014 and SEK 3.25 million in December 2014. Rum21 had sales of around SEK 90 million and reported operating profit of SEK -1.5 million in 2013. The capital gain amounted to SEK 39.5 million. Qliro Group owned 90.1 per cent of the shares in Rum21 AB and the shares of the minority interests were acquired in the third quarter of 2014. As a consequence, all operating activities in Rum21 AB (which subsequently changed name to CDON Group Online Retailing AB) ceased for Qliro Group.

The Group's earnings decreased by SEK 1.5 million with regards to the finalization of the sale of CDON Group E-commerce AB (former Heppo AB). Adjusted for this the received proceeds for the sale of CDON Group E-commerce AB amounted to SEK 9.2 million in 2014. The total proceeds from the sale of CDON Group E-commerce AB thus amounted to SEK 41.4 million.

Segments

CDON*

(SEK million)	2014	2013	*Change %*
Net sales	1,887.8	1,839.3	*3%*
EBITDA	4.0	9.8	
EBITDA margin	0.2%	0.5%	
EBIT	-4.0	2.2	
EBIT margin	-0.2%	0.1%	
Cash flow from operations	9.2	-65.8	
Investments (CAPEX)	-17.6	-12.6	
Cash flow after investments	-8.3	-78.4	
Opening inventory balance	188.7	253.3	*-26%*
Closing inventory balance	237.9	188.7	*26%*
No. of active customers (thousands)	1,733	1,818	*-5%*
No. of visits (thousands)	82,857	87,887	*-6%*
No. of orders (thousands)	3,647	4,044	*-10%*
Average shopping basket (SEK)	551	468	*18%*

* Excluding non-recurring items, which are detailed on page 11

The CDON segment comprises the CDON.com online store, which is also home to CDON Marketplace. Sale in 2014 increased by 3 per cent. Sale excluding currency effects rose by 2 per cent for the full year and accounted for 38 per cent (43) of the Group's total sales.

CDON.com is a leading Nordic online retailer with a strong market position. From initially only selling media products, the product offering has gradually been broadened and today includes a wide range, featuring everything from consumer electronics to sports & leisure, clothing & shoes and toys. The shift from media products to other categories continued in 2014, with new supplier partnerships, an expanded product range and the continued development of CDON Marketplace, where external stores can sell products through CDON.com, all contributing to increased sales volumes. Despite the decrease in sales of media-related products, CDON grew in 2014 and over 400 external parties were affiliated to CDON Marketplace. CDON Marketplace increased sales by approximately 48 per cent to SEK 145 million (98) and the number of orders rose by 57 per cent. Over the year, sales of media-related products decreased from 40 to 35 per cent of CDON's total sales. This resulted in a reduction in the number of active customers, site visits and orders.

Operating profit was negatively impacted during the year by the change in product mix, as a large proportion of products that CDON has expanded into have a lower product margin than media-related products, and by investments related to the ongoing restructuring. An increase in the average order value had a positive impact on operating profit.

Towards the end of the year, CDON began consolidating its warehouse operations in Ljungby, Sweden. This consolidation is happening in stages over a period of 12 months and the new warehouse is expected to be fully operational during the second half of 2015. The total costs attributable to the move are expected to amount to SEK 15-20 million. Costs in 2014 attributable to the warehouse consolidation totalled SEK 11.6 million and were reported as a non-recurring item.

Nelly

(SEK million)	2014	2013	*Change %*
Net sales	1,102.0	932.6	*18%*
EBITDA	-10.0	-13.7	
EBITDA margin	-0.9%	-1.5%	
EBIT	-14.7	-16.0	
EBIT margin	-1.3%	-1.7%	
Cash flow from operations	-3.4	-71.9	
Investments (CAPEX)	-20.6	-13.6	
Cash flow after investments	-24.0	-85.6	
Opening inventory balance	124.7	159.6	*-22%*
Closing inventory balance	196.2	124.7	*57%*
No. of active customers (thousands)	1,229	972	*26%*
No. of visits (thousands)	135,082	109,329	*24%*
No. of orders (thousands)	2,681	2,078	*29%*
Average shopping basket (SEK)	585	631	*-7%*

Other information	2014	2013	*Change %*
Percentage of own brand sales	31%	31%	*0%*
Returns rate	33%	33%	*0%*
Product margin	47%	48%	*-1%*
Handling and distribution costs	25%	26%	*-1%*
Sweden, percentage of net sales	43%	44%	*-1%*
Sweden, EBIT margin	4%	-2%	*6%*
Nordics, percentage of net sales	87%	89%	*0%*
Nordics, EBIT margin	2%	-3%	*5%*

The Nelly segment comprises the online stores Nelly.com, NLYman.com and Members.com. The segment's sales were up 18 per cent during the year and accounted for 22 per cent (22) of the Group's total sales.

The Swedish market accounted for 43% (44%) of the segment's total sales volume in 2014. Segment sales outside the Nordic region accounted for 11% (11%); the Netherlands was the largest market for these sales. The segment's product margin was 47% (48%) and sales of own brand products accounted for 31% (31%) of total sales. The percentage of returns during the year was 33% (33%).

Operating profit was positively affected during the year by the increased sales volumes and efficiency improvements in the value chain and logistics. Towards the end of the year, operating profit was negatively impacted by foreign exchange fluctuations primarily attributable to the strengthening of the US dollar. Apart from this effect, operating profit improved compared with the previous year.

Gymgrossisten*

(SEK million)	2014	2013	*Change %*
Net sales	831.1	677.4	*23%*
EBITDA	68.9	64.2	
EBITDA margin	8.3%	9.5%	
EBIT	65.9	60.5	
EBIT margin	7.9%	8.9%	
Cash flow from operations	76.3	40.9	
Investments (CAPEX)	-6.9	-7.6	
Cash flow after investments	69.4	33.3	
Opening inventory balance	85.9	63.6	*35%*
Closing inventory balance	97.1	85.9	*13%*
No. of active customers (thousands)	527	442	*19%*
No. of visits (thousands)	20,090	16,984	*18%*
No. of orders (thousands)	1,087	880	*23%*
Average shopping basket (SEK)	768	762	*1%*

Other information	2014	2013	*Change %*
Percentage of own brand sales	43%	42%	*1%*
Returns rate	2%	1%	*0%*
Product margin	36%	38%	*-2%*
Handling and distribution costs	13%	13%	*0%*
Nordics, percentage of net sales	98%	98%	*0%*
Nordics, EBIT margin	9%	9%	*0%*

* Excluding non-recurring items, which are detailed on page 11

The Gymgrossisten segment includes the online stores Gymgrossisten.com (Fitnesstukku.fi in Finland, Bodystore.dk in Denmark and Gymsector.com (name changed from Bodystore.de in 2014) in the EU, Bodystore.dk in Denmark), which mainly sell nutritional supplements, and the Swedish stores Bodystore.com, which is an online health food store, and Milebreaker.com, aimed at fitness enthusiasts. Sales in this segment grew 23% in 2014 and accounted for 17% (15%) of total Group sales.

Gymgrossisten continued to display healthy sales growth, although growth in the second half of 2014 did flag compared with previous years. The number of customers, orders and visits displayed a solid increase during the year, and the average order value was in line with previous years. Gymgrossisten's ongoing expansion of own brand products has resulted in a growing range and a larger percentage of sales of own brands on all markets, which is strengthening the gross margin. Sales of own brand products such as Star Nutrition, Chained Nutrition and SmartSupps accounted for 43% (42%) of total sales in 2014.

Increased sales had a positive impact on operating profit, however profit was negatively affected by higher marketing costs resulting from greater competition and by continued investments in IT and product development.

Tretti

(SEK million)	2014	2013	*Change %*
Net sales	668.7	568.8	*18%*
EBITDA	6.5	6.1	
EBITDA margin	1.0%	1.1%	
EBIT	3.4	2.4	
EBIT margin	0.5%	0.4%	
Cash flow from operations	6.7	-2.4	
Investments (CAPEX)	-1.3	-1.0	
Cash flow after investments	5.4	-3.4	
Opening inventory balance	64.2	51.4	*25%*
Closing inventory balance	61.5	64.2	*-4%*
No. of active customers (thousands)	282	222	*27%*
No. of visits (thousands)	11,946	10,136	*18%*
No. of orders (thousands)	336	295	*14%*
Average shopping basket (SEK)	2,058	2,011	*2%*

The Tretti segment comprises the Tretti.com online stores and, as of 2015, also 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 saw a positive sales development during the year, primarily as a result of expanding its product range. Sales increased by 18 per cent during the year and accounted for 13 per cent (13) of the Group's total sales.

The segment's positive operating profit is largely a result of an improved gross margin. Investments in personnel had a negative impact on operating profit towards the end of the year, and in early 2015 work began on consolidating Tretti's operations at the company's offices in Stockholm. This consolidation is expected to be completed during the first half of 2015.

Lekmer

(SEK million)	2014	2013	*Change %*
Net sales	484.0	317.0	*53%*
EBITDA	2.2	-1.5	
EBITDA margin	0.5%	-0.5%	
EBIT	0.5	-2.6	
EBIT margin	0.1%	-0.8%	
Opening inventory balance	42.9	33.7	*27%*
Closing inventory balance	65.0	42.9	*52%*
No. of active customers (thousands)	408	299	*37%*
No. of visits (thousands)	25,348	18,542	*37%*
No. of orders (thousands)	782	534	*46%*
Average shopping basket (SEK)	630	592	*6%*

Lekmer displayed persistently healthy growth and sales were up 53 per cent for the year and accounted for 10 per cent (7) of the Group's total sales. The company continued to invest in growth and grew its market share. Lekmer's physical store, which opened at Barkarby outlet centre outside Stockholm in April 2014 performed well.

In January 2015, Lekmer announced that the company will relocate its warehouse operations from Falkenberg to Arlandastad just north of Stockholm. The move gives Lekmer access to a larger warehouse area and an automated goods flow. The warehouse relocation is expected to bring about significant improvements in efficiency and reduced handling costs for Lekmer. The cost of the move is expected to amount to SEK 15-20 million and will impact Lekmer's earnings for the first quarter of 2015. The cost of moving is expected to be offset by the savings generated on an annual basis by the move.

Qliro Financial Services

(SEK million)	2014
Interest income	0.1
Other income	2.2
Total operating income	2.3
Administrative expenses	-12.0
Other operating expenses	-4.6
EBIT	-14.2
Loans to the public	181.2
of which external financing	0.0
Business volumes	343.6
No. of orders (thousands)	428
Average shopping basket (SEK)	802

Qliro Group's payment and consumer financing solution, Qliro Payment Solution, was piloted during the year on Members and Tretti's Swedish websites. The payment solution was launched on CDON, Nelly and Lekmer's Swedish websites on 1 December. The payment solution handled 407,000 orders in the fourth quarter. Both the organisation and the technical systems coped well with the volumes and Qliro Financial Services' underlying business volumes were consistent with the plan. By the end of the year, lending to the general public totalled SEK 181.2 million.

At the end of 2014, the segment had 42 employees and the organisation is expected to grow further, primarily within technology, credit management and customer service, as the segment develops and expands into new markets. During the first half of 2015, Qliro Payment Solution will be launched on Gymgrossisten in Sweden and on the Finnish market. Furthermore, improvements to the offering are planned, along with preparations for a launch on the Norwegian market.

Outlook

Qliro Group's long-term goal for sales growth is growth that is consistent with or above that of the market for each segment. Qliro Group's long-term profitability goal is detailed in the table below. Marketing-related investments in 2015 are expected to be concentrated in the Nordic region to a greater extent than in 2014. No forecast is provided for 2015.

Segment	Sales growth	EBITDA margin
Nelly		5-7%
Lekmer	*Growth in line with or*	3-5%
CDON.com	*above the market for*	2-3%
Gymgrossisten	*respective companies*	7-9%
Tretti		2-4%

Provided the subsidiaries deliver sales volumes in accordance with their business plans, the objective is for Qliro Financial Services 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.

Overview of risk factors

A number of factors affect, or may in the future affect, the operations of Qliro Group, both those directly related to Qliro Group and those that relate indirectly to its operations. Some of the risk factors considered significant to 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 Qliro Group's IT and control systems
- Supplier relationships
- Warehousing and distribution
- Expansion into new markets and new segments
- Ability to recruit and retain personnel

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 cent per annum in recent years. In 2014, the e-commerce market in Sweden accounted for 6.4 per cent of total retail sales, compared with 1.2 per cent in 2003, according to the Swedish Retail Institute (HUI). There are no assurances that the e-commerce market will continue to show the same positive trend, or that the products Qliro Group sells will benefit from positive market developments.

Seasonal variations

In the CDON 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, with the second and fourth quarters being strongest. Lower demand during a single quarter can affect sales in a segment, and therefore can have a negative impact on the entire Group's sales and earnings.

Risks related to fashion trends

In the Nelly segment, Qliro Group is also exposed to fluctuations in trends and fashion, as well as consumer preferences regarding 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 price cuts.

Economic situation and consumer purchasing power

Demand for the products that Qliro Group sells is affected by the general economic situation, especially in Sweden and the rest of the Nordic region, and developments on 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 weaker economy resulting in lower consumer spending could reduce demand for Qliro Group's products, which could have an adverse impact on the Group's financial position and earnings.

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 advanced IT and control systems, but certain systems are not fully integrated and some processes contain elements of manual administration and assumptions regarding 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 negative 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 opinion that alternatives exist for most of the company's current suppliers, which means that if the company loses one or more suppliers it will only have a limited negative impact on the business.

Warehousing and distribution

Qliro Group has a number of warehouses that are associated with the company's online stores. If a warehouse for some reason were to be destroyed or closed or if its equipment were seriously damaged, the company might not be able to deliver the 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 that Qliro Group cannot quickly and cost-effectively find an alternative warehouse or repair the warehouse in question or its equipment or find alternative transport solutions, this may have a considerable negative effect on the company's operations, earnings and financial position. Qliro Group works continually with loss prevention measures 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 has a long-term strategy to grow at a rate in line with or above that of the market for each segment. Even if Qliro Group conducts a thorough business analysis prior to each investment, potential expansion into new geographic markets or sectors may entail unforeseen costs such as lower-than-expected sales for Qliro Group.

Ability to recruit and retain personnel

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 companies work with programmes and initiatives to ensure that staff development, talent identification and succession planning procedures are in place for the Group's key personnel.

Financial risks

Currency risks

Qliro Group's reporting currency is the Swedish krona. Since a significant portion of Qliro Group's sales, some 44 per cent for the full year 2014, are take place outside Sweden, the company is exposed to certain risks related to transactions in various 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 one party 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. Credit risk attributable to Qliro Group's accounts receivable is distributed among a large number of customers, mainly private individuals, in small amounts. Accounts receivable are sold both to the internal company Qliro AB (see also "Qliro AB") and to external factoring companies. The vast majority of sales of accounts receivable to external factoring companies take place 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. Qliro’s consumer lending is supervised by the Swedish Consumer Agency. The operations conducted by Qliro during 2014 were not subject to a licence but in February 2015 Qliro applied to the Swedish Financial Supervisory Authority for a licence to become a credit market company. The licence enables entrance on the Norwegian market as well as deposits from the public.

Qliro’s operations are exposed to a number of risks. The most significant risks are considered to be credit risk and business risk/strategic risk.

Since 2014 the subsidiary Qliro has offered payment by invoice or instalment of purchases on some of the Group’s Swedish online stores. Credit risk refers to Qliro not receiving payment according to an issued invoice 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 regarding 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 2014, Qliro Group had no liabilities and had liquid funds SEK 534 million. In future, part of Qliro Financial Services’ operations and consumer lending may be funded through borrowing, chiefly through a short-term revolving credit facility. When using credit facilities, a portion of Qliro Group’s cash flow will be used to service interest.

Liquidity risks
The Group works continually with risks associated with liquidity. Access to cash and cash equivalents is extremely important, since many of the Group’s companies experience seasonal variations. Access to cash and cash equivalents for subsidiaries is ensured partly through the use of a Group-wide cash pool and the Parent Company’s bank credit facilities. Qliro Financial Services also has its own credit facility. At the end of 2014, Qliro Group had a net cash position amounting to SEK 534 million.

Intangible non-current assets
Qliro Group’s intangible non-current assets at 31 December 2014 were valued at SEK 686 million; these comprised goodwill of SEK 456 million, brands of SEK 102 million, development expenses of SEK 68 million and other intangible non-current assets of SEK 60 million. Indications of changes in the value of the assets are tested continuously, and Qliro Group has made the assessment that there was no impairment requirement as of 31 December 2014.

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, Qliro Financial Services' operations may, if the business is expanded to external customers and new geographical markets, be subject to regulatory requirements (see "Qliro Financial Services" in Financial risks-section). Qliro Group endeavours to comply with applicable laws and regulations and makes use of external expertise where necessary.

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 a negative effect on Qliro Group.

Environment

Qliro Group's operations require warehousing, packaging and transportation. Our customers, 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 smallest amount of material possible and generating minimal environmental impact.

Most of Qliro Group's shipments are distributed to customers by PostNord, Bring and Posti. PostNord is actively involved in environmental and climate initiatives, and since 2009 it has cut its carbon dioxide emissions by 16 per cent, owing mainly to efficiency improvements in its transport chain and investments in fuel-efficient vehicles. Bring is the first climate-neutral postal company in the world. Carbon emissions from transport between companies and consumers is fully offset. Posti, which is used by Qliro Group in Finland, is certified to ISO 14001 standard.

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 necessary to the success of Qliro Group, as well as to meet established targets for growth and business development.

The Group had 895 full-time employees at year-end, compared with 805 at the beginning of the year. See Notes 23 and 24 for information regarding the average number of employees and salary expenses.

Proposal for the guidelines for remuneration to senior executives

The Board proposes the following guidelines for remuneration to senior executives in the Qliro Group company group as well as Members of the Board (of the parent company), to the extent 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
- 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 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 the 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 2012, 2013 and 2014. See Note 24 for further information about these programmes.

The total cost of the incentive programme proposed to the 2015 AGM is estimated to amount to SEK 6.0 million excluding social charges in accordance with IFRS 2. The cost will be distributed over the years 2015 - 2018. The estimated expenses for social charges will also be expensed as personnel costs through regular provisions. Expenses for social charges are expected to amount to about SEK 1.9 million.

The maximum cost of the incentive programme is expected to total about SEK 7.0 million, and the maximum expense for social charges about SEK 14.8 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 faces the same risks and uncertainties as the Group, since the parent company's operations are dependent on the Group.

The parent company reported sales of SEK 31.0 million (52.1) for the full year. Administrative expenses amounted to SEK 59.7 million (-77.7) for the full year and reflected costs of a recurring nature, primarily regarding Group-wide functions, but also 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 17.2 million (-10.9) for the full year. The parent company received Group contributions from subsidiaries amounting to SEK 125.2 million and paid Group contributions to subsidiaries amounting to SEK 107.4 million. Group loss before tax totalled SEK 28.1 million (-243.3) for the full year.

Cash and cash equivalents in the parent company amounted to SEK 495.3 million (267.7) at year-end.

The parent company made investments of SEK 17.9 million (16.7) million in non-current assets during the year. The majority of the investments, SEK 16.2 million, related to the acquisition of additional 9.9 per cent of the shares in Rum 21 and an unconditional shareholder's contribution to Qliro AB.

Proposed allocation of profits

These amounts are at the disposal of the shareholders as of 31 December 2014 (SEK):

Share premium reserve	1,076,535,317.28
Retained earnings	-38,612,703.11
Loss for the year	-21,445,870.66
Total	**1,016,476,743.51**

The Board proposes that retained earnings, share premium reserve and loss for the year, totalling 1,016,476,743.51, be carried forward. The share premium reserve amounted to SEK 1,076,535,317.28.

Regarding the company's financial performance and position, see the financial statements and accompanying notes and comments.

Share data

Qliro Group's shares are listed on the Nasdaq Stockholm's Mid Cap list under the symbol QLRO. Qliro Group's market capitalisation at the close of trading on the Nasdaq Stockholm on the last business day of 2014 was SEK 2.6 billion.

Shareholders at 30 January 2015*

	Capital (%)	Votes (%)	No. of shares
Investment AB Kinnevik	28.5%	28.7%	42,813,172
Swedbank Robur Funds	7.7%	7.8%	11,622,235
Oppenheimer Funds	5.6%	5.7%	8,437,561
Invesco Funds	5.1%	5.1%	7,609,744
Henderson Funds	4.9%	4.9%	7,368,826
AMF Insurance & Funds	2.1%	2.1%	3,135,081
Avanza Pension	2.0%	2.0%	1,987,322
Handelsbanken Funds	1.6%	1.6%	2,398,255
Enter Funds	1.5%	1.6%	2,324,475
Nordnet Pension	1.2%	1.2%	1,852,717
Fourth AP Fund	1.1%	1.2%	1,725,341
Öhman Funds	0.9%	0.9%	1,314,938
SEB Life	0.8%	0.8%	1,197,380
Madrague Capital	0.8%	0.8%	1,146,788
Third AP Fund	0.7%	0.7%	1,024,230
Total for the 15 largest owners – by holdings	**64.5%**	**65.1%**	**96.958.065**
Other shareholders	35.5%	34.9%	53,486,714
Total shares issued**	**100.0%**	**100.0%**	**150,444,779**

* During November-December 2014 the company carried out a preferential rights issue of ordinary shares, that was completed and registered by the Swedish Companies Registration Office in the end of December 2014. Due to technical reasons, Euroclear Sweden (that maintains the company's shareholders' register) completed the final registration of the company's new issued ordinary shares in its systems/databases in the beginning of January 2015. For that reason, the shareholders' list above (that is based on the records in the shareholders' register maintained by Euroclear) provides a more accurate overview of the shareholdings in the company (after the rights issue).

** Includes 1,175,000 C shares held by Qliro Group. In accordance with the Companies act, 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.

Source: SIS Ägarservice

Share capital

At 30 January 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 one (1) 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 approved 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 2013 and 2014, please see the Consolidated Statement of Changes in Equity.

At 31 December 2014 there were 1,234,801 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 rights to transfer shares.

Dividend

The parent company paid no dividend in 2014 and the Board proposes no dividend for 2015.

Share price development

Recalculated to take into account the rights issue carried out in the year, the share price at the beginning of the year was SEK 27.75. On the last trading day of the year, the share price was SEK 17.50.

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 Annual Accounts Act, the listing rules of Nasdaq Stockholm, the Swedish Corporate Governance Code and other relevant Swedish and international laws and regulations.

The company follows the Swedish Corporate Governance Code in most aspects, and only deviates from its recommendations in respect to the composition of the remuneration committee, which is detailed in the "Remuneration Committee" section.

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 President 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 approximately 18,222 shareholders at year-end 2014. Shareholdings by its ten largest shareholders correspond to approximately 54 per cent of the share capital and votes. Swedish institutions and mutual funds own approximately 54 per cent of the share capital; international investors hold about 28 per cent; Swedish private investors own around 18 per cent.

The share capital consists of two share types; ordinary shares and Class C shares. There are no restrictions on the number of votes each shareholder can cast at the AGM. For further information regarding the company's shares, please see the "Shareholder information" section.

On 13 May 2014 Qliro Group's AGM authorised the board to decide on a new share issue (and repurchase) of no more than 475,000 Class C shares in the company. The purpose of the authorization was to ensure delivery of shares to participants in Qliro Group's share-based long-term incentive programme adopted at the 2014 AGM. The aforementioned authorization has, at the close of 2014, not been utilized.

Information that is regularly provided to the shareholders includes interim and full-year financial reports, financial statements and press releases on significant events that take place during the year. All reports, press releases and other information can be found on Qliro Group's website www.qlirogroup.com.

Annual General Meeting

The Annual General Meeting (AGM) is a limited company's highest decision-making body and a forum for shareholders to exercise their voting rights to influence issues affecting the company 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 and rules of procedure for the AGM 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 shall 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 Board members and the Chairman of the Board, the company's auditors and certain other matters provided for by law and the Articles of Association.

The AGM for financial year 2014 will be held on 18 May 2015, in Stockholm, Sweden.

Nomination Committee

Tasks of the Nomination Committee include:

- Evaluation of the Board's work and composition
- Submission of proposals to the AGM regarding the election of Board members and the Chairman of the Board

- Preparation of proposals for the election of auditors in cooperation with the Audit Committee (as appropriate)
- Preparation of proposals for the fees to be paid to Board Directors and to the company's auditors
- Preparation of proposals for the Chairman of the Annual General Meeting
- Preparation of proposals to the AGM regarding the Nomination Committee's composition and work during the following year.

In accordance with the resolution of the 2014 Annual General Meeting, Cristina Stenbeck, as the representative of the largest shareholder Investment AB Kinnevik, has convened a Nomination Committee consisting of members appointed by the largest shareholders in Qliro Group. The Nomination Committee comprises Cristina Stenbeck appointed by Investment AB Kinnevik; Annika Andersson appointed by Swedbank Robur Funds and Rezo Kanovich appointed by Oppenheimer Funds. Cristina Stenbeck was appointed chairperson of the nomination committee at its first meeting. The Nomination Committee together represented over 41 per cent of the votes in Qliro Group AB as of 30 December 2014. The members of the Nomination Committee do not receive any separate remuneration for their work.

The Nomination Committee will submit a proposal for the composition of the Board and Chairman of the Board to be presented to the 2015 AGM for approval.

Board of Directors

The members of the Board of Directors are elected at the AGM for the period up until the end of the following AGM. The Qliro Group's Articles of Association do not include any restrictions regarding the eligibility of Board members. According to the Articles of Association, the Board shall 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 internal activities that include rules pertaining to the number of regular board meetings, which issues will be handled at regular board meetings and the duties of the chairperson. The work of the Board is also governed by laws 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 business 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 or not issues have been reviewed by the committees.

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 business 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. 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 of 31 December 2014

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

Name	Position	Date of birth	Nationality	Elected	Independent of major shareholders	Independent of the company and its management	Remuneration Committee	Audit Committee
Lars-Johan Jarnheimer	Chairman of the Board	1960	Swedish	2010	Yes	Yes	Member	
Patrick Andersen	Member	1962	Danish	2013	Yes	Yes		
Mia Brunell Livfors	Member	1965	Swedish	2010	No	No		Chairman
Mengmeng Du	Member	1980	Swedish	2010	Yes	Yes		
Lorenzo Grabau	Member	1965	Italian	2014	No	No	Chairman	
David Kelly	Member	1963	British	2013	Yes	Yes		Member
Daniel Mytnik	Member	1971	Swedish	2014	Yes	Yes	Member	Member
Lars Nilsson	Member	1956	Swedish	2010	Yes	Yes		Member

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 in relation to the company's major shareholders.

Remuneration Committee

The Remuneration Committee comprises Lorenzo Grabau, Chairman, Lars-Johan Jarnheimer 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 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. Lorenzo Grabau is not independent in relation to the company and its management due to his role as member of the Board of Modern Times Group MTG AB (former owner of Qliro Group), which until 19 December 2014 held a Qliro Group convertible bond, and a company in which Investment AB Kinnevik owns more than 10 per cent of shares. As CEO of Investment AB Kinnevik, Lorenzo Grabau represents shareholders who together hold more than 10 per cent of shares in Qliro Group. The company therefore deviates from this rule in the Code. The reason for the deviation is that Lorenzo Grabau has significant experience in establishing and defining remuneration principles in listed companies, thereby providing the committee with the appropriate expertise.

Audit Committee

The Audit Committee comprises Mia Brunell Livfors, Chairman, David Kelly, Daniel Mytnik and Lars Nilsson.

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 matters such as evaluating the quality and accuracy of financial reporting, internal control, internal audit and risk assessments.

Remuneration to Board members

The fixed remuneration for the Board for the period until the close of the 2015 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 the Board members will be 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 company compensation and company size.

Board work in 2014

During the year, the Board regularly reviewed Qliro 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, acquisitions, start-ups, divestments and efficiency improvements of internal procedures and control processes.

The Board held five ordinary meetings, one constitutive meeting and six extraordinary meetings (one of which was held per capsulam) in 2014.

Presence at Board and committee meetings

Name	Board meetings	Audit Committee	Remuneration Committee
Number of meetings up to and including 12 May 2014	3	2	2
Number of meetings from 13 May 2014	9	5	2
Total number of meetings in 2014	**12**	**7**	**4**
Lars-Johan Jarnheimer	12		4
Patrick Andersen	11	2	
Mia Brunell Livfors	11	5	2
Mengmeng Du	12		2
Lorenzo Grabau (from 13 May 2014)	7		2
David Kelly	12	7	
Daniel Mytnik (from 13 May 2014)	9	5	2
Lars Nilsson	12	7	
Jonas Kjellberg (up to and including 12 May 2014)	3		

Note: Patrick Andersen was a member of the Audit Committee up to and including 12 May 2014; Mia Brunell Livfors was a member (and Chairman) of the Remuneration Committee up to and including 12 May 2014 and is a member (and Chairman) of the Audit Committee from 13 May 2014; Mengmeng Du was a member of the Remuneration Committee up to and including12 May 2014.

External auditors

Qliro Group AB's auditor was elected by the 2012 AGM for a period of four years. KPMG was elected as Qliro Group AB's main auditor and has been the external auditor since 1997. Cronie Wallquist, certified public accountant, is responsible for the audit of the company on behalf of KPMG as of September 2013.

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 2013 and 2014. These services comprised consultation on accounting and tax issues and other audit-related assignments.

Audit assignments have involved 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 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 ongoing management of the company in accordance with the guidelines and instructions 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. Among other tasks, this includes preparation of financial reports and providing information to and communicating with investors.

Regular board meetings are held in Qliro Group's operating subsidiaries. The subsidiaries' boards consist of Qliro Group's CEO and CFO, the respective subsidiary's managing director and in some cases, a representative of minority shareholders. In addition, an external member has been on the Board of Qliro AB (a wholly owned subsidiary of Qliro Group) since May 2014. Qliro Group's CEO is Chairman of the subsidiaries' boards and leads the meetings. 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 activities that include rules pertaining to the number of regular board meetings, which issues will be handled at regular board meetings etc. Furthermore, guidelines have been adopted that shall be followed by the subsidiaries' managing directors.

Applicable guidelines for remuneration to senior executives

Current guidelines for determining remuneration to senior executives in the Group ("Executives") as well as Board members (of the parent company) to the extent to which they are remunerated outside their directorship, were adopted at the AGM on 13 May 2014 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 consists of Nordic online and offline retailing companies. Remuneration shall be based on conditions that are market competitive and at the same time aligned with shareholders' interests. Remuneration to Executives shall consist of a fixed and variable salary paid in cash, as well as the possibility of participation in long-term, share-based incentive programmes, customary benefits and pension schemes. These components are intended to create well-balanced remuneration reflecting individual performance and responsibility, both in the short and long term, as well as Qliro Group's overall performance.

Fixed salary

The Executives' fixed salary shall be competitive and based on the individual Executive's responsibilities and performance.

Variable remuneration

The Executives may receive variable remuneration in addition to fixed remuneration. The variable salary will generally not exceed a maximum of 75 per cent of the fixed annual salary. Variable remuneration will be based on the performance of Executives in relation to established goals and targets.

Other benefits
Qliro Group provides other benefits to Executives in accordance with local practice. Other benefits can include, for example, a company car and company health care. Occasionally, housing allowances may be granted for a limited period.

Pension
Executives are entitled to pension commitments based on those that are customary in the country in which they are employed. Pension commitments will be secured through premiums paid to insurance companies. Under normal circumstances, the retirement age is 65 years.

Notice of termination and severance pay
The maximum notice period in any Executive's contract is generally 12 months, and in exceptional cases 18 months, during which time salary payment will continue.

Remuneration to Board members
Board members elected by the AGM may in certain cases be paid 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 of Directors.

Deviations from the guidelines
In special circumstances, the Board may deviate from the above guidelines, for example additional variable remuneration for exceptional performance. In such a case, the Board of Directors will explain the reason for the deviation at the following AGM.

The guidelines were followed in 2014. Information about remuneration to senior executives is provided in Note 24 in 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 2012, 2013 and 2014. For information about these programmes, see Note 24.

Internal control of financial reporting

The processes for internal control, risk assessment, control activities and monitoring regarding 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 process involves the Board, executive management and other personnel.

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 follow-up of results as compared to 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.

Responsibility for maintaining an effective control environment and internal control over financial reporting is delegated to the CEO. Other managers at various levels in the Group have respective responsibilities. The executive management regularly reports to the Board according to established routines and in addition to the Audit Committee's reports. Defined responsibilities, instructions, guidelines, manuals and policies, together with laws and regulations, form the control environment. 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 losing assets as well as irregularities and fraud. Designing control activities is of particular importance to enable the company to prevent and identify shortcomings. The important areas 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 heads 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 to 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 information from employees that is considered significant. Guidelines for external communication ensure that the Company applies the highest standards for providing accurate information to the financial market.

Follow-up

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

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 routines and guidelines. The internal audit function plans its work in cooperation with the Audit Committee and reports the results of its reviews to the Audit Committee. The external auditors participate in the regular meetings of the Audit Committee.

Board of Directors

The current Board of Directors was elected at the Annual General Meeting of the shareholders (AGM) on 13 May 2014 for the period until the end of the next AGM, to be held on 18 May 2015.

Lars-Johan Jarnheimer

Chairman of the Board
Swedish citizen, born 1960

Lars-Johan 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 of Companies), 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 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 Master's Degree in Economics and Business Administration from Växjö and Lund universities in Sweden.

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: 100,000 shares

Patrick Andersen

Board member
Danish citizen, born 1962

Patrick has been a member of the Board of Qliro Group since May 2013. He currently serves as President of the Americas business area (North America and Latin America) at Carlsson 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.

Independent of the company and executive management and independent of major shareholders.
Shareholding (including any related person ownership) in Qliro Group: 45,000 shares

Mia Brunell Livfors

Board member
Swedish citizen, born 1965

Mia Brunell Livfors has been a member of the Board of Qliro Group since August 2010. Mia is currently a member of the Boards of Tele2 AB, Millicom International Cellular S.A., Modern Times Group MTG AB, Axel Johnson AB, Efva Attling Stockholm Aktiebolag, Transcom WorldWide AB and Stena AB. She is also Chairman of the Reach for Change foundation. Mia served as President and Chief Executive Officer of Investment AB Kinnevik between August 2006 and April 2014, prior to which she served as Chief Financial Officer of Modern Times Group MTG AB between 2001 and 2006 and in various management positions between 1992 and 2001. Mia was a member the Boards of H & M Hennes & Mauritz AB between 2008 and 2013 and Metro International S.A. between 2008 and 2014 (Chairman from 2008).

Mia studied Business Administration at Stockholm University.

Chairman of the Audit Committee.
Not independent of the company and executive management and not independent of major shareholders.
Shareholding (including any related person ownership) in Qliro Group: 12,385 shares

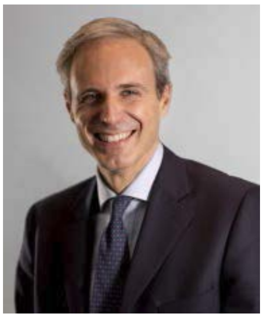
Mengmeng Du

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 operating Mimion AB, a consulting company that advises on digital strategy. Mengmeng is also a member of the Board of Livförsäkringsbolaget Skandia and Skånska Byggvaror Holding AB. Between August 2011 and October 2014 Mengmeng worked at Spotify, where she held a number of executive positions, most recent of which was as Director Global Marketing Operations. Prior to this, she had been working as Vice President 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 Nordics.

Mengmeng holds a Master of Science in Economics and Business from 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 Rocket Internet AG and Avito AB, Vice Chairman of Zalando SE, and a member of the Boards of Modern Times Group MTG AB, Millicom International Cellular S.A. and Tele2 AB. Lorenzo was partner and managing director at Goldman Sachs International in London until 2011. He started at Goldman Sachs Investment Banking division 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 Università degli Studi di Roma, La Sapienza in Italy.

Chairman of the Remuneration Committee.
Not independent of the company and executive management and not 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 advisor to the Qliro Group Board between June 2012 and April 2013. David is also currently Chairman of the Boards of Carloan4u, LoveHomeSwap, MBA & Company, and Pure360 and is also a member of the Boards of Trinity Mirror Group, Camelot UK Lotteries Limited, Holiday Extras and Simply Business. 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 a 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 was 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 Nordics and the UK. Before joining Palamon Capital Partners, Daniel was Managing Director for four years at investment bank Altium Capital, prior to which he worked for five years in Morgan Stanley’s Private Equity and Investment Banking department in London.

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

Member of the Audit Committee and the Remuneration Committee.
Independent of the company and executive management and independent of major shareholders.
Shareholding (including any related person ownership) in Qliro Group: 131,513 shares

Lars Nilsson

Board member
Swedish citizen, born 1956

Lars Nilsson has been a member of the Board of Qliro Group since September 2010. Since August 2014, Lars has been Chief Financial Officer for Nordic Cinema Group. He was CFO at Tele2 AB between 2007 and April 2014, and Deputy CEO between 2010 and April 2014. Prior to this, Lars was Executive Vice President and CFO of Axfood AB, one of the largest food retailers in Scandinavia; CFO of Fritidsresegruppen; President and CEO of Aros Fondkommission and CFO of ABB Financial Services.

Lars holds a Master's Degree in Economics and Business Administration from Linköping University in Sweden.

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: 66,000 shares

Executive Management

Paul Fischbein

President & 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 for 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.

Shareholding (including any related person ownership) in Qliro Group: 23,554 shares

Jonas Danielsson

Head of Tretti
Born 1969

Jonas Danielsson became Managing Director of Tretti AB in May 2014. Jonas' 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

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. Prior to joining Gymgrossisten, Therese worked at Handelsbanken Capital Markets. She holds a Master's Degree in Economics and Business Administration from the Stockholm School of Economics, and has also studied MBA courses at Darden School of Business at the University of Virginia.

Shareholding (including any related person ownership) in Qliro Group: 7,200 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 the Group’s in-house payment service Qliro Payment Solution in 2014. Patrik’s most recent position before joining Qliro Group was CEO and co-founder of Rocket Internet Scandinavia and prior to that Patrik worked for McKinsey & Company. He holds a Master's Degree in Economics and Business Administration from the Stockholm School of Economics, and has also studied MBA courses at Instituto Tecnológico Autónomo de México.

Shareholding (including any related person ownership) in Qliro Group: 7,650 shares

Magnus Månsson

Head of Nelly
Born 1967

Magnus Månsson was employed as Managing Director of Nelly.com and Members.com in 2012. Before joining Qliro Group, Magnus was most recently employed by the 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 of experience from the sport and fashion industry, including at Nike and Puma.

Shareholding (including any related person ownership) in Qliro Group: 8,002 shares

Fredrik Palm

Head of Lekmer
Born 1974

Fredrik Palm was employed as Managing Director of Lekmer in 2011. In 2012 he was also Managing Director of Tretti and during 2012–2014 he was Managing Director of Rum21 as well. Before joining Qliro Group, Fredrik held a number of senior positions within the Hexagon Group and also founded companies in the online and logistics sector. He has a Master's degree in Economics and Business Administration from the University of Gothenburg School of Business, Economics and Law, with a specialisation in management of growth companies.

Shareholding (including any related person ownership) in Qliro Group: 111,055 shares

Patrik Settlin

Head of CDON.com
Born 1970

Patrik Settlin became Managing Director of CDON AB in May 2014. Patrik's most recent position was at Komplett Group, where Patrik was Vice President Sales for Sweden and Denmark. Patrik has previously held senior positions with inWarehouse and has more than 15 years' experience in sales and marketing of consumer products. He holds a Bachelor's Degree in Economics from the University of Gävle.

Shareholding (including any related person ownership) in Qliro Group: 15,702 shares

Fredrik Bengtsson

Head of Communications
Born 1974

Fredrik Bengtsson joined CDON.COM as Marketing Director in 2004. He was appointed Head of Business Development at MTG Internet Retailing, now Qliro Group, in 2007 and has been Head of Communications for the Group since 2010. Prior to joining Qliro, Fredrik was Director of Private Lending at Ikano Bank, and was Project Manager and co-owner in the advertising agency Eminent Communications before that. Fredrik has studied Business Administration and Media at Lund University and holds a Bachelor's Degree in Informatics from the University of Gothenburg School of Business, Economics and Law.

Shareholding (including any related person ownership) in Qliro Group: 7,800 shares

Consolidated income statement

(SEK million)	Note	2014	2013
Net sales	4	5,014.9	4,440.5
Cost of sales	30	-4,303.9	-3,846.6
Gross profit		**711.0**	**593.8**
Sales & administrative expenses		-717.6	-637.0
Other operating income	7	57.8	0.4
Other operating expenses	7	-18.2	-5.3
Operating profit/loss	4, 5, 6, 10, 11, 12, 13, 22, 24, 25, 27, 30	**33.0**	**-48.0**
Finance income	8	1.5	0.8
Finance expense	8, 28	-26.2	-34.9
Profit/loss before tax		**8.4**	**-82.1**
Tax	9	-3.0	14.8
Loss for the year		**5.4**	**-67.3**
Attributable to:			
Parent company shareholders		2.8	-66.9
Non-controlling interest		2.6	-0.4
Loss for the year		**5.4**	**-67.3**
Basic earnings per share, SEK	16	0.02	-0.65
Diluted earnings per share, SEK	16	0.02	-0.65

Consolidated statement of comprehensive income

(SEK million)	Note	2014	2013
Loss for the year		5.4	-67.3
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		1.2	0.9
Other comprehensive income for the year	17	**1.2**	**0.9**
Comprehensive income for the year		**6.6**	**-66.4**
Comprehensive income for the year attributable to:			
Parent company shareholders		4.0	-66.0
Non-controlling interest		2.6	-0.4
Comprehensive income for the year		**6.6**	**-66.4**

Consolidated statement of financial position

(SEK million)	Note	31 December 2014	31 December 2013
ASSETS			
Non-current assets			
Intangible non-current assets	10		
Ongoing projects		54.3	14.2
Development expenses		68.2	44.5
Domains		4.0	4.9
Trademarks		102.4	108.7
Customer relationships		1.5	3.2
Goodwill		455.5	462.6
Total intangible non-current assets		**685.9**	**638.1**
Property, plant, and equipment	11		
Construction in progress		0.7	0.0
Equipment		27.5	21.0
Total property, plant, and equipment		**28.2**	**21.0**
Financial non-current assets			
Other financial non-current assets		1.6	1.6
Total financial non-current assets		**1.6**	**1.6**
Deferred tax asset	9	64.6	64.0
Total non-current assets		**780.3**	**724.6**
Current assets			
Inventory	30		
Finished goods and merchandise		651.7	520.7
Advances to suppliers		6.2	4.5
Total inventory		**657.9**	**525.2**
Current receivables			
Accounts receivable	14	266.7	138.6
Other current receivables, non interest-bearing		57.1	46.6
Prepaid expenses and accrued income		72.0	48.2
Total current receivables		**395.8**	**233.4**
Cash and cash equivalents	21		
Cash and bank		534.0	288.9
Total cash and cash equivalents		**534.0**	**288.9**
Total current assets		**1,587.6**	**1,047.4**
Total assets		**2,367.9**	**1,772.1**

(SEK million)	Note	31 December 2014	31 December 2013
EQUITY AND LIABILITIES			
Equity attributable to parent company shareholders	17		
Share capital		300.9	201.4
Other capital contributions		1,077.4	579.1
Reserves		-0.2	-1.4
Retained earnings including net income for the year		-64.4	-90.5
Total equity attributable to parent company shareholders		**1,313.8**	**688.7**
Non-controlling interest			
Non-controlling interest		0.7	2.2
Total equity		**1,314.5**	**690.9**
Non-current liabilities	21		
Interest-bearing			
Convertible bond	28	-	231.7
Total non-current interest-bearing liabilities		**0.0**	**231.7**
Non-interest-bearing			
Deferred tax liability	9	22.9	28.6
Other provisions	18	6.8	3.3
Total non-current non-interest-bearing liabilities		**29.7**	**31.9**
Total non-current liabilities		**29.7**	**263.6**
Current liabilities	21		
Non-interest-bearing			
Accounts payable		604.2	472.6
Other liabilities		117.0	81.6
Accrued expenses and prepaid income		302.5	263.4
Total current non-interest-bearing liabilities		**1,023.7**	**817.6**
Total current liabilities		**1,023.7**	**817.6**
Total liabilities		**1,053.4**	**1,081.2**
Total equity and liabilities		**2,367.9**	**1,772.1**

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)	Notes 9, 17	Share capital	Other capital contributions	Translation reserve	Retained earnings including net income for the year	Total	Non-controlling interest	Total equity
Opening balance, 1 January 2013		**133.6**	**141.8**	**-2.3**	**-6.1**	**267.1**	**-0.7**	**266.4**
Comprehensive income for the year								
Loss for the year					-66.9	-66.9	-0.4	-67.3
Other comprehensive income for the year				0.9		0.9		0.9
Comprehensive income for the year		**-**	**-**	**0.9**	**-66.9**	**-66.0**	**-0.4**	**-66.4**
New share issue		67.7	437.3			505.0		505.0
Acquisition of own shares					-1.4	-1.4		-1.4
Acquisition of shares from non-controlling interest, where there is already a controlling interest					-17.3	-17.3	3.3	-13.9
Share savings plan					1.2	1.2		1.2
Closing balance, 31 December 2013		**201.4**	**579.1**	**-1.4**	**-90.5**	**688.7**	**2.2**	**690.9**
Opening balance, 1 January 2014		**201.4**	**579.1**	**-1.4**	**-90.5**	**688.7**	**2.2**	**690.9**
Comprehensive income for the year								
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**

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.

2013

Transaction expenses of SEK 13.5 million (SEK 10.5 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	2014	2013
Operating activities			
Profit/loss before tax		8.4	-82.1
Adjustments for items not included in cash flow	26	5.0	67.7
Income tax paid		2.6	-40.1
Cash flow from operating activities		**16.0**	**-54.5**
Cash flow from changes in working capital			
Increase (–)/decrease (+) in inventories		-151.9	41.6
Increase (–)/decrease (+) in other current receivables		-179.1	56.5
Increase (+)/decrease (-) of accounts payable		132.1	-91.7
Increase (+)/decrease (-) of other current liabilities		76.5	-90.4
Total change in working capital		**-122.5**	**-84.0**
Net cash flow from operations		**-106.4**	**-138.6**
Investing activities			
Investments in activities	6	-0.6	-18.6
Sales of operations	5	77.2	32.1
Investments in property, plant and equipment		-14.4	-12.8
Investments in intangible non-current assets		-81.2	-37.1
Cash flow to investing activities		**-19.0**	**-36.4**
Financing activities			
New share issue		646.8	515.6
Share issue expenses		-20.5	-13.5
Repurchase of own shares		-	-1.4
Acquisition of shares from non-controlling interest	6	-6.5	-13.9
Utilised credit facilities		-	150.0
Amortisation of credit facilities		-	-300.0
Early redemption of convertible bond		-251.6	-
Cash flow from/to financing activities		**368.3**	**336.7**
Change in cash and cash equivalents		**242.8**	**161.8**
Cash and cash equivalents, beginning of the year		**288.9**	**126.1**
Exchange rate difference for cash and cash equivalents		2.3	0.9
Cash and cash equivalents, end of the year		**534.0**	**288.9**

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

The new share issue in 2013 refers to the issue of new ordinary shares of SEK 514.2 million and the issue of SEK 1.4 million of Class C shares.

Income statement – parent company

(SEK million)	Note	2014	2013
Net sales		31.0	52.1
Gross profit		**31.0**	**52.1**
Administrative expenses		-59.7	-77.7
Operating loss	22, 24, 25, 27	**-28.7**	**-25.6**
Profit/loss from shares in subsidiaries		-	-0.1
Interest income and similar items		16.5	18.4
Interest expenses and similar items		-33.7	-29.3
Profit/loss after financial items	8, 28	**-45.9**	**-36.6**
Group contributions received		125.2	56.6
Group contributions paid		-107.4	-263.2
Loss before tax		**-28.1**	**-243.3**
Tax	9	6.7	53.4
Loss for the year		**-21.4**	**-189.9**

Statement of comprehensive income – parent company

(SEK million)	2014	2013
Loss for the year	-21.4	-189.9
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	**-21.4**	**-189.9**

Balance sheet - parent company

(SEK million)	Note	31 December 2014	31 December 2013
ASSETS			
Non-current assets			
Intangible non-current assets			
Ongoing projects	10	1.3	2.1
Total intangible non-current assets		**1.3**	**2.1**
Property, plant, and equipment			
Equipment	11	2.2	0.3
Total property, plant, and equipment		**2.2**	**0.3**
Financial non-current assets			
Participations in Group companies	12	848.6	832.6
Deferred tax asset		63.6	54.4
Total financial non-current assets		**912.2**	**887.0**
Total non-current assets		**915.8**	**889.4**
Current assets			
Current receivables			
Current interest-bearing liabilities, Group		249.0	208.2
Receivables in Group companies		128.8	61.7
Other receivables		4.9	1.7
Prepaid expenses and accrued income	15	3.1	2.9
Total current receivables		**385.8**	**274.5**
Cash and bank	21	495.3	267.7
Total cash and cash equivalents		**495.3**	**267.7**
Total current assets		**881.1**	**542.3**
Total assets		**1,796.9**	**1,431.7**

Balance sheet - parent company

(SEK million)	Note	31 December 2014	31 December 2013
EQUITY AND LIABILITIES			
Equity	17		
Restricted equity			
Share capital		300.9	201.4
Statutory reserve		0.8	0.8
Total restricted equity		**301.7**	**202.2**
Non-restricted equity			
Share premium reserve		1,076.5	578.3
Profit brought forward		-38.6	125.6
Loss for the year		-21.4	-189.9
Total non-restricted equity		**1,016.5**	**514.1**
Total equity		**1,318.2**	**716.2**
Provisions			
Deferred tax liability	9	-	4.0
Other provisions	18	1.4	0.9
Total provisions		**1.4**	**5.0**
Non-current liabilities			
Convertible bonds	28	-	231.7
Total non-current liabilities		**0.0**	**231.7**
Current liabilities			
Accounts payable		13.8	2.3
Current interest-bearing loans		90.0	-
Other interest-bearing liabilities, Group companies		254.8	206.7
Liabilities to Group companies		103.8	257.1
Other liabilities		0.5	2.2
Accrued expenses and prepaid income	19	14.3	10.5
Total current liabilities		**477.3**	**478.8**
Total liabilities		**478.7**	**715.4**
Total equity and liabilities		**1,796.9**	**1,431.7**
Pledged assets and contingent liabilities – parent company			
Pledged assets		None	None
Contingent liabilities	20	147.1	171.8

Statement of changes in equity – parent company

(SEK million)	Restricted equity: Share capital	Restricted equity: Statutory reserve	Non-restricted equity: Share premium reserve	Non-restricted equity: Profit brought forward	Non-restricted equity: Loss for the year	Total equity
Opening balance, 1 January 2013	**133.6**	**0.8**	**141.0**	**132.3**	**-6.4**	**401.3**
Comprehensive income for the year						
Loss for the year					-189.9	-189.9
Other comprehensive income for the year						-
Comprehensive income for the year	**-**	**-**	**-**	**-**	**-189.9**	**-189.9**
Appropriation of profits				-6.4	6.4	-
New share issue	67.7		437.3			505.0
Acquisition of own shares				-1.4		-1.4
Share savings plan				1.2		1.2
Closing balance, 31 December 2013	**201.4**	**0.8**	**578.3**	**125.6**	**-189.9**	**716.2**
Opening balance, 1 January 2014	**201.4**	**0.8**	**578.3**	**125.6**	**-189.9**	**716.2**
Comprehensive income for the year						
Loss for the year					-21.4	-21.4
Other comprehensive income for the year						-
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**

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.

Cash flow statement – parent company

(SEK million)		2014	2013
Cash flow from operations			
Profit/loss before tax		-28.1	-243.3
Adjustments for items not included in cash flow	26	5.0	218.3
Income tax paid		-0.1	-21.8
Cash flow from operating activities before change in working capital		**-23.2**	**-46.7**
Cash flow from changes in working capital			
Increase (-)/decrease (+) of accounts receivable		-	-
Increase (–)/decrease (+) in other current receivables		-39.2	160.8
Increase (+)/decrease (-) of accounts payable		11.6	-2.0
Increase (+)/decrease (-) of other current liabilities		128.0	-154.3
Total cash flow from changes in working capital		**100.4**	**4.5**
Cash flow from operating activities		**77.2**	**-42.2**
Investing activities			
Investment in shares in subsidiaries	6	-0.2	-20.8
Sales of shares in subsidiaries		0.1	-
Investments in intangible non-current assets		-8.8	-2.1
Investments in property, plant and equipment		-2.4	-0.3
Cash flow from investing activities		**-11.3**	**-23.2**
Financing activities			
New share issue		646.8	515.6
Share issue expenses		-20.5	-13.5
Acquisition of shares without controlling interest		-6.5	-
Repurchase of own shares		-	-1.4
Utilised credit facilities		-	150.0
Amortisation of credit facilities		-	-300.0
Early redemption of convertible bond		-251.6	-
Shareholder contribution paid out		-	-133.0
Group contributions, paid out		-263.2	-120.4
Group contributions received		56.6	148.2
Cash flow from financing activities		**161.6**	**245.5**
Cash flow for the year		**227.5**	**180.1**
Cash and cash equivalents, beginning of the year		267.7	87.7
Cash and cash equivalents, end of the year		**495.3**	**267.7**

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

The new share issue in 2013 refers to the issue of new ordinary shares of SEK 514.2 million and the issue of SEK 1.4 million of Class C shares.

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 2014 include the parent company and its subsidiaries. Qliro Group is listed on the Nasdaq Stockholm exchange with the symbol ticker "QLRO".

This annual report was approved for publication by the Board and CEO on 10 April 2015.

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 thousand, 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. Changes to accounting policies due to new or amended IFRS standards

None of the IFRS amendments effective as of 1 January 2014 have had any material impact on the consolidated accounts.

2.1.2 New IFRS standards not yet implemented

Several new or amended standards and interpretations to IFRS will not come into effect until coming financial years and were not adopted early in preparing these financial statements. New standards or amendments effective for future financial years will not be adopted early. None of the amendments to IFRS effective for future financial years are expected to have any material impact on 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 reporting date. Current assets and current liabilities essentially comprise amounts expected to be recovered or paid within 12 months of the reporting date.

2.3 Operating segment reporting

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

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 judging 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 acquisition accounting. 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 transaction fees 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 incremental 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.

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

For incremental 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

Acquisition from non-controlling interest is recognised as a transaction in equity, that is, between the parent company's owners (in retained profits) 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 in 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 on the reporting date. 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 Group 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 on the reporting date. 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 translation reserve in equity to profit/loss for the year. In cases where disposal 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 cancellation for distance trading, the deduction for returns is a relatively significant item. Group revenue reflects seasonal variations. Fourth-quarter revenue 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 certificates 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 certificate 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 agreement are recognised in profit/loss for the year as a reduction of the leasing payments on a straight-line basis over the lease term. Variable charges are expensed in the periods in which they arise. For further information, 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 earnings using the effective interest method.

Exchange gains and exchange losses are recognised at net; operating-related gains/losses are recognised in operating profit/loss and financial gains/losses in 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 on the reporting date. 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 arose on initial recognition of assets and liabilities that are not business combinations, which at the time of the transaction affect neither recognised nor taxable earnings.

Temporary differences attributable to interests in subsidiaries that are not expected to be reversed within the foreseeable future are also not considered. 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 rules enacted or for all practical purposes enacted on the reporting date.

Deferred tax assets regarding deductible temporary differences and loss carry-forwards are only recognised where 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 when the dividend is recognised as a liability.

2.10 Financial instruments

Financial instruments recognised in the statement of financial position include cash and cash equivalents, loan receivables 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 a party to the contractual provisions of the instrument. A receivable is entered 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 entered in the statement of financial position when an invoice is sent. Liabilities are entered 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 recognised 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.

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

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 presented 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.

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 Other 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 Risk Management. Recognition of financial income and expenses is also described in item 2.8 above.

2.11 Convertible bonds

Convertible bonds that can be converted to shares if the counterpart exercises the option to convert the receivable into shares are recognised as a compound financial instrument divided into a debt portion and an equity portion. The fair value of liabilities on the date of issue is calculated on the basis of future cash flows, which are discounted using the current market rate for similar liabilities, with no rights of conversion. The value of equity instruments is calculated as the difference between the issue proceeds when the convertible bond was issued and the fair value of the financial liability at the date of issue. Any deferred tax liability at the date of issue is deducted from the carrying value of the equity instrument. Transaction costs associated with the issue of a compound financial instrument are distributed between the debt portion and the equity portion in proportion to the distribution of the issue proceeds. Interest expense is recognised in profit/loss for the year and is calculated using the effective interest method.

In 2014, the Group carried out an early redemption of the issued convertible bonds. Payments have been distributed between the debt portion and the equity portion on the exercise date. The difference between the debt's recognised value and the fair value of the debt portion on the exercise date is recognised in net financial income/expense. The remainder of the payment is recognised in equity.

2.12 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 prepare 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 disposal or sale or when no future financial benefits are expected from the asset's use, disposal or sale. Gains or losses that arise from an asset's sale or disposal comprise the difference between the selling price and the carrying amount, less direct selling expenses. Gains and losses are recognised as other operating income/expense.

2.12.1 Depreciation principles for property, plant and equipment

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

Estimated useful lives:

Equipment	3-10 years

2.13 Intangible assets

2.13.1 Intangible assets with indefinite useful lives

2.13.1.1 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).

2.13.1.2 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 2.15).

2.13.2 Intangible assets with defined useful lives

2.13.2.1 Development expenses

Development expenditures 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, expenditure 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 expenditures refer mainly to software and software platforms.

2.13.2.2 Domains

Domains are recognised at cost less accumulated amortisation (see below) and impairment loss (see accounting policy 2.15).

2.13.2.3 Customer relationships

Customer relationships are recognised at cost less accumulated amortisation (see below) and impairment loss (see accounting policy 2.15).

2.13.3 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

2.14 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 expenditures incurred in the acquisition of goods and bringing the goods to their form and location. Provisions for obsolescence are included in cost of goods sold.

2.15 Impairment losses

The Group's recognised assets are assessed on every reporting date 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.

2.15.1 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 the fair value less selling expenses and value in use. When calculating the 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.

2.15.2 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 per cent after 90 days.

2.15.3 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 receivable carried at amortised cost are reversed if the previous reasons for impairment no longer exist and full payment from the customer is expected to be obtained.

2.16 Capital payments to shareholders

2.16.1 Dividends

Dividends are recognised as a liability after approval at the Annual General Meeting.

2.16.2 Acquisition of own shares

Acquisition of own shares is recognised as a deductible item from equity. Proceeds from the divestment of this type of equity instrument is recognised as an increase in equity. Any transaction expenses are recognised directly in equity.

2.17 Earnings per share

The calculation of earnings per share is based on the 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 has had two classes of instruments that may generate potential dilution in the future, a convertible bond (which was redeemed early on 19 December 2014) and custodial Class C shares attributable to the Group incentive programme. These have not been included in the calculation of earnings per share since they contribute no dilution effect to either 2014 or 2013.

2.18 Employee benefits

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

2.18.2 Defined contribution pension plans

Defined contribution pension plans are presented as plans for which the company's obligation is limited to the charges the company undertook to pay. In such cases the size of the employee's pension depends on (1) the contributions that the company pays to the plan or to an insurance company and (2) the contributions' return on capital. 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.

2.18.3 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.

2.18.4 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, with 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. For further information, see Note 24.

2.19 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 in 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.

2.20 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.

2.21 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.

2.21.1 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.

2.21.1.1 Changes to accounting policies

Unless otherwise indicated below, changes to the parent company's accounting policies in 2014 were the same as stated above for the Group.

2.21.1.2 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.

2.21.1.3 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 earnings when they arise.

Contingent considerations are valued based on the probability that the purchase price will be payable. Any changes to the provision increase/decrease the cost. In the consolidated accounts, contingent considerations are recognised at fair value with changes in value via earnings.

2.21.1.4 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 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 requirements. An impairment loss is reported 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 requirements 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. See Note 18 Provisions for further information.

Note 4 Segment reporting

Group operations are divided into six segments. 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 the Group management can follow each segment's revenue growth and operating performance. Changes were made to segment reporting in 2014. As a result, CDON.com and Lekmer are now recognised as separate segments. Previously, CDON.com and Lekmer made up the Entertainment segment. Furthermore, the names of the Fashion and Sports & Health segments were changed to Nelly and Gymgrossisten respectively. The former Home & Garden segment is changing its name to Tretti, which is solely comprised of Tretti following the divestment of the operations in Rum21. The Qliro Financial Services segment came into existance during the year. Figures for 2013 have been re-specified as per the new segment structure, to allow for easier comparison between the years.

• CDON - operations in this company are conducted through the online store CDON.com, which mainly sells films, games, music, home electronics and books, and through CDON Marketplace, which is part of CDON.com.

• Lekmer - Lekmer.com is one of the Nordic region's largest online stores for toys and children's products.

• 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.

• Qliro Financial Services - operations are conducted through Qliro Payment Solution, which enables customers to pay by invoice or by instalment.

Group-wide

In 2014 the parent company provided the Group segments with specific services. These sales were conducted at cost price. In addition, CDON Group Logistics AB provided some Group segments with logistics services. Pricing of these services was based on market terms. Group-wide also includes sales of operations as well as non-recurring items that are not attributable to the new segments. See page 11 for more information about the sale of operations as well as non-recurring items.

	2014								
Group (SEK million)	CDON	Nelly	Gymgrossisten	Tretti	Lekmer	Qliro F.S.	Group-wide	Eliminations	Group
External sales	1,887.8	1,102.0	831.1	668.7	484.0	3.2	38.0		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 expense									-26.2
Profit/loss before tax									**8.3**

	2013								
Group (SEK million)	CDON	Nelly	Gymgrossisten	Tretti	Lekmer	Qliro F.S.	Group-wide	Eliminations	Group
External sales	1,839.3	932.6	677.4	568.8	317.0	0.0	105.4		4,440.5
Internal sales	10.6						178.1	-188.7	-
Cost of sales									-3,846.6
Sales & administrative expenses, excluding depreciation									-615.5
Other operating income									0.4
Other operating expenses									-5.3
EBITDA	-22.2	-13.7	58.6	6.1	-1.5	0.0	-53.9		-26.6
Operating profit/loss	-29.8	-16.0	54.9	2.4	-2.6	0.0	-57.0		-48.0
Financial income									0.8
Financial expense									-34.9
Profit/loss before tax									**-82.1**

No individual customer account is responsible for more than 10 per cent 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.

(SEK million)	Net sales 2014	Net sales 2013	Non-current assets 2014	Non-current assets 2013
Sweden	2,810.3	2,564.8	757.8	703.5
Norway	1,081.4	878.5	-	-
Finland	636.7	592.3	22.5	21.1
Denmark	327.8	288.5	-	-
Rest of the world	158.7	116.3	-	-
Total	**5,014.9**	**4,440.5**	**780.3**	**724.6**

Sales per type of income (SEK million)	2014	2013
Products	4,863.3	4,283.6
Services	151.5	156.8
Total revenue	**5,014.9**	**4,440.5**

Note 5 Sale of operations

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 an agreement to sell its operations in subsidiary CDON Group Online Retailing AB (formerly Rum21 AB) to Royal Design Group AB. The sale should not be regarded as a discontinued operation pursuant to 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 approximately 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 earnings effect of this transaction amounts to SEK 39.5 million. Transfer of the operations took place on 27 May.

Group (SEK million)	2014	2013
Revenue	48.0	90.1
Expenses	-47.5	-92.1
Profit/loss before tax	**0.5**	**-2.1**
Tax	-0.1	0.0
Profit/loss after tax but before capital gains from sale of operations	**0.4**	**-2.1**
Capital gains from divestment of the sold operation	39.5	-
Tax attributable to above stated capital gains	-10.5	-
Profit/loss from sale after tax	29.0	-
Total profit/loss for the period	**29.4**	**-2.1**

Net cash flow from sold operations

Group (SEK million)	2014	2013
Cash flow from operations	-1.7	11.0
Cash flow to/from investing activities	68.0	-0.4
Cash flow to/from financing activities	-	-
Net cash flow from the sold operation	**66.3**	**10.6**

Effect of the divestment on individual assets and liabilities in the Group

Group (SEK million)	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	0.0
Net cash flow	**68.0**

CDON Group E-commerce AB (formerly Heppo AB):

Earnings decreased by SEK 1.5 million with regards to the finalization of the sale of CDON Group E-commerce AB (former Heppo AB). Adjusted for this, the proceeds received 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.

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**

Sales of operations in 2013

On 17 April 2013, Qliro Group AB announced that the company had entered into an agreement on the sale of operations in the subsidiary CDON Group E-commerce AB (formerly Heppo AB) to Footway Group AB. The sale should not be regarded as a discontinued operation pursuant to IFRS 5.

The sale was completed via an assets deal and comprised the majority of Heppo AB's assets and associated obligations. Heppo AB was part of the Group's central operations and reported sales totalling approximately SEK 103 million with an operating loss of roughly SEK -20 million in 2012. The purchase price amounted to SEK 42.9 million, of which SEK 32.1 million was received by the reporting date. The outstanding amount is due on two dates between March and June 2014. The impact on profit/loss of this transaction amounts to SEK -2.5 million. Transfer of operations took place on 18 April.

Profit/loss from sales of operations

Group (SEK million)	2013	2012
Revenue	23.6	102.6
Expenses	-31.4	-123.7
Profit/loss before tax	**-7.8**	**-21.0**
Tax	-0.5	0.0
Profit/loss after tax but before capital gains from sale of operations	**-8.4**	**-21.0**
Capital gains from divestment of the sold operation	-2.5	-
Tax attributable to above stated capital gains	0.5	-
Profit/loss from sale after tax	-1.9	-
Total profit/loss for the period	**-10.3**	**-21.0**

Net cash flow from sold operations

Group (SEK million)	2013	2012
Cash flow from operations	-10.6	3.7
Cash flow to/from investing activities	32.1	-2.7
Cash flow to/from financing activities	-	-
Net cash flow from the sold operation	**21.5**	**0.9**

Effect of the divestment on individual assets and liabilities in the Group

Group (SEK million)	2013
Property, plant and equipment	-0.3
Inventory	-42.2
Net divested assets and liabilities	**-42.6**
Purchase price	42.9
Deferred purchase price	-10.7
Net cash flow	**32.1**

Deferred purchase price

The purchase price amounts to SEK 42.9 million. Half was paid in cash at the point of takeover and the outstanding portion is being paid in four equal payments on four occasions between September 2013 and June 2014.

Note 6 Business combinations

Acquisitions in 2014

In 2014, the Group acquired an additional 9.9 per cent of the shares in CDON Group Online Retailing AB (formerly Rum 21 AB). Consequently, Qliro Group AB's ownership in CDON Group Online Retailing AB amounts to 100 per cent of the share capital. Details of this acquisition are reported under the Group's central operations.

An additional purchase price was paid out for CDON Group Online Retailing AB during the year in accordance with the acquisition agreement. Details of this acquisition are reported under central operations.

Summary of acquisitions

Group (SEK million)	2014 Net cash flow	2014 Net identifiable assets and liabilities	2014 Goodwill
Additional purchase price from previous 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**	**0.0**	**0.0**

Transaction expenses

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

Acquisitions in 2013

In 2013 the Group acquired an additional 2.23 per cent of the shares in NLY Scandinavia AB. CDON Group AB's (formerly Qliro Group AB's) ownership in NLY Scandinavia AB amounts to 100 per cent of the share capital. This acquisition is reported under the Nly segment.

The deferred purchase price was paid out during the year for the business combination from Business Linc BL AB in accordance with the acquisition agreement. Details of this acquisition are reported under the Group's central operations.

An additional purchase price was paid out for Rum21 AB (formerly CDON Group Online Retailing AB) during the year in accordance with the acquisition agreement. Details of this acquisition are reported under central operations.

An additional purchase price was paid out for Lekmer AB during the year in accordance with the acquisition agreement. This acquisition is reported in the Lekmer segment.

Summary of acquisitions

Group (SEK million)	2013 Net cash flow	2013 Net identifiable assets and liabilities	2013 Goodwill
Business combination from Business Linc BL AB	-12.0	-	-
Additional purchase price from previous years, Rum21 AB	-0.8	-	-
Deferred purchase price Rum21 AB	-1.1	-	-
Additional purchase price from previous years, Lekmer AB	-4.6	-	-
Acquisition of shares from non-controlling interest, NLY Scandinavia AB	-13.9	-	-
Total	**-32.5**	**0.0**	**0.0**

Transaction expenses

Transaction expenses for the acquisition of shares from non-controlling interests in NLY Scandinavia AB amount to SEK 0.3 million and are recognised in the item 'Sales & administrative expenses' in the income statement for the Group.

Note 7 Other operating income and expenses

(SEK million):	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Other operating income				
Gain from sale of operations	39.5	-	-	-
Exchange gains on operating receivables/liabilities	16.9	0.3	-	-
Other operating income	1.5	0.1	-	-
Total	**57.8**	**0.4**	**-**	**-**
Other operating expenses				
Loss from sale of shares in subsidiaries	-	-0.4	-	-
Loss from sale of non-current assets	-	-2.4	-	-
Exchange losses on operating receivables/liabilities	-18.2	-2.4	-	-
Revaluation regarding contingent consideration for Lekmer AB	-	-0.1	-	-
Other operating expenses	-	-0.1	-	-
Total	**-18.2**	**-5.3**	**-**	**-**

Note 8 Financial items

(SEK million)	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Loss from sale of shares in subsidiaries	-	-	-0.1	-0.1
Profit/loss from shares in subsidiaries	**0.0**	**0.0**	**-0.1**	**-0.1**
Interest income:				
- Subsidiary Qliro Group	-	-	12.6	17.8
- Interest income, other	1.5	0.8	1.3	0.6
Finance income	**1.5**	**0.8**	**13.9**	**18.4**
Interest expenses:				
- Subsidiary Qliro Group	-	-	-1.4	-1.1
- Convertible bonds (Note 28)	-15.8	-15.9	-15.8	-15.9
- Interest expenses, other	-3.1	-14.1	-1.2	-9.4
Net translation differences	-5.7	-3.2	-13.9	-1.4
Other	-1.6	-1.7	-1.4	-1.6
Financial expenses	**-26.2**	**-34.9**	**-33.7**	**-29.3**
Net financial items	**-24.7**	**-34.1**	**-19.8**	**-11.0**

Note 9 Tax

Distribution of tax expenses (SEK million)	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Current tax expense				
Tax expense for the year	-2.6	-3.0	-	-
Adjustment of tax attributable to prior years	-0.2	-1.1	-	-
Total	**-2.8**	**-4.1**	**0.0**	**0.0**
Deferred tax				
Deferred tax on temporary differences	4.7	2.2	2.0	1.9
Deferred tax revenue in the year's capitalised taxable value in loss carry-forwards	4.7	19.4	4.7	51.5
Deferred tax expense in loss carry-forwards used during the year	-9.5	-	-	-
Revalued loss carry-forwards	-	-2.7	-	-
Total	**-0.2**	**18.9**	**6.7**	**53.4**
Total recognised tax expense in the Group	**-3.0**	**14.8**	**6.7**	**53.4**

Reconciliation of tax expense (SEK million)	Group 2014	%	Group 2013	%	Parent company 2014	%	Parent company 2013	%
Profit/loss before tax	8.3		-82.1		-28.1		-243.3	
Tax as per applicable tax rate for parent company	-1.8	-22.0	18.1	-22.0	6.2	-22.0	53.5	-22.0
Effect of other tax rates for foreign subsidiaries	0.0	-0.1	-0.4	0.5	0.0	0.0	-	0.0
Non-taxable income	-0.1	-1.1	0.3	-0.4	0.6	0.0	-	0.0
Non-deductible expenses	-2.6	-31.1	-2.0	2.4	-2.1	7.3	-2.1	0.8
Utilisation of previously uncapitalised deficit deduction	0.9	11.1	0.0	0.0	0.0	0.0	-	0.0
Revalued loss carry-forwards	0.0	0.0	-2.7	3.3	0.0	0.0	-	0.0
Other permanent effects	-1.1	-13.7	0.6	-0.8	0.0	0.0	-	0.0
Tax effect of convertible loan	2.0	23.6	1.9	-2.3	2.0	-7.0	1.9	-0.8
Tax attributable to prior years	-0.2	-2.5	-1.1	1.3	0.0	0.0	0.0	0.0
Effective tax/tax rate	**-3.0**	**-35.8**	**14.8**	**-18.0**	**6.7**	**-21.7**	**53.4**	**-21.9**

Tax items recognised directly in equity (SEK million)	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Current tax attributable to share issue expenses	4.5	3.0	4.5	3.0
Total	**4.5**	**3.0**	**4.5**	3.0

Recognised deferred tax assets and liabilities (SEK million)	Group 31 December 2014	Group 31 December 2013	Parent company 31 December 2014	Parent company 31 December 2013
Deferred tax asset				
Loss carry-forwards	63.6	64.0	63.6	54.4
Loss carry-forwards - temporary differences	1.0	-	-	-
Total	**64.6**	**64.0**	**63.6**	**54.4**
Deferred tax liability				
Intellectual property rights	22.9	24.6	-	-
Convertible bond	-	4.0	-	4.0
Total	**22.9**	**28.6**	**0.0**	**4.0**
Net deferred tax	**41.8**	**35.3**	**63.6**	**50.4**

The change in net temporary differences is recognised below:

Group (SEK million)	2014 Opening balance 1 January	Deferred tax revenue	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
Non-deductible expenses	-	1.0					1.0
Non-current liabilities	-4.0	2.0			2.1		0.0
Total	**35.3**	**-0.2**	-	-	**6.6**	-	**41.8**

Group (SEK million)	2013 Opening balance 1 January	Deferred tax revenue	Deferred tax expense	Acquisition of subsidiaries	Recognised in equity	Other	Closing balance, 31 December
Temporary differences:							
Loss carry-forwards	44.4	16.7			3.0		64.0
Intellectual property rights	-24.9	0.3					-24.6
Non-current liabilities	-6.0	1.9					-4.0
Total	**13.5**	**18.9**	-	-	**3.0**	-	**35.3**

Parent company (SEK million)	2014 Opening balance 1 January	Deferred tax revenue	Recognised in equity	Closing balance, 31 December
Temporary differences:				
Loss carry-forwards	54.4	4.7	4.5	63.6
Non-current liabilities	-4.0	2.0	2.0	0.0
Total	**50.4**	**6.7**	**6.5**	**63.6**

Parent company (SEK million)	2013 Opening balance 1 January	Deferred tax revenue	Recognised in equity	Closing balance, 31 December
Temporary differences:				
Loss carry-forwards	-	51.5	3.0	54.4
Non-current liabilities	-6.0	1.9		-4.0
Total	**-6.0**	**53.4**	**3.0**	**50.4**

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

At 31 December 2014, recognised loss carry-forwards without expiration date in the Group were SEK 271.6 million (268.7). The 2014 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.

Loss carry-forwards for which no deferred tax asset is recognised, per expiration date (SEK million)	Group 31 December 2014	Group 31 December 2013	Parent company 31 December 2013	Parent company 31 December 2012
No expiry date	2.9	3.1	-	-
Expiration date 2019	-	-	-	-
Total	**2.9**	**3.1**	**-**	**-**

Note 10 Property, plant, and equipment

Internally developed intangible assets

	Group		Parent company	
Ongoing projects (SEK million)	2014	2013	2014	2013
Opening accumulated cost	**14.2**	**4.4**	**2.1**	**-**
Investments	53.4	22.5	8.8	2.1
Reclassifications	-13.1	-12.3	-	-
Divestments	-0.2	-0.3	-	-
Internal divestments	-	-	-9.5	-
Closing accumulated acquisition values	**54.3**	**14.2**	**1.3**	**2.1**
Carrying amounts	**54.3**	**14.2**	**1.3**	**2.1**

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

Both internal and external expenses were capitalised. No loan expenses were capitalised.

	Group		Parent company	
Development expenses (SEK million)	2014	2013	2014	2013
Opening accumulated cost	**79.1**	**55.2**	-	-
Investments	27.7	14.5	-	-
Reclassifications	13.1	12.3	-	-
Divestments	-0.4	-3.0	-	-
Closing accumulated acquisition values	**119.5**	**79.1**	**-**	**-**
Opening accumulated depreciation	**-34.5**	**-21.9**	-	-
Year's depreciation	-16.9	-13.5	-	-
Divestments	0.1	0.9	-	-
Closing accumulated depreciation	**-51.3**	**-34.5**	**-**	**-**
Carrying amounts	**68.2**	**44.5**	**-**	**-**

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

Depreciation costs of SEK 16.9 million (13.5) are included in 'Sales & administrative expenses' for the Group.

Both internal and external expenses were capitalised. No loan expenses were capitalised.

	Group		Parent company	
Domains (SEK million)	2014	2013	2014	2013
Opening accumulated cost	**7.1**	**7.0**	-	-
Investments	-	0.1	-	-
Reclassifications	-	-	-	-
Divestments	-0.1	-	-	-
Closing accumulated acquisition values	**7.0**	**7.1**	**-**	**-**
Opening accumulated depreciation	**-2.2**	**-1.4**	-	-
Year's depreciation	-0.8	-0.8	-	-
Divestments	0.0	-	-	-
Closing accumulated depreciation	**-3**	**-2.2**	**-**	**-**
Carrying amounts	**4.0**	**4.9**	**-**	**-**

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

Depreciation costs of SEK 0.8 million (0.8) are included in 'Sales & administrative expenses' for the Group.

Only external expenses have been capitalised. No loan expenses were capitalised.

Acquisition of intangible assets

Trademarks (SEK million)	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Opening accumulated cost	**108.7**	**108.7**	-	-
Investments	-	-	-	-
Impairment losses during the period	-6.2	-	-	-
Closing accumulated acquisition values	**102.4**	**108.7**	-	-
Carrying amounts	**102.4**	**108.7**	-	-

This item relates to the Gymgrossisten Sweden AB, Lekmer AB and Tretti AB. The impairment losses during the period related to CDON Group Online Retailing AB (formerly Rum 21).

Customer relationships (SEK million)	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Opening accumulated cost	**18.7**	**18.7**	-	-
Investments	-	-	-	-
Impairment losses during the year	-	-	-	-
Closing accumulated acquisition values	**18.7**	**18.7**	**-**	**-**
Opening accumulated depreciation	**-15.6**	**-14.1**	-	-
Year's depreciation	-1.3	-1.4	-	-
Impairment losses during the period	-0.4	-	-	-
Closing accumulated depreciation	**-17.3**	**-15.6**	**-**	**-**
Carrying amounts	**1.5**	**3.2**	**-**	**-**

This item relates to the identified customer relationships from the acquisitions of Gymgrossisten Sweden AB, Lekmer AB and Tretti AB. The impairment losses during the year related to CDON Group Online Retailing AB (formerly Rum 21 AB).

Depreciation costs of SEK 1.3 million (1.4) are included in 'Sales & administrative expenses' for the Group.

Goodwill (SEK million)	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Opening accumulated cost	**462.6**	**461.8**	-	-
Investments	-	-	-	-
Impairment losses during the year	-8.5			
Translation differences	1.4	0.8	-	-
Closing accumulated acquisition values	**455.5**	**462.6**	**-**	**-**
Carrying amounts	**455.5**	**462.6**	**-**	**-**

The impairment loss during the year relates 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)	2014	2013
Qliro Group	22.5	21.1
Gymgrossisten Sweden AB	139.9	139.9
NLY Scandinavia AB	24.1	24.1
Lekmer AB	3.7	3.7
Rum21 AB	-	8.5
Tretti Group	249.6	249.6
CDON Group Logistics AB	15.7	15.7
Total	**455.5**	**462.6**

Impairment testing

Impairment testing for goodwill for cash-generating units is based on recoverable value (value in use), calculated using a discounted cash flow model. Cash flow is forecast over a five-year period and is based on the most recently adopted budgets and forecasts, which are based on actual historical performance of operations. 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 the estimated development within each product segment and the operating margin projection is an average of the product mix. The cash flow calculated for each unit after the first five years was based on an 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 have been calculated at present value at a discount rate of 9.3% (9.5%) before tax. The operational nature and market, and therefore the risk, for all units is assessed to be so similar that the same discount rate is used for all units.

Sensitivity

The impairment tests do not indicate an impairment requirement. The impairment tests generally have such a margin that any adverse changes in individual parameters would likely not cause the value in use 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 5-year period had been 1.5 per cent instead of the management estimate of 2.5 per cent, there would be no need to recognise an impairment loss for goodwill. Even if the estimated discount rate before tax applied to the discounted cash flows had been 10.3 per cent instead of the management estimate of 9.3 per cent, there would be no need to recognise an impairment loss on goodwill. 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

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

(SEK million)	2014	2013
Gymgrossisten Sweden AB	48.9	48.9
Lekmer AB	5.1	5.1
Rum21 AB	-	6.2
Tretti Group	48.4	48.4
Total	**102.4**	**108.7**

For information about impairment testing of these cash-generating units, see the above section on goodwill impairment testing. In addition to being included in the cash-generating units, which have been tested for impairment as stated above, the trademarks have been tested individually, based on a royalty factor and forecast future net sales. A forecast for the next five years, the long-term rate of growth and the discount rate has been conducted in the same manner and amounts to the same amounts as above.

Indefinite useful life

Recognised trademarks are deemed to have an indefinite useful life since they relate to trademarks that are well-known on the market that the Group intends to keep and further develop, and thus may be expected to generate cash flows for an indefinite period of time in the future.

Note 11 Property, plant, and equipment

	Group		Parent company	
Equipment (SEK million)	2014	2013	2014	2013
Opening accumulated cost	**34.7**	**22.4**	**0.4**	**0.0**
Investments	7.9	12.8	2.4	0.3
Reclassifications	5.9	-	-	-
Divestments	-0.9	-0.5	-	-
Closing accumulated acquisition values	**47.6**	**34.7**	**2.8**	**0.4**
Opening accumulated depreciation	**-13.7**	**-8.1**	**0.0**	**0.0**
Year's depreciation	-7.2	-5.7	-0.6	0.0
Reclassifications	0.1	-	-	-
Divestments	0.7	0.1	-	-
Closing accumulated depreciation	**-20.1**	**-13.7**	**-0.6**	**0.0**
Carrying amounts	**27.5**	**21.0**	**2.2**	**0.3**

Depreciation costs of SEK 7.2 million (5.7) are included in 'Sales & administrative expenses' for the Group.

Depreciation costs of SEK 553 thousand (48.7) are included in 'Sales & administrative expenses' for the parent company.

	Group		Parent company	
Construction in progress (SEK million)	2014	2013	2014	2013
Opening accumulated cost	**0.0**	**-**	**-**	**-**
Investments	6.6	-	-	-
Reclassifications	-5.9	-	-	-
Closing accumulated acquisition values	**0.7**	**0.0**	**0.0**	**0.0**
Carrying amounts	**0.7**	**0.0**	**0.0**	**0.0**

The item relates to charges for tangible investments during the period until commissioning.
Both internal and external expenses were capitalised. No loan expenses were capitalised.

Note 12 Participations in Group companies

Shares in subsidiaries (parent company) (SEK million)	Corporate ID number	Registered offices	No. of shares	Share capital (%)	Share of voting rights (%)	Carrying amount Carrying	Carrying amount Carrying
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	-	-
Linus & Lotta Postorder AB *	556078-3135	Borås	9,000	100.0	100.0	-	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	Malmö	1,000	100.0	100.0	25.6	19.1
Tretti AB	556665-7606	Stockholm	5,141,758	100.0	100.0	351.2	351.2
NLY Norge AS	896 508 202	Norway	100	100.0	100.0	-	0.1
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	9.6	-
Total						**848.6**	**832.6**

Shares in subsidiaries (Group)	Corporate ID number	Registered offices	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
Linus & Lotta Postorder AB	556078-3135	Borås	9,000	100.0	100.0
Gymgrossisten Sweden AB	556564-4258	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
CDON Group Online Retailing AB	556774-1300	Malmö	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

	Parent company	
Shares and participating interests in subsidiaries, (SEK million)	2013	2013
Opening accumulated cost	**848.5**	**834.1**
Acquisitions	16.1	14.2
Revaluation of contingent consideration	-	0.1
Shareholder contribution	0.1	0.1
Sales	-0.1	-
Closing balance, 31 December	**864.5**	**848.5**
Opening accumulated impairment	**-15.9**	**-15.8**
Impairment losses during the year	-0.1	-0.1
Closing balance, 31 December	**-16.0**	**-15.9**
Carrying amount, 31 December	**848.6**	**832.6**

* Liquidation of Linus & Lotta Postorder AB was completed 29 December 2014

Note 13 Operating costs distributed per type of cost

	Group	
(SEK million)	2014	2013
Cost of goods sold	-3,588.1	-3,101.8
Distribution and warehousing costs	-586.3	-692.4
Personnel expenses	-425.7	-315.3
Depreciation/amortisation	-26.2	-21.4
Other expenses	-356.6	-358.0
Total expenses	**-4,982.9**	**-4,488.9**

Note 14 Accounts receivable

Credit exposure

Accounts receivable are recognised taking into consideration credit losses incurred during the year of SEK 2.9 million (7.1) in the Group. The credit losses refer to losses on a number of smaller customers. For more information, see Note 21.

	Group	
(SEK million)	31 December 2014	31 December 2013
Accounts receivable not overdue or impaired	228.2	80.7
Accounts receivable overdue but not impaired	38.5	57.9
Accounts receivable written down	15.4	6.2
Provision for bad debts	-15.4	-6.2
Total accounts receivable	**266.7**	**138.6**

Credit risks in accounts receivable that are not overdue or impaired are not deemed to be large. No individual customer represents more than 10 per cent of Group 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 the previous year is primarily attributable to Qliro Financial Services. By the end of the year, lending by Qliro Financial Services to the general public totalled SEK 181.2 million.

Receivables past due without provision for bad debts (SEK million)	31 December 2014	31 December 2013
<30 days	20.9	45.7
30-90 days	16.5	6.0
>90 days	1.2	6.2
Total	**38.5**	**57.9**

Receivables past due with provision for bad debts (SEK million)	31 December 2014	31 December 2013
<30 days	0.8	0.8
30-90 days	-	0.2
>90 days	14.5	5.3
Total	**15.4**	**6.2**

Provision for bad debts (SEK million)	31 December 2014	31 December 2013
Opening balance, 1 January	6.2	9.9
Provision for potential losses	10.7	6.5
Unutilised amount reversed during the period	-2.3	-5.0
Actual losses	0.9	-5.2
Closing balance, 31 December	**15.4**	**6.2**

Note 15 Prepaid expenses and accrued income

	Parent company	
(SEK million)	31 December 2014	31 December 2013
Prepaid insurance expenses	0.6	0.4
Prepaid rent	0.7	0.2
Prepaid licensing costs	1.2	1.2
Other prepaid expenses and accrued income	0.6	1.0
Total	**3.1**	**2.9**

Note 16 Earnings per share

	Group			
	Before dilution		After dilution	
(SEK)	2014	2013	2014	2013
Earnings per share	0.02	-0.65	0.02	-0.65

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

Basic earnings per share	2014	2013
Profit/loss for the year attributable to parent company shareholders (SEK million)	2.8	-66.9
Average number of shares	114,909,709	103,091,597
Basic earnings per share, SEK	**0.02**	**-0.65**

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

Earnings per share for 2013 have been calculated taking into account the new share issue. The adjustment factor is 1.14 and the adjusted number of outstanding shares totals 103,091,597.

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 contribute no dilution effect to either 2014 or 2013.

Diluted earnings per share	2014	2013
Profit/loss for the year attributable to parent company ordinary shareholders (SEK million)	2.8	-66.9
Interest effect on convertible bonds after tax (SEK million)	-	-
Diluted earnings attributable to parent company ordinary shareholders	**2.8**	**-66.9**
Average number of shares	114,909,709	103,091,597
Diluted earnings per share, SEK	**0.02**	**-0.65**

Weighted average number of ordinary shares, after dilution	2014	2013
Weighted average number of ordinary shares during the year, before dilution	114,909,709	103,091,597
Effect of convertible bonds	-	-
Weighted average number of ordinary shares during the year, after dilution	**114,909,709**	**103,091,597**

Note 17 Equity

At 31 December 2014, share capital comprised 150,444,779 (100,688,186) shares. 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 as of 31 December 2014	**150,444,779**	**300.9**

Change in number of shares/share capital

Date	Event	Change share capital (SEK)	Change no. of shares	Share capital after change (SEK)	No. of shares after change
1936-12-11	Establishment	1,000,000	2,000	1,000,000	2,000
2010-09-24	Split	-	498,000	1,000,000	500,000
2010-09-24	Offset issue	131,090,244	65,545,122	132,090,244	66,045,122
2010-10-26	Cash issue	594,004	297,002	132,684,248	66,342,124
2011-05-31	Cash issue Class C shares	380,000	190,000	133,064,248	66,532,124
2012-05-30	Cash issue Class C shares	570,000	285,000	133,634,248	66,817,124
2013-06-14	Cash issue	66,342,124	33,171,062	199,976,372	99,988,186
2013-09-03	Cash issue Class C shares	1,400,000	700,000	201,376,372	100,688,186
2014-12-19	Cash issue	99,513,186	49,756,593	300,889,558	150,444,779
No. of issued shares/share capital at 31 December 2014		**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 from 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 issue of Class C shares in 2013, 2012 and 2011 was implemented for use in the Group's incentive programmes. See Note 24 for further details regarding the incentive programmes. All C shares are owned by Qliro Group AB.

C shares may be issued in an amount corresponding to the maximum total share capital and do not entitle the holder to dividends. 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 C shares. C shares have limited rights to assets at liquidation of the company.

The 2010 offset issue was implemented by offsetting previously issued loans from the 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, shares were paid at a higher price than the par value.

Foreign currency translation reserve

The translation reserve includes all exchange-rate differences that arise from the translation of income statements and balance sheets into the Swedish krona in the consolidated accounts.

	Group	
(SEK million)	2014	2013
Opening balance, 1 January	**-1.4**	**-2.3**
Translation differences for the year, net after tax	1.2	0.9
Total accumulated translation differences	**-0.2**	**-1.4**

Retained earnings

Retained earnings include previously earned profit.

Proposed dividend

The Board of Directors will propose to the 2015 Annual General Meeting of shareholders that no dividend be paid to shareholders for the fiscal year ending 31 December 2014, and that retained earnings be carried forward into the 2015 accounts.

Note 18 Other provisions

	Group		Parent company	
Other provisions (SEK million)	2014	2013	2014	2013
Provisions for social security contributions on share-based remuneration	1.4	0.9	1.4	0.9
Other provisions	5.4	2.3	-	-
Total	**6.8**	**3.3**	**1.4**	**0.9**

Provisions for share-based remuneration (SEK million)	Group		Parent company	
	2014	2013	2014	2013
Carrying amount at start of year	**0.9**	**0.5**	**0.9**	**0.5**
Provisions allocated during the period	0.5	0.4	0.5	0.4
Carrying amount at year-end	**1.4**	**0.9**	**1.4**	**0.9**

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

Provisions for contingent considerations (SEK million)	Group		Parent company	
	2014	2013	2014	2013
Carrying amount at year's start	**-**	**5.5**	**-**	**0.5**
Transferred to current liabilities	-	-5.5	-	-0.5
Carrying amount at year end	**-**	**-**	**-**	**-**

No provision was made in the Group for contingent considerations in 2014.

Provisions in the Group in 2013 consisted of contingent considerations from the acquisitions of Lekmer AB, Rum21 AB and Business Linc BL AB's operations. The valuation of the contingent considerations for Lekmer AB and Rum21 AB were based on defined profit objectives for coming years and the probability of their fulfilment. The valuation of the contingent considerations regarding the acquisition of operations from Business Linc BL AB were based on the fulfilment of certain conditions, including the transfer to Qliro Group of existing facility rental contracts for the operations with unchanged terms.

No provision was made in the parent company for contingent considerations in 2014.

Provisions in the parent company in 2013 consisted of contingent considerations from the acquisition of Lekmer AB and Rum21 AB. The valuation of the contingent considerations were based on defined profit objectives for coming years and the probability of their fulfilment.

Total provisions (SEK million)	Group		Parent company	
	2014	2013	2014	2013
Total carrying amount at start of year	**3.3**	**6.0**	**0.9**	**1.0**
Transferred to current liabilities	-	-5.5	-	-0.5
Provisions allocated during the period	3.5	2.8	0.5	0.4
Total carrying amount at year-end	**6.8**	**3.3**	**1.4**	**0.9**
Of which non-current portion of provisions	**6.8**	**3.1**	**1.4**	**0.7**
Of which current portion of provisions	**-**	**0.2**	**-**	**0.2**

Payments (SEK million)	Group		Parent company	
	2014	2013	2014	2013
Amount for which payment is expected to be made after 12 months	6.8	3.1	1.4	0.7

Note 19 Accrued expenses and prepaid income

(SEK million)	Parent company	
	31 December 2014	31 December 2013
Accrued personnel expense	9.4	9.3
Accrued audit expense	-	0.4
Accrued share issue expenses	3.8	-
Other	1.2	0.9
Total	**14.3**	**10.5**

Note 20 Pledged assets and contingent liabilities

Contingent liabilities (SEK million)	Group		Parent company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Guarantees for external parties	94.5	76.6	94.5	76.6
Guarantees for subsidiaries	20.0	20.0	52.6	95.2
Total	**114.5**	**96.6**	**147.1**	**171.8**

Guarantees for external parties relates to bank guarantees and security pledged to suppliers and other external parties for subsidiaries in the Group.

Guarantees for subsidiaries relates to parent company/bank guarantees and security pledged to suppliers and other external parties for subsidiaries in the Group.

The parent company has pledged capital cover guarantees to the subsidiaries CDON Group E-commerce AB, Lekmer AB, CDON Group Online Retailing AB and CDON Group Logistics AB.

Finnish customs authorities are investigating a subsidiary of CDON AB, Åland-based CDON Alandia, on suspicion of tax fraud but no conclusion has been presented.

Note 21 Financial instruments and financial risk management

Capital management

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

Capital is defined as total equity.

	Group	
Capital (SEK million)	31 December 2014	31 December 2013
Total equity	1,314.5	690.9

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.
The Qliro Group's financial risk management is centralised to the parent company in order to capitalise on economies of scale and synergy effects in the financial sector, as well as to minimise operational risks. The parent company also functions as the Group's internal bank and is responsible for financing and the financial policy. This includes pooling of cash requirements. The Board has established financial principles 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 extra 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 subsidiaries is ensured partly through the use of cash pools. At the reporting date, total available credit facilities amounted to SEK 505 million, of which SEK 275 million was attributable to Qliro Financial Services. At the reporting date, this margin was utilised with bank guarantees totalling approximately SEK 84 million. At 31 December 2014, the Group's cash and cash equivalents stood at SEK 534 million (289).

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 varies due to changes in market interest rates.
At year-end, the Group had no interest-bearing liabilities, as the convertible bond was redeemed early in conjunction with the rights issue. See Note 28 for the terms of the convertible loan. As there were no interest-bearing liabilities at year-end, there was also no interest rate risk attributable to interest-bearing liabilities.

If the variable interest rate on the Group's loan were to increase or decrease by 1 per cent, it would affect the Group's net financial items by SEK 0.2 million (2.3).

Credit risk

Credit risk is defined as the company's exposure to loss 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 will be managed.

Credit risk attributable to the Group's accounts receivable is distributed among a large number of customers, mainly private individuals. In 2014, a growing proportion of accounts receivable had been handled by Qliro Financial Services. As before, most other accounts receivable are sold to factoring companies. The vast majority of the accounts receivable are sold with full transfer of the credit risk to the counterparty. See Note 14 for further details regarding accounts receivable.

Market risks – currency risks

Currency risk is the risk that fluctuations in exchange rates will adversely affect the 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 net inflow or outflow of a foreign currency required by operations and financing. The transactions are not hedged.

Net foreign cash flow was as follows:

Flow of foreign funds (SEK million)	Group 2014	Group 2013
DKK	271.0	198.3
NOK	816.7	538.9
EUR	-44.5	46.5
USD	-244.8	-176.7
GBP	-197.0	-129.3
PLN	4.5	-

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

Sensitivity analysis (SEK million)	Group 2014	Group 2013
DKK	+/- 13.5	+/- 9.9
NOK	+/- 40.8	+/- 26.9
EUR	+/- 2.2	+/- 2.3
USD	+/- 12.2	+/- 8.8
GBP	+/- 9.9	+/- 6.5
PLN	+/- 0.2	+/- 0

Translation exposure

Translation exposure is the risk that arises from recalculating equity in a foreign subsidiary. 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)	2014	%	2013	%
DKK	-2.4	-156.8	-3.0	47.0
NOK	1.3	87.2	0.0	0.7
EUR	2.6	169.7	-3.3	52.3
Total	**1.5**	**100.0**	**-6.4**	**100.0**

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

Sensitivity analysis (SEK million)	Group 2014	Group 2013
DKK	+/- 0.1	+/- 0.2
NOK	+/- 0.1	+/- 0.0
EUR	+/-0.1	+/- 0.2

Classification of financial instruments

2014	Carrying amount				Fair value
Group (SEK million)	Holdings held for trading	receivable and accounts receivable	Other liabilities	Total	Total
Financial assets not measured at fair value					
Deposits		1.6		1.6	1.6
Accounts receivable		266.7		266.7	266.7
Other receivables		57.1		57.1	57.1
Accrued income		0.0		0.0	0.0
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 and prepaid income			302.5	302.5	302.5
Total financial liabilities	**0.0**	**-**	**1,023.7**	**1,023.7**	**1,023.7**

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

2014	Carrying amount				Fair value
Parent company (SEK million)	Holdings held for trading	receivable and accounts receivable	Other liabilities	Total	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 and prepaid income			14.3	14.3	14.3
Total financial liabilities	**0.0**	**-**	**387.3**	**387.3**	**387.3**

Calculation of fair value

Accounts receivable and accounts payable

For accounts receivable and accounts payable with a remaining life of less than six months, the carrying amount reflects the fair value. The Group has no accounts receivable or accounts payable with a life in excess of six months.

2013		Carrying amount				Fair value
Group (SEK million)	Note	Holdings held for trading	receivable and accounts	Other liabilities	Total	Total
Financial assets not measured at fair value						
Deposits			1.6		1.6	1.6
Accounts receivable			138.6		138.6	138.6
Other receivables			46.6		46.6	46.6
Accrued income			0.0		0.0	0.0
Cash and cash equivalents			288.9		288.9	288.9
Total financial assets		**-**	**475.7**	**-**	**475.7**	**475.7**
Financial liabilities measured at fair value						
Additional purchase price considerations		0.6			0.6	0.6
Financial liabilities not measured at fair value						
Accounts payable				472.6	472.6	472.6
Convertible bond				231.7	231.7	247.2
Credit facilities				-	-	-
Other liabilities				81.0	81.0	81.0
Accrued expenses and prepaid income				263.4	263.4	263.4
Total financial liabilities		**0.6**	**-**	**1,048.7**	**1,049.3**	**1,064.8**

2013	Carrying amount				Fair value
Parent company (SEK million)	Holdings held for trading	receivable and accounts	Other liabilities	Total	Total
Financial assets not measured at fair value					
Receivables from Group companies		269.9		269.9	269.9
Other receivables		1.7		1.7	1.7
Cash and cash equivalents		267.7		267.7	267.7
Total financial assets	**-**	**539.4**	**-**	**539.4**	**539.4**
Financial liabilities measured at fair value					
Additional purchase price considerations	0.6			0.6	0.6
Financial liabilities not measured at fair value					
Accounts payable			2.3	2.3	2.3
Convertible bond			231.7	231.7	247.2
Credit facilities			-	0.0	0.0
Liabilities to Group companies			463.8	463.8	463.8
Other liabilities			1.6	1.6	1.6
Accrued expenses and prepaid income			10.5	10.5	10.5
Total financial liabilities	**0.6**	**-**	**709.9**	**710.5**	**726.0**

Calculation of fair value

Additional purchase price considerations

Valuation of additional purchase price considerations comes under level 3 in the fair value hierarchy. No other financial instruments besides additional purchase price considerations are continually measured at fair value in the balance sheet.

Convertible bonds

Fair value of the debt component of the convertible bonds is calculated by discounting future flows of principal amounts and interest using a market interest rate for similar debts without conversion right. As of 31 December 2013, fair value is estimated to amount to SEK 247.2 million (245.5). Disclosure of fair value of the convertible bond relates to valuation hierarchy level 2.

Accounts receivable and accounts payable

For accounts receivable and accounts payable with a remaining life of less than six months, the carrying amount reflects the fair value. The Group has no accounts receivable or accounts payable with a life in excess of six months.

Interest rates used to determine fair value

The company uses the Stockholm interbank offered rate of 31 December 2013 plus a relevant interest spread when discounting financial instruments.

Additional purchase price considerations (SEK million)	Group		Parent company	
	2014	2013	2014	2013
Carrying amount at start of year	**0.6**	**5.9**	**0.6**	**5.9**
Payments	-0.6	-5.5	-0.6	-5.5
Revaluations made during the period	-	0.1	-	0.1
Unutilised amount reversed during the period	-	-	-	-
Carrying amount at year-end	**0.0**	**0.6**	**0.0**	**0.6**

Maturity structure of financial liabilities – undiscounted cash flows

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**	**0.0**	**0.0**

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**	**0.0**	**0.0**

Group (SEK million)	2013				
	Total	0-3 months	3 mon - 1 year	1-5 years	> 5 years
Additional purchase price considerations	0.6		0.6		
Convertible bond	263.7	1.8	5.3	256.5	
Credit facilities	0.0				
Accounts payable	472.6	472.6			
Other liabilities	81.0	81.0			
Accrued expenses and prepaid income	263.4	239.2	24.2		
Total	**1,081.3**	**794.6**	**30.1**	**256.5**	**0.0**

Parent company (SEK million)	2013				
	Total	0-3 months	3 mon - 1 year	1-5 years	> 5 years
Additional purchase price considerations	0.6		0.6		
Convertible bond	263.7	1.8	5.3	256.5	
Credit facilities	0.0	0.0	0.0		
Accounts payable	2.3	2.3			
Liabilities to Group companies	463.8	463.8			
Other liabilities	1.6	1.6			
Accrued expenses and prepaid income	10.5	6.4	4.2		
Total	**742.5**	**475.9**	**10.1**	**256.5**	**0.0**

Note 22 Operating leases

Group

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

Leases and other commitments for future payments at 31 December 2014 (SEK million)	2014	
	Group	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**

Leases and other commitments for future payments at 31 December 2013 (SEK million)	2013	
	Group	Parent company
2014	45.0	1.0
2015	43.1	1.0
2016	30.7	0.2
2017	21.2	-
2018	7.2	-
2019 and beyond	0	-
Total leases and other commitments	**147.2**	**2.2**
Leasing expense for the year	**49.0**	**1.3**

Note 23 Average number of employees

	2014		2013	
Group	Men	Women	Men	Women
Sweden	436	463	381	403
Finland	-	-	-	1
Total	**436**	**463**	**381**	**404**
Total average no. of employees		**899**		**785**

	2014		2013	
Parent company	Men	Women	Men	Women
Sweden	20	15	29	29
Total	**20**	**15**	**29**	**29**
Total average no. of employees		**34**		**58**

Distribution of men and women in executive management

	2014		2013	
Group	Men %	Women %	Men %	Women %
Board	85	15	93	8
CEO and other executives	81	19	80	20
Total	**83**	**17**	**90**	**10**

	2014		2013	
Parent company	Men %	Women %	Men %	Women %
Board	75	25	71	29
CEO and other executives	78	22	80	20
Total	**76**	**24**	**76**	**24**

Note 24 Salaries, other remuneration and social security contributions

Remuneration to senior executives

Guidelines for remuneration of senior executives, “Executives” below, were adopted at the AGM on 13 May 2014 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 consists of Nordic online and offline retailing companies. The remuneration shall be based on conditions that are market competitive and at the same time aligned with shareholders’ interests. Remuneration to Executives shall consist of a fixed and variable salary in cash, as well as the possibility of participation in long-term share-based incentive programmes and pension plans. These components shall create a well balanced remuneration reflecting individual performance and responsibility, both short-term and long-term, as well as Qliro Group’s overall performance.

Fixed salary

The Executives’ fixed salary shall be competitive and based on the individual Executive’s responsibilities and performance.

Variable remuneration

The Executives may receive variable remuneration in addition to fixed remuneration. The variable salary will generally not exceed a maximum of 75 per cent of the fixed annual salary. The variable remuneration shall be based on the performance of Executives in relation to established goals and targets.

Other benefits

Qliro Group provides other benefits to Executives in accordance with local practice. Other benefits can include, for example, a company car and company health care. Occasionally, housing allowances may be granted for a limited period.

Pension

Executives are entitled to pension commitments based on those that are customary in the country in which they are employed. Pension commitments will be secured through premiums paid to insurance companies. Under normal circumstances, the retirement age is 65 years.

Notice of termination and severance pay

The maximum notice period in any Executive’s contract is generally 12 months, and in exceptional cases 18 months, during which time salary payment will continue.

Remuneration to Board members

Board members elected by the AGM may in certain cases be paid 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 of Directors.

Deviations from the guidelines

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

Share-based remuneration

The 2014 long-term incentive programme

The 2014 AGM determined to adopt an incentive programme (the “Plan”) that includes approximately 55 senior executives and other key employees within Qliro Group. In order 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 connection with the notification to participate in the Plan. The participants will then be granted, free from consideration, retention and performance-based rights, as well as, in some cases, performance-based employee stock options according to the terms adopted by the AGM. Subject to fulfilment of certain retention and performance-based conditions during 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 Qliro Group’s interim report for the period January – March 2017, and that the participant, with some exceptions, is still employed in 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 per cent of the share price at the allotment date.

The 2013 long-term incentive programme

The 2013 AGM determined to adopt an incentive programme (the “Plan”) that includes approximately 40 senior executives and other key employees within Qliro Group. In order to participate in the Plan, the participants are required to own shares in Qliro Group. 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 be granted, free from consideration, retention and performance-based rights, as well as, in some cases, performance-based employee stock options according to the terms adopted by the AGM. Subject to fulfilment of certain retention and performance-based conditions during 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 Qliro Group’s interim report for the period January – March 2016, and that the participant, with some exceptions, is still employed in 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 per cent of the share price at the allotment date.

The 2012 long-term incentive programme

The 2012 AGM determined to adopt an incentive programme (the “Plan”) that includes approximately 20 senior executives and other key employees within Qliro Group. In order to participate in the Plan, the participants are required to own shares in Qliro Group. 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 be granted, free from consideration, retention and performance-based rights, as well as, in some cases, employee stock options according to the terms adopted by the AGM. Subject to fulfilment of certain retention and performance-based conditions during the period 1 April 2012 – 31 March 2015 (“the Measurement Period”), and subject to the participant retaining the invested shares during the vesting period ending at the release of Qliro Group’s interim report for the period January – March 2015, and that the participant, with some exceptions, is still employed in Qliro Group at the release of the interim report for the period January – March 2015, 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 per cent of the share price at the allotment date.

The 2011 long-term incentive programme

The long-term incentive programme (LTIP 2011) that had been adopted at the AGM 2011 was wrapped up in the second quarter of 2014. None of the retention and performance-based conditions were met in LTIP 2011, and all retention and performance based rights have therefore expired.

Personnel expenses (SEK million)	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Salaries	301.6	270.1	26.4	32.4
Social security contributions	85.2	75.4	8.7	10.6
Pension expenses – defined contribution plans	20.0	16.1	3.1	4.2
Expenses for share-based remuneration	1.4	1.2	1.4	1.2
Social security contributions on share-based remuneration	0.5	0.4	0.5	0.4
Total	**408.8**	**363.2**	**40.2**	**48.8**

Basic salary and variable remuneration (SEK million)	Group 2014	Group 2013
Senior executives (11 persons)	22.4	22.2
of which, variable salary	*5.4*	*3.2*

Remuneration and other benefits	2014					
Group (SEK million)	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**	**0.0**	**4.0**	**1.4**	**27.9**

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

Remuneration and other benefits	2013					
Group (SEK million)	Basic salary	Variable remuneration	Other benefits	Pension expenses	Rights expenses	Total
Paul Fischbein, CEO	3.3	0.3	-	0.6	0.3	4.6
Senior executives (11 persons)	15.7	3.0	-	3.6	0.6	22.9
Total	**19.1**	**3.3**	**0.0**	**4.3**	**0.9**	**27.5**

The amounts recognised for 2013 relate to the full year. Variable remuneration regarding 2013 paid in 2014 for the CEO SEK 0.3 million (0.0). Remuneration regarding 2013 paid in 2014 for other senior executives SEK 3.0 million (0.4).

Payroll expenses and other remuneration (SEK million)	Parent company 2014	Parent company 2013
Board and senior executives (12 persons)	14.8	16.5
of which, variable salary	*2.4*	*1.9*
Other employees	13.1	17.1
Total salaries and other remuneration	**27.9**	**33.5**

Remuneration and other benefits	2014					
Group and parent company (SEK million)	Basic salary, Board remuneration	Variable remuneration	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**	**0.0**	**4.0**	**1.4**	**31.3**

The amounts recognised for 2014 relate to the full year. Accrued variable remuneration to be paid after year-end totals SEK 1.0 million (0.3) for the CEO and SEK 4.4 million (3.0) 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.

Remuneration and other benefits	2013					
Group and parent company (SEK million)	Basic salary, Board remuneration	Variable remuneration	Other benefits	Pension expenses	Rights expenses	Total
Lars-Johan Jarnheimer, Chairman of the Board	0.7					0.7
Mia Brunell Livfors	0.4					0.4
Lars Nilsson	0.5					0.5
Mengmeng Du	0.4					0.4
Jonas Kjellberg	0.3					0.3
David Kelly	0.4					0.4
Patrick Andersen	0.4					0.4
Paul Fischbein, CEO						
Remuneration from parent company	3.3	0.3		0.6	0.3	4.6
Other senior executives (11 persons)						
Remuneration from parent company	7.3	1.6		1.6	0.6	11.1
Remuneration from subsidiaries	8.4	1.4		2.0		11.8
Total	**22.1**	**3.3**	**0.0**	**4.3**	**0.9**	**30.6**

The amounts recognised for 2013 relate to the full year. Accrued variable remuneration to be paid after year-end totals SEK 0.3 million (0.1) for the CEO and SEK 3.0 million (0.4) 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 adopted incentive programmes for management and key employees.

The 2014 long-term incentive programme

The 2014 programme is addressed to approximately 55 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 conjunction with notification to participate in the programme. Participants must retain the shares during the three-year vesting period. After that, participants will be allotted retention and performance-based rights, as well as, in some cases, employee stock options, that can subsequently be utilised depending on how defined objectives were 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 stock 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 addressed to approximately 40 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 conjunction with notification to participate in the programme. Participants must retain the shares during the three-year vesting period. After that, participants will be allotted retention and performance-based rights, as well as, in some cases, employee stock options, that can subsequently be utilised depending on how defined objectives were 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 stock 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 addressed to approximately 20 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 conjunction with notification to participate in the programme. Participants must retain the shares during the three-year vesting period. After that, participants will be allotted retention and performance-based rights, as well as, in some cases, employee stock options, that can subsequently be utilised depending on how defined objectives were 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 stock options were allotted to the participants free of charge in early June 2012. They can 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.

The 2011 long-term incentive programme

The long-term incentive programme that had been adopted at the AGM 2011 was wrapped up in the second quarter of 2014. None of the retention and performance-based conditions were met in LTIP 2011, and all retention and performance based rights have therefore expired.

Cost effects of incentive programmes

The programmes are equity-regulated programmes. The fair value at 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 allotment date and the number of shares that are expected to be earned. The cost of the programmes in 2014 totalled SEK 1.4 million (1.2), excluding social security contributions. When allocation of shares occurs, social security contributions will be paid for the value of benefit 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 per cent attrition rate during the period was also made. For the objective-based programmes, the probability that the objectives will be achieved were taken into account by using the adjustment factors for the various objectives when the cost was calculated.

Recalculation of certain conditions in the incentive programmes adopted in 2012-2014 due to rights issues in Qliro Group

Certain conditions in the long-term incentive programmes adopted in 2012-2014 have been recalculated due to Qliro Group's rights issues (that had been carried out in Q2 2013 and Q4 2014). The following conditions have been recalculated: a) the number of ordinary shares, that each retention-based and performance-based right and employee stock option allotted 2012-2014 entitles to be granted; b) exercise prices for the employee stock options allotted 2012-2014; and c) the participant's maximum profit per each retention-based and performance-based right or employee stock option allotted 2012-2014.

Recaclulated number of ordinary shares that each retention-based and performance-based right or employee stock option allotted 2012-2014 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 the recalculation	Before the recalculation
The 2012 long-term incentive programme	1.427 shares	1.000 shares
The 2013 long-term incentive programme	1.156 shares	1.000 shares
The 2014 long-term incentive programme	1.156 shares	1.000 shares

The aforesaid means that if all 1,234,801 rights and employee stock options that had been allotted to senior executives and other key employees in 2012-2014 could be utilised as of 31 December 2014, then in total 1,468,182 ordinary shares would, after the recalculation, be granted to the participants.

Dilution

If all rights and options allocated to senior executives and other key employees could be utilised as of 31 December 2014, the number of shares issued by the company would increase by 1,468,182 ordinary shares, which corresponds to a dilution of 1.0 per cent of capital and votes at year-end 2014.

Granted rights and options	Group-CEO	Senior executives	Key persons	Total
The 2012 long-term incentive programme	90,300	50,700	9,375	150,375
The 2013 long-term incentive programme	170,100	285,200	52,500	507,800
The 2014 long-term incentive programme	104,000	257,400	215,226	576,626
Total outstanding as at 31 December 2014	**364,400**	**593,300**	**277,101**	**1,234,801**

	2014		2013	
	No. of rights and options	Weighted redemption price	No. of rights and options	Weighted redemption price
Outstanding rights and options at 1 January	807,575	-	301,675	-
Rights and options issued during the year	639,026	-	710,200	-
Rights and options forfeited during the year	-211,800	-	-204,300	-
Total outstanding as at 31 December	**1,234,801**	**-**	**807,575**	**-**

Specification of long-term incentive programme	Number of rights and options	Number of participants	Maximum redemption price*	Theoretical fair value at allocation	Redemption period	No. of rights and options at 1 January	Lapsed during the year	Redeemed during the year	Outstanding rights and options as of 31 December
Total allocation 2011									
2011	163,300	9	121.5	27.1	2014	30,000	-30,000	-	0
Total allocation 2012									
2012	267,300	20	196.3	14.7	2015	199,175	-48,800	-	150,375
Total allocation 2013									
2013	710,200	30	150.6	14.7	2016	578,400	-70,600	-	507,800
Total allocation 2014									
2014	639,026	42	109.0	13.7	2017	-	-62,400	-	576,626

* - recalculated due to rights issues, please see the explanation above.

Personnel expenses (SEK million)	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Granted rights 2011	-0.5	-0.1	-0.5	-0.1
Granted rights and options 2012	0.1	0.6	0.1	0.6
Granted rights and options 2013	1.1	0.7	1.1	0.7
Granted rights and options in 2014	0.6	-	0.6	-
Total expense recognised as personnel expenses	**1.4**	**1.2**	**1.4**	**1.2**

The LTIP 2011 was wrapped up in the second quarter of 2014. None of the retention and performance-based conditions were met in LTIP 2011, and all retention and performance based rights have therefore expired.

Note 25 Fees and remuneration to auditors

(SEK million)	Group 2014	Group 2013	Parent company 2014	Parent company 2013
KPMG				
Auditing assignments	3.8	3.5	1.5	0.9
Auditing-related services	0.7	1.0	0.7	1.0
Tax consulting	0.6	0.2	0.4	0.2
Other services	0.1	0.1	0.0	0.0
Total	**5.1**	**4.7**	**2.6**	**2.1**

Auditing assignments refer to compulsory audits of the annual accounts and accounting records, the administration of the Board of Directors 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 auditing or the performance of such other duties.

Note 26 Supplementary disclosures regarding the statement of cash flow

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

(SEK million)	Group 2014	Group 2013	Parent company 2014	Parent company 2013
Gain/loss from sale of operations	-53.1	0.4	-	-
Gain from sale of non-current assets	-	-	-	-
Loss from sale of non-current assets	0.0	2.4	-	-
Depreciation, amortisation, impairment and disposals of non-current assets	41.3	21.4	0.6	0.0
Change in provision for contingent considerations	0.0	0.1	-	-
Change in other provisions	0.1	-2.1	-	-
Incentive programme	1.9	1.6	1.9	1.6
Interest expenses and income	8.9	8.5	8.9	8.5
Unrealised exchange differences	5.9	3.4	13.9	1.4
Group contributions received	-	-	-125.2	-56.6
Group contributions paid	-	-	107.4	263.2
Other items	0.0	32.0	-2.6	0.1
Total	**5.0**	**67.7**	**5.0**	**218.3**
Other supplementary disclosures				
Interest received during the fiscal year	1.5	0.8	13.9	18.4
Interest paid during the fiscal year	-18.9	-21.2	-18.4	-15.4
Total	**-17.4**	**-20.4**	**-4.5**	**2.9**

Note 27 Related-party transactions

Group

Related parties	
Investment AB Kinnevik (Kinnevik)	Kinnevik holds shares in Qliro Group AB.
Related to Kinnevik:	
Tele2 AB (Tele2)	Kinnevik owns a significant number of shares in Tele2.
Audit Value International (AVI) AB	Kinnevik owns a significant number of shares in AVI.

All transactions between related parties are based on market conditions and negotiations have taken place on an arms' length basis.

Transactions with related parties

The Group purchases internal auditing and marketing services from Kinnevik. In 2014, purchases totalled SEK 16.3 million (13.6). The 2014 purchases included guarantee commission to Kinnevik in connection with the new share issue.

Transactions with companies related to Kinnevik

The Group purchases telecom and data communication services from Tele2.

The Group purchases internal audit services from AVI.

There have been no transactions with senior executives in addition to those disclosed in Note 24.

Parent company

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

Summary of related company 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 as of 31 December	Liability to related parties as of 31 December
Subsidiaries	2014	31.0	0.0	29.0	377.8	358.7
Subsidiaries	2013	52.1	0.0	-189.9	269.9	463.8

Note 28 Convertible bonds

Following a resolution passed at an Extraordinary General Meeting of CDON Group shareholders in Stockholm on 25 November 2010, the Group issued a five-year SEK 250 million convertible bond on 2 December 2010. MTG subscribed for 100 per cent of the bond, which bore an annual coupon rate of 2.85%. In conjunction with the rights issues, the convertible bond was redeemed early on 19 December 2014.

Group and parent company (SEK million)	2014	2013
Nominal value after convertible bond issue, 2 December 2010	0.0	250.0
Original amount classified as equity	0.0	-32.0
Reclassification to equity pursuant to change in tax rate	0.0	-1.2
Deferred tax liability attributable to convertible bond	0.0	-10.2
Capitalised interest	0.0	25.1
Recognised liability, 31 December 2014	**0.0**	**231.7**
Net financial items		
Capitalised interest	-8.9	-8.7
Coupon rate	-6.9	-7.1
Effect of the convertible bond on net financial items in the consolidated and parent company income statements	**-15.8**	**-15.9**

The convertible bond has not had any dilution effect either for 2014 and has therefore been excluded from the calculation of diluted earnings per share.

Note 29 Events after the end of the financial year

CDON Group becomes Qliro Group

Qliro Group AB announced after year-end that the Swedish Companies Registration Office has registered the new articles of association that were adopted at the Extraordinary General Meeting in Stockholm on 21 November, 2014. The company's name will forthwith be Qliro Group AB (publ.). The name of the company's shares, which are traded on the NASDAQ Stockholm's Mid Cap list, will therefore change to Qliro Group, with the ticker symbol "QLRO".

Lekmer moves to new warehouse

Qliro Group AB announced after year-end that the subsidiary Lekmer is moving to new warehousing facilities. The move creates the conditions for continued growth and increased efficiency.

As a result of the continued strong growth in Group companies Lekmer and Nelly, Lekmer is moving its warehousing operations from CDON Group Logistics in Falkenberg to DB Schenker in Arlandastad outside Stockholm. The move gives Lekmer access to a larger warehouse area and an automated goods flow, while freeing up capacity for Nelly.com's continued expansion in Falkenberg. The warehouse relocation is expected to bring about both significant improvements in efficiency and reduced handling costs for Lekmer. The cost of the move is expected to amount to SEK 15-20 million and will impact Lekmer's earnings for the first quarter of 2015, and following completion of the move annual cost savings are expected to exceed the moving costs. As a consequence of Lekmer's move of its warehousing, CDON Group Logistics intends to reorganise operations in Falkenberg, with an initial reduction in personnel of 55 positions. These changes will be made in the spring. The non-recurring costs attributable to the reduction in personnel are included in the above-mentioned moving cost.

Qliro has applied for a license to become a credit market company

Qliro Group AB announced after year-end that the subsidiary Qliro AB has submitted an application to the Swedish Financial Supervisory Authority to become a credit market company.

Qliro offered to external retailers

Qliro Group AB announced after year-end that the subsidiary Qliro AB is introducing the Qliro payment solution for retailers outside Qliro Group. Qliro has developed integration modules that make it easy for retailers using the Magento and Askås platforms to connect to Qliro's payment solutions. Integration with a number of additional platforms will also soon be launched.

Note 30 Inventories

Cost of sales for the Group includes impairment of inventory of SEK 3.7 million (6.6).

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 Report and consolidated accounts provide a true and fair view of the financial position and earnings of the parent company and the Group. The Directors' Report for the Group and parent company presents a fair summary of the Group and parent company's activities, financial position and earnings, and describes significant risks and uncertainties faced by the parent company and Group companies.

Stockholm 10 April 2015

Lars-Johan Jarnheimer
Chairman of the Board

Paul Fischbein
Chief Executive Officer

Mia Brunell Livfors
Board member

Lars Nilsson
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 14 April 2015

KPMG AB

Cronie Wallquist
Authorised Public Accountant

The annual accounts and consolidated accounts have, as stated above, been approved for publication by the Board and Chief Executive Officer on 10 April 2015.

Auditor’s report

To the annual meeting of shareholders of Qliro Group AB, corp. reg. 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 2014, except for the corporate governance statement on pages 28 - 36. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 44 - 90.

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 responsible 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.

Opinions

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 2014 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 2014 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 28 - 36. 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 2014. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the 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 28 - 36 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.

Opinions

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 14 April 2015

KPMG AB

Cronie Wallquist

Authorized Public Accountant

Definitions

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

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

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

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.

Number of active customers
The number of customers that 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 income (EBIT)
Operating income is earnings before interest and tax (EBIT).

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

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.

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.

Working capital

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

Narva

Qliro Group

Qliro Group AB
Sveavägen 151 Box 195 25
SE-104 32 Stockholm
SWEDEN
www.qlirogroup.com