

# Qliro Group

## Interim report for 1 January – 30 September 2018

### STRONG UNDERLYING GROWTH AND NEW FINANCIAL TARGETS

#### THIRD QUARTER<sup>1</sup>

- Net sales amounted to SEK 665.1 (686.4) million
  - CDON Marketplace increased sales from external merchants with 22 percent and gross profit with 19 percent, while continuing the phaseout of low-margin own inventory sales
  - Qliro Financial Services increased total operating income by 36 percent and the loan book by 51 percent
  - Nelly grew by 11 percent for the second quarter in a row
- The gross margin increased by 2 percentage points to 26.3 (24.3) percent
- Operating income before depreciation, amortization and impairment increased to SEK 19.0 (12.9) million
- Operating income improved to SEK 0.7 (-4.4) million
- Profit after tax including discontinued operations amounted to SEK -1.8 (-2.0) million
- Basic and diluted earnings per share including discontinued operations amounted to SEK -0.01 (-0.01)

#### FIRST NINE MONTHS<sup>1</sup>

- Net sales amounted to SEK 2,188.3 (2,196.9) million
- The gross margin increased to 23.4 (22.8) percent
- Operating income before depreciation, amortization and impairment was SEK -16.1 (37.6) million
- Operating income amounted to SEK -68.5 (-14.8) million
- Profit after tax including discontinued operations amounted to SEK -2.5 (-30.2) million, including tax and interest expenses of SEK 70 million attributable to CDON Alandia 2012
- Basic and diluted earnings per share including discontinued operations amounted to SEK -0.02 (-0.20)
- Cash and cash equivalents increased to SEK 577.2 (433.8) million by the end of the period

SEK million	2018 July-Sep	2017 July-Sep	2018 Jan-Sep	2017 Jan-Sep
Net sales	665.1	686.4	2,188.3	2,196.9
Gross profit	175.3	166.5	512.7	501.0
<i>Gross margin, %</i>	26.3%	24.3%	23.4%	22.8%
Operating income before depreciation, amortization and impairment	19.0	12.9	-16.1	37.6
<i>Operating margin before depreciation, amortization and impairment, %</i>	2.9%	1.9%	-0.7%	1.7%
Operating income	0.7	-4.4	-68.5	-14.8
<i>Operating margin, %</i>	0.1%	-0.6%	-3.1%	-0.7%

<sup>1</sup>Lekmer and HSNG are recognized as discontinued operations in the consolidated accounts.

## **STRONG UNDERLYING GROWTH AND NEW FINANCIAL TARGETS**

**The third quarter shows strong underlying growth. CDON Marketplace increased sales from external merchants by 22 percent, while continuing the phaseout of low-margin own inventory sales. Qliro Financial Services increased total operating income by 36 percent and the loan book by 51 percent. Nelly grew net sales by 11 percent for the second quarter in a row, and the proportion of own brands was 44 percent of sales. In addition, the Group's gross margin increased by 2 percentage points to 26.3 percent.**

Since June 2018, our strategy has been to operate Qliro Financial Services, CDON Marketplace and Nelly as three independent companies. The intention is to create the best conditions for the companies' development and thus increase shareholder value. The work with potential structured deals, divestments or a stock listing is proceeding according to plan. We have set new financial targets for the subsidiaries and appointed new CEOs to both CDON Marketplace and Nelly.

### **Qliro Financial Services continues to grow**

Since its inception, Qliro Financial Services has built its offering of financial services to consumers and merchants. Going forward, the primary aim is to utilize economies of scale and capitalize on the existing service offerings. The focus is on attracting more merchants and rolling out the consumer services launched in Sweden, to the other Nordic countries as well. The company has over 30 merchants connected to its platform and more than half of the business volume comes from online merchants not owned by the group. Over the past year, 1.9 million consumers have used the company's digital financial services. The loan book grew by 51 percent to over SEK 1.2 billion with the fastest growth in personal loans. Total operating income increased by 36 percent and total operating expenses increased by 32 percent, including new commercial initiatives and recruiting of personnel working with attracting and onboarding new merchants. The new initiatives are key to strengthen the position as an independent company.

The transaction volumes are currently negatively impacted by CDON Marketplace phasing out of sales from own inventory. The financial development is dependent on the e-commerce volumes and thereby the recruitment of new merchants. Qliro Financial Services new financial target is to achieve an operating income before depreciation and amortization of SEK 100 – 125 million in 2019. This target may be complemented with longer-term targets when the new CEO has joined.

### **CDON Marketplace accelerates transformation**

To strengthen its position as an independent company, CDON Marketplace accelerated its transformation into a marketplace for external merchants, complemented by sales from own inventory. The marketplace model and dropshipment (selling directly from suppliers' inventory) set a foundation for growth with lower stock levels and capital requirements over time.

The number of visits and active customers to CDON Marketplace increased in the quarter. External merchant sales increased by 22 percent. Meanwhile, the phase out of sales from own inventory continued, especially in the consumer electronics segment with low-margins. This provides the right long-term conditions for a strong market position with higher margins and profitability, while having a negative effect on sales during the transformation. Consequently, the gross margin rose sharply from 10.1 percent to 14.8 percent in the quarter and it is expected to continue to increase along the transformation.

To reflect the transformation, the new financial targets are based on the sales growth of external merchants and on the traditional operating margin before depreciation and amortization. We estimate that operating income before depreciation and amortization will be positive for the full year 2019.

### **Nelly increases sales and profit**

Nelly is one of the most well-known online fashion brands among women aged 18 to 29 in the Nordics. At its core is its own brand, complemented by a well-curated portfolio of approximately 200 external brands.

Nelly's focus on profitable growth led to an increase of 7 percent in number of visits, 12 percent in number of orders, 15 percent in number of customers and 5 percent in average shopping basket size for the quarter. Thus, sales rose 11 percent. 44 percent of all sales were our own brand. Operating income before depreciation and amortization improved somewhat to SEK 24 million. This was, however, a significant improvement in

underlying profitability since last year's operating income was positively affected with SEK 6 million due to the divestment of Members.com. Nelly has a successful growth strategy, and we are now raising the target for growth while maintaining the operating margin target.

#### **Financial flexibility**

Qliro Group's gross profit and operating income before depreciation and amortization increased during the quarter. Our three companies have strong positions in dynamic and growing segments of e-commerce. In addition, we have a strong financial position. The Group's cash amounted to SEK 577 million and the net cash of the e-commerce business amounted to SEK 301 million. Our companies have strong market positions and are driving forces in the shift to online commerce.

Stockholm, October 19, 2018

Marcus Lindqvist, President and CEO

## **NEW FINANCIAL TARGETS**

The Board of Qliro Group resolved on October 18 to change the financial targets of the subsidiaries, which was announced in a separate press release.

#### **Qliro Financial Services focuses on e-commerce volume and loan book growth**

To strengthen its position as an independent company, Qliro Financial Services is increasing its commercial initiatives and recruiting personnel working with attracting and integrating new merchants. The financial development is dependent on e-commerce volumes and the recruitment of new external merchants. During 2019, volumes will be negatively affected by the fact that CDON Marketplace is phasing out sales from own inventory.

Qliro Financial Services new financial target:

- Achieve an operating income before depreciation and amortization of SEK 100 – 125 million in 2019

Qliro Financial Services previous long-term financial target was to achieve an operating income before depreciation and amortization of at least SEK 150 million in 2019.

#### **CDON Marketplace focuses on growing with external merchants**

To strengthen its position as an independent company, CDON Marketplace is accelerating the transformation by increasing sales through external merchants while phasing out sales from own inventory, especially consumer electronics segment with low margin. We estimate that the operating income before depreciation and amortization will be positive for the full-year 2019.

CDON Marketplace new financial targets:

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

CDON Marketplace's previous long-term financial target was to achieve a level of organic growth in total gross merchandise value (that is, sum of external merchants and sales from own inventory) of an average of 10 percent per year and to generate operating income before depreciation and amortization of 1-2 percent of gross merchandise value (that is, not ordinary operating margin before depreciation and amortization).

#### **Nelly focuses on its own brands**

Based on its strong market position and successful growth strategy, Nelly's growth target is now raised with an unchanged target for operating margin.

Nelly's new financial targets:

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

Nelly's previous long-term financial target was to achieve a level of organic growth of an average of 8 percent per year and to generate an operating margin before depreciation and amortization of at least 6 percent.

**QLIRO FINANCIAL SERVICES CONTINUES TO GROW**

SEK million	2018	2017	Δ	2018	2017	Δ
	July-Sep	July-Sep		Jan-Sep	Jan-Sep	
Interest income	71.4	54.9	30%	203.9	156.0	31%
Interest expense	-3.8	-3.9	-4%	-11.2	-12.4	-10%
Net interest income	67.6	51.0	33%	192.6	143.6	34%
Net fee and commission income	3.3	2.4	39%	10.1	6.3	60%
Other operating income	5.7	2.9	99%	13.3	8.0	65%
<b>Total operating income</b>	<b>76.7</b>	<b>56.3</b>	<b>36%</b>	<b>216.0</b>	<b>158.0</b>	<b>37%</b>
Other operating expenses	-52.2	-39.5		-156.1	-122.4	
Depreciation, amortization and impairment	-9.9	-7.5		-27.7	-19.5	
<b>Total operating expenses</b>	<b>-62.1</b>	<b>-47.0</b>	<b>32%</b>	<b>-183.8</b>	<b>-142.0</b>	<b>29%</b>
Expected credit losses per IFRS 9, net	-14.2			-40.4		
Credit losses per IAS 39, net		-5.6			-20.6	
<b>Operating income</b>	<b>0.4</b>	<b>3.6</b>		<b>-8.2</b>	<b>-4.5</b>	
Operating income before depreciation, amortization and impairment	10.3	11.1	-8%	19.5	15.0	30%
<b>Net loans to the public</b>	<b>1,246.0</b>	<b>827.0</b>	<b>51%</b>	<b>1,246.0</b>	<b>827.0</b>	<b>51%</b>
of which sales financing	1,001.3	816.9	23%	1,001.3	816.9	23%
of which personal loans	244.7	10.1		244.7	10.1	
<b>External financing</b>	<b>1,140.2</b>	<b>662.9</b>	<b>72%</b>	<b>1,140.2</b>	<b>662.6</b>	<b>72%</b>
of which deposits from the public <sup>1</sup>	845.3	444.9	90%	845.3	444.9	90%
of which secured credit facility	294.9	218.0	35%	294.9	218.0	35%
<b>Sales financing</b>						
Business volume	1,129	848	33%	3,347	2,622	28%
No. of orders, thousands	1,090	894	22%	3,337	2,692	24%
Average shopping basket, SEK	1,036	949	9%	1,003	974	3%
<b>Personal loans</b>						
Average personal loans, SEK thousands	74	0		69	0	

<sup>1</sup>Of which accrued interest was SEK 2.1 (0.3) million

**Financial services to merchants and consumers**

Qliro Financial Services consists of the credit market company Qliro AB, which offers digital financial services to merchants and consumers. The strategy is to offer a payment solution to merchants and utilize these transaction volumes and customer relationships to offer digital financial services to consumers. The payment solution ensures that e-merchants receive efficient payments and good conversion. E-commerce volumes provides lower customer acquisition costs for consumer services, which is expected to provide a long-term competitive advantage and contribute to profitability and return on equity.

The business focuses on the Nordic region, which is an attractive credit market through the availability of individual financial information and established credit recovery processes.

**Commercial focus**

Since its start in 2014, Qliro Financial Services has built its offering of financial services to consumers and merchants and going forward it will primarily capitalize on its existing service offering. The focus is on attracting more merchants (currently just over 30) and rolling out the consumer services launched in Sweden to other Nordic countries as well. Since the summer, the company has strengthened its sales organization and integration team for merchants and invested in the brand and offering.

**Growing business volume**

Qliro Financial Services' business volume grew 33 percent to SEK 1,129 million. Volume growth was adversely affected by the fact that CDON Marketplace is phasing out sales from own inventory as part of its efforts to become an independently profitable company. External merchants accounted for over 50 percent of e-commerce volumes, which is in line with the previously announced target for the end of 2018.

**Continued growth**

Total operating income increased 36 percent to SEK 77 million in the quarter. This was driven by the loan book, which grew 51 percent to SEK 1,246 million, with the fastest growth in personal loans. SEK 1,001 million of the loan book was for invoices, partial payments and installments, and SEK 245 million was for personal loans. This was financed through banks, savings accounts and equity.

Growth within personal loans is driven by digital marketing to existing customers. Over 95 percent of borrowers have a previous relationship with Qliro Financial Services and many apply through Qliro's app. This gives low customer acquisition costs and the possibility of selective credit granting by identifying people with good creditworthiness. Credit scoring is automated and based on a combination of internal and external data analyzed in real time using machine learning techniques. The personal loans granted had a contractual maturity of just over eight years. The company has an excellent opportunity to grow this business cost-effectively.

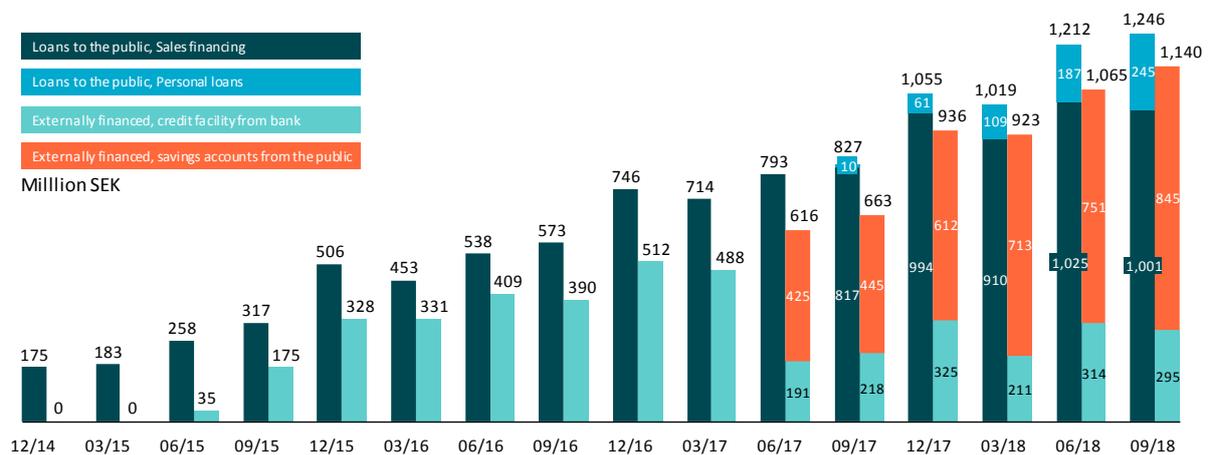
Personnel costs increased by SEK 8 million, while marketing and IT costs were about the same as last year. This meant that total operating expenses increased by 32 percent to SEK 62.1 (47.0) million.

Depreciation increased by SEK 2.4 million as the technology platform was rolled out and more projects were commissioned in 2018. From January 1, 2018, reserves for projected credit losses are made directly at the time of lending and immediately recognized in earnings (per IFRS 9). During the quarter, provisions for expected credit losses amounted to SEK 14.2 million, compared with SEK 12.6 million in the second quarter of this year and SEK 5.6 million (per IAS 39) in the third quarter of last year. The increase was driven by growth in the loan book and effects on provisions for expected credit losses linked to the implementation of IFRS 9. The third quarter of last year included positive effects linked to improved agreements with debt collection partners in Sweden and Finland. In 2019, credit losses related to the loan book are not expected to increase at the same rate as in 2018, partly since personal loans are expected to grow fastest. Operating income before depreciation, amortization and impairment was SEK 10.3 (11.1) million.

### Capital adequacy and funding

Qliro AB is under the supervision of the Swedish Financial Supervisory Authority (FI). Own funds amounted to SEK 238 million, the total risk exposure amount was SEK 1,278 million and the core Tier 1 capital ratio was 18.6 percent of the risk exposure amount as of September 30, 2018. Qliro Group is well-capitalized and contributes capital to Qliro AB as needed to support the company's growth and capital needs.

Besides equity, lending to the public was financed with SEK 295 (218) million via a secured loan facility and SEK 845 (445) million through deposits from the public (savings accounts) in Sweden. Of the deposits from the public, 99.7 percent were protected by the deposit guarantee in Sweden. Of all deposits from the public, about half had floating interest rates and half had fixed interest rates, with a remaining average maturity of approximately 203 days as of September 30, 2018 (initially 1-year fixed interest rate). Funding through the loan facility is mainly used for lending to the public in foreign currencies.



### Carolina Brandtman takes over as CEO

Carolina Brandtman will assume her role as CEO of Qliro AB around the end of November. This recruitment was announced on December 15, 2017. Carolina has significant experience in financial services for consumers and businesses and comes from Santander Consumer Bank Sweden where she has been since 1999 (then GE Money Bank).

## CDON MARKETPLACE ACCELERATES TRANSFORMATION

SEK million	2018	2017	Δ	2018	2017	Δ
	July-Sep	July-Sep		Jan-Sep	Jan-Sep	
Gross merchandise value, external merchants	124.7	101.9	22%	360.8	309.1	17%
Total gross merchandise value <sup>1</sup>	396.4	445.4	-11%	1,321.4	1,409.6	-6%
<b>Net sales</b>	<b>286.3</b>	<b>353.5</b>	<b>-19%</b>	<b>1,002.2</b>	<b>1,130.1</b>	<b>-11%</b>
Gross profit	42.3	35.6	19%	122.9	117.3	5%
<i>Gross margin, %</i>	14.8%	10.1%		12.3%	10.4%	
Operating income before depreciation, amortization and impairment	-5.9	-12.2	-51%	-38.4	-31.0	24%
<i>Operating margin before depreciation, amortization and impairment, %</i>	-2.1%	-3.4%		-3.8%	-2.7%	
<b>Operating income</b>	<b>-8.9</b>	<b>-16.3</b>	<b>-45%</b>	<b>-47.3</b>	<b>-46.5</b>	<b>2%</b>
<i>Operating margin, %</i>	-3.1%	-4.6%		-4.7%	-4.1%	
Investments	-5.3	-7.2		-16.9	-14.3	
Opening inventory balance	176.4	166.2	6%	254.5	186.1	37%
Closing inventory balance	158.9	169.4	-6%	158.9	169.4	-6%
Active customers, past twelve months, thousands	1,814	1,723	5%	1,814	1,723	5%
Visits, thousands	19,415	18,245	6%	61,023	56,962	7%
No. of orders, thousands	653	663	-1%	2,113	2,093	1%
Average shopping basket, SEK	599	665	-10%	619	663	-7%

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

### CDON Marketplace is a leading marketplace

CDON Marketplace is the leading digital Nordic marketplace. Consumers turn to CDON.COM to buy different products at the same site as well as to take advantage of low prices, easy payments and efficient delivery. Merchants join CDON Marketplace to take advantage of the site's market position and traffic as well as its tools to drive sales.

### Accelerates transformation to external merchants

The number of visits and the number of active customers increased at CDON Marketplace in the quarter. To build a strong, independent company, the transformation to the marketplace model continued. The 1,500 external merchants increased their sales by 22 percent, which contributed to a 45 percent increase in commission revenue in the quarter.

Meanwhile, the phasing out of sales from own inventory continued, especially in the low-margin consumer electronics segment (mobile phones, TVs, etc.). This is a natural part of the transformation to a marketplace and will continue in the coming quarters with a negative impact on sales, while providing with long-term conditions for higher margins and profitable growth. Accordingly, gross profit increased from SEK 36 million to SEK 42 million, the gross margin increased by 4.7 percentage points from 10.1 percent to 14.8 percent, and net sales (excluding external merchant sales) decreased by 19 percent to SEK 286 million in the quarter. The phaseout of consumer electronics meant that the average shopping basket decreased.

The transformation to a marketplace and dropshipment (delivery direct to the customer from CDON Marketplace suppliers) provides opportunity for growth with lower inventory levels, which over time is expected to provide good cash flow and decrease working capital needs. Together, external merchants and dropshipment accounted for 46 percent of gross merchandise value. In line with this development, inventory levels were lower at the end of the quarter than at the same time in 2017.

During the second quarter, the B2B site was launched in Sweden. The offering is based on the marketplace model and dropshipping, thus requiring limited investment in additional inventory. The B2B-site is based on the new technical platform that is gradually being rolled out to the consumer offering.

### Investments start to yield results

CDON Marketplace has achieved a strong position as the leading digital Nordic marketplace. The company remains in an investment phase focused on automation, expansion of product range and positioning of the brand. The company increased its investments in marketing and IT, while personnel costs decreased somewhat for the quarter. Operating income before depreciation, amortization and impairment improved to SEK -5.9 (-12.2) million.

## NELLY IMPROVES GROWTH AND EARNINGS

SEK million	2018	2017	Δ	2018	2017	Δ
	July-Sep	July-Sep		Jan-Sep	Jan-Sep	
Net sales	308.9	277.5	11%	988.1	909.4	9%
Gross profit	87.4	90.5	-3%	263.2	276.3	-5%
Gross margin, %	28.3%	32.6%		26.6%	30.4%	
<b>Operating income before depreciation, amortization and impairment</b>	<b>23.9</b>	<b>23.7</b>	<b>1%</b>	<b>37.6</b>	<b>81.8</b>	<b>-54%</b>
<i>Operating margin before depreciation, amortization and impairment, %</i>	7.7%	8.5%		3.8%	9.0%	
<b>Operating income</b>	<b>18.7</b>	<b>18.2</b>	<b>3%</b>	<b>22.2</b>	<b>64.8</b>	<b>-66%</b>
<i>Operating margin, %</i>	6.0%	6.6%		2.3%	7.1%	
Investments	-0.9	-1.4		-3.6	-5.1	
Opening inventory balance	220.1	169.6	30%	193.0	159.8	21%
Closing inventory balance	296.0	234.0	27%	296.0	234.0	27%
Active customers, past twelve months, thousands	1,353	1,178	15%	1,353	1,178	15%
Visits, thousands	24,993	23,408	7%	84,941	77,289	10%
Orders before returns, thousands	648	580	12%	2,206	1,927	14%
Average shopping basket, SEK	735	701	5%	692	682	1%
Percentage of own brand sales	44%	42%	2	46%	42%	4
Return ratio, past twelve months	38%	34%	4	38%	34%	4
Product margin	51%	53%	-2	50%	51%	-1
Fulfillment and distribution costs	19%	17%	2	19%	18%	1

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

Nelly offers fashion for young women through Nelly.com and for men through NLY MAN. Nelly is one of the most well-known fashion brands online among women aged 18 to 29 in the Nordics. At its core is its own brands, complemented by a well-curated portfolio of approximately 200 external brands. Nelly has attracted a very enthusiastic target group through its own brands and digital marketing. An important driver is that a growing proportion of sales comes from clothing and accessory of Nelly's own design.

### Growth initiatives yield results

Nelly's focus on profitable growth led to an increase of 7 percent in number of visits, 12 percent in number of orders, 15 percent in number of customers and 5 percent in average shopping basket for the quarter. As a result, sales rose 11 percent. In the last two quarters, growth has been the highest since 2015 and in line with the new financial target. The share of own brands increased from 42 to 44 percent of sales. Nelly's largest markets are Sweden and Norway.

### Good profitability

During the quarter, the gross margin was 28.3 percent compared with 32.6 percent last year. The change was due to lower product margins and higher costs for goods handling resulting from a higher proportion of returns.

The company's costs for marketing, IT and personnel decreased, which resulted in an operating income before depreciation, amortization and impairment of SEK 23.9 (23.7) million. However, the underlying profitability showed a significant improvement since on last year's operating income was boosted by SEK 6 million through the divestment of Members.com.

The operating margin before depreciation, amortization and impairment was 7.7 percent, which for the quarter was higher than the long-term financial target. Nelly invested in inventory in preparation for a strong winter season.

## SIGNIFICANT EVENTS DURING AND AFTER THE THIRD QUARTER

### Consolidated situation

A consolidated situation arose when the subsidiary Qliro AB (a credit market company under Finansinspektionen's supervision), in accordance with the Capital Requirements Regulation, was considered to be the main business of the group, which occurred at the end of Q2 when Qliro AB accounted for more than half of the Group's total assets. The consolidated situation consists of the parent company Qliro Group AB and Qliro AB and has been assigned a special institution number. Certain rules for the credit market company therefore also apply to the parent company, such as the capital adequacy regulations. The consolidated situation (parent company and Qliro AB) was well-capitalized as at September 30, 2018.

### Kristoffer Väliharju CEO of CDON Marketplace

On September 13, 2018, it was announced that Kristoffer Väliharju has been appointed CEO of CDON Marketplace. Kristoffer was Chief Operating Officer at CDON Marketplace since June 2017 and replaced Magnus Fredin who chose to leave after three years. Kristoffer has previous experience from working for Dustin and Dell.

### Anna Ullman Sersé CEO of Nelly

On October 9, it was announced that Anna Ullman Sersé had been appointed permanent CEO of Nelly. Prior to that, she was Interim Head of Nelly since April 2018 and Head of Business Development at Qliro Group since 2016. Anna was formerly a management consultant at Accenture Interactive.

### New financial targets

The Board of Qliro Group resolved on October 18 to set new financial targets of the subsidiaries. For further information, see the separate press release and page 3 of this report.

## GROUP

Continuing operations are recognized in this report (including historical comparative figures in income statements and cash flow reports) unless otherwise stated. Lekmer and HSNG are recognized as discontinued operations.

Net sales amounted to SEK 665.1 (686.4) million in the quarter, of which SEK 363.8 (400.7) million in Sweden, SEK 263.8 (259.5) million in the rest of the Nordic region and SEK 37.5 (26.2) million in the rest of the world. For the first nine months, net sales amounted to SEK 2,188.3 (2,196.9) million. Exchange rate fluctuations contributed positively with approximately 2 percent to both the quarter and the first nine months.

The gross margin increased two percentage points to 26.3 (24.3) percent for the quarter and amounted to 23.4 (22.8) percent for the first nine months. The gross margin increased for CDON Marketplace and decreased for Nelly.

During the second quarter, the Group was affected by several events, such as tax and interest expenses of SEK 70 million attributable to CDON Alandia from 2012, a change in Nelly's management of SEK 3 million and discontinuation of CEO and CFO incentive programs of SEK 6 million.

Operating income before depreciation, amortization and impairment was SEK 19.0 (12.9) million for the quarter and SEK -16.1 (37.6) million for the first nine months. Operating income was SEK 0.7 (-4.4) million for the quarter and SEK -68.5 (-14.8) million for the first nine months.

Net financial items amounted to SEK -5.4 (-1.8) million for the quarter and SEK -29.6 (-4.6) million for the first nine months. During the second quarter, an interest expense of SEK 13 million (paid in 2017 or earlier) was recognized due to the ruling of the Helsinki Administrative Court (see page 10). In the third quarter, financial items were mainly currency effects and interest on the bond loan.

Loss before tax was SEK -4.7 (-6.2) million for the quarter and SEK -98.1 (-19.4) million for the first nine months. Recognized tax expense was SEK -0.4 (1.1) million for the quarter and SEK -43.1 (4.0) million for the first nine months. In the second quarter, a tax expense of SEK 57 million (paid in 2017 or earlier) was recognized due to the ruling of the Helsinki Administrative Court (see page 10).

Profit after tax amounted to SEK -5.1 (-5.1) million for the quarter and SEK -141.1 (-15.4) million for the first nine months. Loss after tax for the total of continuing and discontinued operations was SEK -1.8 (-2.0) million

for the quarter and SEK -2.5 (-30.2) million for the first nine months. Earnings per share for the total of continuing and discontinued operations, before and after dilution, amounted to SEK -0.01 (-0.01) for the quarter and -0.02 (-0.20) for the first nine months.

#### **Cash flow and financial position**

Cash flow from operating activities before changes in working capital amounted to SEK 16.5 (19.1) million for the quarter and SEK -68.9 (40.0) million for the first nine months, of which e-commerce accounted for SEK 5.8 (8.5) million for the quarter and SEK -63.6 (24.8) million for the first nine months. Qliro Financial Services accounted for SEK 10.6 (10.6) million for the quarter and SEK -5.3 (15.3) million for the first nine months.

Cash flow from changes in working capital in e-commerce operations amounted to SEK -87.1 (-94.8) million for the quarter and SEK -239.0 (-279.6) million for the first nine months. CDON Marketplace reduced its inventory in line with its transformation to a marketplace and Nelly increased its inventory for continued growth.

Cash flow from changes in working capital in Qliro Financial Services amounted to SEK 19.6 (27.2) million for the quarter and SEK -71.5 (64.6) million for the first nine months. This was made up of a combination of increased loans to the public (invoices, partial payments, installments and personal loans), deposits from the public (savings accounts) and utilization of credit facilities.

Consolidated cash flow from operations after changes in working capital amounted to SEK -51.0 (-48.4) million for the quarter and SEK -379.5 (-175.0) million for the first nine months. Investments in non-current assets was SEK 17.8 (24.5) million for the quarter and SEK 61.0 (75.0) million for the first nine months. Investments were made mainly in Qliro Financial Services and CDON Marketplace.

Cash flow from divestment of operations amounted to SEK 0.0 (0.0) million for the quarter and SEK 387.2 (0.0) million for the first nine months, consisting mainly of cash from HSNB in the first quarter and final payment for Lekmer in the second quarter. Cash flow from financing activities was SEK 0.0 (0.0) million for the quarter and SEK 0.0 (303.0) million for the first nine months.

Cash and cash equivalents amounted to SEK 577.2 (433.8) million at the end of the period. Cash and cash equivalents in e-commerce operations amounted to SEK 550.9 (362.2) million. Adjusted for the outstanding bond of SEK 250.0 (250.0) million, net cash in e-commerce operations amounted to SEK 300.9 (112.2) million.

Total assets at the end of the period amounted to SEK 2,964.6 (2,691.5) million. The divestments of Lekmer in 2017 and HSNB in 2018 decreased consolidated assets compared with the previous year, which was offset by Qliro Financial Services' increased lending to the public. Equity amounted to SEK 984.3 (999.5) million.

#### **Discontinued operations**

Qliro Group divested Lekmer AB in the third quarter of 2017 and Health and Sports Nutrition Group HSNB AB in the first quarter of 2018. These companies are recognized as discontinued operations in the Group. Continuing operations are recognized in this report (including historical comparative figures in income statements and cash flow reports) unless otherwise stated.

HSNB was valued at SEK 360 million on a debt-free basis with normalized working capital. Profit from the divestment of shares excluding transaction-related costs was SEK 140.6 million in the first quarter. Profit after tax for discontinued operations was SEK 3.3 (3.1) million for the quarter and SEK 138.6 (-14.8) million for the first nine months. It consisted mainly of the impact on earnings from HSNB's operating earnings, the impact on earnings from divestment of HSNB and transaction-related items.

#### **Parent company**

The Qliro Group AB parent company reported sales of SEK 4.6 (6.4) million for the quarter and SEK 13.9 (20.4) million for the first nine months. Earnings before tax amounted to SEK 95.7 (-12.1) million for the quarter and SEK 205.6 (-88.6) million for the first nine months. This included costs of SEK 6.3 million in the second quarter for discontinuing CEO and CFO participation in the PSP 2016 and 2017 incentive programs. Cash and cash equivalents in the parent company amounted to SEK 512.1 (351.3) million at the end of the period.

As of September 30, Qliro Group had 154 994 779 shares issued, of which 149 694 779 common shares and 5,300,000 C-shares. The C-shares were held by Qliro Group and may not be represented at the General Meetings.

### Accounting policies and valuation principles

This interim report has been prepared under International Financial Reporting Standards (IFRS), in accordance with IAS 34 Interim Financial Reporting. The accounting policies and methods of calculation used in the preparation of the latest annual report have been applied, except for new and amended standards and interpretations effective on 1 January 2018. The IASB has issued amendments to standards effective on 1 January 2018. The Group applies IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers) with effect from 1 January 2018.

#### IFRS 9 Financial instruments

IFRS 9 primarily affects Qliro Group through Qliro Financial Services' credit loss reserves. According to IFRS 9, reserves for credit losses shall be made directly when a credit is issued, instead of as previously only when there was an indication of increased credit risk. From January 1, 2018, reserves for projected credit losses are made directly at the time of lending with the effect recognized in earnings. Due to the transition to IFRS 9 on January 1, 2018, the reserves increased by SEK 24 million, which affected the balance sheet items equity and lending to the public, but not the income statement. Most of the additional reserves stemmed from credits where at year-end there were no indications of impaired payment ability, and for which no provisions had been made in accordance with previous accounting rules.

#### IFRS 15 Revenue from contracts with customers

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

#### IFRS 16 Leases

This standard will replace IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, applicable for fiscal years commencing January 1, 2019. It implies for leaseholders that all contracts that meet the definition of a lease in the standard are to be recognized as assets and liabilities in the balance sheet, and that depreciation, amortization and interest expenses are to be recognized in the income statement, with some exceptions. In 2018, Qliro Group has continued to work on analyzing existing leases to assess which contracts are covered by IFRS 16. No updated estimate of the effects associated with the introduction of this standard has been made.

### Risks and uncertainties

Several factors affect, or may come to affect, directly or indirectly, the operations of the Qliro Group. These factors can be divided into industry and market risks, operational risks, financial risks and legal risks. In addition to these risks, there are specific risks for Qliro Financial Services. Industry and market risks include market developments in e-commerce, seasonal variations, risks related to fashion trends, the economic situation and consumer purchasing power. Operational risks include interruptions or deficiencies in IT and control systems, supplier relationships, inventories and distribution. Financial risks include currency risk, credit risk, interest rate risk and liquidity risk. Legal risks include legislation and compliance, as well as intellectual property rights. The most prominent risks for Qliro Financial Services include financial risks (see above), business risk/strategic risk and operational risks. Risks to Qliro Financial Services may change as credit market companies are permitted to launch new products. The 2017 annual report contains a more comprehensive description of the risks and uncertainty factors affecting the Group in the Management Report and under Note 21.

#### CDON Alandia

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

On January 5, 2016, Qliro Group announced that the tax administration in Finland decided to place an additional tax on CDON Alandia for the 2012 fiscal year. CDON Alandia appealed against the decision to the Helsinki Administrative Court, which announced on May 18, 2018, that it largely rejected CDON Alandia's claims. Consequently, a tax expense of SEK 57 million and an interest expense of SEK 13 million were

recognized by Qliro Group in the second quarter of 2018. The entire amount had been paid to Finnish authorities in 2017 or earlier. The administrative court's decision is deemed to not have any further adverse effect on Qliro Group's cash flow. CDON Alandia has submitted a leave for appeal to the Finnish Supreme Administrative Court.

#### **Transactions with related parties**

Transactions with related parties are presently of the same character as described in the 2017 annual report.

#### **Year-end report 2018**

Qliro Group's 2018 Annual Report will be published on February 5, 2019.

#### **Nomination Committee ahead of Annual General Meeting 2019**

Information about composition of the nomination committee and how shareholders may submit proposals to the nomination committee will be announced at the company's website [www.qlirogroup.com](http://www.qlirogroup.com) under the heading "Nomination Committee" (in the section "Corporate Governance") no later than six months before the annual general meeting 2019.

#### **2019 Annual General Meeting**

The AGM for 2019 will be held on Tuesday, May 7, 2019, in Stockholm, Sweden. Shareholders wishing to have a matter addressed at the AGM should send a written request to [ir@qlirogroup.com](mailto:ir@qlirogroup.com), or to Qliro Group AB (publ), attn: Company Secretary, Box 195 25, 104 32 Stockholm, Sweden. To be certain that a matter can be included in the notice of the AGM, the request must be received no later than seven weeks prior to the AGM. Further details on how and when to give notice to attend will be published in advance of the AGM. The 2018 Annual Report will be available at [www.qlirogroup.com](http://www.qlirogroup.com) and the head office at Sveavägen 151 in Stockholm at least three weeks prior to the 2019 AGM.

Marcus Lindqvist, CEO  
Stockholm, October 19, 2018

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

#### **Conference call**

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

Sweden 08 5033 6574

UK +44 330 336 9125

US +1 929 477 0324

PIN code to participate: 8827683. The presentation material and webcast will be published at [www.qlirogroup.com](http://www.qlirogroup.com).

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

Marcus Lindqvist, President and CEO  
Niclas Lilja, Investor Relations  
Telephone: +46736511363  
[ir@qlirogroup.com](mailto:ir@qlirogroup.com)

#### **About Qliro Group**

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

*This information is information that Qliro Group AB is required to disclose under the EU Market Abuse Regulation. The information was released for publication through the agency of the above-mentioned contacts at 8 a.m. on Friday, October 19, 2018.*

## **Review report**

Qliro Group AB (publ)  
Corporate ID number 556035-6940

### **Introduction**

We have reviewed the summary interim financial information (interim report) of Qliro Group AB (publ) as of 30 September 2018 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, 19 October 2018

KPMG AB  
Mårten Asplund  
Authorised Public Accountant

Consolidated Income Statement, third quarter SEK million	E-commerce		Qliro FS		Eliminations <sup>1</sup>		Qliro Group	
	2018	2017	2018	2017	2018	2017	2018	2017
Net sales	595.2	632.3	71.6	54.9	-1.7	-0.9	665.1	686.4
Cost of goods and services	-465.6	-504.9	-25.5	-16.1	1.2	1.1	-489.9	-519.8
<b>Gross profit</b>	<b>129.7</b>	<b>127.4</b>	<b>46.1</b>	<b>38.8</b>	<b>-0.6</b>	<b>0.2</b>	<b>175.3</b>	<b>166.5</b>
Sales and administration expenses	-135.3	-142.1	-54.3	-40.4	6.5	1.5	-183.1	-181.0
Other operating income and expenses, net	6.5	6.4	8.5	5.1	-6.5	-1.5	8.6	10.1
<b>Operating profit or loss</b>	<b>0.9</b>	<b>-8.3</b>	<b>0.4</b>	<b>3.6</b>	<b>-0.6</b>	<b>0.2</b>	<b>0.7</b>	<b>-4.4</b>
Net interest & other financial items	-5.0	-1.7	-0.3	-0.1	-	-	-5.4	-1.8
<b>Net profit or loss before tax</b>	<b>-4.2</b>	<b>-10.0</b>	<b>0.0</b>	<b>3.5</b>	<b>-0.6</b>	<b>0.2</b>	<b>-4.7</b>	<b>-6.2</b>
Tax							-0.4	1.1
<b>Net profit or loss for continued operations</b>							<b>-5.1</b>	<b>-5.1</b>
Net profit or loss for discontinued operations							3.3	3.1
<b>Total net profit or loss for continued and discontinued operations</b>							<b>-1.8</b>	<b>-2.0</b>
<i>Attributable to:</i>								
Equity holders of the parent							-1.8	-2.0
Non-controlling interests							-	-
<b>Net income for the period</b>							<b>-1.8</b>	<b>-2.0</b>
Basic earnings per share excluding discontinued operations before dilution, SEK							-0.03	-0.03
Basic earnings per share including discontinued operations before dilution, SEK							-0.01	-0.01
Basic earnings per share excluding discontinued operations after dilution, SEK							-0.03	-0.03
Basic earnings per share including discontinued operations after dilution, SEK							-0.01	-0.01

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

Consolidated statement of comprehensive income, third quarter SEK million	Qliro Group	
	2018	2017
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Translation difference for the period	0.3	-0.3
<b>Total comprehensive income for period</b>	<b>-1.6</b>	<b>-2.4</b>
<i>Total comprehensive income attributable to:</i>		
Parent company shareholders	-1.6	-2.4
Non-controlling interests	-	-
<b>Total comprehensive income for the period</b>	<b>-1.6</b>	<b>-2.4</b>
Shares outstanding at period's end, basic, million	149.7	149.3
Shares outstanding at period's end, diluted, million	150.3	149.3
Average number of shares, basic, million	149.7	149.3
Average number of shares, diluted, million	150.3	149.3

Consolidated income statement, first nine months SEK million	E-commerce		Qliro FS		Eliminations <sup>1</sup>		Qliro Group	
	2018	2017	2018	2017	2018	2017	2018	2017
Net sales	1,990.5	2,045.2	204.2	156.0	-6.5	-4.3	2,188.3	2,196.9
Cost of goods and services	-1,604.2	-1,646.0	-74.9	-53.2	3.5	3.3	-1,675.6	-1,695.9
<b>Gross profit</b>	<b>386.3</b>	<b>399.2</b>	<b>129.3</b>	<b>102.8</b>	<b>-3.0</b>	<b>-1.1</b>	<b>512.7</b>	<b>501.0</b>
Sales and administration expenses	-457.3	-419.9	-159.8	-121.3	14.9	4.4	-602.1	-536.9
Other operating income and expenses, net	13.6	11.5	22.3	13.9	-14.9	-4.4	21.0	21.1
<b>Operating profit or loss</b>	<b>-57.3</b>	<b>-9.2</b>	<b>-8.2</b>	<b>-4.5</b>	<b>-3.0</b>	<b>-1.1</b>	<b>-68.5</b>	<b>-14.8</b>
Net interest & other financial items	-28.8	-4.4	-0.8	-0.2	-	-	-29.6	-4.6
<b>Net profit or loss before tax</b>	<b>-86.1</b>	<b>-13.6</b>	<b>-9.0</b>	<b>-4.7</b>	<b>-3.0</b>	<b>-1.1</b>	<b>-98.1</b>	<b>-19.4</b>
Tax							-43.1	4.0
<b>Net profit or loss for continued operations</b>							<b>-141.1</b>	<b>-15.4</b>
Net profit or loss for discontinued operations							138.6	-14.8
<b>Total net profit or loss for continued and discontinued operations</b>							<b>-2.5</b>	<b>-30.2</b>
<i>Attributable to:</i>								
Equity holders of the parent							-2.5	-30.2
Non-controlling interests							-	-
<b>Net income for the period</b>							<b>-2.5</b>	<b>-30.2</b>
Basic earnings per share excluding discontinued operations before dilution, SEK							-0.94	-0.10
Basic earnings per share including discontinued operations before dilution, SEK							-0.02	-0.20
Basic earnings per share excluding discontinued operations after dilution, SEK <sup>2</sup>							-0.94	-0.10
Basic earnings per share including discontinued operations after dilution, SEK							-0.02	-0.20

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

Consolidated statement of comprehensive income, first nine months SEK million	Qliro Group	
	2018	2017
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Translation difference for the period	4.7	-0.8
<b>Total comprehensive income for period</b>	<b>2.2</b>	<b>-31.0</b>
<i>Total comprehensive income attributable to:</i>		
Parent company shareholders	2.2	-31.0
Non-controlling interests	-	-
<b>Total comprehensive income for the period</b>	<b>2.2</b>	<b>-31.0</b>
Shares outstanding at period's end, million	149.7	149.3
Shares outstanding at period's end, diluted, million	150.3	149.3
Average number of shares, basic, million	149.7	149.3
Average number of shares, diluted, million	150.3	149.3

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

Consolidated Statement of financial position SEK million	E-commerce		Qliro FS		Eliminations		Qliro Group	
	30-sep 2018	30-sep 2017	30-sep 2018	30-sep 2017	30-sep 2018	30-sep 2017	30-sep 2018	30-sep 2017
<b>Non-current assets</b>								
Goodwill	64.0	203.7	-	-	-	-	64.0	203.7
Other intangible assets	82.5	148.2	144.3	118.9	-	-	226.7	267.1
<b>Total intangible assets</b>	<b>146.5</b>	<b>351.9</b>	<b>144.3</b>	<b>118.9</b>	-	-	<b>290.8</b>	<b>470.8</b>
Tangible assets	10.0	13.2	10.0	12.5	-	-	20.0	25.6
Financial assets	-	-	25.2	-	-	-	25.2	-
Deferred tax asset	106.0	133.4	-	1.0	-	-	106.0	134.4
<b>Total non-current assets</b>	<b>262.4</b>	<b>498.5</b>	<b>179.5</b>	<b>132.4</b>	-	-	<b>441.9</b>	<b>630.9</b>
<b>Current assets</b>								
Inventories	454.9	484.2	-	-	-	-	454.9	484.2
Loans to the public	-	-	1,246.0	827.0	-	-	1,246.0	827.0
Current interest-bearing investments	-	-	140.2	40.2	-	-	140.2	40.2
Current non-interest bearing receivables	98.3	287.8	12.4	9.7	-6.2	-22.1	104.5	275.4
Cash and cash equivalents	550.9	362.2	26.3	71.7	-	-	577.2	433.8
<b>Total current assets</b>	<b>1,104.0</b>	<b>1,134.2</b>	<b>1,424.9</b>	<b>948.5</b>	<b>-6.2</b>	<b>-22.1</b>	<b>2,522.7</b>	<b>2,060.6</b>
<b>Total assets</b>	<b>1,366.4</b>	<b>1,632.6</b>	<b>1,604.4</b>	<b>1,081.0</b>	<b>-6.2</b>	<b>-22.1</b>	<b>2,964.6</b>	<b>2,691.5</b>
<b>Equity</b>								
Equity attributable to owners of the parent	599.6	657.9	384.7	341.7	-	-	984.3	999.5
<b>Total equity</b>	<b>599.6</b>	<b>657.9</b>	<b>384.7</b>	<b>341.7</b>	-	-	<b>984.3</b>	<b>999.5</b>
<b>Non-current liabilities</b>								
<i>Non interest bearing</i>								
Deferred tax liability	-	11.2	-	-	-	-	-	11.2
Other provisions	1.1	4.5	-	-	-	-	1.1	4.5
<i>Interest bearing</i>								
Loan Facility	-	-	294.9	218.0	-	-	294.9	218.0
Bond	250.0	250.0	-	-	-	-	250.0	250.0
Financial leasing liabilities	-	-	0.8	3.2	-	-	0.8	3.2
<b>Total non-current liabilities</b>	<b>251.1</b>	<b>265.7</b>	<b>295.7</b>	<b>221.2</b>	-	-	<b>546.8</b>	<b>486.9</b>
<b>Current liabilities</b>								
Deposits from the public	-	-	843.2	444.6	-	-	843.2	444.6
Financial leasing liabilities	-	-	2.3	2.3	-	-	2.3	2.3
Current non-interest bearing liabilities	515.7	709.1	78.4	71.2	-6.2	-22.1	588.0	758.1
<b>Total current liabilities</b>	<b>515.7</b>	<b>709.1</b>	<b>924.0</b>	<b>518.1</b>	<b>-6.2</b>	<b>-22.1</b>	<b>1,433.5</b>	<b>1,205.0</b>
<b>Total equity and liabilities</b>	<b>1,366.4</b>	<b>1,632.6</b>	<b>1,604.4</b>	<b>1,081.0</b>	<b>-6.2</b>	<b>-22.1</b>	<b>2,964.6</b>	<b>2,691.5</b>

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

SEK million	Equity attributable to parent company shareholders						
	Equity	Other capital contributions	Translation reserve	Retained earnings incl. Profit/loss for the year	Total	Non-controlling interest	Total equity
<b>Closing balance 2017-12-31</b>	<b>300.9</b>	<b>1,077.4</b>	<b>-3.9</b>	<b>-364.7</b>	<b>1,009.6</b>	<b>0.0</b>	<b>1,009.6</b>
Change of accounting principle (IFRS 9)	-	-	-	-23.5	-23.5	-	-23.5
<b>Opening balance 2018-01-01</b>	<b>300.9</b>	<b>1,077.4</b>	<b>-3.9</b>	<b>-388.2</b>	<b>986.2</b>	-	<b>986.1</b>

Statement of changes in equity	2018	2017	2017
SEK million	30-sep	30-sep	31-dec
<b>Opening balance</b>	<b>986.2</b>	<b>1,026.2</b>	<b>1,026.2</b>
Comprehensive income for the period	2.2	-31.0	-23.9
Effects of long term incentive program	-4.0	4.4	7.9
Divestment of minority	-	-	-0.6
<b>Closing balance</b>	<b>984.3</b>	<b>999.5</b>	<b>1,009.6</b>

Consolidated statement of cash flow, third quarter		E-commerce		Qliro FS		Eliminations		Qliro Group	
SEK million	2018	2017	2018	2017	2018	2017	2018	2017	
Cash flow from operating activities before changes in working capital	5.8	8.5	10.6	10.6	-	-	16.5	19.1	
Changes in working capital <sup>1</sup>	-87.1	-94.8	19.6	27.2	-	-	-67.5	-67.5	
<b>Cash flow from operations</b>	<b>-81.3</b>	<b>-86.3</b>	<b>30.2</b>	<b>37.9</b>	-	-	<b>-51.0</b>	<b>-48.4</b>	
Investments in non-current assets	-6.4	-8.6	-11.4	-15.9	-	-	-17.8	-24.5	
<b>Cash flow to/from investing activities</b>	<b>-6.5</b>	<b>-8.6</b>	<b>-11.4</b>	<b>-15.9</b>	-	-	<b>-17.8</b>	<b>-24.5</b>	
Shares contribution, net change	-	-44.0	-	44.0	-	-	-	-	
<b>Cash flow to/from financing activities</b>	<b>-</b>	<b>-44.0</b>	<b>-</b>	<b>44.0</b>	-	-	<b>-</b>	<b>-</b>	
<b>Change in cash and cash equivalents for the period from continued operations</b>	<b>-87.6</b>	<b>-138.9</b>	<b>18.8</b>	<b>65.9</b>	-	-	<b>-68.8</b>	<b>-73.0</b>	
<i>Cash flow from discontinued operations</i>									
Cash flow from operations	-	14.7	-	-	-	-	-	14.7	
Cash flow from investing activities	-	-3.4	-	-	-	-	-	-3.4	
<b>Change in cash and cash equivalents for the period from discontinued operations</b>	<b>-</b>	<b>11.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11.4</b>	
<b>Change in cash and cash equivalents for the period</b>	<b>-87.6</b>	<b>-127.5</b>	<b>18.8</b>	<b>65.9</b>	-	-	<b>-68.8</b>	<b>-61.6</b>	
<b>Cash and cash equivalents at period's start</b>							<b>646.3</b>	<b>495.3</b>	
Translation difference, cash and cash equivalents							-0.3	0.2	
<b>Cash and cash equivalents at period's end</b>							<b>577.2</b>	<b>433.8</b>	

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

Consolidated statement of cash flow, first nine months		E-commerce		Qliro FS		Eliminations		Qliro Group	
SEK million	2018	2017	2018	2017	2018	2017	2018	2017	
Cash flow from operating activities before changes in working capital	-63.6	24.8	-5.3	15.3	-	-	-68.9	40.0	
Changes in working capital <sup>1</sup>	-239.0	-279.6	-71.5	64.6	-	-	-310.5	-215.0	
<b>Cash flow from operations</b>	<b>-302.6</b>	<b>-254.9</b>	<b>-76.9</b>	<b>79.9</b>	-	-	<b>-379.5</b>	<b>-175.0</b>	
Investments in non-current assets	-21.3	-19.5	-39.7	-55.5	-	-	-61.0	-75.0	
Divested operations <sup>2</sup>	387.2	-	-	-	-	-	387.2	-	
<b>Cash flow to/from investing activities</b>	<b>365.9</b>	<b>-19.5</b>	<b>-39.7</b>	<b>-55.5</b>	-	-	<b>326.2</b>	<b>-75.0</b>	
Shareholder contribution, net change	-70.0	-44.0	70.0	44.0	-	-	-	-	
Group contribution, net change	-2.0	-0.1	2.0	-2.4	-	-	-	-2.5	
Internal loan, net change	-	-25.0	-	-	-	-	-	-25.0	
Issued unsecured bond	-	246.3	-	-	-	-	-	246.3	
Other cash flow from/to financing activities	-	84.3	-	-	-	-	-	84.3	
<b>Cash flow to/from financing activities</b>	<b>-72.0</b>	<b>261.5</b>	<b>72.0</b>	<b>41.6</b>	-	-	<b>-</b>	<b>303.0</b>	
<b>Change in cash and cash equivalents for the period from continued operations</b>	<b>-8.7</b>	<b>-12.9</b>	<b>-44.6</b>	<b>65.9</b>	-	-	<b>-53.3</b>	<b>53.0</b>	
<i>Cash flow from discontinued operations</i>									
Cash flow from operations	13.9	-50.1	-	-	-	-	13.9	-50.1	
Cash flow from investing activities	-0.6	-5.5	-	-	-	-	-0.6	-5.5	
Cash flow from financing activities	-	27.5	-	-	-	-	-	27.5	
<b>Change in cash and cash equivalents for the period from discontinued operations</b>	<b>13.3</b>	<b>-28.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13.3</b>	<b>-28.2</b>	
<b>Change in cash and cash equivalents for the period</b>	<b>4.6</b>	<b>-41.0</b>	<b>-44.6</b>	<b>65.9</b>	-	-	<b>-40.0</b>	<b>24.9</b>	
<b>Cash and cash equivalents at period's start<sup>3</sup></b>							<b>631.1</b>	<b>435.2</b>	
Translation difference, cash and cash equivalents							0.8	-0.1	
Less cash from discontinued operations							-14.7	-26.2	
<b>Cash and cash equivalents at period's end</b>							<b>577.2</b>	<b>433.8</b>	

<sup>1</sup> Utilised credit facilities within Qliro FS are reported as changes in working capital

<sup>2</sup> Divested operations Jan-Sep 2018 comprises consideration related to the sale of Health and Sports Nutrition Group HSNB AB and Lekmer AB

<sup>3</sup> Including cash included SEK 6.4 million attributable to assets held for sale

Net Sales by segment	2018	2018	2018	2018	2017	2017	2017	2017	2017	2017
SEK million	Q3	Q2	Q1	Jan-Sep	Q4	Q3	Q2	Q1	Jan-Sep	Full year
CDON	286.3	337.5	378.4	1,002.2	733.1	353.5	386.8	389.8	1,130.1	1,863.2
Nelly	308.9	403.2	276.0	988.1	400.3	277.5	364.8	267.1	909.4	1,309.7
Group central operations	0.0	0.1	1.7	1.8	2.4	2.1	2.5	1.3	5.8	8.3
Eliminations within e-commerce	0.0	-0.1	-1.4	-1.6	-1.2	-0.8	-0.1	0.7	-0.2	-1.4
<b>Total e-commerce</b>	<b>595.2</b>	<b>740.6</b>	<b>654.7</b>	<b>1,990.5</b>	<b>1,134.6</b>	<b>632.3</b>	<b>753.9</b>	<b>659.0</b>	<b>2,045.2</b>	<b>3,179.8</b>
Qliro Financial Services	71.6	68.2	64.4	204.2	64.1	54.9	52.5	48.5	156.0	220.1
<b>Total Qliro Financial Services</b>	<b>71.6</b>	<b>68.2</b>	<b>64.4</b>	<b>204.2</b>	<b>64.1</b>	<b>54.9</b>	<b>52.5</b>	<b>48.5</b>	<b>156.0</b>	<b>220.1</b>
Eliminations between e-commerce and Qliro Financial Services	-1.2	-1.3	-1.0	-3.5	-1.6	-1.1	-1.2	-0.9	-3.3	-4.9
Group adjustment <sup>1</sup>	-0.6	-0.5	-1.9	-3.0	2.7	0.2	0.1	-1.4	-1.1	1.6
<b>Qliro Group Consolidated Total</b>	<b>665.1</b>	<b>807.0</b>	<b>716.2</b>	<b>2,188.3</b>	<b>1,199.8</b>	<b>686.4</b>	<b>805.3</b>	<b>705.3</b>	<b>2,196.9</b>	<b>3,396.7</b>

Eliminations within e-commerce										
CDON	-	-	-	-	0.1	0.1	0.5	0.5	1.0	1.1
Nelly	0.0	0.1	1.4	1.6	-1.2	-0.8	-0.1	0.7	-0.2	-1.4
Group central operations	0.0	-0.1	-1.4	-1.6	1.1	0.7	-0.4	-1.2	-0.9	0.2
<b>Total eliminations within E-commerce</b>	<b>0.0</b>									

Eliminations between e-commerce and Qliro Financial Services										
CDON	0.7	0.6	0.7	2.0	1.2	0.8	0.8	0.6	2.2	3.4
Nelly	0.5	0.7	0.3	1.5	0.4	0.3	0.4	0.2	0.9	1.3
Group central operations	-	-	-	-	0.0	0.0	0.1	0.0	0.2	0.2
Qliro Financial Services	-1.2	-1.3	-1.0	-3.5	-1.6	-1.1	-1.2	-0.9	-3.3	-4.9
<b>Total eliminations between e-commerce and Qliro Financial Services</b>	<b>0.0</b>									

Operating profit by segment	2018	2018	2018	2018	2017	2017	2017	2017	2017	2017
SEK million	Q3	Q2	Q1	Jan-Sep	Q4	Q3	Q2	Q1	Jan-Sep	Full year
CDON	-8.9	-14.7	-23.6	-47.3	6.2	-16.3	-17.9	-12.3	-46.5	-40.3
Nelly	18.7	23.6	-20.0	22.2	34.4	18.2	40.0	6.6	64.8	99.2
Group central operations	-8.9	-15.0	-8.5	-32.3	-10.7	-10.2	-7.6	-9.8	-27.5	-38.2
<b>Total e-commerce</b>	<b>0.9</b>	<b>-6.1</b>	<b>-52.1</b>	<b>-57.3</b>	<b>29.9</b>	<b>-8.3</b>	<b>14.5</b>	<b>-15.5</b>	<b>-9.2</b>	<b>20.6</b>
Qliro Financial Services	0.4	-3.7	-4.8	-8.2	3.0	3.6	-5.6	-2.6	-4.5	-1.5
<b>Total Qliro Financial Services</b>	<b>0.4</b>	<b>-3.7</b>	<b>-4.8</b>	<b>-8.2</b>	<b>3.0</b>	<b>3.6</b>	<b>-5.6</b>	<b>-2.6</b>	<b>-4.5</b>	<b>-1.5</b>
Group adjustment <sup>1</sup>	-0.6	-0.5	-1.9	-3.0	2.7	0.2	0.1	-1.4	-1.1	1.6
<b>Qliro Group Consolidated Total</b>	<b>0.7</b>	<b>-10.3</b>	<b>-58.8</b>	<b>-68.5</b>	<b>35.6</b>	<b>-4.4</b>	<b>9.0</b>	<b>-19.4</b>	<b>-14.8</b>	<b>20.7</b>

Inventories by segment	2018	2018	2018	2017	2017	2017	2017
SEK million	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar
CDON	158.9	176.4	190.8	254.5	169.4	166.2	164.4
Nelly	296.0	220.1	257.3	193.0	234.0	169.6	201.7
<b>Total e-commerce</b>	<b>454.9</b>	<b>396.5</b>	<b>448.1</b>	<b>447.5</b>	<b>403.4</b>	<b>335.8</b>	<b>366.1</b>
<b>Qliro Group Consolidated total for continued operations</b>	<b>454.9</b>	<b>396.5</b>	<b>448.1</b>	<b>447.5</b>	<b>403.4</b>	<b>335.8</b>	<b>366.1</b>
<b>Qliro Group Consolidated total for continued and discontinued operations<sup>2</sup></b>	<b>454.9</b>	<b>396.5</b>	<b>448.1</b>	<b>550.4</b>	<b>484.2</b>	<b>415.7</b>	<b>556.1</b>

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

<sup>2</sup> Including divested operations (Health and Sports Nutrition Group HSNG AB and Lekmer AB)

Parent company income statement					
SEK million	2018 Jul-Sep	2017 Jul-Sep	2018 Jan-Sep	2017 Jan-Sep	2017 Jan-Dec
Net sales	4.6	6.4	13.9	20.4	27.1
<b>Gross profit</b>	<b>4.6</b>	<b>6.4</b>	<b>13.9</b>	<b>20.4</b>	<b>27.1</b>
Administration expenses	-10.3	-16.6	-34.0	-48.2	-65.6
<b>Operating profit or loss</b>	<b>-5.6</b>	<b>-10.0</b>	<b>-20.1</b>	<b>-27.8</b>	<b>-38.5</b>
Profit or loss from shares in subsidiaries <sup>1</sup>	103.3	-2.3	237.7	-61.2	-76.3
Net interest & other financial items	-2.0	0.2	-12.0	0.4	-2.4
<b>Profit or loss after financial items</b>	<b>95.7</b>	<b>-12.1</b>	<b>205.6</b>	<b>-88.6</b>	<b>-117.3</b>
Group contribution received	-	-	-	-	127.0
Group contribution paid	-	-	-	-	-51.3
<b>Profit or loss before tax</b>	<b>95.7</b>	<b>-12.1</b>	<b>205.6</b>	<b>-88.6</b>	<b>-41.6</b>
Tax	-5.3	2.2	-2.3	6.0	-7.9
<b>Net income or net loss for the period</b>	<b>90.2</b>	<b>-10.0</b>	<b>203.3</b>	<b>-82.6</b>	<b>-49.4</b>
Parent company statement of comprehensive income					
SEK million					
<b>Profit or loss for period</b>	<b>90.2</b>	<b>-10.0</b>	<b>203.3</b>	<b>-82.6</b>	<b>-49.4</b>
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for period</b>	<b>90.2</b>	<b>-10.0</b>	<b>203.3</b>	<b>-82.6</b>	<b>-49.4</b>

<sup>1</sup>Profit/loss from shares in subsidiaries consists primarily of a dividend from NLY Scandinavia AB

Parent company statement of financial position SEK million	2018 30/sep	2017 30-sep	2017 31/dec
<b>Non-current assets</b>			
Other intangible assets	-	-	0.1
Equipment	0.9	1.2	1.5
Shares and participating interests in group companies	785.4	788.6	797.6
Deferred tax asset	104.0	120.2	106.3
<b>Total non-current assets</b>	<b>890.4</b>	<b>909.9</b>	<b>905.5</b>
<b>Current assets</b>			
Current non-interest-bearing receivables	4.5	47.6	31.1
Receivables from group companies	20.9	128.1	164.4
<b>Total current receivables</b>	<b>25.4</b>	<b>175.7</b>	<b>195.4</b>
Cash and bank	512.1	351.3	545.1
<b>Total cash and cash equivalents</b>	<b>512.1</b>	<b>351.3</b>	<b>545.1</b>
<b>Total current assets</b>	<b>537.5</b>	<b>527.0</b>	<b>740.6</b>
<b>Total assets</b>	<b>1,427.9</b>	<b>1,436.9</b>	<b>1,646.1</b>
<b>Equity</b>			
Restricted equity	310.8	301.7	301.7
Unrestricted equity	858.6	631.7	668.4
<b>Total equity</b>	<b>1,169.4</b>	<b>933.4</b>	<b>970.1</b>
<b>Provisions</b>			
Other provisions	1.1	5.2	3.2
<b>Total provisions</b>	<b>1.1</b>	<b>5.2</b>	<b>3.2</b>
<b>Non-current liabilities</b>			
Bond	250.0	250.0	250.0
<b>Total non-current liabilities</b>	<b>250.0</b>	<b>250.0</b>	<b>250.0</b>
<b>Current liabilities</b>			
Liabilities to group companies	0.0	210.0	375.9
Non-interest-bearing liabilities	7.4	38.4	47.0
<b>Total current liabilities</b>	<b>7.4</b>	<b>248.4</b>	<b>422.9</b>
<b>Total liabilities</b>	<b>258.5</b>	<b>503.6</b>	<b>676.1</b>
<b>Total equity and liabilities</b>	<b>1,427.9</b>	<b>1,436.9</b>	<b>1,646.1</b>

Key ratios	2018	2018	2018	2018	2017	2017	2017	2017	2017	2017
	Q3	Q2	Q1	Jan-Sep	Q4	Q3	Q2	Q1	Jan-Sep	Full year
<b>E-commerce</b>										
Net debt, SEK million	-300.9	-388.8	-323.5	-300.9	-303.8	-112.2	-239.5	-156.9	-112.2	-303.8
<b>Cdon</b>										
No. of active customers, thousand	1,814	1,804	1,800	1,814	1,772	1,723	1,711	1,683	1,723	1,772
No. of visits, thousand	19,415	19,657	21,951	61,023	33,472	18,245	18,480	20,237	56,962	90,434
No. of orders, thousand	653	682	778	2,113	1,323	663	709	721	2,093	3,416
Average shopping basket, SEK	599	651	608	619	665	665	665	659	663	664
<b>Nelly</b>										
No. of active customers, thousand	1,353	1,313	1,265	1,353	1,217	1,178	1,187	1,229	1,178	1,217
No. of visits, thousand	24,993	31,776	28,172	84,941	32,948	23,408	29,377	24,504	77,289	110,237
No. of orders, thousand	648	889	670	2,206	905	580	779	568	1,927	2,832
Average shopping basket, SEK <sup>1</sup>	735	697	642	692	635	701	685	659	682	667
<b>Qliro Financial Services</b>										
Net debt, SEK million	949.6	894.9	757.9	949.6	870.4	596.3	616.0	489.0	596.3	870.4
<b>Group</b>										
Net debt, SEK million	648.7	506.1	434.3	648.7	566.6	484.2	376.4	332.1	484.2	566.6
Basic earnings per share before and after dilution, SEK <sup>2</sup>	-0.03	-0.58	-0.33	-0.94	0.30	-0.03	0.03	-0.10	-0.10	0.19
Equity per share, SEK <sup>3</sup>	6.58	6.58	7.24	6.58	6.76	6.76	6.71	6.73	6.70	6.76
No. of active customers, thousand	3,167	3,117	3,065	3,167	2,989	2,901	2,898	2,912	2,901	2,989
No. of visits, thousand	44,408	51,433	50,123	145,964	66,420	41,653	47,857	44,741	134,251	200,671
No. of orders, thousand	1,301	1,571	1,448	4,320	2,228	1,243	1,488	1,289	4,020	6,248
Average shopping basket, SEK	667	677	624	656	653	682	675	659	672	665

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

<sup>1</sup> Calculation method based on order value

<sup>2</sup> Basic Earnings per share for the periods Jan-Sep 2018 have been calculated on the average number of outstanding shares for the respective periods. The weighted average number of shares before dilution for the third quarter 2018 is 149,694,779. The weighted average number of shares after dilution for the third quarter is 150,299,622. The dilution is due to Qliro Group's performance share program

<sup>3</sup> Calculated on present number of shares, which per September 2018 amounts to 149,694,779

## DEFINITIONS

EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortization of intangible assets and property, plant, and equipment
EBT	Profit/loss before tax
EBTDA	Earnings before tax, excluding depreciation, amortization and impairment
Net debt (+)/Net cash (-)	Interest-bearing liabilities less interest bearing current and non-current assets and cash and cash equivalents
Earnings per share	Earnings for the period attributable to owners of the parent for the period divided by average number of shares for the period
Equity per share	Equity attributable to owners of the parent divided by number of shares at the end of the period
Number of active customers	Number of customers who have made a purchase at least once in the past 12 months
Number of visits	Gross number of visits to the Group's online stores
Average shopping basket	(Online sales + shipping revenue)/number of orders placed
Own funds	The sum of Tier 1 capital and Tier 2 capital for capital adequacy purposes
Risk exposure amount	Total risk-weighted exposure amounts are the sum of credit risks, currency risks and operational risks
Minimum capital requirement	The institution must meet the following capital requirements: <ul style="list-style-type: none"> <li>i) Common equity Tier 1 capital ratio of 4.5%</li> <li>ii) Tier 1 capital ratio of 6%</li> <li>iii) Total capital ratio of 8% as per the Capital Requirements Regulation, Article 92</li> </ul>
Common Equity Tier 1 capital ratio	The total Common Equity Tier 1 capital in relation to total risk exposure amount according to Finansinspektionen
Combined buffer requirement	The total Common Equity Tier 1 capital required to meet the requirement for the capital conservation buffer and an institution-specific countercyclical capital buffer pursuant to Article 128 of the Capital Requirements Directive
Capital ratio	Own funds expressed as a percentage of the total risk exposure amount pursuant to Article 92 of the Capital Requirements Regulation

## ALTERNATIVE PERFORMANCE MEASURES

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

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

Q3 2018							
SEK million	CDON	Nelly	Central	E-commerce	Qliro FS	Adjustment	Group
Earnings before interest and taxes	-8.9	18.7	-8.9	0.9	0.4	-0.6	0.7
Depreciation, amortization and impairment	-3.0	-5.2	-0.2	-8.4	-9.9	-	-18.3
<b>Earnings before interest, taxes, depreciation, amortization and impairment</b>	<b>-5.9</b>	<b>23.9</b>	<b>-8.7</b>	<b>9.3</b>	<b>10.3</b>	<b>-0.6</b>	<b>19.0</b>

Q3 2017							
SEK million	CDON	Nelly	Central	E-commerce	Qliro FS	Adjustment	Group
Earnings before interest and taxes	-16.3	18.2	-10.2	-8.3	3.6	0.2	-4.4
Depreciation, amortization and impairment	-4.1	-5.5	-0.2	-9.8	-7.5	-	-17.3
<b>Earnings before interest, taxes, depreciation, amortization and impairment</b>	<b>-12.2</b>	<b>23.7</b>	<b>-10.0</b>	<b>1.5</b>	<b>11.1</b>	<b>0.2</b>	<b>12.9</b>

Jan-Sep 2018							
SEK million	CDON	Nelly	Central	E-commerce	Qliro FS	Adjustment	Group
Earnings before interest and taxes	-47.3	22.2	-32.3	-57.3	-8.2	-3.0	-68.5
Depreciation, amortization and impairment	-8.8	-15.4	-0.5	-24.7	-27.7	-	-52.4
<b>Earnings before interest, taxes, depreciation, amortization and impairment</b>	<b>-38.4</b>	<b>37.6</b>	<b>-31.8</b>	<b>-32.6</b>	<b>19.5</b>	<b>-3.0</b>	<b>-16.1</b>

Jan-Sep 2017							
SEK million	CDON	Nelly	Central	E-commerce	Qliro FS	Adjustment	Group
Earnings before interest and taxes	-46.5	64.8	-27.5	-9.2	-4.5	-1.1	-14.8
Depreciation, amortization and impairment	-15.5	-16.9	-0.5	-32.9	-19.5	-	-52.4
<b>Earnings before interest, taxes, depreciation, amortization and impairment</b>	<b>-31.0</b>	<b>81.8</b>	<b>-27.0</b>	<b>23.7</b>	<b>15.0</b>	<b>-1.1</b>	<b>37.6</b>

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

## Note 1

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

**Note 2**

On January 30, 2018, Qliro Group AB (publ) sold Health and Sports Nutrition Group HSNG AB to Orkla. HSNG AB was valued at SEK 360 million on a debt-free basis with a normalized working capital. On June 30, 2017, Qliro Group completed the sale of Lekmer AB to Babyshop Sthlm Holding AB. The purchase price was paid on two occasions: in December 2017 and April 2018. HSNG and Lekmer remained as partners with Qliro Financial Services and CDON Marketplace after the transaction.

The table below refers to the effect of the sale of Health and Sports Nutrition HSNG AB and Lekmer AB. These operations are presented as discontinued operations in the Group.

<b>Discontinued operations</b>				
Group	2018	2017	2018	2017
SEK million	Q3	Q3	Jan-Jun	Jan-Jun
Income	-	181.7	70.4	742.0
Expenses	-	-174.5	-69.4	-758.1
<b>Profit/loss before tax</b>	-	<b>7.2</b>	<b>1.0</b>	<b>-16.1</b>
Tax	-	-1.8	-0.3	3.4
<b>Profit/loss after tax but before capital gains from sale of operations</b>	-	<b>5.4</b>	<b>0.7</b>	<b>-12.7</b>
Result from sales of shares incl. cost for disposal	3.3	-2.3	137.9	-2.2
<b>Profit/loss from discontinued operations after tax</b>	<b>3.3</b>	<b>3.1</b>	<b>138.6</b>	<b>-14.8</b>
<b>Net cash flow from discontinued operations</b>				
Group	2018	2017	2018	2017
SEK million	Q3	Q3	Jan-Jun	Jan-Jun
Cash flow from operations	-	14.7	13.9	-50.1
Cash flow from investing activities	-	-3.4	-0.6	-5.5
Cash flow from financing activities	-	-	-	27.5
<b>Net cash flow from discontinued operations</b>	-	<b>11.4</b>	<b>13.3</b>	<b>-28.2</b>
<b>Divested assets and liabilities</b>				
Group	2018	2017	2018	2017
SEK million	Q3	Q3	Jan-Jun	Jan-Jun
Intangible assets	-	-	-212.8	-16.2
Tangible assets	-	-	-3.0	-0.9
Deferred tax receivable	-	-	-	-15.4
Inventories	-	-	-96.1	-82.2
Current non-interest bearing receivables	-	-	-50.8	-6.6
Cash and cash equivalents	-	-	-14.7	-26.2
Deferred tax liability	-	-	10.8	1.1
Current non-interest bearing liabilities	-	-	139.3	135.0
<b>Net assets and liabilities</b>	-	-	<b>-227.4</b>	<b>-11.3</b>
Received purchase price	-	-	387.2	-
Accrued purchase price	-	-	-	35.4
Less cash from discontinued operations	-	-	-14.7	-26.2
<b>Change in cash and cash equivalents</b>	-	-	<b>372.5</b>	<b>-26.2</b>

**Note 3**

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

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

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

**Sales by geographic area**

Q3 2018							
SEK million	CDON	Nelly	Qliro FS	Group central operations	Eliminations	Group adjustment	Group consolidated total
Sweden	167.7	144.6	53.2	0.0	-1.2	-0.6	363.8
Other nordics	118.6	126.7	18.4	-	-	-	263.8
<b>Nordics</b>	<b>286.3</b>	<b>271.4</b>	<b>71.6</b>	<b>0.0</b>	<b>-1.2</b>	<b>-0.6</b>	<b>627.6</b>
Rest of the world <sup>1</sup>	-	37.5	-	-	-	-	37.5
<b>Total</b>	<b>286.3</b>	<b>308.9</b>	<b>71.6</b>	<b>0.0</b>	<b>-1.2</b>	<b>-0.6</b>	<b>665.1</b>

Q3 2017							
SEK million	CDON	Nelly	Qliro FS	Group central operations	Eliminations	Group adjustment	Group consolidated total
Sweden	216.3	143.9	40.1	2.1	-2.0	0.2	400.7
Other nordics	137.3	107.4	14.8	-	-	-	259.5
<b>Nordics</b>	<b>353.5</b>	<b>251.3</b>	<b>54.9</b>	<b>2.1</b>	<b>-2.0</b>	<b>0.2</b>	<b>660.1</b>
Rest of the world <sup>1</sup>	-	26.2	-	-	-	-	26.2
<b>Total</b>	<b>353.5</b>	<b>277.5</b>	<b>54.9</b>	<b>2.1</b>	<b>-2.0</b>	<b>0.2</b>	<b>686.4</b>

Jan-Sep 2018							
SEK million	CDON	Nelly	Qliro FS	Group central operations	Eliminations	Group adjustment	Group consolidated total
Sweden	597.0	476.4	147.4	1.8	-5.0	-3.0	1,214.5
Other nordics	405.3	393.8	56.8	-	-	-	855.9
<b>Nordics</b>	<b>1,002.2</b>	<b>870.2</b>	<b>204.2</b>	<b>1.8</b>	<b>-5.0</b>	<b>-3.0</b>	<b>2,070.4</b>
Rest of the world <sup>1</sup>	-	117.9	-	-	-	-	117.9
<b>Total</b>	<b>1,002.2</b>	<b>988.1</b>	<b>204.2</b>	<b>1.8</b>	<b>-5.0</b>	<b>-3.0</b>	<b>2,188.3</b>

Jan-Sep 2017							
SEK million	CDON	Nelly	Qliro FS	Group central operations	Eliminations	Group adjustment	Group consolidated total
Sweden	656.6	474.3	118.3	5.8	-3.4	-1.1	1,250.6
Other nordics	473.5	344.1	37.7	-	-	-	855.3
<b>Nordics</b>	<b>1,130.1</b>	<b>818.5</b>	<b>156.0</b>	<b>5.8</b>	<b>-3.4</b>	<b>-1.1</b>	<b>2,106.0</b>
Rest of the world <sup>1</sup>	-	90.9	-	-	-	-	90.9
<b>Total</b>	<b>1,130.1</b>	<b>909.4</b>	<b>156.0</b>	<b>5.8</b>	<b>-3.4</b>	<b>-1.1</b>	<b>2,196.9</b>

<sup>1</sup>Include mainly sales in Europe

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

Qliro AB (556962-2441) is a credit market institution and wholly owned subsidiary of Qliro Group AB (556035-6940). Qliro AB and Qliro Group AB are included in a consolidated situation. All information is presented as of September 30, 2018 in accordance with Regulation (EU) 575/2013 and the Swedish Financial Supervisory Authority's (FI) regulations and general guidelines (FFFS 2014: 12). Consolidated situation includes interim profits for the period January 1, 2018 to September 30, 2018 in Common Equity Tier 1 capital before formal decision according to Regulation (EU) 575/2013. All amounts are stated in thousands of Swedish kronor.

Own funds	Qliro AB	Consolidated situation
Common Equity Tier 1 capital	238,359	784,813
Additional Tier 1 capital	-	-
Tier 2 capital	-	-
Total capital	238,359	784,813

Risk exposure amount	Qliro AB	Consolidated situation
Credit risk according to standardized approach, of which	988,201	1,392,404
exposure to households	865,470	865,470
exposure to corporates	17,813	52,159
exposures in default	84,561	84,561
exposure to institutions	5,258	107,688
exposure covered bonds	5,012	5,012
exposure equity	-	266,479
other exposures	10,086	11,035
Market risk	-	-
Operational risk according to basic indicator approach	290,242	334,802
Total risk exposure amount	1,278,443	1,727,206

Capital requirement	Qliro AB	Consolidated situation
Total minimum capital requirement	102,275	138,176
Internally assessed required capital	22,150	32,939
Combined buffer requirement	65,788	93,338
Total capital requirements, excl. combined buffer requirement	124,425	171,116
Total capital requirements, incl. combined buffer requirement	190,213	264,454

Capital adequacy analysis	Qliro AB	Consolidated situation
Common Equity Tier 1 capital ratio	18.6%	45.4%
Tier 1 capital ratio	18.6%	45.4%
Total capital ratio	18.6%	45.4%
Leverage ratio	16.3%	36.2%
Combined buffer requirement	5.1%	5.4%
of which: capital conservation buffer requirement	2.5%	2.5%
of which: countercyclical buffer requirement	1.7%	1.8%
of which: capital planning buffer	0.9%	1.1%

**Funding**

Qliro AB's net lending to the public amounted to SEK 1,246 (827) million at the end of the quarter. The lending was financed by the amount of SEK 295 (218) million via a secured contracted credit facility and SEK 845 (445) million through deposits from the public (savings accounts) in Sweden, of which 99.7 percent are protected by the deposit insurance scheme in Sweden. Deposits from the public were divided into 53 percent on demand

with variable rate and 47 percent fixed interest rate with a duration of 203 days as of September 30, 2018 (initially 1-year fixed rate). 23 percent of the deposit portfolio is held as liquidity reserve. In addition to Qliro AB's financing sources, the consolidated situation holds a bond of SEK 250 million (250) maturing on May 23, 2020.

### **Liquidity**

Qliro AB has a liquidity buffer to ensure sufficient liquidity in times of a stressed financial market situation. As of September 30, 2018, Qliro AB's liquidity buffer amounted to SEK 165 million and was invested in Swedish municipal bonds, commercial papers and covered bonds. Average rating of the liquidity buffer was AAA and had average maturity of 213 days. No additional liquidity buffer in consolidated situation, hence liquidity buffer for consolidated situation also equals SEK 165 million.

In addition to the liquidity buffer, Qliro AB had as of September 30, 2018 SEK 26 million placed in Nordic banks and SEK 362 million in additional liquidity via undrawn funding in a secured contracted credit facility. Consolidated situation had additional SEK 512 million placed at Nordic banks as of September 30, 2018.

As of September 30, 2018, Qliro AB had a liquidity coverage ratio of 426 percent and the consolidated situation had a liquidity coverage ratio of 405 percent. The liquidity coverage ratio measures high quality liquid assets amounting to SEK 165 million related to net outflows of SEK 25 million over a thirty-day period under strained market conditions. A statutory limit for the liquidity coverage ratio of 100 percent applies.