

Qliro Group

Year-end Report 2018

ESTABLISHMENT OF THREE INDEPENDENT AND LISTABLE COMPANIES

FOURTH QUARTER¹

- Net sales increased to SEK 1,037.7 (1,199.9) million
 - Qliro Financial Services increased the loan book by 45% and total operating income by 26%
 - Nelly increased its number of customers by 11%, order intake by 6% and net sales by 1%
 - CDON Marketplace's transformation led to an increase in external merchants' sales by 20% while net sales decreased by 24%
- The gross margin increased by 1.2 percentage points to 23.0 (21.8) percent
- Operating income before depreciation, amortization and impairment was SEK 35.1 (52.4) million
 - Qliro Financial Services profitability was impacted by commercial initiatives
 - Nelly reported lower profitability in a weak market
 - CDON Marketplace increased profitability as a result of transformation
- Operating income totalled SEK 16.3 (35.6) million
- Profit after tax including discontinued operations amounted to SEK 5.1 (6.9) million
- Basic and diluted earnings per share including discontinued operations amounted to SEK 0.03 (0.05)

FULL YEAR 2018¹

- Net sales increased to SEK 3,226.0 (3,396.7) million
- The gross margin increased to 23.3 (22.5) percent
- Operating income before depreciation, amortization and impairment was SEK 19.0 (90.0) million
- Profit after tax including discontinued operations amounted to SEK 2.6 (-23.3) million
 - Including tax and interest expenses of SEK 70 million attributable to CDON Alandia 2008-2012
- Basic and diluted earnings per share including discontinued operations amounted to SEK 0.02 (-0.16)
- Cash and cash equivalents increased to SEK 691.8 (624.7) million by the end of the period

SEK million	2018	2017	2018	2017
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	1,037.7	1,199.9	3,226.0	3,396.7
Gross profit	238.2	261.8	750.9	762.7
Gross margin, %	23.0	21.8	23.3	22.5
Operating income before depreciation and amortization	35.1	52.4	19.0	90.0
Operating margin before depreciation and amortization, %	3.4	4.4	0.6	2.7
Operating income	16.3	35.6	-52.2	20.7
Operating margin, %	1.6	3.0	-1.6	0.6

¹Lekmer and HSNG are recognized as discontinued operations in the consolidated accounts.

ESTABLISHMENT OF THREE INDEPENDENT COMPANIES

Since June 2018, Qliro Group's strategy is to operate Qliro Financial Services, CDON Marketplace and Nelly as three completely independent companies. This will create the best prospects for the companies and thereby increased shareholder value. The process is progressing as planned and we took several steps with this work in the quarter.

As part of the process, we have renewed management in the three companies and strengthened the corporate governance at Nelly and CDON. Thus, now all the companies have separate boards with representatives from the Group's board and management along with external members for Qliro Financial Services and Nelly. This means that the companies are run independently of each other and that Group management focuses on making the companies independent and ready to be listed, while also evaluating potential transactions. Work is underway to separate the companies' IT and accounting systems, and all three companies are expected to be operationally and structurally independent in the first half of 2019. In addition, we believe that all our companies will be listable in the second half of 2019.

Qliro Financial Services – fast loan book expansion

Qliro Financial Services provides financial services to consumers and e-merchants. During the coming year, focus lies on attracting more merchants and further strengthening the Nordic offering. The company has over 30 merchants and half of the volume comes from e-merchants outside the Group.

The loan book grew by 45 percent in the quarter to more than SEK 1.5 billion with the fastest growth in personal loans. Total operating income increased by 26 percent even though transaction volumes were adversely affected CDON Marketplace's phase-out of sales from its own inventory.

Total operating expenses increased 31 percent, driven by increased commercial initiatives and recruitment of people working to attract new merchants. In addition, the company has further strengthened the management team and key functions as part of the work to become an independent company.

CDON Marketplace benefits from transition

CDON Marketplace successfully continues its transition as the leading Nordic marketplace. During the quarter, sales by external merchants increased by 20 percent, which proves the potential of the marketplace. At the same time, operating profit before depreciation doubled to SEK 20 million and the corresponding margin increased from 1.3 percent to 3.5 percent. This was driven by a 27 percent increase in commission revenues and a 20 percent decrease in personnel costs, as the company was benefitting from its IT-platform and automation.

The rationale for investments in the marketplace model and dropshipment (sales directly from the suppliers' warehouses) is to generate growth while using less capital and thereby stronger cash flows over time. At the end of the year, inventory levels were 31 percent lower than last year.

We have now laid the foundation for continued growth and increased efficiency, which provides the opportunity for further reduced personnel costs in 2019. Scalability and continued growth of the marketplace are the key to building an independent and profitable company. As previously communicated, operating profit before depreciation and amortization is expected to be positive for 2019.

Nelly attracts more customers

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

The general fashion market in Sweden was characterized by weaker demand, which led to a generally high amount of campaign activity in the quarter. Nelly's growth initiatives led to an 11 percent increase in the number of customers and a 10 percent increase in average shopping basket for the quarter. The successful customer acquisition is important given the company's strong customer loyalty over time. Order intake increased by 6 percent, while the sales increase was limited to 1 percent due to increased return rates. Sales increased in Norway, Denmark and Finland, but declined in Sweden. In the Swedish market, the company had a

strong Singles' Day but a less effective sales strategy for Black Week. This led the company to focus on selling seasonal clothes during the after-Christmas sale to ensure that the inventory is appropriate heading into the new season.

Financial flexibility

Qliro Group has a strong financial position with a cash position of SEK 692 million, whereof the net cash of the e-commerce business was SEK 420 million (excluding the bond). Considering this, we will redeem the outstanding SEK 250 million bond loan. Our debt will decrease and the bond loan's restrictions on special listings and dividends will be removed. Our companies have strong positions and are driving forces in Nordic e-commerce.

Marcus Lindqvist
President and CEO
Stockholm, February 5, 2019

FINANCIAL TARGETS

Qliro Group's financial targets for subsidiaries.

Qliro Financial Services:

- Achieve an operating income before depreciation and amortization of SEK 100-125 million in 2019
- The ability to achieve the financial target is to a large degree dependent on the e-commerce volumes and the recruitment of new merchants.

CDON Marketplace:

- Achieve a growth rate in external merchants' gross merchandise value above 20 percent per year
 - Achieve an operating margin before depreciation and amortization above 3 percent of net sales per year
- Operating income before depreciation and amortization is expected to be positive for 2019.

Nelly:

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

SIGNIFICANT EVENTS DURING AND AFTER THE FOURTH QUARTER

Carolina Brandtman takes over as CEO of Qliro AB

Carolina Brandtman took over as CEO of Qliro Financial Services (Qliro AB) at the end of November 2018. This recruitment was announced on December 15, 2017.

New financial targets

The Board of Qliro Group resolved on October 18 to establish new financial targets for the subsidiaries, see above.

Nelly's board is strengthened

On November 13, it was announced that NLY Scandinavia's (Nelly's) board will be strengthened by Maj-La Pizzeli and Louise Nylén who have extensive experience in fashion and digital marketing.

Qliro Group called for early redemption of bonds

On February 4, it was announced that Qliro Group will redeem all its outstanding 2017/2020 bonds.

QLIRO FINANCIAL SERVICES - FAST LOANBOOK EXPANSION

SEK million	2018			2017		
	Oct-Dec	Oct-Dec	Δ	Jan-Dec	Jan-Dec	Δ
Interest income	76.7	64.1	20%	280.5	220.1	27%
Interest expense	-5.0	-4.0	25%	-16.2	-16.5	-1%
Net interest income	71.7	60.0	19%	264.3	203.6	30%
Net fee and commission income	2.1	1.2	68%	12.2	7.6	62%
Other operating income	8.0	3.6	123%	21.3	11.7	83%
Total operating income	81.8	64.9	26%	297.8	222.8	34%
Other operating expenses	-61.6	-46.8	32%	-217.8	-169.1	29%
Depreciation, amortization and impairment	-10.5	-8.1	29%	-38.1	-27.6	38%
Total operating expenses	-72.1	-54.9	31%	-255.9	-196.7	30%
Expected credit losses per IFRS 9, net	-16.9			-57.3		
Credit losses per IAS 39, net		-7.0			-27.6	
Operating income	-7.2	3.0		-15.4	-1.5	
Operating income before depreciation, amortization and impairment	3.2	11.1	-71%	22.7	26.1	-13%
Net loans to the public	1,530	1,055	45%	1,530	1,055	45%
of which sales financing	1,213	994	22%	1,213	994	22%
of which personal loans	317	61	417%	317	61	417%
External financing	1,427	937	52%	1,427	937	52%
of which deposits from the public ¹	969	612	58%	969	612	58%
of which secured credit facility	458	325	41%	458	325	41%
Sales financing						
Business volume	1,593	1,340	19%	4,940	3,962	25%
No. of orders, thousands	1,748	1,517	15%	5,085	4,209	21%
Average shopping basket, SEK	912	884	3%	972	941	3%
Personal loans						
Average personal loans, SEK thousands	76	63	20%	71	63	12%

¹Of which accrued interest was SEK 2.7 (0.7) 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 while utilizing transaction volume and customer relationships to offer digital financial services to consumers. The payment solution ensures that e-merchants can receive payments and good conversion rates. E-commerce volumes help 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. Qliro Financial Services 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 up its offering of financial services to consumers and merchants. The focus lies on attracting more merchants (now more than 30), capitalizing on existing services and further strengthening the Nordic offering.

The financial performance depends on e-commerce volume and the recruitment of new merchants. As previously communicated, the company's sales volume is affected by CDON Marketplace's phase-out of selling from its own inventory as part of its efforts to become an independent and profitable company. In the fourth quarter, volumes from CDON Marketplace were 14 percent lower than the year before.

Growing business volume

Qliro Financial Services' business volume grew 19 percent to SEK 1,593 million. Merchants that are not part of Qliro Group accounted for over 50 percent of e-commerce volume, which fulfils the target that was communicated in 2017 for the end of 2018.

Continued growth, fastest in personal loans

Total operating income increased 26 percent to SEK 82 million in the quarter. This was driven by the loan book, which grew 45 percent to SEK 1,530 million, with the fastest growth in personal loans. SEK 1,213 million of the loan book was for invoices, partial payments and instalments, and SEK 317 million was for personal loans. This was financed through banks, savings accounts and equity.

The growth within personal loans was driven by digital marketing to existing customers. Over 95 percent of the borrowers had an existing relationship with Qliro Financial Services, and many apply through Qliro's app. This gave low customer acquisition costs and the possibility of selective credit granting by identifying people with good creditworthiness. The credit test is automated and builds on a combination of internal and external data that is analysed in real time using machine learning. The personal loans granted had a contractual maturity of just over eight years on average. During the quarter, the personal loan product was developed with increased flexibility for consumers. The company has good prospects for cost-effectively growing the personal loan business.

Efforts to attract new merchants

To strengthen its position as an independent company, Qliro Financial Services increased its commercial investments and strengthened the organization that is working to attract and integrate new merchants and to strengthen the service offering. In addition, the company has further strengthened the management team and key functions as part of the work to become an independent company.

These investments are vital to strengthen the company in the long-term but affected profitability for the quarter. Personnel costs increased by SEK 8 million, which increased other operating expenses by 32 percent to SEK 61.6 (46.8) million.

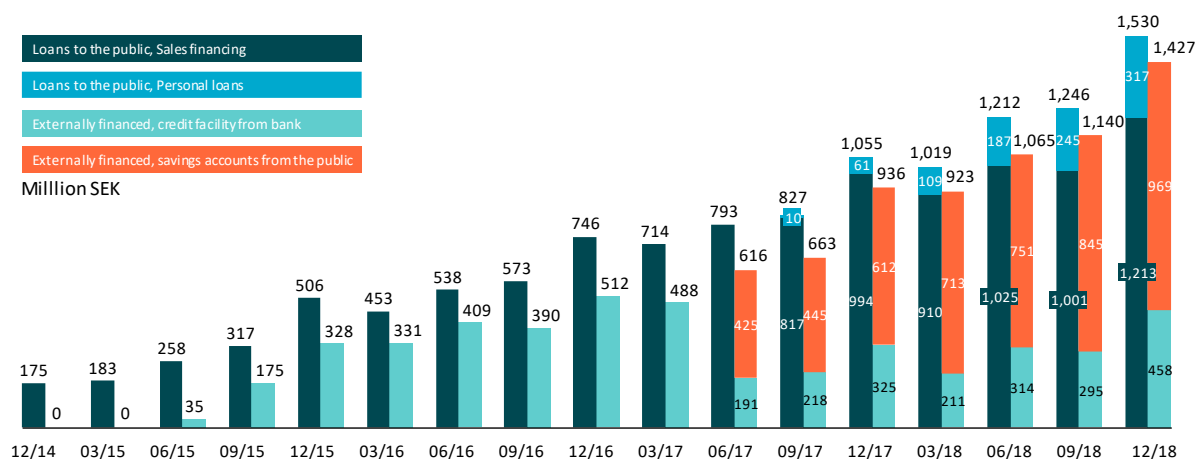
Increased depreciation and provisions

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 with the effect recognized in earnings (per IFRS 9). During the quarter, provisions for expected future credit losses amounted to SEK 16.9 million, compared with SEK 14.2 million in the third quarter of this year and SEK 7.0 million (per IAS 39) in the fourth quarter of last year. The increase was driven by growth in the loan book and effects on provisions for expected future credit losses linked to the implementation of IFRS 9. Operating income before depreciation, amortization and impairment was SEK 3.2 (11.1) million.

Capital adequacy and funding

Qliro AB is under the supervision of the Swedish Financial Supervisory Authority (FI). The capital base was SEK 255 million, the total risk exposure was SEK 1,507 million and the core capital ratio was 16.9 percent of the risk exposure amount as of December 31, 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 in the amount of SEK 458 (325) million via a secured credit facility and SEK 969 (612) million through deposits from the public (savings accounts) in Sweden. Of the deposits from the public, 99.8 percent were protected by the deposit guarantee in Sweden. Of all deposits from the public, approximately half had floating interest rates and half had fixed interest rates, with a remaining average maturity of approximately 212 days as of December 31, 2018 (initially 1-year fixed interest rate). Funding through the loan facility is mainly used for lending to the public in foreign currencies.



CDON MARKETPLACE BENEFITS FROM TRANSITION

SEK million	2018		2017		2018		2017	
	Oct-Dec	Oct-Dec	Δ	Jan-Dec	Jan-Dec	Δ	Jan-Dec	Δ
Gross merchandise value, external merchants	228.5	190.8	20%	589.2	499.9	18%		
Total gross merchandise value ¹	760.6	903.7	-16%	2,082.0	2,313.3	-10%		
Net sales	558.0	733.1	-24%	1,560.2	1,863.2	-16%		
Gross profit	83.6	87.4	-4%	206.6	204.8	1%		
<i>Gross margin, %</i>	<i>15.0%</i>	<i>11.9%</i>		<i>13.2%</i>	<i>11.0%</i>			
Operating income before depreciation, amortization and impairment	19.7	9.6	105%	-18.7	-21.4			
<i>Operating margin before depreciation, amortization and impairment, %</i>	<i>3.5%</i>	<i>1.3%</i>		<i>-1.2%</i>	<i>-1.1%</i>			
Operating income	16.8	6.2	173%	-30.4	-40.3			
<i>Operating margin, %</i>	<i>3.0%</i>	<i>0.8%</i>		<i>-2.0%</i>	<i>-2.2%</i>			
Investments	-5.8	-10.4		-22.7	-24.7			
Opening inventory balance	158.9	169.4	-6%	254.5	186.1	37%		
Closing inventory balance	176.7	254.5	-31%	176.7	254.5	-31%		
Active customers, past twelve months, thousands	1,775	1,772	0%	1,775	1,772	0%		
Visits, thousands	34,618	33,472	3%	95,640	90,434	6%		
No. of orders, thousands	1,219	1,323	-8%	3,333	3,416	-2%		
Average shopping basket, SEK	610	665	-8%	616	664	-7%		

¹Commission 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 purchase various products at a single site as well as taking 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.

Benefits from transition to external merchants

CDON Marketplace continues its transition toward the marketplace model to build an independently profitable company. The external merchants increased their sales by 20 percent, which contributed to a 27 percent increase in commission revenue in the quarter. Together, the external merchants and drop shipment (delivery direct to the customer from CDON Marketplace's supplier) accounted for 41 percent of gross merchandise value. The gross margin increased by as much as 3.1 percentage points to 15.0 percent.

Meanwhile, the phasing out of sales from our own inventory continued, especially in the lower-margin consumer electronics segment (mobile phones, TVs, etc.). The home electronics offering is instead built up through external merchants that provide a wide range at competitive prices. Consequently, net sales (which do not include external merchant's sales) decreased by 24 percent to SEK 558 million in the quarter. This is part of the transition to a marketplace and will continue in the coming quarters with a negative impact on sales but over time improve conditions for higher margins and profitable growth. The phasing out of home electronics meant that the average shopping basket decreased.

The transition to a marketplace and dropshipment creates opportunities for growth with lower inventory levels, which over time is expected to provide stronger cash flow and decrease working capital needs. In line with this strategy, inventory levels were 31 percent lower at the end of 2018 compared with the end of 2017.

Transition and automation increase profitability

CDON Marketplace has for several years invested in technology platforms and process automation. The company is now benefiting from these investments and has reduced its dependence on manual processes. As a consequence, CDON Marketplace has reduced its number of employees. Increased commission income and lower employee costs led to a doubling of operating income before depreciation, amortization and impairment to SEK 20 million for the quarter and a corresponding margin increase from 1.3 percent to 3.5 percent.

NELLY ATTRACTS MORE CUSTOMERS

SEK million	2018	2017	Δ	2018	2017	Δ
	Oct-Dec	Oct-Dec		Jan-Dec	Jan-Dec	
Net sales	402.9	400.3	1%	1,391.0	1,309.7	6%
Gross profit	107.3	125.4	-14%	370.5	401.8	-8%
Gross margin, %	26.6%	31.3%		26.6%	30.7%	
Operating income before depreciation, amortization and impairment	19.2	39.5	-51%	56.8	121.3	-53%
Operating margin before depreciation, amortization and impairment, %	4.8%	9.9%		4.1%	9.3%	
Operating income	13.9	34.4	-59%	36.2	99.2	-64%
Operating margin, %	3.5%	8.6%		2.6%	7.6%	
Investments	-3.9	-2.1		-7.5	-7.2	
Opening inventory balance	296.0	234.0	27%	193.0	159.8	21%
Closing inventory balance	241.6	193.0	25%	241.6	193.0	25%
Active customers, past twelve months, thousands	1,354	1,217	11%	1,354	1,217	11%
Visits, thousands	31,288	32,948	-5%	116,230	110,237	5%
Orders before returns, thousands	866	905	-4%	3,072	2,832	8%
Average shopping basket, SEK	698	635	10%	693	667	4%
Percentage of own brand sales	43%	46%	-3	45%	43%	2
Return ratio, past twelve months	39%	35%	4	39%	35%	4
Product margin	48%	50%	-2	49%	51%	-2
Fulfilment and distribution costs	18%	16%	2	19%	18%	2

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 brand, 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. A key strategic strength is that a high proportion of sales are clothes and accessories of Nelly's own designs.

Nelly's growth initiatives led to an 11 percent increase in the number of customers and a 10 percent increase in average shopping basket for the quarter. The strong growth in number of customers is particularly important given the company's strong customer loyalty over time. In 2018, returning customers accounted for approximately 85 percent of sales. Most sales come from customers who make over five purchases per year.

The general market in Sweden was characterized by weaker demand, which led to generally higher campaign activity in fashion during the quarter. Order intake increased by 6 percent, while the sales increase was limited to 1 percent due to increased provisions for returns in the quarter. Sales increased in Norway, Denmark and Finland, but declined in Sweden.

Sales in Sweden were affected by lower than planned sales of own brands during Black Week and clearances during the after-Christmas sale. After a weaker Black Week, the focus was on selling seasonal clothes to secure a seasonally adapted inventory for 2019. Sales during the fourth quarter of 2017 were affected by a campaign with extended return rights, which, however, led to a high return rate during the first quarter of 2018. In April 2018, it was communicated that Nelly had made insufficient reserves for this unexpected high return rate. Inventories decreased by SEK 54 million during the quarter, but at year-end it was higher than last year. Current inventory levels create good prospects for a strong spring season.

The operating margin before depreciation, amortization and impairment was 4.8 percent for the quarter, which is lower than fourth quarter last year (but higher than full year 2018).

The operating margin was impacted by increased costs for fulfilment and distribution (uneven utilization of capacity) and by a decrease in the proportion of own brands from 46 to 43 percent of sales, mainly due to lower sales of own brands during Black Week.

The last quarters' increase in return levels is slowing down. To further improve the return process, Nelly will implement a project to digitalize and streamline the handling of returns during the spring.

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 1,037.7 (1,199.9) million in the quarter, of which SEK 560.8 (676.1) million in Sweden, SEK 434.4 (489.0) million in the rest of the Nordic region and SEK 42.5 (34.7) million in the rest of the world. For the full year, net sales amounted to SEK 3,226.0 (3,396.7) million. Exchange rate fluctuations had a positive effect of approximately 2 percent for both the quarter and the full-year.

The gross margin increased by 1.2 percentage points to 23.0 (21.8) percent for the quarter and amounted to 23.3 (22.5) percent for the full year. The gross margin increased for CDON Marketplace and decreased for Nelly.

During the second quarter, the Group was affected by tax and interest expenses of SEK 70 million attributable to CDON Alandia in 2012. The entire amount had been paid to Finnish authorities in 2017 or earlier.

Operating income before depreciation, amortization and impairment was SEK 35.1 (52.4) million for the quarter and SEK 19.0 (90.0) million for the full year. Operating income was SEK 16.3 (35.6) million for the quarter and SEK -52.2 (20.7) million for the full year.

Net financial items amounted to SEK -2.7 (-2.9) million for the quarter and SEK -32.3 (-7.5) million for the full year. 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 fourth quarter, net financial items consisted mainly of exchange differences and interest on the bond loan.

Profit before tax and Group contributions were SEK 13.6 (32.7) million for the quarter and SEK -84.5 (13.2) million for the full year. Recognized tax expense amounted to SEK -8.4 (-12.9) million for the quarter and SEK -51.5 (-8.9) million for the full year. 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 was SEK 5.1 (44.2) million for the quarter and SEK -136.0 (28.8) million for the full year. Profit after tax for the total of continuing and discontinued operations was SEK 5.1 (6.9) million for the quarter and SEK 2.6 (-23.3) million for the full year. Earnings per share for the total of continuing and discontinued operations, before and after dilution, amounted to SEK 0.03 (0.05) for the quarter and 0.02 (-0.16) for the full year.

Cash flow and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 41.0 (53.7) million for the quarter and SEK -28.0 (92.1) million for the full year, of which e-commerce accounted for SEK 38.1 (42.0) million for the quarter and SEK -25.5 (65.1) million for the full year. Qliro Financial Services accounted for SEK 2.9 (11.7) million for the quarter and SEK -2.5 (27.0) million for the full year.

Cash flow from changes in working capital in e-commerce operations amounted to SEK 121.8 (165.2) million for the quarter and SEK -117.2 (-143.5) million for the full year. CDON Marketplace decreased its inventory in line with its transition 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 -17.3 (6.5) million for the quarter and SEK -88.9 (76.8) million for the full year. This was made up of a combination of increased loans to the public (invoices, payments, partial payments and personal loans), deposits from the public (savings accounts) and utilization of credit facilities.

Consolidated cash generated from operations after changes in working capital amounted to SEK 145.5 (225.4) million for the quarter and SEK -234.0 (25.4) million for the full year. Investments in non-current assets amounted to SEK 29.8 (32.0) million for the quarter and SEK 90.9 (107.0) million for the full year. Investments were made mainly in Qliro Financial Services and CDON Marketplace.

Cash flow from divestment of operations amounted to SEK 0.0 (11.5) million for the quarter and SEK 387.2 (11.5) million for the full year, consisting mainly of cash from HSNG in the first quarter and final payment for

Lekmer in the second quarter. Cash flow from financing activities amounted to SEK 0.0 (5.7) million for the quarter and SEK 0.0 (333.7) million for the full year.

Cash and cash equivalents amounted to SEK 691.8 (624.7) million at the end of the period. Cash and cash equivalents from e-commerce operations amounted to SEK 670.0 (560.2) million. Adjusted for the outstanding bond of SEK 250.0 (250.0) million, net cash from e-commerce operations amounted to SEK 420.0 (310.2) million.

Total assets at year-end amounted to SEK 3,440.2 (3,243.5) million. The divestments of Lekmer in 2017 and HSNG in 2018 decreased consolidated assets compared with the previous year, which was offset by Qliro Financial Services' increased lending to the public. Equity amounted to SEK 994.5 (1,009.6) million.

Discontinued operations

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

HSNG was valued at SEK 360 million on a debt-free basis with normalized working capital. 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 amounted to SEK 0.0 (-37.3) million for the quarter and SEK 138.6 (-52.1) million for the full year. It consisted mainly of the impact on earnings from HSNG's operating earnings, the impact on earnings from divestment of HSNG and transaction-related items.

Parent company

The Qliro Group AB parent company reported sales of SEK 4.1 (6.7) million for the quarter and SEK 18.0 (27.1) million for the full year. Profit before tax amounted to SEK 11.5 (47.1) million for the quarter and SEK 217.0 (-41.6) million for the full year. Cash and cash equivalents in the parent company amounted to SEK 431.0 (545.1) million at year-end.

As of December 31, Qliro Group had 154,994,779 shares issued, of which 149,694,779 were common shares and 5,300,000 were C shares. The C shares are held by Qliro Group and may not be represented at General Meetings.

Consolidated situation

A consolidated situation arose when the subsidiary Qliro AB (credit market company under Finansinspektionen's supervision), based on the Capital Requirements Regulation, was considered 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 December 31, 2018.

Accounting policies and valuation principles

This interim report has been prepared in accordance with IFRS with application of 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 from January 1, 2018. The IASB has issued amendments to standards effective from January 1, 2018. The Group applies the new standards IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers) effective from January 1, 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 when there is an indication of increased credit risk. From January 1, 2018, reserves for projected credit losses will be made directly at the time of lending with the effect recognized in earnings. Due to the transition to IFRS 9 on January 1, 2018, the reserves increased by SEK 24 million before taxes, which affected the balance sheet items equity and lending to the public, but not the income statement. Most of the additional reserves stemmed from credits

where at year-end there was no indication of impaired payment ability, and for which no provision had been made in accordance with previous accounting rules.

IFRS 15 Revenue from Contracts with Customers

The implementation and application of IFRS 15 has not led to any significant changes in revenue recognition since Qliro Group already recognizes revenue in a manner that complies with the requirements 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 and IFRIC 4 from the financial year starting 1 January 2019. For lessees this means that all contracts that meet the definition in this standard of a lease must be recognized as an asset and liability in the balance sheet, with recognition of amortization and interest expense in profit and loss, with a few exceptions. Qliro Group will apply the simplified approach as transition method. The project relating to the introduction of IFRS 16 has progressed according to plan. The transition to IFRS 16 will mean that assets and liabilities will increase by approximately SEK 95 million.

Risks and uncertainties

Several factors affect, or may come to affect, directly or indirectly, the operations of the Qliro Group. These factors can be divided into industry and market risks, operational risks, financial risks and legal risks. In addition to these risks, there are specific risks for Qliro Financial Services. Industry and market risks include market developments in e-commerce, seasonal variations, risks related to fashion trends, the economic situation and consumer purchasing power. Operational risks include interruptions or deficiencies in IT and control systems, supplier relationships, inventories and distribution. Financial risks include currency risk, credit risk, interest rate risk and liquidity risk. Legal risks include legislation 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

In January 2016, Qliro Group announced that the tax administration in Finland decided to place an additional tax on CDON AB's Åland-based subsidiary CDON Alandia AB for the 2012 fiscal year. CDON Alandia appealed the decision to the Helsinki Administrative Court, which in May 2018 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. CDON Alandia has submitted an appeal to the Finnish Supreme Administrative Court and a decision is expected in 2019. This tax process applies only to the tax year 2012 and any additional claims from the Tax Administration against the company are time-barred.

As previously communicated, Finnish authorities have since many years been conducting an investigation related to CDON Alandia on suspicion of tax fraud. Despite the fact that the tax process has not yet been finally settled through a legally enforceable ruling, Finnish prosecutors in Q3 2018 brought charges in Åland's district court in Finland against three persons who were members of CDON Alandia's board during the years 2008-2013 and against two former employees of CDON.

Like other companies in the industry, CDON previously chose to distribute to customers in Finland from Åland. Operations (in CDON Alandia) have been discontinued. CDON is of the opinion that the company acted in accordance with relevant laws and the company follows the development of the process.

Transactions with related parties

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

Interim report for the first quarter of 2019

Qliro Group's interim report for the first quarter of 2019 will be published on April 17, 2019.

Nomination Committee ahead of the 2019 AGM

In accordance with the Nomination Committee Rules adopted at the 2018 AGM, a representative for the

largest shareholder, Kinnevik, convened a nomination committee to prepare proposals for Qliro Group's 2019 AGM. The Nomination Committee consists of Samuel Sjöström (chairman), appointed by Kinnevik, Christoffer Häggblom appointed by Rite Ventures and Thomas Krishan representing own shares. Shareholders who wish to propose members for Qliro Group's board of directors may submit written proposals to ir@qlirogroup.com or to Qliro Group AB (publ), attn: Company Secretary, Box 195 25, 104 32 Stockholm, Sweden.

2019 Annual General Meeting

The AGM for 2019 will be held on 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, 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 and the head office at Sveavägen 151 in Stockholm by April 5.

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

Stockholm, February 5, 2019

Christoffer Häggblom Chairman	Daniel Mytnik Director	Erika Söderberg Johnson Director	Jessica Pedroni Thorell Director
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Andreas Bernström Director	Lennart Jacobsen Director	Marcus Lindqvist CEO
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Qliro Group AB (publ.)
Registered office: Stockholm
Corporate ID number: 556035-6940
Postal address: Box 195 25, 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 9105

US: +1 929 477 0324

The pin code to the call is 8254074. The presentation and webcast will be published at www.qlirogroup.com.

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

Marcus Lindqvist, President and Chief Executive Officer

Niclas Lilja, Investor Relations

Phone: +46 (0)736511363

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 2018 the Group had sales of SEK 3.2 billion. Qliro Group's shares are listed on the Nasdaq Stockholm MidCap segment under the ticker symbol QLRO.

This information is information that Qliro Group AB is required to disclose under the EU Market Abuse Regulation. The information was released for publication through the agency of the above-mentioned contacts at 8:00 a.m. on Tuesday, February 5, 2019.

Consolidated Income Statement, fourth quarter		E-commerce		Qliro FS		Eliminations ¹		Qliro Group	
SEK million	2018	2017	2018	2017	2018	2017	2018	2017	
Net sales	960.9	1,134.7	77.0	64.1	-0.2	1.1	1,037.7	1,199.9	
Cost of goods and services	-769.9	-920.5	-31.3	-19.2	1.8	1.6	-799.4	-938.1	
Gross profit	190.9	214.2	45.7	44.9	1.6	2.7	238.2	261.8	
Sales and administration expenses	-176.4	-185.5	-62.4	-46.6	5.5	1.5	-233.3	-230.5	
Other operating income and expenses, net	7.4	1.1	9.5	4.7	-5.5	-1.5	11.3	4.3	
Operating profit or loss	21.9	29.9	-7.2	3.0	1.6	2.7	16.3	35.6	
Net interest & other financial items	-2.3	-2.7	-0.4	-0.2	-	-	-2.7	-2.9	
Net profit or loss before tax and group contribution	19.6	27.2	-7.6	2.8	1.6	2.7	13.6	32.7	
Group contribution, net	-	22.5	-	2.0	-	-	-	24.5	
Tax	-	-	-	-	-	-	-8.4	-12.9	
Net profit or loss for continued operations							5.1	44.2	
Net profit or loss for discontinued operations	-	-	-	-	-	-	-	-37.3	
Total net profit or loss for continued and discontinued operations							5.1	6.9	
<i>Attributable to:</i>									
Equity holders of the parent							5.1	6.9	
Non-controlling interests							-	-	
Net income for the period							5.1	6.9	
Basic earnings per share excluding discontinued operations before dilution, SEK							0.03	0.30	
Basic earnings per share including discontinued operations before dilution, SEK							0.03	0.05	
Basic earnings per share excluding discontinued operations after dilution, SEK							0.03	0.30	
Basic earnings per share including discontinued operations after dilution, SEK							0.03	0.05	

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

Consolidated statement of comprehensive income, fourth quarter		Qliro Group	
SEK million	2018	2017	2017
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Translation difference for the period	0.3	-0.3	
Total comprehensive income for period	5.4	6.5	
<i>Total comprehensive income attributable to:</i>			
Parent company shareholders	5.4	6.5	
Non-controlling interests	-	-	
Total comprehensive income for the period	5.4	6.5	
Shares outstanding at period's end, basic, million	149.7	149.3	
Shares outstanding at period's end, diluted, million	150.4	149.3	
Average number of shares, basic, million	149.7	149.3	
Average number of shares, diluted, million	150.4	149.3	

Consolidated income statement, year SEK million	E-commerce		Qliro FS		Eliminations ¹		Qliro Group	
	2018	2017	2018	2017	2018	2017	2018	2017
Net sales	2,951.4	3,179.8	281.2	220.1	-6.7	-3.2	3,226.0	3,396.7
Cost of goods and services	-2,374.1	-2,566.5	-106.2	-72.4	5.3	4.9	-2,475.0	-2,634.0
Gross profit	577.3	613.3	175.0	147.7	-1.4	1.6	750.9	762.7
Sales and administration expenses	-633.8	-605.3	-222.1	-167.8	20.5	5.8	-835.4	-767.3
Other operating income and expenses, net	21.0	12.6	31.7	18.6	-20.5	-5.8	32.3	25.4
Operating profit or loss	-35.5	20.6	-15.4	-1.5	-1.4	1.6	-52.2	20.7
Net interest & other financial items	-31.1	-7.1	-1.2	-0.4	-	-	-32.3	-7.5
Net profit or loss before tax and group contribution	-66.5	13.5	-16.6	-1.9	-1.4	1.6	-84.5	13.2
Group contribution, net	-	22.5	-	2.0	-	-	-	24.5
Tax	-	-	-	-	-	-	-51.5	-8.9
Net profit or loss for continued operations							-136.0	28.8
Net profit or loss for discontinued operations							138.6	-52.1
Total net profit or loss for continued and discontinued operations							2.6	-23.3
<i>Attributable to:</i>								
Equity holders of the parent							2.6	-23.3
Non-controlling interests							-	-
Net income for the period							2.6	-23.3
Basic earnings per share excluding discontinued operations before dilution, SEK							-0.91	0.19
Basic earnings per share including discontinued operations before dilution, SEK							0.02	-0.16
Basic earnings per share excluding discontinued operations after dilution, SEK ²							-0.90	0.19
Basic earnings per share including discontinued operations after dilution, SEK							0.02	-0.16

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

Consolidated statement of comprehensive income, year SEK million	Qliro Group	
	2018	2017
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Translation difference for the period	3.2	-0.6
Total comprehensive income for period	5.9	-23.9
<i>Total comprehensive income attributable to:</i>		
Parent company shareholders	5.9	-23.9
Non-controlling interests	-	-
Total comprehensive income for the period	5.9	-23.9
Shares outstanding at period's end, million	149.7	149.3
Shares outstanding at period's end, diluted, million	150.4	149.3
Average number of shares, basic, million	149.7	149.3
Average number of shares, diluted, million	150.4	149.3

Qliro FS används som förkortning för Qliro Financial Services.

Consolidated Statement of financial position SEK million	E-commerce		Qliro FS		Eliminations		Qliro Group	
	31 dec 2018	31 dec 2017	31 dec 2018	31 dec 2017	31 dec 2018	31 dec 2017	31 dec 2018	31 dec 2017
Non-current assets								
Goodwill	64.0	63.0	-	-	-	-	64.0	63.0
Other intangible assets	83.5	85.2	149.6	130.2	-	-	233.2	215.5
Total intangible assets	147.5	148.2	149.6	130.2	-	-	297.2	278.5
Tangible assets	10.3	11.6	14.3	12.0	-	-	24.6	23.6
Financial assets	-	-	25.1	-	-	-	25.1	-
Deferred tax asset	109.6	107.6	3.4	-	-	-	113.1	107.6
Total non-current assets	267.4	267.4	192.5	142.2	-	-	459.9	409.7
Current assets								
Inventories	418.4	447.5	-	-	-	-	418.4	447.5
Loans to the public	-	-	1,529.6	1,054.8	-	-	1,529.6	1,054.8
Current interest-bearing investments	-	-	172.1	65.2	-	-	172.1	65.2
Current non-interest bearing receivables	158.8	259.0	19.3	10.0	-9.7	6.8	168.4	275.8
Cash and cash equivalents	670.0	553.8	21.8	70.9	-	-	691.8	624.7
Total current assets	1,247.1	1,260.4	1,742.8	1,200.9	-9.7	6.8	2,980.2	2,468.1
Total assets held for sale	-	365.7	-	-	-	-	-	365.7
Total assets	1,514.6	1,893.6	1,935.3	1,343.1	-9.7	6.8	3,440.2	3,243.5
Equity								
Equity attributable to owners of the parent	581.0	664.3	413.5	345.4	-	-	994.5	1,009.6
Total equity	581.0	664.3	413.5	345.4	-	-	994.5	1,009.6
Non-current liabilities								
<i>Non interest bearing</i>								
Deferred tax liability	-	0.6	-	-	-	-	-	0.6
Other provisions	1.6	3.2	-	-	-	-	1.6	3.2
<i>Interest bearing</i>								
Loan Facility	-	-	457.9	324.6	-	-	457.9	324.6
Bond	250.0	250.0	-	-	-	-	250.0	250.0
Financial leasing liabilities	-	-	0.4	2.6	-	-	0.4	2.6
Total non-current liabilities	251.6	253.7	458.3	327.2	-	-	710.0	581.0
Current liabilities								
Deposits from the public	-	-	966.3	611.8	-	-	966.3	611.8
Financial leasing liabilities	-	-	2.2	2.3	-	-	2.2	2.3
Current non-interest bearing liabilities	681.9	812.0	95.0	56.4	-9.7	6.8	767.2	875.2
Total current liabilities	681.9	812.0	1,063.5	670.5	-9.7	6.8	1,735.7	1,489.3
Total liabilities related to assets held for sale	-	163.6	-	-	-	-	-	163.6
Total equity and liabilities	1,514.6	1,893.6	1,935.3	1,343.1	-9.7	6.8	3,440.2	3,243.5

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						Total equity
	Equity	Other capital contributions	Trans-lation reserve	Retained earnings incl. Profit/loss for the year	Total	Non-controlling interest	
Closing balance 2017-12-31	300.9	1,077.4	-3.9	-364.7	1,009.6	0.0	1,009.6
Change of accounting principle (IFRS 9)	-	-	-	-23.5	-23.5	-	-23.5
Opening balance 2018-01-01	300.9	1,077.4	-3.9	-388.2	986.2	-	986.1

Statement of changes in equity	2018	2017
SEK million	Jan-Dec	Jan-Dec
Opening balance	986.1	1,026.2
Comprehensive income for the period	5.9	-23.9
Effects of long term incentive program	-2.5	7.9
Tax effect when changing accounting principle (IFRS 9)	5.0	-
Divestment of minority	-	-0.6
Closing balance	994.5	1,009.6

Consolidated statement of cash flow, fourth 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	38.1	42.0	2.9	11.7	-	-	41.0	53.7	
Changes in working capital ¹	121.8	165.2	-17.3	6.5	-	-	104.5	171.7	
Cash flow from operations	159.9	207.2	-14.4	18.2	-	-	145.5	225.4	
Investments in non-current assets	-9.7	-13.1	-20.1	-19.0	-	-	-29.8	-32.0	
Divested operations ²	-	11.5	-	-	-	-	-	11.5	
Cash flow to/from investing activities	-9.7	-1.5	-20.1	-19.0	-	-	-29.8	-20.5	
Shares contribution, net change	-30.0	-	30.0	-	-	-	-	-	
Internal loan, net change	-0.1	-	0.1	-	-	-	-	-	
Other cash flow from/to financing activities	-	5.7	-	-	-	-	-	5.7	
Cash flow to/from financing activities	-30.1	5.7	30.1	-	-	-	-	5.7	
Change in cash and cash equivalents for the period from continued operations	120.1	211.4	-4.5	-0.8	-	-	115.7	210.6	
<i>Cash flow from discontinued operations</i>									
Cash flow from operations	-	-10.1	-	-	-	-	-	-10.1	
Cash flow from investing activities	-	-2.7	-	-	-	-	-	-2.7	
Change in cash and cash equivalents for the period from discontinued operations	-	-12.7	-	-	-	-	-	-12.7	
Change in cash and cash equivalents for the period	120.1	198.6	-4.5	-0.8	-	-	115.7	197.9	
Cash and cash equivalents at period's start²							577.2	433.8	
Translation difference, cash and cash equivalents							-1.0	-0.2	
Less cash from discontinued operations							-	-7.0	
Cash and cash equivalents at period's end							691.8	624.7	

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

² Cash includes SEK 6.4 million attributable to assets held for sale

Consolidated statement of cash flow, year		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	-25.5	65.1	-2.5	27.0	-	-	-28.0	92.1	
Changes in working capital ¹	-117.2	-143.5	-88.9	76.8	-	-	-206.0	-66.7	
Cash flow from operations	-142.7	-78.4	-91.3	103.8	-	-	-234.0	25.4	
Investments in non-current assets	-31.0	-32.6	-59.8	-74.5	-	-	-90.9	-107.0	
Divested operations ²	387.2	11.5	-	-	-	-	387.2	11.5	
Cash flow to/from investing activities	356.2	-21.0	-59.8	-74.5	-	-	296.4	-95.5	
Shareholder contribution, net change	-100.0	-44.0	100.0	44.0	-	-	-	-	
Group contribution, net change	-2.0	-0.1	2.0	-2.4	-	-	-	-2.5	
Internal loan, net change	-0.1	-	0.1	-	-	-	-	-	
Issued unsecured bond	-	246.3	-	-	-	-	-	246.3	
Other cash flow from/to financing activities	-	90.0	-	-	-	-	-	90.0	
Cash flow to/from financing activities	-102.1	292.2	102.1	41.6	-	-	-	333.7	
Change in cash and cash equivalents for the period from continued operations	111.4	192.8	-49.1	70.9	-	-	62.4	263.6	
<i>Cash flow from discontinued operations</i>									
Cash flow from operations	13.9	-35.2	-	-	-	-	13.9	-35.2	
Cash flow from investing activities	-0.6	-8.2	-	-	-	-	-0.6	-8.2	
Cash flow from financing activities	-	2.5	-	-	-	-	-	2.5	
Change in cash and cash equivalents for the period from discontinued operations	13.3	-40.9	-	-	-	-	13.3	-40.9	
Change in cash and cash equivalents for the period	124.7	151.9	-49.1	70.9	-	-	75.7	222.8	
Cash and cash equivalents at period's start³							631.1	435.2	
Translation difference, cash and cash equivalents							-0.2	0.0	
Less cash from discontinued operations							-14.7	-33.2	
Cash and cash equivalents at period's end							691.8	624.7	

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

² Divested operations Jan-Dec 2018 comprises consideration related to the sale of Health and Sports Nutrition Group HSNG AB and Lekmer AB

³ Cash includes SEK 6.4 million attributable to assets held for sale

Net Sales by segment	2018	2018	2018	2018	2018	2017	2017	2017	2017	2017
SEK million	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1	Full year
CDON	558.0	286.3	337.5	378.4	1,560.2	733.1	353.5	386.8	389.8	1,863.2
Nelly	402.9	308.9	403.2	276.0	1,391.0	400.3	277.5	364.8	267.1	1,309.7
Group central operations	0.0	0.0	0.1	1.7	1.8	2.4	2.1	2.5	1.3	8.3
Eliminations within e-commerce	0.0	0.0	-0.1	-1.4	-1.6	-1.2	-0.8	-0.1	0.7	-1.4
Total e-commerce	960.9	595.2	740.6	654.7	2,951.4	1,134.7	632.3	753.9	659.0	3,179.8
Qliro Financial Services	77.0	71.6	68.2	64.4	281.2	64.1	54.9	52.5	48.5	220.1
Total Qliro Financial Services	77.0	71.6	68.2	64.4	281.2	64.1	54.9	52.5	48.5	220.1
Eliminations between e-commerce and Qliro Financial Services	-1.8	-1.2	-1.3	-1.0	-5.3	-1.6	-1.1	-1.2	-0.9	-4.9
Group adjustment ¹	1.6	-0.6	-0.5	-1.9	-1.4	2.7	0.2	0.1	-1.4	1.6
Qliro Group Consolidated Total	1,037.7	665.1	807.0	716.2	3,226.0	1,199.9	686.4	805.3	705.3	3,396.7
Eliminations within e-commerce										
CDON	-	-	-	-	-	0.1	0.1	0.5	0.5	1.1
Nelly	0.0	0.0	0.1	1.4	1.6	-1.2	-0.8	-0.1	0.7	-1.4
Group central operations	0.0	0.0	-0.1	-1.4	-1.6	1.1	0.7	-0.4	-1.2	0.2
Total eliminations within E-commerce	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Eliminations between e-commerce and Qliro Financial Services										
CDON	1.4	0.7	0.6	0.7	3.4	1.2	0.8	0.8	0.6	3.4
Nelly	0.5	0.5	0.7	0.3	1.9	0.4	0.3	0.4	0.2	1.3
Group central operations	-	-	-	-	-	0.0	0.0	0.1	0.0	0.2
Qliro Financial Services	-1.8	-1.2	-1.3	-1.0	-5.3	-1.6	-1.1	-1.2	-0.9	-4.9
Total eliminations between e-commerce and Qliro Financial Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit by segment										
SEK million	2018	2018	2018	2018	2018	2017	2017	2017	2017	2017
	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1	Full year
CDON	16.8	-8.9	-14.7	-23.6	-30.4	6.2	-16.3	-17.9	-12.3	-40.3
Nelly	13.9	18.7	23.6	-20.0	36.2	34.4	18.2	40.0	6.6	99.2
Group central operations	-8.9	-8.9	-15.0	-8.5	-41.2	-10.7	-10.2	-7.6	-9.8	-38.2
Total e-commerce	21.9	0.9	-6.1	-52.1	-35.5	29.9	-8.3	14.5	-15.5	20.6
Qliro Financial Services	-7.2	0.4	-3.7	-4.8	-15.4	3.0	3.6	-5.6	-2.6	-1.5
Total Qliro Financial Services	-7.2	0.4	-3.7	-4.8	-15.4	3.0	3.6	-5.6	-2.6	-1.5
Group adjustment ¹	1.6	-0.6	-0.5	-1.9	-1.4	2.7	0.2	0.1	-1.4	1.6
Qliro Group Consolidated Total	16.3	0.7	-10.3	-58.8	-52.2	35.6	-4.4	9.0	-19.4	20.7
Inventories by segment										
SEK million	2018	2018	2018	2018	2017	2017	2017	2017	2017	2017
	30-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep
CDON	176.7	158.9	176.4	190.8	254.5	169.4	166.2	164.4	254.5	169.4
Nelly	241.6	296.0	220.1	257.3	193.0	234.0	169.6	201.7	193.0	234.0
Total e-commerce	418.4	454.9	396.5	448.1	447.5	403.4	335.8	366.1	447.5	403.4
Qliro Group Consolidated total for continued operations	418.4	454.9	396.5	448.1	447.5	403.4	335.8	366.1	447.5	403.4
Qliro Group Consolidated total for continued and discontinued operations²	418.4	454.9	396.5	448.1	550.4	484.2	415.7	556.1	550.4	484.2

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

² Including divested operations (Health and Sports Nutrition Group HSNG AB and Lekmer AB)

Parent company income statement				
SEK million	2018	2017	2018	2017
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	4.1	6.7	18.0	27.1
Gross profit	4.1	6.7	18.0	27.1
Administration expenses	-21.7	-17.4	-55.7	-65.6
Operating profit or loss	-17.5	-10.6	-37.7	-38.5
Profit or loss from shares in subsidiaries ¹	-	-15.1	237.7	-76.3
Net interest & other financial items	-2.8	-2.8	-14.8	-2.4
Profit or loss after financial items	-20.3	-28.6	185.2	-117.3
Group contribution received	34.1	127.0	34.1	127.0
Group contribution paid	-2.3	-51.3	-2.3	-51.3
Profit or loss before tax	11.5	47.1	217.0	-41.6
Tax	5.7	-13.9	3.3	-7.9
Net income or net loss for the period	17.0	33.2	220.3	-49.4

Parent company statement of comprehensive income				
SEK million	2018	2017	2018	2017
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Profit or loss for period	17.0	33.2	220.3	-49.4
Other comprehensive income	-	-	-	-
Total comprehensive income for period	17.0	33.2	220.3	-49.4

¹Profit/loss from shares in subsidiaries consists primarily of a dividend from NLY Scandinavia AB and the sale of Health ans Sports Nutrition (HSNG) AB

Parent company statement of financial position SEK million	2018 31/dec	2017 31/dec
Non-current assets		
Other intangible assets	-	0.1
Equipment	0.8	1.5
Shares and participating interests in group companies	929.9	797.6
Deferred tax asset	109.6	106.3
Total non-current assets	1,040.3	905.5
Current assets		
Current non-interest-bearing receivables	3.6	31.1
Receivables from group companies	14.4	164.4
Total current receivables	18.0	195.4
Cash and bank	431.0	545.1
Total cash and cash equivalents	431.0	545.1
Total current assets	449.1	740.6
Total assets	1,489.4	1,646.1
Equity		
Restricted equity	310.8	301.7
Unrestricted equity	877.1	668.4
Total equity	1,187.9	970.1
Provisions		
Other provisions	1.6	3.2
Total provisions	1.6	3.2
Non-current liabilities		
Bond	250.0	250.0
Total non-current liabilities	250.0	250.0
Current liabilities		
Liabilities to group companies	43.7	375.9
Non-interest-bearing liabilities	6.1	47.0
Total current liabilities	49.8	422.8
Total liabilities	301.4	676.0
Total equity and liabilities	1,489.4	1,646.1

Key ratios	2018	2018	2018	2018	2018	2017	2017	2017	2017	2017
	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2	Q1	Full year
E-commerce										
Net debt, SEK million	-420.0	-300.9	-388.8	-323.5	-420.0	-303.8	-112.2	-239.5	-156.9	-303.8
<i>Cdon</i>										
No. of active customers, thousand	1,775	1,814	1,804	1,800	1,775	1,772	1,723	1,711	1,683	1,772
No. of visits, thousand	34,618	19,415	19,657	21,951	95,640	33,472	18,245	18,480	20,237	90,434
No. of orders, thousand	1,219	653	682	778	3,333	1,323	663	709	721	3,416
Average shopping basket, SEK	610	599	651	608	616	665	665	665	659	664
<i>Nelly</i>										
No. of active customers, thousand	1,354	1,353	1,313	1,265	1,354	1,217	1,178	1,187	1,229	1,217
No. of visits, thousand	31,288	24,993	31,776	28,172	116,230	32,948	23,408	29,377	24,504	110,237
No. of orders, thousand	866	648	889	670	3,072	905	580	779	568	2,832
Average shopping basket, SEK ¹	698	735	697	642	693	635	701	685	659	667
Qliro Financial Services										
Net debt, SEK million	1,207.8	949.6	894.9	757.9	1,207.8	870.4	596.3	616.0	489.0	870.4
Group										
Net debt, SEK million	787.8	648.7	506.1	434.3	787.8	566.6	484.2	376.4	332.1	566.6
Basic earnings per share before and after dilution, SEK ²	0.03	-0.03	-0.58	-0.33	-0.90	0.30	0.30	0.03	-0.10	0.19
Equity per share, SEK ³	6.64	6.58	6.58	7.24	6.64	6.76	6.76	6.71	6.73	6.76
No. of active customers, thousand	3,129	3,167	3,117	3,065	3,129	2,989	2,901	2,898	2,912	2,989
No. of visits, thousand	65,906	44,408	51,433	50,123	211,871	66,420	41,653	47,857	44,741	200,671
No. of orders, thousand	2,085	1,301	1,571	1,448	6,405	2,228	1,243	1,488	1,289	6,248
Average shopping basket, SEK	647	667	677	624	653	653	682	675	659	665

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

¹ Calculation method based on order value

² Basic Earnings per share for the periods Jan-Dec 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 fourth quarter 2018 is 149,694,779. The weighted average number of shares after dilution for the fourth quarter is 150,438,717. The dilution is due to Qliro Group's performance share program

³ Calculated on present number of shares, which per December 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"> i) Common equity Tier 1 capital ratio of 4.5% ii) Tier 1 capital ratio of 6% iii) Total capital ratio of 8% as per the Capital Requirements Regulation, Article 92
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.

Q4 2018							
SEK million	CDON	Nelly	Central	E-commerce	Qliro FS	Adjustment	Group
Earnings before interest and taxes	16.8	13.9	-8.9	21.9	-7.2	1.6	16.3
Depreciation, amortization and impairment	-2.9	-5.3	-0.2	-8.3	-10.5	-	-18.8
Earnings before interest, taxes, depreciation, amortization and impairment	19.7	19.2	-8.7	30.2	3.2	1.6	35.1

Q4 2017							
SEK million	CDON	Nelly	Central	E-commerce	Qliro FS	Adjustment	Group
Earnings before interest and taxes	6.2	34.4	-10.7	29.9	3.0	2.7	35.6
Depreciation, amortization and impairment	-3.4	-5.2	-0.2	-8.8	-8.1	-	-16.9
Earnings before interest, taxes, depreciation, amortization and impairment	9.6	39.5	-10.5	38.6	11.1	2.7	52.4

Jan-Dec 2018							
SEK million	CDON	Nelly	Central	E-commerce	Qliro FS	Adjustment	Group
Earnings before interest and taxes	-30.4	36.2	-41.2	-35.5	-15.4	-1.4	-52.2
Depreciation, amortization and impairment	-11.7	-20.6	-0.7	-33.1	-38.1	-	-71.2
Earnings before interest, taxes, depreciation, amortization and impairment	-18.7	56.8	-40.5	-2.4	22.7	-1.4	19.0

Jan-Dec 2017							
SEK million	CDON	Nelly	Central	E-commerce	Qliro FS	Adjustment	Group
Earnings before interest and taxes	-40.3	99.2	-38.2	20.6	-1.5	1.6	20.7
Depreciation, amortization and impairment	-18.9	-22.1	-0.7	-41.7	-27.6	-	-69.3
Earnings before interest, taxes, depreciation, amortization and impairment	-21.4	121.3	-37.5	62.3	26.1	1.6	90.0

¹Non-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.

Discontinued operations

Group SEK million	2018 Q4	2017 Q4	2018 Jan-Dec	2017 Jan-Dec
Income	-	192.7	70.4	934.9
Expenses	-	-195.7	-69.4	-953.9
Profit/loss before tax and group contributions	-	-3.0	1.0	-19.0
Group contributions	-	-24.5	0.0	-24.5
Profit/loss before tax	-	-27.5	1.0	-43.5
Tax	-	5.8	-0.3	9.2
Profit/loss after tax but before capital gains from sale of operations	-	-21.7	0.7	-34.3
Result from sales of shares incl. cost for disposal	-	-15.6	137.9	-17.8
Profit/loss from discontinued operations after tax	-	-37.3	138.6	-52.1

Group SEK million	2018 Q4	2017 Q4	2018 Jan-Dec	2017 Jan-Dec
Net cash flow from discontinued operations	-	-	-	-
Cash flow from operations	-	-10.1	13.9	-35.2
Cash flow from investing activities	-	-2.7	-0.6	-8.2
Cash flow from financing activities	-	-	-	2.5
Net cash flow from discontinued operations	-	-12.7	13.3	-40.9

Group SEK million	2018 Q4	2017 Q4	2018 Jan-Dec	2017 Jan-Dec
Divested assets and liabilities	-	-	-	-
Intangible assets	-	212.5	212.8	228.8
Tangible assets	-	3.1	3.0	4.1
Deferred tax receivable	-	-	-	15.4
Inventories	-	102.9	96.1	185.0
Current non-interest bearing receivables	-	40.8	50.8	47.4
Cash and cash equivalents	-	6.4	14.7	32.6
Deferred tax liability	-	-10.8	-10.8	-11.9
Current non-interest bearing liabilities	-	-152.8	-139.3	-287.8
Net assets and liabilities	-	202.2	227.4	213.5
Received purchase price	-	11.5	387.2	11.5
Accrued purchase price	-	2.1	-	37.4
Less cash from discontinued operations	-	-7.0	-14.7	-33.2
Change in cash and cash equivalents	-	4.6	372.5	-21.6

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

Q4 2018							
SEK million	CDON	Nelly	Qliro FS	Group central operations	Eliminations	Group adjustment	Group consolidated total
Sweden	318.7	185.3	57.1	-	-1.8	1.6	560.8
Other nordics	239.3	175.2	19.9	-	-	-	434.4
Nordics	558.0	360.4	77.0	-	-1.8	1.6	995.2
Rest of the world ¹	-	42.5	-	-	-	-	42.5
Total	558.0	402.9	77.0	-	-1.8	1.6	1,037.7

Q4 2017							
SEK million	CDON	Nelly	Qliro FS	Group central operations	Eliminations	Group adjustment	Group consolidated total
Sweden	425.9	202.9	45.1	2.4	-2.8	2.7	676.1
Other nordics	307.3	162.7	19.0	-	-	-	489.0
Nordics	733.1	365.6	64.1	2.4	-2.8	2.7	1,165.1
Rest of the world ¹	-	34.7	-	-	-	-	34.7
Total	733.1	400.3	64.1	2.4	-2.8	2.7	1,199.8

Jan-Dec 2018							
SEK million	CDON	Nelly	Qliro FS	Group central operations	Eliminations	Group adjustment	Group consolidated total
Sweden	915.7	661.7	204.4	1.8	-6.9	-1.4	1,775.3
Other nordics	644.6	568.9	76.8	-	-	-	1,290.2
Nordics	1,560.2	1,230.6	281.2	1.8	-6.9	-1.4	3,065.6
Rest of the world ¹	-	160.4	-	-	-	-	160.4
Total	1,560.2	1,391.0	281.2	1.8	-6.9	-1.4	3,226.0

Jan-Dec 2017							
SEK million	CDON	Nelly	Qliro FS	Group central operations	Eliminations	Group adjustment	Group consolidated total
Sweden	1,082.5	677.2	163.4	8.3	-6.2	1.6	1,926.8
Other nordics	780.8	506.8	56.7	-	-	-	1,344.3
Nordics	1,863.2	1,184.0	220.1	8.3	-6.2	1.6	3,271.1
Rest of the world ¹	-	125.7	-	-	-	-	125.7
Total	1,863.2	1,309.7	220.1	8.3	-6.2	1.6	3,396.7

¹Includes mainly sales in Europé

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 December 31, 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 December 31, 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	255,168	670,245
Additional Tier 1 capital	-	-
Tier 2 capital	-	-
Total capital	255,168	670,245

Risk exposure amount	Qliro AB	Consolidated situation
Credit risk according to standardized approach, of which	1,210,610	1,585,992
exposure to households	1,074,467	1,074,467
exposure to corporates	21,631	43,345
exposures in default	90,616	90,616
exposure to institutions	4,362	90,567
exposure covered bonds	5,193	5,193
exposure equity	-	266,681
other exposures	14,340	15,123
Market risk	6,063	-
Operational risk according to basic indicator approach	290,242	334,802
Total risk exposure amount	1,506,914	1,920,794

Capital requirement	Qliro AB	Consolidated situation
Total minimum capital requirement	120,553	153,664
Internally assessed required capital	37,730	56,098
Combined buffer requirement	63,981	82,486
Total capital requirements, excl. combined buffer requirement	158,283	209,762
Total capital requirements, incl. combined buffer requirement	222,264	292,248

Capital adequacy analysis	Qliro AB	Consolidated situation
Common Equity Tier 1 capital ratio	16.9%	34.9%
Tier 1 capital ratio	16.9%	34.9%
Total capital ratio	16.9%	34.9%
Leverage ratio	14.4%	26.8%
Combined buffer requirement	4.2%	4.3%
of which: capital conservation buffer requirement	2.5%	2.5%
of which: countercyclical buffer requirement	1.7%	1.8%
Capital planning buffer	0.9%	1.1%

Funding

Qliro AB's net lending to the public amounted to SEK 1,530 (1,055) million at the end of the quarter. The lending was financed by the amount of SEK 458 (325) million via a secured contracted credit facility and SEK 969 (612) million through deposits from the public (savings accounts) in Sweden, of which 99.8 percent are protected by the deposit insurance scheme in Sweden. Deposits from the public were divided into 44 percent on demand with variable rate and 56 percent fixed interest rate with a duration of 212 days as of December 31, 2018 (initially 1-year fixed rate). 23 percent of the deposit portfolio is invested in liquid financial assets and placed in Nordic banks.

Liquidity

Qliro AB has a liquidity reserve to ensure sufficient liquidity in times of a stressed financial market situation. As of December 31, 2018, Qliro AB's financial investments amounted to SEK 197 million and was invested in Swedish municipal bonds, commercial papers and covered bonds. Average rating of the financial investments was AAA and had an average maturity of 177 days.

In addition to the financial investments, Qliro AB had as of December 31, 2018 SEK 22 million placed in Nordic banks and SEK 342 million in additional liquidity via undrawn funding in a secured contracted credit facility. Consolidated situation had additional SEK 431 million placed at Nordic banks as of December 31, 2018.

As of December 31, 2018, Qliro AB had a liquidity coverage ratio of 512 percent. The liquidity coverage ratio measures the liquidity buffer amounting to SEK 161 million related to net outflows of SEK 31.5 million over a thirty-day period under strained market conditions. The consolidated situation had a liquidity buffer amounting to SEK 161 million and a liquidity coverage ratio of 375 percent. A statutory limit for the liquidity coverage ratio of 100 percent applies.