

# Qliro Group

## Interim report for 1 January – 31 March 2017

### INCREASED GROSS PROFIT AND CREDIT MARKET LICENCE

#### FIRST QUARTER<sup>1</sup>

- Net sales for continuing<sup>2</sup> operations decreased by 1 per cent, amounting to SEK 999.7 (1,010.5) million
- Operating earnings before depreciation, amortisation and impairment for continuing<sup>2</sup> operations improved by SEK 25.6 million, amounting to SEK -9.8 (-35.3) million. Excluding items from previous year affecting comparability, it improved by SEK 10.2 million to SEK -9.8 (-20.0) million
- Operating earnings for continuing<sup>2</sup> operations improved by SEK 21.2 million, amounting to SEK -28.5 (-49.7) million. Adjusted operating earnings<sup>3</sup> improved by SEK 5.9 million and amounted to SEK -28.5 (-34.3) million
- Basic and diluted earnings per share amounted to SEK -0.15 (-0.27)
- Qliro AB became credit market company after having received authorisation from the Swedish Financial Supervisory Authority

<sup>1</sup> In conjunction with the subsidiary Qliro AB receiving authorization as a capital market company in March 2017, Qliro Group changed the internal reporting of segment Qliro Financial Services. The most significant effect is that interest expenses in Qliro Financial Services are included in the cost of goods sold for the Group. See page 13 and 25 respectively for more information.

<sup>2</sup> Qliro Group's sale of subsidiary Tretti AB was completed in the third quarter of 2016. Comparative figures in the income statements and cash flow statements present continuing operations excluding Tretti. Tretti is recognised as a discontinued operation in the consolidated income statement.

<sup>3</sup> The term *adjusted* is used to show that earnings were adjusted to exclude items affecting comparability. Items affecting comparability are detailed on page 6 and, for this quarter, only include items from the previous year.

First quarter (SEK million)	E-commerce			Financial Services			Eliminations		Qliro Group		
	2017 Jan-Mar	2016 Jan-Mar	Δ	2017 Jan-Mar	2016 Jan-Mar	Δ	2017 Jan-Mar	2016 Jan-Mar	2017 Jan-Mar	2016 Jan-Mar	Δ
Net Sales	953.4	981.8	-3%	48.5	28.7	69%	-2.3	0.0	999.7	1,010.5	-1%
Gross profit	161.6	140.4	15%	31.7	14.5	119%	-1.4	1.3	191.9	156.2	23%
Gross margin (%)	16.9%	14.3%		65.3%	50.4%				19.2%	15.5%	
Adjusted operating income before depreciation and amortization	-10.3	-19.1		2.0	-2.2		-1.4	1.3	-9.8	-20.0	
Adjusted operating margin before depreciation and amortization (%)	-1.1%	-1.9%		4.1%	-7.6%				-1.0%	-2.0%	
Adjusted operating income	-24.5	-30.8		-2.6	-4.9		-1.4	1.3	-28.5	-34.3	
Adjusted operating margin (%)	-2.6%	-3.1%		-5.3%	-17.0%				-2.8%	-3.4%	
Financial items	-0.6	0.0		0.0	0.0		-	-	-0.6	0.0	
Adjusted income before tax	-25.1	-30.7		-2.6	-4.9		-1.4	1.3	-29.1	-34.3	
Items affecting comparability, excluded above	-	-15.3		-	-		-	-	-	-15.3	

## **INCREASED GROSS PROFIT AND CREDIT MARKET LICENCE**

During the first quarter, we increased gross profit by 15 per cent in our e-commerce business and became profitable before depreciation and amortisation in Qliro Financial Services. Consolidated operating earnings before depreciation, amortisation and impairment improved by SEK 25.6 million to SEK -9.8 (-35.3) million for continuing operations.

We took several steps to strengthen our position as a leading Nordic platform within digital commerce and complementary financial services. For instance, the increase in sales generated by external merchants and the investments in CDON's marketplace, earnings improvement in Nelly, credit market licence and new services in Qliro Financial Services and cash flow improvement in Gymgrossisten.

### **CDON Marketplace increased sales from external merchants**

CDON Marketplace increased its sales from external merchants by 93 per cent in the quarter, which demonstrates that the marketplace is an effective sales channel. In line with the strategy, we hired new employees and are investing in the technology platform to develop the marketplace.

### **Nelly increased profitability**

Nelly's net sales were unchanged while operating earnings before depreciation, amortisation and impairment improved by SEK 14.7 million to SEK 12.3 (-2.4) million. This was driven by increased product margin and reduced logistics costs.

### **Qliro Financial Services launches new services**

Qliro Financial Services' operating income increased by 57 per cent to SEK 49.2 million and operating earnings before depreciation, amortisation and impairment was SEK 2.0 (-2.2) million for the quarter. Business volume increased by 15 per cent.

An important milestone was that the Group's subsidiary Qliro AB became a credit market company, which allows us to gradually launch our own payment solution in Norway, introduce savings accounts covered by government deposit insurance and several other financial services for merchants and consumers.

### **Gymgrossisten strengthened cash flow**

Gymgrossisten's net sales decreased by 4 per cent during the quarter. Gymgrossisten is a leader in protein powder which is a mature market with decreasing volumes. The segment is expanding and growing in health foods and B2B.

In line with our strategy for the segment, we focus on cash flow and profitability. During the quarter profitability was good and cash flow improved to SEK 36.2 (21.1) million. We are looking for partnerships and evaluating various options to create shareholder value.

### **Lekmer remains weak**

Lekmer's net sales decreased by 4 per cent during the quarter to SEK 86.9 million. Sales increased in Norway, Finland and Denmark, but declined in Sweden. The business remained loss-making due to high logistics costs and a seasonally weak quarter. The actions we have taken to improve profitability are long-term and has not yet resulted in any substantial financial impact. We continue the process to look for partnerships and we are evaluating various options to create shareholder value.

### **Leading platform for digital commerce**

Qliro Group's overall goal is to strengthen its position as a leading platform for digital commerce and complementary financial services. We see several advantages with combining a platform for digital commerce with financial services for both consumers and e-merchants. The focus is on CDON Marketplace, the fashion sites Nelly.com and NLYMan and Qliro Financial Services.

During the quarter, we took several steps towards achieving our revised strategy. We continue to work on efficiency, constant improvements and continuous investments.

Stockholm, April 2017  
Marcus Lindqvist  
President and CEO

## LONG-TERM FINANCIAL TARGETS

In January 2017, Qliro Group presented its revised strategic focus and new long-term financial targets. The Group focuses on its core businesses, which are CDON Marketplace, Fashion (Nelly and NLYMan) and Qliro Financial Services.

### **Qliro Group's long-term financial targets are:**

#### CDON Marketplace

- Reach an organic growth in gross merchandise value of, on average, 10 per cent per year.
- Generate operating earnings before depreciation, amortisation and impairment of 1-2 per cent in relation to gross merchandise value.

#### Fashion (Nelly and NLYMan)

- Reach an organic growth of, on average 8 per cent per year.
- Generate operating earnings before depreciation, amortisation and impairment of at least 6 per cent.

#### Qliro Financial Services

- Reach operating earnings before depreciation, amortisation and impairment of at least SEK 150 million in 2019.

The priorities for Lekmer and Gymgrossisten are continuous improvement of operating earnings and cash flows along with development of each brand.

## SIGNIFICANT EVENTS DURING AND AFTER THE FIRST QUARTER 2017

### **CDON Alandia Ab paid EUR 5.9 million to the Tax Administration in Finland**

On 12 January 2017, Qliro Group announced that CDON AB's Finnish subsidiary CDON Alandia Ab had paid EUR 5.9 million at the request of the Åland authorities attributable to the tax claims previously made by the Finnish Tax Administration for the financial year 2012, pending the tax dispute ruling.

CDON Alandia and its advisers still assert that the company acted correctly and in compliance with applicable legislation. As previously announced, CDON Alandia appealed the tax decision to the Helsinki Administrative Court, which has not yet considered the matter. No date for the judicial review has yet to be announced. The company has not expensed the amount.

### **Qliro Group revised strategic direction and set new targets**

On 25 January, Qliro Group announced a revised strategic focus and new long-term targets. In accordance with the strategy, the Group will focus on the core areas CDON Marketplace, Fashion (Nelly and NLYMan) and Qliro Financial Services.

### **New CEO Gymgrossisten**

On February 22, Qliro Group announced that Gustav Hasselgren has been recruited as new CEO of Gymgrossisten. Gustav assumes his new position in the middle of May 2017 at the latest.

### **Qliro AB became credit market company**

On 15 March the subsidiary Qliro AB received authorisation from the Swedish Financial Supervisory Authority to operate as a credit market company. The authorisation gives Qliro Financial Services the opportunity to launch new financial services such as savings accounts covered by the public deposit insurance and to introduce the payment solution in Norway.

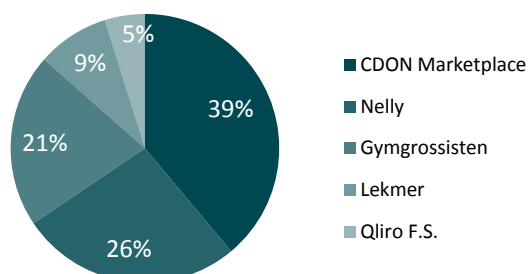
Following the credit market licence, Qliro Group changed the internal reporting of the segment Qliro Financial Services. See page 13 for more information.

## CONSOLIDATED FINANCIAL INFORMATION FOR THE FIRST QUARTER IN BRIEF, EXCLUDING DISCONTINUED OPERATIONS<sup>1</sup> DURING 2016

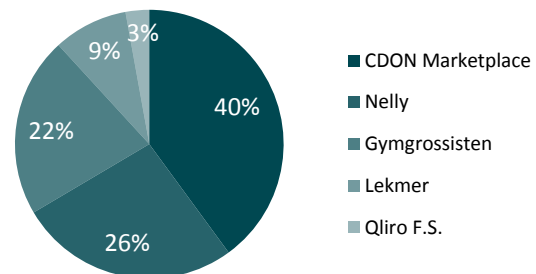
Consolidated financial figures are divided into the categories E-commerce and Financial Services. E-commerce consists of the CDON Marketplace, Nelly, Gymgrossisten and Lekmer segments along with the Group's central operations. Financial Services consists of the Qliro Financial Services segment. In conjunction with the subsidiary Qliro AB receiving authorization as a capital market company in March 2017, Qliro Group changed the internal reporting of segment Qliro Financial Services. The most substantial effect is that interest expenses in Qliro Financial Services is included in the cost of goods sold for the Group. See page 13 and 25 respectively for more information.

First quarter (SEK million)	E-commerce			Financial Services			Eliminations		Qliro Group		
	2017	2016	Δ	2017	2016	Δ	2017	2016	2017	2016	Δ
	Jan-Mar	Jan-Mar		Jan-Mar	Jan-Mar		Jan-Mar	Jan-Mar	Jan-Mar		
Net Sales	953.4	981.8	-3%	48.5	28.7	69%	-2.3	0.0	999.7	1,010.5	-1%
Gross profit	161.6	140.4	15%	31.7	14.5	119%	-1.4	1.3	191.9	156.2	23%
Gross margin (%)	16.9%	14.3%		65.3%	50.4%				19.2%	15.5%	
Adjusted operating income before depreciation and amortization	-10.3	-19.1		2.0	-2.2		-1.4	1.3	-9.8	-20.0	
Adjusted operating margin before depreciation and amortization (%)	-1.1%	-1.9%		4.1%	-7.6%				-1.0%	-2.0%	
Adjusted operating income	-24.5	-30.8		-2.6	-4.9		-1.4	1.3	-28.5	-34.3	
Adjusted operating margin (%)	-2.6%	-3.1%		-5.3%	-17.0%				-2.8%	-3.4%	
Financial items	-0.6	0.0		0.0	0.0		-	-	-0.6	0.0	
Adjusted income before tax	-25.1	-30.7		-2.6	-4.9		-1.4	1.3	-29.1	-34.3	
Items affecting comparability, excluded above	-	-15.3		-	-		-	-	-	-15.3	
Cash flow from operations	-273.7	-244.4		43.2	40.1		-	-	-230.5	-204.3	
QFS net loans to the public, at end of period	-	-		714.3	453.1	58%	-	-	714.3	453.1	58%
of which externally financed, at end of period	-	-		487.7	330.7		-	-	487.7	330.7	
Opening inventory balance	547.9	622.2	-12%	-	-		-	-	547.9	622.2	-12%
Closing inventory balance	556.1	598.2	-7%	-	-		-	-	556.1	598.2	-7%

Net sales per segment, Jan-Mar 2017



Net sales per segment, Jan-Mar 2016



<sup>1</sup> Qliro Group's sale of subsidiary Tretti AB was completed in the third quarter of 2016. Comparative figures in the income statements and cash flow statements present continuing operations excluding Tretti. Tretti is recognised as a discontinued operation in the consolidated income statement. Continuing operations are recognised in the table above and in the text of following pages unless otherwise stated.

### Earnings summary

Consolidated net sales decreased by 1 per cent in the first quarter compared to the same period last year. A somewhat weaker Swedish krona, mainly against the Norwegian krona, had a positive impact on net sales. Excluding exchange rate fluctuations, net sales decreased by 3 per cent.

The consolidated gross margin increased by 3.7 percentage points to 19.2 (15.5) per cent during the quarter. The improvement was mainly driven by Nelly and Qliro Financial Services.

Adjusted consolidated operating earnings before depreciation, amortisation and impairment amounted to SEK -9.8 (-20.0) million in the quarter.

Adjusted<sup>1</sup> consolidated operating earnings amounted to SEK -28.5 (-34.3) million in the quarter. Items affecting comparability for the first quarter of 2016 amounted to SEK -15.3 million and consisted of expenses related to a reorganisation in CDON Marketplace.

Consolidated net financial items amounted to SEK -0.6 (0.0) million for the quarter and consisted foremost of negative exchange rate effects. From January 1 2017, Qliro Financial Services' interest expenses are recognised in cost of goods and services.

Consolidated earnings before tax improved by SEK 20.6 million and totalled SEK -29.1 million (-49.7) for the quarter

The Group recognised tax income of SEK 6.1 (10.5) million for the quarter due to capitalised loss carryforwards and earnings after tax totalled SEK -22.9 (-39.1) million and basic and diluted earnings per share totalled SEK -0.15 (-0.26) for the quarter.

Earnings after tax for continuing and discontinued operations amounted to SEK -22.9 (-40.5) million for the quarter. Basic and diluted earnings per share for continuing and discontinued operations amounted to SEK -0.15 (-0.27).

### Cash flow and financial position

Consolidated cash flow from operating activities before changes in working capital improved, amounting to SEK -8.9 (-37.8) million for the quarter.

Cash flow from changes in working capital in the E-commerce business amounted to SEK -261.5 (-207.5) million in the quarter. The weakness compared to last year is chiefly due to CDON Alandia's payment of EUR 5.9 million attributable to the tax claims previously made by the Finnish Tax Administration for the 2012 financial year. The amount has been reported as a non-interest bearing receivable in the balance sheet.

Cash flow from changes in working capital in Financial Services (Qliro Financial Services) amounted to SEK 39.9 (41.0) million in the quarter and consisted of the seasonal decline in lending to the public.

Consolidated cash flow from operations, after changes in working capital, amounted to SEK -230.5 (-204.3) million in the quarter.

Consolidated cash flow to investing activities totalled SEK -23.6 (-17.8) million for the quarter, where increased investments were mostly attributable to Qliro Financial Services and to CDON Marketplace to a certain extent.

Cash flow from financing activities consisted of changes in Qliro Financial Services' utilisation of credit facilities amounting to SEK -23.7 (1.7) million.

Consolidated cash and cash equivalents including translation differences amounted to SEK 156.9 (138.7) million at the end of the quarter. Qliro Financial Services had utilised SEK 487.7 (330.7) million in credit facilities by the end of the quarter.

Total consolidated assets at the end of the reporting period amounted to SEK 2,278.1 (2,321.3) million. The divestment of Tretti in 2016 decreased consolidated assets compared with the previous year, which was offset by Qliro Financial Services' increased lending to the public. Consolidated equity amounted to SEK 1,005.0 (1,166.7) million at the end of the quarter, compared with SEK 1,026.2 million at the end of the fourth quarter of 2016. The quarter's decrease in equity is chiefly attributable to earnings for the period.

<sup>1</sup> The term *adjusted* is used to show that earnings were adjusted to exclude items affecting comparability. Items affecting comparability are detailed on page 6 and, for this quarter, only include earnings from the previous year.

**Summary of items affecting comparability<sup>1</sup>**

(SEK million)		2017	2016
		Jan-Mar	Jan-Mar
<b>Segment</b>	<b>Type of cost/revenue</b>		
CDON	Costs attributable to reorganisation	-	-15.3
<b>Effect on operating income</b>		<b>-</b>	<b>-15.3</b>

<sup>1</sup> Separate accounting of items affecting comparability between periods is intended to provide a better understanding of the Group's operating activities. Items affecting comparability are excluded from the Development by segment section on pages 7-12.

## DEVELOPMENT BY SEGMENT

CDON

Marketplace<sup>1</sup>

CDON.COM

(SEK million)	2017		2016
	Jan-Mar	Jan-Mar	Δ
Gross Merchandise Value, external merchants	98.6	51.1	93%
Total Gross Merchandise value <sup>2</sup>	479.6	448.9	7%
Net sales	389.8	403.1	-3%
Adjusted operating income before depreciation and amortization	-6.1	-6.0	
Adjusted operating margin before depreciation and amortisation (%)	-1.6%	-1.5%	
Adjusted operating income	-12.3	-10.0	
Adjusted operating margin (%)	-3.2%	-2.5%	
Items affecting comparability, excluded above	-	-15.3	
Cash flow from operations	-205.1	-167.4	
Investments (CAPEX)	-3.1	-1.1	
Cash flow after investments	-208.2	-168.5	
Opening inventory balance	186.1	236.2	-21%
Closing inventory balance	164.4	186.8	-12%
Active customers (thousand) <sup>3</sup>	1,683	1,705	-1%
Visits (thousand)	20,237	20,459	-1%
Orders (thousand)	721	790	-9%
Average shopping basket (SEK)	659	573	15%

<sup>1</sup> Excluding items affecting comparability, which are recognised on page 6.

<sup>2</sup> Commission income is replaced with gross merchandise value from external retailers for the CDON Marketplace segment.

<sup>3</sup> Past twelve months

CDON Marketplace is one of the leading online marketplaces in the Nordics with a wide range of products that includes home electronics, media products, sports & leisure, furniture, toys and more. The strategy is to be a complete department store by offering own products and those of external e-merchants.

The segment's growth target is based on gross merchandise value, which measures the marketplace's total sales, that is, our own net sales plus sales generated for external merchants. The target is to achieve long-term organic growth in gross merchandise value of, on average, 10 per cent per year and to generate operating earnings before depreciation, amortisation and impairment of 1-2 per cent in relation to gross merchandise value.

#### Strong increase from external merchants on CDON Marketplace

Gross merchandise value increased by 7 per cent in the quarter, compared with 1 percent in full year 2016. This was driven by the sales of external merchants, which increased by 93 per cent to SEK 98.6 (51.1) million in the quarter, demonstrating that the marketplace is attractive. Examples of merchants that contributed to the growth are Adlibris, VidaXL and Spelbutiken.

Net sales decreased by 3 per cent compared with last year since own sales of clothes, shoes and books have been phased out. Own book sales were replaced by the external merchant Adlibris. Own sales of games and mobile phones showed strong improvement.

#### Continued initiatives in CDON Marketplace

Costs for logistics and distribution decreased during the quarter, resulting in a higher gross margin. In line with strategy, the segment did recruit and took actions to develop the platform. These initiatives affected adjusted

operating earnings before depreciations that came in in line with last year, at SEK -6.1 (-6.0) million. Increased depreciations affected adjusted operating earnings that decreased to SEK -12.3 (-10.0) million.



## NELLY.COM

## Nelly

(SEK million)	2017	2016	Δ
	Jan-Mar	Jan-Mar	
Net sales	267.1	268.0	0%
Operating income before depreciation and amortisation	12.3	-2.4	
<i>Operating margin before depreciation and amortization (%)</i>	4.6%	-0.9%	
Operating income	6.6	-7.7	
<i>Operating margin (%)</i>	2.5%	-2.9%	
Cash flow from operations	-6.2	-43.3	
Investments (CAPEX)	-2.0	-4.2	
Cash flow after investments	-8.2	-47.5	
Opening inventory balance	159.8	189.8	-16%
Closing inventory balance	201.7	244.5	-18%
Active customers (thousand) <sup>1</sup>	1,229	1,237	-1%
Visits (thousand)	24,504	26,515	-8%
Orders (thousand) <sup>2</sup>	568	601	-5%
Average shopping basket (SEK)	662	631	5%

<sup>1</sup> Past twelve months<sup>2</sup> Recognised before returns

The Nelly segment operates the fashion sites Nelly, which caters to young women, and NLYMan, which is directed towards men, and the shopping club Members.com. The segment's long-term target is to achieve organic growth of an average of 8 per cent per year and to generate an operating margin before depreciation and amortization of at least 6 per cent.

**Unchanged sales for Nelly**

Net sales were flat in the quarter. Norway grew by 20 per cent, partly driven by a stronger Norwegian krona. Nelly's marketing has for some time focused on existing customers, which has led to a decreasing number of visits and an increased average order value. Efforts to reach new customers are now increasing, including a drama series for television and digital media.

**Operating earnings improved by SEK 14.3 million despite SEK 2.7 million in bad debt losses**

The product margin increased to 47 (44) per cent, driven primarily by a higher proportion of sales at full price. Operating earnings before depreciation, amortisation and impairment for the quarter improved by SEK 14.7 million compared with last year, amounting to SEK 12.3 (-2.4) million. The operating margin before depreciation, amortisation and impairment amounted to 4.6 per cent. The earnings improvement was driven by higher product margin and reduced logistics and personnel costs. A bad debt loss of SEK 2.7 million was recognized during the quarter, related to a wholesale distributor outside the Nordics. Adjusted for this, the margin would have been 1 percentage point higher.

Other data	2017	2016	Δ
	Jan-Mar	Jan-Mar	%-points
Share, private label sales	37%	37%	0
Return ratio (last twelve months)	33%	33%	0
Product margin	47%	44%	3
Fulfillment and distribution costs	20%	23%	-4
Nordics, share of net sales	93%	90%	3



## Gymgrossisten

(SEK million)	2017		2016	
	Jan-Mar	Jan-Mar	Jan-Mar	Δ
Net sales	<b>209.8</b>	218.8		-4%
Operating income before depreciation and amortisation	<b>13.6</b>	17.1		
<i>Operating margin before depreciation and amortization (%)</i>	<b>6.5%</b>	7.8%		
Operating income	<b>12.3</b>	16.3		
<i>Operating margin (%)</i>	<b>5.9%</b>	7.5%		
Cash flow from operations	<b>36.2</b>	21.1		
Investments (CAPEX)	<b>-1.2</b>	-1.0		
Cash flow after investments	<b>35.0</b>	20.1		
Opening inventory balance	<b>107.1</b>	112.2		-5%
Closing inventory balance	<b>87.5</b>	92.3		-5%
Active customers (thousand) <sup>1</sup>	<b>609</b>	561		9%
Visits (thousand)	<b>6,119</b>	6,718		-9%
Orders (thousand)	<b>302</b>	310		-3%
Average shopping basket (SEK)	<b>702</b>	711		-1%

<sup>1</sup> Past twelve months

The Gymgrossisten segment consists of the company Health and Sports Nutrition Group HSNG AB. This includes Gymgrossisten, which sells nutritional supplements and exercise equipment online and in more than thirty franchised stores, Bodystore, which sells health foods online, and Fitness Market Nordic, which sells nutritional supplements mainly to grocery stores. The focus for the segment is to improve profitability and cash flow.

### Strong cash flow in Gymgrossisten

Gymgrossisten's net sales decreased by 4 per cent during the quarter. Gymgrossisten is a leader in protein powder which is a mature market with decreasing volumes. The segment is expanding and growing in health foods and B2B. In line with the strategy for the segment, it focuses on cash flow and profitability. During the quarter cash flow improved to SEK 36.2 (21.1) million. This was achieved mainly by efficiency measure in logistics and working capital.

Operating earnings reached SEK 12.3 (16.3) million for the quarter, corresponding to an operating margin of 5.9 (7.5) per cent. A comparison with 2016, is negatively impacted by a release of previously reserved items of SEK 4.3 million during the first quarter the previous year.

Other data	2017		2016	
	Jan-Mar	Jan-Mar	Jan-Mar	Δ %-points
Share, private label sales	<b>42%</b>	44%		-2
Product margin	<b>36%</b>	37%		-1
Fulfillment and distribution costs	<b>13%</b>	14%		-2



## Lekmer

(SEK million)	2017	2016	Δ
	Jan-Mar	Jan-Mar	
Net sales	<b>86.9</b>	90.6	-4%
Operating income before depreciation and amortisation	<b>-20.6</b>	-18.9	
<i>Operating margin before depreciation and amortization (%)</i>	<b>-23.7%</b>	-20.8%	
Operating income	<b>-21.4</b>	-19.4	
<i>Operating margin (%)</i>	<b>-24.6%</b>	-21.4%	
Opening inventory balance	<b>94.9</b>	84.0	13%
Closing inventory balance	<b>102.5</b>	74.6	37%
Active customers (thousand) <sup>1</sup>	<b>446</b>	411	9%
Visits (thousand)	<b>6,604</b>	6,390	3%
Orders (thousand)	<b>141</b>	161	-13%
Average shopping basket (SEK)	<b>645</b>	585	10%

<sup>1</sup> Past twelve months

The Lekmer segment offers a complete selection of products for children and children's rooms through the online store Lekmer.com and Lekmer's physical store in Barkarby outside of Stockholm. The focus for the segment is to improve profitability and cash flow.

Net sales decreased by 4 per cent in the quarter compared to the same period last year, partly due to fewer price-based campaigns. Sales increased in Norway, Denmark and Finland, but declined in Sweden. The comparative figures are affected by the closure of the outlet store in InfraCity in April 2016. The first quarter is seasonally weak.

Operating earnings totalled SEK -21.4 (-19.4) million for the quarter, partly due to high logistics costs. During the quarter, Lekmer worked with streamlining logistics and distribution as well as with IT and marketing initiatives. The segment's actions to improve profitability are long-term and has not yet resulted in any substantial financial impact, and are expected to have their largest impact in high season.



### Qliro Financial Services<sup>1</sup>

(Mkr)	2017		2016	
	Jan-Mar	Jan-Mar	Jan-Mar	Δ
Net interest income	44.3	27.5	61%	
Net fee and commission income	2.2	1.2	86%	
Other operating income	2.7	2.6	2%	
Total operating income	49.2	31.3	57%	
Other operating expenses	-41.4	-27.4	51%	
Depreciation, amortization and impairments	-4.5	-2.7	69%	
Total operating expenses	-45.9	-30.1	52%	
Net credit losses	-5.9	-6.1	-3%	
Operating profit or loss	-2.6	-4.9		
Operating profit or loss before depreciation, amortization and impairments	2.0	-2.2		
Loans to the public, net <sup>2</sup>	714.3	453.1		
of which externally financed	487.7	330.7		
Business volume	783	682	15%	
Orders (thousand)	830	790	5%	
Average shopping basket (SEK)	944	862	9%	

<sup>1</sup> In conjunction with the subsidiary Qliro AB receiving authorization as a capital market company in March 2017, Qliro Group changed the internal reporting of segment Qliro Financial Services. See page 13 and 25 respectively for more information.

<sup>2</sup> Loans to the public are recognised at net value (previously recognised at gross value).

The Qliro Financial Services segment consists of the credit market company Qliro AB, which provides financial services to merchants and consumers. The segment's target is to reach operating earnings before depreciation and amortisation of at least SEK 150 million in 2019.

#### Substantial increased business volumes

Qliro Financial Services continues its strong growth. Total operating income rose by 57 per cent, driven by growth in lending to the public. Operating earnings before depreciation and amortisation improved by SEK 4.2 million to SEK 2.0 (-2.2) million during the quarter. Business volume increased by 15 per cent.

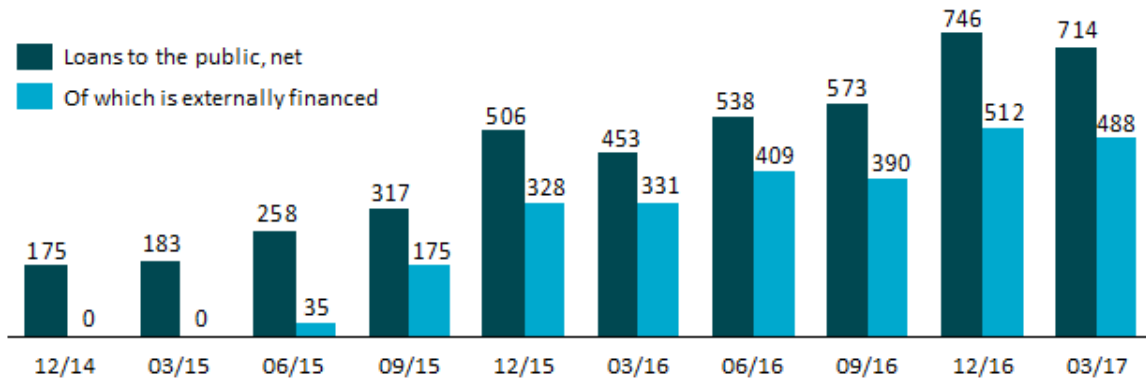
Net lending to the public amounted to SEK 714.3 (453.1) million at the end of the quarter. The lending was financed in the amount of SEK 487.7 (330.7) million via a contracted credit facility and the remainder with own funds.

#### Credit market authorisation

In March 2017 Qliro AB received authorisation from the Swedish Financial Supervisory Authority to operate as a credit market company. The authorisation allows Qliro Financial Services to launch its payment solution in Norway, offer savings accounts covered by the public deposit guarantee and introduce new digital financial services. It also means that the business is now under the scrutiny of the Swedish Financial Supervisory Authority.

#### Continued recruitment

Step by step, Qliro Financial Services is expanding its offer to both merchants and consumers, primarily in the Nordic region. Recruitment continues in technology, compliance and commercial roles to manage the growth in business volume and take advantage of new opportunities as a credit market company. At the end of the quarter, Qliro Financial Services had 163 full-time employees.



### Strengthening of the offering to merchants

The offering to merchants is being enhanced through the roll-out of Qliro One and the launch in Norway. Qliro One is a check-out solution that offers several payment methods, such as invoice, part-payment, card and direct bank payment. Tests show that Qliro One increases conversion and improves the mix of payment methods used for the merchant. Qliro One is used by Lekmer and Members, and is now being offered to more merchants. The launch of the payment solution in Norway makes the offer more attractive to large Nordic e-merchants.

### New services for consumers

The consumer offering has been strengthened by the launch of Qliro Click, where customers can pay their bills with a click on *My Account* at Qliro.com. The solution was developed in collaboration with Tink and simplifies payment management for consumers. It has been offered to multiple customers and will be rolled out wider this year. It is now being complemented by an app with which consumers can track their purchases, payments and due dates. The app will eventually be a strategic platform for product development. Savings accounts covered by the public deposit insurance will gradually be launched.

### Increased proportion of external customers

The segment takes advantage of the business volume generated in Qliro Group and helps internal e-merchants offer simple, efficient payments. Step by step, Qliro Financial Services is taking in external merchants as customers.

### Parent company

The Qliro Group AB parent company reported sales of SEK 6.1 (5.1) million in the first quarter. Cash and cash equivalents in the parent company amounted to SEK 144.8 (122.0) million at the end of the quarter.

### Accounting policies

This report has been prepared in accordance with the IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The interim report for the parent company has been prepared in accordance with the Annual Accounts Act. The accounting policies of the Group's consolidated financial statements have been prepared according to the same accounting policies and calculation methods as the 2016 annual accounts, except for changes related to Qliro Financial Services outlined below.

In conjunction with the subsidiary Qliro AB receiving authorization as a capital market company in March 2017, Qliro Group changed the internal reporting of the segment Qliro Financial Services. Due to the change in reporting, the presentation of the segment Qliro Financial Services also changed compared with the Annual Report for 2016. Net interest income is now presented for Qliro Financial Services. At the same time a review of items that are considered part of the effective interest rate for assets and liabilities has been conducted. Paid commissions and similar fees, directly attributable to acquiring receivables in Qliro Financial Services are considered part of the effective interest rate, thereby reducing the interest income on the receivables. Interest income for Qliro Financial Services in the segment reporting is reported as Net sales for the Group. Similarly, interest expenses in Qliro Financial Services is included in cost of goods sold for the Group. The accounting policies of the parent company's financial statements have been prepared per the same accounting principles and calculation methods as the 2016 annual accounts. See page 25 for additional information.

### Risks and uncertainties

Several factors, directly and indirectly affect, or may come to affect, the operations of 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-related risks include the market trend for e-commerce, seasonality, risks related to fashion trends and the economic situation and consumer purchasing power. Operational risks include, among other, disturbances or inadequacies in IT- and control systems, supplier relationships and warehousing and distribution. Financial risks include currency risk, credit risk, interest rate risk and liquidity risk. Legal risks include legislation and regulatory compliance and intellectual property. The most prominent risks for Qliro Financial Services include financial risks (see above), business risk / strategic risk and operational risk. The risks for Qliro Financial Services may change as the credit market company authorisation enables launch of for new products. The 2016 annual report contains a more comprehensive description of the risks and uncertainty factors affecting the Group, in the Management Report and in note 21.

### Transactions with related parties

Related party transactions for the parent company and the Group are presently of the same character as described in the 2016 annual report.

### 2017 Annual General Meeting

Qliro Group's 2017 Annual General Meeting (AGM) will be held on 8 May 2017 at 3 p.m. at Hotel Rival, Mariatorget 3, Stockholm, Sweden. For more information, see the notice published on 4 April 2017.

### Dividend

The Board of Directors will propose to the 2017 AGM that no dividend be paid to shareholders for the financial year ended 31 December 2016, and that retained earnings be carried forward into the 2017 accounts.

### Nomination Committee's proposal for Qliro Group's 2017 AGM

In accordance with the decision adopted at the 2016 Annual General Meeting of Qliro Group, Qliro Group's board chairman convened a nomination committee to prepare proposals for the company's 2017 AGM. The Nomination Committee consists of Lars-Johan Jarnheimer in his role as board chairman of Qliro Group, Cristina Stenbeck, appointed by Kinnevik AB, Christoffer Häggblom, appointed by Rite Ventures, and Tomas Meerits, appointed by Lancelot Asset Management. The members of the Nomination Committee appointed Cristina Stenbeck as chairman of the Committee at its first meeting.

On 4 April, the nomination committee published its proposal for the election of board members for the meeting on 8 May. The Nomination Committee proposes re-election of Lars-Johan Jarnheimer, Caren Genthner-Kappesz, Daniel Mytnik and Peter Sjunnesson. The Nomination Committee also proposes the election of Christoffer Häggblom, Erika Söderberg Johnson and Jessica Thorell as new board members. Furthermore, the Nomination Committee proposes re-election of Lars-Johan Jarnheimer as Chairman of the Board. Patrick Andersen, Lorenzo Grabau and David Kelly declined re-election.

### **2016 annual report**

The annual report for 2016 is available on [www.qlirogroup.com](http://www.qlirogroup.com) and at the company's head office at Sveavägen 151 in Stockholm.

### **CDON Alandia**

Finnish customs authorities are investigating a subsidiary of CDON AB, Åland-based CDON Alandia, on suspicion of tax fraud. Like other companies in the industry, CDON.com has chosen to serve its Finnish customers from Åland. The company has been in operation since 2007 and 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.

In late 2015, the Finnish Tax Administration ordered a supplementary tax on CDON AB's Finnish subsidiary CDON Alandia AB for the 2012 financial year in the amount of about EUR 3.8 million and imposed tax surcharges of about EUR 1.9 million on the company. CDON Alandia asserts that the company acted correctly and is in compliance with applicable legislation and appealed the decision to the Administrative Court of Helsinki in Finland in the first quarter of 2016, which has not yet considered the case. No date for the judicial review has yet to be announced.

On 12 January 2017, Qliro Group announced that CDON Alandia AB had paid EUR 5.9 million at the request of the Åland authorities attributable to the tax claim previously made by the Finnish Tax Administration for the financial year 2012, pending the tax dispute ruling. CDON Alandia and its advisers still assert that the company acted correctly and in compliance with applicable legislation. Considering this, the company has not expensed the amount paid.

### **Results for the second quarter 2017**

Qliro Group's results for the second quarter 2017 will be published on 14 July 2017.

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

19 April 2017

Marcus Lindqvist  
President and CEO

### **Conference call**

Analysts and the media are invited to a conference call today at 10:00 a.m. To participate in the conference call, please dial:

Sweden: +46 8 5065 3942  
International: +44 330 336 9412  
USA: +1 719 325 2385

The pin code to access this call is 5087313. To listen to the conference call online, please go to [www.qlirogroup.com](http://www.qlirogroup.com).

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

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Email: [press@qlirogroup.com](mailto:press@qlirogroup.com), [ir@qlirogroup.com](mailto:ir@qlirogroup.com)

#### **About Qliro Group**

Qliro Group is a leading e-commerce group in the Nordic region. Established in 1999, the Group has expanded its product portfolio and is now a leading e-commerce player within consumer goods and lifestyle products through CDON.com, Lekmer, Nelly.com, NLYman.com and Gymgrossisten (including Bodystore.com and Fitness Market Nordic). The payment service and consumer finance solution Qliro is also part of the Group. In 2016, the Group generated revenue of SEK 4.5 billion. Qliro Group's shares are listed on the Nasdaq Stockholm MidCap list 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 provided by the above contact persons for publication on 19 April 2017 at 08:00 CET.*



CONSOLIDATED INCOME STATEMENT FIRST QUARTER CONDENSED (SEK million)	E-commerce		Financial Services		Eliminations <sup>1</sup>		Qliro Group Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Net sales	953.4	981.8	48.5	28.7	-2.3	0.0	999.7	1,010.5
Cost of goods and services	-791.8	-841.4	-16.8	-14.2	0.9	1.3	-807.8	-854.4
<b>Gross profit</b>	<b>161.6</b>	<b>140.4</b>	<b>31.7</b>	<b>14.5</b>	<b>-1.4</b>	<b>1.3</b>	<b>191.9</b>	<b>156.2</b>
Sales and administration expenses	-188.1	-185.3	-39.0	-23.0	1.4	0.7	-225.7	-207.7
Other operating income and expenses, net	1.9	-1.2	4.7	3.7	-1.4	-0.7	5.3	1.8
<b>Operating profit or loss</b>	<b>-24.5</b>	<b>-46.1</b>	<b>-2.6</b>	<b>-4.9</b>	<b>-1.4</b>	<b>1.3</b>	<b>-28.5</b>	<b>-49.7</b>
Net interest & other financial items	-0.6	0.0	0.0	0.0	-	-	-0.6	0.0
<b>Net profit or loss before tax</b>	<b>-25.1</b>	<b>-46.1</b>	<b>-2.6</b>	<b>-4.9</b>	<b>-1.4</b>	<b>1.3</b>	<b>-29.1</b>	<b>-49.7</b>
Tax							6.1	10.5
<b>Net profit or loss for continued operations</b>							<b>-22.9</b>	<b>-39.1</b>
<b>Net profit or loss for discontinued operations</b>							<b>-</b>	<b>-1.3</b>
<b>Total net profit or loss for continued and discontinued operations</b>							<b>-22.9</b>	<b>-40.5</b>
<i>Attributable to:</i>								
Equity holders of the parent							-22.9	-39.7
Non-controlling interests							0.0	-0.7
<b>Net income for the period</b>							<b>-22.9</b>	<b>-40.5</b>
Basic earnings per share (excluding discontinued operations) before and after dilution (SEK)							-0.15	-0.26
Basic earnings per share (including discontinued operations) before and after dilution (SEK)							-0.15	-0.27

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FIRST QUARTER CONDENSED (SEK million)	Qliro Group Total	
	2017	2016
<b>Profit or loss for the period</b>	<b>-22.9</b>	<b>-40.5</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Translation difference for the period	0.3	1.4
<b>Other comprehensive income for the period</b>	<b>0.3</b>	<b>1.4</b>
<b>Total comprehensive income for period</b>	<b>-22.7</b>	<b>-39.1</b>
<i>Total comprehensive income attributable to:</i>		
Parent company shareholders	-22.7	-38.4
Non-controlling interests	0.0	-0.7
<b>Total comprehensive income for the period</b>	<b>-22.7</b>	<b>-39.1</b>
Shares outstanding at period's end, million	149.3	149.3
Average number of shares, basic and diluted, million	149.3	149.3

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONDENSED (SEK million)	E-Commerce		Financial Services		Eliminations		Qliro Group Total	
	31-Mar	31-Mar	31-Mar	31-Mar	31-Mar	31-Mar	31-Mar	31-Mar
	2017	2016	2017	2016	2017	2016	2017	2016
<b>Non-current assets</b>								
Goodwill	207.3	455.5	-	-	-	-	207.3	455.5
Other intangible assets	166.8	244.8	98.9	56.3	-	-	265.6	301.0
Total intangible assets	<b>374.1</b>	<b>700.3</b>	<b>98.9</b>	<b>56.3</b>	-	-	<b>473.0</b>	<b>756.6</b>
Tangible assets	16.7	29.9	9.3	4.7	-	-	26.0	34.6
Deferred tax asset	131.8	106.8	0.6	2.6	-	-	132.4	109.5
Total non-current assets	<b>522.6</b>	<b>836.9</b>	<b>108.7</b>	<b>63.7</b>	-	-	<b>631.3</b>	<b>900.6</b>
<b>Current assets</b>								
Inventories	556.1	683.5	-	-	-	-	556.1	683.5
Loans to the public <sup>1</sup>	-	-	714.3	453.1	-	-	714.3	453.1
Current interest-bearing receivables	-	-	12.0	-	-	-	12.0	-
Current non-interest bearing receivables	203.2	147.1	15.1	54.5	-10.8	-56.3	207.4	145.4
Cash and cash equivalents	156.9	138.7	0.0	-	-	-	156.9	138.7
Total current assets	<b>916.2</b>	<b>969.3</b>	<b>741.4</b>	<b>507.6</b>	<b>-10.8</b>	<b>-56.3</b>	<b>1,646.8</b>	<b>1,420.7</b>
<b>Total assets</b>	<b>1,438.8</b>	<b>1,806.2</b>	<b>850.1</b>	<b>571.3</b>	<b>-10.8</b>	<b>-56.3</b>	<b>2,278.1</b>	<b>2,321.3</b>
<b>Equity</b>								
Equity attributable to owners of the parent	705.7	955.8	299.3	211.0	-	-	1,005.0	1,166.7
Total equity	<b>705.7</b>	<b>955.8</b>	<b>299.3</b>	<b>211.0</b>	-	-	<b>1,005.0</b>	<b>1,166.7</b>
<b>Non-current liabilities</b>								
<i>Non interest bearing</i>								
Deferred tax liability	12.3	23.3	-	-	-	-	12.3	23.3
Other provisions	1.2	3.2	-	-	-	-	1.2	3.2
<i>Interest bearing</i>								
Non-current interest bearing liabilities	-	-	0.5	-	-	-	0.5	-
Total non-current liabilities	<b>13.5</b>	<b>26.5</b>	<b>0.5</b>	-	-	-	<b>14.0</b>	<b>26.5</b>
<b>Current liabilities</b>								
Short term interest bearing loans	-	-	487.7	330.7	-	-	487.7	330.7
Current interest-bearing liabilities	-	-	0.8	-	-	-	0.8	-
Current non-interest bearing liabilities	719.7	824.0	61.7	29.7	-10.8	-56.3	770.6	797.5
Total current liabilities	<b>719.7</b>	<b>824.0</b>	<b>550.2</b>	<b>360.3</b>	<b>-10.8</b>	<b>-56.3</b>	<b>1,259.1</b>	<b>1,128.1</b>
<b>Total equity and liabilities</b>	<b>1,438.8</b>	<b>1,806.2</b>	<b>850.1</b>	<b>571.3</b>	<b>-10.8</b>	<b>-56.3</b>	<b>2,278.1</b>	<b>2,321.3</b>

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

<sup>1</sup> Loans to the public are recognized at net value (gross value reported previously).

CONSOLIDATED STATEMENT OF CASH FLOWS FOR FIRST QUARTER CONDENSED (SEK million)	E-commerce		Financial Services		Eliminations		Qliro Group Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Cash flow from operating activities before changes in working capital	-12.2	-36.9	3.2	-0.9	-	-	-8.9	-37.8
Changes in working capital	-261.5	-207.5	39.9	41.0	-	-	-221.6	-166.5
<b>Cash flow from operations</b>	<b>-273.7</b>	<b>-244.4</b>	<b>43.2</b>	<b>40.1</b>	<b>-</b>	<b>-</b>	<b>-230.5</b>	<b>-204.3</b>
Investments in other non-current assets	-6.3	-7.3	-17.3	-10.5	-	-	-23.6	-17.8
<b>Cash flow to/from investing activities</b>	<b>-6.3</b>	<b>-7.3</b>	<b>-17.3</b>	<b>-10.5</b>	<b>-</b>	<b>-</b>	<b>-23.6</b>	<b>-17.8</b>
New share issue	-	-50.0	-	50.0	-	-	-	-
Shares contribution, net change	-	-121.1	-	121.1	-	-	-	-
Group contribution, net change	2.4	-29.9	-2.4	29.9	-	-	-	-
Utilised credit facilities <sup>1</sup>	-	-	-23.7	1.7	-	-	-23.7	1.7
<b>Cash flow to/from financing activities</b>	<b>2.4</b>	<b>-201.0</b>	<b>-26.2</b>	<b>202.6</b>	<b>-</b>	<b>-</b>	<b>-23.7</b>	<b>1.7</b>
<b>Change in cash and cash equivalents for the period from continued operations</b>	<b>-277.5</b>	<b>-452.7</b>	<b>-0.3</b>	<b>232.2</b>	<b>-</b>	<b>-</b>	<b>-277.8</b>	<b>-220.4</b>
<i>Cash flow from discontinued operations</i>								
Cash flow from operations	-	35.3	-	-	-	-	-	35.3
Cash flow from investing activities	-	-0.7	-	-	-	-	-	-0.7
<b>Change in cash and cash equivalents for the period from discontinued operations</b>	<b>-</b>	<b>34.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34.5</b>
<b>Change in cash and cash equivalents for the period</b>	<b>-277.5</b>	<b>-418.1</b>	<b>-0.3</b>	<b>232.2</b>	<b>-</b>	<b>-</b>	<b>-277.8</b>	<b>-185.9</b>
Cash and cash equivalents at period's start							435.2	324.2
Translation difference, cash and cash equivalents							-0.4	0.4
Less cash from discontinued operations							-	-
<b>Cash and cash equivalents at period's end</b>							<b>156.9</b>	<b>138.7</b>

<sup>1</sup> Utilised credit facilities within Qliro Financial Services

STATEMENT OF CHANGES IN EQUITY CONDENSED (SEK million)	2017 31-Mar	2016 31-Mar	2016 31-Dec
<b>Opening balance January</b>	<b>1,026.2</b>	<b>1,205.4</b>	<b>1,205.4</b>
Comprehensive income for the period	-22.7	-39.1	-181.6
Effects of long term incentive program	1.5	0.4	2.5
<b>Closing balance</b>	<b>1,005.0</b>	<b>1,166.7</b>	<b>1,026.2</b>

NET SALES BY SEGMENT (SEK million)	2017 Q1	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2016 Full year
CDON	389.8	403.1	356.9	333.4	657.8	1,751.0
Nelly	267.1	268.0	331.0	252.5	392.3	1,243.8
Gymgrossisten	209.8	218.8	198.1	192.8	200.3	810.1
Lekmer	86.9	90.6	96.8	89.0	225.5	501.8
Group central operations	1.3	4.2	4.4	2.8	2.5	13.9
Eliminations within E-commerce	-1.5	-2.9	-3.1	-1.9	-3.6	-11.4
<b>Total E-commerce</b>	<b>953.4</b>	<b>981.8</b>	<b>983.9</b>	<b>868.6</b>	<b>1,474.8</b>	<b>4,309.2</b>
Qliro Financial Services	48.5	28.7	30.6	42.2	45.6	147.1
Eliminations within Financial Services	-	-	-	-	-	-
<b>Total Financial Services</b>	<b>48.5</b>	<b>28.7</b>	<b>30.6</b>	<b>42.2</b>	<b>45.6</b>	<b>147.1</b>
Eliminations between E-commerce and Financial Services	-0.9	-1.3	-1.4	-1.5	-0.8	-4.9
Group Adjustment <sup>1</sup>	-1.4	1.3	0.9	0.4	-1.6	0.9
<b>QLIRO GROUP CONSOLIDATED TOTAL</b>	<b>999.7</b>	<b>1,010.5</b>	<b>1,014.0</b>	<b>909.8</b>	<b>1,518.0</b>	<b>4,452.3</b>
<b>Eliminations within E-commerce</b>						
CDON	0.5	0.9	1.4	0.9	1.4	4.5
Group central operations	1.0	1.9	1.8	1.0	2.2	6.9
<b>Total</b>	<b>1.5</b>	<b>2.9</b>	<b>3.1</b>	<b>1.9</b>	<b>3.6</b>	<b>11.4</b>
<b>Eliminations between E-commerce and Financial services</b>						
CDON	0.6	0.7	0.6	0.9	0.7	2.8
Nelly	0.2	0.2	0.3	0.2	0.1	0.8
Gymgrossisten	0.0	0.0	0.0	0.0	0.0	0.1
Lekmer	0.0	0.0	0.0	0.0	0.0	0.1
Group central operations	-	0.4	0.4	0.3	-	1.2
<b>Total</b>	<b>0.9</b>	<b>1.3</b>	<b>1.4</b>	<b>1.5</b>	<b>0.8</b>	<b>4.9</b>
<b>OPERATING PROFIT BY SEGMENT</b>						
(SEK million)	2017 Q1	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2016 Full year
CDON	-12.3	-25.4	-11.6	-17.0	16.7	-37.3
Nelly	6.6	-7.7	10.6	-3.1	30.4	30.1
Gymgrossisten	12.3	16.3	12.9	12.4	5.8	47.5
Lekmer	-21.4	-19.4	-13.3	-22.9	-26.2	-81.9
Group central operations	-9.8	-9.9	-8.8	-23.6	-14.2	-56.6
<b>Total E-commerce</b>	<b>-24.5</b>	<b>-46.1</b>	<b>-10.3</b>	<b>-54.1</b>	<b>12.4</b>	<b>-98.2</b>
Qliro Financial Services	-2.6	-4.9	-4.1	0.0	11.2	2.3
<b>Total Financial services</b>	<b>-2.6</b>	<b>-4.9</b>	<b>-4.1</b>	<b>0.0</b>	<b>11.2</b>	<b>2.3</b>
Group Adjustment <sup>1</sup>	-1.4	1.3	0.9	0.4	-1.6	0.9
<b>CONSOLIDATED TOTAL</b>	<b>-28.5</b>	<b>-49.7</b>	<b>-13.5</b>	<b>-53.7</b>	<b>21.9</b>	<b>-95.0</b>
<b>INVENTORIES BY SEGMENT</b>						
(SEK million)	2017 31-Mar	2016 31-Mar	2016 30-Jun	2016 30-Sep	2016 31-Dec	
CDON	164.4	186.8	163.4	140.2	186.1	
Nelly	201.6	244.5	191.0	232.7	159.8	
Gymgrossisten	87.5	92.3	84.9	89.3	107.1	
Lekmer	102.5	74.6	61.0	107.7	94.9	
Tretti <sup>2</sup>	-	85.3	80.6	-	-	
<b>Total E-commerce</b>	<b>556.1</b>	<b>683.5</b>	<b>580.9</b>	<b>569.9</b>	<b>547.9</b>	
<b>CONSOLIDATED TOTAL for contined and discontinued operations</b>	<b>556.1</b>	<b>683.5</b>	<b>580.9</b>	<b>569.9</b>	<b>547.9</b>	
<b>CONSOLIDATED TOTAL for continued operations</b>	<b>556.1</b>	<b>598.2</b>	<b>500.3</b>	<b>569.9</b>	<b>547.9</b>	

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

<sup>2</sup> Divested operations

PARENT COMPANY INCOME STATEMENT CONDENSED (SEK million)			
	2017 Jan-Mar	2016 Jan-Mar	2016 Jan-Dec
Net Sales	6.1	5.1	17.5
<b>Gross profit</b>	<b>6.1</b>	<b>5.1</b>	<b>17.5</b>
Administration expenses	-15.9	-15.0	-65.2
<b>Operating profit or loss</b>	<b>-9.8</b>	<b>-9.8</b>	<b>-47.7</b>
Profit or loss from shares in subsidiaries <sup>1</sup>	-	-	-102.9
Net interest & other financial items	2.7	-0.8	-2.3
<b>Profit or loss after financial items</b>	<b>-7.1</b>	<b>-10.6</b>	<b>-152.9</b>
Group contribution paid	-	-	-45.6
<b>Profit or loss before tax</b>	<b>-7.1</b>	<b>-10.6</b>	<b>-198.5</b>
Tax	1.6	2.3	20.9
<b>Net income or Net loss for the period</b>	<b>-5.6</b>	<b>-8.3</b>	<b>-177.7</b>

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME CONDENSED (SEK million)			
<b>Profit or loss for period</b>	<b>-5.6</b>	<b>-8.3</b>	<b>-177.7</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income for period</b>	<b>-5.6</b>	<b>-8.3</b>	<b>-177.7</b>

<sup>1</sup> Loss from sale of shares in Tretti AB

PARENT COMPANY STATEMENT OF FINANCIAL POSITION CONDENSED (SEK million)	2017 31-Mar	2016 31-Mar
<b>Non-current assets</b>		
Other intangible assets	-	1.6
Equipment	1.5	2.2
Shares and participating interests in group companies	808.9	1,034.1
Deferred tax asset	115.8	95.7
<b>Total non-current assets</b>	<b>926.1</b>	<b>1,133.6</b>
<b>Current assets</b>		
Current non-interest-bearing receivables	3.7	3.3
Receivables from Group companies	184.4	291.6
<b>Total current receivables</b>	<b>188.1</b>	<b>294.9</b>
Cash and bank	144.8	122.0
<b>Total cash and cash equivalents</b>	<b>144.8</b>	<b>122.0</b>
<b>Total current assets</b>	<b>332.9</b>	<b>416.9</b>
<b>Total assets</b>	<b>1,259.1</b>	<b>1,550.5</b>
<b>Equity</b>		
Restricted equity	301.7	301.7
Unrestricted equity	706.2	877.2
<b>Total equity</b>	<b>1,007.9</b>	<b>1,178.9</b>
<b>Provisions</b>		
Other provisions	1.2	0.8
<b>Total provisions</b>	<b>1.2</b>	<b>0.8</b>
<b>Current liabilities</b>		
Short term interest bearing loans	57.0	90.0
Liabilities to Group companies	176.0	265.3
Non-interest-bearing liabilities	17.0	15.6
<b>Total current liabilities</b>	<b>249.9</b>	<b>370.8</b>
<b>Total liabilities</b>	<b>251.2</b>	<b>371.6</b>
<b>Total equity and liabilities</b>	<b>1,259.1</b>	<b>1,550.5</b>

KEY RATIOS	2017 Q1	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2016 Full year
<b>E-COMMERCE</b>						
Sales growth (%)	-2.9	-3.7	0.5	-5.4	0.2	-1.8
Operating margin (%)	-2.6	-4.7	-1.0	-6.2	0.8	-2.3
Gross profit margin (%)	16.9	14.3	16.1	14.3	16.6	15.5
Return on equity (%)	neg	neg	neg	neg	neg	neg
Return on capital employed (%)	neg	neg	neg	neg	neg	neg
Equity/assets ratio (%)	49.0	52.9	58.8	61.3	52.0	52.0
Net debt (SEK million)	-156.9	-138.7	-147.8	-180.9	-435.2	-435.2
Depreciation/Net sales (%)	1.5	1.1	1.1	3.0	1.2	1.5
Capital Expenditure/Net sales (%)	0.7	0.7	1.0	0.8	0.9	0.9
<b>FINANCIAL SERVICES</b>						
Sales growth (%)	69.1	191.1	125.0	163.7	107.8	139.6
Return on equity (%)	0.5	7.4	11.6	11.9	0.3	0.3
Equity/assets ratio (%)	35.2	36.9	29.8	35.8	34.5	34.5
Net debt (SEK million)	489.0	330.7	408.6	390.2	513.2	513.2
Depreciation/Net sales (%)	9.3	9.4	9.8	10.6	9.3	9.8
Capital Expenditure/Net sales (%)	35.7	36.5	37.7	40.1	38.8	38.3
<b>GROUP</b>						
Sales growth (%)	-1.1	-0.7	2.6	-2.2	2.0	0.5
Operating margin (%)	-2.8	-4.9	-1.3	-5.9	1.4	1.6
Gross profit margin (%)	19.2	15.5	17.5	16.3	18.4	47.7
Return on equity (%)	neg	neg	neg	neg	neg	neg
Return on capital employed (%)	neg	neg	neg	neg	neg	neg
Equity/assets ratio (%)	44.1	50.3	46.9	48.5	40.5	40.5
Net debt (SEK million)	332.1	191.9	260.8	209.4	78.1	78.1
Depreciation/Net sales (%)	1.9	1.3	1.4	3.3	1.5	1.8
Capital Expenditure/Net sales (%)	2.4	1.8	2.1	2.7	2.1	2.1
Earnings per share (SEK) <sup>1</sup>	-0.15	-0.26	-0.08	-0.30	0.13	-0.51
Equity per share (SEK) <sup>2</sup>	6.73	7.82	7.03	6.73	6.88	6.88

Key ratios have been adjusted to enable historical comparisons.

KEY RATIOS CONTINUED	2017 Q1	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2016 Full year
No. of active customers (thousand)	3,967	3,914	3,858	3,845	3,910	3,910
No. of visits (thousand)	57,464	60,082	56,297	50,551	79,068	245,997
No. of orders (thousand)	1,732	1,862	1,878	1,628	2,774	8,143
Average shopping basket (SEK)	666	616	637	654	643	638
<b>CDON</b>						
No. of active customers (thousand)	1,683	1,705	1,710	1,699	1,707	1,707
No. of visits (thousand)	20,237	20,459	16,110	17,289	31,181	85,039
No. of orders (thousand)	721	790	664	671	1,249	3,374
Average shopping basket (SEK)	659	573	620	613	637	614
<b>Lekmer</b>						
No. of active customers (thousand)	446	411	410	415	446	446
No. of visits (thousand)	6,604	6,390	5,895	6,257	11,049	29,591
No. of orders (thousand)	141	161	155	148	390	854
Average shopping basket (SEK)	645	585	633	622	591	603
<b>Nelly</b>						
No. of active customers (thousand)	1,229	1,237	1,178	1,157	1,162	1,162
No. of visits (thousand)	24,504	26,515	28,607	21,695	30,911	107,728
No. of orders (thousand)	568	601	770	527	837	2,735
Average shopping basket (SEK)	662	631	634	696	662	654
<b>Gymgrossisten</b>						
No. of active customers (thousand) <sup>3</sup>	609	561	560	574	596	596
No. of visits (thousand)	6,119	6,718	5,685	5,310	5,926	23,639
No. of orders (thousand)	302	310	289	282	298	1,180
Average shopping basket (SEK)	702	711	688	691	682	693

Key ratios have been adjusted to enable historical comparisons.

<sup>1</sup> Earnings per share for the periods Jan-Mar 2017 and Jan-Dec 2016 have been calculated on the average number of outstanding shares for the respective periods. The weighted average number of shares for the first quarter is 149,269,779. For the period Jan-Dec 2016 the weighted average number of shares amounted to 149,269,779.

<sup>2</sup> Calculated on present number of shares, which per March 2017 amounts to 149,269,779.

<sup>3</sup> Historical numbers adjusted due to updated methodology for calculation of active customers.

#### Definitions

Sales growth	The amount by which the average number of sales volume has changed during the period.
Operating margin	Operating profit as percentage of net sales.
Gross profit margin	Gross profit as a percentage of net sales. Gross profit includes costs directly attributable to the goods sold, fulfillment costs, and shipping costs.
Items affecting comparability	Items affecting comparability between periods intended to provide a better understanding of Qliro Group's operating activities.
Return on equity	Net income for the last four quarters as a percentage of average equity for the last four quarters.
Return on capital employed	Operating income for the last four quarters as a percentage of average capital employed for the last four quarters.
Equity/assets ratio	Equity plus non-controlling interests as a percentage of total assets.
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 the parent company's shareholders divided by average number of shares for the period.
Equity per share	Equity attributable to the parent company's shareholders divided by the number of shares at the end of the period.
Capital Expenditure/Net Sales	Investments in tangible non-current assets divided by net sales for the period.
Depreciation/Net Sales	Depreciation and impairment of intangible and tangible assets divided by net sales for the period.
No. of active customers	Number of customers that have shopped at least once during the past 12 months.
No. of visits	Gross number of visits to the Groups online stores.
Average shopping basket	(Internet sales + postage income) / No. Incoming orders
Average shopping basket - Lekmer	(Internet sales + store sales + postage income) / No. Incoming orders



**ALTERNATIVE PERFORMANCE MEASURES**

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

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

<b>Q1 2017 (SEK million)</b>	<b>CDON</b>	<b>Nelly</b>	<b>Gym-grossisten</b>	<b>Lekmer</b>	<b>Central Operations</b>	<b>E-commerce</b>	<b>Financial Services</b>	<b>Group Adjustment</b>	<b>Group</b>
Earnings before interest and taxes, continued operations	-12.3	6.6	12.3	-21.4	-9.8	-24.5	-2.6	-1.4	<b>-28.5</b>
Items affecting comparability	-	-	-	-	-	-	-	-	-
Adjusted Earnings before interest and taxes, continued operations	-12.3	6.6	12.3	-21.4	-9.8	-24.5	-2.6	-1.4	<b>-28.5</b>
Depreciation, amortization and impairment, continued operations	-6.3	-3.8	-1.3	-0.8	-2.1	-14.2	-4.5	0.0	<b>-18.7</b>
Earnings before interest, taxes, depreciation, amortization and impairment, continued operations	-6.1	10.4	13.6	-20.6	-7.7	-10.3	2.0	-1.4	<b>-9.8</b>
Items affecting comparability	-	-	-	-	-	-	-	-	-
Adjusted Earnings before interest, taxes, depreciation, amortization and impairment, continued operations	-6.1	10.4	13.6	-20.6	-7.7	-10.3	2.0	-1.4	<b>-9.8</b>

<b>Q1 2016 (SEK million)</b>	<b>CDON</b>	<b>Nelly</b>	<b>Gym-grossisten</b>	<b>Lekmer</b>	<b>Central Operations</b>	<b>E-commerce</b>	<b>Financial Services</b>	<b>Group Adjustment</b>	<b>Group</b>
Earnings before interest and taxes, continued operations	-25.4	-7.7	16.3	-19.4	-9.9	-46.1	-4.9	1.3	<b>-49.7</b>
Items affecting comparability	15.3	-	-	-	-	15.3	-	-	<b>15.3</b>
Adjusted Earnings before interest and taxes, continued operations	-10.0	-7.7	16.3	-19.4	-9.9	-30.7	-4.9	1.3	<b>-34.3</b>
Depreciation, amortization and impairment, continued operations	-4.0	-2.5	-0.8	-0.6	-3.8	-11.7	-2.7	0.0	<b>-14.4</b>
Earnings before interest, taxes, depreciation, amortization and impairment, continued operations	-21.3	-5.2	17.1	-18.9	-6.1	-34.4	-2.3	1.3	<b>-35.3</b>
Items affecting comparability	15.3	-	-	-	-	15.3	-	-	<b>15.3</b>
Adjusted Earnings before interest, taxes, depreciation, amortization and impairment, continued operations	-6.0	-5.2	17.1	-18.9	-6.1	-19.1	-2.2	1.3	<b>-20.0</b>

**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**

Because of the credit market licence, the subsidiary Qliro AB will in future be recognised per the Annual Accounts Act for Credit Institutions and Securities Companies. This also results in an adjustment to how the accounts are included in the consolidated financial statements. That which is recognised in the segment reporting for Qliro Financial Services as interest income is recognised as net sales for the Group. Similarly, interest expenses in Qliro Financial Services are included in the cost of sales and services for the Group. Unlike in the past, net interest income (interest income less interest expense) is now presented for Qliro Financial Services. At the same time, a review has been done of the items that are considered part of the effective interest for assets and liabilities. Paid commissions and similar fees directly attributable to acquiring assets in Qliro Financial Services are considered part of the effective interest, thereby reducing interest income on receivables. The change has been implemented from 1 January 2017 and comparative figures have been adjusted for comparability.

The first two tables below show Qliro Financial Services earnings from a Group perspective, using the new reporting method and the previous reporting method respectively. However, consolidated earnings before tax are unchanged.

INCOME STATEMENT, new reporting method (SEK million)	2017 Q1	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2016 Full year
Net sales	48.5	28.7	30.6	42.2	45.6	147.1
Cost of goods and services	-16.8	-14.2	-12.2	-18.6	-9.2	-54.3
<b>Gross profit</b>	<b>31.7</b>	<b>14.5</b>	<b>18.4</b>	<b>23.6</b>	<b>36.4</b>	<b>92.8</b>
Sales and administration expenses	-39.0	-23.0	-26.9	-27.0	-32.8	-109.7
Other operating income and expenses, net	4.7	3.7	4.5	3.4	7.5	19.2
<b>Operating profit or loss</b>	<b>-2.6</b>	<b>-4.9</b>	<b>-4.1</b>	<b>0.0</b>	<b>11.2</b>	<b>2.3</b>
Net interest & other financial items	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net profit or loss before tax <sup>1</sup></b>	<b>-2.6</b>	<b>-4.9</b>	<b>-4.1</b>	<b>0.0</b>	<b>11.2</b>	<b>2.3</b>
INCOME STATEMENT, previous reporting method (SEK million)	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2016 Full year	
Net sales	41.3	49.1	57.6	65.8	213.7	
Cost of goods and services	-26.3	-23.3	-29.2	-25.8	-104.6	
<b>Gross profit</b>	<b>15.0</b>	<b>25.7</b>	<b>28.4</b>	<b>40.0</b>	<b>109.1</b>	
Sales and administration expenses	-23.0	-26.9	-27.0	-32.8	-109.7	
Other operating income and expenses, net	5.6	-0.3	0.9	6.0	12.2	
<b>Operating profit or loss</b>	<b>-2.4</b>	<b>-1.5</b>	<b>2.3</b>	<b>13.2</b>	<b>11.6</b>	
Net interest & other financial items	-1.2	-1.7	-1.9	-3.6	-8.4	
<b>Net profit or loss before tax, Group perspective <sup>1</sup></b>	<b>-3.6</b>	<b>-3.2</b>	<b>0.4</b>	<b>9.5</b>	<b>3.2</b>	
Less Group adjustment <sup>2</sup>	-1.3	-0.9	-0.4	1.6	-0.9	
<b>Net profit or loss before tax, Segment perspective</b>	<b>-4.9</b>	<b>-4.1</b>	<b>0.0</b>	<b>11.2</b>	<b>2.3</b>	

<sup>1</sup> Excluding year-end appropriations

<sup>2</sup> Group Adjustment between Qliro Financial Services and internal clients, related to differences in phasing of costs/revenues.

The next two tables show Qliro Financial Services' segment reporting, using the new reporting method and the previous reporting method respectively. However, the segment's operating earnings are unchanged.

INCOME STATEMENT, new reporting method						
(SEK million)	2017	2016	2016	2016	2016	2016
	Q1	Q1	Q2	Q3	Q4	Full year
Net interest income	44.3	27.5	28.9	40.3	42.0	138.7
Net fee and commission income	2.2	1.2	1.8	2.7	1.7	7.4
Other operating income	2.7	2.6	2.8	0.9	6.0	12.3
<b>Total operating income</b>	<b>49.2</b>	<b>31.3</b>	<b>33.5</b>	<b>43.9</b>	<b>49.7</b>	<b>158.4</b>
Other operating expenses	-41.4	-27.4	-30.4	-28.0	-35.5	-121.3
Depreciation, amortization and impairments	-4.5	-2.7	-3.0	-4.5	-4.2	-14.4
<b>Total operating expenses</b>	<b>-45.9</b>	<b>-30.1</b>	<b>-33.4</b>	<b>-32.5</b>	<b>-39.8</b>	<b>-135.7</b>
Net credit losses	-5.9	-6.1	-4.2	-11.4	1.3	-20.4
<b>Operating profit or loss</b>	<b>-2.6</b>	<b>-4.9</b>	<b>-4.1</b>	<b>0.0</b>	<b>11.2</b>	<b>2.3</b>
<b>Operating profit or loss before depreciation, amortization and impairments</b>	<b>2.0</b>	<b>-2.2</b>	<b>-1.1</b>	<b>4.5</b>	<b>15.4</b>	<b>16.6</b>
INCOME STATEMENT, previous reporting method						
(SEK million)	2016	2016	2016	2016	2016	2016
	Q1	Q2	Q3	Q4	Full year	
Interest income	12.2	13.9	16.8	19.4	62.3	
Other income	34.8	34.9	41.6	52.4	163.7	
<b>Total operating income</b>	<b>46.9</b>	<b>48.8</b>	<b>58.4</b>	<b>71.8</b>	<b>226.0</b>	
Administrative expenses	-27.6	-24.2	-29.5	-24.1	-105.5	
Other operating expenses	-20.3	-23.9	-22.5	-28.6	-95.4	
Financial net	-1.2	-1.7	-1.9	-3.6	-8.4	
Depreciation, amortization and impairments	-2.7	-3.0	-4.5	-4.2	-14.4	
<b>Operating profit or loss</b>	<b>-4.9</b>	<b>-4.1</b>	<b>0.0</b>	<b>11.2</b>	<b>2.3</b>	
<b>Operating profit or loss before depreciation, amortization and impairments</b>	<b>-2.2</b>	<b>-1.1</b>	<b>4.5</b>	<b>15.4</b>	<b>16.6</b>	