

Qliro Group

Interim report for the period January 1 to September 30, 2019

LISTING OF THE SUBSIDIARY QLIRO PLANNED IN THE FIRST HALF OF 2020

THIRD QUARTER¹

- Net sales amounted to SEK 624.6 (665.1) million
 - Qliro’s loan book increased by 49 percent and its total operating income by 12 percent
 - CDON’s external merchant sales increased by 66 percent, while net sales declined in line with the transition to the marketplace model
 - Nelly’s net sales increased by 7 percent
- The gross margin increased by 2.6 percentage points to 28.9 (26.3) percent
- Operating profit before depreciation and amortization amounted to SEK 12.8 (19.0) million
 - Qliro’s operating profit before depreciation and amortization increased to SEK 19.0 (10.3) million
 - CDON’s gross margin increased by 5.1 percentage points to 19.9 (14.8) percent and its operating profit before depreciation and amortization increased to SEK 2.3 (-5.9) million
 - Nelly’s operating profit before depreciation and amortization amounted to SEK 5.3 (23.9) million, impacted by lower margins in a weak market
- Operating profit amounted to SEK -12.7 (0.7) million
- Earnings after tax amounted to SEK -13.0 (-1.8) million
- Basic and diluted earnings per share amounted to SEK -0.09 (-0.01)
- The board of Qliro Group has initiated the process to list the subsidiary Qliro on Nasdaq Stockholm’s main market in the first half of 2020

FIRST NINE MONTHS¹

- Net sales amounted to SEK 1,988.3 (2,188.3) million
- The gross margin increased by 4.9 percentage points to 28.3 (23.4) percent
- Operating profit before depreciation, amortization and impairment improved to SEK 23.2 (-16.1) million
- Operating profit improved to SEK -46.0 (-68.5) million
- Earnings after tax including discontinued operations amounted¹ to SEK -56.9 (-2.5) million, affected by a payment in the first quarter related to taxes in 2012
- Basic and diluted earnings per share including discontinued operations¹ amounted to SEK -0.38 (-0.02)
- Cash and cash equivalents amounted to SEK 313.9 (577.2) million at the end of the period

SEK million	2019 July-Sep	2018 July-Sep	2019 Jan-Sep	2018 Jan-Sep
Net sales	624.6	665.1	1,988.3	2,188.3
Gross profit	180.4	175.3	563.3	512.7
Gross margin	28.9%	26.3%	28.3%	23.4%
Operating profit before depreciation	12.8	19.0	23.2	-16.1
Operating margin before depreciation, %	2.1%	2.9%	1.2%	-0.7%
Operating profit	-12.7	0.7	-46.0	-68.5
Operating margin	-2.0%	0.1%	-2.3%	-3.1%

¹ Operations are recognized excluding the effects of IFRS 16. Lekmer and HSNG are recognized as discontinued in historic numbers for the group in 2018.

LISTING OF THE SUBSIDIARY QLIRO PLANNED IN THE FIRST HALF OF 2020

The subsidiary Qliro has increased profits and connected more merchants to its payment solution. CDON is in its final phase of completing its transition to a marketplace and has proven the attractiveness of this business model. Nelly showed continued growth but lower margins in a challenging market.

Qliro preparing for listing at Nasdaq Stockholm

The subsidiary Qliro (formerly called Qliro Financial Services) increased its loan book by 49 percent in the quarter to just under SEK 1.9 billion, whereof personal loans amounted to SEK 653 million at the end of the quarter. Total operating income rose by 12 percent to SEK 86 million, and operating income before depreciation, amortization and impairment rose 85 percent to SEK 19 million.

Qliro Group has initiated the process to list the subsidiary Qliro on Nasdaq Stockholm's main market in the first half of 2020. The company has grown rapidly over the last few years. The Board of Directors of Qliro Group believes that a stock exchange listing gives Qliro the best platform to take advantage of future opportunities for growth and value creation as well as access to the capital markets.

CDON's transformation soon completed

CDON (formerly called CDON Marketplace) has now reached the final stage of its transition into a marketplace for external merchants, complemented with sales from own inventory. External merchant sales increased by as much as 66 percent and the total gross merchandise value of the marketplace grew again during the quarter. Commission income increased by 39 percent, which helped boost the gross margin by as much as 5.1 percentage points to 19.9 percent. Employee costs decreased significantly as the company makes efficiency improvements following investments in technology and automation.

The transition to the marketplace model, has had a negative effect on net sales but a positive effect on profitability and capital tied up in the company. Due to a successful transition, CDON has reached an operating profit before depreciation of SEK 2.3 (-5.9) million in the quarter and SEK 11 (-29) million over the last 12 months. This shows that CDON's marketplace model is scalable and profitable.

Nelly grows in a weak market

Nelly increased its sales by 7 percent in a generally weak market that was characterized by much campaign activity. Consequently, Nelly increased its marketing spend by SEK 5 million. Some major campaigns were launched, which are also being planned for the rest of the year. Earnings were also negatively impacted by a non-recurring effect of SEK 5 million (costs for departing CFO and a settlement with PostNord). Gross profit amounted to SEK 76 million and operating profit before depreciation, amortization and impairment decreased to SEK 5 (24) million.

Nelly intends to move its warehouse from Falkenberg to Borås in 2021. This is in line with the ambition to improve logistics and thereby deliver a better customer experience, higher efficiency and scalability.

Focus on e-commerce

After the Qliro listing, the group will focus on e-commerce through Nelly and CDON. In both companies, value-creating activities are underway that will improve conditions for growth and profitability. When Qliro is listed, Qliro Group intends to change its name to better reflect its future business.

Qliro Group has gone from actively developing many businesses to owning three independent companies. The need for central functions has thereby decreased and central costs will decrease over time. We continue to work on developing our companies, which are driving forces in Nordic e-commerce and related financial services.

Marcus Lindqvist
President and CEO
Stockholm, October 22, 2019

QLIRO – CONTINUED IMPROVED RESULTS

SEK million	2019 July-Sep	2018 July-Sep	Δ	2019 Jan-Sep	2018 Jan-Sep	Δ
Interest income	83.6	71.4	17%	245.6	203.9	20%
Interest expense	-7.6	-3.8	100%	-20.2	-11.2	80%
Net interest income	76.1	67.6	12%	225.4	192.6	17%
Net fee and commission income	2.6	3.3	-22%	11.1	10.1	10%
Other operating income	7.0	5.7	23%	21.2	13.3	60%
Total operating income	85.7	76.7	12%	257.7	216.0	19%
Other operating expenses	-56.1	-52.2	7%	-168.7	-156.1	8%
Depreciation, amortization and impairment	-17.5	-9.9	77%	-43.2	-27.7	56%
Total operating expenses	-73.6	-62.1	18%	-211.9	-183.8	15%
Net credit losses	-10.6	-14.2	-25%	-41.7	-40.4	3%
Operating profit	1.5	0.4		4.2	-8.2	
Operating profit before depreciation, amortization and impairment	19.0	10.3	85%	47.4	19.5	143%
Net loans to the public	1,852	1,246	49%	1,852	1,246	49%
of which sales financing	1,199	1,001	20%	1,199	1,001	20%
of which personal loans	653	245	167%	653	245	167%
External financing	1,877	1,140	65%	1,877	1,140	65%
of which deposits from the public ¹	1,523	845	80%	1,523	845	80%
of which secured credit facility	255	295	-14%	255	295	-14%
of which bond loans	100	0		100	0	
Sales financing						
Business volume	1,261	1,129	12%	3,692	3,347	10%
No. of orders, thousands	1,234	1,090	13%	3,715	3,337	11%
Average shopping basket, SEK	1,022	1,036	-1%	994	1,003	-1%
Personal loans						
Average loan, SEK thousand	77	74	4%	78	69	13%

¹ Of which accrued interest was SEK 0.0 (2.1) million

Financial services to merchants and consumers

Qliro Groups subsidiary Qliro offers digital financial services to merchants and consumers. It is a credit market company under the supervision of the Swedish Financial Supervisory Authority. Previously, the business was called Qliro Financial Services in Qliro Group's communications.

The strategy is to offer payment solutions to merchants while utilizing transaction volumes and customer relationships to offer digital financial services to consumers. The payment solution ensures that e-merchants can offer consumers a better shopping experience, secure payments and financial services. The volume of e-commerce helps lower customer acquisition costs for the company's consumer services. This is expected to provide a long-term competitive advantage and contribute to profitability and good return on equity.

Qliro operates in the Nordic region, which is an attractive credit market through the availability of individual financial information and established credit recovery processes.

Fast growth in the loan book

Total operating income increased by 12 percent to SEK 86 million and the loan book by 49 percent to SEK 1.9 billion, with fast growth in personal loans. SEK 1,199 million of the loan book comprised invoices, partial payments and instalments, and SEK 653 million comprised personal loans.

Growth within personal loans is driven by digital marketing to existing customers. Over 95 percent of the borrowers had an existing relationship with Qliro, and many applied through Qliro's app. This results in low customer acquisition costs and a chance to restrict credit approvals by identifying people with good creditworthiness. Credit assessments are automated and based on a combination of internal and external data that are analyzed in real time.

Fast increase in operating profit before depreciation and amortization

Qliro now has the scale to cost-effectively manage significant growth in the loan book. Depreciation increased to SEK 18 million as more parts of the technology platform were launched. Expected net credit losses

decreased due to improved credit quality in sales financing, as well as non-recurring effects associated with sales of portfolios with overdue loans.

Total operating expenses excluding depreciation increased by 8 percent, driven primarily by commercial initiatives, IT development and recruitments. As the company benefits from existing relationships with consumers for upselling, marketing costs are very limited.

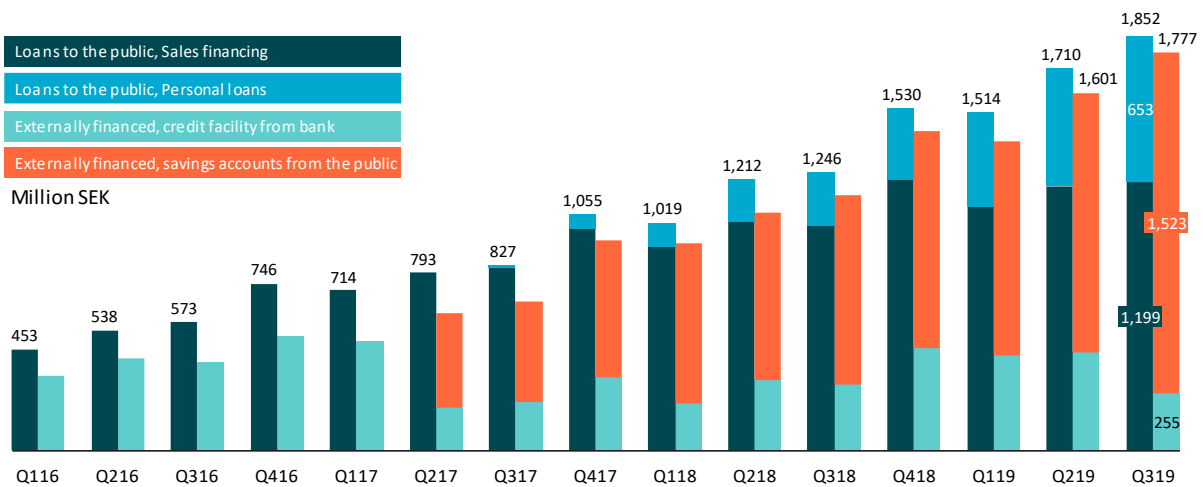
Operating profit before depreciation, amortization and impairment improved by 85 percent to SEK 19 (10) million.

New merchants and growing business volume

Business volume increased by 12 percent to SEK 1.3 billion. Since year-end, Qliro has signed contracts with several new merchants that are being connected to the platform. As the new merchants are connected, business volume will increase, driving growth in the loan book and, in turn, generating interest income and thus profitability. Merchants that are not part of the Qliro Group accounted for over half of e-commerce volume. This proportion is expected to increase.

Capital adequacy and funding

Qliro's capital base was SEK 372 million, its total risk exposure was SEK 1,933 million and its Common Equity Tier 1 capital ratio was 16.9 percent of the risk exposure as of September 30, 2019. Besides equity, lending to the public was financed in the amount of SEK 255 (295) million via a secured credit facility, SEK 1,523 (845) million via deposits from the public (savings accounts) in Sweden and SEK 100 (0) million via a new bond loan. Of the deposits from the public, 99.6 percent were protected by the deposit guarantee in Sweden. Deposits from the public had an average remaining contractual term of approximately 140 days as of September 30, 2019. Funding through the loan facility is made in multiple currencies to match lending.



CDON'S TRANSFORMATION SOON COMPLETED

SEK million	2019 July-Sep	2018 July-Sep	Δ	2019 Jan-Sep	2018 Jan-Sep	Δ
Gross merchandise value, external merchants	207.5	124.7	66%	558.6	360.8	55%
Total gross merchandise value ¹	399.1	396.4	1%	1,192.0	1,321.4	-10%
Net sales	211.9	286.3	-26%	690.1	1,002.2	-31%
Gross profit	42.1	42.3	0%	127.4	122.9	4%
<i>Gross margin, %</i>	19.9%	14.8%	5.1%	18.5%	12.3%	6.2%
Operating profit before depreciation, amortization and impairment	2.3	-5.9		-8.5	-38.4	
<i>Operating margin before depreciation, amortization and impairment, %</i>	1.1%	-2.1%	3.2%	-1.2%	-3.8%	2.6%
Operating profit	-0.8	-8.9		-18.7	-47.3	
<i>Operating margin, %</i>	-0.4%	-3.1%	2.7%	-2.7%	-4.7%	2.0%
Investments	-6.4	-5.3		-20.9	-16.9	
Opening inventory balance	107.3	176.4	-39%	176.7	254.5	-31%
Closing inventory balance	86.5	158.9	-46%	86.5	158.9	-46%
Active customers, past twelve months, thousands	1,747	1,814	-4%	1,747	1,814	-4%
Visits, thousands	20,071	19,415	3%	62,813	61,023	3%
No. of orders, thousands	638	653	-2%	1,945	2,113	-8%
Average shopping basket, SEK	612	599	2%	602	619	-3%

¹Total of own and external merchants' sales.

CDON - the leading Nordic marketplace

Consumers turn to CDON.COM to purchase different products through one website as well as to take advantage of low prices, easy payments and efficient delivery. Merchants join CDON to take advantage of its market position, traffic and tools to drive sales. This is supplemented by sales from its own inventory in selected categories. The company used to be called CDON Marketplace in Qliro Group's communications.

Rapid growth in external merchant sales

CDON has soon completed its transition to a marketplace for external merchants. External merchant sales increased by 66 percent and the marketplace's gross merchandise value increased by 1 percent for the quarter. Commission income increased by 39 percent, which helped boost the gross margin by as much as 5.1 percentage points to 19.9 percent.

Operating profit before depreciation and amortization for the quarter and the past year

For several years, CDON has invested in its technology platform and process automation. The company makes efficiency improvements from these investments and has reduced its staff, leading to a reduction in employee costs of 27 percent for the quarter and 22 percent for the past nine months.

Due to the successful transformation, CDON has reached an operating profit before depreciation of SEK 2.3 (-5.9) million for the quarter and SEK 11 (-29) million for the past 12 months for CDON. This shows that CDON's business model is scalable and profitable.

The transition to a marketplace and so called dropshipment (delivery direct to the customer from the supplier) creates the conditions for future growth with lower inventory levels, which over time is expected to provide stronger cash flows and further decrease working capital needs. In line with this strategy, inventory levels were 46 percent lower at the end of the third quarter of 2019 than for the same period in 2018.

Growth in gross merchandise value

The phaseout of sales from own inventory is mainly being done in consumer electronics where margins are lower. Consumer electronics are instead offered by external merchants providing a wide assortment. Consequently, net sales (consisting of own sales and commission income from external merchant sales) decreased by 26 percent to SEK 212 million for the quarter. This was part of the transition to the marketplace model, which as planned has had a negative effect on net sales but a positive effect on profitability and capital tied up in the company.

The marketplace is expanding through the growth of existing and new merchants, both large and small. Together, the external merchants' sales and dropshipment accounted for 62 percent of the total gross merchandise value.

NELLY – CONTINUED GROWTH BUT LOWER PROFITABILITY

SEK million	2019	2018	Δ	2019	2018	Δ
	July-Sep	July-Sep		Jan-Sep	Jan-Sep	
Net sales	329.9	308.9	7%	1,056.5	988.1	7%
Gross profit	75.6	87.4	-14%	261.7	263.2	-1%
Gross margin, %	22.9%	28.3%	-5.4%	24.8%	26.6%	-1.9%
Operating income before depreciation, amortization and impairment	5.3	23.9	-78%	26.4	37.6	-30%
<i>Operating margin before depreciation, amortization and impairment, %</i>	1.6%	7.7%	-6.1%	2.5%	3.8%	-1.3%
Operating profit	0.5	18.7	-97%	11.0	22.2	-50%
<i>Operating margin, %</i>	0.2%	6.0%	-5.9%	1.0%	2.3%	-1.2%
Investments	-1.8	-0.9		-11.1	-3.6	
Opening inventory balance	254.0	220.1	15%	241.6	193.0	25%
Closing inventory balance	308.1	296.0	4%	308.1	296.0	4%
Active customers, past twelve months, thousands	1,317	1,353	-3%	1,317	1,353	-3%
Visits, thousands	25,284	24,993	1%	86,276	84,941	2%
Orders before returns, thousands	624	648	-4%	2,136	2,206	-3%
Average shopping basket, SEK	772	735	5%	745	692	8%
Percentage of own brand sales	40%	44%	-4	43%	46%	-3
Return ratio, past twelve months	38%	38%	0	38%	38%	0
Product margin	47%	51%	-4	49%	50%	-1
Fulfillment and distribution costs	20%	19%	1	20%	19%	1

One of the Nordics' strongest fashion brands online

Nelly offers fashion for young women through Nelly.com and for men through NLY MAN. Nelly is one of the most well-known fashion brands online among women aged 18 to 29 in the Nordics. At its core are its own brands, complemented by a well-curated portfolio of approximately 200 external brands. Nelly has attracted a very enthusiastic target group through its own brands and digital marketing.

Continued growth with lower profitability

Nelly increased its sales by 7 percent in a generally weak market. The Swedish market has been challenging and Svensk Handel, an employer organization, reported that the fashion market shrank during the quarter. Nelly however, returned to growth in Sweden. Nelly launched some major campaigns, which are also being planned for the rest of the year. The number of customers and orders declined slightly, while the average shopping basket increased by 5 percent. The product margin was hampered by the effects of the weak Swedish currency on purchasing costs and by clearance sales of goods purchased in previous quarters. Consequently, the product margin decreased to 47 (51) percent.

Higher sales but a lower product margin resulted in the gross profit decreasing compared with last year to SEK 76 million. The gross margin was 23 (28) percent. Operating profit before depreciation, amortization and impairment was SEK 5 (24) million. Earnings were impacted by increased investments in marketing of SEK 5.3 million and non-recurring effects of SEK 4.6 million (outgoing CFO and a settlement with PostNord related to previous fiscal years).

Nelly intends to move its warehouse from Falkenberg to Borås in 2021. This upcoming investment is in line with the ambition to achieve a better customer experience, more efficient logistics and increased scalability. Borås is a strategic cluster for distribution, providing access to more transport options and possibilities for offering faster deliveries. There will be no need for a workforce in Falkenberg, but the employees will be given the opportunity to move with the company to Borås. The company continues to evaluate how logistics will be implemented, including which degree of automation that provides the best balance of customer experience, quality and cost.

Return rates have stabilized over the last few quarters and Nelly has benefited from having a digitalized returns process. It is now easier for customers to manage returns and buy replacement products, and the company gets the products back for resale faster.

FINANCIAL TARGETS

Qliro Group's financial targets for subsidiaries.

Qliro:

- Qliro Group has initiated the process to list Qliro on Nasdaq Stockholm's main market in the first half of 2020. As announced on October 21, 2019, this also means that Qliro is no longer being run to meet the financial target 2019, which was thus removed.
- The previous target was to achieve an operating profit before depreciation, amortization and impairment of SEK 100-125 million in 2019. The assessment that earnings would be slightly lower than this was announced in the half-year report.

CDON:

- Achieve a growth rate in external merchants' gross merchandise value above 20 percent per year.
- Achieve an operating margin before depreciation, amortization and impairment above 3 percent of net sales per year.
- It is estimated that operating profit before depreciation, amortization and impairment will be positive for full year 2019.

Nelly:

- Achieve organic growth in net sales above 10 percent per year.
- Achieve an operating margin before depreciation, amortization and impairment above 6 percent per year.
- The company's ability to achieve the target depends largely on developments in the fashion market, the strength of the brand, the attractiveness of the range and the return rate.

SIGNIFICANT EVENTS DURING AND AFTER THE END OF THE PERIOD

On August 28, 2019, Qliro issued SEK 100 million in subordinated Tier 2 bonds (Tier 2 capital) to diversify the funding and optimize the capital structure. The bonds have a variable interest rate of Stibor 3 months + 6.75 percent per annum with maturity in September 2029 and the first opportunity for redemption in September 2024.

On October 10, 2019, it was announced that the Finnish Supreme Administrative Court rejected CDON Alandia's application for a leave to appeal a tax process in Finland. This means that the Helsinki Administrative Court decision in May 2018 is final, see page 10.

On October 15 Anna Ullman Sersé announced her intention to leave her position as Nelly's CEO. Marcus Lindqvist, CEO of Qliro Group, takes a more active role in the company and complements the existing management group as working chairman of the board.

On October 21, Qliro Group announced that it had initiated the process to list Qliro on Nasdaq Stockholm's main market in the first half of 2020. This also meant that Qliro is no longer being run to meet the financial target 2019, which was thus removed.

THE GROUP

Continuing operations are recognized in this report (including historical comparative figures) unless otherwise stated. Lekmer and HSNG are recognized as discontinued operations. Consolidated figures and tables include the effects of IFRS 16.

Net sales decreased by SEK 6.1 percent to SEK 624.6 (665.1) million in the quarter, of which SEK 344.6 (363.8) million in Sweden, SEK 246.2 (263.8) million in the rest of the Nordic region and SEK 33.9 (37.5) million in the rest of the world. Net sales decreased by 9.1 percent to SEK 1,988.3 (2,188.3) million for the first nine months of the year. Exchange rate fluctuations had a positive effect of 0.4 percent for the quarter and 0.9 percent for the nine-month period.

The gross margin increased by 2.6 percentage points to 28.9 (26.3) percent for the quarter and amounted to 28.3 (23.4) percent for the nine-month period. The gross margin increased for CDON and decreased for Nelly.

Operating profit before depreciation, amortization and impairment improved to SEK 20.3 (19.0) million for the quarter and SEK 45.6 (-16.1) million for the nine-month period. Operating profit was SEK -12.4 (0.7) million for the quarter and SEK -44.9 (-68.5) million for the nine-month period.

Net financial items amounted to SEK -0.6 (-5.4) million for the quarter and SEK -12.3 (-29.6) million for the nine-month period. During the second quarter of 2018, an interest expense of SEK 13 million (paid in 2017 or earlier) was recognized due to the tax ruling of the Helsinki Administrative Court (see page 10).

Profit before tax was SEK -13.0 (-4.7) million for the quarter and SEK -57.2 (-98.1) million for the nine-month period. Recognized tax expense amounted to SEK 0.0 (-0.4) million for the quarter and SEK 0.3 (-43.1) million for the nine-month period. In the second quarter of 2018, a tax expense of SEK 57 million (paid in 2017 or earlier) was recognized due to the aforementioned tax ruling.

Profit after tax was SEK -13.0 (-5.1) million for the quarter and SEK -56.9 (-141.1) million for the nine-month period. Profit after tax for the total of continuing and discontinued operations was SEK -13.0 (-1.8) million for the quarter and SEK -56.9 (-2.5) million for the nine-month period. Earnings per share for the total of continuing and discontinued operations, before and after dilution, amounted to SEK -0.09 (-0.01) for the quarter and -0.38 (-0.02) for the nine-month period.

Cash flow and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 18.5 (16.5) million for the quarter and SEK 35.9 (-68.9) million for the nine-month period, of which e-commerce operations accounted for SEK -5.7 (5.8) million for the quarter and SEK -26.6 (-63.6) million for the nine-month period, and Qliro accounted for SEK 17.3 (10.6) million for the quarter and SEK 41.9 (-5.3) million for the nine-month period.

Cash flow from changes in working capital in e-commerce operations amounted to SEK -44.0 (-87.1) million for the quarter and SEK -122.9 (-239.0) million for the nine-month period. CDON reduced its inventory during the third quarter and compared with the same period last year.

Cash flow from changes in working capital for Qliro amounted to SEK 4.3 (19.6) million for the quarter and SEK -13.1 (-71.5) million for the nine-month period. This was made up of a combination of changed loans to the public (invoices, payments, partial payments and personal loans), deposits from the public (savings accounts) and utilization of credit facilities.

Consolidated cash flow from operations after changes in working capital amounted to SEK -21.3 (-51.0) million for the quarter and SEK -100.1 (-379.5) million for the nine-month period. Investments in non-current assets amounted to SEK -28.3 (-17.8) million for the quarter and SEK -102.3 (-61.0) million for the nine-month period. Investments were made mainly in the technology platforms for Qliro and CDON.

Cash flow from divestment of operations amounted to SEK 0.0 (0.0) million for the quarter and SEK 0.0 (387.2) million for the nine-month period. Last year, this consisted mainly of payment for HSNB in the first quarter and the final payment for Lekmer in the second quarter.

Cash flow from financing activities amounted to SEK 93.1 (0.0) million for the quarter and SEK -176.5 (0.0) million for the nine-month period. During the third quarter, Qliro issued a bond loan of SEK 100 million and during the first quarter Qliro Group repaid a bond loan of SEK 250 million.

Cash and cash equivalents amounted to SEK 313.9 (577.2) million at the end of the nine-month period. Cash and cash equivalents from e-commerce operations amounted to SEK 138.7 (550.9) million. During the last 12 months e-commerce operations invested SEK 125 million in Qliro as well as repaid the bond loan of SEK 250.0 million during the first quarter.

Total assets amounted to SEK 3,506.1 (2,964.6) million at the end of the nine-month period. The divestments of Lekmer in 2017 and HSNB in 2018 decreased consolidated assets compared with the previous year, which was offset by Qliro's increased lending to the public. Equity amounted to SEK 943.2 (984.3) million.

Discontinued operations

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

HSNG was valued at SEK 360 million on a debt-free basis with normalized working capital. Earnings from the divestment of shares excluding transaction-related costs were SEK 140.6 million in the first quarter of 2018.

Earnings after tax for discontinued operations amounted to SEK 0.0 (3.3) million for the quarter and SEK 0.0 (138.6) million for the first half of the year.

Parent company

The Qliro Group AB parent company reported sales of SEK 1.4 (4.6) million for the quarter and SEK 6.4 (13.9) million for the nine-month period. Profit before tax was SEK -12.3 (95.7) million for the quarter and SEK -42.3 (205.6) million for the nine-month period, affected by the divestment of HSNG in 2018. Cash and cash equivalents in the parent company amounted to SEK 15.1 (512.1) million at the end of the nine-month period, following repayment of bond loan of SEK 250 million and the discontinuation of a common cash pool for the subsidiaries.

As of September 30, Qliro Group had 154,994,779 shares issued, of which 149,774,779 were common shares and 5,220,000 were C shares. The C shares are held by Qliro Group and may not be represented at General Meetings.

Consolidated situation

Qliro Group and its subsidiary Qliro (credit market company under FI's supervision) have constituted a consolidated situation since the third quarter of 2018 as Qliro accounts for more than half of the Group's total assets. 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) was well-capitalized as at September 30, 2019.

Accounting policies and valuation principles

This interim report was prepared in accordance with IFRS using the same accounting policies and bases of calculation as the most recent annual report and with application of IAS 34 Interim Financial Reporting. IFRS 9 and IFRS 15 were applied from January 1, 2018 and IFRS 16 from January 1, 2019.

IFRS 9 Financial Instruments

IFRS 9 primarily affects Qliro Group through Qliro's 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, 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

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. In accordance with IFRS 15, Qliro Group has increased its reporting of information about the composition of net sales.

IFRS 16 Leases

IFRS 16 replaces IAS 17 Leases and IFRIC 4 as of January 1, 2019. For lessees, IFRS 16 means that all leases (as defined) are recognized as assets and liabilities in the balance sheet and that associated depreciation and interest expenses are recognized in the income statement, with some exceptions. Qliro Group is applying the simplified approach over a transitional period. The transition to IFRS 16 at the start of 2019 resulted in assets and liabilities increasing by SEK 101 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. 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, regulation and compliance, disputes and intellectual property rights. The most prominent risks for Qliro include financial risks (see above), business risk/strategic risk and operational risks. The 2018 annual report contains a more comprehensive description of the risks and uncertainties affecting the Group in the Management Report and under Note 21.

CDON Alandia

Like other companies in the sector, CDON previously decided to distribute to customers in Finland from Åland. In January 2016, Qliro Group announced that the tax administration in Finland had decided to place an additional tax on CDON AB's Åland subsidiary CDON Alandia Ab for the 2012 fiscal year. In May 2018, Helsinki Administrative Court upheld parts of the decision, with the result that, in the second quarter of 2018, Qliro Group recognized a tax expense of SEK 57 million and an interest expense of SEK 13 million. As communicated previously, the full amount was paid to the Finnish authorities in 2017 or earlier. In July 2018, CDON Alandia submitted a leave to appeal and subsequently filed an appeal against the administrative court's decision to the Finnish Supreme Administrative Court, which in October 2019 announced that the application for a leave to appeal had been rejected and that the Helsinki Administrative Court's order was final and nonappealable. This means that the tax expense for the 2012 tax year remains in place but does not entail any additional cost or cash flow effects for Qliro Group.

As communicated previously, the Finnish authorities have been investigating suspected tax fraud related to CDON Alandia for several years. Proceedings had earlier been initiated at Åland district court in Finland against three persons who were members of CDON Alandia Ab's board in 2008-2013 and against two former employees of the Group. The case was previously expected to be heard at Åland district court at the end of the third quarter of 2019, but proceedings are now expected to be held in the first quarter of 2020. If those prosecuted were to be convicted, they may be liable to pay damages to the Finnish authorities. If those prosecuted are ordered to pay damages, under certain circumstances they may direct claims to Qliro Group, CDON or CDON Alandia for compensation for any damages they might be ordered to pay. No such claims have been made, and Qliro Group has not made any provisions for such claims.

Related party transactions

Transactions with related parties are presently of the same character as described in the 2018 annual report.

Year-end report 2019

Qliro Group's year-end report for 2019 will be published on February 5, 2020 and the interim report for the first quarter on April 21.

Nomination Committee

In accordance with the Nomination Committee Rules adopted at the 2019 AGM, a representative for the largest shareholder, Kinnevik, convened a nomination committee to prepare proposals for Qliro Group's 2020 AGM. The Nomination Committee consists of Samuel Sjöström, appointed by Kinnevik, Christoffer Häggblom appointed by Rite Ventures and Thomas Krishan, who represents his own holdings. The Nomination Committee will appoint its chairman at its first meeting.

Shareholders who wish to propose members for Qliro Group's board of directors may submit written proposals to Qliro Group AB (publ), attn: Company Secretary, Box 195 25, 104 32 Stockholm, Sweden.

2020 Annual General Meeting

Qliro Group AB will hold its Annual General Meeting in Stockholm on May 12, 2020.

Marcus Lindqvist, CEO
Stockholm, October 22, 2019

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 6573

UK: +44 330 336 9104

US: +1 929 477 0630

The pin code to access this call is 537924.

The presentation material 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, Head of Investor Relations

Phone: +46 (0)736511363

ir@qlirogroup.com

About Qliro Group

Qliro Group is a Nordic e-commerce group that owns the leading Nordic online marketplace CDON.COM, the fashion brand Nelly and the fintech company Qliro 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 October 22, 2019.

Review report

To the Board of Directors of Qliro Group AB (publ)
Corp. id. 556035-6940

Introduction

We have reviewed the condensed interim financial information (interim report) of Qliro Group AB (publ) as of 30 September 2019 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

Conclusion

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

Stockholm 21 October 2019

KPMG AB

Mårten Asplund
Authorized Public Accountant

Consolidated Income Statement, third quarter SEK million	E-commerce		Qliro		Other ¹		Qliro Group	
	2019	2018	2019	2018	2019	2018	2019	2018
Net sales	541,8	595,2	83,8	71,6	-1,0	-1,7	624,6	665,1
Cost of goods and services	-424,1	-465,6	-21,4	-25,5	1,3	1,2	-444,2	-489,9
Gross profit	117,7	129,7	62,5	46,1	0,3	-0,6	180,4	175,3
Sales and administration expenses	-133,3	-135,3	-64,3	-54,3	1,4	6,5	-196,2	-183,1
Other operating income and expenses, net	1,1	6,5	3,3	8,5	-1,1	-6,5	3,4	8,6
Operating profit or loss	-14,5	0,9	1,5	0,4	0,6	-0,6	-12,4	0,7
Net interest & other financial items	0,0	-5,0	-	-0,3	-0,6	-	-0,6	-5,4
Net profit or loss before tax	-14,5	-4,2	1,5	0,0	0,0	-0,6	-13,0	-4,7
Tax							0,0	-0,4
Net profit or loss for continued operations							-13,0	-5,1
Net profit or loss for discontinued operations							-	3,3
Total net profit or loss for continued and discontinued operations							-13,0	-1,8
<i>Attributable to:</i>								
Equity holders of the parent							-13,0	-1,8
Non-controlling interests							-	-
Net income for the period							-13,0	-1,8
Basic earnings per share excluding discontinued operations before dilution, SEK							-0,09	-0,03
Basic earnings per share including discontinued operations before dilution, SEK							-0,09	-0,01
Basic earnings per share excluding discontinued operations after dilution, SEK							-0,09	-0,03
Basic earnings per share including discontinued operations after dilution, SEK							-0,09	-0,01

¹ Including adjustment related to differences in phasing of costs/revenues and adjustments due to IFRS 16 Leasing

Consolidated statement of comprehensive income, third quarter SEK million	Qliro Group	
	2019	2018
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Translation difference for the period	0,1	0,3
Total comprehensive income for period	-12,8	-1,6
<i>Total comprehensive income attributable to:</i>		
Parent company shareholders	-12,8	-1,6
Non-controlling interests	-	-
Total comprehensive income for the period	-12,8	-1,6
Shares outstanding at period's end, basic, million	149,8	149,7
Shares outstanding at period's end, diluted, million	149,8	150,3
Average number of shares, basic, million	149,8	149,7
Average number of shares, diluted, million	149,8	150,3

Consolidated income statement, first nine months		E-commerce		Qliro		Other ¹		Qliro Group	
SEK million	2019	2018	2019	2018	2019	2018	2019	2018	
Net sales	1 746,7	1 990,5	246,2	204,2	-4,5	-6,5	1 988,3	2 188,3	
Cost of goods and services	-1 357,6	-1 604,2	-71,8	-74,9	4,3	3,5	-1 425,1	-1 675,6	
Gross profit	389,1	386,3	174,4	129,3	-0,2	-3,0	563,3	512,7	
Sales and administration expenses	-444,9	-457,3	-184,2	-159,8	8,8	14,9	-620,3	-602,1	
Other operating income and expenses, net	5,9	13,6	14,0	22,3	-7,7	-14,9	12,2	21,0	
Operating profit or loss	-49,9	-57,3	4,2	-8,2	0,9	-3,0	-44,9	-68,5	
Net interest & other financial items	-10,0	-28,8	-	-0,8	-2,4	-	-12,3	-29,6	
Net profit or loss before tax	-59,9	-86,1	4,2	-9,0	-1,5	-3,0	-57,2	-98,1	
Tax							0,3	-43,1	
Net profit or loss for continued operations							-56,9	-141,1	
Net profit or loss for discontinued operations							-	138,6	
Total net profit or loss for continued and discontinued operations							-56,9	-2,5	
<i>Attributable to:</i>									
Equity holders of the parent							-56,9	-2,5	
Non-controlling interests							-	-	
Net income for the period							-56,9	-2,5	
Basic earnings per share excluding discontinued operations before dilution, SEK							-0,38	-0,94	
Basic earnings per share including discontinued operations before dilution, SEK							-0,38	-0,02	
Basic earnings per share excluding discontinued operations after dilution, SEK ²							-0,38	-0,94	
Basic earnings per share including discontinued operations after dilution, SEK							-0,38	-0,02	

¹ Including group adjustment related to differences in phasing of costs/revenues and adjustments due to IFRS 16 Leasing

Consolidated statement of comprehensive income, first nine months		Qliro Group	
SEK million	2019	2018	
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Translation difference for the period	2,8	4,7	
Total comprehensive income for period	-54,1	2,2	
<i>Total comprehensive income attributable to:</i>			
Parent company shareholders	-54,1	2,2	
Non-controlling interests	-	-	
Total comprehensive income for the period	-54,1	2,2	
Shares outstanding at period's end, million	149,8	149,7	
Shares outstanding at period's end, diluted, million	149,8	150,3	
Average number of shares, basic, million	149,8	149,7	
Average number of shares, diluted, million	149,8	150,3	

Consolidated Statement of financial position SEK million	E-commerce		Qliro		Other ¹		Qliro Group	
	30 sep 2019	30 sep 2018	30 sep 2019	30 sep 2018	30 sep 2019	30 sep 2018	30 sep 2019	30 sep 2018
Non-current assets								
Goodwill	65,1	64,0	-	-	-	-	65,1	64,0
Other intangible assets	90,9	82,5	173,1	144,3	-	-	264,0	226,7
Total intangible assets	155,9	146,5	173,1	144,3	-	-	329,0	290,8
Tangible assets	9,0	10,0	18,0	10,0	-	-	26,9	20,0
Financial assets	-	-	-	25,2	-	-	-	25,2
Leased assets	-	-	-	-	86,2	-	86,2	-
Deferred tax asset	109,6	106,0	8,5	-	0,2	-	118,3	106,0
Total non-current assets	274,5	262,4	199,6	179,5	86,4	-	560,5	441,9
Current assets								
Inventories	394,7	454,9	-	-	-	-	394,7	454,9
Loans to the public	-	-	1 852,3	1 246,0	-	-	1 852,3	1 246,0
Current interest-bearing investments	-	-	250,1	140,2	-	-	250,1	140,2
Current non-interest bearing receivables	111,7	98,3	25,7	12,4	-2,7	-6,2	134,7	104,5
Cash and cash equivalents	138,7	550,9	175,2	26,3	-	-	313,9	577,2
Total current assets	645,1	1 104,0	2 303,3	1 424,9	-2,7	-6,2	2 945,7	2 522,7
Total assets	919,6	1 366,4	2 502,9	1 604,4	83,7	-6,2	3 506,1	2 964,6
Equity								
Equity attributable to owners of the parent	432,0	599,6	511,8	384,7	-0,6	-	943,2	984,3
Total equity	432,0	599,6	511,8	384,7	-0,6	-	943,2	984,3
Non-current liabilities								
<i>Non interest bearing</i>								
Other provisions	1,0	1,1	-	-	-	-	1,0	1,1
<i>Interest bearing</i>								
Loan Facility	-	-	254,7	294,9	-	-	254,7	294,9
Bond	-	250,0	100,0	-	-	-	100	250,0
Financial leasing liabilities	-	-	-	0,8	-	-	-	0,8
Leased liabilities	-	-	-	-	59,1	-	59,1	-
Total non-current liabilities	1,0	251,1	354,7	295,7	59,1	-	414,9	546,8
Current liabilities								
Credit Facility	19,2	-	-	-	-	-	19,2	-
Deposits from the public	-	-	1 522,6	843,2	-	-	1 522,6	843,2
Financial leasing liabilities	-	-	0,9	2,3	-	-	0,9	2,3
Leased liabilities	-	-	-	-	27,8	-	27,8	-
Current non-interest bearing liabilities	467,3	515,7	112,9	78,4	-2,7	-6,2	577,5	588,0
Total current liabilities	486,6	515,7	1 636,4	924,0	25,1	-6,2	2 148,1	1 433,5
Total equity and liabilities	919,6	1 366,4	2 502,9	1 604,4	83,7	-6,2	3 506,1	2 964,6

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

¹ Including group adjustments and adjustments related to IFRS 16 Leasing

SEK million	Equity attributable to parent company shareholders						
	Equity	Other capital contributions	Translation reserve	Retained earnings incl. Profit/loss for the year	Total	Non-controlling interest	Total equity
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	986.1	-	986.1
Statement of changes in equity					2019	2018	2018
SEK million					Jan-Sep	Jan-Sep	Jan-Dec
Opening balance					994.5	986.1	986.1
Comprehensive income for the period					-54.1	2.2	5.9
Effects of long term incentive program					2.8	-4.0	-2.5
Tax effect when changing accounting principle (IFRS 9)					-	-	5.0
Closing balance					943.2	984.3	994.5

Consolidated statement of cash flow, third quarter		E-commerce		Qliro		Other ¹		Qliro Group	
SEK million	2019	2018	2019	2018	2019	2018	2019	2018	
Cash flow from operating activities before changes in working capital	-5,7	5,8	17,3	10,6	6,9	-	18,5	16,5	
Changes in working capital ²	-44,0	-87,1	4,3	19,6	-	-	-39,8	-67,5	
Cash flow from operations	-49,7	-81,3	21,6	30,2	6,9	-	-21,3	-51,0	
Investments in non-current assets	-8,2	-6,4	-20,1	-11,4	-	-	-28,3	-17,8	
Cash flow to/from investing activities	-8,2	-6,5	-20,1	-11,4	-	-	-28,3	-17,8	
Shares contribution, net change	-15,0	-	15,0	-	-	-	-	-	
Issued unsecured bond ³	-	-	100,0	-	-	-	100,0	-	
Amortization of leasing debt	-	-	-	-	-6,9	-	-6,9	-	
Cash flow to/from financing activities	-15,0	-	115,0	-	-6,9	-	93,1	-	
Change in cash and cash equivalents for the period from continued operations	-72,9	-87,6	116,4	18,8	-	-	43,5	-68,8	
Change in cash and cash equivalents for the period from discontinued operations	-	-	-	-	-	-	-	-	
Change in cash and cash equivalents for the period	-72,9	-87,6	116,4	18,8	-	-	43,5	-68,8	
Cash and cash equivalents at period's start²							270,4	646,3	
Translation difference, cash and cash equivalents							0,0	-0,3	
Less cash from discontinued operations							-	-	
Cash and cash equivalents at period's end							313,9	577,2	

¹ Including adjustments related to IFRS 16 Leasing.

² Utilised credit facilities, deposits to the public and loans to the public within Qliro AB are reported as changes in working capital.

³ Qliro Group AB's wholly owned subsidiary Qliro AB has issued subordinated Tier 2 bonds of SEK 100 million.

Consolidated statement of cash flow, first three quarters		E-commerce		Qliro		Other ¹		Qliro Group	
SEK million	2019	2018	2019	2018	2019	2018	2019	2018	
Cash flow from operating activities before changes in working capital	-26,6	-63,6	41,9	-5,3	20,5	-	35,9	-68,9	
Changes in working capital ²	-122,9	-239,0	-13,1	-71,5	-	-	-136,0	-310,5	
Cash flow from operations	-149,5	-302,6	28,8	-76,9	20,5	-	-100,1	-379,5	
Investments in non-current assets	-32,0	-21,3	-70,4	-39,7	-	-	-102,3	-61,0	
Divested operations	-	387,2	-	-	-	-	-	387,2	
Cash flow to/from investing activities	-32,0	365,9	-70,4	-39,7	-	-	-102,3	326,2	
Shareholder contribution, net change	-95,0	-70,0	95,0	70,0	-	-	-	-	
Group contribution, net change	-	-2,0	-	2,0	-	-	-	-	
Internal loan, net change	0,1	-	-0,1	-	-	-	-	-	
Redemption of / Issued unsecured bond ³	-256,0	-	100,0	-	-	-	-156,0	-	
Amortization of leasing debt	-	-	-	-	-20,5	-	-20,5	-	
Cash flow to/from financing activities	-350,9	-72,0	194,9	72,0	-20,5	-	-176,5	-	
Change in cash and cash equivalents for the period from continued operations	-532,4	-8,7	153,4	-44,6	-	-	-379,0	-53,3	
<i>Cash flow from discontinued operations</i>									
Cash flow from operations	-	13,9	-	-	-	-	-	13,9	
Cash flow from investing activities	-	-0,6	-	-	-	-	-	-0,6	
Change in cash and cash equivalents for the period from discontinued operations	-	13,3	-	-	-	-	-	13,3	
Change in cash and cash equivalents for the period	-532,4	4,6	153,4	-44,6	-	-	-379,0	-40,0	
Cash and cash equivalents at period's start							691,8	631,1	
Translation difference, cash and cash equivalents							1,1	0,8	
Less cash from discontinued operations							-	-14,7	
Cash and cash equivalents at period's end							313,9	577,2	

¹ Including adjustments related to IFRS 16 Leasing

² Utilised credit facilities within Qliro AB are reported as changes in working capital

³ Early redemption of all outstanding bonds at 102.4 percent of the nominal amount 250 SEK million. Qliro Group AB's wholly owned subsidiary Qliro AB has issued subordinated Tier 2 bonds of SEK 100 million.

Net Sales by segment	2019	2019	2019	2019	2018	2018	2018	2018	2018	2018
SEK million	Q3	Q2	Q1	Jan-Sep	Q4	Q3	Q2	Q1	Jan-Sep	Full year
CDON	211,9	217,7	260,6	690,1	558,0	286,3	337,5	378,4	1 002,2	1 560,2
Nelly	329,9	424,3	302,4	1 056,5	402,9	308,9	403,2	276,0	988,2	1 391,0
Group central operations	-	-	-	-	-	0,0	0,1	1,7	1,8	1,8
Eliminations within e-commerce	-	-	-	-	-	0,0	-0,1	-1,4	-1,6	-1,6
Total e-commerce	541,8	642,0	562,9	1 746,7	960,9	595,2	740,6	654,7	1 990,5	2 951,4
Qliro	83,8	83,2	79,1	246,2	77,0	71,6	68,2	64,4	204,2	281,2
Total Qliro	83,8	83,2	79,1	246,2	77,0	71,6	68,2	64,4	204,2	281,2
Eliminations between e-commerce and Qliro	-1,3	-1,4	-1,1	-3,8	-1,8	-1,2	-1,3	-1,0	-3,5	-5,3
Group adjustment ¹	0,3	0,1	-1,1	-0,8	1,6	-0,6	-0,5	-1,9	-3,0	-1,4
Qliro Group Consolidated Total	624,6	723,9	639,8	1 988,3	1 037,7	665,1	807,0	716,2	2 188,3	3 226,0
Eliminations within e-commerce										
Nelly	-	-	-	-	-	0,0	0,1	1,4	1,6	1,6
Group central operations	-	-	-	-	-	0,0	-0,1	-1,4	-1,6	-1,6
Total eliminations within E-commerce	-	-	-	-	-	0,0	0,0	0,0	0,0	0,0
Eliminations between e-commerce and Qliro										
CDON	0,7	0,8	0,8	2,3	1,4	0,7	0,6	0,7	2,0	3,4
Nelly	0,5	0,6	0,4	1,5	0,5	0,5	0,7	0,3	1,5	1,9
Group central operations	-	-	-	-	-	-	-	-	-	-
Qliro	-1,3	-1,4	-1,1	-3,8	-1,8	-1,2	-1,3	-1,0	-3,5	-5,3
Total eliminations between e-commerce and Qliro	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	2019	2019	2019	2019	2018	2018	2018	2018	2018	2018
	Q3	Q2	Q1	Jan-Sep	Q4	Q3	Q2	Q1	Jan-Sep	Full year
CDON	-0,7	-7,4	-10,3	-18,4	16,8	-8,9	-14,7	-23,6	-47,3	-30,4
Nelly	0,7	23,0	-12,2	11,5	13,9	18,7	23,6	-20,0	22,2	36,2
Group central operations	-14,1	-15,2	-12,7	-42,0	-8,9	-8,9	-15,0	-8,5	-32,3	-41,2
Total e-commerce	-14,2	0,4	-35,1	-48,9	21,9	0,9	-6,1	-52,1	-57,3	-35,5
Qliro	1,6	0,3	2,5	4,3	-7,2	0,4	-3,7	-4,8	-8,2	-15,4
Total Qliro	1,6	0,3	2,5	4,3	-7,2	0,4	-3,7	-4,8	-8,2	-15,4
Group adjustment ¹	0,3	0,3	-0,8	-0,2	1,6	-0,6	-0,5	-1,9	-3,0	-1,4
Qliro Group Consolidated Total	-12,4	1,0	-33,5	-44,9	16,3	0,7	-10,3	-58,8	-68,5	-52,2
Inventories by segment										
SEK million	2019	2019	2019		2018	2018	2018	2018		
	30-Sep	30-Jun	31-Mar		31-Dec	30-Sep	30-Jun	31-Mar		
CDON	86,5	107,3	131,8		176,7	158,9	176,4	190,8		
Nelly	308,1	254,0	287,1		241,6	296,0	220,1	257,3		
Total e-commerce	394,7	361,3	418,9		418,4	454,9	396,5	448,1		
Qliro Group Consolidated total for continued operations	394,7	361,3	418,9		418,4	454,9	396,5	448,1		

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

Parent company income statement					
SEK million	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
Net sales	1,4	4,6	6,4	13,9	18,0
Gross profit	1,4	4,6	6,4	13,9	18,0
Administration expenses	-13,9	-10,3	-41,4	-34,0	-55,7
Operating profit or loss	-12,4	-5,6	-35,0	-20,1	-37,7
Profit or loss from shares in subsidiaries	-	103,3	-	237,7	237,7
Net interest & other financial items	0,1	-2,0	-7,3	-12,0	-14,8
Profit or loss after financial items	-12,3	95,7	-42,3	205,6	185,2
Group contribution received	-	-	-	-	34,1
Group contribution paid	-	-	-	-	-2,3
Profit or loss before tax	-12,3	95,7	-42,3	205,6	217,0
Tax	2,7	-5,3	9,0	-2,3	3,3
Net income or net loss for the period	-9,8	90,2	-33,2	203,3	220,3
Parent company statement of comprehensive income					
SEK million					
Profit or loss for period	-9,8	90,2	-33,2	203,3	220,3
Other comprehensive income	-	-	-	-	-
Total comprehensive income for period	-9,8	90,2	-33,2	203,3	220,3

Parent company statement of financial position SEK million	2019 30-sep	2018 30-sep	2018 31-dec
Non-current assets			
Equipment	0,4	0,9	0,8
Shares and participating interests in group companies	1 025,9	785,4	929,9
Deferred tax asset	109,6	104,0	109,6
Total non-current assets	1 136,0	890,4	1 040,3
Current assets			
Current non-interest-bearing receivables	12,1	4,5	4,6
Receivables from group companies	5,7	20,9	14,4
Total current receivables	17,8	25,4	19,0
Cash and bank	15,1	512,1	431,0
Total cash and cash equivalents	15,1	512,1	431,0
Total current assets	32,9	537,5	450,0
Total assets	1 168,8	1 427,9	1 490,3
Equity			
Restricted equity	155,8	310,8	310,8
Unrestricted equity	1 001,6	858,6	877,1
Total equity	1 157,4	1 169,4	1 187,9
Provisions			
Other provisions	1,0	1,1	1,6
Total provisions	1,0	1,1	1,6
Non-current liabilities			
Bond	-	250,0	250,0
Total non-current liabilities	-	250,0	250,0
Current liabilities			
Liabilities to group companies	1,0	0,0	43,7
Non-interest-bearing liabilities	9,3	7,4	7,1
Total current liabilities	10,3	7,4	50,8
Total liabilities	11,4	258,5	302,4
Total equity and liabilities	1 168,8	1 427,9	1 490,3

Key ratios	2019	2019	2019	2019	2018	2018	2018	2018	2018	2018
	Q3	Q2	Q1	Jan-Sep	Q4	Q3	Q2	Q1	Jan-Sep	Full year
E-commerce										
Net debt, SEK million	-119.5	-211.7	-204.5	-119.5	-420.0	-300.9	-388.8	-323.5	-300.9	-420.0
<i>CDON</i>										
No. of active customers, thousand	1,747	1,744	1,761	1,747	1,775	1,814	1,804	1,800	1,814	1,775
No. of visits, thousand	20,071	20,167	22,574	62,813	34,618	19,415	19,657	21,951	61,023	95,640
No. of orders, thousand	638	620	687	1,945	1,219	653	682	778	2,113	3,333
Average shopping basket, SEK	612	632	566	602	610	599	651	608	619	616
<i>Nelly</i>										
No. of active customers, thousand	1,317	1,327	1,351	1,317	1,354	1,353	1,313	1,265	1,353	1,354
No. of visits, thousand	25,284	32,686	28,307	86,276	31,288	24,993	31,776	28,172	84,941	116,230
No. of orders, thousand	624	865	647	2,136	866	648	889	670	2,206	3,072
Average shopping basket, SEK ¹	772	752	711	745	698	735	697	642	692	693
Qliro										
Net debt, SEK million	1,452.9	1,341.4	1,163.8	1,452.9	1,207.8	949.6	894.9	757.9	949.6	1,207.8
Group										
Net debt, SEK million	1,333.5	1,129.7	959.2	1,333.5	787.8	648.7	506.1	434.3	648.7	787.8
Basic earnings per share before and after dilution, SEK ²	-0.09	0.00	-0.29	-0.38	0.03	-0.03	-0.58	-0.33	-0.94	-0.90
Equity per share, SEK ³	6.30	6.38	6.37	6.30	6.64	6.58	6.58	7.24	6.58	6.64

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

¹ Calculation method based on order value

² Basic Earnings per share before and after dilution for the periods Jul-Sep 2019 and Jan-Sep 2019 have been calculated on the average number of outstanding shares for the periods. The weighted average number of shares before and after dilution for the periods Jul-Sep and Jan-Sep is 149,774,779.

³ Calculated on present number of common shares, which per Sep 2019 amounts to 149,774,779

DEFINITIONS

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 year attributable to parent company shareholders for the period divided by the average number of shares for the period
Equity per share	Equity attributable to parent company shareholders divided by the number of shares at the end of the period
Number of active customers	The number of customers who have made a purchase at least once in the past 12 months
Number of visits	Gross number of visits to the Group's online stores
Average shopping basket	(Online sales + shipping revenue)/number of orders placed
Own funds	Total of Tier 1 capital and Tier 2 capital for capital adequacy purposes
Risk exposure amount	The total risk-weighted exposure amount is the total of credit risks, currency risks and operational risks
Minimum capital requirement	Institutions must meet the following own funds 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% under Article 92 of the Capital Requirements Regulation
Combined buffer requirement	Common Equity Tier 1 capital to meet the requirement for the capital conservation and countercyclical capital buffer and the buffer for systemically important institutions under Article 128 of the Capital Requirements Directive
Capital ratio	The own funds expressed as a percentage of the total risk-weighted exposure amount under Article 92 of the Capital Requirements Regulation

ALTERNATIVE PERFORMANCE MEASURES

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

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

Q3 2019							Adjust-	
SEK million	CDON	Nelly	Central	E-commerce	Qliro	ment	Group	
Earnings before interest and taxes	-0,7	0,7	-14,1	-14,2	1,6	0,3	-12,4	
Depreciation, amortization and impairment	-4,3	-8,6	-0,1	-13,1	-19,6	0,0	-32,7	
Earnings before interest, taxes, depreciation, amortization and impairment	3,6	9,3	-14,0	-1,1	21,1	0,3	20,3	

Q3 2018							Adjust-	
SEK million	CDON	Nelly	Central	E-commerce	Qliro	ment	Group	
Earnings before interest and taxes	-8,9	18,7	-8,9	0,9	0,4	-0,6	0,7	
Depreciation, amortization and impairment	-3,0	-5,2	-0,2	-8,4	-9,9	0,0	-18,3	
Earnings before interest, taxes, depreciation, amortization and impairment	-5,9	23,9	-8,7	9,3	10,3	-0,6	19,0	

Jan-Sep 2019							Adjust-	
SEK million	CDON	Nelly	Central	E-commerce	Qliro	ment	Group	
Earnings before interest and taxes	-18,4	11,5	-42,0	-48,9	4,3	-0,2	-44,9	
Depreciation, amortization and impairment	-13,8	-26,7	-2,8	-43,3	-47,1	0,0	-90,5	
Earnings before interest, taxes, depreciation, amortization and impairment	-4,7	38,2	-39,2	-5,6	51,5	-0,2	45,6	

Jan-Sep 2018							Adjust-	
SEK million	CDON	Nelly	Central	E-commerce	Qliro	ment	Group	
Earnings before interest and taxes	-47,3	22,2	-32,3	-57,3	-8,2	-3,0	-68,5	
Depreciation, amortization and impairment	-8,8	-15,4	-0,5	-24,7	-27,7	0,0	-52,4	
Earnings before interest, taxes, depreciation, amortization and impairment	-38,4	37,6	-31,8	-32,6	19,5	-3,0	-16,1	

¹Non-GAAP financial measures are shown for continued operations

Note 1

Disclosures in accordance with IAS 34,16A are on pages 9-10.

Note 2

On January 30, 2018, Qliro Group AB sold Health and Sports Nutrition Group HSNG AB to Orkla. HSNG AB was valued at SEK 360 million on a debt-free basis with normalized working capital. On June 30, 2017, Qliro Group AB 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.

The table below shows the effect of the sale of Health and Sports Nutrition HSNG AB and Lekmer AB. These companies are recognized as discontinued operations in the Group.

Discontinued operations

Group SEK million	2019 Q3	2018 Q3	2019 Jan-Sep	2018 Jan-Sep
Income	-	-	-	70,4
Expenses	-	-	-	-69,4
Profit/loss before tax	-	-	-	1,0
Tax	-	-	-	-0,3
Profit/loss after tax but before capital gains from sale of operations	-	-	-	0,7
Result from sales of shares incl. cost for disposal	-	3,3	-	137,9
Profit/loss from discontinued operations after tax	-	3,3	-	138,6

Group SEK million	2019 Q3	2018 Q3	2019 Jan-Sep	2018 Jan-Sep
Net cash flow from discontinued operations				
Cash flow from operations	-	-	-	13,9
Cash flow from investing activities	-	-	-	-0,6
Cash flow from financing activities	-	-	-	0,0
Net cash flow from discontinued operations	-	-	-	13,3

Group SEK million	2019 Q3	2018 Q3	2019 Jan-Sep	2018 Jan-Sep
Divested assets and liabilities				
Intangible assets	-	-	-	-212,8
Tangible assets	-	-	-	-3,0
Deferred tax receivable	-	-	-	0,0
Inventories	-	-	-	-96,1
Current non-interest bearing receivables	-	-	-	-50,8
Cash and cash equivalents	-	-	-	-14,7
Deferred tax liability	-	-	-	10,8
Current non-interest bearing liabilities	-	-	-	139,3
Net assets and liabilities	-	-	-	-227,4
Received purchase price	-	-	-	387,2
Accrued purchase price	-	-	-	-
Less cash from discontinued operations	-	-	-	-14,7
Change in cash and cash equivalents	-	-	-	372,5

Note 3

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

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

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

Sales by geographic area

Q3 2019							
SEK million	CDON	Nelly	Qliro	Group central operations	Eliminations	Group adjustment	Group consolidated total
Sweden	126,7	154,1	64,7	-	-1,3	0,3	344,6
Other nordics	85,2	141,9	19,1	-	-	-	246,2
Nordics	211,9	296,0	83,8	-	-1,3	0,3	590,8
Rest of the world ¹	-	33,9	-	-	-	-	33,9
Total	211,9	329,9	83,8	-	-1,3	0,3	624,6

Q3 2018							
SEK million	CDON	Nelly	Qliro	Group central operations	Eliminations	Group adjustment	Group consolidated total
Sweden	167,7	144,6	53,2	0,0	-1,2	-0,6	363,8
Other nordics	118,6	126,7	18,4	-	-	-	263,8
Nordics	286,3	271,4	71,6	0,0	-1,2	-0,6	627,6
Rest of the world ¹	-	37,5	-	-	-	-	37,5
Total	286,3	308,9	71,6	0,0	-1,2	-0,6	665,1

Jan-Sep 2019							
SEK million	CDON	Nelly	Qliro	Group central operations	Eliminations	Group adjustment	Group consolidated total
Sweden	406,1	494,5	183,3	-	-3,8	-0,8	1 079,4
Other nordics	284,0	450,4	62,9	-	-	-	797,2
Nordics	690,1	944,8	246,2	-	-3,8	-0,8	1 876,6
Rest of the world ¹	-	111,7	-	-	-	-	111,7
Total	690,1	1 056,5	246,2	-	-3,8	-0,8	1 988,3

Jan-Sep 2018							
SEK million	CDON	Nelly	Qliro	Group central operations	Eliminations	Group adjustment	Group consolidated total
Sweden	597,0	476,4	147,4	1,8	-5,0	-3,0	1 214,5
Other nordics	405,3	393,8	56,8	-	-	-	855,9
Nordics	1 002,2	870,2	204,2	1,8	-5,0	-3,0	2 070,4
Rest of the world ¹	-	117,9	-	-	-	-	117,9
Total	1 002,2	988,1	204,2	1,8	-5,0	-3,0	2 188,3

¹Includes mainly sales in Europe

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

Qliro AB (556962-2441) is a credit market institution and wholly owned subsidiary of Qliro Group AB (556035-6940). Qliro AB and Qliro Group AB are included in a consolidated situation. All information is presented as of September 30, 2019 in accordance with Regulation (EU) 575/2013 and the Swedish Financial Supervisory Authority's (FI) regulations and general guidelines (FFFS 2019:6). All amounts are stated in thousands of Swedish kronor.

Own funds	Qliro AB	Consolidated situation
Common Equity Tier 1 capital	326,895	604,308
Additional Tier 1 capital	-	-
Tier 2 capital	45,053	45,053
Total capital	371,948	649,361

Risk exposure amount	Qliro AB	Consolidated situation
Credit risk according to standardized approach, of which	1,501,291	1,774,883
exposure to households	1,289,004	1,289,004
exposure to corporates	33,485	51,166
exposures in default	125,770	125,770
exposure to institutions	35,041	38,053
exposure covered bonds	0	0
exposure equity	-	252,465
other exposures	17,990	18,425
Market risk	-	-
Operational risk according to basic indicator approach	431,778	463,792
Total risk exposure amount	1,933,068	2,238,676

Capital requirement	Qliro AB	Consolidated situation
Pillar 1 requirement (Total minimum capital requirement)	154,645	179,094
Pillar 2 requirement, incl. capital planning buffer	50,954	66,482
Combined buffer requirement	92,204	107,583
Total capital requirements, excl. combined buffer requirement	205,600	245,576
Total capital requirements, incl. combined buffer requirement	297,803	353,159
Total capital requirement ratio, incl. combined buffer requirement	15.4%	15.8%

Capital adequacy analysis	Qliro AB	Consolidated situation
Common Equity Tier 1 capital ratio	16.9%	27.0%
Tier 1 capital ratio	16.9%	27.0%
Total capital ratio	19.2%	29.0%
Leverage ratio	14.1%	23.2%
Combined buffer requirement	4.8%	4.8%
of which: capital conservation buffer requirement	2.5%	2.5%
of which: countercyclical buffer requirement	2.3%	2.3%
Capital planning buffer	0.9%	1.3%

Funding

Qliro AB's net lending to the public amounted to SEK 1,852 (1,246) million at the end of the quarter. The lending was financed by the amount of SEK 255 (295) million via a secured contracted credit facility and SEK 1,523 (845) million through deposits from the public (savings accounts) in Sweden, of which 99.6 percent are protected by the deposit insurance scheme in Sweden. Deposits from the public were divided into 63 percent on demand with variable rate and 37 percent fixed interest rate with a duration of 140 days as of September 30, 2019 (initially 1-year fixed rate). 28 percent of the deposit from the public is invested in liquid financial assets and placed in Nordic banks.

Liquidity

Qliro AB's total liquidity as of September 30, 2019 amounted to SEK 425 million, consisting of:

- Capital market investments*: SEK 250 million
- Bank balances in Nordic Banks: SEK 175 million

The consolidated situation had additional SEK 15 million placed in Nordic banks as of September 30, 2019.

In addition to the financial investments, Qliro AB had as of September 30, 2019 SEK 539 million in back up liquidity via undrawn funding in a secured committed credit facility.

As of September 30, 2019, the liquidity coverage ratio amounted to 298 percent for Qliro AB and 296 percent for the consolidated situation, to be compared with the regulatory requirement of 100 percent. The liquidity coverage ratio measures a liquidity buffer of SEK 210 million for both Qliro AB and the consolidated situation, related to net outflows of SEK 70.6 million for Qliro AB and SEK 71 million for the consolidated situation over a thirty-day period under stressed market conditions.

**Capital market investments consist of Swedish municipal bonds and commercial papers. Average rating of the capital market investments was AA+ with an average maturity of 67 days.*

Disclosure of information regarding capital in accordance with Regulation (EU) 1423/2013 Annex IV.

Common Equity Tier 1 (CET1) capital	Qliro AB	Consolidated situation
Instruments and reserves		
1 Capital Instruments and the related shared premium accounts	50,050	154,995
2 Retained earnings	458,679	973,533
3 Accumulated other comprehensive income (and other reserves)	0	0
Independently reviewed interim profits net of any foreseeable charge or		
5a dividend*	0	0
6 Common Equity Tier 1 (CET1) capital before regulatory adjustment	508,729	1,128,528
Regulatory adjustments		
7 Additional value adjustments	-250	-250
8 Intangible assets (net of related tax liability)	-173,109	-173,109
10 Deferred tax assets that rely on future profitability excluding those arising from temporary differences	-8,475	-118,120
20		
a Exposure amount of the following items which qualify for a RW of 1250 %, where the institution opts for the deduction alternative	0	-232,741
20		
b of which: qualifying holdings outside the financial sector	0	-232,741
21 Deferred tax assets arising from temporary differences	0	0
28 Total regulatory adjustments to Common Equity Tier 1 (CET1)	-181,834	-524,220
29 Common Equity Tier 1 (CET1) capital	326,895	604,308
45 Tier 1 capital (T1 = CET1 + AT1)	326,895	604,308
Tier 2 (T2) capital		
Instruments and provisions		
46 Capital instruments and the related share premium accounts	45,053	0
48 Qualifying own funds instruments included in consolidated T2 capital issued by subsidiaries and held by third party	0	45,053
51 Tier 2 (T2) capital before regulatory adjustments	45,053	45,053
Regulatory adjustments		
57 Total regulatory adjustments to Tier 2 (T2) capital	0	0
58 Tier 2 (T2) capital	45,053	45,053
59 Total capital (TC= T1 + T2)	371,948	649,361
	1,933,06	
60 Total risk weighted assets	8	2,238,676
Capital ratios and buffers		
61 Common Equity Tier 1	16.9%	27.0%
62 Tier 1	16.9%	27.0%
63 Total capital	19.2%	29.0%
64 Institution specific buffer requirement (CET1 requirement in accordance with article 92(1)(a) plus capital conservation and countercyclical buffer requirements)	9.3%	9.3%
65 of which: capital conservation buffer requirement	2.5%	2.5%
66 of which: countercyclical buffer requirement	2.3%	2.3%
68 Common Equity Tier 1 available to meet buffers (as a percentage of REA)	7.6%	17.7%