

Invitation to subscribe for shares in CDON Group AB (publ)



As a shareholder in CDON Group, you will receive Subscription Rights. Please note that the Subscription Rights are expected to have an economic value.

In order not to lose the value of the Subscription Rights, the holder must either:

- *exercise the Subscription Rights to subscribe for new shares no later than 5 June 2013; or*
- *sell the Subscription Rights which are not intended to be exercised no later than 31 May 2013.*

Please note that it is also possible to subscribe for New Shares without Subscription Rights.

Please note that investors with nominee-registered shareholdings subscribe for New Shares through the respective nominee and that the deadline for subscription may vary.

IMPORTANT INFORMATION

Notice to investors

This prospectus has been prepared in compliance with the standards and requirements of the Swedish Financial Instruments Trading Act (Sw. *lagen (1991:980) om handel med finansiella instrument*) (the "Trading Act"), Directive 2003/71/EC of the European Parliament and the Council (together with any applicable implementing measures, including Directive 2010/73/EC, in each member state referred to as the "Prospectus Directive") and the Commission Regulation (EC) No. 809/2004 (including the Commission Regulation (EC) No. 486/2012 and 862/2012). The information in this prospectus is proportionate relative to the type of offer (new issue of shares with preferential rights for the shareholders). A prospectus in the Swedish language has been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) ("SFSA") pursuant to the Provisions of Chapter 2, Sections 25 and 26 of the Trading Act. Approval and registration by the SFSA does not imply that the SFSA guarantees that the factual information provided in the Swedish language prospectus or herein is correct and complete.

In the event of any inconsistency between the Swedish original and this English translation of the prospectus, the Swedish original shall prevail.

To the extent permitted by applicable law, the prospectus and the offering pursuant to the prospectus or any connected legal relation are governed by Swedish law. To the extent permitted by applicable law, the courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this prospectus or the offering.

In connection with the Rights Issue Nordea is acting as CDON Group's financial adviser outside the United States, and as its issuing agent, and Auerbach Grayson & Co. ("AGCO") is acting as so-called placement agent for CDON Group inside the United States.

The prospectus has been prepared by CDON Group based on its own information and information from other sources that CDON Group believes to be reliable. No representation or warranty, expressed or implied, is made by neither Nordea nor AGCO as to the accuracy or completeness of any of the information set out in the prospectus and nothing in the prospectus is or shall be relied upon as a promise or representation, whether as to the past or the future, as neither Nordea nor AGCO has conducted any independent verification of the information. The distribution of this prospectus does not mean that the information contained herein is current as of any date other than the date of this prospectus, or that the business, earnings or financial position of CDON Group have remained unchanged since this date. Where required under the Trading Act, which regulates the announcement of a supplement to a prospectus, CDON Group will announce any material change of the information contained in the prospectus by way of a supplement to the prospectus.

When an investor makes an investment decision, the investor must rely on its own assessment of CDON Group and the offering under the prospectus, including the merits and risks involved, and investors must rely solely on the information in this prospectus and any supplements to the prospectus. No person is or has been authorised to give any information or make any representations regarding this offering other than those contained in the prospectus and, if nevertheless given or made, such information or representations must not be relied upon as having been authorised by CDON Group. Neither CDON Group nor Nordea or AGCO, nor any of their respective representatives, is making any representation to any offeree, subscriber or purchaser of the Subscription Rights, BTAs and New Shares ("Securities") regarding the legality of an investment in the Securities by such offeree, subscriber or purchaser under the laws applicable to such offeree, subscriber or purchaser. Investors shall make an independent assessment of the legal, tax, business, financial and other consequences of a subscription or purchase of the Securities. Each investor should consult its own advisers before subscribing for or purchasing the Securities.

As a condition for exercising an offer or sale of the Subscription Rights or New Shares pursuant to the offering in the prospectus, each exercising holder or purchaser will be deemed to have made, or, in some cases, be required to make, certain representations and warranties that will be relied upon by CDON Group, Nordea and others, see the chapter "Restriction on sale and transfer etc.". CDON Group reserves the right, in its sole and absolute discretion, to reject or revoke any exercise or purchase of Securities that CDON Group or its agents believe may give rise to a breach or violation of any law, rule or regulation.

In a number of countries, in particular in Australia, Canada, Hong Kong, Japan, and, subject to certain exceptions, the United States (including its territories and possessions, any state of the United States and the District of Columbia) (the "United States"), the distribution of this prospectus, the exercise of the Subscription Rights, the offer of the New Shares, as well as the sale of the New Shares, is subject to restrictions imposed by law (such as registration, admission, qualification and other regulations). The offer to subscribe for the New Shares does not include persons resident in Australia, Canada, Hong Kong, Japan, or, subject to certain exceptions, the United States, or any other jurisdiction where such an offer would be illegal. The prospectus does not constitute an offer to sell the Securities to any person in any jurisdiction in which it is unlawful to make such offer to such person, or a solicitation of an offer to buy the Securities from a person in a jurisdiction in which it is unlawful to make such solicitation. No action has been or will be taken by CDON Group, Nordea or AGCO to permit the possession or distribution of this prospectus (or any other offering or publicity materials or application form(s) relating to the offering) in any jurisdiction where such distribution may otherwise lead to a breach of any law or regulatory requirement. Accordingly, the prospectus may not be distributed or published in any country or any jurisdiction where the distribution or publishing of the prospectus or the offering requires such measures or would conflict with regulations in such country or jurisdiction. Persons into whose possession this prospectus may come are required to inform themselves about and abide by such restrictions, in particular not to publish or distribute the prospectus in violation of applicable securities regulations. Any failure to abide by such restrictions may result in a violation of applicable securities regulations. Furthermore, acquisitions of Securities in violation of the restrictions described above may be void. Distribution of this prospectus to any person other than the offerees specified by CDON Group and those persons, if any, retained to advise such offeree with respect thereto, is unauthorised, and any disclosure of its contents, without prior written consent of CDON Group, is prohibited. Any reproduction or distribution of this prospectus in or into the United States, in whole or in part, and any disclosure of its contents to any other person not permitted is prohibited. This prospectus is personal to each offeree.

Investors agree to the foregoing by accepting delivery of this prospectus. For more information, please see the chapter "Restriction on sale and transfer etc.".

The information contained on CDON Group's website is not incorporated in this prospectus and does not form part of this prospectus.

Available information

If, at any time, CDON Group is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, CDON Group will, upon request, provide to any owner of the New Shares, or any prospective purchaser designated by any such owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act. In such cases, CDON Group will also provide to each such owner all notices of shareholders' meetings and other reports and communications that are made generally available by CDON Group to its shareholders.

Forward-looking statements and market data etc.

The prospectus contains certain forward-looking statements that reflect CDON Group's current views or expectations with respect to future events and financial and operational development, including statements relating to the Rights Issue and statements relating to guidance, plans, prospects, goals and strategies. The words "intend", "estimate", "expect", "may", "plan", "anticipate" or similar expressions regarding indications or prognoses of future developments or trends and which are not statements based on historical facts constitute forward-looking information. Although CDON Group believes that these statements are based on reasonable assumptions and expectations, CDON Group cannot give any assurances that such statements will materialise. Because these forward-looking statements involve both known and unknown risks and uncertainties, the outcome could differ materially from the information set out in the forward-looking statements. Other factors that could cause CDON Group's actual results of operations or performance to differ from the forward-looking statements include, but are not limited to, those described in the chapter "Risk factors". The forward-looking statements included in this prospectus speak only as of the date of the prospectus and are subject to change without notice. CDON Group undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law. The prospectus contains market data and industry forecasts, including information related to the sizes of the markets in which the group participates. Although CDON Group regards these sources as reliable, the information contained in them has not been independently verified. Certain data is also derived from estimates made by CDON Group. Certain financial and other numerical information presented in this prospectus have been subject to rounding adjustments for the purpose of making this prospectus more easily accessible for the reader. As a result, the figures in tables may not sum up to the stated totals.

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The Rights Issue in brief

Preferential right

Those registered as shareholders on the record date 17 May 2013 shall have preferential rights to subscribe for New Shares in the Rights Issue. One (1) existing share in CDON Group entitles to one (1) Subscription Right. Two (2) Subscription Rights entitle to subscription for one (1) New Share. In addition, investors will have the opportunity to subscribe for New Shares without Subscription Rights.

Subscription price

SEK 15.50 per share. No commission will be charged.

Important dates

Record date for participation in the Rights Issue	17 May 2013
Subscription period	21 May – 5 June 2013
Trading in Subscription Rights	21 May – 31 May 2013
Trading in BTA	21 May – 12 June 2013

Subscription and payment

Subscription by exercise of Subscription Rights may be made during the subscription period through cash payment. Note that Subscription Rights that are not used must be sold on 31 May 2013 at the latest in order not to become valueless.

Other information

Tickers

Shares	CDON
Subscription Rights	CDON TR
BTA	CDON BTA

ISIN-codes

Shares	SE0003652163
Subscription Rights	SE0005191772
BTA 1	SE0005191780
BTA 2	SE0005191798

Financial calendar

Interim report

1 January 2013 – 30 June 2013	17 July 2013
1 January 2013 – 30 September 2013	21 October 2013

Summary

This summary consists of disclosure requirements as listed in the “Elements.” The elements are numbered in sections A–E (A.1–E.7). The summary within this Prospectus contains all of the items required in a summary for this type of security and issuer (rights issue of shares with preferential rights for existing shareholders). Since certain elements do not apply to all types of prospectuses, there may be gaps in the numbering of the elements. Even if it is required for an element to be included in the summary for this type of security and issuer, it is possible that no relevant information can be provided regarding the element. The information has, in such case, been replaced by a short explanation of the element preceded by the words “Not applicable”.

SECTION A – INTRODUCTION AND WARNINGS		
A.1	Introduction and warnings	<ul style="list-style-type: none"> This summary should be considered as an introduction to the prospectus. Any decision to invest in the securities should be based on an assessment of the prospectus as a whole by the investor. Where a claim relating to the information contained in the prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent with the other parts of the prospectus or if it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Financial intermediaries	<ul style="list-style-type: none"> Not applicable. The Rights Issue is not covered by financial intermediaries.
SECTION B – ISSUER AND ANY GUARANTOR		
B.1	Legal and commercial name	<ul style="list-style-type: none"> The Company’s legal name is CDON Group AB (publ) with corporate identification number 556035-6940. The Company is listed at NASDAQ OMX Stockholm with ticker CDON.
B.2	Domicile and legal form	<ul style="list-style-type: none"> The Company was founded and is headquartered in Malmö, Sweden. The Company is a public (publ) limited liability company and operates under Swedish law.
B.3	Description of the issuer’s operations	<ul style="list-style-type: none"> CDON Group is, according to the Company’s own assessment, the leading e-commerce group in the Nordic region. Since the start in 1999, the Company has expanded and broadened its product portfolio and is now a leading e-commerce company within Entertainment (CDON.com and Lekmer.com), Fashion (Nelly.com and Members.com), Sport & Health (Gymgrossisten.com, Bodystore.com and Milebreaker.com) and Home & Garden (Tretti.com and Rum21.se). CDON Group’s Internet stores attracted around 244 million visits and more than two million unique customers during 2012. Nelly.com is available throughout the European Union and in Norway. CDON.com, Tretti.com, Lekmer.com, Rum21.com (Room21.com) and Members.com are available on all Nordic markets. Gymgrossisten.com (Fitnessstukka.fi, Bodystore.dk and Bodystore.de) is available in all Nordic countries and in Germany. Bodystore.com and Milebreaker.com are available in Sweden. <p>Operations</p> <ul style="list-style-type: none"> CDON Group’s operations are divided into four segments: Entertainment, Fashion, Sport & Health and Home & Garden. Entertainment is the largest segment with approximately 53 per cent of net sales (as of 31 December 2012). <p><i>Entertainment</i></p> <ul style="list-style-type: none"> Operations in the Entertainment segment are conducted through the online stores CDON.com, which predominantly sells movies, games, music, consumer electronics and books, and Lekmer.com, the online store for toys. <p><i>Fashion</i></p> <ul style="list-style-type: none"> Operations in the Fashion segment are conducted through the online store Nelly.com and the shopping club Members.com. <p><i>Sport & Health</i></p> <ul style="list-style-type: none"> Operations in the Sport & Health segment are conducted through the online stores Gymgrossisten.com (Fitnessstukka.fi in Finland, Bodystore.dk in Denmark and Bodystore.de in Germany), which sells dietary supplements and training related products, Bodystore.com, which sells health and beauty products, and Milebreaker.com which focuses on endurance athletes and sells everything from training clothes and accessories to dietary supplements. <p><i>Home & Garden</i></p> <ul style="list-style-type: none"> Operations in the Home & Garden segment take place through the online stores Tretti.com, which sells white goods and household appliances, and the branded furniture and home interior store Rum21.com.

B.4a	Trends	<ul style="list-style-type: none"> CDON Group believes that e-commerce will continue to show strong growth and continue to capture an increasing share of total retail sales. The development and growth of the Nordic e-commerce market are driven by a number of factors. Future growth is believed to be favoured by factors originating both from the demand side, such as increased access to the Internet, social and demographic changes that are driving use of the Internet, and from the supply side, primarily in the form of a larger and more varied product offering on the Internet, combined with more secure and more flexible payment arrangements. Another important factor is that Internet stores are constantly improving their functionality, making it easier for consumers to navigate the sites and make purchases online. 																								
B.5	The Group	<ul style="list-style-type: none"> CDON Group AB (publ) is the parent company in the Group which in addition consists of 13 subsidiaries. 																								
B.6	Ownership structure	<ul style="list-style-type: none"> Below are shareholders of the Company whose shareholdings were notifiable as of 28 March 2013. <p>NOTIFIABLE SHAREHOLDERS</p> <table border="1"> <thead> <tr> <th>Shareholders</th> <th>Number of shares</th> <th>Share of votes</th> <th>Share of capital</th> </tr> </thead> <tbody> <tr> <td>Kinnevik</td> <td>16,639,607</td> <td>25.1%</td> <td>24.9%</td> </tr> <tr> <td>Point Lobos Capital LLC</td> <td>6,747,131</td> <td>10.2%</td> <td>10.1%</td> </tr> <tr> <td>Handelsbanken fonder</td> <td>4,628,852</td> <td>7.0%</td> <td>6.9%</td> </tr> <tr> <td>Other shareholders¹</td> <td>38,801,534</td> <td>57.8%</td> <td>58.1%</td> </tr> <tr> <td>Total – all shareholders</td> <td>66,817,124</td> <td>100.0%</td> <td>100.0%</td> </tr> </tbody> </table> <p>¹ Includes 475,000 Class C shares held by CDON Group.</p>	Shareholders	Number of shares	Share of votes	Share of capital	Kinnevik	16,639,607	25.1%	24.9%	Point Lobos Capital LLC	6,747,131	10.2%	10.1%	Handelsbanken fonder	4,628,852	7.0%	6.9%	Other shareholders ¹	38,801,534	57.8%	58.1%	Total – all shareholders	66,817,124	100.0%	100.0%
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B.7	Selected financial information	<ul style="list-style-type: none"> Not applicable. Annex for proportionate schedule for minimum disclosure requirements regarding rights issues has been used. 																								
B.8	Selected pro forma financials	<ul style="list-style-type: none"> Not applicable. The Company has not prepared pro forma accounts. 																								
B.9	Profit forecast	<ul style="list-style-type: none"> Not applicable. The prospectus does not include profit forecasts or calculation of expected profit. 																								
B.10	Remark from the auditors	<ul style="list-style-type: none"> Not applicable. There are no remarks in the auditor's report. 																								
B.11	Working capital	<ul style="list-style-type: none"> CDON Group's working capital requirement is characterised by strong seasonal variations. The Company has historically used available credit facilities together with own cash flow to handle seasonal variations. The Company's current available credit facilities, which have been renegotiated in connection with the Rights Issue and will be replaced according to the below, will expire on 30 September 2013. The Company's judgement is that the current working capital (i.e. before the completion of the Rights Issue and without the new credit facilities) during certain periods over the next twelve months is not sufficient with regards to the Company's growth strategy. The shortage is expected to occur mainly during the second half of 2013, when a seasonally large inventory build-up occurs, and when existing credit facilities expire which amounts to SEK 400 million whereby a corresponding financing need arises. The Rights Issue is expected to generate approximately SEK 514 million before issue costs to CDON Group. The Rights Issue is fully guaranteed by Kinnevik. The issue amount will be used partly to reduce outstanding loans with approximately SEK 200 million, and partly to finance the Company's growth strategy and create financial flexibility. In connection with the Rights Issue and the Company's overall financial review, the Company has secured new long-term credit facilities of SEK 275 million under certain conditions. CDON Group's assessment is that the working capital requirement for the next twelve months will be covered after the completion of the Rights Issue and through the new long-term credit facilities together with cash flows from operations. Since the pending Rights Issue has been approved by an Extraordinary General Meeting and is fully guaranteed, the Company expects that the expected issue proceeds will be raised. If a substantial part of the expected issue proceeds is not raised, the Company would be forced to seek alternative financing and also, depending on the amount of the raised issue proceeds, renegotiate the terms of the new credit facilities. 																								
SECTION C – SECURITIES																										
C.1	Securities offered	<ul style="list-style-type: none"> Ordinary shares in CDON Group AB (publ) (ISIN-code SE0003652163). 																								
C.2	Denomination	<ul style="list-style-type: none"> The shares are denominated in SEK. 																								
C.3	Total number of shares in the Company	<ul style="list-style-type: none"> The Company's registered share capital amounts to SEK 133,634,248, distributed among 66,817,124 shares (of which 475,000 Class C shares). Each share has a quota value of SEK 2. After completion of the Rights Issue, the Company's share capital will be a maximum of SEK 199,976,372 distributed among 99,988,186 shares. Each share will have a quota value of SEK 2. 																								
C.4	Rights attached to the securities	<ul style="list-style-type: none"> Shares may be issued in two share classes, ordinary shares and Class C shares. Each ordinary share entitles to one vote at general meetings. One C share entitles to one vote but not to dividends. Upon the Company's liquidation, Class C shares carry equivalent rights to the Company's assets as other shares. Dividend-related decisions are made by the general meeting of shareholders and dividends are paid out through Euroclear Sweden. The right to dividends is conferred upon shareholders who, on the record date for dividends established by the general meeting, are registered as holders of ordinary shares in the share register kept by Euroclear Sweden. 																								

C.5	Restrictions on the free transferability	<ul style="list-style-type: none"> • Not applicable. The Company has no restrictions regarding transferability.
C.6	Admission to trading	<ul style="list-style-type: none"> • The New Shares will be traded on NASDAQ OMX Stockholm with ISIN-code SE0003652163.
C.7	Dividend policy	<ul style="list-style-type: none"> • CDON Group is a growth company and therefore plans to continue to reinvest its profits in the continuous development and expansion of its operations. The timing and size of any possible future dividends will depend on the Company's future results, financial position and investment opportunities. CDON Group has not paid dividends since its listing in December 2010.
SECTION D – RISKS		
D.1	Risks associated with the issuer or the industry	<ul style="list-style-type: none"> • Before an investor decides to subscribe for New Shares, it is important to carefully analyse the risks that are associated with CDON Group and the industry and market in which CDON Group operates. The main categories of risk factors that may affect CDON Group's operations, earnings and/or financial position are described below. They are in no particular order and there is no claim as to the completeness of the information. • Financial risks include risks relating to the Company's financing and liquidity as well as currency risk. • Market and industry related risks include the risk of increased competition. Such increased competition may arise as a result of that players on retail sales market with well-known trademarks are entering the e-commerce market, or that established players on the e-commerce market to a larger extent start competing with CDON Group. Furthermore, the market-related risks include the risk of a weakening market for e-commerce and that the market for individual products which CDON Group sells weaken or change with lower profit margins as a result. • Operational risks include risks related to delivery and distribution of goods sold through CDON Group's Internet stores (including storage of the goods in the Group's warehouses) and that the operations to a large extent are dependent on reliable IT and control systems. • There may be risks relevant to CDON Group that are not known to the Company at this time.
D.3	Risks associated with the securities	<ul style="list-style-type: none"> • Risks relating to the shares and the Rights Issue include uncertainty as to the development of the share price as a result of company specific factors as well as factors related to the stock market in general, influence from shareholders with a substantial influence, that shareholders who are not or who are only partially exercising their Subscription Rights will experience dilution of their share of the Company's votes and share capital respectively, the risk of no active trading in the Subscription Rights and that the subscription undertaking and the rights issue guarantee are non-secured. These factors may adversely affect an investment in CDON Group. • There may be risks relevant to the shares that are not known to the Company at this time.
SECTION E – OFFERING		
E.1	Issue amount and issuing costs	<ul style="list-style-type: none"> • The Rights Issue will provide CDON Group a maximum of approximately SEK 514 million before costs related to the issuing house, legal adviser and to the guarantor Kinnevik as well as other transaction costs in connection with the Rights Issue (issue costs). These costs are estimated to approximately SEK 15 million, whereof approximately SEK 5.8 million is compensation to Kinnevik. The issue costs will be accounted for against proceeds received. No costs will be imposed on investors.
E.2a	Reasons and use of issue proceeds	<ul style="list-style-type: none"> • The reason for the Rights Issue is to strengthen CDON Group's capital structure and thereby facilitate the implementation of the Company's growth strategy. A higher degree of financial flexibility is also expected to be an important competitive advantage for CDON Group going forward. • The implementation of the growth strategy involves increasing the Company's market investments, and an increase in the working capital need mainly related to inventory as the Company grows. In addition, investments in the Company's purchasing, logistics and warehouse functions are expected to contribute to profitable growth. • The Rights Issue is expected to provide the Company with approximately SEK 499 million after transaction costs.
E.3	Terms and conditions of the offer	<ul style="list-style-type: none"> • The Board of Directors of CDON Group resolved on 16 April 2013, subject to the approval of the following Extraordinary General Meeting, to conduct a rights issue with preferential rights for the Company's shareholders. • On 8 May 2013, the Board of Directors decided that a maximum of 33,171,062 shares will be issued at a subscription price of SEK 15.50 per share. The Board of Directors decision was approved on the Extraordinary General Meeting held on 14 May 2013. • The Company's shareholders have preferential rights to subscribe for New Shares in proportion to the number of shares already held. Those who are registered as shareholders on the record date of 17 May 2013 will receive one (1) Subscription Right for each share held. Two (2) Subscription Rights entitle to subscription of one (1) New Share. • Subscription will take place during the period from 21 May 2013 to 5 June 2013, or such later date as the Board of Directors may determine. The New Shares shall carry the same rights as the existing ordinary shares of the Company. • The Rights Issue will, if fully subscribed for, add SEK 514 million before costs related to the Rights Issue¹. If the Rights Issue is fully subscribed, the Company's share capital will increase with SEK 66,342,124 from SEK 133,634,248 to a maximum of SEK 199,976,372, and the number of shares will increase by a maximum of 33,171,062 from 66,817,124 to a maximum of 99,988,186. The New Shares account for 33.2 per cent of the share capital and 33.3 per cent of the votes in the Company after completed and fully subscribed Rights Issue. • In the event that not all of the New Shares are subscribed for on the basis of Subscription Rights, the Board of Directors will, under the maximum amount of the Rights Issue, make a decision regarding allotment to subscribers who have not subscribed on the basis of Subscription Rights. It is therefore possible that, in addition to the subscription through Subscription Rights, sign up for the subscription of New Shares without preferential rights by using a separate application form.

¹ Issue costs of approximately SEK 15 million are estimated to be deducted from the issue amount.

E.4	Interests that are material to the offering	<ul style="list-style-type: none"> • Nordea receives an agreed compensation for services rendered in its capacity as financial adviser and issuing house in connection with the Rights Issue. Nordea is also lender and offers financing to CDON Group (see “Legal considerations and supplementary information”). Of the total proceeds, approximately SEK 200 million will be used to reduce existing debt. Nordea may execute transactions on behalf of third parties regarding the Company’s existing shares, Subscription Rights and the New Shares as well as derivatives linked to the Company’s existing shares, Subscription Rights and the New Shares. In addition to this, Nordea has no financial or other interests in the Rights Issue. • Kinnevik, representing approximately 25 per cent of the capital and votes in CDON Group, has through a subscription commitment undertaken to subscribe for shares in the Rights Issue corresponding to its shareholding in CDON Group. In addition, Kinnevik has through a guarantee undertaking committed to subscribe for the shares in the Rights Issue which potentially have not been subscribed for with or without Subscription Rights, which corresponds to in total approximately 75 per cent of the shares in the Rights Issue. For the guarantee undertaking, a compensation equivalent to 1.5 per cent of the guaranteed amount will be paid. • This means that the Rights Issue is fully guaranteed through subscription undertaking and guarantee undertaking. • Certain board members and executive directors have financial interests in the form of shares in the Company.
E.5	Lock-up agreements	<ul style="list-style-type: none"> • Not applicable. No lock-up agreements exists in the Rights Issue.
E.6	Dilution effect	<ul style="list-style-type: none"> • The forthcoming Rights Issue will, if fully subscribed, increase the number of shares in CDON Group from 66,817,124 to 99,988,186 shares, which is equivalent to an increase of approximately 50 per cent. The dilution effect for shareholders who do not subscribe for New Shares in the Rights Issue will amount to a maximum of 33,171,062 New Shares, equivalent to around 33 per cent of the total number of shares in the Company after the Rights Issue.
E.7	Costs imposed on the investor	<ul style="list-style-type: none"> • Not applicable. The Company will not charge any costs from the investors.

Risk factors

An investment in Subscription Rights, BTA and/or New Shares in CDON Group is associated with risks. CDON Group's operations are affected by a number of factors, which are, wholly or partially, not within the Company's control. These factors could have a negative impact on CDON Group's operations, earnings or financial position and cause the value of the Company's existing shares, New Shares, BTA and Subscription Rights to be reduced, and investors could lose part or all of their investment.

A number of risk factors are presented below which could have an impact on CDON Group's prospects. The order in which the risks are presented is not intended to be an indication of the probability of their occurrence or the magnitude of their effects. The presentation does not claim to be exhaustive. All risk factors are not described in detail and accordingly a complete assessment containing all the information in this prospectus, as well as a general evaluation of external factors must be made. Additional risks and uncertainties which CDON Group are currently not aware of or which are currently not considered to be material could develop into factors which may materially affect the Company's operations, earnings or financial position.

Industry and market risks

The general economy and consumer purchasing power

The demand for the products CDON Group sells is affected by the general economic situation as well as by developments in the market for e-commerce and the product markets on which CDON Group is active. The economy and consumer purchasing power are in turn affected by factors beyond the control of CDON Group, such as interest rates, exchange rates, inflation, taxes, unemployment rates and other financial factors.

The economic situation in the markets in which CDON Group operates is characterised by uncertainty due to the debt crisis that hit several European countries in early 2010, and then spread to additional countries. Although the Nordic countries, which form CDON Group's main markets, have suffered relatively mildly, the economic growth and demand remain on low levels. These economic conditions may persist and the economy could recover slowly, if at all.

Even if CDON Group considers its business model to be robust, adverse changes in the general economy and consumer purchasing power may reduce the demand for CDON Group's products and adversely affect CDON Group's operations, financial position and earnings.

The market for media products

In the Entertainment segment, CDON Group is exposed towards the rapidly decreasing sales of physical media products. There is a growing trend for products being digitalised and sold, usually in the form of downloads, or distributed, for example through live streaming over the Internet and without delivery of a physical product, like a CD, DVD, Blu-ray disc or computer game. The decrease in the sale of physical media products

entails lower gross margins since the sale of digital products, such as downloads and streaming of rental movies, has lower profit margins than sales of the physical product. Furthermore, the trend in the market for digital media products is that consumers are less and less purchasing individual products and that subscription services providing the consumer access to streaming music and movies at a fixed price increase. CDON Group may need to make efforts that will be connected with risks, such as the uncertainty of future consumer behavior and purchase patterns on the Internet and may entail lower profit margins compared to present media products. If the sales of physical media products decrease faster than anticipated by CDON Group, or if the development of the e-commerce market for physical media products deteriorates in another way, CDON Group's prospects and profitability and thereby operations, financial position and earnings may be adversely affected.

Market development for e-commerce

The e-commerce market is changing. In Sweden, the average annual growth of the e-commerce market was 23 per cent between 2003 and 2012. In 2012 the e-commerce market in Sweden constituted approximately 5 per cent of total retail sales, compared to 1.2 per cent in 2003, according to HUI Research. A weakening trend on the e-commerce market for the products CDON Group sells or a weakening trend in the e-commerce market in general, could adversely affect CDON Group's prospects, operations, financial position and earnings.

Competition

The Company operates in a competitive environment and faces competition from other players in the e-commerce market, as

well as from traditional retail trade. The e-commerce market in the Nordic countries is fragmented and characterised by intense competition.

CDON Group is also subject to competition from international players which do not directly conduct business in the geographic markets that CDON Group is active in as consumers who are shopping online easily can buy from international suppliers. Especially in the Fashion segment, there is significant competition from traditional retail trade as many customers prefer to try on clothing and shoes before making a purchase. The Entertainment and Sports & Health segments also have consumers who prefer to buy products in stores.

CDON Group is exposed to the risk that operators in retail markets whose brands are already established among consumers may enter the e-commerce market. Moreover, both completely new participants and international participants may enter the e-commerce markets in the countries where CDON Group operates. Established operators in e-commerce markets that sell different products from CDON Group may also decide to expand their product offering and begin to compete with CDON Group. It cannot be excluded that other players, including those not currently active on the e-commerce market, conduct business on a larger scale than CDON Group and therefore can take advantage of greater benefits of scale than CDON Group and thereby offer consumers lower prices than CDON Group is able to. Furthermore, industry practices on other sales terms than price may be subject to change, such as the ability to charge for shipping.

In summary, increased competition could adversely affect CDON Group's operations, financial position and earnings. Responding to competitors' pricing could lead to a decline in margins for CDON Group, or customers may increasingly prefer to buy from competitors.

Seasonal variations

In the Entertainment segment, which is heavily dependent on Christmas shopping, CDON Group is exposed to large seasonal variations and a large portion of sales occurs during the fourth quarter. The Fashion segment also exhibits seasonal variations, where the second and fourth quarters are the strongest as summer and winter clothing exhibit the largest sales. Weaker demand during a specific quarter can substantially influence sales in a segment during the year and could adversely affect CDON Group's operations, financial position and earnings.

Fashion trends

In the Fashion segment, CDON Group is exposed to fluctuations in trends and fashion, as well as consumer preferences regarding design, quality and price. If the Company misjudges consumer preferences, and does not succeed in selling its products, this may lead to excess inventory of certain products and price cuts, which could adversely affect CDON Group's operations, financial position and earnings.

Gymgrossisten's products

In the Sports & Health segment, the e-store Gymgrossisten.com (Fitnessstukku.fi in Finland, Bodystore.de in Germany, and Bodystore.dk in Denmark) offers different forms of food supplements, such as for stamina and muscle gain. These products are classified as food products. Shortcomings in the handling of the food products or in the control by suppliers and other external parties of Gymgrossisten.com's products may at worst entail that products may be classified as unlawful or lead to contamination, infection, or other undesirable effects to the user. The Group may also be subject to liability for damages based on product liability. Deficiencies in the food product handling or the control by suppliers and other external parties may lead to negative publicity for the Group and the brand Gymgrossisten.com, which may lead to reduced demand and reduced confidence in Gymgrossisten.com's products. This may in turn adversely affect the Group's revenue, earnings and financial position.

Dependence on external suppliers

CDON Group is dependent on hundreds of external suppliers for their accessibility, development, production, quality assurance and delivery of the products sold via CDON Group's Internet stores. Moreover, CDON Group uses external suppliers to provide the goods that CDON Group sells to its customers. Faulty goods and delays or failure to deliver goods may have adverse consequences on the distribution chain, which can lead to additional costs, disruptions in CDON Group's operations and loss of confidence in CDON Group among customers. Even if CDON Group recognises that alternatives are available for a majority of the Company's current suppliers, each case of loss of a particular supplier could still adversely affect CDON Group's business, at least in the short-term.

CDON Group is dependent on the ability of the Company's current suppliers to provide products that satisfy possible regulatory requirements within the industry. Implementation of

new regulatory requirements could therefore pose challenges for CDON Group in terms of finding suppliers who can provide products which meet these requirements.

If CDON Group is unable to find suppliers that meet CDON Group's requirements and potential requirements from regulatory authorities, or if CDON Group is subjected to defective goods or incorrect, delayed or missing deliveries, this could adversely affect CDON Group's operations, financial position and earnings.

Disruptions or weaknesses in CDON Group's IT and control systems

CDON Group's operations are highly dependent on reliable IT and control systems that are well adapted to the Company's operations. CDON Group has made substantial investments in sophisticated IT and control systems, including its integrated logistics system which automatically handles and transmits orders to its distribution centres. These systems receive continuous maintenance, upgrades and support. Nevertheless, disturbances or disruption of service in the systems cannot be excluded. Such could lead to a serious disruption of service and decreased confidence in CDON Group, reducing the Company's competitiveness and position in the market as a result. In the event of disruptions to these systems, it is not certain that CDON Group can be fully compensated by the IT system suppliers for the damage caused by such disruptions, which could adversely affect CDON Group's operations, financial position and earnings.

Ability to recruit and retain staff

CDON Group's future success largely depends on its ability to recruit, retain and develop qualified senior managers and other key employees. If key individuals leave CDON Group and appropriate successors cannot be recruited, this could adversely affect CDON Group's operations, financial position and earnings.

Marketing

CDON Group depends on marketing to increase its sales volumes and to retain and improve the strength of each e-store. There are no assurances that future marketing campaigns will result in increased sales. Marketing expenses that do not generate income can adversely affect the Group's operations, financial position and earnings.

Distribution

CDON Group depends on a number of warehouses that are associated with the Group's e-stores. If a warehouse for some reason should be destroyed or close or if its equipment should be seriously damaged, the Company may not be able to deliver the products to its customers. Under such circumstances, and to the extent that CDON Group cannot quickly and cost-effectively find an alternate warehouse or repair the warehouse in question or its equipment, this may have a considerable negative effect on the Company's operations, earnings and financial position. CDON Group has insurance policies for property and production stoppages for amounts that the Company has found adequate, but there is no guarantee that such amounts can be recovered in full or that the amounts recovered are sufficient to cover potential losses, which ultimately can adversely affect the Group's operations, financial position and earnings. Moreover, CDON Group is dependent on proper transport services to and from the warehouses and exposed to disruptions in the supply network. Disturbances and interruptions to transport services could adversely affect the Group's operations, financial position and earnings.

Expansion into new markets and new segments

CDON Group follows a growth strategy. Even if CDON Group conducts a thorough business analysis prior to each investment, potential expansion into new markets, in terms of both geography and industry, could entail unforeseen costs as well as lower-than-expected sales for CDON Group, which can adversely affect the Company's operations, financial position and earnings.

Structural measures and acquisitions

CDON Group has made a number of acquisitions since 2007 and its long-term strategy is to continue to grow through further acquisitions in existing and new markets. Growth through acquisition poses a risk because of the difficulty of integrating new businesses and employees. CDON Group could have significant acquisition and administration costs, as well as costs for restructuring and other costs related to acquisitions, which could adversely affect CDON Group's operations, financial position and earnings.

Intangible assets

The value of CDON Group's intangible assets as at 31 December 2012 was SEK 618.3 million and comprised goodwill of SEK

461.8 million, trademarks worth SEK 108.7 million, capitalised expenditures of SEK 33.3 million and other intangible assets of SEK 14.6 million. Impairments would adversely affect the Company's financial position and earnings.

Intellectual property rights

CDON Group works actively to protect its trademarks, name and domain names in the jurisdictions where CDON Group is active. However, there is no assurance that the measures CDON Group has taken are adequate. In the Company's opinion, CDON Group does not infringe on any third party's intellectual property rights. However, there are no guarantees that in future situations, such as product launches or in conjunction with expansion into new geographic markets, CDON Group could infringe, or be accused of infringing on third party's intellectual property rights. If CDON Group's protection of its trademarks and name is not adequate, or if CDON Group infringes on third party's intellectual property rights, it could adversely affect the Company's operations, financial position and earnings.

Legislation, regulation and compliance

CDON Group is affected by legislation and regulations relating to some of the goods that it sells. For example, products within the Sports & Health segment are covered by national food regulations. These products must therefore be approved by regulatory authorities in some of the countries where CDON Group operates, which may entail requirements for approval or registration. Violation of legislation or regulations, such as foodstuff legislation, could lead to sanctions against CDON Group. Moreover, the costs of regulatory compliance can be substantial. This may have a substantial negative effect on CDON Group's operations, financial position and earnings.

Disputes

For information regarding the disputes in which CDON Group is currently involved, see the chapter "Legal considerations and supplementary information". There are no assurances, hence there is a risk, that ongoing disputes may adversely affect CDON Group. It can neither be ruled out, and hence there is a risk, that CDON Group in the future may be involved in additional disputes which may adversely affect CDON Group.

Tax risks

CDON Group conducts its business in several different countries with different tax regulations. There are no assurances that

CDON Group's, and its advisers', interpretation and application of applicable laws, regulations, case law and the tax authorities' administrative practices have been, or will continue to be correct, or that such laws, regulations, case law or practices will not be amended, possibly retroactively. The Company may be affected by changes in different countries' tax laws and may have to pay additional taxes, interests or penalties in connection with future tax audits or may be required to write down deferred tax assets. This may have a substantial negative effect on the Company's operations, financial position and earnings.

Currency risk

CDON Group's reporting currency is the Swedish krona. Since a significant portion of CDON Group's sales are completed outside Sweden, the Group is exposed to certain risks related to financial transactions in various currencies (transaction exposure). CDON Group is also exposed to currency risk arising from the translation of the balance sheets and income statements of foreign subsidiaries (translation exposure). The most important currencies that CDON Group is exposed to are NOK, DKK, and EUR for sales, and NOK, DKK, EUR, USD, and GBP for purchases. CDON Group does not hedge this exposure. Currency fluctuations may adversely affect CDON Group's operations, financial position and earnings.

Financing and interest rate risk

The Group had as per 31 March 2013 a net debt (defined as interest-bearing debts minus cash) amounting to SEK 590.3 million and finance its operations in part by borrowing. These loans consist mainly of a convertible debenture of nominal SEK 250 million and carrying a 2.85 per cent interest as well as short-term credit facilities. The Company's currently available credit facilities have been renegotiated in connection with the Rights Issue and will be replaced provided that certain conditions are met. The new financing consists of revolving credit facilities totalling SEK 275 million carrying a variable interest rate which in part is affected by the Group's profitability. This means that a part of the Company's cash flow is, and will be, used for the payment of interests. The new financing is conditional upon the Rights Issue raising proceeds of at least SEK 375 million, and the credit facilities are subject to customary drawdown conditions. The credit agreement provides for further requirements on CDON Group formulated so as to require that certain financial key ratios must be at a certain level. If the Company's development deviates from the expected development, it cannot be

precluded that in the future a situation could arise in which the Company has difficulties paying interest or must raise new capital, for example, through a new issue of shares. Potential future acquisitions could also increase the need for new capital. There is no assurance that additional capital can be raised on terms that are favourable for CDON Group. If the Company fails to pay interest or raise necessary capital in the future, the Company's operations, financial position and earnings could be adversely affected.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to fulfil its obligations associated with financial liabilities. This risk is centrally managed by the parent company, which ensures that there are always sufficient cash and cash equivalents and the ability to extend the available financing. Access to cash and cash equivalents for subsidiaries is ensured partly through the use of cash pools. The Company is dependent on available credit facilities together with its own cash flow to meet the need of cash and may in the future require additional funding. If the sources of financing would prove to be insufficient, the Company may be forced to seek alternative funding, including the selling of assets. Such measures may adversely affect the Company's operations, financial position and earnings substantially.

Credit risk

Credit risk is defined as the exposure to loss in the event that one party to a financial transaction fails to fulfil its obligations. The exposure is based on the carrying amount of the financial assets, of which the majority comprises accounts receivables, cash and cash equivalents. Credit risk attributable to the Group's accounts receivable is distributed among a large number of customers, mainly individual persons. Accounts receivable have been sold since early 2009 to a factoring company but should these measures not be sufficient, this may cause losses and have an adverse effect on CDON Group's financial position and earnings.

Risks related to the shares and the Rights Issue

Share-related risks

Risk and risk-taking is an inevitable part of investing in shares. Since a share investment may increase or decrease in value, there can be no guarantee that an investor will have its invested capital returned in full. The price of the shares may fall below the subscription price in the Rights Issue. A person that decides to subscribe for New Shares in the Rights Issue could make a

loss on the sale of such shares. The progress of the share price depends on a number of factors, some of which are company specific and others that are related to the stock market in general. Such factors may also increase the volatility of the share price. It is impossible for CDON Group to control all the factors that may affect its share price and, accordingly, all decisions to invest in the New Shares should be preceded by a thorough research.

The subscription undertaking and the rights issue guarantee are non-secured

Kinnevik, holding approximately 25 per cent of the shares in the Company prior to the Rights Issue, has committed to subscribe for New Shares corresponding to its pro rata share in the Rights Issue. Furthermore, Kinnevik has committed to guarantee the Rights Issue through subscription of the shares that are not subscribed for with or without Subscription Rights, by other shareholders or others.

The subscription undertaking and the rights issue guarantee are not secured through a bank guarantee, collateral or otherwise. Against this background, CDON Group cannot guarantee that the Rights Issue will be fully subscribed for or that the subscription undertaking and rights issue guarantee will be fulfilled. Should Kinnevik not fulfill its commitments, it may happen that the expected issue proceeds will not in full be raised by the Company, which, if less than SEK 375 million are raised, may entail that the Company does not meet the conditions for drawdown of the new credit facilities.

Shareholders with substantial influence

Assuming that all Subscription Rights under the Rights Issue are utilised to subscribe for New Shares, Kinnevik will hold and control approximately 25 per cent of the shares and the votes in the Company. In the event of the Rights Issue not being subscribed in full, Kinnevik will, as a result of its subscription/guarantee undertaking, increase its shareholding in CDON Group. Kinnevik will therefore, irrespective of whether the guarantee will be invoked or not, exercise a significant influence over the Company after the Rights Issue and will, to a significant extent, be able to affect the outcome of matters that are dealt with at shareholders' meetings. Such matters include election of board members, share issues and dividend. Kinnevik's interests may differ or be competing with the Company's, and/or the other shareholders' interests and it cannot be ruled out that Kinnevik, in certain aspects, will exert its influence in a manner that is not in the other shareholders' interests.

Trading in Subscription Rights

Subscription Rights for the New Shares will be traded on NASDAQ OMX in the period 21 May 2013 until 31 May 2013, both dates inclusive. There can be no guarantee that active trading in the Subscription Rights develops, or that there will be sufficient liquidity. If active trading develops, the price of Subscription Rights will be dependent on factors including the price performance of the shares and may be subject to greater volatility than such shares.

Dilution

Shareholders that choose not to exercise their Subscription Rights to subscribe for New Shares in the Rights Issue will have a lower proportion of CDON Group's share capital and votes as a result of the increase of the total number of shares and votes in the Company when the New Shares are allotted in the Rights Issue.

Invitation to subscribe for shares in CDON Group AB (publ)

On 16 April 2013, the Board of Directors in CDON Group resolved on a rights issue with preferential rights for the Company's shareholders, subject to the subsequent approval by the Extraordinary General Meeting. On 8 May 2013, the Board of Directors resolved on that a maximum of 33,171,062 shares shall be issued at a subscription price of SEK 15.50 per share. The Board of Directors' decision was approved at the Extraordinary General Meeting held on 14 May 2013.

The Company's shareholders have preferential rights to subscribe for New Shares in proportion to the number of shares already held. Registered shareholders on the record date 17 May 2013 receive one (1) Subscription Right for each existing share. Two (2) Subscription Rights entitle to subscription of one (1) New Share. Subscription will take place during the period from and including 21 May 2013 up to and including 5 June 2013, or a later date decided by the Board of Directors. The New Shares will have the same rights as the existing ordinary shares in the Company. The Rights Issue will, if fully subscribed, generate SEK 514 million to CDON Group before costs related to the Rights Issue¹. If the Rights Issue is fully subscribed for, the Company's share capital will increase by SEK 66,342,124 from SEK 133,634,248 to a maximum of SEK 199,976,372 in total, and the number of shares will increase with a maximum of 33,171,062 from 66,817,124 to a maximum of 99,988,186. The New Shares correspond to 33.2 per cent of the share capital and 33.3 per cent of the votes in the Company after completed and fully subscribed Rights Issue.

Shareholders that choose not to participate in the Rights Issue will have their shareholdings diluted, but will have the opportunity to sell their Subscription Rights on NASDAQ OMX Stockholm. In the event that not all shares are subscribed for on the basis of Subscription Rights, the Board of Directors shall resolve to allocate the remaining shares, under the maximum amount of the Rights Issue, to subscribers that have subscribed for New Shares without Subscription Rights. It is therefore possible that, in addition to the subscription through Subscription Rights, sign up for subscription of New Shares without preferential rights by using a separate application form.

Subscription commitment and guarantee undertaking²

Kinnevik, representing c. 25 per cent of the capital and votes in CDON Group, has through a subscription commitment undertaken to subscribe for shares in the Rights Issue corresponding to its shareholding in CDON Group. In addition, Kinnevik has through a guarantee undertaking committed to subscribe for the shares in the Rights Issue which potentially have not been subscribed for with or without Subscription Rights, which corresponds to in total c. 75 per cent of the shares in the Rights Issue.

Kinnevik might, as a result of the agreed guarantee undertaking, increase its share of capital and votes in CDON Group. Kinnevik has been granted an exemption by the Swedish Securities Council (Sw. *Aktiemarknadsnämnden*) from the obligation to launch a mandatory offer in the event that Kinnevik's share of the votes in the Company, through subscription in the Rights Issue, would amount to or exceed 30 per cent of the votes for all shares in the Company. In addition, the Swedish Securities Council has announced that a mandatory offer obligation will arise if Kinnevik reaches a shareholding of 30 per cent or more of the votes in CDON Group in the Rights Issue and subsequently acquires additional shares in the Company, thereby increasing its share of the votes.

This means that the Rights Issue is fully guaranteed through subscription undertaking and guarantee undertaking.

The shareholders in CDON Group are hereby invited to, with preferential right, subscribe for New Shares in CDON Group in accordance with the terms and conditions outlined in this prospectus.

Stockholm, 17 May 2013

CDON Group AB (publ)
Board of Directors

¹ Issue costs of approximately SEK 15 million are estimated to be deducted from the issue amount.

² See "Legal considerations and supplementary information" under the heading "Subscription commitment and guarantee undertaking".

Background and reasons

CDON Group has since the Company's listing in 2010 doubled its sales from SEK 2,210 million to SEK 4,462 million and has during the last five years grown by an average annual growth rate of 37 per cent. The Company's ability to create strong brands and offer a high level of service, a broad product range, rapid distribution and competitive prices has helped CDON Group to successfully capitalise on the rapidly growing e-commerce market. Six of the Company's nine Internet stores, including the largest holdings in terms of sales, CDON.com, Nelly.com and Gymgrossisten.com, are, in the Company's assessment, currently market leading in their respective segments.

After a period of high growth, a consolidation of mainly the Fashion segment was conducted during 2012, which among others included investments in the logistics operations, strengthening of the management team and implementation of new control procedures. After the establishment of new practises in the logistics operations in early 2013, productivity has improved while costs have been reduced. During 2012, CDON Group increased sales by over SEK 1 billion, or 31 per cent, of which 36 per cent organically, which highlights the underlying strength of the Company's operations.

The Board of Directors and management of CDON Group have evaluated the strategy for the next five years and concluded that favourable conditions exist to implement the Company's growth strategy. The Company operates in market leading positions with scalable business models and is operationally ready to take advantage of business opportunities in an expanding market. At the same time it was noted that the Company to some extent is faced with new demands as the business grows and expands. Expansionary market investments are required and the operations will continue to be characterised by seasonal fluctuations affecting quarterly cash flows, and by an increased working capital need (primarily related to inventory) as the Company grows. It is estimated that the current working capital during certain periods over the next twelve months is not sufficient. In addition, investments in the Company's purchasing, logistics and warehouse functions are expected to contribute to profitable growth. Based on the Company's growth strategy, the overall assessment is that a stronger balance sheet is required and that a higher degree of financial flexibility would be an important competitive advantage for CDON Group.

The Board of Directors of CDON Group has in light of the considerations above decided to carry out the Rights Issue in order to strengthen CDON Group's capital structure and thereby facilitate the implementation of the Company's growth strategy. The Company's main shareholder Kinnevik supports the Board of Directors' decision and has committed to subscribe for its share of around 25 per cent of the capital and guarantee the full issue amount.

The Company has also renegotiated existing loans and in connection with the Rights Issue secured long-term credit facilities of SEK 275 million in total. The credit agreement is subject to the Rights Issue raising at least 375 million and contains thereto standard payment terms for the credits. The Company will in connection with the capital injection reduce outstanding loans by c. SEK 200 million to c. SEK 200 million, excluding the outstanding convertible loan. The capital injection will, together with the credit facilities, ensure that the Company can manage future investments and working capital needs.

CDON Group's Board of Directors is responsible for the content of this prospectus. The Board of Directors hereby declares that all reasonable care has been taken to ensure that the information in the prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its meaning.

Stockholm, 17 May 2013

CDON Group AB (publ)
Board of Directors

Terms, conditions and instructions

Preferential right and Subscription Rights

Those registered as shareholders on the record date of 17 May 2013 in the share register maintained by Euroclear Sweden on behalf of CDON Group, shall have preferential rights to subscribe for New Shares of the same share class in proportion to the number of shares held on the record date.

For this purpose, registered shareholders in CDON Group on the record date will receive one (1) Subscription Right for each share held. The Subscription Rights entitle the holder to, with preferential right, subscribe for shares, wherein two (2) Subscription Rights entitle to subscribe for one (1) New Share.

Shareholders that choose not to participate in the Rights Issue will have their shareholding diluted with c. 33 per cent, but will have the opportunity to compensate the dilution effect by selling their Subscription Rights.

In order not to lose the value of the Subscription Rights, holders must choose one of the following alternatives:

- exercise the Subscription Rights received and subscribe for New Shares no later than 5 June 2013;
- sell the Subscription Rights received, but not exercised, no later than 31 May 2013.

Subscription price

The New Shares will be issued at a subscription price of SEK 15.50 per New Share. No commission will be charged.

Record date

The record date at Euroclear Sweden to determine which persons that are entitled to receive Subscription Rights in the Rights Issue is 17 May 2013. CDON Group shares commenced to trade exclusive of right to participate in the Rights Issue on 15 May 2013. The final day for trading inclusive of Subscription Rights was 14 May 2013.

Issue statements

Directly registered shareholdings

A pre-printed issue statement with attached PlusGiro form will be sent to directly registered shareholders and representatives of shareholders who, on the record date, were registered in the share register maintained by Euroclear Sweden on behalf of CDON Group. The issue statement includes, among other things, the number of Subscription Rights received and the full number of New Shares which may be subscribed for. No securities notification (Sw. *VP-avi*) will be sent out regarding the registration of Subscription Rights on VP accounts¹.

Shareholders who are included in the special list of pledge holders and trustees which is maintained in connection with the share register will not receive an issue statement but will be informed separately.

Nominee-registered shareholdings

Shareholders whose holdings are nominee-registered at a bank or other nominee will not receive an issue statement. Subscription and payment for New Shares which are subscribed for with preferential right shall instead be made to each respective nominee and take place in accordance with the nominee's instructions.

Shareholders resident in certain unauthorised jurisdictions

The allotment of Subscription Rights and the issuance of New Shares by exercise of Subscription Rights to persons who are resident outside Sweden may be affected by the securities legislation in the country of residence, see "Restriction on sale and transfer etc.". Consequently, subject to certain potential exceptions, shareholders whose shares are registered directly in a VP account and whose registered address is in Australia, Hong Kong, Japan, Canada or the United States will not receive any issue statement. Nor will they receive any Subscription Rights on their respective VP account. The Subscription Rights that otherwise would have been delivered to such shareholders will be sold and the sales proceeds, less a deduction for costs, will be paid out to such shareholders. Amounts of less than SEK 100 will not be paid out.

Trading in Subscription Rights

Trading in Subscription Rights will take place on NASDAQ OMX Stockholm during the period from and including 21 May 2013 up to and including 31 May 2013. Nordea and other securities institutions with the required licenses will provide brokerage services for the purchase and sale of Subscription Rights. The ISIN-code for the Subscription Rights is SE0005191772.

Subscription for New Shares with Subscription Rights

Subscription for New Shares on the basis of Subscription Rights shall take place during the period from and including 21 May 2013 up to and including 5 June 2013. On expiry of the subscription period, unexercised Subscription Rights will expire and will be deleted from the VP accounts without notification from Euroclear Sweden.

¹ Including among other service account, capital markets account and investeringssparkonto.

Subscription by directly registered shareholders

Subscription for New Shares by exercise of Subscription Rights will be made by way of cash payment, either by using the pre-printed PlusGiro form or the special application form with simultaneous payment in accordance with the alternatives below:

- the PlusGiro form should be used if the Subscription Rights in accordance with the issue statement from Euroclear Sweden are to be exercised;
- the application form named "Application form for subscription of shares with subscription rights" should be used if Subscription Rights have been purchased or transferred from another VP account or if, for some other reason, the number of Subscription Rights to be exercised for subscription differs from the number on the pre-printed issue statement. Payment for the subscribed New Shares shall be made simultaneously when sending in the application form. Payment may be made in the same way as when using a PlusGiro form, for example via Internet bank, giro or at any bank office.

The application form can be ordered from CDON Group during office hours via telephone +46 (0)70-0807504. The application form shall be received by Nordea by the last payment date, which is 5 June 2013.

Central sale of surplus Subscription Rights

Shareholders whose shareholding is not evenly divisible by two (2) will receive up to one (1) surplus Subscription Right in addition to the number of Subscription Rights that are evenly divisible by two (2). Surplus Subscription Rights will be removed from the shareholders' VP accounts around 21 May 2013 in order to then be sold centrally at the current market price. The sale will be effected by Nordea on behalf of CDON Group. Nordea shall be entitled to dispose of surplus Subscription Rights. The proceeds of the sale will be entered in each shareholder's proceeds account that is linked to the VP account. Shareholders without a proceeds account will receive payment in the form of a payment slip. No brokerage will be payable on the central sale of surplus Subscription Rights. A settlement note will be sent out as confirmation of the sale. Note that once surplus Subscription Rights have been removed, those with Subscription Rights in their VP accounts will have a holding that is evenly divisible by two (2).

Directly registered shareholders not resident in Sweden eligible to subscribe for New Shares with Subscription Rights

Directly registered subscribers who are entitled to subscription of New Shares by exercise of Subscription Rights but who are not resident in Sweden and are not subject to the restrictions described in "Restriction on sale and transfer etc." and who cannot use the pre-printed PlusGiro form can make payment in SEK through a bank abroad according to the instructions specified below:

Nordea Bank AB (publ)

Issuer Services R5303
SE-105 71 Stockholm, Sweden
SWIFT: NDEASESS
IBAN-no: SE03 3000 0000 0347 3170 1228
Bank Account No: 3473 1701228

In conjunction with payment, the subscriber's name, address, VP account number and the reference from the issue statement must be stated. The last payment date is 5 June 2013.

If subscription is to be made for a different number of shares than stated on the issue statement, the "Application form for subscription of shares with subscription rights" should instead be used, which may be ordered from CDON Group via telephone during office hours, +46 (0)70-0807504. Payment shall be made according to the instructions above, however, reference from the application form must be stated. The application form must be received by Nordea at the address specified above by the last payment date, which is 5 June 2013.

Subscription by nominee-registered shareholders

Custody account holders who wish to subscribe for New Shares with Subscription Rights must apply for subscription in accordance with instructions from their nominees.

BTA

Following payment and subscription, Euroclear Sweden will send out a notice confirming that BTAs have been registered on the VP account. The newly subscribed shares will be registered as BTAs on the VP account until such New Shares have been registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) (or if the option of a separate registration is exercised at separate registration of BTA 1). After the first

registration is made with the Swedish Companies Registration Office, BTA 1 will be converted to ordinary shares that will be registered on the shareholders' VP accounts around 18 June 2013, without notice from Euroclear Sweden. A second series of BTA (BTA 2) will be issued for the subscription that has taken place at such a time when subscribed shares could not have been included in the first registration, and by Euroclear Sweden been converted to ordinary shares at the time of final registration with the Swedish Companies Registration Office. BTA will be listed for trading on NASDAQ OMX Stockholm from and including 21 May 2013, and is expected to be traded up to and including 12 June 2013. In the event that two series of BTAs are issued, only the first series, BTA 1, will be traded on NASDAQ OMX Stockholm.

Subscription for and allotment of New Shares without Subscription Rights

Subscription by directly registered shareholders

An application to subscribe for New Shares without Subscription Rights must be made on the intended application form marked "Application form for subscription of shares without subscription rights". Only one application form regarding subscription for New Shares without Subscription Rights may be submitted. Only the application form received first by Nordea will be considered if more than one application form has been submitted. Application forms can be obtained from CDON Group's website: www.cdongroup.com or be ordered from CDON Group during office hours via telephone +46 (0)70-0807504. The application form should be sent to Nordea Bank AB, Issuer Services R5303, SE-105 71, Stockholm, Sweden. The application form must be received by Nordea by 5 June 2013.

Subscription by nominee-registered shareholders

Custody account holders at nominees who wish to subscribe for New Shares without Subscription Rights must be registered for subscription in accordance with instructions from the nominee.

Allotment

In the event that not all New Shares are subscribed for by exercise of Subscription Rights, the Board of Directors shall determine the allocation, under the maximum amount of the Rights Issue, to those who subscribed without Subscription Rights in accordance with the following allocation basis:

- allotment of the New Shares shall **firstly** be made to those

who also have subscribed for New Shares through the use of Subscription Rights (irrespective of whether the subscriber was registered as shareholder on the record date or not), and in the event that allotment cannot be made in full to those, allotment shall be made pro rata in relation to the number of Subscription Rights that have been used for subscription of New Shares and, should this not be possible, by the drawing of lots;

- **secondly**, allotment of New Shares shall be made to those who have subscribed for New Shares only without Subscription Rights, and in the event that allotment cannot be made in full to those, allotment shall be made pro rata in relation to the number of New Shares that each one subscribed for, and should this not be possible, by the drawing of lots;
- **thirdly**, any remaining New Shares shall be allotted to Kinnevik acting as guarantor, subject to the terms and conditions of its guarantee undertaking.

To confirm the allotment of New Shares subscribed for without Subscription Rights, a contract note will be sent to the subscribers around 13 June 2013. No notification will be sent to subscribers that have not received allotment. New Shares subscribed for and allotted must be paid for in cash according to the instructions on the contract note which has been sent to the subscriber. After payment has been made, Euroclear Sweden will send out a securities notification which confirms that the BTA which have been subscribed for without Subscription Rights have been booked to the VP account. The New Shares will be booked as BTAs on the VP account until registration of such New Shares with the Swedish Companies Registration Office has been made. Such New Shares are expected to be registered with the Swedish Companies Registration Office around 20 June 2013. A VP statement will not be distributed in connection hereto. The ISIN code for BTAs subscribed for without Subscription Rights is SE0005191798. Such BTAs will not be listed and traded.

Right to dividends

The New Shares will entitle the holders thereof to participate in the distribution of dividends for the first time on the record date for dividends immediately following registration of the New Shares with the Swedish Companies Registration Office.

Announcement of the subscription take-up in the Rights Issue

Preliminary subscription take-up in the Rights Issue will be announced around 10 June 2013 and final subscription take-up will be announced through a press release by CDON Group around 13 June 2013.

Listing and admission to trading

The Subscription Rights and BTAs will be traded on NASDAQ OMX Stockholm. CDON Group will apply for listing of the New Shares on NASDAQ OMX Stockholm in connection with the completion of the Rights Issue. There is no assurance that such application will be accepted. Registration of New Shares with the Swedish Companies Registration Office subscribed for with preferential right is expected to occur around 14 June 2013. Trading in these New Shares will commence around 13 June 2013. The New Shares subscribed for without preferential right are expected to be registered with the Swedish Companies Registration Office around 20 June 2013 and be subject to trade around 19 June 2013.

Other information

In the event that a subscriber remits money for the New Shares in excess of the amount owed, CDON Group will arrange for the excess sum to be refunded. No interest will be paid on excess amounts.

The Board of Directors is entitled to extend the subscription period. Such extension, if any, will be made no later than on 5 June 2013, and announced through a press release. A subscription for New Shares is irrevocable and thus the subscriber may not cancel or alter a subscription for New Shares other than required by law in the event that CDON Group should publish a supplement to this prospectus.

Incomplete or incorrectly completed application forms may be left without consideration. If the subscription payment is paid after 5 June 2013, is insufficient or incorrect, the subscription application may be left without consideration or subscrip-

tion may be deemed to have been made for a lesser amount. In such case, any subscription payment not accepted for payment will be refunded. No interest will be paid on any excess amounts. Additional questions regarding the Rights Issue will be answered by CDON Group at telephone +46 (0)70-0807504 during office hours or by e-mail ir@cdongroup.com

Taxation

For taxation aspects, see section "Tax issues in Sweden".

Timetable

The timetable below displays and summarises certain important dates relating to the Rights Issue.

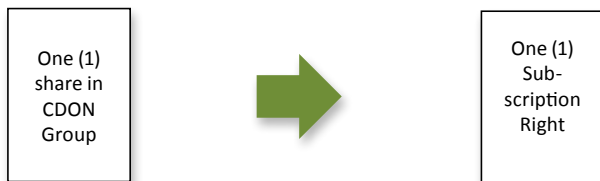
Event	Date
First day of trading in shares exclusive of Subscription Rights	15 May 2013
Record date for participation in the Rights Issue	17 May 2013
Subscription period commences	21 May 2013
Trading in Subscription Rights commences	21 May 2013
Trading in BTA commences	21 May 2013
Trading in Subscription Rights ceases	31 May 2013
Subscription period expires	5 June 2013
Trading in BTA ceases	12 June 2013
Announcement of the preliminary outcome of the Rights Issue	Around 10 June 2013
Announcement of the final outcome of the Rights Issue	Around 13 June 2013

How to proceed

Terms and conditions	Shareholders in CDON Group have preferential right to subscribe for one (1) New Share per two (2) existing shares.
Subscription Rights	<ul style="list-style-type: none">• For each share in CDON Group, you will receive one (1) Subscription Right• Two (2) Subscription Rights entitles to subscribe for one (1) New Share in CDON Group
Subscription price	SEK 15.50 per share
Record date for participation in the Rights Issue	17 May 2013
Subscription period	21 May – 5 June 2013
Trading in Subscription Rights	21 May – 31 May 2013
Trading in BTAs	21 May – 12 June 2013

1. You receive Subscription Rights

For each share in CDON Group you hold on 17 May 2013, you will receive one (1) Subscription Right.



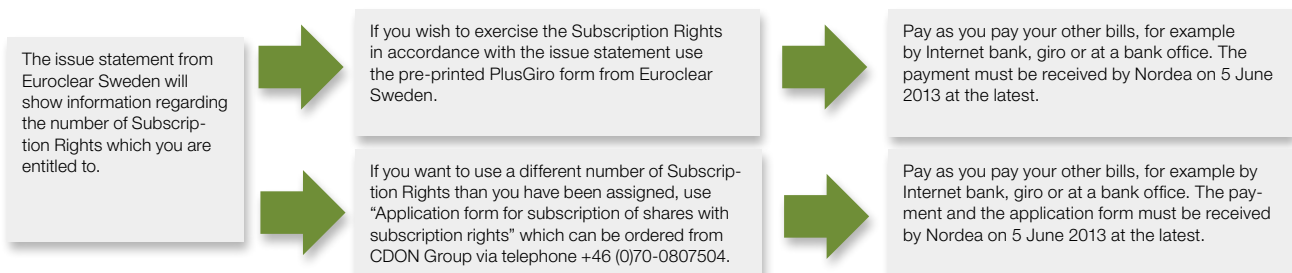
2. How to exercise your Subscription Rights

For two (2) Subscription Rights, you are entitled to subscribe for one (1) New Share at a price of SEK 15.50. If you wish to subscribe for more shares or to sell your Subscription Rights, the bank can give you information and assistance with this.

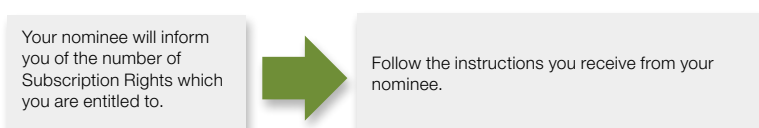


Subscription and payment

If you have a VP account:



If you have a custody account:



Market overview

The information on market growth, market size and market share, as well as on CDON Group's market position both in absolute terms and relative to its competitors, presented in this prospectus represent CDON Group's overall judgement, based on both internal and external sources. CDON Group is not aware of any available single source of market statistics that provides a relevant picture of CDON Group's markets. The sources on which CDON Group has based its judgement include sector statistics from HUI Research and PostNord as well as information from suppliers and competitors. CDON Group has made every effort to reproduce the information from these sources accurately in the prospectus. However, CDON Group has not verified the information from these sources itself. To the best of CDON Group's knowledge and judgement, no significant facts have been omitted which would render the information incorrect or misleading.

General market trends

The Nordic e-commerce market is in an early phase of its development and accounts for approximately 6 per cent of the total Nordic retail sector.¹ The corresponding share in Sweden is approximately 5 per cent.²

Compared with more developed e-commerce markets such as the USA and UK, e-commerce penetration in the Nordic countries is still at a low level. According to Centre for Retail Research, e-commerce in the USA showed a penetration level of approximately 9 per cent in 2011 and the UK showed a penetration level of approximately 12 per cent.

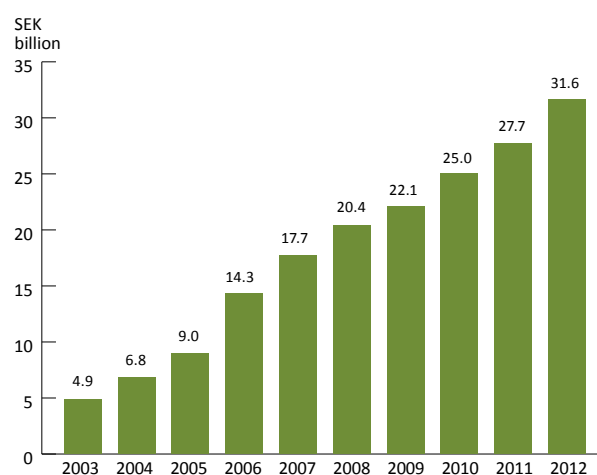
The total Nordic e-commerce market is estimated at around SEK 100 billion. Sweden is the largest single market and represents approximately 33 per cent of the market, followed by Norway at 27 per cent, Denmark at 23 per cent and Finland at 18 per cent.³ In 2012, the Nordic countries have grown faster than more developed regions, such as the USA and UK, and consequently approached these markets.⁴

The development and growth of the Nordic e-commerce market are driven by a number of factors. Future growth is believed to be favoured by factors originating both from the demand side, such as increased access to the Internet, social and demographic changes that are driving the use of the Internet, and from the supply side, in the form of primarily a larger and more varied offering of products through the Internet, combined with more secure and more flexible payment

arrangements. Another important factor is that Internet stores are constantly improving their functionality, making it easier for consumers to navigate the sites and make purchases online.

The Swedish e-commerce market has shown strong growth since 2003 with increased sales in each single year. The strong growth is partly driven by that e-commerce has constantly taken an increasing share of total retail sales. The sectors that have historically had the highest growth are clothing, electronics and books. Growth in the Swedish e-commerce market was about 15 per cent in 2012.⁵

THE SWEDISH E-COMMERCE MARKET



Source: HUI Research

¹ HUI Research and Forrester Research.

² HUI Research.

³ PostNord and CDON Group.

⁴ Centre for Retail Research.

⁵ HUI Research.

Below is a scenario analysis by HUI Research where the development of the e-commerce market in Sweden is analysed. The analysis includes three different scenarios: (i) Conservative development, which means that the development is in line with the trend in recent years, (ii) Strong development, which includes technology development, more experienced customers and new

innovations, and (iii) Extreme development, which assumes that consumers and producers embrace new technology, innovative solutions and digital channels to a much greater extent.

HUI Research estimates that e-commerce will continue to grow faster than total retail sales and thus continue to increase its market penetration.

THREE SCENARIOS FOR THE SWEDISH E-COMMERCE DEVELOPMENT

Scenario	Sector	Yearly growth (Total)	Yearly growth (Internet)	E-commerce penetration for 2012	E-commerce penetration in 5 years	E-commerce penetration in 10 years
Conservative development	Consumer electronics	1%	7%	18%	23%	31%
	Clothes/shoes	2%	7%	11%	14%	18%
	Books	0%	3%	41%	48%	55%
	Interior design/Furniture	3%	15%	2%	4%	8%
	Toys retail	2%	15%	6%	10%	19%
	Total retail	2%	10%	5%	8%	12%
Strong development	Consumer electronics	1%	15%	18%	34%	64%
	Clothes/shoes	2%	10%	11%	16%	23%
	Books	0%	6%	41%	55%	74%
	Interior design/Furniture	3%	30%	2%	8%	26%
	Toys retail	2%	25%	6%	16%	44%
	Total retail	2%	16%	5%	10%	20%
Extreme development	Consumer electronics	1%	20%	18%	42%	98%
	Clothes/shoes	2%	15%	11%	20%	36%
	Books	0%	8%	41%	61%	89%
	Interior design/Furniture	3%	35%	2%	10%	38%
	Toys retail	2%	30%	6%	19%	65%
	Total retail	2%	23%	5%	13%	36%

Source: HUI Research.

CDON Group has identified the following main driving forces for the market:

- Increased access to the Internet
- Current social and demographic changes
- Wider and more varied offering on the Internet
- More secure distribution and payment arrangements

Increased access to the Internet

Increasing Internet use is positive for the growth of the e-commerce market. Sweden has an Internet penetration of about 92 per cent, compared to the European average of about 75 per cent.¹ In addition, an increasing proportion of the population has access to the Internet through smartphones, which gives consumers increased access to online stores and good prospects for continued strengthened e-commerce.

Current social and demographic changes

E-commerce is an easy way of shopping, and Internet shopping is becoming a natural part of everyday life for consumers. Today, nine out of ten have purchased products from online stores and nearly three out of ten shop each month. Consumers appreciate that e-commerce is time saving and that they can shop at their own convenience.

Wider and more varied offering on the Internet

A growing and increasingly diverse range of products on the Internet makes it easier for consumers to find what they are looking for. Products such as books, clothes and electronics are common and established e-commodities. Other products, such as toys, dietary supplement and furniture/interior design are not as well established but develop rapidly and meet more and new customers.

More secure distribution and payment arrangements

The trend toward increased delivery and more delivery options as well as access to service point with generous opening hours in combination with a greater range of payment methods contribute to the strong e-commerce growth.

Main segments

CDON Group's primary geographical market for e-commerce is the Nordic region. In this market, the Company sells a large range of products, and the underlying product markets differ in

terms of market structure, driving forces, regulation and degree of maturity. The Company categorises its products into four different segments: Entertainment, Fashion, Sport & Health and Home & Garden.

Entertainment

The main product categories within the Entertainment segment are consumer electronics, media and books. Consumer electronics is the largest product category and has experienced strong growth historically, largely due to that e-commerce companies have been able to keep prices lower than the traditional physical retail market. In the Nordic countries, home electronics is the most popular product category for e-commerce.² On the Swedish consumer electronics market, e-commerce had about 18 per cent of the total sales in 2012.³

Another large product in the segment is books, a product suitable for e-commerce. Delivery to the door, wide selection and low prices are all factors that have contributed to the strong growth and the high e-commerce penetration. In Sweden, e-commerce accounts for approximately 41 per cent of the market.⁴ Since the e-commerce market for books is well developed today, the market is not expected to have as strong growth as the overall e-commerce market. A small but increasing share of book sales is done digitally in the form of e-books and audio books for download.

Other media products account for a diminishing share of the segment due to weaker market development. For example, sales of products such as CDs and DVDs are expected to decline as the consumption moves to digital format, partly through increased streaming and partly through increased download. However, the share of sales from e-commerce is expected to increase.

Fashion

The market for clothes/shoes is the third most popular product category for e-commerce in the Nordic region.⁵ The market consists of companies with roots in the mail order business, the traditional store retailers and pure e-commerce stores like Nelly.com. The Swedish e-commerce market for clothes/shoes had about 11 per cent of the total market in 2012.⁶ Based on public information, CDON Group estimates that Nelly.com has a leading position in the Nordic market among the pure e-commerce stores.

¹ Eurostat.eu.

² PostNord – E-handeln i Norden 2012.

³ HUI Research.

⁴ HUI Research.

⁵ PostNord – E-handeln i Norden 2012.

⁶ HUI Research.

Sport & Health

The main product category within the Sport & Health segment is dietary supplements. The e-commerce market for dietary supplements has, according to CDON Group, been driven by Gymgrossisten.com. Limited access to consistent data for the Nordic countries makes it difficult to make a good comparison, but based on public information from competitors in the Nordic markets, the assessment is that Gymgrossisten.com is the leading player in the Nordic market for dietary supplements (including physical trade).

Home & Garden

The main product categories within the segment Home & Garden are white goods/home appliances and interior design/furniture. The market for white goods is currently under price pressure due to intense competition. In the future, the development of logistic solutions for heavy consumer deliveries is expected to have a positive impact on the market.

The market for interior design/furniture is expected to have strong growth going forward as the market today is not particularly developed, with only two per cent of sales on the Internet. Similar to the market for white goods, the development of logistic solutions for heavy consumer deliveries is expected to be a driving force for the interior design/furniture market.

Competition

Generally speaking, the Nordic e-commerce market is highly fragmented, with a handful of large companies operating in their individual sub-markets. A large number of small companies are active in the market, representing a potential for consolidation as these are considered to have limited resources to grow and exploit the scalability of the business model.

CDON Group is exposed to competition from other Nordic and global e-commerce companies, including companies selling digital products, but also from players who primarily focus on the traditional retail sector. Because CDON Group offers a broad range of products, competition also arises from companies specialising in sales of a particular product range. The following is a selection of CDON Group's competitors per product segment.

- **Entertainment:** Adlibris, Amazon, Bokus, Dustin, Elgiganten, iTunes, Ginza, Komplet, NetOnNet, Toys "R" Us and Webhallen.
- **Fashion:** Asos, Boozt, Brandos, Bubbleroom, Ellos, Gina Tricot, Halens, H&M, Net-A-Porter, Sarenza, Smartguy, Yoox, Zalando and Zoovillage.
- **Sport & Health:** Bodylab, Gymvaruhuset, Life, MM Sports, Proteinfabriken and Vitapost.
- **Home & Garden:** BoConcept, Bolia, Elon, EM, IKEA, Länna Möbler, Mio, RoyalDesign, Svenska Hem, Svenssons i Lamhult and Whiteaway.

Operations

Introduction to CDON Group

CDON Group is, in the Company's own assessment, the leading e-commerce group in the Nordic region. Since the start in 1999, the Company has expanded and broadened its product portfolio and is now a leading e-commerce company within Entertainment (CDON.com and Lekmer.com), Fashion (Nelly.com and Members.com), Sport & Health (Gymgrossisten.com, Bodystore.com and Milebreaker.com) and Home & Garden (Tretti.com and Rum21.se). CDON Group's Internet stores attracted around 244 million visits and more than two million unique customers during 2012.

History

1999

CDON Group was founded and launched CDON.com

2007

Acquisition of Nelly.com, Linuslotta.com and BookPlus.fi

2008

CDON Group acquires Gymgrossisten.com and Bodystore.com. Launch of Nelly.com in Denmark, Finland and Norway as well as Gymgrossisten.com in Norway.

2009

Integration of BookPlus.fi into CDON.com. Linuslotta.com integrated with Nelly.com.

2010

Acquires Lekmer.com and launch Heppo.com. Nelly.com is launched also in Germany and Holland. The Company is listed on Nasdaq OMX Stockholm Mid Cap-list, Wednesday 15 December.

2011

Acquisition of Tretti.se and Rum21.com. Launch of Members.com. Nelly.com launched in Austria and in rest of EU. Tretti.com launched in Finland and Gymgrossisten.com launched in Denmark and Germany. CDON.com starts to offer products from Lekmer.com.

2012

Acquisition of logistic operations in Falkenberg. Nelly.com launched in the UK. CDON.com starts to offer products from Tretti.com and Nelly.com.

2013

Divestment of Heppo.com.

Vision

CDON Group's vision is to be a leading e-commerce operator within all segments of Internet retailing where the company is active, offering the best Internet retailing experience and the most attractive product range. With the Nordic countries as our home market, CDON Group's aim is to become a leading European e-commerce operator providing a portfolio of leading brands.

Operations

The launch of CDON.com in 1999 became the foundation for CDON Group today. Since its founding, CDON Group has grown significantly by broadening its product range and launching new Internet stores, as well as by making acquisitions. Today the Group has nine Internet stores and is a large player in the Nordic Internet retailing market. Its assortment includes a wide selection of products such as media, games, home electronics, clothes, shoes, furniture, interior design, white goods, and nutritional supplements. The product selection mainly includes physical products, but also digital media for download and streaming. The customer database contains more than three and a half million active customers. CDON Group divides its operations into four segments.

Entertainment

Operations in the Entertainment segment are conducted through the CDON.com and Lekmer.com online stores. Together, the stores in 2012 registered almost 100 million site visits and received more than five million orders.

CDON.com launched in 1999 and today holds a strong position on the entertainment market in the Nordics, both in respect to traditional retailing and e-commerce. The Company estimate that CDON.com offers more products than any other Nordic online retailer and has a local presence in Sweden, Norway, Denmark and Finland. The scalable business model of CDON.com has facilitated expansion into new product segments. Today, CDON.com has a wide product selection that offers everything from consumer electronics and mobile phones to books, games, films, sports and leisure products, clothing and shoes, and toys. As part of the segment focus on strengthening sales volumes in future growth areas, a strategic objective was revealed to shift CDON.com from a pure entertainment store into a shopping centre.

As a result, Lekmer.com's assortment of toys was integrated in 2011. During 2012, CDON.com has continued to integrate the product assortments from fashion stores Nelly.com and Heppo.com as well as the white goods and household appliances from Tretti.com. CDON.com has also invested in a new product assortment in Sports & Leisure and started up Smart Deals, limited-time offers for customers on selected products at the best prices on the market.

Lekmer.com was launched in Sweden in 2006. Today it is one of the Nordic's largest online store for toys and other products for children. Lekmer.com was acquired by CDON Group at end of March 2010. The company has online stores in Sweden, Norway, Denmark and Finland. Lekmer.com has the ambition to offer a complete assortment of products for families with children. Straight from the warehouse, the company offers more than 10,000 different articles within toys, baby, children's clothing and interior decorations for children's rooms.

Fashion

Operations in the Fashion segment are conducted through the online stores Nelly.com and Members.com. Together, the stores in 2012 (including Heppo.com) registered more than 120 million site visits and received more than 1,000,000 orders.

Nelly.com was founded in 2004. After CDON Group acquired the online retailer in 2007, Nelly.com has expanded rapidly and is now active in Sweden, Norway, Denmark, Finland, Germany, the Netherlands, the UK and as a EU-wide site. The company's ambition is to continue its international expansion. The product selection has broadened from its initial offering of lingerie, swimwear, and women's clothing to include men's clothing, as well as accessories and beauty products. In total, Nelly.com offers more than 800 brands in all price ranges. In 2008, Nelly.com launched its own brands, including NLY Trend and NLY Shoes. The product range comprised by Nelly.com's own brands has subsequently expanded to currently include an extensive range of shoes and accessories and a selection of clothing and underwear from around 30 own brands.

Members.com is a shopping club launched throughout the Nordic region in September 2011 by CDON Group. Members.com is a new, exclusive e-shopping club that presents new and unique offerings on exclusively selected brand-name goods and services to its registered members. The core of Members.com consists of fashion apparel and accessories. Recently, the range has been expanded to also include interior decoration, design and electronics under Members Home, as well as experiences, travel and hotel offers from around the world under Members Travel.

Sport & Health

Operations in the Sports & Health segment are conducted through the online stores Gymgrossisten.com (Finesstukku.fi in Finland, Bodystore.de in Germany and Bodystore.dk in Denmark), Bodystore.com as well as Milebreaker.com. Together, the stores registered almost 13 million site visits and received more than 700,000 orders in 2012.

Gymgrossisten.com was founded in 1996 and is today the leading pure online retailer of dietary supplements in the Nordics. CDON Group acquired Gymgrossisten.com and its Finnish equivalent, Finesstukku.fi, in 2008. The Company established the brand in Norway in October 2008, in Denmark in February 2011, and in Germany in December 2011. In addition to online sales, Gymgrossisten.com also retails its products through physical franchise stores in Sweden and Norway. Gymgrossisten.com offers a wide variety of dietary supplements in various forms, such as bars, powders, and beverages. They are mainly used for muscle-building, meal replacement, performance enhancement, weight loss, and to achieve general good health. The products contain vitamins, minerals, carbohydrates and protein. The Internet store offers attractive external brands such as Better Bodies, Abilica, Multipower, and SAN Nutrition, together with its own brand Star Nutrition. Gymgrossisten.com also has a growing selection of books, training equipment and training clothing.

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

Milebreaker.com was launched as a beta-version in April 2013 and is an online store that offers endurance athletes, who focus on cycling, running, skiing, triathlon, adventure racing, orienteering, swimming or other endurance sports the tools needed to optimize and fuel their performance. At Milebreaker.com customers will find everything from work-out apparel and accessories to dietary supplements from popular brands such as Vitargo, Enervit, Star Nutrition, Powerbar, Optimum Nutrition, Isostar and others. In addition, tips and advice on exercise and nutrition are available - all to help them achieve the best results.

Home & Garden

Operations in the Home & Garden segment take place through the online stores Tretti.com and Rum21.com. Together, the stores in 2012 registered almost 12 million site visits and received just over 250,000 orders.

Tretti.com is one of the largest online retailers of white goods and household appliances in the Nordics. The online store offers more than 9,000 articles from well-known brands such as AEG, Bosch, Electrolux, Gorenje, iRobot, OBH Nordica, Siemens and Whirlpool. In addition to its online store, Tretti.com has a showroom in Stockholm. Tretti.com was established 2004, listed on the exchange in 2005, and launched in Norway and Finland in 2010. In June 2011, the Company was purchased through NASDAQ OMX First North by CDON Group; the Company was established in Finland the same month.

Rum21.com was launched in 2006 in Borås, Sweden. Today it is one of the Nordic's largest online retailer of furniture and interior design products from leading Scandinavian and European manufacturers and brands. In 2012, Rum21.com launched its first in-house brand, Department, a series of high quality furniture at an attractive price. Rum21.com also has a shop in Borås, Sweden. Rum21.com was acquired by CDON Group in February 2011. Since then it has been established in Norway, Denmark and Finland.

CDON Group's growth strategy

Currently, there is a strong shift from traditional retail commerce to e-commerce. For example, e-commerce in Sweden grew by 15 per cent during 2012, the fastest growth rate since 2008. This growth rate can be compared to the traditional retail commerce, which during the same period grew by 2.1 per cent.¹

E-commerce penetration in Sweden was c. 5 per cent in 2012, which can be considered relatively low in an international perspective. CDON Group estimates that the e-commerce penetration in the markets where the Company operates will approach the levels in countries such as the UK, Germany and the US where e-commerce penetration amounts to 8-12 per cent, and continues to grow.² Contributing factors are expected to be, among others, a relatively high penetration of fixed and mobile broadband and a high Internet usage.

The Company's growth is primarily intended to be driven by the currently largest holdings, in terms of sales, CDON.com, Nelly.com and Gymgrossisten.com as well as with the support of among others Lekmer.com, Rum21.se and Tretti.com. These companies have proven business concepts with a focus on

clearly defined target groups, where CDON.com has a clear position as an established department store on the Internet in the Nordics, and where Nelly.com and Gymgrossisten.com focus on their respective niches; shoes, clothing and accessories with a high fashion content at attractive prices, and dietary supplements and training equipment. Through its market leading positions and scalable business models in respect of products, customer segments and geographies, CDON.com, Nelly.com and Gymgrossisten.com are well positioned to capitalise on the good market growth.

Based on the mentioned conditions, CDON Group's target is to double sales from c. SEK 4.5 billion in 2012 to more than SEK 9 billion in 2017. The EBIT-margin varies between CDON Group's different segments and the Company's long-term target for the EBIT-margin is between 3 to 5 per cent.

The growth strategies of the largest holdings

CDON.com has increased its sales by more than 18 per cent per annum during the last three year period and the company is currently the market leader in its segment. The strategic priority is to develop the company's market position as a leading department store on the Internet in the Nordics. This means that CDON.com shall offer the most competitive prices, the widest product range and a high level of service.

CDON.com's business model is scalable, mainly through expansion into new product and customer segments. A high brand recognition and a growing number of visits to the store contributes to the expansion opportunities. The company's long-term strategy is to increase sales in the Nordic markets where CDON.com operates through growth in existing products as well as through development of additional product segments, in-house or through partners. The product range is partly broadened by integrating products from the Company's other holdings into CDON.com; for example, the products in Tretti.com and Nelly.com were integrated during 2012.

In order to strengthen the competitiveness, CDON.com will continue to streamline operations by, among others, developing the purchasing, logistics and warehouse functions, and by focusing on efficient working capital management.

Nelly.com is a leading online store with a strong niche focus: clothes, shoes and accessories with high fashion content in the low-to-high-price segment. Nelly.com's product range includes more than 850 external and 30 own brands. Nelly.com is currently available in Swedish, Norwegian, Danish, Finnish, English, German and Dutch language versions. Nelly.com increased its

¹ HUI Research.

² Centre for Retail Research.

sales with over 64 per cent per annum during the last three-year period and is currently market leading within its segment.

Following the improvements undertaken during 2012, Nelly.com's growth strategy is to increase sales through continued focus on the current markets, expansion of the product range, increased share of private label sales, and possibly through a selective geographic expansion with a clear focus on current target group. Nelly.com's niche business concept is well suited for geographic expansion, with a cost efficient process for entering new markets. In 2012, the Nordic region accounted for c. 85 per cent of sales but the proportion of sales outside the Nordic region is expected to increase during the next five year period.

To achieve continued growth, Nelly.com works intensively to increase the company's efficiency. In addition, Nelly.com's target is to continue to increase the proportion of products sold under its own brand from today's level of c. 30 per cent of sales, which is also expected to contribute to an improved result.

Gymgrossisten.com has during the last three years more than doubled its sales with good profitability and is currently the leading pure online store in the Nordic region in its product niche; dietary supplements and training equipments. Gymgrossisten.com's business model is characterised by a loyal customer base with a high level of recurring purchases, which together with a high proportion of sales under the own brand Star Nutrition enables attractive margins. The business model has successfully been established in new markets, including Norway, Finland, Denmark and Germany, at relatively low costs of establishment. For example, in Finland and Norway, Gymgrossisten.com became the market leader within 18-24 months after the establishment.

Gymgrossisten.com's growth strategy is based on organic growth in current markets, as well as potential for selective geographical expansion with a clear focus on the current target group. Gymgrossisten.com is market leading in Sweden and is experiencing a strong demand there. It is also expected that there will be good conditions for rapid growth in Norway, Denmark and Finland going forward.

A vertical expansion has also begun within the segment Sport & Health, through Milebreaker.com, a new store for endurance training, as well as through a continued expansion of the product range.

Employees

CDON Group recognises that its employees are crucial to its operations. Attracting and retaining staff and developing employee skills are necessary for the success of CDON Group, as well as to meet established targets for growth and business development. The Group had 872 full-time employees at the end of 2012, compared with 465 at the beginning of 2012. The increase is primarily a result of the acquisition of the logistics operations in Falkenberg.

Important trends during the current fiscal year 2013

CDON Group believes that e-commerce will continue to show strong growth and continue to capture an increasing share of total retail sales. The development and growth of the Nordic e-commerce market are driven by a number of factors. Future growth is believed to be favoured by factors originating both from the demand side, such as increased access to the Internet, social and demographic changes that are driving use of the Internet, and from the supply side, primarily in the form of a larger and more varied product offering on the Internet, combined with more secure and more flexible payment arrangements. Another important factor is that Internet stores are constantly improving their functionality, making it easier for consumers to navigate the sites and make purchases online.

CDON Group's companies are well positioned to capitalize on this market growth. The Group's strategy is to, during 2013, continue delivering sales growth and increased market shares in a balanced way. The sales growth is mainly expected to come from the three largest stores CDON.com, Nelly.com and Gymgrossisten.com.

In order to facilitate these higher sales volumes another strategic focus is to improve efficiency within the Group's logistics function. Continued investments within the logistics area will therefore be made gradually to ensure a continued high customer satisfaction in combination with a future best-in-class cost structure. CDON Group expects large result improvements for the Group's logistics company during the remainder of 2013 so that the logistic operations will produce a breakeven result during the second half of the year.

2013 started with a sales volume where the Company for the first time passed SEK one billion in net sales for the first quarter. The Group's stores continued their strong development, while the work to enhance customer satisfaction and cost efficiency continued through improvement of internal processes and strengthening of routines.

CDON.com continued to broaden its range and kept showing growth despite the continued decline in media related product sales. Nelly.com kept its growth momentum even though sales in the first quarter was negatively influenced by the long lasting cold winter in the Nordics. The company has strengthened its organisation and delivery capabilities, and many of the projects that were initiated a few months ago have already started to generate positive results.

Gymgrossisten.com continued its positive development and accelerated its growth rate with a continued strong operating profit. Further, Gymgrossisten.com improved its market position by launching new brands and products. Within the Sport & Health segment, the new store Milebreaker.com has been launched, an online store entirely created for endurance athletes.

Significant events after the end of the fiscal year 2012

Divestment of Heppo AB

On 17 April 2013, CDON Group announced that the Company has signed an agreement regarding the sale of the operations in its subsidiary Heppo AB to Footway Group AB. The sale is structured as an asset deal and includes the majority of its assets as well as the liabilities attributable to these assets that arise after the transfer. The purchase price has been set at approximately SEK 42 million.

Management changes

On 21 August 2012, CDON Group appointed Nicolas Adlercreutz as Group CFO. Adlercreutz assumed the position on 7 February 2013. On 20 December 2012, CDON Group announced the appointment of Birgitta Elfversson as Group logistics manager and Managing Director for the newly formed CDON Group Logistics AB. Birgitta assumed the role on 2 April 2013.

Launch of Milebreaker.com

On 15 April, CDON Group launched a beta-version of the new online store Milebreaker.com. The store is included in the Sport & Health segment. Milebreaker.com focuses on endurance athletes and sells everything from training clothes and accessories to dietary supplements. A full-scale launch is expected within a few weeks.

Annual General Meeting and Extraordinary General Meeting

On 14 May 2013, CDON Group held Annual General Meeting and Extraordinary General Meeting.

The Annual General Meeting re-elected the board members Mia Brunell Livfors, Mengmeng Du, Lars-Johan Jarnheimer and Lars Nilsson and elected David Kelly, Jonas Kjellberg and Patrick Andersen to new board members. Lars-Johan Jarnheimer was elected Chairman of the Board. The Annual General Meeting authorized the Board of Directors and the CEO from liability for the fiscal year 2012. The Annual General Meeting resolved on, in accordance with the Board of Directors' proposal, appropriation of earnings, guidance for senior executives and to adopt a share-based incentive plan.

The Extraordinary General Meeting approved the Board of Directors' decision to carry out the Rights Issue.

Capital structure and other financial information

Financial position on 31 March 2013

EQUITY AND LIABILITIES

SEKm	31 Mar 2013
Against guarantee or surety	0.3
Against collateral	-
Without guarantee, surety or collateral	1,056.7
Total current liabilities	1,057.0
Against guarantee or surety	-
Against collateral	-
Without guarantee, surety or collateral	256.5
Total non-current liabilities	256.5
Equity attributable to parent company shareholders	249.5
Non-controlling interest	-1.3
Total equity	248.2

NET FINANCIAL INDEBTEDNESS

SEKm	31 Mar 2013
(A) Cash	0.0
(B) Liquid funds	34.5
(C) Marketable securities	0.0
(D) Sum cash and cash equivalents (A)+(B)+(C)	34.5
(E) Current receivables	0.0
(F) Current bank debt	150.0
(G) Current portion of long term debt	0.0
(H) Other current liabilities	249.7
(I) Sum current liabilities (F)+(G)+(H)	399.7
(J) Net current liabilities (I)-(E)-(D)	365.2
(K) Non-current bank debt	0.0
(L) Issued bonds	0.0
(M) Other non-current liabilities	225.1
(N) Non-current liabilities (K)+(L)+(M)	225.1
(O) Net indebtedness (J)+(N)	590.3

On 31 March 2013, current liabilities amounted to SEK 1,057.0 million, of which SEK 414.7 million are interest-bearing and attributable to a revolving credit facility of SEK 150.0 million, a customs debt in Norway of SEK 15.0 million and an overdraft

facility of SEK 249.7 million. The customs debt in Norway is not included in net debt. Other current liabilities amounted to SEK 642.3 million and relate to accounts payable of SEK 342.4 million, accrued expenses and prepaid income of SEK 244.2 million and other current liabilities of SEK 55.7 million.

Non-current liabilities amounted to SEK 256.5 million, of which SEK 225.1 million relates to interest-bearing liabilities attributable to a convertible bond. Other non-current and non-interest-bearing liabilities amounted to SEK 31.4 million, of which deferred tax amounted to SEK 30.3 million and other provisions of SEK 1.1 million.

Financing structure

CDON Group finances its operations in part by borrowing, which mainly consists of a nominal SEK 250 million convertible bond and short term credit facilities. This means that part of CDON Group's cash flow is used for interest payments, but the Company's interest rate risk is limited as the convertible bond has a fixed interest rate of 2.85%. The revolving credit facility is subject to a variable interest rate.

On 31 March 2013, the leverage ratio, measured as interest-bearing net debt over total equity, amounted to 238 per cent. The implied leverage ratio after completion of the Rights Issue, based on the interest-bearing net debt as of 31 March 2013, is 79 per cent. Approximately SEK 200 million of the total issue proceeds will be used to reduce existing debt.

NET FINANCIAL INDEBTEDNESS AT PERIOD END

	31 Mar 2013	31 Mar 2012	31 Dec 2012
Interest-bearing net debt, SEKm	590.3	196.1	246.8
Interest-bearing net debt/total equity, per cent	238%	49%	93%

Working capital

CDON Group's working capital need is characterised by strong seasonal variations. The Company has historically used available credit facilities, together with own cash flows to handle seasonal variations. The Company's current available credit facilities, which have been renegotiated in connection with the Rights Issue and will be replaced as stated below, will expire on 30 September 2013.

The Company's judgement is that the current working capital (i.e. before the completion of the Rights Issue and without the

new credit facilities) during certain periods over the next twelve months will not be sufficient with regards to the Company's growth strategy. The shortage is expected to occur mainly during the second half of 2013, when a seasonally large inventory build-up occurs, and when existing credit facilities expire, which amounts to SEK 400 million whereby a corresponding financing need arises.

The Rights Issue is expected to generate approximately SEK 514 million before issue costs to CDON Group. The Rights Issue is fully guaranteed by Kinnevik. The issue amount will be used partly to reduce outstanding loans with approximately SEK 200 million, and partly to finance the Company's growth strategy and create financial flexibility. In connection with the Rights Issue and the Company's overall financial review, the Company has secured new long-term credit facilities of SEK 275 million under certain conditions.

CDON Group's assessment is that the working capital requirement for the next twelve months will be covered after the completion of the Rights Issue and through the new long-term credit facilities, together with cash flows from operations.

Since the pending Rights Issue has been approved by an Extraordinary General Meeting and is fully guaranteed, the Company expects that the expected issue proceeds will be raised. If a substantial part of the expected issue proceeds is not raised, the Company would be forced to seek alternative financing and also, depending on the amount of the raised issue proceeds, renegotiate the terms of the new credit facilities.

Tangible assets

CDON Group's tangible assets as of 31 March 2013 amounted to SEK 15.7 million and relates to equipment. For further information about CDON Group's tangible assets, see note 2.12 and note 10 in CDON Group's annual report 2012.

Intangible assets

The value of CDON Group's intangible assets as of 31 March 2013 amounted to SEK 618.4 million and related to goodwill of SEK 461.2 million, trademarks/domains of SEK 118.3 million and development expenses of SEK 38.9 million. For further information about CDON Group's intangible assets, see note 2.13 and note 9 in CDON Group's 2012 annual report.

Capital expenditure

CDON Group has a low investment need to conduct its business. Investments have primarily consisted of acquisitions, where CDON Group has acquired and integrated eight companies since 2007, investments in connection to own launches and launches in new markets and the development of the Group's web platforms.

INVESTMENTS IN INTANGIBLE AND TANGIBLE ASSETS

SEKm	Jan–Mar 2013	Jan–Mar 2012	2012
Investments	10.4	12.0	57.3

Investments during the first quarter 2013

During the period 1 January-31 March 2013, net investments in CDON Group amounted to SEK 10.4 million, and consisted of investments in subsidiaries of SEK 3.0 million (related to the acquisition of the operations in Business Linc BL AB) and investments in other non-current assets of SEK 7.4 million.

Investments 2012

During the fiscal year 1 January-31 December 2012, net investments in CDON Group amounted to SEK 57.3 million, which mainly was an effect of the acquisition of Business Linc BL AB, additional purchase price and deferred purchase price for Rum21 AB, additional purchase price for Lekmer AB, compulsory redemption of outstanding shares in Tretti AB, and investments in the Group's web platforms. Investments also relates to establishment of web domains.

Current and future investments

CDON Group has not made any commitments for future investments of material importance beyond what is normal for ongoing operations.

Board of directors, executive management and auditor

Board of Directors

The board members are elected annually on the Annual General Meeting for the period until the end of the next Annual General Meeting. The current board of directors was elected on the Annual General Meeting on 14 May 2013.

LARS-JOHAN JARNHEIMER b 1960

Chairman of the board since 2012 (board member since 2010).

Education: Master's Degree in Economics and Business Administration, Växjö and Lund University.

Other assignments: Chairman of the board of Eniro AB and Arvid Nordquist Handelsaktiebolag and chairman of the charity BRIS. Board member and CEO of Varningsinfo i Sverige AB and board member of SAS AB, INGKA Holding B.V., Egmont International Holding A/S, Energibolaget i Sverige Holding AB and SSRS Holding Aktiebolag.

Previous assignments in past five years: CEO of Tele2 AB. Chairman of the board of Victory Challenge Sweden AB and BabyBjörn AB. Board member and CEO of Jarnverken AB. Board member of Modern Times Group MTG AB, Apoteket Aktiebolag, Aktiebolaget SCD Finans, SCD Invest Aktiebolag, Teleopti AB and Seamless Distribution AB and a number of assignments within the Tele2 and Kinnevik groups.

Shareholding in CDON Group: 10 000 shares
Independent towards the Company and the executive management, independent towards the Company's major shareholders.

MIA BRUNELL LIVFORS b 1965

Board member since 2010.

Education: Studies in Business Administration, Stockholm University.

Other assignments: CEO and President of Kinnevik. Chairperson of the board of Metro International S.A. Board member of Tele2 AB, Millicom International Cellular S.A., Modern Times Group MTG AB, BillerudKorsnäs AB, Efva Attling Stockholm Aktiebolag, H & M Hennes & Mauritz AB and a number of assignments within the Kinnevik group.

Previous assignments in past five years: Board member of Korsnäs AB, Transcom WorldWide S.A., Bergvik Skog and Attling Holding AB and a number of assignments within the Kinnevik and Korsnäs groups.

Shareholding in CDON Group: 5 505 shares
Not independent towards the Company and the executive management, not independent towards the Company's major shareholders.

MENGMENG DU b 1980

Board member since 2010.

Education: Master of Science in Economics and Business Administration, Stockholm School of Economics. Master of Science in Computer Science and Engineering, the Royal Institute of Technology in Stockholm.

Other assignments: Board member of Skånska Byggvaror Holding AB and Director Global Marketing Operations of Spotify.

Previous assignments in past five years: Vice President Product Development of Stardoll AB.

Shareholding in CDON Group: 300 shares

Independent towards the Company and the executive management, independent towards the Company's major shareholders.

LARS NILSSON b 1956

Board member since 2010.

Education: Master's Degree in Economics and Business Administration, Linköping University.

Other assignments: Senior Executive Vice President and CFO of Tele2 AB and a number of assignments within the Tele2 group.

Previous assignments in past five years: Board member of Filippa K Group AB and a number of assignments within the Tele2 group.

Shareholding in CDON Group: 12 000 shares

Independent towards the Company and the executive management, not independent towards the Company's major shareholders.

PATRICK ANDERSEN b 1962

Board member since 2013.

Education: Studies in management, London Business School.

Other assignments: Executive Vice President of Carlson Wagonlit Travel UK & Ireland, Nordic and Eastern Europe.

Previous assignments in past five years: Board member of Yellowman.com, CEO of Carlson Wagonlit Sweden and consultant and owner of PNA Consulting. Patrick Andersen has also served as CMO of Borderlinx.com.

Shareholding in CDON Group: -

Independent towards the Company and the executive management, independent towards the Company's major shareholders.

DAVID KELLY b 1963

Board member since 2013.

Education: Doctor of Philosophy in Business Strategy and a Master's Degree in Business Administration, City University Business School. Bachelor's Degree in Computer Science, Leicester University.

Other assignments: Chairman of the board of LoveHomeSwap.com and MBA & Company. Board member of Holiday Extras and Basekit.com and Managing Director of Skivillage Ltd.

Previous assignments in past five years: Managing Director and Senior Vice President of Rackspace Cloud Hosting and CEO of Mydeco.

Shareholding in CDON Group: -

Independent towards the Company and the executive management, independent towards the Company's major shareholders.

JONAS KJELLBERG b 1971

Board member since 2013.

Education: Degree in Business Administration, Uppsala University. Degree in Mechanical Engineering, the Royal Institute of Technology in Stockholm.

Other assignments: Chairman of the board of Behoover AB, Improve Sales Sweden AB and L J Ventures AB. Board member of Yo AB, UJ WFC Kjellberg Venturs AB and Remby Sweden AB.

Previous assignments in past five years: CEO of Wyatt, Skype Nordic and Vice President/Head of Communities of Lycos Europe. Chairman of the board of Xcerion Aktiebolag, Xtraworks AB, Gajdo AB, Movin Up AB and Bubulcus AB. Board member of Tyda Sverige AB, Lunarstorm AB, Blogg Esse AB, Dayviews AB, Lo Cilo Ci AB, bloglovin' AB, Simple Signup Aktiebolag and Netric Sales AB. Jonas Kjellberg has also served as board member and CEO of With Young Attitude Media Group AB.

Shareholding in CDON Group: -

Independent towards the Company and the executive management, not independent towards the Company's major shareholders.

Executive management

PAUL FISCHBEIN b 1973

President and CEO

Education: Master's Degree in Economics and Business Administration, Lund University and studies at the London School of Economics and Political Science.

Other assignments: Board member of Aktiebolaget Fougstedts Pälsvarufabrik, Malmviken Holding AB and a number of assignments within the CDON Group.

Previous assignments in past five years: CEO of Tretti AB.

Chairman of the board of Epod AB and board member of Svensk Distanshandel AB, La Briot AB and Sportcap Nordic AB and a number of assignments within the CDON Group.

Shareholding in CDON Group: 55 000 shares

NICOLAS ADLERCREUTZ b 1970

CFO

Education: Master's Degree in Economics and Business Administration, Mid Sweden University in Sundsvall.

Other assignments: A number of assignments within the CDON Group.

Previous assignments in past five years: CFO of PA Resources AB and a number of assignments within Svenska Cellulosa Aktiebolaget SCA and the PA Resources group.

Shareholding in CDON Group: 10 000 shares

ELISABETH ANDERSSON b 1971

Head of HR

Education: Master of Science in Engineering, Lund University.

Other assignments: -

Previous assignments in past five years: Board member of CDON Group Logistics AB.

Shareholding in CDON Group: 4 000 shares

FREDRIK BENGTTSSON b 1974

Head of Communications

Education: Bachelor's Degree in Informatics, University of Gothenburg, School of Business, Economics and Law.

Other assignments: -

Previous assignments in past five years: Assignments within the CDON Group.

Shareholding in CDON Group: 5 000 shares

BIRGITTA ELFVERSSON b 1978

Head of Logistics

Education: Master of Engineering in Engineering Physics, the Royal Institute of Technology in Stockholm.

Other assignments: Board member and CEO of CDON Group Logistics AB.

Previous assignments in past five years: Vice President Retail of Dometic Group and management consultant with McKinsey & Co.

Shareholding in CDON Group: 4 000 shares

CHRISTIAN ERIKSSON b 1974

MD CDON AB (CDON.com) and Tretti AB (Tretti.com).

Education: Bachelor's Degree in Informatics, Lund University.

Other assignments: A number of assignments within the CDON Group.

Previous assignments in past five years: -

Shareholding in CDON Group: 7 000 shares

CHRISTOFFER GORDON b 1973

Chief Technical Officer

Education: Studies in Design of Information Systems, Lund University.

Other assignments: -

Previous assignments in past five years: -

Shareholding in CDON Group: 4 039 shares

THERESE HILLMAN b 1980

MD Gymgrossisten Sweden AB (Gymgrossisten.com, Bodystore.com and Milebreaker.com), Business Area Manager Sports & Health.

Education: Master's Degree in Economics and Business Administration, Stockholm School of Economics. MBA courses, Darden School of Business, University of Virginia.

Other assignments: Board member of Gymgrossisten Sweden AB.

Previous assignments in past five years: -

Shareholding in CDON Group: 2 800 shares

PATRIK ILLERSTIG b 1982

Head of Business Development.

Education: Master's Degree in Economics and Business Administration, Stockholm School of Economics. MBA courses, Instituto Tecnológico Autónomo de México.

Other assignments: -

Previous assignments in past five years: CEO and co-founder of Rocket Internet Scandinavia and Engagement Manager with McKinsey & Company.

Shareholding in CDON Group: 2 000 shares

MAGNUS MÅNSSON b 1967

MD NLY Scandinavia AB (Nelly.com and Members.com), Business Area Manager Fashion.

Education: -

Other assignments: A number of assignments within the CDON Group.

Previous assignments in past five years: Chairman of the board of Akron Aktiebolag and Scandinavian Trade Holding AB. Board member of Tretorn Aktiebolag, Sagaform, Seger Europe and X-Trend BV and board member and CEO of New Wave Sports AB and Tretorn Sweden AB. Magnus Månsson has also served as CEO of Craft.

Shareholding in CDON Group: -

FREDRIK PALM b 1974

MD of Lekmer AB (Lekmer.com) and Rum21 AB (Rum21.com).

Education: Master's Degree in Economics, University of Gothenburg, School of Business, Economics and Law.

Other assignments: Chairman of the board of Brand plus Net AB and a number of assignments within the CDON Group. Fredrik Palm is also owner of Westridge Q-Cum.

Previous assignments in past five years: Owner, board member and CEO of AdOperator AB and CEO of Viewserve AB and business segment executive of Hexagon Machine Control Agriculture.

Shareholding in CDON Group: 12 025 shares

Other information regarding the Board of Directors and executive management

All members of the board of directors and members of the senior management can be reached at the Company's postal address.

None of the board members or members of the executive management of CDON Group have during the past five years been convicted in relation to fraudulent offences, been involved in bankruptcy, liquidation or receivership in their capacity as a member of a company's administration, management or supervisory bodies or as partner of such company. There are no, and have not been any, accusations and/or sanctions by statutory or regulatory authorities or designated professional bodies towards any member of the board or member of the executive management during the past five years. Such members have neither been disqualified by a court from acting as a member of the administrative, senior management or supervisory body of a company or from acting in the management or conduct of the affairs of any company during the past five years. There are no family ties between the members of the board or members of the executive management.

No potential conflict of interest exists with any board member or member of the executive management, meaning that no board member or member of the executive management has any personal interest that may be in conflict with the interests of CDON Group. As stated above in this chapter there are however board members and members of the executive management with financial interests in CDON Group as a consequence of their shareholdings in the Company. Furthermore, the Company has entered into an agreement with Kinnevik regarding a subscription undertaking and a rights issue guarantee, see the chapter "Legal considerations and supplementary information" under the section "Subscription undertaking and rights issue guarantee". CDON Group has also entered into marketing and internal audit services agreements, and project-related consulting services from time to time with Kinnevik (as well as advertising space with Metro International S.A., a company within the Kinnevik group), telecommunication services with Tele2 AB (publ) and advertising space with Modern Times Group MTG AB (publ), as described in the section "Legal considerations and supplementary information" under the section "Related party transactions". The board members Mia Brunell Livfors and Jonas Kjellberg are members of the management team of Kinnevik. Mia Brunell Livfors is also board member of Tele2 AB (publ) and Modern Times Group MTG AB (publ).

The board member Lars Nilsson is CFO and Senior Executive Vice President of Tele2 AB (publ). It may occur that Kinnevik, Tele2 AB (publ) and Modern Times Group MTG AB (publ) have, or in the future may have, interests that differ from CDON Group's under these agreements. Apart from CDON Group, Kinnevik has a number of other online investments, primarily focused on e-commerce. Kinnevik focuses its investments in e-commerce to fashion and it may therefore occur that Kinnevik, or any of Kinnevik's online investments, has, or in the future may have, interests that differ from CDON Group's.

There have been no specific agreements entered into with major shareholders, customers, suppliers or other parties under which any board member or member of the executive management has been appointed as a board member or given a position within the executive management.

Remuneration to the members of the board and executive management, including the right to compensation after the end of employment, can be found in CDON Group's annual report for 2012, which is incorporated by reference and forms part of the prospectus. There are no lockup agreements with respect to the board members and the members of the executive management, but according to the terms of CDON Group's long-term incentive programs 2011, 2012 and 2013, participants are required to retain the shares that have been allocated to the programs during the three-year vesting period in order to be entitled to shares in CDON Group. Some members of the executive management participate in the incentive programs. For more information on CDON Group's share-based incentive programs, see the chapter "Share capital and ownership structure" under the section "Share-based incentive programs."

Auditor

At the Annual General Meeting 2012 the registered accounting firm KPMG AB with postal address Box 16106, SE- 103 23 Stockholm, Sweden was re-elected as auditor until the end of the Annual General Meeting 2016.

The authorised public accountant Åsa Wirén Linder is auditor-in-charge. Åsa Wirén Linder is born in 1968 and is a member of FAR. KPMG AB has been auditor throughout the period to which the historical financial information in this prospectus relates.

In addition to the audit, KPMG has also during 2012 and 2013 provided other services. Such services have included consultations in accounting and tax issues and other audit related services.

Share capital and ownership structure

Share capital etc.

According to CDON Group's Articles of Association, the share capital shall not be less than SEK 100,000,000 and not more than SEK 400,000,000 distributed among not less than 50,000,000 shares and not more than 200,000,000 shares. The Company has two share classes, ordinary shares and Class C shares. Ordinary shares may be issued up to a maximum number of 200,000,000 and Class C shares up to a maximum number of 200,000,000. Each share entitles to one vote and shareholders may, at the Annual General Meeting, vote for the full number of the owned and represented shares without restrictions on the voting rights. Class C shares do not entitle to dividends. The existing shares are, and the New Shares will be, issued in accordance with Swedish law and denominated in Swedish kronor. The Company's legal status is regulated by, and the shareholders' rights may only be amended, in accordance with the Swedish Companies Act (2005:551). The shares are registered to persons and are traded on NASDAQ OMX Stockholm under the ISIN-code SE0003652163.

Prior to the Rights Issue, the Company's registered share capital amounts to SEK 133,634,248 distributed among 66,817,124 shares. Each share has a quota value of SEK 2. Assuming that the Rights Issue is fully subscribed, the number of shares in the Company will increase from 66,817,124 to 99,988,186,

corresponding to an increase of approximately 50 per cent.

The dilution effect for shareholders who do not subscribe for New Shares in the Rights Issue will amount to a maximum of 33,171,062 New Shares, equivalent to around 33 per cent of the share capital in the Company after the Rights Issue. These shareholders will have the opportunity to sell their Subscription Rights as financial compensation for this dilution effect.

The conversion rate for the Group's five year convertible bond of SEK 250.0 million was set to SEK 38.00 on 19 January 2011. The bond may thus be converted to a maximum of 6,578,947 shares in CDON Group between 15 June 2012 and 1 December 2015, corresponding to a dilution of 9.0 per cent based on the number of shares issued as of 28 March 2013. The conversion rate for the convertible bond will be recalculated in the event that a shareholder, except Kinnevik, would come into possession of 50 per cent or more of the Company's shares. The conversion rate will be recalculated in accordance with the terms after completed Rights Issue.

Ownership structure

The number of shareholders on 28 March 2013 was 20,719.

The ten largest shareholders controlled 56.5 per cent of the votes and 56.1 per cent of the capital. The largest shareholder, Kinnevik, has undertaken to exercise its Subscription Rights

SHARE CAPITAL DEVELOPMENT

Year	Transaction	Change in number of shares	Change in share capital (SEK)	Total number of shares	Total share capital (SEK)	The share's quota value (SEK)
1936	Establishment	2,000	1,000,000	2,000	1,000,000	500.00
2010	Split	498,000	-	500,000	1,000,000	2.00
2010	Offset issue	65,545,122	131,090,244	66,045,122	132,090,244	2.00
2010	Cash issue	297,002	594,004	66,342,124	132,684,248	2.00
2011	Cash issue, Class C shares	190,000	380,000	66,532,124	133,064,248	2.00
2012	Cash issue, Class C shares	285,000	570,000	66,817,124	133,634,248	2.00
2013	The Rights Issue ¹	33,171,062	66,342,124	99,988,186	199,976,372	2.00

¹ Under the condition that the Rights Issue is fully subscribed.

for New Shares corresponding to its pro rata shareholding. Kinnevik will thus continue to have a significant influence over CDON Group also after the Right Issue. The influence is limited by the minority shareholder right provisions of the Companies Act (2005:551). Below are CDON Group's largest shareholders presented according to information from Euroclear Sweden as of 28 March 2013.

LARGER SHAREHOLDERS AS OF 28 MARCH 2013

Shareholder	No. of shares	Share of votes	Share of capital
Kinnevik	16,639,607	25.1%	24.9%
Point Lobos Capital LLC	6,747,131	10.2%	10.1%
Handelsbanken fonder	4,628,852	7.0%	6.9%
Capital Group	2,662,809	4.0%	4.0%
Avanza Pension Försäkring AB	1,509,056	2.3%	2.3%
Pershing	1,300,000	2.0%	1.9%
Fjärde AP-fonden	1,291,351	1.9%	1.9%
AMF Aktiefond Småbolag	1,148,400	1.7%	1.7%
Swedbank Robur Småbolagsfond	1,039,430	1.6%	1.6%
Nordnet Pensionsförsäkringar	514,930	0.8%	0.8%
Total – 10 largest owners	37,481,566	56.5%	56.1%
Other shareholders ¹	29,335,558	43.5%	43.9%
Total – all shareholders	66,817,124	100.0%	100.0%

¹ Includes 475,000 Class C shares held by CDON Group.

Shareholders' agreement

To the best of the Board of Directors' knowledge, no shareholders' agreements or equivalent agreements exist between shareholders in the Company with the objective of creating a joint influence over the Company. To the best of the Board of Directors' knowledge, there are no agreements or equivalent arrangements that may lead to a change in control over the Company.

Central securities depository

The Company and its shares are connected to the electronic securities system, the VP system, with Euroclear Sweden as the central securities depository and clearing organisation (Euroclear Sweden AB, Box 191, 101 23 Stockholm).

Share-based incentive programs

CDON Group has three share-based incentive programs called LTIP 2011, LTIP 2012 and LTIP 2013, in which management and key personnel have been invited to participate. The share-based incentive programs have been designed with the assumption that participants' remuneration should be linked to the value growth in CDON Group, and that it is desirable that the management and other key personnel own shares in the Company. The three programs have essentially the same terms, which in brief has the following meaning:

To participate in the incentive program, the employee must own shares in CDON Group which are locked up in the incentive programs. For each share, the participant receives rights to receive ordinary shares in CDON Group, so called rights. The rights entitle the holder to receive an allotment of shares from the Company subject to that certain conditions, including the achievement of certain performance targets, are fulfilled. As a part of the LTIP 2012 and LTIP 2013, some participants have also received stock options that entitle the holder to acquire one share in CDON Group at a specified price provided that the conditions for allotment of shares are fulfilled.

As a condition for the allotment and for the right to exercise the stock options to acquire shares, continued employment in the Group and that the participant has kept the shares that have been locked up during the three years that each respective program runs are required. In addition, certain performance conditions must be fulfilled. The performance conditions are related to the total return of CDON Group's shares and CDON Group's gross profit.

Further information on the LTIP 2011 and LTIP 2012, such as number of participants and number of allotted rights and stock options, are available in CDON Group's annual report for 2012, which is incorporated by reference and is part of this prospectus. At the time of approval of this prospectus, it was not yet clear how many people will participate in the LTIP 2013, which was resolved on at the Annual General Meeting on 14 May 2013, or how many rights and stock options that will be allotted. At full participation in the LTIP 2013, a maximum allotment of in total 767,700 shares can occur, which represents a maximum dilution of 1.3 per cent of the number of shares and votes in CDON Group prior to the Rights Issue.

As a result of the Rights Issue, the number of shares that can be allotted to the participants under respective program will be recalculated.

The Annual General Meeting on 14 May 2013 authorised the Board of Directors to decide that the Company shall issue new shares and repurchase up to 700,000 Class C shares to ensure delivery of shares to participants in the LTIP 2013.

Dividend

CDON Group is a growth company and therefore plans to continue to reinvest its profits in the continuous development and expansion of its operations. The timing and size of any possible future dividends will depend on the Company's future results, financial position and investment opportunities. CDON Group has not paid dividends since its listing in December 2010.

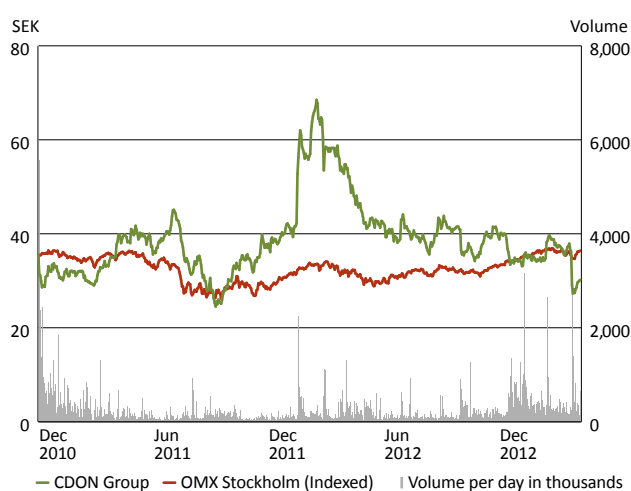
Resolution on dividend is made at the Annual General Meeting. Dividends are normally paid in cash per share through Euroclear Sweden, but can also be non-cash (distribution in kind). Those who are registered as shareholders in the share register maintained by Euroclear Sweden on the record date as decided by the Annual General Meeting, are entitled to dividends. Such record date shall not occur later than the day before the next Annual General Meeting. If the shareholder cannot be reached through Euroclear Sweden, the shareholder's claim on the dividend amount against the Company will stand and are only limited by statute of limitations. If the statute of limitations applies, the dividend amount accrues to the Company.

There are no restrictions or special procedures under the Companies Act or CDON Group's Articles of Association regarding dividend to shareholders resident outside of Sweden. Except for any limitations imposed by the banking and clearing systems, payment is made in the same way as for shareholders resident in Sweden. For shareholders who are not tax resident in Sweden, a Swedish withholding tax is however normally imposed, see "Tax issues in Sweden".

Share price development

CDON Group's share has been listed on NASDAQ OMX Stockholm (Mid Cap) since 15 December 2010. The share's ticker is CDON. The chart below shows the price development and turnover for the share during the period from 15 December 2010 to 30 April 2013.

SHARE PRICE GRAPH



Articles of Association¹

§ 1

The name of the Company is CDON Group AB. The Company is a public company (publ).

§ 2

The board of directors shall have its registered office in the municipality of Malmö.

§ 3

The primary purpose of the Company's business shall be to generate profit for its shareholders.

The object of the Company's business is mail order and retailing on the Internet with film, music, games, books, ready-made clothing, food, health, beauty, toys, baby carriages and other childrens accessories, interior decorating, fashion, building supplies, tools, auto parts, and consumer electronics, to own shares and other participation rights and share certificates and other similar securities as a part of the business, to own and manage real estate as well as movables, and carry on other activities compatible therewith.

The Company shall have the right to guarantee or otherwise pledge security for obligations assumed by other companies within the group.

§ 4

The Company's share capital shall be not less than SEK 100,000,000 and not more than SEK 400,000,000.

The number of shares in the Company shall be not less than 50,000,000 and not more than 200,000,000.

Shares may be issued in two classes, ordinary shares and Class C shares. Ordinary shares may be issued up to a maximum amount of 200,000,000 and Class C shares up to a maximum amount of 200,000,000.

Class C shares do not entitle to dividends. Upon the Company's liquidation, Class C shares carry an equivalent right to the Company's assets as the other classes of shares, however not to an amount exceeding up to the quota value of the share, annualised as per day of distribution with an interest rate of STIBOR 1M with an additional 1 percentage point calculated from the day of payment of the subscription price. STIBOR 1M is set on the first business day of each calendar month.

Should the Company resolve on an issue of new ordinary and Class C shares, against other payment than contribution in kind, each holder of ordinary and Class C shares has prefer-

ential rights to subscribe for new shares of the same class in proportion to the number of old shares held by such holder (primary preferential rights). Shares not subscribed for with primary preferential rights shall be offered for subscription to all shareholders in the Company (subsidiary preferential rights). If the number of shares so offered is less than the number subscribed for with subsidiary preferential rights, the shares shall be distributed among the subscribers in proportion to the number of already shares held, or, to the extent that this is not possible, by lot.

Should the Company resolve on an issue of new shares solely of ordinary shares or Class C shares, against other payment than contribution in kind, all shareholders, irrespective of which class of shares held, are entitled to preferential rights to subscribe for new shares in proportion to the number of shares previously held.

The stipulations regarding preferential rights shall apply mutatis mutandis for new issues of warrants and convertible debt, and shall not infringe on the possibility to resolve on an issue in which the preferential rights of shareholders are waived.

If the share capital is increased by a bonus issue, where new shares are issued, new shares shall be issued in relation to the number of shares of the same classes already held. In such cases, old shares of a specific class shall entitle to new shares of the same class. Following a requisite amendment in the Articles of Association, the aforementioned stipulation shall not infringe on the possibility to issue shares of a new class by a bonus issue.

Reduction of the share capital, however not below the minimum share capital, may on request of holders of Class C shares or as resolved by the Company's Board of Directors or General Meeting, be made by redemption of Class C shares. A request from a shareholder shall be made in writing to the Company's Board of Directors and the Board of Directors shall promptly act on the matter. When a resolution on reduction has been passed, an amount corresponding to the reduction amount shall be transferred to the Company's equity reserves, if the required funds are available.

The redemption payment per Class C share shall correspond to the quota value of the share annualised per day with an interest rate of STIBOR 1M with additional 1 percentage point calculated from the day of payment of the subscription price. STIBOR 1M shall be initially set on the day of payment of the subscription price.

¹ Adopted at the Annual General Meeting 16 May 2011.

Following notice of the redemption resolution, holders having requested redemption shall promptly receive payment for the share, or, if authorisation from the Swedish Companies Registration Office or a court is required, following notice that the final decision has been registered.

Class C shares held by the Company, may upon decision by the Board of Directors be reclassified into ordinary shares, provided that the Class C shares are held by the Company. Immediately thereafter, the Board of Directors shall report the reclassification to the Swedish Companies Registration Office (*Sw. Bolagsverket*) for registration. The reclassification is effected when it has been registered and the reclassification has been noted in the Swedish Central Securities Depository.

§ 5

The board shall consist of no less than three and no more than nine directors.

§ 6

The Company shall have no more than three auditors with up to three deputy auditors. The auditors term of office shall last until the end of the Annual General Meeting which is held during the fourth financial year after the auditor was elected.

§ 7

A general meeting should be held in Malmö or in Stockholm.

Notice of a general meeting of shareholders shall be published in the Official Swedish Gazette (*Post- och Inrikes Tidningar*) as well as on the company's website. At the time of the notice, an announcement with information that the notice has been issued shall be published in *Svenska Dagbladet*.

§ 8

A shareholder that wishes to participate at the general meeting shall, firstly, have been registered as shareholder in a transcript of the entire share register with respect to the situation five business days before the meeting, and secondly, register with the Company no later than 1 p.m. on the registration day set forth in the notice convening the meeting. Such registration day must not be a Sunday, any other public holiday, a Saturday, Midsummer's Eve, Christmas Eve, New Year's Eve or any day earlier than five week days prior to the meeting.

A shareholder attending a general meeting may be accompanied by an assistant, however only where the shareholder has provided notification hereof in accordance with the foregoing paragraph.

§ 9

The shareholder or nominee who on the record date is registered in the share register and in a central securities depository register pursuant to Chapter 4 of the Financial Instruments Accounts Act (1998:1479) or any person who is registered in a central securities depository account pursuant to Chapter 4, Section 18 paragraph 6-8 of the mentioned Act, shall be deemed to be authorised to exercise the rights set out in Chapter 4, Section 39 of the Companies Act (2005:551).

§ 10

The Company's financial year shall be the calendar year.

Legal considerations and supplementary information

Group structure

CDON Group AB (publ), reg. no. 556035-6940, is a public limited liability company with its registered office in Malmö, Sweden. The Articles of Association were adopted at the Annual General Meeting on 16 May 2011. CDON Group is the parent company of the Group which, in addition to CDON Group, consists of 13 subsidiaries at the time of registration of the prospectus.

For further information regarding significant subsidiaries, see the chapter "Operations" and CDON Group's 2012 annual report, which is incorporated by reference and forms part of the prospectus.

Material contracts

Supplier contracts

Companies within the Group have entered into agreements with suppliers in their respective product segments. These include suppliers of digital music and films, CDs, DVDs and Blu-ray discs, books, software and consumer electronics (CDON AB), clothing and footwear (NLY Scandinavia AB), appliances (Tretti AB), work out (Gymgrossisten Sweden AB) and toys (Lekmer AB). The contract terms vary, but the majority of the contracts run until further notice with a notice period of one to six months. Certain, not insignificant, agreements are verbal.

Payment and customer financing agreements

The Company has entered into an agreement with Klarna AB to the effect that Klarna AB shall acquire all customer invoices from the companies. The agreement commits the Company to give Klarna exclusivity in respect of these services and to comply with certain requirements regarding payment terms, credit amount and collection procedures in relation to the customers. The agreement is valid for a fixed period, but is extended by twelve months at a time if not terminated by either party. In addition, the Company has entered into agreements with other providers of payment solutions.

Customer agreements

The companies are exclusively selling to consumers. The Group generally uses standard terms in relation to its customers. The terms vary between the companies. The Group's sales to customers are to some extent regulated by law, for instance through the Consumer Sales Act (Sw. *Konsumentköplagen*) and the Distance and Doorstep Sales Act (Sw. *Distans- och hemförsäljningslagen*), which are mandatory to the benefit of the consumer.

Logistics and transport agreements

Since 2012, the Group operates the logistic services of eight of the Group's nine stores in-house (CDON.com is the exception). Contracts with external logistics service providers regard services such as goods receiving, storage and packaging for delivery to the carrier. These agreements apply regularly for between two and three years, and are automatically renewed if neither party terminates the agreement.

IT agreements

Several companies in the Group have entered into agreements with providers of hosting services of web systems and, in several cases, certain ancillary services, whereby the supplier guarantees that a certain degree of availability is maintained with respect to the subsidiaries' web system. The agreements generally run with a fixed initial term and are automatically renewed if neither party terminates the agreement. Moreover, the Company has also entered into agreements regarding various IT services such as maintenance, support hosting and cloud services for a number of the Company's IT systems.

Rental agreements

The Group companies lease premises, both offices and warehouses. Large facilities are located in Malmö, Borås and Stockholm (offices) and Falkenberg, Trollhättan, Borås and Jordbro (warehouses). Some agreements recently made contain significant rent discounts that will be declining over the next few years.

Acquisition, transfer and shareholders' agreements

The Company has over the last few years completed several acquisitions of companies and businesses and continuously evaluates opportunities to expand or broaden the Company's product portfolio on favorable terms. There are still minority shareholders in several of the acquired companies (Lekmer AB, Rum21 AB and NLY Scandinavia AB) and parts of the purchase price have not yet been paid (as regards Lekmer AB, Rum21 AB and Business Linc AB's logistics operations). In all cases where there are minority shareholders, shareholders' agreements have been entered into. These include call and put options, aiming to give the Company a right and an obligation to purchase the remaining shares in the relevant company. The shareholders' agreements include provisions that secure minority that shareholders will have a certain influence, often through veto powers in relation to certain significant decisions in the relevant company. See also below under the section "Disputes".

Heppo AB, which is wholly owned by the Company, has recently sold its business to Footway Group AB. The sale includes, among other things, inventory, trademarks and domain names and customer databases, but excludes employees and debt. The purchase price is approximately SEK 42 million, of which 50 per cent is payable upon completion and the remaining part in four instalments until the end of June 2014. Heppo AB has made warranties to Footway Group AB regarding the sold goods, but Heppo AB's liability for these warranties is generally limited to a percentage of the purchase price.

Financing agreements

The Group previously had an agreement with Nordea Bank AB entitling to credit facilities totalling SEK 400 million. In connection with the Rights Issue, the Group renegotiated the previous bank financing and entered into a new credit agreement with Nordea Bank AB, which gives the Company the right to long-term credit facilities totalling SEK 275 million of which SEK 150 million has a three year term and SEK 125 million has a one year term. The credit agreement is subject to the Rights Issue raising at least SEK 375 million and contains, in addition, customary conditions for drawdown of the credit facilities. The credit agreement provides for further requirements expressed in the form of certain financial key ratios which, during the term of the credit, must be at a certain level, namely net debt/EBITDA, interest coverage ratio and maximum indebtedness (of which the last ratio only applies during the first six months).

Intellectual property rights

The Company and its subsidiaries are the owners of several trademarks and domain names. The Group's most important trademarks and domain names are "cdon", "tretti", "gymgrossisten", "rum21" and "nelly". The Group has engaged external counsel to manage and monitor its trademark portfolio.

Related party transactions

The Group purchases internal audit and marketing services as well as project-related consultant services from time to time from Kinnevik, communications services from Tele2 AB, advertising space from Metro International S.A. and from Modern Times Group MTG AB and other companies owned by Modern Times Group MTG AB. All of these agreements have been concluded on market terms. A previous agreement with Viasat Broadcasting UK Ltd regarding the purchase of advertising

space has recently been terminated by the Company. As stated under the section "Subscription undertaking and rights issue guarantee", Kinnevik has entered into a subscription undertaking and a rights issue guarantee in favour of the Company.

Disputes

Gymgrossisten is involved in an intellectual property dispute in Germany, in which Gymgrossisten, among other things, has claimed that the counterparty shall stop using the trademark BODYSTORE for certain products and that the counterparty's German trademark "Body Store" shall be declared invalid. The counterparty, on the other hand, has claimed that Gymgrossisten's international trademark BODYSTORE shall be declared invalid in the EU. This claim has been rejected by Gymgrossisten and Gymgrossisten's legal advisers in Germany are of the opinion that there are good chances of obtaining a successful outcome in this part.

The Company does not consider that the proceedings mentioned above could have a significant impact on the Company's financial position or profitability, nor has CDON Group in the last twelve months been party to any other dispute in court or arbitration proceedings, which had or could have a significant impact on the financial position or profitability.

Subscription undertaking and rights issue guarantee

Kinnevik¹, holding approximately 25 per cent of the capital and voting rights in the Company and as such is the Company's largest shareholder, has on 16 April 2013 committed to subscribe for such number of shares in the Rights Issue that corresponds to its pro rata share of the Rights Issue. In addition, Kinnevik has, through a rights issue guarantee, committed to subscribe for the additional number of shares in the Rights Issue that have not been subscribed for with or without Subscription Rights, and that is required for the Rights Issue to be fully subscribed. Kinnevik receives no compensation for the subscription undertaking. As regards the rights issue guarantee, Kinnevik is entitled to receive 1.5 per cent of the total issue proceeds of approximately SEK 514 million with deduction firstly of the amount Kinnevik subscribes for with preferential right and secondly the amount subscribed for by other shareholders of the Company which have made a commitment to subscribe for their pro rata share. The foregoing means that the guarantee fee to Kinnevik amounts to approximately SEK 5.8 million.

¹ With postal address Box 2094, SE - 103 13 Stockholm.

Financial adviser's interests

Nordea receives an agreed compensation for services rendered in its capacity as financial adviser and issuer agent in connection with the Rights Issue. Moreover, Nordea is lender and offers payment solutions to CDON Group (see the section "Payment and customer financing agreements" above). Of the total issue proceeds, approximately SEK 200 million is intended to be used to reduce existing bank loans. Nordea may execute transactions on behalf of other persons as regards the Company's existing shares, the Subscription Rights and the New Shares and derivatives linked to the Company's existing shares, the Subscription Rights and the New Shares.

The cost of the Rights Issue

CDON Group's cost in connection with the Rights Issue amounts to approximately SEK 15 million which is expected to negatively impact the Company's equity in the second quarter of 2013. The costs are mainly costs for financial services, accountants, lawyers, printing of prospectuses, costs for company presentations etc.

Tax issues in Sweden

The following is a summary of the tax consequences which, according to current Swedish tax legislation, may arise as a consequence of ownership of shares and Subscription Rights in CDON Group or as a consequence of the Rights Issue. The summary is applicable to shareholders and holders of Subscription Rights, which are unlimited liable to tax in Sweden, unless otherwise stated. The summary does not aim to exhaustively address all tax issues which may arise in the context. It does not, for example, address the special rules which apply with respect to shares owned by partnerships or which are held as current assets in a business operation or held by individuals on an investment savings account. The special rules applicable to the corporate sector with respect to exemption from taxation on capital gains (including no deductibility for capital losses) and on dividends on shares held for business purposes¹ as well as share-based securities held for business purposes² are not addressed. Moreover, the summary does not cover non-Swedish companies, which carries on a business through a permanent establishment in Sweden or non-Swedish companies, which have been Swedish companies. Specific tax consequences which are not described may also arise with respect to other categories of shareholders, such as for example investment companies, life insurance companies and persons who are not unlimited liable to tax in Sweden. Each shareholder and holder of Subscription Rights is recommended to consult a tax advisor regarding the tax consequences which may arise as a result of holding shares and Subscription Rights in CDON Group or as a result of the Rights Issue, including the applicability and effect of non-Swedish rules and double taxation treaties.

Taxation upon sale of shares

Individuals

Upon a sale of shares in CDON Group, individuals and estates of deceased Swedish individuals are taxed on the entire capital gain in the income from capital category. The tax charged is 30 per cent of the capital gain. Capital gains and capital losses are calculated as the difference between the selling price less expenses and the sold shares' acquisition cost for tax purposes.

The acquisition cost for tax purposes for all shares of the same class and type is consolidated and calculated jointly applying the average method. This means that the average acquisition cost for owned shares is normally affected if Subscription Rights are used to subscribe for New Shares. In this context, BTAs are not deemed to be of the same class and type as shares in CDON Group until the resolution regarding the Rights Issue has been registered. Since the shares are listed on NASDAQ OMX, the standard method may be used as an alternative to the average method when calculating the acquisition cost for tax purposes. This rule implies that the acquisition cost for tax purposes may be calculated as 20 per cent of the sales proceeds less selling expenses.

Capital losses upon sale of shares in CDON Group are tax deductible. Such losses may be set-off in their entirety against capital gains during the same year on listed shares and the taxable part of capital gains on unlisted shares. Set-off may also take place in full against capital gains on other listed securities

taxed as shares (for example, subscription rights), with the exception of units in investment funds which contain only Swedish debt instruments (fixed income funds). Capital losses not absorbed by the set-off rules are deductible at a rate of 70 per cent. If a net loss arises in the income from capital category, a reduction is granted of the tax on income from employment and business as well as property tax (governmental and local). Such a tax reduction is granted at a rate of 30 per cent of the net loss that does not exceed SEK 100,000 and 21 per cent of the net loss in excess thereof. Excess net losses cannot be carried forward to a subsequent fiscal year.

Limited liability companies

Limited liability companies are taxed on all income in the income from business category. The tax rate is 22 per cent.³ Capital gains or capital losses are calculated in the same manner as set forth above with respect to individuals. Deduction for capital losses on shares are granted only against capital gains on shares and other securities taxed as shares. Provided that certain conditions are fulfilled, such capital losses may also be set-off against capital gains on shares and other securities taxed as shares in another company within the same group, on the condition that there is a right to make group contributions between this company and the company that has suffered the capital loss. Capital losses on shares and other securities taxed

¹ Listed shares are held for business purposes if the holding constitutes a capital asset and the total number of votes for all of the owner company's shares amounts to not less than 10 per cent of the votes for all shares in the company or where the holding is required for the business conducted by the owner company or by another, defined in a special manner, closely held company.

² Subscription rights are deemed to constitute share-based securities held for business purposes if the underlying shares which provided the entitlement to the subscription rights are held for business purposes. Accordingly, subscription rights which are acquired in another manner, for example through purchase, can never be held for business purposes.

³ However, the tax rate is 26.3 % should the financial year start before January 1, 2013.

as shares which cannot be utilised during a certain fiscal year may be carried forward and set off against capital gains on shares and other securities taxed as shares during subsequent fiscal years, without limitation in time.

If the shares in CDON Group constitute shares held for business purposes, special rules apply.

Exercise of Subscription Rights

No taxation is triggered when Subscription Rights are exercised in order to subscribe for New Shares. The acquisition expense for a New Share is the issue price. Upon the sale of shares acquired through the exercise of subscription rights, the shareholder's acquisition cost for tax purposes for all shares of the same class and type, shall be consolidated and calculated applying the average method. Any sums paid for Subscription Rights which are exercised in order to subscribe for New Shares may be included when calculating the acquisition cost for tax purposes for the New Shares.

Sale of received Subscription Rights

The Subscription Rights will be listed. Shareholders who do not wish to exercise their preferential right to participate in the Rights Issue may sell their Subscription Rights, whereupon the taxable capital gain shall be calculated. Subscription Rights which are received pursuant to this offer based on shareholdings in CDON Group are deemed to have been acquired for SEK 0 (zero). The standard method may not be used in this case. The entire sale proceeds after deduction of sales costs are thus subject to taxation. The acquisition cost for tax purposes for the original shares is not affected.

If the received Subscription Rights constitute share-based securities held for business purposes, special rules apply.

Sale of acquired Subscription Rights

A disposal of Subscription Rights triggers capital gains taxation. If the sold Subscription Rights were purchased or otherwise acquired in exchange for consideration, the consideration constitutes the acquisition expense for these. The acquisition cost for tax purposes for the Subscription Rights is calculated in accordance with the average method. The standard method may be used when calculating the acquisition cost for listed subscription rights acquired in this manner.

Regarding the right to make deductions for capital losses on listed subscription rights, corresponding rules applies as with respect to capital losses on listed shares, see above under the heading "Taxation upon sale of shares".

Lapse of Subscription Rights

A Subscription Right which is not used or sold but, rather, lapses is deemed disposed of for SEK 0 (zero).

Taxation on dividends

With respect to individuals and estates of deceased Swedish individuals, dividends on shares in CDON Group are taxed in the income from capital category at a tax rate of 30 per cent. For individuals and estates of deceased Swedish individuals, the tax is withheld as preliminary income tax by Euroclear Sweden or – in the case of nominee-registered shares – by the nominee. For limited liability companies, dividends are taxed at a rate of 22 per cent in the income from business category.¹ If the shares constitute shares held for business purposes, special rules apply. CDON Group is not responsible for any tax at source being withheld.

Shareholders with limited tax liability

For shareholders who are limited liable to tax in Sweden, Swedish withholding tax is normally payable on all dividends from Swedish companies. Dividends from CDON Group are subject to Swedish withholding tax at a rate of 30 per cent. Generally, however, this tax rate is reduced through tax treaties between Sweden and other countries for the avoidance of double taxation. Withholding tax is normally withheld by Euroclear Sweden upon distribution of the dividends. Where the shares are nominee-registered, the nominee is responsible for the withholding of tax. Receipt of Subscription Rights does not trigger any withholding tax liability.

Shareholders and holders of Subscription Rights who are limited liable to tax in Sweden and do not pursue a business from a permanent establishment in Sweden are normally not taxed in Sweden on capital gains upon the sale of shares or Subscription rights. Shareholders and holders of Subscription Rights may, however, be subject to taxation in their countries of residence. However, according to a special rule an individual who is domiciled outside Sweden may nevertheless be taxed in Sweden upon the sale of Swedish shares or subscription rights, if the person during the calendar year in which the sale occurs or on any occasion during the ten immediately preceding calendar years, was domiciled or permanently resident in Sweden. The application of this rule may, however, to a certain extent be mitigated through tax treaties between Sweden and other countries for the avoidance of double taxation.

¹ However, the tax rate is 26.3% should the financial year start before January 1, 2013

Restriction on sale and transfer etc.

The grant of Subscription Rights and the offer to subscribe for New Shares, or acquire BTAs, in CDON Group by virtue of Subscription Rights as well as without Subscription Rights (the “Offering”) may be affected by the laws of various jurisdictions. Investors should consult professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to acquire BTAs or New Shares by virtue of Subscription Rights or without Subscription Rights.

General

CDON Group is not taking any action to permit a public offering of the BTAs or New Shares being offered in the Offering (through the exercise of the Subscription Rights or otherwise) in any jurisdiction other than Sweden. Receipt of the prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this prospectus is for informational purposes only and must not be copied or redistributed.

Except as otherwise disclosed in the prospectus, if an investor receives a copy of this prospectus, the investor may not treat the prospectus as constituting an invitation or offer to it, nor should the investor in any event deal in the Subscription Rights, BTAs or the New Shares, unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that investor, or the Subscription Rights, BTAs or the New Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of the prospectus, the investor should not distribute or send the same, or transfer Subscription Rights, BTAs or New Shares, to any person in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

If any person (including a financial intermediary) forwards this prospectus into any such territories (whether under a contractual or legal obligation or otherwise), such person should draw the recipient’s attention to the contents of this section. Except as otherwise expressly noted in this prospectus:

I. the Subscription Rights, BTAs and New Shares being granted or offered, respectively, in the Offering may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, Relevant Member States (as defined below) unless pursuant to applicable exemptions under the Prospectus Directive, Canada, Australia, Hong Kong, Japan and, subject to certain exceptions, the United States (including its territories and possessions, any state of the United States and the District of Columbia) (the “**United States**”), or any other jurisdiction in which it would not be permissible to offer the

Subscription Rights, BTAs or New Shares or where such action would require additional prospectuses, other offer documentation, registrations or other actions in addition to what follows from Swedish law (each an “**Ineligible Jurisdiction**” and, together, the “**Ineligible Jurisdictions**”);

- II. the prospectus may not be sent to any person in any Ineligible Jurisdiction; and
- III. the crediting of Subscription Rights, BTAs or New Shares to an account of a shareholder or other person in an Ineligible Jurisdiction or a citizen or resident of an Ineligible Jurisdiction (referred to as “**Ineligible Persons**”) does not constitute an offer to such persons of the Subscription Rights, BTAs or New Shares, and Ineligible Persons may not exercise Subscription Rights. If an investor receives, takes up, delivers or otherwise transfers Subscription Rights, exercises Subscription Rights to acquire BTAs or New Shares or trades or otherwise deals in Subscription Rights, BTAs or the New Shares being granted or offered, respectively, in the Offering, that investor will be deemed to have made, or, in some cases, be required to make, the following representations and warranties to CDON Group and any person acting on CDON Group’s behalf, unless such requirement is waived by CDON Group:
- the investor is not located in an Ineligible Jurisdiction;
 - the investor is not an Ineligible Person;
 - the investor is not acting, and has not acted, for the account or benefit of an Ineligible Person;
 - unless the investor is a shareholder and a “**qualified institutional buyer**” (“**QIB**”) as defined under Rule 144A (“**Rule 144A**”) of the United States Securities Act of 1933, as amended (the “**Securities Act**”), the investor is located outside the United States, and any person for whose account or benefit it is acting on a nondiscretionary basis is located outside the United States and, upon acquiring Subscription Rights, BTAs or New Shares, the investor and any such person will be located outside the United States;
 - the investor understands that neither the Subscription Rights nor the BTAs or the New Shares being granted and offered, respectively, in the Offering have been or will be registered under the Securities Act and may not be offered,

- sold, pledged, resold, granted, delivered, allotted, taken up or otherwise transferred within the United States or to or for the account or benefit of persons in the United States except pursuant to an exemption from, or in a transaction not subject to, registration under the Securities Act; and
- f. the investor may lawfully be offered, take up, subscribe for and receive Subscription Rights, BTAs and the New Shares being offered in the Offering in the jurisdiction in which it resides or is currently located.

CDON Group and any persons acting on behalf of CDON Group will rely upon the investor's representations and warranties. Any potential provision or false information or subsequent breach of these representations and warranties may void a transaction in the Subscription Rights, BTAs or the New Shares and subject the investor to liability.

If a person is acting on behalf of a holder of Subscription Rights, (including, without limitation, as a nominee, custodian or trustee), that person will be required to provide the foregoing representations and warranties to CDON Group with respect to the exercise of Subscription Rights on behalf of the holder. If such person does not or is unable to provide the foregoing representations and warranties, CDON Group will not be bound to authorise the allocation of any of the Subscription Rights, BTAs or the New Shares to that person or the person on whose behalf the other is acting.

Subject to the specific restrictions described below, if an investor (including, without limitation, its nominees, custodians and trustees) wishes to exercise or otherwise deal in Subscription Rights, BTAs or subscribe for New Shares, the investor must satisfy itself as to full observance of the applicable laws of any relevant jurisdiction, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

The information set out in this section is intended as a general guide only. If the investor is in any doubt as to whether it is eligible to exercise its Subscription Rights or subscribe for the BTAs or New Shares, such investor should consult a professional adviser without delay.

Subscription Rights will initially be credited to financial intermediaries for the accounts of shareholders that hold Shares in CDON Group through such intermediaries as of the record date 17 May 2013. A financial intermediary may not exercise any Subscription Rights on behalf of any person in the Ineligible Jurisdictions or any Ineligible Persons and may be required in

connection with any exercise of Subscription Rights to certify the same.

Subject to certain exceptions, financial intermediaries are not permitted to send this prospectus or any other information about the Offering into any Ineligible Jurisdiction or to any Ineligible Person. The crediting of Subscription Rights to the account of persons in Ineligible Jurisdictions or to Ineligible Persons does not constitute an offer of the Subscription Rights, BTAs or New Shares to such persons. Financial intermediaries, which include banks, brokers, custodians and nominees, holding for Ineligible Persons may consider selling any or all Subscription Rights held for the benefit of such persons to the extent permitted under their arrangements with such persons and applicable law and to remit the net proceeds to the accounts of such persons.

Subject to certain exceptions, exercise instructions or certifications regarding subscriptions sent from or postmarked in any Ineligible Jurisdiction will be deemed to be invalid, and the Subscription Rights, BTAs or New Shares being offered in the Offering will not be delivered to an addressee in any Ineligible Jurisdiction. CDON Group reserves the right to reject any exercise or revoke any accepted exercise made in the name of any person who provides an address in an Ineligible Jurisdiction for acceptance, revocation of exercise or delivery of such BTAs or New Shares, who does not or is unable to represent or warrant that such person is not in an Ineligible Jurisdiction and is not an Ineligible Person, who is not acting on a discretionary basis for such persons, or who appears to CDON Group or its agents to have executed its exercise instructions or certifications in, or dispatched them from, an Ineligible Jurisdiction.

Furthermore, CDON Group reserves the right, with sole and absolute discretion, to treat as invalid any exercise or purported exercise of Subscription Rights which appear to it to have been executed, effected or dispatched in a manner that may involve a breach or violation of the laws or regulations of any jurisdiction.

Notwithstanding any other provision of this prospectus, CDON Group reserves the right to permit a holder to exercise its Subscription Rights if CDON Group in its absolute discretion is satisfied that the transaction in question is exempt from or not subject to the laws or regulations giving rise to the restrictions in question. Applicable exemptions in certain jurisdictions are described further below. In any such case, CDON Group does not accept any liability for any actions that a holder takes or for any consequences that such holder may suffer by CDON Group's acceptance of the holder's exercise of Subscription Rights.

United States

The Subscription Rights, BTAs and the New Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may only be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, into or within the United States or on account of such persons other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or jurisdiction in the United States. No public offerings of the Subscription Rights, BTAs or New Shares are being made in the United States. The Subscription Rights and New Shares are being offered and sold (i) in the United States only to persons that are QIBs as defined in Rule 144A under the Securities Act in reliance on exemptions from registration under the Securities Act and (ii) outside the United States in compliance with Regulation S (“**Regulation S**”) under the Securities Act. Additionally, the Subscription Rights, BTAs and the New Shares may only be offered or sold by CDON Group within the United States to existing shareholders who are reasonably believed to be QIBs and who have executed an investor letter, in the designated form, to Auerbach Grayson & Company (instructed by the Company to act as a so called “placement agent” in relation to QIBs). Any offer or sale of Securities in the United States will be made solely by Auerbach Grayson & Co. as US placement agent of CDON Group, or another broker-dealer registered as such under the Exchange Act.

Until 40 days after the commencement of the Offering, an offer, sale or transfer of the Subscription Rights, BTAs or New Shares within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act, if such offer or sale is not made otherwise than in accordance with Rule 144A.

Each person exercising Subscription Rights or subscribing for or purchasing BTAs or New Shares within the United States, by accepting delivery of the prospectus, will be deemed to have represented, agreed and acknowledged, on its behalf and on behalf of any investor accounts for which it is acquiring Subscription Rights, BTAs or New Shares, as the case may be, that (terms used in this paragraph that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

1. it is a QIB, and, if it is acquiring Subscription Rights, BTAs or New Shares as a fiduciary or agent for one or more investor accounts, each owner of such account is a QIB, it has full

investment discretion with respect to each such account, and it has the full power and authority to make the acknowledgements, representations and agreements herein on behalf of each owner of each such account;

2. it is acquiring Subscription Rights, BTAs or New Shares for its own account, or for the account or accounts of QIBs, in each case, for investment purposes, and not with a view to any distribution (within the meaning of the U.S. federal securities laws) of the New Shares;
3. it understands, and each beneficial owner has been advised, that the Subscription Rights, BTAs and the New Shares have not been and will not be registered under the Securities Act or any other applicable securities laws of any U.S. state or other jurisdiction, and are being offered and issued or sold to it (or such beneficial owner) in a transaction not involving a public offering in the United States within the meaning of the Securities Act and that is exempt from the registration requirements of the Securities Act;
4. it understands that the Subscription Rights, BTAs and the New Shares are “**restricted securities**” within the meaning of Rule 144(a)(3) under the Securities Act and may not be deposited into any unrestricted depositary receipt facility, unless at the time of deposit such Subscription Rights, BTAs and New Shares are no longer “**restricted securities**” within the meaning of Rule 144(a) (3) under the Securities Act;
5. it is not subscribing for the New Shares or purchasing Subscription Rights or BTAs on the secondary market on the NASDAQ OMX as a result of any general solicitation or general advertising within the meaning of Rule 502 under the Securities Act, including advertisements, articles, notices, or other communications published in any newspaper, magazine or similar media or broadcast over radio or television; or any seminar or meeting whose attendees have been invited by general solicitation or general advertising within the meaning of Rule 502 under the Securities Act;
6. it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Subscription Rights, BTAs and the New Shares, and it has the financial ability to bear the economic risk of investment in the Subscription Rights, BTAs and the New Shares;
7. if it wishes to reoffer, resell, pledge or otherwise transfer any of the Subscription Rights, BTAs or the New Shares, it will not do so except in accordance with any applicable U.S. federal or state securities laws, and it certifies that either: (a) it will transfer the Subscription Rights, BTAs and the New Shares in

a transaction exempt from the registration requirements of the Securities Act under Rule 144(e) or Rule 144(k) (a “**Rule 144 Transaction**”) (if available) and provide an opinion of counsel reasonably satisfactory to CDON Group that states that the transfer is exempt from the registration requirements of the Securities Act and that the securities, as the case may be, following such transfer are freely transferable; (b) it will transfer the Subscription Rights, BTAs and the New Shares to a person who it reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A; (c) it will transfer the Subscription Rights, BTAs and the New Shares in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the Securities Act (a “**Regulation S Transaction**”); (d) it will transfer the Subscription Rights, BTAs and the New Shares in a transaction exempt from the registration requirements of the Securities Act other than a Rule 144 Transaction (if available), a Rule 144A Transaction or a Regulation S Transaction and provide an opinion of counsel reasonably satisfactory to CDON Group which states that the transfer is exempted from the registration requirements of the Securities Act provided that the person to whom such Subscription Rights, BTAs and New Shares are transferred delivers a letter to CDON Group making the foregoing acknowledgements, representations and agreements; or (e) it will transfer the Subscription Rights, BTAs and the New Shares pursuant to an effective registration statement under the Securities Act; any such “restricted securities” may not be deposited into any unrestricted depository receipt facility in respect of such shares established or maintained by a depository bank;

8. it is not an affiliate (as defined in Rule 501(b) under the Securities Act) of CDON Group, and is not acting on behalf of an affiliate of CDON Group; and
9. CDON Group and Nordea and their respective affiliates and agents, and others, will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements.

Persons receiving the prospectus are hereby notified that the sellers of Subscription Rights, BTAs or New Shares may be relying on an exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.

Existing shareholders who hold Shares through a nominee, custodian or other financial intermediary may be required to adhere to subscription deadlines that are shorter than the end of the subscription period.

The Subscription Rights and New Shares have not been approved or disapproved by any United States federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not passed upon the merits of the offering or confirmed the accuracy or determined the adequacy of the disclosure in this prospectus. Any representation to the contrary is a criminal offence in the United States.

Notice to New Hampshire residents only

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421B OF THE NEW HAMPSHIRE REVISED STATUTES (“RSA 421B”) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSONS, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE OR CAUSE TO BE MADE TO ANY PROSPECTIVE SUBSCRIBER, PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Enforcement of civil liabilities

CDON Group is a public limited liability company incorporated under the laws of Sweden, with its registered office in Malmö, Sweden. None of the members of the board of directors of CDON Group or management are residents of the United States and all or a substantial portion of the assets of such persons and of CDON Group are located outside of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon CDON Group or such other persons or to enforce against them in United States courts judgments obtained in such courts based on the civil liability provisions of the United States securities laws. The United States and Sweden do not currently have a treaty providing for reciprocal recognition and enforcement of judgments rendered in connection with civil and commercial disputes. As a result, a final judgment for the payment of damages based on civil liability rendered by a United States court, whether or not predicated solely upon the federal securities

laws of the United States, would not be enforceable in Sweden. If the party in whose favor the final judgment is rendered brings a new suit in a competent Swedish court, the party may submit to the Swedish court the final judgment that has been rendered in the United States. Such judgment will only be regarded by a Swedish court as evidence of the outcome of the dispute to which the judgment relates, and a Swedish court may choose to rehear the dispute ab initio.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), an offer to the public of any Subscription Rights, BTAs or New Shares may not be made in that Relevant Member State (other than the offers contemplated in the prospectus in Sweden once the prospectus has been approved by the competent authority and published in accordance with the Prospectus Directive as implemented in Sweden), except that an offer to the public in that Relevant Member State of any Subscription Rights, BTAs or New Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- a. to any legal entity that is a “**qualified investor**” (as defined in the Prospectus Directive);
- b. to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of Nordea for any such offer; or
- c. in any other circumstances falling within Article 3(2) of the Prospectus Directive.

This provides that no such offer of Subscription Rights, BTAs or New Shares results in a requirement for the publication by CDON Group or Nordea of a prospectus pursuant to Article 3 of the Prospectus Directive. Neither CDON Group nor Nordea have authorised, nor will they authorise, the making of any offer of Subscription Rights and New Shares through any financial intermediary, other than offers made by Nordea which constitute the final placement of Securities contemplated in this prospectus. Each person in a Relevant Member State other than, in the case of paragraph (a), persons receiving offers contemplated in this prospectus in Sweden who receives any communication in respect of, or who acquires the Subscription

Rights, BTAs or New Shares under, the Offering will be deemed to have represented, warranted and agreed to and with CDON Group and Nordea that:

- a. it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and
- b. in the case of any Subscription Rights, BTAs or New Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Subscription Rights, BTAs or New Shares acquired by it in the Offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State, other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of Nordea has been given to the offer or resale; or (ii) where Subscription Rights, BTAs or New Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Subscription Rights, BTAs or New Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an “**offer to the public**” in relation to any Subscription Rights, BTAs or New Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Subscription Rights, BTAs or New Shares to be offered so as to enable an investor to decide to acquire any Subscription Rights, BTAs or New Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and, the expression “**Prospectus Directive**” means Directive 2003/71/EC together with any applicable implementing measures, including the 2010 PD Amending Directive, and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU, in each Relevant Member State.

United Kingdom

In the United Kingdom, this prospectus is being distributed only to and is directed only at (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Financial Promotion Order”), (ii) persons falling within Article 49(2)(a) to

(d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order, or (iii) other persons to whom this prospectus may otherwise be lawfully communicated (all such persons together being referred to as “relevant persons”). This prospectus is directed only at relevant persons and must not be acted on or relied on by anyone who is not a relevant person.

Canada, Australia, Hong Kong and Japan

The offering pursuant to this prospectus is not directed to persons domiciled in Canada, Australia, Hong Kong and Japan or in any other jurisdiction where participation would require additional prospectuses, other offer documentation, registrations or other actions in addition to what follows from Swedish law.

Documents incorporated by reference and documents available for inspection

Documents incorporated by reference

The following documents which have previously been published are incorporated by reference and are part of the prospectus:

1. CDON Group's audited annual report for 2012, including the auditor's report, comprising pages 42-93; and
2. CDON Group's interim report for the period 1 January to 31 March 2013.

CDON Group's annual report for 2012, which has been incorporated by reference in this prospectus, has been audited by KPMG AB with Åsa Wirén Linder as the responsible accountant for 2012. The auditor's report for 2012 is included in the annual report. The auditor's report includes no remarks. The interim

report for the period 1 January to 31 March 2013 has been reviewed by KPMG AB.

In addition to the mentioned annual report and interim report, no other information in the prospectus has been reviewed or audited by the Company's accountants.

Documents available for inspection

Copies of the Swedish and English prospectus, Articles of Association and the documents incorporated by reference can be obtained from CDON Group by e-mail ir@cdongroup.com, at the Company's main office, weekdays during office hours, or via telephone +46 (0)70-0807504 and are available on CDON Group's webpage, www.cdongroup.com. The Swedish prospectus is also available electronically on the Swedish Financial Supervisory Authority's (Sw. *Finansinspektionen*) webpage, www.fi.se.

Definitions

"BTA" means paid subscribed shares (Sw. *betalda tecknade aktier*).

"CDON Group" or the **"Company"** means in this prospectus, depending on the context, CDON Group AB (publ) (corporate identification number 556035-6940) or the group in which CDON Group is the parent company. The **"Group"** means the group in which CDON Group is the parent company.

"Euroclear Sweden" means Euroclear Sweden AB.

"Kinnevik" refers to Investment AB Kinnevik (corporate identification number 556047-9742) which also includes Kinnevik Online Holding AB (corporate identification number 556862-0404).

"NASDAQ OMX Stockholm" means NASDAQ OMX Stockholm AB.

"New Shares" means the shares which will be issued in connection to the Rights Issue.

"Nordea" means Nordea Bank AB (publ) (corporate identification number 516406-0120).

"Rights Issue" means the offer to subscribe for shares in accordance with the terms and conditions in this prospectus.

"SEK" refers to Swedish kronor.

"Subscription Rights" means the transferable subscription rights distributed to holders of shares in CDON Group on the record date of the Rights Issue.

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