

INVITATION TO SUBSCRIBE FOR SHARES IN CDON GROUP AB (PUBL)

(under name change to Qliro 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, you must either:

- *exercise the subscription rights to subscribe for new shares no later than 12 December 2014; or*
- *sell the subscription rights which you do not intend to exercise no later than 10 December 2014.*

Please note that it is also possible to subscribe for new shares without subscription rights and that investors with nominee-registered shareholdings subscribe for new shares through the respective nominee.

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). A prospectus in the Swedish language has been approved and registered by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) (the “**SFSA**”) pursuant to the Provisions of Chapter 2, Sections 25 and 26 of the Trading Act. The 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.

The subscription rights, BTAs and new shares (the “**Securities**”) have not been and will not be registered under the United States Securities Act of 1933 (the “**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States and may only be offered, subscribed for, exercised, pledged, sold, resold, granted, allotted, delivered or otherwise transferred, directly or indirectly, within the United States 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 Securities are being made in the United States. The Securities 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.

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 SEB is acting as CDON Group’s financial adviser.

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 SEB 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 SEB has not 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.

Certain risks apply when investments in shares are made, see the chapter entitled “**Risk Factors**”. 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 SEB, nor any of their respective representatives, is making any representation to any offeree, subscriber or purchaser of 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.

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

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 or SEB 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, this 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.**”. As a condition for exercising the offer or sale of the subscription rights or new shares pursuant to the offering in this 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, SEB 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.

Information to investors in the United States

All investors receiving this Prospectus are advised to carefully review the information included in the chapter “**Information to investors in the United States**”.

Forward-looking information and risk factors

The prospectus contains certain forward-looking information that reflects CDON Group’s present view of future events as well as financial and operational development. Word such as “**intend**”, “**assess**”, “**expect**”, “**may**”, “**plan**”, “**believe**” “**estimate**” and other expressions indications or predictions of future development or trends, not based on historical facts, constitute forward-looking information. Forward-looking information is inherently associated with both known and unknown risks and uncertainties as it depends on future events and circumstances. Forward-looking information is not a guarantee of future results or development and actual outcomes may differ materially from the statements set forth in the forward-looking information.

Factors that may cause CDON Group’s future results and development to differ from the forward-looking information include, but are not limited to, those described in “**Risk factors**”. The forward-looking information included in this prospectus applies only as of the date of the prospectus and are subject to change without notice. CDON Group does not undertake any obligation to publicly announce any update or change in the forward-looking information as a result of new information, future events or similar circumstances, other than as required by applicable laws and regulations.

Market Data

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

Persons who are registered as shareholders on the record date 25 November 2014 have preferential right 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 be offered to subscribe for new shares without subscription rights.

Subscription price

SEK 13 per share. No commission will be charged.

Important dates

Record date for participation in the rights issue	25 Nov 2014
Subscription period	28 Nov–12 Dec 2014
Trading in subscription rights	28 Nov–10 Dec 2014
Trading in BTA	28 Nov–30 Dec 2014

Subscription and payment

Subscription by exercise of subscription rights may be made during the subscription period through cash payment. Note that subscription rights that the holder does not intend to exercise must be sold no later than 10 December 2014 in order not to lose the value.

Other information

Ticker	
Shares	CDON
Subscription rights	CDON TR
BTA	CDON BTA

ISIN-codes

Shares	SE0003652163
Subscription rights	SE0006504387
BTA	SE0006504395

Financial calendar

Year-end report 2014	28 Jan 2015
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Certain definitions

The following definitions are used in this prospectus:

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

”**CDON**” or ”**CDON.com**” means CDON AB (corporate identification number 556406-1702) and the business conducted by the company and the company's subsidiaries.

”**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. At the extraordinary general meeting held on 21 November 2014 it was resolved to change the company name to Qliro Group AB (publ).

”**Euroclear**” means Euroclear Sweden AB.

”**Gymgrossisten**” means Gymgrossisten Sweden AB (corporate identification number 556564-4258) and the business conducted by the company.

”**Kinnevik**” refers to Investment AB Kinnevik (corporate identification

number 556047-9742) and Kinnevik Online Holding AB (corporate identification number 556862-0404).

”**Lekmer**” means Lekmer AB (corporate identification number 556698-8035) and the business conducted by the company.

”**Nasdaq Stockholm**” means NASDAQ OMX Stockholm AB.

”**Nelly**” means NLY Scandinavia AB (corporate identification number 556653-8822) and the business conducted by the company and the company's subsidiaries.

”**Qliro**”, ”**Qliro Payment Solution**” and ”**Qliro Financial Services**” means Qliro AB (corporate identification number 556962-2441) and the business conducted by the company.

”**SEB**” means Skandinaviska Enskilda Banken AB (corporate identification number 502032-9081).

”**SEK**” refers to Swedish kronor.

”**Tretti**” means Tretti AB (corporate identification number 556665-7606) and the business conducted by the company and the company's subsidiaries.

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. 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	<i>Introduction and warnings</i>	<p>This summary should be considered as an introduction to the prospectus.</p> <p>Any decision to invest in the securities should be based on an assessment of the prospectus as a whole by the investor.</p> <p>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.</p> <p>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.</p>
A.2	<i>Consent to the use of the prospectus</i>	Not applicable; financial intermediaries are not allowed to use the prospectus for subsequent distribution or final placement of securities.

Section B – Issuer and any guarantor		
B.1	<i>Legal and commercial name</i>	CDON Group AB (publ), corporate identification number 556035-6940, under name change to Qliro Group AB (publ).
B.2	<i>Domicile and legal form</i>	The registered office of the Board is Stockholm, Sweden. The Company is a public limited liability company governed by the Swedish Companies Act (Sw. <i>aktiebolagslagen</i>) (2005:551).

B.3	<i>Description of the issuer's operations</i>	<p>CDON Group is a leading e-commerce group in the Nordic region. Since the start in 1999, the Group has expanded and broadened its product portfolio and is now a leading e-commerce player in consumer goods and lifestyle products through CDON.com, Lekmer, Nelly (Nelly.com, NLYman.com, Members.com), Gymgrossisten (Gymgrossisten.com/Gymsector.com, Bodystore.com, Milebreaker.com) and Tretti. The Group also comprises the payment service Qliro Payment Solution. In 2013, the Group generated 4.4 billion SEK in revenue. CDON Group's shares are listed on Nasdaq Stockholm's Midcap list under the ticker "CDON". CDON Group's internet stores attracted around 249 million visits and generated approximately 7 million orders in 2013.</p> <p>Nelly.com/NLYman.com is available throughout the Nordic countries, in Germany, Austria, Netherlands, UK, France, Belgium, Poland, to all EU countries via an EU-site and internationally through a global internet store which enables customers in approximately 60 markets outside EU to shop from Nelly.com. CDON.com, Tretti.com, Lekmer.com and Members.com are available on all Nordic markets. Lekmer.com and Members.com are also available in the Netherlands. Gymgrossisten.com (Gymsector.com/de/at/eu, Fitnesstukku.fi, Bodystore.dk and Bodystore.com) is available in all Nordic countries, as well as in Germany and Austria. In October 2014, Gymsector launched an EU site which makes Gymsector available to customers in another 22 markets, including in Benelux, France, Poland, Italy and Spain. Bodystore.com and Milebreaker.com are available in Sweden.</p> <p>Operations</p> <p>CDON Group's operations are divided into five different segments: CDON.com, Lekmer, Nelly, Gymgrossisten and Tretti. CDON.com is the largest segment with approximately 41 per cent of net sales (as of 31 December 2013). Qliro Financial Services, which will include the payment service Qliro Payment Solution, will be added as a new segment in the fourth quarter 2014.</p> <p>CDON.com</p> <p>The operations are conducted through the online store CDON.com, which predominantly sells movies, games, music, consumer electronics and books, and through CDON Marketplace, which is a part of CDON.com.</p> <p>Lekmer</p> <p>Lekmer.com was launched in Sweden in 2006 and is now one of the leading Nordic online store for toys and other products for children.</p> <p>Nelly</p> <p>The operations in Nelly are conducted through the online stores Nelly.com, NLYman.com and Members.com, which sell clothes and accessories. In 2013 the stores together registered 109.3 million site visits and 2.1 million incoming orders.</p>
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B.3	<i>cont'd.</i>	<p>Gymgrossisten</p> <p>Gymgrossisten sells nutritional supplements and fitness related products. The operations are conducted through the online stores Gymgrossisten.com (Fitnesstukku.fi in Finland, Gymsector.de in Germany, Gymsector.at in Austria, Gymsector.eu for all EU-countries, except UK, and Bodystore.dk in Denmark), Bodystore.com and Milebreaker.com. Together, the stores registered 17 million site visits and received 0.9 million orders in 2013.</p> <p>Tretti</p> <p>The operations in Tretti are conducted through the online store Tretti.com, which sells white goods and home appliances. The store registered 10.1 million site visits and received 0.3 million orders in 2013.</p> <p>Qliro Financial Services</p> <p>The operations in Qliro Financial Services are conducted through Qliro Payment Solution, which offers customers to pay via invoice or part payment plan.</p>																								
B.4a	<i>Trends</i>	<p>CDON Group estimates 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, changes in consumer behaviour that are driving internet usage, 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.</p>																								
B.5	<i>Group</i>	<p>CDON Group is the parent company in the Group which consists of seven directly owned, operating, subsidiaries, and subsidiaries owned by the directly owned subsidiaries.</p>																								
B.6	<i>Major shareholders</i>	<p>In Sweden, the lowest threshold for disclosure of holdings (so-called flagging) is five (5) per cent of all shares in the Company or the voting rights of all issued shares in the Company. The table below shows the largest shareholders of the Company, holding at least five (5) per cent of all shares in the Company or the voting rights of all shares in the Company as of 30 September 2014, and changes occurring thereafter that the Company is aware of.</p> <table border="1" data-bbox="472 1547 1334 1839"> <thead> <tr> <th>Shareholder</th> <th>Number of shares</th> <th>Percentage of shares/votes in %¹</th> </tr> </thead> <tbody> <tr> <td>Investment AB Kinnevik</td> <td>27,009,694</td> <td>26.8/27.1</td> </tr> <tr> <td>Swedbank Robur Fonder</td> <td>7,748,157</td> <td>7.7/7.8</td> </tr> <tr> <td>Oppenheimer Fonder</td> <td>6,813,159</td> <td>6.7/6.8</td> </tr> <tr> <td>Invesco Fonder</td> <td>5,186,734</td> <td>5.2/5.2</td> </tr> <tr> <td>Henderson Fonder</td> <td>5,039,651</td> <td>5.0/5.1</td> </tr> <tr> <td>Remaining shareholders (including 1,175,000 Class C shares held by CDON Group)</td> <td>48,890,791</td> <td>48.6/47.9</td> </tr> <tr> <td>Total</td> <td>100,688,186</td> <td>100</td> </tr> </tbody> </table> <p>1) The percentage units are presented in relation to the number of shares in the Company including own shares held by CDON Group and excluding such shares. Own shares held by CDON Group cannot be represented at general meetings.</p>	Shareholder	Number of shares	Percentage of shares/votes in % ¹	Investment AB Kinnevik	27,009,694	26.8/27.1	Swedbank Robur Fonder	7,748,157	7.7/7.8	Oppenheimer Fonder	6,813,159	6.7/6.8	Invesco Fonder	5,186,734	5.2/5.2	Henderson Fonder	5,039,651	5.0/5.1	Remaining shareholders (including 1,175,000 Class C shares held by CDON Group)	48,890,791	48.6/47.9	Total	100,688,186	100
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B.7	<i>Selected historical financial information</i>	The financial information for 2013, 2012 and 2011 have been audited by the Company's auditor, while the financial information for the first nine months of 2014 and 2013 have not been audited by the Company's auditor. The financial information has been prepared in accordance with the International Financial Reporting Standards (IFRS).					
		Income statement in summary					
		1 Jan–30 Sep		1 Jan–31 Dec			
	SEKm	2014	2013	2013	2012	2011	
	Net sales	3,365.2	2,969.9	4,440.5	4,461.7	3,403.7	
	Cost of sales	-2,863.0	-2,589.2	-3,846.6	-3,990.5	-2,816.4	
	Gross profit	502.6	380.6	593.8	471.2	587.3	
	Sales & administrative expenses	-505.0	-451.4	-637.0	-638.0	-458.8	
	Other operating income and expenses, net	39.0	-3.8	-4.9	-7.2	0.7	
	Operating profit/income	36.6	-74.6	-48.0	-173.9	129.2	
	Net interest & other financial items	-18.1	-28.0	-34.1	-27.3	-18.2	
	Profit before tax	18.5	-102.6	-82.1	-201.2	111.0	
	Tax	-6.2	19.5	14.8	49.4	-28.0	
	Profit/loss for the period	12.3	-83.1	-67.3	-151.7	83.0	
	Attributable to:						
	Parent company shareholders	10.5	-82.2	-66.9	-149.6	83.3	
	Non-controlling interests	1.9	-0.9	-0.4	-2.2	-0.3	
	Profit/loss for the year	12.3	-83.1	-67.3	-151.7	83.0	
	Basic earnings per share, SEK	0.11	-1.03	-0.74	-2.25	1.26	
	Diluted earnings per share, SEK	0.11	-1.03	-0.74	-2.25	1.26	
	Balance sheet in summary						
		30 Sep		31 Dec			
	SEKm	2014	2013	2013	2012	2011	
	ASSETS						
	Non-current assets						
	<i>Intangible non-current assets</i>						
	Goodwill	454.7	462.0	462.6	461.8	447.0	
	Other intangible non-current assets	210.1	166.8	175.5	156.6	137.9	
	Total intangible non-current assets	664.8	628.8	638.1	618.3	584.9	
	<i>Property, plant and equipment</i>						
	Equipment	21.9	19.3	21.0	14.3	10.8	
	Total property, plant and equipment	21.9	19.3	21.0	14.3	10.8	
	<i>Financial non-current assets</i>						
	Other financial non-current assets	1.6	1.6	1.6	1.6	1.6	
	Total financial non-current assets	1.6	1.6	1.6	1.6	1.6	
	Deferred tax assets	79.5	73.6	64.0	44.4	6.0	
	Total non-current assets	767.8	723.2	724.6	678.5	603.3	
	Current assets						
	Inventory	689.3	569.5	525.2	609.7	459.1	
	Current receivables	189.4	170.9	233.4	268.5	145.6	
	Cash and bank	102.4	163.8	288.9	126.1	417.4	
	Total current assets	981.1	904.1	1,047.4	1,004.3	1,022.1	
	TOTAL ASSETS	1,748.9	1,627.4	1,772.1	1,682.8	1,625.3	

B.7	<i>cont'd.</i>	30 Sep		31 Dec			
		2014	2013	2013	2012	2011	
		SEKm					
		EQUITY AND LIABILITIES					
		Equity attributable to parent company shareholders					
		698.9	672.0	688.7	267.1	415.9	
		Non-controlling interest					
		0.0	1.4	2.2	-0.7	1.4	
		Total equity	698.9	673.3	690.9	266.4	417.3
		<i>Non-current liabilities</i>					
		Credit facilities					
		0.0	0.0	0.0	0.0	150.0	
		Convertible bond					
		238.5	229.4	231.7	223.0	214.8	
		Total non-current interest-bearing liabilities	238.5	229.4	231.7	223.0	364.8
		Deferred tax liability					
		25.5	29.2	28.6	30.9	40.8	
		Other provisions					
		3.5	1.4	3.3	6.0	4.9	
		Total non-current non-interest bearing liabilities	29.0	30.6	31.9	36.9	45.6
		Total non-current liabilities	267.5	260.0	263.6	259.8	410.4
		<i>Current liabilities</i>					
		Credit facility					
		0.0	0.0	0.0	150.0	0.0	
		Current liabilities					
		0.0	15.0	0.0	15.0	15.0	
		Total current interest-bearing liabilities	0.0	15.0	0.0	165.0	15.0
		Total current non-interest bearing liabilities					
		782.5	679.0	817.6	991.6	782.6	
		Total current liabilities	782.5	694.0	817.6	1,156.6	797.6
		Total liabilities	1,050.0	954.0	1,081.2	1,416.4	1,208.0
		TOTAL EQUITY AND LIABILITIES	1,748.9	1,627.4	1,772.1	1,682.8	1,625.3
		Cash flow statement in summary					
		1 Jan–30 Sep		1 Jan–31 Dec			
		SEKm					
		2014	2013	2013	2012	2011	
		<i>Operating activities</i>					
		Cash flow from operating activities					
		9.6	-83.6	-54.5	-97.5	124.3	
		Total change in working capital					
		-202.7	-193.0	-84.0	-135.1	71.6	
		Net cash flow from operations	-193.1	-276.6	-138.6	232.6	195.9
		<i>Investing activities</i>					
		Investments in activities					
		-0.6	-15.6	-18.6	-14.9	-323.9	
		Sale of operations					
		74.0	26.8	32.1	0.0	0.0	
		Investments in other non-current assets					
		-62.0	-32.5	-49.9	-42.4	-21.9	
		Cash flow to/from investing activities	11.4	-21.3	-36.4	-57.3	-345.8
		<i>Financing activities</i>					
		New share issue					
		0.0	501.4	502.1	0.6	0.0	
		Repurchase of own shares					
		0.0	-1.4	-1.4	-0.6	0.0	
		Acquisition of shares from non-controlling interest					
		-6.5	-13.9	-13.9	0.0	-13.8	
		Utilised credit facilities					
		0.0	150.0	150.0	0.0	184.5	
		Amortisation of credit facilities					
		0.0	-300.0	-300.0	0.0	-34.5	
		Cash flow to/from financing activities	-6.5	336.0	336.7	0.0	136.2
		Change in cash and cash equivalents					
		-188.2	38.2	161.8	-289.9	-13.8	
		Cash and cash equivalents, beginning of the period	288.9	126.1	126.1	417.4	431.3
		Exchange rate differences for cash and cash equivalents					
		1.8	-0.5	0.9	-1.4	-0.1	
		Cash and cash equivalents, end of the period	102.4	163.8	288.9	126.1	417.4

B.7	<i>cont'd.</i>	Key ratios	1 Jan–30 Sep		1 Jan–31 Dec		
			2014	2013	2013	2012	2011
		Sales growth (%)	13.3	2.8	–0.5	31.1	54.0
		Change in operating expenses (%)	11.9	3.6	–0.1	39.1	59.6
		Operating margin (%)	1.1	–2.5	–1.1	–3.9	3.8
		Gross profit margin (%)	14.9	12.8	13.4	10.6	17.3
		Return on capital employed (%)	8.7	neg	neg	neg	18.7
		Return on equity (%)	0.0	neg	neg	neg	22.0
		Equity/assets ratio (%)	40.0	41.4	39.2	15.8	25.7
		Net debt (+) / Net cash (-) (SEKm)	136.1	65.7	–57.2	247.0	–38.0
		Cash flows from operations (SEKm)	–193.1	–276.6	–138.6	–232.6	195.9
		Earnings per share (SEK)*	0.11	–1.03	–0.74	–2.25	1.26
		Equity per share (SEK)*	7.02	6.78	6.96	4.02	6.29
		Number of visits (thousands)**	184,474	170,101	242,878	228,560	159,956
		Number of orders (thousands)**	5,625	5,200	7,831	7,995	6,375
Average shoppings basket (SEK)**	653	602	598	581	557		
	* Based on number of outstanding shares, which amounted to 99,513,186 on 30 September 2014, 31 December 2013 and 30 September 2013. The number of outstanding shares amounted to 66,342,124 on 31 December 2012 and 31 December 2011.						
	** Adjusted for divested operations.						
	Significant changes	<p>On 22 October 2014, CDON Group announced the present rights issue and the name change from CDON Group AB to Qliro Group AB, which was approved by the Extraordinary General Meeting on 21 November 2014.</p> <p>On 11 November 2014, Qliro AB entered into a supplementary agreement to increase the credit limit attributable to borrowing using account receivables as collateral from SEK 50 million to SEK 275 million. Except from this, no events with a significant impact on CDON Group's financial position has occurred since 30 September 2014.</p>					
B.8	<i>Selected pro forma financials</i>	Not applicable; the prospectus contains no pro forma accounts.					
B.9	<i>Profit forecast</i>	Not applicable; the prospectus contains no profit forecast.					
B.10	<i>Remark from the auditors</i>	Not applicable; there are no remarks in the auditor's report.					
B.11	<i>Working capital</i>	Not applicable; the Board believes that the Company's working capital is sufficient to fund current financial needs during the next twelve months					

Section C – Securities

C.1	<i>Securities</i>	Ordinary shares in CDON Group AB (publ) (ISIN-code SE0003652163).
C.2	<i>Denomination</i>	The shares are denominated in Swedish kronor, SEK.
C.3	<i>Number of shares in the Company</i>	The Company's registered share capital as at the date of this prospectus amounts to 201,376,372 SEK, distributed among 100,688,186 shares, of which 99,513,186 ordinary shares and 1,175,000 Class C shares with a quota value of SEK 2 per share.

C.4	<i>Rights attached to the securities</i>	Each share, both ordinary shares and Class C shares, entitle to one vote at the general meeting. If the Company resolves to issue shares, stock options or convertible bonds in a cash or set-off issue of both ordinary and Class C shares, the shareholders shall generally have preferential rights to subscribe in proportion to the number of shares held in the same class prior to the issue and if the Company resolves on an issue of either ordinary shares or Class C shares, all shareholders, irrespective of which class of shares held, are entitled to preferential rights to subscribe in proportion to the number of shares held. Class C shares do not entitle to dividends but carry an equivalent right to the Company's assets upon liquidation. The right to dividends vests in any person who is registered as a shareholder in the share register maintained by Euroclear on the record date determined by the general meeting.
C.5	<i>Restrictions on the free transferability</i>	Not applicable; the shares are not subject to any restrictions on the free transferability.
C.6	<i>Admission to trading</i>	CDON Group's ordinary shares are traded on Nasdaq Stockholm. The new shares will also be traded on Nasdaq Stockholm following the Swedish Companies Registration Office's (Sw. <i>Bolagsverket</i>) registration.
C.7	<i>Dividend policy</i>	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	<i>Risks associated with the issuer or the industry</i>	<p>All investments in securities entail risks. Prior to taking an investment decision, it is important to analyse the risk factors considered to be of significance to the future development of the Company and the share. These risks include, among others, the following main industry and market risks:</p> <ul style="list-style-type: none"> • the risk of increased price pressure and less favorable sales conditions as a result of increased competition from retailing companies, with established trademarks, with an increased focus on the e-commerce market, or that already established e-commerce companies to a larger extent start competing with CDON Group's products; • 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; • 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; • risks related to Qliro's current and future operations that, among others, may be dependent upon authorisations, integration risk, fraud risk and credit risks; and • financial risks that, among others, concern the Company's liquidity and refinancing opportunities and the risk that currency exchange rates develop adversely for CDON Group.
D.3	<i>Main risks associated with the securities</i>	The main risks related to the shares and the rights issue are that the share price does not develop favorably, that significant divestments of shares or issues of additional shares in a negative way influence the price of existing shares and/or the earnings per share as well as those shareholders who choose not to participate in future share issues have their interest in the Company diluted.

Section E – Offering		
E.1	<i>Issue amount and issuing costs</i>	The subscription price has been set at SEK 13 per share, which means that CDON Group will receive approximately SEK 647 million before deduction of transaction costs, if the rights issue is fully subscribed. From the issue amount, of approximately SEK 647 million at full subscription, deduction for issue costs will be made. Such costs are not estimated to exceed approximately SEK 22 million (of which approximately SEK 7.1 million is consideration to Kinnevik for acting as guarantor). Net, after these deductions, the rights issue is estimated to provide CDON Group approximately SEK 625 million.
E.2a	<i>Reasons and use of issue proceeds</i>	The issue proceeds before transaction costs of approximately SEK 647 million will be used to fund the continued launch of the payment service Qliro Payment Solution (up to SEK 300 million), growth plans in the subsidiaries, especially in Nelly (up to SEK 100 million), and an early redemption of the Company's convertible bond (approximately SEK 250 million). Transaction costs of approximately SEK 22 million will be deducted from the issue proceeds allocated to Qliro Payment Solution and the growth plans in the subsidiaries.
E.3	<i>Terms and conditions of the offer</i>	The Board of CDON Group resolved on 21 October 2014, subject to the approval of the Extraordinary General Meeting, to increase the Company's share capital through a new issue with preferential rights for CDON Group's shareholders. The Board's resolution on the rights issue was approved by the Extraordinary General Meeting on 21 November 2014. The rights issue resolution means that CDON Groups share capital will increase with SEK 99,513,186 through the issue of 49,756,593 new shares, if fully subscribed. Persons who, on the record date 25 November 2014 were registered as shareholders in CDON Group have a preferential right to subscribe for new shares in the rights issue. Each existing share in CDON Group entitles to one (1) subscription right. Two (2) subscription rights entitle to subscription of one (1) new share. Subscription of new shares may also be made without subscription rights. In the event that not all new shares are subscribed for with subscription rights, the board shall resolve on allotment of new shares that have not been subscribed for with subscription rights, within the maximum amount of the new issue, applying the following: Allotment of the new ordinary shares shall <u>firstly</u> be made to those who also have subscribed for ordinary 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 <i>pro rata</i> in relation to the number of subscription rights that have been used for subscription of shares and should this not be possible, by the drawing of lots. <u>Secondly</u> , allotment of new ordinary shares shall be made to those who have subscribed for ordinary shares only without subscription rights, and in the event that allotment cannot be made in full to those, allotment shall be made <i>pro rata</i> in relation to the number of ordinary shares that each one subscribed for, and should this not be possible, by the drawing of lots. <u>Thirdly</u> , any remaining ordinary shares shall be allotted to Investment AB Kinnevik acting as guarantor, subject to the terms and conditions of its guarantee undertaking. Subscription with use of subscription rights shall be made by cash payment during the subscription period from and including 28 November 2014 up to and including 12 December 2014. The Board of CDON Group may extend the subscription period. The subscription price has been set at SEK 13 per share.

10 Summary

E.4	<i>Interests that are material to the offering</i>	<p>Kinnevik, holding approximately 27 per cent of the capital and voting rights in CDON Group, has 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 guarantee undertaking, agreed to subscribe for all the remaining shares in the rights issue which have not been subscribed for with or without subscription rights. A compensation is payable to Kinnevik in an amount equivalent to 1.5 per cent of the total issue proceeds of approximately SEK 647 million, less the amount which Kinnevik subscribes for with preferential right, approximately SEK 7.1 million.</p> <p>Some members of the Board and executive management have economic interest in the rights issue as they are shareholders in the Company.</p>
E.5	<i>Lock-up agreements</i>	Not applicable; no lock-up agreements exist in the rights issue.
E.6	<i>Dilution effect</i>	<p>Provided that all new shares are subscribed for in the offer, the number of shares in the Company will increase from 100,688,186 to 150,444,779 shares, corresponding to an increase of approximately 50 per cent. Shareholders who do not participate in the offer will be diluted by a maximum of 49,756,593 new shares, corresponding to 33 per cent of the total number of shares in the Company after the rights issue.</p>
E.7	<i>Costs imposed</i>	Not applicable; the Company will not impose any costs on 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 future development. 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 primarily in Sweden and the Nordics, but also the rest of Europe and the world, as well as by the market development for e-commerce and the product markets on which CDON Group is active. The economic situation and the consumers' purchasing power are affected by various factors beyond CDON Group's control, e.g. interest rates, exchange rates, inflation, taxes, unemployment levels and other local economic/financial factors and uncertainty regarding the future economic/financial prospects. A weakening economic situation resulting in reduced private consumption may decrease the demand for CDON Group's products and adversely affect CDON Group's operations, financial position and earnings.

THE FUTURE GROWTH OF E-COMMERCE AND THE SHIFT FROM OFFLINE TO ONLINE SHOPPING

The demand for CDON Group's products depends on the continued development and growth of the e-commerce markets and the shift from offline to online shopping. The average annual growth of the Nordic e-commerce market has been approximately 15 per cent annually during the last few years. In 2013 the e-commerce market in Sweden constituted 6 per cent of the total retail compared to 1.2 per cent in 2003 (according to HUI Research). CDON Group primarily sells products online and thus a weakening trend on the e-commerce markets for the products that CDON Group sells could adversely affect CDON Group's prospects, operations, financial position and earnings.

THE MARKET FOR MEDIA PRODUCTS

CDON is exposed towards the rapidly decreasing sales of physical media products. The development is that products are being digitalized and sold, usually in the form of downloads, or distributed without delivery of a physical product, like a CD, DVD, Blu-ray disc or computer game, for example by way of subscription services that gives the consumer access to streamed music and movies at a fixed price over the internet. Decreasing sales of physical media products results in 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. If the sales of physical media products decrease faster than estimated by CDON Group, or if the development of the e-commerce market for physical media products gets worse in another way, CDON Group's prospects and profitability and thereby its operations, financial position and earnings may be adversely affected.

COMPETITION

The Company operates in a competitive environment and faces competition from other players in the e-commerce market, as well as from traditional retailing business. The e-commerce market in the Nordic countries is fragmented and very competitive.

CDON Group is also exposed to competition from international companies which indirectly conduct business in the geographic markets that CDON Group is active in, as consumers who are shopping online easily can purchase products from international e-commerce sites. Particularly in relation to Nelly, the competition from the traditional retailing business is significant as many customers prefer to try on cloth-

ing and shoes in stores before buying them, but also the other internet stores have consumers who prefer to buy products in traditional retailing stores.

A number of established international companies, which have not historically been regarded as e-commerce companies and that sell products that are similar to those sold by CDON Group, increase their focus on the e-commerce markets. Established companies on the Swedish e-commerce market that currently sell other products than CDON Group may decide to expand their product offering and begin to compete with CDON Group. Companies that conduct business on a larger scale than CDON Group can benefit from greater scale economics than CDON Group, and there is thus a risk that they can offer consumers lower prices than CDON Group. Furthermore, industry practices on other sales terms than price may be exposed to change, such as the ability to charge for shipping. CDON Group may be forced to lower its prices in order to match competitive pricing, with lower gross margin as a result.

In summary, increased competition could adversely affect CDON Group's operations, financial position and earnings.

SEASONAL VARIATIONS

Primarily CDON and Lekmer are heavily dependent on Christmas shopping and exposed to large seasonal variations since a large portion of sales occurs during the fourth quarter. Seasonal variations are significant also for Nelly where the second and the fourth quarter 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

Nelly 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

Gymgrossisten offers through the e-stores Gymgrossisten.com, Bodystore.com and Milebreaker.com in Sweden, Gymgrossisten.no in Norway, Fitnessstukka.

fi in Finland, Gymsector.com/de in Germany, Gymsector.com/at in Austria, Bodystore.dk in Denmark and Gymsector.com/eu in other EU-countries, different types of nutrition supplements and health foods, e.g. for stamina and muscle gain. These products are classified as food products. Failures in the handling of the food products or in the control by suppliers and other external parties of Gymgrossisten's products may at worst entail that products may be classified as prohibited 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. Failures 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, which may lead to reduced demand and reduced confidence in Gymgrossisten's products. This may in turn adversely affect the Group's revenue, earnings and financial position.

DEPENDENCE ON SUPPLIERS

CDON Group is dependent on hundreds of external suppliers' accessibility, development, production, quality control and delivery of the products sold via CDON Group's internet stores. Furthermore, CDON Group uses external suppliers to provide the goods that CDON Group sells to its customers. Damaged 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. CDON Group is also dependent on Qliro's provision of well-functioning invoice and instalment payment services, see "Risks related to Qliro". Even if CDON Group assesses 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 short-term.

CDON Group is dependent on the ability of the Company's current suppliers to provide products that meet any applicable regulatory requirements within the industry. Implementation of new regulatory requirements could therefore be challenging for CDON Group as it may be difficult to find suppliers who can provide products which meet such 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 invested in IT and control systems but some of these systems are not completely integrated and some procedures contain certain manual operations and assumptions with respect to valuations and reservations. Even if improvements, maintenance, upgrades and support of such procedures and systems are made continuously there is a risk that the systems could face disturbances or disruptions as well as breaches in the manual procedures, assessments and valuations. Such disturbances, disruptions and breaches could lead to serious disruptions of service or errors and decreased confidence in CDON Group, reducing the Company's competitiveness and position in the market as a result. In the event of disruptions and breaches in such systems and procedures, it is not certain that CDON Group can be fully compensated, 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 the ability to recruit, retain and develop qualified executive 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 market position of each internet store. There is a risk that future marketing campaigns will not 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 internet 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. Actions that have been taken to consolidate CDON Group's warehouse units, and actions that may be taken in the future, can lead to increased costs and disorders during the transition periods. CDON Group has insurance policies for property and production stoppages for amounts that the Company has assessed to be 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.

CDON Group is also 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 bring about unforeseen costs as well as lower-than-expected increase in sales for CDON Group, which can adversely affect the Company's operations, financial position and earnings.

CDON MARKETPLACE

CDON Marketplace was introduced for external e-retailers during the fourth quarter 2013 and enables e-retailers to sell their products through CDON.com. CDON Marketplace is an important part of the growth strategy for CDON.com. CDON has the right to remove retailers or products from CDON Marketplace, but in contrast to the other internet stores of CDON Group, CDON does not control the products or deliveries of the products that are sold through CDON Marketplace. Shortcomings in the products, service, delayed or lost deliveries from external e-retailers that act through CDON Marketplace can, in addition to any negative effects for CDON and CDON Marketplace, result in an impaired reputation for CDON Group and this may have a substantial negative effect on CDON Group's operations, financial position and earnings.

STRUCTURAL MEASURES AND ACQUISITIONS

CDON Group has made a number of acquisitions and divestitures since 2007 and its long-term strategy is to continue to grow in existing and new markets, organically and possibly through acquisitions. 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 in relation 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 of 30 September 2014 was SEK 664.8 million and comprised goodwill of SEK 454.7 million and trademarks worth SEK 101.7 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, it might appear that the actions that CDON Group has taken have not been sufficient. In the Company's opinion, CDON Group does not infringe on any third party's intellectual property rights. However, there is a risk 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, AUTHORISATIONS AND COMPLIANCE

CDON Group is affected by legislation and regulations relating to some of the goods that the Group sells and payment services it offers. For example, Gymgrosisten's products are covered by national food regulations. This means that approval or registration of the products must be obtained by relevant authorities in the country where the product is sold. Qliro's business may, if Qliro's business operations are broadened to also include external clients and new geographic markets, be subject to regulatory requirements in the

future, see "Risks related to Qliro". Violation of legislation, regulations or authorisations could lead to sanctions against CDON Group. Further, the cost of regulatory compliance can be substantial. This may have a negative effect on CDON Group's operations, financial position and earnings.

DISPUTES

The subsidiaries in the Group are from time to time involved in disputes in their ordinary course of business. Similar to other companies that sell products to consumers, the subsidiaries may be subject to claims regarding defects in delivered products, product liability or in relation to alleged violations of other rules protecting consumers. The Group can also be involved in disputes, which can involve considerable claims for damages, e.g. following acquisitions and divestments of subsidiaries or other significant agreements that the Group has entered into. In the event of a negative outcome in a material dispute, the Company may be liable to pay significant amounts or cease to conduct certain business which could adversely affect the Company's operations, financial position and earnings.

TAX RISKS

CDON Group conducts its business in several different countries with different tax regulations. Even if CDON Group and its advisers have procedures for transactions that may have tax effects, there is a risk that CDON Group's interpretation of applicable laws, tax treaties and regulations, case law and the tax authorities' practices is not correct, or changes, potentially with a retroactive effect. As an effect of relevant authorities' decisions CDON Group's tax situation may change and the Group's financial position and earnings may be adversely affected.

The Finnish customs authority is currently investigating a suspected tax crime in CDON Alandia (a CDON subsidiary). There is a risk that the investigation results in claims against the Company and that the Group's reputation is damaged because of being associated with the alleged tax crime. Thus the Company's operations, financial position and earnings can be adversely affected.

CURRENCY RISK

CDON Group's reporting currency is the Swedish krona (SEK). Since a significant part of CDON Group's sales and purchases are made in another currency than SEK, the Group is exposed to certain risks related to financial transactions in various currencies (transaction exposure). CDON Group is also exposed to cur-

rency 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 30 September 2014 a net debt (defined as interest-bearing debts minus cash) amounting to SEK 136 million and finance its operations in part by borrowing. These borrowings consist, as per this date, of a convertible bond of nominal SEK 250 million carrying a 2.85 per cent interest issued to MTG Investment AS (a subsidiary of Modern Times Group MTG AB). The Company has entered into an agreement with MTG Investment AS regarding early repayment of the bond loan, conditional on completion of the rights issue.

CDON Group also has access to short-term credit facilities from Nordea Bank AB (publ) of a total SEK 210 million carrying a variable interest rate which in part is affected by to what extent the Group uses the credit facilities. The Group also has access to additional overdraft facilities. In addition, Qliro has access to short-term credit facilities of a total SEK 275 million. Following a drawdown under the facilities, a part of the Group's cash flow will be used for the payment of interest. The credit facilities are subject to customary drawdown conditions and provide for further requirements on CDON Group designed to require that certain financial key ratios must be at a certain level and on Qliro regarding its receivables from its invoice and instalment payment solutions.

If the development of the subsidiaries of the Group deviates from the expected development, there is a risk that in the future a situation could arise in which Qliro and/or the Group has difficulties paying interest or must raise new capital. Potential future acquisitions could also increase the need for new capital. There is a risk that additional capital cannot be raised on terms that are favorable for CDON Group. If the Group 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 fulfill 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 a possibility to increase available financing. Access to cash and cash equivalents for subsidiaries of the Group is ensured partly through the use of cash pools and in relation to Qliro also through external bank financing. 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 (also see "Risks related to Qliro").

CREDIT RISK

Credit risk is defined as the exposure to loss in the event that one party to a financial transaction fails to fulfill 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, with small amounts. If the Group does not receive payment in accordance with an issued invoice and/or incurs a loss due to a consumer's inability to fulfill its obligations, this may cause losses and have an adverse effect on CDON Group's financial position and earnings, see "Risks related to Qliro".

RISKS RELATED TO QLIRO

Qliro is a so called financial institution registered with the Swedish Financial Supervisory Authority. Qliro's consumer credit activities are under supervision of the Swedish Consumer Agency. At present the business operations conducted by Qliro do not require any authorisations, but may be subject to regulatory requirements in the future if the business operations are broadened further to new geographic markets (e.g. Norway) and/or external clients. Even if Qliro will apply for authorisations to conduct such businesses that require authorisation, there is a risk that Qliro will not get the necessary authorisations or that necessary authorisation only can be obtained under certain conditions. Thus, there is a risk that the plans for the development and expansion of Qliro may be delayed or cannot, in part or whole, be executed or can be executed only at an increased cost compared to what the Company has estimated. Even if Qliro

gets the necessary authorisations, companies that are conducting business that requires authorisations are exposed to new laws, regulations and changed practice of how existing laws and regulations shall be applied or construed, which may result in that Qliro must amend parts of its business model, which may lead to unforeseen costs.

Qliro's business is exposed to a number of risks. Credit risk and business risk / strategic risk are considered to be the most significant, while market risks and liquidity risks are considered to be limited (see "Liquidity risks").

Invoice and instalment payments in connection with orders through some of the Group's Swedish internet stores are since 2014 offered by Qliro. Credit risk refers to the risk that Qliro does not receive payment in accordance with an issued invoice and/or incurs a loss due to a consumer's inability to fulfill its obligations.

Operational risk is defined as the risk for direct or indirect loss due to ineffective or failing internal procedures, human errors, incorrect systems or external events. Operational risks also refers to IT risk, legal risk and compliance risk (non-compliance with applicable rules) and security risk (information security and continuity planning) but also include fraud risk which refers to the risk that Qliro is exposed to organized frauds, e.g. that products are ordered by using false credentials.

Business risk/strategic risk refers to present and future losses as a result of changed market conditions (changes in volumes, interest margin and other changes in pricing in relation to credit services) incorrect and failed business decisions but also that Qliro's services cannot be implemented on CDON Group's internet stores according to plan or that consumers choose other payment solutions than those offered by Qliro. If the services that Qliro offers are not considered to be secure, economic and easy-to-use by CDON Group's customers, it may result in decreased sales in CDON Group's e-stores and an impaired reputation for CDON Group's.

The risks set out above, may have a substantial negative effect on CDON Group's operations, 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 shareholding. Since the value of a share can both increase and decrease, it is not certain that an investor will regain its invested capital. Both the stock market's general development and specific companies' share price are dependent on a number of factors. The price of CDON Group's share may also be affected entirely or partly, by factors beyond the Company's control, such as the activities and market position of competitors. CDON Group cannot predict how the investors' interest in CDON Group will develop or that an active and liquid market for trading in CDON Group's shares will be available. It is impossible for the Company to control all the factors that may affect its share price, each investment decision regarding shares should therefore be preceded by a careful analysis.

TRADE IN SUBSCRIPTION RIGHTS AND BTA

The person who on the record date 25 November was a registered shareholder in CDON Group will receive subscription rights in relation to his or hers existing shareholding. The subscription rights are expected to have an economic value that the holder may benefit only if he or she either exercise them to subscribe for new shares no later than 12 December 2014, or sells them no later than 10 December 2014. After 12 December 2014, unexercised subscription rights will be removed from the holder's securities account, without prior notification, wherein the holder is deprived of the expected economic value of the subscription rights. Both subscription rights and BTA that, after payment, are going to be booked into the securities accounts belonging to those who subscribed for new shares will be subject to time-limit trading on Nasdaq Stockholm. Trading in those instruments may be limited, which could cause problems for individual holders to sell their subscription rights and/or BTA. Limited liquidity may also add to the fluctuations in the market price of the subscription rights and/or BTA. Accordingly, the displayed prices of these instruments may be inaccurate or misleading.

THE SUBSCRIPTION COMMITMENT AND THE GUARANTEE UNDERTAKING ARE NON-SECURED

Kinnevik, representing approximately 27 percent of the capital and votes in the Company prior to the rights issue, has through a subscription commitment undertaken to subscribe for shares in the rights issue in relation to its shareholding in CDON Group. In addition, Kinnevik has through a guarantee undertaking agreed to subscribe for the shares in the rights issue which have not been subscribed for with or without subscription rights.

The subscription commitment and the guarantee undertaking are not secured through a bank guarantee, collateral or otherwise. Against this background, there is a risk that the rights issue will not be fully subscribed for, if the subscription commitment and/or guarantee undertaking cannot 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.

SHAREHOLDERS WITH SUBSTANTIAL INFLUENCE

Assuming that all subscription rights under the rights issue are utilized to subscribe for new shares, Kinnevik will hold and control approximately 27 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 there is a risk that Kinnevik, in certain aspects, will exert its influence in a manner that is not in the other shareholders' interests.

FUTURE SALES OF LARGE BLOCKS OF SHARES, AND ADDITIONAL RIGHTS ISSUES

Substantial sales of shares undertaken by major shareholders, as well as general market expectation that further issues will be carried out, may also adversely affect the price of the Company's share. Furthermore, additional rights issues will also – as the present Rights issue – lead to a dilution of the ownership of shareholders who do not participate in such issue or choose not to exercise his or her right to subscribe for shares. The same applies if a new issue of shares is directed to other persons than the Company's shareholders.

INVITATION TO SUBSCRIBE FOR SHARES IN CDON GROUP AB (PUBL)

On 21 October 2014, the Board of Directors in CDON Group resolved on a rights issue of approximately SEK 647 million with preferential rights for the Company's shareholders, subject to the subsequent approval by the extraordinary general meeting. On 21 November 2014, the extraordinary general meeting approved the board's resolution.

The rights issue resolution means that CDON Group's share capital will increase by a maximum of SEK 99,513,186 from SEK 201,376,372 to a maximum of SEK 300,889,558 in total and the number of shares will increase with a maximum of 49,756,593 from 100,688,186 to a maximum of 150,444,779. The new shares correspond to 33 per cent of the share capital in the Company after completed rights issue.

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 25 November 2014 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 28 November 2014 up to and including 12 December 2014, or a later date decided by the Board. The new shares will have the same rights as the existing ordinary shares in the Company.

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 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.

The issue price has been set at SEK 13 per share, which means that CDON Group will in total receive approximately SEK 647 million before deduction of transaction costs.

Subscription commitment and guarantee undertaking¹

Kinnevik, representing approximately 27 percent of the shares 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.

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, 26 November 2014
CDON Group AB (publ)

Board of Directors

1) For further information, see "Legal considerations and supplementary information" under the heading "Subscription commitment and guarantee undertaking".

BACKGROUND AND REASONS

CDON Group has undergone major changes since CDON.com was founded in 1999. The Company has grown substantially through international expansion, broadening of the product range and by launching and acquiring new e-commerce companies. Today, CDON Group owns more than ten brands and its turnover has doubled from SEK 2,200 million in 2010 to SEK 4,400 million in 2013. In recent years, CDON Group has handled a number of challenges which have strengthened the Company's position. CDON Group has reported positive operating results and profitable growth during the last twelve-month period and has launched a number of initiatives, for example implementation of separate management teams in the subsidiaries, launch of CDON.com Marketplace and the development of Qliro Payment Solution.

The Board of CDON Group has resolved on a rights issue of approximately SEK 647 million (before transaction costs), which was approved by the extraordinary general meeting on 21 November 2014, in order to fund the continued launch of the payment service Qliro Payment Solution, growth plans in the subsidiaries, especially Nelly, and an early redemption of the Company's convertible bond. Transaction costs of approximately SEK 22 million will be deducted from the issue proceeds allocated to Qliro Payment Solution and the growth plans in the subsidiaries.

Qliro Payment Solution is a payment service, which CDON Group has developed internally. Since June and September 2014, the service has been tested on the Swedish sites of Members.com and Tretti.com. The tests have shown good results and CDON Group has chosen to broaden the launch further. In late 2014, Qliro Payment Solution will be launched on the Swedish sites of Nelly, CDON.com and Lekmer, and in 2015 on Gymgrossisten. CDON Group's goal is that Qliro AB shall become a credit market company in 2015 with subsequent launches of the payment solution planned in Finland and Norway.

Up to SEK 300 million of the issue proceeds will be used to enable the expansion of Qliro Payment Solu-

tion, specifically through financing consumer lending in connection with the sale of products ("loan book"), which is built up gradually, but also for additional investments in technology, approximately SEK 20 million. In addition to the part of the loan book that is financed with the issue proceeds, Qliro Payment Solution has financing in the form of credit facilities. Qliro Payment Solution will be reported in the new segment Qliro Financial Services from the fourth quarter of 2014.

CDON Group's business concept is to identify, build and grow Nordic e-commerce companies. Up to SEK 100 million of the issue proceeds is intended to be used for growth and expansion of subsidiaries, especially Nelly. Approximately SEK 50 million of the allocated proceeds are intended to be used for investments in Nelly's logistics- and system solutions.

CDON Group and Modern Times Group MTG AB's subsidiary MTG Investment AS ("MTG") have reached an agreement, subject to the completion of the rights issue, regarding the early redemption of CDON Group's convertible bond that MTG holds, which matures in December 2015. Approximately SEK 250 million of the issue proceeds will be used in December 2014 to redeem the convertible bond. The agreed redemption price implies interest expense savings for CDON Group of approximately SEK 7 million in 2015. Following the rights issue, CDON Group will hold a net cash position and together with the external credit facilities related to Qliro Payment Solution, CDON Group will have a long-term and strengthened financial position, which in turn increases financial flexibility and supports the expected future growth of the group and its subsidiaries.

The Board of Directors of CDON Group has in light of the considerations above decided to carry out the rights issue. The Company's main shareholder Kinnevik has committed to subscribe for its share of around 27 per cent of the shares and guarantee the remaining part of the rights issue.

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, 26 November 2014
CDON Group AB (publ)

Board of Directors

TERMS, CONDITIONS AND INSTRUCTIONS

Pre-emptive rights and subscription rights

Those who on the record date of 25 November 2014 were registered in the share register maintained by Euroclear on behalf of CDON Group have pre-emptive rights to subscribe for new shares in the offer. Those persons who on the record date are registered as shareholders in CDON Group 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 subscription of one (1) new share. Shareholders not participating in the offer will be diluted by up to 33 percent, but have the opportunity to be compensated for this dilution effect through the sale of their subscription rights.

Subscription price

The new shares in CDON Group will be issued at a subscription price of SEK 13 per new share. Brokerage commission will not be charged.

Record date

The record date at Euroclear for determining which persons are entitled to receive subscription rights in the offer was on 25 November 2014. CDON Group's shares are traded exclusive of the right to participate in the offer from and including 24 November 2014. The final day for trading inclusive of the right to participate in the offer was 21 November 2014.

Subscription period

Subscription for the new shares will take place during the period from and including 28 November 2014 up to and including 12 December 2014. CDON Group's Board of Directors is entitled to extend the subscription period, which – in such a case – will be announced through a press release as soon as such decision has been made.

Issue statements

DIRECTLY REGISTERED SHAREHOLDINGS

A pre-printed issue statement with attached payment form will be sent to directly registered shareholders and representatives of shareholders who on the record date are registered in the share register maintained by Euroclear on behalf of CDON Group. The issue statement includes, inter alia, the number of subscription rights received and the number of new shares that may be subscribed for by use of the subscription rights. No securities notification (Sw. VP-avi) will be sent out regarding the registration of subscription rights on the securities accounts. Those who are included in the special list of pledge holders and trustees that is maintained in connection with the share register will not receive any 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 shares subscribed for with primary as well as subsidiary pre-emptive right should instead be made to the respective nominee and in accordance with instructions from the respective nominee.

Shareholders resident in certain unauthorized jurisdictions

The allotment of subscription rights and the issue of new shares to persons who are resident in countries other than Sweden may be affected by securities legislation in such countries, referred to in the section "Restriction on sale and transfer etc.". Consequently, subject to certain exceptions, shareholders whose existing shares in CDON Group are directly registered in a securities account with registered address in the United States, Australia, Hong Kong, Japan, Canada, Singapore, South Africa or New Zealand will not receive any subscription rights or be allowed to subscribe for new shares. 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 to such shareholders. Amounts of less than SEK 100 will not be paid out.

Trading in subscription rights

The subscription rights will be traded at Nasdaq Stockholm under the description “CDON TR” during the period from and including 28 November 2014 to and including 10 December 2014. SEB and other securities institutions with required licenses will provide brokerage services in connection with the sale and purchase of subscription rights. The primary as well as the subsidiary pre-emptive right will be transferred to the acquirer upon sale of the subscription right. The ISIN-code for the subscription rights is SE0006504387.

Subscription of new shares with subscription rights

Subscription of new shares with subscription rights will take place during the period from and including 28 November 2014 to and including 12 December 2014. On expiry of the subscription period, unexercised subscription rights will lapse and be deleted from the holder's securities account without any notice from Euroclear. 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 12 December 2014, or in accordance with instructions from the subscriber's nominee, or;
- sell the subscription rights that will not be exercised no later than 10 December 2014.

COLLECTIVE SALE OF SURPLUS SUBSCRIPTION RIGHTS

Shareholders whose shareholding is not evenly divisible by two (2) will receive 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 28 November 2014 in order to then be sold collectively at the current market price. The sale will be effected by SEB Issue Department on behalf of CDON Group. SEB Issue Department shall be entitled to dispose of surplus subscription rights. The proceeds of the sale will be entered in each shareholder's income account that is linked to the VP account. Shareholders without an income account will receive payment in the form of a payment slip. No brokerage will be payable on the collective sale of surplus subscription rights. 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).

SUBSCRIPTION BY DIRECTLY REGISTERED SHAREHOLDERS

Subscription for new shares with subscription rights will be made against payment in cash, either by use of the pre-printed payment form or a special application form in accordance with one of the following options:

- The payment form shall be used if all subscription rights in the issue statement from Euroclear are to be exercised; additions or adjustments of the payment form are not allowed
- The application form named “Subscription of shares with subscription rights” shall be used if subscription rights have been purchased or transferred from another securities 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. When the duly filled in subscription form is submitted to SEB Issue Department, payment shall be made for the subscribed new shares, which can be made in accordance with other payments using BankGiro, for example by way of internet bank, by giro transfer or at a bank branch office

Subscription forms in accordance with the above can be ordered from SEB Issue Department during office hours on telephone: +46 (0)8 639 27 50. Subscription forms shall be received by SEB Issue Department no later than 12 December 2014 at 5:00 PM.

DIRECTLY REGISTERED SHAREHOLDERS NOT RESIDENT IN SWEDEN ELIGIBLE FOR SUBSCRIPTION OF NEW SHARES WITH SUBSCRIPTION RIGHTS

Directly registered shareholders eligible for subscription of new shares with subscription rights who are not resident in Sweden, who are not subject to the restrictions described under the heading “Shareholders resident in certain unauthorized jurisdictions” and who cannot use the pre-printed payment form, can pay in SEK through a foreign bank in accordance with the instructions below:

SEB
Emissioner R B6
106 40 Stockholm
Sweden
SWIFT: ESSESESS
IBAN: SE1750000000058651003498
Bank account number: 5865-1003498

On payment, the subscriber's name, address, securities account number and the payment identity stated on the issue statement must be quoted. Last day for payment is 12 December 2014. If the number of sub-

scription rights to be exercised for subscription differs from the number on the pre-printed issue statement, the application form “Subscription of shares with subscription rights” shall be used, which can be ordered from SEB Issue Department during office hours on telephone: +46 (0)8 639 27 50. Payment shall be made in accordance with the instructions above; however, the payment identity from the subscription form shall be quoted. The subscription form shall be received by SEB Issue Department at the address above no later than 12 December 2014 at 5:00 PM.

NOMINEE-REGISTERED SHAREHOLDINGS

Shareholders whose holdings are nominee-registered and who wish to subscribe for new shares with subscription rights shall apply for subscription in accordance with instructions from its nominee or nominees.

PAID AND SUBSCRIBED SHARES (BTAs)

After payment and subscription, Euroclear will distribute a securities notification confirming the registration of the paid and subscribed shares (Sw. betalda tecknade aktier, “BTAs”) in the securities account. The newly subscribed shares are entered as BTAs on the securities account until the new shares have been registered at the Swedish Companies Registration Office (Sw. Bolagsverket). After being registered with the Swedish Companies Registration Office, the BTAs are converted to normal shares, which are registered on the shareholder’s securities account around 8 January 2015 without any notice from Euroclear.

TRADING IN PAID AND SUBSCRIBED SHARES (BTAs)

Trading in BTAs is expected to take place on Nasdaq Stockholm during the period from 28 November 2014 until 30 December 2014 under the description “CDON BTA”. SEB and other securities institutions with required licenses will provide brokerage services in connection with the purchase and sale of BTAs. The ISIN-code for the BTAs is SE0006504395.

Subscription for shares without subscription rights

DIRECTLY REGISTERED SHAREHOLDERS

Application for subscription of new shares without subscription rights must be made on a special application form named “Subscription of shares without subscription rights.” More than one application may be submitted, however, only the most recently dated form will be considered. Subscription forms can be

obtained at SEB’s offices in Sweden or on SEB’s prospectus website www.sebgroup.com/prospectuses as well as on CDON Group’s website www.cdongroup.com. The subscription form can be sent to SEB, Emissioner R B6, SE-106 40 Stockholm or handed in at one of SEB’s branch offices in Sweden. The subscription form must be received by SEB Issue Department no later than 12 December 2014.

NOMINEE-REGISTERED SHAREHOLDINGS

Subscription of new shares without subscription rights shall be made to the respective nominee and in accordance with instructions from the nominee, or if the holding is registered with several nominees, from each of these.

ALLOTMENT OF SHARES SUBSCRIBED FOR WITHOUT SUBSCRIPTION RIGHTS

If not all new shares have been subscribed for with subscription rights (primary pre-emptive right), the Board of Directors shall decide on allotment of new shares within the highest amount in the offer according to the following order:

- Allotment of the new ordinary shares shall firstly be made to those who also have subscribed for ordinary 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 shares and should this not be possible, by the drawing of lots;
- Secondly, allotment of new ordinary shares shall be made to those who have subscribed for ordinary 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 ordinary shares that each one subscribed for, and should this not be possible, by the drawing of lots; and
- Thirdly, any remaining ordinary shares shall be allotted to Investment AB Kinnevik acting as guarantor, subject to the terms and conditions of its guarantee undertaking.

As confirmation of the allotment of new shares subscribed for without subscription rights, a settlement note will be sent. New shares which have been subscribed for and allotted must be paid for in cash in accordance with the instruction on the settlement note. Shareholders whose holdings are nominee-registered will receive confirmation of the allotment in

accordance with the procedure of the respective nominee. No confirmation will be sent to those who have not been allotted new shares. The subscription of new shares is binding. If payment is not duly made, the new shares will be transferred to others. In case the sale price of the shares is below the subscription price, the person who was initially allotted new shares is responsible for paying the entire or part of the difference.

The new shares will be delivered as soon as the required registration has taken place at the Swedish Companies Registration Office. Such registration is expected to take place on or about 30 December 2014. A securities notification will be sent to the directly registered shareholders or nominees as confirmation that the new shares have been registered on the securities account

Right to dividend

The new shares will carry right to dividends commencing from the first record date for dividends occurring following the registration of the new shares with the Swedish Companies Registration Office.

Announcement of the outcome of the offer

The final subscription outcome of the offer is expected to be announced on or about 30 December 2014 through a press release from CDON Group.

Trading in new shares

CDON Group's shares are traded on Nasdaq Stockholm. Following registration of the new shares by the Swedish Companies Registration Office, the new shares will also be traded on Nasdaq Stockholm. Such trading is expected to begin on or around 5 January 2014.

Irrevocable subscription

CDON Group is not entitled to revoke the offer. Subscription of new shares, with or without subscription rights, is irrevocable and the subscriber cannot withdraw or change the subscription of the new shares,

unless otherwise stated in this prospectus or in accordance with applicable law.

Other information

In the event a larger amount than necessary has been paid by a subscriber of new shares, CDON Group will arrange for the excess amount to be refunded. No interest will be paid for the excess amount. Incomplete or incorrect subscription forms may be rejected. Furthermore, if the subscription payment is made late, is insufficient or incomplete, the subscription application may be rejected or subscription may be deemed to have occurred at a lower amount. The unutilized part of the subscription payment will in such case be refunded. No interest will be paid for such amount. Questions regarding the offer will be answered by SEB Issue Department during office hours on telephone: +46 (0) 8 639 27 50.

Taxation

For information regarding taxation, please refer to section "Tax issues in Sweden".

Expected timetable

The timetable below shows and concludes certain important dates in relation to the offer:

Event	Date
First day of trading for shares excluding subscription rights	24 November 2014
Record date for participation in the rights issue	25 November 2014
The subscription period commences	28 November 2014
Trading in subscription rights commences	28 November 2014
Trading in BTAs commences	28 November 2014
Trading in subscription rights concluded	10 December 2014
Last day of subscription	12 December 2014
Announcement of preliminary outcome in the rights issue	18 December 2014
Trading in BTAs concluded	30 December 2014
Announcement of final outcome in the rights issue	30 December 2014

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 13 per share
Record date for participation in the rights issue	25 November 2014
Subscription period	28 November – 12 December 2014
Trading in subscription rights	28 November – 10 December 2014
Trading in BTAs	28 November – 30 December 2014

1. You receive subscription rights

For each share in CDON Group you held on 25 November 2014, you will receive one (1) subscription right



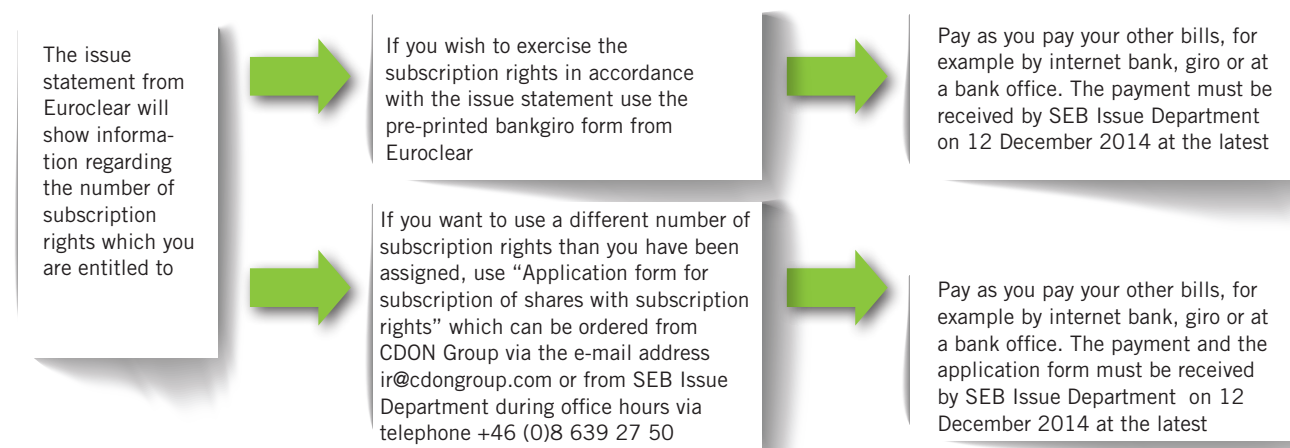
2. How to exercise your subscription rights

For two (2) subscription rights, you are entitled to subscribe for one (1) new share at a price of SEK 13. If you wish to subscribe for more shares or to sell your subscription rights, SEB, your bank or broker can give you information and assistance



Subscription and payment

IF YOU HAVE A SECURITIES ACCOUNT (SW. VP-KONTO):



IF YOU HAVE A CUSTODY ACCOUNT:



Subscription forms for shareholders without subscription rights and prospectus can be obtained from SEB's prospectus website www.sebgroup.com/prospectuses and from CDON Group's website www.cdongroup.com. Subscription forms for shareholders with subscription rights can be ordered from CDON Group via e-mail ir@cdongroup.com or from SEB during office hours via telephone +46 (0)8 639 27 50.

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 or relative to its competitors, presented in this prospectus represent CDON Group's overall judgment, 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 DIBS 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 Swedish e-commerce market is in an early phase of its development and accounted for approximately 6 per cent of the total Swedish retail sector in 2013.¹ Compared to more developed e-commerce markets such as the UK and the US, e-commerce penetration, which is the turnover of the e-commerce market in relation to the turnover of the total retail market, in Sweden and the other Nordic countries is still at a low level. According to Centre for Retail Research, e-commerce in the UK showed a penetration level of approximately 12 per cent in 2013 and the US showed a penetration level of approximately 11 per cent. The total Nordic e-commerce market's turnover is estimated at around SEK 300 billion. Norway is the largest single Nordic e-commerce market and represents approximately 28 per cent of the market, followed by Sweden at 27 per cent, Denmark at 26 per cent and Finland at 19 per cent.²

The Swedish e-commerce market has shown strong growth since 2003 with increased sales in each single year. In 2013 the turnover on the Swedish e-commerce market was approximately SEK 75.7 billion, which represents a growth of 17 per cent compared to the previous year.³ Since 2012, the Swedish e-commerce market has shown double digit growth quarter after quarter. In the third quarter 2014, the Swedish e-commerce market grew by 17 per cent, compared to the third quarter in 2013, which indicates that the trend is persistent.⁴ The level of e-commerce penetration in the total retail market has been growing constantly on an annual basis. The sectors that have historically had the highest growth are clothing, electronics and books. HUI Research estimates that e-commerce will

continue to grow faster than total retail sales and thus continue to increase its market penetration.

The development and growth of the Nordic e-commerce market are driven by several factors. On the demand side, e.g. from increased access to the internet, as well as social and demographic changes that are driving the use of the internet, and on the supply side, in the form of primarily larger and more varied product offerings, 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 online purchases.

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

- Increased access to the internet
- Current changes in consumer behavior
- Wider and more varied offering on the internet
- More secure payment arrangements and better distribution

INCREASED ACCESS TO THE INTERNET

Increasing internet use is positive for the growth of the e-commerce market and Sweden has already an internet penetration of about 93 per cent, compared to the European average of about 74 per cent.⁵ The broadened use of smartphones has increased the proportion of the population with access to online stores, which in turn have improved in tailoring the customer experience, leading to positive outlooks for a continued strong e-commerce market.

1) "E-barometern 2013", HUI Research

2) "Northern Europe B2C E-commerce Report 2014", Ecommerce Europe

3) "E-barometern 2013", HUI Research

4) "E-barometern Q3 2014", HUI Research

5) "E-barometern Q3 2014", HUI Research and "European B2C E-commerce report 2014", Ecommerce Europe

CURRENT CHANGES IN CONSUMER BEHAVIOR

E-commerce is an easy way of shopping and internet shopping is becoming a natural part of everyday life for consumers. Nine out of ten Swedes have purchased products from online stores and nearly three out of ten shop each month. Consumers appreciate that e-commerce is time saving and cheaper, that they can shop at their own convenience and the larger product offering.¹

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 and nutritional supplement are not as well established but develop rapidly.

MORE SECURE PAYMENT ARRANGEMENTS AND BETTER DISTRIBUTION

A wider range of and more secure payment methods, as well as the trend toward increased delivery security, faster distribution and more delivery options, e.g access to more service points with generous opening hours, contribute to the strong e-commerce growth.

Future outlook for the Swedish e-commerce market

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.

THREE SCENARIOS FOR THE SWEDISH E-COMMERCE DEVELOPMENT

Scenario	Sector	Revenue growth (2013)	E-commerce penetration for 2013	E-commerce penetration in 5 years	E-commerce penetration in 10 years
Conservative development	Consumer electronics	15%	21%	23%	31%
	Clothes/shoes	9%	12%	14%	18%
	Books	2%	46%	48%	55%
	Interior design/Furniture	19%	4%	4%	8%
	Toys retail	28%	3%	10%	19%
	Total retail		17%	6%	8%
Strong development	Consumer electronics	15%	21%	34%	64%
	Clothes/shoes	9%	12%	16%	23%
	Books	2%	46%	55%	74%
	Interior design/Furniture	19%	4%	8%	26%
	Toys retail	28%	3%	16%	44%
	Total retail		17%	6%	10%
Extreme development	Consumer electronics	15%	21%	42%	98%
	Clothes/shoes	9%	12%	20%	36%
	Books	2%	46%	61%	89%
	Interior design/Furniture	19%	4%	10%	38%
	Toys retail	28%	3%	19%	65%
	Total retail		17%	6%	13%

Source: HUI Research

1) "E-barometern 2013", HUI Research

Main segments

CDON Group's primary geographical market for e-commerce is the Nordic region. In this market, the Company sells a wide range of products, and the underlying markets differ in terms of market structure, driving forces, regulation and degree of maturity. CDON Group divides its operations into the five segments CDON.com, Lekmer, Nelly, Gymgrossisten and Tretti. Qliro Financial Services is a new segment which covers the payment service Qliro Payment Solution. The Group will report Qliro Financial Services as a separate segment from the fourth quarter 2014.

CDON.COM

The CDON.com segment consists of the e-commerce store CDON.com and its associated marketplace CDON.com Marketplace.

The major product categories in CDON.com 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 kept prices lower than the traditional retail market. In the Nordic countries, home electronics is the most popular product category for e-commerce. On the Swedish consumer electronics market, e-commerce contributed approximately 25 per cent of the total sales in 2013, and the growth continues to be strong.¹ In the third quarter 2014, the Swedish e-commerce market for consumer electronics grew by 18 per cent compared to the third quarter 2013.²

Another important 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 within the market for books. In Sweden, e-commerce accounts for approximately 44 per cent of the book market. 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 available 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-

ing. However, the share of sales from e-commerce is expected to increase.

LEKMER

Lekmer consists of the e-commerce store Lekmer.com and a brick and mortar store in Barkarby outside of Stockholm.

Lekmer's product category includes toys and children's products. Lekmer.com is according to the Company the leading online store for families with children. The product range includes baby products, strollers, car seats, baby clothes, toys and decor for kids' rooms. The company has been active in Sweden since 2006.

Approximately 9 per cent of those who shopped online in 2013 bought either toys or children's products.³ In the third quarter 2014, the toys and children's products sector was the fastest growing sector in the Swedish e-commerce market with a revenue growth of 47 per cent compared to the third quarter 2013.⁴

NELLY

Nelly consists of the e-commerce stores Nelly.com, NLYman.com and Members.com

The market for clothes and shoes is the third most popular product category for e-commerce in the Nordic region. 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 and shoes had about 11 per cent of the total market in 2013.⁵ Based on public information, CDON Group estimates that Nelly.com has a leading position in the Nordic market among the pure e-commerce stores.

GYMGROSSISTEN

Gymgrossisten consists of the online stores Gymgrossisten.se in Sweden, Gymgrossisten.no in Norway, Fitnessstukku.fi in Finland, Bodystore.dk in Denmark, Gymsector.com in Germany, Austria and the rest of EU, Bodystore.com and Milebreaker.com, as well as franchise stores and retailers in Sweden, Norway and Finland.

1) "E-barometern 2013", HUI Research

2) "E-barometern Q3 2014", HUI Research

3) "E-barometern 2013", HUI Research

4) "E-barometern Q3 2014", HUI Research

5) "Svensk E-handel 2013", DIBS

The main product category within Gymgrossisten is nutritional supplements. The e-commerce market for nutritional supplements has, according to CDON Group, been driven by Gymgrossisten.com. The company is currently the leading retailer in the Nordic market for nutritional supplements (including the retail commerce). The market for nutritional supplements is growing rapidly and several new players have entered the market. At the same time, an ongoing consolidation of the market has led to many of the smaller companies being acquired by larger companies or private equity- companies.

TRETTI

Tretti consists of the e-commerce store Tretti.com. The main product category within the segment is white goods and home appliances. The market for white goods has been characterised by price pressure and intense competition. The market situation is expected to improve somewhat, for example through more developed logistics solutions for heavy consumer deliveries.

QLIRO FINANCIAL SERVICES

Qliro Financial Services consists of the payment service Qliro Payment Solution.

Qliro Payment Solution is a service that offers CDON Group's customers to pay for their purchases through invoice or installment plan. Even though the market for online payment solutions develops fast, consumer behavior does not change as fast. Swedish e-commerce consumers have varying preferences when it comes to payment solutions. Payments are controlled by habits and there have been no major changes in consumer preferences in recent years. Card payments have decreased slightly since 2011, while the preference to pay by invoice has increased. In 2013, 36 per cent of the Swedish e-commerce consumers preferred to pay by invoice, while 32 per cent preferred card payment.¹

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:

- CDON.com: Adlibris, Amazon, Bokus, Dustin, Elgiganten, Ellos, Fyndiq, Ginza, Komplett, NetOnNet, Sportamore, Tradera (eBay), Webhallen och Zalando.
- Lekmer: Toysrus, BR Leksaker, Babyproffsen, Jollyroom, Babyland.
- Nelly: Asos, Boohoo, Boozt, Brandos, Bubbleroom, Ellos, Footway, Gina Tricot, Halens, H&M, Nastygal, Net-A-Porter, Sarenza, Stylepit, Yoox, Zalando och Zoovillage.
- Gymgrossisten: MM Sports, Proteinfabriken.no, MyProtein.com, Mass.fi, Bodybuilding.com, Bodylab.dk, Fitnessguru, Life, NU3.
- Tretti: Whiteaway, ElectroWorld, Elgiganten, Elkjop, Expert, Komplett, Markantalo.
- Qliro Financial Services: Qliro Payment Solution is a payment service which is provided internally to the Group's subsidiaries, thus no direct external competition exists. The indirect competition consists of the risk that consumers' payment behavior change, which can lead to a preference for other payment solutions than the ones Qliro Financial Services provide.

1) "E-barometern 2013", HUI Research

OPERATIONS

Introduction to CDON Group

CDON Group is a leading e-commerce group in the Nordic region. Since the start in 1999, the Group has expanded and broadened its product portfolio and is now a leading e-commerce player in consumer goods and lifestyle products through its online stores CDON.com, Lekmer, Nelly (Nelly.com, NLYman.

com, Members.com), Gymgrossisten (Gymgrossisten.com/Gymsector.com, Bodystore.com, Milebreaker.com) and Tretti. The Group also comprises the payment service Qliro Payment Solution. In 2013, the Group generated SEK 4.4 billion in revenue. CDON Group's share is listed on Nasdaq Stockholm's Mid-cap list under the ticker "CDON".

HISTORY

1999

CDON Group is founded and launches 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

Acquisition of Lekmer.com and launch of Heppo.com. Nelly.com is launched in Germany and the Netherlands. CDON Group is listed on Nasdaq Stockholm Mid Cap-list on 15 December.

2011

Acquisition of Tretti.com 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 logistics 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, launch of CDON.com Marketplace as well as launch of Members.com and Lekmer.com in the Netherlands. Nelly.com is launched in France and as an international/global site. CDON Group completes a SEK 500 million preferential rights issue.

2014

Divestment of Rum21. Lekmer acquires the brand Carena. Nelly launches NLYman.com and launches in Poland and Belgium. Gymgrossisten is launched in Austria (Gymsector.at) and in other EU-countries through an EU-site (Gymsector.com/eu). The payment service Qliro Payment Solution is started and launched on Members.com and Tretti.com. Decision taken to change the Group name from CDON Group AB to Qliro Group AB.

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 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 what CDON Group is today. Since its founding, CDON Group has grown significantly by broadening its product range and launching new online stores, as well as by making acquisitions. Today the Group has nine online stores and is one of the largest players in the Nordic internet retailing market. Its assortment includes a wide selection of products such as media, toys, baby- and children's products, home

electronics, clothes, shoes, beauty products, white goods, and nutritional supplements. The product selection mainly includes physical products, but also digital media for downloading and streaming. In the third quarter of 2014, CDON Group's online stores had approximately 190 million visits and four million active customers. The Group's operations are divided into five different segments: CDON.com, Lekmer, Nelly, Gymgrossisten and Tretti. In the fourth quarter of 2014, Qliro Financial Services (which includes the payment service Qliro Payment Solution), will be added as a new segment.

CDON.COM

CDON.com was launched in 1999 and today holds a strong position in the entertainment market in the Nordic region, both in terms of traditional retailing and e-commerce. According to CDON Group, CDON.com offers more products than any other Nordic online retailer and has a local presence in Sweden, Norway, Denmark and Finland. CDON.com has a scalable business model, and growth in recent years has partly originated from 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 and clothing and shoes. As a result of the company's focus on strengthening sales volumes in future growth areas, the strategic objective is to shift CDON.com from a pure entertainment store into the leading Nordic full range e-commerce store. In 2011 and 2012, product ranges from sister companies Lekmer.com, fashion store Nelly.com and white goods and household products store Tretti.com were integrated. The shopping centre concept was further developed in 2013 and during the fourth quarter of 2013, CDON.com opened CDON.com Marketplace for external stores that want to sell their products via CDON.com. Approximately 250 agreements have been signed with retailers who are offered to market and sell their products through CDON.com Marketplace, which offers exposure to CDON.com's approximately two million active customers.

On 10 September 2014, CDON Group announced the consolidation of most of CDON.com's warehouse operations to Ljungby, Sweden, into one of Sweden's largest and most modern facilities designed specifically for e-commerce. The new facility, which in the first phase totals 25,000 square meters, is expected to be fully operational in 2015.

LEKMER

Lekmer.com was launched in Sweden in 2006 and is now the leading Nordic online store for toys and other products for children. The product range covers more than 700 brands and 10,000 items within baby products, strollers, car seats, children clothes, toys and decor for kids' rooms. The company's ambition is to present a comprehensive product range for families with children. Lekmer.com was acquired by CDON Group in March 2010 and the company has online stores in Sweden, Norway, Denmark, Finland and the Netherlands, and a brick and mortar store in Barkarby outside of Stockholm. In February 2014 it was announced that Lekmer had taken over the Carena brand, a well-known brand for baby strollers and accessories in the Nordics.

NELLY

The operations in Nelly are conducted through the internet stores Nelly.com, NLYman.com and Members.com. In 2013, the stores registered approximately 109.3 million visits and received 2.1 million incoming orders.

Nelly.com was launched in 2004. After CDON Group acquired the online retailer in 2007, Nelly.com experienced rapid expansion and is now active in Sweden, Norway, Denmark, Finland, Germany, the Netherlands, Austria, UK, France, Belgium, Poland and other EU-countries (through an English EU-site). Through an international/global online store, customers on an additional 60 markets can shop at Nelly.com. The French website and the international/global site were launched at the end of 2013. In the first half of 2014, Nelly.com was launched in Belgium and Poland.

Nelly'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, beauty products and sportswear. Nelly.com offers a total of more than 800 brands in all price segments and has launched several private labels since 2008. The website has also implemented successful design partnerships with well-known fashion bloggers. The range of products under Nelly.com's approximately 30 private labels has widened and now includes a large assortment of shoes, accessories, clothing and underwear.

Members.com is a shopping club launched throughout the Nordic region in September 2011 by CDON Group, in which registered members are presented with new and unique offerings every day on carefully selected branded items and services. From

its initial focus on fashion clothing, the site now also offers sports items under Members Sport, furnishings, design and electronic products under Members Home, and experiences, holidays and hotel offerings from all over the world under Members Travel. Members.com was also launched in the Netherlands in 2013.

NLY Man was launched in February 2014 and is a new concept under CDON Group's fashion company Nelly, in which male fashion gets its own brand and website, NLYman.com. Visitors can shop products from both Nelly.com and NLYman.com in the same purchase.

GYMGROSSISTEN

The operations in Gymgrossisten are conducted through the online stores Gymgrossisten.com (Fitnessstykke.fi in Finland, Bodystore.dk in Denmark, Gymsector.de in Germany, Gymsector.at in Austria, Gymsector.com/eu in other EU-countries), Bodystore.com and Milebreaker.com. Together, the stores registered 17 million site visits and received 0.9 million orders in 2013.

Gymgrossisten.com was founded in 1996 and is today, even taking the entire market into consideration, the leading online retailer of nutritional supplements in the Nordics. CDON Group acquired Gymgrossisten.com and its Finnish equivalent, Fitnessstykke.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 June 2014, Gymgrossisten was launched in Austria under the brand Gymsector.com and in October 2014, an English EU-site (Gymsector.com/eu) was launched under the same brand. In addition to online sales, Gymgrossisten.com also sells its products through franchised retail stores in Sweden, Norway and Finland. Gymgrossisten.com offers a wide variety of nutritional 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 online store offers popular external brands such as Better Bodies, Abilica, Multipower and SAN Nutrition, together with its private labels including Star Nutrition, Chained Nutrition and Smart Supps. Gymgrossisten.com also offers a growing selection of books, training equipment and sportswear.

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

in 2008. Bodystore has established itself as one of the leading online stores for health foods and general well-being in Sweden. Its constantly growing product assortment stretches from health and body care products, food, naturopathic medicines, OTC drugs and beauty products, to nutritional supplements, sportswear and training equipment. The product range includes external brands as well as private labels.

Milebreaker.com was launched in April 2013 on the Swedish market as an online store specifically aimed at endurance sports enthusiasts. Milebreaker offers everything from nutritional supplements to training equipment and sportswear for most types of endurance training. The store is also designed to function as a source of information and inspiration, offering dietary and training tips. The product range includes external brands as well as private labels.

TRETTI

The operations in Tretti are conducted through the online store Tretti.com. In 2013 the store registered 10.1 million site visits and received 0.3 million orders.

Tretti.com is one of the largest online retailers in the Nordics of white goods and household appliances with more than 9,000 articles from well-known brands such as AEG, Bosch, Electrolux, Gorenje, Samsung, OBH Nordica, Siemens and Whirlpool. In addition to its online store, Tretti.com has a physical store in Stockholm. Tretti.com was established in 2004, listed on the exchange in 2005 and launched in Norway and Denmark in 2010. In June 2011, the company was bought out of Nasdaq First North by CDON Group, and the same month it was established in Finland.

QLIRO FINANCIAL SERVICES

Qliro Financial Services consists of the payment service Qliro Payment Solution.

CDON Group announced in April 2014 that the Group, as part of efforts to enhance its customer offering, has evaluated and prepared a pilot test of the in-house developed payment service Qliro Payment Solution. In June 2014, CDON Group launched the first pilot test of Qliro Payment Solution on Members.com in Sweden. In September 2014, Qliro Payment Solution was launched on Tretti.se.

Qliro Payment Solution makes it possible for customers to shop safely online by being offered to pay after receiving the goods. With modern and innovative technical solutions, Qliro Financial Services develops payment services that simplify the customer's everyday life. Qliro Payment Solution will differentiate itself

from competing payment alternatives by being the helpful, transparent and simple payment option.

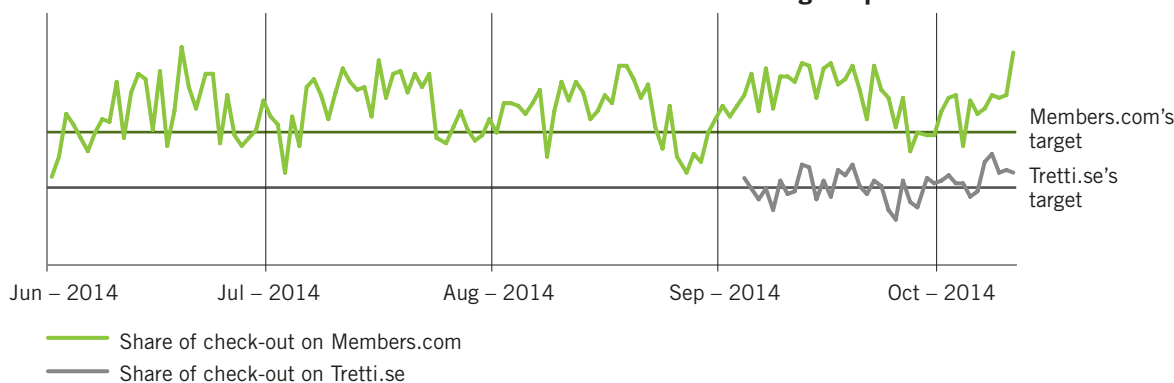
Qliro Payment Solution offers payment solutions with three different options: Part payment plan, Account and Invoice:

- Part payment allows customers to split up their payments by choosing a fixed payment plan of 3, 6, 12 or 36 months and paying a fixed amount each month.
- Account makes it possible for the customer to decide which amount to be paid each month (minimum of SEK 50 or 1/24 of the outstanding debt). All the customer's Account- and Part Payment purchases are collected on a monthly invoice, which the customer receives in the middle of the month. In addition to possible interest, customers pay an overall administration fee for all their accumulated Account and Part payment purchases.

- Invoice means that the customer receives an invoice with 14 days until expiry. The customer is also offered to postpone the due date by up to ten days of unexpired invoices.

The results from the pilot tests on the Swedish sites of Tretti.com and Members.com have been positive and shown that the share of check-out for Qliro Payment Solution in general has been higher than the target, which indicates the product's attractiveness. The pilot tests also showed that approximately 20-30 per cent more than expected chose the payment alternatives Payment Plan or Account, which are the payment alternatives with highest profit margins to CDON Group. Swedish consumer financing loans have historically generated credit losses of approximately 1-2 per cent¹, and the results of the pilot tests indicated similar levels. Moreover, the company has received positive indications of customer satisfaction in regards to the service.

Share of check-out on Tretti.se and Members.com in Sweden during the pilot tests



Given the positive results, CDON Group has chosen to broaden the launch of Qliro Payment Solution. In the fourth quarter of 2014, the goal is to launch the payment service on CDON.com, Lekmer and Nelly in Sweden. In 2015 the plan is to launch on Gymgros-sisten.com as well as in Finland and Norway. The operations in Norway are subject to Qliro Financial Services being granted a license to operate as a credit market company. From the fourth quarter of 2014, Qliro Payment Solution will be reported in the new segment Qliro Financial Services.

Revenues from the lending will be recognised during the payback time, i.e. during the lifetime of the credit, while the expenses affect the results directly. This, in combination with the large volumes that are expected during the fourth quarter when the launch

of Qliro Payment Solution takes place, is expected to cause a reported negative operating result of approximately SEK 10–15 million for Qliro Financial Services in the fourth quarter of 2014. Qliro Financial Services has a financial claim on the consumers, which will be added to the Company's balance sheet. The loan book, which consists of the consumer lending, is expected to reach SEK 200–300 million by the end of the fourth quarter of 2014. The segment is expected to generate a positive result for the full year 2016. Subject to the subsidiaries delivering sales volumes according to their business plans, the target for Qliro Financial Services is to contribute an additional approximately SEK 100m to Group EBT in 2018.

1) Based on an average of comparable companies between 2011-2013

When Qliro AB is being granted a credit market company license, it will be subject to increased capital requirements.

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 approximately 17 per cent during 2013. This growth rate can be compared to the traditional retail commerce, which during the same period grew by approximately 2 per cent.¹ The number of online purchases per year per consumer grew to approximately 16 in 2013, which represents approximately 17 per cent increase since the previous year.²

E-commerce penetration in Sweden was approximately 6 per cent in 2013, 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 of countries such as UK, Germany and the US where e-commerce penetration amounts to 10–14 per cent, and continues to grow.³ Contributing factors are expected to be, among others, a relatively high penetration of fixed and mobile broadband and a high internet usage.

The Group's strategy in 2014 is to continue to deliver sales growth and increase market share in a balanced way, particularly within Nelly and Gymgrosisten. Alongside delivering persistent sales growth, the Group will also continue to focus on securing underlying improvements in earnings. In 2014, CDON.com will continue to invest in the transition towards becoming the Nordic region's leading comprehensive range online department store, which will gradually combat the anticipated persistent decline in sales of media-related products. In the fourth quarter of 2014 a warehouse consolidation within CDON.com was initiated, which will be gradually carried out during a twelve-month period. Investments and costs related to the warehouse consolidation will continuously be reported separately, and are expected to amount to SEK 10-15 million in total. The objective for Nelly for the full year of 2014 is to show continued growth, which will be achieved in a balanced way primarily through investments in geographic expansion.

Although CDON Group's growth strategy does not require additional acquisitions, the Group continuously discusses and evaluates transaction opportunities and acquisitions that would complement the exist-

ing subsidiaries or within the Group's operating areas. Such discussions may materialise in a near future or not at all.

THE GROWTH STRATEGIES OF THE LARGEST HOLDINGS

CDON.com has increased its sales by almost 15 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 service level.

CDON.com's business model is scalable, mainly through expansion into new product and customer segments. High brand recognition and a growing number of visits to the store contribute 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 2011 and 2012. Gymgrosisten's product assortment was integrated in 2014. 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.

CDON.com Marketplace's intention is to continue to add retailers to CDON.com Marketplace, at which they can market and sell their products.

Nelly.com is a leading online store with a strong niche focus: clothes, shoes and accessories with high fashion content in the low-to-premium-price segment. Nelly.com's product range includes more than 800 external brands and 30 private labels. Nelly.com is currently available in ten language versions in more than 140 countries. Nelly.com has increased its revenue by almost 30 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

1) "E-barometern Årsrapport 2013", HUI Research

2) "Svensk E-handel 2013", DIBS

3) Centre for Retail Research

private label sales, and possibly through a selective geographic expansion with a clear focus on the 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 2013, the Nordic region accounted for approximately 90 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 approximately 30 per cent of sales, which is also expected to contribute to an improved result.

Gymgrossisten.com has during the last three years increased its revenue by more than 30 per cent annually and is currently the leading pure online store in the Nordic region in its product niche; nutritional supplements and training equipment. 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 private labels (e.g. Star Nutrition) enables attractive margins. The business model has successfully been established in new markets, including Norway, Finland, Denmark, Germany and Austria, 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. A vertical expansion has also begun within Gymgrossisten through the launch of Milebreaker.com, a new store for endurance training, as well as through a continued expansion of the product range.

Gymgrossisten.com's growth strategy is mainly based on growing organically in current markets and increasing the number of franchise stores, as well as a potential for selective geographical expansion with a clear focus on the current target group. Gymgrossisten.com is one of the market leaders in Sweden, wherein it is experiencing a strong demand. Going forward, the outlook for rapid growth in Norway, Denmark and Finland is positive.

CDON GROUP'S LONG TERM FINANCIAL TARGETS

As of the third quarter 2014, CDON Group has increased its transparency in the financial reporting by reporting the largest subsidiaries as new segments, as well as disclosing more financial information per segment. CDON Group has implemented specific financial targets per segment, which substitute the previous financial targets on Group level. From the fourth quarter of 2014, Qliro Financial Services is to be reported as a separate segment.

Long-term financial targets

Segment	Sales growth	EBITDA-margin
Nelly		5-7%
Lekmer	<i>Growth in line with or above market for each respective segment</i>	3-5%
CDON.com		2-3%
Gymgrossisten		7-9%
Tretti		2-4%

E-commerce in the Nordics has generally grown by approximately 15 per cent per year during the last years. CDON Group's long-term revenue growth target is a growth that is in line with or above the market for each segment. Assuming that the subsidiaries deliver sales volumes according to their business plans, the financial target for Qliro Financial Service is to generate a positive result in 2016 and contribute with approximately an additional SEK 100 million to Group EBT in 2018.

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 846 full-time employees on 30 September 2014, compared to 810 at the end of 2013.

NUMBER OF FULL-TIME EMPLOYEES IN CDON GROUP

	30 Sep 2014	31 Dec 2013	31 Dec 2012	31 Dec 2011
Number of full-time employees	846	810	872	465

THE GROUP'S FINANCIAL DEVELOPMENT IN BRIEF

The financial information below refers to the 2013, 2012, and 2011 fiscal years and the first nine months of 2014 and 2013. The financial information for 2013, 2012 and 2011 have been audited by the Company's auditor, while the financial information for the first nine months of 2014 and 2013 have not been audited by the Company's auditor. The financial information has been prepared in accordance with the EU approved International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). For comments on the financial information below, please refer to the section "Comments on financial development". The information below is to be read in conjunction with the Company's accounts for the fiscal years 2013, 2012, and 2011 that have been incorporated into the prospectus by reference. For more information on the documents incorporated by reference, refer to the section "Legal considerations and supplementary information" under the heading "Documents incorporation by reference".

Income statement in summary

SEKm	1 Jan–30 Sep		1 Jan–31 Dec		
	2014	2013	2013	2012	2011
Net sales	3,365.2	2,969.9	4,440.5	4,461.7	3,403.7
Cost of sales	-2,863.0	-2,589.2	-3,846.6	-3,990.5	-2,816.4
Gross profit	502.6	380.6	593.8	471.2	587.3
Sales & administrative expenses	-505.0	-451.4	-637.0	-638.0	-458.8
Other operating income and expenses, net	39.0	-3.8	-4.9	-7.2	0.7
Operating profit/income	36.6	-74.6	-48.0	-173.9	129.2
Net interest & other financial items	-18.1	-28.0	-34.1	-27.3	-18.2
Profit before tax	18.5	-102.6	-82.1	-201.2	111.0
Tax	-6.2	19.5	14.8	49.4	-28.0
Profit/loss for the period	12.3	-83.1	-67.3	-151.7	83.0
Attributable to:					
Parent company shareholders	10.5	-82.2	-66.9	-149.6	83.3
Non-controlling interests	1.9	-0.9	-0.4	-2.2	-0.3
Profit/loss for the year	12.3	-83.1	-67.3	-151.7	83.0
Basic earnings per share, SEK	0.11	-1.03	-0.74	-2.25	1.26
Diluted earnings per share, SEK	0.11	-1.03	-0.74	-2.25	1.26

Statement of financial position in summary

SEKm	30 Sep		31 Dec		
	2014	2013	2013	2012	2011
ASSETS					
Non-current assets					
<i>Intangible non-current assets</i>					
Goodwill	454.7	462.0	462.6	461.8	447.0
Other intangible non-current assets	210.1	166.8	175.5	156.6	137.9
Total intangible non-current assets	664.8	628.8	638.1	618.3	584.9
<i>Property, plant and equipment</i>					
Equipment	21.9	19.3	21.0	14.3	10.8
Total property, plant and equipment	21.9	19.3	21.0	14.3	10.8
<i>Financial non-current assets</i>					
Other financial non-current assets	1.6	1.6	1.6	1.6	1.6
Total financial non-current assets	1.6	1.6	1.6	1.6	1.6
Deferred tax assets	79.5	73.6	64.0	44.4	6.0
Total non-current assets	767.8	723.2	724.6	678.5	603.3
Current assets					
Inventory	689.3	569.5	525.2	609.7	459.1
Current receivables	189.4	170.9	233.4	268.5	145.6
Cash and bank	102.4	163.8	288.9	126.1	417.4
Total current assets	981.1	904.1	1,047.4	1,004.3	1,022.1
TOTAL ASSETS	1,748.9	1,627.4	1,772.1	1,682.8	1,625.3
LIABILITIES AND EQUITY					
EQUITY AND LIABILITIES					
Equity attributable to parent company					
shareholders	698.9	672.0	688.7	267.1	415.9
Non-controlling interest	0.0	1.4	2.2	-0.7	1.4
Total equity	698.9	673.3	690.9	266.4	417.3
<i>Non-current liabilities</i>					
Credit facilities	0.0	0.0	0.0	0.0	150.0
Convertible bond	238.5	229.4	231.7	223.0	214.8
Total non-current interest-bearing liabilities	238.5	229.4	231.7	223.0	364.8
Deferred tax liability	25.5	29.2	28.6	30.9	40.8
Other provisions	3.5	1.4	3.3	6.0	4.9
Total non-current non-interest bearing liabilities	29.0	30.6	31.9	36.9	45.6
Total non-current liabilities	267.5	260.0	263.6	259.8	410.4
<i>Current liabilities</i>					
Credit facility	0.0	0.0	0.0	150.0	0.0
Current liabilities	0.0	15.0	0.0	15.0	15.0
Total current interest-bearing liabilities	0.0	15.0	0.0	165.0	15.0
Total current non-interest bearing liabilities	782.5	679.0	817.6	991.6	782.6
Total current liabilities	782.5	694.0	817.6	1,156.6	797.6
Total liabilities	1,050.0	954.0	1,081.2	1,416.4	1,208.0
TOTAL EQUITY AND LIABILITIES	1,748.9	1,627.4	1,772.1	1,682.8	1,625.3

Statement of cash flows in summary

SEKm	1 Jan–30 Sep		1 Jan–31 Dec		
	2014	2013	2013	2012	2011
<i>Operating activities</i>					
Cash flow from operating activities	9.6	-83.6	-54.5	-97.5	124.3
Total change in working capital	-202.7	-193.0	-84.0	-135.1	71.6
Net cash flow from operations	-193.1	-276.6	-138.6	232.6	195.9
<i>Investing activities</i>					
Investments in activities	-0.6	-15.6	-18.6	-14.9	-323.9
Sale of operations	74.0	26.8	32.1	0.0	0.0
Investments in other non-current assets	-62.0	-32.5	-49.9	-42.4	-21.9
Cash flow to/from investing activities	11.4	-21.3	-36.4	-57.3	-345.8
<i>Financing activities</i>					
New share issue	0.0	501.4	502.1	0.6	0.0
Repurchase of own shares	0.0	-1.4	-1.4	-0.6	0.0
Acquisition of shares from non-controlling interest	-6.5	-13.9	-13.9	0.0	-13.8
Utilised credit facilities	0.0	150.0	150.0	0.0	184.5
Amortisation of credit facilities	0.0	-300.0	-300.0	0.0	-34.5
Cash flow to/from financing activities	-6.5	336.0	336.7	0.0	136.2
Change in cash and cash equivalents	-188.2	38.2	161.8	-289.9	-13.8
Cash and cash equivalents, beginning of the period	288.9	126.1	126.1	417.4	431.3
Exchange rate differences for cash and cash equivalents	1.8	-0.5	0.9	-1.4	-0.1
Cash and cash equivalents, end of the period	102.4	163.8	288.9	126.1	417.4

Key ratios

	1 Jan–30 Sep		1 Jan–31 Dec		
	2014	2013	2013	2012	2011
Sales growth (%)	13.3	2.8	-0.5	31.1	54.0
Change in operating expenses (%)	11.9	3.6	-0.1	39.1	59.6
Operating margin (%)	1.1	-2.5	-1.1	-3.9	3.8
Gross profit margin (%)	14.9	12.8	13.4	10.6	17.3
Return on capital employed (%)	8.7	neg	neg	neg	18.7
Return on equity (%)	0.0	neg	neg	neg	22.0
Equity/assets ratio (%)	40.0	41.4	39.2	15.8	25.7
Net debt (+) / Net cash (-) (SEKm)	136.1	65.7	-57.2	247.0	-38.0
Cash flows from operations (SEKm)	-193.1	-276.6	-138.6	-232.6	195.9
Earnings per share (SEK)*	0.11	-1.03	-0.74	-2.25	1.26
Equity per share (SEK)*	7.02	6.78	6.96	4.02	6.29
Number of visits (thousands)**	184,474	170,101	242,878	228,560	159,956
Number of orders (thousands)**	5,625	5,200	7,831	7,995	6,375
Average shoppings basket (SEK)**	653	602	598	581	557

* Based on number of outstanding shares, which amounted to 99,513,186 on 30 September 2014, 31 December 2013 and 30 September 2013. The number of outstanding shares amounted to 66,342,124 on 31 December 2012 and 31 December 2011.

** Adjusted for divested operations.

Definitions

Average shopping basket	“(Internet sales + postage income) / number of incoming orders” for all subsidiaries except for Tretti, which is being calculated as “(Internet sales + postage income + services sold) / number of incoming orders”.
Earnings per share	Earnings for the year attributable to the parent company's shareholders divided by average number of shares during the period.
Equity/assets ratio	Equity including non-controlling interests as a percentage of total assets.
Equity per share	Equity attributable to the parent company's shareholders divided by average number of shares at the end of the period.
Gross margin	Gross profit as a percentage of net sales. Gross profit includes costs directly attributable to the goods sold, fulfilment costs, and shipping
Net debt/Net cash	Interest-bearing liabilities less interest-bearing current and non-current assets and cash and cash equivalents.
Number of visits	Gross number of visits to the Group's online stores.
Return on capital employed, %	Operating income for the period as a percentage of average capital employed for the last four quarters.
Return on equity, %	Net income for the period as a percentage of average equity for the last four quarters.

COMMENTS ON THE FINANCIAL DEVELOPMENT

The first nine months of 2014 compared to the first nine months of 2013

RESULT SUMMARY

The Group's net sales, excluding divested operations, rose by 15 per cent in the first nine months of 2014, primarily driven by sales growth in Nelly, Gymgrosisten and Lekmer. The Group's sales, excluding currency effects and divested operations, rose by 14 per cent in the first nine months of 2014. All the Group's segments grew in the third quarter of 2014.

The Group's online retailers attracted 187.5 (170.1) million site visits in the first nine months of 2014 and generated 5.6 (5.2) million orders during the same period.

The Group's gross margin, excluding divested operations, increased and amounted to 15.2 (14.3) per cent in the first nine months of 2014.

The Group's operating profit (EBIT), excluding divested operations and non-recurring items, improved and amounted to SEK 0.6 (–25.3) million in the first nine months of 2014. In the third quarter, the final settlement was completed for the sale of operations in Heppo, which resulted in a negative impact on the result of SEK 1.5 million; furthermore a positive impact on the result of SEK 1.6 million was reported from the divestment of Rum21. Both effects were reported as non-recurring items during the third quarter of 2014.

The financial net for the first nine months of the year totalled SEK –18.1 (–28.0) million.

Profit before tax for the first nine months of the year totalled SEK 18.5 (–102.6) million.

Net income for the first nine months of the year totalled SEK 12.3 (–83.1) million. Earnings per share amounted to SEK 0.11 (–1.03).

CASH FLOW AND FINANCIAL POSITION

Consolidated cash flow from operating activities saw an improvement in the first nine months, amounting to SEK 9.6 (–83.6) million. The cash flow effect from changes to working capital totalled SEK –202.7 (–193.0) million. Cash flow from operations during the first nine months of the year improved and amounted to SEK –193.1 (–276.6) million.

Group cash flow from investing activities amounted to SEK 11.4 (–21.3) million in the first nine months of 2014, and was mainly attributable to divestment of operations offset by investments in non-current assets,

which amounted to SEK –62.0 (–32.5) million and of which approximately SEK 20 million were attributable to investments in Qliro Financial Services. Cash flow from financing activities amounted to SEK –6.5 (336.0) million and was related to the settlement of the minority holding in the divested operations within Rum21.

The Group's cash and cash equivalents declined in 2014 by SEK 188.2 million in the first nine months of 2014. Including translation differences, cash and cash equivalents decreased from SEK 288.9 million to SEK 102.4 (163.8) million. The Group had a net debt position of SEK 136.1 (65.6) million by the end of the third quarter 2014, made up of cash and cash equivalents of SEK 102.4 million and convertible bonds totalling SEK 238.5 million.

Total consolidated assets on the reporting date grew by 7 per cent year-on-year to SEK 1,748.9 (1,627.4) million. Capital employed amounted to SEK 835.0 (738.9) million at the end of the third quarter in 2014.

As of 30 September 2014, the consolidated equity had increased to SEK 698.9 million from SEK 690.9 million on 31 December 2013. This increase is primarily attributable to the period's earnings offset by the settlement of the minority holding in the divested Rum21.

2013 compared to 2012

SALES

Group net sales fell by 0.5 per cent in 2013; excluding divested operations, net sales increased by 1.3 per cent. The Group's online retailers attracted a total of 249 (244) million visits and generated 7.2 million orders (7.1). The decline in sales during the year was primarily a result of the Entertainment segment (current CDON.com and Lekmer) being heavily affected by the downturn in the market for media products, which accounted for less than 50 per cent of the segment's sales during the year. The divestment of the shoe store Heppo.com, which was completed in the spring 2013, also contributed to the decline.

OPERATING EXPENSES

Consolidated expenses for goods sold totalled SEK 3,846.6 (3,990.5) million, including non-recurring items totalling SEK 33.2 (160.5) million, which mainly was attributable to the underprovision of cost of goods sold in CDON.com. The corresponding gross

margin amounted to 13.4 (10.6) per cent; excluding non-recurring items and divested operations the gross margin was 14.2 (14.0) per cent. The gross margin increased mainly as a result of a significant boost in efficiency within logistics operations attributable to the Fashion segment (current Nelly.com). The improvement was mainly offset by a lower proportion of sales from media related products within the Entertainment segment (current CDON.com and Lekmer).

The Group's operating loss excluding non-recurring items and the sale of operations for the full year amounted to SEK –1.8 (16.7) million with an operating margin of 0.0 (0.4) per cent. Including non-recurring items and sale of operations, the operating loss amounted to SEK –48.0 (–173.9) million and operating margin totalled –1.1 (–3.9) per cent.

NET FINANCIAL ITEMS

The Group's net interest and other financial items amounted to SEK –34.1 (–27.3) million, which primarily related to the interest costs related to the convertible bond issued by CDON Group on 2 December 2010, as well as the Group's revolving credit facility and overdraft facility. Group loss before tax totalled SEK –82.1 million (–201.2).

TAX

The Group reported tax revenue of SEK 14.8 (49.4) million. Group net income therefore totalled SEK –67.3 (–151.7). See Note 9 in CDON Group's annual report 2013 for further details regarding tax, which is incorporated by reference.

NET PROFIT AND EARNINGS PER SHARE

Group net income improved from SEK –151.7 million to SEK –67.3 million.

The total number of shares amounted to 100,688,186 as of 31 December 2013. The Group reported basic earnings per share of SEK –0.74 (–1.91) for the full year, based on weighted average number of shares during the period. The Group reported diluted earnings per share of SEK –0.74 (–1.91) based on weighted average number of shares during the period.

CONSOLIDATED FINANCIAL POSITION

Total assets on the reporting date grew by 5.3 per cent compared to the same day previous year, to SEK 1,772.1 (1,682.8) million, mainly as a result of an increase in cash and cash equivalents of SEK 161.8 million, which was partly influenced by reduced inventory volumes. Inventory levels declined year-on-year to SEK 525.2 (609.7) million. The reduction in inventory volume is mainly due to the Group's focus throughout the year on reducing inventory levels.

Cash flow from operating activities before change in working capital improved to SEK –54.5 million (–97.5). The Group reported a SEK –84.0 (–135.1) million change in working capital. The Group's rolling twelve month return on capital employed was negative, but improved year on year to –5.7 (–23.3) per cent, which is mainly due to the Group's improved results.

Group cash flow to investing activities amounted to SEK –36.4 (–50.3) million, which primarily reflected ongoing investments in the Group's store platforms and logistics operations, as well as the SEK 32.1 million cash flow impact from divestment of the operations in Heppo AB, the SEK –12.0 million cash flow impact from the business acquisition from Business Linc BL AB, the SEK –2.0 million cash flow impact from the additional purchase price relating to the acquisition of shares in Rum21 AB, and the SEK –4.6 million cash flow impact from the additional purchase price relating to the acquisition of shares in Lekmer AB.

Consolidated cash flow from financing activities amounted to SEK 336.7 (0.0) million, and was mainly an effect of the issue of new shares carried out in 2013, which had a cash flow impact of SEK 502.1 million including issue expenses, and an effect of the repayment of credit facilities, which had a cash flow impact of SEK –150.0 million. The rights issue proceeds of approximately SEK 500 million after transaction costs were used to strengthen CDON Group's capital structure. The reduced net debt enabled investments in the implementation of the Group's growth strategy. The rights issue proceeds were used to repay loans, carry out market investments and geographical expansions of Nelly and other subsidiaries, as well as investments in purchasing, logistics and warehouse functions.

Total interest-bearing liabilities for the Group amounted to SEK 231.7 (373.0) million, which is comprised of the convertible bond.

Group cash and cash equivalents increased by SEK 162.8 million to SEK 288.9 (126.1) million. The Group therefore had a net cash position (defined as cash and cash equivalents minus interest-bearing liabilities) of SEK 57.2 (–246.8) million.

2012 compared to 2011

SALES

Group net sales were up 31 per cent year-on-year in 2012, mainly driven by sales growth in the Entertainment segment (current CDON.com and Lekmer), and organically net sales increased 36 per cent year-on-year, following continued sales growth and market share gains for all business segments in the Group. The

Group's internet retailers attracted 244.3 (171.8) million site visits and generated 7.1 (6.0) million orders.

OPERATING EXPENSES

Consolidated expenses for goods sold rose 42 per cent to SEK 3,990.5 (2,816.4) million during 2012, including non-recurring items amounting to SEK 160.5 million that are predominately due to value adjustments of Nelly's inventory. The corresponding gross margin amounted to 10.6 (17.3) per cent. Excluding non-recurring items, gross margin amounted to 14.2 per cent. The decrease in gross margin was a result of the ongoing shift in the Entertainment segment (current CDON.com and Lekmer) away from the sale of media products towards growth categories such as consumer electronic products, and affected by the consolidation of Tretti AB, which has somewhat lower margins than the Group average, for the full fiscal year 2012 compared with around half the fiscal year 2011.

Consolidated sales and administrative expenses increased by 39 per cent to SEK 638.0 (458.8) million, which was primarily a result of continued increasing sales volumes in all segments.

Sales and administrative expenses include Group central costs of SEK 42.2 (37.8) million reflected the Group's central functions and governing bodies, as well as non-recurring cost of SEK 1.3 million associated with the acquisition of the operations of Business Linc BL AB during the fourth quarter 2012.

The operating loss for the year was SEK -3.4 (149.0) million excluding non-recurring items with an operating margin of -0.1 (4.4) per cent and an operating profit of SEK -173.9 (129.2) million including non-recurring items with an operating margin of -3.9 (3.8) per cent.

NET FINANCIAL ITEMS

The Group's net interest and other financial items amounted to SEK -27.2 (-18.2) million, which primarily reflected the interest costs related to the convertible bond issued by CDON Group on 2 December 2010, the Group's revolving credit facility, as well as overdraft facilities.

TAX

Group loss before tax amounted to SEK -201.2 (111.0) million.

The Group reported tax revenue of SEK 49.4 (-28.0) million. Group consolidated net income therefore totalled SEK -151.7 (83.0) million.

At the end of 2012, the Swedish Parliament lowered the corporate tax rate as of 1 January 2013 from 26.3 per cent to 22.0 per cent. The reduction in cor-

porate tax has resulted in tax revenues for the Group of SEK 4.9 million as a result of the revaluation of deferred tax liability on Group surplus value.

NET PROFIT AND EARNINGS PER SHARE

Consolidated net income decreased from SEK 83.0 million to SEK -151.7 million. The total number of shares amounted to 66,817,124. The Group reported basic earnings per share of SEK -2.25 (1.26) for the full year, based on weighted average number of shares during the period. The Group reported diluted earnings per share of SEK -2.25 (1.26), based on weighted average number of shares during the period.

CONSOLIDATED FINANCIAL POSITION

Group total assets grew by 3.5 per cent year-on-year to SEK 1,682.8 (1,625.3) million. Inventory levels increased year-on-year to SEK 609.7 (459.1) million. The increase in inventory is primarily due to the ongoing product range expansion in the Entertainment segment (current CDON.com and Lekmer) as well as growth within all segments in the Group.

Cash flow from operating activities before change in working capital declined to SEK -97.5 (124.3) million. The Group reported a SEK -142.1 (71.6) million change in working capital. The Group's rolling twelve month return on capital employed declined year-on-year to -23.3 (18.7) per cent, which mainly reflected the Group decline in earnings.

Group cash flow to investing activity amounted to SEK -50.3 million (-345.8), which primarily reflected the SEK -3.0 million net cash flow impact from the acquisition of the operations of Business Linc BL AB, the SEK -4.9 million net cash flow impact from the contingent consideration and deferred purchase price regarding the acquisition of Rum21 AB, the SEK -1.8 million net cash flow impact from the contingent consideration regarding the acquisition of Lekmer AB, as well as the SEK -5.2 million net cash flow from the compulsory redemption of the remaining shares in Tretti AB. The remainder of the cash flow to investing activities was attributable to investments in intangible non-current assets.

Consolidated cash flow from financing activities totalled SEK 0.0 (136.2) million.

Total interest-bearing liabilities for the Group amounted to SEK 373.0 (364.8) million, which mainly reflected the revolving credit facility and the convertible bonds issued to MTG.

Group cash and cash equivalents declined by SEK 291.3 million to SEK 126.1 (417.4) million. The Group therefore had net loans payable (defined as interest-bearing liabilities less cash and cash equivalents) of SEK 246.8 (-37.6) million.

CAPITAL STRUCTURE AND OTHER FINANCIAL INFORMATION

Equity and liabilities

SEKm	30 September 2014
Total current liabilities	782.5
Against guarantee	0.0
Against collateral	0.0
Without guarantee or collateral	782.5
Total non-current liabilities	267.5
Against guarantee	0.0
Against collateral	0.0
Without guarantee or collateral	267.5
Total equity	698.9
Share capital	201.4
Other restricted capital	34.3
Unrestricted equity	463.2

On 30 September 2014, current liabilities amounted to SEK 782.5 million, of which SEK 0.0 million were interest-bearing and related to accounts payable of SEK 452.5 million, accrued expenses and prepaid income of SEK 255.1 million and other current liabilities of SEK 74.9 million.

Non-current liabilities amounted to SEK 267.5 million, of which SEK 238.5 million related to interest-bearing liabilities attributable to a convertible bond.¹ Other non-current and non-interest-bearing liabilities amounted to SEK 29.0 million, of which deferred tax amounted to SEK 25.5 million and other provisions of SEK 3.5 million.

Financing structure

(SEKm)	30 September 2014
(A) Cash and cash equivalents	102.4
(B) Other cash and cash equivalents	0.0
(C) Current investments	0.0
(D) Liquidity (A)+(B)+(C)	102.4
(E) Current financial receivables	0.0
(F) Current bank debts	0.0
(G) Current component of the loan debt	0.0
(H) Other current financial liabilities	0.0
(I) Interest-bearing current liabilities (F)+(G)+(H)	0.0
(J) Current net indebtedness (I)-(E)-(D)	-102.4
(K) Non-current bank debts	0.0
(L) Bonds issued	238.5
(M) Other non-current liabilities	0.0
(N) Interest-bearing non-current liabilities (K)+(L)+(M)	238.5
(O) Net debt (J)+(N)	136.1

1) The book value of the convertible bond was SEK 238.5 million as of 30 September 2014. The nominal value of the convertible bond is SEK 250.0 million.

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 (for further information about the financing agreements, see “Financing Agreements” under “Legal considerations and supplementary information”). 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 per cent. The revolving credit facility is subject to a variable interest rate. On 30 September 2014, the revolving credit facilities were unutilised.

On 30 September 2014, the leverage ratio, measured as interest-bearing net debt over total equity, amounted to 19.5 per cent. The implied leverage ratio after completion of the rights issue, based on the interest-bearing net debt as of 30 September 2014, is -38 per cent. Approximately SEK 250 million of the issue proceeds will be used to redeem the convertible bond to MTG during December 2014, which otherwise would mature in December 2015.

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 Board believes that the Company’s working capital is sufficient to fund current financial needs during the next twelve months.

The convertible bond, which is held by MTG, matures on 2 December 2015. CDON Group intends to use approximately SEK 250 million of the issue proceeds to redeem the bond in December 2014.

Tangible assets

CDON Group’s tangible assets as of 30 September 2014 amounted to SEK 21.9 million and was related to equipment. For further information about CDON Group’s tangible assets, see note 2.12 and note 11 in CDON Group’s annual report 2013, which is incorporated by reference.

Intangible assets

The value of CDON Group’s intangible assets as of 30 September 2014 amounted to SEK 664.8 million and related to goodwill of SEK 454.7 million, trademarks/

domains of SEK 108.4 million and development expenses of SEK 101.7 million. For further information about CDON Group's intangible assets, see note 2.13 and note 10 in CDON Group's annual report 2013, which is incorporated by reference.

Investments

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.

In the first nine months of 2014, CDON Group's net investments amounted to approximately SEK 11 million and was mainly related to the settlement of the divested operations within Rum21 (SEK 65 million), final settlement for the sale of the operations within Heppo (SEK 9 million), investments in the development of web platforms (SEK -42 million) and the payment service Qliro Payment Solution (SEK -20 million).

In 2013, the net investments in CDON Group amounted to SEK approximately -36 million, which primarily reflected the settlement of the divestment of operations in Heppo AB (SEK 32 million), ongoing investments in the Group's store platforms and logistics operations (SEK -50 million), and payment for acquisitions (SEK -19 million).

In 2012, net investments in CDON Group amounted to approximately SEK -57 million, which primarily reflected investments in store platforms (SEK -42 million), payments for acquisitions (altogether SEK -10 million) as well as the compulsory acquisition of the remaining shares in Tretti AB (SEK -5 million).

In 2011, net investments amounted to approximately SEK -346 million, which mainly was an effect of the acquisition of Tretti AB (SEK -317 million) and Rum 21 AB (SEK -5 million).

Current and future investments

CDON Group has in connection with the rights issue announced that the Company plans to invest approxi-

mately SEK 50 million in system- and logistics solutions for Nelly, and approximately SEK 20 million in technical investments in Qliro Payment Solution. Continued investments will be made in the transformation process and warehouse consolidation.

Financial risk management

CAPITAL MANAGEMENT

The Group's aim is to have a solid financial position that contributes to maintaining the confidence of investors, creditors and the market, as well as being a solid foundation for the continued development of business operations, while generating satisfactory long-term investor returns. However, there are no explicit quantitative objectives, such as for the debt/equity ratio.

FINANCE POLICY

CDON Group is exposed to various types of financial risks through its operations, such as market risk, liquidity risk and credit risk. CDON Group's financial risk management is centralised within the parent company to capitalise on economies of scale and synergies, as well as minimise operational risks. The parent company also functions as the Group's internal bank and is responsible for financing and the financial policy. This includes pooling of cash requirements. The Board has established financial principles for overall management of risks and for specific areas, such as liquidity risk, interest rate risk, currency risk, credit risk, insurance risk, the use of financial instruments and placement of excess liquidity.

MANAGING LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to fulfill its obligations associated with financial liabilities. This risk is centrally managed by the parent company, which ensures that there is 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. In 2014, the Group has renegotiated the terms and conditions of its credit facilities. Total available credit facilities amounted to SEK 280 million as

Investments in intangible and tangible assets (including investments in activities)

SEKm	Jan-Sep 2014	Jan-Sep 2013	Jan-Dec 2013	Jan-Dec 2012	Jan-Dec 2011
Investments	-62.6	-48.1	-68.5	-57.3	-345.8
Divested operations	74.0	26.8	32.1	0.0	0.0
Net investments	11.4	-21.3	-36.4	-57.3	-345.8

of 30 September 2014, of which SEK 50 million were attributable to Qliro Financial Services. On 30 September 2014, this facility was utilised with bank guarantees totalling approximately SEK 88 million.

Total available credit facilities on 26 November 2014 amounted to SEK 505 million, of which SEK 275 million were attributable to Qliro Financial Services (for further information about the financing agreements, see the section “Financial Agreements” under “Legal considerations and supplementary information”).

The Group’s financial policy stipulates that there must always be at least SEK 50 million in available cash and cash equivalents.

MANAGING MARKET RISK

Interest rate risk is the risk that the value of a financial instrument varies due to changes in market interest rates. The Group’s interest rate risk consists almost exclusively of long-term borrowing in the form of a nominal SEK 250 million convertible bond. Since the convertible bond bears a fixed interest rate of 2.85 per cent, the interest rate risk is limited. See Note 28 in the annual report 2013, which is incorporated by reference, for the terms of the convertible loan. The credit facility is subject to a variable interest rate when utilised.

CDON Group and MTG have in connection with the rights issue agreed on an early redemption of the convertible bond, which will take place in December 2014.

MANAGING CREDIT RISK

Credit risk is defined as the Company’s exposure to losses in the event that a counter-party fails to fulfil its obligations. The exposure is based on the carrying amount of the financial assets, of which the majority comprises accounts receivable and cash and cash equivalents. The Group has a credit policy detailing how customer credit will be managed. If the variable interest rate on the Group’s loan during 2013 were to increase or decrease by 1 per cent, it would affect the Group’s net financial items by SEK 2.3 million. Credit

risk attributable to the Group’s accounts receivable is distributed among a large number of customers, mainly private individuals. Accounts receivables have been sold since early 2009 to a factoring company. The accounts receivables have also been managed by Qliro Payment Solution since June 2014, and in the fourth quarter 2014, the management of accounts receivables will be extended to CDON.com, Lekmer and Nelly in Sweden.

MANAGING MARKET RISK – CURRENCY RISK

Currency risk is the risk that fluctuations in exchange rates will adversely affect the income statement, financial position and/or cash flow. The risk can be divided into transaction exposure and translation exposure.

Transaction exposure

Transaction exposure is the risk that arises from net inflow or outflow of a foreign currency required by operations and financing. The transactions are not hedged.

Translation exposure

Translation exposure is the risk that arises from recalculating equity in a foreign subsidiary. Translation exposure is not hedged.

Trends and material changes

On 22 October 2014, CDON Group announced the present rights issue and name change from CDON Group AB to Qliro Group AB, which was approved by the extraordinary general meeting on 21 November 2014. On 11 November 2014, Qliro AB entered into a supplementary agreement to increase the credit limit attributable to borrowing using account receivables as collateral from SEK 50 million to SEK 275 million (for further information about the financing agreements, see “Financing Agreements” under “Legal considerations and supplementary information”). No other events with significant impact on CDON Group’s financial position have occurred since 30 September 2014.

BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND AUDITOR

Board of Directors

The current Board was elected at the Annual General Meeting on 13 May 2014 for the period until the end of the next Annual General Meeting that will be held on 18 May 2015.

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. Board member and CEO of Varningsinfo i Sverige AB and board member of SAS AB, INGKA Holding B.V., Egmont International Holding A/S and SSRS Holding Aktiebolag.

Previous assignments in past five years: Chairman of the board of BabyBjörn AB and chairman of the charity BRIS. Board member and CEO of Jarnverken AB. Board member of Advertising direct development Stockholm Invest AB, Apoteket AB, Teleopti AB, Energibolaget i Sverige Holding AB and Seamless Distribution AB.

Shareholding in CDON Group: 50,000 shares.

Independent in relation to the Company and the executive management as well as major owners of the Company.

PATRICK ANDERSEN b 1962

Board member since 2013.

Education: Studies in management, London Business School.

Other assignments: President of the business area Americas (North America and Latin America) at Carlson Wagonlit Travel.

Previous assignments in past five years: Board member of Yellowman.com.

Shareholding in CDON Group: 45,000 shares.

Independent in relation to the Company and the executive management as well as major owners of the Company.

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 Byggarvaror Holding AB, Livförsäkringsbolaget Skandia and Director Global Marketing Operations of Spotify.

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

Shareholding in CDON Group: 450 shares.

Independent in relation to the Company and the executive management as well as major owners of the Company.

LORENZO GRABAU b 1965

Board member since 2014.

Education: Graduated from Università degli Studi di Roma, La Sapienza in Italy.

Other assignments: Chief Executive Officer and President of Kinnevik, chairman of the board of Rocket Internet AG and Avito AB as well as vice-chairman of the board of Zalando SE. Board member of Millicom International Cellular S.A., Secure Value E.E.I.G, Tele2 AB and Modern Times Group MTG AB and a number of board assignments within the Kinnevik group.

Previous assignments in past five years: Partner and managing director at Goldman Sachs International in London and managing director at Rouges Partners S.à.r.l., as well as board member (and co-chairman) of CTC Media Inc and SoftKinetic International SA/NV.

Shareholding in CDON Group: 0 shares.

Not independent in relation to the Company and the executive management, not independent in relation to major owners of the Company.

DAVID KELLY b 1963

Board member since 2013.

Education: PhD in Business Strategy and an MBA in marketing, City University Business School. BA in Computer Science, Leicester University.

Other assignments: Chairman of the board of LoveHomeSwap.com, carloan4u and MBA & Com-

pany. Board member of Holiday Extras, Simply business, XBridge LTD and Managing Director of Skivilage Ltd.

Previous assignments in past five years: Managing Director of Rackspace Cloud Hosting and CEO of Mydeco. Board member in Basekit.com.

Shareholding in CDON Group: 0 shares.

Independent in relation to the Company and the executive management as well as major owners of the Company.

MIA BRUNELL LIVFORS b 1965

Board member since 2010.

Education: Studies in Business Administration, Stockholm University.

Other assignments: Board member of Modern Times Group MTG AB, Tele2 AB, Millicom International Cellular S.A., Efva Attling Stockholm Aktiebolag, Transcom WorldWide AB and Stena AB. Board member and CEO of Brunell Livfors & Partners AB and chairman in the charity Reach for Change.

Previous assignments in past five years: Chief Executive Officer and President of Kinnevik and a number of assignments within the Kinnevik group. Chairman of the board of Metro International S.A. Board member of H & M Hennes & Mauritz AB, Korsnäs AB, BillerudKorsnäs Aktiebolag and Zalando SE.

Shareholding in CDON Group: 8,257 shares.

Not independent in relation to the Company and the executive management, not independent in relation to major owners of the Company.

DANIEL MYTNIK b 1971

Board member since 2014

Education: BA in Philosophy, Politics and Economics and an M.Phil. in Economics from Oxford University.

Other assignments: –

Previous assignments in past five years: Partner at Palamon Capital Partners in London. Board member of Dress-for-less GmbH and Feelunique Holding Limited, Enesco S.a.r.l. and in its subsidiaries and a number of board assignments within the Espresso House group and the Cambridge Education group.

Shareholding in CDON Group: 45,379 shares.

Independent in relation to the Company and the executive management as well as major owners of the Company.

LARS NILSSON b 1956

Board member since 2010.

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

Other assignments: CFO of Nordic Cinema Group.

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

Shareholding in CDON Group: 44,000 shares.

Independent in relation to the Company and the executive management as well as major owners of the Company.

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 Pälsvvarufabrik, Malmviken Holding AB and a number of board assignments within CDON Group.

Previous assignments in past five years: CEO of Tretti AB. Board member of Svensk Distanshandel AB, La Briot AB and Sportcap Nordic AB.

Shareholding in CDON Group: 90,000 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 board assignments within the CDON Group.

Previous assignments in past five years: CFO of PA Resources Aktiebolag and Vice President Group Control at Svenska Cellulosa Aktiebolaget SCA. A number of board assignments within the Svenska Cellulosa group and PA Resources group.

Shareholding in CDON Group: 15,000 shares.

JONAS DANIELSSON b 1969

Head of Tretti

Education: Degree in market economics from IHM.

Other assignments: Board member of Tretti AB and owner of Vxthuset.

Previous assignments in past five years: Commercial director at Samsung.

Shareholding in CDON Group: 2,300 shares.

THERESE HILLMAN b 1980

Head of Gymgrossisten

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: 7,200 shares.

PATRIK ILLERSTIG b 1982

Head of Qliro Financial Services

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

Other assignments: Board member of Qliro AB.

Previous assignments in past five years: Head of business development at CDON Group AB. CEO and co-founder of Rocket Internet Scandinavia and Engagement Manager with McKinsey & Company.

Shareholding in CDON Group: 5,100 shares.

MAGNUS MÅNSSON b 1967

Head of Nelly

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/Craft and Tretorn Sweden AB.

Shareholding in CDON Group: 8,002 shares.

FREDRIK PALM b 1974

Head of Lekmer

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. Fredrik Palm is also owner of Westridge Q-Cum.

Previous assignments in past five years: CEO of Leica Geosystems Technology AB and other of execu-

tive assignments in the management of the Hexagon group.

Shareholding in CDON Group: 74,037 shares.

PATRIK SETTLIN b 1970

Head of CDON

Education: Bachelor Degree in Business Administration from University of Gävle.

Other assignments: Board member of CDON AB.

Previous assignments in past five years: Vice president sales for Sweden and Denmark at Komplet Group and a number of assignments within the Komplet Group.

Shareholding in CDON Group: 3,000 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: Head of business development at MTG Internet Retailing AB and partner in the Sharpshooter partnership.

Shareholding in CDON Group: 5,200 shares.

Additional information regarding the Board and the 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 members of the board or the executive management of CDON Group have during the past five years been convicted for fraudulent offences, been involved in bankruptcy, liquidation (ending in bankruptcy) or receivership in their capacity as a member of a company's administration, management or supervisory bodies or as partner of such company, been subject to accusations and/or sanctions by authorities (including designated professional bodies) or 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.

There are no family ties between the members of the board and the executive management.

No potential conflict of interest exists with any board member or member of the executive management, meaning that no member of the board or 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 commitment and guarantee undertaking and repayment of the Company's convertible bond loan with MTG Investments AS (a subsidiary to Modern Times Group MTG AB) see the chapter "Legal considerations and supplementary information" under the section "Subscription undertaking and guarantee commitment" and "Financing agreements". The board member Lorenzo Grabau is Chief Executive Officer and President of Kinnevik. Board members Lorenzo Grabau and Mia Brunell Livfors are members of board of Modern Times Group MTG AB. It may occur that Kinnevik and/or Modern Times Group MTG AB (publ) have, or in the future have, interests that differ from CDON Group's under these agreements.

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.

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 2012, 2013 and 2014, 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

The registered accounting firm KPMG AB has been the Company's auditor since the spin-off/listing 2010, with Cronie Wallquist as auditor-in-charge since 2013. Cronie Wallquist is an authorised accountant and is a member of FAR.

In addition to the audit, KPMG has also during 2011 to 2014 provided other services. Such services have included consultations in accounting and tax issues and other audit related services.

Corporate Governance

CORPORATE STRUCTURE AND THE SWEDISH CODE OF CORPORATE GOVERNANCE

CDON Group is a Swedish public limit liability company. The Company's corporate governance is based on the Articles of Association, The Swedish Companies Act and Annual Accounts Act, Nasdaq Stockholm's Rule Book for Issuers, the Swedish Code of Corporate Governance and any other relevant Swedish and international laws and regulations.

The Swedish Code of Corporate Governance is based on the principle "comply or explain". This means that a company which applies the code may deviate from individual rules, but, if doing so, has to provide an explanation for each deviation. The Company complies with the Code in most aspects, and only deviates from its recommendations in respect to the composition of the remuneration committee. The Swedish Code of Corporate Governance states that the members of the Committee are to be independent of the company and its executive management with the exception of the Chairman of the Board who may chair the Committee regardless whether this criteria is met or not. Lorenzo Grabau is not independent of the Company and its management due to his role as Director of the Board in Modern Times Group MTG AB and the business relationship and other significant financial dealings existing between Modern Times Group MTG AB and CDON Group. The Company therefore deviates from this rule in the Code. The reason for the deviation is that Lorenzo Grabau has significant experience in establishing and defining remuneration principles across listed companies, and that the Committee thereby has the appropriate competence.

BOARD COMMITTEES

The Board has established two committees; the Remuneration Committee and the Audit Committee.

The Remuneration Committee comprises Lorenzo Grabau as Chairman, Lars-Johan Jarnheimer and Daniel Mytnik. The responsibilities of the Remuneration Committee include issues related to salaries, pension plans, bonus programmes and the employment terms for the Chief Executive Officer and Executive Management within CDON Group. The Committee also advises the Board on long-term incentive schemes.

The Audit Committee comprises Mia Brunell Livfors as Chairman, Lars Nilsson, David Kelly and Daniel Mytnik. The Audit Committee's responsibility is to (i) monitor the Company's financial reporting; (ii) in

respect of the financial reporting, monitor the efficiency of the Company's internal controls, internal audits, and risk management; (iii) keep itself informed regarding audit of the annual report and group accounts; (iv) review and monitor the impartiality and independence of the auditor and, in conjunction therewith, pay special attention to whether the auditor provides the Company with services other than auditing services; and (v) assist in conjunction with preparation of proposals to the general meeting's resolution regarding election of an auditor.

REMUNERATION TO THE BOARD

The Annual General Meeting 2014 resolved that SEK 670,000 is to be allocated to the Chairman of the Board, SEK 325,000 to each of the other members of

the Board and a total of SEK 526,000 for the work in the committees of the Board.

The table below shows the remuneration on behalf of the members of the Board for 2013.

REMUNERATION TO EXECUTIVE MANAGEMENT

Remuneration to the executive management consists of a fixed salary, variable remuneration, pension and other benefits. To the CEO and other members of the executive management, the salary and other compensation was paid in accordance with the table below.

The maximum notice period in the CEO's and other members' of the Executive Management employment contracts is generally twelve months, and in exceptional cases 18 months, during which time the salary shall be paid.

Remuneration and other benefits

Group and Parent Company (SEKm)	Basic salary, Board remuneration	Variable salary	Other benefits	Pension expenses	Rights expenses	Total
Lars-Johan Jarnheimer, Chairman of the Board	0.7					0.7
Mia Brunell Livfors, board member	0.4					0.4
Lars Nilsson, board member	0.5					0.5
Mengmeng Du, board member	0.4					0.4
Jonas Kjellberg, board member	0.3					0.3
David Kelly, board member	0.4					0.4
Patrick Andersen, board member	0.4					0.4
Paul Fischbein, CEO						
Remuneration from parent company	3.3	0.3		0.6	0.3	4.6
Other senior executives (11 persons)						
Remuneration from parent company	7.3	1.6		1.6	0.6	11.1
Remuneration from subsidiaries	8.4	1.3		2.0		11.7
Total	22.1	3.2	0.0	4.3	0.9	30.5

SHARE CAPITAL AND OWNERSHIP STRUCTURE

Share capital, rights associated with shares and other securities

According to CDON Group's current 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. Class C shares are only issued to ensure delivery of shares under the Company's share-based incentive programs. At the Extraordinary General Meeting held on 21 November 2014, it was resolved to amend the minimum and maximum limit for the share capital and the number of shares to not less than SEK 200,000,000 and not more than SEK 800,000,000 distributed among not less than 100,000,000 and not more than 400,000,000 shares. The new Articles of Association are estimated to be registered by the Swedish Companies Registration Office around 2 January 2015.

Prior to the rights issue, the Company's registered share capital amounts to SEK 201,376,372 distributed among 100,688,186 shares, whereof 1,175,000 Class C shares are held by the Company. 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 to 150,444,779, 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 total of 49,756,593 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.

Each share entitles to one vote and shareholders may, at the General Meeting, vote for the full number of the owned and represented shares without restrictions on the voting rights. Should the Company decide to cash or offset issue new shares, stock options or convertibles of both ordinary shares and class C shares, the shareholders have as general rule preferential rights in proportion to the number of shares of the same kind, and in the event of issuance of solely ordinary shares or class C shares, shareholders have subscription rights in proportion to the total number of shares they hold regardless of whether they are

ordinary shares or class C shares. Class C shares do not entitle to dividends, but to an equal right of the Company's assets as the ordinary shares at the Company's dissolution. The existing shares are, and the new shares will be issued in accordance with Swedish law and denominated in Swedish kronor. CDON Group's Articles of Association contain a CSD clause and the shares are cleared through Euroclear, which means that Euroclear maintains the share register and registers shares on persons. The shares are not subject to any restriction on the free transferability (but investors should carefully review the information in the chapter "Restrictions on sale and transfer etc.") and are traded on Nasdaq Stockholm under the ISIN-code SE0003652163. The shares are not subject to any offer under pursuant to a mandatory takeover bid and/or squeeze-out or sell-out. No public takeover bids have been made during the current or previous financial year.

The conversion rate for the Group's five year convertible bond loan of SEK 250.0 million was initially set to SEK 38.00 on 19 January 2011. In connection to the rights issue, which was conducted in 2013, the conversion price has been recalculated to SEK 31.00 per share. The bond may thus be converted to a maximum of 8,064,516 shares in CDON Group between 15 July 2012 and 1 December 2015, corresponding to an increase of approximately 7.5 per cent based on the number of shares issued on 30 September 2014. CDON Group has entered into an agreement to redeem the convertible in advance subject to the condition that the rights issue is completed.

Ownership structure

The number of shareholders on 30 September 2014 was 18,574. The ten largest shareholders controlled 56 per cent of the votes (excluding the 1,175,000 class C shares that the Company currently holds and that cannot be represented at the General Meeting) and 56.5 per cent of the capital. Swedish institutions and equity funds (including Kinnevik) own approximately 51.4 per cent of the share capital, international investors approximately 27.6 per cent and Swedish private investors approximately 21.1 per cent.

The largest shareholder, Kinnevik, has undertaken to exercise its subscription rights for new shares corresponding to its pro rata shareholding. Kinnevik will thus continue to have a significant influence over CDON Group also after the rights issue. The influence

Development of the number of shares and the share capital

Date	Event	Change in share capital (SEK)	Change in number of shares	Share capital following change (SEK)	Number of shares following change	The shares quota value (SEK)
1936	The Company was founded	1,000,000	2,000	1,000,000	2,000	500.00
2010	Split	0	498,000	1,000,000	500,000	2.00
2010	Offset Issue	131,090,244	65,545,122	132,090,244	66,045,122	2.00
2010	Cash Issue	595,004	297,002	132,684,248	66,342,124	2.00
2011	Cash Issue, Class C-shares	380,000	190,000	133,064,248	66,532,124	2.00
2012	Cash Issue, Class C-shares	570,000	285,000	133,634,248	66,817,124	2.00
2013	Cash Issue, partial registration 1 (Rights Issue)	65,972,426	32,986,213	199,606,674	99,803,337	2.00
2013	Cash Issue, partial registration 2 (Rights Issue)	369,698	184,849	199,976,372	99,988,186	2.00
2013	Cash Issue, Class C-shares	1,400,000	700,000	201,376,372	100,688,186	2.00
2014	Rights Issue*	99,513,186	49,756,593	300,889,558	150,444,779	2.00

* Provided that the Rights Issue is fully subscribed

is limited by the minority shareholder right provisions of the Swedish Companies Act (*Sw. Aktiebolagslagen*) (2005:551).

The table below shows the largest shareholders of the Company as of 30 September 2014 according to Euroclear, including changes occurring thereafter that the Company is aware of.

Shareholder	Number of shares	Percentage of shares / votes in %*
Investment AB Kinnevik	27,009,694	26.8/27.1
Swedbank Robur Fonder	7,748,157	7.7/7.8
Oppenheimer Fonder	6,813,159	6.7/6.8
Invesco Fonder	5,186,734	5.2/5.2
Henderson Fonder	5,039,651	5.0/5.1
Remaining shareholders (including 1,175,000 Class C shares held by CDON Group)	48,890,791	48.6/47.9
Total	100,688,186	100

* The percentage units are presented in relation to the number of shares in the Company including own shares held by CDON Group and excluding such shares. Own shares held by CDON Group cannot be represented at general meetings.

26 November 2014	Number of shares issued	% of votes	% of capital
Ordinary shares	99,513,186	100.0	98.8
Class C shares	1,175,000	–	1.2
Total number of shares	100,688,186	100.0	100.0

Share-based incentive programs

CDON Group has three share-based incentive programs¹ called LTIP 2012, LTIP 2013 and LTIP 2014 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 beneficial 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 under the incentive program. 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. 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.

Allotment of shares based on the rights and the right to exercise the stock options to acquire shares, requires continued employment in the Group and that the participant has kept the shares that have been locked up in under the program. 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 2012 and LTIP 2013, such as number of participants and number of allotted rights and stock options, are available in CDON Group's annual report for 2013, which is incorporated by reference and is part of this prospectus. At the time of approval of this prospectus 40 persons are participating in LTIP 2014, which was resolved at the Annual General Meeting on 13 May 2014, and in total 488,226 rights and 104,000 stock options have been allotted to the participants, which means a maximum allotment of shares based on the

1) LTIP 2011 was terminated in connection with the publication of the interim report of the period January – March 2014. No allotment of shares was made to the participants.

rights respectively acquisitions of shares based on the stock options of a total amount of 596,226 shares.

The dilution effect of LTIP 2013, LTIP 2013 and LTIP 2014 amounts in total to a maximum of 1.3 per cent of the number of shares and votes in CDON Group prior to the rights issue, if all participants are still employed by CDON Group and have maintained the shares they allocated to the plan at the expiry of each plan, respectively, and that all financial performance conditions have been fulfilled. 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 13 May 2014 authorized the Board of Directors to decide that the Company shall issue new shares and repurchase up to 475,000 Class C shares to ensure delivery of shares to participants in the LTIP 2014. The authorization has not been used at the date of publication of this prospectus.

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.

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.

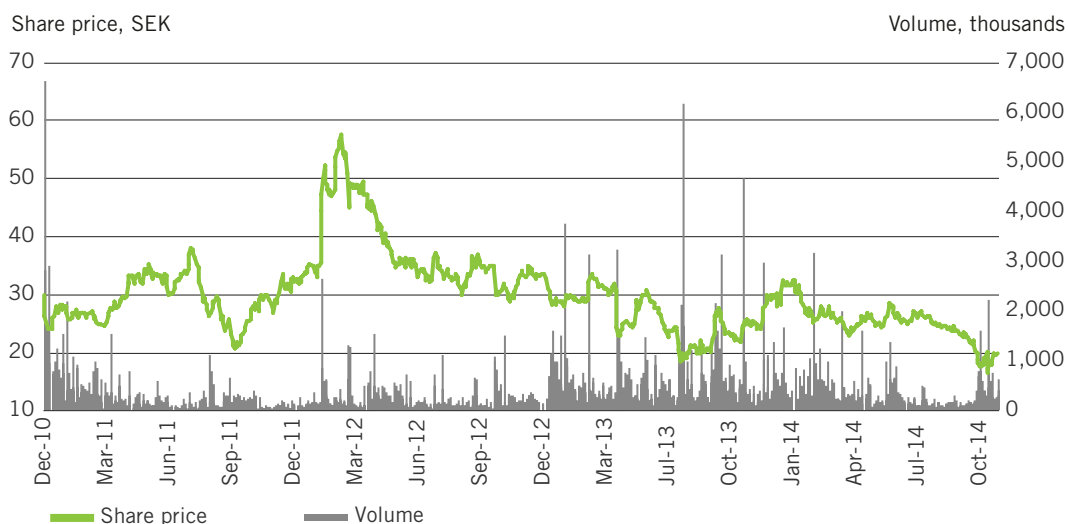
Resolution on dividend is made at the Annual General Meeting. Dividends are normally paid in cash per share through Euroclear, but can also be non-cash (distribution in kind). Those who are registered as shareholders in the share register maintained by Euroclear on the record date as decided by the Annual 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, 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 Stockholm (Mid Cap) since 15 December 2010. The share's ticker is CDON, but will be changed after the year-end following the name change to Qliro. The chart below shows the price development and turnover for the share during the period from 15 December 2010 to 31 October 2014.

Development of price and trading volume in CDON Group's share



ARTICLES OF ASSOCIATION

*Adopted by the Annual General Meeting
on 13 May 2014
(translation of the authorized Swedish Articles
of Association)¹*

§ 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 Stockholm.

§ 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 children 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 preferential 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.

1) At the Extraordinary General Meeting 21 November 2014 it was resolved to amend the Articles of Association's provisions regarding the Company's name (§1), see page 1 "Certain definitions", the object of the Company's business (§3), see page 55 "Information regarding CDON Group and group structure" and the minimum and maximum levels for the share capital and number of shares in the Company (§ 4), see page 50 "Share capital, rights associated with shares and other securities". The new Articles of Association is estimated to be registered by the Swedish Companies Registration Office around 2 January 2015.

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.

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 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

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

Information regarding CDON Group and group structure

CDON Group AB (publ), corporate identification number 556035-6940, was founded 11 December 1936 in Sweden and is today a public limited liability company with its registered office in Stockholm, Sweden. The legal form of the Company is regulated by, and the shareholders' rights may be amended only in accordance with, the Swedish Companies Act (2005:551). The current Articles of Association were adopted at the Annual General Meeting on 13 May 2014 (however, at the Extraordinary General Meeting 21 November 2014 the Articles of Association were amended, and the new Articles of Association will be registered around 2 January 2015). The new Articles of Association contain, among others, a new object of the Company's business: "The object of the Company's business shall be to own and manage real property and movables, primarily through investments in businesses within the areas internet, online, e-commerce and retailing primarily with consumer brands and products as well as financing operations, with necessary licenses or authorisations from authorities where relevant. Furthermore, the object of the Company's business shall be to conduct business operations compatible with the above mentioned businesses."

CDON Group is the parent company of the Group which, in addition to CDON Group, consists of seven directly owned, operating, subsidiaries (CDON AB, corporate identification number 556406-1702, Lekmer AB, corporate identification number 556698-8035, NLY Scandinavia AB, corporate identification number 556653-8822, Gymgrossisten Sweden AB, corporate identification number 556564-4258, Tretti AB, corporate identification number 556665-7606, Qliro AB, corporate identification number 556962-2441 and CDON Group Logistics AB, corporate identification number 556904-0823), all domiciled in Sweden and wholly-owned (except for Lekmer where the Company owns 90.1 per cent), as well as subsidiaries owned by the directly owned subsidiaries and companies that are dormant or during a liquidation proceeding at the time of registration of the prospectus. For further information regarding significant subsidiaries, see the chapter "Operations".

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), clothing and footwear (Nelly), appliances (Tretti), fitness accessories and nutritional supplements (Gymgrossisten) and toys (Lekmer). 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. In some cases CDON Group has undertaken guarantees for the subsidiaries' discharge of obligations under the supplier agreements.

PAYMENT AND CUSTOMER FINANCING AGREEMENTS

The Company's previous agreements regarding invoice and installment payment solutions with Klarna AB have, in all material aspects, been terminated by the Company and expires in November/December 2014. Following expiration, these services shall be provided by Qliro on CDON Group's Swedish e-commerce stores. In addition CDON Group has agreements with providers of payment solutions and has entered into an agreement with Collector Credit AB which will deliver invoice and installment payment solutions on the e-commerce stores in the countries where Qliro not yet is in use.

CUSTOMER AGREEMENTS

The companies are primarily selling to consumers. The Group generally uses standard terms in relation to its customers. A review of the general terms and conditions for purchase and delivery as well as of privacy policies has been made during 2014 within the Group. The customer terms and conditions have been adjusted and updated in accordance with new mandatory consumer protection legislation.

LOGISTICS AND TRANSPORT AGREEMENTS

The logistic services for the e-commerce stores are operated both in-house and by external providers of logistic services that CDON Group has contracted. Such external logistic services are e.g. goods reception, storage and packaging for delivery to carriers and also includes lease of storage space. These agreements have in most cases a term of between two and three years, and are automatically renewed if neither party terminates the agreement, but there are agreements with longer binding terms.

IT AGREEMENTS

Several companies in the Group have entered into agreements with providers of hosting services of web systems and, in several cases, certain additional services, whereby the supplier guarantees that a certain degree of availability is maintained with respect to the subsidiaries' web systems. The agreements generally run with a fixed initial term and are automatically renewed if neither party terminates the agreement. Furthermore, 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. Major 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 as well as divestments of businesses and continuously evaluates opportunities to expand or broaden the Company's product portfolio on favorable terms. There are minority shareholders in Lekmer that own altogether 9.9 per cent of the company (there are call and put options related to the minority shareholders' shares). The business of Rum21 AB has been disposed and the sale was completed in May 2014. Customary warranties were provided in the asset transfer agreement concerning Rum21, with customary limitations of liability for Rum21. In addition Rum21 (the company name has after the disposal been changed to CDON Group Online Retailing AB) and

CDON Group have undertaken not to compete with the divested business during a period of 18 months (although it is explicitly stated that the competition restriction does not include a general prohibition against selling furniture).

FINANCING AGREEMENTS

The Group has a credit agreement with Nordea Bank AB, which was entered on 14 May 2014 entitling to credit facilities totaling SEK 210 million, of which a facility of SEK 150 million has a two year term and a facility of SEK 60 million has a 9 months term from the date of the agreement. The credit agreement contains customary conditions for drawdown. 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. As at 30 September 2014 CDON Group had utilised SEK 88 million of the credit facilities for bank guarantees.

Qliro has agreements with Nordea Finans AB regarding borrowing using account receivables as collateral amounting to SEK 275 million after the parties entered into an amendment agreement 11 November 2014 (previously SEK 50 million). Both parties have the right to terminate the agreements with a notice period of nine months. According to the agreements, Qliro can borrow up to 80 per cent of the value of Qliro's each account receivable. The agreements also contain certain covenants made by Qliro with respect to the account receivables.

CDON Group's financing also consists of a convertible bond loan of nominal SEK 250 million and carrying a 2.85 per cent interest. In connection with the rights issue, the Company has entered into an agreement with Modern Times Group MTG AB's subsidiary MTG Investment AS regarding early repayment of the bond loan, in order to cancel the convertible bond, in an amount of approximately SEK 250 million together with interest, the amount of which depends on when repayment is made. The repayment of the bond is conditional on completion of the rights issue.

Intellectual property rights

The Company and its subsidiaries are owners of several trademarks and domain names. The Group's most important trademarks and domain names are "Qliro", "CDON.com", "tretti", "gymgrossisten", "lekmer" and "nelly". Furthermore, Nelly's and Gymgrossisten's private labels (e.g. Star Nutrition and NLY Shoes) are important for the Group. The Group has engaged

external counsel to manage and monitor its trademark portfolio.

Related party transactions

The Group purchases the following:

- internal audit and marketing services as well as project-related consultant services from time to time from Kinnevik,
- communications services from Tele2 AB, and
- advertising 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.

As stated under the section “Subscription undertaking and rights issue guarantee”, Kinnevik has entered into a subscription undertaking and a rights issue guarantee in favor of the Company before the rights issue and as stated under “Financing agreements” the Company has entered into an agreement with Modern Times Group MTG AB’s subsidiary MTG Investment AS regarding early repayment of the bond loan.

For information regarding remuneration to the members of the Board and executive management, see section “Board, executive management and auditor”.

Licensed operation and regulatory affairs

Gymgrossisten’s products are covered by national food regulations. This may mean that approval or registration of the products must be obtained by relevant authorities in the country where the products are sold.

Qliro is a financial institution registered at the SFSA (Sw. *Finansinspektionen*); and the Swedish Consumer Agency (Sw. *Konsumentverket*) supervises Qliro’s operations of granting credits to consumers. At present the business operations conducted by Qliro do not require any authorisations, but may be subject to regulatory requirements in the future if the business operations are broadened further to new geographic markets (e.g. Norway) and/or external clients. In such case, Qliro will apply for authorisation to carry out such operations that are subject to authorisation.

Disputes

The Finnish customs authority is currently investigating a suspected tax crime in CDON Alandia (a CDON subsidiary). There is a risk that the investiga-

tion results in claims against the company. CDON is currently not able to estimate the size of the potential claim against the company as a result of the investigation. The investigation relates to VAT effects following certain sales to Finland from, or in some cases via, Åland. CDON is assisting in the investigation and the company’s view is that it has acted in accordance with applicable tax legislation. CDON has following a discussion with tax advisers not considered it to be necessary to make provisions due to the ongoing investigation.

Gymgrossisten is a party to disputes in Germany with a counter-party that concern intellectual property and competition law matters. The disputed amount is approximately SEK 2 million and a provision has been made in CDON Group’s consolidated accounts. All claims are disputed by Gymgrossisten.

CDON has initiated an injunction to pay in Portugal against a supplier of video game consoles, as a result of failure to deliver the consoles, which have been pre-paid. If the injunction to pay is not successful other legal actions might be initiated. If the company does not receive payment, the loss will amount to between EUR 0 and 1.0 million in the consolidated accounts.

CDON Group has not during the past twelve months been a party to any other legal proceeding in court or in any arbitration proceeding, that have had, or is expected to have, a significant impact on the Group’s financial position or earnings.

Subscription commitment and guarantee undertaking

Kinnevik¹, holding approximately 27 per cent of the capital and voting rights in the Company and is the Company’s largest shareholder, has on 21 October 2014 made a written commitment 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 made a guarantee undertaking to subscribe for the additional number of new shares in the rights issue that have not been subscribed for with or without subscription rights. The rights issue is thus fully guaranteed. As a result of Kinnevik’s fulfillment of the guarantee undertaking, Kinnevik may attain a shareholding representing at least three-tenths of the voting rights for all shares in the Company. According to the Swedish Stock Market (Takeover Bids) Act (2006:451) Kinnevik shall in such case, within four weeks thereafter, launch a takeover bid in respect of

1) With postal address Box 2094, 103 13 Stockholm

the remaining shares in the Company (mandatory bid). As per the date of this prospectus Kinnevik has not, as far as the Company is aware, applied for an exemption from the requirement to make a mandatory bid.

Kinnevik receives no compensation for the subscription commitment. As regards the guarantee undertaking, Kinnevik is entitled to receive 1.5 per cent of the total issue proceeds of approximately SEK 647 million with deduction of the amount Kinnevik subscribes for in accordance with the subscription commitment. The guarantee fee to Kinnevik amounts to approximately SEK 7.1 million.

Advisers

CDON Group's financial advisor in conjunction with the rights issue is SEB. Cederquist is CDON Group's legal advisor in conjunction with the rights issue.

Documents incorporated by reference

CDON Group's financial statements for the financial years 2013, 2012 and 2011 and for the period January–September 2014 are incorporated by reference and are a part of the prospectus. These financial statements are contained in CDON Group's financial statements for 2013, 2012 and 2011, where references are made as follows:

- The Annual Report 2013: reference is made to pages 45–96 and the income statement can be found on page 45, the consolidated statement of financial position on page 46, cash flow statement on page 49 and the auditor's report on page 96.
- The Annual Report 2012: reference is made to pages 42–93 and the income statement can be found on page 42, the consolidated statement of financial position on page 43, cash flow statement on page 46 and the auditor's report on pages 92 and 93.
- The Annual Report 2011: reference is made to pages 44–94 and the income statement can be found on page 44, the consolidated statement of financial position on page 45, cash flow statement on page 48 and the auditor's report on pages 93 and 94.
- The interim report for January–September 2014: reference is made to all pages and the income statement can be found on page 14, the consolidated statement of financial position on page 15, cash flow statement on page 16 and the review report on page 13.

CDON Group's financial statements for the financial years 2013, 2012 and 2011 have been audited by the Company's auditor and the audit report is attached to the annual report. The interim report for the period January–September 2014 has been reviewed by the Company's auditor and the audit report is attached to the interim report.

Besides CDON Group's audited financial statements for the fiscal years 2013, 2012 and 2011 and the audited interim report for January–September 2014, no other information in the prospectus has been audited by the Company's auditors.

Non-incorporated parts of the financial information are either not relevant for the investor or covered elsewhere in the prospectus.

Documents available for inspection

Copies of the following documents may be obtained during the validity of the prospectus from CDON Group by email at ir@cdongroup.com, on the Company's main office, weekdays during office hours, and are available on CDON Group's webpage, www.cdon-group.com.

- CDON Group's articles of association;
- CDON Group's audited financial statements for the fiscal years 2013, 2012 and 2011 (including auditor reports); and
- CDON Group's interim report for the period January–September 2014.

This prospectus is also available electronically from the Swedish Financial Supervisory Authority's (Sw. *Finansinspektionen*) webpage, www.fi.se.

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, mainly, applicable to shareholders and holders of subscription rights, which are unlimited liable to tax in Sweden. Persons which are limited liable to pay tax in Sweden are addressed under a certain heading in the end of the summary, 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 foreign companies, which carries out business through a permanent establishment in Sweden or foreign 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, including the applicability and effect of foreign 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 % 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 of the same class and type. In this context, paid and subscribed shares (Sw. BTA) 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 the Nasdaq Stockholm, 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 % 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).³ Capital losses not absorbed by the set-off rules are deductible at a rate of 70 %. 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 % of the net loss that does not exceed SEK 100,000 and 21 % of the net loss in excess thereof. Excess net losses cannot be carried forward to a subsequent fiscal year.

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 % 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) A capital loss may also be set-off against reversal of an investment deduction (sw. investeraravdrag).

LIMITED LIABILITY COMPANIES

Limited liability companies and other legal entities, except for estates of deceased Swedish individuals, are taxed on all income in the income from business category. The tax rate is 22 %. 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 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 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.

Sale of received subscription rights

The subscription rights will be listed. Shareholders who do not wish to exercise their preferential right 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 zero. The standard method may not be used in this case. The entire sale proceeds after deduction of sales costs is 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 pur-

poses 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 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 %. 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 22.3% in the income from business category. 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 and subscription rights holders 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 %. 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 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 in Sweden 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.

RESTRICTION ON SALE AND TRANSFER ETC.

The grant of subscription rights and the offer to subscribe for new shares in CDON Group by exercise of subscription rights as well as without subscription rights (the “Offering”) to persons resident in, or who are citizens of, countries other than Sweden may be affected by the laws of the relevant jurisdiction. 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 exercise subscription rights or to subscribe for new shares without subscription rights.

General

CDON Group has not taken and will not take any action to permit a public offering of the 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 (the “Securities”), unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that investor, or the Securities 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 the Securities to any person in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If any investor 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 the following applies:

- I. the Securities being granted or offered, respectively, in the Offering may not be offered, subscribed for, sold, or transferred, directly or indirectly, to or in, 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 Securities or where such action would require additional prospectuses, other offer documentation, registration or 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 transfer of subscription rights 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 subscribes for, receives, transfers, trades or otherwise deals in the Securities 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 as defined under Rule 144A (“**Rule 144A**”) of the United States Securities Act of 1933, as amended (the “**Securities Act**”) (“**QIB**”), 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 new shares, the investor and any such person will be located outside the United States;
 - the investor understands that neither the Securities have not been or will not be registered under the Securities Act and may not be offered, subscribed for, sold, resold, allotted, delivered or

otherwise transferred within the United States, 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

- the investor may lawfully be offered, exercise, subscribe for and receive Securities 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 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 Securities 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) who is located outside of Sweden wishes to exercise, deal in or subscribe for the Securities, 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 Securities, such investor should consult a professional adviser without delay.

Subscription rights will initially be credited to financial intermediaries for the shareholders account that hold shares in CDON Group through such intermediaries as at the record date, 25 November 2014. 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 Ineli-

gible 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 Securities 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 Securities 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 exercise or delivery of Securities, 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 Securities 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, subscribed

for, exercised, pledged, sold, resold, granted, allotted, delivered or otherwise transferred, directly or indirectly, within the United States 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 Securities are being made in the United States. The Securities 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 Securities may only be offered or sold within the United States to existing shareholders who are reasonably believed to be QIBs and who have executed an investor letter, in the acceptable form, to CDON Group. Until 40 days after the commencement of the Offering, an offer, sale or transfer of the Securities 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 to whom Securities are distributed, offered or sold within the United States will, by accepting delivery of the prospectus, or by its subscription of Securities, be deemed to have represented, agreed, on its behalf and on behalf of any investor accounts for which it is subscribing in Securities, as the case may be, that , among other things:

1. it is a QIB, and, if it is acquiring the Securities 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 the Securities 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 Securities 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 Securities are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act and may not be deposited into any unrestricted depository 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 Stockholm 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 Securities, and it has the financial ability to bear the economic risk of investment in the Securities;
7. if it wishes to reoffer, resell, pledge or otherwise transfer any of the Securities, 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 Securities 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 Securities 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 Securities 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 Securities 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 Securities are transferred delivers a letter to CDON Group making the foregoing acknowledgements, representations and agreements; or (e) it will transfer the Securities 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 SEB 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 Securities 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.

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 Securities 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 Securities 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 SEB 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 Securities results in a requirement for the publication by CDON Group or SEB of a prospectus pursuant to Article 3 of the Prospectus Directive. Neither CDON Group nor SEB have authorised, nor will they authorise, the making of any offer of Securities through any financial intermediary, other than offers made by SEB 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 Securities under, the Offering will be deemed to have represented, warranted and agreed to and with CDON Group and SEB 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 Securities acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Securities 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 SEB has been given to the offer or resale; or (ii) where Securities have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Securities 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 Securities 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 Securities to be offered so as to enable an investor to decide to acquire any Securities, 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 (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.

INFORMATION TO INVESTORS IN THE UNITED STATES

IMPORTANT NOTICE

The Securities offered within the framework of the Offering have not been approved or disapproved or recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not passed upon the merits of the offering, the Securities or confirmed the accuracy or completeness or determined the adequacy of this prospectus. Any representation to the contrary is a criminal offense 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 liabilities and service of process

CDON Group is a public limited liability company incorporated under the laws of Sweden, with its registered office in Stockholm, Sweden. None of the members of the board 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*.

Presentation of information

This prospectus has been prepared in accordance with Swedish format and style, which differs from U.S. format and style. In particular, unless otherwise indicated, the financial information contained in the prospectus has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and thus may not be comparable to financial statements of U.S. companies prepared in accordance with U.S. generally accepted accounting principles.

Investors must not construe the contents of this prospectus as legal, investment or tax advice. Each investor should consult such investor’s own counsel, accountant or business advisor as to legal, investment and tax advice and related matters pertaining to the Offering. You are strongly urged to consult your tax advisors regarding the risk of having a taxable distribution as a result of the receipt of the Securities.

Sale and transfer restrictions

The distribution of this Prospectus and the offer and sale of the Securities is subject to restrictions, see the chapter “Restriction on sale and transfer etc.”.

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