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This press release has been published in Swedish and English. In the event of any discrepancy in content between Swedish original text and the English translation, the Swedish original shall prevail.

CDON Group announces c. SEK 650m rights issue, launches Qliro Payment Solution, strengthens balance sheet and changes name to Qliro Group

- CDON Group AB/Qliro Group AB ("CDON/Qliro Group") announces a rights issue to existing shareholders of approximately SEK 650m¹
- The proceeds will be used to fund the continued launch of the payment service Qliro Payment Solution (approximately SEK 300m), growth plans in the subsidiaries, especially in Nelly (approximately SEK 100m), and an early redemption of the company's convertible bond (approximately SEK 250m)
- Qliro Payment Solution to be launched on the Swedish websites of Nelly, CDON.com and Lekmer during the fourth quarter of 2014. The financial target for Qliro Financial Services (the new segment in which Qliro Payment Solution is included) is to contribute with approximately SEK 100m to group EBT in 2018
- CDON/Qliro Group has a strong track record in developing and building Nordic e-commerce companies. As an example Nelly has grown from having revenues of SEK 14m in 2007 to more than SEK 1,000m during the last twelve month period. Nelly shows strong profitability in mature markets, such as Sweden, and part of the issue proceeds is intended to be used for the continued expansion
- CDON Group changes name to Qliro Group
- CDON/Qliro Group increases transparency by reporting the largest subsidiaries as new segments and the financial targets are changed to targets per segment, which will substitute the previous financial targets on group level
- The rights issue is 100 percent guaranteed by a subscription undertaking and guarantee from Investment AB Kinnevik ("Kinnevik")
- The rights issue is subject to approval by the Extraordinary General Meeting on 21 November 2014 and provided that such approval is given, the subscription period will run from 28 November to 12 December 2014. Notice of the Extraordinary General Meeting will be available on the company's website, www.cdongroup.com

CDON/Qliro Group's CEO Paul Fischbein comments:

"Now our new journey as Qliro Group begins. A fully underwritten rights issue of approximately SEK 650m will finance the launch of Qliro Payment Solution and its loan book, strengthen the balance sheet through redemption of the convertible bond and enable growth plans in our subsidiaries, especially in Nelly. Since 2010, we have doubled our sales and built companies such as Nelly and Gymgrossisten from Swedish entrepreneurial ventures into Nordic market leaders. We now move from pilot testing to full operation of our own payment service Qliro Payment Solution, adding yet another key component to

¹ Before transaction cost, which will be deducted from the issue proceeds allocated to Qliro Payment Solution and growth in subsidiaries

our ability to build leading e-commerce companies. During the fourth quarter Qliro Payment Solution will be implemented on the Swedish sites of Nelly, Lekmer and CDON.com and during 2015 we plan a launch in Norway and Finland, as well as for Gymgrossisten. Nelly and Gymgrossisten are already profitable in the home markets and will continue their growth journey through, for example, additional investments in logistics and expansion. Our larger subsidiaries will operate more independently with, among other things, the possibility to recruit external board members and advisors to secure the right company specific competencies.

To mark the step into a new and exciting phase, we have decided to change our company name to Qliro Group.“

Background and reasons for the rights issue

Strong track in identifying, developing and building Nordic e-commerce companies

CDON/Qliro Group has undergone major changes since CDON.com was founded in 1999. The company has grown substantially through international expansion, broadening the product range and launching and acquiring new e-commerce companies. Today, CDON/Qliro Group owns more than ten brands and its turnover has doubled from SEK 2,200m in 2010 to SEK 4,400m in 2013. Nelly and Gymgrossisten are clear examples of how CDON/Qliro Group has developed and built companies. Nelly had revenues of SEK 14m in 2007 and revenues of SEK 1,059m during the last twelve months period. Nelly's revenues increased by 30% during the third quarter 2014 and Nelly Sweden had an EBIT-margin of 5% over the same period. Nelly has been launched on a number of markets over the last years and increased the proportion of private labels, which now represents approximately 30% of sales. Gymgrossisten had revenues of SEK 200m when it was acquired in 2008, compared to revenues of SEK 806m during the last twelve month period². During the last nine month period Gymgrossisten had an EBIT-margin of 9% in the Nordics and the business is cash flow positive. Gymgrossisten has successfully launched several private labels, e.g. Star Nutrition and Chained Nutrition.

In recent years, CDON/Qliro Group has handled a number of challenges which have strengthened the company's position. CDON/Qliro Group has reported positive operating results and profitable growth during the last twelve months period¹ and has launched a number of initiatives, for example implemented separate management teams in the subsidiaries, launched CDON Marketplace and developed Qliro Payment Solution.

CDON/Qliro Group is ready to continue the growth journey and adjust its operations to be able to support the subsidiaries specific needs. The Board composition/Advisory Boards of the individual subsidiaries will be reviewed to ensure that the right business specific competence is available to each company. External directors and advisors with relevant experience for each of the companies will be appointed.

CDON/Qliro Group launches Qliro Payment Solution

CDON/Qliro Group has internally developed a new payment service, Qliro Payment Solution. Since June and September 2014, the service has been tested on Members.se and Tretti.se. The tests have shown good results and CDON/Qliro 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

² 1 October 2013 to 30 September 2014

Gymgrossisten. CDON/Qliro Group's goal is to become a credit market company in 2015 and then launch the payment solution in Finland and Norway.

Approximately SEK 300m of the issue proceeds will be used to enable the expansion of Qliro Payment Solution, 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. In addition to the part of the loan book that is financed with the issue proceeds, Qliro Payment Solution has external bank facilities. The payment service Qliro Payment Solution will be reported in the new segment Qliro Financial Services from the fourth quarter of 2014. The large volumes in the fourth quarter, during which the launch of Qliro Payment Solution takes place, lead to that the segment Qliro Financial Services is expected to report a negative operating result of about SEK 10-15m in the fourth quarter 2014.

Increased focus on growth and expansion of existing subsidiaries

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

Strengthens the company's financial position and increases the company's financial flexibility

CDON/Qliro Group and Modern Times Group AB ("MTG") have reached an agreement, subject to the completion of the rights issue, on redemption of CDON/Qliro Group's convertible bond that MTG holds. Approximately SEK 250m of the proceeds will be used in December 2014 to redeem the convertible bond, which expires in December 2015. The agreed upon redemption price implies interest expense savings of approximately SEK 7m to CDON/Qliro Group in 2015. Following the rights issue, CDON/Qliro Group will hold a net cash position and together with the external bank facilities related to Qliro Payment Solution, CDON/Qliro Group hence has a long-term and strengthened financial position, which in turn increases financial flexibility and supports the future growth of the company.

Increased transparency in the financial reporting of the largest subsidiaries

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

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

E-commerce in the Nordics has generally grown by approximately 15% per year during the last years. CDON/Qliro 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 100m to group EBT in 2018.

CDON Group changes name to Qliro Group

The Board has proposed to change the company name from CDON Group AB to Qliro Group AB and the name change emphasises that the company now takes the next step in its development. The name change is to be approved at the Extraordinary General Meeting.

The rights issue

On 21 October 2014, the Board of CDON/Qliro Group has resolved on a rights issue of approximately SEK 650m with preferential rights to existing shareholders. The rights issue is subject to the subsequent approval by the Extraordinary General Meeting.

The subscription period is expected to run from and including 28 November 2014 up to and including 12 December 2014, or such later date as decided by the Board.

The increase of share capital, number of shares issued, the number of subscription rights that each share shall entitle to, number of subscription rights required to subscribe for a new share and the subscription price will be determined by the Board and published no later than 18 November 2014.

The Extraordinary General Meeting is planned be held on 21 November 2014 10:00am CET at the offices of Advokatfirman Cederquist at Hovslagargatan 3 in Stockholm. The notice of the Extraordinary General Meeting will be published in a separate press release and is available on CDON/Qliro Group website www.cdongroup.com.

Kinnevik, representing approximately 25 percent of the capital and votes in CDON/Qliro Group, has through a subscription commitment undertaken to subscribe for shares in the rights issue corresponding to its shareholding in CDON/Qliro 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.

Preliminary timetable for the rights issue

18 November 2014	Complete terms and conditions of the rights issue are announced
21 November 2014	Extraordinary General Meeting resolves on approval of the Board's rights issue resolution
24 November 2014	First day of trading in the CDON/Qliro Group share excluding subscription rights
25 November 2014	Record date for allotment of subscription rights
27 November 2014	Estimated date for publication of prospectus

28 November – 10 December 2014	Trading in subscription rights
28 November - 12 December 2014	Subscription period
18 December 2014	Announcement of the preliminary outcome of the rights issue
30 December 2014	Estimated date of announcement of the final outcome of the rights issue

Financial and legal advisers

SEB Corporate Finance is acting as financial adviser to CDON/Qliro Group in the rights issue and Cederquist is acting as legal adviser to CDON/Qliro Group.

Telephone conference

A telephone conference will be held on 22 October 2014 at 10:00am Stockholm time, and 09:00am London time. Paul Fischbein, CEO for CDON Group, and Nicolas Adlercreutz, CFO, will participate in the telephone conference.

To participate in the telephone conference, please call:

Sweden: +46 (0) 5065 3938

London: +44 (0) 20 3427 1914

The pin that is needed to be able to participate in the call is 9328708.

To listen on the telephone conference online, visit www.cdongroup.com.

For further information, please visit cdongroup.com or, contact:

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The information in this announcement is such that CDON Group AB (publ) is required to disclose under the Securities Markets Act. This information was released for publication at 08:00am CET on 22 October 2014.

About CDON Group

CDON Group is the 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 solution Qliro. In 2013, the group generated 4.5 billion SEK in revenue. CDON Group's shares are listed on Nasdaq Stockholm's Mid-cap list under short name "CDON".

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