



## Q2 Interim report, 1 January – 30 June 2013

CDON Group AB (NASDAQ OMX Stockholm Mid Cap: CDON) announces its financial results for the second quarter and first six months of 2013.

### Second Quarter

---

- Net sales excluding divested operations was up 4.2% year on year to SEK 964.3 (925.3) million
- Net sales including divested operations was up 1.8% year on year to SEK 969.2 (952.1) million
- Gross margin of 11.9% (11.4%), excluding non-recurring costs and divested operations 15.7% (14.8%)
- Operating profit excluding non-recurring costs and divested operations was SEK -6.2 (0.5) million
- Operating profit including non-recurring costs and divested operations was SEK -48.9 (-43.5) million
- Net income of SEK -44.7 (-37.1) million
- Basic earnings per share of SEK -0.62 (-0.54) \*
- The result is burdened by items affecting comparability of SEK 32 million in the Entertainment segment

### First six months

---

- Net sales excluding divested operations was up 7.1% year on year to SEK 1,996.6 (1,864.2) million
- Net sales including divested operations was up 6.0% year on year to SEK 2,020.3 (1,906.4) million
- Gross margin of 13.0% (12.8%), excluding non-recurring costs and divested operations 14.9% (15.3%)
- Operating profit excluding non-recurring costs and divested operations was SEK -10.4 (7.5) million
- Operating profit including non-recurring costs and divested operations was SEK -56.6 (-55.6) million
- Net income of SEK -62.0 (-50.1) million
- Basic earnings per share of SEK -0.92 (-0.72) \*

\* Calculated on the average number of outstanding shares for the periods as reported on page 17.

### CEO statement

Paul Fischbein, President and CEO, commented: "Group sales development in the second quarter continued to be positive with sales growth within many of our companies. Our stores have leading market positions in Nordic e-commerce and visitor numbers in our stores continue to increase.

Growth in the Sports & Health segment was 34 per cent and the segment continued to show solid profitability. In the second quarter the segment's warehouse was relocated and the new Milebreaker.com store was launched. We further extended the range of our private label products, contributing to further strengthened market positions.

The Fashion segment, together with our logistics centre in Falkenberg, continued to develop as planned. Sales in the Fashion segment increased by 20 per cent with positive operating profit. It is pleasant that the hard work put in by Nelly's new management in order to ensure long-term earnings is beginning to show results.

The Home & Garden segment operates in a highly competitive market, but nevertheless showed sales growth and clearly improved earnings in the quarter.

The Entertainment segment is a business under big transformation, particularly within CDON.com, which showed a negative sales trend and an operating loss in the quarter. The decline in sales and earnings were affected by increasingly negative market developments for media-related products, but the main reason for the quarter's negative result was a large clearance on computer products. The sale had a negative EBIT impact



of about SEK 10 million in the quarter. CDON.com have provided for a non recurring cost of SEK 32 million related to suspicions of an employee manipulating purchasing prices, which resulted in an under-provision of cost of goods sold. This employee has left the company and a police report has been filed. The deviation was found by internal control routines in connection with closing of the accounts for the second quarter. The result in the second quarter is burdened by the extraordinary cost, but has no effect on cash flow in the period, or on future cash flow."

#### **Forward-looking statement**

CDON Group operates in a sector with high growth within many product areas, and many of the Group's companies are well positioned to capitalize on this market growth. The Group's strategy during 2013 is to continue delivering sales growth and increased market shares in a balanced way, particularly within Nelly.com and Gymgrossisten.com. CDON.com is likely to affect the Group's overall growth figures negatively. In light of this CDON.com has intensified its efforts to reduce tied up capital in inventory through clearances and marketing efforts. The ambition is to continue to reduce CDON.com's inventory level at a high pace. This is expected to have a negative impact on the Entertainment segment's results of approximately SEK 20 million over the next few quarters, as a result of lower margins.

#### **Significant events during and after the second quarter 2013**

##### *Acquisition of all outstanding minority shares in Nelly.com*

On 8 July 2013 CDON Group AB announced that they had acquired all remaining 2.23 per cent of the shares in its subsidiary NLY Scandinavia AB ("Nelly.com") from the company's minority shareholders. CDON Group now holds 100.0 per cent of the shares and votes in NLY Scandinavia AB.

##### *New logistics centre for Sports & Health deployed*

On 23 April 2013 CDON Group AB announced that the Group's Sports & Health segment had successfully deployed its new logistics centre in Trollhättan, Sweden, which serves the segment's three online stores Gymgrossisten.com, Bodystore.com and Milebreaker.com with warehousing, logistics and customer service. The relocation was completed in 49 hours and the non-recurring costs related to the relocation amounted to SEK 5.6 million.

##### *Rights issue oversubscribed*

On 17 April 2013 CDON Group AB announced that the Board of Directors had resolved on a rights issue of shares with preferential rights for existing shareholders to strengthen the Group's capital structure. The preferential rights issue was approved at an extraordinary general meeting on 14 May 2013. On 13 June 2013 the final summation was announced, through which the number of shares increases with 33,171,062 from 66,817,124 to 99,988,186. CDON Group received a capital injection of approximately SEK 514 million through the rights issue, before transaction costs.

##### *Heppo.com divested*

On 17 April 2013 CDON Group AB announced the divestment of the operations of subsidiary Heppo AB to Footway Group AB for a cash consideration of approximately SEK 42 million.

##### *Launch of Milebreaker.com*

On 15 April 2013 CDON Group AB announced that the Group had launched a beta version of the new internet store Milebreaker.com. The store is part of the segment Sports & Health. Milebreaker.com targets endurance athletes and offers supplements, training equipment and training clothes among other things.


**The Group's financial summary, excluding divested entities and non-recurring costs\***

| (SEK Million)             | 2013<br>Apr-Jun | 2012<br>Apr-Jun | Change (%) | 2013<br>Jan-Jun | 2012<br>Jan-Jun | Change (%) |
|---------------------------|-----------------|-----------------|------------|-----------------|-----------------|------------|
| Net sales                 | <b>964.3</b>    | 925.3           | 4.2%       | <b>1,996.6</b>  | 1,864.2         | 7.1%       |
| Gross profit              | <b>151.3</b>    | 137.1           | 9.9%       | <b>296.8</b>    | 284.3           | 2.8%       |
| Gross margin (%)          | <b>15.7%</b>    | 14.8%           |            | <b>14.9%</b>    | 15.3%           |            |
| Operating profit          | <b>-6.2</b>     | 0.5             | -          | <b>-10.4</b>    | 7.5             |            |
| Operating margin (%)      | <b>-0.6%</b>    | 0.1%            |            | <b>-0.5%</b>    | 0.4%            |            |
| Ingoing inventory balance | <b>596.2</b>    | 480.6           |            | <b>575.7</b>    | 438.8           |            |
| Closing inventory balance | <b>545.0</b>    | 504.3           | 8.1%       | <b>545.0</b>    | 504.3           | 8.1%       |

\*Divested entities and non-recurring costs is reported on page 4

**Earnings summary**

Consolidated net sales increased 4.2% in the second quarter, excluding divested businesses. Growth was mainly driven by strong sales growth and increased market shares in the Sports & Health and Fashion segments. The Group's online stores had 58.9 (54.5) million visitors during the quarter and generated 1.5 (1.4) million orders during the period.

Consolidated gross margin was 15.7% (14.8%) in the quarter, excluding non-recurring items and divested operations. The improved margin in 2013 is attributable to more sales from segments with higher margins, namely the Sports & Health and Fashion segments. Consolidated selling and administrative expenses increased to SEK -160.0 (-150.6) million in the second quarter.

The Group reported an operating result of SEK -6.2 (0.5) million for the quarter, excluding divested operations and non-recurring items. Including these items, operating results totalled SEK -48.9 (-43.5) million.

Consolidated net financial expenses totalled SEK -9.4 (-5.0) million for the quarter, which primarily reflected the interest expenses related to the Group's convertible bond issue, revolving credit and bank overdraft facilities, and currency exchange effects.

Consolidated earnings before tax totalled SEK -58.2 (-48.5) million for the quarter. The Group recognized tax revenues of SEK 13.5 (11.4) million for the quarter as a result of capital loss carry forwards. Consolidated losses after tax thereby totalled SEK 44.7 (37.1) million.

Consolidated earnings per share before and after dilution totalled SEK -0.62 (-0.54).

**Cash flow and financial position**

The Group showed a cash flow from operations of SEK -6.3 (-50.0) million for the quarter. The cash flow effect from changes in working capital amounted to SEK 42.3 (4.1) million. The increase compared with the second quarter last year is mainly attributable to changes in inventory and current receivables.

Consolidated cash flow from investing activities totalled SEK 0.5 (-14.7) million. Cash flow was positively affected by the first instalment of the divested business Heppo.com which the Group received during the quarter. The Group continued to invest in the development of web platforms and logistics operations during the quarter.

The Group concluded a preferential rights issue during the quarter, which after transaction costs preliminarily provided a cash injection of approximately SEK 502 million. In conjunction with the issue, the Group repaid SEK 200 million of existing credit facilities and all credit facilities were re-negotiated. The Group utilised SEK 150 million of the new credit facilities as per the balance sheet day. In addition, the Group reduced its overdraft



facility by approximately SEK 50 million during the quarter. Total cash flow from financing activities totalled SEK 252.5 (0.0) million.

Consolidated cash and cash equivalents increased by SEK 288.9 million. Including currency differences the cash and cash equivalents increased from SEK 34.5 million to SEK 327.2 (110.4) million.

At the end of the quarter the Group had a net debt of SEK 50.0 (258.4) million compared to SEK 590.3 million in the first quarter. The decrease mainly reflected the completion of the rights issue and restructuring of the Group's long term debt as well as the positive cash flow in the quarter.

Total consolidated assets on the balance sheet date increased 23% year-on-year to SEK 1,747.3 (1,417.9) million. Inventory levels increased year-on-year to SEK 550.1 (532.6) million. Capital employed totalled to SEK 757.4 million in the quarter. The Group's rolling 12 months return on capital employed declined year on year and was negative, which is mainly explained by decreased earnings in the second half of 2012.

Consolidated equity increased during the quarter to SEK 707.4 (366.8) million compared with SEK 248.2 million in the first quarter. The increase is primarily attributable to the completion of the rights issue.

#### Summary of divested entities and one off items

| SUMMARY OF DIVESTED ENTITIES<br>AND ONE OFF ITEMS | 2012<br>Jan-Mar | 2012<br>Apr-Jun | 2012<br>Jan-Jun | 2012<br>Jul-Sep | 2012<br>Oct-Dec | 2012<br>Jan-Dec | 2013<br>Jan-Mar | 2013<br>Apr-Jun | 2013<br>Jan-Jun |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Revenue</b>                                    | <b>15.4</b>     | <b>26.9</b>     | <b>42.2</b>     | <b>29.2</b>     | <b>31.3</b>     | <b>102.6</b>    | <b>18.7</b>     | <b>4.9</b>      | <b>23.6</b>     |
| Divested entity (Heppo)                           | 15.4            | 26.9            | 42.2            | 29.2            | 31.3            | 102.6           | 18.7            | 4.9             | 23.6            |
| <b>Gross Profit</b>                               | <b>-11.6</b>    | <b>-28.1</b>    | <b>-39.7</b>    | <b>-0.8</b>     | <b>-100.3</b>   | <b>-140.9</b>   | <b>2.5</b>      | <b>-35.8</b>    | <b>-33.2</b>    |
| Nelly   | -14.0           | -33.9           | -47.9           | -6.6            | -106.0          | -160.5          | 0.0             | 0.0             | 0.0             |
| Gymgrossisten                                     | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | -4.6            | -4.6            |
| CDON  | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | -32.0           | -32.0           |
| Divested entity (Heppo)                           | 2.4             | 5.8             | 8.2             | 5.8             | 5.7             | 19.6            | 2.5             | 0.8             | 3.4             |
| <b>Operating Profit</b>                           | <b>-19.1</b>    | <b>-44.0</b>    | <b>-63.1</b>    | <b>-10.1</b>    | <b>-117.4</b>   | <b>-190.6</b>   | <b>-3.6</b>     | <b>-42.6</b>    | <b>-46.2</b>    |
| Nelly   | -14.0           | -37.7           | -51.7           | -6.6            | -112.2          | -170.5          | 0.0             | 0.0             | 0.0             |
| Gymgrossisten                                     | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | -5.6            | -5.6            |
| CDON  | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | -32.0           | -32.0           |
| Divested entity (Heppo)                           | -5.1            | -6.3            | -11.4           | -3.5            | -5.2            | -20.1           | -3.6            | -5.0            | -8.6            |

#### Development per segment

##### Entertainment\*

| (SEK Million)             | 2013<br>Apr-Jun | 2012<br>Apr-Jun | Change<br>(%) | 2013<br>Jan-Jun | 2012<br>Jan-Jun | Change<br>(%) |
|---------------------------|-----------------|-----------------|---------------|-----------------|-----------------|---------------|
| Net sales                 | <b>410.5</b>    | 464.1           | -11.5%        | <b>922.9</b>    | 948.3           | -2.7%         |
| Operating profit          | <b>-9.9</b>     | 11.8            | neg.          | <b>3.4</b>      | 36.0            | -90.6%        |
| Operating margin (%)      | <b>-2.4%</b>    | 2.6%            |               | <b>0.4%</b>     | 3.8%            |               |
| Ingoing inventory balance | <b>259.0</b>    | 221.2           |               | <b>287.1</b>    | 218.7           |               |
| Closing inventory balance | <b>252.3</b>    | 208.5           | 21.0%         | <b>252.3</b>    | 208.5           | 21.0%         |

\* Excluding non-recurring costs as reported on page 4

The Entertainment segment comprises the online stores CDON.com and Lekmer.com. The segment's sales decreased by 12% for the quarter and by 3% for the first half year. The segment accounted for 43% (50%) of total Group sales in the quarter and 46% (51%) of sales for the first half year.



The negative market for media related products, representing 35% of the total quarterly sales volume for the segment, intensified during the quarter. This, along with a negative sales trend in and the product category computers burdened the segment's total sales development. As a result, CDON.com have, during the second quarter started to intensify its efforts to reduce tied up capital in inventory through clearances and marketing efforts.

Sales within CDON.com's new categories are developing as planned. Lekmer.com continues to show solid growth and market share gains, driven primarily by the expansion in the children's clothing and prams/car seats categories. Lekmer.com launched a new site design in the quarter in order to improve the user experience.

The segment reported a loss for the quarter, weighed down by the sales decrease in the product category media and clearances within consumer electronics. The clearance impacted the operating result negatively by approximately SEK 10 million.

CDON.com have provided for a non recurring cost of SEK 32 million related to suspicions of an employee manipulating purchasing prices, which resulted in an under-provision of cost of goods. This employee has left the company and a police report has been filed. The deviation was found by internal control routines in connection with closing of the accounts for the second quarter. The result in the second quarter is burdened by the extraordinary cost, but has no effect on cash flow in the period, or on future cash flow. See also page 4.

#### **Fashion\***

| (SEK Million)             | 2013<br>Apr-Jun | 2012<br>Apr-Jun | Change<br>(%) | 2013<br>Jan-Jun | 2012<br>Jan-Jun | Change<br>(%) |
|---------------------------|-----------------|-----------------|---------------|-----------------|-----------------|---------------|
| Net sales                 | <b>239.2</b>    | 199.1           | 20.1%         | <b>444.3</b>    | 380.1           | 16.9%         |
| Operating profit          | <b>1.0</b>      | -13.5           | -             | <b>-12.9</b>    | -33.0           | -             |
| Operating margin (%)      | <b>0.4%</b>     | -6.8%           |               | <b>-0.3%</b>    | -8.7%           |               |
| Ingoing inventory balance | <b>190.7</b>    | 146.2           |               | <b>159.6</b>    | 111.7           |               |
| Closing inventory balance | <b>144.3</b>    | 177.0           | -18.5%        | <b>144.3</b>    | 177.0           | -18.5%        |

\* Excluding divested entities and non-recurring costs as reported on page 4

The Fashion segment comprises the online stores Nelly.com and Members.com. Heppo.com was divested during the quarter. Excluding the divested business, the segment's sales grew by 20% in the quarter and by 17% for the half year. The segment accounted for 25% (22%) of total Group sales in the quarter and 22% (20%) for the first half year.

The segment reported higher sales growth in nearly all markets and the Swedish home market accounted for 43% of the segment's total sales volume for the quarter. Segment sales outside the Nordic countries accounted for 12%, and the Netherlands was the largest market outside the Nordic region. The segment's product margin was 51% during the quarter, positively affected by sales of private label products, which accounted for 29% of total sales in the second quarter. Nelly.com launched new collections from design collaborations with well-known bloggers and artists in several markets, which among other things resulted in an increase in sales of private label goods.

In order to secure satisfactory long-term earnings, Nelly has, with its new management team, continued to focus on improving and streamlining the company's internal processes, cost levels, and margin structure. These efforts led to a positive operating result for the segment in the quarter.

The divested business Heppo.com's net sales totalled SEK 4.9 million during the quarter, with an operating loss of SEK 5.0 million.

**Sports & Health\***

| (SEK Million)             | 2013<br>Apr-Jun | 2012<br>Apr-Jun | Change<br>(%) | 2013<br>Jan-Jun | 2012<br>Jan-Jun | Change<br>(%) |
|---------------------------|-----------------|-----------------|---------------|-----------------|-----------------|---------------|
| Net sales                 | <b>156.3</b>    | 116.4           | 34.3%         | <b>333.1</b>    | 244.0           | 36.5%         |
| Operating profit          | <b>13.6</b>     | 10.9            | 24.8%         | <b>31.6</b>     | 24.2            | 30.6%         |
| Operating margin (%)      | <b>8.7%</b>     | 9.4%            |               | <b>9.5%</b>     | 9.9%            |               |
| Ingoing inventory balance | <b>57.9</b>     | 48.6            |               | <b>63.6</b>     | 47.6            |               |
| Closing inventory balance | <b>80.6</b>     | 59.8            | 34.8%         | <b>80.6</b>     | 59.8            | 34.8%         |

\* Excluding divested entities and non-recurring costs as reported on page 4

The Sports & Health segment comprises the online stores Gymgrossisten.com, Bodystore.com, and the recently launched Milebreaker.com. Segment sales grew by 34% in the quarter and by 37% for the first half year. The segment accounted for 16% (13%) of total Group sales in the quarter and 17% (13%) of half year sales.

Sales growth in the periods was a result of a continued positive sales trend in all markets. The company's market position was strengthened by the continued expansion of private label products, mainly Star Nutrition, which accounted for 46% of total sales in the second quarter. During the quarter, the segment's logistics centre in Trollhättan was relocated. With the new warehouse in place, the company is now able to stock a wider range of products and further increase operational efficiency.

During the period, Gymgrossisten launched a new site design with enhanced features along with Gymgrossisten Magazine, the biggest lifestyle magazine for athletes in the Nordics. The magazine is distributed free of charge with all shipments in Sweden.

The segment's operating profit, excluding non-recurring charges of SEK -5.6 million related to the warehouse move, was up 25% for the quarter. The operating margin was reduced somewhat by continued investments in the new markets Denmark and Germany as well as in the newly launched Milebreaker store.

**Home & Garden**

| (SEK Million)             | 2013<br>Apr-Jun | 2012<br>Apr-Jun | Change<br>(%) | 2013<br>Jan-Jun | 2012<br>Jan-Jun | Change<br>(%) |
|---------------------------|-----------------|-----------------|---------------|-----------------|-----------------|---------------|
| Net sales                 | <b>158.8</b>    | 146.1           | 8.7%          | <b>302.0</b>    | 292.4           | 3.3%          |
| Operating profit          | <b>-0.2</b>     | -3.4            | -             | <b>-3.6</b>     | -9.3            | -             |
| Operating margin (%)      | <b>-0.1%</b>    | -2.3%           |               | <b>-1.2%</b>    | -3.1%           |               |
| Ingoing inventory balance | <b>88.6</b>     | 64.6            |               | <b>65.4</b>     | 60.9            |               |
| Closing inventory balance | <b>67.8</b>     | 59.0            | 14.9%         | <b>67.8</b>     | 59.0            | 14.9%         |

The Home & Garden segment comprises the online stores Tretti.com and Room21.com. Segment sales grew by 9% in the quarter. The segment accounted for 16% (16%) of total Group sales in the quarter and 15% (16%) of half year sales.

Despite a highly competitive home appliance market, sales increased for Tretti.com and the business is now fully integrated with the Group's other Malmö-based businesses. The implemented organisational changes resulted in lower operating costs leading to improved earnings for Tretti.com.

The Furniture and interior design store Room21.com continues to show good growth with improved earnings. Room21.com also implemented measures that contributed to stronger product margins, increased sales of private label products, and higher efficiency in warehousing and logistics.



### CDON Group Logistics

| (SEK Million)    | 2013<br>Apr-Jun | 2012<br>Apr-Jun | Change<br>(%) | 2013<br>Jan-Jun | 2012<br>Jan-Jun | Change<br>(%) |
|------------------|-----------------|-----------------|---------------|-----------------|-----------------|---------------|
| Operating profit | -4.3            | -               | -             | -16.3           | -               | -             |

CDON Group Logistics AB was founded in the autumn of 2012 when the assets of the logistics business that operates warehousing for mainly Nelly.com and Lekmer.com were acquired.

Operating results improved by SEK 7.8 million compared to the first quarter of 2013 and by SEK 14.6 million compared to the fourth quarter of 2012. Operating losses for the second quarter totalled SEK 4.3 million. Results are consolidated into the accounts of the Group's central functions. Group companies are charged fair market prices and, as efficiency increases, losses are expected to decrease gradually with a break-even result expected in the latter half of the year. Of current losses, approximately 60% are attributable to the Entertainment segment and about 40% to the Fashion segment.

### Parent company

The CDON Group parent company reported sales of SEK 13.8 (14.5) million in the quarter. The parent company's cash and cash equivalents amounted to SEK 304.5 (95.8) million at the end of the period. The parent company has not executed any investments in non-current assets during the quarter.

### Accounting policies

This report has been prepared in accordance with 'IAS 34 Interim Financial Reporting' and the 'Annual Accounts Act'. The interim report for the parent company has been prepared in accordance with the 'Annual Accounts Act'. The accounting policies in the Group's consolidated financial statements and the parent company's financial statements have been prepared according to the same accounting policies and calculation methods as the 2012 annual accounts.

### Risks and uncertainties

Several factors could affect CDON Group's earnings and operations, most of which can be managed through internal procedures but some of which are controlled by external factors. Risks and uncertainties include IT and control systems, suppliers, seasonal variations and currencies, new market entries, changes in market conditions, and changes in e-commerce spending behaviour. The parent company is also subject to interest rate risks. The 2012 Annual Report contains a more comprehensive description of the risks and uncertainty factors affecting the Group in the Management Report and in Note 20.

### Related party transaction

Related party transactions are presently of the same character, but less extensive, than described in the 2012 Annual Report and in the 2013 prospectus for the rights issue.

### Other information

#### Third Quarter 2013 Financial Results

CDON Group's results for the third quarter ending 30 September 2013 will be published on 21 October 2013.

This report has not been reviewed by the Group's auditor.



---

The Board of Directors and CEO declare that the six-month interim report provides a fair overview of the parent company's and group's operations, their financial position and performance, and describes material risks and uncertainties facing the parent company and other companies in the group.

17 July 2013

Lars-Johan Jarnheimer  
*Chairman of the Board*

Patrick Andersen  
*Non-Executive Director*

Mia Brunell Livfors  
*Non-Executive Director*

Mengmeng Du  
*Non-Executive Director*

David Kelly  
*Non-Executive Director*

Jonas Kjellberg  
*Non-Executive Director*

Lars Nilsson  
*Non-Executive Director*

Paul Fischbein  
*President and CEO*

CDON Group AB  
Bergsgatan 20  
Box 385  
SE-201 23 Malmö  
Corporate ID number: 556035-6940

---

The company will host a conference call today at 13.00 Stockholm time. 12.00 London time and 07.00 New York time.

To participate in the conference call, please dial:

Sweden: +46 (0)8 535 264 08

International: +44 (0)20 3427 1901

US: +1 646 254 3363

The access pin code for the conference call is **7673512**.

To listen to the conference call online, please go to [www.cdongroup.com](http://www.cdongroup.com).

\*\*\*

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

Paul Fischbein. President & Chief Executive Officer

Phone: +46 (0) 10 703 20 00

*Media. Investor and analysts enquiries:*

Fredrik Bengtsson. Head of Communications and Investor Relations

Phone: +46 (0) 700 80 75 04

E-mail: [press@cdongroup.com](mailto:press@cdongroup.com). [ir@cdongroup.com](mailto:ir@cdongroup.com)





**About CDON Group**

*CDON Group is the leading e-commerce group in the Nordic region. Established in 1999, the Group has continuously expanded its product portfolio and is now a leading e-commerce player in the Entertainment (CDON.com, Lekmer.com), Fashion (Nelly.com and Members.com), Sport & Health (Gymgrossisten.com, Bodystore.com and Milebreaker.com) and Home & Garden (Tretti.com and Rum21.se) segments. CDON Group's online stores attracted approximately 244 million site visits and more than two million unique customers in 2012.*

*The information in this announcement is that which CDON Group AB is required to disclose under the Securities Markets Act. This information was released for publication at 08:00 CET 17 July 2013.*



| CONDENSED CONSOLIDATED<br>INCOME STATEMENT (SEK million) | 2013<br>Apr-Jun | 2012<br>Apr-Jun | 2013<br>Jan-Jun | 2012<br>Jan-Jun | 2012<br>Jan-Dec |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net sales  | 969.2           | 952.1           | 2,020.3         | 1,906.4         | 4,461.7         |
| Cost of goods and services                               | -853.7          | -843.1          | -1,756.7        | -1,661.9        | -3,990.5        |
| <b>Gross profit</b>                                      | <b>115.5</b>    | <b>109.0</b>    | <b>263.6</b>    | <b>244.6</b>    | <b>471.2</b>    |
| Sales and administration expenses                        | -160.0          | -150.6          | -315.7          | -297.9          | -638.0          |
| Other operating income and expenses, net                 | -4.4            | -1.8            | -4.6            | -2.2            | -7.2            |
| <b>Operating profit</b>                                  | <b>-48.9</b>    | <b>-43.5</b>    | <b>-56.6</b>    | <b>-55.6</b>    | <b>-173.9</b>   |
| Net interest & other financial items                     | -9.4            | -5.0            | -21.6           | -10.4           | -27.3           |
| <b>Profit before tax</b>                                 | <b>-58.2</b>    | <b>-48.5</b>    | <b>-78.3</b>    | <b>-66.0</b>    | <b>-201.2</b>   |
| Tax  | 13.5            | 11.4            | 16.3            | 15.9            | 49.4            |
| <b>Net income for the period</b>                         | <b>-44.7</b>    | <b>-37.1</b>    | <b>-62.0</b>    | <b>-50.1</b>    | <b>-151.7</b>   |
| <b>EBITDA</b>  | <b>-43.7</b>    | <b>-40.0</b>    | <b>-46.4</b>    | <b>-48.9</b>    | <b>-158.2</b>   |
| <i>Attributable to:</i>                                  |                 |                 |                 |                 |                 |
| Equity holders of the parent                             | -44.4           | -35.7           | -61.1           | -47.7           | -149.6          |
| Non-controlling interests                                | -0.3            | -1.4            | -0.9            | -2.5            | -2.2            |
| <b>Net income for the period</b>                         | <b>-44.7</b>    | <b>-37.1</b>    | <b>-62.0</b>    | <b>-50.1</b>    | <b>-151.7</b>   |
| Basic earnings per share (SEK)*                          | -0.62           | -0.54           | -0.92           | -0.72           | -2.25           |
| Diluted earnings per share (SEK)*                        | -0.62           | -0.54           | -0.92           | -0.72           | -2.25           |

\* Basic earnings per share for Apr-Jun 2013 and Jan-Jun 2013 have been calculated to reflect completed new share issue by which the number of outstanding shares increased from 66,342,124 to 99,513,183 before dilution and from 72,921,071 to 107,577,702 after dilution.

| CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME<br>CONDENSED (SEK million) | 2013<br>Apr-Jun | 2012<br>Apr-Jun | 2013<br>Jan-Jun | 2012<br>Jan-Jun | 2012<br>Jan-Dec |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Profit for the period</b>  | <b>-44.7</b>    | <b>-37.1</b>    | <b>-62.0</b>    | <b>-50.1</b>    | <b>-151.7</b>   |
| <b>Other comprehensive income</b>   |                 |                 |                 |                 |                 |
| <i>Items that may be reclassified<br/>subsequently to profit or loss:</i> |                 |                 |                 |                 |                 |
| Translation difference for the period                                     | 1.6             | -0.3            | 0.5             | -0.7            | -1.2            |
| <b>Other comprehensive income for the period</b>                          | <b>1.6</b>      | <b>-0.3</b>     | <b>0.5</b>      | <b>-0.7</b>     | <b>-1.2</b>     |
| <b>Total comprehensive income for period</b>                              | <b>-43.1</b>    | <b>-37.4</b>    | <b>-61.6</b>    | <b>-50.8</b>    | <b>-152.9</b>   |
| <i>Total comprehensive income attributable to:</i>                        |                 |                 |                 |                 |                 |
| Parent company shareholders   | -42.8           | -36.0           | -60.7           | -48.3           | -150.7          |
| Non-controlling interests   | -0.3            | -1.4            | -0.9            | -2.5            | -2.2            |
| <b>Total comprehensive income for the period</b>                          | <b>-43.1</b>    | <b>-37.4</b>    | <b>-61.6</b>    | <b>-50.8</b>    | <b>-152.9</b>   |

|  |             |            |             |            |            |
|--|-------------|------------|-------------|------------|------------|
| Shares outstanding at period's end                   | 99,513,186  | 66,342,124 | 99,513,186  | 66,342,124 | 66,342,124 |
| Shares outstanding at period's end, incl convertible | 107,577,702 | 72,921,071 | 107,577,702 | 72,921,071 | 72,921,071 |
| Average number of shares, basic                      | 72,147,992  | 66,342,124 | 69,261,096  | 66,342,124 | 66,342,124 |
| Average number of shares, incl convertible           | 78,988,138  | 72,921,071 | 75,971,364  | 72,921,071 | 72,921,071 |



| CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONDENSED (SEK million) | 2013<br>30-Jun | 2012<br>30-Jun | 2012<br>31-Dec |
|--|----------------|----------------|----------------|
| <b>Non-current assets</b>  |                |                |                |
| Goodwill   | 462.2          | 446.5          | 461.8          |
| Other intangible assets  | 162.4          | 153.2          | 156.5          |
| <b>Total intangible assets</b>                                       | <b>624.6</b>   | <b>599.7</b>   | <b>618.3</b>   |
| Financial non-current assets   | 1.6            | 1.6            | 1.6            |
| Tangible non-current assets  | 17.0           | 9.3            | 14.3           |
| Deferred tax asset   | 44.4           | 6.0            | 44.4           |
| <b>Total non-current assets</b>                                      | <b>687.5</b>   | <b>616.6</b>   | <b>678.5</b>   |
| <b>Current assets</b>  |                |                |                |
| Inventories  | 550.1          | 532.6          | 609.7          |
| Current interest-bearing receivables                                 | 0.0            | 0.0            | 0.0            |
| Current non-interest-bearing receivables                             | 182.4          | 158.2          | 268.5          |
| <b>Total receivables</b>   | <b>182.4</b>   | <b>158.2</b>   | <b>268.5</b>   |
| Cash and cash equivalents  | 327.2          | 110.4          | 126.1          |
| <b>Total current assets</b>  | <b>1,059.7</b> | <b>801.2</b>   | <b>1,004.3</b> |
| <b>Total assets</b>  | <b>1,747.3</b> | <b>1,417.9</b> | <b>1,682.8</b> |
| <b>Equity</b>  |                |                |                |
| Equity attributable to owners of the parent                          | 709.0          | 367.8          | 267.1          |
| Non-controlling interest   | -1.6           | -1.0           | -0.7           |
| <b>Total equity</b>  | <b>707.4</b>   | <b>366.8</b>   | <b>266.4</b>   |
| <b>Non-current liabilities</b>                                       |                |                |                |
| <i>Non interest bearing</i>  |                |                |                |
| Deferred tax liability   | 29.8           | 39.6           | 30.9           |
| Other provisions   | 1.1            | 5.0            | 6.0            |
| <i>Interest bearing</i>  |                |                |                |
| Long term loans  | 150.0          | 0.0            | 0.0            |
| Convertible bond   | 227.2          | 218.8          | 223.0          |
| <b>Total non-current liabilities</b>                                 | <b>408.1</b>   | <b>263.4</b>   | <b>259.8</b>   |
| <b>Current liabilities</b>   |                |                |                |
| Short term interest bearing loans                                    | 0.0            | 150.0          | 150.0          |
| Current interest-bearing liabilities                                 | 15.0           | 15.0           | 15.0           |
| Current non-interest-bearing liabilities                             | 616.7          | 622.7          | 991.6          |
| <b>Total current liabilities</b>                                     | <b>631.7</b>   | <b>787.7</b>   | <b>1,156.6</b> |
| <b>Total equity and liabilities</b>                                  | <b>1,747.3</b> | <b>1,417.9</b> | <b>1,682.8</b> |

The carrying amounts are considered to be reasonable approximations of fair value for all financial assets and financial liabilities, except for the convertible debt. Fair value of the convertible debt is estimated to be SEK 243,8 million as of June 30, 2013. Fair value of the convertible debt was estimated to be SEK 245,5 million as of 31 December 2012.



| CONSOLIDATED STATEMENT OF CASH FLOWS<br>CONDENSED (SEK million) | 2013         | 2012         | 2013          | 2012          | 2012          |
|---|--------------|--------------|---------------|---------------|---------------|
|   | Apr-Jun      | Apr-Jun      | Jan-Jun       | Jan-Jun       | Jan-Dec       |
| Cash flow from operating activities                             | -6.3         | -50.0        | -68.4         | -82.8         | -97.5         |
| Changes in working capital                                      | 42.3         | 4.1          | -222.8        | -197.7        | -142.1        |
| <b>Cash flow from operations</b>                                | <b>36.0</b>  | <b>-46.0</b> | <b>-291.2</b> | <b>-280.5</b> | <b>-239.6</b> |
| Investments in subsidiaries*                                    | -7.6         | -4.9         | -10.6         | -4.9          | -7.9          |
| Investments in other non-current assets                         | -13.3        | -9.8         | -20.7         | -21.8         | -42.5         |
| Divested operations**   | 21.4         | 0.0          | 21.4          | 0.0           | 0.0           |
| Other cash flow from investing activities                       | 0.0          | 0.0          | 0.0           | 0.0           | 0.0           |
| <b>Cash flow to/from investing activities</b>                   | <b>0.5</b>   | <b>-14.7</b> | <b>-9.9</b>   | <b>-26.7</b>  | <b>-50.3</b>  |
| New share issue   | 502.2        | 0.0          | 502.2         | 0.0           | 0.0           |
| Issue of credit facilities                                      | 150.0        | 0.0          | 150.0         | 0.0           | 0.0           |
| Amortisation of credit facilities                               | -399.7       | 0.0          | -150.0        | 0.0           | 0.0           |
| <b>Cash flow to/from financing activities</b>                   | <b>252.5</b> | <b>0.0</b>   | <b>502.2</b>  | <b>0.0</b>    | <b>0.0</b>    |
| <b>Change and cash equivalents for the period</b>               | <b>288.9</b> | <b>-60.6</b> | <b>201.1</b>  | <b>-307.2</b> | <b>-289.9</b> |
| <b>Cash and cash equivalents at period's start</b>              | <b>34.5</b>  | <b>170.7</b> | <b>126.1</b>  | <b>417.4</b>  | <b>417.4</b>  |
| Translation difference, cash and cash equivalents               | 3.8          | 0.3          | 0.0           | 0.2           | -1.4          |
| <b>Cash and cash equivalents at period's end</b>                | <b>327.2</b> | <b>110.4</b> | <b>327.2</b>  | <b>110.4</b>  | <b>126.1</b>  |

\* Investments in subsidiaries Jan-Jun 2013 comprises SEK 6.0 million acquisition of Business Linc BL AB's operations and SEK 4.6 million acquisition of Lekner AB.

\*\* Divested operations Jan-Jun 2013 comprises the first installment of SEK 21.4 million on disposal of Heppo AB's operations.

| STATEMENT OF CHANGES IN EQUITY<br>CONDENSED (SEK million) | 2013         | 2012         | 2012         |
|---|--------------|--------------|--------------|
|   | 30-Jun       | 30-Jun       | 31-Dec       |
| <b>Opening balance</b>                                    | <b>266.4</b> | <b>417.3</b> | <b>417.3</b> |
| Profit for the period                                     | -62.0        | -50.1        | -151.7       |
| Other comprehensive income                                | 0.5          | -0.7         | -1.2         |
| Effects of long term incentive program                    | 0.3          | 0.3          | 0.9          |
| New share issue*  | 502.2        | 0.6          | 0.6          |
| Repurchased own shares                                    | -            | -0.6         | -0.6         |
| Effect of change in tax rate on convertible               | -            | -            | 1.2          |
| <b>Closing balance</b>                                    | <b>707.4</b> | <b>366.8</b> | <b>266.4</b> |

\* Transaction costs of approximately SEK 15.3 million (SEK 11.9 million net of tax) directly attributable to the issue of new ordinary shares are recognized, net of tax, in equity as a deduction from the proceeds.



| NET SALES<br>(SEK million)              | 2012<br>Jan-Mar | 2012<br>Apr-Jun | 2012<br>Jan-Jun | 2012<br>Jul-Sep | 2012<br>Oct-Dec | 2012<br>Full year | 2013<br>Jan-Mar | 2013<br>Apr-Jun | 2013<br>Jan-Jun |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------|-----------------|-----------------|-----------------|
| Entertainment                           | 484.3           | 464.1           | 948.3           | 525.0           | 912.7           | 2,386.0           | 512.4           | 410.5           | 922.9           |
| Fashion                                 | 196.4           | 225.9           | 422.3           | 193.3           | 327.3           | 942.9             | 223.8           | 244.1           | 467.9           |
| Sport & Health                          | 127.6           | 116.4           | 244.0           | 123.5           | 128.9           | 496.4             | 176.8           | 156.3           | 333.1           |
| Home & Garden                           | 146.3           | 146.1           | 292.4           | 141.6           | 197.5           | 631.6             | 143.2           | 158.8           | 302.0           |
| <b>Total operational business areas</b> | <b>954.6</b>    | <b>952.5</b>    | <b>1,907.1</b>  | <b>983.4</b>    | <b>1,566.4</b>  | <b>4,456.9</b>    | <b>1,056.1</b>  | <b>969.7</b>    | <b>2,025.9</b>  |
| Group central operations                | 13.4            | 14.5            | 27.9            | 12.4            | 60.7            | 101.1             | 42.7            | 46.9            | 89.6            |
| Eliminations                            | -13.7           | -14.9           | -28.6           | -13.4           | -54.3           | -96.2             | -47.8           | -47.4           | -95.2           |
| <b>CONSOLIDATED TOTAL</b>               | <b>954.3</b>    | <b>952.1</b>    | <b>1,906.4</b>  | <b>982.5</b>    | <b>1,572.8</b>  | <b>4,461.7</b>    | <b>1,051.1</b>  | <b>969.2</b>    | <b>2,020.3</b>  |
| <b>Intersegment sales</b>               |                 |                 |                 |                 |                 |                   |                 |                 |                 |
| Entertainment                           | -               | -               | -               | 0.0             | 0.5             | 0.5               | 8.5             | 0.8             | 9.4             |
| Fashion                                 | -               | -               | -               | -               | -               | -                 | -               | 0.0             | 0.0             |
| Sport & Health                          | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0               | 0.0             | 0.0             | 0.0             |
| Home & Garden                           | 0.2             | 0.4             | 0.6             | 0.9             | 0.6             | 2.1               | 0.0             | 0.0             | 0.0             |
| Group central operations                | 13.4            | 14.5            | 27.9            | 12.4            | 53.2            | 93.6              | 39.2            | 46.6            | 85.8            |
| <b>Total</b>                            | <b>13.7</b>     | <b>14.9</b>     | <b>28.6</b>     | <b>13.4</b>     | <b>54.3</b>     | <b>96.2</b>       | <b>47.8</b>     | <b>47.4</b>     | <b>95.2</b>     |
| <b>OPERATING PROFIT</b>                 |                 |                 |                 |                 |                 |                   |                 |                 |                 |
| <b>(SEK million)</b>                    |                 |                 |                 |                 |                 |                   |                 |                 |                 |
|   | 2012<br>Jan-Mar | 2012<br>Apr-Jun | 2012<br>Jan-Jun | 2012<br>Jul-Sep | 2012<br>Oct-Dec | 2012<br>Full year | 2013<br>Jan-Mar | 2013<br>Apr-Jun | 2013<br>Jan-Jun |
| Entertainment                           | 24.1            | 11.8            | 36.0            | 19.6            | 46.8            | 102.3             | 13.3            | -41.9           | -28.6           |
| Fashion                                 | -38.5           | -57.5           | -96.1           | -30.3           | -141.3          | -267.6            | -17.4           | -4.0            | -21.5           |
| Sport & Health                          | 13.3            | 10.9            | 24.3            | 10.6            | 12.4            | 47.3              | 17.9            | 8.0             | 25.9            |
| Home & Garden                           | -5.9            | -3.4            | -9.3            | -1.3            | -3.1            | -13.7             | -3.4            | -0.2            | -3.6            |
| <b>Total operational business areas</b> | <b>-7.0</b>     | <b>-38.2</b>    | <b>-45.2</b>    | <b>-1.3</b>     | <b>-85.2</b>    | <b>-131.6</b>     | <b>10.3</b>     | <b>-38.1</b>    | <b>-27.8</b>    |
| Group central operations                | -5.1            | -5.3            | -10.4           | -6.3            | -25.5           | -42.2             | -18.1           | -10.8           | -28.9           |
| <i>Of which CDON Group Logistics AB</i> | -               | -               | -               | -               | -19.4           | -19.4             | -12.1           | -4.3            | -16.3           |
| <b>CONSOLIDATED TOTAL</b>               | <b>-12.1</b>    | <b>-43.5</b>    | <b>-55.6</b>    | <b>-7.6</b>     | <b>-110.7</b>   | <b>-173.9</b>     | <b>-7.8</b>     | <b>-48.9</b>    | <b>-56.6</b>    |
| <b>PROFIT BEFORE TAX</b>                |                 |                 |                 |                 |                 |                   |                 |                 |                 |
| <b>(SEK million)</b>                    |                 |                 |                 |                 |                 |                   |                 |                 |                 |
|   | 2012<br>Jan-Mar | 2012<br>Apr-Jun | 2012<br>Jan-Jun | 2012<br>Jul-Sep | 2012<br>Oct-Dec | 2012<br>Full year | 2013<br>Jan-Mar | 2013<br>Apr-Jun | 2013<br>Jan-Jun |
| Entertainment                           | 23.6            | 11.7            | 35.3            | 17.9            | 46.1            | 99.3              | 10.8            | -43.2           | -32.4           |
| Fashion                                 | -40.5           | -58.8           | -99.2           | -33.8           | -144.1          | -277.1            | -22.9           | -5.8            | -28.6           |
| Sport & Health                          | 13.4            | 11.0            | 24.4            | 9.1             | 13.2            | 46.7              | 17.2            | 8.7             | 25.9            |
| Home & Garden                           | -6.0            | -3.4            | -9.4            | -1.4            | -3.2            | -14.1             | -3.8            | -0.6            | -4.4            |
| <b>Total operational business areas</b> | <b>-9.4</b>     | <b>-39.5</b>    | <b>-49.0</b>    | <b>-8.1</b>     | <b>-88.0</b>    | <b>-145.1</b>     | <b>1.4</b>      | <b>-40.9</b>    | <b>-39.5</b>    |
| Group central operations                | -8.1            | -8.9            | -17.0           | -8.3            | -30.8           | -56.0             | -21.4           | -17.3           | -38.8           |
| <i>Of which CDON Group Logistics AB</i> | -               | -               | -               | -               | -19.5           | -19.5             | -12.5           | -4.8            | -17.3           |
| <b>CONSOLIDATED TOTAL</b>               | <b>-17.5</b>    | <b>-48.5</b>    | <b>-66.0</b>    | <b>-16.4</b>    | <b>-118.8</b>   | <b>-201.2</b>     | <b>-20.1</b>    | <b>-58.2</b>    | <b>-78.3</b>    |
| <b>INVENTORIES</b>                      |                 |                 |                 |                 |                 |                   |                 |                 |                 |
| <b>(SEK million)</b>                    |                 |                 |                 |                 |                 |                   |                 |                 |                 |
|   | 2012<br>31-Mar  | 2012<br>30-Jun  | 2012<br>30-Sep  | 2012<br>31-Dec  | 2013<br>31-Mar  | 2013<br>30-Jun    |                 |                 |                 |
| Entertainment                           | 221.2           | 208.5           | 281.1           | 287.1           | 259.0           | 252.3             |                 |                 |                 |
| Fashion                                 | 175.2           | 205.3           | 276.2           | 193.6           | 238.4           | 149.3             |                 |                 |                 |
| Sport & Health                          | 48.6            | 59.8            | 57.9            | 63.6            | 57.9            | 80.6              |                 |                 |                 |
| Home & Garden                           | 64.6            | 59.0            | 67.7            | 65.4            | 88.6            | 67.8              |                 |                 |                 |
| <b>Total operational business areas</b> | <b>509.6</b>    | <b>532.6</b>    | <b>682.9</b>    | <b>609.7</b>    | <b>643.9</b>    | <b>550.1</b>      |                 |                 |                 |
| Group central operations                | 0.0             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0               |                 |                 |                 |
| <b>CONSOLIDATED TOTAL</b>               | <b>509.6</b>    | <b>532.6</b>    | <b>682.9</b>    | <b>609.7</b>    | <b>643.9</b>    | <b>550.1</b>      |                 |                 |                 |



| PARENT COMPANY INCOME STATEMENT                  |              |             |              |              |              |
|--|--------------|-------------|--------------|--------------|--------------|
| CONDENSED (SEK million)                          |              |             |              |              |              |
|  | 2013         | 2012        | 2013         | 2012         | 2012         |
|  | Apr-Jun      | Apr-Jun     | Jan-Jun      | Jan-Jun      | Jan-Dec      |
| Net Sales  | 13.8         | 14.5        | 27.1         | 27.9         | 54.0         |
| <b>Gross profit</b>                              | <b>13.8</b>  | <b>14.5</b> | <b>27.1</b>  | <b>27.9</b>  | <b>54.0</b>  |
| Administration expenses                          | -20.3        | -19.8       | -39.7        | -38.4        | -76.9        |
| <b>Operating profit</b>                          | <b>-6.6</b>  | <b>-5.3</b> | <b>-12.6</b> | <b>-10.4</b> | <b>-22.8</b> |
| Net interest & other financial items             | -6.0         | -3.7        | -9.0         | -6.6         | -13.7        |
| Group contribution received                      | 0.0          | 0.0         | 0.0          | 0.0          | 148.2        |
| Group contribution paid                          | 0.0          | 0.0         | 0.0          | 0.0          | -120.4       |
| Change in excess depreciation                    | 0.0          | 0.0         | 0.0          | 0.0          | 0.0          |
| <b>Profit before tax</b>                         | <b>-12.6</b> | <b>-8.9</b> | <b>-21.5</b> | <b>-17.0</b> | <b>-8.7</b>  |
| Tax  | 2.7          | 2.4         | 4.7          | 4.5          | 2.3          |
| <b>Net income for the period</b>                 | <b>-9.9</b>  | <b>-6.6</b> | <b>-16.8</b> | <b>-12.5</b> | <b>-6.4</b>  |
| PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME |              |             |              |              |              |
| CONDENSED (SEK million)                          |              |             |              |              |              |
| <b>Profit for period</b>                         | <b>-9.9</b>  | <b>-6.6</b> | <b>-16.8</b> | <b>-12.5</b> | <b>-6.4</b>  |
| <b>Other comprehensive income</b>                | <b>0.0</b>   | <b>0.0</b>  | <b>0.0</b>   | <b>0.0</b>   | <b>0.0</b>   |
| <b>Total comprehensive income for period</b>     | <b>-9.9</b>  | <b>-6.6</b> | <b>-16.8</b> | <b>-12.5</b> | <b>-6.4</b>  |



| PARENT COMPANY STATEMENT OF FINANCIAL POSITION<br>CONDENSED (SEK million) | 2013<br>30-Jun | 2012<br>30-Jun | 2012<br>31-Dec |
|---|----------------|----------------|----------------|
| <b>Non-current assets</b>   |                |                |                |
| Shares and participating interests  | 818.3          | 684.3          | 818.2          |
| Equipment   | 0.0            | 0.0            | 0.0            |
| <b>Total non-current assets</b>   | <b>818.4</b>   | <b>684.3</b>   | <b>818.3</b>   |
| <b>Current assets</b>   |                |                |                |
| Current interest-bearing receivables                                      | 307.3          | 181.9          | 370.0          |
| Current non-interest-bearing receivables                                  | 17.8           | 138.4          | 156.1          |
| Cash and cash equivalents   | 304.5          | 95.8           | 87.7           |
| <b>Total current assets</b>   | <b>629.5</b>   | <b>416.2</b>   | <b>613.8</b>   |
| <b>Total assets</b>   | <b>1,447.9</b> | <b>1,100.5</b> | <b>1,432.0</b> |
| <b>Equity</b>   |                |                |                |
| Restricted equity   | 200.8          | 134.4          | 134.4          |
| Unrestricted equity   | 686.2          | 259.0          | 266.9          |
| <b>Total equity</b>   | <b>887.0</b>   | <b>393.5</b>   | <b>401.3</b>   |
| <b>Non-current liabilities</b>  |                |                |                |
| Convertible bonds   | 227.2          | 218.8          | 223.0          |
| Interest-bearing liabilities  | 150.0          | 0.0            | 0.0            |
| Deferred tax liability  | 5.0            | 8.2            | 6.0            |
| Provisions  | 1.1            | 5.0            | 1.0            |
| <b>Total non-current liabilities</b>                                      | <b>383.4</b>   | <b>232.0</b>   | <b>229.9</b>   |
| <b>Current liabilities</b>  |                |                |                |
| Short term interest bearing loans   | 0.0            | 150.0          | 150.0          |
| Other interest-bearing liabilities  | 153.2          | 296.8          | 360.3          |
| Non-interest-bearing liabilities  | 24.3           | 28.2           | 290.6          |
| <b>Total current liabilities</b>  | <b>177.5</b>   | <b>475.0</b>   | <b>800.8</b>   |
| <b>Total equity and liabilities</b>                                       | <b>1,447.9</b> | <b>1,100.5</b> | <b>1,432.0</b> |



| KEY RATIOS                               | 2012    | 2012    | 2012    | 2012    | 2012    | 2012      | 2013    | 2013    | 2013    |
|--|---------|---------|---------|---------|---------|-----------|---------|---------|---------|
|  | Jan-Mar | Apr-Jun | Jan-Jun | Jul-Sep | Oct-Dec | Full year | Jan-Mar | Apr-Jun | Jan-Jun |
| <b>GROUP</b>                             |         |         |         |         |         |           |         |         |         |
| Sales growth (%)                         | 66.9    | 38.2    | 51.2    | 18.9    | 19.5    | 31.1      | 10.1    | 1.8     | 6.0     |
| Change in operating expenses (%)         | 63.4    | 39.3    | 50.3    | 31.0    | 30.3    | 39.1      | 5.7     | 6.2     | 5.9     |
| Operating margin (%)                     | -1.3    | -4.6    | -2.9    | -0.8    | -7.0    | -3.9      | -0.7    | -5.0    | -2.8    |
| Gross profit margin (%)                  | 14.2    | 11.4    | 12.8    | 13.1    | 6.2     | 10.6      | 14.1    | 11.9    | 13.0    |
| Return on capital employed (%)           | 13.1    | 4.4     | 4.4     | 1.1     | neg     | neg       | neg     | neg     | neg     |
| Return on equity (%)                     | 15.0    | 3.2     | 3.2     | neg     | neg     | neg       | neg     | neg     | neg     |
| Equity/assets ratio (%)                  | 28.1    | 25.9    | 25.9    | 23.9    | 15.8    | 15.8      | 15.9    | 40.5    | 40.5    |
| Net debt (SEK million)                   | 196.1   | 258.4   | 258.4   | 361.8   | 246.8   | 246.8     | 590.3   | 50.0    | 50.0    |
| Cash flows from operations (SEK million) | -234.5  | -46.0   | -280.5  | -92.4   | 133.4   | -239.6    | -327.1  | 36.0    | -291.2  |
| Earnings per share (SEK)*                | -0.18   | -0.54   | -0.72   | -0.16   | -1.38   | -2.25     | -0.25   | -0.62   | -0.92   |
| Equity per share (SEK)**                 | 6.09    | 5.53    | 5.53    | 5.34    | 4.02    | 4.02      | 3.74    | 7.12    | 7.12    |
| Depreciation/Net sales (%)               | 0.3     | 0.4     | 0.4     | 0.4     | 0.3     | 0.4       | 0.5     | 0.5     | 0.5     |
| Capital Expenditure/Net sales (%)        | 1.3     | 1.0     | 1.1     | 0.6     | 0.9     | 1.0       | 0.7     | 1.4     | 1.0     |
| No. of visits (thousand)                 | 58,679  | 54,532  | 113,211 | 53,332  | 77,802  | 244,344   | 64,394  | 58,926  | 123,321 |
| No. of orders (thousand)                 | 1,579   | 1,437   | 3,017   | 1,553   | 2,527   | 7,096     | 1,710   | 1,533   | 3,242   |
| Average shopping basket (SEK)            | 581     | 643     | 611     | 611     | 590     | 603       | 618     | 633     | 625     |
| <b>Entertainment</b>                     |         |         |         |         |         |           |         |         |         |
| No. of visits (thousand)                 | 22,305  | 19,565  | 41,869  | 21,830  | 35,472  | 99,172    | 25,938  | 22,083  | 48,021  |
| No. of orders (thousand)                 | 1,048   | 868     | 1,916   | 1,039   | 1,748   | 4,702     | 1,089   | 904     | 1,993   |
| Average shopping basket (SEK)            | 436     | 508     | 469     | 482     | 491     | 480       | 470     | 454     | 463     |
| <b>Fashion</b>                           |         |         |         |         |         |           |         |         |         |
| No. of visits (thousand)                 | 30,292  | 29,292  | 59,584  | 25,663  | 35,077  | 120,324   | 30,361  | 29,280  | 59,641  |
| No. of orders (thousand)                 | 296     | 356     | 652     | 292     | 514     | 1,459     | 323     | 352     | 675     |
| Average shopping basket (SEK)            | 644     | 628     | 635     | 641     | 606     | 626       | 692     | 693     | 693     |
| <b>Sport &amp; Health</b>                |         |         |         |         |         |           |         |         |         |
| No. of visits (thousand)                 | 3,497   | 2,979   | 6,476   | 3,000   | 3,477   | 12,953    | 4,805   | 4,112   | 8,917   |
| No. of orders (thousand)                 | 180     | 158     | 338     | 164     | 173     | 676       | 237     | 214     | 451     |
| Average shopping basket (SEK)            | 703     | 733     | 717     | 745     | 737     | 729       | 745     | 731     | 738     |
| <b>Home &amp; Garden</b>                 |         |         |         |         |         |           |         |         |         |
| No. of visits (thousand)                 | 2,585   | 2,696   | 5,281   | 2,839   | 3,775   | 11,896    | 3,291   | 3,451   | 6,742   |
| No. of orders (thousand)                 | 56      | 55      | 110     | 58      | 91      | 259       | 60      | 63      | 123     |
| Average shopping basket (SEK)            | 2,574   | 2,625   | 2,599   | 2,380   | 2,120   | 2,383     | 2,385   | 2,528   | 2,458   |

\* Earnings per share for the periods Jan-Dec 2012 and Jan-Jun 2013 have been calculated on the average number of outstanding shares for the periods. The weighted average number of shares for the full year 2012 is 66,342,124. For the period Apr-Jun 2013 weighted average number of shares amounts to 72,147,992 and for the period Jan-Jun 2013 weighted average number of shares amounts to 69,261,096.

\*\* Calculated on present number of shares, as per June 2013, amounting to 99,513,186.

#### Definitions

|                               |   |
|-------------------------------|---|
| Gross profit margin           | Gross profit as a percentage of net sales. Gross profit includes costs directly attributable to the goods sold, fulfillment costs, and shipping costs.  |
| Equity/assets ratio           | Equity plus non-controlling interests as a percentage of total assets.  |
| Net debt (+) / Net cash (-)   | Interest-bearing liabilities less interest-bearing current and non-current assets and cash and cash equivalents.  |
| No. of visits                 | Gross number of visits to the Groups online stores.   |
| Return on equity              | Net income for the last four quarters as a percentage of average equity for the last four quarters.   |
| Return on capital employed    | Operating income for the last four quarters as a percentage of average of total non-current assets, cash and cash equivalents, and net working capital reduced for provisions, for the last four quarters |
| Earnings per share            | Earnings for the year attributable to the parent company's shareholders divided by average number of shares.  |
| Equity per share              | Equity attributable to the parent company's shareholders divided by average number of shares.   |
| Capital Expenditure/Net Sales | Investments in tangible non-current assets divided by Net sales for the period.   |





## Note 1

CDON Group AB announced that the company has entered into an agreement to sell the operations of subsidiary Heppo AB to Footway Group AB.

The transaction was made through an asset deal and included the majority of Heppo AB's assets, as well as the liabilities attributable thereto. Heppo AB was part of the Group's fashion segment and reported total net sales of approximately SEK 103 million and an operating result of approximately SEK -20 million in 2012. The purchase price amounted to 42 million, half of which was received as a cash consideration at closing, and the remainder received as four instalments between September 2013 and June 2014. The transaction was closed on 18 April and affect second quarter earnings with approximately SEK -3 million.

| RESULT FROM DIVESTED OPERATIONS<br>(SEK million)                       | 2013<br>Jan-Jun | 2012<br>Jan-Jun |
|--|-----------------|-----------------|
| Net sales  | 23.6            | 42.2            |
| Expenses   | -30.9           | -53.8           |
| Profit before tax  | -7.2            | -11.6           |
| Tax  | 2.0             | 3.1             |
| Profit after tax but before capital gain/loss from divested operations | -5.3            | -8.6            |
| Capital gain/loss from divested operations                             | -2.5            | -               |
| Tax attributable to the above capital gain/loss                        | 0.5             | -               |
| Capital gain/loss after tax  | -1.9            | -               |
| <b>Total income for the period</b>                                     | <b>-7.2</b>     | <b>-</b>        |
| <i>Net cash flow from divested operations</i>                          |                 |                 |
| Cash flow from operations  | -12.1           | -13.2           |
| Cash flow to/from investing activities                                 | 21.4            | -1.7            |
| Cash flow to/from financing activities                                 | 0.0             | 14.9            |
| <b>Net cash flow from divested operations</b>                          | <b>9.4</b>      | <b>0.0</b>      |

| DIVESTED ASSETS AND LIABILITIES FROM HEPPA AB'S OPERATIONS<br>(SEK million) | Recognised<br>values |
|---|----------------------|
| Tangible non-current assets   | -0.3                 |
| Inventories   | -42.2                |
| Net identifiable assets and liabilities                                     | <b>-42.6</b>         |
| Purchase price  | 42.2                 |
| Deferred purchase price   | -21.1                |
| Net cash flow   | <b>21.1</b>          |

### Deferred purchase price

The purchase price amounts to 42 million, half of which was received as a cash consideration at closing, and the remainder received as four instalments between September 2013 and June 2014.

| SUMMARY DEVELOPMENT OF DIVESTED OPERATIONS<br>(SEK million) | 2012<br>Jan-Mar | 2012<br>Apr-Jun | 2012<br>Jul-Sep | 2012<br>Oct-Dec | 2013<br>Jan-Mar | 2013<br>Apr-Jun |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net sales   | 15.4            | 26.9            | 29.2            | 31.3            | 18.7            | 4.9             |
| Operating profit  | -5.1            | -6.3            | -3.5            | -5.2            | -3.6            | -5.0            |
| Closing inventory balance                                   | 29.0            | 28.3            | 40.9            | 34.0            | 47.7            | 5.0             |