

STOCKHOLM--([BUSINESS WIRE](#))--Regulatory News:

CDON Group AB (STO:CDON)

16% sales growth and positive cash flow of SEK 72 million in Q2

Second quarter

· Net sales were up 16%, amounting to SEK 1,110.9 (958.5) million. Including divested operations, net sales totalled SEK 1,110.9 (969.2) million

· Operating profit, including divested operations and non-recurring items, amounted to SEK 35.0 (-48.9) million. Profit excluding divested operations and non-recurring items totalled SEK 0.0 (-5.6) million

· Net income totalled SEK 21.2 (-44.7) million

· Earnings per share amounted to SEK 0.19 (-0.62)

· Cash flow from operations improved by SEK 36.2 million to SEK 72.2 (36.0) million

· In the quarter, operations in Rum21 were divested for SEK 68.0 million, generating a profit of SEK 35.0 million

First six months

· Net sales rose by 13%, amounting to SEK 2,244.0 (1,990.9) million. Including divested operations, net sales totalled SEK 2,244.0 (2,020.3) million

· Operating profit, including divested operations and non-recurring items, amounted to SEK 35.0 (-56.6) million. Operating profit excluding divested operations and non-recurring items totalled SEK 0.0 (-9.8) million

· Net income totalled SEK 17.1 (-62.0) million

· Earnings per share amounted to SEK 0.15 (-0.92)

· Cash flow from operations improved by SEK 195.8 million to SEK -95.4 (-291.2) million

CEO statement

Paul Fischbein, President and CEO, comments: “During the second quarter CDON Group continued to deliver in line with the company’s strategy: healthy growth and underlying improvements in earnings.

The Group maintained sales momentum, and growth in the quarter was 16%, fuelled primarily by the Sports & Health segment, which grew by 26%, and Fashion, which saw a 23% rise in sales. In addition, Lekmer and Tretti displayed a continued healthy sales growth.

Underlying cash flow from operations continued to improve during the quarter,

amounting to SEK 72 million. Furthermore, operations in Rum21 were divested during Q2 for SEK 68 million, which generated capital gains of SEK 35 million.

All the measures and initiatives that have been implemented within Nelly.com over the past two years are gradually starting to produce results; growth has returned and the operating margin has improved, partly due to a logistics upgrade and a higher percentage of sales of private label products. Launches in France, Belgium and Poland, and NLY Man, are also progressing according to plan.

The transformation of CDON.com into a leading online marketplace continued as planned. CDON.com Marketplace has expanded to include 140 affiliated retailers and is expected to continue to show strong growth in 2014. Sales within CDON.com were consistent with the second quarter of the previous year, as new products compensated for the decline in sales of media-related products. The shift in the product mix, coupled with investments in restructuring projects, caused a slight drop in earnings for CDON.com compared with Q2 2013.

Our more offensive initiatives in Q2 included test launches of our in-house developed payment solution, Qliro. The pilot test, which was introduced on Members at the beginning of June, has proved successful, and will expand to Tretti in Sweden in the third quarter.”

About CDON Group

CDON Group is the leading e-commerce group in the Nordic region. Established in 1999, the Group has expanded its product portfolio and is now a leading e-commerce player in the Entertainment (CDON.com, Lekmer.com), Fashion (Nelly.com, NLYman.com, Members.com), Sports & Health (Gymgrossisten.com, Bodystore.com, Milebreaker.com) and Home & Garden (Tretti.com) segments. In 2013, the Group generated earnings of SEK 4.5 billion. CDON Group’s share is traded on the NASDAQ OMX Stockholm MidCap list under the CDON ticker symbol.

The information in this interim report 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 on 16 July 2014.

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