



Building the Nordic online marketplace champion

CDON

CDON

Q2 2021

Q2 presentation

July 2021



Chairperson of the Board



CFO of CDON

Topics

- 1. Market opportunity**
- 2. Vision**
- 3. Team to execute**
- 4. Execution today**

Why CDON?

Marketplaces is now more than 50% of global e-commerce market

Local marketplaces show a strong trajectory alongside Amazon

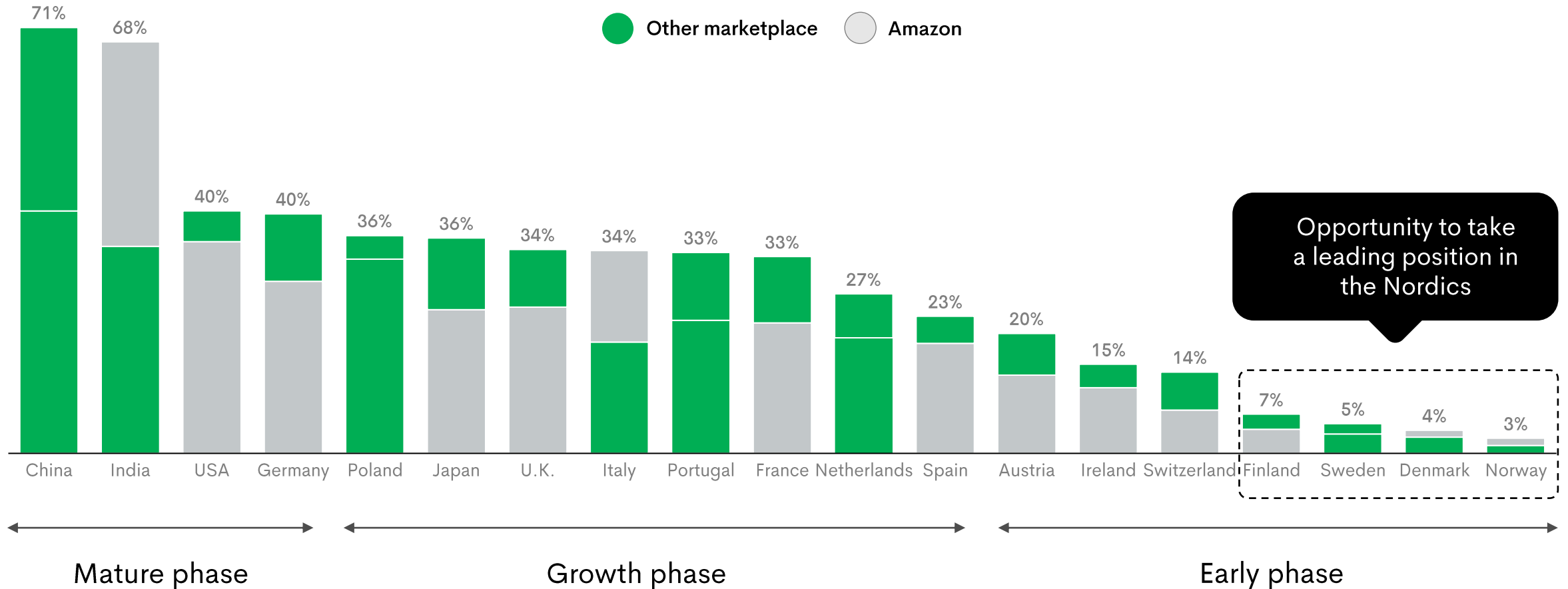


Marketplaces market share globally¹



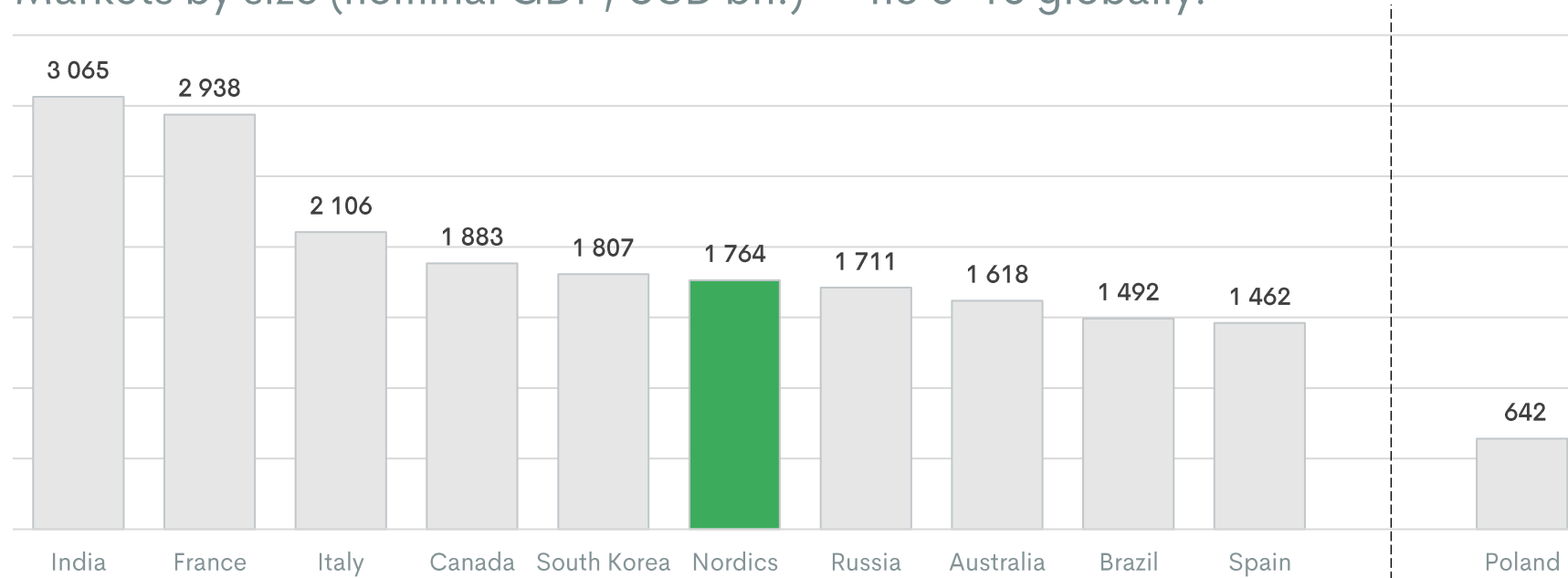
Marketplaces are quickly grabbing market share globally

Top 2 marketplaces, market share of total e-commerce



The Nordic economy is one of the largest in Europe and highly advanced

Markets by size (nominal GDP, USD bn.) — no 6-15 globally:



27.5M
Population

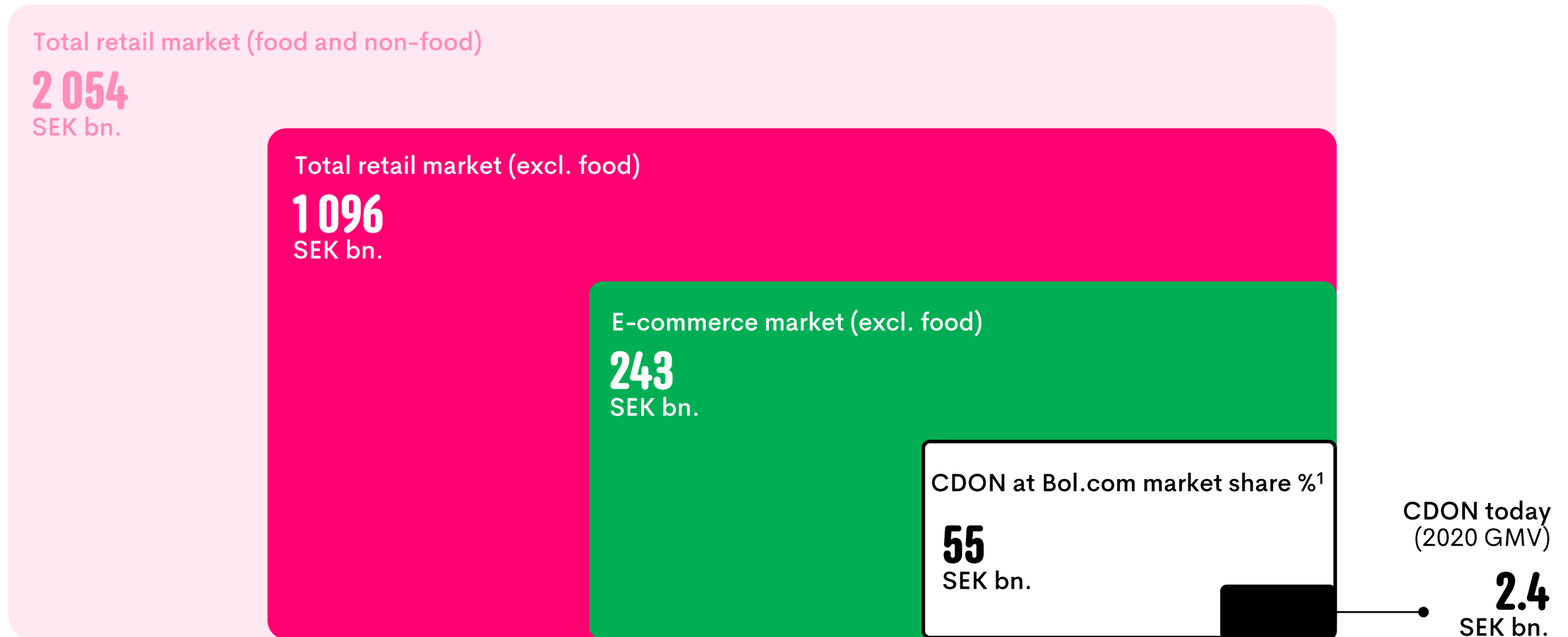
GDP per capita almost **2x European average**.

The regional economic engines, capital cities Stockholm, Copenhagen, Oslo and Helsinki are all among the the **fastest growing capitals** in Europe.



Significant opportunity to grow in sizable Nordic markets

2020 figures combined for Sweden, Denmark, Norway and Finland



1. Market share in line with leading marketplace in Netherlands (Bol.com) with ~20% of total e-commerce in the Dutch market (including food online)


Building the Nordic online marketplace champion

- 1. Become starting point of shopping in the Nordics**
- 2. Be the sales engine for merchants**
- 3. Win our core categories**
- 4. Create a strong local brand**

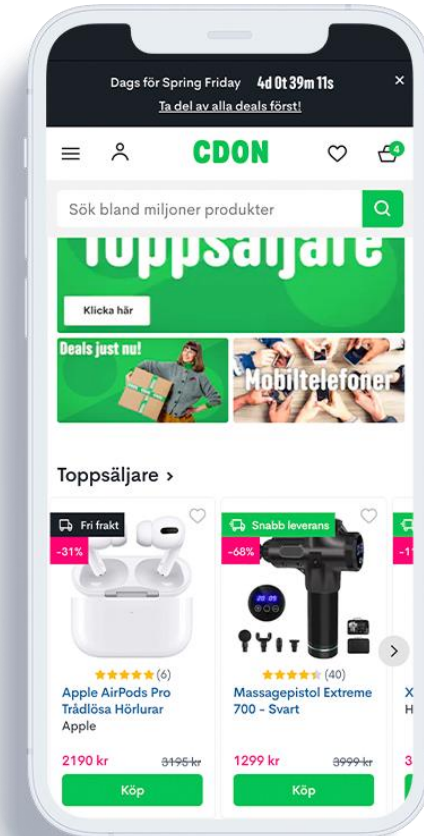
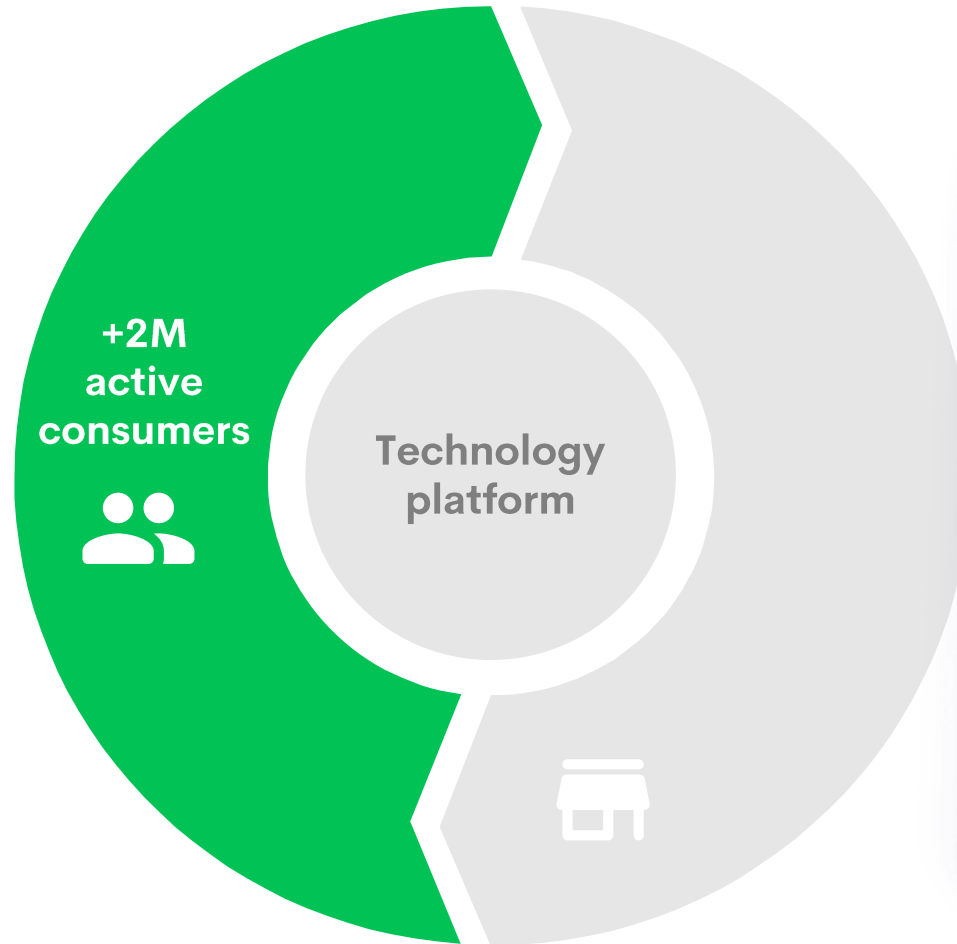
The starting point of shopping in Nordics – what does it mean?

 1. Widest assortment in one place

 2. The lowest prices

 3. Great customer experience & shopping tools

 4. Single checkout, convenient delivery



Q2

Q2 Summary – An intense quarter

1. Mixed marketplace trading performance in Q2 resulting in 4% marketplace GMV growth

- Positive momentum second half of the quarter turned negative growth trend from April into positive yoy growth in May and June
- Sales negatively affected by decrease in incoming traffic, positively affected by higher order values

2. Good trend in marketplace GMV growth continues into Q3

- Approx. +20% year on year marketplace GMV growth in July so far

3. Strategic review laying out the long term road-map and short-term execution plan finished during the quarter

4. CEO position

- CEO Kristoffer Väliharju resigned, Interim CEO starting July 26th, ongoing recruitment process for permanent CEO

5. Launching CDON ads

**July MTD per July 13th.*



Allan Junge-Jensen
interim CEO from July 26th

Extensive experience from various leadership positions within e-commerce and technology, e.g.

- **Boozt.com (NASDAQ: BOOZT), CFO**
a fast-growing leading fashion e-retailer of the Nordics went from 0 to >3Bn SEK in revenue
- **Nicehair.dk, Interim CEO**
Beauty e-commerce
- **Desupervised, Chairman of the Board**
Develops artificial intelligence framework, Alviss

Aiming at taking market share at a high pace

Yoy growth	Q1 2020	Q2 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Sweden e-commerce <i>Actual/Estimates*</i>	16%	49%	53%	5-10%	-5-0%	-10-0%
CDON Marketplace GMV	101%	106%	25%	4%	July MTD ~20%	

**According to Postnord E-handelsbarometern. Q2-Q4 represent market estimates and Q1 actuals. July MTD per July 13th.*

1. **Second half of Q2 we estimate CDON to be back at market growth in line or higher than the market growth**
2. **In short- and medium term we expect CDON will have volatility in GMV growth. Over a longer cycle, CDON aims at growing substantially higher than the market**

CDON Ads is a step towards adding additional revenue streams to our marketplace business

Merchant commissions major part of current gross profit



Typical revenue streams in mature marketplaces	Status	Comment
Transaction based commission	✓	~90% of marketplace gross profit
Merchant subscription fee	✓	Launched October 2020, <0,3% of GMV
Consumer membership fee	✗	
Ad income	✗	Launched Q2 2021, <0,3% of GMV
PSP commission	✓	
Fulfilment and other services	✗	
Merchant services and tools	✗	
Merchant financing	✗	

Allegro's mid-term target for **ad-income** is 3% of GMV



Q2 execution

1. Analysing the parts our economic engine

2. Turnaround the trend in traffic acquisition

- SEO and SEM enforcing initiatives, most of effects lagging to H2

3. Solving product data quality & structure

- Shopit part of the solution

4. Rebuilding non-traffic related parts of our engine

- Process for securing attractive products from our merchants
- Focus on merchant onboarding – from volume based to strategy based
- Re-negotiating commercial agreements to enable more granular and dynamic commission structures, expected effect in H2

Shopit partnership enables CDON to springboard product data quality & customer experience related to product selection and information

Specialized in Big Product Data and Shopping Product Search

Capability to extract over 5000 unique product attributes



**CDON acquires
30% and has
option for
acquiring
remaining 70%**

1. Categorization, navigation and product information

- Shopit's AI automatically improves categorization on CDON's millions of products
- Detects essential attributes CDON don't possess today & increase nr. of attributes with more than 10X

2. Increase capability of merging identical products

- Facilitates merging of duplicate products

Strengthening management team & other key capabilities to deliver on our strategy

Q2 additions & changes to our team



Eldar Terzic, Chief Product & Technology Officer

Previous CTO of CDON, re-joins CDON from recent position at Inter IKEA, joins management team of CDON



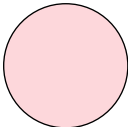
David Olhed, Chief Merchant Officer

Previous Chief commercial officer at CDON, continues in management team



Linda Andersson, Chief Category Officer

Previous Head of onboarding at CDON, joins management team



To be communicated , Chief Strategy Officer

Starting early 2022, joins management team

Main task at CDON



Deliver a great customer experience



Become the best sales and business partner for merchants



Create category leadership in core categories

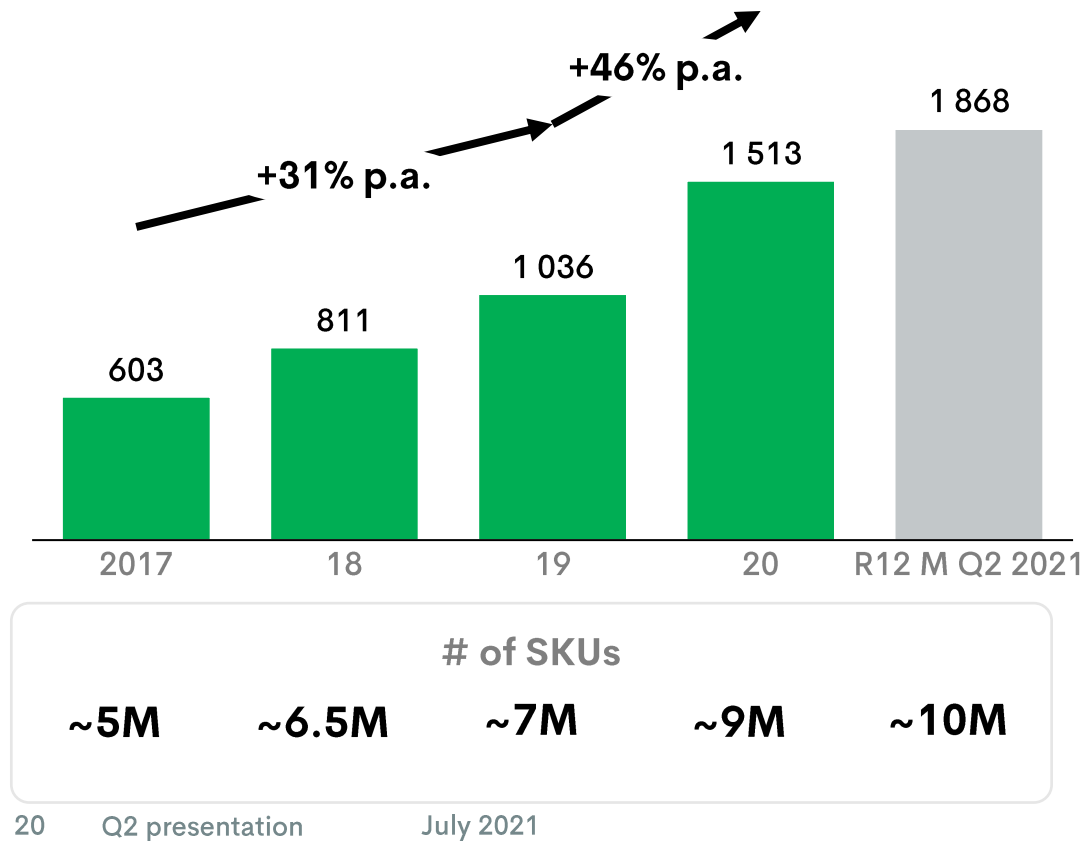


Build a unique Nordic position and strong local brand

Strengthened capabilities within tech, AI, customer acquisition and customer journey in various roles within the organization

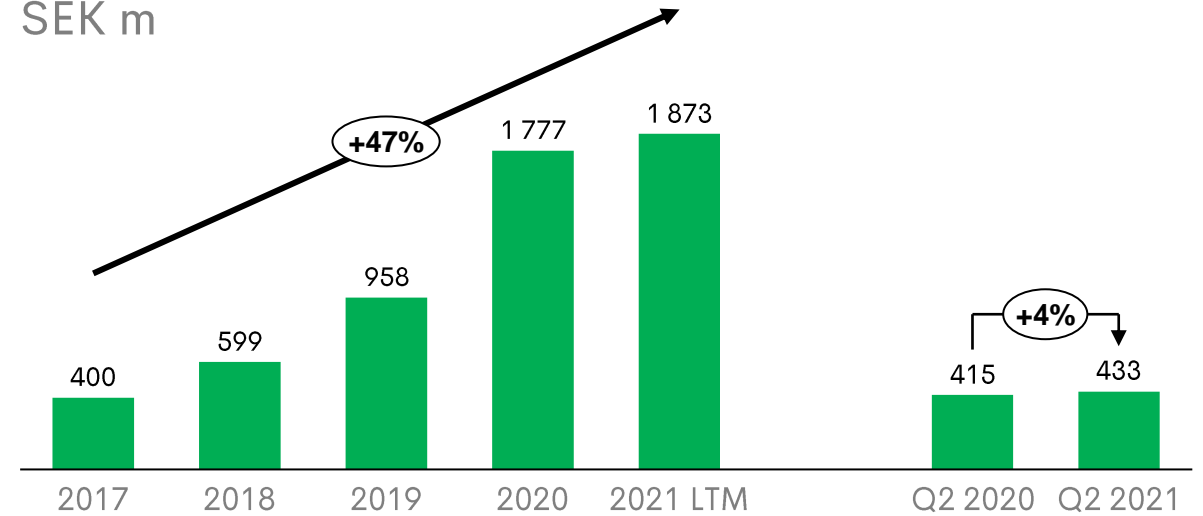
Mixed performance in the quarter resulted in 4% growth for CDON Marketplace, strong intake of merchants continues

Number of merchants



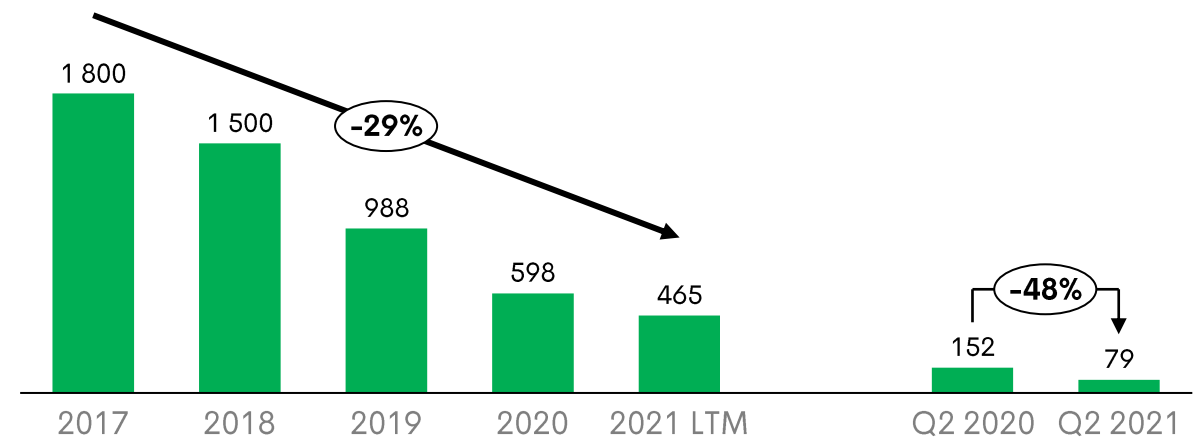
CDON marketplace GMV

SEK m



CDON retail GMV

SEK m



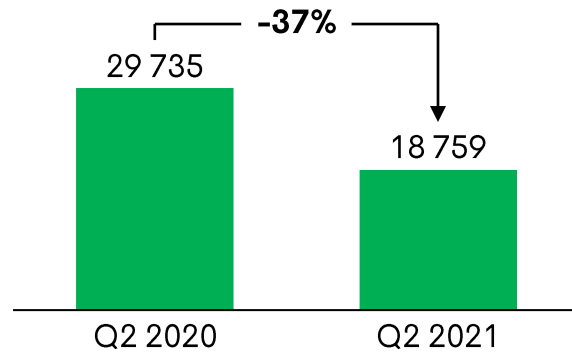
Income Statement

SEKm	Q2 21	Q2 20	▲	Q1-Q2 2021	Q1-Q2 2021	▲
CDON Marketplace						
Gross merchandise value	433,2	414,9	4%	812,9	717,5	13%
Net sales	41,2	48,4	-15%	82,0	82,4	0%
Gross profit	38,7	45,4	-15%	76,7	77,1	-1%
CDON Retail						
Net sales	77,6	148,9	-48%	168,3	299,6	-44%
Gross profit	6,9	13,0	-47%	16,9	25,5	-34%
CDON Total						
Gross merchandise value	512,3	567,0	-10%	984,6	1021,5	-4%
Net sales	118,8	197,3	-40%	250,3	382,0	-34%
Gross profit	45,6	58,4	-22%	94,0	102,7	-22%
Gross margin, %	38,4%	29,6%	8.8 pp	37,4%	26,9%	10,5 pp
EBITDA	-18,7	1,3	n/a%	-27,6	-0,4	n/a%
EBIT	-23,6	-4,2	n/a%	-37,4	-18,4	n/a%

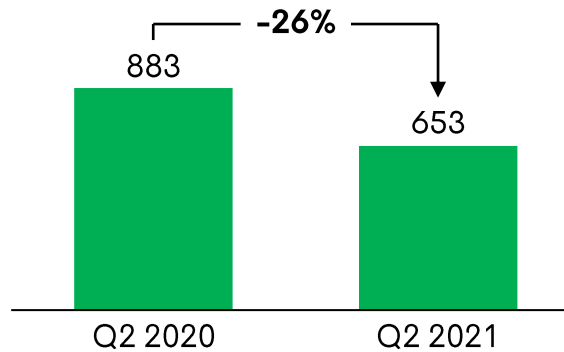
- ✓ Negative product mix impact gross margin in the quarter
- ✓ Selected discounts on commission during April and May, which did impact Gross Profit negatively. No discounts in June which increased marketplace gross margin with appx. 1 pp vs. May
- ✓ EBITDA decrease related to lower Gross Profit, higher traffic acquisition costs and continued investments which increase opex

Development of KPIs

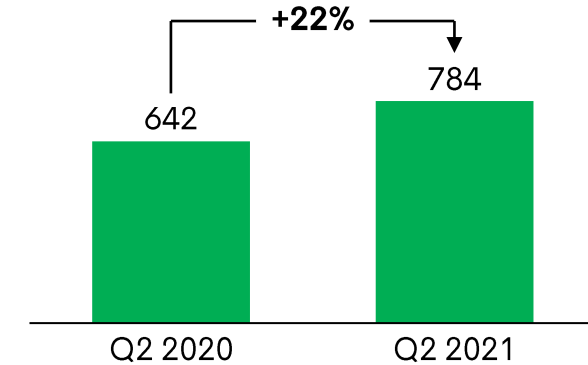
Number of visits, '000



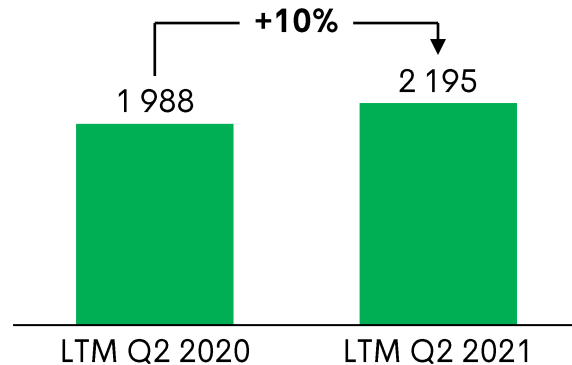
Number of orders, '000



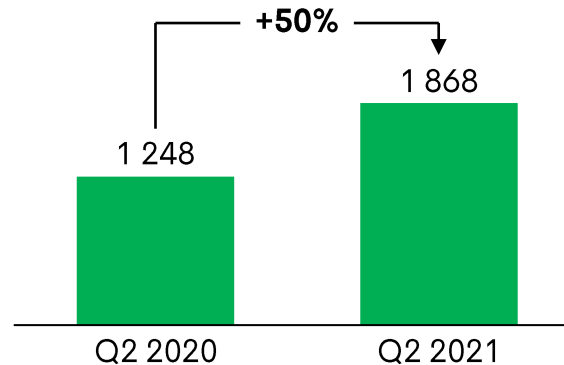
Average order value, SEK



Active customers, '000



Number of Merchants



- ✓ Traffic decline seen in all channels with largest drop in SEO and SEM (new way of measuring affects reported (but not actual)) negatively with ~5%)
- ✓ Improved conversion rate with 0,5pp (17%) partly compensate lower traffic resulting in number of orders decline with 26%
- ✓ Average order value increase related to product mix – higher share of high demand products

Cash flow and balance sheet

SEKm	Q2 21	Q2 20
Balance sheet		
Fixed assets	64,1	61,3
Inventory	15,7	40,9
Current receivables	33,4	30,8
Total cash	41,7	67,8
Total assets	154,8	200,8
Total equity	21,8	59,3
Short-term liabilities	133,0	141,6
Total equity and liabilities	154,8	200,8

- ✓ Cash flow from operating activities SEK -15,9m (29,7m) in the quarter
- ✓ Total cash flow SEK -21,4m (22,7m)
- ✓ Capex amounted to SEK 5,5m (5,1m) in the quarter
- ✓ Total cash of SEK 41,7m (67,8m)

What you should take away from today

01 CDON is taking on the Nordic marketplace opportunity valued above 50 Bn SEK

02 The team in place to accelerate the flywheel

03 Traffic acquisition and customer experience in focus with product data quality as a root cause being addressed

- Incremental improvements in H2
 - Shopit partnership and investment part of solution
-

04 Execution at a high pace



CDON