



PRESS RELEASE

Malmö, Sweden

13:00 CEST, Thursday, 20 October 2022

CDON's interim report Q3 2022

CDON Marketplace continues to take market share

THIRD QUARTER FOR THE GROUP¹

- Gross merchandise value (GMV) for CDON Marketplace (3P) decreased by 11% to SEK 430.5 (482.3) million. Excluding sales from fraudulent merchant activity in 2021², CDON Marketplace GMV remains flat in Q3 compared to the same period last year.
- Net sales for CDON Marketplace increased by 2% to SEK 48.6 (47.6) million. CDON Retail net sales decreased according to plan by 27% to SEK 48.5 (66.0) million due to the process of reducing sales of own inventory.
- Gross margin increased by 6.8 percentage points to 51.2% (44.4%).
- Profit/loss before depreciation and amortization amounted to SEK -19.7 (-3.7) million.
- Profit/loss for the period amounted to SEK -26.5 (-8.5) million.
- Earnings per share amounted to SEK -3.80 (-1.38).

FIRST NINE MONTHS FOR THE GROUP

- Gross merchandise value (GMV) for CDON Marketplace (3P) decreased by 2% to SEK 1,263.0 (1,295.1) million. Excluding sales from fraudulent merchant activity in 2021², CDON Marketplace GMV increased with 3% year-to-date compared to last year.
- Net sales for CDON Marketplace increased by 11% to SEK 143.9 (129.6) million. CDON Retail net sales decreased according to plan by 30% to SEK 164.1 (234.3) million due to the process of reducing sales of own inventory.
- Gross margin increased by 10.4 percentage points to 50.1% (39.7%).
- Profit/loss before depreciation and amortization amounted to SEK -66.9 (-31.6) million.
- Profit/loss for the period amounted to SEK -87.0 (-46.1) million.
- Earnings per share amounted to SEK -13.01 (-7.62).

Comments from the CEO

The third quarter

“During the third quarter, our marketplace GMV decreased by 11% compared to the same period last year. Adjusted for the fraudulent merchants in 2021 we remained flat. As the underlying market declined by 2%³, we continued to take market share. While this is going in the right direction, we have just begun to improve many parts of the customer experience and aim for much faster growth as these improvements are implemented.

During the quarter we continued to focus on building our core categories with higher commission levels. As a result, our commission rate grew and the marketplace net sales continued to grow, with an increase of 2% compared to last year.

Because of our continued shift to a high margin marketplace business, overall gross margins grew by 6.8 percentage points. Going forward we expect to continue to increase our gross margin as 3P continues to grow its share of sales.

Profit/loss before depreciation and amortization amounted to SEK -19.7 (-3.7) million for the third quarter. As a result of the uncertainty in the market, we have reduced our cost level, where most of the effect is expected to

CDON AB (publ)

PO Box 385, SE-201 23, Malmö, Sweden | Visiting address: Södergatan 22, Malmö
Swedish Corporate Reg. No. 556406-1702 | VAT Reg. No.: SE 556406170201 | LEI-code: 5493006F7ZGT71653W96
Corporate Domicile (styrelsens säte): Malmö | Website: www.cdon.com | IR-website: <https://investors.cdon.com>



materialize in Q1 2023. We have a cash balance of SEK 80.3 (189.3) million going into our financially strongest part of the year.

Financial directives and targets

As previously announced on October 19, 2022, CDON established financial directives and targets to facilitate investors' understanding of CDON's marketplace business.

CDON marketplace is built on a highly scalable business model, where operational costs should stay relatively fixed while the GMV grows. Having a gross margin on net sales close to 95%, the business model is comparable to other software as a service businesses or software platform businesses. The history of CDON, with the phaseout of the legacy 1P business, and the fact that the marketplace phenomenon is still relatively unfamiliar in the Nordics, might require further clarity when evaluating CDON. Therefore, CDON decided to establish and communicate the following financial directives and targets.

Financial directives

- CDON's marketplace (3P) business shall continuously gain market share in the Nordic e-commerce market.
- CDON's 3P take rate⁴ shall increase over time, through an improved product mix and an increased focus on additional services.
- CDON shall enjoy strong incremental margins as a result of its high gross margin 3P business and the relatively fixed nature of administrative and general costs

Target for FY 2023

CDON's business shall be at least EBITDA breakeven in FY 2023 - unless:

- CDON finds growth investment opportunities where CDON believes the IRR (Internal Rate of Return) significantly exceeds CDON's cost of capital;
- The macro environment undergoes further material deterioration from the low levels expected in Q4 2022.

Mid-term Target

While predicting the Nordic e-commerce market is challenging, CDON is confident in its ability to continue to take market share⁵. So far, CDON has gained market share in each of the last five quarters, adjusted for fraudulent merchants in 2021, while offering a subpar experience. As CDON continues to improve its offer, CDON expects to accelerate market share gains. Therefore, CDON established a new mid-term target to achieve at least 2.5% market share by the end of FY 2025 from currently estimated approximately 1%. CDON will provide annual updates on its progress in achievement of this market share target."

¹ "CDON Group" or "the Group" encompasses results from CDON AB, subsidiaries and shares in associated companies.

² For further information, please refer to press release: <https://investors.cdon.com/investor-relations/pressmeddelanden/trading-update-merchant-issue-during-black-week-impacts-ebit-92254?page=3>

³ Svensk Handels E-handelsindikator September 2022.

⁴ "Take rate" is defined as commission for CDON marketplace and additional revenue streams such as financial commission, advertising income and subscriptions fees divided by GMV (Gross Merchandise Value) for CDON marketplace.

⁵ "Market share" is defined as CDON's total GMV as share of Serviceable Available Market, defined as total online spend in the Nordics, excluding hospitality, travel, building materials, groceries, clothing, shoes and pharmacy products. (Source for the Nordic e-commerce market data: E-commerce in Europe, Postnord 2021).



Conference call

Analysts, investors, and the media are invited to a conference call today at 14:00 CEST. To participate in the conference call, please dial:

Sweden (Sverige): +46 850 558 375

United Kingdom: +44 3333 009 264

United States: +16 467 224 956

Link to Webcast:

<https://ir.financialhearings.com/cdon-q3-2022>

The presentation material and the webcast are published on:

<https://investors.cdon.com/en/investor-relations/presentations/>

For further information, please contact:

Peter Kjellberg, CEO

peter.kjellberg@cdon.com

Thomas Pehrsson, CFO

thomas.pehrsson@cdon.com

This information is information that CDON AB is required to disclose under the EU Market Abuse Regulation. The information was released for publication through the agency of the above contacts at 13:00 CEST on October 20, 2022.

Certified Adviser

FNCA Sweden AB is the company's Certified Adviser.

E-mail: info@fnca.se

About CDON

CDON AB (publ) ("CDON") was founded in 1999 and is now the largest marketplace in the Nordic region. During 2020 we had over 120 million visits and 2.3 million customers. Customers can choose to buy and compare prices for millions of products at CDON, by far the widest range of all Nordic e-retailers. Over 1,500 merchants use CDON's platform and technology to increase their sales. This gives CDON a wide range of products within, movie, music, computers, games, office supplies, books, toys, consumer electronics, household appliances, sport, outdoor, beauty care, fashion, shoes, computers, and computer products. CDON's shares are listed on Nasdaq First North Growth Market with the abbreviation CDON.

CDON AB (publ)

PO Box 385, SE-201 23, Malmö, Sweden | Visiting address: Södergatan 22, Malmö
Swedish Corporate Reg. No. 556406-1702 | VAT Reg. No.: SE 556406170201 | LEI-code: 5493006F7ZGT71653W96
Corporate Domicile (styrelsens säte): Malmö | Website: www.cdon.com | IR-website: <https://investors.cdon.com>