



# Q1 2023

Presentation of CDON's quarterly results



# Welcome to our quarterly presentation, hosted by our CEO, Fredrik Norberg and CFO, Thomas Pehrsson



**Fredrik Norberg**  
**CEO**

*“I’m honored  
to host my  
first quarterly  
presentation  
as the new  
CEO of  
CDON”*



**Thomas Pehrsson**  
**CFO and dep. CEO**

*“CDON have  
managed to  
reach the first  
EBITDA positive  
Q1 in many  
years”*



A photograph of a family in a kitchen. A man with glasses and a beard, wearing a blue striped shirt and a dark apron, is standing at a wooden counter, rolling out pasta dough. A young girl in a yellow sweater is helping him. In the background, another person is partially visible. The kitchen has white tiled walls, a wooden shelf with various items, and a stainless steel range hood. The word "Agenda" is overlaid in large white letters on the image.

# Agenda

- Q1 results
- Future plans
- The integration
- Financial performance and directives
- Q&A



# Q1 results

# CDON was EBITDA positive, despite a seasonally weak quarter and lower GMV

## Q1 summary

### Weaker GMV

#### **Gross Merchandise Value -10% (vs LY)**

Challenging and uncertain economic environment

### Positive GPAM development

#### **Gross profit after marketing +8%**

Mainly from commission increase

### Positive EBITDA

#### **EBITDA of +0.6 MSEK, vs last year's -27.0 MSEK**

Stronger GPAM, and cost reduction from the restructuring

### Fyndiq Q1

#### **GMV -25%**

Weak economic environment and Covid-19 lock-down in China


#### **EBITDA of -0.5 MSEK, vs last year's -1.4 MSEK**

The weak sales trend turned around in March, generating a positive monthly EBITDA





# Future plans

A photograph of a family in a living room. A woman in a purple sweater is hanging a framed picture on the wall. A young child in a green hoodie is sitting inside a large cardboard box in the foreground. Another child is visible behind more boxes on the right. The room has a dining table with chairs, a spherical pendant light, and several framed pictures on the wall. The scene is filled with cardboard boxes, suggesting a move or a large purchase.

We want to unleash the power of the marketplace  
to give the best experience for customers and  
merchants across the Nordics



# Long term goal of double digit market share in the Nordics

01 Become the **leading marketplace** for the Nordics, fending off Amazon

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02 Increase the penetration of marketplaces, and reach a **double digit market share** in the Nordic e-commerce industry

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03 Leverage the scale benefits of the model to deliver reliable growth with **expanding profitability**







# CDON will increase supply and improve customer happiness in the short term

A

**Increase quality supply** - Provide more of the products that people want, and utilize the low margin costs of bringing in more supply

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B

**Improve customer happiness** - Get CDON to the high levels Fyndiq have managed to reach the last couple of years, and continue from there

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C

**Create distinct customer experiences** - leverage two brands with different value propositions to serve different types of customers and needs



# A mature marketplace provides superior value to consumers and merchants

## CUSTOMER

- Superior shopping experience, wide variety of products and the convenience of a one-stop shop
- Merchant competition leading to lower prices

## MERCHANT

- An opportunity for additional sales and access to new customer groups/markets
- Reduced need for marketing or technical know-how

## BUSINESS MODEL

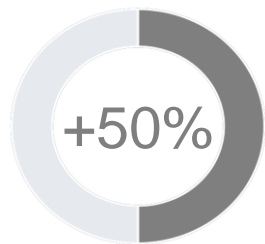
- Highly scalable
- Low or no capital tied in inventory
- Ability to capitalize on any product trend and low product risk when trend disappear





# There is a significant potential for marketplaces in the Nordics with +10x higher penetrations in other markets

## Marketplaces market share comparison



Marketplaces market share **globally**<sup>1</sup>



Marketplaces market share in the **Nordics**<sup>2</sup>

## 2021 revenue per capita per marketplace in their home market<sup>4</sup> (year of marketplace launch)

Amazon (2000) 🇺🇸	5 000 SEK
Bol (2011) 🇳🇱	3 000 SEK
Otto (2015) 🇩🇪	2 000 SEK
Fnac Darty (2016) 🇫🇷	1 000 SEK
Allegro (1999) 🇵🇱	1 000 SEK
CDON (& Fyndiq) (2019 & 2011) 🇸🇪	100 SEK

<sup>1</sup> Webretailer 2020. Excl. marketplaces specialized in B2B trade and services. <sup>2</sup> Euromonitor 2019. <sup>3</sup> TAM does not include hospitality & travel, source; E-commerce in Europe Postnord 2021; <sup>4</sup> Estimated based on reported revenue in home market and population

# In this new lean setup, CDON can benefit from highly scalable growth

## Incremental Marketplace GMV illustration

Growth from 2022 3P GMV	3P GMV increase	3P Gross profit increase	Cost increase	EBITDA effect
+20%	460	64	28	36
+40%	920	129	57	72
+100%	2300	322	142	180

Assumptions: CDON+Fyndiq 3P GMV in 2022 was 2300 MSEK, 3P take rate assumed at current blended rate of 14%, variable marketing cost of 3P GMV 6% and partly variable customer support costs.

- Marketplaces at scale have **high incremental revenue margins**
- **Operational costs are mostly fixed** - few costs, including marketing and customer support, growing with increased sales
- The target CDON organization is **designed to generate and handle substantially higher GMV**





# The integration



We will create ONE team, ONE merchant interface  
while maintaining TWO offices and go-to-market  
with TWO distinct brands



# Board with deep domain knowledge and experience with significant ownership incentives

**Board of Directors, proposed by nomination committee & subject to approval at AGM May, 9th**



**Christoffer Norman, Chair, external focus**

- Joined CDON board upon combination of Fyndiq/CDON
- Ex venture capitalist at Northzone
- Extensive marketplace experience from e.g. Avito
- Ownership CDON: 3,3%



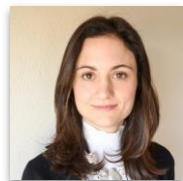
**Brad Hathaway**

- CDON board 2022-2023
- Investor (Far View Capital management)
- External communication focus
- Ownership CDON: Managing Partner of Far View that owns 3.2%



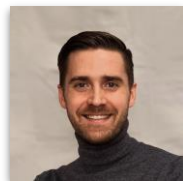
**Erik Segerborg, Vice Chair, internal focus**

- Joined CDON board upon combination of Fyndiq/CDON
- Investor specialized in marketplaces
- Extensive marketplace experience from e.g. Avito & Hemnet
- Ownership CDON: Invests 7,5 MSEK in convertible



**Josephine Salenstedt**

- Chair of CDON 2021-2023 (board member since 2020)
- Partner at Rite Ventures, CDON's 2nd largest owner
- Extensive e-commerce and marketplace experience from e.g. CDON, Skincity, Söder Sportfiske
- Ownership CDON: Partner at Rite Ventures that owns 15%

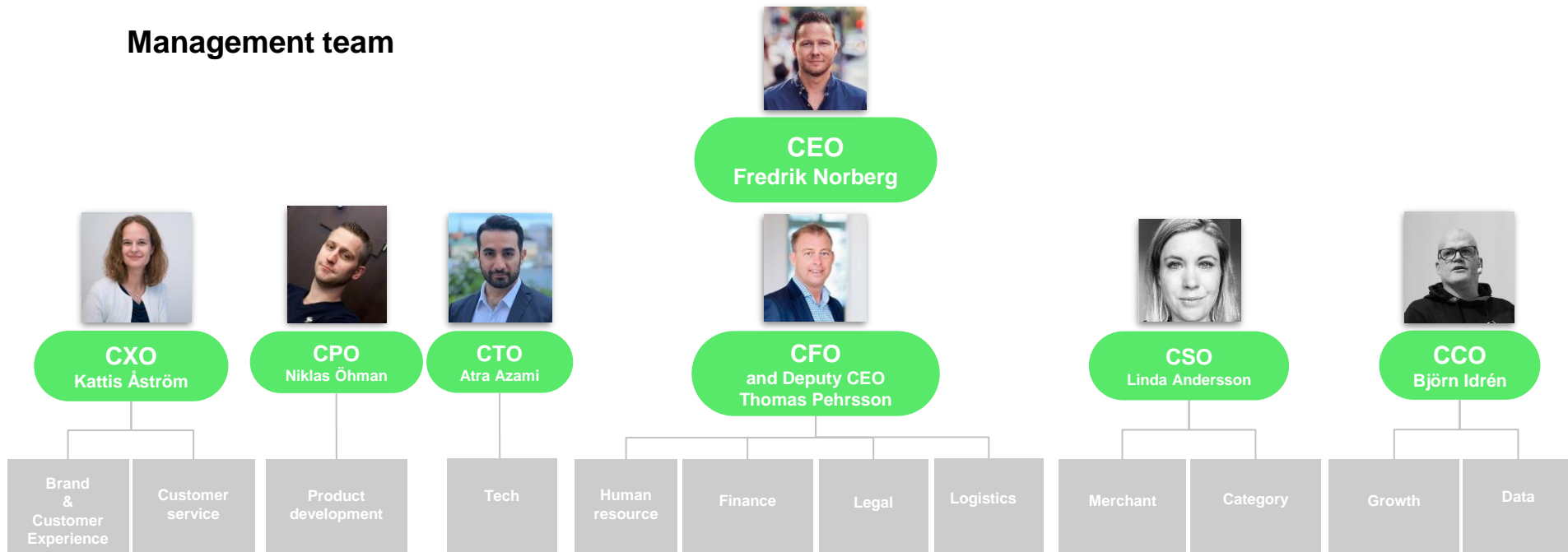


**Jonathan Sundqvist**

- CDON Board 2022-2023
- Investment manager at Rite Ventures
- 5,5 years at McKinsey
- Extensive e-commerce and marketplace with own direct operational experience

# A well experienced management team with +40 years of marketplace experience has been appointed

## Management team



# Merger cost synergies of approximately **40 MSEK** with large additional top line and margin potential

## Synergy estimates

Identified operational expense synergies to be **realized** over the coming **18 months**

Such synergies include:

- **Technology platform cost**
- **Consultant reduction**
- **Overhead overlap**



In addition, **several high potential synergy areas to be explored:**

- **Merchant offering and acquisition**
- **Take-rate optimization including advertising products**
- **Traffic acquisition optimization**





# Financial performance and directives

# Group income statement

	2023	2022	
Amounts in SEK million	Jan-Mar	Jan-Mar	Δ
<b>CDON Group</b>			
Total Gross merchandise value	408.5	455.7	-10%
Net sales	91.5	105.7	-13%
Gross profit	51.9	50.4	3%
Gross margin (%)	56.8	47.7	9.1 p.p
Gross profit after marketing	30.9	28.7	8%
EBITDA	0.6	-27.0	N/A
<b>CDON Marketplace (3P)</b>			
Gross merchandise value	364.4	395.2	-8%
Net sales	49.0	44.7	10%
Gross profit	45.5	42.7	7%
Commission (%)	11.6	9.4	2.2 p.p
Gross margin (%)	92.8	95.6	-2.8 p.p
<b>CDON Retail (1P)</b>			
Gross merchandise value	44.2	60.5	-27%
Net sales	42.4	60.5	-30%
Gross Margin (%)	15.1	11.8	3.3 pp

- Total GMV decreased by 10%, and 3P GMV decreased by 8% in comparison to the same period last year.
- CDON Marketplace net sales increased by 10% in comparison to the same period last year.
- CDON Retail net sales decreased according to plan when phasing out own inventory.
- Gross profit after marketing increased by 8% mainly due to increased take rate from the commission increase.
- Total expenses for the quarter amounted to SEK -57.0 million, compared to last quarter of SEK -84.2 million.
- Positive EBITDA of SEK 0.6 (-27.0) million as a result of increased margins and the cost reductions from the restructuring program in December 2022.

# Group balance sheet statement

Amounts in SEK million	2023 Jan-Mar	2022 Jan-Mar
<b>Balance sheet</b>		
Fixed assets	72.8	110.2
Inventory	16.4	13.5
Current receivables	31.8	32.4
Total Cash	55.9	145.1
<b>Total assets</b>	<b>176.9</b>	<b>301.2</b>
<b>Total equity</b>	<b>39.5</b>	<b>166.0</b>
Short-term liabilities	128.3	127.7
Long-term liabilities and provisions	9.2	7.5
<b>Total equity and liabilities</b>	<b>176.9</b>	<b>301.2</b>

- Fixed assets decreased due previous write-down of our subsidiaries Xales and Commerce8 as well as write-down of our minority stake in Shopit.
- Slight increase of inventories due to a lucrative market opportunities.
- Total cash of SEK 55.9 (145.1) million.



# Group cash flow statement

Amounts in SEK million	2023 Jan-Mar	2022 Jan-Mar
<b>Cash flow</b>		
Cash flow from operations	-62.8	-54.0
Cash flow from investing activities	-4.3	-3.8
Cash flow from financial activities	0.0	0.0
<b>Cash flow for the period</b>	<b>-67.2</b>	<b>-57.8</b>
<b>Cash at the beginning of the period</b>	<b>123.1</b>	<b>202.9</b>
Exchange rate differences in cash	0.0	0.1
<b>Cash at the end of the period</b>	<b>55.9</b>	<b>145.1</b>

- Cash flow from operating activities SEK -62.8 (-54.0) million.
- Total cash flow for the period SEK -67.2 (-57.8) million.
- Total cash of SEK 55.9 (145.1) million.

# Financial directives and target

## Financial Directives

- CDON's marketplace (3P) business shall continuously gain market share in the Nordic e-commerce market.
  - *Our 3P business performed slightly worse than the market with a decline of 8% in comparison to the market decline of 6%, mainly due to the weak performance in our key electronics vertical.*
- CDON's 3P take rate<sup>1</sup> shall increase over time.
  - *The take rate for our 3P business in Q1 increased to 12.5% (10.6%) as a result of increased commission rates and efforts to diversify into higher take rate categories.*
- CDON shall enjoy strong incremental margin as a result of its high gross margin 3P business and the relatively fixed nature of administrative and general costs.
  - *In Q1, CDON reported a 56.8% gross margin (47.7%), continuing the path of taking gross margin level closer to 3P level of approximately 95%.*
  - *In Q1, we have had a substantial focus on optimising our marketing spend through more efficient spend in the paid channels, and the reported marketing cost as a percentage of GMV of 5.1% is a result of these efforts (5.2% in Q4 2022).*
  - *Administrative & Selling Expenses (SG&A) excluding marketing costs have been further reduced as a result of previous restructuring.*

## Target

- CDON's short-term target of being at least EBITDA break-even in FY 2023 remains intact.

<sup>1</sup> Take rate is defined as commission for CDON Marketplace and additional revenue streams such as financial commission, advertising income and subscriptions fees divided by Gross Merchandise Value for CDON Marketplace



Q&A