

14 July 2022 Q2 Report

The Leading Nordic Marketplace

"We have introduced several activities to stimulate our growth, and halfway through the year we are starting to see the effect."



Peter Kjellberg
CEO



Q2 22: CDON reports growth while the market continues to decrease

Presented by:



Peter Kjellberg
CEO

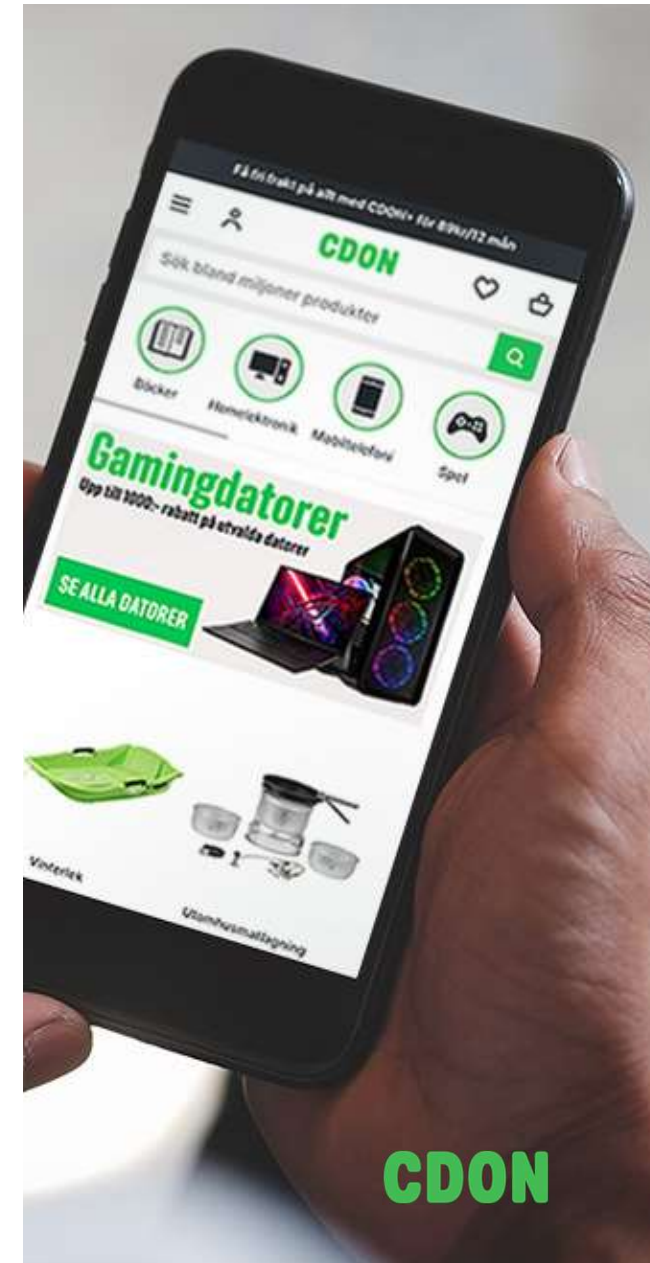


Thomas Pehrsson
CFO

“We continue to take market share and to build for future growth.”

Reflections after two quarters – Great potential

- 01 The Nordic Marketplace opportunity is attractive and up for grabs
- 02 CDON is uniquely situated to become the leading shopping destination in the Nordic
- 03 CDON does not deliver the right consumer experience today
- 04 CDON's brand awareness is high, but the perception of the brand needs to be developed
- 05 CDON can react faster to changed demand





Agenda

- This is CDON
- Quarterly update
- Financial performance
- Q&A

A man with a beard and short hair is sitting on a red, textured couch. He is wearing a white VR headset and a green jacket with a floral pattern. He is holding a VR controller in his right hand. The background shows a wooden floor and a bookshelf.

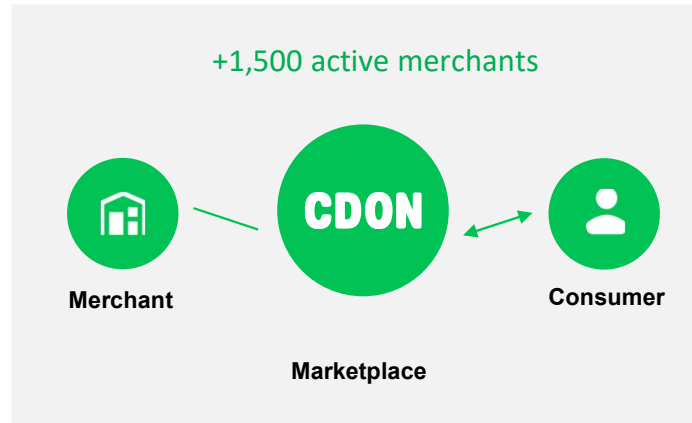
This is CDON

This is CDON - The leading Nordic marketplace

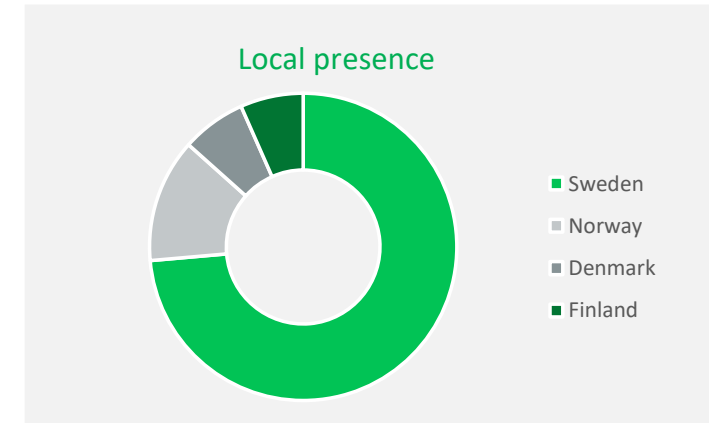
Attractive products at the best prices...



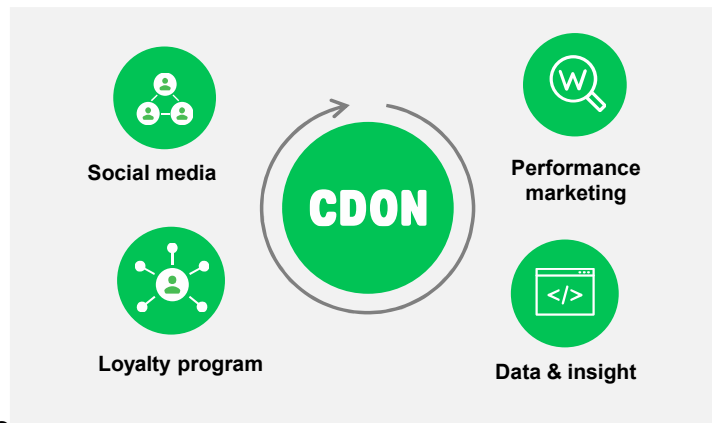
enabled through our business model...



in the Nordic markets...



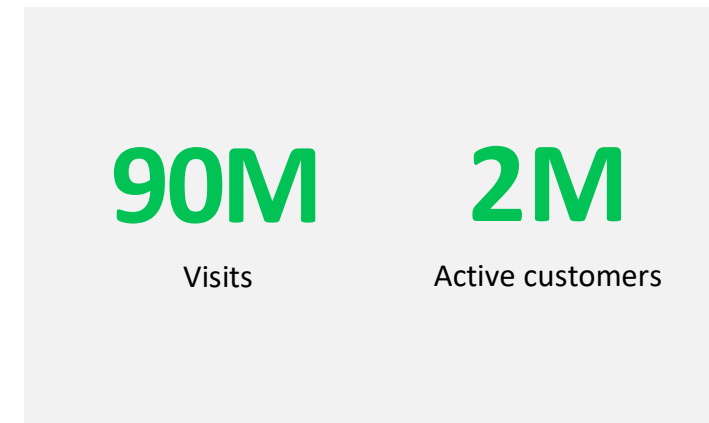
with 360 digital marketing...



on a modern scalable platform...



to loyal customers

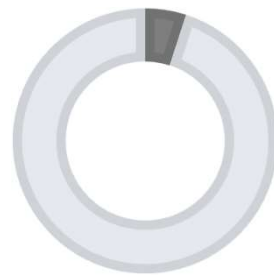


The internationally proven marketplace model is underpenetrated in the Nordics

Local marketplaces show a strong trajectory alongside Amazon



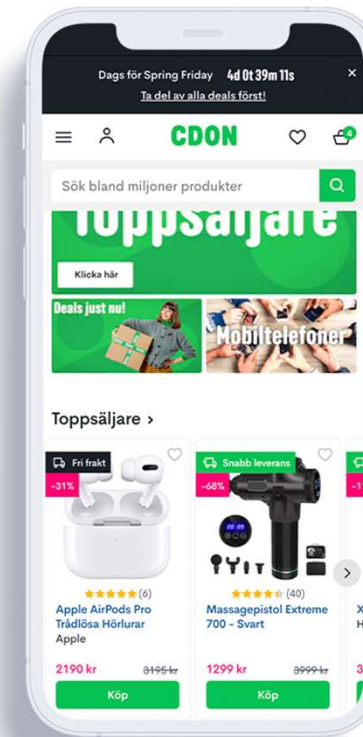
Marketplaces market share globally¹



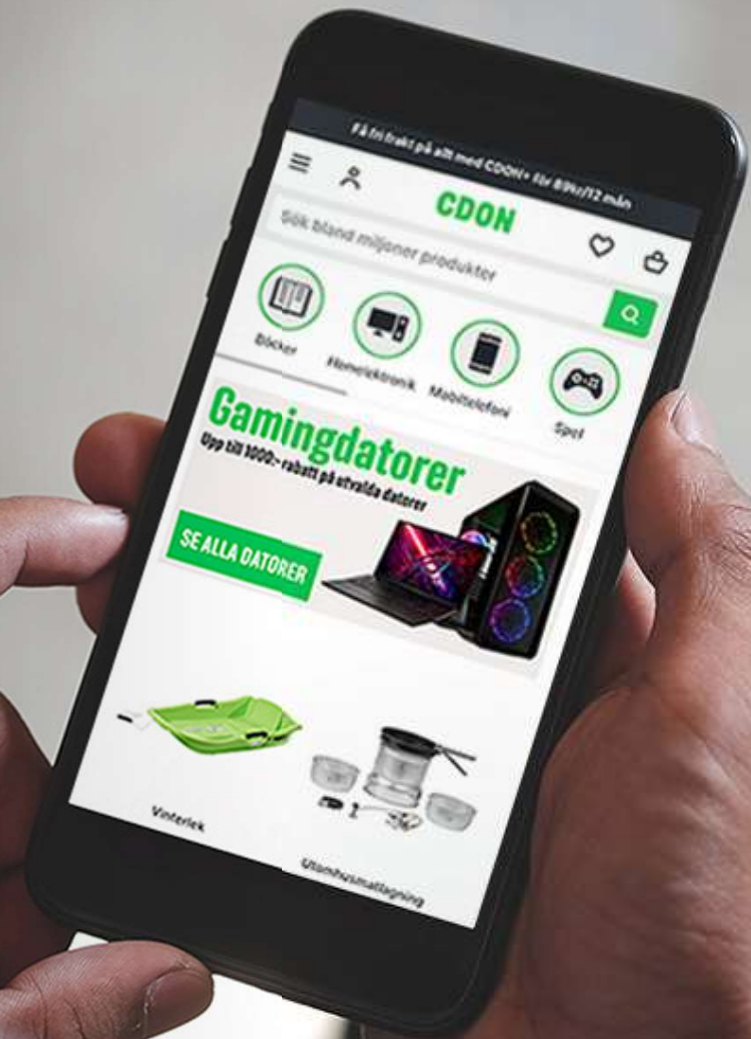
Marketplaces market share in the Nordics²



CDON's target market



- CDON is uniquely positioned to win in the Nordics.
- We have a wide assortment at the best prices.
- We offer instant, easy and cost-efficient access to millions of customers and the Nordic countries.
- We are establishing the marketplace model in the Nordics in a similar succesful way that has been seen in most international markets.



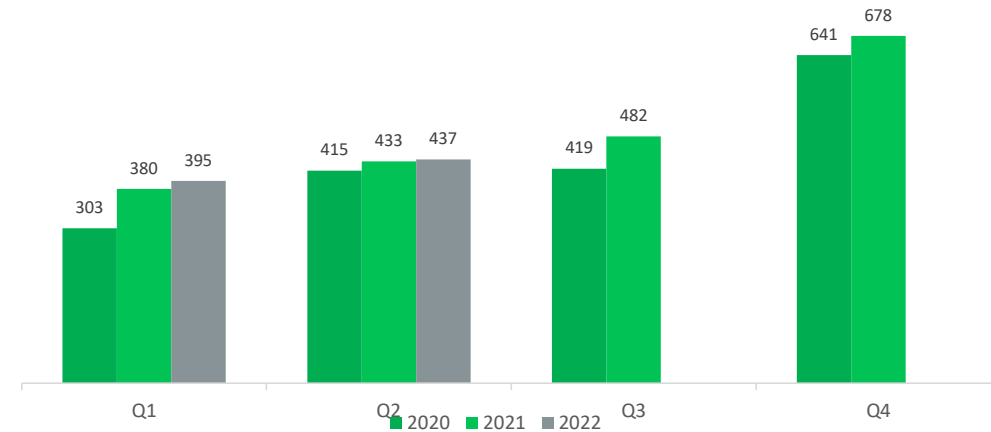
CDON

A photograph of two young children sitting on top of a white front-loading washing machine. The child on the left is a boy with blonde hair, wearing a grey t-shirt and blue jeans, looking directly at the camera with an open mouth. The child on the right is a girl with long blonde hair, wearing a pink t-shirt with a cartoon character and patterned leggings, also looking at the camera with an open mouth. The washing machine's control panel is visible on the left, showing various settings like 'AUTOMATIC', 'DRY', and 'THERMAL'. To the left of the machine is a white plastic laundry basket. The scene is brightly lit by natural light from a window on the right. The text 'Quarterly Update' is overlaid in the center in a large, white, sans-serif font.

Quarterly Update

Q2 22 – CDON

- Gross merchandise value (GMV) for CDON Marketplace (3P) increased by 1% to SEK 437.4 (433.2) million (see graph).
- The Swedish e-commerce market as a whole, decreased by 15% in April and 8% in May compared with the same months of last year.
- Net sales for CDON Marketplace increased by 22% to SEK 50.5 (41.2) million.
- CDON Retail net sales decreased according to plan by 29% to SEK 55.1 (77.6) million due to the process of reducing sales of own inventory.
- Gross margin increased by 12.7 percentage points to 51.3% (38.7%).
- Profit/loss before depreciation and amortization amounted to SEK -20.2 (-18.8) million.
- Profit/loss for the period amounted to SEK -26.7 (-23.7) million.



Q2 22 – We have introduced several activities to stimulate our growth and we are starting to see the effect

- The number of active shoppers has increased.
- We have a solid product mix.
- We reached a better position in organic search and our total traffic numbers increased.
- We have launched Performance Max in all our markets.
- We have developed a new brand direction and visual identity for CDON. Launch Q1 23.
- Our focus on Norway is yielding results, with a 65% increase in the number of active merchants.
- Denmark and Finland will follow in Q3/Q4.
- The number of active Nordic merchants reached a record high.
- There is a positive trend with new merchants coming in.
- The number of international merchants is also increasing.
- We have deepened the relationship with the larger European marketplace aggregators.
- Our fulfillment pilot project was completed.
- We improved our communication with existing and potential merchants.
- We launched a new merchant website and a new implemented CRM strategy.
- Our new improved campaign organization has prepared a packed second half of the year.
- CDON Ads now have a business development team in place to grow the business.
- The newly established Category team has been recruited.
- We implemented product recommendations, new filters and CDON Buy Box.
- The newly developed CDON app will be launched during the 2nd half of the year.
- We launched a new platform for digital marketing.
- The eNPS is at a stabilized higher level.

Q2 22 – CDON's new strategic plan – DO5



A photograph of two young women on bicycles, silhouetted against a warm, golden sunset sky. The woman on the left is standing on her pedals, wearing a light-colored hoodie and denim shorts. The woman on the right is sitting on her bike, wearing a purple long-sleeved shirt and orange pants, with a red backpack. A modern building is visible in the background on the right.

Financial Performance

GROUP INCOME STATEMENT

SEKm	Q2 22	Q2 21	Δ	YTD 22	YTD 21	Δ
CDON Marketplace						
Gross Merchandise Value	437.4	433.2	1%	832.6	812.9	2%
Net sales	50.5	41.2	22%	95.2	82.0	16%
Gross profit	48.3	38.7	25%	91.0	76.7	19%
CDON Retail						
Net sales	55.1	77.6	-29%	115.5	168.3	-31%
Gross profit	5.5	7.2	-24%	12.6	17.3	-27%
CDON Group						
Gross Merchandise Value	493.3	512.3	-4%	949.0	984.6	-4%
Net sales	106.4	118.8	-10%	212.1	250.3	-15%
Gross profit	54.6	45.9	19%	105.0	94.0	12%
Gross margin, %	51.3%	38.7%	12.7 p.p	49.5%	37.5%	12.0 p.p
EBITDA	-20.2	-18.8	n/a	-47.3	-27.9	n/a
EBIT	-26.7	-23.7	n/a	-60.5	-37.4	n/a

- CDON Marketplace GMV growth of 1% in Q2 2022.
- CDON Marketplace gross profit increased due to higher commission levels.
- CDON Retail net sales decreased according to plan when phasing out own inventory.
- Total expenses, e.g. marketing, product categorization, merchant intake and key expertise, increased in order to strengthen the shopper experience.

GROUP BALANCE SHEET STATEMENT

SEKm	Q2 22	Q2 21
Balance sheet		
Fixed assets	109.6	64.1
Inventory	9.0	15.7
Current receivables	33.5	33.0
Total cash	118.8	44.5
Total assets	270.9	157.3
Total equity	139.6	23.6
Short-term liabilities	123.6	133.7
Long-term liabilities and provisions	7.8	0.0
Total equity and liabilities	270.9	157.3

- Fixed assets increased due to acquisition of shares in Shopit and acquisition of Xales and Commerce 8 in 2021.
- Lower inventory as the phase-out of CDON Retail continued.
- Total cash of SEK 118.8m (44.5m).
- Equity increased due to a rights issue in Q3 2021.
- Lower short-term liabilities mainly related to lower accounts payable compared to last year.

GROUP CASH FLOW STATEMENT

SEKm	Q2 22	Q2 21	YTD 22	YTD 21
Cash flow				
Cash flow from operations	-20.1	-15.9	-74.1	-116.7
Cash flow from investing activities	-6.3	-5.5	-10.1	-11.9
Cash flow from financial activities	0.0	0.0	0.0	0.0
Cash flow for the period	-26.4	-21.4	-84.2	-128.6
Cash at the beginning of the period	145.1	66.0	202.9	173.3
Exchange rate differences in cash	0.1	-0.1	0.1	-0.1
Cash at the end of the period	118.8	44.5	118.8	44.5

- Cash flow from operating activities SEK -20.1m (-15.9m) in the quarter due to lower operating result compared to Q2 2021.
- Total cash flow for the period SEK -26.4m (-21.4m).
- Total cash of SEK 118.8 (44.5m).

A woman is shown in profile, wearing a headset with a microphone and glowing blue lights. She is looking towards the left, presumably at a computer screen. The room is dimly lit with vibrant purple and blue ambient lighting. A vertical orange light source is visible in the background. The text "Q&A" is overlaid in the center of the image.

Q&A

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