



# Q3 2024 Earnings Call

October 24, 2024



GROUP

# Welcome to CDON's Q3 earnings call

---



*“Relieved that the migration went according to plan, and to deliver a positive EBITDA again”*

**Fredrik Norberg**  
CEO



**Carl Andersson**  
CFO



**Atra Azami**  
CTO

# Executive summary

## Successfully navigating a major milestone and delivering positive results

- 1. All four CDON markets migrated to the shared platform**
  - No large disruptions nor downtime
- 2. Still negative GMV versus last year**
  - But sequential improvement month by month
- 3. EBITDA positive of +5.5 mSEK**
  - Small improvement versus last year's +3.2 mSEK

# Chief Technology Officer: Atra Azami



- ❑ CTO at Fyndiq 4 years before the CDON acquisition
- ❑ Architect behind Fyndiq's 2nd generation platform
- ❑ Led the migration in 2020 to this platform at Fyndiq

# Migration completed on time, and without disruption to our customers



**Successfully migrated** CDON to the shared platform built by Fyndiq



Platform consolidation was a **key objective** of the CDON and Fyndiq merger to unlock synergies, cost savings and drive efficiency



**One platform, double the ROI** on tech investments



**Equipped for the future growth** of CDON Group

# New platform is a state of the art marketplace platform, unlocking AI powered growth



A **modern** cloud-native, microservices-based marketplace platform designed for scalability

- Faster **time to market** for all tech initiatives
- Reduced complexity, improved **maintainability**
- Event-driven platform enables **data-driven decision-making**

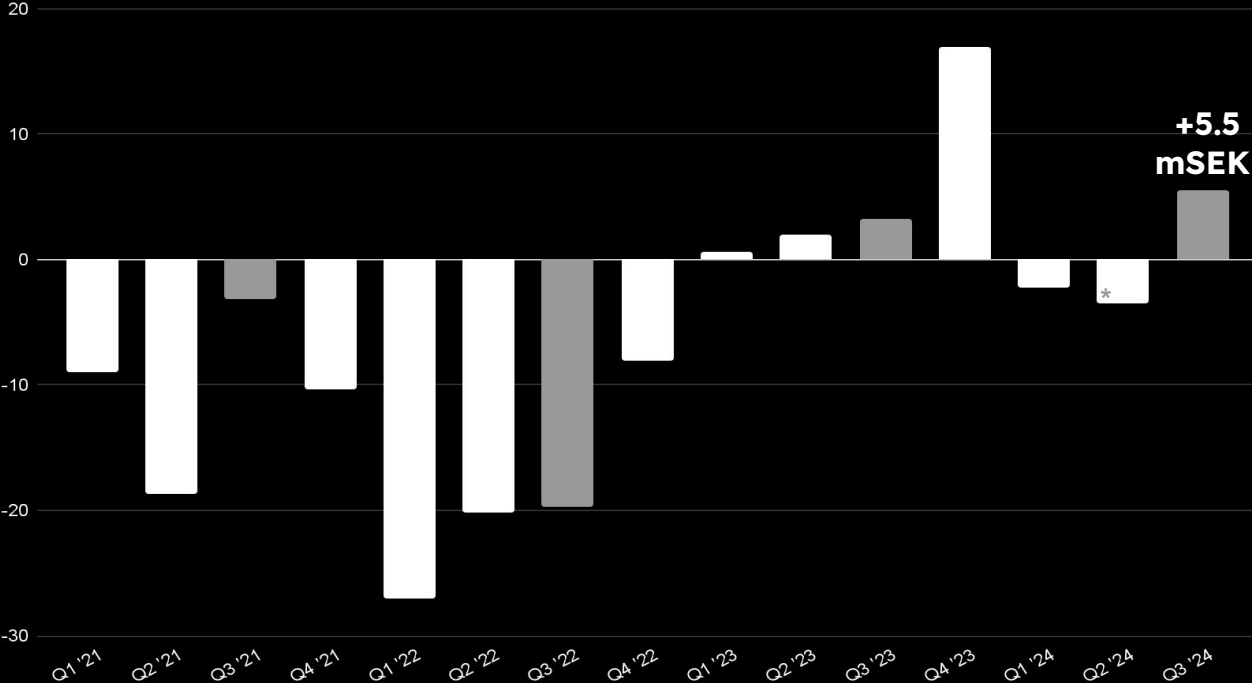


**AI at the heart** of the platform, enabling innovative solutions and increased efficiency

- Product data enhancement for **better SEO**
- **Increased efficiency** in marketing initiatives
- **AI-powered future**: Vast potential remains. Stay tuned!

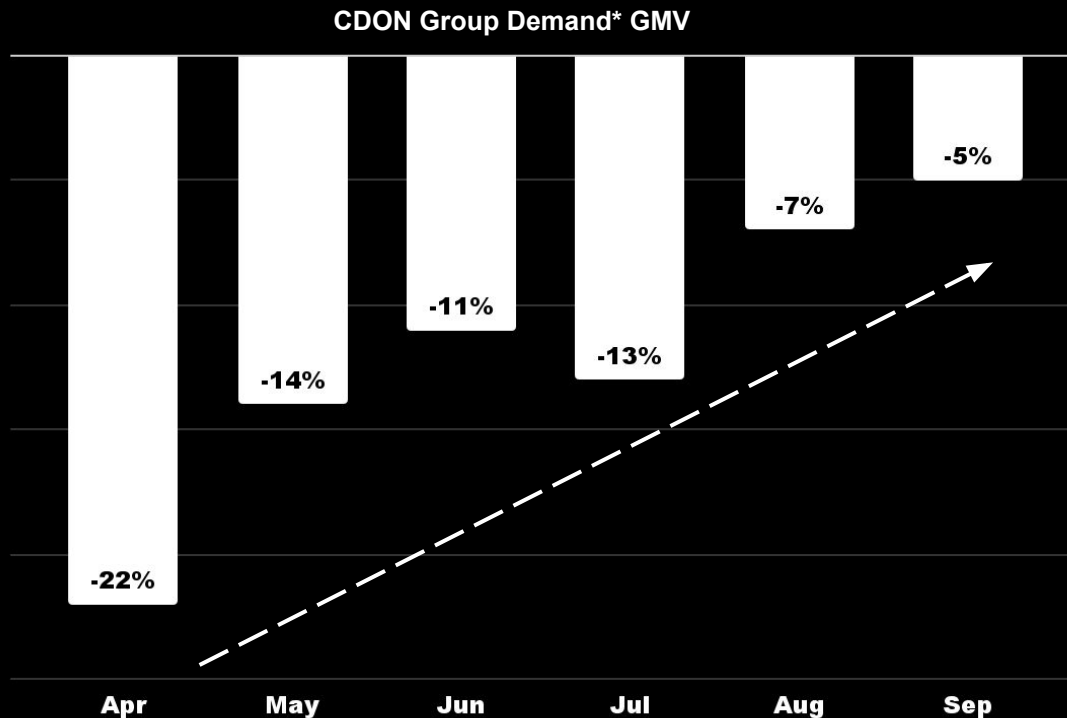
# Back to positive EBITDA, entering the important Q4

## Quarterly EBITDA 2021-2024 CDON AB



\* Adjusted for restructuring costs of closing the Malmö office of 4 mSEK and foreign exchange costs of 1.9 mSEK

# Negative GMV growth versus last year of -8% for the Group, but continued sequential improvement month by month

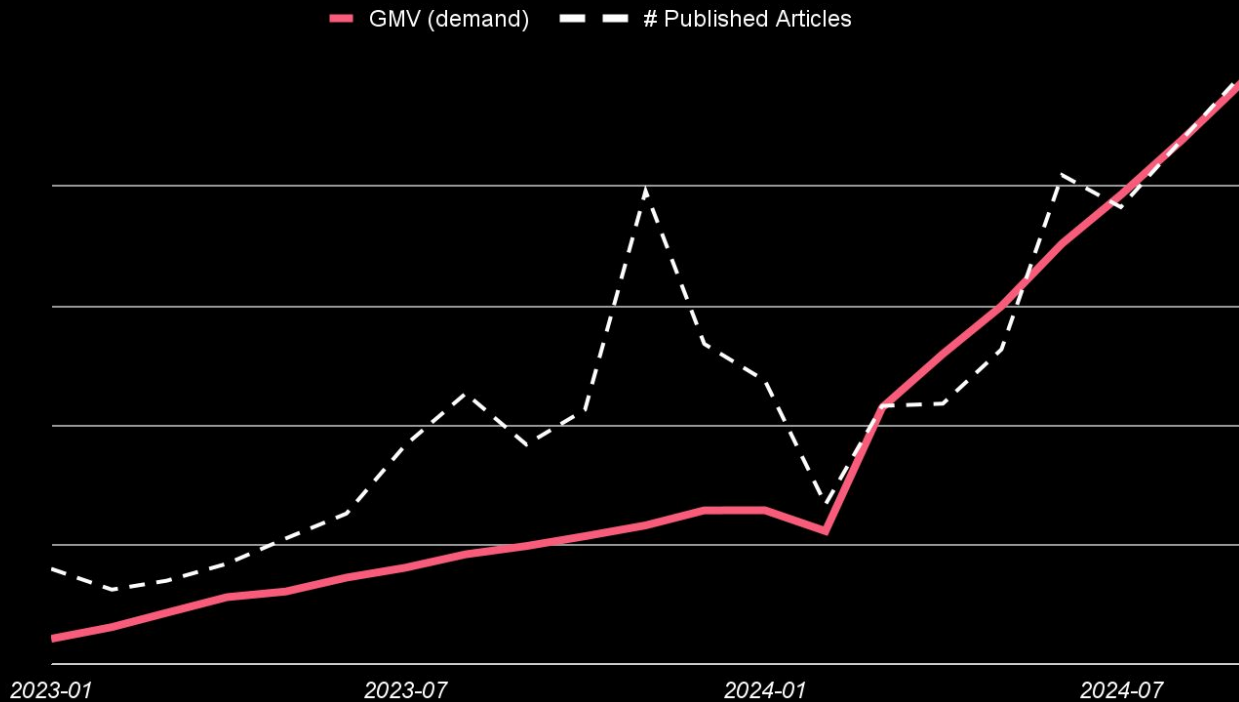


\* to avoid timing effects, we compare demand numbers, i.e. GMV is allocated to the date of the purchase



# We see a positive momentum for Fyndiq in the Nordics, fueled by new Supply

## Fyndiq Non-Swedish markets



# New Chief Supply Officer: Vesa Järveläinen



**Extensive Supply experience from Finland's leading consumer electronics retailer, Verkkokauppa.com**

- ❑ 17 years at Verkkokauppa
- ❑ Part of the journey from 90 mEUR to 580 mEUR GMV
- ❑ Last 7 years in the management team

We remain committed to the long term goal of becoming the **leading marketplace in the Nordics**, and continue to believe in the core elements of the marketplace model



Massively improve supply



Greatly improve customer satisfaction

**Where Massively improve supply is the main focus to create GMV growth**, and the base to enabling great customer satisfaction

# Financial performance



GROUP

## Profit and Loss Highlights - As reported<sup>1</sup> (2023-2024), MSEK

CDON Group - Post Acq	2024 Jul-Sep	2023 Jul-Sep	Δ	2023 Jan-Dec
<b>Total gross merchandise value (GMV)</b>	<b>445.1</b>	<b>486.0</b>	<b>-8%</b>	<b>2,017.7</b>
Net sales	103.0	112.2	-8%	468.7
Cost of goods sold	-21.7	-29.7	27%	-145.3
<b>Gross profit (GP)</b>	<b>81.3</b>	<b>82.6</b>	<b>-1%</b>	<b>323.4</b>
Take rate (%)	18.3	17.0	1.3 p.p.	16.0
Marketing Cost	-34.8	-30.6	-14%	-122.0
<b>Gross profit after marketing (GPAM)</b>	<b>46.6</b>	<b>52.0</b>	<b>-10%</b>	<b>201.4</b>
OPEX	-41.1	-48.7	16%	-177.8
Share in associate's profit/loss after tax	0.0	0.0	N/A	-0.9
<b>EBITDA</b>	<b>5.5</b>	<b>3.2</b>	<b>70%</b>	<b>22.7</b>
D&A	-24.5	-24.3	-1%	-80.9
EBIT	-19.1	-21.1	10%	-58.2

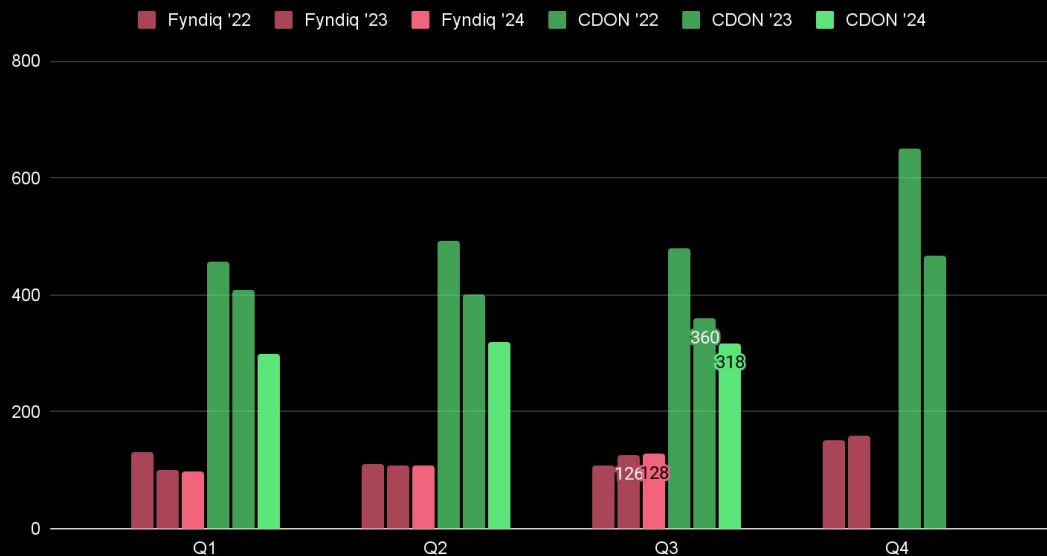
1. CDON Group's results include Fyndiq from 12<sup>th</sup> April 2023 and onwards. 2023 results only partly reflects Fyndiq in for FY23, hence are not comparable on an operational level.

## Signs of progress as we return to positive EBITDA

### Comments

- 8% lower **GMV** in the quarter compared to last year
- Similarly, **Net sales** 8% lower given consistency in our business model
- **Gross profit** only decreased 1% thanks to the higher take rate
- Due to higher marketing costs, **GPAM** decreased 10% vs LY and as % of GMV it decreased to 10.5% (10.7%)
- **EBITDA** increased by 70%, although from a low level
- We see 1.8 mSEK of costs associated with the Malmö office closing impacting our EBITDA

## Gross Merchandise Value, by segment (2022-2024), MSEK



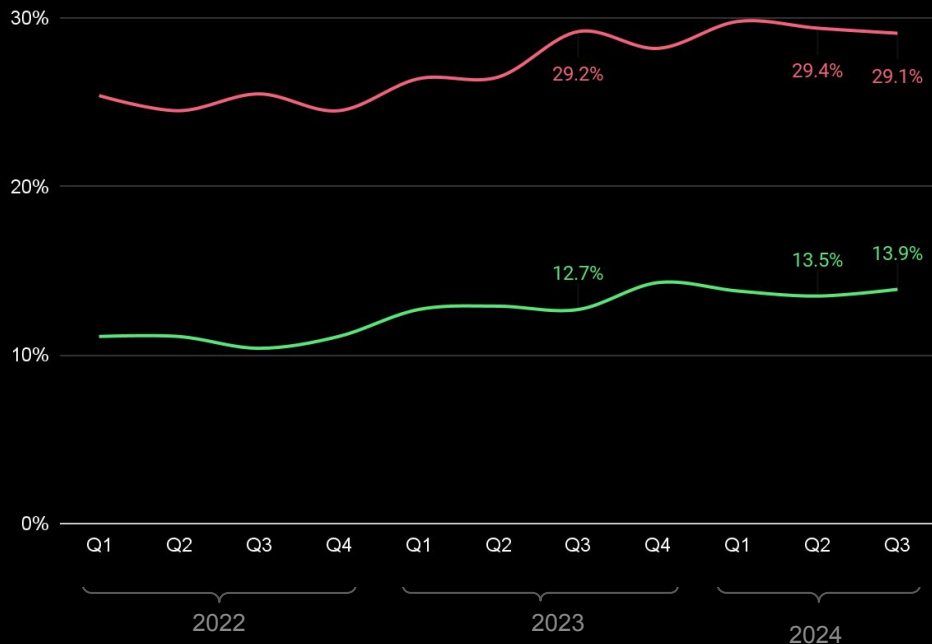
## Closing the gap in CDON segment, while Fyndiq returns to growth

### Comments

- **CDON** continues to close the gap vs. LY, and improve quarter over quarter as Q3 came in -12% vs LY
- **Fyndiq** returns to growth with 1% growth vs. LY
- Steady performance in SE and positive momentum in our Non-Swedish markets, although from lower levels, proving the power of improved supply

The following section of the presentation will include comparable periods for the Fyndiq segment and Group

## Take rate, by segment (2022-2024), MSEK, % of GMV



Take rate (%) = Merchant Commission & Fees + Value-Added Services + Customer Revenues / Gross Merchandise Value

## Continued steadiness in out take rate

### Comments

- Continued steadiness in the take rate across both segments
- No changes in commission model during the quarter, rather some mix-effects e.g. 1P in CDON accounting for a lower share of net sales, and a lower Average Order Value in the quarter

## Gross Profit After Marketing, by segment (2022-2024), MSEK



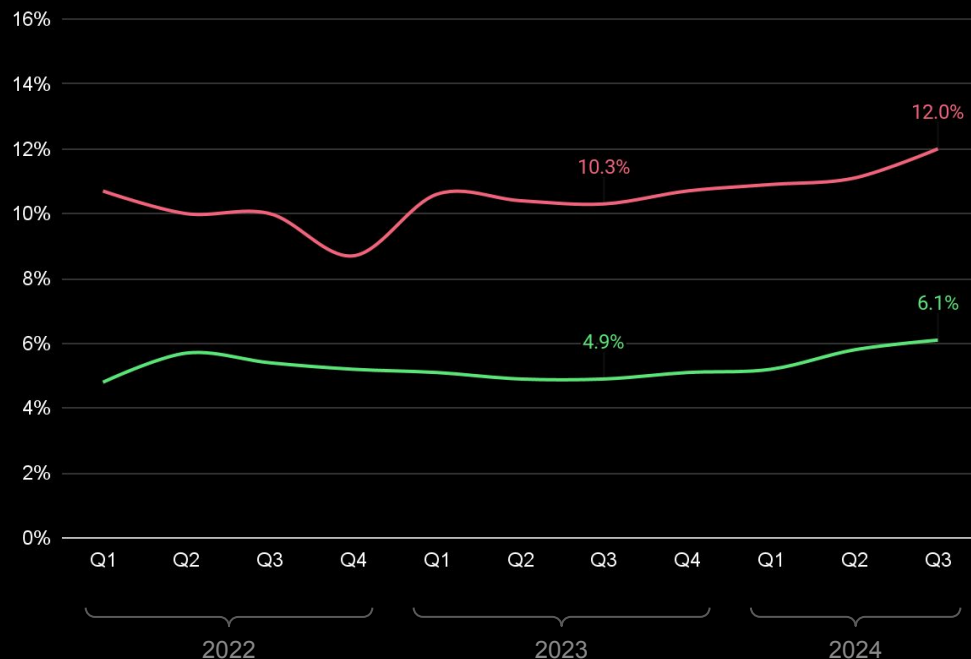
## Lower GPAM across both segments as marketing costs increased

### Comments

- 12% lower GPAM in **CDON** segment, in line with GMV development
- CDON segment GPAM margin in line with LY at 7.8%
- **Fyndiq** saw a 9% lower GPAM, as higher GP-margin did not offset higher marketing costs
- Fyndiq segment GPAM margin down to 17.1% (18.9%)



## Marketing cost as % of GMV, by segment (2022-2024), MSEK

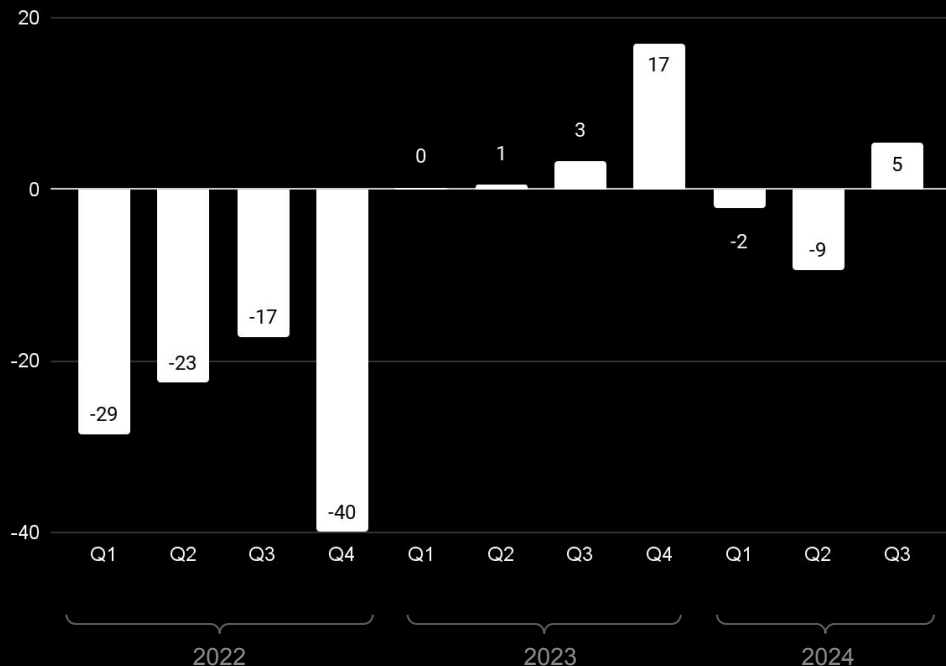


Primarily higher marketing cost in Fyndiq following higher growth outside of SE

### Comments

- Marketing costs for **CDON** increased slightly as we constantly experiment to maximize GPAM
- **Fyndiq**'s growth outside of SE has been fueled by higher marketing spend. With a higher dependency on paid traffic and a growth ambition we operate with a lower GPAM margin in those markets

## EBITDA, Segment (2022-2024), MSEK

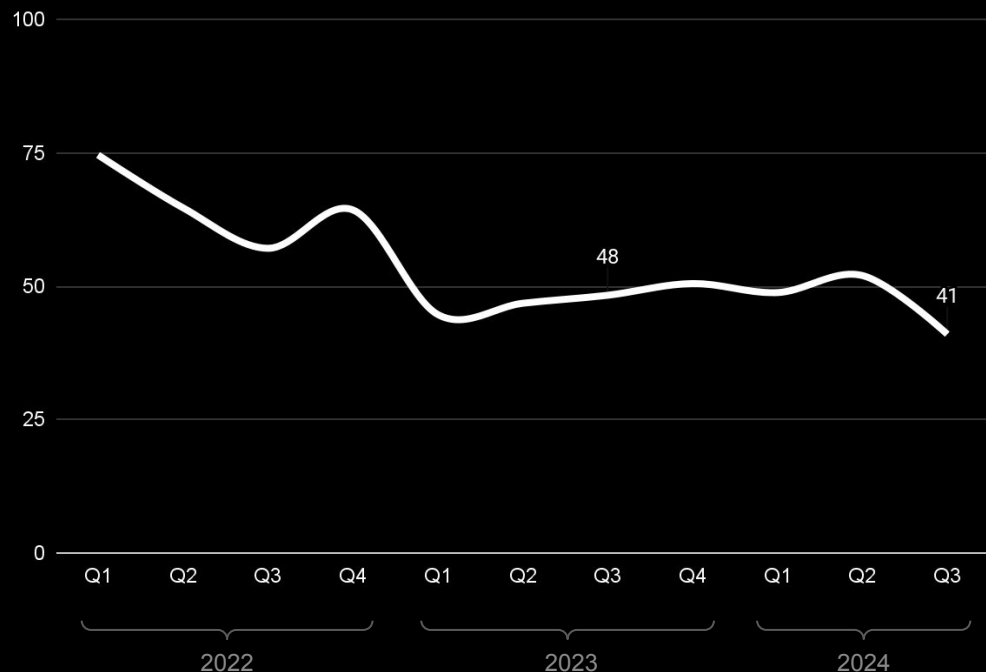


**Back to positive EBITDA  
thanks to improving  
momentum and tight cost  
control**

### Comments

- Significantly improved EBITDA vs LY and previous quarter, confirming that underlying business is on track
- Adjusting for Malmö closure costs we see an adjusted EBITDA of 7.3 mSEK

## Adjusted Operational expenses, Group (2022-2024)<sup>1</sup>, MSEK



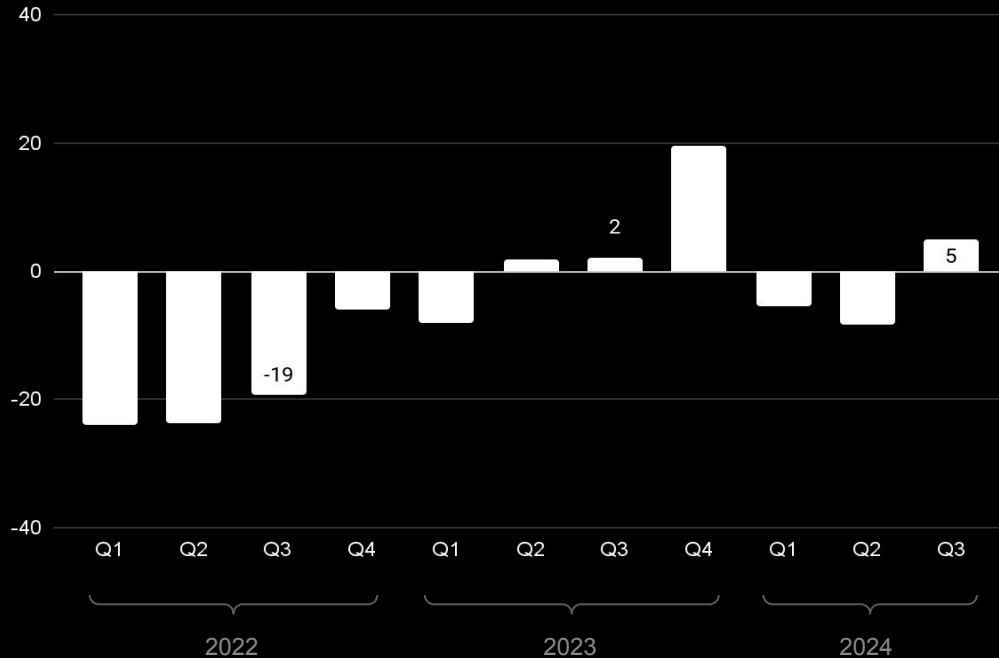
## Lower OPEX in the quarter, confirming we are on the right path

### Comments

- Migration completed ahead of time, but majority of consultants and dual systems still in cost base in Q3 - Cost reduction now initiated
- Costs associated with the Malmö closure amounted to 1.8 mSEK in the quarter. YTD costs amount to 6.9 mSEK, in line with previously communicated 7-9 mSEK for the year
- We remain confident that our underlying cost base will decline in 2024 and reach a 40 mSEK lower run-rate in 2025

<sup>1</sup> Adjusted for FX and costs related to one-off nature Q4 22 (restructuring) and Q2 (Fyndiq transaction)

## Operating Cash Flow before changes in working capital, Group (2022-2024), MSEK



**Positive operating cash flow before changes in working capital, yet our cash balance is lower than end of Q2**

### Comments

- Cash flow from operating activities before change in WC turned positive in the quarter but working capital and capex related to migration led to negative cash flow in the quarter
- Solid cash position of 67 mSEK, as we expect a build up starting in November
- Seasonally strong Q4 will lead to a higher cash balance going forward

# Summary

## Successfully navigating a major milestone and delivering positive results

1. All CDON markets migrated to the shared platform
2. EBITDA positive of +5.5 mSEK
3. Massively improve supply remain as our main focus

# Disclaimer

This CDON Q2 2024 presentation, dated July 12 2024, hereafter “**the presentation**”, has been prepared by CDON AB (the “**Company**” and, together with its subsidiaries, the “**Group**”). Statements contained in this presentation are only as of the date hereof.


This presentation is for information purposes only and does not constitute or form part of any offer or invitation to sell, issue, purchase or subscribe for (or any solicitation of any offer to purchase or subscribe for) any securities. This presentation and the information contained herein are not intended for publication or distribution in the USA (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the “Securities Act”), Canada, Hong Kong, New Zealand, Switzerland, South Africa, Japan or Australia or any other jurisdiction where such distribution or offer is unlawful. This presentation and the information contained herein do not constitute an offer to sell, or a solicitation of an offer to purchase, any securities in the USA.

All statements other than statements of historical facts included in this presentation, including, without limitation, those regarding the Group’s financial position, business strategy, plans and objectives of management for future operations are forward-looking statements. These forward-looking statements are statements regarding the Company’s intentions, beliefs or current expectations concerning, among other things, its results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which the Group operates. Accordingly, undue reliance should not be placed on the forward-looking statements, which speak only as of the date of this presentation.

No information included in this presentation is intended to be a profit forecast or a financial projection or prediction. No representations or warranties, express or implied, are given as to the achievement or reasonableness of, and no reliance should be placed on, statements pertaining to financial performance, including (but not limited to) any estimates, forecasts, targets or any other contained herein. You are cautioned not to rely on such statements.

This presentation is subject to Swedish law, and any dispute arising in respect of this presentation is subject to the exclusive jurisdiction of Swedish courts.

***By reading this presentation or attending an (online) meeting where this presentation is made available, you (the recipient) acknowledge and agree to be bound by the foregoing limitations.***



**C D**  
**O N**

**GROUP**