

20 October 2022 Q3 Report

The Leading Nordic Marketplace

"Developing the leading Nordic online shopping destination through a highly scalable technical platform"



Peter Kjellberg
CEO



Q3 22: CDON marketplace continues to take marketshare

Presented by:



Peter Kjellberg
CEO

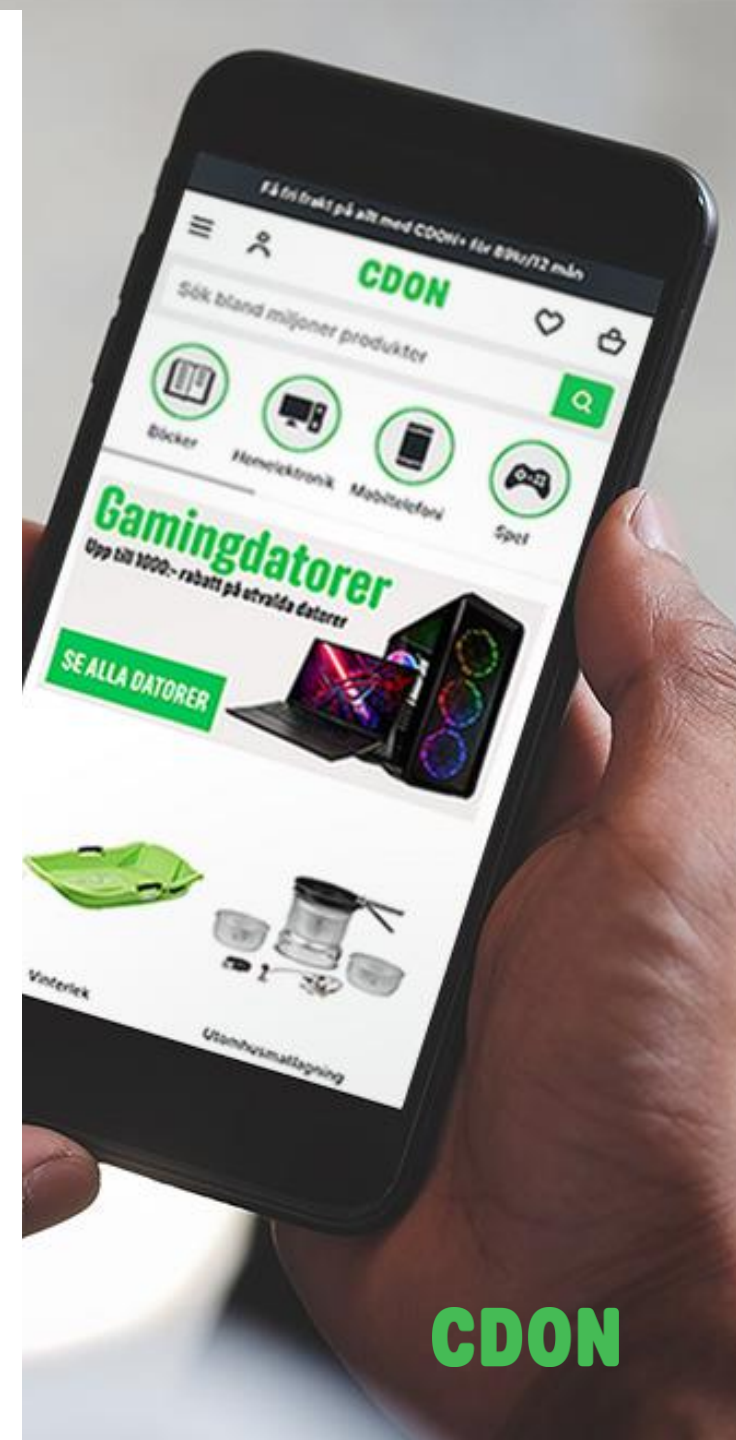
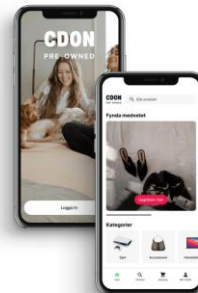


Thomas Pehrsson
CFO

“Our commission rate grew and the marketplace net sales continued to grow”

Reflections after 3 quarters:

- 01 The strength of the marketplace business model –
We can adjust and stay relevant independent of the market climate
- 02 We are performing better than the market year to date
Our commission is growing with the Winning the home strategy
- 03 We have reduced our cost level
- 04 Traffic acquisition in the right direction
The organic traffic continues to grow
- 05 The repositioning project on track
CDON app with pre-owned focus



A photograph of two young women on bicycles, silhouetted against a warm, golden sunset sky. The woman in the foreground is wearing a light-colored hoodie and denim shorts, looking back over her shoulder. The woman behind her is wearing a pink shirt and has a red backpack. A modern building is visible in the distance on the right.

Agenda

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

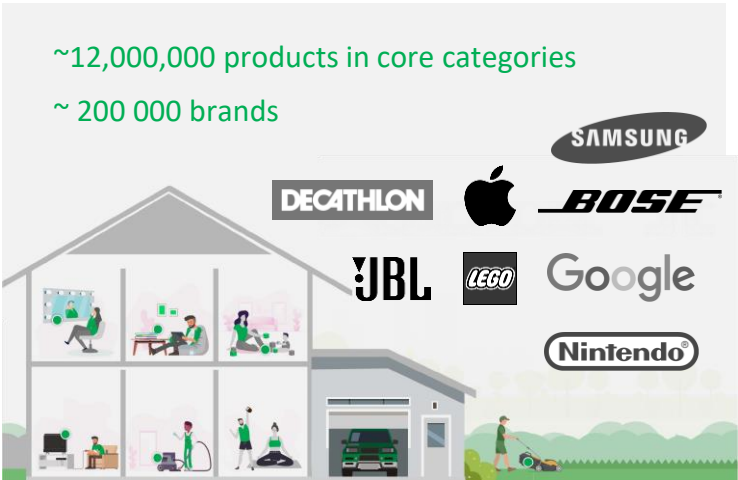
A photograph of two young children sitting on top of a white front-loading washing machine. The child on the left has blonde hair and is wearing a grey t-shirt and blue jeans. The child on the right has long, wavy brown hair and is wearing a pink t-shirt with a cartoon character and colorful leggings. Both children have their mouths wide open in an expression of surprise or excitement. The washing machine's control panel is visible, showing various settings like 'AUTOMATIC DRY', 'HIGH HEAT', and 'START'. To the left of the machine is a white plastic laundry basket. The scene is brightly lit by natural light coming from a window or door on the right.

This is CDON

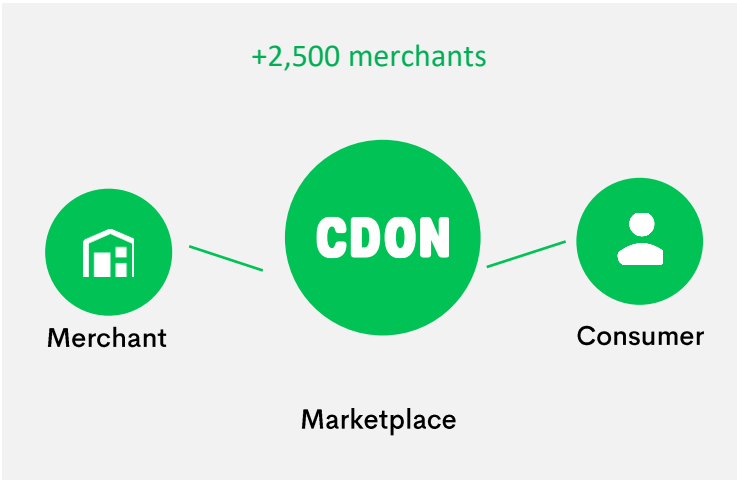
This is CDON today – A solid foundation for growth



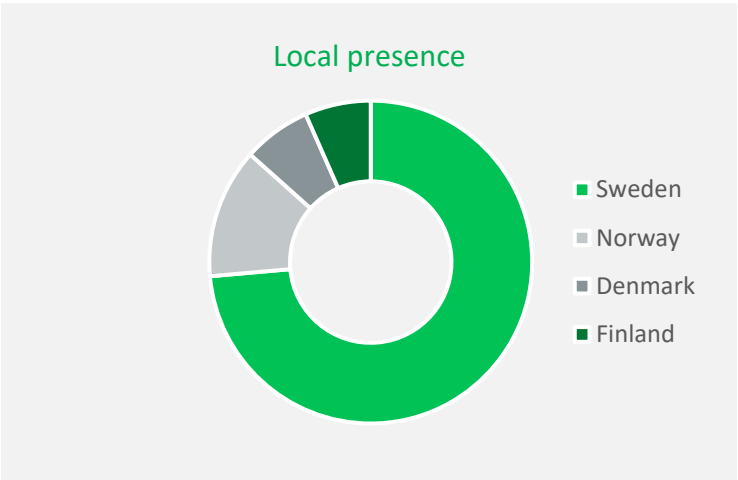
Attractive products at the best prices...



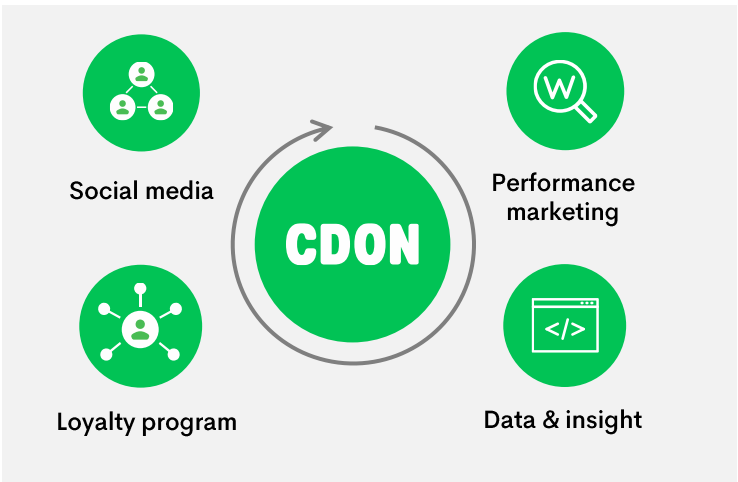
enabled through our business model...



in the Nordic markets...



with 360 digital marketing...



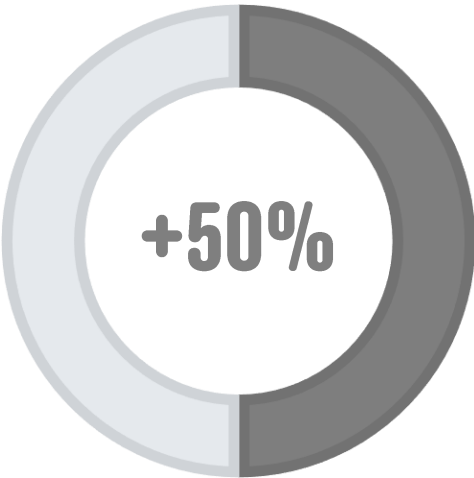
on a modern scalable platform...



to loyal customers



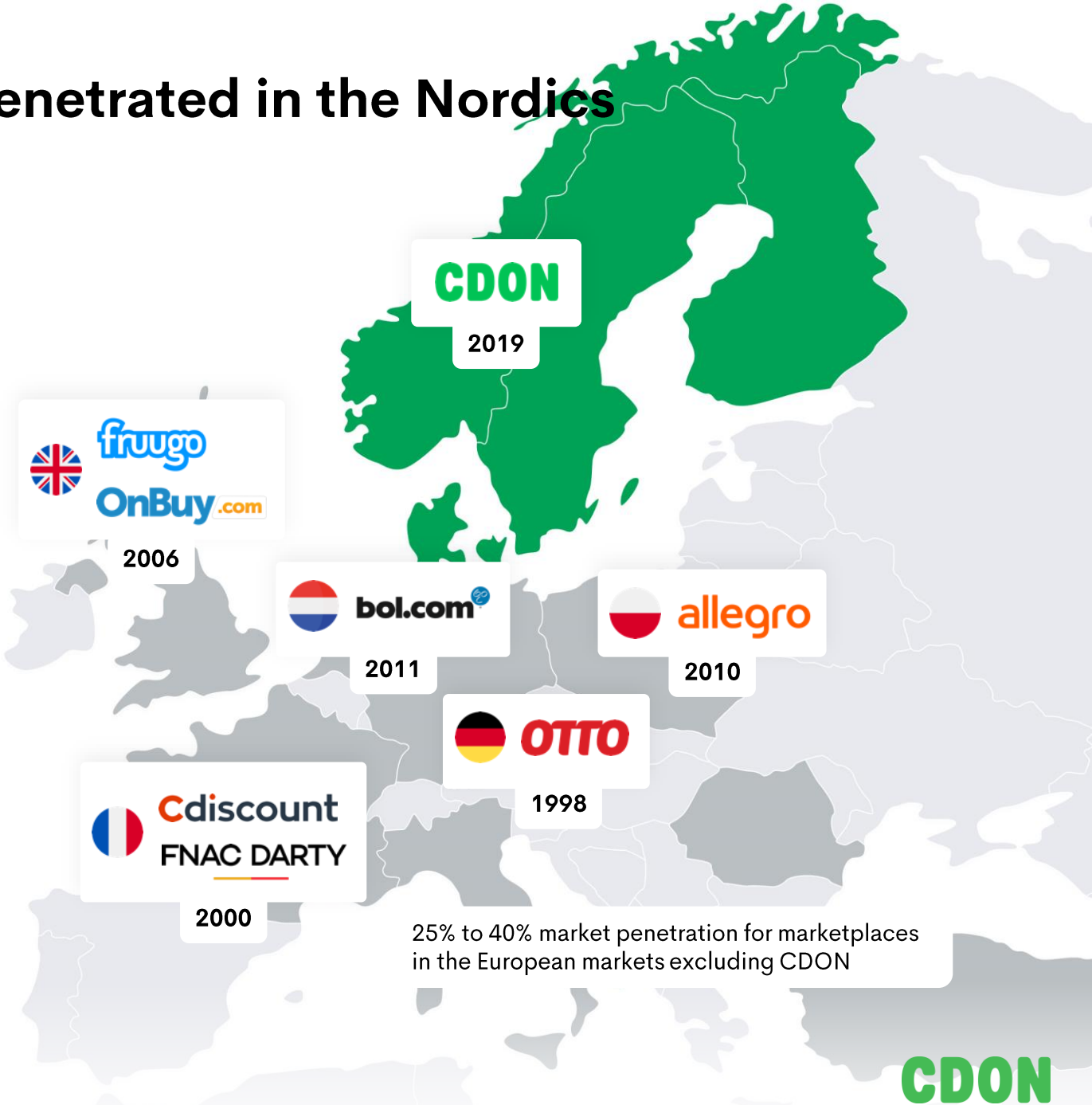
The Marketplace model – underpenetrated in the Nordics



Marketplaces market share globally¹

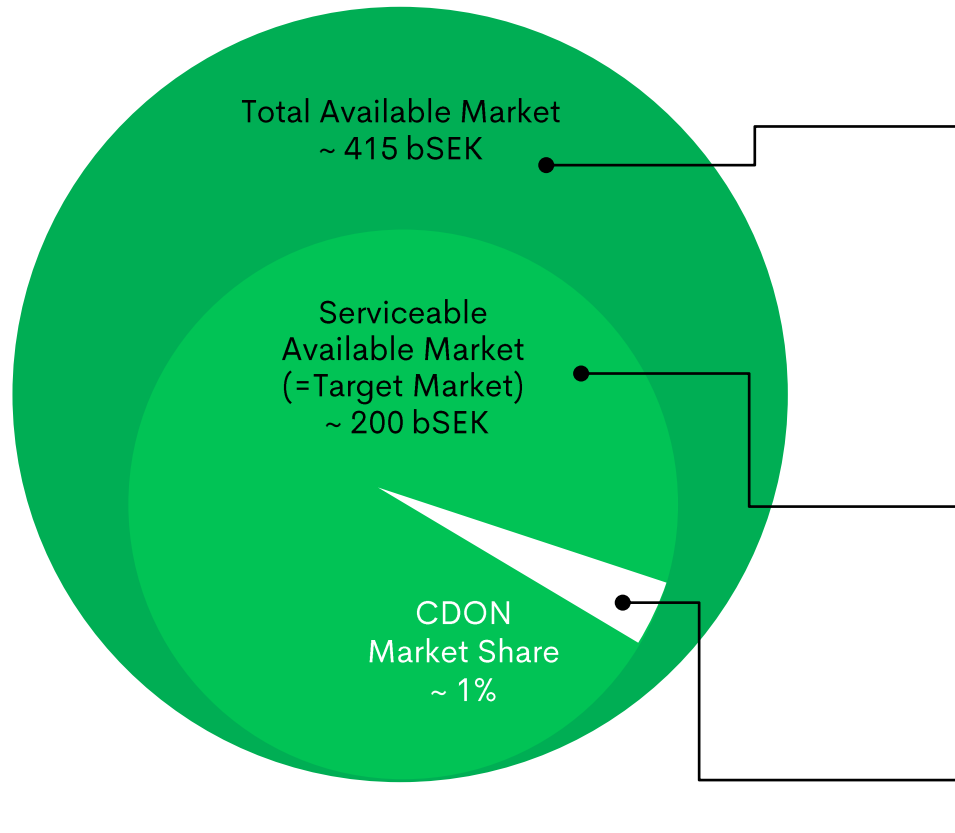


Marketplaces market share in the Nordics²



1. Webretailer 2020. Excludes marketplaces specialized in B2B trade and services 2. Euromonitor 2019

The Nordic Market Size – Significant potential for growth



Total Available Market (TAM) Size: 19.7 million consumers in the Nordics shop online with an average annual spend of 21 000 SEK*.

Growth: The pandemic has driven the recent growth, and it is difficult to predict to what extent the growth will continue. For the Nordics there is a potential, as the online shopping frequency is lower than many other European countries. Also, Asian competitors such as Wish have seen a decline recently. The new VAT rules take away some of the advantage other European retailers used to have due to a lower VAT in non-Nordic countries.

Serviceable Available Market (SAM): SAM is usually defined as the market opportunity that exists within a firm's existing core competencies and/or past performance. CDON is not focusing on building material, groceries, clothing, shoes and pharmacy products. The remaining categories represent approximately 50%** of the total online market (TAM), or approximately 200 bSEK.

CDON Market Share: With a revenue of 2.3 bSEK, CDON's Market Share is currently approximately 1% of the Target Market, and there is a significant potential for growth.

* TAM does not include hospitality & travel, source: E-commerce in Europe Postnord 2021

** source: E-barometern Postnord 2021

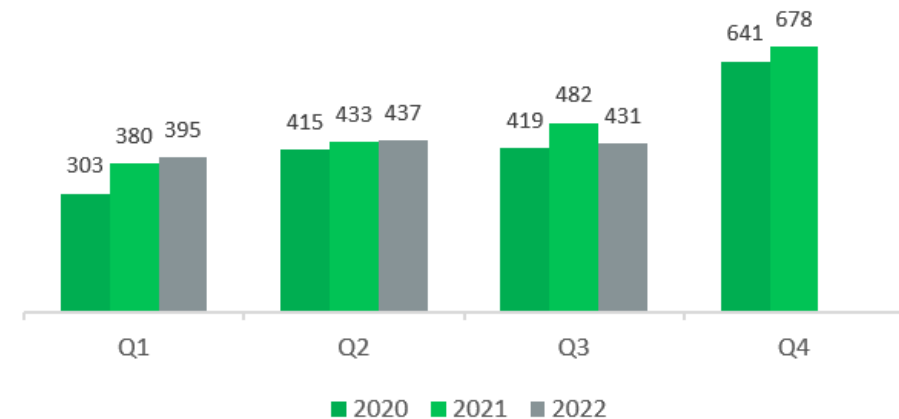
A man with a beard and short hair is sitting on a red, textured couch. He is wearing a white VR headset and a green jacket with a large floral pattern. He is holding a VR controller in his right hand. The background shows a wooden floor with a parquet pattern.

Quarterly Update

Q3 22 – CDON

- 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 2021*, 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.

Gross merchandise value, CDON Marketplace (3P) (SEK million)

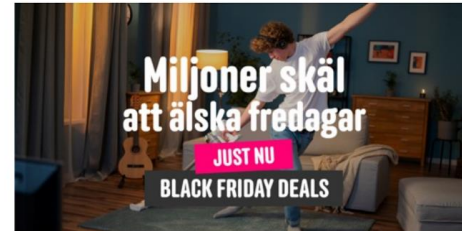


Q4 – Our financially strongest part of the year

Draft!



Singles Day



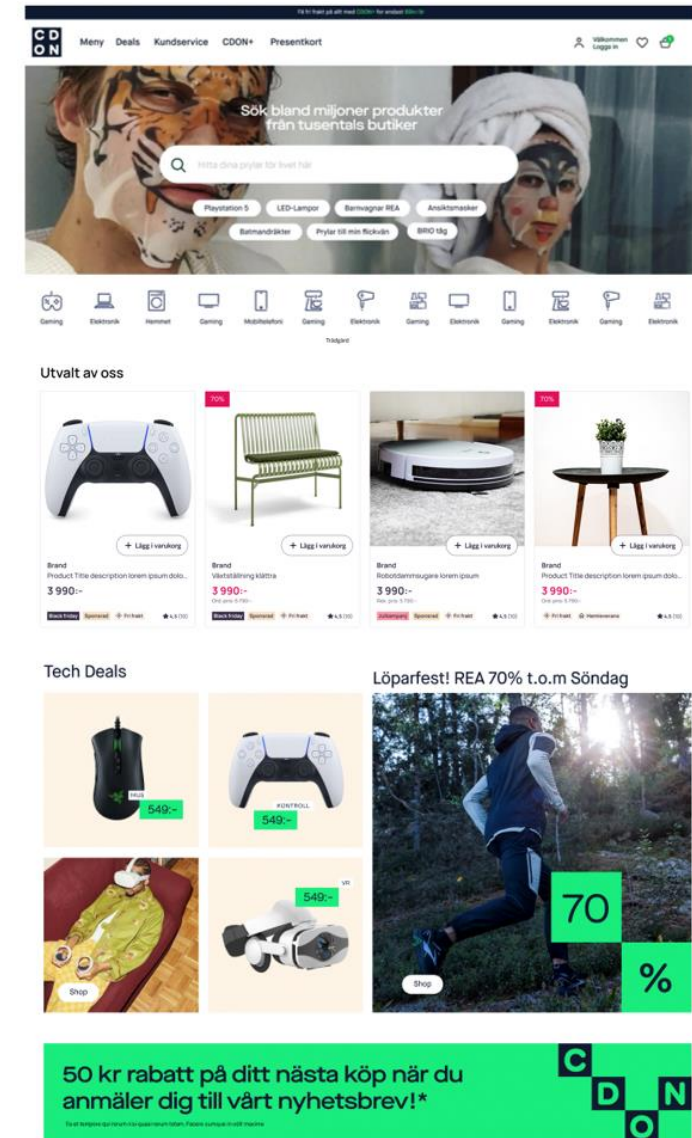
Black Friday



Christmas



Winter Sales



A woman with long dark hair is shown in profile, smiling and looking at her smartphone. She is wearing a light-colored jacket. The background is a blurred sunset or sunrise over a body of water, with warm orange and yellow tones. The text "Financial Performance" is overlaid in white, bold, sans-serif font.

Financial Performance

Group income statement

SEKm	Q3 22	Q3 21	Δ	YTD 22	YTD 21	Δ
CDON Marketplace						
Gross merchandise Value	430.5	482.3	-11%	1263.0	1 295,1	-2%
Net sales	48.6	47.6	2%	143.9	129,6	11%
Gross profit	46.2	44.8	3%	137.3	121,5	13%
CDON Retail						
Net sales	48.5	66.0	-27%	164.1	234,3	-30%
Gross profit	3.4	5.7	-41%	16.1	22,9	-30%
CDON Group						
Gross merchandise Value	479.1	549,0	-13%	1428.1	1 533,6	-7%
Net sales	97.5	113.6	-14%	309.7	364,0	-15%
Gross profit	50,0	50.5	-1%	155,0	144,5	7%
Gross margin, %	51.2%	44.4%	6.8 p.p	50.1%	39,7%	10.4 p.p
EBITDA	-19.7	-3.7	N/A	-66.9	-31,6	N/A
EBIT	-26.3	-8.4	N/A	-86.8	-45,9	N/A

- CDON Marketplace GMV decreased by 11% in Q3 2022. Excluding fraudulent merchant activity in 2021, CDON Marketplace GMV remains flat in Q3 compared to same period last year.
- 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, fulfillment, merchant intake and key expertise, increased in order to strengthening the shopper experience.

Group balance sheet statement

SEKm	Q3 22	Q3 21
Balance sheet		
Fixed assets	107.2	90.2
Inventory	9.8	12.9
Current receivables	28.3	29,0
Total Cash	80.3	189.3
Total assets	225.6	321.5
Total equity	113.4	203.6
Short-term liabilities	104.3	117.8
Long-term liabilities and provisions	7.9	0.0
Total equity and liabilities	225.6	321.5

- Fixed assets increased due to acquisition of shares in Shopit and acquisition of Xales and Commerce8 in 2021.
- Lower inventory as the phase-out of CDON Retail continued.
- Total cash of SEK 80.3m (189.3m).

Group cash flow statement

SEKm	Q3 22	Q3 21	YTD 22	YTD 21
Cash flow				
Cash flow from operations	-32.8	-12.6	-107,0	-129.3
Cash flow from investing activities	-5.5	-31.3	-15.6	-43.2
Cash flow from financial activities	0.1	188.7	0.1	188.7
Cash flow for the period	-38.2	144.8	-122.5	16.2
Cash at the beginning of the period	118.7	44.5	202.9	173.3
Exchange rate differences in cash	-0.2	0,0	-0.1	-0.2
Cash at the end of the period	80.3	189.3	80.3	189.3

- Cash flow from operating activities SEK -32.8m (-12.6m) in the quarter due to lower operating result when compared to Q3 2021.
- During Q3 2021 acquired a minority stake in Shopit Online Europe AB.
- During Q3 2021 a rights issue took place.
- Total cash flow for the period SEK -38.2m (144.8m).
- Total cash of SEK 80.3 (189.3m).

Financial directives and targets

The marketplace business model is still relatively unfamiliar in the Nordics. Therefore, we have decided to establish and communicate financial directives. This is a framework through which we will steer the business and comment upon on a quarterly basis.

Financial Directives

- CDON's marketplace (3P) business shall continuously gain market share in the Nordic e-commerce market.
 - *Adjusted for the fraudulent merchants in 2021, CDON has performed better than the market for five consecutive quarters. While the market declined by 2% in the third quarter 2022, CDON 3P GMV remained flat.*
- CDON's 3P take rate* shall increase over time.
 - *The take rate for our 3P business in Q3 increased to 10.7% (9.3%) as a result of 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 Q3, CDON reported a 51.2% gross margin (44.4%), continuing the path of taking gross margin level closer to 3P level of approx. 95%.*
 - *In Q3, we have had a substantial focus on optimizing our marketing spend through more efficient spend in the paid channels, and the reported marketing cost as a percentage of GMV of 5.4% is a result of these efforts (5.7% in Q2).*
 - *Administrative & Selling Expenses (SG&A) excluding marketing costs have been reduced in Q3 with effects expected continuously throughout Q4 and in Q1 2023.*

* 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

Financial directives and targets

Target for 2023

CDON's business shall be at least EBIDTA breakeven in 2023 unless:

- We find growth investment opportunities where we believe the IRR significantly exceeds our cost of capital.
- The macro environment undergoes further material deterioration from the low levels expected in Q4 2022.

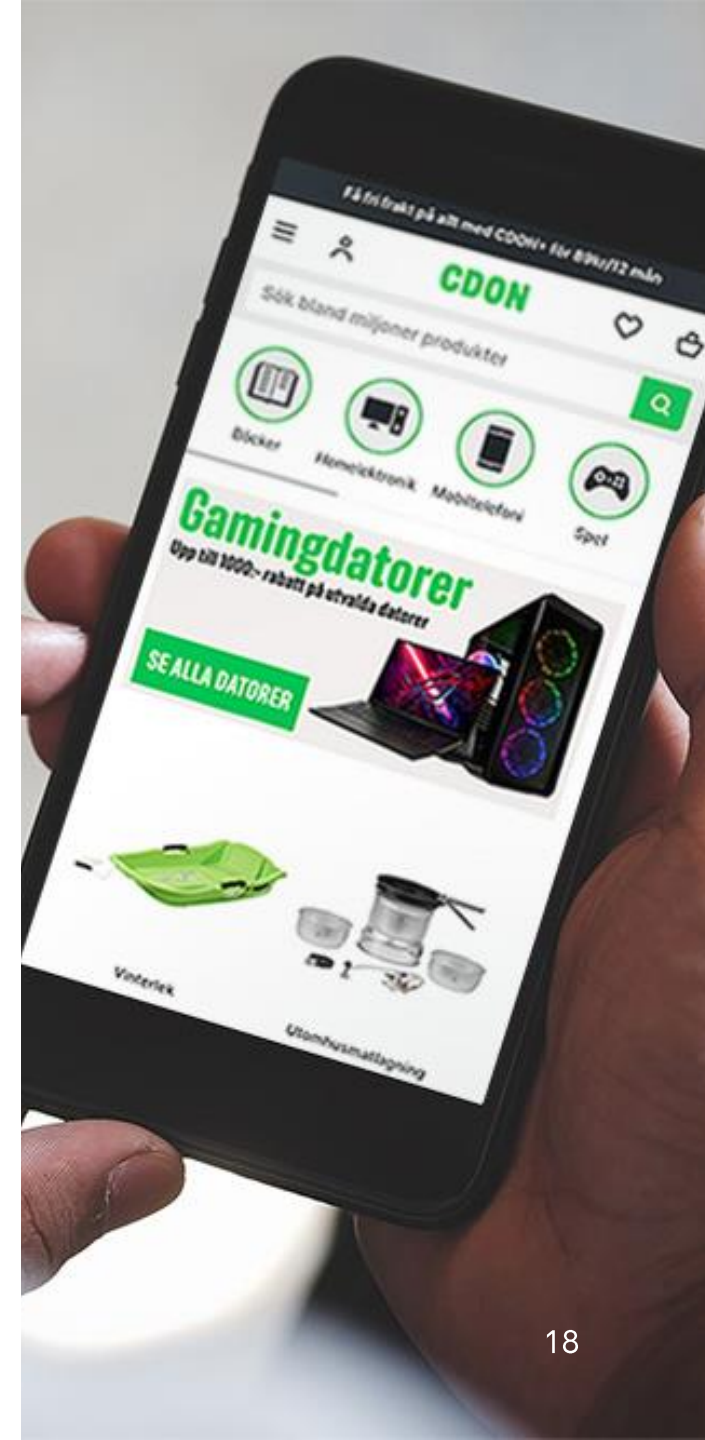
Mid-term Target

- To gain a market share* of at least 2.5% by 2025 from a current market share of approximately 1%.

* CDON's total Gross Merchandise Value 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: E-commerce in Europe Postnord 2021

CDON Investment Highlights

- 01 The Nordic Marketplace opportunity is attractive and up for grabs.
- 02 CDON is uniquely positioned to win and rapidly scale the marketplace model in the Nordics.
- 03 Highly scalable business model: Strong working capital dynamics with a scalable OPEX base allows for rapid growth and profitability.
- 04 CDON's broad assortment guarantees market relevance regardless of the economy in the market.
- 05 CDON does not deliver the right consumer experience today. **CDON 2.0 will unleash the business potential.**





Q&A