

The Leading Nordic Marketplace

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





Q4 22: CDON Marketplace restructures for profitability

CDON well-positioned for profitable growth

“The fourth quarter was characterised as an intensive period of activities aimed to improve our commercial process and profitability.”

Thomas Pehrsson
Acting CEO, and CFO

Today's announcement

“CDON and Fyndiq combine forces to create the leading Nordic e-commerce marketplace.”

- A dedicated investor call will be held tomorrow Friday 17 February at 14:00 CET with:
 - Josephine Salenstedt, CDON - Chair of the Board
 - Thomas Pehrsson, CDON - Acting CEO and CFO
 - Fredrik Norberg, Fyndiq - CEO

This current call will focus on CDON's Q4 performance.



Reflections after four quarters

01 The strength of the marketplace business model remains.
We can swiftly adjust and stay relevant independent of the market climate.

02 We are performing better than the market for the full year 2022.
Our commission continues to grow through efficient product catalogue.

03 The restructuring program has substantially reduced our cost level.
EBITDA positive in January 2023.

04 Profitable traffic acquisition continues.
Growing organic traffic channels.

05 Rebrand launched on the 31st of January.
The rebranding of CDON is progressing well.



Agenda

- This is CDON
- Quarterly Update
- Financial Performance and Directives
- Q&A



This is CDON

This is CDON today

A solid foundation for growth

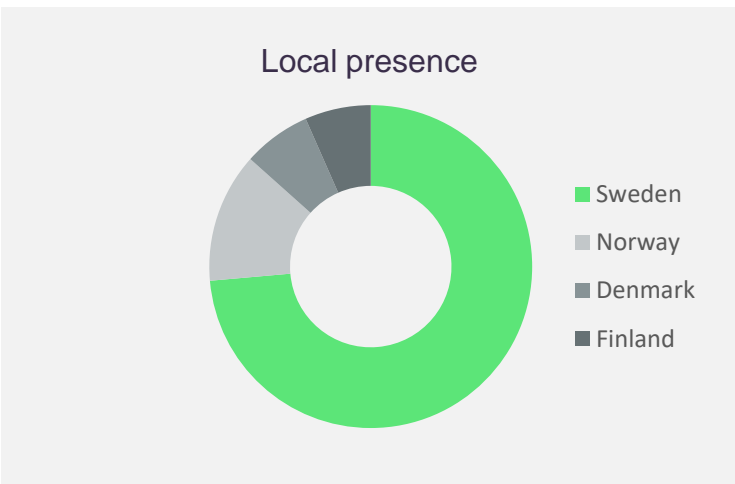
Attractive products at the best prices...



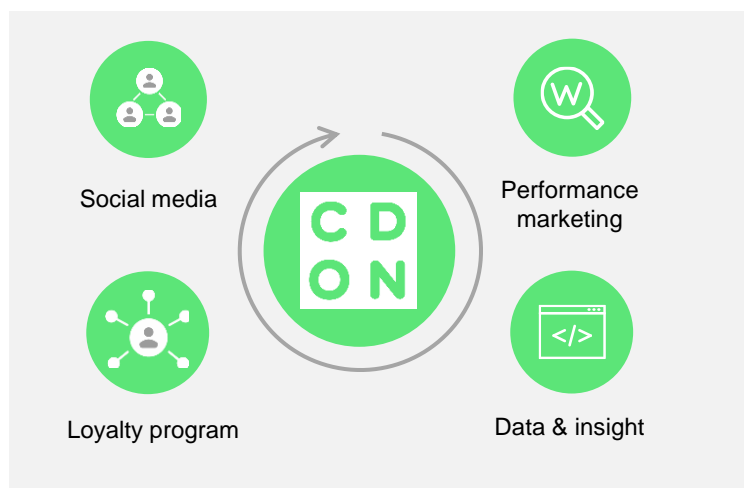
enabled through our business model...



in the Nordic markets...



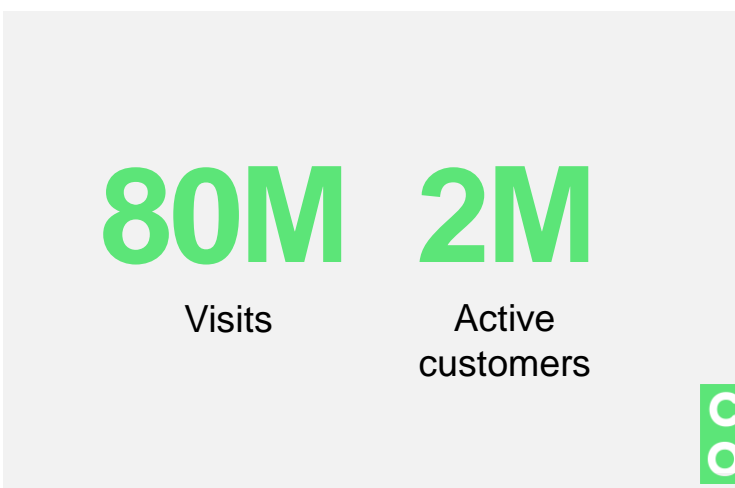
with 360° digital marketing...



on a modern scalable platform...

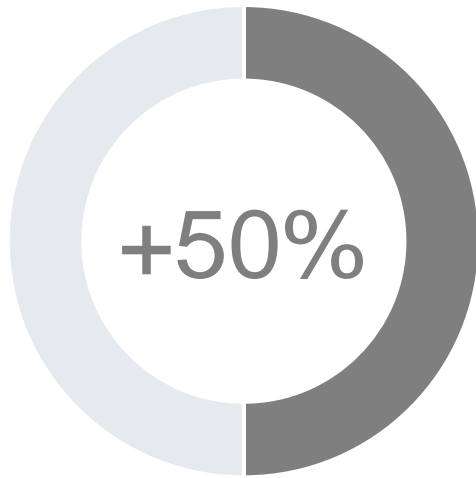


to loyal customers

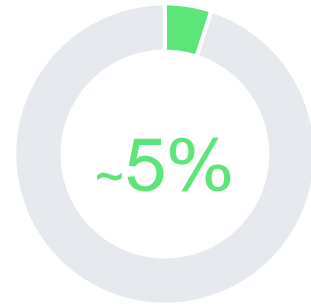


The Marketplace model

Underpenetrated in the Nordics



Marketplaces market share globally¹

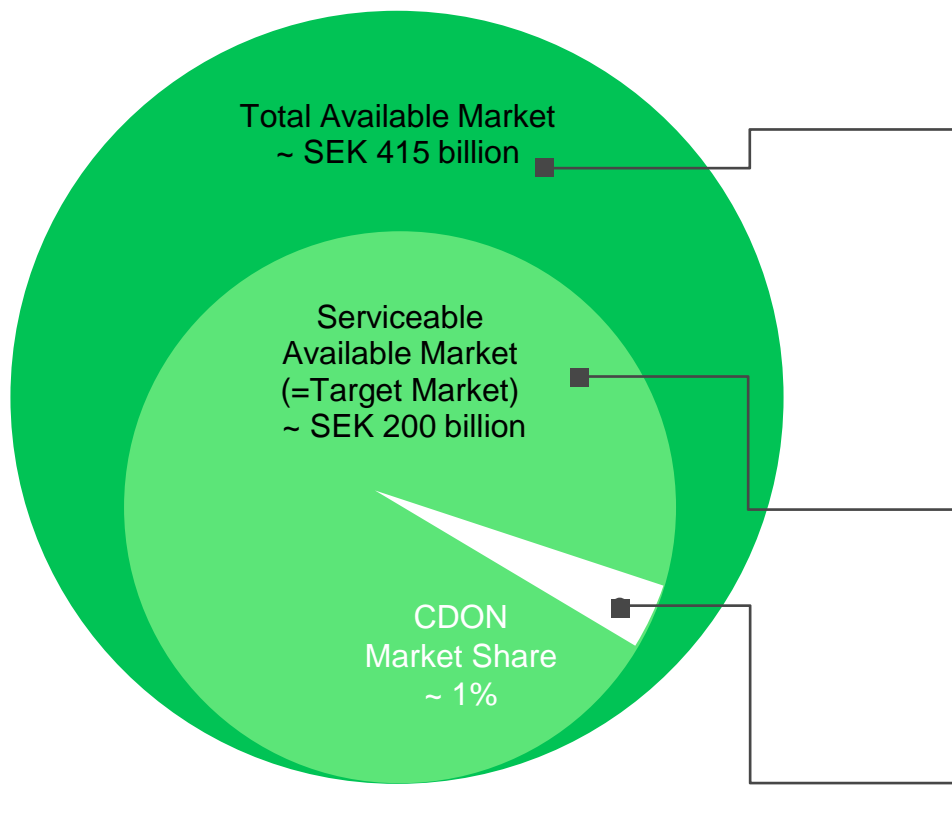


Marketplaces market share in the Nordics²



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 SEK 21 000*.

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 SEK 200 billion.

CDON Market Share: With a revenue of SEK 2.1 billion, CDON's Market Share is currently approximately 1% of the Target Market, and there is a significant potential for growth.



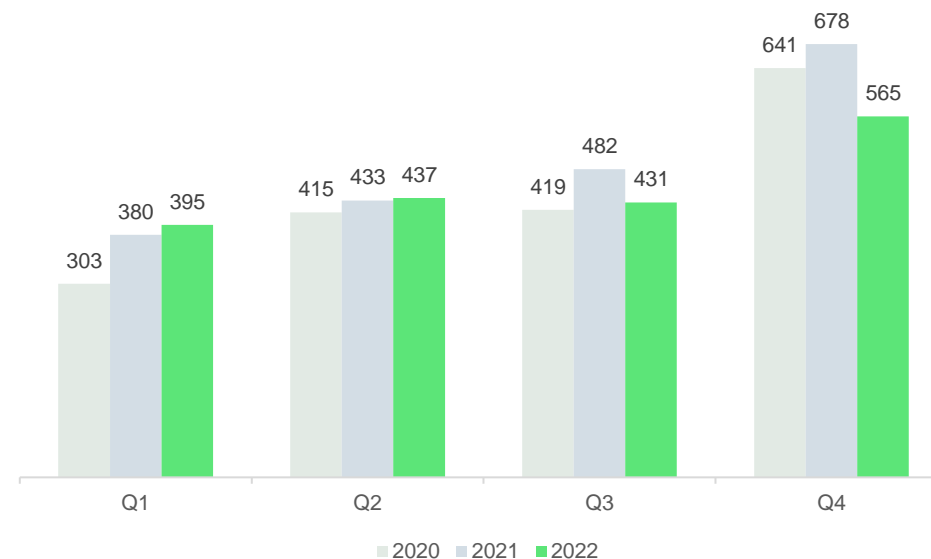
Quarterly Update

CDON

Q4 22

- Gross merchandise value (GMV) for CDON Marketplace (3P) decreased by 17% to SEK 565.3 (678.1) million. Excluding sales from fraudulent merchant activity in 2021*, CDON Marketplace GMV decreased by 8% compared to the same period last year.
- Net sales for CDON Marketplace decreased by 7% to SEK 66.7 (71.8) million. CDON Retail net sales decreased according to plan by 20% to SEK 84.7 (106.4) million due to the process of reducing sales of own inventory.
- Gross margin increased by 1.1 percentage points to 47.5% (46.4%).
- Profit/loss before depreciation and amortization amounted to SEK -48.2 (-10.4) million.
- Adjusted for related costs with a one-off nature, profit/loss before depreciation and amortization amounted to SEK -8.1 million.
- Profit/loss for the period amounted to SEK -64.9 (-16.9) million.

Amounts in SEK million



Restructuring program

CDON well-positioned for profitable growth

- On December 8, 2022, a restructuring program was announced to achieve the financial directives of being at least EBITDA break-even during 2023.
- The program contained reductions of both staff-related and other costs along with improvements of the commercial processes.
- The positive effects of these changes generated a positive EBITDA for CDON already in January 2023, one of the weakest months of the year.
- During 2023 the restructuring program is estimated to lower operational expenses by SEK 60-65 million.
- To quickly implement the new cost structure, most of the communicated cost reductions were implemented before the end of the quarter.
- Of these reductions, most were associated to lay-offs and notice pay.
- Operational expenses going forward is estimated to SEK 115 million annually.



The new CDON brand

Things for life

- The final touches to the new CDON brand journey were completed during the last quarter of 2022.
- On the 31st of January we excitedly launched the new look and feel of CDON through our new and improved website and communication channels.
- The new website will enhance the customer experience through the improved product discovery.

We're there for the little moments, the everyday needs.

Millions of products, for every part of life.

And we're there for the big moments, when dreams come true.

Because we're not just an online retailer.

We are a part of people's everyday life.



Prylar för livet

Financial Performance and Directives



Group income statement

Amounts in SEK million	2022 Oct-Dec	2021 Oct-Dec	Δ	2022 Jan-Dec	2021 Jan-Dec	Δ
CDON Marketplace						
Gross merchandise Value	565.3	678.1	-17%	1 828.3	1 973.2	-7%
Net sales	66.7	71.8	-7%	210.6	201.4	5%
Gross profit	63.1	68.2	-8%	201.3	189.8	6%
CDON Retail						
Net sales	84.7	106.4	-20%	248.9	340.8	-27%
Gross profit	9.0	14.5	-38%	25.0	37.5	-33%
CDON Group						
Gross merchandise Value	650.6	783.5	-17%	2 078.7	2 317.1	-10%
Net sales	151.5	178.2	-15%	461.2	542.2	-15%
Gross profit	72.0	82.8	-13%	227.0	226.9	0%
Gross margin, %	47.5%	46.4%	1.1 p.p	49.2%	41.9%	7.3 p.p
EBITDA	-48.2	-10.4	N/A	-115.1	-41.6	N/A
EBIT	-64.9	-16.9	N/A	-151.9	-62.6	N/A

- CDON Marketplace GMV decreased by 17% in Q4 2022. Excluding fraudulent merchant activity in 2021, CDON Marketplace GMV decreased by 8% compared to same period last year.
- CDON Marketplace gross profit decreased with 8% in comparison to the same period last year. The decline in gross profit was less severe due to an increase in commission rates.
- CDON Retail net sales decreased according to plan when phasing out own inventory.
- Total expenses for the quarter amounted to SEK -137.0 million which is an increase of SEK 60.7 million compared to last quarter. The increase of costs are due to the restructuring of the organisation, the bankruptcy of the merchant Xstra Digital, write-down of our subsidiaries Xales and Commerce8 and the write-down of goodwill in our minority stake in Shopit. As a result of these initiatives, we remain confident in our ability to achieve our EBITA target of at least break-even in 2023.

Group balance sheet statement

Amounts in SEK million	2022 Oct-Dec	2021 Oct-Dec
Balance sheet		
Fixed assets	74.7	114.4
Inventory	8.6	19.3
Current receivables	31.2	44.3
Total Cash	123.1	202.9
Total assets	237.7	380.9
Total equity	44.5	199.7
Short-term liabilities	172.5	173.9
Long-term liabilities and provisions	20.7	7.3
Total equity and liabilities	237.7	380.9

- Fixed assets decreased due to write-down of our subsidiaries Xales and Commerce8 as well as write-down of our minority stake in Shopit.
- Lower inventory as the phase-out of CDON Retail continued.
- Total cash of SEK 123.1 (202.9) million.

Group cash flow statement

Amounts in SEK million	2022 Oct-Dec	2021 Oct-Dec	2022 Jan-Dec	2021 Jan-Dec
Cash flow				
Cash flow from operations	49.2	24,0	-57.8	-105.4
Cash flow from investing activities	-6.7	-9.8	-22.3	-52.9
Cash flow from financial activities	0,0	-0.3	0.1	188.4
Cash flow for the period	42.5	13.9	-80,0	30.1
Cash at the beginning of the period	80.3	189.3	202.9	173.3
Exchange rate differences in cash	0.4	-0.3	0.3	-0.5
Cash at the end of the period	123.1	202.9	123.1	202.9

- Cash flow from operating activities SEK 49.2 (24.0) million in the quarter due a positive effect from the change in working capital when compared to Q4 2021.
- Total cash flow for the period SEK 42.5 (13.9) million.
- Total cash of SEK 123.1 (202.9) million.

Financial directives and targets

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 the full year 2022 with a slight decline of 1% compared to the market decline of 9%.*
- CDON's 3P take rate* shall increase over time.
 - *The take rate for our 3P business in Q4 increased to 11.0% (9.9%) 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 Q4, CDON reported a 47.5% gross margin (46.4%), continuing the path of taking gross margin level closer to 3P level of approximately 95%.*
 - *In Q4, 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 5.2% is a result of these efforts (5.4% in Q3).*
 - *Administrative & Selling Expenses (SG&A) excluding marketing costs and one-offs have been reduced in Q4 with effects expected continuously throughout Q1 and in Q2 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 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 underpenetrated market in the Nordics provides an attractive opportunity.

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 GMV growth and relatively fixed OPEX base allows for rapid growth in profitability.

04

CDON's broad assortment guarantees market relevance regardless of the economy in the market.

05

The new and improved CDON brand will aid in our work of providing an excellent customer experience.





Q&A