



Q4 Earnings Call

February 15, 2024



GROUP

Welcome to the CDON's Q4 earnings call



Fredrik Norberg
CEO

*“Happy to show a
138 mSEK EBITDA
improvement for
2023”*



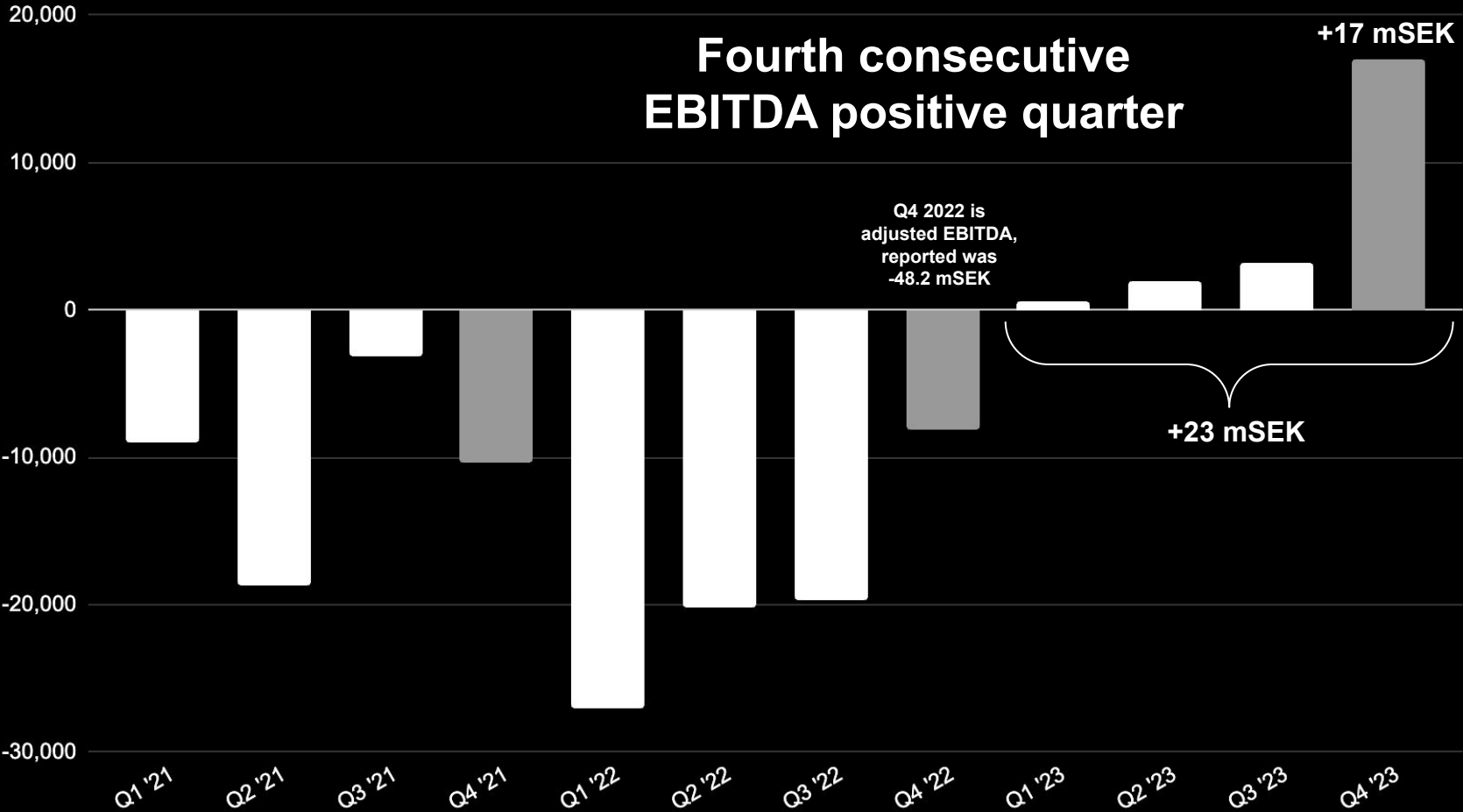
Carl Andersson
CFO

*“Excited to present
my first earnings call
as the new CFO”*

Executive summary

- **Good progress on the main strategic initiatives in Q4**
 - **Massively increase supply:** 164 new merchants onboarded on CDON
 - **Greatly improve customer happiness:** Increased customer review from 3.8 to 4.1 for CDON
- **Platform migration according to plan, with deadline in September**
- **Continued solid growth of Gross Profit After Marketing 2023 vs 2022**
 - +14% for CDON segment
 - +12% for Fyndiq segment
- **EBITDA improvement of +138 mSEK 2023 vs 2022**

Quarterly EBITDA 2021-2023 (kSEK)

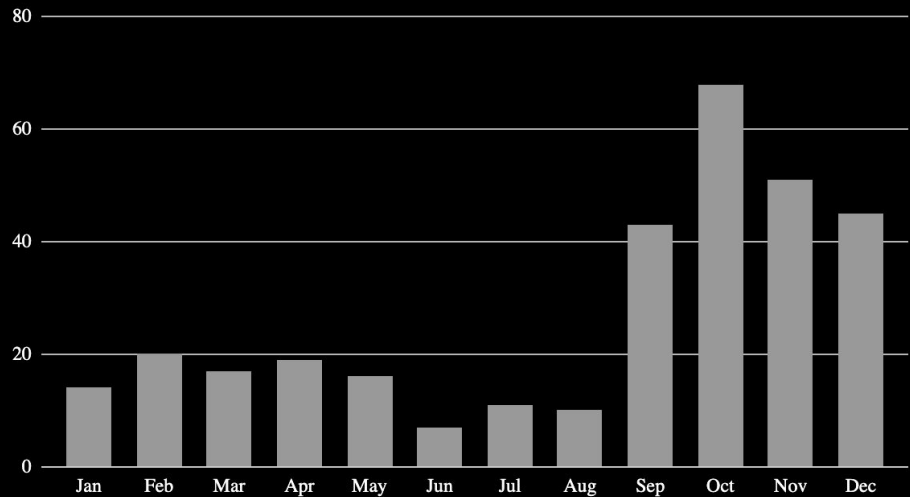


To reverse the GMV trend, we have focused on the core elements of the marketplace model

- Massively increase supply
- Greatly improve customer satisfaction

Massively increase supply

New onboarded merchants per month on CDON



Great progress in Q4 to massively increase supply



New merchant sourcing process, more than **doubling monthly merchant inflow**, from 21 merchants per month in Q3 to 55 merchants in Q4



Process improvements implemented that **double the capacity of onboarding** velocity in for 2024

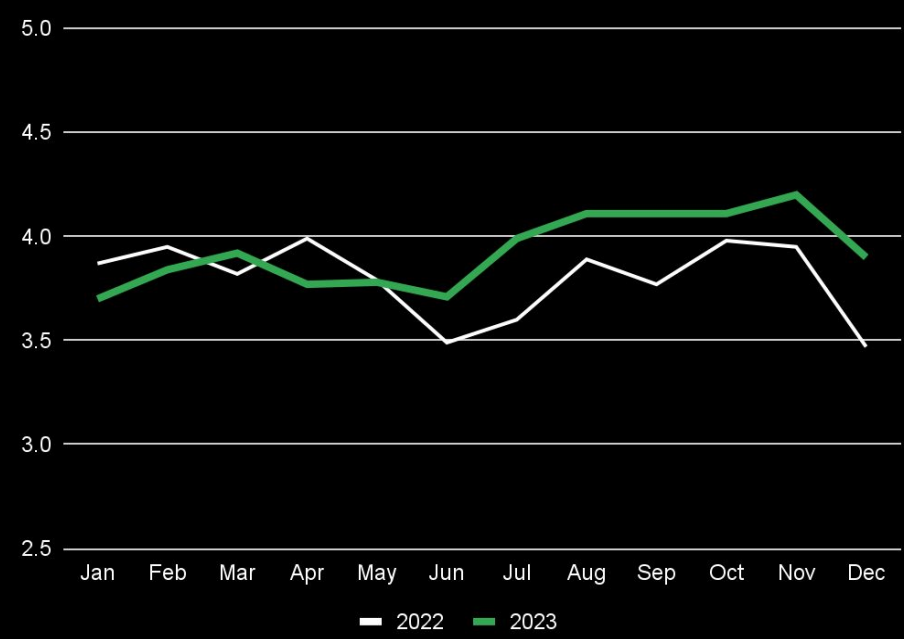


Sales from aggregator Octopia merchants, as % of total GMV on CDON, have increased from 1,9% in Q3 to 3,2% in Q4 (+68%)

(Sales impact usually comes with three months lag from new merchants)

Greatly improve customer satisfaction

Customer review score for the CDON-segment



Successful execution of our strategic focus on improving customer happiness for CDON



Improved delivery information is the main driver behind the **increase from 3.8 to 4.1 in customer review score** for Q4 '23 compared to 2022



Better response time, efficiency, and clear mandate for our Customer Service, **improved customers' satisfaction with 10%** for the second half of 2023



Took full responsibility for our customers' experience by **closing Q4 without financial impact on CDON or our customers due to merchant bankruptcies.**

CDON will centralize all its operations to the office in Stockholm

To increase efficiency within the organization, the Malmö office will be closed down

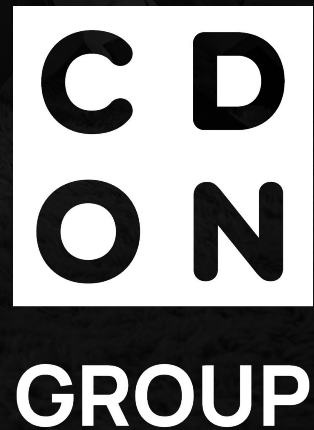
- 35 FTE and 32 part time employees are affected
- Majority of the full time employees will be offered similar roles in the Stockholm office
- Customer service to be outsourced

Short term restructuring costs, but long term OPEX savings

- Short term restructuring cost of 7-9 mSEK in 2024
 - Tech and Finance interim consultants
 - Customer service outsourcing transition
 - Recruitment costs
- Increased cost in 2024 expected to be offset by 2026 due to a lower cost base
- Increased confidence to realise the communicated 40 mSEK in lower OPEX run rate by the end of 2024



Financial performance



Profit and Loss Highlights - As reported¹ (2022-2023), MSEK

CDON Group	2023 Oct-Dec	2022 Oct-Dec	Δ	2023 Jan-Dec	2022 Jan-Dec	Δ
Total gross merchandise value (GMV)	625.6	650.6	-4%	2017.7	2078.7	-3%
Net sales	160.9	151.5	6%	468.7	461.2	2%
Cost of goods sold	-49.2	-79.5	38%	-145.3	-234.1	38%
Gross profit (GP)	111.7	72.0	55%	323.4	227.0	42%
Take rate (%)	17.9	11.1	6.8 p.p	16.0	10.9	5.1 p.p
Marketing Cost	-40.9	-33.8	-21%	-122	-109.5	-11%
Gross profit after marketing (GPAM)	70.9	38.2	86%	201.4	117.5	71%
OPEX	-53.8	-73.7	27%	-177.8	-217.2	18%
Share in associate's profit/loss after tax	0	-12.7	n/a	-0.9	-15.4	94%
EBITDA	17.0	-48.2	n/a	22.7	-115.1	n/a
D&A	-24.5	-16.8	-46%	-80.9	-36.7	-120%
EBIT	-7.5	-65.0	88%	-58.2	-151.8	62%

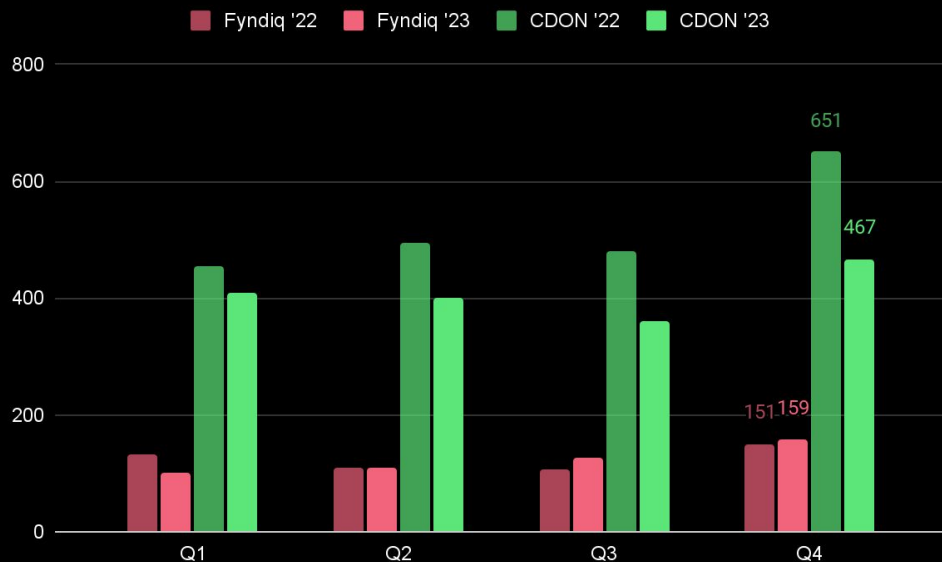
1. CDON Group's results include Fyndiq from 12th April 2023 to 31st December 2023 only. 2022 results does not include Fyndiq, hence are not comparable on an operational level.

**Despite a declining GMV,
we report an improved
EBITDA of 137 mSEK vs
2022**

Comments

- -4% lower reported GMV in the quarter compared to last year, despite the addition of Fyndiq
- Increased Net sales, of 6%, following commission increases
- Significantly higher GP and GPAM given Fyndiq's structurally higher GP margin
- Turned a negative EBITDA of 115 in 2022 to positive EBITDA of 23 in 2023

Gross Merchandise Value, by segment (2022-2023), MSEK



Tough Q4 for CDON, not offset by growth in Fyndiq

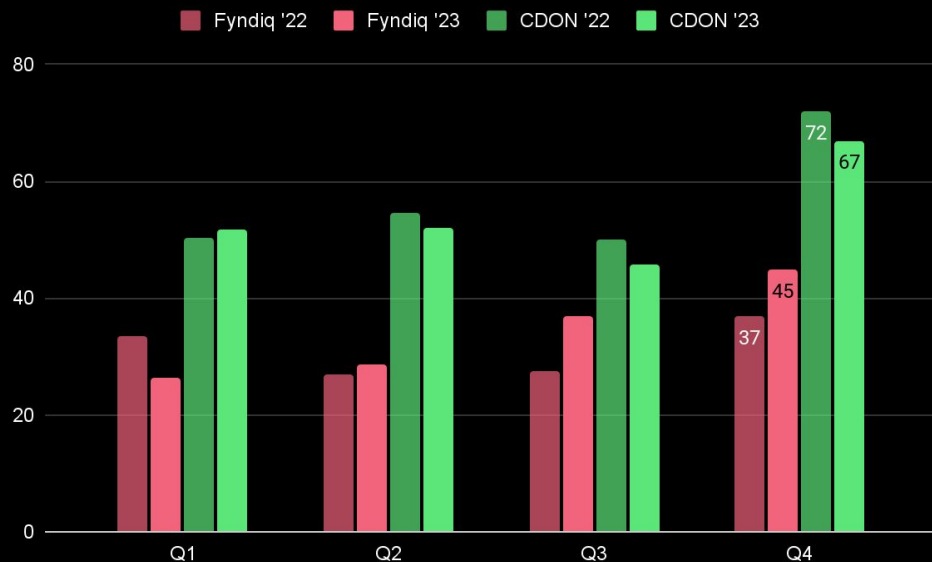
Comments

- Continued challenging market with a decline in e-commerce volume of -8% FY¹
- Tough Q4 for CDON, -28% vs '22, due to lower-margin GMV in Q4 '22 and weaker Christmas sales than expected
- FY GMV of 1,636 mSEK, equal to -21% for CDON segment
- Strong Black Friday-period for Fyndiq, supporting Q4 growth of 5% vs Q4 '22
- FY GMV of 493 mSEK, -1% FY GMV for Fyndiq segment

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

¹ Svensk Handel: <https://www.svenskhandel.se/api/documents/rapporter/e-handelsindikatorn/e-handelsindikatorn-dec-2023.pdf>

Gross Profit, by segment (2022-2023), MSEK

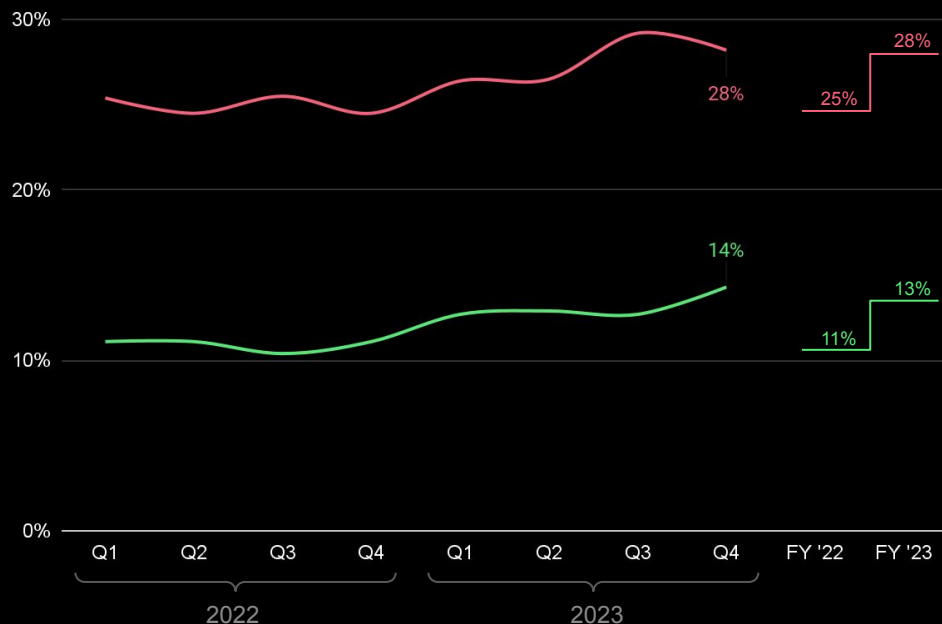


Stronger gross margins leading to a higher Gross Profit in Q4 and FY 2023

Comments

- The CDON segment increased gross profit margin to ~60%, following lower 1P share of business
- The FYNDIQ segment sustained a high GP margin of ~98%
- Q4 group gross profit of 112 (109) MSEK
- Full year group gross profit of 353 (352) MSEK

Take rate, by segment (2022-2023), MSEK, % of GMV



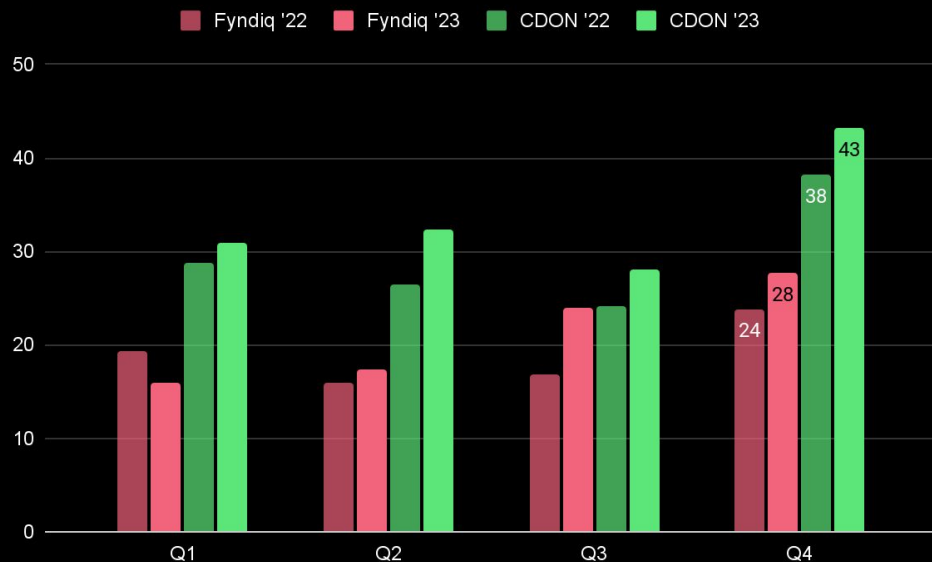
Take rate (%) = Merchant Commission & Fees + Value-Added Services + Customer Revenues / Gross Merchandise Value

Step change in take rate in '23, driven by commission increase on CDON and shipping fee on Fyndiq

Comments

- The CDON segment has experienced a take rate improvement through increased merchant commission (Q1) and harmonized order fee (Q4)
- Stable and sustained take rate for both segments in the quarter
- Some seasonality for Fyndiq, with higher AOV during Black friday, leading to lower take rate in the quarter

Gross Profit After Marketing, by segment (2022-2023), MSEK

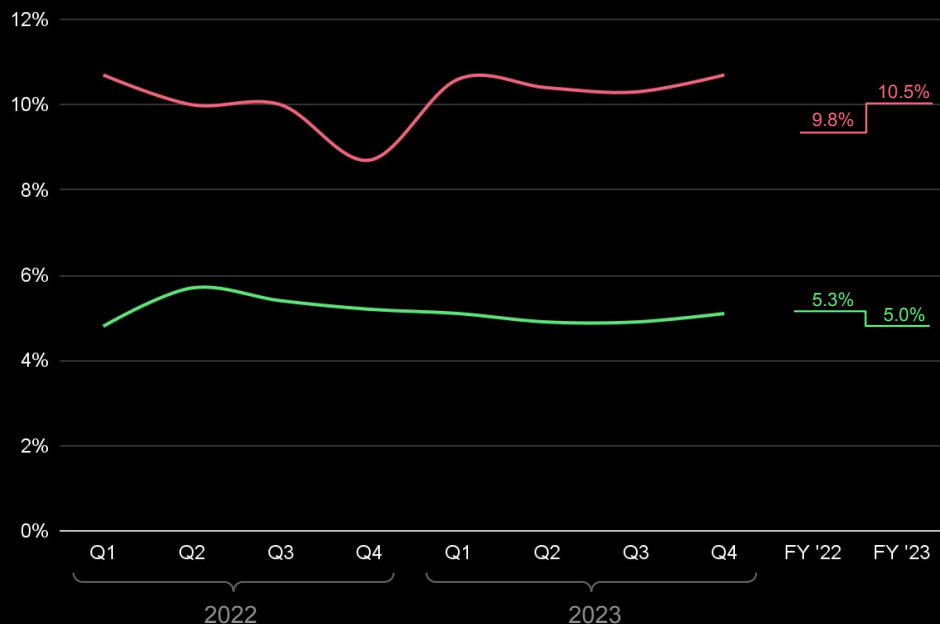


Massive increase in GPAM as % of GMV on CDON segment, our main KPI

Comments

- Despite a -21% decline in FY GMV, the CDON segment increased GPAM by 14%
- A GPAM margin of 9.2% in the quarter and 8.2% FY, represents a ~50% improvement vs LY for CDON segment
- Fyndiq's GPAM margin remains strong, reaching 17.5% in the quarter and 17.2% FY

Marketing cost as % of GMV, by segment (2022-2023), MSEK

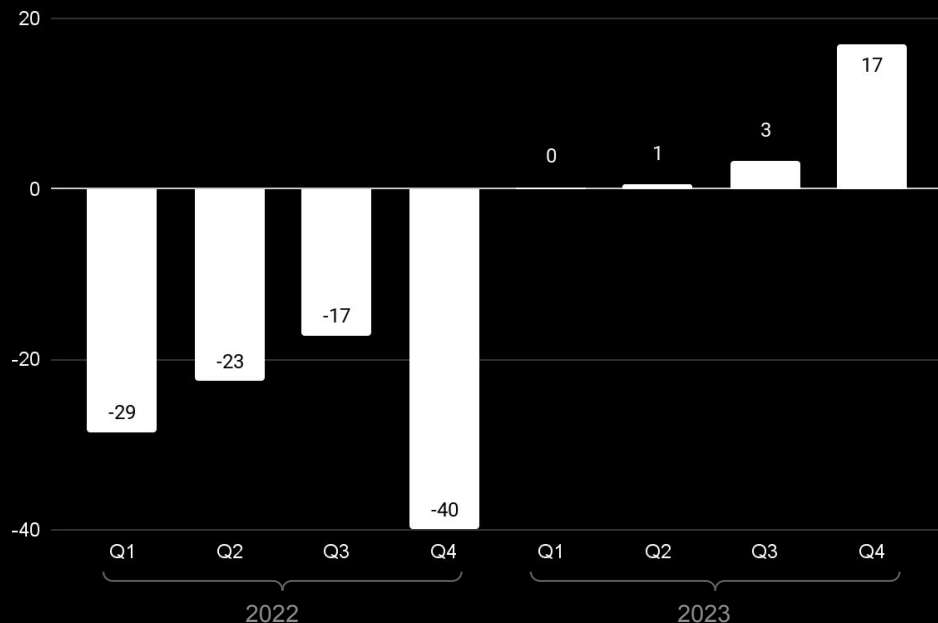


Lower relative marketing spend on CDON segment following new principles and strategy

Comments

- Reduced marketing cost as % of GMV for CDON segment to 5.0% FY
- Fyndiq's higher average marketing cost as % of GMV is a consequence of higher take rate for Fyndiq

EBITDA, Segment (2022-2023), MSEK

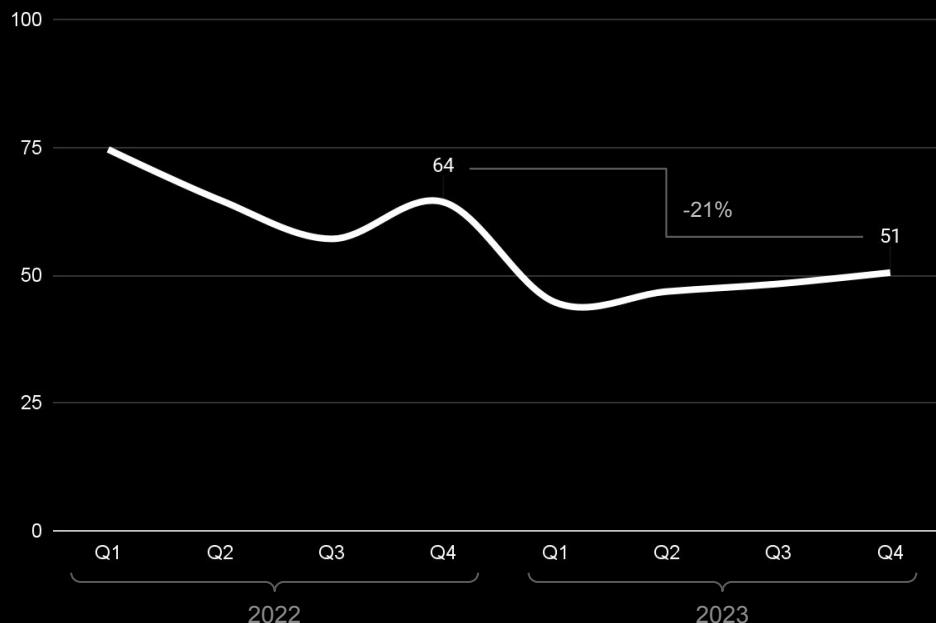


Stable EBITDA performance leading to a positive FY

Comments

- Full year EBITDA improved of 129 MSEK, amounting to 21 (-108) MSEK
- Fourth quarter EBITDA improved of 57 MSEK, amounting to 17 (-40) MSEK
- We expect strong leverage going forward as GMV normalizes

Adjusted Operational expenses, Group (2022-2023)¹, MSEK



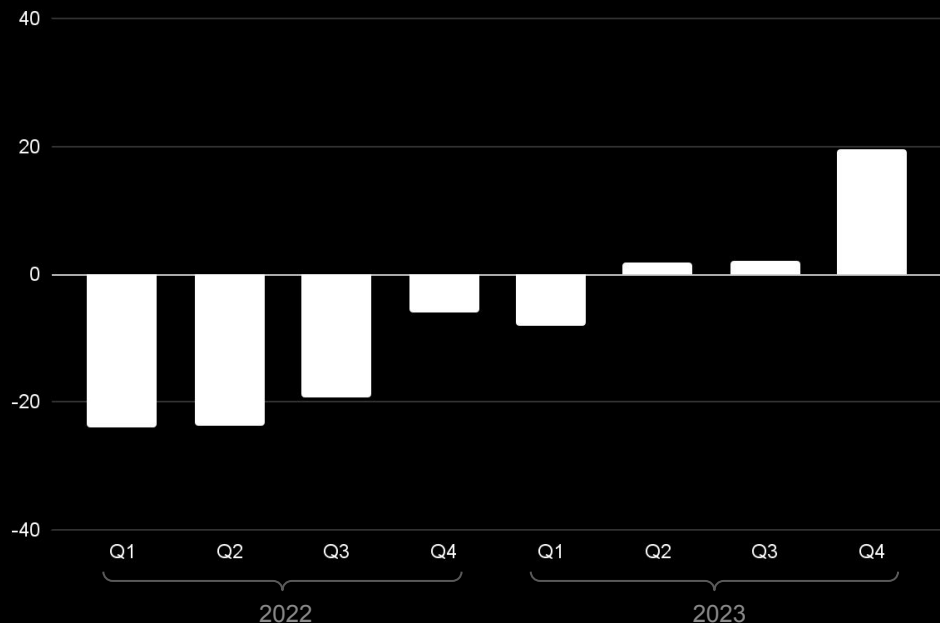
Advancements in reducing our cost base

Comments

- A fundamentally lower cost base in 2023 compared to 2022
- Slightly higher cost base in the second half of 2023, due to the platform migration and integration work
- We remain confident that our underlying cost base will decline in 2024
- As mentioned, some one-off costs associated with the centralization will impact the OPEX in 2024

¹ 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 (2022-2023), MSEK



Cash flow from P&L progressing in the right direction

Comments

- Improvements in cash flow following our dedicated work towards improving profitability during the year
- 26 MSEK improvement for the quarter
- 88 MSEK improvement for the full year

Summary

- **Good progress on the main strategic initiatives**
- **Platform migration according to plan, with deadline in September**
- **Continued solid growth of Gross Profit After Marketing**
- **Four consecutive EBITDA positive quarters**

A warm, dimly lit living room scene capturing a family's movie night. A man with glasses and a woman are seated on a couch, both holding red and white striped popcorn containers. A young child sits between them, looking towards the camera. A large, light-colored dog sits attentively next to the man. In the foreground, another child is seen from the side, looking through a telescope. A low coffee table holds several bowls of snacks, including popcorn, grapes, and nuts, along with lit candles. A small television sits on the floor, displaying a bright image. A large, colorful inflatable ring lies on the carpet. The room is decorated with a potted plant and a framed picture on the wall.

Q&A

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