



PRESS RELEASE

Malmö, Sweden

13:00 CEST, Tuesday, 25 april 2023

Interim report Q1 2023

CDON achieves EBITDA profitability in the first quarter 2023

FIRST QUARTER FOR THE GROUP

- Total gross merchandise value (GMV) decreased by 10% to SEK 408.5 (455.7) million.
- Gross merchandise value for CDON Marketplace (3P) decreased by 8% to SEK 364.4 (395.2) million.
- Net sales for CDON Marketplace increased by 10% to SEK 49.0 (44.7) million. CDON Retail net sales decreased according to plan by 30% to SEK 42.4 (60.5) million due to the process of reducing sales of our own inventory.
- Gross margin increased by 9.1 percentage points to 56.8% (47.7%).
- Gross profit after marketing increased by 8% to SEK 30.9 (28.7) million.
- Profit/loss before depreciation and amortisation amounted to SEK 0.6 (-27.0) million. Profit/loss before depreciation and amortisation does not include one-off costs related to the acquisition of Fyndiq.
- Profit/loss for the period amounted to SEK -5.0 (-33.8) million.
- Earnings per share amounted to SEK -0.77 (-5.18).

Letter from the CEO

As the new CEO beginning this quarter, I am honoured to share our Q1 2023 report.

In Q1 2023, the Nordic economy suffered significant inflation, which led to lower consumer demand. Despite that challenging backdrop, CDON made significant operational progress leading to positive EBITDA in the seasonally weakest quarter of the year.

The first quarter 2023

- **Combination of CDON and Fyndiq was announced in February and completed in April**
CDON entered into a combination agreement with a majority of the shareholders of Fyndiq on February 16. The combination of CDON and Fyndiq was completed on April 12 by way of CDON acquiring the shares in Fyndiq from the shareholders in Fyndiq.
- **Weaker GMV vs last year for CDON**
Gross Merchandise Value was weaker than last year (-10%), mainly due to the weak economic environment in the Nordics.
- **Positive development of Gross profit after marketing (GPAM)**
Despite this challenge, improvements in take rate from mainly the commission increase announced in January yielded a higher gross profit after marketing vs last year (+8%).
- **Positive EBITDA**
The period generated a positive EBITDA of SEK 0.6 million, compared to last year's SEK -27.0 million. This improvement is attributed to the cost reduction from the restructuring program in December and the improvements in GPAM mentioned above. This Q1 profitability is extra

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positive since the first quarter is generally the seasonally weakest of the year. This performance sets us on a good path to reach our short-term target of reaching EBITDA break-even in the full year of 2023.

- **Fyndiq's Q1**

Fyndiq also experienced a negative GMV compared to last year (-25%). In addition to the weak economic environment discussed above, the Corona lock-down in China forced Fyndiq to close down all Chinese merchants' sales for January and February (which usually accounts for 20% of the total GMV). Despite the weak top line, Fyndiq managed to decrease its quarterly EBITDA loss to SEK -0.5 million compared to SEK -1.4 million last year. This weak sales trend reversed in March, generating a positive EBITDA for that month, and a more solid sales trend continued in April.

Integration of CDON and Fyndiq; expected synergies

- The new management team has been appointed and announced; collectively, they have more than 40 years of experience from the marketplace industry.
- As a result of the expected synergies from the combination and integration of CDON and Fyndiq, CDON should benefit from direct cost savings of approximately SEK 40 million. We expect the integration project to be complete with the full cost synergies realized by the end of 2024.
- In addition to the estimated cost savings mentioned above, there are several synergy areas with high potential to improve profits including:
 - Take-rate optimisation from best practice sharing and implementation of value-added services
 - Lowered customer acquisition costs through aligned marketing efforts
 - Improved merchant acquisition efforts through one organisation, and one stronger offer.

The Future

CDON has great potential. The company enjoys one of Sweden's best-known brands and benefits from a business model with several advantages compared to traditional retail models, while providing a better experience for both customers and merchants. These advantages include minimal to no capital tied up in inventory, great scale effects where the business can double its sales from one day to another without any OPEX increase (as during Black Friday), and low inventory risk.

Customers benefit from a high degree of convenience, as they are able to purchase an unmatched variety of products at consistently low prices in a single place.

Because of this advantaged business model, marketplaces have become the leading way for consumers to do their online shopping in most developed countries. Most western countries have a marketplace penetration of 30-50%, and China is even up on +90% levels. The Nordics, however, only have a marketplace penetration of approximately 5%.

New long-term market share-related target that replaces previous mid-term target

CDON currently holds a total market share¹ of approximately 1.0-1.5% in the Nordic e-commerce market. The company has today set a new ambitious long-term target. The new long-term target is to reach **double digit market share** in the Nordic e-commerce market. This new target replaces the previous mid-term goal of reaching a 2.5% market share in the Nordic e-commerce market by the end of 2025.

For CDON to achieve long-term success like marketplaces in other regions, we will strive to:

1. Increase the amount of quality supply: Provide more of the products that people want and utilize the low margin costs of bringing in more supply.

2. Improve customer happiness: Fyndiq has in recent years enjoyed a significantly higher Trustpilot score compared to CDON. We intend to continue improving the customer experience at both CDON's and Fyndiq's marketplaces and become places where customers are delighted to shop.

¹ Market share* is defined as CDON's total GMV 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 for the Nordic e-commerce market data: E-commerce in Europe, Postnord 2021).

3. Create distinct customer experiences for both brands: Leverage two brands with different value propositions to serve different types of customer and needs.

As the CEO of CDON, I am dedicated to utilizing my experience from my 13 years at Fyndiq to lead this company to new heights. I also want the opportunity to say that I am really impressed by the tough work that Thomas Pehrsson during his tenure as the acting CEO, and the whole team at CDON, have done to turn the company to EBITDA profitability in Q1. Together, we will work towards achieving remarkable success in the e-commerce industry!

Sincerely,

Fredrik Norberg
CEO

Webcast and teleconference

Analysts, investors and the media are invited to a webcast and webcast today at 14:00 CEST.

To take part in the presentation and participate via the webcast, go to the link below. Via the webcast, there is an opportunity to ask written questions.

Link to webcast: <https://ir.financialhearings.com/cdon-q1-2023/register>

If you wish to participate via teleconference, please register on the link below. After registration you will be provided phone numbers and a conference ID to access the conference. You can ask questions verbally via the teleconference.

Link to teleconference:

<https://conference.financialhearings.com/teleconference/?id=5003885>

The presentation material and the webcast will be published on
<https://investors.cdon.com/en/investor-relations/presentations/>

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This information is information that CDON AB is required to disclose under the EU Market Abuse Regulation. The information was released for publication through the agency of the above contacts at 13:00 CEST on 25 April 2023.

Certified Adviser

FNCA Sweden AB is the company's Certified Adviser.
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About CDON

CDON AB (publ) ("CDON") was founded in 1999 and is now the biggest marketplace in the Nordic region. Customers can choose to buy and compare prices for millions of products at CDON, by far the widest range of all Nordic e-retailers. Over 1,500 merchants use CDON's platform and technology to increase their sales. This gives CDON a wide range of products within, movie, music, computers, games, office supplies, books, toys, consumer electronics, household appliances, sport, outdoor, beauty care, fashion, shoes, computers, and computer products. CDON's shares are listed on Nasdaq First North Growth Market with the abbreviation CDON.

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