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2020-10-27

The Nordics largest marketplace

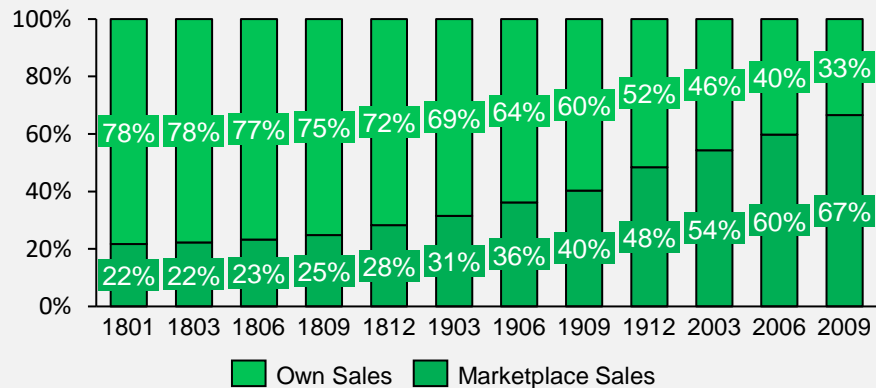
Company overview

- Founded in 1999, as one of the first e-commerce players at scale in the Nordics
- Since inception, CDON has accumulated an unmatched knowledge for Nordic e-commerce
- New management team since 2018 including CEO Kristoffer Väliharju
- 2013 extended assortment by opening up for external merchants
- 2018 accelerated transformation to external merchant and reduced own inventory
- 2019 reaching appx. 50% external sales and positive EBITDA

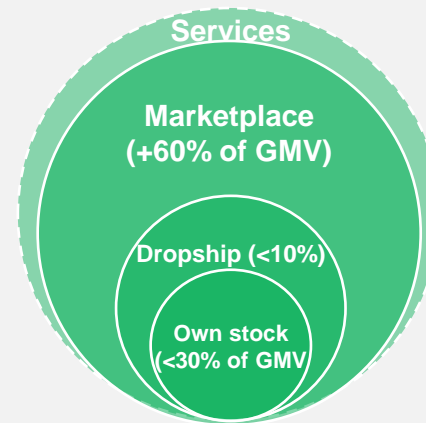
Selected merchants



Marketplace Share of total volume (LTM)



Strategy for assortment

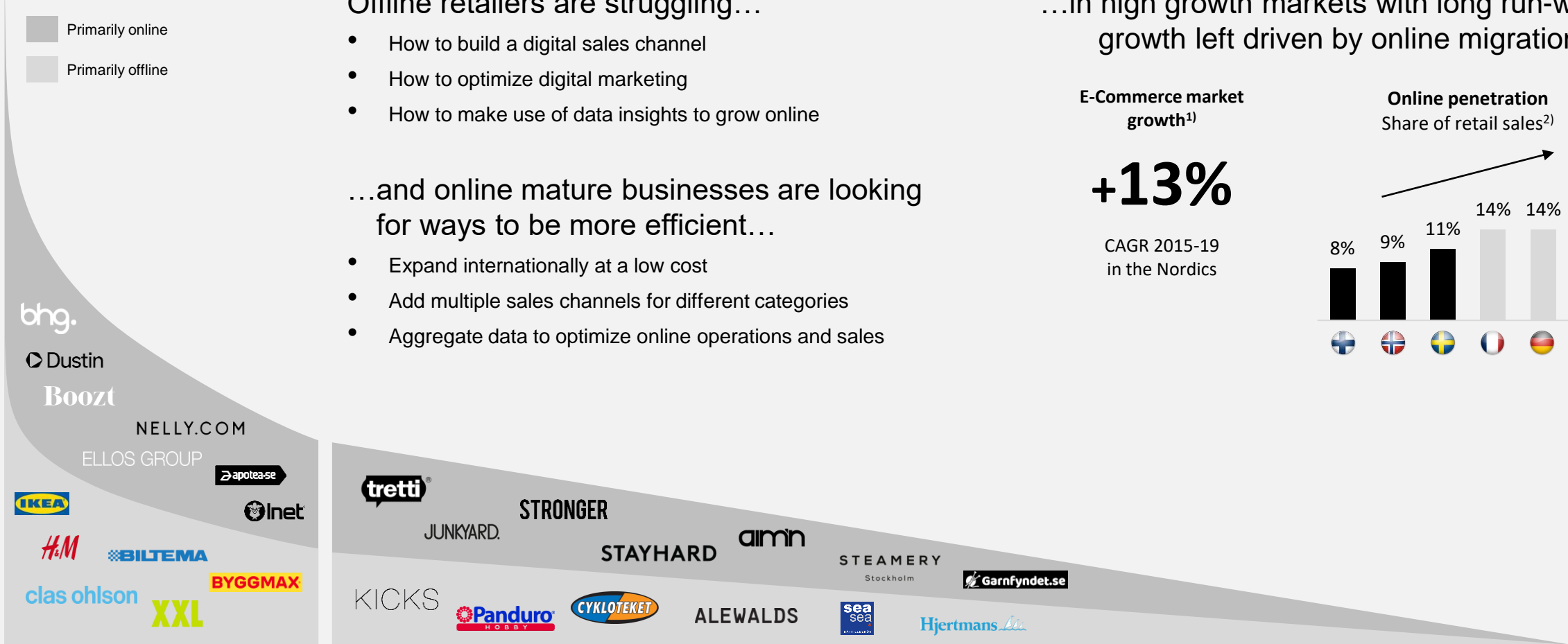


- Services – Added as a compliment for typical CDON customers
- Marketplace – Full assortment, including tail for key categories
- Dropship – Short lifecycle products (ie. home electronics)
- Own stock – profit generators (movie, music, games)

Marketplaces are taking large share of total online market as shoppers go online

Illustration of the Nordic retail landscape

- Primarily online
- Primarily offline



Offline retailers are struggling...

- How to build a digital sales channel
- How to optimize digital marketing
- How to make use of data insights to grow online

...and online mature businesses are looking for ways to be more efficient...

- Expand internationally at a low cost
- Add multiple sales channels for different categories
- Aggregate data to optimize online operations and sales

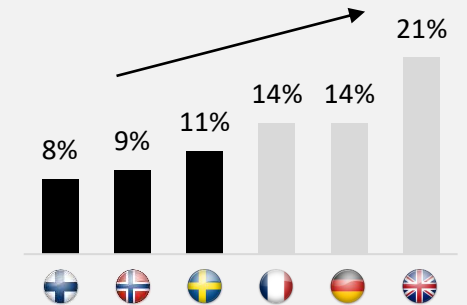
...in high growth markets with long run-way of growth left driven by online migration

E-Commerce market growth¹⁾

+13%

CAGR 2015-19 in the Nordics

Online penetration Share of retail sales²⁾



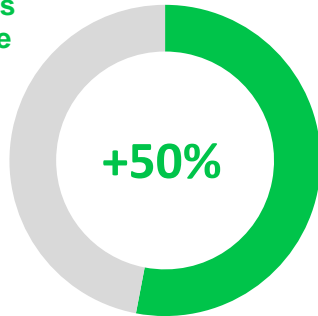
Larger ← Longtail of medium and small sized online and offline merchants → Smaller

Local marketplaces show strong trajectory

Winners in e-Commerce

...are **Marketplaces** that have become aggregators for less digital-savvy merchants and destinations for online shopping...

Marketplaces market share globally¹⁾



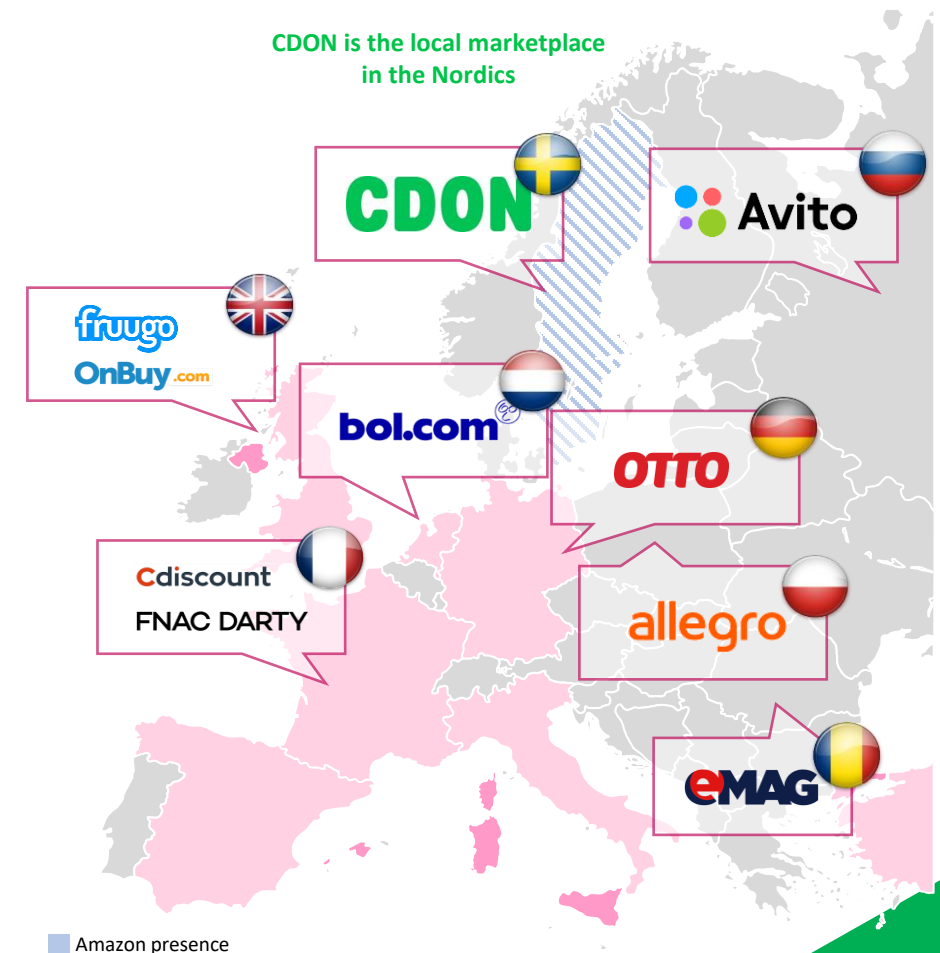
...and online category specialists with clear value propositions, strong brand and high share of direct traffic...

DW Daniel Wellington NELLY.COM CAIA LYKO

Illustrative examples

Several successful local marketplaces in Europe

CDON	
GMV	SEK 1,565m (Q3 LTM)
Growth (GMV YoY)	+94%
Cdiscount	
GMV	EUR 3.9bn (2019)
Growth (GMV YoY)	+9%
bol.com	
GMV ²⁾	EUR 2.7bn (2019)
Growth ²⁾	+28%
allegro	
GMV ³⁾	EUR 4.2bn (2019)
Growth ³⁾	+22%



1) 2017, Based on weighted average per market. Includes: US, UK, Germany, France; Netherlands; Spain; Italy; Poland. Global average for Amazon, Source: Company information. 2) Growth per annum since 2015, source: Company information. 3) Estimated, growth per annum since 2015, source: Company information.

CDON is the only local Nordic marketplace at scale

First mover advantage in market with steady shift to online

CDON is the largest marketplace in the Nordics

- Attractive position on growing Nordic e-commerce market
- +SEK 1.5 billion in marketplace GMV LTM Q3 2020 and growing fast
- Complementary own retailing business providing products in categories not covered by external merchants

Strong value proposition for merchants and consumers

- For merchants: Increased distribution power and access to automated tools to optimize and drive sales
- For consumers: Unmatched product range and a next generation shopping experience under a well-known and trusted brand

Technology driven business characterized by rapidly growing sales and increasing profitability

- 100% Marketplace GMV growth Q3 2020
- 80% of gross profit generated from marketplace in Q3 2020
- EBITDA grew +150% to SEK 29 million LTM Q3 2020

~1,300

Merchants

+8m

Products

~2m

Active customers

35%

Growth in
of orders
Q3 2020

100%

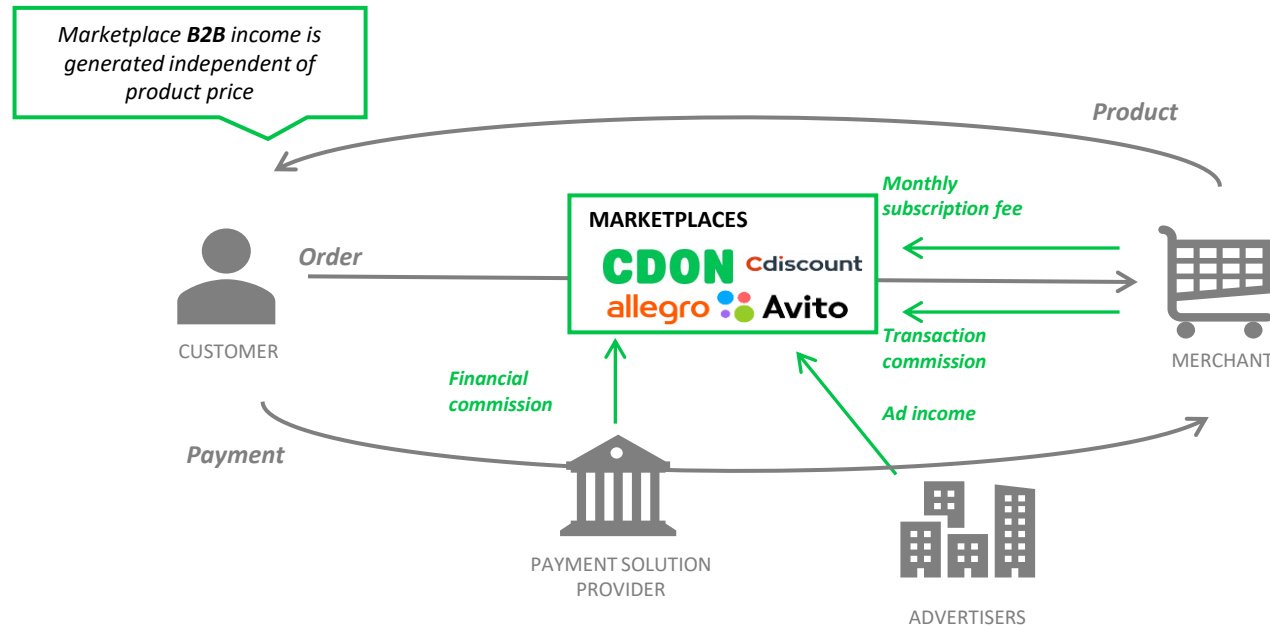
Marketplace
GMV growth
Q3 2020

80%

Marketplace
GP growth
Q3 2020

The marketplace business model is inherently attractive

Revenue earned through multiple income streams



- High contribution margin based on B2B revenue streams – gross margin close to 100%
- Merchants own the inventory and decide on price and campaigns on the platform
- Negative working capital profile driven by no inventory and deferred payments to merchants for goods purchased on the platform
- Digital and technology driven business model with scalability in operating expenses

- **Transaction revenue:** A fee is charged from the merchant when a transaction is made
 - **Ad income:** Advertisements are sold on CDON, generating revenue regardless of whether a transaction is made or not. Advertisers can be both merchants and others
 - **Monthly subscription fee:** Merchants are to be charged with a monthly fee
 - **Financing commission:** Payment solution provider paying a commission on income earned
- *All revenue from the marketplace is made without selling own goods and the related risks*

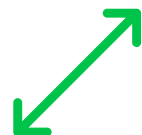
Success stories supporting CDON's value proposition

CDON



Access to new segments and markets

Serve customer segments or markets not previously targeted



Range expansion

Extend online offering and test new product lines



Brand building

Build an internationally recognized brand and be visible amongst brands complementing value proposition and positioning



Improved customer experience

Offer products in a new context or channel



Access to more advanced technology and data

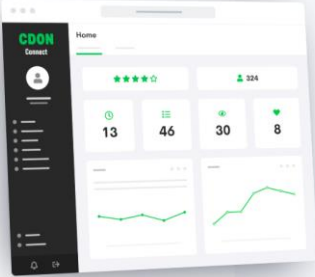
Improve customer insights and predictive tools to increase efficiency and reduce cost of sales



CDON Connect – The only tool merchants need to sell online



Now It's Easier Than Ever to Sell Online!



Imports Live

- Boost performance to support more products for scale & stability
- Easy registration - 100% automated onboarding
- Refine data to add more attributes
- Improve categorization quality to enhance Google feed
- Expand plug-in solutions to other e-com platforms (e.g. magento2, shopify etc.)
- Support campaigns input

Merchant center Live

- Online self services:**
- Pricing management
 - Content management
 - Campaign management
 - Accounting services
 - Loans
 - Last mile deliveries
 - Stock management
 - Insights and analytics
 - Ads and sponsored products

Integrations Pilot

- Supporting multiple external marketplaces
- Supporting external sales channels (Let's deal, Groupon etc.)
- Integration as-a-service (Consulting)
- Order management support to fulfilment centres

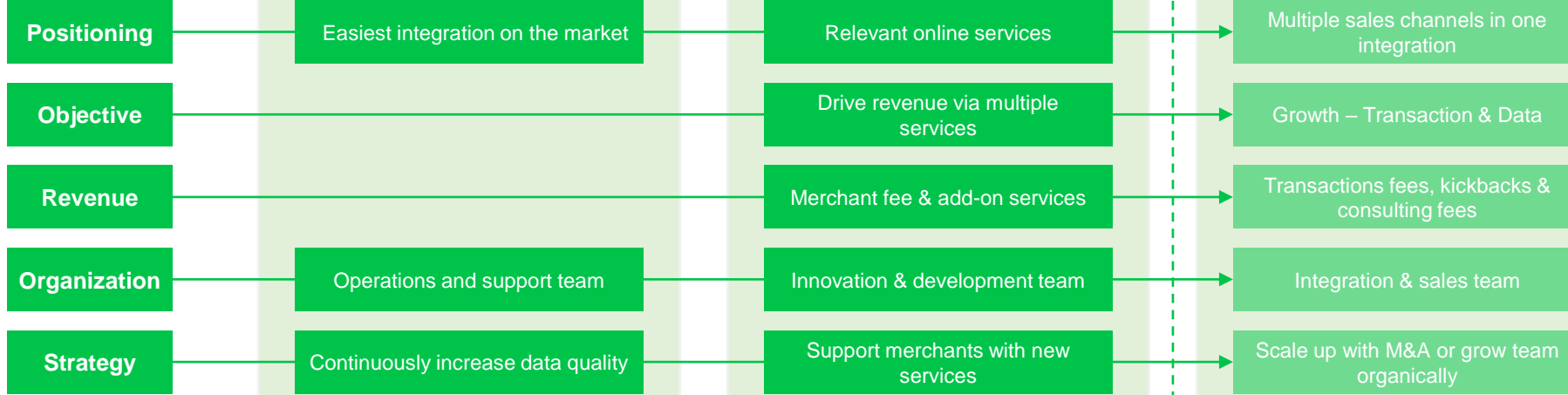
Product vision

By integrating CDON connect with other platforms, marketplaces, fulfillment centers and accounting services, CDON Connect can offer a complete digital sales channel for brands, manufacturers and merchants

Business case example:
Go-to-market strategy through CDON Connect for a large appliances brand in Sweden

- Premium sales and physical awareness through Elköp
- Mass-market through CDON
- Outlet through Fyndiq
- Bargain goods through Tradera

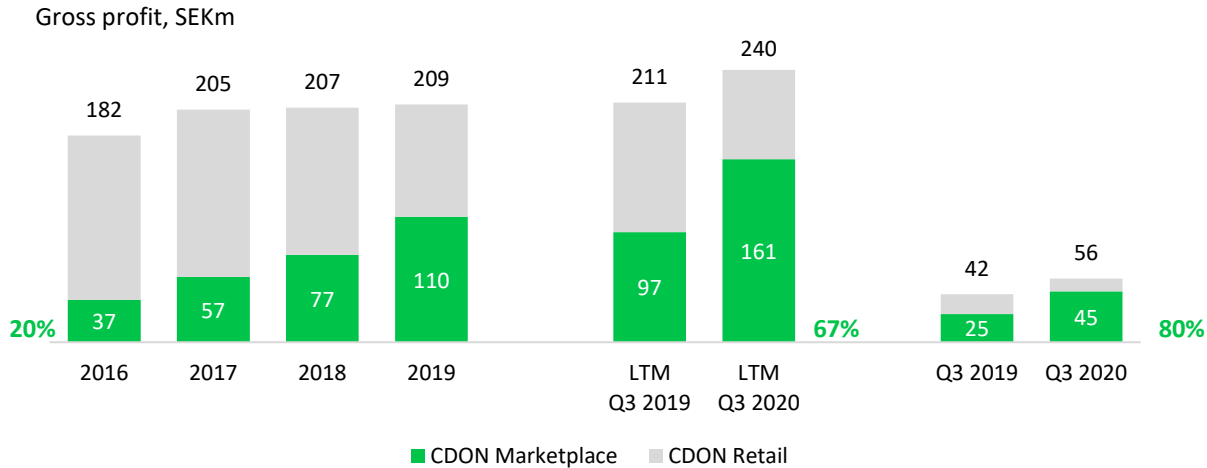
All in one connection and one dashboard supporting your current infrastructure



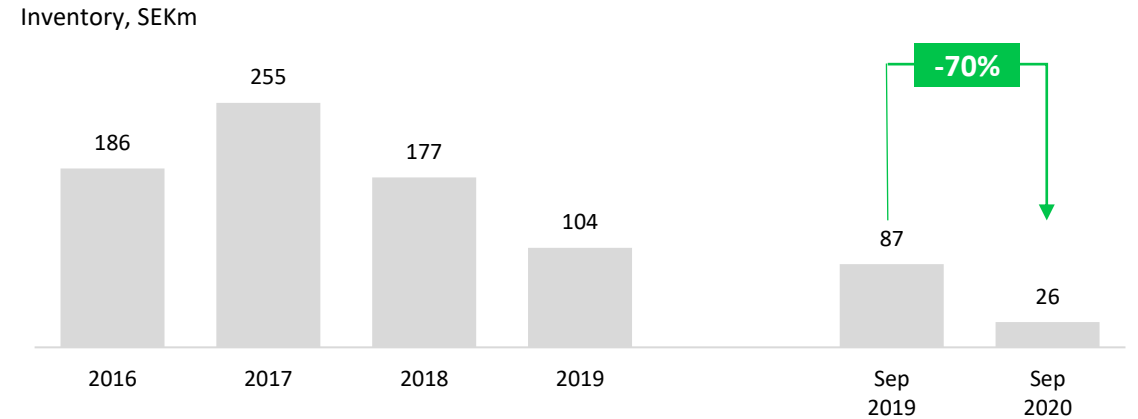
Simple integration, lower fees, personal service and access to more relevant data

Business model is proven by strong profitable growth

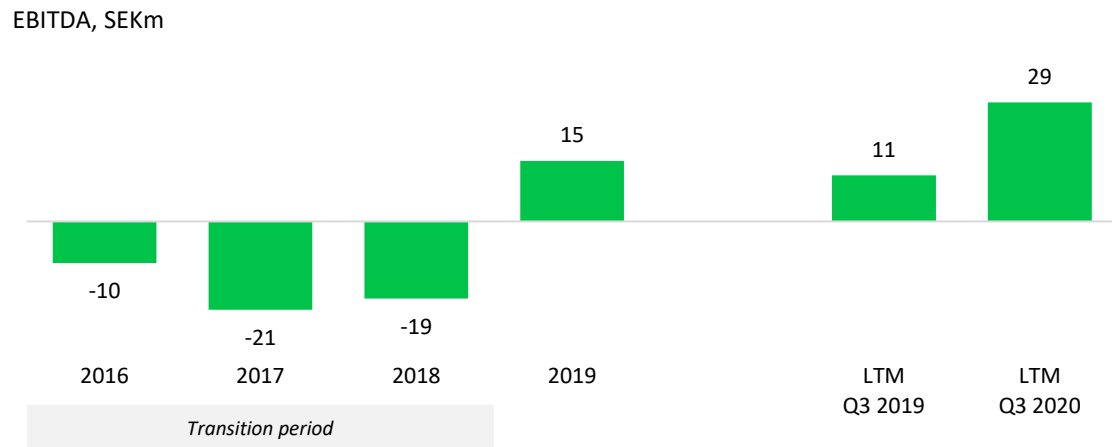
Rapidly growing marketplace



Significantly reduced working capital



Strong trend in operating profitability

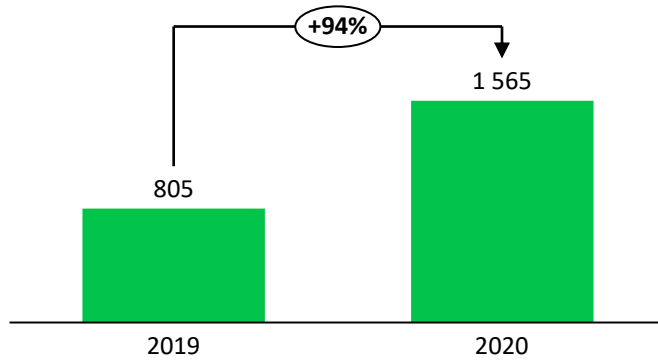


- ✓ Technology driven and asset light business model
- ✓ Transformation to marketplace has significantly reduced risk, improved underlying profitability and cash flow
- ✓ Scalability and absolute decrease in operating expenses leading to high EBITDA growth
- ✓ Upside in ongoing initiatives to improve operational excellence further

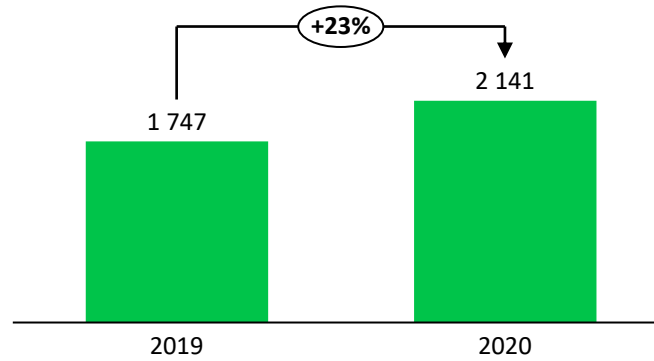
Strong current momentum across several KPIs

LTM development as of Q3 2020

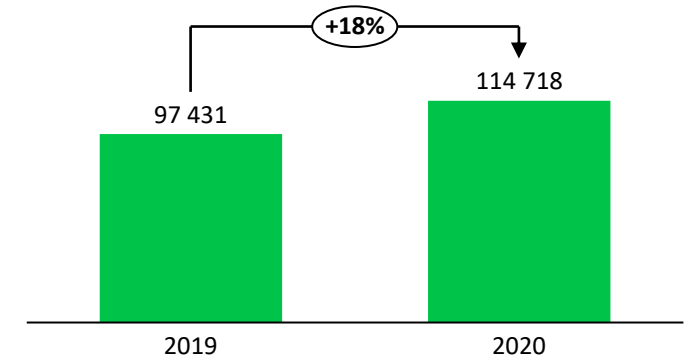
Sales external merchants (GMV), SEKm



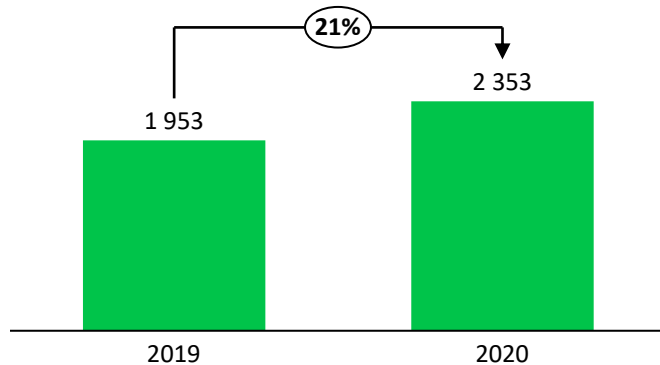
Active customers, '000



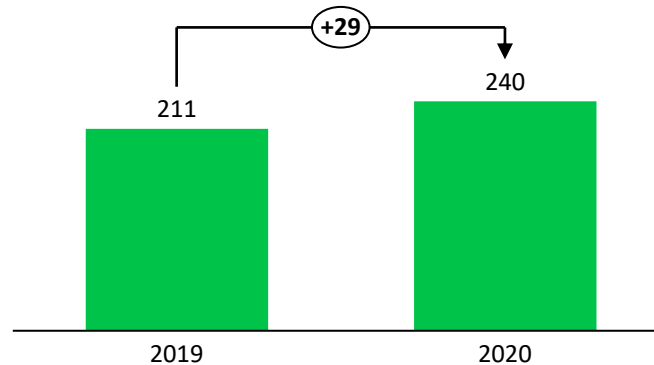
Number of visits, '000



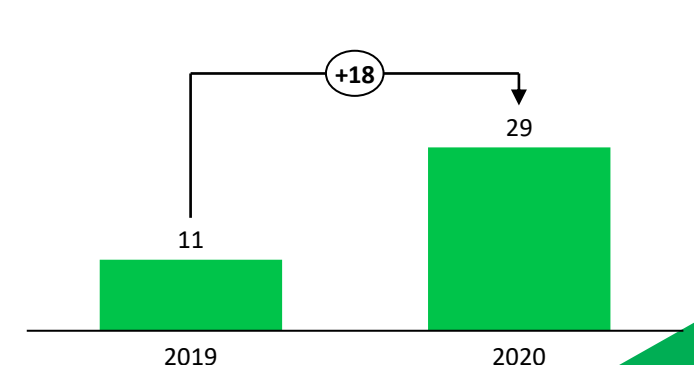
Total Gross merchandise value (GMV), SEKm



Gross profit, SEKm



EBITDA, SEKm



Thank you