

The image is a cover page for a report. It features a solid green background with two large, semi-transparent circles of a slightly darker shade of green. One circle is positioned in the upper left, and the other is in the lower right. The text is centered and rendered in white. The main title 'CDON' is in a large, bold, sans-serif font. Below it, 'Year-end report' and 'Q4 2021' are in a smaller, bold, sans-serif font, stacked on two lines.

CDON

Year-end report

Q4 2021

Year-end report Q4 2021

Building the Nordic online marketplace champion

FOURTH QUARTER FOR THE GROUP

- Gross merchandise value (GMV) for CDON Marketplace (3P) increased by 6% to SEK 678.1 (640.9) million
- Net sales for CDON Marketplace decreased by 5% to SEK 71.8 (75.9) million. CDON Retail net sales also decreased as the process of reducing sales of own inventory continued according to plan
- Gross margin increased by 11.4 percentage points to 46.4% (35.1%)
- Operating profit before depreciation and amortization amounted to SEK -10.4 (18.1) million. Affecting the result for the quarter is a one-time cost reservation of SEK 20 million related to merchant issue. Excluding items affecting comparability during the quarter, operating profit before depreciation and amortization amounted to SEK 9.6 (28.2) million
- Net income for the period amounted to SEK -16.9 (11.8) million
- Earnings per share amounted to SEK -2.62 (1.97)

FULL YEAR 2021 FOR THE GROUP

- Gross merchandise value for CDON Marketplace (3P) increased by 11% to SEK 1,973.2 (1,777.3) million
- Group net sales amounted to SEK 542.2 (797.6) million. Net sales for CDON Marketplace amounted to SEK 201.4 (207.4) million, while net sales in CDON Retail amounted to SEK 340.8 (590.2) million, a decrease by 42% due to the continued phaseout of CDON Retail
- Gross margin increased by 10.5 percentage points to 41.9% (31.4%)
- Operating profit before depreciation and amortization amounted to SEK -41.6 (23.8) million. Adjusted operating profit before depreciation and amortization amounted to SEK -21.6 (33.9) million
- Net income for the period amounted to SEK -62.6 (-6.3) million
- Earnings per share amounted to SEK -10.18 (-3.95)

	2021	2020		2021	2020	
Amounts in SEK million	Q4	Q4	Δ	Jan- Dec	Jan- Dec	Δ
CDON Marketplace (3P)^{1,3}						
Gross merchandise value	678.1	640.9	6%	1,973.2	1,777.3	11%
Net sales	71.8	75.9	-5%	201.4	207.4	-3%
Gross margin (%)	95.0	94.6	0.5 pp	94.2	94.2	0.0 pp
CDON Retail (1P)⁴						
Gross merchandise value	105.4	187.2	-44%	343.8	597.7	-42%
Net sales	106.4	184.6	-42%	340.8	590.2	-42%
Gross margin (%)	13.7	10.6	3.1 pp	11.0	9.4	1.6 pp
CDON Group⁵						
Total Gross merchandise value ²	783.5	828.1	-5%	2,317.1	2,375.0	-2%
Net sales	178.2	260.5	-32%	542.2	797.6	-32%
Gross margin (%)	46.4	35.1	11.4 pp	41.9	31.4	10.5 pp
Operating profit before depreciation	-10.4	18.1	n/a	-41.6	23.8	n/a
Active customers, last 12M, thousands	2,027	2,255	-10%	2,027	2,255	-10%

¹All service income is recognized in CDON Marketplace (3P)

²Gross merchandise value refers to total sales of goods from third-party merchants and own sales excluding returns and sales tax

³CDON Marketplace (3P) refers to third-party merchants affiliated to CDON

⁴CDON Retail (1P) refers to CDON's own sales via warehouse or drop shipment

⁵CDON Group encompasses results from CDON AB, subsidiaries and shares in associated companies

Letter from the CEO

I want to thank the board for their trust and for the opportunity to lead CDON. With a background from driving transformation and building successful lifestyle brands I see one of the rarest opportunities of my career.

CDON is probably one of the Nordic brands with the most potential, with its strong market position and favorable market trends. The brand has been under-managed for some time. Building a strong brand is not a project. Instead, it's a continuous process of securing that the brand's DNA is understood by everyone and that it's handled in a consistent and conscious way. To support us in this effort we are cooperating with some of the best minds in the brand and marketing industry. CDON is a well-established brand with a very high brand awareness. We will change the perception and create a loved brand with a clear identity and promise. We are not there yet. But we will be. CDON will be the natural destination for the Nordic consumer.

I have been in the company for 6 weeks and while brand development is a major workstream, I'd like to elaborate on some of our other focus areas:

- **Merchant expansion in the Nordics**

CDON is the leading marketplace in the Nordics. Now we are taking the next step to further establishing our position and presence in the region. Most of our merchants are from Sweden and have joined CDON during the last 3 years – a result of focused and dedicated work. We see a huge potential in doing the same journey in the other Nordic countries. We see no reason for us not to be able to reach a significant volume in a short time also in Norway, Finland and Denmark. We started lightly in Q1, in Q2 we expect to launch a structured onboarding in Norway. The onboarding of Finnish and Danish merchants is planned to start throughout the year.

The merchants that we keep an active dialogue with on a regular basis typically perform very well on our platform. Yet, the number of merchants we interact with in this way is limited. During Q1 we have reorganized our merchant team and sales processes to enable a broader and more structured communication with all merchants based on segmentation. Our sales and onboarding team for new merchants is also organized according to similar principles to increase the onboarding pace.

- **Category leadership**

Our category strategy is central to our aim of becoming the Nordic e-commerce destination and is centered around gaining leadership in selected core categories. Our leading categories today are Home Electronics and Home and Garden. While our product range amounts to 12 million SKUs, we now invest in our category team to significantly step up our efforts in building the leading categories, and we will welcome the first additions to our category team in Q2. This means that we will work very targeted in building strong category offerings in terms of product range, product availability, price points, product information, UX and so forth. This strategic initiative of developing assortment will increase number of items per order, cross category sales and our organic traffic due to higher relevance in the prioritized categories.

- **Improved customer experience**

While we aim at creating an extraordinary customer experience, we still have work ongoing in first achieving a basic level of customer experience. Areas involve an improved service level in customer service, including closer follow-up on non-performing merchants, better visibility in relation to delivery options, navigation on the site, basic filtering options, and updated payment offers. This work will continue throughout the year.

- **The most attractive employer in the Malmö region**

The CDON organization and team is young in many aspects, and while the will is there, the processes are not always in place. The past two years have been incredibly turbulent for the team, involving three different CEOs in one year, while at the same time executing on a number of major events for the company including an IPO, several acquisitions, a share issue, as well as the pandemic. The company now has a need for a very present leadership. The upside of trimming the team processes and organization to the next level is significant.

We aim to having the best leaders in every function of our business. I'm therefore very excited to welcome several new members to our team. Among those, we have Thomas Pehrsson starting as CFO in March, Madeleine Södarv starting as Chief Customer Officer in April and Magnus Nanne who already joined us as Chief People Officer in January. With Thomas, Madeleine and Magnus on board, we now have a complete, professional and skilled management in place.

Our journey of becoming a destination for consumers also involves becoming a very attractive destination for talent, for future leaders and specialists. It is a priority for us to increase employee satisfaction and retention rates, to clarify and enhance the culture of performance, to develop our teams and to build up our capabilities within recruitment. We will invest and focus heavily on this, aiming to become the most attractive working place of the Malmö region. I can already now see clear improvements in this area.

Q4

The year 2021 ended with an 11% GMV growth for CDON Marketplace while the underlying e-commerce market in Sweden grew by 5%¹.

In Q4 our marketplace GMV grew by 6%. The Swedish e-commerce market grew by 16% in October and showed a negative growth of -25% and -24% in November and December respectively. Compared to the weak underlying market, we took market share despite the indirect effects of the termination of merchants during the quarter (see below). We aim at growing at a high pace and we are targeting a significantly higher growth rate.

We entered the quarter with a good momentum from Q3, that slowed down substantially due to the incident during Black Week where we had to terminate merchants due to fraudulent behaviour. Unfortunately, the event took place just before and during Black Week, one of the most important weeks of the year, and the starting point of the peak season. We were hit on GMV level as an indirect consequence of the terminated merchants. While other merchants and categories compensated for some of the lost sales from these terminated merchants, preparations for Black Week and the Christmas period are done months in advance with merchants reserving stock in collaboration with us and based on our forecasts. With sizable merchants being terminated during this period, other merchants did not have time to build up stock levels in time.

[Svensk Handels E-handelsindikator December 2021](#)

In retrospect we were not prepared well enough for such an incident, and our routines needed to be enhanced. As a direct effect of the incident, we have improved our internal processes to manage merchant risk and prevent fraud more efficiently.

In Q4 we continued our initiatives to strengthen the intake of new customers and we are continuously improving both our technical and marketing initiatives in order to reach more customers. Among those, an incremental improvement in product data was made during Q4 2021 through the categorization technology of Shopit Online Europe AB. More than 95% of CDON's 12 million SKUs now have enhanced categorization and product data. While we see a higher conversation rate and an improved on-site customer experience, most of the features related to navigation and structuring of products are yet to be launched.

We ended the year with finalising the acquisitions of majority stakes in the companies Xales and Commerce 8. Xales is an early-stage SaaS integrator that facilitates merchant integrations with marketplaces. Xales also provides an early phase development of a BI solution which enables merchants to optimize their e-commerce businesses by understanding sales data from multiple sales platforms. The acquisition of Xales is shortening development time of our services within these areas and adds product and development capabilities to our team.

Commerce 8 is a consultancy business supporting merchants in expanding their sales on marketplaces. Commerce 8 provides deep knowledge of the needs of merchants, providing us with a differentiator against other marketplaces in driving our merchant onboarding process.

The opportunity

Before wrapping up this letter I would like to reflect a moment over the future.

The Nordic e-commerce market excluding Food totals 243 billion SEK, which leaves plenty of room for a marketplace player to grow. Would a player in the Nordics seize a similar market share as bol.com, the leading marketplace in the Netherlands, this would result in a GMV of 55 billion SEK². Internet penetration in the Nordics is very high and the last mile infrastructure from third party vendors is well developed enabling second day delivery in most parts of the Nordics and same day delivery in the major cities. However, the process for customers finding new products is an anomaly. Searching for products in the Nordics is a non-straight forward iterative process including opening several windows, remembering product reviews from different sources and navigate between search engines and price comparison sites.

The value of a destination where you can find all the variations of the product you are looking for, searchable, organized and filterable in a relevant, seamless and clear way is very strong. If we add transparent, fast, and reliable deliveries, and a rock-solid customer support we have a non-beatable offer.

In many European markets this situation has implied an open spot being up for grabs with generalist local marketplaces taking leadership.

In the Nordics, CDON is the leading local marketplace. We have more than 1,500 selling merchants, 12 million products and 2 million customers shopping on our platform. With our platform we are the best positioned company to go for the Nordic marketplace opportunity.

The marketplace landscape is exploding all over the world and there is a given playbook for building leading generalist marketplaces, while also taking inspiration from innovative high growth niche marketplaces. The drive in our current business, while not yet having scratched on the surface of developing the brand, building fulfilment solutions, optimizing the consumer experience and leveraging social media and mobile, is astonishing.

[2/Market share in line with leading marketplace in Netherlands \(Bol.com\) with ~20% of total e-commerce in the Dutch market \(including food online, source: Euromonitor, CDON\)](#)

The opportunity is breathtaking, our position is unique, and time is limited. We will develop fast and execute at a high pace.

Betting on CDON shall be betting on Nordic e-commerce.

Sincerely,

Peter Kjellberg
CEO

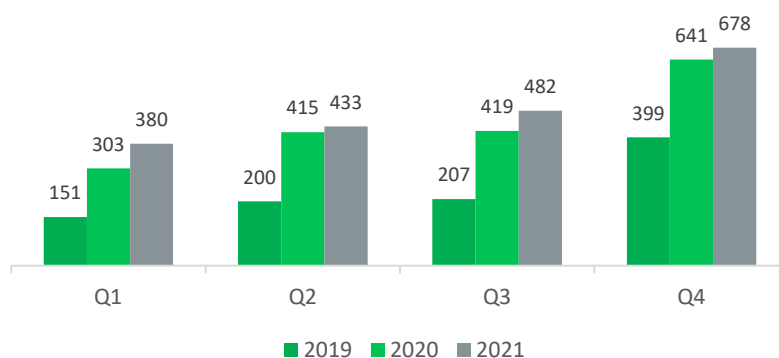
CDON Marketplace continues to take market share

CDON's main operations is CDON Marketplace (3P), in which sales come from third-party merchants and other services, and the supplementary business area CDON Retail, in which sales come directly from CDON by its own warehouse or drop shipment.

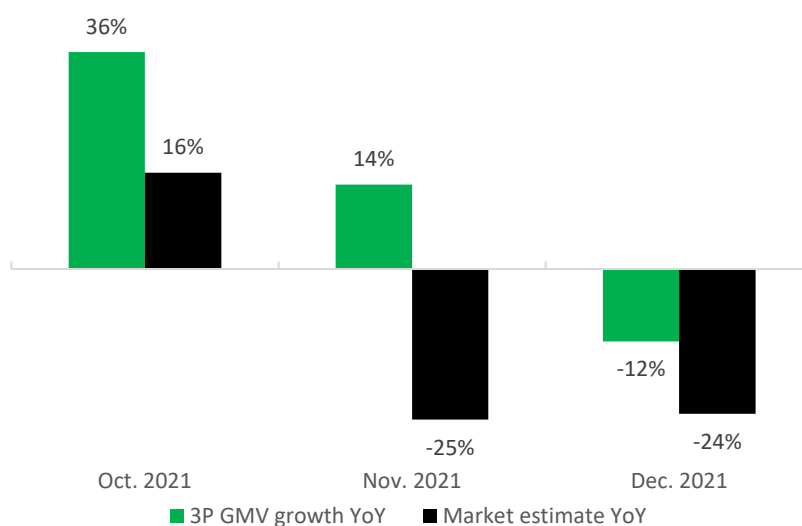
According to the latest reports of Svensk Handel¹, the Swedish e-commerce market experienced a decline of 25% and 24% in November and December compared with 2020. The decline in the e-commerce market is mainly caused by less Covid-19 restrictions. Despite a negative market development CDON Marketplace managed to take market share, growing 3P GMV 6% during the quarter.

¹[Svensk Handels E-handelsindikator December 2021](#)

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



Gross merchandise value, CDON Marketplace (3P) growth compared with market estimate¹



¹[Svensk Handels E-handelsindikator December 2021](#)

CDON Marketplace winning in core categories

CDON Marketplace (3P) offers a wide range of products with attractive prices in a business model with limited capital requirements. The merchants pay for the sales generated in the marketplace. Factors such as a strong brand and a wide range of products enable CDON to attract consumers at a favorable cost to the merchants.

CDON continues to develop new functions to be the sales engine for merchants and the starting point for shopping in the Nordics for consumers. Adding new merchants generates a greater product assortment and price competition to the benefit of the consumer which drives 3P GMV growth. 3P GMV growth amounted to 6% for the quarter. Factors effecting GMV growth during the quarter was a weaker underlying market compared to 2020 and the indirect effect caused by the termination of sizable merchants as a result of issues relating to the merchants' delivery of products. The termination happened during Black Week, CDON's most important sales period, and together with the current component shortage it caused difficulties in sourcing more key SKUs on short time.

Gross Profit decreased by 5% to SEK 68.2 (71.8) million driven by lower commissions from merchants. The decline in commissions is mainly related to a shift in product mix, as the share of high value, lower margin products increased as a share of 3P GMV. These products are mainly within the Home Electronics category which has a higher AOV but lower commission levels. As mentioned in Q3 2021, the shift is meant to establish leadership within a high-demand category which increases organic traffic.

CDON Marketplace's gross profit consists primarily of merchant commissions and financial commissions from our payment solution provider (PSP). Marketing and income from ads are still in an early phase and constitute less than 0.3% of the marketplace GMV.

CDON Retail continues to phase out its own inventory

CDON Retail previously offered a wide range of products from its own warehouse, but this has been phased out in recent years in favor of CDON Marketplace. Today CDON Retail mainly sells products not yet offered by external merchants via CDON Marketplace and consists primarily of traditional media products and a selected product range via drop shipment.

This ongoing transition resulted in a net sales decrease for the segment of 42% to SEK 106.4 (184.6) million compared to last year. The segment's gross profit amounted to SEK 14.5 (19.6) million during the quarter. The gross margin increased to 13.7% (10.6%) because of mainly a higher sales share of traditional media products compared to last year.

Lower inventory levels, less risk and more scalability

Following the shift to a marketplace, inventory levels were 23% lower at the end of the quarter compared to the previous year. During the quarter the inventory levels increased because of the inventory acquisition of Discshop and higher volumes of SKUs within the Home Electronics category.

	2021 Q4	2020 Q4	Δ
Opening inventory balance	12.9	26.3	-51%
Closing inventory balance	19.3	25.2	-23%

Shift in product mix drives increased average order value

	2021 Q4	2020 Q4	Δ	2021 Jan-Dec	2020 Jan-Dec	Δ
Active customers, last 12M, thousands	2,027	2,255	-10%	2,027	2,255	-10%
Visits, thousands ¹	28,927	41,893	-31%	88,102	123,231	-29%
Orders, thousands	1,085	1,305	-17%	3,120	3,756	-17%
Average shopping basket, SEK	722	634	14%	743	632	17%
Selling merchants, last 12 months ²	1,545	1,263	22%	1,545	1,263	22%

¹Changes to the measurement of traffic negatively affect the tracked number of visits by ~15% compared to 2020

²Total number of merchants with sales during the period (previously merchants with products on the platform was presented)

During the quarter, the number of selling merchants on CDON Marketplace increased to 1,545 merchants, an increase by 22% compared with last year. CDON works more strategically with regards to merchant onboarding. Focus is on onboarding key merchants that will strengthen the product assortment and improve the customer experience with regards to delivery and customer service. In line with this strategy, CDON announced after the quarter that Decathlon, one of the world's largest sports retailers, joined CDON Marketplace and therefore strengthened our assortment within the Sports category.

The focus on onboarding key merchants has resulted in lower sequential growth in the number of selling merchants, but has strengthened our product offering. During the quarter, the number of SKUs increased by one million to 12 million at the end of the year. By expanding the product assortment CDON increases its competitiveness within core categories.

CDON is implementing both technical and marketing initiatives in order to reach more customers. One important enabler within both traffic acquisition and customer experience is to improve the quality of the product data. Several initiatives are ongoing in this area, whereof one example is the work with merchants to improve the quality of the product data received from them. As stated in Q3 2021, an incremental improvement to product data was made during Q4 2021 with the categorizations technology of Shopit Online Europe AB. More than 95% of CDON's ~12 million SKUs have now enhanced categorization and product data resulting in a higher conversion rate and improved on-site customer experience. With the improved product data, traffic acquisition through SEO and SEM will be more efficient and cost effective.

During 2021, CDON made improvements in its bot detection systems and adjustments of its cookie policy in accordance with GDPR-regulation which decreases traceability of visitors. The effects of these changes amount to an artificial 15% decrease in traffic numbers. Also, the traffic numbers for 2020 increased due to the Covid-19 pandemic when the population stayed at home to prevent further infections. As health regulations were progressively lifted during 2021, traffic numbers declined in comparison with 2020 which also effected the number of orders and active customers due to the lower traffic pool. The numbers are expected to be more comparable in 2022.

Continued development of the consumer and merchant offer

CDON continuously launches new features and services to improve the customer experience and increase sales to merchants. In line with our M&A strategy to accelerate the development and improvement of our platform, CDON acquired a majority stake in the Finnish companies Xales Tech Lab Oy and Commerce 8 Oy. Both companies will strengthen the merchant offering and improve the onboarding process for larger merchants.

During the quarter, CDON relaunched its customer membership program CDON+. The membership now includes free shipping on the entire product assortment and frequent exclusive deals, all for 89 SEK per year. Since the relaunch in November 2021, CDON+ has added ~20,000 new members and further additions to the offering are being explored.

Significant events during and after the quarter

On October 20th, 2021, it was announced that Peter Kjellberg had been appointed CEO of CDON AB starting January 1st, 2022. Peter Kjellberg has a background from the listed companies Dometic and Thule where he has been one of the key senior leaders driving successful transformations and expansions of the companies, creating strong global premium lifestyle brands through profitable growth.

In November 2021, CDON relaunched its customer membership program CDON+. The new offering includes free shipping on the entire product assortment on CDON Marketplace and frequent exclusive deals. The relaunch resulted in ~20 000 new members and additional membership features are being explored.

During CDON's sales campaign "Black Week", an issue relating to some merchants' delivery of products was discovered. Customers buying from specific merchants on CDON Marketplace didn't receive their ordered products as stated. This represents a breach in CDON's terms and conditions which led CDON to remove the merchants from CDON Marketplace. To be able to compensate the customers for their purchases, a one-time cost of SEK 20 million was reserved by CDON in the fourth quarter of 2021.

On December 29th, 2021, CDON acquired majority stakes in the Finnish companies Xales Tech Lab Oy and Commerce 8 Oy. Both companies will strengthen CDON's offering to merchants as well as improve the onboarding process for new merchants. Part of the acquisition of Xales was paid by a directed issue of 6,156 CDON shares to the sellers, corresponding to a dilution of 0.10% based on the total amount of shares in CDON after the directed issue.

On January 20th, 2022, the Board of Directors at CDON decided to summon shareholders for an Extra Ordinary General Meeting on February 22nd, 2022. The Board of Directors of CDON AB proposes a long-term incentive program for CDON's management team and management of subsidiaries. The purpose of the proposed program is to create strong incentives for management to drive the long-term performance of CDON, attract and retain key competence, and align the interests of the participants with the shareholders' interests.

On January 31st, 2022 it was announced that Magnus Nanne was appointed Chief People Officer ("CPO"). Mr. Nanne has an extensive background within Human Resources which

spans more than 20 years. Among previous assignments, Mr. Nanne was Head of HR for Honda Motor Co, Ltd's European operation. Starting in January 2022, Mr. Nanne joined CDON as a consultant whereof he now transitions to a permanent role as CPO and join the Management Team.

On February 1st, 2022 it was announced that Thomas Pehrsson was appointed Chief Financial Officer ("CFO"). Mr. Pehrsson will assume his role on March 7th, 2022. Mr. Pehrsson has an extensive background within finance and more than 20 years' experience within finance management and management consultancy. He was most recently CFO for the Nordic subsidiary of Tunstall Health Group, a global technology company within digital healthcare.

On February 8th, CDON announced that Madeilene Södarv has been appointed Chief Customer Officer ("CCO"), starting April 02, 2022. Ms. Södarv will join the Management Team and be responsible for the further development of the customer experience and marketing. Ms. Södarv joins CDON from Ikano Bank, a leading consumer finance bank where she was Head of Customer Experience. She has extensive expertise within digital strategy, customer insight and marketing from roles at the companies E.ON, Duni and Ottoboni Group.

On February 10th, CDON announced that it expands its product offering in the sports category and welcomes Decathlon to CDON Marketplace. The French company is the world's largest sports retailer with a selection of over 40,000 products. Decathlon launches its almost full assortment on CDON Marketplace on March 1, 2022. In August 2021, Decathlons Swedish organization decided to conduct a small pilot test, selling on CDON Marketplace. The pilot was a success and now Decathlon is launching its almost full assortment on CDON Marketplace.

Comments on financial performance

During the quarter the total GMV decreased by 5% and during the full year 2021 the total GMV decreased by 2%. Compared with the same quarter last year, Group net sales decreased by 32% to SEK 178.2 (260.5) million. CDON Marketplace net sales declined by 5% despite a 6% increase in 3P GMV which is related to the shift in product mix. Net sales for the full year 2021 decreased by 32%, to SEK 542.2 (797.6) million. The decrease in net sales was related to CDON Retail, which continued to phase out sales in favor of external merchants on CDON Marketplace.

Gross margin for the Group increased by 11.4 percentage points to 46.4% (35.1%) during the quarter and during the full year 2021 it increased by 10.4 percentage points to 41.9% (31.4%). The increased gross margin is due to CDON Marketplace expanding its share of total GMV and has a higher gross margin than CDON Retail.

Operating profit before depreciation and amortization for the Group was SEK -10.4 (18.1) million for the quarter. A lower gross profit, higher operating expenses, and the one-time cost reservation of SEK 20 million were the main reasons for the lower operating result for the quarter. Adjusted operating profit before depreciation and amortization amounted to SEK 9.6 (28.2) million. During the full year, the group had an operating profit before depreciation and amortization amounting to SEK -41.6 (23.8) million. Adjusted operating profit before depreciation and amortization for the full year 2021 amounted to SEK -21.6 (33.9) million. During 2021, CDON carried out several initiatives to set the foundation for future growth. Several of these initiatives are expected to be a one-time cost. CDON estimates that these one-time costs items not included in the adjusted operating profit amounts to SEK 7.5 million for the full year 2021.

Group operating profit amounted to SEK -16.1 (12.4) million for the quarter. For the full year 2021, group operating profit amounted to SEK -61.6 (-6.5) million. Increased operating

expenses and the one-time cost reservation during Q4 2021 are the main reasons behind the decrease in operating profit.

Net financial items for the Group amounted to SEK -0.8 (-0.6) million for the quarter. For the full year 2021, net financial items amounted to SEK -1.0 (0.1) million. Profit before tax amounted to SEK -16.9 (11.8) million for the quarter and for the full year it amounted to SEK -62.6 (-6.3) million. Recognized tax expense amounted to SEK 0.0 (0.0) million for both quarter and full year.

Profit after tax amounted to SEK -16.9 (11.8) million for the quarter and for the full year 2021 it amounted to SEK -62.6 (-6.3) million. Profit after tax per share amounted to SEK -2.62 (1.97) for the quarter and for full year 2021 it amounted to SEK -10.18 (-3.95).

Cash flow and financial position

During the quarter, an increase in operating liabilities (mainly merchant liabilities), due to seasonal effects led to a positive total cash flow for the Group of SEK 13.9 (124.1) million. For the full year 2021, total cash flow amounted to SEK 30.1 (-24.9) million. The positive cash flow for 2021 was mainly due to the directed share issue in September 2021, resulting in a positive cash flow of SEK 188.4 million.

Group cash flow from operations after changes in working capital amounted to SEK 24.0 (130.4) million for the quarter. A lower operating result and a lower positive effect from changes in operating liabilities are reasons for the lower cash flow. Related to the fraud incident, CDON compensated customers which amounted to SEK 8.3 million for the quarter. For the full year 2021, group cash flow from operations after changes in working capital amounted to SEK -105.4 (32.3) million. The lower operating profit and a smaller effect from decreased inventory levels is the main reasons for the lower cash flow for 2021 compared with last year.

Cash flow from investing activities amounted to SEK -9.8 (-6.3) million for the quarter and for the full year 2021 it amounted to SEK -52.9 (-22.8) million. Higher investments for the full year 2021 are related to the acquisition of shares in Shopit Online Europe AB and subsidiaries Xales Tech Lab Oy and Commerce 8 Oy. CAPEX amounted to SEK -5.6 (-6.3) million for the quarter and for the full year it amounted to SEK -21.6 (-22.8) million. Acquisitions of subsidiaries net assets amounted to SEK -4.2 (0.0) million for both the quarter and full year 2021, which relates to the acquisitions of Xales Tech Lab Oy and Commerce 8 Oy. Cash flow effect for the full year 2021 for the acquisition of shares in Shopit Online Europe AB amounted to SEK -27.1 million.

Cash flow from financing activities totaled SEK -0.3 (0.0) million for the quarter and for the full year 2021 it amounted to SEK 188.4 (-34.4). The main reason for the higher cash flow for 2021 is the directed share issue conducted in September 2021 which had a positive cash flow effect of SEK 188.4 million.

Cash and cash equivalents amounted to SEK 202.9 (173.3) million at the end of the quarter.

Total assets amounted to SEK 380.9 (298.7) million and equity amounted to SEK 199.7 (61.0) million.

Employees

At the end of the quarter, CDON AB had a total of 115 (137) full-time employees (measured as an average number for the fourth quarter). All employees work from the company's office in Malmö.

Together with its subsidiaries, the Group's full-time employees totals 120.

Share data

Since November 6, 2020, CDON's shares have been listed on Nasdaq First North Growth Market, with FNCA Sweden AB as Certified Adviser. The shares have ISIN code SE0015191911 and the abbreviation CDON.

As of December 31, CDON had 6,444,327 issued shares. All were ordinary shares. The share capital totaled SEK 6,444,327.

The effects of the Covid-19 pandemic

CDON's operations have been affected in several ways by the ongoing Covid-19 pandemic. CDON offers many products to groups that have increased their online shopping due to Covid-19. It is hard to foresee the enduring effects of the pandemic.

Accounting and valuation policies

The condensed consolidated interim financial statements and the interim financial statements of the Group and Parent company were prepared in accordance with the Swedish Annual Accounts Act with the accounting policies and bases of calculation used in the most recent annual report, i.e. BFNAR 2012:1 (K3).

Risks and uncertainties

Several factors affect, or may affect, directly or indirectly, the operations of CDON. These factors can be divided into industry and market risks, operational risks, financial risks, and legal risks. Industry and market risks include market developments in e-commerce, seasonal variations, risks related to fashion trends, the economic situation and consumer purchasing power. Operational risks include interruptions or deficiencies in IT and control systems, risks related to supplier relationships and to merchants' conduct on CDON Marketplace, as well as risks related to inventory and distribution. Financial risks include currency risk, credit risk, interest rate risk and liquidity risk. Legal risks include legislation, regulation and compliance, disputes and intellectual property rights. Risks and uncertainties are described in greater detail in the company description that was published ahead of listing of CDON's shares on the Nasdaq First North Growth Market (in Q4 2020) and in the Annual Report 2020.

CDON Ålandia

CDON previously distributed orders to customers in Finland from Åland. As communicated previously, the Finnish authorities have been investigating CDON's subsidiary CDON Ålandia Ab for suspected tax fraud for several years. Proceedings had earlier been initiated at Åland district court in Finland against three individuals who were members of CDON Ålandia Ab's Board in 2008–2013 and against two former employees of the Group. The Åland District Court rejected all charges and handed down an acquittal on February 25, 2020. On April 30, 2020, the Finnish prosecutor appealed parts of the Åland district court's judgment to the Åbo/Turku court of appeal. However, the appeal only concerned four (of the previous five) defendants and the alleged period of the offence had been limited by the prosecutor. The main hearing

(Sw. huvudförhandling) at Åbo/Turku Court of Appeal was held during the period November 16 – December 2, 2021. The Åbo/Turku Court of Appeal's judgement is expected to be served no later than on 31 March 2022. If a defendant is convicted in the Court of Appeal trial, they may be liable to pay damages to the Finnish authorities. If the defendants are ordered to pay damages, under certain circumstances they may make a claim to CDON or CDON Alandia for compensation. No such claim has been made, and CDON has not made any provisions for such claims. Prior to Nelly Group's (former Qliro Group's) distribution (in early November 2020) of all its shares in CDON AB to Nelly Group's shareholders, CDON Alandia, CDON and Nelly Group made an agreement governing the parties' mutual liabilities if any of them were to be ordered by a legally binding judgement to pay damages to the defendants. Under this agreement, any damages will be paid by CDON.

Related party transactions

No essential related party transactions occurred during the quarter.

Financial calendar 2022

The Annual Report for 2021 will be made available on April 8, 2022.

The interim report for Q1 2022 will be made available on April 21, 2022.

The interim report for Q2 2022 will be made available on July 14, 2022.

The interim report for Q3 2022 will be made available on October 20, 2022.

Nomination committee

During the quarter, CDON's Nomination Committee (Sw. valberedningen) ahead of the Annual General Meeting 2022 was appointed in accordance with the current instructions for the Nomination Committee adopted by the Annual General Meeting 2021.

The Nomination Committee consists of:

- Sandra Backlund, appointed by Rite Ventures, Chair of the Nomination Committee,
- Alexander Antas, appointed by Mandatum Private Equity, and
- Brad Hathaway, appointed by ADW Capital.

Audit

This report has not been audited by the company's auditor.

Malmö, February 16, 2022

CDON AB (publ)

Registered office: Malmö

Corporate ID number: 556406-1702

Postal address: Box 385, 201 23 Malmö, Sweden

Street address: Södergatan 22, 211 34 Malmö, Sweden

Conference call

Analysts, investors, and the media are invited to a conference call today at 14:00 CET. To participate in the conference call, please dial:

SE: +46856642706

UK: +443333009264

US: +16467224903

The presentation material and webcast will be published at www.investors.cdon.com.

For further information, please contact:

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About CDON

CDON was founded in 1999 and is now the biggest marketplace in the Nordic region. During 2020 we had over 120 million visits and 2.3 million customers. Our customers can choose to buy and compare prices for millions of products, by far the widest range of all Nordic e-retailers. Over 1,500 merchants offer their product range on CDON's platform to increase their sales. This gives CDON a wide range of products within movies, music, computer games, office supplies, books, toys, consumer electronics, household appliances, sport, outdoor, beauty care, fashion, shoes, computers and computer products. CDON is listed on First North with the abbreviation CDON.

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 CET on February 16, 2022.

Condensed income statement - Group

Amounts in SEK million	2021	2020	2021	2020
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	178.2	260.5	542.2	797.6
Cost of Goods Sold	-95.5	-169.1	-315.3	-546.9
Gross Profit	82.8	91.4	226.9	250.7
Selling expenses ¹	-69.1	-45.1	-172.3	-150.1
Administrative expenses ¹	-30.6	-34.1	-116.4	-107.8
Other operating income/expenses, net	0.8	0.2	0.2	0.7
Operating profit/loss	-16.1	12.4	-61.6	-6.5
Results from associated companies and jointly controlled companies	-0.8	0.0	-0.8	0.0
Net financial items	0.0	-0.6	-0.2	0.1
Profit/loss after financial items	-16.9	11.8	-62.6	-6.3
Profit/loss before tax	-16.9	11.8	-62.6	-6.3
Income tax	0.0	0.0	0.0	0.0
Profit/loss for the period	-16.9	11.8	-62.6	-6.3

¹ All depreciations and employee benefit expenses were previously classified as administration expenses. As of this financial year, depreciations related to capitalized development expenditure and employee benefit expenses attributable to 'Sales and marketing' are classified as 'Selling expenses'. Corrections have also been made to amounts for the comparative period.

Condensed balance sheet - Group

Amounts in SEK million	2021 31 Dec	2020 31 Dec
ASSETS		
Non-current assets		
Intangible assets	86.4	60.0
Property, plant and equipment	1.7	1.7
Financial assets	26.4	0.0
Total non-current assets	114.4	61.7
Current assets		
Inventory	19.3	25.2
Other current assets	44.3	38.6
Cash and cash equivalents	202.9	173.3
Total current assets	266.5	237.0
TOTAL ASSETS	380.9	298.7
EQUITY AND LIABILITIES		
Equity attributable to the parent company's shareholders	189.9	61.0
Non-controlling interests	9.8	0.0
Total equity	199.7	61.0
Provisions	7.0	0.0
Total provisions	7.0	0.0
Other long-term liabilities	0.2	0.0
Total long-term liabilities	0.2	0.0
Other current liabilities	173.9	237.7
Total current liabilities	173.9	237.7
TOTAL EQUITY AND LIABILITIES	380.9	298.7

Changes in equity-Group

Amounts in SEK million	2021 Jan-Dec	2020 Jan-Dec
Equity at beginning of year	61.0	151.7
Profit/loss for the year	-62.6	-6.3
Ongoing registering of rights issue	0.0	0.0
Share issue (net)	191.6	0.0
Dividend to parent company	0.0	-84.4
Equity attributable to the parent company's shareholders	190.0	61.0
Non-controlling interests	9.8	0.0
Equity at period-end	199.7	61.0

Condensed cash flow statement- Group

Amounts in SEK million	2021	2020	2021	2020
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Cash flow from operating activities before changes in working capital	3.0	17.9	-28.9	21.9
Increase (-)/decrease (+) in inventories	-6.8	2.0	7.0	79.7
Increase (-)/decrease (+) in operating receivables	-16.6	-15.5	-6.8	47.0
Increase (+)/decrease (-) in operating liabilities	44.4	126.0	-76.7	-116.3
Cash flow from operating activities	24.0	130.4	-105.4	32.3
Investing activities				
Acquisitions of property, plant and equipment	-0.6	-0.3	-0.9	-0.9
Acquisitions of intangible assets	-5.0	-6.0	-20.7	-21.9
Acquisitions of subsidiaries net assets	-4.2	0.0	-4.2	0.0
Acquisitions of shares in associated companies	0.0	0.0	-27.1	0.0
Cash flow from investing activities	-9.8	-6.3	-52.9	-22.8
Financing activities				
Share rights issue	-0.3	0.0	188.4	0.0
Repayment of loans	0.0	0.0	0.0	70.0
Disbursement of loans	0.0	0.0	0.0	-20.0
Dividend paid	0.0	0.0	0.0	-84.4
Cash flow from financing activities	-0.3	0.0	188.4	-34.4
Cash flow for the period	13.9	124.1	30.1	-24.9
Cash and cash equivalents at the beginning of period	189.3	48.6	173.3	196.9
Exchange rate differences in cash and cash equivalents	-0.3	0.6	-0.5	1.3
Cash and cash equivalents at the end of period	202.9	173.3	202.9	173.3

Condensed income statement- parent company

Amounts in SEK million	2021	2020	2021	2020
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	178.2	260.5	542.2	797.6
Cost of Goods Sold	-95.5	-169.1	-315.0	-546.9
Gross Profit	82.8	91.4	227.2	250.7
Selling expenses ¹	-69.1	-45.1	-172.2	-149.6
Administrative expenses ¹	-30.4	-34.1	-116.3	-107.8
Other operating expenses	-0.2	0.2	-0.8	0.7
Operating profit/loss	-17.0	12.5	-62.1	-6.0
Net financial items	0.0	-0.6	-0.2	0.1
Profit/loss after financial items	-17.0	11.9	-62.3	-5.9
Profit/loss before tax	-17.0	11.9	-62.3	-5.9
Income tax	0.0	0.0	0.0	0.0
Profit/loss for the period	-17.0	11.9	-62.3	-5.9

¹All depreciations and employee benefit expenses were previously classified as administration expenses. As of this financial year, depreciations related to capitalized development expenditure and employee benefit expenses attributable to 'Sales and marketing' are classified as 'Selling expenses'. Corrections have also been made to amounts for the comparative period.

Condensed balance sheet- parent company

Amounts in SEK million	2021 31 Dec	2020 31 Dec
ASSETS		
Non-current assets		
Intangible assets	61.6	60.0
Property, plant and equipment	1.7	1.7
Financial assets	44.1	0.0
Total non-current assets	107.4	61.7
Current assets		
Inventory	19.3	25.2
Other current assets	43.6	38.5
Cash and cash equivalents	197.5	170.3
Total current assets	260.5	233.9
TOTAL ASSETS	367.8	295.7
EQUITY AND LIABILITIES		
Equity	188.1	58.9
Total equity	188.1	58.9
Provisions	7.0	0.0
Total provisions	7.0	0.0
Other current liabilities	172.7	236.7
Total current liabilities	172.7	236.7
TOTAL EQUITY AND LIABILITIES	367.8	295.7

Condensed cash flow statement - Parent company

Amounts in SEK million	2021	2020	2021	2020
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Cash flow from operating activities before changes in working capital	3.0	18.0	-29.8	22.4
Increase (-)/decrease (+) in inventories	-6.8	2.0	7.0	79.7
Increase (-)/decrease (+) in operating receivables	-16.6	-15.5	-6.8	44.8
Increase (+)/decrease (-) in operating liabilities	44.4	126.0	-75.5	-117.3
Cash flow from operating activities	24.0	130.4	-105.1	29.6
Investing activities				
Acquisitions of financial assets	0.0	0.0	-27.1	0.0
Acquisitions of property, plant and equipment	-0.6	-0.3	-0.9	-0.9
Acquisitions of intangible assets	-5.0	-6.0	-20.7	-21.9
Investments in subsidiaries	-6.9	0.0	-6.9	0.0
Cash flow from investing activities	-12.4	-6.3	-55.6	-22.8
Financing activities				
Share rights issue	-0.3	0.0	188.4	0.0
Repayment of loan	0.0	0.0	0.0	70.0
Loans paid out	0.0	0.0	0.0	-20.0
Dividend paid	0.0	0.0	0.0	-84.4
Cash flow from financing activities	-0.3	0.0	188.4	-34.4
Cash flow for the period	11.3	124.1	27.8	-27.6
Cash and cash equivalents at the beginning of period	186.6	45.5	170.3	196.6
Exchange rate differences in cash and cash equivalents	-0.3	0.6	-0.5	1.3
Cash and cash equivalents at the end of period	197.5	170.3	197.5	170.3

Selected segment information - Parent company

Amounts in SEK million	2021	2020	Δ	2021	2020	Δ
	Oct-Dec	Oct-Dec		Jan-Dec	Jan-Dec	
CDON Marketplace (3P)						
Gross merchandise value	678.1	640.9	6%	1,973.2	1,777.3	11%
Net sales	71.8	75.9	-5%	201.4	207.4	-3%
Gross profit	68.2	71.8	-5%	189.8	195.3	-3%
Gross margin (%)	95.0	94.6	0.5 pp	94.2	94.2	0.0 pp
CDON Retail (1P)						
Gross merchandise value	105.4	187.2	-44%	343.8	597.7	-42%
Net sales	106.4	184.6	-42%	340.8	590.2	-42%
Gross profit	14.5	19.6	-26%	37.5	55.3	-32%
Gross margin (%)	13.7	10.6	3.1 pp	11.0	9.4	1.6 pp

Condensed key ratios - Parent company

	2021	2020		2021	2020	
	Oct- Dec	Oct- Dec	Δ	Jan- Dec	Jan- Dec	Δ
Total gross merchandise value	783.5	828.1	-5%	2,317.1	2,375.0	-2%
Active customers, last 12 months, thousands	2,027	2,255	-10%	2,027	2,255	-10%
Visits, thousands ¹	28,927	41,894	-31%	88,102	123,231	-29%
Orders, thousands	1,085	1,305	-17%	3,120	3,756	-17%
Average shopping basket, SEK	722	635	14%	743	632	17%
Selling merchants, last 12 months ²	1,545	1,263	22%	1,545	1,263	22%
Share sales in Sweden	73.3%	74.3%	-1.0 pp	73.5%	73.2%	0.3 pp
Marketing costs / gross merchandise value	-4.5%	-4.2%	-0.3 pp	-4.3%	-4.0%	-0.3 pp

¹ Changes to the measurement of traffic negatively affect the tracked number of visits by - ~15% compared to 2020

² Total number of merchants with sales during the period (previously reported merchants with products on the platform)

Information on the number of shares

	2021	2020	2021	2020
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Shares outstanding at the end of the period	6 444 327	5 990 991	6 444 327	5 990 991
Shares outstanding at the end of the period after dilution	6 444 327	5 990 991	6 444 327	5 990 991
Average number of shares before dilution	6 444 327	5 990 991	6 151 103	1 600 992
Average number of shares after dilution	6 444 327	5 990 991	6 151 103	1 600 992

Alternative performance measures

Certain key ratios in this report are not defined according to generally accepted accounting principles (GAAP). These alternative performance measures are deemed to be useful to investors because they form the basis for assessing operational performance, along with the comparable GAAP ratios. Alternative performance measures should not be considered in isolation from, or as a substitute for, financial information presented in accordance with GAAP. Alternative performance measures may not be comparable to similar measures reported by other companies.

Definitions

Earnings per share	Earnings for the period attributable to the parent company's shareholders divided by average number of shares for the period.
Number of active customers	The number of customers who have made a purchase at least once in the past 12 months
Number of visits	The gross number of visits to the sites
Average shopping basket/SEK	Gross merchandise value/number of orders
Total gross merchandise value	Gross merchandise value refers to total sales of goods from third-party merchants and own sales excluding returns and sales tax
Gross sales (3P)	This refers to total sales of goods, excluding returns and sales tax, from third-party vendors
Gross sales (1P)	This refers to total sales of goods, excluding returns and sales tax, by CDON
Adjusted operating profit/loss before depreciation and amortization	Operating profit/loss before depreciation and amortization excluding items affecting comparability. Items affecting comparability include the one-time cost reservation and costs associated with listing on Nasdaq First North Growth Market.
Marketing expenses/gross merchandise value	Marketing expenses as a percentage of total gross merchandise value
Selling Merchants, last 12 months	Total number of merchants with sales during the period