



## PRESS RELEASE

Malmö, Sweden

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# Interim report Q2 2023

## CDON – EBITDA profitable for a second consecutive quarter 2023

### SECOND QUARTER FOR THE GROUP

- Total gross merchandise value (GMV) increased by 1% to SEK 497.3 (493.3) million. Organic GMV decreased with 19% for the CDON segment.
- Net sales increased by 60% to SEK 170.4 (106.4) million.
- Take rate increased by 4.4 percentage points to 15.5% (11.1%).
- Gross margin decreased by 5.9 percentage points to 45.4% (51.3%).
- **Gross profit after marketing (GPAM)** increased by 80% to SEK 47.7 (26.5) million. Organic GPAM increased by 22% for the CDON segment.
- EBITDA amounted to SEK 1.8 (-20.2) million. During the quarter there has been one-off costs of SEK -3.5 million related to the acquisition of Fyndiq, SEK -2.0 million related to the last settlement of the restructuring program and SEK 5.7 million of reversed accrual related to the IMY case.
- EBIT amounted to SEK -24.5 (-26.7) million. In the quarter CDON Group had depreciation of SEK -13.8 million of goodwill due to the acquisition of Fyndiq as well as the write-down of CDON's mobile app of SEK -5.0 million which had a negative impact on EBIT.
- Earnings per share amounted to SEK -3.49 (-4.05).

### YEAR TO DATE FOR THE GROUP

- Total gross merchandise value (GMV) decreased by 5% to SEK 905.9 (949.0) million. Organic GMV decreased with 15% for the CDON segment.
- Net sales increased by 23% to SEK 261.9 (212.1) million.
- Take rate increased by 3.2 percentage points to 14.3% (11.1%).
- Gross margin decreased by 0.2 percentage points to 49.3% (49.5%).
- **Gross profit after marketing (GPAM)** increased by 42% to SEK 78.6 (55.2) million. Organic GPAM increased by 14% for the CDON segment.
- EBITDA amounted to SEK 2.5 (-47.3) million. During the year there has been one-off costs of SEK -3.5 million related to the acquisition of Fyndiq, SEK -2.0 million related to the last settlement of the restructuring program and SEK 5.7 million of reversed accrual related to the IMY case.
- EBIT amounted to SEK -29.6 (-60.6) million. During the year CDON Group had depreciation of SEK -13.8 million of goodwill due to the acquisition Fyndiq as well write down of CDON's mobile app of SEK -5.0 million which had a negative impact on EBIT.
- Earnings per share amounted to SEK -4.83 (-9.39).

CDON AB (publ)

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## Letter from the CEO

As I approach the three month mark of my tenure as CEO, I am pleased to announce that our strategic and operational progress aligns with our planned trajectory.

The integration process is progressing as planned and our profitability is on the upswing. We have strategically discarded unprofitable sales, which results in lower top line versus last year, but radically higher Gross Profit After Marketing (GPAM), that leads to a solid turn around of the EBITDA loss from last year. This strong GPAM creates a solid base for the company to self-fund our strategic initiatives.

Upon the successful completion of the combination between CDON and Fyndiq in April, we outlined three focus areas to achieve near-term synergies and long-term strategic success.

### Long term success

CDON Group currently holds a total market share of approximately 1.0-1.5% in the Nordic e-commerce market. We have set a **long-term goal to achieve a double-digit market share**, which is low compared to the market share of the leading ecommerce marketplaces in a majority of the developed countries.

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

- 1. Increasing the amount of quality supply:** Provide more of the products that people want, and utilise the low marginal costs of bringing in more supply
- 2. Improving customer happiness:** Fyndiq has in recent years enjoyed significantly higher customer happiness compared to CDON. We intend to continue to improve the customer experience at both sites and become places where customers are delighted to shop
- 3. Creating distinct customer experiences:** Leverage two brands with different value propositions to serve different types of customers and needs

### Q2 2023 in Perspective

#### **Continued weak development of the Swedish e-commerce landscape**

In the wake of a persistently challenging macroeconomic climate that has negatively impacted the e-commerce industry, the Swedish online sales, as indicated by the E-commerce Index, registered a dip of -2% in April and -12% in May.

#### **Shifting focus to profitable sales**

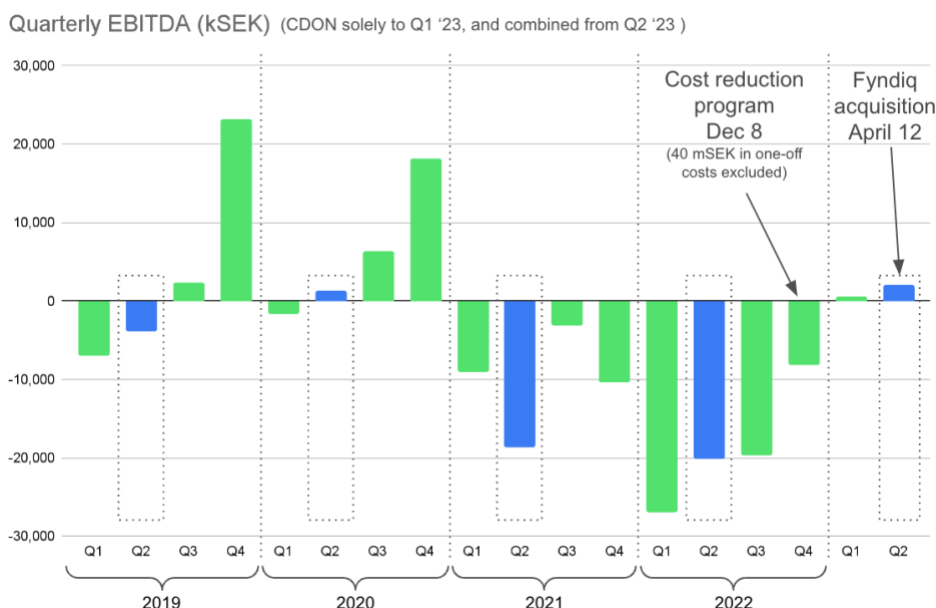
In Q2 2022, the company spent excessively on marketing to drive GMV growth, even on products where the marketing cost was greater than the gross profit after marketing generated.

After the completion of the combination, we have analysed our marketing spend and focused only on profitable categories. This strategy has led to a laser focus on the KPI **GPAM**. It's quite easy to spend excessively and sell products with no margin, but more important to grow profitably. This switch of focus is being made on all areas, and we must relentlessly continue to turn every stone to grow this KPI. Growing GPAM will be a clear target for the company going forward.

As a result of this focus on profitable sales, we have been able to **grow Gross Profit After Marketing with +80%** (+22% CDON organic), despite GMV only growing with +1% (-19%

CDON organic). Thanks to the uptick in GPAM and our restructured cost base, our **EBITDA has improved significantly from -20 mSEK to +2 mSEK**.

Notably, the second quarter has historically been the second weakest quarter of the year, as shown in the graph below. Since we are through the two quarters that have historically been the weakest from an EBITDA perspective, and thanks to the fact that we are EBITDA positive year to date, we remain confident in our goal of being EBITDA breakeven in the full year of 2023.



## Integration and Synergies Realization

Our conviction remains robust in achieving our prior communicated goal of 40 mSEK in operational cost synergies. After completion of the combination between CDON and Fyndiq in mid-April, we have taken significant strides towards establishing the envisioned structure of the consolidated organisation and made substantial progress in eliminating redundant expenses.

Though we are only embarking on this journey, we anticipate identifying a multitude of synergies and best practice sharing opportunities besides cost synergies, which include:

- **Marketing Efficiency Enhancement**

Synergies on best practices and cross pollination between the sites are being implemented, and the main focus is on validating and optimising the profitability of all different marketing channels, in order to improve GPAM

- **Revamping Customer Experience**

We are making significant strides in becoming a truly customer-centric organisation. This entails empowering our customer service team with new ways of working and implementing changes in merchant agreements. While these changes might lead to short-term losses in terms of merchants, supply, and sales, they are crucial for our long-term aspiration to become a customer favourite

- **Expanding Supply**

Ambitious objectives and plans have been set to attract a large number of new merchants and supply. We have a big focus on ramping up the fulfillment services, and we have signed a major Nordic home electronics merchant to go live in Q3

In closing, I am confident that our laser-focused business strategy, built around growth in GPAM,

improving customer experience, and enhancing our supply chain, will propel us to meet our long-term goals of double digit market share.

We are making steady progress in transforming CDON Group into a formidable force in the Nordic e-commerce market. Despite the continued market headwinds, we have a roadmap that will guide us to weather any storm and adapt to the changing dynamics of the online retail world.

I would also like to take this opportunity to invite you to a Capital Markets Day that we will arrange on November 16. More info to come on that note.

Take care!

Fredrik Norberg  
CEO, CDON AB

## Conference Call

CDON Group invites the press, investors and analysts to a conference call and a webcast where CDON Group's interim report for the second quarter of 2023 will be presented. After the presentation, there will be an opportunity to ask questions. The presentation will be held in English on 14<sup>th</sup> July 2023, at 14:00 CEST.

If you wish to participate via teleconference, please register on the link below. After registration you will be provided with 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=200835>

Link to Webcast:

<https://ir.financialhearings.com/cdon-q2-2023/register>

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 14 July 2023.*

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## **About CDON and Fyndiq**

*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.*

*Fyndiq AB ("Fyndiq") is since April 2023 a wholly owned subsidiary of CDON. Fyndiq was launched in 2010 and is operating a marketplace which offers a wide range of bargain products from Swedish and international merchants. Fyndiq has built an effective technical platform that allows merchants to easily get access to a large customer group while Fyndiq takes care of marketing, customer support and payments. Fyndiq's main market is Sweden and it also operates sites in Finland, Norway and Denmark. Fyndiq is headquartered in Stockholm.*

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