



Things for life

Q4 and full year
(year-end) report
2022





Q4 and full year (year-end) report 2022

Restructuring program executed - CDON well-positioned for profitable growth

FOURTH QUARTER FOR THE GROUP

- Gross merchandise value (GMV) for CDON Marketplace (3P) decreased by 17% to SEK 565.3 (678.1) million. Excluding sales from fraudulent merchant activity in 2021¹, CDON Marketplace GMV decreased by 8% compared to the same period last year.
- Net sales for CDON Marketplace decreased by 7% to SEK 66.7 (71.8) million. CDON Retail net sales decreased according to plan by 20% to SEK 84.7 (106.4) million due to the process of reducing sales of our own inventory.
- Gross margin increased by 1.1 percentage points to 47.5% (46.4%).
- Profit/loss before depreciation and amortisation amounted to SEK -48.2 (-10.4) million. Adjusted for costs related to one-off nature, EBITDA amounted to SEK -8.1 million.
- Profit/loss for the period amounted to SEK -64.9 (-16.9) million.
- Earnings per share amounted to SEK -10.25 (-2.62).

FULL YEAR 2022 FOR THE GROUP

- Gross merchandise value (GMV) for CDON Marketplace (3P) decreased by 7% to SEK 1,828.3 (1,973.2) million. Excluding sales from fraudulent merchant activity in 2021¹, CDON Marketplace GMV decreased by 1% for the full year compared to last year.
- Net sales for CDON Marketplace increased by 5% to SEK 210.6 (201.4) million. CDON Retail net sales decreased according to plan by 27% to SEK 248.9 (340.8) million due to the process of reducing sales of our own inventory.
- Gross margin increased by 7.3 percentage points to 49.2% (41.9%).
- Profit/loss before depreciation and amortisation amounted to SEK -115.1 (-41.6) million. Adjusted for costs related to one-off nature, EBITDA amounted to SEK -62.4 million.
- Profit/loss for the period amounted to SEK -151.9 (-62.6) million.
- Earnings per share amounted to SEK -23.24 (-10.18).

Amounts in SEK million	2022 Oct-Dec	2021 Oct-Dec	Δ	2022 Jan-Dec	2021 Jan-Dec	Δ
CDON Marketplace (3P) ^{2,3}						
Gross merchandise value ⁴	565.3	678.1	-17%	1,828.3	1,973.2	-7%
Net sales	66.7	71.8	-7%	210.6	201.4	5%
Commission (%)	10.2	8.9	1.3 pp	9.7	8.5	1.2 pp
Gross margin (%)	94.5	95.0	-0.5 pp	95.6	94.2	1.4 pp
CDON Retail (1P) ⁵						
Gross merchandise value ²	85.2	105.4	-19%	250.4	343.8	-27%
Net sales	84.7	106.4	-20%	248.9	340.8	-27%
Gross margin (%)	10.6	13.7	-3.1 pp	10.1	11.0	-0.9 pp
CDON Group ⁶						
Total Gross merchandise value ²	650.6	783.5	-17%	2,078.7	2,317.1	-10%
Net sales	151.5	178.2	-15%	461.2	542.2	-15%
Gross margin (%)	47.5	46.4	1.1 pp	49.2	41.9	7.3 pp
Profit/loss before depreciation and amortisation	-48.2	-10.4	n/a	-115.1	-41.6	n/a
Active customers, last 12M, thousands	2,015	2,027	-1%	2,015	2,027	-1%

¹ For further information refer to press release: <https://investors.cdon.com/investor-relations/pressmeddelanden/trading-update-merchant-issue-during-black-week-impacts-ebit-92254?page=3>.

² All service income is recognised in CDON Marketplace (3P)

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

⁴ Gross merchandise value refers to total sales of goods from third-party merchants and own sales excluding returns and sales tax.

⁵ CDON Retail (1P) refers to CDON's own sales via warehouse or drop-shipment.

⁶ CDON Group encompasses results from CDON AB, subsidiaries and shares in associated companies.

Letter from the CEO

The fourth quarter

On December 8, 2022, CDON announced a restructuring program to achieve the financial directive of being at least EBITDA break-even during 2023⁷. After an intensive period of activities to improve commercial processes and a reduction of both staff-related and other costs, we have managed to generate positive EBITDA in January 2023⁸. In context, January is one of our weakest months of the year because of seasonally lower activity after the increased consumer spending during the adjacent holiday season. As a result of this, our confidence in reaching our EBITDA target of at least break-even for the full year of 2023 remains intact.

During the quarter CDON Marketplace gross merchandise value (3P GMV) declined by 17%. Excluding sales from the fraudulent merchant in 2021, the 3P GMV declined 8%. Net sales declined by 7% year-over-year. The commission gained from CDON Marketplace increased to 10.2% in comparison to 8.9% in the same period last year. EBITDA amounted to SEK -48.2 million for the quarter. Adjusted for costs related to one-off nature, EBITDA amounted to SEK -8.1 million.

Our 3P GMV during the quarter was heavily disappointing, and as a result we are making significant changes to implement learnings. Our main points from the Q4 3P GMV analysis are the following:

- **Lack of attractive products:** During the quarter, our significant merchant Xstra Digital filed for bankruptcy. As the termination of Xstra Digital was in the middle of an intense sales period, we were not able to substitute enough products through other merchants at attractive enough prices to drive GMV during our critical holiday season.
- **Profitable marketing spending:** During the quarter, we deeply analysed our marketing channels and removed areas of non-economic spend. While the spending was more efficient in the quarter, we lost traffic from the channels we de-emphasised, hurting GMV.
- **Less new merchants:** During 2022, we failed to attract enough new merchants to continue to expand and deepen our offering of attractive products. As a result, revenues from new merchants were significantly lower during the quarter compared to the same period last year. As part of our December restructuring, we addressed organisational issues that were a key factor in this underperformance. Merchant acquisition will continue to be a key priority in 2023.

The majority of the previously communicated cost reductions of SEK 60-65 million were implemented before the end of the quarter. A major part of the cost reductions derives from lay-offs, with personnel mostly having notice periods between one to three months. To quickly implement the new lower cost structure in our reported figures, the operational expenses for the quarter include salary cost for notice periods, meaning for example that if a person has a three months' notice period the full cost for that salary will be taken in Q4 2022. These costs will have a negative impact on our cash flow in Q1 2023. The restructuring program required a lot of focus from the organisation during the quarter which had a short-term negative impact on the employee motivation, however, the program is now executed, and employee motivation is back at a high level.

Path to profitability

In the Q3 2022 report, CDON introduced financial directives and targets to facilitate investors' understanding of CDON's marketplace business (3P): The short-term target of at least break-even EBITDA in FY 2023 and the mid-term target of 2.5% market share by the end of FY 2025 from the currently estimated 1%.

CDON marketplace is built on a highly scalable business model where CDON's main source of income is commissions from selling on our platform. The cost for CDON per new merchant is very limited, allowing almost fixed operational expenses while the sales on the platform increase. This means that the revenue from our commission and additional revenue streams translates to gross profit at a very high rate. The 3P marketplace

⁷ Target for FY 2023
 CDON's business shall be at least EBITDA break-even in FY 2023 – unless:
 - CDON finds growth investment opportunities where CDON believes the IRR significantly exceeds CDON's cost of capital.
 - The macro environment undergoes further material deterioration from the low levels expected in Q4 2022.

⁸ As a rule, we do not disclose monthly targets and/or outcome, this is an exception. Our previously announced financial directives give the guidance for us to be at least EBITDA break-even during 2023 as a whole.

business model also means that we do not tie any capital in inventory which explains our ability to grow without increasing working capital.

In the near-term, CDON has the least control over the 3P GMV growth as it is influenced by macro factors such as consumer confidence. Therefore, to reach our target for 2023 of becoming at least EBITDA break-even we have implemented the following actions:

- **Increase Take Rate** - Our take rate is determined by the commission paid by the merchants based on their sales on the CDON platform and additional revenue streams such as financial income, ads, insurance, etc. On January 23, we implemented a 15% commission increase to merchants which will have a positive impact on our total take rate and increase our EBITDA. Over the long-term, we have other opportunities to increase take rate by providing additional value-added services to our merchants.
- **Profitable Performance Marketing Spending** - During Q3 and Q4 2022, we have been more focused on profitable marketing spend compared to the first half of the year. We have done this by improving the efficiency of our marketing channels by taking several actions including removing unprofitable marketing channels and optimising product feeds. While the actions have been effective in improving the returns on our marketing spend, we see significant room to improve our CRM efforts, a high-return marketing channel which historically has not received enough focus.
- **Operational Expense Decrease** - For the full year 2022, operational expenses were SEK 217.3 million which included SEK 42 million costs related to one-off nature. The costs included within one-off nature are restructuring costs (see above), costs related to redundant office space, costs related to the bankruptcy of Xstra Digital in Q4, legal expenses during Q1 related to the acquisitions of the subsidiaries Xales and Commerce8, and accrual in Q4 for potential IMY sanction fee. Normalised operational expenses amounted to SEK 175 million for the full year 2022. In December of 2022, CDON announced a significant restructuring program which is estimated to decrease costs by SEK 60-65 million on a yearly basis from the 2022 normalised level.

2022 Operational Expenses (Excl. Marketing and D&A)	217
2022 Costs related to one-off nature ⁹	(42)
2022 Operational Expenses - Normalised	175
Restructuring- December 2022	(60)
Go Forward Operational Expenses	115

As a result of these actions and the impact we have seen in January, we remain confident in our ability to achieve our EBITDA target of at least break-even in 2023.

Current focus

While the fourth quarter was a heavily transformative quarter, the list of commercial activities and opportunities that will be executed on in Q1 and Q2 2023 is still significant. In addition to improving our cost structure, the December restructuring reduced critical bottlenecks in the organisation, allowing us to execute more efficiently on commercial activities. Our priorities moving forward, where we also see the highest potential, are to speed up the process of acquiring high-quality merchants and to significantly improve our CRM, which today is at a very low level. This involves our direct-to-consumer communication but also our loyalty program CDON+. This project shows significant progress as CDON+ members already display a much greater purchase frequency than non-members. We are also excited for the launch of CDON 2.0 which took place on January 31, 2023. This update brings a new modern appearance for our website providing a significantly improved experience for customers and improved product discovery. We look forward to seeing how CDON 2.0 transforms the customer experience in 2023.

As a final remark, I can say that during my time at CDON I have not before seen this pace of execution, level of energy in the team and the shared dedication to reaching the common goals. With a leaner organisation the ownership and responsibilities are clearer, decisions quicker and execution more effective. I look forward to the results of our improved organisation in 2023.

Sincerely,
Thomas Pehrsson
Acting CEO, and CFO

⁹ Restructuring costs, costs related to redundant office space, merchant bankruptcy costs, acquisitions related costs, and accrual for potential IMY sanction fee.

Financial Directive – Q4 commentary

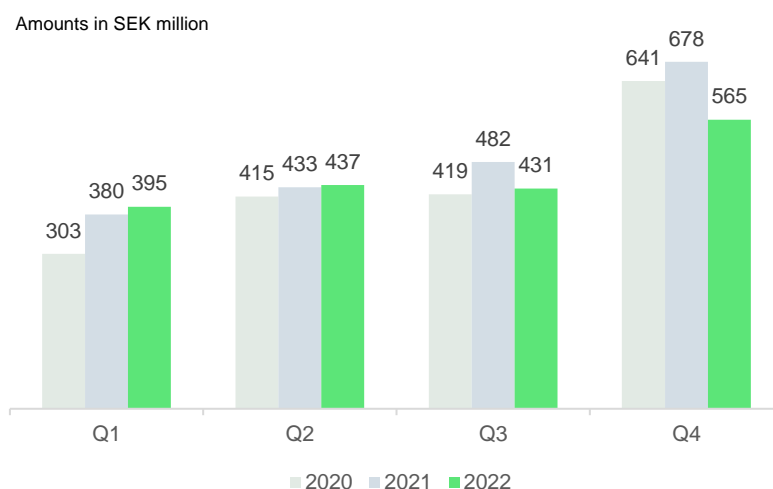
Financial Directive		2022Q4: Comments
1	CDON's 3P business shall continuously gain market share in the Nordic e-commerce market.	Adjusted for the fraudulent merchants in 2021, CDON has performed better than the market full year 2022 with a slight decline of 1% compared to the market decline of 9%.
2	CDON's 3P take rate shall increase over time	The take rate for our 3P business in Q4 increased to 11.0% (9.9%) as a result of efforts to diversify into higher take rate categories. This mix shift will improve our long-term take rate. With an enhanced focus on our value-added services our take rate is expected to increase over time.
3	CDON shall enjoy strong incremental margin as a result of its high gross margin 3P business and the relatively fixed nature of administrative and general costs	<p>In Q4, CDON reported a 47.5% gross margin (46.4%), continuing the path of taking the gross margin level closer to 3P level of approximately 95%.</p> <p>In Q4, we have had a substantial focus on optimising our marketing spend through more efficient spend in the paid channels, and the reported marketing cost as a percentage of GMV of 5.2% is a result of these efforts (5.4% in Q3).</p> <p>Administrative & Selling Expenses (SG&A) excluding marketing costs and one-offs have been reduced in Q4 with effects expected continuously throughout Q1 and in Q2 2023.</p>

CDON Marketplace continues to perform stronger than the market

The global economic uncertainty and negative outlook continued to affect the Swedish e-commerce market during the fourth quarter. According to the Swedish Trade Federation, the Swedish e-commerce market declined by 6% during the quarter¹⁰. The reason behind the decline was lower average purchasing combined with fewer e-commerce consumers. Adjusted for fraudulent merchant, CDON experienced a decline of 8%. For the period January through December, the e-commerce market declined by 9%. Comparatively, CDON experienced a decline of 7% compared to the same period last year. Adjusted for fraudulent merchants the decline amounted to 1%.

¹⁰ Svensk Handels E-handelsindikator december 2022

CDON Marketplace Gross merchandise value (3P GMV)



The CDON Marketplace (3P) is the company's main business, which is comprised of third-party merchants and other services that generate sales. 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 on 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. Adding new merchants and European brands through a qualitative on-boarding process will further strengthen the CDON brand and provide strong scalable networking effects, while also providing the customer with a great product assortment and competitive prices. These key aspects of the business model will drive the 3P GMV growth.

During the quarter 3P GMV declined by 17%. Factors affecting the GMV growth during the quarter were a weak underlying market compared to 2021 and the negative effect from a fraudulent merchant. Excluding the fraudulent merchant, the decline in 3P GMV amounted to 8%. 3P gross profit amounted to SEK 63.1 (68.2) million for the quarter which is a decrease of 8% in comparison to the same period last year. The decline in gross profit was less severe due to an increase in commission rates. 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 0.1% of the marketplace GMV.

Continued phaseout of CDON Retail

CDON Retail is the company's secondary business, which consists primarily of traditional media products sold through the CDON Marketplace. The ongoing transition continued the planned net sales decrease for the segment of 20% to SEK 84.7 (106.4) million. The gross profit impact of this decline was 38%.

Strategy for Nordic Marketplace expansion

The Do5 strategy remains as the foundation of reaching our goal of becoming the number one shopping destination in the Nordic region. Several of the 5 pillars have been strengthened during the quarter. Through the implementation of CDON 2.0 we have laid the foundation of which the brand will position itself of. Furthermore, adjustments to our product catalogue have resulted in a more relevant assortment of products at competitive prices. The launch of the new website will provide users with an improved shopping experience that is easily navigated. Along with the new website, CRM has been improved to facilitate and enhance the experience for both customers and merchants.

Although we are humbly pleased with the strategic improvements throughout the quarter, we are not satisfied and will continue our efforts to steadily improve the experience for both our customers and merchants in the coming quarters.



Improving the product offering in core categories to stimulate growth

	2022 Q4	2021 Q4	Δ	2022 Jan-Dec	2021 Jan-Dec	Δ
Active customers, last 12M, thousands	2,015	2,027	-1%	2,015	2,027	-1%
Visits, thousands	25,176	28,927	-13%	81,957	88,102	-7%
Orders, thousands	1,022	1,085	-6%	3,079	3,120	-1%
Average shopping basket, SEK	637	722	-12%	675	743	-9%
Selling merchants, last 12M	1,576	1,545	2%	1,576	1,545	2%

During the fourth quarter, the number of selling merchants on CDON Marketplace amounted to 1,576, a slight increase of 2% compared to the same period last year. The slower growth is partly due to our efforts in providing our customers with easier navigation among our products and avoiding duplicates with large price differences, resulting in easier consumer decision making. By the end of the quarter, consumers had an array of 12 million products to browse.

On the CDON Marketplace we continue to see a shift from expensive to less expensive products, following the overall market development. The decline in the Electronics segment is a testament for the shift in market sentiment, which experienced a negative growth of 32% compared to the same quarter last year. Although this shift, we see continued strong demand for products in our sporting segment, which grew over 20% compared to last year. Internationally our health and beauty segment experienced a great growth in Finland of 27%, closely followed by Denmark and Norway. Furthermore, the subcategory fitness and nutrition experienced an impressive growth rate of 87% over the quarter.

The work on optimising the efficiency of our performance marketing has continued throughout the quarter. Among the actions taken, we have removed unprofitable marketing channels that were previously expected to generate a future increase in organic searches. Thorough work has also been done to optimise product feeds. The work is ongoing and will continue improving our organic traffic and visibility score. The number of active customers is relatively unchanged compared to the same period last year with a slight decline of 1%.

Significant events during Q4 2022

- Invitation to Extraordinary General Meeting in CDON AB (related to proposed election of a new board member), press release October 6, 2022
- The Nomination Committee ahead of CDON's Annual General Meeting 2023 was appointed, press release October 12, 2022
- CDON announced financial directives and targets, press release October 19, 2022
- The Extraordinary General Meeting resolved on new election of David Bradley Hathaway, press release October 25, 2022
- Peter Kjellberg leaving his position as CEO of CDON, press release December 7, 2022
- CDON accelerates transition to sustainable profitability by implementing a restructuring program, press release December 8, 2022

Significant events after Q4 2022

- No significant event occurred after Q4 2022.

Comments on the financial performance for CDON Group

During the fourth quarter of 2022 the total GMV decreased by 17% compared to the same period last year. CDON Marketplace GMV also decreased by 17% during the quarter. Excluding sales from fraudulent merchants in 2021, CDON Marketplace GMV decreased by 8% in Q4 compared to the same period last year. Total net sales decreased by 15% as the planned phasing out of sales of our own inventory continued. Net sales for CDON Marketplace decreased by 7%.

Gross margin increased by 1.1 percentage points to 47.5% (46.4%) during the quarter, mainly due to CDON Marketplace expanding its share of total GMV with a higher gross margin than CDON Retail.

Total expenses amounted to SEK -137.0 (-99.7) million. This is an increase of SEK 60.7 million compared to Q3 2022, due to restructuring and other costs related to one-off nature.

Profit/loss before depreciation and amortisation amounted to SEK -48.2 (-10.4) million for the quarter. Adjusted for costs related to one-off nature, EBITDA amounted to SEK -8.1 million.

Profit/loss before tax amounted to SEK -64.9 (-16.9) million. Costs related to the write-down of Shopit goodwill amounted to SEK 11.8 million, which is disclosed in the condensed group income statement, as results from associated companies and jointly controlled companies.

Profit/loss after tax per share amounted to SEK -10.25 (-2.62).

Cash flow and financial position for CDON Group

Cash flow from operations after changes in working capital amounted to SEK 49.2 (24.0) million for the quarter. The positive effect from the change in working capital is the main reason for the positive cash flow.

Cash flow from investing activities amounted to SEK -6.7 (-9.8) million. Cash flow from financing activities amounted to SEK 0.0 (-0.3) million.

Total assets amounted to SEK 237.7 (380.9) million and equity amounted to SEK 44.5 (199.7) million. The rights issue which took place in the third quarter 2021. During the full year 2022 the group's equity has decreased by SEK 155.2 million and amount to SEK 44.5 (199.7) million.

The group's cash balance decreased by SEK 79.8 million and amounted to SEK 123.1 (202.9) million. As of December 31, 2022, current liabilities amount to SEK 172.5 (173.9) million and current assets amount to SEK 163.0 (266.5) million. Of current assets, the cash balance of 123.1 (202.9) includes SEK 54.5 (47.6) million of funds related to Merchants, which corresponds to the same amount presented as current liability. To mitigate risks relating to the financial situation and going concern, various actions have been taken. We have initiated and concluded cost savings related to the restructuring program regarding reduced number of employees, reduction of office space, renegotiating major supplier contracts, and have secured a cost base that can cope with substantial market decline, and own negative sales development, and still we may reach our financial directive of being EBITA break-even during 2023. These activities also provide for a cash balance that exceeds the operational needs at seasonal variations during the year.

Employees

During the fourth quarter, CDON AB had a total of 124 (115) full-time employees. All employees work from the company's office in Malmö.

Together with its subsidiaries, the Group has a total of 126 full-time employees.

After the strategic restructuring CDON AB had a total of 64 full-time employees. All employees work from the company's office in Malmö.

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, 2022, CDON had 6,440,415 issued shares. All were ordinary shares. The share capital amounts to SEK 6,451,735.

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).

Significant risks and uncertainties

Several factors affect, or may affect, directly or indirectly, the operations of CDON. CDON works constantly to identify, assess, and evaluate risks to which the Group is currently exposed and risks that could occur in the foreseeable future. The Group uses the following categories to manage risks: operational, industry and market, financial and legal risks. Operational risks include interruptions or deficiencies in IT and control systems, risks related to personnel, affiliated merchants' conduct, inventory, and distribution. Industry and market risks include risks related to competition, the general economy and consumer purchasing power. Financial risks include currency risk, credit risk, risks related to impairment of intangible assets and liquidity risk. Legal risks include legislation, regulation and compliance, disputes, and processing of personal data.

Identified risks are assessed with regards to the probability of occurrence and the related consequences. The effectiveness of existing risk measures (such as safeguards, control activities, etc.) is evaluated qualitatively. All identified risks are documented in a risk register, which is being regularly updated. Risks can be managed by proactive measures such as taking out insurance or entering into legal agreements, and in some cases the Group can influence the probability of risk-related events occurring. Other risks, such as risks associated with political decisions or other macroeconomic factors, cannot be eliminated. For risks related to events beyond the company's control, risk management is aimed at mitigating the consequences.

Liquidity risk

Liquidity risk is the risk that the Group will have difficulty fulfilling its obligations related to financial liabilities. Credit provision to customers, the degree of overdue receivables, credit from suppliers and capital tied-up in stock affect the need for cash and cash equivalents. The operations within CDON Marketplace generate liquidity for the Group by CDON receiving payments, through its payment service provider(s), from customers; these payments are subsequently transferred to the affiliated merchants at a later date, in accordance with agreements. In the event that CDON, due to changes in regulations or for other reasons, can no longer utilize the liquidity that customer payments entail, CDON will have a deteriorating liquidity situation.

Risks related to the processing of personal data and ongoing investigations related to the processing of personal data

In its operations, the Group collects and processes personal data to a certain extent, including data related to its customers and employees. It is of vital importance that personal data is processed in accordance with applicable personal data legislation. For example, data subjects must be informed about the collection and use of their personal data and the data must be processed in a way that is not incompatible with the purposes for which it has been collected. If the Group's processing of personal data is deficient, is exposed to data hacking or otherwise inadvertently violates applicable regulations, the Group risks, among other things, claims for compensation for the associated damage and invasion of privacy.

The EU's General Data Protection Regulation 2016/679 (GDPR) is directly applicable in Sweden and all other EU member states. The GDPR places strict requirements on companies that process personal data. Companies that do not comply with the GDPR can be charged with administrative fees of up to EUR 20 million or four percent of their global annual sales by the supervisory authorities.

There is a risk that the measures the Group takes, and has taken, to ensure and maintain confidentiality and privacy regarding personal data will be insufficient or otherwise not in accordance with applicable legislation. There is also a risk that the measures taken by the Group to ensure compliance with applicable legislation, such as the GDPR, will be insufficient, which may entail significant costs. There is also a risk of stricter requirements from responsible regulatory authorities, which in turn could result in higher costs and require more resources from the Group.

The Group processes personal data within its operations, and such supervisory matters concerning the processing of personal data that are significant to the Group are described below.

CDON AB's processing of personal data is being investigated by the Swedish Authority for Privacy Protection ("IMY"), including CDON AB's personal data processing based on consent. This investigation of CDON AB has not been initiated as a result of complaints against CDON AB but on the IMY's own initiative. There is a risk that, during its investigation, IMY will find that CDON's personal data processing is in breach of applicable personal data legislation. Should penalties be imposed as a result of the investigation, the company considers that they are unlikely to be classified as serious and ought, therefore, to be low.

In August 2020, the Austrian organization NOYB reported CDON's former owner Qliro Group to the Austrian Data Protection Authority, Datenschutzbehörde (DSB), regarding the processing of personal data on the website cdon.fi, which is run by CDON AB. The report refers to Qliro Group's/CDON's use of certain Google services on the website, allowing Google to process certain personal data in the United States and other countries. In July 2020, the European Court of Justice declared that one of the privacy shields that had allowed the transfer of personal data to the United States was invalid. NOYB therefore called for the Austrian Data Protection Authority to conduct a review of this personal data processing. The Austrian Data Protection Authority then informed the Swedish Authority for Privacy Protection (IMY) of the case, and they, in turn, initiated a supervisory case against CDON in November 2020 as a result of the information provided in the NOYB's report. The process includes several major players (which NOYB reported) and is still ongoing. There is a risk that, during its investigation, IMY will conclude that CDON's personal data processing has been in breach of applicable personal data legislation and decide to

issue a penalty, reprimand, or warning. Should penalties be imposed as a result of this investigation, the company considers that they are likely to be classified as serious and might be relatively high.

The company was (in H2 2022) provided with IMY's preliminary draft resolution (in accordance with the GDPR's Art. 60), which, among other things, included a proposed administrative sanction fee for alleged violation of certain provisions in the GDPR. The company opposed the IMY's assessment in the said draft resolution, however, have made a reservation in Q4 2022 for the potential sanction fee. The company still considers the proposed draft resolution to be incorrect. IMY's final decision (which may deviate from the preliminary "draft") is expected to be made during 2023.

Other significant 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 2021.

Related party transactions

No essential related party transactions occurred during the fourth quarter 2022.

Financial calendar 2023

The annual report 2022 will be disclosed on April 6, 2023.

The interim report for Q1 2023 will be disclosed on April 25, 2023.

CDON's Annual General Meeting of shareholders (AGM 2023) is going to be held on May 9, 2023, in Stockholm, Sweden.

The interim report for Q2 2023 (half-year report 2023) will be disclosed on July 14, 2023.

The interim report for Q3 2023 will be disclosed on October 26, 2023.

Nomination Committee ahead of the AGM 2023

In October 2022 CDON's Nomination Committee (*Sw. valberedningen*) ahead of the AGM 2023 was appointed in accordance with the current instructions for the Nomination Committee adopted by the AGM 2021. The Nomination Committee consists of Brad Hathaway, appointed by ADW Capital, Sandra Backlund, appointed by Rite Ventures, and Alexander Antas, appointed by Mandatum Private Equity. The members of the Nomination Committee elected Sandra Backlund as the Chair of the Nomination Committee at the Committee's first meeting.

Audit

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

Malmö, February 16, 2023
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

CDON invites the press, investors and analysts to a conference call and a webcast where CDON's interim report for the fourth quarter of 2022 will be presented. After the presentation, there will be an opportunity to ask questions. The presentation will be held in English on February 16, 2023, at 15:00 CET.

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=5007810>

Link to Webcast: <https://ir.financialhearings.com/cdon-q4-2022>
The presentation material and the webcast will be published on <https://investors.cdon.com/en/investor-relations/presentations/>

For further information, please contact:

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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 14:00 CET on February 16, 2023.

About CDON

CDON was founded in 1999 and is now the largest marketplace in the Nordic region. Shoppers 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 is listed on Nasdaq First North Growth Market with the abbreviation CDON.

Condensed income statement – Group

Amounts in SEK million	2022 Oct-Dec	2021 Oct-Dec	2022 Jan-Dec	2021 Jan-Dec
Net sales	151.5	178.2	461.2	542.2
Cost of Goods Sold	-79.5	-95.5	-234.1	-315.3
Gross Profit	72.0	82.8	227.0	226.9
Selling expenses	-51.5	-69.1	-165.1	-172.3
Administrative expenses	-73.8	-30.6	-200.0	-116.4
Other operating income/expenses, net	1.0	0.8	1.8	0.2
Results from associated companies and jointly controlled companies	-12.7	-0.8	-15.4	-0.8
Operating profit/loss	-65.0	-16.9	-151.8	-62.4
Net financial items	0.1	0.0	-0.1	-0.2
Profit/loss after financial items	-64.9	-16.9	-151.9	-62.6
Profit/loss before tax	-64.9	-16.9	-151.9	-62.6
Income tax	0.0	0.0	0.0	0.0
Profit/loss for the period	-64.9	-16.9	-151.9	-62.6
Attributable to:				
Parent company's shareholders	-66.0	-16.9	-149.9	-62.6
Non-controlling interest	1.1	0.0	-2.0	0.0
Result for the period	-64.9	-16.9	-151.9	-62.6

Condensed balance sheet - Group

Amounts in SEK million	2022 31 Dec	2021 31 Dec
ASSETS		
Non-current assets		
Intangible assets	62.2	86.4
Property, plant and equipment	1.3	1.7
Financial assets	11.2	26.4
Total non-current assets	74.7	114.4
Current assets		
Inventory	8.6	19.3
Other current assets	31.2	44.3
Cash balance	123.1	202.9
<i>Of which funds related to merchants¹¹</i>	<i>54.5</i>	<i>47.6</i>
Total current assets	163.0	266.5
TOTAL ASSETS	237.7	380.9
EQUITY AND LIABILITIES		
Equity attributable to the parent company's shareholders	44.5	189.9
Non-controlling interests	0.0	9.8
Total equity	44.5	199.7
Provisions	20.3	7.0
Total provisions	20.3	7.0
Other long-term liabilities	0.4	0.2
Total long-term liabilities	0.4	0.2
Other current liabilities	172.5	173.9
<i>Of which current liabilities related to merchants¹¹</i>	<i>54.5</i>	<i>47.6</i>
Total current liabilities	172.5	173.9
TOTAL EQUITY AND LIABILITIES	237.7	380.9

¹¹ CDON acts as an agent to its merchants and transfer funds to them from CDON's payment service provider(s), which in turn, receive payments from end-customers. CDON has in agreements with merchants agreed that CDON is not required to keep separate accounts for payments received for products sold by merchants, and that CDON as such is not required to keep the payments received separated from CDON's own funds. The line item "Of which funds related to merchants" is merely presented to clarify the movement in the composition of the Cash balance. The amount corresponds to a liability recorded within Current liabilities.

Changes in equity - Group

Amounts in SEK million	2022	2021
	Jan-Dec	Jan-Dec
Equity at beginning of year	197.0	61.0
Equity rights issue	0	203,4
Cost of equity rights issue	0	-11.8
Profit/loss for the year	-149.9	-62.6
Share based compensation	0.5	0.0
Acquisition of non-controlling interests	-3.1	0.0
Equity attributable to the parent company's shareholders	44.5	190.0
Non-controlling interests	0.0	9.8
Equity at period-end	44.5	199.7

Condensed cash flow statement - Group

Amounts in SEK million	2022	2021	2022	2021
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Cash flow from operating activities before changes in working capital	-12.1	3.0	-78.9	-28.9
Increase (-)/decrease (+) in inventories	0.2	-6.8	11.0	7.0
Increase (-)/decrease (+) in operating receivables	-7.3	-16.6	11.1	-6.8
Increase (+)/decrease (-) in operating liabilities	68.4	44.4	-0.9	-76.7
Cash flow from operating activities	49.2	24.0	-57.8	-105.4
Investing activities				
Acquisitions of property, plant and equipment	-0.1	-0.6	-0.8	-0.9
Acquisitions of intangible assets	-6.4	-5.0	-21.3	-20.7
Acquisitions of financial assets	-0.2	0.0	-0.2	0.0
Acquisitions of subsidiaries net assets	0.0	-4.2	0.0	-4.2
Acquisitions of shares in associated companies	0.0	0.0	0.0	-27.1
Cash flow from investing activities	-6.7	-9.8	-22.3	-52.9
Financing activities				
Share rights issue	0.0	-0.3	0.0	188.4
Repayment of loans	0.0	0.0	0.1	0.0
Disbursement of loans	0.0	0.0	0.0	0.0
Dividend paid	0.0	0.0	0.0	0.0
Cash flow from financing activities	0.0	-0.3	0.1	188.4
Cash flow for the period	42.5	13.9	-80.0	30.1
Cash and cash equivalents at the beginning of period	80.3	189.3	202.9	173.3
Exchange rate differences in cash and cash equivalents	0.4	-0.3	0.3	-0.5
Cash and cash equivalents at the end of period	123.1	202.9	123.1	202.9

Condensed income statement – Parent company

Amounts in SEK million	2022 Oct-Dec	2021 Oct-Dec	2022 Jan-Dec	2021 Jan-Dec
Net sales	151.5	178.2	459.3	542.2
Cost of Goods Sold	-79.5	-95.5	-234.1	-315.0
Gross Profit	72.0	82.8	225.2	227.2
Selling expenses	-51.5	-69.1	-165.1	-172.2
Administrative expenses	-61.3	-30.4	-176.8	-116.3
Other operating expenses	1.0	-0.2	1.4	-0.8
Operating profit/loss	-39.8	-17.0	-115.4	-62.1
Net financial items	-30.1	0.0	-30.3	-0.2
Profit/loss after financial items	-69.9	-17.0	-145.7	-62.3
Profit/loss before tax	-69.9	-17.0	-145.7	-62.3
Income tax	0.0	0.0	0.0	0.0
Profit/loss for the period	-69.9	-17.0	-145.7	-62.3

Condensed balance sheet – Parent company

Amounts in SEK million	2022 31 Dec	2021 31 Dec
ASSETS		
Non-current assets		
Intangible assets	62.1	61.6
Property, plant and equipment	1.3	1.7
Financial assets	11.2	44.1
Total non-current assets	74.6	107.4
Current assets		
Inventory	8.6	19.3
Other current assets	31.1	43.6
Cash and cash equivalents	120.5	197.5
<i>Of which funds related to merchants¹²</i>	<i>54.5</i>	<i>47.6</i>
Total current assets	160.2	260.5
TOTAL ASSETS	234.8	367.8
EQUITY AND LIABILITIES		
Equity	42.7	188.1
Total equity	42.7	188.1
Provisions	20.3	7.0
Total provisions	20.3	7.0
Other current liabilities	171.9	172.7
Total current liabilities	171.9	172.7
<i>Of which current liabilities related to merchants¹²</i>	<i>54.5</i>	<i>47.6</i>
TOTAL EQUITY AND LIABILITIES	234.8	367.8

¹² CDON acts as an agent to its merchants and transfer funds to them from CDON's payment service provider(s), which in turn, receive payments from end-customers. CDON has in agreements with merchants agreed that CDON is not required to keep separate accounts for payments received for products sold by merchants, and that CDON as such is not required to keep the payments received separated from CDON's own funds. The line item "Of which funds related to merchants" is merely presented to clarify the movement in the composition of the Cash balance. The amount corresponds to a liability recorded within Current liabilities.

Condensed cash flow statement – Parent company

Amounts in SEK million	2022	2021	2022	2021
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Cash flow from operating activities before changes in working capital	-39.8	3.0	-76.4	-29.8
Increase (-)/decrease (+) in inventories	0.2	-6.8	11.0	7.0
Increase (-)/decrease (+) in operating receivables	-3.5	-16.6	14.9	-6.8
Increase (+)/decrease (-) in operating liabilities	66.2	44.4	-4.1	-75.5
Cash flow from operating activities	49.9	24.0	-54.6	-105.1
Investing activities				
Acquisitions of financial assets	0.1	0.0	-0.3	-27.1
Acquisitions of property, plant and equipment	0.1	-0.6	-0.8	-0.9
Acquisitions of intangible assets	-6.9	-5.0	-21.3	-20.7
Investments in subsidiaries	0.0	-6.9	0.0	-6.9
Shareholder contribution	0.0	0.0	0.0	0.0
Cash flow from investing activities	-6.9	-12.4	-22.5	-55.6
Financing activities				
Share rights issue	0.0	-0.3	0.0	188.4
Repayment of loan	0.0	0.0	0.0	0.0
Loans paid out	0.0	0.0	0.0	0.0
Dividend paid	0.0	0.0	0.0	0.0
Cash flow from financing activities	0.0	-0.3	0.0	188.4
Cash flow for the period	43.0	11.3	-77.0	27.8
Cash and cash equivalents at the beginning of period	77.6	186.6	197.5	170.3
Exchange rate differences in cash and cash equivalents	-0.1	-0.3	-0.1	-0.5
Cash and cash equivalents at the end of period	120.5	197.5	120.5	197.5

Selected segment information – Parent company

Amounts in SEK million	2022	2021	Δ	2022	2021	Δ
	Oct-Dec	Oct-Dec		Jan-Dec	Jan-Dec	
CDON Marketplace (3P)						
Gross merchandise value	565.3	678.1	-17%	1,828.3	1,973.2	-7%
Net sales	66.7	71.8	-7%	210.6	201.4	5%
Gross profit	63.1	68.2	-8%	201.3	189.8	6%
Commission (%)	10.2	8.9	1.3 pp	9.7	8.5	1.2 pp
Gross margin (%)	94.5	95.0	-0.5 pp	95.6	94.2	1.4 pp
CDON Retail (1P)						
Gross merchandise value	85.2	105.4	-19%	250.4	343.8	-27%
Net sales	84.7	106.4	-20%	248.9	340.8	-27%
Gross profit	9.0	14.5	-38%	25.0	37.5	-33%
Gross margin (%)	10.6	13.7	-3.1 pp	10.1	11.0	-0.9 pp

Condensed key ratios – Parent company

	2022		Δ	2021		Δ
	Oct-Dec	Oct-Dec		Jan-Dec	Jan-Dec	
Total gross merchandise value	650.6	783.5	-17%	2,078.7	2,317.1	-10%
Active customers, last 12 months, thousands	2,015	2,027	-1%	2,015	2,027	-1%
Visits, thousands	25,176	28,927	-13%	81,957	88,102	-7%
Orders, thousands	1,022	1,085	-6%	3,079	3,120	-1%
Average shopping basket, SEK	637	722	-12%	675	743	-9%
Selling merchants, last 12 months ¹³	1,576	1,545	2%	1,576	1,545	2%
Share sales in Sweden	66.8%	73.3%	-6.5 pp	68.9%	73.5%	-4.6 pp
Marketing costs / gross merchandise value	-5.2%	-4.5%	-0.7 pp	-5.3%	-4.2%	-1.0 pp

Information on the number of shares

	2022		2021	
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Shares outstanding at the end of the period	6,440,415	6,444,327	6,440,415	6,444,327
Shares outstanding at the end of the period after dilution	6,440,415	6,444,327	6,440,415	6,444,327
Average number of shares before dilution	6,440,415	6,444,327	6,446,758	6,151,103
Average number of shares after dilution	6,440,415	6,444,327	6,446,758	6,151,103

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.

¹³ Total number of merchants with sales during the past 12 months at the end of the period (previously reported merchants with products on the platform).