

# CDON

Interim report

Q3 2022

## Interim report Q3 2022

### CDON Marketplace continues to take market share

#### THIRD QUARTER FOR THE GROUP

- Gross merchandise value (GMV) for CDON Marketplace (3P) decreased by 11% to SEK 430.5 (482.3) million. Excluding sales from fraudulent merchant activity in 2021\*, CDON Marketplace GMV remains flat in Q3 compared to the same period last year.
- Net sales for CDON Marketplace increased by 2% to SEK 48.6 (47.6) million. CDON Retail net sales decreased according to plan by 27% to SEK 48.5 (66.0) million due to the process of reducing sales of own inventory.
- Gross margin increased by 6.8 percentage points to 51.2% (44.4%).
- Profit/loss before depreciation and amortization amounted to SEK -19.7 (-3.7) million.
- Profit/loss for the period amounted to SEK -26.5 (-8.5) million.
- Earnings per share amounted to SEK -3.80 (-1.38).

#### FIRST NINE MONTHS FOR THE GROUP

- Gross merchandise value (GMV) for CDON Marketplace (3P) decreased by 2% to SEK 1,263.0 (1,295.1) million. Excluding sales from fraudulent merchant activity in 2021\*, CDON Marketplace GMV increased with 3% year-to-date compared to last year.
- Net sales for CDON Marketplace increased by 11% to SEK 143.9 (129.6) million. CDON Retail net sales decreased according to plan by 30% to SEK 164.1 (234.3) million due to the process of reducing sales of own inventory.
- Gross margin increased by 10.4 percentage points to 50.1% (39.7%).
- Profit/loss before depreciation and amortization amounted to SEK -66.9 (-31.6) million.
- Profit/loss for the period amounted to SEK -87.0 (-46.1) million.
- Earnings per share amounted to SEK -13.01 (-7.62).

\*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>

Amounts in SEK million	2022 Jul-Sep	2021 Jul-Sep	Δ	2022 Jan-Sep	2021 Jan-Sep	Δ
<b>CDON Marketplace (3P)<sup>1,3</sup></b>						
Gross merchandise value <sup>2</sup>	430.5	482.3	-11%	1,263.0	1,295.1	-2%
Net sales	48.6	47.6	2%	143.9	129.6	11%
Commission (%)	9.6	8.1	1.5 pp	9.4	8.2	1.2 pp
Gross margin (%)	95.2	94.1	1.1 pp	95.5	93.8	1.7 pp
<b>CDON Retail (1P)<sup>4</sup></b>						
Gross merchandise value <sup>2</sup>	48.7	66.8	-27%	165.1	238.5	-31%
Net sales	48.5	66.0	-27%	164.1	234.3	-30%
Gross margin (%)	6.9	8.6	-1.7 pp	9.8	9.8	0.0 pp
<b>CDON Group<sup>5</sup></b>						
Total Gross merchandise value <sup>2</sup>	479.1	549.0	-13%	1,428.1	1,533.6	-7%
Net sales <sup>6</sup>	97.5	113.6	-14%	309.7	364.0	-15%
Gross margin (%)	51.2	44.4	6.8 pp	50.1	39.7	10.4 pp
Profit/loss before depreciation and amortization	-19.7	-3.7	n/a	-66.9	-31.6	n/a
Active customers, last 12M, thousands	2,045	2,124	-4%	2,045	2,124	-4%

<sup>1</sup> All service income is recognized in CDON Marketplace (3P)

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

<sup>3</sup> CDON Marketplace (3P) refers to third-party merchants affiliated to CDON

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

<sup>5</sup> CDON Group encompasses results from CDON AB, subsidiaries and shares in associated companies

<sup>6</sup> Net sales for CDON Group includes 0.5 million in net sales from subsidiaries

## Letter from the CEO

### The third quarter

The e-commerce market in Q3 was characterized by high inflation with rising prices in many critical areas, and a negative impact on the purchasing power of consumers. However, in this market climate the strength of the marketplace business model becomes apparent. For price-sensitive customers and overstocked merchants, a generalist marketplace business provides significant value. With an assortment of over 12 million products, we can adjust what we expose to our customers, enabling us to stay relevant, independent of the market climate.

During the third quarter, our marketplace GMV decreased by 11% compared to the same period last year. Adjusted for the fraudulent merchants in 2021 we remained flat. As the underlying market declined by 2%<sup>1</sup>, we continued to take market share. While this is going in the right direction, we have just begun to improve many parts of the customer experience and aim for much faster growth as these improvements are implemented.

During the quarter we continued to focus on building our core categories with higher commission levels. As a result, our commission rate grew and the marketplace net sales continued to grow, with an increase of 2% compared to last year.

Because of our continued shift to a high margin marketplace business, overall gross margins grew by 6.8 percentage points. Going forward we expect to continue to increase our gross margin as 3P continues to grow its share of sales.

Profit/loss before depreciation and amortization amounted to SEK -19.7 (-3.7) million for the third quarter. As a result of the uncertainty in the market, we have reduced our cost level, where most of the effect is expected to materialize in Q1 2023. We have a cash balance of SEK 80.3 (189.3) million going into our financially strongest part of the year.

Q4 is a seasonally strong cash flow quarter; adjusted EBITDA was positive in both Q4 2020 and Q4 2021 and working capital provided a cash inflow in both quarters.

The repositioning project progresses according to plan with the objective to attract new customers, gain more loyalty, achieve increased pricing power, lower customer acquisition cost, and to attract better talent. The first step towards our new position will be launched in Q1.

1 Svensk Handels E-handelsindikator September 2022

### Traffic acquisition in the right direction with significant room for improvement

We have continued our work on optimizing the effect of our performance marketing, and our initiatives have yielded very good results. The organic traffic continues to improve, and underlying metrics related to SEO showed a strong increase in this quarter.

Our CRM processes are still at a basic level, moving forward we are taking the next step. In Q4, we are launching an improved CRM strategy together with a significantly increased activity level for the most important sales period of the year, involving Singles' Day, Black Friday, Christmas, Winter sales and CDON+. On average a CDON+ member purchases four times more often than a non-member.

### Building on several growth enabling initiatives

Pre-owned is a new addition to our offering and is currently one of the fastest growing categories in the market. The first version of the CDON Pre-owned app is now available to download through Appstore. This is a beta version, and we will use it for evaluation of further development during Q4.

CDON Marketplace continues to grow in Norway. As a result of our market expansion initiatives in Q2 Norway achieved 67% GMV growth compared to Q3 last year, and an increasing number of active

merchants. The work has now begun to build a larger merchant base with a relevant range also in Finland. Overall, there is an increased interest from merchants, both regional and European. The goal is to be the top-of-mind choice when merchants look for a new sales channel in the Nordic markets.

During Q3, the integration of Big Buy began. Big Buy is one of Europe's largest distributors and offers more than 200,000 products, 5,000 brands in 24 different categories that they distribute directly to the end consumer.

Our organization for CDON Advertising is now in place. The overall objective is to increase the ads revenue as a share of GMV significantly which in the medium term should have a positive impact on our take-rate.

During 2022 enhancing the quality of the team as well as employee satisfaction and employer brand has been a prioritized workstream. As a result, we see a further positive development of the eNPS (Employee Net Promoter Score), which helps us attract the best talent in the e-commerce industry.

### **Financial directives and targets**

As previously announced on October 19, 2022, CDON established financial directives and targets to facilitate investors' understanding of CDON's marketplace business.

CDON marketplace is built on a highly scalable business model, where operational costs should stay relatively fixed while the GMV grows. Having a gross margin on net sales close to 95%, the business model is comparable to other software as a service businesses or software platform businesses. The history of CDON, with the phaseout of the legacy 1P business, and the fact that the marketplace phenomenon is still relatively unfamiliar in the Nordics, might require further clarity when evaluating CDON. Therefore, CDON decided to establish and communicate the following financial directives and targets.

#### **Financial directives**

- CDON's marketplace (3P) business shall continuously gain market share in the Nordic e-commerce market.
- CDON's 3P take rate<sup>1</sup> shall increase over time, through an improved product mix and an increased focus on additional services.
- CDON shall enjoy strong incremental margins as a result of its high gross margin 3P business and the relatively fixed nature of administrative and general costs

#### **Target for FY 2023**

CDON's business shall be at least EBITDA breakeven in FY 2023 - unless:

- CDON finds growth investment opportunities where CDON believes the IRR (Internal Rate of Return) significantly exceeds CDON's cost of capital;
- The macro environment undergoes further material deterioration from the low levels expected in Q4 2022.

#### **Mid-term Target**

While predicting the Nordic e-commerce market is challenging, CDON is confident in its ability to continue to take market share<sup>1</sup>. So far, CDON has gained market share in each of the last five quarters, adjusted for fraudulent merchants in 2021, while offering a subpar experience. As CDON continues to improve its offer, CDON expects to accelerate market share gains. Therefore, CDON established a new mid-term target to achieve at least 2.5% market share by the end of FY 2025 from currently estimated approximately 1%. CDON will provide annual updates on its progress in achievement of this market share target.

Sincerely,

Peter Kjellberg  
CEO

<sup>1</sup> See definitions at the last page

## Financial Directive – Q3 commentary

Financial Directive		2022Q3: Comment
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 for five consecutive quarters. While the market declined by 2% in the third quarter 2022, CDON 3P GMV was flat.
2	CDON's 3P take rate shall increase over time	The take rate for our 3P business in Q3 increased to 10.7% (9.3%) as a result of efforts to diversify into higher take rate categories. This mix shift should improve our long-term take rate. From Q4 and onwards we increase our focus on our ads business, which over time is expected to increase the take rate.
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 Q3, CDON reported a 51.2% gross margin (44.4%), continuing the path of taking gross margin level closer to 3P level of approx. 95%.</p> <p>In Q3, we have had a substantial focus on optimizing our marketing spend through more efficient spend in the paid channels, and the reported marketing cost as a percentage of GMV of 5.4% is a result of these efforts (5.7% in Q2).</p> <p>Administrative &amp; Selling Expenses (SG&amp;A) excluding marketing costs have been reduced in Q3 with effects expected continuously throughout Q4 and in Q1 2023.</p>

## CDON Marketplace continues to perform stronger than the market

According to the latest reports from Svensk Handel<sup>1</sup> (Swedish Trade Federation), the Swedish e-commerce market continues to experience a negative development in the quarter of 2% compared to last year. According to Svensk Handel the reason for the declining market is a lower purchase amount per consumer and an increasing concern for their own household finances. During the quarter, CDON Marketplace remained flat, adjusted for the fraudulent merchants in 2021, compared to the same period last year.

According to Svensk Handel, there is a clear industry effect that is driving down the average purchase amounts, when e-commerce in capital-intensive subsectors such as home electronics, furniture and home furnishings decreases. CDON Marketplace sells more products and generates more orders than in the corresponding period last year, but at a lower average price per order.

For the period January to September of this year, the Swedish e-commerce market decreased by 10% while CDON Marketplace GMV increased by 3%, excluding sales from fraudulent merchants in 2021.

<sup>1</sup> Svensk Handels E-handelsindikator September 2022

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



CDON's main line of business is the CDON Marketplace (3P), in which sales come from third-party merchants and other services. 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.

CDON's strategic focus is to add new merchants and European brands to create a larger product assortment and attractive prices for the benefit of the consumer. This is expected to drive 3P GMV growth. Gross Profit for CDON Marketplace (3P) increased by 3% to SEK 46.2 (44.8) million, mainly driven by higher commissions from merchants, primarily related to changes in the category mix.

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 0.2% of the marketplace GMV.

### Strategy for Nordic Marketplace expansion

We have carried out a thorough analysis of CDON's necessary development areas to become the number one shopping destination in the Nordic region. The analysis resulted in a comprehensive strategic plan named "Do5" that rests on five pillars, which in turn contain a wide range of identified activities that will be carried out according to a long-term plan. During the third quarter, several activities were initiated, continued, and finalized in line with the Do5 strategy.



## Improving the product offering in core categories to stimulate growth

	2022 Q3	2021 Q3	Δ
Active customers, last 12M, thousands	2,045	2,124	-4%
Visits, thousands	18,674	19,084	-2%
Orders, thousands	691	674	2%
Average shopping basket, SEK	694	814	-15%
Selling merchants, last 12 months	1,548	1,505	3%

During the third quarter, the number of selling merchants on CDON Marketplace amounted to 1,548 merchants, an increase of 3% compared to last year. By the end of the third quarter, the total number of SKUs at CDON Marketplace amounted to approximately 12 million.

Marketplace follows the overall market development in that we see a movement from expensive products to less expensive ones. Categories such as Health & Beauty, Kids & Baby and Home & Garden show growth in the quarter compared to Q3 last year. One example is the demand for smart home products which is very strong in the third quarter. Our assessment is that this trend will continue in Q4.

We have continued our work on optimizing the effect of our performance marketing, and the initiatives have shown good results towards a more profitable traffic acquisition. We will continue to optimize all channels for maximal efficiency. The organic traffic continues to improve, and our visibility score showed a strong increase and reached an all-time high in Q3.

Throughout the year the number of active customers has increased from 2,023 in Q1 to 2,045 in Q3 2022.

## Continued phaseout of CDON Retail

The supplementary business area is CDON Retail, in which sales come directly from CDON by its own warehouse or drop shipment. CDON Retail historically offered a wide range of products, and 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. During Q3, the warehouse for CDON Retail was moved to the same premises as CDON's new fulfillment warehouse in the Stockholm region.

This ongoing transition resulted in a planned net sales decrease for the segment of 27% to SEK 48.5 (66.0) million compared to last year. The segment's gross profit amounted to SEK 3.4 (5.7) million during the third quarter. The gross margin decreased to 6.9% (8.6%).

## Significant events during Q3 2022

- No significant event occurred during Q3 2022.

## Significant events after Q3 2022

- Notice of 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.

## Comments on the financial performance for CDON Group

During the third quarter of 2022 the total GMV decreased by 13% compared to the same period last year, and GMV for CDON Marketplace decreased by 11% during the quarter. Excluding sales from fraudulent merchants in 2021, CDON Marketplace GMV remains flat in Q3 compared to the same period last year. Total net sales decreased by 14% as the planned phasing out of sales of our own inventory continued. However, net sales for CDON Marketplace increased by 2%. The increase in net sales for CDON Marketplace can be explained by the higher commission levels which increased to 9.6% (8.1%).

Gross margin increased by 6.8 percentage points to 51.2% (44.4%) 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 -76.3 (-58.5) million. This is a decrease of 5 million compared to Q2 2022, following our cost reduction initiatives.

During the quarter CDON has continued to strengthen the organization within key strategic business areas, improved product categorization, fulfillment, merchant intake, and the strengthening of the shopper experience. All with the aim to increase long term organic growth.

Profit/loss before depreciation and amortization amounted to SEK -19.7 (-3.7) million for the quarter.

Profit/loss amounted to SEK -26.3 (-8.4) million.

Net financial items amounted to SEK -0.2 (-0.1) million. Profit/loss before tax amounted to SEK -26.5 (-8.5) million. Recognized tax expense amounted to SEK 0.0 (0.0) million.

Profit/loss after tax amounted to SEK -26.5 (-8.5) million. Profit/loss after tax per share amounted to SEK -3.80 (-1.38).

## Cash flow and financial position for CDON Group

Cash flow from operations after changes in working capital amounted to SEK -32.8 (-12.6) million for the quarter. A negative operating result and timing effect from liabilities are the main reason for the negative cash flow.

Cash flow from investing activities amounted to SEK -5.5 (-31.3) million. During Q3 2021 CDON acquired a minority stake in Shopit Online Europe AB.

Cash flow from financing activities amounted to SEK 0.1 (188.7) million. During Q3 2021 a rights issue took place.

Cash and cash equivalents amounted to SEK 80.3 (189.3) million at the end of the quarter.

Total assets amounted to SEK 225.6 (321.5) million and equity amounted to SEK 113.4 (203.6) million. The rights issue during the third quarter 2021 explains the higher total assets and equity.

## Employees

During the third quarter, CDON AB had a total of 121 (115) full-time employees. All employees work from the company's office in Malmö.

Together with its subsidiaries, the Group has a total of 127 full-time employees.

## 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 September 30, 2022, CDON had 6,440,415 issued shares. All were ordinary shares. The share capital totaled 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.

### *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 with regard to 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, in the course of 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](https://www.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, in the course of 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. However, considering that the investigation is ongoing, it is currently still uncertain to assess if any penalties will be imposed by IMY or not.

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 third quarter 2022.

## Financial calendar 2023

The year-end report for Q4 & FY 2022 will be disclosed on February 16, 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 by the company's auditor.

Malmö, October 20, 2022

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## Conference call

CDON invites the press, investors and analysts to a conference call and a webcast where CDON's interim report for the third 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 October 20<sup>th</sup> at 14:00 CEST.

To participate in the conference call, please dial:

Sweden: +46 850 558 369  
United Kingdom: +443 333 009 269  
United States: +16 467 224 902

Link to Webcast: <https://tv.streamfabriken.com/cdon-q3-2022>

The presentation material and the webcast are 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 13:00 CEST on October 20, 2022.*

## 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	2021	2022	2021	2021
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Net sales	97.5	113.6	309.7	364.0	542.2
Cost of Goods Sold	-47.5	-63.1	-154.7	-219.5	-315.3
<b>Gross Profit</b>	<b>50.0</b>	<b>50.5</b>	<b>155.0</b>	<b>144.5</b>	<b>226.9</b>
Selling expenses	-38.5	-33.0	-113.7	-103.1	-172.5
Administrative expenses	-37.4	-25.3	-126.2	-86.3	-116.2
Other operating income/expenses, net	0.7	-0.2	0.8	-0.6	0.2
Results from associated companies and jointly controlled companies	-1.1	-0.4	-2.7	-0.4	-0.8
<b>Operating profit/loss</b>	<b>-26.3</b>	<b>-8.4</b>	<b>-86.8</b>	<b>-45.9</b>	<b>-62.4</b>
Net financial items	-0.2	-0.1	-0.2	-0.2	-0.2
<b>Profit/loss after financial items</b>	<b>-26.5</b>	<b>-8.5</b>	<b>-87.0</b>	<b>-46.1</b>	<b>-62.6</b>
<b>Profit/loss before tax</b>	<b>-26.5</b>	<b>-8.5</b>	<b>-87.0</b>	<b>-46.1</b>	<b>-62.6</b>
Income tax	0.0	0.0	0.0	0.0	0.0
<b>Profit/loss for the period</b>	<b>-26.5</b>	<b>-8.5</b>	<b>-87.0</b>	<b>-46.1</b>	<b>-62.6</b>
<b>Attributable to:</b>					
<b>Parent company's shareholders</b>	<b>-24.5</b>	<b>-8.5</b>	<b>-83.9</b>	<b>-46.1</b>	<b>-62.6</b>
<b>Non-controlling interest</b>	<b>-2.0</b>	<b>0.0</b>	<b>-3.1</b>	<b>0.0</b>	<b>0.0</b>
<b>Result for the period</b>	<b>-26.5</b>	<b>-8.5</b>	<b>-87.0</b>	<b>-46.1</b>	<b>-62.6</b>

## Condensed balance sheet – Group

Amounts in SEK million	2022 30 Sep	2021 30 Sep	2021 31 Dec
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	82.1	62.1	86.4
Property, plant and equipment	1.4	1.4	1.7
Financial assets	23.7	26.7	26.4
<b>Total non-current assets</b>	<b>107.2</b>	<b>90.2</b>	<b>114.4</b>
<b>Current assets</b>			
Inventory	9.8	12.9	19.3
Other current assets	28.3	29.0	44.3
Cash and cash equivalents	80.3	189.3	202.9
<b>Total current assets</b>	<b>118.4</b>	<b>231.3</b>	<b>266.5</b>
<b>TOTAL ASSETS</b>	<b>225.6</b>	<b>321.5</b>	<b>380.9</b>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to the parent company's shareholders	106.7	203.6	189.9
Non-controlling interests	6.7	0.0	9.8
<b>Total equity</b>	<b>113.4</b>	<b>203.6</b>	<b>199.7</b>
Provisions	7.5	0.0	7.0
<b>Total provisions</b>	<b>7.5</b>	<b>0.0</b>	<b>7.0</b>
Other long-term liabilities	0.4	0.0	0.2
<b>Total long-term liabilities</b>	<b>0.4</b>	<b>0.0</b>	<b>0.2</b>
Other current liabilities	104.3	117.8	173.9
<b>Total current liabilities</b>	<b>104.3</b>	<b>117.8</b>	<b>173.9</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>225.6</b>	<b>321.5</b>	<b>380.9</b>

## Changes in equity – Group

Amounts in SEK million	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
<b>Equity at beginning of year</b>	<b>199.7</b>	<b>61.0</b>	<b>61.0</b>
Equity rights issue	0	200.2	0
Cost of equity rights issue	0	-11.5	0
<b>Profit/loss for the year</b>	<b>-87.0</b>	<b>-46.1</b>	<b>-62.6</b>
Share based compensation	0.7	0.0	191.6
<b>Equity attributable to the parent company's shareholders</b>	<b>106.7</b>	<b>203.6</b>	<b>190.0</b>
Non-controlling interests	6.7	0.0	9.8
<b>Equity at period-end</b>	<b>113.4</b>	<b>203.6</b>	<b>199.7</b>

## Condensed cash flow statement – Group

Amounts in SEK million	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
<b>Cash flow from operating activities before changes in working capital</b>	<b>-19.2</b>	<b>-4.3</b>	<b>-66.9</b>	<b>-34.0</b>	<b>-28.9</b>
Increase (-)/decrease (+) in inventories	-0.2	3.1	10.8	13.8	7.0
Increase (-)/decrease (+) in operating receivables	9.5	3.9	18.4	9.9	-6.8
Increase (+)/decrease (-) in operating liabilities	-22.9	-15.3	-69.3	-119.0	-76.7
<b>Cash flow from operating activities</b>	<b>-32.8</b>	<b>-12.6</b>	<b>-107.0</b>	<b>-129.3</b>	<b>-105.4</b>
<b>Investing activities</b>					
Acquisitions of property, plant and equipment	0.0	0.0	-0.7	-0.4	-0.9
Acquisitions of intangible assets	-5.5	-4.1	-14.9	-15.7	-20.7
Acquisitions of subsidiaries net assets	0.0	0.0	0.0	0.0	-4.2
Acquisitions of shares in associated companies	0.0	-27.1	0.0	-27.1	-27.1
<b>Cash flow from investing activities</b>	<b>-5.5</b>	<b>-31.3</b>	<b>-15.6</b>	<b>-43.2</b>	<b>-52.9</b>
<b>Financing activities</b>					
Share rights issue	0.0	188.7	0.0	188.7	188.4
Repayment of loans	0.1	0.0	0.1	0.0	0.0
Disbursement of loans	0.0	0.0	0.0	0.0	0.0
Dividend paid	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>0.1</b>	<b>188.7</b>	<b>0.1</b>	<b>188.7</b>	<b>188.4</b>
<b>Cash flow for the period</b>	<b>-38.2</b>	<b>144.8</b>	<b>-122.5</b>	<b>16.2</b>	<b>30.1</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>118.7</b>	<b>44.5</b>	<b>202.9</b>	<b>173.3</b>	<b>173.3</b>
<b>Exchange rate differences in cash and cash equivalents</b>	<b>-0.2</b>	<b>0.0</b>	<b>-0.1</b>	<b>-0.2</b>	<b>-0.5</b>
<b>Cash and cash equivalents at the end of period</b>	<b>80.3</b>	<b>189.3</b>	<b>80.3</b>	<b>189.3</b>	<b>202.9</b>

## Condensed income statement – Parent company

Amounts in SEK million	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Net sales	97.1	113.6	307.8	364.0	542.2
Cost of Goods Sold	-47.5	-63.1	-154.7	-219.5	-315.0
<b>Gross Profit</b>	<b>49.6</b>	<b>50.5</b>	<b>153.2</b>	<b>144.5</b>	<b>227.2</b>
Selling expenses	-38.5	-33.0	-113.7	-103.1	-172.5
Administrative expenses	-33.5	-25.3	-115.4	-85.9	-116.1
Other operating expenses	0.6	-0.2	0.4	-0.6	-0.8
<b>Operating profit/loss</b>	<b>-21.9</b>	<b>-8.0</b>	<b>-75.6</b>	<b>-45.1</b>	<b>-62.1</b>
Net financial items	-0.1	-0.1	-0.2	-0.2	-0.2
<b>Profit/loss after financial items</b>	<b>-22.0</b>	<b>-8.1</b>	<b>-75.8</b>	<b>-45.4</b>	<b>-62.3</b>
<b>Profit/loss before tax</b>	<b>-22.0</b>	<b>-8.1</b>	<b>-75.8</b>	<b>-45.4</b>	<b>-62.3</b>
Income tax	0.0	0.0	0.0	0.0	0.0
<b>Profit/loss for the period</b>	<b>-22.0</b>	<b>-8.1</b>	<b>-75.8</b>	<b>-45.4</b>	<b>-62.3</b>

## Condensed balance sheet – Parent company

Amounts in SEK million	2022 30 Sep	2021 30 Sep	2021 31 Dec
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	61.0	62.1	61.6
Property, plant and equipment	1.4	1.4	1.7
Financial assets	44.5	27.1	44.1
<b>Total non-current assets</b>	<b>107.0</b>	<b>90.6</b>	<b>107.4</b>
<b>Current assets</b>			
Inventory	9.8	12.9	19.3
Other current assets	28.1	29.0	43.6
Cash and cash equivalents	77.6	186.6	197.5
<b>Total current assets</b>	<b>115.5</b>	<b>228.5</b>	<b>260.5</b>
<b>TOTAL ASSETS</b>	<b>222.5</b>	<b>319.1</b>	<b>367.8</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	112.8	202.3	188.1
<b>Total equity</b>	<b>112.8</b>	<b>202.3</b>	<b>188.1</b>
Provisions	7.5	0.0	7.0
<b>Total provisions</b>	<b>7.5</b>	<b>0.0</b>	<b>7.0</b>
Other current liabilities	102.2	116.8	172.7
<b>Total current liabilities</b>	<b>102.2</b>	<b>116.8</b>	<b>172.7</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>222.5</b>	<b>319.1</b>	<b>367.8</b>

## Condensed cash flow statement – Parent company

Amounts in SEK million	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
<b>Cash flow from operating activities before changes in working capital</b>	<b>-17.9</b>	<b>-3.7</b>	<b>-63.4</b>	<b>-32.7</b>	<b>-29.8</b>
Increase (-)/decrease (+) in inventories	-0.2	3.1	10.7	13.8	7.0
Increase (-)/decrease (+) in operating receivables	7.2	3.9	16.1	9.5	-6.8
Increase (+)/decrease (-) in operating liabilities	-21.7	-15.8	-67.9	-119.6	-75.5
<b>Cash flow from operating activities</b>	<b>-32.6</b>	<b>-12.5</b>	<b>-104.5</b>	<b>-129.1</b>	<b>-105.1</b>
<b>Investing activities</b>					
Acquisitions of financial assets	0.0	0.0	0.0	0.0	-27.1
Acquisitions of property, plant and equipment	-0.1	0.0	-0.7	-0.4	-0.9
Acquisitions of intangible assets	-5.5	-4.1	-14.4	-15.7	-20.7
Investments in subsidiaries	0.0	-27.1	0.0	-27.1	-6.9
Shareholder contribution	0.0	0.0	-0.4	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-5.6</b>	<b>-31.3</b>	<b>-15.5</b>	<b>-43.2</b>	<b>-55.6</b>
<b>Financing activities</b>					
Share rights issue	0.0	188.7	0.0	188.7	188.4
Repayment of loan	0.0	0.0	0.0	0.0	0.0
Loans paid out	0.0	0.0	0.0	0.0	0.0
Dividend paid	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>0.0</b>	<b>188.7</b>	<b>0.0</b>	<b>188.7</b>	<b>188.4</b>
<b>Cash flow for the period</b>	<b>-38.2</b>	<b>145.0</b>	<b>-120.0</b>	<b>16.5</b>	<b>27.8</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>115.7</b>	<b>41.7</b>	<b>197.5</b>	<b>170.3</b>	<b>170.3</b>
<b>Exchange rate differences in cash and cash equivalents</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>	<b>-0.2</b>	<b>-0.5</b>
<b>Cash and cash equivalents at the end of period</b>	<b>77.6</b>	<b>186.6</b>	<b>77.6</b>	<b>186.6</b>	<b>197.5</b>

## Selected segment information – Parent company

Amounts in SEK million	2022 Jul-Sep	2021 Jul-Sep	Δ	2022 Jan-Sep	2021 Jan-Sep	Δ
<b>CDON Marketplace (3P)</b>						
Gross merchandise value	430.5	482.3	-11%	1,263.0	1,295.1	-2%
Net sales	48.6	47.6	2%	143.9	129.6	11%
Gross profit	46.2	44.8	3%	137.3	121.5	13%
Commission (%)	9.6	8.1	1.5 pp	9.4	8.2	1.2 pp
Gross margin (%)	95.2	94.1	1.1 pp	95.5	93.8	1.7 pp
<b>CDON Retail (1P)</b>						
Gross merchandise value	48.7	66.8	-27%	165.1	238.5	-31%
Net sales	48.5	66.0	-27%	164.1	234.3	-30%
Gross profit	3.4	5.7	-41%	16.1	22.9	-30%
Gross margin (%)	6.9	8.6	-1.7 pp	9.8	9.8	0.0 pp

## Condensed key ratios – Parent company

	2022	2021		2022	2021	
	Jul-Sep	Jul-Sep	Δ	Jan-Sep	Jan-Sep	Δ
Total gross merchandise value	479.1	549.0	-13%	1,428.1	1,533.6	-7%
Active customers, last 12 months, thousands	2,045	2,124	-4%	2,045	2,124	-4%
Visits, thousands	18,674	19,084	-2%	56,781	59,175	-4%
Orders, thousands	691	674	2%	2,057	2,027	1%
Average shopping basket, SEK	694	814	-15%	694	756	-8%
Selling merchants, last 12 months <sup>1</sup>	1,548	1,505	3%	1,548	1,505	3%
Share sales in Sweden	68.9%	76.6%	-7.7 pp	69.7%	73.7%	-4.0 pp
Marketing costs / gross merchandise value	-5.4%	-3.7%	-1.7 pp	-5.3%	-4.1%	-1.2 pp

<sup>1</sup> 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)

## Information on the number of shares

	2022	2021
	Jul-Sep	Jul-Sep
Shares outstanding at the end of the period	6,440,415	6,444,327
Shares outstanding at the end of the period after dilution	6,440,415	6,444,327
Average number of shares before dilution	6,446,106	6,147,805
Average number of shares after dilution	6,446,106	6,147,805

## 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

Take rate	Take rate is defined as commission for CDON Marketplace and additional revenue streams such as financial commission, advertising income and subscriptions fees divided by Gross Merchandise Value for CDON Marketplace
Market share	CDON's total Gross Merchandise Value as share of Serviceable Available Market, defined as total online spend in the Nordics, excluding hospitality, travel, building materials, groceries, clothing, shoes and pharmacy products. (Source for the Nordic e-commerce market data: E-commerce in Europe, Postnord 2021)
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
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 past 12 months at the end of the period