



PRESS RELEASE

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CDON and Fyndiq combine forces to create the leading Nordic e-commerce marketplace

CDON AB (publ), the leading retail marketplace in the Nordics, and Fyndiq AB, Sweden's largest marketplace for bargains, today announce the combination of CDON and Fyndiq to create the largest e-commerce marketplace in the Nordic region. CDON will acquire the shares in Fyndiq for a preliminary purchase price of approx. SEK 735m, to be paid in newly issued shares in CDON corresponding to approx. 40 percent of the shares and 39 percent of the votes of the combined company.

Fredrik Norberg, founder and CEO of Fyndiq will be appointed as the CEO of the combined company and Thomas Pehrsson, current CFO and acting CEO of CDON, will be appointed CFO and Deputy CEO. The combined company, known as CDON, will continue to operate two separate consumer offerings under the brands CDON and Fyndiq. The combination is expected to be completed during the second quarter of 2023, subject to approval by the shareholders of CDON at an Extraordinary General Meeting to be held on 28 March 2023.

Summary of the combination

- The combination will be made by way of CDON acquiring the shares in Fyndiq from the shareholders in Fyndiq. The preliminary purchase price amounts to approx. SEK 735m¹ and the Fyndiq sellers will receive shares in CDON as consideration in addition to a small cash component of approx. SEK 7m. The preliminary purchase price has been based on a price per share in CDON of SEK 173.25, based on the average closing price for the 10 working days prior to 15 February 2023.

¹ *The final purchase price may differ from the preliminary purchase price depending on movements in the CDON share price on the stock market up until the combination is completed. The value of Fyndiq has been based on the multiple enterprise value/gross profit after marketing costs of CDON considering the current share price of CDON. As such, the valuation of Fyndiq will vary with the share price of CDON until the closing of the combination.*

- Fyndiq's shareholders will receive approx. 40 percent of the shares in the combined company, corresponding to approx. 39 percent of the votes.
- Fyndiq's CEO Fredrik Norberg, will be appointed as the new CEO of the combined company. Fredrik has a Master of Science in Innovation and Entrepreneurship from Chalmers School of Entrepreneurship, and a Bachelor degree in Finance from Gothenburg School of Economics. Prior to founding Fyndiq, Fredrik founded and led companies within e-commerce logistics and postage optimization.
- Thomas Pehrsson, CFO and interim CEO of CDON will become CFO and deputy CEO of the combined company.
- Key employees at Fyndiq who participated in Fyndiq's incentive program will in place of their current program receive part of their combination consideration in cash and a portion in the form of reclassifiable incentive shares, the latter with the objective of creating incentives to execute the combined company's next phase of growth. The incentive will be reclassified to ordinary shares subject to continued value growth of the CDON share, and thereby give the holder accelerated return.
- Current Fyndiq Board members Christoffer Norman and Erik Segerborg are proposed to be elected as new Board members in the combined company. They both have extensive marketplace experience from companies such as Avito and Hemnet. Christoffer Norman will own 3.3 percent of the shares in the combined company and Erik Segerborg will own 0.5 percent of the shares in the combined company. Erik Segerborg will also be offered to invest up to 7.5 mSEK in a convertible loan in CDON, on market terms and subject to approval by the shareholders of CDON at an Extraordinary General meeting (the "EGM"), to be held on 28 March 2023.
- In addition, the Board in the combined company will comprise of three current Board members in CDON, Josephine Salenstedt (Chair), Brad Hathaway and Jonathan Sundqvist. Board members Kristina Lukes, Niklas Woxlin and Jonas Calles have declared that they will resign in connection with completion of the combination.
- The completion of the combination is subject to approval by the shareholders of CDON at the EGM, to be held on 28 March 2023. Shareholders representing approx. 62.5 percent of the shares and votes in CDON have undertaken to vote in favor of the combination at the EGM.
- Rite Ventures and the Fyndiq shareholders have undertaken not to sell any shares in the combined company up until three months after completion of the combination, subject to customary exceptions. Further, the new CEO and other new key employees receiving incentive shares, as well as the proposed new Board members Christoffer Norman and Erik Segerborg, have undertaken not to sell any shares in the combined company up until

twelve months after completion of the combination with the exception of selling shares to cover taxes related to the combination.

“We are very happy to announce the combination of CDON and Fyndiq. This strategic move brings together two companies with complementary consumer offerings enabling increased focus on efficiency and instantly providing greater scale and profit potential. In Fredrik Norberg, we get a proven entrepreneur with significant shareholding and long experience from running marketplaces as CEO, and in Thomas Pehrsson an experienced CFO with a solid background from several well-reputed companies. We are confident that this partnership will position us for continued success in the years to come,” says Josephine Salenstedt, Chair of the Board of CDON.

Fredrik Norberg founder and CEO of Fyndiq continues: “The Fyndiq team and I are proud to be a part of a new, stronger company following our combination with CDON. This strategic move will provide the combined company with the scale and resources to further advance our mission and bring greater value to our customers. With a strong focus on efficiency and cost control going forward, we aim to deliver unbeatable customer value and an online shopping experience that is second to none on an even greater scale. I have been impressed by the rapid progress made by CDON since announcing its strategic oversight and look forward to working together with their team to continue to build the leading Nordic ecommerce marketplace.”

Background to the Combination

CDON has evaluated different paths forward that could deliver long-term stability and a new foundation for growth. Fyndiq was quickly identified as an attractive target with broad e-commerce and marketplace knowledge in its management team, which complements CDON’s leadership in a good way, to provide the basis for leadership in the combined company for many years to come.

Rationale of the Combination

As two-sided networks, marketplaces enjoy significant benefits from scale. Combining CDON and Fyndiq strengthens CDON's position as the leading Nordic marketplace and better positions the combined company to gain further market share and incremental profitability. As a result of their similar business models, CDON and Fyndiq enjoy commercial and operational synergies. This overlap will unlock currently untapped potential in both companies and help deliver value to all stakeholders.

Overview of Fyndiq

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 and has 42 employees.

Financial overview of the combined company

The preliminary combined financial information presented in the table below is for illustrative purposes only. The preliminary combined financial information has not been prepared in accordance with the Swedish Accounting Standards Board's general recommendation BFNAR 2012:1 Annual Accounts and Consolidated Financial Statements (K3) and is not financial pro forma information, and has not been audited or otherwise reviewed by the companies' auditors. Differences in accounting policies or definitions of alternative performance measures have not been taken into account. The preliminary combined financial information is based on estimates.

Amounts in SEKm	FY22A ⁽¹⁾		
	Fyndiq	CDON	Combined company
Marketplace (3P)			
GMV	499.7	1 828.3	2 328.0
Net Sales ⁽²⁾	480.3	210.6	690.9
Gross profit	125.3	201.3	326.6
Gross margin (%)	26.1%	95.6%	47.3%
Retail (1P)			
GMV	-	250.4	250.4
Net Sales ⁽²⁾	-	248.9	248.9
Gross profit	-	25.1	25.1
Gross margin (%)	-	10.1%	10.1%
Total			
Total GMV	499.7	2 078.7	2 578.4
Net Sales ⁽²⁾	480.3	461.2	941.5
Gross profit	125.3	226.9	352.2
Gross margin (%)	26.1%	49.2%	37.4%
EBITDA	6.7	-115.1	-108.4
Cash balance	77.0	123.1	200.1

(1) Proforma before adjustments for one-offs, cost reductions implemented in December 2022, and potential synergies.

(2) Due to differences in sales model and accounting principles, Net Sales is not a comparable metric between the two companies. However, it is included for illustrative purposes.

Go-forward valuation considerations

During 2022, CDON has incurred significant one-off costs related to acquisitions, legal expenses, merchant bankruptcy costs and restructuring costs. On December 8, 2022, CDON announced a restructuring program and has since then implemented several actions which will have a significant impact on its go-forward OPEX level.

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

The combined company expects to see additional commercial and operational synergies, which increases the confidence of reaching CDON's EBITDA target of being at least break-even in 2023.

Ownership structure

Following the combination, Fyndiq's shareholders will hold approx. 40 percent of the shares and 39 percent of the votes in the combined company. The new CEO Fredrik Norberg will privately and through aBrick AB hold approximately 3.1 percent of the shares and 2.6 percent of the votes in the combined company. The illustrative table below shows the ownership of the combined company as if the combination had been completed based on the latest available shareholding information.

Shareholder	% of shares (both ordinary and reclassifiable)	% of votes (both ordinary and reclassifiable)
ADW Capital Management	17.0%	17.3%
Rite Ventures	14.6%	14.9%
Philian	6.4%	6.5%
Bisslinge Förvaltning Aktiebolag	6.1%	6.2%
Mandatum Life Insurance Company	5.8%	5.9%
Bayberry Capital Partners LP	4.5%	4.6%
Northzone Ventures	3.9%	3.9%
Per Johan Christoffer Norman	3.3%	3.3%
Far View Capital Management	3.0%	3.1%
Fredrik Norberg (incl. aBrick AB)	3.1%	2.6%
Top 10 shareholders	67.6%	68.4%
Other shareholders	32.4%	31.6%
Total	100.0%	100.0%
<i>CDON shareholders</i>	<i>59.7%</i>	<i>61.0%</i>
<i>Fyndiq sellers</i>	<i>40.3%</i>	<i>39.0%</i>

The management in Fyndiq has undertaken not to sell any shares in the combined company up until 12 months after completion of the combination, subject to customary conditions. Further, all Fyndiq shareholders that together will represent approx. 40 percent of the shares in the combined

company, have undertaken not to sell any shares in the combined company up until three months after completion of the combination, subject to customary exceptions. Further, Rite Ventures, approx. 14.6 percent of the shares and 14.9 percent of the votes in the combined company, has undertaken not to sell any shares in CDON (or in the combined company) up until three months after completion of the combination.

Description of the combination

The Board of CDON and a majority of the shareholders of Fyndiq AB have entered into a combination agreement, pursuant to which CDON and Fyndiq have agreed to combine their business operations.

According to the combination agreement, the purchase price will consist of 4,101,892 newly issued ordinary shares and 241,543 newly issued incentive shares in CDON, corresponding to an ownership share for the Fyndiq sellers of 40.3 percent of the shares and 39.0 percent of the votes in the combined company. This entails that all shares in Fyndiq shall be exchanged for 4,101,892 new ordinary shares in CDON (corresponding to a preliminary subscription price of SEK 173.25 per share based on the average closing price of the CDON share at Nasdaq First North Growth Market for 10 business days prior to 15th February, 2023), and/or, as the case may be 241,543 new incentive shares in CDON (corresponding to a preliminary subscription price of SEK 71.8 per share, calculated by using the Black & Scholes method, based on the average closing price of the CDON share at Nasdaq First North Growth Market 10 business days prior to the 15th February, 2023). The new CEO and certain other new key employees will together for a portion of their consideration receive up to a total amount of SEK 7,122,575 in cash. The purchase price may be subject to adjustment to reflect the relative valuation of CDON and Fyndiq in connection with closing of the combination.

CDON and the Fyndiq sellers have given limited customary representations and warranties with respect to CDON and Fyndiq, respectively, which limits the possibility to claim for loss under warranties, and consequently, reduction of the purchase price. However, both CDON and Fyndiq have given customary fundamental warranties.

The share issues to the Fyndiq seller

Fyndiq is as of the date of this press release owned by a total of 39 shareholders, of which Philian, Bisslinge Förvaltning and Northzone are the three largest. In addition, Fyndiq's CEO Fredrik Norberg (who will be appointed new CEO of CDON), and certain other key employees holding warrants in Fyndiq will be offered to exercise such warrants in accordance with their terms and become Fyndiq shareholders prior to completion of the combination.

The Fyndiq sellers will receive ordinary shares in CDON as purchase price, save that key employees (as sellers) also will receive a portion of their purchase price for their shares in cash and a portion in the form of incentive shares in CDON that are reclassifiable into ordinary shares in 2027 subject to the fulfilment of a defined performance condition related to the value growth in CDON's ordinary share. The objective of the incentive shares is to create incentives to execute the combined company's next phase of growth and thereby align the holders' interests with those

of the shareholders. The issue of incentive shares requires amendments of the articles of association, which is subject to approval by the shareholders of CDON at the EGM to be held on 28 March 2023.

The preliminary purchase price is distributed among the Fyndiq sellers:

Form of consideration	Number of shares	% of shares (votes)	mSEK
CDON ordinary shares	4,101,892	38.0% (38.8%)	711
Incentive shares to Fyndiq management	241,543	2.2% (0.2%)	17
Cash consideration*	-	-	7
Total	4,343,435	40.3% (39.0%)	735

*A cash payment of SEK 7m will be made to the key employees (as sellers).

The shareholders in CDON will have their shareholdings diluted by approx. 40.3 percent.

Conditions for the combination

Completion of the combination is conditional upon the EGM resolving to approve the combination and to authorize the Board to resolve to issue the consideration shares, which require that the resolutions are supported with more than one-half of the votes cast at the EGM. Shareholders representing approx. 62.5 percent of the votes in CDON have undertaken to vote in favor of the combination and the issue of consideration shares.

In case the EGM resolves to reject the proposed amendments of the articles of association or the new issues of incentive shares, all Fyndiq sellers will receive ordinary shares as purchase price for their Fyndiq shares in addition to the cash consideration to be paid to certain of the sellers. Under such assumptions, the ownership share for the Fyndiq sellers will correspond to 39.5 percent of the shares in the combined company.

Convertible bond issue

The Board have resolved to propose that the proposed new Board member Erik Segerborg shall be offered to subscribe for a convertible bond on market terms in order to create an incentive for Erik Segerborg to execute the combined company's next phase of growth thereby aligning his interests with those of the shareholders. The complete proposal and terms for the convertible bonds will be included in the Board's proposal to the EGM.

The EGM

The EGM will be held on 28 March 2023. The notice of the EGM will be published separately no later than 22 February 2023 and will be made available at CDON's website www.investors.cdon.com.

CDON's three largest shareholders (ADW Capital Management, Rite Ventures and Mandatum Life Insurance Company) together holding shares that represents 62.5 percent of the shares and votes in CDON have undertaken to vote in favor of the combination and the issue of consideration shares at the EGM, and not to sell their CDON shares until the 2023 Annual General Meeting (as set out under "Ownership structure" Rite Ventures has committed to a longer lock-up).

Indicative timetable

22 February 2023	Notice of the EGM in CDON will be disclosed
28 March 2023	EGM in CDON
Q2 2023	Completion of the combination

Advisers

CDON has retained Cederquist as legal adviser. Fyndiq has retained Vinge as legal adviser.

Press and analyst conference call

CDON and Fyndiq will host a press and analyst conference call at 14.00 CET Friday, 17 February 2023. The conference call will be held in English and will also be made available as a webcast at CDON's website www.investors.cdon.com.

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 14:01 CET on 16 February 2023.

Certified Adviser

FNCA Sweden AB is CDON's Certified Adviser.

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About CDON

CDON AB (publ) ("CDON") was founded in 1999 and is now the largest 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.

FORWARD-LOOKING STATEMENTS

This communication contains certain forward-looking statements concerning our intentions, beliefs or current expectations. Such statements are identified by including terms such as "intent", or similar expressions, and include statements regarding CDON's plans with respect to its combination with Fyndiq. Such statements are subject to a number of important risks and uncertainties, and actual results may differ materially from those expressed or implied in the forward-looking statements. Factors, including risks and uncertainties, that could cause these differences include, but are not limited to: market growth and volatility and regulatory changes and developments. Any forward-looking statements speak only as of the date hereof. Neither CDON nor Fyndiq undertake any obligation to update any forward-looking statements.

CDON AB (publ)

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