Annual Report 2022

CDON

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Directors' report

BUSINESS OVERVIEW
CDON AB (publ) (Corp. ID No. 556406-1702; "CDON") is a public Swedish limited company. The registered offices of the Company's Board of Directors are located in Malmö, Sweden. The company's postal address is Box 385, SE-201 23, Malmö and the visiting address is Södergatan 22, Malmö. CDON's shares are listed on the Nasdaq First North Growth Market under the ticker "CDON".

CDON is one of the Nordic region's leading online marketplaces. On CDON.com more than 1,500 external merchants sell their products to more than two million Nordic consumers. Customers can choose to buy and compare prices for millions of products in what is by far the widest range of all Nordic digital shopping destinations.

As a growing number of consumers benefit from the increasing number of offerings in the marketplace, our attractiveness to new merchants increases. With more merchants joining us, consumer numbers increase further. We are developing the CDON platform for and with our merchants, granting them access to technical solutions in areas including pricing, product enrichment, integration with other service providers, reporting and analysis.

With more than 20 years of experience in e-commerce and technical innovation, and the determination to improve all aspects of e-commerce for Nordic consumers and merchants, CDON has a key role to play in the transition that is taking place. Our ambition is to continue expanding our network of Nordic and non-Nordic merchants and partners so that our consumers can purchase products with the same security and convenience as they do from local retailers.

Development of the Company's operations, earnings and position

GROUP

Financial overview	2022	2021	2020	2019
Net sales, SEK million	461	542	797	1,112
Profit/loss after financial items, SEK million	-152	-63	-6	-2
Balance sheet total, SEK million	238	381	299	503
Number of employees	126	124	129	143
Equity/assets ratio, %	18.7	52.4	20.0	29.7

PARENT

Financial overview	2022	2021	2020	2019
Net sales, SEK million	459	542	797	1,112
Profit/loss after financial items, SEK million	-146	-62	-6	-2
Balance sheet total, SEK million	235	368	296	503
Number of employees	121	124	129	143
Equity/assets ratio, %	18.2	51.1	19.9	29.7

Directors' report cont.

COMMENTS ON FINANCIAL PERFORMANCE

The global uncertainty in the economic market and the continued negative outlook impacted the Swedish e-commerce market in 2022. According to the Swedish Trade Federation, the Swedish e-commerce market declined by 9% in 2022. For CDON, that decline was only 7%.

In 2022, net sales decreased by 14.9% to SEK 461.2 (542.2) million for the Group and by 15.3% to SEK 459.3 (542.2) million for the Parent Company.

Total gross merchandise value (GMV) on CDON's market place (3P) decreased by 7% to SEK 1,828.3 million (1973.2). Net sales from own inventories (1P) decreased by 27% to SEK 250.4 million (343.8).

The decline in net sales is related to CDON Retail (1P), which – in line with the Group's strategy – closed down additional product categories in favour of external merchants joining the marketplace (3P).

For the Group, the gross margin increased by 7.3 percentage points to 49.2% (41.9) and for the Parent Company by 7.1 percentage points to 49.0% (41.9) for the year. The increase is attributable to the shift in sales from our own inventory to sales in the marketplace.

The operating loss for the Group was SEK 151.8 (62.4) million and for the Parent Company SEK 115.4 (62.1) million. The adjusted operating loss for the Group was SEK 87.4 (42.4) million and for the Parent Company SEK 73.4 (42.1) million. The difference for the year at hand pertains mainly to provisions for restructuring, impairment of goodwill in subsidiaries and associates, as well as impairment of software. The previous year's difference is explained by, among other things, the impairment of receivable from a merchant.

Cash flow from operations after changes in working capital amounted to an outflow of SEK 57.7 (inflow 105.4) million for the Group and of SEK 54.5 (inflow 105.1) million for the Parent Company. The closing inventory in the Group and Parent Company decreased by SEK 11.0 million to SEK 8.6 (19.3) million over the year due to the transition to a marketplace model.

Cash flow from investing activities for the year amounted to an outflow of SEK 22.3 (52.9) million for the Group and to SEK 22.4 (55.6) million for the Parent Company. The investments pertain mainly to development costs generated in-house.

Cash flow from investing activities for the year amounted to an inflow of SEK 0.1 (188.4) million for the Group and SEK 0.0 (188.4) million for the Parent Company.

CDON AB's financial statements are presented in Swedish kronor (SEK) that being the Company's reporting currency.

The Annual Report is presented in SEK million. Rounding differences may occur.

FINANCIAL DIRECTIVES

In October 2022, CDON published new financial directives. The directives are as follows:

- CDON's 3P business shall continuously gain market share in the Nordic e-commerce market.
- CDON's 3P take rate shall increase over time
- 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

In 2022, CDON achieved higher sales than the e-commerce market in general. Adjusted for fraudulent merchants in 2021, the decline was just 1% compared with the general decline of 9% in e-commerce. In the final quarter of the year, the third-party margin increased by 11% due to the diversification of the categories with the highest margins, the impact of which will also improve over time. In the latter part of 2022, CDON has focused on optimising marketing costs by more effectively using existing paid channels. Administrative and selling costs (excluding marketing costs and items affecting comparability) decreased in the final quarter of 2022 and are expected to have a greater impact in the first half of 2023.

In December 2022, CDON announced that the Company would implement a restructuring program/cost saving program to accelerate the Company's transition to sustainable profitability. The program was expected to lead to a cost saving of SEK 60-65 million on an annual basis. The reasons for the launch of the restructuring programme were the deteriorating economic situation globally and the requirement that CDON AB be able to achieve the previously communicated financial target of remaining EBITDA neutral throughout 2023. The restructuring program also means that the average number of employees will decrease in 2023 and a provision has been made for redundant personnel, as well as for other costs totalling SEK 20.1 million related to the restructuring.

Directors' report cont.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR 2022

- On 1 January 2022, Peter Kjellberg took over as the Company's CEO.
- On 1 February 2022, Thomas Pehrsson was appointed as the Company's CFO (Chief Financial Officer). Thomas took office in March 2022.
- On 22 February 2022, CDON held an Extraordinary General Meeting. In accordance with the proposal by the Board of Directors, the Meeting resolved to adopt a new long-term incentive program for senior executives in CDON and its subsidiaries ("Owner Program 2022"). To ensure that the Company can meet its commitments in accordance with Ownership Program 2022, the Meeting also approved a private placement of at most 96,220 warrants of series 2022/2026.
- CDON's 2022 Annual General Meeting was held on 11 May 2022. Among other things, the Annual General Meeting resolved the following:
  Jonas Calles and Jonathan Sundqvist were elected as new Board Members in the Company (at the same time as Georg Westin and Christoffer Häggblom stepped down from their assignments as Board Members).
  The Meeting decided that a part of the independent Board Members' board fees should be share-based and approved a directed issue of at most 1,252 shares to the independent Board Members. Furthermore, the Annual General Meeting approved the establishment of a new warrant-based incentive program for independent Board Members in CDON ("Board program 2022") and on a related private placement of at most 2,504 warrants of series 2022/2025. The Annual General Meeting also adopted another long-term incentive program for senior executives and other key employees in CDON (Owners' Program 2022:2). To ensure that the Company can meet its commitments in accordance with Ownership Program 2022:2, the Meeting also approved a private placement of at most 50,180 warrants of series 2022/2026:2. The Meeting also approved a reduction of the share capital through the withdrawal of 11,320 shares (related to CDON's previous incentive program aimed at senior executives in the Company, so-called Owners' Program 2020), and on a minor increase in the share capital through a bonus issue.
- On 19 October 2022, CDON published new financial directives and targets.
- On 25 February 2022, CDON held an Extraordinary General Meeting. The Meeting elected Brad Hathaway as a new Board Member in the Company (at the same time as Savneet Singh stepped down from his position as Board Member).
- In the late autumn of 2022, one of CDON's larger merchants was declared bankrupt. The cost of this negatively affected CDON's earnings for the financial year by about SEK 5 million. After this event, CDON enhanced its internal procedures regarding merchants and took other measures to reduce the risk of exposure to expenses related to merchants' inability to perform their obligations in the future.
- On 7 December 2022, the Company announced that Peter Kjellberg, following a mutual agreement with the Board of Directors, would resign as the Company's CEO on 1 January 2023, and that the Board of Directors had decided to appoint Thomas Pehrsson as Acting CEO as of 1 January 2023.
- On 8 December CDON announced that the Company would implement a restructuring program/cost saving program to accelerate the Company's transition to sustainable profitability.

Directors' report cont.

SIGNIFICANT EVENTS AFTER END OF ACCOUNTING PERIOD

- On 1 January 2023, Thomas Pehrsson took office as the acting CEO of CDON.

- On 16 February 2023, it was announced that CDON would merge with Fyndiq AB (Sweden's largest online marketplace for bargains). CDON is to acquire 100% of the shares in Fyndiq AB for a preliminary purchase price of approximately SEK 735 million, which is to be paid through a directed non-cash issue of CDON shares (to Fyndiq's existing shareholders), corresponding to approximately 40% of the shares and approximately 39% of the votes in the combined company. Fredrik Norberg, founder and CEO of Fyndiq, will be appointed CEO of the new combined company (CDON) and Thomas Pehrsson will continue as CFO and will also be appointed as the deputy CEO of CDON. The new combined company (CDON) will continue to operate two separate consumer offerings under the CDON and Fyndiq brands. The transaction is expected to be completed in the second quarter of 2023 and is subject to shareholder approval at an Extraordinary General Meeting of CDON on 28 March 2023.

- On the 28 March 2023 CDON held an Extraordinary General Meeting (EGM). The EGM resolved to approve the Board of Directors' proposal to combine CDON with Fyndiq AB. The purchase price (for the shares in Fyndiq) will consist of newly issued ordinary shares and class C shares in CDON as well as a minor cash component. The EGM resolved to authorise the Board of Directors, for the period until the end of the next Annual General Meeting, to resolve on a new issue of ordinary shares in CDON to be used as part of the purchase price in the combination with Fyndiq AB. The Fyndiq sellers shall be entitled to subscribe for the new ordinary shares and shall as payment for the shares contribute to CDON with shares in Fyndiq owned by the sellers. The EGM also resolved to approve the Board of Directors' proposal to amend the company's articles of association by introducing a new share class of reclassifiable and redeemable class C shares. Furthermore, the EGM resolved to approve the Board of Directors' proposal to execute a new issue of reclassifiable class C shares in CDON to the new CEO and certain other new key employees to form a part of the purchase price for their shares in Fyndiq. The issued class C shares will be reclassified to ordinary shares after a four-year measurement period provided fulfilment of performance-based condition. The EGM also resolved to approve the Board of Directors' proposal to issue convertible bonds in CDON to the new Board member Erik Segerborg. Erik Segerborg will be entitled to subscribe for convertible bonds for SEK 7 500 000 and convert them during the period 15 April 2023 to 30 June 2025 into ordinary shared in CDON. Additionally the EGM resolved that the number of Board members elected by the general meeting shall be five. The EGM further elected Erik Segerborg and Christoffer Norman as new Board members. The current Board members Kristina Lukes, Niklas Woxlin and Jonas Calles will resign as Board members once the appointment of the new Board members takes effect at completion of the combination. The Board of Directors in CDON will after completion of the combination with Fyndiq comprise Josephine Salenstedt (Chair), Brad Hathaway, Christoffer Norman, Erik Segerborg and Jonathan Sundqvist.

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INFORMATION ABOUT THE COMPANY'S SHARES AND SHAREHOLDERS

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

As of 1 January 2022, the Company had 6,444,327 shares outstanding. The share capital totalled SEK 6,444,327.
On 14 January 2022, the Company's private placement (offset) of 6,156 shares was registered, whereby the share capital increased by SEK 6,156. This private placement was adopted by the Board of Directors on December 29, 2021 (supported by the approval of the 2021 Annual General Meeting) and was related to CDON's acquisition of the shares in Xales Techlab Oy.
On 22 August 2022, the Company's private placement (offset) of 1,252 shares was registered, whereby the share capital increased by SEK 1,252. This private placement was approved by the 2022 Annual General Meeting and was related to the payment of (part of) the 2022/2023 Board fee to CDON's independent Board Members.
On 22 August 2022, a reduction in the share capital was also registered through a withdrawal of 11,320 shares, whereby the share capital was reduced by SEK 11,320; at the same time, a bonus issue was registered, whereby the Company's share capital increased by SEK 11,320 (without issuing new shares and by transfer from unrestricted equity).
These measures were approved by the Company's Annual General Meeting in 2022 and were related to CDON's incentive program, Owners' Program 2020.

As of 31 December 2022, there were 6,440,415 shares in CDON outstanding (all of which were ordinary shares).
The share capital totalled SEK 6,451,735. The share's quota value amounted to SEK 1.0017576507104.

During 2022, the Company also implemented issues of warrants within the framework of the Company's long-term incentive program.
On 17 March 2022, the Company's private placement of 80,840 warrants of series 2022/2026 was registered. This issue was approved by the Extraordinary General Meeting on 22 February 2022, and was related to CDON's Owners' Program 2022. All warrants of series 2022/2026 are currently held by the Company.
On 29 June 2022, the Company's private placement of 23,210 warrants of series 2022/2026:2 was registered. This issue was approved by the 2022 Annual General Meeting and was related to CDON's Owners' Program 2022:2. All warrants of series 2022/2026:2 are currently held by the Company.
On 8 November 2022, the Company's private placement of 1,878 warrants of series 2022/2025 was registered. This issue was approved by the 2022 Annual General Meeting and was related to CDON's Board of Directors' Program 2022.

Ownership conditions as of December 31, 2022
ADW Capital Management, LLC 28.40%
Rite Ventures 24.45%
Other shareholders 47.15%

EMPLOYEES

At the end of the year, CDON AB had an average 121 (124) full-time employees.
All employees worked at the Company's office in Malmö.
At the year-end, the Group had a total of 126 (124) full-time employees.

RESEARCH AND DEVELOPMENT

During the year, SEK 21.3 million (20.7) was capitalized for internally developed assets. The development work primarily involves developing the marketplace with improved functionalities, such as stream feeds and product recommendations. Capitalizations have also included improvements in integrations and site navigation.

OUTLOOK

Nordic e-commerce decreased in 2022, due to the challenging geopolitical and economic situation internationally (including the war in Ukraine and increasing inflation). The total e-commerce penetration in the Nordic Countries within marketplaces remains low compared to other European markets. It is CDON's goal for the gross merchandise value for CDON Marketplace (3P) to grow faster than the overall e-commerce market, which CDON did achieve for the full year. The long-term target is for CDON to hold 2.5 % of the Nordic e-commerce market by 2025.

CDON is the leading local digital marketplace in the Nordic region. The vision is to simplify digital commerce for our Nordic customers and merchants. CDON's business model, with its continuous endeavour to raise the quality of its expanding product range and offering, affords us an attractive position in the market. In pace with CDON's focus on its new DO5 strategy, we will become more attractive to new merchants, leading to additional consumers seeking to shop at CDON.

SUSTAINABILITY REPORT

CDON has prepared a sustainability report, see pages 46-51.

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SIGNIFICANT RISKS AND UNCERTAINTIES

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 regard to the probability of occurrence and the related consequences. The effectiveness of existing risk measures (such as protective measures, control activities, etc.) is assessed qualitatively. All identified risks are documented in a risk register. 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. Although we have identified a number of risks in CDON's risk register, many of these are relatively unlikely to occur or would have a relatively limited impact and are not therefore discussed among the risks below. For risks, the relative probability of occurrence and the related consequences change over time, which means that reported risks should be seen as a snapshot of current risks.

The section below describes risks that are considered material to the Group's and Parent Company's operations, financial position and future development at the time of writing, April 2023.

OPERATIONAL RISKS

IT risks

The Group's operations are highly dependent on reliable IT and control systems that are well adapted to its operations, primarily with regard to the website's uptime. The Group has invested in IT and control systems, but some if these systems are not yet fully integrated and some processes contain certain manual operations and assumptions with regard to valuations and provisions. Although improvements, maintenance, upgrades and support for these systems and processes are conducted regularly, there is a risk that the systems may suffer from disturbances or interruptions and that errors may occur in manual processes. These disturbances, interruptions and deficiencies may result in serious business disruptions and damage to the Group. In the event of system interruptions and process deficiencies, it is not certain that the Group will receive full compensation for the associated damage caused.

There is also a risk that external attacks could lead to CDON's websites going offline and being unable to be reached by external parties. If the websites were to become inaccessible, this could lead to lost sales for the Group and Parent Company.

Risks related to reputation

CDON's reputation is crucial to its relationships with customers, suppliers, merchants, other partners, employees and other parties with which the Group may enter business relationships. For example, incidents regarding product safety, personal data management, violations of marketing rules or similar incidents may damage CDON's reputation, thereby leading to fewer returning customers, lower sales, or loss of suppliers, merchants and partners.

A particular aspect of reputation risk is that CDON Marketplace is exposed to the conduct of its affiliated merchants (see below under "Risks related to affiliated merchant conduct on CDON Marketplace").

Risks related to data due to unauthorized intrusion or inadequate protection against malfunctions

The Group is dependent on its IT systems being adequately protected against unauthorized intrusion. As the technologies used to disable or degrade services and sabotage systems are constantly changing and are often not identified until they have struck their target, there is a risk that the Group will be unable to anticipate the development of these technologies or to take effective countermeasures in time, or that technologies for protection against unauthorized intrusion will not be developed in time. If unauthorized parties access the Group's IT system, there is a risk that they will obtain business-critical data and information about affiliated merchants and/or customers. There is also a risk that the Group's IT system will prove deficient and backup systems will not fulfill their desired function during operational disruptions or that technical problems will arise, leading to loss of data.

If unauthorized parties access valuable or sensitive data, or if such data is lost due to operational disruptions, there is a risk that the Group, affiliated merchants, customers or the Group's partners will suffer loss or damage, which could disrupt the Group's operations, cause reputational damage and/or result in direct costs, such as penalties or contractual fines.

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Risks related to personnel and control environment
The Group's future success is highly dependent on its ability to recruit, retain and develop qualified senior executives and other key employees. The company is dependent on recruiting and retaining key employees who possess competence within the business and the market to continue to develop CDON and succeed in achieving the Group's future goals. If the Group fails to retain or recruit qualified employees, there is a risk that the Group's future goals will not be achieved, which risks reduced revenues and impaired growth for the Group.

CDON is a growing company that is dependent on establishing a reassuring control environment. There is a risk that the internal control environment does not detect such conscious or unconscious violations of regulations and internal guidelines and policies made by employees in the Group.

Risks related to affiliated merchants' conduct on CDON Marketplace
On CDON Marketplace, the affiliated merchant is responsible for ensuring that the marketed and sold products maintain the quality promised at the time of purchase, that the products are safe and legal, and that they are delivered on time. The affiliated merchant is also responsible for dealing with any claims and following up complaints from customers.

The assessment of whether a merchant is expected to act in accordance with the Group's requirements for correct and professional conduct towards the end customer on the marketplace and others is a key component of the affiliation process for new merchants on CDON Marketplace. However, the Group cannot completely eliminate the risk of merchants failing to fulfill their obligations. If affiliated merchants fail to fulfill their obligations to marketplace customers, there is a risk of customers having a negative view of CDON, resulting in reputational damage to the Group. There is a risk that CDON finds it appropriate for legal or business reasons, to bear costs to compensate customers for merchants' incapacity to meet their obligations to customers (if, for example, a particular merchant goes bankrupt, for example).

Risks related to warehouses
The CDON Retail business area sells products that are purchased and kept in warehouses before being sold to consumers. CDON AB (the Parent Company) uses warehouses run by an external supplier. If the warehouse were to be destroyed or to close, or if its equipment were to be damaged, the Group might be unable to deliver products to customers or might risk delivery delays. There is a risk that CDON AB will be unable to find an alternative warehouse or repair the warehouse in question or its equipment quickly and cost-effectively. The Group has insurance for property damage and production stoppages, but there are no guarantees that such amounts can be recovered in full or that the amounts recovered would cover potential losses. There is also a risk that the cost of operating warehouses or stocking goods with an external supplier will increase.

There is also a risk that the Group will have stock that cannot be sold or is not be sold at a higher value than cost, which means that a risk of obsolescence arises.

Risks related to distribution
Within CDON Retail, products are purchased and kept in stock for sale to consumers. They are, therefore, dependent on efficient transport to and from the warehouse and are exposed to distribution network disruptions. Such disruptions can occur, for example, as a result of strikes, disputes with freight forwarders or bankruptcy of a freight forwarder. Distribution network disruptions can lead to non-delivery or late delivery of sold products. There is also a risk that products will go missing during delivery, resulting in increased costs for the Group. As the Group engages external freight forwarders for the delivery of products, the Group is also exposed to the risk of increased shipping costs.

Risks related to the payment service providers used
Via payment providers, the Group offers a wide selection of payment methods to accommodate the various preferences of customers regarding payment options. Payment options include credit and debit cards, PayPal, direct payment via internet banking and payment solutions through Qliro AB. The Group is dependent on Qliro AB for the provision of payment options and if Qliro AB's systems were to be down, this could have an adverse effect on sales. The payment process is also part of the customer's shopping experience. This means that the Group is dependent on the actions taken by the payment provider and a payment solution outage could, therefore, damage the Group's reputation.

Directors' report cont.

INDUSTRY AND MARKET RISKS

Risks related to competition

CDON is currently the leading local Nordic marketplace for merchants wishing to sell products to consumers in a digital marketplace that they do not operate themselves. There is significant value in being the leading local marketplace, as this attracts both merchants and customers. However, CDON operates in a competitive market and there are other players offering digital marketplaces. There is a risk that CDON will have to bear significant costs and/or adjust pricing to maintain the CDON Marketplace position. Such a course of events could lead to increased costs, reduced revenue and/or reduced margins for the Group.

Risks related to the general economy and consumer purchasing power

Demand for the products that CDON sells is affected by the general economic situation, particularly in Sweden and the rest of the Nordic countries, as the economy affects customers' purchasing power. The economy is in turn affected by factors that are beyond the Group's control, such as interest rates, exchange rates, inflation, taxes, unemployment levels, other political and economic factors, and uncertainty regarding the future economic outlook. A weakening economic situation, with reduced private consumption, may lead to a decline in sales, resulting in lower revenue for the Group.

FINANCIAL RISKS

Credit risk

Credit risk is the risk of a counterparty of the Group being unable to fulfill its obligation, thereby causing a loss. Among other things, there is a risk that merchants do not fulfill their obligations to customers and that costs arise for CDON in connection with this (see more about this under "Risks related to affiliated merchants' conduct on CDON Marketplace"). A credit risk for the Group may also involve fraud. Online fraud consists mainly of cards and credit purchases in another person's name and online purchases with stolen card details.

Risks related to impairment of intangible assets

The value of the Group's intangible assets amounted to SEK 62.2 million at December 31, 2022. Intangible assets mainly consist of capitalized development costs for the platform. The measurement of intangible assets is based on assumptions about future development, growth, profitability and other parameters that are by nature subject to uncertainty.

The Group regularly monitors relevant circumstances that affect the Group's operations and the possible effects such circumstances may have on measurement of the Group's intangible assets. There is a risk that changes to such circumstances or some of the assumptions the Group has made may necessitate impairment of intangible assets in the future.

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 who are transferred to the affiliated merchants at a later date, in accordance with applicable agent agreements. In the event that CDON, due to changes in regulations (see further under "Risks related to legislation, regulations and compliance ") or for other reasons, can no longer utilize the liquidity that customer payments entail, CDON will have a deteriorating liquidity situation. To mitigate the liquidity risk, various measures have been introduced. CDON has initiated a cost-cutting program related to the restructuring process by reducing the number of employees, downsizing its office space, renegotiating supplier contracts and entailing a cost base intended to cope with even a significant market downturn and negative revenue trend for the Company itself. CDON targets being EBITDA neutral throughout 2023. The measures introduced also serve to maintain cash balances exceeding the operational needs during the different seasons of the year. However, it cannot be ruled out that events outside CDON control may cause additional future funding needs to ensure the Group's liquidity and financial position.

LEGAL RISKS

Risks related to legislation, regulations and compliance

The Group is affected by legislation and regulations, primarily in Sweden where the Parent Company is domiciled, but also in other countries where the Group operates. Such regulations may require approval or registration of products by the regulatory authority in the country where the products are sold. Failure by the Group to comply with applicable rules could lead to fines and the Group being prohibited from selling certain products.

In addition, CDON buys parts of its product range from countries outside the EU. As part of the process of strengthening certain industries in Europe, the EU has introduced restrictions on imports of goods in certain cases, which may affect the Group's purchasing costs. There is a risk that changed or future trade restrictions, including increased customs duties, safeguard quotas and import quotas, will increase the Group's purchasing costs. In addition, there is a risk that CDON will be liable for products sold by CDON. This could lead to any claims for damages against CDON in the event of damage to products sold by CDON. Such claims for damages may exceed the amounts reimbursed by the Group's insurance policies. Furthermore, it cannot be ruled out that the Group's insurance does not cover a possible claim for damages.

The operations in CDON Marketplace are relatively new and the associated regulations are at an earlier stage than traditional trade legislation, not only in Sweden, but also in the other Nordic countries on which CDON focuses. There is a risk that CDON, partly due to the lack of guidance and practice in relation to the regulation, does not have the necessary routines to comply with the regulations.

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Furthermore, CDON is dependent on having the necessary routines to comply with changed legislation in relation to the Group's operations, also linked to the Group's suppliers and partners and how they and CDON ensure that the marketplace meets the requirements of applicable legislation and regulation. There is a risk that changes in applicable regulations will occur quickly and that CDON will not have the necessary routines for rapid compliance with regulations or that the costs of complying with such new regulations will be significant and/or mean that the Group suffers a loss of revenue.

Risks related to the processing of personal data

In its operations, the Group collects and processes personal data, 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 the law, 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 4 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.

Risks related to ongoing investigations into the processing of personal data

The Group processes personal data within its operations, and such supervisory matters concerning the processing of personal data that deemed significant to the Group are described below. CDON AB's processing of personal data is being investigated by the Swedish Authority for Privacy Protection, 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 IMY's own initiative. Among the priorities in IMY's supervisory plan for 2019/2020 are investigations of personal data processing based on consent. 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 will, therefore, be low (see above under the heading Risks related to the processing of personal data for more information on penalties that may be imposed for non-compliance with the GDPR).

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 Unites 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 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. Should IMY find that CDON processed personal data in breach of applicable personal data legislation, it may issue a penalty, reprimand or warning. The case involves several major players (reported by NOYB) and is currently still in progress. In the second half of 2022, CDON received a preliminary "draft decision following supervision pursuant to Article 60 of the GDPR" from IMY. This draft included a proposed administrative penalty fee for alleged violation of certain provisions of the GDPR. The company disputed IMY's draft decision, but still made a provision (in Q4 2022) for the potential penalty fee. CDON still considers the draft decision to be incorrect. IMY's final decision (which may deviate from the draft "proposal") in the case is expected to be announced during 2023.

APPROPRIATION OF PROFIT

SEK	
Share premium reserve	191,318,856
Retained earnings	-66,212,723
Profit/loss for the year	-145,685,875
Total	-20,579,742
The following profits are at the disposal of the Annual General Meeting	
Carried forward	-20,579,742

The company's results and financial position are presented in the following income statements and balance sheets with associated notes.

Consolidated income statement

Amounts in SEK million	**Note**	**2022**	**2021**
Net sales	3	461.2	542.2
Cost of goods sold		-234.1	-315.3
Gross profit/loss		**227.0**	**226.9**
Selling expenses		-165.1	-172.3
Administrative expenses	4, 5, 6, 7, 8, 9	-200.0	-116.4
Other operating income	10	1.8	1.2
Other operating expenses	11	0.0	-1.1
Share in associate's profit/loss after tax		-15.4	-0.8
Operating profit/loss		**-151.8**	**-62.4**
Profit/loss from financial items			
Interest and similar income	12	0.2	0.0
Interest and similar expenses	13	-0.3	-0.2
Profit/loss after financial items		**-151.9**	**-62.6**
Profit/loss before tax		**-151.9**	**-62.6**
Tax on profit for the year	14	–	–
Profit/loss for the year		**-151.9**	**-62.6**
Attributable to			
Parent Company's shareholders		-149.9	-62.6
Non-controlling interest		-2.0	–

Consolidated balance sheet

ASSETS

Amounts in SEK million	Note	Dec 31, 2022	Dec 31, 2021
Non-current assets			
Intangible assets			
Capitalized expenditures for development and similar work	15	53.2	53.6
Goodwill	16	0.0	10.0
Software	17	0.0	4.9
Projects in progress	18	9.0	8.1
Total intangible assets		**62.2**	**76.6**
Property, plant and equipment			
Leasehold improvements	19	0.0	0.2
Equipment, tools, fixtures and fittings	20	1.3	1.5
Total property, plant and equipment		**1.3**	**1.7**
Financial assets			
Shares in associates and jointly controlled entities	22	10.9	26.4
Non-current receivables	23	0.3	0.0
Total financial assets		**11.2**	**26.4**
Total non-current assets		**74.7**	**104.7**
Current assets			
Inventory, etc.			
Finished goods and merchandise	2	8.6	19.3
Current receivables			
Accounts receivable		13.9	22.3
Current tax assets	14	1.6	1.6
Other receivables		3.7	3.7
Prepaid expenses and accrued income	24	12.0	16.8
Total current receivables		**31.2**	**44.3**
*Cash and bank balances**	25	123.1	202.9
Total current assets		**163.0**	**266.5**
TOTAL ASSETS		**237.7**	**371.1**

*Of total cash and bank balances, SEK 54.5 million refers to funds related to the merchants. These are also presented below Other liabilities. For further information, see Note 25.

Consolidated balance sheet cont.

EQUITY AND LIABILITIES

Amounts in SEK million	Note	Dec 31, 2022	Dec 31, 2021
Equity	26, 28		
Share capital		6.5	6.4
Other capital contributions		0.3	191.1
Other equity including profit/loss for the year		37.8	-7.6
Equity attributable to Parent Company's shareholders		**44.5**	**189.9**
Non-controlling interest		0.0	7.0
Total equity		**44.5**	**196.9**
Provisions	28		
Pension provisions		0.2	–
Other provisions		20.1	–
Total provisions		**20.3**	**–**
Non-current liabilities			
Other non-current liabilities		0.3	0.2
Total non-current liabilities		**0.3**	**0.2**
Current liabilities			
Accounts payable		52.1	35.1
Other liabilities	29	83.6	85.5
Accrued expenses and deferred income	30	36.9	53.4
Total current liabilities		**172.6**	**173.9**
TOTAL EQUITY AND LIABILITIES		**237.7**	**380.9**

Consolidated statement of changes in equity

2021

Amounts in SEK million	Note	Share capital	Other capital contribu-tions	Retained profit, etc.	Total	Non-controlling interest	Total equity
		Equity attributable to Parent Company's shareholders					
Equity, Jan 1, 2021		5.99	0.05	54.96	61.00	0.00	61.00
Profit/loss for the year				-62.60	-62.60		-62.60
Acquisition of partially owned subsidiary						7.00	7.00
Share-based payment	4		0.04		0.04		0.04
Current new share issue			0.01		0.01		0.01
New share issue		0.44	202.83		203.27		203.27
Expenses attributable to issue			-11.80		-11.80		-11.80
Equity, Dec 31, 2021		**6.44**	**191.12**	**-7.64**	**189.91**	**7.00**	**196.91**

Rounding differences may affect totals

2022

Amounts in SEK million	Note	Share capital	Other capital contribu-tions	Retained profit, etc.	Total	Non-controlling interest	Total equity
		Equity attributable to Parent Company's shareholders					
Equity, Jan 1, 2022		**6.44**	**191.12**	**-7.64**	**189.91**	**7.00**	**196.91**
Profit/loss for the year				-149.90	-149.90	-2.00	-151.90
Share-based payment	4		0.30		0.30		0.30
Acquisitions of non-controlling interests				4.19	4.19	-5.00	-0.81
Equity, Dec 31, 2022		**6.44**	**191.42**	**-153.35**	**44.50**	**0.00**	**44.50**

Rounding differences may affect totals

Cash flow analysis, Group

Amounts in SEK million	Note	Dec 31, 2022	Dec 31, 2021
Operating activities			
Profit/loss after financial items		-151.9	-62.6
Adjustment for non-cash items	32	74.8	33.7
		-77.1	**-28.9**
Income tax paid		–	–
From operating activities before changes in working capital		**-77.1**	**-28.9**
Changes in working capital			
Increase (-)/decrease (+) in inventories		11.0	7.0
Increase (-)/decrease (+) in operating receivables		11.1	-6.8
Increase (+)/decrease (-) in operating liabilities		-0.9	-76.7
Cash flow from operating activities		**-56.0**	**-105.4**
Investing activities			
Acquisitions of property, plant and equipment	20	-0.8	-0.9
Acquisitions of intangible assets	18	-21.3	-20.7
Acquisitions of financial assets		-0.2	
Acquisitions of subsidiaries		-1.1	-4.20
Acquisitions of associates	22	–	-27.10
Cash flow from investing activities		**-23.4**	**-52.9**
Financing activities			
New share issue		0.0	188.40
Costs attributable to private placement		–	-11.8
Repayment of loans		0.10	0.0
Loans paid out		–	0.0
Dividend paid		–	0.0
Cash flow from financing activities		**0.1**	**188.4**
Cash flow for the period		**-79.3**	**30.1**
Cash and cash equivalents at beginning of period		202.9	173.3
Exchange rate differences in cash and cash equivalents		-0.4	-0.5
Cash and cash equivalents at end of period	**25**	**123.1**	**202.9**

Parent company income statement

Amounts in SEK million	Note	2022	2021
Net sales	3	459.3	542.2
Cost of goods sold		-234.1	-315.0
Gross profit/loss		**225.2**	**227.2**
Selling expenses		-165.1	-172.2
Administrative expenses	4, 5, 6, 7, 8, 9	-176.8	-116.3
Other operating income	10	1.4	0.3
Other operating expenses	11	0.0	-1.1
Operating profit/loss		**-115.4**	**-62.1**
Profit/loss from financial items			
Impairments of shares in, and non-current receivables from, Group companies	21	-14.0	0.0
Impairments of shares in, and non-current receivables from, associates	22	-16.2	
Interest and similar income	12	0.2	0.0
Interest and similar expenses	13	-0.2	-0.2
Profit/loss after financial items		**-145.7**	**-62.3**
Profit/loss before tax		**-145.7**	**-62.3**
Tax on profit for the year	14	0.0	0.0
Profit/loss for the year		**-145.7**	**-62.3**

Parent Company's balance sheet

ASSETS

Amounts in SEK million	Note	Dec 31, 2022	Dec 31, 2021
Non-current assets			
Intangible assets			
Capitalized expenditures for development and similar work	15	53.1	53.5
Projects in progress	18	9.0	8.1
Total intangible assets		**62.1**	**61.6**
Property, plant and equipment			
Leasehold improvements	19	0.0	0.2
Equipment, tools, fixtures and fittings	20	1.3	1.5
Total property, plant and equipment		**1.3**	**1.7**
Financial assets			
Shares in Group companies	21	0.0	10.0
Shares in associates and jointly controlled entities	22	10.9	27.1
Non-current receivables	23	0.3	0.0
Total financial assets		**11.2**	**37.1**
Total non-current assets		**74.6**	**100.4**
Current assets			
Inventory, etc.			
Finished goods and merchandise	2	8.6	19.3
Current receivables			
Accounts receivable		13.9	21.9
Current tax assets	14	1.6	1.6
Other receivables		3.6	3.4
Prepaid expenses and accrued income	24	12.0	16.7
Total current receivables		**31.1**	**43.6**
*Cash and bank balances**	25	120.5	197.5
Total current assets		**160.2**	**260.5**
TOTAL ASSETS		**234.8**	**360.9**

*Of total cash and bank balances, SEK 54.5 million refers to funds related to the merchants. These are also presented below Other liabilities. For further information, see Note 25.

Parent Company's balance sheet cont.

EQUITY AND LIABILITIES

Amounts in SEK million	Note	Dec 31, 2022	Dec 31, 2021
Equity			
Restricted equity	26, 27		
Share capital		6.5	6.4
Current new share issue		0.0	0.0
Statutory reserve		0.0	0.0
Development expenditure fund		56.8	55.8
		63.2	**63.2**
Non-restricted equity	28		
Share premium reserve		191.3	191.1
Retained earnings		-66.2	-2.9
Profit/loss for the year		-145.7	-62.3
		-20.6	**125.9**
Total equity		**42.7**	**188.1**
Provisions			
Pension provisions		0.2	–
Other provisions		20.1	–
Total provisions		**20.3**	**–**
Current liabilities			
Accounts payable		52.0	35.1
Other liabilities	29	83.1	84.4
Accrued expenses and deferred income	30	36.7	53.2
Total liabilities		**171.9**	**172.7**
TOTAL EQUITY AND LIABILITIES		**234.8**	**360.9**

Parent Company's statement of changes in equity

2021

Amounts in SEK million	Note	Restricted equity: Share capital	Restricted equity: Statutory reserve	Restricted equity: Development expenditure reserve	Non-restricted equity: Share premium reserve	Non-restricted equity: Retained earnings, incl. profit for period	Total equity
Equity, Jan 1, 2021		**5.99**	**0.02**	**53.91**	0.04	**-1.04**	**58.92**
Profit/loss for the year						-62.30	-62.30
Changes recognized directly in equity							
Share-based payment	4				0.03		0.03
Private placement		0.44			202.84		203.28
Costs attributable to private placement					-11.80		-11.80
Transfers between items in equity							
Depreciation, amortization and impairment for the year	15			-18.81		18.81	
Capitalized development expenses	15			20.69		-20.69	
Equity, Dec 31, 2021		**6.44**	**0.02**	**55.79**	**191.11**	**-65.22**	**188.13**

Rounding differences may affect totals

2022

Amounts in SEK million	Note	Restricted equity: Share capital	Restricted equity: Statutory reserve	Restricted equity: Development expenditure reserve	Non-restricted equity: Share premium reserve	Non-restricted equity: Retained earnings, incl. profit for period	Total equity
Equity, Jan 1, 2022		**6.44**	**0.02**	**55.79**	**191.11**	**-65.22**	**188.13**
Profit/loss for the year						-145.67	-145.67
Changes recognized directly in equity							
Share-based payment	4				0.20		0.20
Transfers between items in equity							
Depreciation, amortization and impairment for the year	15			-20.36		20.36	
Capitalized development expenses	15			21.32		-21.32	
Equity, Dec 31, 2022		**6.44**	**0.02**	**56.75**	**191.31**	**-211.86**	**42.67**

Rounding differences may affect totals

Cash flow analysis, Parent Company

Amounts in SEK million	Note	Dec 31, 2022	Dec 31, 2021
Operating activities			
Profit/loss after financial items		-145.7	-62.3
Adjustment for non-cash items	32	71.0	32.5
		-74.7	**-29.8**
Income tax paid		–	–
Cash flow from operating activities before changes in working capital		**-74.7**	**-29.8**
Changes in working capital			
Increase (-)/decrease (+) in inventories		11.0	7.0
Increase (-)/decrease (+) in operating receivables		9.8	-6.8
Increase (+)/decrease (-) in operating liabilities		-0.5	-75.5
Cash flow from operating activities		**-54.5**	**-105.1**
Investing activities			
Acquisitions of property, plant and equipment	20	-0.8	-0.9
Acquisitions of intangible assets	18	-21.3	-20.7
Acquisitions of subsidiaries		-1.1	-6.9
Acquisitions of associates	22	–	-27.1
Acquisitions of financial assets		-0.2	–
Cash flow from investing activities		**-23.5**	**-55.6**
Financing activities			
New share issue		0.0	200.2
Expenses attributable to issue		–	-11.8
Cash flow from financing activities		**0.0**	**188.4**
Cash flow for the period		**-78.0**	**27.8**
Cash and cash equivalents at beginning of period		197.5	170.3
Exchange rate differences in cash and cash equivalents		1.0	-0.5
Cash and cash equivalents at end of period	**25**	**120.5**	**197.5**

Notes

Note 1

Group accounting policies and valuation principles

The Annual Report and consolidated accounts have been prepared according to the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's general recommendation BFNAR 2012:1 Annual Accounts and Consolidated Financial Statements (K3).

The accounting policies remain unchanged compared with the preceding year.
Assets, provisions and liabilities are measured at cost unless otherwise stated below.

CONSOLIDATED ACCOUNTS

CDON AB prepares consolidated accounts. Companies in which CDON AB holds the majority of votes at the Annual General Meeting and companies in which CDON AB by agreement has a controlling influence are classified as subsidiaries and are included in the consolidated accounts. Information on Group companies is found in the note on financial non-current assets. Subsidiaries are included in the consolidated accounts as of the date on which the controlling interest is transferred to the Group. They are excluded from the consolidated accounts as of the date on which the controlling interest ceases.

Consolidated financial statements are prepared using the acquisition method. The acquisition date is the date on which controlling interest is received. Identifiable assets and liabilities are initially measured at fair value at the acquisition date. The minority share of the acquired net assets are measured at fair value. Goodwill comprises the difference between the acquired identifiable net assets at the acquisition date and cost, including the value of the minority interest, and is initially measured at cost.

Associates are all the companies in which the Group has significant but non-controlling interest, which as a rule applies to shareholdings that comprise between 20 percent and 50 percent of the votes. Holdings in associates are recognized using the equity method. When applying the equity method, the investment is initially measured at cost and the carrying amount then increases or decreases to account for the Group's share of the associate's profit or loss after the acquisition date. The consolidated carrying amount for holdings in associates includes goodwill as identified at acquisition.

Transactions between Group companies are eliminated entirely.
Subsidiaries in other countries prepare their Annual Reports in foreign currencies. On consolidation, items in these companies' balance sheets and income statements are recalculated at the closing day rate and the spot rate, respectively, for the day the transaction took place. The exchange differences that arise are recognized in accumulated exchange differences in consolidated equity.

INTANGIBLE ASSETS

Expenditures on research and development

Expenditures on research, that is, the planned and systematic search for new scientific or technological knowledge and insight, are recognized as costs when they arise.

Intangible assets are recognized at cost less accumulated amortization and impairment.

The capitalization model is used for recognition of development expenses. This means that expenses arising during the development phase are recognized as an asset when all the following criteria are met:

- The technical feasibility of completing the asset so that it will be available for use or sale.
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- The intangible asset is likely to generate future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development of the intangible asset and to use or sell it; and
- The ability to reliably measure the expenditure attributable to the intangible asset.

The cost of an internally generated intangible asset consists of all directly attributable costs.

Goodwill
Consolidated goodwill represents the difference between cost and the fair value of acquired assets, liabilities and potential obligations.

Software
Software is regarded as a separate intangible asset if it is not an integrated part of or an accessory to hardware or an integrated part of the operation of a tangible asset. Software has shown up at the acquisition of subsidiaries and it represents the difference between cost and the fair value of acquired assets, liabilities and potential obligations.

Depreciation/amortization
Amortization is applied on a straight-line basis over the asset's estimated useful life. Amortization is recognized as an expense in the income statement.

	Useful life
Capitalized expenditures for development and similar work	5 years
Goodwill	5 years
Software	5 years

PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment is recognized at cost less accumulated depreciation and impairment. Cost comprises the purchase price and any expenditure directly attributable to the acquisition.

Subsequent expenditure that qualifies for recognition as an asset is included in the asset's carrying amount.

Costs of regular maintenance and repairs are recognized as an expense as incurred.

Depreciation/amortization
Depreciation is applied on a straight-line basis over the asset's estimated useful life, as it reflects the expected pattern of consumption of the asset's future economic benefits.

	Useful life
Leasehold improvements	5 years
Equipment	3-5 years

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND SHARES IN GROUP COMPANIES.
At each reporting date, the Company assesses whether there is any indication that an asset's value is lower than its carrying amount. If there is such an indication, the asset's recoverable amount is measured.

The recoverable amount is the higher of fair value less selling costs and value in use. When determining the need for impairment, assets are grouped at the lowest levels at which there are separate identifiable cash flows (cash generating units). For assets other than goodwill that were previously written down, testing for reversal should be done at each reporting date.

Previous impairment is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

When determining the need for impairment, assets are grouped at the lowest levels at which there are separate identifiable cash flows (cash generating units). For assets other than goodwill that were previously written down, testing for reversal should be done at each reporting date.

Impairment and reversals are recognized in the income statement in the function where the asset is utilized.

RETROACTIVE REVALUATION OF CONTINGENT PURCHASE CONSIDERATION
During the year, the contingent purchase consideration for the acquisition of Commerce 8 Oy was reassessed retroactively. This is in accordance with the application of item 19.20 in tax form K3 as the acquisition analysis was still open when the decision to perform the reassessment was taken.

LEASES
Lessees
All leases are reported as operating leases.

Operating leases
Lease payments under operating leases, including upfront lease payments but excluding expenses for services such as insurance and maintenance, are recognized as an expense on a straight-line basis over the lease term.

FOREIGN CURRENCY

Foreign currency items

Foreign currency transactions are translated using the exchange rate that applied on the transaction date. Foreign currency monetary items are translated using the exchange rate that applied on the reporting date. Non-monetary items are not translated but are reported at the exchange rate on the acquisition date. Exchange differences arising on translation are recognized in profit/loss for the year. Exchange gains and losses on operating receivables and liabilities are recognized in operating profit/loss, while exchange gains and losses on financial receivables and liabilities are reported under financial items.

TRANSLATION OF FOREIGN OPERATIONS

Assets and liabilities in foreign operations, including goodwill and other consolidated over- and undervaluation, are translated from the foreign operation's functional currency to the Group's reporting currency, the Swedish krona, at the reporting date's exchange rate. Income and expenses in a foreign operation are translated to the Swedish krona at an average rate that represents an approximate transaction date. Translation differences arising from translating the currencies of foreign operations are recognized in non-restricted equity and are accumulated in a separate component of equity called the translation reserve. At divestment of a foreign operation, the accumulated translation differences attributable to the operation are capitalized, at which time they are reclassified from non-restricted equity to profit/loss for the year.

INVENTORY

Inventories are measured at the lower of cost and net realizable value. The risk of obsolescence has been taken into account. Cost is calculated on the basis of weighted average prices. Net realizable value is defined as the selling price less selling costs.

FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are recognized in accordance with chapter 11 (Financial instruments measured at cost) of BFNAR 2012:1.

Financial instruments recognized in the balance sheet include accounts receivable, other receivables, accounts payable and other liabilities. An instrument is recognized in the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

A financial asset is removed from the balance sheet when the contractual right to receive cash flows from the asset ceases or is discharged. The same applies when the risks and rewards incidental to ownership are substantially transferred to another party and the Group no longer has control over the financial asset. A financial liability is removed from the balance sheet when the contractual obligation has been fulfilled or otherwise extinguished.

Measurement of financial assets

Current financial assets are measured after initial recognition at the lower of cost and net realizable value at the reporting date.

Receivables are recognized as current assets except for items that are due more than 12 months after the reporting date, which are classified as non-current assets. Accounts receivable and other receivables that are current assets are measured individually at the amounts expected to be received. Expected credit losses are based on estimates using the Group's knowledge and historical information about similar assets. The assessment is made on both a collective and an individual basis. The underlying criteria and assumptions are regularly evaluated to reflect current events and the Group's expectations. Accounts receivable and other receivables together with the associated provision for expected credit losses are removed from the balance sheet when there are no expectations of future payments. Impairment of accounts receivables is recognized as selling expenses.

A financial asset and a financial liability are offset and are recognized with a net amount in the statement of financial position only when there exists a legal right to offset the amount and there is an intention to settle the items with a net amount or at the same time capitalize the asset and settle the liability.

Measurement of financial liabilities

Current other liabilities and accounts payable are recognized at cost.

EMPLOYEE BENEFITS

Short-term employee benefits

Short-term employee benefits consist of salaries, social security contributions, paid annual leave, paid sick leave, healthcare and bonuses. Short-term employee benefits are recognized as an expense and a liability when there is a legal or constructive obligation to make such payments.

Post-employment benefits

In cases where pension obligations are solely dependent on the value of an owned asset, the pension obligation is recognized as a provision corresponding to the asset's carrying amount. Post-employment benefit plans are classified as either defined contribution or defined benefit. In defined contribution plans, fixed contributions are paid to another entity, normally an insurance company, and the Company no longer has any obligation to the employee when the contributions are paid. The size of the employee's post-employment benefits depends on the contributions paid and the return on capital they generate. For defined benefit plans, the Company has an obligation to provide the agreed benefit to present and previous employees. The company essentially bears the risk that the benefit amounts will be higher than expected (actuarial risk) and that the return on the assets deviates from expectations (investment risk). There is an investment risk even if the assets are transferred to another company. Only defined contribution pension plans occur within the Group. Contributions under defined contribution plans are recognized as an expense. Unpaid contributions are reported as a liability.

Termination benefits
Termination benefits, to the extent that such benefits do not provide the Group with any future financial benefits, are only recognized as a liability and an expense when the Group has a legal or constructive obligation to either
a) terminate the employment of an employee or group of employees before the normal retirement date, or
b) provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.
Termination benefits are only reported when the Group has a detailed plan for the termination and is without realistic possibility of withdrawal.

Share-based payment
The Group has a long-term, share-based incentive plan through which the Company receives services from employees and, as consideration, CDON AB issues equity instruments to the employees. The total amount to be expensed is recognized in the income statement as an employee benefit expense under administrative expenses and in equity under other contributed capital, spread over the vesting period of seven years. The expense of the long-term incentive plan represents fair value at the time of allocation multiplied by the number of shares earned plus social security contributions. The social security contributions arising on allocation of the shares are recognized as an employee benefit expense and a prepaid expense. The Group has two long-term, share-based incentive plans through which the Company receives services from employees for which CDON AB issues equity instruments to the employees as payment. The total amount to be expensed is recognized in the income statement as an employee benefit under administrative expenses and in equity under other contributed capital, allocated across the vesting period of four years. The costs for the long-term program represent fair value in accordance with the Monte Carlo method. The social security fees incurred are booked as a personnel cost and entered as a liability.

INCOME TAXES
Tax on profit for the year in the income statement consists of current tax and deferred tax. Current tax is the amount of income tax in respect of taxable profit for the current financial year and any income tax from prior years not yet recognized. Current taxes are measured using the tax rates and tax rules applicable on the reporting date.

Deferred tax is income tax in respect of taxable profit for future financial years as a result of previous transactions or events.

Deferred tax assets as regards loss carry-forwards or other future tax deductions are recognized to the extent that it is probable that the deduction can be offset against a future tax surplus. Deferred taxes are measured using the tax rates and tax rules approved before the reporting date. The Group did not recognize any deferred tax for the 2022 financial year.

REVENUE
The inflows of economic benefits received and receivable by the Company on its own account are recognized as revenue. Revenue is measured at the fair value of the consideration received or receivable, less discounts and the right to return. The Group's revenue is subject to seasonal variations. Revenue in the fourth quarter is significantly higher than in other quarters due to Black Friday Christmas shopping.

Sale of goods
Revenue from the sale of goods is recognized when the following criteria are met:

- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The amount of revenue can be measured reliably;
- The Group has transferred to the buyer the significant risks and rewards of ownership;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The recognized revenue is reduced by the sale price (excl. VAT) for items that are expected to be returned. The reduced amount is recognized as a liability for returns and complaints. This is based on sales statistics and an assessment of future complaints and returns that arise during the same period as sales. Further information can be found under estimates and assessments in Note 2.

Marketplace
Net sales include commission generated by sales arranged via the marketplace. The commission is recognized at fair value, less VAT, discounts and similar deductions. The commission is calculated on the basis of a percentage according to agreements entered into with external merchants. Merchants' funds are included in cash and cash equivalents.

In the case of mediated sales, a receivable and revenue corresponding to the earned commission earned are recognized. The accumulated liability to external merchants for sales arranged via the marketplace is recognized under other liabilities.

Under agreements with external merchants, no interest is paid on the liability that is generated and settled on an ongoing basis. In addition, the requirement for separate presentation of client funds has been derogated from by agreement and the liability to external merchants is reported under other liabilities.

Gift vouchers
For the purchase of gift vouchers, the entire amount is reported as a current liability and is not recognized as a revenue until the gift voucher is redeemed or its validity expires. Cost of goods sold is reported in connection with the redemption of gift vouchers.

Sales of marketing services
Sales of marketing services are recognized as revenue, as the Group has sold these services to various brand partners. Net sales are recognized at the time the service is rendered. The services are normally invoiced in arrears and are recognized as accrued income.

Financial commission
Revenue related to financial commission is based on the outcome of sales of services rendered by other parties. Revenue is recognized on an ongoing basis if the commission-based service is rendered and if other contract terms are met.

Other types of revenue
Interest is recognized as revenue as using the effective interest method.

PROVISIONS
A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. A provision for onerous contracts is recognized when the expected economic benefits estimated to be obtained from a contract are lower than the unavoidable expenses for meeting the obligations under that contract.

Restructuring reserve
A provision for the restructuring of operations is reported when the company must complete the restructuring process due to legal or informal obligations, meaning that the company has a fixed and detailed restructuring plan and that those concerned have a well-founded understanding that restructuring process will be implemented.

CASH FLOW
The cash flow statement is prepared using the indirect method. Reported cash flows only concern transactions that involve cash inflows and outflows. Cash and cash equivalents consist of cash resources with banks and similar financial institutions.

PARENT COMPANY ACCOUNTING POLICIES AND VALUATION PRINCIPLES
The same accounting policies and valuation principles are applied in the Parent Company as in the Group, expect in cases as stated below.

Shares and participations in subsidiaries
Shares and shares in subsidiaries are recognized at cost less any accumulated impairment. Cost includes the consideration paid for the shares and acquisition expenses. Any capital contributions are added to the cost when they are submitted. Dividends from subsidiaries are recognized as income.

Equity
Equity is divided into restricted and unrestricted as defined by the Annual Accounts Act.

Note 2

Estimates and assessments

Preparing the financial reports as per K3 requires that information be provided on assessments that have a material effect on the amounts recognized in the financial report. The Group makes estimates and assessments about the future that are evaluated on an ongoing basis. Consequently, estimates made for accounting purposes will, by definition, seldom correspond to the actual results. The estimates and assumptions that entail a material risk for significant adjustments to the carrying amounts of assets and liabilities over the next year are discussed in the main features below.

OBSOLESCENCE ASSESSMENT OF INVENTORIES
Inventories are reviewed each month to determine possible impairment. An impairment loss is recognized in cost of goods sold at the amount which, after careful evaluation, the inventory is considered obsolete. If true obsolescence differs from estimates or if management makes future adjustments to the assumptions, changes in valuation can affect the period's earnings and financial position.

ASSESSMENT OF RETURNS RATE
The provision requirement associated with future returns is assessed each month. The assessment is carried out based on historical outcome and actual sales. The provision requirement is recognized as a reduction in net sales, with the equivalent adjustment being made to cost of goods sold.

IMPAIRMENT OF INTANGIBLE ASSETS
The company's intangible assets are recognized at cost less accumulated amortization and any impairment. Assets are amortized over their estimated useful lives to estimated residual values. Useful life and residual value are tested at least at the end of each financial period. The carrying amounts of the Company's non-current assets are tested whenever events or changed circumstances indicate that the carrying amounts cannot be recovered. The carrying amounts of intangible assets that are not yet ready for use are tested every year. If such an analysis indicates that an amount is too high, the asset's recoverable amount is determined. The company does an individual assessment of each separate non-current asset.

Note 3

Net sales by operating segment and geographical market

Amounts in SEK million	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Net sales by operating segment				
CDON Marketplace (3P)	210.6	201.4	210.6	201.4
CDON Retail (1P)	250.6	340.8	248.7	340.8
Total	**461.2**	**542.2**	**459.3**	**542.2**
Net sales by geographical market				
Sweden	261.4	307.3	261.4	307.3
Other Nordics	199.8	234.9	199.8	234.9
Total	**461.2**	**542.2**	**461.2**	**542.2**

Note 4

Employees, personnel costs and Board fees

AVERAGE NUMBER OF EMPLOYEES	Group		Parent Company	
	Dec 31, 2022	**Dec 31, 2021**	**Dec 31, 2022**	**Dec 31, 2021**
Sweden	126	124	121	124
Men	62%	67%	67%	67%

GENDER DISTRIBUTION IN COMPANY MANAGEMENT TEAMS	Group		Parent Company	
	Dec 31, 2022Percentage women	**Dec 31, 2021 Percentage women**	**Dec 31, 2022 Percentage women**	**Dec 31, 2021 Percentage women**
Board of Directors	33%	33%	33%	33%
Other senior executives	29%	29%	29%	29%

SALARIES AND OTHER BENEFITS AND SOCIAL SECURITY CONTRIBUTIONS, INCLUDING PENSION COST	Group		Parent Company	
	Dec 31, 2022	**Dec 31, 2021**	**Dec 31, 2022**	**Dec 31, 2021**
Salaries and benefits	78.1	48.3	74.1	48.3
Social security contributions	26.5	27.4	28.7	26.5
(of which, pension cost)[1]	7.6	5.5	8.1	7.6

1) Of the Company's pension costs SEK 0.6 (0.4) million pertains to the Company's CEO and Board of Directors.
The company's outstanding pension obligation to them is 0 (0).

SALARIES AND OTHER BENEFITS, BOARD MEMBERS, CEO AND OTHER EMPLOYEES

	Group				Parent Company			
	Dec 31, 2022		Dec 31, 2021		Dec 31, 2022		Dec 31, 2021	
	Board of Directors and CEO	Other employees	Board of Directors and CEO	Other employees	Board of Directors and CEO	Other employees	Board of Directors and CEO	Other employees
Salaries and other benefits	4.4	74.3	3.0	45.3	4.4	69.7	3.0	45.3
(of which bonuses and similar)	–	–	–	0.5	–	–	–	0.5

REMUNERATIONS TO SENIOR EXECUTIVES 2022

	Group							
Amounts in SEK million	**Basic salary, Board fees**	**Variable remuneration**	**Other benefits**	**Pension cost**	**Pension obligation**	**Financial instruments, etc.**	**Other remuneration**	**Total**
Josephine Salenstedt, Chairman of the Board	0.48	–	–	–	–	–	–	0.48
Christoffer Häggblom	0.10	–	–	–	–	–	–	0.10
Kristina Lukes	0.20	–	0.10	–	–	–	–	0.30
Niklas Woxlin	0.23	–	0.11	–	–	–	–	0.34
Georg Westin	0.10	–	–	–	–	–	–	0.10
Savneet Singh	0.19	–	–	–	–	–	–	0.19
Jonas Calles	0.19	–	0.11	–	–	–	–	0.29
Jonathan Sundqvist	0.14	–	–	–				0.14
Brad Hathaway	0.04	–	–	–				0.04
Peter Kjellberg, CEO	2.38		0.02	0.59			0.01	3.00
Other senior executives (8 ind.)	7.49	–	0.26	1.28			0.20	9.23
Total	**11.54**	**–**	**0.60**	**1.87**	**–**	**–**	**0.21**	**14.22**

2022

	Parent Company							
Amounts in SEK million	**Basic salary, Board fees**	**Variable remuneration**	**Other benefits**	**Pension cost**	**Pension obligation**	**Financial instruments, etc.**	**Other remuneration**	**Total**
Josephine Salenstedt, Chairman of the Board	0.48	–	–	–	–	–	–	0.48
Christoffer Häggblom	0.10	–	–	–	–	–	–	0.10
Kristina Lukes	0.20	–	0.10	–	–	–	–	0.30
Niklas Woxlin	0.23	–	0.11	–	–	–	–	0.34
Georg Westin	0.10	–	–	–	–	–	–	0.10
Savneet Singh	0.19	–	–	–	–	–	–	0.19
Jonas Calles	0.19	–	0.11	–	–	–	–	0.29
Jonathan Sundqvist	0.14	–	–	–				0.14
Brad Hathaway	0.04	–	–	–				0.04
Peter Kjellberg, CEO	2.38		0.02	0.59			0.01	3.00
Other senior executives (8 ind.)	6.46	–	0.26	1.22			0.20	8.14
Total	**10.51**	**–**	**0.60**	**1.81**	**–**	**–**	**0.21**	**13.13**

REMUNERATIONS TO SENIOR EXECUTIVES
2021

	Group							
Amounts in SEK million	**Basic salary, Board fees**	**Variable remuneration**	**Other benefits**	**Pension cost**	**Pension obligation**	**Financial instruments, etc.**	**Other remuneration**	**Total**
Marcus Lindqvist, Chairman of the Board	–	–	–	–	–	–	–	–
Josephine Salenstedt, Chairman of the Board	0.40	–	–	–	–	–	–	0.40
Christoffer Häggblom	0.20	–	–	–	–	–	–	0.20
Georg Westin	0.11	–	–	–	–	–	–	0.11
Kristina Lukes	0.20	–	–	–	–	–	–	0.20
Niklas Woxlin	0.20	–	–	–	–	–	–	0.20
Savneet Singh	0.11	–	–	–	–	–		0.11
Kristoffer Väliharju, CEO	1.70			0.43			0.04	2.17
Other senior executives (8 ind.)	5.76	0.50	0.19	1.21	–	–	0.32	7.98
Total	**8.68**	**0.50**	**0.19**	**1.64**	**–**	**–**	**0.36**	**11.37**

2021

	Parent Company							
Amounts in SEK million	**Basic salary, Board fees**	**Variable remuneration**	**Other benefits**	**Pension cost**	**Pension obligation**	**Financial instruments, etc.**	**Other remuneration**	**Total**
Marcus Lindqvist, Chairman of the Board	–	–	–	–	–	–	–	–
Josephine Salenstedt, Chairman of the Board	0.40	–	–	–	–	–	–	0.40
Christoffer Häggblom	0.20	–	–	–	–	–	–	0.20
Georg Westin	0.11	–	–	–	–	–	–	0.11
Kristina Lukes	0.20	–	–	–	–	–	–	0.20
Niklas Woxlin	0.20	–	–	–	–	–	–	0.20
Savneet Singh	0.11	–	–	–	–	–		0.11
Kristoffer Väliharju, CEO	1.70			0.43			0.04	2.17
Other senior executives (8 ind.)	5.76	0.50	0.19	1.21	–	–	0.32	7.98
Total	**8.68**	**0.50**	**0.19**	**1.64**	**–**	**–**	**0.36**	**11.37**

During the year, fees of SEK 0.5 million for the Interim CFO, Stefan Egerstad, were invoiced to the Parent Company.

SHARE-BASED PAYMENTS

The Extraordinary General Meeting on February 22, 2022 resolved to adopt a long-term incentive program for senior executives in the Parent Company, as well as in the subsidiaries. The Annual General Meeting on May 11, 2022 resolved to adopt another long-term incentive program for senior executives in the Parent Company.
Share entitlements are conditional on the employee completing four years of service (the vesting period) from the grant date. The Monte Carlo method is used to calculate the newly adopted incentive programs.

During the year, owner shares were forfeited in connection with the CEO and several others in leading positions having left the Company.
The share entitlements were returned at an average redemption price of SEK 0.

The total cost recognized in the Group for the incentive plan and related social security contributions is SEK 200 (48) thousand. As of 31 December 2022, the liability related to the incentive program in the balance sheet amounted to SEK 0.0.

CHANGE IN NUMBER OF OWNER SHARES

	Group		Parent Company	
2022	**Number of shares**	**Fair value on allocation date**	**Number of shares**	**Fair value on allocation date**
Outstanding at beginning of year	2,016	480,096	2,016	480,096
Allotted during year	10,405	2,816,432	10,405	2,816,432
Forfeited during the year	-8,314	-2,091,703	-8,314	-2,091,703
Outstanding at end of year	4,107	1,204,825	4,107	1,204,825
Redeemable at end of year	–	–	–	–

	Group		Parent Company	
2021	**Number of shares**	**Fair value on allocation date**	**Number of shares**	**Fair value on allocation date**
Outstanding at beginning of year	13,336	3,200,640	13,336	3,200,640
Allotted during year	–	–	–	–
Forfeited during the year	-11,320	-2,720,544	-11,320	-2,720,544
Outstanding at end of year	2,016	480,096	2,016	480,096
Exercisable at end of year	–	–	–	–

Note 5

Fees and reimbursement of expenses to auditors

The item audit engagements refers to the statutory audits of the annual accounts, accounting records and the administration of the Board of Directors and CEO, and any other auditing and reviews conducted under agreements or contracts.

This includes other procedures required to be carried out by the Company's auditor as well as the provision of advice or other assistance resulting from observations in connection with such reviews or the performance of such other procedures. Other services refers to consultation on auditing matters such as accounting, taxation, new share issues etc.

	Group		Parent Company	
Amounts in SEK million	**2022**	**2021**	**2022**	**2021**
KPMG AB				
Audit engagement	0.5	0.4	0.5	0.4
Other auditing services	0.1	0.1	0.1	0.1
Other services	–	0.1	–	0.1
Total	**0.6**	**0.6**	**0.6**	**0.6**

Note 6

Operating leases

LEASES WHERE THE COMPANY IS LESSEE

In addition to office premises, operating leases include various equipment. The lease for office premises has a term of eight years with an extension option for three years at a time. The size of future lease payments is based on the development of the consumer price index. Equipment are normally leased for three years, with an extension option and a purchase option. There are no variable payments.

	Group		Parent Company	
Amounts in SEK million	**2022**	**2021**	**2022**	**2021**
Future minimum lease payments under non-cancelable operating leases				
Within one year	6.9	6.0	6.9	6.0
Between one and five years	14.1	15.8	14.1	15.8
After five years	–	–	–	–
Total	**20.9**	**21.9**	**20.9**	**21.9**
Lease payments recognized for the financial year	6.8	6.7	6.8	6.7

Note 7

Depreciation, amortization and impairment of property, plant and equipment and intangible assets

	Group		Parent Company	
Amounts in SEK million	**Dec 31, 2022**	**Dec 31, 2021**	**Dec 31, 2022**	**Dec 31, 2021**
Depreciation/amortization according to plan by asset				
Goodwill and software	-4.4	–	–	–
Capitalized expenditures for development and similar	-20.4	-18.8	-20.4	-18.8
Leasehold improvements	-0.2	-0.2	-0.2	-0.2
Equipment, tools, fixtures and fittings	-1.0	-0.8	-1.0	-0.8
Total	**-25.9**	**-19.8**	**-21.5**	**-19.8**
Depreciation/amortization according to plan by function				
Cost of goods sold	–	–	–	–
Selling costs	-20.4	-18.8	-20.4	-18.8
Administrative expenses	-5.6	-1.0	-1.2	-1.0
Total	**-25.9**	**-19.8**	**-21.5**	**-19.8**
Impairment by asset				
Capitalized expenditures for development and similar	-0.5	-0.3	-0.5	-0.3
Goodwill	-6.5	0.0	0.0	0,.0
Programvara	-3.9	0.0	0.0	0.0
Total	**-10.9**	**-0.3**	**-0.5**	**-0.3**
Impairment by function				
Cost of goods sold	–	–	–	–
Selling costs	-0.5	–	-0.5	–
Administrative expenses	-10.5	-0.3	0.0	-0.3
Total	**-10.9**	**-0.3**	**-0.5**	**-0.3**

Note 8

Non-recurring items

Amounts in SEK million	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Non-recurring costs				
Provision attributable to restructuring	-20.1	–	-20.1	–
Impairment of goodwill in associated companies	-11.8	-	–	-
Impairment of goodwill in subsidiaries	-6.6	-	–	-
Impairment of software	-3.9	-	–	-
Costs attributable to CDON 2.0	-6.4	-	-6.4	-
Costs attributable to fraud case	-5.0	-20.0	-5.0	-20.0
Other costs	-10.7	-	-10.7	-
Total	**-64.5**	**-20.0**	**-42.2**	**-20.0**

Note 9

Related-party transactions

SUPPLIERS CLASSIFIED AS RELATED PARTIES

During the year, the Group carried out transactions with related parties within the framework of ordinary operations. All transactions were carried out according to normal commercial terms and conditions. All transactions were priced based on market conditions and according to the arms-length principle. The Group purchased consulting services from Rite Internet Ventures Holding AB. This supplier is classified as a related party as members of its board of directors are also Board Members of the Company. The Group has also purchased services from Shopit Online Europe AB. This supplier is then classified as a related party as the Group has a holding in that company.

INTRA-GROUP PURCHASES AND SALES

Of CDON AB's total purchases and sales measured in SEK, 2 (0) percent of purchases and 0 (0) percent of sales refers to other companies within the entire group of companies to which the Group belongs.

Note 10

Other operating income

Amounts in SEK million	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Exchange gains on operating receivables/liabilities	1.8	1.2	1.4	0.3
Total	**1.8**	**1.2**	**1.4**	**0.3**

Note 11

Other operating expenses

Amounts in SEK million	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Exchange losses on operating receivables/liabilities	–	-1.1	-	-1.1
Total	**–**	**-1.1**	**0.0**	**-1.1**

Note 12

Interest and similar income

Amounts in SEK million	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Interest income, other	0.2	–	0.2	–
Total	**0.2**	**-**	**0.2**	**-**

Note 13

Interest and similar expenses

Amounts in SEK million	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Interest expenses, other	-0.1	-0.1	–	-0.1
Exchange losses, net	-0.2	-0.2	-0.2	-0.2
Total	**-0.3**	**-0.2**	**-0.2**	**-0.2**

Note 14

Tax on profit for the year

RECONCILIATION, EFFECTIVE TAX RATE

	Group				Parent Company			
	2022		2021		2022		2021	
	Percent	Amount, SEK million	Percent	Amount, SEK million	Percent	Amount, SEK million	Percent	Amount, SEK million
Profit/loss before tax		-149.9		-62.6		-145.7		-62.3
Tax at applicable tax rate for Parent Company	20.6%	30.9	20.6%	12.9	20.6%	30.0	20.6%	12.8
Non-deductible expenses	-0.9%	-1.3	-2.2%	-1.3	-0.9%	-1.3	-2.2%	-1.3
Non-taxable income	0.1%	0.2	-0.3%	-0.2	0.1%	0.2	0.0%	0.0
Deductible expenses, not recognized in profit/loss	0.0%	0.0	3.9%	2.4	0.0%	0.0	3.9%	2.4
Increase in loss carryforwards for which no deferred tax was capitalized	-20.2%	-29.8	-22.2%	-13.9	-19.9%	-28.9	-22.3%	-13.9
Reported effective tax rate	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0

Note 15

Capitalized expenditures for development

	Group		Parent Company	
Amounts in SEK million	**2022**	**2021**	**2022**	**2021**
Amortized cost				
At beginning of year	151.6	132.6	151.6	132.6
Business combinations	0.0	0.1	–	–
Reclassifications from projects in progress	20.6	19.0	20.6	19.0
At end of year	**172.2**	**151.6**	**172.2**	**151.6**
Accumulated depreciation				
At beginning of year	-99.1	-80.3	-99.1	-80.3
Depreciation for the year	-20.4	-18.8	-20.4	-18.8
At end of year	**-119.5**	**-99.1**	**-119.5**	**-99.1**
Accumulated impairment				
At beginning of year	1.0	1.3	1.0	1.3
Impairment for the year	-0.5	-0.3	-0.5	-0.3
At end of year	**0.5**	**1.0**	**0.5**	**1.0**
Carrying amount at end of year	**53.2**	**53.5**	**53.2**	**53.5**

Note 16

Goodwill

	Group	
Amounts in SEK million	**2022**	**2021**
Amortized cost		
At beginning of year	10.0	–
Business combinations	–	10.0
At end of year	**10.0**	**10.0**
Accumulated depreciation		
At beginning of year	–	–
Depreciation for the year	-3.4	–
At end of year	**-3.4**	**–**
Accumulated impairment		
At beginning of year	–	–
Impairment for the year	-6.6	–
At end of year	**-6.6**	**–**
Carrying amount at end of year	**0.0**	**10.0**

During the year, the contingent purchase consideration for the acquisition of Commerce 8 Oy was reassessed retroactively.

Note 17

Software

	Group	
Amounts in SEK million	**2022**	**2021**
Amortized cost		
At beginning of year	4.9	–
Business combinations	–	4.9
At end of year	**4.9**	**4.9**
Accumulated depreciation		
At beginning of year	–	–
Depreciation for the year	-1.0	–
At end of year	**-1.0**	**–**
Accumulated impairment		
At beginning of year	–	–
Impairment for the year	-3.9	–
At end of year	**-3.9**	**–**
Carrying amount at end of year	**0.0**	**4.9**

Note 18

Projects in progress

	Group		Parent Company	
Amounts in SEK million	**2022**	**2021**	**2022**	**2021**
At beginning of year	8.1	6.3	8.1	6.3
Costs incurred during the year	21.3	20.7	21.3	20.7
Reclassifications	-20.4	-19.0	-20.4	-19.0
Carrying amount at end of year	**9.0**	**8.1**	**9.0**	**8.1**

Note 19

Leasehold improvements

	Group		Parent Company	
Amounts in SEK million	**2022**	**2021**	**2022**	**2021**
Amortized cost				
At beginning of year	4.1	4.1	4.1	4.1
At end of year	**4.1**	**4.1**	**4.1**	**4.1**
Accumulated depreciation				
At beginning of year	-3.9	-3.7	-3.9	-3.7
Depreciation for the year	-0.2	-0.2	-0.2	-0.2
At end of year	**-4.1**	**-3.9**	**-4.1**	**-3.9**
Carrying amount at end of year	**0.0**	**0.2**	**0.0**	**0.2**

Note 20

Equipment, tools, fixtures and fittings

	Group		Parent Company	
Amounts in SEK million	**2022**	**2021**	**2022**	**2021**
Amortized cost				
At beginning of year	7.7	6.8	7.7	6.8
New acquisitions	0.8	0.9	0.8	0.9
Disposals and retirements	–	–	–	–
At end of year	**8.5**	**7.7**	**8.5**	**7.7**
Accumulated depreciation				
At beginning of year	-6.2	-5.4	-6.2	-5.4
Depreciation of cost for the year	-1.0	-0.8	-1.0	-0.8
At end of year	**-7.2**	**-6.2**	**-7.2**	**-6.2**
Carrying amount at end of year	**1.3**	**1.5**	**1.3**	**1.5**

Note 21

Shares in Group companies

	Parent Company	
Amounts in SEK million	**2022**	**2021**
Amortized cost		
At beginning of year	94.7	84.7
Acquisitions	3.2	10.0
At end of year	**97.9**	**94.7**
Accumulated impairment		
At beginning of year	-84.7	-84.7
Impairment for the year	-13.2	
At end of year	**-97.9**	**-84.7**
Carrying amount at end of year	**0.0**	**10.0**

During the year, the contingent purchase consideration for the acquisition of Commerce 8 Oy was reassessed retroactively.

SPECIFICATION OF THE COMPANY'S HOLDING OF SHARES IN GROUP COMPANIES

Subsidiary / Corp. ID / Reg. off.	**Number of shares**	**Holding, %[1]**	**Dec 31, 2022 Carrying amount**	**Dec 31, 2021 Carrying amount**
CDON Alandia Ab, 2143083-5, Mariehamn, Finland	100	100.0	–	–
Commerce 8 Oy, 2949884-2, Helsinki, Finland	179,219	100.0	-	2.1
Commerce 8 AB, 559169-9912, Stockholm, Sweden				
Commerce 8 Limited, 13504023, London, UK				
Xales Tech Lab Oy, 3142483-4, Helsinki, Finland	131,579	100.0	-	7.9
Total				**10.0**

1) Refers to participating interest in capital, which also corresponds to the share of votes for total number of shares.

ACQUISITIONS DURING THE FINANCIAL YEAR
On 16 December 2022, the remaining 28.3 percent in Commerce 8 Oy was acquired by CDON AB.
On 19 December 2022, the remaining 44 percent in Xales Tech Lab Oy was acquired by CDON AB.
Adjustments have been made in the consolidated accounts regarding the minority holding after the acquisition date.

Note 22

Shares in associates and jointly controlled entities

	Group		Parent Company	
Amounts in SEK million	**2022**	**2021**	**2022**	**2021**
Amortized cost				
At beginning of year	26.4	–	27.1	–
Acquisitions	–	26.4	–	27.1
At end of year	**26.4**	**26.4**	**27.1**	**27.1**
Accumulated impairment				
At beginning of year	–	–	–	–
Impairment for the year	-15.5	–	-16.2	–
At end of year	**-15.5**	**–**	**-16.2**	**–**
Carrying amount at end of year	**10.9**	**26.4**	**10.9**	**27.1**

SPECIFICATION OF GROUP AND PARENT COMPANY HOLDING OF SHARES IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

Associates/Jointly controlled entities	**Number of shares**	**Share of capital, %[1]**	**Carrying amount Group**	**Carrying amount Parent Company**
Directly owned				
Shopit Online Europe AB, 556894-2832, Växjö	545,904	29.8	10.9	10.9

1) Refers to participating interest in capital, which also corresponds to the share of votes for total number of shares.

Note 23

Non-current receivables

OTHER NON-CURRENT RECEIVABLES	Group		Parent Company	
Amounts in SEK million	**Dec 31, 2022**	**Dec 31, 2021**	**Dec 31, 2022**	**Dec 31, 2021**
Amortized cost				
At beginning of year	–	–	–	–
Additional receivables	0.1	–	0.1	–
Reclassifications	0.2	–	0.2	–
At end of year	**0.3**	–	**0.3**	–
Carrying amount at end of year	**0.3**	**–**	**0.3**	**–**

Note 24

Prepaid expenses and accrued income

Amounts in SEK million	Group Dec 31, 2022	Group Dec 31, 2021	Parent Company Dec 31, 2022	Parent Company Dec 31, 2021
Prepaid rent	1.9	1.4	1.9	1.4
Accrued income	5.3	9.4	5.3	9.4
Marketing costs	0.1	0.1	0.1	0.1
IT related costs	3.3	1.8	3.3	1.8
Other items	1.4	4.1	1.4	3.9
Total	**12.0**	**16.8**	**12.0**	**16.7**

Note 25

Cash and bank balances

Amounts in SEK million	Group Dec 31, 2022	Group Dec 31, 2021	Parent Company Dec 31, 2022	Parent Company Dec 31, 2021
The following components are included in cash and cash equivalents:				
Bank deposits	123.1	202.9	120.5	197.5
*Of which, attributable to merchants**	*54.5*	*47.6*	*54.5*	*47.6*
Total	**123.1**	**202.9**	**120.5**	**197.5**

**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.*

Note 26

Number of shares and quotient value

	Dec 31, 2022	Dec 31, 2021
Number of shares	6,440,415	6,444,327
Quotient value	1	1

On December 29, 2021, CDON AB issued shares in a private placement for approximately SEK 3.1 million before transaction expenses, which increased the total number of shares by 6,156. This increased the share capital by SEK 6,156 from SEK 6,444,327 to SEK 6,450,483. The issue was directed to (through offset) the sellers of Xales and served as partial payment for the acquired shares in Xales Tech Lab Oy. The merger was registered with the Swedish Companies Registration Office in 2022. On August 22, 2022, CDON AB conducted a private placement, increasing the total number of shares by 1,252. This increased the share capital by SEK 1,252 from SEK 6,444,327 to SEK 6,451,735. On August 22, 2022, CDON AB withdrew 11,320 shares, while the share capital increased by SEK 11,320 through a bonus issue. The total number of shares decreased by 11,320 from 6,451,735 to 6,440,415. The share capital remained the same at SEK 6,451,735.

Note 27

Appropriation of profit or loss

PROPOSED APPROPRIATION OF THE COMPANY'S PROFIT OR LOSS

Share premium reserve	191,318,856
Retained earnings	-66,212,723
Profit/loss for the year	-145,685,875
Total	**-20,579,742**
Carried forward	-20,579,742
Total	**-20,579,742**

Note 28

Provisions

Amounts in SEK million	Group Dec 31, 2022	Group Dec 31, 2021	Parent Company Dec 31, 2022	Parent Company Dec 31, 2021
Contingent purchase consideration	–	–	–	–
Pension insurance provision	0.2	–	0.2	–
Restructuring provision	20.1	–	20.1	–
Total	**20.3**	**–**	**20.3**	**–**
Provisions				
Carrying amount at beginning of year	**7.0**	**–**	**7.0**	**–**
Provisions made during the year[1]	20.3	–	20.3	–
Unused amounts reversed during the year	-7.0	–	-7.0	–
Carrying amount at end of year	**20.3**	**–**	**20.3**	**–**

1) During the year, the contingent purchase consideration of SEK 7.0 million attributable to the acquisition of Commerce 8 Oy was reversed as that amount will not be paid. On December 8, 2022, the Board of Directors adopted a cost-saving program. The program entails annual savings of SEK 60-65 million. The program is necessary because of the external economic situation and because CDON AB is to achieve its objective of being EBITDA neutral in 2023. The restructuring program also means that the average number of employees will decrease in 2023 and a provision has been made for redundant personnel, as well as for other costs totaling SEK 20.1 million related to the restructuring.

Note 29

Other liabilities

Amounts in SEK million	Group Dec 31, 2022	Group Dec 31, 2021	Parent Company Dec 31, 2022	Parent Company Dec 31, 2021
Value added tax	12.5	12.1	12.5	12.1
Gift vouchers	7.7	11.7	7.7	11.7
Liability to merchants via Marketplace	54.5	47.6	54.5	47.6
Advance payment from customers	5.9	10.8	5.9	10.8
Other liabilities	3.1	3.3	2.6	2.2
Total	**83.6**	**85.5**	**83.1**	**84.4**

The item liability to merchants via marketplace is described in more detail in Note 1 of the accounting policies.

Note 30

Accrued expenses and deferred income

Amounts in SEK million	Group Dec 31, 2022	Group Dec 31, 2021	Parent Company Dec 31, 2022	Parent Company Dec 31, 2021
Accrued expenses for merchandise	1.4	4.4	1.4	4.4
Accrued expenses for distribution of merchandise	3.2	4.1	3.2	4.1
Accrued employee benefit expenses	8.3	8.7	8.3	8.7
Accrued marketing costs	12.8	13.4	12.8	13.4
Accrued costs related to fraud case	–	11.7	–	11.7
Other items	11.1	11.0	10.9	10.8
Total	**36.9**	**53.4**	**36.7**	**53.2**

Note 31

Interest paid and dividends received

Amounts in SEK million	Group Dec 31, 2022	Group Dec 31, 2021	Parent Company Dec 31, 2022	Parent Company Dec 31, 2021
Interest received	0.2	–	0.2	–
Interest paid	-0.3	-0.2	-0.2	-0.2
Total	**-0.1**	**-0.2**	**-0.1**	**-0.2**

Note 32

Other cash flow statement disclosures

ADJUSTMENTS FOR NON-CASH ITEMS

Amounts in SEK million	Group Dec 31, 2022	Group Dec 31, 2021	Parent Company Dec 31, 2022	Parent Company Dec 31, 2021
Depreciation/amortization	26.0	19.8	21.5	19.8
Impairment/reversal of impairment	13.6	12.5	29.9	12.5
Unrealized exchange rate differences	-0.9	0.5	-1.0	0.1
Share in profits of associates	15.5	0.8	–	–
Costs related to share-related compensation	0.3	–	0.3	–
Other provisions	20.3	–	20.3	–
Total	**74.8**	**33.7**	**71.0**	**32.5**

Note 33

Significant events after the end of the financial year

- On January 1, 2023, Thomas Pehrsson took up his post as the new CEO of CDON.
- On February 16, 2023, it was announced that CDON would merge with Fyndiq AB (Sweden's largest online market-place for bargains). CDON will acquire 100% of the shares in Fyndiq AB for a preliminary purchase price of approx. SEK 735 million, to be paid through a directed non-cash issue of CDON shares (to Fyndiq's existing shareholders), corresponding to about 40 percent of the shares and about 39 percent of the votes in it combined company. Fredrik Norberg, founder and CEO of Fyndiq, will be appointed CEO of the new combined company (CDON) and Thomas Pehrsson will continue as CFO and will also be appointed deputy CEO of CDON. The new combined company (CDON) will continue operate two separate consumer offerings under the CDON and Fyndiq brands. The transaction is expected to be completed in the second quarter of 2023 and is subject to shareholder approval of an additional general meeting of CDON on March 28, 2023.
- On 28 March 2023, an Extraordinary General Meeting was held in CDON AB to approve the transaction to merge with Fyndiq. The Meeting resolved to approve Board of Directors' proposal to merge CDON AB and Fyndiq AB. The purchase consideration (for the shares in Fyndiq AB) will comprise newly issued series C ordinary shares in CDON, as well as a smaller cash compensation. The Extraordinary General Meeting authorized the Board of Directors to issue new ordinary shares to be used as purchase consideration for Fyndiq AB. The sellers of Fyndiq will be entitled to subscribe for the new shares in CDON AB and, in turn, to surrender their shares in Fyndiq as payment for the CDON shares.

Definitions

Definitions, key performance indicators

Operating margin:	Operating profit/loss /Net sales
Balance sheet total:	Total assets
Return on capital employed:	(Operating profit/loss + financial income)/ Average capital employed
Financial income:	Net financial items attributable to assets (included in capital employed)
Capital employed:	Total assets less interest-free liabilities
Interest-free liabilities:	Non-interest-bearing liabilities. Pension liabilities are considered interest-bearing
Return on equity:	Profit for the year attributable to Parent Company shareholders divided by average equity attributable to Parent Company shareholders
Equity/assets ratio:	(Total equity + equity portion of untaxed reserves) /total assets

Board attestation

MALMÖ, APRIL 3, 2023

Josephine Salenstedt
Chairman of the Board

Jonathan Sundqvist
Board Member

Niklas Woxlin
Board Member

Jonas Calles
Board Member

Brad Hathaway
Board Member

Kristina Lukes
Board Member

Thomas Pehrsson
CEO

OUR AUDITORS' REPORT WAS SUBMITTED ON APRIL 4, 2023
KPMG AB

Jonas Nihlberg
Authorized Public Accountant
Auditor in charge

Auditor's report

TO THE GENERAL MEETING OF THE SHAREHOLDERS OF CDON AB, CORP. ID 556406-1702

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions
We have audited the annual accounts and consolidated accounts of CDON AB for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 2-42 in this document.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company and the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions
We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts and consolidated accounts
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 46-51. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.
In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditors' report cont.

Auditor's responsibility
Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of CDON AB for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the loss be dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Auditors' report cont.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditors' responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act

MALMÖ, APRIL 4, 2023

KPMG AB

Jonas Nihlberg

Authorized Public Accountant

Auditor in charge

Sustainability Report

COMMENT FROM THE CEO

The year 2022 was an exceptional one. We saw reports of extreme weather events, we experienced new heat records and greenhouse gas emissions increased. Europe's long-standing truce was shattered. In the current climate we see sustainability as more important now than perhaps ever before – both for us as fellow human beings and as a company. It therefore feels good to be able to say that CDON's journey has continued in the right direction – towards a sustainable future.

CDON is the leading Nordic marketplace. Although we are proud of this – we are also aware that the operations are dependent on continued consumption. It is therefore important that we accept our responsibility. This includes in relation to our product range, transports and our handling of returns. We provide clear guidelines on how vendors may act in the marketplace, as well as product regulations in terms of ethics, sustainability and legislation.

During the year, we concluded new agreements with the transport company Bring. We look forward to presenting the development of our cooperation in 2023 – for even more efficient and sustainable logistics solutions. Our cooperation with Godsinlösen Nordic AB (GIAB) has continued to show positive results. In 2022, we achieved a recycling rate of 97 percent. An impressive figure. In turn, this means that we were able to avoid some 123 tonnes in CO_2 emissions for the planet.

Thanks to CDON's broad clientele, we have continued to be able to generate significant contributions to charitable causes. During the year, we donated a large sum benefiting the world's rainforests. We have also had the opportunity to send monetary support to people affected by the war in Ukraine. Combined, the year's donations amounted to SEK 3 million.

Sustainability has become an increasingly important factor for today's consumers. In response to this growing trend, we launched our CDON Pre-owned app in 2022. CDON Pre-owned is a circular trading platform in which our vendors offer thousands of used products in popular categories. Pre-owned is, and will be, an important part of CDON's future journey – where business and societal benefit go hand in hand.

We are happy to be able to contribute to the development of the future's more sustainable e-commerce. I welcome you to CDON – things for life and for our planet.

MALMÖ, APRIL 3, 2023

Thomas Pehrsson,
Acting CEO and CFO

CDON STRIVES TO OPERATE IN ACCORDANCE WITH THE FOLLOWING OBJECTIVES:

- CDON must adhere to and act in accordance with current environmental legislation in the countries in which the Company operates.
- CDON strives to contribute as much as possible to a circular economy. The company collaborates with sustainability partners to minimize its impact on the climate regarding how it handles returns and packaging materials.
- CDON recycles and uses renewable materials where possible.
- CDON strives to adapt the outer packaging to the product. This is to minimize the use of additional packaging material, as well as to reduce the space each individual box requires during the transport process.
- CDON works to ensure that the Company's premises and daily operations are as climate-neutral as possible.
- CDON minimizes waste of electronic products through reuse, repair and recycling.
- CDON offers its customers opportunities for sustainable behavior.

HIGHLIGHTS FROM 2022

97%
Recycling rate

78 tonnes
Waste avoided

CDON's app
for circular trade is launched

3,000
Recycled products

SEK 30 MILLION
Sales (pre-used)

SEK 3 MILLION
Donations to Ukraine and climate compensation

CO_2 saving:
123 tonnes – equivalent to about 21.3 circumnavigations of the globe.

New warehouse solution
Efficient and automated facility for long-term sustainable logistics.

1. CDON's environmental work

FOCUS ON SUSTAINABLE LOGISTICS
Logistics forms a central element in CDON's operations. To minimize the Company's environmental impact, continued development in the area is important. In 2022, CDON and Bring have signed a new agreement entailing increased focus on sustainability. The agreement with Bring ensures a long-term and sustainable logistics solution regarding package deliveries, packaging and handling via Bring's automated warehouse in Arlandastad.

The automated warehouse is equipped with 90 robots that work non-stop to pack and optimize stocking. The robots are energy efficient and consume only 0.1 kW per hour. The hourly consumption of six robots corresponds to the energy required to operate a standard toaster.

With a high degree of automation, the packaging machines, can, besides helping increase the efficiency of the packaging process, also reduce the size of the packaging. This means that the excess air in each package is minimal and that transport is further optimized. Bring has also invested in the installation of solar panels whose energy will be used directly in the warehouse operations.

All of Bring's facilities in the Nordic region are BREAAM certified. The certification means that the facility meets a number of requirements, making it a property that helps improve the environment and sustainability.

"Sustainability has long been a focus area for CDON and we are constantly exploring new opportunities for continued progress. In 2022, we moved our warehouse to a new facility. The new facility will streamline our deliveries, optimize the packaging process and further cut energy consumption. The property is also equipped with solar panels directly generating energy for the warehouse operations. Our new warehouse will be the main hub for CDON's continued progress in sustainable, efficient and long-term logistics development. It makes me proud to see all the progress we made during the year."

Tobias Neumann
Logistics Manager, CDON

CLIMATE COMPENSATION

CDON does not currently compensate for transport. On the other hand, customers have a climate compensation option through donations to Save the Rainforest – a non-profit association that works to protect tropical forests and adjacent local communities. In 2022, contributions to the organization of SEK 320,000 were generated.

INCREASED FOCUS ON REUSE WITH "PRE-OWNED"

Used products are one of the most strongly growing trends among Nordic consumers. The market is expected to increase by 15 % annually and, in Sweden alone, the industry is estimated to generate sales of some SEK 20 billion annually. To meet demand and utilize the potential of CDON's range of used goods, CDON Pre-owned was launched in October.

CDON Pre-owned is an app and platform for circular trading. In addition to the potential for increased sales and ease of use, the opportunity is created to attract new vendors within the segment. In this way, the product range can grow further, meeting the needs of more consumers. The goal is to create the obvious destination for sustainable shopping in the Nordic countries.

CDON's customers can already choose from thousands of used products in several categories. In 2022, more than 3,000 unique items were sold. This generated sales SEK 30 million within the segment.

CONTINUED COOPERATION WITH GIAB FOR AN INCREASED CIRCULAR ECONOMY

Since 2019, CDON has partnered with GIAB, a leading player in the circular economy. To date, this cooperation has extended the life of more than 13,000 products. It has been possible to reuse 97 % of the products returned to GIAB. The largest product category is electronics, including game consoles, toothbrushes, headphones and coffee makers. This has resulted in extensive savings in terms of CO_2 and waste.

In 2022, CDON's collaboration with GIAB resulted in:

- 123 tonnes of CO_2 saved
- 78 tonnes of waste avoided
- 3,000 recycled products
- a recycling rate of 97 %

CDON'S ENVIRONMENTAL REQUIREMENTS FOR MARKETPLACE VENDORS

CDON works to ensure a high standard regarding ethics and the environment. This is made clear in our Agency Agreement that is to be adhered to by all vendors conducting sales in the marketplace. This means, among other things, that vendors must provide safe working conditions, protect their workers' rights, and not market products conflicting with CDON's guidelines.

2. CDON's social responsibility

SUPPORT FOR UKRAINE

In 2022, CDON's customers had the opportunity to make donations to those affected in Ukraine. With CDON's prominent position in the Nordic market, it was possible to reach a broad target group for this purpose. In 2022, 80,000 customers generated a total SEK 2.7 million, which was donated to UNHCR.

LONG-TERM EMPLOYEE WELL-BEING

In 2022, new and more comprehensive insurance was set up for CDON's employees. This includes, improved pension terms and comprehensive health insurance. Comprehensive health insurance fosters the long-term well-being of employees – physical as well as mental. To further promote good health, CDON also offers wellness grants.

In May, a competition was organized in cooperation with Tappa AB. The competition consisted of measuring the number of daily steps taken by the employees, as well as encouraging increased physical activity and cohesion. Participation was high, and, after ten weeks, fully 24 million steps had been taken, corresponding to a distance of 1,800 miles.

To gain insight into employees' mental well-being and commitment, employee surveys are distributed on a weekly basis. With the help of the surveys, personnel managers receive continuous data from which they derive insights into the employees' circumstances and are able to work pro-actively to minimize ill-health, while also improving long-term job satisfaction and the work environment.

CDON has also organized monthly leadership courses for everyone with responsibility for personnel. The aim of the courses is to promote good leadership and to contribute to a sustainable company culture.

3. CDON's employees

DEMOGRAPHY

Number of full-time employees: 117
Average age: 36

Gender distribution, employees

Total number of employees: 121 (124)
Gender distribution:
38% women (33%), 62% men (67%)

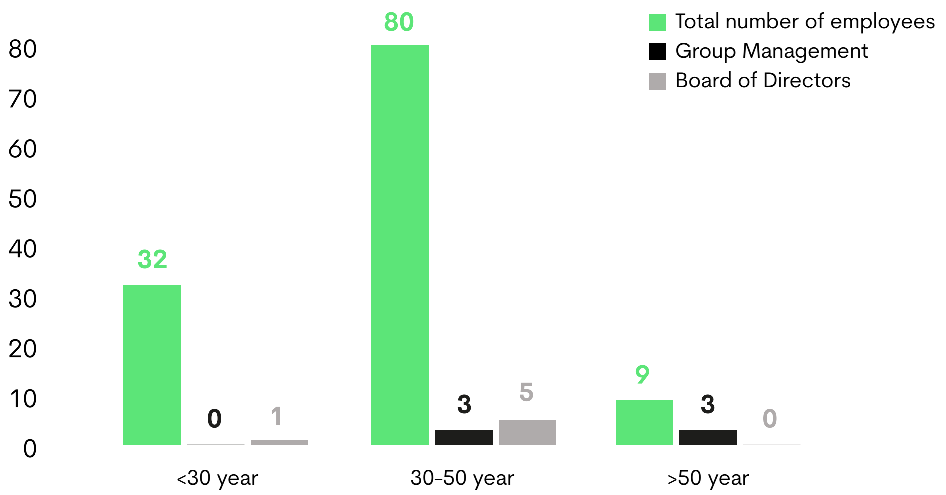
Gender distribution, Group Management

Group Management: 6
Gender distribution:
17% women (25%), 83% men (75%)

Gender distribution, Board of Directors

Board of Directors: 6
Gender distribution:
33% women (33%), 67% men (67%)

AGE DISTRIBUTION



4. Human rights and countering corruption

CDON imposes clear demands on ethics and respect for the Company's employees. CDON strives for all employees to put the content of the Code of Conduct into practice and makes sure that all partners are aware of its contents and meaning. The Code of Conduct applies to all employees and Board Members within CDON, in all markets and regardless of their terms of employment.

CDON generates value by being a reliable business partner. This entails maintaining clear and established policies, as well as procedures to safeguard ethical and secure business relationships. The company applies zero tolerance of corruption and bribery.

CUSTOMER TRUST AND MANAGEMENT OF CUSTOMER INFORMATION

CDON has access to customer data that is processed in accordance with current legislation, as well as internal policies and guidelines regarding personal data management/data protection. The company is concerned that privacy be preserved and that unauthorized access to personal data is prevented.

TO THE GENERAL MEETING OF THE SHAREHOLDERS IN CDON AB, CORPORATE IDENTITY NUMBER 556406-1702

AUDITOR'S OPINION REGARDING THE STATUTORY SUSTAINABILITY REPORT

Engagement and responsibility
It is the board of directors who is responsible for the sustainability report for the year 2022 on pages 46-51 and that it is prepared in accordance with the Annual Accounts Act.

The scope of the examination
Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion
A statutory sustainability report has been prepared.

MALMÖ, APRIL 4, 2023

KPMG AB

Jonas Nihlberg

Authorized Public Accountant

Auditor in charge

Financial calendar

The year 2023

February 16	Year-end report
March 28	Extraordinary General Meeting
April 6	Annual Report
April 25	Interim Report Q1
May 9	Annual General Meeting
July 14	Interim Report Q2
October 26	Interim report Q3

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