

CDON

Interim report

Q1 2021

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Continued growth from CDON Marketplace

FIRST QUARTER

- Total gross merchandise value increased by 4 percent to SEK 472.2 (454.5) million
- Gross merchandise value for CDON Marketplace (3P) increased by 25 percent to SEK 379.6 (302.6) million
- Net sales amounted to SEK 131.5 (184.7) million, driven by CDON Marketplace. Net sales grew by 20 percent to SEK 40.8 (33.9) million, while CDON Retail net sales decreased as the process of reducing sales of our own inventory continued according to plan
- Gross margin increased by 12.5 percentage points to 36.5 (24.0) percent
- Operating profit before depreciation and amortization amounted to SEK -9.0 (-1.7) million
- Net income for the period amounted to SEK -13.8 (-14.5) million
- Earnings per share amounted to SEK -2.30 (-2.43)
- Final inventory amounted to SEK 20.7 (61.6) million, a reduction of 66 percent, which is a result of the switch to a marketplace business model
- The reduction in operating liabilities linked to seasonal patterns resulted in cash holdings of SEK 63.1 million.

Amounts in SEK million	2021 Q1	2020 Q1	Δ
CDON Marketplace (3P)^{1,3}			
Gross merchandise value	379.6	302.6	25%
Net sales	40.8	33.9	20%
Gross margin (%)	93.2	93.5	-0.3 pp
CDON Retail (1P)⁴			
Gross merchandise value	92.6	152.0	-39%
Net sales	90.7	150.8	-40%
Gross margin (%)	11.0	8.3%	2.7 pp
CDON			
Total merchandise value ²	472.2	454.5	4%
Active customers, last 12M, thousands	2,284	1,827	25%
Net sales	131.5	184.7	-29%
Operating profit before depreciation/amortization, excluding cost for listing and incentive plans	-9.0	-1.7	427%

¹All service income is recognized in CDON Marketplace (3P)

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

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

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

Solid inflow of new merchants

The first quarter of the year was characterized by hard work and a focus on CDON's recently launched technical platform. The platform's design enables us to develop our offering in a flexible and iterative manner and to exploit the opportunities made possible by automation and AI. CDON will be able to develop a personalized and innovative purchasing experiences for customers at a high pace.

However, the challenges linked to the platform replacement and the subsequent period of adjustment were more extensive and are taking more time than anticipated. Therefore, we are continuing to focus major parts of our development and management resources on optimizing the platform's functionality. These issues primarily evolve around the automation engine and the automatic indexing of CDON's millions of products in search engines.

In parallel, we are driving broad initiatives to enhance the customer experience. Examples of upcoming important steps, include an upgrade of the checkout and simplified navigation and categorization on the site. We expect gradual improvements in these areas in the near future as well as on a continuous basis. Although focus today is on relatively basic functions linked to the customer journey, we have set the bar high and we are now establishing an organization and leadership in the business to maintain a rapid pace in this area.

Gross merchandise value on the marketplace grew by 25% year-on-year, amounting to SEK 380 million during the quarter. Following our transition to a marketplace CDON is in many ways a start-up, although with a unique starting position and strong momentum. As with all start-ups, we need to constantly work towards strong customer offerings and adapt our rate of growth to the position in which we find ourselves. In the near term, focus and investments need to be mainly on the customer experience.

We continue to see a strong demand for our offering among merchants both within and beyond the Nordic region, and we have a strong momentum of inflow of new merchants. Over 200 merchants joined the platform during the quarter. The total number of merchants at CDON is 1,725, which corresponds to an increase of 54% compared with the same period last year.

The company's CEO Kristoffer Väliharju temporarily stepped down from his post during the quarter to allow time for recovery following a heart operation. Kristoffer will resume his position on the first of May. Until then, I will be working together with the management team and in close collaboration with the Board and owners to continue driving the company forward at a rapid pace.

We are in an attractive position and we see a window of opportunity in the market. We are now laying the foundations for taking the Nordic region's leading marketplace to the next level.

Marcus Lindqvist, Interim CEO of CDON

Continued growth in active customers and strong momentum in the number of new merchants on the platform

	2021 Q1	2020 Q1	Δ
Active customers, last 12M, thousands	2,284	1,827	25%
Visits, thousands ¹	21,332	23,346	-9%
Orders, thousands	708	707	0%
Average shopping basket, SEK	667	643	4%
Active merchants	1,725	1,117	54%

¹Changes to the measurement of traffic due to GDPR negatively affect the number of visits by ~5%.

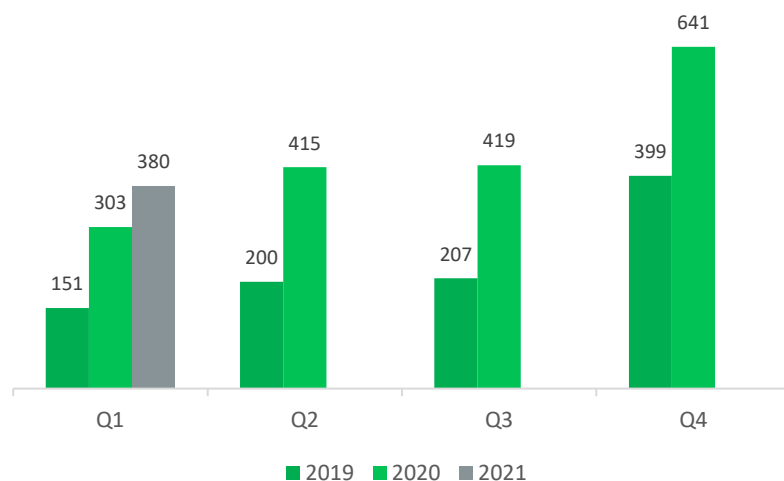
CDON's main operations is CDON Marketplace (3P), in which sales comes from third-party merchants and other services, and the supplementary business area CDON Retail, in which sales come directly from CDON by its own warehouse or drop shipment.

CDON Marketplace continues to increase its gross merchandise value

CDON Marketplace (3P) offers a wide range of products with attractive prices in a business model with limited capital requirements. The merchants pay for the sales generated in the marketplace. Factors such as a strong brand and a wide range of products enable CDON to attract consumers at a favorable cost to the merchants.

CDON grows by adding new merchants, increasing the gross merchandise value of existing merchants and launching new services for merchants. Gross merchandise value for CDON Marketplace (3P) increased by 25 percent to SEK 379.6 million during the quarter. This led to an increase in net sales of 20 percent to SEK 40.8 (33.9) million and an increase in gross profit by 20 percent to SEK 38.0 (31.7) million for the segment during the quarter. Commission income from merchants increased by 29 percent during the quarter.

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



CDON Retail continues to phase out its own inventory and own sales

CDON Retail previously offered a wide range of products from its own warehouse, but this has been phased out in recent years in favor of CDON Marketplace. For example, CDON's consumer electronics range is now fully covered by specialist third-party merchants. Consequently, CDON Retail has phased out sales of consumer electronics. This ongoing transition resulted in a net sales decrease for the segment of 40 percent to SEK 90.7 (150.8) million during the quarter. The segment's gross profit amounted to SEK 10.0 (12.6) million during the quarter. The gross margin increased to 11.0 (8.3) percent.

CDON Retail mainly sells products not yet offered by external merchants via CDON Marketplace and has a solid profitability. These are primarily traditional media products and a selected range via drop shipment.

Lower inventory levels, less risk and more scalability

Following the shift to a marketplace, inventory levels were 66 percent lower at the end of the quarter compared to the previous year.

	2021 Q1	2020 Q1	Δ
Opening inventory balance	25.2	103.7	-76%
Closing inventory balance	20.7	61.6	-66%

Continued development of the consumer and merchant offer

CDON continuously launches new features and services to improve the consumer experience and increase sales to merchants. A new in-house-developed technical platform was launched in Q4 2020, which will give consumers a better experience through improved relevance and new features. For example, consumers are now able to monitor products that are out of stock, compare prices between merchants, post and read reviews and benefit from improved product recommendations, etc. A lot of optimization work remains to be done, which affected inflow of visits and our customers' experience during the quarter.

Via CDON Connect, CDON offers merchants a tool to help them drive sales. CDON Connect contains several smart functions. To be able to make more data-driven decisions, merchants can follow sales in real time, compare prices, optimize product pages, extract sales reports and much more. Merchants can also easily upload products manually by using a drag and drop functionality, via automatic import or by integrating other IT systems. CDON is continuing to add functions that generate added value for our merchants on a continuous basis. For example, we are planning to launch CDON Ads shortly, which will give merchants the opportunity to market themselves at CDON and thus increase their visibility on the marketplace.

Significant events during and after the quarter

During this quarter, CDON was selected as a Career Company 2021. The annual Career Company award is a distinction for employers that offer unique career and development opportunities, both for new graduates and for young employees who have already gained a few years' work experience.

On March 5, CDON announced that the company's CEO, Kristoffer Väliharju, would temporarily step down from his role as CEO due to illness. He will resume his role as CEO of CDON on 1 May. Marcus Lindqvist, who has served as Chair of the Board since 2016 and as CEO of CDON's former holding company, Qliro Group, was appointed interim CEO. Marcus Lindqvist left his post on the Board in connection with this role.

After the end of the quarter, CDON announced a partnership with ChannelEngine, a hub connecting hundreds of merchants and marketplaces in Europe through tech integration. Together with ChannelEngine, we will be able to meet the growing interest among European merchants to sell to the Nordic market. Simple integration will allow these merchants to begin selling in the Nordic market via CDON.

During the quarter CDON implemented a new ERP system. The System is a cloud-based solution which is both scalable and allows for increased automatization and efficiency.

On April 9, CDON published its notice to attend the annual general meeting that will be held on May 11, 2021 in Malmö. Items to be decided include the election of two new Board members, Georg Westin and Savneet Singh. The other members of the Board are proposed for re-election.

Comments on financial performance

Compared with the same quarter last year, net sales decreased during the quarter by 29 percent to SEK 131.5 (184.7) million. The decrease in net sales was related to CDON Retail, which continued to phase out sales in favor of external merchants on the marketplace.

The gross margin increased by 12.5 percentage points to 36.5 (24.0) percent for the quarter, which is due to the shift in business model from retail to marketplace.

Operating income before depreciation and amortization was SEK -9.0 (-1.7) million for the quarter. A nonrecurring item was noted during the quarter of SEK 1.6 million, relating to a reorganization at the company. In addition, a exchange loss of SEK 0.8 million was recorded, compared with a exchange gain of SEK 0.8 million during the same quarter last year. The higher operating expenses are related to investments in technical development which includes increased staffing, amounting to SEK 4.4 million. Other expense increases during the quarter amounted to SEK 1.5 million.

Operating profit amounted to SEK -13.6 (-15.2) million for the quarter.

Net financial items amounted to SEK -0.1 (0.6) million for the quarter. Profit before tax amounted to SEK -13.8 (-14.5) million for the quarter. Recognized tax expense amounted to SEK 0.0 (0.0) million for both quarters.

Profit after tax amounted to SEK -13.8 (-14.5) million for the quarter. Profit after tax per share amounted to SEK -2.30 (-2.43) for the quarter.

Cash flow and financial position

Cash flow from operating activities before changes in working capital amounted to SEK -10.2 (-0.6) million for the quarter.

Cash flow from operations after changes in working capital amounted to SEK -100.7 (-126.1) million for the quarter. This fall is related to payments to external merchants on CDON Marketplace for their sold products and supplier receivables paid at the beginning of the year. Closing inventory decreased by SEK 4.5 million during the quarter to SEK 20.7 (61.6) million.

Cash flow from investing activities amounted to SEK -6.4 (-5.9) million for the quarter.

Cash flow from financing activities totaled SEK 0.0 (-20.0) million for the quarter. During the previous year the company lent SEK 20 million to Nelly Group during the quarter.

Cash and cash equivalents amounted to SEK 63.1 (44.7) million at the end of the quarter.

At the end of the quarter, total assets amounted to SEK 177.9 (270.7) million and equity amounted to SEK 45.3 (134.7) million.

Employees

At the end of the quarter, CDON had a total of 119 (119) full-time employees (measured as an average number for the first quarter). All employees work from the company's office in Malmö.

Share data

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

A decision was made during 2020 to issue 13,336 new shares under the 2020 Owner Program. These were assigned to Kristoffer Väliharju (CEO) (6,281 shares), Niclas Szieger (CFO) (5,039 shares) and David Olhed (CCO) (2,016 shares). These shares were issued at the start of 2021.

As of March 31, CDON had 6,004,327 issued shares. All were ordinary shares. The share capital totaled SEK 6,004,327.

The effects of the Covid-19 pandemic

CDON's operations have been affected in several ways by the ongoing Covid-19 pandemic. CDON offers many products to groups that have increased their online shopping due to Covid-19. It is hard to foresee the enduring effects of the of the pandemic.

Accounting and valuation policies

This interim report was prepared in accordance with the Swedish Annual Accounts Act with the accounting policies and bases of calculation used in the most recent annual report, i.e. BFNAR 2012:1 (K3).

Risks and uncertainties

Several factors affect, or may affect, directly or indirectly, the operations of CDON. These factors can be divided into industry and market risks, operational risks, financial risks and legal risks. Industry and market risks include market developments in e-commerce, seasonal variations, risks related to fashion trends, the economic situation and consumer purchasing power. Operational risks include interruptions or deficiencies in IT and control systems, supplier relationships, inventory and distribution. Financial risks include currency risk, credit risk, interest rate risk and liquidity risk. Legal risks include legislation, regulation and compliance, disputes and intellectual property rights. Risks and uncertainties are described in greater detail in the company description published ahead of listing on the Nasdaq First North Growth Market.

CDON Ålandia

Like other companies in the industry, CDON previously distributed orders to customers in Finland from Åland. As communicated previously, the Finnish authorities have been investigating CDON's subsidiary CDON Ålandia Ab for suspected tax fraud for several years. Proceedings had earlier been initiated at Åland district court in Finland against three persons who were members of CDON Ålandia Ab's Board in 2008–2013 and against two former employees of the Group. The Åland District Court rejected all charges and handed down an acquittal on February 25, 2020. On April 30, 2020, the Finnish prosecutor appealed parts of the Åland district court's judgment to the Åbo court of appeal. However, the appeal only concerns four (of the previous five) defendants and the alleged period of the offence has been limited by the prosecutor. If the defendants are convicted in a court of appeal trial (which is planned for late 2021), they may be liable to pay damages to the Finnish authorities. If the defendants are ordered to pay damages, under certain circumstances they may make a claim to CDON or CDON Ålandia for compensation. No such claim has been made, and CDON has

not made any provisions for such claims. Prior to Nelly Group's distribution of the shares in CDON, CDON Alandia, CDON and Nelly Group made an agreement governing the parties' mutual liabilities if any of them were to be ordered by a legally binding judgement to pay damages to the defendants. Under this agreement, any damages will be paid by CDON.

Group relationship and consolidated financial statements

CDON AB does not produce any consolidated financial statements given that the subsidiary CDON Alandia AB, 2143083-5, is classified as a minor company without major significance in line with Chapter 7, Section 3 of the Swedish Annual Accounts Act.

Related party transactions

No related party transactions occurred during the quarter.

Financial calendar 2021

The Annual Report and Sustainability Report will be published on April 27.

The 2021 annual general meeting will be held in Malmö on May 11.

The interim report for the second quarter will be presented on July 14.

The interim report for the third quarter will be presented on October 21.

Nomination committee

The nomination committee has presented a proposal to the Board of CDON before the AGM of May 11, 2021. The committee proposes that there should be six members of the Board and that a registered auditing company without a substitute should be appointed as auditor. The committee proposes re-election of Board members Josephine Salenstedt, Christoffer Häggblom, Kristina Lukes and Niklas Woxlin and new election of Board members Georg Westin and Savneet Singh for the period until the end of the next AGM. It is also proposed that Josephine Salenstedt be elected as Chair of the Board.

Georg Westin

Born: 1978

Education: M. Sc. Software Engineering

Other relevant experience: Georg Westin is founder, CEO and Board member of Hero Gaming, co-founder of Casumo and has previous experience as CTO of Betsson Malta and Betsafe.

Shareholding in CDON (including related parties): 0

Georg Westin is independent in relation to CDON and CDON's management and independent in relation to the major shareholders.

Savneet Singh

Born: 1983

Education: B. Sc. Applied Economics and Management, Cornell University

Other relevant experience: Savneet Singh is CEO and Board member of Par Technology Corp (NYSE:PAR), where he has been a Board member since April 2018 and President of ParTech Inc since March 2018. Savneet Singh is also Board member of two companies listed on the New York Stock Exchange (NYSE): Sharpspring Inc (NYSE:SHSP) and Osprey Technology Acquisition Corp (NYSE:SFTW). Savneet Singh's previous experience includes being a partner at CoVenture LLC, an asset management company, in 2017 and 2018. Singh has also been a

managing partner of Tera-Holdings LLC, a company with investments in niche software companies of which he was a co-founder.

Shareholding in CDON (including related parties): 0

Savneet Singh is independent in relation to CDON and CDON's management and independent in relation to the major shareholders.

The nomination committee also proposes the re-election of KPMG AB as auditor for the period until the end of the next AGM. The principal auditor will be the authorized auditor Jonas Nihlberg.

Dividend

The Board proposes that no dividend be paid for the financial year. In its proposal, the Board considered the company's growth plans and financial position.

Audit

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

Marcus Lindqvist, Interim CEO

Malmö, April 21, 2021

CDON AB (publ)

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Conference call

Analysts, investors, and the media are invited to a conference call today at 14:00. To participate in the conference call, please dial: SE: +46 850558351 UK: +44 3333009265 US: +1 8335268395

The presentation material and webcast will be published at www.investors.cdon.com.

For further information, please contact:

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About CDON

CDON was founded in 1999 and is now the biggest marketplace in the Nordic region. During 2020 we had over 120 million visits and 2.3 million customers. Our customers can choose to buy and compare prices for millions of products, by far the widest range of all Nordic e-retailers. Over 1,500 merchants offer their product range on CDON's platform to increase their sales. This gives CDON a wide range of products within movies, music, computer games, office supplies, books, toys, consumer electronics, household appliances, sport, outdoor, beauty care, fashion, shoes, computers and computer products. CDON is listed on First North with the abbreviation CDON.

This information is information that CDON AB is required to disclose under the EU Market Abuse Regulation. The information was released for publication through the agency of the above contacts at 13:00 on April 21, 2021.

Condensed income statement

Amounts in SEK million	2021 Jan-Mar	2020 Jan-Mar
Net sales	131,5	184,7
Costs for sold products	-83,5	-140,4
Gross profits	48,0	44,3
Selling expenses	-32,5	-36,5
Administrative expenses	-28,4	-23,9
Other operating income and expenses, net	-0,8	0,9
Operating profit/loss¹	-13,6	-15,2
Net financial items	-0,1	-0,6
Profit/loss after financial items	-13,8	-14,5
Profit/loss before tax	-13,8	-14,5
Income tax	0,0	0,0
Profit/loss for the period	-13,8	-14,5

¹ All depreciations and employee benefit expenses were previously classified as administration expenses. As of this financial year, depreciations related to capitalized development expenditure and employee benefit expenses attributable to 'Sales and marketing' are classified as 'Selling expenses'. Corrections have also been made to amounts for the comparative period.

Condensed balance sheet

Amounts in SEK million	2021 31 Mar	2020 31 Mar
ASSETS		
Non-current assets		
Intangible assets	61.7	59.8
Property, plant and equipment	1.8	1.7
Total non-current assets	63.4	61.6
Current assets		
Inventory	20.7	61.6
Other current assets	30.8	102.8
Cash and cash equivalents	63.1	44.7
Total current assets	114.5	209.1
TOTAL ASSETS	177.9	270.7
EQUITY AND LIABILITIES		
Equity	45.3	134.7
Total equity	45.3	134.7
Other current liabilities	132.7	136.0
Total current liabilities	132.7	136.0
TOTAL EQUITY AND LIABILITIES	177.9	270.7

Changes in equity

Amounts in SEK million	2021	2020
	Jan-Mar	Jan-Mar
Equity at beginning of year	58,9	149,2
Stock compensation	0,2	
Profit for the year	-13,8	-14,5
Equity at year-end	45,3	134,7

Condensed cash flow statement

Amounts in SEK million	2021	2020
	Jan-Mar	Jan-Mar
Cash flow from operating activities before changes in working capital	-10.2	-0.6
Increase (-)/decrease (+) in inventories	5.5	41.8
Increase (-)/decrease (+) in operating receivables	8.0	50.7
Increase (+)/decrease (-) in operating liabilities	-104.0	-218.0
Cash flow from operating activities	-100.7	-126.1
Investing activities		
Acquisitions of property, plant and equipment	-0.3	-0.2
Acquisitions of intangible assets	-6.1	-5.7
Cash flow from investing activities	-6.4	-5.9
Financing activities		
Loans paid out	0.0	-20.0
Cash flow from financing activities	0.0	-20.0
Cash flow for the period	-107.1	-151.9
Cash and cash equivalents at the beginning of period	170.3	196.6
Exchange rate differences in cash and cash equivalents	-0.1	0.0
Cash and cash equivalents at the end of period	63.1	44.7

Selected segment information

Amounts in SEK million	2021	2020	Δ
	Jan-Mar	Jan-Mar	
CDON Marketplace (3P)			
Gross merchandise value	379.6	302.6	25%
Net sales	40.8	33.9	20%
Gross profit	38.0	31.7	20%
Gross margin (%)	93.2	93.5	-0.3 pp
CDON Retail (1P)			
Gross merchandise value	92.6	152.0	-39%
Net sales	90.7	150.8	-40%
Gross profit	10.0	12.6	-20%
Gross margin (%)	11.0	8.3	2.7 pp

Condensed key ratios

	2021	2020	Δ
	Jan-Mar	Jan-Mar	
Total gross merchandise value, SEK million	472.2	454.5	4%
Active customers, past twelve months, thousands	2,284	1,827	25%
Visits, thousands	21,332	23,346	-9%
Orders, thousands	708	707	0%
Average shopping basket, SEK	667	643	4%
Active merchants (3P)	1,725	1,117	54%
Percentage of gross merchandise value in Sweden	70.6%	71.3%	-0.7 pp
Marketing expenses/gross merchandise value	-4.0%	-3.7%	-0.3 pp

Information on the number of shares

	2021	2020
	Q1	Q1
Shares outstanding at the end of the period, millions	6.0	0.1
Shares outstanding at the end of the period after dilution, millions	6.0	0.1
Average number of shares before dilution, millions	6.0	0.1
Average number of shares after dilution, millions	6.0	0.1

Alternative performance measures

Certain key ratios in this report are not defined according to generally accepted accounting principles (GAAP). These alternative performance measures are deemed to be useful to investors because they form the basis for assessing operational performance, along with the comparable GAAP ratios. Alternative performance measures should not be considered in isolation from, or as a substitute for, financial information presented in accordance with GAAP. Alternative performance measures may not be comparable to similar measures reported by other companies.

Definitions

Earnings per share	Earnings for the year attributable to the parent company's shareholders divided by average number of shares for the period.
Number of active customers	The number of customers who have made a purchase at least once in the past 12 months
Number of visits	The gross number of visits to the sites
Average shopping basket/SEK	Gross merchandise value/number of orders
Total gross merchandise value	Gross merchandise value refers to total sales of goods from third-party merchants and own sales excluding returns and sales tax
Gross sales (3P)	This refers to total sales of goods, excluding returns and sales tax, from third-party vendors
Gross sales (1P)	This refers to total sales of goods, excluding returns and sales tax, by CDON
Marketing expenses/gross merchandise value	Marketing expenses as a percentage of total gross merchandise value