

Verkkokauppa.com Oyj

Empowering customers to follow their passion

27 August 2021, Helsingin Osakesäästäjät ry, Vanajanlinna

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Agenda

Verkkokauppa.com in brief

Latest financials

Strategy update

Business outlook

Appendix



Verkkokauppa.com – The address of all passions

(in 2020)

Verkkokauppa.com is the largest webshop in Finland ¹⁾

Our values:

Courage

Agility

Transparency

Community

Strong employee
satisfaction

- ✓ Revenue EUR 553.6 million
- ✓ Comparable Operating profit EUR 20.4 million
- ✓ 818 Employees

Balance sheet
EUR 173.7 million
Cash and cash
equivalents
EUR 43.1 million

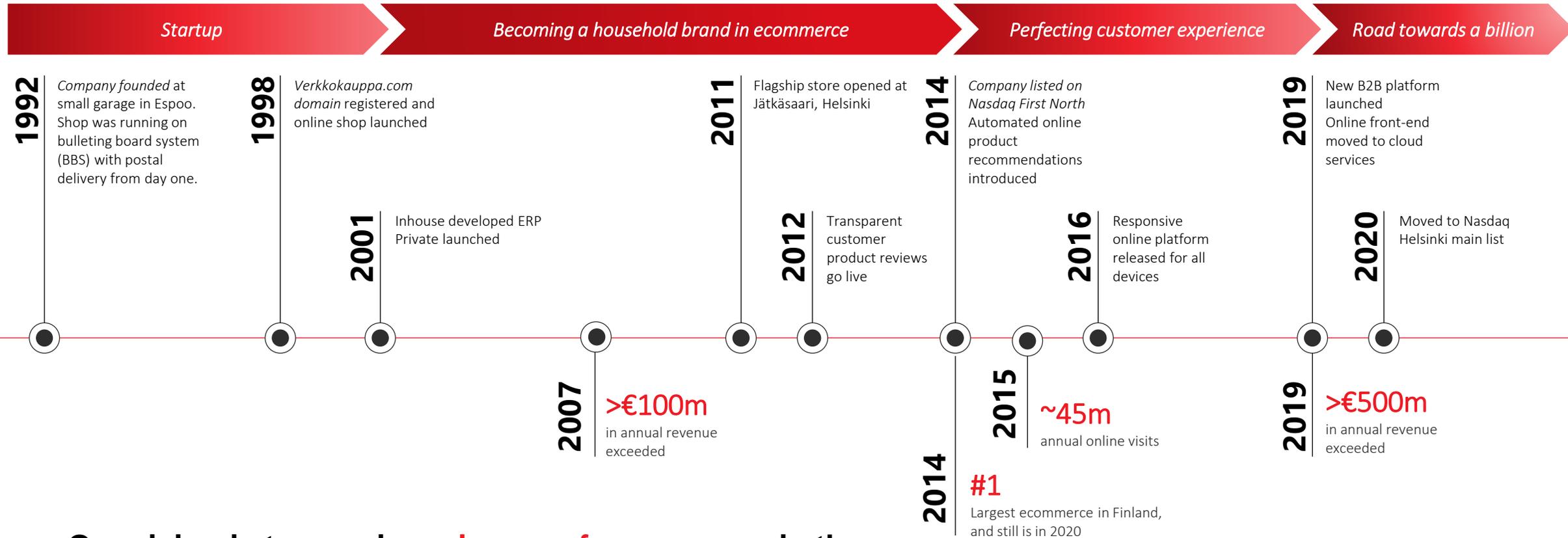
- ✓ 87 million visits in our web shop
- ✓ Four Megastores in Finland
- ✓ Product range covers > 65,000 products in 26 categories
- ✓ The most sustainable webstore in Finland ²⁾
- ✓ Customer satisfaction in a **record level**

1) Source: Kaupan Liitto (Statista, ecommerceDB.com) March 2021

2) In March 2021, Consumers awarded Verkkokauppa.com in Sustainable Brand Index 2021 survey.

Passionate Pioneer of Ecommerce

We are an online-born – online is at the core of what we do, and what the company has been built around ...



Our vision is to remain a **pioneer of ecommerce** in the next decades through continuous innovation



Our purpose: empower customers to follow their passion



Assortment



The widest and most exciting assortment in chosen categories, available from single store/platform. New (premium) products always available among the first in Finland



Experience



Frictionless omnichannel experience built upon inhouse technology stack. Customer journeys designed around the digital consumer from day 1



Speed & Flexibility



Delivery experience fuelled by highest availability and convenience. Always accurate and transparent offering across all channels and locations



Trust



Most transparent product information platform (online & offline). Fair pricing that you can trust to be “probably always cheaper”



Our mission is to provide the **best possible customer journey** within Nordic retail for selected categories



Why will our customers continue to shop first and foremost at **Verkkokauppa.com**

We continue to be the pioneer in ecommerce and are proud to be the #1 platform in Finland

2020

LARGEST ECOMMERCE¹



€324m

In online revenue

RAPID GROWTH IN ONLINE



~16%

Annual growth
p.a. in 2015-20

MOST VISITED WEBSTORE



+87M

Annual online
visits

BEST ECOMMERCE EXPERIENCE



#1

Voted as best
customer experience²

Did you know that Verkkokauppa.com...

...sells 1/3 of all TVs in Finland³

... is the largest retailer of light electric vehicles in Finland³

...is the largest retailer of robot vacuum cleaners in Finland³

1. Euromonitor
2. Posti – Suuri Verkkokauppatutkimus 2020
3. GFK

We are transparent, interact with our customers, and have established ourselves as the strongest ecommerce brand in Finland

2020



Most product reviews

>400,000
customer reviews



Highest customer satisfaction

70
NPS



Highest customer loyalty

>115,000
Avg. monthly active users, with **+30%** growth YoY



Lowest returns on the market

1.0%
of purchases are returned

Strongest ecommerce brand in Finland

Verkkokauppa.com
TODENKÄISESTI MINA HALLEMMIN

25

GIGANTTI

19

POWER

15

clas ohlson

15

XXL

15

We are **9th** most positively recognized brand in Finland, among brands such as Finnair, Fiskars and Valio

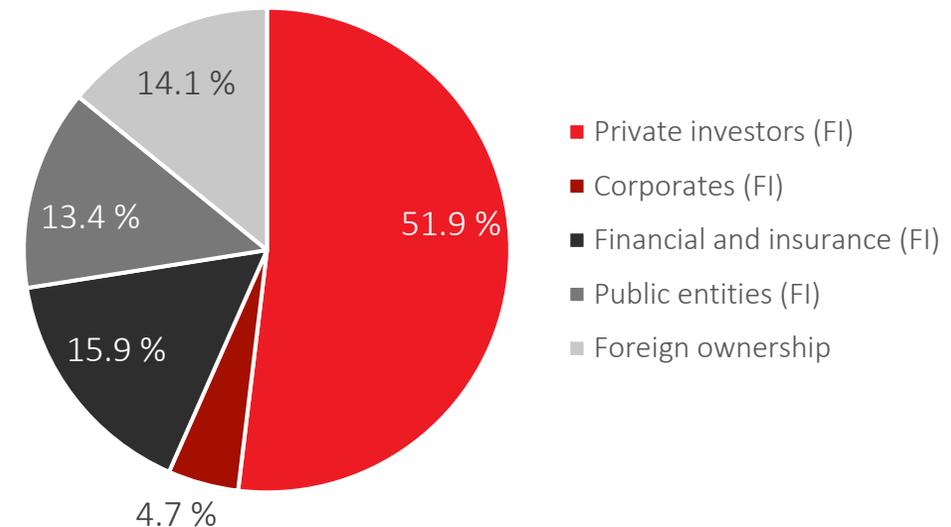
In June 2020, VERK share trading started in the main market of Nasdaq Helsinki Stock Exchange

- ✓ In 2014, company was listed in Nasdaq First North, and moved in the main list of Nasdaq Helsinki Stock Exchange in June 2020
- ✓ Market Cap: EUR 378 million (25 August 2021)
- ✓ Around 17,100 shareholders

Largest shareholders		% of shares
1	Samuli Seppälä (FI)	35.4%
2	Varma Mutual Insurance Co (FI)	8.6%
3	Mandatum Life Insurance Co (FI)	4.9%
4	Ilmarinen Mutual Insurance Co (FI)	4.8%
5	Rite Ventures (SE)	3.6%

Shareholder data based on July 2021.

Owner sector distribution



Verkkokauppa.com share in Nasdaq Helsinki
Trading: **VERK**
Retail sector, Mid Cap Segment



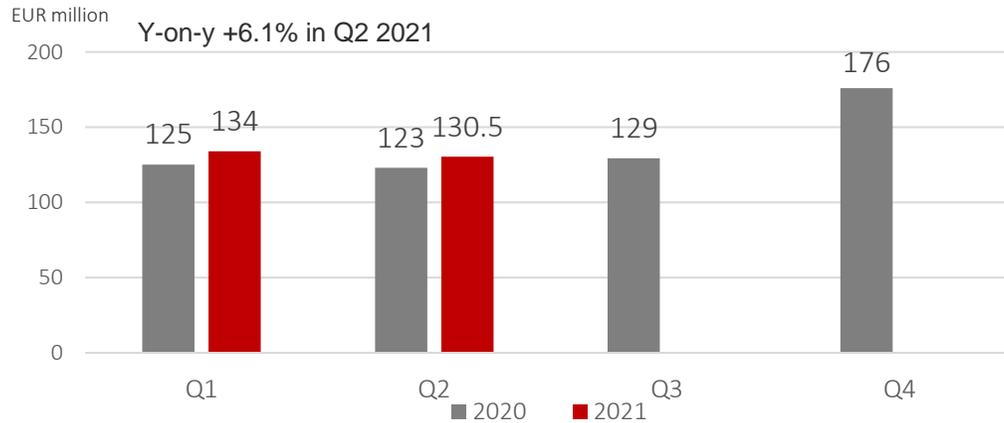
Our Approach to sustainable business



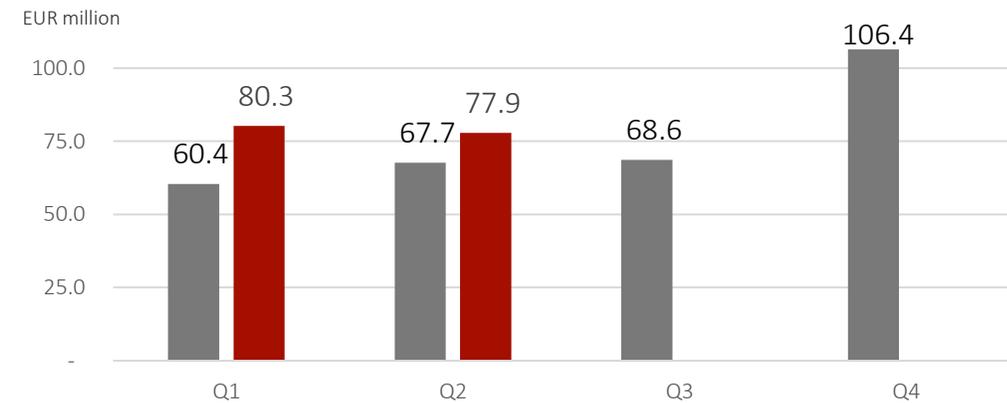
Q2 2021:
Growth continued with record high
second quarter operating profit

In Q2/2021, on-line sales¹⁾ grew by +15.1%

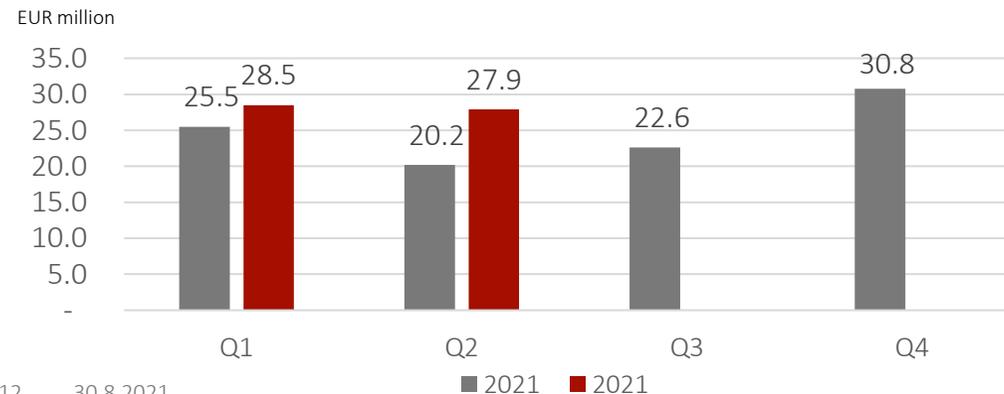
Our revenue growth exceeded market growth³⁾



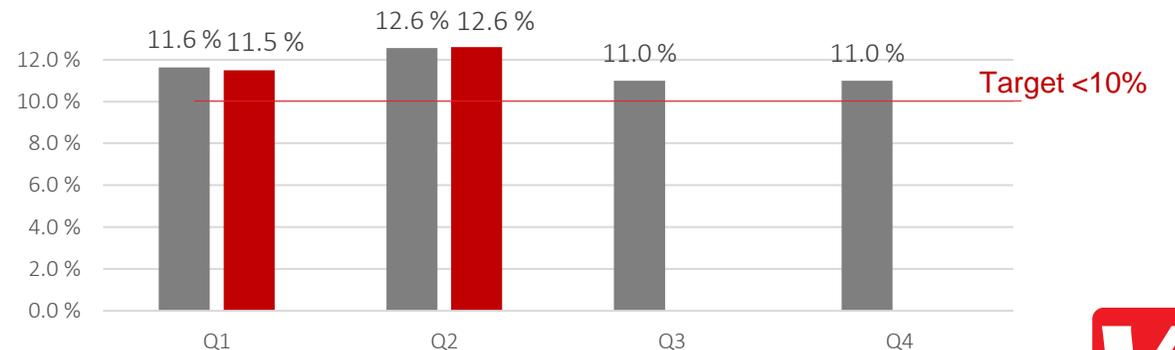
Online sales¹⁾ grew by +15.1% y-on-y



Robust growth in B2B sales, +38.4% y-on-y



Fixed cost²⁾ to revenue ratio, targeting below 10% by 2025



1) Without Export
 2) Excluding advisory costs related to listing
 3) GfK April-May market data, market growth 5.7%



Q2/2021: 32nd consecutive growth quarter

EUR million	4-6/ 2021	4-6/ 2020	Change, %	1-6/ 2021	1-6/ 2020	Change, %	FY 2020
Revenue	130.5	123.1	6.1%	264.5	248.3	6.5%	553.6
Gross profit	22.4	21.4	4.8%	44.2	40.8	8.2%	88.4
Gross margin, %	17.2%	17.4%		16.7%	16.4%		16.0%
Personnel expenses	-9.4	-8.4	11.5%	-18.4	-17.0	8.2%	-35.6
Other operating expenses	-7.1	-7.5	-5.6%	-13.4	-13.8	-2.4%	-64.4
Operating profit	5.1	4.4	17.3%	10.3	7.8	32.6%	19.6
Operating margin, %	3.9%	3.5%		3.9%	3.1%		3.5%
Comparable operating profit	5.1	4.8	5.9%	10.3	8.6	20.1%	20.4
Comparable operating margin, %	3.9%	3.9%		3.9%	3.5%		3.7%
Net profit	3.8	3.3	14.9%	7.6	5.7	33.0%	14.6

- ✓ 32nd consecutive growth quarter
- ✓ 6th consecutive quarter with profit improvement, increase of EUR +0.8 million in EBIT
- ✓ Quarterly growing dividend of EUR 0.058 per share



Key takeaways from Q2

1

Strong performance in our B2B business sales, +38.4 %

2

The online shift in retail continued, our online sales increased by +15.1%

3

Our sales excluding export, grew 7.3%, with 5.7% market growth (GFK data per April-May 2021)

4

Solid financial position ensuring growing quarterly dividend and future investments opportunities

5

Our investment on automated Jätkäsaari logistics hub progress as planned

6

We are executing our strategy towards the set 5-year financial targets



Update on strategy execution

The road towards a billion – our growth path is primarily organic and online driven

Capitalize on the online shift through assortment

- 1** Capitalize upon the acceleration in online penetration in our core categories
- 2** Spearhead the next wave of online retail in evolving categories
- 3** Continuously identify and test assortment in untapped categories

Leverage our superior platform for current and new business

- 4** Double the B2B business through superior CX
- 5** Continue rapid growth in the private label business
- 6** Augment the service portfolio
- 7** Engage in new business including M&A within the Finnish online landscape

Capture our full potential in profitability

- 8** Benefit from higher margin portfolio mix
- 9** Execute targeted investments into technology, and operational excellence, to further lower our fixed cost base



Revenue
EUR 1,000m
>10% growth
YOY



EBIT EUR 50m
>5% EBIT-margin



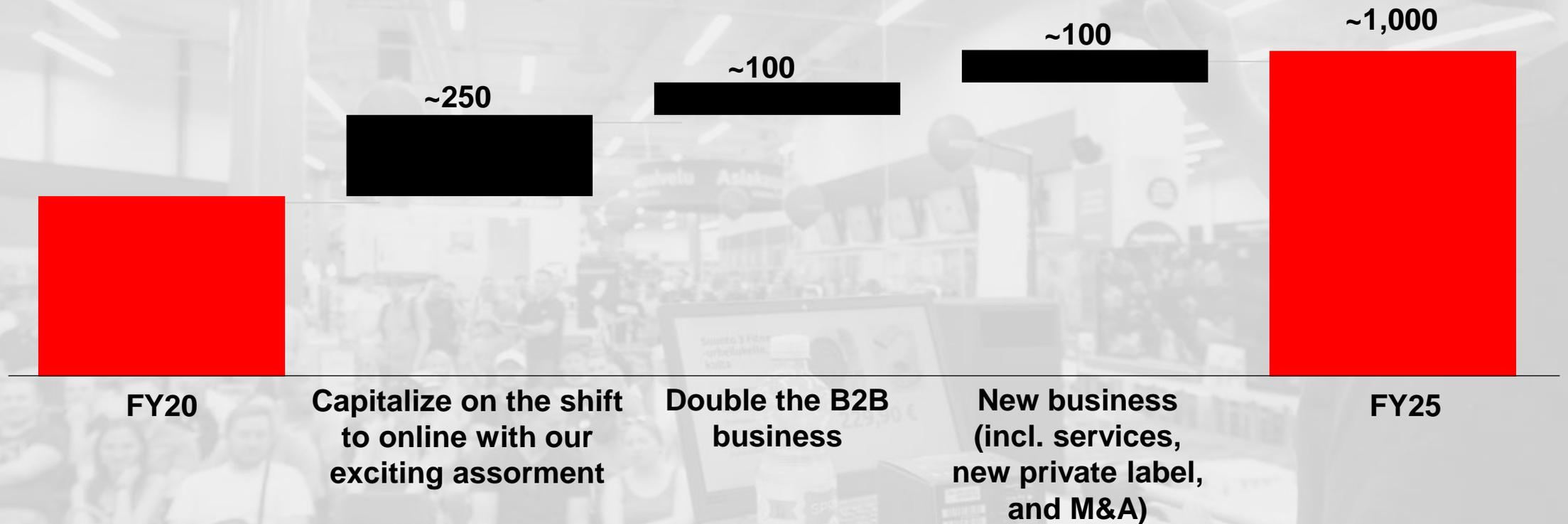
Fixed costs <10%
From 11.5% (FY20)



Growing dividend payout

By capitalizing on the online shift and leveraging our superior platform – we are on a road towards a billion

Verkkokauppa.com revenue development, 2020-25E, EUR milj.

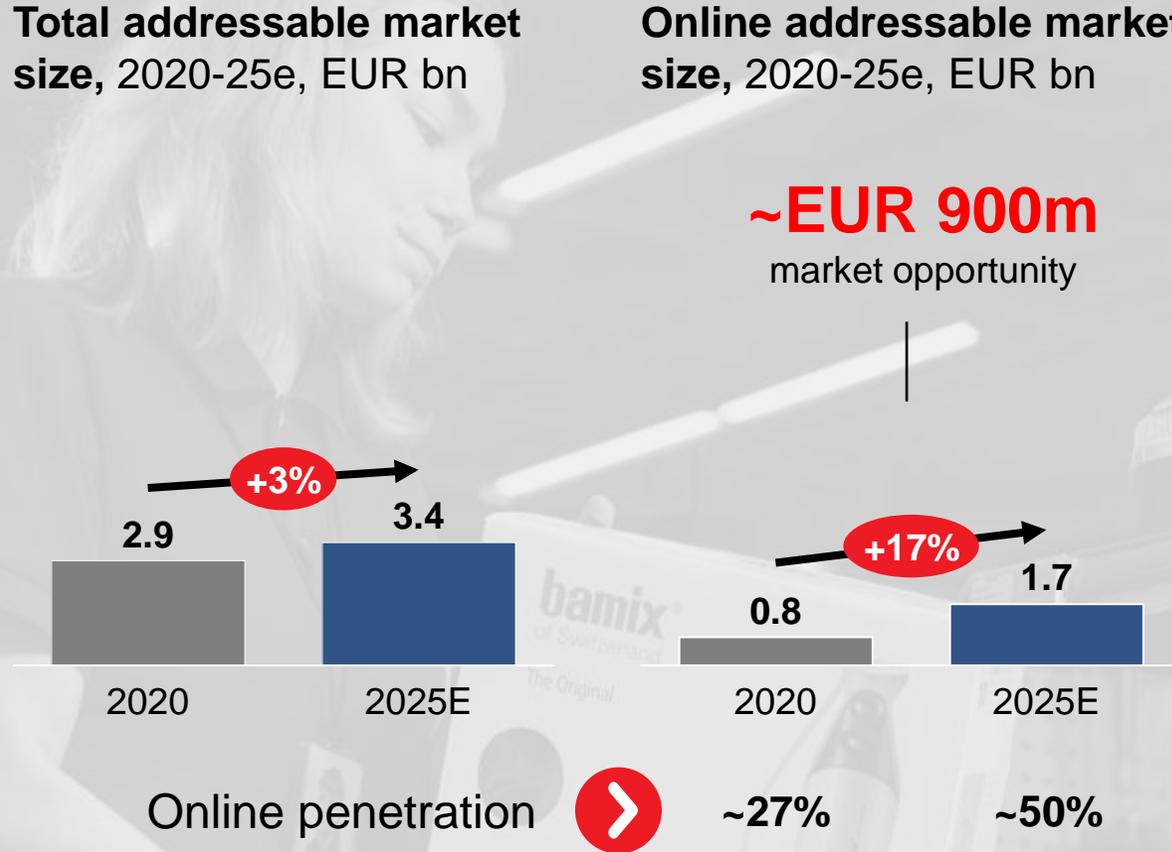


Our core categories will continue accelerated shift to online

Our categories **Total addressable market size, 2020-25e, EUR bn** **Online addressable market size, 2020-25e, EUR bn**

Our core categories

IT
Entertainment
Home appliances
Telecom



Our core categories are...

...what we have built the business around for the last ~30 years

...where we will capture bigger share due to our strong position in online

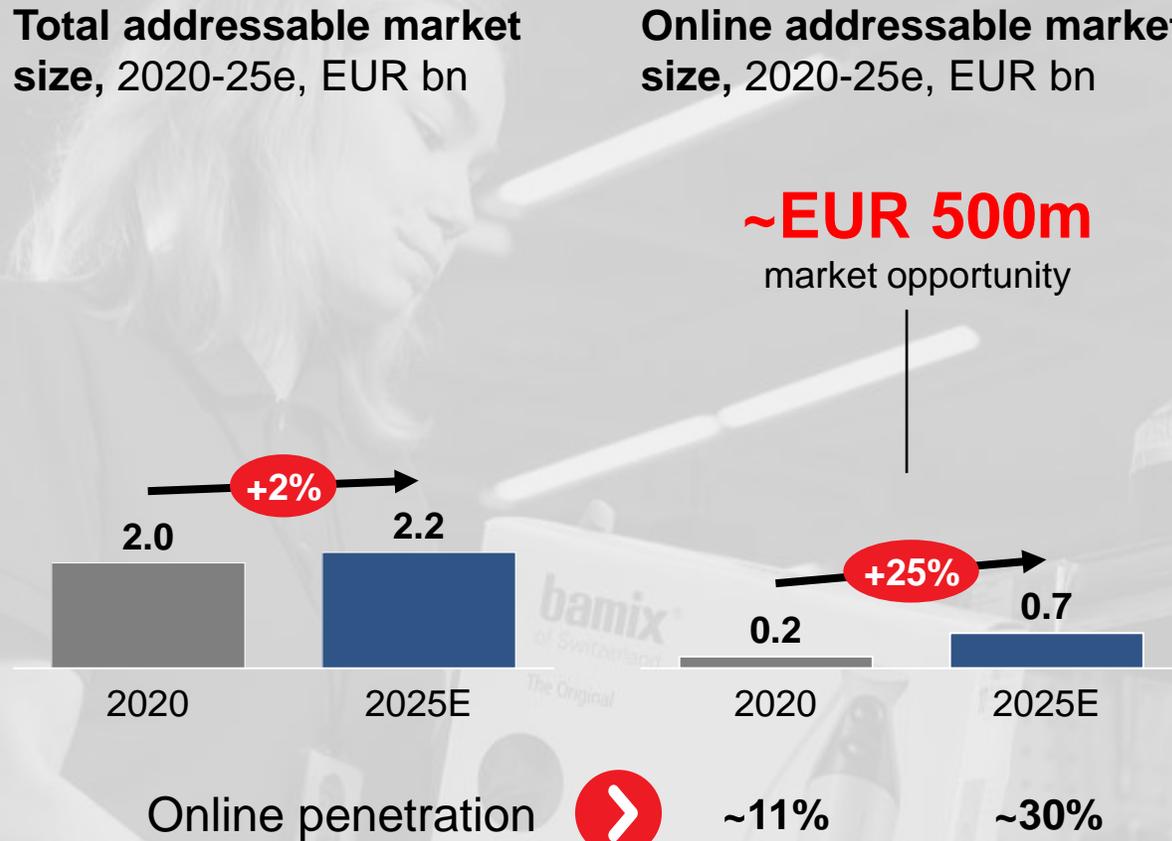
...where we will capitalize on the accelerated shift from offline to online, resulting in a ~€900m market opportunity

We have started to expand into adjacent categories with attractive margins and lower online penetration

Our categories **Total addressable market size, 2020-25e, EUR bn** **Online addressable market size, 2020-25e, EUR bn**

Our current evolving categories

Toys
Sports
Home & Lighting
BBQ & Cooking
Baby & Family
Luggage & Travel
Pets. excluding
Food and Drink



Our evolving categories are...

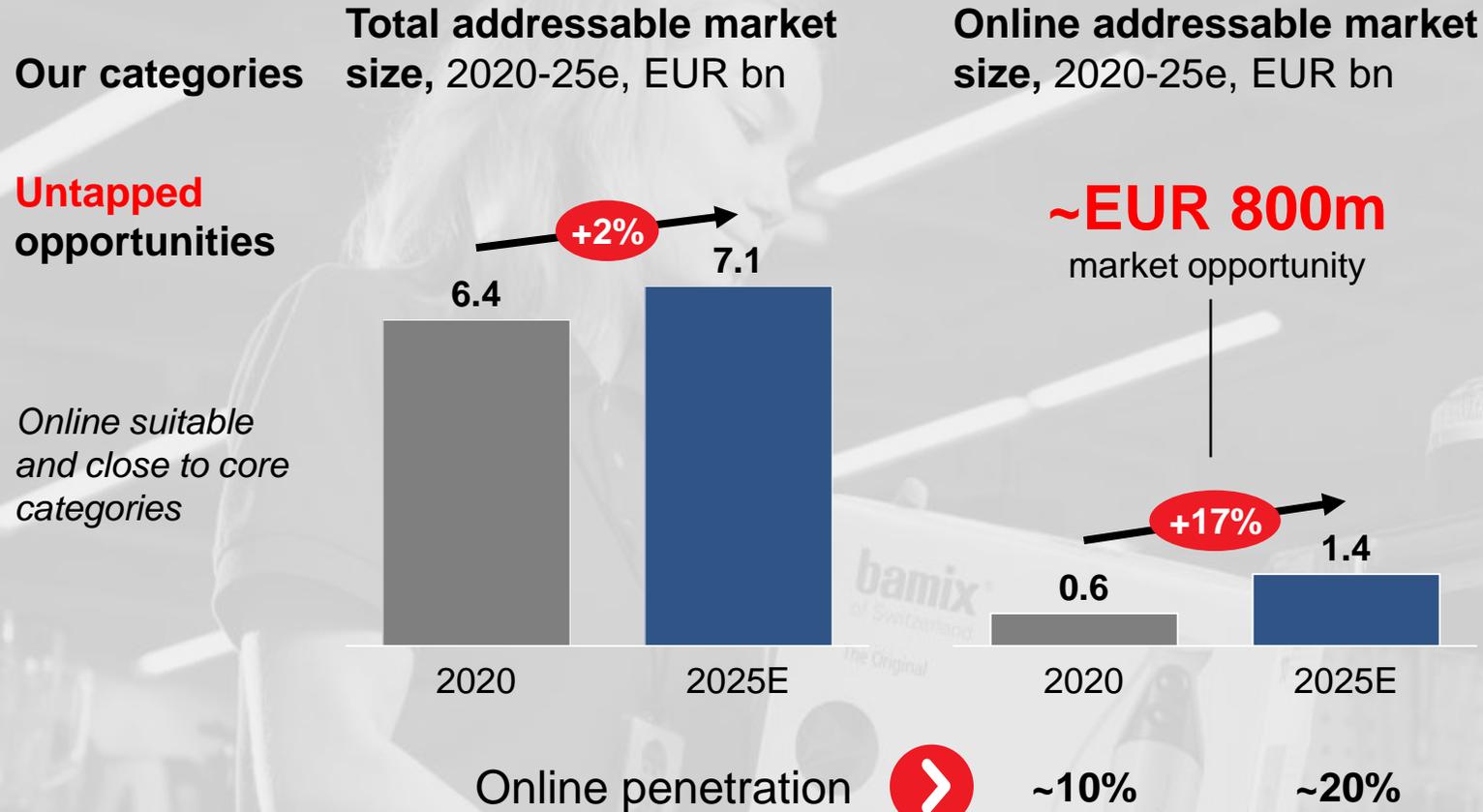
...where we already have started to expand, since 2014

...where online maturity is lower and expected to increase rapidly in next 5 years

...a fragmented landscape, where no established online market leader exists which would have assortment from entry to A-brands

...where we have room for significant growth in the upcoming ~€500m market opportunity

Additionally, we continuously evaluate untapped opportunities



Untapped opportunities are...

...where we have a systemized way to identify and test new categories

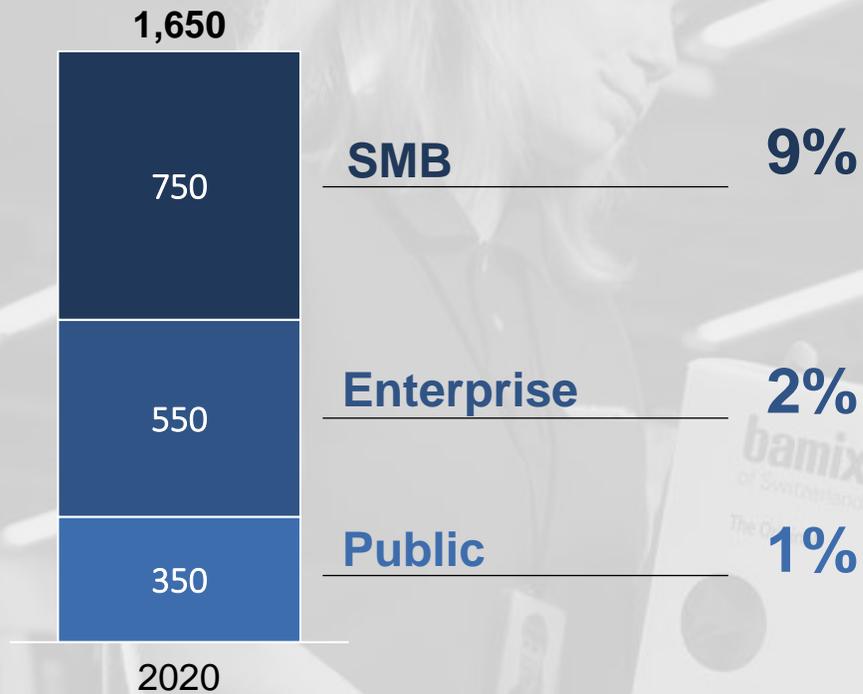
...where online maturity is lower and expected to increase rapidly in next 5 years

...a fragmented landscape, where no established online market leader exists which would have assortment from entry to A-brands

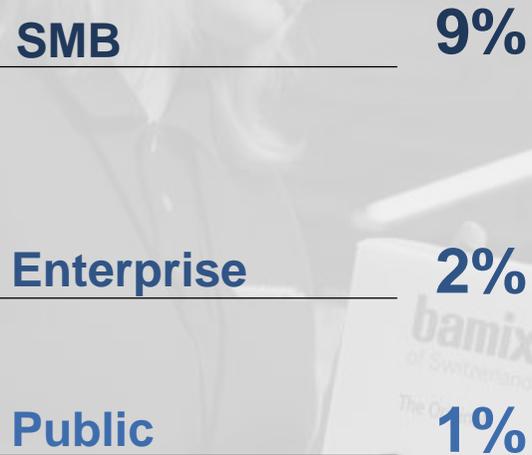
...where we have room for significant growth in the upcoming ~€800m market opportunity

There is room for Verkkokauppa.com to again double the business in B2B

Total addressable market size per B2B segment, 2020, EUR m



Verkkokauppa.com Market share, %, 2020



Capture fair share of the market through our unique platform that meets today's B2B customer needs

Defined a dedicated B2B team in 2015

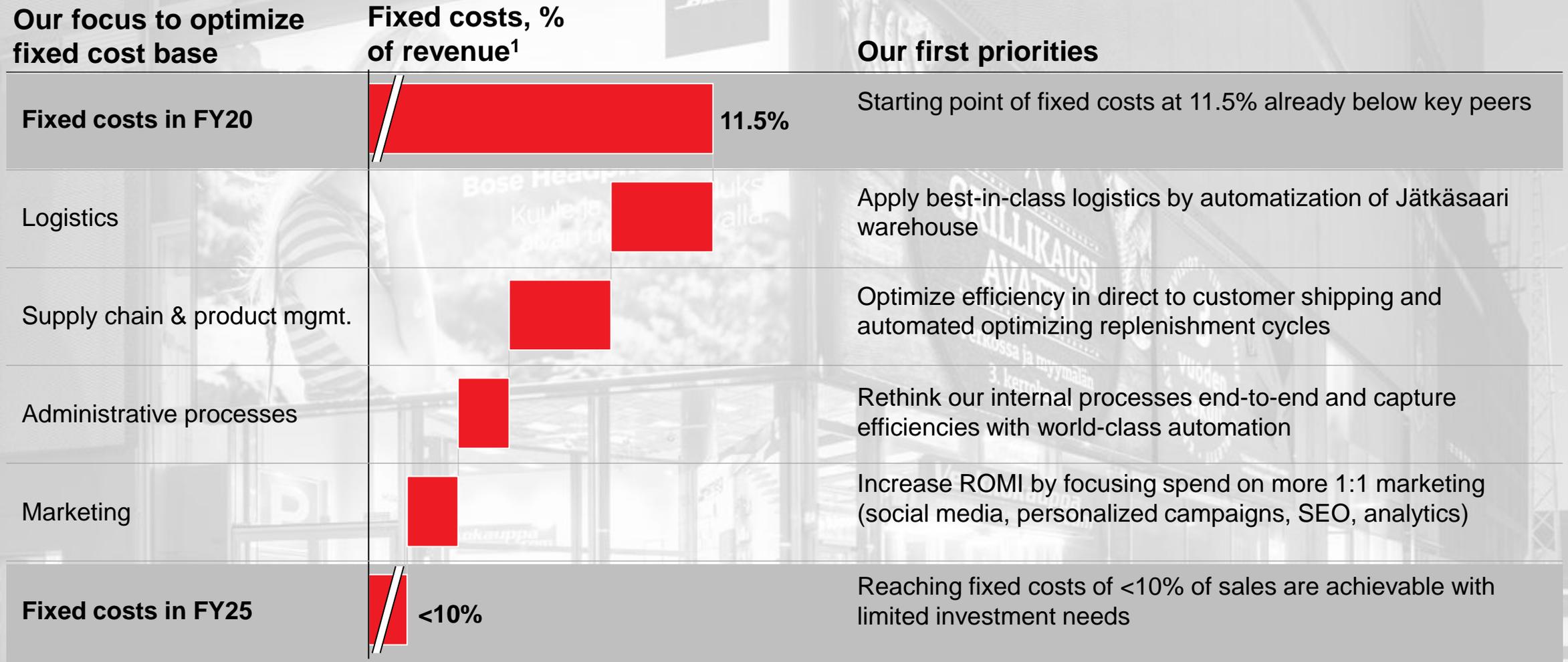
Perfected the online B2B user interface in 2019

Continue strong growth trajectory, supported by evolution of customer expectations (e.g. B2B customers preferring B2C-like customer experience) and dedicated marketing activities

Verkkokauppa.com's B2B revenue development, 2015-2025, EUR m

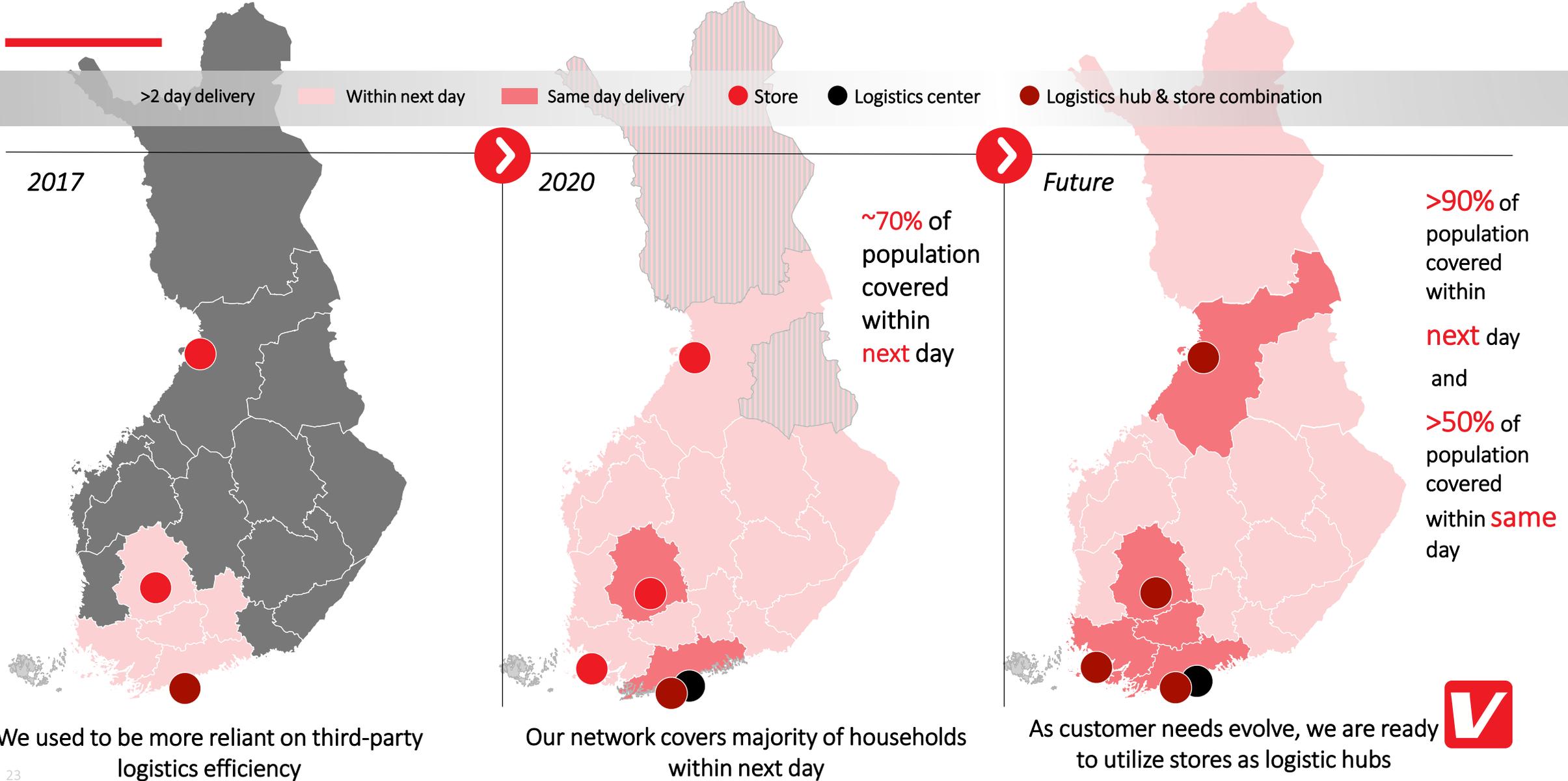


Move fixed costs below 10% of revenue through increased scale and AI-driven automated operations



1. Includes scale effect from Verkkokauppa.com targeting €1bn in revenue

Logistics: Speed & Flexibility



Our well-defined road towards a billion by 2025

A We have a strong track record of growth and value creation

B

We have a strong platform to capture a >10% share of the additional EUR 2.2bn online market opportunity

C

We grow our EBIT through scale, by shifting our offering and by executing efficiency initiatives

D

In present business model our investments requirements are light and supported by a healthy balance sheet

E

We are passionate about doing sustainable business and meeting the expectations of our stakeholders



Revenue
EUR 1,000m
>10% growth YOY



EBIT EUR 50m
>5% EBIT-margin



Fixed costs <10%
From 11.5% (FY20)



Growing dividend payout

Business outlook



Short-term market outlook

Our operations are estimated to develop positively

We believe to significantly grow our market share in evolving categories

The strong balance sheet enables us to expand our operations in accordance with our strategy

We expect to further benefit from the shift in consumer behavior to online

COVID-19 pandemic has accelerated households' spending for goods, but at the same time limited the lower-margin wholesale business

The pandemic may still cause impacts on the overall economic development, consumer demand as well as consumer purchase behavior and B2B sales



Financial targets and dividend policy - unchanged



Guidance for 2021

Revenue: EUR 570–620 million
(2020: EUR 554 million)

Comparable operating profit:
EUR 20–26 million
(2020: EUR 20.4 million)



Targets by the end of 2025

Revenue: EUR 1 billion
EBIT margin: 5%
Fixed costs: <10% of revenue



Dividend policy

Our goal is to continue to pay out a quarterly growing dividend

More Information



Upcoming events in 2021

★ **Capital Markets day on
Wednesday 29 September 2021**

January-September Interim report on
Friday 22 October 2021

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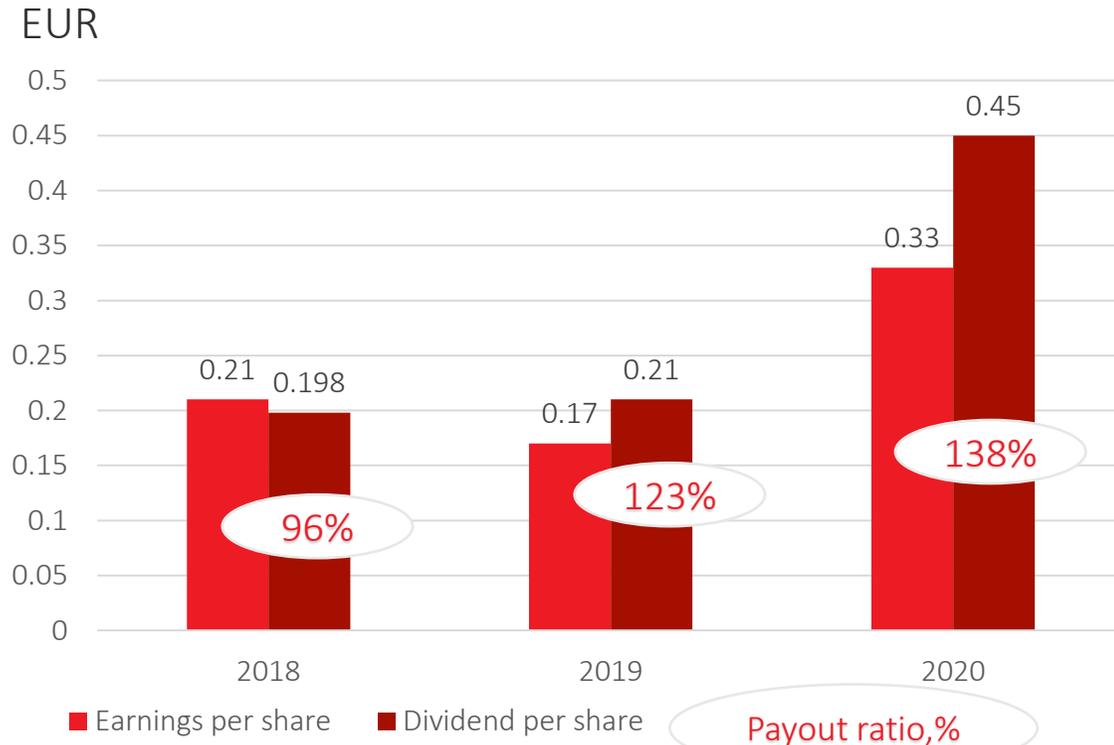


Appendix

Page 30 Quarterly growing dividend



Quarterly growing dividend to shareholders



Our dividend policy

Our goal is to continue to pay a quarterly growing dividend to shareholders.

Dividend from 2020 financial year

	EUR	Payment date
Dividend	0.056	
Extra dividend	0.22	
	0.276¹⁾	7 April 2021
Additional Board's authorization to pay quarterly dividend:		
1st instalment	0.057	4 May 2021
2nd instalment	0.058	27 July 2021
3rd instalment ²⁾	0.059	2 Nov 2021
In total:	0.45	

¹⁾ 2021 AGM's decision.

²⁾ Company will separately publish announcements of Board resolutions and dividend record dates.



