

Rewriting the rules of retail

SEB Nordic Seminar 2024 | Copenhagen

10 January 2024 | Verkkokauppa.com Oyj | Panu Porkka | CEO

Verkkokauppa.com is a passionate pioneer of ecommerce – Finland's largest consumer electronics retailer

Founded in 1992

Personnel: > 600 employees

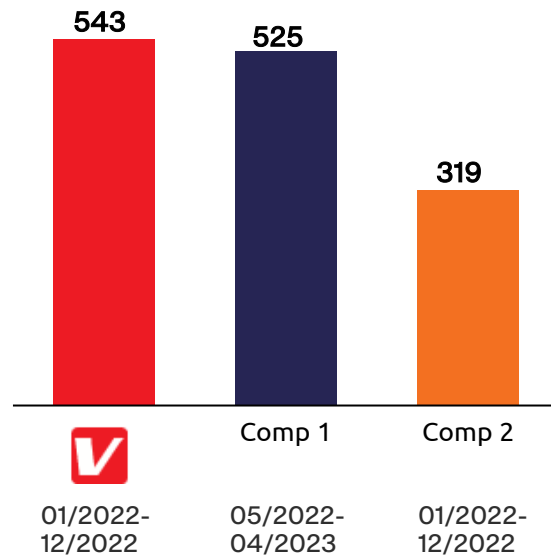
Assortment: > 70 000 products

> 80 million visits annually on our website

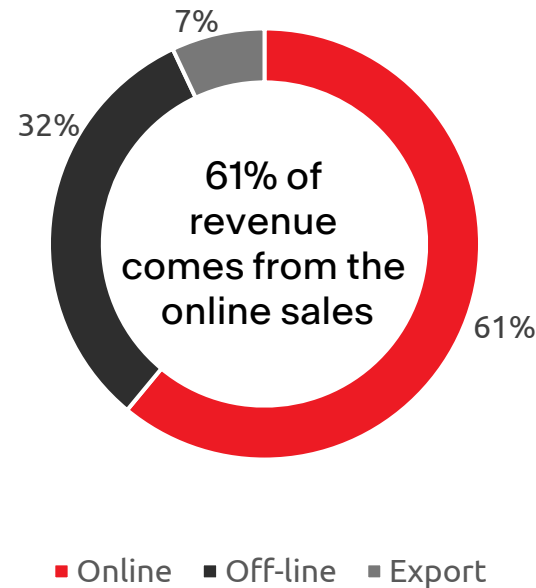
The most popular webshop in Finland

The largest consumer electronic *retailer in Finland

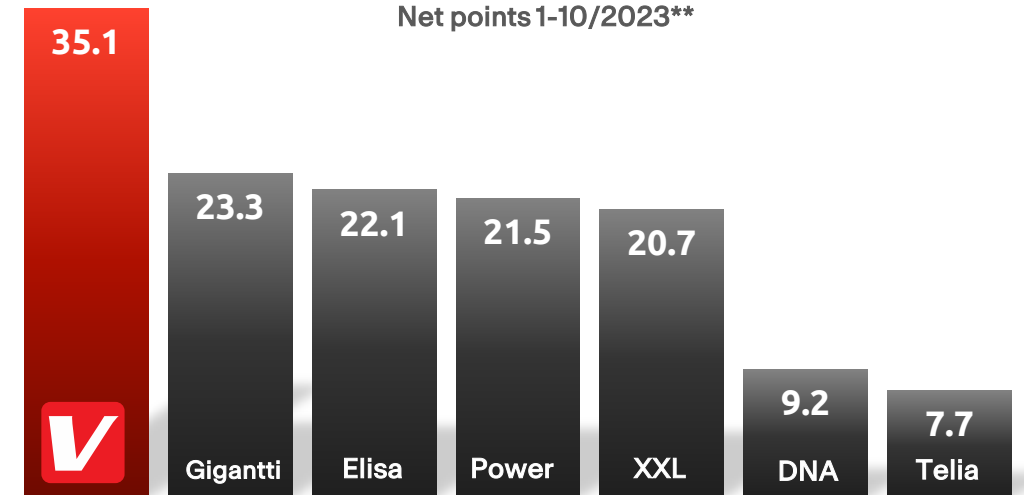
Revenue, milj. eur



Sales channels



Which of the following brands would you recommend: to a friend or colleague?
Net points 1-10/2023**



**Source: YouGov BrandIndex, N=992



OUR STRATEGY FOR 2024-2028

We will **accelerate online transition** leading to profitable growth

1

FASTEST FULFILMENT

- Blazing delivery speed a new norm of buying
- The most effortless shopping experience
- Automated product flows and intralogistics

2

CURATED ASSORTMENT

- First one to introduce latest products and innovations
- Full assortment with best availability in selected categories
- High quality Private Label assortment

3

NEW BUSINESS MODELS

- New subscription-based services, new norm of owning
- New profit models e.g Retail as Media
- New fulfilment operating models

4

OPERATIONAL EXCELLENCE

- Most efficient retail operations
- Feature-rich and leading own platform
- Data and AI powered way-of-working

Our four customer value propositions help us accelerate online transition



Finland's fastest deliveries with ultimate convenience

- 15 min. pick-up, 1 h express delivery, next day guarantee across Finland
- Seamless path from purchase to home door
- Services that elevate the buying convenience
- Subscription and device as service model make buying and owning more convenient and sustainable



+ Winning assortment assured by customers

- Most desired brands, boosted with high quality accessories
- Good quality, value-for-money private labels
- Guaranteed availability and transparency of delivery
- Strong offering also in pre-owned products, especially in CE category



+ Probably always cheaper

- Transparent pricing and comparison
- Dynamic everyday low prices – no need to look elsewhere
- Additional benefits for loyal customers (delivery pricing, special offers, pre-orders, etc)



+ Passionately on customer's side

- Customer need and honest way of working is always our first priority
- Expert advisory always available (online and offline)
- Comprehensive, reliable, product information with high quality customer and peer reviews
- Customer friendly return policies and easy digital process
- Fair and affordable financing



We will make fast deliveries the new norm in Finland

2023

1 hour deliveries available 24/7 in capital region covering >10% of FI population

1 hour deliveries

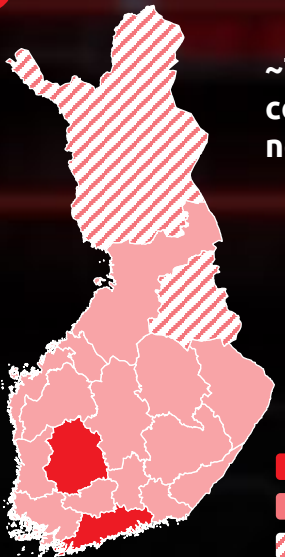


- Store as delivery hub and click & collect
- Store as click & collect
- 1 h deliveries in capital region
- Next day deliveries

+

Next day deliveries

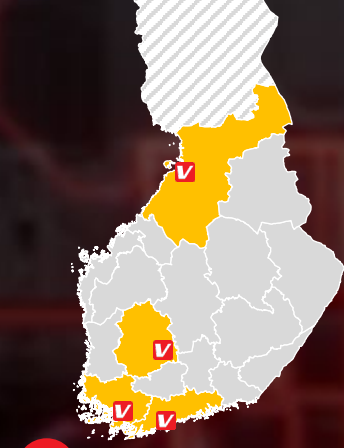
~70% of population covered with guaranteed next day delivery



- Same day deliveries
- Next day deliveries
- 1-2 day deliveries with selected areas in next day

2025

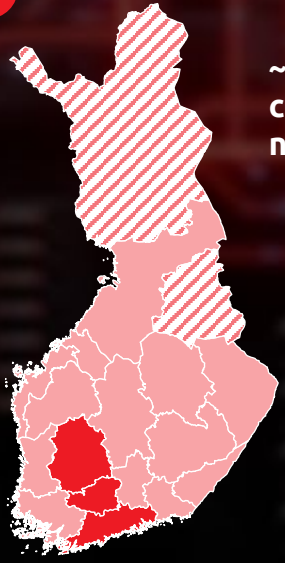
1 hour deliveries in four major cities in Finland covering >40% of Finland's population



- Store as delivery hub and click & collect
- 1 h deliveries in major urban areas
- Next day deliveries

+

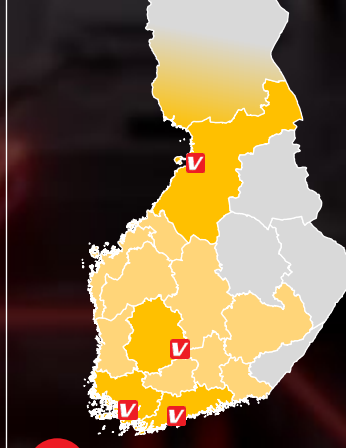
~80% of population covered with guaranteed next day delivery



- Same day deliveries
- Next day deliveries
- 1-2 day deliveries with selected areas in next day

2028

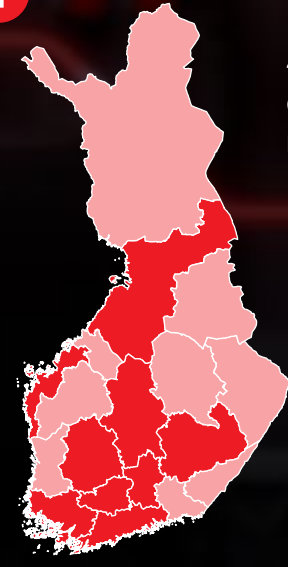
1 hour deliveries across Finland in largest cities using cost effective micro fulfilment centres



- Store as delivery hub and click & collect
- Micro fulfilment delivery hubs (location approx.)
- 1 h deliveries in major urban areas
- Fast deliveries for smaller cities/areas
- Next day deliveries

+

~90% of population covered with guaranteed next day delivery



- Same day deliveries
- Next day deliveries
- 1-2 day deliveries with selected areas in next day



* All maps are illustrative

New business models will enable steady growth and improved EBIT

6



Retail as a media

We will leverage our extensive customer base and 1st party customer data to provide opportunities to our vendors and global brands.

This approach also unlocks the full potential of our unique data-driven insights, providing our partners with unparalleled access to a Finnish audience.



Product life cycle services

Subscription models compliment traditional unit purchase models and transforms how we engage with our customers, fosters long-term relationships, provides a compelling/ steady subscription revenue stream and is a sustainable way forward.



Additional new markets

In addition to existing international wholesales operations, we will expand to new markets with strategic partnerships.



Long-term financial targets, by the end of 2028



GROWTH

Top line growth (CAGR) of more than 5%, outgrowing the market

+



PROFITABILITY

EBIT margin above 5%

+



COST-EFFICIENCY

Fixed costs below 10% of revenue

+



APPEALING DIVIDEND PAYOUT POLICY

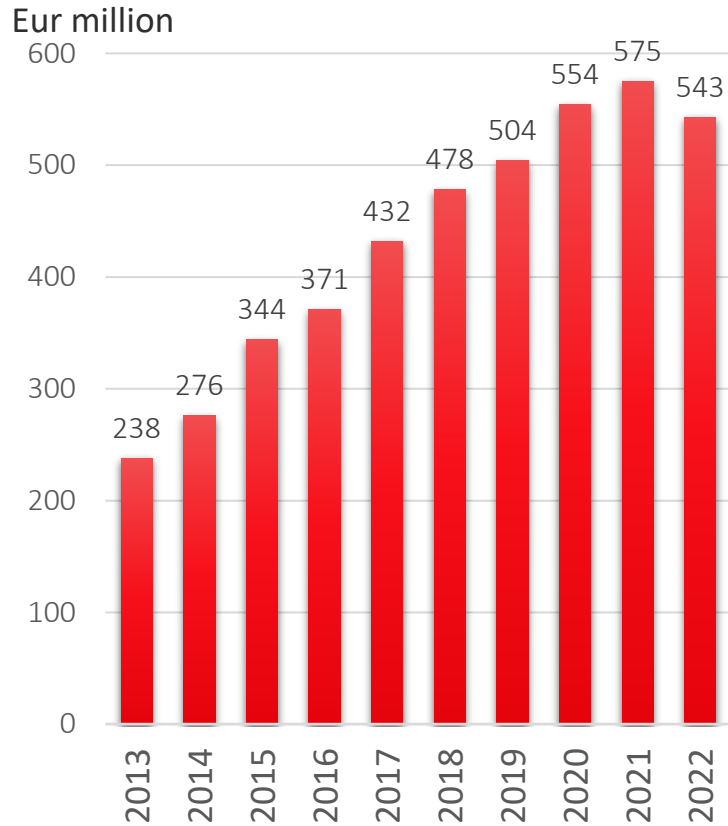
Target to pay out 60-80% of annual net profit in quarterly growing dividends*

*In order to improve the company's equity ratio, the Board will propose to the AGM 2024 that no dividend be paid on the result for 2023.

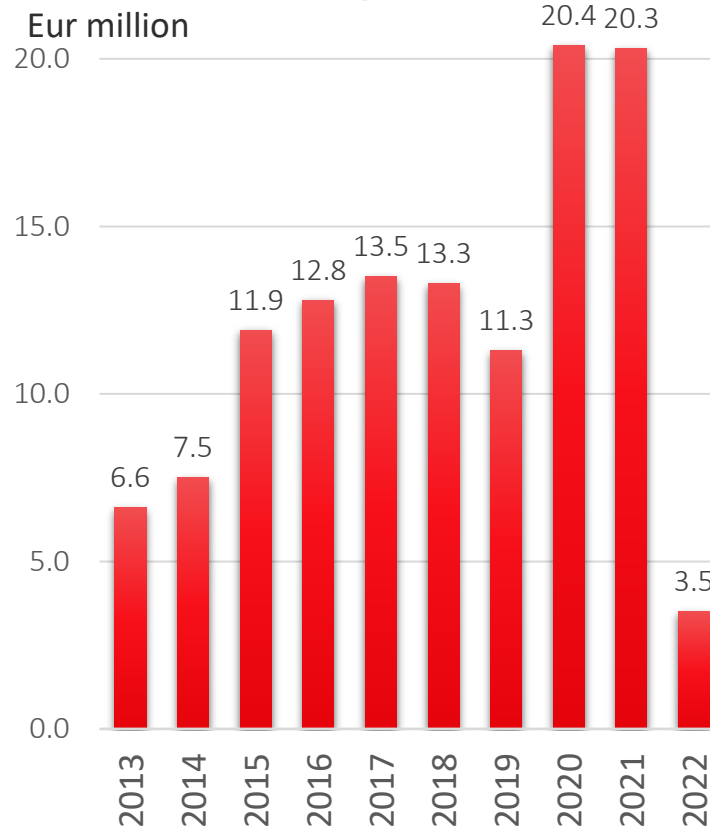


Stable growth over the years, good earnings performance and growing dividend

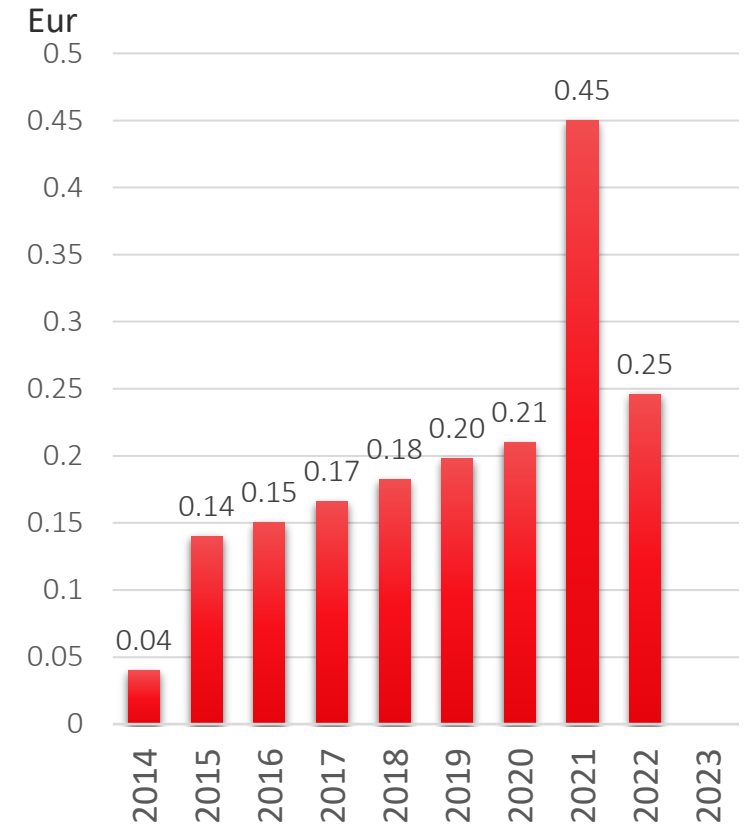
Revenue



Comparable Operating result



Dividend per share, paid out



Target to pay out 60-80% of annual net profit in quarterly growing dividends



1-9/2023 Financial performance



Revenue

EUR 352.2 million
-9.3% vs. 1-9/2022



Gross profit

EUR 57.8 million
(1-9/22: EUR 58.7 million)

Gross margin

16.4%
(1-9/22: 15.1%)



Comparable EBIT*

EUR 4.6 million
(1-9/22: EUR 2.8 million)



Operating Cash flow

EUR 2.5 million
(1-9/22: EUR -14.0 million)

Financial guidance for 2023

Verkkokauppa.com expects the revenue to decline and comparable EBIT to improve in 2023, compared to 2022.

In 2022, revenue was EUR 543.1 million and comparable EBIT EUR 3.5 million.

We will rewrite the rules of retail



- 1** We are the pioneers of ecommerce
Verkkokauppa.com continues as a forerunner in the market with the vision of creating a new norm for buying and owning.
- 2** We aim to strengthen our market leadership by accelerating the online shift by making buying fast, extremely convenient and affordable

- 4** In line with our values, Verkkokauppa.com offers high quality products for a genuine need and sustainable alternatives for owning products
- 5** Our improved operational efficiency by leveraging technologies and our strategic development investments ensure that we are ready for growth as the market picks up
- 6** The executed profit improvement program provides an excellent starting point for building scalable growth

Thank you!



Verkkokauppa
TODENNÄKÖISESTI AINA HALVEMPI ***.com***