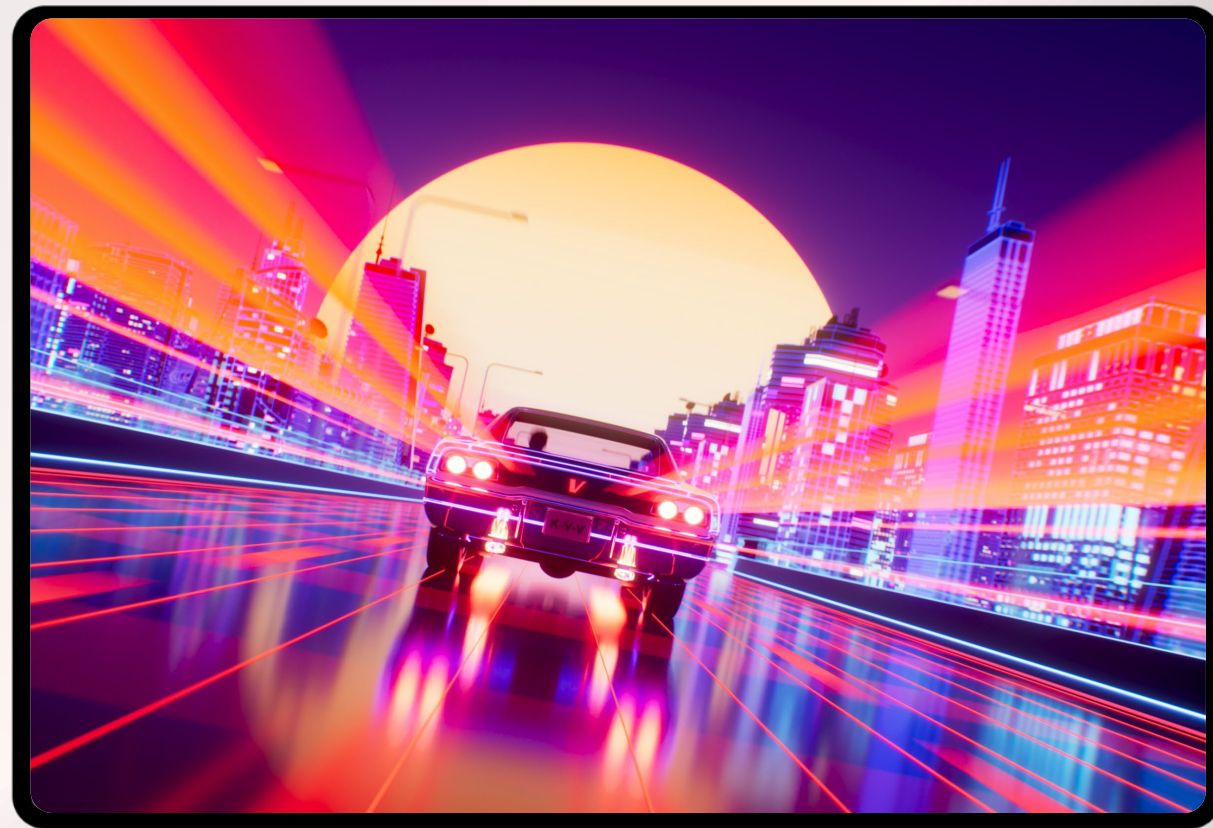


# CAPITAL MARKETS DAY 2024

**Verkkokauppa.com Oyj**

30 May 2024



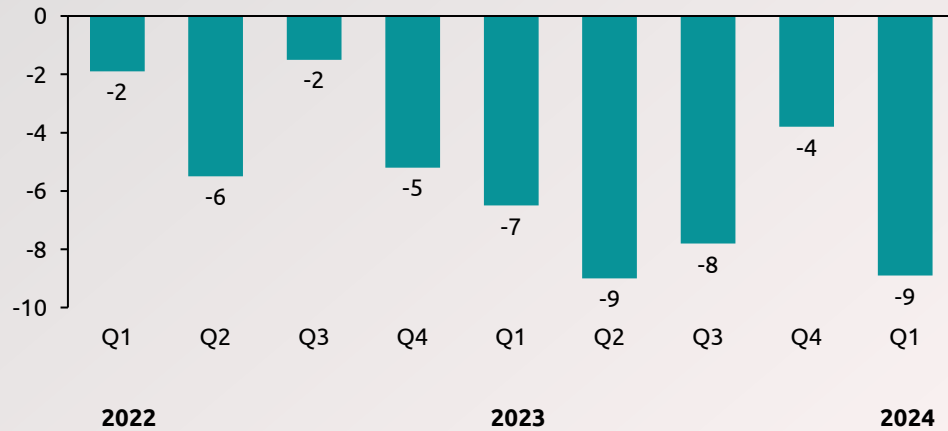


# The most efficient retail operations

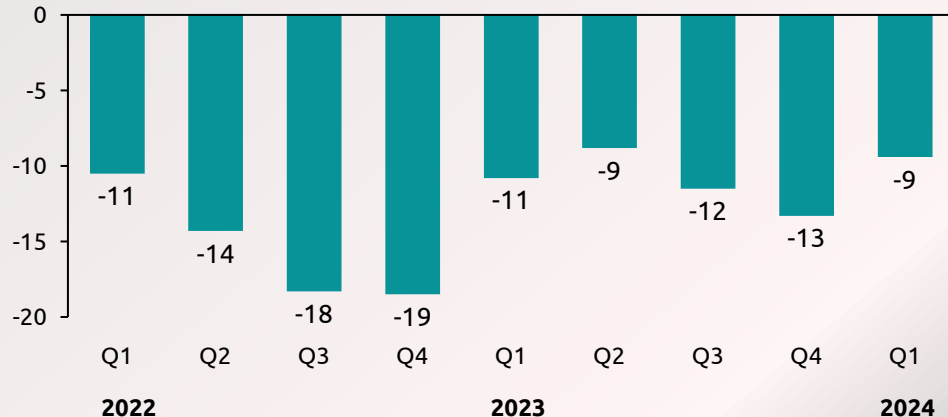
**Jesper Blomster**  
Chief Financial Officer

# Market remains challenging, strong focus on strategy execution and operational efficiencies

Market value development in Consumer Electronics in Finland YoY %



Consumer confidence in Finland



Weak consumer confidence and lower purchasing power restraining spending on discretionary goods



Despite of the tough market, we have continued transforming our company by...

- (1) Best-in-class logistics operation enabling Finland's fastest deliveries with ultimate convenience
- (2) Creating winning assortment assured by customers, including growing our own brands
- (3) Creating and ramping up new profit pools, e.g. retail media, pre-owned product line, trade-in service, BNPL

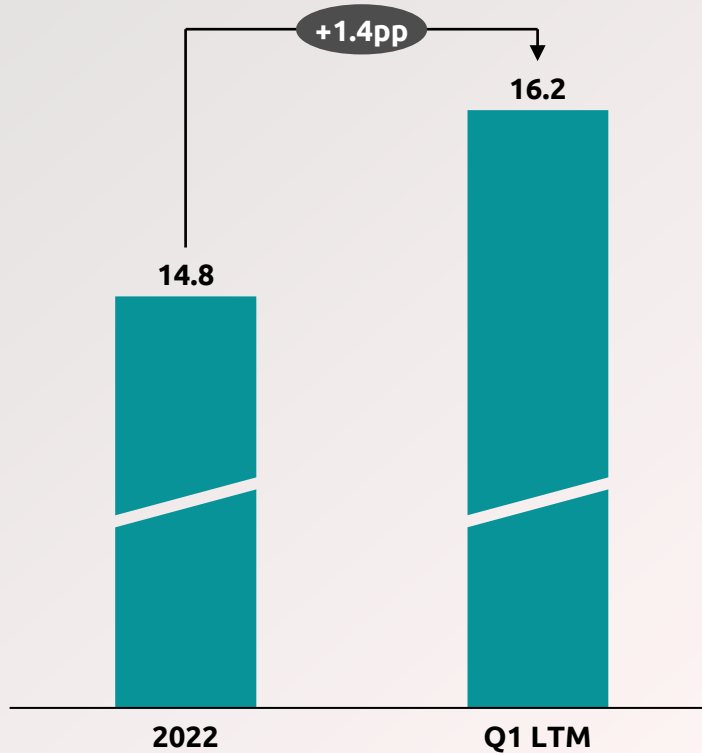


... while driving efficiencies and operational improvement through systematic performance management.

# We continue driving operational improvement and efficiencies through systematic performance management

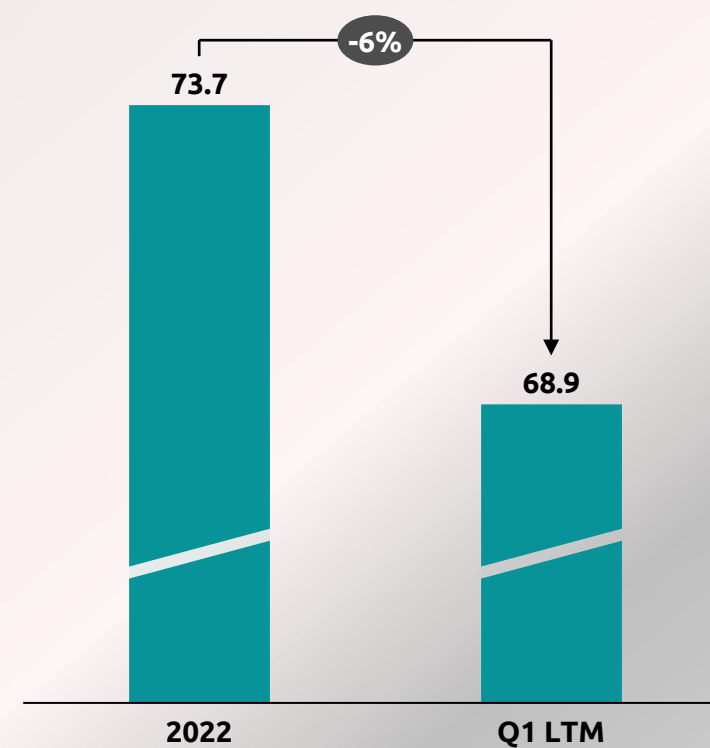
**Solid gross margin improvement despite driving inventory down and fierce price competition**

Gross Margin %



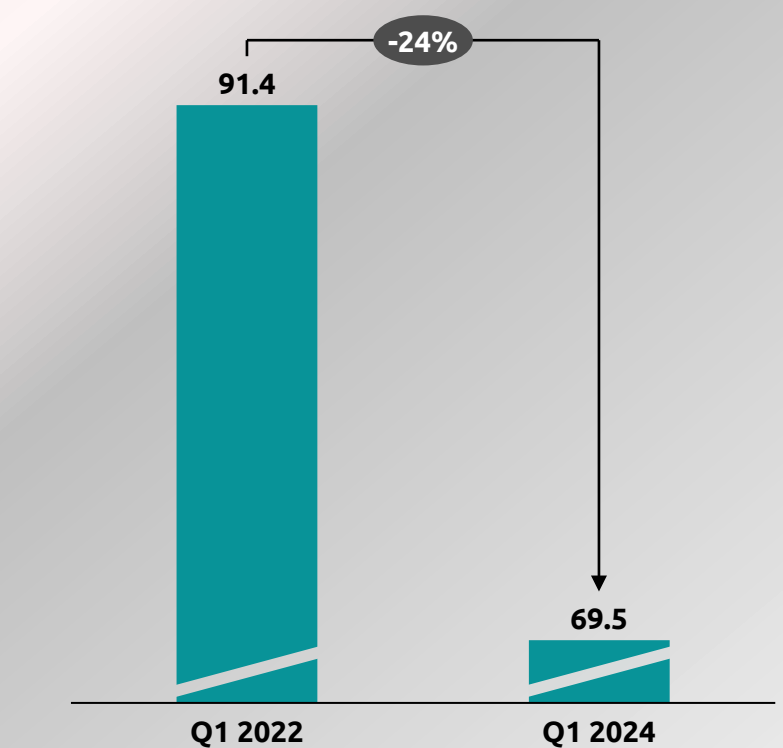
**Successful execution of the profitability improvement program last year, focus on cost efficiency continues**

Fixed costs excl. depreciation MEUR



**Significant step-up in inventory and category management**

Inventory MEUR





# New long-term financial targets set to 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



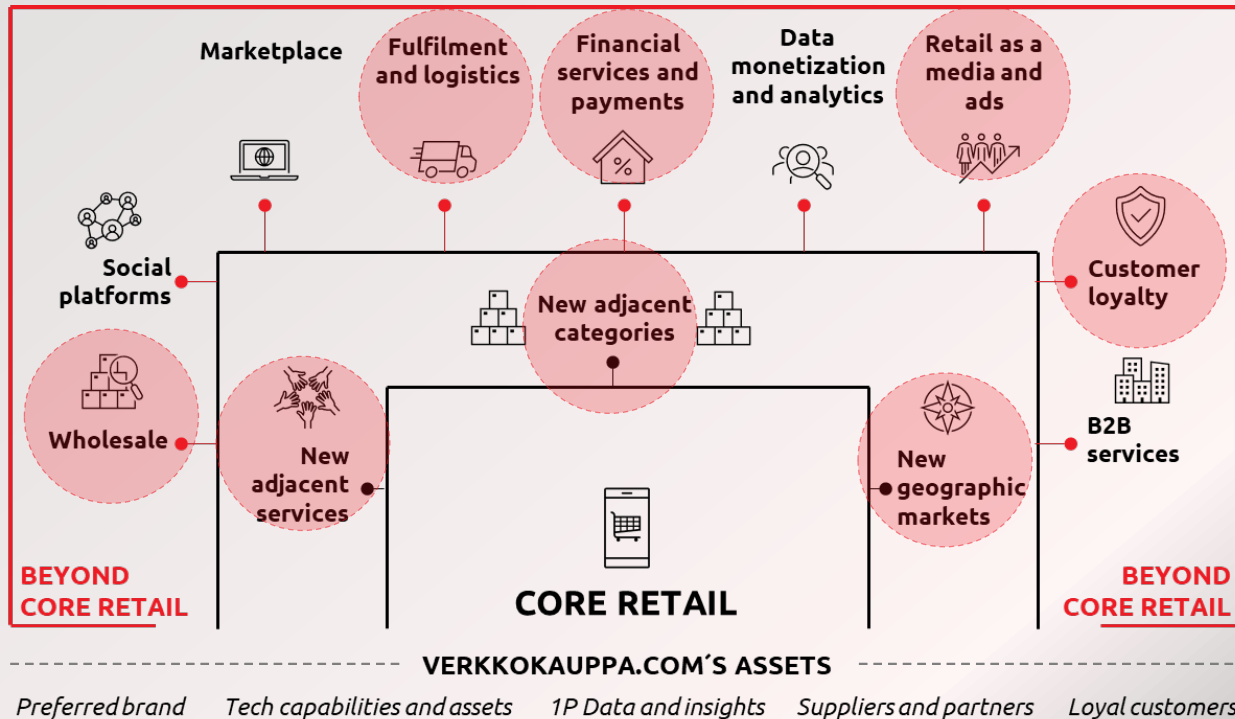
## APPEALING DIVIDEND PAYOUT POLICY

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

\*However, in order to improve the company's equity ratio, it was decided in AGM that no dividend is paid on the result for 2023.



# GROWTH – Profitable growth driven by our strong core, expansion beyond disciplined and driven by strong strategic rationale



## Key principles to drive profitable growth



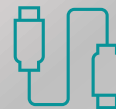
We build on our strongholds, grow and scale our core business with lowest operational costs



Expansion beyond our core disciplined, and driven by customer needs, logistical suitability and strong strategic rationale



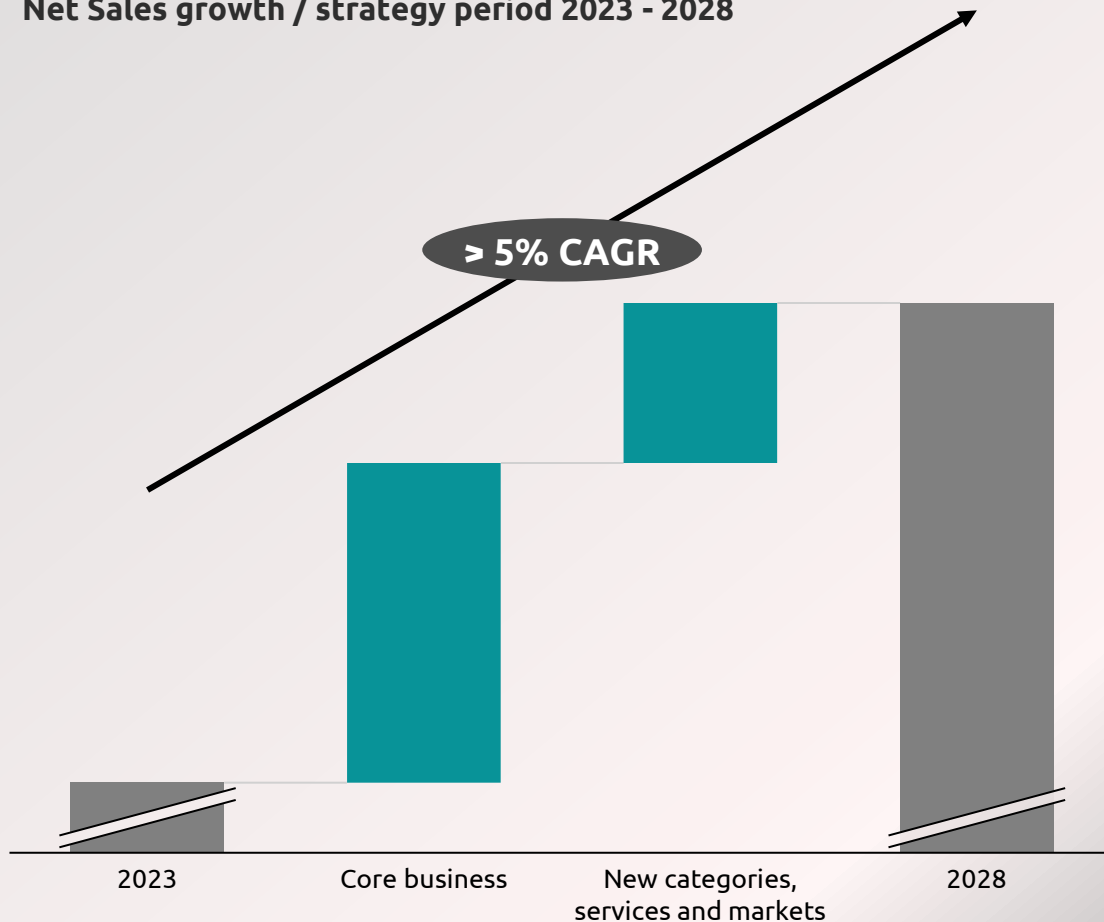
Adjacent services and retail media to drive profitability in low gross margin environment



Transform selected categories with compelling, affordable, high quality and highly profitable own brands

# GROWTH – Short-term focus on strong core and profitability followed by expansion to accelerate growth

Net Sales growth / strategy period 2023 - 2028



## Key growth drivers

**MARKET SHARE** – Win market share with curated assortment, fastest fulfillment, operational excellence. Maximize B2B potential.

**MARKET AND CHANNEL GROWTH** – Capitalize on market and channel growth, tailwind from market and consumer trends.

**ADJACENT SERVICES** – Maximize potential on services driving growth, customer loyalty, profitability.

**CATEGORY EXPANSION** – Utilize platform to expand current product offering efficiently.

**NEW MARKETS** – International sales expansion by utilizing existing capabilities and assets.

**NEW BUSINESSES** – Create new norm of owning and buying.

# PROFITABILITY – Further gross margin potential from sourcing efficiencies, services and own brands

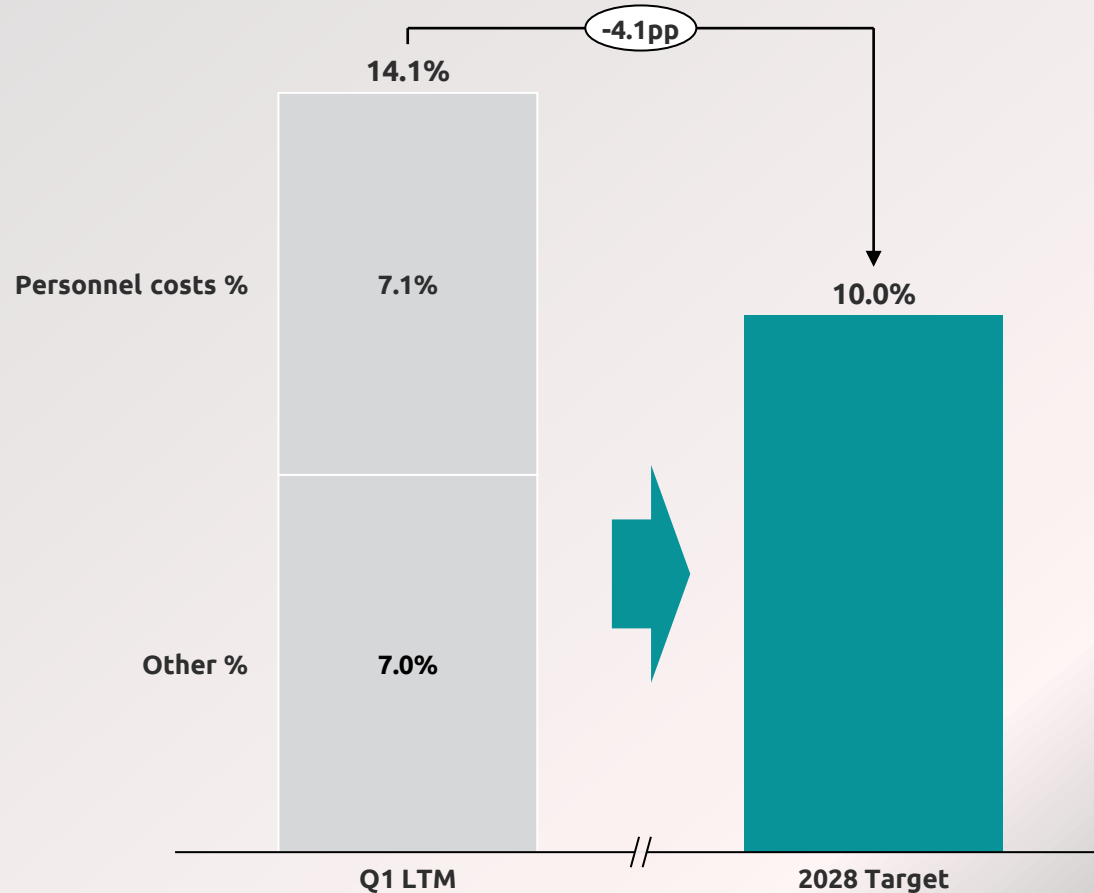


Potential gross margin drivers	Impact	Key activities
EFFICIENT STRATEGIC SOURCING	+	<b>Build efficient strategic sourcing</b> by streamlining supplier selection, supplier consolidation, and direct sourcing.
ADJACENT SERVICES	+	<b>Maximize our service portfolio</b> by building and ramping-up new profit pools to drive gross margin improvement.
OWN BRANDS	+	<b>Accelerate our own brands growth</b> by improved, high quality assortment, and further leveraging our highly capable sourcing office.
OPTIMIZED CATEGORY MANAGEMENT	+	<b>Further improve category management processes</b> , category strategies and roles.
CAPTURING MARKET SHARE	-	<b>Investments to capture market share including</b> competitive pricing strategies and fast delivery option related costs.



# COST EFFICIENCY – Light and scalable cost structure enabling profitability improvement

Fixed costs excl. depreciation, % of net sales



## Light and scalable cost structure

- Scalable, highly automated online platform
- Cost-efficient retail operation
- Best in-class efficiency in logistics
- Lean operation model and light cost structure with profit improvement program executed last year
- Utilization of automation, AI and self-service

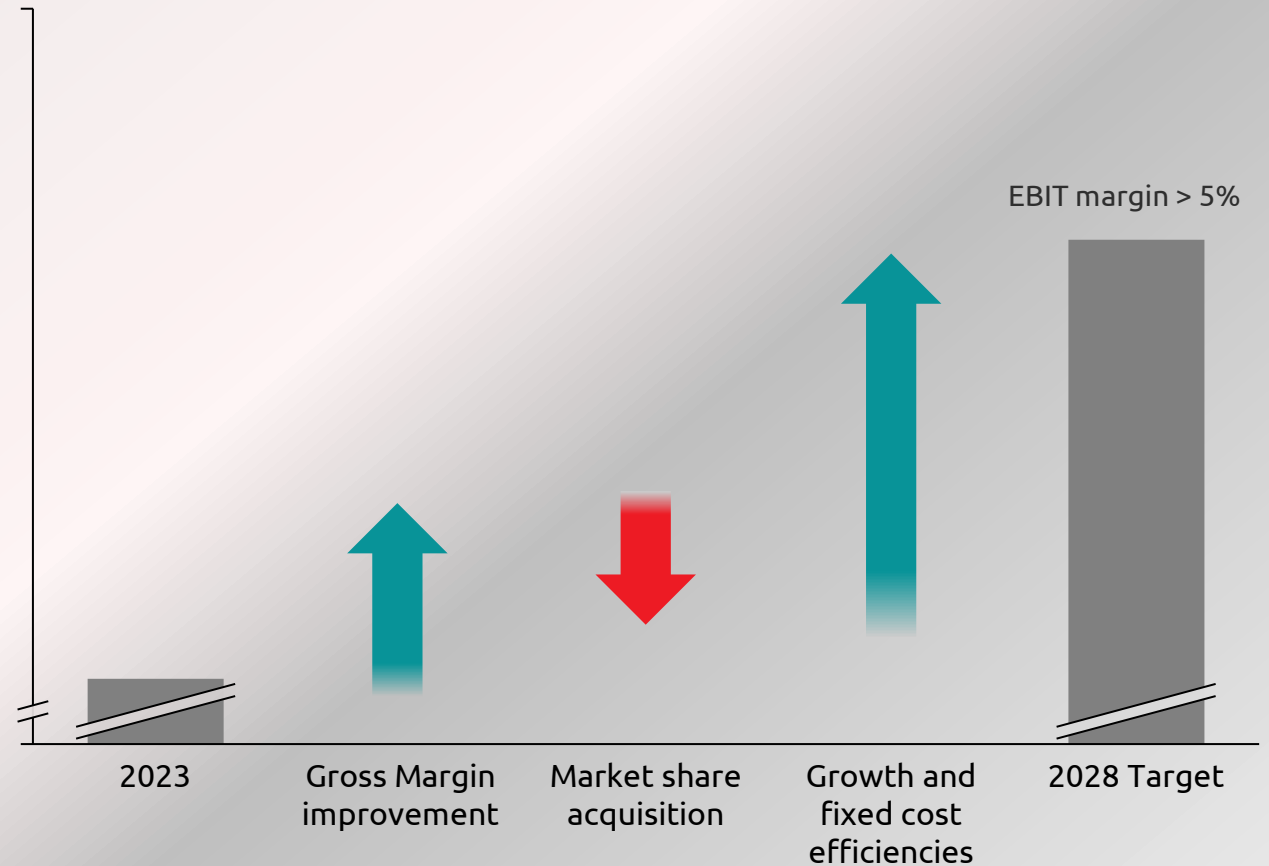
## Further efficiencies and operating leverage

- Further utilization of automation in back-office and logistics
- Further utilization of AI in purchasing, sourcing, after-sales
- Rigorous performance management
- Economies of scale

# PROFITABILITY – Path to EBIT margin above 5% by 2028, enabled by cost efficient growth and gross margin improvement

- Further gross margin potential from services, own brands, efficient sourcing, and mix improvement.
- Market share acquisition investment through marketing, competitive pricing strategies, and last-mile delivery substitution.
- Fixed costs efficiency driven by sales growth and scalable operations. Additional efficiencies through operational excellence, automation, AI, and performance management.

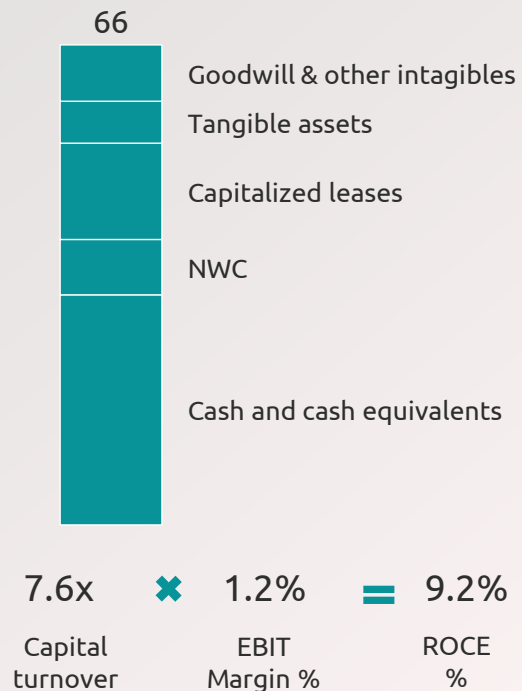
Illustrative EBIT Margin % drivers



# CAPITAL EFFICIENCY – Asset-light operation, rigorous working capital management and low CAPEX requirement

## High capital turn to yield cash efficient growth and strong ROCE

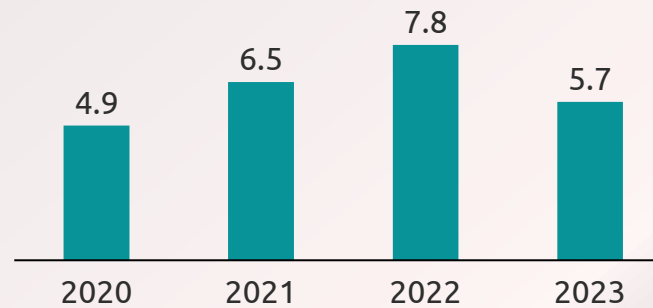
Capital Employed & ROCE % 2023



Targeted profitability improvement to drive strong return on capital employed

## Rigorous inventory and working capital management continues

Trade NWC % of revenue

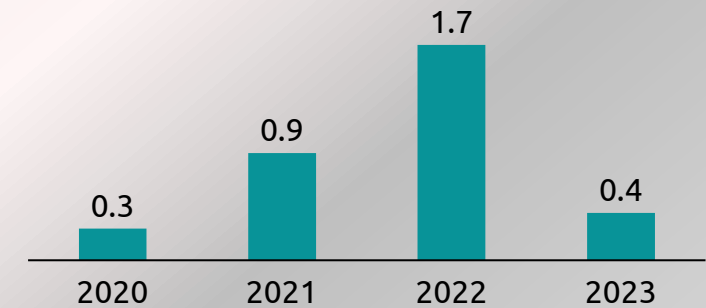


Strong focus on inventory management continues during the strategy period

- Leverage increased scale in trade terms with suppliers
- Utilize direct shipments and other working capital efficient solutions in logistics
- Improve sales and operations planning processes, utilizing AI and enhanced data

## Low CAPEX requirement to deliver the growth plan

CAPEX, % of revenue



Investment focus on growth and operating efficiency during the strategy period



# KEY TAKE-AWAYS

- 1 Profitable growth driven by our strong core, expansion beyond disciplined and driven by strong strategic rationale
- 2 Further gross margin improvement potential from services, own brands and sourcing efficiencies
- 3 Light and scalable cost structure enabling profitability improvement and cost competitiveness
- 4 Attractive dividend payout policy

**Jesper Blomster**  
CFO

