

Most exciting assortment

Vesa Järveläinen, Commercial Director

Verkkokauppa.com Oyj - Capital Markets Day
29 September 2021



Assortment Strategy

The most exciting and versatile assortment at probably always cheaper prices

Our strong brand doesn't limit our options. We have a proven track record of penetrating new product groups successfully. Our low fixed costs enables an aggressive pricing strategy if needed

We're open to everything that's suitable for online sales and fits our logistics

Currently we only exclude fashion (high return rates) and fresh food (challenging logistics)

Technical enablers and the expansion of services will give us possibility to expand into new territories

Ongoing development of our automatization, optimization and digitalization will enable us to infiltrate untapped product areas



Assortment – split into three segments

1 Core categories



2 Evolving categories



3 Untapped categories



1 2 3

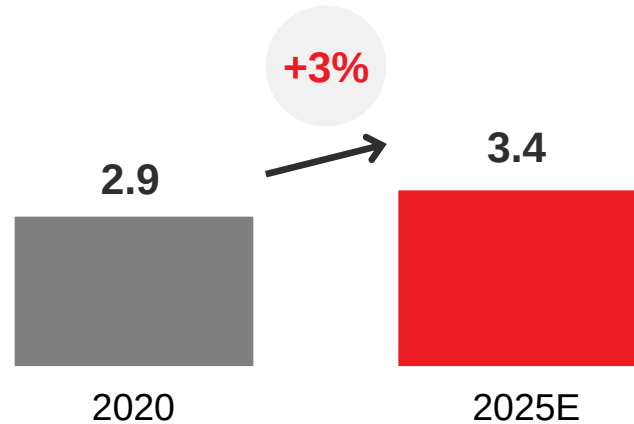
Our core categories will continue accelerated shift to online

Core categories

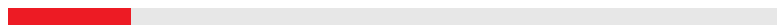
E.g. IT, Entertainment, Home appliances, Telecom

Total addressable market size

2020-25E, EUR billion



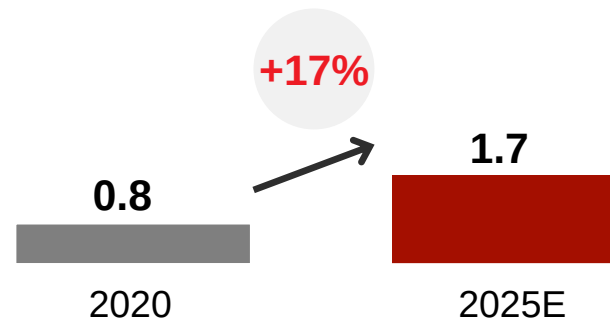
Our total market share **currently 16%**



Online addressable market size

2020-25E, EUR billion

~EUR 900m market opportunity



Online penetration

~27%

~50%

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 ~EUR 900 million market opportunity

Source: Euromonitor for total addressable market growth; Verkkokauppa.com for market sizes and online penetrations



1 2 3

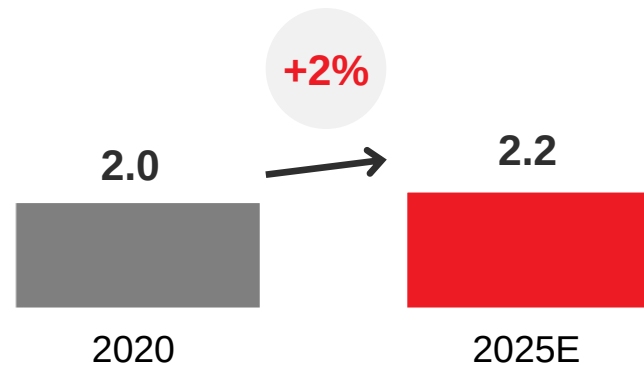
Evolving categories with attractive margins and lower online penetration

Evolving categories

E.g. Toys, Sports & Nutrition, Home & Lighting, BBQ & Cooking, Baby & Family, Luggage & Travel, Pets. Excluding Food and Drink

Total addressable market size

2020-25E, EUR billion



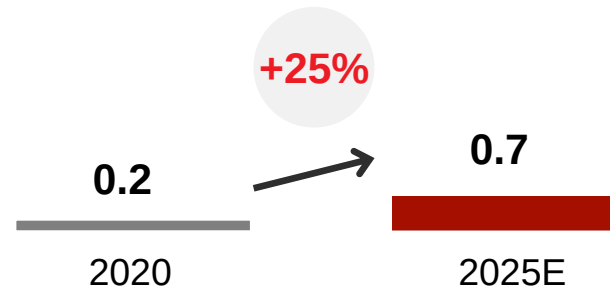
Our total market share **currently 3%**



Online addressable market size

2020-25E, EUR billion

~EUR 500m market opportunity



Online penetration

~11%

~30%

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 ~EUR 500 million market opportunity

Source: Euromonitor for total addressable market growth; Verkkokauppa.com for market sizes and online penetrations



1 2 3

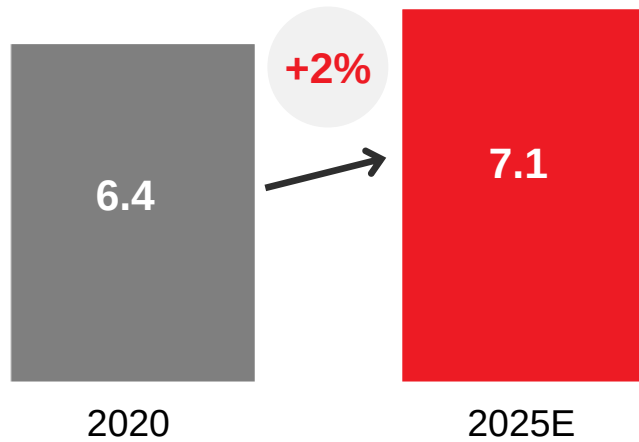
Additionally, we continuously evaluate untapped opportunities

Untapped categories

E.g. Home Interior, DIY & Garden, Health & Beauty, Light vehicles, Optics, Mechanical watches

Total addressable market size

2020-25E, EUR billion

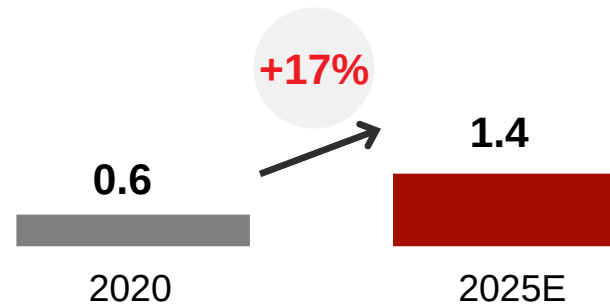


Our total market share **currently 0%**

Online addressable market size

2020-25Ee, EUR billion

~EUR 800m market opportunity



Online penetration

~10%

~20%

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 ~EUR 800 million market opportunity

Source: Euromonitor for total addressable market growth; Verkkokauppa.com for market sizes and online penetrations



We will expand our addressable market by EUR 6.4 billion to categories with low online maturity

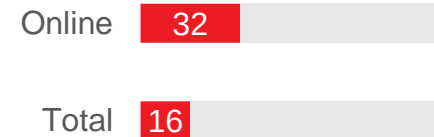
Our **core** categories

E.g. IT, Entertainment, Home appliances, Telecom



Online market size
(% core market)
27%

Our market share (% in value)



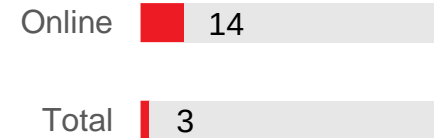
Our current **evolving** categories

E.g. Toys, Sports & Nutrition, Home & Lighting, BBQ & Cooking, Baby & Family, Luggage & Travel, Pets. Excluding Food and Drink



Online market size
(% evolving market)
11%

Our market share (% in value)



Untapped categories

E.g. Home Interior, DIY & Garden, Health & Beauty, Light vehicles, Optics, Mechanical watches



Online market size
(% new market)
10%

Our market share (% in value)

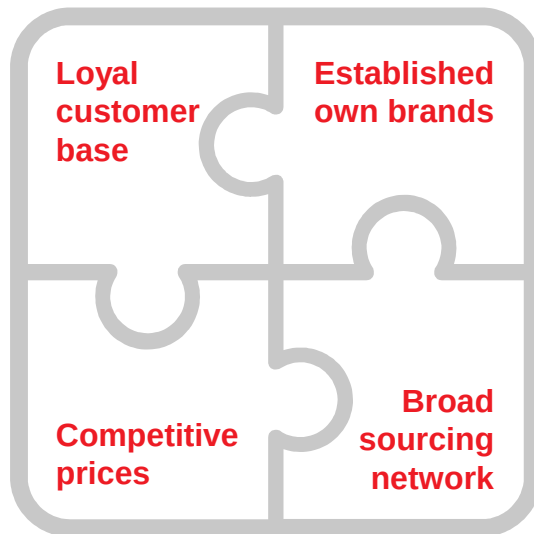


Our total addressable market
EUR 11.3 billion



We will continue growth in Private Label (own product development), while remaining loyal to A-brands

Our proven own product development concept



More than 3,000 SKUs (4% of total assortment) **are own brands**

Proven track record for +20 years, sales 2020, EUR million

**EUR
3.2m**



TVs, Audio and Hifi First own brand launched in early 2000's

**EUR
1.6m**

+48% in 2020



Large appliances and grills
~48% YoY growth in 2020

**EUR
2.4m**

+20% in 2020



Small appliances
20% YoY growth in 2020

**EUR
1.7m**



Bicycles and e-bicycles
Finland's largest e-bicycle brand, launched 3 years ago

Next step is to deploy our proven recipe in evolving categories

Our next steps for growth:

Personnel: Strengthen the sourcing team

Sourcing: Increase share of direct sourcing through partners

Quality: Continue high quality assurance keeping product return rates low

Especially in our evolving categories we see potential for further growth



Sustainability: Maintain and ensure sustainable own product operations



Most exciting assortment – The road towards a billion

Healthy growth



Gross margins in our evolving and currently untapped categories are higher than in our core categories

Indicative gross margin contribution by 2025

1-1.5pp.



Own product development

Our own brands have historically contributed with above company average gross margins

Indicative gross margin contribution by 2025

~0.5pp.

Possibilities and advantages

- 1.** Continue assortment expansion at record pace, attracting new customer segments
- 2.** Extremely agile and brave approach to new opportunities (fast-to-market)
- 3.** Active data driven market and consumer analysis to meet customer needs (growth hacking)
- 4.** Freight planning and cost effectiveness achieved by top inhouse professionals, utilizing our wide supply chain



Strong assortment with significant future potential

Current assortment supported by strong A-brands and intriguing own brands...



... and significant future expansion possibilities



Key takeaways

1.

History data and future forecasts support our success story to continue

2.

Online share of sales will continue to grow, especially in traditional and evolving categories

3.

Continuous expansion of our assortment and development of our optimization and automatization tools will lead us towards EUR 1 billion target





Q & A

