

Verkkokauppa.com Oyj - Q2/2021

Growth continued with record high second quarter operating profit

16 August 2021 Danske Bank

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Verkkokauppa.com Oyj

January-June 2021 result presentation

Business review

- ✓ Development in Q2 and H1 2021
- ✓ Key financials

Strategic overview

- ✓ Strategic cornerstones
- ✓ **Trust** as a one of our competitive edges
- ✓ Business outlook for 2021 and financial targets
- ✓ Key takeaways



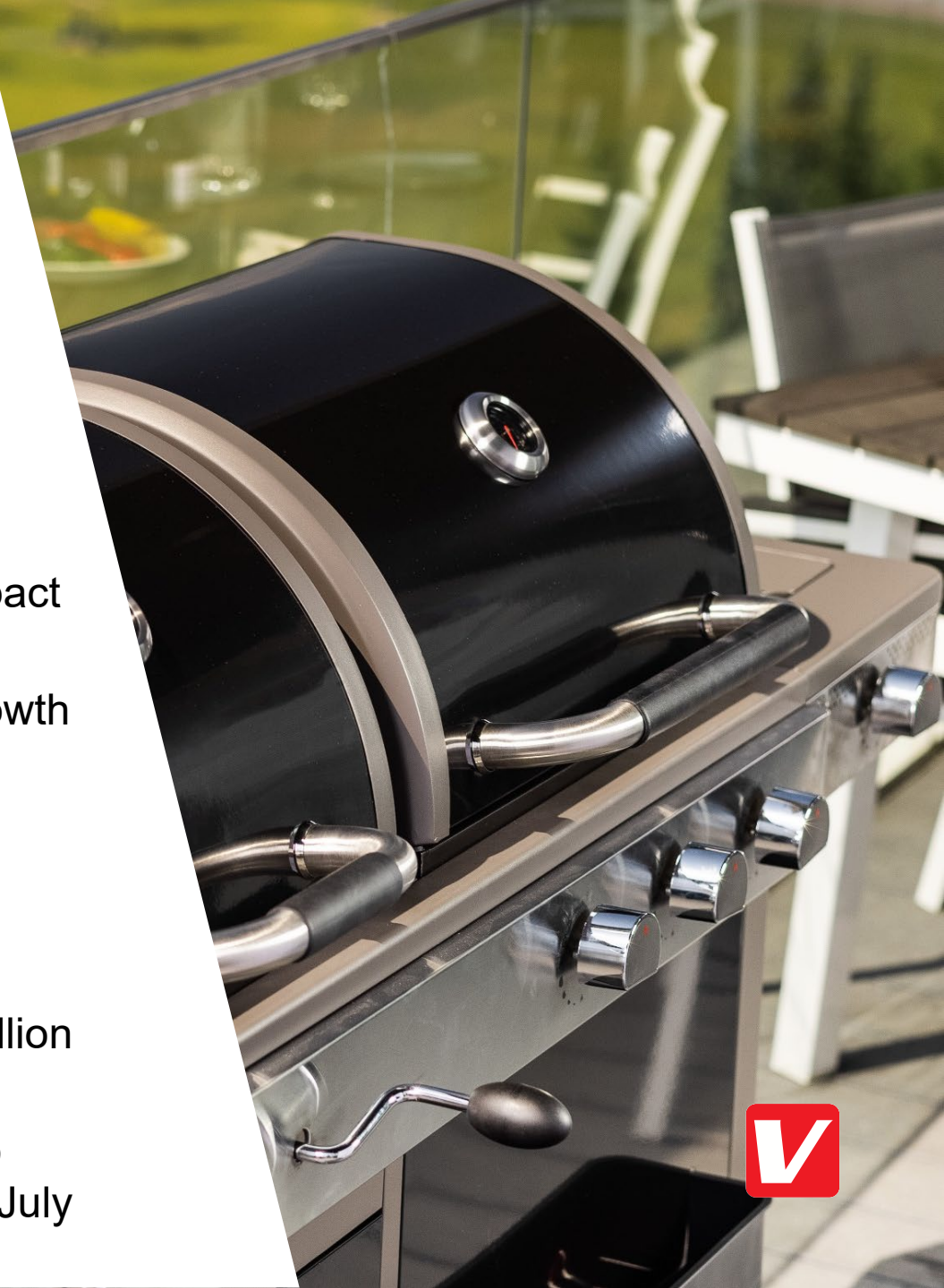
Solid Q2

Sales

- ✓ On-line sales continued to grow, +15.1% y-on-y
- ✓ Robust B2B sales with increase of +38.4%
- ✓ Good performance in several evolving categories like Sports, Home & Lighting and BBQ & Cooking
- ✓ Export sales declined -2.2% due to continuing COVID-19 impact on travel restrictions
- ✓ Our sales excluding export, grew 7.3%, with 5.7% market growth (GFK data per April-May 2021)

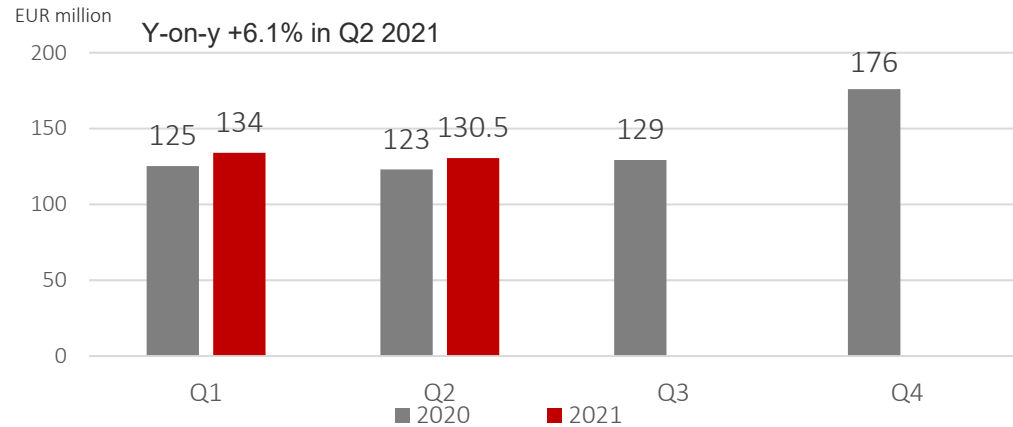
Profitability

- ✓ Sales mix having a positive impact on margin, strong sales increase in evolving categories with higher margins
- ✓ Operating profit increased by 0.8 million euros totaling 5.1 million euros (4.4)
- ✓ Verkkokauppa.com's Board of Directors has decided today to pay third dividend instalment of 0.058 euros per share on 27 July

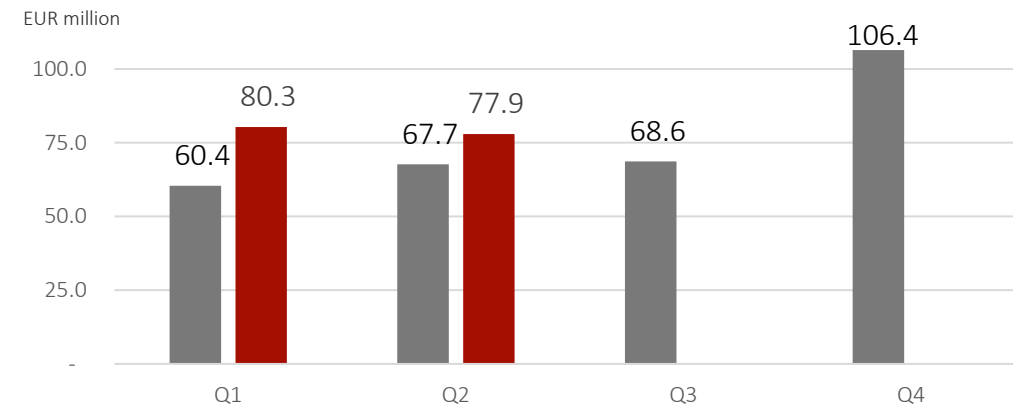


In Q2/2021, on-line sales¹⁾ grew by +15.1%

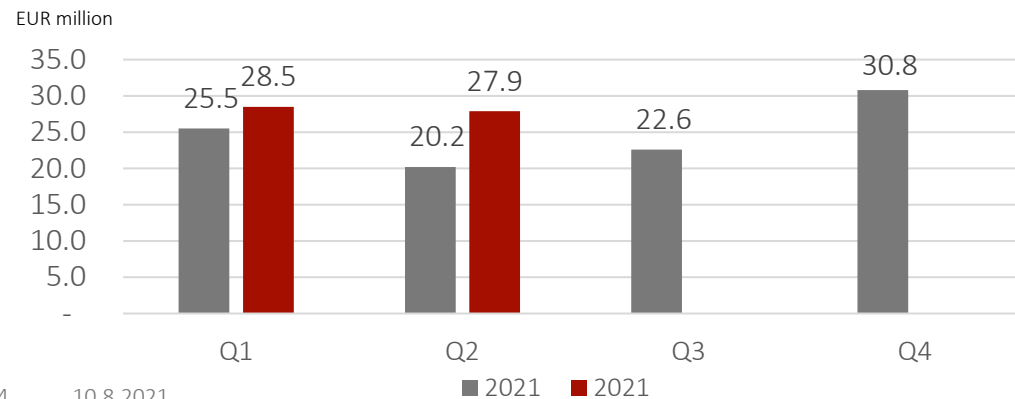
Our revenue growth exceeded market growth³⁾



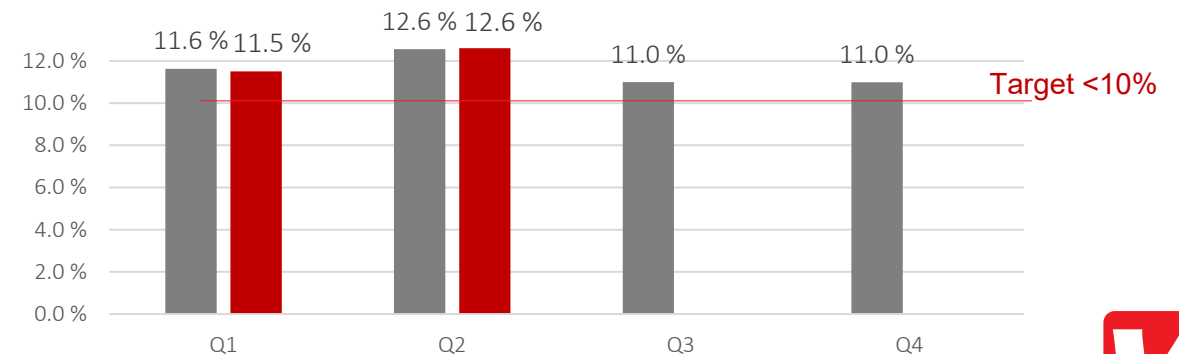
Online sales¹⁾ grew by +15.1% y-on-y



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



Verkkokauppa.com had a favorable first half

+6.5%

Revenue

+23.5%

Online sales

+23.5%

B2B sales

**+ EUR 1.7
million**

Comparable operating
profit EUR 10.3 million

+30.8%

Earnings per share
EUR 0.17

Balance Sheet & Cash Flow

At the end of June 2021:

- ✓ Inventories were EUR **78.5** (56.7) million
- ✓ Cash flow from operating activities was EUR **-5.5** (1.0) million
- ✓ Investments in H1 were EUR **2.1** (0.7) million
- ✓ Cash, EUR **18.6** (34.9) million
- ✓ Equity ratio **23.3%** (27.4%)
- ✓ Undrawn revolving credit facilities of EUR **20** million



Update on strategy execution

Strategy execution – developing our operations towards our targets



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



Our passion for being a pioneer in ecommerce has been acknowledged



Trust

Verkkokauppa.com awarded as one of the most innovative companies in Finland

- ✓ The Finnish Innovation Index¹⁾ has been developed together with the Norwegian School of Economics
- ✓ Verkkokauppa.com was listed among the Top 10 companies in Finland
- ✓ The award was presented by Hanken School of Economics, which conducted a study
- ✓ The index is already in use in six countries



1) <https://www.hanken.fi/en/departments-and-centres/department-marketing/cers/work/research-projects/finnish-innovation-index>

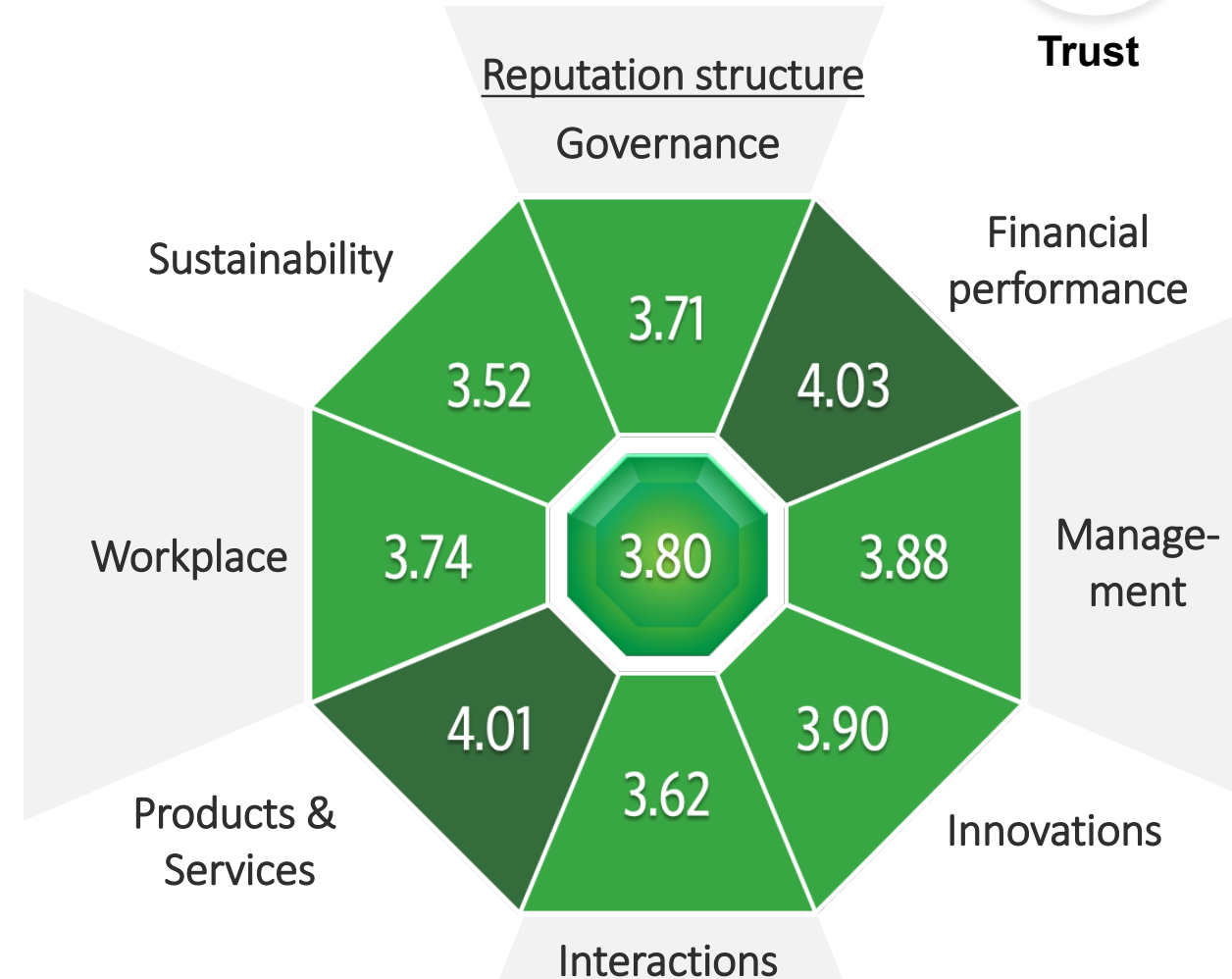


We are transparent, interact with our customers, and have established ourselves with the strong brand reputation*



Trust

- ✓ Verkkokauppa.com succeed with strong results in **Trust & Reputation research** by T-Media
- ✓ Company's reputation was evaluated comprehensively by eight aspects
- ✓ Verkkokauppa.com succeed with **excellent results in company's financial performance and quality-price ratio of its products and services**
- ✓ Significantly better brand commitment results than our closest competitors



≥ 4.00 excellent results
 3.50-3.99 good results
 3.00 – 3.49 moderate results
 2.50 – 2.99 weak results
 <2.50 very weak results



*) Trust & reputation (LUOTTAMUS & MAINE) research conducted by T-Media Oy in May 2021. Validate company evaluation of Verkkokauppa.com was given by 405 Finns.

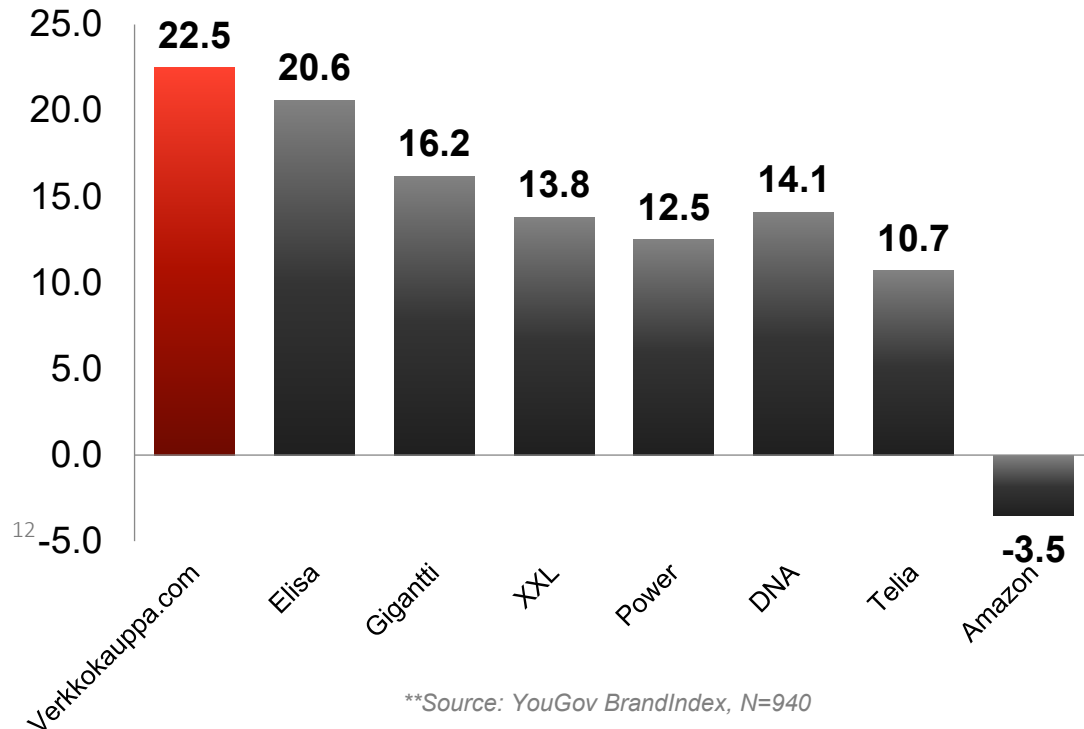
Brand position improving



Trust

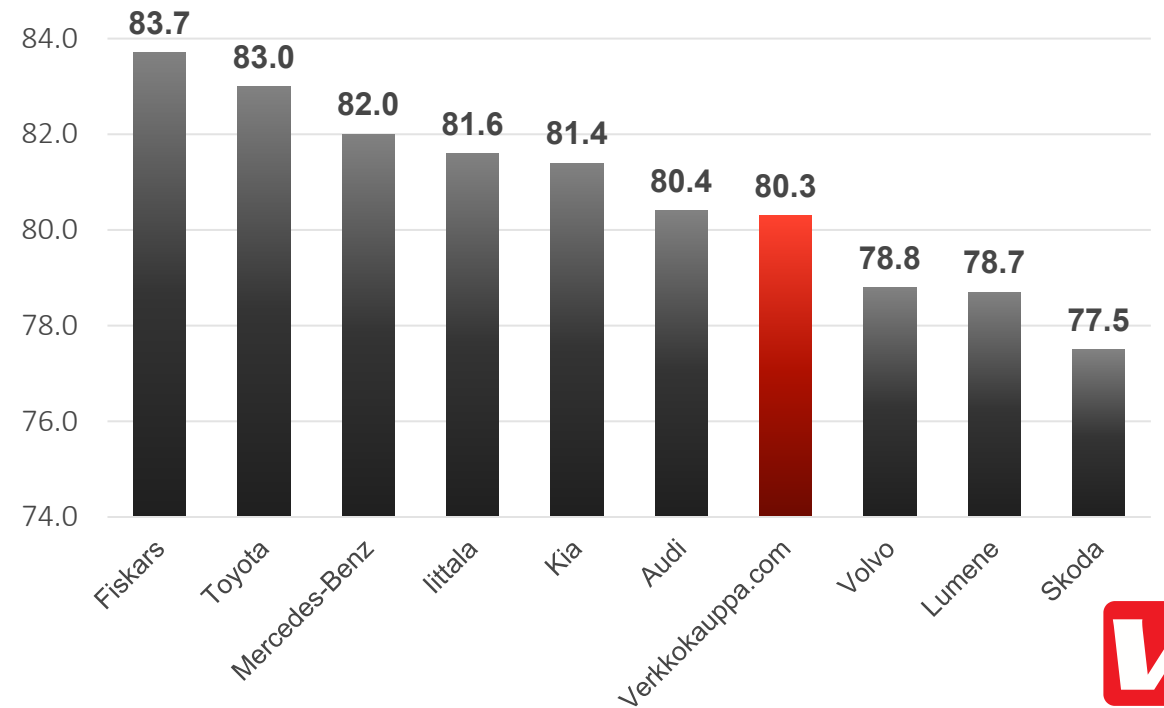
- ✓ Best positioned brand in e-commerce in Finland, most visited Finnish webstore
- ✓ More than 37 million visits during January-June 2021 on Verkkokauppa.com website
- ✓ Well positioned in YouGov Recommend Ranking

Buzz - Positive talk about brands
Net Score 1-6/2021**



**Source: YouGov BrandIndex, N=940

YouGov Recommend TOP-10 Rankings 2021 in Finland



<https://yougov.fi/news/2021/07/07/mita-brandeja-sina-suositellisit-ystavillesi/>



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

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



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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