Strategy update – Road to one billion

Panu Porkka, CEO

Verkkokauppa.com Oyj Capital Markets Day 2021
29 September 2021

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Verkkokauppa.com today - a pioneer of ecommerce

Verkkokauppa.com Capital Markets Day

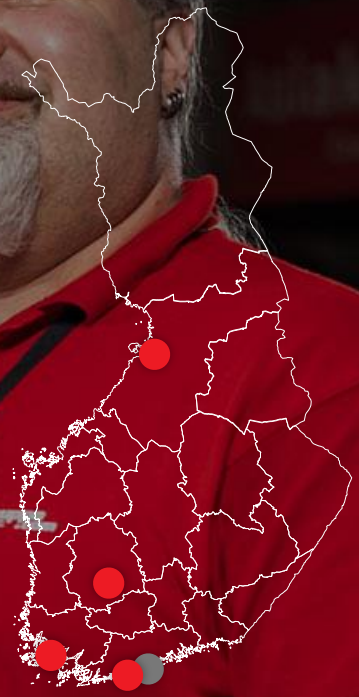
Our community

Our ability to execute on our road towards a billion is enabled by our talented employees

Our culture of spontaneous and inclusive ideation is one of our competitive advantages

– and our employees are excited to provide superior customer experiences

We are >800 passionate employees working in four Megastores in Finland, two logistics centers and in support functions



Verkkokauppa.com Management Team

Panu Porkka
CEO

Mikko Forsell
CFO

Saara Tikkanen
HR Director

Vesa Järveläinen
Commercial Director

Kalle Koutajoki
Chief Strategy and Development Officer

Miika Heinonen
Logistics Director

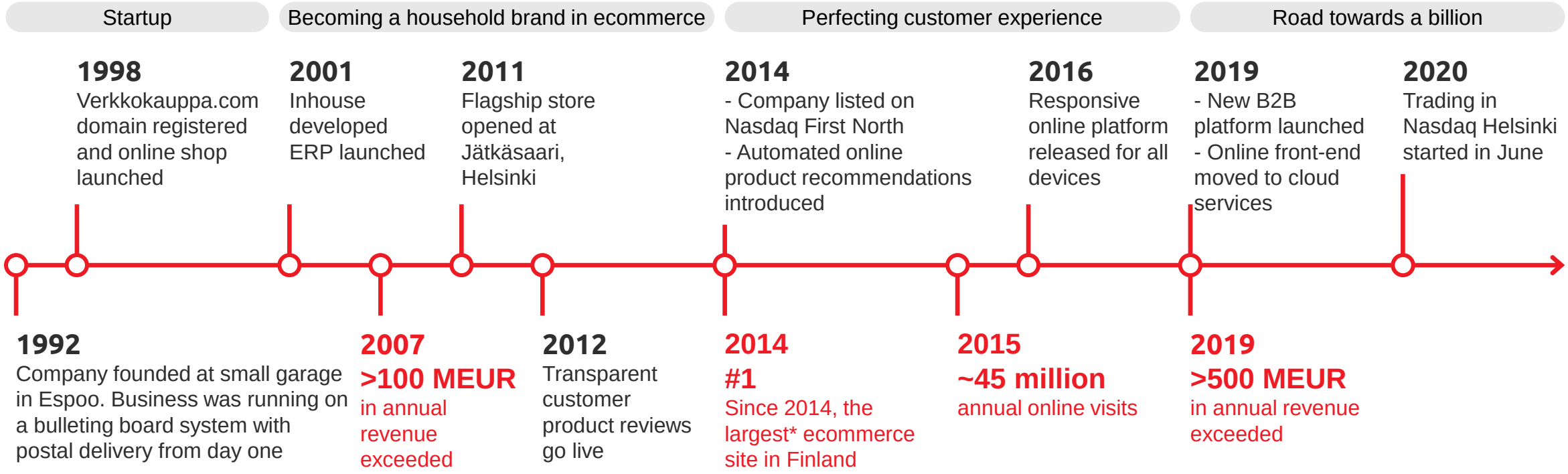
Jyrki Tulokas
CTO

Seppo Niemelä
Marketing & Communications

Pekka Litmanen has been appointed Chief Experience Officer (CXO) starting on 11 October 2021.

Verkkokauppa.com - passionate pioneer of ecommerce

We are 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

* Most visited and the largest revenue.

A largest ecommerce player in Finland

In 2020

Personnel:
818 employees

Assortment:
70,000 products

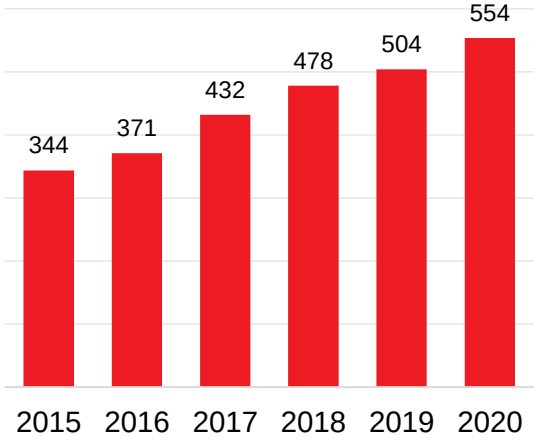
87 million visits
in our webstore

The most sustainable
webstore in Finland*

In 2021, Verkkokauppa.com awarded as one of the top-10 innovative companies in Finland, assessment made by consumers

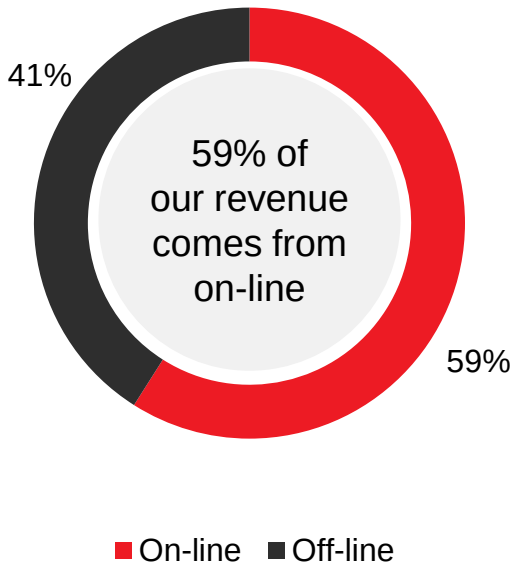
FINNISH INNOVATION INDEX
How customers see it

We have a strong track record of growth

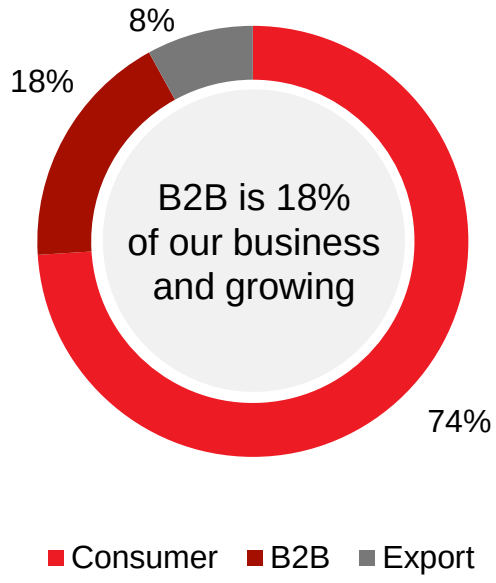


Revenue, 2015-2020, EUR million

Sales channels



Customer segments



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

Frictionless omnichannel experience

Highest customer loyalty

>120,000

Avg. monthly active users, with **+18%** growth rolling 12 months (Aug 2021)

Highest customer satisfaction

78

NPS at stores

(YTD August 2021)

Fast 24/7 automated customer service

65%

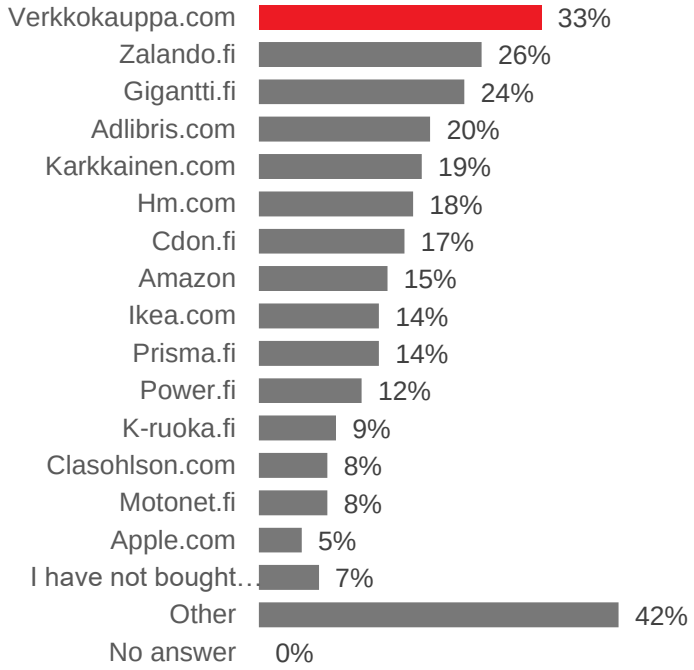
of all customer contacts are handled by automation in H1 2021

Lowest returns on the market

1.0%

of purchases are returned

Which of these online shops have you bought something from in the past 12 months?



https://www.statista.com/forecasts/1188026/online-purchases-by-brand-in-finland
Statista Finland, 6 Apr to 14 June 2021, 2 082 correspondents, 16-84 years

Sustainability is at the core of our everyday business

We sell safe, long-lasting quality products and serve our customers in a knowledgeable, honest and bold manner.

We engage in sustainable procurement with emphasis on our private labels.

Environmental

- 100% renewable electricity in own operations
- **Product return rate of only 1.0%**
- 316 tons of e-waste collected in 2020

Social

Strong emphasis in communality through

- Coaching leadership
- **Giving room for constructive ideas**
- Recognition to good work performance
- Equality and inclusiveness

Governance

- Our Code of Conduct & policies
- Sustainability steering group
- **Transparent communications**
- High information security

Where we operate

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The Finnish retail market is moving fast towards online

62%

of online consumers in Finland are shopping **via smartphones in** 2020 [1]

73%

Consumer do research **online** before major purchase [1]

4.1M

Estimated amount of **ecommerce users** in Finland by 2025 with annual growth rate of 7%[1]

74%

Penetration rate of the e-commerce market in Finland by 2025[1]

Verkkokauppa.com´s opportunity via expected online shift

Our core categories — **~900 MEUR** market opportunity

Our current evolving categories — **~500 MEUR** market opportunity

Untapped opportunities — **~800 MEUR** market opportunity

Non-relevant categories (Fashion & food)

Source: Statista 2021

Key advantages

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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

We have built clear competitive advantage in the 2020's ecommerce market

	Verkkokauppa.com	Local competitors: GIGANTTI	Local competitors: POWER	Global benchmarks: bol.com (Netherlands)	Global benchmarks: amazon (Sweden)
Excellent customer experience and strong brand (Brand index, 2020)	**25**	**19**	**15**	**n/a**	**n/a**
Efficient fulfillment (0-1 day coverage)	**~70%**	**~34%** through Budbee coverage[1]	Same day not available, next day only through Posti	**100%**	Same day not available, partnering with PostNord
Superior technology backbone	**Inhouse development**	Packaged software	Packaged software	Inhouse development	Inhouse development
Extensive assortment (SKUs)	**70,000**	**35,000**	**20,000**	**n/a** Typical department store assortment	**>2,000k**[2] Available including third-party retailers
Cost competitiveness (% of fixed costs)	**11.5%**	**14.5%**[3]	**21.6%**[4]	**23.2%**	**Retail n/a**

1. Helsinki, Vantaa, Espoo, Turku, Tampere and Oulu
2. As of November 2020 3. May/19-Apr/20 reporting period
4. 2019 figures, including D&A Source: YouGov BrandIndex, Company websites

We have eight strategic cornerstones behind our road towards a billion by 2025

Assortment

Widest and most exciting assortment in chosen categories

Experience

Frictionless omnichannel experience built upon inhouse technology

Speed & flexibility

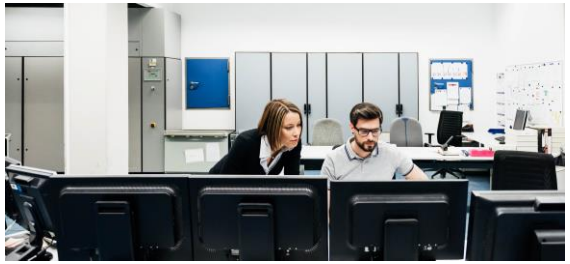
Highest availability and convenience

Trust

Reputation as trustworthy public company and shopping place

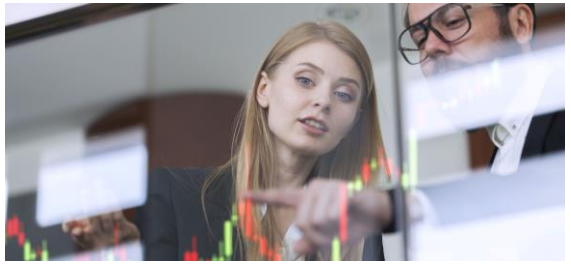
Strong brand

Recognition amongst Finnish consumers and businesses



Technology backbone

Maintain technical capability to deliver a superior service to clients and internal operations



New businesses & M&A

Ability to grow reach, selection and capabilities

Passionate people

Attract, maintain and develop a first-class, passionate workforce

Strategy towards 2025

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

Capitalize on the online shift through assortment

Capitalize upon the acceleration in online penetration in our core categories

Spearhead the next wave of online retail in evolving categories

Continuously identify and test assortment in untapped categories

Leverage our superior platform for current and new business

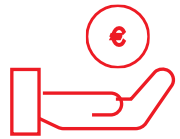
Double the B2B business through superior customer experience (CX)

Continue rapid growth in the private label business

Augment the service portfolio

Engage in new business including M&A within the Finnish online landscape

Capture our full potential in profitability



Benefit from higher margin portfolio mix

Execute targeted investments into technology, and operational excellence, to further lower our fixed cost base

Financial targets for five years -> 2025

Revenue
EUR 1,000 million
>10% growth YOY

EBIT
EUR 50 million
>5% EBIT-margin

Fixed costs <10%
From 11.5% (FY20)

Quarterly growing dividend for shareholders

Key takeaways

We are born online – clear market leader in growing business

Online shift provides huge opportunities for future growth

Most trusted brand and most visited site

Our winning strategy unlock value growth

Verkkokauppa.com
PROBABLY ALWAYS CHEAPER