

# Verkkokauppa.com 2024 - 2028 strategy summary

# VERKKOKAUPPA.COM STRATEGY 2024-2028 SUMMARY

## ◆ EVOLUTION OF MARKET ENVIRONMENT

## ◆ HOW WE WILL WIN

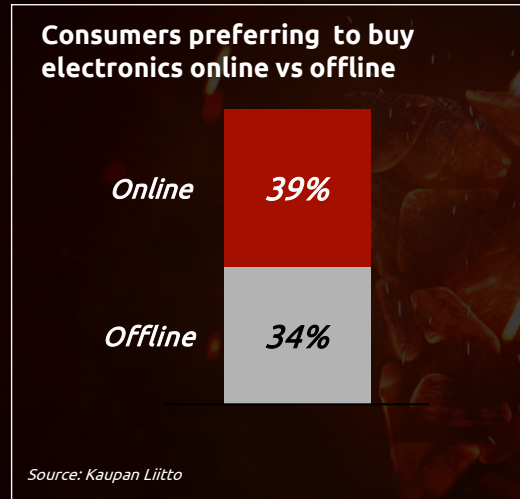
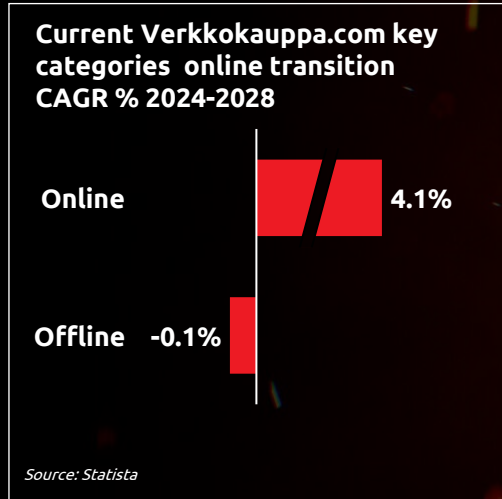
## ◆ FINANCIAL TARGETS

## ◆ STRATEGY ON A PAGE



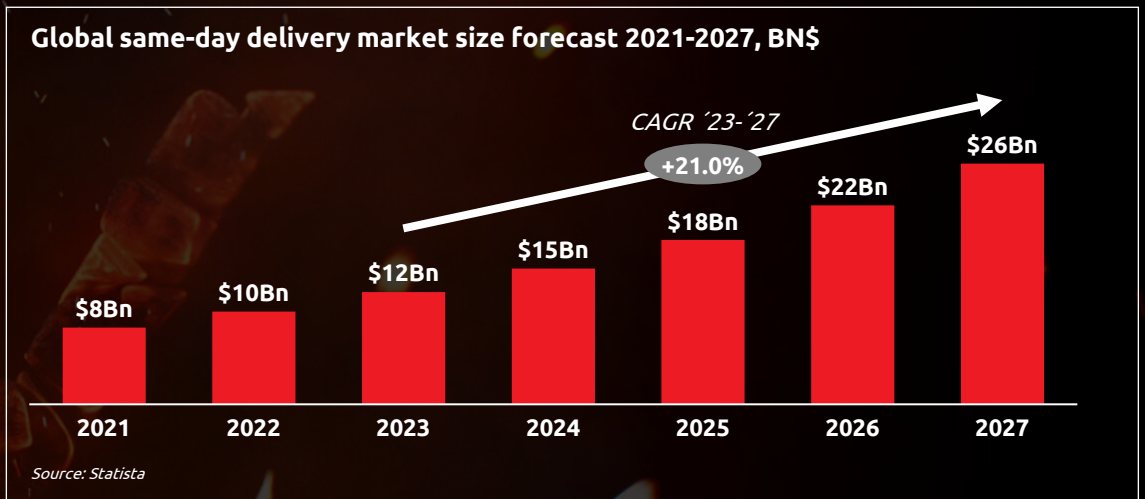
# Verkkokauppa.com's 2024-28 strategy taps into strong trends supporting growth and our position

## 1. ONLINE MARKET GROWTH CONTINUES



- Despite tough overall market conditions, the online transition continues across all categories
- Categories Verkkokauppa.com serves currently continue transitioning online (avg +4.1%) vs offline sales -0.1%
- Online sales in Finland in consumer electronics is expected to grow 8.8pp by 2027

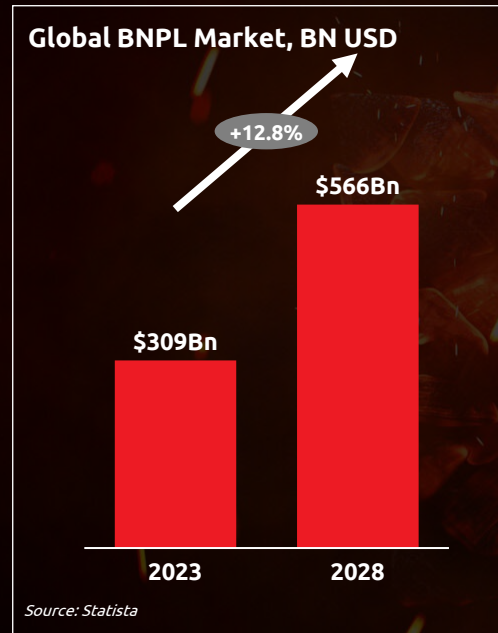
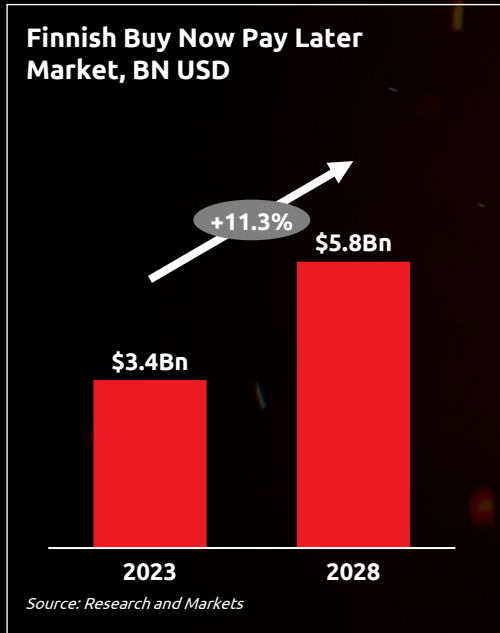
## 2. FAST FULFILMENT BECOMING A NEW NORM



- **Fast home delivery** creates ultimate convenience that challenges traditional brick & mortar
- **Interest around fast deliveries is on a rise** among younger generations
- **Global annual growth rate from 2023 to 2027** is estimated to +21%, Finland still lags somewhat behind

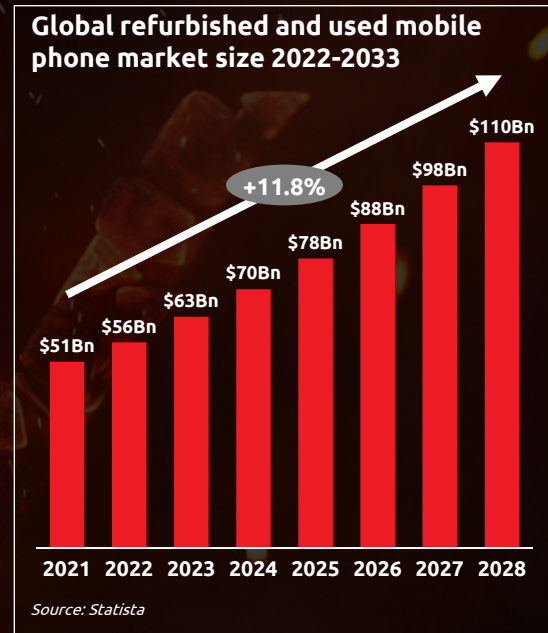
# And builds on new circular, sustainable business opportunities

## 3. NEW WAYS OF BUYING ARE GAINING MOMENTUM



- Buy Now Pay Later gaining momentum in Finland and globally
- Products are increasingly purchased through leasing, subscription models and as a service

## 4. IMPORTANCE OF SUSTAINABILITY & CIRCULARITY ON THE RISE



- Customers are looking for more sustainable choices. Device life cycle business is expected to grow significantly, providing opportunities to differentiate and build more recurring business models
- Finland is among top countries in the world within second-hand purchases

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# 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

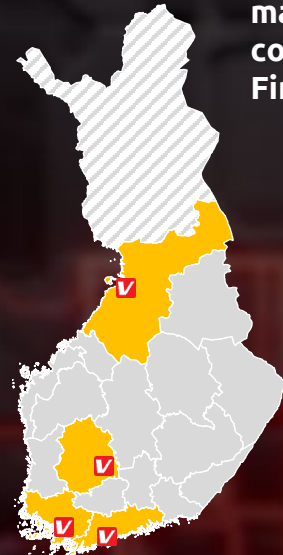


- Store as delivery hub and click & collect
- Store as click & collect
- 1 h deliveries in capital region
- Next day deliveries

2025

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

1 hour deliveries

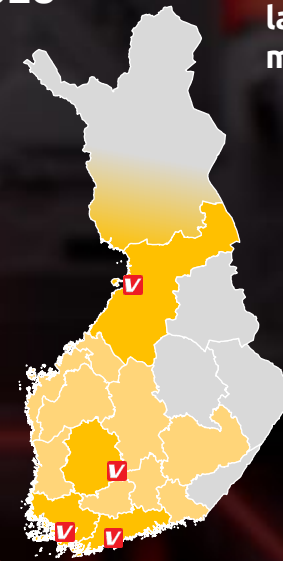


- Store as delivery hub and click & collect
- 1 h deliveries in major urban areas
- Next day deliveries

2028

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

1 hour deliveries

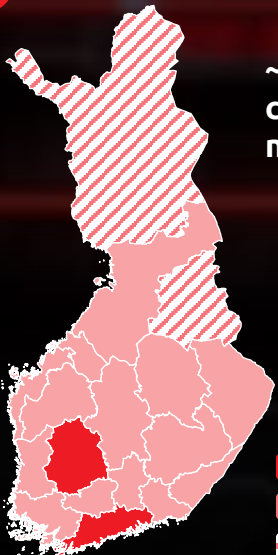


- Store as delivery hub and click & collect
- Micro fulfilment delivery hubs (location approx.)
- 1 h deliveries in major urban areas
- Fast deliveries for smaller cities/areas
- Next day deliveries

+

Next day deliveries

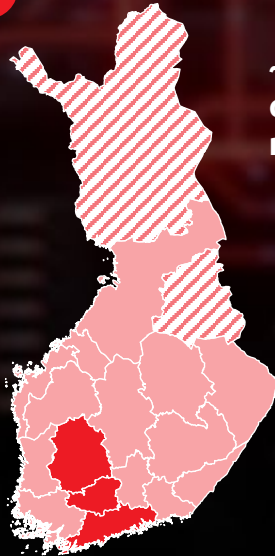
~70% of population covered with guaranteed next day delivery



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

+

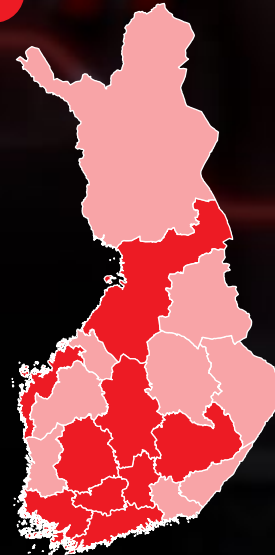
~80% of population covered with guaranteed next day delivery



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

+

~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





# Our hero assortment is boosted by our own brands and is assured by customers

## HERO ASSORTMENT



*Hero assortment fueled with fast deliveries and probably always cheapest prices*

- **Curated and effective hero assortment with express deliveries and best availability**
- We will be first to introduce **new exciting products and brands in relevant categories**
- We will ensure best availability in A brands, with improved **inventory turnover**



## PRIVATE LABEL



*Private label offering build around selected PL brand in selected categories with customer demand for PL products and accessories*

- We will increase Private Label offering in steady demand categories that **fit our logistics and competitive advantages**
- In addition, we are building new high-quality Private Label brands and offering in selected categories



## ASSORTMENT EXPANSION

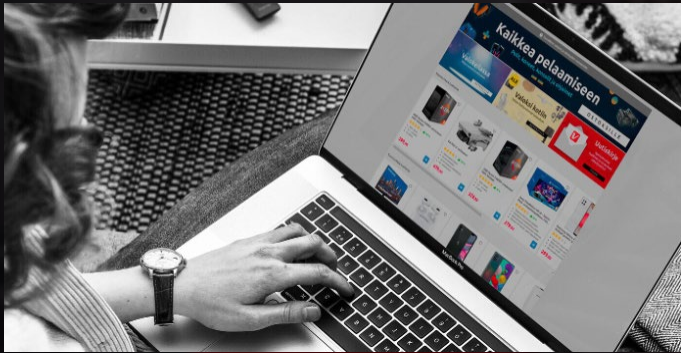


*Expansion to new categories with new capabilities in supply chain management and deliveries to ensure scalable growth*

- By automation and lean processes, we will improve our internal **efficiency and speed to introduce new brands/products**
- **We will explore new categories** that fit optimally to our fulfilment network without heavy investments to our own inventory



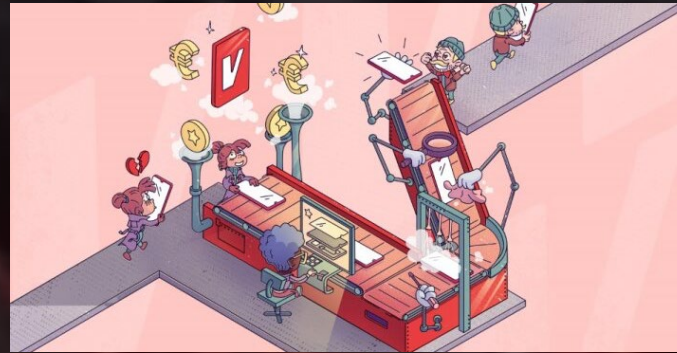
# New business models will enable steady growth and improved EBIT



## Retail as a media

**We will leverage our extensive customer base and 1<sup>st</sup> 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.**



# Our distinctive competitive advantages focuses on the fast and convenient customer experience with lowest operational costs

## Fastest fulfilment & low costs

Data driven, automated, cost-efficient internal logistics

Large last-mile network ecosystem for fast deliveries

Micro-fulfilment centers



## Leading platform

Purpose-built for online business. Highly automated across-functions

Flexibility - fast adoption of technology and integration

Widely data and AI powered



## Most efficient retail operations

Minimized manual processes and optimized by data

Lean way-of-working

Scalable business model with low fixed cost base



## Strong brand with rebel attitude

Well-known, preferred brand & loyal core-customers

Sustainable operations and business models

People and culture



## OUR PURPOSE



**TO REWRITE  
THE RULES OF  
RETAIL**

## OUR VISION



**TO CREATE THE NEW  
NORM FOR BUYING  
AND OWNING**

*As rebels of retail, we do things differently. We will accelerate the online transition and lead the way with the fastest deliveries and ultimate convenience supported by new services. Everyday, we strive to find more streamlined ways to surpass our customers' expectations.*



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# 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\*

\*However, 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.



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

Fixed costs below 10% of revenue\*

EBIT margin above 5%\*

Our **VISION** is  
*to create a new norm for buying and owning*

