

# Verkkokauppa.com

- Finland's most popular webstore

Panu Porkka, CEO  
Mikko Forsell, CFO

1 December 2020



# Content

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- Introductions
- Financial highlights
- Business environment
- Why to invest in Verkkokauppa.com
- Q&A



# Present today

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CEO Panu Porkka

1,5m



CFO Mikko Forsell



# FINANCIAL HIGHLIGHTS



# Key figures

| EUR million                        | Q1/2020 | Q2/2020 | Q3/2020 | Q1-<br>Q3/2020 | Q1-<br>Q3/2019 | Full year 2019 |
|------------------------------------|---------|---------|---------|----------------|----------------|----------------|
| Revenue                            | 125,3   | 123,1   | 129,3   | 377,6          | 344,2          | 504,1          |
| Revenue growth -%                  | 8,2 %   | 14,1 %  | 7,3 %   | 9,7 %          | 7,0 %          | 5,4 %          |
| Gross profit                       | 19,4    | 21,4    | 20,9    | 61,8           | 51,7           | 73,9           |
| Gross margin-%                     | 15,5 %  | 17,4 %  | 16,2 %  | 16,4 %         | 15,0 %         | 14,7 %         |
| Comparable operating profit        | 3,8     | 4,8     | 5,6     | 14,2           | 6,8            | 11,3           |
| Operating margin -%                | 3,0 %   | 3,9 %   | 4,3 %   | 3,8 %          | 2,0 %          | 2,2 %          |
| Net Profit                         | 2,8     | 3,8     | 4,2     | 10,8           | 4,6            | 7,8            |
| Cashflow from operating activities | 3,7     | 1,0     | 6,5     | 6,5            | - 2,0          | 9,7            |
| Equity ratio                       | 24,5 %  | 27,4 %  | 25,9 %  | 25,9 %         | 25,6 %         | 23,4 %         |
| Cash                               | 45,0    | 34,9    | 36,5    | 36,5           | 34,4           | 42,5           |

Verkkokauppa.com's year-on-year quarterly revenue has been growing for 28 quarters.



# Key Takeaways from Q3/2020

- Strong performance across all operation continuing
  - Three consecutive record quarters in profit (Q3 all time high)
  - COVID-19 impacting consumer demand in several categories and shifting sales towards online → this change likely to be permanent
  - Successful category- and campaign management for better product margins
- Guidance updated for 2020 due to strong Q3 and full year outlook
  - Strong brand position supporting traffic and perception
  - Uncertainties regarding Q4 due to market and COVID-19 development remains
  - Strong financial position ensuring growing dividend and opens up opportunities for investments



# 2020 Guidance (*updated on 24th of September*)

Revenue  
**€525m - €550m**  
(2019 €504m)

Comparable Operating  
profit  
**€17m - €21m**  
(2019 €11 m)

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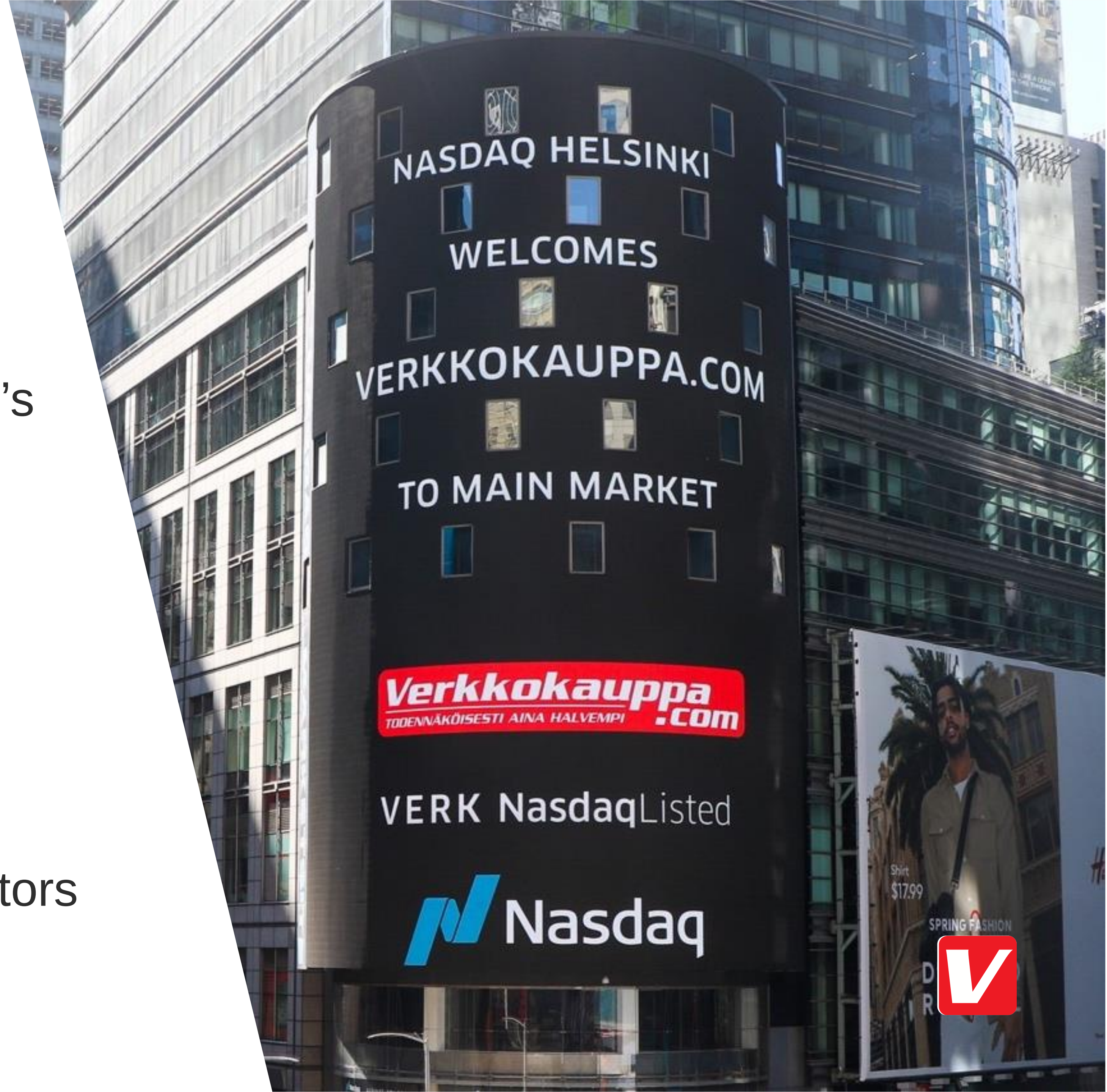
Previous guidance: Revenue €520m-€545m and Comparable Operating profit €13m-€18m



# Nasdaq Helsinki

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- June 5, 2020 Verkkokauppa.com shares listed on Nasdaq Helsinki's Official List
- Opportunity to reach new potential owners and develop company's awareness through Nasdaq Helsinki
- Better exposure for foreign investors





# BUSINESS ENVIRONMENT



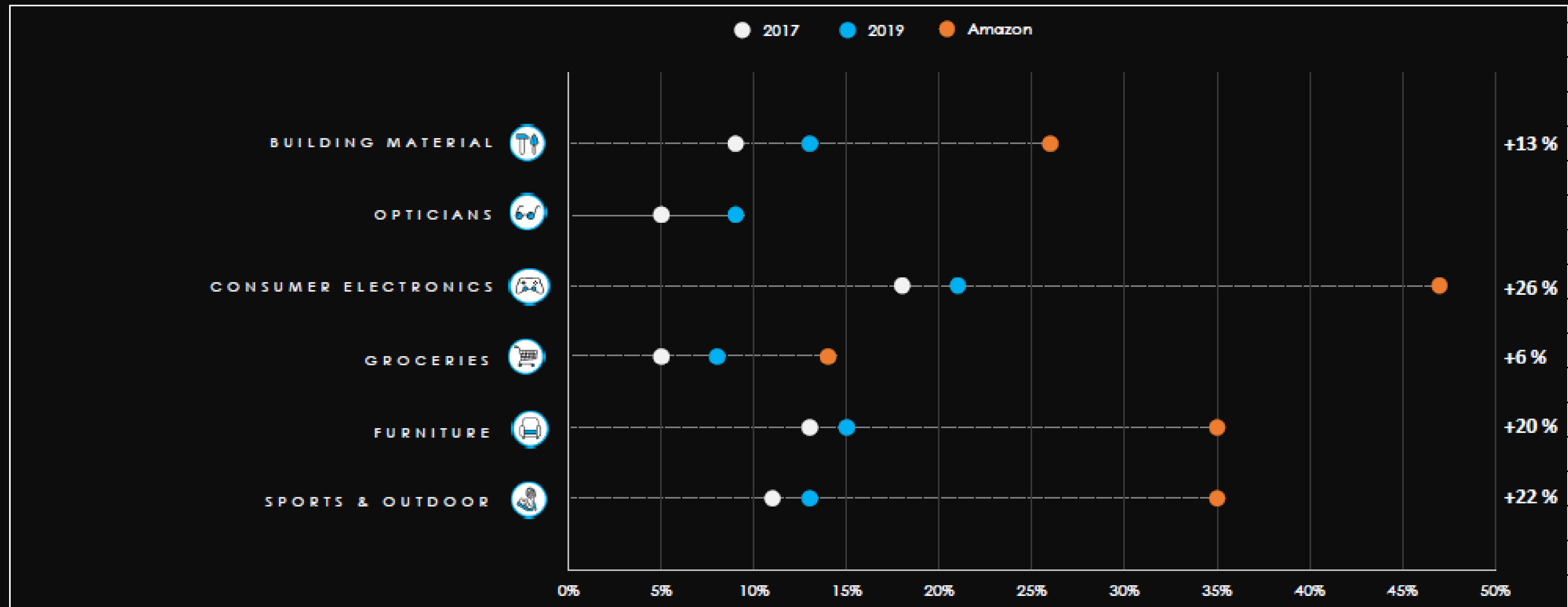
# Verkkokauppa.com vs Amazon.se (& other pure players)

Verkkokauppa.com is strong positioned against international pure players and local competitors due to its competitive advantages

- **Price**
  - Continuous price matching against Amazon already in practice
  - Competitive price environment in Finland for several years ongoing
  - "Probably always cheaper" as a customer promise
- **Convenience**
  - Local warehouses giving significant advantage
  - Best possible availability with unmatched fast deliveries
- **Assortment**
  - Wide, broad and relevant product offerings in chosen categories
  - Already large offering in local products
- **Experience & Service**
  - Personalized content for every consumer online
  - 4 Megastores as destination to support the best omnichannel experience
  - Wide variety of services through Verkkokauppa.com stores (financing, returns, installment)



# Amazon speeds up online growth



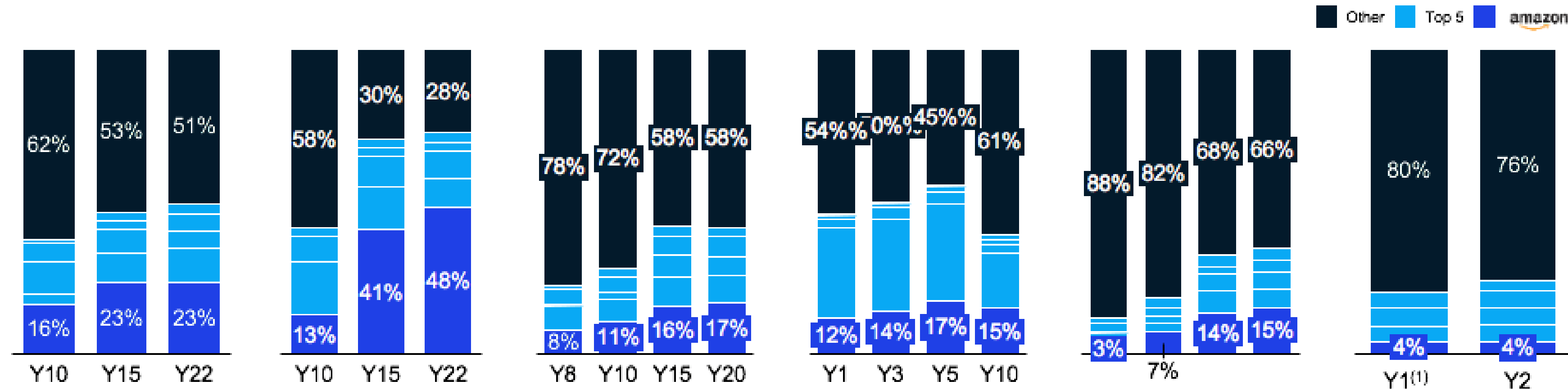
These categories were the same in 2017 and 2019

Development in online purchase preference, Finland 2017-2019 vs. Amazon countries

Source: Kuulas Helsinki/IPG Mediabrands

# New market growth not consistent

Market shares top 5 online retailers, X years after Amazon entry  
Share of Retail value RSP, Internet retailing only



Market share trend



Year of entry=Y1



Online competition at entry



Online penetration year of entry



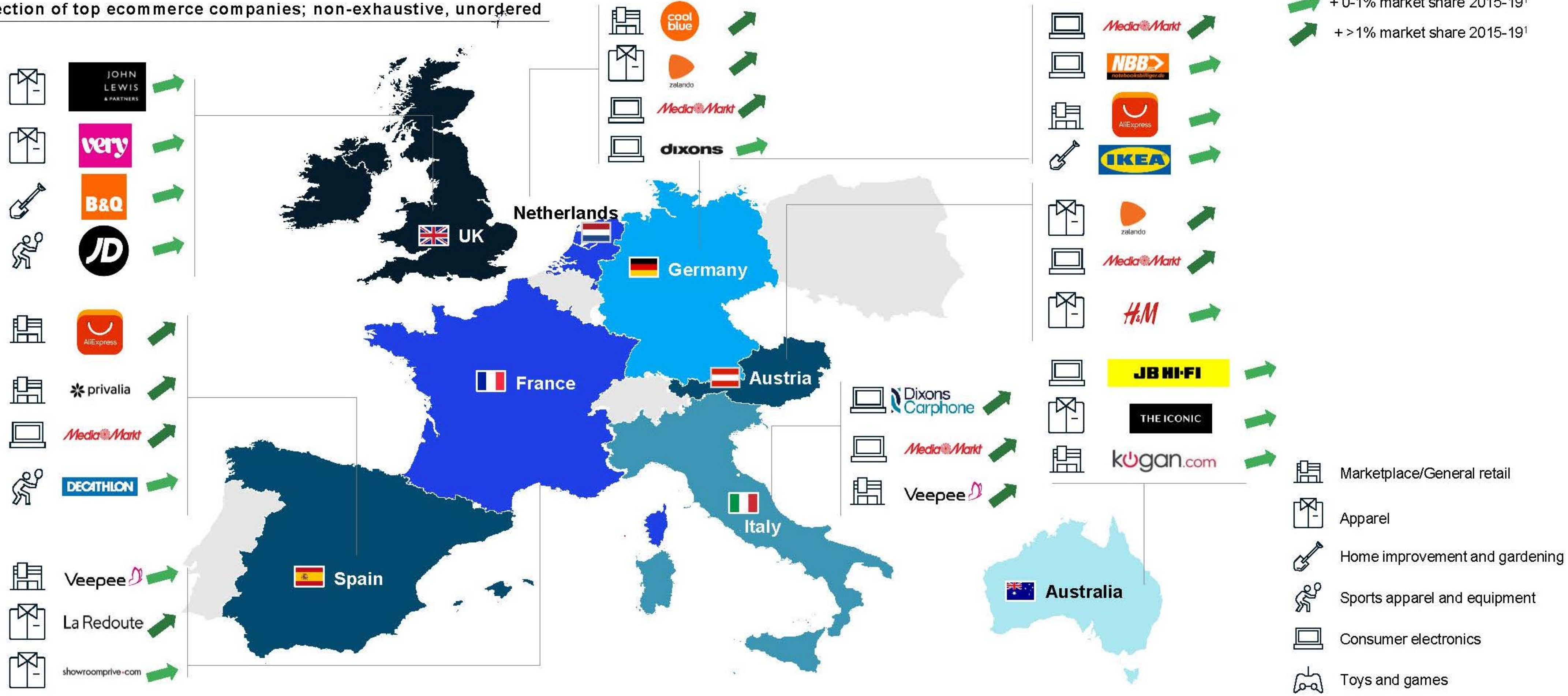
- Amazon possess a strong position across markets, however the market share development have stagnated or started to decrease in all but the German market
- Success in the markets can be attributed partially to the external factors at entry (e.g. online penetration and online competition from incumbents)
  - Amazon's early entry into the German and UK market (<1% online penetration) allowed Amazon to expand with online development of the markets
  - In Australia the maturity of the market (~9% online penetration) and already established incumbents has tampered Amazon's ability to quickly expand

<sup>1</sup> Financial data lacking for Coles for this year



# Local heroes can succeed and grow alongside Amazon

Selection of top ecommerce companies; non-exhaustive, unordered



1. Total ecommerce market share w.r.t. Retail Value RSP excl. sales tax



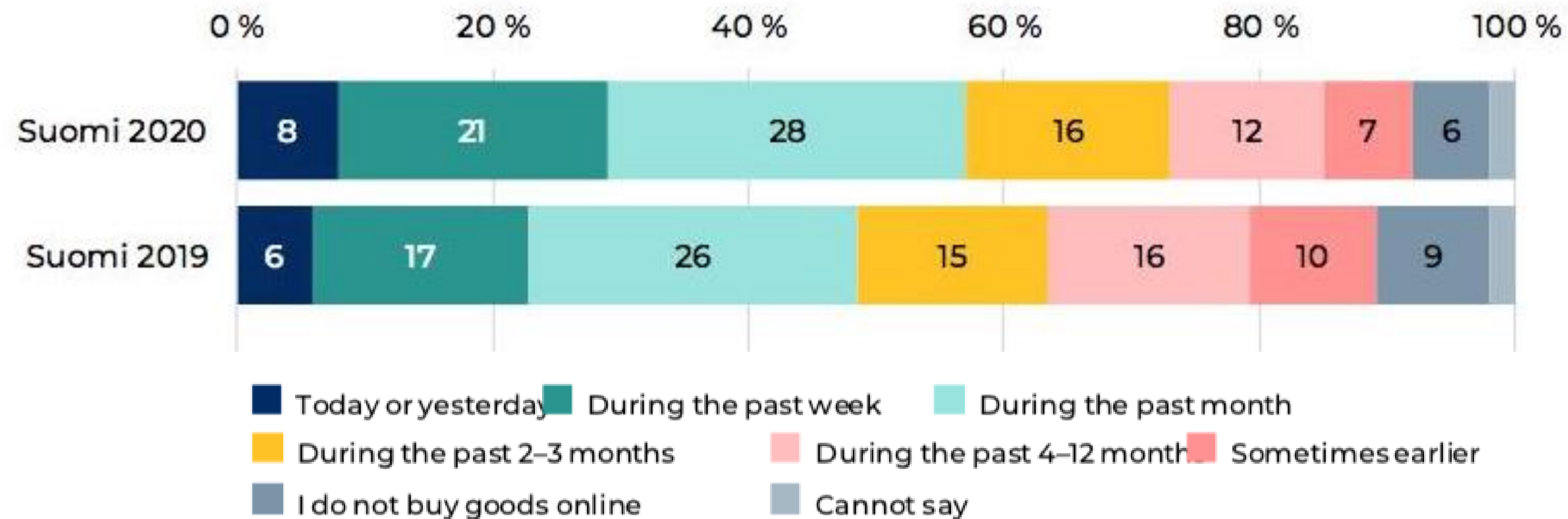
# Market Outlook

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# Market Development

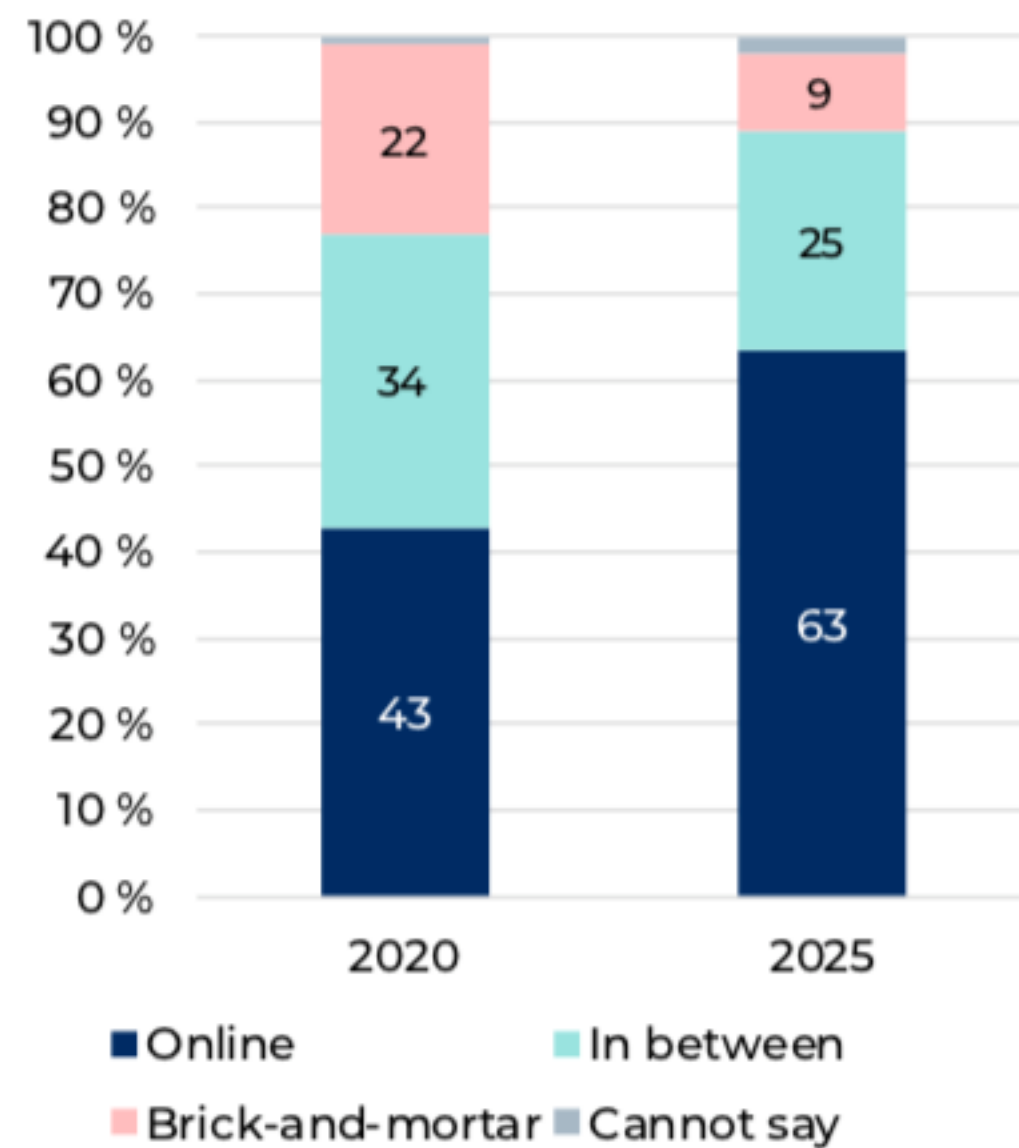
When did you last buy goods from an online store?\*



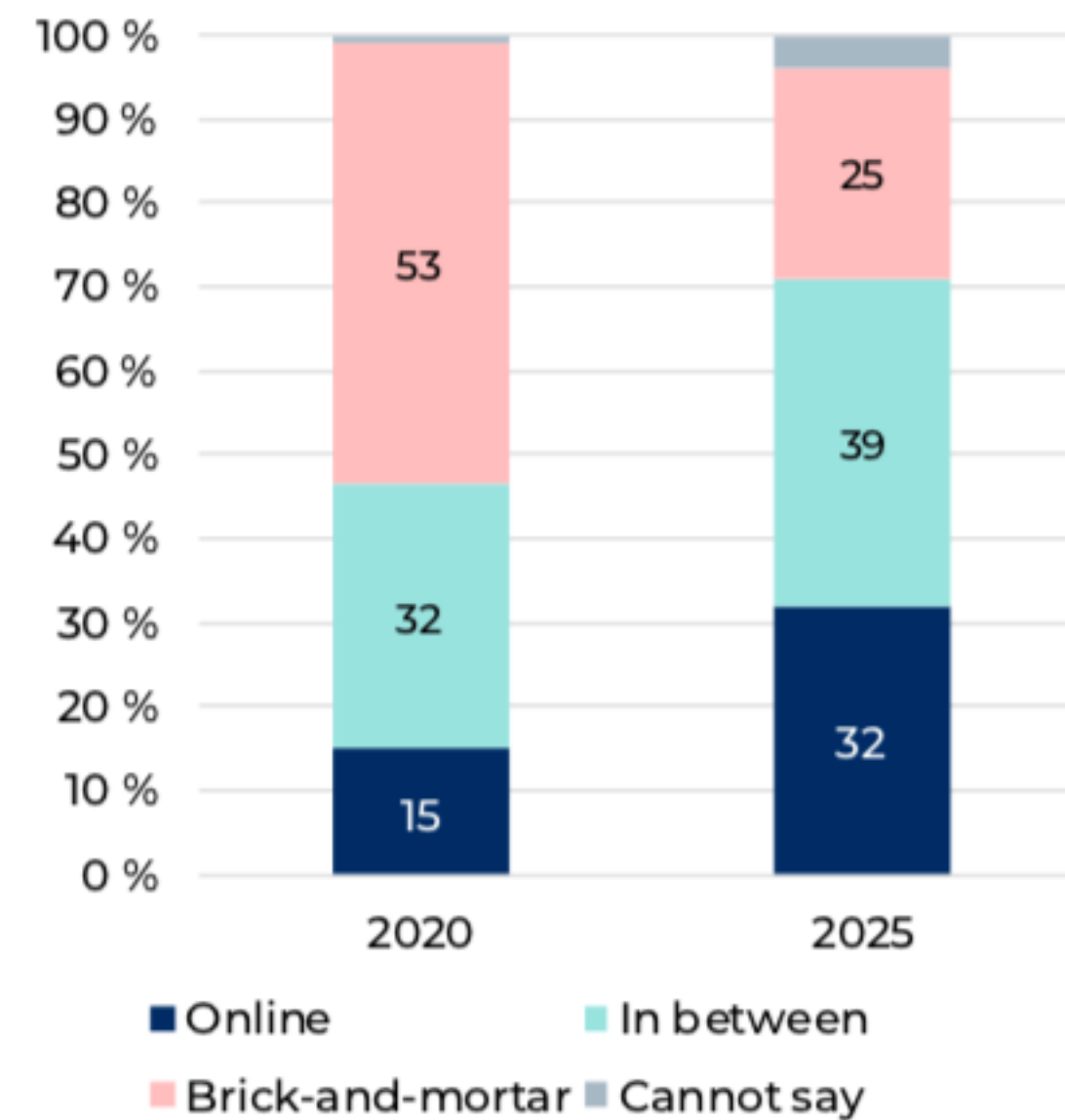
# Market Development

**Forerunners and basic users estimate that online shopping will increase significantly in the future**

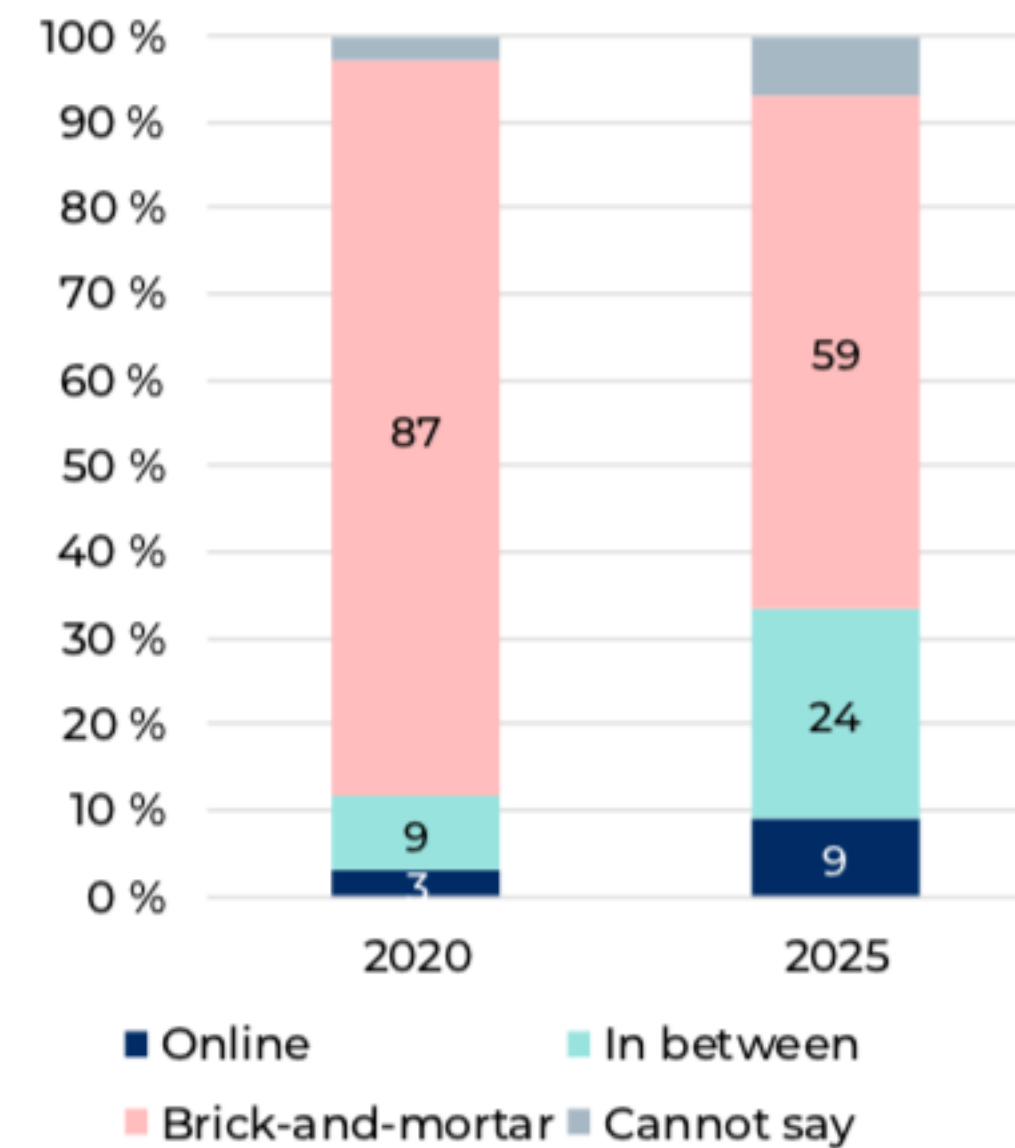
**Forerunner or active (20%)**



**Basic user (38%)**



**Experimenter or doubter (41%)**



On a scale of 1 to 10, describe your attitude towards shopping between brick-and-mortar stores and online stores? (Present 2020, in 2025)





# WHY TO INVEST IN VK.COM?





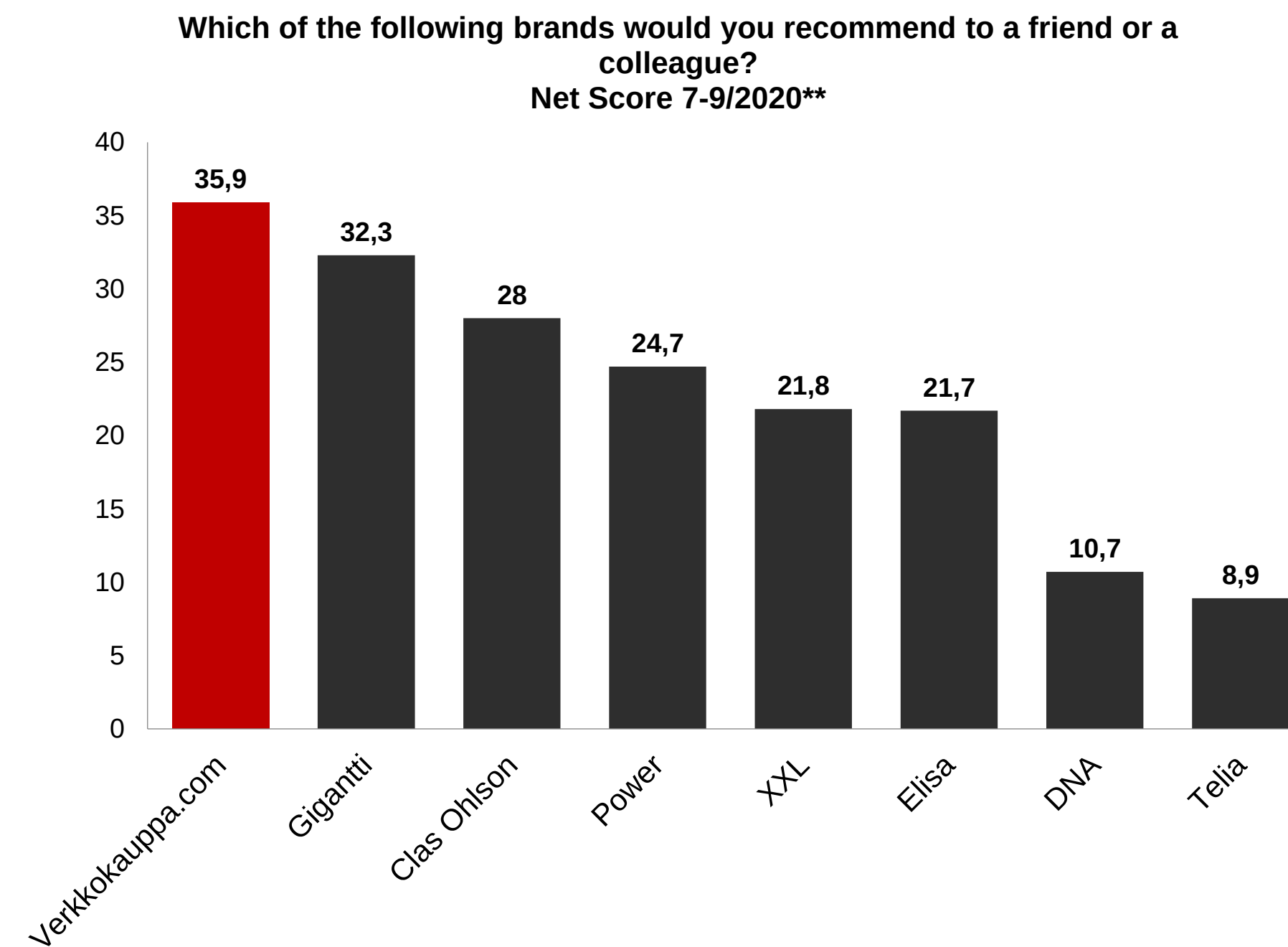
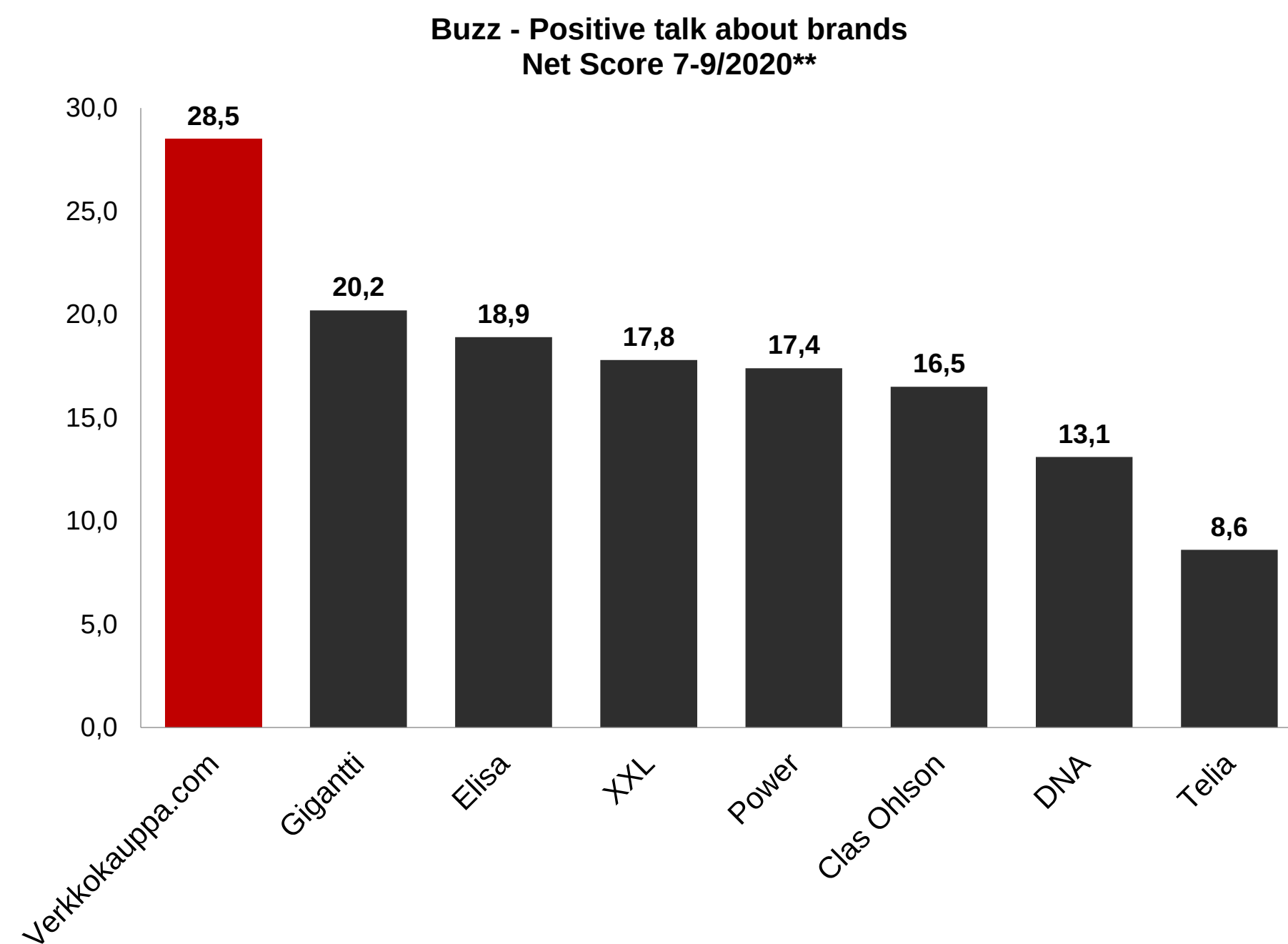
Verkkokauppa.com's vision is to be  
**a Nordic leader in retail** through  
cost-efficiency, brand image, own  
ecosystem and scalable business model

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# Strong Market Position in Changing Retail Landscape

- Best positioned brand in e-commerce in Finland, most visited website
  - 20 million visits during Q3, 57 million during Q1-Q3
- Consecutive consumer's choice winner as the best online retailer in Finland 2020\*
- Local hero ready for the Amazon opportunity leading into retail going online at a faster pace (price comparison, fast deliveries, local presence)



# Fast and Seamless Customer Experience

- Search engine optimization through multiple updated category descriptions and content
- AI pilot started/ongoing to improve and automate chat responses in customer care
- Online Outlet feature completed / to be launched near weeks
- Electronic shelf label pilot in Jätkäsaari store scheduled for Q4

The screenshot displays the Verkkokauppa.com website interface. At the top, there is a navigation bar with the site logo, a search bar, and user account information. Below the navigation bar, a filter sidebar on the left allows users to refine their search by categories like 'Rajaukset', 'Tuotealueet', 'Valmistajat', 'Hinta', 'Kuntoluokka', and 'Arvosana'. The main content area features three product listings, each marked with a yellow 'OUTLET' banner. The first listing is for an Apple MacBook Air 13" Retina 256 Gt SSD, priced at 1025,00 (original price 1199,90). The second listing is for an Apple MacBook Air 13" Retina 256 Gt SSD, 16 Gt, priced at 1399,00 (original price 1639,90). The third listing is for an Apple iPad Pro 11" 512 Gt Wi-Fi, priced at 1045,00 (original price 1099,90). Each product listing includes a high-resolution image, a star rating, a list of key features, and a green 'Osta heti' (Buy now) button. The website layout is clean and modern, emphasizing product details and promotional offers.



# Wide Assortment and Best Availability

- New site Verkkokauppa.fi launched to support local suppliers and to strengthen leadership as most desired generalist
- MDA market moving online at a faster pace, supported by good availability and appealing assortment
- Largest MDA assortment in Finland, additional brands introduced during Q4
- Facemasks and disinfection products with fair prices
- Lots of new smaller categories and new brands added to the assortment
  - Tom Dixon's design lamps, Xiaomi TVs, Ulefone mobile phones, Nanlite imaging equipment, lighting category with several new brands



# Fastest Deliveries in Finland

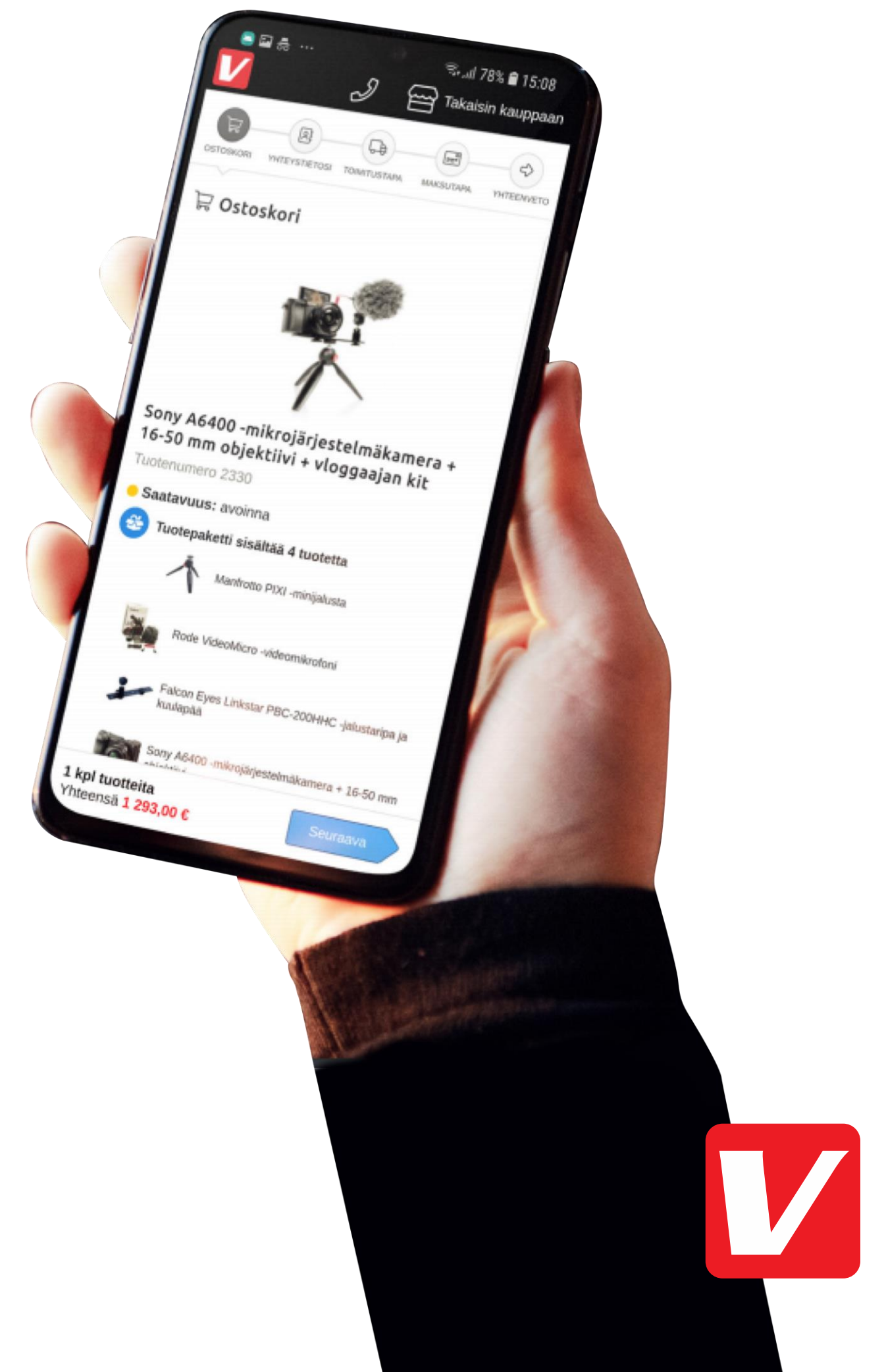
- Same day & Express deliveries
  - Same day delivery as an option in great Helsinki area and in Tampere region with lowered price 14,99€ since September
  - 3h Express deliveries available already since 2014
  - +267% growth in same day & Express deliveries during Q3
- Strong growth in demand of different delivery options during Q3
  - Home deliveries +45%
  - Home delivery with install and/or recycling service +31%
  - Deliveries to parcel lockers +22%



# Target to be leading retailer in the Nordics

- Continuous develop the wide and attractive assortment
- Increase the share of Private Label in product assortment to secure better profitability
- Keep the customer promise “Probably always cheaper” in all major categories

- Continuously improve customer experience and increase the loyalty
- Proven business model to support future growth, i.e. strong focus on e-commerce
- Actively seek the best delivery and logistical solutions for the customers



# Investment highlights

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- Finland's best known and most visited webstore
- Gaining market share as e-commerce disruption continues to accerate in retail
- Record profitability in Q3 due to strong consumer sales and category mix
- Good financials (no debt and healthy cash position)
- Steadily increasing dividends





**GAMEON**  
PALLOILUUN

**Verkkokauppa.com**  
TODENNÄKÖISESTI AINA HALVEMPI

**THANK YOU!**  
Time for questions

Verkkokauppa.com  
TODENNÄKÖISESTI AINA HALVEMPI  
Ma-la 9-11  
Su 11-12  
24 h kioski aina



# Finnish webstore pioneer since 1992

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- Finland's best known and most visited webstore
- Four megastores in Finland
- Founded by Mr. Samuli Seppälä in his parent's garage in 1992
- **“Probably always cheaper”** customer promise
- 65,000 products in 26 main product categories
- 57 million visits in Verkkokauppa.com webstore in 2018
- Listed on Nasdaq Official list in Helsinki, Finland since 5th of June 2020, earlier on Nasdaq First North since 2014
- EUR 264 million market cap (Nov. 30, 2020)

**504**  
**million**  
Revenue 2019, EUR

**6%**  
Revenue growth  
in 2019

**11.3**  
**million**  
Operating profit  
in 2019, EUR



# Shareholder base

|              | Shareholder                              | Shares            | %            |
|--------------|--|-------------------|--------------|
| 1            | Seppälä Sam Samuli                       | 18,288,342        | 40.582       |
| 2            | Keskinäinen Työeläkevakuutusyhtiö Varma  | 3,865,932         | 8.579        |
| 3            | Rite Ventures Finland Ab                 | 2,172,576         | 4.821        |
| 4            | Mandatum Henkivakuutusosakeyhtiö         | 2,165,458         | 4.827        |
| 5            | Protector Forsikring ASA*                | 1,909,975         | 4.240        |
| 6            | Sijoitusrahasto Nordea Nordic Small Cap  | 1,541,969         | 3.422        |
| 7            | Keskinäinen Eläkevakuutusyhtiö Ilmarinen | 1,492,723         | 3.312        |
| 8            | Sijoitusrahasto Evli Suomi Pienyhtiöt    | 949,469           | 2.107        |
| 9            | Skogberg Ville Johannes                  | 634,266           | 1.407        |
| 10           | Keskinäinen Vakuutusyhtiö Kaleva         | 566,475           | 1.257        |
| <b>Total</b> |  | <b>33,587,185</b> | <b>74,53</b> |

Shareholders as of Nov 30, 2020

\* Protector ownership end of May 2020, otherwise excluding nominee registered shareholders.



# More information

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## Upcoming events in 2021:

- Financial Statement  
Release January–December 2020,  
Friday 12 February 2021
- Annual Report 2020 will be  
published online  
during week 9, 2021
- Interim Report January–March 2021,  
Friday 23 April 2021
- Half-year Report January–  
June 2021, Friday 16 July 2021
- Interim Report January–September  
2021, Friday 22 October 2021

## Links:

Investors site  
[www.verkinvest.com](http://www.verkinvest.com)

Company Releases mailing  
list  
[www.joinverk.com](http://www.joinverk.com)

Company Investor  
Webcasts  
[www.verklive.com](http://www.verklive.com)

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