

# Empowering customers to follow their passion

15 December 2021 | Investor meetings arranged by Danske Bank

**Verkkokauppa.com Oyj**

CEO Panu Porkka | CFO Mikko Forsell | Head of IR Marja Mäkinen



# Agenda

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- Verkkokauppa.com today
- Our strategy
- Q3/2021 key KPI's
- Key takeaways



# A largest ecommerce player in Finland

In 2020

**Personnel:**  
818 employees

**Assortment:**  
70,000 products

**87 million visits**  
in our webstore

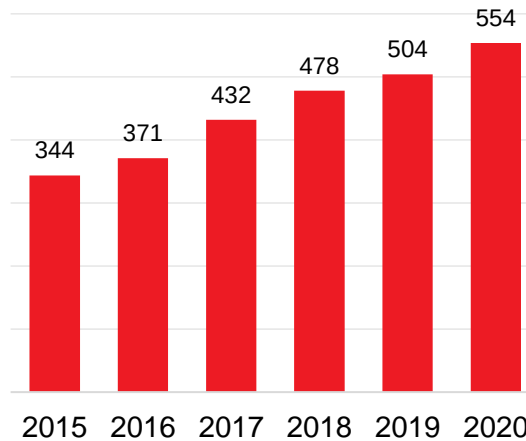
**The most sustainable**  
webstore in Finland\*



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

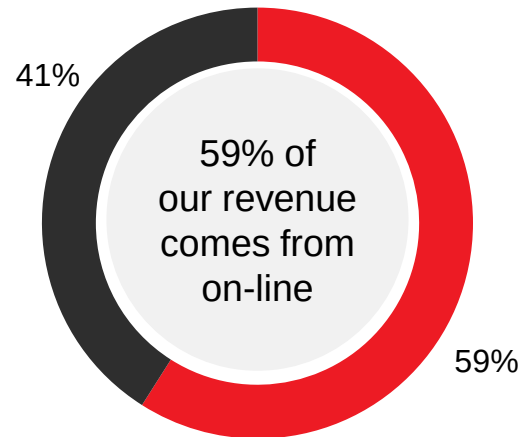


We have a solid track record of growth



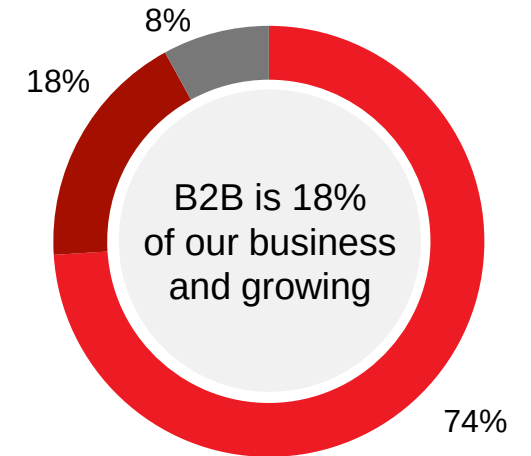
Revenue, 2015-2020, EUR million

Sales channels



■ On-line ■ Off-line

Customer segments



■ Consumer ■ B2B ■ Export

\*Sustainable Brand Index™ is Europe's largest independent brand study on sustainability, conducted in November 2020 to February 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

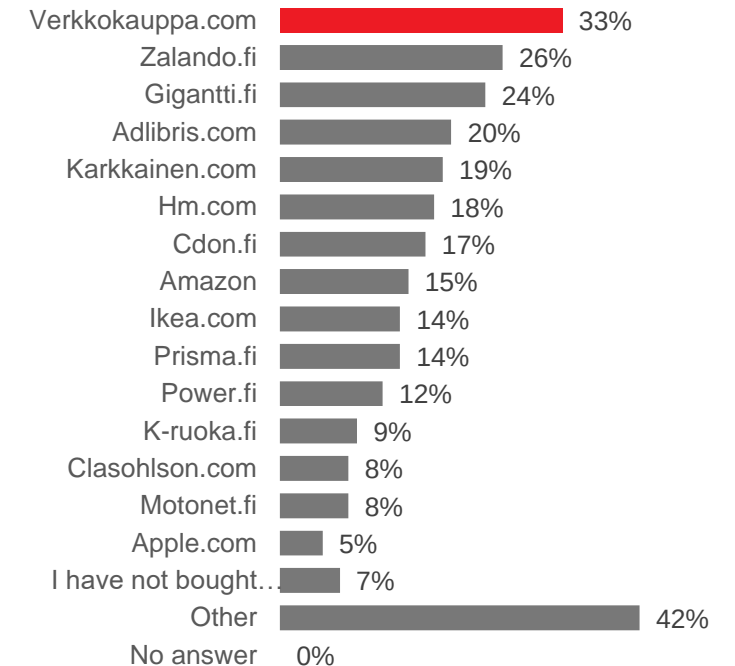


## Lowest returns on the market

**1.0%**

of purchases are returned

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



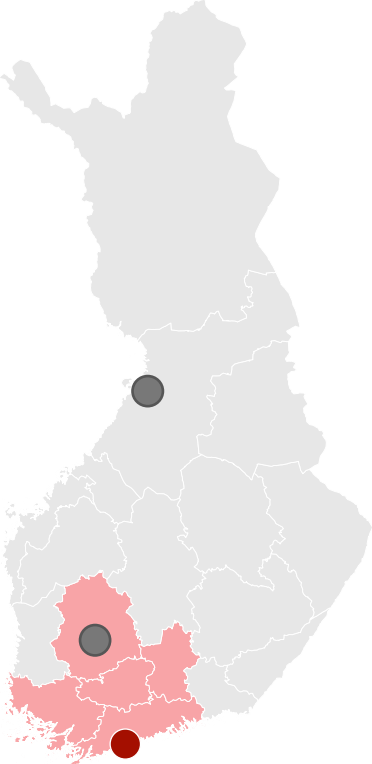


# Over the past years we have established superior delivery performance and have room to push further as customer needs evolve

■ >2 day delivery ■ Within next day ■ Same day delivery ● Store ● Logistics center ● Logistics hub & store combination

**We used to be more reliant on third-party logistics efficiency**

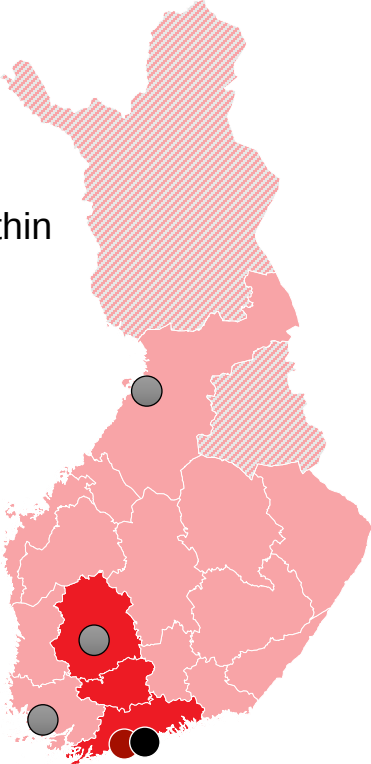
2017



**Our network covers majority of households within next day**

2020

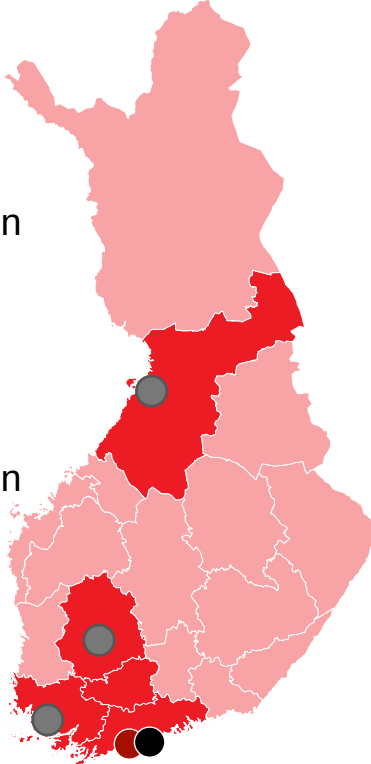
~70% of population covered within next day



**As customer needs evolve, we are ready to utilize stores as logistic hubs**

FUTURE

>90% of population covered within next day and >50% of population covered within same day





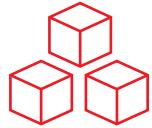
Our strategy





# Our purpose is to Empower our 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

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

1. Helsinki, Vantaa, Espoo, Turku, Tampere and Oulu

2. As of November 2020 3. May/19-Apr/20 reporting period

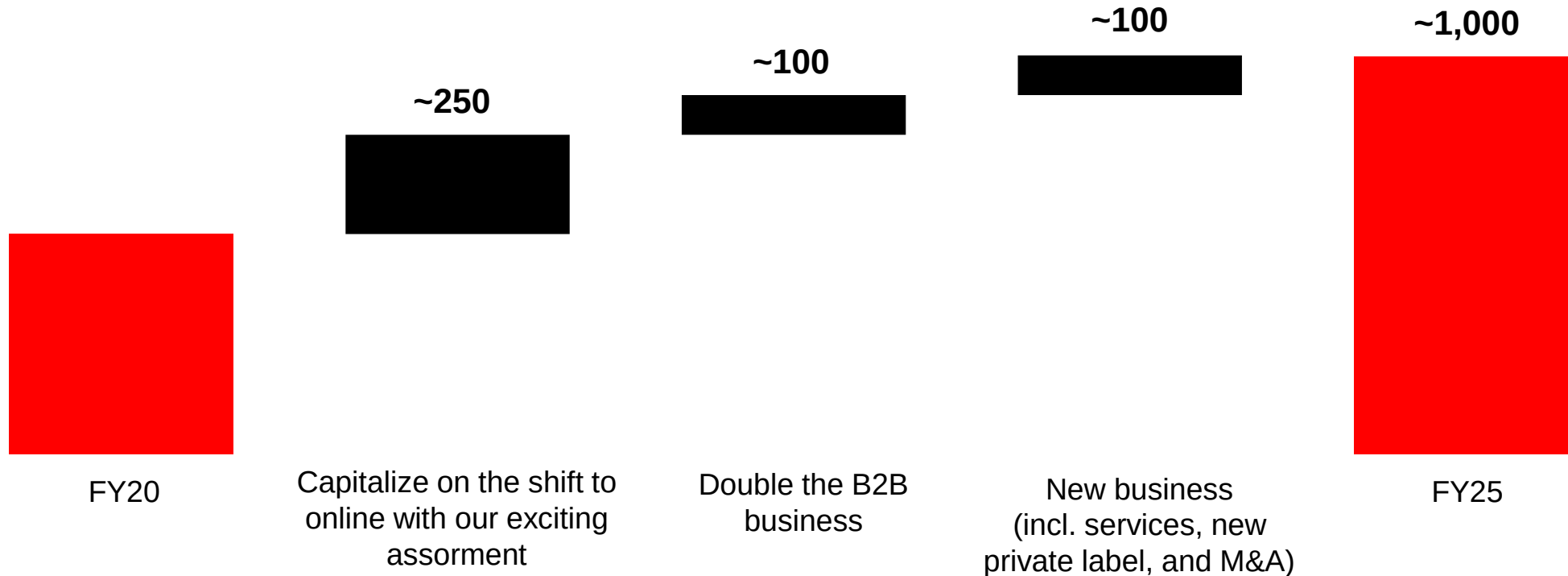
4. 2019 figures, including D&A Source: YouGov BrandIndex, Company websites





# By capitalizing on the online shift and leveraging our superior platform – we are on a road towards a billion

Verkkokauppa.com revenue development, 2020-25E, €m



1 2 3

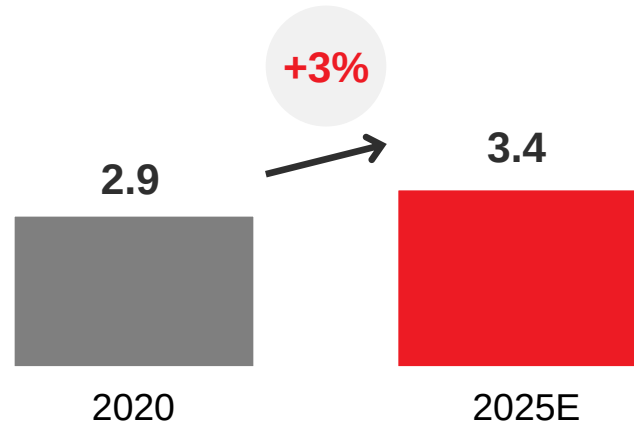
# Our core categories will continue accelerated shift to online

## Core categories

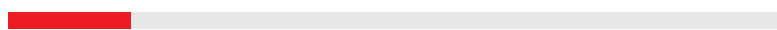
E.g. IT, Entertainment, Home appliances, Telecom

### Total addressable market size

2020-25E, EUR billion



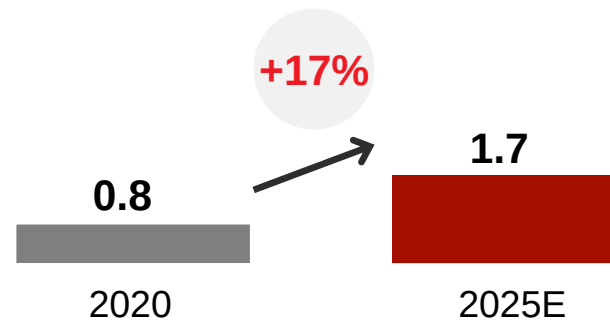
Our total market share **currently 16%**



### 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

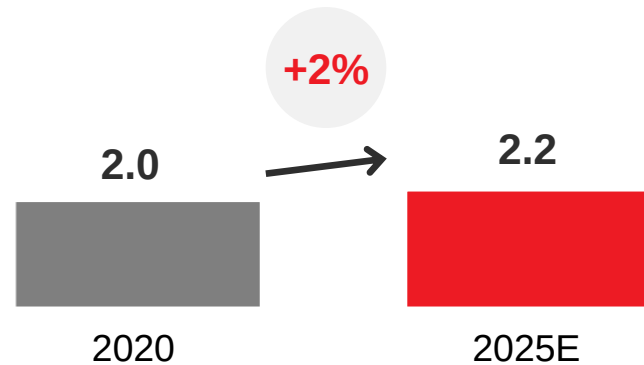
# Evolving categories with attractive margins and lower online penetration

## 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



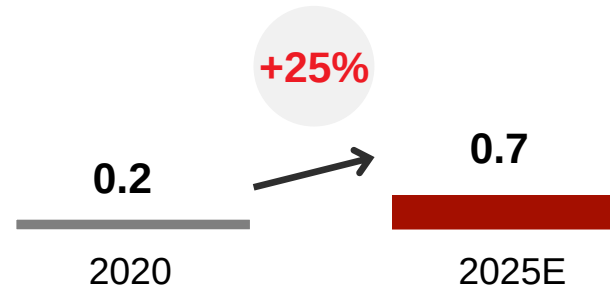
Our total market share **currently 3%**



### 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

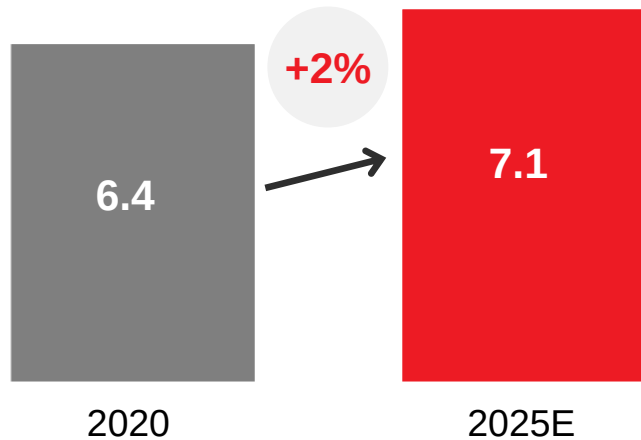
# Additionally, we continuously evaluate untapped opportunities

## Untapped categories

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

### Total addressable market size

2020-25E, EUR billion

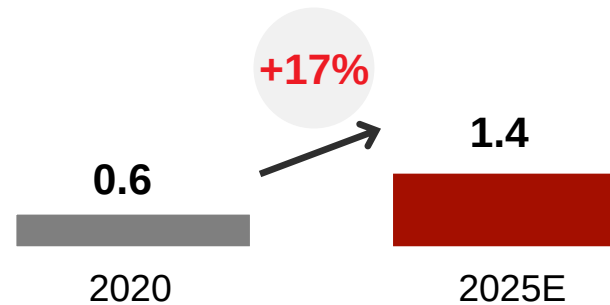


Our total market share **currently 0%**

### 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







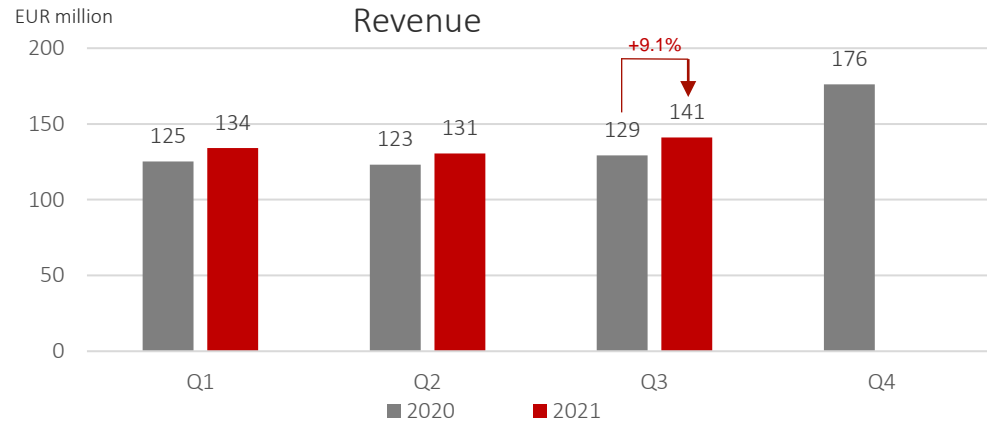


# Latest financials

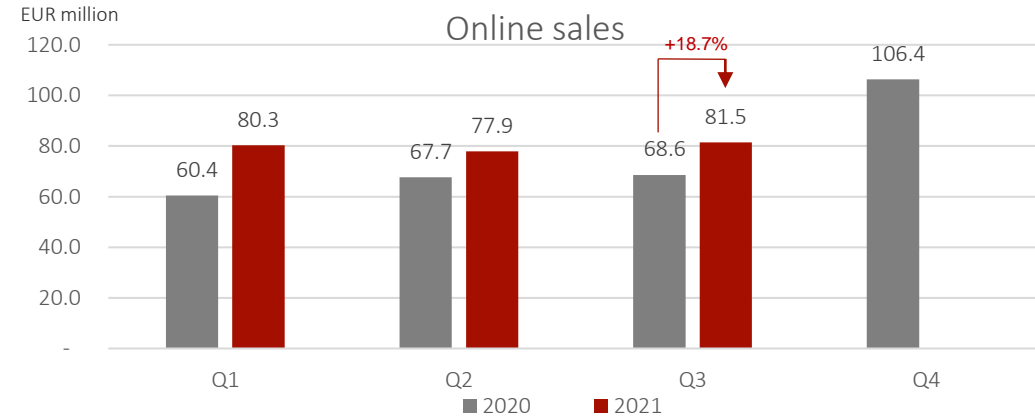


# In Q3/2021, on-line sales<sup>1)</sup> grew by +18.7%

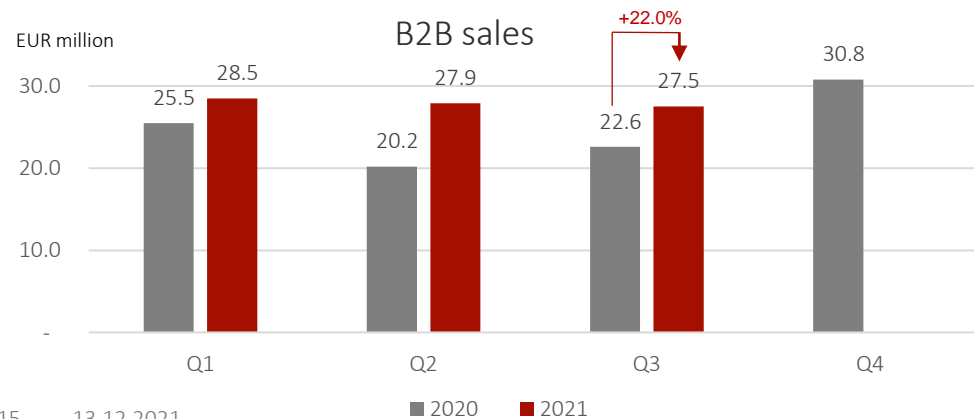
## Market share gains in a competitive market



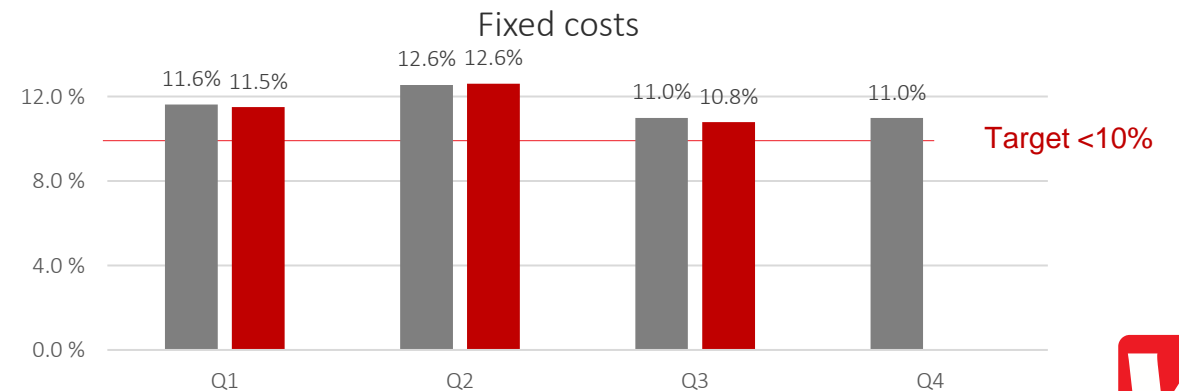
## Online shift continues



## Robust growth in B2B sales



## Fixed cost<sup>2)</sup> to revenue ratio, targeting <10% by 2025



# Key takeaways



# Key takeaways

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**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**







**Thank You!**



**Verkkokauppa**  
PROBABLY ALWAYS CHEAPER **.com**

SI MUKANA OLEVA  
HEIKKI HOT DOGS  
& PULLO-CAULITTA  
8,90

LOUNAS  
10.50-14.00  
8,90

8,90

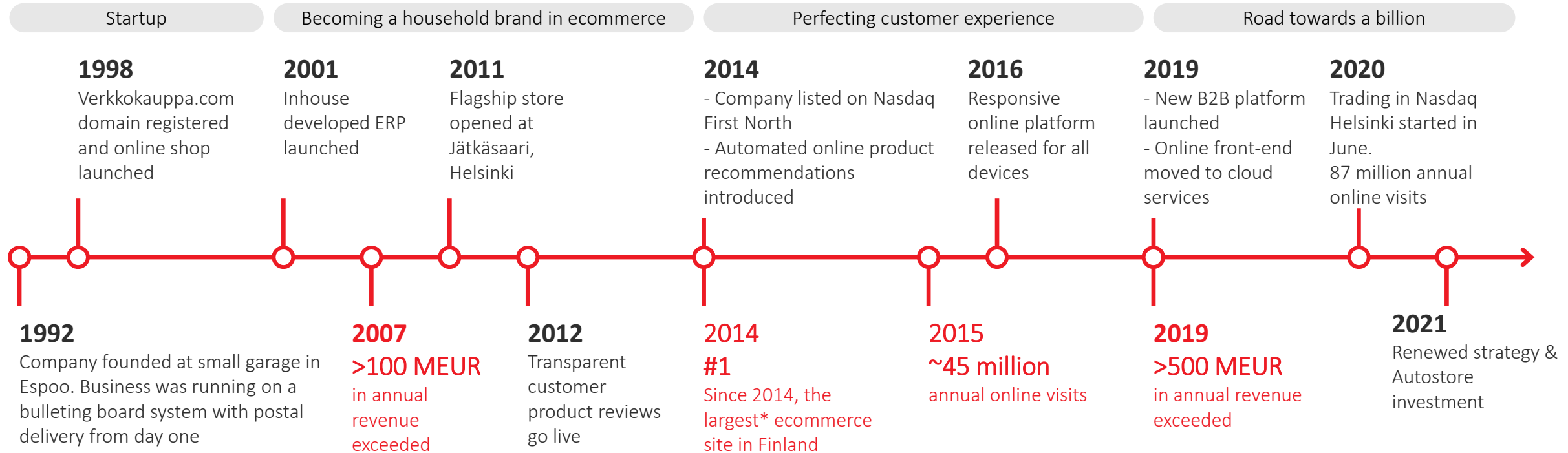
8,90





# Verkkokauppa.com - passionate pioneer of ecommerce

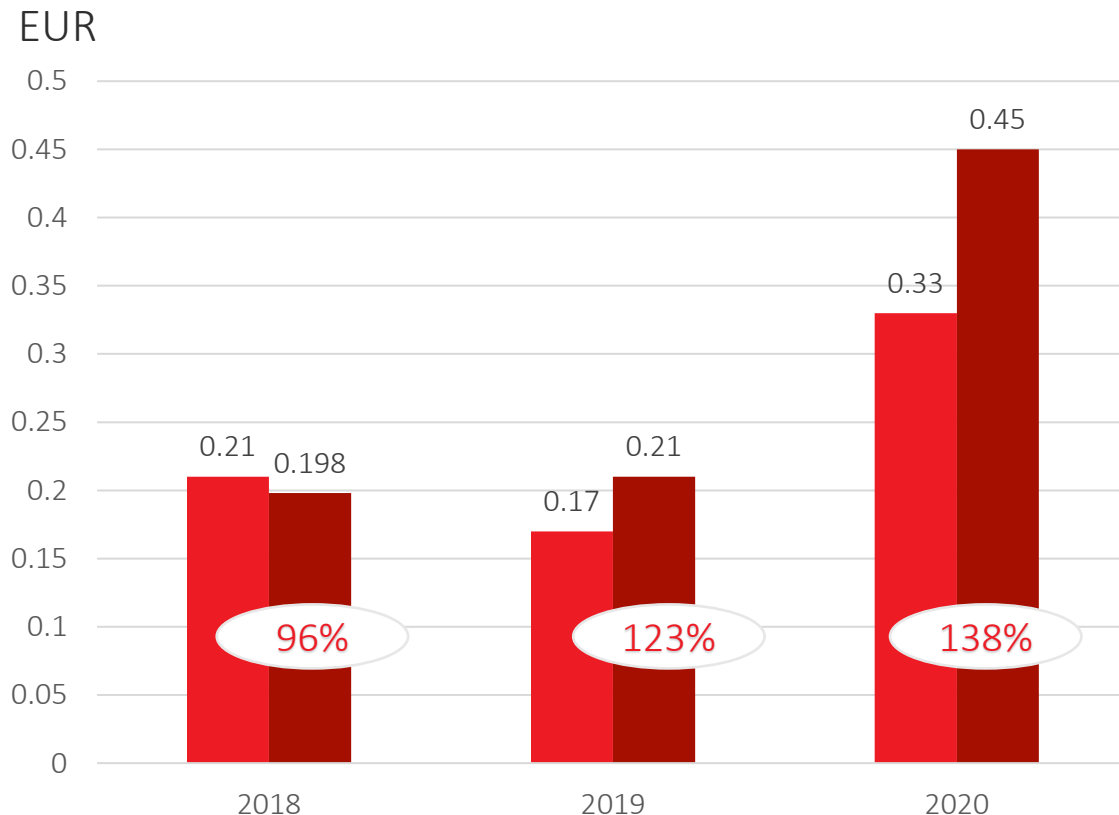
We are online-born – online is at the core of what we do, and what the company has been built around



Our vision is to remain a pioneer of ecommerce in the next decades through continuous innovation



# Quarterly growing dividend



■ Earnings per share

■ Dividend per share

Payout ratio, %

Dividend yield, %

4.8%

6.1%

6.3%

20 13.12.2021

## Dividend from 2020 financial year

	EUR	Payment date
Dividend	0.056	
Extra dividend	0.22	
	<b>0.276<sup>1)</sup></b>	7 April 2021
<b>Additional Board's authorization to pay quarterly dividend:</b>		
1st instalment	0.057	4 May 2021
2nd instalment	0.058	27 July 2021
3rd instalment	0.059	2 Nov 2021
<b>In total:</b>	<b>0.45</b>	

<sup>1)</sup> 2021 AGM's decision.

## Verkkokauppa.com's dividend policy

Our goal is to continue to pay a quarterly growing dividend to shareholders.





# VERK has been trading for 17 months in the Nasdaq Helsinki

In 2014, company was listed in Nasdaq First North, and moved in the main list of Nasdaq Helsinki Stock Exchange in June 2020.

Market Cap is EUR 320 million (17 Nov 2021).

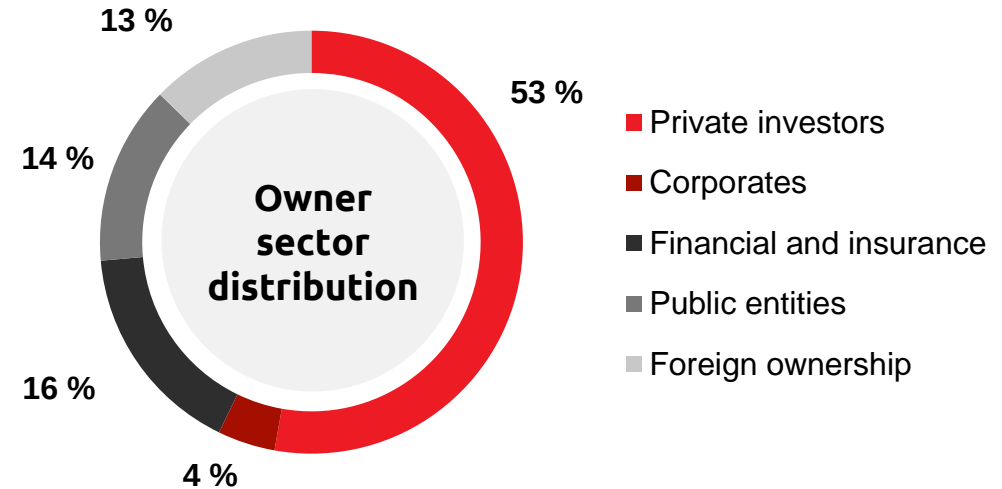
We have almost 18,000 shareholders.

Largest shareholders		% of shares
1	Samuli Seppälä (FI)	35.4%
2	Varma Mutual Insurance Company (FI)	8.6%
3	Mandatum Life Insurance Company (FI)	4.9%
4	Ilmarinen Mutual Insurance Company (FI)	4.8%
5	Rite Ventures (SE)	3.6%

Shareholder data based on 29 October 2021.

21

13.12.2021



## VERK share trading, LTM

Average daily turnover	EUR 754,757	VWAP	EUR 7.9
High	EUR 10.3	Number of shares traded	24,032,483
Low	EUR 5.4	Average quantity per day	95,367



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