



* BRANDS IN
NEW HANDS

Emmy Clothing Company Oy

Information memorandum

September 17th 2018



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Foreword & table of content

Foreword

Emmy Clothing Company Oy ("Emmy.fi", "Emmy" or "Company") is looking to raise EUR 3 million equity capital ("Transaction") for expanding its business in Finland and internationally.

This document describes the investment opportunity by outlining market opportunity, business characteristics, financial proceedings as well as the scope and timeline of the transaction.

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Table of content

- 1 Executive summary
- 2 Market overview
- 3 Business overview
- 4 Business metrics
- 5 Financial overview



Online resale platform for pre-owned premium clothes
with a unique retail partnership model

- Easy-to-use service aimed at busy people with no interest in selling the clothes themselves
- Unique retail model with drop boxes & gift cards, generating footfall & sales for retail partners
- Efficient process flow is supported by a proprietary software platform which requires minimal equipment
- Concept, brand, processes & internationalization model ready for rapid scaling

I. Executive summary

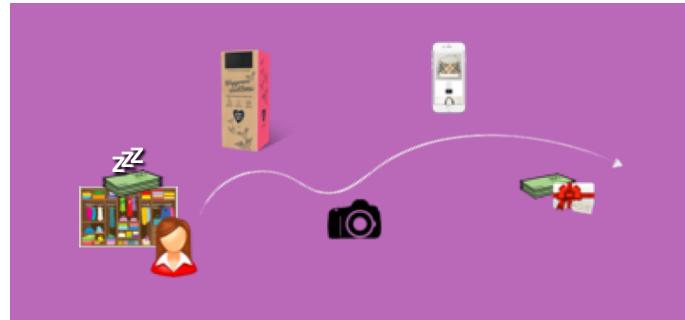
Introduction to the opportunity

Emmy Clothing Company provides an opportunity to invest in a fast-growing re-commerce market through an established business platform.

Investment opportunity

- There is substantial value laying unused in consumers' wardrobes. Emmy's vision is to turn that value into cash for old owners and increased affordable clothing deals for consumers of fashion.
- Emmy is building a turnkey resale service and re-commerce platform to enable effortless selling and buying of pre-used fashion items such as clothing, shoes, and accessories.
- The Company has established an online-offline retail partnership model that differentiates it sharply from competition.
- Emmy has grown its revenues rapidly and improved profitability – the Company is expected to continue on this track.
- The Company seeks investment to expand its business operations to Europe with a new improved online store and expanded fashion item sourcing network.

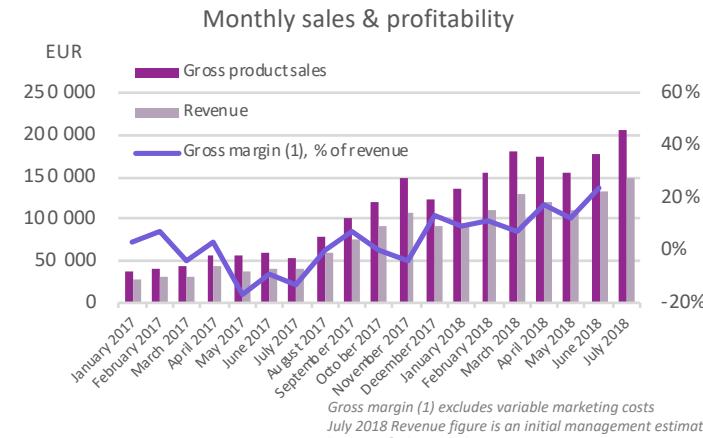
Well designed business process



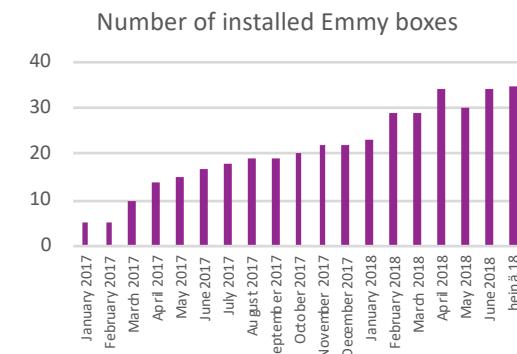
Growth from international expansion



Improving sales & profitability performance



Growing logistic platform



Investment highlights

MARKET Growth in fashion and pre-used goods e-commerce market supports Emmy's expansion plans.	<ul style="list-style-type: none">Global fashion e-commerce is estimated to grow at CAGR 10% for the next five years.In Europe, Fashion e-commerce segment is expected to grow at CAGR 9% from 101 to EUR 154 billion between 2017 and 2022.In Finland, fashion e-commerce market amounts to EUR 1.2 billion. Largest markets in Europe include UK, Germany, and France.Megatrends in environmental consciousness, recycling, re-use, C2C, circular & sharing economy, etc. drive rapid market growth.Online consignment or "re-commerce" industry is estimated to grow at CAGR 6-10% 2025. For U.S., apparel second hand market is expected to grow at annual growth rate of 15% for the next five years.
BUSINESS Emmy's business platform provides first in class experience for selling and buying of pre-used fashion items.	<ul style="list-style-type: none">Emmy offers an unique and functional way to monetize unused clothing from the wardrobe.Emmy.fi offers a first in class shopping experience with beautiful website user interface. Amount of weekly visitors at the Emmy.fi website has increased from 5 000 visitors to some 20 000 during the first year of operations.Emmy has successfully expanded it's fashion collection network to cover all major cities in Finland. The proven concept supports further expansion.Established and constantly growing partnering network with leading domestic and international retail players supports the growth of Emmy.
TECHNOLOGY Efficient supply chain design including Emmy box network differentiates Emmy from the competition.	<ul style="list-style-type: none">Emmy has developed an efficient process to optimize the supply chain of pre-used fashion products. The Company is on its way to build state of art logistic network supported by the Emmy drop box network.The Company is on its way to further develop technology, including AI, to further enhance supply chain logistics as well as online sales of the fashion products.Data gathered from the business processes provides valuable insights into consumer behavior and can be further leveraged in the future for novel consumer service and product applications.
FINANCIALS Emmy has a proven track record improving sales and profitability.	<ul style="list-style-type: none">Emmy has a good track record in growing monthly sales consistently since the company was founded in 2015.The Company has been able to reach good levels in the online store KPI universe.Sales is expected to keep improving through international expansion, first through international webstore, followed by local Emmy box network and local webstores.

Value propositions & benefits per customer segment

SELLERS		<p><i>People who want to minimize self-effort and sell multiple items in one batch</i></p>	TURN YOUR WARDROBE TO MONEY WITH ZERO EFFORT One-step turnkey service	<ul style="list-style-type: none">✓ Very low effort; easy access✓ Get easy money & gift cards✓ Recycle in a sustainable way✓ Donate non-selling items
BUYERS		<p><i>People who value quality and green values, and love browsing & discovering unique items</i></p>	SECOND HAND IS THE NEW NEW Discover quality items affordably	<ul style="list-style-type: none">✓ Hand-inspected quality products✓ Guilt free consumption, save the Earth✓ Enjoy browsing unique items✓ Prices 50-90% lower than new
RETAIL		<p><i>Department store & retail chains that need additional footfall and are building a sustainable brand</i></p>	ADDITIONAL REVENUE AND IN-STORE FOOTFALL A high-ROI marketing investment	<ul style="list-style-type: none">✓ Drive 10 000's of additional visits✓ € millions of additional revenue through gift cards & additional visits✓ Build a brand image of responsibility✓ Drive customers to join loyalty program
BRANDS		<p><i>Product brands whose ideology is rooted on quality, sustainability, and long-lasting premium items</i></p>	BOOST DEMAND, SALES & LOYALTY Easy entry to the 2 nd hand domain	<ul style="list-style-type: none">✓ Boost demand & price of products✓ Get revenue through gift cards✓ Get in-store & web traffic✓ Build sustainability brand✓ Drive customers to join loyalty program

Company overview

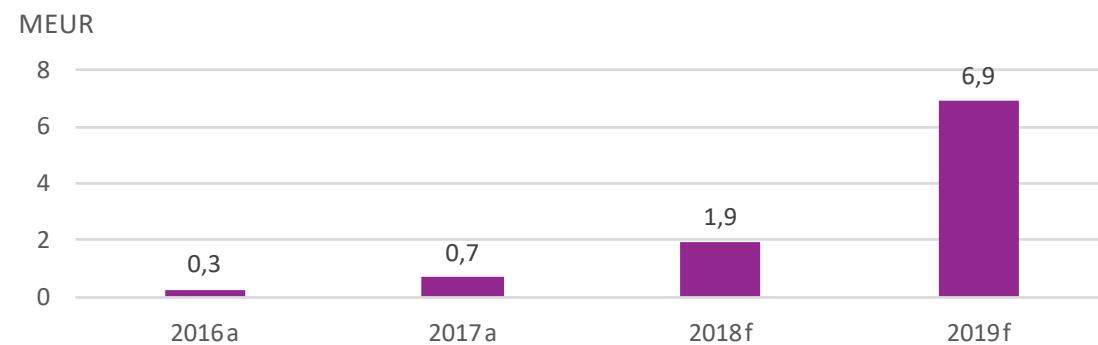
General information

- Emmy Clothing Company Oy was established in 2015. The company is based in Lohja Finland.
- The Company offers a low-effort, turnkey service for collecting and reselling pre-used brand clothes through its clothing collection network and Emmy.fi webstore.
- Emmy.fi is the largest pre-used fashion webstore in Finland.
- The Company's clothing collecting network is currently present in Finland. Further domestic and international expansion is in progress.
- The Company has developed technology to effectively screen and characterize clothing properties and dimensions in order to operate a cost efficient fashion retail supply chain.
- The Company operates with close cooperation with retail chains in order to provide the consumer an easy clothing return platform and monetary rewards for selling clothes through Emmy.fi.
- Juha Mattson is the CEO of the Company.
- The Company is currently owned by its employees as well as Finnish investment firms and individuals.
- In 2017, Company recorded revenues of 0.7 MEUR.

Products & services



Revenue development



Source: Company information

Testimonials, press & awards

Customers love Emmy, as demonstrated by direct feedback and excellent customer retention rates

"Lovely store! I fell in love on the first visit, and made an order right away!"

"Super fast delivery and the items were in excellent condition. A wonderful concept, thank you "

"Emmy is the easiest and most straightforward way to get rid of unused items, and to make way for new"

"I will rather sell my clothes to a new good home than just dump into waste or a charity box"

"Emmy's boxes are a really easy way to sell your stuff. The sales earnings are a great bonus. Just like tax refunds - I consume it almost immediately!"

"I take my earnings on gift cards and use them as extra discount to buy more expensive items than otherwise"

All key news & commercial media in Finland have repeatedly featured Emmy

Kauppalehti HELSINGIN
UUTISET

mtv UUTISET

M&M
MARKKINOINTISÄÄTIÖ

Talouselämä

yle UUTISET

ILTA-SANOMAT

TALOUS
SANOMAT

HS



Two-minute feature about Emmy in
Finland's most watched prime time TV news

Emmy reached TOP 10 in Kasvu Open 2017

Kasvu
Open

Kasvu Open is a national growth company program that both coaches and selects the most promising growth companies. In 2017, a total of 839 Finnish growth companies participated the program.

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FINANCE

Strictly confidential

Equity transaction overview & indicative timeline

Overview of the transaction

- The Company is looking for EUR 3 million equity investment.**
- Term sheets are expected to be received by end of October 2018.
- Transaction is expected to be closed by mid-December 2018.

Indicative transaction timeline

August 2018							September 2018				
		1	2	3	4	5		1	2		
6	7	8	9	10	11	12	3	4	5	6	7
13	14	15	16	17	18	19	10	11	12	13	14
20	21	22	23	24	25	26	17	18	19	20	21
27	28	29	30	31			24	25	26	27	28
							29	30			
October 2018							November 2018				
1	2	3	4	5	6	7	1	2	3	4	5
8	9	10	11	12	13	14	6	7	8	9	10
15	16	17	18	19	20	21	13	14	15	16	17
22	23	24	25	26	27	28	20	21	22	23	24
30	31						27	28	30		
December 2018								1	2	3	4
							5	6	7	8	9
							12	13	14	15	16
							19	20	21	22	23
							26	27	28	30	

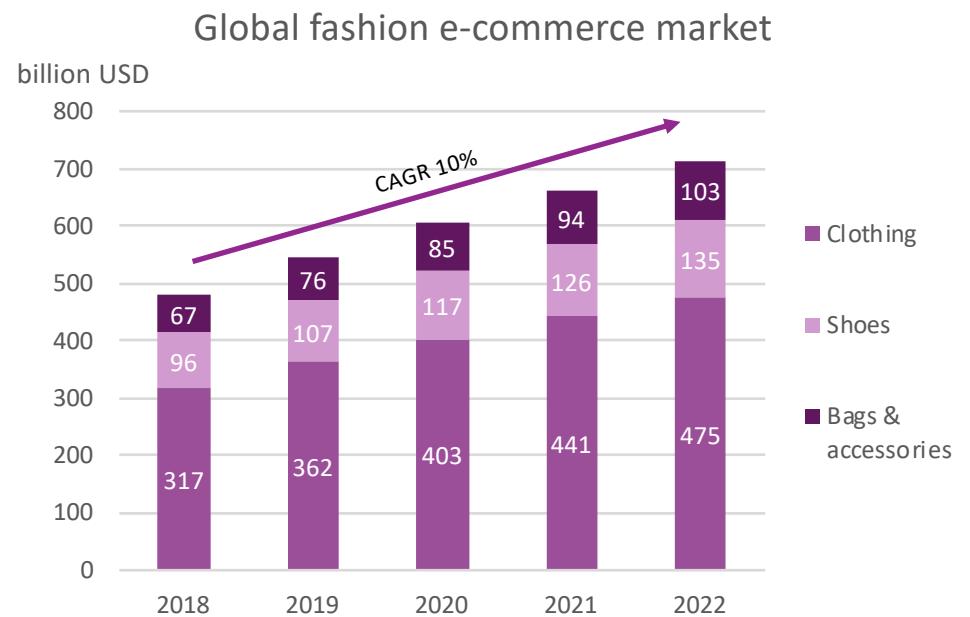
2. Market overview

Market trends & drivers – global fashion e-commerce

Global fashion e-commerce is estimated to grow at CAGR 10% for the next five years.

Global fashion e-commerce market

- Global fashion e-commerce market is expected to grow at CAGR 10% from 2018 to 2022.
- 8% of the growth is estimated to be generated through new consumers entering e-commerce segment, while some 2% of the growth will be driven by increased spending per consumer.
- Clothing segment amounts around two thirds of the total market size being the largest market category. Shoes amount to 20% of total market size while Bags & accessories represent 14% of the total fashion e-commerce market.
- In Europe, Fashion e-commerce segment is expected to grow at CAGR 9% from 101 to EUR 154 billion between 2017 and 2022.
- Online consignment or “re-commerce” industry is estimated to grow at CAGR 6-10% until 2025. For U.S., apparel second hand market is expected to hit \$41 billion by 2022 from \$21 billion reported today, growing at annual growth rate of 15%.



Market trends & drivers – regional markets

In Finland, fashion E-commerce market amounted to billion 1.2 EUR. Largest markets in Europe include UK, Germany, and France.

Regional fashion e-commerce markets

- In 2016, fashion e-commerce market in Finland amounted to EUR 1.2 billion representing 25% of the total domestic e-commerce market.
- Total e-commerce market in Finland is estimated at EUR 4.8 billion.
- Approximately 40% of the retail shopping is carried out in foreign webstores.
- Most of the e-commerce sales in women clothes and accessories segment was carried out abroad.
- Largest clothing & accessories e-commerce markets in Europe currently include UK, Germany, and France, with estimated market sizes of 20, 14, and 9 billion EUR, respectively.



3. Business overview

Business model

Emmy facilitates buying and selling of pre-used fashion through technology and process design.

- Emmy's business model is based on attracting consumers to wake up money sleeping in their wardrobes, i.e. reselling brand apparel that they no longer need.
- The selling process is maximally effortless, including Emmy's collection boxes placed close to the consumer e.g. shopping malls and department stores.
- Emmy focuses on making the product handling process as effective as possible through technology advancements and well-designed logistics process.
- Emmy maximizes the value of pre-used clothing through pricing optimization and market knowledge. Also 3rd party seller status adds value vs. direct C2C.
- Emmy partners with retailers that can provide sellers with additional value through gift cards. Retailers get additional footfall & dedicated purchasing money channeled directly to their cash reserve.
- Effective secondary market increases demand for primary market fashion brands as high quality brands have increased resale value.



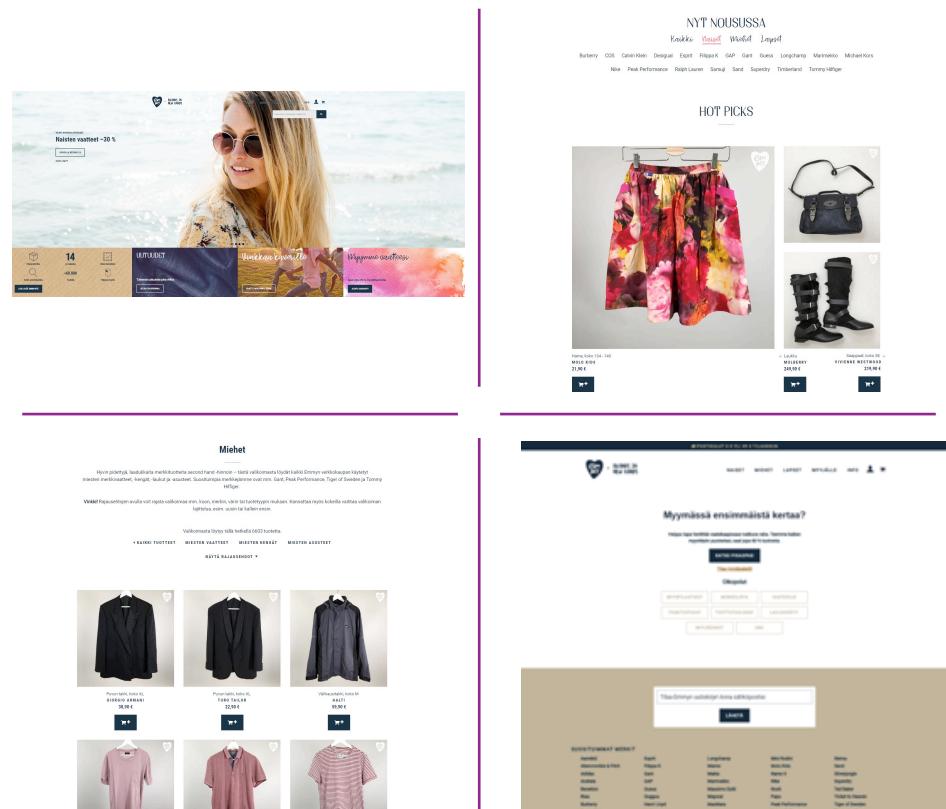
Emmy.fi web site

Emmy.fi offers a first in class shopping experience with a beautiful website user interface.

Website structure

- Emmy.fi offers the customer a first in class shopping experience with beautiful user interface and logical site structure.
- Emmy.fi is easy to use online shopping platform with clear distinction between women, men, kids segments.
- The page offers clear information and guidelines for sellers of pre-used fashion.
- Customer is able to search through the different fashion item categories such as clothing, accessories, and shoes. Items can be further filtered according to sub classes, size, condition, brands, colours, seasonality, etc.
- The page has customer service chat option to respond to customer's questions online.
- Emmy aims at improving its webpage user interface constantly in order to improve conversion rates.

Emmy.fi page layouts



Retailers benefits

Emmy generates additional revenue and in-store traffic for retail partners.

- Emmy generates additional footfall by attracting consumers to stores for
 1. Dropping the products for sale
 2. Picking up gift cards
 3. Consuming the value of the gift cards
- It has been estimated that a single customer visit brings an average of 20-60 EUR sales lift for the retailer.
- Additionally, retailers get gift card money that is placed directly to their cash reserve, and then converts gradually into purchases.
- Typically, 10-20% of gift card value will never be used, and thus converts directly into profit.



Case Stockmann



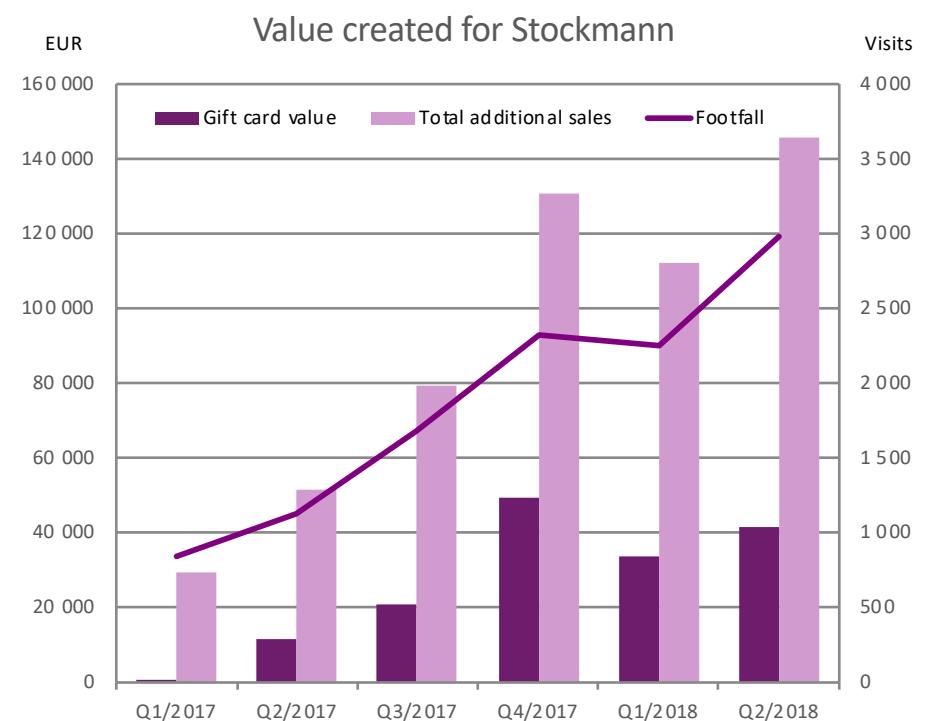
The partnership with Emmy has enabled Stockmann to build a brand of sustainability simultaneously generating 500 000+ € of additional sales.

Background & deal

- Stockmann is the “Harrods” of Finland with six (6) upscale department stores in prominent locations.
- The partnership with Emmy began in March 2017, with 1-2 Emmy drop boxes in each department store.
- Any Emmy seller may choose her earnings in Stockmann gift cards with a +10 % benefit paid by Stockmann.
- Gift cards are issued monthly, and need to be picked up from a Stockmann department store within 2 months.
- Stockmann has agreed to directly invest a minimum of 10% of total gift card value in marketing Emmy.
- Emmy does not pay any rents or fees to Stockmann.

Results

- By June 2018, the partnership has generated a total of
 - **11 200 visits** to Stockmann locations
 - **157 000 €** in Stockmann gift cards
- With an estimated average revenue of 35 € per visit, the **total value of the collaboration** is approx. **550 000 €**.



Source: Company information

Retail partnership model

Established and growing partnering network with leading domestic and international retail players supports the growth of Emmy.

Sourcing through retailers

- In May 2018, Emmy boxes were located in approximately 30 shopping malls.
- Emmy's business model aims at building partnerships with relevant fashion retailers operating both domestically and internationally. Relevant Finnish retail partners who operate also across the border include Stockmann and Citycon.
- For its growth and international expansion, Emmy will search for partners in Europe to increase its clothing sourcing network. International presence of partners such as Citycon, Stockmann, and Reima will further support the growth.
- Benefits of retail partners include customer traffic brought to the stores as well as consumer purchasing potential through gift cards that are awarded to the sellers after successful sales efforts on Emmy.fi platform.

Current retail partners

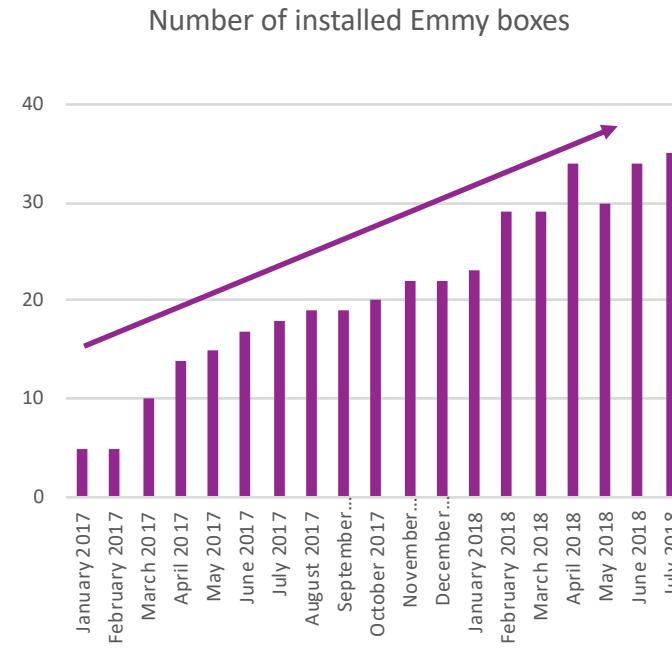


Source: Company information

Emmy.fi box network

Emmy has successfully expanded it's fashion collection network to cover large cities in Finland. The proven concept supports further expansion.

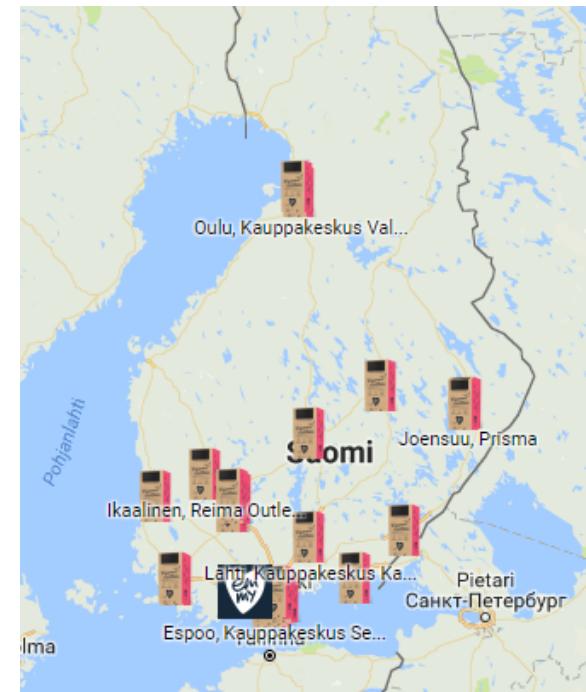
Box network size development



- Emmy has extended it's box network to reach all the large cities in Finland.
- As of August 2018, there are 35 locations with Emmy boxes for fashion product collection.
- Future steps are to expand the box network internationally to increase the consumer reach and inventory sourcing.

Emmy box network

As of June 2018



Source: Company information

Positioning : Existing solutions fail to satisfy the non-DIY seller's needs

Emmy targets sellers who want to minimize self-effort and still get their share from a batch of clothes.

Most competitors build platforms for enthusiasts who consider self-selling as a hobby.

Product-market fit fails in:

- Very high self-effort required
- Physical presence required
- Reaches a very small, hyperlocal market
- Requires direct contact & selling to customer
- Payments handled personally
- Limited assortment for the buyer, no return option
- Very low prices compared to actual value
- Comparably high rental fees for table/rack

Improvements to earlier:

- Wider market reach, still often local
 - Shift to digital space
- Additional failure:**
- Need to photograph and describe products
 - Posting multiple items for sale is time-consuming
 - Need to meet buyer, or handle deliveries personally
 - Buyer cannot buy from multiple sellers in one basket

Improvements to earlier:

- National or even global market reach
 - Guided entry, categorization
- Additional failure:**
- Assortment usually too wide to reach right buyers
 - Need to rely on wire transfers in payments
 - Need to handle shipments personally item-by-item

Facebook groups



Flea markets



Best for selling individual items



Best for batches of multiple items



BRANDS IN
NEW HANDS

The winning formula:

- Drop boxes in retail locations drive customer acquisition and make selling even easier
- Earnings in gift cards with extra +10% benefit
- Retail gets footfall & sales
- Focus on clothing only
- Premium but mainstream brands with high quality
- Authenticity checked
- Standardized sizes

Platforms with full service

Improvements to earlier:

- Even less effort needed in selling items
- Only one shipment action needed (sending items for sale)
- Buyer is able to buy from multiple sellers in one basket
- Buyer has a return option



Peer group overview

Emmy differentiates by making the selling of quality brand fashion easy. Item sourcing is partially carried out through Emmy drop box network.

	Estimated Revenue*	Item categories	Customer segment	Item sourcing	Photographing process	Geographical market	Last funding stage	Total disclosed funding
 - BRANDS IN NEW HANDS	1.9 MEUR	Second hand quality brand fashion	Women, men, children	Collection boxes or mail C2B delivery	Included in service	Finland; Europe	Angel	0.7m USD
	100 MUSD	High-quality second hand clothes	Women, Children	Mail C2B delivery	Included in service	USA	Series E	130.90m USD
	150 MUSD	Second hand fashion	Women, men, children	Mail C2C delivery	Self service	USA	Series D	149.50m USD
	100 MUSD	Pre-owned luxury fashion	Women, men, children	Mail C2B delivery after order	Self service	France, Europe	Series E	130.82m USD
	3 MUSD	Second hand products	Children	Mail C2C delivery	Included in service	Spain, France, Germany	Series A	3.62m USD
	45 MUSD	Second hand products	Women, men, children	Mail C2B delivery	Included in service	USA	Series C	32.0m USD
	9 MUSD	Second hand designer fashion	Women	3 service models for different product price levels	Both	UK, Europe	n/a	n/a
	0.3 MEUR	Second hand products	Women, men, children	Mail C2C delivery	Self service	Finland	n/a	n/a
	10 MUSD	Second hand fashion & home electronics	Women	Home pick up of products.	Included in service	Sweden	Series A	2.11m USD

*) Data has been gathered from multiple sources and may not be up to date, still giving illustrative ballpark on the revenue levels of the peer group.

Source: Pitchbook, Crunchbase, Financial Times, Funderbeam, Owler, Company information

Strictly confidential

Key competitiveness of the business model

Emmy differentiates from the competition with its collection box network, retailer partnerships, and easy to buy and sell business model.

Product sourcing

- Emmy offers effortless delivery of used clothes for sale. The seller does not have to sort or photograph any items he/she plans to sell. Most of the competitors expect the seller to take the product images before delivery, and also price them.
- Emmy's sourcing model is cost-effective. Products are mainly collected through centralized Emmy boxes, making the inbound logistics cost low compared to package by package delivery model used by competitors. Deliveries through Emmy box network are estimated to be half of the cost compared to a direct mail shipment.

Product images

- Emmy takes product images in-house making the image quality better compared to competitors images taken by the consumer.
- Emmy has developed proprietary model and software for high-throughput photographing, with 650+ photos per person per day
- In-house photographing also enables further technology development (such as AI) as the image quality can be controlled.

Retail model

- With retail partners, Emmy is able to expand its unique drop box network rapidly and cost-efficiently.
- For retailers, Emmy generates additional footfall by attracting consumers to their stores for (i) dropping items for sale, (ii) picking up gift cards, and (iii) consuming the value of the gift cards.
- Emmy wakes up money sleeping in wardrobes, which is placed on gift cards (i.e. retailers' cash reserve), and then converts gradually into purchases.

Customer profile

Average customer buys 5 items per order and pays 70 EUR per order.

Customer profile development

- During the last twelve months, average customer has placed purchases of 5 items and spent 70 EUR per order.
- Order size and value stability provides a good base for future revenue forecasting.
- According to marketing data, most reached customer segment by age is 35-44 year-old consumers, followed by segments of 25-34 and 45-54 year-olds.
- Buyer and seller profiles differ as 30% of sellers have bought and 10% of buyers have sold at the Emmy platform.



Management

The Company has a strong management team and an experienced advisor network.

Management team



JUHA MATTSSON (CEO)

Experienced growth & marketing executive.

Previously: Walkbase, Symbioosi, Oak Ventures, TKK Executive School of Business



HANNA AUTIO (COO, Co-Founder)

Experienced team leader & process expert.

Previously: Luksia, Omnia



EINO-ANTTI KUUSKOSKI (CTO)

Serial entrepreneur & digital multi-talent.

Previously: Kotia, Fidera, Testant, NULL Cooperative, Satel



MICHAEL LUTZEIER (CFO)

Experienced financial controller/manager.

Previously: The Button Corporation, Euroloan Group, Sulake Corporation, Air France

Advisors



MATTI COPELAND

Exec Director, Ernst&Young
Formerly SVP, Basware
Strategy, international business, legal/finance



TIINA HÄNNINEN

CEO & director positions at Besteller Finland, Vila, Stockmann/OneWay Apparel business



JOHANNES SCHULMAN

Chairman at Miltton Markets
Formerly CEO at FIM Finance, PR



NELLA GINMAN-TJEDER

CEO Eiran Sairaala
Formerly CEO at Ifolor
Digital business & marketing



JUHA VALVANNE

Nosto Founder
E-commerce, digital marketing, apparel business



AKU HAPPO

CEO, Smart Mile
Formerly VP eCommerce at Itella
Logistics, e-commerce

Selected board members

Niklas Geust

Former CFO at FIM, Private investor, formerly several management positions at FIM

Risto Valtakari

Former Managing Partner at Accenture, Private investor

Strictly confidential

Technology & assets

Technology development is a key driver of efficiency and scalability.

PROCESSES

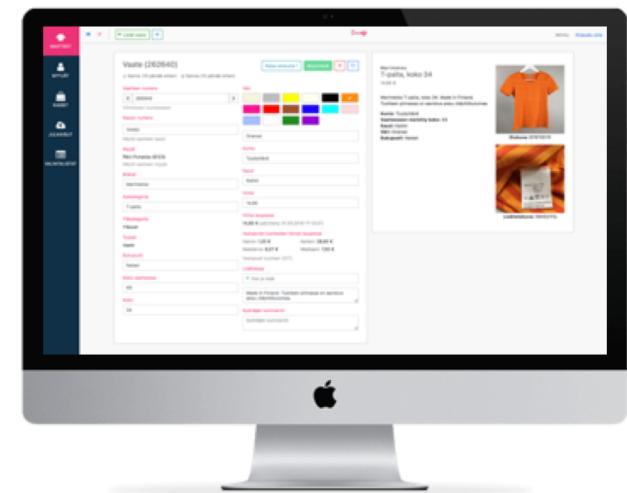
- Carefully designed, well optimized and fully documented process for the inbound processing of items: inspection & sorting, characteristics input, pricing, high-throughput photographing & warehousing
- An optimized model for fast pick-up of items for multiple orders in one round
- Effective returns handling & restocking
- Efficient inbound and outbound logistics networks, incl. proprietary model for emptying collection boxes

SOFTWARE

- Proprietary Editor 2.0 software platform that supports all phases of the internal processing, as well as product & customer data
- Webstore based on robust & scalable 3rd party ecommerce platform
- Proprietary software for photographing, order pickup & remittance calculation
- Robust marketing platforms productivity software in use

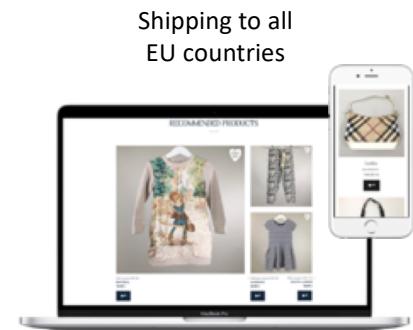
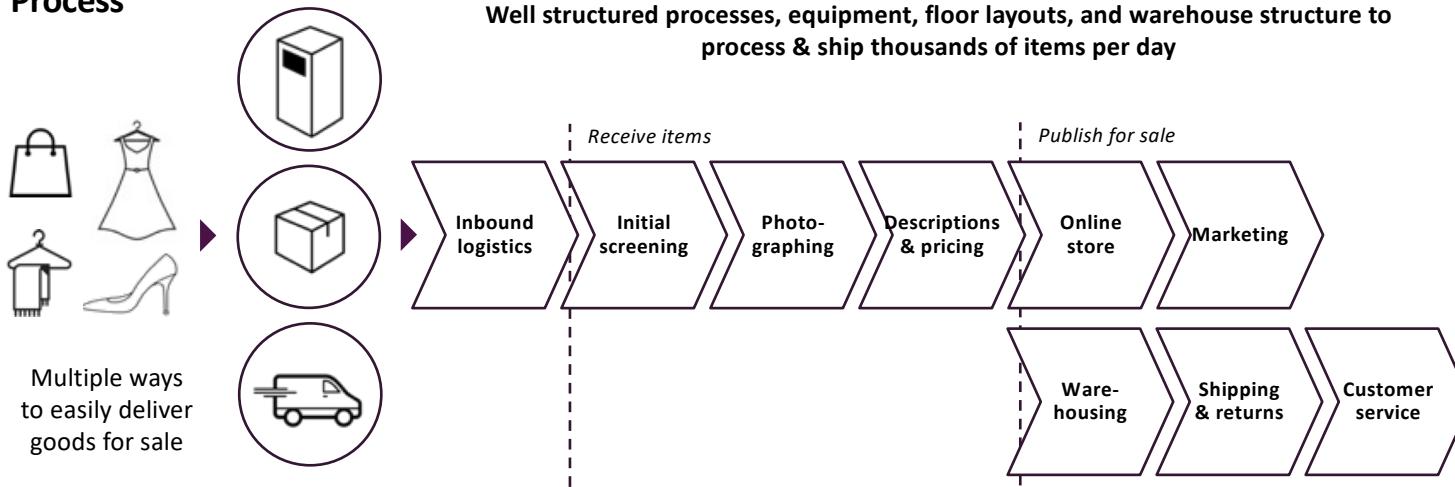
PHYSICAL

- Scalable and duplicable process layout combined with all necessary elements such as containers, storage boxes, and all necessary technology infrastructure
- A proven, repeatable & low-cost photographing setup with no professional photographing experience needed
- Proprietary inventory structure & layout, self-designed shelves & standard storage boxes for maximal efficiency & access
- Emmy drop box design & efficient manufacturing process



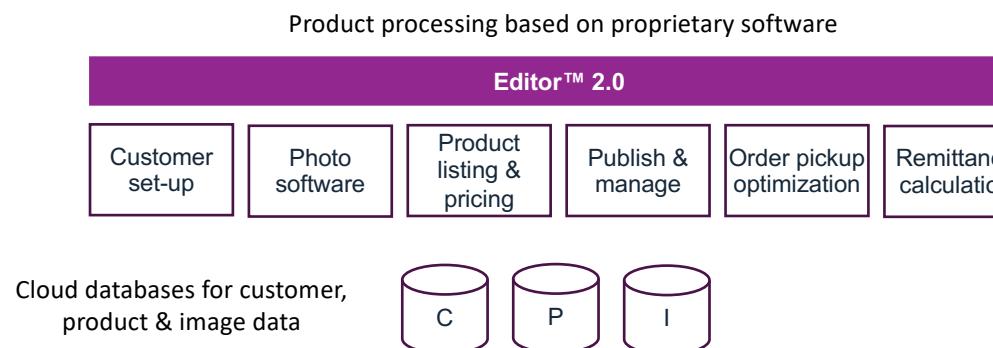
Efficient processes supported by proprietary software

Process



Stylish & fun online store with great user interface on all platforms

Software



Customer experience via 3rd party platforms

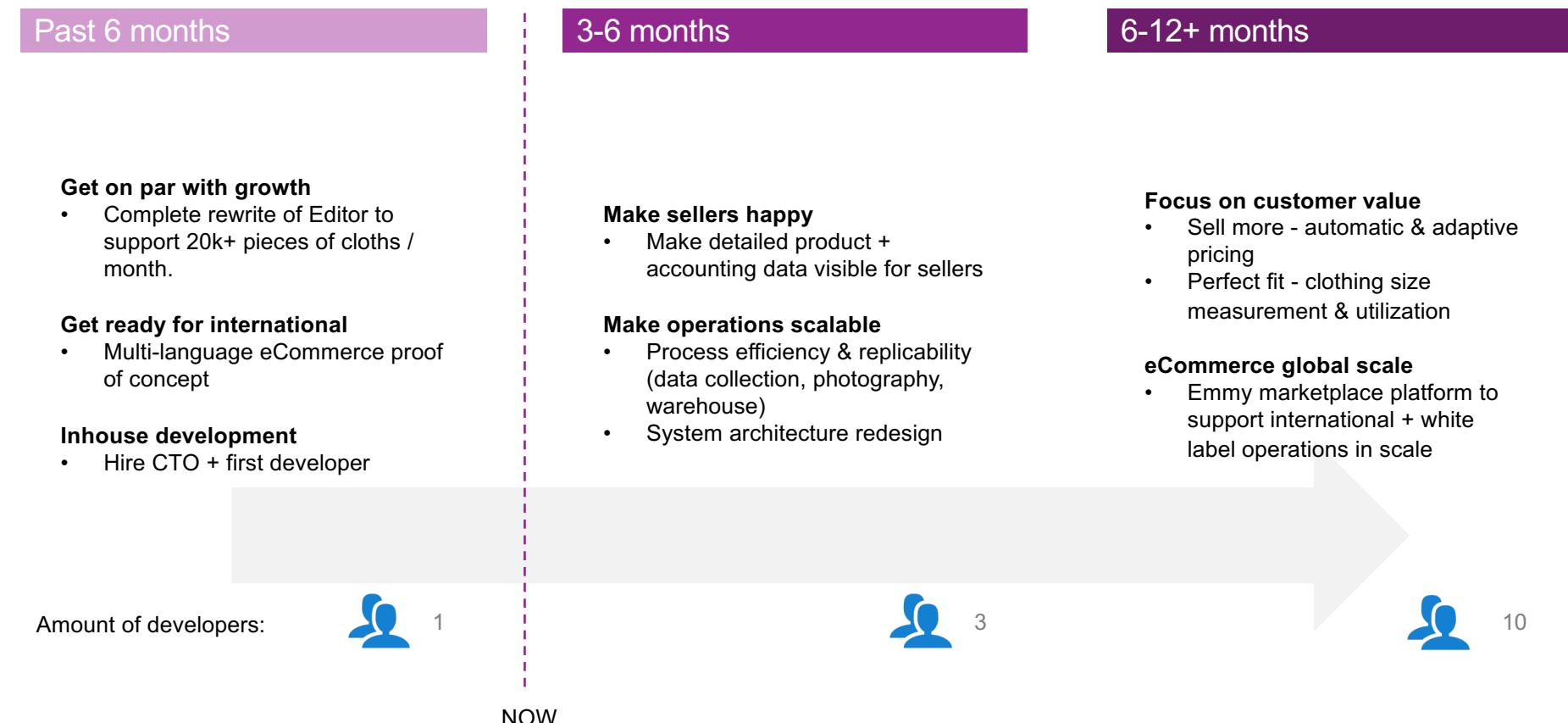
eCommerce (Shopify)

Marketing automation (HubSpot)

Customer service (Intercom)

Technology roadmap | 12+ months

Emmy has a clear vision on the technology developments needed during the next 12+ months.



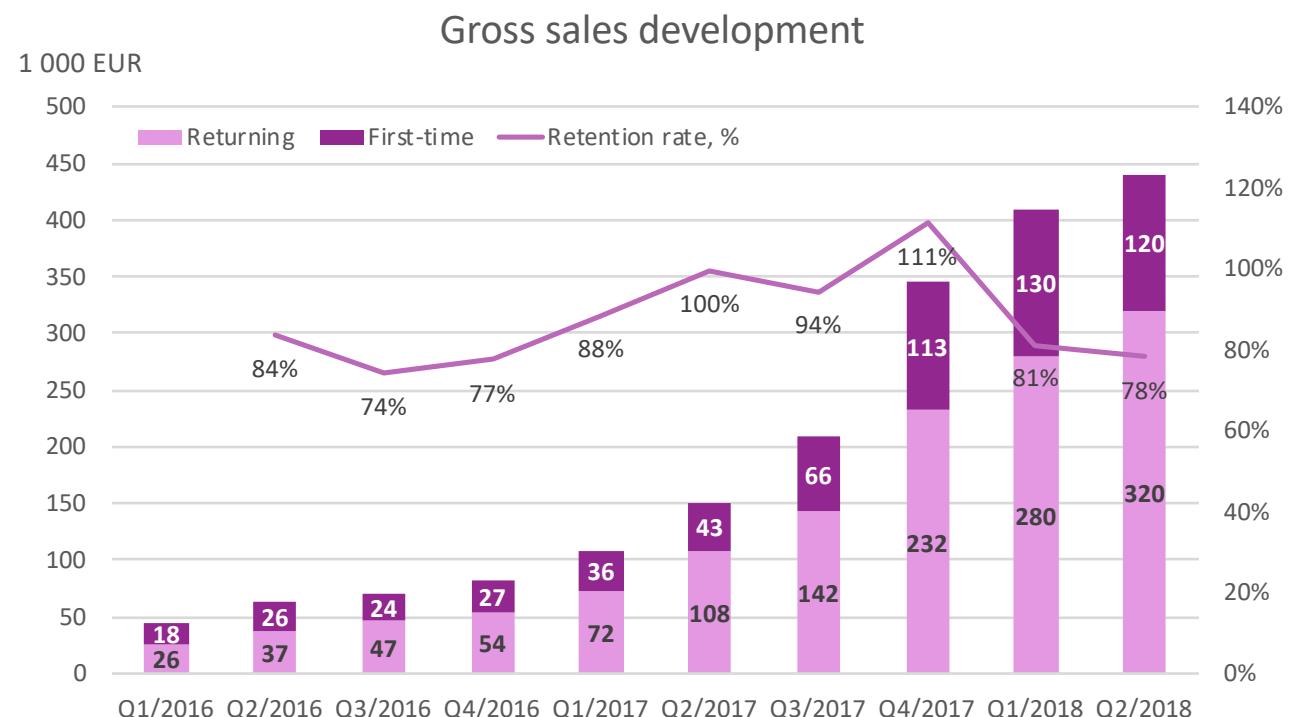
4. Business metrics

Customer retention

Customer retention rate remains high as Emmy's customers keep coming back.

Customer acquisition development

- Emmy has been able to keep increasing the amount of both new and returning customers as well as respective sales.
- Retention rate has averaged to 88% for last ten quarters demonstrating efficiency in delivering great shopping experience.



Retention rate = Current quarter returning sales / Previous quarter total gross sales

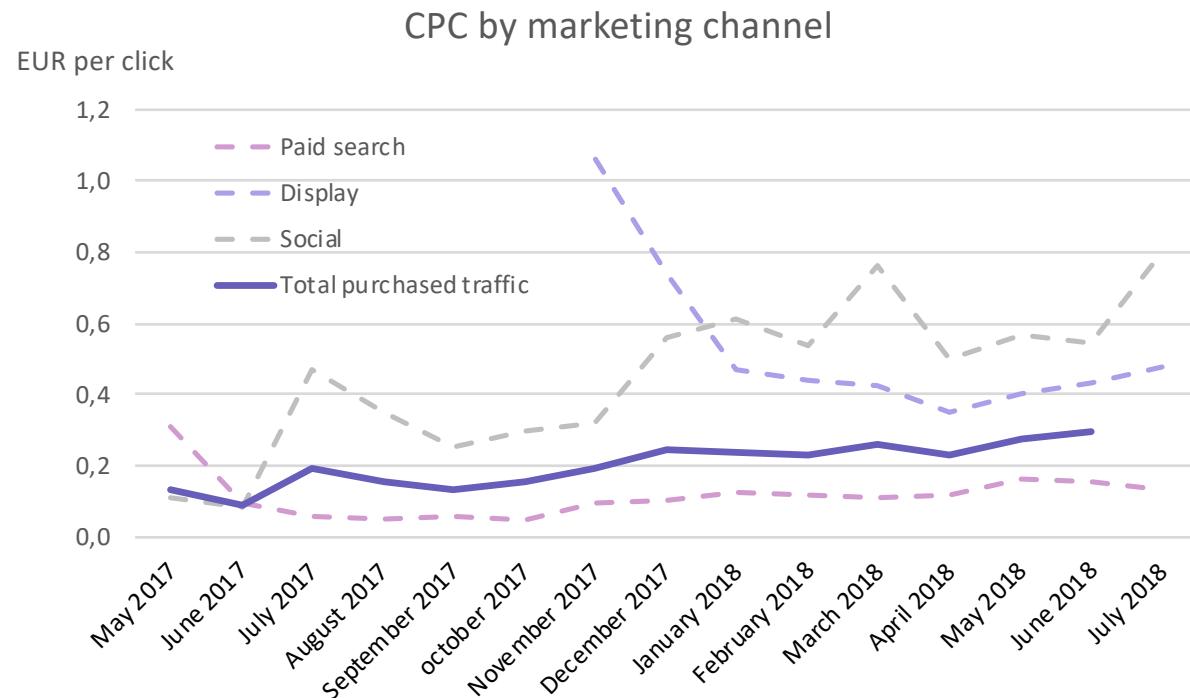
Source: Company data

Cost per click (CPC)

The Company has been able to maintain CPC below industry average.

Emmy.fi CPC development

- Paid marketing efforts have generated average cost per click of 0.2 EUR for the last twelve months.
- The Company has been effective in marketing keeping its total cost per click level below industry average, 0.5 EUR per click.
- Cost Per Click on purchased traffic has increased slightly during the last year of operations. This can be considered natural as CPC usually increases slightly related to increased marketing spending.



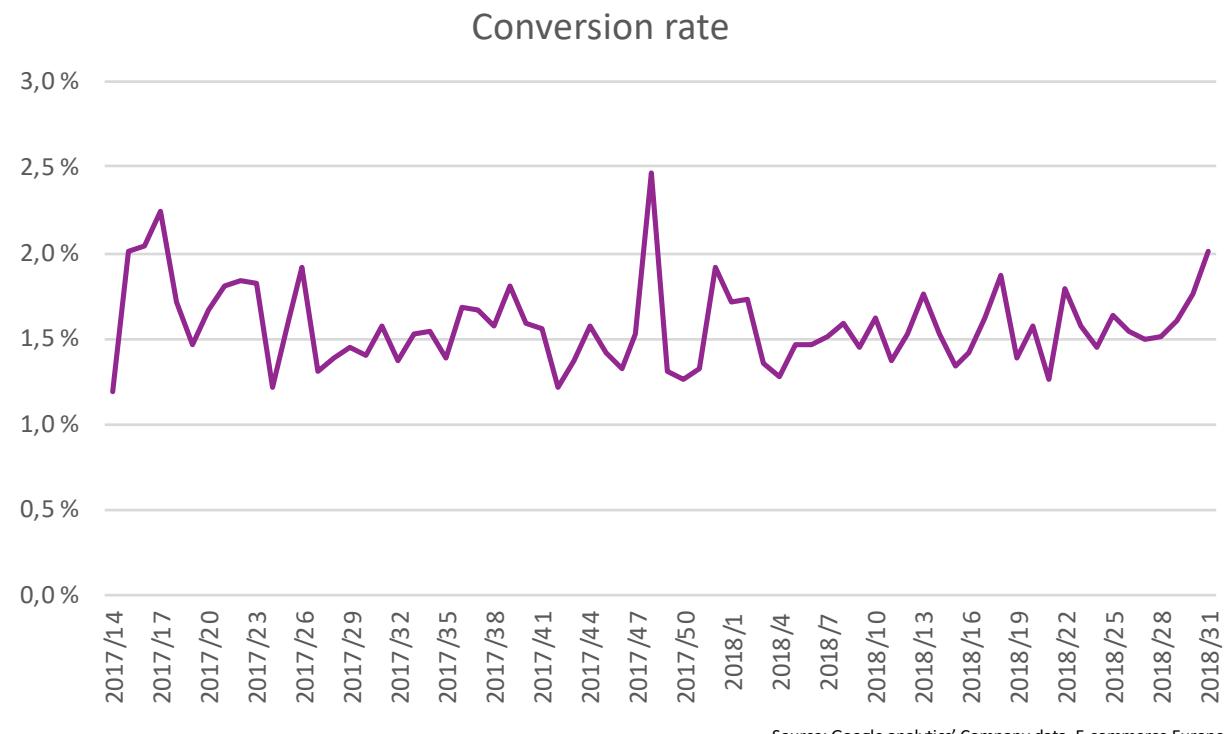
Source: Google analytics' Company data, E-commerce Europe

Conversion rate

The Company has room to improve its conversion rate from 1.5%.

Emmy.fi conversion rate development

- Conversion rate measures how effectively website visits are converted to actual orders.
- Emmy.fi has been able to achieve a conversion rate of 1.5% as the last twelve month average.
- Industrial average in Europe is estimated to be approximately 1.8% leaving potential room for improvement for sales funnel optimization. With seller traffic omitted, the Company is very close to the benchmark.

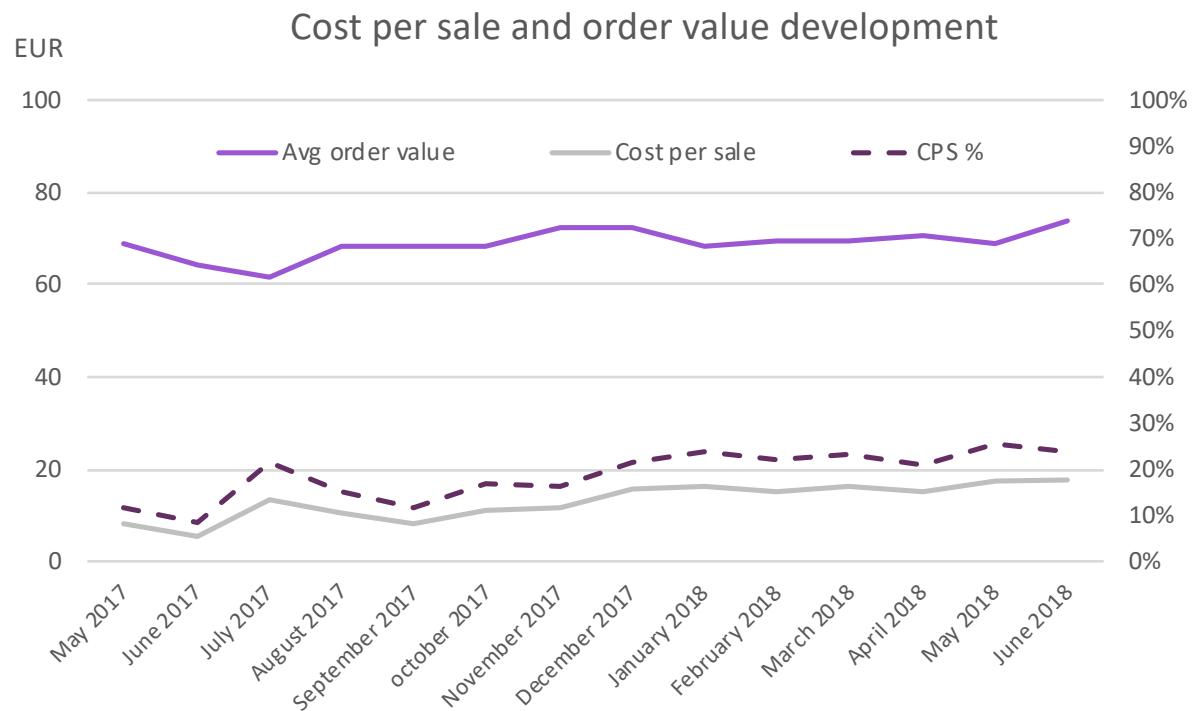


Order value & Cost per sale (CPS)

Average order size has improved last year, while cost per sale is slightly above industry average benchmarks.

Cost per sale & order value development

- Website's average last twelve month order value has been 70 EUR while average cost per sale has been 14 EUR.
- Order value has showed improvement during the last six months.
- Cost per sale (CPS) is calculated as a ratio of Cost per click / Conversion rate.
- CPS % (Cost per sale to order size) has averaged to 20% for the last twelve months. This is above European industry average, 9%, leaving potential room for further improvement.

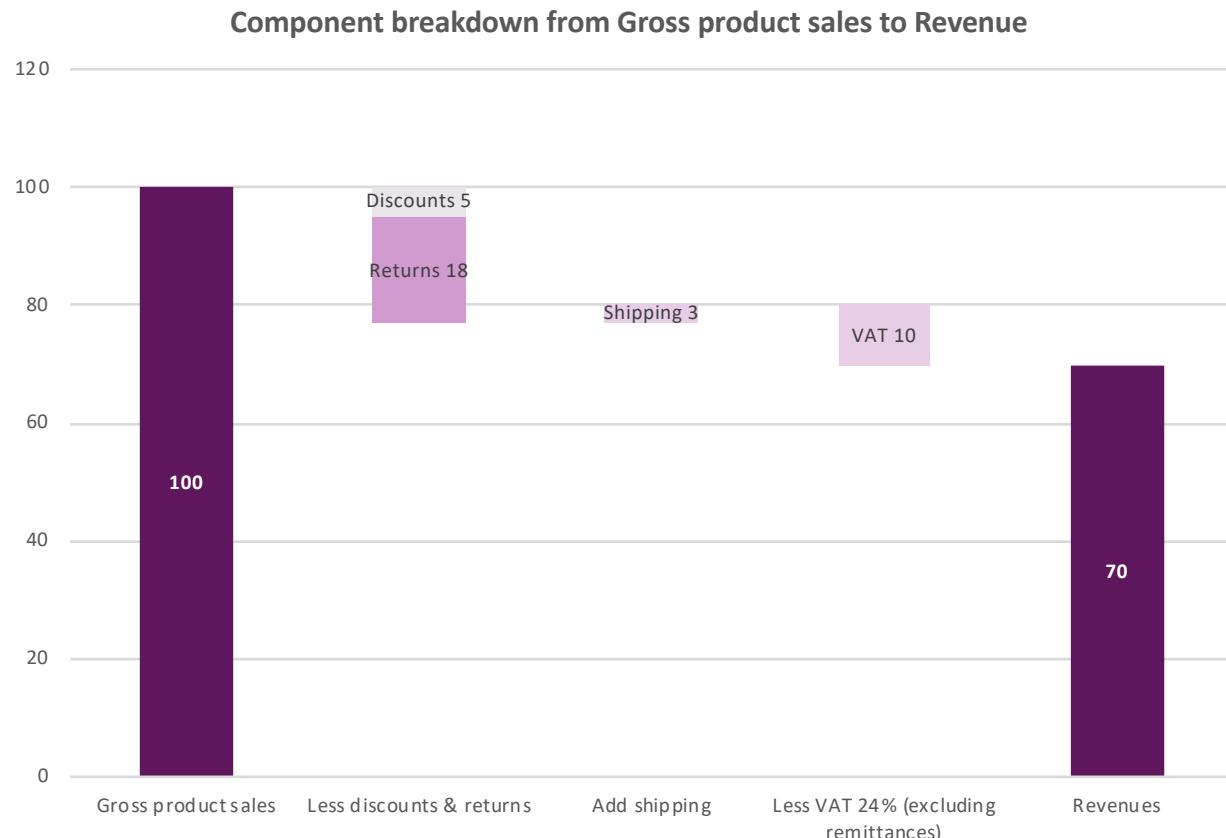


Source: Google analytics' Company data, E-commerce Europe

Gross product sales & revenue

As of Q3/2018:

- Discounts are approx. 5% of Gross product sales
- Returns are approx. 18% of Gross product sales
- Shipping & return fees are approx. 3% of Gross product sales
- Remittances amount to approx. 32% of Revenues and approx. 22% of gross sales.
- **Revenues amount to approx. 70% of Gross product sales.**



Simplified VAT = $24/124 * (GPS - \text{discounts} - \text{returns} - \text{remittance})$

Strictly confidential

Source: Company information

Path to profitability

Emmy's planned development roadmap is estimated to double it's gross margin within the next two years.

Within the next two years, Emmy's management believes that the variable cost structure can be improved as follows:

Remittances: -6 units (now approx. 32 units)

- Implementation of 1-2 remittance decreases, next in 2019

Variable personnel costs: -12 units (now approx. 26 units)

- Process automation (including pricing, image recognition)
- Reorganization of the process and removal of unnecessary work steps
- Separate process tracks for different types of items (e.g. cheap, expensive, special cases)
- Reorganization of returns handling & inventory
- Additional productivity tools (including speech recognition, RFID tags, pricing algorithms, real-time target vs. actual tracking on the factory floor, error detection, etc.)
- Step-by-step shift to locations with lower labor cost levels

Logistics +/- 0 units (now approx. 16 units)

- Estimated 10-20% reductions in unit shipping costs in high-volume countries
- However, geographical expansion is expected to increase the average cost per shipment

Main warehouse +/- 0 units (now approx. 3 units)

- Scale benefits and cheaper unit costs are achievable (e.g. transfer to Estonia)
- On the other hand, additional technology & equipment is likely to be required with growth

Other variable costs +1 units (now approx. 4 units)

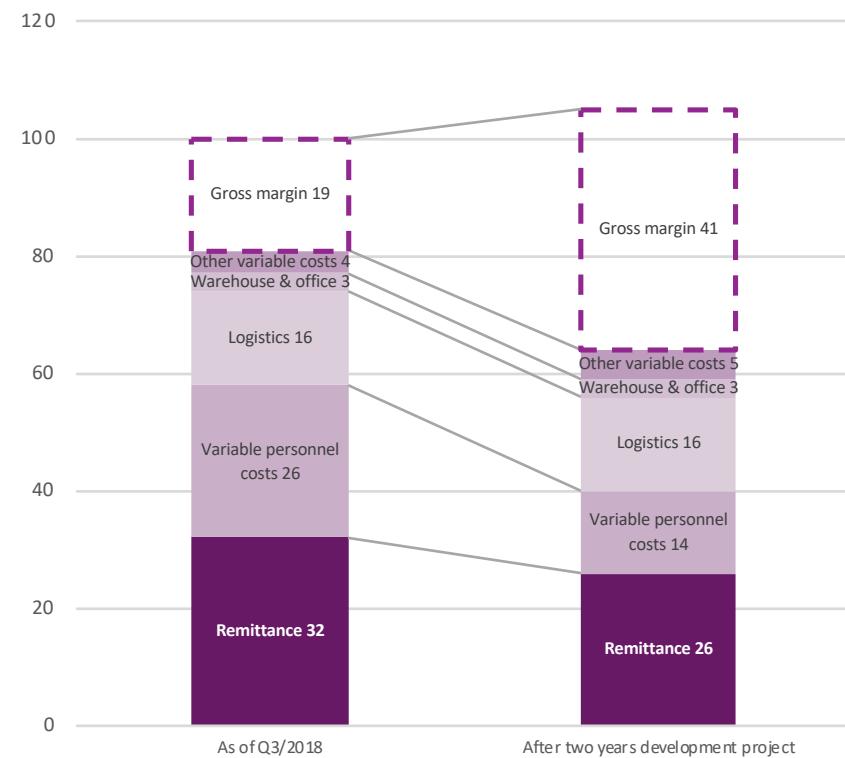
- Moving from plastic carrying bags to paper

Factors boosting revenue (without respective cost side effect): +5 units

- Pricing optimization
- Improving e-commerce conversion rate (UX)
- These together will improve (a) average price per item and (b) average order value
- Also the percentage of unsold items will decrease

NET RESULTANT EFFECT ON GROSS MARGIN: +22 UNITS

Potential revenue and cost structure development scenario for next two years



Source: Company information

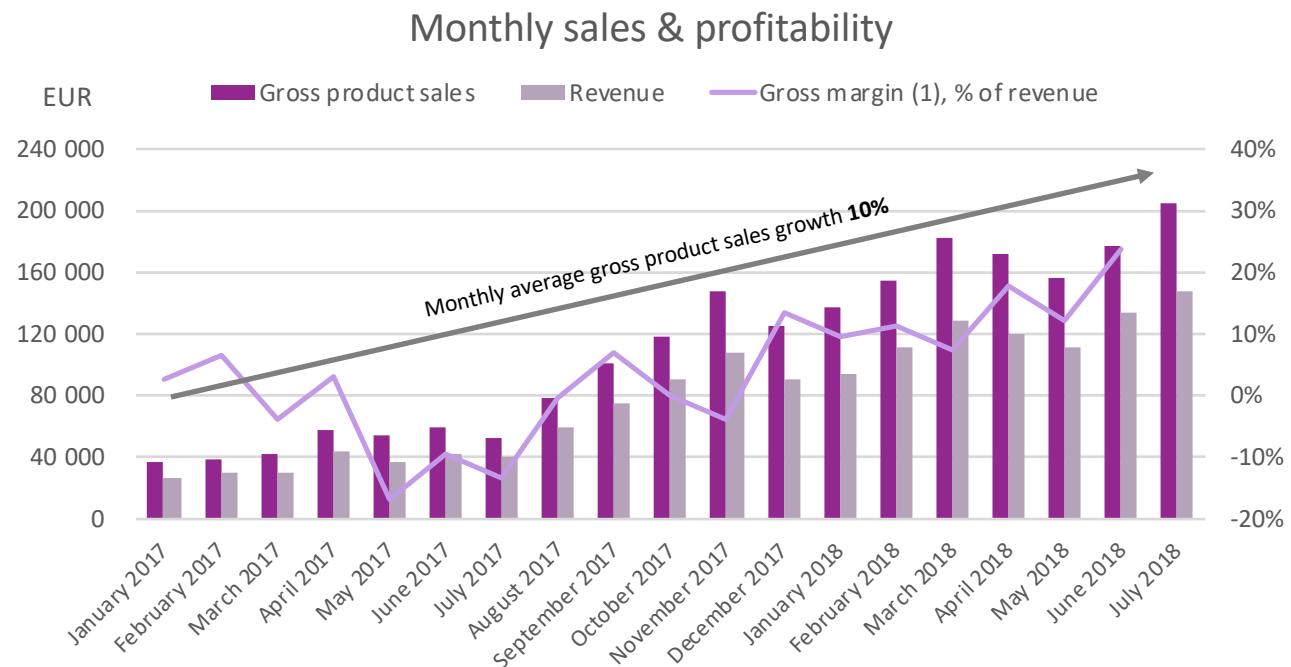
5. Financial overview

Sales momentum & profitability

Emmy has a good track record increasing monthly market place sales activity.

Sales momentum & profitability development

- Monthly gross product sales has grown at an average of 10% during the last 18 months.
- The gross product sales has multiplied in one year from 50 000 EUR to 200 000 EUR per month.
- Sales cycles are seasonal and introduce variation in the monthly sales figures.
- Emmy has turned gross margin positive and continued to improve efficiency of the business operations during the last twelve months.



Gross product sales represents total trade volume of the market place.
Revenue adds shipping & return fees and excludes discounts, returns & service VAT from Gross product sales
Gross margin (1) excludes variable marketing costs
July 2018 Revenue figure is an initial management estimate

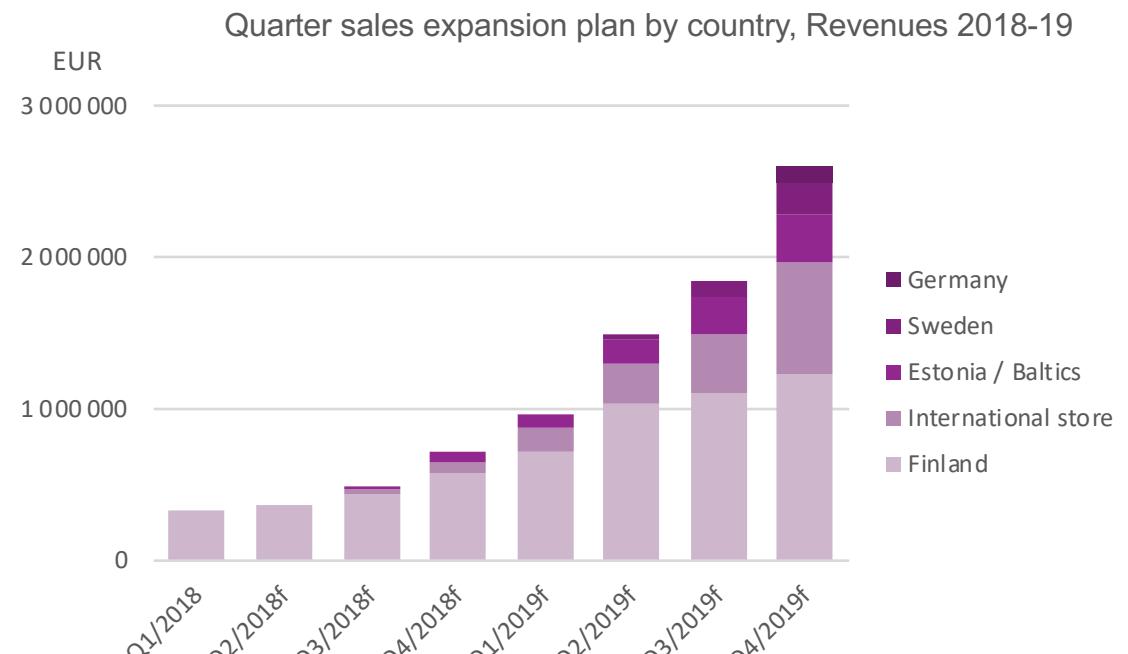
Source: Company data

Business plan – short term expansion

The Company's business plan is to expand first through an international webstore, followed by a local Emmy box network and local webstores.

Business plan for short-term international expansion

- Finland business operations are expected to continue growing during 2018 and 2019 continuing to create the largest share of Emmy's total revenues.
- During 2018 and 2019, the Company will expand its operations internationally first through an English webstore (International store) followed by locally translated webstores and local box networks in Estonia, Sweden*, and Germany*.
- Estonian business operations are ready to be launched and will start operating during Q3/2018.
- International webstore is under final constructions and is planned to be launched during Q3/2018.
- The Company plans to enter Germany and Sweden during 2019.
- Expansion will need increased marketing efforts as well as capacity increases in item processing processes.
- The Company is actively seeking to find a strong European retail partner that could help with a rapid market entry & scale-up of 100+ boxes.



*) Some geographical market entries including Germany, Sweden, Denmark are tentative plans and subject to further research.

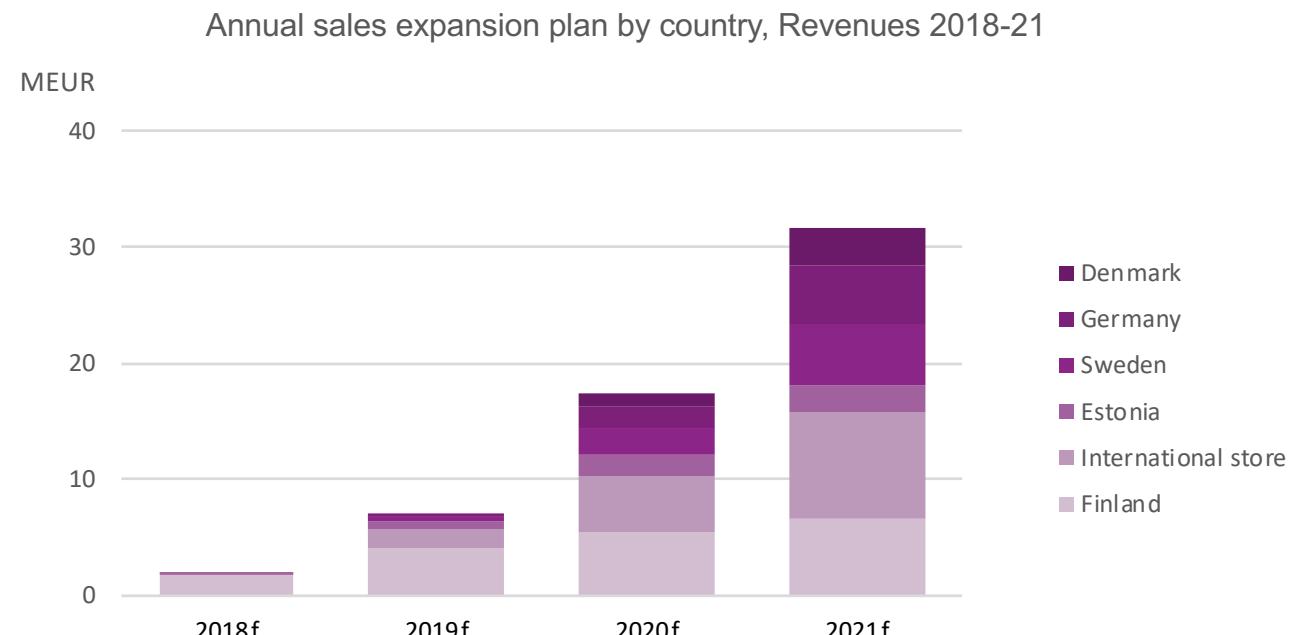
Source: Management estimations

Business plan – long term expansion

During 2018-2021 Emmy plans to establish a strong foothold and gain market share in the selected market areas.

Business plan for long-term international expansion

- The Company aims at entering and growing its local business operations long-term in selected geographical markets including Estonia, Germany, Sweden, and Denmark.*
- Emmy aims at growing its International Store along with locally translated webstores and box networks.
- Operations in Finland are expected to continue growing along with other market segments.



*) Some geographical market entries including Germany, Sweden, Denmark are tentative plans and subject to further research.

Source: Management estimations

Market entry steps

Launching a new market

To expand into a new geographical market, Emmy will carry out following steps:

1. Market assessment & feasibility study (consultant)
2. Market entry plan (consultant, company)
3. Find leading retail partner (consultant, company)
4. Begin setting up translations & store (company, translator service)
5. Identify other partners, incl. box locations, marketing agency, PR, logistics (consultant, company)
6. Hire country manager (consultant, company)
7. Formalize partnerships & coordinate activities (CM, company, consultant)
8. Finalize store & local materials (CM, company)
9. Soft launch = index store run test orders (CM, company)
10. Full visible launch (CM, everyone else involved)

Total running time from 1. to 10. is approximately 6 months

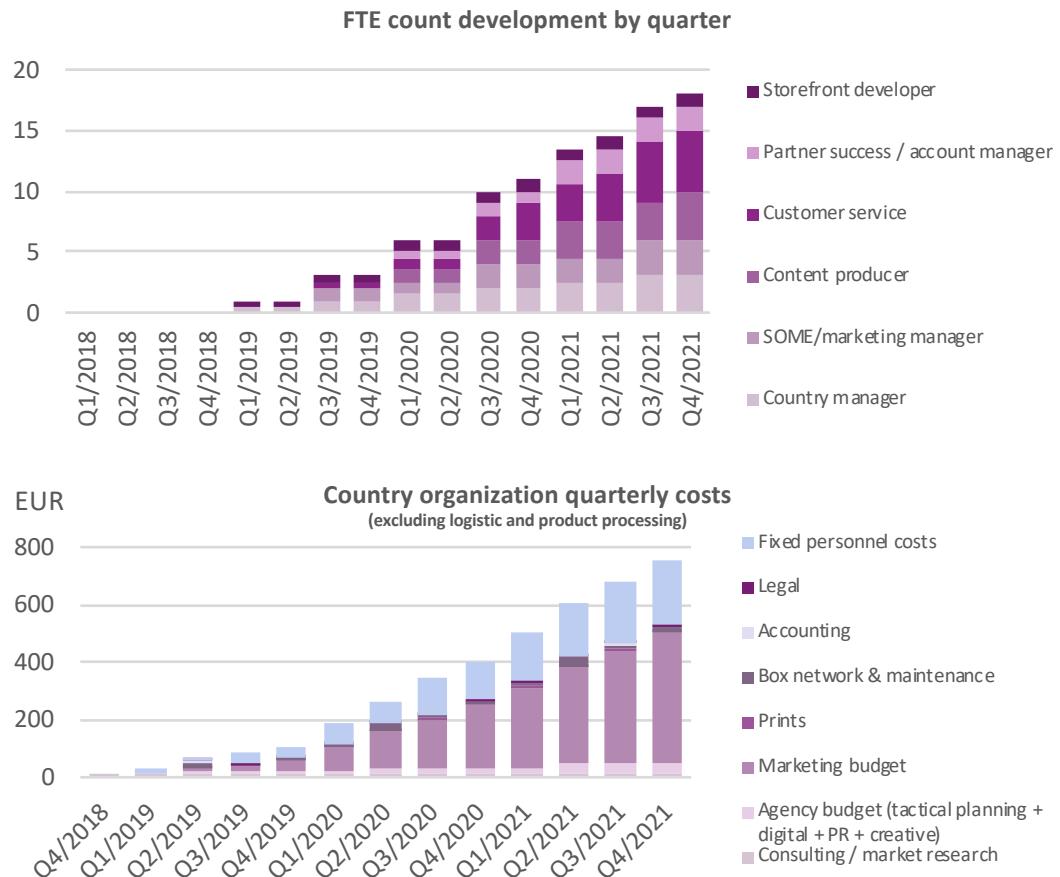
Initial assessment period

Launching is followed by 6 months initial assessment period operated by a country manager and partner network.

Further expansion

If new market proved potential, the organization will be further expanded with:

1. SOME/marketing manager (can be outsourced)
2. Customer service manager
3. Content producer (can be outsourced)
4. Storefront developer (can be outsourced or from group organization)
5. Partner success / account manager



Source: Company information

Income statement

Emmy is expected to show increased revenues and profitability during 2018-2021.

- Revenues have increased between 2016 and 2018. In 2018 revenues are expected to increase to 1.9 MEUR including the launch of Estonian operations and the international webstore. Revenues are expected to keep increasing as a result of the international expansion and growth in Finland.
- Gross margins 1 & 2 are estimated to experience a drop in 2018 due to variable cost increases caused by expansion plans. Gross margins are estimated to improve through the following years as a result of decreased relative item processing and remittance costs.
- EBITDA and EBIT are expected to turn positive in 2021 as a result of increased sales volumes and scale economies.

Income statement, 1 000 EUR	2016*	2017*	2018f	2019f	2020f	2021f
Revenue	210	672	1 904	6 910	17 350	31 540
<i>growth %</i>	0 %	220 %	183 %	263 %	151 %	82 %
Remittances	-18	-318	-682	-2 102	-4 858	-8 516
<i>% of revenue</i>	-9 %	-47 %	-36 %	-30 %	-28 %	-27 %
Logistic & item processing costs	-139	-281	-1 116	-3 309	-7 296	-11 081
<i>% of revenue</i>	-66 %	-42 %	-59 %	-48 %	-42 %	-35 %
Gross profit (1)	53	72	106	1 499	5 196	11 943
<i>% of revenue</i>	25 %	11 %	6 %	22 %	30 %	38 %
Variable marketing costs	0	-42	-227	-798	-1 939	-3 507
<i>% of revenue</i>	0 %	-6 %	-12 %	-12 %	-11 %	-11 %
Gross profit (2)	53	30	-121	701	3 258	8 436
<i>% of revenue</i>	25 %	5 %	-6 %	10 %	19 %	27 %
Fixed personnel costs	-60	-170	-471	-1 860	-3 051	-4 083
Other fixed operating costs	-226	-213	-347	-1 006	-1 703	-2 381
EBITDA	-233	-353	-939	-2 165	-1 496	1 972
<i>% of revenue</i>	-110,9 %	-52,5 %	-49,3 %	-31,3 %	-8,6 %	6,3 %
Other income	71	11	100	0	0	0
D&A	-1	-1	-54	-101	-101	-101
EBIT	-162	-344	-893	-2 266	-1 597	1 871
<i>% of revenue</i>	-77,2 %	-51,1 %	-46,9 %	-32,8 %	-9,2 %	5,9 %
Financial expenses	-1	-5	-10	-10	-10	-10
Tax	0	0	0	0	0	0
Net income	-163	-349	-903	-2 277	-1 607	1 861

*) In 2016 & 2017 cost structure represents a non-audited estimation
f) forecast

Source: Company information & management estimations

Balance sheet & cash flow statement

Business model provides Emmy with favourable payment terms regarding item suppliers and customers.

Balance sheet

- Inventory will not increase on the balance sheet as the Company does not own the items during the sales process but acts only as a middle man.
- Value in item processing at the warehouse is accounted as part of other receivables and forms a major component in Assets' side of the balance sheet.
- Account payables and other current liabilities include payables to item sellers as well as salary related liabilities etc.
- Business model provides Emmy with favourable payment terms regarding item suppliers and customers.

Cash flow statement

- The Company is expected to raise some 2 MEUR equity capital this year followed by another funding round during 2019-2020 to keep the Company cash flow positive during the expansion phase.
- Following the expansion & growth plan, The Company is forecasted to turn cash flow positive in 2021.

Balance sheet, 1 000 EUR	2016	2017	2018f	2019f	2020f	2021f
Intangible assets	3	243	433	336	240	144
Tangible assets	0	25	20	15	10	5
Inventory	0	0	0	0	0	0
Accounts receivable	7	34	31	114	285	518
Other receivables	43	133	118	441	1 093	2 000
Cash and cash equivalents	10	9	1 549	1 839	2 353	5 655
Total assets	63	444	2 151	2 746	3 982	8 322
Equity	-51	20	1 117	840	233	2 094
Non-current liabilities	30	99	697	697	697	697
Accounts payable	41	142	168	604	1 526	2 766
Other current liabilities	41	142	168	604	1 526	2 766
Total Liabilities & Equity	63	444	2 151	2 746	3 982	8 322
Cash flow statement, 1 000 EUR			2018f	2019f	2020f	2021f
Operating cash flow				-820	-1 709	-486
Financing cash flow				2 598	2 000	1 000
Investing cash flow				-238	0	0
Net increase (decrease) in cash				1 540	291	514
Opening cash balance				9	1 549	1 839
Closing cash balance				1 549	1 839	2 353
f) forecast						5 655

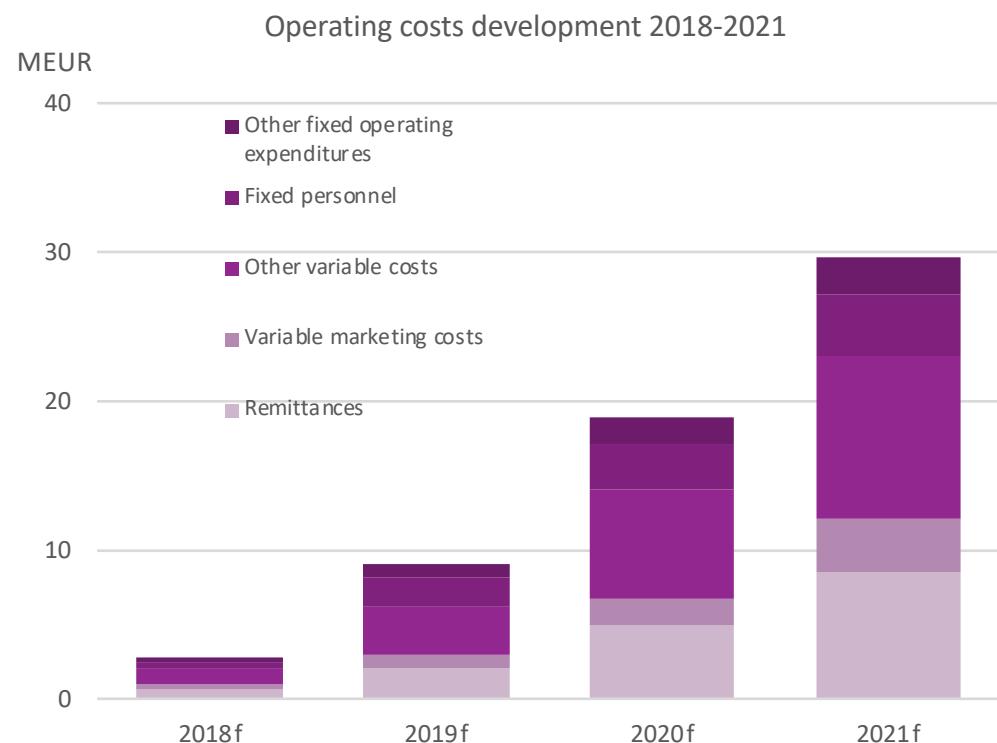
Source: Company information & management estimations

Investment plan

Emmy invests in growth by strengthening its organization, operations, and marketing.

Cost development of the planned expansion

- International expansion of Emmy's operations requires investment and increased spending in marketing, logistics, and growing the organization.
- Remittance and variable marketing costs are expected to grow and reflect to the revenue growth of the Company.
- Other variable costs include item processing related costs such as warehouse personnel costs and logistic costs related to product sourcing and delivery.
- Fixed personnel costs include investments in developing local country organizations, technology team and group management functions.
- Other fixed operating expenditures include mostly warehouse related expenses and external consulting resources regarding market research, marketing and media among others.



Source: Management estimations



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