

SIGNIFICANT PROFITABILITY IMPROVEMENT IN A WEAK DEMAND ENVIRONMENT

Verkkokauppa.com Oyj – Financial Statements Bulletin 2024

6 February 2025 | Panu Porkka, CEO | Verkkokauppa.com Oyj



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Q4 2024 RESULTS

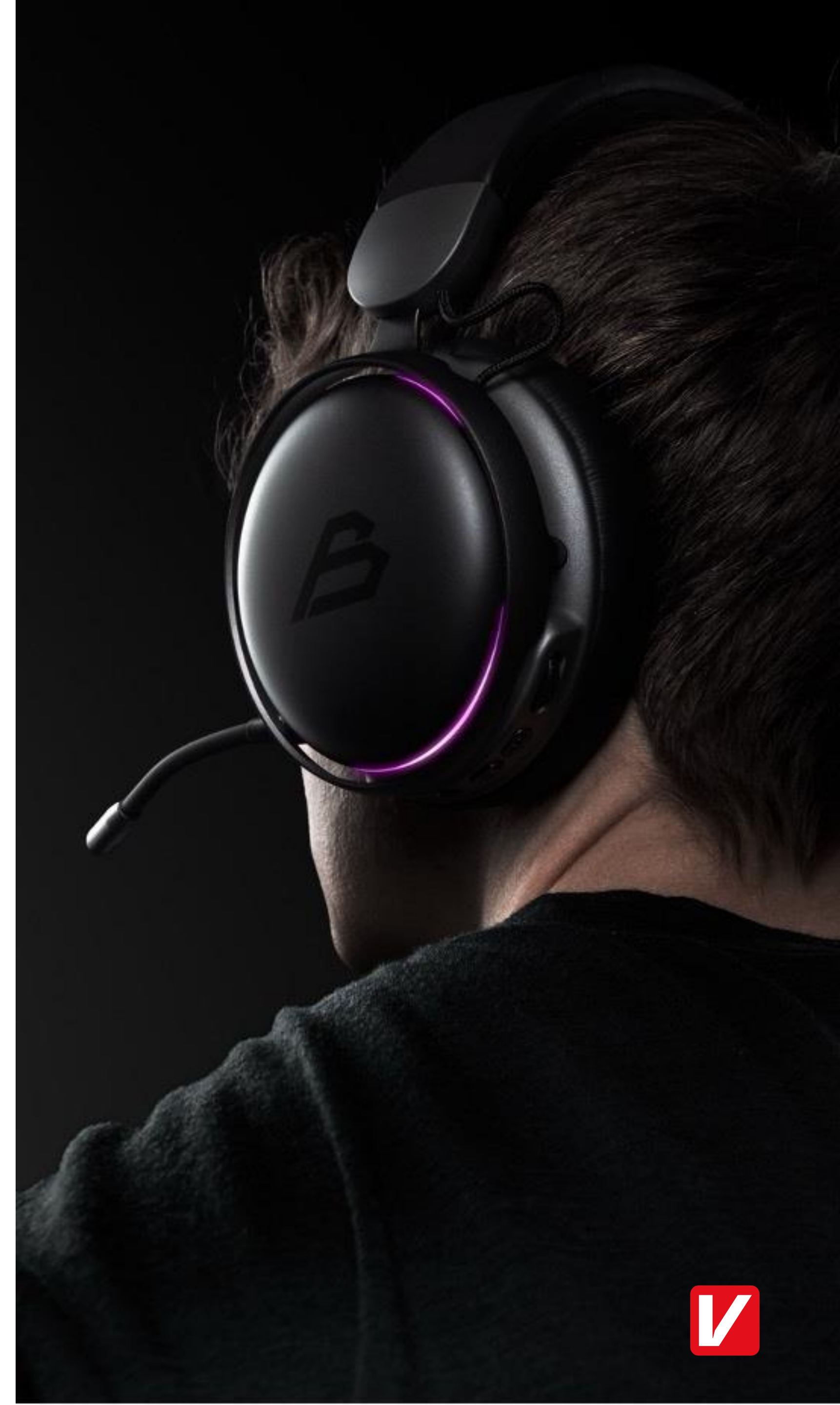
01 Market development

02 Q4 2024 performance

03 Strategy execution

04 Market outlook and guidance

05 Key takeaways



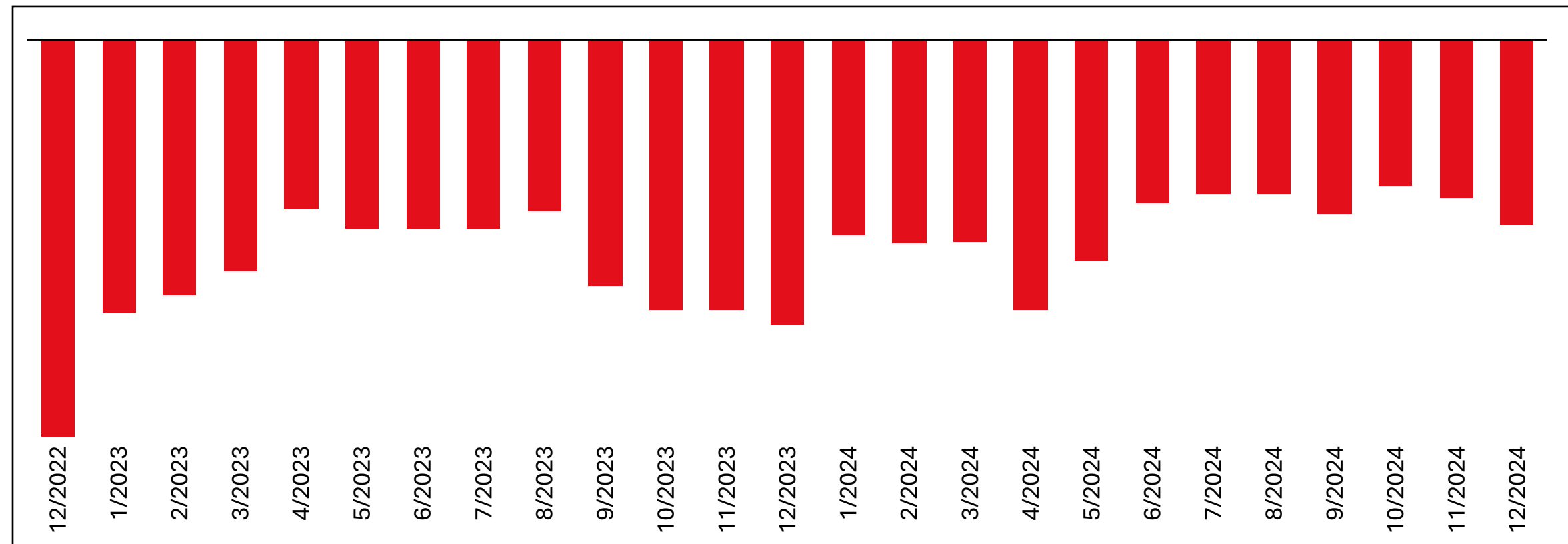
A woman is shown from the chest up, holding a camera with a large lens. The entire image is overlaid with a semi-transparent red filter. Large, dark red geometric shapes, resembling stylized letters 'A' and 'V', are positioned on the left and right sides of the image. The text 'MARKET DEVELOPMENT' is centered over the woman's face and camera.

MARKET DEVELOPMENT

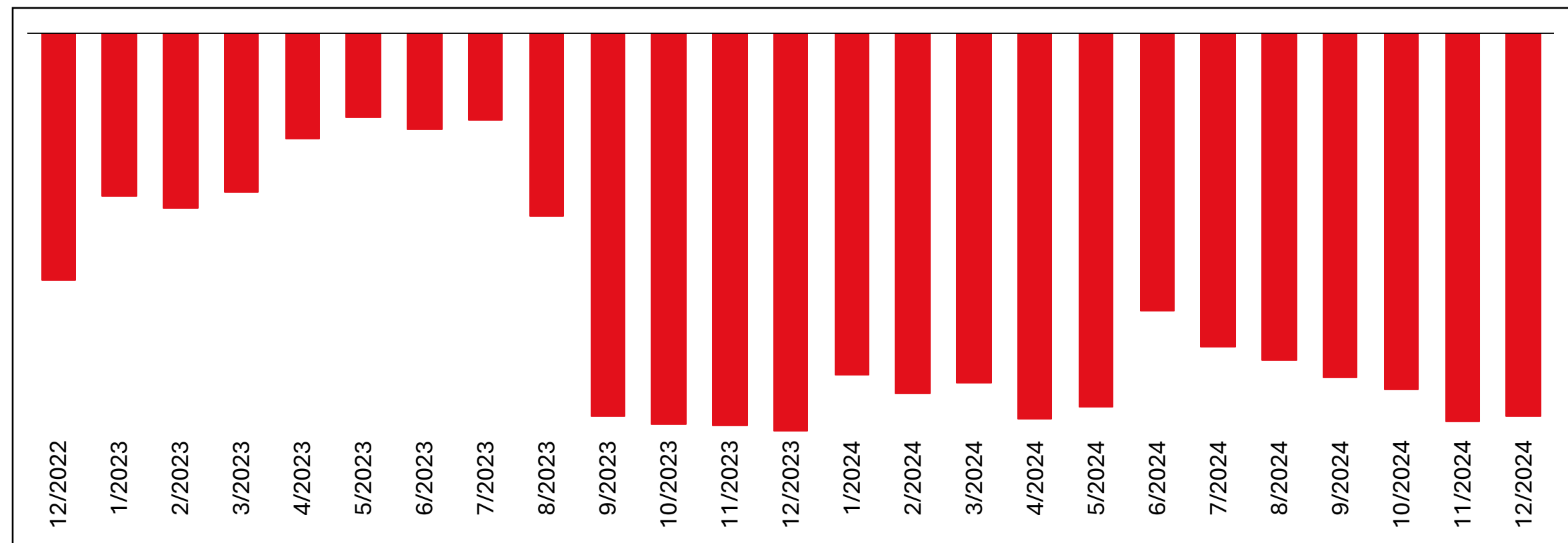


CONSUMER CONFIDENCE WEAKENED SLIGHTLY DURING THE QUARTER

Consumer confidence in Finland



Consumers' expectation of unemployment development over the next 12 months



Source: Statistics Finland

Q4/2024 development

- Consumer confidence weakened slightly compared to the previous year
- The assessment of the current state of one's own finances deteriorated compared to the previous quarter
- The time was still considered very unfavorable for purchasing durable goods
- Expectations regarding the overall development of unemployment weakened during the quarter
- Private consumption decreased over the past year
- The consumer electronics market in Finland declined by 3.5 percent during the fourth quarter (source GfK)

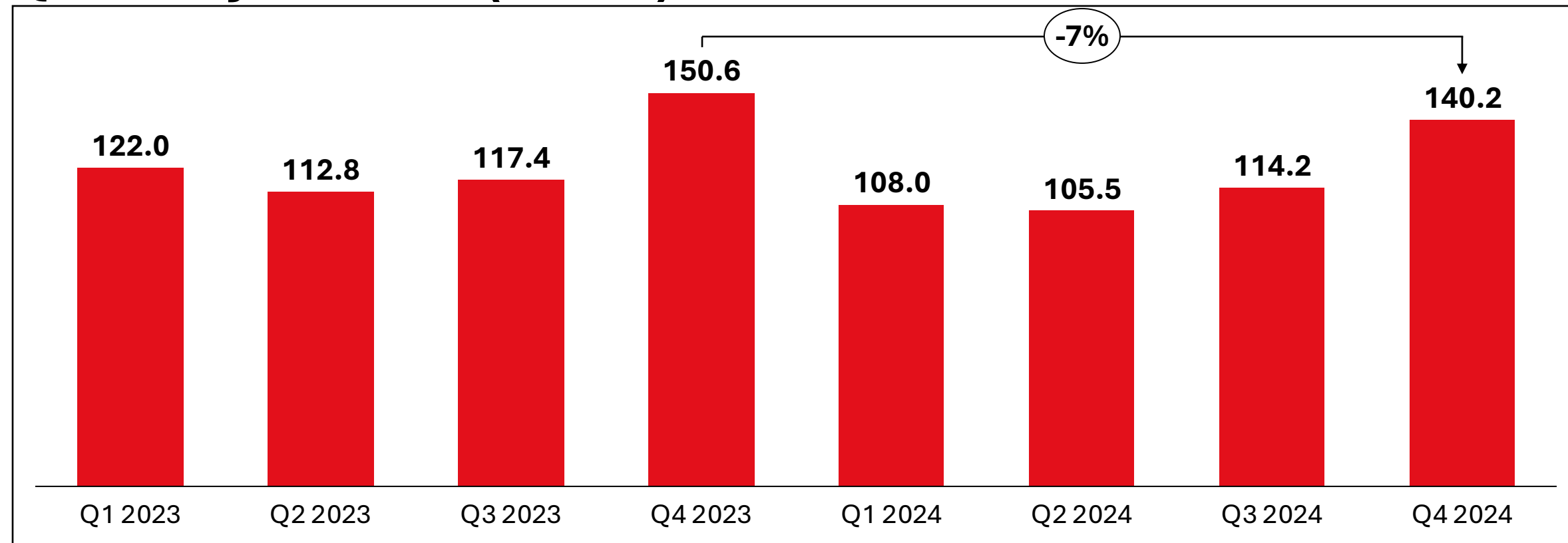


Q4 PERFORMANCE

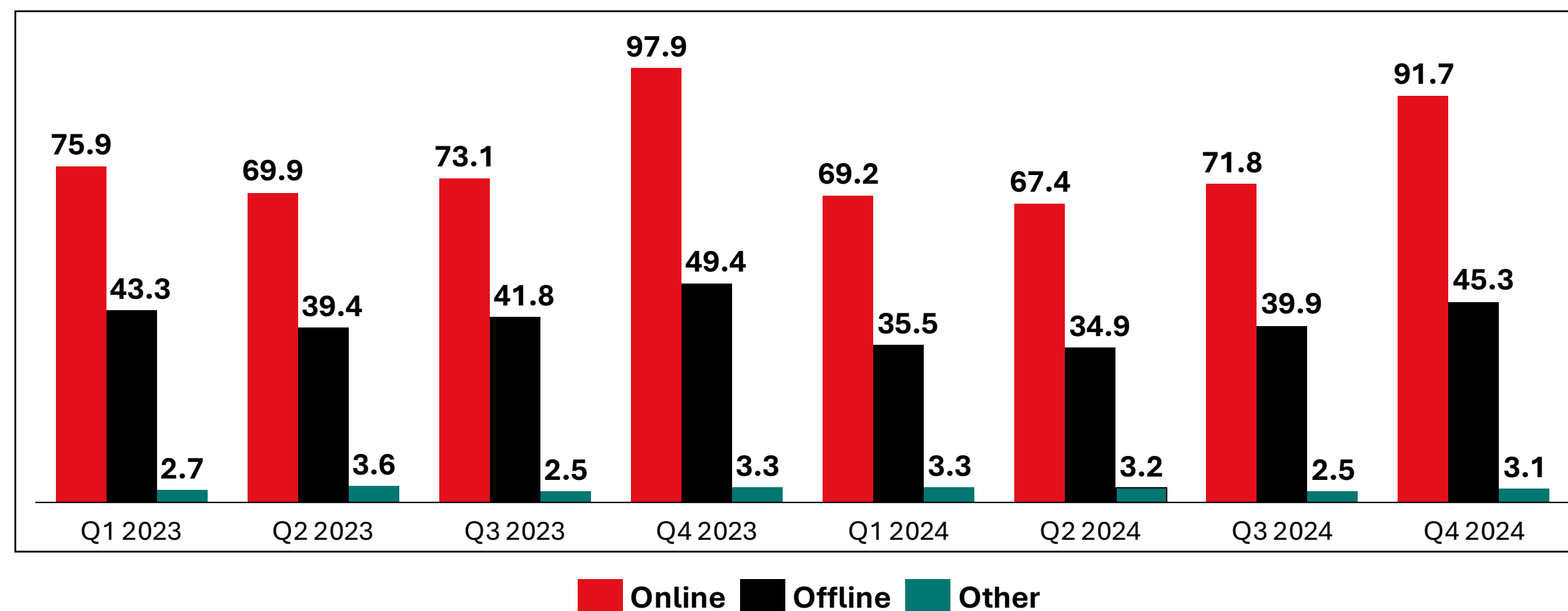


CONSUMER CAUTION WAS REFLECTED IN THE REVENUE

Quarterly revenue (MEUR)



Revenue split (MEUR)

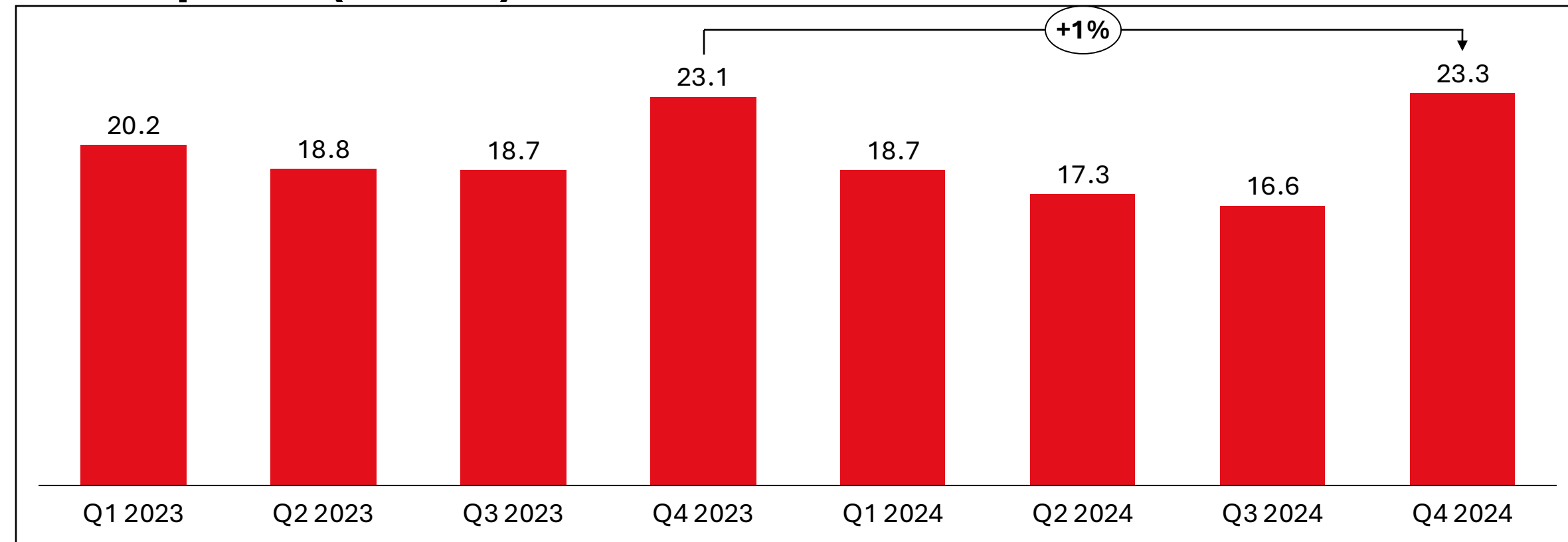


Q4/2024 development

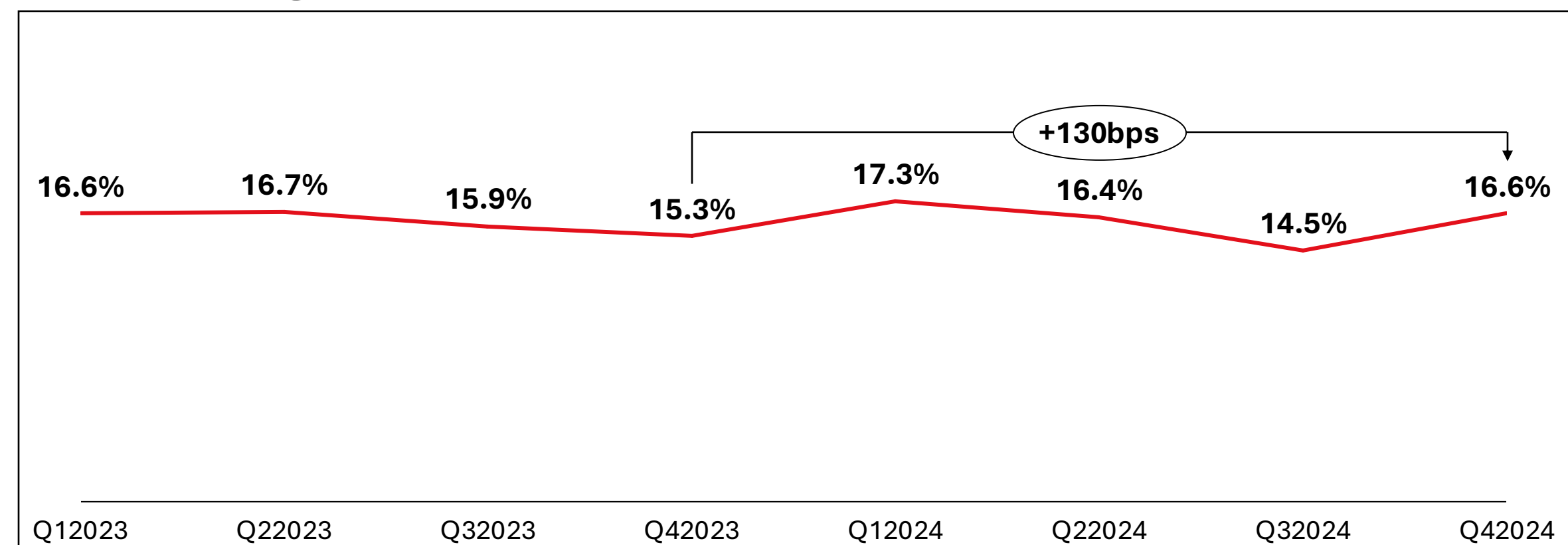
- Group revenue was 140.2 MEUR (150.6) and declined by 6.9% YoY
- The decline was driven by weak demand especially in discretionary categories like Televisions, Mobile Phones and Gaming
- Positive development in IT and Toys categories
- Consumer sales declined by 8.6%, due to weak private consumption
- B2B sales declined by 2.9%, negatively impacted by cautious corporate investments and hiring
- Online sales declined by 6.4 percent, accounting for 65.4% of revenue
- Offline sales fell by 8.2 percent, accounting 32.3% of revenue
- Strong performance in own brands, sales increased by 19.7%

GROSS PROFIT AND MARGIN INCREASED COMPARED TO THE PREVIOUS YEAR

Gross profit (MEUR)



Gross margin



Q4/2024 development

- Gross profit increased to 23.3 MEUR (23.1)
- Strong improvement in Gross margin, improved to 16.6% (15.3%)

The gross margin strengthened by

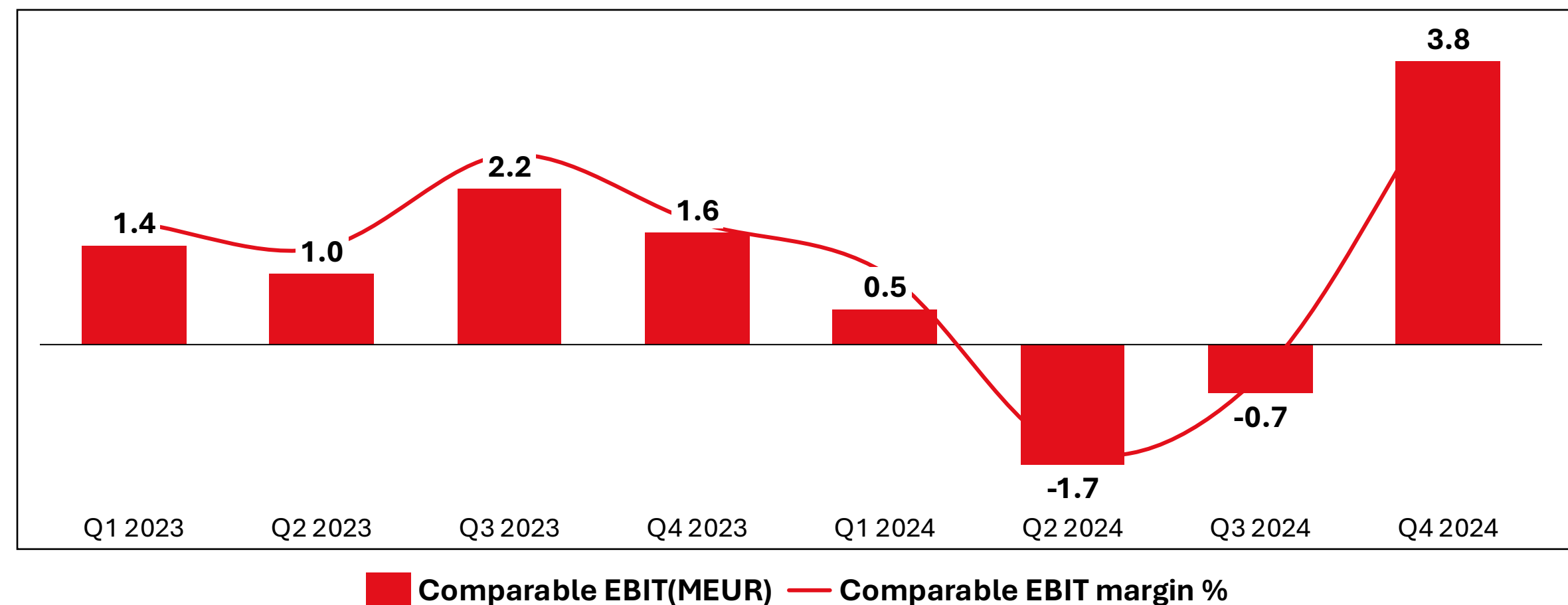
- Successful commercial negotiations related to high season product purchases
- A healthy inventory levels at the start of the fourth quarter
- Successful pricing and campaigning strategies
- Good inventory turn and low obsolete levels

SIGNIFICANT PROFIT IMPROVEMENT DRIVEN BY COST SAVINGS

Key figures

| EUR million | Q4/2024 | Q4/2023 | Change |
|-----------------------------|---------|---------|-----------|
| Revenue | 140.2 | 150.6 | -6.9% |
| Gross profit | 23.3 | 23.1 | +0.2 meur |
| Personnel costs | 9.6 | 9.9 | -3.1% |
| Other operating expenses | 9.2 | 9.7 | -5.1% |
| Operating result | 3.0 | 1.8 | +1.2 meur |
| Comparable operating result | 3.8 | 1.6 | +2.2 meur |
| Net result | 2.6 | 1.2 | +1.4 meur |

Comparable operating result (MEUR)

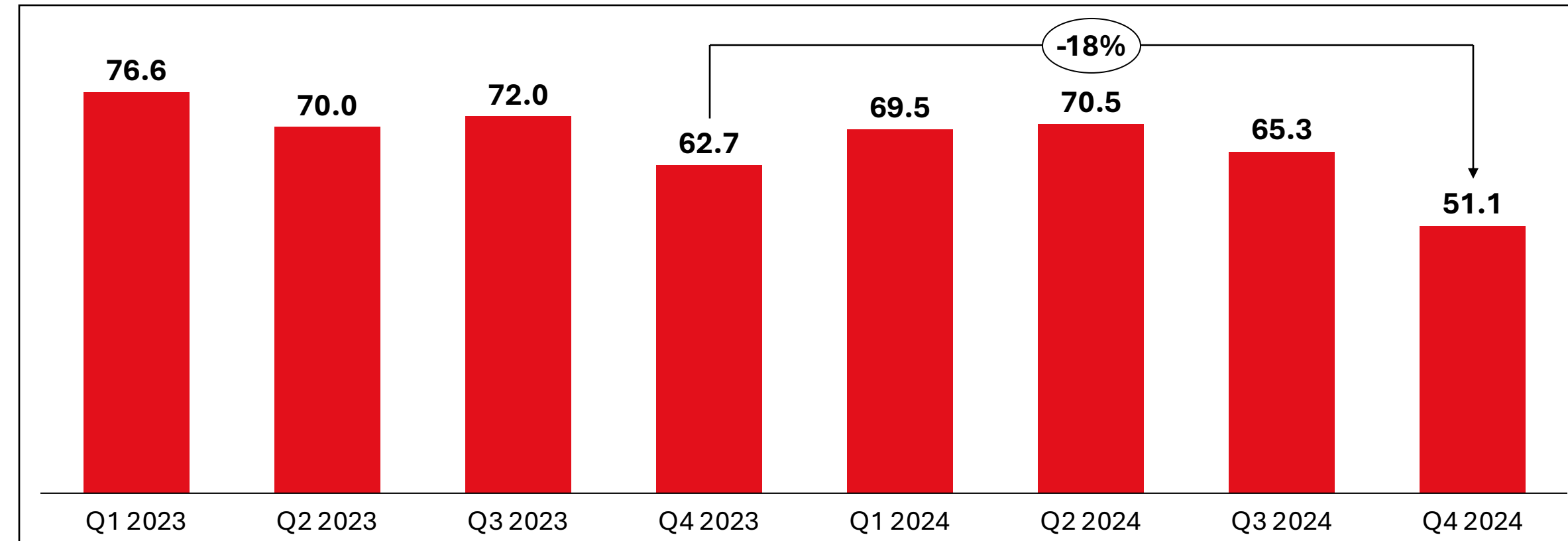


Q4/2024 development

- **Strong profitability improvement driven by solid margin and cost efficiency**
- **Comparable fixed costs decreased by 9%**
 - Comparable personnel costs decreased by 10%
 - Comparable other operating expenses decreased by 8%
- **The cost reduction was due to reorganization and cost efficiency measures**
- **Comparable operating result (EBIT) increased to 3.8 MEUR or 2.7% of revenue**
- **Items affecting comparability of -0.8 MEUR mainly related to reorganization**
- **Operating result (EBIT) increased to 3.0 MEUR or 2.1% of revenue**

SUCCESSFUL INVENTORY OPTIMIZATION CONTINUED

Inventory (MEUR)



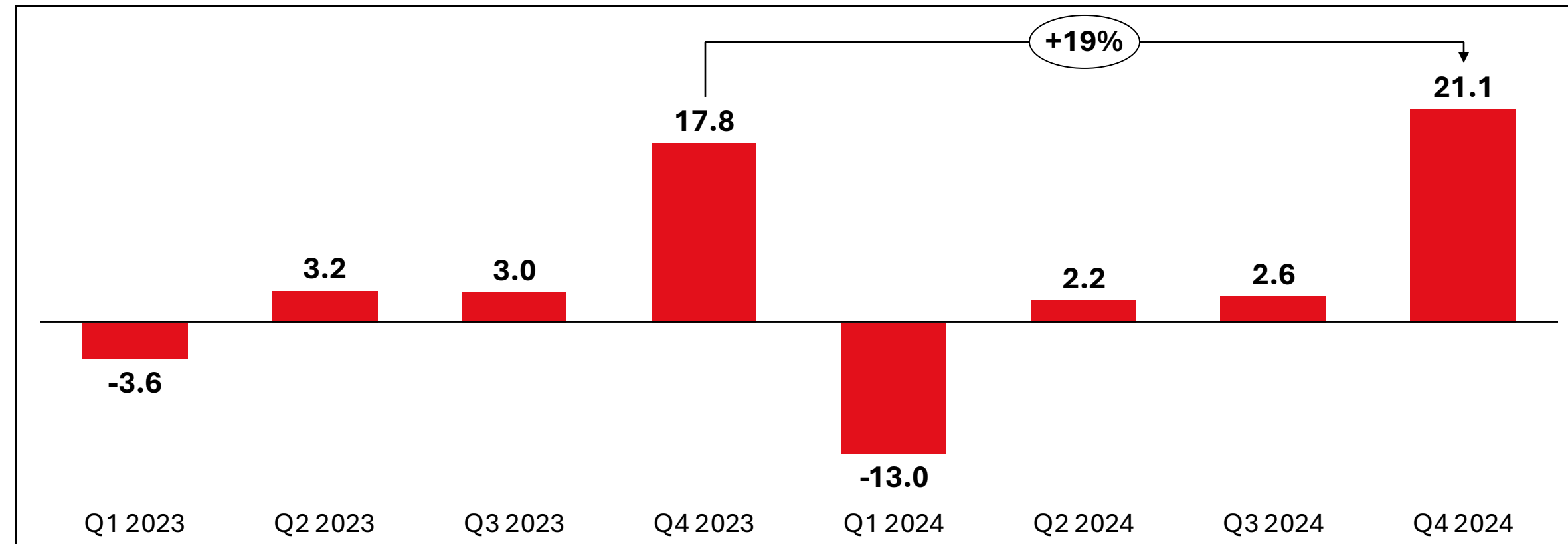
Q4/2024 development

- Inventory decreased to 51.1 MEUR (62.7)
- 18% decrease in the inventory value compared to the previous year, driven by continued successful inventory management
- The current inventory is healthy and provides a good starting point for H1 of 2025

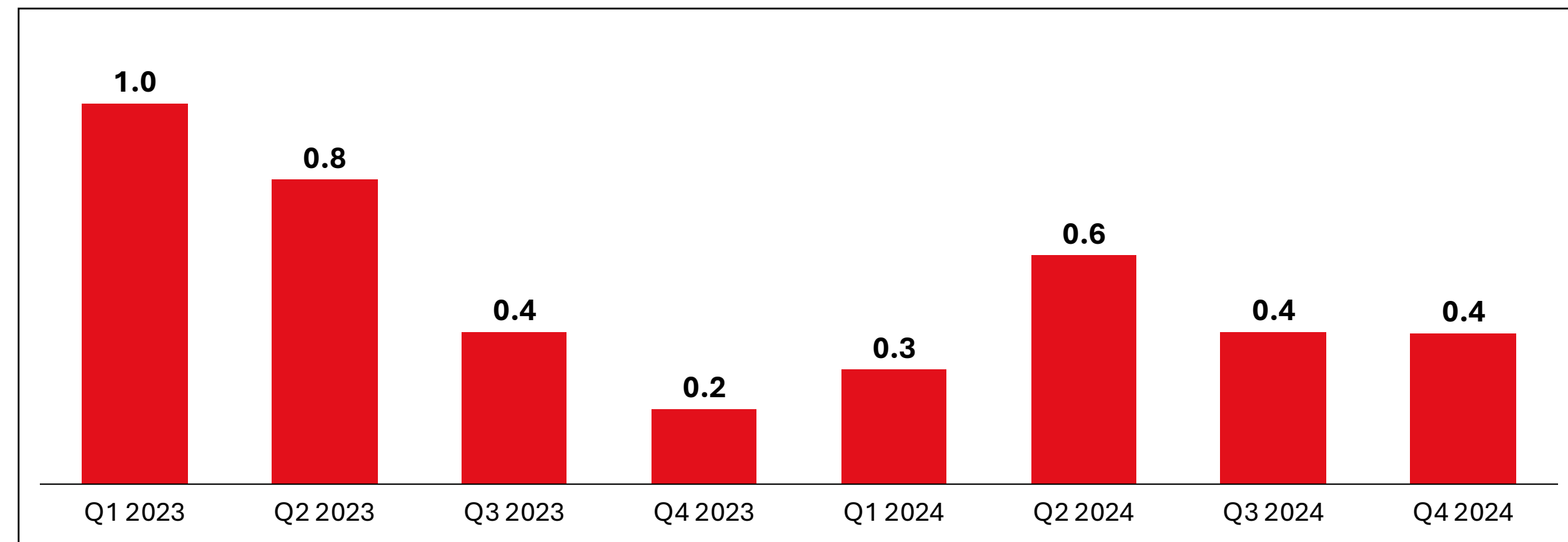


STRONG CASH FLOW DEVELOPMENT IN THE QUARTER

Cash flow from operations (MEUR)



Investments (MEUR)



Q4/2024 development

- Cash flow from operating activities increased to 21.1 MEUR (17.8)
- Equity ratio remained stable at 16.0% (16.2%)
- Cash at hand increased to 35.6 MEUR (31.9)
- Investments at 0.4 MEUR (0.2)
 - Web discoverability and accessibility were improved
 - The capability for fast deliveries was further developed

FY2024 PERFORMANCE SUMMARY

REVENUE

467.8 MEUR
(502.9 MEUR)
-7.0%



GROSS PROFIT

75.8 MEUR
(80.9 MEUR)
16.2% (16.1%)



COMPARABLE EBIT

1.8 MEUR
(6.1 MEUR)
0.4% (1.2%)



CASH FLOW FROM OPERATIONS

12.9 MEUR
(20.3 MEUR)





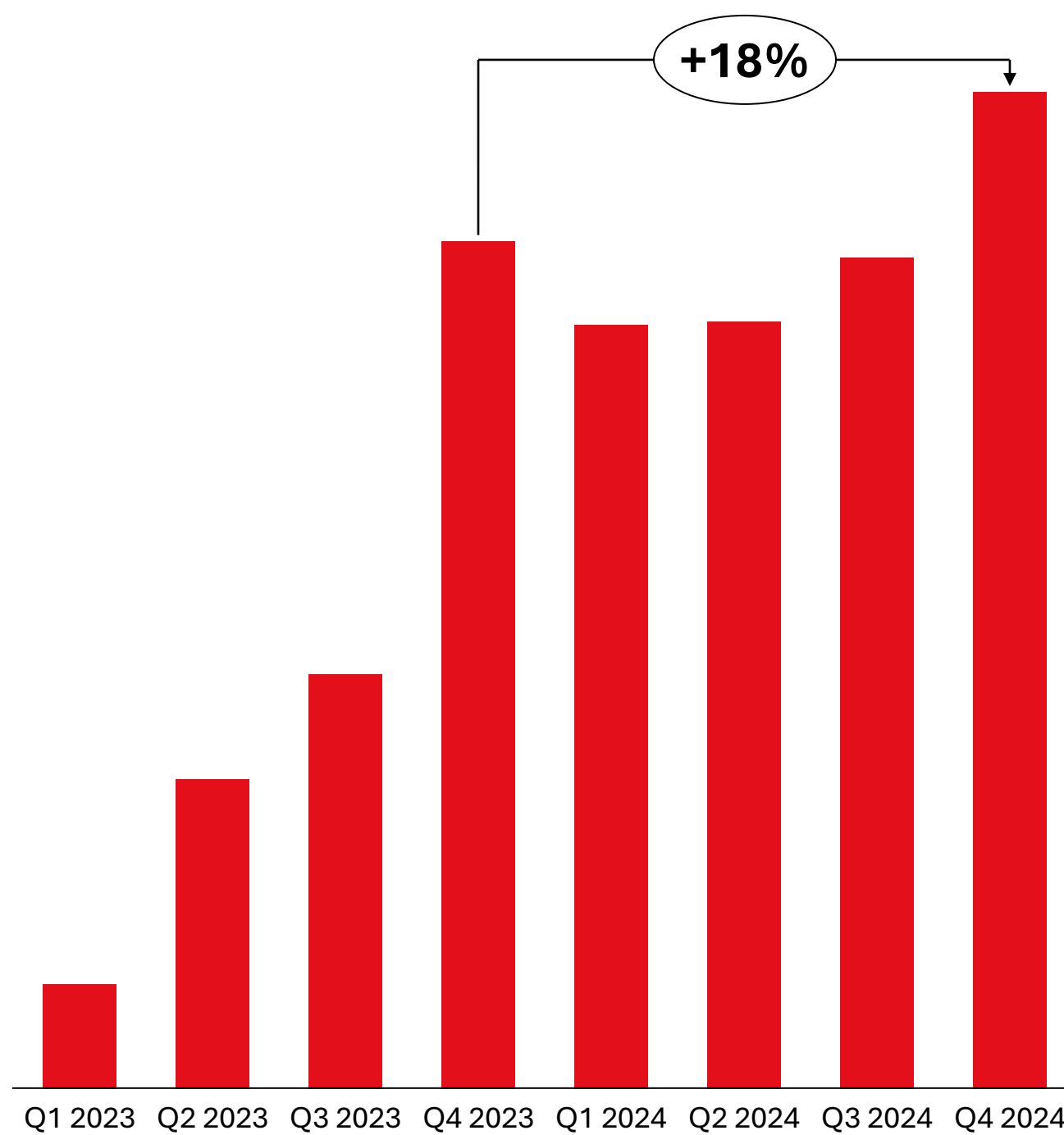
STRATEGY EXECUTION



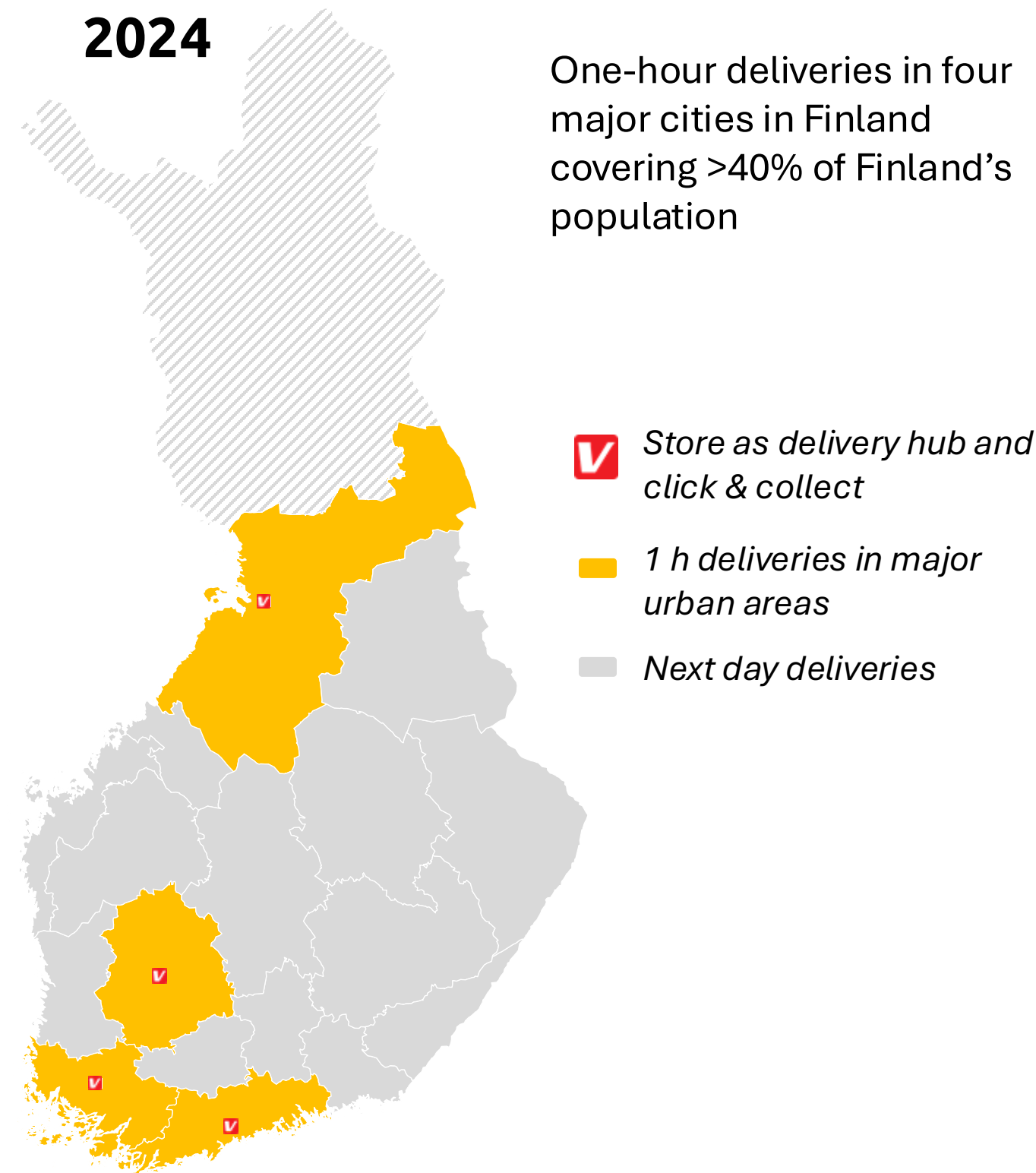
ACCELERATING ONLINE SHIFT THROUGH FASTEST DELIVERIES

To revolutionize retail, we will set new standards on delivery speed and effortless shopping experience and stand out in the market

Quarterly volume of one-hour deliveries



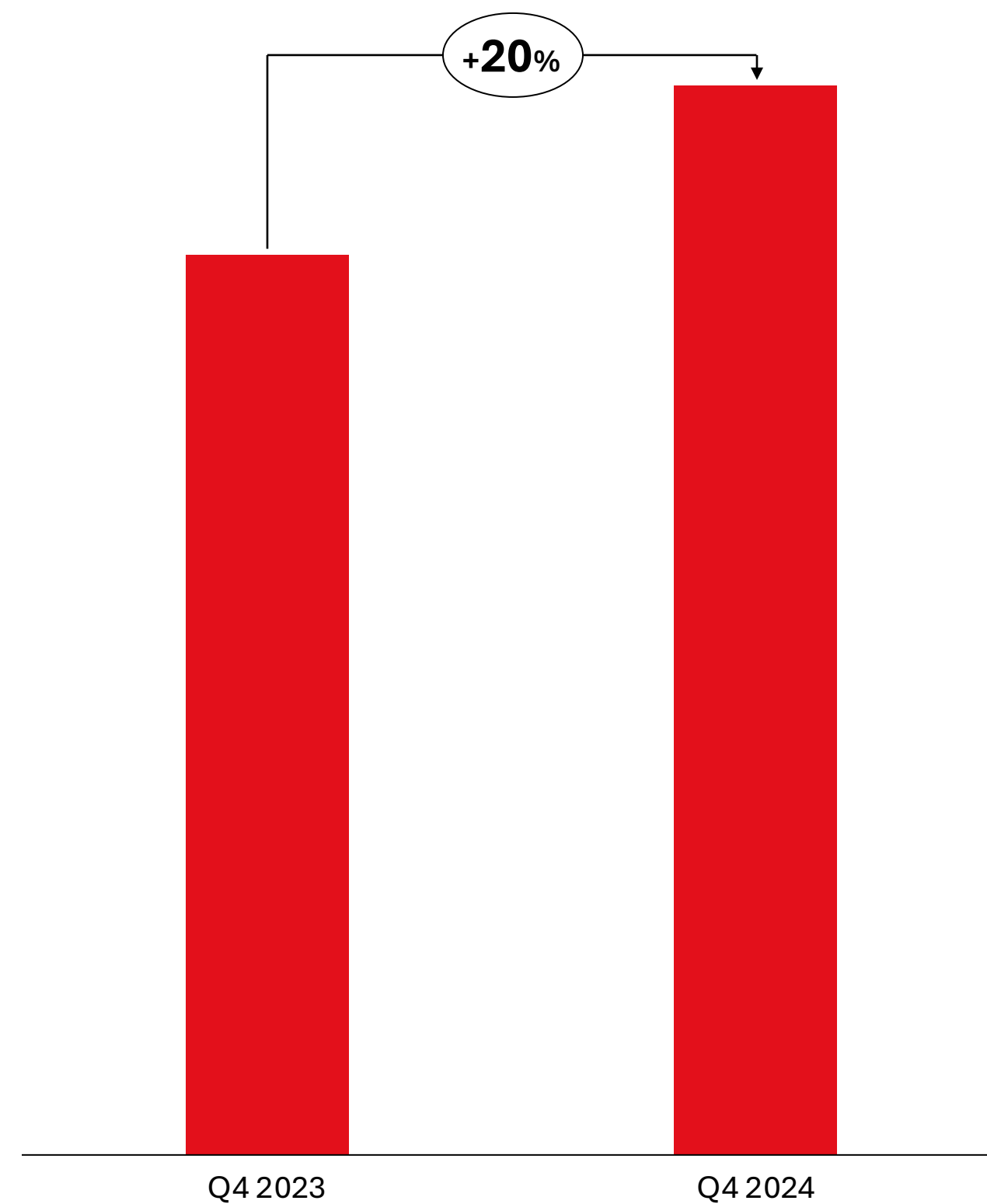
2024



- **Strong growth in one-hour deliveries continued, deliveries were up by 18% compared to the previous year**
- **One-hour deliveries already reach 1.7 million consumers in Finland**
- **Customers are very satisfied with the one-hour deliveries and their NPS was at 82 in the quarter**
- **The share of fast deliveries in all online orders grew to 16.0% in Q4 2024 (12.0% in Q4 2023)**

STRONG GROWTH IN STRATEGICALLY IMPORTANT OWN BRANDS

Own brand sales (MEUR) Q4 2024



- Own brand sales grew by 19.7% compared to the previous year
- Sales increased to 9.5 MEUR (8.0) in the quarter
- The share of own brands increased to 6.8% (5.3%) of revenue in the quarter
- Growth came particularly from Home appliances, IT accessories, and the Home and Lighting product group
- In line with our strategy, we aim to grow in our own brands, which are on average more profitable for us
- Our goal during the strategy period is to increase the share of own brands in revenue to 10 percent



CREATING A PLATFORM FOR INTERNATIONAL GROWTH



Q4/2024 development

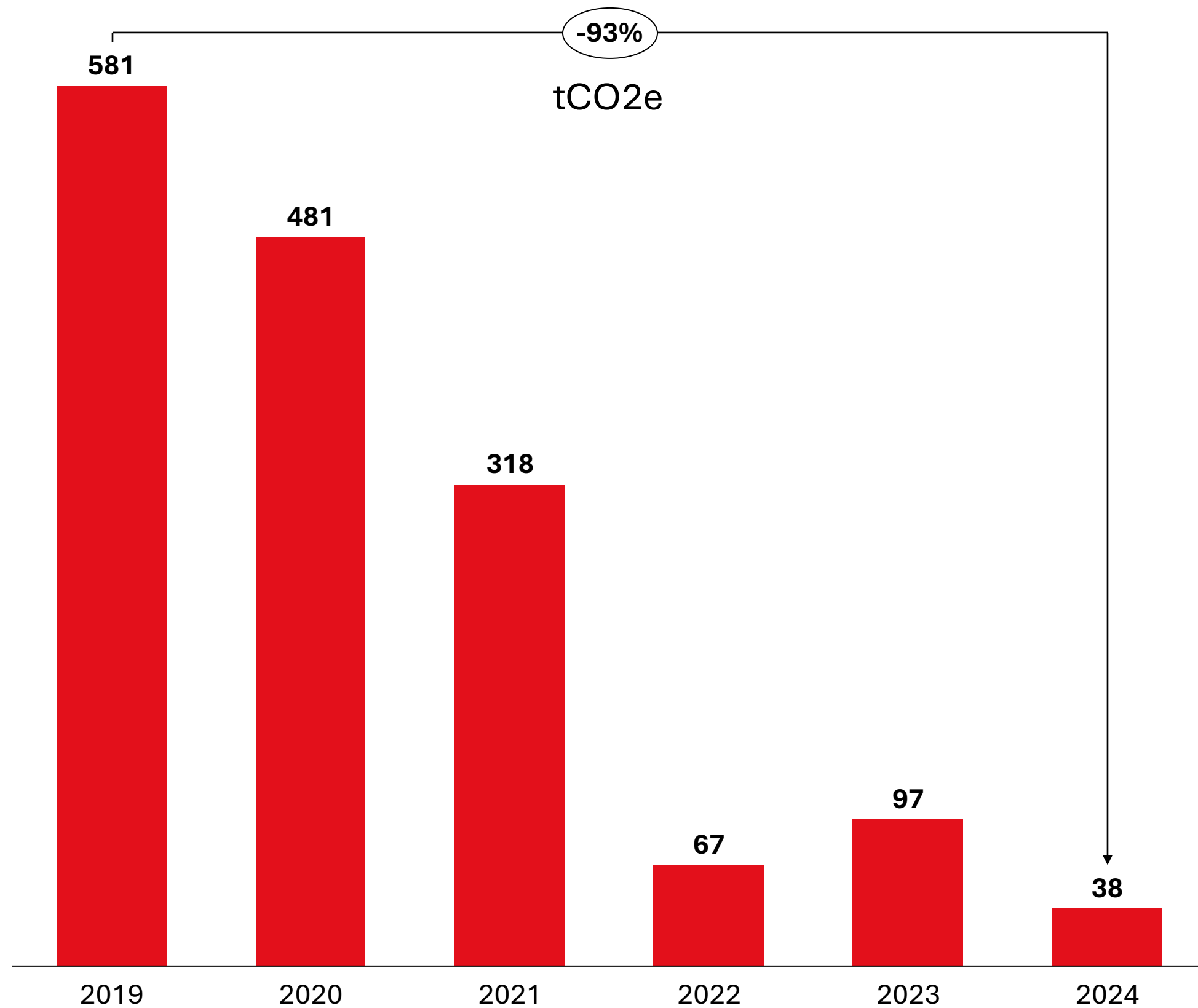
- EU sales increased by 2% driven by good demand in Sweden and Denmark
- Promising negotiations with new partners ongoing
- Tallinn piloting with wide assortment continued
- Launched a new, cutting-edge platform, to serve B2B wholesale customers
 - The platform go-to-market is progressing as planned with first customers have adopted the platform
 - We expect more of existing B2B retail partners to transition to the new platform in 2025

Long-term strategy

- Markets in the Baltic Sea region are expected to grow faster than Finland in mid-term
- The company's expansion into international markets is based on existing and new partnerships
- Approach keeps initial investment needs low and does not tie company's capital

RENEWED SUSTAINABILITY PROGRAM TO SUPPORT GROWTH

CO2 emissions from own operations on the way the zero



New climate ambition: commitment to Science-based targets initiative (SBTi)

- Scope 1 & 2: Target to reach zero emissions in 2025
- Scope 3: 78%* of suppliers in terms of emissions committed to SBTi by 2030



Circular business expanded

- Range and availability of used and refurbished products
- Channel for customers to trade-in functioning used electronic equipment for a refund
- The after-sales service for private label products & spare part availability



Focus on 4 themes for 2024-2028

- On customers' side for circular future
- Ensuring responsible operations and supply chains
- Fostering well-being and success of own personnel
- Maintaining exemplary business conduct



Return rate remained record low at 0.7% in 2024

*subject to validation

A hand holding a glowing pink LED spiral notebook against a red background. The notebook's spiral binding is illuminated with bright pink light, creating a series of glowing loops. The hand is positioned in the center, with fingers gripping the notebook. The background is a solid, deep red color, and the entire scene is framed by a white, angular border that resembles a stylized 'V' or a lightning bolt shape.

MARKET OUTLOOK AND GUIDANCE





MARKET OUTLOOK

- The general market demand is expected to remain cautious in the first half of the year due to low consumer confidence.
- In the second half of the year, private consumption is forecasted to recover as purchasing power strengthens. Purchasing power is supported by rising income levels, slowing inflation, and lower interest rates. Competition is expected to remain tight.

The company believes that:

- it will be able to take advantage of the online shift of commerce and improve its market position in its chosen product categories
- the customer shift to online business will be permanent, and continuously more deliveries are made as fast deliveries.



GUIDANCE FOR 2025

Verkkokauppa.com expects its revenue and comparable operating result for 2025 to increase.

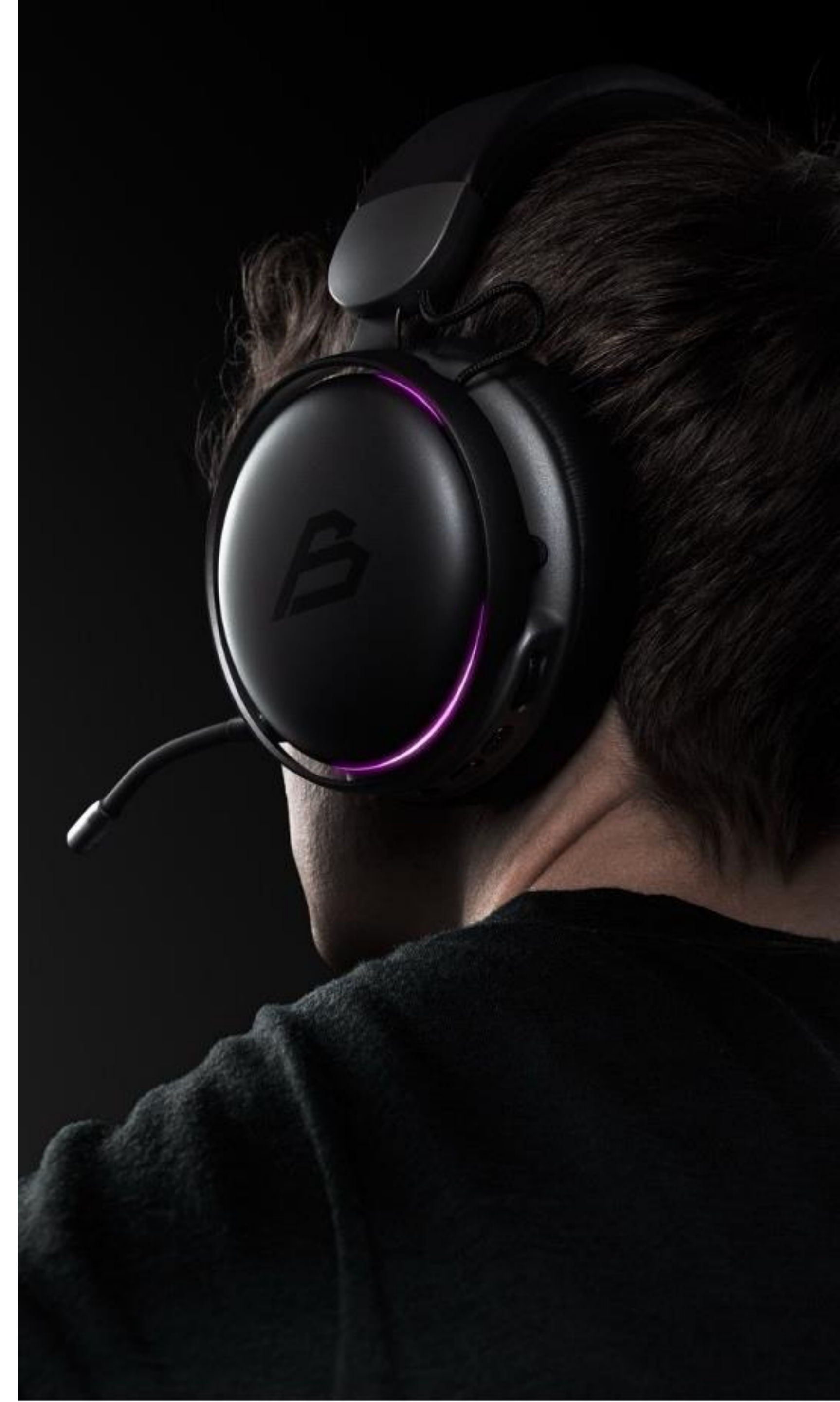
In 2024, the company's revenue was EUR 467.8 million and comparable operating result was EUR 1.8 million.

The guidance includes uncertainties related to changes in purchasing power and consumer behavior. Verkkokauppa.com's business is partly seasonal, and the company's revenue and operating profit depend largely on the sales in the last quarter.



KEY TAKEAWAYS Q4 2024

- Consumer confidence weakened further, and consumers were still cautious about purchasing discretionary products
- Gross margin strengthened by successful commercial negotiations, a healthy inventory levels at the start of the fourth quarter, and a successful pricing strategy
- Improved cost efficiency due to reorganization and cost efficiency measures
- We succeeded again in optimizing the inventory, and the inventory value decreased significantly
- Continued strong growth in one-hour deliveries, reaching the milestone of 100,000 deliveries
- Expecting revenue and comparable operating result for 2025 to increase from 2024





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QUARTERLY KEY FIGURES

| | 2024 | | | | | 2023 | | | | |
|--|--------|--------|--------|--------|------------|--------|--------|--------|--------|------------|
| | Q1 | Q2 | Q3 | Q4 | Q1-Q4 2024 | Q1 | Q2 | Q3 | Q4 | Q1-Q4 2023 |
| Revenue, eur million | 108.0 | 105.5 | 114.2 | 140.2 | 467.8 | 122.0 | 112.8 | 117.4 | 150.6 | 502.9 |
| Gross profit, eur million | 18.7 | 17.3 | 16.6 | 23.3 | 75.8 | 20.2 | 18.8 | 18.7 | 23.1 | 80.9 |
| Gross margin-% | 17.3% | 16.4% | 14.5% | 16.6% | 16.2% | 16.6% | 16.7% | 15.9% | 15.3% | 16.1% |
| EBITDA, eur million | 1.3 | -0.2 | 1.8 | 4.7 | 7.5 | 1.6 | 2.3 | 3.7 | 3.5 | 11.1 |
| EBITDA-% | 1.2% | -0.2% | 1.6% | 3.3% | 1.6% | 1.3% | 2.1% | 3.1% | 2.3% | 2.2% |
| Operating result, eur million | -0.4 | -2.0 | 0.1 | 3.0 | 0.6 | 0.0 | 0.8 | 2.1 | 1.8 | 4.7 |
| Operating margin-% | -0.4% | -1.9% | 0.1% | 2.1% | 0.1% | 0.0% | 0.7% | 1.8% | 1.2% | 0.9% |
| Comparable operating result, eur million | 0.5 | -1.7 | -0.7 | 3.8 | 1.8 | 1.4 | 1.0 | 2.2 | 1.6 | 6.1 |
| Comparable operating margin-% | 0.5% | -1.6% | -0.7% | 2.7% | 0.4% | 1.1% | 0.8% | 1.9% | 1.1% | 1.2% |
| Net result, eur million | -1.0 | -2.1 | -0.3 | 2.6 | -0.8 | -0.4 | 0.2 | 1.1 | 1.2 | 2.1 |
| Interest-bearing net debt, eur million | 20.1 | 18.5 | 16.3 | 9.8 | 9.8 | 25.6 | 22.8 | 20.3 | 6.1 | 6.1 |
| Investments, eur million | 0.3 | 0.6 | 0.4 | 0.4 | 1.8 | 1.0 | 0.8 | 0.4 | 0.2 | 2.4 |
| Equity ratio, % | 16.7% | 15.7% | 16.3% | 16.0% | 16.0% | 15.8% | 16.5% | 16.9% | 16.2% | 16.2% |
| Gearing, % | 72.7% | 72.2% | 64.6% | 35.2% | 35.2% | 98.2% | 87.2% | 74.2% | 21.5% | 21.5% |
| Personnel at the end of period* | 644 | 694 | 622 | 615 | 615 | 720 | 695 | 640 | 677 | 677 |
| Basic earnings per share, euros | -0.02 | -0.05 | -0.01 | 0.06 | -0.02 | -0.01 | 0.00 | 0.03 | 0.03 | 0.05 |
| Diluted earnings per share, euros | -0.02 | -0.05 | -0.01 | 0.06 | -0.02 | -0.01 | 0.00 | 0.03 | 0.03 | 0.05 |
| Number of issued shares, 1,000 pcs | 45,355 | 45,355 | 45,355 | 45,355 | 45,355 | 45,355 | 45,355 | 45,355 | 45,355 | 45,355 |
| Number of treasury shares, 1,000 pcs | 133 | 119 | 104 | 86 | 86 | 258 | 171 | 159 | 146 | 146 |
| Weighted average number of shares outstanding, 1,000 pcs | 45,222 | 45,235 | 45,250 | 45,244 | 45,244 | 45,096 | 45,183 | 45,195 | 45,209 | 45,209 |
| Diluted weighted average number of shares outstanding, 1,000 pcs | 45,372 | 45,386 | 45,401 | 45,287 | 45,287 | 45,354 | 45,252 | 45,264 | 45,277 | 45,277 |

MORE INFORMATION

Upcoming Financial events

- 28 February 2025: Investor presentation in Helsinki, arranged by SEB
- During the week 11 in 2025: Annual reporting package for 2024, including the Report of the Board of Directors and the Financial Statements, Corporate Governance Statement and Remuneration Report and CSRD report
- 12 March 2025: Meeting with shareholder association (Helsinki)
- 13 March 2025: Danske small & mid cap seminar
- 18 March 2025: Meeting with shareholder association (Oulu)
- 8 April 2025: virtual-only Annual General Meeting
- 24 April 2025: Interim report for January – March 2025
- 17 July 2025: Half-year financial report for January – June 2025
- 23 October 2025: Interim report for January – September 2025

Investor Relations contacts

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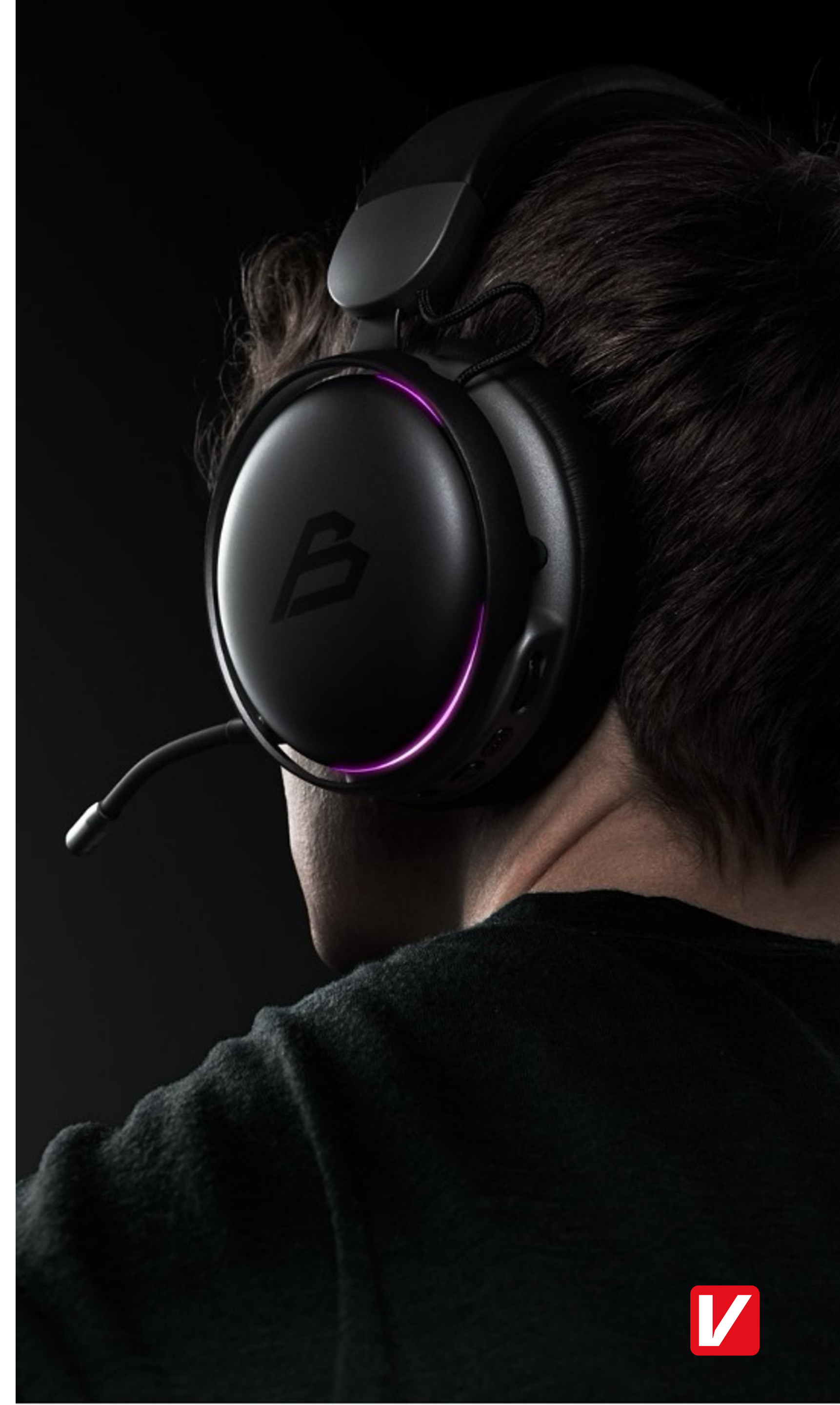
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