

# OPERATIONAL EFFICIENCY LED TO SIGNIFICANT PROFIT IMPROVEMENT

Verkkokauppa.com Oyj – January-March 2025 Interim report

24 April 2025 | Panu Porkka, CEO | Verkkokauppa.com Oyj



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# Q1 2025 RESULTS

**01** Market development

**02** Q1 2025 performance

**03** Strategy execution

**04** Market outlook and guidance

**05** Key takeaways



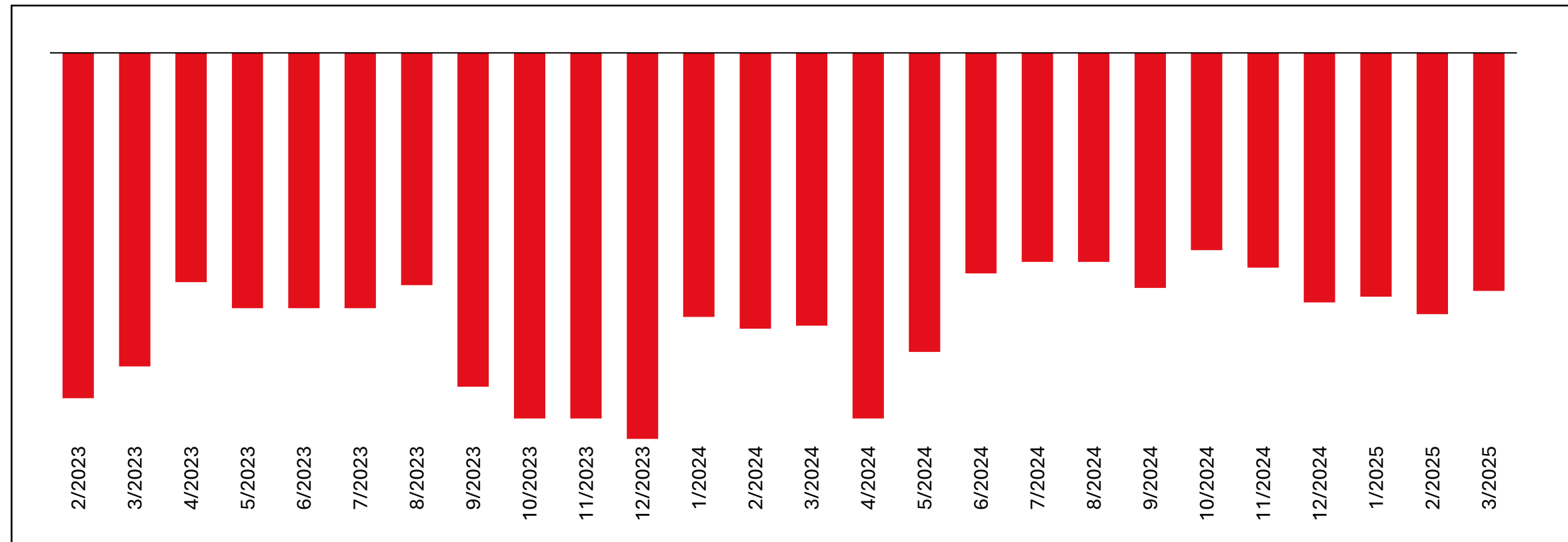
A woman is shown from the chest up, holding a camera with a large lens. The entire image is overlaid with a semi-transparent red filter. Large, dark red geometric shapes, resembling stylized letters 'A' and 'V', are positioned on the left and right sides of the frame. The text 'MARKET DEVELOPMENT' is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

# MARKET DEVELOPMENT

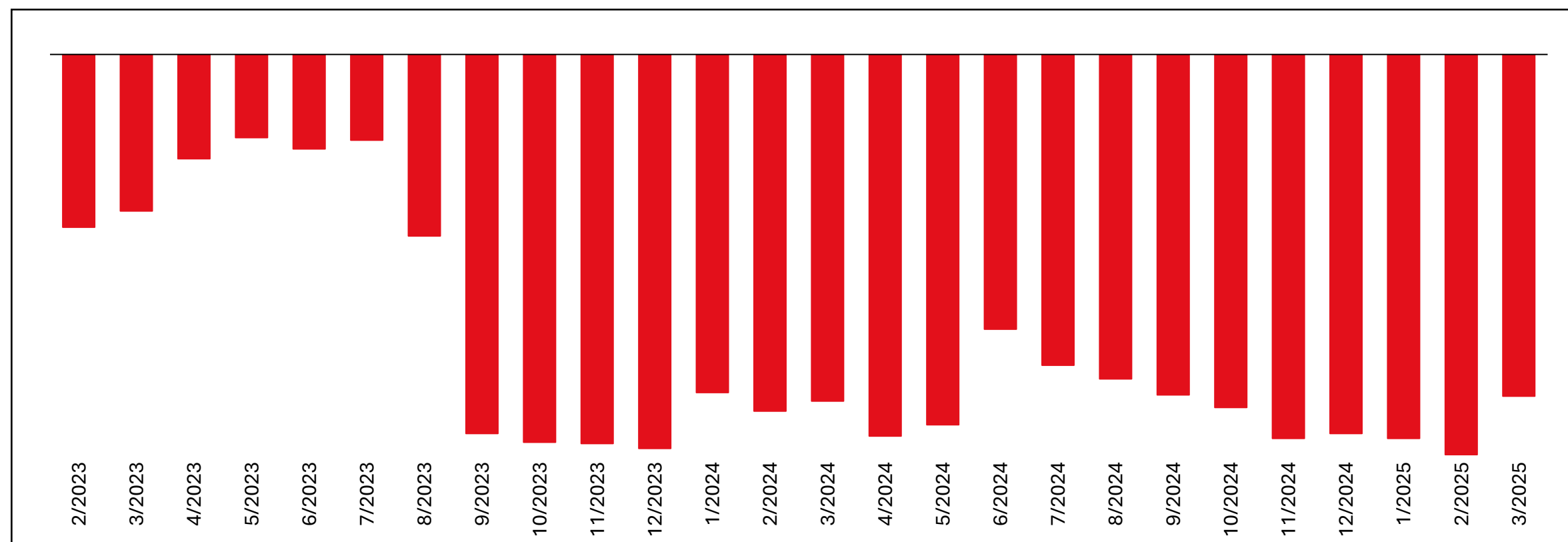


# NO SIGNIFICANT CHANGES IN THE OPERATING ENVIRONMENT

## Consumer confidence in Finland



## Consumers' expectation of unemployment development over the next 12 months



Source: Statistics Finland

## Q1/2025 development

- Consumers' confidence in their own economy remained low and the time was regarded unfavorable for large purchases
- The outlook for general unemployment trends was bleak, and the threat of unemployment was felt to be significant on a personal level
- The interest rate cut improved purchasing power towards the end of the quarter, but economic uncertainty and inflation pressure remained challenging
- Finland's GDP forecasts have been lowered during the first quarter – significant variations in forecasts
- The number of bankruptcies increased in the first quarter, with March recording the highest figures in history
- No clear market recovery in the first quarter of the year – the consumer electronics market in Finland decreased by 2% during this period\*

Source: \*GfK, Consumer electronics in Finland Q1 2025 vs Q1 2024

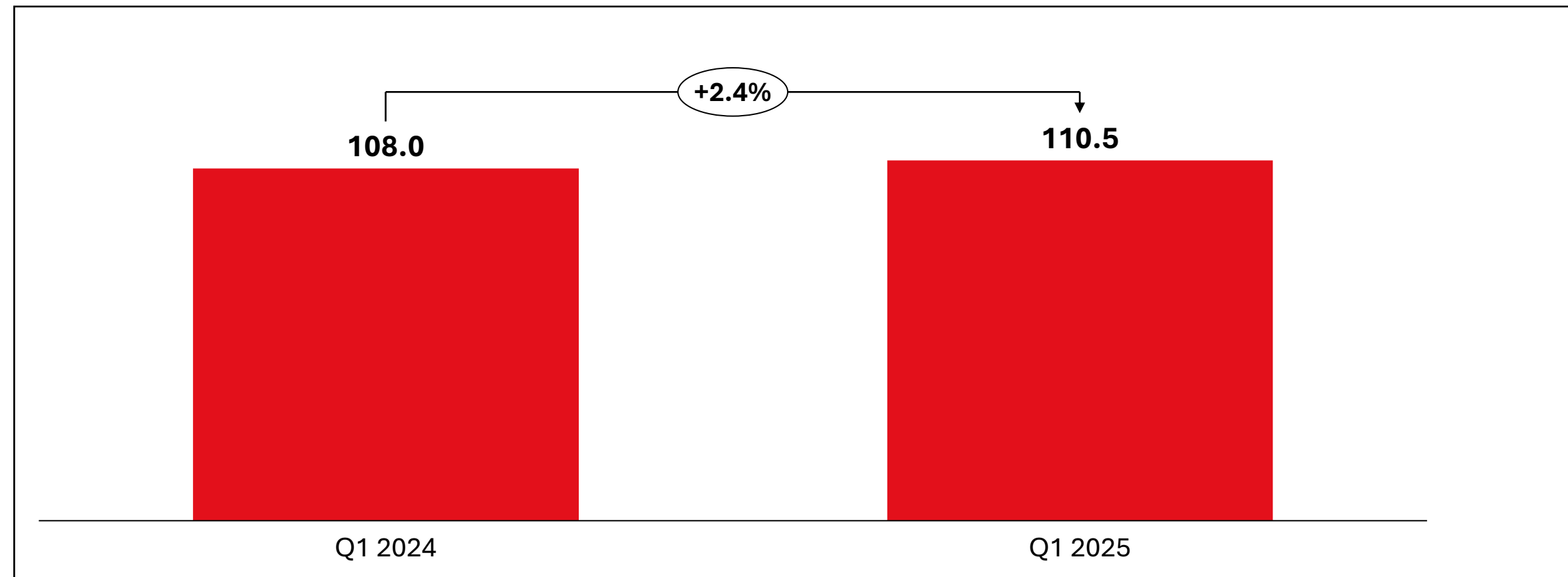


# Q1 PERFORMANCE

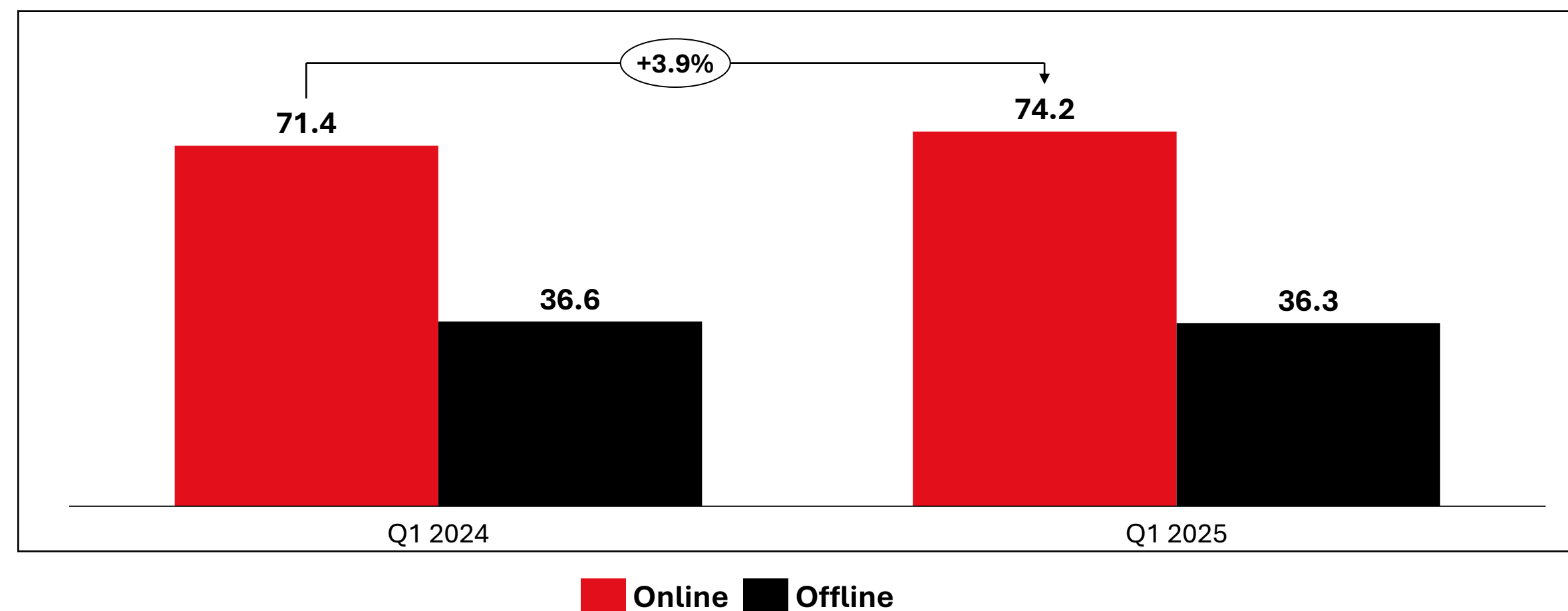


# BACK TO GROWTH IN THE FIRST QUARTER

## Quarterly revenue (MEUR)



## Channel development (MEUR)

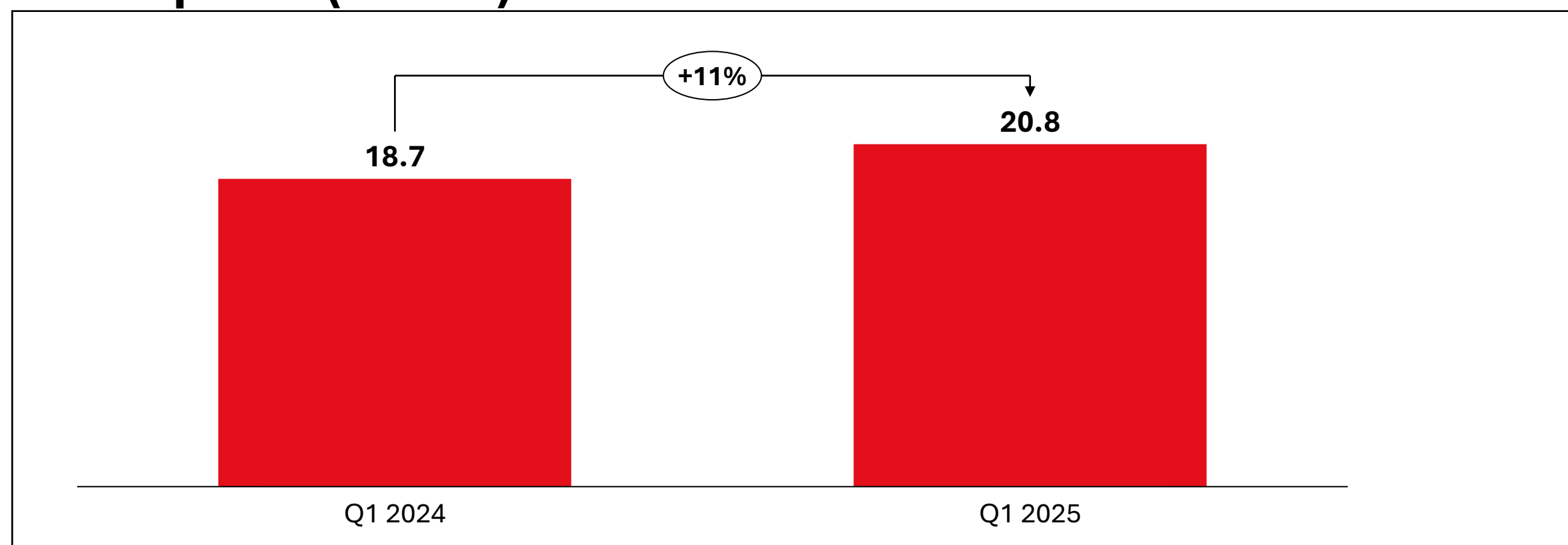


## Q1/2025 development

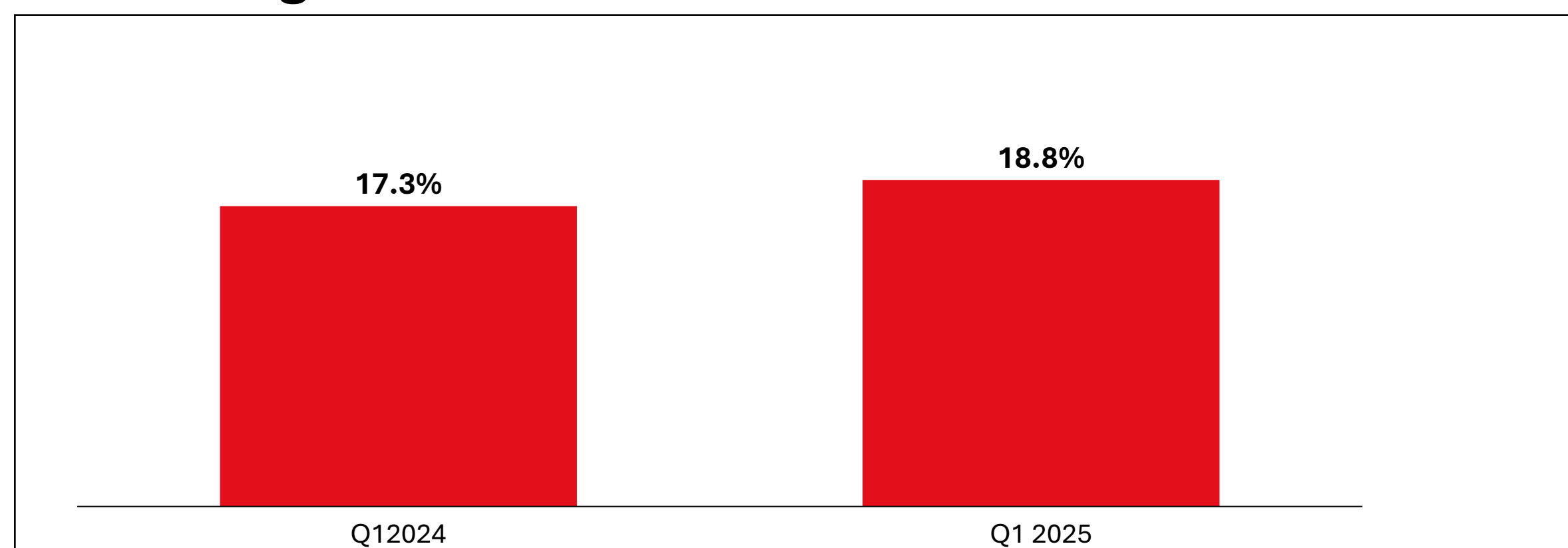
- The first quarter of the year started strong with group revenue reaching 110.5 MEUR (108.0) marking a 2.4% YoY increase
- Revenue grew particularly in the company's strategic focus areas in online channel and new markets. Key drivers of this growth included:
  - Positive trend in online visitors, which increased by 2.4%
  - Online sales, which grew by 3.9%, accounting 67.1% (66.1%) of revenue YoY
  - Consumer sales, which rose by 0.1% and B2B sales, which showed a 7.0% increase YoY
  - Positive development in entertainment and IT categories, driven by successful commercial actions and the transition to high-definition broadcasts in Finland, which boosted TV sales
  - Sales of own brands increased by 36.2%, driven by household appliances, IT accessories and mobile devices

# SUCCESSFUL MARGIN IMPROVEMENT

## Gross profit (MEUR)



## Gross margin %



## Q1/2025 development

- Continuation of clear improvement in gross profit
- Gross profit was 20.8 MEUR (18.7) and increased by 2.1 MEUR compared to previous year
- Gross margin improved to 18.8% (17.3%)

## The gross margin strengthened by

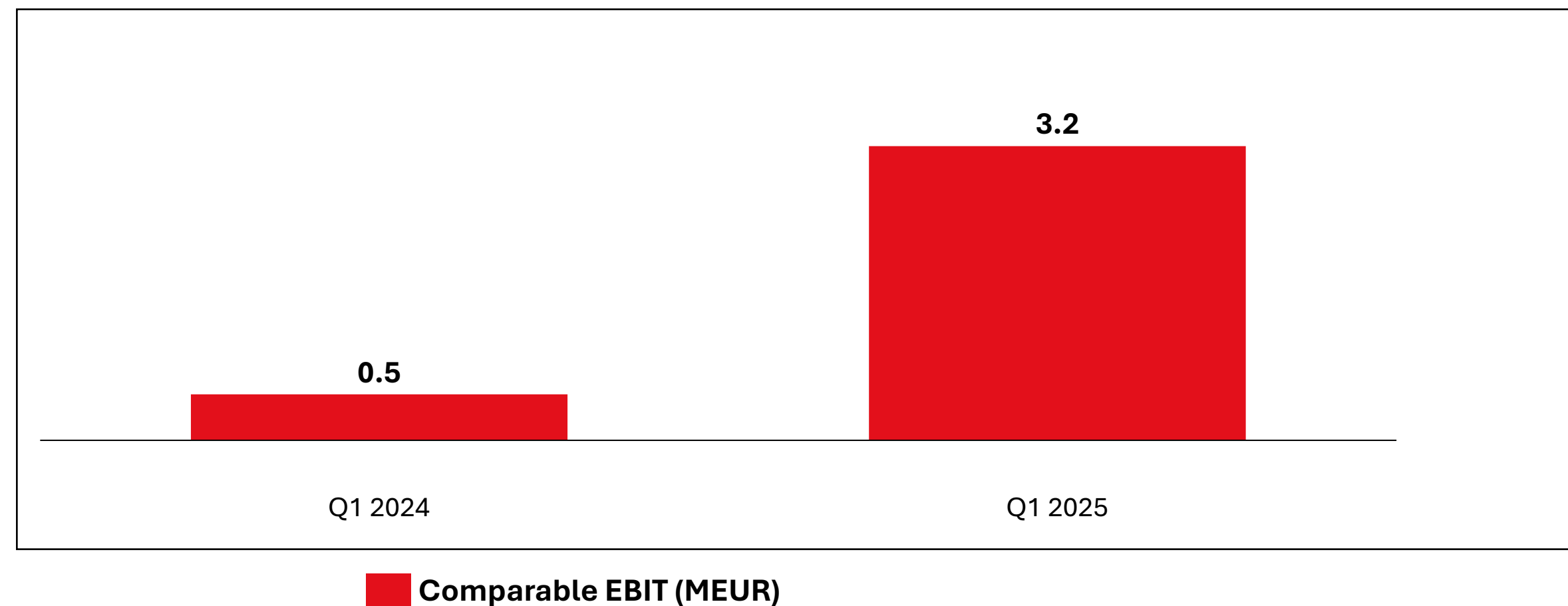
- Systematic improvements of operational activities
- Efficient inventory turnover
- Successful commercial negotiations and improved commercial terms
- Dynamic pricing activities
- Increase of higher margin own brands sales

# SIGNIFICANT PROFITABILITY IMPROVEMENT CONTINUED

## Key figures

EUR million	Q1/2025	Q1/2024	Change
Revenue	110.5	108.0	+2.4%
Gross profit	20.8	18.7	+2.1 meur
Personnel expenses	8.8	9.0	-2.7%
Other operating expenses	7.5	8.6	-13.0%
Operating result	3.2	-0.4	+3.6 meur
Comparable operating result	3.2	0.5	+2.7 meur
Net result	2.0	-1.0	+3.0 meur

## Comparable operating result (MEUR)



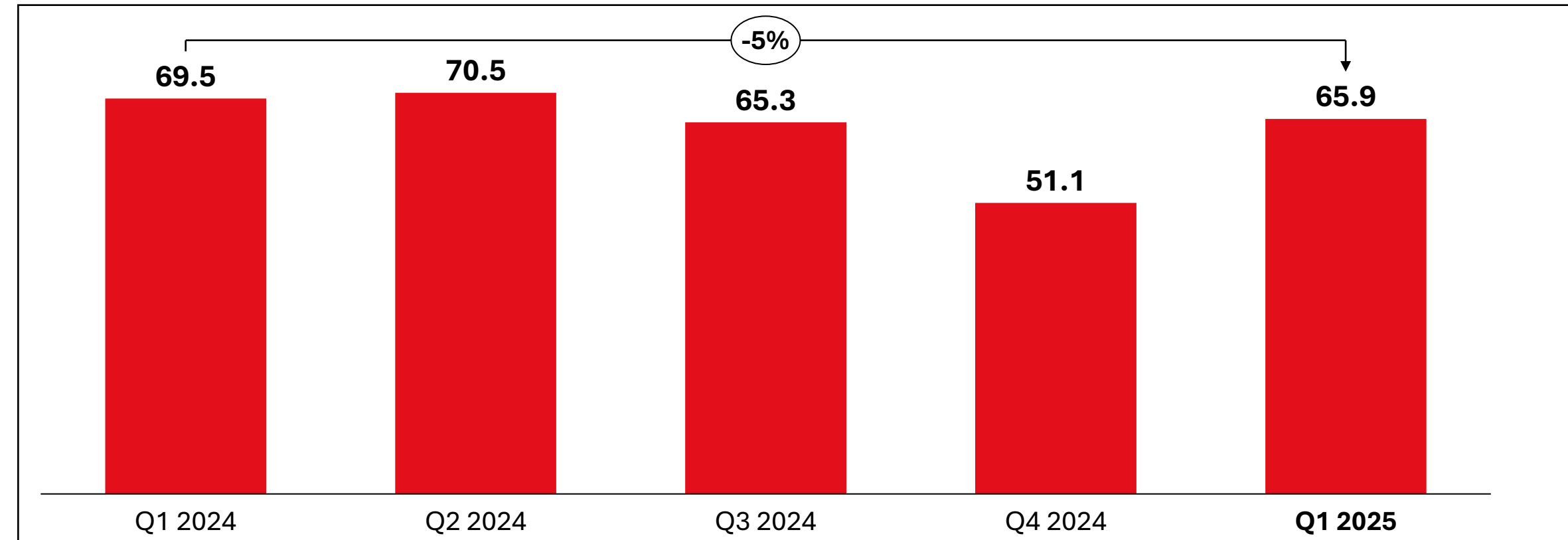
## Q1/2025 development

- **Strong profitability improvement driven by sales increase, solid margin and cost efficiency**
- **Personnel expenses decreased by -2.7 percent from the previous year**
- **Other operating expenses decreased by -13.0 percent from the previous year**
- **Operating result (EBIT) increased to 3.2 (-0.4) MEUR or 2.9% (-0.4 %) of revenue**
- **Comparable operating result (EBIT) increased to 3.2 (0.5) MEUR or 2.9% (0.5%) of revenue**



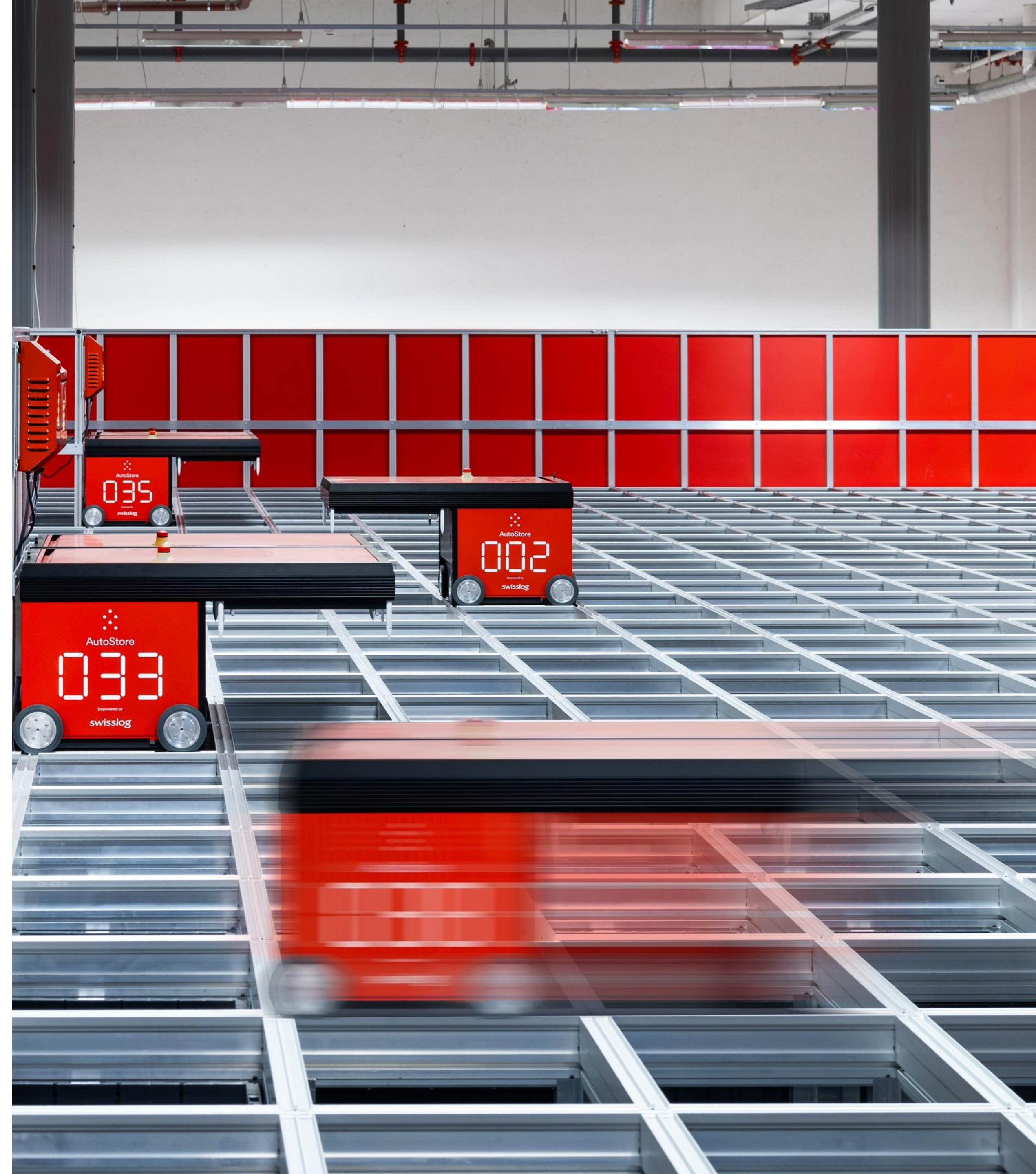
# SUCCESSFUL INVENTORY OPTIMIZATION

Inventory (MEUR)



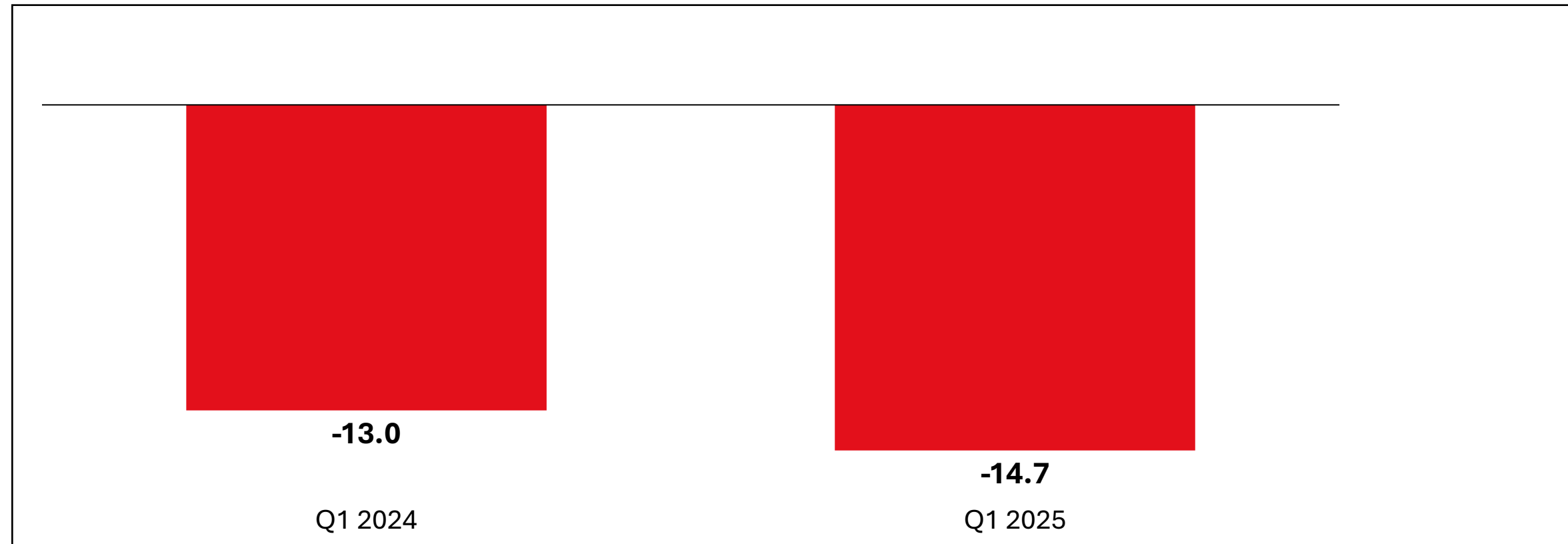
## Q1/2025 development

- Inventory level decreased to 65.9 (69.5) MEUR which was 5% lower than previous year
- Inventory on a healthy and lower level compared to previous year
- High-quality work on inventory optimization continued and was reflected in the first quarter numbers

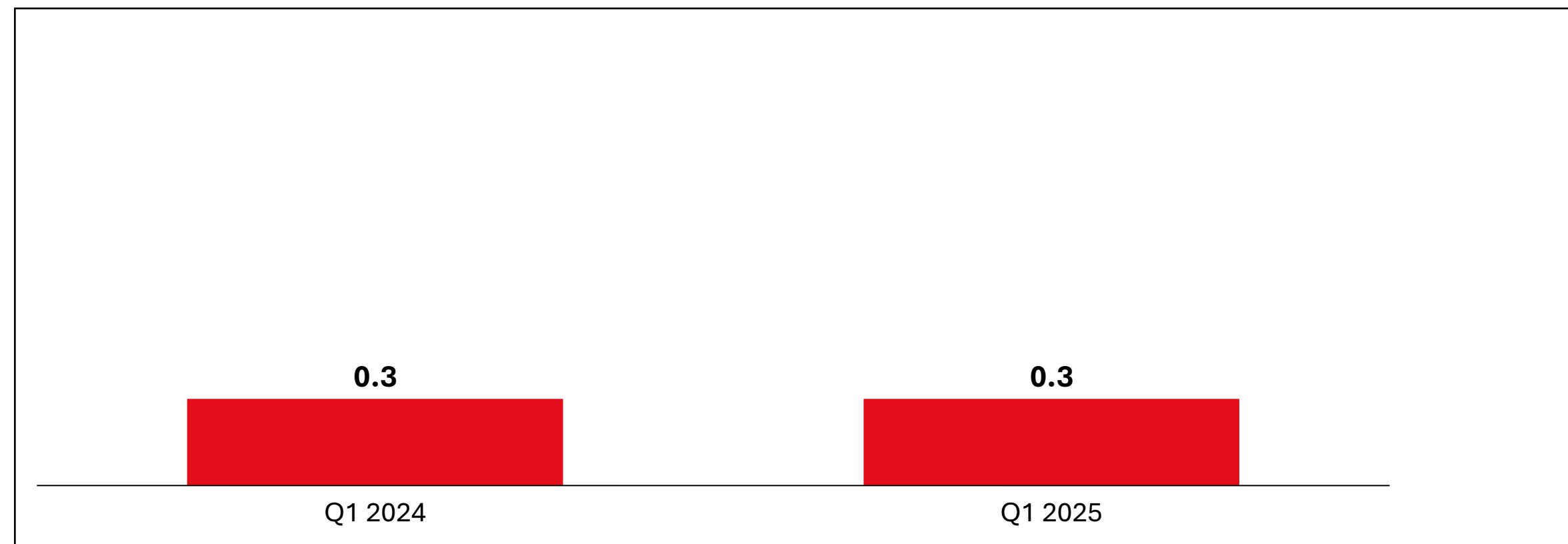


# PREPARATION FOR THE UPCOMING SUMMMER SEASON IMPACTED CASH FLOW IN Q1

## Cash flow from operations (MEUR)



## Investments (MEUR)



## Q1/2025 development

- The cash flow from operations totaled -14.7 million euros (-13.0)
- Equity ratio improved to 17.9% (16.7%)
- Cash at hand was 19.6 MEUR (16.8) at the end of March 2025
- Investments amounted to 0.3 (0.3) MEUR and were primarily focused on improving operational efficiency and customer experience

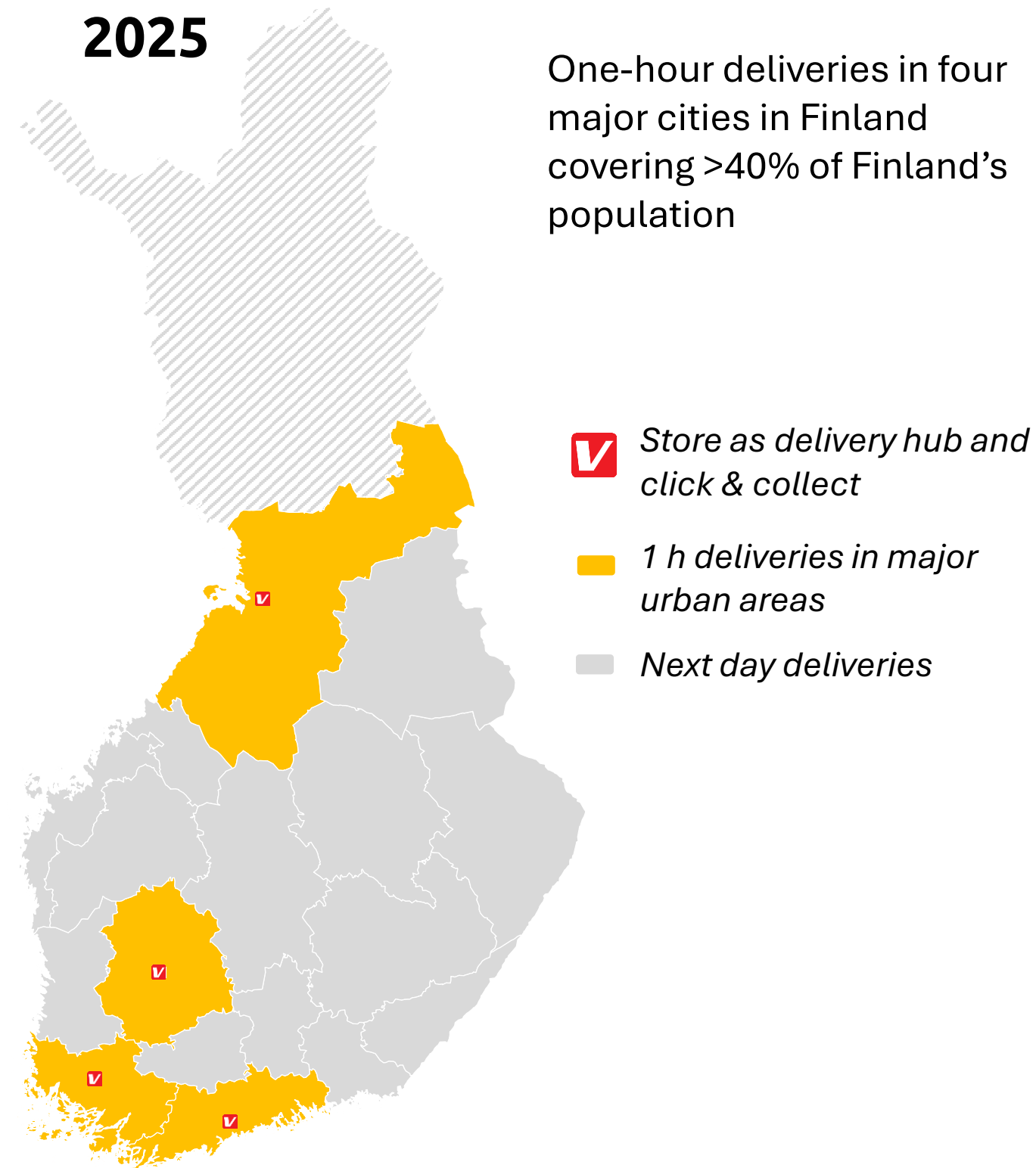
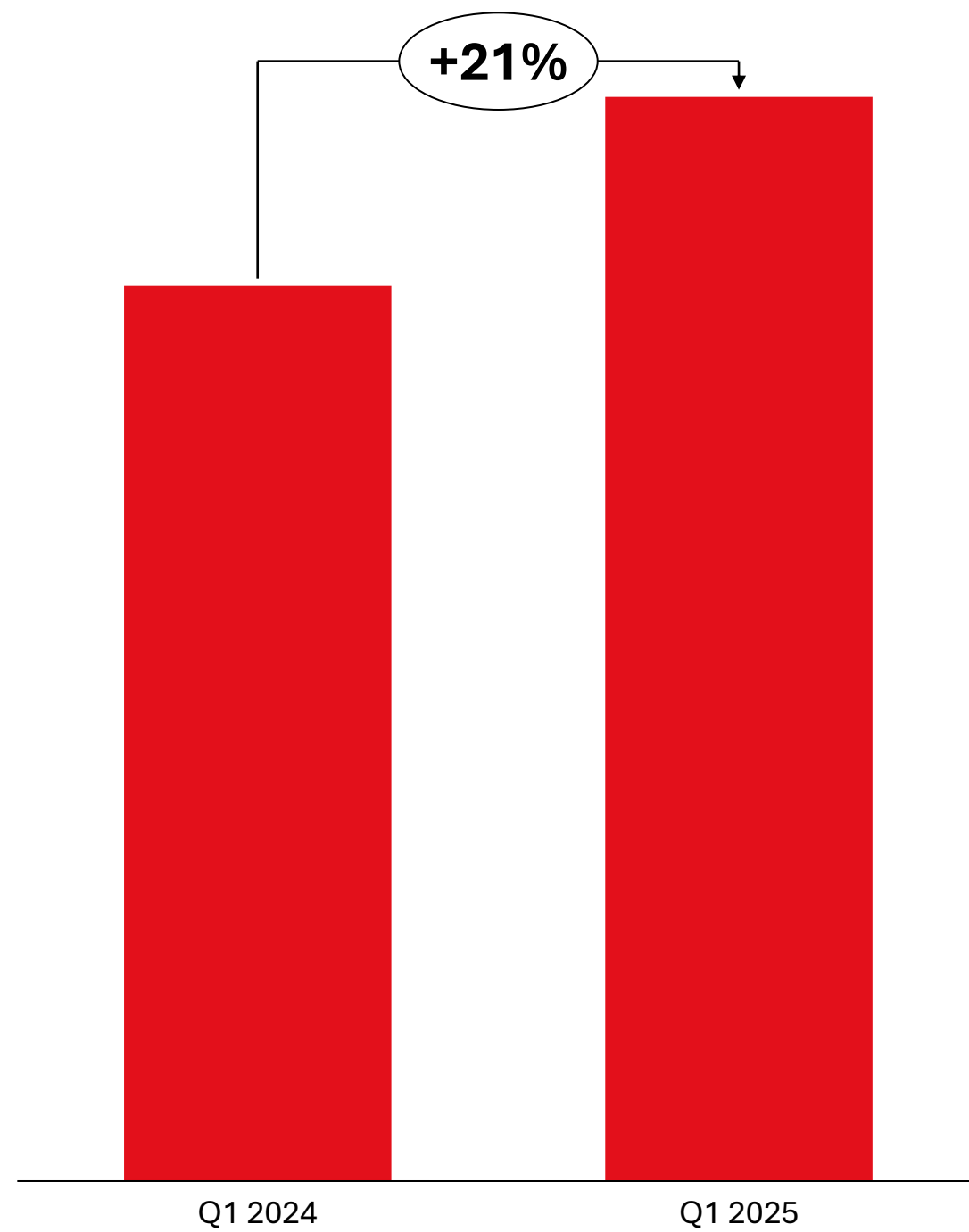
# STRATEGY EXECUTION



# FAST DELIVERIES CONTINUED ON A STEADY GROWTH TRACK

To revolutionize retail, we will set new standards on delivery speed and effortless shopping experience

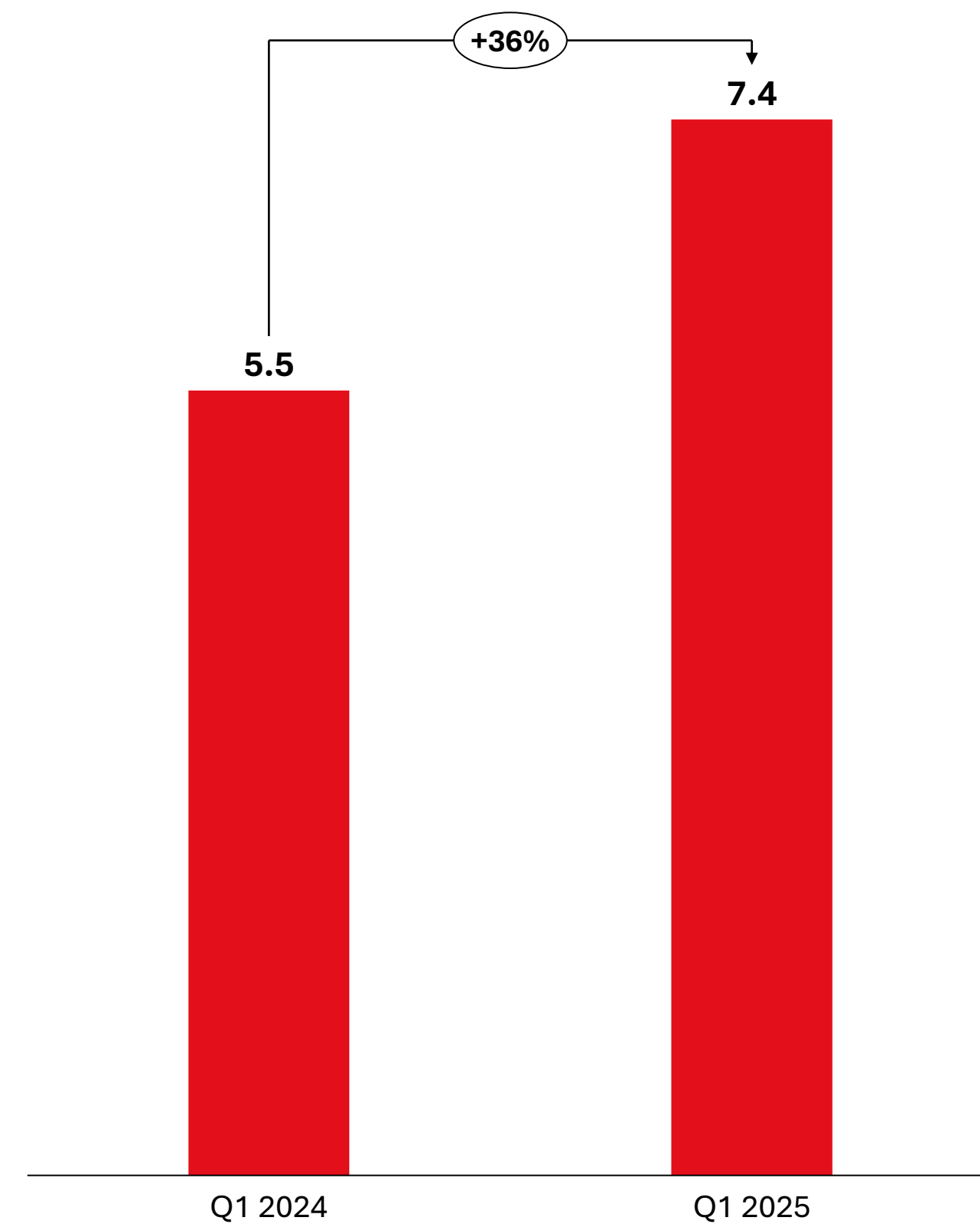
Quarterly volume of one-hour deliveries



- One-hour deliveries continued to grow, deliveries were up by 21% compared to previous year
- Number of customers using fast deliveries is steadily growing
- One-hour deliveries already reach 1.7 million consumers in Finland
- Several user experience improvements have been made for even faster and effortless experience
- NPS for 1-hour deliveries customers continued to be strong 84
- The share of fast deliveries in all online orders grew to 20.5% in Q1 2025 (13.9% in Q1 2024)

# GROWTH IN THE SALES OF OWN BRANDS

Own brand sales (MEUR) Q1 2025



- In line with our strategy, we aim to grow in our own brands and aiming to increase overall gross margin
- Our goal during the strategy period is to increase the share of own brands in revenue to 10 percent by end of 2028
- Own brands sales grew significantly by 36% compared to previous year
- The share of own brands was 6.7% (5.0%) of revenue in the first quarter
- The increase was especially driven by household appliances, IT accessories and mobile devices



# NEW MARKETS DEVELOPMENT CONTINUES IN LINE WITH OUR STRATEGY



## Q1/2025 development

- International sales grew by 38% YoY
- We continued to expand our international partnerships and announced a collaboration with Amazon in Sweden, expecting growth in the medium term
- We established a new significant international partnership, which already contributed substantially to our Q1 international growth

## Long-term strategy

- The company's international expansion is based on existing partnerships and creating new opportunities across Europe. With our current partner-focused strategy, we can leverage our existing investments and balance sheet without significant upfront investments to international expansion.



# 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.
- In general, competition is expected to remain tight and geopolitical environment to stay uncertain

## 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



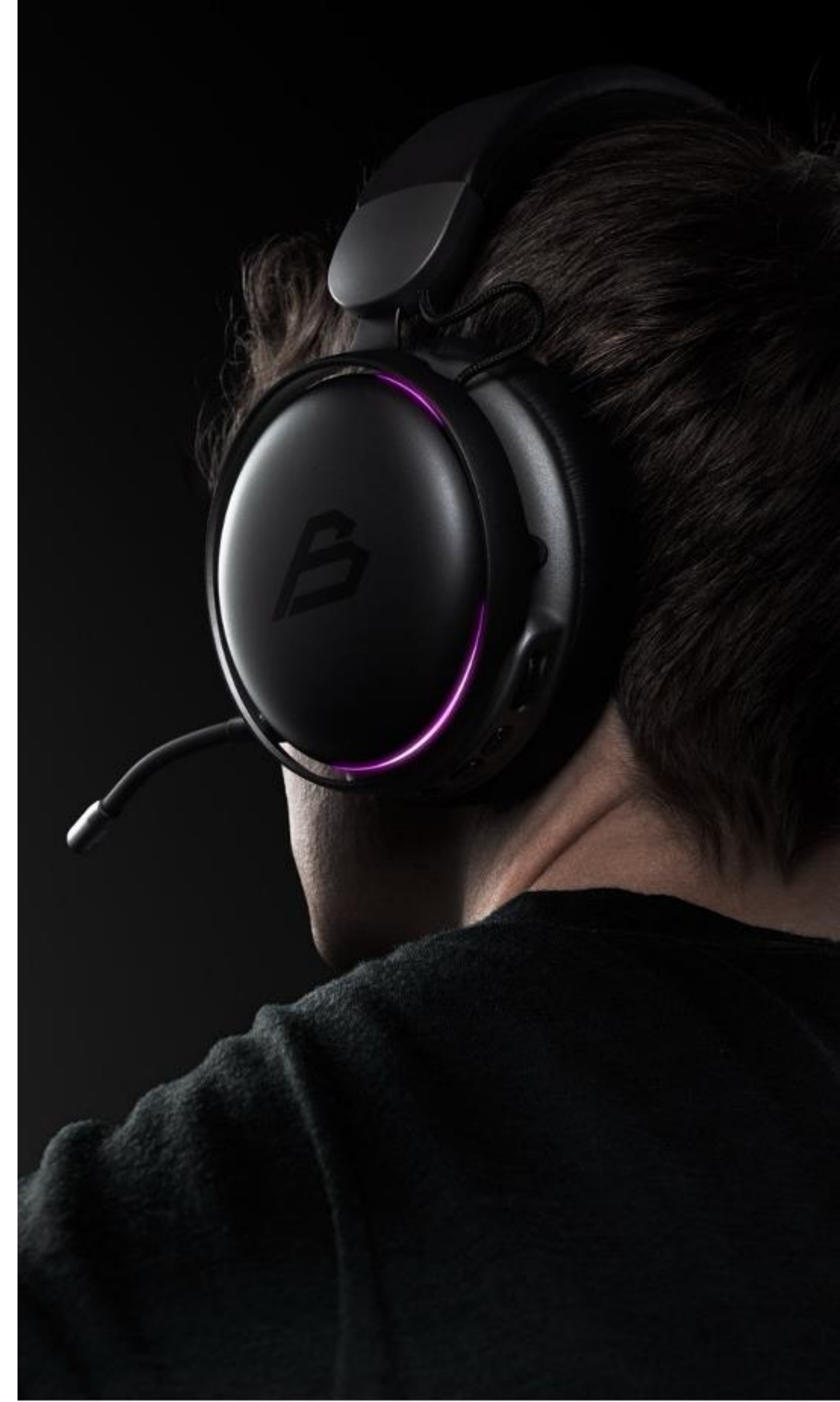
# GUIDANCE FOR 2025 - UNCHANGED

**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.**

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

# KEY TAKEAWAYS Q1 2025

- Despite the challenging market environment, the first quarter of the year started strong with group revenue returning to growth, increasing by 2.4% YoY
- Significant profitability improvement continued, driven by increased sales, healthy gross margins, cost efficiency and successful commercial measures
- Strategy execution proceeded as planned with 1-hour deliveries growing steadily, significant increase in both own brand sales and new markets revenue
- Expecting revenue and comparable operating result for 2025 to increase from 2024





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# QUARTERLY KEY FIGURES

	2025		2024			
	Q1	Q1	Q2	Q3	Q4	Q1-Q4 2024
Revenue, eur million	110.5	108.0	105.5	114.2	140.2	467.8
Gross profit, eur million	20.8	18.7	17.3	16.6	23.3	75.8
Gross margin-%	18.8%	17.3%	16.4%	14.5%	16.6%	16.2%
EBITDA, eur million	4.9	1.3	-0.2	1.8	4.7	7.5
EBITDA-%	4.4%	1.2%	-0.2%	1.6%	3.3%	1.6%
Operating result, eur million	3.2	-0.4	-2.0	0.1	3.0	0.6
Operating margin-%	2.9%	-0.4%	-1.9%	0.1%	2.1%	0.1%
Comparable operating result, eur million	3.2	0.5	-1.7	-0.7	3.8	1.8
Comparable operating margin-%	2.9%	0.5%	-1.6%	-0.7%	2.7%	0.4%
Net result, eur million	2.0	-1.0	-2.1	-0.3	2.6	-0.8
Interest-bearing net debt, eur million	24.7	20.1	18.5	16.3	9.8	9.8
Investments, eur million	0.3	0.3	0.6	0.4	0.4	1.8
Equity ratio, %	17.9%	16.7%	15.7%	16.3%	16.0%	16.0%
Gearing, %	82.5%	72.7%	72.2%	64.6%	35.2%	35.2%
Personnel at the end of period*	595	644	694	622	615	615
Basic earnings per share, euros	0.04	-0.02	-0.05	-0.01	0.06	-0.02
Diluted earnings per share, euros	0.04	-0.02	-0.05	-0.01	0.06	-0.02
Number of issued shares, 1,000 pcs	45,355	45,355	45,355	45,355	45,355	45,355
Number of treasury shares, 1,000 pcs	86	133	119	104	86	86
Weighted average number of shares outstanding, 1,000 pcs	45,268	45,222	45,235	45,250	45,244	45,244
Diluted weighted average number of shares outstanding, 1,000 pcs	45,374	45,372	45,386	45,401	45,287	45,287

\*The number of personnel includes both full- and part-time employees.

# MORE INFORMATION

## Upcoming Financial events

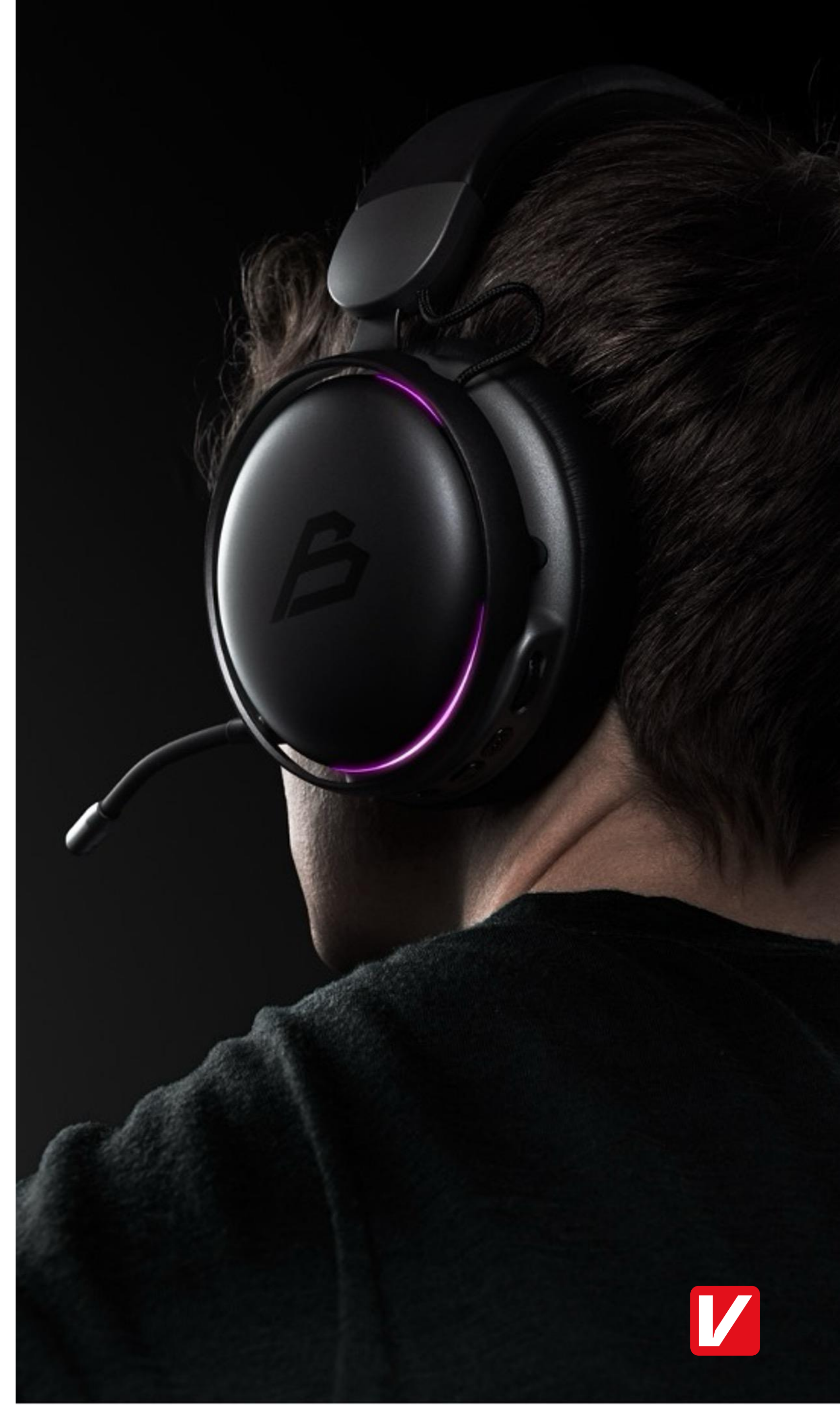
- 24 April 2025: Interim report for January – March 2025
- 17 July 2025: Half-year financial report for January – June 2025
- 23 October 2025: Interim report for January – September 2025

### Investor Relations contacts

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