

# TARGETING PROFIT IMPROVEMENT IN THE STRATEGY PERIOD

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Danske Bank small and mid cap seminar  
Helsinki 13 March 2025

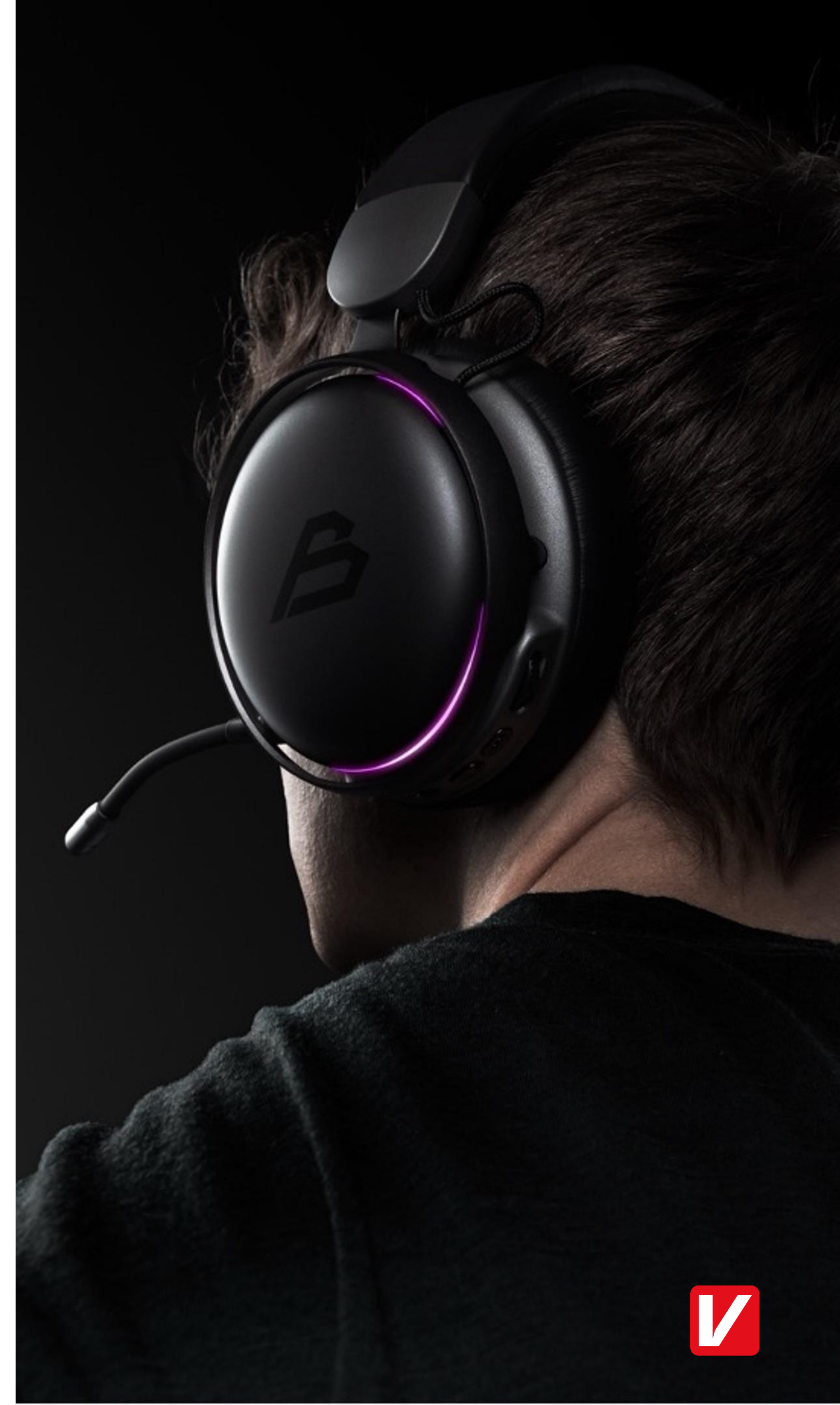


**VERKKO  
KAUPPA  
.COM**



# PRESENTATION AGENDA

- 01** Company presentation
- 02** Strategy execution & latest highlights
- 03** Market environment
- 04** Key takeaways



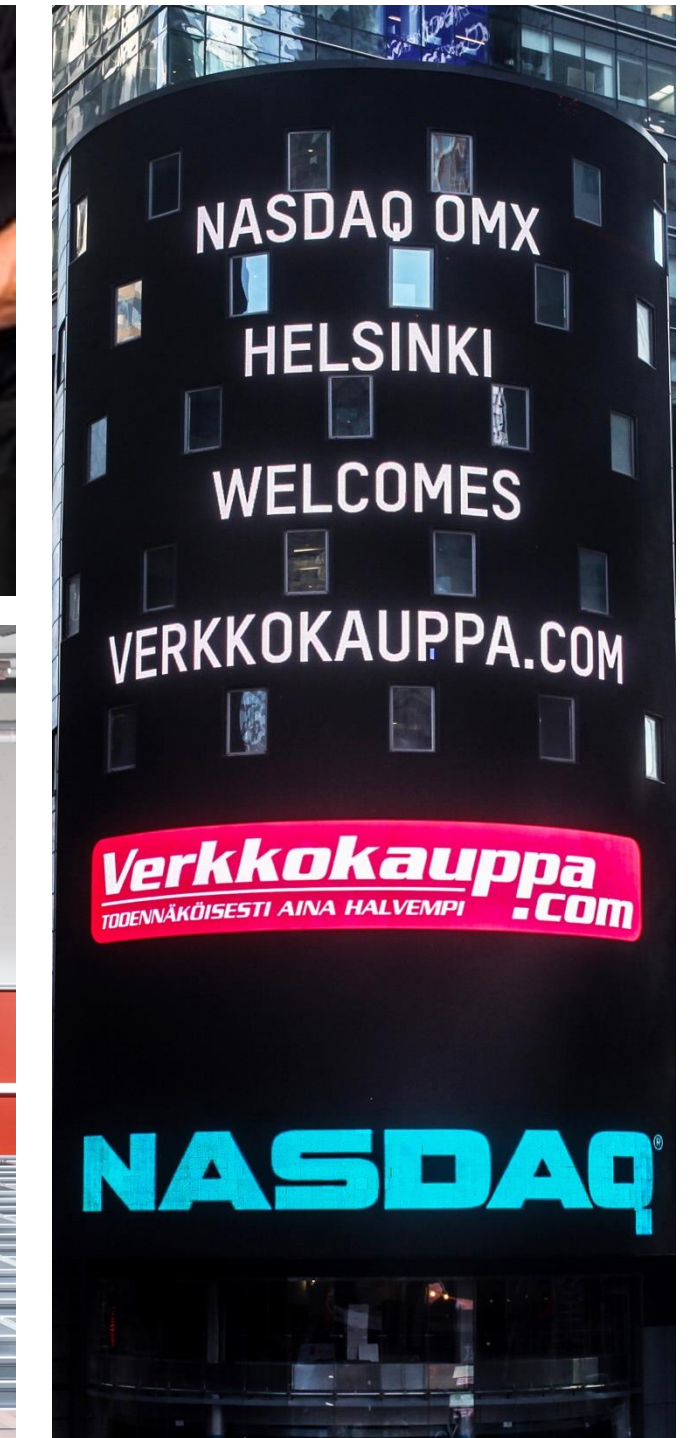
# COMPANY PRESENTATION





# THREE DECADES AS FINNISH ECOMMERCE FORERUNNER

- 1992** Verkkokauppa.com founded as one of the world's first online stores  
Inhouse developed ERP Private launched
- 2001** First in the market to introduce 3-hour deliveries
- 2014** Company listed on Nasdaq First North
- 2015** Substantial increase of new categories begins
- 2020** Company Listed on Helsinki Main List
- 2022** Warehouse automation Autostore installed in main warehouse  
Acquisition of e-ville online store to strengthen own brand portfolio
- 2023** Internationally awarded Trade-in services launched  
New online store launched  
Verkkokauppa.com Tili financing product launched  
First to offer 1-hour delivery for consumer electronics in the market
- 2024** New strategy for 2024-2028: Accelerating online transition with four cornerstones
- 2025** Substantial progress in strategic cornerstones
- Jan-Feb
- Strategic collaboration with Amazon.se
  - Sustainability program launch





# VERKKOKAUPPA.COM TODAY

## Wide product offering

Number of total brands

**+2 000**

Number of own brands

**52**

Total SKUs in assortment

**~60 000**

## Preferred consumer choice

Most visited e-tailer in  
Finland

**75M**

ONLINE VISITS

Exceptionally low return rate

**0.7%**

Fast delivery SKU count

**>30 000**

## Satisfied customer base

High NPS

**68**

Most engaged  
customers in the market

**538 747**

NUMBER OF PRODUCT REVIEWS

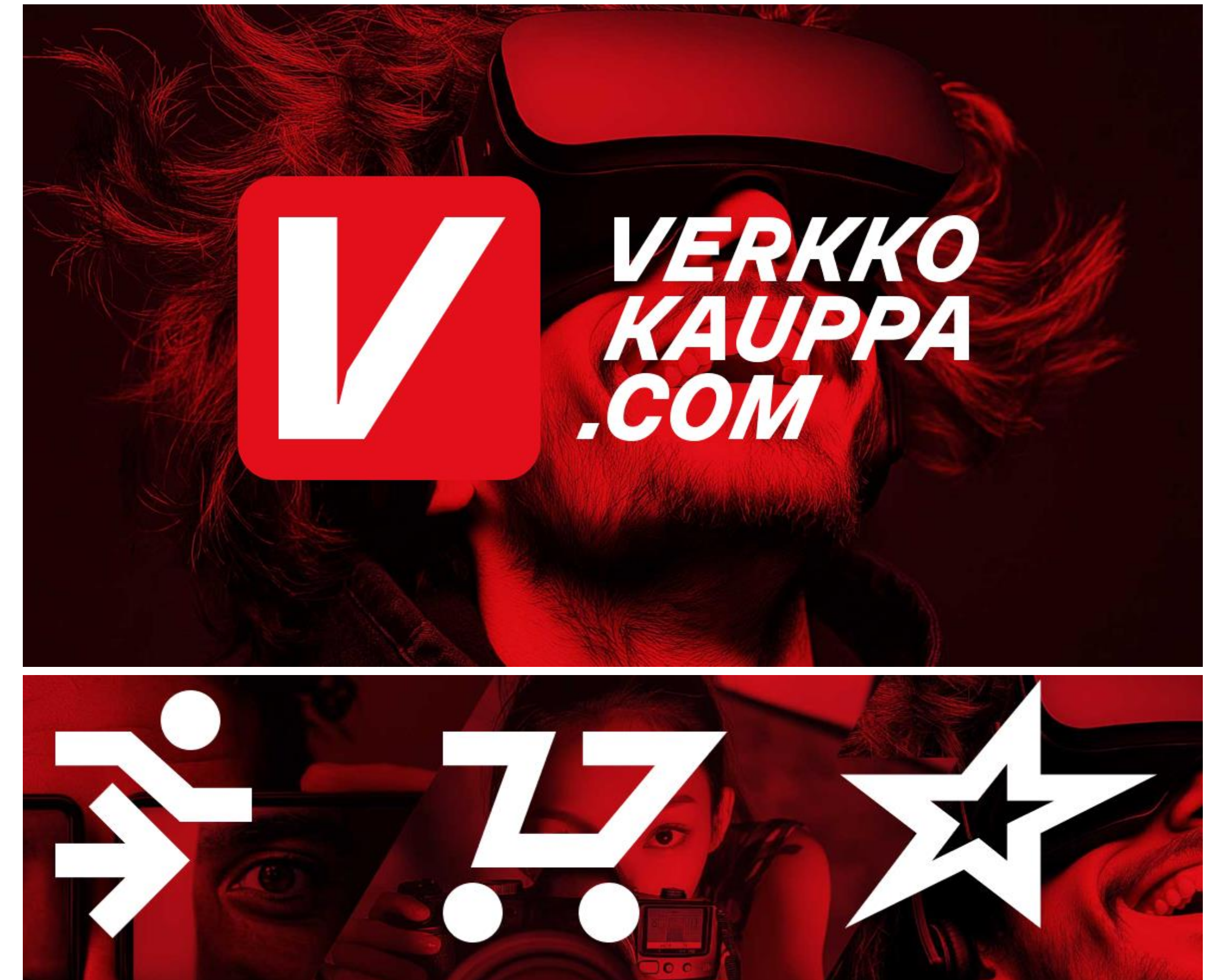
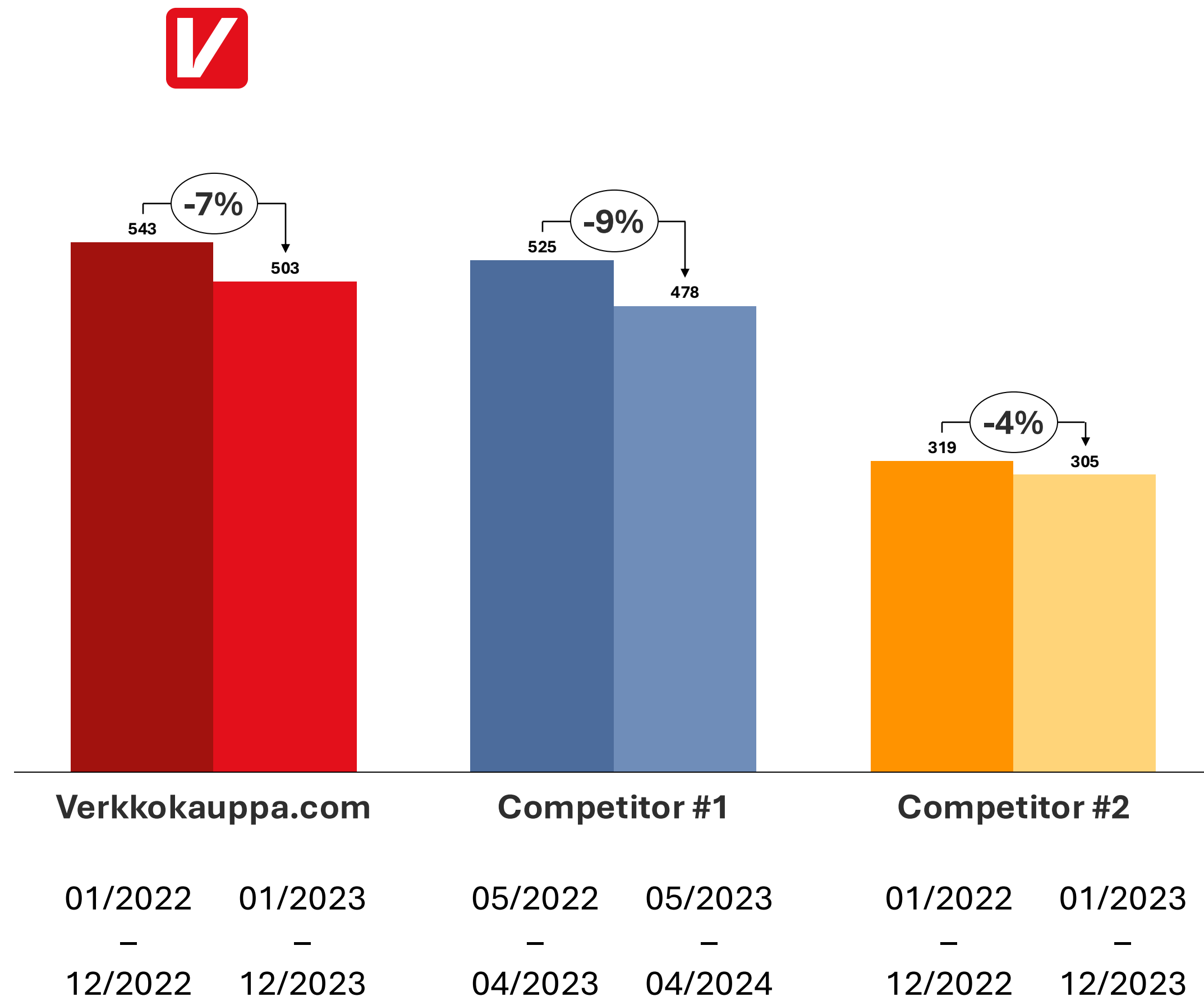
Average customer review

**4.4**

Average stars in all product reviews  
in a scale of 1 to 5

Note: All numbers are based on the year 2024

# LEADING CONSUMER ELECTRONICS RETAILER IN FINLAND



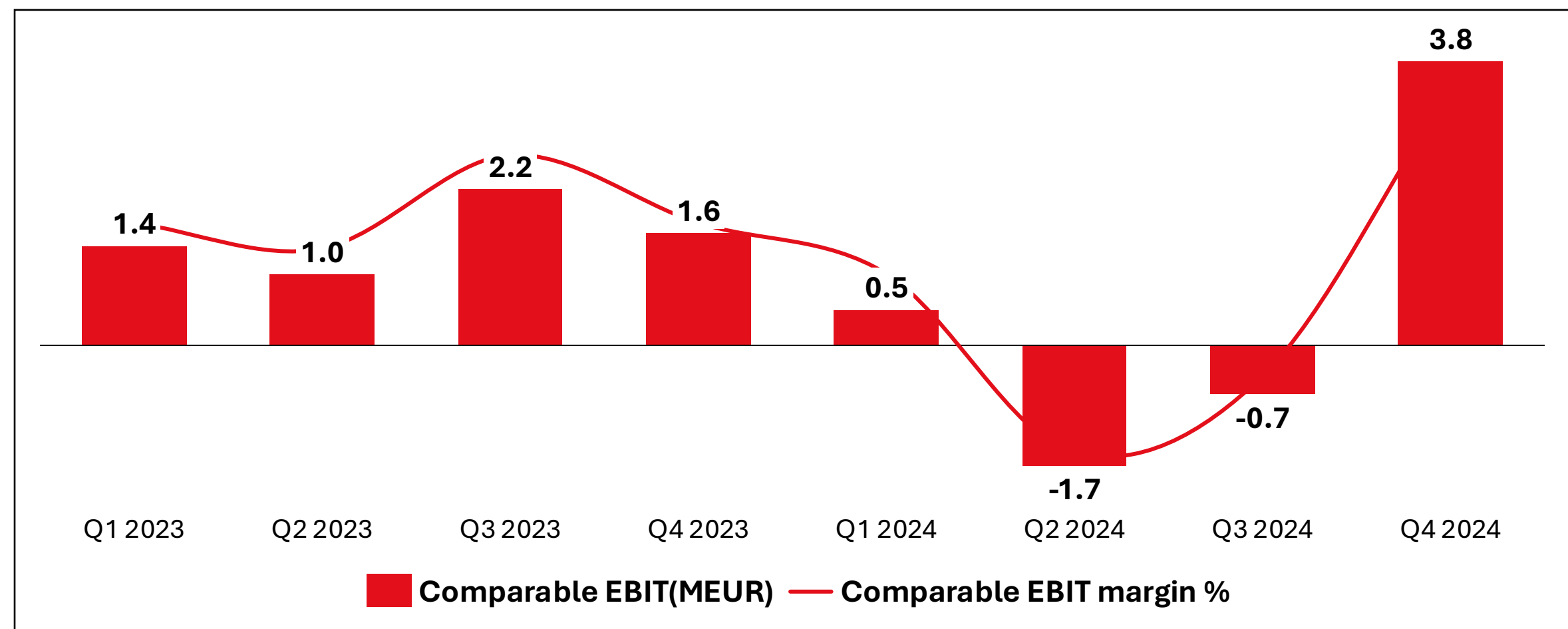


# THE CHALLENGING YEAR OF 2024 SAW SIGNIFICANT PROFIT IMPROVEMENT IN THE FOURTH QUARTER

## Key figures

EUR million	Q4/2024	Q4/2023	Change	FY2024	FY2023	Change
Revenue	140.2	150.6	-6.9%	467.8	502.9	-7.0%
Gross profit	23.3	23.1	+0.2 meur	75.8	80.9	-5.1 meur
Gross margin	16.6%	15.3%	+1.3pp	16.2%	16.1%	+0.1pp
Personnel costs	9.6	9.9	-3.1%	35.9	36.7	-2.1%
Other operating expenses	9.2	9.7	-5.1%	32.9	33.5	-1.7%
Operating result	3.0	1.8	+1.2 meur	0.6	4.7	-4.1 meur
Comparable operating result	3.8	1.6	+2.2 meur	1.8	6.1	-4.3 meur
Net result	2.6	1.2	+1.4 meur	-0.8	2.1	-2.9meur

## Comparable operating result (MEUR)



## Q4/2024 development

- Strong profitability improvement driven by solid margin and cost efficiency
- Comparable fixed costs decreased by 9%
- 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
- Operating result (EBIT) increased to 3.0 MEUR or 2.1% of revenue

## Financial position

- Good inventory turn and low obsolete levels. Inventory decreased to 51.1 MEUR (62.7)
- Strong cash position – cash at hand increased to 35.6 MEUR (31.9)

# **STRATEGY EXECUTION & LATEST HIGHLIGHTS**





## WE WILL **ACCELERATE ONLINE TRANSITION** WITH FOUR CORNERSTONES LEADING TO PROFITABLE GROWTH

**Our PURPOSE is**  
*to rewrite the rules of retail*

AGILITY  
TRANSPARENCY  
COMMUNITY  
COURAGE  
REBEL OF RETAIL ATTITUDE

### 1. FASTEST FULFILMENT

- Blazing delivery speed a new norm of buying
- The most effortless shopping experience
- Automated product flows and intralogistics

### 2. CURATED ASSORTMENT

- First one to introduce latest products and innovations
- Full assortment with best availability in selected categories
- High-quality Private Label selection

### 3. NEW BUSINESS MODELS

- New subscription-based services, new norm of owning
- New profit models e.g Retail as Media
- New fulfilment operating models

### 4. OPERATIONAL EXCELLENCE

- Most efficient retail operations
- Feature-rich and leading own platform
- Data and AI powered way-of-working

Top line growth (CAGR) of more than 5%, outgrowing the market

Fixed costs below 10% of revenue\*

EBIT margin above 5%\*

**Our VISION is**

*to create a new norm for buying and owning*



\* by the end of 2028

# HIGHLIGHTS OF THE STRATEGY EXECUTION

## Sweden expansion

Verkkokauppa.com expanded (2/2025) to Sweden in collaboration with Amazon offering a unique opportunity to expand into the largest market in the Nordics both cost-efficiently and rapidly.



## Tallinn entry

Verkkokauppa.com expanded to Tallinn in collaboration with Wolt offering wide electronics assortment with 10 500 SKUs.

## Customer financing

Revenues from customer financing services increased to 7.8 million euros (from 6.8), including interest income, fees, and commissions.



## Own brands

Sales of Own brands grew +18% in 2024 compared to previous year. Growth came particularly from Major home appliances, Sports and IT accessories. Own brands accounted 6.8% of the revenue in 2024.



## 1-hour deliveries

One-hour deliveries reach 1.7 million consumers in Finland and grew by 18% in Q4 2024. The share of fast deliveries in all online orders grew to 16.0% in Q4 2024 (12.0% in Q4 2023).



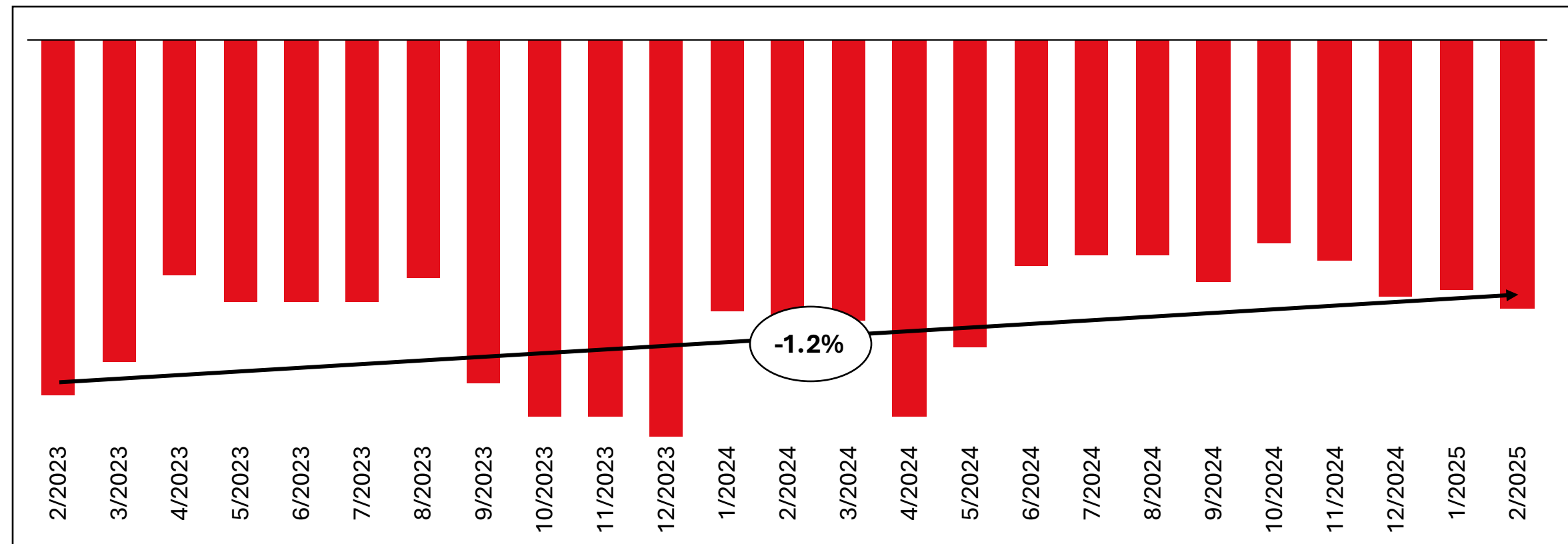


# MARKET ENVIRONMENT

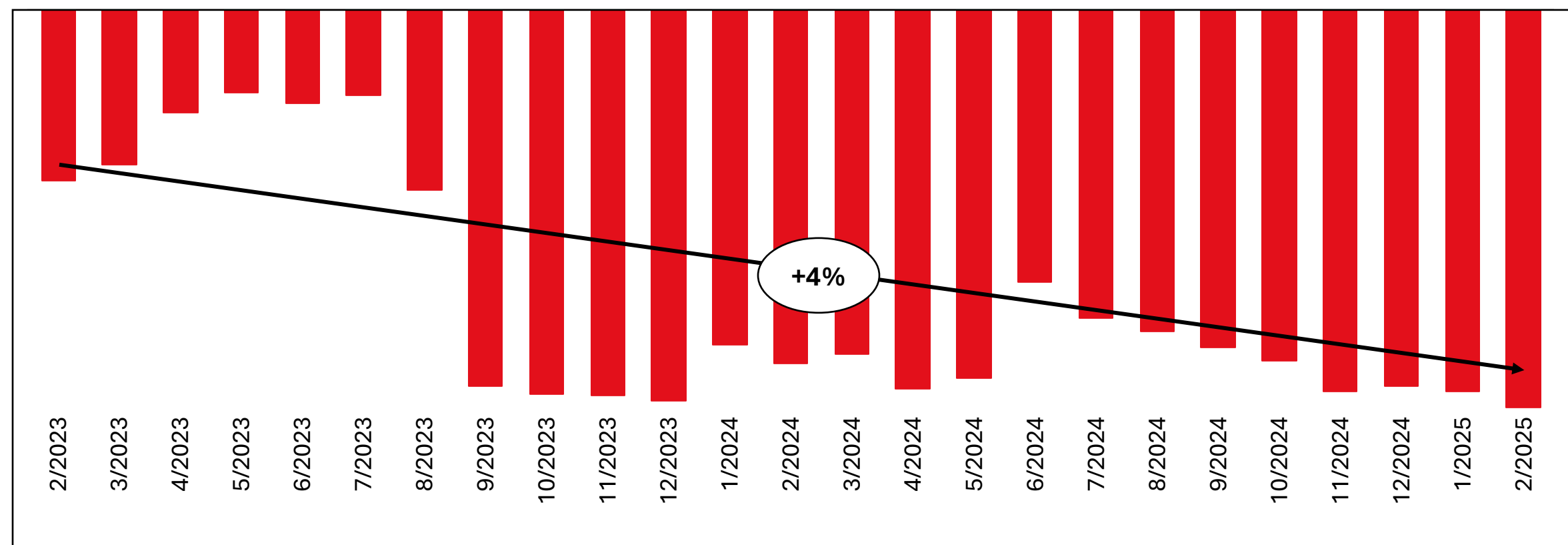


# CONSUMER CONFIDENCE HAS BEEN WEAK CONTINUOUSLY THROUGHOUT THE PREVIOUS YEARS

## Consumer confidence in Finland



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



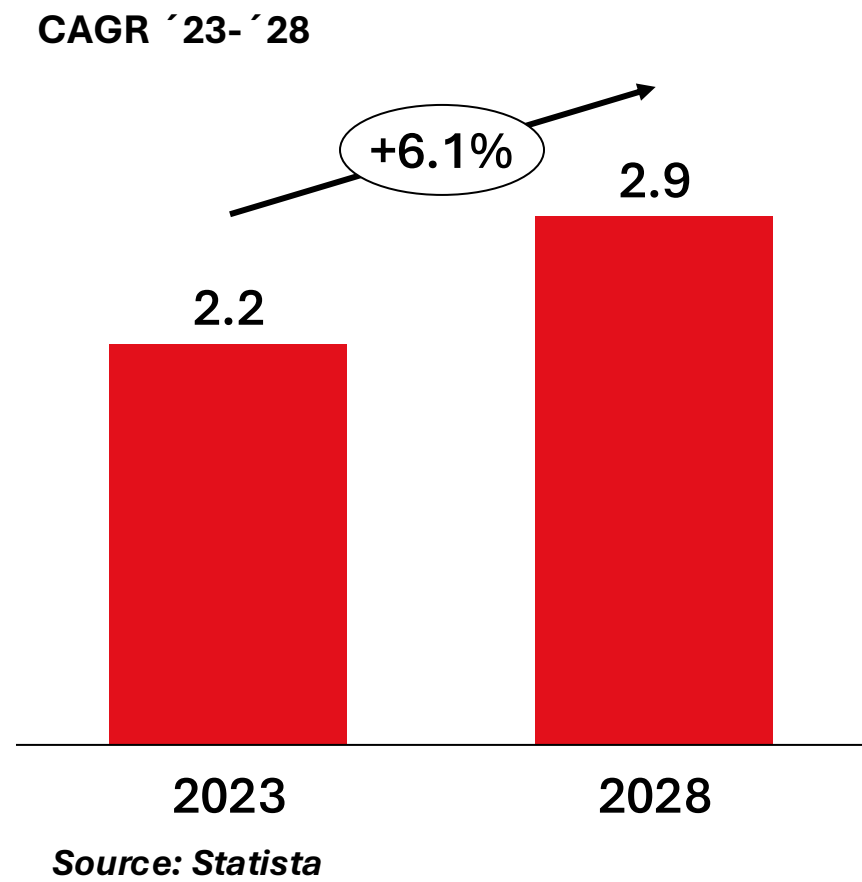
Source: Statistics Finland

- Overall, in 2024, the market environment was challenging, marked by low consumer confidence and cautious spending, creating challenges for specialty retail
- Consumer confidence remained subdued during the 2024
- The assessment of the current state of one's own finances has stayed weak throughout last year
- The latest two years has been considered highly unfavorable for purchasing durable goods
- Expectations regarding the overall development of unemployment weakened furthermore towards the end of 2024



# CONSUMER BEHAVIOR IS TRANSFORMING, WITH SEVERAL TRENDS FAVORING VERKKOKAUPPA.COM'S FUTURE GROWTH

Online addressable market Finland (bnEUR) 2023-2028



## ONLINE TRANSITION

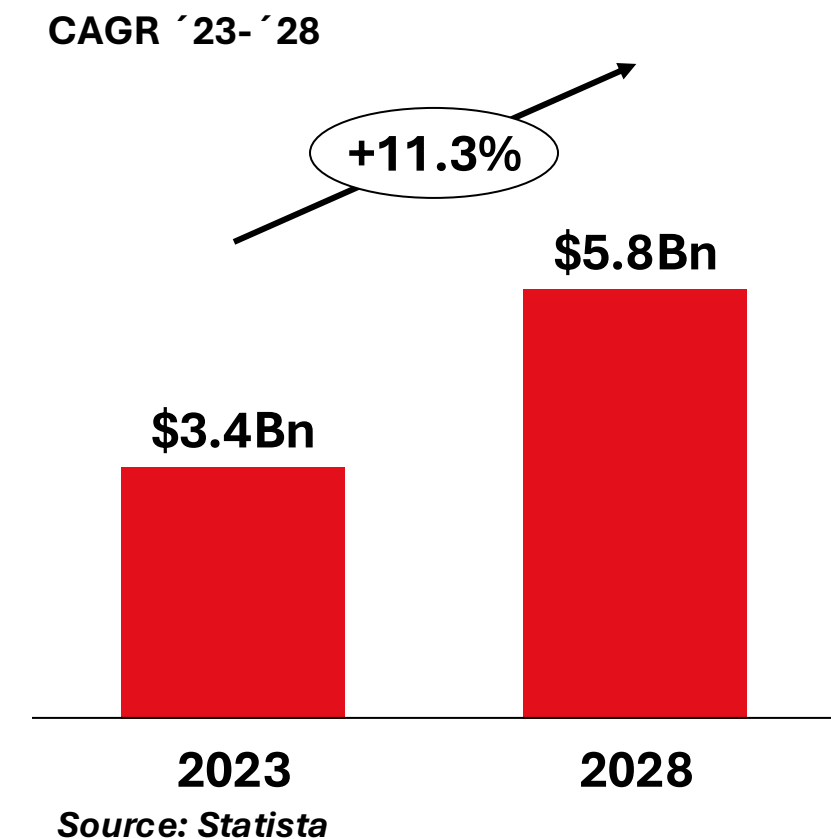
Target markets are increasingly moving online, which is undermining the strength of brick-and-mortar stores



## GROWING FAST DELIVERIES

Fast and convenient transactions are becoming the new norm in shopping

Buy Now Pay Later market in Finland (USD)



## NEED FOR NEW WAYS OF BUYING

New ways of buying and owning, are becoming increasingly significant

Would buy refurbished electronics

62%

Source: Verkkokauppa.com sustainability study 2024, n=1044

## CIRCULARITY ON THE RISE

The importance of sustainability and the circular economy is growing







# MARKET OUTLOOK 2025

- 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





# KEY TAKEAWAYS

- Pioneering in the ecommerce since 1992
- The company is the market leader in the Finnish consumer electronics market
- During the challenging year of 2024, Verkkokauppa.com significantly improved profit towards the end of the year
- Strategy execution is on track, highlighted by the expansion in Sweden, Tallinn entry, one-hour fast deliveries for 1.7 million residents, and improved cost efficiency through reorganization and cost-saving measures
- The company is strategically positioned for future success, supported by several emerging trends that are expected to drive growth

