



Wehkamp Retail Group

Strategic progress and resilient financial performance

For the 5th consecutive year the Wehkamp Retail Group (WRG) has a positive EBITDA, for the financial year 2023-2024 the adjusted EBITDA has increased with 30% to €26 million. Several initiatives like the leadership role of WRG with the new returns and delivery strategy, and the further technological and operational improvements of the Zwolle distribution centre lead to these positive results as published today in the Group Annual Report of the financial year 2023-2024.

Leading the industry

In 2023-2024 Wehkamp took two decisions which broke from the industry norms and have proved to be transformational for the unit economics of the business, whilst also improving the company's environmental footprint. In April 2023 Wehkamp introduced a new returns policy, which for the first time charged customers €0,50 for each item returned in order to change consumer behaviour. In October 2023 Wehkamp introduced a home delivery charge of €0,50, a share of which is donated to the charity Jantje Beton, in recognition that home deliveries bear a higher financial and environmental cost than delivering to one of DHL's 4,400+ service points in the Netherlands. Both policies have since been rolled out to kleertjes.com and Union River.

"It was a bold decision to start charging for returns and home deliveries when the economy was weak and our competitors were offering both services for free but it has proved to be the right one. We have cut our returns rate by 14%, whilst DHL service point collections have increased threefold, benefiting both our financial performance and our environmental footprint. I would encourage all operators to make this necessary leap to make our industry more sustainable," commented Graham Harris, WRG CEO.

Transforming the unit economics

WRG made strong progress in its 2023-2024 financial performance despite a challenging macro-economic backdrop which persisted throughout the year. This transformation in the unit economics of the business is best evidenced in the substantial year-on-year increase in both the gross margin (+290 bps) and adjusted EBITDA margin (+ 170 bps) despite inflationary pressures and the contraction in customer sales. WRG has now achieved five consecutive years of positive adjusted EBITDA which testifies to the permanence of the changes made to the business and its ability to generate profits through the economic cycle. Adjusted EBITDA in 2023-2024 is 39% above the pre-Covid levels of 2019-2020.

Financial highlights

€ million	2023-2024	2022-2023	Change
Customer sales	552	663	-17%
<i>Gross profit margin</i>	36.8%	33.9%	+290 bps
Adjusted EBITDA	26	20	+30%
<i>Adjusted EBITDA margin</i>	4.8%	3.1%	+170 bps
Operating result	-3.4	-13.2	+74%

Ready for the upswing

Over the last few years the business has been upgraded and repositioned and the benefits are starting to come through. A new multi-facia technology platform, which went live during the year, will reduce costs, facilitate further customer focused innovation such as the recently launched kleertjes.com app and make it easier to add new facias. The new platform seamlessly integrates with the highly automated distribution centre in Zwolle which now manages a singular stock pool and has the capacity for substantial further organic and/or acquisitive growth without the need for material additional investment.

Graham Harris, CEO of WRG commented:

“The market may be slow but we have been busy. We have been implementing our strategy, preparing the business for further profitable growth, whilst substantially improving the operational performance and unit economics of our model. We have never been in better shape, with a new proven and sustainable business model and the capacity for substantial future growth within our existing infrastructure.”

Media enquiries

For all media enquiries please contact the Wehkamp Retail Group Press Officer via: pers@wehkamp.nl

About WRG

Wehkamp has been a pure e-commerce player since 2010, and the company has long been connected to Dutch society. Wehkamp's long history goes back over 70 years to 1952 when it started as a mail order company. Today, nearly 40% of Dutch households buy from Wehkamp. In 2021, the company purchased kleertjes.com giving birth to the Wehkamp Retail Group ("WRG"). In 2022, the group launched its online shop for men, Union River.

WRG offers well-known global and local brands, in addition to a growing private label assortment, to a base of 2.3 million active customers. WRG has made significant investments in infrastructure, data and technology in recent years, including in a centralised distribution centre in Zwolle, the Netherlands. Following investment in pocket sorter technology approximately 90% of outbound stock is now fully automated in terms of picking and packing. The high level of automation enables WRG to offer a premium customer experience including midnight cut-offs and same day delivery.