

# 2016.

**ANNUAL REPORT**



**Verkkokauppa**  
PROBABLY ALWAYS CHEAPER **.com**



# CEO's review

Retail continued going online. Verkkokauppa.com continued to increase its sales, profit and market shares at a good rate because of low prices made possible by low costs, self-service and transparent operating models. Company kept increasing its dividend payment as well. All this while retail market continued going online and being very competitive in Finland in 2016.

The company will have a more aggressive approach to year 2017, with clear aim to achieve higher sales growth, good profitability and increase its market share in most of its main categories while also launching two new main categories. Finnish consumer electronics market itself will continue to consolidate between Top-3 retailers.

Profitability will be improved through wider usage of Apuraha-financing including new Apuraha payment options and by increasing sales of recently launched, higher margin main categories – not by increasing prices.

In 2016 new features like Price Barometer, Market Price and better delivery time estimates were launched in the webstore. During 2017 further development of Apuraha-financing and new inventory management

tools will be seen. The development of the C2C-Marketplace, internal planning and profit tracking tools will be continued. Also both Pirkkala and Oulu stores are expanding during 2017. The company is also planning on opening new stores in the future, as well as a new logistics center with improved logistics solutions.

Thank you for the 2016 and let's make 2017 an excellent growth year!

**Samuli Seppälä**

*CEO, Founder and Owner*

Verkkokauppa.com Oyj

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# On the road to steady growth

Verkkokauppa.com will remember 2016 as the year in which the company focused on improving its strengths, growing its market share in the most important product categories, and finishing long-term projects. The move from Helsinki warehouse Bunkkeri to Vantaa and the launch of the new website were the most significant projects. In 2016, the focus was on developing existing product categories, with the product category range remaining unchanged.

Special attention was paid to recently launched product areas such as Babies and Family, and Sports and Nutrients. The company's premise is to introduce profitable product groups into its range, and after considerable initial investments, these product categories have been further developed into entities that are in line with the company's concept.

In the Sports and Nutrients category, Verkkokauppa.com launched its own sports brand Evolver, which includes a variety of sports and fitness equipment as well as nutritional supplements for some of the lowest prices in the market. The Evolver launch also includes sponsored top athletes and social media influencers who spread the word about the Evolver brand.

In the Babies and Family category, the company has established its position as a shopping place for families with babies and small children, and continues to gain market share in the fragmented and challenging baby product market. An additional boost to the year was provided by Verkkokauppa.com's own competitively priced brand Milla & Måns, which features, among other things, combination prams, travel strollers, a travel bed and accessories. The keys to growth in the product category have been the wide and comprehensive product range, low prices, good availability and active campaigning.

In the Toys category, strong growth was sought in 2016 with a new strategy and an updated range, with an increased focus on high-quality and most popular

brand toys. A strong emphasis was also placed on the company's traditional focus area: technological toys such as remote-controlled drone helicopters. The updated strategy materialised especially in the form of Finland's largest and most fun LEGO selection, available at low prices. As a whole, the company strives to increase its attractiveness as a shopping place for families with babies and children by creating synergies between the Toys and the Babies and Family product categories.

There were changes in the competitive environment in 2016, with competitors taking an active role in the home electronics market. This attracted some interest in the Finnish media and increased positive awareness around the topic. The price competition that took place during the year has, along with aggressive advertising, made consumers even more price-conscious than before. As the price competition tightens, the home electronics market continues to concentrate to major players and move online.

In Finland, the purchasing power of consumers and the economic outlook have been bleak for a long time. Despite that, the company was able to improve its financial performance again in 2016, as expected. According to a Bank of Finland forecast\*, the Finnish economy should, however, start a steady, moderate growth in the coming years.

\*EURO & TALOUS 5/2016



# 371

MEUR

REVENUE IN 2016

# 8%

INCREASE IN REVENUE IN 2016



# New website with a more unified experience

Retail keeps moving online, and increasingly into mobile devices. The number of mobile users using the webstore has been growing rapidly for several years. To respond to this trend, the webstore, which had been in use for many years, was quietly retired in November 2016. A new, modern and youthful website stepped in and began full-time service on 7 November.

The website, which has been developed over several years, creates a unified webstore experience on all platforms: Verkkokauppa.com webstore customers have come to know now looks and feels the same on a smartphone, tablet, computer or any other device. The new website also provides a more personal shopping experience than before, and its content is continuously customized according to the preferences of each customer.

The development of the website is by no means over. As with the earlier site, the new site, which is based on responsive design and technology, is continuously

updated and developed. Following the launch, the company expects to receive a large amount of good and constructive feedback, based on which it can make the Verkkokauppa.com webstore an even better experience for each and every user.

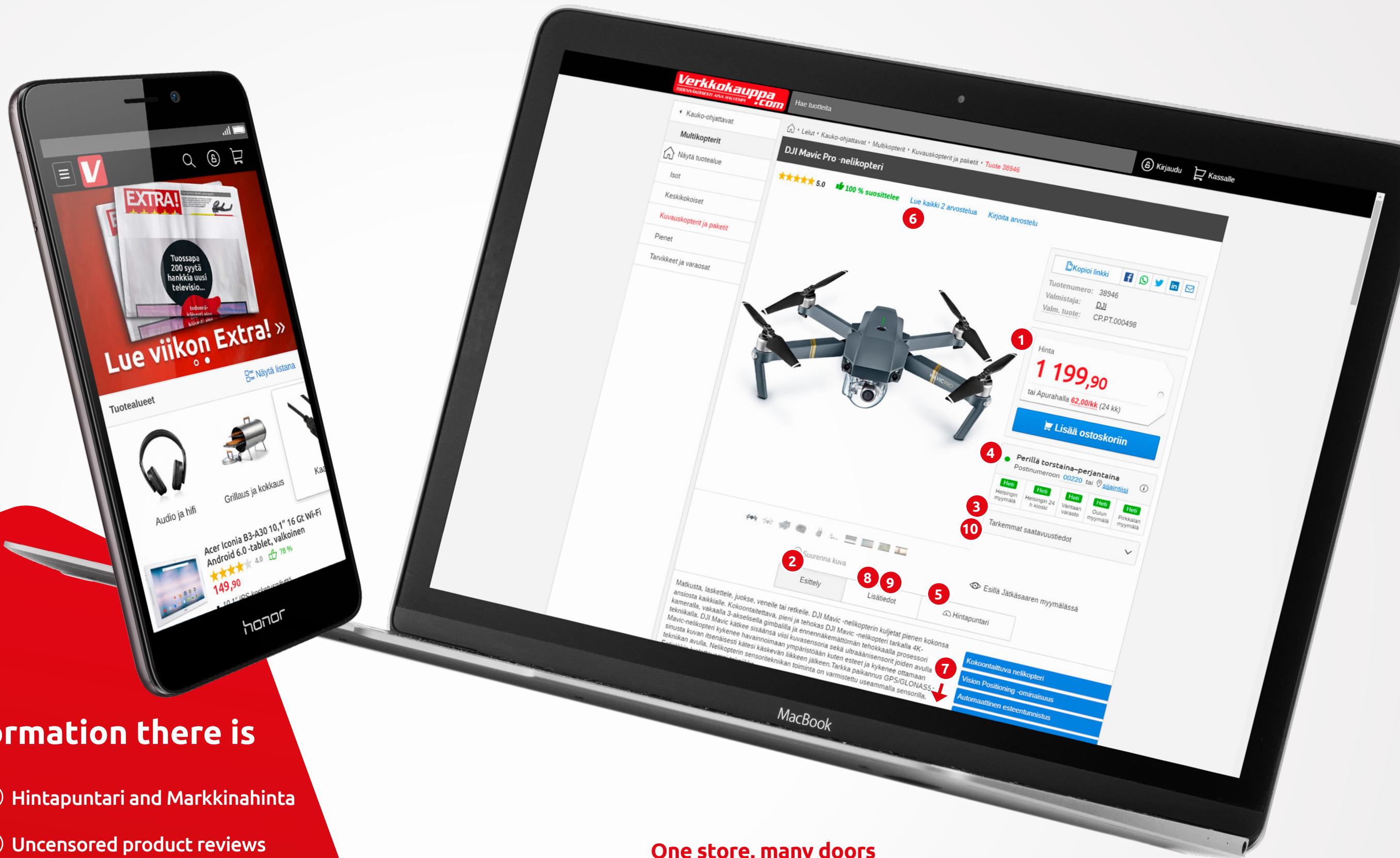
The revamp also facilitates management: the company can now focus its maintenance and development investments on one site serving all users. Previously, the mobile site and the site meant for large screens lived separate lives, which meant nearly double maintenance in addition to development efforts.





## Price tracking and market price included in product information

In connection with the new website, the company published its long-planned price tracking service, Hintapuntari, Price Barometer. The service, which is integrated in the webstore's product pages, tells the price history of an individual product and offers a forecast on the future price. With Hintapuntari, customers gain valuable information on the price development of the products. Another new feature introduced in November in connection with Hintapuntari is Markkinahinta, Market Price, which gives the average market price of the product calculated from five retailers offering the product. The information provided by Hintapuntari is based on Verkkokauppa.com's data, the prices of other retailers selling the product, and mathematical prediction models.



## The best product information there is

- ① Low prices and Apuraha instalment payment method
- ② Comprehensive product and technical information
- ③ Real-time data on product availability
- ④ Delivery time estimate based on location or postal code
- ⑤ Hintapuntari and Markkinahinta
- ⑥ Uncensored product reviews
- ⑦ Product-specific questions and answers
- ⑧ Service and return percentages
- ⑨ Sales history of product
- ⑩ Location of product in store

## One store, many doors

There is no difference between Verkkokauppa.com's webstore and the brick-and-mortar stores: from the very beginning, the company has built its physical stores on the terms of the webstore. The systems of the physical stores and the webstore are connected, which means that the prices are always the same in the physical stores and online, with no exceptions. In the webstore, customers can also see real-time information on product availability, product information, uncensored product reviews

written by customers, as well as maintenance and return percentages. In addition to customers, the information serves the company's customer service personnel.

With Hintapuntari and Markkinahinta, launched together in 2016, as well as comprehensive product information, the company strives to provide customers with as much product information as possible. Thus, regardless of what device customers use or which store they visit, the experience is always the same.



# Probably always cheaper

The company's most important promise is the low price of products, enabled by a low cost structure. In 2016, Verkkokauppa.com's fixed costs made up 11.8% of sales, while the average figure for the retail industry in 2015 was 27.5%\*. Naturally this makes it possible to sell products at lower prices around the year and at any time of the day.

The below industry average fixed costs are enabled by a cost-efficient and scalable webstore concept,

which is not burdened by large personnel expenses or numerous brick-and-mortar stores. In addition, the product range has been built from the point of view of cost efficiency, which is why the company has so far not offered, for example, clothing, foods requiring cold storage or small, cheap individual products such as nuts and bolts.

\*Statistics Finland, Soliditet, D&B

Here, you get also the bigger screens...

Here, even your pants stay dry...

probably always cheaper

probably always cheaper



11.8%

SHARE OF FIXED COSTS FROM REVENUE 2016



# Experiences and events in 2016

As retail is moving online, the traditional brick-and-mortar store must renew itself and earn its place as an efficient sales channel. With the path chosen by Verkkokauppa.com, the company wants to offer its store customers added value and experiences. For several years, different large and small events have been organised in the stores to bring joy to customers.

## Tubecon Meet&Greet

YouTubers, or YouTube celebrities, have gained phenomenal popularity among young people in particular. The annual Tubecon event brings thousands of young people together with their idols. In 2016, Verkkokauppa.com was one of the main partners of the event organised in August. Verkkokauppa.com hosted the Go Professional product area in Tubecon

and, in addition, a hugely popular Tubecon Meet&Greet was organised in every store. The event brought hundreds of enthusiastic young people to meet popular YouTubers and to see the equipment they use, such as cameras and computers.



## Camera and Music Fair

The Camera and Music Fair, which has already become a tradition, was once again a success in June 2016. In addition to product demonstrators and special offers, the event included engaging fun for customers. In the Be A Rockstar booth, five enthusiastic people selected beforehand got to try out life as a world-class rock star. In the closed, transparent booth, hotel room furnishings got totalled as the dressed-up rock stars worked up a sweat by smashing guitars into walls.

The Finland's Roughest Solo contest was one of the annual light-hearted music contests organised by Verkkokauppa.com together with Soundtools and Sennheiser. This year, the contest looked for Finland's roughest solo, as the name suggests, performed freestyle. The contest attracted a wide variety of different instruments from cellos to pots and pans and mini-drums. The winner was a music student who skilfully and creatively played a top hat.

The winner was awarded state-of-the-art home studio equipment.

During the fair, artist Timo Jakola's Art-Mobile art bus appeared in the store yard. Jakola had previously received from Verkkokauppa.com a number of flat-screen televisions, on which he painted art depicting modern Paris and Helsinki. Customer were able to view and purchase these moving and captivating still paintings.



## Digimessut 2016

Verkkokauppa.com's Digimessut fair, which has established a strong reputation for itself, attracted a record audience in the Helsinki megastore in October. The main attraction of the fair was the enchanting and terrifying YouTube sensation, Hydraulic Press Channel, which gave a variety of strange objects a taste of the brute force of a hydraulic press. The immensely popular demonstrations were mentioned at the end of the MTV3 television news broadcast and in the biggest tabloids.

Something analogic was also wanted at a fair that concentrated on digital devices, and therefore a Knight Fight event with medieval sword matches was arranged outside the store. During several hours of genuine Buhurt knight fights, armours clashed and fighters took hits from swords. The medieval spectacle drew a large crowd despite the cold autumn weather.



*Outlet auction – bigger than ever, with more than 30 auctioned products and more than 100 eager participants.*



*HoloLens Treasure Hunt – HoloLens was tested for the first time in Finland in an unprecedented hologram treasure hunt.*



## Singles' Day – the greatest sales event in the universe

In November, Verkkokauppa.com brought Singles' Day, "the greatest sales event in the known universe" to Finland – with a bang. Originally from China, Singles' Day has gradually grown into the biggest sales day in the world, and the share of online sales from total sales in particular has seen continuous growth. Singles' Day is celebrated on 11 November.

Verkkokauppa.com celebrated Singles' Day with special offers across its entire product range. This was the biggest special offer sales campaign in the history of Verkkokauppa.com, and its purpose was to introduce an alternative, fresh sales day in Finland alongside Black Friday, which has already landed in the country. The campaign visuals featured an impressive space theme, suggesting to customers that something truly great was about to happen. And it was great indeed – this was demonstrated, for example, by the long line of customers in front of the Jätkäsaari megastore early in the morning, defying freezing weather.

## The first Finnish Excel Championship

The first ever Finnish Excel Championship, organised in cooperation with Microsoft, spent several months in search of the Finnish Excel champion, who would represent Finland in the world championship in the United States. The finals, held on a November Saturday at the Verkkokauppa.com Helsinki megastore, were covered by national news media. The final battle was fought between three of the country's sharpest statistics experts, who arrived to tackle world-class challenges. After the physically easy but mentally completely draining final assignment, the jury had found the first Finnish Excel champion in history.



*Sony PlayStation VR in its first Finnish test, drawing people to queue for two hours.*



# Responsible retail

## With attention to the environment

Verkkokauppa.com takes care of its WEEE (waste electrical and electronic equipment) producer responsibility, and customers have also found this service. From the Jätkäsaari store in Helsinki alone, a truckload of recyclable WEEE material mainly brought by consumer customers, is delivered to a recycling centre every two weeks.

According to the principles of WEEE collection, the company's stores accept all kinds of electronics waste free of charge, regardless of whether or not the customer is purchasing a replacing device. At Verkkokauppa.com, recycling is not limited to WEEE; the stores accept all devices associated with the electric and electronic sphere and recycle them in the appropriate manner. In addition, Verkkokauppa.com accepts and recycles used batteries. All recycling is carried out by partners.

The Verkkokauppa.com flagship store and headquarters in Jätkäsaari, Helsinki, are built according to the LEED (Leadership in Energy and Environmental Design) environmental certification standards. The air conditioning system, water consumption, automated lighting and recycling of the energy-efficient building follow top international standards and are designed with attention to sustainability.

## Responsibility in the supply chain

Verkkokauppa.com has private label brands, manufactured mainly in China, in several product categories. In order to ensure that the products are manufactured ethically, the company conducts regular audits at the factories in question, thereby doing its best to ensure that it does not purchase products from companies that violate laws or exploit their employees. In the audits,

All waste produced by the company is sorted, and in 2016, 98.34% of all waste was recycled. In line with LEED thinking, the location of the building also has major significance in environmentally friendly construction. The megastore, which is located in Jätkäsaari with good public transport connections, encourages customers to use public transportation instead of driving. The company is prepared for the increase in the popularity of electric cars by equipping the parking garage of the Jätkäsaari store with charging stations already in the construction phase. Verkkokauppa.com uses electricity produced by renewable energy forms in all its stores.

The company's stores in Pirkkala and Oulu abide by the same principles – the stores have a WEEE collection service for customers and all waste produced by the company's operations is sorted.

attention is paid to, among other things, the well-being of employees, including health, safety, compensation and working hours. One of the main goals of the audits is to ensure that no child labour or forced labour is used in the factories. The audits are conducted by the international corporation SGS, which specialises in auditing, certifications and testing.

# 98.3%

THE SHARE OF RECYCLED WASTE IN 2016







Rebecca

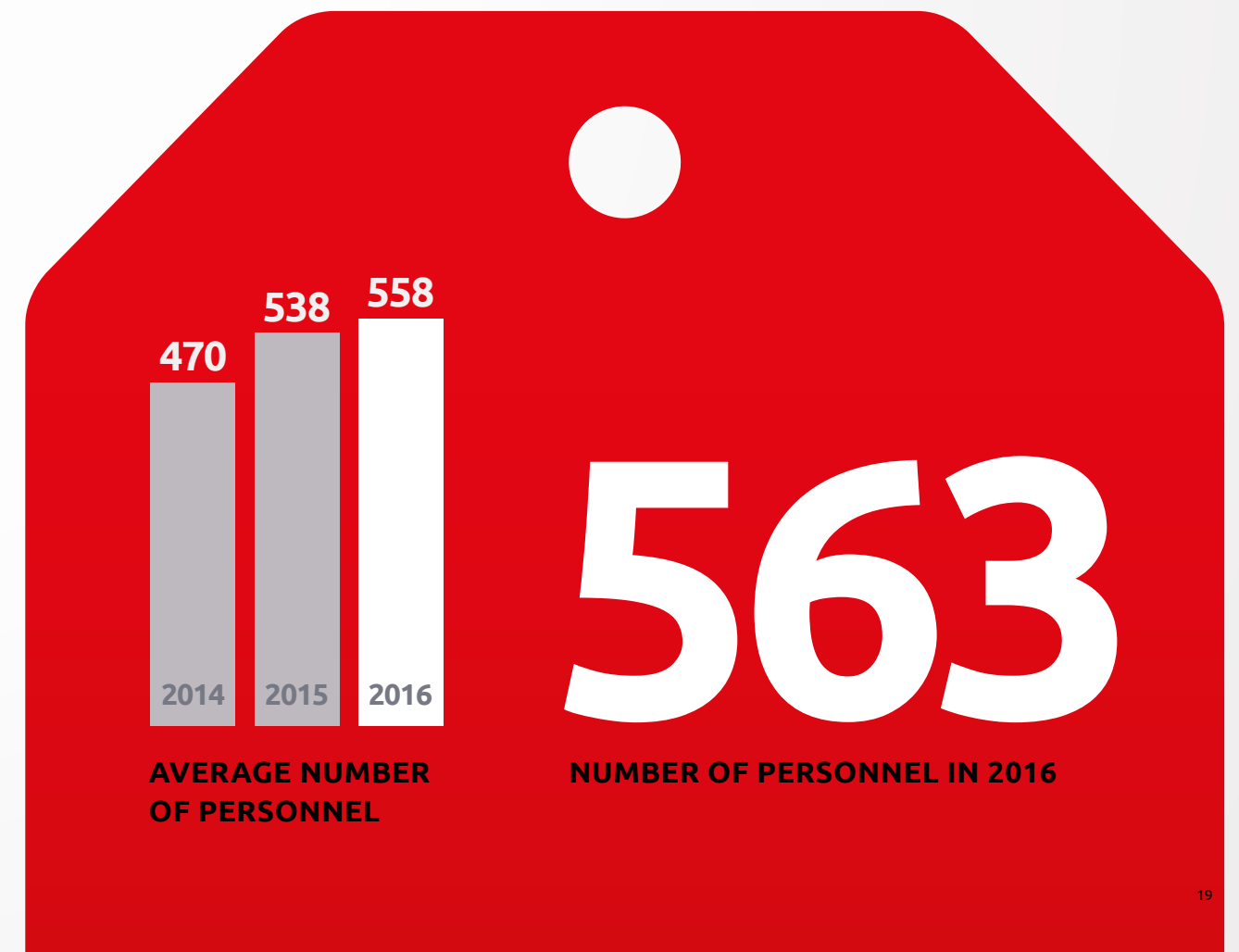
Antti

# The people behind the work

The inexhaustible force behind Verkkokauppa.com is the group of hundreds of happy employees, which has been growing year by year. The number of employees grew in 2016, as well, but the growth was moderate compared to previous years. At the end of 2016, Verkkokauppa.com employed 563 people in total. The number of employees is expected to continue growing in the coming years, with focus on the developing areas of the business.

A special characteristic of Verkkokauppa.com employees is their low average age. When it comes to store and customer service employees, Verkkokauppa.com is often their first job. The company

wants to support young people by offering them employment and a tangible experience of the responsibilities and freedoms of working life. Verkkokauppa.com offers mainly full-time positions. As many as 90% of all employees work full time, which is a significantly high percentage in retail. In addition, the company has many employees with a history of more than 10 years at Verkkokauppa.com. The careers of long-term employees have been supported by offering, for instance, study leave. Most of these employees have indeed returned after their study leave, bringing with them fresh knowhow and insight developed in, for example, institutes of higher education.





# Service as part of everyday business

Service plays an essential part in the company's strategy: the goal is to offer the best product information there is and to provide service transparently. All data on serviced and returned products is stored, making it possible to provide customers with accurate service and return percentages of individual products. Verkkokauppa.com has also been in the habit of publishing annual summaries of the most serviced, returned and popular products – 2016 was no exception.

Service and warranty are an essential and necessary part of retail. Next to the purchase event, service is the other part of Verkkokauppa.com's service offering with which customers sometimes interact. From the point of view of Verkkokauppa.com, these situations are mostly about maintaining customer satisfaction and showing professionalism even in difficult situations.

Most customers coming to the service counter or e-mailing the service department are in contact with the service for the first time. This makes it especially important that the customer service representative has a professional attitude and problem-solving skills. Sometimes customers may be upset when contacting service, and in such cases, the customer service representative must be able to read the situation particularly well. Verkkokauppa.com has an extensive 32-day return policy, making returns more flexible and helping avoid difficult situations.



*"Customers who come to the service counter can be divided into return and service cases. The return process is usually quick and straightforward from the customer's point of view. In addition to coming to the store, customers can return items by mail free of charge, and we will pick up larger domestic appliances from their home,"* says **Noora Muhonen**, Team Leader of Verkkokauppa.com's service department.

The condition of the returned product is inspected, and it is soon given a chance at a new life on the outlet shelf. Returned products end up in the outlet department, which is a very popular place for customers to find bargains.

*"The operations of the service department are an essential part of any company's after-sales marketing. With us, operations are strongly scaled according to sales, and therefore the time period after Christmas, for example, is especially busy."*

Verkkokauppa.com's service department has grown steadily along with the company's revenue, and currently comprises approximately 40 professionals in different service positions. Service includes a customer service team in contact with customers; a computer service team, which services and installs computers; a logistics team, which operates in cooperation with partners; and an outlet team, which is tasked with the retail of returned products. The Pirkkala and Oulu stores have their own service teams, which are smaller and in which an individual employee's tasks may be quite varied. However, the customer's service experience is always the same, regardless of store.

*"In the orientation of employees, the importance of customer service is emphasised, and new employees are given comprehensive training for the task. Furthermore, new employees are not left alone in service situations – interaction with us must always be smooth from the customer's point of view."*



# Business-to-business sales as self-service

The operating model of Verkkokauppa.com's B2B sales was developed during 2016, moving the focus of B2B sales online, as well. In the renewed model, the ease and speed of online self-service is emphasised to corporate customers. Therefore the purchase experience and account management in the webstore are nearly identical to a corporate customer as to a consumer. For organisations concentrating their purchases, the Verkkokauppa.com offers additional benefits such as an appointed sales representative. Corporate customers get answers to questions regarding product information from customer service in the store or by phone, like consumer customers. The operation is headed in the right direction, as the number of satisfied corporate customers has continued its strong growth. In 2017, the online purchase experience of corporate customers will be developed further to answer their needs even better.

Probably always cheaper

Over 50,000 products

Rapid delivery in 3 hours\*

24h delivery collection from the kiosk\*

Easy and fast self-service

\*In Helsinki





# Apuraha's popularity growing

The popularity of Verkkokauppa.com's own instalment payment method, Apuraha, continued its strong growth in 2016, and Apuraha is clearly the most popular instalment method among customers. In February 2016, the company began to finance some of the instalments from its own balance sheet. This gives the company the desired flexibility to manage credit risk.

The role of Apuraha for the company is significant, and it is more profitable than any other payment method. The mid-term goal is that about one fifth of customers would use the Apuraha instalment payment method. The service is offered in cooperation with the credit control and debt-related administrative services provider Lindorff.



**Hae Apurahaa ja valikoima kasvaa silmissä**

1999,00<sup>65"</sup>  
Aparahalla 101,00/kk (24 kk)

Sony KD-65XD8599 -televisio, Android 4K HDR

65 suuren 4K HDR -älytelevisio, joka yhdistää 4K-kuvausajan ja suuren dynaamisen alueen kirkkauden, värin ja yksityiskohdat. Android-käyttöjärjestelmä. Täyden HD-velvoitetun anturin, kaapelin ja satelliitin. Energialuokka B. Verk.com/42728

**Verkkokauppa.com**  
TILINVÄRKÖISESTI AINA HALVENPI

Esimerkki Apuraha-osamaksusta: ostos 1500 €, maksuaika 12 kk, kuukausimaksu 139 €/kk, korko 14,9 %, kuukausittain 1660,21 €. Toistettua vuosittain 1500 euron kampaajavaihtelulla 12 kuukauden laina-aika on 25,31 %. Luotto myöntää Lindorff Invest Oy. Uskollisuusmaksu 6, 10/2020 Tuusula ja Verkkokauppa.com Oy (Tyyntienmetsä 11, 00200 Helsinki).

**Hae Apurahaa ja valikoima kasvaa silmissä**

949,90<sup>7 kg</sup>  
Aparahalla 50,00/kk (24 kk)

Samsung-pesutorni, 7 kg

Energiatehokas pesutorni, jonka kuivausominaisuus säästää sähkönkulutusta ja pesuolosuhteissa on kestävä ja tehokas lämmityksen Digital Inverter-moottori. Eco Bubble -pesuohjelma. Energialuokka A+++ ja A++.

**Verkkokauppa.com**  
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# Report of the Board of Directors and Financial statements 2016

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# Report of the Board of Directors

## Year 2016 in brief

Verkkokauppa.com's revenue increased by 8.1% to EUR 371.5 (343.7) million. Operating profit (EBIT) was EUR 12.2 (7.7) million and net profit EUR 9.8 (5.4) million. The comparable profit before taxes for 2015 was weakened by expenses related to levies against Teosto by the amount of EUR 4.3.

## Revenue and profitability development

Revenue grew by 8.1% in January–December 2016 when compared to the same period in the previous year. Revenue increased by EUR 27.8 million to EUR 371.5 (343.7) million. Relative profitability increased because the company's market share decreased in low margin product categories such as mobile phones. Operating profit in euros developed positively due to revenue increases in televisions, computers, computer peripherals both major (MDA) and small domestic appliances (SDA). The company grew its sales in most of the product groups.

The demand for consumer electronics remained satisfactory despite the current market situation. According to research by GfK, the market increased by 2.9% in January–December 2016.

Personnel costs grew by 9.0%, totalling EUR 24.4 (22.4) million. The number of logistics personnel and store personnel declined although the volume grew. Otherwise the number of personnel grew faster than the revenue. Other expenses decreased by 5.0% to EUR 19.6 (20.6) million during the reporting period. Comparable other expenses increased by 13.8%, totalling EUR 19.6 (17.2) million. Other expenses in the comparison period affecting comparability included a compensation of 3.4 million euros paid to Teosto.

The company's operating profit was EUR 12.2 (7.7) million in January–December 2016, and the net profit for the period was EUR 9.8 (5.4) million. Earnings per share were EUR 0.22 (0.12). Earnings per share in the comparison year have been adjusted to make them comparable to the share issue in August 2015 (i.e. share split). Comparable earnings per share were EUR 0.23 (0.20).

Items affecting comparability in other expenses during the reporting period includes a holiday pay compensation of 0.6 million euros and items affecting comparability in other expenses in the comparison period related to compensation paid to Teosto. Financing expenses for 2016 did not include any items affecting comparability, however in the comparison period the items affecting comparability in financing expenses included EUR 0.9 million penalty interest relating to the Teosto legal dispute.

In 2016, the company developed its operations according to plan. This work is visible in the significant improvement of comparable

profitability. The company's comparable operating profit was EUR 12.8 (11.1) million. The company's increased brand awareness is visible in the number of visitors at both the brick-and-mortar stores as well as at the online store. In 2016, the focus at Verkkokauppa.com Oyj was to improve its organic growth opportunities in both customer financing service and in existing main product categories.

Revenue growth varied by quarter, and the sale in the second quarter was less than in other quarters.

## Key events during the financial year

Corporate sales and export director Matti Harjunen left Verkkokauppa.com on 11 January 2016.

Antti Tiitola resigned from the Board of Directors as of 2 May 2016.

In 2016 the company focused to grow existing product categories and no new main product categories were launched. Company decided to terminate DIY –category.

Verkkokauppa.com had launched its own Apuraha consumer financing service in the autumn 2015 with Lindorff. In February 2016 company expanded the Apuraha offering and Verkkokauppa.com started to finance it limitedly also from its own balance sheet. Apuraha consumer financing service provides customers with the opportunity to buy products on an instalment plan.

Verkkokauppa.com has signed new rental agreements in both Pirkkala and Oulu. Both stores will expand in 2017 because of the new agreements.

Verkkokauppa.com still evaluates the possibility of leasing additional low-cost retail and logistics premises to support its future growth.

## Market development

The competitive environment remained challenging due to the general economic situation and the weakening purchasing power of consumers. The weak growth of the Finnish economy has improved the company's relative competitive position. The Finnish Ministry of Finance estimated on 22 December 2016 that the Finnish GDP grew by 1.6% during 2016. According to market research company GfK, the consumer electronics market has increased by 2.9% during 2016 in Finland.

## Financing

Operating cash flow was 18.6 million euros (5.1). The cash flow from investments was -0.9 million euros (-1.3).

Net financial expenses were EUR 0.0 (0.9) million. The decrease in net financial expenses in the comparison period results from the expenses relating to the Teosto legal dispute.

The company is solid. Liquid assets totalled EUR 41.7 (30.8) million. Interest-bearing liabilities totalled EUR 0.0 (0.0) million and interest-bearing net debts totalled EUR -41.7 (-30.8) million. Equity ratio was 39.5% (45.2%).

On 31 December 2016, the company had Revolving Credit Facilities in the total amount of EUR 15.0 million, which remained unused.

## Key figures

	2016	2015	2014
Revenue, EUR million	371.5	343.7	275.8
Operating profit % of revenue	3.3%	2.2%	2.7%
ROCE %, 12 months rolling	33.0%	20.9%	29.2%
Return on equity, %	26.3%	14.8%	20.2%
Equity ratio, %	39.5%	45.2%	48.7%
Equity ratio, % (including subordinate loans)	39.5%	45.2%	48.7%

## Personnel

Average number of personnel during the accounting period	558	538	470
Total amount of salaries and bonuses, EUR million	19.6	17.9	15.1

Key ratios and calculation of key ratios are given on pages 48–49.

## Investments

The company mainly invested in store equipment and furniture during the period. In addition, the company activated EUR 0.6 million of the IT department's salary expenses and external technology consultant fees relating to development of new ERP features. Net capital expenditures were EUR 0.9 (1.3) million in January–December 2016.

## Information presented in the notes to the financial statements

Information on the company's personnel, related parties, shareholders and key figures are provided in the notes to the financial statements.

## Shares and share trading

The number of shares in the company was 45,065,130 on 31 December 2016.

Over the reporting period 4,092,299 shares were exchanged, which was 9.1% of all shares in the company. The highest share price was EUR 8.20 and the lowest EUR 6.10. The average price in share trading was EUR 6.87. The total of share trading was EUR 28.1 million. The closing price was EUR 7.38, and the market value of all shares was EUR 332.6 million at the end of the period.

A share issue without payment (share split) was decided upon in the Extraordinary General Meeting held on 19 August 2015. The number of shares was increased by issuing new shares without payment to the shareholders in proportion to their holdings so that five (5) new shares were issued per each currently existing share. The new shares were admitted to trading on 24 August 2015. The company's total number of the shares is 45,065,130 after the share issue without payment.

The company has one share series with equal rights to vote and dividend.

The company does not own any of its own shares, and the Board has no authorizations in force related to shares.

## Board of Directors

The Board members were Christoffer Häggblom, Mikael Hagman, Minna Kurunsaari, Kai Seikku, Antti Tiitola, Henrik Weckström and Samuli Seppälä until the Annual General Meeting held on 15 March 2016. Christoffer Häggblom acted as the Chairman of the Board. At the Annual General Meeting held on 15 March 2016 the Board members Christoffer Häggblom, Mikael Hagman, Minna Kurunsaari, Kai Seikku, Antti Tiitola, Henrik Weckström and Samuli Seppälä were re-elected as members of the Board. Christoffer Häggblom was elected as the Chairman of the Board. Samuli Seppälä is the company's Chief Executive Officer. Antti Tiitola resigned from the Board of Directors as of 2 May 2016.

## Annual General Meeting

The Annual General Meeting was held in Helsinki on 15 March 2016. The financial statements for the year 2015 were approved and the Board Members and the CEO were discharged from liability. It was decided to pay a dividend of EUR 0.15 per share, totalling EUR 6,759,769.50.

The Board election is explained above in the section Board of Directors.

The Authorized Public Accountant PricewaterhouseCoopers Oy was elected as the auditor, with Authorized Public Accountant Ylva Eriksson acting as the Principal Auditor.



## Corporate Governance Statement

Corporate Governance Statement is published in the company's Annual Report 2016 and on the company's internet site [www.verkkokauppa.com/en/investors/governance](http://www.verkkokauppa.com/en/investors/governance)

## Significant risks and uncertainties

Verkkokauppa.com Oyj's risks and uncertainties reflect the market and general economic trends, demand for consumer electronics, the business environment, and competition. The company's business operations are also influenced by risks and uncertainties relating to for example business strategy, seasonality of the company's business, investments, procurement, warehousing and logistics, key personnel, suppliers, information technology, and other operative risks.

The aforementioned risks and uncertainties may affect the company's operations, financial position and performance both positively and negatively.

If the price competition in the industry continues to increase, it may hamper efforts to improve profitability.

In year 2016, the company has not significantly financed customers with the consumer financing service

## Material events after the financial period

There are no subsequent events after the reporting period.

## Board of Directors' proposal for profit distribution

The company's non-restricted equity totals EUR 37,448,304.95.

The Board of Directors proposes to the Annual General Meeting that the company's net profit of EUR 9,768,675.75 shall be transferred to the retained earnings/losses account, and that a dividend shall be paid quarterly and a dividend of EUR 0.166 per share shall be paid for the year 2016. The dividend proposal includes both the dividend payment and the authorization of the Board of Directors.

## Financial targets

The company strives to grow faster than its operating market and targets an annual revenue growth of over 10 per cent in the medium term. The company's objective is to improve its EBITDA margin in the medium-term compared to the level in 2013. The company strives to secure a sufficient equity ratio to finance the growth of its business and aims to maintain an equity ratio of over 25 per cent taking into consideration the nature and seasonality of the Company's business.

## Outlook for the future

Verkkokauppa.com Oyj's business operations are estimated to develop positively within the medium term. The management believes that the company will succeed in further growing its market share in its chosen segments. The strong balance sheet enables the company to continue expanding its operations in accordance with its strategy. Nevertheless, the business outlook includes uncertainties, especially due to macroeconomic development. The Finnish Ministry of Finance estimated on 22 December 2016 that the Finnish GDP would grow by 0.9% during 2017.

In 2017, the company's revenue and comparable operating profit are expected to exceed the level of 2016.

Helsinki 5 February 2017

## Board of Directors

# Income statement

1 January–31 December 2015

€	Note	2016	2015
<b>Net turnover</b>	1	<b>371,495,029.42</b>	<b>343,682,014.74</b>
<b>Other operating income</b>		<b>94,734.88</b>	<b>96,074.05</b>
Raw materials and services			
Raw materials and consumables			
Purchases during the period		-311,695,492.82	-293,320,511.74
Change of inventory	1	5,302,029.57	7,884,321.71
External services		-7,681,533.43	-6,463,172.91
<b>Raw material and services total</b>		<b>-314,074,996.68</b>	<b>-291,899,362.94</b>
Personnel expenses	6		
Wages and salaries		-19,608,029.15	-17,934,247.71
Social security expenses			
Pension expenses		-3,605,451.65	-3,463,833.36
Other social security expenses		-1,206,466.43	-1,004,209.37
<b>Personnel expenses total</b>		<b>-24,419,947.23</b>	<b>-22,402,290.44</b>
Depreciation and amortisation	2		
Depreciation according to plan		-1,295,792.91	-1,170,685.76
<b>Depreciations and amortisation total</b>		<b>-1,295,792.91</b>	<b>-1,170,685.76</b>
<b>Other operating expenses</b>	3, 7	<b>-19,597,806.47</b>	<b>-20,630,093.88</b>
<b>OPERATING PROFIT</b>		<b>12,201,221.01</b>	<b>7,675,655.77</b>
Financial income and expenses	4		
Other interest and financial income from others		43,944.07	168,244.41
Interest and other financial expenses to others		-42,745.43	-1,049,997.61
<b>Financial income and expenses total</b>		<b>1,198.64</b>	<b>-881,753.20</b>
<b>Profit before appropriations and taxes</b>		<b>12,202,419.65</b>	<b>6,793,902.57</b>
Appropriations			
Change in depreciation difference		6,539.97	-81,877.58
<b>Appropriations total</b>		<b>6,539.97</b>	<b>-81,877.58</b>
Taxes	1, 12		
Income taxes		-2,440,283.87	-1,358,281.31
<b>PROFIT (LOSS) FOR THE FINANCIAL YEAR</b>		<b>9,768,675.75</b>	<b>5,353,743.68</b>



# Balance sheet

31 December 2016

## Assets

€	Note	2016	2015
<b>NON-CURRENT ASSETS</b>			
Intangible assets	9		
Other intangible assets		1,052,079.35	621,855.62
Intangible rights		135,727.42	289,594.83
Prepaid expenses		34,213.71	267,064.37
<b>Intangible assets total</b>		<b>1,222,020.48</b>	<b>1,178,514.82</b>
Tangible assets			
Land and water		1,977.87	1,977.87
Machinery and equipment		940,207.71	1,140,543.14
Other tangible assets		455,264.11	445,235.43
Prepayments for fixed assets		0.00	200,263.66
<b>Tangible assets total</b>		<b>1,397,449.69</b>	<b>1,788,020.10</b>
Investments			
Other shares and holdings		251,223.98	251,223.98
<b>Investments total</b>		<b>251,223.98</b>	<b>251,223.98</b>
<b>NON-CURRENT ASSETS TOTAL</b>		<b>2,870,694.15</b>	<b>3,217,758.90</b>
<b>CURRENT ASSETS</b>			
Inventories	1	44,044,102.09	38,742,072.52
Long-term receivables			
Muut saamiset		352,018.34	111,396.00
<b>Long-term receivables total</b>		<b>352,018.34</b>	<b>111,396.00</b>
Short-term receivables	11		
Myyntisaamiset		7,474,915.21	5,036,644.91
Muut saamiset		517,493.23	600,779.05
Siirtosaamiset		3,875,032.75	2,846,962.03
<b>Short-term receivables total</b>		<b>11,867,441.19</b>	<b>8,484,385.99</b>
Cash and cash equivalents		41,692,101.92	30,769,785.90
<b>CURRENT ASSETS TOTAL</b>		<b>97,955,663.54</b>	<b>78,107,640.41</b>
<b>ASSETS TOTAL</b>		<b>100,826,357.69</b>	<b>81,325,399.31</b>

## Equity and liabilities

€	Note	2016	2015
<b>EQUITY</b>			
Share capital	13–14	100,000.00	100,000.00
Invested unrestricted equity fund		25,492,777.58	25,492,777.58
Retained earnings		3,238,930.97	4,644,956.79
Profit for the financial year		9,768,675.75	5,353,743.68
<b>EQUITY TOTAL</b>		<b>38,600,384.30</b>	<b>35,591,478.05</b>
<b>APPROPRIATIONS</b>			
Depreciation difference		75,337.61	81,877.58
<b>APPROPRIATIONS TOTAL</b>		<b>75,337.61</b>	<b>81,877.58</b>
<b>PROVISIONS</b>			
Other provisions	15	810,000.00	810,000.00
<b>PROVISIONS TOTAL</b>		<b>810,000.00</b>	<b>810,000.00</b>
<b>LIABILITIES</b>			
Short-term			
Received prepayments		3,064,771.43	2,500,614.26
Trade payables		42,086,837.11	27,735,510.64
Other short-term liabilities		3,495,820.57	4,449,885.65
Accrued liabilities	18	12,693,206.67	10,156,033.13
<b>Short-term liabilities total</b>		<b>61,340,635.78</b>	<b>44,842,043.68</b>
<b>LIABILITIES TOTAL</b>		<b>61,340,635.78</b>	<b>44,842,043.68</b>
<b>EQUITY AND LIABILITIES TOTAL</b>		<b>100,826,357.69</b>	<b>81,325,399.31</b>



# Cash flow statement

1 000 €	2016	2015
Operating profit/loss	12,202	6,794
Adjustments:		
Depreciations according to plan	1,296	1,171
Change in provision	0	95
Financial income and expenses	-1	882
<b>Cash Flow before working capital items</b>	<b>13,497</b>	<b>8,941</b>
Change in working capital:		
Long-Term non-interest bearing receivables increase(-)/decrease(+)	-241	2
Short-Term non-interest bearing receivables increase(-)/decrease(+)	-3,383	-490
Inventory increase(-)/decrease(+)	-5,302	-7,884
Short-Term non-interest bearing debt increase(+)/decrease(-)	15,770	6,492
<b>Cash Flow before financial items and tax</b>	<b>20,341</b>	<b>7,061</b>
Interest paid and other operational financial expenses	-39	-1,050
Interest received from operations	44	168
Direct tax paid	-1,715	-1,084
<b>Cash Flow from Operations (A)</b>	<b>18,631</b>	<b>5,096</b>
Capital expenditure on tangible and intangible assets	-949	-1,075
Other investments	0	-201
<b>Investointien rahavirta (B)</b>	<b>-949</b>	<b>-1,276</b>
Long-term loan repayments	0	-1,099
Short-term loan repayments	0	-879
Dividends paid	-6,760	-6,384
<b>Cash Flow from Financing (C)</b>	<b>-6,760</b>	<b>-8,362</b>
<b>CHANGE IN CASH IN HAND (A+B+C) INCREASE (+) / DECREASE (-)</b>	<b>10,922</b>	<b>-4,543</b>
Cash in hand at the beginning of the period	30,770	35,312
Change in cash according to the Cash Flow statement	10,922	-4,543
<b>CASH IN HAND AT THE END OF THE PERIOD</b>	<b>41,692</b>	<b>30,770</b>

# Notes to the financial statements

## 1. Accounting principles for the financial statements

### Foreign subsidiary – Arctecho Oü, Viro

Verkkokauppa.com Oyj owns 100% of the shares in the Estonian subsidiary Arctecho Oü. The original acquisition cost in 2009 was EUR 502,841.38. In the 2010 accounts the value of the shares was written down by EUR 251,420.69 (50%) and recorded as a financial expense. In the 2011 accounts a further 251,420.69 EUR (50%) was written down as a financial expense. In the 2012 the value of these shares were 0.00 EUR. As the subsidiary has been dormant for five years and as there are no liabilities/receivables between the two companies, consolidated Group accounts are not presented.

In the unaudited annual accounts for the year 1.1–31.12.2016 Arctecho Oü recorded a loss of EUR 2,534 (EUR 1,907) and equity was EUR 31,399 (EUR 33,933).

### Verkkokauppa.com Oyj

#### Net sales

Net Sales is calculated by deducting direct taxes and other sales related adjustments from gross sales. Impaired receivables are accounted as credit losses by applying good accounting principles. Credit losses are reported in other operational expenses.

The company sells various visibility in brick-and-mortar stores, the web and other media to its suppliers. Some of the suppliers pay marketing support based on jointly agreed marketing activities. The company posts the above mentioned marketing sales to revenue and the corresponding costs are posted in raw materials purchases.

#### Revenue recognition

Revenue is recognized at the time of product delivery.

#### Items in foreign currencies

Transactions in currencies other than EUR are translated using the transaction date exchange rate. At year-end, the outstanding foreign currency receivables and liabilities are translated to EUR using the closing date average exchange rates.

Receivable exchange rate differences are entered in the income statement as sales adjustments and when translating account payables, foreign exchange rate differences are booked as adjustments to purchases. Exchange rate differences deriving from other posts are booked as financial exchange rate differences.

### Other operating income

Other income includes income from subletting space and the sale of fixed assets.

### Intangible and tangible assets

Intangible and tangible assets are measured at their historical cost, less depreciation according to plan. Planned depreciation is recorded on a straight-line basis over the useful life of an asset. IT-applications produced for the company's own use have been capitalized in other intangible assets and include the direct personnel costs of the development work. These related staff expenses have been reclassified from the profit and loss statement into other intangible assets. The book value of the fixed assets does not contain any appreciations. Maintenance and repair expenses are booked as running costs with the exception of substantial upgrades to rented premises, which are activated in fixed assets. The carrying value of land and water areas as well as the carrying value of other tangible assets are based on historical costs. No write-downs have been done on land and water areas.

### The periods for planned depreciations are as follows:

Intangible rights	5 years
Research and Development	3–5 years
Machinery and Equipment	3–10 years
Upgrades to premises	5–10 years

### Point of payment receivables

All payment and credit card etc. receivables are reported in the balance sheet group cash in hand and at banks.

### Income taxes

The income taxes include taxes based on the Verkkokauppa.com Oyj's taxable profit.

### Deferred taxes

Deferred taxes are not booked in the financial statements.

### Inventory valuation

Inventories are stated at the lower of original acquisition costs or selling price including obsolescence write-off.



## 2. Depreciations on fixed assets and other long-term expenses

€	2016	2015
Intangible Rights	-559,628.63	-377,917.05
Machinery and Equipment	-497,831.61	-575,573.36
Upgrades to rented premises	-238,332.67	-217,195.35
<b>DEPRECIATIONS TOTAL</b>	<b>-1,295,792.91</b>	<b>-1,170,685.76</b>

## 3. Other operating expenses

€	2016	2015
Voluntary personnel social costs	-933,114.05	-880,622.73
Premises	-7,771,259.53	-7,304,961.06
Vehicles	-302,483.57	-415,674.99
Other machinery expenses	-782,426.18	-955,067.62
Travel expenses	-319,197.34	-349,218.38
Sales expenses	-1,283,968.44	-1,168,912.41
Marketing expenses	-3,421,298.80	-3,117,310.37
Administrative expenses	-3,624,211.12	-2,122,987.00
Compensation to Teosto	0.00	-3,411,809.00
Other operating expenses	-1,159,847.44	-903,530.32
<b>OTHER OPERATING EXPENSES TOTAL</b>	<b>-19,597,806.47</b>	<b>-20,630,093.88</b>

## 4. Financial items

€	2016	2015
Interest income	43,944.07	168,244.41
Interest and other financial expenses	-42,745.43	-1,049,997.61
<b>FINANCIAL ITEMS TOTAL</b>	<b>1,198.64</b>	<b>-881,753.20</b>

## 5. Remuneration of the Chairman, other members of the Board of Directors and the Managing Director

Remuneration of board members is decided at the annual general meeting. At the 2016 annual general meeting, it was decided that the chairman of the board is entitled to a KEUR 40 annual fee and other board members, excluding those who are part of the company's operating management, are entitled to a KEUR 20 annual fee.

### Management salaries and fees 1.1.–31.12.2016 (1.1.–31.12.2015)

The managing director's salary and fees in 2016 were KEUR 9 (KEUR 13). The managing director gave up for his monetary salary during 1.3.-31.12.2015 and 1.1.-31.12.2016, during which his monetary salary was given to the personnel. The managing director had a car benefit until 25.8.2016.

Salaries and bonuses including fringe benefits to the Management, €	2016	2015
CEO	8,915.62	12,558.96
Members of Board of Directors	181,809.78	200,167.00
Management Team	820,382.15	888,329.70
<b>SALARIES AND BONUSES INCLUDING FRINGE BENEFITS TO THE MANAGEMENT TOTAL</b>	<b>1,011,107.55</b>	<b>1,101,055.66</b>

## 6. Personnel expenses

€	2016	2015
Wages and salaries	-19,937,058.19	-18,235,910.91
Pension expenses	-3,666,861.65	-3,519,642.25
Other social security expenses	-1,226,711.60	-1,020,438.06
<b>Personnel expenses total excluded activated personnel costs</b>	<b>-24,830,631.44</b>	<b>-22,775,991.22</b>
Activated personnel costs during the financial year		
Salaries and fees	329,029.04	301,663.20
Pension costs	61,410.00	55,808.89
Other personnel costs	20,245.17	16,228.69
<b>Total activated personnel costs during the financial year</b>	<b>410,684.21</b>	<b>373,700.78</b>
<b>PERSONNEL COSTS TOTAL</b>	<b>-24,419,947.23</b>	<b>-22,402,290.44</b>
Average personnel during the accounting period	558	538

## 7. Auditor's fees

€	2016	2015
Audit	-86,026.15	-86,284.91
Tax consulting	-1,285.00	-9,061.24
Other services	-7,680.00	-4,436.05
<b>AUDITOR'S FEES TOTAL</b>	<b>-94,991.15</b>	<b>-99,782.20</b>

The auditor's fees are booked as other operating expenses.

## 8. Law suits and claims

### Compensation to Teosto

In 2015, the company has lost in the Supreme Court the dispute to Teosto ry. The compensation payment including penalty interest is 4.4 million euros. The payment is booked with an impact on the operating profit for the reporting period 1.1.–31.12.2015. The

compensation of 3.5 million euros is presented in other operating expenses and the penalty interest 0.9 million euros in financial expenses. Levies for private copying were cancelled from all products in Finland as of 1.1.2015.



## 9. Intangible assets

€				
2016	Research and Intangible assets	Intangible assets	Prepayments and work-in-progress	Intangible assets total
Historical cost 1.1.	858,404.75	1,167,125.17	267,064.37	<b>2,292,594.29</b>
Increases	0.00	0.00	603,134.29	<b>603,134.29</b>
Decreases	-82,989.48	0.00	0.00	<b>-82,989.48</b>
Reclassifications	835,984.95	0.00	-835,984.95	<b>0.00</b>
Historical cost 31.12	1,611,400.22	1,167,125.17	34,213.71	<b>2,812,739.10</b>
Accumulated depreciation 1.1.	-236,549.13	-877,530.34	0.00	<b>-1,114,079.47</b>
Accumulated depreciation related to decreases	82,989.48	0.00	0.00	<b>82,989.48</b>
Depreciation for the financial year	-405,761.22	-153,867.41	0.00	<b>-559,628.63</b>
Accumulated depreciation 31.12.	-559,320.87	-1,031,397.75	0.00	<b>-1,590,718.62</b>
<b>CARRYING AMOUNT 1.1.</b>	<b>621,855.62</b>	<b>289,594.83</b>	<b>267,064.37</b>	<b>1,178,514.82</b>
<b>CARRYING AMOUNT 31.12.</b>	<b>1,052,079.35</b>	<b>135,727.42</b>	<b>34,213.71</b>	<b>1,222,020.48</b>

### 2015

Historical cost 1.1.	98,758.14	1,132,236.45	458,628.20	<b>1,689,622.79</b>
Increases	49,128.83	46,564.72	518,953.95	<b>614,647.50</b>
Decreases	0.00	-11,676.00	0.00	<b>-11,676.00</b>
Reclassifications	710,517.78	0.00	-710,517.78	<b>0.00</b>
Historical cost 31.12	858,404.75	1,167,125.17	267,064.37	<b>2,292,594.29</b>
Accumulated depreciation 1.1.	-38,065.86	-702,377.76	0.00	<b>-740,443.62</b>
Accumulated depreciation related to decreases	0.00	4,281.20	0.00	<b>4,281.20</b>
Depreciation for the financial year	-198,483.27	-179,433.78	0.00	<b>-377,917.05</b>
Accumulated depreciation 31.12.	-236,549.13	-877,530.34	0.00	<b>-1,114,079.47</b>
<b>CARRYING AMOUNT 1.1.</b>	<b>60,692.28</b>	<b>429,858.69</b>	<b>458,628.20</b>	<b>949,179.17</b>
<b>CARRYING AMOUNT 31.12.</b>	<b>621,855.62</b>	<b>289,594.83</b>	<b>267,064.37</b>	<b>1,178,514.82</b>

The capitalized research and intangible asset costs relates to the development of new features of the company's ERP system.

## 10. Tangible assets

€					
2016	Land and water areas	Machinery and equipment	Other tangible assets	Prepayments and work-in-progress	Tangible assets total
Historical cost 1.1.	1,977.87	3,801,433.57	1,991,972.65	200,263.66	<b>5,995,647.75</b>
Increases	0.00	71,366.99	0.00	274,226.88	<b>345,593.87</b>
Decreases	0.00	0.00	0.00	0.00	<b>0.00</b>
Reclassifications	0.00	226,129.19	248,361.35	-474,490.54	<b>0.00</b>
Historical cost 31.12	1,977.87	4,098,929.75	2,240,334.00	0.00	<b>6,341,241.62</b>
Accumulated depreciation 1.1.	0.00	-2,660,890.43	-1,546,737.22	0.00	<b>-4,207,627.65</b>
Accumulated depreciation related to decreases	0.00	0.00	0.00	0.00	<b>0.00</b>
Depreciation for the financial year	0.00	-497,831.61	-238,332.67	0.00	<b>-736,164.28</b>
Accumulated depreciation 31.12.	0.00	-3,158,722.04	-1,785,069.89	0.00	<b>-4,943,791.93</b>
<b>CARRYING AMOUNT 1.1.</b>	<b>1,977.87</b>	<b>1,140,543.14</b>	<b>445,235.43</b>	<b>200,263.66</b>	<b>1,788,020.10</b>
<b>CARRYING AMOUNT 31.12.</b>	<b>1,977.87</b>	<b>940,207.71</b>	<b>455,264.11</b>	<b>0.00</b>	<b>1,397,449.69</b>

### 2015

Historical cost 1.1.	1,977.87	3,274,247.45	2,271,829.08	0.00	<b>5,548,054.40</b>
Increases	0.00	557,345.98	24,065.87	205,505.62	<b>786,917.47</b>
Decreases	0.00	-31,592.00	-307,732.12	0.00	<b>-339,324.12</b>
Reclassifications	0.00	1,432.14	3,809.82	-5,241.96	<b>0.00</b>
Historical cost 31.12	1,977.87	3,801,433.57	1,991,972.65	200,263.66	<b>5,995,647.75</b>
Accumulated depreciation 1.1.	0.00	-2,105,062.07	-1,329,541.87	0.00	<b>-3,434,603.94</b>
Accumulated depreciation related to decreases	0.00	19,745.00	0.00	0.00	<b>19,745.00</b>
Depreciation for the financial year	0.00	-575,573.36	-217,195.35	0.00	<b>-792,768.71</b>
Accumulated depreciation 31.12.	0.00	-2,660,890.43	-1,546,737.22	0.00	<b>-4,207,627.65</b>
<b>CARRYING AMOUNT 1.1.</b>	<b>1,977.87</b>	<b>1,169,185.38</b>	<b>942,287.21</b>	<b>0.00</b>	<b>2,113,450.46</b>
<b>CARRYING AMOUNT 31.12.</b>	<b>1,977.87</b>	<b>1,140,543.14</b>	<b>445,235.43</b>	<b>200,263.66</b>	<b>1,788,020.10</b>

## 11. Accrued receivables

In 2016, the largest accrued receivables included marketing support invoicing of KEUR 1 306 (KEUR 1 889).

## 12. Deferred taxes

Deferred tax assets from the provision KEUR 162 (KEUR 162) have not been booked in the financial statements. In 2016 and 2015, the company has no unbooked essential deferred tax liabilities.



### 13. Specification of Equity

€	2016	2015
Equity 1.1.	100,000.00	100,000.00
Invested unrestricted equity fund at the beginning of the period	25,492,777.58	25,492,777.58
Invested unrestricted equity fund additions	0.00	0.00
Invested unrestricted equity fund at the end of the period	25,492,777.58	25,492,777.58
Retained Earnings	9,998,700.47	11,029,183.54
Dividends, annual general meeting	-6,759,769.50	-6,384,226.75
Profit/ Loss of the accounting period	9,768,675.75	5,353,743.68
<b>Equity total</b>	<b>38,600,384.30</b>	<b>35,591,478.05</b>
Restricted equity at the end of the period	100 000,00	100 000,00
Unrestricted equity at the end of the period	38 500 384,30	35 491 478,05
<b>UNRESTRICTED AND RESTRICTED EQUITY TOTAL</b>	<b>38,600,384.30</b>	<b>35,591,478.05</b>

### 14. Calculation of distributable funds

€	2016	2015
Invested unrestricted equity fund	25,492,777.58	25,492,777.58
Result from Previous years	9,998,700.47	11,029,183.54
- Dividends	-6,759,769.50	-6,384,226.75
- Capitalization of development costs	-1,052,079.35	0.00
Profit/Loss of the accounting period	9,768,675.75	5,353,743.68
<b>DISTRIBUTABLE FUNDS TOTAL</b>	<b>37,448,304.95</b>	<b>35,491,478.05</b>

### 15. Provisions

The company has provided an additional third year guarantee for some of products, which were sold out. The estimated third year guarantee expenses of KEUR 810 (KEUR 810) are presented as other provisions.

### 16. Covenants

Company has made a covenant agreement with certain financing counter parties. This defines the minimum equity ratio, interest bearing EBITDA -ratio and certain limits on dividends for Verkkokauppa.com Oyj. All of the covenant requirements fulfilled as at 31.12.2016.

### 17. Internal liabilities and receivables

There are no internal liabilities or receivables of any kind between Verkkokauppa.com Oyj and Arctecho Oü.

### 18. Accrued liabilities

In 2016, the largest accounts were holiday-pay salaries and related insurance costs which came to KEUR 3 251 (KEUR 2 907) in total and other accrued salaries of KEUR 2 059 (KEUR 2 160).

### 19. Commitments and contingencies

€	2016	2015
<b>Collaterals given and other liabilities</b>		
Liab. (Letter of Credit, Rent and Customs guarantees)	2,056,276.71	2,657,344.35
<b>Leasing liabilities</b>		
Lease payments (<1 year)	339,400.03	547,998.13
Lease payments (>1 year)	387,756.46	723,832.06

#### Collaterals given and other liabilities

Collateral	27,000,912.74	27,000,912.74
The collaterals given relates to a revolving credit facilities of 15 million euros, which had not been utilized on 31 December 2016.		

#### Leasing liabilities

Leases on premises are valid in Pirkkala until 31.12.2021 and in Oulu until 31.3.2022.

The leasing contract for the Jätkäsaari premises in Helsinki is valid until 31.1.2027.

Verkkokauppa.com Oyj has made a sublet agreement of a part of the premises.

The annual leasing liability is approximately MEUR 5.1 and the total of liabilities due after 1.1.2017 is approximately MEUR 41.2.

#### Other liabilities

The Company joined an international PINS loyalty program during 2014. The Company is committed to buy PINS loyalty program points during 2016 for a monetary amount that is not significant considering the size of the Company.

### 20. Related-party transactions

Related parties in Verkkokauppa.com Oyj are deemed to comprise the members of the Board of Directors and CEO, the other members of the Management Team of the Verkkokauppa.com Oyj, the immediate family of the aforementioned persons and companies controlled by the aforementioned persons. Common business terms are used in all transactions with related parties. Verkkokauppa.com Oyj has no significant business transactions with related parties.

### 21. Management's shareholding

<b>Board of Directors', Chief Executive Officer's and management team's, number of shares owned by</b>	2016	2015
Chief Executive Officer (CEO)	22,487,496	22,487,796
Board of Directors	2,106,074	2,546,074
Management team	51,980	52,230
<b>TOTAL</b>	<b>24,645,550</b>	<b>25,086,100</b>

Chief Executive Officer belongs to the Board of Directors and to the Management Team.

During the reporting period 2015, a free share issue was executed. The changes in the numbers of shares have been taken into account for the comparison year.



## 22. Major shareholders 31 December 2016

Shareholder	Number of shares	% of shares
Seppälä Sipi Samuli	22,487,496	49.9%
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	2,542,784	5.6%
Keva	2,171,000	4.8%
Keskinäinen Työeläkevakuutusyhtiö Varma	2,065,932	4.6%
Rite Ventures Finland AB	1,967,576	4.4%
OP-Delta -Sijoitusrahasto	1,208,515	2.7%
Fondita Nordic Micro Cap Placeringsfond	1,025,000	2.3%
Sijoitusrahasto Evli Suomi Pienyhtiöt	767,441	1.7%
Skogberg Ville Johannes	634,266	1.4%
Sijoitusrahasto Danske Invest Suomen Pienyhtiöt	511,378	1.1%
10 biggest shareholders total	35,381,388	78.5%
Other shareholders	9,683,742	21.5%
<b>TOTAL</b>	<b>45,065,130</b>	<b>100.0%</b>

## 23. Distribution of shareholders at 31 December 2016

Size of shareholding	Number of shareholders	% of shareholders	Number of shares	% of shares
1–100	1,457	35.5%	78,127	0.2%
101–500	1,672	40.7%	422,255	0.9%
501–1 000	480	11.7%	367,132	0.8%
1 001–5 000	380	9.3%	814,549	1.8%
5 001–10 000	47	1.1%	328,022	0.7%
10 001–50 000	40	1.0%	798,195	1.8%
50 001–100 000	9	0.2%	733,313	1.6%
100 001–500 000	7	0.2%	1,611,926	3.6%
500 001–	12	0.3%	39,911,611	88.6%
<b>TOTAL</b>	<b>4,104</b>	<b>100.0%</b>	<b>45,065,130</b>	<b>100.0%</b>
Nominee-registered			4,570,577	10.1%

## 24. Shareholder breakdown by sector at 31 December 2016

	Number of shareholders	% of shareholders	Number of shares	% of shares
Companies	173	4.2%	806,619	1.8%
Financial institutions and insurance companies	22	0.5%	9,612,475	21.3%
Public bodies	5	0.1%	6,997,043	15.5%
Non-profit organisations	21	0.5%	127,774	0.3%
Households	3,872	94.3%	25,373,016	56.3%
Non-Finnish nationals	11	0.3%	2,148,203	4.8%
<b>TOTAL</b>	<b>4,104</b>	<b>100.0%</b>	<b>45,065,130</b>	<b>100.0%</b>

## 25. Company Book of accounts

Daybook		electronic
General Ledger		electronic
Balance Book		binded
Balance specifications		electronic
Specification of Fixed Assets		electronic
<b>Accounting documents and method of storing</b>		
Account Statements	1910–1935	electronic
Cash in hand, location sales	B	electronic
Sales, other than on location	C	electronic
Memo	MUIST	electronic/paper
Lindorff own financing	LIND	electronic/paper
Purchase invoices	ORL	electronic
From inventory taken to own use	OMAS	electronic
Salary calculations	PL	electronic
Reconciliation of VAT accounts on monthly basis	VAT	electronic
Notes		paper



# Signatures for the financial statements and the Board of Directors' report

Helsinki 15 February 2017

**Christoffer Häggblom**  
*Chairman*

**Samuli Seppälä**  
*Managing director, board member*

**Mikael Hagman**  
*Board member*

**Minna Kurunsaari**  
*Board member*

**Kai Seikku**  
*Board member*

**Henrik Weckström**  
*Board member*



# Auditor's report (Translation of the Finnish original)

## To the Annual General Meeting of Verkkokauppa.com Oyj

### Report on the Audit of Financial Statements

#### Opinion

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

#### What we have audited

We have audited the financial statements of Verkkokauppa.com Oyj (business identity code 1456344-5) for the year ended 31 December, 2016. The financial statements comprise the balance sheet, income statement, cash flow statement and notes.

#### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Responsibilities of the Board of Directors and the Managing Director for the financial statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using

the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report

to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Other reporting requirements

#### Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises information included in the report of the Board of Directors and in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report this fact. We have nothing to report in this regard.

Helsinki 15 February 2017

**PricewaterhouseCoopers Oy**  
Authorised Public Accountants

**Ylva Eriksson**  
Authorised Public Accountant



# Key ratios and calculation of key ratios

## Key ratios

	2016	2015	2014
Revenue, € thousands	371,495	343,682	275,784
Operating profit, € thousands	12,201	7,676	7,468
Operating margin, % of revenue	3.3%	2.2%	2.7%
Net profit, € thousands	9,769	5,354	4,488
Return on equity, %	26.3%	14.8%	20.2%
Return on capital employed (ROCE), %	33.0%	20.9%	29.2%
Equity ratio, %	39.5%	45.2%	48.7%
Equity ratio, % (including subordinate debt)	39.5%	45.2%	48.7%
Earnings per share (EPS) revised by share split, €	0.22	0.12	0.11
Earnings per share (EPS) revised by share split (diluted), €	0.22	0.12	0.10
Equity per share, €	0.86	0.79	0.81
Equity per share (diluted), €	0.86	0.79	0.81
Dividend per share, € *	0.166	0.15	0.14
Payout ratio, %	75.5%	126.3%	133.8%
Effective dividend yield, %	2.2%	4.1%	2.8%
Price per earnings ratio (P/E ratio)	33.55	60.61	48.18
<b>Share trade:</b>			
Number of shares at end of period	45,065,130	45,065,130	7,510,855
Average number of shares at end of period revised by share split	45,065,130	45,065,130	42,399,765
Number of shares at end of period revised by share split	45,065,130	45,065,130	45,065,130
Lowest stock price revised by share split	6.10	4.91	3.35
Highest stock price revised by share split	8.20	7.23	5.28
Average stock price revised by share split	6.87	6.04	3.91
Period end stock price revised by share split	7.38	7.20	5.10
Market value of the shares at period end	332.6	324.5	229.8
The number of traded shares	4,092,299	7,600,519	3,821,330
Traded shares of all shares, %	9.1%	16.9%	54.1%

Diluted key ratio has been presented in case it differs from undiluted key ratio. During the reporting period 2015, a free share issue was executed. The changes in the numbers of shares have been taken into account in share-related key figures for the comparison years.

\* 2016: The Board of Director's proposal and the Authorization to distribute dividend

## Calculation of key ratios

- 1) Operating profit, per cent = Operating profit / Net turnover x 100
- 2) Return on equity per cent = Net profit for the period / Equity x 100
- 3) Equity ratio (no capital loans) = (capital and reserves + depreciation reserve x (1 – tax rate)) / (Total sum of the balance sheet – advances received) x 100
- 4) Equity ratio = (capital and reserves + depreciation reserve x (1 – tax rate)) / (Total sum of the balance sheet – advances received) x 100
- 5) Equity ratio (including subordinate loans) = (capital and reserves + capital loans + depreciation reserve x (1 – tax rate)) / (Total sum of the balance sheet – advances received) x 100
- 6) Earnings per share = Net profit for the period / Average number of shares adjusted by share issues
- 7) Equity per share = Equity / Number of shares at reporting day
- 8) Dividend per share = Dividend / Number of shares at reporting day revised by share split
- 9) Payout ratio per cent = Dividend per share revised by share split / Earnings by share revised by share split x 100
- 10) Effective dividend yield per cent = Dividend per share / Share price at reporting day x 100
- 11) Price per earnings ratio (P/E ratio) = Share price at reporting day / Earnings per share
- 12) Share trade development per cent = The number of changed share during the reporting period / The average number of share during the reporting period x 100

Diluted key ratios include the number of shares according to the subscription right.



# Corporate governance statement

Verkkokauppa.com Oyj (hereinafter, the “Company” or “Verkkokauppa.com”) is a public Finnish limited liability company. The shares of the Company are traded on the First North Helsinki market place of Nasdaq Helsinki Ltd. (“First North”). The Company's governance is subject to the Finnish Companies Act, the Securities Market Act, the Accounting Act, the rules of First North Helsinki as well as the Company's Articles of Association.

As the Company's shares are not listed on the main list of Nasdaq Helsinki Ltd. the Company is not subject to the Finnish Corporate Governance Code 2015 ratified by the Securities Market Association (the “CG Code”). However, to the extent practicable, the Company seeks to comply with the CG Code as applicable. Compliance with the CG Code is based on a comply-or-explain principle, whereby departures from the CG Code shall be explained and disclosed. The CG Code is available at the website of the Securities Market Association [www.cgfinland.fi/en](http://www.cgfinland.fi/en).

The Company departs from the following recommendations of the CG Code or complies with them only partly:

- The majority of the Board of Directors is not independent of the Company (Recommendation 10). Based on the evaluation of independence, the Board of Directors has concluded that out of the six members of the Board of Directors three are independent of the Company in the manner stipulated by the CG Code. The departure is related to the former member of the Board of Directors Antti Tiitola resigning from the Board of Directors after the Annual General Meeting held in the spring of 2016. The Company aims to choose the members of the Board of Directors whose experience and profile correspond to the Company's and future current business needs taking into account the requirements set out in the CG Code.

The Company's Corporate Governance Statement is available on the Company's website [www.verkkokauppa.com/en/investors/governance](http://www.verkkokauppa.com/en/investors/governance).

## Group structure

The parent company of the group is Verkkokauppa.com Oyj. The domicile of the Company is Helsinki, Finland. The parent company is the main operating company of the Verkkokauppa.com group of companies. The Company has a subsidiary, Archtecho OÜ located in Estonia. The subsidiary is dormant and has been dormant for the past five (5) years.

The Company's governance is organised through the General Meeting, the Board of Directors and the Chief Executive officer. Further, the Company has a management group led by the Chief Executive Officer.

## General Meeting

The highest decision-making power in Verkkokauppa.com is exercised by the Company's shareholders at General Meetings, in which the shareholders may exercise their right to speak, ask questions and vote. The Annual General Meeting is held by the end of June each year and it handles the matters that fall under its authority according to the Articles of Association as well as any matters proposed to a General Meeting.

Extraordinary General Meetings are convened by the Board of Directors if needed to handle specific matters proposed to a General Meeting. Shareholders holding a minimum of 10% of all shares and the Company's auditor may request the handling of a specified matter at a General Meeting, which the Board of Directors shall then convene.

Usually General Meetings handle the matters placed on its agenda by the Board of Directors. According to the Finnish Companies Act, shareholders may also request the Company's Board of Directors to place a matter on the agenda of the next General Meeting. The Company states well in advance on its website the date by which a shareholder must declare his or her demands for matters to be dealt with at the Annual General Meeting. The demand is deemed to have arrived in sufficient time, if the Board of Directors has been notified of the demand four (4) weeks before the delivery of the notice of the General Meeting at the latest. The Board of Directors prepares the proposals to the General Meeting relating to the composition of the Board of Directors and the remuneration of the Board of Directors.

Major matters subject to the decision-making power of a General Meeting include:

- amendments to the Articles of Association;
- increases or decreases in share capital;
- issuance of shares;
- decisions on the number, election and remuneration of members of the Board of Directors;
- adoption of the financial statements; and
- distribution of profits / allocation of losses.

## Notice to the General Meeting

The shareholders of the Company are summoned to the General Meeting by publishing the notice on the Company's website. The notice shall be published not earlier than three (3) months before and not later than nine (9) days prior to the General Meeting record date. In addition, the Board of Directors may publish a summary notice of the General Meeting in one (1) or more national daily newspapers. The notice shall state the matters to be handled at the General Meeting and other information required in Finnish Companies Act and CG Code.

The notice and the proposals of the Board of Directors to the General Meeting are also published by means of a company release.

The notice to the General Meeting and the following information are made available on the Company's website at least three (3) weeks before the General Meeting:

- The proposals and, if the General Meeting is to deal with the financial statements, the financial statements, the annual report and the auditor's report.
- At a minimum, this information shall further be kept available at the venue of the General Meeting;
- The documents to be submitted to the General Meeting; and
- Draft resolutions to the General Meeting.

If a decision pertains to a share issue, the issue of option rights or other special rights entitling to shares, the increase of the share capital from reserves, the payment of dividend, the distribution of reserves of unrestricted equity, the decrease of the share capital, the acquisition or redemption of own shares, or the Company going into liquidation, and the financial statements are not to be dealt with at the meeting, the following information is made available on the Company's website at least three (3) weeks before the General Meeting:

- The latest financial statements, annual report and auditor's report;
- The possible decisions on the distribution of assets, made after the end of the preceding financial period;
- Any interim reports prepared as of a date after the end of the preceding financial period; and
- A statement by the Board of Directors on the events occurring after the latest financial statements or interim report and having an essential effect on the state of the Company

## Attendance

Shareholders registered in the Company's shareholders register kept by Euroclear Finland Ltd on the record date of the General Meeting have the right to attend the General Meeting and exercise their voting rights. Shareholders may exercise their rights at the General Meeting either in person or through an authorized proxy representative.

The minutes of the General Meeting including the voting results and any appendices that are part of a decision made by the General Meeting shall be posted on the Company website within two (2) weeks after the General Meeting. The decisions of the General Meeting are also published by means of a company release immediately after the General Meeting. The documents related to the General Meeting shall be available on the Company's website at least for five (5) years after the General Meeting.

## Attendance of the members of the Board of Directors and the Chief Executive Officer

The Chief Executive Officer, the chairperson and the members of the Board of Directors shall attend the General Meeting. In addition, the auditor shall be present at the Annual General Meeting. A candidate proposed to be elected to the Board of Directors shall participate in the General Meeting that decides on his or her election.

## Decision-making

The Company has one (1) series of shares, which entitle its holders to one (1) vote per share owned at the General Meeting. Most resolutions by the General Meeting require a simple majority of the votes cast at the meeting. In an election, the person receiving the highest number of votes shall be deemed elected. The General Meeting may, however, prior to an election, decide that to be elected, a person shall receive more than half of the votes cast. However, there are several matters, such as directed share issues, which according to the Finnish Companies Act require a 2/3 majority of the votes cast and of the shares represented at the meeting.

The Articles of Association of Verkkokauppa.com include no redemption clauses or voting limitations.

## Board of Directors

### Composition and term

Under the Articles of Association, the Board of Directors consists of at least four (4) and at most eight (8) members. The members of the Board of Directors are elected by the Annual General Meeting of the shareholders and the term of office of the members of the Board of Directors expires at the end of the Annual General Meeting following their election.

The Articles of Association set no limitations regarding the number of terms that Directors may serve, nor do they restrict in any other way the decision-making power of the General Meeting in electing members of the Board of Directors. However, the General Meeting may take into account all recommendations stipulated by the CG Code regarding the composition of the Board of Directors, especially with regards to meeting the independence and other requirements applicable to publicly or multilaterally listed companies in Finland. The Board of Directors elects one of its members as the chairperson of the Board of Directors and may elect a deputy chairperson.

The Board of Directors have drawn up a written charter for its work. The essential contents of it are included in the following.

### Current composition of the Board of Directors

The Board of Directors consists of the following six (6) members: Christoffer Häggblom, Mikael Hagman, Minna Kurunsaari, Kai Seikku, Samuli Seppälä and Henrik Weckström.

At the Annual General Meeting held March 15, 2016, Christoffer Häggblom, Mikael Hagman, Minna Kurunsaari, Kai Seikku, Samuli Seppälä, Antti Tiitola and Henrik Weckström were elected as members of the Board of Directors for a term that expires at the end of the next Annual General Meeting. However, Antti Tiitola resigned from the Company's Board of Directors as of May 2, 2016, after which the Board of Directors has continued with six members.

At the organization meeting of the new Board of Directors, which first convened after the Annual General Meeting, Christoffer Häggblom was elected as the Chairman of the Board of Directors.

Based on the evaluation of independence, the Board of Directors concluded that Christoffer Häggblom, Minna Kurunsaari



and Kai Seikku are independent of the Company, and that Mikael Hagman, Christoffer Häggblom, Minna Kurunsaari and Kai Seikku are independent of the Company's significant shareholders. In addition the Board of Directors concluded that the resigned member of the Board of Directors Antti Tiitola was independent of the Company and the Company's significant shareholders. Samuli Seppälä and Henrik Weckström are part of the Company's management group.

Information reported on the members of the Board of Directors can be found in the section "Members of the Board of Directors".

### Duties of the Board of Directors

The duties of the Company's Board of Directors are set forth in the Companies Act and other applicable legislation. The Board of Directors is responsible for the management of the Company. Its responsibilities include, inter alia, to:

- deliberate and decide on the Company's strategy;
- confirm the business plan and budget as well as financing transactions (as far as not falling into the responsibility of the shareholders);
- deliberate on and approve interim reports and/or interim management statements, the annual accounts and the reports by the Board of Directors;
- confirm internal control and risk management systems and reporting procedures;
- decide on possible bonus and incentive schemes for the management and possible general or special pension schemes, profit sharing schemes or bonus schemes for employees of the Company;
- decide on any contracts which, given the scope and nature of activities of the Company, are of unusual nature, or significant importance such as long-term lease contracts;
- follow-up on related party transactions; and
- appoint or dismiss the CEO. Other employees belonging to the management team of the Company are appointed by the CEO and approved by the Board of Directors.

As the Company does not have a separate audit committee, the Board of Directors in its entirety is also responsible for the duties of the audit committee. These include the following:

- Monitor and supervise the reporting process of the Company's financial statements (such as annual financial statements, interim reports and annual, half-yearly and quarterly earnings releases);
- Monitor and supervise the Company's financial reporting;
- Monitor and regularly evaluate the efficiency of the Company's internal control and risk management systems and its internal audit function, and any descriptions of these systems and functions in the Company's disclosures;
- Monitor the statutory audit of the financial statements and consolidated financial statements;
- Evaluate the performance and independence of the external auditor;
- Approve the external auditor's annual audit fees under the guidance given by the shareholders at the Annual General Meeting; and
- Prepare the decision concerning the election of the auditor;

The Board of Directors held 12 meetings during 2016. The average ratio of attendance at the meetings was 95 percent.

Verkkokauppa.com does not have a supervisory board.

Name	Participation in board meetings	Attendance percentage
Christoffer Häggblom	12	100%
Mikael Hagman	11	92%
Minna Kurunsaari	11	92%
Kai Seikku	11	92%
Samuli Seppälä	12	100%
Antti Tiitola <sup>1)</sup>	4	80%
Henrik Weckström	12	100%

1) Antti Tiitola resigned from the Board of Directors as of May 2, 2016.

### Decision-making

Meetings of the Board of Directors are convened by its chairperson. The Board of Directors constitutes a quorum when more than half of the members appointed by the General Meeting are present at the meeting. When votes are cast, the majority opinion will be the Board of Directors' decision and, in the case of a tie, the chairperson will have the casting vote.

The Board of Directors is always obliged to act in the Company's interests and in such a way that its acts or measures are not likely to produce unjustified benefit to any shareholder or other third party at the cost of the Company or another shareholder.

A member of the Board of Directors is disqualified from participating in the handling of a matter pertaining to a contract or other transaction between the member of the Board of Directors and the Company or of such matter where the member is to derive an essential benefit and that benefit may be contrary to the interests of the Company. In principle, a member of the Board of Directors may not participate in the handling of a matter if the member of the Board of Directors is involved in the matter under assessment in another capacity.

### Meeting practice

The Board of Directors shall convene as frequently as necessary to discharge its responsibilities. The Chief Executive Officer ensures that the Board of Directors is provided with sufficient information to assess the operations and financial situation of the group.

The secretary of the Board of Directors is Jussi Tallgren.

The Board of Directors conducts annual performance self-evaluations.

### Principles concerning the diversity of the Board of Directors

The Company has defined the principles concerning the diversity of the Board of Directors in accordance with the recommendation 9 of the CG Code.

It is in the Company's and its shareholders' interest that the

members of the Board of Directors have a broad expertise from different fields and business areas. The diversity of the Board of Directors supports the Company's business and its development, open discussion and independent decision-making.

In the preparation of the proposal for the composition of the Board of Directors, the requirements placed by the Company's strategy, operations and development phase as well as the sufficient diversity of the Board of Directors are taken into account. The diversity of the Board of Directors is examined from different perspectives. Important factors for the Company are the age and gender distribution, academic and professional background as well as strong, versatile and mutually complementary expertise, experience and knowledge in the different business areas important to the Company.

The proposal regarding the composition of the Board of Directors is based on the competence of the candidate and the Company aims to elect Board members whose experience and profile correspond with the Company's current and future business needs. The Board members are elected annually at the Annual General Meeting of the shareholders.

The Company's goal is that both genders are represented on the Board of Directors and that in the long-term a more balanced representation of both genders on the Board is achieved. As means to achieve this objective, the Board of Directors seeks to include representatives of both genders in the Board candidate search and evaluation process and to actively communicate this objective to the shareholders of the Company.

During this accounting period one Board member was a female and the remaining members were male. The Company's goal concerning the representation of both genders has thus been fulfilled.

### Board Committees

The Company's Board of Directors has not set up committees and, therefore, in its entirety conducts the tasks appointed to different committees in the CG Code. According to the Company's Board of Directors, functioning without board committees best corresponds to the Company's current business needs and best enables the Company's Board of Directors to act in compliance with the relevant laws and fulfil the other requirements set out in the CG Code.

### Chief Executive Officer

The Chief Executive Officer is responsible for the day-to-day management of the Group in accordance with the instructions and guidance given by the Board of Directors and ensuring that the accounting practices of the Group comply with the law and that the financial management of the group has been arranged in a reliable manner.

The Chief Executive Officer primarily presents the matters handled in meetings of the Board of Directors and is responsible for preparing draft resolutions. The Board of Directors elects the Chief Executive Officer and decides on the remuneration of the Chief Executive Officer and on other terms of the Chief Executive Officer

contract. The Chief Executive Officer may not be elected chairperson of the Board of Directors.

The remuneration of the CEO comprises a fixed basic salary and fringe benefits (such as rights for company car and phone). In 2016, the total annual salary with fringe benefits of the CEO amounted to EUR 9 thousand. The CEO forewent his salary for the period of January 1 – December 31, 2016, and the sum corresponding to the CEO's salary from said period was distributed to the personnel in equal amounts.

The CEO has not received any shares or share-based rights as remuneration during 2016. The statutory pension age is applied to the CEO. The CEO does not have an additional pension agreement with the Company. The period of notice for the CEO is twelve (12) months. If the Company dismisses the CEO, the CEO will receive compensation equally the salary of twelve (12) months in certain cases. The terms of duty of the Chief Executive Officer have been agreed on in writing. The Chief Executive Officer is elected for a term continuing until further notice.

The current Chief Executive Officer is Samuli Seppälä. Information reported on the Chief Executive Officer can be found in the section "Management team members during 2016".

### Management team

The Company has a management team consisting of Samuli Seppälä, Jussi Tallgren, Henrik Weckström, Esa Hjerpe, Timo Halonen, Markus Pätilä and Miika Heinonen.

The management team members handle the issues that concern managing of the group in their respective areas and on the basis of the guidance provided by the Board of Directors. The management team assists the Chief Executive Officer in running the Company. The management team members prepare matters that are to be put before the Board of Directors for decision-making, e.g. the Company's strategies, budgets and policies as well as significant acquisitions and divestments. In addition, the management team handles matters pertaining to reporting, internal and external communication, personnel development, hiring of employees and their terms of employment as well as investor relations. The management team has no formal status under company law.

Information reported on the members of the management team can be found in the section "Management team members".

### Remuneration

The Board of Directors resolves on the remuneration and other benefits of the Company's CEO and the chairperson of the Board of Directors approves the remuneration and other benefits of the management team operating under the CEO. When elaborating on the remuneration, bonus and incentive schemes, the Board of Directors also takes into account aligning of the interests between shareholders and directors. The remuneration of the CEO comprises a fixed basic salary and fringe benefits (such as rights for company car and phone). The remuneration of the management team (excluding the CEO) comprises hourly wage. The management



team is entitled to additional pay in accordance with the collective agreement for commercial sector (FIN: kaupan alan työehtosopimus) for work outside normal working hours. If the employment relationship of a member of the management team is terminated for a reason not attributable to the Company, a non-compete period of six (6) months is observed. The member of the management team is entitled to a monthly compensation for such period, corresponding to the average monthly salary paid for normal working hours.

The Company does not have any equity-based remuneration schemes and other than as set out above, the salaries of the management team are not divided into non-variable and variable components. The remuneration of the management team is not dependent on performance or result criteria.

The Company does not apply long-term remuneration and no specific earning and restriction periods are applied in the remuneration.

The General Meeting decides on the remuneration payable for Board of Directors as well as the basis for its determination.

The Company annually makes available a Remuneration Statement on its website in accordance with the CG Code.

#### Annual General Meeting (March 15, 2016)

The Company's Annual General Meeting resolved that the remuneration payable to the members of the Board of Directors is as follows: the annual remuneration of EUR 40,000 for the chairman and EUR 20,000 for each member. No annual remuneration shall be paid to a member of the Board of Directors belonging to the executive management of the Company. In addition, reasonable travelling expenses of the members of the Board of Directors are reimbursed against invoices.

### Internal control in Verkkokauppa.com

Internal control is under the responsibility of the Board of Directors, and its function is, among other things, to ensure the efficiency and profitability of operations, the reliability of information, and the adherence to rules and regulations. Internal control is a part of day-to-day management and company administration.

Internal audits are an integral part of internal control. The Board of Directors is responsible for organising the internal audit, and the internal audit services are purchased from an external service provider. The internal audit reports its observations to the Board of Directors. The internal audit supports the management in directing operations by inspecting and evaluating the efficiency of business operations, risk management and internal control, and by producing information and recommendations to enhance efficiency. The internal audit also inspects the processes of business operations and financial reporting. The operations of the internal audit are based on a risk-focused approach and the focus areas of the business operations and its development.

### Risk management

The Company's Board of Directors approved on January 16, 2014 a risk management operating model for the Company. According to the Company's risk management operating model, the objective of risk management is to raise risk awareness and enhance proactive risk management in the organisation, increase the competitiveness of the organisation by reducing negative risks and increasing positive risks, ensure a sufficient level of risk management for the whole organisation, manage risks as part of business activities and define responsibilities of risk management in the organisation. The Board of Directors decides on the Company's risk management policy and defines the framework for the level of risk management in the Company. The Company's operative management is responsible for actual measures related to risk management in accordance with the Company's risk management policy.

#### Main features of the internal control and risk management systems pertaining to the financial reporting process

The Board of Directors of Verkkokauppa.com is responsible for the implementation of internal control with regard to financial reporting. The Company's Chief Financial Officer and the Finance and Control Department are responsible for the financial reporting. The reporting is based on information from commercial and administrative processes and data produced by the financial management systems. The Company's Finance and Control Department determines the control measures applied to the financial reporting process, which include various guidelines, process descriptions, reconciliations, and analyses used for ensuring the validity of the information used in the reporting and the validity of the reporting itself.

The financial reporting results are monitored and any anomalies in relation to forecasts or in comparison with the previous year's figures are analysed on a regular basis. Such analyses are used to detect any reporting errors and to produce materially accurate information on the Company's finances.

The Company's Finance and Control Department is responsible for the effectiveness of internal control. The Finance and Control Department is responsible for assessments of the reporting processes. The risks pertaining to financial reporting and the related management measures are determined as part of the risk management process.

### Disclosure

The guiding principle of the communications of the Company is to continuously provide the market with consistent, correct, relevant, and reliable information on the Company to ensure that capital market participants have as transparent and clear a picture of the Company as possible on the basis of which they can assess the value of the Company's securities. In its communication the Company adheres to the principles of the Finnish Companies Act and Securities Market Act of equal and simultaneous access to information and other applicable regulation and strives to make disclosures without undue delay.

According to the rules of First North, companies, the shares of which are subject to multilateral trading on the First North marketplace of Nasdaq Helsinki, shall have entered into an agreement with a certified advisor. The certified adviser of Verkkokauppa.com is Nordea Pankki Suomi Oyj (the "Certified Adviser").

The Company's official reporting languages are Finnish and English. All published releases, annual reports, details of the current Board of Directors and management team and the name of the Certified Adviser is kept available on the Company's website [www.verkkokauppa.com](http://www.verkkokauppa.com).

The Board of Directors has adopted a disclosure policy in accordance which governs the disclosures of Verkkokauppa.com.

### Insider Administration

The Company observes the insider guidelines issued by Nasdaq Helsinki Ltd. and which are applicable to Companies, the shares of which are traded on First North. The Company's insider policy approved by the Company's Board of Directors complements applicable insider regulation and sets out guidelines for the Company's insiders and the insider administration. Verkkokauppa.com's insider policy is regularly updated and compliance therewith monitored on an ongoing basis. The Company has appointed Jussi Tallgren, CFO, as the insider officer.

The Market Abuse Regulation (MAR) entered into force on July 3, 2016, which especially affected the Company's duty of disclosure, management of insider information, reporting and disclosure of management's and their related parties' transactions and insider lists.

Under MAR, the duty of disclosure has been coupled with the emergence of insider information. According to MAR, the disclosure of insider information can be delayed at the issuer's risk if the immediate disclosure would likely prejudice the legitimate interests of the issuer, the delay of disclosure is not likely to mislead the public and issuer can ensure that the said information would stay confidential. The Company must file a written notification on the delay to Finnish Financial Supervisory Authority immediately after the disclosure of the information.

Since the entry into force of MAR, the Company no longer has an obligation to keep an up-to-date list of the ownership of the current public insiders. The current public and company-specific insider registers will be replaced with a non-public insider list which is divided into a permanent list and project/event-specific lists. For the time being, the Company has determined not to establish and maintain a list of permanent insiders but all persons involved in insider projects will be included in the project-specific insider lists instead. In the future, the establishment of a list of permanent insiders of the Company would need to be determined by the Board of Directors.

The persons discharging managerial responsibilities in the Company and persons closely associated with them shall from now on notify their transactions in Company's financial instruments to the Company in accordance with the insider policy in two (2) business days from the transaction and to the Finnish Financial Supervisory

Authority in three (3) business days from the transaction. The Company must notify the transactions with a Company release in three (3) business days from the transaction. In addition, the persons discharging managerial responsibilities in the Company must notify in writing the persons closely associated with them on the emergence of the duty of notification.

According to MAR, the closed period, during which transactions in the Company's financial instruments are prohibited, is 30 calendar days before the announcement of financial report and the year-end report of the issuer and applies to the persons discharging managerial responsibilities. The Company applies the closed period after the end of each calendar quarter until the day after the announcement of the Company's financial report or year-end report (the "Closed Window"). The Closed Window shall, however, always include at least 30 calendar days immediately preceding the announcement of the financial report or the year-end report, as the case may be, and the day of publication of such report. In certain special cases the issuer may on a case-by-case basis allow transactions during the Closed Window.

The Company's insider administration is included in the SIRE-system of Euroclear Finland Ltd.

### Audit

The main function of the statutory auditing is to verify that the financial statements provide true, accurate and sufficient information on the Company's performance and financial position for the financial year. The Company's financial year is calendar year.

The auditor's responsibility is to audit the correctness of the Company's accounting in the respective financial year and to provide an auditors' report to the General Meeting. In addition, Finnish law requires that the auditor also monitors the lawfulness of the Company's administration. The auditor reports to the Board of Directors at least once a year. The fees received by the auditor shall be reported to the shareholders of the Company.

According to the Articles of Association, Verkkokauppa.com shall have one (1) auditor which shall be a firm authorised by the Finnish Chamber of Commerce. The Annual General Meeting elects the auditor and the term of an auditor terminates at the end of the Annual General Meeting following the election. The proposal for the auditor by the Board of Directors shall be included in the notice of the General Meeting. The auditor's fees in 2016 were approximately EUR 86,026 and fees paid to the auditor for non-audit services in 2016 were EUR 7,680.

PricewaterhouseCoopers Oy, a firm of Authorised Public Accountants, was elected as auditor of the Company on March 15, 2016 with Ylva Eriksson, Authorised Public Accountant, being the principal auditor.

### Shareholders' Agreements

The Company is not aware of any shareholders' agreements regarding the shares of the Company.



# Remuneration Statement 2016

This Remuneration Statement by Verkkokauppa.com Oyj (the "Company") has been prepared in accordance with the Finnish Corporate Governance Code.

## Decision-Making Procedure and Main Principles of Remuneration

### Board of Directors

The General Meeting decides annually on the remuneration payable for Board of Directors as well as the basis for its determination. The Board of Directors prepares the proposals to the General Meeting relating to the composition of the Board of Directors and the remuneration of the Board of Directors. The remuneration of the members of the Board of Directors are paid as monetary compensation. No annual remuneration shall, however, be paid to a member of the Board of Directors belonging to the executive management of the Company. The members of the Board of Directors do not have any equity-based remuneration schemes.

### Chief Executive Officer and Management Team

The Board of Directors resolves on the framework for the remuneration and other benefits of the Company's Chief Executive Officer ("CEO") and the chairperson of the Board of Directors approves the remuneration and other benefits of the management team operating under the CEO.

The remuneration of the CEO comprises a fixed basic salary and fringe benefits (such as rights for company car and phone). The terms of duty of the Chief Executive Officer have been agreed on in writing. According to the agreement, the notice period for the CEO is twelve (12) months. The statutory pension age is applied to the CEO. A 12-month non-compete and non-recruiting obligation are applied to the CEO.

The remuneration of the management team (excluding the CEO) consists of hourly wage. The management team is entitled to additional pay in accordance with the collective agreement for commercial sector (FIN: kaupan alan työehtosopimus) for work outside normal working hours.

If the employment relationship of a member of the management

team is terminated for a reason not attributable to the Company, a non-compete period of six (6) months is observed. The member of the management team is entitled to a monthly compensation for such period, corresponding to the average monthly salary paid for normal working hours. The Company does not have any equity-based remuneration schemes and other than as set out above, the salaries of the management team are not divided into non-variable and variable components. The remuneration of the management team is not dependent on performance or result criteria.

Neither the CEO nor the management team have any additional pension agreements with the Company. The Company pays the CEO's statutory pension insurance premiums. There are no other agreements, based on which the members of the Board of Directors, the CEO or the members of the management team would be entitled to any additional benefits at the end of their employment relationship or service contract.

The Company does not apply long-term remuneration and no specific earning and restriction periods are applied in the remuneration. The Company does not have valid authorisations of the Board of Directors concerning the distribution of the Company's shares, options or other special rights entitling to shares for remuneration purposes.

## Remuneration Report

### Board of Directors

In accordance with the resolution of the Annual General Meeting of 2016, the remuneration payable to the Board of Directors is as follows:

- annual remuneration of EUR 40,000 for the chairman; and
- annual remuneration of EUR 20,000 for each members.

No annual remuneration shall be paid to a member of the Board of Directors belonging to the executive management of the Company. In addition, reasonable travelling expenses of the members of the Board of Directors are reimbursed against invoices.

The remuneration payable to the Board of Directors for board work and other tasks during 2016 were as follows:

Name	Position	Board work	Other benefits from the Company	Total (EUR)
Christoffer Häggblom	Chairman	40,000	0	40,000
Mikael Hagman	Member	20,000	81,810 <sup>1)</sup>	101,810
Minna Kurunsaari	Member	20,000	0	20,000
Kai Seikku	Member	20,000	0	20,000
Samuli Seppälä <sup>2)</sup>	Member	0	8,916	8,916
Antti Tiitola <sup>3)</sup>	Member	0	0	0
Henrik Weckström <sup>2)</sup>	Member	0	151,556	151,556
<b>In total</b>		<b>100,000</b>	<b>242,281</b>	<b>342,281</b>

<sup>1)</sup> Remuneration as an advisor of the Company.

<sup>2)</sup> The person belongs to the executive management of the Company, which is why no separate remuneration is payable for the Board work.

<sup>3)</sup> Member of the Board of Directors until 2 May 2016. Antti Tiitola forewent the remuneration for Board work resolved upon by the Annual General Meeting of 2016.

### Chief Executive Officer and Management Team

The CEO forewent his salary for the period of January 1 – December 31, 2016, and the sum corresponding to the CEO's salary from said period was distributed to the personnel in equal amounts. In 2016, the total annual salary with fringe benefits of the CEO amounted to EUR 8,916. The CEO has not received any other benefits from the Company during 2016.

In 2016, the remuneration, including fringe benefits of the members of the management team (excluding the CEO) was EUR 820,382. The members of the management team (excluding the CEO) have not received any other benefits from the Company during 2016.



# Board of Directors

Financial statements 2016 | Board of Directors



## Kai Seikku

President and CEO,  
Okmetec Oyj

Executive Vice President, National Silicon  
Industry Group (Shanghai, China)

Born 1965, M.Sc. (Econ.)

Board member since 2013

**Shares and share-based rights  
and corporations over which control  
is exercised**  
115,386 shares

### Positions of trust

Vice chairman of the board of University  
of the arts Helsinki, 2015–

Board member of The Federation of  
Finnish Technology Industries, 2013–

### Working experience

CEO, HKScan Corporation, 2005–2009

CEO, Hasan & Partners Oy, 1999–2004

**Independent of the Company  
and significant shareholders**

## Mikael Hagman

Owner,  
Mikael Hagman AB & Greasy Lake  
Holding AB

Born 1968, DIHM Diploma in  
Business Administration

Board member since 2014

**Shares and share-based rights  
and corporations over which control  
is exercised**  
23,112 shares

### Positions of trust

Chairman of the Board of Innohome Oy

Chairman of the Board of  
Vitvaruexperten.com Nordic AB

### Working experience

CEO, Media-Saturn Holding Sweden AB,  
2008–2013

**Independent of significant  
shareholders**

## Samuli Seppälä

CEO and Purchasing Director,  
Verkkokauppa.com Oyj

Born 1975, High school graduate

Board member since 1998

**Shares and share-based rights  
and corporations over which control  
is exercised**  
22,487,496 shares

### Positions of trust

Member of the Board of F. Sergejeffin  
Olut-tehdas Osakeyhtiö

### Working experience

CEO and Purchasing Director,  
Founder since 1992,  
Verkkokauppa.com Oyj

## Christoffer Häggblom

Managing Partner,  
Rite Internet Ventures  
Holding AB

Born 1981, M.Sc. (Econ.)

Board member since 2009

**Shares and share-based rights  
and corporations over which control  
is exercised**

Ownership through Rite Internet  
Ventures Holding AB. Rite Internet  
Ventures Holding AB owns indirectly  
1,967,576 shares in total.

### Positions of trust

Member of the Board of, inter alia,  
Rite Internet Ventures Holding AB,  
Nebula Oy, Lemonsoft Oy and Acervo AB

### Working experience

Founder of Rite Internet Ventures  
Holding AB

**Independent of the Company  
and significant shareholders**

## Minna Kurunsaari

Consultant,  
Born 1965, Master of Laws trained  
on the bench

Board member since 2015

**Shares and share-based rights  
and corporations over which control  
is exercised**  
–

### Positions of trust

–

### Working experience

Senior Vice President for the home and  
specialty goods trade, and Kesko Oyj's  
customer information and e-commerce  
projects 2011–2014

Vice President, Commerce in  
Kesko Food Ltd, 2008–2011

Various director positions in Kesko Oyj,  
1995–2008

**Independent of the Company  
and significant shareholders**

## Henrik Weckström

CTO,  
Verkkokauppa.com Oyj

Born 1976, M.Sc. (Tech.)

Board member since 2001

**Shares and share-based rights  
and corporations over which control  
is exercised**  
10,824 shares

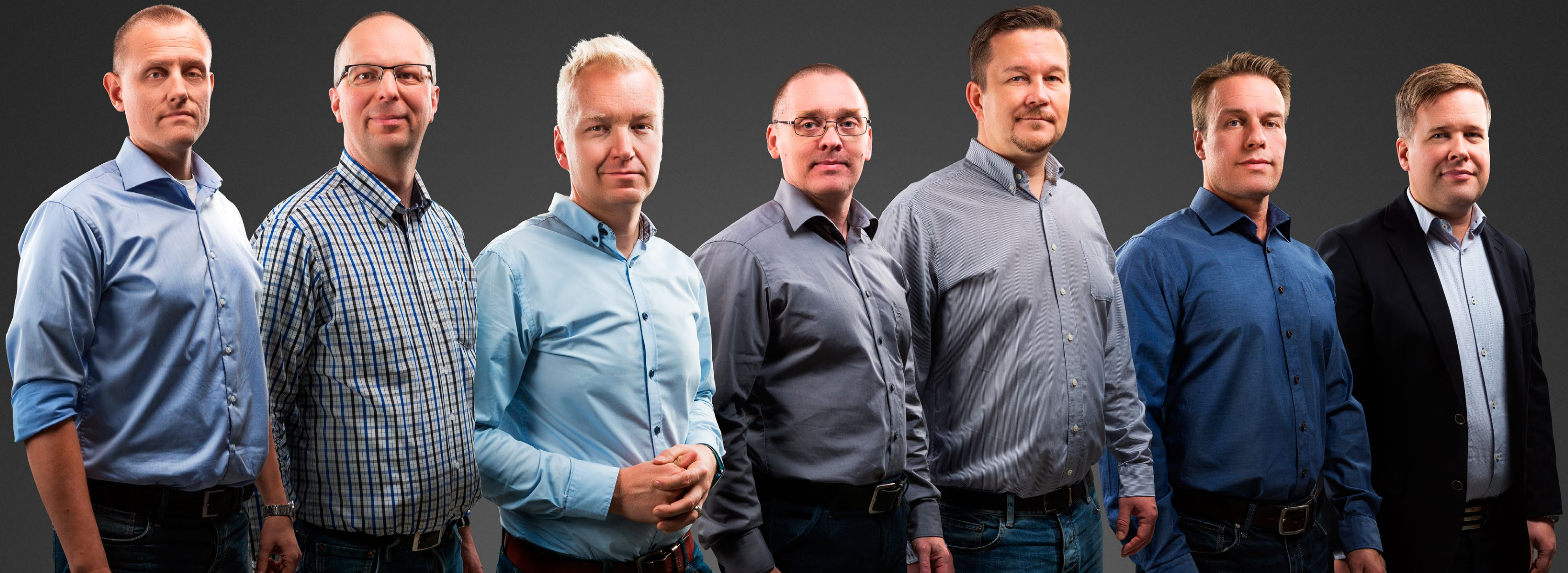
### Working experience

CIO, Verkkokauppa.com Oyj, 1999–



# Management team

Financial statements 2016 | Management team



## Markus Pätilä

Sales Director, retail stores,  
Verkkokauppa.com Oyj

Born 1975, Vocational qualification in  
data processing

Member of the management team  
since 2011

**Shares and share-based rights  
and corporations over which control  
is exercised**  
3,006 shares

**Working experience**  
Helsinki Store Manager,  
Verkkokauppa.com Oyj, 2008–2010

## Jussi Tallgren

CFO,  
Verkkokauppa.com Oyj

Born 1966, M.Sc. (Econ.)

Member of the management team  
since 2012

**Shares and share-based rights  
and corporations over which control  
is exercised**  
38,100 shares

**Working experience**  
CFO,  
Veikon Kone Oy, 2009–2012

## Samuli Seppälä

CEO and Purchasing Director,  
Verkkokauppa.com Oyj

Born 1975, High school graduate

Member of the management team  
since 2008

**Shares and share-based rights  
and corporations over which control  
is exercised**  
22,487,496 shares

**Positions of trust**  
Board member, F. Sergejeffin  
Olut-tehdas Osakeyhtiö

**Working experience**  
CEO and Purchasing Director, Founder  
since 1992, Verkkokauppa.com Oyj

## Esa Hjerppe

Web Sales and Marketing Director,  
Verkkokauppa.com Oyj

Born 1969, Commercial college graduate

Member of the management team  
since 2012

**Shares and share-based rights  
and corporations over which control  
is exercised**  
50 shares

**Working experience**  
Marketing Manager,  
Musta Pörssi Oy's Konebox, 2011–2012

Sales Manager,  
Musta Pörssi Oy's Konebox, 2008–2011

## Timo Halonen

Services Director,  
Verkkokauppa.com Oyj

Born 1977, High school graduate

Member of the management team  
since 2013

**Shares and share-based rights  
and corporations over which control  
is exercised**  
–

**Working experience**  
Customer Service Manager,  
Verkkokauppa.com Oyj, 2012–2013

Customer Complaints Director,  
Verkkokauppa.com Oyj, 2008–2012

## Miika Heinonen

Logistics Director,  
Verkkokauppa.com Oyj

Born 1976, BBA

Member of the management team  
since 2011

**Shares and share-based rights  
and corporations over which control  
is exercised**  
–

**Working experience**  
Warehouse Manager,  
Verkkokauppa.com Oyj, 2005–2011

## Henrik Weckström

CTO,  
Verkkokauppa.com Oyj

Born 1976, M.Sc. (Tech.)

Member of the management team  
since 2008

**Shares and share-based rights  
and corporations over which control  
is exercised**  
10,824 shares

**Working experience**  
CIO,  
Verkkokauppa.com Oyj, 1999–



## The statements and estimates contained in this Annual Report

relating to markets and the future are based on the current views of the management. Due to their nature, they contain uncertainties and are subject to changes in the general economic situation or changes in the situation of the industry.

**Verkkokauppa.com Oyj's Certified Adviser  
acts Nordea Bank Finland PLC.**



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