

**VERKKOKAUPPA.COM OYJ**  
**INTERIM REPORT (IFRS) 1 Jan -31**  
**Mar 2019**

## INTERIM REPORT for 1 January – 31 March 2019: Verkkokauppa.com continues to outgrow the market with revenue growth of 13% during Q1

Verkkokauppa.com Oyj – Interim report (unaudited) 10 May 2019, 8:00 a.m.

### 1 January – 31 March 2019 in brief

- Revenue 116 million euros (1-3/2018: 103), growth of 13%
- Gross profit 17.4 million euros (16.7), growth of 4%
- Gross margin 15.0% of revenue (16.3%)
- Operating profit 2.3 million euros (2.7)
- Operating margin 2.0% of revenue (2.6%)
- Profit for the period 1.5 million euros (1.8)
- Earnings per share 0.03 euros (0.04)
- The Board of Directors has resolved to pay a quarterly dividend of 0.049 euros per share

KEY RATIOS (IFRS)	1-3/2019	1-3/2018	Change%	1-12/2018
Revenue, € thousands	115,797	102,693	13%	477,833
Gross profit, € thousands	17,399	16,706	4%	72,020
Gross margin, % of revenue	15.0%	16.3%	-8%	15.1%
EBITDA, € thousands	3,581	3,955	-9%	18,414
EBITDA, %	3.1%	3.9%	-20%	3.9%
Operating profit, € thousands	2,301	2,663	-14%	13,324
Operating margin, % of revenue	2.0%	2.6%	-23%	2.8%
Net profit, € thousands	1,525	1,813	-16%	9,334

### BUSINESS OUTLOOK

Verkkokauppa.com Oyj's business operations are estimated to develop positively within a medium-term time frame. The management believes that the company will succeed in further growing its market share in 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 developments. The Finnish Ministry of Finance estimated on 4 April 2019 that the Finnish GDP will grow by 1.7% during 2019 and by 1.4% during 2020.

### FINANCIAL GUIDANCE

In 2019, the company's revenue is expected to be between 500–550 million euros (2018: 478 million euros) and operating profit to be between 11–17 million euros (13.3 million euros).

### CEO PANU PORKKA REVIEW

Verkkokauppa.com's revenue in Q1 grew by 13%, amounting to 116 million euros. Strong revenue growth has continued since Q3 2018 and the company is outgrowing the market while gaining market share in accordance to its strategy. Drivers for the growth in Q1 were continuous improvement of marketing activities, effective campaigning and sales through Raisio store which was opened 8 March 2018. Market remained very competitive and price-driven growing by 4.9% in January-March, according to GfK. The company responded

by increasing marketing efforts significantly and with competitive pricing. These efforts resulted in outgrowing the market in almost all product categories, with sales growing more than 85% in best-performing categories.

Gross margin in Q1 amounted to 15.0% while operating profit was 2.3 million euros and slightly lower year-on-year (Q1/2018 EUR 2.7 million) mostly due to lower gross margin and increased marketing investments.

Development projects are proceeding as planned with renewed marketing being one of the main growth drivers for the future. In addition to a significantly higher marketing budget and nationwide TV-campaigns Verkkokauppa.com has started brand advertising this year as part of a plan to reach all major customer groups. The company's assortment saw a major expansion with more than 1,300 new ball game products added to the sports category. This will help the company reach new audiences and visitors both online and offline. The company will continue improving and personalizing its website and will start renewing the Jätkäsaari flagship store to improve the customer experience in 2019.

Management Team was strengthened by two new appointments. The new HR Director Taina Suorsa started on 1 January 2019 and the new Chief Sales Officer Kalle Koutajoki on 25 February 2019.

Verkkokauppa.com's plans and investments are guided by targeting strong top line growth and market share gains. The company actively follows changes in the market and customer behavior to identify opportunities for new categories and assortment expansions in order to secure growth. In addition, the company is investing significantly in different marketing channels to reach a wider customer base and continues to improve the omnichannel customer experience.

The company is focused on improving its profitability by keeping its costs at a competitive level and its processes efficient. The company expects the consumer electronic market to remain tough and competitive pricing to continue throughout the year. Regardless of the competitive situation, Verkkokauppa.com is prepared to take all required actions to win market share and become the leader in Finnish consumer electronics market. The increasing purchasing volumes will help the company in achieving medium term profitability targets. Key competitive advantages supporting the company in achieving these targets include improved product availability, best-known brand and larger assortment than that of competitors are key competitive advantages that will support this mission. In addition, growth in the future will be supported by changing consumer behavior trends. Retail is going online and mobile fast, as outlined in the strategy. An estimated one per cent, or approximately 400 million euros of brick-and-mortar retail sales will go online this year in Finland. The e-commerce share of the total retail market in Finland is approximately 12%.

## REVENUE AND PROFITABILITY DEVELOPMENT

January–March 2019

In January–March, Verkkokauppa.com Oyj's revenue grew by 12.8% year on year. Revenue grew by 13.1 million euros, totaling 115.8 million euros (102.7). Sales increased particularly in small domestic appliances (SDA), computers, mobile phones, peripherals and major domestic appliances (MDA).

According to GfK, the demand for consumer electronics increased by 4.9% during January–March in Finland.

The company-financed customer financing grew year on year. Its proceeds were 0.8 million euros (0.7) including both interest income and fee income. The credit loss allowance increased to 0.7 million euros (0.5). Verkkokauppa.com sold its past due receivables as part of its risk management during the reporting period. As of April 2019, Verkkokauppa.com sells past due receivables in a so-called continuous debt sales model, where receivables overdue more than 60 days will be sold to third parties. This decreases company's accounts receivable risk.

Applying the IFRS 16 Leases standard has an impact on other operating expenses, depreciations and interest costs. A right-of-use asset and a lease liability is recognized in the statement of financial position. The accounting policies are described in more detail in a separate company release published on 12 February 2019.

In January-March depreciations from the right-of-use assets totaled 1.0 million euros (1.0) and interest from lease liabilities totaled 0.4 million euros (0.4). During the reporting period right-of-use assets decreased by 0.7 million euros and lease liabilities decreased by 0.6 million euros compared to year-end. Right-of-use assets totaled 21.1 million euros (Dec 31, 2018: 21.8) and respective liabilities totaled 25.7 million euros (Dec 31, 2018: 26.3). The decrease in lease liabilities resulted from the fact that the company did not sign new leases and the lease term of existing leases shortened.

Personnel costs increased in January–March by 5.3% to 7.8 million euros (7.4). The increase resulted mainly from the growing number of personnel in purchasing and IT. During the reporting period, other operating expenses increased by +15.1% to 6.2 million euros (5.4). The increase resulted from the renewal and increase of Verkkokauppa.com's marketing efforts when compared to the previous year.

Operating profit in January–March 2019 was 2.3 million euros (2.7) and profit for the period 1.5 million euros (1.8).

Earnings per share were 0.03 euros (0.04).

## FINANCE AND INVESTMENTS

Operating cash flow was -11.2 million euros (-20.7) in January-March 2019. In the reporting period, the improvement of the operating cash flow resulted mainly from a decrease in inventory, an increase of accounts payables and a decrease of accounts receivables.

Ordinary seasonal fluctuations are reflected in cash and cash equivalents, cash flow and accounts payable, which usually reach the highest point at year-end and the lowest point at the end of the second quarter. Verkkokauppa.com's practice has been to utilize the maximum amount of cash discounts in the current interest rate environment.

During the reporting period, the company invested in new IT systems and in development of new ERP features, and as a result capitalized 0.1 million euros of the IT department's employee benefit expenses and external technology consulting fees. The company also invested in the ordinary store equipment and furniture. Net capital expenditures totaled 0.1 million euros (0.6) in January-March 2019.

## FINANCIAL TARGETS

The company targets an annual revenue growth of 10–20% in the medium term. The company targets a growing operating profit and an operating profit margin of 2.5–4.5% in the medium-term. The Company's dividend policy is to pay out a quarterly growing dividend.

## SHARES AND SHARE TRADING

The total number of shares in the company was 45,065,130 on 31 March 2019, including the treasury shares.

During the reporting period, 2,545,523 shares were exchanged on the Nasdaq First North Finland market place, representing 5.6% of all shares in the company. The highest share price was 4.455 euros and the lowest 3.76 euros. The average price in share trading was 4.06 euros. The total of the share trading was 10 million euros. The closing price was 3.99 euros, and the market capitalization of all shares was 180 million euros at the end of the period.

In 2019, the company has transferred a total of 7,469 treasury shares as part of the remuneration of Board members.

The company held 57,164 treasury shares on 31 March 2019. These treasury shares accounted for 0.14% of all shares. The treasury shares have no voting rights and no dividend is paid on them.

The Board holds a valid authorization to issue a maximum of 4,506,513 shares on a share issue by one or several decisions (share issue authorization of 2019). The Board has not utilized its share issue authorization.

### Share-based incentive plan

On 16 May 2018 Verkkokauppa.com Oyj established a new share-based incentive plan for key employees. The aim of the incentive plan is to increase the value of the company in the long-term by aligning the objectives of the shareholders and key employees, to encourage key employees to personally invest in the company's shares, to retain key employees at the company and to offer them a competitive share-based reward plan.

In the Matching Share Plan, the participant receives a fixed number of matching shares against an investment in Verkkokauppa.com Oyj's shares. The Matching Share Plan includes three matching periods 2018-2020, 2019-2021 and 2020-2022. The Board will resolve annually on the commencement and details of matching periods. The prerequisite for receiving a reward based on this plan is that a person participating in the plan allocates freely transferable company shares they hold in the plan or acquires company shares up to the number determined by the Board of Directors. The payment of reward is based on the participant's employment or service upon reward payment.

## PERSONNEL AND MANAGEMENT

During the reporting period, the number of employees stayed flat, and the total number of employees was 657 (657) at the end of March 2019. The number of employees includes both full- and part-time employees.

Taina Suorsa was appointed to the Management Team as of 1 January 2019. Vesa Järveläinen was appointed as Commercial Director as of 1 January 2019. Järveläinen continues as a member of the Management Team. Kalle Koutajoki was appointed as Chief Sales Officer (CSO) and Management Team member on 21 December 2018. Koutajoki started in his role on 25 February 2019.

Verkkokauppa.com Oyj's Management Team:

- Panu Porkka, CEO

- Jussi Tallgren, CFO
- Henrik Weckström, CTO
- Miika Heinonen, Logistics Director
- Vesa Järveläinen, Commercial Director, started on 1 January 2019 and continues as a member of the Management Team
- Seppo Niemelä, Marketing and Communications Director
- Taina Suorsa, HR Director, started on 1 January 2019
- Kalle Koutajoki, CSO, started on 25 February 2019

## RISKS AND UNCERTAINTIES

Verkkokauppa.com Oyj's risks and uncertainties reflect the market and general economic trends, for example, demand for consumer electronics, wholesale trade business, the business environment and competition. The company's business operations are also influenced by risks and uncertainties relating to, for example, business strategy, investments, procurement and logistics, information technology, and other operative aspects of the business. The aforementioned risks and uncertainties may affect the company's operations, financial position and performance both positively and negatively. Risks and uncertainties have been presented in more detail in the Annual Report 2018.

## LITIGATION AND DISPUTES

Verkkokauppa.com has no open litigation issues nor any significant disputes.

## ANNUAL GENERAL MEETING 2019

The Annual General Meeting was held in Helsinki on 28 March 2019. The financial statements for the year 2018 were approved and the Board members and the CEO were discharged from liability with respect to financial year 2018. It was resolved to pay a dividend of 0.048 euros per share, totaling 2,160,382.33 euros.

The Annual General Meeting authorized the Board of Directors to decide in its discretion on the distribution of dividends as follows:

The total amount of the dividend distribution based on this authorization shall not exceed EUR 0.150 per share (the instalments may differ from each one), in total not exceeding EUR 6,759,769,50. The authorization is valid until the opening of the next Annual General Meeting.

Unless the Board of Directors decides otherwise, the authorization will be used to distribute dividend three times during the period of validity of the authorization and the payment dates of the dividends will be on 21 May 2019, 20 August 2019 and 5 November 2019. The Board of Directors will decide on the record date in connection with each dividend payment decision and the company will make separate announcements of Board resolutions. Before the Board of Directors implements the resolution regarding the distribution of dividend, it must assess, from the viewpoint of Company's solvency and/or financial position, whether the requirements in the Finnish Companies Act for dividend distribution are fulfilled.

At the Annual General Meeting held on 28 March 2019, all Board members were re-elected until the end of the next Annual General Meeting. Christoffer Häggblom, Robert Burén, Mikael Hagman, Kai Seikku, Arja Talma and Samuli Seppälä were elected as members of the Board of Directors. The Board elected Christoffer Häggblom as the Chairman of the Board. Panu Porkka is the company's CEO.

The Authorized Public Accountant PricewaterhouseCoopers Oy was re-elected as the auditor, who has notified the company that Authorized Public Accountant Ylva Eriksson will be acting as the Principal Auditor.

After the Annual General Meeting Verkkokauppa.com Oyj Board of Directors held an organizational meeting, where it resolved on the Board committees. It decided to continue with the following board committees: Audit Committee and Nomination and Remuneration Committee. The Audit Committee consists of Board members Kai Seikku (Chairman), Samuli Seppälä, Arja Talma and Christoffer Häggblom. The Nomination and Remuneration Committee consists of Board members Christoffer Häggblom (Chairman), Samuli Seppälä and Kai Seikku.

## **DIVIDEND**

Annual General Meeting 2019 resolved to pay 0.048 euros (2,160,382.33 euros in total) per share as dividend. The record date for the dividend distribution was 31 March 2018 and the dividend payment date was 8 April 2018.

Verkkokauppa.com's Annual General Meeting authorized the Board of Directors to decide in its discretion on the distribution of dividends not exceeding 0.150 euro per share to be paid in three instalments during 2019.

## **OTHER EVENTS DURING THE REPORTING PERIOD**

On 16 January 2019, Verkkokauppa.com Oyj gave a profit warning and preliminary information on the company's revenue and comparable EBITDA for the year 2018.

On 12 February 2019 Verkkokauppa.com Oyj published IFRS comparative information.

On 13 February 2019 Verkkokauppa.com Oyj gave a profit warning and preliminary information on the company's comparable EBITDA for the year 2018.

On 15 February 2019 Verkkokauppa.com published its medium-term financial targets restated according to IFRS.

## **SUBSEQUENT EVENTS**

The Board resolved on 10 May 2019 to pay a dividend of 0.049 euros per share (2,208,191.37 euros in total). The record date for the dividend distribution is 14 May 2019 and the dividend payment date is 21 May 2019.

There are no other subsequent events that differ from usual business events, after the reporting period.

## **PRESS CONFERENCES**

A press conference for analysts, investors and media will be held in Finnish at the Jätkäsaari premises in Helsinki at Tyynenmerenkatu 11, 6th floor, at 10:00 a.m. (EET) on Friday, 10 May 2019, in which Verkkokauppa.com Oyj's CEO Panu Porkka will present the developments in the reporting period.

A press conference in English will be held by LiveStream webcast on Friday, 10 May 2019 at 11:00 a.m. (EET). Questions can be sent beforehand or during the presentation via e-mail to [investors@verkkokauppa.com](mailto:investors@verkkokauppa.com).

Presentation materials for both events are available at [www.verkkokauppa.com](http://www.verkkokauppa.com) in the section Investors > Presentations. For both press conferences, a LiveStream is available at [www.verklive.com](http://www.verklive.com).

## COMPANY RELEASES IN 2019

Verkkokauppa.com Oyj will publish its financial reports as follows:

- Half-year report January – June on Friday 9 August 2019
- Interim report January – September on Friday 25 October 2019

Helsinki, Finland, 10 May 2019

**Verkkokauppa.com Oyj**

**Board of Directors**

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**VERKKOKAUPPA.COM OYJ INTERIM REPORT (IFRS) 1 Jan -31 Mar 2019**

1	Accounting policies applied in this interim report.....	9
2	Primary financial statements.....	10
2.1	Income statement (IFRS).....	10
2.2	Statement of comprehensive income (IFRS).....	10
2.3	Statement of financial position (IFRS).....	11
2.4	Statement of cash flows (IFRS).....	12
2.5	Statement of changes in equity (IFRS).....	13
3	Notes.....	14
3.1	Segment reporting.....	14
3.2	Revenue from contracts with customers.....	14
3.3	Seasonality of business.....	14
3.4	Quarterly income statement.....	15
3.5	Right-of-use assets.....	16
3.6	Trade receivables.....	16
3.7	Financial assets and liabilities by measurement category.....	17
3.8	Dividends.....	19
3.9	Transactions with related parties.....	20
3.10	Guarantees and commitments.....	20
4	Additional information.....	21
4.1	IFRS Standards not yet effective.....	21
4.2	Financial and share-specific information.....	21
4.3	Formulas for key ratios.....	22

## 1 Accounting policies applied in this interim report

Verkkokauppa.com Oyj is a public limited company, the shares of which are quoted on First North of Nasdaq Helsinki Ltd. The registered address of its head office is Tyynenmerenkatu 11, Helsinki.

Verkkokauppa.com Oyj's Interim Report for January-March 2019 has been prepared in line with IAS34, 'Interim Financial Reporting' and should be read in conjunction with Verkkokauppa.com Oyj's financial statement for 2018, published on March 7, 2019. Verkkokauppa.com Oyj has applied the same accounting principles in the preparation of this interim report as in its Financial Statement for 2018, however so that IFRS 16 Leases has been applied early. Verkkokauppa.com Oyj has adopted IFRS 16 fully retrospectively.

Verkkokauppa.com Oyj published on 12 February 2019 with a separate company release the comparative information according to IFRS compared to Finnish Accounting Standards (FAS). The major changes to accounting policies are also explained in the company release.

The information presented in this interim report has not been audited. The figures are rounded, and therefore the sum of individual figures may deviate from the aggregate amount presented.

### Use of estimates

The preparation of these financial statements required management to make judgements, estimates assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

## 2 Primary financial statements

### 2.1 Income statement (IFRS)

EUR thousand	1-3/ 2019	1-3/ 2018	1-12/ 2018
<b>Revenue</b>	<b>115,797</b>	<b>102,693</b>	<b>477,833</b>
Other operating income	164	20	389
Materials and services	-98,398	-85,987	-405,813
Employee benefit expenses	-7,751	7,359	-30,300
Depreciation and amortization	-1,281	-1,291	-5,090
Other operating expenses	-6,231	-5,412	-23,696
<b>Operating profit</b>	<b>2,301</b>	<b>2,663</b>	<b>13,324</b>
Finance income	3	4	9
Finance costs	-397	-436	-1,670
<b>Profit before income taxes</b>	<b>1,906</b>	<b>2,232</b>	<b>11,662</b>
Income taxes	-381	-418	-2,328
<b>Profit for the period</b>	<b>1,525</b>	<b>1,813</b>	<b>9,334</b>
<b>Profit for the period attributable to</b>			
Equity holders of the company	1,525	1,183	9,334
<b>Earnings per share calculated from the profit attributable to equity holders</b>			
Earnings per share, basic and diluted (EUR)	0,03	0,04	0.21

### 2.2 Statement of comprehensive income (IFRS)

EUR thousand	1-3/ 2019	1-3/ 2018	1-12/ 2018
<b>Profit for the period</b>	<b>1,525</b>	<b>1,813</b>	<b>9,334</b>
<b>Items that will not be reclassified to profit or loss</b>			
Realized changes in fair values of equity investments	-	-	-
Changes in fair values of equity investments	-	-	-15
<b>Other comprehensive income after taxes, total</b>	<b>-</b>	<b>-</b>	<b>-15</b>
<b>Comprehensive income for the period</b>	<b>1,525</b>	<b>1,813</b>	<b>9,319</b>
<b>Comprehensive income for the period</b>			
Equity holders of the company	1,525	1,813	9,319

## 2.3 Statement of financial position (IFRS)

EUR thousand	31 Mar 2019	31 Mar 2018	31 Dec 2018
<b>Non-current assets</b>			
Intangible assets	940	868	1,067
Property, plant and equipment	1,837	2,284	1,970
Right-of-use assets	21,101	24,377	21,764
Equity investments	275	294	275
Deferred tax assets	1,149	1,154	1,112
Trade receivables	1,471	1,475	1,544
Other non-current receivables	438	438	438
<b>Non-current assets, total</b>	<b>27,212</b>	<b>30,889</b>	<b>28,171</b>
<b>Current assets</b>			
Inventories	59,161	49,181	65,784
Trade receivables	13,925	10,832	15,266
Other receivables	1,839	1,146	1,752
Income tax receivables	208	220	199
Accrued income	5,401	4,652	9,823
Cash and cash equivalents	34,576	27,985	46,746
<b>Current assets, total</b>	<b>115,111</b>	<b>94,018</b>	<b>139,570</b>
<b>Total assets</b>	<b>142,322</b>	<b>124,907</b>	<b>167,741</b>
<b>Equity</b>			
Share capital	100	100	100
Treasury shares	-502	-	-502
Fair value reserve	-33	-18	-33
Invested non-restricted equity fund	25,615	25,493	25,585
Retained earnings	10,294	9,239	3,082
Profit for the period	1,525	1,813	9,334
<b>Total equity</b>	<b>37,000</b>	<b>36,627</b>	<b>37,565</b>
<b>Non-current liabilities</b>			
Lease liabilities	22,121	25,241	22,753
Deferred tax liabilities	18	9	18
Provisions	723	567	560
<b>Non-current liabilities, total</b>	<b>22,862</b>	<b>25,817</b>	<b>23,331</b>
<b>Current liabilities</b>			
Lease liabilities	3,587	3,842	3,592
Advance payments received	2,611	2,303	4,301
Trade payables	55,333	42,627	80,695
Other current liabilities	6,444	2,639	4,077
Accrued liabilities	14,485	11,052	14,181
<b>Current liabilities, total</b>	<b>82,460</b>	<b>62,462</b>	<b>106,845</b>
<b>Total liabilities</b>	<b>105,323</b>	<b>88,280</b>	<b>130,176</b>
<b>Total equity and liabilities</b>	<b>142,322</b>	<b>124,907</b>	<b>167,741</b>

## 2.4 Statement of cash flows (IFRS)

EUR thousand	1-3/2019	1-3/2018	1-12/2018
<b>Cash flow from operating activities</b>			
Profit before income taxes	1,906	2,232	11,662
Adjustments			
Depreciation and impairment	1,281	1,291	5,090
Gain on sales and losses on fixed assets and scrapping	-	-	-
Finance income and costs	387	424	1,630
Other adjustments	194	-57	69
Cash flow before change in working capital	3,768	3,890	18,451
Change in working capital			
Increase (-) / decrease (+) in non-current non-interest-bearing trade receivables	73	-436	-506
Increase (-) / decrease (+) in trade and other receivables	5,831	2,940	-7,384
Increase (-) / decrease (+) in inventories	6,623	-2,169	-18,772
Increase (+) / decrease (-) in current liabilities	-26,502	-23,858	21,276
Cash flow before financial items and taxes	-10,207	-19,633	13,065
Interest paid	-13	-26	-38
Interest received	3	4	9
Interest of lease liabilities	-384	-423	-1,632
Income tax paid	-583	-611	-2,543
<b>Cash flow from operating activities</b>	<b>-11,185</b>	<b>-20,689</b>	<b>8,861</b>
Cash flow from investing activities			
Purchases of property, plant and equipment	-8	-485	-582
Purchases of intangible assets	-43	-90	-774
Proceeds from equity investments	-	-	-
<b>Cash flow from investing activities</b>	<b>-51</b>	<b>-575</b>	<b>-1,356</b>
Cash flow from financing activities			
Decrease (-) / increase (+) in lease liabilities	-935	-972	-3,939
Dividends paid	-	-1,657	-8,195
Acquisition of treasury shares	-	-	-502
<b>Cash flow from financing activities</b>	<b>-935</b>	<b>-2,629</b>	<b>-12,636</b>
<b>Increase (+) / decrease (-) in cash and cash equivalents</b>	<b>-12,170</b>	<b>-23,893</b>	<b>-5,131</b>
Cash and cash equivalents at beginning of financial year	46,746	51,878	51,878
Cash and cash equivalents at end of financial year	34,576	27,985	46,746

## 2.5 Statement of changes in equity (IFRS)

- A Share capital  
 B Treasury shares  
 C Invested non-restricted equity fund  
 D Fair value reserve  
 E Retained earnings  
 F Total equity

EUR thousand	A	B	C	D	E	F
<b>Equity 1 Jan 2018 (IFRS)</b>	<b>100</b>	<b>-</b>	<b>25,493</b>	<b>-18</b>	<b>11,222</b>	<b>36,797</b>
Profit for the period	-	-	-	-	1,813	1,813
Changes in fair values of equity investments	-	-	-	-	-	-
<b>Comprehensive income for the period, total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,813</b>	<b>1,813</b>
Dividend distribution	-	-	-	-	-1,983	-1,983
Acquisition of treasury shares	-	-	-	-	-	-
Disposal of treasury shares -Board fees	-	-	-	-	-	-
Share-based incentives	-	-	-	-	-	-
<b>Transactions with owners, total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-1,983</b>	<b>-1,983</b>
<b>Equity 31 Mar 2018 (IFRS)</b>	<b>100</b>	<b>-</b>	<b>25,493</b>	<b>-18</b>	<b>11,053</b>	<b>36,627</b>

EUR thousand	A	B	C	D	E	F
<b>Equity 1 Jan 2019 (IFRS)</b>	<b>100</b>	<b>-502</b>	<b>25,585</b>	<b>-33</b>	<b>12,416</b>	<b>37,565</b>
Profit for the period	-	-	-	-	1,525	1,525
Changes in fair values of equity investments	-	-	-	-	-	-
<b>Comprehensive income for the period, total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,525</b>	<b>1,525</b>
Dividend distribution	-	-	-	-	-2,160	-2,160
Acquisition of treasury shares	-	-	-	-	-	-
Disposal of treasury shares -Board fees	-	-	31	-	-	31
Share-based incentives	-	-	-	-	39	39
<b>Transactions with owners, total</b>	<b>-</b>	<b>-</b>	<b>31</b>	<b>-</b>	<b>-2,121</b>	<b>-2,091</b>
<b>Equity 31 Mar 2019 (IFRS)</b>	<b>100</b>	<b>-502</b>	<b>25,615</b>	<b>-33</b>	<b>11,820</b>	<b>37,000</b>

EUR thousand	A	B	C	D	E	F
<b>Equity 1 Jan 2018 (IFRS)</b>	<b>100</b>	<b>-</b>	<b>25,493</b>	<b>-18</b>	<b>11,222</b>	<b>36,797</b>
Profit for the period	-	-	-	-	9,334	9,334
Changes in fair values of equity investments	-	-	-	-15	-	-15
<b>Comprehensive income for the period, total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-15</b>	<b>9,334</b>	<b>9,319</b>
Dividend distribution	-	-	-	-	-8,195	-8,195
Acquisition of treasury shares	-	-502	-	-	-	-502
Disposal of treasury shares -Board fees	-	-	92	-	-	92
Share-based incentives	-	-	-	-	54	54
<b>Transactions with owners, total</b>	<b>-</b>	<b>-502</b>	<b>92</b>	<b>-</b>	<b>-8,141</b>	<b>-8,551</b>
<b>Equity 31 Dec 2018 (IFRS)</b>	<b>100</b>	<b>-502</b>	<b>25,585</b>	<b>-33</b>	<b>12,416</b>	<b>37,565</b>

### 3 Notes

#### 3.1 Segment reporting

Verkkokauppa.com Oyj has one reportable segment. The management of Verkkokauppa.com Oyj has exercised judgement when it has applied the aggregation criteria to aggregate the operating segments into one reportable segment. The customers are the same across all operating segments, which offer the same goods and services in uniform conditions in one main market i.e. Finland. At the core of the Company's business model is a strong integration of webstore and stores, common support functions serving the entire business as well as the volume benefits enabled by centralized business.

#### 3.2 Revenue from contracts with customers

The revenue streams of the Company consist of the sale of goods and services. There are over 65.000 products in 26 different main product categories which the Company sells to consumers through its own webstore and four retail stores in Finland. The sale of services rendered by the Company includes, for example, installation and maintenance services, subscription sales and visibility sales. Revenue is accumulated geographically mainly from Finland.

Revenue from sales of products is recognized at a point in time when the control has been transferred. The revenue from services is recognized mainly over time.

#### Disaggregation of revenue

EUR thousand	1-3/ 2019	1-3/ 2018	1-12/ 2018
At a point in time	114,540	101,110	470,971
Over time	1,257	1,583	6,862
<b>Revenue, total</b>	<b>115,797</b>	<b>102,693</b>	<b>477,833</b>

#### Income recognized from customer financing

The Company presents all income from customer financing as part of revenue in the primary financial statements.

The table below presents the income recognized from company-financed Apuraha customer financing divided into income recognized using the effective interest rate method and other income. Other income consists of other fees.

EUR thousand	1-3/ 2019	1-3/ 2018	1-12/ 2018
Interest income recognized using effective interest rate method	321	226	1,123
Other income from company-financed customer financing	511	442	2,019
<b>Income from company-financed Apuraha, total</b>	<b>832</b>	<b>668</b>	<b>3,142</b>

#### 3.3 Seasonality of business

The nature of the business of the Company includes seasonality. Ordinary seasonal fluctuations are reflected in cash and cash equivalents, cash flow and accounts payable, which usually reach the highest point at year-end and the lowest point at the end of the second quarter.

### 3.4 Quarterly income statement

EUR thousand	1-3/ 2019	10-12/ 2018	7-9/ 2018	4-6/ 2018	1-3/ 2018
<b>Revenue</b>	<b>115,797</b>	<b>155,852</b>	<b>116,874</b>	<b>102,414</b>	<b>102,693</b>
Other operating income	164	175	121	73	20
Materials and services	-98,398	-132,919	-99,517	-87,390	-85,987
Employee benefit expenses	-7,751	-8,352	-7,043	-7,545	-7,359
Depreciation and amortization	-1,281	-1,259	-1,261	-1,279	-1,291
Other operating expenses	-6,231	-7,551	-5,474	-5,260	-5,412
<b>Operating profit</b>	<b>2,301</b>	<b>5,946</b>	<b>3,702</b>	<b>1,012</b>	<b>2,663</b>
Finance income	3	2	1	2	4
Finance costs	-397	-399	-410	-426	-436
<b>Profit before income taxes</b>	<b>1,906</b>	<b>5,550</b>	<b>3,293</b>	<b>588</b>	<b>2,232</b>
Income taxes	-381	-1,106	-678	-125	-418
<b>Profit for the period</b>	<b>1,525</b>	<b>4,443</b>	<b>2,615</b>	<b>462</b>	<b>1,813</b>
<b>Profit for the period attributable to</b>					
Equity holders	1,525	4,443	2,615	462	1,813
<b>Earnings per share calculated from the profit attributable to equity holders</b>					
Earnings per share, basic and diluted (EUR)	0.03	0.10	0.06	0.01	0.04



### 3.5 Right-of-use assets

EUR Thousand	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Carrying amount 1.1.	21,764	24,589	24,589
Increases	-	78	284
Increase/decrease due to remeasurement	306	669	716
Depreciation	-969	-960	-3,825
<b>Carrying amount at the end of period</b>	<b>21,101</b>	<b>24,377</b>	<b>21,764</b>

The remeasurements made during 2018 and 2019 relate to index adjustments and during 2018 also the change to the Jätkäsaari lease agreement based on the original contract terms.

### 3.6 Trade receivables

EUR thousand	Mar 31, 2019		Mar 31, 2018		Dec 31, 2018	
	Trade receivables	Loss allowance	Trade receivables	Loss allowance	Trade receivables	Loss allowance
Not due	12,204	334	9,143	166	12,553	212
Past due 1-60 days	3,633	278	3,306	282	4,305	173
Past due 61-120 days	238	67	543	236	455	136
Past due over 121 days	17	17	386	387	33	14
<b>Total</b>	<b>16,093</b>	<b>696</b>	<b>13,378</b>	<b>1,070</b>	<b>17,345</b>	<b>535</b>

### 3.7 Financial assets and liabilities by measurement category

Mar 31, 2019, EUR thousand

Measurement category	Recognized at fair value through other comprehensive income	At amortized cost	Lease liabilities	Carrying amount
<b>Non-current financial assets</b>				
Equity investments (level 2)	9			9
Equity investments (level 3)	266			266
Trade receivables and other financial receivables		1,909		1,909
<b>Non-current financial assets, total</b>	<b>275</b>	<b>1,909</b>		<b>2,184</b>
<b>Current financial assets</b>				
Trade receivables		13,925		13,925
Cash and cash equivalents		34,576		34,576
<b>Current financial assets, total</b>		<b>48,501</b>		<b>48,501</b>
<b>Financial liabilities by measurement category, total</b>	<b>275</b>	<b>50,410</b>		<b>50,685</b>
<b>Non-current financial liabilities</b>				
Lease liabilities			22,121	22,121
<b>Non-current financial liabilities, total</b>			<b>22,121</b>	<b>22,121</b>
<b>Current financial liabilities</b>				
Lease liabilities			3,587	3,587
Trade payables		55,333		55,333
<b>Current financial liabilities, total</b>		<b>55,333</b>	<b>3,587</b>	<b>58,920</b>
<b>Financial liabilities by measurement category, total</b>		<b>55,333</b>	<b>25,707</b>	<b>81,040</b>

Mar 31, 2018, EUR thousand

Measurement category	Recognized at fair value through other comprehensive income	At amortized cost	Lease liabilities	Carrying amount
<b>Non-current financial assets</b>				
Equity investments (level 2)	9			9
Equity investments (level 3)	285			285
Trade receivables and other financial receivables		1,912		1,912
<b>Non-current financial assets, total</b>	<b>294</b>	<b>1,912</b>		<b>2,205</b>
<b>Current financial assets</b>				
Trade receivables		10,832		10,832
Cash and cash equivalents		27,985		27,985
<b>Current financial assets, total</b>		<b>38,818</b>		<b>38,818</b>
<b>Financial liabilities by measurement category, total</b>	<b>294</b>	<b>40,723</b>		<b>41,023</b>

<b>Non-current financial liabilities</b>			
Lease liabilities		25,241	25,241
<b>Non-current financial liabilities, total</b>		<b>25,241</b>	<b>25,241</b>
<b>Current financial liabilities</b>			
Lease liabilities		3,842	3,842
Trade payables	42,627		42,627
<b>Current financial liabilities, total</b>	<b>42,627</b>	<b>3,842</b>	<b>46,468</b>
<b>Financial liabilities by measurement category, total</b>	<b>42,627</b>	<b>29,083</b>	<b>71,709</b>

Dec 31 ,2018 EUR thousand

Measurement category	Recognized at fair value through other comprehensive income	At amortized cost	Lease liabilities	Carrying amount
<b>Non-current financial assets</b>				
Equity investments (level 2)	9			9
Equity investments (level 3)	266			266
Trade receivables and other financial receivables		1,982		1,982
<b>Non-current financial assets, total</b>	<b>275</b>	<b>1,982</b>		<b>2,257</b>
<b>Current financial assets</b>				
Trade receivables		15,266		15,266
Cash and cash equivalents		46,746		46,746
<b>Current financial assets, total</b>		<b>62,012</b>		<b>62,012</b>
<b>Financial liabilities by measurement category, total</b>	<b>275</b>	<b>63,994</b>		<b>64,269</b>
<b>Non-current financial liabilities</b>				
Lease liabilities			22,753	22,753
<b>Non-current financial liabilities, total</b>			<b>22,753</b>	<b>22,753</b>
<b>Current financial liabilities</b>				
Lease liabilities			3,592	3,592
Trade payables		80,695		80,695
<b>Current financial liabilities, total</b>		<b>80,695</b>	<b>3,592</b>	<b>84,287</b>
<b>Financial liabilities by measurement category, total</b>		<b>80,695</b>	<b>26,344</b>	<b>107,039</b>

**Determining fair values**

Level 1: Fair values are based on the (unadjusted) quoted prices of identical assets or liabilities publicly traded in active markets.

Level 2: Financial instruments are not traded in active and liquid markets but their fair values are calculable based on market data.

Level 3: Measuring of financial instruments is not based on verifiable market data, nor are other factors influencing the fair value of the instruments available or verifiable.

The equity investments in level 3 contain unquoted shares. According to the assessments of the management, measurement at cost is closest to fair value. There have been no changes in the carrying amounts during the financial year 2019. There have been no transfers between measurement categories during the financial year or the comparative year.

### 3.8 Dividends

#### Dividends paid

##### 2019

For the previous year	Date of payment	Dividend per share, EUR
	8.4.2018	0.048
<b>Total dividends, EUR thousand</b>		<b>2,160</b>

##### 2018

For the previous year	Date of payment	Dividend per share, EUR
	3.4.2018	0.044
	16.5.2018	0.045
	21.8.2018	0.046
	6.11.2018	0.047
<b>Total dividends, EUR thousand</b>		<b>8,195</b>

### 3.9 Transactions with related parties

Verkkokauppa.com Oyj's related parties comprise the Board of Directors, the CEO as well as the other members of the Management Team and the close members of the family of said persons as well as their controlled entities. Transactions with related parties have been carried out on usual commercial terms.

### 3.10 Guarantees and commitments

EUR Thousand	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
<b>Collateral given for own commitments</b>			
Mortgages	-	27,001	
Guarantees	2,850	3,662	2,850
<b>Other commitments and contingent liabilities</b>	14	14	14

## 4 Additional information

### 4.1 IFRS Standards not yet effective

There are no IFRS, IFRIC interpretations, annual improvements or amendments to IFRS that are not yet effective that would be expected to have a material impact on the Company's financial statements.

### 4.2 Financial and share-specific information

In this release, Verkkokauppa.com Oyj presents certain key figures that are not accounting measures defined under IFRS and therefore are considered as Alternative Performance Measures (APM). Verkkokauppa.com Oyj applies in the reporting of alternative performance measures the guidelines issued by the European Securities and Market Authority (ESMA).

Verkkokauppa.com Oyj uses alternative performance measures to reflect the underlying business performance and to enhance comparability between financial periods. The Company's management believes that these key figures provide supplementing information on the income statement and financial position.

Alternative performance measures do not substitute the IFRS key ratios.

	1-3/ 2019	1-3/ 2018	1-12/ 2018
Revenue, thousand euros	115,797	102,693	477,833
Gross profit, thousand euros	17,399	16,706	72,020
Gross margin-%	15.0%	16.3%	15.1%
EBITDA, thousand euros	3,581	3,955	18,414
EBITDA-%	3.1%	3.9%	3.9%
Operating profit, thousand euros	2,301	2,663	13,324
Operating profit-%	2.0%	2.6%	2.8%
Profit for the period, thousand euros	1,525	1,183	9,334
Equity ratio, %	26.5%	29.9%	23.0%
Gearing, %	-24.0%	3.0%	-54.3%
Personnel at the end of period*	657	657	683
Basic earnings per share, euros	0.03	0.04	0.21
Diluted earnings per share, euros	0.03	0.04	0.21
Number of issued shares	45,065,130	45,065,130	45,065,130
Number of treasury shares	57,164	-	64,633
Weighted average number of shares outstanding	45,003,686	45,065,130	45,042,616
Diluted weighted average number of shares outstanding	45,096,269	45,065,130	45,092,616

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

### 4.3 Formulas for key ratios

KEY RATIO	DEFINITIONS		BASIS OF ALTERNATIVE PERFORMANCE MEASURES ADOPTED
<b>GROSS PROFIT</b>	Revenue – materials and services		Gross profit shows the profitability of the sales
<b>GROSS MARGIN, %</b>	$(\text{Revenue} - \text{materials and services}) / \text{Revenue}$	x 100	Gross margin measures the profitability of the sales of Verkkokauppa.com
<b>EBITDA</b>	Operating profit + depreciation + amortization		EBITDA shows the operational profitability
<b>EBITDA, %</b>	$(\text{Operating profit} + \text{depreciation} + \text{amortization}) / \text{Revenue}$	x 100	EBITDA measures the operational profitability of Verkkokauppa.com
<b>OPERATING PROFIT</b>	Result for the period before income taxes and net finance income and costs		Operating profit shows result generated by operating activities
<b>OPERATING MARGIN, %</b>	$\text{Operating profit} / \text{Revenue}$	x 100	Operating margin measures operational efficiency of Verkkokauppa.com
<b>EQUITY RATIO, %</b>	$\text{Total equity} / \text{Balance sheet total} - \text{advance payments received}$		Equity ratio measures Verkkokauppa.com's solvency, ability to bear losses and ability to meet commitments in the long run
<b>GEARING, %</b>	$\frac{\text{Interest bearing liabilities} + \text{lease liabilities} - \text{cash and cash equivalents} - \text{interest bearing receivables}}{\text{Total equity}}$	x 100	Gearing measures the relation of equity and interest-bearing net debt of Verkkokauppa.com and shows the indebtedness of the company
<b>EARNINGS PER SHARE, BASIC</b>	$\frac{\text{Profit for the period attributable to equity holders of the company}}{\text{Weighted average number of shares outstanding}}$		
<b>EARNINGS PER SHARE, DILUTED</b>	$\frac{\text{Profit for the period attributable to equity holders of the company}}{\text{Weighted average number of shares outstanding} + \text{dilutive potential shares}}$		