

VERKKOKAUPPA.COM OYJ INTERIM REPORT

January – March 2021



INTERIM REPORT for 1 January – 31 March 2021: Verkkokauppa.com's revenue grew and profitability improved along with strong online sales

Verkkokauppa.com Oyj – Interim report 23 April 2021, 8:00 a.m.

Unless otherwise stated, the comparison figures in brackets refer to the corresponding period in the previous year (reference period). Figures are unaudited.

1 January – 31 March 2021 in brief

- Revenue was 134 million euros (125)
- Gross profit was 21.7 million euros (19.4) or 16.2% of revenue (15.5%)
- Operating profit was 5.2 million euros (3.4) or 3.9% of revenue (2.7%)
- Comparable operating profit was 5.2 million euros (3.8) or 3.9% of revenue (3.0%)
- Profit for the period was 3.9 million euros (2.4)
- Earnings per share was 0.09 euros (0.05)
- Investments were 0.4 million euros (0.3)
- Operating cash flow was -9.1 million euros (3.7)
- The Board of Directors decided, according to authorization, to pay the 1st dividend installment of EUR 0.057 per share on 4 May 2021.

KEY RATIOS	1-3/2021	1-3/2020	Change, %	1-12/2020
Eur million				
Revenue	134.0	125.3	7.0%	553.6
Gross profit	21.7	19.4	11.9%	88.4
Gross margin, %	16.2%	15.5%		16.0%
EBITDA	6.4	4.6	38.4%	24.6
EBITDA, %	4.8%	3.7%		4.4%
Operating profit	5.2	3.4	52.2%	19.6
Operating margin, %	3.9%	2.7%		3.5%
Comparable operating profit	5.2	3.8	38.5%	20.4
Comparable operating margin, %	3.9%	3.0%		3.7%
Net profit	3.9	2.4	57.6%	14.6
Investments	0.4	0.3	62.9%	1.4
Operating cash flow	-9.1	3.7	-348.9%	16.9

FINANCIAL GUIDANCE FOR 2021 REMAINS UNCHANGED

The company expects the revenue to be between 570–620 million euros (554 million euros) and comparable operating profit to be between 20–26 million euros (20.4 million euros) in 2021.

CEO PANU PORKKA'S REVIEW

Verkkokauppa.com's year kicked off strongly. Our revenue grew by 7.0 percent year on year to EUR 134.0 million. The company was able to utilize the transition of retail to online channels well and to respond to consumer demand with a broad product range and versatile delivery options. During the first quarter, Verkkokauppa.com's online sales, excluding Export, increased by 33 percent year on year, already representing 64 percent of total sales.

Growth came from multiple sectors. B2B sales, a strategic focus area for Verkkokauppa.com, increased by 12 percent as expected. Also, the sales of major and small domestic appliances continued to grow. In addition, demand for evolving categories, like sports gear, home & lighting and baby products was good. As for Verkkokauppa.com's export business, sales decreased due to the pandemic situation and restrictions on traveling. The revenue from our basic operations, i.e. revenue excluding exports, increased in January–March by 16.4 percent year on year.

Verkkokauppa.com's profitability saw strong improvement in the first quarter; gross profit increased by 11.9 percent to EUR 21.7 million, representing 16.2 percent of revenue. Profitability improved especially thanks to the increased share of product categories with higher profit margins in total sales. Our comparable operating profit increased by 38.5 percent year on year to EUR 5.2 million, representing 3.8 percent of revenue.

We announced our refined strategy in February. The implementation of the strategy has been started during the spring and we have been concentrating on the further improving the following strategic focus areas: our efficient fulfilment processes and our excellent customer experience. The implementation of our strategy is also bolstered by the biggest investment in our history, which will raise our warehouse throughput and cost efficiency to a new level. This summer we will commence the construction of a fully automated warehouse for small items in connection with our Jätkäsaari logistics center and store. Scheduled to be completed in early 2022, the new warehouse will enable even faster deliveries and better product availability, with considerably more efficient warehouse space utilization. The logistics automation investment is an important step which supports us on our journey towards our target of a revenue of one billion euros by the end of 2025.

Last year, we took a major leap forward in sustainability by defining and publishing our sustainability focus areas, which include, among others, a smaller environmental impact, our community, a coaching leadership style and valuing differences. This year, we will set measurable and monitored goals for each focus area.

FINANCIAL DEVELOPMENT

REVENUE AND PROFITABILITY

January-March 2021

EUR million	1-3/2021	1-3/2020	Change, %	FY 2020
Revenue	134.0	125.3	7.0%	553.6

In January-March 2021, Verkkokauppa.com's revenue grew by 7.0% year on year, totaling 134.0 million euros (125.3). Especially the sales of major domestic appliances, small domestic appliances, office & supplies, gaming & entertainment and sports continued strong.

The shift of retail to online channels continued. Verkkokauppa.com's online sales increased 33 percent year on year, already representing 61 percent of total sales (46%). Visits to the Verkkokauppa.com website increased by 17.6 percent year on year. Sales for corporate customers (B2B) increased 12 percent. As for Verkkokauppa.com's export business, sales decreased due to the pandemic situation and restrictions on traveling and represented 7 percent of total sales (15 %). The revenue from our basic operations, i.e. revenue excluding exports, increased in January–March by 16.4 percent year on year.

Share of sales, %

	1-3/2021	1-3/2020	FY 2020
Customer segments			
Consumer	72%	68%	74%
B2B	22%	22%	18%
Export	6%	10%	8%
Sales channels*			
On-line	64%	49%	56%
Off-line	31%	32%	36%
Website visits, million	19.9	16.9	87.0

Sales includes orders and deliveries in transit. *) Online and offline sales exclude export sales.

The company-financed customer financing proceeds were 1.0 million euros (0.9) including both interest income and fee income. The credit loss allowance was increased by 0.1 million euros (0.0) in the first quarter.

Personnel costs increased in January-March by 5.0% to 9.1 million euros (8.6). The increase resulted mainly from IT administration, purchasing, logistics and customer service. During the reporting period, other operating expenses increased slightly to 6.4 million euros (6.3). The increase resulted mainly from higher outsourced logistics service fees and increased credit loss allowance.

Operating profit increased 52.2% and was 5.2 million euros (3.4) and 3.9% of revenue (2.7%). Comparable operating profit was 5.2 million euros (3.8) and profit for the period 3.9 million euros (2.4).

EUR million	1-3/ 2021	1-3/ 2020	Change, %	1-12/ 2020
Operating profit	5.2	3.4	52.2%	19.6
Operating margin, %	3.9%	2.7%		3.5%
- advisory costs related to transfer to official list of Nasdaq Helsinki	0.0	0.3	-100.0%	0.8
Comparable operating profit	5.2	3.8	38.5%	20.4
Comparable operating margin, %	3.9%	3.0%		3.7%

Earnings per share were 0.09 euros (0.05) in January-March.

FINANCE AND INVESTMENTS

Operating cash flow was -9.1 million euros (3.7) in January–March 2021. Operating cash flow was impacted by change in working capital. Drivers for change in working capital were mainly growth in inventories when preparing for high season sales and campaigns, as well as a decline in accounts payable.

Ordinary seasonal fluctuations are reflected in cash and cash equivalents, cash flow and accounts payable, which usually reach the highest point at the end of the fourth quarter and the lowest point at the end of the second quarter.

Investments totaled 0.4 million euros (0.3) in January–March 2021. During the reporting period the company invested and capitalized 0.0 million euros (0.1) in salary costs and external technology consulting fees related to new IT systems and the development of new ERP features.

Verkkokauppa.com has revolving credit facilities totaling 20 million euros, which have not been utilized. Of these credit facilities, 15 million euros are for three years, and 5 million euros for five years as of 1 July 2019.

PERSONNEL

During the reporting period, the number of employees increased, and the total number of employees was 738 (693) at the end of March 2021. The number of employees includes both full- and part-time employees.

SUSTAINABILITY FOCUS AREAS

In March 2021, Verkkokauppa.com published in its Annual Report four focus areas for the company's sustainability work. During the year, the company will set, where applicable, measurable and monitored goals. As key development area, we plan to assess our emissions in more detail and to set emission reduction targets.

Focus areas of Verkkokauppa.com's sustainability work

1. At the customers' service and on their side

- We sell products that customers actually need: our products are safe and of high quality, and product information and communications are transparent.
- We offer services supporting sustainable consumption.
- We promote responsible working conditions and environmental practices throughout the supply chain.

2. Smaller environmental impact

- We minimize our impact on the climate.
- We promote the use of responsibly sourced materials and material efficiency.
- We promote the circulation of materials

3. Verkkokauppa.com as a community

- We invest in our community and in a coaching leadership style.
- We ensure appropriate working conditions and skills development.
- We value different backgrounds and do not discriminate anyone.

4. Profitable business and good governance

- We run profitable business operations.
- We adhere to good governance principles and manage risks.
- We ensure strong information security.

SHARE TRADING AND SHARES

During the reporting period, 6,630,118 shares were exchanged on the official list of Nasdaq Helsinki Ltd, representing 14.7% of all shares in the company. The highest share price was 9.86 euros and the lowest 6.76 euros. The average price in share trading was 8.39 euros. The total of the share trading was 55.6 million euros. The closing price was 8.82 euros, and the market capitalization of all shares was 397.5 million euros at the end of the period.

On 31 March 2021, the share capital was EUR 100,000 and the total number of shares in the company was 45,065,130 including 335,633 treasury shares held by the company. The treasury shares accounted for 0.74% of all shares. In 2021, the company has transferred a total of 17,265 treasury shares as part of the remuneration of Board members. 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 2021). The Board has utilized its share issue authorization solely for transferring shares as part of the remuneration of Board members.

LONG-TERM INCENTIVE PLANS

Verkkokauppa.com has two share-based incentive plans for the CEO and members of the Management Team, the Matching Share Plan 2018–2020 and the Performance Matching Share Plan 2020–2022. The aim of the plans is to align the objectives of the shareholders and the management in order to increase the company's value in the long term, to encourage the management to personally invest in the company shares, to retain the members of the Management Team at the company and to offer them a competitive reward plan that is based on acquiring, earning and accumulating the company's shares. For more detailed information on share-based incentive plans, see Note 1.10.

In March, the Board of Directors of Verkkokauppa.com has resolved on a directed share issue without consideration for the payment of share rewards in the first matching period 2018-2020 of the Matching Share Plan 2018-2020. The resolution on the directed share issue without consideration is based on the authorization granted by the Annual General Meeting held on 31 March 2020. In the directed share issue without consideration, a total of 15,000 treasury shares was transferred to five key employees.

No new shares will be issued in connection with the payment of the share rewards and therefore the resolution have no diluting effect. After the transfer of the shares, Verkkokauppa.com Oyj holds 335,633 treasury shares.

ANNUAL REPORT 2020

Verkkokauppa.com Oyj's Annual Report 2020 was published on 3 March 2021. The Annual Report includes the Report of the Board of Directors, Financial Statements, the Auditor's report, the Corporate Governance Statement, and the Remuneration Report 2020.

The report is available on the company's website at <https://investors.verkkokauppa.com>, in both Finnish and English.

For the first time, Verkkokauppa.com publishes the Annual Report in accordance with European Single Electronic Format (ESEF) reporting requirements with the format of the report being Extensible Hypertext Markup Language (xHTML). The ESEF report is available on the website <https://investors.verkkokauppa.com/en/financial-statements>

PROPOSALS BY THE SHAREHOLDERS' NOMINATION BOARD TO THE ANNUAL GENERAL MEETING

The Shareholders' Nomination Board prepare proposals on the election and remuneration of the members of the Board of Directors for the Annual General Meeting. The Annual General Meeting was held this spring on 25 March 2021, and the Nomination Board gave its proposals on 22 February 2021 (stock exchange release published on 22 February 2021).

The following members were appointed to Verkkokauppa.com's Shareholders' Nomination Board in September 2020: Samuli Seppälä (Founder of Verkkokauppa.com, representing himself); Peter Lindell

(Partner and Chairman of Rite Ventures), appointed by Rite Ventures Finland AB; Erkka Kohonen (Senior Portfolio Manager), appointed by Varma Mutual Pension Insurance Company; and Christoffer Häggblom, Chairperson of the Board of Directors, Verkkokauppa.com Oyj. Christoffer Häggblom did not take part in the decision-making on the remuneration to be paid to the Board of Directors.

Proposal on Board composition and remuneration

The Shareholders' Nomination Board gave its proposal to the Annual General Meeting for Board composition and remuneration.

Proposal on a change in the composition of the Nomination Board

The Shareholders' Nomination Board proposed that the Nomination Board shall consist of three members (instead of four) and that the Chairperson of the Board of Directors shall be an expert member only.

ANNUAL GENERAL MEETING 2021

The Annual General Meeting was held in Helsinki on 25 March 2021. The financial statements for the year 2020 were approved, the Remuneration Policy was considered, and the Board members and the CEO were discharged from liability with respect to financial year 2020. It was resolved to pay a dividend of 0.056 euros per share and an additional dividend of EUR 0.22 per share (i.e., in total a dividend of EUR 0.276 per share). Totalling 12,345,341.17 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 0.174 per share. 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 as follows: the first dividend instalment not exceeding EUR 0.057 per share with the payment date on 4 May 2021; the second dividend instalment not exceeding EUR 0.058 per share with the payment date on 27 July 2021; and the third dividend instalment not exceeding EUR 0.059 per share with the payment date on 2 November 2021. 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.

The number of Board members was confirmed as seven. Christoffer Häggblom, Kai Seikku, Samuli Seppälä and Arja Talma were re-elected for the next term. Additionally, Mikko Kärkkäinen, Frida Ridderstolpe and Johan Ryding were elected as new members for the next term.

The Annual General Meeting decided to approve the Company's amended Remuneration Report.

The annual fees payable to the members of the Board of Directors for the term of office ending at the close of the Annual General Meeting in 2022 were resolved to be as follows: EUR 70,000 for the Chairperson of the Board of Directors, EUR 55,000 for the Vice Chairperson of the Board of Directors, and EUR 35,000 for each member of the Board of Directors. It was resolved that 50 percent of the annual fee be paid in Verkkokauppa.com Oyj shares either purchased from the market or alternatively by using treasury shares held by the Company. The annual fees payable to the members of the Board's committees for the next term of office were resolved to be as follows: EUR 12,000 for the Chairperson of the Audit Committee, EUR 10,000 for the Vice Chairperson of the Audit Committee, EUR 6,000 for each member of the Audit Committee, EUR 8,000 for the Chairperson of the Remuneration Committee and EUR 4,000 for each member of the Remuneration Committee. Remunerations for the committee members will be paid in cash.

At the Board of Directors' constitutive meeting held after the Annual General Meeting, Arja Talma was elected as Chairperson of the Board of Directors of Verkkokauppa.com Oyj and Christoffer Häggblom as Vice Chairperson of the Board of Directors of Verkkokauppa.com Oyj.

As member of the Audit Committee were elected Board members Kai Seikku (Chairperson), Arja Talma (Vice Chairperson) and Christoffer Häggblom. As members of the the Remuneration Committee were elected Board members Christoffer Häggblom (Chairperson), Kai Seikku and Arja Talma.

The Annual General Meeting also approved the amended Charter of the Shareholders' Nomination Board.

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

The Annual General Meeting approved Board authorizations to decide on the repurchase of own shared and on a share issue.

Verkkokauppa.com published a stock exchange release on the decisions of the Annual General Meeting and the decisions of the constitutive meeting of the Board of Directors on 25 March 2021. Biographical details of the new Board members are available at <https://investors.verkkokauppa.com/en/board-of-directors>

DIVIDEND

The Annual General Meeting 2021 resolved to pay dividend 0.056 euros per share and an additional dividend 0.22 euros per share (12,345,341.17 euros in total). The dividend payment date was 7 April 2021.

The Board resolved on 23 April 2021 to pay a dividend of 0.057 euros per share (2,549,581.33 euros in total). The dividend payment date is 4 May 2021.

Verkkokauppa.com's Annual General Meeting authorized the Board of Directors to decide in its discretion on the distribution of dividends not exceeding 0.174 euro per share to be paid in three instalments during 2021.

CHANGE IN VERKKOKAUPPA.COM'S BOARD OF DIRECTORS

On 4 January 2021, the company announced that Mikael Hagman has resigned from Verkkokauppa.com Oyj's Board of Directors.

CHANGE IN VERKKOKAUPPA.COM'S MANAGEMENT TEAM

On 15 February 2021, Saara Tikkanen was appointed as HR Director and member of the Management Team.

REFINED STRATEGY FOR VERKKOKAUPPA.COM

On 12 February 2021, the company announced its refined strategy and long-term financial targets (for the period of 2021–2025). With the refined strategy, Verkkokauppa.com targets a revenue of one billion euros and a 5 percent EBIT margin by the end of 2025. At the same time, Verkkokauppa.com will continue its policy of distributing a quarterly growing dividend to shareholders.

Verkkokauppa.com's vision is to remain as a pioneer of ecommerce also in the next decades through continuous innovation and development.

SHORT-TERM RISKS AND BUSINESS 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.

Uncertainty in the development of the economy and the financial markets in Finland, Europe and the world may have a negative impact on the business and growth opportunities of Verkkokauppa.com. The COVID-19 pandemic affects people's lives and the operation of businesses in Finland and globally alike. The COVID-19 pandemic continues, and its overall impacts on the Company's business are difficult to assess.

BUSINESS OUTLOOK FOR 2021

Verkkokauppa.com Oyj's business operations are estimated to develop positively in the future. The company believes that it will succeed in further growing its market share in the chosen categories. The strong balance sheet enables the company to continue expanding its operations in accordance with its strategy.

The company has benefited from the shifting consumer behavior accelerated by the COVID-19 pandemic, as the sales in the online sales channel have shown strong growth. The company expects this trend to continue the longer the COVID-19 pandemic persists.

At the same time, the COVID-19 pandemic continues to have a negative impact on spending on travel and service sectors. This has positively affected the consumer demand for goods, but on the other hand, it has limited the lower-margin wholesale business. The COVID-19 situation may have an impact on the company's operations and its ability to safely serve customers in the brick-and-mortar stores.

The uncertainties concerning the future business outlook remain and relate to macroeconomic developments and the prevailing COVID-19 situation. The pandemic may still cause unforeseen impacts on the overall economic development, consumer demand as well as consumer purchase behavior and B2B sales in the future. Nevertheless, the company believes that it is well positioned and will be a relative winner in the "new normal" business environment of the future.

FINANCIAL GUIDANCE FOR 2021 REMAINS UNCHANGED (published on 12 February 2021)

The company expects the revenue to be between 570–620 million euros (554 million euros) and comparable operating profit to be between 20–26 million euros (20.4 million euros) in 2021.

NEWS CONFERENCES

A press conference for analysts, investors and media will be held in Finnish by LiveStream webcast on Friday, 23 April 2021 at 10:00 a.m. (EEST), 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, 23 April 2021 at 11:00 a.m. (EEST). Questions can be sent beforehand or during the presentation via e-mail to investors@verkkokauppa.com.

Presentation materials for both events are available at <https://investors.verkkokauppa.com/en/presentations>. For both press conferences, a LiveStream is available at www.verklive.com.

COMPANY RELEASES IN 2021

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

- Half-year Report January–June 2021, Friday 16 July 2021
- Interim Report January–September 2021, Friday 22 October 2021

Helsinki, Finland, 23 April 2021

Verkkokauppa.com Oyj

Board of Directors

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Verkkokauppa.com – Probably always cheaper

Verkkokauppa.com is Finland's most popular and most visited Finnish online retailer, with the aim to sell to products to its customer at probably always cheaper prices. Depending on the season, the Company markets, sells, and distributes some 60,000–70,000 products in 26 different main product categories through its webstore, retail stores, and network of pick-up points. The Company has four megastores: in Oulu, Pirkkala, Raisio, and Helsinki, in addition to which products can be collected at more than 3,000 pick-up points. Verkkokauppa.com was founded in 1992 and it is headquartered in Jätkäsaari, Helsinki. The Company's shares are listed on the official list of Nasdaq Helsinki under the ticker symbol VERK.

VERKKOKAUPPA.COM OYJ INTERIM FINANCIAL INFORMATION 1 Jan – 31 Mar 2021
Income statement

EUR thousand	Note	1-3/ 2021	1-3/ 2020	1-12/ 2020
Revenue	1.3	134,034	125,255	553,636
Other operating income		123	127	558
Materials and services		-112,308	-105,835	-465,222
Employee benefit expenses		-9,051	-8,619	-35,560
Depreciation and amortization		-1,234	-1,230	-5,010
Other operating expenses		-6,364	-6,280	-28,818
Operating profit		5,201	3,418	19,583
Finance income		1	2	11
Finance costs		-322	-362	-1,423
Profit before income taxes		4,880	3,057	18,171
Income taxes		-1,029	-613	-3,550
Profit for the period		3,851	2,444	14,622
Profit for the period attributable to				
Equity holders of the company		3,851	2,444	14,622
Earnings per share calculated from the profit attributable to equity holders				
Earnings per share, basic (EUR)		0.09	0.05	0.33
Earnings per share, diluted (EUR)		0.09	0.05	0.32

Statement of comprehensive income

EUR thousand	1-3/ 2021	1-3/ 2020	1-12/ 2020
Profit for the period	3,851	2,444	14,622
Comprehensive income for the period	3,851	2,444	14,622
Comprehensive income for the period			
Equity holders of the company	3,851	2,444	14,622

Statement of financial position

EUR thousand	Note	31 Mar 2021	31 Dec 2020
Non-current assets			
Intangible assets		812	835
Property, plant and equipment		2,365	2,222
Right-of-use assets	1.5	17,400	17,347
Equity investments		266	266
Deferred tax assets		1,311	1,349
Trade receivables	1.6/1.7	2,922	3,201
Other non-current receivables		425	425
Non-current assets, total		25,502	25,646
Current assets			
Inventories		79,897	75,384
Trade receivables	1.6/1.7	17,606	18,650
Other receivables		1,829	1,462
Accrued income		6,746	9,446
Cash and cash equivalents	1.7	32,639	43,099
Current assets, total		138,716	148,041
Total assets		164,218	173,687
Equity			
Share capital		100	100
Treasury shares		-2,206	-2,206
Invested non-restricted equity fund		25,838	25,816
Retained earnings		4,432	2,217
Profit for the period		3,851	14,622
Total equity		32,015	40,549
Non-current liabilities			
Lease liabilities	1.7	18,058	18,045
Provisions		762	766
Non-current liabilities, total		18,820	18,811
Current liabilities			
Lease liabilities	1.7	3,871	3,883
Advance payments received		6,388	8,475
Trade payables	1.7	64,832	70,171
Other current liabilities		6,984	12,296
Accrued liabilities		29,367	18,039
Income tax liabilities		1,940	1,463
Current liabilities, total		113,383	114,327
Total liabilities		132,203	133,138
Total equity and liabilities		164,218	173,687

Statement of cash flows

EUR thousand	1-3/ 2021	1-3/ 2020	1-12/ 2020
Cash flow from operating activities			
Profit before income taxes	4,880	3,057	18,171
Adjustments			
Depreciation and impairment	1,234	1,230	5,010
Finance income and costs	332	360	1,384
Other adjustments	-43	45	458
Cash flow before change in working capital	6,403	4,693	25,025
Change in working capital			
Increase (-) / decrease (+) in non-current non-interest-bearing trade receivables	279	-217	-1,309
Increase (-) / decrease (+) in trade and other receivables	3,378	3,005	-4,371
Increase (-) / decrease (+) in inventories	-4,513	4,892	-8,682
Increase (+) / decrease (-) in current liabilities	-13,754	-7,768	9,576
Cash flow before financial items and taxes	-8,208	4,605	20,239
Interest paid	-21	-18	-66
Interest received	-	2	5
Interest of lease liabilities	-312	-344	-1,323
Income tax paid	-514	-562	-1,970
Cash flow from operating activities	-9,055	3,683	16,884
Cash flow from investing activities			
Purchases of property, plant and equipment	-365	-72	-769
Purchases of intangible assets	-68	-194	-587
Cash flow from investing activities	-433	-266	-1,356
Cash flow from financing activities			
Decrease (-) in lease liabilities	-973	-936	-3,821
Dividends paid	-	-	-9,597
Acquisition of treasury shares	-	-	-1,505
Cash flow from financing activities	-973	-936	-14,923
Increase (+) / decrease (-) in cash and cash equivalents	-10,461	2,481	604
Cash and cash equivalents at beginning of reporting period	43,099	42,495	42,495
Cash and cash equivalents at end of reporting period	32,639	44,976	43,099

Statement of changes in equity

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

EUR thousand	A	B	C	D	E	F
Equity 1 Jan 2021	100	-2,206	25,816	0	16,839	40,549
Profit for the period	-	-	-	-	3,851	3,851
Changes in fair values of equity investments	-	-	-	-	-	0
Comprehensive income for the period, total	-	-	-	0	3,851	3,851
Dividend distribution	-	-	-	-	-12,345	-12,345
Acquisition of treasury shares	-	-	-	-	-	0
Disposal of treasury shares -Board fees	-	-	22	-	-	22
Share-based incentives	-	-	-	-	-61	-61
Transactions with owners, total	-	-	22	-	-12,407	-12,385
Equity 31 Mar 2021	100	-2,206	25,838	0	8,283	32,015

EUR thousand	A	B	C	D	E	F
Equity 1 Jan 2020	100	-701	25,707	0	11,457	36,563
Profit for the period	-	-	-	-	14,622	14,622
Changes in fair values of equity investments	-	-	-	-	-	0
Comprehensive income for the period, total	-	-	-	-	14,622	14,622
Dividend distribution	-	-	-	-	-9,597	-9,597
Acquisition of treasury shares	-	-1,505	-	-	-	-1,505
Disposal of treasury shares -Board fees	-	-	109	-	-	109
Share-based incentives	-	-	-	-	358	358
Transactions with owners, total	-	-1,505	109	-	-9,239	-10,635
Equity 31 Dec 2020	100	-2,206	25,816	0	16,839	40,549

EUR thousand	A	B	C	D	E	F
Equity 1 Jan 2020	100	-701	25,707	0	11,457	36,563
Profit for the period	-	-	-	-	2,444	2,444
Changes in fair values of equity investments	-	-	-	-	-	0
Comprehensive income for the period, total	-	-	-	-	2,444	2,444
Dividend distribution	-	-	-	-	-2,340	-2,340
Acquisition of treasury shares	-	-	-	-	-	0
Disposal of treasury shares -Board fees	-	-	31	-	-	31
Share-based incentives	-	-	-	-	73	73
Transactions with owners, total	-	-	31	-	-2,266	-2,236
Equity 31 Mar 2020	100	-701	25,738	0	11,634	36,771

Notes

1.1 Accounting principles applied in this Interim Financial Report

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

Verkkokauppa.com Oyj's Interim Report for January–March 2021 has been prepared in line with IAS 34, 'Interim Financial Reporting' and should be read in conjunction with Verkkokauppa.com Oyj's financial statements for 2020, published on 3 March 2021. Verkkokauppa.com Oyj has applied the same accounting principles in the preparation of this Interim Financial Report as in its Financial Statements for 2020.

Verkkokauppa.com Oyj has not adopted any new accounting policies during 2021 that would have a material impact on this Interim Financial Report.

The information presented in this Interim Financial Report has not been audited. The figures are rounded, and therefore the sum of individual figures may deviate from the aggregate amount presented. All amounts in this report are presented in EUR thousands, unless otherwise stated.

Management judgement related to the choice and application of accounting policies and measures following the COVID-19

The preparation of this Interim Financial Report required management to make judgements, estimates assumptions that affect the application of accounting principles and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Since the outbreak of COVID-19 pandemic the company has started several initiatives to secure business continuity and staff safety. The company is monitoring and reporting on the COVID-19 situation on a frequent basis. As the conditions surrounding the COVID-19 pandemic are constantly changing, it is still difficult to estimate its impact on the economy, consumer demand as well as purchase behavior, B2B sales and wholesale. Since March 2020, the company has monitored customers' payment behavior and the development of account receivables on a daily basis and has managed credit limits and potential credit losses. No significant changes have been observed in customers' payment behavior. COVID-19 has also not had a significant effect on inventory turnover or impairment. There have been no significant changes in the Company's leases or payment terms as a result of COVID-19 that would have affected the company's right-of-use assets or their lease liabilities. The current strong cash position and unused RCF facilities (20.0 million euros) will secure business continuity even under these exceptional circumstances.

1.2 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 retail stores, common support functions serving the entire business as well as the volume benefits enabled by centralized business.

1.3 Revenue from contracts with customers

The revenue streams of the company consist of the sale of goods and services. There are more than 65,000 products in 26 different main product categories that 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

Satisfaction of performance obligations

EUR thousand	1-3/ 2021	1-3/ 2020	1-12/ 2020
At a point in time	133,135	124,393	549,062
Over time	899	862	4,574
Revenue, total	134,034	125,255	553,636

Revenue by external customers' location

EUR thousand	1-3/ 2021	1-3/ 2020	1-12/ 2020
Finland	124,459	105,091	506,185
Rest of the world	9,575	20,164	47,451
Revenue, total	134,034	125,255	553,636

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/ 2021	1-3/ 2020	1-12/ 2020
Interest income recognized using effective interest rate method	655	439	2,034
Other income from company-financed customer financing	335	442	1,558
Income from company financed Apuraha, total	990	881	3,592

1.4 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.

1.5 Right-of-use assets

EUR thousand	31 Mar 2021	31 Dec 2020
Carrying amount 1.1.	17,347	18,770
Increases	-	2,221
Increase/decrease due to remeasurement	974	201
Disposals	-	-62
Depreciation	-920	-3,783
Carrying amount at the end of period	17,400	17,347

The remeasurements made during 2021 and 2020 relate to index adjustments and renegotiated rental agreements.

1.6 Trade receivables

EUR thousand	31 Mar 2021		31 Dec 2020	
	Trade receivables	Loss allowance	Trade receivables	Loss allowance
Not due	17,337	764	17,964	656
Past due 1–60 days	4,203	285	4,878	357
Past due 61–120 days	123	86	84	61
Past due over 121 days	58	58	49	49
Total	21,721	1,193	22,975	1,123

1.7 Financial assets and liabilities by measurement category

31 Mar 2021	Recognized at fair value through other comprehensive income			Carrying amount
EUR thousand	At amortized cost	Lease liabilities		
Non-current financial assets				
Equity investments (level 3)	266	-	-	266
Trade receivables and other financial receivables (level 2)	-	3,347	-	3,347
Non-current financial assets, total	266	3,347	-	3,614
Current financial assets				
Trade receivables (level 2)	-	17,606	-	17,606
Cash and cash equivalents (level 2)	-	32,639	-	32,639
Current financial assets, total	-	50,244	-	50,244
Financial assets by measurement category, total	266	53,591	-	53,858
Non-current financial liabilities				
Lease liabilities (level 2)	-	-	18,058	18,058
Non-current financial liabilities, total	-	-	18,058	18,058

Current financial liabilities				
Lease liabilities (level 2)	-	-	3,871	3,871
Trade payables (level 2)	-	64,832	-	64,832
Current financial liabilities, total	-	64,832	3,871	68,703
Financial liabilities by measurement category, total	-	64,832	21,928	86,761

31 Dec 2020	Recognized at fair value through other comprehensive income	At amortized cost	Lease liabilities	Carrying amount
EUR thousand				
Non-current financial assets				
Equity investments (level 3)	266	-	-	266
Trade receivables and other financial receivables (level 2)	-	3,626	-	3,626
Non-current financial assets, total	266	3,626	-	3,892
Current financial assets				
Trade receivables (level 2)	-	18,650	-	18,650
Cash and cash equivalents (level 2)	-	43,099	-	43,099
Current financial assets, total	-	61,750	-	61,750
Financial liabilities by measurement category, total	266	65,375	-	65,642
Non-current financial liabilities				
Lease liabilities (level 2)	-	-	18,045	18,045
Non-current financial liabilities, total	-	-	18,045	18,045
Current financial liabilities				
Lease liabilities (level 2)	-	-	3,883	3,883
Trade payables (level 2)	-	70,171	-	70,171
Current financial liabilities, total	-	70,171	3,883	74,054
Financial liabilities by measurement category, total	-	70,171	21,928	92,099

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 2021. There have been no significant transfers between measurement categories during the review period.

1.8 Dividends

Dividends paid after the reporting period and year-on-year.

2021

For the previous year	Date of payment	Dividend per share, EUR
	7.4.2021	0.276
Total dividends, EUR thousand		12,345

2020

For the previous year	Date of payment	Dividend per share, EUR
	9.4.2020	0.052
	6.5.2020	0.053
	4.8.2020	0.054
	3.11.2020	0.055
Total dividends, EUR thousand		9,597

1.9 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. One of the company's related parties is Board member Samuli Seppälä, who held 40.36% of all shares and votes in Verkkokauppa.com on 31 March 2021.

EUR thousand	31 Mar 2021	31 Dec 2020
Sales of goods and services		
To key management personnel and their related parties	16	77
Purchases of goods and services		
From key management personnel and their related parties	-	1

EUR thousand	31 Mar 2021	31 Dec 2020
Closing balances from purchases/sales of goods/services		
Trade receivables from key management personnel and their related parties	1	9
Trade payables to key management personnel and their related parties	-	-

1.10 Long-term incentive plans

Verkkokauppa.com has two separate share-based incentive plans for the CEO and the members of the Management Team. The aim of the new plans is to align the objectives of the shareholders and the

management in order to increase the value of the company in the long term, to encourage the management to personally invest in the company shares, to retain the members of the Management Team at the company and to offer them a competitive reward plan that is based on acquiring, earning and accumulating the company's shares.

Matching Share Plan 2018-2020

In the Matching Share Plan 2018–2020, the participant may earn a number of matching shares, determined by the Board of Directors, based on their investment in Verkkokauppa.com Oyj's shares. The Matching Share Plan has two matching periods: 2018–2020 and 2019–2021. The rewards to be paid on the basis of the matching period 2018–2020 correspond to the value of maximum total of 50,000 Verkkokauppa.com Oyj's shares, and on the basis of the matching period 2019–2021 to the value of maximum total of 45,000 Verkkokauppa.com Oyj's shares, including also the proportions to be paid in cash.

In March 2021, The Board of Directors of Verkkokauppa.com Oyj resolved on a directed share issue without consideration for the payment of share rewards in the first matching period 2018-2020 of the Matching Share Plan 2018-2020. On 2 March 2021, in the directed share issue without consideration, a total of 15,000 treasury shares held by the Company was transferred to five key employees according to the terms and conditions of the Matching Share Plan 2018-2020. Additionally, a part of the reward was paid in cash intended to cover taxes and tax-related costs arising from the reward to the participant. No new shares will be issued in connection with the payment of the share rewards and therefore the resolution will have no diluting effect.

Performance Matching Share plan 2020-2022

Performance Matching Share Plan 2020–2022, a person may earn a number of matching shares based on their investment in Verkkokauppa.com Oyj's shares and the Total Shareholder Return (TSR) of the share. The Performance Matching Share Plan includes one performance period, calendar years 2020–2022. The reward to be paid to participants is based on the achievement of the required TSR levels set by the Board of Directors. A maximum of three performance-based matching shares is paid for each allocated share. The prerequisite for participation and receiving of reward is that a participant allocates freely transferable company shares, held by them, in the plan, or acquires the company's shares up to the number determined by the Board of Directors. Furthermore, payment of reward is based on the participant's valid employment or service upon reward payment. As a rule, no reward will be paid if a participant's employment or service ends before the reward payment.

The target group of the plan consists of seven persons, the CEO and six members of the Management Team. In accordance with the terms of the plan each participant is entitled to get a gross number of shares. However, a net number of shares will be paid to the participant after the company has withheld and paid the value of a part of the shares to cover the employee's tax obligation. The rewards to be paid on the basis of the plan correspond to the value of approximately 540,000 Verkkokauppa.com Oyj shares in total (gross amount).

1.11 Guarantees and commitments

EUR thousand	31 Mar 2021	31 Dec 2020
Collateral given for own commitments		
Guarantees	3,082	3,082
Other commitments and contingent liabilities	8	8

Guarantees are related to rent guarantees, the comprehensive guarantee for Finnish Customs and documentary credits. Other commitments are related to off-balance residual values.

1.12 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.

1.13 Subsequent events

There were no subsequent events.

ADDITIONAL INFORMATION

Quarterly income statement

EUR thousand	1-3/ 2021	10-12/ 2020	7-9/ 2020	4-6/ 2020	1-3/ 2020
Revenue	134,034	176,009	129,321	123,050	125,255
Other operating income	123	188	127	116	127
Materials and services	-112,308	-149,348	-108,394	-101,645	-105,835
Employee benefit expenses	-9,051	-10,419	-8,105	-8,417	-8,619
Depreciation and amortization	-1,234	-1,306	-1,228	-1,246	-1,230
Other operating expenses	-6,364	-8,920	-6,116	-7,503	-6,280
Operating profit	5,201	6,203	5,606	4,356	3,418
Finance income	1	3	5	2	2
Finance costs	-322	-363	-339	-359	-362
Profit before income taxes	4,880	5,842	5,272	3,999	3,057
Income taxes	-1,029	-1,180	-1,055	-701	-613
Profit for the period	3,851	4,662	4,218	3,298	2,444
Profit for the period attributable to					
Equity holders	3,851	4,662	4,218	3,298	2,444
Earnings per share calculated from the profit attributable to equity holders					
Earnings per share, basic (EUR)	0.09	0.10	0.09	0.07	0.05
Earnings per share, diluted (EUR)	0.09	0.10	0.09	0.07	0.05

Alternative performance measurement

In this Financial Statements 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.

	2021					2020				
	Q1	Q2	Q3	Q4	FY 2021	Q1	Q2	Q3	Q4	FY 2020
Revenue, thousand euros	134,034				134,034	125,255	123,050	129,321	176,009	553,636
Gross profit, thousand euros	21,727				21,727	19,420	21,405	20,928	26,661	88,413
Gross margin, %	16.2%				16.2%	15.5%	17.4%	16.2%	15.1%	16.0%
EBITDA, thousand euros	6,435				6,435	4,648	5,602	6,834	7,509	24,593
EBITDA, %	4.8%				4.8%	3.7%	4.6%	5.3%	4.3%	4.4%
Operating profit, thousand euros	5,201				5,201	3,418	4,356	5,606	6,203	19,583
Operating profit, %	3.9%				3.9%	2.7%	3.5%	4.3%	3.5%	3.5%
Comparable operating profit, thousand euros	5,201				5,201	3,754	4,826	5,606	6,203	20,390
Comparable operating profit, %	3.9%				3.9%	3.0%	3.9%	4.3%	3.5%	3.7%
Profit for the period, thousand euros	3,851				3,851	2,444	3,298	4,218	4,662	14,622
Interest-bearing net debt, thousand euros	-10,710				-10,710	-22,339	-13,024	-14,654	-21,171	-21,171
Investments, thousand euros	433				433	266	396	284	411	1,356
Equity ratio, %	20.3%				20.3%	24.5%	27.4%	25.9%	24.5%	24.5%
Gearing, %	-33.5%				-33.5%	-60.8%	-35.8%	-38.3%	-52.2%	-52.2%
Personnel at the end of period*	738				738	693	747	700	818	818
Basic earnings per share, euros	0.09				0.09	0.05	0.07	0.09	0.10	0.33
Diluted earnings per share, euros	0.09				0.09	0.05	0.07	0.09	0.10	0.32
Number of issued shares, 1,000 pcs	45,065				45,065	45,065	45,065	45,065	45,065	45,065
Number of treasury shares, 1,000 pcs	336				336	73	353	358	353	353
Weighted average number of shares outstanding, 1,000 pcs	44,715				44,715	44,987	44,971	44,952	44,907	44,907
Diluted weighted average number of shares outstanding, 1,000 pcs	45,221				45,221	45,527	45,511	45,492	45,447	45,447

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

Formulas for key ratios

KEY RATIO	DEFINITIONS		
GROSS PROFIT	Revenue – materials and services		Gross profit shows the profitability of the sales
GROSS MARGIN, %	$(\text{Revenue} - \text{materials and services}) / \text{Revenue}$	x 100	Gross margin measures the profitability of the sales of Verkkokauppa.com
EBITDA	Operating profit + depreciation + amortization		EBITDA shows the operational profitability
EBITDA, %	$(\text{Operating profit} + \text{depreciation} + \text{amortization}) / \text{Revenue}$	x 100	EBITDA measures the operational profitability of Verkkokauppa.com
OPERATING PROFIT	Result for the period before income taxes and net finance income and costs		Operating profit shows result generated by operating activities
OPERATING MARGIN, %	$\text{Operating profit} / \text{Revenue}$	x 100	Operating margin measures operational efficiency of Verkkokauppa.com
ITEMS AFFECTING COMPARABILITY	Material items which are not part of normal operating activities such as expenses related to possible transfer to official list of Nasdaq Helsinki, restructuring costs including workforce redundancy and other restructuring costs, impairment losses of fixed assets, gain or losses recognized from disposals of fixed assets/businesses, transaction costs related to business acquisition, compensations for damages and legal proceedings		
COMPARABLE OPERATING PROFIT	Comparable operating profit is profit adjusted with items affecting comparability		Comparable operating profit allows comparison of operating profit in different periods without the impact of extraordinary items not related to normal business operations
COMPARABLE OPERATING PROFIT MARGIN %	$\text{Comparable operating profit} / \text{revenue}$	x 100	Comparable operating margin measures comparable operational efficiency of Verkkokauppa.com

EQUITY RATIO, %	Total equity / Balance sheet total – advance payments received		Equity ratio measures Verkkokauppa.com's solvency, ability to bear losses and ability to meet commitments in the long run
INTEREST-BEARING NET BEDT	Lease liabilities -cash and cash equivalents		Interest-bearing net debt measures Verkkokauppa.com's indebtedness
GEARING, %	Lease liabilities – cash and cash equivalents/ 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
INVESTMENTS	Increases in intangible assets, property, plant and equipment during the financial period		Investments provides additional information regarding operating cash flow demands
NET INVESTMENT	Investments in intangible and tangible assets - proceeds from the sale of fixed assets. Net investments do not include non-capitalized / work in progress		
EARNINGS PER SHARE, BASIC	Profit for the period attributable to equity holders of the company / Weighted average number of shares outstanding		Earnings per shares measures the profit for the period attributable to equity holders of the company
EARNINGS PER SHARE, DILUTED	Profit for the period attributable to equity holders of the company / Weighted average number of shares outstanding + dilutive potential shares		

Reconciliation of alternative key ratios

EUR thousand	1-3/ 2021	1-3/ 2020	1-12/ 2020
Operating profit	5,201	3,418	19,583
- advisory costs related to transfer to official list of Nasdaq Helsinki	-	337	807
Comparable operating profit	5,201	3,754	20,390