

VERKKOKAUPPA.COM OYJ INTERIM REPORT

January – March 2023



INTERIM REPORT for 1 January – 31 March 2023

MODERATE REVENUE DEVELOPMENT IN A TOUGH ENVIRONMENT

Verkkokauppa.com Oyj Interim Report 27 April 2023, 8:00 a.m. EEST

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

January – March 2023 in brief

- Revenue was EUR 122.0 million (124.8)
- Gross profit was EUR 20.2 million (19.3) or 16.6% of the revenue (15.4%).
- Operating profit (EBIT) was EUR 0.0 million (0.7) or 0.0% of revenue (0.5%)
- Comparable operating profit was EUR 1.4 million (0.9) or 1.1% of revenue (0.7%)
- The items impacting comparability include EUR 1.2 million related to restructuring
- Net profit was EUR -0.4 million (0.2)
- Earnings per share were EUR -0.01 (0.00)
- Investments were EUR 1.0 million euros (1.4)
- Operating cash flow was EUR -3.6 million (-16.8)

KEY RATIOS	1-3/2023	1-3/2022	Change %	1-12/2022
Eur million				
Revenue	122.0	124.8	-2.2 %	543.1
Gross profit	20.2	19.3	5.1 %	80.6
Gross margin, %	16.6 %	15.4 %		14.8 %
EBITDA	1.6	2.0	-20.2 %	7.8
EBITDA, %	1.3 %	1.6 %		1.4 %
Operating result	0.0	0.7	-93.4 %	2.3
Operating margin, %	0.0 %	0.5 %		0.4 %
Comparable operating result	1.4	0.9	57.9 %	3.5
Comparable operating margin, %	1.1 %	0.7 %		0.6 %
Net result	-0.4	0.2	-309.1 %	0.3
Investments	1.0	1.4	-32.5 %	9.3
Operating cash flow	-3.6	-16.8	-78.5 %	1.5

FINANCIAL GUIDANCE FOR 2023

In 2023, the company expects the revenue to decline (2022: EUR 543.1 million) and comparable operating profit (comparable EBIT) to improve (2022: EUR 3.5 million) compared to 2022.

CEO PANU PORKKA'S REVIEW



"The profit improvement program is proceeding according to plan. Optimizing assortment and streamlining delivery flows by utilizing technologies will improve our competitiveness and make core business even more profitable,"
says Panu Porkka, CEO of Verkkokauppa.com

During the early part of 2023 and as the spring progresses, consumers' intentions to spend money on durable goods increased slightly, albeit remained low. The competitive environment in January-March was calmer compared to the end of last year.

In the first quarter, Verkkokauppa.com's revenue declined by 2.2 percent and was EUR 122.0 million. The demand of consumers and corporate customers was lower than in the comparison period. Gross profit increased to 16.6 percent of revenue. Last year's acquisition of e-ville.com resulted in a diversified private-label assortment. The good demand for these products contributed partly to an increase in the gross margin. On the cost side, we managed to adjust the costs of both the external logistics services and marketing.

Of the strategic development projects, the largest-ever renewal of our online store is progressing well. To provide a superior customer experience, we also improved our delivery speed by introducing one-hour home deliveries in the Helsinki metropolitan area in February.

The profit improvement program is proceeding according to plan. Optimizing the assortment and streamlining delivery flows by utilizing technologies will improve our competitiveness and make core business even more profitable. In March, we completed the change negotiations launched at the beginning of the year as part of the profit improvement program. Through the negotiations, we will carry out structural reforms in the organization to achieve savings in personnel costs. The negotiations were conducted in a good mutual understanding and in a constructive spirit. A big thank you for this goes to the whole staff and everyone involved in the progress of the negotiations.

At the beginning of this year, we started to review and update our long-term strategy. We want to remain a pioneer of ecommerce and customer focus continues to be emphasized in innovation and operational development.

FINANCIAL DEVELOPMENT

REVENUE AND PROFITABILITY

EUR million	1-3/2023	1-3/2022	Change, %	1-12/ 2022
Revenue	122.0	124.8	-2.2%	543.1
Operating profit	0.0	0.7	-93.4%	2.3
Operating margin, % of revenue	0.0%	0.5%		0.4%
- costs related to comparable operating result	1.3	0.2		1.2
Comparable operating profit	1.4	0.9	57.9%	3.5
Comparable operating margin, % of revenue	1.1%	0.7%		0.6%

Share of sales, %

	1-3/2023	1-3/2022	1-12/2022
Customer segments			
Consumer	67%	68%	69%
B2B	25%	26%	24%
Export	8%	5%	7%
Sales channels			
On-line	61%	63%	61%
Off-line	31%	32%	32%
Product categories			
Core categories (CE)	87%	88%	84%
Evolving categories	13%	12%	16%
Website visits, million	17.6	20.0	82.4

Sales include orders and deliveries in transit. On-line and off-line sales exclude export sales.

Core categories includes IT (with sub product groups like computers, peripherals, components), Entertainment (TV and video, Audio and hifi, gaming and musical instruments), Mobile devices (telecom, cameras and watches), and small & major domestic appliances. Evolving categories are growing in our assortment, and include sports, home and lightning, food and drink, toys, baby and family, BBQ and cooking, pets and luggage and travel.

January-March 2023

In January–March 2023, Verkkokauppa.com’s revenue declined by 2.2 percent year on year, totaling EUR 122.0 million (124.8). The decline was mainly impacted by lower demand in the consumer and corporate customer segments. Sales to consumers declined by -4.4 percent, and sales for corporate customers by -5.1 percent from the comparison period. Consumer sales share of total sales was 67 percent (68%), and corporate sales share was 25 percent (26%).

Sales of core categories (CE) declined by 2.7 percent and their share of sales was 87 percent (88%). Especially sales of major household appliances increased, while sales of computers, components and phones fell from the comparison period. Sales of evolving categories grew by 1.9 percent, and their share of Group sales was 13 percent (12%). Among the evolving categories, luggage & travel sold better than in the comparison period.

Verkkokauppa.com’s online sales fell by 4.5 percent. Online accounted for 61 percent of all sales (63%). The sales in stores declined by 4.6 percent and accounted for 31 percent (32%) of the company's sales.

Export sales grew in the first quarter from the low level of comparison period and also due to new sales channels and customers gained through the e-ville.com acquisition. Export sales increased in January-March by 49.4 percent and its share of Group sales was 8 percent (5%). In the comparison period, Verkkokauppa.com ended all sales to Russia which cut the export in half. Verkkokauppa.com’s sales excluding export fell by 5.4 percent in January-March.

The revenue from customer financing services was EUR 1.4 million (1.2), including both interest income and commissions.

Personnel costs declined by 0.5 percent in January-March and amounted to EUR 9.9 million (10.0). The decline was mainly due to the successful adaption of store and logistics personnel to quieter demand. Due to general cost inflation, other operating expenses for the review period increased by 4.5 percent and amounted to EUR 7.5 million (7.2).

The company's operating profit (EBIT) in January-March declined by EUR 0.7 million and totaled EUR 0.0 million (0.7) and its share of revenue was 0.0 percent (0.5%). Comparable operating profit improved by EUR 0.5 million from the comparison period and was EUR 1.4 million (0.9). Operating profit was positively impacted by more stable competitive

environment and better sales margin. Items impacting comparability in the reporting period were in total EUR 1.3 million, including EUR 1.2 million restructuring provision. In the reference period, items impacting comparability were EUR 0.2 million euros related to e-ville.com acquisition. The result for the period was EUR -0.4 million (+0.2).

Earnings per share in the first quarter were EUR -0.01 (0.00).

FINANCE AND INVESTMENTS

In January-March, the operating cash flow was a total of EUR -3.6 million (-16.8). Operating cash flow before the change in working capital was EUR 1.6 million (1.9). The operating cash flow was mainly impacted by the positive development of EBITDA and working capital.

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

Investments totaled EUR 1.0 million euros (1.4) in the first quarter of 2023. The investments were mainly aimed at the online renewal project and business analytics related development. During the quarter, the company capitalized EUR 0.3 million (0.1) of wage costs in the balance sheet.

At the end of March 2023, Verkkokauppa.com group had a total of EUR 23.5 million loans from financial institutions (10.0). The company has revolving credit facilities totaling EUR 25 million, which have not been utilized and that are valid until 2025.

PERSONNEL

At the end of March 2023, the total number of employees was 720 (753). This includes both full and part-time employees.

SUSTAINABILITY

In March, Verkkokauppa.com published a statement of non-financial information for 2022 as a separate report. The report discusses the company's sustainability work and its progress during 2022.

The report included an emissions calculation for 2022 carried out in accordance with the GHG protocol. The largest share of Verkkokauppa.com's climate impacts, 99.9 percent, was generated by indirect emissions in the value chain, which is typical in the retail sector (scope 3). The most significant sources of emissions were the manufacture and use of sold products. From an impact perspective, collaboration with suppliers and partners is essential to reduce indirect emissions and climate issues will be included in supplier meetings from 2023 onwards.

The greenhouse gas emissions from the company's own operations (Scope 1 and 2) declined 84 percent from the previous year thanks to investments in renewable energy and amounted to 52 tonnes of CO₂ in 2022. Emissions from own operations accounted for only 0.1 percent of the total carbon footprint. Other indirect emissions (scope 3) declined by 17 percent to 250 507 tCO₂e.

As a result of the emissions calculation, Verkkokauppa.com has started to identify emission reduction targets and draw up a plan to reduce emissions. In line with the sustainability program, Verkkokauppa.com aims to achieve zero greenhouse gas emissions from its own operations and to reduce the indirect climate impact of its operations by 2025.

SHARE TRADING AND SHARES

Trading of Verkkokauppa.com shares on the Nasdaq Helsinki Ltd began on 5 June 2020.

Verkkokauppa.com share (VERK) in Nasdaq Helsinki stock exchange in January-March 2023:

No. of shares traded	Share of no. of total shares, %	Total value of traded shares, EUR million	Last, EUR	High, EUR	Low, EUR	Average, EUR
2,528,796	5.58	6,934,249	2.61	2.99	2.52	2.74

Verkkokauppa.com Market Capitalization and Shareholders

	31 March 2022
Market capitalization (excl. Own shares), EUR million	118.1
Number of shareholders (of which nominee shareholders)	21,423 (8)
Nominee registrations and direct foreign shareholders, %	8.45
Households, %	57.37
Financial and insurance corporations, %	14.54
Other Finnish investors, %	19.64

At the end of March, the company's largest shareholders were Samuli Seppälä (35.0%), Varma Mutual Pension Insurance Company (8.5%), Mandatum Life Insurance Company Limited (5.3%), Ilmarinen Mutual Pension Insurance Company (4.8%) and Nordea Small Cap Fund (3.1%).

On 31 March 2023, the share capital was EUR 100,000 and the total number of shares in the company was 45,354,532 including 258,469 treasury shares held by the company. The treasury shares have no voting rights, and no dividend is paid on them. The treasury shares accounted for 0.6 percent of all shares. During the first quarter of the year, the company transferred a total of 12,788 treasury shares as part of the remuneration of Board members and key employees.

Share-related authorizations

At the end of March 2023, the Board of Directors had valid authorization to decide on the repurchase of a maximum of 4,535,453 own shares in one or several installments and to decide on a share issue of a maximum of 4,535,453 shares by one or more decisions. The proposed maximum authorized number represents ten percent of the total number of shares in the company.

More information about Verkkokauppa.com's shares and shareholders and management holdings can be found on the company's investor website <https://investors.verkkokauppa.com/en>

FLAGGING NOTIFICATIONS

The company has not received flagging notifications during the reporting period.

LONG-TERM INCENTIVE PLANS

Verkkokauppa.com have had share-based incentive plan for the CEO and members of the Management Team, the Performance Matching Share Plan 2020–2022. The program ended in 2022, but the last payment installment is due in the second quarter of 2023. For more detailed information on the share-based incentive plan, see Note 1.11.

No new shares will be issued in connection with the payment of the share rewards and therefore the resolution has no diluting effect.

COMPANY STRATEGY

Verkkokauppa.com reviews and updates its long-term strategy during the first half of 2023. The vision to remain a pioneer of ecommerce is strong, and the customer focus continues to be emphasized in innovation and operational development. In the coming years, the company will continue to invest in optimizing and enhancing core business functions through technology and data. Through this, the company is increasingly seeking to free up resources for scaling new profitable growth innovations and renewing the trade sector.

ANNUAL GENERAL MEETING 2023

The Annual General Meeting of Verkkokauppa.com Oyj was held in Helsinki on 30 March 2023. The AGM adopted the financial statements and discharged the members of the Board of Directors and the CEO from liability for the financial year 2022 and approved the company's remuneration report for governing bodies as well as authorized the Board of Directors to decide on a repurchase of the company's own shares and the issuance of shares. PricewaterhouseCoopers Oy was elected as the Company's auditor and as the auditor-in-charge will serve Mikko Nieminen. In addition, the AGM approved shareholders' nomination board's proposals concerning Board and auditor selection and remuneration. Also, the Articles of Association was amended such that the general meeting may be held as a so-called remote meeting.

Board composition in 2023

The AGM confirmed as the amount of board members to be seven. Johan Ryding, Kai Seikku, Samuli Seppälä and Arja Talma (Chairperson) were re-elected for the next term. Additionally, Robin Bade, Henrik Pankakoski and Kati Riikonen were elected as new members for the next term.

The compositions of the Board committees were decided to be as follows: members of the Audit Committee are Kai Seikku (Chairperson), Arja Talma (Vice Chairperson), Henrik Pankakoski and Kati Riikonen. Members of the remuneration committee are Arja Talma (Chairperson), Robin Bade, Johan Ryding and Kai Seikku.

Verkkokauppa.com's stock exchange release published on 30 March 2023 on the decisions of the Annual General Meeting, is available on the company's investor website.

DIVIDEND

On 30 March 2023, Verkkokauppa.com Oyj's Annual General Meeting resolved that the Company deviates from its dividend distribution policy and that no dividend be distributed from the profit of the 2022 financial year.

VERKKOKAUPPA.COM'S ANNUAL REPORTING PACKAGE WAS PUBLISHED

On 3 March, Verkkokauppa.com published its annual reporting package for 2022. The package includes four separate publications: Company brochure, a Report of the Board of Directors and the Financial Statements, Statement of non-financial information, and Corporate Governance statement including the Remuneration report. The Statement of non-financial information discusses the company's sustainability work and its progress during 2022. In addition, Verkkokauppa.com published the Financial Statements in accordance with European Single Electronic Format (ESEF) reporting requirements with the format of the report being Extensible Hypertext Markup Language (xHTML). The audit firm PricewaterhouseCoopers Oy has provided an independent auditor's reasonable assurance report on Verkkokauppa.com's ESEF financial statements. All the above-mentioned publications can be read and downloaded on the company's website as separate pdf files in Finnish and English.

VERKKOKAUPPA.COM HAS COMPLETED ITS CHANGE NEGOTIATIONS

On 9 March 2023, Verkkokauppa.com completed change negotiations that were started in January. Change negotiations were initiated in accordance with the Co-operation Act in order to reform the organization's structures and align the number of personnel and costs to the prevailing demand situation. The negotiations have covered the entire personnel of Verkkokauppa.com. As a result of the negotiations, the workforce in Verkkokauppa.com is reduced by 75 employees. In addition to personnel reductions, the company will temporarily lay off all company officers, senior officers and management, for a period of 14 days.

EVENTS AFTER THE REPORTING PERIOD

26 April 2023, Verkkokauppa.com published the flagging notification of a change in shareholding according to Chapter 9, Section 10 of the Finnish Securities Market Act. Mandatum Life Insurance Company's holding in Verkkokauppa.com shares have been transferred within the Mandatum Group from Mandatum Life Insurance Company to an UCITS fund under Mandatum Fund Management S.A. As a result of the transfer, Mandatum Life Insurance Company's holding in Verkkokauppa.com Oyj declined to less than 5 percent. Despite the flagging notification, the total ownership of the Mandatum Group has not changed as a result of the transaction in such a way that the ownership would have exceeded or fallen below a flagging threshold.

SHORT-TERM RISKS AND BUSINESS UNCERTAINTIES

Verkkokauppa.com's business operations involve risks and uncertainties related to its overall strategy, execution of corporate transactions and investments, sourcing operations, logistics, information technology, compliance and other operational factors. These risks can impact the company's operations, financial position or performance and may require the company to make changes to its business model.

The demand for consumer electronics, availability of products, and competitive environment are factors that impact Verkkokauppa.com's business. The company faces risks related to changes in both consumer and corporate customer behavior and preferences, supply chain disruptions, and intensified competition from other players in the market.

Verkkokauppa.com is also subject to macroeconomic and geopolitical risks that could impact its operations and financial performance. Uncertainties related to geopolitical conflicts, the crisis in Ukraine, and global macroeconomic factors such as inflation and development of financial markets can weaken purchasing power and investment ability of consumers and corporates. Economic slowdowns or recessions in the euro area, or specifically in Finland, where Verkkokauppa.com is based, can also impact the company's operations and financial performance. At the moment, the visibility of economic development is limited.

BUSINESS OUTLOOK

Due to the factors mentioned in the Short-term risks section, consumer demand and business is estimated to continue to be challenging and it is difficult to predict the development of the business environment for this year.

The company believes that it will succeed in taking advantage of the online consumer transition and increasing its market share in its chosen product categories. The company estimates that the shift of customers to online is permanent.

FINANCIAL GUIDANCE FOR 2023

In 2023, Verkkokauppa.com expects the revenue to decline (2022: EUR 543.1 million) and comparable operating profit (comparable EBIT) to improve (2022: EUR 3.5 million) compared to 2022.

Helsinki, Finland, 27 April 2023

Verkkokauppa.com Oyj
Board of Directors

NEWS CONFERENCES

A press conference for analysts, investors and media will be held in Finnish over Livestream webcast on Thursday, 27 April 2023 at 10:00 a.m. (EEST), in which Verkkokauppa.com's CEO Panu Porkka will present the developments in the reporting period.

A press conference in English will be held over Livestream webcast on Thursday, 27 April 2023 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, the Livestream webcast is available at <https://livestream.com/verkkokauppacom/events/10750606>.

COMPANY RELEASES AND EVENTS

Verkkokauppa.com will arrange events and publish its financial reports as follows:

- Half-year financial report for January–June 2023 on Thursday 20 July 2023
- Interim report for January–September 2023 on Thursday 26 October 2023
- Financial statements bulleting for the year 2023 on Thursday 8 February 2024.

More information:

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Verkkokauppa.com empowers its customers to follow their passion by providing a wide product assortment of around 90,000 products. Verkkokauppa.com Oyj serves its retail and corporate customers through its webstore, megastores, kiosk and network of collection points as well as fast deliveries and various services. As Finland's most popular and most visited domestic online retailer, its deliveries cover around 75 percent of the Finnish population within the next day. The Company has four megastores: in Oulu, Pirkkala, Raisio, and Helsinki, where its headquarters is also located. Verkkokauppa.com employs more than 700 people and its shares are listed on the Nasdaq Helsinki stock exchange with the ticker VERK.

VERKKOKAUPPA.COM OYJ INTERIM FINANCIAL INFORMATION 1 Jan – 31 Mar 2023

Group consolidated statement of comprehensive income

EUR thousand	Note	1-3/ 2023	1-3/ 2022	1-12/ 2022
Revenue	1.3	121,960	124,755	543,117
Other operating income		181	159	908
Materials and services		-101,729	-105,497	-462,522
Employee benefit expenses		-10,891	-9,995	-40,233
Depreciation and amortization		-1,540	-1,323	-5,552
Other operating expenses		-7,937	-7,439	-33,434
Operating profit		44	660	2,285
Finance income		7	2	16
Finance costs		-519	-361	-1,686
Profit before income taxes		-468	301	615
Income taxes		56	-104	-291
Profit for the period		-412	197	324
Profit for the period attributable to				
Equity holders of the company		-412	197	324
Earnings per share calculated from the profit attributable to equity holders				
Earnings per share, basic (EUR)		-0.01	0.00	0.01
Earnings per share, diluted (EUR)		-0.01	0.00	-0.01

Other comprehensive income

EUR thousand		1-3/ 2023	1-3/ 2022	1-12/ 2022
Profit for the period		-412	197	324
Items that may be reclassified to profit or loss				
Translation differences		-20	-	30
Items that will not be reclassified to profit or loss				
Realized changes in fair values of equity investments		-	72	72
Taxes		-	-14	-14
Other comprehensive income after taxes, total			58	58
Comprehensive income for the period		-432	255	412
Comprehensive income for the period				
Equity holders of the company		-432	255	412

Consolidated Statement of financial position

EUR thousand	Note	31 Mars 2023	31 Dec 2022
Non-current assets			
Intangible assets		4,524	3,831
Goodwill		2,846	2,846
Property, plant and equipment		6,526	6,752
Right-of-use assets	1.5	13,087	12,866
Deferred tax assets		1,361	1,380
Trade receivables	1.6/1.7	6,194	5,615
Other non-current receivables		397	397
Non-current assets, total		34,937	33,687
Current assets			
Inventories		76,624	74,767
Trade receivables	1.6/1.7	31,507	28,833
Loans receivable		427	427
Other receivables		2,188	2,691
Income tax receivables		979	898
Accrued income		7,225	9,679
Cash and cash equivalents	1.7	14,793	21,210
Current assets, total		133,743	138,506
Total assets		168,680	172,193
Equity			
Share capital		100	100
Treasury shares		-1,358	-1,410
Invested unrestricted equity fund		27,505	27,472
Translation differences		8	26
Retained earnings		229	-42
Profit for the period		-412	324
Total equity		26,072	26,470
Non-current liabilities			
Lease liabilities	1.7	12,036	12,334
Liabilities to credit institutions		21,002	23,750
Deferred tax liabilities		98	106
Provisions		728	745
Non-current liabilities, total		33,894	36,965
Current liabilities			
Lease liabilities	1.7	4,868	4,477
Liabilities to credit institutions		2,500	394
Advance payments received		4,084	4,963
Trade payables	1.7	68,954	66,834
Other current liabilities		6,525	11,634
Accrued liabilities		21,783	20,457
Current liabilities, total		108,715	108,758
Total liabilities		142,609	145,724
Total equity and liabilities		168,680	172,193

Group consolidated cash flow statement

EUR thousand	1-3/ 2023	1-12/ 2022
Cash flow from operating activities		
Profit before income taxes	-468	615
Depreciation and impairment	1,540	5,552
Finance income and costs	511	1,670
Other adjustments	18	704
Cash flow before change in working capital	1,601	8,541
Change in working capital		
Increase(-) / decrease(+) in non-current non-interest-bearing trade receivables	-579	-1,761
Increase (-) / decrease (+) in trade and other receivables	281	-2,274
Increase (-) / decrease (+) in inventories	-1,857	14,086
Increase (+) / decrease (-) in current liabilities	-2,549	-12,445
Cash flow before financial items and taxes	-3,103	6,148
Interest paid	-271	-615
Interest received	7	16
Interest of lease liabilities	-248	-1,071
Income tax paid	-14	-2,967
Cash flow from operating activities	-3,628	1,511
Cash flow from investing activities		
Acquisition of subsidiaries		-4,571
Purchases of property, plant and equipment	-98	-2,773
Purchases of intangible assets	-856	-2,254
Proceeds from equity investments		339
Cash flow from investing activities	-953	-9,260
Cash flow from financing activities		
Decrease (-) in lease liabilities	-1,183	-4,237
Dividends paid	-	-11,066
Proceeds from long-term loans	-	25,000
Payments to long-term loans	-	-1,250
Proceeds from short-term loans	-	5,030
Payments to short-term loans	-642	-5,531
Cash flow from financing activities	-1,825	7,946
Increase (+) / decrease (-) in cash and cash equivalents	-6,406	198
Cash and cash equivalents at beginning of reporting period	21,210	20,917
Translation differences	-11	96
Cash and cash equivalents at end of reporting period	14,793	21,210

Group statement of changes in equity

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

EUR thousand	A	B	C	D	E	F
Equity 1 Jan 2023	100	-1,410	27,472		308	26,470
Profit for the period	-	-	-	-	-412	-412
Transaction differences	-	-	-	-	-20	-20
Changes in fair values of equity investments	-	-	-			
Comprehensive income for the period, total	-	-	-		-432	-432
Dividend distribution	-	-	-	-		
Acquisition of treasury shares	-	-	-	-	-	
Share issue or gratuitous investment in unrestricted equity	-	-		-	-	
Disposal of treasury shares -Board fees	-	52	33	-	-52	33
Share-based incentives	-		-	-		
Transactions with owners, total	-	52	33		-52	33
Equity 31 Mars 2023	100	-1,358	27,505		-176	26,071

EUR thousand	A	B	C	D	E	F
Equity 1 Jan 2022	100	-1,611	25,938		11,255	35,683
Profit for the period	-	-	-	-	324	324
Transaction differences	-	-	-	-	30	30
Changes in fair values of equity investments	-	-	-		58	58
Comprehensive income for the period, total	-	-	-		413	413
Dividend distribution	-	-	-	-	-11,068	-11,068
Acquisition of treasury shares	-	-	-	-	-	
Share issue or gratuitous investment in unrestricted equity	-	-	1,403	-	-	1,403
Disposal of treasury shares -Board fees	-	125	131	-	-125	131
Share-based incentives	-	75	-	-	-167	-92
Transactions with owners, total	-	200	1,534		-11,360	-9,626
Equity 31 Dec 2022	100	-1,410	27,472		308	26,470

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 2023 has been prepared in line with IAS 34, 'Interim Financial Reporting' should be read in conjunction with Verkkokauppa.com Oyj's Financial Statements for 2022, published on 3 March 2023. Verkkokauppa.com Oyj has applied the same accounting principles in the preparation of this Interim Financial Report as in its Financial Statements for 2022.

On 1 April 2022, Verkkokauppa.com Oyj completed the acquisition of the Finnish online store e-ville.com. With the acquisition, Verkkokauppa.com Oyj became group's parent company, and company prepares financial reviews as a group and consolidated financial statements. The group's structure is described in Verkkokauppa.com Oyj's financial statement note 7.20.

Verkkokauppa.com Oyj has not adopted any other new accounting policies during 2023 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.

The acquired subsidiaries have been combined in the consolidated financial statements from the moment the group has gained control. All subsidiaries are 100% owned and no minority owners exist. group companies' intra-group share ownership is eliminated using the acquisition method. The transferred consideration, including the conditional purchase price and the identifiable assets and liabilities of the acquired company, are valued at fair value at the time of acquisition. The costs related to the acquisition have been booked as expenses. All intra-group business transactions as well as receivables and liabilities, unrealized margins and internal profit distribution are eliminated in the consolidated financial statements.

Exchange rate differences are treated in the reporting as following:

- The group companies' results and financial position are reported in the local currency of each legal entity. The consolidated financial statements are prepared and presented in euros.
- Business transactions in a foreign currency are recorded in the local currency using the exchange rate on the day of the transaction. Receivables and liabilities are converted into euros according to the exchange rate on the balance sheet date. Applied exchange rates are based on official ECB exchange rates.
- The translation differences arising from the elimination of the acquisition cost of foreign entity and the translation differences of post-acquisition profits and losses are recorded in other items of comprehensive income and presented separately in equity. The goodwill generated with the acquisition and the fair value adjustments made to the assets and liabilities of the foreign entity are treated as assets and liabilities of the relevant foreign entity in the local currency, which are converted into euros using the exchange rates on the end of the reporting period. If the foreign entity is sold as a whole or partly, the reported exchange rate differences are booked as part of the capital gain or loss of the transaction.
- Exchange rate differences arising from normal business transaction related receivables and liabilities and related potential hedging are included in the operating profit. Exchange rate differences related to financial assets and liabilities and the result of the related hedging instruments are reported in the financial items on the income statement.

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 80,000 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 obligation

	1-3/ 2023	1-3/ 2022	1-12/ 2022
EUR thousand			
At a point in time	120,563	123,589	537,544
Over time	1,397	1,166	5,573
Revenue, total	121,960	124,755	543,117

Revenue by external customer location

	1-3/ 2023	1-3/ 2022	1-12/ 2022
EUR thousand			
Finland	111,248	117,704	502,991
Rest of the world	10,712	7,051	40,126
Revenue by external customer location	121,960	124,755	543,117

Income recognized from customer financing

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

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

	1-3/ 2023	1-3/ 2022	1-12/ 2022
EUR thousand			
Interest income recognized using effective interest rate method	863	815	3,088
Other income from company-financed customer financing	552	413	1,613
Income from company-financed Apuraha, total	1,415	1,228	4,701

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 Mars 2023	31 Dec 2022
Carrying amount 1.1.	12,866	15,776
Increases		130
Increase/decrease due to remeasurement	1,276	814
Disposals		-43
Depreciation	-1,054	-3,812
Carrying amount at the end of period	13,087	12,866

The remeasurements made during 2023 and 2022 relate to index adjustments and renegotiated rental agreements.

1.6 Trade receivables

EUR thousand	31 Mars 2023		30 Dec 2022	
	Trade receivables	Loss allowance	Trade receivables	Loss allowance
Not due	33,040	301	29,984	259
Past due 1-60 days	5,255	377	4,942	323
Past due 61-120 days	161	82	211	114
Past due over 121 days	166	162	155	147
Total	38,623	922	35,291	843

1.7 Financial assets and liabilities by measurement category

31 Mars 2023	Recognized at fair value through other comprehensive income			Carrying amount
EUR thousand	At amortized cost	Lease liabilities		
Non-current financial assets				
Equity investments (level 2)	-	-	-	-
Equity investments (level 3)	-	-	-	-
Trade receivables and other financial receivables	-	6,591	-	6,591
Non-current financial assets, total		6,591		6,591
Current financial assets				
Trade receivables	-	31,507	-	31,507
Loans receivable		427		427
Cash and cash equivalents	-	14,793	-	14,793
Current financial assets, total		46,727		46,727
Financial assets by measurement category, total		53,318		53,318
Non-current financial liabilities				
Lease liabilities (level 2)	-	-	12,036	12,036
Liabilities to credit institutions		21,002	-	21,002
Non-current financial liabilities, total		21,002	12,036	33,038
Current financial liabilities				
Lease liabilities (level 2)	-	-	4,868	4,868

Liabilities to credit institutions		2,500	-	2,500
Trade payables	-	68,954	-	68,954
Current financial liabilities, total	-	71,454	4,868	76,323
Financial liabilities by measurement category, total	-	92,456	16,904	109,361

31 Dec 2022	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)	0	-	-	0
Trade receivables and other financial receivables	-	6,012	-	6,012
Non-current financial assets, total	0	6,012	-	6,012
Current financial assets	-	28,833	-	28,833
Trade receivables	-	427	-	427
Cash and cash equivalents	-	21,210	-	21,210
Current financial assets, total	-	50,470	-	50,470
Financial liabilities by measurement category, total	0	56,482	0	56,482
Non-current financial liabilities				
Lease liabilities (level 2)	-	-	12,334	12,334
Loans from financial institutions	-	23,750	-	23,750
Non-current financial liabilities, total	-	23,750	12,334	36,084
Current financial liabilities				
Lease liabilities (level 2)	-	-	4,477	4,477
Trade payables	-	394	-	394
Loans from financial institutions	-	66,834	-	66,834
Current financial liabilities, total	-	67,228	-	71,705
Financial liabilities by measurement category, total	0	90,978	16,812	107,789

Level 2 includes interest-bearing liabilities and derivatives and Level 3 investments in unlisted shares and funds.

1.8 Dividends

The company has not paid a dividend during the review period.

Dividends paid during the reference year 2022

For the previous year	Date of payment	Dividend per share, EUR
	4.4.2022	0.060
	9.5.2022	0.061
	25.7.2022	0.062
	27.10.2022	0.063
Total dividends, EUR thousand		11 068

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

1.9 Disclosure of acquisitions and company structure

Parent company, Verkkokauppa.com Oyj acquired 100% of eVille Distribution Oy shares on 1st of April 2022. Verkkokauppa.com Oyj's fully owned Finnish subsidiary, Arc Distribution Oy (established in February 2022), acquired 100% ownership and shares of Digi Electronics Ltd (Hong Kong) ja Digital Trading (Shenzhen) Co. Ltd (China) on 1 April 2022.

The acquisition supports Verkkokauppa.com's strategy to strengthen and expand its assortment in own brands. With the acquisition, Verkkokauppa.com gained access to an experienced sourcing organization established in Shenzhen and Hong Kong, China.

The purchase price was approximately EUR 4.0 million, of which 1.4 million in new shares (when calculated using Verkkokauppa.com Oyj's share price as of 1 April 2022) issued in a directed share issue to the seller at closing. And the rest in cash corrected with the net debt adjustment. The shares will be subject to a lock-up undertaking. The parties have also agreed to additional purchase price installments of up to approximately EUR 6.7 million, including deferred purchase price of EUR 1 million and earn-out of EUR 5.7 million, payable solely if the combined sales of own brand products exceed set target levels during 2023 and/or 2024. The total aggregate purchase price can amount to EUR 10.7 million at the maximum.

The seller has the option to receive 50% of the achieved earn-out in Verkkokauppa.com's shares for calendar years 2023 and/or 2024 if the earn-out metrics are to be achieved. The number of shares received by the seller are to be determined based on the volume weighted average share price of the Verkkokauppa.com's share for a 30-day period preceding of the date when the relevant metrics are confirmed.

Purchase price

EUR thousand	Value of acquired assets
Paid in cash	3,250
Directed issue shares	1,403
Adjustments	-677
Total	3,976

As part of financing the transaction, the Board of Directors of Verkkokauppa.com resolved on a EUR 1.4 million directed share issue. The number of new shares issued was 289,402 and their subscription price, based on the volume weighted average price of Verkkokauppa.com's shares in Nasdaq Helsinki Ltd on 30-day period preceding 9 February 2022, is EUR 6.91 per share.

The assets and liabilities recognised as a result of the acquisition are as follows:

EUR thousand	Total
Cash and cash equivalents	290.0
Trade receivables	407.0
Inventory	1,166.9
Other receivables	29.5
Prepaid expenses	825.9
Machinery and equipment	20.6
Total assets	2,740.0
Prepayments	139.7
Trade payables	330.0
Other payables/liabilities	80.7
Accrued income	38.5
Short term liabilities	1,541.7
Other long term liabilities	0.9
Total liabilities	2,131.3

Acquired identifiable net assets	608.6
Customer related intangibles	426.0
Trademarks	225.0
Goodwill	2,846.5
Deferred tax liability	-130.2
Acquired net assets	3,975.9

Acquired assets and liabilities are valued on the balance sheet on fair value on the acquisition date. EUR 0.7 million of acquired intangible assets were valued for customer relationships and trademarks. These assets will be depreciated over their useful lifetime. Goodwill is the portion of purchase price that is higher than the sum of net fair value of assets and liabilities acquired. Goodwill amounted to EUR 2.8 million and it is non-deductible in taxation.

Earn out and deferred purchase price are recorded as a cost and not part of the purchase price as these are conditional to acquired assets management obligation to work. As of 31 March 2023, management estimated the additional purchase price to amount to EUR 1.5 million of which EUR 0.1 (0.0) million was reported as costs in the review period. It is recognized as Item affecting the comparability.

Verkkokauppa.com company structure

	Country	Ownership of shares %	Share of votes %	Business
		31.3.2023	31.3.2023	
Parent company				
Verkkokauppa.com Oyj	Finland			Retail
Subsidiaries				
e-ville.com Distribution Oy	Finland	100%	100%	Retail
Arc Distribution Oy	Finland	100%	100%	Retail
Digi Electronics Ltd	Hong Kong	100%	100%	Retail
Digital Trading (Shenzhen) Co. Ltd	China	100%	100%	Retail

1.10 Transactions with related parties

Verkkokauppa.com Group's related parties comprise the Board of Directors, the CEO as well as the other members of the Group companies Management Teams 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 34.96% of all shares and votes in Verkkokauppa.com on 31 March 2023.

EUR thousand	31 March 2023	31 Dec 2022
Sales of goods and services		
To key management personnel and their related parties	24	72
Purchases of goods and services		
From key management personnel and their related parties		-

EUR thousand	31 March 2023	31 Dec 2022
Closing balances from purchases/sales of goods/services		
Trade receivables from key management personnel and their related parties	-	5
Trade payables to key management personnel and their related parties		-

1.11 Long-term incentive plans

At the end of the quarter, Verkkokauppa.com has one share-based incentive plan for the CEO and members of the Management Team, the Performance Matching Share Plan 2020–2022. The program has ended on 31 December 2022 and it will be realized as a payment during Q2.

The target group of the plan was seven people, 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 based on the plan correspond to the value of approximately 318 thousand Verkkokauppa.com Oyj shares in total (gross amount).

1.12 Guarantees and commitments

EUR thousand	31 March 2023	31 Dec 2022
Collateral given for own commitments		
Guarantees	1,894	1,894
Other commitments and contingent liabilities	15	15

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

1.13 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 Interim reports.

1.14 Subsequent events

26 April 2023, Verkkokauppa.com published the announcement of a change in shareholding according to Chapter 9, Section 10 of the Finnish Securities Market Act. Mandatum Life Insurance Company Limited's holding in Verkkokauppa.com shares was transferred within the Mandatum Group from Mandatum Life Insurance Company Limited to an UCITS fund under Mandatum Fund Management S.A. As a result of the transfer, Mandatum Life Insurance Company's holding in Verkkokauppa.com Oyj declined to less than 5 percent. Despite the flagging notification, the total ownership of the Mandatum Group has not changed as a result of the transaction in such a way that the ownership would have exceeded or fallen below a flagging threshold.

ADDITIONAL INFORMATION

Quarterly income statement

EUR thousand	1-3/ 2023	10-12/ 2022	7-9/ 2022	1-6/ 2022	1-3/ 2022
Revenue	121,960	154 917	137,764	125,681	124,755
Other operating income	181	336	215	198	159
Materials and services	-101,729	-133 043	-117,669	-106,312	-105,497
Employee benefit expenses	-10,891	-11 116	-9,126	-9,996	-9,995
Depreciation and amortization	-1,540	-1 415	-1,426	-1,388	-1,323
Other operating expenses	-7,937	-8 875	-8,033	-9,087	-7,439
Operating profit	44	804	1,725	-904	660
Finance income	7	10	4		2
Finance costs	-519	-417	-370	-538	-361
Profit before income taxes	-468	397	1,359	-1,442	301
Income taxes	56	124	-697	386	-104
Profit for the period	-412	521	662	-1,056	197
Profit for the period attributable to					
Equity holders	-412	521	662	-1,056	197
Earnings per share calculated from the profit attributable to equity holders					
Earnings per share, basic (EUR)	-0.01	0,00	0.01	-0.02	0.00
Earnings per share, diluted (EUR)	-0.01	0,00	0.01	-0.02	0.00

Alternative performance measurement

In this Interim Report, 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.

	2023		2022			Q1-Q4 2022
	Q1	Q1	Q2	Q3	Q4	
Revenue, thousand euros	121,960	124,755	125,681	137,764	154,917	543,117
Gross profit, thousand euros	20,230	19,257	19,369	20,095	21,874	80,595
Gross margin-%	16.6%	15.4%	15.4%	14.6%	14.1%	14.8%
EBITDA, thousand euros	1,583	1,983	484	3,151	2,219	7,836
EBITDA-%	1.3%	1.6%	0.4%	2.3%	1.4%	1.4%
Operating profit, thousand euros	44	660	-904	1,725	804	2,285
Operating profit-%	0.0%	0.5%	-0.7%	1.3%	0.5%	0.4%
Comparable operating profit, thousand euros	1,383	876	-192	2,078	758	3,520
Comparable operating profit-%	1.1%	0.7%	-0.2%	1.5%	0.5%	0.6%
Profit for the period, thousand euros	-412	197	-1,056	662	521	324
Interest-bearing net debt, thousand euros	25,613	18,154	28,605	29,788	19,745	19,745
Investments, thousand euros	953	1,412	4,276	974	2,598	9,260
Equity ratio, %	15.8%	20.2%	18.2%	16.3%	15.8%	15.8%
Gearing, %	98.2%	54.7%	92.4%	103.2%	74.6%	74.6%
Personnel at the end of period*	720	753	815	761	838	838
Basic earnings per share, euros	-0.01	0.00	-0.02	0.00	0.01	0.01
Diluted earnings per share, euros	-0.01	0.00	-0.02	0.00	0.01	0.01
Number of issued shares, 1,000 pcs	45,355	45,065	45,355	45,355	45,355	45,355
Number of treasury shares, 1,000 pcs	258	298	290	282	271	271
Weighted average number of shares outstanding, 1,000 pcs	45,096	44,747	45,047	45,073	45,083	45,083
Diluted weighted average number of shares outstanding, 1,000 pcs	45,354	45,189	45,473	45,439	45,342	45,342

*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 Group
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 Group
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 Group
ITEMS AFFECTING COMPARABILITY	Material items which are not part of normal operating activities such as expenses related to 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 Group
EQUITY RATIO, %	$\text{Total equity} / \text{Balance sheet total} - \text{advance payments received}$		Equity ratio measures Verkkokauppa.com Group'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 Group'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 Group 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 Group
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/ 2023	1-3/ 2022	1-12/ 2022
Operating profit	44	660	2,285
- costs related to comparable operating profit	1,339	216	1,235
Comparable operating profit	1,383	876	3,520

Items affecting comparability

EUR thousand	1-3/ 2022	1-3/ 2021	1-12/ 2022
Direct costs of acquiring businesses	-	-215	-817
Earn-out Additional purchase price	-139	-	-417
Restructuring reservation	-1,200	-	-
Costs related to comparable operating result total	-1,339	-215	-1,234