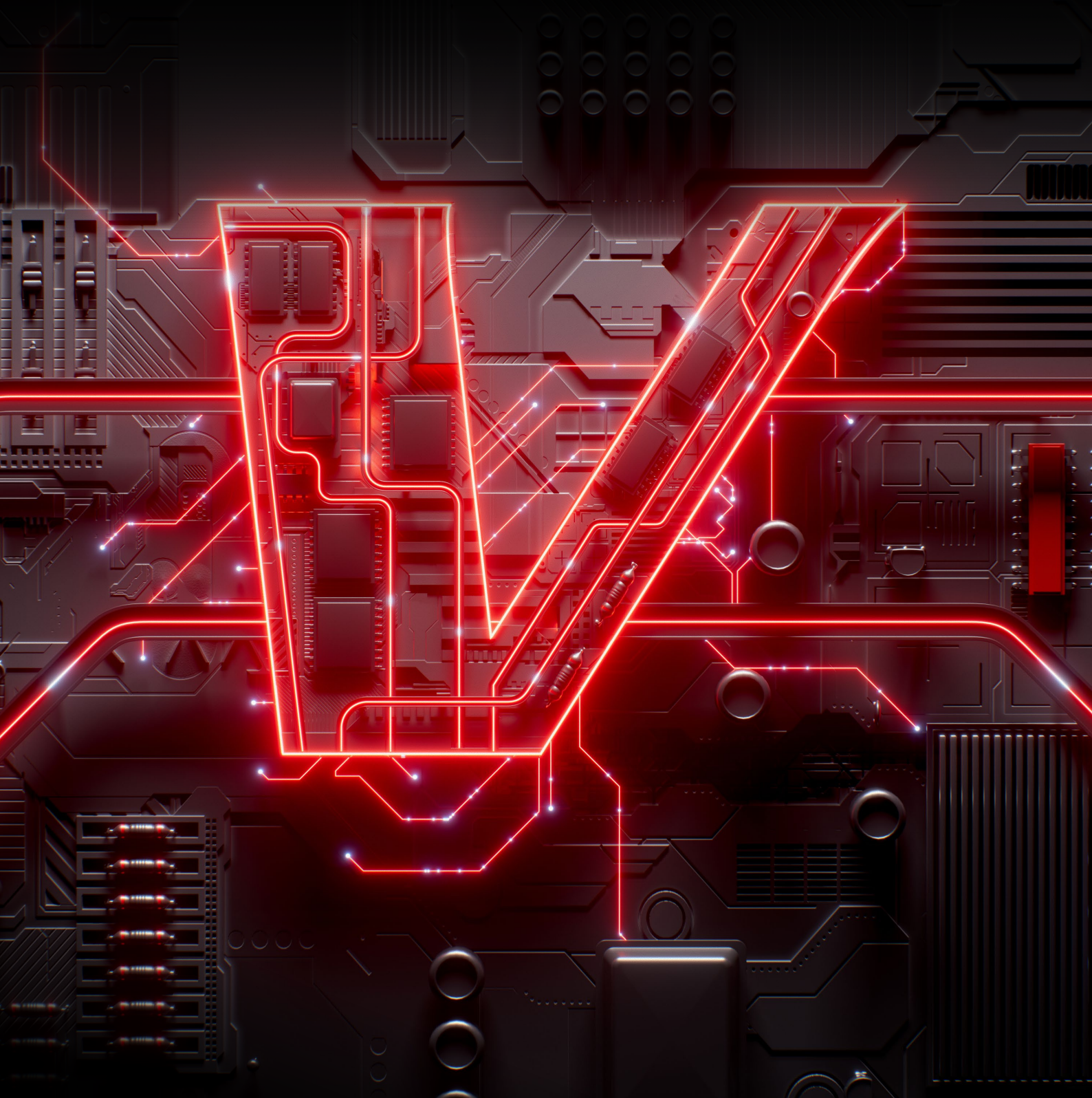


# VERKKOKAUPPA.COM OYJ INTERIM REPORT

January – September 2023



## INTERIM REPORT for 1 January – 30 September 2023

### Focus on cost-efficiency in a declining market

Verkkokauppa.com Oyj

Interim Report

26 October 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.

#### July – September 2023 in brief

- Revenue was EUR 117.4 million (137.8)
- Gross profit was EUR 18.7 million (20.1) or 15.9 % of the revenue (14.6 %).
- Operating profit (EBIT) was EUR 2.1 million (1.7) or 1.8 % of revenue (1.3 %)
- Comparable operating profit was EUR 2.2 million (2.1) or 1.9% of revenue (1.5 %)
- The comparability was impacted by EUR 0.1 million (0.4) cost related to the e-ville.com acquisition
- Net profit was EUR 1.1 million (0.7)
- Earnings per share were EUR 0.03 (0.01)
- Investments were EUR 0.4 million euros (1.0)
- Operating cash flow was EUR 3.0 million (2.6)

#### January – September 2023 in brief

- Revenue was EUR 352.2 million (388.2)
- Gross profit was EUR 57.8 million (58.7) or 16.4 % of the revenue (15.1 %).
- Operating profit (EBIT) was EUR 2.9 million (1.5) or 0.8 % of revenue (0.4 %)
- Comparable operating profit was EUR 4.6 million (2.8) or 1.3 % of revenue (0.7 %)
- The items impacting comparability include EUR 1.6 million related to restructuring and the additional purchase price of e-ville.com acquisition (EUR 1.3 million related to e-ville.com acquisition)
- Net profit was EUR 0.9 million (-0.2)
- Earnings per share were EUR 0.02 (0.00)
- Investments were EUR 1.8 million euros (6.7)
- Operating cash flow was EUR 2.5 million (-14.0)

KEY RATIOS	7-9/2023	7-9/2022	Change	1-9/2023	1-9/2022	Change	1-12/2022
<b>Eur million</b>							
Revenue	117.4	137.8	-14.7 %	352.2	388.2	-9.3 %	543.1
Gross profit	18.7	20.1	-1.4 MEUR	57.8	58.7	-0.9 MEUR	80.6
Gross margin, %	15.9%	14.6%	1.3 pp	16.4%	15.1%	1.3 pp	14.8%
EBITDA	3.7	3.2	0.5 MEUR	7.6	5.6	2.0 MEUR	7.8
EBITDA, %	3.1%	2.3%	0.8 pp	2.2%	1.4%	0.7 pp	1.4%
Operating result	2.1	1.7	0.4 MEUR	2.9	1.5	1.5 MEUR	2.3
Operating margin, %	1.8%	1.3%	0.5 pp	0.8%	0.4%	0.5 pp	0.4%
Comparable operating result	2.2	2.1	0.1 MEUR	4.6	2.8	1.8 MEUR	3.5
Comparable operating margin, %	1.9%	1.5%	0.4 pp	1.3%	0.7%	0.6 pp	0.6%
Net result	1.1	0.7	0.5 MEUR	0.9	-0.2	1.1 MEUR	0.3
Investments	0.4	1.0	-0.5 MEUR	1.8	6.7	-4.9 MEUR	9.3
Operating cash flow	3.0	2.6	0.4 MEUR	2.5	-14.0	16.5 MEUR	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 progressing as planned despite the difficult market situation. The streamlining of the assortment, campaign and price optimization and improved inventory management were reflected in improved profitability."*

Market conditions remained challenging in the third quarter. The consumer market did not see a recovery after the summer. The subdued economy also affected demand from corporate customers. High season after the summer started with strong price-driven competitive campaigning in the market.

The profit improvement program is progressing as planned despite the difficult market situation. Streamlining of the assortment, campaign and price optimization as well as improved inventory management were reflected in improved profitability. Sales of own, high-quality brands increased by 21 percent in the third quarter, which had a positive effect on the margin. Our cost efficiency has improved, and, despite elevated inflation, personnel and other operating expenses were 12 percent lower than in the comparison period. Demand declined in all customer segments and revenue declined by 14.7 percent to EUR 117.4 million in the third quarter. Comparable EBIT improved to EUR 2.2 million, in spite of declining volumes.

Verkkokauppa.com's circular economy trade-in service "Vaihtokauppa" was one of the awarded services in an external Responsible Digital Act competition. This is a great recognition of our pioneering role in the retail sector. "Vaihtokauppa" is the first fully digital trade-in service for used electronic products, which lowers the threshold for placing used phones and computers into circulation and at the same time extends the usable life cycle of the devices. In October, we launched the first pilot on the market for one-hour deliveries of large household appliances and other large products, such as barbecues or televisions, in the Helsinki metropolitan area. Express deliveries thus cover even 99 percent of Jätkäsaari store assortment.

As previously announced, strategy work is progressing and updating of the current strategy to better respond to the challenges of the strongly changed operating environment continues. We will publish strategy update and financial targets by the end of the year.

## FINANCIAL DEVELOPMENT

### REVENUE AND PROFITABILITY

EUR million	7-9/2023	7-9/2022	Change	1-9/2023	1-9/2022	Change	1-12/2022
Revenue	117.4	137.8	-14.7 %	352.2	388.2	-9.3 %	543.1
Operating profit	2.1	1.7	0.4 MEUR	2.9	1.5	1.5 MEUR	2.3
Operating margin, % of revenue	1.8%	1.3%	0.5 pp	0.8%	0.4%	0.5 pp	0.4%
- costs related to comparable operating result	0.1	0.4	-0.2 MEUR	1.6	1.3	0.3 MEUR	1.2
Comparable operating profit	2.2	2.1	0.1 MEUR	4.6	2.8	1.8 MEUR	3.5
Comparable operating margin, % of revenue	1.9%	1.5%	0.4 pp	1.3%	0.7%	0.6 pp	0.6%

### Share of sales, %

	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
<b>Customer segments</b>					
Consumer	72%	70%	69%	69%	69%
B2B	21%	21%	24%	24%	24%
Export	7%	9%	7%	7%	7%
<b>Sales channels</b>					
On-line	60%	58%	61%	61%	61%
Off-line	34%	33%	32%	32%	32%
<b>Product categories</b>					
Core categories (CE)	88%	86%	85%	85%	84%
Evolving categories	12%	14%	14%	15%	16%
Website visits, million	16.7	19.3	49.8	58.0	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.

### July–September 2023

In July–September 2023, Verkkokauppa.com's revenue declined by 14.7 percent year on year, totaling EUR 117.4 million (137.8). Sales declined due to lower demand in all customer segments. Consumer sales declined by 11.1 percent, and sales for corporate customers by 14.5 percent from the comparison period. Export business declined by 37.4 percent from an exceptionally strong comparison period. Consumer sales share of total sales was 72 percent (70%), and corporate sales share was 21 percent (21%).

Sales of core categories declined by 10.8 percent and their share of sales was 88 percent (86 %). Sales of mobile devices and home entertainment appliances fell from the comparison period. Sales of evolving categories declined by 26.2 percent. This was partly due to assortment optimization measures. Evolving product categories' share of Group sales was 12 percent (14%). Despite weaker demand than in the comparison period, gross margin improved in all main product categories. Sales of own-brand products were strong and increased by 20.8 percent.

Verkkokauppa.com's online sales fell by 11.8 percent. Online represented 60 percent of all sales (58 %). The sales in stores declined by 11.9 percent and accounted for 34 percent (33%) of the company's sales. Export sales share of Group sales was 7 percent (9%).

The revenue from customer financing services was EUR 1.8 million (1,1), including interest income, fees and commissions.

Personnel costs declined by 17.6 percent in July–September and amounted to EUR 7.5 million (9.1). The decline was mainly a result of the change negotiations carried out in the spring and the successful adaption of store and logistics personnel to quieter demand. Other operating expenses for the review period declined by 5.9 percent and amounted to EUR 7.6 million (8.0). Expenses were partly reduced as a result of profit improvement program measures which can be seen, for example, as declined external warehousing costs.

The company's operating profit (EBIT) in July–September improved by EUR 0.4 million and totaled EUR 2.1 million (1.7) and its share of revenue was 1.8 percent (1.3%). Comparable operating profit improved by EUR 0.1 million from the comparison period and was EUR 2.2 million (2.1). Comparability was impacted by EUR 0.1 million (0.4) related to e-ville.com acquisition. The result for the period was EUR 1.1 million (0.7).

Earnings per share in the third quarter were EUR 0.03 (0,01).

### **January–September 2023**

In January–September 2023, Verkkokauppa.com's revenue declined by 9.3 percent year on year, totaling EUR 352.2 million (388.2).

The revenue from customer financing services was EUR 4.9 million (3.5), including interest income, fees and commissions.

Personnel costs declined by 8.2 percent in January-September and amounted to EUR 26.7 million (29.0). Personnel costs include EUR 1.0 million in restructuring costs. Other operating expenses declined by 3.1 percent in the review period and amounted to EUR 23.8 million (24,6). The fixed costs increased by the general cost inflation, while the efficiency measures implemented in relation to the profit improvement program, declined the costs. Credit losses and related provisions increased due to the popularity of customer financing services. Credit loss provisions increased and amounted to EUR 1.0 million (0.6) at the end of September.

The company's operating profit (EBIT) in January–September improved by EUR 1.5 million and totaled EUR 2.9 million (1.5) and its share of revenue was 0.8 percent (0.4 %). Comparable operating profit improved by EUR 1.8 million from the comparison period and was EUR 4.6 million (2.8). Items impacting comparability in the reporting period were in total EUR 1.6 million, including a restructuring provision of EUR 1.2 million and the remaining related to e-ville.com's possible additional deferred purchase price. In the reference period, comparability was impacted by EUR 1.3 million euros related to e-ville.com acquisition. The result for the period of January-September was EUR 0.9 million (-0.2).

Earnings per share in January-September were EUR 0.02 (0,00).

### **FINANCE AND INVESTMENTS**

In the third quarter, the operating cash flow totaled EUR 2.5 million (-14.0). Operating cash flow before the change in working capital was EUR 7.9 million (6.2). Working capital was mainly impacted by the positive development of lower inventory levels and growth in customer financing accounts receivable.

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.

In July-September, investments totaled EUR 0.4 million euros (1.0). Investments were mainly aimed at the online renewal project and development of pricing optimization tool. During the third quarter, the company capitalized EUR 0.2 million (0,2) of wage costs in the balance sheet.

At the end of September 2023, Verkkokauppa.com group had a total of EUR 22.6 million (24.5) of loans from financial institutions. The company has revolving credit facilities totaling EUR 25 million, which have not been utilized and are valid until 2025.

## PERSONNEL

At the end of September 2023, the total number of employees was 640 (761). This includes both full and part-time employees.

## SUSTAINABILITY

Verkkokauppa.com invests in the personnel's job satisfaction and employee experience. We believe that a winning customer experience is created when employees experience feelings of appreciation and belonging. The company has a diversity working group that has developed short- and long-term plans to raise awareness of diversity-related issues. We draw up an annual work community development plan to promote equal treatment and fairness. Next year, we will develop the equality plan and reporting. We measure our success in diversity work, for example, through an employee survey. In our sustainability work, we will focus towards the end of the year on developing reporting in accordance with the requirements of Corporate Sustainability Reporting Directive (CSRD).

## SHARE TRADING AND SHARES

Verkkokauppa.com share (VERK) in Nasdaq Helsinki stock exchange in January-September 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
5,351,296	11.8	14,314,792	2.53	2.99	2.43	2.68

### Verkkokauppa.com Market Capitalization and Shareholders

	30 September 2023
Market capitalization (excl. own shares), EUR million	114.3
Number of shareholders (of which nominee shareholders)	21,183 (8)
Nominee registrations and direct foreign shareholders, %	10.75
Households, %	56.58
Financial and insurance corporations, %	14.13
Other Finnish investors, %	18.67

At the end of September, the company's largest shareholders were Samuli Seppälä (34.2%), Varma Mutual Pension Insurance Company (8.5%), Mandatum Life Insurance Company Limited (4.9%), Ilmarinen Mutual Pension Insurance Company (4.8%) and Nordea Small Cap Fund (3.1%).

On 30 September 2023, the share capital was EUR 100,000 and the total number of shares in the company was 45,354,532 including 159,209 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 0.35 percent of all shares. During January–September, the company transferred a total of 112,048 treasury shares as part of the remuneration of Board members and key employees.

### Share-related authorizations

On 30 September 2023, the Board 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>

## **LONG-TERM INCENTIVE PLANS**

Verkkokauppa.com had a 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 was made in May 2023.

On 11 May 2023, the Board of Verkkokauppa.com Oyj decided to establish a new share-based incentive plan (Performance Matching Share Plan 2023–2027) for the CEO and the members of the Management Team of the company. The Board will decide annually on the commencement and details of a performance period. The aim of the plan 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's shares, to retain the target group at the company, and to offer them a competitive incentive plan in which the participants may earn shares as a reward for performance and their personal investment.

For more detailed information on the share-based incentive plan, see Note 1.11.

## **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 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 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 the Shareholders' Nomination Board's proposals concerning Board and auditor selection and remuneration. Also, the Articles of Association were amended such that the general meeting may be held as a so-called remote meeting.

### **Board composition in 2023**

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

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.

## **CHANGE IN VERKKOKAUPPA.COM'S MANAGEMENT TEAM**

On 15 August 2023, Verkkokauppa.com announced that it concentrates its strategic and technological development into one function. The Company's Chief Technology Officer, Jyrki Tulokas, will, in addition to his CTO role, assume responsibility for strategic development and will continue as Chief Strategy & Technology Officer. Perttu Meldo, Verkkokauppa.com's Chief Strategy and Innovation Officer and member of the Management Team, decided to leave the company to join a new employer ending his employment on 18 August 2023.

On 7 September 2023, Verkkokauppa.com announced that HR Director and member of the management team Saara Tikkanen had decided to leave the company. Tikkanen will leave Verkkokauppa.com at the beginning of 2024 to join a new employer.

On 28 September 2023, Verkkokauppa.com appointed Tatu Kaleva (M.Sc. Econ.) as the company's Chief Commercial Officer and a member of the Management Team. Kaleva will replace Vesa Järveläinen, who will leave Verkkokauppa.com in October. Tatu started in his new position on 2 October 2023.

With the new appointments, Verkkokauppa.com's Management Team will consist of the following members as of 2 October 2023:

Panu Porkka, CEO  
Mikko Forsell, CFO  
Nina Anttila, Chief Supply Chain Officer  
Tatu Kaleva, Chief Commercial Officer  
Pekka Litmanen, Chief Experience Officer  
Saara Tikkanen, HR Director  
Jyrki Tulokas, Chief Strategy and Technology Officer  
Suvituuli Tuukkanen, Marketing and Communications Director

### **PROFIT IMPROVEMENT PROGRAM AND CHANGE NEGOTIATIONS**

On 16 January 2023, Verkkokauppa.com launched a profit improvement program to secure its profitability and initiated change negotiations. The annualized profit improvement goal is in total of approximately EUR 10 million, of which around EUR 5-8 million is expected to be realized in 2023.

On 9 March 2023, Verkkokauppa.com completed the change negotiations. 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 covered the entire personnel of Verkkokauppa.com. As a result of the negotiations, the workforce in Verkkokauppa.com was 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. The planned measures aim to achieve annual savings of EUR 6 million in personnel costs. Of the savings, EUR 3-4 million are expected to be realized in the second half of 2023 and in full in 2024. The planned restructuring is estimated to result in costs of approximately EUR 1.2 million.

### **COMPANY STRATEGY**

This year, Verkkokauppa.com has evaluated its current strategy in a strongly changed operating environment and has identified a need for updates. The company's management will continue to work on the strategy during the autumn and will publish strategy update and financial targets towards the end of the year.

### **COMPOSITION OF THE SHAREHOLDERS' NOMINATION BOARD**

At its organizational meeting on 27 June 2023, the following members of the Nomination Board were appointed: Samuli Seppälä, Founder of Verkkokauppa.com, representing himself; Erkka Kohonen (the Chair), Senior Portfolio Manager, appointed by Varma Mutual Pension Insurance Company; Jukka Järvelä, Head of Equities, Mandatum Asset Management, nominated by Mandatum Life Insurance Company Limited. Arja Talma participates as an expert member in the role of the Chairperson of the Board of Verkkokauppa.com Oyj.



## EVENTS AFTER THE REPORTING PERIOD

### Flagging Notifications

On 1 October 2023, Verkkokauppa.com Oyj received notifications in accordance with Chapter 9, Section 10 of the Finnish Securities Market Act according to which the legal entity exercising the ultimate control of the shares subject to the flagging obligation has changed from Sampo Plc to Mandatum Plc in connection with the partial demerger of Sampo Plc on 1 October 2023. Due to the partial demerger, Sampo Plc's holding in Verkkokauppa.com Oyj fell below 5% and Mandatum Plc's holding exceeded 5%.

### Verkkokauppa.com's upcoming financial reporting and Annual General Meeting in 2024

On 5 October 2023, Verkkokauppa.com Oyj announced its upcoming financial reports and financial statements publication dates. Financial statements bulleting for the year 2023 will be published on Thursday 8 February 2024, the Financial Statements for 2023 during the week starting on 26 February (week 9) in 2024, interim report for January – March 2024 on Thursday 25 April 2024, half-year financial report for January – June 2024 on Thursday 18 July 2024, interim report for January – September 2024 on Thursday 24 October 2024 and financial statements bulleting for the year 2024 on Thursday 6 February 2025. The annual general meeting is planned to be held on Thursday 4 April 2024.

## 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. As Verkkokauppa.com's own consumer financing service is attracting new customers, the risk of company's credit losses is foreseen to increase. 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 on its operations and financial performance. For example, the number of distributed denial-of-service attacks against companies has increased. Uncertainties related to intensified geopolitical conflicts, the crisis in Ukraine, and global macroeconomic factors such as inflation and the development of financial markets as well as changes in the employment situation can weaken purchasing power and investment ability of consumers and corporates towards the end of the year 2023 and further into the coming year. Slowed economic growth in Finland can also impact the company's operations and financial performance. At the moment, the visibility of economic development is limited.

## 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, 26 October 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, 26 October 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, 26 October 2023 at 11:00 a.m. (EEST). Questions can be sent beforehand or during the presentation via e-mail to [investors@verkkokauppa.com](mailto:investors@verkkokauppa.com).

Presentation materials for both events are available at <https://investors.verkkokauppa.com/en/presentations>. For both press conferences, the Livestream webcast is available at [www.verklive.com](http://www.verklive.com) or <https://investors.verkkokauppa.com..>

## COMPANY RELEASES AND EVENTS

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

- Financial statements bulleting for the year 2023 on Thursday 8 February 2024
- The Financial Statements for 2023 during the week starting on 26 February (week 9) in 2024
- Annual general meeting is planned to be held on Thursday 4 April 2024 at 2 p.m. EET as a virtual-only AGM
- Interim report for January – March 2024 on Thursday 25 April 2024
- Half-year financial report for January – June 2024 on Thursday 18 July 2024
- Interim report for January – September 2024 on Thursday 24 October 2024
- Financial statements bulletin for the year 2024 on Thursday 6 February 2025.

### More information:

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**Verkkokauppa.com** (Nasdaq Helsinki: VERK) is Finland's leading online store, offering a wide range of products from home technology to leisure as well as business needs. Operating since 1992, the company is one of the oldest online retailers in the world, combining its online store and brick-and-mortar stores for an omnichannel customer experience. Verkkokauppa.com's four megastores are located in Oulu, Pirkkala, Raisio and Jätkäsaari, Helsinki. To provide a superior customer experience, the company delivers products as fast as an hour to your door around the clock, utilizing automation and robotics. Verkkokauppa.com employs around 700 people. The company is listed on the Nasdaq Helsinki stock exchange, and it has more than 21,000 shareholders.

## VERKKOKAUPPA.COM OYJ INTERIM FINANCIAL INFORMATION 1 Jan – 30 Sept 2023

## Group consolidated statement of comprehensive income

EUR thousand	Note	7-9/ 2023	7-9/ 2022	1-9/ 2023	1-9/ 2022	1-12/ 2022
<b>Revenue</b>	<b>1.3</b>	<b>117,447</b>	<b>137,764</b>	<b>352,248</b>	<b>388,200</b>	<b>543,117</b>
Other operating income		44	215	351	572	908
Materials and services		-98,739	-117,669	-294,463	-329,479	-462,522
Employee benefit expenses		-7,523	-9,126	-26,742	-29,117	-40,233
Depreciation and amortization		-1,594	-1,426	-4,668	-4,137	-5,552
Other operating expenses		-7,558	-8,033	-23,794	-24,559	-33,434
<b>Operating profit</b>		<b>2,076</b>	<b>1,725</b>	<b>2,933</b>	<b>1,481</b>	<b>2,285</b>
Finance income		106	4	120	6	16
Finance costs		-668	-370	-1,703	-1,269	-1,686
<b>Profit before income taxes</b>		<b>1,515</b>	<b>1,359</b>	<b>1,349</b>	<b>218</b>	<b>615</b>
Income taxes		-383	-697	-454	-415	-291
<b>Profit for the period</b>		<b>1,132</b>	<b>662</b>	<b>895</b>	<b>-197</b>	<b>324</b>
<b>Profit for the period attributable to</b>						
Equity holders of the company		1,132	662	895	-197	324
<b>Earnings per share calculated from the profit attributable to equity holders</b>						
Earnings per share, basic (EUR)		0.03	0.01	-0.01	0.00	0.01
Earnings per share, diluted (EUR)		0.03	0.01	0.02	0.00	0.01

**Other comprehensive income**

EUR thousand	7-9/ 2023	7-9/ 2022	1-9/ 2023	1-9/ 2022	1-12/ 2022
<b>Profit for the period</b>	<b>1,132</b>	<b>662</b>	<b>895</b>	<b>-197</b>	<b>324</b>
<b>Items that may be reclassified to profit or loss</b>					
Translation differences	69	118	69	142	30
<b>Items that will not be reclassified to profit or loss</b>					
Realized changes in fair values of equity investments	-	-	-	72	72
Taxes	-	-	-	-14	-14
<b>Other comprehensive income after taxes, total</b>				<b>58</b>	<b>58</b>
<b>Comprehensive income for the period</b>	<b>1,201</b>	<b>779</b>	<b>964</b>	<b>2</b>	<b>412</b>
<b>Comprehensive income for the period</b>					
Equity holders of the company	1,201	779	964	2	412

**Consolidated Statement of financial position**

EUR thousand	Note	30 Sep 2023	31 Dec 2022
<b>Non-current assets</b>			
Intangible assets		5,155	3,831
Goodwill		2,846	2,846
Property, plant and equipment		6,102	6,752
Right-of-use assets	1.5	11,007	12,866
Deferred tax assets		1,380	1,380
Trade receivables	1.6/1.7	7,002	5,615
Other non-current receivables		396	397
<b>Non-current assets, total</b>		<b>33,888</b>	<b>33,687</b>
<b>Current assets</b>			
Inventories		72,005	74,767
Trade receivables	1.6/1.7	33,510	28,833
Loans receivable			427
Other receivables		3,516	2,691
Income tax receivables		456	898
Accrued income		6,369	9,679
Cash and cash equivalents	1.7	16,292	21,210
<b>Current assets, total</b>		<b>132,149</b>	<b>138,506</b>
<b>Total assets</b>		<b>166,037</b>	<b>172,193</b>
<b>Equity</b>			
Share capital		100	100
Treasury shares		-857	-1,410
Invested unrestricted equity fund		27,568	27,472
Translation differences		54	26
Retained earnings		-402	-42
Profit for the period		895	324
<b>Total equity</b>		<b>27,359</b>	<b>26,470</b>
<b>Non-current liabilities</b>			
Lease liabilities	1.7	9,544	12,334
Liabilities to credit institutions		19,500	23,750
Deferred tax liabilities		82	106
Provisions		1,040	745
<b>Non-current liabilities, total</b>		<b>30,196</b>	<b>36,965</b>
<b>Current liabilities</b>			
Lease liabilities	1.7	4,983	4,477
Liabilities to credit institutions		2,555	394
Advance payments received		3,809	4,963

Trade payables	1.7	71,981	66,834
Other current liabilities		7,656	11,634
Accrued liabilities		17,499	20,457
<b>Current liabilities, total</b>		<b>108,482</b>	<b>108,758</b>
<b>Total liabilities</b>		<b>138,678</b>	<b>145,724</b>
<b>Total equity and liabilities</b>		<b>166,037</b>	<b>172,193</b>

### Group consolidated cash flow statement

EUR thousand	1-9/ 2023	1-12/ 2022
<b>Cash flow from operating activities</b>		
Profit before income taxes	1,349	615
Depreciation and impairment	4,668	5,552
Finance income and costs	1,584	1,670
Other adjustments	251	704
Cash flow before change in working capital	7,852	8,541
Change in working capital		
Increase(-) / decrease(+) in non-current non-interest-bearing trade receivables	-1,387	-1,761
Increase (-) / decrease (+) in trade and other receivables	-2,192	-2,274
Increase (-) / decrease (+) in inventories	2,762	14,086
Increase (+) / decrease (-) in current liabilities	-3,278	-12,445
Cash flow before financial items and taxes	3,756	6,148
Interest paid	-622	-615
Interest received	120	16
Interest of lease liabilities	-702	-1,071
Income tax paid	-37	-2,967
<b>Cash flow from operating activities</b>	<b>2,515</b>	<b>1,511</b>
<b>Cash flow from investing activities</b>		
Acquisition of subsidiaries	427	-4,571
Purchases of property, plant and equipment	-281	-2,773
Purchases of intangible assets	-1,898	-2,254
Proceeds from equity investments		339
<b>Cash flow from investing activities</b>	<b>-1,752</b>	<b>-9,260</b>
<b>Cash flow from financing activities</b>		
Decrease (-) in lease liabilities	-3,588	-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	-2,089	-5,531
<b>Cash flow from financing activities</b>	<b>-5,677</b>	<b>7,946</b>
<b>Increase (+) / decrease (-) in cash and cash equivalents</b>	<b>-4,914</b>	<b>198</b>
Cash and cash equivalents at beginning of reporting period	21,210	20,917
Translation differences	-4	
Cash and cash equivalents at end of reporting period	16,292	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
<b>Equity 1 Jan 2023</b>	<b>100</b>	<b>-1,410</b>	<b>27,472</b>		<b>308</b>	<b>26,470</b>
Profit for the period	-	-	-	-	895	895
Transaction differences	-	-	-	-	69	69
<b>Comprehensive income for the period, total</b>	-	-	-	-	964	964
Disposal of treasury shares -Board fees	-	166	96	-	-166	96
Share-based incentives	-	387	-	-	-557	-171
<b>Transactions with owners, total</b>	-	<b>553</b>	<b>96</b>		<b>-724</b>	<b>-75</b>
<b>Equity 30 Sep 2023</b>	<b>100</b>	<b>-857</b>	<b>27,568</b>		<b>548</b>	<b>27,359</b>

EUR thousand	A	B	C	D	E	F
<b>Equity 1 Jan 2022</b>	<b>100</b>	<b>-1,611</b>	<b>25,938</b>		<b>11,255</b>	<b>35,683</b>
Profit for the period	-	-	-	-	324	324
Transaction differences	-	-	-	-	30	30
Changes in fair values of equity investments	-	-	-	-	58	58
<b>Comprehensive income for the period, total</b>	-	-	-	-	413	413
Dividend distribution	-	-	-	-	-11,068	-11,068
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
<b>Transactions with owners, total</b>	-	<b>200</b>	<b>1,534</b>		<b>-11,360</b>	<b>-9,626</b>
<b>Equity 31 Dec 2022</b>	<b>100</b>	<b>-1,410</b>	<b>27,472</b>		<b>308</b>	<b>26,470</b>

## 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– September 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 70,000 products in 24 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

	7-9/ 2023	7-9/ 2022	1-9/ 2023	1-9/ 2022	1-12/ 2022
EUR thousand					
At a point in time	116,568	136,368	349,291	385,638	537,544
Over time	878	1,397	2,957	2,563	5,573
<b>Revenue, total</b>	<b>117,447</b>	<b>137,764</b>	<b>352,248</b>	<b>388,200</b>	<b>543,117</b>

##### Revenue by external customer location

	7-9/ 2023	1-3/ 2023	1-9/ 2023	1-9/ 2022	1-12/ 2022
EUR thousand					
Finland	112,806	125,071	329,445	360,847	502,991
Rest of the world	4,641	12,693	22,803	27,354	40,126
<b>Revenue by external customer location</b>	<b>117,447</b>	<b>137,764</b>	<b>352,248</b>	<b>388,200</b>	<b>543,117</b>

##### Income recognized from customer financing

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

The table 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.

	7-9/ 2023	7-9/ 2022	1-9/ 2023	1-9/ 2022	1-12/ 2022
EUR thousand					
Interest income recognized using effective interest rate method	1,180	747	3,034	2,323	3,088
Other income from company-financed customer financing	667	378	1,842	1,167	1,613
<b>Income from company-financed Apuraha, total</b>	<b>1,849</b>	<b>1,125</b>	<b>4,876</b>	<b>3,490</b>	<b>4,701</b>

### 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	30 Sep 2023	31 Dec 2022
Carrying amount 1.1.	12,866	15,776
Increases		130
Increase/decrease due to remeasurement	1,303	814
Disposals		-43
Depreciation	-3,162	-3,812
<b>Carrying amount at the end of period</b>	<b>11,007</b>	<b>12,866</b>

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

### 1.6 Trade receivables

EUR thousand	30 Sep 2023		30 Sep 2022		31 Dec 2022	
	Trade receivables	Loss allowance	Trade receivables	Loss allowance	Trade receivables	Loss allowance
Not due	35,291	423	24,941	201	29,984	259
Past due 1-60 days	6,081	408	4,221	235	4,942	323
Past due 61-120 days	116	76	123	9	211	114
Past due over 121 days	121	189	136	129	155	147
<b>Total</b>	<b>41,608</b>	<b>1,096</b>	<b>29,421</b>	<b>574</b>	<b>35,291</b>	<b>843</b>

### 1.7 Financial assets and liabilities by measurement category

30 Sep 2023	Recognized at fair value through other comprehensive income			At amortized cost	Lease liabilities	Carrying amount
EUR thousand						
<b>Non-current financial assets</b>						
Equity investments (level 3)				-	-	
Trade receivables and other financial receivables				-	7,398	7,398
<b>Non-current financial assets, total</b>					<b>7,398</b>	<b>7,398</b>
<b>Current financial assets</b>						
Trade receivables				-	33,510	33,510
Loans receivable						
Cash and cash equivalents				-	16,292	16,292
<b>Current financial assets, total</b>					<b>49,803</b>	<b>49,803</b>
<b>Financial assets by measurement category, total</b>						
				<b>57,201</b>	-	<b>57,201</b>
<b>Non-current financial liabilities</b>						
Lease liabilities (level 2)				-	-	9,544
Liabilities to credit institutions					19,500	19,500
<b>Non-current financial liabilities, total</b>					<b>19,500</b>	<b>29,044</b>
<b>Current financial liabilities</b>						
Lease liabilities (level 2)				-	-	4,983
Liabilities to credit institutions					2,555	2,555

Trade payables	-	71,981	-	71,981
<b>Current financial liabilities, total</b>	-	<b>74,535</b>	<b>4,983</b>	<b>79,518</b>
<b>Financial liabilities by measurement category, total</b>	-	<b>94,035</b>	<b>14,527</b>	<b>108,562</b>

31 Dec 2022				
EUR thousand	Recognized at fair value through other comprehensive income	At amortized cost	Lease liabilities	Carrying amount
<b>Non-current financial assets</b>				
Equity investments (level 3)	0	-	-	0
Trade receivables and other financial receivables	-	6,012	-	6,012
<b>Non-current financial assets, total</b>	<b>0</b>	<b>6,012</b>	-	<b>6,012</b>
<b>Current financial assets</b>				
Trade receivables	-	427	-	427
Cash and cash equivalents	-	21,210	-	21,210
<b>Current financial assets, total</b>	-	<b>50,470</b>	-	<b>50,470</b>
<b>Financial liabilities by measurement category, total</b>	<b>0</b>	<b>56,482</b>	<b>0</b>	<b>56,482</b>
<b>Non-current financial liabilities</b>				
Lease liabilities (level 2)	-	-	12,334	12,334
Loans from financial institutions	-	23,750	-	23,750
<b>Non-current financial liabilities, total</b>	-	23,750	12,334	36,084
<b>Current financial liabilities</b>				
Lease liabilities (level 2)	-	-	4,477	4,477
Trade payables	-	394	-	394
Loans from financial institutions	-	66,834	-	66,834
<b>Current financial liabilities, total</b>	-	67,228	-	<b>71,705</b>
<b>Financial liabilities by measurement category, total</b>	<b>0</b>	<b>90,978</b>	<b>16,812</b>	<b>107,789</b>

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
<b>Total dividends, EUR thousand</b>		<b>11 068</b>

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 1<sup>st</sup> 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 percent 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 (in 2022)	3,250
Directed issue shares (in 2022)	1,403
Adjustments (closed in 2023)	-677
<b>Total</b>	<b>3,976</b>

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 recognized 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
<b>Total assets</b>	<b>2,740.0</b>
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
<b>Total liabilities</b>	<b>2,131.3</b>

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

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 30 September 2023, management estimated the additional purchase price to amount to EUR 1.5 million of which EUR 0.3 (0.4) 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
		30.6.2023	30.6.2023	
<b>Parent company</b>				
Verkkokauppa.com Oyj	Finland			Retail
<b>Subsidiaries</b>				
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 34.23% of all shares and votes in Verkkokauppa.com on 30 September 2023.

EUR thousand	30 Sep 2023	31 Dec 2022
Sales of goods and services		
To key management personnel and their related parties	18	72
Purchases of goods and services		
From key management personnel and their related parties	7	-

EUR thousand	30 Sep 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	4	-

### 1.11 Long-term incentive plans

The Board of Directors of Verkkokauppa.com Oyj resolved on 11th of May to establish a new share-based incentive plan for the CEO and the members of the Management Team of the company. The aim of the new plan 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's shares, to retain the target group at the company, and to offer them a competitive incentive plan in which the participants may earn shares as a reward for performance and their personal investment.

The new Performance Matching Share Plan 2023–2027 includes three performance periods, covering financial years 2023–2025, 2024–2026 and 2025–2027. The Board will decide annually on the commencement and details of a performance period. The performance criterion in the first performance period 2023–2025 is the Total Shareholder Return of the company's share (TSR). The achievement of the required TSR levels will determine the proportion out of the maximum reward that will be paid to a participant. The prerequisite for participation in the plan and receiving the reward is that the person allocates freely transferable Verkkokauppa.com Oyj shares held by him or her to the plan or acquires the company's shares in a number determined by the Board of Directors.

The rewards from the plan will be paid partly in the company's shares and partly in cash. The rewards will be paid by the end of May in the year following the end of the performance period. The cash proportion is intended for covering taxes and tax-related costs arising from the reward to the participant. In general, no reward will be paid if a participant's employment or service in the group ends before the reward payment. The CEO is obligated to hold 50 per cent of the reward shares until the CEO's total personal shareholding in the company corresponds to the CEO's annual salary.

The target group of the plan consists of nine persons (the CEO and all members of the Management Team). The gross rewards from the first performance period 2023–2025 correspond to the value of an approximate maximum total of 229,000 Verkkokauppa.com Oyj shares, including the proportion to be paid in cash.

Previous Verkkokauppa.com's share-based incentive plan, the Performance Matching Share Plan 2020–2022, ended on 31 December 2022 and the payments were realized as during Q2.

### 1.12 Guarantees and commitments

EUR thousand	30 Sep 2023	31 Dec 2022
<b>Collateral given for own commitments</b>		
Guarantees	1,909	1,909
<b>Other commitments and contingent liabilities</b>	34	34

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

### Flagging Notifications

On 1 October 2023, Verkkokauppa.com Oyj received notifications in accordance with Chapter 9, Section 10 of the Finnish Securities Market Act according to which the legal entity exercising the ultimate control of the shares subject to the flagging obligation has changed from Sampo Plc to Mandatum Plc in connection with the partial demerger of Sampo Plc on 1 October 2023. Due to the partial demerger, Sampo Plc's holding in Verkkokauppa.com Oyj fell below 5% and Mandatum Plc's holding exceeded 5%.

### Verkkokauppa.com's upcoming financial reporting and Annual General Meeting in 2024

On 5 October 2023, Verkkokauppa.com Oyj announced its upcoming financial reports and financial statements publication dates. Financial statements bulleting for the year 2023 will be published on 8 February 2024, the Financial Statements for 2023 during the week starting on 26 February (week 9) in 2024, interim report for January – March 2024 on 25 April 2024, half-year financial report for January – June 2024 on 18 July 2024, interim report for January – September 2024 on 24 October 2024 and financial statements bulleting for the year 2024 on 6 February 2025. The annual general meeting is planned to be held on 4 April 2024.

## ADDITIONAL INFORMATION

### Quarterly income statement

EUR thousand	7-9/ 2023	4-6/ 2023	1-3/ 2023	10-12/ 2022	7-9/ 2022	1-6/ 2022	1-3/ 2022
<b>Revenue</b>	<b>117,447</b>	<b>112,842</b>	<b>121,96</b>	<b>154 917</b>	<b>137,764</b>	<b>125,681</b>	<b>124,755</b>
Other operating income	44	126	181	336	215	198	159
Materials and services	-98,739	-93,994	-101,729	-133 043	-117,669	-106,312	-105,497
Employee benefit expenses	-7,523	-8,327	-10,891	-11 116	-9,126	-9,996	-9,995
Depreciation and amortization	-1,594	-1,534	-1,54	-1 415	-1,426	-1,388	-1,323
Other operating expenses	-7,558	-8,299	-7,937	-8 875	-8,033	-9,087	-7,439
<b>Operating profit</b>	<b>2,076</b>	<b>813</b>	<b>44</b>	<b>804</b>	<b>1,725</b>	<b>-904</b>	<b>660</b>
Finance income	106	6	7	10	4		2
Finance costs	-668	-517	-519	-417	-370	-538	-361
<b>Profit before income taxes</b>	<b>1,515</b>	<b>302</b>	<b>-468</b>	<b>397</b>	<b>1,359</b>	<b>-1,442</b>	<b>301</b>
Income taxes	-383	-127	56	124	-697	386	-104
<b>Profit for the period</b>	<b>1,132</b>	<b>176</b>	<b>-412</b>	<b>521</b>	<b>662</b>	<b>-1,056</b>	<b>197</b>
<b>Profit for the period attributable to</b>							
Equity holders	1,132	176	-412	521	662	-1,056	197
<b>Earnings per share calculated from the profit attributable to equity holders</b>							
Earnings per share, basic (EUR)	0.03	0.00	-0.01	0,00	0.01	-0.02	0.00
Earnings per share, diluted (EUR)	0.03	0.00	-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	Q2	Q3	Q1-Q3 2023	Q1	Q2	Q3	Q4	
Revenue, eur million	122.0	112.8	117.4	352.2	124.8	125.7	137.8	154.9	543.1
Gross profit, eur million	20.2	18.8	18.7	57.8	19.3	19.4	20.1	21.9	80.6
Gross margin-%	16.6%	16.7%	15.9%	16.4%	15.4%	15.4%	14.6%	14.1%	14.8%
EBITDA, eur million	1.6	2.3	3.7	7.6	2.0	0.5	3.2	2.2	7.8
EBITDA-%	1.3%	2.1%	3.1%	2.2%	1.6%	0.4%	2.3%	1.4%	1.4%
Operating profit, eur million	0.04	0.8	2.1	2.9	0.7	-0.9	1.7	0.8	2.3
Operating profit-%	0.04%	0.7%	1.8%	0.8%	0.5%	-0.7%	1.3%	0.5%	0.4%
Comparable operating profit, eur million	1.4	1.0	2.2	4.6	0.9	-0.2	2.1	0.8	3.5
Comparable operating profit-%	1.1%	0.8%	1.9%	1.3%	0.7%	-0.2%	1.5%	0.5%	0.6%
Profit for the period, eur million	-0.4	0.2	1.1	0.9	0.2	-1.1	0.7	0.5	0.3
Interest-bearing net debt, eur million	25.6	22.8	20.3	20.3	18.2	28.6	29.8	19.7	19.7
Investments, eur million	1.0	0.3	0.4	1.8	1.4	4.3	1.0	2.6	9.3
Equity ratio, %	15.8%	16.5%	16.9%	16.9%	20.2%	18.2%	16.3%	15.8%	15.8%
Gearing, %	98.2%	87.2%	74.2%	74.2%	54.7%	92.4%	103.2%	74.6%	74.6%
Personnel at the end of period*	720	695	640	640	753	815	761	838	838
Basic earnings per share, euros	-0.01	0.00	0.03	0.02	0.00	-0.02	0.01	0.01	0.01
Diluted earnings per share, euros	-0.01	0.00	0.03	0.02	0.00	-0.02	0.01	0.01	0.01
Number of issued shares, 1,000 pcs	45,355	45,355	45,355	45,355	45,065	45,355	45,355	45,355	45,355
Number of treasury shares, 1,000 pcs	258	171	159	159	298	290	282	271	271
Weighted average number of shares outstanding, 1,000 pcs	45,096	45,183	45,195	45,195	44,747	45,047	45,073	45,083	45,083
Diluted weighted average number of shares outstanding, 1,000 pcs	45,354	45,252	45,264	45,264	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		
<b>GROSS PROFIT</b>	Revenue – materials and services		Gross profit shows the profitability of the sales
<b>GROSS MARGIN, %</b>	$(\text{Revenue} - \text{materials and services}) / \text{Revenue}$	x 100	Gross margin measures the profitability of the sales of Verkkokauppa.com Group
<b>EBITDA</b>	Operating profit + depreciation + amortization		EBITDA shows the operational profitability
<b>EBITDA, %</b>	$(\text{Operating profit} + \text{depreciation} + \text{amortization}) / \text{Revenue}$	x 100	EBITDA measures the operational profitability of Verkkokauppa.com Group
<b>OPERATING PROFIT</b>	Result for the period before income taxes and net finance income and costs		Operating profit shows result generated by operating activities
<b>OPERATING MARGIN, %</b>	$\text{Operating profit} / \text{Revenue}$	x 100	Operating margin measures operational efficiency of Verkkokauppa.com Group
<b>ITEMS AFFECTING COMPARABILITY</b>	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		
<b>COMPARABLE OPERATING PROFIT</b>	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
<b>COMPARABLE OPERATING PROFIT MARGIN %</b>	$\text{Comparable operating profit} / \text{revenue}$	x 100	Comparable operating margin measures comparable operational efficiency of Verkkokauppa.com Group
<b>EQUITY RATIO, %</b>	$\text{Total equity} / \text{Balance sheet total} - \text{advance payments received}$		Equity ratio measures Verkkokauppa.com Group's solvency, ability to bear losses and ability to meet commitments in the long run
<b>INTEREST-BEARING NET BEDT</b>	Interest-bearing debts (lease liabilities, loans from financial institutions) - cash and cash equivalents		Interest-bearing net debt measures Verkkokauppa.com Group's indebtedness

<b>GEARING, %</b>	Interest-bearing debts (lease liabilities, loans from financial institutions) – 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
<b>INVESTMENTS</b>	Increases in intangible assets, property, plant and equipment during the financial period		Investments provides additional information regarding operating cash flow demands
<b>NET INVESTMENT</b>	Investments in intangible and tangible assets - proceeds from the sale of fixed assets. Net investments do not include non-capitalized / work in progress		
<b>EARNINGS PER SHARE, BASIC</b>	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
<b>EARNINGS PER SHARE, DILUTED</b>	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	7-9/ 2023	7-9/ 2022	1-9/ 2023	1-9/ 2022	1-12/ 2022
Operating profit	2.1	1.7	2.9	1.5	2.3
- costs related to comparable operating result	0.1	0.4	1.6	1.3	1.2
<b>Comparable operating profit</b>	<b>2.2</b>	<b>2.1</b>	<b>4.6</b>	<b>2.8</b>	<b>3.5</b>

#### Items affecting comparability

EUR million	7-9/ 2023	7-9/ 2022	1-9/ 2023	1-9/ 2022	1-12/ 2022
Direct costs of acquiring businesses	0.0	0.0	0.0	0.6	0.8
Earn-out Additional purchase price	0.1	0.4	0.4	0.7	0.4
Restructuring reservation	0.0	-	1.2	-	-
<b>Costs related to comparable operating result total</b>	<b>0.1</b>	<b>0.4</b>	<b>1.6</b>	<b>1.3</b>	<b>1.2</b>