

VERKKOKAUPPA.COM OYJ FINANCIAL STATEMENTS REVIEW

January – December 2023



**FINANCIAL STATEMENTS REVIEW for 1 January – 31 December 2023****SOLID PERFORMANCE IN A HIGHLY PRICE-DRIVEN MARKET IN THE FOURTH QUARTER**

Verkkokauppa.com Oyj FINANCIAL STATEMENTS REVIEW 8 February 2024, 8:00 a.m. EET

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

October – December 2023 in brief

- Revenue was EUR 150.6 million (154.9)
- Gross profit was EUR 23.1 million (21.9) or 15.3 % of the revenue (14.1 %).
- Operating profit (EBIT) was EUR 1.8 million (0.8) or 1.2 % of revenue (0.5 %)
- Comparable operating profit was EUR 1.6 million (0.8) or 1.1% of revenue (0.5 %)
- Net profit was EUR 1.2 million (0.5)
- Earnings per share were EUR 0.03 (0.01)
- Investments were EUR 0.2 million (2.6)
- Operating cash flow was EUR 17.8 million (15.5)

January – December 2023 in brief

- Revenue was EUR 502.9 million (543.1)
- Gross profit was EUR 80.9 million (80.6) or 16.1 % of the revenue (14.8 %).
- Operating profit (EBIT) was EUR 4.7 million (2.3) or 0.9 % of revenue (0.4 %)
- Comparable operating profit was EUR 6.1 million (3.5) or 1.2 % of revenue (0.6 %)
- The items impacting comparability were in total EUR 1.4 million (EUR 1.2 million), including EUR 1.2 million in restructuring costs
- Net profit was EUR 2.1 million (0.3)
- Earnings per share were EUR 0.05 (0.01)
- Investments were EUR 1.9 million (9.3)
- Operating cash flow was EUR 20.3 million (1.5)
- Board of Directors' dividend proposal to the Annual General Meeting: To improve the company's equity ratio, the Board of Directors proposes to the Annual General Meeting 2024 that Verkkokauppa.com deviates from its dividend policy and that no dividend be paid for the financial year 2023.

| KEY RATIOS | | | | | | | |
|--------------------------------|------------|------------|-----------|-----------|-----------|-----------|--|
| EUR million | 10-12/2023 | 10-12/2022 | Change | 1-12/2023 | 1-12/2022 | Change | |
| Revenue | 150.6 | 154.9 | -2.8 % | 502.9 | 543.1 | -7.4 % | |
| Gross profit | 23.1 | 21.9 | 1.2 MEUR | 80.9 | 80.6 | 0.3 MEUR | |
| Gross margin, % | 15.3% | 14.1% | 1.2 pp | 16.1% | 14.8% | 1.2 pp | |
| EBITDA | 3.5 | 2.2 | 1.3 MEUR | 11.1 | 7.8 | 3.2 MEUR | |
| EBITDA, % | 2.3% | 1.4% | 0.9 pp | 2.2% | 1.4% | 0.8 pp | |
| Operating profit | 1.8 | 0.8 | 1.0 MEUR | 4.7 | 2.3 | 2.4 MEUR | |
| Operating margin, % | 1.2% | 0.5% | 0.7 pp | 0.9% | 0.4% | 0.5 pp | |
| Comparable operating profit | 1.6 | 0.8 | 0.8 MEUR | 6.1 | 3.5 | 2.6 MEUR | |
| Comparable operating margin, % | 1.1% | 0.5% | 0.5 pp | 1.2% | 0.6% | 0.6 pp | |
| Net result | 1.2 | 0.5 | 0.7 MEUR | 2.1 | 0.3 | 1.7 MEUR | |
| Investments | 0.2 | 2.6 | -2.4 MEUR | 1.9 | 9.3 | -7.3 MEUR | |
| Operating cash flow | 17.8 | 15.5 | 2.3 MEUR | 20.3 | 1.5 | 18.8 MEUR | |



FINANCIAL GUIDANCE FOR 2024

Verkkokauppa.com expects revenue for 2024 to remain at the level of 2023 (2023: EUR 502.9 million) and comparable operating profit (comparable EBIT) to increase from 2023 (2023: EUR 6.1 million).

CEO PANU PORKKA'S REVIEW



**"The profit improvement program achieved the targeted results and thus improved the profitability."
Panu Porkka, CEO,
Verkkokauppa.com**

In 2023, Verkkokauppa.com's operating environment was characterized by uncertainty about the curbing of inflation as well as the development of interest rates and energy prices which impacted the purchasing power of the consumers. Consumers' confidence in their own economy was weak throughout the year and private consumption fell clearly.

To ensure operational efficiency and improve competitiveness in a challenging market, the company launched a profit improvement program at the beginning of the year. The program focused on optimizing the assortment and improving the efficiency of inventory, supply flows and organizational structure. The profit improvement program achieved the targeted results and thus improved the profitability. We focused on lowering our cost base and inventory value to a healthy level, which led to significant improvement in cash flow. In 2023, comparable operating profit increased by EUR 2.6 million to EUR 6.1 million (EUR 3.5 million) and the company's revenue declined by 7.4 percent and totaled EUR 502.9 million (EUR 543.1 million).

In the last quarter of the year, the home electronics market declined by 5 percent compared to the same period last year. Verkkokauppa.com performed well in a declining market. Online sales picked up slightly from the previous year, and sales in core categories increased by 2 percent. Our private label sales were strong, growing by 29 percent in the fourth quarter. Intense price competition impacted gross margin, which was 15.3 percent for the quarter.

During the past year, several projects were carried out to provide a superior customer experience. The online store underwent the most significant renewal in the company's history. In the Helsinki metropolitan area of 600,000 inhabitants, deliveries of "60 minutes or less" were launched, and orders can now be picked up around the clock from the Helsinki store. In addition, we introduced a fully digital trade-in service, which lowers the threshold for recycling used phones and computers and enables a longer life cycle for the device.

In November, the company published an updated strategy to accelerate profitable, faster-than-market growth. Verkkokauppa.com's vision is to create a new normal for buying and owning. The cornerstones of the strategy are accelerating the online transition by making shopping fast, extremely convenient and affordable, new openings in terms of both assortment and new markets, and significant growth of the services business. In addition, the company will continue to increase automatization and develop its own operations and platform with the aim of improving profitability.



A big thank you for the past year goes to the personnel of Verkkokauppa.com. We have, with determination, improved our operations in a challenging demand situation. Today, our business is more profitable, and we are more competitive than previous year. The customer experience has improved during the year, as we are steadfast in our principle of always working on the customer's side and at their service. We believe in our community, transparency and professionalism, which means that every Verkkokauppa.com employee can serve customers every day with pride.

FINANCIAL DEVELOPMENT

REVENUE AND PROFITABILITY

| EUR million | 10-12/ 2023 | 10-12/ 2022 | Change | 1-12/ 2023 | 1-12/ 2022 | Change |
|---|----------------|----------------|-----------|---------------|---------------|----------|
| Revenue | 150.6 | 154.9 | -2.8 % | 502.9 | 543.1 | -7.4 % |
| Operating profit | 1.8 | 0.8 | 1.0 MEUR | 4.7 | 2.3 | 2.4 MEUR |
| Operating margin, % of revenue | 1.2% | 0.5% | 0.7 pp | 0.9% | 0.4% | 0.5 pp |
| - items related to comparability | -0.2 | 0.0 | -0.2 MEUR | 1.4 | 1.2 | 0.2 MEUR |
| Comparable operating profit | 1.6 | 0.8 | 0.8 MEUR | 6.1 | 3.5 | 2.6 MEUR |
| Comparable operating margin, % of revenue | 1.1% | 0.5% | 0.5 pp | 1.2% | 0.6% | 0.6 pp |

Share of sales, %

| | 10-12/2023 | 10-12/2022 | 1-12/2023 | 1-12/2022 |
|---------------------------|------------|------------|-----------|-----------|
| Customer segments | | | | |
| Consumer | 72% | 70% | 70% | 69% |
| B2B | 22% | 22% | 23% | 24% |
| Export | 6% | 8% | 7% | 7% |
| Sales channels | | | | |
| On-line | 63% | 61% | 62% | 61% |
| Off-line | 31% | 30% | 32% | 32% |
| Product categories | | | | |
| Core categories | 87% | 83% | 86% | 84% |
| Evolving categories | 13% | 17% | 14% | 16% |
| Website visits, million | 22.6 | 24.4 | 72.4 | 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 include sports, home and lightning, food and drink, toys, baby and family, BBQ and cooking, luggage and travel.



October–December 2023

In October–December 2023, Verkkokauppa.com's revenue declined by 2.8 percent year on year, totaling EUR 150.6 million (154.9). In a difficult market, sales for the consumer customer segment were on par with the previous year, while B2B sales declined by 2.9% and export sales declined by 30.1 percent. The consumer sales share of total sales was 72 percent (70%), and the B2B sales share was 22 percent (22%).

Sales of core categories increased by 1.5 percent and their share of sales was 87 percent (83 %). Sales of small domestic appliances were especially good during the quarter. Also, products in the IT- and gaming categories sold better than in the comparison period. Sales of evolving categories declined by 23.8 percent due to assortment optimization measures. Evolving product categories' share of Group sales was 13 percent (17%). Sales of private-label products were strong and increased by 28.7 percent.

Verkkokauppa.com's online sales were at the level of comparison period and represented 63 percent of all sales (61 %). The sales in stores declined by 2.6 percent and accounted for 31 percent (30%) of the company's sales. Export sales share of Group sales was 6 percent (8%).

The revenue from Verkkokauppa.com's self-financed customer financing services continued to grow, and totaled EUR 1.9 million (1.2), including interest income, fees, and commissions.

Personnel costs declined by 10.5 percent in October-December and amounted to EUR 9.9 million (11.1). The decline was mainly a result of the change negotiations carried out in the spring and the successful adaptation of store and logistics personnel to the current demand. Other operating expenses for the review period increased by 9.4 percent and amounted to EUR 9.7 million (8.9). Expenses were increased by credit losses on customer financing and related provisions, as well as higher marketing and external personnel costs in the campaign season.

The company's operating profit (EBIT) in October–December improved by EUR 1.0 million and totaled EUR 1.8 million (0.8). On the comparison period, EBIT was deteriorated by a write-down of EUR 1.6 million related to the inventory. EBIT share of revenue was 1.2 percent (0.5%). Comparable operating profit improved by EUR 0.8 million from the comparison period and was EUR 1.6 million (0.8). Comparability was impacted by EUR 0.2 million (-0.0) related to an earlier acquisition. The result for the period was EUR 1.2 million (0.5).

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

January–December 2023

In January–December 2023, Verkkokauppa.com's revenue declined by 7.4 percent year on year, totaling EUR 502.9 million (543.1).

The revenue from customer financing services was EUR 6.8 million (4.7), including interest income, fees, and commissions.

Personnel costs declined by 8.8 percent in January-December and amounted to EUR 36.7 million (40.2). Personnel costs include EUR 1.0 million in restructuring costs. Other operating expenses were at the level of the comparison period and amounted to EUR 33.5 million (33.4). During the year, e.g. external warehouse and marketing costs declined whereas credit losses and related provisions increased. At the end of December, credit loss provisions amounted to EUR 1.2 million (0.8).



The company's operating profit (EBIT) in January–December improved by EUR 2.4 million and totaled EUR 4.7 million (2.3) and its share of revenue was 0.9 percent (0.4 %). Profitability was positively impacted by the profit improvement program, which improved the efficiency of assortment, inventory, and pricing optimization. In the comparison period, profitability was weakened by an inventory write-down of EUR 1.6 million. Comparable operating profit improved by EUR 2.6 million from the comparison period and was EUR 6.1 million (3.5). Items impacting comparability in the reporting period includes a restructuring provision of EUR 1.2 million and EUR 0.2 million related to the acquisition. In 2022, comparability was impacted by EUR 1.2 million related to an acquisition. The result for the 2023 fiscal year was EUR 2.1 million (0.3).

Earnings per share in January-December were EUR 0.05 (0,01).

FINANCE AND INVESTMENTS

In 2023, the operating cash flow totaled EUR 20.3 million (1.5). Operating cash flow before the change in working capital was EUR 11.3 million (8.5). The company's net financial expenses were EUR 1.7 million (1.6).

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 January-December, investments totaled EUR 1.9 million (9.3). Investments were mainly aimed at the online renewal project and business analytics-related development. During the year, the company capitalized EUR 0.9 million (0.8) associated to wages and salaries.

At the end of December 2023, Verkkokauppa.com group had a total of EUR 21.3 million (24.1) 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 December 2023, the total number of employees was 677 (838). This includes both full and part-time employees.

In March 2023, change negotiations were completed in Verkkokauppa.com. To support the negotiations, the company offered both external training on living with change and internal training on change management. During the year, the company invested in the working atmosphere, and the job satisfaction rate of the personnel was measured four times. The continuous leadership index was also introduced as part of the atmosphere measurement. In 2023, a role structure was built for the equal management of the company's tasks and roles, aiming at fair pay and better career development.

SUSTAINABILITY

In 2023, Verkkokauppa.com advanced towards its targets in line with its sustainability program. The sustainability program is based on priorities and themes selected based on materiality. At the core of Verkkokauppa.com's sustainability work is selling products that customers need, while minimizing customer returns and wastage. Success is measured through the return rate of products, which was low, 0.7% (0.7).



In accordance with its sustainability program, Verkkokauppa.com supports its customers in making responsible choices and offers products and services that support the circular economy. The company launched the trade-in service – Vaihtokauppa - which promotes circular economy and allows customers to sell their used electronic devices back, receiving a credit corresponding to the value of the device to their customer account. The service operates entirely online, which lowers the threshold for recycling functioning used devices and promotes the extension of the lifetime of electronic devices. The company expanded its range of used products to new categories and more than a hundred items.

Personnel responsibility was implemented by investing, among other things, in supporting those made redundant in change negotiations, developing roles and pay grades, and diversity work.

Verkkokauppa.com reports on its sustainability work in accordance with the requirements of the EU Directive on the Disclosure of Non-Financial Information (NFRD) and the Finnish Accounting Act as part of the Report by the Board of Directors. In addition, the company will publish a separate sustainability report during spring 2024. The company actively monitors the evolving corporate responsibility legislation and prepares to report in accordance with the EU Corporate Sustainability Reporting Directive (CSRD) for the financial year 2024.

SHARE TRADING AND SHARES

Verkkokauppa.com share (VERK) in Nasdaq Helsinki stock exchange in January-December 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 |
|----------------------|---------------------------------|---|-----------|-----------|----------|--------------|
| 6,886,994 | 15.18 | 18,212,687 | 2.60 | 2.99 | 2.24 | 2.64 |

Verkkokauppa.com Market Capitalization and Shareholders

| | 31 December 2023 |
|--|------------------|
| Market capitalization (excl. own shares), EUR million | 117.5 |
| Number of shareholders (of which nominee shareholders) | 20,697 (8) |
| Nominee registrations and direct foreign shareholders, % | 10.82 |
| Households, % | 56.12 |
| Financial and insurance corporations, % | 14.18 |
| Other Finnish investors, % | 19.02 |

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

On 31 December 2023, the share capital was EUR 100,000 and the total number of shares in the company was 45,354,532 including 145,719 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 0.32 percent of all shares. During January–December, the company transferred a total of 125,538 treasury shares as part of the remuneration of Board members and key employees.



Share-related authorizations

At the end of 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>

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%.

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.

11 May 2023 The Board of Directors of Verkkokauppa.com decided on a new share-based incentive plan (Performance Marching Share Plan 2023–2027) for the CEO and the members of the Management Team. The plan has three performance periods covering the financial years 2023–2025, 2024–2026 and 2025–2027. The Board of Directors decides annually on the commencement of the performance period and its details. The performance criterion for the first performance period 2023–2025 is Total Share Return.

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.

No new shares will be issued in connection with the payment of the share rewards and therefore the resolution will not have a dilutive effect.

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 number 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 paid for the financial year 2022.

MANAGEMENT TEAM

On 14 December 2023, Verkkokauppa.com appointed Satu Berlin, DSc (Econ.), as Verkkokauppa.com's new Chief HR Officer and member of the Management Team. Berlin will start in her position on 1 March 2024.

At the end of 2023, with the new appointment, Verkkokauppa.com's Management Team will consist of the following members:

Panu Porkka, CEO

Nina Anttila, Chief Supply Chain Officer

Satu Berlin, CHRO (as of 1 March 2024)

Mikko Forsell, CFO

Tatu Kaleva, Chief Commercial Officer

Pekka Litmanen, Chief Experience Officer

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 was in total of EUR 10 million, of which around EUR 6 million was realized during 2023.

On 9 March 2023, Verkkokauppa.com completed the change negotiations. 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, all company officers, senior officers, and management were temporarily laid off, for a period of 14 days. Through the measures was achieved approximately EUR 4 million in savings in personnel costs in 2023. The planned restructuring resulted in EUR 1.2 million in costs.



COMPANY STRATEGY

In November, Verkkokauppa.com updated its strategy for accelerating profitable growth for the period 2024-2028 and its financial targets for the strategy period. Verkkokauppa.com continues as a forerunner in the market with the vision of creating the new normal for buying and owning. Optimized product flows, automated intralogistics and distribution network enable the fastest deliveries on the market. Verkkokauppa.com's constantly expanding express delivery service is pioneering even by international standards and is fast increasing its share of all deliveries. The cornerstones of the strategy are growing the current business faster than the market, expanding the assortment as new openings, private label products and new markets; significant growth of the services business; and stronger profitability by continuously developing own operations and platform. The company will efficiently take advantage of market recovery and the new, sustainable business models will support the strengthening of our market position.

Financial targets

In 2024-2028 strategy period, the company aims for faster than the market, annual revenue growth (CAGR) of over 5 percent, an annual operating profit margin of over 5 percent and to reduce fixed costs to less than 10 percent of revenue by the end of 2028. The target is to pay out 60-80 percent of annual net profit in quarterly growing dividends.

To improve the company's equity ratio, the Board of Directors proposes to the Annual General Meeting 2024 that no dividend be paid for the financial year 2023.

CORPORATE GOVERNANCE STATEMENT AND REMUNERATION REPORTS

Verkkokauppa.com publishes a separate corporate governance statement and remuneration report for 2023 in accordance with the recommendations of the Finnish Corporate Governance Code. The report also covers other key areas of governance. The documents will be available on Verkkokauppa.com's website separately from the Board of Directors' report no later than the week beginning 26 February 2024 (week 9).

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

On 18 January 2024, the Shareholders' Nomination Board announced its proposals to the Annual General Meeting planned for 4 April 2024. According to the proposal, the Board of Directors consists of seven members and the following persons be elected as members of the Board of Directors for a term expiring at the end of the Annual General Meeting 2025: The following are proposed to be re-elected: Robin Bade, Henrik Pankakoski, Kati Riikonen, Samuli Seppälä and Arja Talma, and the following are proposed as new members: Irmeli Rytönen and Enel Sintonen.



All candidates are independent of the company and its significant shareholders, except Samuli Seppälä. The personal data of the proposed new members of the Board of Directors are available on the company's investor website at https://investors.verkkokauppa.com/fi/hallinnointi/yhtiokokous_2024.

The proposed members of the Board of Directors have informed that if elected, they will elect Arja Talma as the Chairman of the Board of Directors.

The Nomination Board proposes that the remuneration of the Board of Directors remains unchanged.

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 B2B 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. The Finnish economy is in recession, and economic development will continue to be weak in 2024. The economy is expected to start recovering towards the end of 2024*. The development of the economy may affect the company's operational or financial performance. At the moment, the visibility of economic development is limited.

* Bank of Finland, The Economic forecast, 19 December 2023.

FINANCIAL GUIDANCE FOR 2024

Verkkokauppa.com expects revenue for 2024 to remain at the level of 2023 (2023: EUR 502.9 million) and comparable operating profit (comparable EBIT) to increase from 2023 (2023: EUR 6.1 million).

BOARD PROPOSAL FOR PROFIT DISTRIBUTION

The dividend distribution policy of Verkkokauppa.com states, that the company's target is to pay out 60-80 percent of annual net profit in quarterly growing dividends.

To improve the company's equity ratio, the Board of Directors will propose to the Annual General Meeting 2024 that no dividend be paid for the financial year 2023.



ANNUAL GENERAL MEETING 2024

Verkkokauppa.com Oyj's annual general meeting 2024 is planned to be held on Thursday 4 April 2024 at 2 p.m. EET as a virtual-only AGM. The Board of Directors will summon the meeting separately with the stock exchange release later.

Helsinki, Finland, 8 February 2024

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, 8 February 2024 at 10:00 a.m. (EET), 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, 8 February 2024 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 www.verklive.com or <https://livestream.com/verkkokauppacom/events/10750606>

COMPANY RELEASES AND EVENTS

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

- 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:

Panu Porkka, CEO, Verkkokauppa.com Oyj
panu.porkka@verkkokauppa.com

Mikko Forsell, CFO, Verkkokauppa.com Oyj
mikko.forsell@verkkokauppa.com
Tel. +358 50 434 2516

Marja Mäkinen, Head of Investor Relations and Corporate Communications, Verkkokauppa.com Oyj
marja.makinen@verkkokauppa.com
Tel. +358 40 671 2999



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 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 FINANCIAL STATEMENTS REVIEW 1 Jan – 31 December 2023
Group consolidated statement of comprehensive income

| EUR thousand | Note | 10-12/ 2023 | 10-12/ 2022 | 1-12/ 2023 | 1-12/ 2022 |
|---|------------|----------------|----------------|----------------|----------------|
| Revenue | 1.3 | 150,604 | 154,917 | 502,852 | 543,117 |
| Other operating income | | 69 | 336 | 420 | 908 |
| Materials and services | | -127,538 | -133,043 | -422,001 | -462,522 |
| Employee benefit expenses | | -9,948 | -11,116 | -36,690 | -40,233 |
| Depreciation and amortization | | -1,697 | -1,415 | -6,365 | -5,552 |
| Other operating expenses | | -9,707 | -8,875 | -33,500 | -33,434 |
| Operating profit | | 1,782 | 804 | 4,716 | 2,285 |
| Finance income | | 212 | 10 | 331 | 16 |
| Finance costs | | -570 | -417 | -2,273 | -1,686 |
| Profit before income taxes | | 1,424 | 397 | 2,774 | 615 |
| Income taxes | | -250 | 124 | -704 | -291 |
| Profit for the period | | 1,174 | 521 | 2,070 | 324 |
| Profit for the period attributable to | | | | | |
| Equity holders of the company | | 1,174 | 521 | 2,070 | 324 |
| Earnings per share calculated from the profit attributable to equity holders | | | | | |
| Earnings per share, basic (EUR) | | 0.03 | 0.01 | 0.05 | 0.01 |
| Earnings per share, diluted (EUR) | | 0.03 | 0.01 | 0.05 | 0.01 |

**Other comprehensive income**

| EUR thousand | 10-12/ 2023 | 1-12/ 2023 | 1-12/ 2022 | 1-12/ 2022 |
|--|----------------|---------------|---------------|---------------|
| Profit for the period | 1,174 | 2,070 | 324 | 324 |
| Items that may be reclassified to profit or loss | | | | |
| Translation differences | 27 | 27 | 30 | 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 | 1,202 | 2,097 | 412 | 412 |
| Comprehensive income for the period | | | | |
| Equity holders of the company | 1,202 | 2,097 | 412 | 412 |



Consolidated Statement of financial position

| EUR thousand | Note | 31 Dec 2023 | 31 Dec 2022 |
|---------------------------------------|---------|----------------|----------------|
| Non-current assets | | | |
| Intangible assets | | 4,950 | 3,831 |
| Goodwill | | 2,846 | 2,846 |
| Property, plant and equipment | | 5,811 | 6,752 |
| Right-of-use assets | 1.5 | 13,349 | 12,866 |
| Deferred tax assets | | 1,174 | 1,380 |
| Trade receivables | 1.6/1.7 | 7,824 | 5,615 |
| Other non-current receivables | | 396 | 397 |
| Non-current assets, total | | 36,349 | 33,687 |
| Current assets | | | |
| Inventories | | 62,721 | 74,767 |
| Trade receivables | 1.6/1.7 | 37,292 | 28,833 |
| Loans receivable | | | 427 |
| Other receivables | | 2,770 | 2,691 |
| Income tax receivables | | | 898 |
| Accrued income | | 8,256 | 9,679 |
| Cash and cash equivalents | 1.7 | 31,893 | 21,210 |
| Current assets, total | | 142,932 | 138,506 |
| Total assets | | 179,281 | 172,193 |
| Equity | | | |
| Share capital | | 100 | 100 |
| Treasury shares | | -786 | -1,410 |
| Invested unrestricted equity fund | | 27,599 | 27,472 |
| Translation differences | | 21 | 26 |
| Retained earnings | | -526 | -42 |
| Profit for the period | | 2,070 | 324 |
| Total equity | | 28,479 | 26,470 |
| Non-current liabilities | | | |
| Lease liabilities | 1.7 | 11,729 | 12,334 |
| Liabilities to credit institutions | | 18,750 | 23,750 |
| Deferred tax liabilities | | 74 | 106 |
| Provisions | | 1,008 | 745 |
| Non-current liabilities, total | | 31,560 | 36,965 |
| Current liabilities | | | |
| Lease liabilities | 1.7 | 4,974 | 4,477 |
| Liabilities to credit institutions | | 2,558 | 394 |
| Advance payments received | | 3,487 | 4,963 |



| | | | |
|-------------------------------------|-----|----------------|----------------|
| Trade payables | 1.7 | 78,962 | 66,834 |
| Other current liabilities | | 12,381 | 11,634 |
| Accrued liabilities | | 16,847 | 20,457 |
| Current liabilities, total | | 119,242 | 108,758 |
| Total liabilities | | 150,803 | 145,724 |
| Total equity and liabilities | | 179,281 | 172,193 |


Group consolidated cash flow statement

| EUR thousand | 1-12/ 2023 | 1-12/ 2022 |
|---|---------------|---------------|
| Cash flow from operating activities | | |
| Profit before income taxes | 2,774 | 615 |
| Depreciation and impairment | 6,365 | 5,552 |
| Finance income and costs | 1,942 | 1,670 |
| Other adjustments | 257 | 704 |
| Cash flow before change in working capital | 11,338 | 8,541 |
| Change in working capital | | |
| Increase(-) / decrease(+) in non-current non-interest-bearing trade receivables | -2,209 | -1,761 |
| Increase (-) / decrease (+) in trade and other receivables | -7,116 | -2,274 |
| Increase (-) / decrease (+) in inventories | 12,046 | 14,086 |
| Increase (+) / decrease (-) in current liabilities | 7,576 | -12,445 |
| Cash flow before financial items and taxes | 21,635 | 6,148 |
| Interest paid | -1,159 | -615 |
| Interest received | 331 | 16 |
| Interest of lease liabilities | -912 | -1,071 |
| Income tax paid | 402 | -2,967 |
| Cash flow from operating activities | 20,297 | 1,511 |
| Cash flow from investing activities | | |
| Acquisition of subsidiaries | 427 | -4,571 |
| Purchases of property, plant and equipment | -335 | -2,773 |
| Purchases of intangible assets | -2,041 | -2,254 |
| Proceeds from equity investments | | 339 |
| Cash flow from investing activities | -1,949 | -9,260 |
| Cash flow from financing activities | | |
| Decrease (-) in lease liabilities | -4,810 | -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 | -2,836 | -5,531 |
| Cash flow from financing activities | -7,646 | 7,946 |
| Increase (+) / decrease (-) in cash and cash equivalents | 10,702 | 198 |
| Cash and cash equivalents at beginning of reporting period | 21,210 | 20,917 |
| Translation differences | -20 | 96 |
| Cash and cash equivalents at end of reporting period | 31,893 | 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 | - | - | - | - | 2,070 | 2,070 |
| Transaction differences | - | - | - | - | 27 | 27 |
| Comprehensive income for the period, total | - | - | - | | 2,097 | 2,097 |
| Disposal of treasury shares -Board fees | - | 237 | 127 | - | -237 | 127 |
| Share-based incentives | - | 387 | - | - | -602 | -215 |
| Transactions with owners, total | - | 624 | 127 | - | -839 | -88 |
| Equity 31 Dec 2023 | 100 | -786 | 27,599 | - | 1,565 | 28,479 |

| 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 |
| 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 Financial Statements Review

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 Financial Statements Review for January– December 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 Financial Statements Review 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 Financial Statements Review.

The information presented in this Financial Statements Review 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 considerations, 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

| EUR thousand | 10-12/ 2023 | 10-12/ 2022 | 1-12/ 2023 | 1-12/ 2022 |
|-----------------------|----------------|----------------|----------------|----------------|
| At a point in time | 149,316 | 153,520 | 498,607 | 537,544 |
| Over time | 1,287 | 1,397 | 4,244 | 5,573 |
| Revenue, total | 150,604 | 154,917 | 502,852 | 543,117 |

Revenue by external customer location

| EUR thousand | 10-12/ 2023 | 10-12/ 2023 | 1-12/ 2023 | 1-12/ 2022 |
|--|----------------|----------------|----------------|----------------|
| Finland | 141,103 | 141,299 | 468,363 | 502,991 |
| EU | 8,843 | 8,360 | 29,657 | 25,288 |
| Rest of the world | 658 | 5,257 | 4,832 | 14,837 |
| Revenue by external customer location | 150,604 | 154,917 | 502,852 | 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 own financed customer financing and payment service divided into income recognized using the effective interest rate method and other income. Other income consists of other fees.



| EUR thousand | 10-12/ 2023 | 10-12/ 2022 | 1-12/ 2023 | 1-12/ 2022 |
|---|----------------|----------------|---------------|---------------|
| Interest income recognized using effective interest rate method | 1,209 | 765 | 4,244 | 3,088 |
| Other income from company-financed customer financing | 713 | 446 | 2,555 | 1,613 |
| Income from own financed customer financing | 1,922 | 1,211 | 6,799 | 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 Dec 2023 | 31 Dec 2022 |
|---|---------------|---------------|
| Carrying amount 1.1. | 12,866 | 15,776 |
| Increases | - | 130 |
| Increase/decrease due to remeasurement | 4,701 | 814 |
| Disposals | - | -43 |
| Depreciation | -4,218 | -3,812 |
| Carrying amount at the end of period | 13,349 | 12,866 |

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

1.6 Trade receivables

| EUR thousand | 31 Dec 2023 | | 31 Dec 2022 | |
|------------------------|-------------------|----------------|-------------------|----------------|
| | Trade receivables | Loss allowance | Trade receivables | Loss allowance |
| Not due | 38,383 | 467 | 29,984 | 259 |
| Past due 1-60 days | 7,721 | 586 | 4,942 | 323 |
| Past due 61-120 days | 111 | 56 | 211 | 114 |
| Past due over 121 days | 133 | 124 | 155 | 147 |
| Total | 46,348 | 1,232 | 35,291 | 843 |

**1.7 Financial assets and liabilities by measurement category**

| 31 Dec 2023 | Recognized at fair value through other comprehensive income | At amortized cost | Lease liabilities | Carrying amount |
|---|---|-------------------------|----------------------|--------------------|
| EUR thousand | | | | |
| Non-current financial assets | | | | |
| Trade receivables and other financial receivables | - | 8,220 | - | 8,220 |
| Non-current financial assets, total | | 8,220 | - | 8,220 |
| Current financial assets | | | | |
| Trade receivables | - | 37,292 | - | 37,292 |
| Cash and cash equivalents | - | 31,893 | - | 31,893 |
| Current financial assets, total | - | 69,185 | - | 69,185 |
| Financial assets by measurement category, total | | 77,404 | - | 77,404 |
| Non-current financial liabilities | | | | |
| Lease liabilities (level 2) | - | - | 11,729 | 11,729 |
| Liabilities to credit institutions | | 18,750 | - | 18,750 |
| Non-current financial liabilities, total | - | 18,750 | 11,729 | 30,479 |
| Current financial liabilities | | | | |
| Lease liabilities (level 2) | - | - | 4,974 | 4,974 |
| Liabilities to credit institutions | | 2,558 | - | 2,558 |
| Trade payables | - | 78,962 | - | 78,962 |
| Current financial liabilities, total | - | 81,520 | 4,974 | 86,494 |
| Financial liabilities by measurement category, total | - | 100,270 | 16,702 | 116,973 |



| 31 Dec 2022 | Recognized at fair value through other comprehensive income | At amortized cost | Lease liabilities | Carrying amount |
|---|---|-------------------|-------------------|-----------------|
| EUR thousand | | | | |
| Non-current financial assets | | | | |
| 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.

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 |



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 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 |
| 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 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 |
| 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 December 2023, management estimated the additional purchase price to amount to EUR 1.0 million of which EUR 0.2 (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 % 31.12.2023 | Share of votes % 31.12.2023 | Business |
|------------------------------------|-----------|-------------------------------------|--------------------------------|----------|
| 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 34.23% of all shares and votes in Verkkokauppa.com on 31 December 2023.

| EUR thousand | 31 Dec 2023 | 31 Dec 2022 |
|---|-------------|-------------|
| Sales of goods and services | | |
| To key management personnel and their related parties | 92 | 72 |
| Purchases of goods and services | | |
| From key management personnel and their related parties | 19 | - |

| EUR thousand | 31 Dec 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 | 5 | - |

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 | 31 Dec 2023 | 31 Dec 2022 |
|---|-------------|-------------|
| Collateral given for own commitments | | |
| Mortgages | 27 301 | 27 301 |
| Guarantees | 2 027 | 1 894 |
| Other commitments and contingent liabilities | 50 | 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 Financial Statements Review.

1.14 Subsequent events

18 January 2024, the Shareholders' Nomination Board announced its proposals to the Annual General Meeting planned for 4 April 2024. According to the proposal, the Board of Directors consists of seven members and that the following persons be elected as members of the Board of Directors for a term expiring at the end of the Annual General Meeting 2025: The following are proposed to be re-elected: Robin Bade, Henrik Pankakoski, Kati Riikonen, Samuli Seppälä and Arja Talma, and the following are proposed as new members: Irmeli Rytönen and Enel Sintonen.

All candidates are independent of the company and its significant shareholders, except Samuli Seppälä. The personal data of the proposed new members of the Board of Directors are available on the company's investor website at https://investors.verkkokauppa.com/fi/hallinnointi/yhtiokokous_2024.

The proposed members of the Board of Directors have informed that if elected, they will elect Arja Talma as the Chairman of the Board of Directors.

The Nomination Board proposes that the remuneration of the Board of Directors remains unchanged.

**ADDITIONAL INFORMATION****Quarterly income statement**

| EUR thousand | 10-12/ 2023 | 7-9/ 2023 | 4-6/ 2023 | 1-3/ 2023 | 10-12/ 2022 | 7-9/ 2022 | 1-6/ 2022 | 1-3/ 2022 |
|---|----------------|----------------|----------------|---------------|----------------|----------------|----------------|----------------|
| Revenue | 150,604 | 117,447 | 112,842 | 121,96 | 154 917 | 137,764 | 125,681 | 124,755 |
| Other operating income | 69 | 44 | 126 | 181 | 336 | 215 | 198 | 159 |
| Materials and services | -127,538 | -98,739 | -93,994 | -101,729 | -133 043 | -117,669 | -106,312 | -105,497 |
| Employee benefit expenses | -9,948 | -7,523 | -8,327 | -10,891 | -11 116 | -9,126 | -9,996 | -9,995 |
| Depreciation and amortization | -1,697 | -1,594 | -1,534 | -1,54 | -1 415 | -1,426 | -1,388 | -1,323 |
| Other operating expenses | -9,707 | -7,558 | -8,299 | -7,937 | -8 875 | -8,033 | -9,087 | -7,439 |
| Operating profit | 1,782 | 2,076 | 813 | 44 | 804 | 1,725 | -904 | 660 |
| Finance income | 212 | 106 | 6 | 7 | 10 | 4 | | 2 |
| Finance costs | -570 | -668 | -517 | -519 | -417 | -370 | -538 | -361 |
| Profit before income taxes | 1,424 | 1,515 | 302 | -468 | 397 | 1,359 | -1,442 | 301 |
| Income taxes | -250 | -383 | -127 | 56 | 124 | -697 | 386 | -104 |
| Profit for the period | 1,174 | 1,132 | 176 | -412 | 521 | 662 | -1,056 | 197 |
| Profit for the period attributable to | | | | | | | | |
| Equity holders | 1,174 | 1,132 | 176 | -412 | 521 | 662 | -1,056 | 197 |
| Earnings per share calculated from the profit attributable to equity holders | | | | | | | | |
| Earnings per share, basic (EUR) | 0.03 | 0.03 | 0.00 | -0.01 | 0,00 | 0.01 | -0.02 | 0.00 |
| Earnings per share, diluted (EUR) | 0.03 | 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 | Q2 | Q3 | Q4 | Q1-Q4 2023 | Q1 | Q2 | Q3 | Q4 | Q1-Q4 2022 |
| Revenue, eur million | 122.0 | 112.8 | 117.4 | 150.6 | 502.9 | 124.8 | 125.7 | 137.8 | 154.9 | 543.1 |
| Gross profit, eur million | 20.2 | 18.8 | 18.7 | 23.1 | 80.9 | 19.3 | 19.4 | 20.1 | 21.9 | 80.6 |
| Gross margin-% | 16.6% | 16.7% | 15.9% | 15.3% | 16.1% | 15.4% | 15.4% | 14.6% | 14.1% | 14.8% |
| EBITDA, eur million | 1.6 | 2.3 | 3.7 | 3.5 | 11.1 | 2.0 | 0.5 | 3.2 | 2.2 | 7.8 |
| EBITDA-% | 1.3% | 2.1% | 3.1% | 2.3% | 2.2% | 1.6% | 0.4% | 2.3% | 1.4% | 1.4% |
| Operating profit, eur million | 0.04 | 0.8 | 2.1 | 1.8 | 4.7 | 0.7 | -0.9 | 1.7 | 0.8 | 2.3 |
| Operating profit-% | 0.04% | 0.7% | 1.8% | 1.2% | 0.9% | 0.5% | -0.7% | 1.3% | 0.5% | 0.4% |
| Comparable operating profit, eur million | 1.4 | 1.0 | 2.2 | 1.6 | 6.1 | 0.9 | -0.2 | 2.1 | 0.8 | 3.5 |
| Comparable operating profit-% | 1.1% | 0.8% | 1.9% | 1.1% | 1.2% | 0.7% | -0.2% | 1.5% | 0.5% | 0.6% |
| Profit for the period, eur million | -0.4 | 0.2 | 1.1 | 1.2 | 2.1 | 0.2 | -1.1 | 0.7 | 0.5 | 0.3 |
| Interest-bearing net debt, eur million | 25.6 | 22.8 | 20.3 | 6.1 | 6.1 | 18.2 | 28.6 | 29.8 | 19.7 | 19.7 |
| Investments, eur million | 1.0 | 0.3 | 0.4 | 0.2 | 1.9 | 1.4 | 4.3 | 1.0 | 2.6 | 9.3 |
| Equity ratio, % | 15.8% | 16.5% | 16.9% | 16.2% | 16.2% | 20.2% | 18.2% | 16.3% | 15.8% | 15.8% |
| Gearing, % | 98.2% | 87.2% | 74.2% | 21.5% | 21.5% | 54.7% | 92.4% | 103.2% | 74.6% | 74.6% |
| Personnel at the end of period* | 720 | 695 | 640 | 677 | 677 | 753 | 815 | 761 | 838 | 838 |
| Basic earnings per share, euros | -0.01 | 0.00 | 0.03 | 0.03 | 0.05 | 0.00 | -0.02 | 0.01 | 0.01 | 0.01 |
| Diluted earnings per share, euros | -0.01 | 0.00 | 0.03 | 0.03 | 0.05 | 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 | 45,355 | 45,065 | 45,355 | 45,355 | 45,355 | 45,355 |
| Number of treasury shares, 1,000 pcs | 258 | 171 | 159 | 146 | 146 | 298 | 290 | 282 | 271 | 271 |
| Weighted average number of shares outstanding, 1,000 pcs | 45,096 | 45,183 | 45,195 | 45,209 | 45,209 | 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 | 45,277 | 45,277 | 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 | Interest-bearing debts (lease liabilities, loans from financial institutions) - cash and cash equivalents | | Interest-bearing net debt measures Verkkokauppa.com Group's indebtedness |



| | | | |
|------------------------------------|---|-------|---|
| GEARING, % | 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 |
| 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 | 10-12/ 2023 | 10-12/ 2022 | 1-12/ 2023 | 1-12/ 2022 |
|--|----------------|----------------|---------------|---------------|
| Operating profit | 1.8 | 0.8 | 4.7 | 2.3 |
| - costs related to comparable operating result | -0.2 | 0.0 | 1.4 | 1.2 |
| Comparable operating profit | 1.6 | 0.8 | 6.1 | 3.5 |

Items affecting comparability

| EUR million | 10-12/ 2023 | 7-9/ 2022 | 1-12/ 2023 | 1-12/ 2022 |
|---|----------------|--------------|---------------|---------------|
| Direct costs of acquiring businesses | 0.0 | 0.2 | 0.0 | 0.8 |
| Earn-out Additional purchase price | -0.2 | -0.3 | 0.2 | 0.4 |
| Restructuring reservation | 0.0 | - | 1.2 | - |
| Costs related to comparable operating result total | -0.2 | 0.0 | 1.4 | 1.2 |