

VERKKOKAUPPA.COM OYJ HALF-YEAR REPORT

January – June 2024



**HALF-YEAR REPORT for 1 January – 30 June 2024****Low demand and intense price competition weakened Verkkokauppa.com's profitability**

Verkkokauppa.com Oyj HALF-YEAR REPORT 18 July 2024, 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.

April – June 2024 in brief

- Revenue was EUR 105.5 million (112.8)
- Gross profit was EUR 17.3 million (18.8) or 16.4 percent of the revenue (16.7%).
- Operating result (EBIT) was EUR -2.0 million (0.8) or -1.9 percent of revenue (0.7%)
- Comparable operating result (comparable EBIT) was EUR -1.7 million (1.0) or -1.6 percent of revenue (0.8%)
- Items affecting comparability were EUR -0.3 million (-0.1)
- Net result was EUR -2.1 million (0.2)
- Earnings per share were EUR -0.05 (0.00)
- Investments were EUR 0.6 million (0.3)
- Operating cash flow was EUR 2.2 million (3.2)

January – June 2024 in brief

- Revenue was EUR 213.5 million (234.8)
- Gross profit was EUR 35.9 million (39.1) or 16.8 percent of the revenue (16.6%).
- Operating result (EBIT) was EUR -2.4 million (0.9) or -1.1 percent of revenue (0.4%)
- Comparable operating result (comparable EBIT) was EUR -1.2 million (2.3) or -0.6 percent of revenue (1.0%)
- Items affecting comparability were EUR -1.2 million, mainly relating to a provision made based on the decision from the Office of the Data Protection Ombudsman on an administration fine. In the comparison period, items affecting comparability were EUR -1.5 million, related to restructuring and additional purchasing price for an acquisition.
- Net result was EUR -3.1 million (-0.2)
- Earnings per share were EUR -0.07 (-0.01)
- Investments were EUR 0.9 million (1.3)
- Operating cash flow was EUR -10.8 million (-0.4)

KEY RATIOS	4-6/2024	4-6/2023	Change	1-6/2024	1-6/2023	Change	1-12/2023
Eur million							
Revenue	105.5	112.8	-6.5 %	213.5	234.8	-9.1 %	502.9
Gross profit	17.3	18.8	-1.6 MEUR	35.9	39.1	-3.1 MEUR	80.9
Gross margin, %	16.4%	16.7%	-0.3 pp	16.8%	16.6%	0.2 pp	16.1%
EBITDA	-0.2	2.3	-2.6 MEUR	1.1	3.9	-2.9 MEUR	11.1
EBITDA, %	-0.2%	2.1%	-2.3 pp	0.5%	1.7%	-1.2 pp	2.2%
Operating result	-2.0	0.8	-2.8 MEUR	-2.4	0.9	-3.3 MEUR	4.7
Operating margin, %	-1.9%	0.7%	-2.6 pp	-1.1%	0.4%	-1.5 pp	0.9%
Comparable operating result	-1.7	1.0	-2.7 MEUR	-1.2	2.3	-3.5 MEUR	6.1
Comparable operating margin, %	-1.6%	0.8%	-2.5 pp	-0.6%	1.0%	-1.6 pp	1.2%
Net result	-2.1	0.2	-2.3 MEUR	-3.1	-0.2	-2.8 MEUR	2.1
Investments	0.6	0.3	0.3 MEUR	0.9	1.3	-0.4 MEUR	1.9
Operating cash flow	2.2	3.2	-1.0 MEUR	-10.8	-0.4	-10.4 MEUR	20.3



FINANCIAL GUIDANCE FOR 2024 – updated on 16 July 2024

Verkkokauppa.com expects its revenue and comparable operating result (comparable EBIT) for 2024 to be lower than in 2023 (2023: revenue was EUR 502.9 million and comp. operating result EUR 6.1 million) unless there is a positive market turn in the second half of the year.

The guidance includes uncertainties related to changes in purchasing power and consumer behavior. Verkkokauppa.com's business is partly seasonal, and the company's revenue and operating profit depend largely on the sales in the last quarter.

CEO PANU PORKKA'S REVIEW



"In June, we reached a significant milestone as we extended one-hour deliveries to be available in the areas of our all stores, for more than 1.7 million customers."

***Panu Porkka, CEO,
Verkkokauppa.com***

The operating environment remained challenging in the second quarter. Consumer confidence was low, and consumers postponed their purchasing decisions for discretionary products such as home electronics. Due to subdued demand, market development was also driven by very price-driven campaigning.

Verkkokauppa.com's second-quarter revenue was EUR 105.5 million (112.8) and declined by 6 percent year-on-year. Sales development was weak; seasonal sales started slowly and were weaker than expected. Despite low demand, the company's strategic growth drivers – online sales and own-brand sales, fared better than average.

Low sales volumes, on the one hand, and intense price competition and campaign-oriented seasonal sales, on the other, weakened the company's results. In the low-demand market, we made the pricing decisions necessary to ensure seasonal products and inventory turnover. The gross margin for the quarter was 16.4 percent (16.7%). In addition, cost inflation eroded the positive impact of the efficiency measures taken, and the company's comparable operating result (EBIT) was EUR -1.7 million (EUR 1.0 million) and -1.6 percent of revenue (0.8%).

We continued determinedly to execute our strategy and strengthen our market position to accelerate the online transition. In June, we reached a significant milestone as we extended one-hour deliveries to be available in the areas of our all stores, for more than 1.7 million customers. The share of fast deliveries continues to grow, and already more than a quarter of all online orders are delivered within an hour.

In a challenging operating environment, we focus also on short-term measures to improve operational efficiency and adjust costs to the prevailing demand situation. At the same time, we are promoting the progress of strategic growth projects to grow our current business and strengthen our position as a forerunner in e-commerce. The recovery of the economy and the market has been slower than expected, and we have updated our financial guidance for 2024.



FINANCIAL DEVELOPMENT

REVENUE AND PROFITABILITY

EUR million	4–6/	4–6/	Change	1–6/	1–6/	Change	1–12/
	2024	2023		2024	2023		2023
Revenue	105.5	112.8	-6.5 %	213.5	234.8	-9.1 %	502.9
Operating profit	-2.0	0.8	-2.8 MEUR	-2.4	0.9	-3.3 MEUR	4.7
Operating margin, % of revenue	-1.9%	0.7%	-2.6 pp	-1.1%	0.4%	-1.5 pp	0.9%
Items affecting comparability	0.3	0.1	0.1 MEUR	1.2	1.5	-0.3 MEUR	1.4
Comparable operating profit	-1.7	1.0	-2.7 MEUR	-1.2	2.3	-3.5 MEUR	6.1
Comparable operating margin, % of revenue	-1.6%	0.8%	-2.5 pp	-0.6%	1.0%	-1.6 pp	1.2%

Sales distribution

Sales, EUR million	4–6/2024	4–6/2023	Change, %	1–6 2024	1–6 2023	Change, %	1–12/2023
Customer segments							
Consumers	70.1	75.3	-7 %	140.9	154.3	-9 %	344.1
B2B (inc. wholesale)	32.2	33.9	-5 %	66.1	74.1	-11 %	146.7
Sales channels							
Online	67.4	69.9	-4%	136.6	145.7	-6%	316.8
Offline	34.9	39.4	-11%	70.4	82.7	-15%	173.9
Product categories							
Core categories*	89.4	93.2	-4%	183.9	198.3	-7%	428.6
Other product categories	12.9	16.1	-20%	23.2	30.2	-23%	62.1
Own brands**	8.3	7.4	12%	14.3	13.0	10%	28.5
Website visits, million	16.6	16.9	-2%	34.1	36.4	-7%	79.8

*Core categories include five main categories: IT, Entertainment, mobile devices, SDA, and MDA.

** Own brands are included in Core and other product categories accordingly.

APRIL–JUNE 2024

Revenue totaled EUR 105.5 million (112.8) and declined by 6% year-on-year. Demand in the second quarter was subdued due to weak consumer confidence and constrained purchasing power. Season sales got off to a slow start and were quieter than expected.

Sales in the consumer segment declined by 7 percent year-on-year and its share accounted for 69 percent (69%) of product sales. Sales to corporate customers (B2B) was down by 5 percent year-on-year and accounted for 32 percent (31%) of product sales.

Sales in core categories declined by 4 percent and accounted for 87 percent (85%) of product sales. Product categories that sold better than in the comparison period included large household appliances, watches and IT. Own brand product sales grew by 12 percent and accounted for 8 percent (7%) of product sales. In the own-brand products, there was increased demand in categories like sports, household appliances and IT.



Verkkokauppa.com's online sales declined slightly from the comparison period and was EUR 67.4 million (69.9) and 66 percent of product sales (64%). Consumers' store visits declined and offline sales in the quarter declined by -11 percent and accounted for 34 percent (36%) of product sales.

The revenue from Verkkokauppa.com's customer financing services increased and totaled EUR 1.9 million (1.6), including interest income, fees and commissions.

Gross margin was 16.4 percent (16.7%). The gross margin was impacted by low demand, intense price competition, increased logistics costs and measures related to accelerating inventory turnover.

In April–June, personnel expenses were EUR 9.3 million (8.3), with an increase of 12 percent. Growth was mainly due to salary increases following the collective agreements and strategic competence recruitments, as well as lower personnel costs due to temporary layoffs in the comparison period. Other operating expenses remained at the previous year's level and amounted to EUR 8.2 (8.3) million.

The company's operating result (EBIT) in April–June was EUR -2.0 million (0.8), down by EUR -2.8 million. The decline was mainly due to lower sales volume and higher fixed costs than in the comparison period. The operating result (EBIT) was -1.9 percent (0.7%) of revenue. The comparable operating result (comparable EBIT) was EUR -1.7 million (1.0), down by EUR -2.7 million from the comparison period. Items affecting comparability were EUR -0.3 million, related to the additional purchase price of an acquisition and legal services in connection to an administrative fine.

The net profit for the period was EUR -2.1 million (0.2).

Earnings per share in the second quarter were EUR -0.05 (0.00).

JANUARY–JUNE 2024

Verkkokauppa.com's revenue in January–June amounted to EUR 213.5 million (234.8) and declined by -9 percent year-on-year.

The revenue from Verkkokauppa.com's customer financing services increased to EUR 4.0 million (3.0), including both interest income and commissions. Credit loss provisions amounted to EUR 1.1 (1.1) million at the end of June.

In January–June, personnel expenses declined by -4.7 percent year-on-year and amounted to EUR 18.3 (19.2) million. Other operating expenses in the review period amounted to EUR 16.8 million (16.2).

The company's operating result (EBIT) in January–June was EUR -2.4 million (0.9), it declined by EUR -3.3 million. Operating result was -1.1 percent (0.4%) of revenue. Comparable EBIT was EUR -1.2 million (2.3), which declined by EUR 3.5 million from the comparison period. Items affecting comparability totaled EUR -1.2 million during the reporting period, mainly related to a matter regarding the administrative fine from the Office of the Data Protection Ombudsman. In January–June 2023, EUR -1.5 million impacted the comparability and was mainly related to change negotiations.

The net profit for the period was EUR -3.1 (-0.2) million.

Earnings per share for January–June were EUR -0.07 (0.03).



FINANCE AND INVESTMENTS

In January–June 2024, the operating cash flow totaled EUR -10.8 million (-0.4). Operating cash flow before the change in working capital was EUR 0.6 million (3.7). The company's net financial expenses were EUR -1.2 million (-0.9).

Investments in the first half was EUR 0.9 million (1.3). In the second quarter, the investments totaled EUR 0.6 million (0.3) and were mainly related to the operational development of logistics and the improvement of online customer experience. During the quarter, investments included capitalized wages and salaries in the amount of EUR 0.3 million (0.4).

The company renewed its financing arrangements and signed in June a EUR 20 million bank loan and a EUR 25 million revolving credit facility. New three-year contracts replace earlier arrangements. The principal of the bank loan is repaid every six months. The revolving credit facility was not utilized at the end of June.

PERSONNEL

At the end of June 2024, the total number of employees was 694 (695). This includes both full and part-time employees.

CORPORATE SUSTAINABILITY

The company actively monitors the evolving corporate sustainability legislation and has continued to prepare for reporting following the Sustainability Reporting Directive (CSRD) for the financial year 2024. The company has completed the double materiality analysis required by the directive. As a result of the analysis, Verkkokauppa.com identified seven essential themes to report: E1 climate change, E2 pollution, E5 circular economy and resource use, S1 own workforce, S2 value chain employees, S4 consumers and end users, and G1 business conduct. The company is currently revisiting its sustainability program in order to align it more effectively with the corporate strategy and to the results of the dual materiality analysis.

LONG-TERM INCENTIVE PLANS

Verkkokauppa.com has a 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 has on 13 February 2024 resolved on the commencement on the second matching period for years 2024–2026.

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 the company's Financial Statements and Remuneration report.

CHANGES IN THE MANAGEMENT TEAM

On 6 May 2024, Jesper Blomster was appointed as the new CFO of Verkkokauppa.com and a member of the Management Team.

CAPITAL MARKETS DAY

Verkkokauppa.com organized a Capital Markets Day for investors, analysts, and financial media in Helsinki on 30 May 2024. At the event, the company's management presented the cornerstones of the strategy for accelerating profitable growth and the journey towards the financial targets for the strategy period. It was also possible to follow the presentations via a live webcast. Recordings of the presentations and presentation materials are available on the company's investor website.



LEGAL DISPUTES AND POSSIBLE LEGAL PROCEEDINGS

On 15 March 2024, the Company announced that the Office of the Data Protection Ombudsman had imposed an administrative fine of EUR 856,000 on Verkkokauppa.com. The penalty is based on the Data Protection Ombudsman's interpretation, according to which Verkkokauppa.com would have neglected to define a retention period for the customer data of its online store customers by the EU's General Data Protection Regulation. Verkkokauppa.com considers the penalty to be unjustified. The decision of the Office of the Data Protection Ombudsman is not legally binding. Verkkokauppa.com has appealed the decision to the Administrative Court, and the matter is still being processed.

The company has recognized a provision for the penalty which is reported as an item affecting comparability.

ANNUAL GENERAL MEETING 2024

The Annual General Meeting was held as a remote meeting in Helsinki on 4 April 2024. The Annual General Meeting adopted the Annual accounts for the financial year 2023 and decided not to pay dividend, discharged the members of the Board of Directors and the President and CEO from liability for the financial year 2023, approved the remuneration report for the company's governing bodies and authorized the Board of Directors to decide on the repurchase and issuance of the Verkkokauppa.com's own shares. In addition, the Annual General Meeting approved the proposals of the Shareholders' Nomination Board concerning the election and remuneration of the Board of Directors and the auditor. The firm of authorized public accountants PricewaterhouseCoopers Oy was elected as the company's auditor, and Mikko Nieminen, APA, acts as the auditor with principal responsibility. PricewaterhouseCoopers Oy will also act as the sustainability reporting assurance provider of the company.

Composition of the Board of Directors 2024

The Annual General Meeting confirmed the number of board members to be seven, and the following persons were re-elected: Robin Bade, Henrik Pankakoski, Kati Riikonen, Samuli Seppälä and Arja Talma (Chairperson). As new members of the Board of Directors were elected Irmeli Rytönen and Enel Sintonen.

The compositions of the Board committees were decided to be as follows: members of the Remuneration Committee are Arja Talma (Chairperson), Robin Bade and Henrik Pankakoski. Members of the Audit Committee are Enel Sintonen (Chairperson), Arja Talma (Vice Chairperson), Kati Riikonen and Irmeli Rytönen.

On 4 April 2024, Verkkokauppa.com published a stock exchange release on the decisions of the Annual General Meeting and the constitutive meeting of the Board of Directors, the release is available on the company's website.

Dividend

The Annual General Meeting resolved that the company deviates from its dividend distribution policy to improve its equity ratio and that no dividend be distributed from the profit of the 2023 financial year.

FLAGGING NOTIFICATIONS

On 3 May 2024, Verkkokauppa.com received a notification following Chapter 9, Section 5 of the Finnish Securities Markets Act, according to which Samuli Seppälä's holding in Verkkokauppa.com Oyj's shares and votes has fallen below the 30 percent threshold on 3 May 2024. After the notification, Samuli Seppälä's shares accounted for 29.43 percent of the company's shares and votes, i.e. a total of 13,347,000 Verkkokauppa.com shares.



EVENTS AFTER THE REPORTING PERIOD

On 16 July 2024, Verkkokauppa.com lowered its financial guidance for 2024 and provided preliminary information on financial performance for the first half of the year. Verkkokauppa.com's market environment has remained challenging. The recovery of the economy and the market demand has been slower than expected, and due to low consumer confidence, customers have been postponing their purchasing decisions, especially in discretionary purchases. As a consequence, the company has updated its financial guidance for 2024. According to the new guidance, Verkkokauppa.com expects its revenue and comparable operating result (comparable EBIT) for 2024 to be lower than in 2023 (2023: revenue was EUR 502.9 million and comp. operating result EUR 6.1 million) unless there is a positive market turn in the second half of the year.

The guidance includes uncertainties related to changes in purchasing power and consumer behavior. Verkkokauppa.com's business is partly seasonal, and the company's revenue and operating profit depend largely on the sales in the last quarter.

According to previous financial guidance, the company expected revenue for 2024 to remain at the level of 2023 and comparable operating profit (comparable EBIT) to increase from 2023 (2023: EUR 6.1 million).

SHARE TRADING AND SHARES

Verkkokauppa.com shares (VERK) in Nasdaq Helsinki stock exchange in January–June 2024:

No. of shares traded	Share of no. of total shares, %	The total value of traded shares, EUR million	Last, EUR	High, EUR	Low, EUR	Average, EUR
4,254,640	9.38	9,989,070	2.20	2.71	2.16	2.35

Verkkokauppa.com Market Capitalization and Shareholders

	30 June 2024
Market capitalization (excl. own shares), EUR million	99.8
Number of shareholders (of which nominee shareholders)	19,642 (8)
Nominee registrations and direct foreign shareholders, %	11.12
Households, %	50.86
Financial and insurance corporations, %	16.46
Other Finnish investors, %	21.55

At the end of June 2024, the company's largest shareholders according to the shareholder register held by Euroclear Finland Ltd were Samuli Seppälä (29.4%), Varma Mutual Pension Insurance Company (9.6%), Ilmarinen Mutual Pension Insurance Company (4.8%), Mandatum Life Insurance Company Limited (4.7%), and Nordea Small Cap Fund (3.1%).

On 30 June 2024, the share capital was EUR 100,000 and the total number of shares in the company was 45,354,532 including 119,287 treasury shares held by the company. The treasury shares have no voting rights, and no dividend is paid to them. The treasury shares accounted for 0.26 percent of all shares. During January–June, the company transferred a total of 26,432 treasury shares as part of the remuneration of Board members and key employees.

Share-related authorizations

At the end of June 2024, 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. Authorizations were valid until the Annual General Meeting, however, no longer than until 30 June 2025.

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>



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 our assortment, 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 the purchasing power and investment ability of consumers and corporates. Uncertainties in the Finnish economy may lead to decisions, such as raising consumer taxes, which are weakening consumers' purchasing power. The company provides financing and flexible payment terms to its customers, which involves a risk of possible credit losses. The development of the economy may affect the company's operational or financial performance.

The assessment of the most significant business risks and uncertainties is presented in the Report of the Board of Directors 2023.

FINANCIAL GUIDANCE FOR 2024 – updated on 16 July 2024

Verkkokauppa.com expects its revenue and comparable operating result (comparable EBIT) for 2024 to be lower than in 2023 (2023: revenue was EUR 502.9 million and comp. operating result EUR 6.1 million) unless there is a positive market turn in the second half of the year.

The guidance includes uncertainties related to changes in purchasing power and consumer behavior. Verkkokauppa.com's business is partly seasonal, and the company's revenue and operating profit depend largely on the sales in the last quarter.

Helsinki, Finland, 18 July 2024

Verkkokauppa.com Oyj
Board of Directors

NEWS CONFERENCES

A press conference for analysts, investors and media will be held in Finnish over a Livestream webcast on Thursday, 18 July 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, 18 July 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>. For both press conferences, the Livestream webcast is available at www.verklive.com.



COMPANY RELEASES AND EVENTS

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

- 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

Jesper Blomster, CFO, Verkkokauppa.com Oyj
jesper.blomster@verkkokauppa.com
Tel. +358 40 570 3083

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

Verkkokauppa.com is an e-commerce pioneer that stands passionately on the customer's side. Verkkokauppa.com accelerates the transition of commerce to online with Finland's fastest deliveries and ultimate convenience. The company leads the way by offering one-hour deliveries to over 1.7 million customers, a winning assortment and probably always cheaper prices. Every day, the company strives to find more streamlined ways to surpass its customers' expectations and to create a new norm for buying and owning.

Verkkokauppa.com was founded in 1992 and has been online since day one. The company's revenue in 2023 was EUR 503 million and it employs around 700 people. Verkkokauppa.com is listed on the Nasdaq Helsinki stock exchange.


VERKKOKAUPPA.COM OYJ INTERIM FINANCIAL INFORMATION 1 Jan – 30 June 2024
Group consolidated statement of comprehensive income

EUR thousand	Note	4-6/ 2024	4-6/ 2023	1-6/ 2024	1-6/ 2023	1-12/ 2023
Revenue	1.3	105,515	112,842	213,493	234,802	502,852
Other operating income		70	126	264	307	420
Materials and services		-88,242	-93,994	-177,552	-195,724	422,001
Employee benefit expenses		-9,320	-8,327	-18,320	-19,219	-36,690
Depreciation and amortization		-1,752	-1,534	-3,481	-3,074	-6,365
Other operating expenses		-8,239	-8,299	-16,817	-16,236	-33,500
Operating profit		-1,968	813	-2,414	857	4,716
Finance income		69	6	197	13	331
Finance costs		-572	-517	-1,169	-1,035	-2,273
Profit before income taxes		-2,471	302	-3,386	-165	2,774
Income taxes		383	-127	334	-71	-704
Profit for the period		-2,088	176	-3,051	-237	2,070
Profit for the period attributable to						
Equity holders of the company		-2,088	176	-3,051	-237	2,070
Earnings per share calculated from the profit attributable to equity holders						
Earnings per share, basic (EUR)		-0.05	0.00	-0.07	-0.01	0.05
Earnings per share, diluted (EUR)		-0.05	0.00	-0.07	-0.01	0.05

**Other comprehensive income**

EUR thousand	4-6/ 2024	4-6/ 2023	1-6/ 2024	1-6/ 2023	1-12/ 2023
Profit for the period	-2,088	176	-3,051	-237	2,070
Items that may be reclassified to profit or loss					
Translation differences	11	39	34	17	27
Items that will not be reclassified to profit or loss					
Comprehensive income for the period	-2,077	215	-3,017	-219	2,097
Comprehensive income for the period					
Equity holders of the company	-2,077	215	-3,017	-219	2,097


Consolidated Statement of financial position

EUR thousand	Note	30 June 2024	31 Dec 2023
Non-current assets			
Intangible assets		4,838	4,950
Goodwill		2,846	2,846
Property, plant and equipment		5,585	5,811
Right-of-use assets	1.5	11,745	13,349
Deferred tax assets		986	1,174
Trade receivables	1.6/1.7	6,729	7,824
Other non-current receivables		393	396
Non-current assets, total		33,123	36,349
Current assets			
Inventories		70,536	62,721
Trade receivables	1.6/1.7	34,329	37,292
Other receivables		3,763	2,770
Income tax receivables		718	-
Accrued income		7,201	8,256
Cash and cash equivalents	1.7	16,271	31,893
Current assets, total		132,818	142,932
Total assets		165,941	172,193
Equity			
Share capital		100	100
Treasury shares		-645	-786
Invested unrestricted equity fund		26,896	27,599
Translation differences		49	21
Retained earnings		2,226	-526
Profit for the period		-3,051	2,070
Total equity		25,574	28,479
Non-current liabilities			
Lease liabilities	1.7	9,491	11,729
Deferred tax liabilities		58	74
Liabilities to credit institutions	1.8	18,000	18,750
Provisions		387	1,008
Non-current liabilities, total		27,936	31,560
Current liabilities			
Lease liabilities	1.7	5,247	4,974
Liabilities to credit institutions	1.8	2,000	2,558
Advance payments received		2,610	3,487



Trade payables	1.7	78,250	78,962
Other current liabilities		6,459	12,381
Accrued liabilities		17,864	16,847
Income tax liabilities		-	34
Current liabilities, total		112,430	119,242
Total liabilities		140,367	150,803
Total equity and liabilities		165,941	179,281


Group consolidated cash flow statement

EUR thousand	1-6/ 2024	1-6/ 2023	1-12/ 2023
Cash flow from operating activities			
Profit before income taxes	-3,386	-165	2,774
Depreciation and impairment	3,481	3,074	6,365
Finance income and costs	972	1,022	1,942
Other adjustments	-507	-242	257
Cash flow before change in working capital	560	3,689	11,338
Change in working capital			
Increase(-) / decrease(+) in non-current non-interest-bearing trade receivables	1,097	-1,020	-2,209
Increase (-) / decrease (+) in trade and other receivables	3,027	-96	-7,116
Increase (-) / decrease (+) in inventories	-7,815	4,795	12,046
Increase (+) / decrease (-) in current liabilities	-6,279	-6,901	7,576
Cash flow before financial items and taxes	-9,410	466	21,635
Interest paid	-960	-431	-1,159
Interest received	197	13	331
Interest in lease liabilities	-404	-482	-912
Income tax paid	-246	-13	402
Cash flow from operating activities	-10,823	-445	20,297
Cash flow from investing activities			
Acquisition of subsidiaries		427	427
Purchases of property, plant and equipment	-349	-170	-335
Purchases of intangible assets	-601	-1,559	-2,041
Cash flow from investing activities	-950	-1,303	-1,949
Cash flow from financing activities			
Decrease (-) in lease liabilities	-2,554	-2,379	-4,810
Proceeds from long-term loans	18,000	-	-
Payments to long-term loans	-17,500	-	-
Proceeds from short-term loans	2,000	-	-
Payments to short-term loans	-3,808	-1,544	-2,836
Cash flow from financing activities	-3,862	-3,923	-7,646
Increase (+) / decrease (-) in cash and cash equivalents	-15,635	-5,670	10,702
Cash and cash equivalents at the beginning of the reporting period	31,893	21,210	21,210
Translation differences	13	-15	-20
Cash and cash equivalents at the end of the reporting period	16,271	15,526	31,893



Group statement of changes in equity

- A Share capital
- B Treasury shares
- C Invested unrestricted equity fund
- D Translation differences
- E Retained earnings
- F Total equity

EUR thousand	A	B	C	D	E	F
Equity 1 Jan 2024	100	-786	27,599		1,565	28,479
Profit for the period	-	-	-	-	-3,051	-3,051
Transaction differences	-	-	-	-	34	34
Changes in fair values of equity investments	-	-	-			
Comprehensive income for the period, total	-	-			-3,017	-3,017
Transfers between items			-704			-704
Disposal of treasury shares -Board fees	-	141		-	-141	
Share-based incentives	-		-	-	817	817
Transactions with owners, total	-	141	-704		676	113
Equity 30 June 2024	100	-645	26,896		-776	25,574

EUR thousand	A	B	C	D	E	F
Equity 1 Jan 2023	100	-1,410	27,472		308	26,470
Profit for the period	-	-	-	-	-237	-237
Transaction differences	-	-	-	-	17	17
Comprehensive income for the period, total	-	-	-		-219	-219
Disposal of treasury shares -Board fees	-	101	63	-	-101	63
Share-based incentives	-	387	-	-	-553	-166
Transactions with owners, total	-	488	63		-654	-103
Equity 30 June 2023	100	-922	27,535		-566	26,148

EUR thousand	A	B	C	D	E	F
Equity 1 Jan 2023	100	-1,410	27,472	0	308	26,470
Profit for the period	-	-	-	-	2,070	2,070
Transaction differences	-	-	-	-	27	27
Comprehensive income for the period, total	-	-	-	0	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	0	-839	-88
Equity 31 Dec 2023	100	-786	27,599	0	1,565	28,479



Notes

1.1 Accounting principles applied in Half-year 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 Half-year Report for January– June 2024 has been prepared in line with IAS 34, 'Interim Financial Reporting' should be read in conjunction with Verkkokauppa.com Oyj's Financial Statements for 2023, published on 28 February 2024. Verkkokauppa.com Oyj has applied the same accounting principles in the preparation of this Half-year Report as in its Financial Statements for 2023.

Verkkokauppa.com Oyj has not adopted new accounting policies during 2024 that would have a material impact on this Half-year Report.

The information presented in this Half-year 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.

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 the 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 around 60,000 products in 24 different main product categories that the company sells to consumers through its own online store 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

	4 - 6/ 2024	4 - 6/ 2023	1 - 6/ 2024	1-6/ 2023	1-12/ 2023
EUR thousand					
At a point in time	104,419	111,164	211,573	232,723	498,607
Over time	1,097	1,677	1,919	2,079	4,244
Revenue, total	105,515	112,842	213,493	234,802	502,852

Revenue by external customer location

	4 - 6/ 2024	10-12/ 2023	1 - 6/ 2024	1-6/ 2023	1-12/ 2023
EUR thousand					
Finland	99,368	105,602	200,666	217,002	468,363
EU	5,947	6,751	12,207	13,309	29,657
Rest of the world	201	489	620	4,491	4,832
Revenue distribution by geography, total	105,515	112,842	213,493	234,802	502,852



Income recognized from customer financing

The company presents all income from customer financing as part of revenue.

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	4 – 6/ 2024	4 – 6/ 2023	1– 6/ 2024	1–6/ 2023	1–12/ 2023
Interest income recognized using effective interest rate method	1,208	991	2,510	1,854	4,244
Other income from company-financed customer financing	716	622	1,464	1,175	2,555
Income from company-financed Apuraha, total	1,924	1,614	3,974	3,029	6,799

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 Jun 2024	31 Dec 2023
Carrying amount 1.1.	13,349	12,866
Increase/decrease due to remeasurement	590	4,701
Depreciation	-2,193	-4,218
Carrying amount at the end of the period	11,745	13,349

The remeasurements made during 2024 and 2023 relate to index adjustments and renegotiated rental agreements.

1.6 Trade receivables

EUR thousand	30 June 2024		30 June 2023		31 Dec 2023	
	Trade receivables	Impairment	Trade receivables	Impairment	Trade receivables	Impairment
Not due	35,812	498	32,568	423	38,383	467
Past due 1-60 days	6,217	522	5,705	408	7,721	586
Past due 61-120 days	66	25	151	76	111	56
Past due over 121 days	155	146	201	189	133	124
Total	42,249	1,191	38,626	1,096	46,348	1,232

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

3 June 2024			
EUR thousand	At amortized cost	Lease liabilities at amortized cost	Carrying amount
Non-current financial assets (Level 2)			
Trade receivables and other financial receivables	7,123	-	7,123
Non-current financial assets, total	7,123	-	7,123
Current financial assets (Level 2)			
Trade receivables	34,329	-	34,329
Loans receivable			
Cash and cash equivalents	16,271	-	16,271
Current financial assets, total	50,600	-	50,600
Financial assets by measurement category, total	57,722	-	57,722
Non-current financial liabilities (Level 2)			
Lease liabilities	-	9,491	9,491
Liabilities to credit institutions	18	-	18
Non-current financial liabilities, total	18	9,491	9,509
Current financial liabilities (Level 2)			
Lease liabilities	-	5,247	5,247
Liabilities to credit institutions	2,000	-	2,000
Trade payables	78,250	-	78,250
Current financial liabilities, total	80,250	5,247	85,497
Financial liabilities by measurement category, total	80,268	14,738	95,006
31 Dec 2023			
EUR thousand	At amortized cost	Lease liabilities at amortized cost	Carrying amount
Non-current financial assets (Level 2)			
Trade receivables and other financial receivables	8,220	-	8,220
Non-current financial assets, total	8,220	-	8,220
Current financial assets (Level 2)			
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 (Level 2)			
Lease liabilities	-	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 (Level 2)			



Lease liabilities	-	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

Level 2 includes interest-bearing liabilities.

The group has no financial assets or liabilities recognized at fair value through other comprehensive income.

1.8 Financial institutions loans

At the end of June, the Verkkokauppa.com group had a total of 20.0 million interest-bearing financial institution loans (22.6). The company's financial institution loans have variable interest rates. The interest to be paid is determined every six months based on the Euribor reference rate and the net debt/EBITDA ratio. The maturity of the loans is 3 years, from June 24, 2024. The capital of the bank loans is amortized every six months. No assets have been given as collateral for financial institution loans. The loans are subject to covenant conditions, which are determined based on the net debt/EBITDA ratio and the net debt ratio. Activities in accordance with the loan covenant are reported to the lenders every six months, and the group's management monitors the fulfillment of the loan covenant regularly. The purpose of the taken out financial institution loans is primarily business development and the group's general financing needs. The company's net debt is primarily controlled by managing and optimizing working capital. The book values of the loans essentially correspond to the fair values of the loans, because the loans have variable interest rates and the group's risk premium has not changed substantially.

1.9 Transactions with related parties

Verkkokauppa.com's related parties comprise the Board of Directors, the CEO as well as the other members of the Company's Management Team, and the close members of the family of said persons as well as their controlled entities. Transactions with related parties have been carried out on usual commercial terms. One of the company's related parties is Board member Samuli Seppälä, who held 29.4% of all shares and votes in Verkkokauppa.com on 30 June 2024.

EUR thousand	30 June 2024	30 June 2023	31 Dec 2023
Sales of goods and services			
To key management personnel and their related parties	41	46	92
Purchases of goods and services			
From key management personnel and their related parties	50	-	19

EUR thousand	30 June 2024	30 June 2023	31 Dec 2023
Closing balances from purchases/sales of goods/services			
Trade receivables from key management personnel and their related parties	-	-	-
Trade payables to key management personnel and their related parties	26	-	5



1.10 Guarantees and commitments

EUR thousand	30 June 2024	31 Dec 2023
Collateral given for own commitments		
Mortgages	27 301	27 301
Guarantees	2 027	2 027
Other commitments and contingent liabilities	50	50

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

1.11 Legal disputes and possible legal proceedings

On 15 March 2024, the company announced that the Office of the Data Protection Ombudsman had imposed an administrative fine of EUR 856,000 on Verkkokauppa.com. The penalty is based on the Data Protection Ombudsman's interpretation, according to which Verkkokauppa.com would have neglected to define a retention period for the customer data of its online store customers in accordance with the EU's General Data Protection Regulation. Verkkokauppa.com considers the penalty to be unjustified. The decision of the Office of the Data Protection Ombudsman is not legally binding. Verkkokauppa.com has appealed the decision to the Administrative Court.

The company has recorded a provision for the penalty payment in the result of the first quarter of 2024 and the cost is reported as an item affecting comparability.

1.12 IFRS Standards not yet effective

There are no IFRS, IFRIC interpretations, annual improvements, or amendments to IFRS that are not yet effective and would be expected to have a material impact on the company's Financial Statements Review.

1.13 Subsequent events

On 16 July 2024, Verkkokauppa.com lowered its financial guidance for 2024 and provided preliminary information on financial performance for the first half of the year. Verkkokauppa.com's market environment has remained challenging. The recovery of the economy and the market demand has been slower than expected, and due to low consumer confidence, customers have been postponing their purchasing decisions, especially in discretionary purchases. As a consequence, the company has updated its financial guidance for 2024. According to the new guidance, Verkkokauppa.com expects its revenue and comparable operating result (comparable EBIT) for 2024 to be lower than in 2023 (2023: revenue was EUR 502.9 million and comp. operating result EUR 6.1 million) unless there is a positive market turn in the second half of the year.

The guidance includes uncertainties related to changes in purchasing power and consumer behavior. Verkkokauppa.com's business is partly seasonal, and the company's revenue and operating profit depend largely on the sales in the last quarter.

According to previous financial guidance, the company expected revenue for 2024 to remain at the level of 2023 and comparable operating profit (comparable EBIT) to increase from 2023.

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

EUR thousand	4-6/ 2024	1-3/ 2024	10-12/ 2023	7-9/ 2023	4-6/ 2023	1-3/ 2023
Revenue	105,515	107,978	150 604	117,447	112,842	121,96
Other operating income	70	193	69	44	126	181
Materials and services	-88,242	-89,310	-127,538	-98,739	-93,994	-101,729
Employee benefit expenses	-9,320	-9,000	-9,948	-7,523	-8,327	-10,891
Depreciation and amortization	-1,752	-1,729	-1,697	-1,594	-1,534	-1,54
Other operating expenses	-8,239	-8,578	-9,707	-7,558	-8,299	-7,937
Operating profit	-1,968	-446	1,782	2,076	813	44
Finance income	69	129	212	106	6	7
Finance costs	-572	-597	-570	-668	-517	-519
Profit before income taxes	-2,471	-914	1,424	1,515	302	-468
Income taxes	383	-49	-250	-383	-127	56
Profit for the period	-2,088	-963	1,174	1,132	176	-412
Profit for the period attributable to						
Equity holders	-2,088	-963	1,174	1,132	176	-412
Earnings per share calculated from the profit attributable to equity holders						
Earnings per share, basic (EUR)	-0.05	-0.02	0,03	0.03	0.00	-0.01
Earnings per share, diluted (EUR)	-0.05	-0.02	0,03	0.03	0.00	-0.01

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.



	2024			2023				Q1-Q4 2023
	Q1	Q2	Q1-Q2 2024	Q1	Q2	Q3	Q4	
Revenue, eur million	108.0	105.5	213.5	122.0	112.8	117.4	150.6	502.9
Gross profit, eur million	18.7	17.3	35.9	20.2	18.8	18.7	23.1	80.9
Gross margin-%	17.3%	16.4%	16.8%	16.6%	16.7%	15.9%	15.3%	16.1%
EBITDA, eur million	1.3	-0.2	1.1	1.6	2.3	3.7	3.5	11.1
EBITDA-%	1.2%	-0.2%	0.5%	1.3%	2.1%	3.1%	2.3%	2.2%
Operating result, eur million	-0.4	-2.0	-2.4	0.0	0.8	2.1	1.8	4.7
Operating margin-%	-0.4%	-1.9%	-1.1%	0.0%	0.7%	1.8%	1.2%	0.9%
Comparable operating result, eur million	0.5	-1.7	-1.2	1.4	1.0	2.2	1.6	6.1
Comparable operating margin-%	0.5%	-1.6%	-0.6%	1.1%	0.8%	1.9%	1.1%	1.2%
Net result, eur million	-1.0	-2.1	-3.1	-0.4	0.2	1.1	1.2	2.1
Interest-bearing net debt, eur million	20.1	18.5	18.5	25.6	22.8	20.3	6.1	6.1
Investments, eur million	0.3	0.6	0.9	1.0	0.3	0.4	0.2	1.9
Equity ratio, %	16.7%	15.7%	15.7%	15.8%	16.5%	16.9%	16.2%	16.2%
Gearing, %	72.7%	72.2%	72.2%	98.2%	87.2%	74.2%	21.5%	21.5%
Personnel at the end of period*	644	694	694	720	695	640	677	677
Basic earnings per share, euros	-0.02	-0.05	-0.07	-0.01	0.00	0.03	0.03	0.05
Diluted earnings per share, euros	-0.02	-0.05	-0.07	-0.01	0.00	0.03	0.03	0.05
Number of issued shares, 1,000 pcs	45,355	45,355	45,355	45,355	45,355	45,355	45,355	45,355
Number of treasury shares, 1,000 pcs	133	119	119	258	171	159	146	146
Weighted average number of shares outstanding, 1,000 pcs	45,222	45,235	45,235	45,096	45,183	45,195	45,209	45,209
Diluted weighted average number of shares outstanding, 1,000 pcs	45,372	45,386	45,386	45,354	45,252	45,264	45,277	45,277

*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 the operational efficiency of Verkkokauppa.com Group
ITEMS AFFECTING COMPARABILITY	Material items that 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 %	Comparable operating profit/revenue	x 100	Comparable operating margin measures comparable operational efficiency of Verkkokauppa.com Group
EQUITY RATIO, %	$\text{Total equity} / \text{Balance sheet total} - \text{advance payments received}$		The 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 provide 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 share 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**

	4-6/ 2024	4-6/ 2023	1-6/ 2024	1-6/ 2023	1-12/ 2023
EUR million					
Operating profit	-2.0	0.8	-2.4	0.9	4.7
items affecting comparability	0.3	0.1	1.2	1.5	1.4
Comparable operating profit	-1.7	1.0	-1.2	2.3	6.1

	4-6/ 2024	4-6/ 2023	1-6/ 2024	1-6/ 2023	1-12/ 2023
EUR million					
Earn-out Additional purchase price	0.1	0.1	0.2	0.3	0.2
The Office of the Data Protection Ombudsman - An administrative fine and other legal fees	0.2	-	1.0	-	-
Restructuring reservation	-	0.0	-	1.2	1.2
Items affecting comparability total	0.3	0.1	1.2	1.5	1.4