REPORT OF THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS 2024

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VERKKOKAUPPA.COM'S ANNUAL REPORTING 2024

Verkkokauppa.com has published its annual reporting package for 2024. The reporting package includes the Financial Statements and the Report of the Board of Directors including the Sustainability Statement, the Corporate Governance Statement, the Remuneration Report and the Company Brochure. The reports are available in Finnish and English, and they can be read and downloaded separately from Verkkokauppa.com's investor site as separate pdf files.

REPORT OF THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS 2024

REPORT OF THE BOARD OF DIRECTORS

Fiscal year 2024 in brief

In 2024, Verkkokauppa.com's operating environment was characterised by the economic downturn in the Finnish economy, weak employment development and high interest rates in the early part of the year. These weakened the consumer confidence, which remained low throughout the year. Private consumption was sluggish, and purchases of discretionary products in particular were cautious. Price competition in consumer electronics remained intense and there were no signs of a replacement cycle starting. In addition, companies postponed investments and recruitments due to the economic uncertainty.

During the year, the financial performance was affected by weak demand both in the online and the stores. Revenue decreased by 7.0 percent to EUR 467.8 million (502.9). The operating result decreased by EUR 4.1 million to EUR 0.6 million (4.7). Its share of turnover was 0.1% (0.9%). The comparable operating result was EUR 1.8 million (6.1) and the result for the period was EUR -0.8 million (2.1).

In the challenging operating environment, the company focused on improving operational efficiency, adapting costs to the prevailing operating environment and managing cash flow effectively. In the autumn, the company conducted change negotiations to align the organization with the company's long-term strategy and adapting it to the prevailing demand environment.

In line with its strategy, the company is accelerating the shift to online shopping by making it fast, easy and affordable. The company expects that the customer shift to online shopping continues and that fast deliveries continue to grow. During the year, the Company improved its operations to provide the customers with the most efficient order-to-delivery process and a superior customer experience. The company invested in improving product discoverability and the presentation of product availability in the online store. In addition, the capability for fast deliveries was expanded. The company is Finland's sole operator able to serve 1.7 million consumers within an hour. In addition, the company focused on sales of strategically important own brands, which increased by 18% to 6.6% of the revenue. During the period, the company continued to take measures to accelerate international growth. The company aims to grow in Sweden, Denmark and the Baltic countries, through existing and new partners as well as marketplaces.

Developments in the operating environment

The economic downturn in Finland created significant uncertainty in the market situation in 2024. The labour market continued to weaken which was reflected in a rise in the unemployment rate. Consumers' confidence in their own and Finland's economy remained weak throughout the year, reducing private consumption. Consumers considered the period very unfavourable for buying durable goods.

Price competition in the campaign-driven market remained fierce. The renewal cycle for discretionary household products did not start and consumers remained very price-conscious in the challenging economic environment. The consumer electronics market contracted compared to the previous year. The purchasing behaviour of business customers was slightly more stable than that of consumers.

(Sources: Bank of Finland, economic forecast - December 2024, Statistics Finland - consumer confidence)

Revenue and profitability development

Revenue declined by 7.0 percent and amounted to EUR 467.8 million (502.9). The decline was driven by weak demand especially in discretionary categories like Televisions, Mobile Phones, Gaming, Cameras and Sports, while IT and Home appliances performed better.

Gross margin was 16.2 percent (16.1 %). Towards the end of the financial year, the margin improved mainly due to successful commercial negotiations and pricing strategy. However, the gross margin was negatively impacted by low gross margin sales of electric bikes and active inventory measures.

Personnel expenses decreased by 2.1 percent to EUR 35.9 (36.7) million. Comparable personnel expenses decreased by 1.3 percent to EUR 35.2 million (35.7). Other operating expenses decreased by 1.7 percent and amounted to EUR 32.9 million (33.5). Comparable other operating expenses decreased by 2.1 percent to EUR 32.4 million (33.1). Fixed costs totaled EUR 68.8 million (70.2), decreasing by 1.9 percent from the comparison period. Comparable fixed costs decreased by 1.7 percent to EUR 67.6 million (68.8).

The company's operating result (EBIT) was EUR 0.6 million (4.7), it declined by EUR 4.1 million. Comparable EBIT was EUR 1.8 million (6.1), which decreased by EUR 4.3 million. The decrease was mainly due to lower sales volumes during the year.

Items affecting comparability totaled EUR -1.2 million (-1.4) and were related to the reorganization, to the release of the e-ville deferred purchase price liability and provision for the administrative fine from the Office of the Data Protection Ombudsman.

Net result for the period was EUR -0.8 (2.1) million.

Earnings per share were EUR -0.02 (0.05).

Finance and investments

Cash flow from operating activities in 2024 totaled EUR 12.9 million (20.3). The operating cash flow before the change in working capital was EUR 7.0 million (11.3). The company's net financial expenses were EUR 2.2 million (1.7).

Investments in 2024 were EUR 1.8 million (2.4) and were mainly related to the improvement of online customer experience. During the year, web discoverability and accessibility were improved. In addition, the capability for fast deliveries was developed further. The investments included capitalized wages and salaries at the amount of EUR 0.9 million (0.9).

The company renewed its financing arrangements in June 2024. At the end of December, the company had EUR 19 million in bank loans and an unutilized EUR 25 million revolving credit facility, which are valid until June 2027. The principal of the bank loan is amortized every six months.

In December 2024, the company agreed to extend the lease agreement for the Jätkäsaari real estate and land area. The extended agreement is valid until December 2032.

Key figures

	2024	2023	2022
Revenue, MEUR	468	503	543
Operating profit, %	0.1%	0.9%	0.4%
Comparable operating result, %	0.4%	1.2%	0.6%
Equity ratio, %	16.0%	16.2%	15.8%
Gearing, %	35.2%	21.5%	74.6%
Investments, MEUR	1.8	2.4	9.3
Cash flow from the operations, MEUR	12.9	20.3	1.5
Personnel at the end of the period	615	677	838

Key events during the fiscal year

On 18 January 2024, Verkkokauppa.com's Shareholders Nomination Board proposed the composition and remuneration of the Board of Directors.

On 13 February 2024, Verkkokauppa.com's Board of Directors resolved on a new matching period under the performance matching share plan for the years 2023–2027.

On 15 March 2024, Office of the Data Protection Ombudsman's Sanctions Board decided to impose an administrative fine of 856,000 euros on the company. The administrative fine is based on the Data Protection Ombudsman's interpretation, according to which the company would have failed to specify the retention period for the online store's customer data in compliance with the EU's General Data Protection Regulation. Verkkokauppa.com consided the administrative fine to be unfounded and appealed the decision to the Administrative Court.

On 4 April 2024, Annual General Meeting adopted the annual accounts for the financial period 1 January – 31 December 2023 and resolved not to distribute a dividend.

On 3 May 2024, holding of **Samuli Seppälä**'s shares and votes in Verkkokauppa.com Oyj fell below 30%.

On 6 May 2024, **Jesper Blomster** was appointed as a new Chief Financial Officer (CFO) and member of the management team as of 7 May 2024.

On 30 May 2024, Verkkokauppa arranged a Capital Markets Day for investors. The cornerstones of Verkkokauppa.com's strategy are growing the current business faster than the market, new openings, such as assortment expansion, own brand products and new markets, significant growth of the services business, and stronger profitability by continuously developing our own operations and platform. The company aims for growth by accelerating the online shift by making shopping fast, extremely convenient and affordable.

On 16 July 2024, the company lowered its financial guidance for 2024 and provided preliminary information on financial performance for the first half of the year.

On 13 August 2024, Following members were appointed to the the Shareholders' Nomination Board: **Samuli Seppälä**, Founder of Verkkokauppa.com, representing himself, **Erkka Kohonen** (The Chair of the Nomination Board), Senior Portfolio Manager, appointed by Varma Mutual Pension Insurance Company and **Karoliina Lindroos**, Head of Responsible Investment, appointed by Ilmarinen Mutual Pension Insurance Company. **Arja Talma**, Chairperson of the Board of Verkkokauppa.com Oyj, serves as an expert member of the Nomination Board.

On 23 October 2024 Verkkokauppa.com announced the results of the employee change negotiations. The personnel reductions are estimated to bring in annual savings of EUR 2.5 million in personnel costs. The savings are expected to materialize in full in 2025.

Personnel

The number of personnel decreased compared to the previous year and was 615 (677) at the end of December 2024. The number of employees includes both full-time and part-time employees.

In 2024, the leadership practices, organisation and common HR practices were renewed in line with the strategy and the business. The company invested in good leadership by finalising a multi-year leadership development programme, Soihtu, which focuses on coaching leadership. A new performance management system was introduced and common approaches to setting objectives were specified.

Sustainability was a key theme in the 2024 human resource management framework. The company worked systematically to promote diversity and equality in line with its objectives. There was also a focus on managing working capacity. Mental health-related sick leaves decreased compared to 2023. A staff survey was carried out three times in 2024. The results were important for identifying areas for improvement and for reforming the work community. The survey continuously measured the development of the Leadership Index.

In autumn 2024, change negotiations were conducted to reform and streamline the organisational structure to ensure profitable growth, sufficient and correct resources for advancing strategic projects, the development of purchasing and assortment management and the ability to utilize technology more extensively in the organisation. The change negotiations ended on 23 October 2024 and resulted in a reduction of 33 people. In addition to this, 7 employment contracts ended during the negotiation period which will not be filled. The company provided both external training on living with change and internal training on leading change from within the school to support change negotiations.

The new strategy period started in 2024. In the strategy implementation, the company involved the people by encouraging them to plan common operating models for actualizing the strategy use in their daily work. The company also implemented the strategy through leadership training, communication and by describing the meaning of the strategy from the perspective of the competence and ways of working.

Information presented in the notes to the financial statements

Information on the company's personnel and related parties is provided in the notes to the financial statements.

Share trading and shares

Verkkokauppa.com share (VERK) in Nasdaq Helsinki stock exchange in January-December 2024:

No. of shared traded	7,472,233
Share of no. of total shares, %	16.5%
Total value, EUR million	15,111,218
Last, EUR	1.34
High, EUR	2.71
Low, EUR	1.27
Average, EUR	2.11

Verkkokauppa.com market capitalization and shareholders

	31 December 2024
Market capitalization (excl. own shares), EUR million	60.5
Number of shareholders (of which nominee shareholders)	18,737 (7)
Nominee registrations and direct foreign shareholders, %	10.98
Households, %	50.83
Financial and insurance corporations, %	16.06
Other Finnish investors, %	22.13

On 31 December 2024, the share capital was EUR 100,000 and the total number of shares in the company was 45,354,532 including 86,345 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 0.19 percent of all shares. In January–December 2024, the company transferred a total of 59,374 treasury shares as part of the remuneration of Board members and key employees.

Distribution of shareholders on 31 December 2024

Size of shareholding, shares	Number of shareholders	% of shareholders	Number of shares	% of shares
0–100	9,645	51.48%	367,540	0.81%
101–500	5,793	30.92%	1,474,406	3.25%
501–1,000	1,681	8.97%	1,297,963	2.86%
1,001–5,000	1,356	7.24%	2,923,700	6.45%
5,001–10,000	132	0.70%	986,988	2.18%
10,001–50 000	87	0.46%	1,735,488	3.83%
50,001–100 000	12	0.07%	833,829	1.84%
100,001–	24	0.12%	30,782,464	67.87%
Non-Finnish shareholders	7	0.04%	4,952,154	10.92%
Total	**18,737**	**100,00 %**	**45,354,532**	**100.00%**

Shareholder breakdown by sector on 31 December 2024

	Number of shareholders	% of shareholders	Number of shares	% of shares
Households	18,247	97.39%	23,051,424	50.82%
Pension and insurance institutions	10	0.05%	9,618,101	21.21%
Private companies	396	2.11%	2,914,762	6.43%
Fund companies	7	0.04%	2,763,295	6.09%
Other	47	0.25%	1,516,417	3.34%
Non-profit organizations	23	0.12%	538,379	1.19%
Non-Finnish shareholders	7	0.04%	4,952,154	10.92%
Total	**18,737**	**100.00%**	**45,354,532**	**100.00%**

Major shareholders on 31 December 2024

Nimi	Number of shares	% of shares
Seppälä Sam Samuli	13,347,000	29.43%
Varma Mutual Pension Insurance Company	4,365,932	9.63%
Ilmarinen Mutual Pension Insurance Company	2,174,309	4.79%
Mandatum Life Insurance Company Limited	2,112,900	4.66%
Nordea Nordic Small Cap Fund	1,416,669	3.12%
Investment Fund Evli Finland Smallcap	1,127,380	2.49%
Investment Fund Danske Invest	812,612	1.79%
Skogberg Ville Johannes	634,266	1.40%
Special Investment Fund Aktia Mikro Markka	618,323	1.36%
Mutual Insurance Company Kaleva	506,325	1.12%
10 biggest shareholders, total	27,115,716	59.79%
Other shareholders	18,238,816	40.21%
Total	**45,354,532**	**100.00%**

Flagging notifications

On 3 May 2024, Verkkokauppa.com Oyj received a notification under Chapter 9, Section 5 of the Finnish Securities Market Act according to which the holding of **Samuli Seppälä** in Verkkokauppa.com Oyj shares and votes fell below 30 percent on 3 May 2024. After the transaction, the holding of Samuli Seppälä is 29.43 percent and 13,347,000 shares of the total Verkkokauppa.com Oyj's shares and votes.

Long-term incentive plans

On 13 February 2024, The Board of Directors of Verkkokauppa.com decided on the start of the second earning period (Performance Share Plan 2023–2027) for the CEO and the Management Team. The Plan has three matching periods covering the financial years 2023–2025, 2024–2026 and 2025–2027. The Board of Directors decides annually on the commencement of the matching period and its details. The performance criterion for the second performance period 2024–2026 is Total Share Return (TSR).

The purpose of the plan is to align the objectives of shareholders and management to increase the value of the company in the long term, to encourage management to invest personally in the company's shares, to retain the target group at the company, and to offer them a competitive incentive plan in which participants may earn shares as a reward for performance and their personal investment.

Section 7.12 of the notes section describes the company's share-based incentive plan in more detail.

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.

Verkkokauppa.com's management team

Verkkokauppa.com's management team during 2024:

Member	Until/from
Panu Porkka, CEO	
Jesper Blomster, CFO	From 7 May 2024
Mikko Forsell, CFO	Until 6 May 2024
Nina Anttila, Chief Supply Chain Officer	
Tatu Kaleva, Chief Commercial Officer	
Pekka Litmanen, Chief Experience Officer	
Satu Berlin, HR Director	From 1 March 2024
Jyrki Tulokas, Chief Strategy and Technolgy Officer	
Suvituuli Tuukkanen, Marketing, Communications and Sustainability Director	

Acquisitions

The company did not make any acquisitions during the fiscal year 2024.

Change negotiations

Verkkokauppa.com announced on 23 October 2024 that as a result of the change negotiations, the number of personnel will be reduced by 33 employees. In addition to this, 7 employment contracts ended during the negotiation period, which will not be filled. The company offers all dismissed persons, regardless of the length of their employment, a change security package that includes e.g. personal career coaching, change training and employment services.

Strategy

Verkkokauppa.com continues as a forerunner in the market with the vision of creating the new normal for buying and owning. The cornerstones of Verkkokauppa.com's strategy are growing the current business faster than the market, new openings, such as assortment expansion, own brand products and new markets, significant growth of the services business, and stronger profitability by continuously developing the company's own operations and platform.

Growing current business faster than the market

The company aims to strengthen its market leadership by accelerating the online shift by making buying fast, extremely convenient and affordable. As the only operator in Finland, Verkkokauppa.com already delivers to 1.7 million consumers around the clock in one hour, every day of the week. The company continues to optimize product flows, develop the distribution network and further automate the intralogistics to enable the continued development of the fastest deliveries on the market.

New openings: assortment expansion, own brand products and new markets

During the strategy period, the company plans to expand the assortment with a special focus on product areas that are optimally suited for fast deliveries and Verkkokauppa.com's platform. The company will continue pilots in new market areas also outside Finland, making versatile use of both own platform and selected partners. New operating models, automation, as well as data will enable cost-efficiency and scalability.

Significant growth of the services business

Verkkokauppa.com seeks to offer consumers sustainable alternatives for buying products. The company's current customer financing service, Tili, combined with the trade-in service, provides a strong foundation for new valueadded services and product openings. The company's current trade-in service and the assortment of recycled products are expanding. During the strategy period, Verkkokauppa.com will explore new subscription-based services to the market.

Stronger profitability by continuously developing own operations and platform

The company leverages artificial intelligence (AI) and data to operate goods flows, to streamline operations and to provide a superior personalized customer experience. Verkkokauppa.com's own flexible platform and extensive software development expertise enable versatile utilization of leading technologies from selected partners and are the basis for the capabilities that will be built during the strategy period.

Financial targets

Verkkokauppa.com's long-term financial targets for the strategy period 2024–2028 are as follows:

1. Annual revenue growth (CAGR) of over 5 percent, faster than the market
2. Annual operating result margin of over 5 percent by the end of the strategy period
3. Fixed costs to less than 10 percent of revenue by the end of the strategy period
4. To pay out 60-80 percent of annual net profit in quarterly growing dividends

Board authorizations

The Annual General Meeting held on 4 April 2024 authorized the Board of Directors to resolve on the repurchase of a maximum of 4,535,453 shares in one or more instalments using the company's unrestricted equity, taking into account, however, the provisions of the Finnish Companies Act on the maximum number of treasury shares held by the company or its subsidiaries. The proposed number of shares corresponds to a maximum of approximately ten percent of the total number of shares in the company. The Board of Directors was authorized to resolve on all other terms and conditions of the repurchase of the shares. The authorization is valid until the next Annual General Meeting, which is planned to be held on 8 April 2025, but no longer than until 30 June 2025. The authorization revokes previous unused authorizations for the repurchase of the company's own shares.

The Annual General Meeting held on 4 April 2024 authorized the Board of Directors to resolve on a share issue of a maximum of 4,535,453 shares by one or several decisions. The proposed number of shares corresponds to a maximum of approximately ten percent of the total number of shares in the company and the Board of Directors may resolve to issue either new shares or transfer the treasury shares held by the company. The Board of Directors was authorized to resolve on all other terms and conditions of the share issue. The authorization is valid until the next Annual General Meeting, which is planned to be held on 8 April 2025, but no longer than until 30 June 2025. The authorization revokes previous unused share issue authorizations. The Board of Directors has used its authorization to transfer a total of 46,613 of the company's own shares for the payment of Board remuneration.

In addition to the above, the Board of Directors has no other valid repurchase or share issue authorizations.

Board of Directors

The AGM confirmed the amount of Board members to be seven. **Robin Bade**, **Henrik Pankakoski**, **Kati Riikonen**, **Samuli Seppälä** and **Arja Talma** (Chairperson) were re-elected. Additionally, **Irmeli Rytkönen** and **Enel Sintonen** were elected as new members.

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

Verkkokauppa.com's stock exchange release published on 4 April 2024 on the decisions of the Annual General Meeting, is available on the company's investor website.

Annual general meeting 2024

The Annual General Meeting was held in Helsinki on 4 April 2024. The Annual General Meeting approved the financial statements for the financial year 2023 and granted discharge to the members of the Board of Directors and the CEO for the financial year 2023, approved the remuneration report of the company's bodies and authorised the Board of Directors to decide on the repurchase and share issue of the company's own shares. In addition, the AGM approved the proposals of the Shareholders' Nomination Board for the election of the Board of Directors and the auditor and their remuneration.

PricewaterhouseCoopers Oy was appointed as the company's auditor, and **Mikko Nieminen**, Chartered Accountant, will act as the principal auditor.

The Annual General Meeting decided on 4 April 2024 that the company will deviate from its dividend policy in order to improve the equity ratio and that no dividend will be paid for the financial year 2023.

Corporate governance statement and remuneration reports

The Corporate Governance Statement will be published in connection with the Company's Financial Statements for 2024 and on the company's website https://investors.verkkokauppa.com/en/corporate_governance

Most significant risks and uncertainties

The company's business involves risks and uncertainties, such as risks related to the implementation of business strategy and investments, risks related to procurement and logistics, information systems, compliance with laws, rules, and regulations, as well as other operational factors of the company's business. The aforementioned risks and uncertainties may impact the company's business, financial position, or results, and may require the company to change its business model.

The risks and uncertainties described below may have a negative or positive impact on the company's business, financial position or results. The company's Board of Directors has approved a risk management operating model based on the ISO 31000 standard. Risks are managed and controlled in accordance with the Company's Risk Management Policy.

Strategic risks

The choices made by the company regarding the business strategy and selected focus areas may prove to be uncertain in terms of implementation in the short or long term and involve a positive opportunity or negative threat. Uncertainties related to strategic targets are continuously monitored as part of the company's strategic planning and risk management. The online shift, customers' need for fast deliveries or new norms for owning may materialise slower than estimated or only partially, which may slow down business development and growth.

Market risks

Verkkokauppa.com is exposed to global trade conflicts, macroeconomic and geopolitical risks that could impact its operations and financial performance. Uncertainties related to intensified geopolitical conflicts and macroeconomics, as well as Finland's economic downturn and high unemployment rate, have weakened household and corporate consumption and reduced investment capacity. Consumers' confidence in their own and Finland's economy has remained low. Lower interest rates, slowing inflation, and slightly better global economic conditions are expected to support Finland's economic growth in 2025. However, the growth is expected to be relatively slow.

The consumer electronics industry is highly competitive and therefore the company's operating results and profitability are exposed to market and industry changes and uncertainties, including consumer behaviour and general economic development. The company's business is seasonal, and the company's revenue and operating profit depend largely on the sales in the fourth quarter.

Operational risks

The company's business depends on the uninterrupted operation of its website and IT systems. The development of the operations requires key personnel to have competence and capabilities in change management. The company is also affected by risks related to business strategy and investment execution as well as corporate transactions. Risks related to the operational factors of the company's business also include logistics and supply chain management as well as business continuity in possible exceptional situations. The geographical concentration of the manufacturing of procured products in specific individual countries or parts thereof increases risks related to the supply chain and availability of goods. Delays and disruptions in the supply chain, logistics or information systems, as well as uncertainties related to logistics partners, can hamper business operations. These operational risks are managed by developing appropriate backup systems and alternative operating methods and by investing in the uninterrupted operation of information systems. Operational risks are also covered by insurance. The company has identified AI-related risks, and they are managed through an AI management model. According to the model, all AI systems will be deployed through an impact assessment. This is how we ensure compliance with future EU AI law.

Changing and increasingly complex legislation may require significant changes in operations and lead to additional costs. Failure to comply with the legislation may result in fines or damages. The company's reputation, recognition and trust among consumers is a competitive advantage, and negative publicity related to, for example, regulation, product safety of private label products or responsibility may have adverse financial effects on the company. Verkkokauppa.com's goal is to convey and publish consistent, correct, relevant and reliable information in a timely manner to the market, and there is a risk that the company will fail in its reporting to the market. A possible prolonged disruption related to business operations or prolonged poor profitability of business operations may affect the company's liquidity or financial position.

Financial risks

The identified risks regarding the continuity of the company's business are related to the efficient and economical use of capital. The purchase prices and commercial terms of purchased products, inventory curation and turnover, and commercial success in reselling products may pose risks to profitability and cash flow. Verkkokauppa.com also provides financial services at its own risk to consumer customers, which involves a risk of possible credit losses. In addition, the company's external financing involves conditions whose possible non-fulfillment could prematurely cause the loans to mature or the need to resettle with changed terms. The risks and uncertainties described above may have an impact on the Company's business, financial position or results of operations and may require the Company to change its business model.

Accident, Responsibility, and Security Risks

The company prioritizies occupational safety in all of its operations. Monitoring near-miss incidents and other safety issues is a regular practice, and the company continuously makes improvements to enhance safety through risk management.

Regarding responsibility risks, the company assesses the negative social, human rights, and/or environmental impacts of its operations, both within our own activities and at various stages of the value chain. Additionally, during the reporting year, the company conducted a double materiality analysis to identify the company's key sustainability topics and their impacts on the environment, people, and society, as well as to evaluate the related financial risks and opportunities for the company's business. The assessment of impacts, risks, and opportunities covered not only the company's own operations but also the entire identified value chain. The double materiality assessment is discussed in more detail in the company's sustainability report, which is included as part of the board's report.

Information security and data protection are central to all of the company's activities. Verkkokauppa.com handles a large amount of customer data, which is why the company invests heavily in the processing of personal data and the protection of all company information at various levels. The company continuously monitors and develops its information security (ISO27001) and data protection (ISO27701) management systems. The company is prepared at multiple levels for various cyber-attacks to avoid business interruptions and data breaches.

Events after the reporting period

After the reporting period, the company made the decision to commit to the Science Based Targets (SBTi) climate initiative and reduce its greenhouse gas emissions in line with the 1.5-degree warming target of the Paris Agreement. For years, the company has systematically reduced its emissions with the aim of reducing the emissions of its own operations (scope 1 and 2) to zero by the end of 2025. With the SBTi commitment, the company will set science-based climate targets to reduce indirect emissions (scope 3) in the value chain. The commitment is also recorded in the environmental policy drawn up during the reporting year, which is publicly available on the company's website.

On 28 January 2025, Verkkokauppa.com Oyj's Shareholders' Nomination Board proposed to the Annual General Meeting, planned to be held on 8 April 2025, that the Board of Directors consists of seven members and that **Robin Bade**, **Henrik Pankakoski**, **Kati Riikonen**, **Irmeli Rytkönen**, **Samuli Seppälä**, **Enel Sintonen** and **Arja Talma** be re-elected as Board members.

On 28 January 2025, the company announced preliminary results for 2024.

On 12 February 2025, the Board of Verkkokauppa.com Oyj resolved on a new Performance Period under Performance Matching Share Plan 2023-2027. The aim of the plan is to align the objectives of the shareholders and the management 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.

On 24 February 2025, Helsinki Administrative Court has upheld the administrative fine imposed on Verkkokauppa.com by the Data Protection Ombudsman's Sanctions Board. The company has recognized a provision for the administrative fine in its first quarter 2024 results.

Board proposal for profit distribution

According to the company's dividend policy, its target is to pay out 60-80 percent of annual net result in quarterly growing dividends. The company's 2024 net result was EUR -0.8 million. Thus, the Board of Directors will propose to the Annual General Meeting 2025 that no dividend be paid for the financial year 2024.

Market outlook for 2025

General market demand is expected to remain subdued in the first half of the year due to low consumer confidence. In the second half of the year, private consumption is expected to recover slowly as purchasing power strengthens. The purchasing power will be supported by rising income levels, slowing inflation and lower interest rates. Competition is expected to remain tight.

Financial guidance for 2024

Verkkokauppa.com expects its revenue and comparable operating profit for 2025 to increase. In 2024, the company's revenue was EUR 467.8 million and comparable operating profit was EUR 1.8 million.

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

Alternative performance measurement

In this release, Verkkokauppa.com Oyj presents certain key figures that are not accounting measures defined under IFRS and therefore are considered as Alternative Performance Measures (APM). Verkkokauppa.com Oyj applies in the reporting of alternative performance measures the guidelines issued by the European Securities and Market Authority (ESMA).

Verkkokauppa.com Oyj uses alternative performance measures to reflect the underlying business performance and to enhance comparability between financial periods. The company's management believes that these key figures provide supplementing information on the income statement and financial position.

Alternative performance measures do not substitute the IFRS key ratios.

Financial key figures

	1–12/2024	1–12/2023	1–12/2022
Revenue, million euros	468	503	543
Gross profit, million euros	75.8	80.9	80.6
Gross margin-%	16.2%	16.1%	14.8%
EBITDA, million euros	7.5	11.1	7.8
EBITDA-%	1.6%	2.2%	1.4%
Operating result, million euros	0.6	4.7	2.3
Operating result-%	0.1%	0.9%	0.4%
Comparable operating result, million euros	1.8	6.1	3.5
Comparable operating result- %	0.4%	1.2%	0.6%
Result for the period, million euros	-0.8	2.1	0.3
Equity ratio, %	16.0%	16.2%	15.8%
Gearing, %	35.2%	21.5%	74.6%
Personnel at the end of the period	615	677	838

Share performance indicators

	1–12/2024	1–12/2023	1–12/2022
Basic earnings per share, euros	-0.02	0.05	0.01
Diluted earnings per share, euros	-0.02	0.05	0.01
Number of issued shares	45,355	45,355	45,355
Number of treasury shares, thousands	86	146	271
Weighted average number of shares outstandaing	45,244	45,209	45,083
Dilutes weighted average number of shares outstandaing	45,287	45,277	45,342
Equity per share, €	0.62	0.63	0.59
Dividend per share, €*	-	-	-
Payout ratio, %	-	-	-
Effective dividend yield, %	-	-	-
Price per earnings ratio (P/E ratio)	-	-	-
Lowest share price	1.27	2.24	2.83
Highest share price	2.71	2.99	7.43
Average share price	2.11	2.64	4.59
Period end share price	1.34	2.60	2.84
Market value of the shares at period end, MEUR	60.5	117.5	128.6
The number of traded shares	7,472	6,886	9,197
Traded shares of all shares, %	16.5%	15.2%	20.3%

*The Board of Directors will propose to the Annual General Meeting 2025 that no dividend be paid for the financial year 2024

Formulas for key ratios

Key ratio	Definitions		Basis of alternative performance measures adopted
Gross profit	Revenue - materials and services		Gross profit shows the profitability of the sales
Gross margin, %	(Revenue - materials and services) / Revenue	x 100	Gross margin measures the profitability of the sales of Verkkokauppa.com
EBITDA	Operating result + depreciation + amortization		EBITDA shows the operational profitability
EBITDA, %	(Operating result + depreciation + amortization) / Revenue	x 100	EBITDA measures the operational profitability of Verkkokauppa.com
Operating result	Result for the period before income taxes and net finance income and costs		Operating result shows result generated by operating activities
Operating margin, %	Operating result / Revenue	x 100	Operating margin measures operational efficiency of Verkkokauppa.com
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 result	Comparable operating result is result adjusted with items affecting comparability		Comparable operating result allows comparison of operating result in different periods without the impact of extraordinary items not related to normal business operations
Comparable operating result margin %	Comparable operating result / revenue	x 100	Comparable operating margin measures comparable operational efficiency of Verkkokauppa.com
Equity ratio, %	Total equity / Balance sheet total – advance payments received	x 100	Equity ratio measures Verkkokauppa.com's solvency, ability to bear losses and ability to meet commitments in the long run
Interest-bearing net debt	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 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 investments	Investments in intangible and tangible assets - proceeds from the sale of fixed assets. Net investments do not include non-capitalized / unfinished acquisitions		

Key ratio	Definitions		Basis of alternative performance measures adopted
Earnings per share, basic	Result for the period attributable to equity holders of the company / Weighted average number of shares outstanding		Earnings per share measures the result for the period attributable to equity holders of the Group
Earnings per share, diluted	Result for the period attributable to equity holders of the company / Weighted average number of shares outstanding + dilutive potential shares		
Equity per share	Equity/ Number of shares at reporting day		
Dividend per share	Dividend / Number of shares at reporting day revised by share split		
Dividend payout ratio, %	Dividend per share revised by share split / Earnings by share revised by share split	x 100	
Effective dividend yield %	Dividend per share / Share price at reporting day	x 100	
Price per earnings ratio (P/E ratio)	Share price at reporting day / Earnings per share		
Traded shares of all shares, %	The number of changed share during the reporting period / The average number of shares during the reporting period	x 100	

Reconciliation of alternative key ratios

EUR million	1–12/2024	1–12/2023
Comparable operating result	1.8	6.1
Items affecting comparability	-1.2	-1.4
Operating result	**0.6**	**4.7**

Items affecting comparability

EUR million	1–12/2024	1–12/2023
Release of deferred purchase price	0.6	-0.2
The Office of the Data Protection Ombudsman - An administrative fine and other legal fee	-1.0	-
Restructuring	-0.8	-1.2
Items affecting comparability total	**-1.2**	**-1.4**

SUSTAINABILITY STATEMENT

GENERAL INFORMATION

Basis for preparation

General basis for preparation of sustainability statement

Verkkokauppa.com (hereafter the company) has prepared its sustainability statement in accordance with the Finnish Accounting Act and the requirements set by the European Sustainability Reporting Standards (ESRS). The scope of the sustainability report aligns with that of the financial statements and covers all the companies within the Group. The parent company of the Group is Verkkokauppa.com Oyj, a Finnish public limited company whose shares are traded on the Nasdaq Helsinki stock exchange.

The entire upstream and downstream value chain has been considered in the preparation of the sustainability statement. The value chain is disclosed in the *Strategy, business model and value chain* section.

In the 2024 reporting, the company has not used the option to omit information related to intellectual property, know-how, or the results of innovation. The company has not used the exception that allows for the omission of information about ongoing developments or matters under negotiation in exceptional cases, in accordance with Article 19a (3) and Article 29a (3) of Directive 2013/34/EU.

Disclosures in relation to specific circumstances

The company reports information related to its upstream and downstream value chain as part of its sustainability reporting. The metrics related to upstream and downstream value chain, their preparation principles, and potential uncertainties are presented in section E1– *Reporting principles*. The company acknowledges that the quality, availability, and evaluation of information at the beginning and end of the value chain may cause uncertainty in the reported Scope 3 emissions. The company regularly assesses and develops the reporting accuracy of this data.

The metrics reported within the company's Sustainability statement have only been validated by the assurance provider.

The company has not included information in its sustainability statement that is based on other legislation or other sustainability reporting standards or frameworks.

The utilization of transitional provisions is presented in the *Disclosure requirements in ESRS covered by the undertaking's sustainability statement* section.

Governance

The role of the administrative, management and supervisory bodies

Verkkokauppa.com's Board of Directors is the highest authority responsible for the sustainability of the Group. The Board approves the Group's strategy, Code of Conduct, policies, and guidelines, to which the targets and principles of responsible business are linked.

The CEO of Verkkokauppa.com is responsible for the implementation and execution of the Code of Conduct, policies, and guidelines approved by the Board, including sustainability targets and action plans within the company. Members of the Management Team are responsible for the implementation of the Code of Conduct and policies within their respective areas of responsibility, as defined by the CEO. In 2024, the Management Team consisted of eight members, all of whom, except the CEO, were employees.

The company's Board represents a diverse range of expertise and has a broad professional background, ensuring that work and international experiences, age, and gender complement and support each other to enhance the company's business and shareholder value. The Board and the Management Team have relevant experience in terms of industries, products, and geographical locations.

In the 2024, the company's Board consisted of seven members: four women and three men. Of the Board members, 71% (five persons) were independent.

Composition of the Board of Directors:

- **Arja Talma**, Chair
- **Robin Bade**
- **Henrik Pankakoski**
- **Kati Riikonen**
- **Samuli Seppälä**
- **Irmeli Rytkönen** (as of 4 April 2024)
- **Enel Sintonen** (as of 4 April 2024)
- **Johan Ryding** (until 4 April 2024)
- **Kai Seikku** (until 4 April 2024)

CEO and Management Team:

- **Panu Porkka**, Chief Executive Officer
- **Jesper Blomster**, CFO (as of May 7 2024)
- **Nina Anttila**, Chief Supply Chain Officer
- **Tatu Kaleva**, Chief Commercial Officer
- **Pekka Litmanen**, Chief Experience Officer (CXO)
- **Jyrki Tulokas**, Chief Strategy and Technology Officer
- **Suvituuli Tuukkanen**, Chief Marketing, Communications and Sustainability Officer
- **Satu Berlin**, Chief HR Officer (as of 1 March 2024)
- **Mikko Forsell**, CFO (until 6 May 2024)

Diversity of governing bodies by gender

	2024 (%) Situation at the end of year	
	Men	**Women**
Board of Directors	43	57
Top management	62	38

The roles and responsibilities of the administrative, management and supervisory bodies

The company's Board of Directors outlines and approves the objectives of the sustainability work, and the content related to their disclosure. The Board also approves the company's Code of Conduct, double materiality assessment including the analysis of the company's material impacts, risks, and opportunities, including climate risks and opportunities, ensuring they are integrated into the company's strategic decision-making. Additionally, the Board approves the sustainability program based on the themes identified through the double materiality analysis.

The Board's Audit Committee acts as a preparatory and monitoring group that oversees the progress of the company's sustainability work according to the objectives set in the sustainability program, with progress and monitoring reported to it at least twice a year, considering both strategic and operational perspectives. During the reporting year, sustainability issues were closely monitored due to preparations for new reporting requirements, including the assessment of the linkage between material impacts, risks, and opportunities and the company's strategy.

Sustainability issues are regularly addressed by the company's Management Team, which decides on actions and monitors their implementation according to the normal annual cycle. The Management Team is supported by two steering groups.

The Sustainability Steering Group acts as a preparatory and monitoring body for sustainability work. The steering group includes members of the Management Team covering the company's material sustainability issues, the head of sustainability, and other individuals in expert roles as needed. The chair of the steering group is the company's Chief Marketing, Communications and Sustainability Officer, under whose leadership the sustainability unit is responsible for coordinating the implementation of the sustainability program together with the members of the Sustainability Steering Group, with operational responsibility distributed throughout the organization.

The CSRD Steering Group, which started its operations during the reporting year, supports and oversees the preparation for sustainability reporting in accordance with the Corporate Sustainability Reporting Directive, ensures the resourcing of reporting, and is responsible for ensuring that the company's reporting meets the set requirements. Additionally, the group holds preliminary discussions on ESG topics that support reporting readiness and prepares the necessary materials for the company's Audit Committee and Board of Directors. The chair of the steering group is the company's CFO, under whose leadership the finance department is responsible for the company's external reporting, including sustainability reporting, together with the sustainability unit. The group consists of members of the Management Team and experts who participate in the process either directly or indirectly.

Skills and expertise available for management and supervisory bodies to oversee sustainability matters

The company develops and maintains expertise in monitoring sustainability issues and regularly invests in staff training and strengthens the skills of experts. The company has extensive expertise related to sustainability, which supports supervisory bodies in ensuring that the necessary information on sustainability issues, as well as identified impacts, risks, and opportunities, is available.

The company's CEO has extensive and long-standing expertise in the retail industry, including material sustainability topics. In his role, he ensures that the company has access to the necessary sustainability expertise and knowledge. The company's Management Team includes the Chief Marketing, Communications and Sustainability Officer who has appropriate expertise in sustainability themes relevant to the company based on many years of experience. In their role, they ensure that sustainability issues are a focus of the company's Management Team. Additionally, the company employs experts specializing in sustainability issues within the sustainability unit and the finance department, as well as experts specializing in individual relevant sustainability topics across all departments.

The company's Board of Directors, Audit Committee and Management Team monitor the progress of sustainability reporting and targets and regularly assess the need for expertise development. Expertise is continuously developed through training and external experts, ensuring that governance, management, and supervisory bodies have up-to-date and diverse information about sustainability issues. The company ensures that expertise and skills are closely connected to the company's relevant impacts, risks, and opportunities. Decision-making is based on comprehensive and up-to-date information, which supports the company's strategic objectives. In 2024, the assessment of impacts, risks, and opportunities was based on a comprehensive double materiality analysis, utilizing both internal expertise and external expert support to ensure that impacts, risks, and opportunities were assessed broadly and comprehensively.

Information provided to and sustainability matters addressed by the company's administrative, management and supervisory bodies

As part of the double materiality analysis process, the company's Board of Directors, Audit Committee, and Management Team reviewed identified impacts, risks, and opportunities related to sustainability issues and provided feedback on their assessment and scoring. Principles, actions, and targets related to sustainability issues and reporting are reported to supervisory bodies whenever they are updated and when new principles, targets, or actions are developed.

In 2024, the company updated its sustainability program, considering the identified impacts, risks, and opportunities. At the same time, a new environmental policy was developed, and the Personnel policy was updated based on the identified impacts, risks, and opportunities. Necessary changes were addressed in the required supervisory body meetings. The targets and metrics of the sustainability program were approved by the Board of Directors, and any updates to them, as well as the introduction of new targets or metrics, are reported to the board.

The approved targets and metrics are used to monitor the progress of sustainability efforts. The integration of the identified material sustainability matters with the company's strategy is presented in the *Impacts of strategy on sustainability issues* section and the process to identify material impacts, risks and opportunities is presented in the Impact, risk and opportunity management section.

During the 2024 financial year, the following sustainability-related topics were discussed in the meetings of the company's Board of Directors, Audit Committee, and Remuneration Committee:

1) Board of Directors:
- CSRD reporting and status updates
- Review and approval of the double materiality analysis, linking key impacts, risks, and opportunities to the company's strategy
- Update of the sustainability program
- Science-based climate targets
- Risk management, including risks related to data protection, cybersecurity, and ESG topics

2) Audit Committee:
- CSRD reporting and status updates
- Double materiality analysis, including the handling of all identified impacts, risks, and opportunities
- Update of the sustainability program
- Sustainability targets and roadmap for 2024
- Results of internal audits related to sustainability issues
- Risk management, including risks related to data protection, cybersecurity, and ESG topics

3) Remuneration Committee:
- Personnel matters and strategy broadly, such as well-being, diversity, equity, and inclusion, as well as engagement

The following sustainability-related topics were discussed in the Management Team meetings:
- CSRD reporting and status updates, including the handling of all identified impacts, risks, and opportunities
- Double materiality analysis
- Update of the sustainability program, program metrics, and monitoring model
- Environmental policy
- Employee satisfaction survey results, eNPS
- Cybersecurity, data protection, and information security
- Diversity, equity, and inclusion, as well as engagement
- Practices to ensure the responsibility of the supply chain
- Personnel matters and strategy broadly, such as well-being, diversity, equity, and inclusion, as well as engagement

Integration of sustainability-related performance in incentive schemes

The remuneration of the company's governing bodies is based on the company's remuneration policy. The Remuneration Committee of the company's Board of Directors prepares the remuneration report for the board's review, and the board approves it for presentation to the general meeting. Shareholders make an advisory decision on the report at the annual general meeting. In accordance with the company's current remuneration policy, the remuneration applied in 2024 has supported the company's long-term financial success and the creation of shareholder value.

In 2024, the performance of management remuneration is assessed in relation to one sustainability-related target, which concerns minimizing product returns regarding "change of minds". The sustainability target is to keep the return rate below 1% annually, which supports the company's principle of selling products based on need while reducing customer returns and waste. The return rate is used to monitor the company's sustainability performance, and the metric is included in the management incentive system with a 10% weighting. The scope of the targets is different from the sustainability program target which is defined in section E5 *Targets related to resource use and circular economy*. The 2024 incentive system did not include targets directly related to greenhouse gas emissions.

Statement on due diligence

Core elements of due diligence	Paragraphs in the sustainability statement	Page numbers
a) Embedding due diligence in governance, strategy and business model	General information – *Governance* General information – *Strategy*	1–4, 5–8
b) Engaging with affected stakeholders in all key steps of the due diligence	General information – *Strategy* General information – *Impact, risk and opportunity management*	5–8, 8–10, 17–19
c) Identifying and assessing adverse impacts	General information – Strategy General information – *Impact, risk and opportunity management*	11–16, 17–19
d) Taking actions to address those adverse impacts	E1, E2, E5, S1, S2, S4 – Actions and resources G1 – *Prevention and detection of corruption and bribery*	32–33, 39, 41–42, 49–50, 57 and 59 61–62
e) Tracking the effectiveness of these efforts and communicating	E1, E2, E5, S1, S2, S4 – *Targets (MDR-T, MDR-M)*	33–37, 39, 42–45, 50–55, 58, 60

Risk management and internal controls over sustainability reporting

Risks related to sustainability reporting are identified, assessed, evaluated, and managed as part of the company's comprehensive risk management work. The company's Board of Directors has approved the company's risk management framework, which is based on the ISO 31000 standard. Risk management is an integral part of the company's management system and is managed according to an annual cycle. The company assesses risks based on their occurrence, probability, and impact, considering financial aspects as well as impacts on operations, safety, and strategic objectives.

Sustainability reporting is part of the company's external reporting, overseen by the company's CFO. The processes related to the preparation of the sustainability report are the responsibility of the finance department and the sustainability unit, including adhering to reporting timelines and identifying risks related to sustainability reporting. The risks related to sustainability reporting identified through the company's risk management process concern the adequacy of the reporting content and ensuring the availability and accuracy of background information. Appropriate measures are defined for managing the identified risks in accordance with the risk management process.

To ensure the comprehensiveness of the Sustainability report´s content and background information, the reporting is carried out by individuals familiar with the subject, who actively follow applicable directive standards and legislative developments. Additionally, roles have been defined to ensure the availability and accuracy of background information, the responsibility for collecting and providing the necessary information and implementing measures to supplement any missing information. Sustainability reporting is also supported by third-party assurance.

To develop the internal control processes of sustainability reporting, the company introduced monitoring controls during the reporting year and initiated the CSRD Steering Group work described in the The roles and responsibilities of the administrative, management and supervisory bodies section. The company continues to develop the internal control of sustainability reporting as part of its control environment. Progress in sustainability reporting, the availability of necessary information, and other reporting-related observations were regularly reported to the company's Management Team, Audit Committee, and Board of Directors as part of status reporting.

Strategy

Strategy, business model and value chain

Business model

Verkkokauppa.com is a Finnish retail company specializing in consumer electronics and home and leisure products, primarily operating in Finland and Estonia. It serves both consumer and business customers online and through four stores located in Helsinki, Pirkkala, Raisio, and Oulu. The company's pick-up warehouses are located in Helsinki and Vantaa. Additionally, the company has consumer and wholesale sales in the EU and EEA regions.

Verkkokauppa.com's product range includes over 60,000 products, with more than 2,800 products under its private label brands. The core categories of the product range are computers and peripherals, TV and video, mobile devices, and home appliances. The company's service range includes installation, maintenance, and recycling services, trade-in services for used consumer electronics, visibility sales, and financing services.

In 2024, the company's revenue was 467.8 million euros (502.9) and the net profit was negative 0.8 million euros (2.1). At the end of the year, the company had 615 employees, of which 597 were in Finland, 15 in China, and 3 in Hong Kong.

The company's strategy guides its actions in gathering, developing, and securing production inputs.

Significant production inputs and resources enabling operations:
- Own workforce
- Multichannel marketplace
- Business enablers such as the supply chain and supplier relationships, local warehouses, delivery methods, and own ERP system and e-commerce platform
- Intangible assets such as brand and recognition, service concept, product expertise and assortment management, customer and transaction data, product information and reviews
- Financial resources
- Owners

The added value and benefits produced by the company for stakeholders:
- Salaries and rewards, career paths and skill development, community and engagement for employees
- A wide product range and affordable prices, easy transactions, personalized customer experience, tailored services for businesses of all sizes, customer satisfaction for customers
- Purchases and a modern distribution channel to reach consumer and business customers for suppliers
- Profit for owners
- Taxes and tax-like payments for society
- Circular economy products and services to extend product lifecycles for the environment

The company's suppliers include well-known international electronics brands and wholesalers in Finland and abroad, as well as smaller suppliers. The company's procurement is decentralized and does not constitute a significant part of any supplier's annual production.

Value chain

Strategy

Verkkokauppa.com's vision is to create a new norm of buying and owning and to be a industry leader. The company leverages the optimization of goods flows, automated internal logistics, and distribution networks to achieve the fastest and most comprehensive deliveries in the market. The company's expanding fast delivery range is internationally leading. The cornerstones of the strategy are the fastest deliveries, operational excellence, curated selection, new business models, and a strong brand. The company effectively utilizes sustainable new business models and the growing customer interest in high-quality selection and smooth customer experience, which are expected to support the strengthening of the company's market position.

Impacts of strategy on sustainability issues

A responsible approach is a central part of Verkkokauppa.com's strategy and vision of creating a new norm for buying and owning. The company's sustainability-related targets form the company's sustainability program, which was updated during the reporting year and approved by the Board of Directors at the end of the year. The updated sustainability program is presented in the Verkkokauppa.com's *Sustainability Program table* along with in connection to each relevant sustainability topic.

The key topics of the updated program are sustainable consumption based on a circular economy, ensuring sustainable operations and supply chains, growth and well-being of the company's own personnel, and maintaining exemplary business practices. The program is set for the company's 2024–2028 strategy period and is aligned with the company's strategy and double materiality analysis. The program's targets apply to all customer segments and geographical areas. As is common for the retail sector, the company's most significant climate and other environmental impacts occur at the beginning of the value chain, in the various stages of manufacturing the products sold. The company's extensive supplier network and the product range's emphasis on consumer electronics require strong processes to ensure the sustainability of supply chains, such as ensuring working conditions and climate targets in the value chain and the continuous development of processes. The environmental impacts related to the value chain are detailed in the *Detailed information about the processes to identify and assess material impacts, risks, and opportunities related to the environment* section.

The company's strategic target of increasing the share of private label products in revenue highlights the importance of sustainability issues related to imports, such as evolving eco-design regulations. In turn, the development of the service business, increases the company's opportunities to promote circular economy and thereby reduce several environmental impacts. The sale of used products and services that promote a circular economy are the most significant products and services related to the company's sustainability targets, although their share of the company's revenue is currently small.

The company's strategic focus on fast deliveries will increase the company's indirect greenhouse gas emissions from distribution in the short and medium term. However, increasing the share of pick-up and fast deliveries can reduce the need for packaging materials, as well as the efficiency of operations and the broader use of packaging automation. The company's investment in the use of data and artificial intelligence enhances material flow and thereby promotes energy efficiency and reduces negative environmental impacts. Additionally, these measures improve the company's ability to collect, utilize, and report sustainability information.

One of the key long-term sustainability challenges is reducing those indirect value chain emissions with which the company has no direct connection with, such as those arising from partnerships, as well as transitioning to a circular economy in a financially sustainable way. The company considers all markets and customer groups equally significant in relation to its sustainability targets.

Through its updated sustainability program, the company has defined targets, with monitoring set to begin in early 2025. Since performance-based targets were not largely set at the beginning of the reporting year, the company has not monitored targets or the impact of its actions or principles in relation to significant sustainability-related impacts, risks, and opportunities during the reporting year. An exception to this is the performance-based target related to resource use and the circular economy, specifically the product return rate, which the company has been tracking for several years and reports in section E5 *Targets related to resource use and circular economy*. Additionally, the company reports on a strategic target regarding next-day deliveries in section S4 *Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities*.

Verkkokauppa.Com's sustainability program

The company's own sustainability topics	Target	KPI	ESRS topic
PASSIONATELY ON CUSTOMERS' SIDE FOR CIRCULAR FUTURE	1. Double-digit annual growth in the sales of circular products, services and solutions	Growth of total net sales from circular products and services	E5
	2. Extending trade-in service every year to cover relevant part of our HERO-assortment by 2028*	Annual growth in the share of product categories covered with trade-in-service	E5
	3. Keeping product return rate under 1%	Overall product return rate (%) including "change of minds" as well as service returns	E5, S4
ENSURING RESPONSIBLE OPERATIONS AND SUPPLY CHAINS	4. Reducing emissions according to science-based targets (SBTi): • Scope 1 & 2: 0 tCO_2 by the end of 2025 • Scope 3: engage suppliers and partners to SBTi, 78% in terms of emissions by the end of 2030**	Greenhouse gas emissions (Scopes 1,2) Percentage of suppliers and partners committed to SBTi, measured in terms of emissions	E1
	5. Ensuring that 100% of our direct suppliers provide adequate working conditions	Percentage of direct suppliers showing proof of adequate working conditions	S2
FOSTERING WELL-BEING AND SUCCESS OF OWN PERSONNEL	6. Improving employee engagement to exceed benchmark by 2028	Engagement score	S1
	7. Improving employee well-being by 0.1 points annually	Well-being score	S1
	8. Improving experience of diversity and inclusion by 0.1 points annually	DEIB score	S1
MAINTAINING EXEMPLARY BUSINESS CONDUCT	Ensuring compliance by anticipating regulation and promoting a compliance culture throughout the organization Performance is monitored as part of operational activities		G1

*The HERO product range refers to a well-circulating and online-suitable product selection of approximately 30,000 product codes defined in the company's strategy. This range supports the company's customer value promise of fast deliveries and includes the company's customers' most desired products.

**The formulation of the target is preliminary. The final formulation requires validation by the SBTi organization to ensure that the target is sufficient from the perspective of the 1.5-degree climate scenario.

Interests and views of stakeholders

The company's key stakeholders are customers, personnel, suppliers and other partners, as well as owners and the capital market. In addition, the company has assessed the key interests, perspectives, and human rights aspects of the value chain workers.

The company engages in active dialogue with its stakeholders to strengthen the understanding of expectations directed at the company and to consider them in the company's strategy, business model, and responsibility program. The key topics related to stakeholders are described in the table *Stakeholder Dialogue*.

Feedback received from stakeholders is regularly reviewed by the Management Team and the board and is an essential part of the strategy process. During the 2023 strategy update, insights were collected from employees through three strategy surveys. Feedback was collected from customers regarding Verkkokauppa.com's differentiating factors, but it was not communicated that this information would be used in setting the company's strategic targets. Additionally, feedback was collected from suppliers.

The company conducts regular surveys on sustainability topics to map the expectations of consumers and end users. The sustainability barometer surveys conducted in 2022 and 2024, which addressed consumer electronics and the sustainability of online stores, each gathered over ten thousand responses, and their results have been utilized in updating the company's strategy, double materiality analysis, and setting the targets of the sustainability program as communicated in the survey.

The company reports its strategy and progress transparently and up to date, enabling interested stakeholders to monitor the company's operations.

Stakeholder dialogue

Key stakehol-der groups	Interaction channels and cooperation	Key stakeholder interests and views and *human rights aspect**	Meeting stakeholders' expectations and their impact on the company's operations, business model and strategy**
CUSTOMERS	• Daily customer encounters • Contact through customer service channels • Social media interactions • Surveys, customer panels, customer satisfaction surveys • Communication, advertising, newsletter • Sustainability barometer • Reporting channel	**Consumer customers and end-users:** • Order arrivals, delivery times and availability, maintenance and warranty issues • Product information • Extending product lifespan • Used products • *Product safety* • *Data security and protection* • *Accessibility* **Business customers:** • *Sustainability and compliance*	**Consumer customers and end-users:** Development work related to: • Delivery speed, customer service, availability, displaying availability, maintenance and warranty services, usability • Development of product information • Circular economy services and used products • Other measures defined based on the sustainability barometer • *Taking care of product safety and data security* • *Accessibility* **Business customers:** • *Sustainability and compliance*
OWN WORKFORCE	• Daily interactions • Personnel survey and other questionnaires and participation • Goal and development discussions • Weekly newsletters, personnel meetings • Informative interactions • Workplace communication and discussion channels • Supervisor coaching • Training and personnel briefings • Idea box for personnel ideas • Reporting channel • Task force	• Strategy, strategic communication, and implementation • Employment, change negotiations • Community and team spirit • Salary and rewards • Skill development • *Diversity, equality, and inclusion* • *Physical health and mental health* • *Occupational safety* • *Prohibition of harassment and discrimination*	• *Personnel policy, internal personnel development plan* • *Diversity working group* • *Role classification system* • *Recruitment guidelines* • *Tribe rules, Code of Ethics for Work Community Communications* • *Inclusion and engagement channels* • *Supporting adaptation to change* • *Employee benefits, rapid reward systems* • *Supporting growth and development* • *Development of leadership and everyday leadership, goal and development discussions* • *Flexible working arrangements* • *Occupational health services and mental wellbeing support* • *Intervention model on harassment and inappropriate treatment, principles for creating a safer space*
SUPPLIERS AND OTHER PARTNERS	• Partner meetings and regular interaction • Trade fairs • Supplier codes of conduct and audits • Product safety monitoring • Surveys • Reporting channel	• Code of Conduct and contract terms • Social responsibility audits • Emission reductions and emission calculations • Cooperation and dialogue • Investments in developing sustainability	• *Code of Conduct and contract terms* • *Quality and safety of procurements* • *Consideration of sustainability criteria in procurement decisions* • *Development of sustainability in collaboration, investments, and material choices*
OWNERS AND THE CAPITAL MARKET	• Active dialogue with shareholders • Annual General Meeting • Annual reporting and interim reports • Investor and analyst reports • Investor pages, social media channels, releases • Investor and analyst meetings and visits, presilent discussions • Investor seminars and events, participation in events aimed at private investors such as investor fairs and stock exchange open house events • Responding to surveys and assessments • Reporting channel	• Profitable growth of the company's operations • Increasing the value of shares • Dividend payment • Applying principles of responsible investments • Implementation of corporate responsibility	• Consistent, reliable, relevant, and up-to-date reporting on the operating environment, the company's financial performance, and sustainability issues • Increasing the value of the company's share and paying dividends • Growing profitably • Developing operations in accordance with the sustainability program and achieving sustainability targets
Other considered stakeholders			
WORKERS IN VALUE CHAIN	Social responsibility audits including employee interviews	*Implementation of labor rights and human rights, such as safe working conditions, adequate rest, a living wage, prohibitions of harassment, discrimination, forced labor, and child labor*	• *Requirements set for suppliers* • *Social responsibility audits and requiring suppliers to prepare and monitor development plans based on audit results*

*Human rights aspects are marked in italic

**Measures to correct or enable correcting human rights impacts are marked in italic

Material impacts, risks and opportunities and their interaction with strategy and business model

The company conducted its double materiality assessment at the beginning of 2024. The assessment followed the principle of double materiality, considering the requirements of the ESRS standards and the sustainability themes previously identified by the company. The double materiality analysis included mapping the company's key sustainability topics and their impacts on the environment, people, and society, as well as assessing the related financial risks and opportunities for the company's business. The assessment of impacts, risks, and opportunities covered not only the company's own operations but also the entire identified value chain.

As a result of the assessment, seven material topics were identified for the company: Climate change, Pollution, Circular economy and resource use, Own workforce, Workers in the value chain, Customers and end-users, and Business conduct.

Responding to material impacts, risks, and opportunities and their interaction with business and strategy

The sustainability program integrates sustainability aspects into the company's strategy and guides action within the business, reducing negative impacts while enhancing positive ones. The company updated its sustainability program in 2024. The impacts, risks, and opportunities identified through the double materiality analysis, along with the updated 2023 strategy, formed the foundation for this update. The goal of the update was to ensure alignment between the program and the company's revised strategy. The updated sustainability program is presented in the *Verkkokauppa.com's Sustainability Program* table.

The company identified material negative impacts related to climate change and pollution, with these impacts primarily concentrated at the beginning of the value chain. Positive impacts were observed throughout the value chain in promoting a circular economy, and in relation to the company's own workforce, workers in the value chain, consumers, and end-users. The company seeks to mitigate negative impacts through measures such as focusing on product quality, compliance, and responsibility to ensure an effective and responsible procurement process. At the same time, the company aims to increase long-term benefits for both the environment and society, as reflected in its circular economy-based vision of creating a new normal for buying and owning.

The company also identified significant risks and opportunities related to its own workforce, consumers, and business operations that could affect its financial situation and cash flows. No significant risks were identified in the recognized risks and opportunities that require material adjustments to the carrying values of reported assets or liabilities in the 2024 financial statements.

Based on the double materiality analysis, the company assesses that the identified material risks and opportunities could impact its financial position in the short and medium term. The double materiality analysis utilized the risk classification defined in the company's risk management process to assess the significance of these risks and opportunities.

Material impacts, risks, and opportunities are outlined in the following tables, and their management is presented in relation to each relevant theme in sections *E1, E2, E5, S1, S2* and *G1*. The effects of the company's strategy on sustainability issues are described in the *Strategy, Business Model, and Value Chain* section. The time horizons for identified impacts, risks, and opportunities are presented in the *Identified Impacts, Risks, and Opportunities and the scoring of material impacts, risks, and opportunities* table.

Identified material impacts, risks and opportunities

E1 – Climate change		
Impacts	**Risks and opportunities**	**Impact area**
E1.2 Climate change mitigation		
– The procurement and production processes of raw materials are energy-intensive and cause significant greenhouse gas emissions (negative actual impact)	None identified	Upstream value chain through business relationships
– The transport of products at various stages of the value chain causes greenhouse gas emissions (negative actual impact)	None identified	Entire value chain through business relationships
E1.3 Energy		
– The energy consumption of electronic devices during their use phase contributes to climate change and increases greenhouse gas emissions (negative actual impact)	None identified	Downstream value chain

Resilience

The company continuously monitors sustainability-related changes in its operating environment and responds appropriately by incorporating them into its strategy and business model. The company believes that through its sustainability program, it has the capability of addressing the identified material impacts, risks, and opportunities.

The company also qualitatively assessed the resilience of its operations in the context of the double materiality analysis, both at a general level and more specifically regarding climate resilience.
To identify future trends, the company's climate resilience was assessed utilizing the expertise of internal specialists familiar with various stages of the value chain, as well as external experts. The assessment considered the identified material impacts at the beginning of the value chain. The resilience evaluation considered short, medium, and long-term perspectives used in the materiality analysis, and assessed how

the transition to a low-carbon and climate-resilient economy might affect the company.

Due to their location, the company's facilities are not significantly exposed to extreme weather events caused by climate change, so physical risks related to climate change were deemed non-material for the company's operations. However, extreme weather events can pose physical risks to the production and transportation of products sold at the upstream end of the value chain. Transition risks identified include suppliers' challenges in adapting to emission reduction targets and changing legislation. These risks were not considered material due to the company's broad product range and extensive supplier and partner network spread across different geographical areas. Additionally, the company's risk management has prepared for supply chain disruptions by ensuring alternative partners and transport routes in case of potential disruptions.

Material financial risks related to climate change were not identified and the company has not therefore conducted a detailed analysis of its climate-related physical or transition risks. However, financial risks identified through the resilience analysis are monitored and evaluated as part of ongoing risk management. The company plans to deepen and review its climate resilience and scenario analysis as part of the double materiality analysis update in the 2025 fiscal year. At the end of 2024, the company decided to commit to the SBTi initiative. This commitment supports the company's efforts to align its operations with the 1.5-degree climate scenario.

E2 – Pollution

Impacts	Risks and opportunities	Impact area
E2.1–3 Pollution of air, water and soil		
− Hazardous chemicals and heavy metals used during the procurement and production of raw materials can con-taminate air, water, and soil (negative actual impact)	None identified	Upstream value chain through business relationships
− Toxic substances in electrical and electronic waste in the downstream value chain can increase the release of hazardous materials into water and soil (negative actual impact)	None identified	Downstream value chain through business relationships

E5 – Resource use and circular economy

Impacts	Risks and opportunities	Impact area
E5.1 Resources inflows, including resource use		
+ Minimizing resource use in packaging and other material uses, and favoring recycled materials, can reduce the use of primary resources (positive actual impact)	None identified	Entire value chain through own operations and business relationships
E5.2 Resource outflows related to products and services		
+ Extending product lifecycles by offering circular economy products, services, and solutions can reduce the use of primary resources (positive actual impact)	None identified	Own operations and upstream value chain
+ Extending product lifecycles through eco-design can reduce the use of primary resources (positive actual impact)	None identified	Entire value chain through own operations and business relationships
+ Minimizing packaging materials and optimizing material recyclability can reduce waste (positive actual impact)	None identified	Own operations and upstream value chain

S1 – Own workforce		
Impacts	**Risks and opportunities**	**Impact area**
S1.1 Working conditions		**Own operations**
+ Paying wages and providing employee benefits that exceed industry standards can enhance and maintain employee satisfaction and well-being, and motivate staff to work towards the company's targets (positive actual impact)	– Work accidents and sick leaves can increase operational costs (negative actual impact) – The lack or insufficiency of sustainable HR practices can increase employee turnover, which may raise costs, complicate recruitment, and damage the brand (negative potential impact) + Providing opportunities for professional development through skill enhancement can improve operational efficiency and reduce costs (positive actual impact) + A motivated, skilled, and healthy workforce enables efficient operations, thereby reducing costs, improving customer satisfaction, increasing sales, and decreasing the likelihood of disability pensions (positive actual impact)	
S1.2 Equal treatment and opportunities for all		**Own operations**
+ Opportunities for professional development can increase commitment, the sense of meaningful work, and well-being at work, for example, through perceived competence (positive actual impact) + Prohibiting discrimination can reduce all forms of harassment, bullying, and discrimination (positive actual impact)	+ A motivated, skilled, and healthy workforce enables efficient operations, thereby reducing costs, improving customer satisfaction, increasing sales, and decreasing the likelihood of disability pensions (positive actual impact)	

Material impacts, risks and opportunities related to own workforce and their interaction with strategy and business model

The company employs individuals in sales, logistics, and office roles. In its double materiality analysis, the company assessed impacts, risks, and opportunities related to its workforce, including significant risks of forced labor and child labor, affecting all employment relationships and employee groups. The results apply to the entire workforce, and no impacts, risks, or opportunities were identified for any specific employee group. The company evaluates negative impacts on employees, locations, and job roles by conducting regular statutory workplace assessments, risk and hazard evaluations, and employee surveys, the results of which are reviewed at both company-wide and departmental levels.

All identified material impacts were positive and applied to the entire own workforce. the company's actions, which are expected to have positive impacts, target the entire workforce and are detailed in section S1 *Material impacts, risks and opportunities related to own workforce* under the *Management* column in the table. The company assesses potential negative impacts on its workforce from the climate change transition plan during its development.

The company believes its workforce is crucial to achieving business objectives. In line with values defined with employees, the company fosters a bold, agile, and transparent organizational culture and invests in a communal atmosphere, that strengthens positive impacts on the workforce. Risks related to the workforce are tied to the company's dependence on employee well-being and contribution. It has been identified that inadequate workforce-related practices could pose significant financial risks. The company has not identified any material impacts, risks, or opportunities related to forced labor or child labor.

Positive impacts related to the company's workforce primarily support achieving strategic objectives but are not directly tied to the business model. The company has not identified significant risks related to forced labor or child labor due to the nature of its business, as operations are mainly based in Finland, with no significant activities in high-risk countries or in-house production. Limited activities outside Finland are office-based. The company respects human rights in all its operations and does not tolerate human rights violations in any form. Additionally, the company has a reporting channel for all stakeholders to raise concerns.

The company has not identified impacts, risks or opportunities that apply to non-employees.

S2 – Workers in the value chain		
Impacts	**Risks and opportunities**	**Impact area**
S2.1 Working conditions S2.2 Equal treatment and opportunities for all S2.3 Other work-related rights		
+ The company's supplier requirements and monitoring mechanisms can have a positive impact on the working conditions of employees in the value chain (actual positive impact)	None identified	Upstream value chain through business relationships

Material impacts, risks and opportunities related to workers in the value chain and their interaction with strategy and business model

The company has identified workers in the value chain as a material sustainability topic through three sub-topics: S2.1 Working Conditions, S2.2 Equal Treatment and Equal Opportunities for All; and S2.3 Other Work-Related Rights.

Positive impacts were identified in relation to the development of the company's supplier Code of Conduct and procurement practices. This particularly applies to employees working for direct suppliers, but direct suppliers are also required to apply the same practices within their own supply chains. The impacts relate to all workers in the value chain. The materiality assessment includes uncertainties regarding upstream workers in the value chain, over whom the company does not have full visibility. The company has not identified dependencies on value chain employees in its strategy or business model, nor impacts or dependencies that would constitute material risks or opportunities.

The company's assessment of the vulnerability of different employee groups to negative impacts is based on the Amfori BSCI program, of which the company is a member. The program's principles specifically define the protection of young workers due to their vulnerability and provide details to safeguard the rights of migrant and seasonal workers.

Impacts on workers in the value chain arise from the company's business activities, as the production of products sold by the company, particularly consumer electronics, is concentrated in countries with a high risk of human rights and labor rights violations, including the risk of child labor or forced labor, based on BSCI risk country classification and World Bank indicators. The company has not separately assessed the extent to which the risk of child labor or forced labor is significant or whether negative impacts are widespread or systemic in the contexts where the company operates, procures, or has other business relationships.

S2 – Consumers and end-users		
Impacts	**Risks and opportunities**	**Impact area**
S4.3 Social inclusion of consumers and/or end-users		
+ Enabling equal access to the company's products and services for all consumer groups can positively contribute to social inclusion among consumers (actual positive impact)	+ Equal access to products and services for all consumer groups can increase the company's sales (actual positive impact)	Downstream value chain

Material impacts, risks and opportunities related to consumers and end- users in the value chain and their interaction with strategy and business model

The company has identified consumers and end-users as a material sustainability topic under the sub-topic of *Social inclusion of consumers and/or end-users* within the sub-sub-topic of *Access to products and services*. The company's material impacts are related to the potential to positively influence social inclusion among consumers. Additionally, a positive economic opportunity has been identified in this area. The identified issues do not target a specific group but are related to all consumers and end-users.

G1 – Business Conduct		
Impacts	**Risks and opportunities**	**Impact area**
G1.5 Management of relationships with suppliers including payment practices		
None identified	+ Fair business conduct, ethical practices and rigorous risk and due diligence practices throughout the supply chain can improve reputation amongst suppliers and partners guaranteeing long relationships, good commercial co-operation (actual positive impact)	Own operations and upstream value chain through business relationships

Impact, risk and opportunity management

Description of the processes to identify and assess material impacts, risks and opportunities

The company conducted a double materiality analysis in 2024. The process utilized previously collected stakeholder insights, internal expertise from various departments, and support from an external expert. The analysis considered the key aspects of the company's operations, such as its location, sector and business structure. The double materiality analysis progressed in four stages, starting with mapping the value chain and moving on to identifying impacts, risks, and opportunities. The process concluded with workshops that first prioritized impacts and then focused on prioritizing risks and opportunities.

In the double materiality analysis process, sustainability topics were addressed thematically through sub-topics set by ESRS standards. A scoring matrix was developed to support the identification process, evaluating the significance and extent of impacts at different stages of the value chain. Subsequently, identified materialities were discussed in workshops involving experts from various company functions and an external expert who particularly supported the identification of potential future impacts. The workshops utilized facilitated group discussions and impact assessment matrices, evaluating the severity, likelihood, and duration of each topic from the perspectives of business and stakeholders. All emerging views were documented. The materiality analysis identified the company's impacts, risks, and opportunities across the value chain. To deepen the understanding of upstream impacts, an external supplier representative was interviewed.

Impact assessment and prioritization

In assessing and prioritizing impacts, the company examined its actual and potential impacts on the environment and people throughout the value chain. The assessment considered impacts on various stakeholders, covering all activities, business relationships, and geographical areas. The review included both direct impacts of the company and indirect impacts arising from business relationships, such as product manufacturing at the upstream end of the value chain. The process was also supported by essential stakeholder interviews, particularly to deepen the understanding of the company's impacts at the upstream end of the value chain. The assessment was conducted theme by theme, considering key sub-topics. Impacts were reviewed over short-, medium-, and long-term periods to determine when different sustainability factors would tangibly affect the business.

Identified impacts were prioritized based on their relative severity. Severity was assessed according to ESRS guidelines, considering the scale, scope, and remediability of the impacts. For potential impacts, their likelihood was also evaluated.

Risk and opportunity assessment and prioritization

In assessing risks and opportunities, the company's expert teams conducted targeted evaluations of financial risks and opportunities for each sustainability theme, considering the identified impacts. The identification of risks and opportunities examined factors that affected or were reasonably expected to affect the company's financial position, financial performance, cash flows, access to financing, or cost of capital. For the quantitative assessment of risks and opportunities, the company's internal risk matrix was used. The matrix considered the magnitude and likelihood of impacts, defined in the context of the company's business environment and financial objectives. The magnitude of impacts was assessed on a scale based on the financial impact on revenue and categorized into five levels according to the company's risk management process. The assessment covered short-, medium- and long-term risk factors.

Scoring

The severity of impacts was measured on a scale of 1 to 5, with 5 being the highest value. Similarly, the total score for risks and opportunities was calculated on a scale of 1 to 5, with 5 representing the greatest impact and highest likelihood. Impacts, risks, and opportunities scoring above 3.75 were identified as material. The threshold was determined in collaboration with the company's experts and management to ensure that the most significant and noteworthy impacts, risks, and opportunities were considered.

Detailed information about the processes to identify and assess material impacts, risks, and opportunities related to the environment

Regarding climate change, the company assessed the climate resilience of its operations and various stages of the value chain from the perspective of risks posed by different climate scenarios. The analysis did not identify any material financial climate risks. The climate resilience analysis is detailed further in the Resilience section.

Impacts, risks, and opportunities related to pollution, water resources, marine resources, resource use, and the circular economy were identified by screening the company's assets and operations across the value chain. To deepen the understanding of upstream impacts, the company conducted an interview with a supplier. The interview aimed to provide a comprehensive view of environmental impacts and potential social impacts related to production. Additionally, information was gathered about circular economy perspectives, such as product lifecycle management and opportunities for improving the value chain. The company has not identified communities directly affected by its operations and has therefore not conducted community consultations.

Impacts on water and marine resources were identified at the upstream end of the value chain, where the production of consumer electronics generates significant environmental impacts, particularly through the mining of minerals required for manufacturing. The company's own operations were not found to have impacts, given that it does not have its own production facilities, and its locations are not in high water-risk areas. The company did not, however, identify any material impacts, risks, or opportunities related to water resources or marine resources.

The company assessed that its own locations had no direct impact on biodiversity, as they were not in or near areas sensitive to biological diversity. The biodiversity assessment process focused on the upstream end of the value chain, specifically the production of products sold by the company, where negative impacts related to key direct causes of biodiversity loss were identified. For example, the mining of minerals used in consumer electronics manufacturing can have harmful effects on local ecosystems. Additionally, transport at various stages of the value chain can promote the spread of invasive species, leading to the degradation of natural ecosystems' biodiversity. The company identified biodiversity-related transition and systemic risks, such as the deterioration of the financial situation due to increased operational costs associated with biodiversity crises in the supply chain. The company did not identify any material impacts, risks, or opportunities related to biodiversity.

Regarding circular economy impacts, the review covered the entire value chain, with a particular focus on the impacts arising from the company's own operations. The review was conducted from a product lifecycle perspective, helping understand the impacts at both the upstream and downstream ends of the value chain.

Decision-making process and monitoring procedures for double materiality analysis

The progress of the double materiality analysis process was regularly reported to the company's board. In the spring of 2024, the board reviewed and validated all impacts, risks, and opportunities identified and documented in the materiality workshops, approved the double materiality analysis, and decided on the materiality threshold, thereby determining the company's key sustainability themes.

The identified material impacts, risks, and opportunities from the materiality assessment served as the basis for updating the company's sustainability program and are integrated into the company's strategy-driven management process and vision of creating a new normal for buying and owning. The identified impacts, risks, and opportunities will be updated in the company's overall risk profile in 2025. The risk profile is managed as part of the company's comprehensive risk management work and management system.

The company continuously monitors changes in the operating environment and assesses their impact on materiality. The double materiality analysis is reviewed annually and updated as necessary.

Identified impacts, risks, and opportunities and the scoring of material impacts, risks, and opportunities

ESRS Topic	Sub-topic	Identified impacts	Identified risks and opportunities	Time horizons*
E1:Climate change	1.1 Climate change adaptation	√	√	
	1.2 Climate change mitigation	4,3	√	Short-term
	1.3 Energy	4,3	√	Short-term
E2: Pollution	2.1 Pollution of air	4,3	√	Short-term
	2.2 Pollution of water	4,3	√	Short-term
	2.3 Pollution of soil	4,3	√	Short-term
	2.4 Pollution of living organisms and food resources	√		
	2.5 Substances of concern	√		
	2.6 Substances of very high concern	√		
	2.7 Microplastics	√		
E3: Water and marine resources	3.1 Water	√	√	
	3.2 Marine resources			
E4: Biodiversity and ecosystems	4.1 Direct impact drivers of biodiversity loss	√	√	
	4.2 Impacts on the state of species		√	
	4.3 Impacts on the extent and condition of ecosystems		√	
	4.4 Impacts and dependencies on ecosystem services		√	
E5: Resource use and circular economy	5.1 Resources inflows, including resource use	4,5	√	Short-term
	5.2 Resource outflows related to products and services	4,5	√	Short-term
	5.3 Waste	√	√	
S1: Own workforce	1.1 Working conditions	4,0	4,5	Short- and medium-term
	1.2 Equal treatment and opportunities for all	4,0	3,8	Short- and medium-term
	1.3 Other work-related rights			
S2: Workers in the value chain	2.1 Working conditions	4,0	√	Short-term
	2.2 Equal treatment and opportunities for all	4,0	√	Short-term
	2.3 Other work-related rights	4,0	√	Short-term
S3: Affected communities	3.1 Communities' economic, social and cultural rights	√	√	
	3.2 Communities' civil and political rights	√	√	
	3.3 Rights of indigenous peoples	√		
S4: Consumers and end- users	4.1 Information-related impacts for consumers and/or end-users	√	√	
	4.2 Personal safety of consumers and/or end-users	√	√	
	4.3 Social inclusion of consumers and/or end-users	4,0	4,0	Short-term
G1: Business conduct	1.1 Corporate culture	√	√	
	1.2 Protection of whistle-blowers	√	√	
	1.3 Animal welfare	√	√	
	1.4 Political engagement and lobbying activities	√	√	
	1.5 Management of relationships with suppliers including payment practices	√	√	Short-term
	1.6 Corruption and bribery	√	√	

Impacts, risks and opportunities are scored on a scale of 1-5, where 5 is the highest value. ESRS topics where impacts, risks or opportunities exceed the threshold of 3.75 points are identified as material.
√= positive or negative impacts, risks or opportunities have been identified in the topic
X,X = the score according to which the topic has been identified as material
Based on the materiality assessment, no impacts, risks or opportunities with a score exceeding the threshold were identified for ESRS topics E3, E4 and S3. Therefore, these topics have not been identified as material.
* The time horizons were assessed on a three-level scale: short- medium- and long-term. Actual impacts, risks and opportunities were defined as occurring in the short term (within 0-2 years). Potential impacts, risks and opportunities were defined as occurring either in the medium term (within 2-5 years) or in the long term (more than five years).

Disclosure requirements in ESRS covered by the undertaking's sustainability statement

ESRS 2 – General information			
Disclosure requirement	**Description**	**Page number**	**Additional information**
BP-1	General basis for preparation of sustainability statements	14	
BP-2	Disclosures in relation to specific circumstances	14	
GOV-1	The role of the administrative, management and supervisory bodies	14–15	
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	15–16	
GOV-3	Integration of sustainability-related performance in incentive schemes	16	
GOV-4	Statement on due diligence	16	
GOV-5	Risk management and internal controls over sustainability reporting	17	
SBM-1	Strategy, business model and value chain	18–20	
SBM-2	Interests and views of stakeholders	21–22	
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	23–26	
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	27–28	
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	29–32	

E1 – Climate change			
Disclosure requirement	**Description**	**Page number**	**Additional information**
ESRS 2, GOV-3	Integration of sustainability-related performance in incentive schemes	14	
E1-1	Transition plan for climate change mitigation	42	
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	23–26	
ESRS 2, IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	27–28	
E1-2	Policies related to climate change mitigation and adaptation	42	
E1-3	Actions and resources in relation to climate change policies	43	
E1-4	Targets related to climate change mitigation and adaptation	43	
E1-5	Energy consumption and mix	44	
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	44	
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	N/A	Not material
E1-8	Internal carbon pricing	N/A	Not material
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	N/A	Phase-in applied

E2 – Pollution			
Disclosure requirement	**Description**	**Page number**	**Additional information**
ESRS 2, IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	27–28	
E2-1	Policies related to pollution	47	
E2-2	Actions and resources related to pollution	47	
E2-3	Targets related to pollution	48	
E2-4	Pollution of air, water and soil	N/A	Not material
E2-5	Substances of concern and substances of very high concern	N/A	Not material
E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	N/A	Not material

E5 – Resource use and circular economy			
Disclosure requirement	**Description**	**Page number**	**Additional information**
ESRS 2, IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	27–28	
E5-1	Policies related to resource use and circular economy	49	
E5-2	Actions and resources related to resource use and circular economy	50	
E5-3	Targets related to resource use and circular economy	51	
E5-4	Resource inflows	51	
E5-5	Resource outflows	52	
E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	N/A	Phase-in applied

S1 – Own workforce			
Disclosure requirement	**Description**	**Page number**	**Additional information**
ESRS 2, SBM-2	Interests and views of stakeholders	21–22	
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	23–26	
S1-1	Policies related to own workforce	54	
S1-2	Processes for engaging with own workers and workers' representatives about impacts	54	
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	55	
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	55	
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	56	
S1-6	Characteristics of the undertaking's employees	56	
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	56	
S1-8	Collective bargaining coverage and social dialogue	57	
S1-9	Diversity metrics	57	

S1-10	Adequate wages	57	
S1-11	Social protection	57	
S1-12	Persons with disabilities	N/A	Not material
S1-13	Training and skills development metrics	57	
S1-14	Health and safety metrics	57	
S1-15	Work-life balance metrics	58	
S1-16	Compensation metrics (pay gap and total compensation)	58	
S1-17	Incidents, complaints and severe human rights impacts	58	

S2 – Workers in value chain

Disclosure requirement	Description	Page number	Additional information
ESRS 2, SBM-2	Interests and views of stakeholders	21–22	
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	23–26	
S2-1	Policies related to value chain workers	59	
S2-2	Processes for engaging with value chain workers about impacts	59–60	
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	59–60	
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	60	
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	60	

S4 – Consumers and end-users

Disclosure requirement	Description	Page number	Additional information
ESRS 2, SBM-2	Interests and views of stakeholders	21–22	
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	23–26	
S4-1	Policies related to consumers and end-users	61	
S4-2	Processes for engaging with consumers and end-users about impacts	61	
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	61	
S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end- users, and effectiveness of those actions	62	
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	62	

G1 – Business conduct			
Disclosure requirement	**Description**	**Page number**	**Additional information**
ESRS, GOV-1	The role of the administrative, supervisory and management bodies	14–15	
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	27–28	
G1-1	Corporate culture and business conduct policies and corporate culture	63	
G1-2	Management of relationships with suppliers	63	
G1-3	Prevention and detection of corruption and bribery	64	
G1-4	Confirmed incidents of corruption or bribery	64	
G1-5	Political influence and lobbying activities	N/A	Not material
G1-6	Payment practices	64	

List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality for Verkkokauppa.com	Section and page number
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816(5), Annex II		√	2
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		√	2
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				√	4
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013;Commission Implementing Regulation (EU) 2022/2453(6)Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		X	N/A
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		X	N/A
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818(7), Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		X	N/A
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		X	N/A
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	√	31
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		√	31
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		√	33
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				X	N/A

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality for Verkkokauppa.com	Section and page number
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				√	34
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				X	N/A
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		√	35
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		√	35
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	X	N/A
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		X	N/A
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			X	N/A
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2:Banking book -Climate change transition risk: Loans collateralised by immovable property – Energy efficiency of the collateral			X	N/A
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		X	N/A
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				X	N/A

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality for Verkkokauppa.com	Section and page number
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				X	N/A
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1				X	N/A
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				X	N/A
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				X	N/A
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				X	N/A
ESRS 2- IRO 1 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				√	17–18
ESRS 2- IRO 1 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				√	17–18
ESRS 2- IRO 1 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				√	17–18
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				X	N/A
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				X	N/A
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				X	N/A
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				√	44
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				X	N/A
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				√	14–15
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				√	14–15
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				√	47
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		√	47

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality for Verkkokauppa.com	Section and page number
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				√	47
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				√	47
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				√	61–62
ESRS S1-14 Number of fatalities and number and rate of work- related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		√	53
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				√	53
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		√	54
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				√	54
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				√	54
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		√	55
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				√	15
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				√	55–56
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				√	55–56
ESRS S2-1Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		√	55–56
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		√	55–56
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				√	57

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality for Verkkokauppa.com	Section and page number
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				X	N/A
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		X	N/A
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				X	N/A
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				√	58–59
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		√	58–59
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				√	58–59
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				√	61
ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				√	61
ESRS G1-4 Fines for violation of anti- corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		√	63
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				√	63

Policies adopted to manage material sustainability matters (MDR-P)

The views of key stakeholders have been taken into account in the formulation of policies. The company's Management Team monitors the implementation of the policies. More detailed content and application of the policies are presented in connection with each material topic.

Policy and sustainability topic*	Contents	Scope	Responsibility	Availability
Code of Conduct E1, E2, E5, S1, S2, S4, G1	The company's way of operating in relation to customer-oriented activities, communication, marketing, disclosure, personnel and corporate culture, cooperation with partners, prevention of corruption and bribery, human rights and labor rights, data security and protection, environment, compliance with laws, and the reporting channel.	Applies to own workforce and management and compliance is also required from the company's suppliers and partners globally	The CEO is responsible for implementation and delegates responsibilities to the Management Team members if necessary The legal unit assists the CEO in updates and changes to the Code of Conduct Approved by the Board	On the company's website in Finnish and English
Supplier Code of Conduct E1, E2, E5, S2	Respect for human rights, themes of social and environmental responsibility, and risk materials	Entire value chain globally	The Chief Commercial Officer is responsible for implementation and compliance Approved by the Board	On the company's website in English
Environmental policy E1, E2, E5	Reduction of greenhouse gas emissions, environmental protection and pollution prevention, packaging and material choices, circular economy and product lifespan extension, eco-design, waste minimization, and directing waste for reuse. Principles for identifying, preventing, and mitigating potential and actual harmful environmental impacts.	Own operations and value chain globally	The Chief Marketing, Communications and Sustainability Officer is responsible for implementation and compliance Approved by the Management Team	On the company's website in Finnish and English**
Personnel policy S1	The operating principles related to the own workforce concerning the identification, prevention, and mitigation of potential and actual negative impacts on personnel, compliance with human rights, and the principle of avoiding causing or contributing to negative human rights impacts	Own operations	The Chief HR Officer is responsible for implementation and compliance Approved by the Management Team	On the company's website in Finnish and English**
Anti-Bribery and Anti-Corruption Policy G1	Zero tolerance for bribery, corruption, and other unethical influence; identification and prevention of corruption and bribery; regulations concerning gifts, hospitality, product loans, discounts, participation in company trips and sales competitions, as well as the approval process related to these.	Own operations and value chain globally	The CEO is responsible for implementation and compliance supported by the Management Team Approved by the Board	The company's internal document
Whistleblowing policy G1	The principles of the reporting channel available for all stakeholders	Own operations and value chain globally	The CFO is responsible for implementation and compliance Approved by the Board	On the company's website in Finnish and English
Risk management policy G1	The company's risk management framework for ensuring the achievement of business objectives, operational continuity, disruption-free functioning, and security, covering the company's operating environment, processes, services, projects, and procurement	Applies to own workforce and management	The Chief Information Officer is responsible for reporting identified risks to the Audit Committee and Board. The CEO is responsible for compliance Approved by the Board	On the company's website in Finnish and English
Data security policy G1	A comprehensive information security management system that ensures the confidentiality, integrity and availability of information that creates a secure environment for customers and employees	Applies to all employees and management.	The Chief Information Officer is responsible for implementation and compliance Approved by the Management Team	On the company's website in Finnish and English**

*The policy addresses impacts, risks and opportunities related to this/these ESRS sustainability topics

** The Environmental policy, Data security policy and updated Personnel policy were added to the company's website after the reporting period in early 2025

ENVIRONMENT

Information about the taxonomy of sustainable finance

The company reports information about the EU's sustainable finance taxonomy in accordance with EU Regulation 2020/852 and the requirements of the Finnish Accounting Act. The EU taxonomy is a classification system designed to channel capital flows towards sustainable investments and help achieve a climate-neutral European Union by 2050. The classification system currently covers only those economic activities that have the greatest need and potential to significantly influence climate change mitigation and adaptation.

Economic activities specific to the distributive trades sector are currently not explicitly mentioned in the taxonomy.

In 2024, the company's business consisted of retail sales and sales of its supporting services. The company has reviewed its operations to identify activities in its business that would be eligible and aligned with taxonomy.

In 2024, the company identified part of its revenue as taxonomy-eligible, as presented in the taxonomy table concerning revenue. One of the taxonomy's goals is to promote the transition to a circular economy. In this regard, the company has identified the sale of used consumer electronics products as taxonomy-eligible. These products were originally classified under NACE code 26, and the company has classified the activity under section 5.4 of the taxonomy (Sale of used goods).

Taxonomy-eligible revenue consists of the company's sales of used products, including the Trade-in Service, Buyback Service, sales of used products, and sales of returned products through the outlet in condition categories B, C, and D.

The company has assessed the sale of used products based on the technical screening criteria of the taxonomy and has evaluated this revenue as taxonomy-eligible but not aligned. The company's targets is to develop its operations to meet the taxonomy's requirements.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code(s)	Absolute turnover MEUR	Proportion of turnover %	Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N	Minimum safeguards Y/N	Taxonomy-aligned proportion of turnover, year 2023 %	Category (enabling activity) E	Category (transitional activity)' T
A. TAXONOMY-ELIGIBLE ACTIVITES %																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
A.1. Environmentally sustainable activities (Taxonomy aligned)																			
Turnover of environmentally sustainable activities (Taxonomy Aligned (A.1)																			
Of which Enabling																			
Of which Transitional																			
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Sale of second-hand goods	CE 5.4	10.7	2%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								N/A		
Turnover of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)(A.2)		10.7	2%														N/A		
Total (A.1 + A.2)		**10.7**	**2%**																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		**457.1**	**98%**																
Total (A + B)		**467.8**	**100%**																

The total revenue is based on the figures reported by the group.

N/EL – Not eligible, Taxonomy non-eligible activity for the relevant environmental objective
EL - Taxonomy-eligible activity for the relevant objective

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities

Economic activities				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')										
	Code(s)	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of CapEx, year 2023	Category (enabling activity)	Category (transitional activity)'
		MEUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITES %																			
A.1. Environmentally sustainable activities (Taxonomy aligned)																			
CapEx of environmentally sustainable activities (Taxonomy Aligned (A.1)																			
Of which Enabling																			
Of which Transitional																			
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
CapEx of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)(A.2)																	N/A		
Total (A.1 + A.2)		**0**	**0%**																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B)		**2.1**	**100%**																
Total (A + B)		**2.1**	**100%**																

Capital expenditures include additions to tangible assets, intangible assets, and rights of use during the financial year

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities

Economic activities				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')										
	Code(s)	Absolute OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of OpEx, year 2023	Category (enabling activity)	Category (transitional activity)'
		MEUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITES %																			
A.1. Environmentally sustainable activities (Taxonomy aligned)																			
OpEx of environmentally sustainable activities (Taxonomy Aligned (A.1)																			
Of which Enabling																			
Of which Transitional																			
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
OpEx of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)(A.2)																	N/A		
Total (A.1 + A.2)		**0**	**0%**																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities (B)		**6.7**	**100%**																
Total (A + B)		**6.7**	**100%**																

Total operating expenses include direct costs not capitalized that are related to the company's business and operations.

EU taxonomy Form 1: Nuclear energy and fossil gas related activities

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to the research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to the construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to the safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to the construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to the construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to the construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

E1 – Climate change

Material impacts, risks and opportunities related to climate mitigation and energy

E1 – Climate change		
Impacts	**Opportunities and risks**	**Management**
E1.2 Climate change mitigation		
The procurement and production processes of raw materials are energy-intensive and cause significant greenhouse gas emissions	None identified	- Environmental practice requirements for suppliers, including requirements to reduce energy consumption and greenhouse gas emissions, favor renewable energy, provide emissions data, and consider environmental aspects in the supply chain - Developing emission calculation practices - Solutions and business models aimed at extending product lifecycles
The transport of products at various stages of the value chain causes greenhouse gas emissions	None identified	- Collaboration with freight and distribution partners to reduce logistics emissions - Automation and route optimization - Minimizing air freight - Transitioning to renewable fuels in freight transport where possible
E1.3 Energy		
The energy consumption of electronic devices during their use phase contributes to climate change and increases greenhouse gas emissions (negative actual impact)	None identified	- Offering energy-efficient products - Guiding customers in selecting and using energy

Transition plan for climate change mitigation

The company's principles related to climate change mitigation were recorded in the company's Environmental policy during the reporting year, and the process of setting targets and plans has begun. The company has yet develop a climate change mitigation transition plan. At the end of 2024, the company decided to commit to the Science Based Targets (SBTi) initiative and to reduce its greenhouse gas emissions in line with the Paris Agreement's 1.5-degree warming target. The commitment was fulfilled after the reporting year in early 2025. With this commitment, the company will set short-term science-based climate targets for the entire value chain. The company plans to develop a climate change mitigation transition plan by the end of 2026, after receiving validation from the SBTi organization, which will confirm that the targets are in line with the Paris Agreement. According to the company's assessment, the validation is expected to be completed by the end of 2026.

The company's operational emissions are minimal, due to the nature of its business and the planned reduction of operational emissions in accordance with the target set in 2021 to reduce operational emissions (Scope 1 and 2) to zero (0 tCO_2) by the end of 2025.

Policies related to climate change mitigation and adaptation

The company's principles related to climate change mitigation, energy efficiency, and the adoption of renewable energy are recorded in the company's Environmental policy. The policy does not address climate change adaptation, as this sub-topic has not been identified as material.

The key content of the Environmental policy regarding climate change includes a commitment to the goals of the international climate conference to limit global warming to 1.5°C and to reduce emissions in accordance with short-term science-based climate targets, as well as the development of a climate change mitigation transition plan for the entire value chain. The company conducts a comprehensive carbon footprint calculation for the entire value chain annually and develops its emission calculations to achieve readiness for setting absolute emission reduction targets.

Additionally, as stated in its Environmental policy the company is committed to reducing its operational emissions by investing in energy efficiency, purchasing only electricity produced from renewable energy, and renewable heating and cooling energy when possible, and by challenging its landlords to increase the supply of renewable energy and solutions in properties where the company is a tenant.

In accordance with its Environmental policy, the company collaborates with its suppliers and partners to reduce indirect emissions in the value chain and encourages its suppliers to set their own emission reduction targets and improve the availability of emission data. Additionally, the company is committed to reducing logistics emissions in collaboration with freight and distribution partners, minimizing air freight shipments, and transitioning to the use of renewable fuels in freight transport where possible.

Environmental requirements for suppliers are also expressed in the company's supplier Code of Conduct.

The scope, responsibilities, and availability of the company's policies are presented in the *Policies adopted to manage material sustainability matters* section.

Actions and resources in relation to climate change policies

Actions	Time horizon	Scope	Expected outcome
Reductions in indirect greenhouse gases (Scope 3)	2024–2028	Suppliers in upstream value chain and partners globally	Reduce the entire value chain's emissions in accordance with science-based climate targets (SBTi)
Reductions in emissions in own operation (Scope 1 and 2)	2021–2025	Own operations globally	Reduce the company's own operational emissions (Scope 1 and 2) to 0 tCO_2 by the end of 2025

Actions to reduce indirect emissions

in the reporting year, the company developed an Environmental policy that complements the Code of conduct, especially regarding the identified significant indirect climate impacts. The Environmental policy includes guidelines on climate actions and energy use. Additionally, the company surveyed the climate commitments of its suppliers and partners. As a result of the survey, the company decided to commit to science-based climate targets (SBTi), which the company believes will accelerate its ability to engage suppliers and partners in reducing emissions. The actual commitment occurred after the reporting period. Additionally, the company prepared to build data capabilities for collecting information about suppliers and partners. The company has identified the need to develop the collection of emission data to improve emission calculations and to set, monitor, and demonstrate absolute emission targets.

The company did not monitor reductions in indirect greenhouse gas emissions during the reporting year or prior, as the calculations are currently largely based on estimates.

Actions to reduce emissions from own operations

In accordance with its Environmental policy, the company is committed to reducing its operational emissions. Emission reductions are achieved by selecting renewable energy sources in its own contracts, challenging landlords to increase renewable energy in properties where the company is a tenant and investing in energy efficiency.

All electricity used in the company's operations is produced from renewable energy, except for the company's office in Shenzhen, China, where the electricity used was non-renewable. The electricity purchased by the company for its Helsinki operations was EPD-certified renewable energy. The company has stores in Oulu and Raisio in shopping centers where part of the electricity is produced by solar power plants installed on the roofs, which the company utilizes when possible. The company is committed to purchasing solar power in locations where it is implemented.

The company's Helsinki operations have used emission-free renewable district heating since 2021. Emission-free cooling is also produced with district cooling. The stores in Oulu and Raisio switched to emission-free renewable district heating in April 2024. The property of the Pirkkala store has utilized geothermal heating as part of its heating since 2019. Otherwise, non-renewable district heating is used for heating the Pirkkala location, and opportunities for acquiring renewable heat energy are actively being explored.

The company continuously seeks ways to improve energy efficiency. The switch to energy-efficient LED technology has been implemented at the Helsinki, Pirkkala, and Raisio locations. In 2023, the company implemented an energy management software in its Helsinki operations to optimize heating and cooling, which has reduced energy consumption. During the reporting year, two of the company's locations switched to emission-free renewable district heating. The company's operational emissions were low in 2024, at 38 tCO_2. The company anticipates that the developments achieved during the reporting year will further decrease its operational emissions in 2025.

Resources for climate change mitigation

Work to prevent and mitigate the negative environmental impacts of the value chain is carried out as part of procurement, logistics planning and facility services, with time allocated to these functions within the purchasing, logistics and sustainability organizations. The company has allocated resources for acquiring renewable energy and improving energy efficiency, as well as for emission calculations. In the short and medium terms, the company is prepared to implement a project to set science-based climate targets (SBTi) and to develop emission calculations as part of the company's data capabilities development. The company yet to identify the need to allocate significant human or financial resources specifically for climate change mitigation. It is planned to specify medium-term resources in conjunction with the preparation of the climate change mitigation transition plan, as described in the *Transition plan for climate change mitigation* section.

The company does not have significant greenhouse gas or energy-intensive assets that would cause greenhouse gas emissions lock-in and transition risk for achieving emissions reduction targets.

Targets related to climate change mitigation and adaptation

Target
Reduce the company's own operational emissions (Scope 1 and 2) to 0 tCO_2 by the end of 2025
Reduce the entire value chain's emissions in accordance with science-based climate targets (SBTi): 78% of suppliers and partners, measured by emissions, are committed to SBTi climate targets*

*The formulation of the target is preliminary. The final formulation requires validation by the SBTi organization to ensure that the target is sufficient from the perspective of the 1.5-degree climate scenario.

Additionally, the company believes that its circular economy targets help manage the negative impacts related to climate change, as extending product lifecycles reduces the need for manufacturing new products, thereby reducing greenhouse gas emissions from raw material procurement and production processes. The circular economy targets and progress in them are described in section E5 – *Resource Use and Circular Economy*.

At the end of 2024, the company decided to commit to the Science Based Targets initiative (SBTi) and is thus committed to setting science-based climate targets for its entire value chain by December 2026 at the latest. The company is primarily exploring setting SBTi engagement targets, entailing a commitment to requiring that a certain portion of suppliers and partners, measured by emission volumes, set their own science-based climate targets.

The schedule for reporting on targets of the sustainability program is described in the *Impacts of strategy on sustainability issues* section.

Energy consumption and mix

Energy consumption and mix	2024
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	305
Total fossil energy consumption (MWh)	**305**
Share of fossil sources of total energy consumption (%)	5%
Consumption from nuclear sources (MWh)	**765**
Share of consumption from nuclear sources of total energy consumption (%)	12%
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.) (MWh)	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	5,138
The consumption of self-generated non-fuel renewable energy (MWh)	0
Total renewable energy consumption (MWh)	**5,138**
Share of renewable sources of total energy consumption (%)	83%
Total energy consumption (MWh)	6,208

The principles for calculating energy consumption are disclosed in E1 – Reporting principles for metrics.

Energy intensity per net revenue	2024
Total energy consumption from activities in high climate impact sectors (MWh)	**6,208**
Energy intensity	**0.013**
Net revenue used to calculate energy intensity (thousand euros)	**467,829**
Total net revenue (in financial statements)	**467,829**

Gross Scopes 1, 2, 3 and Total GHG emissions

	Retrosepective		Milestones and target years**					
	2024	Comparative*	2024	Year-on-year change (%)*	2025	2030	2050	Annual % target /Base year**
Scope 1 GHG emissions								
Gross Scope 1 GHG emissions (tCO_2eq)	1	N/A	1	N/A	0	0	0	N/A
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0	N/A	0	N/A	0	0	0	N/A
Scope 2 GHG emissions								
Gross location-based Scope 2 GHG emissions (tCO_2eq)	176	N/A	176	N/A	0	0	0	N/A
Gross market-based Scope 2 GHG emissions (tCO_2eq)	38	N/A	38	N/A	0	0	0	N/A
Significant Scope 3 GHG emissions								
Total Gross indirect (Scope 3) GHG emissions (tCO_2eq)	**194,885**	**N/A**	**194,885**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
1 Purchased goods and services	145,283	N/A	145,283	N/A	N/A	N/A	N/A	N/A
2 Capital goods	0	N/A	0	N/A	N/A	N/A	N/A	N/A
3 Fuel and energy-related Activities (not included in Scope1 or Scope 2)	215	N/A	215	N/A	N/A	N/A	N/A	N/A
4 Upstream transportation and distribution	1 114	N/A	1 114	N/A	N/A	N/A	N/A	N/A
5 Waste generated in operations	33	N/A	33	N/A	N/A	N/A	N/A	N/A
6 Business travel	125	N/A	125	N/A	N/A	N/A	N/A	N/A
7 Employee commuting	240	N/A	240	N/A	N/A	N/A	N/A	N/A
9 Downstream transportation	2,047	N/A	2,047	N/A	N/A	N/A	N/A	N/A
11 Use of sold products	45,257	N/A	45,257	N/A	N/A	N/A	N/A	N/A
12 End-of-life treatment of sold products	571	N/A	571	N/A	N/A	N/A	N/A	N/A
Total GHG emissions								
Total GHG emissions (location- based) (tCO_2eq)	195,061	N/A	195,061	N/A	N/A	N/A	N/A	N/A
Total GHG emissions (market- based) (tCO_2eq)	194,923	N/A	194,923	N/A	N/A	N/A	N/A	N/A

* Reporting starts in 2025.
**The reporting schedule and monitoring of emission targets are presented in the Targets related to climate change mitigation and adaptation section.

GHG intensity per net revenue	2024
Total GHG emissions (location-based) per net revenue (tCO_2eq/thousand euros)	**0.42**
Total GHG emissions (market-based) per net revenue (tCO_2eq/ thousand euros)	**0.42**
Net revenue used to calculate GHG intensity (thousand euros)	**467,829**
Total net revenue (in financial statements)	**467,829**

E1 – Reporting principles for metrics

Energy consumption

The company's operations falls under industry classification G, Wholesale and Retail Trade.

The company reports purchased electricity, heating and cooling for all its locations, excluding the Hong Kong office, which has three employees and is considered immaterial. The company does not itself produce electricity, heat, or cooling. Data on purchased electricity, heating, and cooling is collected from meters at the company's locations, and details as well as energy sources, are obtained directly from the electricity suppliers' web portals or property managers' reports, and for operations in China, from invoices. The company does not have a reporting system for calculating energy consumption. The underlying assumption is that the data collected from portals and suppliers is comprehensive and realistically represents the company's energy consumption.

The share of renewable energy is calculated by dividing the amount of energy from renewable sources by the total energy consumption.

Estimations in energy consumption data and possible limitations of calculation principles

In locations where energy consumption data pertains to the entire property or shopping center, and the company only rents a part of the property, the company's share of energy consumption is calculated based on the rented square meters. The data for rented square meters is provided by the property managers. If data for a specific month is unavailable from the supplier or online portals, consumption is estimated based on the data available from the previous or following month.

The share of renewable electricity is based on guarantee of origin certificates. If the electricity's origin is not specified in the guarantee of origin certificates, or if its origin cannot otherwise be verified, it is assumed that no renewable electricity is used.

The underlying assumption for the electricity consumption metrics is that the data collected from portals and suppliers is comprehensive,realistically representing the company's energy consumption and origin. However, the company acknowledges that there may be uncertainties in the data.

Emission calculation

The company's greenhouse gas emissions are calculated in accordance with the Greenhouse Gas (GHG) Protocol. The reporting scope is based on operational control and includes all the Group's locations, except for the Hong Kong office, which has three employees and is considered insignificant. Reporting covers direct greenhouse gas emissions (Scope 1), indirect emissions from the purchase of electricity, heating, and cooling (Scope 2), and indirect emissions that occur in the value chain (Scope 3).

The company reports emissions in carbon dioxide equivalents (CO_2e). A carbon dioxide equivalent is a common unit that refers to the different greenhouse gases included in the GHG Protocol (CO_2e, CH_4, N_2O, HFCs, PFCs, SF6, and NF3).

The company does not have a separate reporting system for calculating Scope 1, 2, or 3 emissions.

Direct greenhouse gas emissions (Scope 1)

Scope 1 emissions cover all the company's direct greenhouse gas emissions. Direct carbon dioxide emissions occur only at the Helsinki location, which has a backup generator and sprinkler system that require fuel replenishment approximately every other year (stationary combustion). Emissions are calculated by multiplying the amount of fuel purchased during the year in liters by the emission factor specific to the type of fuel. The emission factor is based on the emission factor for light fuel oil according to the fuel classification of Statistics Finland. The company does not have biogenic Scope 1 carbon dioxide emissions.

Carbon dioxide and other greenhouse gas emissions from emissions trading systems are not included in Scope 1 emission calculations, as the company does not have such operations.

Indirect greenhouse gas emissions (Scope 2)

Scope 2 emissions include indirect greenhouse gas emissions from the production of purchased electricity, heating, and cooling. The company does not produce electricity, heat, or cooling itself. Scope 2 emissions are calculated using the amount of purchased electricity (in megawatt-hours) and regional emission factors. The regional emissions of purchased electricity are calculated using the average emission factor for electricity produced in Finland (Fingrid) and the emission factor for electricity produced in Guangdong province for the China office. Purchased electricity is produced 100% from renewable energy at all locations in Finland. Purchased heat energy is district heating produced from renewable energy at the Helsinki, Raisio, and Oulu locations. Only the Pirkkala location has part of its heat production from conventional district heating. For heating and cooling calculations, regional emission factors provided by energy companies or municipalities are used as needed, corresponding to the heating method used at the location. The company does not have biogenic Scope 2 carbon dioxide emissions.

Indirect greenhouse gas emissions (Scope 3)

Scope 3 emissions are reported based on the GHG Protocol and are divided into 15 subcategories, which the company reports as follows:

Category 1: Emission calculations are based on the Average-data method defined by the GHG Protocol, where the quantity or mass of products at the combined category level is multiplied by the product-specific emission factor. The quantities and masses of sold products are based on data from the Group's internal systems. Additionally, emissions from packaging materials are considered in this category. Emissions from packaging materials are calculated by multiplying the kilograms of materials bymaterial-specific emission factors. Packaging material data from the largest suppliers is obtained from supplier reports. Emissions from smaller suppliers are estimated based on costs using a general plastic emission factor.

Category 2: This category includes greenhouse gas emissions from the procurement of materials for physical capital investments during the reporting year. In2022–2024, the company did not make significant investments, so emissions in this category have been insignificant. The materiality of this category is reviewed annually, taking significant investments made during the year into account.

Category 3: Calculations are based on fuel and energy-related activities, including the extraction, production and transport of energy sources used by the organization. Emissions are calculated using actual fuel consumption and heating consumption (collected for Scope 1 and 2 emissions). The company uses the electricity emission factor from the International Energy Agency (IEA) database, directly utilizing kg CO_2e/kWh for transmission losses.

Category 4: Calculations are based on the delivery date, and reported emissions are primarily based on emission reports provided by the largest suppliers. Emission calculations consider all transport carried out under the company's own transport contracts. Emissions from supplier-responsible transport are estimated based on transport costs. Calculations do not cover supplier-responsible transport in cases where the share of transport is not itemized in the invoice. The 2024 emissions are largely calculated using emission factors that follow the well-to-wheel (WtW) principles.

Category 5: Emissions from the company's waste are primarily based on data from portals maintained by external operators and reports from property managers. The underlying assumption is that the data collected from portals and suppliers is comprehensive and realistically represents the company's waste data. If emission data is unavailable from a location, it is calculated by multiplying the generated waste amounts (in metric tons) by waste category-specific emission factors.

Category 6: Emissions are calculated based on flights, train and taxi trips, mileage reimbursements and hotel stays recorded in the company's travel expense system. Emissions are determined by multiplying the distances traveled and the number of hotel stays by the emission factors from Defra (the UK Department for Environment, Food & Rural Affairs).

Category 7: Calculations are based on estimates of the distance traveled and the mode of travel (e.g., car, bus, or metro). Data is collected through an annual survey of all employees, and the data is extrapolated to cover all employees, taking the proportion of the workforce that has the opportunity to work remotely into account. In 2024, emissions from car trips were calculated using Defra's emission factors, which follow the well-to-wheel (WtW) principles.

Category 9: Primarily based on emission reports from the largest suppliers. The 2024 emissions are largely calculated using emission factors that follow the well-to-wheel (WtW) principles.

Category 11: Calculations are based on estimates of the annual electricity consumption and lifecycle (3–10 years) of sold consumer electronics products. Emissions are calculated using the emission factor for electricity produced in Finland (Fingrid). This category includes only electronic devices with significant electricity consumption.

Category 12: Calculations are based on the estimated disposal and recycling of sold products (in kilograms) during the reporting year. Various emission factors are used for different waste categories: energy; WEEE (Waste Electrical and Electronic Equipment); paper; cardboard; and plastic.

Based on the materiality assessment of Scope 3 emissions conducted in 2022, subcategories 8, 10 and 13–15 are not material to the company. The company does not have owned or leased assets that are not included in Scope 1 and Scope 2 calculations. The company'sproducts are ready for use without additional processing or refining. The company does not have franchising operations. The company does not own investments that should be included in the scope of category 15.

Estimations in emission data and possible limitations of calculation principles

Due to the nature of greenhouse gas emission calculations and long supply chains, estimates based on the company's internal estimation methods are used when primary data is unavailable. The company acknowledges that this results in uncertainties, particularly in the calculation of Scope 3 emissions. The company's goal is to primarily use first-hand data from suppliers, such as emission reports, and secondarily internal reporting systems.

E2 – Pollution

Material impacts, risks and opportunities related to pollution

E2 – Pollution		
Impacts	**Risks and opportunities**	**Management**
E2.1–3 Pollution of air, water and soil		
– Hazardous chemicals and heavy metals used during the procurement and production of raw materials can con-taminate air, water, and soil	None identified	- Environmental practice requirements for suppliers, including the requirement to consider environmental aspects in the supply chain - Environmental aspects considered as part of audits for private label suppliers
– Toxic substances in electrical and electronic waste in the downstream value chain can increase the release of hazardous materials into water and soil	None identified	- Guiding and encouraging customers to recycle properly - Accepting waste electrical and electronic equipment (WEEE), batteries, and accumulators beyond producer responsibility requirements - Implementing due diligence in selecting recycling partners - Solutions and business models aimed at extending product lifecycles

Policies related to pollution

The company's principles related to environmental pollution are recorded in its Environmental policy and Supplier Code of Conduct.

In accordance with its Environmental policy, the company is committed to environmental protection and preventing air, water, and soil pollution in the upstream and downstream value chain. The company's pollution-related impacts concern the upstream and downstream value chain, not the company's own operations.

The supplier Code of Conduct defines the requirements for suppliers regarding chemicals and hazardous substances, emissions and wastewater, the requirement to commit to the environmental requirements of the amfori BSCI Code of Conduct, and to consider environmental aspects in the supply chain as well.

The company's pollution-related principles generally consider mitigating, preventing and limiting the negative impacts of air, water and soil pollution in the upstream and downstream value chain, including the substitution and minimization of substances of concern in accordance with EU chemical legislation. The principles do not specifically mention the elimination of substances of very high concern or the avoidance of incidents and emergencies, but managing and limiting impacts on people and the environment regarding environmental impacts is part of the principles. The company's principles related to pollution do not include information about impurities or substances.

Suppliers are a key stakeholder in these pollution-related principles. Their interests are considered by the fact that amfori BSCI has involved stakeholders in developing the amfori BSCI Code of Conduct, which is included in the supplier Code of Conduct and on which the company's pollution-related principles are based.

The scope, responsibilities, and availability of the company's policies are presented in the *Policies adopted to manage material sustainability matters* section.

Actions and resources related to pollution

Actions	Time horizon	Scope	Expected outcome
Preparing an Environmental policy	2024–2028	Own operations and value chain globally	Management of negative impacts related to pollution
Management actions in the upstream and downstream value chain	2024–2028	Value chain globally	Management of negative impacts related to pollution

In the reporting year, the company identified air, water, and soil pollution occurring in the value chain as a new material sustainability issue and developed an Environmental policy that includes guidelines for preventing pollution.

The company recognizes that negative environmental impacts, such as pollution, occur at the upstream end of its value chains. They need to be addressed by raising awareness and finding ways to influence them. The company has not developed an action plan and does not currently plan actions to prevent pollution. Instead, the company focuses its resources on advancing other environmental targets.

Procedures to prevent and mitigate the value chain's negative environmental impacts is carried out as part of procurement and logistics planning, with time allocated to these functions within the purchasing, logistics and sustainability organizations. The company yet to allocate significant human or financial resources specifically to pollution control.

The company monitors the implementation of environmental requirements set for suppliers through audits of its private label suppliers that are essentially social responsibility audits but which include an overview of environmental practices, such as procedures for identifying environmental impacts, compliance with local environmental legislation, environmental permits and licenses, water use, and waste management in a way that does not cause environmental pollution.

The impacts related to the downstream value chain, i.e. the disposal of electronic devices, are managed by guiding and encouraging customers to properly recycle electrical and electronic equipment, batteries, and hazardous substances, and by receiving electronic waste (WEEE), batteries, and accumulators in accordance with and beyond producer responsibility, offering the possibility to recycle large household appliances without a purchase obligation. The company exercises due diligence in selecting recycling partners to ensure that recycling is carried out in compliance with requirements. Additionally, the company offers services supporting the transition to a circular economy with the aim of extending the lifecycles of functioning electronic devices and preventing the premature disposal of products. To support pollution prevention in the downstream value chain, the company ensures the safe handling, storage, and disposal of chemicals and hazardous substances and waste in its own operations.

Targets related to pollution

The company has not set targets related to preventing air, water, and soil pollution. The company does not currently monitor the effectiveness of its Code of Conduct in relation to material sustainability impacts, risks and opportunities concerning pollution. The company does not plan to set targets for the 2024-2028 strategy period due to the difficulty of measuring impacts, which occur in the upstream and downstream value chain. The company believes that advancing targets related to climate change mitigation and the circular economy may enhance understanding of downstream impacts and thus support the setting of pollution-related targets in the future.

E5 –Resource use and circular economy

Material impacts, risks and opportunities related to resource use and circular economy

E5 – Resource use and circular economy		
Impacts	**Risks and opportunities**	**Management**
E5.1 Resources inflows, including resource use		
+ Minimizing resource use in packaging and other material uses, and favoring recycled materials, can reduce the use of primary resources	None identified	- Packaging practices - Guidelines for packaging and material choices
E5.2 Resource outflows related to products and services		
+ Extending product lifecycles by offering circular economy products, services, and solutions can reduce the use of primary resources	None identified	- Offering used and refurbished consumer electronics as an alternative to purchasing new products, trade-in and buyback services, selling returned devices through outlets, repair services, spare parts supply, extended warranties, developing new circular economy services and moving circular economy services online
+ Extending product lifecycles through eco-design can reduce the use of primary resources	None identified	- Developing product durability, repairability, energy efficiency, resource use, recycled material content, and recyclability
+ Minimizing packaging materials and optimizing material recyclability can reduce waste	None identified	- Minimizing the use of packaging materials - Using recyclable packaging materials

Policies related to resource use and circular economy

The company's principles for resource use and the circular economy are recorded in its Environmental policy and supplier Code of Conduct. The Environmental policy was approved at the end of 2024 to manage the company's material sustainability issues, which in this context include resource inflows, including resource use, and resource outflows related to products and services. The key content of the Environmental policy regarding resource use and the circular economy includes packaging and material choices, the transitioning to a circular economy and extending product lifecycles, eco-design, and minimizing and directing waste for reuse.

The detailed content of the policy is presented thematically below. The scope, responsibilities, and availability of the company's policies are presented in the *Policies adopted to manage material sustainability matters* section.

Packaging and material choices

in accordance with its Environmental policy, the company considers environmental impacts in its packaging solutions, which include packaging for online and in-store purchases and packaging materials for internal transportation. The use of packaging materials is minimized, and over-packaging is avoided while ensuring that the packaging protects the product to minimize product waste. The company prefers renewable materials to plastic and recycled materials to virgin materials. The company favors responsibly certified paper and cardboard. The company is committed to reducing plastic shopping bags and does not use PVC plastic. The company ensures that the materials it uses are recyclable and develops its sorting instructions. Additionally, the company sets environmental requirements for its suppliers regarding product packaging, which are recorded in the supplier Code of Conduct.

Circular economy and extending product lifecycles

in accordance with its Environmental policy, offering products and services that promote the circular economy is an important part of the company's vision of creating a new normal for buying and owning. The lifecycles of consumer electronics products are extended by offering, maintenance, repair, and buyback services, for example, as well as spare parts and refurbished products as an alternative to buying new products, replacing the use of primary resources with secondary resources. As an online retailer, the company's goal is to move the circular economy online, lowering the threshold for engaging in circular economy activities.

Eco-design

In accordance with its Environmental policy, the company's goal is to consider eco-design principles in its selection, including developing product durability, reparability, energy efficiency, resource use, the proportion of recycled materials, and recyclability. Additionally, the company sets requirements for its suppliers regarding eco-design and lifecycle thinking in the supplier principles.

Waste minimization and steering towards reuse

In accordance with its Environmental policy, the company optimizes its waste management according to the waste hierarchy and helps its customers properly recycle devices that have reached the end of their life to reuse valuable materials and safely handle hazardous waste.

Actions and resources related to resource use and circular economy

In the reporting year, the company developed an environmental policy that includes guidelines on the circular economy and extending product lifecycles, packaging and material choices, and minimizing and directing waste for reuse.

Actions	Time horizon	Scope	Expected outcome
Development of packaging and material choices, as well as data collection	2024–2028	Entire value chain globally	Reducing the use of virgin materials
Development of circular economy product and service offerings	2024–2028	Entire value chain globally	Double-digit annual growth in the sales of circular products, services and solutions
Selling products that customers actually need, ensuring product quality and developing product information	2021–2028	Own operations	Keeping the product return rate under 1%

Packaging and material choices – actions in 2024

The company continued actions in line with the packaging and material choice guidelines recorded in the Environmental policy. During the reporting year, the proportion of recycled material in packaging materials was increased by introducing shrink wrap with a 30 % recycled material content. This change applies to the company's internal transportation and wholesale customers and reduces the use of primary resources.

The company's strategy of focusing on fast deliveries means increasing the use of automated warehousing, packaging machines, and express deliveries, which is expected to reduce the use of packaging materials in the short-, medium-, and long terms. Shipments stored in the automated warehouse and packaged by the packaging machine are packed in boxes made of 100% recycled material, which the machine cuts to the correct size, eliminating the need for packing filler and avoiding the transport of empty space. Fast deliveries are packed more lightly than traditional distribution deliveries, and as a new delivery method, their packaging is continuously developed to actively minimize the use of packaging materials. For pickup orders, the product's own packaging is primarily used. Approximately a quarter of pickup orders were packed in shopping bags. These practices apply to all customers and reduce the use of primary resources.

The company is developing data collection related to packaging materials to improve the reliability of information about the proportion of recycled material.

The company continued planned actions to reduce the use of paper for the advertising leaflet, such as reducing the regular circulation and distribution weeks, as well as thinning the paper thickness and reducing the leaflet's size. During the reporting year, the number of distribution weeks for the leaflet was further reduced by 25%, and at the end of the year, a decision was made to discontinue the regularly published advertising leaflet starting from the beginning of 2025, which will significantly reduce the company's future use of primary resources and reduce its indirect climate emissions.

Circular economy and extending product lifecycles – actions in 2024

The company expanded the range and availability of used and refurbished devices. At the end of 2024, 170 used devices items were available in categories such as laptops, desktop computers, peripherals, tablets, phones, and audio. The company continued to sell returned devices.

The company continued to expand the "Vaihtokauppa" trade-in service, launched in April 2023 to promote the circular economy, allowing customers to resell their working used electronic devices for credit. At the end of 2024, the service covered phones, laptops, smartwatches, and tablets for selected brands. The service can be used entirely online, which the company expects to lower the threshold for getting functioning used devices into circulation and to promote opportunities to extend the lifecycles of electronic devices. A trade-in service for decommissioned IT equipment is also offered to corporate customers.

Maintenance services offered for the company's private label brands products were expanded to cover new product groups: the maintenance process was launched for washing machines, dishwashers, and tumble dryers in the Helsinki, Turku and Tampere areas. Additionally, TV maintenance was started in the form of spare part replacements and software updates. The availability and speed of obtaining spare parts for the maintenance of the products were significantly improved through the initiation of cooperation with a spare parts wholesaler. The range of spare parts offered in the online store was also expanded. Furthermore, previously launched maintenance services for bicycles, electric bikes, electric scooters, phones, and snow blowers were developed. These actions support the circular economy and reduce the use of primary resources in the value chain in the short-, medium-, and long term.

Keeping the product return rate low – actions in 2024

The company's principle is to sell products that customers actually need while minimizing returns and waste. This principle was maintained through internal communication and as part of operational training.

During the reporting year, restructuring was implemented, which allows for centralized product quality control, thus supporting the assurance of the quality of the products sold. The development of product information was also centralized, with responsibility transferred to the Chief Experience Officer, aiming to enhance its use in customer experience. The development of product information progressed during the reporting year, including initiatives to improve product searchability and comparison, as well as in relation to product recommendations.

Resources related to the circular economy

One person-year was allocated in the reporting year to the continuous development and integration of the "Vaihtokauppa" trade-in service into a broader circular economy strategy. The service was launched in 2023, during which over 3,500 person-hours were used for development work, such as consulting and system development.

In other respects, work related to resource use and the circular economy to leverage the value chain's positive environmental impacts is carried out as part of procurement, indirect procurement, sales, logistics planning, marketing and facility services, with time allocated to the task.

Targets related to resource use and circular economy

Target	Aspects related to the target	Desired impact
Double-digit annual growth in the sales of circular products, services and solutions	The target is related to the increase in product design based on the circular economy and the minimization of primary raw materials in the upstream value chain	- By extending the lifecycle of products, the need for manufacturing new products is reduced - Building a functional secondary market encourages product design based on the circular economy
Extending trade-in service every year to cover the relevant part of the company's HERO-assortment by 2028*	see above	see above
Keeping product return rate under 1%	The target is related to resource use and circular economy aspects in the downstream and upstream of the value chain, as well as the prevention layer of the waste hierarchy	- The company's principle of selling products customers actually need reduces customer returns and waste related to "change of minds" - The company's principles regarding the quality of products sold reduce quality-related customer returns and waste, and encourage sustainable product design

* The HERO product range refers to a well-circulating and online-suitable product selection of approximately 30,000 product codes defined in the company's strategy. This range supports the company's customer value promise of fast deliveries and includes the company's customers' most desired products.

The targets are voluntary, not required by legislation. The company has not yet set ESRS-compliant targets for increasing the use of recycled materials or the sustainable sourcing and use of renewable resources.

Progress in target

The company's sustainability target to keep the product return rate below 1 % annually supports the company's principle of selling products that customers actually need, while reducing customer returns and waste. The target is set for 2021–2028 and progress is tracked annually, meaning that a separate base year has not been set. The target was included in the company's original sustainability program for 2021–2025 and is included in the updated program for 2024–2028. The target has been set considering the views of key stakeholders. The target is self-imposed by the company and is not based on scientific evidence.

As part of the sustainability program, the metric examined is the Group's overall product return rate, which includes "change of mind" returns, meaning situations where the customer returns a product unused or within a maximum 32-day trial period, and service returns, meaning situations where the customer returns a product due to a verified or perceived defect. In 2024, the company's overall return rate was 1.0%, with the share of so-called change of mind purchases being 0.7% and service returns 0.2%.

The schedule for reporting on targets of the sustainability program is described in the *Impacts of strategy on sustainability issues* section.

Resource inflows

Description of the company's material resource inflows

The company's reported resource inflows are minor. The company's core business is retail, and it does not have its own manufacturing operations, so the company does not report resource inflows related to the production of the products it sells. The company's material resource inflows are only packaging materials, which are primarily used for packaging online purchases, and paper, which is used for the company's advertising leaflet, which has a large distribution. The company's material resource inflows do not include biological materials. The company's resource use is described in more detail in the *Actions and resources related to resource use and circular economy* section.

Resources inflows (packaging materials and advertising leaflet)

The overall total weight, metric tons	2024
Cardboard	194
Plastic	27
Paper	36
Paper (advertising leaflet)	343
Total	**599**

The proportion of certified packaging material (FSC certification) was 3%. The company received information about the proportion of certified material from only one supplier.

Use of recycled components

2024	Weight, metric tons	Percentage of total resource inflows (%)
Recycled packaging materials	159	27

The proportion of recyclable raw materials in packaging materials is 100%.

The calculation principles for resource inflows are presented in section E5 – *Reporting principles for metrics*.

Resource outflows

Waste streams relevant to the company's industry or operations include wood waste, cardboard, and electronic waste. Wood waste consists of pallets used in transport, which are directed for reuse but appear as a significant waste stream due to their weight.

The company's core business is retail, and it does not have its own manufacturing operations, therefore the company does not consider sold products as resource outflows and does not report the expected durability of the products it places on the market relative to the industry average, the reparability of the products, or the proportion of recyclable materials in the products.

The company has the possibility to indirectly influence the lifecycle extension and reparability of the products it places on the market. The use of resources and actions to extend product lifecycles and promote reparability are described in more detail in the *Actions and resources related to resource use and circular economy* section.

Waste generated, in metric tons

Waste generated	Waste diverted from disposal	Waste directed to disposal
1,582	1,582	0

All waste generated at the company's premises is recycled, reused or directed to energy recovery. No waste is sent to landfill.

Waste diverted from disposal by recovery operation, in metric tons

Hazardous waste	
Preparation for reuse	0
Recycling	0
Other recovery options	10
Total	**10**

Non-hazardous waste	
Preparation for reuse	747
Recycling	715
Other recovery options	110
Total	**1,572**

Summary

Total amount of waste in metric tons	1,582
Total amount of hazardous waste in metric tons	10
Total amount of non-recycled waste in metric tons	110
Percentage of non-recycled waste	7%

E5 – Reporting principles for metrics

Resource inflows – packaging materials

The company does not have its own production. The company's material inflows include packaging materials and the company's advertising leaflet. The calculation methods are the same for all the company's packaging materials.

The data on packaging materials (in metric tons) is collected from the company's largest suppliers, covering an estimated 99% of all packaging materials used. The data includes the amounts of materials reported by the suppliers and the proportions of recycled materials.

The consumption of recycled materials in metric tons is calculated based on the percentages reported by the suppliers from the total material consumption for each material. If the supplier has not provided information about the proportion of recycled materials, it is assumed that the material does not contain recycled material.

The proportion of materials certified through packaging material certification systems is based on information provided by the suppliers.

Potential limitations in packaging material calculation principles

The underlying assumption in the calculations is that the information provided by the largest suppliers is comprehensive and realistically represents the company's use of packaging materials. In cases where third-party data is unavailable, the missing information is primarily estimated based on the data from the preceding or following month to ensure comprehensive data. The company continuously strives to improve the coverage and accuracy of data collection.

Resource outflows - non-hazardous and hazardous waste

The company's Waste management policy follows the waste hierarchy, where the primary goal is to prevent waste generation, followed by promoting the reuse and recycling of materials. The company's main waste streams consist of ordinary waste generated at the premises, such as cardboard and packaging materials, pallets used for transportation, and electronic waste (WEEE) and batteries collected from all premises, consumers, and maintenance operations, which are classified as hazardous waste.

All waste generated at the company's premises is recycled, reused or directed to energy recovery. No waste is sent to landfill.

The company does not produce or handle radioactive waste.

Potential limitations in waste accounting

Waste data is collected from portals maintained by external operators and based on supplier reports. The weights of property waste, hazardous waste, and WEEE (Waste Electrical and Electronic Equipment) are based on actual weight measurements. Pallets are reported in units, with their weight estimated in metric tons according to different pallet types. In cases where third-party data is unavailable, missing information is primarily estimated based on the data from the preceding or following month to ensure comprehensive waste data reporting.

Hazardous waste is overseen in accordance with applicable laws and environmental regulations.

The company's total amount of non-recycled waste includes ordinary waste directed to incineration for energy recovery. The company's recycling rate includes all other waste categories, including pallets. Wooden pallets used in transport can be reused multiple times, and as heavy material, they have a significant impact on the company's recycling rate.

The underlying assumption in the company's waste calculation is that the data collected from portals and suppliers regarding property waste, pallets, hazardous waste, and WEEE is comprehensive and realistically represents the company's waste accumulation. However, the company acknowledges that there may be uncertainties associated with the data.

SOCIAL RESPONSIBILTY

S1 – Own workforce

Material impacts, risks and opportunities related to own workforce

S1 – Own workforce

Impacts	Risks and opportunities	Impact area
S1.1 Working conditions		
+ Paying wages and providing employee benefits that exceed industry standards can enhance and maintain employee satisfaction and well-being, and motivate staff to work towards the company's targets	– Work accidents and sick leaves can increase operational costs	- Coaching leadership - Paying wages above the retail sector's collective agreement rates, including the company's own 6.67% bonus, paying the capital city wage level throughout Finland, and practices favorable to employees regarding annual raises and training - Comprehensive employee benefits - Monitoring sick leave, regularly assessing safety risks and hazards with the occupational safety representative
	– The lack or insufficiency of sustainable HR practices can increase employee turnover, which may raise costs, complicate recruitment, and damage the brand	- Training supervisors in safety management - Consistent and robust HR practices defined in the Personnel policy - Supporting the company's values defined together with employees and fostering a responsible organizational culture - Emphasizing equality
	+ Providing opportunities for professional development through skill enhancement can improve operational efficiency and reduce costs + A motivated, skilled, and healthy workforce enables efficient operations, thereby reducing costs, improving customer satisfaction, increasing sales, and decreasing the likelihood of disability pensions	- Employee training - Mentorship program - Regular goal and development discussions - Internal career paths - Coaching leadership
S1.2 Equal treatment and opportunities for all		
+ Opportunities for professional development can increase commitment, the sense of meaningful work, and well-being at work, for example, through perceived competence	+ A motivated, skilled, and healthy workforce enables efficient operations, thereby reducing costs, improving customer satisfaction, increasing sales, and decreasing the likelihood of disability pensions	- Employee training - Mentoring program - Regular goal and development discussions - Internal career paths - Coaching leadership
+ Prohibiting discrimination can reduce all forms of harassment, bullying, and discrimination (positive actual impact)		- Prohibition of discrimination in Code of Conduct and Personnel policy - Internal personnel development plan to promote and maintain equality and equity - Role classification system based on job demands - Anti-discrimination recruitment practices and supervisor orientation - Diversity working group activities

Policies related to own workforce

The company's principles for managing material sustainability issues related to its own workforce are documented in the company's Code of Conduct and further detailed in the Personnel policy. Additionally, the company's operations are guided by applicable legislation.

In accordance with its Code of Conduct, the company respects and promotes internationally recognized human rights. This also relates to its own workforce. As outlined in more detail in the Personnel policy, the company avoids causing or contributing to adverse human rights impacts and addresses any potential impacts. The company does not tolerate human trafficking or the use of child labor or forced labor. The company upholds the right to fair working conditions, a healthy and safe working environment, reasonable working hours, and adequate compensation for work. The company respects employees' freedom of association and the right to collective bargaining.

In line with its Personnel policy, the company does not tolerate any form of discrimination, harassment, or unequal treatment based on race or ethnic origin, skin color, gender, sexual orientation, gender identity, gender expression, disability, age, religion or belief, political opinions, trade union activity, national or social origin, educational background, nationality, language, economic status, health, appearance, family relationships, family responsibilities, or any other personal reason. A model for addressing harassment and inappropriate behavior is in place, and employees are instructed to raise any issues. Cases are promptly addressed on discovery, and all reports are handled fairly, impartially, and confidentially. The company has principles for creating a safer space to ensure that everyone can feel mentally and physically safe without fear of discrimination, harassment or bullying. The experience of diversity and equality is monitored as part of employee surveys.

In accordance with its Code of Conduct, the company's operations are guided by international declarations, agreements, and recommendations, such as the UN Universal Declaration of Human Rights and the Convention on the Rights of the Child, the ILO Convention on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights. The company's Code of Conduct related to its own workforce are derived from internationally recognized standards and the UN Guiding Principles on Business and Human Rights and, in the company's interpretation, are in line with them.

The company has an occupational safety program, with the main target of preventing workplace accidents and developing occupational safety work, including an annual assessment of risks and hazards in all operations. These plans and programs are developed in collaboration with employee representatives and are a significant part of communication with the company's own workforce.

Knowledge and respect for human rights and labor rights are ensured through annual Code of Conduct training, which is required for all employees. Additionally, training is available to employees to promote diversity and inclusion, and various models are in place to address potential issues.

Measures to address and/or enable the correction of human rights impacts related to own workforce are detailed in the *Stakeholder Dialogue* table.

The scope, responsibilities, and availability of the company's policies are presented in the P*olicies adopted to manage material sustainability matters* section.

Processes for engaging with own workforce and workers' representatives about impacts

In addition to daily interactions, the company's general processes for communication with employees and their representatives include the employee survey conducted 3-4 times a year, the internal personnel development plan, the equality and non-discrimination plan, the occupational safety program, the activities of the diversity group, various training sessions and coaching, a transparent process for employee ideas, the reporting channel, employee information sessions, and readiness group activities. The company's operating model involves engaging employees in the planning and development of operations both directly and through employee representatives and considering employees' perspectives in decisions and actions related to the workforce and operational development. The company has shop stewards and occupational safety representatives at each location. Senior employees are represented by a trust representative. Informative cooperation negotiations are widely and purposefully utilized. The company maintains continuous and transparent dialogue between the employer and employee representatives through regular discussions.

- Quarterly discussions are held between the CEO, the Chief HR Officer, selected Management Team members, and employee representatives about the company's development prospects, financial situation, workplace rules, practices and principles, workforce utilization, employee structure, skill development, maintaining and promoting well-being, and other current issues from the last quarter.
- The HR manager conducts a status review with shop stewards 2-4 times a month on current issues.
- If necessary, changes are negotiated with employee representatives before implementation.

The Chief HR Officer has operational responsibility for communication and incorporating the results into the company's practices.

The company applies the collective agreement between the retail employers' association and the service sector union to the extent applicable to the workforce, and the dialogue model of the collective agreement to the entire staff. The effectiveness of communication is demonstrated by various agreements and results that have arisen from employee initiatives. Recent examples are related to the pay grades and working hours of logistics employees and the use of temporary workers in after-sales tasks.

The perspectives of the company's workforce on diversity and inclusion are measured as part of the employee survey, which allows free-form anonymous feedback. Statutory workplace surveys also address inclusion and diversity. Additionally, both the company's own and external workforce can use the company's reporting channel. The diversity group's activities support increasing awareness of diversity, equity, and inclusion. In addition to regular dialogue, the company plans to conduct a survey on the experiences of minority groups regarding vulnerability and develop practices to improve the treatment of minority groups if necessary.

Channels for own workforce to raise concerns

The company encourages its employees to voice concerns and seek advice in unclear situations. The primary contact for employees is their immediate supervisor. Alternatively, suspected misconduct or concerns can be reported to the HR department or company Management Team. Additionally, employees have the option of making anonymous reports through the reporting channel. There are separate reporting channels for concerns related to information security and facility security, which the company has established independently.

The company supports the use of reporting channels in the workplace by providing training and informing employees about the existence and use of these channels, ensuring that everyone has sufficient knowledge of these options. The company's Whistleblowing team regularly monitors and reviews reported and handled issues and assesses the effectiveness of the channel. Additionally, the company has policies in place to protect individuals who use reporting channels or complaint mechanisms from retaliation. The reporting channel is described in more detail in the *Mechanisms for identifying, reporting and investigating concerns* section.

Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

Actions	Time horizon	Scope	Expected outcome
Promoting working conditions and safety	2024–2028	Own operations globally	- Improving employee well-being by 0.1 points annually
Promoting equal opportunities for all and skill development	2024–2028	Own operations globally	- Improving employee engagement to exceed benchmark by 2028 - Improving employee well-being by 0.1 points annually - Improving experience of diversity and inclusion by 0.1 points annually

Working conditions and safety – 2024 actions and resourcing

The company focuses on long-term activities that promote health and safety. Sick leave is monitored. Occupational safety risks and hazards are regularly assessed in cooperation with occupational safety representatives. Data is utilized in data-driven management. The focus of occupational health services is on prevention.

Coaching leadership, supporting mental well-being, early intervention discussions, zero tolerance of harassment and inappropriate behavior, communicating about occupational safety and preventing work-related retirement risks are tangible measures to ensure and strengthen well-being.

The company invests in comprehensive mental health support to reduce mental health-related sick leave, aiming for less than two workdays per person per year. Measures included increasing supervisors' skills, targeted training, and communication about the importance of mental healthcare and the available mental health support options. For employees with identified reduced work capacity, a personal advancement plan is created.

Resources for developing well-being and occupational safety are primarily allocated to supervisory work, training and the time used for daily management. The well-being and occupational safety specialist in the HR department covers both operational and strategic tasks, including close cooperation with various stakeholders, collaboration with occupational safety representatives and interdepartmental cooperation.

Equal treatment, equal opportunities for all and skill development – 2024 actions and resourcing

Skill development actions in 2024 included extending the regular goal and development discussions to the entire own workforce, various employee training sessions, an internal mentoring program and career path development. In 2024, goal and development discussions were offered to all employees with an employment contract.

In 2024, the specific focus areas for skill development were coaching leadership, work efficiency, communication skills, product knowledge, and offering formal education (apprenticeship degrees in the retail sector). In online learning, special focus areas were customer experience, safety, and diversity. Blended learning, which combines online learning, self-study and classroom training, was preferred for skill development. Approximately thirty people participated in the company's internal mentoring program in the reporting year.

Equality and non-discrimination were promoted in the reporting year by developing equal and anti-discrimination practices and by communicating and training staff through classroom training and online courses. Additionally, the company's diversity group aimed to raise awareness of diversity and equality through communication.

The role classification system introduced in 2023 helps promote pay equality and equal career advancement. In 2024, the company continued training supervisors on the classification system.

The responsibilities of the learning culture manager in the HR department include promoting the company's skill development and diversity work. The manager's responsibilities cover both operational and strategic tasks, such as planning and implementing training, developing equality programs, and strengthening the learning culture within the organization. Additionally, the company's diversity group advances and promotes diversity work alongside their regular duties.

An annual internal personnel development plan, covering the entire staff, is prepared each year, defining the annual targets and actions for developing and maintaining staff skills and well-being. Employee representatives participate in the preparation of the development plan to ensure that it considers the views of relevant stakeholders. Through the development plan, the company aims to ensure that actions and practices do not cause significant negative impacts on its own workforce. Additionally, the annual equality and non-discrimination plan describes the actions and goals for promoting equality and non-discrimination.

Targets related to advancing material positive impacts, and managing material risks and opportunities

Target
Improving employee engagement to exceed benchmark* by 2028
Improving employee well-being by 0.1 points annually
Improving experience of diversity and inclusion by 0.1 points annually

* The target is to exceed the 2028 benchmark for consumer companies by the end of 2028

In addition to the targets of the sustainability program, the company actively monitors the personnel-related metrics reported in this section.

The targets presented above were defined in collaboration with employee representatives, setting targets that support the company's vision to promote the well-being and growth of its own workforce. The reporting schedule related to the targets of the sustainability program is described in the Impacts of strategy on sustainability issues section. The measures implemented during the reporting year to advance the targets are described in section S1 *Processes for engaging with own workers and workers' representatives about impacts*, and S1 *Taking action on material impacts and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches.*

Characteristics of the undertaking's employees (S1-6)

Gender	Number of employees (head count)
Men	452
Women	163

Country	Number of employees (head count)
Finland	597
China	18

2024	Women	Men	Total
Number of employees (head count)	163	452	**615**
Number of permanent employees (head count)	144	421	**565**
Number of temporary employees (head count)	19	31	**50**
Number of non-guaranteed hours employees (head count)	0	0	**0**
Number of full-time employees (head count)	108	358	**466**
Number of part-time employees (head count)	55	94	**149**

The main reasons for fixed-term employment are seasonality (28%) and substitution (58%). On average, fixed-term employees accounted for about 9% of the company's workforce, which is significantly below the national level (21%). Source: Statistics Finland's Labour Force Survey 2009–2023.

In 2024, the number of employees who left the company was 162, and the turnover rate was 25.5%. All figures provided match the financial statement figures.

Characteristics of non-employee workers in the undertaking's own workforce (S1-7)

As of 31 December 2024, there was a total of 156 non-employees, which included seven independent contractors and 146 workers primarily from companies engaged in employment activities. Additionally, there were three interns.

S1-6 Reporting principles for metrics

The figures presented in the table are exact numbers. The figures come from the company's continuously maintained HR system, and the numbers presented in the table are reported as the number of personnel at the end of the reporting period.

S1-7 Reporting principles for metrics

The figures come from the company's continuously maintained HR system and the numbers presented are reported as the number of personnel at the end of the reporting period. The number of non-employees does not change significantly during the period. A significant number of non-employee workers are provided by employment agencies and are utilized as required, particularly to manage unexpected workload increases.

Collective bargaining coverage and social dialogue (S1-8)

	Collective Bargaining Coverage		Social dialogue
Coverage Rate	Employees – EEA (for countries with >50 empl. representing >10% total empl.)	Employees – Non-EEA (estimate for regions with >50 empl. representing >10% total empl)	Workplace representation (EEA only) (for countries with >50 empl. representing >10% total empl)
0–19%			
20–39% 40–59%			
60–79%	Finland		
80–100%			Finland

The company has not established agreements with a European Works Council (EWC), a Societas Europaea (SE) Works Council, or a Societas Cooperativa Europaea (SCE) Works Council.

Diversity metrics (S1-9)

Top management	Head count	Percentage
Women	3	37.5
Men	5	62.5

Personnel by age group	Head count	Percentage
Under 30 years	136	22.1
30–50 years	460	74.8
Over 50 years	19	3.1

Adequate wages

All employees are paid wages that meet or exceed the terms of the collective agreement.

Social protection (S1-11)

All the company's employees are covered by social protection against income loss due to major life events, either through public programs or benefits provided by the company. These life events include: illness, unemployment, work-related injury and disability, parental leave, and retirement.

Training and skills development metrics (S1-13)

Share of employees participating in regular performance and career development reviews (percentage)	
Women	88
Men	94

Average number of training hours per employee	
Women	5.6
Men	5.6

Health and safety metrics (S1-14)

Occupational Health and Safety Indicators	Metric	Additional information
Share of employees with employment contracts covered by occupational health services (%)	100%	
Number of fatalities due to work-related injuries and occupational health issues	0	
Occupational accidents	17	
Accident frequency	10.3	The figure is calculated by dividing the number of workplace accidents leading to sick leave by the number of hours worked and multiplying the result by one million.
Number of occupational health issues (occupational disease)	0	
Number of workdays lost due to work-related accidents	30	

S1-8 Reporting principles for metrics

The figures presented in the table are exact numbers. The figures come from the company's continuously maintained HR system, and the numbers presented in the table are reported as the number of personnel at the end of the reporting period.

S1-9 Reporting principles for metrics

The definition of top management is one level below the administrative and supervisory bodies (the Group Management Team).

The figures presented in the table are exact numbers. The figures come from the company's continuously maintained HR system, and the numbers presented in the table are reported as the number of personnel at the end of the reporting period.

S1-13 Reporting principles for metrics

The number of training hours is partly based on an estimate, assuming that the number of hours is the same for both genders. Where exact data was available, the gender distribution was balanced.

S1-14 Reporting principles for metrics

The figures come from the company's continuously maintained HR system, the occupational health system, and the work accident insurance provider's system. The company complies with Finnish law, which mandates that occupational health services are provided to all employees. For other figures, the number of work-related accidents and occupational health issues are obtained from the occupational health services and the work accident insurance provider. The number of working hours required

Work-life balance metrics (S1-15)

Family-related leave	Percentage
Share of employees entitled to take family-related leave (%)	100
Share of employees entitled to take family-related leave who took parental leave (%)	17.4

Share of employees entitled to take familiy-related leave who took parental leave	Percentage
Men	70
Women	30

Remuneration metrics (pay gap and total compensation) (S1-16)

Pay gap and total remuneration	Percentage/ratio
Gender pay gap*	1.7
Ratio of the highest paid individual to the median annual remuneration for all employees	12.1

* The gender pay gap figure contains uncertainty for 2024 because the calculation method was refined from Q3 onwards to be more accurate and in line with ESRS guidelines.

The gender pay gap is mainly explained by certain high-paying roles.

Incidents, complaints and severe human rights impacts (S1-17)

Incidents, complaints and severe human rights impacts	2024
Total number of incidents of discrimination, including harassment, reported in the reporting period	0
Number of complaints filed through channels for people in the undertaking's own workforce to raise concerns	0
Total amount of fines, penalties, and compensation for damages as a result of the incidents and complaints disclosed above	0

No concerns were reported through the company's reporting channel in 2024. The company has not identified any serious human rights cases during the reporting period and no related fines, penalties, or compensations were paid.

S1-15 Reporting principles for metrics

The figures presented in the table are exact numbers. The figures come from the company's continuously maintained HR system, and the numbers presented in the first table are reported as the number of personnel at the end of the reporting period. The number of employees with employment contracts who took parental leave is presented for the entire reporting period.

S1-16 Reporting principles for metrics

The figures presented in the table are exact numbers. The figures come from the company's continuously maintained HR system, and the numbers presented in the table have been calculated using the total wages for the reporting period.

S1-17 Reporting principles for metrics

The figures include reports received through the reporting channel. All forms of harassment, bullying, or discrimination are prohibited, as defined in the Code of Conduct and Personnel policy. Employees are instructed to raise any potential cases by contacting their supervisor, a shop steward, the HR department, or management, for example. Cases are addressed immediately on being raised, and confidential hearings are arranged to resolve the situation. Cases are primarily resolved by supervisors, and only some cases come to the attention of the HR department, so there is no precise tracking of the number of cases. During the reporting year, some harassment cases were handled in accordance with the company's processes.

S2 – Workers in value chain

Material impacts, risks and opportunities related to workers in the value chain

S2 – Workers in value chain		
Impacts	**Risks and opportunities**	**Management**
S2.1 Working conditions **S2.2 Equal treatment and opportunities for all** **S2.3 Other work-related rights**		
+ The company's requirements and control mechanisms can have a positive impact on the working conditions of value chain workers.	None identified	- Due diligence in the selection of suppliers - Supplier requirements - Membership in the amfori BSCI program promoting sustainable trade - Social responsibility audits and the development plans based on audit results, and their follow-up

Policies related to value chain workers

The company's principles regarding workers in the value chain is documented in the supplier Code of Conduct, which broadly covers human rights, social and environmental responsibility, and risk materials, for example. In terms of social responsibility, the covered topics include governance practices and supply chain management, employee engagement and protection, the right to organize and negotiate, prohibition of discrimination, violence, and harassment, fair remuneration, reasonable working hours, occupational health and safety, prohibition of child labor, special protection for young workers, prohibition of precarious employment, prohibition of forced labor, human trafficking and smuggling, environmental protection, and ethical business practices, in accordance with the principles of amfori BSCI.

The company respects and promotes internationally recognized human rights. This includes workers in the value chain. Respect for human rights is documented in the company's Code of Conduct and specified in the supplier Code of Conduct, considering cooperation with partners in countries where human rights and labor rights are not sufficiently protected by law. Furthermore, the supplier Code of Conduct states that the company's operations are guided by international declarations, agreements, and recommendations such as the UN Universal Declaration of Human Rights and the Convention on the Rights of the Child, the ILO Convention on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights, according to which the company is committed to identifying, preventing and mitigating potential adverse human rights impacts related to business operations. Measures to address and/or enable the correction of human rights impacts related to workers in value chain are detailed in the Stakeholder Dialogue table.

The company exercises due diligence in selecting its suppliers and aims for long-term partnerships. The company has been a member of the amfori BSCI program since 2021, which promotes sustainable trade, and is committed to the BSCI principles and the continuous improvement model. The company requires all its suppliers to comply with the company's Code of Conduct and to commit to the supplier Code of Conduct, which includes the amfori BSCI principles and is part of the contract terms. The supplier Code of Conduct covers all the company's suppliers, regardless of geographical location. The company does not have its own production facilities. The company complies with all applicable trade sanctions and customs import and export regulations.

Suppliers and value chain employees globally are a key stakeholder group in the Code of Conduct. Their interests have been taken into account, considering that amfori BSCI has involved stakeholders in drafting the amfori BSCI Code of Conduct, which is part of the company's supplier Code of Conduct. The BSCI Code of Conduct is available to value chain workers in all manufacturing factories subject to BSCI audits.

During the reporting year, the company did not become aware of any adverse decisions regarding cases related to workers in the value chain at the beginning and end of the value chain, where the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises were not followed. The company plans to update its procurement practices and supplier Code of Conduct during 2025 to support data collection and reporting on sustainability targets related to value chain emissions and employee working conditions. At the same time, other clarifications will be made in the update to ensure that the Code of Conduct fully correspond to the impacts, risks, and opportunities identified through the double materiality assessment across the entire value chain.

The scope, responsibilities, and availability of the company's policies are presented in the *Policies adopted to manage material sustainability matters* section.

Processes for engaging with value chain workers about impacts and channels for value chain workers to raise concerns

Engagement with workers in the value chain is continuous and occurs indirectly through supplier representatives, and for suppliers manufacturing the company's private label products, also through third-party social responsibility audits. The company leverages its membership of the amfori BSCI program, a leading industry initiative promoting sustainable trade, for communication. The company's Chief Commercial Officer, who is part of the Management Team, is responsible for ensuring that communication takes place and that the results are considered in the company's practices. The operational responsibility for hearing value chain employees through audit data lies with the quality assurance employees within the purchasing organization. The company ensures that they have up-to-date expertise to properly fulfill their roles.

Most of the company's private label products are manufactured in countries with a considerable risk of human rights and labor rights violations, based on amfori BSCI risk country classifications and World Bank indicators. The company requires suppliers of its private label products operating in high-risk countries to provide evidence or consent to an amfori BSCI audit or another reliable third-party social responsibility audit before placing an order. The audit result must be approved and valid. Suppliers must prepare a corrective action plan for all significant findings in the audits, and in the case of a failed audit, new orders can only be placed once the critical deficiencies leading to the failure have been corrected.

The BSCI program includes a zero-tolerance model for cases where the auditor finds evidence of issues such as child labor, forced labor, inhumane treatment, occupational health or safety violations that pose an immediate danger to life, health, or safety, or unethical behavior such as bribery or concealment by the auditor. In such situations, a rapid alert program is initiated, where companies associated with the manufacturing facility in question are immediately informed of the suspected violations, and a process to rectify the situation is initiated. During the reporting year, the company was not made aware of any zero-tolerance cases, nor was it involved in any related investigation or remediation programs that would have offered or supported corrective actions for those harmed by the impacts.

Through the observations made by the auditor and the employee interviews conducted as part of the audit, the company obtains information about the situation of value chain employees. According to the BSCI program's principles, employee rights and various occupational safety information, must be clearly visible to employees in a language they understand. Additionally, the supplier must provide its employees with a grievance mechanism and communicate about it. The compliance of the grievance mechanism is verified in the audit. The company considers the measures to remedy the negative impacts of processes to be sufficiently effective. The company monitors the effectiveness of actions and initiatives in delivering results for value chain workers through its amfori BSCI membership.

The company's own reporting channel for raising concerns is available to anyone if required, including value chain workers or their legal representatives. Information about the reporting channel can be found in the company's Code of Conduct, which is available on the company's website in Finnish and English. The company has whistleblower protection principles in place, which are expressed in the company's Whistleblowing policy.

Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

Actions	Time horizon	Scope	Expected outcome
Monitoring supplier compliance	2024–2028	Upstream value chain globally	Ensuring that 100% of direct suppliers provide adequate working conditions

The company manages significant impacts on workers in value chain by exercising due diligence in supplier selection, setting requirements for its suppliers, and being a member of the amfori BSCI program, as described in section S2 *Policies related to value chain workers*.

Monitoring supplier compliance – 2024 actions and resourcing

The company's actions to monitor the effectiveness of the requirements set for suppliers in 2024 focus particularly on the value chains of its private label products and other own imports, where it has relatively better influence than international brands. Sustainability issues are part of contract negotiations.

At the end of the reporting year, the company expanded its target of ensuring adequate working conditions for workers in value chain to cover all direct suppliers in its updated sustainability program. The company plans to update its procurement practices and supplier Code of Conduct during 2025 to support this target.

In the reporting year, the company continued active supplier selection and evaluation work. The number of suppliers was reduced, which in part enhances the company's ability to communicate and monitor sustainability targets related to value chain employees. Additionally, the company centralized its oversight on product quality, compliance, and sustainability to ensure an efficient and responsible procurement process.

Work to prevent and mitigate negative impacts on the value chain and leverage positive impacts is carried out as part of procurement, logistics planning and facility services, with time allocated from the procurement, logistics and sustainability organizations. The implementation of planned development measures did not require significant operating expenses (OpEx) and/or capital expenditures (CapEx).

Targets related to advancing and managing material positive impacts

Target
Ensuring that 100% of direct suppliers provide adequate working conditions

In defining the target, insights collected from stakeholders regarding the impacts on the value chain were utilized, and key interests and views of value chain employees, as well as the human rights perspective, were considered, as described in the *Stakeholder dialogue* table. Engagement with workers in the value chain, which also concerns target setting, is described in the section *Processes for engaging with value chain workers about impacts and channels for value chain workers to raise concerns*. The reporting schedule related to the sustainability program's targets is described in the *Impacts of strategy on sustainability issues* section.

S4 – Consumers and end-users

Material impacts, risks and opportunities related to consumers and end-users

S4 –Consumers and end-users		
Impacts	Risks and opportunities	Management
S4.3 Social inclusion of consumers and/or end-users		
+ Enabling equal access to the company's products and services for all consumer groups can positively contribute to social inclusion among consumers	+ Equal access to products and services for all consumer groups can increase the company's sales company's products and services for all consumer groups, can positively contribute to social inclusion among consumers	- The company's products and services are equally accessible to all consumer groups online, including essential products such as mobile phones, customer service, and circular economy services - Home deliveries - Fast deliveries - Ensuring accessibility of the online store

Policies related to consumers and end-users

The company's operating principles related to consumers and end-users are documented in the company's Code of Conduct and, regarding privacy, specified in the Information security policy and privacy statement, covering all customers and end-users.

In accordance with its Code of Conduct, Verkkokauppa.com treats and serves all customers equally, ensures the safety of its customers' transactions in stores and online, and ensures the safety and compliance of the products sold. In line with its Code of Conduct, the company respects and promotes internationally recognized human rights. This also applies to customers, and the company does not tolerate any discrimination against or harassment of customers. Customer data and other personal information are kept confidential. Measures to address and/or enable the correction of human rights impacts related to consumers and end-users are detailed in the *Stakeholder Dialogue* table.

According to its data privacy statement, Verkkokauppa.com is committed to protecting its customers' privacy and offers them the opportunity to influence the processing of their personal data. The company's Code of Conduct related to consumers and end-users is guided by internationally recognized norms concerning consumers and/or end-users and the UN Guiding Principles on Business and Human Rights, and in the company's interpretation, is in accordance with them.

The scope, responsibilities, and availability of the company's policies are presented in the *Policies adopted to manage material sustainability matters* section.

In the reporting year, the company was unaware of any adverse decisions regarding cases related to consumers and/or end-users at the end of the value chain, where the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises were not followed. In the reporting year, the company appealed the decision of the Data Protection Ombudsman regarding the interpretation of the Data Protection Ombudsman, according to which the company would have failed to specify the retention period for the online storé s customer data in compliance with EÚ s General Data Protection Regulation. The decision is not final, and the matter remains under review

Processes for engaging with consumers and end-users

The company interacts continuously and directly with consumers and end-users in various ways and the views of consumers and end-users are considered in the company's strategy and the setting of sustainability targets, as described in the *Stakeholder Interests and Views* section.

The company's Chief Experience Officer has the highest operational responsibility to ensure that communication with customers occurs and that the results are taken into account in the company's practices.

Channels for consumers and end-users to raise concerns

If a consumer or end-user notices activities or issues that are not in line with the company's Code of Conduct or other guidelines, or suspects financial misconduct, they can contact the company's management or, either anonymously or using their name, through the company's reporting channel. The procedures and processes related to the whistleblowing procedure and reporting channel are described in the company's whistleblowing guidelines and policy, as well as in section G1 *Mechanisms for identifying, reporting, and investigating concerns.*

In addition to the reporting channel, customers have numerous low-threshold ways to contact the company and express their views. The company believes that, if necessary, a customer or end-user can be guided to use the official channel after initially contacting customer service, social media, or a company employee, for example. The company plans to enhance the awareness of customers and end-users about the structures and processes through which concerns or needs can be raised. The company has whistleblower protection principles in place, which are expressed in the company's Whistleblowing policy.

Taking action on material impacts on consumers and end-users, and approaches in pursuing material opportunities related to consumers and end- users, and the effectiveness of those actions

Actions	Time horizon	Scope	Expected outcome
Ensuring equal access to the company's products and services for all consumer groups	2024–2028	Own operations and downstream value chain in Finland	90 % of households in mainland Finland will be reached with next-day deliveries by the end of 2028.

The company enables equal access to its products and services for all consumer groups, which is expected to positively contribute to social inclusion among consumers and increase the company's sales. The company's products and services are equally available to all consumer groups in brick-and-mortar stores and online, including essential products such as mobile phones, customer service, and circular economy services. The company has developed and continues to improve delivery speed and the availability of fast deliveries, as well as the accessibility of the online store, making products and services accessible to everyone.

The company dedicates a significant portion of its strategic development resources and commercial and operational development efforts to achieving this target. Developing and continuously improving fast and easy multichannel transactions are strategic priorities that extend to all company operations. As a result, an increasing share of customer interactions and purchasing processes occurs through fast delivery and transaction methods, enabling an efficient service experience for all customer groups.

Resourcing related to consumers and end-users

Work to leverage significant opportunities related to consumers and end-users is carried out particularly as part of sales and marketing efforts, logistics planning and system development, with time, operating expenses, and capital expenditures allocated to these functions.

Targets related to advancing material positive impacts and managing opportunities

Target
90 % of households in mainland Finland will be reached with next-day deliveries by the end of 2028.

The target is to promote positive impacts on consumers and/or end-users and manage opportunities. In defining the target, insights directly collected from customers were utilized, and the key interests and views of customers and end-users were considered, as described in the *Stakeholder Dialogue* table. The target is strategic and the progress is not measured against a specific base year. The consideration of stakeholder perspectives in setting strategic targets is described in the *Stakeholder Interests and Views* section. Engagement with customers in general is described in more detail in the Processes for engaging with consumers and end-users about impact section. The reporting schedule related to the sustainability program's targets is described in the *Impacts of strategy on sustainability issues* section.

Progress in target

Delivery processes were advanced using internal experts and external partners to ensure postal code area coverage and customer experience, for example. In the reporting year, very fast delivery options were launched: one-hour delivery and selected hour delivery. The one-hour delivery service was expanded to Pirkkala, Oulu, and Raisio, increasing the service coverage to one million people. Additionally, "selected hour deliveries" were launched in the Helsinki metropolitan area. Fast deliveries were also enabled for medium-sized goods in all stores. The company evaluates the effectiveness of actions towards the target by monitoring the share of fast deliveries. The delivery target progressed according to the targets set for the 2024 reporting year. In 2024, the share of fast deliveries of all orders made through the online store was 16%, and the share of next-day deliveries of all orders was 65%.

Additionally, consumer access to products and services was improved by enhancing the accessibility of the company's online store and support sites based on an accessibility assessment conducted with a third party.

GOVERNANCE

G1 – Business conduct

Material impacts, risks and opportunities related to business conduct

G1 – Business conduct		
Impacts	**Risks and opportunities**	**Management**
G1.5 Management of relationships with suppliers including payment practices		
+ None identified	+ Fair business conduct, ethical practices and proven rigorous risk management practices throughout the supply chain can improve reputation with suppliers and partners improving the chances for long relationships and good commercial co-operation	- The company's policies, such as the Code of Conduct, Risk management policy, Whistleblowing policy, Anti-corruption and anti-bribery policy, Related party policy, and related practices and their training

Corporate culture and business conduct policies and corporate culture

The company's Code of Conduct and values define its way of operating and apply to its entire own workforce and management. The Code of Conduct has been approved by the company's Board, and it covers the company's principles and practices regarding customer-oriented operations, communication, marketing, information disclosure, personnel and corporate culture, cooperation with partners, the prevention of corruption and bribery, human rights and labor rights, information security and privacy, the environment, compliance with laws, and the reporting channel. The Code of Conduct is complemented and specified by the company's policies, whose key content, scope, responsibilities, and availability are presented in the Policies adopted to manage material sustainability matters section. The company complies with applicable sanctions legislation and has established internal special guidelines to ensure proper wholesale and traveler sales. The company's Anti-corruption and anti-bribery policy covers the key requirements of the UN Convention and, in the company's view, is in accordance with the convention.

In line with the values defined with the personnel, the company fosters a bold, agile and transparent organizational culture and invests in a communal atmosphere. The goal of the company's HR team is to enable the creation of a good employee experience and corporate culture that is visible even to the customer.

One of the themes of the company's sustainability program is to strengthen a responsible and inclusive work culture and community, through continuous learning, diversity, quality leadership, and ensuring physical and mental well-being. Targets and metrics have been defined for the themes of the sustainability program, and their implementation is monitored. The theme includes targets related to organizational culture, which are measured by the metrics of regularly conducted employee surveys. These targets and metrics are presented in section S1 *Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities.*

Mechanisms for identifying, reporting, and investigating concerns

The company has a reporting channel that allows employees, customers, and other stakeholders to report concerns that may violate the company's Code of Conduct or other guidelines. The channel is established by the company itself. The company's CFO is responsible for the operation of the channel. For example, reports can concern suspicions of corruption or bribery cases or violations of financial market or anti-money laundering laws. The company's Whistleblowing policy describes how concerns can be reported and how the process proceeds after a concern is reported. All reported concerns are taken seriously and handled promptly. A reported case may be rejected if the alleged misconduct does not fall within the scope of the guidelines, the report is malicious or not made in good faith, further investigation is impossible due to insufficient information, or the matter has already been resolved. If the reported case is accepted, appropriate measures are taken to initiate the investigation process.

Stakeholders can make reports to the reporting channel anonymously. The channel and contact information are described in the company's Code of Conduct and the supplier Code of Conduct. The channel is available in both Finnish and English. Individuals involved in handling reports have separate instructions to ensure that those related to the report do not participate in its handling.

The principles of whistleblower protection are expressed in the company's Whistleblowing Policy. The company protects whistleblowers by ensuring that retaliation against employees who report potential violations in good faith is strictly prohibited. All employees and managers are responsible for adhering to this practice. Information about reports is overseen confidentially. The company's mandatory Code of Conduct training also covers the whistleblowing channel to ensure that employees are aware of it.

The company encourages stakeholders to report concerns and plans to further develop the reporting channel and its accessibility. The Whistleblowing team monitors reported concerns and the effectiveness of the channel.

Management of relationships with suppliers

The company's supplier collaboration practices are described in section S2 *Workers in the value chain*. Environmental criteria were not direct criteria for supplier selection in the reporting year. The company recognizes the importance of environmental criteria and plans to develop processes to better consider them in the medium term.

Principles to prevent payment delays, especially for smes

The company treats all its suppliers equally and does not categorize them in distinct groups. The accounts payable unit of the finance department's accounting team actively monitors open invoices and promotes the payment of invoices from the oldest due date to prevent payment delays. All invoices received in accounting are paid according to the payment days defined by the company.

Prevention and detection of corruption and bribery

The company's operating principles for the prevention of corruption and bribery are stated in the company's Code of Conduct and specified in the company's Anti-corruption and anti-bribery policy, which has been approved by the company's Board. The company does not tolerate any form of bribery, corruption, or other unethical influence in its business. The policy is designed to help identify and prevent situations where there is a risk of unethical influence. The policy provides guidelines on how the company's employees and management are allowed to accept or give gifts, hospitality, product loans, or discounts, participate in trips or sales competitions, and defines the company's approval process for them. Additionally, the policy outlines practices to avoid conflicts of interest, interactions with the authorities, sponsorship, and charitable donations.

The company aims to develop the ability to identify potential cases of corruption or bribery through training and risk management. The company's principles for combating corruption and bribery are covered in the annual mandatory online training on the Code of Conduct, which targets the entire workforce, including the company's Management Team and CEO. Training was not provided to board members by the company. The training covers all sections of the Code of Conduct, including topics related to the Anti-corruption and anti-bribery policy, as well as the whistleblowing procedure in situations where an employee suspects misconduct. The company has identified procurement and corporate sales as the functions most susceptible to corruption and bribery. The training program covers 100% of the functions assessed as susceptible to corruption. The sustainability and legal units are responsible for keeping the training content up to date. The goal of the training is for the entire workforce to understand and recognize the risks of corruption and bribery related to their work and to commit to the company's Code of Conduct. Additionally, corruption-related risks are assessed annually by each department as part of risk management.

The company's legal unit regularly reports potential violations of principles to the Audit Committee and the Board of Directors, as well as to the Audit Committee regarding corrective actions and ongoing investigations.

In accordance with the principles of The company's reporting channel, the whistleblowing team is responsible for all processes related to handling and investigating reports. The team's operations are based on guidelines that ensure investigators operate independently and are separate from the related chain of command. The whistleblowing team regularly reports on received reports and ongoing investigation processes to the Board's Audit Committee.

The scope, responsibilities, and availability of The company's policies are presented in the *Policies adopted to manage material sustainability matters* section.

Confirmed incidents of corruption or bribery

In 2024, the company was unaware of any cases, legal actions or investigations related to corruption involving the company. In 2024, there were no lawsuits or judgments related to violations of competition law regulations, cartels, or abuse of a dominant market position.

Payment practices

The average time it takes the company to pay an invoice from the date the contractual or statutory payment term begins is 55 days. The average is calculated based on the number of days from the document date of all invoices for the year to the actual payment date. The standard payment term in the company's general purchasing terms is 60 days net, but this is assessed on a case-by-case basis for example, for smaller suppliers. The company has no ongoing legal proceedings related to payment delays.

CONSOLIDATED FINANCIAL STATEMENTS (IFRS) 2024

1 CONSOLIDATED STATEMENT OF INCOME

EUR thousand	Note	2024	2023
Revenue	7.2	**467,829**	**502,852**
Other operating income	7.3	598	420
Materials and services	7.4	-392,057	-422,001
Employee benefit expenses	7.5	-35,918	-36,690
Depreciation	7.7	-6,919	-6,365
Other operating expenses	7.8	-32,923	-33,500
Operating result		**611**	**4,716**
Finance income	7.9	394	331
Finance costs	7.9	-2,431	-2,273
Result before income taxes		**-1,426**	**2,774**
Income taxes	7.10, 7.16	623	-704
Result for the financial year		**-803**	**2,070**
Result for the financial year attributable to			
Equity holders of the company		-803	2,070
Earnings per share calculated from the profit attributable to equity holders			
Earnings per share, basic (EUR)	7.11	-0.02	0.05
Earnings per share, diluted (EUR)	7.11	-0.02	0.05

The notes are an integral part of these financial statements.

2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	2024	2023
Result for the financial year	**-803**	**2,070**
Other comprehensive income items		
Conversion differences	62	27
Comprehensive income for the financial year	**-741**	**2,097**
Comprehensive income for the financial year attributable to		
Equity holders of the company	-741	2,097

3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	Note	31 Dec 2024	31 Dec 2023
Non-current assets			
Intangible assets	7.13	4,500	4,950
Goodwill	7.13	2,846	2,846
Tangible assets	7.14	5,473	5,811
Right-of-use assets	7.15	23,864	13,349
Deferred tax assets	7.16	1,769	1,174
Trade receivables	7.17	6,618	7,824
Other non-current receivables	7.17	504	396
Non-current assets, total		**45,573**	**36,349**
Current assets			
Inventories	7.18	51,139	62,721
Trade receivables	7.17	32,551	37,292
Other receivables	7.17	3,170	2,770
Income tax receivables	7.17	9	-
Accrued income	7.17	10,061	8,256
Cash and cash equivalents	7.19	35,600	31,893
Current assets, total		**132,529**	**142,932**
Total assets		**178,102**	**179,281**

EUR thousand	Note	31 Dec 2024	31 Dec 2023
Equity			
Share capital		100	100
Treasury shares		-470	-786
Invested unrestricted equity fund		26,896	27,599
Translation differences		74	21
Retained earnings		2,108	-526
Result for the period		-803	2,070
Total equity	7.20	**27,905**	**28,479**
Non-current liabilities			
Lease liabilities	7.15	22,587	11,729
Deferred tax liabilities		42	74
Financial institution loans, long-term	7.22.2	17,000	18,750
Provisions	7.24	302	1,008
Non-current liabilities, total		**39,931**	**31,560**
Current liabilities			
Lease liabilities	7.15	3,842	4,974
Liabilities to credit institutions	7.22.2	2,027	2,760
Advance payments received	7.23	4,050	3,487
Trade payables		68,707	78,962
Other current liabilities	7.23	12,689	12,381
Accrued liabilities	7.23	18,951	16,645
Income tax liabilities	7.16	-	34
Current liabilities, total		**110,266**	**119,242**
Total liabilities		**150,197**	**150,803**
Total equity and liabilities		**178,102**	**179,281**

The notes are an integral part of these financial statements.

4 CONSOLIDATED CASH FLOW STATEMENT

EUR thousand	Note	2024	2023
Cash flow from operating activities			
Result before income taxes		-1,426	2,774
Depreciation and impairment	7.7	6,919	6,365
Finance income and costs	7.9	2,037	1,942
Other adjustments		-516	257
Cash flow before change in working capital		7,014	11,338
Change in working capital			
Increase (-)/decrease (+) in non-current non-interest-bearing trade receivables		1,098	-2,209
Increase (-)/decrease (+) in trade and other receivables		2,540	-7,116
Increase (-)/decrease (+) in inventories		11,582	12,046
Increase (+)/decrease (-) in current liabilities		-7,075	7,576
Cash flow before financial items and taxes		15,159	21,635
Interest paid		-1,861	-1,159
Interest received		394	331
Interest of lease liabilities		-745	-912
Income tax paid		-46	402
Cash flow from operating activities		**12,902**	**20,297**
Cash flow from investing activities			
Acquisition of subsidiaries		-	427
Purchases of property, plant and equipment		-775	-335
Purchases of intangible assets		-992	-2,041
Cash flow from investing activities		**-1,766**	**-1,949**

EUR thousand	Note	2024	2023
Cash flow from financing activities			
Lease liabilities payments		-5,149	-4,810
Proceeds from long-term loans		18,000	-
Payments of long-term loans		-17,500	-
Proceeds from short-term loans		8,000	-
Payments of short-term loans		-10,808	-2,836
Cash flow from financing activities		**-7,458**	**-7,646**
Increase (+) / decrease (-) in cash and cash equivalents		**3,678**	**10,702**
Cash and cash equivalents at beginning of the financial year		31,893	21,210
Translation differences		29	-20
Cash and cash equivalents at end of the financial year	7.19	35,600	31,893

The notes are an integral part of these financial statements.

5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

EUR thousand	A	B	C	D	E	F
Equity 1 Jan 2024	**100**	**-786**	**27,599**	**0**	**1,565**	**28,479**
Result for the financial year	-	-	-	-	-803	**-803**
Transaction differences	-	-	-	-	62	**62**
Comprehensive income for the financial year, total	**-**	**-**	**-**	**-**	**-741**	**-741**
Transfers between items	-	-	-704	-	-	**-704**
Disposal of treasury shares -Board fees	-	316	-	-	-316	**0**
Share-based incentives	-	-	-	-	871	**871**
Transactions with owners, total	**-**	**316**	**-704**	**0**	**555**	**167**
Equity 31 Dec 2024	**100**	**-470**	**26,896**	**0**	**1,379**	**27,905**
Equity 1 Jan 2023	**100**	**-1,410**	**27,472**	**0**	**308**	**26,470**
Result 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**

6 GROUP ACCOUNTING PRINCIPLES

To improve the readability and understandability of the consolidated financial statements, Verkkokauppa.com Oyj Group presents some of the accounting policies as part of these notes, highlighted in grey text boxes. The accounting principles repeat the standard when the Group considers it necessary to understand the applied policies.

6.1 Basic information on the Company

Verkkokauppa.com Oyj Group is the best-known and most-visited Finnish online retailer in the country.

Verkkokauppa.com Oyj Group is a public limited company, the shares of which are quoted on the official list of Nasdaq Helsinki. The business identity code of the Company is 1456344-5 and it is domiciled in Helsinki, Finland. The registered address of its head office is Tyynenmerenkatu 11, 00220 Helsinki, Finland.

The Board of Directors of the Company approved these Group financial statements for publication at its meeting on 11 March 2025. In accordance with the Finnish Corporate Act, shareholders have the right to approve or reject the financial statements at the Annual General Meeting held after the publication of the financial statements. It is also possible to decide upon changes to the financial statements at the Annual General Meeting.

6.2 Basis of preparation

These consolidated financial statements were prepared in accordance with the IFRS Accounting Standards as adopted by the European Union.

The structure of the Group is described in note *Group structure 6.4.*

The consolidated financial statement are prepared on historical cost basis unless otherwise specified in the preparation principles.

The Group financial statements are prepared in euros, which is the Group's functional and presentation currency. Business transactions denominated in foreign currency have been converted into the Group's presentation currency at the average exchange rates for period during the Group consolidation phase. Receivables and liabilities denominated in foreign currencies are converted at the exchange rates prevailing on the balance sheet date. Exchange rate differences arising from transactions related to business operations are recorded as adjustments to purchases, and exchange rate differences on cash assets are recorded as financing income and expenses.

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 from 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 at 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.

The figures in the financial statements are presented in thousands of euros. The figures are rounded, and therefore the sum of individual figures may deviate from the aggregate amount presented.

The Group's Combination Principles – subsidiaries

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 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.

Foreign currency items

The Group companies' results and financial position are reported in the local currency of each legal entity.

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.

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.

6.3 Accounting policies requiring judgment by the management and key factors of uncertainty related to estimates

The preparation of the Group financial statements in accordance with IFRS requires management to exercise judgment related to the selection and application of accounting policies.

In addition, management must make forward-looking accounting estimates and assumptions that may affect the amounts of assets, liabilities, income and expenses recognized during the reporting period. The actuals may differ from the estimates.

Management judgment related to the choice and application of accounting policies

Management is required to make judgment-based decisions relating to the selection and application of IFRS accounting policies. This relates in particular to cases where IFRS contain alternate methods of recognition, measurement and/or presentation. The following entail significant judgment:

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. All combined operating segments have similar characteristics. The main factor to the Group's business model is the strong integration of online shopping and stores, common support functions serving the entire business, and the volume benefits made possible by centralized business.

Key factors of uncertainty related to estimates
The estimates and assumptions are based on historical knowledge and/or other justifiable assumptions that are considered reasonable at the time of preparing the financial statements. It is possible that actual results may differ from the estimates used in the financial statements. The uncertainties and assumptions related to the estimates that may cause a significant risk of change to the carrying value of assets and liabilities relate to the following items:

Business integration
The valuation of assets and liabilities acquired in a business combination requires management judgment when choosing the valuation techniques and the assumptions. The management believes that the estimates and assumptions used are sufficiently reasonable to determine the fair value.

Measurement of leases
The amount of the lease liabilities and the right-of-use assets to be recognized in the Group balance sheet is significantly affected by the discount rate used in calculating their present values and by the inclusion of options to extend the lease. The management of the Verkkokauppa.com Group has taken into account the Group's business model in relation to physical trading locations in an ever-changing business environment when assessing the likelihood of extension options being exercised. The management has taken into consideration the changes in the financial position of the Group when defining the risk premium of the company-specific discount rate.

Measurement of inventories
A part of the Group's balance sheet is inventories consisting of goods intended for sale. Inventories bear the risk of the recoverable amount being below cost. To assess the risk, the management of the Verkkokauppa.com Group regularly monitors the item turnover rates and compares the sale price with the inventory value. A write-down is recognized if the sale price of an item at the reporting date is lower than its cost in the balance sheet. In addition, the Group separately recognizes write-down for older items according to the inventory dates.

Rebates related to inventory
The amount and timing of inventory-related rebates are subject to uncertainty. The realization of contractual targets creates uncertainty in the amount of the purchase credit to be recognized. Management regularly assesses the amount of target purchase credits to be recognized by monitoring both actual purchase volumes and potential rebates. In case the contract period extends beyond the balance sheet date, the amount to be amortized includes management estimates.

Risk of credit losses of company-financed consumer financing service receivables
The Verkkokauppa.com Oyj offers financing to its customers. These receivables involve a risk of credit loss. The Group recognizes expected credit losses using the provision matrix model. The provision matrix is described in more detail in the note on *Financial risk management 7.23.3.* The sufficiency of credit loss percentages is monitored regularly. The assessment of the expected level of credit losses and the sufficiency of credit loss rates is based on changes in customer payment behavior and the level of actual credit losses.

Provisions
The Group recognizes provisions related to the following items: product warranties and the company's extended warranty for certain product Group´s. The provisions include estimates of the probability and the amount of the obligation. The management regularly assesses the amount of costs incurred based on historical actuals.

6.4 Group Information

The table below shows the parent company and the subsidiaries belonging to the Group as of 31 December 2024. Unless otherwise stated, their share capital consists entirely of shares directly owned by the Group, and the share of ownership corresponds to the Group's voting rights.

The company's country of registration is also their main area of operation.

Subsidiaries
The Group's subsidiaries are all companies in which the Group has control. Control arises when the Group has more than half of the subsidiary's voting power, or otherwise has control over the subsidiary. The Group has control over the company if, by being part of it, it is exposed to its variable return or is entitled to its variable return and is able to influence this return by using its power to direct the company's operations. Subsidiaries are combined in the consolidated financial statements in their entirety from the day the Group acquires control.

Mutual share ownership is eliminated using the acquisition cost method. The acquisition cost is based on the fair value of the acquired assets at the time of acquisition, the issued equity instruments and the liabilities that were incurred or accepted at the time of the transaction. The identifiable assets, liabilities and contingent liabilities of the acquisition target are valued at the fair value at the time of acquisition, from which the share of non-controlling owners has not been deducted.

Intra-Group business transactions, balances, and unrealized profits from business transactions between Group companies are eliminated. The financial statements of the subsidiaries have been adjusted, if necessary, to reflect the principles of financial statement preparation followed in the Group.

Verkkokauppa.com company structure

	Country	Ownership of shares % 31 Dec 2024
Parent compnay		
Verkkokauppa.com Oyj	Finland	
Subsidiaries		
e-ville.com Distribution Oy	Finland	100%
Arc Distribution Oy	Finland	100%
Digi Electronics Ltd	Hong Kong	100%
Digital Trading (shenzhen) Co. Ltd	China	100%

6.5 Effects of IFRS standards that become effective during or after the financial year

No IFRS accounting standard, IFRIC interpretation or annual improvement or amendment to IFRS accounting standards issued on or after January 1, 2024 has had a material impact on the 2024 financial statements.

Nor are any IFRS accounting standards coming into effect later that would affect the Verkkokauppa.com Group's result, financial position or notes in connection with their introduction known at the time of closing the accounts.

7 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7.1 Segment reporting

Verkkokauppa.com Oyj Group reports on the operating segments in a manner consistent with the internal reporting to the chief operating decision maker. The chief operating decision maker of Verkkokauppa.com Oyj Group is the CEO. The chief operating decision maker is responsible for allocating resources to operating segments and evaluating their performance.

Verkkokauppa.com Oyj Group has one reporting segment. All the aggregated operating segments share similar characteristics. At the core of the Group's business model is a strong integration of webstore and retail stores, joint support functions serving the entire business as well as the volume benefits enabled by centralized business.

Due to the large number of customers and the nature of the business, sales to a single customer did not exceed 10 percent of total revenue in 2024 nor in 2023. The total revenue of the Group is mainly generated in one geographical area, Finland.

7.2 Revenue from contracts with customers

Revenue streams

The revenue streams of the Group consist of the sale of goods and services. The product range consists of more than 60,000 products from 24 main product areas that the Group sells to consumers through its own webstore and four retail stores in Finland. The services offered for sale by the Group include installation and maintenance services, subscriptions and visibility sales. The customers of Verkkokauppa.com Oyj Group are both consumers and businesses.

Revenue recognition from sale of goods

The sale of goods to the customer through the retail stores is recognized as revenue upon handover of the good when control is transferred. If the customer has chosen delivery, the sale is recognized when the customer assumes control of the goods.

The transaction price for sale of goods consists of the list price of the goods, the variable consideration for the right of return and the transportation fee when the customer has chosen delivery. In relation to the right of return, the Group uses the expected value method to calculate the return of products within 32 days of the right of return, and recognizes the refund liability (included in accrued liabilities) and the asset (included in accrued income) related to the returned goods.

Verkkokauppa.com Oyj offers its customers various payment methods, the most important of which is customer financing. However, regardless of the method of payment, the price of the good is always the same. By paying through the financing service, the customer is granted the ability to pay for their purchase in installments and Verkkokauppa.com Oyj receives interest on the capital loaned. In addition to Verkkokauppa.com Oyj, a third party may also act as the financier.

In cases where the customer chooses financing as the payment method and a third party acts as the financier, the revenue from the financing of the customer is treated as a variable element of the transaction price. The management of the Group considers that the estimate of this variable consideration is limited. If the revenue from customer financing were recognized at the time of the transfer of control, a significant reversal of sales revenue could potentially occur. Thus, Verkkokauppa.com Oyj recognizes the revenue from customer financing on a monthly basis according to the actuals.

In the case that Verkkokauppa.com Oyj finances a customer, the income from the financing component is recognized accordingly on a monthly basis according to the actual performance. Verkkokauppa.com sells all its overdue receivables on a "continuous trade" basis, where all receivables overdue for more than 60 days are sold to third parties. This reduces the risk of the Group receivables.

The contracts with customers of Verkkokauppa.com Oyj do not contain any separate performance obligations that are to be recognized as income in different periods. The product warranties offered by the Group, third-year warranty and own-brand warranties are treated as assurance-type warranties because they do not render additional service to the customer. Assurance-type warranties are recognized as provisions. Detailed principles can be found in the note on *Provisions 7.24.*

Revenue recognition of sale of services

Revenue from the sale of customer contracts for installation and maintenance services is recognized when the service is performed. The duration of rendering services is short and the duration of the services is usually defined in hours. Revenue from visibility sales is mainly recognized by the Group over time, based on the passage of time. The time-based method of determining the degree of fulfillment is equivalent to an input. The customer will benefit from the visibility during the service. The transaction price of service sales contracts does not contain variable elements but mainly consists of fixed prices. A customer contract receivable is recognized if the billing for visibility services is less than the revenue recognized on an accrual basis. An asset based on a customer agreement is presented as part of accrued income in the balance sheet.

Gift cards

The Group companies Verkkokauppa.com Oyj and e-ville Distribution Oy sell gift cards for the amount chosen by the customer. When a gift card is sold, a gift card liability is recorded. When the gift card is redeemed, sales revenue is recognized. Unredeemed gift cards are recognized as revenue when they expire. Gift cards are valid for one year from the date of purchase.

Presentation of revenue

Verkkokauppa.com Oyj Group presents in its net sales the sales revenue from customer contracts, net of indirect taxes. Verkkokauppa.com Oyj Group is the principal for the products and services it sells, except for subscriptions sold on behalf of telecommunications operators, in which case Verkkokauppa.com acts as agent and presents the commission portion in the revenue.

The management of Verkkokauppa.com Oyj has exercised judgment in classifying company-financed customer funding revenue as revenue rather than financial income. The interpretation of the management of the Group is that offering customer financing is an integral part of the Group's business and business model.

The visibility the Group sells in-store, online and in various advertising media is presented as part of revenue, as it is part of the business model of Verkkokauppa.com Oyj Group and its ordinary business. To the extent that the consideration received is linked to the purchase volume of Verkkokauppa.com Oyj Group, the consideration received for visibility is mainly presented as purchase adjustments.

Disaggregation of revenue

The Group's revenue consists of revenue from customer contracts. Other types of income are specified in the notes on *Other operating income 7.3* and *Finance income and costs 7.9*. The Group's turnover is mostly generated in its functional currency euro from its one main market area Finland.

Timing of satisfying performance obligations

Revenue recognized at one point in time relates to the sale of goods. For services, the Company mainly recognizes revenue over time.

EUR thousand	2024	2023
At a point in time	463,645	498,607
Over time	4,184	4,244
Revenue, total	**467,829**	**502,852**

Revenue by external customer location

EUR thousand	2024	2023
Finland	437,708	468,363
EU	28,889	29,657
Rest of the world	1,233	4,832
Revenue by external customer location	**467,829**	**502,852**

Revenue by sales channel

EUR thousand	2024	2023
Customer segments		
Consumers	318,064	344,057
Business customers	137,712	146,662
Other	12,053	12,133
Sales channels		
Web store	300,190	316,820
Store	155,586	173,899
Export	12,053	12,133
Product categories		
Core categories (CE)	402,612	428,617
Developing categories	53,165	62,102
Other	12,053	12,133
Own brands	30,961	26,278
Visits to websites, (in the millions)	74	80

Income recognized from customer financing

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

The following table shows the income from company-funded customer financing recognized during the financial year, broken down into interest income recognized using the effective interest rate method and other income. Other income consists of other fees.

EUR thousand	2024	2023
Interest income recognized using effective interest rate method	4,964	4,244
Other income from company-financed customer financing	2,788	2,555
Revenues from self-financed customer financing , total	**7,752**	**6,799**

Contract assets and liabilities

EUR thousand	2024	2023
Contract assets	1,980	1,578
Contract advances received	4,040	3,474
Contract liabilities	2,217	1,784

Assets based on contracts are related to services that have not been invoiced, but have already been produced at the time of closing the accounts, as well as an asset related to the right of return. Contractual assets related to services already provided are transferred to accounts receivable when invoiced. The billing interval depends on the customer agreement. The average billing interval is three months. There have been no significant changes in assets based on contracts between financial periods.

Advances based on agreements include paid undelivered products and refunds to customer accounts. During the accounting period 155,471 thousand euros (161,061) has been generated to profit and loss from advances.

Contract liabilities include the gift card liability and the repayment liability related to the right of return. Gift cards sold to customers are valid for one year from the date of purchase. Unredeemed gift cards are recognized as revenue when they expire. Verkkokauppa.com offers a 32-day right of return. The refund liability linked to the right of return is canceled at the end of the refund period. Contract liabilities have decreased in respect of refund liability due to a reduction in the relative amount of repayments.

During the financial year 2024, the amount recognized as revenue at the beginning of the period, included in the contract liabilities, was EUR 694 thousand (1,852).

7.3 Other operating income

In other operating income, the Group presents rental income, capital gains and other income that is not directly related to the Group's ordinary business operations.

Lease income is related to the sublease of right-of-use asset items. The related accounting policies are described in more detail in the note on *Leases 7.15.*

EUR thousand	2024	2023
Lease income from subleasing right-of-use assets	132	266
Other income	466	154
Other operating income, total	**598**	**420**

7.4 Materials and services

EUR thousand	2024	2023
Purchases during the financial year	380,092	409,881
Change in inventories	11,578	12,029
External services	387	92
Materials and services, total	**392,057**	**422,001**

7.5 Employee benefits

Obligations related to short-term employee benefits

Short-term employee benefits include wages, including benefits in kind and annual leave pay payable within 12 months. Short-term employee benefits are recognized for work performed up to the balance sheet date under other liabilities and are measured at the amount expected to be paid when the liabilities are settled.

Pension obligations

The pension plan of Verkkokauppa.com Oyj Group is a defined contribution plan. Contributions to defined contribution pension schemes are paid to pension insurance companies, after which the Company no longer has any other payment obligations. Contributions to defined contribution pension plans are recognized as an expense in the income statement for the financial year to which they relate. The Group's subsidiaries located in Asia do not have a pension plan provided by the company.

EUR thousand	2024	2023
Wages and salaries	29,104	29,460
Pension expenses -defined contribution plans	5,229	5,472
Share-based payments	175	25
Other personnel-related expenses	715	1,139
Voluntary employee benefits	1,636	1,663
Total employee benefits before capitalization	**36,860**	**37,759**
Capitalized employee benefits for the financial year		
Wages and salaries	-779	-883
Pension expenses -defined contribution plans	-143	-156
Other personnel-related expenses	-20	-30
Capitalized employee benefits for the financial year	**-942**	**-1,068**
Total employee benefits	**35,918**	**36,690**

The capitalized personnel costs are mainly related to the development of Verkkokauppa.com Oyj's ERP and other key systems, which is described in note *Intangible assets 7.13.*

	2024	2023
Number of employees at the end of the financial year	615	677

The number of employees includes both full-time and part-time employees. The amount does not include temporary agency workers.

Information on management's employee benefits is presented in the note on *Remuneration of key management personnel 7.6.*

Share-based payment is described in more detail in *Share-based payments 7.12* in the notes to the financial statements.

7.6 Remuneration of key management personnel

The key management personnel include the company's board members, CEO and members of the management team.

The remuneration committee of the board prepares a reference framework for the salaries, fees and other benefits of the company's CEO and management team, and the board decides on the CEO's salaries, fees and other benefits. The chairman of the board approves the salaries, bonuses and other benefits of the management team working under the CEO.

Remuneration of the CEO and the management team

Short-term employee benefits

The short-term employee benefits of the CEO consist of a fixed salary and benefits and an incentive bonus for achieving financial and operational targets. The short-term employee benefits of the Management Team consist of basic salary and benefits and an incentive bonus for achieving financial and operational objectives. The remuneration of the CEO and the Management Team also includes a long-term performance-based share plan.

The Board of Directors decides annually on the performance and operational targets, criteria and determination of the incentive bonus based on the proposal of the Remuneration Committee. The earning criteria for the short-term incentive plan for 2024 were 45% based on sales growth, 45% profitability improvement and 10% sustainability. The Board of Directors may also decide to pay other one-off bonuses at any time based on its own discretion.

Post-employment benefits

The company's CEO and other members of the management team are entitled to a statutory pension benefit. The company has no valid additional pensions or security arrangements for the CEO or other members of the management team.

Benefits payable in the event of termination

The notice period of the CEO is 12 months. If the company terminates the CEO, the CEO will receive compensation corresponding to a fixed salary of six months, pursuant to the CEO agreement. As a rule, the notice period for other members of the Management Team is six months and the corresponding compensation is generally equivalent to six months' cash salary at the time the contract ends.

Share-based incentives

The company has a performance-based additional share system for the years 2023–2027. The system has three earning periods covering the fiscal years 2023–2025, 2024–2026 and 2025–2027. The Board decides each year on the commencement and details of the earning period. The earning criterion for the first earning period 2023–2025 and the second earning period 2024–2026 is total share return (TSR).

The plan is designed to align the objectives of shareholders and management to increase the long-term value of the Company, to encourage management to invest personally in the Company's shares, to engage executives in the Company and to provide them with a competitive remuneration package based on the acquisition, earning and accumulation of the Company's shares.

The programs are described in more detail in the note on *Share-based payments 7.12*

The following table shows the remuneration of the CEO and the Executive Committee, as well as the shareholdings and holdings as a percentage of the total share capital. The amounts presented are performance-based. The share-based payments are based on an estimate of their realization at the end of the year. The performance share-based payment includes the cost effect on the financial year, regardless of the time of the share transfer.

Management remuneration and payments

EUR Thousand	CEO	Management team	2024, total	CEO	Management team	2023, total
Short-term employee benefits						
Fixed basic salaries and fringe benefits	434	1,448	**1,882**	394	1,342	**1,736**
Incentive bonus	55	90	**146**	124	174	**298**
Statutory pension	86	239	**325**	74	251	**325**
Share-based benefits						
share-based benefit payments	30	27	**56**	6	19	**25**
Total	**605**	**1,804**	**2,409**	**597**	**1,787**	**2,384**
Shareholding, pcs	119,000	44,352	**163,352**	119,000	103,552	**222,552**
% of shares	0,26 %	0,10 %	**0,36 %**	0,26 %	0,23 %	**0,49 %**

Remuneration of the Board of Directors

The Annual General Meeting of Verkkokauppa.com Oyj elects the members of the Board of Directors annually and decides on their remuneration. The term of office of the members shall run until the close of the next Annual General Meeting. The members of the Board of Directors are not members of the share-based remuneration scheme, nor are they employed by Verkkokauppa.com Oyj.

The remuneration of the members of the Board of Directors consists of annual fees paid on the basis of their membership of the Board of Directors and committee fees paid as annual fee. The fees vary depending on the member's role as Chair or Member of the Board or Committee. In addition, the members of the Board of Directors are reimbursed for reasonable actual travel and accommodation expenses and other possible costs related to Board and Committee work.

The Annual General Meeting of Verkkokauppa.com Oyj decided on April 4, 2024 that half of the annual remuneration of the members of the Board will be paid in shares of the Company after each quarterly announcement and the remaining part of the annual remuneration will be paid in cash, which will cover the taxes arising from the remuneration. During the financial year 2024, the company transferred 59,374 (50,218) treasury shares for the payment of the fees. Shares issued as fees do not have any restrictions on ownership or disposal.

The following table shows the total remuneration of the Board of Directors. The amounts presented are performance-based.

EUR Thousand	2024	2023
Board members 31 Dec 2024		
Arja Talma, Chair of the Board, Chair of the Remuneration Committee	88	88
Samuli Seppälä	35	35
Robin Bade	39	30
Kati Riikonen	41	32
Henrik Pankakoski	39	32
Enel Sintonen, Chair of Audit Committee	38	-
Irmeli Rytkönen	32	-
The former		
Johan Ryding (member until 4 April 2024)	9	39
Kai Seikku (member until 4 April 2024)	9	51
Mikko Kärkkäinen (member until 30 May 2023)	-	9
Frida Ridderstolpe (member until 30 May 2023)	-	9
Christoffer Häggblom (member until 30 May 2023)	-	14
Remuneration of Board of Directors, total	**330**	**339**

The following tables show the shareholdings and holdings of the Board of Directors.

Shareholding, pcs	2024	2023
Arja Talma, Chair of the Board, Chair of the Remuneration Committee	54,817	37,853
Samuli Seppälä	13,347,000	15,527,000
Robin Bade	13,829	5,347
Kati Riikonen	13,829	5,347
Henrik Pankakoski	13,829	5,347
Enel Sintonen, Chair of Audit Committee	6,659	-
Irmeli Rytkönen	6,659	-
The former		
Johan Ryding (member until 4 April 2024)	-	12,849
Kai Seikku (member until 4 April 2024)	-	157,845
Number of shares, total	**13,456,622**	**15,751, 588**

% of shares	2024	2023
Arja Talma, Chair of the Board, Chair of the Remuneration Committee	0.12%	0.08%
Samuli Seppälä	29.43%	34.23%
Robin Bade	0.03%	0,01%
Kati Riikonen	0.03%	0.01%
Henrik Pankakoski	0.03%	0.01%
Enel Sintonen, Chair of Audit Committee	0.01%	-
Irmeli Rytkönen	0.01%	-
The former		
Johan Ryding (member until 4 April 2024)	-	0.03%
Kai Seikku (member until 4 April 2024)	-	0.35%
% of shares, total	**29,66%**	**34.72%**

7.7 Depreciation and amortization

EUR thousand	2024	2023
Intangible assets		
Development costs	456	413
Other intangible assets	986	509
Amortization of intangible assets, total	**1,442**	**922**
Tangible assets		
Machinery and equipment	1,001	1,102
Other tangible assets	112	123
Depreciation of tangible assets, total	**1,113**	**1,224**
Right-of-use assets		
Premises and facilities	4,364	4,218
Depreciation of right-of-use assets, total	**4,364**	**4,218**
Depreciation and amortization, total	**6,919**	**6,365**

7.8 Other operating expenses

EUR thousand	2024	2023
Premises maintenance and operation expenses	6,663	6,794
Financial transactions expenses	1,593	1,676
Marketing	7,182	7,518
Administrative services	16,900	16,923
Other expenses	585	590
Other operating expenses, total	**32,923**	**33,500**

Auditor fees

EUR thousand	2024	2023
Statutory audit	186	216
Assignments according the Audit Act section 1, subsection 1, point 2	10	-
Other services	13	39
Auditor fees, total	**209**	**255**

The auditing firm selected by the Annual General Meeting is PricewaterhouseCoopers Oy. The non-audit services provided by PricewaterhouseCoopers Oy totaled EUR 27 thousand.

7.9 Finance income and expenses

Finance income

EUR thousand	2024	2023
Interest income	394	331
Finance income, total	**394**	**331**

Finance costs

EUR thousand	2024	2023
Lease liability interest	745	912
Other interest costs	1,354	1,138
Other finance costs	311	161
Exchange rate differences on cash and cash equivalents	21	61
Finance costs, total	**2,431**	**2,273**

In addition to financial income and costs, exchange rate differences have been recognized as adjustments to purchases for the financial year.

7.10 Income taxes

The income taxes of the consolidated income statement are calculated on the basis of the taxable profit for the financial year, tax adjustments for earlier reporting periods as well changes in deferred tax liabilities and assets are recognized in the income taxes item in the income statement. The tax effect of items recognized directly in equity is respectively recognized as part of equity. The current tax charge is calculated based on taxable income at the rate fixed on the balance sheet date. The country of registration of each Group company is presented in note *6.4 Group information.*

Income taxes in the income statement

EUR thousand	2024	2023
Current taxes	-	-528
Taxes from previous financial periods	-3	-2
Change in deferred taxes	627	-174
Income taxes, total	**623**	**-704**

The company has no pending tax disputes.

Reconciliation of the effective tax rate

EUR thousand	2024	2023
Result before income taxes	**-1,426**	**2,774**
Taxes calculated at the Finnish tax rate 20%	285	-555
Effect of tax-exempt income	0	-2
Effect of non-deductible expenses	-185	-11
Income taxes from previous accounting periods	-3	-2
Other	163	-3
Recorded deferred tax receivables from taxable losses	389	-
Unrecognized deferred tax assets from tax losses	-26	-135
Income taxes recognized in the income statement, total	**623**	**-704**
Effective tax rate (%)	43.7 %	25.4 %

The Group has recognized a deferred tax asset for the tax losses of both the parent company Verkkokauppa.com Oyj and the subsidiary e-Ville Distribution Oy for the financial year 2024.

In addition, the operations of the Group's subsidiary e-Ville Distribution Oy have been loss-making in previous financial years and the Group has recognized a deferred tax asset of EUR 389 thousand in the financial statements for 2024 from the company's confirmed losses from previous financial years. This recognition has a significant impact on the Group's effective tax rate.

The Finnish tax rate in the financial statements of the financial years 2024 and 2023 was 20 percent.

Changes in deferred tax assets and liabilities are presented in note Deferred tax assets and liabilities 7.16.

7.11 Earnings per share

Basic earnings per share are calculated by dividing the result for the financial year attributable to the shareholders by the weighted average number of shares outstanding during the financial year. For the calculation of diluted earnings per share, the weighted average number of shares takes into account the dilutive effect of all potentially dilutive shares.

	2024	2023
Earnings per share, basic		
Result for the year attributable to shareholders, EUR thousand	-803	2,070
Weighted average number of outstanding shares, pcs	45,243,689	45,208,813
Basic earnings per share, EUR	**-0.02**	**0.05**
Earnings per share, diluted		
Result for the year attributable to the shareholders, EUR thousand	-803	2,070
Potentially dilutive shares of share-based incentive plan, pcs.	43,767	22,833
Diluted weighted average number of outstanding shares, pcs.	45,287,456	45,231,646
Diluted earnings per share, EUR	**-0.02**	**0.05**

Further information on the number of shares is presented in the note on *Equity 7.20*.

7.12 Share-based payments

The Group has a share-based incentive plan that is classified as equity-based payment arrangement with a net settlement feature. The Company will, on behalf of the employee, withhold an amount of shares of the share reward that will cover the taxes and parafiscal charges paid in cash.

The benefits granted under the plan are measured at the fair value the share of Verkkokauppa.com Oyj at the grant date and are amortized over the earning and commitment periods. The expense is presented in the employee benefit expenses. For equity-settled share-based payment arrangements, an increase corresponding to the expense entry in the income statement is recognized in equity.

Details of the share-based incentive plans.

In 2023, Verkkokauppa.com Oyj established a share-based incentive system for the company's CEO and management team. The purpose of the system is to combine the goals of the shareholders and the management to increase the company's value in the long term, to encourage the management to invest personally in the company's shares, to commit the executives to the company, and to offer them a competitive reward system, where the participants can earn shares as a reward for performance and their own 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 for the first earning period 2023–2025 and the second earning period 2024–2026 is total share return (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 eight persons (the CEO and all members of the Management Team).

The gross rewards to be paid for the first 2023–2025 and the second 2024–2026 earnings period correspond to an estimated total value of a maximum of 295,900 Verkkokauppa.com Oyj shares, including the portion to be paid in cash.

	2024–2026	2023–2025
Grant date	13 February 2024	11 May 2023
Vesting start date	1 Jan 2027	1 Jan 2026
Vesting conditions	Share ownership and employment	Share ownership and employment
Payment method	Shares	Shares
Share price at grant date, EUR	2.35	2.50
Fair value of share at grant date, EUR*	2.48	2.63
Estimated number of participants at end of vesting period, %	100%	100%
Estimated change in shares associated with the plan, %	2%	2%
Number of plan participants	4	5

* The fair value of the share at the grant date is the current value of the share less the estimated dividends to be paid out during the commitment period.

Effect of share-based payments on the operating result

EUR thousand	2024	2023
Expenses related to share-based payments in the income statement	56	25
Total	**56**	**25**

Effect of share-based payments on the balance sheet

EUR thousand	2024	2023
Recognized in equity	81	25
Total	**81**	**25**

7.13 Intangible assets

The Verkkokauppa.com Group's intangible assets consist of capitalized development costs, goodwill and other intangible assets.

An intangible asset is recognized when its cost can be measured reliably and it is probable that the economic benefits associated with the asset will flow to the Group. The residual values and the useful lives of the assets shall be reviewed at least at the end of each financial year and adjusted, if necessary, to reflect changes in the expectations of economic benefits. In addition to goodwill, the Group does not have any other intangible assets with an indefinite useful life and no interest costs related to the acquisition of assets that have been capitalized as part of the cost of acquisition.

Annual impairment tests are carried out on the Group's goodwill and intangible assets that are not yet ready for use. In addition, on every balance sheet date, the management of the Group assesses whether there is any evidence of impairment regarding other intangible assets. In case such evidence is present, an estimate is made of the recoverable amount of the asset, which is the fair value of the asset less costs of disposal or a higher value in use. In many cases, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment is recognized in the income statement. The recognized impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount of the asset. The cancellation takes place up to the maximum amount which asset would have been assigned the book value minus depreciation if no impairment loss had been recorded for it in previous years.

Goodwill

The goodwill arising from the combination of businesses is recorded in the amount by which the transferred consideration, the share of the non-controlling owners in the target of the acquisition and the previously owned share combined exceed the fair value of the acquired net assets. Goodwill is not recorded for depreciation, but is tested for possible impairment annually and in addition whenever there are indications of impairment.

Goodwill related considerations

In impairment testing, the Group has to evaluate indications of impairment using both internal and external sources of information. Group management must make judgments when analyzing information from these sources and drawing conclusions. When determining the value in use, the Group makes estimates of future market development, such as growth rates and profitability. The most significant factors underlying the estimates are the average level of the operating result margin (operating result/turnover) and the discount rate. Changes in these assumptions may materially affect estimated future cash flows. More information on the sensitivity of the recoverable amount to changes in the assumptions used is presented in the paragraph goodwill and impairment testing.

Research and development expenditure

Research and development costs are expensed in the accounting period in which they are incurred, except for development costs that meet the criteria for capitalization. Development expenditure is capitalized as an intangible asset when it can be demonstrated how the development project will generate probable economic benefits and the expenditure incurred during the development phase can be measured reliably. Capitalized development costs are presented as a separate item and amortized over their useful life. Development expenditure previously expensed is not capitalized in subsequent periods.

The Group uses self-developed ERP system as well as other systems, of which development costs are capitalized by the Company to the extent that the capitalization criteria are deemed to be met. Capitalized development costs are amortized on a straight-line basis over their useful life. The estimated economic impact of capitalized development expenditure is three years.

Other intangible assets

Other intangible assets are recorded in the balance sheet at their original cost and amortized on a straight-line basis over their useful lives. The economic life of intangible assets has been estimated at maximum of five years. The intangible assets of the Group consist mainly of intangible rights, IT software and licenses.

EUR thousand	Development costs	Other intangible assets	Advance payments and work in progress	Consolidated goodwill	Total
Cost 1 Jan 2024	4,165	5,903	343	2,846	**13,257**
Increases	195	147	649	-	**992**
Transfers between items	-	209	-209	-	**-**
Cost 31 Dec 2024	4,360	6,259	782	2,846	**14,249**
Accumulated amortization and impairment 1 Jan 2024	-3,398	-2,062	-	-	**-5,461**
Amortization for the financial year	-456	-986	-	-	**-1,442**
Accumulated amortization and impairment 31 Dec 2024	-3,855	-3,048	-	-	**-6,903**
Carrying amount 1 Jan 2024	**766**	**3,840**	**343**	**2,846**	**7,796**
Carrying amount 31 Dec 2024	**506**	**3,212**	**782**	**2,846**	**7,346**

EUR thousand	Development costs	Other intangible assets	Advance payments and work in progress	Consolidated goodwill	Total
Cost 1 Jan 2023	3,383	2,457	2,530	2,846	**11,216**
Increases	782	-	1,259	-	**2,041**
Transfers between items	0	3,446	-3,446	-	**0**
Cost 31 Dec 2023	4,165	5,903	343	2,846	**13,257**
Accumulated amortization and impairment 1 Jan 2023	-2,986	-1,553	-	-	**-4,539**
Amortization for the financial year	-413	-509	-	-	**-922**
Accumulated amortization and impairment 31 Dec 2023	-3,398	-2,062	-	-	**-5,461**
Carrying amount 1 Jan 2023	**397**	**904**	**2,530**	**2,846**	**6,677**
Carrying amount 31 Dec 2023	**766**	**3,840**	**343**	**2,846**	**7,796**

The capitalized development costs relate to the development of new features related to the company's ERP system and other key systems.

The Group has no investment commitments in relation to intangible assets.

Goodwill and impairment testing

Goodwill is created in connection with business transactions as the difference between the fair values of the assets and liabilities included in the agreed acquisition and the purchase price paid. No depreciation is recorded on goodwill, but it is tested for possible impairment at least annually, but always whenever there are indications of impairment. Goodwill testing is a process that requires management judgment. Verkkokauppa.com uses both internal and external data sources in this process. Consideration is used, among other things, in preparing cash flows, determining the discount rate, defining cash flow generating units and allocating goodwill. Revenue, operating result and net working capital forecasts are based on the company's long-term forecasts.

Verkkokauppa.com's impairment testing has been performed at the operating segment level. Cash-generating units, i.e. Verkkokauppa.com's online store, store network and new markets, are tested for impairment by comparing the carrying amount of the cash-generating unit Group to its recoverable amount. The book value to be tested includes goodwill, intangible and tangible assets, and net working capital. Annual impairment testing of goodwill is performed by the last day of the financial year, however, always also when there are indications that the recoverable amount of an asset or a Group of cash-generating units is below book value. In addition to goodwill, the Group does not have any other intangible assets that are considered to have an unlimited useful life.

An impairment loss is the amount by which the book value of an asset or cash-generating Group exceeds the recoverable amount of the corresponding item. The impairment loss is recorded immediately with an effect on result. Recording an impairment loss weakens the Group's result and thus equity, but it has no effect on the Group's cash flows.

Goodwill of EUR 2.9 million is allocated to cash-generating units as follows: online store EUR 1.4 million, store network EUR 1.1 million and new markets EUR 0.4 million. According to the goodwill testing, the present value of the cash-generating units exceeds the carrying amount and therefore no impairment has been recognized for goodwill.

Key accounting estimates and assumptions

In testing the Group's goodwill, the recoverable amount is based on the value in use (present value), which is determined by discounting the estimated future net cash flows at the time of review. Assumptions about the growth of cash flows and the improvement of profitability describe the management's perception of the development of sales and costs in the forecast period. The weighted average cost of capital (WACC) calculated for Verkkokauppa.com before taxes has been used as the discount rate for the amount to be collected. The components of the yield requirement are e.g. risk-free rate, equity beta and market risk premium.

	3-year average	Residual value
Used discount rate	8.8%	8.8%
Average revenue growth assumption	7.6%	2.0%
Average operating result % assumption	2.7%	3.7%

Based on a sensitivity analysis, Verkkokauppa.com's management has assessed that no reasonably possible change in the key assumptions of the impairment testing would have led to an impairment of goodwill.

7.14 Tangible assets

The tangible assets of Verkkokauppa.com Oyj Group include land, servers, other office and warehouse equipment and devices, as well as basic improvements to rental premises.

Tangible assets have been valued in the balance sheet at the original cost less depreciation and impairment. Tangible assets are depreciated on a straight-line basis over the useful life of the asset from the moment the asset is put into use. Real estate is not subject to depreciation. The estimated useful lives of tangible assets are as follows:

Machinery and equipment	3–10 years
Other tangible assets	5–10 years

The residual values and the useful lives of the assets shall be reviewed at least at the end of each financial year and adjusted, if necessary, to reflect changes in the expectations of economic benefits.

Normal maintenance and repair costs are recognized in the income statement as an expense at the time they are incurred. Significant improvements or additional investments are capitalized as part of the cost of the asset and amortized over the remaining useful life of the capital asset if it is probable that future economic benefits associated with the asset will flow to the company. Gains on sales from the write-offs and disposals of tangible assets are presented in other operating income in the income statement, and losses in other operating expenses in the income statement. The Group has no interest expenses related to the acquisition of assets that would have been capitalized as part of the cost of acquisition.

The same principles apply to the assessment of impairment as for intangible assets. The principles are described as part of the notes on intangible assets.

EUR thousand	Land	Machinery and equipment	Other tangible assets	Advance payments and work in progress	Total
Cost 1 Jan 2024	2	13 443	3 054	720	**17 219**
Increases	-	562	38	175	**775**
Transfers between items	-	0	78	-78	**0**
Cost 31 Dec 2024	2	14 005	3 169	817	**17 994**
Accumulated depreciation 1 Jan 2024	-	-8 668	-2 740	-	**-11 408**
Depreciation for the financial year	-	-1 001	-112	-	**-1 113**
Accumulated depreciation 31 Dec 2024	-	-9 669	-2 852	0	**-12 521**
Carrying amount 1 Jan 2024	**2**	**4 775**	**314**	**720**	**5 811**
Carrying amount 31 Dec 2024	**2**	**4 336**	**317**	**817**	**5 473**

EUR thousand	Land	Machinery and equipment	Other tangible assets	Advance payments and work in progress	Total
Cost 1 Jan 2023	2	13,072	3,050	812	**16,936**
Increases	-	279	4	52	**335**
Disposals	-	-	-	-52	**-52**
Transfers between items	-	92	-	-92	**0**
Cost 31 Dec 2023	2	13,443	3,054	720	**17,219**
Accumulated depreciation 1 Jan 2023	-	-7,566	-2,617	-	**-10,183**
Depreciation for the financial year	-	-1,102	-123	-	**-1,224**
Accumulated depreciation 31 Dec 2023	-	-8,668	-2,740	-	**-11,408**
Carrying amount 1 Jan 2023	**2**	**5,506**	**433**	**812**	**6,752**
Carrying amount 31 Dec 2023	**2**	**4,775**	**314**	**720**	**5,811**

The company has no investment commitments in relation to tangible assets.

7.15 Leases

Leases wherein the Group is the lessee

Recognition of leases

At the time the contract was entered into, the Company will assess whether the contract is a lease or whether the contract contains a lease element. The Company recognizes a right-of-use asset and a lease liability at the inception of the lease, except for leases with a short lease term (less than 12 months) and leases with a low value. Rental costs for short-term and low-value leases are recognized in the income statement under other operating expenses on a straight-line basis over the term of the lease.

Measurement and recognition of lease liability

The lease liability is measured at the present value of the lease payments not paid at the commencement date of the contract. The lease payments are discounted at the interest rate implicit in the lease if that interest rate can be easily determined. If the interest rate cannot be easily determined, the interest rate of the Company's incremental borrowing rate shall be used.

The lease agreement for the Jätkäsaari real estate, which covers approximately 73% of the balance sheet of the lease liabilities, has used the interest rate implicit in the lease contract. In other lease agreements, the interest rate of the Company's incremental borrowing rate has been used as the discount rate. The changes in the Company's financing position have been taken into consideration in determining the incremental borrowing rate in determining the risk premium. Discount rates vary between 1.3% and 7.0%.

The lease payments included in the value of the lease liability at the commencement date consist of fixed payments less available incentives related to lease contracts, variable rent based on index, purchase option exercise prices (when reasonably certain), amounts of residual value guarantees and penalties for termination of lease contracts, if the lease term has taken into account that the lessee exercises the option to terminate the lease.

There are no termination options in the leases of Verkkokauppa.com Oyj that have been taken into account in the calculation. Lease contracts with purchase options are related to machinery and equipment and are not significant.

The lease liability is measured at amortized cost using the effective interest method. Revaluation of the lease liability shall be carried out if there is a change in the lease term, the use of the purchase option becomes or ceases to be reasonably certain, the index used to calculate variable lease payments changes or if there is a change in the expected payments on the basis of residual value guarantees. The discount rate to be used for the revaluation depends on the nature of the change.

The payments for all the leases of the Company real estate and facilities are linked to the cost-of-living index. The Company will make revaluations of its lease liability and the right-of-use asset when the index changes.

In those contracts where the lease component and the non-lease component must be separated, the distinction is made on the basis of relative stand-alone selling prices. The Company has office space leases in which the lease component is separated from the service component. The stand-alone price is based on the estimated levels of capital rents for the region in question.

The lease term used to calculate the lease liability is the period during which the lease is non-cancelable, plus the period of the renewal or termination option if it is reasonably certain that the lessee will exercise the renewal option or not exercise the termination option. The Company has extension options related to its real estate. These are not taken into account in the lease term. The decision on extension options is made on a commercial basis when the lessor is to be informed of the use of the extension option. The management of the Company has taken into consideration the business model of the Company and the agility expected in it in relation to the physical market place in an ever-changing business environment when assessing the probability of the realization of extension options.

Measurement of right-of-use assets

The right-of-use asset is measured at cost at the commencement date of the lease. The cost comprises the initial amount of the lease liability at the commencement date, the lease payments less the incentives received under the lease, the initial direct costs and any costs of restoration.

The Company has not recognized the initial direct costs in its leases. The amounts of restoration costs are estimated to be immaterial given the nature of the business and no provision has been recognized for them.

The Company measures the right-of-use assets in accordance with the acquisition cost model. Under the acquisition cost model, a right-of-use asset is measured at cost less accumulated depreciation and adjusted for the remeasurement of the lease liability. The right-of-use assets are depreciated on a straight-line basis over the useful life of the asset from the moment the asset is put into service In case the lease term is shorter than the useful life, depreciations are done over the lease term. The estimated depreciation periods are as follows:

Machinery and equipment	4–7 years
Real estate and premises	2–15 years

Subleases

The Company has short-term sublease agreements, which are recognized as income on a straight-line basis over the lease term. Lease income is presented in other operating income in the income statement. These sublease agreements are not material.

Description of the Group's lease portfolio

The Group's lease portfolio consists of real estate and facilities leases. The real estate lease means the Jätkäsaari real estate that comprises the stores as well as the logistics, office and other spaces. In other aspects, the retail stores are real estate leases.

The lease agreements include several short options for future extension. The leases are not linked to revenue but to the cost-of-living index which is taken into account in the calculation of the lease liability. The leases do not include residual value guarantees or purchase options.

At the end of the accounting period, the Group does not have any leasing contracts related to cars, machines or equipment.

Right-of-use assets

EUR thousand	Premises and facilities	Machinery and equipment	Total
Cost 1 Jan 2024	40,897	1,620	**42,517**
Increase/decrease due to remeasurement	14,880	-	**14,880**
Cost 31 Dec 2024	55,777	1,620	**57,397**
Accumulated depreciation 1 Jan 2024	-27,549	-1,620	**-29,169**
Depreciation for the financial year	-4,364	-	**-4,364**
Accumulated depreciation 31 Dec 2024	-31,913	-1,620	**-33,533**
Carrying amount 1 Jan 2024	**13,348**	**0**	**13,349**
Carrying amount 31 Dec 2024	**23,864**	**0**	**23,864**

EUR thousand	Premises and facilities	Machinery and equipment	Total
Cost 1 Jan 2023	36,196	1,620	**37,816**
Increase/decrease due to remeasurement	4,701	-	**4,701**
Cost 31 Dec 2023	40,897	1,620	**42,517**
Accumulated depreciation 1 Jan 2023	-23,331	-1,620	**-24,950**
Depreciation for the financial year	-4,218	-	**-4,218**
Accumulated depreciation 31 Dec 2023	-27,549	-1,620	**-29,169**
Carrying amount 1 Jan 2023	**12,865**	**0**	**12,866**
Carrying amount 31 Dec 2023	**13,348**	**0**	**13,349**

The remeasurements carried out in 2024 and 2023 relate to index increases in lease contracts and to renegotiated leases. In December 2024, the company has entered into an extension agreement for Jätkäsaari real estate and land areas. The extension agreement is valid until December 2032.

Lease liabilities

Maturity analysis, contractual undiscounted cash flows

EUR thousand	31 Dec 2024	31 Dec 2023
Less than one year	5,326	5,696
From one to two years	9,716	11,258
From three to four years	7,226	1,146
Over five years	10,839	0
Undiscounted lease liabilities, total	**33,107**	**18,101**

Lease liabilities in the balance sheet

EUR thousand	31 Dec 2024	31 Dec 2023
Current lease liabilities	3,842	4,974
Non-current lease liabilities	22,587	11,729
Lease liabilities, total	**26,428**	**16,702**

Items recognized in the income statement

EUR thousand	2024	2023
Depreciations on right-of-use assets	4,364	4,218
Interests on lease liabilities	745	912
Lease income from subleasing right-of-use assets	132	266
Expenses related to leases of low-value assets	52	58

Items recognized in the cash flow statement

EUR thousand	2024	2023
Total cash outflow for leases	-5,894	-5,723

7.16 Deferred tax assets and liabilities

The deferred tax is calculated from the temporary differences between the carrying amount and the tax base, using either the tax rate in force at the balance sheet date or a known tax rate that will come into force at a later date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilized.

Change in deferred tax assets

EUR thousand	1 Jan 2024	Recognized through profit or loss	Recognized in equity	31 Dec 2024
Right-of-use assets	3,332	1,954	-	5,286
Inventories	62	-21	-	40
Provisions	202	-141	-	60
Eliminations of Group inventories	2	-2	-	0
Depreciation difference	239	37	-	275
Deferred tax asset from loss for the financial year	0	880	-	880
Total deferred tax assets before netting	**3,835**	**2,706**	**-**	**6,542**
Netting of deferred tax assets and liabilities	-2,662	-2,111	-	-4,773
Total after netting	**1,174**	**596**	**-**	**1,769**

Change in deferred tax liabilities

Right-of-use assets	-2,662	-2,111	-	-4,773
Fair value adjustments made in connection with the acquisition of a subsidiary	-74	32	-	-42
Total deferred tax liability before netting	**-2,736**	**-2,079**	**-**	**-4,815**
Netting of deferred tax assets and liabilities	2,662	2,111	-	4,773
Total after netting	**-74**	**32**	**-**	**-42**

EUR thousand	1 Jan 2023	Recognized through profit or loss	Recognized in equity	31 Dec 2023
Lease liabilities	3,364	-31	-	3,332
Inventories	43	19	-	62
Share-based compensation	86	-86	-	0
Provisions	148	53	-	202
Eliminations of Group inventories	2	-	-	2
Non-deductible expenses related to the acquisition of Group companies	131	-131	-	0
Earn-out costs from the conditional purchase price	83	-83	-	0
depreciation difference	80	159	-	239
Total deferred tax assets before netting	**3,938**	**-101**	**-**	**3 835**
Netting of deferred tax assets and liabilities	-2,558	-104	-	-2,662
Total after netting	**1,380**	**-205**	**-**	**1,174**

Change in deferred tax liabilities

EUR thousand	1 Jan 2023	Recognized through profit or loss	Recognized in equity	31 Dec 2023
Right-of-use assets	-2,558	-104	-	-2,662
Fair value allocations made in connection with the acquisition of a subsidiary	-106	32	-	-74
Total deferred tax liability before netting	**-2,664**	**-72**	**-**	**-2,736**
Netting of deferred tax assets and liabilities	2,558	104	-	2,662
Total after netting	**-106**	**32**	**-**	**-74**

7.17 Trade receivables and other receivables

Trade receivables are receivables arising from goods or services sold to customers in the ordinary course of business. Other receivables are contract assets, other accrued income and financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables and other receivables are classified as current assets if customer payment in respect of them is expected within one year. Otherwise, they are presented as non-current assets. Non-current trade receivables are receivables related to customer financing and in current trade receivables they represent 77% (2023; 75%) of the balance sheet value of current trade receivables.

The principles relating to impairment are explained in the note on *Financial risk management.7.22.3*

Changes in the contractual assets are explained in the note on *Revenue from contracts with customers 7.2.*

EUR thousand	2024	2023
Non-current		
Trade receivables	6,618	7,824
Other non-current receivables	504	396
Non-current receivables, total	**7,122**	**8,220**
Current		
Trade receivables	32,551	37,292
Contract assets	1,905	2,770
Other accrued income	10,061	8,121
Vat receivables	136	135
Income tax receivables	9	-1,232
Other receivables	1,129	1,232
Current receivables, total	**45,791**	**48,319**
Non-current and current receivables, total	**52,913**	**56,538**

Ageing analysis of trade receivables

EUR thousand	2024 Trade receivables	2024 Impairment	2023 Trade receivables	2023 Impairment
Not due	34,388	573	38,383	467
Past due 1–60 days	5,763	440	7,721	586
Past due 61–120 days	97	66	111	56
Past due over 121 days	187	187	133	124
Total	**40,435**	**1,266**	**46,348**	**1,232**

The company has entered into an agreement with Norion Bank AB for invoice ledger management and invoice sales. According to the agreement, all our new B2B invoice receivables have been transferred to Norion Bank AB as of the beginning of December 2024.

Reconciliation of impairment of the trade receivables

EUR thousand	2024	2023
Impairment at 1 January	1,233	843
Impairment recognized in profit or loss during the financial year	3,068	3,263
Receivables written off during the year as uncollectible	-3,016	-2,844
Unused amount reversed	-18	-30
Impairment at 31 December	**1,266**	**1,233**

Verkkokauppa.com Group sells all its overdue receivables on a “continuous trade” basis, where all receivables overdue for more than 60 days and financed by the Company itself are sold to third parties. This reduces the Company’s accounts receivable risk.

7.18 Inventory

The Group’s inventory consists of finished goods for sale, in-store demonstration equipment and serviced products.

Inventories are valued at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

The cost of inventory is determined using the first-in, first-out (FIFO) method. The cost includes direct costs incurred in connection with the acquisition, net of rebates.

The inventory turn and the possible reduction of the net realizable value below cost are regularly assessed and, if necessary, an impairment of inventories is recorded. In addition, the Group separately recognizes write-down for older items according to the inventory dates.

EUR thousand	2024	2023
Goods	51,139	62,721
Total	**51,139**	**62,721**

The Group has recorded a total impairment of inventories of EUR 2.9 million (3.4) during the financial year. The entries have adjusted the carrying amount of the inventory to correspond to its net realizable value.

7.19 Cash and cash equivalents

Cash and cash equivalents consist of cash assets and balances on bank accounts. Cash and cash equivalents belong to the category of financial assets measured at amortized cost. No impairment is recognized on cash and cash equivalents, as the cash is held with well-rated Nordic banks and the related impairment is considered immaterial.

EUR thousand	2024	2023
Cash in hand and at banks	35,600	31,893
Total	**35,600**	**31,893**

The Company's cash assets were fully available at the balance sheet date.

7.20 Equity

Treasury shares

The acquisition of treasury shares, together with the related costs, is presented as a deduction of equity.

Dividend distribution

The dividend proposed by the Board of Directors to the Annual General Meeting is recorded based on the decision of the Annual General Meeting.

Share capital and treasury shares

	Outstanding shares, pcs (1,000)	Number of treasury shares, pcs (1,000)	Number of shares, pcs (1,000)	Share capital carrying amount, EUR thousand
1 Jan 2024	**45,209**	**146**	**45,355**	**100**
Transfer of treasury shares, Board of Directors' remuneration	59	-59	-	-
31 Dec 2024	**45,268**	**86**	**45,355**	**100**

	Outstanding shares, pcs (1,000)	Number of treasury shares, pcs (1,000)	Number of shares, pcs (1,000)	Share capital carrying amount, EUR thousand
1 Jan 2023	**45,083**	**271**	**45,355**	**100**
Transfer of treasury shares, Board of Directors' remuneration	50	-50	-	-
Transfer of treasury shares, share-based incentive scheme	75	-75	-	-
31 Dec 2023	**45,209**	**146**	**45,355**	**100**

Verkkokauppa.com Oyj Group has one share class. The share has no nominal value. Each share entitles its holder to one vote at the Annual General Meeting. All issued shares have been fully paid out. At the end of the financial year 2024, the share capital of Verkkokauppa.com Oyj was EUR 100,000 and the number of shares was 45,354,532 including 86,345 (145,719) treasury shares held by the Company. During the financial years 2023–2024, the company has not acquired its own shares.

Fair value reserve

The fair value reserve is a fund that is based on equity investments measured at fair value.

Invested unrestricted equity fund

The invested unrestricted equity fund includes the subscription price of the shares to the extent that they are not entered into share capital on the basis of a separate decision.

Capital management

The aim of the Group's capital management is to support the business through an optimal capital structure by ensuring normal operating conditions. The Group assesses the development and adequacy of its capital structure and equity ratio. Capital management aims to ensure cost-effectively the Group's operating conditions at a competitive level in all business cycles, adequate risk-bearing capacity and good debt management and dividend payment capacity. The objective of capital management is to increase shareholder value and achieve the best possible profit.

The Group has not applied for a credit rating from any external credit rating institution. Capital management is based on continuous monitoring of the objectives set by the Board and of the external financing and defined thresholds, as well as on the approval and implementation of balancing measures in case of any deviations. On the basis of the information it is provided, the Board of Directors evaluates the effects of any deviation and takes the necessary capital management decisions. The Group's net gearing target is defined and monitored as part of normal reporting. The ratio of net liabilities to equity is 35.2% (21.5%) as one of the key indicators for the overall management of the balance sheet. The Group evaluates financing needs on a case-by-case basis considering the cyclical nature of business as well as potential the business acquisitions.

At the end of the financial year 2024, the Group had revolving credit facilities totaling EUR 25 million that had not been utilized. The terms of the covenants are described in note *7.22.3 Financial risk management.*

EUR thousand	2024	2023
Net debt	-9,829	-6,118
Total shareholders' equity	27,905	28,479
Net debt to equity ratio	-35.2%	-21.5%

The ratio of net liabilities to equity was 35.2% (21.5). The Group's net liabilities decreased and gross assets increased in the 2024 fiscal year.

Dividends

The company has not paid a dividend during the financial years 2024 and 2023.

Dividend proposed

According to the company's dividend policy, its target is to pay out 60-80 percent of annual net result in quarterly growing dividends. The company's 2024 net result was EUR -0.8 million. Thus, the Board of Directors will propose to the Annual General Meeting 2025 that no dividend be paid for the financial year 2024.

7.21 Cash flow information

Net debt reconciliation

EUR thousand	2024	2023
Cash and cash equivalents	35,600	31,893
Bank loans	-19,000	-21,308
Lease liabilities	-26,428	-16,702
Net debt	**-9,829**	**-6,118**

EUR thousand	2024	2023
Cash	35,600	31,893
Gross debt - leases	-45,428	-38,011
Net debt	**-9,829**	**-6,118**

	Liabilities from financing activities			Other assets	
EUR thousand	Financial institution loans	Leases	Total	Cash and cash equivalents	Total
Net debt Jan 1, 2023	**-24,144**	**-16,812**	**-40,955**	**21,210**	**-19,745**
Decrease of financial loans	2,836	-	2,836	-	**2,836**
Increase in lease liabilities	-	-4,701	-4,701	-	**-4,701**
Decrease in lease liabilities	-	4,810	4,810	-	**4,810**
Cash flows	-	-	-	10,682	**10,682**
Other changes	-	-	-	-	-
Net debt Dec 31, 2023	**-21,308**	**-16,702**	**-38,011**	**31,893**	**-6,118**
Increase of financial loans	-26,000	-	-26,000	-	**-26,000**
Decrease of financial loans	28,308	-	28,308	-	**28,308**
Increase in lease liabilities	-	-14,880	-14,880	-14,880	**-14,880**
Decrease in lease liabilities	-	5,149	5,149	5,149	**5,149**
Cash flows	-	-	-	3,707	**3,707**
Other changes	-	4	4	-	**4**
Net debt 31 Dec 2024	**-19,000**	**-26,429**	**-45,429**	**35,600**	**-9,829**

The Company's net debt as of 31 Dec 2024 was EUR -9.8 million.

7.22 Funding

Financial assets
The Group main financial assets are trade receivables and cash.

Classification and measurement
On initial recognition, the Group classifies financial assets into the following measurement categories: financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income. Classification depends on the business model used to manage financial assets and contractual terms for cash flows. Financial assets are derecognized when the right to receive contractual cash flows has expired and the significant risks and rewards of ownership of the financial asset have been transferred outside of the Company.

The Group measures equity investments at fair value through other comprehensive income. Changes in fair value are recognized in other comprehensive income. Dividend income is recorded in the income statement as financial income. Changes in the fair value of equity investments are presented in other comprehensive income and are not subsequently reclassified to profit or loss when the investment is derecognized. The Group records changes in fair value in the fair value reserve of equity, from which they are transferred to retained earnings upon sale.

Financial assets measured at amortized cost are items that are held to collect contractual cash flows and whose cash flows are solely payments of principal and interest. This category includes trade and other receivables of the Group, which consist of non-current lease insurance receivables. Trade receivables are initially recognized in the transaction price if they do not contain a significant financing component. Other receivables in the Group are initially recognized at fair value plus transaction costs and measured at amortized cost using the effective interest method. A gain or loss on a financial asset measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Impairment losses on trade and other receivables are recognized in the income statement under other operating expenses.

Impairment of financial assets
Impairment is described in more detail in the note on *Financial risk management 7.22.3*.

Financial liabilities
The Group's financial liabilities are classified upon initial recognition as financial liabilities recognized at fair value through profit or loss and financial liabilities valued at amortized cost. For financial liabilities other than those recognized at fair value through profit or loss, transaction costs are deducted from the original acquisition cost. All financial debt transactions are recorded on the contract date, which is the day on which the Group commits to the contractual terms of the financial debt. Financial liabilities are written off the balance sheet when the Group's contractual obligation has been fulfilled, canceled or its validity has expired. Arrangement fees related to loan commitments are recorded as transaction costs up to the amount that it is probable that all or part of the loan commitment will be withdrawn, and in that case the fee is recorded on the balance sheet until the loan is withdrawn. In connection with the withdrawal of the loan, the arrangement fee related to the loan commitments is entered as part of the transaction costs. To the extent that it is likely that the loan commitment will not be withdrawn, the arrangement fee is recorded as an advance payment for the service related to the ability to pay and is allocated as an expense for the duration of the loan commitment.

The Group's financial liabilities consist of loans from financial institutions as well as purchase and lease liabilities. The principles of recording and valuation of these are described in their own notes, *Other short-term liabilities and accruals 7.23.3* and *Leases 7.15*.

7.22.1 Financial assets and liabilities by measurement category

31 Dec 2024 EUR thousand	Financial assets and liabilities at amortized cost	Carrying amount 31.12.2024
Non-current financial assets (level 2)		
Trade receivables and other financial receivables*	7,122	7,122
Non-current financial assets, total	**7,122**	**7,122**
Current financial assets (level 2)		
Trade receivables	32,551	32,551
Cash and cash equivalents	35,600	35,600
Current financial assets, total	**68,151**	**68,151**
Financial assets by measurement category, total	**75,273**	**75,273**
Non-current financial liabilities (level 2)		
Lease liabilities	22,587	22,587
Liabilities to credit institutions	17,000	17,000
Non-current financial liabilities, total	**39,587**	**39,587**
Current financial liabilities (level 2)		
Lease liabilities	3,842	3,842
Loans from financial institutions	2,000	2,000
Interest amortization on financial loans	27	27
Accounts payable	68,707	68,707
Current financial liabilities, total	**74,576**	**74,576**
Financial liabilities by measurement category, total	**114,162**	**114,162**

31 Dec 2023 EUR thousand	Financial assets and liabilities at amortized cost	Carrying amount 31.12.2023
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	**30,479**	**30,479**
Current financial liabilities (level 2)		
Lease liabilities	4,974	4,974
Loans from financial institutions	2,558	2,558
Interest amortization on financial loans	202	202
Accounts payable	78,962	78,962
Current financial liabilities, total	**86,696**	**86,696**
Financial liabilities by measurement category, total	**117,174**	**117,174**

Level 2 includes interest-bearing liabilities.
The group has no financial assets or liabilities recognized at fair value through other comprehensive income.

* Other receivables include non-current receivables presented in the balance sheet, which include rental guarantee receivables classified as financial assets.

There have been no transfers between valuation Groups during the financial year or in the comparison year. The balance sheet values of trade receivables and other receivables classified as financial assets are substantially equivalent to their fair values.

7.22.2 Financial institution loans

At the end of 2024, the Verkkokauppa.com Group had a total of EUR 19.0 million (21.3) interest-bearing financial institution loans. 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 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. Verkkokauppa.com has complied with the financial covenants of the loans it has granted to credit institutions in both reporting periods of the financial year. The purpose of the loans raised from financial institutions is primarily to develop the business and the general financing needs of the Group. The company's net debt is primarily managed by managing and optimizing working capital. The carrying amounts of the loans correspond in essential respects to the fair values of the loans, because the loans have variable interest rates and the Group's risk premium has not substantially changed.

7.22.3 Financial risk management

General information

In business operations, the Group is exposed to several financial risks, of which the main financial risks are financing acquisition and liquidity risk, as well as currency and interest rate risk. The goal of the Group's risk management is to minimize the harmful effects of financial market changes on the Group's result. The general principles of the Group's risk management are approved by the board. The Group's

CFO is responsible for the practical implementation of financial risk management by identifying and evaluating risks. The Group does not apply hedge accounting in accordance with IFRS 9.

Funding and liquidity risk

The Group seeks to secure access to finance and sufficient liquidity. A business that generates positive cash flow and a solid management of net working capital enable an optimal capital structure and availability of financing. The Group continuously assesses and monitors the amount of financing required for the business in order to provide the Group with sufficient liquid assets to finance its operations and to pay outstanding payables.

According to the maturity distribution, the most significant part of the debts will mature within a year, with a priority emphasis. Accounts payable are always due within less than a year because they have short payment periods. The maturities of the lease liabilities depend on the agreement and accordingly, they fall due evenly over the duration of the agreement. However, a significant part of lease contract debts matures within less than five years. Maturity has spread to many counterparties. The maximum length of credit granted to an individual customer is three years.

Contractual cash flows based of financial liabilities and financial guarantee contracts

31 Dec 2024

EUR thousand	< 1 year	2–3 years	3–4 years	> 5 years	Total
Bank loans	2,000	17,000	-	-	**19,000**
Lease liabilities	5,326	15,941	7,226	10,839	**39,331**
Trade payables	68,707	-	-	-	**68,707**
Total	**76,033**	**32,941**	**7,226**	**10,839**	**127,038**

31.12.2023

EUR thousand	< 1 year	2–3 years	1–5 years	> 5 years	Total
Bank loans	2,558	18,750	-	-	**21,308**
Lease liabilities	5,696	11,258	1,146	-	**18,101**
Trade payables	78,962	-	-	-	**78,962**
Total	**87,217**	**30,008**	**1,146**	**-**	**118,371**

The balance sheet contains liquid assets of 20%. The Group diversifies the risk of financing (counterparty risk) by entering into various binding revolving credit facilities with large Nordic banks with solid ratings. By varying the amounts as well as the term of the revolving credit facilities, the Group manages the counterparty and maturity risk. It is also Group policy to maximize the use of cash discounts.

At the end of the financial year 2024, the Company's liquidity reserve consisted of liquid cash funds. At the end of the financial year, liquid funds amounted to EUR 35,6 million (31,9). The funds were distributed among various bank accounts.

Interest rate risk

The Group's income and operational cash flows are mainly independent of fluctuations in market interest rates, and thus the Group's exposure to interest rate risk is mainly related to its external loans. The average annual interest rate of the Group's interest-bearing debt excluding lease contract liabilities in accordance with IFRS 16 was 5.5% (5.0%).

The table below shows the effects on the Group's result before taxes and the effect on equity. If interest rates were to rise or fall (+/- 1.0 percentage points) and other factors remained unchanged, it would affect the Group's result after taxes by EUR 200 thousand (230) for the worse or for the better. The sensitivity analysis is based on the interest rate position at the end of the reporting period.

EUR thousand	2024	2023
Change	+/- 1%	+/-1%
Impact on result after tax	200	230

Liquidity risk

The Group aims to monitor the amount of financing required by the business by analysing sales cash flow forecasts, so that the Group has enough liquid assets to finance operations and to repay maturing loans. The availability and flexibility of the Group's financing is aimed at ensuring sufficient credit limit reserves, a balanced maturity distribution of loans and sufficiently long loan periods, as well as by using several financial institutions and forms of financing in the acquisition of financing. On 31 December 2024, the Group had EUR 25 million (25) in the credit limit reserve, and their validity period is linked to the validity period of the financing agreement.

At the end of 2024, the Verkkokauppa.com Group had interest-bearing financial institution loans totaling EUR 19.0 million (21.3), which is amortized annually by 2.0 million euro and the rest will be paid in June 2027.

Contingent liabilities and assets and commitments

No assets have been given as collateral for financial institution loans. Financial loans and credit limit agreements are subject to covenant conditions. The covenant terms determine the required net debt/ EBITDA ratio and the net debt ratio. In 2024, Verkkokauppa.com has fulfilled these covenant conditions.

Credit and counterparty risk

Credit risks arise when a counterparty is unable to meet its contractual obligations, causing the Group to suffer a financial loss. Trade receivables and other receivables expose the Group to credit risk. The most significant credit risk relates to the Group consumer financing service.

The Group's main credit risk consists of trade receivables from Group consumer financing and ordinary trade receivables from companies. The open position is larger and longer for Group-financed receivables than for conventional corporate trade receivables. As a result, the credit risk of a Group-finance receivables is greater than that of a conventional corporate trade receivable. The rotation of trade receivables is also faster for corporate trade receivables. The Group has defined a credit policy for customer receivables with the aim of increasing profitable sales, identifying and managing credit risks in advance. The credit policy dictates the minimum principles of Verkkokauppa.com Oyj Group's credit sales and debt recovery. The credit risk is determined by the Credit Committee of the Group.

The Company has credit policies in place for its own customer financing, which describe the principles of risk-taking and risk management. Furthermore, the Company has credit rules that define, among other things, the principles of making credit-granting decisions, the amount of credit limits and the measurement principles of trade receivables. The Board of Directors regularly monitors the development of customer financing. The Credit Committee is responsible for reporting on the financial risks to the Board. The risk of customer-financing receivables is not concentrated but consists of a large amount of receivables with a maximum capital of EUR 3,000. To minimize the credit risk, the customer's credit report and any credit history are checked before a credit-granting decision is made.

Verkkokauppa.com Group sells all its overdue receivables on a "continuous trade" basis, where all receivables overdue for more than 60 days are sold to third parties. This reduces the risk of Group receivables. The credit loss allowance related to trade receivables was EUR 1,3 million (1,2).

The company has entered into an agreement with Norion Bank AB for managing the invoice ledger and selling invoices. In accordance with the agreement, all our new B2B invoice receivables have been transferred to Norion Bank AB from the beginning of December of the fiscal year 2024.

The counterparty risk involved with cash and cash equivalents is managed through depositing the cash and cash equivalents in accounts with large Nordic banks with solid ratings. The Group's cash and cash equivalents are fully available. The counterparty risk arising from purchasing activities is managed through using, when necessary, letters of credit as payment method, thus ensuring contractual delivery. The Group's letters of credit are documentary credits.

Impairment

The most significant financial assets of the Group subject to the expected credit loss model required by IFRS 9 are cash and cash equivalents, traditional trade receivables from companies and the receivables from the company-financed consumer financing service. In addition, it is necessary to apply the impairment model to the financial guarantee contracts. The Group's cash and cash equivalents are deposited in accounts with solid Nordic banks and are consequently not recognized for impairment. In addition to the aforementioned financial assets, the contract assets are subject to impairment. The management of the Company monitors the development of counterparty risk.

The Group recognizes a lifetime expected credit loss on trade receivables using a simplified method (matrix model). The model based on expected credit losses is anticipative, and the expected portion of credit losses is based on the amounts of historical credit losses. The historical credit loss percentage is adjusted when necessary, taking into account the macroeconomic impact on customers' ability to pay. The expected credit losses over the entire life of the receivable are calculated by multiplying the gross value of the trade receivables with the expected loss portion in all maturity classes. In addition, at each reporting date, the Company assesses whether there is further evidence of impairment of an asset, for instance due to insolvency. In these cases, the Company recognizes the impairment immediately. Impairment losses are recognized in other operating expenses in the income statement. Recoverable credit losses are recognized in other operating expenses in the income statement.

The Group has defined different matrix models for standard trade receivables from corporates and for company-financed customer financing service receivables due to their different risk characteristics. The clients of the company-financed consumer financing service are individuals.

To determine the credit default rates for individual customers in the company-financed consumer financing service, the customers' historical payment behavior, the aging of receivables and their development were examined. The percentages of credit losses are regularly updated based on historical credit losses and the 12-month rolling model. The maximum exposure to credit risk corresponds to the total amount of trade receivables. The Group has not received any guarantees regarding trade receivables. Expected credit losses are recognized as reducing trade receivables.

When determining the credit loss rates for corporate customers, the customer's historical payment behavior, the aging of receivables and their development were examined.

Changes in expected credit losses are recognized in other operating expenses in the income statement. The total net credit losses recognized in 2024 amounted to EUR 3,068 thousand (3,263). The effects of the company's net credit losses are described in the note *Accounts receivable and other receivables 7.17.*

Foreign exchange rate risk

Foreign exchange rate risk means the uncertainty of cash flows, profit and balance sheet resulting from changes in foreign exchange rates.

The currency risk of Verkkokauppa.com Oyj arises mainly from the purchase of goods, as the company has purchasing activities in several different currencies. However, the management of the Company does not consider the foreign exchange rate risk to be significant, as most purchases are made in euros. In respect of purchases made in foreign currencies, trade payables in the balance sheet are exposed to foreign exchange rate risk. In addition, the Company has advance payments in foreign currency in the balance sheet, with short open positions.

Foreign exchange risk is managed from a commercial point of view through rapid inventory turnover and by seeking to transfer possible exchange rate changes into sales prices or by changing supplier. The Company does not hedge against foreign exchange rate risk. Revenue is not exposed to foreign exchange rate risk, as all revenue is generated in euros.

The Group has currency accounts in US dollars (USD), Hong Kong dollars (HKD) and Chinese yuan renminbi (CNY). The currency risks of foreign currency accounts relate to exchange rate differences that arise from the conversion of monetary assets to the exchange rate on the balance sheet date. Exchange rate differences of monetary assets are presented in the note Financial income and expenses 7.9.

At the end of the financial year 2024, the amount of currency-denominated open trade payables amounted to EUR 215 thousand (286). Exchange rate differences in accounts payable were irrelevant in 2024 and the comparison year.

7.23 Other current liabilities and accrued liabilities

EUR thousand	2024	2023
Contract liabilities	1,664	1,802
Accrued personnel expenses	6,743	6,687
Other accrued liabilities	12,181	10,132
Withholding tax liability	752	759
VAT liability	10,273	9,820
Other current liabilities and accrued liabilities	**31,613**	**29,200**

Payables related to contracts with customers are presented in the note on *7.2 Revenue from contracts with customers*.

7.24 Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision represents the best estimate of the management with regard to the expenditure required to settle the obligation at the end of the reporting period. At each balance sheet date, the management assesses the amount of the provisions and updates them to reflect the best estimate at the balance sheet date. Changes in provisions are recognized in the income statement in the same line item where the original provision was recognized. Provisions have not been discounted due to the minor effect of such discounting.

The provisions recognized by the Group relate to product warranties for the company's own products and additional warranties granted by the company for certain product Groups.

A warranty reserve is recognized at the time of sale of a product based on management's estimate of the product degradation rate, which is based on historical experience. A provision for expected credit losses is recognized based on historical actuals.

EUR thousand	2024	2023
Provisions 1 Jan	1,008	745
Increase in reservations	-	263
Decrease in reservations	-705	-
Provisions 31 Dec	**302**	**1,008**

7.25 Related parties

Verkkokauppa.com Oyj Group's related parties are considered to include the members of the Board of Directors and the CEO of Verkkokauppa.com Oyj Group and other members of the Management Team of Verkkokauppa.com Oyj Group, close family members of the aforementioned persons and controlling entities of the aforementioned persons. Transactions with related parties have been carried out under normal commercial terms. Information regarding the remuneration of management and the board of directors is presented in section *7.6*.

Transactions with related parties

EUR thousand	2024	2023
Sales of goods and services		
To key management personnel and their related parties	77	92
Purchases of goods and services		
From key management personnel and their related parties	135	-

EUR thousand	2024	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	27	5

7.26 Guarantees and commitments

EUR thousand	2024	2023
Collateral given for own commitments		
Mortgages	27,301	27,301
Guarantees	1,345	2,027
Other commitments and contingent liabilities	28	50

The guarantees are related to rental, customs guarantees and letters of credit. Other responsibilities and liability commitments are related to residual value responsibilities.

7.27 Subsequent events

After the review period, the company made a decision to commit to the Science Based Targets (SBTi) climate initiative and reduce its greenhouse gas emissions in line with the 1.5 degree warming target of the Paris Climate Agreement. The company has been systematically reducing its emissions for years with the aim of reducing its own operations (scope 1 and 2) emissions to zero by the end of 2025. With the SBTi commitment, the company will set science-based climate targets to reduce indirect emissions (scope 3) in the value chain. The commitment has also been recorded in the environmental policy prepared in the reporting year, which is publicly available on the company's website.

On January 28, 2025, the company announced that the Shareholders' Nomination Board of Verkkokauppa.com Oyj proposes to the Annual General Meeting scheduled for April 8, 2025 that the Board of Directors consist of a total of seven members and that **Robin Bade**, **Henrik Pankakoski**, **Kati Riikonen**, **Irmeli Rytkönen**, **Samuli Seppälä**, **Enel Sintonen** and **Arja Talma** be re-elected as members of the Board of Directors.

On January 28, 2025, the company announced preliminary information on the results for 2024.

On 12 February 2025, the Board of Verkkokauppa.com Oyj resolved on a new Performance Period under Performance Matching Share Plan 2023-2027. The aim of the plan is to align the objectives of the shareholders and the management 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.

On 24 February 2025, Helsinki Administrative Court has upheld the administrative fine imposed on Verkkokauppa.com by the Data Protection Ombudsman's Sanctions Board. The company has recognized a provision for the administrative fine in its first quarter 2024 results.

8 FINANCIAL STATEMENTS OF PARENT COMPANY (FAS) 2024

INCOME STATEMENT

EUR thousand	Note	2024	2023
Revenue	8.2	**466,485**	**500,830**
Other operating income	8.3	**636**	**458**
Materials and services			
Materials and services			
Purchases during the year		-376,957	-406,916
Stock change		-11,490	-11,267
External services		-2,600	-2,054
Materials and services total		**-391,047**	**-420,237**
Employee benefit expenses			
Salaries and fees	8.4, 8.5	-28,067	-28,296
Personnel incidentals			
Pension expenses	8.4, 8.5	-5,022	-5,395
Other personnel side costs	8.4, 8.5	-681	-945
Employee benefit expenses total		**-33,770**	**-34,637**
Depreciation and amortization			
Planned depreciation	8.6	-2,392	-1,983
Depreciation and amortization total		-2,392	**-1,983**
Other operating expenses	8.7	**-40,548**	**-40,189**
Operating result		**-635**	**4 242**

EUR thousand	Note	2024	2023
Financial income and expenses			
Other interest and financing income			
From companies of the same group	8.8	27	29
From others	8.8	394	331
Interest expenses and other financial expenses			
For others	8.8	-1,675	-1,337
Financial income and expenses total		**-1,254**	**-978**
Result before appropriations and taxes		**-1,889**	**3,264**
Financial statement transfers			
Change in depreciation differences	8.20	-183	-793
Financial statement transfers total		**-183**	**-793**
Income taxes			
Taxes for the financial year	8.9	-	-537
Taxes of previous fiscal years	8.9	-3	-2
Result for the financial year		**-2,076**	**1,933**

BALANCE

EQUIVALENT

EUR thousand	Note	2024	2023
NON-CURRENT ASSETS			
Intangible assets			
Development costs	8.10	506	766
Immaterial rights	8.10	1	4
Other intangible assets	8.10	3,000	3,466
Prepaid expenses	8.10	782	343
Total intangible assets		**4,289**	**4,579**
Tangible assets			
Land and water areas	8.11	2	2
Machines and hardware	8.11	4,328	4,764
Other tangible assets	8.11	317	314
Advance payments and unfinished purchases	8.11	817	720
Total tangible assets		**5,464**	**5,800**
Investments			
Shares in companies of the same group	8.12	6,049	6,249
Other shares and participations		0	0
Total investments		**6,049**	**6,249**
NON-CURRENT ASSETS TOTAL		**15,803**	**16,628**
CURRENT ASSETS			
Inventories	8.16	**51,328**	**62,818**
Long-term receivables			
Accounts receivable	8.13	6,618	7,824
Receivables from companies of the same group	8.14	1,830	1,830
Other receivables	8.13	492	372
Total long-term receivables		**8,940**	**10,025**
Short-term receivables			
Accounts receivable	8.13	30,475	36,978
Receivables from companies of the same group	8.14	725	1,072
Other receivables	8.15	4,413	4,872
Accruals	8.15	10,058	7,891
Total short-term receivables		**45,671**	**50,814**
Cash and cash equivalents	8.17	**34,439**	**28,600**
CURRENT ASSETS TOTAL		**140,378**	**152,257**
ASSETS TOTAL		**156,181**	**168,886**

RESPONSIBLE

EUR thousand	Note	2024	2023
EQUITY			
Share capital		100	100
Invested unrestricted equity fund		27,493	28,196
Retained earnings		6,131	3,495
Result for the financial year		-2,076	1,933
Total equity	8.18	**31,648**	**33,724**
Appropriations			
Depreciation difference	8.20	1,376	1,193
Appropriations total		**1,376**	**1,193**
Provisions			
Other provisions	8.24	302	1,008
Provisions total		**302**	**1,008**
Long-term liabilities			
Long-term debt			
Loans from financial institutions	8.23	17,000	18,750
Total long-term liabilities		**17,000**	**18,750**
Short-term debt			
Loans from financial institutions		2,000	2,500
Received prepayments		5,110	4,692
Trade payables		68,591	78,831
Liabilities to companies of the same group	8.22	-	438
Other short-term liabilities	8.21	10,702	10,365
Accrued liabilities	8.21	19,451	17,348
Income tax liabilities	8.21	-	37
Total short-term liabilities		**105,855**	**114,211**
LIABILITIES TOTAL		**122,855**	**132,961**
EQUITY AND LIABILITIES TOTAL		**156,181**	**168,886**

STATEMENT OF FUNDS

EUR thousand	2024	2023
Cash flow from operating activities		
Result before income taxes	-2,072	2,471
Adjustments		
Depreciations and amortizations	2,392	1,983
Finance income and expense	1,254	978
Other adjustments	-522	1,385
Cash flow before change in working capital	**1,052**	**6,817**
Change in working capital		
Increase (-)/decrease (+) in non-current n-i-b trade receivables	1,086	-2,209
Increase (-)/decrease (+) in trade and other receivables	5,143	-8,132
Increase (-) /decrease (+) in inventories	11,490	11,267
Increase (+) /decrease (-) in accounts payable and other current liabilities	-6,245	7,581
Cash flow before financial items and taxes	**12,525**	**15,324**
Interest paid	-1,513	-1,041
Other finance expenses paid	-337	-224
Interest received	421	360
Income tax paid	-41	390
Cash flow from operating activities	**11,056**	**14,809**

EUR thousand	2024	2023
Cash flow from investing activities		
Acquisition of subsidiary companies	-	427
Investments in reverse for invested non-restricted equity capital	-1,200	-350
Purchase of property, pland and equipment	-775	-283
Purchases of intangible assets	-992	-2,041
Cash flow from investing activities	**-2,966**	**-2,247**
Cash flow from financing activities		
Withdrawals of long-term loans	18,000	-
Repayments of long-term loans	-17,500	-
Withdrawals of short-term loans	8,000	-
Repayments of short-term loans	-10,750	-2,500
Cash flow from financing activities	**-2,250**	**-2,500**
Increase (+) / decrease (-) in cash and cash equivalents	**5,840**	**10,062**
Cash and cash equivalents at beginning of financial year	28,600	20,667
Cash and cash equivalents at end of reporting period	34,439	30,729

NOTES TO THE FINANCIAL STATEMENTS 31.12.2024

8.1 Notes on the preparation of the financial statements

Verkkokauppa.com Oyj is the parent company of the group, which is headquartered in Helsinki, Finland.

Verkkokauppa.com Oyj's financial statements have been prepared in accordance with local requirements and those generally accepted in Finland in accordance with accounting principles (Finnish Accounting Standards, FAS). The financial statements are presented in euros.

When preparing the financial statements, the company's management is subject to valid regulations and good accounting practices accordingly to make estimates and assumptions that affect the valuation of financial statement items and for periodization. Realized figures may differ from the estimates made.

Net sales

Net sales is calculated by deducting direct taxes and other sales related adjustments from gross sales. Impaired receivables are accounted as credit losses by applying good accounting principles. Credit losses are reported in other operational expenses.

In the accounting period, the presentation of the income statement has been changed with regard to barter revenue.

As far as barter revenue is concerned, the company acts as an agent and records only the commission it receives in its revenue.

As a result, 106 thousand euros have been transferred from the purchases group in the income statement to the revenue group in the comparison period 2023.

The company sells various visibility in brick-and-mortar stores, the web and other media to its suppliers. Some of the suppliers pay marketing support based on jointly agreed marketing activities. The company posts the above mentioned marketing sales to revenue and the corresponding costs are posted in raw materials purchases.

The revenue include income from customer financing service.

Revenue recognition

Revenue is recognized at the time of product delivery.

Items in foreign currencies

Transactions in currencies other than EUR are translated using the transaction date exchange rate.

At year-end, the outstanding foreign currency receivables and liabilities are translated to EUR using the closing date average exchange rates.

Receivable exchange rate differences are entered in the income statement as sales adjustments and when translating account payables, foreign exchange rate differences are booked as adjustments to purchases. Exchange rate differences deriving from other posts are booked as financial exchange rate differences.

Other operating income

Other income continuously includes income from subletting space and the sale of fixed assets.

Intangible and tangible assets

Intangible and tangible assets are measured at their historical cost, less depreciation according to plan. Planned depreciation is recorded on a straight-line basis over the useful life of an asset.

IT-applications produced for the company's own use have been capitalized in other intangible assets and include the direct personnel costs of the development work. These related staff expenses have been reclassified from the profit and loss statement into other intangible assets. The book value of the fixed assets does not contain any appreciations. Maintenance and repair expenses are booked as running costs with the exception of substantial upgrades to rented premises, which are activated in fixed assets.

The carrying value of land and water areas as well as the carrying value of other tangible assets are based on historical costs.

No write-downs have been done on land and water areas.

The periods for planned depreciations are as follows:

Intangible rights	5 years
Research and Development	3–5 years
Machinery and Equipment	3–10 years
Upgrades to premises	5–10 years

Accounts receivables

The expected credit losses are deducted from the value of the trade receivables.

The expected credit losses are recognised based on the ageing and the origin of the trade receivable.

All over 90 days past-due trade receivables are recognised entirely as credit lossess.

Other receivables

During the accounting period, the way the balance sheet is presented has been changed with regard to payment card receivables. From the beginning of the 2024 financial year, payment card receivables are presented in the balance sheet group other receivables. In the 2023 financial statements, the payment card receivables were 2,129 thousand euros and they are presented in the balance sheet group other receivables in this financial statement. Until the reference year 2023, payment card receivables are presented in the balance sheet group cash and bank receivables.

Income taxes

The income taxes include taxes based on the Verkkokauppa.com Oyj's taxable result.

Deferred taxes

Deferred taxes are not booked in the financial statements.

Provisions

The company recognises a provision for product warranty obligations.

The provision is estimated based on realised warranty costs and on assumptions on failure rates of sold products.

Inventory valuation

Inventories are stated in the balance sheet at their acquisition cost or at the lower acquisition price or probable selling price.

8.2 Revenue

Revenue by external customer location

EUR thousand	2024	2023
Finland	439,987	467,541
EU	25,286	28,125
Rest of the world	1,212	5,163
Revenue by external customer location	**466,485**	**500,830**

8.3 Other operating income

EUR thousand	2024	2023
Lease income from subleasing right-of-use assets	132	266
Other income	504	191
Other operating income, total	**636**	**458**

8.4 Employee benefits

EUR thousand	2024	2023
Salaries and fees	28,846	29,179
Pension costs - contribution-based arrangements	5,165	5,400
Other personnel-related expenses	701	1,126
Total personnel costs before activation	**34,712**	**35,705**
Capitalized employee benefits for the financial year		
Wages and salaries	-779	-883
Pension expenses -defined contribution plans	-143	-156
Other personal expenses	-20	-30
Capitalized employee benefits for the financial year	**-942**	**-1,068**
Total personnel costs	**33,770**	**34,637**

The capitalized personnel costs are mainly related to the development of the company's enterprise resource planning system, which is explained more in note Intangible assets 8.10, and the logistics automation of the Jätkäsaari warehouse.

	2024	2023
Average number of personnel in the financial year	631	656

The number of personnel includes both full-time and part-time employees. The amount does not include hired labor.

Information on the management's employment benefits is presented in the notes *Management remuneration 8.5.*

8.5 Management remuneration

EUR Thousand	CEO	Management team	2024, total	CEO	Management team	2023, total
Short-term employee benefits						
Fixed basic salaries and fringe benefits	434	1,448	**1,882**	394	1,342	1,736
Incentive bonus	55	90	**146**	124	174	298
Statutory pension	86	239	**325**	74	251	325
Share-based payments						
Share-based payments	30	27	**56**	6	19	25
Total	**605**	**1,804**	**2,409**	**597**	**1,787**	**2,384**
Shareholding, pcs	119,000	44,352	**163,352**	119,000	103,552	**222,552**
% of shares	0.26%	0.10%	**0.36%**	0.26%	0.23%	**0.49%**

The table above shows the remuneration of the president and CEO and the Executive Committee, as well as the shareholdings and holdings as a percentage of the total share capital. The amounts presented are performance-based. The share-based payments are based on an estimate of their realization at the end of the year. The performance share-based payment includes the cost effect on the financial year, regardless of the time of the share transfer.

Board fees

EUR thousand	2024	2023
Board members 31 Dec 2024		
Arja Talma, Chair of the Board, Chair of the Remuneration Committee	88	89
Samuli Seppälä	35	35
Robin Bade	39	30
Kati Riikonen	41	32
Henrik Pankakoski	39	32
Enel Sintonen, Member of the Audit Committee	38	-
Irmeli Rytkönen	32	-
Former Board members		
Johan Ryding (until 4 April 2024)	9	39
Kai Seikku (until 4 April 2024)	9	51
Mikko Kärkkäinen (until 30 Mar 2023)	-	9
Frida Ridderstolpe (until 30 Mar 2023)	-	9
Christoffer Häggblom (until 30 Mar 2023)	-	14
Remuneration of Board of Directors, total	**330**	**341**

During the financial year 2024, the company transferred 59,374 (50,218) treasury shares for the payment of the fees.

Board members' shareholdings on 31.12.

Shareholding, pcs	2024	2023
Board members 31 Dec 2024		
Arja Talma, Chair of the Board, Chair of the Remuneration Committee	54,817	37,853
Samuli Seppälä	13,347,000	15,527,000
Robin Bade	13,829	5,347
Kati Riikonen	13,829	5,347
Henrik Pankakoski	13,829	5,347
Enel Sintonen, Member of the Audit Committee	6,659	-
Irmeli Rytkönen	6,659	-
Former Board members		
Johan Ryding (until 4 April 2024)	-	12,849
Kai Seikku (until 4 April 2024)	-	157,845
Number of shares, total	**13,456,622**	**15,751,588**

% of shares	2024	2023
Board members 31 Dec 2024		
Arja Talma, Chair of the Board, Chair of the Remuneration Committee	0.12%	0.08%
Samuli Seppälä	29.43%	34.23%
Robin Bade	0.03%	0.01%
Kati Riikonen	0.03%	0.01%
Henrik Pankakoski	0.03%	0.01%
Enel Sintonen, Member of the Audit Committee	0.01%	-
Irmeli Rytkönen	0.01%	-
Former Board members		
Johan Ryding (until 4 April 2024)	-	0.03%
Kai Seikku (until 4 April 2024)	-	0.35%
% of shares, total	**29.66%**	**34.72%**

The tables above show board member's shareholdings and % of shares.

8.6 Depreciation and amortization

EUR thousand	2024	2023
Intangible assets		
Development costs	456	413
Other intangible assets	825	349
Amortization of intangible assets, total	**1,281**	**762**
Tangible assets		
Machinery and equipment	999	1,098
Other tangible assets	112	123
Depreciation of tangible assets, total	**1,111**	**1,221**
Depreciation and amortization, total	**2,392**	**1,983**

8.7 Other operating expenses

EUR thousand	2024	2023
Premises maintenance and operation expenses	12,383	12,264
Financial transactions expenses	1,553	1,637
Marketing	6,900	7,130
Administrative services	10,250	10,821
Other expenses	9,462	8,337
Other operating expenses, total	**40,548**	**40,189**

Auditor fees

EUR thousand	2024	2023
Statutory audit	170	204
Assignments referred to in § 1.1,2 of the Audit Act	10	-
Other services	13	29
Auditor fees, total	**193**	**233**

The auditing firm chosen by the general meeting is Pricewaterhouse-Coopers Oy. The non-auditing services performed by Pricewaterhouse-Coopers Oy totaled 27 thousand euros.

8.8 Finance income and costs

Finance income

EUR thousand	2024	2023
Interest income	394	331
Interest income from companies of the same group	27	29
Total	**421**	**360**

Finance costs

EUR thousand	2024	2023
Other interest costs	174	9
Other finance costs	311	161
Exchange rate differences on cash and cash equivalents	26	63
Monetary institution Loans interest expenses	1,165	1,104
Total	**1,675**	**1,337**

In addition to financial income and costs, exchange rate differences have been recognized as adjustments to purchases for the financial year.

8.9 Income taxes

EUR thousand	2024	2023
Current taxes	-	537
Taxes for previous accounting periods	3	2
Income taxes, total	**3**	**539**

8.10 Intangible assets

EUR thousand	Development costs	Other intangible assets	Advance payments and work in progress	Total
Cost 1 Jan 2024	4,165	5,252	343	**9,759**
Increases	195	147	649	**992**
Transfers between items		209	-209	**-**
Cost 31 Dec 2024	4,360	5,608	782	**10,751**
Accumulated amortization and impairment 1 Jan 2024	-3,398	-1,782	-	**-5,181**
Amortization for the financial year	-456	-825	-	**-1,281**
Accumulated amortization and impairment 31 Dec 2024	-3,855	-2,607	-	**-6,462**
Carrying amount 1 Jan 2024	**766**	**3,470**	**343**	**4,579**
Carrying amount 31 Dec 2024	**506**	**3,000**	**782**	**4,289**

EUR thousand	Development costs	Other intangible assets	Advance payments and work in progress	Total
Cost 1 Jan 2023	3,383	1,806	2,530	**7,719**
Increases	782	-	1,259	**2,041**
Transfers between items	-	3,446	-3,446	**-**
Cost 31 Dec 2023	4,165	5,252	343	**9,759**
Accumulated amortization and impairment 1 Jan 2023	-2,986	-1,433	-	**-4,419**
Amortization for the financial year	-413	-349	-	**-762**
Accumulated amortization and impairment 31 Dec 2023	-3,398	-1,782	-	**-5,181**
Carrying amount 1 Jan 2023	**397**	**373**	**2,530**	**3,300**
Carrying amount 31 Dec 2023	**766**	**3,470**	**343**	**4,579**

8.11 Property, plant and equipment

EUR thousand	Land	Machinery and equipment	Other tangible assets	Advance payments and work in progress	Total
Cost 1 Jan 2024	2	13,421	3,054	720	**17,196**
Increases	-	562	38	175	**775**
Transfers between items	-	-	78	-78	**-**
Cost 31 Dec 2024	2	13,982	3,169	817	**17,971**
Accumulated depreciation 1 Jan 2024	-	-8,656	-2,740	-	**-11,396**
Depreciation for the financial year	-	-999	-112	-	**-1,111**
Accumulated depreciation 31 Dec 2024	-	-9,655	-2,852	-	**-12,507**
Carrying amount 1 Jan 2024	**2**	**4,764**	**314**	**720**	**5,800**
Carrying amount 31 Dec 2024	**2**	**4,328**	**317**	**817**	**5,464**

EUR thousand	Land	Machinery and equipment	Other tangible assets	Advance payments and work in progress	Total
Cost 1 Jan 2023	2	13,050	3,050	812	**16,913**
Increases	-	279	4	52	**335**
Disposals	-	-	-	-52	**-52**
Transfers between items	-	92	-	-92	**-**
Cost 31 Dec 2023	2	13,421	3,054	720	**17,196**
Accumulated depreciation 1 Jan 2023	-	-7,558	-2,617	-	**-10,176**
Depreciation for the financial year	-	-1,098	-123	-	**-1,221**
Accumulated depreciation 31 Dec 2023	-	-8,656	-2,740	-	**-11,396**
Carrying amount 1 Jan 2023	**2**	**5,491**	**433**	**812**	**6,738**
Carrying amount 31 Dec 2023	**2**	**4,764**	**314**	**720**	**5,800**

8.12 Investments

EUR thousand		31.12.2024	31.12.2023
Holdings in group companies			
Aqcuisition costs 1.1.		6,249	6,138
Increases		800	650
Decreases		-1,000	-539
Carrying amount 31 Dec		**6,049**	**6,249**
Ownership of shares%	**Country**		
Arc Distribution Oy	Finland	100%	100%
e-ville.com Distribution Oy	Finland	100%	100%
Digi Electronics Ltd	Hong Kong	100%	100%
Digital Trading (shenzhen) Co. Ltd	China	100%	100%

8.13 Trade receivables and other receivables

EUR thousand	2024	2023
Non-current		
Trade receivables	6,618	7,824
Other non-current receivables	492	372
Non-current receivables, total	**7,110**	**8,195**
Current		
Trade receivables	30,475	36,978
Other accrued income	10,058	7,891
Other receivables	4,413	4,872
Current receivables, total	**44,946**	**49,742**
Non-current and current receivables, total	**52,056**	**57,937**

8.14 Receivables from companies of the same group

EUR thousand	2024	2023
Group loan receivables, long-term	1,830	1,830
Group accounts receivable	639	1,017
Group accruals	7	5
Group interest receivables	78	51
Receivables from companies of the same group total	**2,555**	**2,902**

8.15 Other short-term receivables and accruals

EUR thousand	2024	2023
Prepayments	3 152	2 743
Support for purchases	7 676	5 924
Other transfer receivables	2 383	1 967
Other short-term receivables and accruals	**13 211**	**10 634**

8.16 Inventory

EUR thousand	2024	2023
Goods	51,328	62,818
Total	**51,328**	**62,818**

8.17 Cash and cash equivalents

EUR thousand	2024	2023
Cash in hand and at banks	34,439	28,600
Total	**34,439**	**28,600**

8.18 Equity

EUR thousand	2024	2023
Equity 1.1.	100	100
Equity 31.12.	100	100
Invested unrestricted equity fund at the beginning of the period	28,196	28,069
Invested unrestricted equity fund additions	-	127
Transfer to retained earnings	-704	-
Invested unrestricted equity fund at the end of the period 31.12.	**27,493**	**28,196**
Profit/Loss of the accounting period 1.1.	**5,428**	**3,495**
Transfer to retained earnings	704	-
The result of the financial year	-2,076	1,933
Profit/Loss of the accounting period 31.12.	**4,056**	**5,428**
Equity total	**31,648**	**33,724**
Restricted equity at the end of the period	100	100
Unrestricted equity at the end of the period	31,548	33,624
Unrestricted and restricted equity total	**31,648**	**33,724**

8.19 Calculation of distributable funds

EUR thousand	2024	2023
Invested unrestricted equity fund	27,493	28,196
Result from Previous years	6,131	3,495
- Capitalization of development costs	-1,155	-2,025
Result of the accounting period	-2,076	1,933
Distributable funds total	**30,393**	**31,599**

8.20 Financial statement transfers

EUR thousand	2024	2023
Financial statement transfers1 Jan	1,193	400
Increases in financial statement transfers	183	793
Financial statement transfers 31 Dec	**1,376**	**1,193**

8.21 Other current liabilities and accrued liabilities

EUR thousand	2024	2023
Accrued personnel expenses	6,749	6,694
Other accrued liabilities	12,775	10,722
Withholding tax liability	708	708
VAT liability	9,922	9,588
Other current liabilities and accrued liabilities	**30,153**	**27,713**

8.22 Liabilities to companies of the same group

EUR thousand	2024	2023
Group accounts payable	-	38
Group accrued liabilities	-	400
Liabilities from companies of the same group	**-**	**438**

8.23 Long-term debt capital

EUR thousand	2024	2023
Loans financial loans	17,000	18,750
Long-term debt capital	**17,000**	**18,750**

8.24 Provisions

EUR thousand	2024	2023
Provisions 1 Jan	1,008	745
Increases in provisions	-	263
Decreases in provisions	-705	-
Provisions 31 Dec	**302**	**1,008**

8.25 Guarantees and commitments

EUR thousand	2024	2023
Collateral given for own commitments		
Mortgages	27,001	27,001
Guarantees	1,345	2,027
Other commitments and contingent liabilities		
Credit limit in use	1,630	2,020
Leasing liabilities	25	22
Rent liabilities	39,340	18,101
Guarantees and commitments	**69,342**	**49,171**

The total amount of the granted credit limit is EUR 31 million, of which the amount shown above has been used in the financial period.

SIGNATURES FOR THE FINANCIAL STATEMENTS AND THE BOARD OF DIRECTORS’ REPORT

The financial statement prepared in compliance with the applicable financial statement regulations gives a correct and sufficient image of both the company and the whole of the companies included in its consolidated financial statement assets, liabilities, financial position and profit or loss.

The report of the board of directors contains an account that gives a true picture of the company on the one hand and on the other the business development of the entire group of companies included in its consolidated financial statements and the result, as well as a description of the most significant risks and uncertainties and more of the state of the company.

The sustainability report included in the report of the board of directors has been prepared in compliance with the provisions in chapter 7 reporting standards and Article 8 of the taxonomy regulation.

Helsinki 11th March 2025

Arja Talma Chair of the Board	**Panu Porkka** CEO
Robin Bade Board member	**Samuli Seppälä** Board member
Henrik Pankakoski Board member	**Enel Sintonen** Board member
Irmeli Rytkönen Board member	**Kati Riikonen** Board member

AUDITOR'S REPORT

(Translation of the Finnish Original)

To the Annual General Meeting of Verkkokauppa.com Oyj

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Audit Committee.

What we have audited

We have audited the financial statements of Verkkokauppa.com Oyj (business identity code 1456344-5) for the year ended 31 December 2024. The financial statements comprise:

- the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, which include material accounting policy information and other explanatory information
- the parent company's balance sheet, income statement, cash flow statement and notes.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

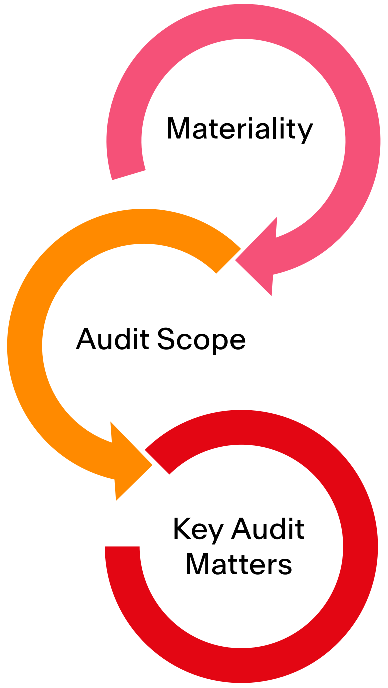
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 7.8 to the Financial Statements.

Our Audit Approach



Overview

- Overall group materiality: € 4 670 000, which represents 1 % of group´s revenue
- Audit scope: The audit scope includes Verkkokauppa.com Oyj
- Valuation of inventories

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality	€ 4 670 000 (previous year € 5 020 000)
How we determined it	1% of the group´s revenue
Rationale for the materiality benchmark applied	We chose revenue as the benchmark because, in our view, it is the benchmark against which the performance of the company is most commonly measured by users. We chose 1 % which is within the range of acceptable quantitative materiality thresholds in auditing standards.

How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

Our audit scope includes Verkkokauppa.com Oyj. Verkkokauppa.com Oyj has four subsidiaries which are not material to consolidated financial statements and we have performed analytical procedures on their balances.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter in the audit	How our audit addressed the key audit matter
Valuation of inventories *Refer to note 7.18 of the consolidated financial statements and to note 8.1 and 8.16 of the parent companý s financial statements* Inventories form a significant part of the Group's assets, amounting to € 51 million, and Parent companý s assets, amounting to € 51 million, as of 31 December 2024. Inventories are measured at the lower of cost and net realizable value. The cost of inventory is assigned by using the FIFO (first-in, first-out) method. The cost contains direct costs of purchase less rebates. The goods inventory turnover and possible reduction in the net realizable value below cost is assessed regularly and a write-down of inventories is recognized when necessary. In addition, the Company recognizes a write-down of aged products, based on days in stock. Inventories are a significant item in the consolidated financial statements and parent companý s financial statements. Management exercises judgement and applies assumptions when estimating the need for an obsolescence provision. Given these factors, we have considered valuation of inventories to be a key audit matter.	Our audit procedures included test of controls related to timing of revenue recognition and test of details procedures. Our test of details included e.g. the following procedures: • We assessed the adequacy of the obsolescence provision and checked adherence to the Company's accounting policy. • We compared, on a sample basis, the value of inventory items against purchase invoices and sales invoices to ensure that inventory items are measured at the lower of cost and net realizable value. For a sample of warehouses, we attended the physical stock-take counting or reconciled third party confirmations with the accounting records.

There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

Appointment

We were first appointed as auditors by the annual general meeting on 15 March 2016. Our appointment represents a total period of uninterrupted engagement of 9 years.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in compliance with the applicable provisions, excluding the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in compliance with the applicable provisions. Our opinion does not cover the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 11 March 2025
PricewaterhouseCoopers Oy
Authorised Public Accountants

Mikko Nieminen
Authorised Public Accountant (KHT)

INDEPENDENT AUDITOR'S REASONABLE ASSURANCE REPORT ON VERKKOKAUPPA.COM OYJ'S ESEF FINANCIAL STATEMENTS

(Translation of the Finnish Original)

To the Management of Verkkokauppa.com Oyj

We have been engaged by the Management of Verkkokauppa.com Oyj (business identity code 1456344-5) (hereinafter also "the Company") to perform a reasonable assurance engagement on the Company's consolidated IFRS financial statements for the financial year 1 January-31 December 2024 in European Single Electronic Format ("ESEF financial statements").

Management's Responsibility for the ESEF Financial Statements

The Management of Verkkokauppa.com Oyj is responsible for preparing the ESEF financial statements so that they comply with the requirements as specified in the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF requirements"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of ESEF financial statements that are free from material noncompliance with the ESEF requirements, whether due to fraud or error.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express an opinion on the ESEF financial statements based on the procedures we have performed and the evidence we have obtained.

We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the ESEF financial statements are free from material noncompliance with the ESEF requirements.

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) involves performing procedures to obtain evidence about the ESEF financial statements compliance with the ESEF requirements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material noncompliance of the ESEF financial statements with the ESEF requirements, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Company's preparation of the ESEF financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, Verkkokauppa.com Oyj's ESEF financial statements for the financial year ended 31 December 2024 comply, in all material respects, with the minimum requirements as set out in the ESEF requirements.

Our reasonable assurance report has been prepared in accordance with the terms of our engagement. We do not accept, or assume responsibility to anyone else, except for Verkkokauppa.com Oyj for our work, for this report, or for the opinion that we have formed.

Helsinki 11 March 2025
PricewaterhouseCoopers Oy
Authorised Public Accountants

Mikko Nieminen
Authorised Public Accountant (KHT)

ASSURANCE REPORT ON THE SUSTAINABILITY REPORT

(Translation of the Finnish Original)

To the Annual General Meeting of Verkkokauppa.com Oyj

We have performed a limited assurance engagement on the group sustainability report of Verkkokauppa.com Oyj (business identity code (1456344-5) that is referred to in Chapter 7 of the Accounting Act and that is included in the report of the Board of Directors for the reporting period 1.1.–31.12.2024.

Opinion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the group sustainability report does not comply, in all material respects, with

1) the requirements laid down in Chapter 7 of the Accounting Act and the sustainability reporting standards (ESRS);
2) the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy).

Point 1 above also contains the process in which Verkkokauppa.com Oyj has identified the information for reporting in accordance with the sustainability reporting standards (double materiality assessment).

Our opinion does not cover the tagging of the group sustainability report in accordance with Chapter 7, Section 22, of the Accounting Act, because sustainability reporting companies have not had the possibility to comply with that requirement in the absence of the ESEF regulation or other European Union legislation.

Basis for Opinion

We performed the assurance of the group sustainability report as a limited assurance engagement in compliance with good assurance practice in Finland and with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

Our responsibilities under this standard are further described in the Responsibilities of the Authorised Group Sustainability Auditor section of our report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Authorised Group Sustainability Auditor's Independence and Quality Management

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our engagement, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm applies International Standard on Quality Management ISQM 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director of Verkkokauppa.com Oyj are responsible for:

- the group sustainability report and for its preparation and presentation in accordance with the provisions of Chapter 7 of the Accounting Act, including the process that has been defined in the sustainability reporting standards and in which the information for reporting in accordance with the sustainability reporting standards has been identified
- the compliance of the group sustainability report with the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088;
- such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of a group sustainability report that is free from material misstatement, whether due to fraud or error.

Inherent Limitations in the Preparation of a Sustainability Report

In reporting forward-looking information in accordance with ESRS, management of the Company is required to prepare the forward-looking information on the basis of assumptions that have been disclosed in the sustainability report about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Responsibilities of the Authorised Group Sustainability Auditor

Our responsibility is to perform an assurance engagement to obtain limited assurance about whether the group sustainability report is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the group sustainability report.

Compliance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) requires that we exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- Identify and assess the risks of material misstatement of the group sustainability report, whether due to fraud or error, and obtain an understanding of internal control relevant to the engagement in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Design and perform assurance procedures responsive to those risks to obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Description of the Procedures That Have Been Performed

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The nature, timing and extent of assurance procedures selected depend on professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our procedures included for example the following:

- We interviewed the company's management and the individuals responsible for collecting and reporting the information contained in the group sustainability report at the group level to gain an understanding of the sustainability reporting process and the related internal controls and information systems.
- We familiarised ourselves with the background documentation and records prepared by the company where applicable, and assessed whether they support the information contained in the group sustainability report.
- We assessed the company's double materiality assessment process in relation to the requirements of the ESRS standards, as well as whether the information provided about the assessment process complies with the ESRS standards.
- We assessed whether the sustainability information contained in the group sustainability report complies with the ESRS standards.
- Regarding the EU taxonomy information, we gained an understanding of the process by which the company has identified the group's taxonomy-eligible and taxonomy-aligned economic activities, and we assessed the compliance of the information provided with the regulations.

Helsinki 11 March 2025
PricewaterhouseCoopers Oy
Authorised Sustainability Auditors

Mikko Nieminen
Authorised Sustainability Auditor

VERKKO
KAUPPA
.COM

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 more than 1.7 million customers, a winning assortment and probably always cheaper prices. Everyday, the company strives to find more streamlined ways to surpass its customer's 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 2024 was EUR 468 million and it employs around 600 people.
Verkkokauppa.com is listed on the Nasdaq Helsinki stock exchange.

linkedin.com/company/verkkokauppa.com

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