

VERKKOKAUPPA.COM OYJ INTERIM REPORT

January–September 2022



INTERIM YEAR REPORT for 1 January – 30 September 2022

WEAK QUARTER IN A DECLINING MARKET

Verkkokauppa.com Oyj – Interim Report 27 October 2022, 8:00 a.m. EEST

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

July – September 2022 in brief

- Revenue was EUR 137.8 million (141.0)
- Gross profit was EUR 20.1 million (20.9) or 14.6% of revenue (14.8%)
- Operating profit (EBIT) was EUR 1.7 million (4.7) or 1.3 % of revenue (3.3%)
- Comparable operating profit was EUR 2.1 million (4.7) or 1.5 % of revenue (3.3%)
- Net profit was EUR 0.7 million (3.5)
- Earnings per share were EUR 0.01 (0.08)
- Investments were EUR 1.0 million (0.8)
- Operating cash flow was EUR 2.6 million (7.6)
- The Board of Directors decided, according to authorization granted by the AGM, to distribute the third installment of a quarterly dividend of EUR 0.063 per share. Dividend payment date is 7 November 2022.

January – September 2022 in brief

- Revenue was EUR 388.2 million (405.6)
- Gross profit was EUR 58.7 million (65.0) or 15.1% of revenue (16.0%)
- Operating profit (EBIT) was EUR 1.5 million (15.0) or 0.4% of revenue (3.7%)
- Comparable operating profit was EUR 2.8 million (15.0) or 0.7% of revenue (3.7%)
- Net profit was EUR -0.2 million (11.1)
- Earnings per share were EUR 0.00 (0.25)
- Investments were EUR 6.7 million (3.0)
- Operating cash flow was EUR -14.0 million (2.0)

KEY RATIOS	7-9/2022	7-9/2021	Change, %	1-9/2022	1-9/2021	Change, %	1-12/2021
Eur million							
Revenue	137.8	141.0	-2.3 %	388.2	405.6	-4.3 %	574.5
Gross profit	20.1	20.9	-3.6 %	58.7	65.0	-9.7 %	91.2
Gross margin, %	14.6 %	14.8 %		15.1 %	16.0 %	-5.6 %	15.9 %
EBITDA	3.2	5.9	-46.6 %	5.6	18.7	-69.9 %	25.3
EBITDA, %	2.3 %	4.2 %		1.4 %	4.6 %	-68.6 %	4.4 %
Operating profit	1.7	4.7	-62.9 %	1.5	15.0	-90.1 %	20.3
Operating margin, %	1.3 %	3.3 %		0.4 %	3.7 %	-89.7 %	3.5 %
Comparable operating profit	2.1	4.7	-55.3 %	2.8	15.0	-81.5 %	20.3
Comparable operating margin, %	1.5 %	3.3 %		0.7 %	3.7 %	-80.7 %	3.5 %
Net profit	0.7	3.5	-80.9 %	-0.2	11.1	-101.8 %	15.1
Investments	1.0	0.8	14.8 %	6.7	3.0	124.9 %	4.9
Operating cash flow	2.6	7.6	-66.1 %	-14.0	2.0	784.3 %	6.7

FINANCIAL GUIDANCE FOR 2022 (given on 24 October 2022)

The company expects the revenue to be between EUR 530–560 million (in 2021: EUR 574.5 million) and comparable operating profit (comparable EBIT) to be between EUR 5–9 million (in 2021: EUR 20.4 million) in 2022.

CEO PANU PORKKA'S REVIEW

"In a continuously challenging market, we will focus on measures aimed at strengthening the core business and improving profitability."

*- Panu Porkka, CEO,
Verkkokauppa.com*

Verkkokauppa.com's business developed below expectations in the third quarter, while operating in a more challenging market. Uncertainty in the operating environment, inflationary pressures, and rising interest rates weakened consumers' purchasing power. Their confidence sank to a new low in September.

Verkkokauppa.com's July-September revenue declined by -2.3 percent and was EUR 137.8 million. The consumer market, which continued to be soft, played a central role in the overall sales development. Corporate customer sales growth slowed down compared to the beginning of the year, especially in the segment of small and medium-sized companies, and grew by 5.0 percent. Demand in several evolving categories continued on a positive note, e.g. in toys, bags, and home lighting products. In core categories, strong demand was seen in e.g. large household appliances and home entertainment devices such as tv's and audio devices. The export business grew by 35.1 percent and returned to previous year level, and was 9% of total sales.

The sales margin declined due to the growth of low-margin sales, e.g. in wholesale and export. The cost level was too high given the lower volumes in the business. Higher inventory led to increased logistics and warehouse costs. In addition, talent investments related to strategic growth projects made during the year contributed to increasing personnel costs. Comparable operating profit (EBIT) for the third quarter was EUR 2.1 million.

In August, we carried out an extensive customer survey on the sustainability of electronics and online stores, to which we received more than 18,000 responses. We asked our customers e.g. about their electronics consumption habits and what kind of sustainability actions they expect from electronics manufacturers and online stores. The answers showed readiness to acquire used electronics and to recycle electrical and electronic waste. The results are now used to develop services and sustainability work.

In September, in Jätkäsaari store click & collect lockers were launched and a packaging automation system was introduced as a continuation of the automated small item warehouse. These investments significantly improve the customer experience by better availability and speeding up deliveries. In a continuously challenging market, we will focus on measures aimed at strengthening the core business and improving profitability. At the same time, we are determined to continue to implement strategic growth projects. Our full focus is to benefit the challenging times and to maintain our long-term competitiveness in key areas of expertise.

FINANCIAL DEVELOPMENT

REVENUE AND PROFITABILITY

EUR million	7-9/2022	7-9/2021	Change, %	1-9/2022	1-9/2021	Change, %	1-12/2021
Revenue	137.8	141.0	-2.3%	388.2	405.6	-4.3%	574.5
Operating profit	1.7	4.7	-62.9%	1.5	15.0	-90.1%	20.3
Operating margin, % of revenue	1.3%	3.3%		0.4%	3.7%		3.5%
- Costs related to business acquisition	0.4			1.3			
Comparable operating profit	2.1	4.7	-55.3%	2.8	15.0	-81.5%	20.3
Comparable operating margin, % of revenue	1.5%	3.3%		0.7%	3.7%		3.5%

Share of sales%

	7-9/2022	7-9/2021	1-9/2022	1-9/2021	1-12/2021
Customer segments					
Consumer	70%	72%	69%	72%	72%
B2B	21%	22%	24%	21%	21%
Export	9%	6%	7%	7%	7%
Sales channels					
On-line	58%	59%	61%	60%	61%
Off-line	33%	35%	32%	33%	32%
Product categories					
Core categories (CE)	86%	87%	85%	87%	86%
Evolving categories	14%	13%	15%	13%	14%
Website visits, million	19.3	17.6	58.0	54.4	79.6

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

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

July-September 2022

In July-September 2022, Verkkokauppa.com's revenue declined -2.3 percent compared to the previous year, totaling EUR 137.8 million (141.0). Revenue declined mainly due to weak consumer demand. Corporate customer sales slowed down from the first half and its revenue grew by 5.0 percent, while the customer segment was 21 percent of the company's total sales.

E-ville.com acquisition that was finalized in April increased Verkkokauppa.com's revenue for the quarter by EUR 2.4 million, e-ville.com had EUR 0.6 million negative impact on the operating profit.

Core categories (CE) sales declined -5,2 percent and their share of total sales was 86 percent. Within the core categories, computers and components sales declined, and sales of cameras, tv's, and especially major home appliances increased from the comparison period. During the quarter, sales of the evolving categories improved +3.1 percent from the previous year, and its share of total sales was 14 percent. The product groups under the evolving category that sold better for consumer customers than in the comparison year, were travel & luggage, toys, and home & lightning.

During the third quarter, Verkkokauppa.com's online sales declined -3.5 percent following lower total sales, and the share of online sales represented 58 percent of the total sales (59%).

During the third quarter, export sales increased 35.1 percent, and its share of total sales was 9 percent (6%). The increase in sales was mainly from the new sales channels and customers that came with e-ville.com acquisition. The export sales returned to the level before the beginning Ukrainian crisis in March (when we ended all business to Russia). Revenue excluding export declined -5,1percent.

The proceeds from consumer financing services were EUR 1.1 million (1.1) including both interest income and fee income.

Personnel costs increased in July-September +7.8 percent to EUR 9.1 million (8.5). During the reporting period, other operating expenses increased to EUR 7.7 million (6.8). The increase in other operating expenses was mainly due to the acquisition of e-ville.com and the increase in logistics and warehouse costs compared to the comparison period.

Operating profit (EBIT) in July-September declined EUR 2.9 million, totaling EUR 1.7 million (4.7), representing 1.3 percent of revenue (3.3%). The decrease in profitability was mainly due to the increased share of sales of low-margin product and customer segments (wholesale and export) in total sales. In addition, logistics costs were higher than in the comparison period, and general cost inflation weakened results. Comparable operating profit was EUR 2.1 million (4.7) and profit for the period EUR 0.7 million (3.5). Items impacting comparability relate to acquisition.

For the third quarter, earnings per share were EUR 0.01 euros (0.08).

January–September 2022

In January–September, Verkkokauppa.com's revenue declined 4.3 percent year on year, totaling EUR 388.2 million (405.6).

The company-financed customer financing proceeds were EUR 3.5 million (3.1) including both interest income and fee income. The credit loss allowance decreased from the comparison period to EUR 0.6 million (0.7) at the end of September.

Personnel costs increased in January–September 8.2 percent to EUR 29.0 million (26.9). The increase resulted mainly due to talent investments in the IT and purchasing organizations in relation to enhancing long-term strategic growth projects. During the reporting period, other operating expenses increased to EUR 24.6 million (20.2). Increase in other operating expenses was mainly due to higher costs related to warehouse and logistics as well as technology development.

In January–September, operating profit declined by EUR 13.5 million, totaling EUR 1.5 million (15.0), representing 0.4 percent of revenue (3.7%). Comparable operating profit was EUR 2.8 million euros (15.0) and profit for the period EUR -0.2 million (11.1).

Earnings per share totaled EUR 0.00 (0.25) in January–September.

FINANCE AND INVESTMENTS

Operating cash flow was -14.0 million euros (2.0) in January–September 2022. Cash flow before the change in working capital was EUR 6.2 million (18.9). Operating cash flow was mainly affected by high inventories and development of EBITDA.

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

Investments totaled EUR 6.7 million (3.0) in January–September. The majority of investments were directed to the Jätkäsaari warehouse automation project and business acquisition. During the reporting period, the company capitalized 0.2 million euros (0.3) in salary costs.

At the end of June, Verkkokauppa.com group had a total of EUR 24.5 million (0.0) of interest bearing debt. The company has revolving credit facilities totaling EUR 25 million, which have not been utilized and are valid until 2025.

PERSONNEL

During the reporting period, the number of employees increased, and the total number of employees was 761 (736) at the end of September 2022. The increase in personnel mainly resulted from the acquisition. This includes both full- and part-time employees.

SUSTAINABILITY

In August 2022, Verkkokauppa.com carried out an extensive customer survey on the sustainability of electronics and online stores, with more than 18,000 respondents. The results of the study showed consumers' broad interest in consumer electronics sustainability issues, such as thoughtful consumption, product longevity and durability, maintenance and repair services, and energy efficiency. In addition, the answers showed readiness to acquire used electronics and to recycle electrical and electronic waste. Only a few respondents felt that they had enough information to identify sustainable products, and information about sustainability was needed more prominently in online stores. The results of the study will be used for the development of Verkkokauppa.com's offering and responsibility work.

Verkkokauppa.com has included used computers in its selection. These desktops and laptops have previously been in business use, then cleared, checked and serviced, and given the same warranty as new products. The company is actively expanding the selection of used products, with the aim of supporting its customers in making responsible choices and offering products and services that support the circular economy.

SHARE AND SHAREHOLDERS

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

Verkkokauppa.com share (VERK) in Nasdaq Helsinki stock exchange in January–September 2022:

No. of shares traded	Share of no. of total shares, %	Total value, EUR million	Last, EUR	High, EUR	Low, EUR	Average, EUR
6 973 692	15,4 %	35,4	3,05	7,43	3,04	5,08

Verkkokauppa.com Market Capitalization and Shareholders

	30 September 2022
Market capitalization (excl. own shares), EUR million	137.5
Number of shareholders	20 141
Nominee registrations and direct foreign shareholders, %	10.6
Households, %	55.3
Financial and insurance corporations, %	14.5
Other Finnish investors, %	18.6

According to Euroclear Finland shareholder register at the end of September, the company's largest shareholders were Samuli Seppälä (35.2%), Varma Mutual Pension Insurance Company (8.5%), Mandatum Life Insurance Company Limited (5.1%), Ilmarinen Mutual Pension Insurance Company (4.8%) and Nordea Small Cap Fund (3.1%).

On 30 September 2022, the share capital was EUR 100,000 and the total number of shares in the company was 45,354,532 including 281,805 treasury shares held by the company. The treasury shares have no voting rights, and no dividend is paid to them. The treasury shares accounted for 0.62% of all shares. In January–September 2022, the company transferred a total of 41,592 treasury shares as part of the remuneration of Board members and key employees.

On 1 April 2022, the company announced a directed share issue of EUR 2 million as part of the financing of the acquisition. The number of new issued shares is 289,402 representing approximately 0.64 percent of the shares and votes in Verkkokauppa.com after the share issue. Trading in the new shares started on Nasdaq Helsinki Ltd's official list on 8 April 2022.

Authorizations related to shares

On 30 September 2022, the Board of Directors had valid authorization to decide on the issuance of a maximum of 4,535,453 shares by one or more decisions (Share Issue Authorization 2022). The number of shares corresponds to a maximum of ten percent of the total number of shares in the company.

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

FLAGGING NOTIFICATIONS

Verkkokauppa.com Oyj received on 15 March 2022, a notification in accordance with Chapter 9, Section 5 of the Finnish Securities Market Act according to which Mandatum Life Insurance Company Ltd's direct holding of Verkkokauppa.com shares and votes exceeds the five percent threshold. According to the notification, Mandatum Life Insurance Company directly held a total of 2,255,206 shares in Verkkokauppa.com on 15 March 2022, an amount that corresponds to 5.0 percent of all shares in the company.

LONG-TERM INCENTIVE PLANS

Verkkokauppa.com has one share-based incentive plan for the CEO and members of the Management Team, the Performance Matching Share Plan 2020–2022. For more detailed information on the share-based incentive plan, see Note 1.11.

COMPANY UPDATED ITS FINANCIAL GUIDANCE FOR 2022

On 13 July 2022, Verkkokauppa.com published a profit warning and lowered its financial guidance for 2022. Weak consumer confidence and high inflation undermine outlook for the second half of the year. In light of development in the operating environment, demand and costs, the company estimated that its revenue and operating profit will fall short of its previous estimates. According to new financial guidance for 2022, the company expects the revenue to be between EUR 530–570 million (in 2021: EUR 574.5 million) and adjusted operating profit (adjusted EBIT) to be between EUR 8–14 million (in 2021: EUR 20.4 million).

CHANGES IN THE COMPANY MANAGEMENT TEAM

In 22 August 2022, Verkkokauppa.com announced that it strengthens its management team and appoints Nina Anttila (M.Sc. Econ) as a new Chief Supply Chain Officer and Perttu Meldo (M.Sc. IEM) as Chief Strategy and Innovation Officer. Nina started in her position on 19 September, and Perttu started on 1 September.

Miika Heinonen, Verkkokauppa.com's Logistics Director and a member of the management team since 2011, took up a new role within the company. Kalle Koutajoki, Verkkokauppa.com's Chief Strategy and Development Officer did not continue in the service of the company.

ACQUISITIONS

On 1 April 2022, Verkkokauppa.com Oyj completed the acquisition of e-ville.com online store. The purchase price amounts to approximately EUR 5.3 million, and an additional purchase price installments of up to approx. EUR 6.7 million. The total aggregate purchase price can amount to EUR 12.0 million at the maximum. The acquired business is estimated to have a positive impact of EUR 5–8 million on Verkkokauppa.com's revenue in 2022. For more information on the acquisition, see Note 1.9.

ANNUAL GENERAL MEETING 2022

The Annual General Meeting of Verkkokauppa.com Oyj was held in Helsinki on 24 March 2022. The AGM adopted the financial statements and discharged the members of the Board of Directors and the CEO from liability for the financial year 2021 and approved the company's remuneration report for governing bodies as well as authorized the board of Directors to decide on a repurchase of the company's own shares and the issuance of shares. In addition, the AGM approved shareholders nomination board's proposals concerning Board and auditor selection and remuneration.

Board composition in 2022

The AGM confirmed as the amount of board members to be seven. The following members were re-elected to the Board of Directors: Christoffer Häggblom, Mikko Kärkkäinen, Frida Ridderstolpe, Johan Ryding, Kai Seikku, Samuli Seppälä and Arja Talma.

At the Board of Directors' constitutive meeting held after the Annual General Meeting, Arja Talma was elected as Chairperson of the Board of Directors and Christoffer Häggblom as Vice Chairperson. The compositions of the Board committees were decided to be as follows: the Remuneration Committee consists of Arja Talma (Chairperson), Christoffer Häggblom, Johan Ryding, and Kai Seikku. The Audit Committee consists of Kai Seikku (Chairperson), Arja Talma (Vice Chairperson), and Christoffer Häggblom.

Verkkokauppa.com published a stock exchange release on the decisions of the Annual General Meeting on 24 March 2022. The stock exchange release is available on the company's investor pages.

DIVIDEND

On 27 October 2022, the Board of Directors of Verkkokauppa.com Oyj resolved to pay the third quarterly dividend installment of EUR 0.063 per share. Dividend payment date is 7 November 2022.

Verkkokauppa.com Oyj's Annual General Meeting resolved to distribute a dividend of EUR 0.060 per share to be paid for the financial year 2021 on 4 April 2022. In addition, the Board of Directors resolved to pay the first dividend installment of EUR 0.061 per share on 9 May 2022; and the second dividend installment of EUR 0.062 per share on 25 July 2022.

The Board has now used its authorization.

COMPOSITION OF THE SHAREHOLDERS' NOMINATION BOARD

At its organizational meeting on 27 June 2022, the following members of the Nomination Board were appointed: Samuli Seppälä, Founder of Verkkokauppa.com, representing himself; Erka Kohonen (Chairperson), Senior Portfolio Manager, appointed by Varma Mutual Pension Insurance Company; Jukka Järvelä, Senior Portfolio Manager, Mandatum Asset Management, nominated by Mandatum Life Insurance Company Limited, and Arja Talma, Chairperson of the Board of Verkkokauppa.com Oyj.

OTHER EVENTS AFTER THE REPORTING PERIOD

Profit warning: Verkkokauppa.com lowers its financial guidance for 2022 and provides preliminary information on the financial development of the third quarter of 2022

On 24 October 2022, Verkkokauppa.com published a profit warning and lowered its financial guidance for 2022. At the same time, company provided preliminary information on the financial development of the third quarter of 2022. Weaker than expected consumer demand undermines outlook for the last quarter of 2022. New guidance for FY 2022 is as follows; the company expects the revenue to be between EUR 530–560 million and adjusted operating profit (adjusted EBIT) to be between EUR 5–9 million in 2022.

SHORT-TERM RISKS AND BUSINESS UNCERTAINTIES

Verkkokauppa.com's risks and uncertainties reflect the operating environment and general consumer behavior, such as demand for consumer electronics, circumstances impacting export trade, the availability of products, and the competitive environment. In addition, the company's business operations involve risks and uncertainties, such as risks related to the business strategy, the execution of corporate transactions and investments, risks related to the sourcing operation and logistics, and risks related to information systems and other operational factors of the company's business. The risks and uncertainties described above may have a negative or positive impact on the company's business, financial position or performance.

Geopolitical conflicts and economic sanctions, general economic uncertainty, and consequent uncertainty about the behavior of financial markets can have a detrimental impact on Verkkokauppa.com's business and growth potential. Inflation and tightening monetary policy have an increasing negative impact on consumers' purchasing power, the confidence of their own economy and, consequently, on consumer behavior. Potential impacts on Verkkokauppa.com's business may be visible throughout the product supply chain, logistics, product and service prices, and the consumption behavior of our customers.

The effects of the COVID-19 pandemic and the restrictions on people's lives have eased. New virus variants or re-intensification of the pandemic could have an impact on the company's business in the short term.

BUSINESS OUTLOOK

There is uncertainty about the future outlook in relation to geopolitical conflicts in the world, the crisis in Ukraine and the macroeconomics. The company's growth prospects for the current year are considered challenging due to changes in the operating environment. The strong acceleration of inflation and rise in the interest rates have further undermined consumers' purchasing power and household confidence in their own economy. Due to these factors, we estimate consumer demand and business to continue to be challenging and we see it difficult to predict the development of our business environment for the remaining of the year.

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

FINANCIAL GUIDANCE FOR 2022 (published on 24 October 2022)

The company expects the revenue to be between EUR 530–560 million (in 2021: EUR 574.5 million) and comparable operating profit (comparable EBIT) to be between EUR 5–9 million (in 2021: EUR 20.4 million) in 2022.

Helsinki, Finland, 27 October 2022

Verkkokauppa.com Oyj
Board of Directors

NEWS CONFERENCES

A press conference for analysts, investors, and media will be held in Finnish over the Livestream webcast on Thursday, 27 October 2022 at 10:00 a.m. (EEST), in which Verkkokauppa.com's CEO Panu Porkka will present the developments in the reporting period.

A press conference in English will be held over the Livestream webcast on Thursday, 27 October 2022 at 11:00 a.m. (EEST). Questions can be sent beforehand or during the presentation via e-mail to investors@verkkokauppa.com.

Presentation materials for both events are available at <https://investors.verkkokauppa.com/en/presentations>. For both press conferences, the Livestream webcast is available at <https://vimeo.com/event/2548969>.

COMPANY RELEASES AND EVENTS

Verkkokauppa.com Oyj published its upcoming financial reporting and Annual General Meeting date for 2023 as follows:

- Financial statements bulletin for the year 2022 will be published on Thursday 9 February 2023
- The Financial Statements for 2022 during the week starting on 27 February (week 9) in 2023
- Annual general meeting is planned to be held on Thursday 30 March 2023 in Helsinki.
- Interim report for January–March 2023 will be published on Thursday 27 April 2023
- Half-year financial report for January–June 2023 on Thursday 20 July 2023
- Interim report for January–September 2023 on Thursday 26 October 2023
- Financial statements bulleting for the year 2023 on Thursday 8 February 2024.

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Verkkokauppa.com empowers its customers to follow their passion by providing a wide product assortment of around 90,000 products. Verkkokauppa.com Oyj serves its retail and corporate customers through its webstore, megastores, 24h kiosk and network of collection points as well as fast deliveries and various services. As Finland's most popular and most visited domestic online retailer, its deliveries cover around 75 percent of the Finnish population within the next day. The Company has four megastores: in Oulu, Pirkkala, Raisio, and Helsinki, where its headquarters is also located. Verkkokauppa.com employs more than 750 people and its shares are listed on the Nasdaq Helsinki stock exchange with the ticker VERK.

VERKKOKAUPPA.COM OYJ INTERIM FINANCIAL INFORMATION 1 Jan – 30 Sep 2022

Group consolidated statement of comprehensive income

EUR thousand	Note	7-9/ 2022	7-9/ 2021	1-9/ 2022	1-9/ 2021	1-12/ 2021
Revenue	1.3	137,764	141,039	388,200	405,576	574,514
Other operating income		215	265	572	774	922
Materials and services		-117,669	-120,184	-329,479	-340,565	-483,323
Employee benefit expenses		-9,126	-8,468	-29,117	-26,902	-36,570
Depreciation and amortization		-1,426	-1,244	-4,137	-3,719	-4,983
Other operating expenses		-8,033	-6,756	-24,559	-20,203	-30,263
Operating profit		1,725	4,652	1,481	14,961	20,296
Finance income		4	2	6	5	6
Finance costs		-370	-321	-1,269	-1,012	-1,352
Profit before income taxes		-1,359	4,333	218	13,953	18,949
Income taxes		-697	-868	-415	-2,851	-3,856
Profit for the period		662	3,464	-197	11,103	15,093
Profit for the period attributable to						
Equity holders of the company		662	3,464	-197	11,103	15,093
Earnings per share calculated from the profit attributable to equity holders						
Earnings per share, basic (EUR)		-0.01	0.08	0.00	0.25	0.34
Earnings per share, diluted (EUR)		-0.01	0.08	0.00	0.25	0.33

Other comprehensive income

	7-9/ 2022	7-9/ 2021	1-9/ 2022	1-9/ 2021	1-12/ 2021
EUR thousand					
Profit for the period	662	3,464	-197	11,103	15,093
Items that may be reclassified to profit or loss					
Translation differences	118	-	142	-	-
Items that will not be reclassified to profit or loss					
Realized changes in fair values of equity investments	-	-	72	-	-
Taxes	-	-	-14	-	-
Other comprehensive income after taxes, total	00	-	58	-	-
Comprehensive income for the period	779	3,464	2	11,103	15,093
Comprehensive income for the period					
Equity holders of the company	779	3,464	2	11,103	15,093

Consolidated Statement of financial position

EUR thousand	Note	30 Sep 2022	31 Dec 2021
Non-current assets			
Intangible assets		2,755	1,364
Goodwill		3,504	-
Property, plant and equipment		6,728	5,214
Right-of-use assets	1.5	13,752	15,776
Equity investments			266
Deferred tax assets		1,256	1,289
Trade receivables	1.6/1.7	4,170	3,817
Other non-current receivables		382	425
Non-current assets, total		32,548	28,151
Current assets			
Inventories		94,785	87,803
Trade receivables	1.6/1.7	24,676	23,124
Loans receivable		427	
Other receivables		4,199	3,699
Income tax receivables		1,699	
Accrued income		10,674	8,627
Cash and cash equivalents	1.7	13,116	20,917
Current assets, total		149,577	144,170
Total assets		182,124	172,321
Equity			
Share capital		100	100
Treasury shares		-1,452	-1,611
Invested unrestricted equity fund		27,441	25,938
Translation differences		146	
Retained earnings		2,829	-3,838
Profit for the period		-197	15,093
Total equity		28,866	35,683
Non-current liabilities			
Lease liabilities	1.7	13,418	16,105
Liabilities to credit institutions		24,500	
Deferred tax liabilities		114	
Provisions		773	
Other long-term liabilities		30	896
Non-current liabilities, total		38,835	17,001
Current liabilities			
Lease liabilities	1.7	4,402	4,034
Liabilities to credit institutions		584	
Advance payments received		4,845	5,761
Trade payables	1.7	76,589	77,609
Other current liabilities		6,015	10,718
Accrued liabilities		21,988	19,778

Income tax liabilities	-	1,738
Current liabilities, total	114,423	119,638
Total liabilities	153,259	136,639
Total equity and liabilities	182,124	172,321

Group consolidated cash flow statement

EUR thousand	1-9/ 2022	1-12/ 2021
Cash flow from operating activities		
Profit before income taxes	218	18,949
Depreciation and impairment	4,137	4,983
Finance income and costs	1,263	1,347
Other adjustments	583	299
Cash flow before change in working capital	6,201	25,578
Change in working capital		
Increase (-) / decrease(+) in non-current non-interest-bearing trade receivables	-300	-615
Increase (-) / decrease (+) in trade and other receivables	1,304	-5,892
Increase (-) / decrease (+) in inventories	-5,928	-12,419
Increase (+) / decrease (-) in current liabilities	-7,643	4,885
Cash flow before financial items and taxes	-8,975	11,537
Interest paid	-446	-155
Interest received	6	5
Interest of lease liabilities	-823	-1,198
Income tax paid	-3,736	-3,521
Cash flow from operating activities	-13,973	6,668
Cash flow from investing activities		
Acquisition of subsidiaries	-3,483	
Purchases of property, plant and equipment	-2,421	-3,951
Purchases of intangible assets	-1,097	-903
Proceeds from equity investments	339	
Cash flow from investing activities	-6,662	-4,854
Cash flow from financing activities		
Decrease (-) in lease liabilities	-3,151	-3,868
Dividends paid	-8,229	-20,129
Proceeds from long-term loans	25,000	
Repayments of long-term loans	-500	-
Proceeds from short-term loans	5,030	
Payments to short-term loans	-5,340	
Cash flow from financing activities	12,809	-23,996
Increase (+) / decrease (-) in cash and cash equivalents	-7,826	-22,182
Cash and cash equivalents at beginning of reporting period	20,917	43,099
Translation differences	25	
Cash and cash equivalents at end of reporting period	13,117	20,917

Group statement of changes in equity

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

EUR thousand	A	B	C	D	E	F
Equity 1 Jan 2022	100	-1,611	25,938	0	11,255	35,683
Profit for the period	-	-	-	-	-197	-859
Transaction differences	-	-	-	-	142	142
Changes in fair values of equity investments	-	-	-	-	58	58
Comprehensive income for the period, total	-	-	-	-	2	2
Acquisition of treasury shares	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-8,228	-8,228
Share issue or gratuitous investment in unrestricted equity	-	-	1,403	-	-	1,403
Disposal of treasury shares -Board fees	-	50	66	-	-83	100
Share-based incentives	-	75	-	-	-170	-95
Transactions with owners, total	-	125	1,469	-	-8,481	-6,821
Equity 30 Jun 2022	100	-1,486	27,407	-	2,776	28,866

EUR thousand	A	B	C	D	E	F
Equity 1 Jan 2021	100	-2,206	25,816	-	16,839	40,549
Changes in fair values of equity investments	-	-	-	-	-	-
Comprehensive income for the period, total	-	-	-	-	15,093	15,093
Acquisition of treasury shares	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-20,129	-20,129
Disposal of treasury shares -Board fees	-	535	122	-	-535	122
Share-based incentives	-	60	-	-	-13	47
Transactions with owners, total	-	595	122	-	-20,677	-19,960
Equity 31 Dec 2021	100	-1,611	25,938	-	11,255	35,683

EUR thousand	A	B	C	D	E	F
Equity 1 Jan 2021	100	-2,206	25,816	-	16,839	40,549
Changes in fair values of equity investments	-	-	-	-	-	-
Comprehensive income for the period, total	-	-	-	-	11,103	11,103
Dividend distribution	-	-	-	-	-17,489	-17,489
Acquisition of treasury shares	-	-	-	-	-	-
Disposal of treasury shares -Board fees	-	518	88	-	-518	88
Share-based incentives	-	90	-	-	-38	-23
Transactions with owners, total	-	90	50	-	-18,045	-17,378
Equity 30 Jun 2021	100	-2,116	25,867	-	9,897	34,274

Notes

1.1 Accounting principles applied in this Interim Financial Report

Verkkokauppa.com Oyj is a public limited company, the shares of which are quoted on the official list of Nasdaq Helsinki Ltd. The registered address of its head office is Tyynenmerenkatu 11, Helsinki.

Verkkokauppa.com Oyj's Interim Report for January–September 2022 has been prepared in line with IAS 34, 'Interim Financial Reporting' should be read in conjunction with Verkkokauppa.com Oyj's financial statements for 2021, published on 2 March 2022. Verkkokauppa.com Oyj has applied the same accounting principles in the preparation of this Interim Financial Report as in its Financial Statements for 2021. On 1 April 2022, Verkkokauppa.com Oyj completed the acquisition of the Finnish online store e-ville.com. With the acquisition, Verkkokauppa.com Oyj became group's parent company, and company preparer financial reviews as a group and consolidated financial statements. The group's structure is described in note 1.9.

In addition to above described, consolidation principles, Verkkokauppa.com Oyj has not adopted any other new accounting policies during 2022 that would have a material impact on this Interim Financial Report.

The information presented in this Financial Statements Release has not been audited. The figures are rounded, and therefore the sum of individual figures may deviate from the aggregate amount presented. All amounts in this report are presented in EUR thousands, unless otherwise stated.

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

Exchange rate differences are treated in the reporting as following:

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

1.2 Segment reporting

Verkkokauppa.com Oyj has one reportable segment. The management of Verkkokauppa.com Oyj has exercised judgement when it has applied the aggregation criteria to aggregate the operating segments into one reportable segment. The customers are the same across all operating segments, which offer the same goods and services in uniform conditions in one main market i.e., Finland. At the core of the company's business model is a strong integration of webstore and retail stores, common support functions serving the entire business as well as the volume benefits enabled by centralized business.

1.3 Revenue from contracts with customers

The revenue streams of the company consist of the sale of goods and services. There are more than 80,000 products in 26 different main product categories that the company sells to consumers through its own webstore and four retail stores in Finland. The sale of services rendered by the company includes, for example, installation and maintenance services, subscription sales and visibility sales. Revenue is accumulated geographically mainly from Finland.

Revenue from sales of products is recognized at a point in time when the control has been transferred. The revenue from services is recognized mainly over time.

Disaggregation of revenue

Satisfaction of performance obligations

	7-9/ 2022	7-9/ 2021	1-9/ 2022	1-9/ 2021	1-12/ 2021
EUR thousand					
At a point in time	136,368	139,916	385,638	402,202	569,424
Over time	1,397	1,124	2,563	3,374	5,090
Revenue, total	137,764	141,039	388,200	405,576	574,514

Revenue by external customer location

	7-9/ 2022	7-9/ 2021	1-9/ 2022	1-9/ 2021	1-12/ 2021
EUR thousand					
Finland	125,071	131,642	360,847	378,340	534,954
Rest of the world	12,693	9,397	27,354	27,236	39,560
Revenue by external customer location	137,764	141,039	388,200	405,576	574,514

Income recognized from customer financing

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

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

EUR thousand	7-9/ 2022	7-9/ 2021	1-9/ 2022	1-9/ 2021	1-12/ 2021
Interest income recognized using effective interest rate method	747	697	2,323	2,021	2,778
Other income from company-financed customer financing	378	382	1,167	1,124	1,540
Income from company-financed Apuraha, total	1,125	1,079	3,490	3,145	4,318

1.4 Seasonality of business

The nature of the business of the company includes seasonality. Ordinary seasonal fluctuations are reflected in cash and cash equivalents, cash flow and accounts payable, which usually reach the highest point at year-end and the lowest point at the end of the second quarter.

1.5 Right-of-use assets

EUR thousand	30 Sep 2022	31 Dec 2021
Carrying amount 1.1.	15,776	17,347
Increases	130	1,202
Increase/decrease due to remeasurement	731	1,019
Disposals	-32	-141
Depreciation	-2,852	-3,650
Carrying amount at the end of period	13,752	15,776

The additions for the financial year includes the amount of 130 teur that came with the business acquisition on 1st April 2022.

The remeasurements made during 2022 and 2021 relate to index adjustments and renegotiated rental agreements.

1.6 Trade receivables

EUR thousand	30 Sep 2022		30 Sep 2021		31 Dec 2021	
	Trade receivables	Loss allowance	Trade receivables	Loss allowance	Trade receivables	Loss allowance
Not due	24,941	201	20,555	193	22,771	229
Past due 1-60 days	4,221	235	3,977	226	4,629	280
Past due 61-120 days	123	9	106	70	135	87
Past due over 121 days	136	129	221	221	233	233
Total	29,421	574	24,859	710	27,769	829

1.7 Financial assets and liabilities by measurement category

30 Sep 2022				
EUR thousand	Recognized at fair value through other comprehensive income	At amortized cost	Lease liabilities	Carrying amount
Non-current financial assets				
Trade receivables and other financial receivables	-	4,552	-	4,552
Non-current financial assets, total		4,552	-	4,552
Current financial assets				
Trade receivables	-	24,676	-	22,456
Loans receivable		427		427
Cash and cash equivalents	-	13,116	-	13,116
Current financial assets, total	-	38,219	-	38,219
Financial assets by measurement category, total		42,771	-	42,771
Non-current financial liabilities				
Lease liabilities (level 2)	-	-	13,418	13,418
Liabilities to credit institutions		24,500	-	24,500
Non-current financial liabilities, total	-	24,500	13,418	37,918
Current financial liabilities				
Lease liabilities (level 2)	-	-	4,402	4,402
Liabilities to credit institutions		584	-	584
Trade payables	-	76,589	-	76,589
Current financial liabilities, total	-	77,173	4,402	81,575
Financial liabilities by measurement category, total	-	101,673	17,820	119,494

31 Dec 2021				
EUR thousand	Recognized at fair value through other comprehensive income	At amortized cost	Lease liabilities	Carrying amount
Non-current financial assets				
Equity investments (level 3)	266	-	-	266
Trade receivables and other financial receivables	-	4,241	-	4,241
Non-current financial assets, total	266	4,241	-	4,508
Current financial assets				
Trade receivables	-	23,124	-	23,124
Cash and cash equivalents	-	20,917	-	20,917
Current financial assets, total	-	44,041	-	44,041
Financial liabilities by measurement category, total	266	48,282	-	48,549
Non-current financial liabilities				
Lease liabilities (level 2)	-	-	16,105	16,105
Non-current financial liabilities, total	-	-	16,105	16,105
Current financial liabilities				
Lease liabilities (level 2)	-	-	4,034	4,034
Trade payables	-	77,609	-	77,609
Current financial liabilities, total	-	77,609	4,034	81,644
Financial liabilities by measurement category, total	-	77,609	20,139	97,749

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

1.8 Dividends

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

2022		
For the previous year	Date of payment	Dividend per share, EUR
	4.4.2022	0.060
	9.5.2022	0.061
	25.7.2022	0.062
Total dividends, EUR thousand		8.228

2021

For the previous year	Date of payment	Dividend per share, EUR
	7.4.2021	0.276
	4.5.2021	0.057
	27.7.2021	0.058
	2.11.2021	0.059
Total dividends, EUR thousand		20,129

1.9 Disclosure of acquisitions and company structure

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

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

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

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

Purchase price

EUR thousand	Purchase price
Paid in cash	3,250
Directed issue shares	1,403
Adjustments	-677
Total	3,976

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

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

EUR thousand	Total acquired assets
Cash and cash equivalents	293,3
Trade receivables	462,0
Inventory	1 232,2
Other receivables	29,5
Prepaid expenses	826,0
Machinery and equipment	20,6
Total assets	2 863,5
Prepayments	139,7
Trade payables	330,0
Other payables/liabilities	717,9
Accrued income	38,5
Short term liabilities	1 644,2
Other long term liabilities	0,9
Total liabilities	2 871,2
Acquired identifiable net assets	-7,6
Customer related intangibles	426,0
Marketing related intangibles	225,0
Goodwill	3 455,2
Deferred tax liability	-130,2
Acquired net assets	3 976,0

Acquired assets and liabilities are valued on the balance sheet on fair value on the acquisition date. EUR 0.7 million of acquired intangible assets were valued for customer relationships and trademarks. These assets will be depreciated over their useful lifetime. Goodwill is the portion of purchase price that is higher than the sum of net fair value of assets and liabilities acquired. Goodwill amounted to EUR 3.5 million and it is non-deductible in taxation.

The accounting of the business combination is still provisional pending the finalization of the consideration transferred, valuation of the assets acquired, and liabilities assumed.

Acquisition contribution on group's Interim report

Revenue and profit/loss for the period for the acquired company

Since the acquisition date (1 April 2022), the acquisition has contributed EUR 4.2 million on the Group's revenue and EUR 0.6 million negative impact on Group's operating result. If the acquisition had been consolidated from the beginning of the financial year, it would have contributed 5.9 million to the Group's revenue and would not have a material impact on the Group's operating result.

The figures are based on consolidated group financial reports where all internal revenue, purchases and other expenses have been eliminated.

Earn out and deferred purchase price are recorded as a cost and not part of the purchase price as these are conditional to acquired assets management obligation to work. As of 30 June 2022, management estimated the additional purchase

price to amount to EUR 3.5 million of which EUR 0.35 million was reported as costs in Q3 2022. It is recognized as Item affecting the comparability.

Verkkokauppa.com company structure

	Country	Ownership of shares % 30.9.2022	Share of votes % 30.9.2022	Business
Parent company				
Verkkokauppa.com Oyj	Finland			Retail
Subsidiaries				
e-ville.com Distribution Oy	Finland	100%	100%	Retail
Arc Distribution Oy	Finland	100%	100%	Retail
Digi Electronics Ltd	Hong Kong	100%	100%	Retail
Digital Trading (Shenzhen) Co. Ltd	China	100%	100%	Retail

1.10 Transactions with related parties

Verkkokauppa.com Oyj's related parties comprise the Board of Directors, the CEO as well as the other members of the Management Team and the close members of the family of said persons as well as their controlled entities. Transactions with related parties have been carried out on usual commercial terms. One of the company's related parties is Board member Samuli Seppälä, who held 35.18% of all shares and votes in Verkkokauppa.com on 30 June 2022.

EUR thousand	30 Sep 2022	31 Dec 2021
Sales of goods and services		
To key management personnel and their related parties	39	86
Purchases of goods and services		
From key management personnel and their related parties	-	-

EUR thousand	30 Sep 2022	31 Dec 2021
Closing balances from purchases/sales of goods/services		
Trade receivables from key management personnel and their related parties	3	-
Trade payables to key management personnel and their related parties	-	-

1.11 Long-term incentive plans

At the end of the quarter, Verkkokauppa.com has one share-based incentive plan for the CEO and members of the Management Team, the Performance Matching Share Plan 2020–2022.

Matching Share Plan 2018-2020

In the Matching Share Plan 2018–2020, the participant may earn a number of matching shares, determined by the Board of Directors, based on their investment in Verkkokauppa.com Oyj's shares. The Matching Share Plan has two matching periods: 2018–2020 and 2019–2021. The rewards to be paid based on the matching period 2018–2020 correspond to the value of maximum total of 50,000 Verkkokauppa.com Oyj's shares, and on the basis of the matching period 2019–2021 to the value of maximum total of 45,000 Verkkokauppa.com Oyj's shares, including also the proportions to be paid in cash.

In March 2021, The Board of Directors of Verkkokauppa.com Oyj resolved on a directed share issue without consideration for the payment of share rewards in the first matching period 2018-2020 of the Matching Share Plan 2018-2020. On 2 March 2021, in the directed share issue without consideration, a total of 15,000 treasury shares held by the Company was transferred to five key employees according to the terms and conditions of the Matching Share Plan 2018-2020. Additionally, a part of the reward was paid in cash intended to cover taxes and tax-related costs arising from the reward to the participant. No new shares will be issued in connection with the payment of the share rewards and therefore the resolution will have no diluting effect.

In March 2022, Verkkokauppa.com transferred the fees under the second commitment period 2019-2021 of the Matching Share Plan 2018–2020 in a directed share issue without payment by authorization granted to the Board of Directors by the Annual General Meeting held on March 25, 2021. On 2 March 2022, a total of 20,000 of the company's own shares held by the company were transferred to seven key personnel in the share issue. No new shares were issued in connection with the payment of the share rewards and the decision, therefore, has no dilutive effect. This programme has now been paid in full and ended.

Performance Matching Share plan 2020-2022

Performance Matching Share Plan 2020–2022, a person may earn a number of matching shares based on their investment in Verkkokauppa.com Oyj's shares and the Total Shareholder Return (TSR) of the share. The Performance Matching Share Plan includes one performance period, calendar years 2020–2022. The reward to be paid to participants is based on the achievement of the required TSR levels set by the Board of Directors. A maximum of three performance-based matching shares is paid for each allocated share. The prerequisite for participation and receiving of reward is that a participant allocates freely transferable company shares, held by them, in the plan, or acquires the company's shares up to the number determined by the Board of Directors. Furthermore, payment of reward is based on the participant's valid employment or service upon reward payment. As a rule, no reward will be paid if a participant's employment or service ends before the reward payment.

The target group of the plan consists of seven persons, the CEO and six members of the Management Team. In accordance with the terms of the plan each participant is entitled to get a gross number of shares. However, a net number of shares will be paid to the participant after the company has withheld and paid the value of a part of the shares to cover the employee's tax obligation. The rewards to be paid based on the plan correspond to the value of approximately 440 thousand Verkkokauppa.com Oyj shares in total (gross amount).

1.12 Guarantees and commitments

EUR thousand	30 Sep 2022	31 Dec 2021
Collateral given for own commitments		
Guarantees	3,463	3,463
Other commitments and contingent liabilities	9	9

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

1.13 IFRS Standards not yet effective

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

1.14 Subsequent events

There are no other subsequent events that differ from usual business events, after the reporting period.

ADDITIONAL INFORMATION

Quarterly income statement

EUR thousand	7-9/ 2022	4-6/ 2022	1-3/ 2022	10-12/ 2021	7-9/ 2021
Revenue	137 764	125 681	124 755	168 938	141 039
Other operating income	215	198	159	148	265
Materials and services	-117 669	-106 312	-105 497	-142 758	-120 184
Employee benefit expenses	-9 126	-9 996	-9 995	-9 669	-8 468
Depreciation and amortization	-1 426	-1 388	-1 323	-1 264	-1 244
Other operating expenses	-8 033	-9 087	-7 439	-10 060	-6 756
Operating profit	1 725	-904	660	5 335	4 652
Finance income	4	-0	2	1	2
Finance costs	-370	-538	-361	-340	-321
Profit before income taxes	1 359	-1 442	301	4 996	4 333
Income taxes	-697	386	-104	-1 005	-868
Profit for the period	662	-1 056	197	3 990	3 464
Profit for the period attributable to					
Equity holders	662	-1 056	197	3 990	3 464
Earnings per share calculated from the profit attributable to equity holders					
Earnings per share, basic (EUR)	0,01	-0,02	0,00	0,09	0,08
Earnings per share, diluted (EUR)	0,01	-0,02	0,00	0,09	0,08

Alternative performance measurement

In this Financial Statements 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.

	2022				Q1-Q3/ 2022	2021				FY 2021
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
Revenue, thousand euros	124 755	125 681	137 764		388 200	134 034	130 503	141 039	168 938	574 514
Gross profit, thousand euros	19 257	19 369	20 095		58 721	21 727	22 429	20 856	26 180	91 191
Gross margin-%	15,44 %	15,41 %	14,59 %		15,1 %	16,2 %	17,2 %	14,8 %	15,5 %	15,9 %
EBITDA, thousand euros	1 983	484	3 151		5 618	6 435	6 349	5 896	6 599	25 279
EBITDA-%	1,59 %	0,38 %	2,29 %		1,4 %	4,8 %	4,9 %	4,2 %	3,9 %	4,4 %
Operating profit, thousand euros	660	-904	1 725		1 481	5 201	5 108	4 652	5 335	20 296
Operating profit-%	0,53 %	-0,72 %	1,25 %		0,4 %	3,9 %	3,9 %	3,3 %	3,2 %	3,5 %
Comparable operating profit, thousand euros	876	-192	2 078		2 761	5 201	5 108	4 652	5 335	20 296
Comparable operating profit-%	0,70 %	-0,15 %	1,51 %		0,7 %	3,9 %	3,9 %	3,3 %	3,2 %	3,5 %
Profit for the period, thousand euros	197	-1 056	662		-197	3 851	3 788	3 464	3 990	15 093
Interest-bearing net debt, thousand euros	18 154	28 605	29 788		29 788	-10 710	2 385	-682	-778	-778
Investments, thousand euros	1 412	4 276	974		6 662	433	1 681	849	1 891	4 854
Equity ratio, %	20,2 %	18,2 %	16,3 %		16,3 %	20,3 %	23,3 %	22,4 %	21,4 %	21,4 %
Gearing, %	54,7 %	92,4 %	103,2 %		103,2 %	-33,5 %	7,2 %	-2,0 %	-2,2 %	-2,2 %
Personnel at the end of period*	753	815	761		761	738	801	736	825	825
Basic earnings per share, euros	0,00	-0,02	0,00		0,00	0,09	0,08	0,08	0,09	0,34
Diluted earnings per share, euros	0,00	-0,02	0,00		0,00	0,09	0,08	0,08	0,09	0,33
Number of issued shares, 1,000 pcs	45 065	45 355	45 355		45 355	45 065	45 065	45 065	45 065	45 065
Number of treasury shares, 1,000 pcs	298	290	282		282	336	332	328	323	323
Weighted average number of shares outstanding, 1,000 pcs	44 747	45 047	45 073		45 073	44 715	44 721	44 727	44 731	44 731
Diluted weighted average number of shares outstanding, 1,000 pcs	45 189	45 473	45 439		45 439	45 221	45 227	45 232	45 205	45 205

*The number of personnel includes both full- and part-time employees.

** Q2 2022 Key figures are the key figures of the Verkkokauppa.com Oyj group, formed in April 2022.

Formulas for key ratios

KEY RATIO	DEFINITIONS		
GROSS PROFIT	Revenue – materials and services		Gross profit shows the profitability of the sales
GROSS MARGIN, %	$(\text{Revenue} - \text{materials and services}) / \text{Revenue}$	x 100	Gross margin measures the profitability of the sales of Verkkokauppa.com
EBITDA	Operating profit + depreciation + amortization		EBITDA shows the operational profitability
EBITDA, %	$(\text{Operating profit} + \text{depreciation} + \text{amortization}) / \text{Revenue}$	x 100	EBITDA measures the operational profitability of Verkkokauppa.com
OPERATING PROFIT	Result for the period before income taxes and net finance income and costs		Operating profit shows result generated by operating activities
OPERATING MARGIN, %	$\text{Operating profit} / \text{Revenue}$	x 100	Operating margin measures operational efficiency of Verkkokauppa.com
ITEMS AFFECTING COMPARABILITY	Material items which are not part of normal operating activities such as expenses related to possible transfer to official list of Nasdaq Helsinki, restructuring costs including workforce redundancy and other restructuring costs, impairment losses of fixed assets, gain or losses recognized from disposals of fixed assets/businesses, transaction costs related to business acquisition, compensations for damages and legal proceedings		
COMPARABLE OPERATING PROFIT	Comparable operating profit is profit adjusted with items affecting comparability		Comparable operating profit allows comparison of operating profit in different periods without the impact of extraordinary items not related to normal business operations
COMPARABLE OPERATING PROFIT MARGIN %	$\text{Comparable operating profit} / \text{revenue}$	x 100	Comparable operating margin measures comparable operational efficiency of Verkkokauppa.com

EQUITY RATIO, %	Total equity / Balance sheet total – advance payments received		Equity ratio measures Verkkokauppa.com's solvency, ability to bear losses and ability to meet commitments in the long run
INTEREST-BEARING NET BEDT	Lease liabilities -cash and cash equivalents		Interest-bearing net debt measures Verkkokauppa.com's indebtedness
GEARING, %	Lease liabilities – cash and cash equivalents/ Total equity	x 100	Gearing measures the relation of equity and interest-bearing net debt of Verkkokauppa.com and shows the indebtedness of the company
INVESTMENTS	Increases in intangible assets, property, plant and equipment during the financial period		Investments provides additional information regarding operating cash flow demands
NET INVESTMENT	Investments in intangible and tangible assets - proceeds from the sale of fixed assets. Net investments do not include non-capitalized / work in progress		
EARNINGS PER SHARE, BASIC	Profit for the period attributable to equity holders of the company / Weighted average number of shares outstanding		Earnings per shares measures the profit for the period attributable to equity holders of the company
EARNINGS PER SHARE, DILUTED	Profit for the period attributable to equity holders of the company / Weighted average number of shares outstanding + dilutive potential shares		

Reconciliation of alternative key ratios

EUR thousand	7-9/ 2022	7-9/ 2021	1-9/ 2022	1-9/ 2021	1-12/ 2021
Operating profit	1 725	4 652	1 481	14 961	20 296
- advisory costs related to business acquisition	353	-	1 281	-	-
Comparable operating profit	2 078	4 652	2 761	14 961	20 296