

## Tokmanni Group's Business Review for 1 January–30 September 2023

### Q3/2023: New era as a leading Nordic discount retailer

#### THIRD QUARTER 2023 HIGHLIGHTS

- Tokmanni Group completed the acquisition of Dollarstore on 1 August 2023 \*
- Tokmanni Group revenue grew by 23.6% (5.3%) and was EUR 364.3 million (294.9)
- Like-for-like revenue for stores increased by 0.3% (2.1%)
- Comparable gross profit totalled EUR 126.9 million (97.9) with the comparable gross margin being 34.8% (33.2%)
- Comparable EBIT amounted to EUR 26.4 million (23.5), representing 7.2% of revenue (8.0%)
- Cash flow from operating activities amounted to EUR 36.8 million (-3.6)
- Earnings per share, diluted was EUR 0.21 (0.27)

\* Dollarstore financials have been included in Tokmanni Group financials starting from 1 August 2023. Dollarstore consists of the Dollarstore and Big Dollar stores. Tokmanni consists of the Tokmanni stores, Miny stores, Click Shoes stores and Shoe House stores, as well as the Tokmanni and Click Shoes online stores. Click Shoes' and Shoe House's financials have been included in Tokmanni Group financials starting from 1 March 2023. Tokmanni Group refers to the whole group.

#### JANUARY–SEPTEMBER 2023 HIGHLIGHTS

- Tokmanni Group revenue grew by 11.2% (2.6%) and was EUR 921.4 million (829.0)
- Like-for-like revenue for stores increased by 1.2% (-0.6%)
- Comparable gross profit totalled EUR 317.5 million (278.5) with the comparable gross margin being 34.5% (33.6%)
- Comparable EBIT amounted to EUR 52.6 million (50.0), representing 5.7% of revenue (6.0%)
- Cash flow from operating activities amounted to EUR 103.6 million (-5.8)
- Earnings per share, diluted was EUR 0.47 (0.59)

#### TOKMANNI GROUP'S OUTLOOK FOR 2023 UNCHANGED

In 2023, Tokmanni Group expects its revenue to be EUR 1,370–1,440 million. Comparable EBIT is expected to be EUR 90–110 million.

#### SECOND INSTALMENT OF THE DIVIDEND

Tokmanni Group's Board of Directors has decided on the payment of second instalment of the dividend for the financial year ended 31 December 2022. The dividend to be paid is EUR 0.38 per share and the decision is based on the authorisation granted to the Board of Directors by the Annual General Meeting on 22 March 2023. The company has already paid a dividend of EUR 0.38 per share for the financial year ended 31 December 2022 on 12 April 2023.

The second dividend instalment will be paid on 30 November 2023 to the shareholders listed in the company's shareholder register maintained by Euroclear Finland Ltd on the record date of 22 November 2023.

**TOKMANNI GROUP'S PRESIDENT AND CEO MIKA RAUTAINEN****Excellent start for Tokmanni and Dollarstore combined operation**

Tokmanni Group's new phase as a leading Nordic discount retailer has started even better than expected. The company cultures of Tokmanni and Dollarstore are very similar, which supports collaboration and integration work across all functions. At this point, we feel very confident about reaching our target of over EUR 15 million annual net synergies. The preparation of our joint strategy revision for 2024-2025 is well underway, and we will share more about it in our Capital Markets Day planned for early next year. Overall, we are very satisfied with the acquisitions we have done during this year.

During the third quarter, Tokmanni's revenue in Finland grew by 1.7% (5.3%), and like-for-like revenue fell by 1.0% (+2.1%). Dollarstore's revenue is included in Tokmanni Group's figures from 1 August onwards. In August–September, Dollarstore reached all time high sales as revenue grew by 12.1% measured in local currencies. Dollarstore's sales were supported by Dollarstore's excellent price image in Sweden. Dollarstore's best-selling product categories were cleaning and party, with Halloween-themed sales starting off exceptionally well.

Tokmanni's comparable gross margin in the third quarter improved to 34.1% (33.2%). The positive development was driven by an increase in private label sales and decreased freight costs. Dollarstore's comparable gross margin was at a very good level of 38.3% in August–September.

Tokmanni Group's comparable EBIT amounted to EUR 26.4 million (23.5) in the third quarter. Tokmanni improved its EBIT and Dollarstore naturally contributed to the total EBIT growth. Tokmanni's comparable EBIT was in the quarter EUR 24.5 million and Dollarstore's EUR 1.8 million in August–September.

At the end of the third quarter, the value of the Tokmanni's inventories was EUR 283.4 million (332.3). The decline indicates that our inventory management efforts have been successful and brought clear results. Dollarstore's inventories amounted to EUR 92.5 million.

Tokmanni Group's most important season, Christmas, has begun very well. Our employees have done an excellent job in Christmas preparations in our stores to make shopping enjoyable and fun.

## Key figures (Dollarstore included in from 1 August 2023 onwards)

	7-9/ 2023	7-9/ 2022	Change %	1-9/ 2023	1-9/ 2022	Change %	1-12/ 2022
Revenue, MEUR	364.3	294.9	23.6%	921.4	829.0	11.2%	1,168.0
Like-for-like revenue development, %	0.3	2.1		1.2	-0.6		-0.7
Customer visit development, %	-1.3	3.0		0.9	1.0		0.8
Gross profit, MEUR	126.1	97.3	29.7%	317.4	279.0	13.8%	396.8
Gross profit, %	34.6	33.0		34.4	33.7		34.0
Comparable gross profit, MEUR	126.9	97.9	29.7%	317.5	278.5	14.0%	398.0
Comparable gross profit, %	34.8	33.2		34.5	33.6		34.1
Operating expenses	-77.6	-56.8	36.7%	-204.7	-176.4	16.1%	-243.7
Comparable operating expenses	-75.0	-56.7	32.3%	-201.9	-176.9	14.1%	-243.1
EBITDA, MEUR	49.6	41.2	20.2%	115.5	105.4	9.6%	157.1
EBITDA, %	13.6	14.0		12.5	12.7		13.5
Comparable EBITDA, MEUR	53.0	41.9	26.3%	118.5	104.3	13.6%	158.9
Comparable EBITDA, %	14.5	14.2		12.9	12.6		13.6
Operating profit (EBIT), MEUR	23.0	22.8		49.6	51.1		84.1
Operating profit (EBIT), %	6.3	7.7		5.4	6.2		7.2
Comparable EBIT, MEUR	26.4	23.5		52.6	50.0		85.8
Comparable EBIT, %	7.2	8.0		5.7	6.0		7.3
Net financial items, MEUR	-6.8	-2.8	140.1%	-14.3	-7.8	82.5%	-10.7
Net capital expenditure, MEUR *	187.9	11.4	1545.3%	221.2	33.8	554.5%	54.7
Net cash from operating activities, MEUR	36.8	-3.6		103.6	-5.8		86.3
Net debt				812.4	445.3		383.4
Net debt (without lease liabilities)				272.1	156.8		100.4
Net debt / comparable EBITDA **				4.7	2.7		2.4
Return on capital employed, %				11.4	14.3		12.8
Return on equity, %				21.9	30.0		26.9
Equity ratio, %				18.7	26.5		31.2
Number of shares, weighted average during the financial period (thousands)	58,824	58,759		58,818	58,759		58,815
Diluted number of shares, weighted average during the financial period (thousands)	58,879	58,796		58,873	58,791		58,858
Earnings per share, basic (EUR/share)	0.22	0.27		0.48	0.59		1.00
Earnings per share, diluted (EUR/share)	0.21	0.27		0.47	0.59		1.00
Personnel at the end of the period				5,616	4,147		4,241
Personnel on average in the period	5,356	4,351		4,628	4,238		4,236

\* Net capital expenditure, excluding non-current receivables from others

\*\* Rolling 12 months comparable EBITDA

## PRELIMINARY FINANCIAL IMPACT OF DOLLARSTORE ACQUISITION AND PRELIMINARY PURCHASE PRICE ALLOCATION

Dollarstore financials have been included in Tokmanni Group financials starting from 1 August 2023. Dollarstore consists of the Dollarstore and Big Dollar stores. Tokmanni consists of the Tokmanni stores, Miny stores, Click Shoes stores and Shoe House stores, as well as the Tokmanni and Click Shoes online stores. Based on preliminary calculations the impact of Dollarstore purchase price allocation on Tokmanni Group figures is the following. The impact of inventory fair valuation will be reported in items affecting comparability and will not impact comparable EBIT but will impact EBIT and earnings per share. The fair valuation write-up is EUR 3.1 million and will be amortized over 6 months starting from August 2023. The preliminary fair valuation of Dollarstore immaterial rights and owned assets will add EUR 45.1 million to the balance sheet, which will be depreciated and amortized in accordance with Tokmanni Group's accounting principles over periods varying from 15 to 20 years. The annual impact of these amortizations and depreciations is around EUR 2.3 million per year on Tokmanni Group's EBIT.

### ADJUSTMENTS AFFECTING COMPARABILITY

Tokmanni Group reports EBITDA and EBIT as its key performance indicators and makes adjustments to improve comparability and provide a better view of Tokmanni Group's operational performance. EBITDA is a non-IFRS indicator that represents operating profit before depreciation and amortisation. Comparable EBITDA and EBIT represent the same indicators excluding items that Tokmanni Group's management considers to be exceptional and non-recurring. The items include changes in the fair value of electricity and currency derivatives, which are adjusted by Tokmanni Group as they are unrealised gains or losses related to Tokmanni Group's open cash flow hedge positions, and hence not related to Tokmanni Group's operational performance during the review periods. In addition, other non-recurring costs related to acquired businesses and companies are included in the items affecting comparability.

Tokmanni Group's management uses the comparable EBITDA margin and comparable EBIT margin as key performance indicators to assess Tokmanni Group's underlying operational performance.

Items affecting comparability	7–9/2023	7–9/2022	1–9/2023	1–9/2022	1–12/2022
MEUR					
<b>Gross profit</b>	<b>126.1</b>	<b>97.3</b>	<b>317.4</b>	<b>279.0</b>	<b>396.8</b>
Changes in fair value of currency derivatives	-0.3	0.6	-0.9	-0.5	1.2
Change in the fair value of inventory related to purchase price allocation, preliminary	1.0	0.0	1.0	0.0	0.0
<b>Comparable Gross Profit</b>	<b>126.9</b>	<b>97.9</b>	<b>317.5</b>	<b>278.5</b>	<b>398.0</b>
 <b>Operating expenses</b>	 <b>-77.6</b>	 <b>-56.8</b>	 <b>-204.7</b>	 <b>-176.4</b>	 <b>-243.7</b>
Changes in fair value of electricity derivatives	0.0	0.1	0.0	-0.5	0.5
Non-recurring expenses related to business acquisitions	2.6	0.0	2.9	0.0	0.0
<b>Comparable operating expenses</b>	<b>-75.0</b>	<b>-56.7</b>	<b>-201.9</b>	<b>-176.9</b>	<b>-243.1</b>
 <b>EBITDA</b>	 <b>49.6</b>	 <b>41.2</b>	 <b>115.5</b>	 <b>105.4</b>	 <b>157.1</b>
<b>Operating profit (EBIT)</b>	<b>23.0</b>	<b>22.8</b>	<b>49.6</b>	<b>51.1</b>	<b>84.1</b>
Changes in fair value of currency derivatives	-0.3	0.6	-0.9	-0.5	1.2
Changes in fair value of electricity derivatives	0.0	0.1	0.0	-0.5	0.5
Non-recurring expenses related to business acquisitions	2.6	0.0	2.8	0.0	0.0
Change in the fair value of inventory related to purchase price allocation, preliminary	1.0	0.0	1.0	0.0	0.0
<b>Comparable EBITDA</b>	<b>53.0</b>	<b>41.9</b>	<b>118.5</b>	<b>104.3</b>	<b>158.9</b>
<b>Comparable operating profit (adj. EBIT)</b>	<b>26.4</b>	<b>23.5</b>	<b>52.6</b>	<b>50.0</b>	<b>85.8</b>

## MARKET DEVELOPMENT

According to the statistics of the Finnish Grocery Trade Association FGTA ([www.pty.fi](http://www.pty.fi)), the total sales of department store and hypermarket chains increased by 5.3% in July–September 2023. Sales of groceries increased, and non-groceries decreased. It is important to note that the statistics compiled by the FGTA only cover part of the market relevant for Tokmanni.

According to the statistics of the Swedish Food Retailers Federation (<https://www.svenskdagligvaruhandel.se/>), the Food retail index increased in total by 6.2% in July–September 2023. In-stores sales grew by 6.5% and online decreased 0.6%. The grocery index measures sales growth in the grocery trade and does not include specialized food stores or service trade. It is important to note that the statistics compiled by the Swedish Food Retailers Federation only cover part of the market relevant for Dollarstore.

## TOKMANNI GROUP'S STORE NETWORK

At the end of September 2023, Tokmanni Group had a total of 369 stores (September 30, 2022: 198). In Finland, the Group had 200 Tokmanni stores, a total of 28 Click Shoes and 2 Shoe House stores, and 6 Miny stores. In Sweden, Tokmanni Group had 130 Dollarstore stores and in Denmark 3 Big Dollar stores.

More information about Tokmanni Group's store network is available on Tokmanni Group's website at <https://ir.tokmanni.fi/en>.

## FINANCIAL DEVELOPMENT

### Reporting structure

Dollarstore financials have been included in Tokmanni Group financials starting from 1 August 2023. Dollarstore consists of the Dollarstore and Big Dollar stores. Tokmanni consists of the Tokmanni stores, Miny stores, Click Shoes stores and Shoe House stores, as well as the Tokmanni and Click Shoes online stores. Click Shoes' and Shoe House's financials have been included in Tokmanni Group financials starting from 1 March 2023.

### Seasonality

Tokmanni Group's business is subject to seasonality, which has a significant effect on its revenue, profitability, and cash flow. In general, Tokmanni Group's revenue, profitability and cash flow are lowest in the first quarter and highest in the fourth quarter due to Christmas sales.

### Revenue

#### July–September 2023

In the third quarter, Tokmanni Group's revenue grew to EUR 364.3 million (294.9), with an increase of 23.6% (5.3%). Like-for-like revenue increased by 0.3% (2.1%). The proportion of grocery sales was 51.1% of total sales (50.9%).

In the third quarter, Tokmanni revenue grew to EUR 300.0 million (294.9), with an increase of 1.7% (5.3%). Like-for-like revenue decreased by 1.0% (+2.1%). Weaker purchasing power and a decline in consumer confidence affected customer visits more than expected. Like-for-like customer visits in stores decreased by 4.8% (+0.1%), and the total number of customers decreased by 3.0% (+3.0%) year-on-year. Sales increased especially in pet products, cleaning and storage products as well as apparel categories. On the other hand, customers bought less home improvement, leisure time and home electronic products compared to the

previous year. The sales of grocery products grew by 1.2% year-on-year. The proportion of grocery trade was 49.8% (50.0%) of total sales. The like-for-like average basket size increased by 4.0% to EUR 21.29 (20.47). Online sales accounted for 1.6% (1.6%) of Tokmanni's revenue. Online revenue increased by 1.1% (2.1%) year-on-year. The proportion of B2B sales was 2.8% (3.3%) of Tokmanni's revenue. Revenue from B2B sales decreased by 13.8% (+18.5%).

Dollarstore's revenue is included in Tokmanni Group's figures from 1 August onwards. In August–September Dollarstore revenue grew to EUR 64.3 million. In local currencies revenue grew by 12.1%. Like-for-like revenue grew by 7.0% in local currencies. The total number of customers grew by 4.8% year-on-year. Sales increased especially in the cleaning products, party and beauty categories. On the other hand, customer bought less, electronics, travel and leisure products and furniture compared to the previous year. In local currencies the sales of grocery products grew by 16.2% year-on-year. The proportion of grocery sales was 57.4% of total sales. The average basket size was EUR 14.90.

The brands managed by Tokmanni Group (private label products, exclusive brands and non-branded products) represented 28.1% of third-quarter sales (27.0%). Direct imports accounted for 26.4% of sales (25.7%). These can be broken down into products purchased using Tokmanni' Group's sourcing company in Shanghai, which accounted for 18.2% (17.4%), and other direct imports, which accounted for 8.1% (8.4%). In 2022, Tokmanni Group made changes to the definitions of imports, which impacted the comparison figures for 2022. The 2022 comparison figures include Dollarstore August–September 2022 sales.

### **January–September 2023**

Dollarstore's revenue is included in Tokmanni Group's figures from 1 August onwards. These figures can be found in the above section July–September 2023.

In January–September, Tokmanni Group's revenue grew to EUR 921.4 million (829.0), with an increase of 11.2% (2.6%). Like-for-like revenue for stores increased by 1.2% (-0.6%). The proportion of grocery sales was 52.5% of total sales (52.1%).

In January–September, Tokmanni revenue grew to EUR 857.1 million (829.0), with an increase of 3.4% (2.6%). Like-for-like revenue grew by 0.8% (-0.6%). Like-for-like customer visits in stores decreased by 1.4% (-2.1%), and the total number of customers grew by 0.5% (1.0%) year-on-year. The sales of grocery products grew by 3.8% year-on-year. The proportion of grocery trade was 52.1% (51.9%) of total sales. The like-for-like average basket size increased by 2.2% to EUR 21.01 (20.56). Online sales accounted for 1.5% (1.7%) of Tokmanni's revenue. Online revenue decreased by 8.2% (+4.8%) year-on-year. The proportion of B2B sales was 3.1% (3.3%) of Tokmanni's revenue. Revenue from B2B sales decreased by 4.2% (+15.4%).

The brands managed by Tokmanni Group (private label products, exclusive brands and non-branded products) represented 30.3% of January–September sales (29.1%). Direct imports accounted for 26.1% of sales (25.1%). These can be broken down into products purchased using Tokmanni' Group's sourcing company in Shanghai, which accounted for 19.5% (18.3%), and other direct imports, which accounted for 6.6% (6.8%). In 2022, Tokmanni Group made changes to the definitions of imports, which impacted the comparison figures for 2022. The 2022 comparison figures include Dollarstore August–September 2022 sales.

## Profitability

### July–September 2023

In the third quarter, Tokmanni Group's gross profit in euros amounted to EUR 126.1 million (97.3), and the gross margin was 34.6% (33.0%). Gross margin was impacted mainly by unfavourable currency exchange rate as well as by an increase in the proportion of private labels and decreased freight costs. Comparable gross profit was EUR 126.9 million (97.9), corresponding to a comparable gross margin of 34.8% (33.2%). Tokmanni's comparable gross margin in the third quarter was 34.1% (33.2%). Dollarstore's comparable gross margin was 38.3% in August–September.

Tokmanni Group's operating expenses for the third quarter totalled EUR 77.6 million (56.8), or 21.3% of revenue (19.3%). Comparable operating expenses were EUR 75.0 million (56.7), or 20.6% of revenue (19.2%). The increase was driven by higher property costs in particular. Property costs increased as a result of general cost inflation and refurbished locations. On the other hand, energy and raw material prices have continued to fall from last year's peak levels. Personnel expenses represented EUR 44.4 million (31.4) of total operating expenses, or 12.2% of revenue (10.7%). Tokmanni's comparable operating expenses in the third quarter were 59.0 (56.7). Dollarstore's comparable operating expenses were 16.0 in August–September.

The Group's EBITDA in the third quarter totalled EUR 49.6 million (41.2), corresponding to an EBITDA margin of 13.6% (14.0%). Comparable EBITDA was EUR 53.0 million (41.9), and the comparable EBITDA margin was 14.5% (14.2%). Tokmanni's EBITDA was EUR 42.0 million (41.2) and comparable EBITDA amounted to EUR 44.4 million (41.9). Dollarstore's EBITDA was EUR 7.6 million and comparable EBITDA amounted to EUR 8.6 million in August–September.

Tokmanni Group's depreciation and amortization amounted to EUR 26.6 million (18.5). Main driver is the growing store network via IFRS 16 impact. Depreciation and amortization excluding preliminary purchase price allocation amortization (PPA) totalled EUR 26.2 million. Preliminary PPA depreciation and amortizations related to the Dollarstore's acquisition amounted to EUR 0.4 million.

The Group's EBIT in the third quarter totalled EUR 23.0 million (22.8), corresponding to an EBIT margin of 6.3% (7.7%). Comparable EBIT was EUR 26.4 million (23.5), and the comparable EBIT margin was 7.2% (8.0%). Group's comparable EBIT includes additional costs of EUR 0.4 million related to the acquisition. Tokmanni's EBIT was EUR 22.2 million (22.8) and comparable EBIT amounted to EUR 24.5 million (23.5). Dollarstore's EBIT was EUR 0.8 million and comparable EBIT amounted to EUR 1.8 million in August–September.

Tokmanni Group's net financial items totalled EUR -6.8 million (-2.8). The result before taxes was EUR 16.2 million (20.0). Taxes amounted to EUR -3.5 million (-4.0). The net result was EUR 12.7 million (16.0).

Diluted earnings per share were EUR 0.21 (0.27).

## January–September 2023

In January–September, Tokmanni Group's gross profit in euros amounted to EUR 317.4 million (279.0), and the gross margin was 34.4% (33.7%). Comparable gross profit was EUR 317.5 million (278.5), corresponding to a comparable gross margin of 34.5% (33.6%). Tokmanni's comparable gross margin in January–September was 34.2% (33.6%).

Tokmanni Group's operating expenses for January–September totalled EUR 204.7 million (176.4), or 22.2% of revenue (21.3%). Comparable operating expenses were EUR 201.9 million (176.9), or 21.9% of revenue (21.3%). Personnel expenses represented EUR 117.5 million (100.9) of total operating expenses, or 12.7% of revenue (12.2%). Tokmanni's comparable operating expenses were 185.9 (176.9) in January–September.

In January–September, the Group's EBITDA totalled EUR 115.5 million (105.4), corresponding to an EBITDA margin of 12.5% (12.7%). Comparable EBITDA was EUR 118.5 million (104.3), and the comparable EBITDA margin was 12.9% (12.6%). Tokmanni's EBITDA was EUR 107.9 million (105.4) and comparable EBITDA amounted to EUR 109.9 million (104.3). Dollarstore's EBITDA was EUR 7.6 million and comparable EBITDA amounted to EUR 8.6 million in August–September.

Tokmanni Group's depreciation and amortization amounted to EUR 65.9 million (54.3). Main driver is the growing store network via IFRS 16 impact. Depreciation and amortization excluding preliminary purchase price allocation amortization (PPA) totalled EUR 65.5 million. Preliminary PPA depreciation and amortizations related to the Dollarstore's acquisition amounted to EUR 0.4 million.

In January–September, the Group's EBIT totalled EUR 49.6 million (51.1), corresponding to an EBIT margin of 5.4% (6.2%). Comparable EBIT was EUR 52.6 million (50.0), and the comparable EBIT margin was 5.7% (6.0%). Group's comparable EBIT includes additional costs of EUR 0.4 million related to the acquisition. Tokmanni's EBIT was EUR 48.8 million (51.1) and comparable EBIT amounted to EUR 50.8 million (50.0).

Tokmanni Group's net financial items totalled EUR -14.3 million (-7.8). The result before taxes was EUR 35.3 million (43.3). Taxes amounted to EUR -7.4 million (-8.7). The net result was EUR 27.9 million (34.6).

Diluted earnings per share were EUR 0.47 (0.59). The return on capital employed was 11.4% (14.3%). The return on equity was 21.9% (30.0%).

## Balance sheet, financing and cash flow

At the end of September 2023, Tokmanni Group's inventories increased to EUR 375.8 million (332.3). At the end of September, the value of Tokmanni's inventories was EUR 283.4 million (332.3) and Dollarstore's EUR 92.5 million.

The Group's cash flow from operating activities amounted to EUR 36.8 million (-3.6) in the third quarter of 2023. Cash flow from operating activities amounted to EUR 103.6 million (-5.8) in January–September. Cash flow from operating activities was affected especially by the changes in the value of inventories year-on-year. The Group had a total of EUR 216.0 million in credit facilities, consisting of loan agreements with financial institutions and a commercial paper programme. Cash and cash equivalents stood at EUR 27.3 million (13.1) at the end of September 2023, and the company's financial position is stable.

At the end of September 2023, Tokmanni Group's interest-bearing debt totalled EUR 839.7 million (458.3), including EUR 245.3 million (100.0) in non-current loans from financial institutions and EUR 55.2 million (70.5) in current commercial paper and loans from financial institutions. The remainder of the liabilities mainly consist of lease liabilities reported under IFRS 16.

Tokmanni Group's ratio of net debt to comparable EBITDA (rolling 12 months) was 4.7 at the end of September 2023 (2.7). The Group intends to maintain an efficient long-term capital structure, and its long-term goal is to keep the ratio of net debt to comparable EBITDA below 3.2.

The Group's equity ratio was 18.7% (26.5%) at the end of September 2023.

### **Capital expenditure**

Tokmanni Group's net capital expenditure in the third quarter of 2023 totalled EUR 187.9 million (11.4). Net capital expenditure for January–September 2023 totalled EUR 221.2 million (33.8). Capital expenditure was mainly related to the acquisition of Dollarstore, store network expansion, development and maintenance of the store network, the development of digital services and the construction of a new logistics centre in Finland. Costs related to the construction of the logistics centre in Finland accounted for EUR 7.3 million of third-quarter capital expenditure and EUR 16.5 million of capital expenditure in January–September.

The construction of Tokmanni Group's new logistics centre in Finland, which will support and complement Tokmanni's existing logistics centre, is progressing as planned. The new logistics centre called Moreeni, which is located in the immediate vicinity of the current administration and logistics centre, will be introduced into service in stages. The first section was brought into service in April 2023, and the whole building will be completed in November 2023. The total value of the investment is estimated at EUR 65 million and will be recognised over 2022–2023. Once the logistics centre is completed, it will be sold to NREP, which will become Tokmanni's lessor under a 20-year lease. The estimated transition day is in mid-December 2023. The new logistic centre, which will complement the existing logistics centre, will eliminate the need for external warehouses in the first half of 2024.

### **PERSONNEL**

Tokmanni Group had 5,616 (4,147) employees at the end of September 2023. On average, Tokmanni Group employed 4,628 (4,238) during January–September 2023. At the end of September, Tokmanni had 4,292 employees and Dollarstore 1,324 employees.

### **ACQUISITION OF DOLLARSTORE**

On 7 July 2023, Tokmanni announced that it had signed an agreement with Ahlberg-Dollarstore AB, the leading Swedish discount retailer, and the owner of Ahlberg Dollarstore ApS on the acquisition of 100% of the share capital of Storsjöbygdens Kapitalförvaltning AB. Storsjöbygdens Kapitalförvaltning AB is the holding company of Ahlberg-Dollarstore AB and Ahlberg Dollarstore ApS (collectively Dollarstore). The final purchase price was SEK 2.028 billion, or EUR 172.8 million and was paid in cash. Tokmanni financed the transaction with a new EUR 175 million bank loan. Tokmanni completed the transaction on 1 August 2023, when ownership of Dollarstore was transferred to Tokmanni. The financial figures of Dollarstore have been consolidated with Tokmanni Group figures starting from 1 August 2023.

### **RISKS AND BUSINESS UNCERTAINTIES**

Tokmanni Group's risks and uncertainties are discussed in detail in the Report by the Board of Directors for 2022 and in the Financial Statements Bulletin as well as Tokmanni Group's website at <https://ir.tokmanni.fi/en/investors/tokmanni-as-an-investment/riskienhallinta>.

## WEBCAST FOR ANALYSTS AND MEDIA

Tokmanni Group's President and CEO Mika Rautiainen and CFO Tapio Arimo will present the review to analysts, investors and media representatives on the publication day at 10:00 am in English (Finnish time).

The live webcast can be accessed via Tokmanni Group's website at <https://ir.tokmanni.fi/en/investors> or through the link below. On-demand version of the presentation will be available on the company's website later during the same day.

Webcast link: [https://cloud.webcast.fi/tokmanni/tokmanni\\_2023\\_1117\\_q3](https://cloud.webcast.fi/tokmanni/tokmanni_2023_1117_q3)

The participants can also join a telephone conference that will be arranged in conjunction with the live webcasts. The participants are asked to dial in 5-10 minutes prior to starting time using the phone number and password below.

Finland: +358 9 2319 5437

Sweden: +46 (0) 8 50520424

UK: +44 (0) 33 0551 0200

US: +1 786 697 3501

Password: Tokmanni / 171123

Mäntsälä 17 November 2023

Tokmanni Group Corporation

Board of Directors

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### Tokmanni Group in brief

Tokmanni Group is one of the leading variety discount retailers in the Nordics. Around 5,400 Tokmanni employees in Finland, Sweden and Denmark make customers' everyday life and special occasions easier by offering a versatile and up-to-date assortment of Finnish and international brand-name products and other high-quality products at prices that are always affordable. With more than 360 Tokmanni, Dollarstore, Big Dollar, Miny, Click Shoes and Shoe House stores and online stores, Tokmanni is always close to its customers. In 2022, Tokmanni's revenue was EUR 1,168 million and comparable EBIT amounted to EUR 86 million. Tokmanni's shares are listed on Nasdaq Helsinki.

### Distribution

Nasdaq Helsinki

Key Media

## TOKMANNI GROUP CORPORATION'S BUSINESS REVIEW FOR JANUARY–SEPTEMBER 2023

### Use of estimates

The preparation of the quarterly financial report requires the management to make estimates and assumptions that affect the valuation of the reported assets and liabilities and other information, such as contingent liabilities and the recognition of income and expenses on the income statement. Although the estimates are based on the management's best knowledge of current events and actions, the actual results may differ from the estimates. This business review is unaudited.

Consolidated income statement (MEUR)					
	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
<b>Revenue</b>	<b>364.3</b>	<b>294.9</b>	<b>921.4</b>	<b>829.0</b>	<b>1 168.0</b>
Other operating income	1.1	0.8	2.9	2.8	4.0
Materials and services	-238.2	-197.6	-604.1	-550.0	-771.2
Employee benefits expenses	-44.4	-31.4	-117.5	-100.9	-137.1
Depreciation and amortisation	-26.6	-18.5	-65.9	-54.3	-73.1
Other operating expenses	-33.3	-25.4	-87.3	-75.5	-106.7
Share of profit in joint ventures	0.0	0.0	0.0	0.1	0.1
<b>Operating profit</b>	<b>23.0</b>	<b>22.8</b>	<b>49.6</b>	<b>51.1</b>	<b>84.1</b>
Financial income	2.4	0.0	2.6	0.1	0.1
Financial expenses	-9.2	-2.8	-16.9	-7.9	-10.8
<b>Profit/loss before tax</b>	<b>16.2</b>	<b>20.0</b>	<b>35.3</b>	<b>43.3</b>	<b>73.3</b>
Income taxes	-3.5	-4.0	-7.4	-8.7	-14.6
<b>Net result for the financial period</b>	<b>12.7</b>	<b>16.0</b>	<b>27.9</b>	<b>34.6</b>	<b>58.7</b>
<b>Profit for the year attributable to</b>					
Equity holders of the parent company	12.7	16.0	27.9	34.6	58.7
Consolidated statement of comprehensive income (MEUR)					
	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
<b>Net result for the financial period</b>	<b>12.7</b>	<b>16.0</b>	<b>27.9</b>	<b>34.6</b>	<b>58.7</b>
<b>Other comprehensive income</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Exchange differences on translating foreign operations	1.8	0.0	1.8	0.0	0.0
<b>Comprehensive income for the financial period, net of tax</b>	<b>1.8</b>	<b>0.0</b>	<b>1.8</b>	<b>0.0</b>	<b>0.0</b>
<b>Comprehensive income for the financial period</b>	<b>14.4</b>	<b>16.0</b>	<b>29.7</b>	<b>34.6</b>	<b>58.7</b>
<b>Comprehensive income for the financial period attributable to</b>					
Equity holders of the parent company	14.4	16.0	29.7	34.6	58.7
<b>Earnings per share</b>					
Equity holders of the parent company	12.7	16.0	27.9	34.6	58.7
Earnings per share, basic (EUR/share)	0.22	0.27	0.48	0.59	1.00
Earnings per share, diluted (EUR/share)	0.21	0.27	0.47	0.59	1.00

## CALCULATION OF THE GROUP'S KEY FIGURES

Like-for-like revenue development, %	Like-for-like revenue development is calculated by taking into account the revenue growth of stores that are not considered to be net-new and the revenue growth of relocated stores, as defined by Tokmanni to include: (i) new stores opened; (ii) store relocations where the store size changes by 30 per cent or more and the assortment increases or is reduced substantially; and (iii) store expansions where the store size changes by 30 per cent or more. If the store falls in one of these categories, it is regarded as a net-new or relocated store in its opening year and in the following calendar year.
Customer visit development, %	= Number of customer transactions
Gross profit	= Revenue - Materials and services
Comparable gross profit	= Gross profit - Changes in the fair value of currency derivatives
Operating expenses	= Employee benefits expenses + Other operating expenses
Comparable operating expenses	= Operating expenses - Changes in fair value of electricity derivatives - Other non-recurring expenses
EBITDA	= Operating profit + Depreciation
Comparable EBITDA	= EBITDA - Changes in fair value of currency and electricity derivatives - Other non-recurring expenses
Comparable EBIT	= EBIT - Changes in fair value of currency and electricity derivatives - Other non-recurring expenses
Net financial items	= Financial income - Financial expenses
Net debt	= Interest-bearing debt - Cash and cash equivalents
Net debt (without lease liabilities)	= Net debt - IFRS 16 lease liabilities
Net debt / Comparable EBITDA	= $\frac{\text{Net debt}}{\text{Comparable EBITDA}}$
Capital employed	= Balance sheet total - Deferred tax liability and other non-interest-bearing liabilities
Return on capital employed, %	= $\frac{\text{Profit before taxes} + \text{Interest and other financial expenses (preceding 12 months)}}{\text{Capital employed, average for the preceding 12 months}}$
Return on equity, %	= $\frac{\text{Net result for the preceding 12 months}}{\text{Equity, average for the preceding 12 months}}$
Number of personnel	= Number of personnel at the end of the period
Number of personnel on average	= Number of personnel on average in the period
Equity ratio	= $\frac{\text{Equity}}{\text{Balance sheet total} - \text{Advances received}}$

## CALCULATION OF THE GROUP'S PER-SHARE DATA

Earnings per share, basic	= $\frac{\text{Net profit}}{\text{Number of shares, weighted average during the period}}$
Earnings per share, diluted	= $\frac{\text{Net profit}}{\text{Diluted number of shares, weighted average during the period}}$
Equity per share	= $\frac{\text{Equity}}{\text{Number of shares excluding treasury shares, end of reporting period}}$
Dividend per share	= $\frac{\text{Dividend for the period}}{\text{Number of shares, weighted average during the period}}$
Earnings per share	= $\frac{\text{Net profit}}{\text{Number of shares excluding treasury shares, end of reporting period}}$
Payout ratio, %	= $\frac{\text{Dividend per share}}{\text{Earnings per share}}$
Effective dividend yield, %	= $\frac{\text{Dividend per share}}{\text{Closing price for the period}}$
Price/earnings ratio (P/E)	= $\frac{\text{Closing price for the period}}{\text{Earnings per share}}$
Closing price for the period	= Share price at balance sheet date
Average price during the period	= Share turnover in euro terms divided by the number of shares traded during the period
Share turnover	= Number of shares traded during the period
Market capitalisation	= Number of shares x Share price on the balance sheet date
Number of shares	= Number of shares on the balance sheet date