

# TOKMANNI



## Q2

**Half-year financial report  
January–June 2023**

# Tokmanni Group Corporation Half-Year Financial Report January–June 2023

**Revenue grew by 4.0%, comparable gross margin improved markedly to 36.1%**

## SECOND QUARTER 2023 HIGHLIGHTS

- Revenue grew by 4.0% (1.7%) and was EUR 318.9 million (306.7)
- Like-for-like revenue increased by 1.0% (-1.5%)
- Comparable gross profit was EUR 115.1 million (106.9) and comparable gross profit % was 36.1% (34.8%)
- Comparable EBIT amounted to EUR 28.5 million (27.0), 8.9% of revenue (8.8%)
- Cash flow from operating activities amounted to EUR 79.8 million (62.8)
- Earnings per share, diluted was EUR 0.33 (0.35)

## JANUARY–JUNE 2023 HIGHLIGHTS

- Revenue grew by 4.3% (1.2%) and was EUR 557.1 million (534.1)
- Like-for-like revenue increased by 1.7 % (-2.0 %)
- Comparable gross profit was EUR 190.6 million (180.6) and comparable gross profit % was 34.2% (33.8%)
- Comparable EBIT amounted to EUR 26.2 million (26.5), 4.7% of revenue (5.0%)
- Cash flow from operating activities amounted to EUR 66.8 million (-2.3)
- Earnings per share, diluted was EUR 0.26 (0.32)

## TOKMANNI'S OUTLOOK FOR 2023

Tokmanni's outlook for 2023 changed following the acquisition of Dollarstore. The updated outlook was published after the completion of the transaction on 1 August 2023.

### **New outlook**

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

### **Previous outlook**

In 2023, Tokmanni expects its revenue to be EUR 1,200–1,270 million. Comparable EBIT is expected to be EUR 85–100 million.

## TOKMANNI'S PRESIDENT AND CEO MIKA RAUTIAINEN

The highlights of Tokmanni's second quarter included the following: revenue increased by 4.0% (1.7 %), the comparable gross margin improved markedly to 36.1% (34.8%), the comparable operating result improved to EUR 28.5 million (27.0), and the value of inventories decreased year-on-year and was EUR 292.0 million (313.9).

The decline in sales volumes continued and was around 3% in the second quarter. Customers' purchasing behaviour was still cautious, and the demand for lower-priced groceries increased. Barbecue accessories and garden plants were the best-performing products during the gardening season, which is important for Tokmanni. Products costing more than 100 euros continued to be the lowest-selling products.

The comparable gross margin in the second quarter improved markedly and was 36.1% (34.8%). The positive development was driven by an increase in the proportion of private labels, smaller clearance sales and lower purchase prices.

Cost increases weighed significantly on the second-quarter result. Lease and property costs rose the most as a result of general cost inflation. The increase in personnel costs was affected by a one-off payment in connection with the payment of salaries in April, as well as the pay rises implemented at the beginning of June. Comparable EBIT was EUR 28.5 million (27.0).

Our systematic efforts to return inventories to more normal levels were successful. The value of inventories was EUR 292.0 million (313.9) at the end of June. Our work related to accurate warehouse management and the implementation of the new logistics centre is progressing well.

Other successes in the second quarter included the good sales development of private labels, the integration of Click Shoes into the Tokmanni Group and the growing popularity of the Tokmanni Klubi customer loyalty programme. Negative impacts arose from customers' weaker purchasing power and the modest overall sales growth that ensued, as well as higher costs in terms of leases and properties in particular.

Tokmanni's third quarter got off to a strong start when we announced that we are implementing our growth strategy by acquiring Dollarstore, a Swedish discount retailer. The transaction was completed on 1 August 2023. The creation of the leading Nordic discount retailer has begun.

| Key figures                                                                        |              |              |             |              |              |             |               |
|------------------------------------------------------------------------------------|--------------|--------------|-------------|--------------|--------------|-------------|---------------|
|                                                                                    | 4-6/<br>2023 | 4-6/<br>2022 | Change<br>% | 1-6/<br>2023 | 1-6/<br>2022 | Change<br>% | 1-12/<br>2022 |
| Revenue, MEUR                                                                      | 318.9        | 306.7        | 4.0%        | 557.1        | 534.1        | 4.3%        | 1,168.0       |
| Like-for-like revenue development, %                                               | 1.0          | -1.5         |             | 1.7          | -2.0         |             | -0.7          |
| Customer visit development, %                                                      | 0.4          | 0.7          |             | 2.4          | 0.0          |             | 0.8           |
| Gross profit, MEUR                                                                 | 115.3        | 108.0        | 6.8%        | 191.2        | 181.7        | 5.2%        | 396.8         |
| Gross profit, %                                                                    | 36.1         | 35.2         |             | 34.3         | 34.0         |             | 34.0          |
| Comparable gross profit, MEUR                                                      | 115.1        | 106.9        | 7.7%        | 190.6        | 180.6        | 5.5%        | 398.0         |
| Comparable gross profit, %                                                         | 36.1         | 34.8         |             | 34.2         | 33.8         |             | 34.1          |
| Operating expenses                                                                 | -67.7        | -62.5        | 8.3%        | -127.1       | -119.6       | 6.3%        | -243.7        |
| Comparable operating expenses                                                      | -67.7        | -63.0        | 7.5%        | -126.9       | -120.2       | 5.5%        | -243.1        |
| EBITDA, MEUR                                                                       | 48.5         | 46.6         | 4.0%        | 65.9         | 64.1         | 2.8%        | 157.1         |
| EBITDA, %                                                                          | 15.2         | 15.2         |             | 11.8         | 12.0         |             | 13.5          |
| Comparable EBITDA, MEUR                                                            | 48.3         | 45.1         | 7.1%        | 65.5         | 62.4         | 5.0%        | 158.9         |
| Comparable EBITDA, %                                                               | 15.1         | 14.7         |             | 11.8         | 11.7         |             | 13.6          |
| Operating profit (EBIT), MEUR                                                      | 28.7         | 28.6         |             | 26.7         | 28.3         |             | 84.1          |
| Operating profit (EBIT), %                                                         | 9.0          | 9.3          |             | 4.8          | 5.3          |             | 7.2           |
| Comparable EBIT, MEUR                                                              | 28.5         | 27.0         |             | 26.2         | 26.5         |             | 85.8          |
| Comparable EBIT, %                                                                 | 8.9          | 8.8          |             | 4.7          | 5.0          |             | 7.3           |
| Net financial items, MEUR                                                          | -4.2         | -2.5         | 68.6%       | -7.5         | -5.0         | 50.0%       | -10.7         |
| Net capital expenditure, MEUR*                                                     | 15.0         | 11.6         | 28.8%       | 33.2         | 22.4         | 48.6%       | 54.7          |
| Net cash from operating activities, MEUR                                           | 79.8         | 62.8         |             | 66.8         | -2.3         |             | 86.3          |
| Net debt                                                                           |              |              |             | 453.1        | 421.1        |             | 383.4         |
| Net debt (without lease liabilities)                                               |              |              |             | 120.2        | 127.3        |             | 100.4         |
| Net debt / comparable EBITDA **                                                    |              |              |             | 2.8          | 2.6          |             | 2.4           |
| Return on capital employed, %                                                      |              |              |             | 12.3         | 15.3         |             | 12.8          |
| Return on equity, %                                                                |              |              |             | 24.1         | 31.8         |             | 26.9          |
| Equity ratio, %                                                                    |              |              |             | 27.5         | 24.8         |             | 31.2          |
| Number of shares, weighted average during the financial period (thousands)         | 58,824       | 58,759       |             | 58,817       | 58,759       |             | 58,815        |
| Diluted number of shares, weighted average during the financial period (thousands) | 58,874       | 58,789       |             | 58,868       | 58,781       |             | 58,858        |
| Earnings per share, basic (EUR/share)                                              | 0.33         | 0.35         |             | 0.26         | 0.32         |             | 1.00          |
| Earnings per share, diluted (EUR/share)                                            | 0.33         | 0.35         |             | 0.26         | 0.32         |             | 1.00          |
| Personnel at the end of the period                                                 |              |              |             | 4,895        | 4,832        |             | 4,241         |
| Personnel on average in the period                                                 | 4,530        | 4,445        |             | 4,265        | 4,182        |             | 4,236         |

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

\*\* Rolling 12 months comparable EBITDA

## Adjustments affecting comparability

Tokmanni reports EBITDA and EBIT as its key performance indicators and makes adjustments to improve comparability and provide a better view of Tokmanni'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'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 as they are unrealised gains or losses related to Tokmanni's open cash flow hedge positions, and hence not related to Tokmanni's operational performance during the review periods. In addition, other non-recurring costs related to acquired businesses and companies are included in the adjusted items.

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

| Adjustments affecting comparability                     |              |              |               |               |               |
|---------------------------------------------------------|--------------|--------------|---------------|---------------|---------------|
| MEUR                                                    | 4-6/2023     | 4-6/2022     | 1-6/2023      | 1-6/2022      | 1-12/2022     |
| <b>Gross profit</b>                                     | <b>115.3</b> | <b>108.0</b> | <b>191.2</b>  | <b>181.7</b>  | <b>396.8</b>  |
| Changes in fair value of currency derivatives           | -0.2         | -1.1         | -0.6          | -1.1          | 1.2           |
| <b>Comparable Gross Profit</b>                          | <b>115.1</b> | <b>106.9</b> | <b>190.6</b>  | <b>180.6</b>  | <b>398.0</b>  |
| <b>Operating expenses</b>                               | <b>-67.7</b> | <b>-62.5</b> | <b>-127.1</b> | <b>-119.6</b> | <b>-243.7</b> |
| Changes in fair value of electricity derivatives        | 0.0          | -0.4         | 0.0           | -0.6          | 0.5           |
| Non-recurring expenses related to business acquisitions | 0.0          | 0.0          | 0.2           | 0.0           | 0.0           |
| <b>Comparable operating expenses</b>                    | <b>-67.7</b> | <b>-63.0</b> | <b>-126.9</b> | <b>-120.2</b> | <b>-243.1</b> |
| <b>EBITDA</b>                                           | <b>48.5</b>  | <b>46.6</b>  | <b>65.9</b>   | <b>64.1</b>   | <b>157.1</b>  |
| <b>Operating profit (EBIT)</b>                          | <b>28.7</b>  | <b>28.6</b>  | <b>26.7</b>   | <b>28.3</b>   | <b>84.1</b>   |
| Changes in fair value of currency derivatives           | -0.2         | -1.1         | -0.6          | -1.1          | 1.2           |
| Changes in fair value of electricity derivatives        | 0.0          | -0.4         | 0.0           | -0.6          | 0.5           |
| Non-recurring expenses related to business acquisitions | 0.0          | 0.0          | 0.2           | 0.0           | 0.0           |
| <b>Comparable EBITDA</b>                                | <b>48.3</b>  | <b>45.1</b>  | <b>65.5</b>   | <b>62.4</b>   | <b>158.9</b>  |
| <b>Comparable operating profit (adj. EBIT)</b>          | <b>28.5</b>  | <b>27.0</b>  | <b>26.2</b>   | <b>26.5</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 7.1% in the second quarter of 2023, with the trend being strong in the food and apparel segments in particular. Tokmanni's revenue grew by 4.0% during the quarter.

According to the statistics of the FGTA, the total sales of department store and hypermarket chains grew by 7.7% in January–June 2023. Tokmanni's revenue grew by 4.3% in January–June.

The member companies of the FGTA operate the department store and hypermarket chains of K-Citymarket, Prisma, Sokos, Stockmann, Tokmanni and Minimani. It is important to note that the statistics compiled by the FGTA only cover part of the market relevant for Tokmanni.

## STORE NETWORK DEVELOPMENT

Expanding the store network is one of the ways to grow Tokmanni's revenue and profit. Tokmanni has an efficient process of establishing and launching new stores. Tokmanni's target is to expand its store network to include more than 220 Tokmanni stores in Finland by the end of 2025. The Miny, Click Shoes and Shoe House stores are not included in this target.

At the end of June 2023, Tokmanni had 200 stores (31 December 2022: 198). During the review period, Tokmanni acquired the business operations of Jyskän Varastomyymälä Oy in Jyskä, Jyväskylä, and opened a new store in Konala, Helsinki. Tokmanni also expanded its store in the centre of Pihtipudas and refurbished its stores extensively in Hervanta in Tampere, in Varkaus and in Klaukkala, for example.

Tokmanni has entered into agreements on opening new stores in Söderkulla in Sipoo, in Kouvola, in the Revontuli shopping centre in the centre of Rovaniemi, in Tiiriö in Hämeenlinna, in Pälkäne and in Eurajoki. In addition, the Tokmanni store in the Ruoholahti shopping centre in Helsinki will be expanded significantly. The new stores in Rovaniemi and Hämeenlinna will replace the Tokmanni stores currently serving customers in the centre of Rovaniemi and in Tiiriö in Hämeenlinna.

### Miny shop-in-shop departments and dedicated stores

Miny is a lifestyle brand launched by Tokmanni in February 2022. At the end of June 2023, Miny products were available in the Tokmanni online store and in shop-in-shop departments in more than 30 Tokmanni stores. There were six dedicated Miny stores.

### Click Shoes and Shoe House stores

At the beginning of February 2023, Tokmanni acquired all shares in the Finnish footwear store chains Click Shoes Oy and Shoe House Oy. At the end of June 2023, the two companies had a total of 29 stores across Finland and an online store at [www.clickshoes.fi](http://www.clickshoes.fi). Ownership of the companies transferred to Tokmanni on 1 March 2023.

More information about Tokmanni stores, the Miny lifestyle brand and Click Shoes and Shoe House stores is available on Tokmanni's website at <https://ir.tokmanni.fi/en>.

## FINANCIAL DEVELOPMENT

### Seasonality

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

### Revenue

#### April–June 2023

Tokmanni's revenue grew to EUR 318.9 million (306.7) in the second quarter of 2023, with an increase of 4.0% (1.7%). Measured as a percentage, the categories in which sales grew the most included pet products, office products and craft supplies, as well as washing, cleaning and storage products for the home. On the other hand, the sales of home electronics and interior design products were markedly lower than in the previous year. The sales of grocery products grew by 4.0% year-on-year. The proportion of grocery sales was 52.1% (52.1%) of total sales.

The proportion of B2B sales was 3.1% (3.4%) of revenue. Revenue from B2B sales decreased by 4.2% (+15.2%). Online sales accounted for 1.7% (1.9%) of revenue. Online revenue decreased by 6.9% (-4.8%) year-on-year.

Like-for-like revenue increased by 1.0% (-1.5%). Like-for-like customer visits in stores decreased by 1.3% (-2.6%), and the total number of customers grew by 0.4% (0.7%) year-on-year. The like-for-like average basket size increased by 2.3% to EUR 21.49 (20.99).

The brands managed by Tokmanni (private label products, exclusive brands and non-branded products) represented 33.0% of second-quarter sales (31.9%). Direct imports accounted for 26.5% of sales (25.6%). These can be broken down into products purchased using Tokmanni's sourcing company in Shanghai, which accounted for 19.2% (18.2%), and other direct imports, which accounted for 7.3% (7.4%). In 2022, Tokmanni made changes to the definitions of imports, which impacted the comparison figures for 2022.

### January–June 2023

Revenue for January–June 2023 increased by 4.3% (1.2%) to EUR 557.1 million (534.1). Measured as a percentage, the categories in which sales grew the most included pet products, office products, craft supplies and clothing, as well as washing, cleaning and storage products for the home. On the other hand, customers bought markedly fewer home electronics and leisure products than in the previous year. The sales of grocery products grew by 5.2% year-on-year. The proportion of grocery sales was 53.7% (53.2%) of Tokmanni's total sales.

The proportion of B2B sales was 3.3% (3.4%) of revenue. Revenue from B2B sales grew by 1.0% (13.8%). Tokmanni's online sales accounted for 1.5% (1.8%) of total revenue, a decrease of 12.7% (+6.2%) year-on-year.

Like-for-like revenue increased by 1.7% (-2.0%). Like-for-like customer visits in stores grew by 0.5% (-3.2%), and the total number of customers grew by 2.4% (0.0%) year-on-year. The like-for-like average basket size increased by 1.2% to EUR 20.83 (20.58).

The brands managed by Tokmanni (private label products, exclusive brands and non-branded products) represented 31.7% (30.4%) of sales in January–June. Direct imports accounted for 25.9% of sales (24.6%). These can be broken down into products purchased using Tokmanni's sourcing company in Shanghai, which accounted for 17.7% (16.7%), and other direct imports, which accounted for 8.2% (8.0%). In 2022, Tokmanni made changes to the definitions of imports, which impacted the comparison figures for 2022.

## Profitability

### April–June 2023

In the second quarter of 2023, gross profit in euros amounted to EUR 115.3 million (108.0), and the gross margin was 36.1% (35.2%). Comparable gross profit was EUR 115.1 million (106.9), corresponding to a comparable gross margin of 36.1% (34.8%).

Operating expenses for the second quarter totalled EUR 67.7 million (62.5), or 21.2% of revenue (20.4%). Comparable operating expenses were EUR 67.7 million (63.0), or 21.2% of revenue (20.5%). 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 39.6 million (36.6) of total operating expenses, or 12.4% of revenue (11.9%). A one-off payment of EUR 400 was made to the employees covered by the collective agreement for the retail sector in connection with the payment of salaries in April. Their salaries were raised by 3.9% on 1 June 2023, which had an impact of around EUR 2.1 million on personnel expenses in the second quarter.

EBITDA amounted to EUR 48.5 million (46.6), and the EBITDA margin was 15.2% (15.2%). Comparable EBITDA totalled EUR 48.3 million (45.1), and the comparable EBITDA margin was 15.1% (14.7%).

EBIT in the second quarter totalled EUR 28.7 million (28.6), corresponding to an EBIT margin of 9.0% (9.3%). Comparable EBIT was EUR 28.5 million (27.0), and the comparable EBIT margin was 8.9% (8.8%).

Net financial items totalled EUR 4.2 million (2.5). The result before taxes was EUR 24.4 million (26.1). Taxes amounted to EUR 4.8 million (5.2). The net result was EUR 19.6 million (20.8).

Diluted earnings per share were EUR 0.33 (0.35).

### January–June 2023

Gross profit in January–June 2023 totalled EUR 191.2 million (181.7), and the gross margin was 34.3% (34.0%). Comparable gross profit was EUR 190.6 million (180.6), corresponding to a comparable gross margin of 34.2% (33.8%). Gross profit development was primarily affected by the sales mix and the measures implemented to improve profitability.

Operating expenses were EUR 127.1 million (119.6), or 22.8% of revenue (22.4%). Comparable operating expenses were EUR 126.9 million (120.2), or 22.8% of revenue (22.5%). The growth in operating expenses in euros was mainly caused by higher property costs. A more detailed description of these expenses can be found in the section focusing on profitability in April–June. Personnel expenses represented EUR 73.1 million (69.5) of the aforementioned operating expenses, or 13.1% (13.0%) of revenue.

EBITDA amounted to EUR 65.9 million (64.1), and the EBITDA margin was 11.8% (12.0%). Comparable EBITDA totalled EUR 65.5 million (62.4), and the comparable EBITDA margin was 11.8% (11.7%).

EBIT was EUR 26.7 million (28.3), and the EBIT margin was 4.8% (5.3%). Comparable EBIT was EUR 26.2 million (26.5), and the comparable EBIT margin was 4.7% (5.0%).

Net financial items totalled EUR 7.5 million (5.0). The result before taxes was EUR 19.1 million (23.3). Taxes amounted to EUR 3.8 million (4.7). The net result was EUR 15.3 million (18.6).

Diluted earnings per share were EUR 0.26 (0.32). The return on capital employed was 12.3% (15.3%). The return on equity was 24.1% (31.8%).

### Balance sheet, financing and cash flow

Tokmanni's systematic efforts to return inventories measured in units to more normal levels were successful. At the end of June 2023, Tokmanni's inventories amounted to EUR 292.0 million (313.9). Inventories measured in units decreased as well.

The Group's cash flow from operating activities amounted to EUR 79.8 million (62.8) in the second quarter of 2023. Cash flow amounted to EUR 66.8 million (-2.3) in January–June. Cash flow from operating activities was affected especially by the changes in the value of inventories year-on-year. The company had a total of EUR 212.0 million in credit facilities, consisting of loan agreements with financial institutions and a corporate bond programme. Cash and cash equivalents stood at EUR 8.9 million (27.1) at the end of June 2023, and the company's financial position is stable.

At the end of June 2023, Tokmanni's interest-bearing debt totalled EUR 461.9 million (448.2), including EUR 100.3 million (100.0) in non-current corporate bonds and loans from financial institutions and EUR 29.2 million (55.0) in current corporate bonds and loans from financial institutions. The remainder of the liabilities mainly consist of lease liabilities reported under IFRS 16.

The ratio of net debt to comparable EBITDA (rolling 12 months) was 2.8 at the end of June 2023 (2.6). Tokmanni 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.

Tokmanni's equity ratio was 27.5% (24.8%) at the end of June 2023.

### Capital expenditure

Net capital expenditure in the second quarter of 2023 totalled EUR 15.0 million (11.6). Net capital expenditure for January–June 2023 totalled EUR 33.2 million (22.4). Capital expenditure was mainly related to the expansion, development and maintenance of the store network, the development of digital services and the construction of a new logistics centre. In addition, Tokmanni acquired the business operations of Jyskän Varastomyymälä Oy in Jyskä, Jyväskylä, and all shares in the Finnish footwear store chains Click Shoes Oy and Shoe House Oy, as well as the Catmandoo brand. Costs related to the construction of the logistics centre accounted for EUR 4.8 million of second-quarter capital expenditure and EUR 9.2 million of capital expenditure in January–June.

Capital expenditure in 2023 is expected to be at the same level as in 2022, excluding the capital expenditure related to the construction of the new logistics centre and any acquisitions of companies and business operations.

The construction of Tokmanni's new logistics centre, which will support and complement Tokmanni's existing logistics centre, is progressing as planned. The new logistics centre, 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 it is estimated that 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 new centre, which will complement the existing logistics centre, will eliminate the need for external warehouses in early 2024.

### PERSONNEL

Tokmanni is a significant employer in Finland. Tokmanni had 4,895 (4,832) employees at the end of June 2023. On average, Tokmanni employed 4,265 (4,182) during January–June 2023.

In January–June 2023 personnel expenses totalled EUR 73.1 million (69.5), representing 13.1% of revenue (13.0%).

### ACQUIRED BUSINESSES

Tokmanni acquired the business operations of Jyskän Varastomyymälä Oy in Jyskä, Jyväskylä. Tokmanni took control of the store's business operations on 1 January 2023. In addition, Tokmanni bought all the shares of the domestic shoe store chains Click Shoes Oy and Shoe House Oy. Ownership of the companies was transferred to Tokmanni on March 1, 2023.

Tokmanni bought the domestic Catmandoo brand focused on outdoor clothing and its products from the fashion company Nanso Group. Ownership of Catmandoo was transferred to Tokmanni at the end of May.

## CORPORATE RESPONSIBILITY

Five key targets are highlighted in Tokmanni's sustainability work between 2021 and 2025. These themes also guided Tokmanni's sustainability work in the first half of 2023.

- Tokmanni will increase its offering of certified and traceable products and services to customers.
- Tokmanni's own operations will be carbon neutral in 2025.
- Tokmanni respects human rights in all its operations and knows the origin of its products.
- Tokmanni promotes diversity, equality and inclusion.
- Tokmanni will continue its work to develop sustainable variety discount retail.

Tokmanni has now been ranked three times by the *Financial Times* (20 April 2023) as the leading company in the Finnish retail sector in terms of emission reductions relative to revenue growth. Tokmanni was the second best company in Finland, with an overall ranking of 67.

During the first half of the year, Tokmanni prepared for the requirements of stricter sustainability legislation, such as the Corporate Sustainability Reporting Directive (CSRD), by analysing its current CSRD readiness and providing its senior management with training. In addition, a process to define double materiality was started, and Tokmanni's material topics were updated accordingly.

As early as in 2022, Tokmanni achieved its SBTi-based (Science Based Targets initiative) climate target to reduce absolute emissions from its own operations by 70% by 2025. In the first half of 2023, Tokmanni continued its work towards lower-emission and more energy-efficient business operations. In April, Tokmanni started the installation of Finland's largest rooftop solar power plant at Tokmanni's new logistics centre. A total of around 4,000 solar panels will be installed, and the work is expected to be completed in the autumn of 2023. During the spring of 2023, solar panels were installed on the roof the Tokmanni store in Rauma, and the goal is to install solar panels on the roofs of two Tokmanni stores by the end of the year. In addition, the aim is to expand the solar panel network of the administration and logistics centre in Mäntsälä by more than 2,300 panels by the end of the year. Currently, Tokmann already has solar power plants in almost 60 of its properties.

In accordance with its SBTi-based targets, Tokmanni is also committed to ensuring that 80% of its suppliers by spending, covering purchased goods and services, will have science-based climate targets by 2025. By the end of June 2023, around 44% of Tokmanni's suppliers were committed to the SBT initiative, and the work to achieve this goal continues.

Tokmanni continued to integrate sustainability into its business operations and supply chain. Cooperation with the Shanghai sourcing office was promoted in order to further develop sustainable sourcing. In addition to third-party audits (e.g. amfori BSCI), Tokmanni continued its own factory inspections. During the first half of the year, the quality and sustainability team of the Shanghai sourcing office carried out 14 factory inspections, and a total of eight third-party audits were conducted. Together with the Fair Working Conditions project, Tokmanni carried out an in-depth factory-specific human rights assessment. In addition, Tokmanni continued to promote factory safety in Bangladesh as a member of the Accord programme. Tokmanni is developing its human rights impact process, and as part of this work, Tokmanni's human rights policy will be updated in the autumn. The development of product information systems continued in order to improve the availability and accuracy of sustainability data. Between January and June, there were no serious safety deficiencies in the products sold by Tokmanni. Other purchasing teams have also promoted sustainability on their part. For example, the replacement of materials used in products with more sustainable alternatives has been explored for Miny.

Tokmanni's long-term work in occupational safety is producing results. The operating models adopted over the past few years are reflected in a decrease in the accident frequency rate, for example. These include

practices such as regular communication on safety issues, active reporting of safety observations through the system and regular safety walks in all our locations, as well as learning from these throughout the organisation. In January–June 2023, a total of 1,481 safety observations were made (2022: 1,176), and Tokmanni's accident frequency rate decreased by more than 50% year-on-year.

In the spring, in cooperation with an occupational health psychologist, Tokmanni organised training for supervisors on psychological safety and the identification of psychosocial risks at work. Cooperation with Plan International Finland continued in the first half of 2023, with Tokmanni hiring young people with immigrant backgrounds as summer employees. In addition, the members of Tokmanni's extended Executive Group were provided with diversity training.

In the first half of 2023, Tokmanni also cooperated with several charity organisations as part of its corporate social responsibility. For the sixth time, Tokmanni participated in MIELI Mental Health Finland's Mielinauha campaign, which supports Finnish mental health work and crisis counselling. For every Arki 360° product sold between 30 March and 30 June 2023, Tokmanni promised to donate five cents to MIELI Mental Health Finland. In addition, for the fourth year running, Tokmanni cooperated with the John Nurminen Foundation, which focuses on the protection of the Baltic Sea and its heritage. Under this cooperation, Tokmanni will donate one cent to the protection of the Baltic Sea for each Pisara product it sells between May and August 2023. In addition, Tokmanni has supported the friend volunteer activities of the Finnish Red Cross since 2019. The aim of the partnership is to promote the wellbeing of people and communities and to reduce loneliness and social exclusion.

More information about Tokmanni's sustainability themes and sustainability work is available on its website at <https://ir.tokmanni.fi/en/sustainability>, and in its sustainability report for 2022, which is available at <https://ir.tokmanni.fi/en/sustainability/sustainabilityreport>.

## SHARES AND SHAREHOLDERS

Tokmanni Group Corporation has one share class, with each share entitling its holder to one vote at a general meeting of the company. The shares have no nominal value.

Tokmanni Group Corporation's share capital amounted to EUR 80,000 on 30 June 2023. Tokmanni had 58,868,752 shares outstanding at the end of June 2023. During January–June 2023, a total of 14,360,565 Tokmanni shares were traded on the Nasdaq Helsinki for a total price of EUR 181.4 million. The final trade in Tokmanni shares on the Nasdaq Helsinki was executed at a price of EUR 11.96 on 30 June 2023. The highest quote for the share was EUR 14.20 and the lowest was EUR 11.29. The volume-weighted average price of the share was EUR 12.63. At the end of June 2023, the market value of the shares was EUR 704.1 million.

During January–June 2023 a total of 5,025 of Tokmanni Group Corporation's own shares were conveyed without consideration to the 57 employees participating in the incentive program under the terms and conditions of the plans. At the end of June 2023, Tokmanni Group Corporation hold a total of 45,038 own shares.

At the end of June 2023, Tokmanni had 51,364 registered shareholders. At the end of June, the largest shareholders of Tokmanni Group Corporation were Takoa Invest Oy with 17.91%, Varma Mutual Pension Insurance Company with 4.17%, Ilmarinen Mutual Pension Insurance Company 2.59%, OP-Finland Fund 1.92% and Elo Mutual Pension Insurance Company with 1.85% ownership.

Households held 28.98%, financial and insurance institutions held 26.62%, public-sector entities held 25.32% and %, non-financial corporations held 9.70% and non-profit institutions 4.85% of the shares. Direct

foreign ownership was 4.53% of the shares. Of all the above-mentioned shares, 21.07% were nominee registered.

More information about Tokmanni's shares and shareholders is available on the company's website at <https://ir.tokmanni.fi/en/investors/share-and-shareholders/largest-shareholders>, and more information about management holdings is available at <https://ir.tokmanni.fi/en/investors/share-and-shareholders/management-shareholding>.

## SHARE-BASED INCENTIVE PROGRAMME

The Board of Directors of Tokmanni Group Corporation has resolved in February 2023 to continue its share-based incentive program directed to key employees. The aim of the program is to align the interests of shareholders and key employees, increase the value of the Company in the long-term and commit key employees to implement the Company's strategy. In addition, the aim of the program is to offer key employees a competitive reward program based on earning and accumulating the Company's shares.

The performance share program includes the calendar year 2023. The pay-out of the program is based on the Company's earnings per share, Tokmanni's total share return compared to peer companies, and on the customers' view of Tokmanni's sustainability between 1 January and 31 December 2023.

The target group of the program includes the President and CEO, the members of the Executive Group as well as other key employees. If the maximum target level set for the earnings criteria is achieved, the total amount of rewards paid under the program would be approximately EUR 1.5 million (gross), which is estimated to correspond to up to approximately 120,000 Tokmanni shares, based on the average volume weighted price of the Tokmanni share in January 2023. The potential reward will be paid in Tokmanni Group shares and possibly partly in cash. The cash proportion covers personal taxes and tax-related costs arising from the reward. The earned shares will be transferred to the participant's book-entry account in 2024 and will be released from restrictions in January 2026. If the employee's employment ends before the end of the restriction period, the shares will be returned to the company.

A total of 5,025 of Tokmanni Group Corporation's own shares were conveyed in March 2023 without consideration to the 57 employees participating in the share-based incentive program 2022 under the terms and conditions of the plan. The earned shares will be released from restrictions in January 2025. If the employee's employment ends before the end of the restriction period, the shares will return to the company. The decision on the directed share issue was based on the authorisation granted to the Board of Directors by the Annual General Meeting of Shareholders held on 23 March 2022. At the end of June 2023, Tokmanni Group Corporation hold a total of 45,038 own shares.

## ANNUAL GENERAL MEETING

Tokmanni Group Corporation's Annual General Meeting was held in Mäntsälä, Finland on 22 March 2023. The resolutions and other materials are available on Tokmanni's website at <https://ir.tokmanni.fi/en/investors/corporate-governance/general-meeting/agm2023>.

## RISKS AND BUSINESS UNCERTAINTIES

Tokmanni'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's website at <https://ir.tokmanni.fi/en/investors/tokmanni-as-an-investment/riskienhallinta>.

## EVENTS AFTER THE REVIEW PERIOD

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 will be paid in cash. Tokmanni completed the transaction on 1 August 2023, when ownership of Dollarstore was transferred to Tokmanni. More information about the acquisition can be found in the release published on 1 August 2023, <https://ir.tokmanni.fi/en/news-and-media/pr-story?itemid=19D7411B1BAFDAA0>.

Following the acquisition of Dollarstore, Tokmanni updated its outlook for 2023 on 1 August 2023. In 2023, Tokmanni expects its revenue to be EUR 1,370-1,440 million. Comparable EBIT is expected to be EUR 90-110 million. Dollarstore's business operations are included in the outlook from August to December (5 months).

Mäntsälä 4 August 2023

Tokmanni Group Corporation

Board of Directors

## TOKMANNI GROUP CORPORATION'S HALF-YEAR FINANCIAL REPORT FOR JANUARY–JUNE 2023

This interim financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* using the same accounting policies and methods of computation as in the financial statements for 2022. All figures in the accounts have been rounded. Consequently, the sum of individual figures can deviate from the presented sum figure.

This interim report is unaudited.

### **Use of estimates**

The preparation of the half-year financial report in accordance with IFRS 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.

| Consolidated income statement (MEUR)                                 |              |              |              |              |                |
|----------------------------------------------------------------------|--------------|--------------|--------------|--------------|----------------|
|                                                                      | 4-6/2023     | 4-6/2022     | 1-6/2023     | 1-6/2022     | 1-12/2022      |
| <b>Revenue</b>                                                       | <b>318.9</b> | <b>306.7</b> | <b>557.1</b> | <b>534.1</b> | <b>1 168.0</b> |
| Other operating income                                               | 0.9          | 1.2          | 1.8          | 2.0          | 4.0            |
| Materials and services                                               | -203.7       | -198.8       | -365.9       | -352.4       | -771.2         |
| Employee benefits expenses                                           | -39.6        | -36.6        | -73.1        | -69.5        | -137.1         |
| Depreciation                                                         | -19.8        | -18.1        | -39.3        | -35.8        | -73.1          |
| Other operating expenses                                             | -28.1        | -25.9        | -54.0        | -50.1        | -106.7         |
| Share of profit in joint ventures                                    | 0.0          | 0.0          | 0.0          | 0.1          | 0.1            |
| <b>Operating profit</b>                                              | <b>28.7</b>  | <b>28.6</b>  | <b>26.7</b>  | <b>28.3</b>  | <b>84.1</b>    |
| Financial income                                                     | 0.2          | 0.1          | 0.3          | 0.1          | 0.1            |
| Financial expenses                                                   | -4.4         | -2.6         | -7.8         | -5.1         | -10.8          |
| <b>Profit/loss before tax</b>                                        | <b>24.4</b>  | <b>26.1</b>  | <b>19.1</b>  | <b>23.3</b>  | <b>73.3</b>    |
| Income taxes                                                         | -4.8         | -5.2         | -3.8         | -4.7         | -14.6          |
| <b>Net result for the financial period</b>                           | <b>19.6</b>  | <b>20.8</b>  | <b>15.3</b>  | <b>18.6</b>  | <b>58.7</b>    |
| <b>Profit for the year attributable to</b>                           |              |              |              |              |                |
| Equity holders of the parent company                                 | 19.6         | 20.8         | 15.3         | 18.6         | 58.7           |
| Consolidated statement of comprehensive income (MEUR)                |              |              |              |              |                |
|                                                                      | 4-6/2023     | 4-6/2022     | 1-6/2023     | 1-6/2022     | 1-12/2022      |
| <b>Net result for the financial period</b>                           | <b>19.6</b>  | <b>20.8</b>  | <b>15.3</b>  | <b>18.6</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               | 0.0          | 0.0          | 0.0          | 0.0          | 0.0            |
| <b>Comprehensive income for the financial period, net of tax</b>     | <b>0.0</b>   | <b>0.0</b>   | <b>0.0</b>   | <b>0.0</b>   | <b>0.0</b>     |
| <b>Comprehensive income for the financial period</b>                 | <b>19.6</b>  | <b>20.8</b>  | <b>15.3</b>  | <b>18.6</b>  | <b>58.7</b>    |
| <b>Comprehensive income for the financial period attributable to</b> |              |              |              |              |                |
| Equity holders of the parent company                                 | 19.6         | 20.8         | 15.3         | 18.6         | 58.7           |
| Earnings per share                                                   |              |              |              |              |                |
| Equity holders of the parent company                                 | 19.6         | 20.8         | 15.3         | 18.6         | 58.7           |
| Earnings per share, basic (EUR/share)                                | 0.33         | 0.35         | 0.26         | 0.32         | 1.00           |
| Earnings per share, diluted (EUR/share)                              | 0.33         | 0.35         | 0.26         | 0.32         | 1.00           |

| Consolidated statement of financial position (MEUR)                    |              |              |                  |
|------------------------------------------------------------------------|--------------|--------------|------------------|
|                                                                        | 30 June 2023 | 30 June 2022 | 31 December 2022 |
| <b>ASSETS</b>                                                          |              |              |                  |
| <b>NON-CURRENT ASSETS</b>                                              |              |              |                  |
| Property, plant and equipment                                          | 392.4        | 316.4        | 329.7            |
| Goodwill                                                               | 141.0        | 136.2        | 136.2            |
| Other intangible assets                                                | 8.1          | 4.3          | 4.0              |
| Non-current receivables                                                | 2.0          | 2.3          | 2.2              |
| Investments in joint ventures                                          | 0.2          | 0.2          | 0.2              |
| Other financial assets                                                 | 0.7          | 0.2          | 0.7              |
| Deferred tax asset                                                     | 0.5          | 0.9          | 1.6              |
| <b>NON-CURRENT ASSETS, TOTAL</b>                                       | <b>545.0</b> | <b>460.4</b> | <b>474.5</b>     |
| <b>CURRENT ASSETS</b>                                                  |              |              |                  |
| Inventories                                                            | 292.0        | 313.9        | 281.3            |
| Trade and other receivables                                            | 20.2         | 24.6         | 26.4             |
| Income tax receivables                                                 | 7.5          | 7.8          | 2.5              |
| Cash and cash equivalents                                              | 8.9          | 27.1         | 9.1              |
| <b>CURRENT ASSETS, TOTAL</b>                                           | <b>328.6</b> | <b>373.4</b> | <b>319.3</b>     |
| <b>ASSETS, TOTAL</b>                                                   | <b>873.5</b> | <b>833.8</b> | <b>793.8</b>     |
| <b>EQUITY AND LIABILITIES</b>                                          |              |              |                  |
| <b>Equity attributable to the equity holders of the parent company</b> |              |              |                  |
| Share capital                                                          | 0.1          | 0.1          | 0.1              |
| Reserve for invested unrestricted equity                               | 109.9        | 109.9        | 109.9            |
| Treasury shares                                                        | -0.7         | -1.7         | -0.8             |
| Translation differences                                                | 0.0          | 0.0          | 0.0              |
| Retained earnings                                                      | 130.7        | 98.6         | 137.8            |
| <b>EQUITY, TOTAL</b>                                                   | <b>239.9</b> | <b>206.8</b> | <b>247.0</b>     |
| <b>NON-CURRENT LIABILITIES</b>                                         |              |              |                  |
| Non-current interest-bearing liabilities                               | 372.2        | 335.6        | 322.7            |
| Non-current non-interest-bearing liabilities                           | 4.6          | 5.1          | 4.8              |
| <b>NON-CURRENT LIABILITIES, TOTAL</b>                                  | <b>376.8</b> | <b>340.7</b> | <b>327.5</b>     |
| <b>CURRENT LIABILITIES</b>                                             |              |              |                  |
| Current interest-bearing liabilities                                   | 89.7         | 112.6        | 69.7             |
| Trade payables and other current liabilities                           | 162.7        | 170.6        | 148.5            |
| Income tax liabilities                                                 | 4.4          | 3.1          | 1.1              |
| <b>CURRENT LIABILITIES, TOTAL</b>                                      | <b>256.8</b> | <b>286.3</b> | <b>219.3</b>     |
| <b>EQUITY AND LIABILITIES, TOTAL</b>                                   | <b>873.5</b> | <b>833.8</b> | <b>793.8</b>     |

| Consolidated statement of cash flows (MEUR)                           |              |              |               |
|-----------------------------------------------------------------------|--------------|--------------|---------------|
|                                                                       | 1-6/2023     | 1-6/2022     | 1-12/2022     |
| <b>Cash flows from operating activities</b>                           |              |              |               |
| Net result for the financial period                                   | 15.3         | 18.6         | 58.7          |
| Adjustments:                                                          |              |              |               |
| Depreciation                                                          | 39.3         | 35.8         | 73.1          |
| Capital gains and losses on non-current assets                        | 0.0          | 0.0          | 0.0           |
| Financial income and expenses                                         | 7.5          | 5.0          | 10.7          |
| Income taxes                                                          | 3.8          | 4.7          | 14.6          |
| Other adjustments                                                     | -0.8         | -2.4         | 0.6           |
| Change in working capital:                                            |              |              |               |
| Change in current non-interest-bearing receivables                    | 7.0          | 0.1          | -4.7          |
| Change in inventories                                                 | -4.2         | -49.9        | -17.1         |
| Change in current non-interest-bearing liabilities                    | 10.8         | 6.1          | -16.7         |
| Interest paid                                                         | -6.4         | -4.9         | -10.1         |
| Other financing items                                                 | 0.2          | -0.1         | -0.1          |
| Income taxes paid                                                     | -5.7         | -15.3        | -22.7         |
| <b>Net cash from operating activities</b>                             | <b>66.8</b>  | <b>-2.3</b>  | <b>86.3</b>   |
| <b>Cash flows from investing activities</b>                           |              |              |               |
| Purchases of tangible and intangible assets                           | -21.9        | -22.4        | -54.3         |
| Proceeds from disposal of tangible and intangible assets              | 0.1          | 0.0          | 0.0           |
| Business acquisitions                                                 | -11.4        | -            | -             |
| Investments in other assets                                           | -            | -            | -0.5          |
| Loans granted                                                         | -            | -0.2         | -0.2          |
| Proceeds from repayments of loans                                     | 0.2          | 0.0          | 0.1           |
| <b>Net cash from investing activities</b>                             | <b>-33.0</b> | <b>-22.5</b> | <b>-54.7</b>  |
| <b>Cash flows from financing activities</b>                           |              |              |               |
| Change in current loans                                               | 19.0         | 55.0         | 10.0          |
| Change in non-current loans                                           | -0.1         | -            | -             |
| Repayments of lease liabilities                                       | -31.5        | -28.0        | -57.2         |
| Dividends paid                                                        | -22.4        | -56.5        | -56.5         |
| <b>Net cash from financing activities</b>                             | <b>-34.9</b> | <b>-29.4</b> | <b>-103.7</b> |
| <b>Net change in cash and cash equivalents</b>                        | <b>-1.1</b>  | <b>-54.2</b> | <b>-72.1</b>  |
| <b>Cash and cash equivalents at beginning of the financial period</b> | <b>9.1</b>   | <b>81.3</b>  | <b>81.3</b>   |
| Net change in cash and cash equivalents                               | -1.1         | -54.2        | -72.1         |
| Effects of exchange rate fluctuations on cash held                    | 0.0          | 0.0          | -0.1          |
| Cash and cash equivalents, corporate arrangements                     | 0.9          | -            | -             |
| <b>Cash and cash equivalents at end of the financial period</b>       | <b>8.9</b>   | <b>27.1</b>  | <b>9.1</b>    |

## Consolidated statement of changes in equity (MEUR)

|                                                            | Share capital | Reserve for invested unrestricted equity | Treasury shares | Translation differences | Retained earnings | Equity attributable to owners of the parent | Total equity |
|------------------------------------------------------------|---------------|------------------------------------------|-----------------|-------------------------|-------------------|---------------------------------------------|--------------|
| <b>Equity 1 Jan 2023</b>                                   | <b>0.1</b>    | <b>109.9</b>                             | <b>-0.8</b>     | <b>0.0</b>              | <b>137.8</b>      | <b>247.0</b>                                | <b>247.0</b> |
| <b>Comprehensive income</b>                                |               |                                          |                 |                         |                   |                                             |              |
| Net result for the financial period                        |               |                                          |                 |                         | 15.3              | 15.3                                        | 15.3         |
| Translation differences                                    |               |                                          |                 | 0.0                     |                   | 0.0                                         | 0.0          |
| <b>Other comprehensive income</b>                          |               |                                          |                 | <b>0.0</b>              |                   | <b>0.0</b>                                  | <b>0.0</b>   |
| <b>Total comprehensive income for the financial period</b> |               |                                          |                 | <b>0.0</b>              | <b>15.3</b>       | <b>15.3</b>                                 | <b>15.3</b>  |
| Dividends                                                  |               |                                          |                 |                         | -22.4             | -22.4                                       | -22.4        |
| Transfer of treasury shares                                |               |                                          | 0.1             |                         | -0.1              | -                                           | -            |
| Incentive scheme                                           |               |                                          |                 |                         | 0.0               | 0.0                                         | 0.0          |
| <b>Equity 30 Jun 2023</b>                                  | <b>0.1</b>    | <b>109.9</b>                             | <b>-0.7</b>     | <b>0.0</b>              | <b>130.7</b>      | <b>239.9</b>                                | <b>239.9</b> |

|                                                            | Share capital | Reserve for invested unrestricted equity | Treasury shares | Translation differences | Retained earnings | Equity attributable to owners of the parent | Total equity |
|------------------------------------------------------------|---------------|------------------------------------------|-----------------|-------------------------|-------------------|---------------------------------------------|--------------|
| <b>Equity 1 Jan 2022</b>                                   | <b>0.1</b>    | <b>109.9</b>                             | <b>-2.0</b>     | <b>0.0</b>              | <b>136.7</b>      | <b>244.7</b>                                | <b>244.7</b> |
| <b>Comprehensive income</b>                                |               |                                          |                 |                         |                   |                                             |              |
| Net result for the financial period                        |               |                                          |                 |                         | 58.7              | 58.7                                        | 58.7         |
| Translation differences                                    |               |                                          |                 | 0.0                     |                   | 0.0                                         | 0.0          |
| <b>Other comprehensive income</b>                          |               |                                          |                 | <b>0.0</b>              |                   | <b>0.0</b>                                  | <b>0.0</b>   |
| <b>Total comprehensive income for the financial period</b> |               |                                          |                 | <b>0.0</b>              | <b>58.7</b>       | <b>58.7</b>                                 | <b>58.7</b>  |
| Dividends                                                  |               |                                          |                 |                         | -56.5             | -56.5                                       | -56.5        |
| Transfer of treasury shares                                |               |                                          | 1.2             |                         | -1.2              | -                                           | -            |
| Incentive scheme                                           |               |                                          |                 |                         | 0.1               | 0.1                                         | 0.1          |
| <b>Equity 31 Dec 2022</b>                                  | <b>0.1</b>    | <b>109.9</b>                             | <b>-0.8</b>     | <b>0.0</b>              | <b>137.8</b>      | <b>247.0</b>                                | <b>247.0</b> |

|                                                            | Share capital | Reserve for invested unrestricted equity | Treasury shares | Translation differences | Retained earnings | Equity attributable to owners of the parent | Total equity |
|------------------------------------------------------------|---------------|------------------------------------------|-----------------|-------------------------|-------------------|---------------------------------------------|--------------|
| <b>Equity 1 Jan 2022</b>                                   | <b>0.1</b>    | <b>109.9</b>                             | <b>-2.0</b>     | <b>0.0</b>              | <b>136.7</b>      | <b>244.7</b>                                | <b>244.7</b> |
| <b>Comprehensive income</b>                                |               |                                          |                 |                         |                   |                                             |              |
| Net result for the financial period                        |               |                                          |                 |                         | 18.6              | 18.6                                        | 18.6         |
| Translation differences                                    |               |                                          |                 | 0.0                     |                   | 0.0                                         | 0.0          |
| <b>Other comprehensive income</b>                          |               |                                          |                 | <b>0.0</b>              |                   | <b>0.0</b>                                  | <b>0.0</b>   |
| <b>Total comprehensive income for the financial period</b> |               |                                          |                 | <b>0.0</b>              | <b>18.6</b>       | <b>18.6</b>                                 | <b>18.6</b>  |
| Dividends                                                  |               |                                          |                 |                         | -56.5             | -56.5                                       | -56.5        |
| Transfer of treasury shares                                |               |                                          | 0.3             |                         | -0.3              | -                                           | -            |
| Incentive scheme                                           |               |                                          |                 |                         | 0.0               | 0.0                                         | 0.0          |
| <b>Equity 30 Jun 2022</b>                                  | <b>0.1</b>    | <b>109.9</b>                             | <b>-1.7</b>     | <b>0.0</b>              | <b>98.6</b>       | <b>206.8</b>                                | <b>206.8</b> |

**PROPERTY, PLANT AND EQUIPMENT**

| MEUR                                 | 30 June 2023 | 30 June 2022 | 31 December 2022 |
|--------------------------------------|--------------|--------------|------------------|
| <b>Property, plant and equipment</b> |              |              |                  |
| Property, plant and equipment        | 92.0         | 54.6         | 79.0             |
| Right-of-use fixed assets            | 300.4        | 261.7        | 250.7            |
| <b>Total</b>                         | <b>392.4</b> | <b>316.4</b> | <b>329.7</b>     |

**INTEREST-BEARING DEBT**

| MEUR                                            | 30 June 2023 | 30 June 2022 | 31 December 2022 |
|-------------------------------------------------|--------------|--------------|------------------|
| <b>Non-current interest-bearing liabilities</b> |              |              |                  |
| Loans from financial institutions*              | 99.9         | 99.4         | 99.5             |
| Lease liabilities                               | 272.4        | 236.2        | 223.3            |
| <b>Total</b>                                    | <b>372.2</b> | <b>335.6</b> | <b>322.7</b>     |
| <b>Current interest-bearing liabilities</b>     |              |              |                  |
| Loans from financial institutions*              | 25.2         | -            | -                |
| Other current liabilities                       | 4.0          | 55.0         | 10.0             |
| Lease liabilities                               | 60.5         | 57.6         | 59.7             |
| <b>Total</b>                                    | <b>89.7</b>  | <b>112.6</b> | <b>69.7</b>      |
| <b>Total</b>                                    | <b>461.9</b> | <b>448.2</b> | <b>392.4</b>     |

\* Loans from financial institutions, adjusted with arrangement fees paid

**FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE**

| MEUR                         | Carrying amounts of assets as per balance sheet 30 Jun 2023 | Fair value 30 Jun 2023 | Carrying amounts of assets as per balance sheet 30 Jun 2022 | Fair value 30 Jun 2022 | Carrying amounts of assets as per balance sheet 31 Dec 2022 | Fair value 31 Dec 2022 |
|------------------------------|-------------------------------------------------------------|------------------------|-------------------------------------------------------------|------------------------|-------------------------------------------------------------|------------------------|
| <b>Financial assets</b>      |                                                             |                        |                                                             |                        |                                                             |                        |
| Derivatives (level 2)        | 0.1                                                         | 0.1                    | 3.0                                                         | 3.0                    | 0.0                                                         | 0.0                    |
| <b>Financial liabilities</b> |                                                             |                        |                                                             |                        |                                                             |                        |
| Derivatives (level 2)        | 0.0                                                         | 0.0                    | 0.1                                                         | 0.1                    | 0.6                                                         | 0.6                    |

**COLLATERAL, CONTINGENT LIABILITIES AND PLEDGES****Contingent liabilities, assets and commitments**

Property has not been provided as collateral for loans from financial institutions, but a covenant term is related to such loans. The covenant term determines the required net debt to EBITDA ratio.

**Non-cancellable lease liabilities**

Tokmanni's lease liabilities consist of minimum lease liabilities related to low-value leases and short-term leases.

| MEUR                                        | 30 June 2023 | 30 June 2022 | 31 December 2022 |
|---------------------------------------------|--------------|--------------|------------------|
| No later than 1 year                        | 9.8          | 8.9          | 9.2              |
| Later than 1 year but no later than 5 years | 25.0         | 22.2         | 21.4             |
| Later than 5 years                          | 6.4          | 4.2          | 3.8              |
| <b>Total</b>                                | <b>41.2</b>  | <b>35.3</b>  | <b>34.3</b>      |

## 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                                                             |