Tokmanni Group’s Business Review for January–September 2024

Revenue increased and EBIT improved in the third quarter

THIRD QUARTER 2024 HIGHLIGHTS

- Tokmanni Group’s revenue grew by 14.3% (23.6%) and was EUR 416.3 million (364.3)
- Like-for-like revenue increased by 0.8% (0.3%)
- Comparable gross profit was EUR 148.3 million (126.9) and comparable gross profit % was 35.6% (34.8%)
- Comparable EBIT amounted to EUR 29.5 million (26.4), 7.1% of revenue (7.2%)
- Cash flow from operating activities amounted to EUR 8.1 million (36.8)
- Earnings per share, diluted was EUR 0.28 (0.21)

JANUARY–SEPTEMBER 2024 HIGHLIGHTS

- Tokmanni Group’s revenue grew by 27.8% (11.2%) and was EUR 1,178.0 million (921.4)
- Like-for-like revenue increased by 0.0 % (1.2 %)
- Comparable gross profit was EUR 418.9 million (317.5) and comparable gross profit % was 35.6% (34.5%)
- Comparable EBIT amounted to EUR 52.3 million (52.6), 4.4% of revenue (5.7%)
- Cash flow from operating activities amounted to EUR 12.1 million (103.6)
- Earnings per share, diluted was EUR 0.33 (0.47)

GUIDANCE FOR 2024

Specified guidance for 2024

Tokmanni Group specifies its guidance for 2024 and expects its revenue to be EUR 1,650–1,700 million. Comparable EBIT is expected to be EUR 98–110 million.

Previous guidance

In 2024, Tokmanni Group expects its revenue to be EUR 1,650–1,730 million. Comparable EBIT is expected to be EUR 98–118 million.

SECOND INSTALMENT OF THE DIVIDEND

Tokmanni Group Corporation’s Board of Directors has decided on the payment of second instalment of the dividend for the financial year ended 31 December 2023. 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 23 April 2024. The company has already paid a dividend of EUR 0.38 per share for the financial year ended 31 December 2023 on 8 May 2024.

The second dividend instalment will be paid on 28 November 2024 to the shareholders listed in the company's shareholder register maintained by Euroclear Finland Ltd on the record date of 20 November 2024.

TOKMANNI GROUP'S PRESIDENT AND CEO MIKA RAUTIAINEN
We will continue our growth in line with our strategy in Finland, Sweden and Denmark

We will continue to decisively build Tokmanni Group into the leading discount retailer in the Nordic countries. At the end of the third quarter, Tokmanni Group had 375 stores in Finland, Sweden and Denmark and the expansion to new locations will continue in all our market areas. We are also constantly exploring the possibility of expanding into new markets.

In the third quarter, customer visits grew in both segments. Tokmanni segment's customer visits grew by 2.4% and Dollarstore segment's by 3.2%. Customer confidence was low in both Finland and Sweden, and this was reflected as a smaller average basket size than before. Demand focused on promotional products and products with a lower price point, in practice grocery products. Correspondingly, sales of the highest value products fell, with sales of products worth over EUR 100 down by over 10%. Grocery sales increased by 4.7% and accounted for 52.9% of the Group's total sales. Overall, Tokmanni Group's revenue increased by 14.3% and were EUR 416.3 million (364.3). Dollarstore segment is included in the comparison figures for August–September.

Tokmanni Group's comparable gross margin was clearly better than the corresponding period of the previous year at 35.6% (34.8%). The improvement in the Tokmanni segment's gross profit was driven, among other things, by successful purchase volumes, smaller clearance sales and synergy savings realised through joint purchasing. Dollarstore segment's gross profit was reduced by the clearance sale in July–August. The Group's comparable EBIT was EUR 29.5 million (26.4).

Creation of the joint Tokmanni and Dollarstore assortment is progressing at a good pace. Most of Dollarstore's old assortment has been cleared, and there are currently around 2,500 jointly purchased stock-keeping units on sale. Tokmanni and Dollarstore have already benefited significantly from economies of scale in sourcing, purchasing and distribution. Halloween is a good example of this, as this year we had a joint assortment in both Tokmanni and Dollarstore stores. Customers were delighted with our product selection that was full of surprises and sales were so brisk that some of the products sold out quickly. The best thing is that we attracted new customers with our actions.

Tokmanni and Dollarstore integration is progressing according to plan also in other respects. By the end of September, annual synergies achieved amounted to EUR 12.7 million. By the end of 2025, we aim to generate annual synergies of more than EUR 15 million.

Preparations for the Christmas season have gone very well. The employees and stores are ready to serve customers with their festive Christmas spirit.

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

	7-9/ 2024	7-9/ 2023	Change %	1-9/ 2024	1-9/ 2023	Change %	1-12/ 2023
Revenue, MEUR	416.3	364.3	14.3%	1,178.0	921.4	27.8%	1,392.7
Like-for-like revenue development, %	0.8	0.3		0.0	1.2		1.1
Customer visit development, %	2.6	-1.3		1.3	0.9		0.7
Gross profit, MEUR	147.8	126.1	17.2%	418.4	317.4	31.8%	486.9
Gross profit, %	35.5	34.6		35.5	34.4		35.0
Comparable gross profit, MEUR	148.3	126.9	16.9%	418.9	317.5	31.9%	489.5
Comparable gross profit, %	35.6	34.8		35.6	34.5		35.2
Operating expenses, MEUR	-88.1	-77.6	13.5%	-273.9	-204.7	33.8%	-301.2
Comparable operating expenses, MEUR	-88.1	-75.0	17.5%	-273.9	-201.9	35.6%	-298.1
EBITDA, MEUR	60.8	49.6	22.7%	147.2	115.5	27.5%	189.9
EBITDA, %	14.6	13.6		12.5	12.5		13.6
Comparable EBITDA, MEUR	61.3	53.0	15.8%	147.7	118.5	24.6%	195.6
Comparable EBITDA, %	14.7	14.5		12.5	12.9		14.0
Operating profit (EBIT), MEUR	28.9	23.0	26.0%	51.8	49.6	4.3%	93.0
Operating profit (EBIT), %	7.0	6.3		4.4	5.4		6.7
Comparable EBIT, MEUR	29.5	26.4	11.7%	52.3	52.6	-0.7%	98.8
Comparable EBIT, %	7.1	7.2		4.4	5.7		7.1
Net financial items, MEUR	-8.5	-6.8	25.9%	-27.5	-14.3	92.2%	-24.7
Capital expenditure, MEUR	7.0	188.0	-96.3%	25.6	221.3	-88.4%	238.7
Net cash from operating activities, MEUR	8.1	36.8		12.1	103.6		220.2
Net debt, MEUR				832.1	812.4		730.4
Net debt without lease liabilities, MEUR				271.0	272.1		165.3
Net debt / comparable EBITDA *				3.7	4.7		3.7
Net debt / comparable EBITDA without lease liabilities *				2.6	2.8		1.6
Return on capital employed, %				9.2	11.4		11.2
Return on equity, %				18.5	21.9		22.2
Equity ratio, %				18.6	18.7		18.8
Number of shares, weighted average during the financial period (thousands)	58,848	58,824		58,842	58,818		58,819
Diluted number of shares, weighted average during the financial period (thousands)	58,872	58,879		58,870	58,873		58,878
Earnings per share, basic (EUR/share)	0.28	0.22		0.33	0.48		0.92
Earnings per share, diluted (EUR/share)	0.28	0.21		0.33	0.47		0.92
Personnel at the end of the period				6,417	6,213		6,206
Personnel on average in the period (FTE)	4,965	4,276		4,626	3,503		3,706

* Rolling 12 months comparable EBITDA

FINAL FINANCIAL IMPACT OF DOLLARSTORE ACQUISITION AND PURCHASE PRICE ALLOCATION

Dollarstore segment's financials have been included in Tokmanni Group financials starting from 1 August 2023. Dollarstore segment consists of the Dollarstore and Big Dollar stores. Tokmanni segment consists of the Tokmanni, Miny, Click Shoes and Shoe House stores, as well as the Tokmanni and Click Shoes online stores. Based on final calculations, the impact of Dollarstore purchase price allocation on Tokmanni Group figures is the following: The fair valuation of Dollarstore immaterial rights and owned assets will add EUR 47.0 million to the balance sheet, which will be depreciated and amortised in accordance with Tokmanni Group's accounting principles over periods varying from 15 to 20 years. The annual impact of these amortisations and depreciations is around EUR 2.5 million per year on Tokmanni Group's EBIT. 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 of inventory is EUR 3.2 million and it was recorded as an expense over six months starting from August 2023.

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 not a key indicator according to IFRS accounting standards and it 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 when evaluating Tokmanni Group's and its segments' underlying operational performance.

Adjustments affecting comparability

MEUR	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Gross profit	**147.8**	**126.1**	**418.4**	**317.4**	**486.9**
Changes in fair value of currency derivatives	0.5	-0.3	-0.1	-0.9	-0.3
Change in the fair value of inventory related to purchase price allocation	0.0	1.0	0.5	1.0	2.9
Comparable Gross Profit	**148.3**	**126.9**	**418.9**	**317.5**	**489.5**
Operating expenses	**-88.1**	**-77.6**	**-273.9**	**-204.7**	**-301.2**
Non-recurring expenses related to business acquisitions		2.6		2.9	3.1
Comparable operating expenses	**-88.1**	**-75.0**	**-273.9**	**-201.9**	**-298.1**
EBITDA	**60.8**	**49.6**	**147.2**	**115.5**	**189.9**
Operating profit (EBIT)	**28.9**	**23.0**	**51.8**	**49.6**	**93.0**
Changes in fair value of currency derivatives	0.5	-0.3	-0.1	-0.9	-0.3
Non-recurring expenses related to business acquisitions		2.6		2.9	3.1
Change in the fair value of inventory related to purchase price allocation	0.0	1.0	0.5	1.0	2.9
Comparable EBITDA	**61.3**	**53.0**	**147.7**	**118.5**	**195.6**
Comparable operating profit (adj. EBIT)	**29.5**	**26.4**	**52.3**	**52.6**	**98.8**

MARKET DEVELOPMENT

According to the statistics of the Finnish Grocery Trade Association FGTA (http://www.pty.fi), the total sales of department store and hypermarket chains in Finland increased by 0.8% in the third quarter of 2024. Grocery sales increased, while non-grocery sales decreased. According to the statistics of the FGTA the total sales of department store and hypermarket chains grew by 1.7% in January–September 2024. It is important to note that the statistics compiled by the FGTA only cover part of the market relevant for Tokmanni segment.

According to the statistics of the Swedish Food Retailers Federation (https://www.svenskdagligvaruhandel.se/), the Food Retail Index increased in Sweden by 3.6% in the third quarter of 2024. Sales of brick-and-mortar stores increased by 3.5% and online sales by 7.5%. The Food Retail Index measures sales growth in the grocery trade and does not include specialised 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 segment.

TOKMANNI GROUP'S STORE NETWORK

At the end of September 2024, Tokmanni Group had a total of 375 stores (31 December 2023: 372). In Finland, Tokmanni Group had 201 Tokmanni stores, total 34 Click Shoes and Shoe House stores and 3 Miny stores. In Sweden, Tokmanni Group had 132 Dollarstore stores, and in Denmark, 5 Big Dollar stores.

Tokmanni Group stores	30.9.2024	30.9.2023	31.12.2023
Tokmanni segment	**238**	**236**	**238**
Tokmanni	201	200	201
Click Shoes and Shoe House	34	30	31
Miny	3	6	6
Dollarstore segment	**137**	**133**	**134**
Dollarstore	132	130	130
Big Dollar	5	3	4
Total	**375**	**369**	**372**

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

FINANCIAL DEVELOPMENT

Reporting structure

Tokmanni Group consists of Tokmanni and Dollarstore segments as well as Group functions and eliminations. Tokmanni segment consists of Tokmanni stores, Miny stores, Click Shoes stores and Shoe House stores, as well as 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. Dollarstore segment consists of Dollarstore and Big Dollar stores. Dollarstore segment's financials have been included in Tokmanni Group financials starting from 1 August 2023. Due to Dollarstore segment's unusual accounting period and lack of IFRS financial statement reporting, Tokmanni Group does not publish figures for Dollarstore segment's comparison period, with the exception of revenue growth and certain operational figures.

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.

TOKMANNI GROUP

Revenue

Revenue, MEUR	7–9/ 2024	7–9/ 2023	Change %	1–9/ 2024	1–9/ 2023	Change %	1–12/ 2023
Tokmanni segment	304.0	300.0	1.3	868.2	857.1	1.3	1 208.6
Dollarstore segment*	112.3	64.3	74.7	310.0	64.3	382.2	184.1
Group functions and eliminations	0.0			-0.2			-0.1
Total	**416.3**	**364.3**	**14.3**	**1,178.0**	**921.4**	**27.8**	**1,392.7**

* Dollarstore segment's financials have been included in Tokmanni Group financials starting from 1 August 2023.

July–September 2024

In the third quarter of 2024, Tokmanni Group's revenue grew by 14.3% (23.6%) to EUR 416.3 million (364.3). Sales of Tokmanni Group's grocery products grew by 4.7% compared to the corresponding period of the previous year. The proportion of grocery sales was 52.9% (51.8%) of total sales. The grocery figures include Dollarstore segment's sales from the comparison period.

Tokmanni Group's like-for-like revenue grew by 0.8% (0.3%). The like-for-like change in percentage is calculated in local currencies, and the comparison period includes Dollarstore segment's figures.

Tokmanni Group's like-for-like customer visits grew by 1.4% (-4.8%), and the total number of customers grew by 2.6% (-1.3%) compared to the corresponding period of the previous year. The like-for-like average basket size decreased by 0.6% to EUR 19.39 (19.50).

January–September 2024

In January–September 2024, Tokmanni Group's revenue increased by 27.8% (11.2%) and was EUR 1,178.0 (921.4) million. Sales of Tokmanni Group's grocery products grew by 3.6% compared to the corresponding period of the previous year. The proportion of grocery sales was 54.4% (53.5%) of total sales. The grocery figures include Dollarstore segment's sales from the comparison period.

Tokmanni Group's like-for-like revenue grew by 0.0% (1.2%). The like-for-like change in percentage is calculated in local currencies, and the comparison period includes Dollarstore segment's figures.

Tokmanni Group's like-for-like customer visits decreased by 0.2% (-1.4%), and the total number of customers grew by 1.3% (0.9%) compared to the corresponding period of the previous year. The like-for-like average basket size increased by 0.2% to EUR 19.34 (19.31).

Profitability

Comparable EBIT, MEUR	7–9/ 2024	7–9/ 2023	Change %	1–9/ 2024	1–9/ 2023	Change %	1–12/ 2023
Tokmanni segment	25.2	24.9	1.0	50.0	51.8	-3.5	87.8
Dollarstore segment*	5.1	1.8	178.1	4.5	1.8	145.6	12.6
Group functions and eliminations	-0.8	-0.4	123.6	-2.3	-1.0	123.6	-1.6
Total	**29.5**	**26.4**	**11.7**	**52.3**	**52.6**	**-0.7**	**98.8**

* Dollarstore segment's financials have been included in Tokmanni Group financials starting from 1 August 2023.

July–September 2024

In the third quarter of 2024, Tokmanni Group's gross profit amounted to EUR 147.8 million (126.1), and the gross margin was 35.5% (34.6%). Comparable gross profit was EUR 148.3 million (126.9), corresponding to a comparable gross margin of 35.6% (34.8%). The Group's third-quarter gross profit increase was driven above all by Dollarstore segment's gross profit.

Tokmanni Group's operating expenses were EUR 88.1 million (77.6), or 21.2% of revenue (21.3%). The increase in operating expenses resulted mainly from the integration of Dollarstore segment's operating expenses into Tokmanni Group's consolidated figures on 1 August 2023. Expenses also increased due to higher marketing expenses and property costs. Personnel expenses represented EUR 53.4 million (44.4), or 12.8% of revenue (12.2%). Comparable operating expenses were EUR 88.1 million (75.0), or 21.2% of revenue (20.6%).

The Group's EBITDA amounted to EUR 60.8 million (49.6), corresponding to an EBITDA margin of 14.6% (13.6%). Comparable EBITDA totalled EUR 61.3 million (53.0), and the comparable EBITDA margin was 14.7% (14.5%).

Tokmanni Group's depreciation amounted to EUR 31.9 million (26.6). The growth mainly reflected the impact of IFRS 16 due to acquisitions and the growth of the store network. Depreciation excluding depreciation of tangible and intangible assets (PPA) arising from the acquisitions amounted to EUR 31.1 million (26.0). EUR 0.7 million (0.6) was recognised for depreciation of tangible and intangible assets (PPA) arising in the acquisitions.

Consolidated EBIT was EUR 28.9 million (23.0), corresponding to an EBIT margin of 7.0% (6.3%). Comparable EBIT was EUR 29.5 million (26.4), and the comparable EBIT margin was 7.1% (7.2%). The increase in operating expenses reduced the EBIT.

Tokmanni Group's net financial items totalled EUR -8.5 million (-6.8). The result before taxes was EUR 20.4 million (16.2). Taxes for the period amounted to EUR -3.9 million (-3.5). The net result was EUR 16.6 million (12.7).

Diluted earnings per share were EUR 0.28 (0.21).

January–September 2024

In January–September 2024, Tokmanni Group's gross profit amounted to EUR 418.4 million (317.4), and the gross margin was 35.5% (34.4%). Comparable gross profit was EUR 418.9 million (317.5), corresponding to a comparable gross margin of 35.6% (34.5%). The Group's gross profit in January–September was boosted above all by Dollarstore segment's gross profit, but Tokmanni segment's improved gross profit also supported the overall growth.

Tokmanni Group's operating expenses were EUR 273.9 million (204.7), or 23.2% of revenue (22.2%). The increase in operating expenses resulted mainly from the integration of Dollarstore segment's operating expenses into Tokmanni Group's consolidated figures. Expenses were also increased by higher property costs and marketing and personnel expenses. Personnel expenses represented EUR 165.5 million (117.5), or 14.0% of revenue (12.7%). Comparable operating expenses were EUR 273.9 million (201.9), or 23.2% of revenue (21.9%).

The Group's EBITDA amounted to EUR 147.2 million (115.5), corresponding to an EBITDA margin of 12.5% (12.5%). Comparable EBITDA totalled EUR 147.7 million (118.5), and the comparable EBITDA margin was 12.5% (12.9%).

Tokmanni Group's depreciation amounted to EUR 95.4 million (65.9). The growth mainly reflected the impact of IFRS 16 due to acquisitions and the growth of the store network. Depreciation excluding depreciation of tangible and intangible assets (PPA) arising from the acquisitions amounted to EUR 93.2 million (65.2). EUR 2.2 million (0.7) was recognised for depreciation of tangible and intangible assets (PPA) arising in the acquisitions.

Consolidated EBIT was EUR 51.8 million (49.6), corresponding to an EBIT margin of 4.4% (5.4%). Comparable EBIT was EUR 52.3 million (52.6), and the comparable EBIT margin was 4.4% (5.7%). The increase in operating expenses reduced the EBIT.

Tokmanni Group's net financial items totalled EUR -27.5 million (-14.3). The result before taxes was EUR 24.3 million (35.3). Taxes for the period amounted to EUR -5.0 million (-7.4). The net result was EUR 19.3 million (27.9). The main reasons for the weaker result compared with the previous year were the increase in operating expenses, the increase in depreciation and higher finance costs.

Diluted earnings per share were EUR 0.33 (0.47).

Balance sheet, financing and cash flow

At the end of September 2024, Tokmanni Group's inventories amounted to EUR 446.0 million (375.8). At the end of the review period, Tokmanni segment's inventories amounted to EUR 319.2 million (283.4) and Dollarstore segment's inventories amounted to EUR 126.8 million (92.5).

Consolidated cash flow from operating activities amounted to EUR 8.1 million (36.8) in the third quarter of 2024. Cash flow amounted to EUR 12.1 million (103.6) in January–September. Cash flow from operating activities was affected especially by the change in the inventories year-on-year. The company had a total of EUR 166.3 million (216.0) in credit facilities, consisting of loan agreements with credit institutions and a commercial paper programme. Cash and cash equivalents stood at EUR 13.0 million (27.3) at the end of September, and the Group's financial position is stable.

At the end of September 2024, Tokmanni Group's interest-bearing debt totalled EUR 845.1 million (839.7), including EUR 205.0 million (275.3) in non-current loans from financial institutions excluding accrued issue expenses and EUR 79.7 million (25.2) in current loans from credit institutions and commercial paper programmes. The remainder of the liabilities mainly consist of lease agreement liabilities reported under IFRS 16. The Group's net debt excluding lease liabilities amounted to EUR 271.0 million (272.1).

Tokmanni Group's ratio of net debt to comparable EBITDA excluding the impact of IFRS 16 was 2.6 (2.8) at the end of September 2024. Tokmanni Group's target is an efficient capital structure. The long-term goal is to keep the ratio of net debt to comparable EBITDA, excluding the impact of IFRS 16, below 2.25 at year-end.

Tokmanni Group's equity ratio was 18.6% (18.7%) at the end of September 2024.

Capital expenditure

Tokmanni Group's capital expenditure in the third quarter of 2024 totalled EUR 7.0 million (188.0). Capital expenditure was related to the expansion, development and maintenance of the store network, as well as the development of digital services. The figures for the comparison period include the costs related to Dollarstore acquisition and some construction costs of the Moreeni logistics centre and the road connection. Capital expenditure for January–September 2024 totalled EUR 25.6 million (221.3).

TOKMANNI SEGMENT

Tokmanni segment includes the Tokmanni, Miny, Click Shoes and Shoe House stores, as well as Tokmanni and Click Shoes online stores. The figures of Click Shoes and Shoe House have been consolidated with those of Tokmanni Group as of 1 March 2023.

	7–9/2024	7–9/2023	1–9/2024	1–9/2023	1–12/2023
Revenue, MEUR	304.0	300.0	868.2	857.1	1,208.6
Like-for-like revenue, %	0.0	-1.0	-0.6	0.8	0.7
Comparable gross profit, MEUR	106.0	102.3	301.8	292.9	415.5
Comparable gross profit, %	34.9	34.1	34.8	34.2	34.4
Comparable EBIT, MEUR	25.2	24.9	50.0	51.8	87.8
Comparable EBIT, %	8.3	8.3	5.8	6.0	7.3
Return on capital employed, %, rolling 12 months			11.8	12.8	12.5
Inventories at the end of period, MEUR			319.2	283.4	248.8
Capital expenditure, MEUR	6.2	187.5	21.4	220.8	236.5
Personnel on average in the period (FTE)	3,521	3,377	3,324	3,201	3,160
Number of stores at the end of period			238	236	238

Revenue

July–September 2024

In the third quarter, Tokmanni segment's revenue grew by 1.3% (1.7%) to EUR 304.0 million (300.0). Measured as a percentage, the biggest growth took place in the sales of the home electronics, office and craft supplies product categories and groceries. On the other hand, customers purchased fewer products related to home interior decoration and the garden and yard compared to the corresponding period of the previous year. Sales of grocery products grew by 4.0%. The proportion of grocery sales was 51.4% (50.1%) of Tokmanni segment's total sales.

The proportion of Tokmanni segment's B2B sales was 3.1% (2.8%) of revenue. Revenue from B2B sales grew by 13.3% (-13.8%). Tokmanni's online sales accounted for 1.4% (1.6%) of revenue. Online revenue decreased by 11.3% (+1.1%).

Tokmanni segment's like-for-like revenue increased by 0.0% (-1.0%). Like-for-like customer visits in stores grew by 1.8% (-4.8%), and the total number of customers grew by 2.4% (-3.0%). The like-for-like average basket size decreased by 1.8% to EUR 21.07 (21.45).

The brands managed by Tokmanni segment (private label products, exclusive brands and non-branded products) represented 32.3% (33.2%) of sales. Direct imports accounted for 26.5% of sales (27.4%). These can be broken down into products purchased using Tokmanni segment's sourcing company in Shanghai, China, which accounted for 21.4% (22.2%), and other direct imports, which accounted for 5.1% (5.2%).

January–September 2024

Tokmanni segment's revenue for January–September 2024 increased by 1.3% (3.4%) to EUR 868.2 million (857.1). Measured as a percentage, the biggest growth took place in the sales of the toys and home electronics product categories and in groceries. On the other hand, customers purchased fewer products related to home interior decoration and to leisure time in general compared to the corresponding period of the previous year. Sales of grocery products grew by 2.9%. The proportion of grocery sales was 53.3% (52.4%) of Tokmanni segment's total sales.

The proportion of Tokmanni segment's B2B sales was 3.2% (3.1%) of revenue. Revenue from B2B sales grew by 3.9% (-4.2%). Tokmanni's online sales accounted for 1.5% (1.5%) of revenue. Online revenue decreased by 2.1% (-8.2%).

Tokmanni segment's like-for-like revenue decreased by 0.6% (+0.8%). Like-for-like customer visits in stores grew by 0.4% (-1.4%), and the total number of customers grew by 1.6% (0.5%). The like-for-like average basket size decreased by 1.0% to EUR 20.98 (21.20).

The brands managed by Tokmanni segment (private label products, exclusive brands and non-branded products) represented 31.6% (32.5%) of sales. Direct imports accounted for 25.5% of sales (26.5%). These can be broken down into products purchased using Tokmanni segment's sourcing company in Shanghai, China, which accounted for 20.0% (21.0%), and other direct imports, which accounted for 5.5% (5.5%).

Profitability

July–September 2024

In the third quarter of 2024, Tokmanni segment's gross profit amounted to EUR 105.5 million (102.6), and the gross margin was 34.7% (34.2%). Comparable gross profit was EUR 106.0 million (102.3), corresponding to a comparable gross margin of 34.9% (34.1%).

Tokmanni segment's operating expenses were EUR 61.7 million (61.2), or 20.3% of revenue (20.4%). Comparable operating expenses were EUR 61.7 million (58.6), or 20.3% of revenue (19.5%). The increase was driven by higher marketing expenses in particular. Personnel expenses were EUR 35.4 million (33.3) of total operating expenses, or 11.6% of revenue (11.1%).

Tokmanni segment's EBITDA amounted to EUR 44.9 million (42.4), which corresponds to an EBITDA margin of 14.8% (14.1%). Comparable EBITDA totalled EUR 45.4 million (44.8), and the comparable EBITDA margin was 14.9% (14.9%).

Tokmanni segment's EBIT was EUR 24.7 million (22.5), which corresponds to an EBIT margin of 8.1% (7.5%). Comparable EBIT was EUR 25.2 million (24.9), and the comparable EBIT margin was 8.3% (8.3%).

Tokmanni segment's capital expenditure totalled EUR 6.2 million (187.5).

January–September 2024

In January–September 2024, Tokmanni segment's gross profit amounted to EUR 301.9 million (293.8), and the gross margin was 34.8% (34.3%). Comparable gross profit was EUR 301.8 million (292.9), corresponding to a comparable gross margin of 34.8% (34.2%).

Tokmanni segment's operating expenses were EUR 193.6 million (187.7), or 22.3% of revenue (21.9%). Comparable operating expenses were EUR 193.6 million (184.9), or 22.3% of revenue (21.6%). The

increase was driven by higher marketing expenses and property costs in particular. Personnel expenses were EUR 111.3 million (106.1) of total operating expenses, or 12.8% of revenue (12.4%).

Tokmanni segment's EBITDA amounted to EUR 110.9 million (108.9), which corresponds to an EBITDA margin of 12.8% (12.7%). Comparable EBITDA totalled EUR 110.9 million (110.9), and the comparable EBITDA margin was 12.8% (12.9%).

Tokmanni segment's EBIT was EUR 50.0 million (49.8), which corresponds to an EBIT margin of 5.8% (5.8%). Comparable EBIT was EUR 50.0 million (51.8), and the comparable EBIT margin was 5.8% (6.0%).

Tokmanni segment's capital expenditure totalled EUR 21.4 million (220.8).

DOLLARSTORE SEGMENT

The financial figures of the Dollarstore segment's business have been consolidated with those of Tokmanni Group as of 1 August 2023. Dollarstore segment consists of the Dollarstore and Big Dollar stores.

	7–9/2024	7–9/2023	1–9/2024	1–9/2023	8–12/2023
Revenue, MEUR	112.3	64.3	310.0	64.3	184.1
Like-for-like revenue, %	3.1	7.0	1.6	7.0	3.8
Comparable gross profit, MEUR	42.3	24.6	117.2	24.6	74.1
Comparable gross profit, %	37.6	38.3	37.8	38.3	40.2
Comparable EBIT, MEUR	5.1	1.8	4.5	1.8	12.6
Comparable EBIT, %	4.6	2.9	1.5	2.9	6.8
Return on capital employed, %, rolling 12 months*			4.0	*	*
Inventories at the end of period, MEUR			126.8	92.5	94.1
Capital expenditure, MEUR	0.8	0.5	4.2	0.5	2.2
Personnel on average in the period (FTE)	1,435	*	1,293	*	*
Number of stores at the end of period			137	133	134

* Not countable

Revenue

July–September 2024

Dollarstore segment's revenue was EUR 112.3 million (64.3) in the third quarter of 2024. In local currencies, revenue grew by 6.3% compared to the corresponding period of the previous year. Measured as a percentage, sales of products related to Christmas, garden and storage grew the most. On the other hand, the sales of various accessories, furniture and sweets were markedly lower than in the previous year. Sales of grocery products grew by 6.6% compared to the corresponding period of the previous year in local currencies. The proportion of grocery sales was 56.9% (56.8%) of Dollarstore segment's total sales.

Dollarstore segment's like-for-like revenue increased by 3.1% (7.0%) in local currencies. Like-for-like customer visits in stores grew by 0.5%, and the total number of customers grew by 3.2% year-on-year. The like-for-like average basket size increased by 2.6% to EUR 15.96 (15.56).

The brands managed by Dollarstore segment (private label products, exclusive brands, and non-branded products) represented 5.0% (5.7%) of sales.

January–September 2024

Dollarstore segment's revenue for January–September 2024 was EUR 310.0 million (64.3). In local currencies, revenue grew by 4.2% compared to the corresponding period of the previous year. Measured as a percentage, sales of products related to Christmas, storage and home interior decoration grew the most. On the other hand, the sales of various accessories, furniture and sweets were markedly lower than in the previous year. Sales of grocery products grew by 5.5% compared to the corresponding period of the previous year in local currencies. The proportion of grocery sales was 57.4% (56.7%) of Dollarstore segment's total sales.

Dollarstore segment's like-for-like revenue increased by 1.6% (7.0%) in local currencies. Like-for-like customer visits in stores decreased by 1.5%, and the total number of customers grew by 0.7% compared to the corresponding period of the previous year. The like-for-like average basket size increased by 3.1% to EUR 15.88 (15.40).

The brands managed by Dollarstore segment (private label products, exclusive brands, and non-branded products) represented 5.0% (5.4%) of sales.

Profitability

July–September 2024

In the third quarter of 2024, Dollarstore segment's gross profit amounted to EUR 42.3 million (23.6), and the gross margin was 37.6% (36.6%). Comparable gross profit was EUR 42.3 million (24.6), corresponding to a comparable gross margin of 37.6% (38.3%).

Dollarstore segment's operating expenses were EUR 25.5 million (16.0), or 22.7% of revenue (24.9%). Comparable operating expenses were EUR 25.5 million (16.0), or 22.7% of revenue (24.9%). The increase in operating expenses resulted mainly from the integration of Dollarstore segment into Tokmanni Group as of 1 August 2023. Personnel expenses were EUR 17.4 million (10.8) of total operating expenses, or 15.5% of revenue (16.7%).

Dollarstore segment's EBITDA was EUR 16.8 million (7.6), which corresponds to an EBITDA margin of 14.9% (11.7%). Comparable EBITDA totalled EUR 16.8 million (8.6), and the comparable EBITDA margin was 14.9% (13.4%).

Dollarstore segment's EBIT totalled EUR 5.1 million (0.8), corresponding to an EBIT margin of 4.6% (1.3%). Comparable EBIT was EUR 5.1 million (1.8), and the comparable EBIT margin was 4.6% (2.9%).

Dollarstore segment's capital expenditure totalled EUR 0.8 million (0.5).

January–September 2024

In January–September 2024, Dollarstore segment's gross profit amounted to EUR 116.6 million (23.6), and the gross margin was 37.6% (36.6%). Comparable gross profit was EUR 117.2 million (24.6), corresponding to a comparable gross margin of 37.8% (38.3%).

Dollarstore segment's operating expenses were EUR 78.2 million (16.0), or 25.2% of revenue (24.9%). Comparable operating expenses were EUR 78.2 million, or 25.2% of revenue. The increase in operating expenses resulted mainly from the integration of Dollarstore segment's operating expenses into Tokmanni Group's consolidated figures on 1 August 2023. Personnel expenses were EUR 52.5 million (10.8) of total operating expenses, or 16.9% of revenue (16.7%).

Dollarstore segment's EBITDA was EUR 38.5 million (7.6), which corresponds to an EBITDA margin of 12.4% (11.7%). Comparable EBITDA totalled EUR 39.1 million (8.6), and the comparable EBITDA margin was 12.6% (13.4%).

Dollarstore segment's EBIT totalled EUR 4.0 million (0.8), corresponding to an EBIT margin of 1.3% (1.3%). Comparable EBIT was EUR 4.5 million (1.8), and the comparable EBIT margin was 1.5% (2.9%).

Dollarstore segment's capital expenditure totalled EUR 4.2 million (0.5).

PERSONNEL

Personnel	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
In the end of period			**6,417**	**6,213**	**6,206**
Finland			4,416	4,282	4,301
Sweden			1,932	1,893	1,844
Denmark			69	38	61
Personnel on average (FTE)	**4,965**	**3,381**	**4,626**	**3,205**	**3,164**
Finland	3,530	3,381	3,333	3,205	3,164
Sweden	1,393	*	1,249	*	*
Denmark	42	*	44	*	*

* Not countable

RISKS AND BUSINESS UNCERTAINTIES

Tokmanni Group's risks and uncertainties are discussed in detail in the Report by the Board of Directors for 2023 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.

Mäntsälä 15 November 2024

Tokmanni Group Corporation

Board of Directors

ANALYST AND PRESS CONFERENCE

Tokmanni Group's President and CEO Mika Rautiainen and CFO Tapio Arimo will present the report to analysts, investors and media representatives on the publication day at 10:00 am (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. A recording will be available after the event on Tokmanni Group's website. The participants can ask questions by joining the Teams meeting that is arranged in conjunction with the live webcasts. The link to Teams can be found on the webcast page mentioned under.

Webcast link: https://rajucast.tv/en/tokmanni-group/business-review-for-january-september-2024/

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Tokmanni Group Corporation's Business Review for 1 January–31 September 2024

ACCOUNTING POLICIES

This Business Review has been prepared using the same accounting policies and methods of computation as in the Financial Statements for 2023. This is not an interim report under IAS 34. AII figures in the accounts have been rounded. Consequently, the sum of individual figures can deviate from the presented sum figure. The figures in the financial statement release are presented in millions of euros.

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.

Use of estimates

The preparation of the Business Review in accordance with IFRS requires the management to make estimates and assumptions that affect the amount assets and liabilities on the balance sheet, the reporting of contingent assets and liabilities, and the amounts income and expenses. 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 report is unaudited.

Consolidated income statement (MEUR)	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Revenue	**416.3**	**364.3**	**1,178.0**	**921.4**	**1,392.7**
Other operating income	1.1	1.1	2.7	2.9	4.2
Materials and services	-268.5	-238.2	-759.6	-604.1	-905.8
Employee benefits expenses	-53.4	-44.4	-165.5	-117.5	-174.4
Depreciation	-31.9	-26.6	-95.4	-65.9	-96.8
Other operating expenses	-34.7	-33.3	-108.4	-87.3	-126.9
Share of profit in joint ventures	0.0	0.0	0.0	0.0	0.1
Operating profit	**28.9**	**23.0**	**51.8**	**49.6**	**93.0**
Financial income	2.1	2.4	5.0	2.6	2.6
Financial expenses	-10.6	-9.2	-32.5	-16.9	-27.3
Profit/loss before tax	**20.4**	**16.2**	**24.3**	**35.3**	**68.4**
Income taxes	-3.9	-3.5	-5.0	-7.4	-14.4
Net result for the financial period	**16.6**	**12.7**	**19.3**	**27.9**	**54.0**
Profit for the year attributable to					
Equity holders of the parent company	16.6	12.7	19.3	27.9	54.0

Consolidated statement of comprehensive income (MEUR)	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Net result for the financial period	**16.6**	**12.7**	**19.3**	**27.9**	**54.0**
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translating foreign operations	0.8	1.8	-4.2	1.8	8.8
Comprehensive income for the financial period, net of tax	**0.8**	**1.8**	**-4.2**	**1.8**	**8.8**
Comprehensive income for the financial period	**17.4**	**14.4**	**15.1**	**29.7**	**62.8**
Comprehensive income for the financial period attributable to					
Equity holders of the parent company	17.4	14.4	15.1	29.7	62.8

Earnings per share					
Equity holders of the parent company	16.6	12.7	19.3	27.9	54.0
Earnings per share, basic (EUR/share)	0.28	0.22	0.33	0.48	0.92
Earnings per share, diluted (EUR/share)	0.28	0.21	0.33	0.47	0.92

INFORMATION BY SEGMENT

Revenue by segment, EUR million	7–9/2024	7–9/2023	1–9/2024	1–9/2023	1–12/2023
Tokmanni	304.0	300.0	868.2	857.1	1,208.6
of which between the segments in total	0.0		0.2	0.1	0.1
Dollarstore	112.3	64.3	310.0	64.3	184.1
Group functions and eliminations	0.0		-0.2		-0.1
Group total	**416.3**	**364.3**	**1,178.0**	**921.4**	**1,392.7**

Gross profit by segment, EUR million	7–9/2024	7–9/2023	1–9/2024	1–9/2023	1–12/2023
Tokmanni	105.5	102.6	301.9	293.8	415.5
Dollarstore	42.3	23.6	116.6	23.6	71.4
Group functions and eliminations			-0.1		-0.1
Group total	**147.8**	**126.1**	**418.4**	**317.4**	**486.9**

EBIT by segment, EUR million	7–9/2024	7–9/2023	1–9/2024	1–9/2023	1–12/2023
Tokmanni	24.7	22.5	50.0	49.8	84.7
Dollarstore	5.1	0.8	4.0	0.8	9.9
Group functions and eliminations	-0.8	-0.4	-2.3	-1.0	-1.6
Group total	**28.9**	**23.0**	**51.8**	**49.6**	**93.0**

Comparable EBIT by segment, EUR million	7–9/2024	7–9/2023	1–9/2024	1–9/2023	1–12/2023
Tokmanni	25.2	24.9	50.0	51.8	87.8
Dollarstore	5.1	1.8	4.5	1.8	12.6
Group functions and eliminations	-0.8	-0.4	-2.3	-1.0	-1.6
Group total	**29.5**	**26.4**	**52.3**	**52.6**	**98.8**

Comparable EBIT by segment, %	7–9/2024	7–9/2023	1–9/2024	1–9/2023	1–12/2023
Tokmanni	8.3	8.3	5.8	6.0	7.3
Dollarstore	4.6	2.9	1.5	2.9	6.8
Group functions and eliminations					
Group total	**7.1**	**7.2**	**4.4**	**5.7**	**7.1**

Return on capital employed, %, rolling 12 months	7–9/2024	7–9/2023	1–9/2024	1–9/2023	1–12/2023
Tokmanni			11.8	12.8	12.5
Dollarstore			4.0		
Group functions and eliminations			23.1		
Group total			**9.0**	**11.9**	**11.6**

Inventories at the end of period, EUR million	7–9/2024	7–9/2023	1–9/2024	1–9/2023	1–12/2023
Tokmanni			319.2	283.4	248.8
Dollarstore			126.8	92.5	94.1
Group functions and eliminations					
Group total			**446.0**	**375.8**	**342.9**

Capital expenditure by segment, EUR million	7–9/2024	7–9/2023	1–9/2024	1–9/2023	1–12/2023
Tokmanni	6.2	187.5	21.4	220.8	236.5
Dollarstore	0.8	0.5	4.2	0.5	2.2
Group functions and eliminations		0.0		0.0	0.0
Group total	**7.0**	**188.0**	**25.6**	**221.3**	**238.7**

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 Group 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. Tokmanni Group reduces the net amount of stores closed during the financial year from new and relocated stores.
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 - Other non-recurring expenses
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
Capital expenditure	=	Investments in tangible and intangible assets + Purchased subsidiary shares
Net debt	=	Interest-bearing debt - Cash and cash equivalents
Net debt without lease liabilities	=	Net debt - IFRS 16 lease liabilities

Net debt / Comparable EBITDA	=	$\frac{\text{Net debt}}{\text{Comparable EBITDA, average for the preceding 12 months}}$
Net debt / Comparable EBITDA without lease liabilities	=	$\frac{\text{Net debt - IFRS 16 lease liabilities}}{\text{Comparable EBITDA without IFRS 16 liabilities, average preceding 12 months}}$
Capital employed	=	Non-current assets - Deferred tax assets + Inventories + Trade and other receivables + Cash and cash equivalents - Non-current non-interest-bearing liabilities - Trade payables and other current liabilities
Return on capital employed, %, rolling 12 months	=	$\frac{\text{Comparable EBIT, average for the preceding 12 months}}{\text{Capital employed, average for the preceding 12 months}}$
Invested capital	=	Balance sheet total - Deferred tax liability and other non-interest-bearing liabilities
Return on invested capital, %	=	$\frac{\text{Profit before taxes + Interest and other financial expenses (preceding 12 months)}}{\text{Invested capital, average for the preceding 12 months}}$
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, converted into full-time employees	=	Average number of personnel converted into full-time employees
Equity ratio	=	$\frac{\text{Equity}}{\text{Balance sheet total - Advances received}}$

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	=	$\frac{\text{Net profit}}{\text{Diluted number of shares, weighted average during the period}}$