

Interim Management Statement Q1 2023

Jari Latvanen, CEO

Stockmann Group, 28 April 2023

Key highlights in Q1 2023

- Stockmann Group had a positive start to the year. **Sales and profitability improved in both divisions** despite the headwind caused by the operating environment.
- Improved sales were driven by **a healthy increase in visitor numbers** and successful **commercial activities**.
- **Increased sales and efficient cost control** contributed to the improved result.
- **We succeeded** in gaining **new loyal customers** and enhancing **customer experience at both Lindex and Stockmann**.
- Both divisions made **good progress in strategy execution**.

Group's revenue, EUR million

198.5 (196.1)

Group's adjusted operating result, EUR million

-2.4 (-3.7)

Group's operating result, EUR million

-2.9 (9.8)

Group's gross margin

56.4% (57.8)

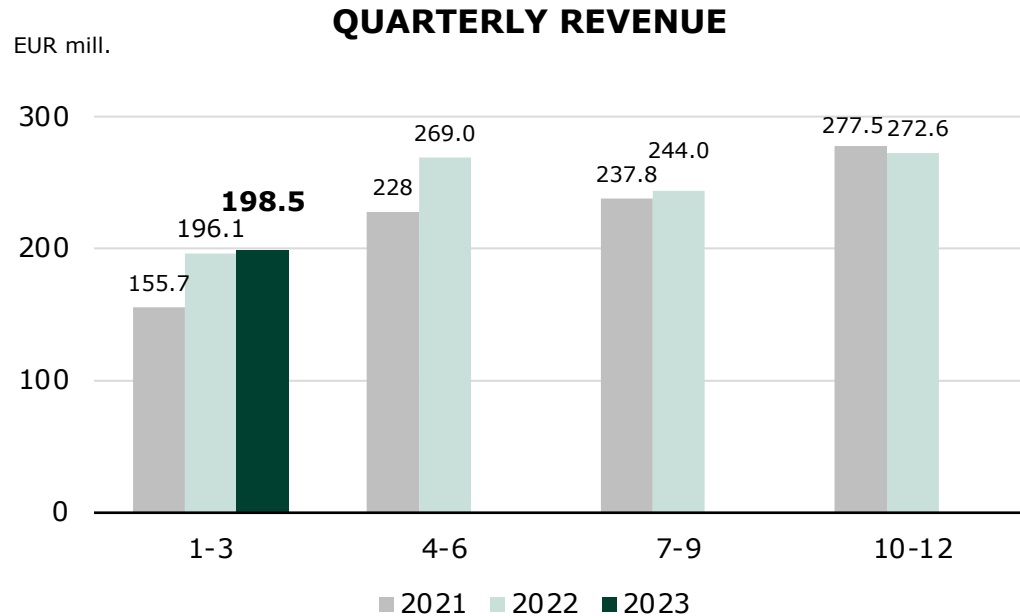
Operating costs, EUR million

89.3 (93.1)

Cash, EUR million

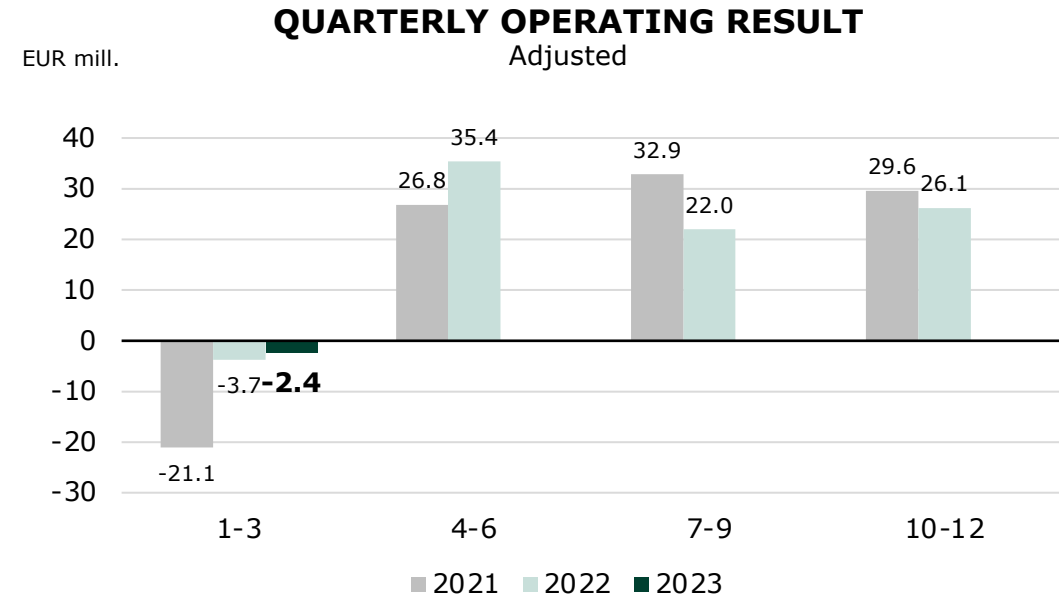
102.5 (130.8)

Both divisions strengthened their sales and result



Revenue - up by +1.2%

- Lindex division -5.6% in EUR, +0.7% in SEK
- Stockmann division +15.8% in EUR
- Increased numbers of visitors in physical stores of both divisions
- Successful commercial activities supported the development, tourism picked up as well
- Both divisions succeeded in attracting new customers



Adjusted operating result - up by EUR +1.3 million

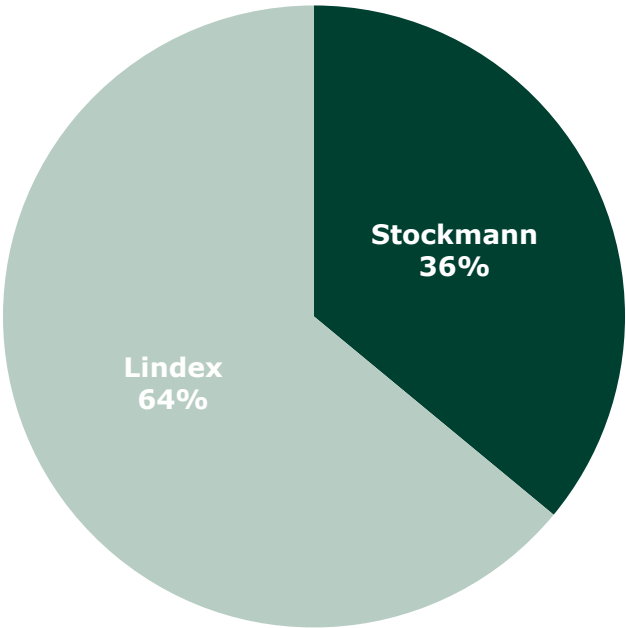
- Lindex division EUR 5.6 million (5.5)
- Stockmann division EUR -7.0 million (-7.3)
- Good sales development
- Cost efficiency and prioritisations
- Improvement despite inflation and increased depreciations, which related to new lease agreements



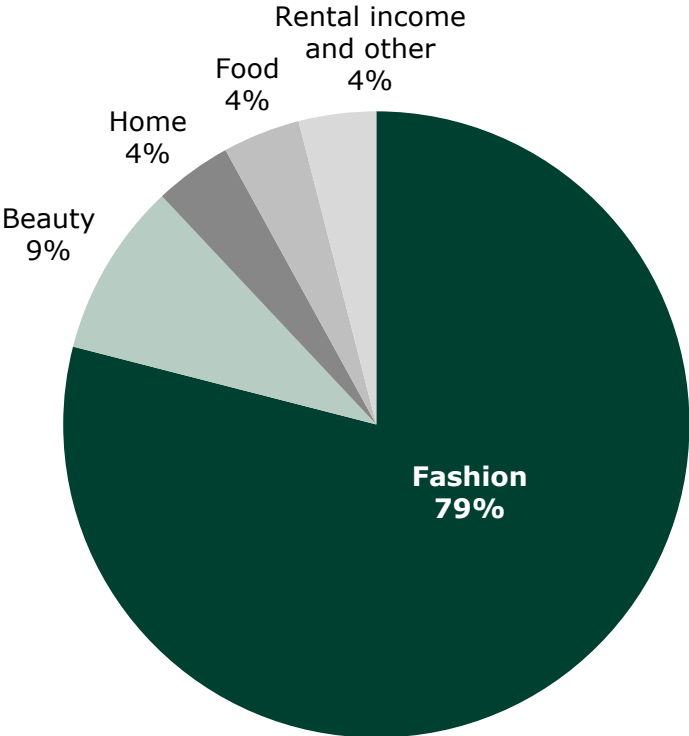
Lindex and Stockmann – Leading Nordic Fashion Houses

Distribution of the Group revenue by division, category and market, Q1 2023

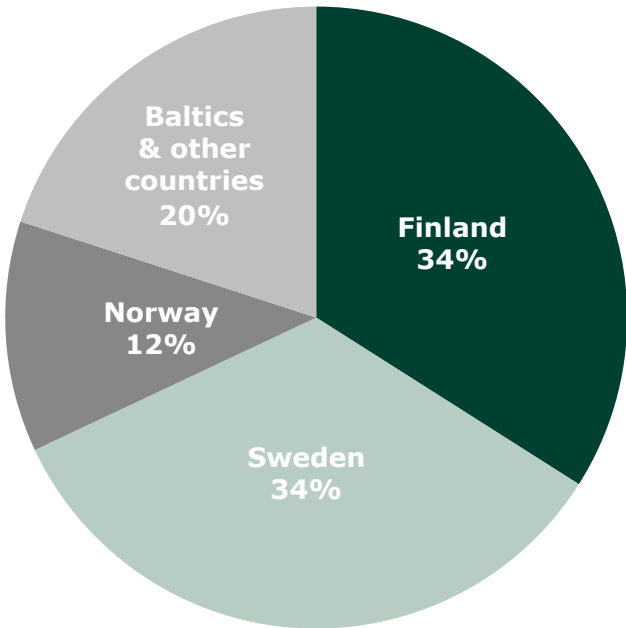
REVENUE
BY DIVISION



REVENUE
BY CATEGORY



REVENUE
BY MARKET

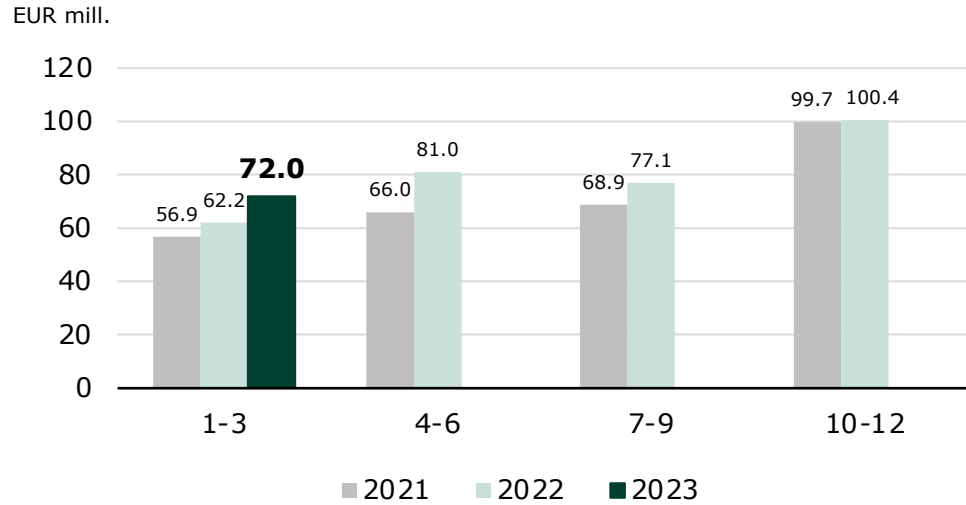




The Stockmann division

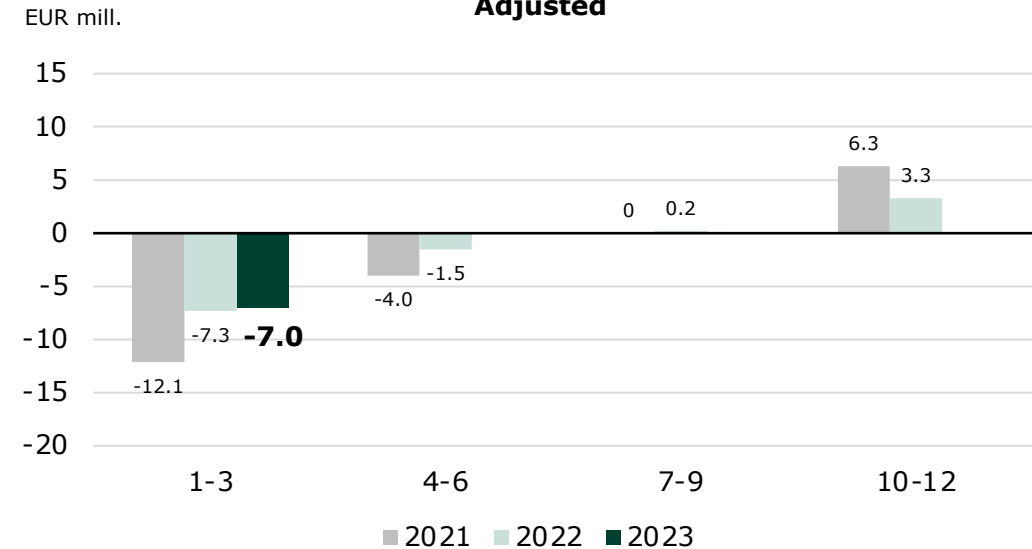
Strong revenue growth and improved result for Stockmann division

QUARTERLY REVENUE



- **Revenue** +15.8% to EUR 72.0 million (62.2)
 - Brick-and-mortar stores +17.3% due to higher numbers of visitors
 - Share of online sales + 4.5% and being 11.1% (12.2) of total sales
 - Successful commercial activities
 - Recovery of tourism after the pandemic contributed to sales
- **Gross margin** was 41.2% (43.7)
 - Actions to reduce inventory levels
- **Operating costs** EUR 29.8 million (29.2)
 - Up by EUR 0.6 million

QUARTERLY OPERATING RESULT Adjusted



- **Adjusted operating result** EUR -7.0 million (-7.3)
- **Operating result** EUR -7.0 million (6.3)
- **CAPEX** EUR 2.1 million (1.9)
 - Related mainly to the ongoing department store renewals and investments to digital growth and omnichannel capabilities

Strong sales growth and improved result

- **Strong revenue growth of +15.8%**
 - Commercial campaigns boosted sales
 - The Crazy Days campaign with updated concept
- **Department stores becoming destinations offering inspiring and energising environment**
 - Renewed children's department opened in Helsinki including the biggest toy store in the Nordics, Pieni Lelukauppa
- **Position in luxury and affordable luxury strengthening**
 - The Louis Vuitton store opened in the Helsinki flagship store after the reporting period on 7 April
- **Great progress with customers**
 - A continued increase of new loyalty programme members
 - Stockmann's EVI improved from 59 to 62 in Q1
- **Project Runway**
 - A brand collaboration with Project Runway TV programme strengthening Stockmann's position as a leading fashion retailer
- **Service portfolio supporting circular economy expanded**



Strategic repositioning of Stockmann towards luxury and affordable luxury proceeding – Louis Vuitton store opened in Stockmann's Helsinki flagship store



A new inspirational children's world opened in the Helsinki flagship store



Strong focus on implementing customer-centric strategy for growth and profit

- **Targeting profitability**

- Investments and focus on digital growth and omnichannel capabilities
- Increase in non-merchandise income incl. rental & commission income as well as media sales
- Cost-consciousness

- **Execution of customer-centric strategy for growth**

- Driving premium positioning by expanding luxury and affordable luxury offering
- Building even better omni-experience – data-driven decision-making to optimise customer touchpoints & personalised offering

- **Systematic sustainability work at the core of our strategy**

- Carbon footprint reduction
- Renewed CO₂ emission calculation in line with SBTi requirements
- Circularity enhanced by attending a national Circular Design programme



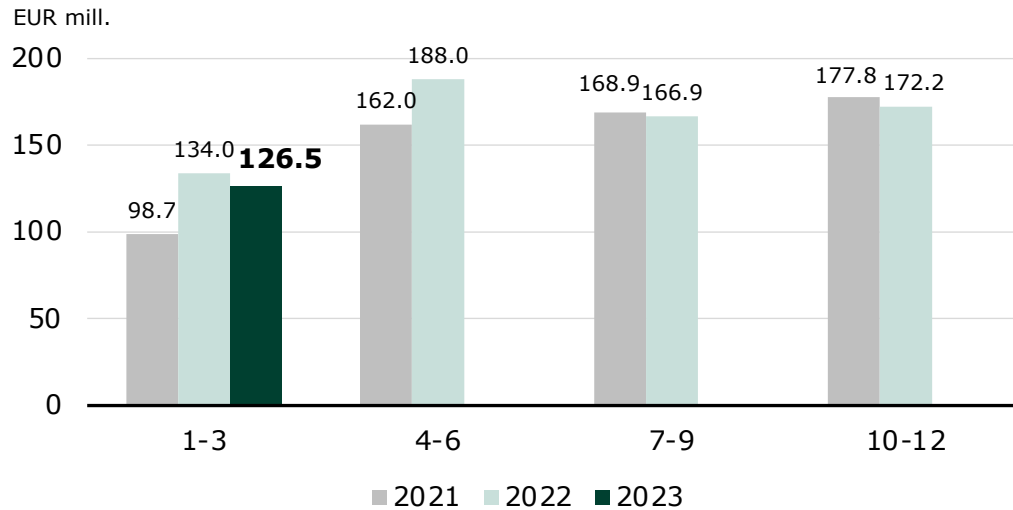


The Lindex division

SUSANNE EHNBÅGE
CEO

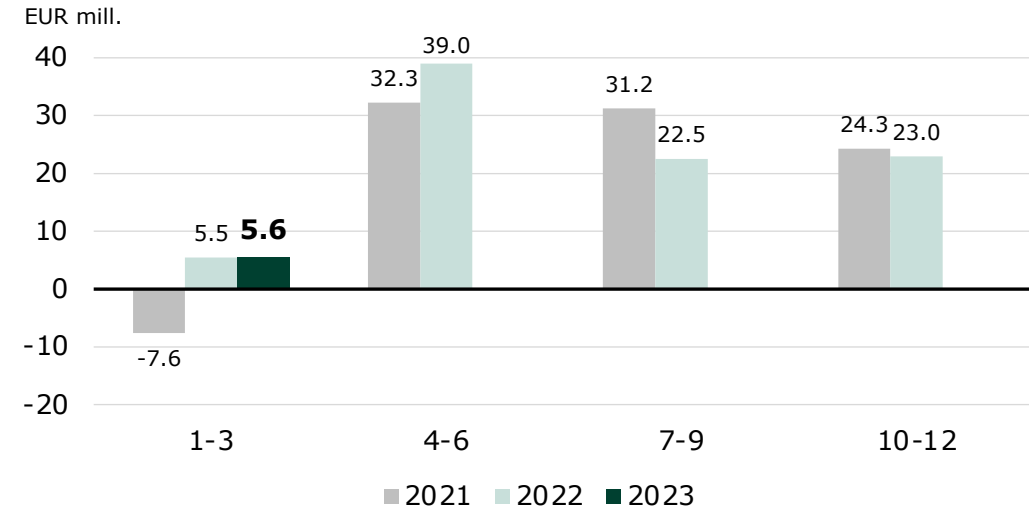
Continued high profitability at Lindex

QUARTERLY REVENUE



- **Revenue** EUR 126.5 million (134.0)
 - Revenue down by 5.6% and up by 0.7% in SEK
 - Sales in brick-and-mortar stores up by 2.3%
 - Digital sales down by 5.2%
 - Share of digital sales was 21.6% (22.9%)
 - The lingerie business area increased most, by 14.1%
- **Gross margin** increased to 65.1% (64.4)
- **Operating costs** decreased to EUR 58.2 million (61.8)

QUARTERLY OPERATING RESULT Adjusted



- **Adj. operating result** EUR 5.6 million (5.5)
- **Operating result** EUR 5.6 million (5.5)
- **CAPEX** EUR 11.5 million (4.4)
 - Related to the building of a new omnichannel warehouse, planned to be completed in 2024



Sales growth despite challenging market situation

- **Sales growth** in local currencies
- **Expanded product offering** within the femtech brand **Female Engineering**
- Piloting **new services** and **circular business models**
- The 2022 **sustainability report** released, describing Lindex's progress, challenges and major transformation
- **Good progress** in **investments** for future growth
- **Brand building** kids' campaign



Continuing global, digital and sustainable growth

- Challenging global market situation
- Continuing Lindex's **femtech journey** as well as developing new business and growth opportunities
- Advancing the **circular transformation** to reach set goals
- Investments and **digital development** are key



Logistic setup today

- Congestion in Lindex's logistic operations
- Main automated distribution centre in Partille has reached storage and throughput capacity
- Manual handling in e-com warehouse in Borås
- Capacity constraints future growth
- Complete central stock not available for all sales channels simultaneously



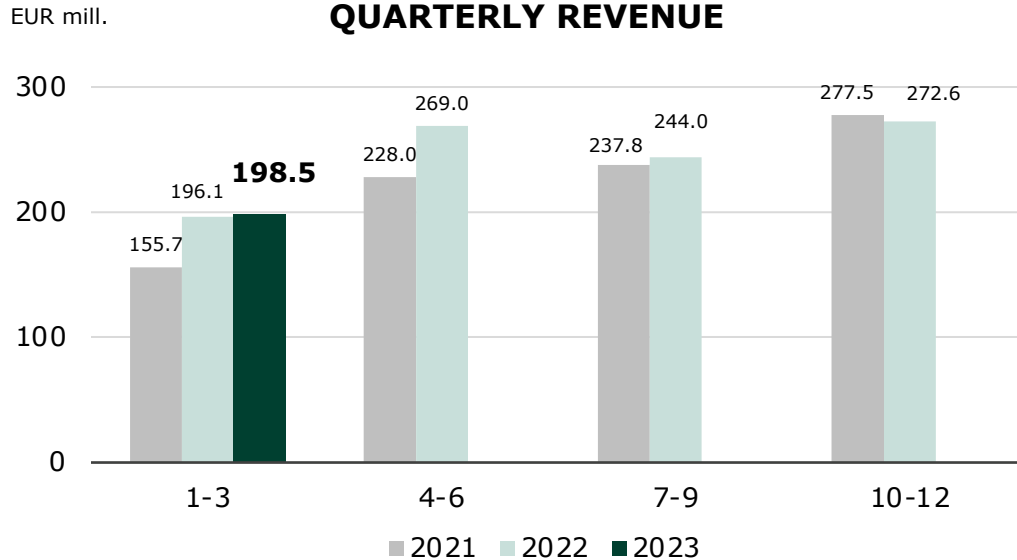


Stockmann Group

ANNELIE FORSBERG
CFO



Both divisions strengthened their sales and result



Revenue EUR 198.5 million (196.1)

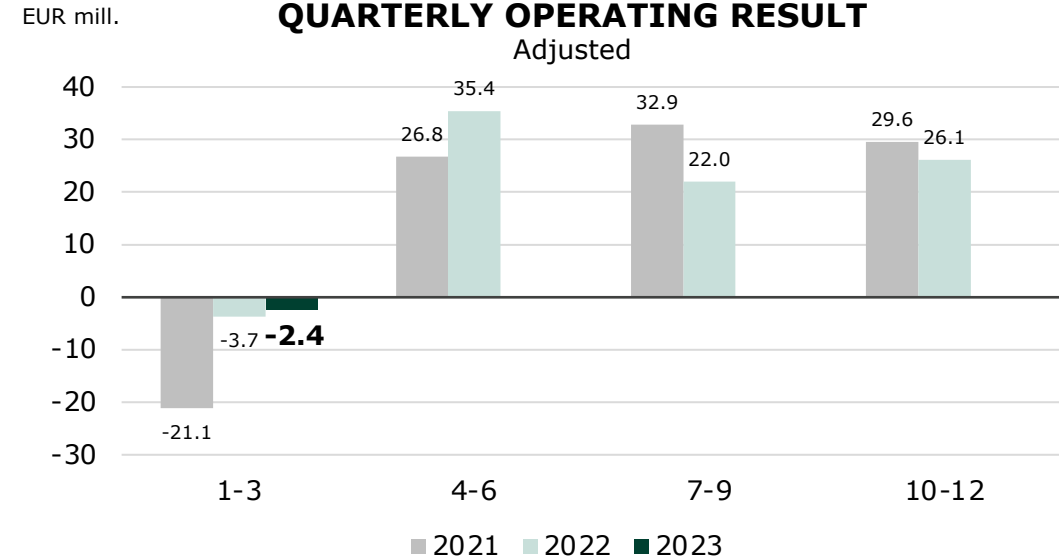
- Increased +1.2% in EUR, +5.5% in local currencies
- Lindex division -5.6% in EUR, +0.7% in local currencies
- Stockmann division +15.8% in EUR

Gross margin 56.4% (57.8)

- Lindex division 65.1% (64.4)
- Stockmann division 41.2% (43.7)

Operating costs EUR 89.3 million (93.1)

- Lindex division EUR 58.2 million (61.8)
- Stockmann division EUR 29.8 million (29.2)



Adjusted operating result EUR -2.4 million (-3.7)

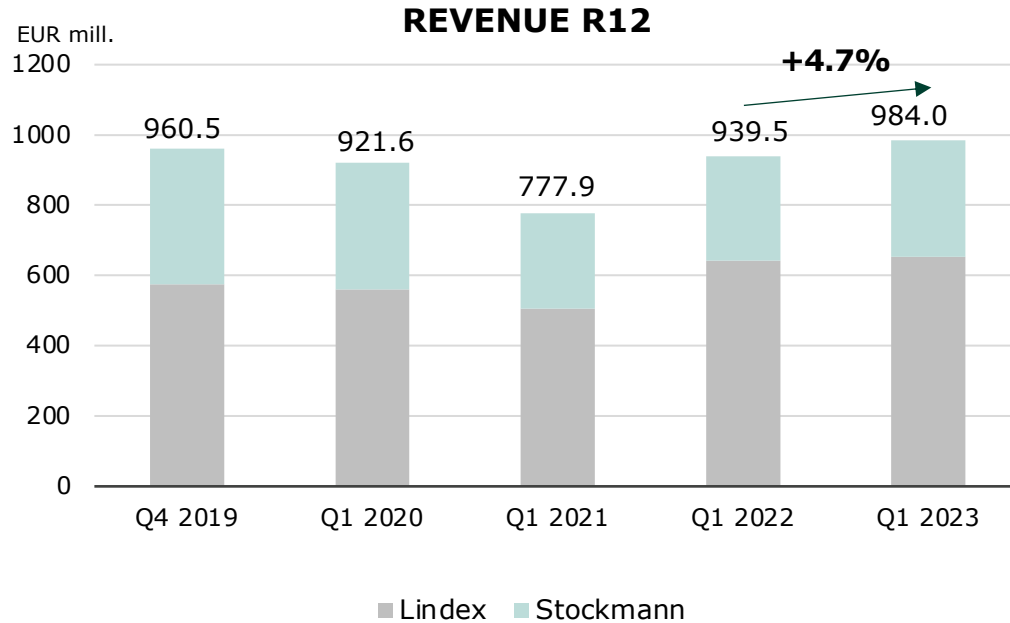
- Increased by EUR 1.3 million
- Lindex division EUR 5.6 million (5.5)
- Stockmann division EUR -7.0 million (-7.3)

Operating result EUR -2.9 million (9.8) PY included capital gain Riga 14.1

- Lindex division EUR 5.6 million (5.5)
- Stockmann division EUR -7.0 million (6.3)

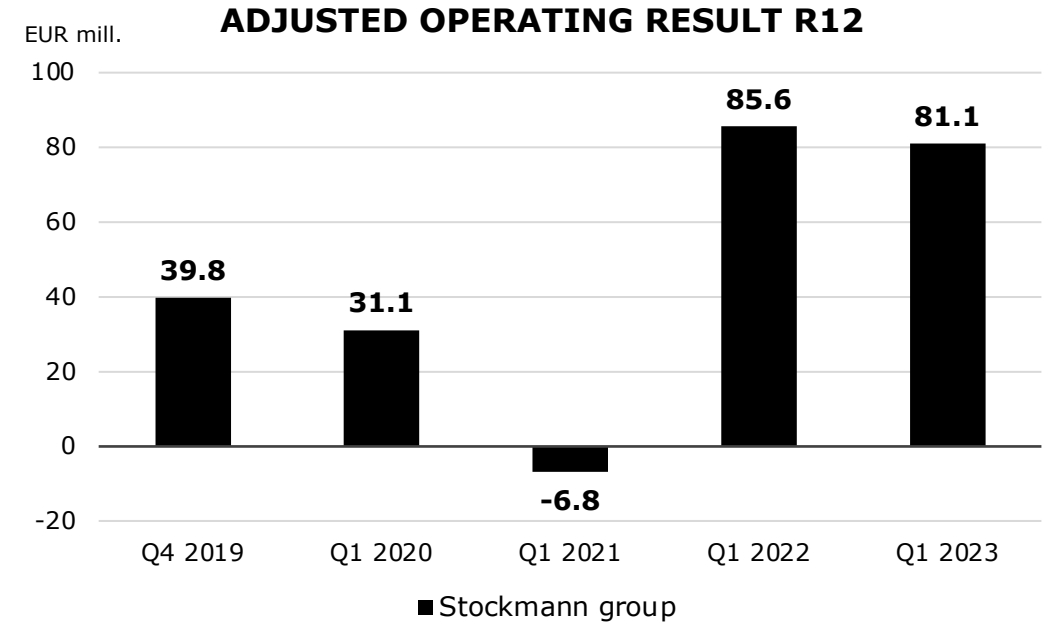


Growth and continued profitability also on R12 basis



Revenue

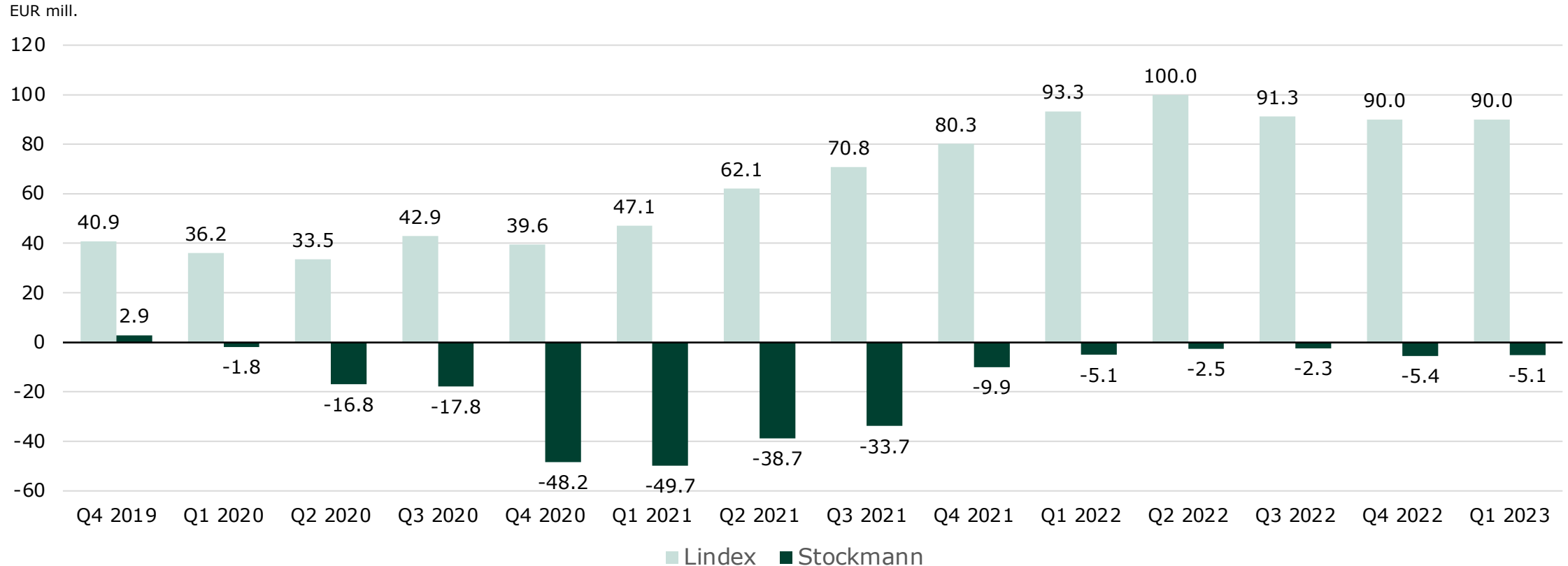
- Group: EUR 984.0 million (939.5)
 - Group increased with +4.7% in EUR and +7.9% in local currencies
 - Lindex division +1.7% in EUR and +7.2% in local currencies
 - Stockmann division +11.3% in EUR
 - More visitors and higher average purchases



Adjusted operating result

- Group: EUR 81.1 million (85.6) -4.5 million
 - Fully explained by currency conversion SEK to EUR
 - If remained SEK/EUR currency EUR 86.1 million +0,6 million

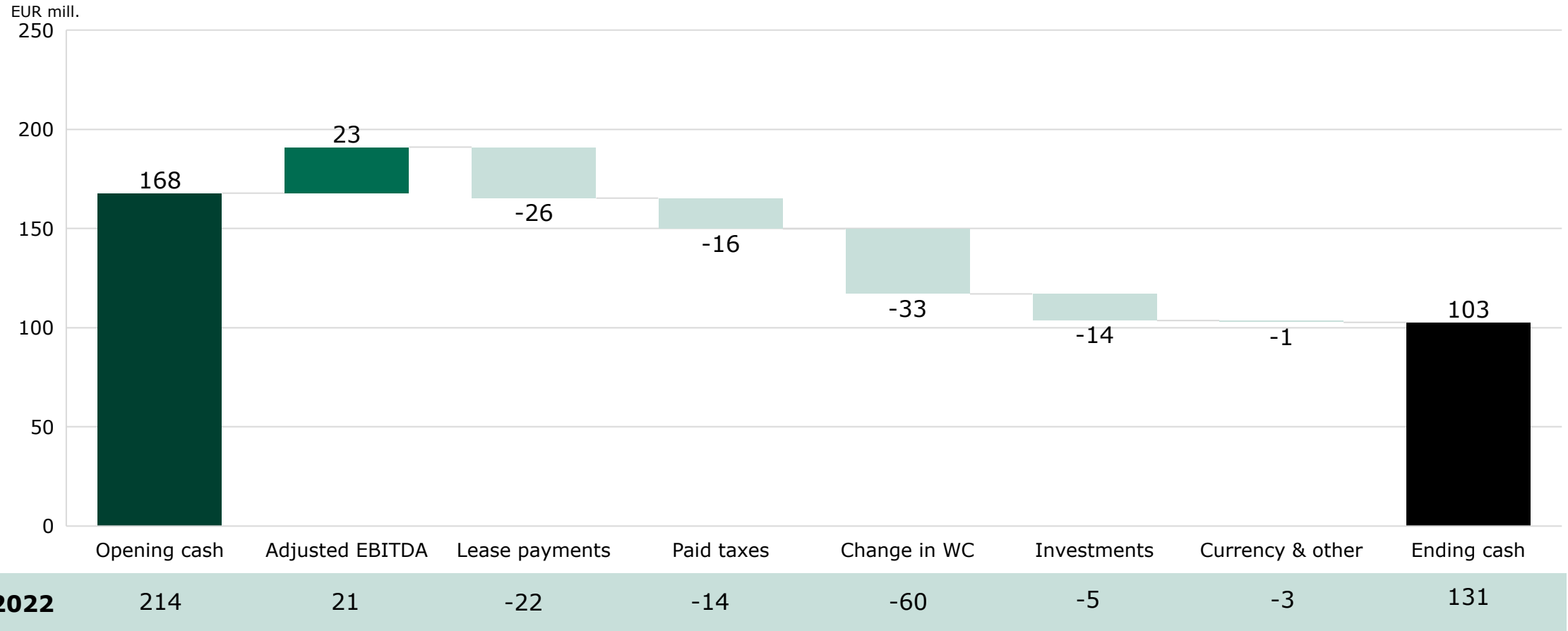
Profitability level of divisions remained unchanged



Adjusted operating result R12 March 2023 compared to R12 March 2022

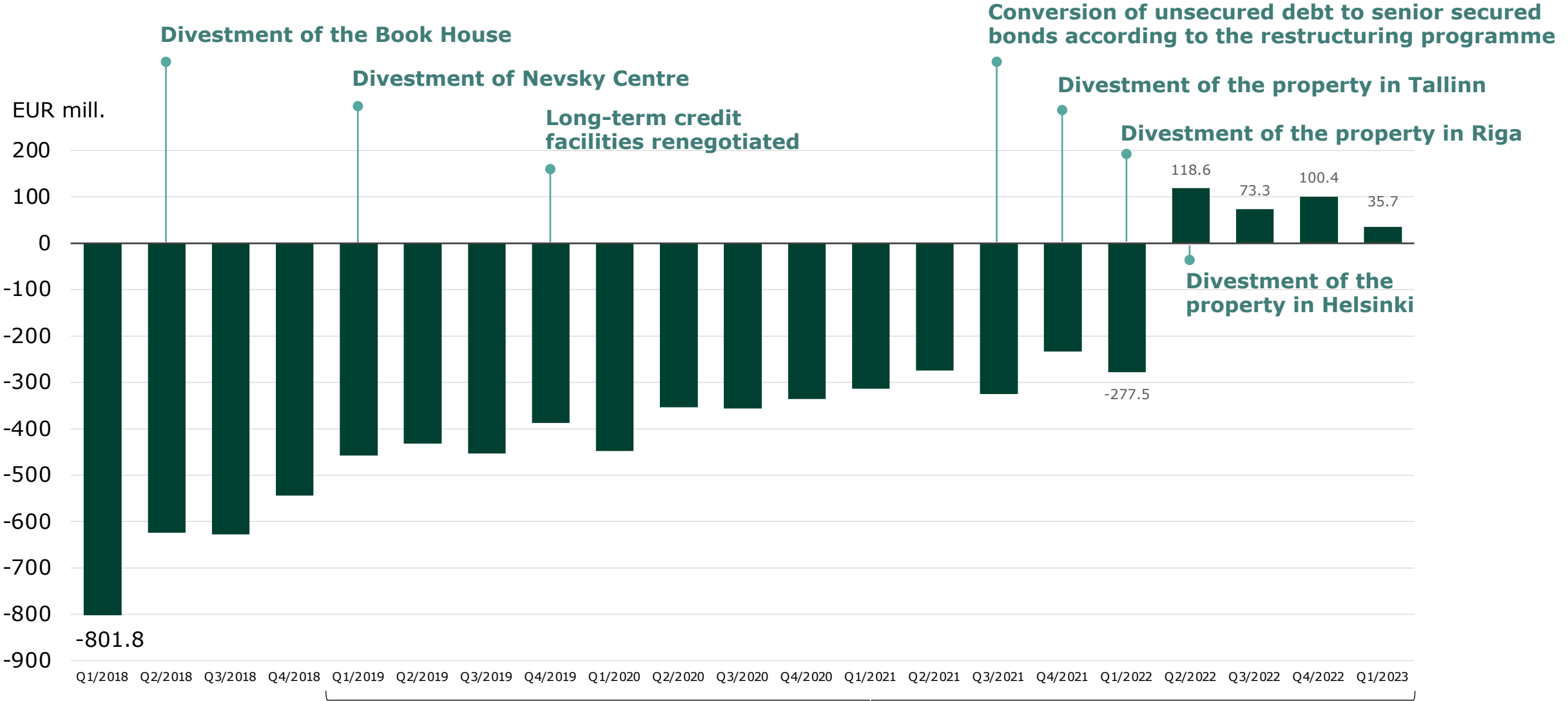
- Index division EUR 90.0 million (93.3) -3.3 million
Fully explained by currency conversion SEK to EUR. If remained SEK/EUR currency EUR 95.0 million +1,7 million
- Stockmann division EUR -5.1 million (-5.1)

Total cash flow in Q1 2023



- CAPEX Index Omnichannel distribution centre EUR 7.8 million in Q1 2023 and EUR 46.3 million since start
- CAPEX Omnichannel distribution centre going forward 2023: EUR 58 million, 2024: EUR 10 million, 2025: EUR 3 million (2022: EUR 38.5 million)
- In 2022, change in Working Capital included repayment of pandemic loans approx. EUR 35 million

Continued positive interest-bearing debt position



Excl. IFRS 16



Lease liabilities

after sale-and-leaseback

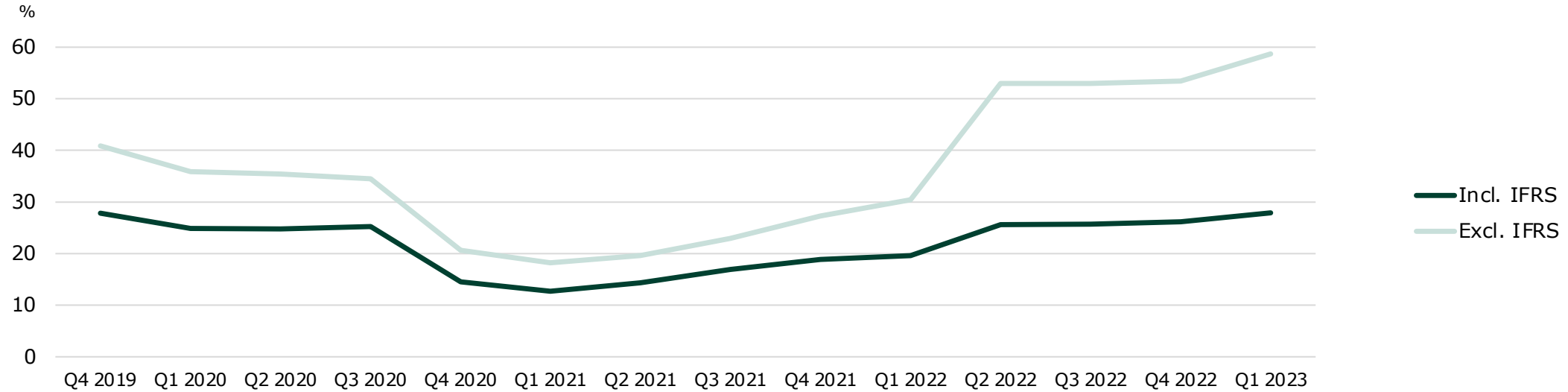
Stores	Number of stores	Average lease period left, years	Lease liability EUR mill.
Stockmann Helsinki city centre	1	19.0	189.8
Stockmann department premises	7	7.1	96.6
Stockmann other leases			6.7
Lindex stores	405	1.9	280.9
Total	413		574.0

All Stockmann department stores and 99.5% of Lindex stores are profitable*.

*Excluding split of central costs

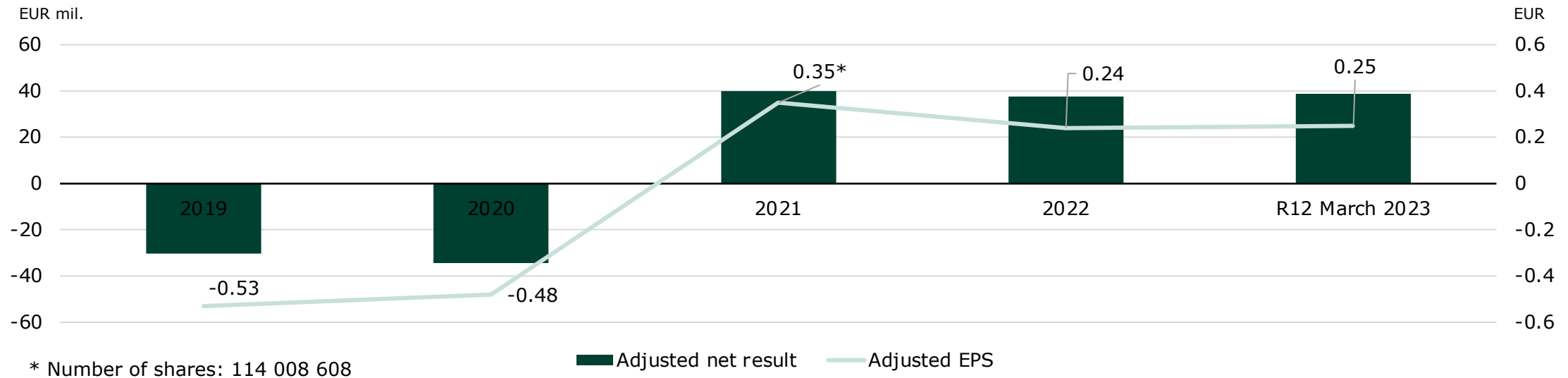


Equity ratio, %



		31 March 2023	31 March 2022	31 December 2022
Cash and cash equivalents	EUR mill.	102.5	130.8	167.9
Inventories	EUR mill.	186.2	178.8	174.2
Equity	EUR mill.	348.8	268.2	335.6
Lease liabilities	EUR mill.	574.0	376.3	554.8
Balance sheet total	EUR mill.	1 251.8	1 371.8	1 282.9
Equity ratio	%	27.9	19.6	26.2
- Excluding IFRS 16		58.7	30.4	53.4

Adjusted earnings per share



		1-3/2023	1-3/2022	1-12/2022	R12 months 31 March 2023
Adj. operating result	EUR mill.	-2.4	-3.7	79.8	81.1
Operating result	EUR mill.	-2.9	9.8	154.9	142.2
Adj. net result for the period	EUR mill.	-9.7	-10.9	37.6	38.8
Net result for the period	EUR mill.	19.5	2.8	101.6	118.4
Average number of shares, undiluted	Thousand	155 880	154 485	155 189	155 456
Average number of shares, diluted	Thousand	157 305	154 485	155 347	155 925
Adj. earnings per share, undiluted and diluted	EUR	-0.06	-0.07	0.24	0.25
Earnings per share, undiluted**	EUR	0.13	0.02	0.65	0.76
Earnings per share, diluted**	EUR	0.12	0.02	0.65	0.76



Market Outlook for 2023

The current challenging geopolitical situation and the high inflation level are expected to continue. However, inflation is predicted to slow down compared to the latter part of the year 2022. The inflation together with high interest rates, is forecast to have a negative impact on consumer confidence and purchasing power.

The retail market is expected to remain challenging due to lower consumer demand and increased purchasing prices and operating costs. The risk of potential disruptions in the supply chains and international logistics cannot be excluded, either.



Guidance for 2023 (unchanged)

In 2023, Stockmann expects the Group's revenue to be in the range of EUR 960–1 020 million and the Group's adjusted operating result to be EUR 60–80 million, subject to foreign exchange rate fluctuation.

The guidance is based on the assumption that the continuing high inflation will increase costs from 2022 and have an adverse impact on consumer demand. At the same time, the Stockmann Group continues taking firm measures to minimise the impacts of cost increases.



Q&A

Further information
stockmanngroup.com
investor.relations@stockmann.com