# INTERIM MANAGEMENT STATEMENT
# Q1 2021

STOCKMANN

STOCKMANN plc. Interim Management Statement 30.4.2021 at 8:00 EET

# Improved adjusted result despite strict COVID-19 restrictions

## January–March 2021

- Consolidated revenue was EUR 155.7 million (168.4), down 7.1% in comparable currency rates.
- Gross margin was 56.3% (54.2).
- Operating result was EUR -27.7 million (-27.8).
- The adjusted operating result was EUR -21.1 million (-26.7).
- Earnings per share were EUR -0.41 (-0.52).
- Adjusted earnings per share were EUR -0.32 (-0.50).

## Guidance for 2021:

The prolonged COVID-19 pandemic gives rise to a lack of clarity in Stockmann's business environment. As the outlook is unclear, Stockmann will provide a new guidance when the market visibility improves. (Unchanged)

## CEO Jari Latvanen:

Stockmann Group improved its result compared to the previous year despite tightened COVID-19 restrictions. The rapidly changing operating environment and COVID-19 restrictions were the reason for the lower level of turnover than in the reference period. Cost adjustment measures and the strong growth of e-commerce compensated for the challenging situation.

Both divisions showed a very strong digital growth in their own channels and Lindex additionally in collaborations with partners' platforms. Lindex had better gross margin due to favourable currency effect together with successful stock handling and better intake margins. The Stockmann division's online sales improved significantly and the major campaign Crazy Days in March Q1 and slightly exceeded last year.

Stockmann's restructuring programme was approved on 9 February and the implementation is proceeding systematically. As a result of the renegotiated rental agreements the level of lease liabilities decreased significantly and the cash situation is good.

## KEY FIGURES

| | **1–3/2021** | 1–3/2020 | 1–12/2020 |
|---|---|---|---|
| Revenue, EUR mill. | **155.7** | 168.4 | 790.7 |
| Gross margin, % | **56.3** | 54.2 | 56.1 |
| Operating result (EBIT), EUR mill. | **-27.7** | -27.8 | -252.4 |
| Adjusted operating result (EBIT), EUR mill. | **-21.1** | -26.7 | 4.9 |
| Result for the period, EUR mill. | **-29.5** | -35.3 | -291.6 |
| Earnings per share, undiluted and diluted, EUR | **-0.41** | -0.52 | -4.05 |
| Personnel, average | **5 331** | 6 599 | 5 991 |
| Cash flow from operating activities, EUR mill. | **-16.9** | -22.4 | 147.4 |
| Capital expenditure, EUR mill. | **2.4** | 6.3 | 19.4 |
| Equity per share, EUR | **2.41** | 5.75 | 2.90 |
| Net gearing, % | **373.7** | 227.0 | 336.1 |
| Equity ratio, % | **12.9** | 24.9 | 14.6 |

## CORPORATE RESTRUCTURING PROCEEDINGS

By a decision on 9 February 2021, the Helsinki District Court approved Stockmann plc's restructuring programme, and the restructuring proceedings have ended. Attorney Jyrki Tähtinen was appointed supervisor of the restructuring programme. The restructuring programme is based on the continuation of Stockmann's department store operations, the sale and lease-back of the department store properties located in Helsinki, Tallinn and Riga and the continuation of Lindex's business operations as a fixed part of the Stockmann Group.

## COVID-19

The COVID-19 pandemic, which broke out in Europe after the first week of March 2020, is still causing significant changes in Stockmann Group's operating environment and customer volumes. During the first quarter in 2021, the pandemic continued to have a negative impact on business, especially in customer volumes in the brick-and-mortar stores. The online sales were not able to fully compensate for the decline despite the strong increase in e-commerce.

During the first quarter other operating income came to EUR 1.5 million as a result of public funding related to the COVID-19 situation received mainly by Lindex in various countries. The sales in both divisions increased in March compared with the previous year.

## REVENUE, EARNINGS AND FINANCING

The Interim Management Statement has been prepared in compliance with the recognition and valuation principles of IFRS but not all the requirements of IAS 34 have been complied with. The accounting policies and calculation methods applied are the same as those in the 2020 financial statements. The figures are unaudited.

**January–March 2021**

Stockmann Group's first-quarter revenue amounted to EUR 155.7 million (168.4). Revenue was down by 7.5% from the previous year in euros, or down by 7.1% in comparable currency rates against the Swedish krona.

Gross profit was EUR 87.6 million (91.3) and the gross margin was 56.3% (54.2). The gross margin was up in Lindex but down in Stockmann.

Operating costs were up by EUR 6.0 million, or up by EUR 0.6 million including adjustments related to restructuring and other transformation measures. Operating costs totalled EUR 91.4 million (85.4).

The operating result for the quarter was EUR -27.7 million (-27.8). The operating result improved in Lindex but weakened in Stockmann. The adjusted operating result was EUR -21.1 million (-26.7).

Net financial expenses amounted to EUR 6.7 million (11.6). The result before taxes was EUR -33.3 million (-39.2).

## REVENUE AND EARNINGS BY DIVISION

Stockmann Group's reporting segments are the Lindex and Stockmann divisions. The segments are reported in accordance with IFRS 8. Unallocated items include Corporate Management, Group Finance Management, Group Treasury and Internal Audit.

# LINDEX

| Lindex | 1–3/2021 | 1–3/2020 | 1–12/2020 |
|---|---|---|---|
| Revenue, EUR mill. | **98.7** | 99.4 | 507.1 |
| Gross margin, % | **64.7** | 61.4 | 63.0 |
| Operating result, EUR mill. | **−13.2** | −15.2 | 38.6 |
| Adjusted operating result, EUR mill. | **−7.7** | −15.2 | 39.4 |
| Capital expenditure, EUR mill. | **1.4** | 3.1 | 8.6 |

### January–March 2021

Lindex's revenue for the quarter was down by 0.7%, to EUR 98.7 million (99.4), or up by 0.2% in comparable currency rates against the Swedish krona. Sales in the brick-and-mortar stores declined due to reduced traffic and periodically closed stores in the majority of the sales markets, caused by the coronavirus situation. Lindex's sales in January and February were below those of the previous year, which was not yet affected by the coronavirus situation. However in March, total sales increased significantly compared with the previous year, which did include the effects of the coronavirus situation. The increase was impacted by strong digital growth and despite the fact that more stores were in lockdown. Growth in the online sales during the quarter was 193.4% and accounted for 28.7% (9.2%) of total sales.

The gross margin was 64.7% (61.4). Lindex had better gross margin due to favourable currency effect together with successful stock handling and better intake margins.

Operating costs increased by EUR 5.2 million, to EUR 60.4 million (55.1). Including adjustments of EUR 5.4 million operating cost were at the previous year's level.

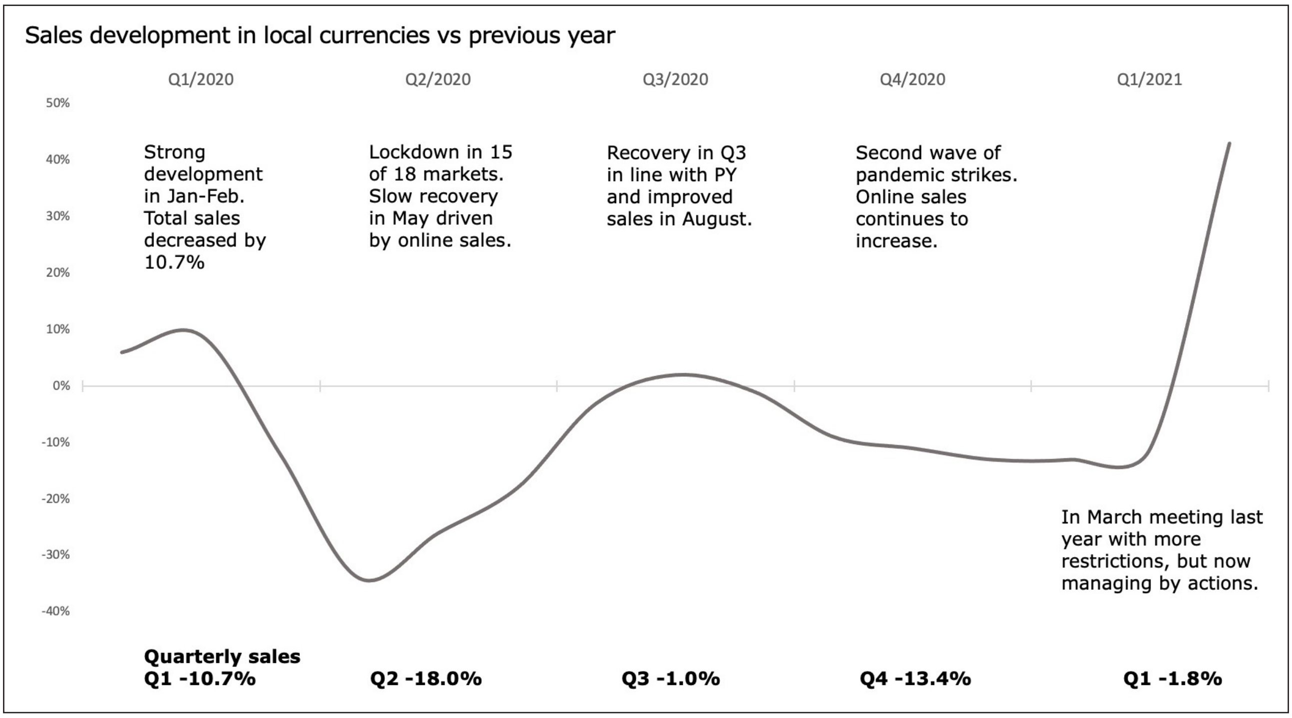
The operating result for the quarter improved by EUR 2.0 million to EUR -13.2 million (-15.2). The strong digital growth, strengthened gross margins and effective cost savings contributed to the positive development in the result.

The adjusted operating result for the quarter improved by EUR 7.5 million to EUR -7.7 million (-15.2). The items affecting comparability consist of EUR 5.4 million, which relates to an agreement with the landlord of Lindex UK regarding the possibility of ending existing loss making leases earlier than previously agreed.

### Store network and digital sales

Lindex had 454 stores in total at the end of the first quarter: 418 own stores and 36 franchise stores. Lindex closed 4 stores during the quarter. In addition to Lindex's own online store, the division also sells its products in third parties' digital platforms.

### Lindex sales development during the COVID-19 pandemic



## STOCKMANN

| Stockmann | 1–3/2021 | 1–3/2020 | 1–12/2020 |
|---|---|---|---|
| Revenue, EUR mill. | **56.9** | 68.9 | **283.6** |
| Gross margin, % | **41.7** | 43.9 | **43.9** |
| Operating result, EUR mill. | **−12.1** | −10.6 | **−30.8** |
| Adjusted operating result, EUR mill. | **−12.0** | −10.6 | **−30.8** |
| Capital expenditure, EUR mill. | **1.1** | 3.2 | **10.8** |

**January–March 2021**

The Stockmann division's first-quarter revenue amounted to EUR 56.9 million (68.9). Revenue was down by 17.4%. Sales in the brick-and-mortar stores declined significantly as the visitor trend declined from the fourth quarter and is behind last year's figures. The impact of the coronavirus is visible as lower sales in Stockmann department stores during January and February compared to the previous year. Growth in the online store was 52.7% and accounted for 23.7% (13.2%) of total sales in the quarter.

Revenue in Finland came to EUR 45.4 million (52.6), a decrease of 13.8% from the previous year. Revenue in the Baltic department stores fell by 29.1%, to EUR 11.5 million (16.3). The sales increased in March compared with the previous year, and the customer average purchase also exceeded last year's level.

The Stockmann division's Crazy Days campaign was held as an extended, 8-day-long online campaign from 24 to 31 March 2021. The Crazy Days online store was successful and exceeded last year 8 %.

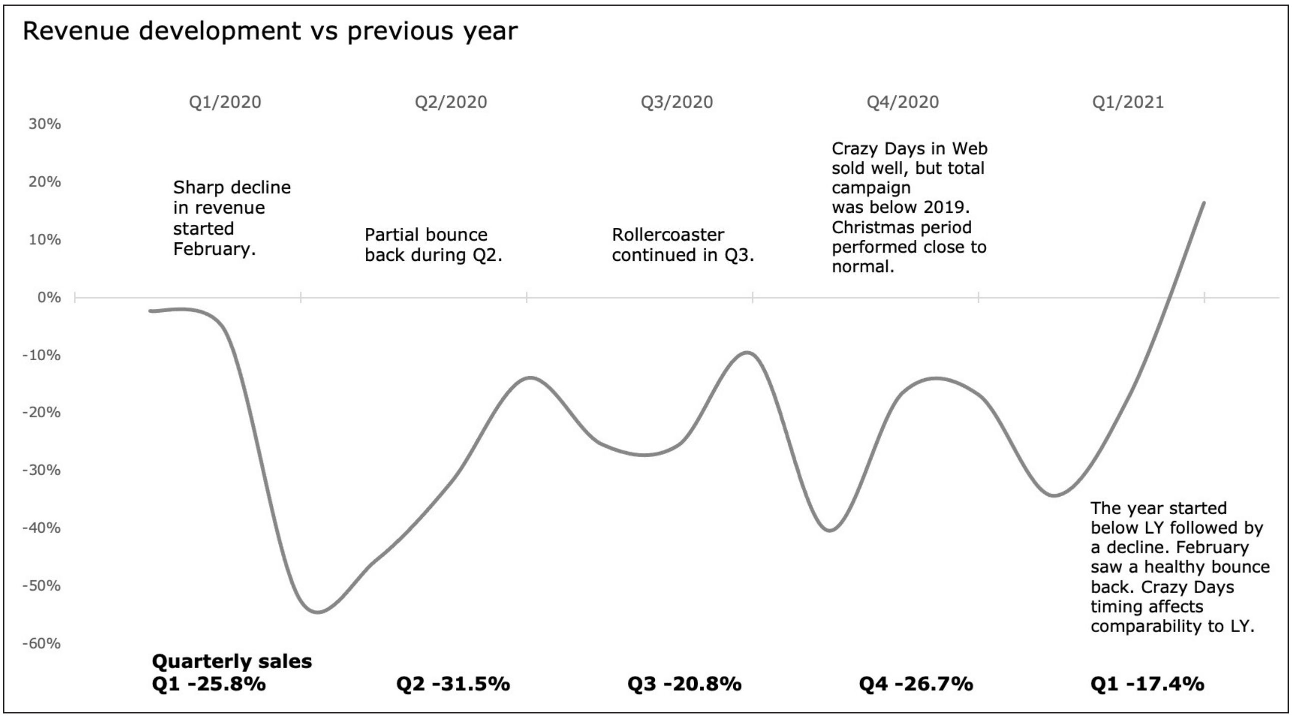
The gross margin was EUR 23.7 million, 41.7% (EUR 30.3 million, 43.9%). The relative gross margin from merchandise revenue declined due to Covid related price campaigning and was 34.1%, EUR 17.2 million (35.0% EUR 20.9 million). Margin from other revenue was EUR 6.5 million (9.4), the decline is mostly due to the terminated sublease agreements in 2020 in relation to corporate restructuring proceedings.

Operating costs were EUR 30.5 million (30.6).

The operating result for the first quarter was EUR -12.1 million (-10.6).

The adjusted operating result was EUR -12.0 million (-10.6).

**Stockmann division's revenue development during the COVID-19 pandemic**



## DECISIONS BY THE ANNUAL GENERAL MEETING

The Annual General Meeting of Stockmann plc was held on Wednesday 7 April 2021 at 14:00 at the premises of Roschier, Attorneys Ltd. in Helsinki at the address Kasarmikatu 21 A. Shareholders and their proxy representatives could participate in the meeting and exercise their rights only by voting in advance and by making counterproposals and presenting questions in advance. Participation at the meeting venue was not possible.

A total of 49 shareholders representing approximately 20.87 million A shares and approximately 16.87 million B shares, in total approximately 37.74 million shares and approximately 225.55 million votes, were represented at the Annual General Meeting. The Annual General Meeting supported all proposals made by the Board of Directors and the Shareholders' Nomination Board to the Annual General Meeting. The Annual General Meeting adopted the financial statements for the financial year 1 January - 31 December 2020, granted discharge from liability to the persons who had acted as members of the Board of Directors and as the CEO during the financial year and, in accordance with the proposal of the Board of Directors, resolved that no dividend shall be paid for the financial year 2020. In addition, the Annual General Meeting resolved to adopt the Remuneration Report of the governing bodies presented to the Annual General Meeting in an advisory vote. (Stock Exchange Release 7 April 2021).

## BUSINESS CONTINUITY, RISKS AND FINANCING SITUATION

Total cash as per 31 December 2020 was EUR 152.5 million. Due to normal business seasonality, the figure declined during Q1 2021 and was EUR 115.4 million at the end of Q1 2021. Both divisions have taken and will take actions to improve the cash and net working capital position. The restructuring proceedings caused uncertainty among suppliers, but business relations are gradually returning to normal. The measures to adjust the cost structure and product intake due to the still continuing coronavirus situation have been implemented from the second quarter of 2020 onwards. During the restructuring, Stockmann plc renegotiated all department store lease agreements and office lease agreements. Thereby, current lease costs and store sizes were adjusted downwards. These measures support the cash flow from 2021 onwards.

The District Court approved the programme on 9 February 2021. The restructuring programme is based on the continuation of Stockmann's department store operations, the sale and leaseback of the department store properties located in Helsinki, Tallinn and Riga and the continuation of Lindex's business operations as a fixed part of the Stockmann Group. The proceeds from the sale and lease-back of properties will mostly be used for repayment of the secured restructuring debt at the latest by 31 December 2022.

Efforts have been made to build some flexibility into the restructuring programme by converting some of the unsecured debts into the company's shares or cutting them. Half of the hybrid bond was cut during Q1 2021 and the other half will be converted to equity. 20% of the other restructuring debt will be converted into equity or cut.

A repayment schedule in accordance with the Restructuring Act has been prepared for the remaining part of the unsecured debt. The repayments will begin in April 2022. An unsecured creditor is entitled to exchange the payment described in the repayment schedule for a secured bond issued by the company with a bullet principal repayment at the maturity of the issue (five (5) years). Stockmann plc will pledge the Stockmann Sverige Ab´s (SSAB) shares and it´s receivables from SSAB as a security for the bond. The different maturity profile of the secured bond brings flexibility for the company for the first years of the restructuring programme. The programme enables Stockmann to make up a EUR 50 million tap-issue on the abovementioned secured bond. This tap-on issue could be used to cover short term liquidity needs.

As a part of the restructuring programme, the company's A and B share series were combined as per 12 April 2021 so that each one (1) A share was entitled to receive 1.1 B shares. The combination is aimed to improve the liquidity of the share and the company's ability to secure financing from the market.

The Group does not currently hedge against risks arising from fluctuations in foreign exchange rates or interest rate risks. The Group's possibilities to arrange new financing are limited during the execution of the corporate restructuring programme. This may have an effect on sufficiency of liquidity and on the financial position. Failure to meet the requirements, sale and lease-back of properties and repayment of restructuring debt according to Stockmann plc's corporate restructuring programme may lead to the termination of the restructuring or bankruptcy.

The prolonged effects of the COVID-19 pandemic will have an impact on Stockmann's liquidity and financial position and the value of its assets. Risks related to production and supply may arise from unusual situations such as an escalation in the COVID-19 pandemic or a new epidemic leading to governmental restrictions, strikes, political uncertainties or conflicts which may stop or cause delays in production or supply of merchandise, which in turn may affect business negatively. The management and the Board of Directors regularly assess the operational and strategic risks associated with the situation.

The Swedish tax authorities required Stockmann to provide a security which covers the EUR 35 million in tax and its interest related to the tax authorities' decision to reassess Stockmann Sverige AB's taxes for the years 2013–2019. The total additional tax is fully recognised as a liability in the consolidated balance sheet. Stockmann appealed against decisions in Sweden to the local appellate court (Kammarrätten i Göteborg). The tax dispute has been deferred on appeal until the European Court of Justice has ruled on the Swedish interest deduction regulations in another case. On 20 January 2021, the European Court of Justice ruled that the Swedish interest rate deduction regulations were in some respects contrary to European Union law. Following this decision, the Swedish tax authorities abandoned the requirement to provide security for the tax liability.

## EVENTS AFTER THE REPORTING PERIOD

On account of the combination of the A and B share classes of Stockmann plc a total of 3 053 086 new shares issued to holders of A shares in a directed share issue without payment have been registered with the Trade Register on 9 April 2021, in accordance with the resolution made by the Annual General Meeting on 7 April 2021. Simultaneously, the combination of the Company's share classes as well as the amendments to the Articles of Association related thereto have been registered with the Trade Register. (Stock Exchange Release 9 April 2021).

LähiTapiola Keskustakiinteistöt Ky, the landlord of Stockmann's Tapiola department store, has initiated arbitration proceedings against Stockmann, in which the company claims up to EUR 43 million compensation from Stockmann in accordance with paragraph 27 of the Restructuring of Enterprises Act. The supervisor of Stockmann's corporate restructuring proceedings has disputed the claim to the extent it exceeds EUR 3.5 million. In addition, Nordika II SHQ Oy, the landlord of Stockmann's Takomotie office space, has filed a claim with the Helsinki District Court, in which the company claims compensation amounting to EUR 14.5 million at maximum from Stockmann on the same basis. This claim has been disputed by the supervisor to the extent exceeds EUR 1,2 million. The compensation that may be awarded will be part of the restructuring debt.

With regard to the other disputed receivables mentioned in the restructuring programme, conciliation negotiations are underway and some of them have already been settled amicably. Disputes mentioned in the corporate restructuring programme concerning HOK-Elanto Liiketoiminta Oy and the landlord of the Jumbo department store have been settled.

## GUIDANCE FOR 2021

The prolonged COVID-19 pandemic gives rise to a lack of clarity in Stockmann's business environment. As the outlook is unclear, Stockmann will provide a new guidance when the market visibility improves. (Unchanged)

## MARKET OUTLOOK FOR 2021

Uncertainty in the global economy is expected to persist throughout 2021, and the COVID-19 pandemic will continue to have a significant impact on the economy across the world, until the coronavirus situation is under better control. The retail market is expected to remain challenging due to changes in consumer behaviour and confidence, which are also affected by the coronavirus situation.

The Stockmann division will continue to execute the restructuring programme and Lindex to drive efficiencies and explore new growth opportunities.

Helsinki, 29 April 2021

STOCKMANN plc
Board of Directors

# FINANCIAL INFORMATION

The Interim Management Statement is prepared in compliance with the recognition and valuation principles of IFRS but all the requirements of IAS 34 are not complied with. The accounting policies and calculation methods applied are the same as those in the 2019 financial statements. The figures are unaudited.

## CONSOLIDATED INCOME STATEMENT

| EUR mill. | **1.1.–31.3.2021** | 1.1.–31.3.2020 | 1.1.–31.12.2020 |
|---|---|---|---|
| **REVENUE** | **155.7** | 168.4 | 790.7 |
| Other operating income | **1.5** | 0.0 | 9.7 |
| Materials and consumables | **−68.0** | −77.1 | −347.0 |
| Wages, salaries and employee benefit expenses | **−45.6** | −49.7 | −181.9 |
| Depreciation, amortisation and impairment losses | **−25.3** | −33.7 | −379.9 |
| Other operating expenses | **−45.8** | −35.7 | −144.0 |
| **Total expenses** | **−184.8** | −196.2 | −1 052.7 |
| **OPERATING PROFIT/LOSS** | **−27.7** | −27.8 | −252.4 |
| Financial income | **1.0** | 0.2 | 3.7 |
| Financial expenses | **−6.7** | −11.6 | −45.4 |
| **Total financial income and expenses** | **−5.7** | −11.4 | −41.6 |
| **PROFIT/LOSS BEFORE TAX** | **−33.3** | −39.2 | −294.0 |
| Income taxes | **3.8** | 3.9 | 2.4 |
| **NET PROFIT/LOSS FOR THE PERIOD** | **−29.5** | −35.3 | −291.6 |
| | | | |
| **Profit/loss for the period attributable to:** | | | |
| Equity holders of the parent company | **−29.5** | −35.3 | −291.6 |
| | | | |
| **Earnings per share, EUR:** | | | |
| From the period result (undiluted and diluted) | **−0.41** | −0.52 | −4.05 |

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| EUR mill. | **1.1.–31.3.2021** | 1.1.–31.3.2020 | 1.1.–31.12.2020 |
|---|---|---|---|
| **PROFIT/LOSS FOR THE PERIOD** | **−29.5** | −35.3 | −291.6 |
| **Other comprehensive income:** | | | |
| **Items that may be subsequently reclassified to profit and loss** | | | |
| Exchange differences on translating foreign operations, before tax | **−5.7** | −15.7 | 37.9 |
| Exchange differences on translating foreign operations, net of tax | **−5.7** | −15.7 | 37.9 |
| Cash flow hedges, before tax | | 3.6 | 1.4 |
| Cash flow hedges, net of tax | | 3.6 | 1.4 |
| **Other comprehensive income for the period, net of tax** | **−5.7** | −12.1 | 39.3 |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | **−35.1** | −47.4 | −252.3 |
| | | | |
| **Total comprehensive income attributable to:** | | | |
| Equity holders of the parent company | **−35.1** | −47.4 | −252.3 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| EUR mill. | **31.3.2021** | 31.3.2020 | 31.12.2020 |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| **Intangible assets** | | | |
| Goodwill | **271.8** | 478.3 | 277.5 |
| Trademark | **88.8** | 82.2 | 90.6 |
| Intangible rights | **27.6** | 35.6 | 30.4 |
| Other intangible assets | **1.3** | 1.7 | 1.4 |
| Advance payments and construction in progress | **1.6** | 2.6 | 1.6 |
| **Intangible assets, total** | **391.1** | 600.4 | 401.5 |
| **Property, plant and equipment** | | | |
| Land and water | | 17.5 | |
| Buildings and constructions | | 235.2 | |
| Machinery and equipment | **41.0** | 51.2 | 44.5 |
| Modification and renovation expenses for leased premises | **4.1** | 4.7 | 4.2 |
| Right-of-use assets | **320.2** | 463.6 | 351.4 |
| Advance payments and construction in progress | **12.8** | 8.1 | 11.6 |
| **Property, plant and equipment, total** | **378.1** | 780.3 | 411.8 |
| Investment properties | **0.5** | 0.5 | 0.5 |
| Non-current receivables | **1.4** | 0.4 | 1.7 |
| Non-current lease receivables | | 15.4 | 3.9 |
| Other investments | **0.2** | 0.3 | 0.2 |
| Deferred tax assets | **28.3** | 21.6 | 27.8 |
| **NON-CURRENT ASSETS, TOTAL** | **799.7** | 1 418.8 | 847.4 |
| | | | |
| **CURRENT ASSETS** | | | |
| **Inventories** | **160.4** | 171.4 | 135.3 |
| **Current receivables** | | | |
| Interest-bearing receivables | **1.2** | 0.3 | 0.0 |
| Lease receivables | | 1.3 | 0.5 |
| Income tax receivables | **0.2** | 3.7 | 0.3 |
| Non-interest-bearing receivables | **33.8** | 33.8 | 45.0 |
| **Current receivables, total** | **35.2** | 39.1 | 45.8 |
| **Cash and cash equivalents** | **115.4** | 42.9 | 152.3 |
| **CURRENT ASSETS, TOTAL** | **311.1** | 253.4 | 333.4 |
| **ASSETS CLASSIFIED AS HELD FOR SALE** | **247.1** | | 247.3 |
| | | | |
| **ASSETS, TOTAL** | **1 357.9** | 1 672.2 | 1 428.1 |

| EUR mill. | **31.3.2021** | 31.3.2020 | 31.12.2020 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| Share capital | **144.1** | 144.1 | 144.1 |
| Share premium fund | **186.1** | 186.1 | 186.1 |
| Invested unrestricted equity fund | **250.4** | 250.4 | 250.4 |
| Other funds | **43.8** | 46.1 | 43.8 |
| Translation reserve | **14.8** | −33.2 | 20.4 |
| Retained earnings | **−518.2** | −285.3 | −541.7 |
| Hybrid bond | **52.9** | 105.8 | 105.8 |
| **Equity attributable to equity holders of the parent company** | **173.9** | 414.0 | 209.0 |
| **EQUITY, TOTAL** | **173.9** | 414.0 | 209.0 |
| | | | |
| **NON-CURRENT LIABILITIES** | | | |
| Deferred tax liabilities | **35.5** | 42.8 | 35.9 |
| Non-current interest-bearing financing liabilities | | 413.7 | |
| Non-current lease liabilities | **260.0** | 421.8 | 290.7 |
| Non-current non-interest-bearing liabilities and provisions | **100.6** | 1.5 | 0.2 |
| **NON-CURRENT LIABILITIES, TOTAL** | **396.1** | 879.7 | 326.9 |
| | | | |
| **CURRENT LIABILITIES** | | | |
| Current interest-bearing financing liabilities | **430.0** | 77.3 | 488.2 |
| Current lease liabilities | **76.5** | 87.0 | 80.5 |
| **Current non-interest-bearing liabilities** | | | |
| Trade payables and other current liabilities | **224.4** | 176.8 | 249.6 |
| Income tax liabilities | **36.5** | 35.1 | 39.6 |
| Current provisions | **3.4** | 2.2 | 17.0 |
| **Current non-interest-bearing liabilities, total** | **264.3** | 214.2 | 306.2 |
| **CURRENT LIABILITIES, TOTAL** | **770.7** | 378.5 | 874.9 |
| **LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE** | **17.2** | | 17.4 |
| | | | |
| **LIABILITIES, TOTAL** | **1 184.0** | 1 258.2 | 1 219.1 |
| **EQUITY AND LIABILITIES, TOTAL** | **1 357.9** | 1 672.2 | 1 428.1 |

# CONSOLIDATED CASH FLOW STATEMENT

| EUR mill. | **1.1.–31.3.2021** | 1.1.–31.3.2020 | 1.1.–31.12.2020 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit/loss for the period | **−29.5** | −35.3 | −291.6 |
| **Adjustments for:** | | | |
| Depreciation, amortisation and impairment losses | **25.3** | 33.7 | 379.9 |
| Gains (-) and losses (+) of disposals of fixed assets and other non-current assets | **0.0** | 0.0 | 0.0 |
| Interest and other financial expenses | **6.7** | 11.6 | 45.4 |
| Interest income | **−1.0** | −0.2 | −3.7 |
| Income taxes | **−3.8** | −3.9 | −2.4 |
| Other adjustments | **−0.1** | 1.1 | 15.9 |
| **Working capital changes:** | | | |
| Increase (-) /decrease (+) in inventories | **−27.0** | −31.5 | 13.9 |
| Increase (-) / decrease (+) in trade and other current receivables | **10.7** | 3.0 | −9.7 |
| Increase (+) / decrease (-) in current liabilities | **12.9** | 14.1 | 25.3 |
| Interest expenses paid | **−11.1** | −14.0 | −30.3 |
| Interest received from operating activities | **0.0** | 0.3 | 0.8 |
| Income taxes paid from operating activities | **0.0** | −1.2 | 4.1 |
| **Net cash from operating activities** | **−16.9** | −22.4 | 147.4 |
| | | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of tangible and intangible assets | **−2.7** | −6.4 | −18.7 |
| Exchange rate gain on the hedge of a net investment and internal loan* | | −2.3 | 7.1 |
| Dividends received from investing activities | | | 1.6 |
| **Net cash used in investing activities** | **−2.7** | −8.8 | −10.0 |
| | | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from current liabilities | | 53.3 | 53.3 |
| Repayment of current liabilities | | −45.4 | −45.4 |
| Proceeds from non-current liabilities | | 55.0 | 75.4 |
| Repayment of non-current liabilities | | −6.4 | −6.4 |
| Payment of lease liabilities | **−15.6** | −20.2 | −80.2 |
| Interest on hybrid bond | | −8.2 | −8.2 |
| **Net cash used in financing activities** | **−15.6** | 28.1 | −11.5 |
| | | | |
| **NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS** | **−35.3** | −3.0 | 125.9 |
| | | | |
| Cash and cash equivalents at the beginning of the period | **152.3** | 24.9 | 24.9 |
| Cheque account with overdraft facility | | −2.3 | −2.3 |
| **Cash and cash equivalents at the beginning of the period** | **152.3** | 22.7 | 22.7 |
| Net increase/decrease in cash and cash equivalents | **−35.3** | −3.0 | 125.9 |
| Effects of exchange rate fluctuations on cash held | **−1.6** | −0.5 | 3.7 |
| Cash and cash equivalents at the end of the period | **115.4** | 42.9 | 152.3 |
| Cheque account with overdraft facility | | −23.8 | |
| **Cash and cash equivalents at the end of the period** | **115.4** | 19.1 | 152.3 |

*Realised foreign exchange rate gain on the hedge of a net investment in a foreign operation and internal loan.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| EUR mill. | Share capital | Share premum fund | Hedging reserve | Reserve for un-restricted equity | Other reserves | Translation differences | Retained earnings | Total | Hybrid bond | **Total** |
|---|---|---|---|---|---|---|---|---|---|---|
| **EQUITY 1.1.2020** | 144.1 | 186.1 | −1.3 | 250.4 | 43.8 | −17.5 | −241.8 | 363.8 | 105.8 | **469.6** |
| Profit/loss for the period* | | | | | | | −35.3 | −35.3 | | **−35.3** |
| Exchange differences on translating foreign operations | | | | | | −15.7 | | −15.7 | | **−15.7** |
| Cash flow hedges | | | 3.6 | | | | | 3.6 | | **3.6** |
| **Total comprehensive income for the period, net of tax** | | | 3.6 | | | −15.7 | −35.3 | −47.4 | | **−47.4** |
| Interest paid on hybrid bond | | | | | | | −8.2 | −8.2 | | **−8.2** |
| **Other changes in equity total** | | | | | | | −8.2 | −8.2 | | **−8.2** |
| **EQUITY 31.3.2020** | 144.1 | 186.1 | 2.2 | 250.4 | 43.8 | −33.2 | −285.3 | 308.2 | 105.8 | **414.0** |

* Adjusted due to change in accounting principle

| EUR mill. | Share capital | Share premum fund | Hedging reserve | Reserve for un-restricted equity | Other reserves | Translation differences | Retained earnings | Total | Hybrid bond | **Total** |
|---|---|---|---|---|---|---|---|---|---|---|
| **EQUITY 1.1.2020** | 144.1 | 186.1 | −1.3 | 250.4 | 43.8 | −17.5 | −241.8 | 363.8 | 105.8 | **469.6** |
| Profit/loss for the period | | | | | | | −291.6 | −291.6 | | **−291.6** |
| Exchange differences on translating foreign operations | | | 0.1 | | | 37.9 | | 37.9 | | **37.9** |
| Cash flow hedges | | | 1.3 | | | | | 1.3 | | **1.3** |
| **Total comprehensive income for the period, net of tax** | | | 1.4 | | | 37.9 | −291.6 | −252.3 | | **−252.3** |
| Interest paid on hybrid bond | | | | | | | −8.2 | −8.2 | | **−8.2** |
| **Other changes in equity total** | | | | | | | −8.2 | −8.2 | | **−8.2** |
| **EQUITY 31.12.2020** | 144.1 | 186.1 | 0.0 | 250.4 | 43.8 | 20.4 | −541.7 | 103.2 | 105.8 | **209.0** |

| EUR mill. | Share capital | Share premum fund | Hedging reserve | Reserve for un-restricted equity | Other reserves | Translation differences | Retained earnings | Total | Hybrid bond | **Total** |
|---|---|---|---|---|---|---|---|---|---|---|
| **EQUITY 1.1.2021** | 144.1 | 186.1 | 0.0 | 250.4 | 43.8 | 20.4 | −541.7 | 103.2 | 105.8 | **209.0** |
| Profit/loss for the period | | | | | | | −29.5 | −29.5 | | **−29.5** |
| Exchange differences on translating foreign operations | | | | | | −5.7 | | −5.7 | | **−5.7** |
| **Total comprehensive income for the period, net of tax** | | | | | | −5.7 | −29.5 | −35.1 | | **−35.1** |
| Hybrid bond cut according to restructuring programme | | | | | | | 52.9 | 52.9 | −52.9 | |
| **Other changes in equity total** | | | | | | | 52.9 | 52.9 | −52.9 | |
| **EQUITY 31.3.2021** | 144.1 | 186.1 | 0.0 | 250.4 | 43.8 | 14.8 | −518.2 | 121.0 | 52.9 | **173.9** |

### CASH FLOWS BASED ON AGREEMENTS IN FINANCIAL LIABILITIES AT 31 MARCH 2021

| EUR mill. | Carrying amount | 2021 | 2022 | 2023 | 2024 | 2025+ | Total |
|---|---|---|---|---|---|---|---|
| Restructuring debt | 555.3 | −443.2 | −9.0 | −9.0 | −9.0 | −73.2 | −543.4 |
| Trade payables and other current liabilities | 116.4 | −116.4 | | | | | −116.4 |
| Lease liability | 336.5 | −86.4 | −73.9 | −60.3 | −46.9 | −143.0 | −410.5 |
| **Total** | 1 008.3 | −646.0 | −82.9 | −69.4 | −55.9 | −216.2 | −1 070.3 |

The cash flows presented are based on the restructuring programme, which was approved on 9 February 2021 and they include financing costs.
Figures are including the accrued interest according to the loan agreements.

### RESTRUCTURING DEBT

| EUR mill. | **31.3.2021** |
|---|---|
| **Non-current non-interest-bearing restructuring debt, unsecured *** | **82.4** |
| Current interest-bearing restructuring debt, secured | **435.4** |
| Current non-interest-bearing restructuring debt, unsecured ** | **20.6** |
| **Current restructuring debt total** | **456.0** |
| Restructuring debt related to non-current provisions | **13.5** |
| Restructuring debt related to current provisions | **3.4** |
| **Restructuring debt related to provisions ***** | **16.9** |
| Hybrid Bond (booked to Equity) + interest for the period 01/31 - 04/08/2020 **** | **54.1** |
| **Restructuring debt total** | **609.4** |

Stockmann plc's intra-group restructuring liabilities amount to EUR 81.7 million.
* According to the approved restructuring programme the payments of the unsecured restructuring debt will begin on 30 April 2022.
** The 20% part of the unsecured restructuring debt, which according to the approved restructuring programme will be cut or converted to shares.
*** Consists of landlords' claims for terminated lease agreements.
**** The 50% part of the hybrid bond, which according to the approved restructuring programme will be cut or converted to shares.

### FINANCIAL INCOME AND EXPENSES

| EUR mill. | **31.3.2021*** | 31.3.2020 | 31.12.2020 |
|---|---|---|---|
| Dividend income from other investments | | | 1.6 |
| Interest income on bank deposits, other investments and currency derivatives | **0.0** | 0.0 | 0.0 |
| Interest income from lease contracts | **0.0** | 0.2 | 0.7 |
| Change in fair value of financial assets at fair value through profit or loss | | −0.1 | |
| Other financial income | **1.0** | | 0.8 |
| Foreign exchange differences | | | 0.5 |
| **Financial income, total** | **1.0** | 0.2 | 3.7 |
| Interest expenses on financial liabilities measured at amortised cost | **−3.6** | −5.2 | −20.3 |
| Interest expenses from lease contracts | **−2.9** | −6.0 | −21.2 |
| Change in fair value of financial assets at fair value through profit or loss | | 0.0 | 0.0 |
| Other financial expenses | | 0.0 | −3.8 |
| Foreign exchange differences | **−0.2** | −0.4 | |
| **Financial expenses, total** | **−6.7** | −11.6 | −45.4 |
| **Financial income and expenses, total** | **−5.7** | −11.4 | −41.6 |

*Includes EUR 1.0 mill. gain on the change in the lease agreements of Itis department store.

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