INTERIM MANAGEMENT STATEMENT Q1 2023

STOCKMANN

STOCKMANN plc. Interim Management Statement 28.4.2023 at 8:00 EET

The Stockmann Group had a positive start to the year – both sales and profitability improved

January–March 2023:

- The Stockmann Group's revenue increased by 1.2% and was EUR 198.5 million (196.1).
- Gross margin decreased to 56.4% (57.8).
- Adjusted operating result improved to EUR -2.4 million (-3.7).
- Both the Lindex division and the Stockmann division strengthened sales and profitability.
- Operating result was EUR -2.9 million (9.8).
- Net result amounted to EUR 19.5 million (2.8).
- Earnings per share (undiluted) were EUR 0.13 (0.02).
- Earnings per share (diluted) were EUR 0.12 (0.02).

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.

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.

CEO Jari Latvanen:

The Stockmann Group had a positive start to 2023. Both the Lindex division and the Stockmann division strengthened sales and profitability,although the macro-economic situation in our operating countries continued to be challenging. Our strengthened performance is a result of the excellent work of our dedicated employees, supported by the strong customer and brand loyalty enjoyed by Lindex and Stockmann. Both brands thrive and evolve thanks to carefully curated collections and services as well as our strong sustainability agenda and actions. We will continue driving forward our strategic priorities in multiple areas to accelerate growth in both divisions.

During the quarter, we improved the Group revenue by 1.2% to EUR 198.5 million. The growth in revenue was due to good sales development in the Stockmann division with an increase of 15.8%. The improved sales were driven by a healthy increase in the number of visitors and successful commercial activities. The first three days of the revamped five-day-long Crazy Days campaign contributed to the sales of the quarter. Sales of the Lindex division improved by 0.7% in local currencies but decreased by 5.6% in reported currency. The sales grew in seven of nine of the division's own markets and lingerie was the strongest category.

The Group's adjusted operating result for the quarter increased by EUR 1.3 million and stood at EUR -2.4 million (-3.7) thanks to increased sales and efficient cost control. Lindex improved its already good profitability level and the Stockmann division made progress as well.

Although the business environment continued to be volatile, we succeeded in serving our existing loyal customers well and attracting new ones. The Lindex division continued increasing the number of new registered customers and improved brand awareness in the two largest markets of the division, Sweden and Norway. Customers appreciate Lindex's strong sustainability agenda, which has contributed to the strengthened brand image. The Stockmann division made good progress in customer experience, with the Emotional Value Index (EVI) rising during the quarter from 59 to 62. Moreover, the number of new loyalty programme members of the Stockmann division increased from the comparison period.

In the Lindex division, we are making considerable investments in improving the overall digitalisation to meet customers' expectations and to enable efficient scaling of the business – all contributing to further global, digital and sustainable growth in line with our strategy. The ongoing construction of the new EUR 110 million omnichannel distribution centre is proceeding well, and it is planned to be taken into operation in 2024. I also want to highlight the development of Lindex's strategic offering, which includes innovations such as the well-received new femtech brand, Female Engineering. The new brand contributed to the success of the lingerie category and its strong sales during the first quarter.

As for the Stockmann division, we are carrying out a change where the traditional department store is being transformed into a destination hub that offers customers an inspiring environment not only for shopping but for entertainment and socialising as well. We are therefore refocusing and reinventing our Helsinki flagship experience. As the first step of this journey, a new inspirational children's world has been built in the Helsinki flagship store. As an example of the offering development, the biggest toy store in the Nordics, Pieni Lelukauppa (Little Toy Store), was opened in March as part of the new children's department.

Another example of the ongoing strategic repositioning is an expanded range of luxury and affordable luxury brands, which will provide interesting growth potential and an enhanced offering for our customers. After the reporting period, French fashion house Louis Vuitton's store opened in Stockmann's Helsinki flagship store. The partnership is an important step towards the targeted position.

I am especially pleased with our improved performance considering the headwind caused by the operating environment. Regardless of the fact that inflation levels remained high and had an adverse impact on consumer confidence and purchasing power, we still succeeded increasing our revenue and improving our adjusted operating result. The positive development in a difficult retail landscape proves the validity of the strategic choices related to the existing categories of both divisions. We are preparing for the future by evaluating strategic options and financing for the period after the corporate restructuring.

I extend my warmest thanks to our wonderful employees in the Lindex and Stockmann teams for their great contribution and customer focus during the quarter. I also want to thank our customers, partners and other stakeholders with whom we are sharing and together developing the inspiring strategic journey of Stockmann Group.

KEY FIGURES

	1–3/2023	1–3/2022	1–12/2022
Revenue, EUR mill.	**198.5**	196.1	981.7
Gross profit, EUR mill.	**112.0**	113.4	568.3
Gross margin, %	**56.4**	57.8	57.9
Operating result (EBIT), EUR mill.	**−2.9**	9.8	154.9
Adjusted operating result (EBIT), EUR mill.	**−2.4**	−3.7	79.8
Net result for the period, EUR mill.	**19.5**	2.8	101.6
Adjusted earnings per share, undiluted and diluted, EUR	**−0.06**	−0.07	0.32
Earnings per share, undiluted, EUR *)	**0.13**	0.02	0.65
Earnings per share, diluted, EUR *)	**0.12**	0.02	0.65
Cash flow total, EUR mill.	**−65.3**	−82.9	−45.8
Capital expenditure, EUR mill.	**13.6**	6.3	62.5
Equity per share, EUR	**2.24**	1.73	2.15
Equity ratio, %	**27.9**	19.6	26.2

*) Impacted by the positive tax decision of EUR 29.6 million for Stockmann Sverige AB during the first quarter of 2023. The comparison figure was impacted by the capital gain from selling the real estate in Riga amounting to EUR 14.1 million.

REVENUE AND EARNINGS

January–March 2023

The Stockmann Group's first-quarter revenue improved by 1.2%, to EUR 198.5 million (196.1). The improvement is mainly explained by a strong sales increase for the Stockmann division by 15.8% thanks to more visitors in the department stores as well as successful commercial campaigns. The Lindex division increased sales in local currencies by 0.7%, but decreased sales in EUR by 5.6%.

Revenue in Finland was up by 13.4%, to EUR 68.0 million (60.0) due to increased sales in the Stockmann division, but also good sales improvements for Lindex. In Sweden, revenue decreased by 8.7%, to EUR 67.5 million (73.9), which is explained by the weaker SEK vs EUR. However, Lindex's Swedish sales increased by 1.5% in SEK. Revenue in the other countries amounted to EUR 63.0 million (62.3), an increase of 1.2% mainly due to higher sales in the Baltics and Central Europe.

The gross profit decreased to EUR 112.0 million (113.4). Both divisions increased gross profit in local currencies mainly thanks to higher sales, but the negative effect from converting the Lindex division's gross profit in local currencies to EUR decreased the Group's total gross profit.

The Group's gross margin decreased to 56.4% (57.8) due to a higher share of clearance sales in the Stockmann division. The Lindex division's gross margin increased due to more efficient sourcing and lower freight costs, but it did not fully compensate the gross margin decrease of the Stockmann division.

Other operating income decreased to EUR 0.0 million (15.2) as the previous year included the capital gain of selling the real estate in Riga amounting to EUR 14.1 million. The capital gain was treated as an item affecting comparability.

Operating costs for the quarter were down by EUR 3.9 million, to EUR 89.3 million (93.1). Despite inflation, higher energy costs and additional personal costs related to increased sales, the Group's operating costs decreased. This was an effect of a positive currency impact deriving from the Lindex division and efficient cost saving actions in both divisions.

The adjusted operating result for the quarter increased to EUR -2.4 million (-3.7), which was related to improved results in both divisions due to increased sales and efficient cost control.

The operating result declined to EUR -2.9 million (9.8), explained mainly by the capital gain of EUR 14.1 million from selling the real estate in Riga during previous year.

The interest impact of the sale-and-leaseback agreement of the Helsinki department store property increased the net financial expenses to EUR 7.3 million (5.4).

Income taxes were impacted positively since Stockmann Sverige AB's tax liability decreased by EUR 29.6 million during the period, which is further explained in chapter 'Disputes related to the restructuring process and tax cases'.

The net result increased to EUR 19.5 million (2.8).

REVENUE AND EARNINGS BY DIVISION

The 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.

THE LINDEX DIVISION

Lindex	**1–3/2023**	1–3/2022	1–12/2022
Revenue, EUR mill.	**126.5**	134.0	661.1
Gross profit, EUR mill.	**82.3**	86.3	423.7
Gross margin, %	**65.1**	64.4	64.1
Adjusted operating result, EUR mill.	**5.6**	5.5	90.0
Operating result, EUR mill.	**5.6**	5.5	90.3
Capital expenditure, EUR mill.	**11.5**	4.4	55.3

January–March 2023

The Lindex division's revenue decreased by 5.6%, to EUR 126.5 million (134.0). In local currencies the revenue increased by 0.7% with improved sales in seven of nine of the division's own markets. Sales at the brick-and-mortar stores continued to increase by 2.3% while digital sales decreased by 5.2%. This was mainly due to the fact that customers continued to prefer shopping frequently in brick-and-mortar stores. There was also a somewhat lower order intake from global digital fashion platforms. Digital sales accounted for 21.6% (22.9) of total sales. Lingerie was the best performing category and Lindex's new femtech brand Female Engineering was well received by customers. The Lindex division continued increasing the number of new registered customers during the first quarter and improved brand awareness in the division's two largest markets, Sweden and Norway.

The gross profit decreased from EUR 86.3 million, to EUR 82.3 million, which was fully explained by the adverse currency effect of weaker local currencies. The gross profit improved in local currencies due to higher sales and a stronger gross margin.

The gross margin increased to 65.1% (64.4) despite the higher purchase prices caused by a historically high USD. The other factors contributing to the improved gross margin comprise more efficient sourcing and lower freight costs. Price increases were implemented, but increased costs were not all fully passed on to consumer prices.

Operating costs excluding depreciations decreased by EUR 3.7 million, to EUR 58.2 million (61.8). This was the combined effect of both cost saving actions and active operational business prioritisations made by the division. Own successful actions to mitigate cost inflation were boosted by the positive currency effect when converting costs in local currencies to euro.

The Lindex division's operating result for the first quarter was slightly above the previous year's level EUR 5.6 million (5.5). The operating result improved in local currencies due to increased sales with improved gross margin together with efficient cost saving actions. However, the positive result development in local currency was eroded by the negative currency impact during the quarter.

Capital expenditure during the quarter was EUR 11.5 million (4.4), which mainly related to the ongoing construction of the new omnichannel distribution centre, planned to be taken into operation in 2024. The other ongoing investments of the division are related to the enhancement of Lindex's digitalisation and sustainability performance. They include a new Point-of-Sales system, RFID-system, Product-Lifecycle Management system and robotics. These important investments are proceeding well according to plan and will enable continued growth and efficiency improvement.

During the quarter, the Lindex division opened three new stores and closed two stores. At the end of the first quarter Lindex had 437 stores in total, of which 405 are own stores and 32 franchised ones. In addition to the Lindex division's own online store, Lindex also sells its products on third parties' digital fashion platforms.

THE STOCKMANN DIVISION

Stockmann	1–3/2023	1–3/2022	1–12/2022
Revenue, EUR mill.	**72.0**	62.2	320.6
Gross profit, EUR mill.	**29.7**	27.1	144.6
Gross margin, %	**41.2**	43.7	45.1
Adjusted operating result, EUR mill.	**−7.0**	−7.3	−5.4
Operating result, EUR mill.	**−7.0**	6.3	71.2
Capital expenditure, EUR mill.	**2.1**	1.9	7.2

January–March 2023

The Stockmann division's revenue grew by 15.8% and amounted to EUR 72.0 million (62.2). Sales in the department stores increased by 17.3% due to a healthy improvement in visitor numbers. Successful commercial activities as well as the recovery of tourism after the pandemic contributed to the sales increase. The online store sales increased by 4.5% and accounted for 11.1% (12.2) of total sales. During the reporting period, there was a increase in the number of Stockmann division's loyalty programme members.

Revenue in Finland was EUR 52.9 million (46.1) and increased by 14.7%, mainly as a result of the improved number of visitors in the department stores. The revenue of our Baltic department stores increased by 18.7%, to EUR 19.1 million (16.1). Also in the Baltics, the improvement mainly took place due to the improved visitors numbers.

The Stockmann division's Crazy Days campaign was held as a five-day-long campaign from 29 March to 2 April 2023. The campaign was arranged in all three countries both in the department stores and online. The first three days of the campaign contributed well to the revenue development of the quarter.

The gross profit improved to EUR 29.7 million (27.1) explained by the increased sales, although it was partly affected by a lower gross margin. The gross margin decreased to 41.2% (43.7), which was due to a higher share of clearance sales.

Operating costs, excluding depreciations, increased by EUR 0.6 million, to EUR 29.8 million (29.2). The operating costs increased due to higher energy and personnel costs. The increased personnel costs mainly related to the sales increase at the department stores. The cost increases were partly mitigated by continued cost efficiency actions.

The adjusted operating result increased to EUR -7.0 million (-7.3). This was an effect of higher sales which mitigated the increase in operating costs, depreciations related to the sale and lease-back of the Helsinki department store property and decline in other operating income. During the comparison period, the operating income was impacted by the Covid-19 related subsidies.

The operating result for the quarter decreased to EUR -7.0 million (6.3), explained by the capital gain of EUR 14.1 million from selling the real estate in Riga during the previous year.

Capital expenditure during the quarter was EUR 2.1 million (1.9), which mainly relates to the ongoing department store renewals in Helsinki, Turku and Itäkeskus but also investments to digital growth and omnichannel capabilities.

The Stockmann division is carrying out a gradual change of its Helsinki flagship store from a traditional department store into a destination offering customers not only shopping experiences but also inspiration as well as possibilities for socialising and entertainment. As the first step, a new children's world was built during the quarter and as a part of this, the biggest toystore in the Nordics, Pieni Lelukauppa was opened.

The Stockmann division is repositioning itself more strongly towards the luxury and affordable luxury categories, which provide interesting growth potential. After the reporting period on 7 April, French fashion house Louis Vuitton's store opened in Stockmann's Helsinki flagship store. The partnership is an important step in the development of Stockmann's offering.

CASH FLOW AND FINANCING

Cash and cash equivalents totalled EUR 102.5 million (130.8) at the end of March compared to EUR 167.9 million at the end of 2022. During the first quarter the cash decreased by EUR -65.3 million (-82.9). The decrease in cash during the first quarter is explained by capital expenditures, tax payments and seasonality in capital employed together with increased inventories compared to the previous year.

Total inventories were EUR 186.2 million (178.8) at the end of March. Inventories increased from the previous year in both the Lindex and the Stockmann divisions, explained by increased sales and higher purchase prices.

SUSTAINABILITY

The Stockmann Group's strategic priorities support the sustainable growth of the responsible business of both divisions. The Group is committed to fair and responsible business practices, and to the Science Based Targets initiative (SBTi), which sets a clear framework for development over the coming years. With this in mind, the Stockmann Group's CO_2 calculation was revised in 2022. This enables the Stockmann Group to set science-based (SBTi) climate targets for the whole Group. The target setting proceeded well during the reporting period and the work will be completed during 2023.

The Group CSR review and the Lindex sustainability report for 2022 were published during the first quarter. Both divisions continued their determined work to develop the sustainability of their own operations. As part of Lindex's continuous work with innovations and exploration of new circular business models and opportunities, the fashion company piloted new services during the quarter.

The Stockmann division also continued to add new sustainable choices to its selection and services. As an example, Stockmann and Lounais-Suomen Jätehuolto Oy (LSJH) started a cooperation to recycle end-of-life textiles. Damaged textiles and textiles that are not fit for use or repair can be brought to collection points at the Turku department store for recycling. With the cooperation, Stockmann wants to promote sustainability in the fashion and textile sector.

DECISIONS BY THE ANNUAL GENERAL MEETING

The Annual General Meeting of Stockmann plc, held on 22 March 2023, adopted the financial statements for the financial year 2022, granted discharge from liability to the persons who had acted as members of the Board of Directors and as CEO during the financial year, and resolved that no dividend shall be paid for the financial year 2022.

The Annual General Meeting resolved that the number of members of the Board of Directors will be six. Stefan Björkman, Timo Karppinen, Roland Neuwald, Sari Pohjonen, Tracy Stone and Harriet Williams were re-elected as members of the Board of Directors.

In its organisational meeting the Board of Directors elected Sari Pohjonen as its Chair and Roland Neuwald as its Vice Chair. The Board of Directors decided to establish an Audit Committee and a People and Remuneration Committee. Timo Karppinen was elected as Chair of the Audit Committee, and Roland Neuwald and Sari Pohjonen as the other members. Stefan Björkman was elected as Chair of the People and Remuneration Committee and Sari Pohjonen, Tracy Stone and Harriet Williams as the other members.

The Annual General Meeting resolved to re-elect audit firm Ernst & Young Oy as the auditor. Ernst & Young Oy has notified that Terhi Mäkinen, APA, will act as the responsible auditor.

The Annual General Meeting resolved to adopt the Remuneration Report of the governing bodies and to support the amended Remuneration Policy for governing bodies proposed to the Annual General Meeting. The decisions were advisory.

The Annual General Meeting resolved to amend the Company's Articles of Association by removing Article 14 concerning the pre-emptive purchase obligation from the Articles of Association. The numbering of the Articles of Association will be amended correspondingly so that the current Article 15 will be Article 14 going forward.

Stockmann's stock exchange release of 22 March 2023 on the decisions taken at the Annual General Meeting and in the Board of Directors' organisational meeting is available at www.stockmanngroup.com.

BUSINESS CONTINUITY, RISKS AND FINANCING SITUATION

The restructuring programme is proceeding according to plan, which means that all Stockmann's department store properties have been sold and all interest-bearing debt has been paid except for the bond of EUR 67.5 million. There are still disputed claims regarding the termination of lease agreements that must be settled before the restructuring process can end.

The Group's scope for arranging new financing is limited during the execution of the corporate restructuring programme, which cannot end until all disputed claims are solved. This may have an effect on the sufficiency of liquidity and on the financial position. The Stockmann Group is preparing for the future by evaluating strategic options and financing for the period after the corporate restructuring.

The current geopolitical situation is causing a rise in inflation which may affect sales negatively due to the level of consumer confidence, as well as increasing buying prices and operating costs. Further, it may cause delays in the supply chains due to matters concerning production and freight. The management and the Board of Directors regularly assess the operational and strategic risks associated with the current situation.

In response to the Russian invasion of Ukraine, Stockmann removed products of Russian and Belarusian origin from sale in February 2022. As a result, about 200 products of Russian origin were removed from Stockmann's selections. Stockmann also discontinued selling merchandise to the Russian partner Debruss. The impact on Stockmann Group is limited.

DISPUTES RELATED TO THE RESTRUCTURING PROCESS AND TAX CASES

Stockmann has paid all undisputed external restructuring debt, but still has disputed claims and undisputed conditional or maximum restructuring debt. At the end of March 2023, the amount from the disputed claims was EUR 61.3 million, which is the same amount as at the end of December 2022. The disputed claim amount is mainly related to the termination of long-term leases of premises. The supervisor of the restructuring programme has disputed the claims and considered it justified to pay 18 months' rent for the leases instead of rent for all the years remaining in the lease contract. Two of the remaining disputed claims will be settled in the District Court and one by arbitration proceedings.

The amount of undisputed conditional or maximum restructuring debt was EUR 12.8 million. Stockmann has made a provision of EUR 30.8 million, which corresponds to the company's estimate of the probable amount relating to both the disputed claims and the undisputed conditional or maximum restructuring debt. The creditors of such restructuring debt will be entitled to convert their receivables to shares and bonds after their respective receivables have been confirmed.

LähiTapiola Keskustakiinteistöt Ky, the landlord of Stockmann's Tapiola department store, initiated arbitration proceedings against Stockmann in which the company demanded up to EUR 43.4 million in compensation from Stockmann in accordance with section 27, subsection 1 of the Restructuring Act. The supervisor of the restructuring proceedings disputed the demand of LähiTapiola Keskustakiinteistöt Ky in the restructuring programme to the extent that it exceeds EUR 3.5 million. In connection with the same, LähiTapiola Keskustakiinteistöt Ky filed a claim against Stockmann, Stockmann AS and the supervisor at the Helsinki District Court to leave the matter in abeyance. On 31 August 2022, the Arbitration Court in its arbitration decision partially rejected the claims of LähiTapiola Keskustakiinteistöt Ky and confirmed that the compensation to be paid to LähiTapiola Keskustakiinteistöt Ky is EUR 19.3 million, of which a previously agreed undisputed amount of EUR 3.4 million was converted to shares and paid. Stockmann has filed a claim in the District Court regarding the nullity and the application for annulment regarding the decision given in the arbitration proceedings between LähiTapiola Keskustakiinteistöt Ky and Stockmann. As a result, EUR 15.9 million is seen as a disputed case again. The remaining compensation to be paid is recognised as a provision and will be re-classified as restructuring debt after the confirmation of the Court. An arbitration procedure separate from Stockmann plc's arbitration procedure is in progress between LähiTapiola and Stockmann AS concerning the amount of compensation to be paid to LähiTapiola as part of the restructuring proceedings, as well as a separate dispute in the Helsinki District Court. In addition, concerning this same amount of compensation, a dispute is in progress between the supervisor and LähiTapiola. The supervisor deems LähiTapiola's receivable to be under dispute until the claims mentioned above have been finally resolved. The supervisor has announced to the company and the Helsinki District Court that the supervisor will not request the District Court to amend the restructuring programme based on the arbitration decision while the receivable is under dispute. It is the supervisor's view that no payment based on the arbitration decision must be made to LähiTapiola while the amount of the receivable is under dispute, because the company, the supervisor and Stockmann AS consider the arbitration decision to be erroneous. LähiTapiola has applied to the Helsinki District Court to amend Stockmann's restructuring programme so that the amount of the restructuring debt, based on the arbitration decision, would be confirmed at EUR 19.3 million. Stockmann, Stockmann AS and the supervisor objected to the application because the claimed amount is still disputed. The District Court rejected LähiTapiola's application with its decision on 3 April 2023. The decision is not legally binding, and it can be appealed to the Court of Appeal.

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 demands compensation amounting to a maximum of EUR 14.5 million from Stockmann in accordance with section 27, subsection 1 of the Restructuring Act. This claim has been disputed by the supervisor of the restructuring programme to the extent that it exceeds EUR 1.3 million. The EUR 1.3 million was converted to shares and paid in March 2022, but the difference is still a claim. In the same claim, Nordika II SHQ Oy has named the supervisor and Stockmann as respondents.

Mutual Insurance Fund Fennia, the lessor of the Tampere department store, has commenced arbitration proceedings against Stockmann, in which the company demands up to EUR 11.9 million in compensation from Stockmann in accordance with section 27, subsection 1 of the Restructuring Act. The supervisor of the restructuring proceedings has disputed the claim to the extent that it exceeds EUR 2.8 million. In addition, Mutual Insurance Fund Fennia has filed two claims with the Helsinki District Court regarding Stockmann, with the supervisor as respondent in the first claim and Stockmann as respondent in the other claim. In the claims to the Helsinki District Court, Mutual Insurance Fund Fennia requests the court to confirm that the damages payable to Fennia are the maximum amount of EUR 12 million.

Tampereen Seudun Osuuspankki, the second lessor of the Tampere department store, has initiated proceedings at the Pirkanmaa District Court in which the company demands up to EUR 20.3 million compensation from Stockmann in accordance with section 27, subsection 1 of the Restructuring Act. In the restructuring programme, the supervisor has disputed the claim presented by Tampereen Seudun Osuuspankki during the restructuring proceedings (at which time the maximum amount of the claim was EUR 17.7 million) to the extent that it exceeds EUR 2.0 million.

Regarding the other disputed receivables mentioned in the restructuring programme, conciliation negotiations are underway.

The Swedish tax authorities took a negative stance on the taxation of Stockmann's subsidiary Stockmann Sverige AB regarding its right to deduct interest expenses during the years 2013–2019 for a loan raised for the acquisition of AB Lindex. The Administrative Court of Appeal made a decision in September 2022, in which it overturned the previous court decisions and approved Stockmann's appeal and confirmed that Stockmann Sverige AB was entitled to deduction of the interest expenses during the years 2013–2016. According to a decision received in October 2022, the County Administrative Court in Gothenburg approved Stockmann's appeal and confirmed that Stockmann Sverige AB was entitled to a deduction of interest expenses during the years 2017–2019. Both decisions became legally valid after the Supreme Administrative Court in Sweden decided on 27 January 2023 that it would not grant a leave to appeal to the Swedish Tax Agency for the decision made by the Administrative Court of Appeal. As a consequence of the legally valid decisions, Stockmann Sverige AB's tax liability and income taxes have decreased by approx. EUR 30 million during the period and no tax liability for the years 2013–2019 remains.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period.

FINANCIAL RELEASES IN 2023

Stockmann Group will publish its financial reports in 2023 as follows:
- 21 July 2023 Half year financial report for January–June 2023
- 27 October 2023 Interim Management Statement for January–September 2023

WEBCAST FOR ANALYSTS AND THE MEDIA

A press and analyst briefing will be held in English as a live webcast today, on 28 April 2023 at 10:00 a.m. The event can be followed via this link. The recording and presentation material will be available on the company's website after the event.

Further information:
Jari Latvanen, CEO, tel. +358 9 121 5606
Annelie Forsberg, CFO, tel. +46 706 43 00 59
Marja-Leena Dahlskog, Head of Communications & IR,
tel. + 358 50 5020060
investor.relations@stockmann.com

Helsinki, 27 April 2023

STOCKMANN plc
Board of Directors

FINANCIAL INFORMATION

This Interim Management Statement has been prepared in compliance with IAS 34. The figures are unaudited.

CONSOLIDATED INCOME STATEMENT

EUR mill.	**1.1.–31.3.2023**	1.1.–31.3.2022	1.1.–31.12.2022
REVENUE	**198.5**	196.1	981.7
Other operating income	**0.0**	15.2	99.6
Materials and services	**−86.5**	−82.7	−413.4
Employee benefit expenses	**−51.8**	−52.2	−212.1
Depreciation, amortisation and impairment losses	**−25.6**	−25.7	−103.2
Other operating expenses	**−37.5**	−40.9	−197.7
Total expenses	**−201.4**	−201.6	−926.4
OPERATING PROFIT/LOSS	**−2.9**	9.8	154.9
Financial income	**0.9**	0.3	2.6
Financial expenses	**−8.2**	−5.7	−28.3
Total financial income and expenses	**−7.3**	−5.4	−25.7
PROFIT/LOSS BEFORE TAX	**−10.2**	4.4	129.2
Income taxes	**29.7**	−1.6	−27.5
NET PROFIT/LOSS FOR THE PERIOD	**19.5**	2.8	101.6
Profit/loss for the period attributable to:			
Equity holders of the parent company	**19.5**	2.8	101.6
Earnings per share, EUR:			
From the period result, undiluted	**0.13**	0.02	0.65
From the period result, diluted	**0.12**	0.02	0.65

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	**1.1.–31.3.2023**	1.1.–31.3.2022	1.1.–31.12.2022
PROFIT/LOSS FOR THE PERIOD	**19.5**	2.8	101.6
Other comprehensive income:			
Items that may be subsequently reclassified to profit and loss			
Exchange differences on translating foreign operations, before tax	**−7.7**	−2.6	−33.3
Exchange differences on translating foreign operations, net of tax	**−7.7**	−2.6	−33.3
Cash flow hedges, before tax	**1.2**	−0.5	−2.2
Cash flow hedges, net of tax	**1.2**	−0.5	−2.2
Other comprehensive income for the period, net of tax	**−6.5**	−3.1	−35.6
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**13.0**	−0.3	66.1
Total comprehensive income attributable to:			
Equity holders of the parent company	**13.0**	−0.3	66.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	31.3.2023	31.3.2022	31.12.2022
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	**247.3**	270.2	250.9
Trademark	**80.6**	88.0	81.8
Intangible rights	**26.8**	26.8	26.8
Other intangible assets	**0.6**	1.0	0.7
Advance payments and construction in progress	**4.2**	2.7	4.2
Intangible assets, total	**359.4**	388.7	364.4
Property, plant and equipment			
Land and water	**0.2**		
Machinery and equipment	**37.3**	39.2	37.6
Modification and renovation expenses for leased premises	**4.3**	4.5	4.4
Right-of-use assets	**436.1**	322.6	419.2
Advance payments and construction in progress	**44.5**	1.6	37.1
Property, plant and equipment, total	**522.3**	368.0	498.2
Investment properties	**0.5**	0.5	0.5
Non-current receivables	**3.0**	3.5	3.1
Other investments	**0.2**	0.2	0.2
Deferred tax assets	**31.3**	24.2	31.0
NON-CURRENT ASSETS, TOTAL	**916.9**	785.2	897.4
CURRENT ASSETS			
Inventories	**186.2**	178.8	174.2
Current receivables			
Interest-bearing receivables	**0.7**	0.5	0.0
Income tax receivables	**0.1**	1.4	0.2
Non-interest-bearing receivables	**45.4**	48.0	43.2
Current receivables, total	**46.2**	49.8	43.5
Cash and cash equivalents	**102.5**	130.8	167.9
CURRENT ASSETS, TOTAL	**334.9**	359.5	385.5
ASSETS CLASSIFIED AS HELD FOR SALE		227.2	
ASSETS, TOTAL	**1 251.8**	1 371.8	1 282.9

EUR mill.	31.3.2023	31.3.2022	31.12.2022
EQUITY AND LIABILITIES			
EQUITY			
Share capital	**77.6**	77.6	77.6
Invested unrestricted equity fund	**73.3**	72.3	73.3
Other funds	**0.2**	0.7	−1.0
Translation reserve	**−26.7**	11.8	−18.9
Retained earnings	**224.3**	105.7	204.6
Equity attributable to equity holders of the parent company	**348.8**	268.2	335.6
EQUITY, TOTAL	**348.8**	268.2	335.6
NON-CURRENT LIABILITIES			
Deferred tax liabilities	**39.7**	39.6	40.3
Non-current interest-bearing financing liabilities	**67.5**	66.1	67.5
Non-current lease liabilities	**496.5**	299.6	477.5
Non-current non-interest-bearing liabilities and provisions	**0.2**	17.7	0.7
NON-CURRENT LIABILITIES, TOTAL	**603.8**	423.0	585.9
CURRENT LIABILITIES			
Current interest-bearing financing liabilities		342.6	
Current lease liabilities	**77.5**	76.7	77.3
Current non-interest-bearing liabilities			
Trade payables and other current liabilities	**161.7**	210.1	179.1
Income tax liabilities	**28.7**	35.0	73.7
Current provisions	**31.2**	0.0	31.2
Current non-interest-bearing liabilities, total	**221.6**	245.0	284.0
CURRENT LIABILITIES, TOTAL	**299.1**	664.4	361.3
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE		16.3	
LIABILITIES, TOTAL	**903.0**	1 103.7	947.3
EQUITY AND LIABILITIES, TOTAL	**1 251.8**	1 371.8	1 282.9

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	**1.1.–31.3.2023**	1.1.–31.3.2022	1.1.–31.12.2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/loss for the period	**19.5**	2.8	101.6
Adjustments for:			
Depreciation, amortisation and impairment losses	**25.6**	25.7	103.2
Gains (-) and losses (+) of disposals of fixed assets and other non-current assets	**0.2**	−14.0	−95.2
Interest and other financial expenses	**8.2**	5.7	28.3
Interest income	**−0.9**	−0.3	−2.6
Income taxes	**−29.7**	1.6	27.5
Other adjustments	**0.2**	0.0	17.7
Working capital changes:			
Increase (-) /decrease (+) in inventories	**−13.6**	−24.8	−28.3
Increase (-) / decrease (+) in trade and other current receivables	**−4.2**	−3.6	−1.2
Increase (+) / decrease (-) in current liabilities	**−14.9**	−32.0	−50.5
Interest expenses paid	**−8.4**	−4.8	−29.0
Interest received from operating activities	**0.6**	0.0	1.3
Income taxes paid from operating activities	**−15.5**	−14.1	−17.9
Net cash from operating activities	**−32.9**	−57.8	55.1
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of tangible and intangible assets	**0.0**	38.4	429.1
Purchase of tangible and intangible assets	**−13.5**	−5.0	−62.7
Security deposit	**0.0**		−0.1
Net cash used in investing activities	**−13.5**	33.4	366.3
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of current liabilities		−38.8	−381.5
Payment of lease liabilities	**−17.4**	−17.6	−73.8
Net cash used in financing activities	**−17.4**	−56.5	−455.2
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**−63.8**	−80.8	−33.9
Cash and cash equivalents at the beginning of the period	**167.9**	213.7	213.7
Net increase/decrease in cash and cash equivalents	**−63.8**	−80.8	−33.9
Effects of exchange rate fluctuations on cash held	**−1.5**	−2.1	−11.9
Cash and cash equivalents at the end of the period	**102.5**	130.8	167.9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR mill.	Share capital	Reserve for unrestricted equity	Hedging reserve	Other reserves	Translation differences	Retained earnings	Total
EQUITY 1.1.2023	77.6	73.3	−1.1	0.1	−18.9	204.6	335.6
Profit/loss for the period						19.5	19.5
Exchange differences on translating foreign operations					−7.7		−7.7
Cash flow hedges			1.2				1.2
Total comprehensive income for the period			1.2		−7.7	19.5	13.0
Share-based payments						0.2	0.2
Other changes in equity total						0.2	0.2
EQUITY 31.3.2023	77.6	73.3	0.1	0.1	−26.7	224.3	348.8

EUR mill.	Share capital	Reserve for unrestricted equity	Hedging reserve	Other reserves	Translation differences	Retained earnings	Total
EQUITY 1.1.2022	77.6	72.0	1.1	0.1	14.4	102.9	268.2
Profit/loss for the period						2.8	2.8
Exchange differences on translating foreign operations					−2.6		−2.6
Cash flow hedges			−0.5				−0.5
Total comprehensive income for the period			−0.5		−2.6	2.8	−0.3
Share issue to creditors for unsecured restructuring debt		0.3					0.3
Other changes in equity total		0.3					0.3
EQUITY 31.3.2022	77.6	72.3	0.6	0.1	11.8	105.7	268.2

EUR mill.	Share capital	Reserve for unrestricted equity	Hedging reserve	Other reserves	Translation differences	Retained earnings	Total
EQUITY 1.1.2022	77.6	72.0	1.1	0.1	14.4	102.9	268.2
Profit/loss for the period						101.6	101.6
Exchange differences on translating foreign operations					−33.3		−33.3
Cash flow hedges			−2.2				−2.2
Total comprehensive income for the period			−2.2		−33.3	101.6	66.1
Share issue to creditors for unsecured restructuring debt		1.3					1.3
Share-based payments						0.1	0.1
Other changes in equity total		1.3				0.1	1.4
EQUITY 31.12.2022	77.6	73.3	−1.1	0.1	−18.9	204.6	335.6

CASH FLOWS BASED ON AGREEMENTS IN FINANCIAL LIABILITIES AT 31 MARCH 2023

EUR mill.	Carrying amount	1.4.2023–31.3.2024	1.4.2024–31.3.2025	1.4.2025–31.3.2026	1.4.2026–31.3.2027	1.4.2027–	Total
Current restructuring debts	0.2	–0.2					–0.2
Restructuring debts total	0.2	–0.2					–0.2
Non-current Bond (5-y Bullet)	67.5	–0.1	–0.1	–0.1	–67.7		–67.9
Current trade payables and other current liabilities	88.1	–88.1					–88.1
Non-current lease liabilities	496.5		–99.9	–91.4	–82.8	–426.3	–700.3
Current lease liabilities	77.5	–103.2					–103.2
Lease liabilities, total	574.0	–103.2	–99.9	–91.4	–82.8	–426.3	–803.5
Total	729.8	–191.6	–100.0	–91.4	–150.4	–426.3	–959.7

The cash flows presented are based on the restructuring programme approved on 9 February 2021 and they include financing costs.
In July 2021 EUR 66.1 mill. of the restructuring debt was converted into a new bond, which will be repaid in 2026 and to which annual interest of EUR 0.1 mill. will be paid. In 2022 more bonds were converted with 1.5 mill. euros. Remaining restructuring debt 0.2 mill. EUR will be paid according to the retructuring program. Provisions regarding disputed landlords' claims are not included in the cash flows.
Carrying amount of lease liabilities is discounted in accordance with IFRS 16. Annual cash flows are presented in nominal values.

RESTRUCTURING DEBT

EUR mill.	**31.3.2023**	31.3.2022	31.12.2022
Current interest-bearing restructuring debt, secured		342.6	
Current non-interest-bearing restructuring debt, unsecured	**0.2**	22.7	0.2
Restructuring debt total	**0.2**	365.4	0.2
Restructuring debt related to non-current provisions		16.3	
Restructuring debt related to current provisions	**31.2**		31.2
Provisions related to restructuring debt *)	**31.2**	16.3	31.2
Total	**31.3**	381.7	31.3

Additionally Stockmann plc's intra-group restructuring liabilities amount to EUR 63.9 million.
*) Consists of conditional and maximum restructuring debt and disputed landlords' claims for terminated lease agreements.

FINANCIAL INCOME AND EXPENSES

EUR mill.	**1.1.–31.3.2023**	1.1.–31.3.2022	1.1.–31.12.2022
Interest income on bank deposits, other investments and currency derivatives	**0.6**	0.0	1.3
Other financial income	**0.3**	0.3	1.3
Financial income, total	**0.9**	0.3	2.6
Interest expenses on financial liabilities measured at amortised cost	**–0.3**	–1.7	–2.8
Interest expenses from lease contracts	**–7.9**	–3.9	–24.7
Foreign exchange differences	**0.0**	–0.1	–0.7
Financial expenses, total	**–8.2**	–5.7	–28.3
Financial income and expenses, total	**–7.3**	–5.4	–25.7

STOCKMANN
Stockmann plc
Aleksanterinkatu 52 B. P.O. Box 220
FI-00101 HELSINKI, FINLAND
Tel. +358 9 1211
stockmanngroup.com