FINANCIAL STATEMENTS BULLETIN 2022

STOCKMANN

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The Stockmann Group's annual revenue and profit clearly improved with an all-time high revenue and operating result for Lindex

October–December 2022:

- The Stockmann Group's revenue decreased by 1.8% and was EUR 272.6 million (277.5).
- Gross margin stood at 57.4% (57.7).
- The adjusted operating result was EUR 26.1 million (29.6).
- Operating result was EUR 24.6 million (50.6).
- Earnings per share were EUR 0.11 (0.23).
- Net result for the quarter amounted to EUR 17.6 million (35.3).
- Lindex's operating result and revenue in Swedish krona improved, but revenue and operating result declined in reported currency.
- The Stockmann division continued to improve revenue while operating result declined due to higher depreciation and lower other operating incomes.

January–December 2022:

- The Stockmann Group's revenue increased 9.2% and was EUR 981.7 million (899.0).
- Gross margin decreased to 57.9% (58.6).
- The adjusted operating result improved to EUR 79.8 million (68.3).
- Operating result improved to EUR 154.9 million (82.1).
- Earnings per share were EUR 0.65 (0.42).
- Net result for the period amounted to EUR 101.6 million (47.9).
- The Lindex division achieved all-time high revenue and operating result.
- The Stockmann division improved annual revenue and operating result.

Guidance for 2023:

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. This, 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:

In 2022, the Stockmann Group's revenue grew by more than 9%, which, together with efficient cost management, clearly improved the adjusted operating result in both divisions. I was especially pleased that, despite the challenging macro-economic situation, the Lindex division achieved an all-time high operating result. In addition, the Lindex division reached the important milestone of revenue exceeding SEK 7 billion. The good work in the division is paying off.

The Stockmann division also had solid revenue growth and improved the adjusted operating result significantly. I was delighted to see that customers returned to both Lindex and Stockmann stores after the pandemic. Overall, the revenue performance and operating result for the year was a very good achievement in a difficult market situation in which COVID-19 during early part of the year, the war in Ukraine and heavily increased inflation had an adverse impact on the business environment.

The Stockmann Group's fourth-quarter revenue declined slightly due to a decrease in sales in the Lindex division, owing to an unfavourable rate of exchange from the Swedish krona to the euro. At the same time, the Stockman division's revenue grew, thanks to successful Christmas sales.

The adjusted operating result declined for the Stockmann Group in the fourth quarter. The Lindex division improved profitability quarter-on-quarter in Swedish krona, which can be considered an excellent achievement in the present market. During 2022, both raw material costs and freight prices increased heavily, which, together with a historically strong US dollar, resulted in an extensive cost increase for purchase of goods for both the fourth quarter and the full year. To maintain good customer value, the increased costs were not fully passed on in customer prices. Despite the challenges, the Lindex division's gross margin and operating result was not affected during the fourth quarter, thanks to fewer markdowns and efficient cost control. At the same time, the performance of the Stockmann division is progressing well and the division generated profits during the fourth quarter despite higher rental and energy costs.

During 2022, the Stockmann Group continued implementing the strategies of both of its divisions. We continued developing both our online sales platforms and brick and mortar stores, enhancing our presence in our selected markets and developing the offering and service. The Lindex division gained one million new registered customers and made a successful launch of the Female Engineering products. The Stockmann division gained over 82 000 new loyalty programme customers and made good progress in customer experience, with the Emotional Value Index (EVI) rising from 49 to 58. In addition, the Stockmann division is improving its financial performance step by step. The Group has a solid cash position and a well-balanced inventory level at the end of 2022, which serves as a good start for 2023.

We continue to develop the sustainability of our operations. As part of our diligent sustainability work, we completed the calculation of the Stockmann Group's carbon footprint based on Science Based Target (SBT) requirements. As a retailer, we also want to strengthen our position with regard to the circular economy to support our customers in more responsible consumption.

The Stockmann Group has proven its effectiveness in both divisions' strategies and we will continue the active implementation of these, listening to customers carefully and observing the volatile operating environment closely. We prepare for the future by evaluating strategic options and financing for the period after the corporate restructuring. Regardless of the challenging circumstances in 2022, our great teams once again showed their strong commitment to our common targets. I would therefore like to thank them all for their excellent work during the year 2022.

KEY FIGURES

	10–12/2022	10–12/2021	**1–12/2022**	1–12/2021
Revenue, EUR mill.	**272.6**	277.5	**981.7**	899.0
Gross profit, EUR mill.	**156.5**	160.0	**568.3**	527.0
Gross margin, %	**57.4**	57.7	**57.9**	58.6
Adjusted operating result (EBIT), EUR mill.	**26.1**	29.6	**79.8**	68.3
Operating result (EBIT), EUR mill.	**24.6**	50.6	**154.9**	82.1
Net result for the period, EUR mill.	**17.6**	35.3	**101.6**	47.9
Adjusted earnings per share, undiluted and diluted, EUR *	**0.12**	0.14	**0.32**	0.35
Earnings per share, undiluted and diluted, EUR	**0.11**	0.23	**0.65**	0.42
Cash flow from operating activities, EUR mill.	**68.7**	84.3	**55.1**	150.4
Capital expenditure, EUR mill.	**20.7**	8.8	**62.5**	16.9
Equity per share, EUR			**2.15**	1.74
Equity ratio, %			**26.2**	18.9

* Net profit/loss for the period – adjustments after tax impact / average number of shares, adjusted for share issue

ITEMS AFFECTING COMPARABILITY (IAC)

EUR million	**10–12/2022**	10–12/2021	**1–12/2022**	1–12/2021
Operating result (EBIT)	**24.6**	50.6	**154.9**	82.1
Adjustments to EBIT				
Gain on sales of real estate	**0.1**	−21.7	**−95.4**	−21.7
Costs for disputed, conditional and maximum restructuring debt	**0.7**		**18.1**	
Restructuring and transformation measures	**0.7**	3.7	**2.0**	10.9
Costs related to the war in Ukraine	**0.1**		**0.5**	
Employee insurance refund	**0.0**	−3.0	**−0.3**	−3.0
Adjusted operating result (EBIT)	**26.1**	29.6	**79.8**	68.3

STRATEGY

The Stockmann Group consist of two business divisions: the Lindex fashion company and Stockmann, a multichannel retail company with premium department stores. In addition to their brick-and-mortar stores, both companies have online stores. The Stockmann Group's strategy is based on shared strengths and opportunities with two divisional strategies. The two divisions share an outlook characterised by the utmost strategic importance of customer centricity, an omnichannel approach and strong brands to build future growth.

The Stockmann Group's strategic priorities are the following;
- Providing the best customer experience and achieving the highest customer loyalty by successful development of the omnichannel operating model
- Using the strong brands and offering to enhance customer loyalty
- Maintaining and developing a strong commitment to fair and responsible business models and practices
- Seeking growth and efficiency together with third parties in order to extend our range of meaningful products and services as well as reach new customers groups
- Securing sustainable business by seeking growth in revenue, better cost-efficiency and efficient capital utilisation in order to improve the Group's profitability and financial stability.

According to the Lindex division's long-term strategy, Lindex aims to be a global, brand-led, sustainable fashion company. This means growth in digital revenue, both in its own online sales as well as in collaboration with global digital fashion platforms, improved cost efficiency and also growth with new businesses, while meeting sustainability targets.

The Lindex division's purpose is to empower and inspire women everywhere. This is done through actions as a company and through a progressive fashion experience. The customers, co-workers and partners are all part of this ambition. Lindex is digital first and powered by people. To fulfil the purpose and vision, Lindex has made a promise: to make a difference for future generations. The purpose includes all dimensions of sustainability and is divided into three areas: empower women, respect the planet and ensure human rights. A considerable part of Lindex's affordable product range is resilient to the economic downturn.

The Stockmann division's purpose in all encounters with its customers, partners, co-workers and other stakeholders is to make a new impression, every day. The division's vision is to create a marketplace for a good life. Customer centricity – in other words, the capability to understand customers and to serve them in the way they choose and to provide a unique customer experience – is the core of the strategy. The Stockmann division provides a curated merchandise selection in fashion, beauty, home and food combined with various services for customers in eight department stores as well as in the online store. Products sold under the Stockmann division's own brands are considered to be resilient also during the economic downturn. The Stockmann promise to customers is to create a feeling that lasts. The professional and service-minded personnel delivers this promise.

CORPORATE RESTRUCTURING PROGRAMME

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. The department store property in Tallinn was sold in December 2021 and the agreement for the sale of the Riga department store property was signed in December 2021 with closure in January 2022. The department store property in Helsinki city centre was sold in April 2022, and the last confirmed restructuring debt was paid.

Other measures and undertakings, as specified in Stockmann plc's restructuring programme, were completed during 2021, and are explained in the 2021 annual report.

There are still disputed claims regarding the termination of lease agreements that must be settled before the restructuring process can end. These claims are further explained under Business Continuity, Risks and Financing Situation.

COVID-19

COVID-19 affected the Stockmann Group's sales in 2020, when the number of visitors fell dramatically in physical stores. During 2020, both divisions managed to increase digital sales, but this did not fully compensate for the decline in sales in the physical stores. In 2021, physical traffic partly recovered again at various speeds in the sales markets. At the beginning of 2022, there were still restrictions in some markets, which affected stores. Since April 2022, all restrictions have been eased up and sales have recovered. Compared with pre-pandemic levels in 2019, merchandise sales during the full year of 2022 increased by 15.1% in the Lindex division and decreased by 14.1% in the Stockmann division.

OPERATING ENVIRONMENT

Fashion sales in Finland grew by 3.8% in the fourth quarter and by 5.1% in the whole year of 2022. Fashion sales decreased by 8.1% in 2022 compared to the market situation before the COVID-19. Delivery delays and a shortage of goods had an impact on the fashion sales. The popularity of online shopping declined during the year, as customers started to shop in brick-and-mortar stores more frequently due to the end of the COVID-19 period. Despite this decline in the online shopping in 2022, the online fashion sales still increased by 17.9% compared to 2019 (source: Fashion and Sports Commerce association).

In Sweden, fashion sales continued to increase in the fourth quarter. Fashion sales in January–December were up by 12.1%. Fashion sales in 2022 are now above the level in 2019, at 4.0% (source: Swedish Trade Federation, Stilindex).

In the Baltic countries, fashion sales have had a strong growth in 2022, being up by 13.8% in Estonia (source: Statistics Estonia) and by 39.1% in Latvia (source: Central Statistical Bureau Republic of Latvia). The operating environment was increasingly affected by the EU's highest inflation levels, which has impacted the consumer confidence, reflected in slowing revenue growth rates in the fourth quarter (source: Eurostat).

REVENUE AND EARNINGS

October–December 2022

The Stockmann Group's fourth-quarter revenue was EUR 272.6 million (277.5). Revenue decreased by 1.8% explained by a weaker Swedish krona exchange rate, due to which the Lindex division's sales increased in Swedish krona by 4.5%, but decreased in euros by 3.2%. The Stockmann division's sales increased by 0,7%.

Revenue in Finland was slightly down by 0.3%, to EUR 96.4 million (96.7) mainly due to due to lower online sales in the Stockmann division. In Sweden, revenue decreased by 8.2% to EUR 92.0 million (100.3), owing to the weaker Swedish krona exchange rate. In Swedish krona revenue in Sweden increased with 1.7%. Revenue in the other countries amounted to EUR 84.1 million (80.5), an increase of 4.4% mainly due to higher sales in the Baltics and Central Europe.

Gross profit decreased to EUR 156.5 million (160.0), fully explained by currency effects from the Swedish krona to the euro. Excluding the currency effect the gross profit improved due to higher gross profit for the Lindex division and slightly lower gross profit for the Stockmann division. The gross margin was 57.4% (57.7). The Lindex division had a better gross margin than the previous year despite the strong U.S. dollar which increased costs for purchased goods. There was an active choice not to pass on the higher costs fully to customers as price increases, but thanks to lower mark-downs for promotions and clearance together with more efficient sourcing, the Lindex division's gross margin was not negatively affected for the quarter. Stockmann division's gross margin decreased due to a higher share of clearance sales.

Other operating income decreased to EUR 0.0 million (25.7). In December 2021, the real estate in Tallinn was divested, which impacted other operating income. In 2021, both divisions received retroactive public funding related to the pandemic.

Operating costs for the quarter were down by EUR 2.3 million to EUR 107.2 million (109.4) mainly explained by currency effects Swedish krona to euro together with items affecting comparability in the previous year. When excluding currencies and IAC, the cost increased in the Lindex division mainly due to a more normalised business operation without the effects of the pandemic together with the implementation of a new bonus plan for all employees. For the Stockmann division, the operating costs were lower despite the impact of increased energy costs. Both divisions implemented cost saving actions to mitigate the cost increases.

The adjusted operating result for the quarter declined to EUR 26.1 million (29.6) – where the Lindex division improved the adjusted operating result in Swedish krona but the result was negatively impacted when reporting in euro. The adjusted operating result for the Stockmann division decreased due to higher depreciations.

The operating result declined to EUR 24.6 million (50.6). The decrease was mainly related to a capital gain from the divestment of Tallinn real estate in December 2021 of EUR 21.7 million.

The interest impact of the sale-and-leaseback agreements of the Helsinki, Tallinn and Riga department store properties increased the net financial expenses to EUR 6.5 million (4.2).

The net result declined to EUR 17.6 million (35.3). The decrease was related to a capital gain from the divestment of Tallinn real estate in the fourth quarter of 2021.

January–December 2022

The Stockmann Group's revenue for the period increased to EUR 981.7 million (899.0). Revenue was up by 9.2%, due to higher number of visitors in the stores and increased value of average purchases. Lindex division's revenue increased by 8.8% in euros and 14.1% in Swedish krona. Stockmann division's revenue increased by 10.0%.

Revenue in Finland increased by 8.9%, to EUR 321.1 million (294.9). In Sweden the revenue increased by 3.2%, to EUR 354.3 million (343.4), and in the other countries by 17.5%, to EUR 306.4 million (260.7). Revenue in all countries was positively impacted by higher visitor numbers and increased value of average purchases.

Gross profit increased to EUR 568.3 million (527.0) due to better sales in both divisions.

The gross margin was 57.9% (58.6), explained by Lindex's costs of goods sold being significantly impacted by unfavourable currencies in the face of a historically high U.S. dollar, increased raw material prices and freight, mainly during the second half of the year. To further strengthen the market position, these cost increases were not fully passed on to end-customers, but instead partly mitigated by more efficient sourcing and more full-price sales. In the Stockmann division, the gross margin improved due to higher sales of full-priced products as well as better clearance and full-price sales margins.

Other operating income improved to EUR 99.6 million (31.9). The increase was related to a capital gain from the divestment of the Riga and Helsinki city real estate during the first half of the year.

Operating costs were up by EUR 35.8 million, including EUR 20.1 million in adjustments related to corporate restructuring, the prudential provision for the LähiTapiola Keskustakiinteistöt Ky arbitration case and other transformation measures. Operating costs totalled EUR 409.8 million (374.0). The increase excluding the items affecting comparability relates to a more normal business operation without pandemic-related effects or subsidies, together with higher strategic investments within digitalisation and future growth costs for new brands within Lindex. During the latter part of the year, macro-economic effects such as inflation, higher energy prices and other external supplier expenses have affected cost levels. Both divisions are continuing with cost efficiency actions and rental negotiations which partly mitigate the effects.

The adjusted operating result for the period increased to EUR 79.8 million (68.3) due to a strong increase in revenue and cost mitigation actions. The result for the Lindex division was an all time high of EUR 90.0 million (80.3). The Stockmann division has improved the adjusted operating result from EUR -9.9 million to EUR -5.4 million. The improved result for both divisions is explained by increased sales and cost mitigation actions.

The operating result for the period was EUR 154.9 million (82.1) due to real estate divestments together with a strong revenue increase and cost mitigation actions.

The interest impact of the sale-and-leaseback agreements of the Helsinki, Tallinn and Riga department store properties increased the net financial expenses to EUR 25.7 million (16.9).

The net result for the period improved to EUR 101.6 million (47.9). Earnings per share for the period were EUR 0.65 (0.42). Adjusted earnings per share were EUR 0.32 (0.35). Equity per share was EUR 2.15 (1.74).

CAPITAL EXPENDITURE

Capital expenditure totalled EUR 20.7 million (8.8) in the fourth quarter and EUR 62.5 million (16.9) for the full year. Most of the capital expenditure during fourth quarter was used for the Lindex division's new omnichannel distribution centre (EUR 15.5 million), but also for the Lindex and the Stockmann divisions digitalisation projects and omnichannel development with EUR 5.2 million.

During the second quarter the Group made a decision to invest for a new omnichannel distribution centre for the Lindex division to enable continued growth and improve efficiency. The new omnichannel warehouse will manage the supply of goods to all the fashion company's stores, as well as managing the strongly growing digital sales and the company's third-party collaborations with global fashion platforms. The investment is the largest in the Lindex division's history and amounts to approximately EUR 110 million between 2022 and 2025.

FINANCING AND CAPITAL EMPLOYED

Cash and cash equivalents totalled EUR 167.9 million (213.7) at the end of December.

Cash flow during the fourth quarter was EUR +31.3 million (+45.3) and is explained by good cashflow from operations and decreased inventory levels from the end of the September. It was partly affected by investments, mainly to the Lindex division's omnichannel distribution centre, EUR 15.5 million, and currency effects.

Cash flow during the full year of 2022 was EUR -33.9 million (+64.1), due to the Lindex division's repayment of EUR 40.0 million of VAT governmental loans and investments of EUR 24.2 million in Lindex new omnichannel distribution centre. When excluding these items, cash flow from operations was positive, although partly decreased by higher inventories in end of the year.

Total inventories were EUR 174.2 million (154.8) at the end of December. Inventories increased from the previous year in both the Lindex and the Stockmann divisions, explained by increased sales, higher purchase prices and longer lead times.

At the end of December, interest-bearing liabilities totalled EUR 622.3 million (784.7). These included a non-current senior secured bond EUR 67.5 million (66.0) and lease liabilities due to IFRS 16 reporting of EUR 554.8 million (337.2). The lease liabilities related to the Stockmann division were EUR 287.7 million (85.7) and to the Lindex division EUR 267.1 million (251.5).

Excluding IFRS 16 reporting interest bearing net debt is positive with EUR 100.4 million (-233.8). The previous year's interest-bearing liabilities included the restructuring debt, which has been fully paid when divesting the real estates (381.5).

Assets on the balance sheet totalled EUR 1 282.9 million (1 416.5) at the end of December.

The equity ratio was 26.2% (18.9) and net gearing was 135.4% (212.8) at the end of December. IFRS 16 has a significant impact on the equity ratio and net gearing. Excluding IFRS 16, the equity ratio would have been 53.4% and net gearing would have been -22.3%.

The Group's capital employed at the end of December was EUR 1 005.4 million, or EUR 634.3 million excluding IFRS 16 items (1 059.2 or 728.9).

PERSONNEL

The Group's average number of employees was 5 802 (5 649) in 2022. In terms of full-time equivalents, the average number of employees was 4 332 (3 886). At the end of the year, the Group had 6 008 (5 833) employees, of whom 1 619 (1 512) were working in Finland. The number of employees working outside Finland was 4 389 (4 321), or 73.1% (74.1) of the total number of personnel. Among the Stockmann Group's employees, women represented 91% (91) and men 9% (9).

The Group's wages and salaries amounted to EUR 165.7 million in 2022, compared with EUR 149.3 million in 2021. The total employee benefit expenses were EUR 212.1 million (194.6), or 21.6 % (21.6) of revenue.

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	10–12/2022	10–12/2021	1–12/2022	1–12/2021
Revenue, EUR mill.	**172.2**	177.8	**661.1**	607.4
Gross Profit, EUR mill.	**111.5**	114.8	**423.7**	397.4
Gross margin, %	**64.8**	64.6	**64.1**	65.4
Adjusted operating result, EUR mill.	**23.0**	24.3	**90.0**	80.3
Operating result, EUR mill.	**23.0**	24.0	**90.3**	74.6
Capital expenditure, EUR mill.	**18.5**	6.6	**55.3**	12.0

October–December 2022

The Lindex division's revenue decreased by 3.2%, to EUR 172.2 million (177.8). In Swedish krona the revenue increased by 4.5%. Sales at the brick-and-mortar stores continued to increase by 0.6% while digital sales decreased by 7.0%. This was mainly explained by the fact that customers shopped more frequent in brick-and-mortar stores again together with lower intake from global digital fashion platforms. Digital sales accounted for 18.6% (19.9) of sales.

The Gross Profit decreased from EUR 114.8 million to EUR 111.5 million, which is fully explained by a weaker Swedish krona relative to the euro. In Swedish krona, the gross profit improved due to higher sales and a stronger gross margin.

The gross margin increased to 64.8% (64.6). Despite higher purchase prices, due to the historical high U.S.dollar and increased prices of raw material, the Lindex division was able to maintain its gross margin, thanks to more efficient sourcing and lower mark-downs. Price increases were implemented, but they were not fully passed on to consumers in end-prices.

Operating costs decreased by EUR 6.5 million, to EUR 70.5 million (76.9). This was a result of a currency effect of the Swedish krona to the euro and items affecting comparability, amounting to EUR 3.0 million in 2021. Excluding these effects, the operating costs increased due to a more normalised business environment without the effects of the pandemic, together with the implementation of a bonus plan for all employees. Inflation and higher energy prices also led to a rise in operating costs. All cost increases were partly mitigated by continued cost efficiency actions and lower rents owing to effective rental negotiations.

The Lindex division's adjusted operating result for the period was EUR 23.0 million (24.3). In Swedish krona the adjusted operating result was positively impacted thanks to improved gross profit and good cost control, but due to the unfavourable currency effect from the Swedish krona to the euro, the result was negatively impacted.

The Lindex division's operating result for the fourth quarter decreased by EUR 1.1 million, to EUR 23.0 million (24.0) explained by the same reasons as mentioned above.

Capital expenditure during the quarter was EUR 18.5 million (6.6) which mainly relates to the ongoing construction of the new omnichannel distribution centre, planned to be completed in 2024.

January–December 2022

Lindex division's revenue increased by 8.8%, to EUR 661.1 million (607.4). In Swedish krona the revenue increased by 14.1%. The Lindex division's sales thus exceeded SEK 7 billion, which is an important milestone in the company's history. Sales at the brick-and-mortar stores continued to increase and were up by 13.6% compared to the previous year. Digital sales decreased by 0.7% and accounted for 18.5% (20.7) of total sales. The division's sales increased in all markets and business areas. During the year, Lindex succeeded in getting one million new customers and has today close to 5.7 million registrered customers. Lindex entered the femtech market and successfully launched the new brand Female Engineering.

Gross profit increased from EUR 397.4 million to EUR 423.7 million. The gross profit improved due to higher sales, but was impacted by a lower gross margin.

The gross margin decreased to 64.1% (65.4). The Lindex division's gross margin mainly decreased due to the unfavourable exchange rate between the U.S. dollar and the Swedish krona, which together with higher prices of raw material and freight, impacted the costs of purchased goods significantly. To maintain value-based pricing for customers, the volatile currency increase, when it reached the highest levels, was not fully passed on in consumer end-prices. The negative gross margin effect was, however, partly mitigated with lower markdowns and more efficent sourcing.

Operating costs increased by EUR 6.6 million, to EUR 260.8 million (254.2), where the currency effect from the Swedish krona to the euro partly impacted positively. The cost increase is a result of a more normal business operations without the pandemic-related effects or subsidies, together with higher strategic investments within digitalisation and future growth costs for new brands. During the year, there has also been an implementation of a bonus programme for all Lindex division employees together with the macro-economic effects of inflation and higher energy prices which have affected costs mainly during the latter part of the year. The Lindex division is continuing with cost efficiency actions and rental negotiations which are expected to mitigate the effects partly.

Lindex division's adjusted operating result increased to EUR 90.0 million (80.3) due to higher sales and good cost control. A lower gross margin as well as macro-economic costs were partly offset.

The operating result, including items affecting comparibility also increased to EUR 90.3 million (74.6).

Capital expenditure was EUR 55.3 million (12.0) which is mainly related to the ongoing construction of the new omnichannel distribution centre planned to be ready in 2024.

The Lindex division's store network and online presence

The Lindex division had 436 stores in 18 countries in total at the end of the fourth quarter: 404 of its own stores and 32 franchise stores. The Lindex division opened one store and closed another during the fourth quarter. In addition to the Lindex division's own online store, it also sells its products on third parties' digital fashion platforms.

The Lindex division sustainability

The Lindex division's business is growing in new ways. Circular business models and continued development of customer offerings with new services are important parts of the fashion company's transformation into a more sustainable business. The transformation affects all parts of the company and is a key focus. During the year, the fashion company scaled up its second-hand offering to include all kidswear, opened a pop-up store and initiated a test pilot with second-hand baby clothes online. The test pilots give valuable insights into how the business model can be developed and are an important enabler to ensure long-term scalability and profitability going forward. Lindex also takes new step in its transformation to a more sustainable and circular assortment with a new viscose fibre based on OnceMore®, an innovative process for large-scale textile recycling of blended materials.

Another focus area for Lindex and the fashion company's sustainability promise is Empowering Women, in which Lindex has made continued progress in its supply chain. Lindex's sustainability report, which summarises the year 2022 in more detail will be released in March 2023.

Lindex has, since 2003, supported the Pink Ribbon campaign promoting breast cancer awareness and supporting fundraising for cancer research. Over the years, Lindex has together with its' customers contributed with over EUR 19.3 million to cancer research. In 2022, Lindex succeeded thanks to the fantastic commitment of its' employees and customers, to collect EUR 1.7 million for this good cause.

THE STOCKMANN DIVISION

Stockmann	10–12/2022	10–12/2021	1–12/2022	1–12/2021
Revenue, EUR mill.	**100.4**	99.7	**320.6**	291.6
Gross Profit, EUR mill.	**45.0**	45.1	**144.6**	129.6
Gross margin, %	**44.8**	45.3	**45.1**	44.5
Adjusted operating result, EUR mill.	**3.3**	6.3	**−5.4**	−9.9
Operating result, EUR mill.	**2.4**	27.8	**71.2**	11.6
Capital expenditure, EUR mill.	**2.1**	2.1	**7.2**	4.9

October–December 2022

The Stockmann division's revenue grew by 0.7% and amounted to EUR 100.4 million (99.7). Sales in the brick-and-mortar stores grew by 3.1% due to healthily improved visitor numbers. The online store sales decreased by 11.4% and were 14.7% (16.7) of total sales.

Revenue in Finland was EUR 76.8 million (78.4) and it decreased 2.1%. Revenue in department stores in the Baltics increased by 10.9% to EUR 23.6 million (21.3), as a result of improved number of visitors and average purchase value.

The Stockmann division's Crazy Days campaign was held as an eight-day-long campaign from 28 September to 5 October 2022. The campaign was arranged both in the department stores and online. The sales improved by 6.4% on the previous year's campaign. The fashion category performed well in all channels, while the home, cosmetics and grocery categories performed well in the brick-and-mortar department stores.

The gross profit was slightly below the previous year 45.0 (45.1) explained by the lower gross margin. The gross margin decreased to 44.8% (45.3). The gross margin decreased due to higher share of clearance sales.

Operating costs, excluding depreciation, decreased by EUR 0.4 million, to EUR 36.2 million (36.6) due to the cost saving actions which also mitigated the impact of inflation driven cost increases, especially increased energy prices.

The adjusted operating result decreased to EUR 3.3 million (6.3). This was due to slightly lower gross profit, lower other operating income and higher depreciation due to new lease agreements after sale and lease-back of real estate.

The operating result for the quarter decreased to EUR 2.4 million (27.8), as the capital gain of selling the real estate in Tallinn had an affect in the previous year.

January–December 2022

The Stockmann division's revenue grew by 10.0% and amounted to EUR 320.6 million (291.6). The increase was derived from the brick-and-mortar sales due to higher number of visitors in the stores as well as the increased value of average purchases. The Stockmann division made a great achievement with over 88 000 new loyal customers during the year and good progress in customer experience when Emotional Value Index (EVI) improved from 49 to 58. MyStockmann Loyalty application was also launched in the division's Baltics markets.

During the year, Stockmann 160-year anniversary was celebrated with customer and employee events, unique brand collaborations and special collections marking the important milestone. The division reported strong annual sales in fashion, boosted with 70 new brand launches.

Sales at the brick-and-mortar stores increased by 14.6%. Online store shopping declined by 14.0%, accounting for 12.6% (16.1) of total sales.

Revenue in Finland increased by 8.3% and was EUR 245.5 million (226.7). Revenue in the department stores in the Baltics was up by 15.9%, to EUR 75.1 million (64.8). Both Finland and Baltics had higher visitor numbers and an increased value of average purchases.

The gross profit increased from the previous year to EUR 144.6 million (129.6) due to higher sales and gross margin.

The gross margin improved to 45.1% (44.5) due to a larger share of sales of full-priced products and as a result of both better clearance and full-price sales margins. Sales margins increased as the rise in product purchase prices was fully reflected in consumer end-prices, and due to improved seasonal and clearance sell-through.

Operating costs increased by EUR 21.4 million, to EUR 145.5 million (124.1). This was due to a provision of EUR 15.9 million for prudential reasons related to the LähiTapiola Keskustakiinteistöt Ky arbitration decision, recorded as an item affecting comparability. It was also due to the effects of high inflation, especially high energy prices in all markets where Stockmann is operating together with higher staffing costs. The increases in operating costs caused by inflation were partly mitigated by cost-efficiency actions.

The adjusted operating result for the period improved to EUR -5.4 million (-9.9) due to better sales and improved gross margins.

The operating result for the period increased to EUR 71.2 million (11.6) due to capital gain of real estate sales during the first half of the year, stronger sales and improved gross margins.

The Stockmann division's store network and online presence

The Stockmann division had eight department stores and one online store at the end of the fourth quarter. The department stores are located in Helsinki (2), Vantaa, Espoo, Turku, Tampere, Riga and Tallinn. The Stockmann division online store serves customers in Finland, Estonia and Latvia. In spring, the division made an interesting opening with Wolt, enabling a delivery service launch and successful expansion of it to all cities, where Stockmann's department stores are located.

Stockmann sustainability

The Stockmann division has renewed Stockmann Group's CO2 emission calculation covering the Stockmann Group's scope 1, 2 and 3 emissions. This renewal has taken into account Science Based Target (SBT) requirements. The division has executed the means to decrease energy consumption in order to respond not only to CO2 emission targets but also to contribute to the general energy challenge related to the energy crisis in Europe. In the coming years, Stockmann will invest even more strongly in product ranges and services that support the circular economy. Stockmann has been selected for the Circular Design programme, which is part of the implementation of Finland's national circular economy programme.

SHARES AND SHARE CAPITAL

The company has a single class of shares. Each share carries one (1) vote at a general meeting of shareholders.

At the end of December, Stockmann had a total of 155 880 206 shares. The number of votes conferred by the shares was 155 880 206.

According to the Finnish Companies Act, distributions to shareholders during the three years following the registration of the reduction of share capital in order to cover losses can only be made by following the creditor protection procedure. According to the restructuring programme, the company may not distribute the company's assets to shareholders during the implementation of the repayment schedule under the restructuring programme.

At the end of December, the share capital was EUR 77.6 million and the market capitalisation stood at EUR 307.1 million (333.6).

The price of a STOCKA share was EUR 1.97 at the end of December 2022, compared with EUR 2.16 at the end of December 2021.

A total of 94.8 million shares were traded on Nasdaq Helsinki during the period. This corresponds to 61.1% of the average number of shares.

The company does not hold any of its own shares, and the Board of Directors has no valid authorisations to purchase company shares.

At the end of December, Stockmann had 44 289 shareholders, compared with 45 054 a year earlier.

BUSINESS CONTINUITY AND FINANCING SITUATION

The restructuring process is proceeding according to plan: all Stockmann's department store properties have been sold and both the secured restructuring debt and undisputed unsecured restructuring debt have been paid. Other measures and undertakings, as specified in Stockmann plc's restructuring programme, have already been completed during 2021 and are explained in the 2021 annual report.

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 prepares for the future by evaluating strategic options and financing for the period after the corporate restructuring.

The uncertainties related to the COVID-19 pandemic may 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 of the COVID-19 pandemic or a new epidemic leading to government-imposed restrictions, a lack of transport capacity, strikes and political uncertainties.

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 in 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. 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 December 2022, the amount from the disputed claims was EUR 61.3 million. The disputed claim amount is mainly related to the termination of long-term leases of premises. The administrator 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. At the end of September 2022, the disputed claims amounted to EUR 45.4 million. Since then 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 again seen as a disputed case. Two other remaining claims will be settled in the District Court and one claim by arbitration proceedings. The amount of undisputed conditional or maximum restructuring debt was EUR 8.8 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 administrator 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 administrator and/or the supervisor at 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. 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 Helsinki District Court. In addition, concerning this same amount of compensation, a dispute is in progress between the administrator 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.

Nordika II SHQ Oy, the landlord of Stockmann's Takomotie office space, has filed a claim with 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 administrator 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 administrator 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 Helsinki District Court regarding Stockmann, with the administrator and the supervisor as respondents in the first claim and Stockmann as respondent in the other claim. In the claims to 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 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.

Pirkanmaan Osuuskauppa, the former subtenant of the Tampere department store, has initiated arbitration proceedings in which it demands up to EUR 5.4 million compensation from Stockmann in accordance with, among others, section 27, subsection 1 of the Restructuring Act. The supervisor of the restructuring proceedings has disputed the claim for the most part. Pirkanmaan Osuuskauppa has also appealed regarding the decision of Helsinki District Court on 9 February 2021 to certify the restructuring programme to the extent that Helsinki District Court viewed that the damages payable to Pirkanmaan Osuuskauppa are restructuring debt instead of debt that has arisen after the application for restructuring proceedings came into force pursuant to section 32 of the Restructuring Act. The Helsinki Court of Appeal rejected Pirkanmaan Osuuskauppa's appeal in its court decision on 4 November 2021. The Supreme Court granted Pirkanmaan Osuuskauppa leave to appeal to the extent that the appeal concerns the claim for damages arising from the termination of the sublease agreement are restructuring debt or debt that has arisen during the corporate restructuring proceedings. In its arbitration decision on 25 May 2022, the Arbitration Court mainly rejected the claims of Pirkanmaan Osuuskauppa and ordered Stockmann to compensate Pirkanmaan Osuuskauppa with EUR 1.5 million in damages. According to the Supreme Court's decision announced on 8 December 2022, Pirkanmaan Osuuskauppa's claim for damages, EUR 1.5 million, from Stockmann is a reconstructing restructuring debt to be taken into account in Stockmann's corporate restructuring pursuant to section 27 subsection 1 and 4 of the Restructuring Act, and there is therefore no reason to change the outcome of the Helsinki Court of Appeal previous decision.

Regarding the other disputed receivables mentioned in the restructuring programme, conciliation negotiations are underway and some of them have already been settled amicably.

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 processing of the case continued in the Administrative Court of Appeal, from which a decision was received in September 2022. According to the decision, the Administrative Court of Appeal overturned the previous court decisions and approved Stockmann's appeal and confirmed that Stockmann Sverige AB was entitled to a deduction of interest expenses corresponding to a lower tax cost of approximately EUR 17 million 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, which corresponds to a lower tax cost of approximately EUR 13 million during the years 2017–2019. Based on the court decision from the Administrative Court of Appeal Stockmann Sverige AB decreased its tax liability by reducing income taxes by EUR 2.1 million, which corresponds to the interest on the taxes. The capital of the taxes remained still as a tax liability. Both court decisions were open for an appeal process at the end of the year. The Supreme Administrative Court in Sweden decided on 27 January 2023 that it will not grant a leave to appeal to the Swedish Tax Agency for the decision made by the Administrative Court of Appeal on Stockmann's subsidiary Stockmann Sverige AB's right to deduct interest expenses during the years 2013-2016 for the loan it raised for the acquisition of AB Lindex. Consequently, on 3 February 2023 the Administrative Court of Appeal stated that the Swedish Tax Agency withdrew their appeal against the decision made by the County Administrative Court on the right to deduct interest expenses during the years 2017-2019. Based on the decisions, Stockmann Sverige AB's tax liability and income taxes will decrease by approx. EUR 30 million and no tax liability for the years 2013-2019 will remain.

RISK FACTORS

Stockmann is exposed to risks that arise from the operating environment, risks related to the company's own operations and financial risks. The general economic situation and the COVID-19 pandemic affect consumers' purchasing behaviour and purchasing power in all of the Group's market areas. Consumers' purchasing behaviour is also influenced by digitalisation, the growth of remote working and changing purchasing trends as well as by emerging inflationary pressures. Rapid and unexpected movements in markets and the geopolitical situation may influence on the financial markets, logistics and consumer behaviour. Uncertainties related to changes in purchasing behaviour are considered to be the principal risk arising from the operating environment that could affect Stockmann also in the future. The uncertainty in the operating environment may continue to affect the operations of Stockmann's tenants and may consequently have a negative impact on rental income.

Stockmann's business is affected by normal seasonal fluctuations during the year. The revenue in the first quarter is typically low and revenue in the fourth quarter is typically higher. Fashion accounts for approximately 80% of the Group's revenue. An inherent feature of the fashion trade is the short lifecycle of products and their dependence on trends, the seasonality of sales and the susceptibility to abnormal changes in weather conditions. These factors may have an impact on the Group's revenue and gross margin.

In the retail sector, the value chain of products from raw material to customers often contains many stages and involves risks related to the fulfilment of human rights, good working conditions, and environmental and other requirements set out in Stockmann's Code of Conduct and other policies. Responsible management of the supply chain and sustainable use of natural resources are important for the Group's brands in order to retain customer confidence in Stockmann.

Risks related to production and supply may arise from unusual situations such as an escalation of 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, and which in turn may affect business negatively. The Group's operations are based on flexible logistics and the efficient flow of goods and information. Delays and disturbances in logistic and information systems, as well as uncertainties related to logistics partners, can have an adverse effect on operations. Every effort is made to manage these operational risks by developing appropriate back-up systems and alternative ways of operating, and by seeking to minimise disturbances to information systems.

The Group's revenue, earnings and balance sheet are affected by changes in exchange rates between the Group's reporting currency, which is the euro, and the Swedish krona, the Norwegian krone and the US dollar and certain other currencies. Currency fluctuations may have an effect on the Group's business operations. The Group is currently only partly hedging the foreign exchange risks due to the corporate restructuring. Interest rate fluctuations may also have an impact on goodwill impairment testing through discount rates.

The Group's ability to arrange new financing are limited during the execution of the corporate restructuring programme. This may have an effect on the sufficiency of liquidity and on the financial position. Failure to meet the requirements may lead to the termination of the restructuring or bankruptcy.

EVENTS AFTER THE REPORTING PERIOD

The Supreme Administrative Court in Sweden decided on 27 January 2023 that it will not grant a leave to appeal to the Swedish Tax Agency for the decision made by Administrative Court of Appeal on Stockmann's subsidiary Stockmann Sverige AB's right to deduct interest expenses during the years 2013-2016 for the loan it raised for the acquisition of AB Lindex. On 31 January 2023, the Swedish Tax Agency also withdrew the appeal for the years 2017–2019. Consequently, the decisions made by the Administrative Court of Appeal became legally valid and thus Stockmann Sverige AB is entitled to deduct the interest expenses in taxation, which corresponds to a lower income tax of approximately EUR 30 million.
The Stockmann Group will recognise a reversal of the related tax liability during the first quarter of 2023, which will decrease the income taxes on the income statement and the tax liability on the statement of financial position.

ANNUAL REPORTING 2022

Stockmann Group's Annual Report, Financial Review, Remuneration Report, Corporate Governance Report and Corporate Responsibility Report for 2022 will be published during the week beginning 27 February 2023 (week 9).

Helsinki, 23 February 2023

STOCKMANN plc
Board of Directors

CONDENSED FINANCIAL STATEMENTS

This Financial Statements Bulletin has been prepared in compliance with IAS 34. The figures are unaudited.

CONSOLIDATED INCOME STATEMENT

EUR mill.	**1.1.–31.12.2022**	1.1.–31.12.2021
REVENUE	**981.7**	899.0
Other operating income	**99.6**	31.9
Materials and services	**−413.4**	−372.0
Employee benefit expenses	**−212.1**	−194.6
Depreciation, amortisation and impairment losses	**−103.2**	−102.9
Other operating expenses	**−197.7**	−179.4
Total expenses	**−926.4**	−848.9
OPERATING PROFIT/LOSS	**154.9**	82.1
Financial income	**2.6**	2.7
Financial expenses	**−28.3**	−19.6
Total financial income and expenses	**−25.7**	−16.9
PROFIT/LOSS BEFORE TAX	**129.2**	65.2
Income taxes	**−27.5**	−17.3
NET PROFIT/LOSS FOR THE PERIOD	**101.6**	47.9
Profit/loss for the period attributable to:		
Equity holders of the parent company	**101.6**	47.9
Earnings per share, EUR:		
From the period result (undiluted and diluted)	**0.65**	0.42

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	**1.1.–31.12.2022**	1.1.–31.12.2021
PROFIT/LOSS FOR THE PERIOD	**101.6**	47.9
Other comprehensive income:		
Items that may be subsequently reclassified to profit and loss		
Exchange differences on translating foreign operations, before tax	**−33.3**	−6.0
Exchange differences on translating foreign operations, net of tax	**−33.3**	−6.0
Cash flow hedges, before tax	**−2.2**	1.1
Cash flow hedges, net of tax	**−2.2**	1.1
Other comprehensive income for the period, net of tax	**−35.6**	−4.9
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**66.1**	43.0
Total comprehensive income attributable to:		
Equity holders of the parent company	**66.1**	43.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	31.12.2022	31.12.2021
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Goodwill	**250.9**	271.5
Trademark	**81.8**	88.7
Intangible rights	**26.8**	27.6
Other intangible assets	**0.7**	1.1
Advance payments and construction in progress	**4.2**	2.1
Intangible assets, total	**364.4**	391.1
Property, plant and equipment		
Machinery and equipment	**37.6**	40.6
Modification and renovation expenses for leased premises	**4.4**	4.8
Right-of-use assets	**419.2**	296.6
Advance payments and construction in progress	**37.1**	1.2
Property, plant and equipment, total	**498.2**	343.2
Investment properties	**0.5**	0.5
Non-current receivables	**3.1**	3.8
Other investments	**0.2**	0.2
Deferred tax assets	**31.0**	23.8
NON-CURRENT ASSETS, TOTAL	**897.4**	762.6
CURRENT ASSETS		
Inventories	**174.2**	154.8
Current receivables		
Interest-bearing receivables	**0.0**	0.0
Income tax receivables	**0.2**	0.1
Non-interest-bearing receivables	**43.2**	45.7
Current receivables, total	**43.5**	45.8
Cash and cash equivalents	**167.9**	213.7
CURRENT ASSETS, TOTAL	**385.5**	414.3
ASSETS CLASSIFIED AS HELD FOR SALE		239.5
ASSETS, TOTAL	**1 282.9**	1 416.5

EUR mill.	31.12.2022	31.12.2021
EQUITY AND LIABILITIES		
EQUITY		
Share capital	**77.6**	77.6
Invested unrestricted equity fund	**73.3**	72.0
Other funds	**−1.0**	1.2
Translation reserve	**−18.9**	14.4
Retained earnings	**204.6**	102.9
Equity attributable to equity holders of the parent company	**335.6**	268.2
EQUITY, TOTAL	**335.6**	268.2
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**40.3**	40.6
Non-current interest-bearing financing liabilities	**67.5**	66.0
Non-current lease liabilities	**477.5**	264.3
Non-current non-interest-bearing liabilities and provisions	**0.7**	37.8
NON-CURRENT LIABILITIES, TOTAL	**585.9**	408.6
CURRENT LIABILITIES		
Current interest-bearing financing liabilities		381.5
Current lease liabilities	**77.3**	72.9
Current non-interest-bearing liabilities		
Trade payables and other current liabilities	**179.1**	223.1
Income tax liabilities	**73.7**	46.4
Current provisions	**31.2**	0.0
Current non-interest-bearing liabilities, total	**284.0**	269.6
CURRENT LIABILITIES, TOTAL	**361.3**	724.0
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE		15.7
LIABILITIES, TOTAL	**947.3**	1 148.3
EQUITY AND LIABILITIES, TOTAL	**1 282.9**	1 416.5

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	**1.1.–31.12.2022**	1.1.–31.12.2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/loss for the period	**101.6**	47.9
Adjustments for:		
Depreciation, amortisation and impairment losses	**103.2**	102.3
Gains (-) and losses (+) of disposals of fixed assets and other non-current assets	**−95.2**	−21.6
Interest and other financial expenses	**28.3**	19.6
Interest income	**−2.6**	−2.7
Income taxes	**27.5**	17.3
Other adjustments	**17.7**	0.6
Working capital changes:		
Increase (-) /decrease (+) in inventories	**−28.3**	−21.5
Increase (-) / decrease (+) in trade and other current receivables	**−1.2**	−10.1
Increase (+) / decrease (-) in current liabilities	**−50.5**	48.4
Interest expenses paid	**−29.0**	−28.7
Interest received from operating activities	**1.3**	1.0
Income taxes paid from operating activities	**−17.9**	−2.0
Net cash from operating activities	**55.1**	150.4
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of tangible and intangible assets	**429.1**	48.3
Purchase of tangible and intangible assets	**−62.7**	−17.0
Security deposit	**−0.1**	−2.3
Net cash used in investing activities	**366.3**	28.9
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan conversion costs		−0.4
Repayment of current liabilities	**−381.5**	−48.5
Payment of lease liabilities	**−73.8**	−66.3
Net cash used in financing activities	**−455.2**	−115.2
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**−33.9**	64.1
Cash and cash equivalents at the beginning of the period	**213.7**	152.3
Net increase/decrease in cash and cash equivalents	**−33.9**	64.1
Effects of exchange rate fluctuations on cash held	**−11.9**	−2.7
Cash and cash equivalents at the end of the period	**167.9**	213.7

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 1.1.2021	144.1	186.1	250.4		43.8	20.3	−544.4	100.4	105.8	**206.2**
Profit/loss for the period							47.9	47.9		**47.9**
Exchange differences on translating foreign operations						−5.9	−0.1	−6.0		**−6.0**
Cash flow hedges				1.1				1.1		**1.1**
Total comprehensive income for the period				1.1		−5.9	47.8	43.0		**43.0**
Reduction of share capital to cover losses	−66.5						66.5			
Usage of funds to cover losses		−186.1	−250.4		−43.7		480.2			
Share issue to creditors for unsecured restructuring debt			72.0					72.0	−53.1	**18.9**
Hybrid bond cut							52.7	52.7	−52.7	
Other changes in equity total	−66.5	−186.1	−178.4		−43.7		599.5	124.8	−105.8	**18.9**
EQUITY 31.12.2021	77.6		72.0	1.1	0.1	14.4	102.9	268.2		**268.2**

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

NOTES TO THE FINANCIAL STATEMENTS, CONDENSED

ACCOUNTING POLICIES

Corporate restructuring programme

In a decision on 9 February 2021, the Helsinki District Court approved Stockmann plc's restructuring programme, and the restructuring proceedings were ended. 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 restructuring process is proceeding according to plan, which means that all Stockmann's department store properties have been sold and both the secured restructuring debt and undisputed unsecured restructuring debt have been paid. The department store property in Tallinn was sold in December 2021 and the agreement for the sale of the Riga department store property was signed in December 2021 with closure in January 2022. The department store property in Helsinki city centre was sold in April 2022 and the last confirmed restructuring debts have been paid. Other measures and undertakings, as specified in Stockmann plc's restructuring programme, have already been completed during 2021 and are explained in the Financial Review 2021.

On 27 January 2022, Stockmann announced that it had received and verified three subscription forms from Entitled Persons whose previously conditional or disputed receivables subject to the payment programme of the Restructuring Programme had been clarified and the final amounts of such receivables had been confirmed. The Subsequent Bonds duly subscribed for by such Entitled Persons amounted to the aggregate principal amount of EUR 94,333. The receivables of the Entitled Persons were converted, by way of set-off, to Subsequent Bonds.

Stockmann's Board of Directors decided on 27 January 2022, in accordance with the Restructuring Programme and pursuant to the authorization granted by the Annual General Meeting, to issue 28,139 new shares of the Company in deviation from the shareholders' pre-emptive subscription rights to creditors whose previously conditional or disputed restructuring debts under the Restructuring Programme had been confirmed to their final amounts by 1 December 2021 and approved the subscriptions made in the Share Issue. The subscription price in the Share Issue was EUR 0.9106 per share, which has been paid by setting off restructuring debt in accordance with the Restructuring Programme.

Stockmann's Board of Directors decided on 23 March 2022, in accordance with the Restructuring Programme and pursuant to the authorization granted by the Annual General Meeting, to issue 284,337 new shares of the Company in deviation from the shareholders' pre-emptive subscription rights to a creditor whose previously conditional or disputed restructuring debts under the Restructuring Programme had been confirmed to their final amounts by 21 January 2022 and approved the subscription made in the Share Issue. The subscription price in the Share Issue was EUR 0.9106 per share, which has been paid by setting off restructuring debt in accordance with the Restructuring Programme.

Stockmann's Board of Directors decided on 21 July 2022, in accordance with the Restructuring Programme and pursuant to the authorization granted by the Annual General Meeting, to issue 1,130,786 new shares of the Company in deviation from the shareholders' pre-emptive subscription rights to creditors whose previously conditional or disputed restructuring debts under the Restructuring Programme had been confirmed to their final amounts by 14 July 2022 and approved the subscriptions made in the Share Issue. The subscription price in the Share Issue was EUR 0.9106 per share, which has been paid by setting off restructuring debt in accordance with the Restructuring Programme. As a result of the Share Issue, the total number of shares in the Company increased by 1,130,786 shares to a total of 155,880,206 shares.

On 21 July 2022 Stockmann announced that it had received and verified one subscription form from an Entitled Person whose previously conditional receivable subject to the payment programme of the Restructuring Programme had been clarified and the final amounts of such receivable had been confirmed. The aggregate principal amount by which the Entitled Person had been entitled to subscribe for Subsequent Bonds amounted to EUR 1,385,878.70. The receivables of the Entitled Person were converted, by way of set-off, into Subsequent Bonds.

Under the restructuring programme, Stockmann plc has restructuring debt that is conditional, the maximum amount or disputed in respect of which the amount subject to the payment programme will be confirmed later and the creditors of such restructuring debt will be entitled to convert their receivables to shares and bonds after their respective receivables have been confirmed.

Business continuity

Stockmann Group's Consolidated Financial Statements have been prepared based on the principle of business continuity. The Group's ability to continue its operations is dependent on the profitability of its business and the implementation of the restructuring programme prepared for Stockmann plc. The profitability of the Group's business is dependent on future market conditions and the Group's ability to execute its business plan successfully.

Helsinki District Court approved Stockmann plc´s restructuring programme in February 2021. The eight-year restructuring programme is based on the continuation of the Company's department store operations, the sale and lease back of the department store properties in Helsinki, Tallinn and Riga and the continuation of Lindex business operations under the ownership of the Stockmann Group.

The restructuring process is proceeding according to plan, which means that all Stockmann's department store properties have been sold and both the secured restructuring debt and undisputed unsecured restructuring debt have been paid. Other measures and undertakings, as specified in Stockmann plc's restructuring programme, have already been completed during 2021 and are explained in the annual report 2021.

The Group's scope for arranging new financing is limited during the execution of the corporate restructuring programme, which can not end until all disputed claims are solved. This may have an effect on the sufficiency of liquidity and on the financial position.

The uncertainties related to the COVID-19 pandemic may have an impact on Stockmann Group'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 government-imposed restrictions, a lack of transport capacity, strikes and political uncertainties.

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

Stockmann Group does not currently have any legal disputes or claims not already reported in the financial statements and there are no further indications of material threats for continuing operations or cash outflows.

Due to the nature of business, Stockmann Group's revenues are divided to large number of customers and no single customer poses a significant threat to the Group's cash flows.

The Board of Directors of Stockmann has carefully analysed the company's overall situation in connection with the deployment of the corporate restructuring programme and with respect to the uncertainty due to changes in the general economic situation, and its analysis confirms the adequacy of liquidity and financing for the following twelve months and thus supports the preparation of this consolidated financial statements in accordance with the principle of business continuity.

Accounting policies requiring management's judgment and key sources of uncertainty concerning estimates

In preparing the Consolidated Financial Statements in compliance with the recognition and valuation principles of IFRS, it has been necessary to make forward-looking estimates and assumptions. At the financial statements date, the assumptions are related particularly to the basis for continuity, valuations of assets, exercising lease options, contingent liabilities and provisions recognised.

Stockmann has paid all confirmed undisputed external restructuring debt, but still has disputed claims and undisputed conditional or maximum restructuring debt. At the end of the reporting period, the amount of the disputed claims was EUR 61.3 million. The claim amount is mainly related to termination of long-term premises lease agreements. The administrator of the restructuring programme has disputed the claims and considered it justified to pay 18 months' rent for the leases instead of all the years left in the terminated lease contracts. Three claims will be settled in District Court and one claim by arbitration proceedings. The amount of undisputed conditional or maximum restructuring debt was EUR 8.8 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 20 per cent of their receivables to shares after their respective receivables have been confirmed.

Management has assessed if there are any indications of impairment on the carrying amounts of Group's assets. The management has also estimated the recoverable amounts of these assets and concluded that there is no need for impairment of the carrying amounts of Group's assets.

The estimates and assumptions presented in the Consolidated Financial Statements are based on the management's best knowledge at the time of preparation of the financial statements. The key uncertainties, estimates and assumptions are otherwise presented in the Consolidated Financial Statements for 2022.

Income taxes

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 in Gothenburg gave its decision in September 2022, according to which it overturned the previous court decisions and approved Stockmann's appeal. Stockmann Sverige AB was entitled to a deduction of interest expenses, which corresponds to a lower tax cost of approximately EUR 19 million 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, which corresponds to a lower tax cost of approximately EUR 13 million during the years 2017–2019. In November 2022, the ruling from the Administrative Court of Appeal was appealed by the Swedish Tax Agency to the Supreme Administrative Court. In November 2022, the Swedish Tax Agency also appealed the ruling of the County Administrative Court to the Administrative Court of Appeal. See note 5.8 for further information.

The profits of Stockmann Plc's Branch in Estonia have been included in the taxable income of the parent office in Finland. The profits of the Branch will be income taxable in Estonia, at the time when the profits are distributed to the parent office in Finland. According to the tax treaty between Estonia and Finland, the income tax which will be paid in Estonia is deductible from the income tax in Finland under certain conditions. During the reporting period, it was resolved to distribute profits of EUR 52.4 million from the Branch in Estonia to the parent office in Finland, which resulted in tax payment of EUR 13.1 million in Estonia. According to the Finnish Tax Administration, EUR 2.8 million of the taxes payable in Estonia are not deductible from the taxes payable in Finland, because Stockmann Plc did not have sufficient taxable income in Finland during the fiscal years 2010-2016. Thus, the aforesaid amount would be double tax payment. After the profit sharing, the untaxed retained earnings of the Branch in Estonia including the profit of the reporting period are EUR 24.9 million and the calculated income tax in Estonia would be EUR 5.2 million.

GROUP'S OPERATING SEGMENTS

Revenue, EUR mill.	Q4 2022	Q4 2021	1.1.–31.12.2022	1.1.–31.12.2021
Lindex	**172.2**	177.8	**661.1**	607.4
Stockmann	**100.4**	99.7	**320.6**	291.6
Group total	**272.6**	277.5	**981.7**	899.0

Reported operating profit/loss, EUR mill.	Q4 2022	Q4 2021	1.1.–31.12.2022	1.1.–31.12.2021
Lindex	**23.0**	24.0	**90.3**	74.6
Stockmann	**2.4**	27.8	**71.2**	11.6
Unallocated	**−0.8**	−1.3	**−6.7**	−4.1
Group total	**24.6**	50.6	**154.9**	82.1
Financial income	**1.1**	0.1	**2.6**	2.7
Financial expenses	**−7.6**	−4.4	**−28.3**	−19.6
Consolidated profit/loss before taxes	**18.1**	46.3	**129.2**	65.2

Adjustments to Operating profit/loss, EUR mill.	Q4 2022	Q4 2021	1.1.–31.12.2022	1.1.–31.12.2021
Lindex	**0.0**	−0.3	**0.3**	−5.7
Stockmann	**−0.9**	21.5	**76.6**	21.5
Unallocated	**−0.7**	−0.3	**−1.9**	−2.0
Group total	**−1.6**	21.0	**75.1**	13.8

Adjusted Operating profit/loss, EUR mill.	Q4 2022	Q4 2021	1.1.–31.12.2022	1.1.–31.12.2021
Lindex	**23.0**	24.3	**90.0**	80.3
Stockmann	**3.3**	6.3	**−5.4**	−9.9
Unallocated	**−0.1**	−1.0	**−4.8**	−2.1
Group total	**26.1**	29.6	**79.8**	68.3

Depreciation, amortisation and impairment losses, EUR mill.	Q4 2022	Q4 2021	1.1.–31.12.2022	1.1.–31.12.2021
Lindex	**18.1**	19.8	**76.8**	77.3
Stockmann	**6.6**	5.8	**26.4**	25.5
Group total	**24.7**	25.7	**103.2**	102.9

Capital expenditure *), EUR mill.	Q4 2022	Q4 2021	1.1.–31.12.2022	1.1.–31.12.2021
Lindex	**29.3**	35.2	**154.6**	54.9
Stockmann	**6.0**	6.0	**129.9**	9.9
Group total	**35.3**	41.2	**284.5**	64.8

*) Including right-of-use-assets

Assets, EUR mill.	31.12.2022	31.12.2021
Lindex	**935.0**	941.0
Stockmann	**344.8**	460.1
Unallocated	**3.1**	15.3
Group total	**1 282.9**	1 416.5

IFRS 16 Lease liabilities, EUR mill.	31.12.2022	31.12.2021
Lindex	**267.1**	251.5
Stockmann	**287.7**	85.7
Total	**554.8**	337.2

INFORMATION ON MARKET AREAS

Revenue, EUR mill.	**Q4 2022**	Q4 2021	**1.1.–31.12.2022**	1.1.–31.12.2021
Finland	**96.4**	96.7	**321.1**	294.9
Sweden*)	**92.0**	100.3	**354.3**	343.4
Norway	**36.0**	37.1	**139.1**	122.7
Baltic countries and other countries	**48.1**	43.4	**167.3**	138.0
Market areas total	**272.6**	277.5	**981.7**	899.0
Finland %	**35.4%**	34.9%	**32.7%**	32.8%
International operations %	**64.6%**	65.1%	**67.3%**	67.2%

Operating profit/loss ,EUR mill.	**Q4 2022**	Q4 2021	**1.1.–31.12.2022**	1.1.–31.12.2021
Finland	**0.2**	3.5	**50.9**	−15.2
Sweden*)	**10.2**	20.7	**66.6**	64.9
Norway	**1.2**	1.1	**4.5**	3.7
Baltic countries and other countries	**13.0**	25.3	**32.8**	28.6
Market areas total	**24.6**	50.6	**154.9**	82.1
Group total	**24.6**	50.6	**154.9**	82.1

Non-current assets, EUR mill.	**31.12.2022**	31.12.2021
Finland	**219.1**	352.9
Sweden*)	**556.5**	534.8
Norway	**46.5**	43.4
Baltic countries and other countries	**44.3**	47.0
Market areas total	**866.4**	978.1
Finland %	**25.3%**	36.1%
International operations %	**74.7%**	63.9%

*) includes franchising income

KEY FIGURES OF THE GROUP

	31.12.2022	31.12.2021
Equity ratio, %	**26.2**	18.9
Net gearing, %	**135.4**	212.8
Cash flow from operating activities per share, year-to-date, EUR	**0.35**	1.32
Interest-bearing net debt, EUR mill.	**454.4**	570.8
Number of shares at the end of the period, thousands	**155 880**	154 437
Average no of shares, undiluted , thousands	**155 189**	114 009
Average no of shares, diluted, thousands	**155 347**	114 009
Market capitalisation, EUR mill.	**307.1**	333.6
Operating profit/loss, % of revenue	**15.8**	9.1
Equity per share, EUR	**2.15**	1.74
Return on equity, rolling 12 months, %	**33.7**	20.2
Return on capital employed, rolling 12 months, %	**15.7**	8.0
Average number of employees, converted to full-time equivalents	**4 332**	3 886
Capital expenditure, year-to-date, EUR mill. *)	**62.5**	16.9

*) Excluding right-of-use-assets

DEFINITIONS OF KEY FIGURES

Performance measures according to IFRS

Earnings per share = $\dfrac{\text{Result for the period attributable to the parent company's shareholders}}{\text{Average number of shares, adjusted for share issue}}$

Alternative performance measures

Equity ratio, % = $\dfrac{\text{Equity total}}{\text{Total assets – advance payments received}} \times 100$

Net gearing, % = $\dfrac{\text{Interest-bearing liabilities – cash and cash equivalents – interest-bearing receivables}}{\text{Equity total}} \times 100$

Cash flow from operating activities per share = $\dfrac{\text{Cash flow from operating activities}}{\text{Average number of shares}}$

Interest-bearing net debt = Interest-bearing liabilities – cash and cash equivalents – interest-bearing receivables

Market capitalisation = Number of shares at period end multiplied by the market quotation on the balance sheet date

Equity per share = $\dfrac{\text{Equity attributable to the parent company's shareholders}}{\text{Number of shares on the balance sheet date}}$

Return on equity, % = $\dfrac{\text{Result for the period (12 months)}}{\text{Equity total (average over 12 months)}} \times 100$

Return on capital employed, % = $\dfrac{\text{Result before taxes + interest and other financial expenses}}{\text{Capital employed (average over 12 months)}} \times 100$

Capital employed = Total assets – deferred tax liabilities and other non-interest-bearing liabilities (average over 12 months)

EXCHANGE RATES OF EURO

Closing rate for the period	**31.12.2022**	31.12.2021
NOK	**10.5138**	9.9888
SEK	**11.1218**	10.2503
Average rate for the period	**1.1.–31.12.2022**	1.1.–31.12.2021
NOK	**10.1019**	10.1635
SEK	**10.6278**	10.1452

INFORMATION PER QUARTER

Consolidated income statement per quarter

EUR mill.	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Continuing operations								
Revenue	**272.6**	244.0	269.0	196.1	277.5	237.8	228.0	155.7
Other operating income	**0.0**	0.3	84.0	15.2	25.7	3.2	1.5	1.5
Materials and services	**-116.1**	-105.3	-109.3	-82.7	-117.5	-96.3	-90.2	-68.0
Employee benefit expenses	**-53.7**	-50.7	-55.5	-52.2	-53.9	-46.7	-48.3	-45.6
Depreciation, amortisation and impairment losses	**-24.7**	-25.9	-26.9	-25.7	-25.7	-25.7	-26.4	-25.1
Other operating expenses	**-53.4**	-56.4	-46.9	-40.9	-55.5	-39.6	-38.3	-46.0
Total expenses	**-248.0**	-238.3	-238.5	-201.6	-252.7	-208.3	-203.2	-184.8
Operating profit/loss	**24.6**	6.0	114.5	9.8	50.6	32.7	26.4	-27.6
Financial income	**1.1**	0.9	0.2	0.3	0.1	0.1	1.4	1.0
Financial expenses	**-7.6**	-8.3	-6.7	-5.7	-4.4	-4.3	-4.2	-6.7
Total financial income and expenses	**-6.5**	-7.4	-6.5	-5.4	-4.2	-4.2	-2.8	-5.7
Profit/loss before tax	**18.1**	-1.4	108.0	4.4	46.3	28.5	23.6	-33.3
Income taxes	**-0.5**	2.0	-27.4	-1.6	-11.1	-5.6	-4.4	3.8
Profit/loss from continuing operations	**17.6**	0.6	80.7	2.8	35.3	22.9	19.2	-29.4
Net profit/loss for the period	**17.6**	0.6	80.7	2.8	35.3	22.9	19.2	-29.4

Earnings per share per quarter

EUR	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
From continuing operations (undiluted and diluted)	**0.11**	0.00	0.52	0.02	0.23	0.15	0.26	-0.39
From the period result (undiluted and diluted)	**0.11**	0.00	0.52	0.02	0.23	0.15	0.26	-0.39

Segment information per quarter

EUR mill.	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Revenue								
Lindex	**172.2**	166.9	188.0	134.0	177.8	168.9	162.0	98.7
Stockmann	**100.4**	77.1	81.0	62.2	99.7	68.9	66.0	56.9
Group total	**272.6**	244.0	269.0	196.1	277.5	237.8	228.0	155.7
Reported operating profit/loss								
Lindex	**23.0**	22.9	39.0	5.5	24.0	31.2	32.3	-13.0
Stockmann	**2.4**	-15.8	78.4	6.3	27.8	0.0	-4.0	-12.2
Unallocated	**-0.8**	-1.0	-2.8	-2.0	-1.3	1.5	-1.9	-2.4
Group total	**24.6**	6.0	114.5	9.8	50.6	32.7	26.4	-27.6
Adjustments to Operating profit/loss								
Lindex	**0.0**	0.3			-0.3	0.0	0.0	-5.4
Stockmann	**-0.9**	-15.9	79.8	13.6	21.5		0.1	-0.1
Unallocated	**-0.7**	-0.4	-0.7	-0.1	-0.3	-0.2	-0.5	-1.0
Group total	**-1.6**	-16.0	79.1	13.5	21.0	-0.2	-0.4	-6.5
Adjusted Operating profit/loss								
Lindex	**23.0**	22.5	39.0	5.5	24.3	31.2	32.3	-7.6
Stockmann	**3.3**	0.2	-1.5	-7.3	6.3	0.0	-4.0	-12.1
Unallocated	**-0.1**	-0.6	-2.1	-1.9	-1.0	1.7	-1.4	-1.4
Group total	**26.1**	22.0	35.4	-3.7	29.6	32.9	26.8	-21.1

Information on market areas

EUR mill.	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Revenue								
Finland	**96.4**	80.0	84.7	60.0	96.7	72.9	68.9	56.4
Sweden*)	**92.0**	87.6	100.7	73.9	100.3	92.0	89.6	61.5
Norway	**36.0**	34.6	41.6	26.9	37.1	34.0	33.5	18.0
Baltic countries and other countries	**48.1**	41.9	42.0	35.3	43.4	38.9	36.0	19.8
Group total	**272.6**	244.0	269.0	196.1	277.5	237.8	228.0	155.7
Finland %	**35.4%**	32.8%	31.5%	30.6%	34.9%	30.6%	30.2%	36.2%
International operations %	**64.6%**	67.2%	68.5%	69.4%	65.1%	69.4%	69.8%	63.8%
Operating profit/loss								
Finland	**0.2**	-16.3	75.9	-8.9	3.5	1.1	-6.9	-12.9
Sweden*)	**10.2**	19.0	35.4	2.1	20.7	28.2	29.9	-14.3
Norway	**1.2**	1.2	1.2	1.0	1.1	1.1	1.0	0.6
Baltic countries and other countries	**13.0**	2.1	2.1	15.6	25.3	2.4	2.4	-1.0
Market areas total	**24.6**	6.0	114.5	9.8	50.6	32.7	26.4	-27.6
Group total	**24.6**	6.0	114.5	9.8	50.6	32.7	26.4	-27.6

*) Includes franchising income

CONTINGENT LIABILITIES AND DERIVATIVE CONTRACTS

Contingent liabilities of the Group, EUR mill.	**31.12.2022**	31.12.2021
Mortgages on land and buildings *)		1 501.7
Pledged subsidiary shares **)	**303.4**	280.1
Pledged loan receivables ***)	**373.5**	405.8
Pledges and guarantees	**0.1**	0.1
Electricity commitments	**2.7**	0.3
Liabilities of adjustments of VAT deductions made on investments to immovable property		2.5
Total	**679.8**	2 190.5
*) Bookvalue of land and buildings		238.9
**) Bookvalue of subsidiary shares		
***) Bookvalue of subsidiary loan receivables		

Lease agreements on the Group's business premises, EUR mill.	**31.12.2022**	31.12.2021
Within one year	**3.1**	4.7
After one year	**9.3**	11.5
Total	**12.4**	16.2

Group's lease payments, EUR mill.	**31.12.2022**	31.12.2021
Within one year	**0.2**	0.2
After one year	**0.3**	0.5
Total	**0.4**	0.7

Group's derivative contracts, EUR mill.	**31.12.2022**	31.12.2021
Nominal value		
Currency derivatives	**46.9**	45.9
Electricity derivatives		1.1
Total	**46.9**	47.0

CONSOLIDATED ASSETS AND GOODWILL

Assets, EUR mill.	**31.12.2022**	31.12.2021
Acquisition cost at the beginning of the period	**1 613.4**	1 647.7
Translation difference +/-	**−114.5**	−26.5
Increases during the period	**284.6**	64.8
Decreases during the period	**−36.8**	−76.2
Transfers between items during the period		−1.7
Transfers to non-current assets classified as held for sale		5.5
Acquisition cost at the end of the period	**1 746.8**	1 613.4
Accumulated depreciation and impairment losses at the beginning of the period	**−878.7**	−836.7
Translation difference +/-	**62.3**	11.5
Depreciation on reductions during the period	**35.9**	53.3
Accumulated depreciation on transfers to non-current assets classified as held for sale		1.5
Transfers between items during the period		−5.4
Depreciation, amortisation and impairment losses during the period	**−103.2**	−102.9
Accumulated depreciation and impairment losses at the end of the period	**−883.6**	−878.7
Carrying amount at the beginning of the period	**734.8**	811.0
Carrying amount at the end of the period	**863.1**	734.8

The calculation of consolidated assets includes following changes in consolidated goodwill:

Goodwill, EUR mill.	**31.12.2022**	31.12.2021
Carrying amount at the beginning of the period	**271.5**	277.5
Translation difference +/-	**−21.6**	−6.0
Increases during the period	**0.9**	
Carrying amount at the end of the period	**250.9**	271.5

RIGHT-OF-USE ASSETS

EUR mill.	**31.12.2022**	31.12.2021
Acquisition cost at the beginning of the period	**468.6**	476.9
Translation difference +/-	**−34.5**	−8.3
Increases during the period	**222.0**	47.9
Decreases during the period	**−19.5**	−47.9
Acquisition cost at the end of the period	**636.7**	468.6
Accumulated depreciation and impairment losses at the beginning of the period	**−172.0**	−125.5
Translation difference +/-	**14.4**	2.9
Depreciation on reductions during the period	**18.9**	25.6
Depreciation, amortisation and impairment losses during the period	**−78.7**	−75.0
Accumulated depreciation and impairment losses at the end of the period	**−217.5**	−172.0
Carrying amount at the beginning of the period	**296.6**	351.4
Carrying amount at the end of the period	**419.2**	296.6

FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY AND HIERARCHICAL CLASSIFICATION OF FAIR VALUES

Financial assets, EUR mill.	Level	**Carrying amount 31.12.2022**	**Fair value 31.12.2022**	Carrying amount 31.12.2021	Fair value 31.12.2021
Derivative contracts, hedge accounting applied	2	**0.1**	**0.1**	1.3	1.3
Financial assets at fair value through profit or loss					
Derivative contracts, hedge accounting not applied					
Electricity derivatives	1			0.4	0.4
Financial assets at amortised cost					
Non-current receivables		**3.1**	**3.1**	3.8	3.8
Current receivables, non-interest-bearing*)		**43.1**	**43.1**	44.2	44.2
Cash and cash equivalents*)		**167.9**	**167.9**	213.8	213.8
Other investments	3	**0.2**	**0.2**	0.2	0.2
Financial assets by measurement category, total		**214.4**	**214.4**	263.7	263.7

Financial liabilities, EUR mill.	Level	**Carrying amount 31.12.2022**	**Fair value 31.12.2022**	Carrying amount 31.12.2021	Fair value 31.12.2021
Derivative contracts, hedge accounting applied	2	**1.2**	**1.2**	0.1	0.1
Financial liabilities at amortised cost					
Non-current interest-bearing liabilities	2	**67.5**	**55.8**	66.0	55.1
Non-current lease liabilities		**477.5**	**477.5**	264.3	264.3
Non-current non-interest-bearing liabilities		**0.7**	**0.7**	20.3	20.3
Current liabilities, interest-bearing	2			381.5	381.5
Current lease liabilities		**77.3**	**77.3**	72.9	72.9
Current liabilities, non-interest-bearing*)		**177.9**	**177.9**	223.4	223.4
Financial liabilities by measurement category, total		**802.1**	**790.4**	1 028.5	1 017.6

Change in fair value of other investments, EUR mill.	**31.12.2022**	31.12.2021
Carrying amount Jan. 1	**0.2**	0.2
Total	**0.2**	0.2

*) Including assets classified as held for sale and the relating liabilities

The Group uses the following hierarchy of valuation techniques to determine and disclose the fair value of financial instruments:
Level 1: Quoted (unadjusted) prices for identical assets or liabilities in active markets
Level 2: The valuation techniques use as input data quoted market prices which are regularly available from stock exchanges, brokers or pricing services. Level 2 financial instruments are over-the-counter derivative contracts which are classified either for recognition at fair value on the income statement or as hedging instruments
Level 3: Techniques which require most management's judgment.

There were no transfers between levels during the financial year.

Financial assets on level 3 are investments in shares of unlisted companies. The fair value of the shares is determined by techniques based on the managements' judgement. Profits or losses from the investments are recorded to other operating income or expenses in the income statement, because acquisition and divestment decisions on the investments are made for business reasons. The following calculation illustrates changes in financial assets valuated at fair value during the reporting period.

CASH FLOWS BASED ON AGREEMENTS IN FINANCIAL LIABILITIES AT 31 DECEMBER 2022

EUR mill.	Carrying amount	1.1.2023–31.12.2023	1.1.2024–31.12.2024	1.1.2025–31.12.2025	1.1.2026–31.12.2026	1.1.2027–	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	99.3	−99.3					−99.3
Non-current lease liabilities	477.5		−92.8	−85.3	−77.3	−406.4	−661.8
Current lease liabilities	77.3	−96.8					−96.8
Lease liabilities, total	554.8	−96.8	−92.8	−85.3	−77.3	−406.4	−758.7
Total	721.8	−196.4	−92.9	−85.4	−145.0	−406.4	−926.1

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.	**31.12.2022**	31.12.2021
Non-current non-interest-bearing restructuring debt, unsecured		19.8
Current interest-bearing restructuring debt, secured		381.5
Current non-interest-bearing restructuring debt, unsecured	**0.2**	2.0
Restructuring debt total	**0.2**	403.3
Provisions related to restructuring debt *)	**31.2**	17.5
Total	**31.3**	420.8

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.–31.12.2022**	1.1.–31.12.2021
Interest income on bank deposits, other investments and currency derivatives	**1.3**	1.0
Other financial income	**1.3**	1.7
Financial income, total	**2.6**	2.7
Interest expenses on financial liabilities measured at amortised cost	**−2.8**	−7.2
Interest expenses from lease contracts	**−24.7**	−12.2
Foreign exchange differences	**−0.7**	−0.2
Financial expenses, total	**−28.3**	−19.6
Financial income and expenses, total	**−25.7**	−16.9

ASSETS HELD FOR SALE

EUR mill.	**31.12.2022**	31.12.2021
Intangible assets and property, plant and equipment		239.3
Other receivables		0.1
Cash and cash equivalents		0.1
Deferred tax liabilities		15.3
Other liabilities		0.4
Net assets		223.8

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