HALF YEAR FINANCIAL REPORT
Q2 2022

STOCKMANN

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Continued strong growth and improved profitability in both Lindex and Stockmann

April–June 2022:

- Stockmann Group's revenue was EUR 269.0 million (228.0), up 18.9% in comparable currency rates.
- Gross margin decreased to 59.4% (60.5).
- Operating result increased to EUR 114.5 million (26.4).
- The adjusted operating result was EUR 35.4 million (26.8).
- Earnings per share were EUR 0.52 (0.26).
- Net result for the quarter amounted to EUR 80.7 million (19.2).

January–June 2022:

- Stockmann Group's revenue was EUR 465.1 million (383.7), up 22.3% in comparable currency rates.
- Gross margin remained at the same level of 58.7% (58.8).
- Operating result increased to EUR 124.3 million (-1.2).
- The adjusted operating result was EUR 31.6 million (5.8).
- Earnings per share were EUR 0.54 (-0.14).
- Net result for the period amounted to EUR 83.4 million (-10.3).

Guidance for 2022 (published 19.7.2022):

Stockmann expects an increase in the Group's revenue and that the adjusted operating result improves compared to previous year. Guidance is based on the assumption that there will be no major changes in consumer spending during the latter part of the year. Geopolitical instability in the world with high inflation and challenges in the supply chains and international logistics as well as the challenges of COVID-19 restrictions require that both divisions have to be adaptive and flexible to meet the future.

Previous guidance (published 29.4.2022):

Stockmann expects an increase in the Group's revenue and that the adjusted operating result will be clearly positive. Geopolitical instability in the world with high inflation and challenges in the supply chains and international logistics as well as the challenges of COVID-19 restrictions require that both divisions have to be adaptive and flexible to meet the future.

CEO Jari Latvanen:

Stockmann Group's second-quarter result in 2022 improved significantly, thanks to Lindex's strong performance and improved sales in both divisions. The net sales for the quarter grew by 18.9% in comparable terms, totalling EUR 269.0 million. The operating result for Q2 strongly improved from EUR 26.4, to 114.5 million, and alongside the operational improvement the result was postively impacted by the sale-and-leaseback of the Helsinki Flagship store.

Our comparable and adjusted operating profit totalled EUR 35.4 million, representing an increase of some EUR 9 million. Stockmann Group's profitable growth is based on the right strategic choices and their successful execution. Our quarter-result has improved for six consecutive quarters and for the last 12 months has more than doubled compared to the level of 2019.

The Lindex division achieved especially good performance in all main markets, which resulted in a record Q2 and half-year result. In Q2, net sales grew by EUR 26.0 million and operating profit increased by EUR 6.7 million. Sales and profitability improved significantly thanks to the good performance in the physical stores during the quarter. Lindex's total sales are now 21.9% higher than during 2019 in comparable currencies.

The Stockmann division also achieved a good result in Q2. Sales grew by 22.6% and the comparable adjusted result increased by EUR 2.6 million. The department stores are now almost on a break-even level on a rolling 12 basis due to increased customer traffic in the stores, improved margins and cost structure.

The sale-and-leaseback of the Helsinki Flagship store took place in April and Stockmann will further develop the property together with the new owner. The sale-and-leaseback affected the operating result positively in the quarter. In April the Board of Directors approved the decision to build a new omni-channel logistics centre for Lindex to enable further growth.

The systematic implementation of sustainability initiatives continued in both divisions. During Q2, the Lindex division invested in a new fibre based on an innovative process for large-scale recycling of textiles. Lindex also opened a pop-up store selling second-hand baby clothes and had a pre-launch of the new femtech brand Female Engineering. As part of systematic work within the environmental field the Stockmann division accomplished the ISO 14001 environmental management system audit for Finland. The Stockmann division also extended the textile recycling pilot to all the capital region department stores in Finland in cooperation with the Helsinki Region Environmental Services Authority HSY.

I would like to thank our teams in both divisions for their major contributions to the company and efforts to serve our customers, and also for the resilience during the exceptional occurrences in the operating environment which have affected Stockmann operations significantly during the last very challenging years.

KEY FIGURES

	4–6/2022	4–6/2021	**1–6/2022**	1–6/2021	1–12/2021
Revenue, EUR mill.	**269.0**	228.0	**465.1**	383.7	899.0
Gross margin, %	**59.4**	60.5	**58.7**	58.8	58.6
Operating result (EBIT), EUR mill.	**114.5**	26.4	**124.3**	−1.2	82.1
Adjusted operating result (EBIT), EUR mill.	**35.4**	26.8	**31.6**	5.8	68.3
Result for the period, EUR mill.	**80.7**	19.2	**83.4**	−10.3	47.9
Earnings per share, undiluted and diluted, EUR	**0.52**	0.26	**0.54**	−0.14	0.42
Adjusted earnings per share, undiluted and diluted, EUR*)	**0.01**	0.26	**−0.06**	−0.04	0.30
Cash flow from operating activities, EUR mill.	**37.6**	51.5	**−20.2**	34.4	150.4
Capital expenditure, EUR mill.	**5.4**	2.0	**11.7**	4.3	16.9
Equity per share, EUR			**2.15**	2.59	1.74
Equity ratio, %			**25.6**	14.1	18.9

Where applicable, figures have been adjusted to correspond with the change in accounting policy.
*) Net profit/loss for the period – adjustments, see items affecting comparability / average number of shares, adjusted for share issue

ITEMS AFFECTING COMPARABILITY

EUR million	**4–6/2022**	4–6/2021	**1–6/2022**	1–6/2021	1–12/2021
Operating result (EBIT)	**114.5**	26.4	**124.3**	−1.2	82.1
Adjustments to EBIT					
Gain on sales of real estate	**−81.4**		**−95.4**		−21.7
Restructuring and transformation measures	**2.2**	0.4	**2.3**	7.0	10.9
Russia related losses			**0.4**		
Employee insurance refund					−3.0
Adjusted operating result (EBIT)	**35.4**	26.8	**31.6**	5.8	68.3

CORPORATE RESTRUCTURING PROGRAMME

The restructuring process is proceeding according to plan, which means that all Stockman'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 restructuring debt was paid.

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

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 sales in 2020, where the amount of the visitors dramatically decreased in physical stores. Both divisions managed to increase digital sales, but not fully compensating the physical store decline. In 2021 physical traffic partly recovered again in different pace for the sales markets. In beginning of 2022 there were still restrictions in some markets, which affected stores. Since April 2022 all restrictions have been eased up and sales has recovered. Compared with pre-pandemic in 2019, merchandise sales during the second quarter in 2022 have increased by 22.6% in the Lindex division but decreased by 4.7% in the Stockmann division. The decrease is although partly explained by less sales square meters than in 2019. For Stockmann group total merchandise sales has increased with 13.4% compared to 2019.

OPERATING ENVIRONMENT

Fashion sales in Finland in January–June were up by 10.4% compared with the previous year (8.7). The fashion trade, which suffered badly during the pandemic, has recovered faster than predicted. The sales are now boosted by the brick-and-mortar stores while the digital sales have declined. (Source: Fashion and Sports Commerce association).

In Sweden, fashion sales continued to increase in the second quarter. Fashion sales in January–June were up by 26.0%. Compared to 2019 fashion sales were up by 4.2%, meaning that sales has recovered from much lower levels last year. (Source: Swedish Trade Federation, Stilindex).

In the Baltic countries, the operating environment has been increasingly affected by the EU's highest inflation levels, in Estonia 22% and in Latvia 19% in June, which are impacting consumer confidence (Source: Eurostat). The retail trade, which showed good recovery at the beginning of the year, has shown decreasing growth rates in May and June.

REVENUE AND EARNINGS

April–June 2022

The Stockmann Group's second-quarter revenue amounted to EUR 269.0 million (228.0). Revenue was up by 18.0%.

Revenue in Finland was up by 22.9% to EUR 84.7 million (68.9). In Sweden it was up by 12.3% to EUR 100.7 million (89.6). Revenue in the other countries amounted to EUR 83.6 million (69.5), an increase of 20.3%.

Gross profit was EUR 159.7 million (137.9) and the gross margin was 59.4% (60.5).

Other operating income increased to EUR 84.0 million (1.5) and is related to a capital gain from selling the department store property in Helsinki.

Operating costs increased by EUR 15.7 million, or by EUR 13.9 million including adjustments related to restructuring and other transformation measures. Operating costs totalled EUR 102.4 million (86.7).

The operating result for the second quarter was EUR 114.5 million (26.4). The adjusted operating result for the quarter improved and was EUR 35.4 million (26.8). The adjusted operating result was clearly up for both Lindex and Stockmann.

Net financial expenses amounted to EUR 6.5 million (2.8). The result before taxes was EUR 108.0 million (23.6).

Operating income received for the second quarter included EUR 2.4 million related to mainly retroactive public funding short-term layoffs in Sweden during 2021.

January–June 2022

The Stockmann Group's revenue for the period amounted to EUR 465.1 million (383.7). Revenue was up by 21.2%.

Revenue in Finland was up by 15.4%, to EUR 144.7 million (125.3). In Sweden it was up by 15.6% to EUR 174.6 million (151.1). Revenue in the other countries was up by 36.0%, to EUR 145.9 million (107.3), or up by 34.5% in comparable currency rates.

Gross profit was EUR 273.1 million (225.5) and the gross margin was 58.7% (58.8).

Operating income increased to EUR 99.3 million (3.1) and is related to a capital gain from selling the Riga real estate and Helsinki city real estate.

Operating costs were up by EUR 17.3 million, or up by EUR 21.9 million including adjustments related to restructuring and other transformation measures. Operating costs totalled EUR 195.5 million (178.2).

The operating result for the period was EUR 124.3 million (-1.2). The adjusted operating result for the period was EUR 31.6 million (5.8).

Net financial expenses amounted to EUR 11.8 million (8.5). The result before taxes was EUR 112.4 million (-9.7).

The result for the period was EUR 83.4 million (-10.3). Earnings per share for the period were EUR 0.54 (-0.14). Adjusted earnings per share were EUR -0.06 (-0.04). Equity per share was EUR 2.15 (2.59).

FINANCING AND CAPITAL EMPLOYED

Cash flow from operating activities came to EUR 37.6 million (51.5) in the second quarter and EUR -20.2 million (34.4) in January–June.

Total inventories were EUR 180.6 million (148.7) at the end of June. Inventories increased from the previous year at both Lindex and Stockmann due to higher sales and longer freight times. During the first half-year, governmental loans from the Swedish government taken out by Lindex were repaid by approximately EUR 42 million that was reflected in the working capital.

At the end of June, interest-bearing liabilities totalled EUR 639.5 million (757.8) and contained secured bond and lease liabilities. Last year interest-bearing liabilities included the restructuring debt, which now has been fully paid (430.0). The non-current senior secured bonds were EUR 66.1 million (0). The lease liabilities according to IFRS 16 were EUR 573.4 million (327.8). EUR 291.4 million of the lease liabilities were related to Stockmann and EUR 282.0 million to Lindex (31 December 2021: Stockmann 85.7, Lindex 251.5).

Cash and cash equivalents totalled EUR 184.6 million (155.6) at the end of June. Assets on the balance sheet totalled EUR 1 303.3 million (1 380.7) at the end of June.

The equity ratio was 25.6% (14.1) and net gearing was 136.6% (309.0) at the end of June. IFRS 16 has a significant impact on the equity ratio and net gearing. Excluding IFRS 16, the equity ratio would have been 53.0% and net gearing would have been -26.5%.

The Group's capital employed at the end of June was EUR 972.5 million, or EUR 512.9 million excluding IFRS 16 items (952.5 or 637.6).

CAPITAL EXPENDITURE

Capital expenditure totalled EUR 5.4 million (2.0) in the second quarter and EUR 11.7 million (4.3) in January–June. Most of the capital expenditure was used for both Lindex's and Stockmann's digitalisation projects and Lindex's digital development and store refurbishments.

During the second quarter Board of Directors approved an investment for a new omnichannel distribution center for Lindex to enable continued growth. The new omnichannel warehouse will manage the supply of goods to all the fashion company's stores, the strongly growing e-commerce as well as the company's third-party collaborations with global fashion platforms. The investment is the largest in Lindex history and amounts to approximately EUR 110 million during the coming years.

REVENUE AND EARNINGS BY DIVISION

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

LINDEX

Lindex	4–6/2022	4–6/2021	1–6/2022	1–6/2021	1–12/2021
Revenue, EUR mill.	**188.0**	162.0	**322.0**	260.7	607.4
Gross margin, %	**65.4**	67.1	**65.0**	66.2	65.4
Operating result, EUR mill.	**39.0**	32.3	**44.5**	19.3	74.6
Adjusted operating result, EUR mill.	**39.0**	32.3	**44.5**	24.7	80.3
Capital expenditure, EUR mill.	**4.0**	2.2	**8.4**	3.5	12.0

April–June 2022

Lindex's revenue for the quarter was up by 16.1%, to EUR 188.0 million (162.0), or up by 18.2% in local currency rates compared to the previous year. Sales at the brick-and-mortar stores continued to increase by 23.1%. The digital sales remained on a high level but decreased by 3.0%. The digital sales accounted for 15.9% (19.5) of total sales, and the decrease is due to the higher brick-and-mortar sales.

The gross margin decreased to 65.4% (67.1) due to less favourable USD versus SEK compared to last year.

Operating costs increased by EUR 9.2 million, to EUR 66.7 million (57.5). The costs increased compared to the previous year due to higher sales, through higher employment costs in the stores when the COVID-19 restrictions were lifted and continued investments for growth.

Lindex's operating result for the second quarter improved by EUR 6.7 million, to EUR 39.0 million (32.3). Lindex's strong sales growth, together with almost maintained margins and cost control contributed to the improved result.

January–June 2022

Lindex's revenue increased by 23.5%, to EUR 322.0 million (260.7), or up by 25.2% in local currency rates compared to the previous year. Growth in digital sales during the period was 2.3% and accounted for 18.8% (23.0) of total sales.

The gross margin was 65.0% (66.2) for the period.

Operating costs inreased by EUR 10.7 million, to EUR 128.5 million (117.8).

The operating result for the period was EUR 44.5 million (19.3).

Lindex's adjusted operating result for the period amounted to EUR 44.5 million (24.7).

Lindex store network

Lindex had 440 stores in 18 countries in total at the end of the second quarter: 408 of its own stores and 32 franchise stores. Lindex opened two new stores and closed one store during the quarter. In addition to Lindex's own online store, the division also sells its products on third parties' digital platforms.

Lindex sustainability

During the quarter, Lindex continued to take important steps in its transformation to a more sustainable and circular business. As part of the work to test and explore new business models and prolong the lifetime of clothes, Lindex has opened a pop-up store selling second-hand baby clothes. This has been a successful concept that has been well received by the fashion company's customers and gives valuable insights into how the business model can be developed and scaled up to meet the customers' needs. Another important step in Lindex's transformation to a more sustainable and circular assortment is the fashion company's investment in a new viscose fibre based on OnceMore®, which is an innovative process for large-scale textile recycling of blended materials. OnceMore® is an important step in Lindex's circular transformation and will reduce the use of virgin raw material. At present, 78% of Lindex's assortment is made from recycled or more sustainable materials, and Lindex will continue its work to reach 100% by 2025.

STOCKMANN

Stockmann	4–6/2022	4–6/2021	1–6/2022	1–6/2021	1–12/2021
Revenue, EUR mill.	**81.0**	66.0	**143.1**	123.0	291.6
Gross margin, %	**45.3**	44.1	**44.6**	43.0	44.5
Operating result, EUR mill.	**78.4**	−4.0	**84.6**	−16.2	11.6
Adjusted operating result, EUR mill.	**−1.5**	−4.0	**−8.8**	−16.2	−9.9
Capital expenditure, EUR mill.	**1.4**	−0.1	**3.3**	0.8	4.9

April–June 2022

The Stockmann division's second-quarter revenue grew by 22.6% and amounted to EUR 81.0 million (66.0). Sales in the brick-and-mortar stores grew as a consequence of much improved visitor volumes as well as a larger average purchase by customers. The online store decreased by 3% because the customers shopped in the department stores instead, and it accounted for 14.6% (18.5) of total sales. Due to the renewed business model and the restructruring Stockmann has less retail space and less subtenants, which makes comparison with 2019 not relevant.

Revenue in Finland came to EUR 63.2 million (50.5), an increase of 25% on the previous year. Revenue in department stores in the Baltics increased by 15% to EUR 17.8 million (15.5).

The Stockmann division's Crazy Days campaign was held as an eight-day-long campaign from 30 March to 6 April 2022. The campaign was arranged both in the department stores and online. Last year, the eight-day-long online campaign was held in March and in comparison the campaign sales improved significantly. The fashion and cosmetics categories performed well in Finland, and grocery, home and cosmetics in the Baltics.

The gross margin was 45.3% (44.1). The gross margin increased compared to the previous year due to higher sales of full-priced products.

Operating costs increased by EUR 2.6 million, to EUR 31.9 million (29.2). The costs increased compared to previous years due to higher revenues and ease of pandemic restrictions in the stores which have impacted several cost areas.

The operating result for the quarter improved by EUR 82.3 million to EUR 78.4 million (-4.0).

The adjusted operating result for the quarter increased by EUR 2.6 million to EUR -1.5 million (-4.0). This was an effect of better sales and improved gross margins.

January–June 2022

The Stockmann division's revenue amounted to EUR 143.1 million (123.0). The increase was derived from the brick-and-mortar sales as the easing of the COVID-19-related restrictions increased visitor volumes in the stores as well as higher average purchase by customers. Consequently, digital sales decreased compared to the previous year. The online store declined during the period by 19.8% and accounted for 13.6% (19.7) of total sales.

Revenue in Finland amounted to EUR 109.0 million (95.9), an increase of 13.7% from the previous year. Revenue in department stores in the Baltics was up 24.7%, to EUR 33.8 million (27.1).

The gross margin improved to 44.6% (43.0). The gross margin increased compared to the previous year due to higher sales of full-priced products.

Operating costs increased by EUR 2.0 million, to EUR 62.0 million (60.1).

The operating result for the period was EUR 84.6 million (-16.2).

The adjusted operating result for the period was EUR -8.8 million (-16.2).

Stockmann store network

Stockmann had eight department stores and one online store at the end of the second quarter. The department stores are located in Helsinki (2), Vantaa, Espoo, Turku, Tampere, Riga and Tallinn.

Stockmann sustainability

The Stockmann division's corporate responsibility strategy was finalised and reviewed as part of the strategy process by the Stockmann Board of Directors. The aim is to integrate CSR more closely into the business strategy and operations in order to strive towards a more sustainable business and to respond to the expectations of Stockmann's stakeholders. As part of the normal annual process of systematic environmental work the Stockmann division accomplished the ISO 14001 environmental management system audit for Finland. Additionally all operations in Finland were audited internally to maintain strong focus on environmental issues among personnel in all locations. The Stockmann division also extended the textile recycling pilot with the Helsinki Region Environmental Services Authority HSY in all capital region department stores in Finland to the end of the year.

PERSONNEL

The Stockmann Group's average number of personnel during the reporting period was 5 982 (5 484). In terms of full-time equivalents, the average number of employees was 4 264 (3 598).

At the end of June, the Stockmann Group's personnel numbered 6 449 (5 927), of whom 1 714 (1 581) were working in Finland. The number of employees working outside Finland was 4 735 (4 346), representing 73% (73) of the entire personnel.

The Group's wages and salaries amounted to EUR 83.2 million in the period, compared with EUR 71.4 million in the same period in 2021. Employee benefit expenses totalled EUR 107.7 million (93.9), which is equivalent to 23.2% (24.5) of revenue.

CHANGES IN MANAGEMENT

Stockmann plc's Chief Financial Officer Pekka Vähähyyppä resigned from his position for retirement and left Stockmann on 30 April 2022. Annelie Forsberg (b. 1972), M.Sc. (Econ.), was appointed the new CFO for Stockmann Group as of 1 April 2022.

SHARES AND SHARE CAPITAL

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

At the end of June, Stockmann had a total of 154 749 420 shares. The number of votes conferred by the shares was 154 749 420.

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 either.

At the end of June the share capital was EUR 77.6 million. At the end of June, the market capitalisation stood at EUR 363.7 million (108.9).

The price of a STOCKA share was EUR 2.35 at the end of June 2022, compared with EUR 1.45 at the end of June 2021.

A total of 46.3 million shares were traded on Nasdaq Helsinki during the period. This corresponds to 29.9% 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 June, Stockmann had 44 254 shareholders, compared with 42 888 a year earlier.

BUSINESS CONTINUITY, RISKS AND FINANCING SITUATION

The restructuring process is proceeding according to plan, which means that all Stockman'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 will have an impact on Stockmann's liquidity and financial position and the value of its assets. Risks related to production and supply may arise from unusual situations such as an escalation in the COVID-19 pandemic or a new epidemic leading to government-imposed restrictions, a lack of transport capacity, strikes and political uncertainties.

The current geopolitical situation is increasing inflation which can affect sales negatively due to the level of consumer confidence, as well as increased buying prices and operating costs. Further it might 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.

In response to the Russian invasion of Ukraine, Stockmann removed products of Russian 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.

The Swedish tax authorities have taken 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. In their reply, the Swedish tax authorities concluded that Stockmann does not have the right to appeal to the European Court of Justice to gain the rejected interest deductions, and that the decision of the European Court of Justice of 20 January 2021 is of no significance regarding Stockmann's right to deduct these interest expenses. The processing of the case continues in the Court of Appeal (Stock Exchange Release, 14 May 2021).
Stockmann has paid all undisputed external restructuring debt, but still has disputed claims (described below) and undisputed conditional or maximum restructuring debt. At the end of June 2022, the amount of disputed claims was EUR 89 million, mainly related to the termination of long-term leases with 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 all the years left in the lease contract. Most of the claims will be settled by arbitration proceedings. The amount of undisputed conditional or maximum restructuring debt was EUR 8 million. Stockmann has made a provision of EUR 14.3 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% of their receivables to shares and bonds after their respective receivables have been confirmed.

LähiTapiola Keskustakiinteistöt Ky, the landlord of Stockmann's Tapiola department store, has initiated arbitration proceedings against Stockmann in which the company demands up to EUR 43.4 million compensation from Stockmann in accordance with section 27, subsection 1 of the Restructuring Act. The administrator of the restructuring proceedings has 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 has filed a claim against Stockmann, Stockmann AS and the administrator and/or the supervisor at Helsinki District Court to leave the matter in abeyance.

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 1.2 million. The EUR 1.2 million has been converted to shares 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 with 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. 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 EUR 1.5 million in damages. The above-mentioned court case in the Supreme Court is still pending.

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

EVENTS AFTER THE REPORTING PERIOD

On 19 July 2022, Stockmann published a profit warning: Stockmann expects an increase in the Group's revenue and that the adjusted operating result improves compared to previous year. Guidance is based on the assumption that there will be no major changes in consumer spending during the latter part of the year. Geopolitical instability in the world with high inflation and challenges in the supply chains and international logistics as well as the challenges of COVID-19 restrictions require that both divisions have to be adaptive and flexible to meet the future. (Stock Exchange release 19.7.2022).

The Company'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 on 23 March 2022, 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 have been confirmed to their final amounts by 14 July 2022 and has 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 will increase by 1 130 786 shares to a total of 155 880 206 shares. (Stock Exchange release 21.7.2022).

On 21 July 2022, the company announces additionally, that is has received and verified one subscription form from an entitled person whose previously conditional receivable subject to the payment programme of the restructuring programme has been clarified and the final amounts of such receivable has been confirmed. The aggregate principal amount by which the entitled person has been entitled to subscribe for subsequent bonds amounts to EUR 1 385 878.70. The receivables of the entitled person will be converted, by way of set-off, into subsequent bonds. The subsequent bonds are settled through the clearance system of Euroclear Finland Ltd and will be recorded on the book-entry accounts maintained by Euroclear Finland Ltd as soon as practicably possible. (Stock Exchange release 21.7.2022).

MARKET OUTLOOK FOR 2022

Uncertainty in the global economy is expected to persist throughout 2022. The geopolitical instability will affect the supply chains and international logistics and the COVID-19 pandemic will continue to have an impact on the economy across the world until the coronavirus situation is under better control. Additionally the accelerating inflation has an impact on households and consumption and will also lead to increased operating costs. The retail market is expected to remain challenging due to changes in consumer behaviour and confidence.

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

Helsinki, 21 July 2022

STOCKMANN plc
Board of Directors

CONDENSED FINANCIAL STATEMENTS

This Half year financial report has been prepared in compliance with IAS 34. The figures are unaudited.

CONSOLIDATED INCOME STATEMENT

EUR mill.	**1.1.–30.6.2022**	1.1.–30.6.2021	1.1.–31.12.2021
REVENUE	**465.1**	383.7	899.0
Other operating income	**99.3**	3.1	31.9
Materials and consumables	**–192.0**	–158.2	–372.0
Wages, salaries and employee benefit expenses	**–107.7**	–93.9	–194.6
Depreciation, amortisation and impairment losses	**–52.6**	–51.5	–102.9
Other operating expenses	**–87.8**	–84.3	–179.4
Total expenses	**–440.1**	–387.9	–848.9
OPERATING PROFIT/LOSS	**124.3**	–1.2	82.1
Financial income	**0.6**	2.5	2.7
Financial expenses	**–12.4**	–11.0	–19.6
Total financial income and expenses	**–11.8**	–8.5	–16.9
PROFIT/LOSS BEFORE TAX	**112.4**	–9.7	65.2
Income taxes	**–29.0**	–0.5	–17.3
NET PROFIT/LOSS FOR THE PERIOD	**83.4**	–10.3	47.9
Profit/loss for the period attributable to:			
Equity holders of the parent company	**83.4**	–10.3	47.9
Earnings per share, EUR:			
From the period result (undiluted and diluted)	**0.54**	–0.14	0.42

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	**1.1.–30.6.2022**	1.1.–30.6.2021	1.1.–31.12.2021
PROFIT/LOSS FOR THE PERIOD	**83.4**	–10.3	47.9
Other comprehensive income:			
Items that may be subsequently reclassified to profit and loss			
Exchange differences on translating foreign operations, before tax	**–17.8**	–1.3	–6.0
Exchange differences on translating foreign operations, net of tax	**–17.8**	–1.3	–6.0
Cash flow hedges, before tax	**–1.1**		1.1
Cash flow hedges, net of tax	**–1.1**		1.1
Other comprehensive income for the period, net of tax	**–18.9**	–1.3	–4.9
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**64.6**	–11.6	43.0
Total comprehensive income attributable to:			
Equity holders of the parent company	**64.6**	–11.6	43.0

1.1.–30.6.2021 figures are restated according to IFRIC agenda decision on configuration and customisation costs in cloud computing arrangements (IAS 38).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	30.6.2022	30.6.2021	31.12.2021
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	**260.2**	275.3	271.5
Trademark	**84.7**	89.9	88.7
Intangible rights	**26.5**	22.4	27.6
Other intangible assets	**0.9**	1.4	1.1
Advance payments and construction in progress	**2.9**	1.8	2.1
Intangible assets, total	**375.1**	390.8	391.1
Property, plant and equipment			
Machinery and equipment	**39.0**	40.6	40.6
Modification and renovation expenses for leased premises	**4.2**	4.9	4.8
Right-of-use assets	**438.3**	309.6	296.6
Advance payments and construction in progress	**1.0**	9.6	1.2
Property, plant and equipment, total	**482.5**	364.6	343.2
Investment properties	**0.5**	0.5	0.5
Non-current receivables	**3.8**	1.7	3.8
Other investments	**0.2**	0.2	0.2
Deferred tax assets	**29.0**	28.7	23.8
NON-CURRENT ASSETS, TOTAL	**891.2**	786.5	762.6
CURRENT ASSETS			
Inventories	**180.6**	148.7	154.8
Current receivables			
Interest-bearing receivables	**0.1**	0.2	0.0
Income tax receivables	**0.2**	2.0	0.1
Non-interest-bearing receivables	**46.7**	39.9	45.7
Current receivables, total	**46.9**	42.0	45.8
Cash and cash equivalents	**184.6**	155.6	213.7
CURRENT ASSETS, TOTAL	**412.1**	346.3	414.3
ASSETS CLASSIFIED AS HELD FOR SALE		247.9	239.5
ASSETS, TOTAL	**1 303.3**	1 380.7	1 416.5

EUR mill.	30.6.2022	30.6.2021	31.12.2021
EQUITY AND LIABILITIES			
EQUITY			
Share capital	**77.6**	77.6	77.6
Invested unrestricted equity fund	**72.3**		72.0
Other funds	**0.1**	0.1	1.2
Translation reserve	**-3.3**	19.1	14.4
Retained earnings	**186.4**	45.0	102.9
Hybrid bond		52.9	
Equity attributable to equity holders of the parent company	**333.0**	194.7	268.2
EQUITY, TOTAL	**333.0**	194.7	268.2
NON-CURRENT LIABILITIES			
Deferred tax liabilities	**35.8**	36.4	40.6
Non-current interest-bearing financing liabilities	**66.1**		66.0
Non-current lease liabilities	**493.7**	254.2	264.3
Non-current non-interest-bearing liabilities and provisions	**15.3**	95.1	37.8
NON-CURRENT LIABILITIES, TOTAL	**610.9**	385.8	408.6
CURRENT LIABILITIES			
Current interest-bearing financing liabilities		430.0	381.5
Current lease liabilities	**79.7**	73.6	72.9
Current non-interest-bearing liabilities			
Trade payables and other current liabilities	**196.7**	233.3	223.1
Income tax liabilities	**82.8**	41.4	46.4
Current provisions	**0.1**	4.8	0.0
Current non-interest-bearing liabilities, total	**279.6**	279.5	269.6
CURRENT LIABILITIES, TOTAL	**359.3**	783.2	724.0
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE		17.1	15.7
LIABILITIES, TOTAL	**970.3**	1 186.0	1 148.3
EQUITY AND LIABILITIES, TOTAL	**1 303.3**	1 380.7	1 416.5

30.6.2021 figures are restated according to IFRIC agenda decision on configuration and customisation costs in cloud computing arrangements (IAS 38).

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	**1.1.–30.6.2022**	1.1.–30.6.2021	1.1.–31.12.2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/loss for the period	**83.4**	−10.3	47.9
Adjustments for:			
Depreciation, amortisation and impairment losses	**52.6**	51.5	102.3
Gains (-) and losses (+) of disposals of fixed assets and other non-current assets	**−95.5**	0.0	−21.6
Interest and other financial expenses	**12.4**	11.0	19.6
Interest income	**−0.6**	−2.5	−2.7
Income taxes	**29.0**	0.5	17.3
Other adjustments	**1.5**	0.6	0.6
Working capital changes:			
Increase (-) /decrease (+) in inventories	**−31.1**	−14.1	−21.5
Increase (-) / decrease (+) in trade and other current receivables	**−0.6**	−3.0	−10.1
Increase (+) / decrease (-) in current liabilities	**−43.4**	13.6	48.4
Interest expenses paid	**−13.2**	−12.5	−28.7
Interest received from operating activities	**0.1**	0.1	1.0
Income taxes paid from operating activities	**−14.9**	−0.5	−2.0
Net cash from operating activities	**−20.2**	34.4	150.4
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of tangible and intangible assets	**427.6**	0.0	48.3
Purchase of tangible and intangible assets	**−11.5**	−4.8	−17.0
Security deposit			−2.3
Net cash used in investing activities	**416.1**	−4.8	28.9
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan conversion costs			−0.4
Repayment of current liabilities	**−381.5**		−48.5
Payment of lease liabilities	**−36.6**	−25.8	−66.3
Net cash used in financing activities	**−418.1**	−25.8	−115.2
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**−22.1**	3.9	64.1
Cash and cash equivalents at the beginning of the period	**213.7**	152.3	152.3
Net increase/decrease in cash and cash equivalents	**−22.1**	3.9	64.1
Effects of exchange rate fluctuations on cash held	**−7.0**	−0.6	−2.7
Cash and cash equivalents at the end of the period	**184.6**	155.6	213.7

1.1.–30.6.2021 figures have been restated on configuration and customisation costs in cloud computing arrangements from cash flows from investing activities to cash flows from operating activities.

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							−10.3	−10.3		**−10.3**
Exchange differences on translating foreign operations						−1.2		−1.2		**−1.2**
Total comprehensive income for the period, net of tax						−1.2	−10.3	−11.5		**−11.5**
Reduction of share capital to cover losses	−66.5						66.5			
Usage of funds to cover losses		−186.1		−250.4	−43.7		494.2	14.0		**14.0**
Hybrid bond cut							52.9	52.9	−52.9	
Other changes in equity total	−66.5	−186.1		−250.4	−43.7		613.7	66.9	−52.9	**14.0**
EQUITY 30.6.2021	77.6				0.1	19.1	59.0	155.8	52.9	**208.7**

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, net of tax			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		1.1	72.0	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		1.1	72.0	0.1	14.4	102.9	268.2		**268.2**
Profit/loss for the period							83.4	83.4		**83.4**
Exchange differences on translating foreign operations						−17.8		−17.8		**−17.8**
Cash flow hedges			−1.1					−1.1		**−1.1**
Total comprehensive income for the period, net of tax			−1.1			−17.8	83.4	64.6		**64.6**
Share issue to creditors for unsecured restructuring debt				0.3				0.3		**0.3**
Other changes in equity total				0.3				0.3		**0.3**
EQUITY 30.6.2022	77.6		0.0	72.3	0.1	−3.3	186.4	333.0		**333.0**

Retained earnings for prior year 30.6.2021 figures are restated according to IFRIC agenda decision on configuration and customisation costs in cloud computing arrangements (IAS 38).

NOTES TO THE FINANCIAL STATEMENTS, CONDENSED

ACCOUNTING POLICIES

This half year financial report has been prepared in compliance with IAS 34. The accounting policies and calculation methods applied are the same as those in the 2021 financial statements. The figures are unaudited.

Corporate restructuring programme

In a decision on 9 February 2021, the Helsinki District Court approved Stockmann plc's restructuring programme. 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. Most of the measures and undertakings, as specified in Stockmann plc´s restructuring programme, have already been completed during 2021, and they are explained in the annual report 2021.

The sale-and- leaseback agreement for Stockmann's Riga department store property was signed in December 2021, but the closure took place in January 2022. Therefore, the transaction was booked in the first quarter of 2022, and the proceeds from sale of the property were used, according to the restructuring programme, in full, to reduce the secured restructuring debts.

On 21 March 2022, Stockmann agreed on the sale of its department store property in Helsinki city center. Stockmann used the proceeds from the sale of the property, EUR 391.3 million, to repay in full both the secured restructuring debts, EUR 342.6 million, and the undisputed unsecured restructuring debts, EUR 22.7 million, that were subject to the corporate restructuring payment programme. Stockmann will continue its department store operations in the entire building under a long lease-back agreement with the new owner. Leases with Stockmann's tenants will continue with the current concept. On 7 April 2022, Stockmann announced that the sale of the department store property in Helsinki city center has been completed and in April 2022 all undisputed secured and unsecured debt was paid.

The sale-and-leaseback of Riga and Helsinki properties have been treated in the half year financial report by reducing the amount of assets and liabilities classified as held for sale, determining the lease liability and the amount of the right-of-use assets that Stockmann retains and recognising a gain on rights transferred. The transactions have reduced the amount of assets classified as held for sale by EUR 239.5 million and liabilities classified as held for sale by EUR 15.7 million, increased the lease liabilities by EUR 209.5 million and increased the amount of right-of-use assets by EUR 116.9 million. The net of gain on rights transferred and the cost related to sales transaction of EUR 75.4 million has been recognised under other operating income in the income statement.
On 23 March 2022, the Company's Board of Directors decided, in accordance with the restructuring programme and pursuant to the authorisation granted by the Annual General Meeting, to issue 284 337 new shares in the company (the "Conversion Shares"), in deviation from the shareholders' pre-emptive subscription rights, to a creditor whose previously conditional or disputed restructuring debts under the restructuring programme have been confirmed in their final amounts by 21 January 2022 (the "Share Issue") and has 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. As a result of the Share Issue, the total number of shares in the company increased by 284 337 shares to a total of 154 749 420 shares.

Following the payment and share conversions of the restructuring debt and confirmation of undisputed part of certain disputed debts, the remaining confirmed unsecured restructuring debt under the payment programme of the restructuring programme amounts to EUR 5.5 million. However, Stockmann has under the restructuring programme also restructuring debt that is conditional, 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 share conversion and payment after their respective receivables have been confirmed.

Business continuity

The Stockmann Group half year financial report has 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 approved restructuring programme. Failure to meet the requirements or repayment of restructuring debt according to the restructuring programme may lead to the termination of the restructuring programme or bankruptcy. The profitability of the Group's business is dependent on future market conditions and the Group's ability to execute its business plan successfully.

Implementation of Stockmann plc's restructuring programme is progressing as planned. Stockmann's department store properties have been sold and the uncertainty related to sales of the Helsinki real estate, as described in the Annual report 2021, discontinues. Both the secured and undisputed external unsecured restructuring debt have been paid. Other measures and undertakings, as specified in Stockmann plc´s restructuring program, 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 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 COVID-19 pandemic and the current geopolitical situation. The analysis confirms the adequacy of liquidity and financing 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 half year financial report 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 still has disputed claims and conditional or maximum restructuring debt. At the end of June 2022, the amount of disputed claims was EUR 89 million, mainly related to the termination of long-term leases with 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 all the years left in the lease contract. Most of the claims will be settled by arbitration proceedings. The amount of conditional or maximum restructuring debt was EUR 8 million. Stockmann has made a provision of EUR 14.3 million, which corresponds to the company's estimate of the probable amount relating to the claims and the 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 half year financial report are based on the management's best knowledge at the time of preparation of this half year financial report. The key uncertainties as well as estimates and assumptions are otherwise presented in the Financial Statements for 2021.

GROUP'S OPERATING SEGMENTS

Revenue, EUR mill.	Q2 2022	Q2 2021	1.1.–30.6.2022	1.1.–30.6.2021	1.1.–31.12.2021
Lindex	188.0	162.0	322.0	260.7	607.4
Stockmann	81.0	66.0	143.1	123.0	291.6
Group total	269.0	228.0	465.1	383.7	899.0

Reported operating profit/loss, EUR mill. *)	Q2 2022	Q2 2021	1.1.–30.6.2022	1.1.–30.6.2021	1.1.–31.12.2021
Lindex	39.0	32.3	44.5	19.3	74.6
Stockmann	78.4	−4.0	84.6	−16.2	11.6
Unallocated	−2.8	−1.9	−4.8	−4.3	−4.1
Group total	114.5	26.4	124.3	−1.2	82.1
Financial income	0.2	1.4	0.6	2.5	2.7
Financial expenses	−6.7	−4.2	−12.4	−11.0	−19.6
Consolidated profit/loss before taxes	108.0	23.6	112.4	−9.7	65.2

Adjustments to Operating profit/loss, EUR mill.	Q2 2022	Q2 2021	1.1.–30.6.2022	1.1.–30.6.2021	1.1.–31.12.2021
Lindex		0.0		−5.4	−5.7
Stockmann	79.8	0.1	93.4		21.5
Unallocated	−0.7	−0.5	−0.8	−1.5	−2.0
Group total	79.1	−0.4	92.7	−7.0	13.8

Adjusted Operating profit/loss, EUR mill. *)	Q2 2022	Q2 2021	1.1.–30.6.2022	1.1.–30.6.2021	1.1.–31.12.2021
Lindex	39.0	32.3	44.5	24.7	80.3
Stockmann	−1.5	−4.0	−8.8	−16.2	−9.9
Unallocated	−2.1	−1.4	−4.0	−2.8	−2.1
Group total	35.4	26.8	31.6	5.8	68.3

Depreciation, amortisation and impairment losses, EUR mill. *)	Q2 2022	Q2 2021	1.1.–30.6.2022	1.1.–30.6.2021	1.1.–31.12.2021
Lindex	19.8	20.0	39.4	37.9	77.3
Stockmann	7.1	6.4	13.2	13.6	25.5
Group total	26.9	26.4	52.6	51.5	102.9

Capital expenditure, EUR mill. *) **)	Q2 2022	Q2 2021	1.1.–30.6.2022	1.1.–30.6.2021	1.1.–31.12.2021
Lindex	40.1	−0.4	86.3	10.7	54.9
Stockmann	113.6	−0.1	122.2	2.0	9.9
Group total	153.8	−0.5	208.5	12.7	64.8

**) Including right-of-use-assets

Assets, EUR mill. *)			30.6.2022	30.6.2021	31.12.2021
Lindex			956.1	902.3	941.0
Stockmann			331.8	477.7	460.1
Unallocated			15.4	0.7	15.3
Group total			1 303.3	1 380.7	1 416.5

IFRS 16 Lease liabilities, EUR mill.			30.6.2022	30.6.2021	31.12.2021
Lindex			282.0	261.3	251.5
Stockmann			291.4	66.5	85.7
Total			573.4	327.8	337.2

*) 1.1.–30.6.2021 figures are restated according to IFRIC agenda decision on configuration and customisation costs in cloud computing arrangements (IAS 38).

INFORMATION ON MARKET AREAS

Revenue, EUR mill.	Q2 2022	Q2 2021	1.1.–30.6.2022	1.1.–30.6.2021	1.1.–31.12.2021
Finland	**84.7**	68.9	**144.7**	125.3	294.9
Sweden*)	**100.7**	89.6	**174.6**	151.1	343.4
Norway	**41.6**	33.5	**68.6**	51.6	122.7
Baltic countries and other countries	**42.0**	36.0	**77.3**	55.7	138.0
Market areas total	**269.0**	228.0	**465.1**	383.7	899.0
Finland %	**31.5%**	30.2%	**31.1%**	32.7%	32.8%
International operations %	**68.5%**	69.8%	**68.9%**	67.3%	67.2%

Operating profit/loss, EUR mill. **)	Q2 2022	Q2 2021	1.1.–30.6.2022	1.1.–30.6.2021	1.1.–31.12.2021
Finland	**75.9**	−6.9	**67.0**	−19.8	−15.2
Sweden*)	**35.4**	29.9	**37.4**	15.6	64.9
Norway	**1.2**	1.0	**2.1**	1.6	3.7
Baltic countries and other countries	**2.1**	2.4	**17.7**	1.4	28.6
Market areas total	**114.5**	26.4	**124.3**	−1.2	82.1
Group total	**114.5**	26.4	**124.3**	−1.2	82.1

Non-current assets, EUR mill. **)	30.6.2022	30.6.2021	31.12.2021
Finland	**229.4**	366.9	352.9
Sweden*)	**540.6**	544.5	534.8
Norway	**48.8**	44.0	43.4
Baltic countries and other countries	**43.4**	49.4	47.0
Market areas total	**862.2**	1 004.8	978.1
Finland %	**26.6%**	36.5%	36.1%
International operations %	**73.4%**	63.5%	63.9%

*) includes franchising income
**) 1.1.–30.6.2021 figures are restated according to IFRIC agenda decision on configuration and customisation costs in cloud computing arrangements (IAS 38).

KEY FIGURES OF THE GROUP

	30.6.2022	30.6.2021	31.12.2021
Equity ratio, % *)	**25.6**	14.1	18.9
Net gearing, % *)	**136.6**	309.0	212.8
Cash flow from operating activities per share, year-to-date, EUR	**−0.13**	0.46	1.32
Interest-bearing net debt, EUR mill.	**454.8**	601.5	570.8
Number of shares at the end of the period, thousands	**154 749**	75 102	154 437
Average no of shares, adjusted for share issue, undiluted and diluted, thousands	**154 618**	75 102	114 009
Market capitalisation, EUR mill.	**363.7**	108.9	333.6
Operating profit/loss, % of revenue *)	**26.7**	−0.3	9.1
Equity per share, EUR	**2.15**	2.59	1.74
Return on equity, rolling 12 months, % *)	**53.7**	−82.0	20.2
Return on capital employed, rolling 12 months, % *)	**21.6**	−19.1	8.0
Average number of employees, converted to full-time equivalents	**4 264**	3 598	3 886
Capital expenditure, year-to-date, EUR mill. *) **)	**11.7**	4.3	16.9

*) 30.6.2021 figures are restated according to IFRIC agenda decision on configuration and customisation costs in cloud computing arrangements (IAS 38).
**) Excluding right-of-use-assets

DEFINITIONS OF KEY FIGURES

Performance measures according to IFRS

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

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 multiplied by the quotation for the respective share series 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	**30.6.2022**	30.6.2021	31.12.2021
NOK	**10.3485**	10.1717	9.9888
SEK	**10.7300**	10.1110	10.2503
Average rate for the period	**30.6.2022**	30.6.2021	31.12.2021
NOK	**9.9756**	10.1780	10.1635
SEK	**10.4742**	10.1300	10.1452

INFORMATION PER QUARTER

Consolidated income statement per quarter

EUR mill.	**Q2 2022**	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Continuing operations								
Revenue	**269.0**	196.1	277.5	237.8	228.0	155.7	232.0	207.6
Other operating income	**84.0**	15.2	25.7	3.2	1.5	1.5	1.6	2.8
Materials and consumables	**−109.3**	−82.7	−117.5	−96.3	−90.2	−68.0	−97.5	−88.5
Wages, salaries and employee benefit expenses	**−55.5**	−52.2	−53.9	−46.7	−48.3	−45.6	−49.3	−44.3
Depreciation, amortisation and impairment losses	**−26.9**	−25.7	−25.7	−25.7	−26.4	−25.1	−281.5	−31.5
Other operating expenses	**−46.9**	−40.9	−55.5	−39.6	−38.3	−46.0	−61.3	−31.6
Total expenses	**−238.5**	−201.6	−252.7	−208.3	−203.2	−184.8	−489.6	−196.0
Operating profit/loss, EUR mill.	**114.5**	9.8	50.6	32.7	26.4	−27.6	−256.0	14.5
Financial income	**0.2**	0.3	0.1	0.1	1.4	1.0	15.8	−0.2
Financial expenses	**−6.7**	−5.7	−4.4	−4.3	−4.2	−6.7	−11.0	−9.7
Total financial income and expenses	**−6.5**	−5.4	−4.2	−4.2	−2.8	−5.7	4.8	−9.9
Profit/loss before tax	**108.0**	4.4	46.3	28.5	23.6	−33.3	−251.2	4.6
Income taxes	**−27.4**	−1.6	−11.1	−5.6	−4.4	3.8	3.9	−1.1
Net profit/loss for the period	**80.7**	2.8	35.3	22.9	19.2	−29.4	−247.3	3.4

Earnings per share per quarter

EUR	**Q2 2022**	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
From continuing operations (undiluted and diluted)	**0.52**	0.02	0.23	0.15	0.26	−0.39	−3.20	0.01
From the period result (undiluted and diluted)	**0.52**	0.02	0.23	0.15	0.26	−0.39	−3.20	0.01

Segment information per quarter

EUR mill.	**Q2 2022**	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Revenue								
Lindex	**188.0**	134.0	177.8	168.9	162.0	98.7	139.6	146.0
Stockmann	**81.0**	62.2	99.7	68.9	66.0	56.9	92.4	61.6
Group total	**269.0**	196.1	277.5	237.8	228.0	155.7	232.0	207.6
Reported operating profit/loss, EUR mill.								
Lindex	**39.0**	5.5	24.0	31.2	32.3	−13.0	14.9	21.6
Stockmann	**78.4**	6.3	27.8	0.0	−4.0	−12.2	−17.6	−4.8
Unallocated	**−2.8**	−2.0	−1.3	1.5	−1.9	−2.4	−3.3	−2.4
Goodwill impairment							−250.0	
Group total	**114.5**	9.8	50.6	32.7	26.4	−27.6	−256.0	14.5
Adjustments to Operating profit/loss, EUR mill.								
Lindex			−0.3	0.0	0.0	−5.4	0.0	−0.8
Stockmann	**79.8**	13.6	21.5		0.1	−0.1		
Unallocated	**−0.7**	−0.1	−0.3	−0.2	−0.5	−1.0	−2.7	−1.4
Goodwill impairment							−250.0	
Group total	**79.1**	13.5	21.0	−0.2	−0.4	−6.5	−252.7	−2.2
Adjusted Operating profit/loss, EUR mill.								
Lindex	**39.0**	5.5	24.3	31.2	32.3	−7.6	14.9	22.5
Stockmann	**−1.5**	−7.3	6.3	0.0	−4.0	−12.1	−17.6	−4.8
Unallocated	**−2.1**	−1.9	−1.0	1.7	−1.4	−1.4	−0.7	−1.0
Group total	**35.4**	−3.7	29.6	32.9	26.8	−21.1	−3.3	16.7

Information on market areas

EUR mill.	**Q2 2022**	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Revenue								
Finland	**84.7**	60.0	96.7	72.9	68.9	56.4	89.1	65.1
Sweden*)	**100.7**	73.9	100.3	92.0	89.6	61.5	80.6	79.0
Norway	**41.6**	26.9	37.1	34.0	33.5	18.0	29.0	29.4
Baltic countries and other countries	**42.0**	35.3	43.4	38.9	36.0	19.8	33.3	34.2
Group total	**269.0**	196.1	277.5	237.8	228.0	155.7	232.0	207.6
Finland %	**31.5%**	30.6%	34.9%	30.6%	30.2%	36.2%	38.4%	31.4%
International operations %	**68.5%**	69.4%	65.1%	69.4%	69.8%	63.8%	61.6%	68.6%
Operating profit/loss								
Finland	**75.9**	−8.9	3.5	1.1	−6.9	−12.9	−21.3	−5.6
Sweden*)	**35.4**	2.1	20.7	28.2	29.9	−14.3	12.5	19.6
Norway	**1.2**	1.0	1.1	1.1	1.0	0.6	1.0	−1.8
Baltic countries and other countries	**2.1**	15.6	25.3	2.4	2.4	−1.0	1.8	2.2
Market areas total	**114.5**	9.8	50.6	32.7	26.4	−27.6	−6.0	14.5
Goodwill impairment							−250.0	
Group total	**114.5**	9.8	50.6	32.7	26.4	−27.6	−256.0	14.5

*) Includes franchising income

CONTINGENT LIABILITIES AND DERIVATIVE CONTRACTS

Contingent liabilities of the Group, EUR mill.	30.6.2022	30.6.2021	31.12.2021
Mortgages on land and buildings *)		1 671.7	1 501.7
Pledged subsidiary shares **)	280.0		280.1
Pledged loan receivables ***)	387.7		405.8
Pledges and guarantees	0.1	0.2	0.1
Electricity commitments	0.2	0.5	0.3
Liabilities of adjustments of VAT deductions made on investments to immovable property		2.5	2.5
Total	667.9	1 674.8	2 190.5
*) Bookvalue of land and buildings		246.5	238.9
**) Bookvalue of subsidiary shares			
***) Bookvalue of loan receivables from subsidiary SEK 4 160 million			

Lease agreements on the Group's business premises, EUR mill.	30.6.2022	30.6.2021	31.12.2021
Within one year	4.6	7.0	4.7
After one year	8.0		11.5
Total	12.6	7.0	16.2

Group's lease payments, EUR mill.	30.6.2022	30.6.2021	31.12.2021
Within one year	0.2	0.2	0.2
After one year	0.4	0.6	0.5
Total	0.6	0.8	0.7

Group's derivative contracts, EUR mill.	30.6.2022	30.6.2021	31.12.2021
Nominal value			
Currency derivatives	40.7		45.9
Electricity derivatives	1.3	1.7	1.1
Total	42.1	1.7	47.0

CONSOLIDATED ASSETS AND GOODWILL

Assets, EUR mill.	30.6.2022	30.6.2021	31.12.2021
Acquisition cost at the beginning of the period	1 613.4	1 647.7	1 647.7
Translation difference +/-	-65.2	-8.7	-26.5
Increases during the period	208.5	12.7	64.8
Decreases during the period	-17.3	-33.3	-76.2
Transfers between items during the period			-1.7
Transfers to non-current assets classified as held for sale		0.5	5.5
Acquisition cost at the end of the period	1 739.4	1 618.9	1 613.4
Accumulated depreciation and impairment losses at the beginning of the period	-878.7	-836.7	-836.7
Translation difference +/-	36.7	10.7	11.5
Depreciation on reductions during the period	13.4	15.4	53.3
Accumulated depreciation on transfers to non-current assets classified as held for sale		-0.9	1.5
Transfers between items during the period			-5.4
Depreciation, amortisation and impairment losses during the period	-52.6	-51.5	-102.9
Accumulated depreciation and impairment losses at the end of the period	-881.2	-863.1	-878.7
Carrying amount at the beginning of the period	734.8	811.0	811.0
Carrying amount at the end of the period	858.1	755.9	734.8

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

Goodwill, EUR mill.	30.6.2022	30.6.2021	31.12.2021
Carrying amount at the beginning of the period	271.5	277.5	277.5
Translation difference +/-	-12.3	-2.2	-6.0
Increases during the period	0.9		
Carrying amount at the end of the period	260.2	275.3	271.5

30.6.2021 figures are restated according to IFRIC agenda decision on configuration and customisation costs in cloud computing arrangements (IAS 38).

RIGHT-OF-USE ASSETS

EUR mill.	30.6.2022	30.6.2021	31.12.2021
Acquisition cost at the beginning of the period	468.6	476.9	476.9
Translation difference +/-	-19.2	-2.9	-8.3
Increases during the period	196.8	8.3	47.9
Decreases during the period	-11.2	-24.8	-47.9
Acquisition cost at the end of the period	635.0	457.5	468.6
Accumulated depreciation and impairment losses at the beginning of the period	-172.0	-125.5	-125.5
Translation difference +/-	7.7	7.9	2.9
Depreciation on reductions during the period	7.3	6.9	25.6
Depreciation, amortisation and impairment losses during the period	-39.7	-37.4	-75.0
Accumulated depreciation and impairment losses at the end of the period	-196.7	-148.0	-172.0
Carrying amount at the beginning of the period	296.6	351.4	351.4
Carrying amount at the end of the period	438.2	309.6	296.6

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

Financial assets, EUR mill.	Level	**Carrying amount 30.6.2022**	**Fair value 30.6.2022**	Carrying amount 30.6.2021	Fair value 30.6.2021	Carrying amount 31.12.2021	Fair value 31.12.2021
Derivative contracts, hedge accounting applied	2	**3.0**	**3.0**			1.3	1.3
Financial assets at fair value through profit or loss							
Derivative contracts, hedge accounting not applied							
Currency derivatives	2						
Electricity derivatives	1	**1.7**	**1.7**			0.4	0.4
Financial assets at amortised cost							
Non-current receivables		**3.8**	**3.8**	1.7	1.7	3.8	3.8
Current receivables, interest-bearing		**0.1**	**0.1**	0.2	0.2	0.0	0.0
Current receivables, non-interest-bearing*)		**41.9**	**41.9**	40.2	40.2	44.2	44.2
Cash and cash equivalents*)		**184.6**	**184.6**	156.1	156.1	213.8	213.8
Other investments	3	**0.2**	**0.2**	0.2	0.2	0.2	0.2
Financial assets by measurement category, total		**235.4**	**235.4**	198.5	198.5	263.7	263.7

Financial liabilities, EUR mill.	Level	**Carrying amount 30.6.2022**	**Fair value 30.6.2022**	Carrying amount 30.6.2021	Fair value 30.6.2021	Carrying amount 31.12.2021	Fair value 31.12.2021
Derivative contracts, hedge accounting applied	2	**3.0**	**3.0**			0.1	0.1
Financial liabilities at fair value through profit or loss							
Derivative contracts, hedge accounting not applied							
Currency derivatives	2						
Financial liabilities at amortised cost							
Non-current interest-bearing liabilities	2	**66.1**	**56.1**			66.0	55.1
Non-current lease liabilities		**493.7**	**493.7**	254.2	254.2	264.3	264.3
Non-current non-interest-bearing liabilities		**1.0**	**1.0**	82.3	82.3	20.3	20.3
Current liabilities, interest-bearing	2			430.0	430.0	381.5	381.5
Current lease liabilities		**79.7**	**79.7**	73.6	73.6	72.9	72.9
Current liabilities, non-interest-bearing*)		**193.7**	**193.7**	233.7	233.7	223.4	223.4
Financial liabilities by measurement category, total		**837.2**	**827.2**	1 073.8	1 073.8	1 028.5	1 017.6

Change in fair value of other investments, EUR mill.	**30.6.2022**	30.6.2021	31.12.2021
Carrying amount Jan. 1	**0.2**	0.2	0.2
Total	**0.2**	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 30 JUNE 2022

EUR mill.	Carrying amount	1.7.2022–30.6.2023	1.7.2023–30.6.2024	1.7.2024–30.6.2025	1.7.2025–30.6.2026	1.7.2026–	Total
Current restructuring debts	5.5	−5.5					−5.5
Restructuring debts total	5.5	−5.5					−5.5
Non-current Bond (5-y Bullet)	66.1	−0.1	−0.1	−0.1	−0.1	−66.3	−66.6
Current trade payables and other current liabilities	99.0	−99.0					−99.0
Non-current lease liabilities	493.7		−90.2	−84.2	−78.9	−660.6	−913.9
Current lease liabilities	79.7	−99.4					−99.4
Lease liabilities, total	573.4	−99.4	−90.2	−84.2	−78.9	−660.6	−1 013.3
Total	743.9	−203.9	−90.3	−84.3	−79.0	−726.9	−1 184.3

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. Secured restructuring debt was paid in full with the proceeds from sale of Riga and Helsinki real estate. The confirmed unsecured restructuring debt was paid in April 2022. After that confirmed retructuring debt 5,5 million 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.	**30.6.2022**	30.6.2021	31.12.2021
Non-current non-interest-bearing restructuring debt, unsecured		81.8	19.8
Current interest-bearing restructuring debt, secured		430.0	381.5
Current interest-bearing restructuring debt, unsecured			
Current non-interest-bearing restructuring debt, secured			
Current non-interest-bearing restructuring debt, unsecured	**5.5**	28.0	2.0
Restructuring debt total	**5.5**	539.9	403.3
Restructuring debt related to non-current provisions	**14.3**	12.8	17.5
Restructuring debt related to current provisions		4.8	0.0
Provisions related to restructuring debt *)	**14.3**	17.6	17.5
Hybrid Bond (booked to Equity) + interest for the period 31.1 - 8.4.2020		54.1	
Total	**19.8**	611.5	420.8

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

FINANCIAL INCOME AND EXPENSES

EUR mill.	**1.1.–30.6.2022**	1.1.–30.6.2021	1.1.–31.12.2021
Dividend income from other investments	**0.0**		0.0
Interest income on bank deposits, other investments and currency derivatives	**0.1**	0.9	1.0
Other financial income	**0.5**	1.5	1.7
Financial income, total	**0.6**	2.5	2.7
Interest expenses on financial liabilities measured at amortised cost	**−1.3**	−4.8	−7.2
Interest expenses from lease contracts	**−10.7**	−6.1	−12.2
Foreign exchange differences	**−0.4**	−0.1	−0.2
Financial expenses, total	**−12.4**	−11.0	−19.6
Financial income and expenses, total	**−11.8**	−8.5	−16.9

ASSETS HELD FOR SALE

EUR mill.	**30.6.2022**	30.6.2021	31.12.2021
Intangible assets and property, plant and equipment		247.0	239.3
Other receivables		0.3	0.1
Cash and cash equivalents		0.6	0.1
Deferred tax liabilities		16.7	15.3
Other liabilities		0.3	0.4
Net assets		230.8	223.8

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