



Interim Report
Q1 2018

STOCKMANN

STOCKMANN plc, Interim Report 27.4.2018 at 8:00 EET

First-quarter adjusted operating result on a par with the previous year

January–March 2018, continuing operations:

- Consolidated revenue was EUR 202.4 million (216.9).
- Gross margin was 55.1% (53.3).
- Adjusted operating result was EUR -24.8 million (-25.1).
- Reported operating result was EUR -26.9 million (-25.1).
- Adjusted earnings per share were EUR -0.42 (-0.39).
- Guidance unchanged:

Stockmann expects the Group's revenue for 2018 to be on a par with the previous year. Adjusted operating profit is expected to improve in 2018.

CEO Lauri Veijalainen:

Our first-quarter performance was at last year's level, as we had estimated. Our revenue declined, but gross margin improved. Our inventories are on a healthy level, and thus there were considerably smaller markdowns in the first quarter than in 2017. We expect a similar margin development to continue throughout the rest of the year.

As the affordable fashion market is changing rapidly, Lindex will look more closely at its store network. Loss-making stores will be closed. The total number of stores is estimated to decrease by over 20 stores this year, compared to 2017. This is more than we estimated at the start of the year and reflects the weakened development in the Swedish fashion market.

Real Estate continued to perform well during the quarter thanks to increased rental income in all markets. Investigations related to possible divestments of the Nevsky Centre and the Book House have actively continued. Both properties are now classified as assets held for sale.

In Retail, Stockmann also launched a digital acceleration project at the beginning of 2018, with the aim of increasing e-commerce and reinforcing the omnichannel approach. As part of the digital project, Stockmann has made a digital partnership agreement with OP Bank.

The Crazy Days campaign, which took place at Stockmann stores after the first quarter, went very well. Campaign sales were up by a total of 4%, with clear growth both in Finland and the Baltics. The online store achieved a sales growth of 19%, which demonstrates that Crazy Days now is a truly omnichannel campaign. The successful campaign give us a solid start to the spring sales.

KEY FIGURES

Continuing operations	1-3/2018	1-3/2017	1-12/2017
Revenue, EUR mill.	202.4	216.9	1 055.9
Gross margin, %	55.1	53.3	55.8
EBITDA, EUR mill.	-12.6	-10.0	67.6
Adjusted EBITDA, EUR mill.	-10.6	-10.0	73.2
Operating result (EBIT), EUR mill.	-26.9	-25.1	-148.4
Adjusted operating result (EBIT), EUR mill.	-24.8	-25.1	12.3
Net financial items, EUR mill.*	-8.7	-4.6	-31.1
Result before tax, EUR mill.	-35.6	-29.7	-179.5
Result for the period, EUR mill.	-30.9	-26.9	-198.1
Earnings per share, undiluted and diluted, EUR	-0.45	-0.39	-2.82
Personnel, average	7 074	7 211	7 360
Continuing and discontinued operations**	1-3/2018	1-3/2017	1-12/2017
Net earnings per share, undiluted and diluted, EUR	-0.45	-0.43	-2.98
Cash flow from operating activities, EUR mill.	-61.9	-78.1	25.9
Capital expenditure, EUR mill.	7.8	7.8	34.7
Equity per share, EUR	11.78	14.46	12.29
Net gearing, %	94.6	79.9	83.8
Equity ratio, %	41.6	46.1	43.0
Number of shares, undiluted and diluted, weighted average, 1 000 pc	72 049	72 049	72 049
Return on capital employed, rolling 12 months, %	-8.9	1.4	-9.1

* Includes in 2017 a write-off of EUR 3.8 million related to Stockmann's investment in Tuko Logistics Cooperative (Q2 2017), EUR 2.0 million related to Seppälä (Q3 2017), EUR 1.5 million related to Hobby Hall (Q4 2017).

** Discontinued operations include Stockmann Delicatessen food operations in Finland (2017).

Items affecting comparability

EUR million	1-3/2018	1-3/2017	1-12/2017
Adjusted EBITDA	-10.6	-10.0	73.2
<i>Adjustments to EBITDA</i>			
Restructuring arrangements	-2.0		-9.6
Fair value gains and losses on investment properties			4.0
Adjustments total	-2.0		-5.6
EBITDA	-12.6	-10.0	67.6

EUR million	1-3/2018	1-3/2017	1-12/2017
Adjusted operating result (EBIT)	-24.8	-25.1	12.3
<i>Adjustments to EBIT</i>			
Lindex goodwill impairment			-150.0
Restructuring arrangements	-2.0		-14.6
Fair value gains and losses on investment properties			4.0
Adjustments total	-2.0		-160.6
Operating result (EBIT)	-26.9	-25.1	-148.4

Stockmann uses Alternative Performance Measures according to the guidelines of the European Securities and Market Authority (ESMA) to better reflect the operational business performance and to facilitate comparisons between financial periods. Gross profit is calculated by deducting the costs of goods sold from the revenue, and gross margin is calculated by dividing gross profit by the revenue as a percentage. EBITDA is calculated from the operating result excluding depreciation, amortisation and impairment losses. Adjusted EBITDA and adjusted operating result (EBIT) are measures which exclude non-recurring items and other adjustments affecting comparability from the reported EBITDA and reported operating result (EBIT). See further information in the notes to the Interim Report.

MARKET ENVIRONMENT

The general economic situation has recovered in Finland, and consumer confidence continued to improve during the first quarter. However, the fashion market in Finland in January–March was -2.3% (Q1 2017: -1.5%, source: Textile and Fashion Suppliers and Retailers in Finland, TMA).

In Sweden, the general economic situation has improved, but the fashion market was -5.7% in January–March (Q1 2017: -2.8%, source: Swedish Trade Federation, Stilindex).

The retail market in the Baltic countries continued its growth both in Estonia and Latvia.

REVENUE AND EARNINGS IN CONTINUING OPERATIONS

January–March 2018

The Stockmann Group's first-quarter revenue was EUR 202.4 million (216.9). Revenue was down 6.7% from the previous year, which was partly due to clearance sales. This was significantly smaller than in 2017 but led to a better gross margin. The comparison figure includes the revenue of the Oulu department store which was closed in January 2017.

The revenue in Finland was EUR 75.8 million (81.3), which was down 6.8%. Revenue in other countries was down by 6.6%, to EUR 126.6 million (135.6).

The gross profit amounted to EUR 111.6 million (115.7) and the gross margin was 55.1% (53.3). The gross margin was up in both Lindex and Stockmann Retail due to reduced clearance sales and lower markdowns.

Adjusted operating costs were down by EUR 3.6 million, and amounted to EUR 122.2 million (125.7). Stockmann and Lindex carried out restructuring measures during the first quarter of 2018. As outcome, Lindex reduced 71 positions mainly at its headquarters in Sweden, and 74 people were laid off in Stockmann's supply chain, finance and HR functions in Finland. The target is to achieve annual cost savings of EUR 8 million at Stockmann and EUR 10 million at Lindex, by the end of 2018. Adjustments related to these restructuring measures were EUR 2.0 million, of which EUR 1.1 was booked in Stockmann Retail, EUR 0.3 million in Lindex and the rest in the Group's unallocated costs.

The Group's adjusted EBITDA was EUR -10.6 million (-10.0). Depreciation was EUR 14.2 million (15.0).

The adjusted operating result for the first quarter was EUR -24.8 million (-25.1). The reported operating result was EUR -26.9 million (-25.1).

FINANCING AND CAPITAL EMPLOYED

Cash flow from operating activities came to EUR -61.9 million (-78.1) in the first quarter. Cash and cash equivalents totalled EUR 13.4 million (10.4).

Comparable inventories were significantly below the previous year's level. Total inventories were EUR 182.6 million (199.8, or 205.6 including Stockmann Delicatessen in Finland).

Interest-bearing liabilities at the end of March were EUR 817.5 million (846.5), of which long-term debt amounted to EUR 447.0 million (426.1). Part of the short-term debt has been raised in the commercial paper market. The Group has undrawn, long-term committed credit facilities of EUR 140.9 million and uncommitted, short-term credit facilities of EUR 491.1 million. Stockmann also has a EUR 84.3 million hybrid bond which is treated as equity.

The equity ratio at the end of March was 41.6% (46.1), and net gearing was 94.6% (79.9).

The Group's capital employed at the end of March was EUR 1 666.6 million (1 888.1). The return on capital employed over the past 12 months was -8.9% (1.4).

CAPITAL EXPENDITURE

Capital expenditure totalled EUR 7.8 million (7.8) in the first quarter. Most of the capital expenditure was used for Lindex store refurbishments and digitalisation. Depreciation was EUR 14.2 million (15.0).

REVENUE AND EARNINGS BY DIVISION

Stockmann's divisions and reportable segments are Lindex, Stockmann Retail and Real Estate. Stockmann Retail includes non-food department store operations in Finland and non-food and food operations in the Baltic countries.

LINDEX

Lindex	1-3/2018	1-3/2017
Revenue, EUR mill.	114.8	123.2
Gross margin, %	57.7	57.2
Operating result, EUR mill.	-16.2	-14.7
Adjusted operating result, EUR mill.	-15.9	-14.7
Capital expenditure, EUR mill.	6.2	4.4

January–March 2018

Lindex's revenue for the quarter was down by 6.8%, to EUR 114.8 million (123.2). The same-store sales at comparable exchange rates were down by 5.3%. Comparable sales decreased in the Nordic countries and Lithuania, whereas sales increased in the other markets and in the online store.

The gross margin for the quarter was 57.7% (57.2). The gross margin was up due to decreased markdowns.

Operating costs were down by EUR 2.7 million, mainly due to currency exchange rates.

The adjusted operating result for the quarter was EUR -15.9 million and reported operating result was EUR -16.2 million (-14.7), as a result of lower sales compared with the previous year.

Store network

Lindex opened 2 stores and closed 6 stores during the first quarter. In 2018, Lindex will mainly focus on optimising its store locations. Unprofitable stores will either move to new locations or close down. Some new store openings in attractive locations and with new formats will be launched. The total number of stores at the end of year is estimated to decrease by over 20 stores, compared to 2017.

Lindex store network	Total 31.12.2017	Closed stores 1-3/2018	New stores 1-3/2018	Total 31.12.2018
Finland	60	1	2	61
Sweden	210	3	0	207
Norway	99	1	0	98
Estonia	10	0	0	10
Latvia	10	0	0	10
Lithuania	9	0	0	9
Czech Republic	29	0	0	29
Slovakia	12	0	0	12
Poland	3	0	0	3
UK	2	0	0	2
Iceland*	7	0	0	7
Bosnia and Herzegovina*	7	0	0	7
Serbia*	5	0	0	5
Kosovo*	2	0	0	2
Albania*	1	0	0	1
Saudi Arabia*	21	1	0	20
Qatar*	2	0	1	2
Tunisia*	1	0	0	1
Total	490	6	2	486
Own stores	444	5	2	441
Franchising stores (*)	46	1	0	45

STOCKMANN RETAIL

Stockmann Retail	1-3/2018	1-3/2017
Revenue, EUR mill.	76.3	83.7
Gross margin, %	44.7	42.0
Operating result, EUR mill.	-17.2	-14.7
Adjusted operating result, EUR mill.	-16.2	-14.7
Capital expenditure, EUR mill.	0.3	2.4

January–March 2018

Stockmann Retail's revenue for the quarter was EUR 76.3 million (83.7). The comparison figure also includes the revenue of the Oulu department store which was closed in January 2017. Revenue in comparable stores was down by 6.9%, which is partly explained by the significantly reduced clearance sales.

Revenue in Finland was EUR 57.0 million (64.2). Revenue in comparable stores was down by 8.6% compared with the previous year. Revenue in the Baltic department stores was down by 1.5%, to EUR 19.2 million (19.5).

The gross margin for the quarter was 44.7% (42.0). The gross margin improved due to reduced clearance sales and fewer price-driven campaigns.

Operating costs were up by EUR 1.7 million and amounted to EUR 47.9 million (46.2) due to increased rental costs in Helsinki, Tapiola and Tallinn, and higher costs in support functions.

EBITDA was EUR -13.8 million (-11.1). The adjusted operating result for the quarter was EUR -16.2 million and the reported operating result was EUR -17.2 million (-14.7).

REAL ESTATE

Real Estate	1-3/2018	1-3/2017
Revenue, EUR mill.	17.9	17.0
Net operating income, Stockmann-owned properties, EUR mill.	13.2	12.9
Operating result, EUR mill.	7.5	6.4
Capital expenditure, EUR mill.	0.9	0.7

January–March 2018

Real Estate's revenue for the quarter was EUR 17.9 million (17.0). The main reason for the increase was higher rent levels than in the previous year in all markets.

The net operating income of the Stockmann-owned properties was EUR 13.2 million (12.9). The average monthly rent from these properties was EUR 38.60 per square metre (37.76).

The operating profit for the quarter was EUR 7.5 million (6.4).

Properties

The five properties owned by Stockmann have a gross leasable area (GLA) of 142 000 m² in total. At the end of March 2018, Stockmann Retail was using 46% of the total GLA. Excluding the Nevsky Centre and the Book House, 74% was being used by Stockmann Retail. The occupancy rate of the properties remained at a high level, at 99.5% (99.1).

S-Group's cooperatives started as tenants and sub-tenants in Stockmann's premises as of 1 January 2018. The Stockmann Delicatessen business in Finland was transferred from Stockmann to S-Group on 31 December 2017. During the first quarter of 2018, Biang opened a restaurant in the Helsinki department store and Espresso House opened a café in the Tampere department store.

On 1 January 2018, the fair value of Stockmann's properties amounted to EUR 973.0 million, of which the value of Book House in Helsinki was EUR 100.0 million and the value of Nevsky Centre in St Petersburg was EUR 181.0 million. The weighted average market yield requirement used in the fair value calculation was 5.6% (5.7).

Since Stockmann is no longer practising retail business in the Book House property, it was reclassified as an investment property in the company's balance sheet on 31 December 2017 and as an asset held for sale on 31 March 2018. Investigations related to possible divestments of the Nevsky Centre and the Book House have actively continued.

During the year, the depreciation of department store properties is deducted from the fair value whereas investment properties are not being depreciated. At the end of the first quarter, the revalued amount of all Stockmann-owned properties was EUR 967.9 million.

Property	Gross leasable area, m ² 31.3.2018	Occupancy rate, % 31.3.2018	Usage by Stockmann Retail, % 31.3.2018
Helsinki flagship building	51 000	99.8	67
Tallinn department store building	22 000	98.0	82
Riga department store building	15 000	100.0	86
Total, Stockmann-owned department store properties	88 000	99.4	74
Book House, Helsinki	9 000	100.0	2
Nevsky Centre, St. Petersburg	46 000	99.6	0
Total, all Stockmann-owned properties	142 000	99.5	46

PERSONNEL

The Group's average number of personnel in continuing operations was 7 074 (7 211) in the first quarter. In terms of full-time equivalents, the average number of employees was 5 196 (5 259).

At the end of March, the Group had 7 017 employees (7 180), of whom 2 189 (2 174) were working in Finland. The number of employees working outside Finland was 4 828 (5 006), which represented 69% (70) of the total.

The Group's wages and salaries amounted to EUR 43.3 million in the period, compared with EUR 44.2 million in 2017. The total employee benefits expenses were EUR 56.5 million (57.3), which is equivalent to 27.9% (26.9) of revenue.

CHANGES IN MANAGEMENT

Björn Teir, Stockmann's Director of Real Estate and a member of the Management Team, will leave Stockmann after summer 2018 in order to assume a new position outside the company. (Stock Exchange Release 14 March 2018).

Susanne Ehnåbåge, M.Sc.(Econ.), born 1979, has been appointed CEO of Lindex and member of Stockmann's Management Team. She will start in this position at the latest in August 2018. Elisabeth Peregi, currently the interim CEO of Lindex, will continue acting as the interim CEO until Susanne Ehnåbåge starts in her position at the latest in August 2018. (Stock Exchange Release 10 January 2018).

The Annual General Meeting of Lindex decided in March to elect Stockmann's CEO Lauri Veijalainen, CFO Kai Laitinen, Director of Legal Affairs Jukka Naulapää and two representatives chosen by Lindex personnel to the Lindex Board of Directors. In the future, Lindex will be developed in more close cooperation with Stockmann. Former Lindex Board Members Eva Hamilton and Tracy Stone started as members of Stockmann's Board of Directors.

SHARES AND SHARE CAPITAL

Stockmann has two series of shares. Series A shares each confer 10 votes, while Series B shares each confer one vote. The shares carry an equal right to dividends. The par value is EUR 2.00 per share.

Stockmann had 30 530 868 Series A shares and 41 517 815 Series B shares, or a total of 72 048 683 shares at the end of quarter. The number of votes conferred by the shares was 346 826 495.

The share capital remained at EUR 144.1 million. The market capitalisation was EUR 280.0 million (519.5) at the end of the March.

The price of a Series A share was EUR 3.99 at the end of March, compared with EUR 4.60 at the end of 2017, while the price of a Series B share was EUR 3.81, compared with EUR 4.35 at the end of 2017.

A total of 0.3 million (0.2) Series A shares and 4.9 million (2.8) Series B shares were traded during the quarter on Nasdaq Helsinki. This corresponds to 0.9% (0.6) of the average number of Series A shares and 11.8% (6.9) of the average number of Series B shares.

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

At the end of March, Stockmann had 46 279 shareholders, compared with 48 807 a year earlier.

DECISIONS OF THE ANNUAL GENERAL MEETING

The Annual General Meeting of Stockmann plc, held in Helsinki on 22 March 2018, adopted the financial statements for the financial year 1 January - 31 December 2017, granted discharge from liability to the responsible officers and, in accordance with the proposal of the Board of Directors, resolved that no dividend be paid for the financial year 2017.

In accordance with the proposal of the Shareholders' Nomination Board, the Annual General Meeting resolved that eight members be elected to the Board of Directors. In accordance with the Nomination Board's proposal, Kaj-Gustaf Bergh, Jukka Hienonen, Esa Lager, Leena Niemistö, Michael Rosenlew and Dag Wallgren were re-elected as members of the Board of Directors. Following the announcement by Susanne Najafi and Per Sjödel that they will no longer be available as Board members, Eva Hamilton and Tracy Stone were elected as new Board members. The Board members' term of office will continue until the end of the next Annual General Meeting.

Henrik Holmbom, Authorized Public Accountant, and Marcus Tötterman, Authorized Public Accountant, were re-elected as regular auditors. Audit firm KPMG Oy Ab will continue as the deputy auditor.

The Board of Directors, which convened after the Annual General Meeting, elected Jukka Hienonen as its Chairman, and Leena Niemistö as its Vice Chairman.

The Board of Directors decided to establish an Audit Committee and a Compensation Committee among its members. Esa Lager was elected as Chairman of the Audit Committee, and Michael Rosenlew and Dag Wallgren were elected as the other members of the committee. Jukka Hienonen was elected as Chairman of the Compensation Committee and Kaj-Gustaf Bergh and Leena Niemistö as the other members of the committee. (Stock Exchange Release 22 March 2018.)

CORPORATE SOCIAL RESPONSIBILITY

Commitment to responsible operations forms a core part of Stockmann's values and daily operations. The Corporate Social Responsibility strategy defines Stockmann's priorities and goals of the responsibility work. These goals have been set to support the Group

strategy and business operations by enhancing customer focus and improving efficiency. Information about CSR targets and results for 2017 were published in the CSR Review which was made available on the Group's website 28 February 2018.

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 affects consumers' purchasing behaviour and purchasing power in all of the Group's market areas. Consumers' purchasing behaviour is also influenced by digitalisation, increasing competition and changing purchasing trends. Rapid and unexpected movements in markets may influence the behaviour of both the financial markets and consumers. Uncertainties related to changes in purchasing behaviour are considered to be the principal risk arising from the operating environment that could affect Stockmann during 2018.

The operating environment may also affect the operations of Stockmann's tenants and consequently may have a negative impact on rental income and the occupancy rate of Stockmann's properties. These, particularly if related to the biggest tenants of the properties, may have an effect on the fair value of the real estate.

Fashion accounts for over two thirds 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 products' value chain from raw material to customers often contains many stages and involves reputation risks related to the fulfilment of human rights, good working conditions, environmental and other requirements set 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.

The Group's operations are based on flexible logistics and efficient flows of goods and information. Delays and disturbances in logistic and information systems as well as uncertainties related to the 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. Operational risks are also met by taking out insurance cover.

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, the US dollar, the Russian rouble and certain other currencies. Currency fluctuations may have an effect on the Group's business operations. Financial risks, mainly risks arising from interest rate fluctuations due to the Group's high level of debt and hence high interest costs, and risks related to refinancing, breaching financial covenants under finance agreements and liquidity may have an effect on the financial position. Interest rate fluctuations may also impact the goodwill and the valuation related to the properties owned by the Group, and thus to the fair value of these assets. Financial risks are managed in accordance with the risk policy confirmed by the Board of Directors.

EVENTS AFTER THE REPORTING PERIOD

Stockmann Retail's Crazy Days campaign took place in April, after the end of the first quarter. Campaign sales were up by 4%. Sales were up by 4% in Finland, and by 5% in the Baltic countries. The strongest sales growth was achieved in the online store, where sales were up by 19%.

OUTLOOK FOR 2018

In the Stockmann Group's largest operating countries, Finland and Sweden, the general economic situations have improved and according to forecasts by the national central banks, the GDP growth is expected to continue in 2018. Consumer confidence is also estimated to continue its positive development.

However, purchasing behaviour is changing due to digitalisation and increasing competition. This is reflected in the outlook for the fashion market, which according to Stockmann's management estimate is not developing as well as the economy in general.

In the Baltic countries, the outlook for the retail trade is, according to the management estimate, expected to be better than that for the Stockmann Group's other market areas.

Stockmann will continue improving the Group's long-term competitiveness and profitability. The efficiency measures launched at Lindex at the end of 2017 and at Stockmann in the beginning of 2018 have mostly been implemented and they will be fully visible in the 2019 operating costs.

Capital expenditure for 2018 is estimated to be approximately EUR 40-45 million, which is less than the estimated depreciation for the year.

GUIDANCE FOR 2018

Stockmann expects the Group's revenue for 2018 to be on a par with the previous year. Adjusted operating profit is expected to improve in 2018.

Helsinki, Finland, 26 April 2018

STOCKMANN plc
Board of Directors

CONDENSED FINANCIAL STATEMENTS AND NOTES

ACCOUNTING PRINCIPLES

This Interim report has been prepared in compliance with IAS 34. The food operations in Finland, which were divested on 31 December 2017, have been classified as discontinued operations. The Book House property was reclassified as an asset held for sale as of 31 March 2018. The figures are unaudited.

CHANGES IN ACCOUNTING PRINCIPLES

As from 1 January 2018, the Group has applied IFRS 15 and IFRS 9 standards.

IFRS 15 Revenue from Contracts with Customers, which replaces the IAS 18 and IAS 11 standards and related interpretations. IFRS 15 provides a five-step model outlining the amount and the timing of revenue recognition. According to the new standard, revenue is recognised as control is passed, either over time or at a point in time.

Most of the Group's revenue comes from the in-store sale of goods and services that is paid for with cash or credit card, distance sales or sales to franchising partners. The revenue is recognised as the control of the goods and services is transferred to the buyer. Revenue from the in-store sale is recognised at the time of sale and distance sales and sales to the franchising partners are recognised as revenue when goods are delivered to the customer or to the franchising partner. In connection with the Group's customer loyalty programmes or sales campaigns, customers may receive benefits which create a separate performance obligation or provide a material right to customer, which can have an impact on the timing of revenue recognition, but its effects is not be significant. The Stockmann Group's treatment of customer loyalty programmes is in line with IFRS 15, e.g. a portion of the consideration is allocated based on the estimated relative stand-alone prices to award credits that are redeemable against any future purchases and recognised as revenue when award credits are redeemed or expire. On the date of initial application, 1 January 2018, there were no ongoing sales campaigns. Also the accounting for customers' right of return is line with IFRS 15, e.g. a return asset and a refund liability are recognised based on historical experience in distance retailing with the corresponding adjustments to revenue and purchases. Thus no adjustment was recognised to retained earnings as per 1 January 2018 and prior year comparative figures are not restated.

IFRS 9 Financial instruments and amendments replace the IAS 39 standard. The new standard includes revised guidelines for the recognition and measurement of financial assets and liabilities. Guidelines also contain a new accounting model for expected credit losses that is applied in determining the impairment recognised for financial assets. Under IFRS 9 the Stockmann Group measures loss allowance for impairment for trade and lease receivables at an amount equaling lifetime expected credit losses. The amount of future credit losses is estimated on the basis of experience and recognised in profit or loss as a percentage of all outstanding trade and lease receivables. The new standard changes the timing of the recognition of credit losses, but its effect is not significant.

The requirements related to hedge accounting have also been revised. In the Stockmann Group hedge accounting is applied to certain foreign currency-denominated loans that hedge foreign currency denominated net investments in foreign operations as well as for cash flow hedges of foreign currency risk in forecasted purchases and sales in foreign currency. The hedging relationship must be effective, and the effectiveness testing is carried out at each financial statements date. The new standard has no effect on the consolidated figures.

The standard contains also new requirements for classification of financial assets and liabilities. The Group has classified its financial instruments according to the new requirements and the disclosures related to financial assets and liabilities are modified respectively. The change in the classification had no impact on the outstanding amounts, only the terminology changed. The table below illustrates the classification of financial assets and liabilities under IAS 39 and IFRS 9.

Financial assets	Classification under IAS 39	Classification under IFRS 9
Trade and other receivables	Loans and other receivables	Amortised cost
Interest-bearing investments	Loans and other receivables	Amortised cost
Other investments	Available-for-sale financial assets	Amortised cost
Derivative contracts, hedge accounting applied	Cash flow and equity hedges (at fair value through other comprehensive income)	Fair value through other comprehensive income
Derivative contracts, hedge accounting not applied	Financial assets at fair value through profit or loss	Fair value through profit or loss
Financial liabilities	Classification under IAS 39	Classification under IFRS 9
Trade and other liabilities	Loans and other liabilities	Amortised cost
Interest-bearing liabilities	Loans and other liabilities	Amortised cost
Derivative contracts, hedge accounting applied	Cash flow and equity hedges (at fair value through other comprehensive income)	Fair value through other comprehensive income
Derivative contracts, hedge accounting not applied	Financial liabilities at fair value through profit or loss	Fair value through the profit or loss

Otherwise the accounting policies and calculation methods applied are the same as those in the 2017 financial statements.

CONSOLIDATED INCOME STATEMENT

EUR mill.	Restated		
	1.1.–31.3.2018	1.1.–31.3.2017	1.1.–31.12.2017
Continuing operations			
REVENUE	202.4	216.9	1 055.9
Other operating income	0.0	0.0	0.0
Fair value changes on investment properties	0.0		3.7
Materials and consumables	-90.8	-101.2	-467.1
Wages, salaries and employee benefit expenses	-56.5	-58.4	-236.2
Depreciation, amortisation and impairment losses	-14.2	-15.0	-215.9
Other operating expenses	-67.7	-67.4	-288.8
Total expenses	-229.2	-242.0	-1 208.0
OPERATING PROFIT/LOSS	-26.9	-25.1	-148.4
Financial income	0.2	0.6	0.7
Financial expenses	-8.9	-5.2	-31.8
Total financial income and expenses	-8.7	-4.6	-31.1
PROFIT/LOSS BEFORE TAX	-35.6	-29.7	-179.5
Income taxes	4.7	2.8	-18.7
PROFIT/LOSS FROM CONTINUING OPERATIONS	-30.9	-26.9	-198.1
Profit/loss from discontinued operations		-2.7	-11.3
NET PROFIT/LOSS FOR THE PERIOD	-30.9	-29.6	-209.4
Profit/loss for the period attributable to:			
Equity holders of the parent company	-30.9	-29.6	-209.4
Earnings per share, EUR:			
From continuing operations (undiluted and diluted)	-0.45	-0.39	-2.82
From discontinued operations (undiluted and diluted)		-0.04	-0.16
From the period result (undiluted and diluted)	-0.45	-0.43	-2.98

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	Restated		
	1.1.–31.3.2018	1.1.–31.3.2017	1.1.–31.12.2017
PROFIT/LOSS FOR THE PERIOD	-30.9	-29.6	-209.4
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Changes in revaluation surplus (IAS 16), before tax			38.0
Changes in revaluation surplus (IAS 16), tax			-7.5
Changes in revaluation surplus (IAS 16), net of tax			30.5
Items that may be subsequently reclassified to profit and loss			
Exchange differences on translating foreign operations, before tax	1.1	-0.4	-7.2
Exchange differences on translating foreign operations, net of tax	1.1	-0.4	-7.2
Cash flow hedges, before tax	0.4	-1.6	-2.0
Cash flow hedges, tax	-0.1	0.3	0.4
Cash flow hedges, net of tax	0.3	-1.2	-1.6
Other comprehensive income for the period, net of tax	1.4	-1.6	21.7
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-29.5	-31.2	-187.7
Total comprehensive income attributable to:			
Equity holders of the parent company, continuing operations	-29.5	-28.5	-176.4
Equity holders of the parent company, discontinued operations		-2.7	-11.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	31.3.2018	31.3.2017	31.12.2017
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	539.6	737.2	563.8
Trademark	88.4	95.4	92.4
Intangible rights	37.4	47.3	38.5
Other intangible assets	2.6	3.1	2.7
Advance payments and construction in progress	0.7	1.4	0.6
Intangible assets, total	668.7	884.3	698.0
Property, plant and equipment			
Land and water	103.9	114.3	103.9
Buildings and constructions	582.5	649.4	587.6
Machinery and equipment	73.1	79.6	76.2
Modification and renovation expenses for leased premises	4.2	6.0	4.4
Advance payments and construction in progress	1.4	8.1	1.2
Property, plant and equipment, total	765.2	857.4	773.2
Investment properties	0.5		100.5
Non-current receivables	2.9	7.0	3.0
Other investments	0.3	4.0	0.3
Deferred tax assets	38.1	37.8	33.2
NON-CURRENT ASSETS, TOTAL	1 475.6	1 790.6	1 608.2
CURRENT ASSETS			
Inventories	182.6	205.6	162.2
Current receivables			
Interest-bearing receivables	1.4	1.2	2.2
Income tax receivables	6.5	5.3	3.6
Non-interest-bearing receivables	78.7	60.7	79.6
Current receivables, total	86.6	67.1	85.4
Cash and cash equivalents	13.4	10.4	21.0
CURRENT ASSETS, TOTAL	282.6	283.1	268.6
ASSETS CLASSIFIED AS HELD FOR SALE	285.8	185.3	184.6
ASSETS, TOTAL	2 044.0	2 259.1	2 061.4
EQUITY AND LIABILITIES			
EQUITY			
Share capital	144.1	144.1	144.1
Share premium fund	186.1	186.1	186.1
Revaluation surplus	418.6	398.3	418.6
Invested unrestricted equity fund	250.4	250.4	250.4
Other funds	44.0	44.2	43.8
Translation reserve	-13.3	-7.6	-14.5
Retained earnings	-265.2	-58.1	-227.6
Hybrid bond	84.3	84.3	84.3
Equity attributable to equity holders of the parent company	849.0	1 041.6	885.1
EQUITY, TOTAL	849.0	1 041.6	885.1
NON-CURRENT LIABILITIES			
Deferred tax liabilities	128.1	163.9	146.7
Non-current interest-bearing financing liabilities	447.0	426.1	505.2
Non-current non-interest-bearing liabilities and provisions	20.5	4.4	20.7
NON-CURRENT LIABILITIES, TOTAL	595.7	594.5	672.6
CURRENT LIABILITIES			
Current interest-bearing financing liabilities	370.5	420.4	258.3
Current non-interest-bearing liabilities			
Trade payables and other current liabilities	155.5	170.7	183.5
Income tax liabilities	15.0	23.7	16.4
Current provisions	4.6	1.2	5.7
Current non-interest-bearing liabilities, total	175.1	195.7	205.7
CURRENT LIABILITIES, TOTAL	545.5	616.1	464.0
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	53.7	6.9	39.6
LIABILITIES, TOTAL	1 195.0	1 217.5	1 176.3
EQUITY AND LIABILITIES, TOTAL	2 044.0	2 259.1	2 061.4

Includes continuing and discontinued operations

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	1.1.–31.3.2018	1.1.–31.3.2017	1.1.–31.12.2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/loss for the period	-30.9	-29.6	-209.4
Adjustments for:			
Depreciation, amortisation and impairment losses	14.2	15.3	215.9
Gains (-) and losses (+) of disposals of fixed assets and other non-current assets	0.1	0.0	0.3
Interest and other financial expenses	8.9	5.2	31.8
Interest income	-0.2	-0.6	-0.7
Income taxes	-4.7	-2.8	18.7
Other adjustments	-1.1	-1.8	11.9
Working capital changes:			
Increase (-) / decrease (+) in inventories	-24.7	-24.7	15.5
Increase (-) / decrease (+) in trade and other current receivables	3.3	0.5	3.1
Increase (+) / decrease (-) in current liabilities	-16.7	-31.0	-24.7
Interest expenses paid	-4.5	-6.0	-23.6
Interest received from operating activities	0.1	0.2	0.6
Income taxes paid from operating activities	-5.8	-2.8	-13.4
Net cash from operating activities	-61.9	-78.1	25.9
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible and intangible assets	-7.4	-8.1	-33.7
Proceeds from sale of tangible and intangible assets	15.5	0.0	
Dividends received from investing activities		0.0	0.0
Net cash used in investing activities	8.1	-8.0	-33.7
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from current liabilities	109.7	262.2	246.1
Repayment of current liabilities	-141.0	-230.5	-380.6
Proceeds from non-current liabilities	90.0	54.7	737.4
Repayment of non-current liabilities	-0.1	-5.2	-582.9
Loan arrangement expenses			-10.4
Interest on hybrid bond	-6.6	-7.4	-7.4
Net cash used in financing activities	52.1	73.7	2.3
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	-1.7	-12.4	-5.5
Cash and cash equivalents at the beginning of the period	21.0	20.2	20.2
Cheque account with overdraft facility	-12.2	-5.7	-5.7
Cash and cash equivalents at the beginning of the period	8.8	14.5	14.5
Net increase/decrease in cash and cash equivalents	-1.7	-12.4	-5.5
Effects of exchange rate fluctuations on cash held	-0.1	0.1	-0.2
Cash and cash equivalents at the end of the period	13.4	10.4	21.0
Cheque account with overdraft facility	-6.4	-8.2	-12.2
Cash and cash equivalents at the end of the period	7.0	2.1	8.8

Includes continuing and discontinued operations

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR mill.	Share capital	Share premium fund	Revaluation surplus	Hedging reserve	Reserve for un-restricted equity	Other reserves	Translation differences	Retained earnings	Hybrid bond	Total
EQUITY 1.1.2017	144.1	186.1	398.3	1.5	250.4	43.9	-7.2	-21.1	84.3	1 080.3
Profit/loss for the period								-29.6		-29.6
Exchange differences on translating foreign operations							-0.4			-0.4
Cash flow hedges				-1.2						-1.2
Total comprehensive income for the period, net of tax				-1.2			-0.4	-29.6		-31.2
Interest paid on hybrid bond								-7.4		-7.4
Total transactions with the equity owners								-7.4		-7.4
EQUITY 31.3.2017	144.1	186.1	398.3	0.2	250.4	43.9	-7.6	-58.1	84.3	1 041.6

EUR mill.	Share capital	Share premium fund	Revaluation surplus	Hedging reserve	Reserve for un-restricted equity	Other reserves	Translation differences	Retained earnings	Hybrid bond	Total
EQUITY 1.1.2017	144.1	186.1	398.3	1.5	250.4	43.9	-7.2	-21.1	84.3	1 080.3
Profit/loss for the period								-209.4		-209.4
Changes in revaluation surplus (IAS 16)			30.5							30.5
Exchange differences on translating foreign operations							-7.2			-7.2
Cash flow hedges				-1.6						-1.6
Total comprehensive income for the period, net of tax			30.5	-1.6			-7.2	-209.4		-187.7
Interest paid on hybrid bond								-7.4		-7.4
Other changes			-10.3			-0.1		10.3		
Total transactions with the equity owners			-10.3			-0.1		2.9		-7.4
EQUITY 31.12.2017	144.1	186.1	418.6	-0.1	250.4	43.8	-14.5	-227.6	84.3	885.1

EUR mill.	Share capital	Share premium fund	Revaluation surplus	Hedging reserve	Reserve for un-restricted equity	Other reserves	Translation differences	Retained earnings	Hybrid bond	Total
EQUITY 1.1.2018	144.1	186.1	418.6	-0.1	250.4	43.8	-14.5	-227.6	84.3	885.1
Profit/loss for the period								-30.9		-30.9
Exchange differences on translating foreign operations							1.1			1.1
Cash flow hedges				0.3						0.3
Total comprehensive income for the period, net of tax				0.3			1.1	-30.9		-29.5
Interest paid on hybrid bond								-6.6		-6.6
Total transactions with the equity owners								-6.6		-6.6
EQUITY 31.3.2018	144.1	186.1	418.6	0.2	250.4	43.8	-13.3	-265.2	84.3	849.0

Includes continuing and discontinued operations

GROUP'S OPERATING SEGMENTS

Revenue, EUR mill.	1.1.–31.3.2018	Restated	
		1.1.–31.3.2017	1.1.–31.12.2017
Lindex	114.8	123.2	606.0
Stockmann Retail	76.3	83.7	410.2
Real Estate	17.9	17.0	67.1
Segments, total	209.0	223.8	1 083.3
Unallocated	0.1	0.0	0.0
Eliminations	-6.7	-7.0	-27.5
Group total	202.4	216.9	1 055.9

Operating profit/loss, EUR mill.	1.1.–31.3.2018	Restated	
		1.1.–31.3.2017	1.1.–31.12.2017
Lindex	-16.2	-14.7	13.4
Stockmann Retail	-17.2	-14.7	-20.6
Real Estate	7.5	6.4	29.0
Segments, total	-25.9	-23.0	21.8
Unallocated	-0.9	-2.1	-20.2
Goodwill impairment			-150.0
Group total	-26.9	-25.1	-148.4
Financial income	0.2	0.6	0.7
Financial expenses	-8.9	-5.2	-31.8
Consolidated profit/loss before taxes	-35.6	-29.7	-179.5

Depreciation, amortisation and impairment losses, EUR mill.	1.1.–31.3.2018	Restated	
		1.1.–31.3.2017	1.1.–31.12.2017
Lindex	5.1	5.0	20.5
Stockmann Retail	3.4	3.6	14.9
Real Estate	5.3	5.8	23.2
Segments, total	13.8	14.5	58.6
Unallocated	0.4	0.6	7.3
Goodwill impairment			150.0
Group total	14.2	15.0	215.9

Capital expenditure, EUR mill.	1.1.–31.3.2018	Restated	
		1.1.–31.3.2017	1.1.–31.12.2017
Lindex	6.2	4.4	22.6
Stockmann Retail	0.3	2.4	5.7
Real Estate	0.9	0.7	4.9
Segments, total	7.4	7.6	33.2
Unallocated	0.4	0.2	1.5
Group total	7.8	7.8	34.7

Assets, EUR mill.	1.1.–31.3.2018	Restated	
		1.1.–31.3.2017	1.1.–31.12.2017
Lindex	808.2	1 016.0	830.0
Stockmann Retail	190.9	234.2	189.1
Real Estate	682.0	757.6	786.4
Segments, total	1 681.1	2 007.8	1 805.5
Unallocated	77.0	66.0	71.3
Assets classified as held for sale	285.8	185.3	184.6
Group total	2 044.0	2 259.1	2 061.4

INFORMATION ON MARKET AREAS

Revenue, EUR mill.	1.1.–31.3.2018	Restated	
		1.1.–31.3.2017	1.1.–31.12.2017
Finland	75.8	81.3	402.6
Sweden*) and Norway	87.1	97.4	474.7
Baltic countries, Russia and other countries	39.5	38.2	178.6
Group total	202.4	216.9	1 055.9
Finland %	37.4%	37.5%	38.1%
International operations %	62.6%	62.5%	61.9%

Operating profit/loss, EUR mill.	1.1.–31.3.2018	Restated	
		1.1.–31.3.2017	1.1.–31.12.2017
Finland	-17.1	-16.0	-34.0
Sweden*) and Norway	-10.1	-9.5	20.5
Baltic countries, Russia and other countries	0.3	0.5	15.2
Market areas total	-26.9	-25.1	1.6
Goodwill impairment			-150.0
Group total	-26.9	-25.1	-148.4

Non-current assets, EUR mill.	1.1.–31.3.2018	Restated	
		1.1.–31.3.2017	1.1.–31.12.2017
Finland	786.3	788.5	791.3
Sweden and Norway	639.4	845.3	668.3
Baltic countries, Russia and other countries	295.5	302.2	298.5
Group total	1 721.2	1 936.0	1 758.1
Finland %	45.7%	40.7%	45.0%
International operations %	54.3%	59.3%	55.0%

*) Includes franchising income

ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

EUR mill.	31.3.2018	Restated	
		31.3.2017	31.12.2017
Discontinued operations			
Profit/loss for the financial period from discontinued operations			
Income		25.8	118.7
Expenses		28.6	129.5
Profit/loss before and after taxes		-2.7	-10.8
Profit/loss relating to the sales of discontinued operations after income tax			-0.5
Result from discontinued operation		-2.7	-11.3
Cash flows from discontinued operations			
Cash flow from operations		-2.5	-9.6
Cash flow from investments	15.5	-0.7	-0.9
Cash flow total	15.5	-3.2	-10.5
Other assets classified as held for sale and the relating liabilities			
Intangible assets and property, plant and equipment	283.7	183.2	183.0
Other receivables	1.2	0.6	0.9
Cash and cash equivalents	0.9	1.6	0.7
Other liabilities	53.7	6.9	39.6
Net assets	232.1	178.4	145.0

KEY FIGURES OF THE GROUP

	31.3.2018	31.3.2017	31.12.2017
Equity ratio, %	41.6	46.1	43.0
Net gearing, %	94.6	79.9	83.8
Cash flow from operating activities per share, year-to-date, EUR	-0.86	-1.08	0.36
Interest-bearing net debt, EUR mill.	801.8	831.5	739.4
Number of shares at the end of the period, thousands	72 049	72 049	72 049
Weighted average number of shares, undiluted and diluted, thousands	72 049	72 049	72 049
Market capitalisation, EUR mill.	280.0	519.5	321.0
Operating profit/loss, % of revenue *)	-13.3	-11.6	-14.1
Equity per share, EUR	11.78	14.46	12.29
Return on equity, rolling 12 months, %	-22.3	-1.1	-21.3
Return on capital employed, rolling 12 months, %	-8.9	1.4	-9.1
Average number of employees, converted to full-time equivalents *)	5 196	5 259	5 426
Capital expenditure, year-to-date, EUR mill.	7.8	7.8	34.7

*) Continuing operations, comparison figures restated

DEFINITIONS OF KEY FIGURES

Performance measures according to IFRS

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

Alternative performance measures

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

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

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

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

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

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

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

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

EXCHANGE RATES OF EURO

Closing rate for the period	31.3.2018	31.3.2017	31.12.2017
RUB	70.8897	60.3130	69.3920
NOK	9.6770	9.1683	9.8403
SEK	10.2843	9.5322	9.8438
Average rate for the period	1.1.–31.3.2018	1.1.–31.3.2017	1.1.–31.12.2017
RUB	69.9378	62.5279	65.9183
NOK	9.6329	8.9864	9.3316
SEK	9.9742	9.5053	9.6376

INFORMATION PER QUARTER

Consolidated income statement per quarter					Restated	Restated	Restated	Restated
EUR mill.	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Continuing operations								
Revenue	202.4	315.7	242.0	281.3	216.9	348.0	263.9	320.7
Other operating income	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.6
Fair value changes on investment properties	0.0	3.9	-0.2	0.0		-0.1	-0.2	-0.1
Materials and consumables	-90.8	-136.5	-106.0	-123.4	-101.2	-153.6	-114.4	-137.5
Wages, salaries and employee benefit expenses	-56.5	-61.5	-57.2	-59.1	-58.4	-68.6	-60.4	-70.8
Depreciation, amortisation and impairment losses	-14.2	-20.6	-165.5	-14.9	-15.0	-15.2	-14.1	-14.5
Other operating expenses	-67.7	-87.5	-64.6	-69.3	-67.4	-78.1	-70.7	-81.0
Operating profit/loss	-26.9	13.6	-151.4	14.6	-25.1	32.3	4.8	17.5
Financial income	0.2	0.3	0.1	-0.3	0.6	-0.1	0.2	0.3
Financial expenses	-8.9	-11.3	-4.9	-10.5	-5.2	-9.0	-5.3	-5.0
Total financial income and expenses	-8.7	-10.9	-4.8	-10.8	-4.6	-9.1	-5.0	-4.7
Profit/loss before tax	-35.6	2.6	-156.2	3.8	-29.7	23.2	-0.2	12.8
Income taxes	4.7	-14.8	-1.8	-4.9	2.8	-2.3	-5.2	-8.2
Profit/loss from continuing operations	-30.9	-12.2	-158.0	-1.1	-26.9	20.9	-5.4	4.6
Profit/loss from discontinued operations		-1.2	-3.1	-4.3	-2.7	6.0	-1.8	-6.3
Net profit/loss for the period	-30.9	-13.3	-161.1	-5.4	-29.6	26.9	-7.2	-1.7

Earnings per share per quarter					Restated	Restated	Restated	Restated
EUR	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
From continuing operations (undiluted and diluted)	-0.45	-0.19	-2.21	-0.03	-0.39	0.27	-0.09	0.05
From the period result (undiluted and diluted), EUR	-0.45	-0.20	-2.25	-0.09	-0.43	0.36	-0.12	-0.04

Segment information per quarter					Restated	Restated	Restated	Restated
EUR mill.	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Revenue								
Lindex	114.8	169.6	151.1	162.1	123.2	171.3	156.1	175.6
Stockmann Retail	76.3	136.2	81.2	109.1	83.7	167.1	99.2	136.7
Real Estate	17.9	16.8	16.5	16.8	17.0	15.7	14.9	14.7
Unallocated	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Eliminations	-6.7	-6.8	-6.8	-6.9	-7.0	-6.1	-6.3	-6.4
Group total	202.4	315.7	242.0	281.3	216.9	348.0	263.9	320.7
Operating profit/loss								
Lindex	-16.2	10.0	5.5	12.6	-14.7	19.6	15.7	28.1
Stockmann Retail	-17.2	7.5	-10.8	-2.6	-14.7	12.5	-16.1	-14.2
Real Estate	7.5	9.8	6.3	6.6	6.4	4.6	5.1	5.4
Segments, total	-25.9	27.2	1.0	16.6	-23.0	36.7	4.6	19.3
Unallocated	-0.9	-13.7	-2.4	-2.0	-2.1	-4.4	0.2	-1.8
Goodwill impairment			-150.0					
Group total	-26.9	13.6	-151.4	14.6	-25.1	32.3	4.8	17.5

Information on market areas					Restated	Restated	Restated	Restated
EUR mill.	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Revenue								
Finland	75.8	129.7	83.5	108.1	81.3	161.1	103.3	137.1
Sweden*) and Norway	87.1	131.8	117.9	127.7	97.4	136.2	122.8	140.6
Baltic countries, Russia and other countries	39.5	54.3	40.7	45.5	38.2	50.7	37.8	43.0
Group total	202.4	315.7	242.0	281.3	216.9	348.0	263.9	320.7
Finland %	37.4%	41.1%	34.5%	38.4%	37.5%	46.3%	39.2%	42.8%
International operations %	62.6%	58.9%	65.5%	61.6%	62.5%	53.7%	60.8%	57.2%
Operating profit/loss								
Finland	-17.1	-3.8	-11.2	-3.0	-16.0	6.7	-12.4	-12.0
Sweden*) and Norway	-10.1	9.8	7.1	13.1	-9.5	18.7	16.0	27.4
Baltic countries, Russia and other countries	0.3	7.6	2.7	4.4	0.5	7.0	1.2	2.0
Market areas total	-26.9	13.6	-1.4	14.6	-25.1	32.3	4.8	17.5
Goodwill impairment			-150.0					
Group total	-26.9	13.6	-151.4	14.6	-25.1	32.3	4.8	17.5

*) Includes franchising income

CONTINGENT LIABILITIES AND DERIVATIVE CONTRACTS

Contingent liabilities of the Group, EUR mill.	31.3.2018	31.3.2017	31.12.2017
Mortgages on land and buildings	1 801.7	1.7	1 801.7
Pledges and guarantees	2.8	5.6	2.9
Electricity commitments	1.6		1.6
Liabilities of adjustments of VAT deductions made on investments to immovable property	5.5	12.0	12.7
Total	1 811.7	19.4	1 818.9
Hybrid bond			
On 17 December 2015 Stockmann issued a hybrid bond of EUR 85 mill. The accrued interest on the bond at the end of period was:	1.1	1.1	6.0
Lease agreements on the Group's business premises, EUR mill.	31.3.2018	31.3.2017	31.12.2017
Minimum rents payable on the basis of binding lease agreements on business premises			
Within one year	127.0	125.9	129.3
After one year	537.4	576.7	555.8
Total	664.4	702.6	685.1
Group's lease payments, EUR mill.	31.3.2018	31.3.2017	31.12.2017
Within one year	0.7	0.7	0.7
After one year	1.7	0.9	1.7
Total	2.3	1.6	2.4
Group's derivative contracts, EUR mill.	31.3.2018	31.3.2017	31.12.2017
Nominal value			
Currency derivatives	794.4	508.2	805.7
Electricity derivatives	1.7	1.8	1.4
Total	796.1	510.0	807.1

CONSOLIDATED ASSETS AND GOODWILL

Assets, EUR mill.	31.3.2018	31.3.2017	31.12.2017
Acquisition cost at the beginning of the period	2 169.8	2 361.7	2 361.7
Fair value change from revaluation of the real estates	0.0		41.7
Translation difference +/-	-34.0	2.0	-31.9
Increases during the period	7.8	7.8	34.7
Decreases during the period	-9.7	0.0	-27.8
Transfers to non-current assets classified as held for sale	-114.6	-209.8	-208.6
Acquisition cost at the end of the period	2 019.1	2 161.8	2 169.8
Accumulated depreciation and impairment losses at the beginning of the period	-598.0	-432.7	-432.7
Translation difference +/-	4.6	-0.2	6.3
Depreciation on reductions during the period	9.2	0.0	17.3
Accumulated depreciation on transfers to non-current assets classified as held for sale	13.7	28.2	27.0
Depreciation, amortisation and impairment losses during the period	-14.2	-15.3	-215.9
Accumulated depreciation and impairment losses at the end of the period	-584.8	-420.0	-598.0
Carrying amount at the beginning of the period	1 721.8	1 929.0	1 929.0
Carrying amount at the end of the period	1 434.3	1 741.8	1 571.8

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

Goodwill, EUR mill.	31.3.2018	31.3.2017	31.12.2017
Carrying amount at the beginning of the period	563.8	735.6	735.6
Translation difference +/-	-24.3	1.6	-21.8
Impairment losses			-150.0
Carrying amount at the end of the period	539.6	737.2	563.8

EUR 514.6 million of goodwill was allocated to Lindex and EUR 25 million of goodwill to Stockmann Retail on 31 March 2018. Goodwill allocated to both Lindex and Stockmann Retail was tested on 31 March 2018. Based on the impairment testing carried out, there was no need for impairment entries. As a result of the impairment test, an impairment loss of EUR 150 million was recognised in the income statement on 30 September 2017.

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

Financial assets, EUR mill.	Level	Carrying amount 31.3.2018	Fair value 31.3.2018	Carrying amount 31.3.2017	Fair value 31.3.2017	Carrying amount 31.12.2017	Fair value 31.12.2017
Derivative contracts, hedge accounting applied	2	0.6	0.6	0.6	0.6	0.5	0.5
Financial assets at fair value through profit or loss							
Derivative contracts, hedge accounting not applied							
Currency derivatives	2	31.6	31.6	3.0	3.0	4.8	4.8
Electricity derivatives	1	0.1	0.1				
Financial assets at amortised cost							
Non-current receivables		2.9	2.9	7.0	7.0	3.0	3.0
Current receivables, interest-bearing		1.4	1.4	1.2	1.2	2.2	2.2
Current receivables, non-interest-bearing		46.5	46.5	57.1	57.1	74.3	74.3
Cash and cash equivalents		13.4	13.4	10.4	10.4	21.0	21.0
Other investments	3	0.3	0.3	4.0	4.0	0.3	0.3
Financial assets by measurement category, total		96.7	96.7	83.3	83.3	106.1	106.1

Financial liabilities, EUR mill.	Level	Carrying amount 31.3.2018	Fair value 31.3.2018	Carrying amount 31.3.2017	Fair value 31.3.2017	Carrying amount 31.12.2017	Fair value 31.12.2017
Derivative contracts, hedge accounting applied	2	0.3	0.3	0.2	0.2	0.7	0.7
Financial liabilities at fair value through profit or loss							
Derivative contracts, hedge accounting not applied							
Currency derivatives	2	0.2	0.2	2.3	2.3	5.6	5.6
Electricity derivatives	1			0.2	0.2	0.2	0.2
Financial liabilities at amortised cost							
Non-current interest-bearing liabilities	2	447.0	437.5	426.1	426.3	505.2	504.2
Current liabilities, interest-bearing	2	370.5	371.0	420.4	424.0	258.3	258.5
Current liabilities, non-interest-bearing		154.9	154.9	168.1	168.1	177.2	177.2
Financial liabilities by measurement category, total		973.0	964.0	1 017.3	1 021.1	947.2	946.3

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 (OTC) 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 management's judgment. 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 valued at fair value during the reporting period.

Change in fair value of other investments, EUR mill.	31.3.2018	31.3.2017	31.12.2017
Carrying amount Jan. 1	0.3	5.5	5.5
Translation difference +/-	0.0	0.1	-0.1
Sale of shares		0.0	0.0
Write-off related to the investment in Cooperative			-3.8
Transfers to non-current assets held for sale		-1.6	-1.4
Total	0.3	4.0	0.3



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