HALF YEAR FINANCIAL REPORT **Q2 2023**

STOCKMANN

STOCKMANN plc, Half year financial report 21.7.2023 at 8:00 EET

Stockmann Group's second quarter impacted by exchange rates – Operational development level on the previous year

April–June 2023:
• The Stockmann Group's revenue was EUR 252.0 million (269.0). The revenue decreased by 6.3%, but in local currencies the decrease was 0.5%.
- The Lindex division's revenue decreased to EUR 176.2 million (188.0), but grew in local currencies by 2.0%.
- The Stockmann division's revenue decreased to EUR 75.8 million (81.0).
• The Group's gross margin improved to 60.1% (59.4).
• Adjusted operating result of the Group was EUR 31.6 million (35.4), but was on par in local currencies.
- The Lindex division's adjusted operating result decreased to EUR 36.2 million (39.0), but improved in local currencies.
- The Stockmann division's adjusted operating result was EUR -3.5 million (-1.5).
• Operating result was EUR 30.2 million (114.5). The comparison figure was impacted by the capital gain of EUR 81.4 million from selling the real estate in Helsinki city centre.
• Net result amounted to EUR 13.8 million (80.7).
• Earnings per share (undiluted and diluted) were EUR 0.09 (0.52). The comparison figure was impacted by the capital gain of EUR 81.4 million from selling the real estate in Helsinki city centre.
• On 12 May 2023, Stockmann's Board of Directors appointed Susanne Ehnbåge as Group CEO.
• After the reporting period on 17 July, Stockmann Group updated its financial guidance for the full-year 2023.

January–June 2023:
• The Stockmann Group's revenue was EUR 450.4 million (465.1) and decreased by 3.2%, but increased by 2.0% in local currencies.
- The Lindex division's revenue decreased to EUR 302.7 million (322.0), but grew in local currencies by 1.4%.
- The Stockmann division's revenue increased by 3.2% to EUR 147.8 million (143.1).
• Gross margin stood at 58.5% (58.7).
• Adjusted operating result was EUR 29.2 million (31.6), but increased in local currencies.
- For the Lindex division, the adjusted operating result decreased to EUR 41.8 million (44.5), but grew in local currencies.
- For the Stockmann division, the adjusted operating result was EUR -10.5 million (-8.8).
• Operating result was EUR 27.3 million (124.3), where the previous year was impacted by the capital gain of EUR 95.4 million from selling the real estates in Helsinki city centre and in Riga.
• Net result for the period amounted to EUR 33.3 million (83.4).
• Earnings per share (undiluted and diluted) were EUR 0.21 (0.54). The comparison figure was impacted by the capital gain of EUR 95.4 from selling the real estate in Helsinki city centre and in Riga.

Guidance for 2023, updated 17 July 2023:
In 2023, Stockmann expects the Group's revenue to be in the range of EUR 940–1 000 million and the Group's adjusted operating result to be EUR 65–85 million, subject to foreign exchange rate fluctuation. The guidance is based on the assumption that the continuing high inflation will increase costs from 2022 and have an adverse impact on consumer demand. At the same time, the Stockmann Group continues taking firm measures to minimise the impacts of cost increases.

Previous guidance for 2023:
In 2023, Stockmann expects the Group's revenue to be in the range of EUR 960–1 020 million and the Group's adjusted operating result to be EUR 60–80 million, subject to foreign exchange rate fluctuation. The guidance is based on the assumption that the continuing high inflation will increase costs from 2022 and have an adverse impact on consumer demand. At the same time, the Stockmann Group continues taking firm measures to minimise the impacts of cost increases (Financial Statements Bulletin 2022, published on 24 February 2023).

Market outlook for 2023:
The current challenging geopolitical situation and the high inflation level are expected to continue. However, inflation is predicted to slow down compared to the latter part of the year 2022. The inflation, together with high interest rates, is forecast to have a negative impact on consumer confidence and purchasing power. The retail market is expected to remain challenging due to lower consumer demand and increased purchasing prices and operating costs. The risk of potential disruptions in the supply chains and international logistics cannot be excluded, either.

CEO Susanne Ehnbåge:
We at the Stockmann Group are now entering a new phase. We will accelerate and seek new growth, combined with improved profitability, while keeping a clear focus on sustainability. With great honour and excitement, I look forward to leading the Stockmann Group after taking over as CEO on 12 May 2023.

During the past years, the Stockmann Group has undergone major and extensive changes. After the COVID-19 pandemic and as a part of the restructuring programme, all properties of the Stockmann division have been sold and all confirmed undisputed debts have been paid. The Lindex division has improved both its sales and profitability to record levels, while the Stockmann division has recovered to a great extent from heavy losses. I would like to thank all my colleagues and the Board of Directors for the good work completed so far.

The second quarter was characterised by a business environment of rising interest rates and continued high inflation that weakened consumers' purchasing power. This, combined with the uncertainties related to the geopolitical tensions, continued to keep consumer confidence below average.

At the beginning of the second quarter, the challenges deriving from the operating environment, combined with a late spring, had a negative impact on fashion demand in several markets. However, after mid-May, sales picked up significantly and in local currencies the quarterly revenue was at the previous year's level for the Group, but decreased in EUR by 6.3% due to weak SEK and NOK.

Lindex division's revenue increased in local currencies by 2.0% as Lindex succeeded in increasing sales in all main markets regardless of the notable general decrease of fashion sales. The revenue of the Stockmann division decreased by 6.4% during the second quarter, which was mainly explained by the timing of Stockmann's Crazy Days campaign that contributed more to the first- than the second-quarter sales compared to the previous year. Additionally, the reduction in the size of the Itis store in Helsinki had a negative impact on revenue. There was continued strong increase in the number of new loyalty programme members in both divisions.

I am especially pleased that Lindex succeeded in improving the adjusted operating result in local currencies for both the second quarter and first half-year, despite the historically high US-dollar, increased raw material prices and overall inflation impact. At the same time, the Stockmann division increased the mix of clearance and promotion sales, which affected the result negatively. This, together with an adverse currency impact on the Lindex result, decreased the Group's operating result for the period. In local currencies the Group's adjusted operating result was on par with the previous year for the second quarter and even increased for the first half-year.

During the second quarter, the Group's financial situation and equity ratio further improved and the Group showed positive cash-flow despite the ongoing investments and the payments of undisputed debts. In the middle of July we signed a loan agreement for a Revolving Credit Facility of EUR 40 million, which further improves the Group's financial situation. Inventories are at a balanced level and have decreased compared to both the previous year and the end of first quarter.

As the Stockmann Group, we are committed to fair and responsible business practices, and to the Science Based Targets initiative (SBTi). During the reporting period, Stockmann's Board of Directors approved our science-based climate targets. The work will proceed and be completed during 2023 in accordance with the schedule of the initiative.

We see the future to be exciting yet demanding, and we will strive for a future growth and profitability for both divisions. Lindex will enter new markets and sales channels, whereas the Stockmann division will continue its repositioning towards luxury and affordable luxury. Both divisions are making considerable investments in improving the overall digitalisation to meet customer expectations and improve process and cost efficiency. The ongoing construction of the Lindex division's new EUR 110 million omnichannel distribution centre is proceeding well, and it is planned to be taken into operation in autumn 2024.

The Stockmann Group strives to end the restructuring programme as soon as possible. Our strategy work progressed during the second quarter, and we are evaluating our strategic options for the period after the restructuring programme.

I would like to thank all the fantastic team members at Lindex and Stockmann for their excellent collaboration and valuable support during my first weeks as the Group CEO. I would also like to thank our customers, partners and other stakeholders who are sharing and supporting our important transformation journey.

KEY FIGURES

	4–6/2023	4–6/2022	**1–6/2023**	1–6/2022	1–12/2022
Revenue, EUR mill.	**252.0**	269.0	**450.4**	465.1	981.7
Gross profit, EUR mill.	**151.5**	159.7	**263.5**	273.1	568.3
Gross margin, %	**60.1**	59.4	**58.5**	58.7	57.9
Operating result (EBIT), EUR mill.	**30.2**	114.5	**27.3**	124.3	154.9
Adjusted operating result (EBIT), EUR mill.	**31.6**	35.4	**29.2**	31.6	79.8
Net result for the period, EUR mill.	**13.8**	80.7	**33.3**	83.4	101.6
Adjusted earnings per share, undiluted and diluted, EUR *)	**0.10**	0.11	**0.04**	0.03	0.24
Earnings per share, undiluted and diluted, EUR **)	**0.09**	0.52	**0.21**	0.54	0.65
Cash flow total, EUR mill.	**30.2**	53.8	**−35.1**	−29.1	−45.8
Capital expenditure, EUR mill.	**16.1**	5.4	**29.6**	11.7	62.5
Equity per share, EUR			**2.17**	2.15	2.15
Equity ratio, %			**28.0**	25.6	26.2
Equity ratio excl. IFRS 16, %			**58.4**	53.0	53.4

*) Adjusted earnings per share is calculated based on adjusted net result, in which the tax impact of adjustments in the operating result is included. The tax impact is calculated on transaction level and it has been revised to also include changes in deferred taxes. Comparison figures have been restated.
**) The key figure is impacted by a positive tax decision of EUR 29.6 million for Stockmann Sverige AB during the first quarter of 2023. The comparison figures were impacted by the capital gain from selling the real estate in Helsinki during the second quarter of 2022 (after tax impact EUR 66.2 mill.) and the capital gain from selling the real estate in Riga during the first quarter of 2022 (after tax impact EUR 14.1 million).

ITEMS AFFECTING COMPARABILITY (IAC)

EUR million	**4–6/2023**	4–6/2022	**1–6/2023**	1–6/2022	1–12/2022
Operating result (EBIT)	**30.2**	114.5	**27.3**	124.3	154.9
Adjustments to EBIT					
Gain on sales of real estate		−81.4		−95.4	−95.4
Costs for disputed, conditional and maximum restructuring debt	**−0.3**	1.5	**−0.3**	1.5	18.1
Corporate restructuring cost	**0.4**	0.4	**0.9**	0.5	1.6
Costs related to transformation of organisation	**0.8**	0.3	**0.8**	0.4	0.4
Loss on disposal of subsidiary shares	**0.6**		**0.6**		
Costs related to the war in Ukraine				0.4	0.5
Employee insurance refund					−0.3
Adjusted operating result (EBIT)	**31.6**	35.4	**29.2**	31.6	79.8

OPERATING ENVIRONMENT

In line with the Group's expectations, the operating environment continued to be challenging throughout the first half of the year. Geopolitical tensions, high inflation and rising interest rates have weakened both consumer confidence and purchasing power in all markets of the Stockmann Group. The high cost of living and declining consumer sentiment have negatively impacted the overall consumer and fashion spending.

In Sweden, which represents the Stockmann Group's biggest market, the fashion market sales decreased by 7.9% in January–May. At the beginning of the year, the Swedish fashion market slightly improved, but during March to mid-May there was a significant drop in the market. (Source: Swedbank Pay & Swedbank Makroanalys, source changed from earlier Swedish Trade Federation, Stilindex). In Finland, the Group's second biggest market, the fashion sales increased by 7.9% in January–June. The Finnish fashion sales were higher at the beginning of the year but slowed down during the second quarter and in June the market declined. (Source: Fashion and Sports Commerce association).

The statistics on the North European fashion market correlate well with the EU statistics. In June 2023, the Economic Sentiment Indicator (ESI) declined in both the EU and the euro area. Retail trade confidence continued to decrease slightly. Consumer confidence is still below the average, but consumers' expectations on the general economic situation were more optimistic, especially for the next twelve months. Source: The EU Commission's Business and Consumer Survey (BCS).

In addition to the impact on consumer behaviour, high inflation rates have also had a negative impact on the Group's operating costs, which has been mitigated by firm cost saving actions. Additionally, currency fluctuations have had a major impact on the Group. The all-time high USD compared to SEK has had an adverse impact on the purchasing prices of Lindex's raw materials and freights. The weaker SEK and NOK versus EUR have also significantly impacted the Group financials.

REVENUE AND EARNINGS, STOCKMANN GROUP

April–June 2023

The Stockmann Group's revenue for the second quarter was EUR 252.0 million (269.0). The revenue decreased by 6.3%, but in local currencies the revenue decreased by 0.5%.

At the beginning of the second quarter, both divisions experienced weak spring sales, which were partly due to a late spring. However, from mid-May onwards, Lindex's sales picked up significantly. The Lindex division's revenue for the second quarter grew by 2.0% in local currencies, where both physical and digital sales increased thanks to many new customers together with a higher average purchase value.

The Stockmann division's revenue decreased during the second quarter by 6.4%. The timing of the Stockmann's Crazy Days campaign, which this year generated more sales during the first quarter compared to the previous year, significantly impacted the second quarter's revenue. Additionally, the reduction in the size of the Stockmann Itis store in Helsinki together with the unfavourable weather conditions at the start of the quarter and lower purchasing power of consumers had a negative impact on revenue.

The gross profit decreased to EUR 151.5 million (159.7). Lindex improved its gross profit in local currencies thanks to higher sales and improved gross margin. However, the negative currency effect on Lindex's gross profit in EUR impacted the Group's figure. The Stockmann division's gross profit decreased due to lower sales and gross margin.

The Group's gross margin of 60.1% (59.4) improved compared to last year. The Lindex division's gross margin increased due to more efficient sourcing and lower freight costs. The gross margin for the Stockmann division was impacted by a higher share of price-driven campaigns and clearance sales during the quarter.

Other operating income decreased to EUR 0.0 million (84.0), where the comparison figure included a capital gain of EUR 81.4 million from selling a real estate in Helsinki, which was treated as an item affecting comparability. Lindex also had a retroactive governmental contribution of EUR 2.5 million the previous year.

Operating costs for the quarter decreased by EUR 6.1 million to EUR 96.3 million (102.4). Inflation had a negative impact on costs of both divisions, but successful cost saving measures and process automation mitigated the effect to a large extent. A positive currency effect on costs also boosted the development. Both divisions have a strong focus on ongoing investments in new warehouse automation, Radio Frequency Identification (RFID), a new Point of Sale (POS) system, Product Lifecycle Management (PLM), Artificial Intelligence (AI) and robotics, which will enable higher cost-efficiency in the coming years. In addition to this, the Group continues to exercise tight cost discipline.

Depreciations decreased to EUR 25.1 million (26.9). In local currencies the depreciations slightly increased for Lindex due to higher leases, but decreased in EUR. In the Stockmann division there was lower depreciation on immaterial rights.

The adjusted operating result for the quarter decreased to EUR 31.6 million (35.4), which was related to the negative currency effect impacting Lindex's result in EUR together with the lower result of the Stockmann division.

The operating result for the second quarter declined to EUR 30.2 million (114.5). Last year's figure includes a capital gain of EUR 81.4 million from the sale of a real estate in Helsinki.

Net financial costs increased to EUR 7.0 million (6.5) due to the higher interest impact of lease agreements.

Income taxes decreased to EUR 9.4 million (27.4) due to taxes on capital gains from selling the Helsinki real estate the previous year.

The adjusted net result declined to EUR 15.3 million (16.3) and the net result decreased to EUR 13.8 million (80.7).

January–June 2023

The Stockmann Group's revenue for the first half year decreased by 3.2% to EUR 450.4 million (465.1). In local currencies the Group's revenue increased by 2.0%. The Lindex division's revenue increased by 1.4% in local currencies, but decreased by 6.0% in EUR. The Stockmann division's revenue increased by 3.2%.

The Group's gross profit decreased to EUR 263.5 million (273.1), which is explained by the currency impact on the Lindex division's gross profit. Lindex increased the gross profit in local currencies, due to increased sales and improved gross margin, but measured in EUR, gross profit fell. The Stockmann division decreased the gross profit due to a higher share of price-driven campaigns and clearance sales.

The Group's gross margin stayed on par with last year 58.5% (58.7).

Other operating income decreased to EUR 0.0 million (99.3) as the comparison figure included the capital gain of selling real estates in Riga and Helsinki, which amounted to EUR 95.4 million. The capital gain was treated as an item affecting comparability. Last year also included retroactive governmental support of EUR 3.1 million for Lindex and EUR 0.7 million for the Stockmann division.

Operating costs for the period decreased by EUR 10.0 million to EUR 185.5 million (195.5). Inflation impacted the costs in both divisions, but successful cost saving actions and process automation partly mitigated the inflation effect. This was also boosted by the positive currency effect.

Depreciations decreased to EUR 50.7 million (52.6). In local currencies the depreciations slightly increased for Lindex due to higher leases, but decreased when converted to the reporting currency. In the Stockmann division the depreciation increased, which is explained by the sale of the Helsinki real estate during the previous year's first quarter, but was partly mitigated by lower depreciation of immaterial rights during the second quarter.

The adjusted operating result for the period decreased to EUR 29.2 million (31.6) as a result of converting Lindex's result to the reporting currency together with higher clearance sales and depreciations for the Stockmann division.

The operating result for the first half of 2023 declined to EUR 27.3 million (124.3). The figure in 2022 includes the capital gain of EUR 95.4 million from the sale of real estate in Riga and Helsinki.

The interest impact of the sale-and-leaseback agreement of the Helsinki department store property together with the higher interest impact of lease agreements increased the net financial expenses to EUR 14.3 million (11.8).

Income taxes were positively impacted since Stockmann Sverige AB's tax liability decreased by EUR 29.6 million during the first quarter.

The net result decreased to EUR 33.3 million (83.4) but the adjusted net result grew to EUR 5.5 million (5.4). The decreased tax liability of EUR 29.6 million has the biggest impact on the adjustment on net result taxes this year.

FINANCING AND CASH FLOW

At the end of June, cash and cash equivalents totalled EUR 132.7 million (184.6) and the second quarter generated a total cash flow of EUR 30.2 million (53.8). Investments affected the cash flow by EUR 29.6 million (11.5), and were mainly related to the Lindex division's omnichannel distribution centre together with digitalisation investments for both the Lindex and Stockmann divisions.

Total inventories were EUR 171.8 million (180.6) at the end of June. The Lindex division decreased its inventory from the previous year in local currencies thanks to higher sales and lower freight days compared to the previous year and when inventories were converted into the reporting currency. Inventories increased in the Stockmann division due to lower sales and higher purchase prices. Other net working capital items decreased due to payments of undisputed restructuring debts.

The total cash flow during January–June was EUR -35.1 million (-29.1), as tax payments during first quarter together with significant investment impacted the cash flow negatively.

At the end of June the Group had the interest-bearing liability of a non-current senior secured bond of EUR 71.9 million (66.1). The increase in the bond liability is explained by some creditors choosing the bond as a payment of undisputed restructuring debts. The lease liabilities under the IFRS 16 reporting standard totalled EUR 556.0 million (573.4), where the lease liabilities related to the Stockmann division were EUR 288.5 million (291.4) and to the Lindex division EUR 267.5 million (282.0). Excluding the IFRS 16 items, the interest-bearing net debt was positive at EUR 60.9 million (118.6).

Assets on the balance sheet totalled EUR 1 231.9 million (1 303.3) at the end of June.

The equity ratio was 28.0% (25.6) and net gearing 143.5% (136.6) at the end of June. IFRS 16 has a significant impact on the equity ratio and net gearing. Excluding IFRS 16, the equity ratio was 58.4% (53.0) and net gearing was -13.2% (-26.5).

The Group's capital employed at the end of June was EUR 973.0 million (972.5) and EUR 534.0 million excluding IFRS 16 items (512.9).

CAPITAL EXPENDITURE

Capital expenditure totalled EUR 16.1 million (5.4) in the second quarter and EUR 29.6 million (11.7) in January–June. Most of the capital expenditure was used for the Lindex division's new omnichannel distribution centre (EUR 18.3 million), but also for the Lindex and the Stockmann divisions' digitalisation projects and omnichannel development (EUR 11.3 million.)

The decision to invest in a new omnichannel distribution centre for the Lindex division was made during the second quarter in 2022. The investment will be an important enabler for continued growth and improved efficiency. The new omnichannel warehouse will manage the supply of goods to all the fashion company's stores, as well as managing the strongly growing digital sales and the company's third-party collaborations with global fashion platforms. The investment is the largest in the Lindex division's history and amounts to approximately EUR 110 million between 2022 and 2025. Until the second quarter of 2023, EUR 57 million of the total investment sum had been used for the project.

REVENUE AND EARNINGS BY DIVISION

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

THE LINDEX DIVISION

Lindex	4–6/2023	4–6/2022	1–6/2023	1–6/2022	1–12/2022
Revenue, EUR mill.	**176.2**	188.0	**302.7**	322.0	661.1
Gross profit, EUR mill.	**117.6**	123.0	**200.0**	209.3	423.7
Gross margin, %	**66.8**	65.4	**66.1**	65.0	64.1
Adjusted operating result, EUR mill.	**36.2**	39.0	**41.8**	44.5	90.0
Operating result, EUR mill.	**35.6**	39.0	**41.2**	44.5	90.3
Capital expenditure, EUR mill.	**14.2**	4.0	**25.7**	8.4	55.3

April–June 2023

The Lindex division's revenue decreased by 6.3% to EUR 176.2 million (188.0), but in local currencies the revenue increased by 2.0%. The late spring impacted the sales at the beginning of the quarter, but from mid-May onwards Lindex increased sales significantly.

Sales improved in local currencies in all sales channels and in seven out of nine of the division's own markets despite the challenging market situation. Local sales at the brick-and-mortar stores increased slightly by 0.2% and the digital sales increased by 9.7%. Digital sales accounted for 17.2% (16.0) of Lindex's sales. In the challenging period customers are buying less frequently, although the Lindex division compensated for this by attracting more than 300 000 new registered customers in its 18 markets during the quarter. Lingerie was the best performing category and Lindex continued to strenghten the brand awareness as a strong global brand that empowers women.

The gross profit decreased to EUR 117.6 million (123.0), which was fully explained by the adverse currency effect of weaker SEK and NOK. In local currencies the gross profit improved due to higher sales and a stronger gross margin.

The gross margin increased to 66.8% (65.4) despite the higher purchase prices caused by a historically high USD. Price increases were implemented, but increased costs were not all fully passed on to consumer prices. The other factors contributing to the improved gross margin comprise more efficient sourcing and lower freight costs.

Other operating income decreased to EUR 0.0 million (2.5), which is explained by retroactive governmental pandemic support during the previous year.

Operating costs decreased to EUR 63.7 million (66.7). Inflation impacted the costs, but the division continued with successful cost saving actions and process automation to mitigate cost inflation. This was also boosted by the positive currency effect when converting costs in local currencies to EUR.

Depreciations were on par with last year in local currencies but decreased when converted to EUR, and were EUR 18.2 million (19.8).

The Lindex division's adjusted operating result for the second quarter was EUR 36.2 million (39.0). The adjusted operating result improved in local currencies thanks to increased sales with strengthened gross margins together with efficient cost saving actions.

The operating result for Lindex was EUR 35.6 million (39.0), where divestment of the subsidiary Spacerpad impacted the operating result negatively by EUR 0.6 million. Lindex has sold the shares in the subsidiary and has acquired the patent to continue the work to beat menstrual poverty.

Capital expenditure during the quarter was EUR 14.2 million (4.0), which was mainly related to the ongoing construction of the new omnichannel distribution centre. The strategic project proceeded according to plan and the new centre will be taken into operation next year.

The other ongoing strategic investments of the division are related to the enhancement of Lindex's digitalisation, supply efficiency and sustainability. Investments in the digital transformation include a digital store program comprising a new POS, RFID as well as innovative AI tools. Investments to further strengthen supply efficiency include a PLM system, developing Business Intelligence tools and robotics solutions.

Moreover, Lindex continued to explore and test new services and business models as part of its circular transformation and, as an example, expanded to a new market by offering second-hand baby and kids' garments. Another example is that during 2023, we produced over 1 million garments based on post consumer recycled textile waste through our partnership with Södra. For 2024 Lindex has committed to scale production up further to 1,5 million pieces. One of the Lindex's goals is that the entire assortment will be designed for longevity and/or circularity by 2025.

During the quarter, the Lindex division agreed on one new partnership in the UK and another in Switzerland with Kids Wear. Lindex opened two new stores and closed one store during the reporting period. At the end of the quarter, Lindex had 438 stores in total, of which 404 are own stores and 34 franchise stores. In addition to the Lindex division's own online store, Lindex also sells its products on third parties' digital fashion platforms.

January–June 2023

The Lindex division's revenue decreased by 6.0% to EUR 302.7 million (322.0). In local currencies the revenue increased by 1.4%. Sales improved in seven of nine of the division's own markets despite the challenging market situation. Lingerie was the best performing category and total sales in brick-and-mortar stores improved by 1.1% and by 2.1% for the digital sales, where digital sales accounted for 19.0% (18.9) of total Lindex sales.

The gross profit was EUR 200.0 million (209.3), but increased in local currencies due to improved sales and a stronger gross margin.

The gross margin increased to 66.1% (65.0) despite the higher purchase prices caused by a historically high USD. Price increases were implemented, but increased costs were not all fully passed on to consumer prices. The other factors contributing to the improved gross margin comprise more efficient sourcing and lower freight costs.

Other operating income decreased to EUR 0.0 million (3.2) explained by retroactive governmental pandemic support during the previous year.

Operating costs decreased to EUR 121.8 million (128.5), where successful cost saving actions together with a positive currency effect mitigated the inflation.

Depreciations increased slightly in local currencies explained by increased lease costs, but they decreased in the reporting currency, EUR 37.0 million (39.4).

The Lindex division's adjusted operating result for the period decreased to EUR 41.8 million (44.5). In the local currency the operating result improved thanks to increased sales with improved gross margin together with efficient cost saving actions.

The operating result for Lindex was EUR 41.2 million (44.5), where sale of the subsidiary Spacerpad during the second quarter impacted the operating result negatively, by EUR 0.6 million.

Capital expenditure during the period was EUR 25.7 million (8.4), which mainly related to the ongoing construction of the new omnichannel distribution centre, which is planned to be taken into operation during next year.

THE STOCKMANN DIVISION

Stockmann	4–6/2023	4–6/2022	1–6/2023	1–6/2022	1–12/2022
Revenue, EUR mill.	**75.8**	81.0	**147.8**	143.1	320.6
Gross profit, EUR mill.	**33.9**	36.7	**63.5**	63.8	144.6
Gross margin, %	**44.7**	45.3	**43.0**	44.6	45.1
Adjusted operating result, EUR mill.	**−3.5**	−1.5	**−10.5**	−8.8	−5.4
Operating result, EUR mill.	**−3.1**	78.4	**−10.1**	84.6	71.2
Capital expenditure, EUR mill.	**1.9**	1.4	**4.0**	3.3	7.2

April–June 2023

The Stockmann division's revenue decreased by 6.4% and amounted to EUR 75.8 million (81.0). Sales in the department stores decreased by 5.0%. The online store sales decreased by 14.7% and accounted for 13.3% (14.6) of total sales. Revenue decreased in both Finland and the Baltics explained by both the timing of the Crazy Days campaign, which contributed more to the first quarter sales, as well as weakened consumer purchasing power due to inflation and rising interest rates. The reduction in the size of the store area of the Itis store in Helsinki also had a negative impact on revenue. Despite the lower sales, the division reported a continued strong increase in the number of new loyalty programme members and customer satisfaction improved during the second quarter.

The gross profit declined to EUR 33.9 million (36.7) explained by the decreased sales and a lower gross margin. The gross margin decreased to 44.7% (45.3), which was due to a higher share of price-driven campaigns and clearance sales due to unfavourable weather and therefore weaker sales during the quarter.

The other operating income declined to EUR 0.0 million (81.6), which is mainly explained by a capital gain from the sale-and-leaseback deal of the Helsinki department store property last year of EUR 81.4 million.

Operating costs decreased by EUR 2.7 million to EUR 30.2 million (32.9) explained by cost saving actions. Going forward, the ongoing investments in the digitalisation of logistic, warehouse and sales processes will improve cost-efficiency.

Depreciations decreased to EUR 6.9 million (7.1) explained by lower depreciations for immaterial rights.

The adjusted operating result decreased to EUR -3.5 million (-1.5) due to lower sales and gross margin, but the impact was partly mitigated by cost saving actions.

The operating result for the quarter decreased to EUR -3.1 million (78.4) as a result of lower sales and a capital gain in the comparison period from a sale-and-leaseback deal of the Helsinki department store property.

Capital expenditure during the quarter was EUR 1.9 million (1.4) which was mainly related to the department store renewals in Helsinki, Turku and Itis but also to investments in digital growth and omnichannel capabilities. They include e-commerce growth investments, a Point-of-Sales system, RFID piloting and a new marketing automation solution.

In April, French fashion house Louis Vuitton's store opened in Stockmann's Helsinki flagship store. The partnership is an important step in the development of Stockmann's offering and repositioning towards the luxury and affordable luxury categories, which provide growth potential. The transformation of the Helsinki flagship store from a traditional department store towards an inspiring omnichannel destination proceeded as in April, the biggest toystore in the Nordics, Pieni Lelukauppa, was opened as a part of the new children's world. In June, the Fotografiska Tallinn museum opened an AI art installation at the Stockmann. In June, Stockmann celebrated 30 years in Estonia.

Stockmann continued to add new sustainable choices to its selection and services. Collaboration with Kierrätyskeskus (the household waste recycling center) at the Itis store was started in May. Today, Stockmann is partnering with several second-hand stores in Helsinki, Tampere and Tallinn as well as organisations recycling end-of-life textiles.

January–June 2023

The Stockmann division's revenue grew by 3.2% and amounted to EUR 147.8 million (143.1) for the first half-year. Sales in the department stores increased by 4.8% and the online store sales decreased by 7.1% accounting for 12.2% (13.6) of total sales.

Revenue in Finland increased by 2.4% to EUR 112.0 million (109.3). The revenue of the Baltic department stores increased by 5.8 %, to EUR 35.8 million (33.8). In both Finland and the Baltics, the improvement mainly took place due to the higher visitor numbers in the first months of the year.

The gross profit declined to EUR 63.5 million (63.8) due to lower gross margin. The gross margin decreased to 43.0% (44.6) explained by higher share of clearance sales and price-driven campaigns.

Other operating income decreased to EUR 0.0 million (96.1) due to the fact that the comparison period included retroactive governmental pandemic support of EUR 0.7 million and a capital gain from a sale-and-leaseback deal of EUR 95.4 million of the Helsinki and Riga department store properties.

Operating costs, excluding depreciations, decreased to EUR 60.0 million (62.1) due to cost saving actions.

Depreciations increased to EUR 13.6 million (13.2) explained by lease costs related to the sale-and-leaseback of the Helsinki department store property.

The adjusted operating result decreased to EUR -10.5 million (-8.8) due to lower gross profit and lower other operating income. The operating result for the period decreased to EUR -10.1 million (84.6), explained by the capital gain of EUR 95.4 million from selling the real estates in Helsinki and Riga during the previous year.

Capital expenditure during the period was EUR 4.0 million (3.3), which is mainly related to the ongoing department store renewals in Helsinki, Turku and Itis but also to investments in digital growth and omnichannel capabilities.

SUSTAINABILITY

The Stockmann Group's strategic priorities support the growth of the responsible business of both divisions. The Group is committed to fair and responsible business practices, and to the Science Based Targets initiative (SBTi), which sets a clearly defined path to reducing carbon dioxide emissions in line with the Paris Agreement over the coming years. With this in mind, the revised CO_2 calculation of both divisions makes it possible to set science-based (SBTi) climate targets for the whole Group. During the reporting period the Stockmann Board of Directors approved the science-based climate targets for Stockmann Group. The work will proceed and be completed during 2023 in accordance with the schedule of the initiative.

Both divisions continued their determined work to develop the sustainability of their own operations. Lindex continued to explore and test new services and business models as part of its circular transformation. The fashion company has previously piloted several initiatives within second-hand and has, during the second quarter, expanded further to a new market by offering second-hand baby and kids' garments in its store in Helsinki, Finland. In addition to broadening the offering, it provides valuable insights into Lindex's continued work to prolong the life of its garments. Exploring circular business models is an important part of Lindex's circular transformation and sustainability promise – to make a difference for future generations. One of the fashion company's goals is that the entire assortment will be designed for longevity and/or circularity by 2025.

The Stockmann division continued to add new sustainable choices to its selection and services. In May, Stockmann started collaboration with Kierrätyskeskus (the household waste recycling centre) at the Itis department store in Helsinki where a new concept comprising sorting and recycling services was launched. Today, the Stockmann division is partnering with the second-hand stores Relove in Helsinki and Tampere, RiiSaikel in Tallinn, the online second-hand store Emmy in Finland and Estonia, and the online second-hand store for furniture Mjuk in Finland.

Stockmann division has an ISO 14001-certified environmental management system in use for operations in Finland and the latest external and internal environmental ISO 14001 related audits were successfully performed during the second quarter. During the quarter, the Stockmann division conducted a Diversity, Equity and Inclusion (DEI) survey among its personnel and offered team leaders training on the theme. As the next step, a DEI road map and a related action plan will be conducted. In May, Stockmann announced that it will be an official support level partner of the Helsinki Pride in 2023.

Read more about the Stockmann Group's sustainability work in the Group CSR review 2022 https://year2022.stockmanngroup.com and the Lindex sustainability report for 2022 https://about.lindex.com/sustainability/reports-policies-and-commitments/.

PERSONNEL

The Stockmann Group's average number of personnel during the reporting period was 6 082 (5 982). In terms of full-time equivalents, the average number of employees was 4 281 (4 264).

At the end of June, the Stockmann Group's personnel numbered 6 527 (6 449), of whom 1 673(1 714) were working in Finland. The number of empl oyees working outside Finland was 4 854 (4 735), representing 74% (73) of the entire personnel.

The Group's wages and salaries amounted to EUR 82.2 million in the period, compared to EUR 83.2 million in the same period in 2022. Employee benefit expenses totalled EUR 107.9 million (107.7), which is equivalent to 24.0% (23.2) of revenue.

MANAGEMENT

On 12 May 2023, Stockmann's Board of Directors appointed Susanne Ehnbåge (M.Sc. Econ.) as Group CEO effective immediately. Susanne Ehnbåge transitioned to Group CEO role from internal ranks after successfully leading the Stockmann Group's fashion retailer Lindex as CEO since 2018. In addition to the Group CEO role, Susanne Ehnbåge will continue as Lindex's CEO. The previous CEO, Jari Latvanen, has left the company.

Furthermore, Stockmann's Board of Directors appointed Tove Westermarck (M.Sc. Econ.) as Chief Operating Officer (COO) of the Stockmann division as of 12 May 2023. She will report to the Group CEO.

As of 30 June 2023, Stockmann Group's Management Team consists of the CEO; Susanne Ehnbåge, CFO; Annelie Forsberg, Chief Legal Officer; Jukka Naulapää and COO of the Stockmann division; Tove Westermarck.

SHARES AND SHARE CAPITAL

At the end of June, Stockmann had a total of 158 715 555 shares. During the quarter, the number of shares has been increased by 2 835 349 in accordance with the restructuring programme.

According to the restructuring programme, the company may not distribute the company's assets to shareholders during the implementation of the repayment schedule under the restructuring programme.

At the end of June, the share capital was EUR 77.6 million and the market capitalisation stood at EUR 325.4 million (363.7).

The price of a STOCKA share was EUR 2.05 (2.35) at the end of June 2023. During the period, the highest price of a STOCKA share was 2.29 (2.65) and the lowest price was 1.68 (1.46).

A total of 29.0 million shares were traded on Nasdaq Helsinki during the period. This corresponds to 18.6% 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 43 552 (44 254) shareholders. Foreign ownership was 21.4% (25.1).

GOVERNANCE OR DECISIONS BY THE ANNUAL GENERAL MEETING

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

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

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

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

The Annual General Meeting resolved to amend the company's Articles of Association by removing Article 14 concerning the pre-emptive purchase obligation from the Articles of Association.

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

BUSINESS CONTINUITY, RISKS AND UNCERTAINTIES

Risks may be due to events in the outside world and affect a certain sector or market, or they may be associated with the group's own business.

There are external risks and uncertainties affecting the Stockmann group that are related to the shift of the industry, competitors, logistics resources, information and cyber security, sustainability issues, weather, macroeconomics and geopolitical events, pandemics, foreign currencies, taxes, consumer duty and various regulations and ordinances. There are also risks in connection with expansion into new markets and with new products. More detailed information concerning the financial risks is given in the Stockmann Group's annual and sustainability report that is available at Stockmann Group's website at https://year2022.stockmanngroup.com

The restructuring programme is proceeding according to plan, which means that all Stockmann's department store properties have been sold and all interest-bearing debt has been paid except for a bond of EUR 71.9 million. There are still disputed claims regarding the termination of lease agreements that must be settled before the restructuring process can end.

The Stockmann Group is preparing for the future by evaluating strategic options for the period after the corporate restructuring.

DISPUTES RELATED TO THE RESTRUCTURING PROCESS

All confirmed undisputed debts have been paid. There are still four disputed claims left at the end of June with the total amount of EUR 52.0 million. By end of June 2022, the disputed amount was EUR 89.0 million. The remaining disputed claims are related to the termination of long-term leases of premises, where the creditors claim payment for all remaining years in the terminated lease contracts. The supervisor of the restructuring programme has disputed the claims and considered it justified to pay 18 months' compensation for the leases.

Stockmann has made a provision of EUR 18.0 million for the disputed claims and has ongoing discussions with creditors and the supervisor of the restructuring programme to solve the disputes. If they are not solved with the creditors and the Administrator, the disputes will be settled in the District Court or by arbitration proceedings. After respective claims have been solved or settled, the creditors will be entitled to convert their receivable to shares and bonds.

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

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

Mutual Insurance Fund Fennia, the lessor of the Tampere department store, has commenced arbitration proceedings against Stockmann, in which the company demands up to EUR 11.9 million in compensation from Stockmann in accordance with section 27, subsection 1 of the Restructuring Act. The supervisor of the restructuring proceedings has disputed the claim to the extent that it exceeds EUR 2.7 million. The undisputed amount of EUR 2.7 million was converted to Stockmann shares and bond in June 2023. In addition, Mutual Insurance Fund Fennia has filed two claims with the Helsinki District Court regarding Stockmann, with the supervisor as respondent in the first claim and Stockmann as respondent in the other claim. In the claims to the Helsinki District Court, Mutual Insurance Fund Fennia requests the court to confirm that the damages payable to Fennia are the maximum amount of EUR 11.1 million.

Tampereen Seudun Osuuspankki, the second lessor of the Tampere department store, has initiated proceedings at the Pirkanmaa District Court in which the company demands up to EUR 14.5 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.

The company's Board of Directors decided on 21 June 2023, in accordance with the restructuring programme and pursuant to the authorisation granted by the Annual General Meeting, to issue 2 835 349 new shares of the company in deviation from the shareholders' pre-emptive subscription rights to such creditors of the company whose previously conditional or disputed restructuring debts under the restructuring programme were confirmed to their final amounts by 24 May 2023.

EVENTS AFTER THE REPORTING PERIOD

After the reporting period on 17 July, Stockmann Group updated its financial guidance for the full-year 2023. The Group decided to lower its 2023 guidance for the development of the company's revenue and increase its 2023 guidance regarding the development of adjusted operating result.

Stockmann now expects the Group's revenue to be in the range of EUR 940–1 000 million in 2023 and the Group's adjusted operating result to be EUR 65–85 million in 2023, subject to foreign exchange rate fluctuation. Previously Stockmann expected the Group's revenue to be in the range of EUR 960–1 020 million and the Group's adjusted operating result to be EUR 60–80 million, subject to foreign exchange rate fluctuation.

FINANCIAL RELEASES IN 2023

Stockmann Group will publish its financial reports in 2023 as follows:
- 27 October 2023 Interim Management Statement for January–September 2023

WEBCAST FOR ANALYSTS AND THE MEDIA

A press and analyst briefing will be held in English as a live webcast today, on 21 July 2023 at 10:00 a.m. EEST. The event can be followed via this link. The recording and presentation material will be available on the company's website after the event.

Further information:
Susanne Ehnbåge, CEO,
via Stockmann Group's media desk tel. +358 50 389 0011
Annelie Forsberg, CFO,
via Stockmann Group's media desk tel. +358 50 389 0011
Marja-Leena Dahlskog, Head of Communications & IR,
tel. + 358 50 502 0060
investor.relations@stockmann.com

Helsinki, 20 July 2023

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.–30.6.2023**	1.1.–30.6.2022	1.1.–31.12.2022
REVENUE	**450.4**	465.1	981.7
Other operating income	**0.0**	99.3	99.6
Materials and services	**–186.9**	–192.0	–413.4
Employee benefit expenses	**–107.9**	–107.7	–212.1
Depreciation, amortisation and impairment losses	**–50.7**	–52.6	–103.2
Other operating expenses	**–77.6**	–87.8	–197.7
Total expenses	**–423.1**	–440.1	–926.4
OPERATING PROFIT/LOSS	**27.3**	124.3	154.9
Financial income	**2.7**	0.6	2.6
Financial expenses	**–17.0**	–12.4	–28.3
Total financial income and expenses	**–14.3**	–11.8	–25.7
PROFIT/LOSS BEFORE TAX	**13.0**	112.4	129.2
Income taxes	**20.3**	–29.0	–27.5
NET PROFIT/LOSS FOR THE PERIOD	**33.3**	83.4	101.6
Profit/loss for the period attributable to:			
Equity holders of the parent company	**33.3**	83.4	101.6
Earnings per share, EUR:			
From the period result, undiluted	**0.21**	0.54	0.65
From the period result, diluted	**0.21**	0.54	0.65

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	**1.1.–30.6.2023**	1.1.–30.6.2022	1.1.–31.12.2022
PROFIT/LOSS FOR THE PERIOD	**33.3**	83.4	101.6
Other comprehensive income:			
Items that may be subsequently reclassified to profit and loss			
Exchange differences on translating foreign operations, before tax	**–28.6**	–17.8	–33.3
Exchange differences on translating foreign operations, net of tax	**–28.6**	–17.8	–33.3
Cash flow hedges, before tax	**2.0**	–1.1	–2.2
Cash flow hedges, net of tax	**2.0**	–1.1	–2.2
Other comprehensive income for the period, net of tax	**–26.7**	–18.9	–35.6
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**6.6**	64.6	66.1
Total comprehensive income attributable to:			
Equity holders of the parent company	**6.6**	64.6	66.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	**30.6.2023**	30.6.2022	31.12.2022
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	**235.4**	260.2	250.9
Trademark	**77.0**	84.7	81.8
Intangible rights	**27.4**	26.5	26.8
Other intangible assets	**0.5**	0.9	0.7
Advance payments and construction in progress	**2.7**	2.9	4.2
Intangible assets, total	**343.0**	375.1	364.4
Property, plant and equipment			
Land and water	**0.2**		
Machinery and equipment	**37.4**	39.0	37.6
Modification and renovation expenses for leased premises	**4.6**	4.2	4.4
Right-of-use assets	**416.4**	438.3	419.2
Advance payments and construction in progress	**51.6**	1.0	37.1
Property, plant and equipment, total	**510.2**	482.5	498.2
Investment properties	**0.5**	0.5	0.5
Non-current receivables	**2.9**	3.8	3.1
Other investments	**0.4**	0.2	0.2
Deferred tax assets	**29.5**	29.0	31.0
NON-CURRENT ASSETS, TOTAL	**886.6**	891.2	897.4
CURRENT ASSETS			
Inventories	**171.8**	180.6	174.2
Current receivables			
Interest-bearing receivables	**0.0**	0.1	0.0
Income tax receivables	**0.1**	0.2	0.2
Non-interest-bearing receivables	**40.6**	46.7	43.2
Current receivables, total	**40.7**	46.9	43.5
Cash and cash equivalents	**132.7**	184.6	167.9
CURRENT ASSETS, TOTAL	**345.2**	412.1	385.5
ASSETS, TOTAL	**1 231.9**	1 303.3	1 282.9

EUR mill.	**30.6.2023**	30.6.2022	31.12.2022
EQUITY AND LIABILITIES			
EQUITY			
Share capital	**77.6**	77.6	77.6
Invested unrestricted equity fund	**75.9**	72.3	73.3
Other funds	**1.1**	0.1	−1.0
Translation differences	**−47.6**	−3.3	−18.9
Retained earnings	**238.1**	186.4	204.6
Equity attributable to equity holders of the parent company	**345.1**	333.0	335.6
EQUITY, TOTAL	**345.1**	333.0	335.6
NON-CURRENT LIABILITIES			
Deferred tax liabilities	**38.4**	35.8	40.3
Non-current interest-bearing financing liabilities	**71.9**	66.1	67.5
Non-current lease liabilities	**478.5**	493.7	477.5
Non-current non-interest-bearing liabilities and provisions	**0.1**	15.3	0.7
NON-CURRENT LIABILITIES, TOTAL	**588.9**	610.9	585.9
CURRENT LIABILITIES			
Current lease liabilities	**77.6**	79.7	77.3
Current non-interest-bearing liabilities			
Trade payables and other current liabilities	**168.2**	196.7	179.1
Income tax liabilities	**34.1**	82.8	73.7
Current provisions	**18.1**	0.1	31.2
Current non-interest-bearing liabilities, total	**220.4**	279.6	284.0
CURRENT LIABILITIES, TOTAL	**297.9**	359.3	361.3
LIABILITIES, TOTAL	**886.8**	970.3	947.3
EQUITY AND LIABILITIES, TOTAL	**1 231.9**	1 303.3	1 282.9

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	**1.1.–30.6.2023**	1.1.–30.6.2022	1.1.–31.12.2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/loss for the period	**33.3**	83.4	101.6
Adjustments for:			
Depreciation, amortisation and impairment losses	**50.7**	52.6	103.2
Gains (-) and losses (+) of disposals of fixed assets and other non-current assets	**0.7**	−95.5	−95.2
Interest and other financial expenses	**17.0**	12.4	28.3
Interest income	**−2.7**	−0.6	−2.6
Income taxes	**−20.3**	29.0	27.5
Other adjustments	**−0.1**	1.5	17.7
Working capital changes:			
Increase (-) /decrease (+) in inventories	**−4.2**	−31.1	−28.3
Increase (-) / decrease (+) in trade and other current receivables	**0.7**	−0.6	−1.2
Increase (+) / decrease (-) in current liabilities	**−5.5**	−43.4	−50.5
Interest expenses paid	**−16.7**	−13.2	−29.0
Interest received from operating activities	**1.3**	0.1	1.3
Income taxes paid from operating activities	**−18.1**	−14.9	−17.9
Net cash from operating activities	**35.9**	−20.2	55.1
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of tangible and intangible assets	**0.0**	427.6	429.1
Purchase of tangible and intangible assets	**−29.5**	−11.5	−62.7
Security deposit	**0.0**		−0.1
Investments in subsidiary shares	**−0.2**		
Other investments	**−0.2**		
Net cash used in investing activities	**−29.9**	416.1	366.3
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of current liabilities		−381.5	−381.5
Payment of lease liabilities	**−33.9**	−36.6	−73.8
Net cash used in financing activities	**−33.9**	−418.1	−455.2
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**−27.9**	−22.1	−33.9
Cash and cash equivalents at the beginning of the period	**167.9**	213.7	213.7
Net increase/decrease in cash and cash equivalents	**−27.9**	−22.1	−33.9
Effects of exchange rate fluctuations on cash held	**−7.2**	−7.0	−11.9
Cash and cash equivalents at the end of the period	**132.7**	184.6	167.9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR mill.	Share capital	Reserve for unrestricted equity	Hedging reserve	Other reserves	Translation differences	Retained earnings	Total
EQUITY 1.1.2023	77.6	73.3	−1.1	0.1	−18.9	204.6	335.6
Profit/loss for the period						33.3	33.3
Exchange differences on translating foreign operations					−28.6		−28.6
Cash flow hedges			2.0				2.0
Total comprehensive income for the period			2.0		−28.6	33.3	6.6
Share issue to creditors for unsecured restructuring debt		2.6					2.6
Share-based payments						0.3	0.3
Other changes				0.1		−0.1	
Other changes in equity total		2.6		0.1		0.1	2.8
EQUITY 30.6.2023	77.6	75.9	0.9	0.2	−47.6	238.1	345.1

EUR mill.	Share capital	Reserve for unrestricted equity	Hedging reserve	Other reserves	Translation differences	Retained earnings	Total
EQUITY 1.1.2022	77.6	72.0	1.1	0.1	14.4	102.9	268.2
Profit/loss for the period						83.4	83.4
Exchange differences on translating foreign operations					−17.8		−17.8
Cash flow hedges			−1.1				−1.1
Total comprehensive income for the period			−1.1		−17.8	83.4	64.6
Share issue to creditors for unsecured restructuring debt		0.3					0.3
Other changes in equity total		0.3					0.3
EQUITY 30.6.2022	77.6	72.3	0.0	0.1	−3.3	186.4	333.0

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

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 2022 financial statements. The figures are unaudited.

Corporate restructuring programme

On 21 June 2023, Stockmann announced that it had received and verified two subscription forms from Entitled Persons whose previously conditional or disputed receivables subject to the payment programme of the Restructuring Programme had been clarified and the final amounts of such receivables had been confirmed. The Subsequent Bonds duly subscribed for by such Entitled Persons amounted to the aggregate principal amount of EUR 4,393,381. The receivables of the Entitled Persons were converted, by way of set-off, into Subsequent Bonds.

Stockmann's Board of Directors decided 21 June 2023, in accordance with the Restructuring Programme and pursuant to the authorization granted by the Annual General Meeting, to issue 2,835,349 new shares of the Company in deviation from the shareholders' pre-emptive subscription rights to such creditors of the Company whose previously conditional or disputed restructuring debts under the Restructuring Programme had been confirmed to their final amounts by 24 May 2023 and approved the subscriptions made in the Share Issue. The subscription price in the Share Issue was EUR 0.9106 per share, which has been paid by setting off restructuring debt in accordance with the Restructuring Programme. As a result of the Share Issue, the total number of shares in the Company increased by 2,835,349 shares to a total of 158,715,555 shares.

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

Business continuity

Stockmann Group's 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 restructuring programme prepared for Stockmann plc. The profitability of the Group's business is dependent on future market conditions and the Group's ability to execute its business plan successfully.

There are external risks and uncertainties affecting the Stockmann group that are related to the shift of the industry, competitors, logistics resources, information and cyber security, sustainability issues, weather, macroeconomics and geopolitical events, pandemics, foreign currencies, taxes, consumer duty and various regulations and ordinances. There are also risks in connection with expansion into new markets and with new products.

The restructuring programme is proceeding according to plan, which means that all Stockmann's department store properties have been sold and all interest-bearing debt has been paid except for a bond of EUR 71.9 million. There are still disputed claims regarding the termination of lease agreements.

The Group's scope for arranging new financing is limited during the execution of the corporate restructuring programme, which cannot end until all disputed claims are settled. 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. The analysis confirms the adequacy of liquidity and financing and thus supports the preparation of this half year financial report 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 reporting date, the assumptions are related particularly to the basis for continuity, valuations of assets, exercising lease options, contingent liabilities and provisions recognised.

Stockmann plc has paid all confirmed undisputed restructuring debts. There were still four disputed claims left at the end of reporting period with the total amount of EUR 52.0 million. The remaining disputed claims are related to termination of long-term leases of premises, where the creditors claim payment for all remaining years in the terminated lease contracts. The supervisor of the restructuring programme has disputed the claims and considered it justified to pay 18 months' compensation for the leases. Stockmann has made a provision of EUR 18.0 million for the disputed claims and has ongoing discussions with creditors and the supervisor of the restructuring programme to solve the disputes. If they are not solved with the creditors and the supervisor, the disputes will be settled in the District Court or by arbitration proceedings. After respective claims have been solved or settled, the creditors will be entitled to convert their receivable to shares and bonds.

The management has assessed if there are any indications of impairment on the carrying amounts of the Group's assets. At the end of the reporting period, the carrying amount of the Group's net assets was higher than the market value. Nevertheless, Lindex division has made good result during the period and there was a fair headroom in the impairment test of Lindex goodwill in December 2022. The management has concluded that there is no need for impairment of the carrying amounts of the 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 2022.

Income taxes

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

The profits of Stockmann Plc's Branch in Estonia have been included in the taxable income of the parent office in Finland. The profits of the Branch will be income taxable in Estonia, at the time when the profits are distributed to the parent office in Finland. According to the tax treaty between Estonia and Finland, the income tax which will be paid in Estonia is deductible from the income tax in Finland under certain conditions. The untaxed retained earnings of the Branch in Estonia including the profit of the reporting period were EUR 25.8 million and the calculated income tax in Estonia would be EUR 5.2 million.

GROUP'S OPERATING SEGMENTS

Revenue, EUR mill.	Q2 2023	Q2 2022	1.1.–30.6.2023	1.1.–30.6.2022	1.1.–31.12.2022
Lindex	**176.2**	188.0	**302.7**	322.0	661.1
Stockmann	**75.8**	81.0	**147.8**	143.1	320.6
Group total	**252.0**	269.0	**450.4**	465.1	981.7

Reported operating profit/loss, EUR mill.	Q2 2023	Q2 2022	1.1.–30.6.2023	1.1.–30.6.2022	1.1.–31.12.2022
Lindex	**35.6**	39.0	**41.2**	44.5	90.3
Stockmann	**–3.1**	78.4	**–10.1**	84.6	71.2
Unallocated	**–2.3**	–2.8	**–3.7**	–4.8	–6.7
Group total	**30.2**	114.5	**27.3**	124.3	154.9
Financial income	**1.7**	0.2	**2.7**	0.6	2.6
Financial expenses	**–8.8**	–6.7	**–17.0**	–12.4	–28.3
Consolidated profit/loss before taxes	**23.1**	108.0	**13.0**	112.4	129.2

Adjustments to Operating profit/loss, EUR mill.	Q2 2023	Q2 2022	1.1.–30.6.2023	1.1.–30.6.2022	1.1.–31.12.2022
Lindex	**–0.6**		**–0.6**		0.3
Stockmann	**0.3**	79.8	**0.3**	93.4	76.6
Unallocated	**–1.2**	–0.7	**–1.6**	–0.8	–1.9
Group total	**–1.4**	79.1	**–1.9**	92.7	75.1

Adjusted Operating profit/loss, EUR mill.	Q2 2023	Q2 2022	1.1.–30.6.2023	1.1.–30.6.2022	1.1.–31.12.2022
Lindex	**36.2**	39.0	**41.8**	44.5	90.0
Stockmann	**–3.5**	–1.5	**–10.5**	–8.8	–5.4
Unallocated	**–1.1**	–2.1	**–2.1**	–4.0	–4.8
Group total	**31.6**	35.4	**29.2**	31.6	79.8

Depreciation, amortisation and impairment losses, EUR mill.	Q2 2023	Q2 2022	1.1.–30.6.2023	1.1.–30.6.2022	1.1.–31.12.2022
Lindex	**18.2**	19.8	**37.0**	39.4	76.8
Stockmann	**6.9**	7.1	**13.6**	13.2	26.4
Group total	**25.1**	26.9	**50.7**	52.6	103.2

Capital expenditure *), EUR mill.	Q2 2023	Q2 2022	1.1.–30.6.2023	1.1.–30.6.2022	1.1.–31.12.2022
Lindex	**31.6**	40.1	**80.2**	86.3	154.6
Stockmann	**0.0**	113.6	**10.1**	122.2	129.9
Group total	**31.6**	153.8	**90.3**	208.5	284.5

*) Including right-of-use-assets

Assets, EUR mill.	30.6.2023	30.6.2022	31.12.2022
Lindex	**912.8**	956.1	935.0
Stockmann	**318.6**	331.8	344.8
Unallocated	**0.5**	15.4	3.1
Group total	**1 231.9**	1 303.3	1 282.9

IFRS 16 Lease liabilities, EUR mill.	30.6.2023	30.6.2022	31.12.2022
Lindex	**267.5**	282.0	267.1
Stockmann	**288.5**	291.4	287.7
Total	**556.0**	573.4	554.8

INFORMATION ON MARKET AREAS

Revenue, EUR mill.	Q2 2023	Q2 2022	1.1.–30.6.2023	1.1.–30.6.2022	1.1.–31.12.2022
Finland	81.5	84.7	149.5	144.7	321.1
Sweden*)	93.4	100.7	160.9	174.6	354.3
Norway	35.8	41.6	59.7	68.6	139.1
Baltic countries and other countries	41.3	42.0	80.4	77.3	167.3
Market areas total	252.0	269.0	450.4	465.1	981.7
Finland %	32.3%	31.5%	33.2%	31.1%	32.7%
International operations %	67.7%	68.5%	66.8%	68.9%	67.3%

Operating profit/loss, EUR mill.	Q2 2023	Q2 2022	1.1.–30.6.2023	1.1.–30.6.2022	1.1.–31.12.2022
Finland	-4.4	75.9	-12.2	67.0	50.9
Sweden*)	31.9	35.4	34.3	37.4	66.6
Norway	1.3	1.2	2.3	2.1	4.5
Baltic countries and other countries	1.4	2.1	2.9	17.7	32.8
Market areas total	30.2	114.5	27.3	124.3	154.9
Group total	30.2	114.5	27.3	124.3	154.9

Non-current assets			
EUR mill.	30.6.2023	30.6.2022	31.12.2022
Finland	220.1	229.4	219.1
Sweden*)	542.5	540.6	556.5
Norway	44.2	48.8	46.5
Baltic countries and other countries	50.3	43.4	44.3
Market areas total	857.1	862.2	866.4
Finland %	25.7%	26.6%	25.3%
International operations %	74.3%	73.4%	74.7%

*) includes franchising income

KEY FIGURES OF THE GROUP

	30.6.2023	30.6.2022	31.12.2022
Equity ratio, %	**28.0**	25.6	26.2
Net gearing, %	**143.5**	136.6	135.4
Cash flow from operating activities per share, year-to-date, EUR	**0.23**	−0.13	0.35
Interest-bearing net debt, EUR mill.	**495.2**	454.8	454.4
Number of shares at the end of the period, thousands	**158 716**	154 749	155 880
Average no of shares, undiluted, thousands *)	**156 021**	154 618	155 189
Market capitalisation, EUR mill.	**325.4**	363.7	307.1
Operating profit/loss, % of revenue	**6.1**	26.7	15.8
Equity per share, EUR	**2.17**	2.15	2.15
Return on equity, rolling 12 months, %	**15.2**	53.7	33.7
Return on capital employed, rolling 12 months, %	**6.4**	21.6	15.7
Average number of employees, converted to full-time equivalents	**4 281**	4 264	4 332
Capital expenditure, year-to-date, EUR mill. **)	**29.6**	11.7	62.5

*) Diluted amount 31.12.2022 has been revised and there is no dilution impact.
**) Excluding right-of-use-assets.

DEFINITIONS OF KEY FIGURES

Performance measures according to IFRS

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

Alternative performance measures

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

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

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

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

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

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

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

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

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	**30.6.2023**	30.6.2022	31.12.2022
NOK	**11.7040**	10.3485	10.5138
SEK	**11.8055**	10.7300	11.1218
Average rate for the period	**1.1.–30.6.2023**	1.1.–30.6.2022	1.1.–31.12.2022
NOK	**11.3203**	9.9756	10.1019
SEK	**11.3314**	10.4742	10.6278

INFORMATION PER QUARTER

Consolidated income statement per quarter

EUR mill.	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Continuing operations								
Revenue	**252.0**	198.5	272.6	244.0	269.0	196.1	277.5	237.8
Other operating income	**0.0**	0.0	0.0	0.3	84.0	15.2	25.7	3.2
Materials and services	**-100.5**	-86.5	-116.1	-105.3	-109.3	-82.7	-117.5	-96.3
Employee benefit expenses	**-56.1**	-51.8	-53.7	-50.7	-55.5	-52.2	-53.9	-46.7
Depreciation, amortisation and impairment losses	**-25.1**	-25.6	-24.7	-25.9	-26.9	-25.7	-25.7	-25.7
Other operating expenses	**-40.1**	-37.5	-53.4	-56.4	-46.9	-40.9	-55.5	-39.6
Total expenses	**-221.8**	-201.4	-248.0	-238.3	-238.5	-201.6	-252.7	-208.3
Operating profit/loss	**30.2**	-2.9	24.6	6.0	114.5	9.8	50.6	32.7
Financial income	**1.7**	0.9	1.1	0.9	0.2	0.3	0.1	0.1
Financial expenses	**-8.8**	-8.2	-7.6	-8.3	-6.7	-5.7	-4.4	-4.3
Total financial income and expenses	**-7.0**	-7.3	-6.5	-7.4	-6.5	-5.4	-4.2	-4.2
Profit/loss before tax	**23.1**	-10.2	18.1	-1.4	108.0	4.4	46.3	28.5
Income taxes	**-9.4**	29.7	-0.5	2.0	-27.4	-1.6	-11.1	-5.6
Net profit/loss for the period	**13.8**	19.5	17.6	0.6	80.7	2.8	35.3	22.9

Earnings per share per quarter

EUR	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
From the period result, undiluted	**0.09**	0.13	0.11	0.00	0.52	0.02	0.23	0.15

Q1 2023 has been revised so that there is no dilution impact.

Segment information per quarter

EUR mill.	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Revenue								
Lindex	**176.2**	126.5	172.2	166.9	188.0	134.0	177.8	168.9
Stockmann	**75.8**	72.0	100.4	77.1	81.0	62.2	99.7	68.9
Group total	**252.0**	198.5	272.6	244.0	269.0	196.1	277.5	237.8
Reported operating profit/loss								
Lindex	**35.6**	5.6	23.0	22.9	39.0	5.5	24.0	31.2
Stockmann	**-3.1**	-7.0	2.4	-15.8	78.4	6.3	27.8	0.0
Unallocated	**-2.3**	-1.4	-0.8	-1.0	-2.8	-2.0	-1.3	1.5
Group total	**30.2**	-2.9	24.6	6.0	114.5	9.8	50.6	32.7
Adjustments to Operating profit/loss								
Lindex	**-0.6**		0.0	0.3			-0.3	0.0
Stockmann	**0.3**		-0.9	-15.9	79.8	13.6	21.5	
Unallocated	**-1.2**	-0.5	-0.7	-0.4	-0.7	-0.1	-0.3	-0.2
Group total	**-1.4**	-0.5	-1.6	-16.0	79.1	13.5	21.0	-0.2
Adjusted Operating profit/loss								
Lindex	**36.2**	5.6	23.0	22.5	39.0	5.5	24.3	31.2
Stockmann	**-3.5**	-7.0	3.3	0.2	-1.5	-7.3	6.3	0.0
Unallocated	**-1.1**	-1.0	-0.1	-0.6	-2.1	-1.9	-1.0	1.7
Group total	**31.6**	-2.4	26.1	22.0	35.4	-3.7	29.6	32.9

Information on market areas

EUR mill.	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Revenue								
Finland	**81.5**	68.0	96.4	80.0	84.7	60.0	96.7	72.9
Sweden*)	**93.4**	67.5	92.0	87.6	100.7	73.9	100.3	92.0
Norway	**35.8**	23.9	36.0	34.6	41.6	26.9	37.1	34.0
Baltic countries and other countries	**41.3**	39.1	48.1	41.9	42.0	35.3	43.4	38.9
Group total	**252.0**	198.5	272.6	244.0	269.0	196.1	277.5	237.8
Finland %	**32.3%**	34.3%	35.4%	32.8%	31.5%	30.6%	34.9%	30.6%
International operations %	**67.7%**	65.7%	64.6%	67.2%	68.5%	69.4%	65.1%	69.4%
Operating profit/loss								
Finland	**-4.4**	-7.8	0.2	-16.3	75.9	-8.9	3.5	1.1
Sweden*)	**31.9**	2.3	10.2	19.0	35.4	2.1	20.7	28.2
Norway	**1.3**	1.0	1.2	1.2	1.2	1.0	1.1	1.1
Baltic countries and other countries	**1.4**	1.6	13.0	2.1	2.1	15.6	25.3	2.4
Market areas total	**30.2**	-2.9	24.6	6.0	114.5	9.8	50.6	32.7
Group total	**30.2**	-2.9	24.6	6.0	114.5	9.8	50.6	32.7

*) Includes franchising income

CONTINGENT LIABILITIES AND DERIVATIVE CONTRACTS

Contingent liabilities of the Group, EUR mill.	30.6.2023	30.6.2022	31.12.2022
Pledged subsidiary shares *)	303.4	280.0	303.4
Pledged loan receivables **)	326.7	387.7	373.5
Pledges and guarantees	0.1	0.1	0.1
Electricity commitments	2.3	0.2	2.7
Total	632.5	667.9	679.8

*) Bookvalue of subsidiary shares
**) Bookvalue of subsidiary loan receivables

Lease agreements on the Group's business premises, EUR mill.	30.6.2023	30.6.2022	31.12.2022
Within one year	4.6	4.6	3.1
After one year	9.1	8.0	9.3
Total	13.6	12.6	12.4

Group's lease payments, EUR mill.	30.6.2023	30.6.2022	31.12.2022
Within one year	0.2	0.2	0.2
After one year	0.3	0.4	0.3
Total	0.5	0.6	0.4

Group's derivative contracts, EUR mill.	30.6.2023	30.6.2022	31.12.2022
Nominal value			
Currency derivatives	33.1	40.7	46.9
Electricity derivatives		1.3	
Total	33.1	42.1	46.9

CONSOLIDATED ASSETS AND GOODWILL

Assets, EUR mill.	30.6.2023	30.6.2022	31.12.2022
Acquisition cost at the beginning of the period	1 746.8	1 613.4	1 613.4
Translation difference +/-	−85.2	−65.2	−114.5
Increases during the period	90.1	208.5	284.6
Decreases during the period	−19.1	−17.3	−36.8
Acquisition cost at the end of the period	1 732.6	1 739.4	1 746.8
Accumulated depreciation and impairment losses at the beginning of the period	−883.6	−878.7	−878.7
Translation difference +/-	45.7	36.7	62.3
Depreciation on reductions during the period	9.8	13.4	35.9
Depreciation, amortisation and impairment losses during the period	−50.7	−52.6	−103.2
Accumulated depreciation and impairment losses at the end of the period	−878.8	−881.2	−883.6
Carrying amount at the beginning of the period	863.1	734.8	734.8
Carrying amount at the end of the period	853.7	858.1	863.1

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

Goodwill, EUR mill.	30.6.2023	30.6.2022	31.12.2022
Carrying amount at the beginning of the period	250.9	271.5	271.5
Translation difference +/-	−14.7	−12.3	−21.6
Increases during the period		0.9	0.9
Decreases during the period	−0.9		
Carrying amount at the end of the period	235.4	260.2	250.9

RIGHT-OF-USE ASSETS

EUR mill.	30.6.2023	30.6.2022	31.12.2022
Acquisition cost at the beginning of the period	636.7	468.6	468.6
Translation difference +/-	−27.2	−19.2	−34.5
Increases during the period	60.6	196.8	222.0
Decreases during the period	−12.6	−11.2	−19.5
Acquisition cost at the end of the period	657.5	635.0	636.7
Accumulated depreciation and impairment losses at the beginning of the period	−217.5	−172.0	−172.0
Translation difference +/-	12.0	7.7	14.4
Depreciation on reductions during the period	4.2	7.3	18.9
Depreciation, amortisation and impairment losses during the period	−39.8	−39.7	−78.7
Accumulated depreciation and impairment losses at the end of the period	−241.1	−196.7	−217.5
Carrying amount at the beginning of the period	419.2	296.6	296.6
Carrying amount at the end of the period	416.4	438.3	419.2

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

Financial assets, EUR mill.	Level	**Carrying amount 30.6.2023**	**Fair value 30.6.2023**	Carrying amount 30.6.2022	Fair value 30.6.2022	Carrying amount 31.12.2022	Fair value 31.12.2022
Derivative contracts, hedge accounting applied	2	**0.9**	**0.9**	3.0	3.0	0.1	0.1
Financial assets at fair value through profit or loss							
Derivative contracts, hedge accounting not applied							
Electricity derivatives	1			1.7	1.7		
Financial assets at amortised cost							
Non-current receivables		**2.9**	**2.9**	3.8	3.8	3.1	3.1
Current receivables, interest-bearing		**0.0**	**0.0**	0.1	0.1	0.0	0.0
Current receivables, non-interest-bearing		**39.7**	**39.7**	41.9	41.9	43.1	43.1
Cash and cash equivalents		**132.7**	**132.7**	184.6	184.6	167.9	167.9
Other investments	3	**0.4**	**0.4**	0.2	0.2	0.2	0.2
Financial assets by measurement category, total		**176.7**	**176.7**	235.4	235.4	214.4	214.4

Financial liabilities, EUR mill.	Level	**Carrying amount 30.6.2023**	**Fair value 30.6.2023**	Carrying amount 30.6.2022	Fair value 30.6.2022	Carrying amount 31.12.2022	Fair value 31.12.2022
Derivative contracts, hedge accounting applied	2			3.0	3.0	1.2	1.2
Financial liabilities at amortised cost							
Non-current interest-bearing liabilities	2	**71.9**	**59.0**	66.1	56.0	67.5	55.8
Non-current lease liabilities		**478.5**	**478.5**	493.7	493.7	477.5	477.5
Non-current non-interest-bearing liabilities		**0.1**	**0.1**	1.0	1.0	0.7	0.7
Current lease liabilities		**77.6**	**77.6**	79.7	79.7	77.3	77.3
Current liabilities, non-interest-bearing		**168.2**	**168.2**	193.7	193.7	177.9	177.9
Financial liabilities by measurement category, total		**796.2**	**783.3**	837.2	827.1	802.1	790.4

Change in fair value of other investments, EUR mill.	**30.6.2023**	30.6.2022	31.12.2022
Carrying amount Jan. 1	**0.2**	0.2	0.2
Increases during the period	**0.2**		
Total	**0.4**	0.2	0.2

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 2023

EUR mill.	Carrying amount	1.7.2023–30.6.2024	1.7.2024–30.6.2025	1.7.2025–30.6.2026	1.7.2026–30.6.2027	1.7.2027–	Total
Non-current Bond (5-y Bullet)	71.9	−0.1	−0.1	−0.1	−71.9		−72.2
Current trade payables and other current liabilities	88.9	−88.9					−88.9
Non-current lease liabilities	478.5		−101.2	−94.3	−84.4	−432.2	−712.2
Current lease liabilities	77.6	−101.1					−101.1
Lease liabilities, total	556.0	−101.1	−101.2	−94.3	−84.4	−432.2	−813.2
Total	716.9	−190.1	−101.3	−94.4	−156.3	−432.2	−974.3

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. In 2022 more bonds were converted with 1.5 mill. euros and in June 2023 with 4.4 milj. euros. 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.	**30.6.2023**	30.6.2022	31.12.2022
Current non-interest-bearing restructuring debt, unsecured	**0.0**	5.5	0.2
Restructuring debt total	**0.0**	5.5	0.2
Restructuring debt related to non-current provisions		14.3	
Restructuring debt related to current provisions	**18.1**		31.2
Provisions related to restructuring debt *)	**18.1**	14.4	31.2
Total	**18.1**	19.8	31.3

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

FINANCIAL INCOME AND EXPENSES

EUR mill.	**1.1.–30.6.2023**	1.1.–30.6.2022	1.1.–31.12.2022
Interest income on bank deposits, other investments and currency derivatives	**1.3**	0.1	1.3
Other financial income	**1.0**	0.5	1.3
Financial income, total	**2.3**	0.6	2.6
Interest expenses on financial liabilities measured at amortised cost	**−0.8**	−1.3	−2.8
Interest expenses from lease contracts	**−16.0**	−10.7	−24.7
Foreign exchange differences	**−0.2**	−0.4	−0.7
Financial expenses, total	**−17.0**	−12.4	−28.3
Financial income and expenses, total	**−14.7**	−11.8	−25.7

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