INTERIM MANAGEMENT STATEMENT Q3 2023

STOCKMANN

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Continued strong performance for Lindex; Stockmann Group's third quarter adjusted operating result decreased slightly

July–September 2023:

- The Stockmann Group's revenue was EUR 226.9 (244.0) million. The revenue decreased by 7.0%, and in local currencies the decrease was 1.7%.
  - The Lindex division's revenue decreased to EUR 162.3 (166.9) million, but grew in local currencies by 4.9%.
  - The Stockmann division's revenue decreased to EUR 64.7 (77.1) million, mainly due to the timing of the Crazy Days campaign. This Autumn, the Crazy Days was held in October at the beginning of the fourth quarter while in the comparison period, the campaign started in September.
- The Group's gross margin improved to 58.5% (56.8).
- The Group's adjusted operating result decreased to EUR 20.6 (22.0) million, but improved slightly in local currencies.
  - The Lindex division's adjusted operating result strengthened to EUR 26.2 (22.5) million and improved significantly in local currencies.
  - The Stockmann division's adjusted operating result declined to EUR -4.8 (0.2) million, mainly due to the timing of the Crazy Days campaign.
- Operating result was EUR 20.3 (6.0) million. In the comparison period, the operating result was impacted by the EUR 15.9 million provision related to the LähiTapiola Keskustakiinteistöt Ky arbitration decision.
- Net result amounted to EUR 8.7 (0.6) million.
- Earnings per share were EUR 0.05 (0.00).

January–September 2023:

- The Stockmann Group's revenue was EUR 677.4 (709.1) million. The revenue decreased by 4.5%, but increased by 0.7% in local currencies.
  - The Lindex division's revenue decreased to EUR 464.9 (488.9) million, but grew in local currencies by 2.6 %.
  - The Stockmann division's revenue decreased by 3.5% to EUR 212.4 (220.2) million, due to the timing of the Crazy Days campaign.
- Gross margin was on the comparison period's level at 58.5% (58.1).
- Adjusted operating result was EUR 49.8 (53.7) million, but improved in local currencies.
  - For the Lindex division, the adjusted operating result strengthened to EUR 68.0 (67.0) million and improved significantly in local currencies.
  - For the Stockmann division, the adjusted operating result was EUR -15.3 (-8.7) million.
- Operating result was EUR 47.6 (130.3) million, where the comparison period 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 42.0 (84.1) million.
- Earnings per share were EUR 0.27 (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 (unchanged):

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.

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:

The Stockmann Group's priorities are to improve profitability to create a solid and sustainable foundation for the future as well as to accelerate the growth of Lindex. In the third quarter, the Group's adjusted operating result improved slightly in local currencies, but in EUR it was below the comparison period.

The Stockmann Group's underlying business is developing in the right direction. The Group's financial situation has improved during the latest months, both regarding financing and equity, and we will continue the work to create longlasting shareholder value and better profitability for both divisions. Lindex has improved its profitability significantly in the past years and will continue to grow by entering 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 their 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.

In the third quarter, the Stockmann Group's revenue decreased due to currency impacts and the timing of the Stockmann division's Crazy Days campaign. In local currencies, the Lindex division's revenue continued to increase despite challenging market conditions and weakened consumer confidence. The growth was supported by meeting the customer needs with inspiring collections and value for money as well as expanded distribution thanks to new partners on new markets. The key reason for the Stockmann division's revenue decrease was the timing of the Crazy Days, which was held in October at the beginning of the fourth quarter. In addition, the reduced size of the Itis department store had a negative impact on the revenue. The Stockmann division proceeded with the work within its strategic focus areas, such as customer loyalty and omnichannel approach. After the review period, the Stockmann division's Crazy Days campaign was held. The campaign performed well both in the department stores and digital.

On 25 September, we announced that Stockmann was commencing a strategic assessment to crystallise shareholder value by refocusing the Group's business on Lindex. As part of the strategic assessment, Stockmann plc is considering a name change to Lindex Group and will investigate strategic alternatives for the Stockmann department stores business. We expect the strategic assessment to be finalised during 2024. The Stockmann Group also aims to end the restructuring programme as soon as possible.

For the Stockmann Group, one of the key sustainability priorities is respecting the planet and environment. During the third quarter, we prepared our climate targets in line with our commitment to the Science Based Targets initiative (SBTi). We expect to have validated science-based climate targets during 2024.

I would like to thank all the fantastic team members at Lindex and Stockmann for their dedicated work towards our goals. I would also like to thank our loyal customers, partners and other stakeholders who are supporting our journey. I would like to warmly welcome investors, analysts and media representatives to Stockmann's Capital Markets Day on 16 November 2023. We look forward to continuing our good dialogue.

KEY FIGURES

	7–9/2023	7–9/2022	**1–9/2023**	1–9/2022	1–12/2022
Revenue, EUR mill.	**226.9**	244.0	**677.4**	709.1	981.7
Gross profit, EUR mill.	**132.9**	138.7	**396.4**	411.8	568.3
Gross margin, %	**58.5**	56.8	**58.5**	58.1	57.9
Operating result (EBIT), EUR mill.	**20.3**	6.0	**47.6**	130.3	154.9
Adjusted operating result (EBIT), EUR mill.	**20.6**	22.0	**49.8**	53.7	79.8
Net result for the period, EUR mill.	**8.7**	0.6	**42.0**	84.1	101.6
Adjusted earnings per share, EUR *)	**0.06**	0.09	**0.09**	0.12	0.24
Earnings per share, EUR **)	**0.05**	0.00	**0.27**	0.54	0.65
Cash flow total, EUR mill.	**−24.7**	−44.4	**−59.8**	−73.5	−45.8
Capital expenditure, EUR mill.	**24.0**	30.2	**53.6**	41.9	62.5
Equity per share, EUR			**2.30**	2.10	2.15
Equity ratio, %			**29.1**	25.7	26.2
Equity ratio excl. IFRS 16, %			**58.8**	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 28.9 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).

STRATEGIC ASSESSMENT

On 25 September 2023, Stockmann plc's Board of Directors decided to initiate a strategic assessment to crystallise shareholder value by refocusing the Group's business on Lindex. As part of the strategic assessment, Stockmann plc is considering a name change to Lindex Group and will investigate strategic alternatives for the Stockmann department stores business.

The possible name change would better reflect Lindex division's role in the Group's business. In 2022, with a revenue of EUR 661 million, Lindex represented over two thirds of Stockmann Group's revenues and, with an operating profit of EUR 90 million, Lindex was the main profit contributor within the Stockmann Group. This possible name change would not impact the Stockmann department stores, which would continue to operate under the Stockmann brand.

As part of the investigation of strategic alternatives for Stockmann's department stores business, the company will evaluate the best environment for developing the business in the future. These options will include increasing the business' independence within the Group, considering possible ownership changes or strategic partnerships, or continuing under the current structure. The strategic assessment will not have any immediate impact on the Stockmann department stores' brand or its daily business operations, which will continue with full commitment in their ordinary course.

Decisions relating to a possible proposal on a name change, which would ultimately be subject to a decision by Stockmann plc's general meeting, will be made at a later date. Stockmann expects the strategic assessment to be finalised during 2024. Stockmann will provide an update on the strategic assessment if, and when, appropriate.

REVENUE AND EARNINGS, STOCKMANN GROUP

July–September 2023

The Stockmann Group's revenue for the third quarter decreased to EUR 226.9 (244.0) million, due to the negative currency impact and the timing of the Stockmann division's Crazy Days campaign. In local currencies, the revenue decreased by 1.7%.

The Lindex division's revenue decreased slightly, but in local currencies the revenue grew by 4.9%. In local currencies, Lindex's sales grew in all categories and in all main markets. The key reason for the Stockmann division's decreased revenue was the timing of the Crazy Days campaign, which was held this year in October but contributed strongly to the comparison period's revenue. In addition, the revenue was negatively affected by the reduction in the size of the Stockmann Itis department store and the seasonal decline of the fashion market.

The gross profit decreased to EUR 132.9 (138.7) million. The Lindex division's gross profit improved, while in the Stockmann division it was down from the comparison period due to the decreased sales and a lower gross margin.

The Group's gross margin improved to 58.5% (56.8). The Lindex division strenghtened its gross margin with a more efficient supply chain combined with price adjustments to mitigate the more expensive USD impact. The gross margin for the Stockmann division was negatively impacted by a higher share of price-driven campaigns and clearance sales.

Operating costs decreased to EUR 88.1 (107.1) million. Inflation has affected costs significantly, but both divisions implemented successful cost savings actions to mitigate the effect. The currency effect also boosted the good development. The comparison period was impacted by the EUR 15.9 million provision related to the LähiTapiola Keskusta-kiinteistöt KY arbitration decision which was treated as an item affecting comparability. The Stockmann Group continues to invest in automation and digital solutions which will further improve cost-efficiency.

The adjusted operating result for the quarter decreased to EUR 20.6 (22.0) million. The decline was related to the negative currency effect impacting Lindex's result in EUR together with the timing of the Stockmann division's Crazy Days campaign. The operating result improved to EUR 20.3 (6.0) million. In the comparison period, operating result was impacted by the EUR 15.9 million provision related to the LähiTapiola arbitration decision.

January–September 2023

The Stockmann Group's revenue for the period decreased to EUR 677.4 (709.1) million. In local currencies the Group's revenue increased by 0.7%. The Lindex division's revenue increased by 2.6% in local currencies, but decreased by 4.9% in EUR. The Stockmann division's revenue decreased by 3.5%, where the timing of the Crazy Days campaign had a negative impact on the development.

The Group's gross profit decreased to EUR 396.4 (411.8) million, which is explained by the currency impact on the Lindex division's gross profit and the Stockmann division's lower sales combined with a higher share of price-driven campaigns and clearance sales. The Group's gross margin improved slightly on the comparison period's level at 58.5% (58.1).

Other operating income decreased to EUR 0.5 (99.6) million 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 decreased to EUR 273.6 (302.7) million. Inflation impacted the costs in both divisions, but successful cost saving actions and on-going process automation partly mitigated the inflation effect. This was also boosted by the positive currency effect on the costs of the Lindex division. The costs in the comparison period included the EUR 15.9 million provision for the LähiTapiola arbitration decision.

The adjusted operating result for the period decreased to EUR 49.8 (53.7) million as a result of converting Lindex's result to the reporting currency together with the timing of the Stockmann division's Crazy Days campaign and the reduced store area of the Itis department store.
In local currencies the adjusted operating result improved. The operating result for the period declined to EUR 47.6 (130.3) million. The comparison period's operating result includes the capital gain of EUR 95.4 million from the sale of real estate in Riga and Helsinki as well as the EUR 15.9 million provision for the LähiTapiola arbitration decision.

FINANCING AND CASH FLOW

At the end of September, cash and cash equivalents totalled EUR 108.0 (140.2) million and the third quarter cash flow was EUR -24.7 (-44.4) million. Investments affected the cash flow by EUR 17.7 (30.3) million. During the reporting period, key investments were the Lindex division's omnichannel distribution centre amounting to EUR 13.2 (24.4) million and digitalisation investments for both the Lindex and Stockmann divisions.

At the end of September, total inventories were EUR 193.3 (196.3) million. The Lindex division's inventories decreased, due to less goods in transit. The Stockmann division's inventories increased due to the Crazy Days campaign that started at the beginning of October and higher purchase prices.

In January–September, the total cash flow was EUR -59.8 (-73.5) million due to seasonality and tax payments in the first quarter and the significant investment in Lindex division's omnichannel distribution centre. The comparison period was impacted by a repayment of VAT loans of EUR 42 million for Lindex.

At the end of September, the Group had the interest-bearing liability of a non-current senior secured bond of EUR 71.9 (67.5) million. 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 549.4 (559.1) million, where the lease liabilities related to the Stockmann division were EUR 286.1 (287.7) million and to the Lindex division EUR 263.3 (271.4) million. Excluding the IFRS 16 items, the interest-bearing net debt was positive at EUR 36.1 (73.3) million. In the third quarter, the Group signed a loan agreement for a revolving credit facility of EUR 40 million.

The equity ratio was 29.1% (25.7) and net gearing 140.7% (148.2) at the end of September. IFRS 16 has a significant impact on the equity ratio and net gearing. Excluding IFRS 16, the equity ratio was 58.8% (53.0) and net gearing was -7.5% (-16.6).

The Group's capital employed at the end of September was EUR 986.1 (954.4) million and EUR 556.5 (508.8) million excluding IFRS 16 items.

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	7–9/2023	7–9/2022	1–9/2023	1–9/2022	1–12/2022
Revenue, EUR mill.	**162.3**	166.9	**464.9**	488.9	661.1
Gross profit, EUR mill.	**104.1**	103.0	**304.1**	312.2	423.7
Gross margin, %	**64.2**	61.7	**65.4**	63.9	64.1
Adjusted operating result, EUR mill.	**26.2**	22.5	**68.0**	67.0	90.0
Operating result, EUR mill.	**26.2**	22.9	**67.4**	67.3	90.3
Capital expenditure, EUR mill.	**22.4**	28.5	**48.1**	36.8	55.3

July–September 2023

The Lindex division's revenue decreased to EUR 162.3 (166.9) million, but in local currencies the revenue increased by 4.9%, where the growth in physical stores was 3.2% and in digital channels 13.8%. In the review period, digital sales accounted for 19.4% (17.8) of Lindex's sales.

Despite the warm Autumn, Lindex succeeded in collection transition. In local currencies, sales increased in all main markets and in all categories where the womenswear performed the best. Customers' average purchase increased and the amount of active and new customers grew. During the quarter Lindex also started new partnerships on new markets and launched a new product category within the Femtech brand Female Engineering.

The gross profit improved to EUR 104.1 (103.0) million due to both better gross margin and increased sales in local currencies. The gross margin improved significantly to 64.2% (61.7) where price adjustments were implemented due to the strengthened USD, but were not fully passed on to consumer prices. Another factor contributing to the improved gross margin was the cost efficient supply chain.

Operating costs decreased to EUR 60.6 (61.1) million. Inflation impacted the costs, but Lindex continued improving cost-efficiency and process automation to mitigate cost inflation. This was also boosted by the positive currency effect when converting costs in local currencies to EUR.

The Lindex division's adjusted operating result strengthened to EUR 26.2 (22.5) million. The result improved due to higher sales in local currencies with better gross margin and good cost control. The operating result for Lindex was EUR 26.2 (22.9) million and significantly improved in local currencies.

Capital expenditure was EUR 22.4 (28.5) million, 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.

Lindex's strategic target is to transform into a global, digital first multichannel business. In addition to the Lindex division's own digital store, the company also sells its products on third parties' digital fashion platforms. At the end of September, Lindex had 439 stores in total, of which 403 are own stores and 36 franchise stores. Lindex opened two new stores and closed one store during the third quarter.

January–September 2023

The Lindex division's revenue decreased to EUR 464.9 (488.9) million, but in local currencies the revenue increased by 2.6% and increased both physically and digitally. The digital sales accounted for 19.1% (18.5) of total Lindex sales. Sales improved in all main markets despite the challenging market situation and lingerie was the best performing category.

The gross profit was EUR 304.1 (312.2) million, but increased in local currencies due to improved sales and a stronger gross margin.
The gross margin improved to 65.4% (63.9) due to the increased supply chain efficiency. Price adjustments were implemented, but increased purchase costs caused by more expensive USD were not fully passed on to consumer prices.

Operating costs decreased to EUR 182.4 (189.7) million. Successful cost saving actions together with a positive currency effect mitigated the inflation. In local currencies the costs increased.

The Lindex division's adjusted operating result strengthened to EUR 68.0 (67.0) million. The improvement in result is mainly explained by increased sales and gross margins, together with strong cost focus. Lindex's operating result was EUR 67.4 (67.3) million, where the 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 48.1 (36.8) million, which is 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	7–9/2023	7–9/2022	1–9/2023	1–9/2022	1–12/2022
Revenue, EUR mill.	**64.7**	77.1	**212.4**	220.2	320.6
Gross profit, EUR mill.	**28.7**	35.7	**92.2**	99.5	144.6
Gross margin, %	**44.4**	46.3	**43.4**	45.2	45.1
Adjusted operating result, EUR mill.	**−4.8**	0.2	**−15.3**	−8.7	−5.4
Operating result, EUR mill.	**−4.8**	−15.8	**−14.9**	68.8	71.2
Capital expenditure, EUR mill.	**1.6**	1.8	**5.6**	5.0	7.2

July–September 2023

The Stockmann division's revenue was EUR 64.7 (77.1) million. The division's revenue in Finland totalled EUR 49.2 (59.4) million and in the Baltics EUR 15.5 (17.6) million. The digital sales accounted for 8.2% (8.1) of total sales.

The main reasons for the decrease in revenue were the timing of the Crazy Days campaign and the reduced store area of the Itis department store. In the comparison period, the Crazy Days was partly ongoing in September, while in 2023, the campaign was held at the beginning of the fourth quarter in October. The Stockmann Itis departments store's extensive renovation with an emphasis on omnichannel shopping was finalised at the beginning of September. The renovation of the Turku department store continued and will be finalised in November.

The gross profit declined to EUR 28.7 (35.7) million due to the decreased sales and a lower gross margin. The gross margin decreased to 44.4% (46.3) due to a higher share of clearance sales and price-driven campaigns.

The operating costs decreased to EUR 26.4 (45.6) million. The Stockmann division's cost saving actions accounted for EUR 3.3 million of the decline, while the rest is explained by the provision of EUR 15.9 million related to the LähiTapiola Keskustakiinteistöt Ky arbitration decision. Going forward, the ongoing investments in the digitalisation of logistic, warehouse automation and sales processes will further improve cost-efficiency.

The adjusted operating result weakened to EUR -4.8 (0.2) million due to the timing of the Crazy Days campaign as well as increased emphasis on clearance sales and higher depreciations for leases. Enhanced cost-efficiency had a positive effect on the result. The operating result for the quarter improved to EUR -4.8 million (-15.8). The comparison period's operating result included the EUR 15.9 million provision related to the LähiTapiola Keskustakiinteistöt Ky arbitration decision.

Capital expenditure during the quarter was EUR 1.6 (1.8) million which was mainly related to the department store renewal in Turku and investments in digital growth and omnichannel capabilities.

After the review period, the Stockmann division's Crazy Days campaign was held as a five-day campaign at the beginning of October. The campaign was successful and the performance improved on the previous year.

January–September 2023

The Stockmann division's revenue was EUR 212.4 (220.2) million. Revenue in Finland totalled EUR 161.2 (168.8) million and in the Baltics EUR 51.3 (51.5) million. The digital sales accounted for 11.0% (11.7) of total sales. The revenue decreased due to the timing of the Autumn's Crazy Days campaign.

The gross profit declined to EUR 92.2 (99.5) million due to lower gross margin. The gross margin decreased to 43.4% (45.2) explained by the higher share of clearance sales and price-driven campaigns.

The Stockmann division's cost savings were effective, and operating costs, excluding depreciations, decreased to EUR 86.4 million (107.6). The division's cost saving actions accounted for EUR 5.3 million of the decline, while the rest is explained by the EUR 15.9 million provision related to the LähiTapiola Keskustakiinteistöt Ky arbitration decision.

The adjusted operating result declined to EUR -15.3 (-8.7) million due to the timing of the Autumn's Crazy Days campaign as well as the higher share of clearance sales and price-driven campaigns. The operating result for the period weakened to EUR -14.9 (68.8) million, explained by the comparison period's capital gain of EUR 95.4 million from selling the real estates in Helsinki and Riga as well as the provision related to LähiTapiola.

Capital expenditure was EUR 5.6 (5.0) million, which is mainly related to the 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 sustainable business of both divisions. Respecting the planet and environment is one of the key sustainability promises for Stockmann Group. The Group is committed to the Science Based Targets initiative (SBTi), which sets a clearly defined path to reducing climate emissions in line with the Paris Agreement. During the reporting period, Stockmann prepared its climate targets in line with the SBTi. The company expects to have validated science-based climate targets during 2024.

Both divisions promoted their own sustainability targets during the reporting period. Lindex continued to explore and test new services and business models as part of its circular transformation. The Stockmann division continued to promote the personnel's diversity, equity and inclusion (DEI) based on the survey finished in June 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/.

BUSINESS CONTINUITY, RISKS AND UNCERTAINTIES

The Stockmann Group is exposed to risks that arise from the operating environment, risks related to the company's own operations and financial risks. The risks and uncertainties 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 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 Report at https://year2022.stockmanngroup.com

The restructuring programme is proceeding according to plan, which means that all of 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.

On 25 September 2023, Stockmann published a stock exchange release about the strategic assessment.

DISPUTES RELATED TO THE RESTRUCTURING PROCESS

All confirmed undisputed debts have been paid. There are still four disputed claims left at the end of September with the total amount of EUR 52.0 million. By end of September 2022, the comparable disputed amount was EUR 61.3 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 compen-sation, 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. After the reporting period, Stockmann and disputed creditor Mutual Insurance Fund Fennia have reached a settlement agreement, which ends the disputed claims between the parties concerning the restructuring programme. Execution of the settlement agreement is subject to the court confirming the amendment of the payment programme of the restructuring programme. Amendment application has been submitted to the Helsinki District Court.

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. The new shares were registered with the Finnish Trade Register on 22 June 2023.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period.

WEBCAST FOR ANALYSTS AND THE MEDIA

A press and analyst briefing will be held in English as a live webcast today, on 27 October 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.

CAPITAL MARKETS DAY 2023

Stockmann Group invites investors, analysts and media representatives to its Capital Markets Day (CMD). The event will be held as a hybrid event in English on Thursday 16 November 2023 at 13:00-16:30 EET at Allas Sea Pool at Katajanokanlaituri 2 A in Helsinki, Finland. A live webcast of the event can be followed via this link:
https://stockmann.videosync.fi/cmd-2023.

Susanne Ehnbåge, CEO of the Stockmann Group, and other members of Stockmann's management will host the event. During the event, Stockmann's management will focus on the company's strategy, business operations, and other topical themes.

We ask everyone attending the event at Allas Sea Pool to sign up by 9 November 2023 by contacting investor.relations@stockmann.com.

The full agenda as well as the webcast details will be available closer to the event date on the company's website www.stockmanngroup.com. Recordings and presentation materials will be available on Stockmann's website after the event.

Further information:
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Helsinki, 26 October 2023

STOCKMANN plc
Board of Directors

FINANCIAL INFORMATION

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

CONSOLIDATED INCOME STATEMENT

EUR mill.	**1.1.–30.9.2023**	1.1.–30.9.2022	1.1.–31.12.2022
REVENUE	**677.4**	709.1	981.7
Other operating income	**0.5**	99.6	99.6
Materials and services	**−281.0**	−297.3	−413.4
Employee benefit expenses	**−157.0**	−158.4	−212.1
Depreciation, amortisation and impairment losses	**−75.6**	−78.5	−103.2
Other operating expenses	**−116.6**	−144.2	−197.7
Total expenses	**−630.3**	−678.5	−926.4
OPERATING PROFIT/LOSS	**47.6**	130.3	154.9
Financial income	**3.9**	1.5	2.6
Financial expenses	**−24.9**	−20.7	−28.3
Total financial income and expenses	**−21.0**	−19.2	−25.7
PROFIT/LOSS BEFORE TAX	**26.6**	111.1	129.2
Income taxes	**15.3**	−27.0	−27.5
NET PROFIT/LOSS FOR THE PERIOD	**42.0**	84.1	101.6
Profit/loss for the period attributable to:			
Equity holders of the parent company	**42.0**	84.1	101.6
Earnings per share, EUR:			
From the period result, undiluted	**0.27**	0.54	0.65
From the period result, diluted	**0.27**	0.54	0.65

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR mill.	**1.1.–30.9.2023**	1.1.–30.9.2022	1.1.–31.12.2022
PROFIT/LOSS FOR THE PERIOD	**42.0**	84.1	101.6
Other comprehensive income:			
Items that may be subsequently reclassified to profit and loss			
Exchange differences on translating foreign operations, before tax	**−16.9**	−24.6	−33.3
Exchange differences on translating foreign operations, net of tax	**−16.9**	−24.6	−33.3
Cash flow hedges, before tax	**1.0**	−1.1	−2.2
Cash flow hedges, net of tax	**1.0**	−1.1	−2.2
Other comprehensive income for the period, net of tax	**−15.9**	−25.7	−35.6
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**26.0**	58.3	66.1
Total comprehensive income attributable to:			
Equity holders of the parent company	**26.0**	58.3	66.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR mill.	**30.9.2023**	30.9.2022	31.12.2022
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	**241.0**	256.1	250.9
Trademark	**78.8**	83.4	81.8
Intangible rights	**30.5**	25.8	26.8
Other intangible assets	**0.4**	0.8	0.7
Advance payments and construction in progress	**1.1**	3.6	4.2
Intangible assets, total	**351.9**	369.7	364.4
Property, plant and equipment			
Land and water	**0.2**		
Machinery and equipment	**36.6**	38.4	37.6
Modification and renovation expenses for leased premises	**4.3**	4.0	4.4
Right-of-use assets	**407.0**	424.2	419.2
Advance payments and construction in progress	**71.8**	24.8	37.1
Property, plant and equipment, total	**519.9**	491.4	498.2
Investment properties	**0.5**	0.5	0.5
Non-current receivables	**3.0**	3.6	3.1
Other investments	**0.4**	0.2	0.2
Deferred tax assets	**30.1**	28.9	31.0
NON-CURRENT ASSETS, TOTAL	**905.8**	894.3	897.4
CURRENT ASSETS			
Inventories	**193.3**	196.3	174.2
Current receivables			
Interest-bearing receivables	**0.0**	0.6	0.0
Income tax receivables	**0.5**	0.1	0.2
Non-interest-bearing receivables	**46.3**	49.9	43.2
Current receivables, total	**46.8**	50.6	43.5
Cash and cash equivalents	**108.0**	140.2	167.9
CURRENT ASSETS, TOTAL	**348.2**	387.0	385.5
ASSETS, TOTAL	**1 254.0**	1 281.3	1 282.9

EUR mill.	**30.9.2023**	30.9.2022	31.12.2022
EQUITY AND LIABILITIES			
EQUITY			
Share capital	**77.6**	77.6	77.6
Invested unrestricted equity fund	**75.9**	73.3	73.3
Other funds	**0.1**	0.1	−1.0
Translation differences	**−35.9**	−10.2	−18.9
Retained earnings	**247.0**	187.0	204.6
Equity attributable to equity holders of the parent company	**364.8**	327.8	335.6
EQUITY, TOTAL	**364.8**	327.8	335.6
NON-CURRENT LIABILITIES			
Deferred tax liabilities	**39.0**	35.3	40.3
Non-current interest-bearing financing liabilities	**71.9**	67.5	67.5
Non-current lease liabilities	**470.5**	481.6	477.5
Non-current non-interest-bearing liabilities and provisions	**0.2**	31.5	0.7
NON-CURRENT LIABILITIES, TOTAL	**581.6**	615.9	585.9
CURRENT LIABILITIES			
Current lease liabilities	**78.9**	77.5	77.3
Current non-interest-bearing liabilities			
Trade payables and other current liabilities	**173.9**	181.5	179.1
Income tax liabilities	**36.8**	78.6	73.7
Current provisions	**18.1**	0.1	31.2
Current non-interest-bearing liabilities, total	**228.7**	260.1	284.0
CURRENT LIABILITIES, TOTAL	**307.6**	337.6	361.3
LIABILITIES, TOTAL	**889.2**	953.5	947.3
EQUITY AND LIABILITIES, TOTAL	**1 254.0**	1 281.3	1 282.9

CONSOLIDATED CASH FLOW STATEMENT

EUR mill.	**1.1.–30.9.2023**	1.1.–30.9.2022	1.1.–31.12.2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/loss for the period	**42.0**	84.1	101.6
Adjustments for:			
Depreciation, amortisation and impairment losses	**75.6**	78.5	103.2
Gains (-) and losses (+) of disposals of fixed assets and other non-current assets	**0.6**	−95.3	−95.2
Interest and other financial expenses	**24.9**	20.7	28.3
Interest income	**−3.9**	−1.5	−2.6
Income taxes	**−15.3**	27.0	27.5
Other adjustments	**0.4**	17.5	17.7
Working capital changes:			
Increase (-) /decrease (+) in inventories	**−23.1**	−48.5	−28.3
Increase (-) / decrease (+) in trade and other current receivables	**−5.1**	−5.2	−1.2
Increase (+) / decrease (-) in current liabilities	**−10.7**	−52.9	−50.5
Interest expenses paid	**−25.0**	−21.8	−29.0
Interest received from operating activities	**2.4**	0.3	1.3
Income taxes paid from operating activities	**−20.3**	−16.6	−17.9
Net cash from operating activities	**42.4**	−13.6	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	**−47.1**	−41.8	−62.7
Security deposit	**−0.1**		−0.1
Investments in subsidiary shares	**−0.2**		
Other investments	**−0.2**		
Net cash used in investing activities	**−47.6**	385.8	366.3
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of current liabilities		−381.5	−381.5
Payment of lease liabilities	**−50.3**	−55.9	−73.8
Net cash used in financing activities	**−50.3**	−437.4	−455.2
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**−55.4**	−65.3	−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	**−55.4**	−65.3	−33.9
Effects of exchange rate fluctuations on cash held	**−4.4**	−8.3	−11.9
Cash and cash equivalents at the end of the period	**108.0**	140.2	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						42.0	42.0
Exchange differences on translating foreign operations					−16.9		−16.9
Cash flow hedges			1.0				1.0
Total comprehensive income for the period			1.0		−16.9	42.0	26.0
Share issue to creditors for unsecured restructuring debt		2.6					2.6
Share-based payments						0.5	0.5
Other changes				0.1		−0.1	
Other changes in equity total		2.6		0.1		0.4	3.1
EQUITY 30.9.2023	77.6	75.9	−0.1	0.2	−35.9	247.0	364.8

EUR mill.	Share capital	Reserve for unrestricted equity	Hedging reserve	Other reserves	Translation differences	Retained earnings	Total
EQUITY 1.1.2022	77.6	72.0	1.1	0.1	14.4	102.9	268.2
Profit/loss for the period						84.1	84.1
Exchange differences on translating foreign operations					−24.6		−24.6
Cash flow hedges			−1.1				−1.1
Total comprehensive income for the period			−1.1		−24.6	84.1	58.3
Share issue to creditors for unsecured restructuring debt		1.3					1.3
Other changes in equity total		1.3					1.3
EQUITY 30.9.2022	77.6	73.3	0.0	0.1	−10.2	187.0	327.8

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

CASH FLOWS BASED ON AGREEMENTS IN FINANCIAL LIABILITIES AT 30 SEPTEMBER 2023

EUR mill.	Carrying amount	1.10.2023–30.9.2024	1.10.2024–30.9.2025	1.10.2025–30.9.2026	1.10.2026–30.9.2027	1.10.2027–	Total
Non-current Bond (5-y Bullet)	71.9	−0.1	−0.1	−72.1			−72.2
Current trade payables and other current liabilities	91.0	−91.0					−91.0
Non-current lease liabilities	470.5		−99.8	−90.7	−82.0	−415.6	−688.1
Current lease liabilities	78.9	−99.7					−99.7
Lease liabilities, total	549.4	−99.7	−99.8	−90.7	−82.0	−415.6	−787.8
Total	712.4	−190.9	−99.9	−162.8	−82.0	−415.6	−951.1

The cash flows presented are based on the restructuring programme approved on 9 February 2021 and they include financing costs.
In July 2021 EUR 66.1 mill. of the restructuring debt was converted into a new bond, which will be repaid in 2026 and to which annual interest of EUR 0.1 mill. will be paid. In 2022 more bonds were converted with 1.5 mill. euros 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.	**30.9.2023**	30.9.2022	31.12.2022
Current non-interest-bearing restructuring debt, unsecured	**0.0**	0.1	0.2
Restructuring debt total	**0.0**	0.1	0.2
Restructuring debt related to non-current provisions		30.6	
Restructuring debt related to current provisions	**18.1**		31.2
Provisions related to restructuring debt *)	**18.1**	30.6	31.2
Total	**18.1**	30.8	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.–30.9.2023**	1.1.–30.9.2022	1.1.–31.12.2022
Interest income on bank deposits, other investments and currency derivatives	**2.4**	0.3	1.3
Other financial income	**1.5**	1.2	1.3
Financial income, total	**3.9**	1.5	2.6
Interest expenses on financial liabilities measured at amortised cost	**−0.7**	−2.7	−2.8
Interest expenses from lease contracts	**−23.9**	−17.5	−24.7
Foreign exchange differences	**−0.4**	−0.5	−0.7
Financial expenses, total	**−24.9**	−20.7	−28.3
Financial income and expenses, total	**−21.0**	−19.2	−25.7

STOCKMANN

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