

Stockmann Group Financial Statements 2023

Susanne Ehnbåge, CEO
Annelie Forsberg, CFO

9 February 2024

LINDEX



STOCKMANN

Agenda

- Business update
- Financial development
- Way forward
- Q&A



A fashion advertisement featuring two models against a light grey background. The model on the left is seen from the back, wearing a long-sleeved knit sweater with a yellow-to-white gradient and a textured pattern, paired with light-colored trousers. The model on the right is facing forward, wearing a light purple long-sleeved top with a draped neckline and elasticated cuffs, also paired with light-colored trousers. The text 'Business update' is overlaid on the right side of the image.

Business update

A background image of a man and a woman in cozy, knitted sweaters. The woman is wearing a white and brown striped sweater, and the man is wearing a grey and orange striped sweater. They are both smiling and looking towards the camera.

Highlights 2023

**Improved adjusted
operating result**
EUR 80.0 (79.8) million

**Strengthened
financial position**

**Updated strategies
and financial targets**
for both divisions

Group's climate target
submitted to the Science
Based Targets initiative:
-42% by 2030 vs. 2022

**Strategic assessment
to crystallise
shareholder value** by
refocusing the Group's
business on Lindex

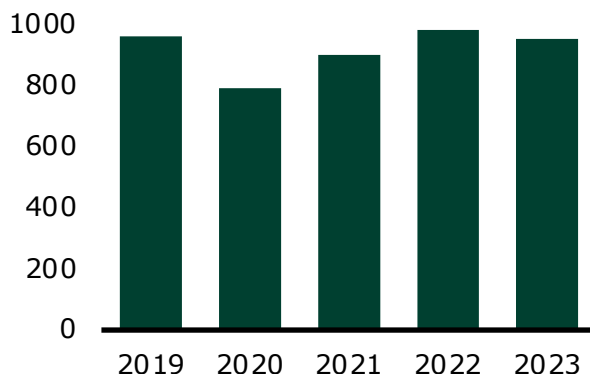
**Stockmann plc's
restructuring
programme proceeded**

2023: Adjusted operating result improved, record year for Lindex profitability

Revenue EUR 951.7 (981.7) million

- Lindex division: EUR 633.1 (661.1) million, in local currencies +2.7%
 - In local currencies, sales grew in all main markets, both physical and digital channels
- Stockmann division: EUR 318.5 (320.6) million
 - Impacted by the reduced size of the Stockmann Itis department store

REVENUE



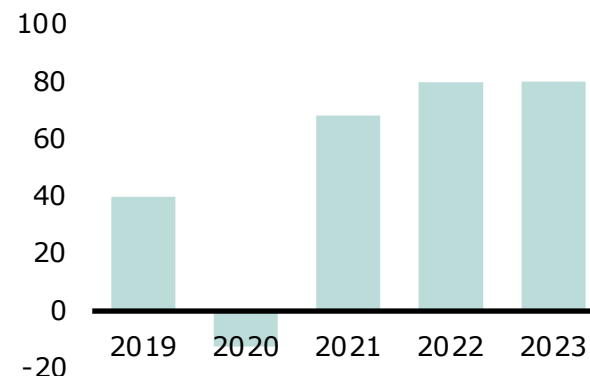
2023:
EUR 951.7 mill.

+1.6% in local currencies

Adjusted operating result EUR 80.0 (79.8) million

- Lindex division: EUR 90.3 (90.0) million, in local currencies +6.3% meaning EUR +5.7 million
 - Improved by stronger sales and gross margin
- Stockmann division: EUR -6.3 (-5.4) million
 - Negative impacts of lower sales and gross margins and of higher depreciations for leases
 - Positive impact due to significantly lower operating costs
 - Improved result during the second half of the year
 - Free cash flow strengthened significantly

ADJUSTED OPERATING RESULT



2023:
EUR 80.0 mill.

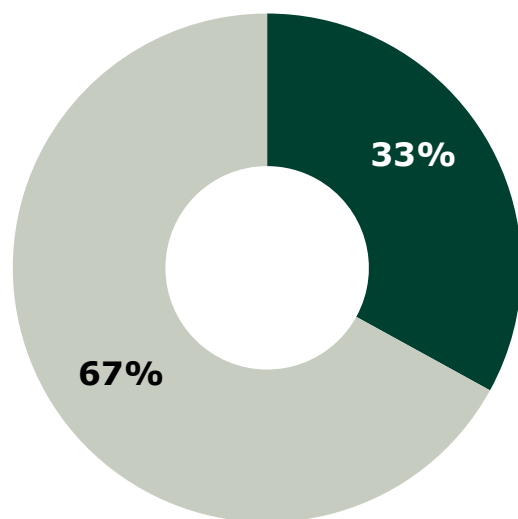
Significant improvement in local currencies



Fashion accounts for 80% of the Group's revenue

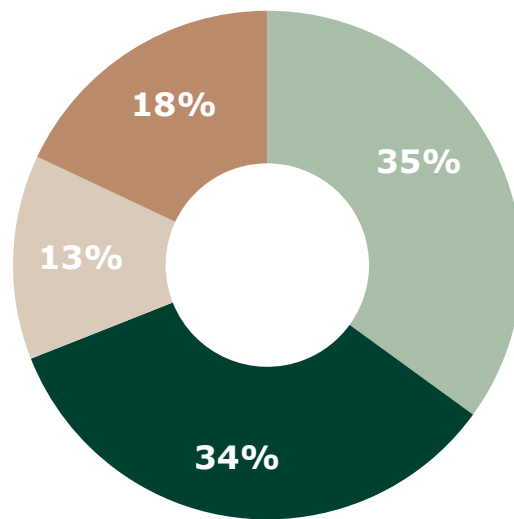
Revenue split 2023 in EUR

By division



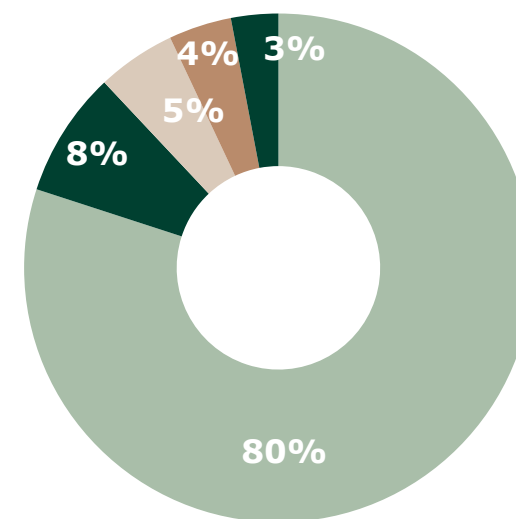
■ Stockmann
■ Lindex

By market



■ Sweden
■ Finland
■ Norway
■ Other

By categories



■ Fashion
■ Beauty
■ Home
■ Food
■ Other



Lindex division

Full year 2023

- **Record in profitability** and **good sales growth**
14.3% adjusted operating margin
2.7% sales growth in local currencies
- Outperformed market growth, where sales increased **both in physical and digital channels** in **all main markets**, with **lingerie** the best performing category
- Expansion with **new partners**, in **existing** and **new markets**
- **Holistic product offering** within Female Engineering®
- Major **ongoing digital investments** and good progress in **sustainability transformation**

Q4

- Continued **growth** in **new** and **active customers** – reaching over **6 million** registered customers
- Further steps toward a more **circular assortment**
- **20 years of commitment** to **Pink Ribbon campaign** supporting cancer research



Stockmann division

Full year

- Stronger focus on **prioritising strategic must win areas** to build a foundation for profitability and future growth
- **Improved result** during **the second half of the year**
- **Successful cost-saving actions** of EUR 7.7 million
- **Significant improvement in free cash flow**
- Further elevated offering with **focus on premium and luxury**
- Growth in the number of active loyal customers; **share of revenue** as well as **average purchase from active customers increased**

Q4

- **RFID** rollout **improved stock accuracy and process efficiency**
- **Expanding new revenue streams**

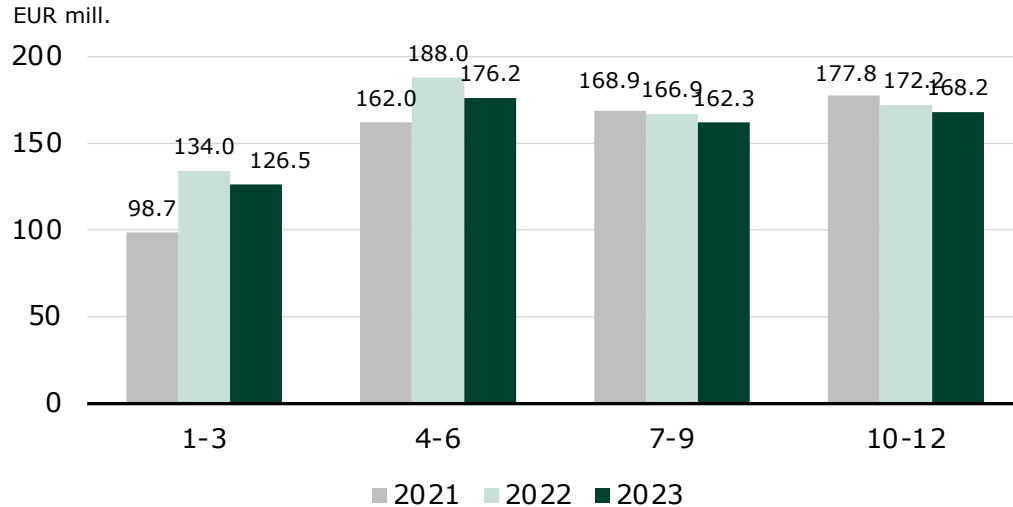




Financial development

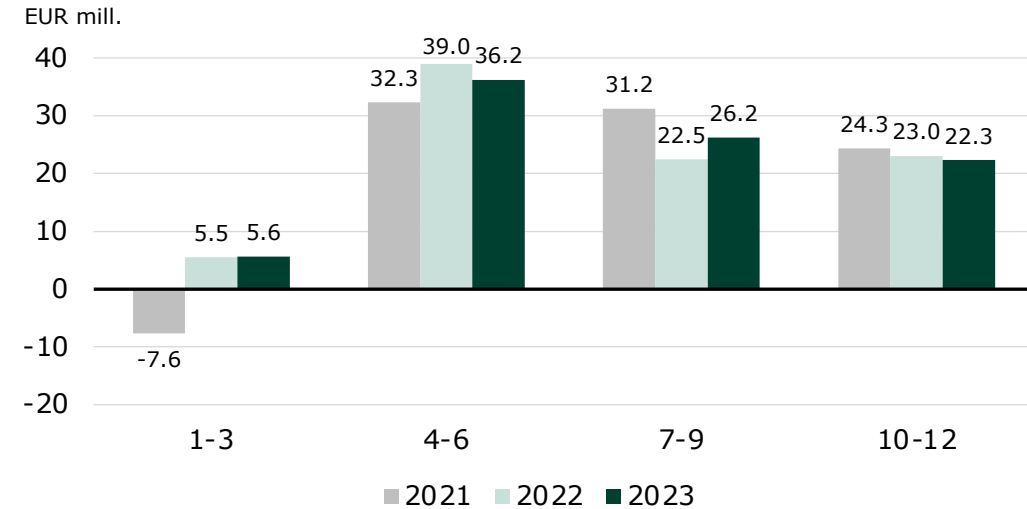
Lindex division – Development in Q1–Q4 2023

QUARTERLY REVENUE



QUARTERLY OPERATING RESULT

Adjusted



Q4

Revenue EUR 168.2 (172.2) million

- Revenue up by 2.8% in local currencies, down by 2.3% in EUR
- Sales increase in local currencies: physical 3.2%, digital 2.5%, all main markets
- Digital sales share: 18.6% (18.6)

Adjusted operating result EUR 22.3 (23.0) million

- Gross margin increased to 65.5% (64.8)
- Operating costs increased to EUR 71.2 (70.4) million

Q1–Q4 Revenue EUR 633.1 (661.1) million

- Revenue up by 2.7% in local currencies, down by 4.2% in EUR
- Sales increase in local currencies: physical 2.2%, digital 4.3%, all main markets
- Digital sales share: 19.0% (18.5)

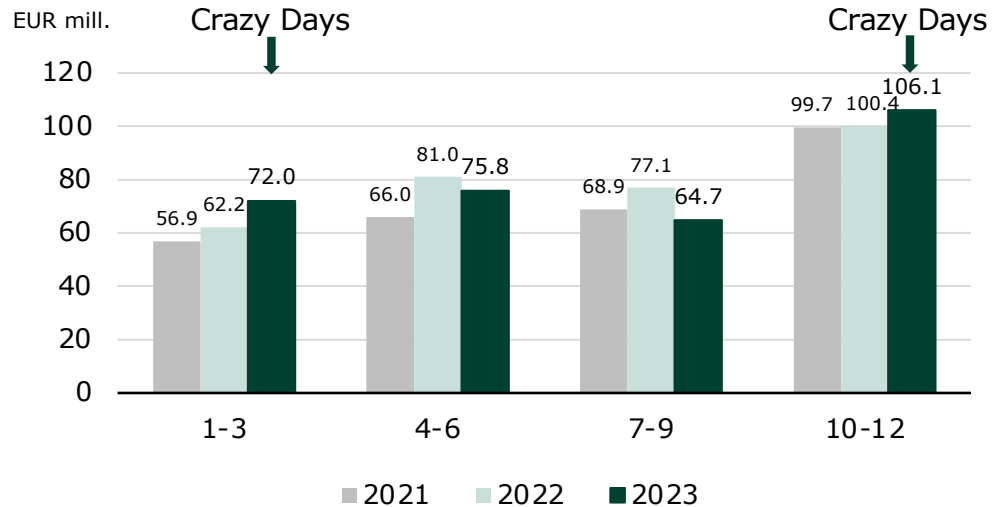
Adjusted operating result EUR 90.3 (90.0) million

Gross margin increased to 65.4% (64.1)
Operating costs decreased to EUR 253.6 (260.1) million

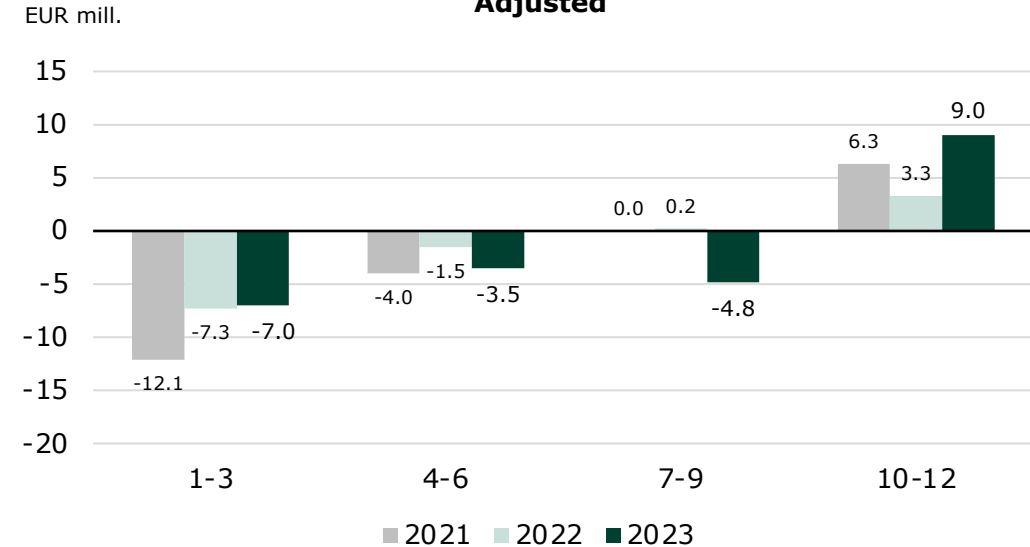


Stockmann division – Development in Q1–Q4 2023

QUARTERLY REVENUE



QUARTERLY OPERATING RESULT Adjusted



Q4

Revenue EUR 106.1 (100.4) million

- Revenue up by 5.7% due to the Crazy Days campaign timing
- Digital sales share: 15.3% (14.7)

Adjusted operating result EUR 9.0 (3.3) million

- Gross margin remained at 44.8% (44.8)
- Operating costs decreased to EUR 33.1 (36.0) million

Q1–Q4

Revenue EUR 318.5 (320.6) million

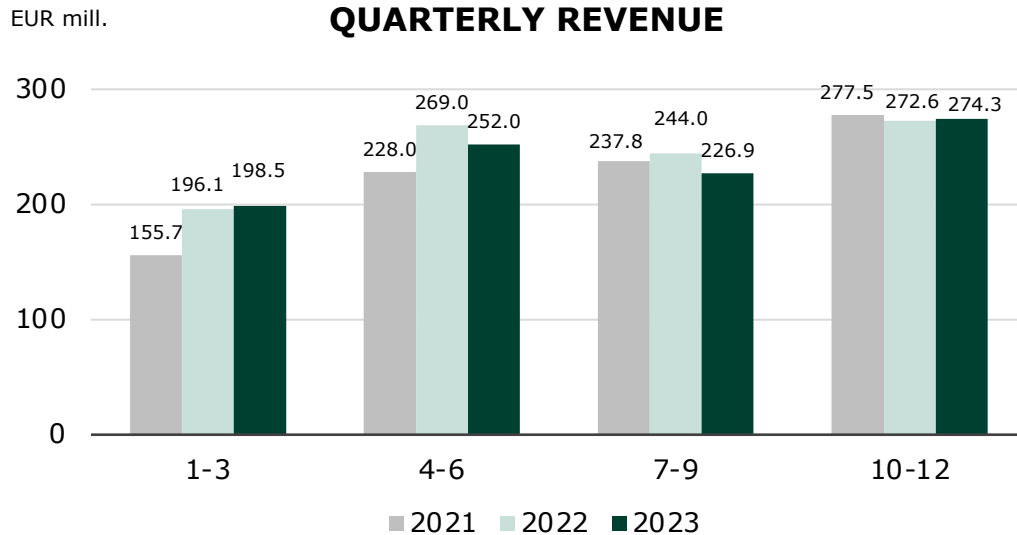
- Decreased by -0.6% due to the reduced store area of the Itis department store
- Digital sales share: 12.4% (12.6)

Adjusted operating result EUR -6.3 (-5.4) million

- Gross margin decreased to 43.9% (45.1)
- Operating costs decreased to EUR 119.5 (143.1) million
- Q3/2022 included EUR 15.9 million provision related to the LähiTapiola Keskustakiinteistöt Ky arbitration decision



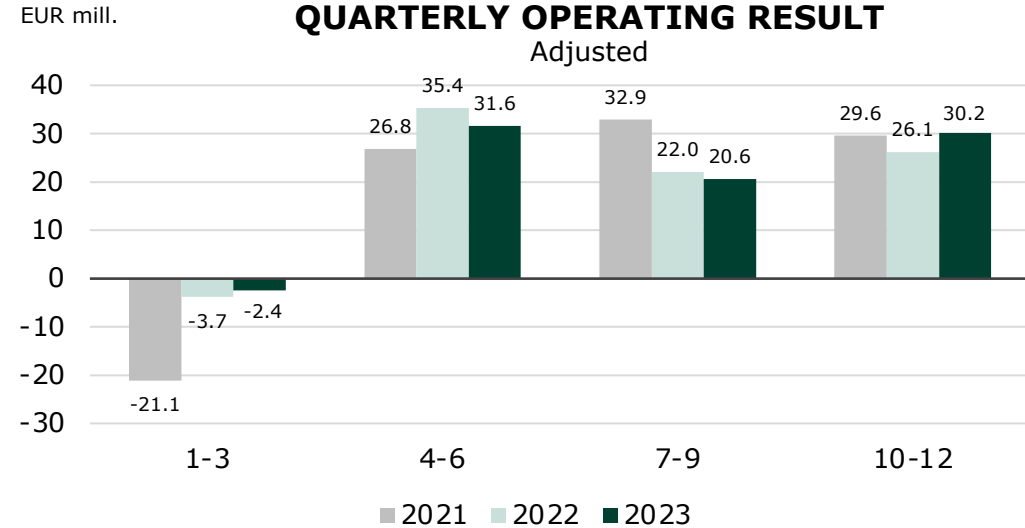
Stockmann Group – Development in Q1–Q4 2023



Q4

Revenue EUR 274.3 (272.6) million

- Up by 3.9% in local currencies
- Up by 0.6% in EUR



Adjusted operating result EUR 30.2 (26.1) million

- Lindex division EUR 22.3 (23.0) million
- Stockmann division EUR 9.0 (3.3) million
- Stockmann Group costs EUR -1.0 (-0.1) million

Operating result EUR 28.9 (24.6) million

Q1–Q4 Revenue EUR 951.7 (981.7) million

- Up by 1.6% in local currencies
- Down by 3.1% in EUR

Adjusted operating result EUR 80.0 (79.8) million

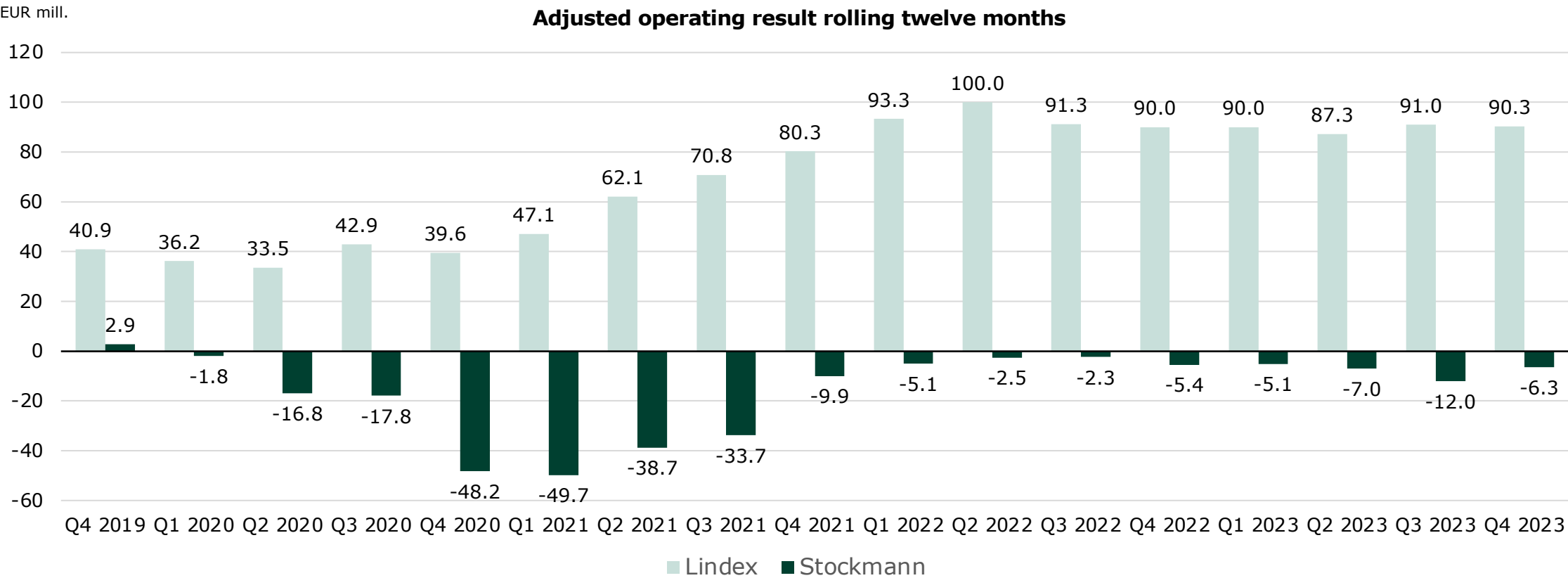
- Lindex division EUR 90.3 (90.0) million
- Stockmann division EUR -6.3 (-5.4) million
- Stockmann group costs EUR -4.0 (-4.8) million

Operating result EUR 76.5 (154.9) million

- Comparison year included a capital gain from sale of Helsinki & Riga real estate EUR +95.4 million, and provision for LähiTapiola EUR -15.9 million



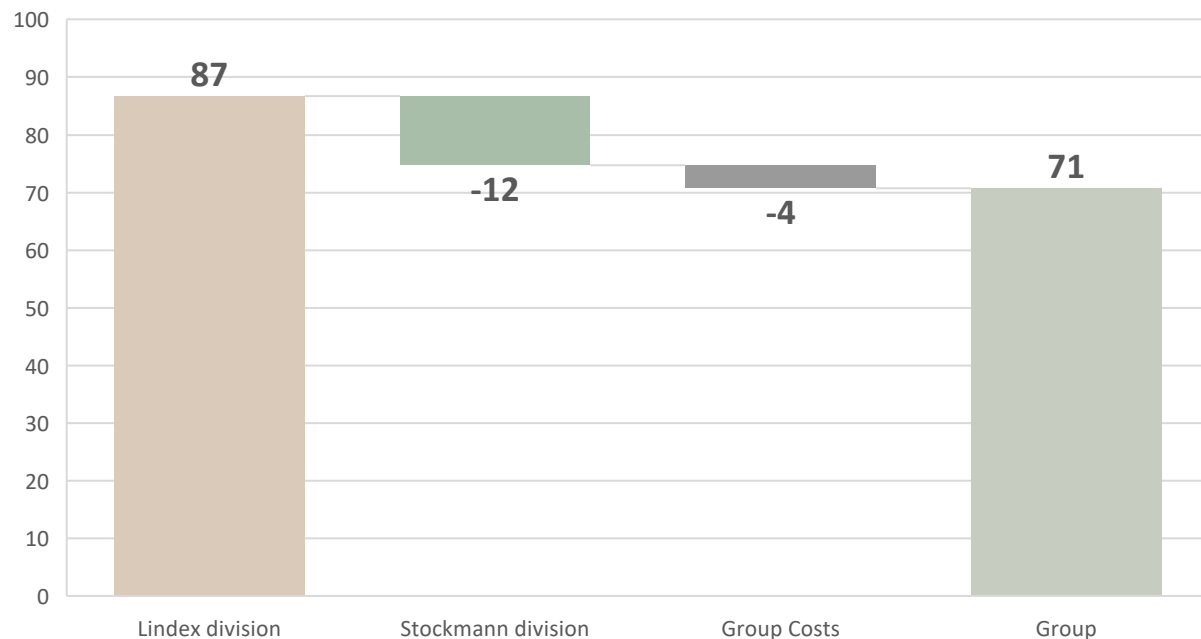
Profitability levels of the divisions



Operating free cash flow (excluding OCDC investment)

EUR mill.

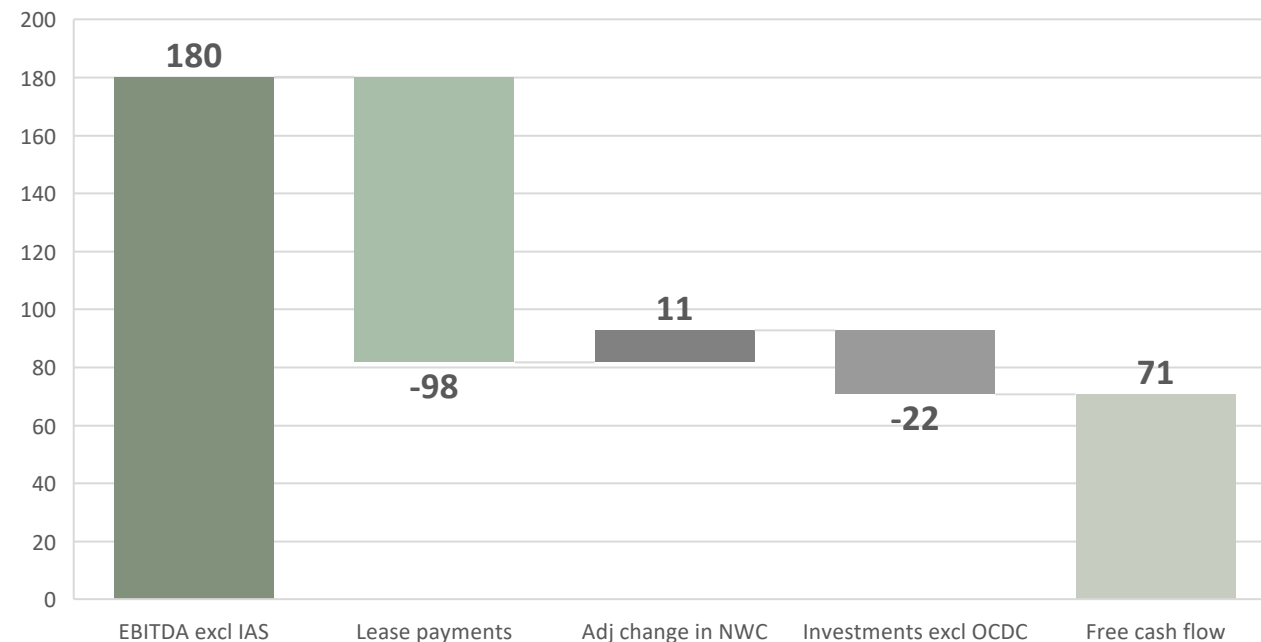
Per division 2023



2022	65	-21	-5	40
------	----	-----	----	----

EUR mill.

Per item 2023



2022	183	-98	-17*	-28	40
------	-----	-----	------	-----	----

- CAPEX Lindex Omnichannel distribution centre: EUR 43.3 in 2023 (EUR 5.5 million in Q4 2023, and EUR 82.0 million since starting)
- CAPEX Omnichannel distribution centre going forward 2024: EUR 25 million, 2025: EUR 3 million
- Inventories decreased EUR 162.9 (174.2) million

* In 2022, change in Working Capital included repayment of pandemic loans approx. EUR 40 million



Improved financial position – positive net debt

Cash

EUR 137.5 mill.

(167.9)

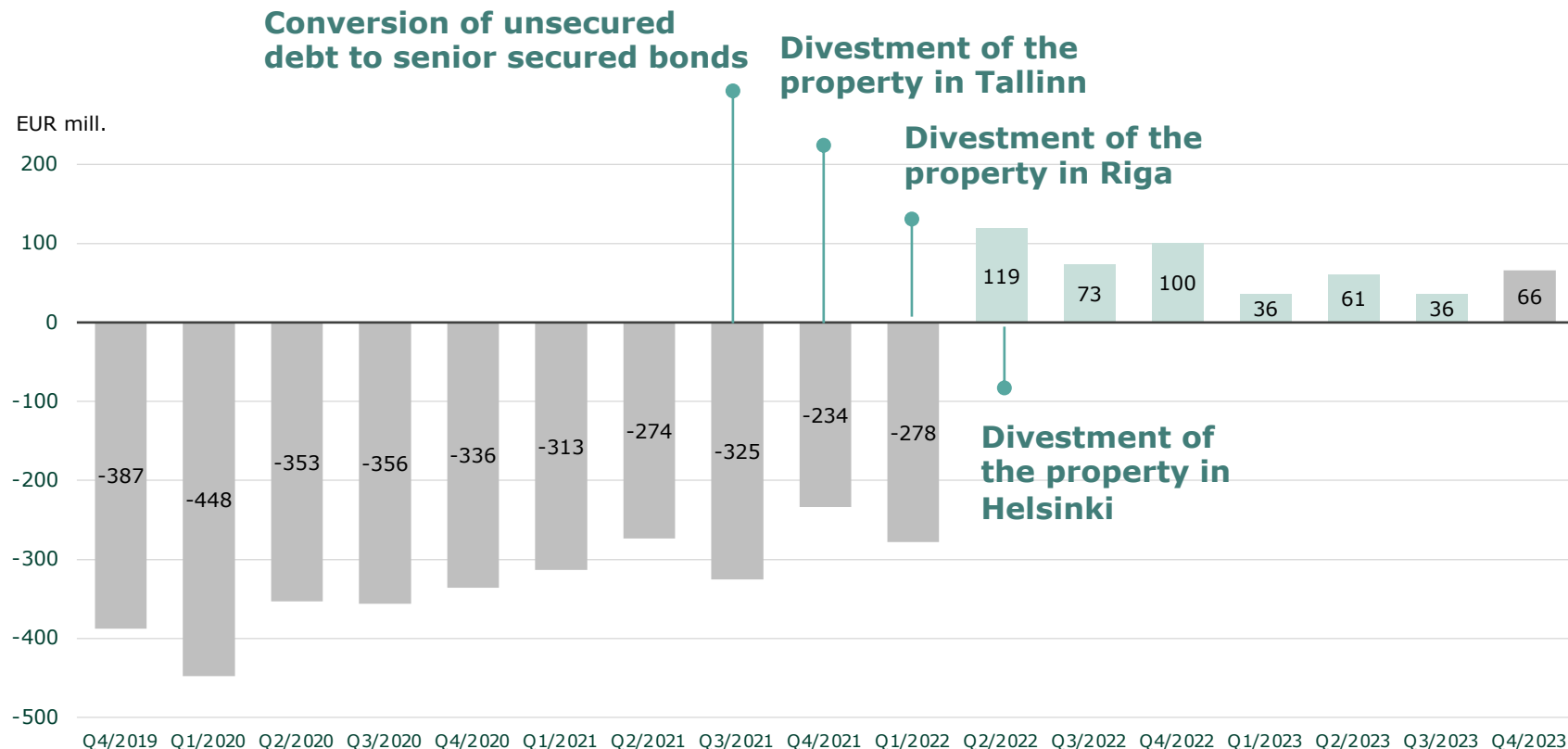
Interest-bearing
liabilities (excl. IFRS)
Bond**EUR 71.9 mill.**

(67.5)

Lease liabilities (IFRS)

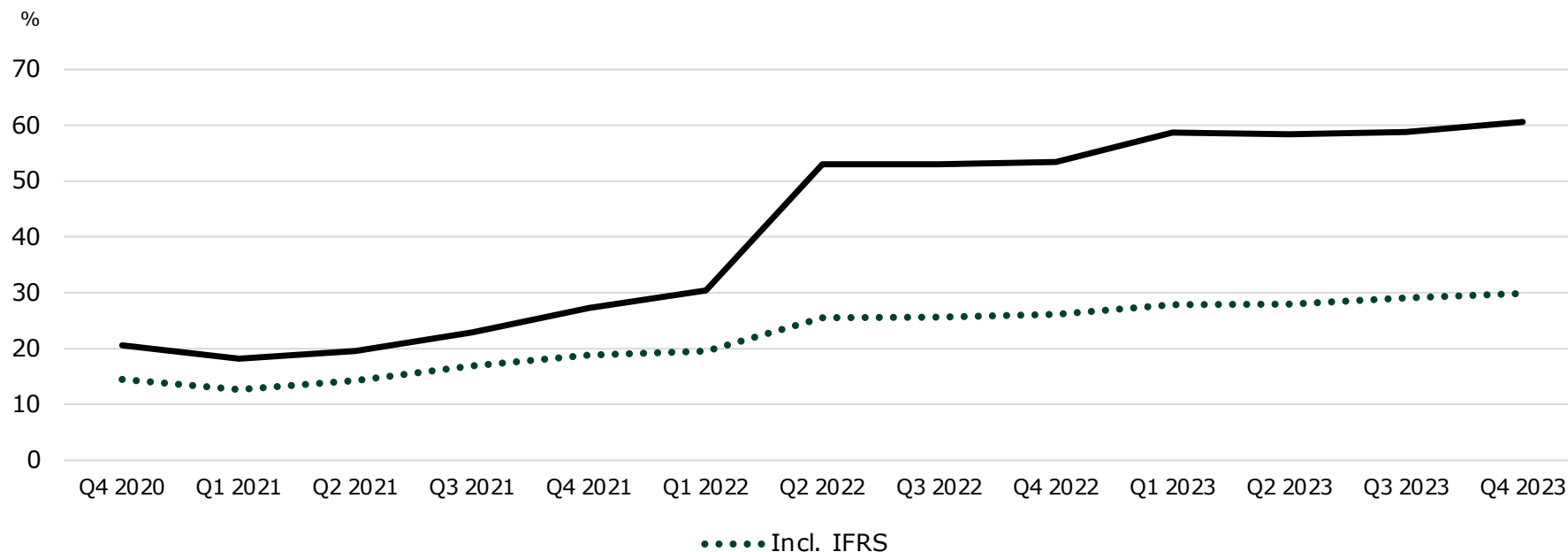
EUR 587.2 mill.

(554.8)



Revolving Credit Facility of EUR 40 million signed in Q3 2023

Equity ratio further improved: +60.6% excl IFRS



		31.12.2023	31.12.2022
Equity	EUR mill.	391.5	335.6
IFRS 16 Lease liabilities	EUR mill.	587.2	554.8
Balance sheet total	EUR mill.	1 310.2	1 282.9
Equity ratio	%	29.9	26.2
Equity ratio excluding IFRS 16 lease liabilities	%	60.6	53.4



Lindex division's progress on financial targets

Target	2023	2022
3–5% annual local currency revenue growth in the mid-term and reaching an annual revenue of SEK 10 billion by 2030, %	2.7	10.9
30% digital share of revenue in the mid-term, %	19.0	18.5
15% adjusted operating margin in the long-term, %	14.3	13.6



Stockmann division's progress on financial targets

Target	2023	2022
Revenue growth in line with market* growth in the mid-term, %	-0.6	10.0
Reaching a positive free cash flow in the mid-term, EUR mill.	-12.0	-20.9
5% adjusted operating margin in the mid-term, %	-2.0	-1.7

* Stockmann addressable market in Finland, Latvia and Estonia, comprising of fashion, beauty and home categories

- Market growth in 2023: 2.7%
- Market growth in 2022: 7.0%



Financial highlights 2023

LINDEX

**Record-breaking
EUR 90.3 mill. adj.
operating result**
and 14.3% adj.
operating margin

**Continued strong
growth** in local
currencies

 **STOCKMANN**

Significant
**improvement in
free cash flow**

**Successful
cost savings**
of EUR 7.7 mill.

Stockmann Group

**Strengthened
financial
position**

**Improved
equity ratio**

Way forward



Lindex division: Clear strategy for value creation



Accelerate growth

**Transform to a
sustainable business**

**Decouple cost
from growth**

Lindex division

- 2024, a year of important launches

- **Launch** new **omnichannel distribution centre**
- Continue **implement digital store program**
 - Roll out new POS and RFID in all stores
- **Scale up e-commerce** and **marketplaces** and grow with **new sales channels**
- **Digitalise** our **supply chain**
 - Increased flexibility and reduced lead times with focus on supplier collaboration and 3D design
- **Proceed** our **sustainability transformation**
 - Launch climate roadmap for science-based targets
 - Increase circular assortment through design and material transformation
 - Launch WE Women programme in China





Stockmann division: Customer centric strategy to ensure profitability and future growth

Elevate offering

**Grow and leverage
loyal customer base**

**Ensure seamless
omnichannel experience**

**+ Improve further operational efficiency
+ Expand revenue horizons**

Stockmann division

- **regaining profitability** in 2024

- **Elevate the unique omnichannel offering** by adding focus on luxury and premium brands
- **Leverage loyal customer base** by personalising offering and communications
- Continue **focus on cost efficiency**
- **Invest in digitalisation** to improve customer satisfaction and process efficiency
 - RFID rollout continues
- **The Crazy Days campaign timing will impact the division's performance** between the quarters in 2024
 - Spring Crazy Days in Q2 (2023: Q1-Q2)
 - Autumn Crazy Days in Q4 (2023: Q4)



Market Outlook for 2024

The market environment in 2024 is expected to remain challenging. The macroeconomic situation in Europe remains uncertain due to the continuing geopolitical instability.

High interest rates and inflation are holding back economic growth and the retail sector may be affected by lower consumer demand.

Forecasts are indicating a stagnant GDP (Gross Domestic Product) development or slow growth in the company's key markets.

Inflation is forecasted to continue declining from high to targeted levels. The situation may vary between the Group's markets.

Disruptions in supply chains and international logistics during the year cannot be excluded either.

Guidance for 2024

In 2024, the Stockmann Group expects its revenue to increase by 1-3% in local currencies compared to 2023.

The Group's adjusted operating result is estimated to be EUR 70-90 million.

Foreign exchange rate fluctuations may have a significant effect on the adjusted operating result.



Q&A

Further information

stockmanngroup.com

investor.relations@stockmann.com