



# FINANCIAL STATEMENTS BULLETIN 2023



# STOCKMANN



STOCKMANN plc, Financial Statements Bulletin 9.2.2024 at 8:30 EET

## Stockmann Group's 2023 adjusted operating result improved. Record year for Lindex profitability.

### October–December 2023:

- The Stockmann Group's revenue was EUR 274.3 (272.6) million. The revenue increased by 0.6%, and in local currencies by 3.9%.
  - The Lindex division's revenue decreased to EUR 168.2 (172.2) million. In local currencies, the revenue increased by 2.8% and sales grew in all main markets.
  - The Stockmann division's revenue increased to EUR 106.1 (100.4) million due to the timing of the Crazy Days campaign. In autumn 2023, 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 was on par with the comparison period at 57.5% (57.4).
- The Group's adjusted operating result strengthened to EUR 30.2 (26.1) million and improved in local currencies as well.
  - The Lindex division's adjusted operating result declined to EUR 22.3 (23.0) million but improved slightly in local currencies.
  - The Stockmann division's adjusted operating result improved to EUR 9.0 (3.3) million, mainly due to the timing of the Crazy Days campaign and successful cost-efficiency measures.
- Operating result amounted to EUR 28.9 (24.6) million.
- Net result declined to EUR 9.7 (17.6) million due to higher financing costs and increased tax expenses related to deferred taxes.
- Earnings per share declined to EUR 0.06 (0.11).

### January–December 2023:

- The Stockmann Group's revenue was EUR 951.7 (981.7) million. The revenue decreased by 3.1% but increased by 1.6% in local currencies.
  - The Lindex division's revenue decreased to EUR 633.1 (661.1) million. In local currencies the revenue increased by 2.7% and sales grew in all main markets.
  - The Stockmann division's revenue decreased slightly to EUR 318.5 (320.6) million, impacted by the reduced size of the Stockmann Itis department store.
- Gross margin improved to 58.2% (57.9).
- Adjusted operating result was EUR 80.0 (79.8) million, and improved significantly in local currencies.
  - The Lindex division's adjusted operating result slightly improved to EUR 90.3 (90.0) million but strengthened significantly in local currencies.
  - The Stockmann division's adjusted operating result was EUR -6.3 (-5.4) million.
- Operating result was EUR 76.5 (154.9) million. The comparison year result was impacted by the capital gain of EUR 95.4 million from selling the real estates in Helsinki city centre and in Riga and a EUR 15.9 million provision related to the LähiTapiola Keskustakiinteistöt Ky arbitration decision.
- Net result declined to EUR 51.7 (101.6) million due to lower operating result and higher interest expenses for leases, but was impacted positively by lower tax expenses.
- Earnings per share declined to EUR 0.33 (0.65).

The Board of Directors will propose that no dividend be paid for the financial year 2023.

### 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.

### 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.

### CEO Susanne Ehnbåge:

In 2023, the Stockmann Group focused on systematically building a solid and sustainable foundation for the future for both divisions, aiming to secure a long-term growth of shareholder value. Despite the challenging market environment marked by sustained high inflation, elevated interest rates and geopolitical uncertainties, the Group succeeded in enhancing its profitability. The keys to this improved performance include a strategic focus, prioritisation of key initiatives, and the team's dedication to achieving the goals.

As a result, the Group's 2023 adjusted operating result improved to EUR 80.0 (79.8) million. However, in local currencies the improvement was significant. The Lindex division outperformed the average market growth and reached an all-time record of EUR 90.3 (90.0) million adjusted operating result. In 2023, changes in foreign exchange rates had a negative impact of EUR 5.7 million on adjusted operating profit. The Stockmann division lagged slightly behind the comparison year, and its adjusted operating result totalled EUR -6.3 (-5.4) million. Without the negative impact of the reduced size of the Stockmann Itis department store, the division would have improved its performance. The Stockmann division improved its result during the second half of the year compared to the previous year.

Going forward, we have a clear plan to accelerate value creation. At our Capital Markets Day in November, we announced updated strategies and financial targets for the divisions. The Lindex division will continue to accelerate growth, transform into a sustainable business, and decouple cost from growth. The Stockmann division aims for growth and profitability improvement by elevating its offering towards luxury and premium segments, growing and leveraging the loyal customer base, and ensuring a seamless omnichannel experience. Additionally, there is a clear focus on operational efficiency and expanding revenue horizons.

The Stockmann Group's underlying business is developing in the right direction, and our financial position improved further in terms of free cash-flow, financing and equity in 2023. The current financial position serves as a solid foundation for further development and investments in the areas such as process efficiency and digitalisation, enabling the growth we seek. The construction of Lindex's new EUR 110 million omnichannel distribution centre is proceeding well, and we target it to be in operation in the autumn 2024.

In September, we announced that the Stockmann Group 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. The assessment is ongoing, and we expect it to be finalised in 2024. In 2023, we also saw good progress in the restructuring process, which we aim to end as soon as possible.

In October, the Stockmann Group took an important step in climate change mitigation. We submitted our new climate target to the Science Based Targets initiative (SBTi) and defined a roadmap for both divisions to reach the target. The Group's target is to reduce climate emissions by 42% by 2030 compared to 2022. We expect to have validated science-based climate targets in 2024.

I would like to express my heartfelt gratitude to our team members at Lindex and Stockmann for their dedication and good work in 2023. I look forward to continuing our journey together with our partners and customers towards building a stronger, growing company and increasing shareholder value.

## KEY FIGURES

|   | 10-12/2023 | 10-12/2022 | 1-12/2023 | 1-12/2022 |
|---|------------|------------|-----------|-----------|
| Revenue, EUR mill.                          | 274.3      | 272.6      | 951.7     | 981.7     |
| Gross profit, EUR mill.                     | 157.8      | 156.5      | 554.2     | 568.3     |
| Gross margin, %                             | 57.5       | 57.4       | 58.2      | 57.9      |
| Operating result (EBIT), EUR mill.          | 28.9       | 24.6       | 76.5      | 154.9     |
| Adjusted operating result (EBIT), EUR mill. | 30.2       | 26.1       | 80.0      | 79.8      |
| Net result for the period, EUR mill.*)      | 9.7        | 17.6       | 51.7      | 101.6     |
| Earnings per share, EUR **)                 | 0.06       | 0.11       | 0.33      | 0.65      |
| Adjusted earnings per share, EUR ***)       | 0.07       | 0.12       | 0.16      | 0.24      |
| Cash flow total, EUR mill.                  | 29.5       | 27.8       | -30.3     | -45.8     |
| Capital expenditure, EUR mill.              | 11.5       | 20.7       | 65.1      | 62.5      |
| Equity per share, EUR                       |            |            | 2.47      | 2.15      |
| Equity ratio, %                             |            |            | 29.9      | 26.2      |
| Equity ratio excl. IFRS 16, %               |            |            | 60.6      | 53.4      |

\*) The full year 2023 net result declined due to lower operating result and higher interest expenses for leases, but was positively impacted by lower tax expenses as a result of a tax decision for Stockmann Sverige AB. The 2022 operating result was impacted by the capital gain of EUR 95.4 million from selling the real estates in Helsinki city centre and in Riga and a EUR 15.9 million provision related to the LähiTapiola Keskustakiinteistöt Ky arbitration decision.

\*\*) Earnings per share declined to EUR 0.33 (0.65) explained by lower net result as explained above and an increased number of shares compared to the previous year.

\*\*\*) Adjusted earnings per share are calculated based on the adjusted net result, which includes the tax impact of adjustments in the operating result. The tax impact is calculated at the transaction level and has been revised to also include changes in deferred taxes. Comparison figures have been restated.

## ITEMS AFFECTING COMPARABILITY (IAC)

| EUR million  | 10-12/2023  | 10-12/2022 | 1-12/2023   | 1-12/2022 |
|--|-------------|------------|-------------|-----------|
| <b>Operating result (EBIT)</b>                                 | <b>28.9</b> | 24.6       | <b>76.5</b> | 154.9     |
| <i>Adjustments to EBIT</i>                                     |             |            |             |           |
| Gain on sales of real estate                                   |             | 0.1        |             | -95.4     |
| Gain on lease modifications of sale-and-leaseback items        | -2.1        |            | -2.1        |           |
| Costs for disputed, conditional and maximum restructuring debt | 1.4         | 0.7        | 1.1         | 18.1      |
| Corporate restructuring cost                                   | 0.4         | 0.7        | 1.6         | 1.6       |
| Costs related to transformation of organisation                | 1.6         |            | 2.3         | 0.4       |
| Loss on disposal of subsidiary shares                          | 0.0         |            | 0.6         |           |
| Costs related to the war in Ukraine                            |             | 0.1        |             | 0.5       |
| Employee insurance refund                                      |             | 0.0        |             | -0.3      |
| <b>Adjusted operating result (EBIT)</b>                        | <b>30.2</b> | 26.1       | <b>80.0</b> | 79.8      |

## STRATEGIES AND FINANCIAL TARGETS

The Stockmann Group's two divisions, Lindex and Stockmann, have their own strategies. The divisions share the view that customer centricity, an omnichannel approach, and strong brands are key strategic factors in building future growth. On November 13, 2023, Stockmann Group published updated strategies and new financial targets for the Lindex and Stockmann divisions.

**The Lindex division's** strategy builds on Lindex's purpose of empowering and inspiring women everywhere, targeting sustainable and profitable growth. The division's three strategic must-win areas are to accelerate growth, transform into a sustainable business, and decouple cost from growth. The Lindex division's financial targets and outcomes for 2023 and 2022 are presented in the table below.

| Financial targets for the Lindex division   | 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 |

**The Stockmann division's** customer-centric strategy builds on Stockmann's purpose of being a marketplace for a good life and aims to achieve profitable and sustainable growth. The division's three strategic must-win areas are to elevate offering, grow and leverage the loyal customer base, and ensure a seamless omnichannel experience. The Stockmann division's financial targets and the outcomes for 2023 and 2022 are presented in the table below.

| Financial targets for the Stockmann division                       | 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 was 2.7% in 2023 and 7.0% in 2022.

\*\*) The Stockmann division's revenue was negatively affected by the reduced size of the Stockmann Itis department store.

\*\*\*) Free cash flow is calculated as EBITDA - adjustments - lease payments +/- changes in net working capital - capital expenditure.

The Stockmann Group has developed a science-based climate plan and target for the entire Group and its value chain. The Group aims to reduce the climate emissions from its own operations and its value chain by 42% by 2030 compared to 2022. Stockmann signed the Science Based Targets initiative (SBTi) in autumn 2021 and submitted its climate target to SBTi in October 2023. The Group expects SBTi to validate its climate target during 2024.

## 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 the Lindex division's role in the Group's business. Lindex represents over two thirds of the Stockmann Group's revenue and over the last years, Lindex has been 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 on 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.

## OPERATING ENVIRONMENT

The operating environment of the Stockmann Group continued to be challenging throughout the year in 2023. Geopolitical tensions, high inflation and rising interest rates weakened both consumer confidence and purchasing power. The development was seen in all markets of the Stockmann Group. However, towards the latter part of the year, the inflation slowed down and was in some markets getting closer to the target levels. The global easing of supply chain challenges, reduced input costs in some areas and declining energy costs supported the economies in bringing inflation down.

The EU Commission's recent Business and Consumer Survey reported a slightly positive trend towards the year-end. The Economic Sentiment Indicator (ESI) and Employment Expectations Indicator (EEI) improved in the EU area. Retail trade confidence stabilised in December after a declining trend. Consumer confidence also increased due to improved assessments of household finances, optimism about the general economic situation, and intentions to make major purchases. However, there are variations in economic situations and consumer sentiment among different countries. (Source: The EU Commission's Business and Consumer Survey.)

In terms of the development of the fashion market, sales in the Swedish fashion market showed a 1.1% increase from January to December. Although the market development was relatively flat throughout the year and partly even negative, there was some improvement, particularly during the summer months. (Source: Swedbank Pay & Swedbank Makroanalys.) In Finland, fashion sales declined by 0.4% in January–December. Despite higher sales at the beginning of the year, there was a decrease during the second half of the year. (Source: Fashion and Sports Commerce association.)

Throughout the year, the Group was challenged by high inflation, which negatively impacted operating costs. However, the impact was mitigated by cost-saving measures. Currency fluctuations played a significant role as the all-time high USD against SEK adversely affected the purchasing prices of Lindex's raw materials and freights. Furthermore, the weaker SEK and NOK compared to EUR had a substantial impact on the overall financials of the Group.

## REVENUE AND EARNINGS, STOCKMANN GROUP

### October–December 2023

The Stockmann Group's revenue for the fourth quarter increased to EUR 274.3 (272.6) million. In local currencies, the revenue grew by 3.9%. The timing of the Stockmann division's Crazy Days campaign and the Lindex division's revenue growth contributed to the increase in revenue in local currencies.

The Lindex division's revenue decreased by 2.3%, but in local currencies, it increased by 2.8% with sales growth in all main markets. The Stockmann division's revenue was positively impacted by the timing of Crazy Days but negatively affected by the reduced size of the Stockmann Itis department store. In autumn 2023, Crazy Days were held in October at the beginning of the fourth quarter, whereas in the comparison period, the campaign started in September.

The gross profit improved to EUR 157.8 (156.5) million. The Lindex division's gross profit decreased in EUR due to currency impact, while in the Stockmann division it improved due to higher sales.

The Group's gross margin remained at the comparison period level at 57.5% (57.4). The Lindex division strengthened its gross margin due to improved cost-efficiency in sourcing and supply chain combined with price adjustments to mitigate the more expensive USD impact. The Stockmann division's gross margin remained at the comparison period level.

Operating costs decreased to EUR 106.5 (107.2) million. Inflation increased costs, along with expenses for strategic investments in digitalisation and future growth. However, both divisions successfully implemented cost-saving measures to partially mitigate the impact. The currency effect also boosted the good development. The Stockmann Group continues to invest in automation and digital solutions, which will further improve cost-efficiency.

The adjusted operating result for the quarter improved to EUR 30.2 (26.1) million. The improvement was related to the increased sales and gross profit, together with lower costs. The adjusted operating result improved in local currencies, but currency exchange rates had a negative impact on the result. The operating result improved to EUR 28.9 (24.6) million.

### January–December 2023

In January–December, the Stockmann Group's revenue decreased to EUR 951.7 (981.7) million but increased in local currencies by 1.6%. The Lindex division's revenue decreased by 4.2% and increased by 2.7% in local currencies. The Stockmann division's revenue decreased slightly by 0.6%.

The Group's gross profit declined to EUR 554.2 (568.3) million, which is explained by the currency impact on the Lindex division's gross profit, as well as lower sales and gross margin in the Stockmann division.

The Group's gross margin improved to 58.2% (57.9). Lindex contributed to this improvement by enhancing its gross margin through improved cost-efficiency in sourcing and supply chain as well as strategic price adjustments, helping to offset the impact of the more expensive USD. The Stockmann division's gross margin lowered as a result of the higher share of price-driven campaigns and clearance sales.

Other operating income decreased to EUR 2.6 (99.6) million as the comparison year 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. The comparison 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 380.1 (409.8) million. The comparison period's costs included the EUR 15.9 million provision for the LähiTapiola arbitration decision. Inflation had an impact on the costs in both divisions, coupled with costs for strategic investments in digitalisation and future growth. However, successful cost-saving actions and on-going process automation helped to mitigate the cost increases. Additionally, the positive currency impact on the costs of the Lindex division contributed to these efforts.

The adjusted operating result improved slightly to EUR 80.0 (79.8) million and improved significantly in local currencies. The Lindex division's adjusted operating result strengthened significantly in local currencies, driven by higher sales, improved gross margins and effective cost-efficiency. However, the positive development was negatively impacted by currency exchange rates. The Stockmann division's adjusted operating result weakened due to the reduced size of the Stockmann Itis department store, a higher share of price driven campaigns and clearance sales as well as higher depreciations for leases. The Stockmann division implemented successful cost-efficiency measures, which mitigated the decline in adjusted operating result.

The operating result declined to EUR 76.5 (154.9) million. The comparison year'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 December, cash and cash equivalents totalled EUR 137.5 (167.9) million and EUR 108.0 (140.2) million at the beginning of the quarter. The fourth quarter total cash flow was EUR 29.5 (27.8) million, where the cash flow from the business operations increased thanks to improved profitability and lower inventories, but tax payments due to the sale and lease back of real estate in 2022 impacted cash flow negatively.

The Stockmann Group's full year operating free cash flow excluding the investment in Lindex omnichannel distribution centre strengthened significantly to EUR 70.8 (39.6) million with improvements in both divisions. The Lindex division's operating free cash flow excluding the omnichannel distribution centre investment totalled EUR 86.7 (65.3) million. This was explained by both stronger sales in local currencies, improved gross margin and reduced inventories. The Stockmann division also improved its operating free cash flow substantially to EUR -12.0 (-20.9) million, primarily explained by lower net working capital.

For the full year, the total cash flow was EUR -30.3 (-45.8) million. The cash flow was positively affected by improved business operations within both profitability and lower inventories, but negatively affected by higher tax payments. The comparison year was impacted by a repayment of VAT loans of EUR 40 million for Lindex as well as Stockmann plc's restructuring process.

Investments affected the full-year cash flow by EUR 65.8 (62.7) million. The key investments were the Lindex division's omnichannel distribution centre amounting to EUR 43.0 (38.4) million and digitalisation investments for both the Lindex and Stockmann divisions.

At the end of December, total inventories were EUR 162.9 (174.2) million. The Lindex division's inventories decreased, due to both good inventory management and less goods in transit. The Stockmann division's inventories remained at the comparison year level.

At the end of December, 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 587.2 (554.8) million, where the lease liabilities related to the Stockmann division were EUR 329.5 (287.7) million and to the Lindex division EUR 257.6 (267.1) million. Excluding the IFRS 16 lease liabilities, the interest-bearing net debt was positive at EUR 65.6 (100.4) million. In the third quarter, the Group signed a loan agreement for a revolving credit facility of EUR 40 million, which has not been used.

The equity ratio was 29.9% (26.2) and net gearing 133.2% (135.4) at the end of December. IFRS 16 lease liabilities has a significant impact on the equity ratio and net gearing. Excluding IFRS 16 lease liabilities, the equity ratio was 60.6% (53.4) and net gearing was -12.8% (-22.3).

The Group's capital employed at the end of December was EUR 1 050.7 (957.9) million and EUR 587.6 (517.1) million excluding IFRS 16 lease liabilities.

## CAPITAL EXPENDITURE

Capital expenditure totalled EUR 11.5 million (20.7) in the fourth quarter and EUR 65.1 million (62.5) in January–December. Most of the capital expenditure was used for the Lindex division's new omnichannel distribution centre (EUR 43.3 million), but also for the Lindex and the Stockmann divisions' digitalisation projects and omnichannel development (EUR 21.8 million).

The Lindex division's new omnichannel distribution centre 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 fourth quarter of 2023, EUR 82 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, Internal Audit and Investor Relations.

## LINDEX DIVISION

| Lindex                               | 10-12/2023   | 10-12/2022 | 1-12/2023    | 1-12/2022 |
|--------------------------------------|--------------|------------|--------------|-----------|
| Revenue, EUR mill.                   | <b>168.2</b> | 172.2      | <b>633.1</b> | 661.1     |
| Gross profit, EUR mill.              | <b>110.2</b> | 111.5      | <b>414.4</b> | 423.7     |
| Gross margin, %                      | <b>65.5</b>  | 64.8       | <b>65.4</b>  | 64.1      |
| Adjusted operating result, EUR mill. | <b>22.3</b>  | 23.0       | <b>90.3</b>  | 90.0      |
| Operating result, EUR mill.          | <b>21.7</b>  | 23.0       | <b>89.1</b>  | 90.3      |
| Capital expenditure, EUR mill.       | <b>9.9</b>   | 18.5       | <b>57.9</b>  | 55.3      |

### October–December 2023

The Lindex division's revenue decreased to EUR 168.2 (172.2) million. However, in local currencies, the revenue increased by 2.8%, with physical stores showing a growth of 3.2% and digital channels showing a 2.5% increase. In the review period, digital sales accounted for 18.6% (18.6) of Lindex's sales.

Despite continued challenging market conditions, sales increased in local currencies across all main markets through both the physical stores and digital channels. The best-performing categories during the quarter were kidswear and women's wear. Customers' average purchase increased, and the number of active and new customers grew, surpassing 6 million registered customers. Additionally, Lindex expanded its reach during the quarter with launches through partners in new markets and marketplaces.

The gross profit declined to EUR 110.2 (111.5) million due to currency impact, but increased in local currencies explained by both better gross margin and increased sales in local currencies. The gross margin improved to 65.5% (64.8), as price adjustments were implemented due to the strengthened USD. In addition, improved cost-efficiency in sourcing and supply chain had a positive impact on the gross margin.

Operating costs increased to EUR 71.2 (70.4) million due to inflation and higher costs related to the strategic investments in digitalisation and future growth. Lindex continued to focus on cost-efficiency and process automation to mitigate cost inflation. Currency exchange rates impacted positively on the costs.

The Lindex division's adjusted operating result decreased to EUR 22.3 (23.0) million. In local currencies the result improved slightly during the comparison period. Higher sales in local currencies and improved gross margin affected the result positively, but higher costs due to inflation and strategic investments impacted negatively. The operating result for Lindex was EUR 21.7 (23.0) million.

Capital expenditure was EUR 9.9 (18.5) 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 in 2024.

At the end of December, Lindex had 439 stores in total, of which 403 are own stores and 36 franchise stores. Lindex opened one new store and closed one store during the fourth quarter. In addition to the Lindex division's physical stores and own digital store, the company also sells its products on third parties' digital fashion platforms and in physical stores.

### January–December 2023

The Lindex division's revenue decreased to EUR 633.1 (661.1) million, but in local currencies it increased by 2.7% with growth both in physical stores and digital channels. The digital sales accounted for 19.0% (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 declined to EUR 414.4 (423.7) million, but increased in local currencies due to improved sales and a stronger gross margin. The gross margin improved to 65.4% (64.1) due to improved cost-efficiency in sourcing and supply chain. Certain adjustments to pricing have been implemented in response to rising procurement costs resulting from the strengthened USD.

Operating costs decreased to EUR 253.6 (260.1) million explained by the currency effect. In local currencies, inflation and strategic investments in digitalisation and future growth increased costs, but the raise was partly mitigated by successful cost saving actions.

The Lindex division's adjusted operating result strengthened slightly to EUR 90.3 (90.0) million and improved significantly in local currencies by 6.3%. The key reasons for the improvement were increased sales and gross margin together with strong cost focus. Lindex's operating result was EUR 89.1 (90.3) million. The slight decline in the operating result was related to the costs of organisational changes.

Capital expenditure during the period was EUR 57.9 (55.3) million. It was mainly related to the ongoing construction of the new omnichannel distribution centre, which is planned to be taken into operation in 2024.

In 2023, Lindex opened 8 new stores and closed 5 stores.



## STOCKMANN DIVISION

| Stockmann                            | 10-12/2023   | 10-12/2022 | 1-12/2023    | 1-12/2022 |
|--------------------------------------|--------------|------------|--------------|-----------|
| Revenue, EUR mill.                   | <b>106.1</b> | 100.4      | <b>318.5</b> | 320.6     |
| Gross profit, EUR mill.              | <b>47.6</b>  | 45.0       | <b>139.8</b> | 144.6     |
| Gross margin, %                      | <b>44.8</b>  | 44.8       | <b>43.9</b>  | 45.1      |
| Adjusted operating result, EUR mill. | <b>9.0</b>   | 3.3        | <b>-6.3</b>  | -5.4      |
| Operating result, EUR mill.          | <b>9.3</b>   | 2.4        | <b>-5.6</b>  | 71.2      |
| Capital expenditure, EUR mill.       | <b>1.6</b>   | 2.1        | <b>7.2</b>   | 7.2       |

### October–December 2023

The Stockmann division's revenue increased to EUR 106.1 (100.4) million. The division's revenue in Finland totalled EUR 81.6 (76.8) million and in the Baltics EUR 24.5 (23.6) million. The digital sales accounted for 15.3% (14.7) of total sales. Despite the challenging market conditions the revenue increased in all of the markets and in all the categories with the best performing category being cosmetics.

The main reason for the revenue increase was the timing of the Crazy Days campaign, which also offset the sales decrease resulting from the reduced size of the Stockmann 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 division's focus on leveraging the loyalty programme proceeded well as the amount of loyal customers grew and revenue as well as average purchase from loyal customers increased. The division also continued to develop its loyalty programme by deepening its understanding of the customer segments.

The gross profit increased to EUR 47.6 (45.0) million due to the increased sales. The gross margin remained at 44.8% (44.8).

The operating costs decreased to EUR 33.1 (36.0) million as a result of successful cost saving actions. Going forward, the ongoing investments in the digitalisation of logistics, warehouse automation and sales processes will further improve cost-efficiency.

The adjusted operating result increased to EUR 9.0 (3.3) million due to the timing of the Crazy Days campaign as well as successful cost-efficiency measures which also compensated the higher depreciations for leases. The operating result for the quarter improved to EUR 9.3 (2.4) million.

Capital expenditure during the quarter was EUR 1.6 (2.1) million which was mainly related to the department store renewal in Turku and investments in digital growth and omnichannel capabilities. The renovation of the Turku department store was completed in November.

### January–December 2023

The Stockmann division's revenue was EUR 318.5 (320.6) million. Revenue in Finland totalled EUR 242.8 (245.5) million and in the Baltics EUR 75.8 (75.1) million. The digital sales accounted for 12.4% (12.6) of total sales. Excluding the negative impact of the reduced size of the Stockmann Itis department store, the division would have increased its revenue. The best performing categories were cosmetics and food while fashion sales remained at the comparison year level.

The gross profit declined to EUR 139.8 (144.6) million due to lower gross margin. The gross margin decreased to 43.9% (45.1) explained by the higher share of clearance sales and price-driven campaigns.

The Stockmann division's operating costs, excluding depreciations, decreased to EUR 119.5 (143.1) million. The division's cost saving actions accounted for EUR 7.7 million of the decline, while the rest is explained by the EUR 15.9 million provision related to the LähiTapiola Keskusta-kiinteistö Ky arbitration decision.

The adjusted operating result declined to EUR -6.3 (-5.4) million due to lower sales, an increased share of price-driven campaigns and clearance sales as well as higher depreciations for leases. However, the division successfully implemented cost-efficiency measures that mitigated the decline in adjusted operating result. The operating result weakened to EUR -5.6 (71.2) million. The comparison period's result included a 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 7.2 (7.2) million, which is mainly related to the department store renewals in Helsinki and Turku as well as the concept change in Itis but also to investments in digital growth and omnichannel capabilities.

## SUSTAINABILITY

Sustainability is embedded in the Stockmann Group's business plans and strategies. The Lindex and Stockmann divisions have their own sustainability strategies with climate, circularity, and human rights as common themes. The Lindex division's sustainability promise is to make a difference for future generations and the Stockmann division is aiming at resource-wise retail business.

The Stockmann 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. In 2023, Stockmann Group submitted its climate target to the SBTi and defined a roadmap for both divisions to reach the target. The Group's target is to reduce climate emissions by 42% by 2030 from the base year 2022. The company expects to have validated science-based climate targets during 2024.

Lindex continued its transformation to a sustainable business by systematically implementing its sustainability strategy. It accelerated its commitment to circularity through a long-term agreement with Finnish Infinited Fiber Company and its patented fibre Infinna™, made from 100% post-consumer textile waste. In 2023, 42% of Lindex's assortment had at least 15% recycled content. Lindex also continued to empower women in the supply chain with the WE Women Management System programme and cooperation with Water Aid. In addition, Lindex donated EUR 1.61 million for cancer research through its long-term partnership with the Pink Ribbon Campaign and the Cancer Foundation.

The Stockmann division participated in the Circular Design training programme and created a circular economy roadmap as well as circular design guidelines for the Stockmann own brands' designers. The Stockmann division also continued to promote the personnel's diversity, equity and inclusion (DEI) based on the survey finished in June 2023.

The Stockmann Group will publish its Sustainability Review in accordance with the Global Reporting Initiative (GRI) standards during the week beginning 26 February (week 9) at the Group's website [year2023.stockmanngroup.com](http://year2023.stockmanngroup.com). Lindex's Sustainability Report will be published in March at [lindex.com](http://lindex.com) and [stockmanngroup.com](http://stockmanngroup.com).

## PERSONNEL

The Stockmann Group ensures a healthy and empowering working environment, promotes equality and diversity, and supports the professional growth and wellbeing of its employees. The Group's average number of personnel during the reporting period was 5 801 (5 802). In terms of full-time equivalents, the average number of employees was 4 283 (4 332). At the end of December, the Stockmann Group's personnel numbered 6 062 (6 008), of whom 1 547 (1 619) were working in Finland, 2 071 (2 012) in Sweden and 2 444 (2 377) in other countries.

The Group's wages and salaries amounted to EUR 163.5 (165.7) million in 2023. Employee benefit expenses totalled EUR 212.5 (212.1) million, which is equivalent to 22.3% (21.6) of revenue.

## SHARES AND SHARE CAPITAL

At the end of December, Stockmann had a total of 158 715 555 shares.

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 December, the share capital was EUR 77.6 million and the market capitalisation stood at EUR 460.3 million (307.1). The price of a STOCKA share was EUR 2.90 (1.97) at the end of December 2023. In January–December, the highest price of a STOCKA share was 3.03 (3.26) and the lowest price was 1.68 (1.46). A total of 47.4 million shares were traded on Nasdaq Helsinki in January–December. This corresponds to 30.1% 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 December, Stockmann had 42 328 (44 289) shareholders. Foreign ownership was 24.1% (23.8).

## 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 supply chain as well as financial risks.

### Macroeconomic situation

High inflation and interest rates negatively impact the Stockmann Group's cost structure and customers' purchasing power. The effect may also be seen in changing customer behaviour and shifts in demand in different product categories. The future macroeconomic situation may have an impact on the asset valuation. Interest rate fluctuations may also have an impact on goodwill impairment testing through discount rates.

### Exchange rates

The Group's revenue, earnings and balance sheet are affected by changes in exchange rates between the Group's reporting currency, which is the euro, and the Swedish krona, the Norwegian krone and the US dollar and certain other currencies. Currency fluctuations may have an effect on the financial performance of the Group's business operations. The Group is currently only partly hedging the transactional risks due to the corporate restructuring.

### Seasonality

The Stockmann Group's business is affected by normal seasonal fluctuations during the year. The revenue in the first quarter is typically low and revenue in the second and fourth quarter are typically higher. Fashion accounts for approximately 80% of the Group's revenue, and fashion sales are affected by trends and weather conditions. In addition, the timing of the Crazy Days campaign in the Stockmann division has a significant impact on the revenue and operating result in the quarters when it is organised.

### Supply chain and logistics

In the retail sector, the value chain of products contains many stages and involves risks related to ensuring human and labour rights, environmental topics, and ethical business conduct. In addition, unexpected issues in the supply chain may increase costs. As the Group's supply chain is global, unexpected logistics problems could increase freight costs and lead times.

### Information and cyber security

Professional cybercrime has increased the risk of cyber-attacks, which could cause interruptions in the information systems as well as affect the privacy of customer or personnel data.

### Restructuring programme

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.

## DISPUTES RELATED TO THE RESTRUCTURING PROCESS

All confirmed undisputed debts have been duly paid. There were still three disputed claims left at the end of December with the total amount of EUR 43.7 million. By end of December 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. 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 and Court of Appeal have rejected LähiTapiola's application. LähiTapiola has applied for leave to appeal to the Supreme Court.

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.

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. After the reporting period, Stockmann and Tampereen Seudun Osuuspankki reached a settlement agreement, which ends the disputed claims between the parties concerning the restructuring programme. More information in the chapter 'Events after the reporting period'.

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

On 25 January 2024, the Stockmann's Board of Directors decided, in accordance with the Restructuring Programme and pursuant to the authorization granted by the Annual General Meeting, to issue 307 489 new shares of the company in deviation from the shareholders' pre-emptive subscription rights to a creditor of the company whose previously conditional or disputed restructuring debt under the Restructuring Programme has been confirmed to its final amount by 9 November 2023 and has approved the subscription made in the Share Issue.

The subscription price in the Share Issue was EUR 0.9106 per share, which has been paid by setting off restructuring debt in accordance with the Restructuring Programme.

The total of 307 489 Conversion Shares subscribed for in the Share Issue were registered in the trade register maintained by the Finnish Patent and Registration Office on 26 January 2024. Following the registration of the Conversion Shares, the total number of issued shares in the Company is 159 023 044.

On 25 January 2024, Stockmann announced that it had received and verified one subscription form from the creditor of the company above whose previously conditional or disputed receivable subject to the payment programme of the Restructuring Programme has been clarified and the final amounts of such receivable has been confirmed. The Subsequent Bonds duly subscribed for by such creditor of the company amount to the aggregate principal amount of EUR 1 120 000. The receivable of the creditor of the company will be converted, by way of set-off, into Subsequent Bonds. The Subsequent Bonds are settled through the clearance system of Euroclear Finland Ltd and will be recorded on the book-entry accounts maintained by Euroclear Finland Ltd as soon as practicably possible.

Stockmann also submitted an application for the issued Subsequent Bonds to be admitted to trading on the list of Nasdaq Helsinki Ltd together with the already trading fungible Bonds under the trading code "STCJ001026".

After the reporting period in February, Stockmann and disputed creditor Tampereen Seudun Osuuspankki 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 will be submitted to the Helsinki District Court. After this agreement, there are still two disputed claims left with the total amount of EUR 29.1 million.

## ANNUAL REPORTING 2023

Stockmann Group's Business Review, Financial Review, Remuneration Report, Corporate Governance Statement and Sustainability Review for 2023 will be published during the week beginning 26 February 2024 (week 9).

## FINANCIAL RELEASES IN 2024

Stockmann Group will publish its financial reports in 2024 as follows:

- 26 April 2024, Interim Report for January–March
- 19 July 2024, Half year Financial Report for January–June
- 25 October 2024, Interim Report for January–September

## WEBCAST FOR ANALYSTS AND THE MEDIA

A media and analyst briefing will be held in English as a live webcast today, on 9 February 2024 at 10:00 a.m. EET. The event can be followed via [this link](#). The recording and presentation material will be available on the company's website after the event.

Helsinki, 8 February 2024

**STOCKMANN plc**  
Board of Directors

### Further information:

Susanne Ehnåge, CEO  
Annelie Forsberg, CFO  
Contact via Stockmann Group's media desk [info@stockmann.com](mailto:info@stockmann.com),  
tel. +358 50 389 0011  
Marja-Leena Dahlskog, Head of Communications & IR,  
tel. + 358 50 502 0060

# CONDENSED FINANCIAL STATEMENTS

This Financial Statements Bulletin has been prepared in compliance with IAS 34. The figures are unaudited.

## CONSOLIDATED INCOME STATEMENT

| EUR mill.  | 1.1.-31.12.2023 | 1.1.-31.12.2022 |
|--|-----------------|-----------------|
| <b>REVENUE</b>                                     | <b>951.7</b>    | 981.7           |
| Other operating income                             | 2.6             | 99.6            |
| Materials and services                             | -397.5          | -413.4          |
| Employee benefit expenses                          | -212.5          | -212.1          |
| Depreciation, amortisation and impairment losses   | -100.2          | -103.2          |
| Other operating expenses                           | -167.6          | -197.7          |
| <b>Total expenses</b>                              | <b>-877.8</b>   | -926.4          |
| <b>OPERATING PROFIT/LOSS</b>                       | <b>76.5</b>     | 154.9           |
| Financial income                                   | 5.1             | 2.6             |
| Financial expenses                                 | -35.0           | -28.3           |
| <b>Total financial income and expenses</b>         | <b>-29.9</b>    | -25.7           |
| <b>PROFIT/LOSS BEFORE TAX</b>                      | <b>46.6</b>     | 129.2           |
| Income taxes                                       | 5.0             | -27.5           |
| <b>NET PROFIT/LOSS FOR THE PERIOD</b>              | <b>51.7</b>     | 101.6           |
| <b>Profit/loss for the period attributable to:</b> |                 |                 |
| Equity holders of the parent company               | 51.7            | 101.6           |
| <b>Earnings per share, EUR:</b>                    |                 |                 |
| From the period result, undiluted                  | 0.33            | 0.65            |
| From the period result, diluted                    | 0.33            | 0.65            |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| EUR mill.   | 1.1.-31.12.2023 | 1.1.-31.12.2022 |
|---|-----------------|-----------------|
| <b>PROFIT/LOSS FOR THE PERIOD</b>                                     | <b>51.7</b>     | 101.6           |
| <b>Other comprehensive income:</b>                                    |                 |                 |
| <b>Items that may be subsequently reclassified to profit and loss</b> |                 |                 |
| Exchange differences on translating foreign operations, before tax    | 1.6             | -33.3           |
| Exchange differences on translating foreign operations, net of tax    | 1.6             | -33.3           |
| Cash flow hedges, before tax  | -0.8            | -2.2            |
| Cash flow hedges, net of tax  | -0.8            | -2.2            |
| <b>Other comprehensive income for the period, net of tax</b>          | <b>0.9</b>      | -35.6           |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>                      | <b>52.6</b>     | 66.1            |
| <b>Total comprehensive income attributable to:</b>                    |                 |                 |
| Equity holders of the parent company                                  | 52.6            | 66.1            |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| EUR mill.  | 31.12.2023     | 31.12.2022     |
|--|----------------|----------------|
| <b>ASSETS</b>  |                |                |
| <b>NON-CURRENT ASSETS</b>  |                |                |
| <b>Intangible assets</b>   |                |                |
| Goodwill   | 250.6          | 250.9          |
| Trademark  | 81.9           | 81.8           |
| Intangible rights  | 32.4           | 26.8           |
| Other intangible assets  | 0.4            | 0.7            |
| Advance payments and construction in progress                      | 0.7            | 4.2            |
| <b>Intangible assets, total</b>                                    | <b>366.0</b>   | <b>364.4</b>   |
| <b>Property, plant and equipment</b>                               |                |                |
| Land and water   | 0.2            |                |
| Machinery and equipment  | 39.3           | 37.6           |
| Modification and renovation expenses for leased premises           | 4.2            | 4.4            |
| Right-of-use assets  | 440.5          | 419.2          |
| Advance payments and construction in progress                      | 77.9           | 37.1           |
| <b>Property, plant and equipment, total</b>                        | <b>562.1</b>   | <b>498.2</b>   |
| Investment properties  | 0.5            | 0.5            |
| Non-current receivables  | 3.2            | 3.1            |
| Other investments  | 0.4            | 0.2            |
| Deferred tax assets  | 30.3           | 31.0           |
| <b>NON-CURRENT ASSETS, TOTAL</b>                                   | <b>962.4</b>   | <b>897.4</b>   |
| <b>CURRENT ASSETS</b>  |                |                |
| <b>Inventories</b>   | <b>162.9</b>   | <b>174.2</b>   |
| <b>Current receivables</b>   |                |                |
| Interest-bearing receivables                                       |                | 0.0            |
| Income tax receivables   | 5.3            | 0.2            |
| Non-interest-bearing receivables                                   | 42.0           | 43.2           |
| <b>Current receivables, total</b>                                  | <b>47.3</b>    | <b>43.5</b>    |
| <b>Cash and cash equivalents</b>                                   | <b>137.5</b>   | <b>167.9</b>   |
| <b>CURRENT ASSETS, TOTAL</b>                                       | <b>347.7</b>   | <b>385.5</b>   |
| <b>ASSETS, TOTAL</b>   | <b>1 310.2</b> | <b>1 282.9</b> |
| <b>EQUITY AND LIABILITIES</b>                                      |                |                |
| <b>EQUITY</b>  |                |                |
| Share capital  | 77.6           | 77.6           |
| Invested unrestricted equity fund                                  | 75.9           | 73.3           |
| Other funds  | -1.6           | -1.0           |
| Translation differences  | -17.3          | -18.9          |
| Retained earnings  | 256.9          | 204.6          |
| <b>Equity attributable to equity holders of the parent company</b> | <b>391.5</b>   | <b>335.6</b>   |
| <b>EQUITY, TOTAL</b>   | <b>391.5</b>   | <b>335.6</b>   |
| <b>NON-CURRENT LIABILITIES</b>                                     |                |                |
| Deferred tax liabilities   | 51.0           | 40.3           |
| Non-current interest-bearing financing liabilities                 | 71.9           | 67.5           |
| Non-current lease liabilities                                      | 505.6          | 477.5          |
| Non-current non-interest-bearing liabilities and provisions        | 0.3            | 0.7            |
| <b>NON-CURRENT LIABILITIES, TOTAL</b>                              | <b>628.9</b>   | <b>585.9</b>   |
| <b>CURRENT LIABILITIES</b>   |                |                |
| Current lease liabilities  | 81.6           | 77.3           |
| <b>Current non-interest-bearing liabilities</b>                    |                |                |
| Trade payables and other current liabilities                       | 178.4          | 179.1          |
| Income tax liabilities   | 11.7           | 73.7           |
| Current provisions   | 18.0           | 31.2           |
| <b>Current non-interest-bearing liabilities, total</b>             | <b>208.2</b>   | <b>284.0</b>   |
| <b>CURRENT LIABILITIES, TOTAL</b>                                  | <b>289.8</b>   | <b>361.3</b>   |
| <b>LIABILITIES, TOTAL</b>  | <b>918.6</b>   | <b>947.3</b>   |
| <b>EQUITY AND LIABILITIES, TOTAL</b>                               | <b>1 310.2</b> | <b>1 282.9</b> |



**CONSOLIDATED CASH FLOW STATEMENT**

| EUR mill.  | 1.1.-31.12.2023 | 1.1.-31.12.2022 |
|--|-----------------|-----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                 |                 |
| Profit/loss for the period   | 51.7            | 101.6           |
| <b>Adjustments for:</b>  |                 |                 |
| Depreciation, amortisation and impairment losses                                   | 100.2           | 103.2           |
| Gains (-) and losses (+) of disposals of fixed assets and other non-current assets | -1.3            | -95.2           |
| Interest and other financial expenses  | 34.9            | 28.3            |
| Interest income  | -5.1            | -2.6            |
| Income taxes   | -5.0            | 27.5            |
| Other adjustments  | 0.6             | 17.7            |
| <b>Working capital changes:</b>  |                 |                 |
| Increase (-) / decrease (+) in inventories   | 11.2            | -28.3           |
| Increase (-) / decrease (+) in trade and other current receivables                 | 1.6             | -1.2            |
| Increase (+) / decrease (-) in current liabilities                                 | -7.1            | -50.5           |
| Interest expenses paid   | -33.3           | -29.0           |
| Interest received from operating activities  | 3.5             | 1.3             |
| Income taxes paid from operating activities  | -49.7           | -17.9           |
| <b>Net cash from operating activities</b>  | <b>102.2</b>    | <b>55.1</b>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                 |                 |
| Proceeds from sale of tangible and intangible assets                               | 0.0             | 429.1           |
| Purchase of tangible and intangible assets   | -65.4           | -62.7           |
| Security deposit   | -0.1            | -0.1            |
| Investments in subsidiary shares   | -0.2            |                 |
| Other investments  | -0.2            |                 |
| <b>Net cash used in investing activities</b>                                       | <b>-65.9</b>    | <b>366.3</b>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                 |                 |
| Repayment of current liabilities   |                 | -381.5          |
| Payment of lease liabilities   | -66.3           | -73.8           |
| <b>Net cash used in financing activities</b>                                       | <b>-66.3</b>    | <b>-455.2</b>   |
| <b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS</b>                          | <b>-30.0</b>    | <b>-33.9</b>    |
| <b>Cash and cash equivalents at the beginning of the period</b>                    | <b>167.9</b>    | <b>213.7</b>    |
| Net increase/decrease in cash and cash equivalents                                 | -30.0           | -33.9           |
| Effects of exchange rate fluctuations on cash held                                 | -0.3            | -11.9           |
| <b>Cash and cash equivalents at the end of the period</b>                          | <b>137.5</b>    | <b>167.9</b>    |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

| EUR mill.   | Share capital | Reserve for unrestricted equity | Hedging reserve | Other reserves | Translation differences | Retained earnings | Total |
|---|---------------|---------------------------------|-----------------|----------------|-------------------------|-------------------|-------|
| <b>EQUITY 1.1.2023</b>                                    | 77.6          | 73.3                            | -1.1            | 0.1            | -18.9                   | 204.6             | 335.6 |
| Profit/loss for the period                                |               |                                 |                 |                |                         | 51.7              | 51.7  |
| Exchange differences on translating foreign operations    |               |                                 |                 |                | 1.6                     |                   | 1.6   |
| Cash flow hedges  |               |                                 | -0.8            |                |                         |                   | -0.8  |
| <b>Total comprehensive income for the period</b>          |               |                                 | -0.8            |                | 1.6                     | 51.7              | 52.6  |
| Share issue to creditors for unsecured restructuring debt |               | 2.6                             |                 |                |                         |                   | 2.6   |
| Share-based payments                                      |               |                                 |                 |                |                         | 0.8               | 0.8   |
| Other changes   |               |                                 |                 | 0.1            |                         | -0.1              |       |
| <b>Other changes in equity total</b>                      |               | 2.6                             |                 | 0.1            |                         | 0.6               | 3.3   |
| <b>EQUITY 31.12.2023</b>                                  | 77.6          | 75.9                            | -1.8            | 0.2            | -17.3                   | 256.9             | 391.5 |

| EUR mill.   | Share capital | Reserve for unrestricted equity | Hedging reserve | Other reserves | Translation differences | Retained earnings | Total |
|---|---------------|---------------------------------|-----------------|----------------|-------------------------|-------------------|-------|
| <b>EQUITY 1.1.2022</b>                                    | 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  |
| <b>Total comprehensive income for the period</b>          |               |                                 | -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   |
| <b>Other changes in equity total</b>                      |               | 1.3                             |                 |                |                         | 0.1               | 1.4   |
| <b>EQUITY 31.12.2022</b>                                  | 77.6          | 73.3                            | -1.1            | 0.1            | -18.9                   | 204.6             | 335.6 |

## NOTES TO THE FINANCIAL STATEMENTS, CONDENSED

### ACCOUNTING POLICIES

This interim report has been prepared in compliance with IAS 34. The accounting policies and calculation methods are consistent with those of the annual financial statements for 2022. The figures are unaudited.

### Corporate restructuring programme

In a decision on 9 February 2021, the Helsinki District Court approved Stockmann plc's restructuring programme, and the restructuring proceedings were ended. The restructuring programme is based on the continuation of Stockmann's department store operations, the sale and leaseback of the department store properties located in Helsinki, Tallinn and Riga and the continuation of Lindex's business operations as a fixed part of the Stockmann Group.

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 the 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 Company's Board of Directors decided on 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 have 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.

On 21 June 2023, the Company 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 have been clarified and the final amounts of such receivables have been confirmed. The subsequent bonds duly subscribed for by such entitled persons amount to the aggregate principal amount of EUR 4,393,381. The receivables of the entitled persons will be converted, by way of set-off, into subsequent bonds.

Under the restructuring programme, Stockmann plc 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. The conversion to shares will take place in accordance with the terms as stated in the chapter 14.5.2. of the restructuring programme with a subscription price of 0.9106 euro per share. The conversion to bonds will take place according to the terms as stated in the chapter 14.5.4 of the restructuring programme on a euro-for-euro basis.

### Business continuity

Stockmann Group's Consolidated Financial Statements have 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.

Helsinki District Court approved Stockmann plc's restructuring programme in February 2021. The eight-year restructuring programme is based on the continuation of the Company's department store operations, the sale and lease back of the department store properties in Helsinki, Tallinn and Riga and the continuation of Lindex business operations under the ownership of the Stockmann Group. The restructuring process is proceeding according to plan, which means that all Stockmann's department store properties have been sold and both the secured restructuring debt and undisputed unsecured restructuring debt have been paid. There are still disputed claims regarding the termination of lease agreements that must be settled before the restructuring process can end.

The current geopolitical situation is increasing inflation which may affect sales negatively due to the level of consumer confidence, as well as increased buying prices and operating costs. Further, it may cause delays in the supply chains due to issues in production and freight. The management and the Board of Directors regularly assess the operational and strategic risks associated with the current situation.

Stockmann Group does not currently have any legal disputes or claims not already reported in the financial statements and there are no further indications of material threats for continuing operations or cash outflows.

Due to the nature of business, Stockmann Group's revenues are divided to large number of customers and no single customer poses a significant threat to the Group's cash flows.

The Board of Directors of Stockmann has carefully analysed the company's overall situation in connection with the deployment of the corporate restructuring programme and with respect to the uncertainty due to changes in the general economic situation, and its analysis confirms the adequacy of liquidity and financing for the following twelve months and thus supports the preparation of this consolidated financial statements in accordance with the principle of business continuity.



### Accounting policies requiring management's judgment and key sources of uncertainty concerning estimates

In preparing the Consolidated Financial Statements in compliance with the recognition and valuation principles of IFRS, it has been necessary to make forward-looking estimates and assumptions. At the financial statements date, the assumptions are related particularly to the basis for continuity, valuations of assets, exercising lease options, contingent liabilities and provisions recognised.

Stockmann has paid all confirmed undisputed external restructuring debt, but still has disputed claims and undisputed conditional or maximum restructuring debt. At the end of the reporting period, the amount of the disputed claims was EUR 43.7 million. The claim amount is mainly related to termination of long-term premises lease agreements. The administrator of the restructuring programme has disputed the claims and considered it justified to pay 18 months' rent for the leases instead of all the years left in the terminated lease contracts. The claims will be settled in District Court. The amount of undisputed conditional or maximum restructuring debt was EUR 1.4 million. Stockmann has made a provision of EUR 18.0 million, which corresponds to the company's estimate of the probable amount relating to both the disputed claims and the undisputed conditional or maximum restructuring debt. The creditors of such restructuring debt will be entitled to convert 20 per cent of their receivables to shares after their respective receivables have been confirmed.

The management has assessed if there are any indications of impairment on the carrying amounts of Group's assets and estimated the recoverable amounts of those assets. The management's conclusion is that there is no need for impairment of the carrying amounts of Group's assets.

The estimates and assumptions presented in the Consolidated Financial Statements are based on the management's best knowledge at the time of preparation of the financial statements. The key uncertainties, estimates and assumptions are otherwise presented in the Consolidated Financial Statements for 2023.

### 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.

At the end of the reporting period, the Stockmann Group has recorded a deferred tax liability of EUR 5.9 million for the undistributed accumulated distributable earnings of Stockmann Plc's Branch in Estonia. Currently, the taxes in Estonia for the potential future profit sharing from the Branch would not be deductible from the taxes payable in Finland.

The Stockmann Group adopted International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12) upon their release on 23 May 2023. The amendments provided a temporary mandatory exception to the requirements of IAS 12 under which a company does not recognise or disclose information about deferred tax assets and liabilities related to the proposed OECD/G20 BEPS Pillar Two model rules and they were effective immediately. In addition, the amendments provided requirements for new disclosures about the Pillar Two exposure. The mandatory exception applies retrospectively. The Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. The legislation will be effective for the Group's financial year beginning on 1 January 2024. The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes. The assessment is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15%. However, there are a limited number of jurisdictions where the transitional safe harbour relief does not apply. The Group does not expect a material exposure to Pillar Two income taxes in those jurisdictions.

## GROUP'S OPERATING SEGMENTS

| Revenue, EUR mill. | Q4 2023      | Q4 2022      | 1.1.-31.12.2023 | 1.1.-31.12.2022 |
|--------------------|--------------|--------------|-----------------|-----------------|
| Lindex             | 168.2        | 172.2        | 633.1           | 661.1           |
| Stockmann          | 106.1        | 100.4        | 318.5           | 320.6           |
| <b>Group total</b> | <b>274.3</b> | <b>272.6</b> | <b>951.7</b>    | <b>981.7</b>    |

| Reported operating profit/loss, EUR mill.    | Q4 2023     | Q4 2022     | 1.1.-31.12.2023 | 1.1.-31.12.2022 |
|--|-------------|-------------|-----------------|-----------------|
| Lindex                                       | 21.7        | 23.0        | 89.1            | 90.3            |
| Stockmann                                    | 9.3         | 2.4         | -5.6            | 71.2            |
| Unallocated                                  | -2.2        | -0.8        | -7.0            | -6.7            |
| <b>Group total</b>                           | <b>28.9</b> | <b>24.6</b> | <b>76.5</b>     | <b>154.9</b>    |
| Financial income                             | 1.2         | 1.1         | 5.1             | 2.6             |
| Financial expenses                           | -10.0       | -7.6        | -35.0           | -28.3           |
| <b>Consolidated profit/loss before taxes</b> | <b>20.0</b> | <b>18.1</b> | <b>46.6</b>     | <b>129.2</b>    |

| Adjustments to Operating profit/loss, EUR mill. | Q4 2023     | Q4 2022     | 1.1.-31.12.2023 | 1.1.-31.12.2022 |
|---|-------------|-------------|-----------------|-----------------|
| Lindex  | -0.6        | 0.0         | -1.2            | 0.3             |
| Stockmann                                       | 0.4         | -0.9        | 0.7             | 76.6            |
| Unallocated                                     | -1.2        | -0.7        | -3.0            | -1.9            |
| <b>Group total</b>                              | <b>-1.4</b> | <b>-1.6</b> | <b>-3.5</b>     | <b>75.1</b>     |

| Adjusted Operating profit/loss, EUR mill. | Q4 2023     | Q4 2022     | 1.1.-31.12.2023 | 1.1.-31.12.2022 |
|---|-------------|-------------|-----------------|-----------------|
| Lindex                                    | 22.3        | 23.0        | 90.3            | 90.0            |
| Stockmann                                 | 9.0         | 3.3         | -6.3            | -5.4            |
| Unallocated                               | -1.0        | -0.1        | -4.0            | -4.8            |
| <b>Group total</b>                        | <b>30.2</b> | <b>26.1</b> | <b>80.0</b>     | <b>79.8</b>     |

| Depreciation, amortisation and impairment losses, EUR mill. | Q4 2023     | Q4 2022     | 1.1.-31.12.2023 | 1.1.-31.12.2022 |
|---|-------------|-------------|-----------------|-----------------|
| Lindex  | 17.3        | 18.1        | 72.2            | 76.8            |
| Stockmann   | 7.2         | 6.6         | 28.0            | 26.4            |
| Unallocated   | 0.0         | 0.0         | 0.0             | 0.0             |
| <b>Group total</b>  | <b>24.6</b> | <b>24.7</b> | <b>100.2</b>    | <b>103.2</b>    |

| Capital expenditure *) , EUR mill. | Q4 2023     | Q4 2022     | 1.1.-31.12.2023 | 1.1.-31.12.2022 |
|------------------------------------|-------------|-------------|-----------------|-----------------|
| Lindex                             | 9.0         | 29.3        | 113.4           | 154.6           |
| Stockmann                          | 49.7        | 6.0         | 61.6            | 129.9           |
| Unallocated                        | 0.0         | 0.0         | 0.0             | 0.0             |
| <b>Group total</b>                 | <b>58.8</b> | <b>35.3</b> | <b>175.0</b>    | <b>284.5</b>    |

\*) Including right-of-use-assets

| Assets, EUR mill.  | 31.12.2023     | 31.12.2022     |
|--------------------|----------------|----------------|
| Lindex             | 935.7          | 935.0          |
| Stockmann          | 374.1          | 344.8          |
| Unallocated        | 0.4            | 3.1            |
| <b>Group total</b> | <b>1 310.2</b> | <b>1 282.9</b> |

| IFRS 16 Lease liabilities, EUR mill. | 31.12.2023   | 31.12.2022   |
|--------------------------------------|--------------|--------------|
| Lindex                               | 257.6        | 267.1        |
| Stockmann                            | 329.5        | 287.7        |
| Unallocated                          | 0.1          | 0.0          |
| <b>Group total</b>                   | <b>587.2</b> | <b>554.8</b> |

## INFORMATION ON MARKET AREAS

| <b>Revenue, EUR mill.</b>               | <b>Q4 2023</b> | Q4 2022 | <b>1.1.-31.12.2023</b> | 1.1.-31.12.2022 |
|---|----------------|---------|------------------------|-----------------|
| Finland                                 | <b>101.8</b>   | 96.4    | <b>322.0</b>           | 321.1           |
| Sweden*)                                | <b>88.0</b>    | 92.0    | <b>332.1</b>           | 354.3           |
| Norway                                  | <b>34.0</b>    | 36.0    | <b>126.7</b>           | 139.1           |
| Baltics and other countries             | <b>50.5</b>    | 48.1    | <b>170.8</b>           | 167.3           |
| <b>Market areas total</b>               | <b>274.3</b>   | 272.6   | <b>951.7</b>           | 981.7           |
| Finland %                               | <b>37.1%</b>   | 35.4%   | <b>33.8%</b>           | 32.7%           |
| International operations %              | <b>62.9%</b>   | 64.6%   | <b>66.2%</b>           | 67.3%           |
| <b>Operating profit/loss, EUR mill.</b> | <b>Q4 2023</b> | Q4 2022 | <b>1.1.-31.12.2023</b> | 1.1.-31.12.2022 |
| Finland                                 | <b>3.1</b>     | 0.2     | <b>-14.0</b>           | 50.9            |
| Sweden*)                                | <b>19.0</b>    | 10.2    | <b>75.7</b>            | 66.6            |
| Norway                                  | <b>1.2</b>     | 1.2     | <b>4.7</b>             | 4.5             |
| Baltics and other countries             | <b>5.5</b>     | 13.0    | <b>10.2</b>            | 32.8            |
| <b>Market areas total</b>               | <b>28.9</b>    | 24.6    | <b>76.5</b>            | 154.9           |
| <b>Non-current assets, EUR mill.</b>    |                |         | <b>31.12.2023</b>      | 31.12.2022      |
| Finland                                 |                |         | <b>252.2</b>           | 219.1           |
| Sweden*)                                |                |         | <b>587.8</b>           | 556.5           |
| Norway                                  |                |         | <b>43.7</b>            | 46.5            |
| Baltics and other countries             |                |         | <b>48.4</b>            | 44.3            |
| <b>Market areas total</b>               |                |         | <b>932.1</b>           | 866.4           |
| Finland %                               |                |         | <b>27.1%</b>           | 25.3%           |
| International operations %              |                |         | <b>72.9%</b>           | 74.7%           |

\*) includes franchising income



**KEY FIGURES OF THE GROUP**

|  | <b>31.12.2023</b> | 31.12.2022 |
|--|-------------------|------------|
| Equity ratio, %  | <b>29.9</b>       | 26.2       |
| Net gearing, %   | <b>133.2</b>      | 135.4      |
| Cash flow from operating activities per share, year-to-date, EUR | <b>0.65</b>       | 0.35       |
| Interest-bearing net debt, EUR mill.                             | <b>521.6</b>      | 454.4      |
| Number of shares at the end of the period, thousands             | <b>158 716</b>    | 155 880    |
| Average no of shares, undiluted, thousands *)                    | <b>157 379</b>    | 155 189    |
| Market capitalisation, EUR mill.                                 | <b>460.3</b>      | 307.1      |
| Operating profit/loss, % of revenue                              | <b>8.0</b>        | 15.8       |
| Equity per share, EUR  | <b>2.47</b>       | 2.15       |
| Return on equity, rolling 12 months, %                           | <b>14.2</b>       | 33.7       |
| Return on capital employed, rolling 12 months, %                 | <b>8.1</b>        | 15.7       |
| Average number of employees, converted to full-time equivalents  | <b>4 283</b>      | 4 332      |
| Capital expenditure, year-to-date, EUR mill. **)                 | <b>65.1</b>       | 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, % =  $\frac{\text{Equity total}}{\text{Total assets} - \text{advance payments received}} \times 100$

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

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

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

Free cash flow = EBITDA - adjustments - lease payments +/- changes in net working capital - capital expenditure

**EXCHANGE RATES OF EURO**

| <b>Closing rate for the period</b> | <b>31.12.2023</b>      | 31.12.2022      |
|------------------------------------|------------------------|-----------------|
| NOK                                | <b>11.2405</b>         | 10.5138         |
| SEK                                | <b>11.0960</b>         | 11.1218         |
| <b>Average rate for the period</b> | <b>1.1.-31.12.2023</b> | 1.1.-31.12.2022 |
| NOK                                | <b>11.4243</b>         | 10.1019         |
| SEK                                | <b>11.4728</b>         | 10.6278         |

## INFORMATION PER QUARTER

## Consolidated income statement per quarter

| EUR mill.  | Q4 2023       | Q3 2023 | Q2 2023 | Q1 2023 | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 |
|--|---------------|---------|---------|---------|---------|---------|---------|---------|
| <b>Continuing operations</b>                     |               |         |         |         |         |         |         |         |
| <b>Revenue</b>                                   | <b>274.3</b>  | 226.9   | 252.0   | 198.5   | 272.6   | 244.0   | 269.0   | 196.1   |
| Other operating income                           | 2.1           | 0.5     | 0.0     | 0.0     | 0.0     | 0.3     | 84.0    | 15.2    |
| Materials and services                           | -116.5        | -94.1   | -100.5  | -86.5   | -116.1  | -105.3  | -109.3  | -82.7   |
| Employee benefit expenses                        | -55.5         | -49.0   | -56.1   | -51.8   | -53.7   | -50.7   | -55.5   | -52.2   |
| Depreciation, amortisation and impairment losses | -24.6         | -24.9   | -25.1   | -25.6   | -24.7   | -25.9   | -26.9   | -25.7   |
| Other operating expenses                         | -51.0         | -39.1   | -40.1   | -37.5   | -53.4   | -56.4   | -46.9   | -40.9   |
| <b>Total expenses</b>                            | <b>-247.6</b> | -207.1  | -221.8  | -201.4  | -248.0  | -238.3  | -238.5  | -201.6  |
| <b>Operating profit/loss</b>                     | <b>28.9</b>   | 20.3    | 30.2    | -2.9    | 24.6    | 6.0     | 114.5   | 9.8     |
| Financial income                                 | 1.2           | 1.3     | 1.7     | 0.9     | 1.1     | 0.9     | 0.2     | 0.3     |
| Financial expenses                               | -10.0         | -7.9    | -8.8    | -8.2    | -7.6    | -8.3    | -6.7    | -5.7    |
| <b>Total financial income and expenses</b>       | <b>-8.9</b>   | -6.6    | -7.0    | -7.3    | -6.5    | -7.4    | -6.5    | -5.4    |
| <b>Profit/loss before tax</b>                    | <b>20.0</b>   | 13.7    | 23.1    | -10.2   | 18.1    | -1.4    | 108.0   | 4.4     |
| Income taxes                                     | -10.3         | -5.0    | -9.4    | 29.7    | -0.5    | 2.0     | -27.4   | -1.6    |
| <b>Net profit/loss for the period</b>            | <b>9.7</b>    | 8.7     | 13.8    | 19.5    | 17.6    | 0.6     | 80.7    | 2.8     |

## Earnings per share per quarter

| EUR                               | Q4 2023 | Q3 2023 | Q2 2023 | Q1 2023 | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 |
|-----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| From the period result, undiluted | 0.06    | 0.05    | 0.09    | 0.13    | 0.11    | 0.00    | 0.52    | 0.02    |

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

## Segment information per quarter

| EUR mill.                                   | Q4 2023      | Q3 2023 | Q2 2023 | Q1 2023 | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 |
|---|--------------|---------|---------|---------|---------|---------|---------|---------|
| <b>Revenue</b>                              |              |         |         |         |         |         |         |         |
| Lindex                                      | 168.2        | 162.3   | 176.2   | 126.5   | 172.2   | 166.9   | 188.0   | 134.0   |
| Stockmann                                   | 106.1        | 64.7    | 75.8    | 72.0    | 100.4   | 77.1    | 81.0    | 62.2    |
| <b>Group total</b>                          | <b>274.3</b> | 226.9   | 252.0   | 198.5   | 272.6   | 244.0   | 269.0   | 196.1   |
| <b>Reported operating profit/loss</b>       |              |         |         |         |         |         |         |         |
| Lindex                                      | 21.7         | 26.2    | 35.6    | 5.6     | 23.0    | 22.9    | 39.0    | 5.5     |
| Stockmann                                   | 9.3          | -4.8    | -3.1    | -7.0    | 2.4     | -15.8   | 78.4    | 6.3     |
| Unallocated                                 | -2.2         | -1.1    | -2.3    | -1.4    | -0.8    | -1.0    | -2.8    | -2.0    |
| <b>Group total</b>                          | <b>28.9</b>  | 20.3    | 30.2    | -2.9    | 24.6    | 6.0     | 114.5   | 9.8     |
| <b>Adjustments to Operating profit/loss</b> |              |         |         |         |         |         |         |         |
| Lindex                                      | -0.6         | 0.0     | -0.6    |         | 0.0     | 0.3     |         |         |
| Stockmann                                   | 0.4          |         | 0.3     |         | -0.9    | -15.9   | 79.8    | 13.6    |
| Unallocated                                 | -1.2         | -0.3    | -1.2    | -0.5    | -0.7    | -0.4    | -0.7    | -0.1    |
| <b>Group total</b>                          | <b>-1.4</b>  | -0.2    | -1.4    | -0.5    | -1.6    | -16.0   | 79.1    | 13.5    |
| <b>Adjusted Operating profit/loss</b>       |              |         |         |         |         |         |         |         |
| Lindex                                      | 22.3         | 26.2    | 36.2    | 5.6     | 23.0    | 22.5    | 39.0    | 5.5     |
| Stockmann                                   | 9.0          | -4.8    | -3.5    | -7.0    | 3.3     | 0.2     | -1.5    | -7.3    |
| Unallocated                                 | -1.0         | -0.8    | -1.1    | -1.0    | -0.1    | -0.6    | -2.1    | -1.9    |
| <b>Group total</b>                          | <b>30.2</b>  | 20.6    | 31.6    | -2.4    | 26.1    | 22.0    | 35.4    | -3.7    |

## Information on market areas

| EUR mill.                    | Q4 2023      | Q3 2023 | Q2 2023 | Q1 2023 | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 |
|------------------------------|--------------|---------|---------|---------|---------|---------|---------|---------|
| <b>Revenue</b>               |              |         |         |         |         |         |         |         |
| Finland                      | 101.8        | 70.7    | 81.5    | 68.0    | 96.4    | 80.0    | 84.7    | 60.0    |
| Sweden*)                     | 88.0         | 83.3    | 93.4    | 67.5    | 92.0    | 87.6    | 100.7   | 73.9    |
| Norway                       | 34.0         | 33.0    | 35.8    | 23.9    | 36.0    | 34.6    | 41.6    | 26.9    |
| Baltics and other countries  | 50.5         | 40.0    | 41.3    | 39.1    | 48.1    | 41.9    | 42.0    | 35.3    |
| <b>Group total</b>           | <b>274.3</b> | 226.9   | 252.0   | 198.5   | 272.6   | 244.0   | 269.0   | 196.1   |
| Finland %                    | 37.1 %       | 31.2 %  | 32.3 %  | 34.3 %  | 35.4 %  | 32.8 %  | 31.5 %  | 30.6 %  |
| International operations %   | 62.9 %       | 68.8 %  | 67.7 %  | 65.7 %  | 64.6 %  | 67.2 %  | 68.5 %  | 69.4 %  |
| <b>Operating profit/loss</b> |              |         |         |         |         |         |         |         |
| Finland                      | 3.1          | -5.0    | -4.4    | -7.8    | 0.2     | -16.3   | 75.9    | -8.9    |
| Sweden*)                     | 19.0         | 22.4    | 31.9    | 2.3     | 10.2    | 19.0    | 35.4    | 2.1     |
| Norway                       | 1.2          | 1.2     | 1.3     | 1.0     | 1.2     | 1.2     | 1.2     | 1.0     |
| Baltics and other countries  | 5.5          | 1.7     | 1.4     | 1.6     | 13.0    | 2.1     | 2.1     | 15.6    |
| <b>Group total</b>           | <b>28.9</b>  | 20.3    | 30.2    | -2.9    | 24.6    | 6.0     | 114.5   | 9.8     |

\*) Includes franchising income

**CONTINGENT LIABILITIES AND DERIVATIVE CONTRACTS**

| <b>Contingent liabilities of the Group, EUR mill.</b> | <b>31.12.2023</b> | 31.12.2022 |
|---|-------------------|------------|
| Pledged subsidiary shares *)                          | <b>303.4</b>      | 303.4      |
| Pledged loan receivables **)                          | <b>378.6</b>      | 373.5      |
| Guarantees  | <b>0.1</b>        | 0.1        |
| Electricity commitments                               | <b>1.5</b>        | 2.7        |
| <b>Total</b>  | <b>683.5</b>      | 679.8      |

\*) Bookvalue of subsidiary shares

\*\*) Bookvalue of subsidiary loan receivables

| <b>Lease agreements on the Group's business premises, EUR mill.</b> | <b>31.12.2023</b> | 31.12.2022 |
|---|-------------------|------------|
| Within one year   | <b>4.8</b>        | 3.1        |
| After one year  | <b>15.3</b>       | 9.3        |
| <b>Total</b>  | <b>20.1</b>       | 12.4       |

| <b>Group's lease payments, EUR mill.</b> | <b>31.12.2023</b> | 31.12.2022 |
|--|-------------------|------------|
| Within one year                          | <b>0.1</b>        | 0.2        |
| After one year                           | <b>0.3</b>        | 0.3        |
| <b>Total</b>                             | <b>0.4</b>        | 0.4        |

| <b>Group's derivative contracts, EUR mill.</b> | <b>31.12.2023</b> | 31.12.2022 |
|--|-------------------|------------|
| <b>Nominal value</b>                           |                   |            |
| Currency derivatives                           | <b>47.0</b>       | 46.9       |
| <b>Total</b>                                   | <b>47.0</b>       | 46.9       |

**CONSOLIDATED ASSETS AND GOODWILL**

| <b>Assets, EUR mill.</b>  | <b>31.12.2023</b> | 31.12.2022 |
|---|-------------------|------------|
| Acquisition cost at the beginning of the period                               | <b>1 746.8</b>    | 1 613.4    |
| Translation difference +/-  | <b>2.3</b>        | -114.5     |
| Increases during the period   | <b>174.8</b>      | 284.6      |
| Decreases during the period   | <b>-46.5</b>      | -36.8      |
| Acquisition cost at the end of the period                                     | <b>1 877.4</b>    | 1 746.8    |
| Accumulated depreciation and impairment losses at the beginning of the period | <b>-883.6</b>     | -878.7     |
| Translation difference +/-  | <b>0.0</b>        | 62.3       |
| Depreciation on reductions during the period                                  | <b>35.0</b>       | 35.9       |
| Depreciation, amortisation and impairment losses during the period            | <b>-100.2</b>     | -103.2     |
| Accumulated depreciation and impairment losses at the end of the period       | <b>-948.8</b>     | -883.6     |
| <b>Carrying amount at the beginning of the period</b>                         | <b>863.1</b>      | 734.8      |
| <b>Carrying amount at the end of the period</b>                               | <b>928.5</b>      | 863.1      |

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

| <b>Goodwill, EUR mill.</b>                      | <b>31.12.2023</b> | 31.12.2022 |
|---|-------------------|------------|
| Carrying amount at the beginning of the period  | <b>250.9</b>      | 271.5      |
| Translation difference +/-                      | <b>0.6</b>        | -21.6      |
| Increases during the period                     |                   | 0.9        |
| Decreases during the period                     | <b>-0.9</b>       |            |
| <b>Carrying amount at the end of the period</b> | <b>250.6</b>      | 250.9      |

**RIGHT-OF-USE ASSETS**

| <b>EUR mill.</b>  | <b>31.12.2023</b> | 31.12.2022 |
|---|-------------------|------------|
| Acquisition cost at the beginning of the period                               | <b>636.7</b>      | 468.6      |
| Translation difference +/-  | <b>1.8</b>        | -34.5      |
| Increases during the period   | <b>109.9</b>      | 222.0      |
| Decreases during the period   | <b>-32.6</b>      | -19.5      |
| Acquisition cost at the end of the period                                     | <b>715.7</b>      | 636.7      |
| Accumulated depreciation and impairment losses at the beginning of the period | <b>-217.5</b>     | -172.0     |
| Translation difference +/-  | <b>-1.8</b>       | 14.4       |
| Depreciation on reductions during the period                                  | <b>22.1</b>       | 18.9       |
| Depreciation, amortisation and impairment losses during the period            | <b>-78.0</b>      | -78.7      |
| Accumulated depreciation and impairment losses at the end of the period       | <b>-275.2</b>     | -217.5     |
| <b>Carrying amount at the beginning of the period</b>                         | <b>419.2</b>      | 296.6      |
| <b>Carrying amount at the end of the period</b>                               | <b>440.5</b>      | 419.2      |



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

| <b>Financial assets, EUR mill.</b>                                | Level | <b>Carrying amount<br/>31.12.2023</b> | <b>Fair value<br/>31.12.2023</b> | Carrying amount<br>31.12.2022 | Fair value<br>31.12.2022 |
|---|-------|---------------------------------------|----------------------------------|-------------------------------|--------------------------|
| <b>Derivative contracts, hedge accounting applied</b>             | 2     | <b>0.0</b>                            | <b>0.0</b>                       | 0.1                           | 0.1                      |
| <b>Financial assets at amortised cost</b>                         |       |                                       |                                  |                               |                          |
| Non-current receivables   |       | <b>3.2</b>                            | <b>3.2</b>                       | 3.1                           | 3.1                      |
| Current receivables, non-interest-bearing                         |       | <b>42.0</b>                           | <b>42.0</b>                      | 43.1                          | 43.1                     |
| Cash and cash equivalents   |       | <b>137.5</b>                          | <b>137.5</b>                     | 167.9                         | 167.9                    |
| <b>Other investments</b>  | 3     | <b>0.4</b>                            | <b>0.4</b>                       | 0.2                           | 0.2                      |
| <b>Financial assets by measurement category, total</b>            |       | <b>183.2</b>                          | <b>183.2</b>                     | 214.4                         | 214.4                    |
| <b>Financial liabilities, EUR mill.</b>                           | Level | <b>Carrying amount<br/>31.12.2023</b> | <b>Fair value<br/>31.12.2023</b> | Carrying amount<br>31.12.2022 | Fair value<br>31.12.2022 |
| <b>Derivative contracts, hedge accounting applied</b>             | 2     | <b>1.9</b>                            | <b>1.9</b>                       | 1.2                           | 1.2                      |
| <b>Financial liabilities at fair value through profit or loss</b> |       |                                       |                                  |                               |                          |
| Derivative contracts, hedge accounting not applied                |       |                                       |                                  |                               |                          |
| <b>Financial liabilities at amortised cost</b>                    |       |                                       |                                  |                               |                          |
| Non-current interest-bearing liabilities                          | 2     | <b>71.9</b>                           | <b>62.5</b>                      | 67.5                          | 55.8                     |
| Non-current lease liabilities                                     |       | <b>505.6</b>                          | <b>505.6</b>                     | 477.5                         | 477.5                    |
| Non-current non-interest-bearing liabilities                      |       | <b>0.3</b>                            | <b>0.3</b>                       | 0.7                           | 0.7                      |
| Current lease liabilities   |       | <b>81.6</b>                           | <b>81.6</b>                      | 77.3                          | 77.3                     |
| Current liabilities, non-interest-bearing                         |       | <b>176.6</b>                          | <b>176.6</b>                     | 177.9                         | 177.9                    |
| <b>Financial liabilities by measurement category, total</b>       |       | <b>837.9</b>                          | <b>828.5</b>                     | 802.1                         | 790.4                    |
| <b>Change in fair value of other investments, EUR mill.</b>       |       |                                       |                                  | <b>31.12.2023</b>             | 31.12.2022               |
| Carrying amount Jan. 1  |       |                                       |                                  | <b>0.2</b>                    | 0.2                      |
| Increases during the period                                       |       |                                       |                                  | <b>0.2</b>                    |                          |
| <b>Carrying amount 31.12.</b>                                     |       |                                       |                                  | <b>0.4</b>                    | 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 valued at fair value during the reporting period.

**CASH FLOWS BASED ON AGREEMENTS IN FINANCIAL LIABILITIES**

| EUR mill.  | Carrying amount<br>31.12.2023 | 1.1.2024–<br>31.12.2024 | 1.1.2025–<br>31.12.2025 | 1.1.2026–<br>31.12.2026 | 1.1.2027–<br>31.12.2027 | 1.12.2028– | Total  |
|--|-------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------|--------|
| Current restructuring debts                          | 1.4                           | -1.4                    |                         |                         |                         |            | -1.4   |
| <b>Restructuring debts total</b>                     | 1.4                           | -1.4                    |                         |                         |                         |            | -1.4   |
| Non-current Bond (5-y Bullet)                        | 71.9                          | -0.1                    | -0.1                    | -72.1                   |                         |            | -72.2  |
| Current trade payables and other current liabilities | 95.7                          | -95.7                   |                         |                         |                         |            | -95.7  |
| Non-current lease liabilities                        | 505.6                         |                         | -96.1                   | -86.2                   | -77.5                   | -419.3     | -679.1 |
| Current lease liabilities                            | 81.6                          | -100.1                  |                         |                         |                         |            | -100.1 |
| <b>Lease liabilities, total</b>                      | 587.2                         | -100.1                  | -96.1                   | -86.2                   | -77.5                   | -419.3     | -779.2 |
| <b>Total</b>   | 756.3                         | -197.3                  | -96.2                   | -158.3                  | -77.5                   | -419.3     | -948.6 |

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 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.  | 31.12.2023 | 31.12.2022 |
|--|------------|------------|
| Current non-interest-bearing restructuring debt, unsecured | 1.4        | 0.2        |
| <b>Restructuring debt total</b>                            | 1.4        | 0.2        |
| Restructuring debt related to current provisions           | 18.0       | 31.2       |
| <b>Provisions related to restructuring debt *)</b>         | 18.0       | 31.2       |
| <b>Total</b>   | 19.4       | 31.5       |

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.–31.12.2023 | 1.1.–31.12.2022 |
|--|-----------------|-----------------|
| Interest income on bank deposits, other investments and currency derivatives | 3.5             | 1.3             |
| Other financial income   | 1.6             | 1.3             |
| <b>Financial income, total</b>   | 5.1             | 2.6             |
| Interest expenses on financial liabilities measured at amortised cost        | -1.5            | -2.8            |
| Interest expenses from lease contracts                                       | -32.1           | -24.7           |
| Foreign exchange differences   | -1.4            | -0.7            |
| <b>Financial expenses, total</b>   | -35.0           | -28.3           |
| <b>Financial income and expenses, total</b>                                  | -29.9           | -25.7           |



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