



Interim Report July–September 2024

Susanne Ehnåge, CEO
Henrik Henriksson, CFO
25 October 2024

LINDEXGROUP

Agenda

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



Business update



Key messages Q3 2024

The fashion market remained volatile in the Group's key markets

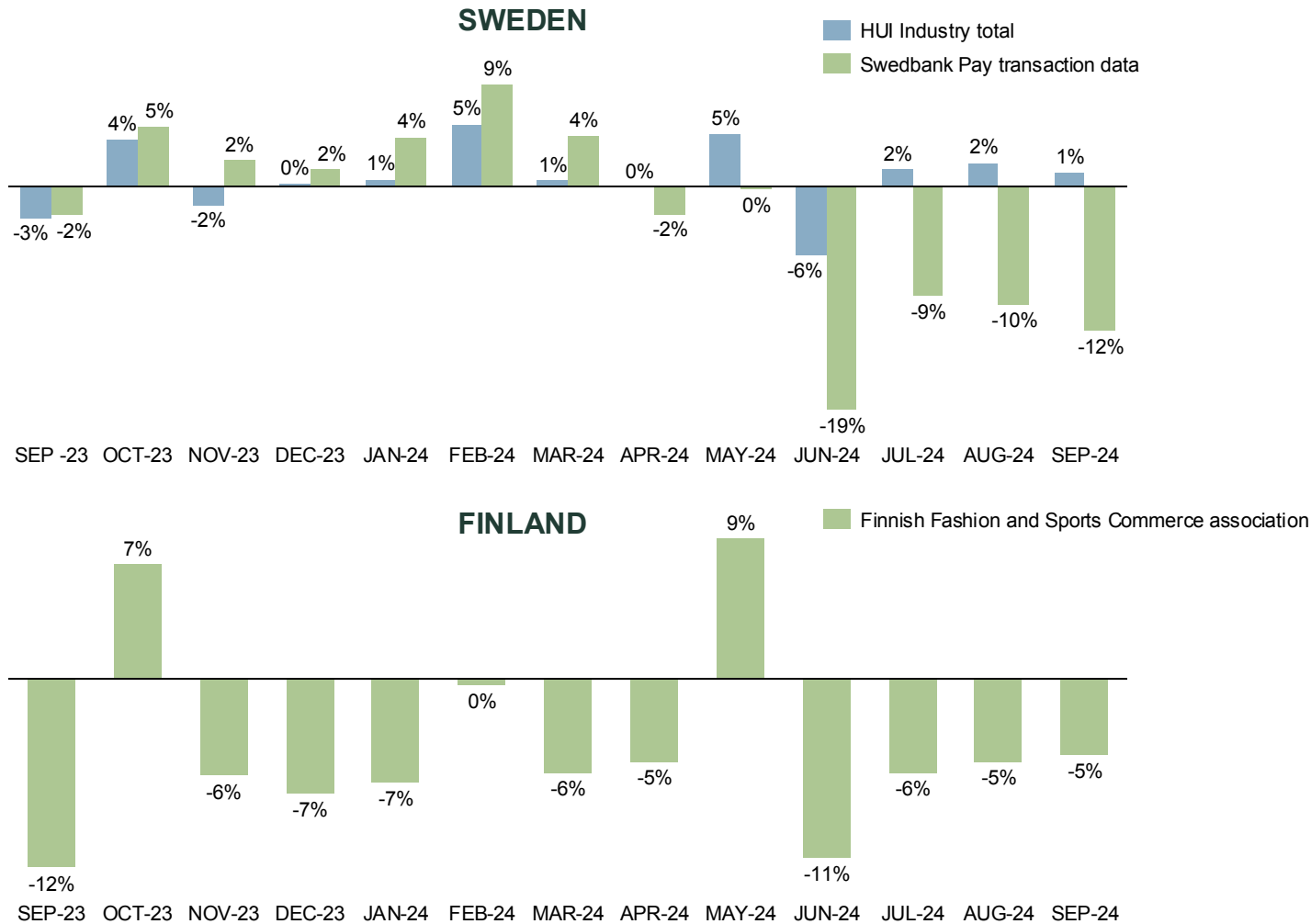
Stockmann division continued its **track of profitability improvement**

Initiatives for future-proofing progressed

Only one disputed claim left in the restructuring programme

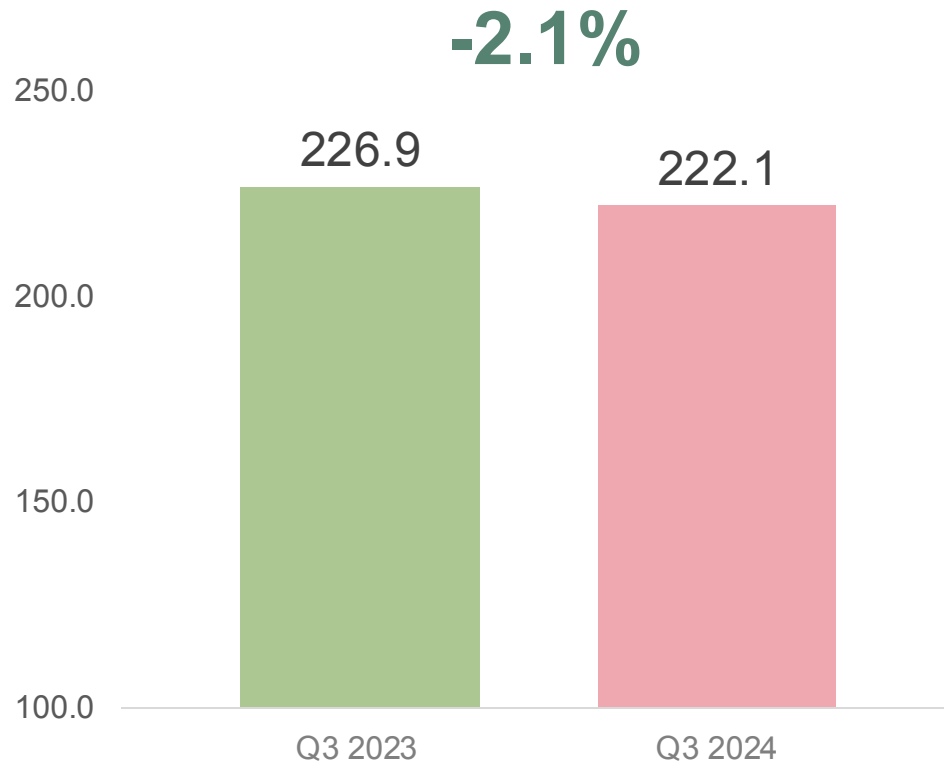
Strategic assessment continuing, expected to be finalised during 2024

Fashion market development



- Fashion market continued to be volatile and challenging in Lindex Group's key markets.
- Market data is indicating a range between minus 12 % to plus 2 %, depending on market and source.

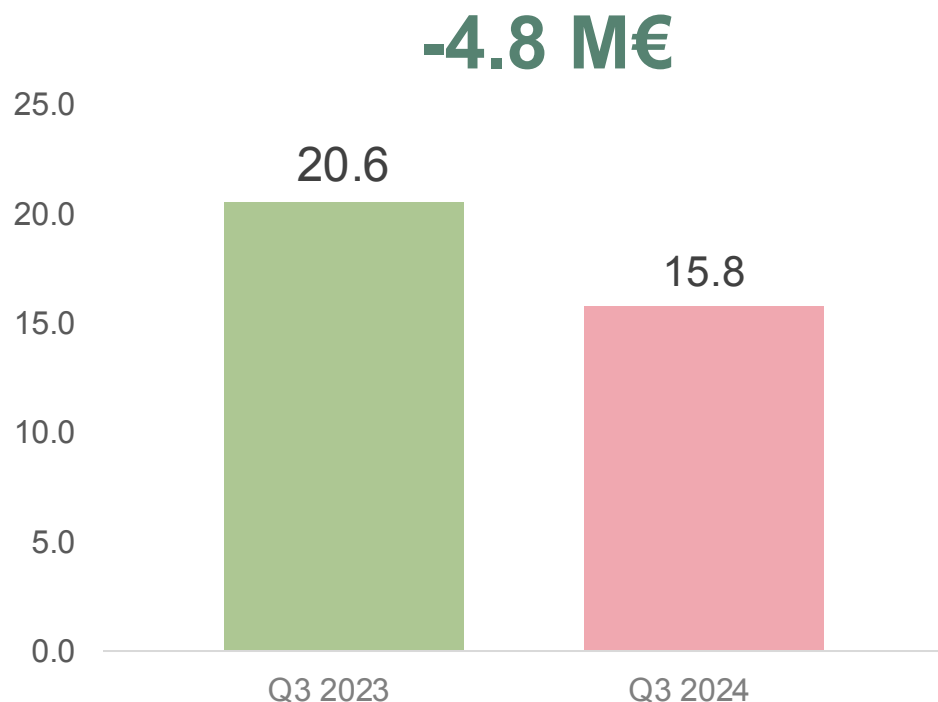
REVENUE, M€



Q3: Lindex Group's revenue decreased slightly

- Group's revenue was impacted mainly by logistical challenges and decrease in fashion sales
- In Lindex Group's key markets, the fashion market remained volatile
- Exceptionally warm weather impacted the Group's revenue negatively

ADJUSTED OPERATING RESULT, M€



Q3: Result impacted by lower revenue and increased costs

- The Group's adjusted operating result declined due to the lower revenue and increased costs in the Lindex division
- Gross profit declined slightly due to a decrease in revenue and higher share of promotions aimed to drive demand
- The decline was partly mitigated by the Stockmann division's improved cost efficiency

Lindex: increased headwinds while future-proofing business

- Profitability weakened by logistical challenges, higher share of promotions and increased costs
- Strong digital growth in line with the strategy, presence on marketplaces further expanded
- New operating model introduced to secure Lindex's future growth and profitability
- Good progress in major ongoing investments and digital transformation
- Successful Back-to-School Campaign and launch of Lindex's innovative Kids performance wear



Stockmann improved despite the challenging market

- Profitability improved as a result of successful cost efficiency measures
- Overall fashion market clearly declined in the division's key markets
- Operational efficiency enhanced by new automated packing solution for e-com, data-driven staff planning solution and HR system
- Continued development of department stores as inspiring shopping destinations, renovations in Helsinki flagship and Tallinn
- After the review period, the Crazy Days campaign performed better than previous year against a difficult market



Guidance 2024

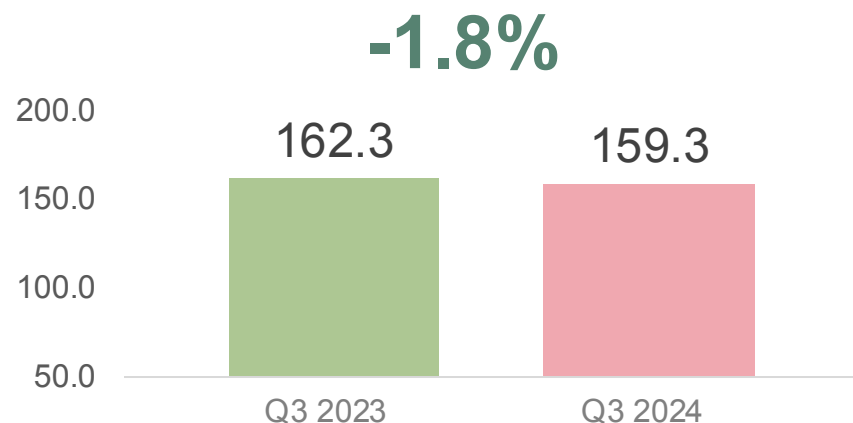
(specified on 25 October 2024)

In 2024, Lindex Group expects its revenue in local currencies to be in the range of -2% to +0% compared to 2023. The Group's adjusted operating result is estimated to be EUR 70–80 million. Foreign exchange rate fluctuations may have a significant effect on the adjusted operating result.

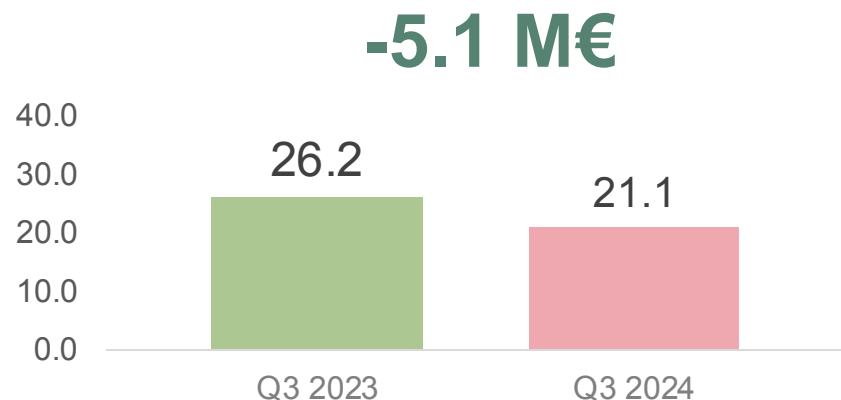
Financial update



LINDEX DIVISION REVENUE, M€



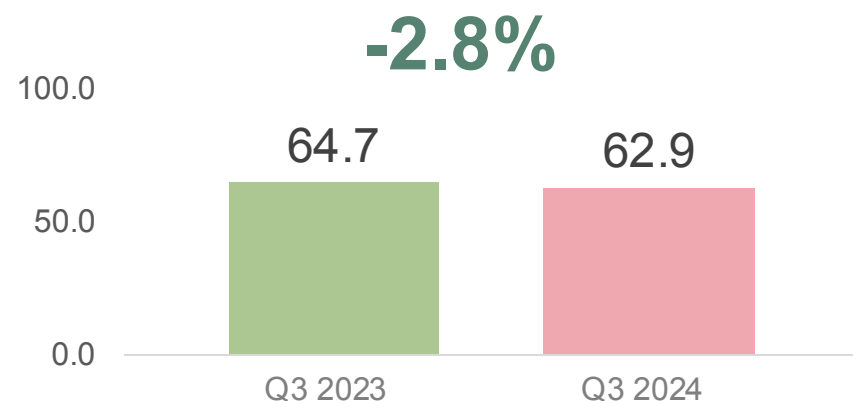
LINDEX DIVISION ADJUSTED OPERATING RESULT, M€



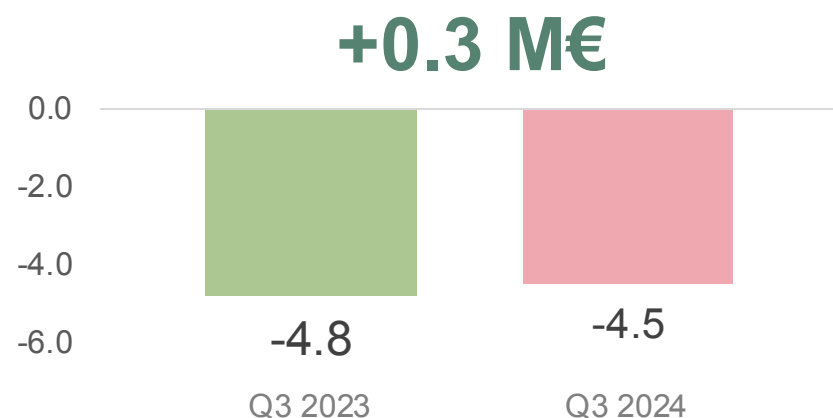
Q3: The Linindex division's result impacted by logistical challenges

- Revenue decreased due to lower stock availability caused by logistical challenges in the latter part of the quarter
 - In local currencies, revenue decreased by 2.5%
- Gross margin weakened to 63.3% (64.2) mainly due to higher share of promotions driving demand and higher freight costs
- Operating costs slightly increased due to inflation and digital development enabling future growth
- Adjusted operating result declined due to lower revenue and increased costs

STOCKMANN DIVISION REVENUE, M€



STOCKMANN DIVISION ADJUSTED OPERATING RESULT, M€

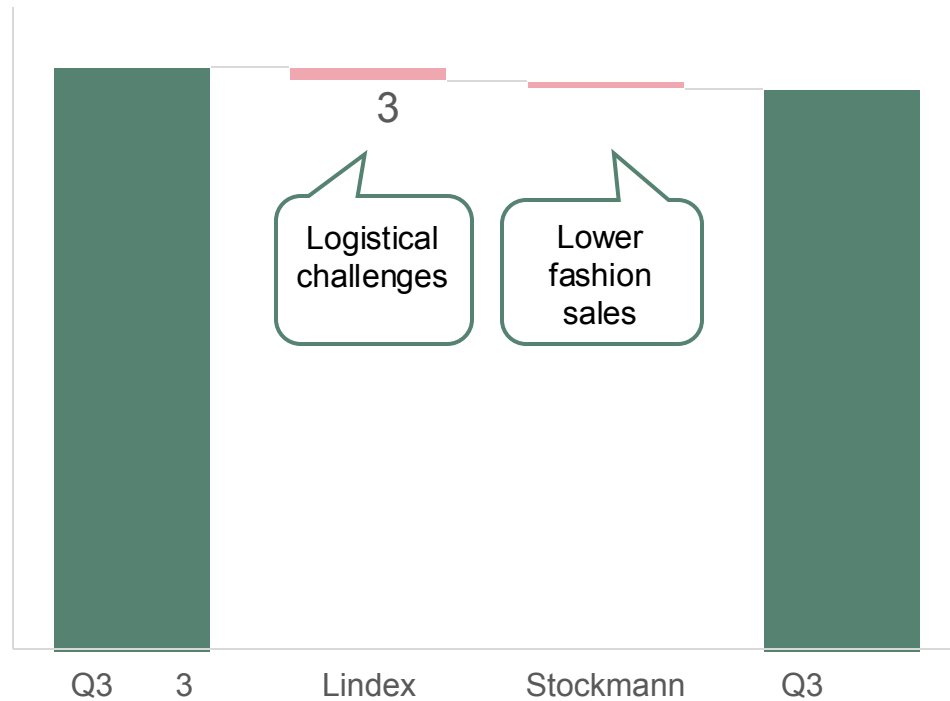


Q3: Overall fashion market declined clearly in Stockmann's key markets

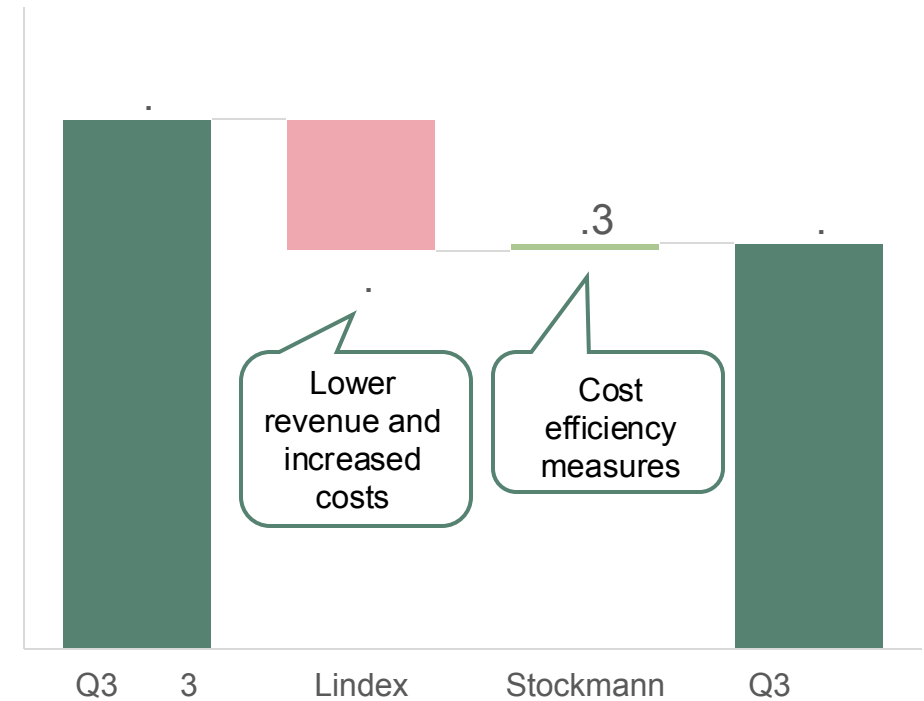
- Revenue decline was impacted by the sales decrease in the division's biggest category, fashion
- Gross margin increased to 45.3% (44.4) due to better clearance sales margin and good inventory management
- Successful cost efficiency measures continued
- Adjusted operating result slightly improved

Q3: Changes in Group revenue and adjusted operating result

CHANGES IN REVENUE, M€

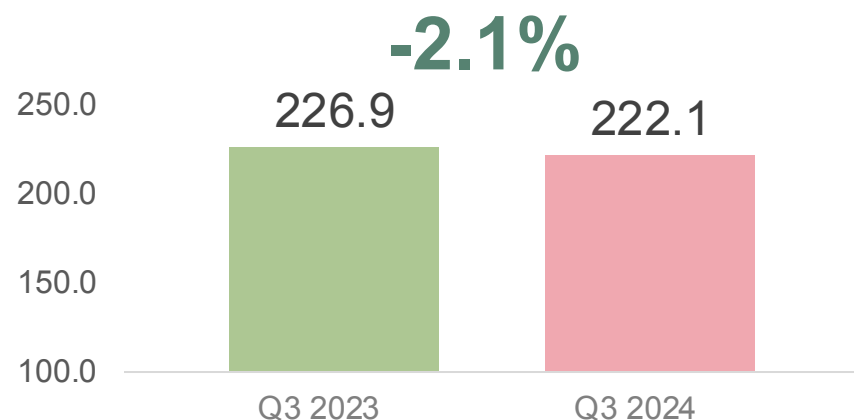


CHANGES IN ADJUSTED OPERATING RESULT, M€

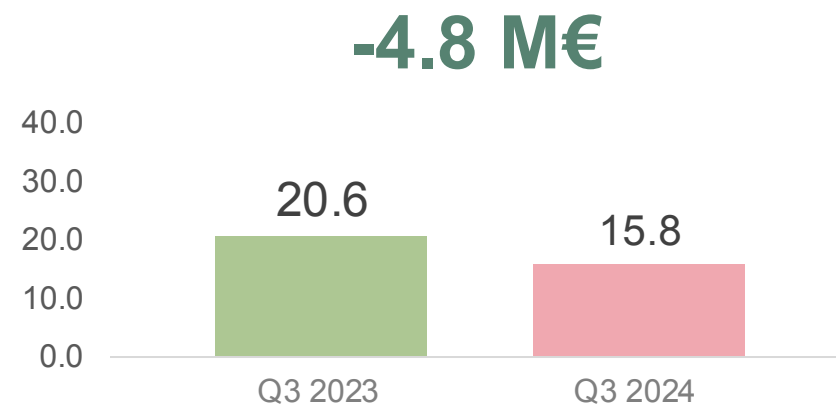


Q3: Group key figures

REVENUE, M€



ADJUSTED OPERATING RESULT, M€



. M€
(20.3)
operating result

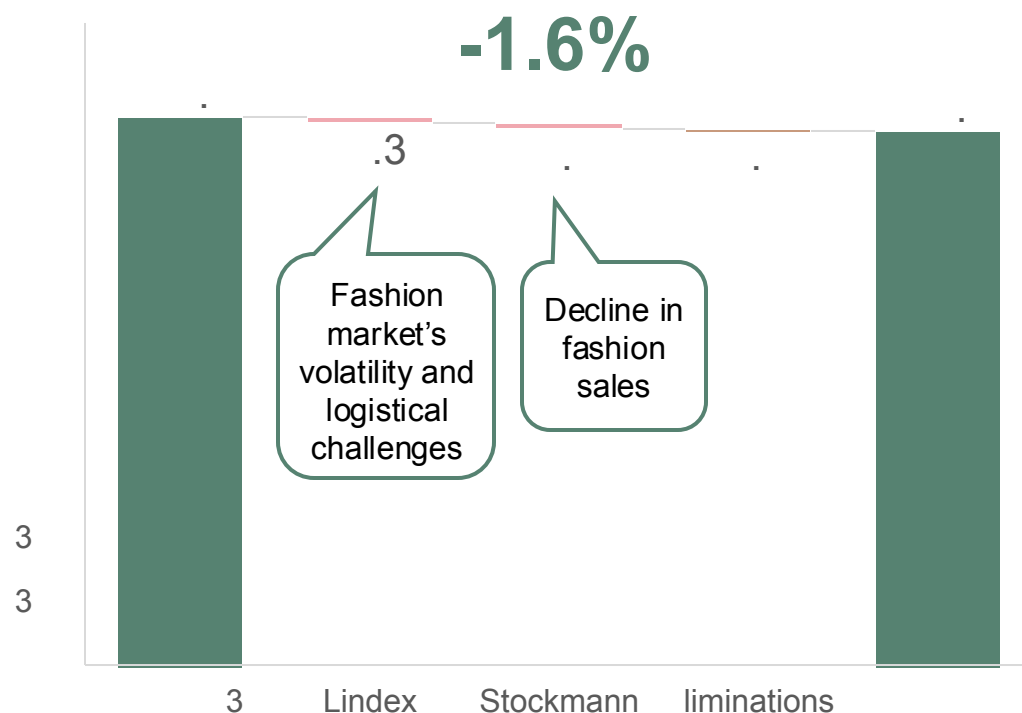
. M€
(8.7)
net result

58.2%
(58.5)
gross margin

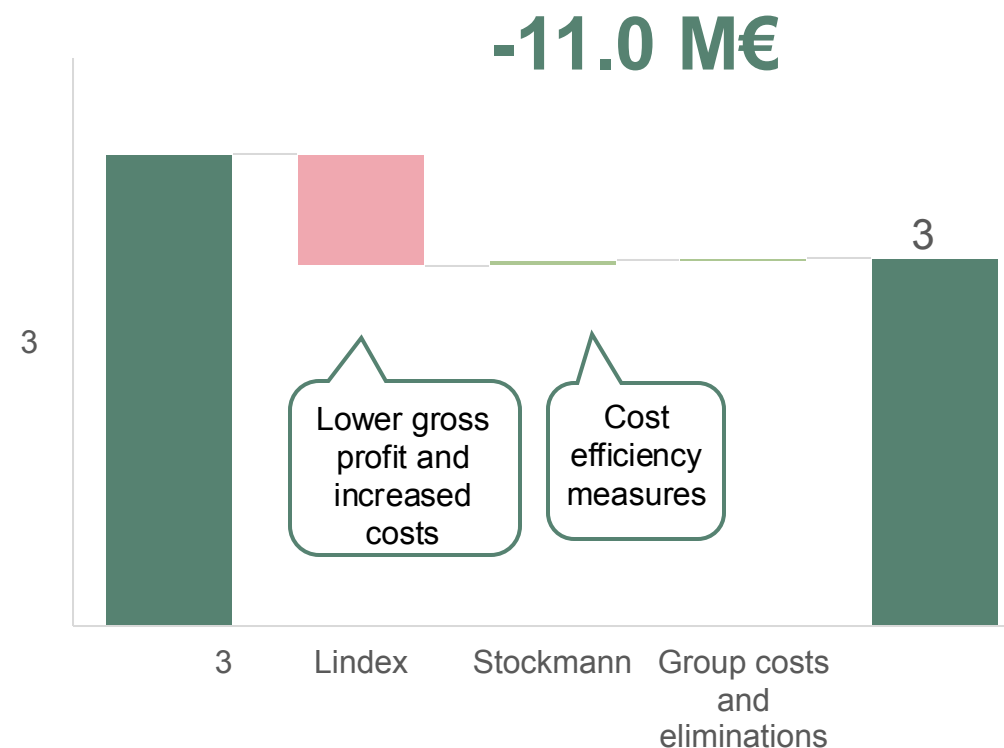
. €
(0.05)
EPS

1–9 2024: Changes in Group revenue and adjusted operating result

CHANGES IN REVENUE, M€



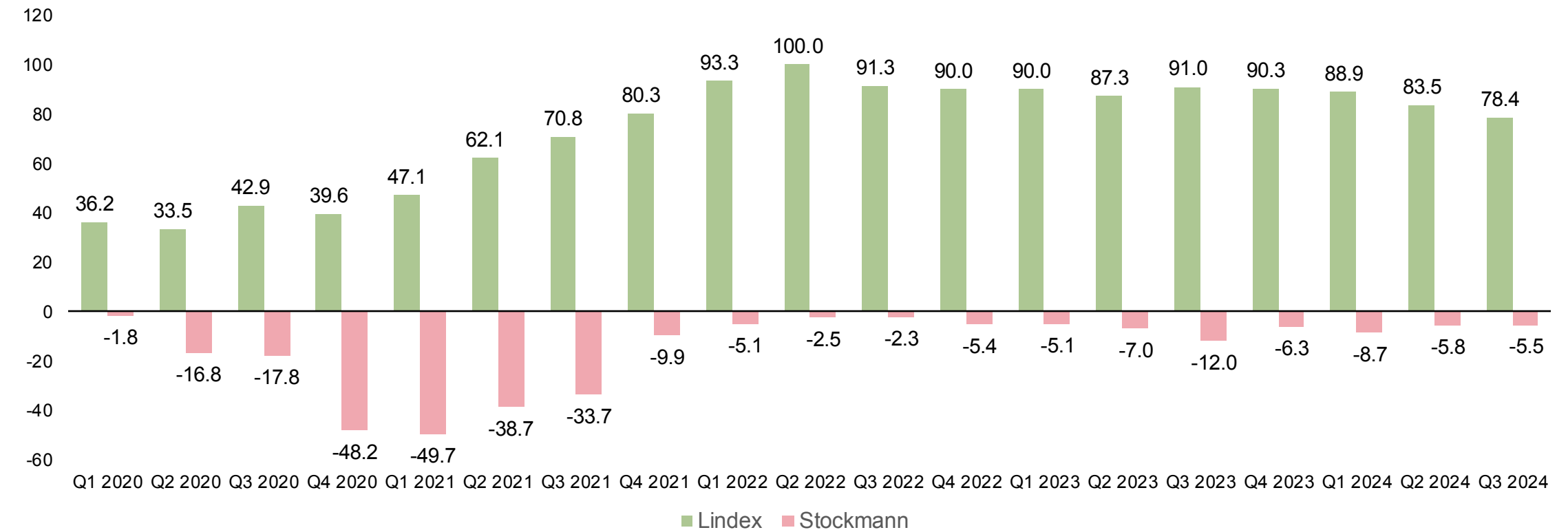
CHANGES IN ADJUSTED OPERATING RESULT, M€



The divisions' profitability levels

ADJUSTED OPERATING RESULT ROLLING TWELVE MONTHS, M€

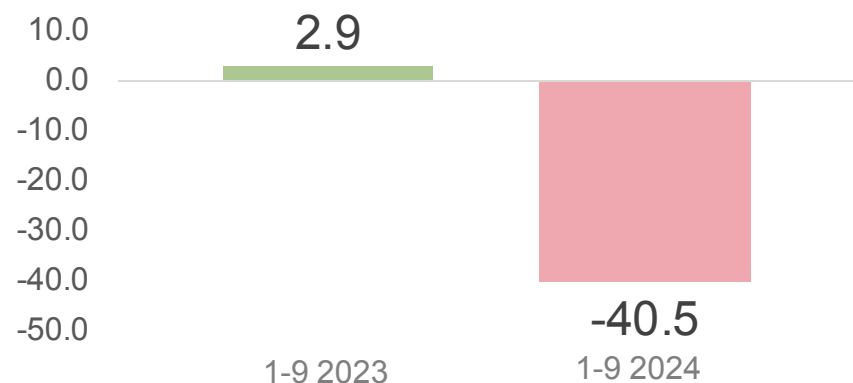
EUR mill.



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1–9 2024: Operating free cash flow and capital expenditure

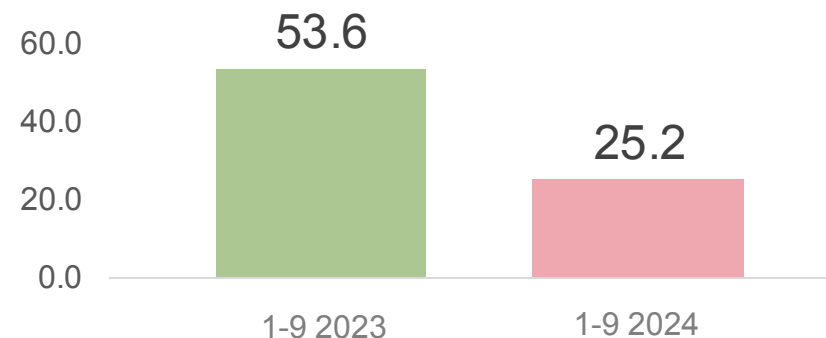
OPERATING FREE CASH FLOW, M€*



- Inventories were EUR 198.6 (193.3) million

* The operating free cash flow is excluding Lindex omnichannel distribution centre and IAC.

CAPITAL EXPENDITURE (EXCL. IFRS 16 ITEMS), M€



- CAPEX, excl the Lindex omnichannel distribution centre EUR 19.4 (15.0) million
- Omnichannel distribution centre EUR 5.8 (38.6) million

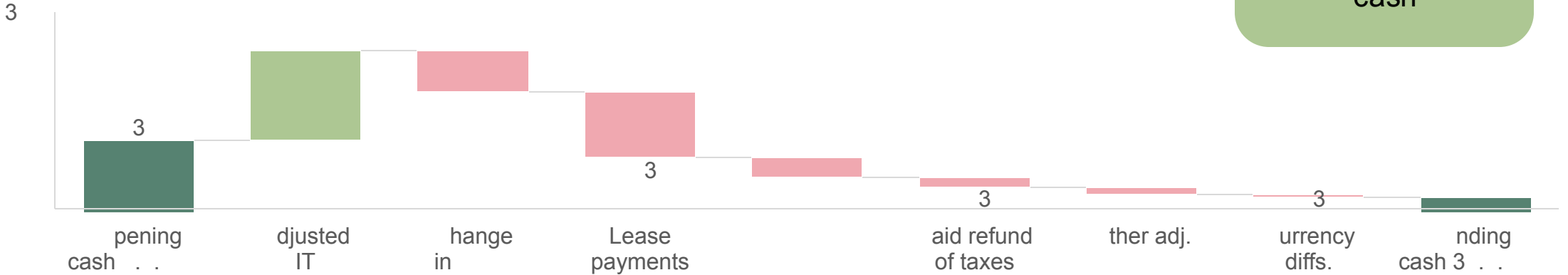
By the end of September, EUR 84 million of the total omnichannel distribution centre investment of EUR 110 million has been paid

Changes in cash position

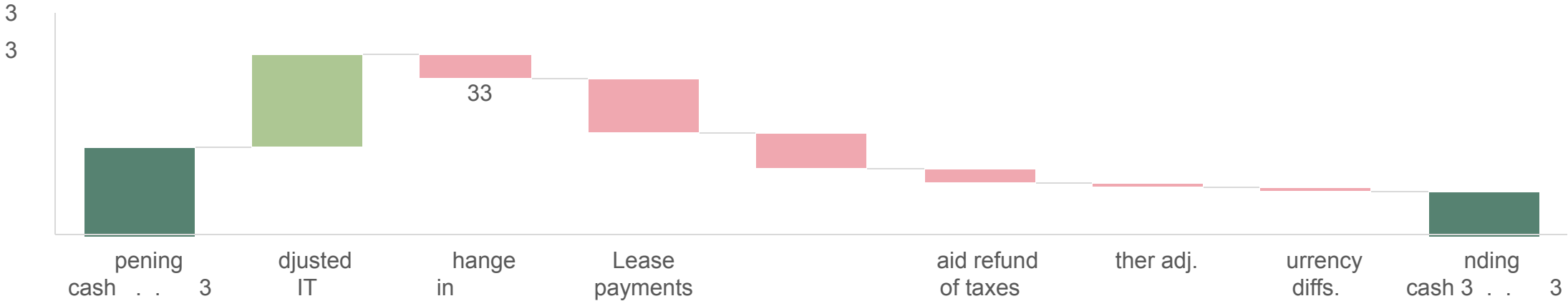
CHANGES IN CASH POSITION PER ITEM, M€

M€
(108.0)
cash

2024
1–9

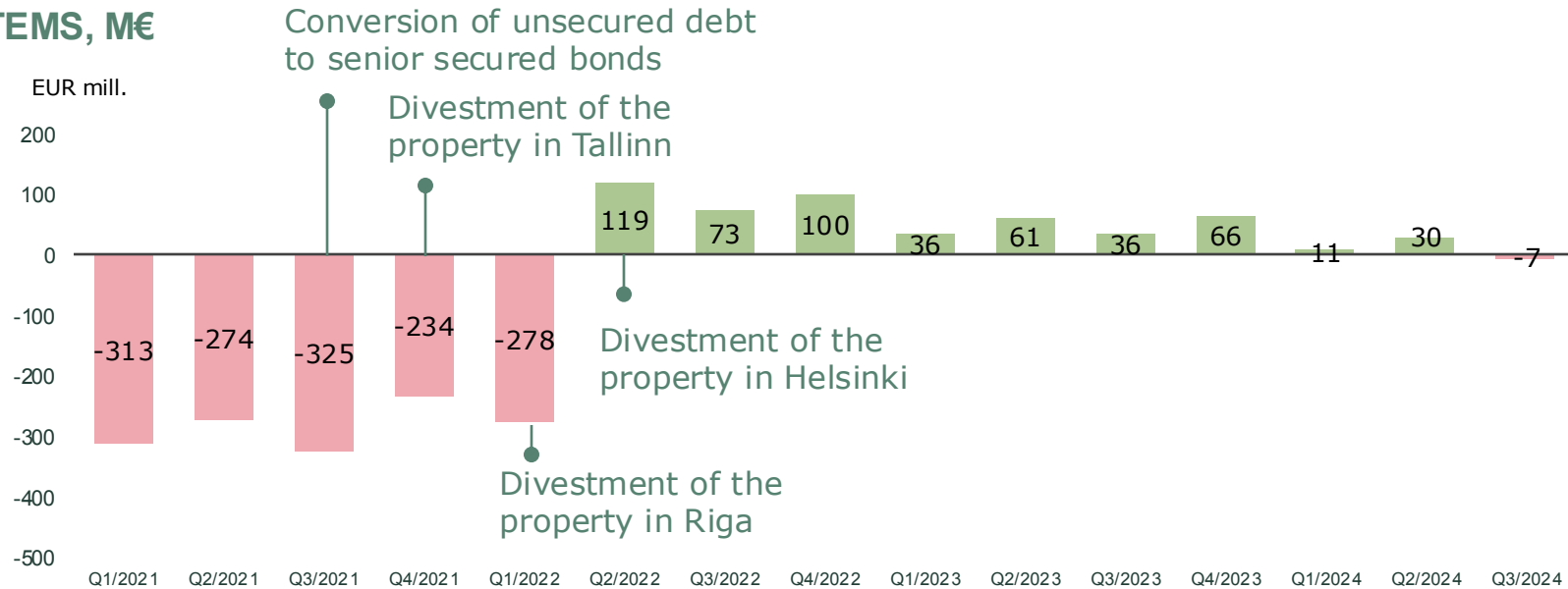


2023
1–9



Good financial position for future growth

NET DEBT EXCL. IFRS 16 ITEMS, M€



61.9%
(58.8)
equity ratio
(excl. IFRS 16)

29.2%
(29.1)
equity ratio

. M€
(549.4)
lease liabilities

3. M€
(71.9)
interest-bearing
liabilities (excl. IFRS 16)

Q3 2024 financials summary

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Revenue decreased slightly in **challenging market environment**

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Result impacted by **logistical challenges** and **increased costs**



Adjusted operating **result improved** in Q3 and 1-9 2024

Way forward



Lindex: Clear strategy for value creation

Accelerate growth

**Transform to a
sustainable business**

**Decouple cost
from growth**

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Lindex new omnichannel distribution centre enabling future growth

- Extensive testing made in preparation for go-live in Q4 2024
- Planned to be operational on a large scale during 2025 supporting efficiency and growth thanks to a significant capacity increase
- One stock operation to enable sales and stock optimization
- Flexible and scalable omnichannel warehouse for all Lindex sales channels
- Reduced transaction cost for e-com orders
- Sustainable distribution centre through BREEAM "Very Good certification", solar energy, working environment and prepared foundation for future enabling of transportation electrification
- From 2026 onwards, EUR 10 million annual savings through improved margins, higher stock turnover and other efficiencies



2023
Construction
begins

2024
Commencement
of operations

2025
Closing of
old logistics
centres

2026
M€
annual
savings

Lindex - Important launches for successful growth

- Investments driving future growth while focusing on cost efficiency
- Continue implementing the digital store program to enhance operational efficiency
- Grow in e-commerce and marketplaces as well as through new sales channels
- Digitalise our supply chain





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

**Elevate offering:
Increase focus
on premium and
luxury**

**Grow and
leverage
loyal customer
base**

**Optimise
omnichannel
performance**

**Improve
operational
efficiency**

Stockmann: Strategy execution with focus on profitability and operational efficiency

- Customer-centric offering development with focus on premium & luxury, Helsinki flagship and e-com leading the way
- Operational and cost efficiency as high priority to improve profitability in volatile market
 - Digitalisation and leveraging technology
 - Organisational and process efficiency
- Derive value from loyal customer base through technology and enhanced processes
- Own the festive season through premium offering and experiences to secure commercial success





Q&A

Further information

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