



HALF YEAR FINANCIAL REPORT Q2 2021

Jari Latvanen, CEO

Stockmann Group | 23 July 2021

A hand in a dark blue sleeve pours a vibrant, multi-colored liquid from a blue pitcher into a green patterned mug. The liquid is thick and flows like a ribbon, landing on a stack of macarons and a small cake. Two more cakes are on the table. The background is a dark green with light green curved lines.

STOCKMANN



STOCKMANN GROUP IN Q2 2021

Group's gross margin

60.5%

(54.1)

Group's adjusted operating result, EUR million

26.7

(0.8)

Cash, EUR million

155.6

(125.5)

- **Stockmann Group**

- Revenue EUR 228.0 million, up by 21.4% in comparable currency rates
- Gross margin improved in both Lindex and Stockmann
- Operating result increased in both Lindex and Stockmann

- **Lindex**

- Revenue up by 32.7% to EUR 162.0 million, growth in the online sales was 51.4%
- Sales increased in all markets and business areas
- Operating costs increased by EUR 12.6 million
- Operating result improved by EUR 15.0 million to EUR 32.2 million

- **Stockmann**

- Revenue up by 9.0% to EUR 66.0 million, decrease in the online store 22.3%
- Operating costs increase by EUR 3.1 million
- Operating result improved by EUR 11.3 million and was EUR -3.9 million

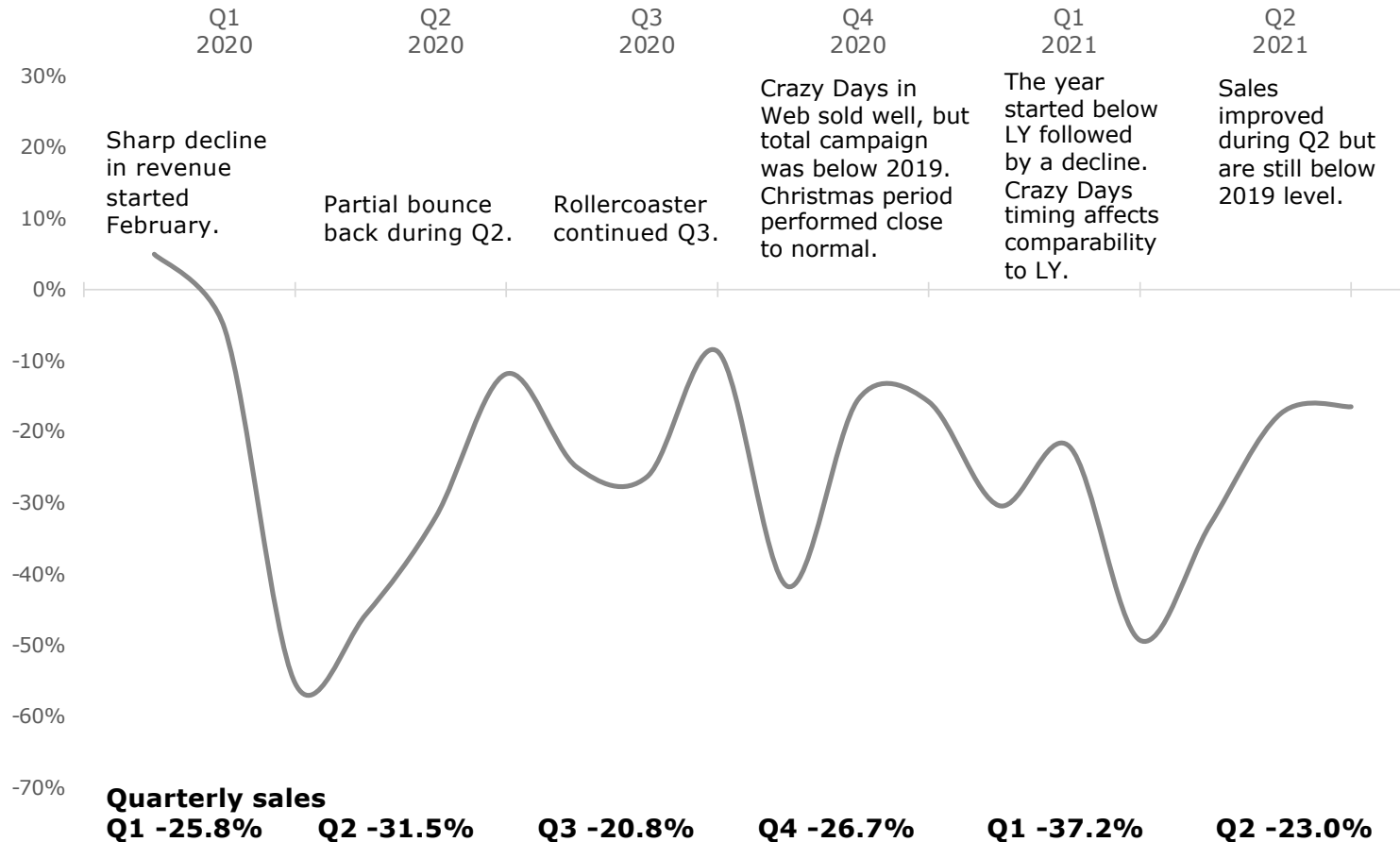


STOCKMANN
DIVISION



STOCKMANN'S REVENUE DURING THE COVID-19 PANDEMIC

Revenue development vs 2019

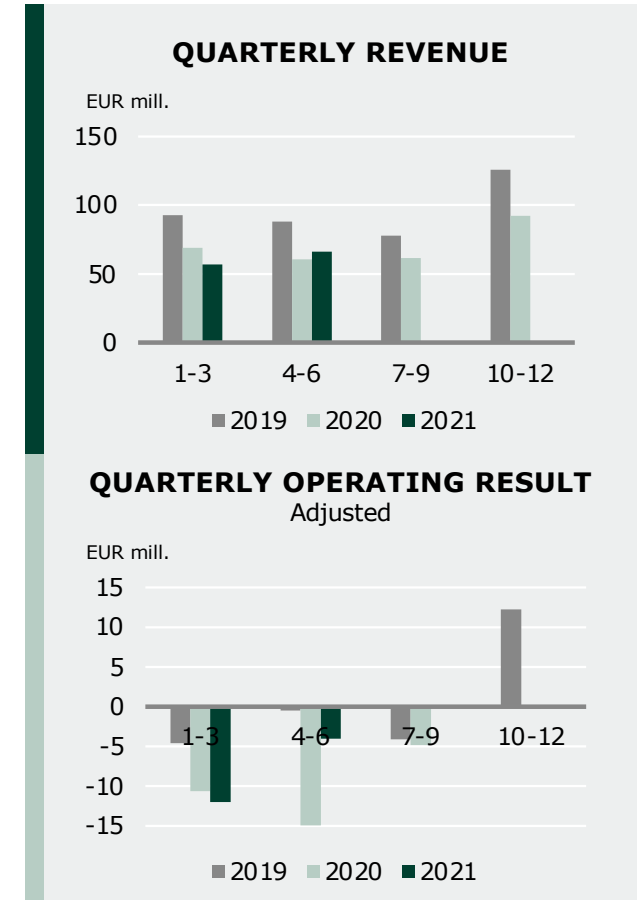


- Sales Q2 2021 increased 11.5% vs 2020 but were 23.0% smaller vs 2019
- B&M sales 2021 increased 24.9% vs 2020 and decreased 32.7% vs 2019
- Online revenue decreased 22.3% vs 2020 (online share was 20.3% for the quarter) which is still an 82.1% increase compared to 2019
- Sales in June decreased by 5.2% vs 2020 and 20.0% vs 2019 due to lack of tourists



STOCKMANN DIVISION, PERFORMANCE IN Q2 2021

- **Revenue** EUR 66.0 million (60.6)
 - Revenue was up by 9.0%
 - Merchandise sales in the brick-and-mortar store increased significantly, by 25% compared to 2020
 - The online store decreased by 22.3% (increased by 82.1% compared to 2019)
 - Share of online sales was 20.3% for the quarter (29.2)
- **Gross margin** increased to 44.1% (35.6)
 - The gross margin increased compared to last year due to increased full price sales and reduced markdowns
- **Operating costs** EUR 29.1 million (26.0) up by EUR 3.1 million
- **Operating result** EUR -3.9 million (-15.2)
- **Adjusted operating result** EUR -4.0 million (-15.2)





STOCKMANN DIVISION, HIGHLIGHTS IN Q2 2021

- **Clearly improving profitability** during H1 2021 and **intensified visitor flows** in brick-and-mortar stores during the second quarter of this year
- **Jumbo and Tampere department store renewals** launched for customers
- **BBQ Royale restaurant** and **Café royale** by chef Michael Björklund were opened in Helsinki Flagship in May
- According to Stockmann strategy for womens' fashion **Relove second-hand shop** and restaurant were opened in Helsinki Flagship in May to increase sustainable options for our customers and to contribute to circular economy
- **New fossil-free, climate compensated online delivery option** was added to home delivery services in stockmann.com in co-operation with Budbee





STOCKMANN DIVISION'S WAY FORWARD

- **Department store renewals** continue in Helsinki and Riga
- Focus on **digital development and improvements in customer experience** - strengthening our omnichannel set-up and smoothness of customer journey continues
- **The sale and lease-back** process of the department store properties located in Helsinki, Tallinn and Riga proceeds
- Improving our **execution capability** for strategic priorities continues
- Proceeding with our **operational efficiency**





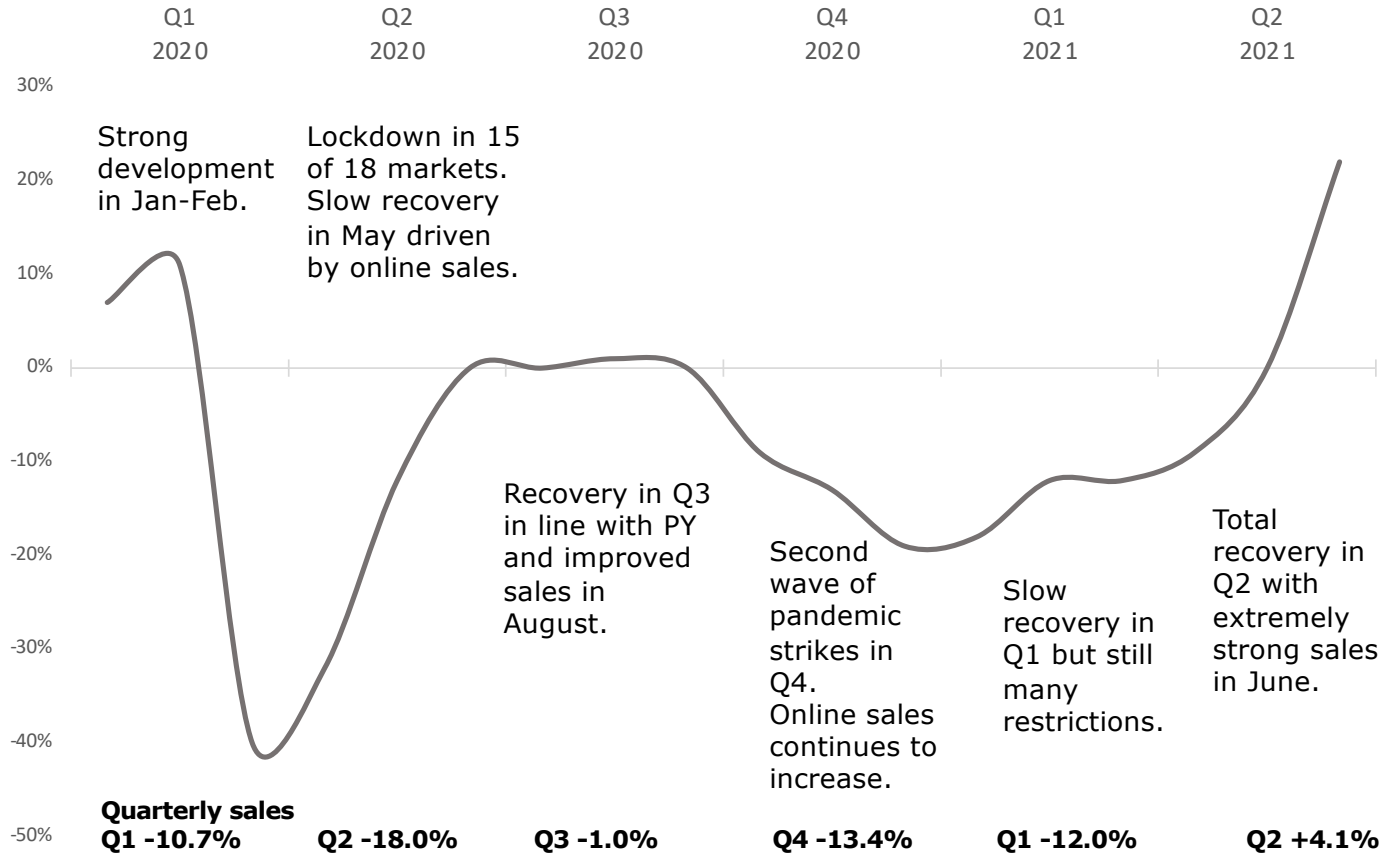
LINDEX

Susanne Ehnbåge
Lindex CEO



LINDEX SALES DEVELOPMENT DURING THE COVID-19 PANDEMIC

Sales development in local currencies vs 2019

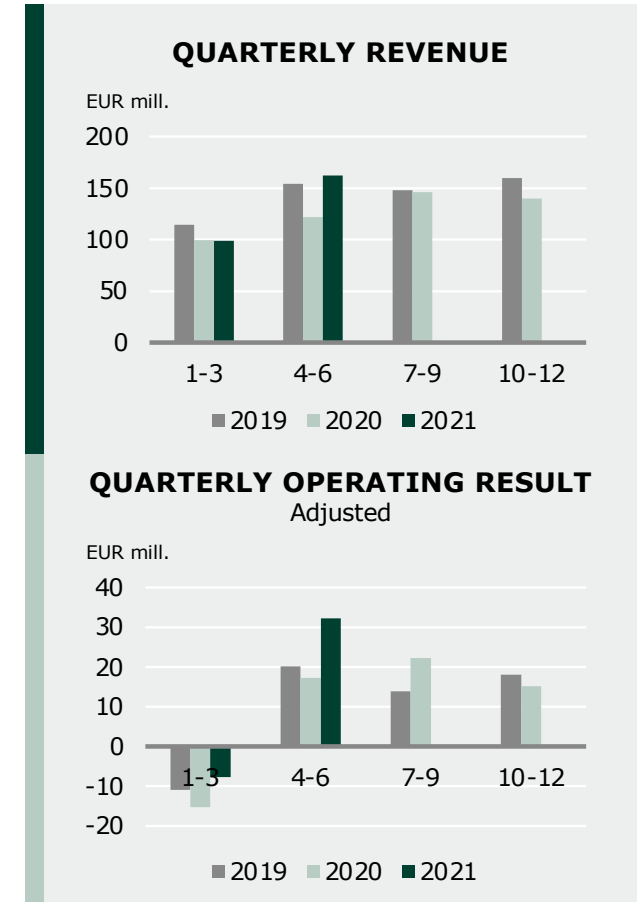


- Total sales in Q2 increased by 25.6% vs 2020 and 4.1% vs 2019 in comparable currency rates.
- Growth in digital sales in Q2 increased by 51.4% vs 2020 and 206% vs 2019.
- Sales in June increased by 22.5% vs 2020 and 23.0% vs 2019.



LINDEX, FINANCIAL PERFORMANCE IN Q2 2021

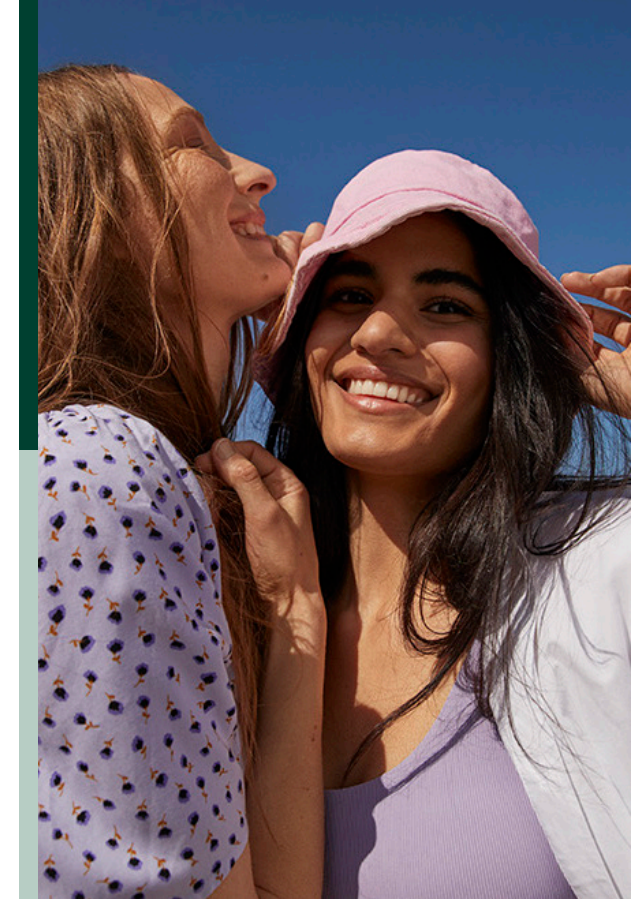
- **Revenue** EUR 162.0 million (122.1)
 - Revenue up by 32.7% or up by 25.6% in comparable currency rates (4.1% compared to 2019)
 - Growth in online sales was 51.4% (206% compared to 2019)
 - Share of online sales was 19.5% (16.2% in 2020, 6.6% in 2019)
 - Better sales development than the market in all Nordic countries
- **Gross margin** increased to 67.1% (63.3)
- **Operating costs** increased to 57.5 (44.9)
- **Operating result** EUR 32.2 million (17.2 in 2020, 20.1 in 2019)





LINDEX, HIGHLIGHTS IN Q2 2021

- **Increased sales** in all markets and business areas
- Initially closed **stores** in most of our sales markets but a more **positive situation** in May and June **due to re-opening**
 - 335 of 452 stores open in April and all stores re-opened beginning of June
- Continued very **strong digital growth**
 - Strong development even when stores reopened
 - Increased assortment and volumes
 - Lindex app launched in several markets
- **Important progress** within Lindex **sustainability promise**
 - New circular business model - launched second hand
 - All Lindex ocean freight decarbonised – switches to biofuels
 - Lindex ranked one of the global leaders in sustainable materials and circularity
 - WE Women toolbox – available for everyone in the industry
 - Advocating inclusiveness and body positivity - launches new bra sizes





LINDEX WAY FORWARD

- Focus on continued **digital development** for **global growth** and meeting customer needs
 - Implement new More loyalty programme system
 - Digital transformation of our stores
 - Evaluation and planning of new omnichannel Distribution Centre
- Proceed our **cost efficiency** and **flexibility**
- Strengthen our **strong customer** offer further based on **insights** and **needs**
 - Develop our online editions and cross functional collections
- Continue our transformation to fulfil our **sustainability promise**





STOCKMANN GROUP

Pekka Vähähyppä
CFO



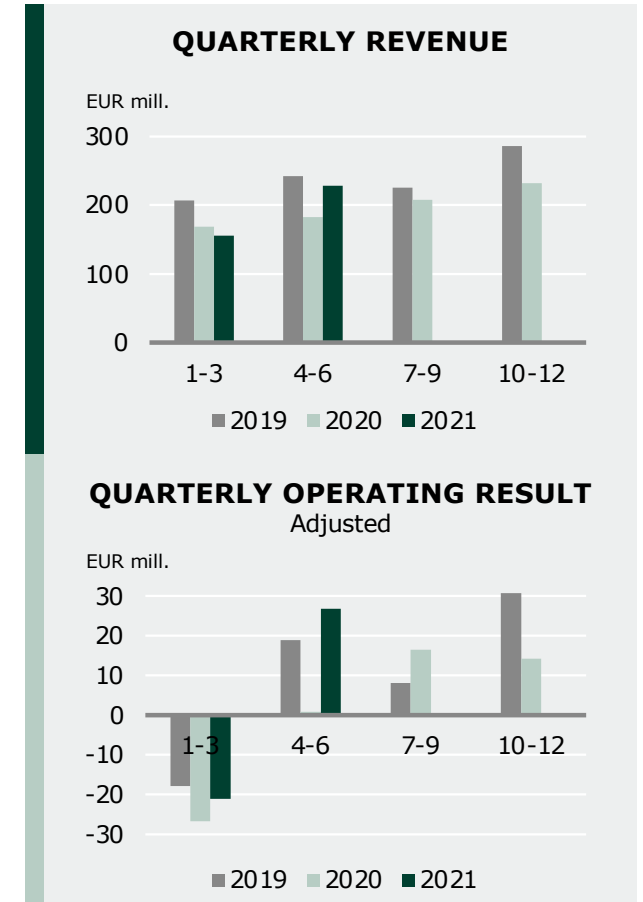
RESTRUCTURING PROGRAMME EXECUTION PROCEEDS WELL

- **Stronger balance sheet after successful conversions of restructuring debt into equity and into a new bond in July 2021**
- **Combination of share classes and increase in number of shares; impact in share liquidity**
- **Remaining undisputed restructuring debt EUR 21.8 million**
- Combination of the A and B share classes in April 2021
- Half (EUR 54,1 million) of the hybrid bond was cut during Q1 2021
- EUR 72.2 million of Stockmann's unsecured restructuring debt and hybrid bond has been converted into shares in Stockmann in July 2021
- EUR 66,1 million of Stockmann's unsecured restructuring debt has been converted into a new secured five-year bullet bond in July 2021
- The sale and lease-back process of the department store properties located in Helsinki, Tallinn and Riga proceeds according to the plan.



STOCKMANN GROUP, FINANCIAL PERFORMANCE IN Q2 2021

- **Revenue** EUR 228.0 million (182.7)
 - Up 21.4% in comparable currency rates
- **Gross margin** 60.5% (54.1)
 - Gross margin up in both Lindex and Stockmann
- **Operating costs** EUR 86.5 million (71.8)
- **Operating result** EUR 26.3 million (-0.4)
- **Adjusted operating result** EUR 26.7 million (0.8)





KEY FIGURES

		4-6/2021	4-6/2020	1-6/2020	1-6/2020	1-12/2020
Equity ratio	%			14.3	24.8	14.6
- Excluding IFRS 16				19.6	35.4	20.8
Adjusted operating result	EUR mill.	26.7	0.8	5.6	-25.9	4.9
Operating result	EUR mill.	26.3	-0.4	-1.4	-28.3	-252.4
Net financial items	EUR mill.	-2.8	-8.2	-8.5	-19.5	-41.6
Result for the period	EUR mill.	19.1	-12.9	-10.4	-48.1	-291.6
Earnings per share	EUR	0.25	-0.20	-0.14	-0.70	-4.05
Cash flow from operating activities	EUR mill.	51.6	108.3	34.7	85.9	147.4
Cash and cash equivalents	EUR mill.			155.6	125.5	152.3
Inventories	EUR mill.			148.7	134.8	135.3
Capital expenditure	EUR mill.	2.2	4.0	4.6	10.3	19.4
Depreciation, amortisation and impairment losses	EUR mill.	-26.6	-32.8	-51.9	-66.5	-379.9
Lease liabilities	EUR mill.			327.8	489.5	371,2
Balance sheet total	EUR mill.			1 383.3	1 710.4	1 428.1



GUIDANCE AND OUTLOOK FOR 2021

Updated guidance for 2021:

Stockmann expects a clear increase to the Group revenue and the adjusted operating result to be clearly positive assuming that no major COVID-19 restrictions are imposed.

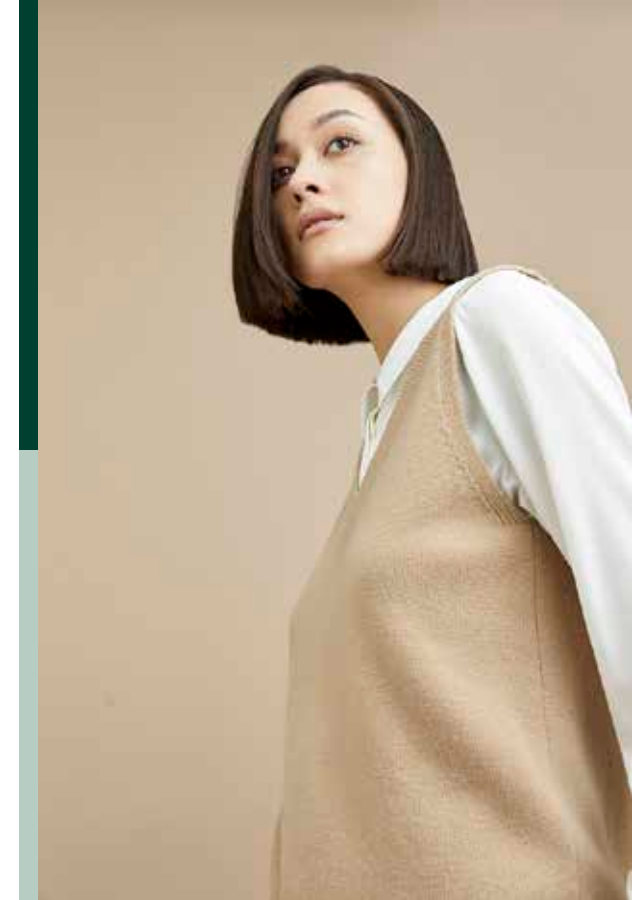
Previous guidance (published on 30 April 2021):

The prolonged COVID-19 pandemic gives rise to a lack of clarity in Stockmann's business environment. As the outlook is unclear, Stockmann will provide a new guidance when the market visibility improves.

Market outlook for 2021:

Uncertainty in the global economy is expected to persist throughout 2021, and the COVID-19 pandemic is having a significant impact on the economy across the world, until coronavirus situation is under better control. The retail market is expected to remain challenging due to changes in consumer behaviour and confidence, which are also affected by the coronavirus situation.

The Stockmann division will continue to execute the restructuring programme in 2021 and Lindex to drive efficiencies and explore new growth opportunities.



Q&A

Further information

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