

STOCKMANN

Stockmann Group Half-year Financial Report 2023

Susanne Ehnbåge, CEO
Annelie Forsberg, CFO

21 July 2023

LINDEX



Agenda

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



Susanne Ehnåge: The new Stockmann Group CEO

On 12 May 2023, Stockmann's Board of Directors appointed **Susanne Ehnåge** as CEO for the Stockmann Group

- Joined Lindex as CEO in 2018

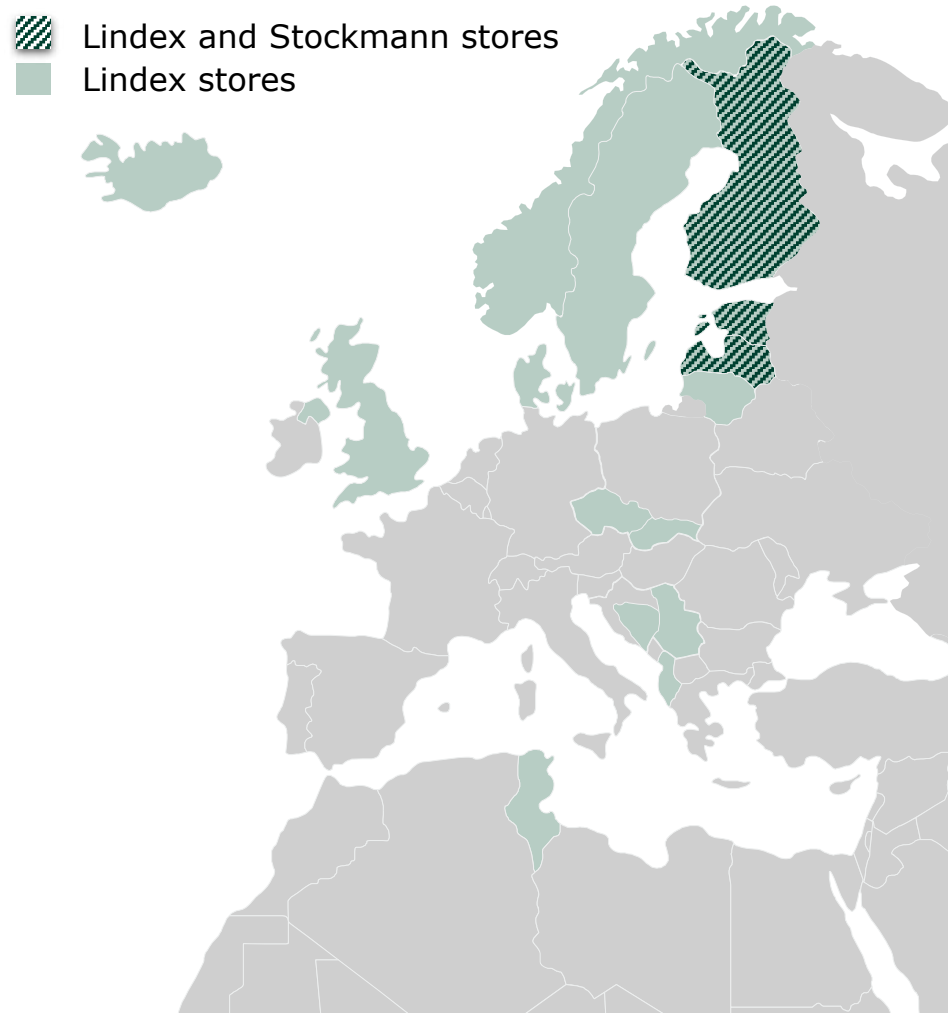
Group Management Team consists of

- Susanne Ehnåge CEO Stockmann Group & CEO Lindex
- Annelie Forsberg CFO Stockmann group & CFO Lindex
- Tove Westermarck COO Stockmann division
- Jukka Naulapää CLO Stockmann group




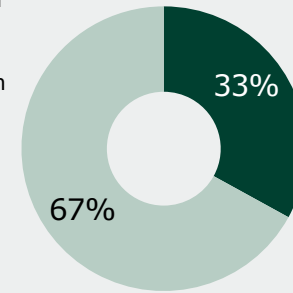
The Lindex division and fashion are driving the Group

 Lindex and Stockmann stores
 Lindex stores



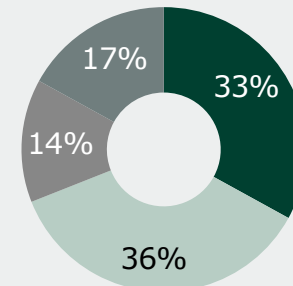
BY DIVISION

 Stockmann
 Lindex








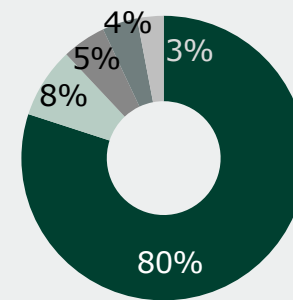
BY MARKET

 Finland
 Sweden
 Norway
 Other



BY PRODUCT GROUP

 Fashion
 Beauty
 Home
 Food
 Other



438 FASHION STORES

8 DEPARTMENT STORES

B&M STORES IN 18 COUNTRIES

OWN E-COMMERCE IN 34 MARKETS

WORLDWIDE ONLINE SALES THROUGH PARTNERSHIPS

Group's purchasing offices are located in Bangladesh, Hong Kong, India, China and Turkey.

Note: Graphs are based on the Group's full-year 2022 revenue

Business update

Stockmann Group

- Highlights in the second quarter

Challenging market conditions

Group's revenue on par

- -0.5% in local currency and -6.3% in EUR
- Heavy currency impact from weak SEK
- Lindex +2% with increases in all main markets, more customers
- Stockmann division -6.4%, mainly timing of CD, less sqm in Itis

Group's adjusted operating result on par in local currencies, but decreased in EUR

- + Gross margin improvement, cost savings, Lindex sales
- Inflation, US-dollar, raw-material prices, Stockmann clearance

Improved financial situation

- Higher equity ratio, positive cashflow, balanced inventories
- Revolving credit facility of EUR 40 million signed in July

Science Based Targets initiative (SBTi)

- Climate targets approved by the Board

Group's revenue, EUR million

252.0 (269.0)

Group's adjusted operating result, EUR million

31.6 (35.4)

Group's operating result, EUR million

30.2 (114.5)

Inventories, EUR million

171.8 (180.6)

Cash, EUR million

132.7 (184.6)

Net cash (Cash – interest bearing debt) excl IFRS 16, EUR million

60.9 (118.6)



Lindex division

- Digital and physical **sales growth** with **improved profitability**
- Expensive US Dollar, raw material prices and inflation **impacted operations** – but were **successfully mitigated**
- **Increased** number of **customers**
- **Lingerie** best performing category
- Continued our **femtech journey** and **circular transformation**, exploring **new services** and circular business models
- Major steps in **digital transformation** with **ongoing investments**



Stockmann division

- **Revenue increased** during **the first half-year** with a strong Q1 growth, **decreased in Q2**
- **Increased** number of new **loyalty programme members** and improved **customer satisfaction**
- Customer-driven **development of department stores** into **inspiring destinations**
- Strengthened **position in luxury and affordable luxury**
- **New sustainable choices** supporting circularity to selection and services
- Supporting and celebrating **diversity, equality and inclusion**





Financial development

Macrotrends impacting our business

Factors impacting the Stockmann Group

- Currency effects
 - EUR/SEK vs PY +12%
 - EUR/SEK vs PPY +16%
 - USD/SEK vs PY +6%
 - USD/SEK vs PPY **+27%**
- Raw material prices
- Container and freight prices
- Inflation
 - Customers purchasing power
 - Own costs, salaries, leases, etc.

EURO to SEK

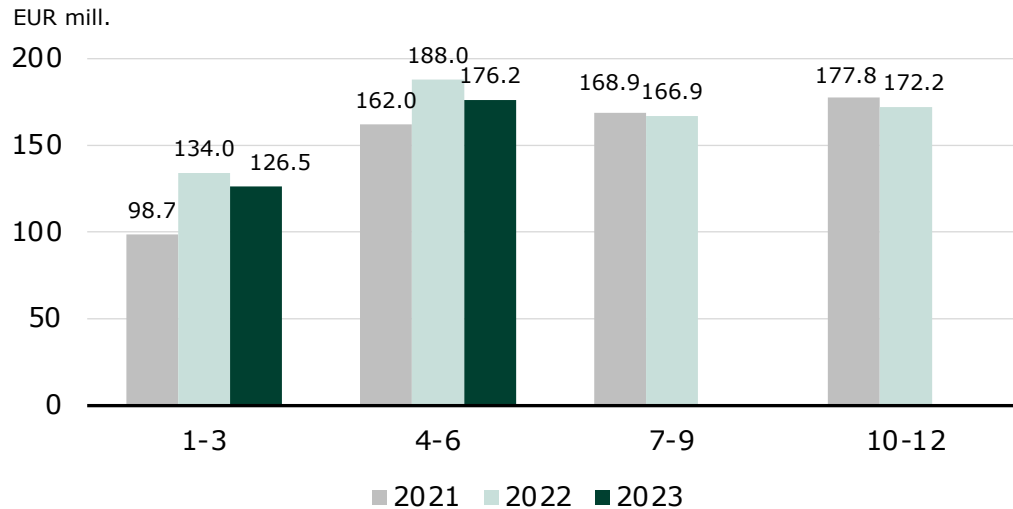


USD to SEK



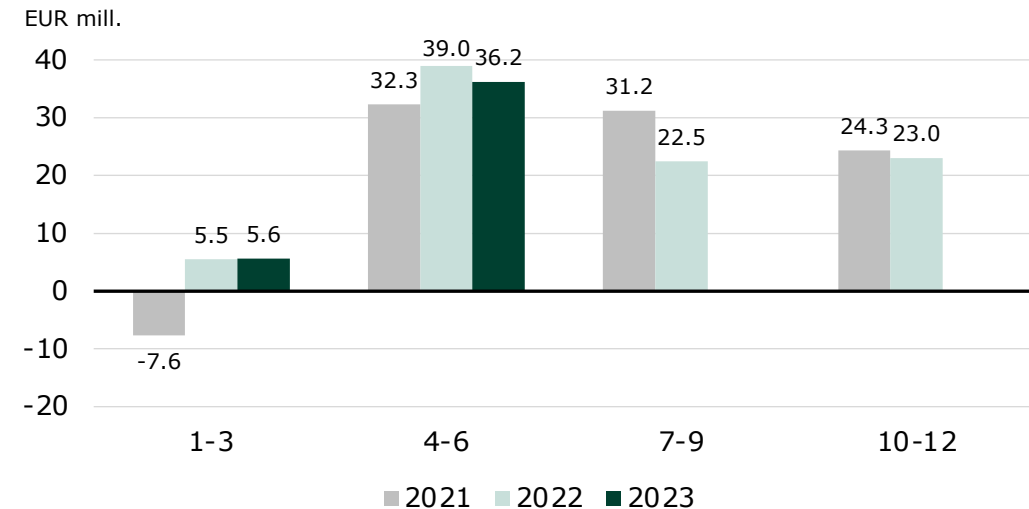
Lindex – Sales growth in LC and improved profitability

QUARTERLY REVENUE



QUARTERLY OPERATING RESULT

Adjusted



Q2

Revenue EUR 176.2 million (188.0)

- Revenue up by 2.0% in local currencies but down by 6.3% in EUR
- Sales increase: Physical 0.2%, digital 9.7%, in all main markets
- Online share: 17.2% (16.0)
- More than 300 000 new customers

Adjusted operating result EUR 36.2 million (39.0)

- Gross margin increased to 66.8% (65.4)
- Operating costs decreased to EUR 63.7 million (66.7)

Q1-Q2

Revenue EUR 302.7 million (322.0)

- Revenue up by 1.4% in local currencies but down by 6.0% in EUR
- Sales increased: Physical 1.1%, digital 2.1%, in all main markets
- Online share: 19.0% (18.9)

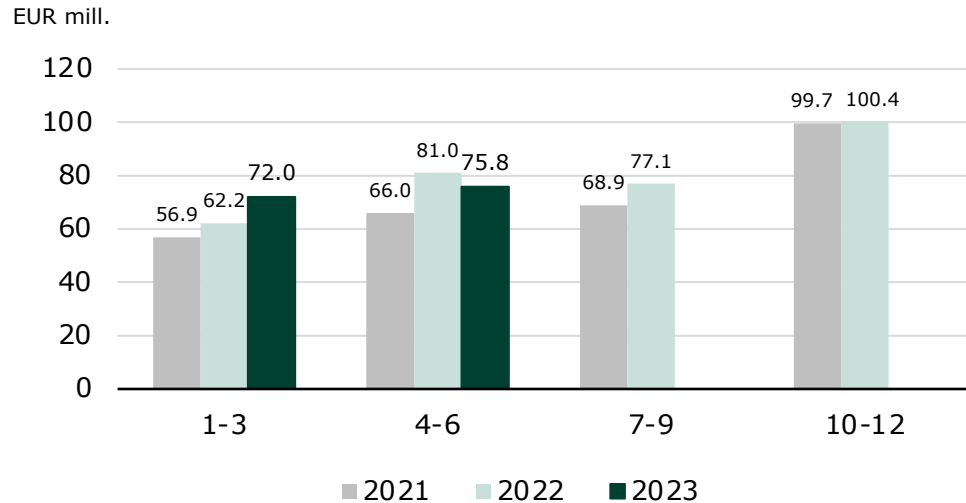
Adjusted operating result EUR 41.8 million (44.5)

- Gross margin increased to 66.1% (65.0)
- Operating costs decreased to EUR 121.8 million (128.5)

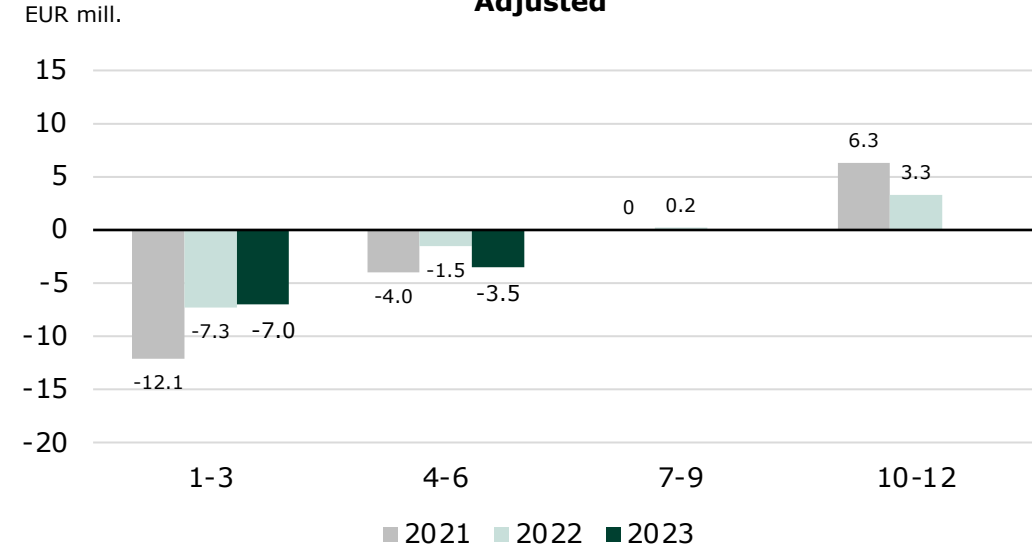


Stockmann division – Sales increase Q1-Q2

QUARTERLY REVENUE



QUARTERLY OPERATING RESULT Adjusted



Q2 Revenue down by 6.4% to EUR 75.8 million (81.0)

- Sales: Physical -5.0%, digital -14.7%
- Online share: 13.3% (14.6)
- Timing of Crazy Days contributed more to the first
- Itis concept change

Adjusted operating result EUR -3,5 million (-1.5)

- Gross margin decreased to 44.7% (45.3)
- Operating costs decreased to EUR 30.2 million (32.9)

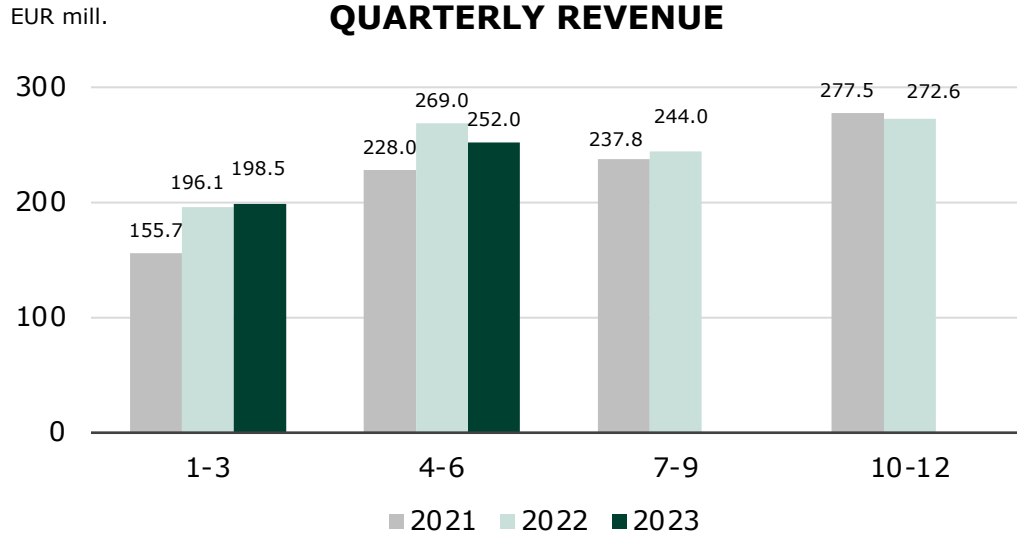
Q1-Q2 Revenue up by 3.2% to EUR 147.8 million (143.1)

- Sales: Physical +4.8%, digital -7.1%
- Online share: 12.2% (13.6)
- Impact of Itis concept change

Adjusted operating result EUR -10.5 million (-8.8)

- Gross margin decreased to 43.0% (44.6)
- Operating costs decreased to EUR 60.0 million (62.1)

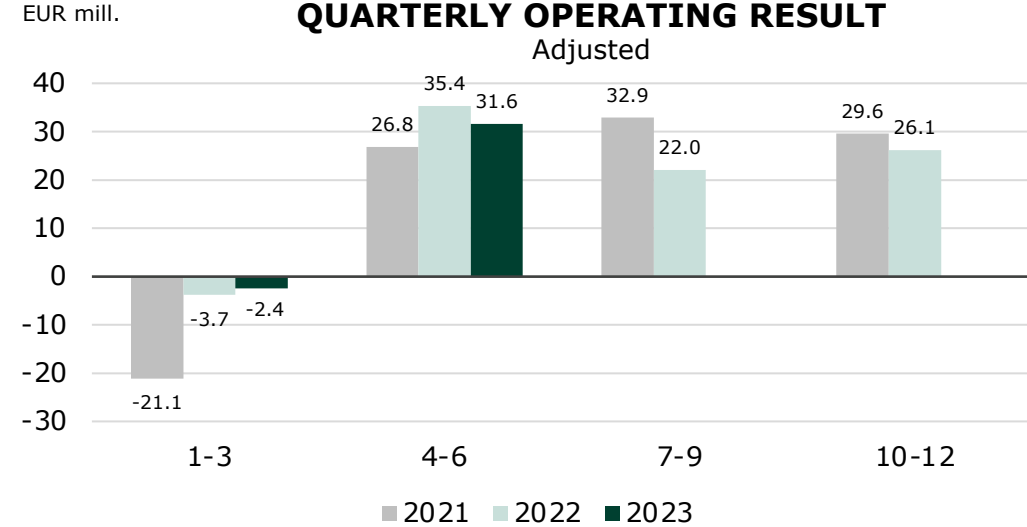
Stockmann Group – Impacted by reporting currency



Q2

Revenue EUR 252.0 million (269.0)

- Down by 0.5% in local currencies
- Down by 6.3% in EUR



Adjusted operating result EUR 31.6 million (35.4) - on par with PY in LC

- Lindex division EUR 36.2 million (39.0)
- Stockmann division EUR -3.5 million (-1.5)
- Stockmann group costs EUR -1.1 million (-2.1)

Operating result EUR 30.2 million (114.5)

- Capital gain from sale of Helsinki real estate last year EUR 81.4 million

Q1-Q2

Revenue EUR 450.4 million (465.1)

- Up by 2.0% in local currencies
- Down by 3.2% in EUR

Adjusted operating result EUR 29.2 million (31.6) – increase from PY in LC

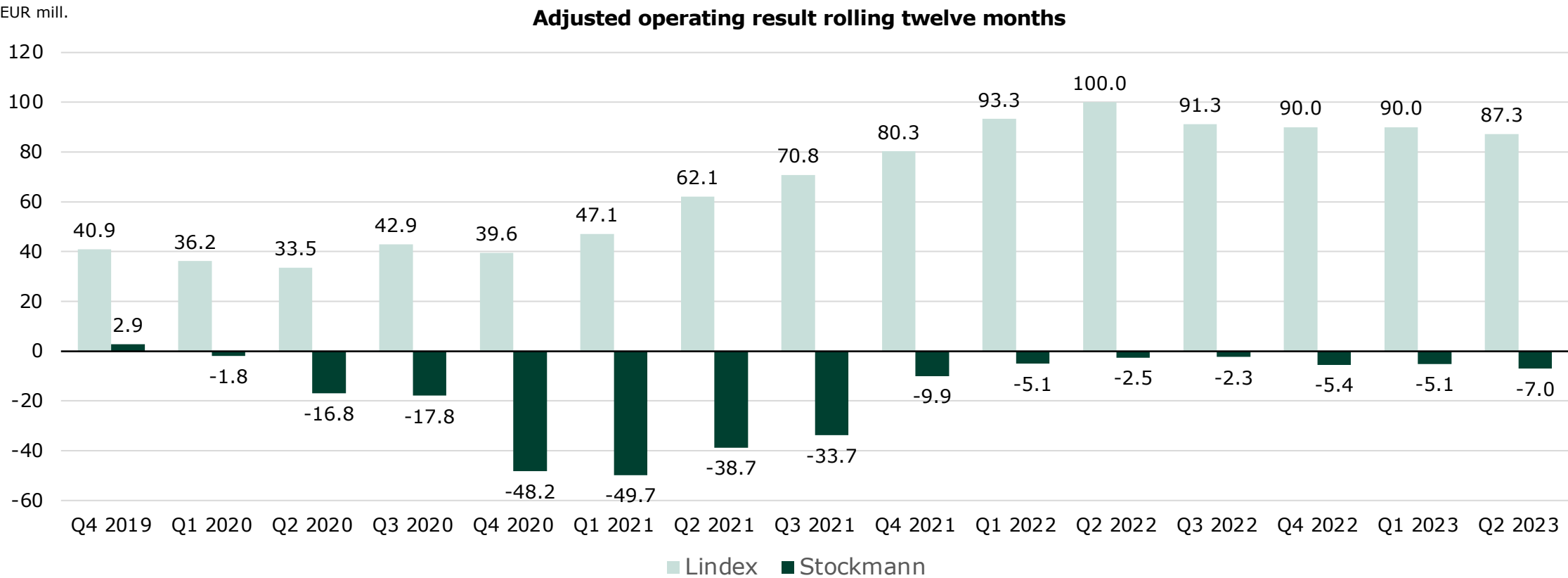
- Lindex division EUR 41.8 million (44.5)
- Stockmann division EUR -10.5 million (-8.8)
- Stockmann group costs EUR -2.1 million (-4.0)

Operating result EUR 27.3 million (124.3)

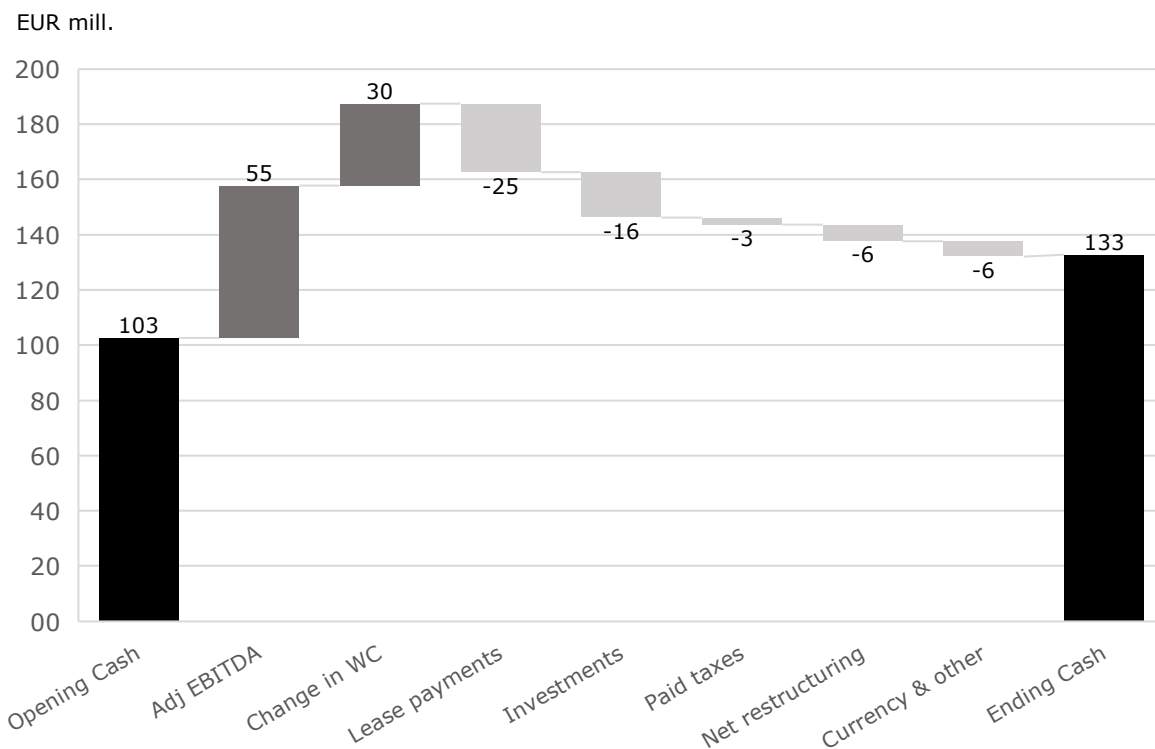
- Capital gain from sale of Helsinki & Riga real estate last year EUR 95.4 million



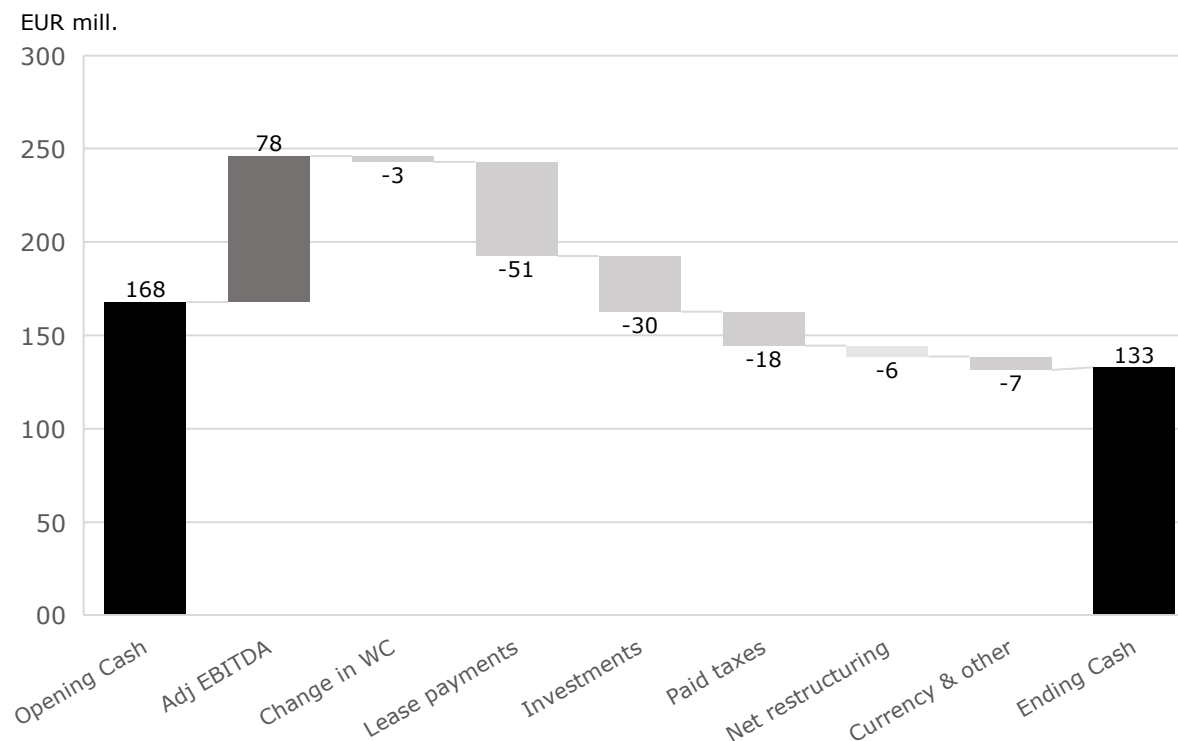
Profitability level of divisions – Lindex impacted by reporting currency



Total cash flow in Q2 and YTD 2023



Q2 2022	131	+61	+14*	-27	-6	-1	+23	-10	185
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Q1-Q2 2022	214	+83	-51*	-50	-11	-15	+22	-7	185
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- Inventories decreased EUR 171.8 million (180.6)
- CAPEX Lindex Omnichannel distribution centre EUR 10.4 million in Q2 2023, EUR 18.2 million YTD and EUR 57.0 million since start
- CAPEX Omnichannel distribution centre going forward 2023: EUR 40 million, 2024: EUR 10 million, 2025: EUR 3 million

* In 2022, change in Working Capital included repayment of pandemic loans approx. EUR 35 million in Q1 and EUR 5 million in Q2



Strong financial position – positive net debt

Cash

EUR 132.7 mill.

(EUR 184.6 mill. 06/2022)

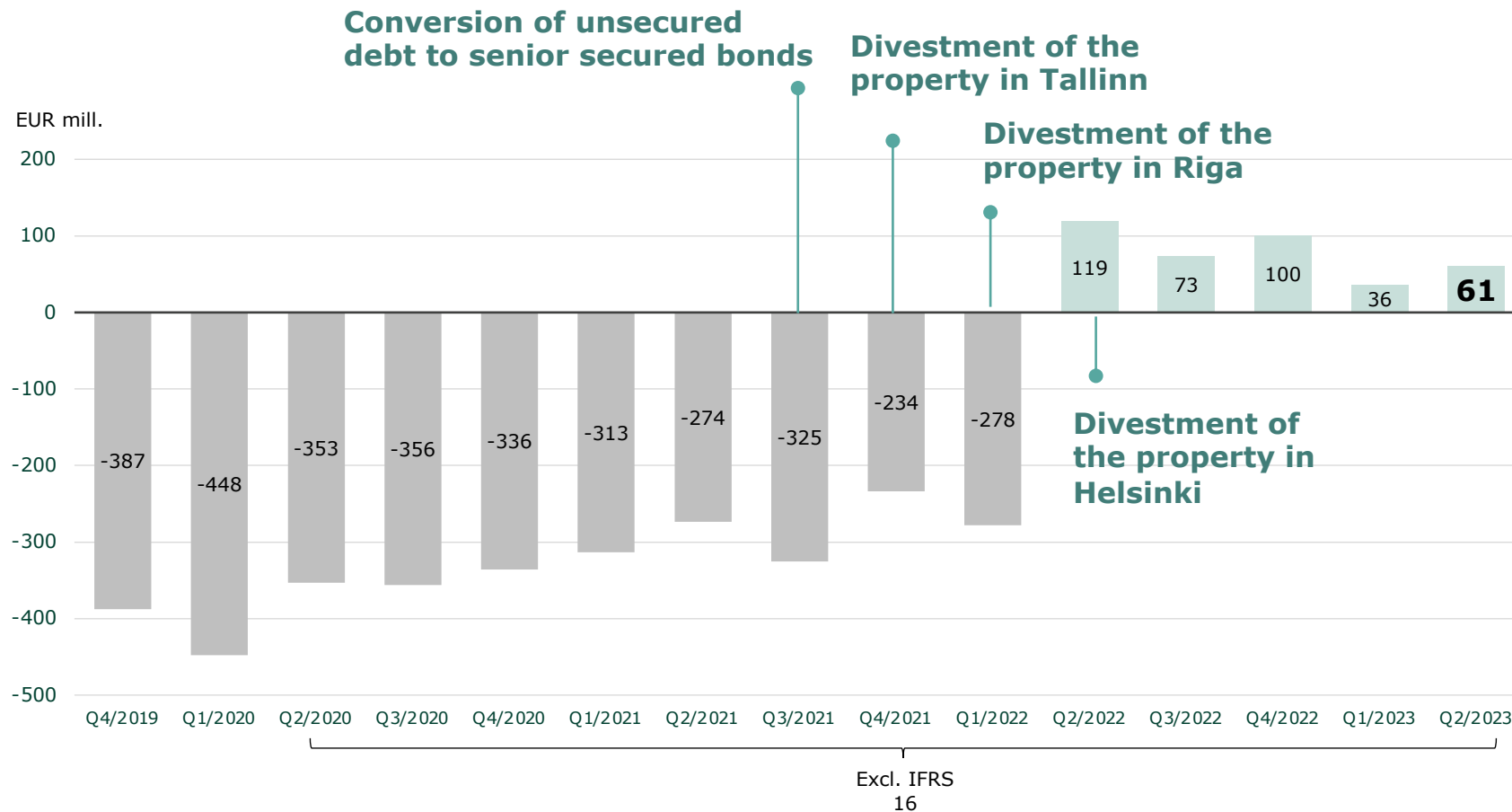
Interest-bearing
liabilities (excl. IFRS)
Bond**EUR 71.9 mill.**

(EUR 66.1 mill. 06/2022)

Lease liabilities (IFRS)

EUR 556.0 mill.

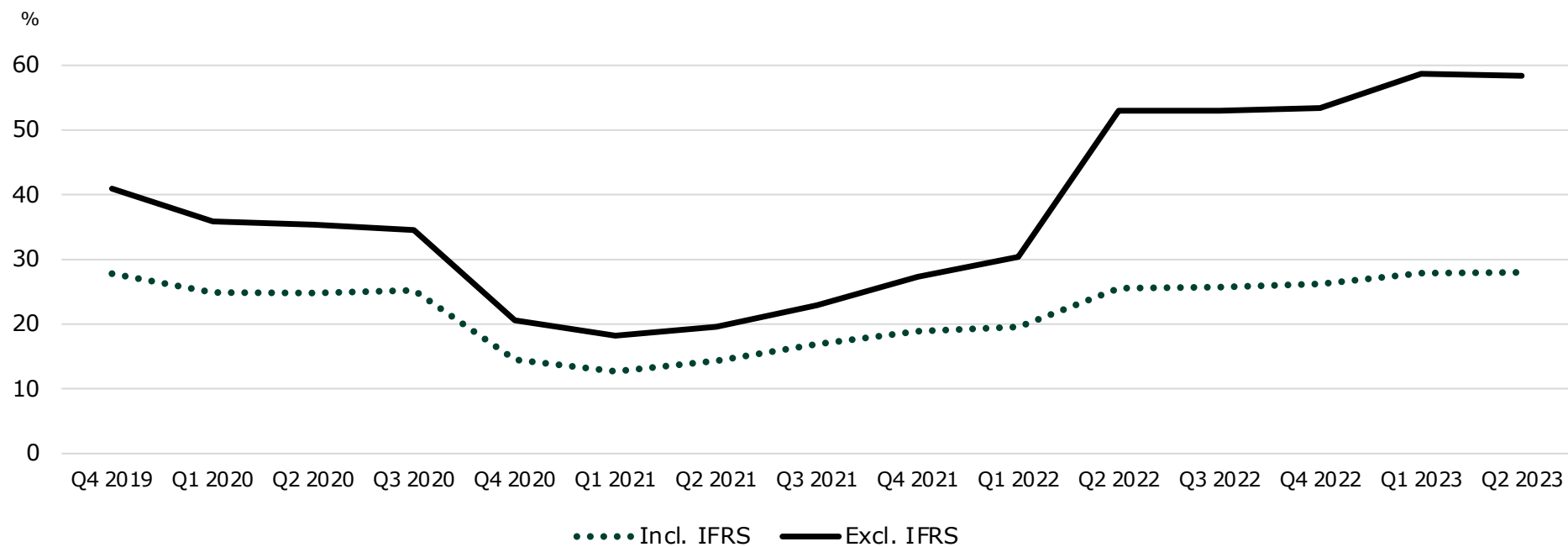
(EUR 573.4 mill. 06/2022)



Revolving Credit Facility of EUR 40 million signed in July 2023



Equity ratio further improved: +58.4% excl IFRS



		30 June 2023	30 June 2022	31 December 2022
Equity	EUR mill.	345.1	333.0	335.6
IFRS 16 Lease liabilities	EUR mill.	556.0	573.4	554.8
Balance sheet total	EUR mill.	1 231.9	1 303.3	1 282.9
Equity ratio	%	28.0	25.6	26.2
Equity ratio excluding IFRS 16 lease liabilities	%	58.4	53.0	53.4



Earnings per share

		1-6/2023	1-6/2022	1-12/2022	R12 months 30 June 2023
Average number of shares, undiluted and diluted	Thousand	156 021	154 618	155 189	155 885
Earnings per share, undiluted and diluted *	EUR	0.21	0.54	0.65	0.33
Operating result	EUR mill.	27.3	124.3	154.9	57.9
Net result	EUR mill.	33.3	83.4	101.6	51.5
Adjusted earnings per share, undiluted and diluted **	EUR	0.04	0.03	0.24	0.24
Adjusted operating result	EUR mill.	29.2	31.6	79.8	77.4
Adjusted net result	EUR mill.	5.5	5.4	37.6	37.8

* Impacted by the positive tax decision of EUR 29.6 million for Stockmann Sverige AB during the first quarter of 2023. The comparison figure was impacted by the capital gain from selling the real estate in Riga amounting to EUR 14.1 million net of tax, and in Helsinki amounting to EUR 66.2 million net of tax.

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



A woman with dark hair is lying on her back on a grassy field. She is wearing a maroon, short-sleeved button-down shirt. She is holding a small green plant with both hands, bringing it close to her face. Her eyes are closed, and she has a peaceful expression. The background is a lush green field with some dry leaves scattered on the grass. The lighting is bright, suggesting a sunny day.

Way forward

Lindex division

- Continue to grow and stay resilient

- **Growth on new and existing markets**
 - Customer-oriented sustainable assortment
 - Explore and pilot new sales channels
 - Launch of new innovative femtech products from our Female Engineering brand
- **Stay resilient and transform the business**
 - Smooth omnichannel experience
 - Digital solutions, automation
 - Explore new circular business models
- **Investments** in global, digital and sustainable growth



Stockmann division

- Strengthen customer-centricity and improve profitability

- **Customer-centric growth**

- Touch of luxury – partner collaboration and offering
- Refurbishment of the Helsinki flagship store
- Attracting and activating loyalty members
- Smooth omnichannel experience through investments in digitalisation

- **Improving profitability**

- Investments in digital solutions and automation
- Increase non-merchandise income
- Continuous cost-efficiency measures



Market Outlook for 2023

The current challenging geopolitical situation and the high inflation level are expected to continue. However, inflation is predicted to slow down compared to the latter part of the year 2022. The inflation together with high interest rates, is forecast to have a negative impact on consumer confidence and purchasing power.

The retail market is expected to remain challenging due to lower consumer demand and increased purchasing prices and operating costs. The risk of potential disruptions in the supply chains and international logistics cannot be excluded, either.



Guidance for 2023

(updated on 17 July 2023)

In 2023, Stockmann expects;

The Group's revenue to be in the range of:

EUR 940–1 000 million (*formerly 960 – 1 020*)

The Group's adjusted operating result to be:

EUR 65–85 million (*formerly 60-80*)

subject to foreign exchange rate fluctuations.

The guidance is based on the assumption that the continuing high inflation will increase costs from 2022 and have an adverse impact on consumer demand. At the same time, the Stockmann Group continues taking firm measures to minimise the impacts of cost increases.



A woman with dark hair tied back, wearing a white long-sleeved button-down shirt and light-colored trousers, is sitting on a grassy hillside. She is looking towards the camera with a slight smile. The background shows a hilly landscape with green vegetation and a clear blue sky.

Q&A

Further information

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