

STOCKMANN GROUP  
OUR YEAR 2023



LINDEX  
 STOCKMANN

**STOCKMANN GROUP** is an international omnichannel retail group with two divisions: Lindex and Stockmann. *Lindex is a global fashion company with a purpose to empower and inspire women everywhere.*

It is a market leader in lingerie in the Nordics and a forerunner in sustainability. *Stockmann is a premium multi-brand retailer with department stores in Finland and the Baltics.* Its purpose is to be a marketplace for a good life. In 2023, the Stockmann Group's revenue was EUR 952 million and it had some 5 800 employees. Stockmann plc is founded in 1862 and its shares are listed on the Nasdaq Helsinki Ltd. in Finland.



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LINDEX



STOCKMANN



## CEO'S REVIEW

# Improved profitability and updated strategies enable future growth



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 all our employees, shareholders, customers, suppliers and partners for good cooperation in 2023. I look forward to continuing our journey together towards building a stronger, growing company and creating sustainable value to all our stakeholders.

**SUSANNE EHNÅGE**  
CEO, Stockmann Group

# STOCKMANN GROUP IN 2023

ADJUSTED OPERATING  
RESULT / EUR mill.

80.0

(79.8 in 2022)

REVENUE / EUR mill.

951.7

(981.7 in 2022)

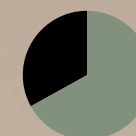
SHARE OF DIGITAL REVENUE

17%

(16% in 2022)

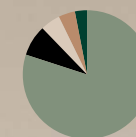


## REVENUE 2023 / %



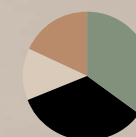
### DIVISION

● LINDE	67%
● STOCKMANN	33%



### CATEGORIES

● FASHION	80%
● BEAUTY	8%
● HOME	5%
● FOOD	4%
● OTHER	3%



### MARKETS

● SWEDEN	35%
● FINLAND	34%
● NORWAY	13%
● OTHER	18%

# FINANCIAL PERFORMANCE

**THE STOCKMANN GROUP** continued to improve its adjusted operating result and the Lindex division reached an all-time record in profitability. The Group's revenue decreased to EUR 951.7 (981.7) million but increased in local currencies by 1.6%. In 2023, the Stockmann Group announced new financial targets for the Lindex and Stockmann divisions.

## KEY FIGURES

	2023	2022
<b>REVENUE</b> , EUR mill.	<b>951.7</b>	981.7
<b>GROSS PROFIT</b> , EUR mill.	<b>554.2</b>	568.3
<b>GROSS MARGIN</b> , %	<b>58.2</b>	57.9
<b>OPERATING RESULT (EBIT)</b> , EUR mill.	<b>76.5</b>	154.9
<b>ADJUSTED OPERATING RESULT (EBIT)</b> , EUR mill.	<b>80.0</b>	79.8
<b>NET RESULT FOR THE PERIOD</b> , EUR mill.*	<b>51.7</b>	101.6
<b>EARNINGS PER SHARE</b> , EUR**	<b>0.33</b>	0.65
<b>ADJUSTED EARNINGS PER SHARE</b> , EUR***	<b>0.16</b>	0.24
<b>CASH FLOW TOTAL</b> , EUR mill.	<b>-30.3</b>	-45.8
<b>CAPITAL EXPENDITURE</b> , EUR mill.	<b>65.1</b>	62.5
<b>EQUITY PER SHARE</b> , EUR	<b>2.47</b>	2.15
<b>EQUITY RATIO</b> , %	<b>29.9</b>	26.2
<b>EQUITY RATIO EXCL. IFRS 16</b> , %	<b>60.6</b>	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.

## FINANCIAL TARGETS

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

STOCKMANN DIVISION	2023	2022
<b>Revenue growth in line with market* growth in the mid-term, %</b>	<b>-0.6 **</b>	10.0
<b>Reaching a positive free cash flow in the mid-term, EUR mill. ***</b>	<b>-12.0</b>	-20.9
<b>5% adjusted operating margin in the mid-term, %</b>	<b>-2.0</b>	-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 - investments.



# HIGHLIGHTS IN 2023

## NEW CLIMATE TARGET FOR THE ENTIRE GROUP

Respecting the planet is one of the Stockmann Group's key strategic sustainability themes. In line with its commitment to the Science Based Targets initiative (SBTi), the Stockmann Group drew up a science-based climate plan and **aims to reduce climate emissions from its own operations and its value chain by 42% by 2030 compared to 2022.** At the end of October, Stockmann submitted its climate plan and target to the experts at SBTi for review. The Group expects SBTi to validate its climate target during 2024.



## LINDEX IS DRIVING ITS CIRCULAR TRANSITION

Lindex is continuing its circular transformation by actively exploring and testing new services and business models. In 2023, the company took a significant step in this journey with its long-term agreement with Infinited Fiber Company, a Finnish supplier specialised in circular materials.

**Through this partnership, Lindex is moving forward to a sustainable future,** where the integration of innovative solutions and partnerships is key to the circular transition towards a more responsible and sustainable textile industry. In addition, Lindex deepened its cooperation with Södra and "Once More" fibre.

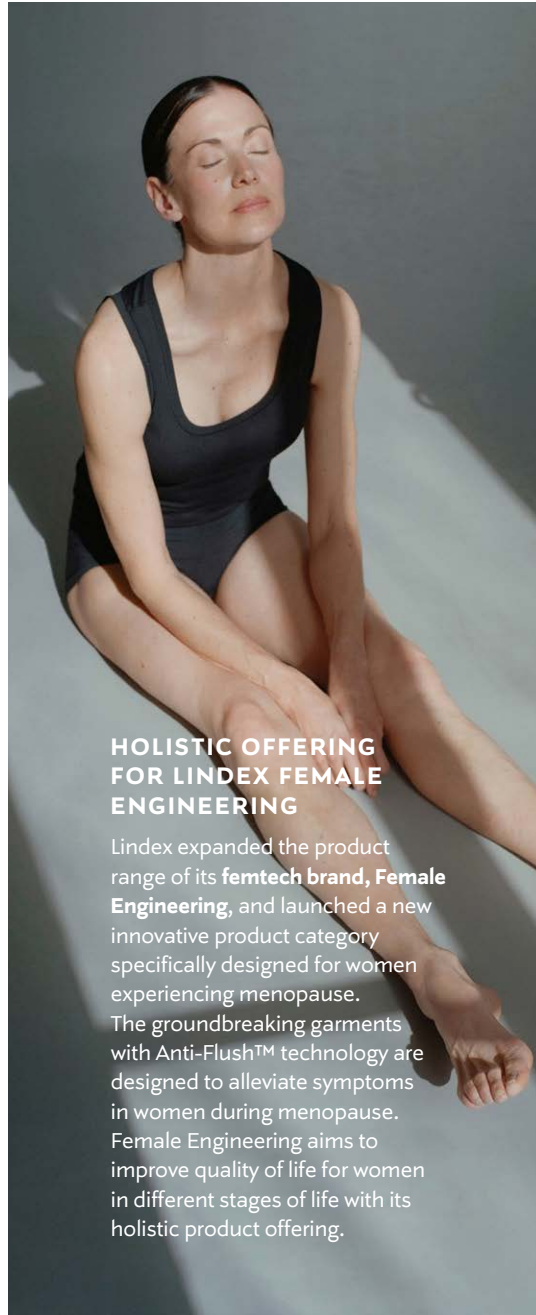


## STOCKMANN STRENGTHENED ITS OFFERING OF QUALITY SECOND-HAND PRODUCTS

The Stockmann division promoted the circular economy with its high-quality products that stand the test of time and hold their resale value and with the **introduction of a second-hand offering to its department stores.** Two new second-hand partners opened their pop-up shops in the Helsinki city

centre department store: Ninyes, a children's clothing recycling company, and Luxury Helsinki, a store offering second-hand designer bags and accessories. Stockmann also continued its cooperation with the Relove second-hand shops and companies which help to recycle post-consumer textiles.





### HOLISTIC OFFERING FOR LINDEX FEMALE ENGINEERING

Lindex expanded the product range of its **femtech brand, Female Engineering**, and launched a new innovative product category specifically designed for women experiencing menopause. The groundbreaking garments with Anti-Flush™ technology are designed to alleviate symptoms in women during menopause. Female Engineering aims to improve quality of life for women in different stages of life with its holistic product offering.

### SUPPORTING YOUNG FASHION DESIGNERS IN COOPERATION WITH PROJECT RUNWAY

The Stockmann division was the **main partner for the Project Runway TV series** in Finland in 2023. Through the partnership, Stockmann supported young designers and provided coaching in valuable retail and fashion insights. The winner, Pali Albin, designed a unisex collection called Helsinki Rambling Club exclusively for Stockmann. The company has a long history of **close cooperation with Finnish fashion designers** and Stockmann customers value local design.



### TOWARDS PREMIUM AND LUXURY

The Stockmann division has continued to increase its focus on the premium and luxury categories according to the strategy. **It has over 150 brands with a very limited distribution**, and in 2023, Stockmann introduced new premium and luxury/semi-luxury brands such as Max Mara Studio, Lardini and Diptyque. Louis Vuitton opened an exclusive store in the Helsinki flagship department store in April.

### FUTUREPROOFING THROUGH ACCELERATED DIGITAL TRANSFORMATION

Lindex continued to drive its digital transformation with a range of exciting initiatives and projects. Within **the digital store program**, Lindex is implementing a new mobile POS (Point of Sales) system and integrating RFID technology to elevate the customer experience. Lindex also developed a new AI tool called Lindex Copilot, which is designed to support the store employees in their daily tasks. In addition, Lindex activated its new Product Lifecycle Management System (PLM), aimed at increasing transparency, enhancing efficiency, and improving collaboration across departments throughout the value chain.



# LINDEX

*Empowering and  
inspiring women*

Lindex is a global fashion company and a forerunner in sustainability. It is a market leader in lingerie in the Nordics, but it also offers inspiring and affordable fashion in womenswear and kidswear. The company has a strong brand and a significant loyalty base – in its biggest markets, Sweden, Norway and Finland, over 70% of women are Lindex loyal customers. The company has a strong digital approach and 19% of its sales are digital. With its updated strategy, Lindex aims to accelerate growth, transform to a sustainable business, and decouple cost from growth.

REVENUE / EUR mill.

**633.1**

(661.1 in 2022)

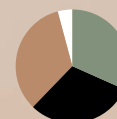
ADJUSTED OPERATING  
RESULT / EUR mill.

**90.3**

(90.0 in 2022)

REVENUE / By categories

● WOMEN'S WEAR	32%
● LINGERIE	31%
● KIDS WEAR	34%
● COSMETICS	4%



REVENUE / By markets

● SWEDEN	52%
● NORWAY	20%
● FINLAND	13%
● OTHER COUNTRIES	15%



## THE LINDEX DIVISION

# CLEAR STRATEGY FOR VALUE CREATION

### VALUES

Empower yourself  
and each other

Seek constant  
improvement

Make business  
oriented decisions

Act sustainable

Make it simple

### PROMISES

Employee promise:  
Together for a  
greater impact

Sustainability  
promise: To make  
a difference for  
future generations

### PURPOSE

To empower  
and inspire  
women  
everywhere

### VISION

We are a global,  
brand-led,  
sustainable fashion  
company

We are digital first

We are powered  
by people

We are Lindex

### MUST WIN AREAS

Accelerate growth

Transform to a  
sustainable business

Decouple cost from  
growth

## THREE STRONG BUSINESS AREAS

Women's wear

/

Kids' wear

/

Lingerie

# STOCKMANN

*Marketplace for  
a good life*

Established in 1862, Stockmann is a premium omnichannel retail company offering a wide range of high-quality fashion, cosmetics as well as home and food products. It has eight department stores in Finland, Estonia and Latvia, and an online store. The Stockmann division's updated customer-centric strategy aims to improve profitability by increasing the focus on premium and luxury, leveraging its loyal customer base of 1.4 million and ensuring a seamless omnichannel experience.

REVENUE / EUR mill.

**318.5**

(320.6 in 2022)

ADJUSTED OPERATING  
RESULT / EUR mill.

**-6.3**

(-5.4 in 2022)

REVENUE / By categories

● FASHION	48%
● BEAUTY	17%
● HOME	14%
● FOOD	11%
● SERVICE AND RENTAL INCOME	10%



REVENUE / By markets

● FINLAND	76%
● BALTICS	24%



THE STOCKMANN DIVISION

# CUSTOMER CENTRIC STRATEGY FOR SUSTAINABLE GROWTH

## VALUES

Focus on customer  
Act with courage  
We work together

## VISION

Reinventing retail

## OUR PROMISE

A feeling that lasts

## PURPOSE

Marketplace  
for a good life

## MUST WIN AREAS

Elevate offering:  
increase focus on premium and luxury  
Grow and leverage loyal customer base  
Ensure seamless omnichannel experience  
*+ Additional focus areas:*  
Improve further operational efficiency  
Expand revenue horizons

## OUR KEY ASSETS

Loyal customers / People / Brand

# Promoting sustainability throughout the value chain

**IN 2023, THE STOCKMANN GROUP** continued its journey towards more sustainable business. The Lindex and Stockmann divisions have their own sustainability strategies but climate, circularity and human rights are common themes of the strategies. 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.

In line with its commitment to the Science Based Targets (SBTi) initiative, the Group submitted its climate target for approval in October 2023 and expects the target to be validated during 2024. The Stockmann Group is committed to reducing climate emissions from its own operations and its value chain by 42% by 2030 compared to 2022.

The Stockmann Group promoted a circular approach in its in-house design and supply chain. In addition, Lindex launched a new partnership with Infinited Fiber Company to increase the use of circular materials, and deepened its cooperation with Södra. The Stockmann division strengthened its second-hand offering with new partners, Ninyes and Luxury Helsinki, and deepened cooperation with local clothing recycling partners.



## READ MORE

about our sustainability work at  
[year2023.stockmanngroup.com](https://year2023.stockmanngroup.com)

THE STOCKMANN  
GROUP'S KEY  
SUSTAINABILITY THEMES:

*Climate,  
Circularity  
and Human  
Rights*





CLIMATE EMISSIONS

-42%

BY 2030 VS. 2022

### Our key climate actions

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Improve energy efficiency and increase use of renewable energy throughout value chain

---

Increase share of low-carbon products and materials

---

Circular business models and services

---

Transportation solutions with less climate impacts

---

Collaboration with value chain partners to mitigate climate change

---

# Strong market position in the Nordics and the Baltics, global presence via partnerships

**THE LINDEX DIVISION** has 439 fashion stores, including franchising stores in 18 countries and an online store operating in Europe. Lindex products are sold globally through its partners, such as Asos, Boozt and Zalando.

**THE STOCKMANN DIVISION** has eight department stores in Finland, Estonia and Latvia as well as an online store.

- Lindex stores and online store
- Lindex online store
- Lindex stores, Stockmann department stores and online stores
- Franchise markets
- Production countries

439  
LINDEX FASHION STORES

18  
MARKETS

8  
STOCKMANN  
DEPARTMENT STORES

34  
MARKETS WITH OWN  
ONLINE STORES

WORLDWIDE  
THROUGH  
PARTNERSHIPS

LINDEX B2B  
PARTNERSHIPS

ASOS

Boozt

zaland

ABOUT YOU

MANOR

John Lewis



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# LINDEX







The Stockmann Group's annual reporting consists of five reviews: 'Our Year 2023' Business Review, Financial Review, Corporate Governance Statement, Remuneration Report and Sustainability Review. The Financial Review includes the Report by the Board of Directors and the Financial Statements.

All reviews are available in Finnish, Swedish and English at [year2023.stockmanngroup.com](https://year2023.stockmanngroup.com).

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Links to other reviews

-  **FINANCIAL REVIEW**
-  **CORPORATE GOVERNANCE STATEMENT**
-  **REMUNERATION REPORT**
-  **SUSTAINABILITY REVIEW**

