



**STOCKMANN OFFERS** premium selections of brands, excellent customer service and experiences in its department stores, fashion stores and online. Our *selection is focused on fashion, beauty and home products* and in the Baltics also on the Stockmann Delicatessen. The offering is complemented by partners' high-quality products and services.

LINDEX.COM



#### OUR REPORTING

Stockmann's 2020 reporting consists of four reviews: 'Our year 2020' Business Review, Financial Review, Corporate Governance, and Corporate Social Responsibility. The Financial Review includes the Report by the Board of Directors and the Financial Statements. The CSR Review covers the responsibility work in more detail and according to GRI Standards reporting guidelines.

All reviews are available in Finnish, Swedish and English. They can be found at *year2020.stockmanngroup.com* 

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## **STOCKMANN IN 2020**

#### **EXPANDED SELECTION OF FASHION BRANDS**

Stockmann brought around 70 new fashion brands to its customers in 2020. The women's wear selections at Stockmann saw the addition of such designer brands as Isabel Marant, Marni, M Missoni, Red Valentino and Zimmermann, as well as top brands Balmain and Alberta Ferretti, which are available exclusively at Stockmann in Finland. The menswear selection was also expanded with various brands, including Paul Smith, DSquared, Marcelo Burlon, John Varvatos, Paul & Shark and Sunspel. Little Marc Jacobs, Kenzo and Moschino were added to children's wear, while the sportwear selection was complemented with such new brands as DKNY Sport and Houdini.

# PS Paul Smith



#### ATELIER SPACE AT THE HELSINKI **DEPARTMENT STORE**

Early in the year, Stockmann's customers got the opportunity to visit the gallery-like Atelier space on the fourth floor of the Helsinki department store. There the creator and creative director of the Samuji fashion brand Samu-Jussi Koski curated an exhibition called Design for Finnish Lifestyle, which invited visitors to become inspired by Finnish design and its stories. The exhibition consisted of Stockmann's brand selection as well as products from visiting design brands.

million Lindex baby pyjamas

#### LINDEX: GLOBAL & DIGITAL **EXPANSION**

A major focus for Lindex is to continue the global, digital expansion and to further strengthen its position as a strong global fashion brand. In 2020, Lindex continued to invest in growing its digital presence through new partnerships and markets as well as with a strengthened omni-channel setup and e-commerce platform.

During the spring, Lindex launched its highly appreciated baby assortment on T-mall, one of the world's largest e-commerce websites. The launch is the fashion company's first step into the Chinese market. In the summer, Lindex also continued its digital expansion by launching on Zalando, Europe's leading online platform for fashion and lifestyle. In addition to Zalando, Lindex fashion is available worldwide through partnerships such as Asos, Nelly and Boozt.

## CONSTRUE BRAND SELECTION SUPPLEMENTED

WITH ACCESSORIES

In autumn 2019, Stockmann launched its new menswear brand Construe, with products designed at Stockmann's own Design Studio in Helsinki. In February 2020, the Construe collection was supplemented with stylish accessories, such as leather bags, wallets and belts, and sunglasses. The accessories reflect the clothing collection's timeless style, which is updated with the latest seasonal trends.

#### **CHANGES IN STOCKMANN DIVISION'S MANAGEMENT**

Henna Tuominen, M.A., was appointed Director of Communications. IR and CSR in March. Riikka Mattila, M.Soc.Sc., was appointed Chief HR Officer in April. Mika Repo, B.B.A., was appointed Chief Digitalisation & Business Development Officer in August. Tuominen, Mattila and Repo are members of the Stockmann Division's Management Team.

#### **NEW ONLINE STORE IN THE BALTIC COUNTRIES**

The new *shop.stockmann.com* online store has served Latvian and Estonian online shoppers since last May. The online store's offering currently includes fashion and home products, and the selection will be expanded in the future

#### NEW FEATURES AT THE DEPARTMENT STORES

The upgrades at the Tampere department store that were started with the fashion area in autumn 2019 proceeded to the home department in spring 2020. The renewal of the Tampere department store continued in early 2021 in women's fashion, among other areas. The renovation of the Jumbo department store has also proceeded apace, and the refurbished premises now include a gorgeous beauty world featuring new brands. The women's fashion and accessory departments in the Helsinki department store have likewise been given a perky new look. Popular natural cosmetics were given fresh new departments in both the Helsinki city centre and the Jumbo department stores.





#### LINDEX: NEW UNDERWEAR **BRAND – CLOSELY**

In 2020, Closely was launched online a new progressive, premium underwear and sportswear brand with a focus on function and sustainability. Lindex has been a partner and investor in Closely from the beginning. Lindex have unique competence in lingerie and the partnership is part of its work to create new business opportunities based on Lindex's core



#### **INNOVATIVE ONLINE** STORE PACKAGING AND SHOPPING BAGS

new Finnish innovation in the packaging used by its online store and in its shopping bags. The Paptic® Tringa material used in the packaging and bags was developed by Paptic in Finland and is made from wood fibres from sustainably managed, FSCcertified forests. The fibre material is very durable, water repellent and breathable, and it dries quickly. The bags and packaging can be reused multiple times and recycled with paper or cardboard.

#### CRAZY DAYS HELD ONLINE Due to the situation with

the coronavirus, both the spring and the autumn Crazy Days campaigns were held online for safety reasons at *hullutpaivat.com*. The *'yellow campaign'* was a success online, with bargains in the home selection proving particularly popular among customers.

#### LAUNCH OF A NEW WOMEN'S WEAR BRAND

The selection of Stockmann's own brands was complemented in September with the new **Essentials by Stockmann** brand for women, which focuses on products made from high-quality and sustainable materials and timeless design. The brand's product range was created by Stockmann's own Design Studio in Helsinki. Available exclusively at Stockmann, the collection consists of women's tops, including soft merino wool and cashmere knits and relaxed-fit silk shirts.

#### THE POPULAR A+MORE BY PUPULANDIA COLLECTION WAS EXPANDED

The third collaboration collection between Stockmann's accessory brand A+More and *Jenni Rotonen*. the author of the Pupulandia blog, was unveiled in the autumn. The soft wool caps and scarves of the A+More by Pupulandia collection went on sale in September, and in November leather bags and accessories were added to the collection. Responsible materials feature strongly in the collection. Vegetable-tanned leather has been used in the leather products and the wool caps and scarves are made of recycled materials and durable natural fibres.



#### **NEW ONLINE STORE PLATFORM**

Stockmann's online store was migrated to a new platform in October. The redesigned *stockmann.com* was built in collaboration with customers and it will continue to be developed together with them. Customers were asked for their expectations and wishes in the first stages of the redesign project, and their comments were used as a basis for designing new functionalities and content on the online store's pages. The redesign allows Stockmann to bring the service experience in its online store on par with that at the department stores.

#### FILING OF THE APPLICATION FOR CORPORATE RESTRUCTURING PROCEEDINGS

The Board of Directors of Stockmann filed an application for corporate restructuring proceedings with the District Court of Helsinki, and the District Court appointed Attorney Jurki Tähtinen of Borenius Attorneys Ltd as administrator of the restructuring proceedings. Tähtinen filed the draft restructuring programme for Stockmann with the District Court of Helsinki on 14 December 2020. According to Stockmann's and Tähtinen's view, the company's business can be restored to a sound basis with the measures described in the restructuring programme and the necessary preconditions exist for engaging in profitable business operations. The District Court confirmed the draft programme on 9 February 2021. The Group's subsidiaries, i.e. the Stockmann department stores in the Baltic countries and Lindex, are not in the scope of the restructuring proceedings.

## A YEAR OF CONSIDERABLE RENEWAL AND CHANGES

he year 2020 was marked by major turns of events. Early-year performance was strong thanks to our revised strategy, and an indication of this was the positive profit warning we issued in January. The global spread of the coronavirus pandemic, however, radically altered our entire operating environment in all the countries where we operate. We continued to systematically execute our revised strategy and revitalise our business while adapting our operations to abrupt changes in the operating environment.

We swiftly initiated large-scale adjustment measures and savings programmes in both the Lindex and the Stockmann Division. To ensure the continuity of the business, the company filed for corporate restructuring on 6 April. At the same time, we considerably developed our department stores, fashion stores and digital shopping channels, as well as our selection in order to create a true omnichannel customer experience with a strong digital focus. In the early stages of the pandemic, we offered our customers new services and safe shopping options and held our Crazy Days campaign online in both the spring and the autumn.

The pandemic radically transformed consumer behaviour. Demand for fashion decreased considerably but strengthened in the home and beauty categories. Lindex kept its strong position in women's lingerie and kid's wear.

Lindex continued its robust global growth through international online retail platforms and expanded its operations for the first time to China by introducing its highly appreciated baby assortment to the world's largest digital retail website Tmall. The division expanded by launching the Closely underwear brand. Lindex also extended its baby assortment and launched 'Lindex Baby Home', a playful home collection.

In the Stockmann Division, we introduced a new online store platform and revamped our department stores in Helsinki, Tampere and the Jumbo shopping centre in Vantaa. We further strengthened our premium selection by making more than 70 new fashion brands available to our customers and launching two new collections of our own. To enhance our service, we have provided all our supervisors with training in the implementation of our customer-focused strategy.

Our aim is to guarantee leading edge service, the best selection and seamless shopping regardless of the sales channel. We will continue to develop our services, department stores, fashion stores and online shopping channels and to build a sustainable future. We moved sustainability even closer to the core of our operations by integrating our sustainability strategy into our business strategy and the indicators we monitor regularly. We have made good progress towards the targets in our sustainability strategy, and we discuss this topic in more detail in our sustainability report.

We continue our work to improve the profitability of our operations. The coronavirus pandemic created a major additional challenge for us in achieving this target, but also an opportunity to reassess our business. We have considerably reduced our costs by renegotiating the leases for our department stores and other stores and by rationalising our operations and processes. The proposal for corporate restructuring programme, filed in December and approved on 9 February 2021, together with the revised strategy will provide the framework to our operations for the 2021–2023 strategy period and the corporate restructuring programme until 2028. We will continue to systematically implement our customer-focused strategy in cooperation with our customers and stakeholders. I would like to thank our employees, customers, partners and shareholders for their constructive cooperation in 2020. We aim to secure the future of our iconic company and will do our utmost to succeed in this. The future is made together - in line with our values.

#### JARI LATVANEN

Stockmann Plc, Chief Executive Officer @LatvanenJari

# **STOCKMANN GROUP TODAY**

Stockmann Group is an international multichannel retailer listed on the Nasdag Helsinki exchange. Our business is divided into two divisions, Lindex and Stockmann, both of which have a strong focus on excellent customer experience, a multichannel approach and a sustainable range.

#### **ADJUSTED OPERATING RESULT /** EUR mill.



PERSONNEL AVERAGE

5991 (7 002 in 2019)

#### **REGISTERED SHAREHOLDERS**





STOCKMANN, founded in 1862, is a multichannel retailer offering a diverse and highquality selection of fashion, beauty, home, and food and beverage products in its eight department stores in Finland, Estonia and Latvia, and in its online store. Stockmann enjoys a reputation among its local and international high-end department store in its operating countries. Stockmann is

forming its business model towards more customer-centric, omnichannel operations.

#### **STOCKMANN**

clientele as the primary pursuing growth by trans-



#### STOCKMANN GROUP'S STRATEGY BUILDS ON SHARED STRENGTHS AND OPPORTUNITIES

The Group's goal is to create value for its owners by developing its business divisions and implementing Group-level structural and financial arrangements that enable growth and success of the divisions.

Both divisions, Lindex and Stockmann, have ambitious customer-centric strategies that aim for first-rate customer experience and loyalty, sustainable growth especially on digital platforms and solid financial performance of the Group. The similarities in their respective businesses provide us with an extensive strategic understanding of our operating environment. This enables us to develop Lindex and Stockmann operations by dynamically leveraging the synergies these two divisions have in: understanding our customers; developing a purposeful offering and brands; developing our service cultures; transforming business models; and developing partnerships and shared supply chains.

The progress achieved in developing Lindex and Stockmann in 2019 and early 2020 was halted in spring 2020 by the coronavirus pandemic and the resulting restrictions. The pandemic had severe impacts on the Group's operations and profitability, leading the Group's Board of Directors to file for corporate restructuring of the company and to initiate additional cost-saving measures to resolve the situation. We also revised the strategies of both Stockmann and Lindex to reflect the new circumstances. The proposal for the corporate restructuring programme for the period 2021– 2028 was filed in December 2020, giving clarity on the Group's future and confirming that both the Lindex and Stockmann divisions will remain in the Group. The proposal was approved by the Helsinki District Court in February 2021.

#### A NEW ERA AHEAD

On a division level, we will continue to develop the Stockmann department stores and online trade based on our three key principles: unique, high-quality products; excellent customer service; and new products from Finland, the Baltics and the world. Our strategy aims to respond to changes in the operating environment and consumer behaviour by investing in customer relationship and loyalty, developing an omnichannel customer experience, inspiring customers in the fashion, beauty, home, and food and beverage categories, developing a customer-centric culture and focusing on profitable business.

Lindex is continuing the development of its brand into a strong global fashion company. In 2020, Lindex continued its digital growth and started operations in Zalando, Europe's leading online platform for fashion and lifestyle. This cooperation expanded Lindex's customer reach significantly. Lindex also launched a new underwear brand, Closely, in which Lindex has been a partner and investor for the first two years. As part of mapping out new business models and extending the life cycle of clothing, Lindex is piloting second-hand sales of kids' outerwear in a few selected stores.

At the same time, we want to be a responsible corporate citizen in both business divisions and across our value chain, and to restore healthy business operations in the Group.

#### STRATEGIC PRIORITIES

#### TRANSFORMATION We aim at class-leading customer experience and loyalty in both divisions by offering holistic, **TO OMNICHANNEL** seamless and personalised services to our **BUSINESSES** customers. Digitalisation and customer data are the enablers of customer-centric offerings and services. STRONG OFFERING We build on our strong brands, heritage and purposeful product and service offerings to win AND STRONG our customers' loyalty and to offer them BRANDS excellent customer experience. We know our customers and respond to their need for sustainable, empowering and satisfying purchases. We are committed to fair and sustainable **SUSTAINABLE** business practices that make a positive **BUSINESS** difference for our customers, employees and MODELS the future of the planet. Digitalisation of processes, new ways of working and customercentric service cultures are embedded in our business. LEVERAGING We seek growth and efficiencies from relationships with third parties to broaden our PARTNERSHIPS reach for new customers and to expand our purposeful product and service offerings. BUILDING We target revenue growth, cost discipline and efficiencies from new ways of working to PROFITABLE improve our profitability. We aim at financial BUSINESS stability by paying our restructuring debt within the planned schedule and by having disciplined capital allocation in the future.

#### RECOGNISED VALUE CREATION OPPORTUNITIES

- Sharing insight and data on customer consumption habits, purchasing paths and decision-making processes
- Cross-selling opportunities related to a partially overlapping customer base and customers' close associates
- Utilising Stockmann's life stage and multi-category expertise in Lindex's business
- Utilising Lindex's global e-commerce expertise and distribution partnerships in Stockmann's business
- Leveraging customer-centric, omnichannel marketing practices and service culture in both divisions
- Synergies in developing existing strong brands and a purpose-led brand offering
- Seeking further efficiencies in additional partnerships, supply chain management, compliance and risk management
- Continuation of Lindex's globalisation
- Developing Stockmann's business
- Building profitable business operations in accordance with Stockmann Plc's corporate restructuring plan

DIVISIONS' KEY FIGURES



### LINDEX

REVENUE / EUR mill. 507.1 (575.8 in 2019)

ADJUSTED OPERATING RESULT / EUR mill.

39.4 (40.9 in 2019, restated)

SALES / By merchandise area

WOMEN'S FASHION	30%
LINGERIE	29%
KIDS WEAR	37%
COSMETICS	4%

 REVENUE / By market area

 SWEDEN & NORWAY
 76%

 FINLAND
 13%

 BALTICS & OTHER
 COUNTRIES

 COUNTRIES
 11%

GROWTH IN THE ONLINE SALES was 102.6% and accounted for 15.6% (6.6) of total sales in the period.

### STOCKMANN

REVENUE / EUR mill. 283.6 (384.7 in 2019)

ADJUSTED OPERATING RESULT / EUR mill. -30.8

(2.9 in 2019, restated)

#### SALES / By merchandise area

54%
19%
16%
11%

By market area
78%
22%

GROWTH IN THE ONLINE STORE was 106.9% and accounted for 16.7% (5.9) of total sales in the period.



# DIVISIONS LINDEX

## LINDEX OUR STRATEGY

#### **OUR VALUES**

Empower yourself and each other.

Seek constant improvement.

Make business oriented decisions. Act sustainable.

Make it simple.

#### **OUR PROMISES**

Employee promise: Together for a greater impact.

Sustainability promise: To make a difference for future generations.

Customer promise: Fashion that feels good in all aspects.

#### OUR VISION

OUR PURPOSE To empower and inspire women everywhere.

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

We are digital first.

We are powered by people.

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We are Lindex.

#### OUR MUST WIN AREAS

Develop globally strong brand offerings.

Transformation to a sustainable business model.

Transformation to a global, digital first multi-channel business.

**OUR OFFER** 

Women's wear

/ Kids' wear

Lingerie / Cosmetics

2020 Stockmann

Lindex offers inspiring, confident Scandinavian design that makes the customer feel at her best: a clear, consistent and inspiring offer for women, where inclusiveness, fit and comfort are key.

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# WOMEN'S

## CONFIDENT SCANDINAVIAN DESIGN WITH AN INCLUSIVE APPROACH

Lindex offers confident, inspiring Scandinavian design that makes the customer feel at her best. Lindex embraces women through inspiring, long-living and wearable collections. During the year, Lindex's easy-to-wear design received an increased focus on comfort to meet the changed customer needs.

**WOMEN'S FASHION**, share of Lindex division's sales

5( )%

uring 2020, Lindex focused on enhancing its customer offering and making its women's wear assortment even more inspirational. A more distinct offering by category optimization, for increased clarity in concept and collections.

The extraordinary year, with new customer behaviours and increased online shopping, as well as working from home and fewer parties and gatherings, has led to changed customer needs. In response, Lindex adapted the assortment mix throughout the year. The women's wear collection for 2020 has included an increased number of soft and comfy styles, for example loungewear, which customers have really appreciated.

The change in needs due to the pandemic has affected the entire supply chain. Thanks to quick and innovative action during the year, Lindex has been able to redesign previously placed orders. Lindex could therefore offer customers inspiring collections and at the same time take care of all liability fabrics. This was a smart and sustainable way to secure both the offering and work opportunities for textile workers in production. An example of Lindex women's wear re-design garments are lingerie and kids wool fabrics that was re-designed into premium loungewear.

To support the increased digital growth, and as part of becoming even more online-centric, Lindex increased its online offering during the year with several inspiring, online women's wear styles and collections. Lindex also implemented new, inspiring sales solutions such as online live shopping events. One event during the autumn was a large fashion show, presenting the autumn-winter collection, hosted by one of Sweden's top stylists as well as influencer collaborations.



/ Lindex has developed its denim offering over the last few years with really good results. All Lindex denim is **Better Denim, made from more sustainable materials and processes**.

During 2020, Clara, the curve, was introduced – a Better Denim pair of jeans that embraces and enhances curves. Made in a premium quality fabric with great recovery, Clara, the curve, is highly appreciated by the customers and is a huge success. For spring and summer 2021, a new fit will be introduced and the development work will continue. **/** 

With a heritage and long experience, Lindex are experts of lingerie with unique knowledge of women's bodies, fit, comfort and quality. Lindex lingerie assortment is built to help the customer find her perfect fit.

## AN INCLUSIVE ASSORTMENT FOCUSING ON FIT, COMFORT AND QUALITY

Lindex's wide assortment of lingerie and hosiery enable the fashion company to reach out to many women. During 2020, Lindex worked actively to increase the inclusiveness of its offering when it comes to sizes, fit and colours. This is an important journey that will continue during 2021.

LINGERIE,

share of Lindex division's sales



**COSMETICS,** share of Lindex division's sales



uring 2020, Lindex focused on delivering a strong assortment that many women can wear and love, a selection filled with long-lasting favourites. Lindex designs for longevity by using standardised fits, fantastic materials and a colour palette that lasts. Lindex makes it possible for women to find their favourite, a product they will use over and over again. Customers' needs widened during the year, due to the pandemic. Comfort is key. Lindex aims to offer an assortment which enables women to feel inspired, confident and comfortable in their own skin.

When developing the Lindex lingerie assortment, comfort and innovation have been the guiding stars. During 2020 a new lingerie collection was launched, with which Lindex offers customers a wide assortment of soft and seamless underwear. It includes a range of bras and briefs which aim to deliver maximum comfort and support. The soft range is one of Lindex's most innovative products, produced with a silicon flock edge which eliminates the need for regular elastics and has a no-show function under any garment.

Lindex lingerie has shown very strong development in digital channels, in all categories, both in the fashion company's own e-commerce and with digital partners. To support the digital growth, during the year Lindex increased the e-com offering with soft bras, nightwear, wool, brief packs and maternity lingerie. The fashion company has also increased the digital offering with exclusive collections for third partnerships.

#### Lindex cosmetics

Lindex cosmetics assortment is a natural extension of the Lindex fashion offering: a collection of affordable makeup essentials and skin care products to complete the look. Lindex aim to be a destination for women to find their everyday need for cosmetic products. During the year, an extended colour palette on the core category nail polish was added, to match any look. A wider range of body and hair products was added to the assortment.



✓ Sustainability is a core focus for Lindex. In order to minimise the long-term impact on the environment, Lindex converted several product categories to consist of more sustainable materials. This is a journey that will continue. Currently **all Lindex basic briefs are made from recycled and/or organic materials**. The fashion company's nightwear collection is created with 85 per cent 'better choice' materials, and during the year Lindex introduced an underwear and maternity product range made from Eco modal. Lindex's full wool assortment of base layers, tights and socks are made from RWS-certified wool. ✓

*"Let kids be kids"* is Lindex's philosophy, based upon its Scandinavian heritage. Lindex offers a wide assortment that takes care of all the details and is suitable for all kinds of activities and occasions, both indoors and outdoors.

## SOFT AND COMFY WITH A PLAYFUL DESIGN

Lindex's philosophy, "Let kids be kids", is brought into the design of the kids' wear collections, made of more sustainable materials. This attractive, extensive assortment strengthened its position during the year.

### **KIDS' WEAR,** share of Lindex division's sales



index's wide kids' wear assortment is easy to combine and wear for many kinds of occasion. During the year, digital growth has been a considerable part of the business. Lindex graphic design has been the key driver and, with additional online exclusive capsules, has supported digital growth. Soft and comfy was also a key driver and has been more valued than ever.

A growing category was the Mini me collections, offering matching styles for mothers and kids. Lindex launched several appreciated drops, consisting of swimwear, a summer collection and Christmas nightwear.

Lindex's distinct and attractive baby assortment strengthened its position during the year. The unique gender-neutral design, together with growing-size solutions and GOTS-certified cotton or recycled material, was highly appreciated by the customers. Most loved was the signature product, two-way zip pyjamas. The baby assortment was extended with capsule collections only available for online customers. Parts of the baby assortment, with the characteristic prints, has been extended in additional sizes up to four years, online exclusive. The positive development will be further extended, offering sizes up to seven years both online and in selected stores.

Small kids' collections have also strengthened their position within gender-neutral garments. The assortment is very wide, with smart growing solutions, such as an adjustable waist in all trousers. The character Bamse and his friends, created by Rune Andréasson, is an important long-term cooperation, always available on e-com. Moomin, the famous character created by Tove Jansson was a successful online collaboration launched at the end of 2020.

The kids' wear progress on e-com shows a big interest from new customers. During the year, Lindex launched its highly appreciated baby assortment on T-mall in China. The launch is part of Lindex's global, digital expansion and is the fashion company's first step into the Chinese market.



In the Lindex Baby assortment, 100% of products are made from more sustainable materials and 86% of the total kids' wear assortment has a more sustainable choice of fibres. Lindex actively works to prolong the lifetime of the garments through new innovations and smart solutions. Quality that lasts is core and extra functions for durability are added on many styles. Testing new circular business models is an important part of Lindex's journey towards becoming circular. During the autumn of 2020, Lindex piloted second hand sales of kids' outerwear in selected stores, a concept that will be further tested in 2021.

# DIVISIONS **STOCKMANN**





Focus on customer

Act with courage

We work together

OUR PURPOSE We make a new impression every day

OUR VISION The marketplace for a good life

OUR CUSTOMER PROMISE

A Feeling that lasts

#### OUR MUST WIN AREAS

Class leading customer relationship and loyalty

Number 1 inspiration

Groundbreaking omnichannel customer experience Customer driven culture as a one Stockmann United -team

Financial sustainability

OUR OFFER



/ Beauty THE GUIDE Home THE INSPIRER Food & beverage THE FOODIE

**OUR PARTNERS** / Complementary offering

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By upgrading its selection of current and unique brands and services, Stockmann inspires and creates delightful experiences.

# THE REVAMPED FASHION DESTINATION WITH A CURATED, VERSATILE SELECTION

Stockmann is the go-to destination for the fashion needs of modern working professionals. By upgrading its selection of current and unique brands and services, Stockmann inspires and creates delightful experiences.

**FASHION,** share of Stockmann division's sales



tockmann's unique knowledge of today's brands, trends and customer preferences offers fashion-conscious people the right products for all occasions. Renowned international, Nordic and local brands are complemented with Stockmann's own brand and premium service in all channels.

In 2020, the Helsinki department store underwent a major upgrade. Several other department stores revamped their fashion areas as well, and a large variety of novelties was introduced. The stockmann.com online store was given a new platform that brings out the products in an even more inspiring way. In the autumn, Stockmann showcased its latest fashion products in an impressive fashion show that was livestreamed to a wide audience.

During the year, women's, men's, children's and sports fashion were all upgraded, as Stockmann made around 70 new fashion brands available to its customers. The Design Studio selection was expanded, and The Construe menswear brand was supplemented with accessories made of leather and natural fibres. In women's wear, the new Essentials by Stockmann brand was unveiled in the autumn, with an assortment of high-quality clothing made of sustainable materials. The use of sustainable materials was increased in other own fashion brands, as well.

The women's fashion in the Helsinki department store underwent a major make-over, and it now offers a more comprehensive array of designer brands, including Marni, M Missoni, Red Valentino and Zimmermann. Top brands Balmain and Alberta Ferretti are now also available exclusively at Stockmann in Finland. The upgraded store milieu is now more spacious and refined, displaying the wide and premium designer selection in an inspiring way. The Tampere and Jumbo department stores were developed based on the customers' wishes, and their new look is currently being finalized.

To stay current on the latest trends, new designer brands were added to all areas. In the men's area, Paul Smith, DSquared, Marcelo Burlon, Paul & Shark and Sunspel were introduced, and the sportswear selection saw new arrivals from DKNY Sport and Houdini. The designer bag section opened in spring 2020 in the Helsinki department store, expanding the offering with designer brands such as Marni, Isabel Marant and Kenzo and semi-luxury brands such as MCM.

This year, Stockmann will continue to actively develop its fashion selection, both at the department stores and online. The omni approach gives everyone easy access to the latest high-quality fashion, in the channel of their choosing.

## / Stockmann offers its customers various fashion services at the department stores and remotely.

The Style Update in an Hour Service is the perfect choice for those looking for an outfit for an important occasion. Fashion Service helps customers redo their entire wardrobe. In the new Remote Fashion Service, a fashion adviser presents various products online based on a discussion with the customer, after which the chosen products are delivered to the customer. The sewing service makes modifications to clothes. All services can be booked through *stockmann.com.* **/** 

NEAL ROALER



With expanded selections and redesigned beauty sections in department stores, Stockmann aims to provide a complete beauty experience with best-in-class service

BEAUTY

## PREMIUM BRANDS MEET EXPANDED SELECTION FOR NATURAL BEAUTY

Stockmann's comprehensive beauty department caters to people looking for luxury and premium brands as well as those interested in natural and wellness products. With expanded selections and redesigned beauty sections in department stores, Stockmann aims to provide a complete beauty experience with best-in-class service.

**BEAUTY,** share of Stockmann division's sales



tockmann offers a unique and curated selection of the best beauty brands, combining the luxury of premium brands with an expanding range of natural cosmetics for the conscious consumer and a variety of high-quality skincare products. Online growth together with the expanded selection and services create an excellent basis for future business growth.

In 2020 Stockmann introduced new natural cosmetics departments to its customers, developed its beauty online store and added several exciting cosmetics brands to its selection. The beauty sections in the department stores were renovated, and the redesigned stockmann.com serves shoppers with a broader selection and improved inspirational content. Last year, new additions to the stockmann.com online store included the highly anticipated top brand Dior.

Natural cosmetics have continued to grow in popularity, and today's consumers call for sustainable and ecological alternatives. Last year these cosmetics were given inviting new sections in the Helsinki department store and Jumbo department stores. The selection was supplemented with several new brands such as Ere Perez, Joik and Taika. This year, a new natural cosmetics section will be opened in the Tampere department store. By placing all of its natural cosmetics in fresh new environments, Stockmann wants to serve its customers better and showcase the entire selection in a more inspiring way.

The brand selection in the Jumbo department store was expanded with premium brands such as Byredo, Jo Malone and La Mer, which previously had only been sold in the Helsinki department store and on stockmann.com.

In 2020, Stockmann's customers were increasingly interested in wellness and treated themselves to skin care, pampering and fragrances. The offering in these areas was supplemented with several brands, including Exuviance, COSRX and Mugler. The Helsinki department store was the first in Finland to open a designated Rituals shop with a complete extensive selection of skincare and home spa products.

The Stockmann beauty experience is complemented with various services provided by beauty advisors and hairstyling partners in department stores. Various cosmetics brands provide skin analyses and MAC offers an online Mac Me Up service for selecting products in a virtual meeting with an expert.



I In 2020, Stockmann launched an inspiring Beauty Wednesday story series on Instagram. Each episode features beauty professionals from Stockmann and different cosmetics brands, who provide tips on various beauty topics, such as skin care tips for dry winter weather or ideas for a gorgeous eye makeup. Stockmann also launched a remote beauty service, in which a cosmetics adviser presents products that meet the customer's needs in an online meeting and delivers the selected products. Online appointments with the cosmetics advisers can be booked at stockmann.com. I

Stockmann serves its customers with an expanded and inspirational home offering in all channels, providing sustainable choices

## IT'S GOOD TO BE HOME

Feeling comfortable and finding ways of self-expression in one's home is now more important than ever. Stockmann serves its customers with an expanded and inspirational home offering in all channels, providing sustainable choices for the Nordic lifestyle.

**HOME,** share of Stockmann division's sales



tockmann's own brands, Casa Stockmann and Villa Stockmann, together with carefully selected Finnish, Nordic and international brands, form a comprehensive offering for the modern home. Stockmann pays keen attention to home design trends, with timeless classics and sustainable choices complementing the selection. The aim is to provide a complete premium home experience with integrated services and events.

People spent more time at home than usual in 2020. Increased interest in home decoration, cooking and baking inspired Stockmann's customers to explore new ideas. The transition to teleworking also increased demand for new product areas. People placed increasing importance on making sustainable, high-quality and considered choices. The drive to decorate also extended to terraces, balconies and summer cottages, where people spent an increasing amount of time teleworking or relaxing.

Last year, Stockmann expanded its home selection with numerous brands and redesigned the home areas in its department stores.

The Helsinki department store opened a new Villeroy & Boch Signature section, the only one of its kind in Finland. The trendy Cura of Sweden weighted duvets were also made available in all department stores and on stockmann.com, and the soft terry cloth products of Luin Living were offered in the department stores after gaining great popularity in the online store.

At the Tampere department store, a new living and lifestyle area was opened. The rugged decoration products and furniture of Muubs were added to the brand selection, along with the classic brands Artek, Vitra and String. The department of the popular Finnish brand Hakola was revamped. Muubs was added to the home selection in Tallinn as well, and the home products area in Jumbo, which is currently being redesigned, will receive its own Muubs section this year.

The brand identity of Stockmann's own brands Casa Stockmann and Villa Stockmann strengthened due to their differentiated selection and good price/quality ratio. The brands were developed with a strong focus on sustainability, featuring for example rugs made from recycled plastic bottles. Last year, Casa Stockmann's sustainable selection also saw the addition of bedlinen and towel collections made from GOTScertified cotton.



/ The home selection was supplemented with exciting pop-up stores during the year. In January, the founder and creative director of the Samuji fashion brand Samu-Jussi Koski curated an exhibition called Design for Finnish Lifestyle at the Helsinki department store. In the spring, Stockmann and the John Nurminen Foundation offered customers the chance to participate in the protection of the Baltic Sea with the #OURSEA pop-up store, which presented campaign products from Arabia, Hackman, Karto, SIGG and Reima. Some of the sales profits were donated directly to the protection of the Baltic Sea, and customers had the opportunity to make a donation to the John Nurminen Foundation at the checkouts.

# BEFERAGE

Interesting and highquality restaurant services are an important part of the visitor experience at Stockmann department stores.

# GOOD FOOD IS A VALUE-ADDING EXPERIENCE

During the year 2020, Stockmann surveyed customers' insights regarding the Helsinki flagship's café and restaurant offering and started planning renewals.

**FOOD,** share of Stockmann division's sales



ood is an important part of people's everyday life. Food is trendy and fashionable — both at home and in cafés and restaurants. Food creates emotions and feelings and is today highly valued both in everyday life and during festive seasons. It also differentiates department stores and the total store experience from online trade. We at Stockmann want the grocery stores connected with Stockmann to be the best in town and to create inspiration and emotions for our clients. Interesting and high-quality restaurant services are an important part of the visitor experience at Stockmann department stores. The aim of Stockmann's food offering (stores, restaurants, take away, cafeterias, bars, etc.) is to be a market role model and a benchmark, both for maintaining established values and representing new trends, for customers in the department stores and to enhance the Stockmann shopping experience. Stockmann's food offering serves the best quality and provides the best service that can be always trusted without hesitation. It also wants to find the best solution for customers in every occasion in life: Stockmann customer personas are highly studied, and the F&B offering addresses their needs.

Stockmann wants to involve its customers in the development of the offering. At the end of 2020, a customer survey was conducted regarding the Helsinki flagship's café and restaurant offering, and the feedback received will be utilised when developing the offering. The findings showed that there are many parts which are already good, but there are also still things and selections that need to be improved, and a wider variety of offerings is needed in order to fulfil the customer personas' needs. In 2020, Stockmann focused on mapping the current state of the F&B category, and the necessary changes will be implemented during 2021 and continuously thereafter. F&B as a core category in Stockmann will be paid special attention, in order to create a feeling that lasts.



/ The renewed **Tallinn Delicatessen** was opened in November 2019. In 2020, the Delicatessen expanded its selection and offered a variety of food experiences in the midst of the exceptional times. More than 4,200 new products and many new international premium brands entered the assortment. We introduced new gourmet, meat and fish recipes and offered our customers restaurant-quality food, and the quail fillet by the famous chef *Vladislav Djatšuk* was a particular hit. To ease our customers' lives we offered cheese and meat platters that are the perfect accompaniment for wine. **/** 

## FINANCIAL PERFORMANCE IN 2020

he corona virus epidemic had a significant negative impact on the entire Stockmann Group's business operations. The revenue for the year 2020 were clearly on a lower level than in the previous year and the operating result was loss-making. The Stockmann Group's revenue in 2020 was EUR 790.7 million (960.4), down 16.9% in comparable currency rates. Adjusted operating result was EUR 4.9 million (39.8). Adjusted earnings per share were EUR -0.48 (-0.63). The Board of Directors propose that no dividend be paid for the financial year 2020.

#### CORPORATE RESTRUCTURING PROCEEDING

The coronavirus epidemic, which broke out in Europe after the first week of March in 2020, caused significant changes in Stockmann Group's operating environment. The coronavirus and the restrictions it caused had a significant effect on the company's customer volumes, cash flow and result. Despite continued strong growth in the online sales of Stockmann division and Lindex, the online sales growth was not sufficient to compensate for the decline in customer volumes in these exceptional circumstances.

The Board of Directors of Stockmann decided, taking into consideration the company's financial structure, to file for corporate restructuring of the parent company Stockmann plc in April 2020. The administrator for the restructuring proceedings, Attorney Jyrki Tähtinen, submitted the proposal for the restructuring programme to the District Court of Helsinki in December 2020, and the District Court approved the programme in February 2021. The eight-year restructuring programme is based on the continuation of the company's department store operations (i.e. the Stockmann division's operations); the sale and lease back of the department store properties in Helsinki, Tallinn and Riga; and the continuation of AB Lindex's business operations under the ownership of the Stockmann Group.

#### IMPAIRMENT TEST FOR LINDEX GOODWILL

The ongoing and re-escalated COVID-19 pandemic increases uncertainty in Lindex's main markets and especially the short-term business environment is challenging. In January 2021, Stockmann Group concluded an impairment test for Lindex's goodwill. As a result, Stockmann recognised approximately EUR 250 million in impairment related to Lindex's goodwill in the consolidated income statement. The write-down is reported as an adjustment, and it has no cash flow impact. After the impairment, the book value of Lindex's intangible assets is EUR 368 million.

#### CHANGE IN REPORTING METHOD FOR STOCKMANN

Group's real estate properties Stockmann has changed from its previous revaluation model to a cost model for its property, plant and equipment for the financial year 2020. As a result of the reporting method change, the accounting value of Stockmann Group's real estate properties decreased from EUR 667.6 million to EUR 254.9 million and the amount of equity from EUR 800.9 million to 469.6 million as at 31 December 2019. The main impact in consolidated income statement relate to decrease of previously reported depreciations and deferred income taxes. Thus the change decreases previously reported 2019 depreciations by EUR 10.8 million.

KEY FIGURES	2020	2019
REVENUE, EUR mill.	790.7	960.4
GROSS MARGIN, %	56.1	56.3
OPERATING RESULT (EBIT), EUR mill.	-252.4	24.1
ADJUSTED OPERATING RESULT (EBIT), EUR mill.	4.9	39.8
RESULT FOR THE PERIOD, EUR mill.	-291.6	-45.6
EARNINGS PER SHARE, undiluted and diluted, EUR	-4.05	-0.72
PERSONNEL, average	5 991	7 002
CASH FLOW FROM OPERATING ACTIVITIES, EUR mill.	147.4	102.3
CAPITAL EXPENDITURE, EUR mill.	19.4	33.8
EQUITY PER SHARE, EUR	2.90	6.52
NET GEARING, %	336.1	191.7
EQUITY RATIO, %	14.6	27.8



READ MORE in the Stockmann's IR Application *myirapp.com/stockmann/* 



#### 2020 Stockmann

## CONTACT INFORMATION

#### Corporate Management Stockmann plc, P.O. Box 220 (Aleksanterinkatu 52 B) FI-00101 Helsinki, Finland Tel. +358 9 1211

Stockmann & Group's shared functions Stockmann plc , P.O. Box 70 (Takomotie 1–3) FI-00381 Helsinki, Finland Tel. +358 9 1211

Contact information for the purchasing offices stockmanngroup.com

Communications and CSR Media Desk, tel. +358 50 389 0011 (9 a.m.-4 p.m. on working days) info@stockmann.com investor.relations@stockmann.com

#### stockmann.com Customer service: asiakaspalvelu@st

asiakaspalvelu@stockmann.com Tel. +358 9 1211

Contact information for the department stores: Finland: *stockmann.com* Estonia: *stockmann.ee* Latvia: *stockmann.lv* 

Lindex Box 233 (Nils Ericsonsplatsen 3) 401 23 Gothenburg, Sweden Tel. +46 31 739 5000

lindex.com Customer service: customerservice-eng@lindex.com Tel. +358 800 130 730

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# ANNUAL GENERAL MEETING

The Annual General Meeting 2021 of the shareholders of Stockmann plc will be held on 7 April 2021. Read more on matters related to the AGM at *stockmanngroup.com*.

> READ MORE in the Governance Review at year2020.stockmanngroup.com

#### **IR CALENDAR IN 2021**

7 April 2021 Annual General Meeting 30 April 2021

John January-March interim report

23 July 2021

29 October 2027 January-September interim report

## LINDEX

Nils Ericsonsplatsen 3 P.O. Box 233 401 23 Gothenburg, Sweden Tel. +46 31 739 5000 lindex.com about.lindex.com

## STOCKMANN

Aleksanterinkatu 52 B P.O. Box 220 FI-00101 Helsinki, Finland Tel. +358 9 1211 stockmann.com stockmanngroup.com