



STOCKMANN PLC

Offering and listing of senior secured fixed rate bonds due 2026

The Bonds are issued in denominations of EUR 1

This prospectus (the “**Prospectus**”) has been prepared in connection with the senior secured bonds offering of Stockmann plc (the “**Issuer**” or “**Stockmann**”), a public limited company incorporated in Finland. Stockmann filed an application for corporate restructuring proceedings (the “**Restructuring Proceedings**”) at the Helsinki District Court on 6 April 2020. A restructuring programme was approved for Stockmann on 9 February 2021 (the “**Restructuring Programme**”), which is being implemented by Stockmann as at the date of this Prospectus. The Restructuring Programme has been restated with the decision of the Helsinki District Court on 17 May 2021. Any references to the Restructuring Programme in this Prospectus shall be construed as references to the Restructuring Programme as it has been approved by the court from time to time. The Restructuring Proceedings have come to an end with the approval of the Restructuring Programme on 9 February 2021. Pursuant to the Restructuring Programme, the holders of Unsecured Debt (as defined in the Terms and Conditions of the Bonds) are entitled to convert 80 per cent. of their receivables under the Unsecured Debt, by way of set-off, to senior secured bonds (the “**Bonds**”) in accordance with the terms and conditions of the bond issue (the “**Terms and Conditions of the Bonds**”) described in this Prospectus (the “**Offering**”). As a result of such conversion, the relevant holder of Unsecured Debt is no longer a creditor under the Restructuring Programme in respect of the converted receivable.

The Bonds bear interest at the fixed rate of 0.10 per cent. per annum. The Bonds are issued in denominations of EUR 1. The maturity of the Bonds is on the date falling five (5) years after the First Issue Date (as defined in the Terms and Conditions of the Bonds) unless the Issuer prepays the Bonds before their maturity. The Bonds are secured by certain assets of the Issuer as described in more detail in the “*Terms and Conditions of the Bonds*”. The security secures also a significant part of the Issuer’s other obligations.

The subscription period of the Offering (the “**Subscription Period**”) commences 24 May 2021 at 10:00 Finnish time and ends on 18 June 2021 at 16:00 Finnish time unless the Subscription Period is extended. Instructions for submitting a subscription and the detailed terms and conditions of the Offering are in section “*Terms and Conditions of the Bonds*” of this Prospectus.

Evli Bank Plc acts as the lead arranger for the Offering (the “**Lead Arranger**”). The Bonds subscribed for and issued in the Offering will be recorded on the book-entry accounts maintained by Euroclear Finland Oy (“**Euroclear Finland**”) on or about 5 July 2021. The Bonds are settled through the clearance system of Euroclear Finland. The Issuer intends to submit to Nasdaq Helsinki Ltd (“**Helsinki Stock Exchange**”) an application for listing the Bonds on the official list of Helsinki Stock Exchange with the trading code “STCJ001026”. Trading in the Bonds is expected to commence in Helsinki Stock Exchange on or about 7 July 2021, provided that Helsinki Stock Exchange approves the listing application.

The Bonds have not been, and will not be, registered under the US Securities Act of 1933, as amended (the “**US Securities Act**”), or under the securities laws of any state of the United States and accordingly, may not be offered or sold, directly or indirectly, in or into the United States except in transactions exempt from registration under the US Securities Act. The Bonds are being offered outside the United States in compliance with Regulation S under the US Securities Act (“**Regulation S**”). Unless otherwise stated in this Prospectus and excluding certain exceptions, individuals whose registered address is in the United States, Canada, Australia, Hong Kong, China, South Africa, Singapore, Japan, New Zealand, Russia or any other country, where the issue of the Bonds would not be permitted under the applicable local legislation (“**Restricted Jurisdictions**”), may not necessarily be able to subscribe for the Bonds in the Offering.

Investment in the Bonds involves significant risks. The Bonds may not be a suitable investment for all investors. Each potential investor in the Bonds must determine the suitability of the investment in light of its own circumstances. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Bonds are discussed under “*Risk Factors*”.

Lead Arranger:



CERTAIN INFORMATION

This Prospectus has been drawn up in accordance with the Regulation (EU) 2017/1129 of the European Parliament and of the Council, as amended (the “**Prospectus Regulation**”), the Commission Delegated Regulation (EU) 2019/979, the Commission Delegated Regulation (EU) 2019/980, in application of the Annexes 8, 16 and 21 (as applicable) thereof, as amended, the Finnish Securities Market Act (14.12.2012/746, as amended) (the “**Finnish Securities Market Act**”) and the regulations and guidelines of the Finnish Financial Supervisory Authority (the “**FIN-FSA**”). The FIN-FSA, which is the competent authority for the purposes of the Prospectus Regulation and relevant implementing measures in Finland has approved the Prospectus (journal number FIVA 34/02.05.04/2021) but assumes no responsibility for the correctness of the information contained herein. The FIN-FSA has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval shall not be considered as an endorsement of the qualities of the Bonds nor the Issuer. This Prospectus has been drawn up as a simplified prospectus in accordance with Article 14 of the Prospectus Regulation. This Prospectus has been prepared in English only. In accordance with Article 7 of the Prospectus Regulation, a summary has been prepared in English and translated into Finnish. This Prospectus should be read in conjunction with all documents which are deemed to be incorporated herein by reference and shall be read and construed on the basis that such documents are incorporated and form part of this Prospectus. See “*Information Incorporated by Reference*”.

In this Prospectus, any reference to the “**Company**”, “**Stockmann**” or “**Stockmann Group**” means Stockmann plc and its subsidiaries on a consolidated basis, except where it is clear from the context that the term means Stockmann plc or a particular subsidiary, and except that references and matters relating to the shares and share capital of the Company or matters of corporate governance shall refer to the shares, share capital and corporate governance of Stockmann plc. All references to the “**Issuer**” refer to Stockmann plc, except where the context may otherwise require.

Potential investors should rely solely on the information contained in the Prospectus as well as on the stock exchange releases published by Stockmann. Stockmann or the Lead Arranger has not authorized anyone to provide any information or give any statements other than those provided in the Prospectus. Delivery of the Prospectus shall not, under any circumstances, indicate that the information presented in the Prospectus is correct on any day other than the date of the Prospectus, or that there would not be any changes in the business of Stockmann after the date of the Prospectus. However, if a fault or omission is discovered in this Prospectus after the FIN-FSA has approved the Prospectus but before the listing of the Bonds and such fault or omission may be of material importance to investors, the Prospectus shall be supplemented in accordance with the Prospectus Regulation. Where the Prospectus is supplemented pursuant to the Prospectus Regulation due to a significant new factor, material mistake or material inaccuracy, which may affect the assessment of the Bonds, the investors who had validly subscribed for Bonds before the supplement is published have the right to withdraw their subscriptions upon certain circumstances.

This Prospectus is valid until the Bonds are listed on the official list of Helsinki Stock Exchange. Responsibility to supplement the Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the Prospectus is no longer valid.

In a number of countries, in particular in the United States, Canada, Australia, Hong Kong, China, South-Africa, Singapore, Japan, New Zealand, Russia and in other countries where the offering of the Bonds would not be in compliance with local regulatory requirements, the offer of the Bonds is subject to restrictions imposed by law (such as registration, admission, qualification and other regulations). The offer to subscribe for the Bonds does not include persons in any jurisdiction where such an offer would be illegal. No action has been or will be taken by the Company or the Lead Arranger to permit the possession or distribution of the Prospectus (or any other offering or publicity materials or application form(s) relating to the Offering) in any jurisdiction where such distribution may otherwise lead to a breach of any law or regulatory requirement.

The Bonds may not be offered, directly or indirectly, and neither this Prospectus nor any documents relating to the Bonds nor any advertisements may be distributed or published in any jurisdiction in which this would violate any laws or regulations. No action has been or will be taken by the Company or the Lead Arranger to permit public offering of Bonds outside Finland. The Company and the Lead Arranger require that any person who receives this Prospectus into their possession acquire adequate information of these restrictions and comply with them. Nevertheless, the Bonds may be offered to qualified investors in a member state of the European Economic Area (“**EEA**”), if any of the exceptions in the Prospectus Regulation is applicable.

The Bonds have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Bonds may not, with certain exceptions, be offered, sold, exercised, pledged, transferred or delivered, directly or indirectly, in or into the United States. In addition to the United States, the legislation of certain other countries may restrict the distribution of this Prospectus. This Prospectus must not be considered an offer of securities in such country, where offering of Bonds would be forbidden. The Bonds may not be offered, sold, exercised, pledged, transferred or delivered, directly or indirectly, in or into such country. Neither the Company nor the Lead Arranger accepts any legal responsibility for persons who have obtained the Prospectus in violation of these restrictions, irrespective of whether these persons are prospective subscribers or purchasers of the Bonds. The Company reserves the right, in its sole and absolute discretion, to reject any subscription of the Bonds that the Company or its representatives believe may give rise to a breach or violation of any law, rule or regulation.

Investors must not construe the contents of this Prospectus as legal, investment or tax advice. Each investor should consult such investor’s own counsel, accountant or business advisor as to legal, investment and tax advice and related matters pertaining to the Offering, if they deem it necessary.

The Offering, Listing and the Bonds are governed by Finnish law and any dispute arising in relation to the Bonds shall be settled exclusively by Finnish courts in accordance with Finnish law.

MiFID II product governance / Professional investors and ECPs only target market: Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in MiFID II (as defined below); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a “distributor”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

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ANNEX 1: RESTRUCTURING PROGRAMME (UNOFFICIAL TRANSLATION)

SUMMARY

Introduction and Warnings

This summary contains all the sections required by the Prospectus Regulation to be included in a summary for this type of securities and issuer. This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. An investor investing in the securities could lose all or part of the invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under applicable law, have to bear the costs of translating the Prospectus before legal proceedings are initiated. The Company assumes civil liability in respect of this summary only if it is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus, or if it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the securities.

The identity and contact details of the issuer are as follows:

Name of the issuer:	Stockmann Oyj Abp
Address:	Aleksanterinkatu 52 B, FI-00100 Helsinki, Finland
Business identity code:	0114162-2
Legal entity identifier (LEI):	743 700 IFQI6W 89M 1IY95
ISIN of the Bonds:	FI4000507330

This Prospectus has been approved by the FIN-FSA as the competent authority under the Prospectus Regulation on 18 May 2021.

The identity and contact details of the competent authority, the FIN-FSA, approving the Prospectus are as follows:

Authority:	Financial Supervisory Authority
Address:	P.O. Box 103, FI-00101 Helsinki, Finland
Telephone:	+358 9183 51
Email address:	kirjaamo@finanssivalvonta.fi.

Key Information on the Issuer

Who Is the Issuer of the Securities?

The issuer's legal and commercial name is Stockmann plc ("**Stockmann**" or the "**Company**") and it is domiciled in Helsinki, Finland. The Company is registered in the Finnish Trade Register of the Finnish Patent and Registration Office (the "**Finnish Trade Register**") under business identity code 0114162-2 and legal entity identifier (LEI) 743 700 IFQI6W 89M 1IY95. The Company is a public limited liability company incorporated in Finland and operating under Finnish law

General

Stockmann is a Finnish public limited company that engages in the retail trade and offers a wide selection of sustainable high-quality fashion, beauty and home goods at department stores and fashion stores and in online stores. The Company was established in 1862 and registered in the Finnish Trade Register on 20 January 1919. The Company was listed on the Helsinki Stock Exchange in 1942 and it is listed on the main list of Nasdaq Helsinki Ltd (the "**Helsinki Stock Exchange**"). The Company engages in the business operations registered in the Finnish Trade Register, i.e. trade at department stores and online as well as other trading and related business operations and services. The Company consists of two business divisions: Stockmann and Lindex. The Company conducts its business in, among others, Finland, Sweden and the Baltic countries, as well as through its online store.

Stockmann filed an application for the commencement of corporate restructuring proceedings (the "**Restructuring Proceedings**") at the Helsinki District Court on 6 April 2020. A restructuring programme was approved for Stockmann on 9 February 2021 (the "**Restructuring Programme**"), which is being implemented by Stockmann as at the date of this Prospectus. The Restructuring Programme has been restated with the decision of the Helsinki District Court on 17 May 2021. The Restructuring Proceedings have come to an end with the approval of the

Restructuring Programme on 9 February 2021. The Restructuring Programme is based on the continuation of Stockmann’s department store operations, the sale and lease-back of the department store properties located in Helsinki, Tallinn and Riga and the continuation of Lindex’s business operations as an integral part of the Stockmann Group.

Major Shareholders

The table below sets forth the Company’s ten largest shareholders on 13 May 2021 in the shareholder register maintained by Euroclear Finland Ltd (“**Euroclear Finland**”):

Shareholder	Number of shares	Shareholding, %	% of votes
Föreningen Konstsamfundet Group ¹	10,552,933	14.05	14.05
Varma Mutual Pension Insurance Company	7,196,876	9.58	9.58
Hc Holding Oy Ab	6,434,262	8.57	8.57
Svenska Litteratursällskapet i Finland	6,036,393	8.04	8.04
Niemistö Kari Pertti Henrik	4,520,544	6.02	6.02
Etola Oy	3,251,093	4.33	4.33
Folkhälsan Samfundet i Svenska Finland ²	1,646,986	2.19	2.19
Foundation of Jenny and Antti Wihuri	1,409,880	1.88	1.88
Ilmarinen Mutual Pension Insurance Company	1,210,581	1.61	1.61
Folkhälsan i Svenska Finland rf Inez och Julius Polins Fond	1,098,082	1.46	1.46
10 largest shareholders	43,357,630	57.73	57.73
Other	31,744,139	42.27	42.27
Total	75,101,769	100	100
Treasury shares	0	0	0
The Company’s shares, total	75,101,769	100	100

¹ Includes shares held by Föreningen Konstsamfundet r.f and Mercator Media Ab.

² Includes shares held by Folkhälsan Samfundet i Svenska Finlandin and Folkhälsans Forskningsstiftelse - Kansanterveyden Tutkimussäätiö Sr.

As at the date of this Prospectus, no shareholder has control over the Company in the meaning of the Chapter 2, Section 4 of the Securities Market Act (746/2012, as amended) (the “**Securities Market Act**”).

Key Managing Directors and Statutory Auditors

The members of the Board of Directors of the Company are Roland Neuwald (Chair), Leena Niemistö (Vice Chair), Stefan Björkman, Esa Lager, Tracy Stone, Anne Kuittinen and Harriet Williams. Stockmann’s management team consists of Jari Latvanen (CEO), Susanne Ehnbåge, Annelie Forsberg, Pekka Vähähyppä, Jukka Naulapää and Tove Westermarck.

The Company’s statutory auditor is Ernst & Young Oy, Authorized Public Accountant Firm, with Terhi Mäkinen, Authorized Public Accountant as the auditor with principal responsibility. The Company’s consolidated financial statements for the financial year ended 31 December 2020 have been audited by Henrik Holmbom and Marcus Tötterman Authorized Public Accountants, both representing KPMG Oy Ab, Authorized Public Accountant Firm.

What Is the Key Financial Information Regarding the Issuer

The selected historical key financial information presented below has been derived from Stockmann’s unaudited Interim Management Statement as at and for the three months ended 31 March 2021 including unaudited comparative consolidated financial information as at and for the three months ended 31 March 2020 as well as the audited consolidated financial statement prepared in accordance with IFRS as adopted by the EU as at and for the financial year ended 31 December 2020 including unaudited restated comparative financial information for the financial year 2019.

The following table sets forth the key figures of Stockmann for the dates and periods indicated:

	As at and for the three months ended 31 March		As at and for the year ended 31 December	
	2021	2020	2020 (audited, unless otherwise stated)	2019 (unaudited) ¹⁾
(EUR in million, unless otherwise indicated)				
KEY FIGURES				
Revenue	155.7	168.4	790.7	960.4
Operating profit/-loss	-27.7	-27.8	-252.4	24.1
Operating profit/loss, % of revenue, % ³	n/a	n/a	-31.9	2.5
Result for the period	-29.5	-35.3	-291.6	-45.6
Earnings per share, EUR	-0.41	-0.52	-4.05	-0.72
Interest-bearing net debt	649.7	939.9	702.5 ²⁾	900.2
Net cash flow from operating activities	-16.9	-22.4	147.4	102.3
Net cash flow used in investing activities	-2.7	-8.8	-10.0	116.8
Net cash used in financing activities	-15.6	28.1	-11.5	-238.8
Total assets	1 357.9	1 672.2	1 428.1	1 690.3
Equity, total	173.9	414.0	209.0	469.6

¹⁾ In 2020, the valuation method for property, plant and equipment was changed from the previously used revaluation model in accordance with IAS 16 to a cost model. As a result of the change in accounting method the comparative information from the financial year 2019 has been restated in the financial statements for the financial year 2020 in accordance with IAS 8. As a result of the change in accounting method the revaluation surplus included in equity has been derecognized, and correspondingly, the balance sheet items regarding land and water, buildings and constructions, retained earnings and deferred tax liabilities have been restated. As for the consolidated income statement, depreciations and income taxes have been restated.

²⁾ Unaudited.

³⁾ Key figures marked with “n/a” are not presented in the Company’s interim management statements for the first and third quarters of the year.

What Are the Key Risks That Are Specific to the Issuer?

- Stockmann may fail in the implementation of the Restructuring Programme and repayment of the Restructuring Debt, which could result in the Company’s bankruptcy.
- The provisions of the Restructuring Programme and the risks related to its implementation may significantly limit and hinder Stockmann’s ability to conduct its business and weaken Stockmann’s relations with its major stakeholders.
- Global epidemics and pandemics may have a material adverse effect on Stockmann’s business through, for example, general economic conditions, a decrease in customer volumes and changes in consumer behaviour. and difficulties encountered by Stockmann’s stakeholders.
- Disruptions in the global markets and adverse economic development may have an adverse effect on the industry Stockmann operates in, Stockmann’s business and results of operations.
- Stockmann’s operating profit and result are dependent on its ability to offer attractive products and services to customers at competitive prices, to anticipate trends and to respond to changes in consumer habits and behaviour with sufficient speed.
- Stockmann could fail in growing the revenue and profitability of its online store.
- Stockmann’s profitability is in part dependent on the continued significance of its department stores to Stockmann’s customers.
- Failure in the management of logistics or stock levels, disturbances caused by interruptions in manufacturing and the delivery of services by third party logistics service providers and failures related to sustainable sourcing could have an adverse effect on the profitability of Stockmann’s operations.
- Stockmann may fail to implement its strategy successfully, or its strategy may prove to be misaligned with prevailing market conditions and trends, which may have a material adverse effect on Stockmann’s profitability and the implementation of the Restructuring Programme.
- Stockmann does not hedge its exchange rate and interest rate risks as at the date of this Prospectus.
- Stockmann’s future development and maintaining the ability to service debts require strong cash flows.

Key Information on the Securities

What Are the Main Features of the Securities?

The Bonds constitute unsubordinated and secured obligations of the Issuer. The Bonds are dematerialised securities registered in the Finnish book-entry system maintained by Euroclear Finland Ltd. The currency of the Bonds is the euro. The Bonds are issued in denominations of EUR 1. The ISIN of the Bonds is FI4000507330. The Bonds bear interest at a fixed interest rate of 0.10 per cent. per annum. Interest on the Bonds will be payable biannually in arrears commencing on 5 January 2022. Each Bond will be freely transferable once it has been registered into the respective book-entry account. The maturity of the Bonds is on the date falling five (5) years after the First Issue Date (as defined in the Terms and Conditions of the Bonds) unless the Issuer prepays or redeems the Bonds before their maturity.

The Bonds are secured by the Transaction Security (as defined in the Terms and Conditions of the Bonds). The Transaction Security secures a major part of the other indebtedness of the Issuer, of which the majority is debts under the Restructuring Programme. Future indebtedness permitted under the Terms and Conditions of the Bonds will also share the Transaction Security. Certain liabilities also have priority to the proceeds from the enforcement of Transaction Security.

The aggregate amount of the Initial Bonds (as defined in the Terms and Conditions of the Bonds) may be an amount of up to 80 per cent. of the Unsecured Debt (as defined in the Terms and Conditions of the Bonds). All Initial Bonds are issued at an issue price of 100 per cent. of the Nominal Amount (as defined in the Terms and Conditions of the Bonds).

The Issuer may, at one or several occasions, issue Subsequent Bonds (as defined in the Terms and Conditions of the Bonds). Subsequent Bonds shall benefit from and be subject to the Finance Documents (as defined in the Terms and Conditions of the Bonds) and otherwise have the same rights as the Initial Bonds. The aggregate amount of the Subsequent Bonds will be an amount of (i) up to 80 per cent. of the Unsecured Debt (for the avoidance of doubt, that at the time of the First Issue Date remains as Disputed Restructuring Debt (as defined in the Terms and Conditions of the Bonds) and other than the Remaining Restructuring Creditors (as defined in the Terms and Conditions of the Bonds) under the Remaining Restructuring Debt (as defined in the Terms and Conditions of the Bonds) which have decided not to use their right of set-off in accordance with the Restructuring Programme) and (ii), in case the Permitted Working Capital Financing (as defined in the Terms and Conditions of the Bonds) has been incurred in the form of Subsequent Bonds, EUR 50,000,000.

Where Will the Securities Be Traded?

The Issuer will submit a listing application to the Helsinki Stock Exchange to list the Bonds on the official list of the Helsinki Stock Exchange with the trading code "STCJ001026". In the event the Bonds are so listed, upon any issue of Subsequent Bonds, the Issuer shall promptly after the relevant issue date procure that the volume of Bonds listed is increased accordingly.

What Are the Key Risks That Are Specific to the Securities?

- A failure of the Offering could lead to the lapse of the Company's Restructuring Programme and the investors losing their investment partially or in full.
- Investors may forfeit interest and principal amount invested.
- The Transaction Security may be susceptible to recovery.
- The Transaction Security may not be sufficient to cover all the obligations secured thereby, the enforcement of the security may be delayed and the ability of the Security Agent to enforce certain of the Transaction Security may be restricted by local law.

Key Information on the Offer of Securities

Under Which Conditions and Timetable Can I Invest in This Security?

The Bonds are offered for subscription to the Unsecured Creditors (as defined in the Terms and Conditions of the Bonds) in order to convert, by way of set-off, the Unsecured Debt into Bonds. Subscription shall be made by submitting a duly completed subscription form to Evli Bank Plc by the end of the subscription period. The subscription period of the Offering commences 24 May 2021 at 10:00 Finnish time and ends on 18 June 2021 at 16:00 Finnish time unless the subscription period is extended. By returning such duly completed subscription form to Evli Bank Plc by the end of the subscription period, the relevant Unsecured Creditor irrevocably confirms its willingness to subscribe for Bonds in the amount of 80 per cent. of the Unsecured Debt owed by the Issuer to the relevant Unsecured Creditor. After the final allocation of the subscriptions by the Issuer, each Unsecured Creditor that has submitted a subscription shall be notified by the Issuer when such subscription is accepted. Subscriptions notified by the Issuer as having been accepted shall be paid for in kind by way of set-off against the Unsecured Debt owed by the Issuer to the relevant Unsecured Creditor, as instructed in connection with the subscription. Bonds subscribed for shall be entered by the Issuing Agent (as defined in the Terms and Conditions of the Bonds) to the respective book-entry accounts of the subscribers on a date advised in connection with the issuance of the Bonds in accordance with the Finnish legislation governing book-entry system and book-entry accounts as well as regulations and decisions of the central securities depository.

In connection with the Offering, the Issuer expects to pay approximately a total of EUR 0.5 million in fees and expenses. No fees or other payments will be charged to the investor by the Issuer.

Why Is This Prospectus Being Produced?

This Prospectus is being produced in order to enable the Offering and the conversion of the Unsecured Debt into Bonds as required by the Restructuring Programme and to apply for the trading of the Bonds on the official list of the Helsinki Stock Exchange. The purpose of the issuance of the Initial Bonds is to convert, by way of set-off, up to 80 per cent. of the Unsecured Debt of Unsecured Creditors that have decided to use their right of set-off in accordance with the Restructuring Programme.

Material Interests

The interests of the Lead Arranger are normal business interests in the financial markets. The Lead Arranger and its respective affiliates have performed, and may in the future perform, advisory, consulting and/or banking services for Stockmann in the ordinary course of their business for which they have received, or will receive, customary fees and expenses. The Lead Arranger and its respective affiliates may also hold long or short positions, and may trade or otherwise effect transactions, for their own account or the accounts of customers, in debt or equity securities of the Issuer.

In addition, Evli Euro Liquidity, a fund managed by Evli Fund Management Company Ltd, a fully-owned subsidiary of the Lead Arranger, Evli Bank Plc, is an unsecured creditor under the Restructuring Programme and Juhana Heikkilä of Evli Fund Management Company Ltd serves as the creditor representative of unsecured commercial paper creditors in the committee of creditors under the Restructuring Programme.

Nordic Trustee Oy that acts as the Security Agent is also the noteholders' agent under the Issuer's existing senior secured notes issued in 2017 (ISIN FI4000292719).

Intertrust (Finland) Oy that acts as the Bonds Agent is also the security agent under the Issuer's existing senior secured notes issued in 2017 (ISIN FI4000292719).

TIIVISTELMÄ

Johdanto ja varoitukset

Tämä tiivistelmä sisältää kaikki ne osiot, jotka kyseessä olevasta arvopaperista ja sen liikkeeseenlaskijasta tulee esittää Euroopan parlamentin ja neuvoston asetuksen (EU) 2017/1129 ("Esiteasetus") mukaisesti. Tätä tiivistelmää tulee lukea esitteen johdantona. Sijoittajan tulee perustaa päätöksensä sijoittaa arvopapereihin esitteeseen kokonaisuutena. Arvopapereihin sijoittava sijoittaja voi menettää kaiken tai osan sijoitetusta pääomasta. Jos tuomioistuimessa pannaan vireille esitteeseen sisältyviä tietoja koskeva kanne, kantajana toimiva sijoittaja voi sovellettavan lainsäädännön mukaan joutua ennen oikeudenkäynnin vireillepanoa vastaamaan esitteen käännöskustannuksista. Stockmann vastaa siviilioikeudellisesti tästä tiivistelmästä vain, jos tiivistelmä luettuna yhdessä esitteen muiden osien kanssa on harhaanjohtava, epätarkka tai epä johdonmukainen tai jos tiivistelmässä ei luettuna yhdessä esitteen muiden osien kanssa anneta keskeisiä tietoja sijoittajien auttamiseksi, kun he harkitsevat sijoittamista arvopapereihin.

Liikkeeseenlaskijan yhteystiedot ovat seuraavat:

Liikkeeseenlaskijan nimi:	Stockmann Oyj Abp
Osoite:	Aleksanterinkatu 52 B, 00100 Helsinki
Yritys- ja yhteisötunnus:	0114162-2
Oikeushenkilötunnus (LEI-tunnus):	743 700 IFQI6W 89M 1IY95
Velkakirjojen ISIN-tunnus:	FI4000507330

Finanssivalvonta on toimivaltaisena viranomaisena hyväksynyt esitteen Esiteasetuksen mukaisesti 18.5.2021.

Toimivaltaisen viranomaisen eli Finanssivalvonnan, joka hyväksyy tämän esitteen, yhteystiedot ovat seuraavat:

Viranomainen:	Finanssivalvonta
Osoite:	PL 103, 00101 Helsinki, Suomi
Puhelinnumero:	+358 9183 51
Sähköpostiosoite:	kirjaamo@finanssivalvonta.fi.

Keskeisiä tietoja liikkeeseenlaskijasta

Kuka on arvopapereiden liikkeeseenlaskija?

Liikkeeseenlaskijan rekisteröity toiminimi on Stockmann Oyj Abp ("**Stockmann**" tai "**Yhtiö**") ja sen kotipaikka on Helsinki. Yhtiö on rekisteröity Patentti- ja rekisterihallituksen ylläpitämään kaupparekisteriin ("**Kaupparekisteri**") y-tunnuksella 0114162-2 ja oikeushenkilötunnuksella (LEI-tunnus): 743 700 IFQI6W 89M 1IY95. Yhtiö on julkinen osakeyhtiö, joka on perustettu Suomessa ja siihen sovelletaan Suomen lakia.

Yleistä

Stockmann on suomalainen vähittäiskauppaa harjoittava julkinen osakeyhtiö, joka tarjoaa monipuolisen, laadukkaan ja vastuullisen valikoiman muodin, kauneuden ja kodin tuotteita tavarataloissa, muotimyymälöissä ja verkkokaupoissa. Yhtiö on perustettu vuonna 1862 ja rekisteröity kaupparekisteriin 20.1.1919. Yhtiö on listautunut Helsingin pörssiin vuonna 1942 ja se on listattuna Nasdaq Helsinki Oy:n ("**Helsingin Pörssi**") päälisellä. Yhtiö harjoittaa kaupparekisteriin rekisteröityä toimintaa eli tavaratalotoimintaa, verkkokauppaa ja muuta kauppaa sekä näihin liittyviä liiketoimintoja ja palveluita. Yhtiöllä on kaksi liiketoimintadivisioonaa Stockmann ja Lindex. Yhtiö harjoittaa liiketoimintaa muun muassa Suomessa, Ruotsissa ja Baltiassa sekä nettikaupan kautta.

Stockmann jätti 6.4.2020 Helsingin käräjäoikeudelle hakemuksen saneerausmenettelyn aloittamisesta ("**Saneerausmenettely**"). Stockmannille on 9.2.2021 vahvistettu saneerausohjelma ("**Saneerausohjelma**"), jota Stockmann toteuttaa tämän Esitteen päivämääränä. Saneerausohjelmaa on oikaistu Helsingin käräjäoikeuden päätöksellä 17.5.2021. Saneerausmenettely on lakannut Saneerausohjelman vahvistamisella 9.2.2021. Saneerausohjelma perustuu Stockmannin tavaratalotoiminnan jatkumiseen, Helsingissä, Tallinnassa ja Riassa

sijaitsevien tavaratalokiinteistöjen myyntiin ja takaisin vuokraamiseen sekä Lindexin liiketoiminnan jatkumiseen kiinteänä osana Stockmann-konsernia.

Suurimmat osakkeenomistajat

Seuraavassa taulukossa esitetään Euroclear Finland Oy:n (“**Euroclear Finland**”) ylläpitämässä osakasluettelossa 13.5.2021 olleet Yhtiön kymmenen suurinta osakkeenomistajaa:

Osakkeenomistaja	Osakkeiden lukumäärä	Osakkeista, %	Äänistä, %
Föreningen Konstsamfundet-ryhmä ¹	10 552 933	14,05	14,05
Keskinäinen työeläkevakuutusyhtiö Varma	7 196 876	9,58	9,58
Hc Holding Oy Ab	6 434 262	8,57	8,57
Svenska Litteratursällskapet i Finland	6 036 393	8,04	8,04
Niemistö Kari Pertti Henrik	4 520 544	6,02	6,02
Etola Oy	3 251 093	4,33	4,33
Folkhälsan Samfundet i Svenska Finland ²	1 646 986	2,19	2,19
Jenny ja Antti Wihurin rahasto	1 409 880	1,88	1,88
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	1 210 581	1,61	1,61
Folkhälsan i Svenska Finland rf Inez och Julius Polins Fond	1 098 082	1,46	1,46
10 suurinta omistajaa yhteensä	43 357 630	57,73	57,73
Muut	31 744 139	42,27	42,27
Yhteensä	75 101 769	100	100
Yhtiön omat osakkeet	0	0	0
Yhtiön osakkeet yhteensä	75 101 769	100	100

¹⁾ Sisältäen Föreningen Konstsamfundet r.f.:n ja Mercator Media Ab:n omistamat osakkeet.

²⁾ Sisältäen Folkhälsan Samfundet i Svenska Finlandin ja Folkhälsans Forskningsstiftelse - Kansanterveyden Tutkimussäätiö Sr:n omistamat osakkeet.

Yhtiössä ei ole tämän Esitteen päivämääränä osakkeenomistajaa, jolla olisi arvopaperimarkkinalain (746/2012, muutoksineen) 2 luvun 4 §:n mukainen määräysvalta Yhtiössä.

Johdon avainhenkilöt ja tilintarkastaja

Yhtiön hallituksen jäsenet ovat Roland Neuwald (puheenjohtaja), Leena Niemistö (varapuheenjohtaja), Stefan Björkman, Esa Lager, Tracy Stone, Anne Kuittinen, ja Harriet Williams. Stockmannin johtoryhmään kuuluvat Jari Latvanen (toimitusjohtaja), Susanne Ehnåge, Annelie Forsberg, Pekka Vähähyyppä, Jukka Naulapää ja Tove Westermark.

Yhtiön lakisääteinen tilintarkastaja on tilintarkastusyhteisö Ernst & Young Oy, KHT Terhi Mäkisen toimiessa päävastuullisena tilintarkastajana. Yhtiön konsernitilinpäätöksen 31.12.2020 päättyneeltä tilikaudelta on tilintarkastanut KHT Henrik Holmbom sekä KHT Marcus Tötterman, molemmat edustaen tilintarkastusyhteisö KPMG Oy Ab:tä.

Mitä ovat liikkeeseenlaskijaa koskevat keskeiset taloudelliset tiedot?

Alla esitettävät valikoidut historialliset keskeiset taloudelliset tiedot ovat peräisin Stockmannin tilintarkastamattomasta johdon osavuotisesta selvityksestä 31.3.2021 päättyneeltä kolmen kuukauden jaksolta, sisältäen tilintarkastamattomat vertailutiedot 31.3.2020 päättyneeltä kolmen kuukauden jaksolta sekä EU:ssa käyttöön otettujen IFRS-standardien mukaisesti laaditusta tilintarkastetusta konsernitilinpäätöksestä 31.12.2020 sisältäen tilintarkastamattomat oikaistut vertailutiedot tilikaudelta 2019.

Seuraavassa taulukossa esitetään Stockmannin keskeisiä tunnuslukuja ilmoitettuina päivinä ja ajanjaksoina:

	31.3. ja 31.3. päättynyt kolmen kuukauden jakso		31.12. ja 31.12. päättynyt vuosi	
	2021	2020	2020	2019
(miljoonaa euroa, ellei toisin ilmoitettu)	(tilintarkastamaton)		(tilintarkastettu, jollei toisin mainittu)	(tilintarkasta -maton) ¹⁾
TALOUDELLISET TUNNUSLUVUT				
Liikevaihto	155,7	168,4	790,7	960,4
Liikevoitto/-tappio	-27,7	-27,8	-252,4	24,1
Osuus liikevaihdosta, % ³	n/a	n/a	-31,9	2,5
Tilikauden voitto/tappio	-29,5	-35,3	-291,6	-45,6
Osakekohtainen tulos (EPS), euroa	-0,41	-0,52	-4,05	-0,72
Korollinen nettovelka	649,7	939,9	702,5 ²	900,2
Liiketoiminnan nettorahavirta	-16,9	-22,4	147,4	102,3
Investointien nettorahavirta	-2,7	-8,8	-10,0	116,8
Rahoituksen nettorahavirta	-15,6	28,1	-11,5	-238,8
Taseen loppusumma	1 357,9	1 672,2	1 428,1	1 690,3
Oma pääoma yhteensä	173,9	414,0	209,0	469,6

¹ Kiinteistöjen arvostamisessa on vuonna 2020 siirrytty aikaisemmin käytetystä IAS 16 mukaisesta uudelleenarvostumallista hankintamenuomalliin. Laatimisperiaatteen muutoksen seurauksena tilikauden 2019 vertailutiedot on IAS 8 -standardin mukaisesti oikaistu tilikauden 2020 tilinpäätöksessä. Laatimisperiaatteen muutoksen seurauksena taseen omaan pääomaan sisältyvä uudelleenarvostusrahasto on peruutettu, ja vastaavasti taseen erien maa ja vesialueet, rakennukset ja rakennelmat, kertyneet voittovarot sekä laskennalliset verovelat on oikaistu. Konsernituloslaskelman osalta poistoja ja tuloveroja on oikaistu.

² Tilintarkastamaton.

³ Ne tunnusluvut, joiden kohdalla on esitetty "n/a", ovat tunnuslukuja, joita ei esitetä Yhtiön johdon osavuotisissa selvityksissä vuoden ensimmäiseltä ja kolmannelta neljännekseltä.

Mitkä ovat liikkeeseenlaskijaan liittyvät olennaiset riskit?

- Stockmann voi epäonnistua Saneerausohjelman toteuttamisessa ja saneerausvelkojen takaisinmaksussa, jolloin Yhtiö saattaisi joutua hakeutumaan konkurssiin.
- Saneerausohjelman määräykset ja sen toteutukseen liittyvät riskit saattavat olennaisesti rajoittaa ja hankaloittaa Stockmannin mahdollisuuksia harjoittaa liiketoimintaansa sekä heikentää Stockmannin suhteita sen keskeisiin sidosryhmiin.
- Maailmanlaajuisilla epidemioilla ja pandemiolla voi olla olennaisen haitallinen vaikutus Stockmannin liiketoimintaan muun muassa yleisen taloustilanteen, asiakasmäärien vähentymisen, kuluttajakäyttäytymisen muutosten ja Stockmannin sidosryhmien kohtaamien hankaluuksien seurauksena.
- Kansainvälisten markkinoiden häiriöt sekä epäsuotuisa taloudellinen kehitys voivat vaikuttaa haitallisesti Stockmannin toimialaan, liiketoimintaan ja liiketoiminnan tulokseen.
- Stockmannin liikevoitto ja tulos riippuvat siitä, kuinka hyvin se pystyy tarjoamaan vetovoimaisia tuotteita ja palveluita kuluttajille kilpailukykyiseen hintaan, ennakoimaan trendejä sekä reagoimaan kulutustottumusten muutoksiin riittävän nopeasti.
- Stockmann saattaa epäonnistua verkkokaupan liikevaihdon ja kannattavuuden kasvattamisessa.
- Stockmannin kannattavuus riippuu osaksi tavaratalojen säilymisestä merkityksellisinä Stockmannin asiakkaille.
- Epäonnistuminen logistiikan tai varastotason hallinnassa, häiriöt tuotannossa tai kolmansien logistiikkapalvelujen tarjoajien toimituspalveluissa ja tietoliikenteessä sekä toimitusketjujen vastuulliseen hallintaan liittyvät epäonnistumiset voivat vaikuttaa haitallisesti Stockmannin toiminnan tuloksellisuuteen.
- Stockmann ei välttämättä onnistu toteuttamaan strategiaansa menestyksekkäästi, tai sen strategia voi osoittautua virheelliseksi suhteessa vallitseviin markkinaolosuhteisiin ja trendeihin, millä voi olla olennaisen haitallinen vaikutus Stockmannin kannattavuuteen ja Saneerausohjelman toteuttamiseen.
- Stockmann ei suojaa valuuttakurssi- ja korkoriskejä Esitteen päivämääränä.
- Stockmannin tuleva kehitys sekä velanmaksukyvyyn ylläpitäminen edellyttävät vahvaa kassavirtaa.

Keskeiset tiedot arvopapereista

Mitkä ovat arvopapereiden keskeiset ominaisuudet?

Arvopaperit Liikkeeseenlaskijan vakuudellisia ja alistamattomia sitoumuksia (**“Velkakirjat”** tai **“Velkakirjalaina”**). Velkakirjat rekisteröidään Euroclear Finland Oy:n ylläpitämään arvo-osuusjärjestelmään eikä niistä anneta fyysisiä velkakirjoja. Velkakirjojen valuutta on euro. Velkakirjojen yksikkökoko on 1 euro. Velkakirjojen ISIN-tunnus on FI4000507330. Velkakirjojen pääomalle maksetaan kiinteää 0,10 prosentin vuotuista korkoa. Velkakirjojen korko maksetaan puolivuositain alkaen 5.1.2022. Velkakirjat ovat vapaasti vaihdettavissa sen jälkeen, kun ne on rekisteröity arvo-osuustilille. Velkakirjojen eräpäivä on viiden (5) vuoden kuluttua ensimmäisestä liikkeeseenlaskupäivästä ellei Liikkeeseenlaskija takaisinmaksu tai lunasta Velkakirjoja ennen niiden eräpäivää.

Liikkeeseenlaskija on antanut vakuuden Velkakirjojen maksusuorituksista. Vakuus toimii vakuutena myös merkittävälle määrälle Liikkeeseenlaskijan muita velkoja, joista merkittävin osa on Saneerausohjelman alaisia velkoja. Velkakirjalainan ehtojen sallimat Stockmannin myöhemmät velat jakavat myös vakuuden. Tietyillä velvoitteilla on etusija vakuuden realisoinnista saataviin tuloihin.

Alkuperäisten Velkakirjojen kokonaismäärä voi olla enintään 80 prosenttia Stockmannin saneerausohjelman mukaisesta vakuudettomasta velasta (**“Vakuudeton Velka”**). Kaikki alkuperäiset Velkakirjat lasketaan liikkeeseen hinnalla, joka vastaa 100 prosenttia kunkin Velkakirjan nimellisarvosta.

Liikkeeseenlaskija voi laskea liikkeeseen lisää velkakirjoja, joita sitovat samat dokumentit, ja joilla on vastaavat ehdot kuin Velkakirjoilla (**“Lisävelkakirjat”**). Lisävelkakirjojen kokonaismäärä voi olla (i) 80 prosenttia Vakuudettomasta Velasta (selvyyden vuoksi, se velka, mikä ensimmäisenä liikkeeseenlaskupäivänä on riitaista saneerausvelkaa ja muu velka kuin jäljelle jäävien saneerausvelkojen velka, jonka osalta velkojat ovat päättäneet etteivät käytä Saneerausohjelman mukaista kuitausoikeuttaan jäljelle jäävän saneerausvelan osalta) ja (ii), jos sallittu käyttöpääomarahoitusta hankitaan Lisävelkakirjojen muodossa, 50.000.000 euroa.

Missä arvopapereilla tullaan käymään kauppaa?

Liikkeeseenlaskija tulee jättämään hakemuksen Velkakirjojen ottamiseksi kaupankäynnin kohteeksi Helsingin Pörssin virallisella listalla kaupankäyntitunnuksella ”STCJ001026”. Mikäli Velkakirjat on otettu kaupankäynnin kohteeksi, Liikkeeseenlaskijan tulee varmistaa jokaisen Lisävelkakirjojen liikkeeseenlaskun yhteydessä, että Velkakirjojen kokonaismäärää korotetaan vastaavalla määrällä pikaisesti relevantin liikkeeseenlaskupäivän jälkeen.

Mitkä ovat arvopapereihin liittyvät keskeiset riskit?

- Tarjouksen epäonnistuminen voi johtaa Yhtiön Saneerausohjelman raukeamiseen ja sijoittajat saattaisivat menettää sijoituksensa osittain tai kokonaan.
- Sijoittajat saattavat menettää sijoituksensa koron ja pääoman.
- Vakuudet voivat olla alttiita takaisinsaannille.
- Vakuudet eivät välttämättä riitä kattamaan kaikkia velvoitteita, joiden vakuudeksi ne on annettu, vakuuksien realisointi voi viivästyä ja vakuusagentin mahdollisuudet realisoida tiettyjä vakuuksia voi olla lailla rajoitettu.

Keskeiset tiedot arvopapereiden tarjoamisesta

Mitkä ovat arvopapereihin sijoittamisen edellytykset ja aikataulu?

Velkakirjoja tarjotaan merkittäväksi Saneerausohjelman mukaisille vakuudettomille velkojille (**“Vakuudettomat Velkojat”**) Vakuudettoman Velan konvertoimiseksi Velkakirjoiksi. Merkinnät tehdään toimittamalla täytetty merkintälomake Evli Pankki Oyj:lle merkintäajan päättymiseen mennessä. Tarjoamisen merkintäaika alkaa 24.5.2021 klo 10:00 Suomen aikaa ja päättyy 18.6.2021 klo 16:00 Suomen aikaa, ellei merkintäaika jatketa. Palauttamalla täytetyn merkintälomakkeen Evli Pankki Oyj:lle merkintäajan päättymiseen mennessä, Vakuudeton Velkoja peruuttamattomasti vahvistaa suostumuksensa Velkakirjojen merkitsemiselle siitä nimellismäärästä, joka

vastaa 80 prosenttia Liikkeeseenlaskijan Vakuudettomasta Velasta relevantille Vakuudettomalle Velkojalle. Liikkeeseenlaskija ilmoittaa jokaiselle Vakuudettomalle Velkojalle, joka on toimittanut merkintälomakkeen, kun tämän merkintä on hyväksytty Liikkeeseenlaskijan tekemän lopullisen merkintöjen allokaation jälkeen. Niiden merkintöjen, joiden hyväksynnän Liikkeeseenlaskija on erikseen ilmoittanut, merkintähinta maksetaan kuittaamalla Liikkeeseenlaskijan Vakuudetonta Velkaa relevantille Vakuudettomalle Velkojalle siten, kuten merkinnän yhteydessä on ohjeistettu. Liikkeeseenlaskijan asiamies rekisteröi merkityt Velkakirjat merkitsijöiden arvo-osuustileille Velkakirjojen liikkeeseenlaskun yhteydessä asetettuna päivämääränä Suomen arvo-osuusjärjestelmää ja arvo-osuustilejä koskevan lainsäädännön sekä arvo-osuusjärjestelmän ylläpitäjän ohjeiden ja päätösten mukaisesti.

Liikkeeseenlaskijan arvio sille Velkakirjojen liikkeeseenlaskusta aiheutuvista kustannuksista on 0,5 miljoonaa euroa. Liikkeeseenlaskija ei veloita palkkioita tai muita maksuja sijoittajilta.

Miksi tämä esite on laadittu?

Tämä esite on laadittu Velkakirjojen tarjoamisen ja Saneerausohjelman mukaisen Vakuudettoman Velan Velkakirjoiksi konvertoinnin mahdollistamiseksi sekä Velkakirjojen ottamiseksi kaupankäynnin kohteeksi Nasdaq Helsinki Oy:n listalla. Alkuperäisten Velkakirjojen liikkeeseenlaskun tarkoituksena on konvertoida enintään 80 prosenttia sellaisten Vakuudettomien Velkojien, jotka ovat päättäneet käyttää Saneerausohjelman mukaista kuittausoikeuttaan, Vakuudettomasta Velasta.

Olennaiset intressit

Tarjoamisen järjestäjän intressit ovat tavanomaiset liiketaloudelliset intressit rahoitusmarkkinoilla. Järjestäjä ja sen lähipiiriyhtiöt ovat kukin tarjonneet, ja saattavat tulevaisuudessa tarjota Stockmannille neuvonanto-, konsultointi- ja/tai pankkipalveluita osana tavanomaista liiketoimintaansa, josta ne ovat saaneet, tai tulevat saamaan, tavanomaiset palkkiot ja kulukorvaukset. Pääjärjestäjä tai sen lähipiiriyhtiöt saattavat pitää pitkiä tai lyhyitä positioita, ja käydä muutoin kauppaa tai muutoin tehdä transaktioita Liikkeeseenlaskijan velka- tai pääomainstrumenteilla sekä omaan, että asiakkaidensa lukuun.

Lisäksi, Sijoitusrahasto Evli Likvidi, järjestäjänä toimivan Evli Pankki Oyj:n tytäryhtiö Evli Rahastoyhtiö Oy:n hallinnoima rahasto, on Saneerausohjelman mukainen vakuudeton velkoja ja Juhana Heikkilä Evli Rahastoyhtiö Oy:stä toimii Saneerausohjelman mukaisesti vakuudettomien yritystodistusvelkojien edustajana velkojatoimikunnassa.

Nordic Trustee Oy, joka toimii vakuusagenttina, toimii myös joukkovelkakirjalainan haltijoiden edustajana mm. Liikkeeseenlaskijan vuonna 2017 liikkeeseen laskemaan vakuudelliseen joukkovelkakirjalainaan (ISIN: FI4000292719) liittyen.

Intertrust (Finland) Oy, joka toimii joukkovelkakirjalainan haltijoiden edustajana, toimii myös vakuusagenttina mm. Liikkeeseenlaskijan vuonna 2017 liikkeeseen laskemaan vakuudelliseen joukkovelkakirjalainaan (ISIN: FI4000292719) liittyen.

RISK FACTORS

Investing in the Bonds involves risks which may be significant. The review below describes risk relating to the Offering, the Company and its business, as well as the Bonds. Many risks related to the Company and its business are inherent in the nature of its business and typical in its sector. Investors considering investing in the Bonds should carefully review the information contained in this Prospectus, and in particular, the risk factors described below.

Each of the risks presented may have a material impact on the Company's business, results of operations and financial condition, and they may individually or together result in the Company failing to achieve its financial targets. Should these risks lead to a decline in the market price of the Bonds, investors who have invested in them may lose their investment fully or in part. The description of risk factors below is based on information available and estimates made on the date of this Prospectus and, therefore, is not necessarily exhaustive. As a part of the assessment of the risk factors, the Company has considered the probability of the realisation of the possible risks. Potential events that may or may not materialise are presented in the risk factors. Due to the uncertainty characteristic for these potential courses of events, the Company is unable to present an exact estimate for all the risks on the probability of such events materialising or failing to materialise.

The risks presented herein have been divided into seven categories based on their nature. These categories are:

- A. Risks related to the Restructuring Programme and its execution;*
- B. Risks related to the operating environment;*
- C. Risks related to Stockmann's business operations;*
- D. Risks related to the implementation of Stockmann's strategy;*
- E. Risks related to the Company's financial condition;*
- F. Risks related to the Offering and the Bonds; and*
- G. Risks related to the Transaction Security and the Intercreditor Agreement.*

Within each category, the risk estimated to be the most material on the basis of an overall evaluation of the criteria set out in the Prospectus Regulation is presented first. However, the order in which the risk factors are presented after the first risk factor in each category is not intended to reflect either the relative probability or the potential impact of their materialisation. The order of presentation of the categories does not represent any evaluation of the materiality of the risks within that category, when compared to risks in another category.

In addition to the risks and uncertainties described herein, risks and uncertainties that are currently unknown or considered immaterial may have a material adverse effect on Stockmann's business or on the market price of the Bonds.

The capitalised words and expressions in this section shall have the meanings defined in "Terms and Conditions of the Bonds".

A. Risks related to the Restructuring Programme and its implementation

Stockmann may fail in the implementation of the Restructuring Programme and repayment of the Restructuring Debt, which could result in the Company's bankruptcy.

The COVID-19 pandemic, which broke out in Europe in March 2020, caused significant changes in the Stockmann Group's operating environment, with customer volumes decreasing suddenly (for more information on the effect of the COVID-19 pandemic, see "The Company's Recent Development, Prospects and Uncertainties in the Near Term – Recent Events and Uncertainties in the Near Term – Impacts of the COVID-19 pandemic on Stockmann's business"). In order to safeguard the continuity of its business and its recovery, the Company's Board of Directors resolved to file for the commencement of corporate restructuring proceedings in the District Court of Helsinki on 6 April 2020. The District Court of Helsinki approved Stockmann's Restructuring Programme on 9 February 2021 with its ruling and the Restructuring Proceedings formally ceased. The Company's failure to comply with the

Restructuring Programme or negligence related to it may result in the lapse of the Restructuring Programme or the financing arrangement based on it. As a result of this, the Company could be required to file for bankruptcy.

The restructuring programme is based on, among others, the Company continuing its department store operations and online store in Finland and in the Baltic countries. Lindex's operations will continue as an integral part of the Stockmann Group, and its cash flows will support the servicing of payment obligations under the Restructuring Programme. As a part of the Restructuring Programme, the Company will divest the real estate assets it owns in Helsinki, Tallinn and Riga. The proceeds from the realisation of the Company's real estate assets will primarily be used for the repayment of Secured Restructuring Debt (as defined below). Pursuant to the Restructuring Programme, 20 per cent. of the Company's unsecured debt under the Restructuring Programme (the "**Unsecured Restructuring Debt**") will be cut for those creditors who do not use their right to convert their receivable into the shares in the Issuer, and a repayment schedule disclosed in the Restructuring Programme has been prepared for the remaining 80 per cent. In addition, 50 per cent. of the Hybrid Loan (as defined below) shall be cut and the rest 50 per cent. shall be converted into shares in the Issuer if a creditor so chooses. In accordance with the Restructuring Programme, the Company is also obliged to carry out the Offering. For more information see "*-A failure of the Offering could lead to the lapse of the Company's Restructuring Programme*". For more information on the Restructuring Programme and its impacts, see "*The Company's Recent Development, Prospects and Uncertainties in the Near Term - Recent Events and Uncertainties in the Near Term - Restructuring Proceedings and Restructuring Programme*" and "*The Company's Recent Development, Prospects and Uncertainties in the Near Term - Recent Events and Uncertainties in the Near Term - Events occurred as a result of the Restructuring Proceedings and Restructuring Programme*" below.

The objective of the Restructuring Programme is to rejuvenate the Company's operations, maintain its competitiveness in its industry, enable the Company to be refinanced at a later date and reorganise the Company's debts only to an extent that is absolutely necessary in order to achieve the goal of rehabilitating the Company. The Restructuring Programme will also enable the Company to make the investments planned for 2021–2028, which are necessary for the development of the Company. As at the date of this Prospectus, the Company has approximately EUR 209.6 million in Unsecured Restructuring Debt, approximately EUR 54.1 million in Hybrid Loan (as defined below) and secured debt owed to secured creditors totalled approximately EUR 435.4 million.

As at the date of this Prospectus, the book-value of the department store properties in the Company's balance sheet totalled EUR 246.7 million. The risks related to the sale and leaseback of the properties are described in more detail below in section "*-The proceeds from the disposal of property required by the Restructuring Programme may not be sufficient for covering the total amount of Secured Restructuring Debt, and Stockmann may fail in the leaseback of the property*".

In accordance with the Restructuring Programme, the court overseeing the restructuring proceedings may order for the debt reorganisation set out in the Restructuring Programme to lapse due to the events set out in Section 64 of the Restructuring of Enterprises Act (47/1993, as amended, the "**Restructuring Act**"), as well as in the event that the Company implements measures that are in breach of the Restructuring Programme or for which the consent of the Supervisor (as defined below) or the creditors has not been acquired as required by the Restructuring Programme, or the Company neglects to implement measures that can be required pursuant to the Restructuring Programme within the time limits imposed by the Supervisor (as defined below), the Company neglects to abide by the provisions of the Restructuring Programme, and despite requests does not remedy the neglect within a reasonable additional period. The request to have the debt reorganisation lapse can be filed by the Supervisor (as defined below) or by a creditor with regard to its own receivable. The Supervisor (as defined below) is entitled to apply for the debt reorganisation of the Restructuring Programme to lapse, for example, when payments in accordance with the Restructuring Programme are delayed, either in respect of the debt(s) payments of which are delayed or for the lapse of the entire debt reorganisation under the Restructuring Programme, if creditors whose restructuring receivables represent more than 50 per cent. of all restructuring debt, so require.

Furthermore, the Restructuring Programme stipulates that, where necessary, the Supervisor (as defined below) may propose that the debt reorganisation as defined in the Restructuring Programme should lapse in case (i) the Restructuring Programme is non-viable for example due to the low profitability of the relevant business operations, (ii) the Company incurs additional debt during the implementation of the Restructuring Programme, excluding debt from purchase invoices with standard payment terms and certain other exceptions, or (iii) the Company ceases its business operations for some reason. In addition, the Finnish Tax Administration, employment pension insurance company, Employment Fund or insurance company, whose restructuring receivables from the Company

are statutory claims for unpaid insurance premiums, are entitled to apply for the debt reorganisation to lapse if the Company neglects the payment of statutory value added tax, the employer's contribution supervision notifications or the provision of income data, or the due payment of self-assessed taxes or pension insurance contributions or unemployment insurance contributions or statutory occupational accident and disease insurance contributions, and does not rectify these deficiencies upon receiving an itemised request for correction by the Finnish Tax Administration, employment pension insurance company, Employment Fund or insurance company within a reasonable time.

The Restructuring Programme will lapse in its entirety if the Company is declared bankrupt or if the court overseeing the restructuring proceedings otherwise decides that the Restructuring Programme or the debt reorganisation should lapse. As described in more detail in the Restructuring Programme, the Restructuring Programme can be ordered to lapse at the request of the Supervisor (as defined below) or a creditor if, after the certification of the Restructuring Programme, circumstances come to light which, under the Restructuring Act, would have prevented the certification of the Restructuring Programme had they been known at the time, or the Company has violated the Restructuring Programme in order to favour a creditor, and the violation is not minor. The Supervisor (as defined below) is entitled to apply for the Restructuring Programme to lapse if, in addition to the events set out in in Section 65 of the Restructuring Act, the Company materially breaches its obligations under the Restructuring Programme or in the event that the payments set out in the repayment schedule of the Restructuring Programme are delayed for more than three months. In the event that the Restructuring Programme is ordered to lapse, it will no longer be in force and the creditors will have the same right to a payment of the restructuring debt that they would have had if the Restructuring Programme had never been certified.

Stockmann's ability to satisfy the obligations imposed to it in the Restructuring Programme depend on, among others, the profitability of its business and the success of its strategic choices and the realisation of its real estate properties. Efforts have been made to increase the flexibility of the Restructuring Programme by converting some of the unsecured debts into the Company's series B shares or by cutting debt (for more information, see "*The Company's Recent Development, Prospects and Uncertainties in the Near Term – Recent Events and Uncertainties in the Near Term – Restructuring Proceedings and Restructuring Programme*"). However, there can be no assurance that Stockmann will succeed in complying with the provisions of the Restructuring Programme. Non-compliance with the obligations under the Restructuring Programme, for example failure in the sale and lease-back or disposal of properties and failure in the repayment of the restructuring debt may lead to the termination of the Restructuring Programme or bankruptcy.

The provisions of the Restructuring Programme and the risks related to its implementation may significantly limit and hinder Stockmann's ability to conduct its business and weaken Stockmann's relations with its major stakeholders.

The provisions of the Restructuring Programme and restrictions set out therein may hamper Stockmann's ability to conduct its business and weaken Stockmann's relations with its major stakeholders. Under the provisions of the Restructuring Programme, the Company may not engage in certain activities described in the Restructuring Programme without a prior written consent of the Supervisor (as defined below). Activities requiring the consent of the Supervisor (as defined below) include, as defined in the Restructuring Programme and with the exceptions described therein, among others, certain business arrangements, disposals of assets, investments, incurring debt, granting loans, guarantees and security, executing transactions with related parties and initiating insolvency proceedings. In addition, the Company is required to ensure that its subsidiaries specified in the Restructuring Programme do not engage in corresponding activities. The Restructuring Proceedings have limited Stockmann's ability to hedge its exchange rate and interest rate risk, as well as obtain new financing during the implementation of the Restructuring Programme (for more information, see "*— The Company has a limited ability to arrange new financing during the implementation of the Restructuring Programme*" and "*— Stockmann does not currently hedge its exchange rate and interest rate risks*"). The provisions of the Restructuring Programme may limit Stockmann's ability to make decisions related to its business, develop its operations and, as such, adapt to new conditions.

In addition, the filing for the Restructuring Proceedings and the provisions of the Restructuring Programme may have weakened Stockmann's relationship with its major stakeholders, such as shareholders, creditors, goods suppliers and tenants. The Restructuring Programme includes provisions on a reduction of the Unsecured Restructuring Debt and the Hybrid Loan (as defined below) and their conversion into the Company's shares (for more information, see "*The Company's Recent Development, Prospects and Uncertainties in the Near Term –*

Recent Events and Uncertainties in the Near Term – Restructuring Proceedings and Restructuring Programme”). In addition, as a result of the Restructuring Proceedings, the District Court ordered a temporary ban on collections and enforcement against Stockmann. This resulted in uncertainty particularly among Stockmann’s goods suppliers, which may have had a negative impact on business relations and their future development. Stockmann’s management estimates that business relations are gradually returning to normal. Stockmann has continued to engage in dialogue with its finance providers and other key stakeholders during the Restructuring Proceedings. However, there can be no assurance that Stockmann will regain its position with its stakeholders, which could have negative impacts in the future on, among other things, Stockmann’s ability to obtain the additional financing required for its operations, or which could weaken Stockmann’s position in the eyes of its goods suppliers and logistics partners.

The Company has terminated some of its leases pursuant to Section 27(1) of the Restructuring Act and negotiated new, more favourable lease agreements concerning the premises located in Tapiola (Ainoa) shopping centre, the Jumbo shopping centre, the Turku and Tampere department stores as well as the administration premises located at Takomotie. In addition, the Company has terminated the lease agreements concerning the parking facility at the Helsinki City Centre department store and some smaller leased premises located at Keskuskatu 3, Helsinki, which were sublet premises on the date on which the Restructuring Proceedings were commenced. With regard to almost all lease agreements, the amount of leased space has decreased to some extent, and the subtenants have had to negotiate their own agreements directly with the (primary) landlord due to the termination of the main lease agreement. These measures may have impaired Stockmann’s relationship with its lessors and previous subtenants and weakened the general perception of Stockmann as a tenant and lessor. This may have an adverse effect on the development of Stockmann’s operations in the future, and therefore, its profitability, financial condition and future prospects.

Although the Restructuring Proceedings did not formally concern Lindex, the provisions of the Restructuring Programme may have adverse and/or restrictive effects on Lindex’s operations as well, e.g. through stricter terms demanded by suppliers and the weakened availability of financing arrangements and banking services. Cancellation of derivative agreements has limited Lindex’s ability to hedge against foreign exchange risks and increased the administrative burden resulting from the processing of payments. Even though the financing needs of Lindex are considered when planning dividend distributions and group contributions, the resolutions on distributions required for ensuring the Company’s ability to service its debts (including the payment programme under the Restructuring Programme) may have a negative impact on Lindex’s liquidity and financial position.

The Company has a limited ability to arrange new financing during the implementation of the Restructuring Programme.

Under the provisions of the Restructuring Programme, the Company may not incur new debt or enter into derivative arrangements without the Supervisor’s (as defined below) prior written consent. Under the Restructuring Programme, the restriction does not apply to the debt of AB Lindex incurred for the purposes of financing development of business operations, subject to that the terms of such financing arrangement do not restrict the making of payments or distributions to the Company; debts of the Company for the purposes of repaying all restructuring debt in accordance with the Restructuring Programme; the secured notes in accordance with the Restructuring Programme; accounts payable in the ordinary course of its business and on market terms; debt incurred by AB Lindex, Stockmann AS, SIA Stockmann and Stockmann Security Services Oy Ab pursuant to the cash pool arrangement between the aforementioned companies and the Company, subject to that the debt of: (i) AB Lindex to the Company shall not exceed EUR 20 million; (ii) Stockmann AS to the Company shall not exceed EUR 3 million; (iii) SIA Stockmann to the Company shall not exceed EUR 3 million; and (iv) Stockmann Security Services Oy Ab to the Company shall not exceed EUR 500,000, and (other than the debt of SIA Stockmann during three years after making the renewal investment in the maximum amount of EUR 2,500,000) within each period of six months (starting from the approval date of the Restructuring Programme) the debt of AB Lindex, Stockmann AS, SIA Stockmann and Stockmann Security Services Oy Ab to the Company shall not exceed zero (0) for a period of not less than five days. Not less than three months shall elapse between two such five-day periods; debt arising out of the leaseback of the Helsinki, Tallinn and Riga department store properties; debt arising out of (i) leaseback of the property related to [redacted]; and (ii) the equipment financing arrangements in relation thereto; and entering into derivative transactions for hedging purposes on market terms.

Therefore, the Restructuring Programme limits Stockmann's ability to arrange new financing during the execution of the Restructuring Programme. This may affect Stockmann's ability to obtain new financing needed for its operations, liquidity and financial condition.

The proceeds from the disposal of property required by the Restructuring Programme may not be sufficient for covering the total amount of Secured Restructuring Debt, and Stockmann may fail in the leaseback of the property.

The Company's Restructuring Programme is based on the sale and leaseback arrangement of the department store properties in Helsinki, Tallinn and Riga. Pursuant to the provisions of the Restructuring Programme, proceeds from the sale and leaseback arrangement are used, primarily, for the repayment of the secured restructuring debt that has been determined at the beginning of the Restructuring Proceedings to be covered by the value of the relevant security (the "**Secured Restructuring Debt**"). The payment programme of the Secured Restructuring Debt requires repayment of such debt by 31 December 2022. Secured debt owed to secured creditors totalled EUR 435.4 million of which the amount exceeding the Secured Restructuring Debt is Unsecured Restructuring Debt. As at the date of this Prospectus, the book-value of the department store properties in the Company's balance sheet totalled EUR 246.7 million.

The aforementioned properties must be sold by 31 December 2021 at the latest at the risk of the Restructuring Programme lapsing unless the Supervisor postpones the deadline for the sale until 31 December 2022 for a justified reason. As at the date of this Prospectus, Stockmann has initiated preparations for the sale of the department store properties it owns in accordance with the provisions of the Restructuring Programme (see "*The Company's Recent Development, Prospects and Uncertainties in the Near Term – Recent Events and Uncertainties in the Near Term – Events occurred as a result of the Restructuring Proceedings and Restructuring Programme – Measures relating to real estate properties*"). The Supervisor is aware of the plan to sell the properties by 31 December 2021. However, there may be unforeseeable delays and carrying out the sale of the properties may be delayed from the target schedule. The Supervisor has initially indicated that, upon such circumstances and for a justified reason, he would be ready to postpone the deadline set for the sale of properties within the limits provided by the Restructuring Programme.

The amount of proceeds received to cover the Secured Restructuring Debt depends on the outcome of the realisation of the department store properties. The values of properties and the result of realisation may be affected by numerous factors, such as supply and demand of real estate, general economic growth conditions, investment requirements of investors, the interest rate level, inflation, the business environment, the availability of credit, property taxes, demographic factors, activity in the construction market, regional development factors, and the availability of leased premises. The spread of the COVID-19 pandemic and the restrictions imposed by the authorities could decrease customer flows at commercial properties and the attractiveness of brick-and-mortar stores, as well as lead to lower lease income obtained from tenants and lower occupancy rates at the properties. The aforementioned factors or their negative development could have a material adverse effect on the valuation of Stockmann's properties and the proceeds obtained from their sale.

In case the proceeds received from the sale of the department store properties would exceed the amount of Secured Restructuring Debt, the Company will not be entitled to receive all the proceeds exceeding the amount of the Secured Restructuring Debt, as it is obliged, based on the Restructuring Programme, to use at least 80 per cent. of the proceeds exceeding the amount of Secured Restructuring Debt in prepayment of other restructuring debt and up to 20 per cent. of the proceeds may be used to increase the working capital of the Company. Partial prepayment of other restructuring debt would, on the other hand, support the solvency of the Company in the future.

In case the Company is not able to sell its department store properties, or if the result of the realisation is not enough to cover the Secured Restructuring Debt, there is a risk that the Company would not be able to finance the deficit with its cash flow or procure the required financing elsewhere. This could result in the Company not being able to fulfil its obligations in accordance with the Restructuring Programme and especially the repayment of the Secured Restructuring Debt. A failure to repay the Secured Restructuring Debt by 31 December 2022 or other breach of the provisions of the Restructuring Programme could result in the lapse of the Restructuring Programme or the financing arrangement based on it and the Company could be required to file for a bankruptcy (see further information in "*–Stockmann may fail in the implementation of the Restructuring Programme and repayment of the Restructuring Debt, which could result in the Company's bankruptcy*").

Similarly, the favourability of the terms and conditions of leaseback arrangements is dependent on several factors, which may be beyond Stockmann's control, such as the conditions of the lessors and the real estate market. There can be no assurance that Stockmann will succeed in negotiating lease terms and conditions that are favourable to it. Concluded lease agreements that are unfavourable to Stockmann would likely incur significant long-term lease liabilities for Stockmann, which involves a risk to Stockmann's profitability should the volume of operations decline significantly in the leased premises. Should such a lease agreement be terminated, this would have a material adverse effect on Stockmann's business, results of operations and financial condition.

The materialisation of the risks mentioned above may have a material adverse effect on the sale and leaseback of properties. Failure in the sale and leaseback of properties may lead to the termination of the Restructuring Programme or bankruptcy.

Stockmann does not hedge its exchange rate and interest rate risks as at the date of this Prospectus.

As at the date of this Prospectus, Stockmann does not hedge its risks arising from fluctuations in foreign exchange rates and interest rates. As part of the commencement of the Restructuring Proceedings, the financing banks that served as derivative counterparties closed all of the Company's derivative contracts on 6 April 2020. Under the provisions of the Restructuring Programme, Stockmann may not enter into any derivative arrangements for the purposes of protection against or benefit from fluctuations in any rate, interests or price, except for commitments to market-based derivative arrangements for hedging purposes. However, filing for Restructuring Proceedings has had an adverse effect on Stockmann's risk rating among financiers, and therefore, made it more difficult to enter into new market-based derivative arrangements. There can be no assurance that the financing banks will agree to provide allowed derivative arrangements to Stockmann in the future, or that their terms and conditions will be acceptable and financially justified for Stockmann.

Risks related to fluctuations in exchange rates are described in more detail in section "*Fluctuations in currency exchange rates may adversely affect Stockmann's results of operations.*" and risks related to fluctuations in interest rates in section "*Fluctuations in interest rates may adversely affect Stockmann's results of operations and financial condition.*"

B. Risks related to the operating environment

Global epidemics and pandemics may have a material adverse effect on Stockmann's business through, for example, general economic conditions, a decrease in customer volumes and changes in consumer behaviour and difficulties encountered by Stockmann's stakeholders.

The ongoing COVID-19 pandemic has caused significant disruptions in the global economy and the geographical areas in which Stockmann operates. The spread of the COVID-19 virus has led to a decrease in business activity, restrictions on movement, quarantines, global disruptions in supply chains and general instability in the economy and financial markets. The COVID-19 virus and restrictions resulting from it have had and, in the view of Stockmann's management, will continue to have a significant effect on Stockmann's customer volumes, cash flow and results as long as the COVID-19-pandemic continues.

The COVID-19 pandemic, which broke out in Europe after the first week of March in 2020, caused significant changes in Stockmann's operating environment, with customer volumes decreasing suddenly. The number of people who travelled to Finland decreased strongly in 2020 due to the travel restrictions imposed by the authorities. The decrease in tourism had a negative effect especially on the customer flow of the Stockmann's department store in Helsinki. The Finnish Government imposed strict restrictions on gatherings, which limited, among other things, possibilities to arrange normal commercial campaigns. The Government also recommended remote work when possible, which partly explains the decreased customer volumes in the stores. The negative effects of the COVID-19 pandemic on the market environment persisted in the second quarter of 2020. The national restrictions in Finland were partially lifted in May 2020, which was reflected as a positive development in customer flows at the Stockmann department stores and Lindex stores at the end of the second quarter of 2020. During the third quarter of 2020, Stockmann's business operations normalised gradually, and visitor trends in the brick-and-mortar stores started to recover towards a normal level. Furthermore, Stockmann's and Lindex's online stores enjoyed positive growth in their sales during the third quarter of 2020, and Lindex's online sales partly compensated for the decline in the sales of the brick-and-mortar stores.

During the fourth quarter of 2020 and the first quarter in 2021, the pandemic continued to have a negative impact on Stockmann's business, especially in customer volumes in the brick-and-mortar stores. The online sales were not able to fully compensate for the decline despite the strong increase in e-commerce. During the fourth quarter of 2020, the pandemic continued to have a negative impact on business, especially in customer volumes in brick-and-mortar stores. The online sales were not able to fully compensate for the decline despite the strong increase in e-commerce. Towards the end of 2020 and in the beginning of 2021, the COVID-19 incident rates multiplied, particularly in Sweden, and the trend was alarming also in Norway. At the end of the year 2020, altered viruses which spread more easily were detected. The first COVID-19 vaccine was approved in the EU in January 2021, but the delivered amounts have fallen short of what was targeted. In Finland, the number of infections and the incidence increased very rapidly since the beginning of February 2021, resulting in stricter restrictions. Even though the number of infections has decreased as a result of closing down restaurants and other restrictions imposed before Easter 2021, forecasting the development of the virus mutations and the rate of vaccination is challenging. As at the date of this Prospectus, the COVID-19 situation has remained challenging particularly in Sweden.

In the Baltic countries, the COVID-19 virus had a similar negative effect on retail in 2020. This resulted from temporary closures of stores, restrictions on opening hours, decline in tourist volumes and changes in demand and purchasing behaviour. In addition, authorities have ordered various restrictions and close-downs in the 19 market areas Lindex operates in during 2020 and at the beginning of 2021. For further information on the effects of COVID-19 on the Stockmann Group, see "*The Company's Recent Development, Prospects and Uncertainties in the Near Term – Recent Events and Uncertainties in the Near Term – Impacts of the COVID-19 Pandemic*" below.

Should the restrictions imposed due to the COVID-19 virus continue for a prolonged time or be extended further in the markets in which Stockmann operates, they may result in disruptions affecting Stockmann, its employees, the utilisation of its retail premises, suppliers, logistics, customers and tenants, which may have a material adverse effect on Stockmann's business, financial condition and/or results of operations. In particular, more extensive and prolonged restrictions on movement and recommendations to maintain physical distance and prefer remote work together with restrictions on opening hours may impact customer flows in the Company's and Lindex's brick-and-mortar stores, and consequently, have an adverse effect on the demand for products sold by Stockmann.

In addition, weaker confidence among Stockmann's customers in general economic development and their declined economic activity may have a negative impact on Stockmann's revenue, cash flows and liquidity. A continuation of the COVID-19 pandemic may have a material effect on the availability of financing both for Stockmann and its suppliers and customers. Recommendations on remote work and restrictions have led to and may also lead in the future to, for example, a decrease or changes in demand for business attire and fashion. Should the COVID-19 pandemic be prolonged, a deterioration in the financial condition of Stockmann's customers may result in a decline in the demand for products offered by Stockmann, sales development falling short of expectations, changes in the customers' purchasing behaviour and a decline in the prices of products offered by Stockmann.

Correspondingly, the COVID-19 pandemic may have an effect on Stockmann's assets presented on its balance sheet. The COVID-19 pandemic is increasing uncertainty in Lindex's main markets and especially the short-term business environment is challenging. Due to such uncertainty, in January 2021, the Stockmann Group tested Lindex's goodwill for impairment. As a result, the Stockmann Group recognised an impairment of EUR 250 million related to Lindex's goodwill in its consolidated income statement for the financial year 2020. There can be no assurance that the continuation of the COVID-19 pandemic would not result in the recognition of impairment of goodwill in the future as well (see also "*Possible impairments of goodwill in the future could have a material adverse impact on Stockmann's financial condition and results of operations*").

Due to the spread of the COVID-19 virus, Stockmann has changed certain of its operating practices, and it may also have to implement other measures required by the authorities or considered by itself to be in the best interest of its personnel, customers and other stakeholders. In March 2021, Stockmann imposed a requirement to wear masks in its department stores and increased its measures related to hygiene. Furthermore, since the beginning of March 2021, Stockmann has offered an opportunity for quieter shopping to at-risk groups during the first opening hour at its Helsinki department store. In addition, Stockmann's own personnel have worked remotely when possible. Measures implemented by Stockmann have resulted, and its possible measures in the future may result in Stockmann incurring additional costs, and such measures may have a negative impact on the business of Stockmann, the consumers' perception of the Stockmann brand and their customer service experience.

On the date of this Prospectus, the COVID-19 situation is still very uncertain. The full impacts of the COVID-19 virus (including their timing, duration and scope) on the global economy, Finland and Sweden and more widely in the areas in which Stockmann operates, as well as on Stockmann's business and its customers, is difficult to forecast, particularly as the pandemic situation and the decisions and measures of the public authorities can change rapidly. Broader or prolonged restrictions or infections in Stockmann's stores or among its personnel or customers may have a material adverse effect on Stockmann's business, financial condition and/or results of operations.

Disruptions in the global markets and adverse economic development may have an adverse effect on the industry Stockmann operates in, Stockmann's business and results of operations.

Unfavourable economic development, disruptions in the financial markets or negative economic conditions in Finland, Sweden, elsewhere in the European Union and other countries may have an adverse effect on Stockmann's business and results of operations. Economic development impacts the purchasing behaviour and purchasing power of consumers and companies, which has an effect on, in particular, Stockmann's retail trade operations. The demand for Stockmann's products depends on general economic conditions and the financial condition of consumers and companies, which in turn are affected by macroeconomic factors. Unfavourable changes in Stockmann's main market areas may result from, for example, negative development in general economic conditions, weaker confidence among companies and consumers and volatility and lack of confidence in the international stock, bond, commodity and foreign exchange markets. The outbreak of the COVID-19 pandemic is an example of adverse macroeconomic development, and the uncertainty resulted from it has had a negative effect on the general requirements of business operations and the confidence of consumers (see also "*Global epidemics and pandemics may have a material adverse effect on Stockmann's business through, for example, general economic conditions, a decrease in customer volumes, changes in consumer behaviour and difficulties encountered by Stockmann's stakeholders*" above). Unfavourable macroeconomic developments may weaken private consumption and the availability of financing, and lead to e.g. higher interest rate levels, inflation, higher unemployment and changes in foreign exchange rates that are unfavourable to Stockmann.

In addition, geopolitical tensions, for example economic sanctions imposed by the United States and the European Union against Russia and continuous tensions in the trade between the United States and China, may continue to have an adverse effect on the global economic environment. Furthermore, the exit of the United Kingdom from the European Union ("**Brexit**") has had an adverse effect on the economy of the European Union and increased general uncertainty. The risk of new exits from the European Union and the disintegration of the euro zone cannot be excluded. Increasing political uncertainty and more intense geopolitical tensions may result in disruptions in Stockmann's operations. Stockmann's results of operations are dependent on customer demand and price levels, and due to this, they are sensitive to the changes in market conditions described above, which affect general customer demand and the price level of products and services. A decrease in the demand for Stockmann's products would lead to a decrease in revenue, and Stockmann may fail to adapt its costs in line with the weaker demand. For example, Stockmann may fail to implement employee reductions required in an economic downturn at sufficient speed or to a sufficient extent, which may have an adverse effect on the profitability of Stockmann's operations. Furthermore, rapid changes in market conditions may hamper the planning of Stockmann's business operations and the preparation of forecasts.

Furthermore, economic development and changes in the operating environment also affect the operations of Stockmann's tenants, which may affect the rental income and the occupancy rate of the properties owned by Stockmann as well as their fair value. Economic development may also affect the ability of Stockmann's tenants to satisfy their obligations under their lease agreements. Further, uncertainty in the operating environment may affect the operations Stockmann's tenants and their development, which may have a negative effect on rental income. Stockmann's rental income from its cooperating partners that are leasing premises in its stores and in its subleased premises has decreased due to the COVID-19 pandemic. Lower customer volumes have also affected the tenants' revenue and results, and consequently, their ability and willingness to pay rents.

It is difficult to prepare accurate forecasts for the global development of the market conditions or the general macroeconomic conditions faced by Stockmann, as the functioning of the consumer market is affected by macro-level changes in the financial markets and numerous other factors, such as the stock, bond and derivative markets, which are beyond Stockmann's control. Stockmann may fail to take advantage of opportunities provided by changes in the economic cycles or to adapt to a prolonged economic recession to a sufficient extent. The materialisation of any risk described above or general economic downturn may have a material adverse effect on Stockmann's business, financial condition, results of operations and future prospects.

Unfavourable economic development and conditions in the countries in which Stockmann operates may adversely affect Stockmann's business and results of operations.

The Stockmann Group engages in business in Finland, Sweden, Norway, and the Baltic countries as well as in other European countries, and it has also franchising operations in several other countries. Economic development affects consumer purchasing behaviour and purchasing power in all of the Stockmann Group's market areas. Uncertainties related to purchasing behaviour and power may have a material adverse effect on Stockmann's business.

The risk level of the business environment varies in the Stockmann Group's different geographical markets. The level of business risk has declined in the Baltic countries following their accession to the European Union, but there are still political risks and risks related to economic development in the Baltic countries. The measures taken by the authorities due to the COVID-19 pandemic, such as possible restrictions on movement and travel, and regional infection rates may vary between Stockmann's main market areas. For example, decisions of the authorities have led, and may also lead in the future, to temporary closures of stores in certain areas, such as in the Baltic countries.

The economic situation in many countries, e.g. Finland, Sweden, Norway and the Baltic countries, could be adversely affected by the general economic conditions and the uncertainty in the global financial markets. Possible unfavourable developments in the macroeconomic conditions in Finland, Sweden or other Nordic countries or on a global level, or continued uncertainty in the financial markets may also impair Stockmann's ability to obtain financing from banks or the capital markets. In addition to the general economic conditions, the purchasing behaviour of consumers and companies in different geographical areas is affected by, for example, the progress of digitalisation, changes in the intensity of competition in each country and local purchasing trends. There can be no assurance that Stockmann can adapt its operations in line with the operating environment in each country.

Unfavourable economic development has affected and may continue to affect Stockmann's business in many ways through, for example, the income, assets, liquidity and other aspects of the financial condition of Stockmann's customers. The materialisation of any risks described above may have a material adverse effect on Stockmann's business, financial condition, results of operations and future prospects, as well as on the price of the Bonds.

Intense competition in the retail trade could reduce Stockmann's revenue and operating profit.

The retail trade industry is characterised by intense competition, and the threshold to market entry is rather low. Success in intensely competitive markets is based on various factors, such as prices, product selection, product quality, customer service, location of department stores and their reputation, convenience in making purchases, advertising, customer loyalty programmes, availability of consumer credit, functionality of the online store and the general ambience and atmosphere of the stores. The competition results in challenges to, inter alia, Stockmann's ability to maintain the favourable development of its department stores and online sales and to offer its customers attractive products at competitive prices.

Stockmann's success is dependent on its ability to distinguish itself from its competitors based on, among other things, the convenience of making purchases, a high-quality selection and first-class customer service. Since 2013, Stockmann has striven to restructure its operations, focus on its core business and divest its assets to decrease its debts. Some of the savings have been targeted at investments in systems and decreasing the number of salespeople and training in the department store operations, which has eroded the Company's competitive edge. Investments in marketing have also decreased. It is possible that these measures have had a negative impact on the Company's competitive position in the market and ability to develop its operations. Correspondingly, the competitive position of Lindex may be affected by, among others, its own and its competitors' daily activities and the success of the company in making investments in line with its business plan and in new business areas.

As a result of the transformation of the retail trade, consumption is increasingly moving to the internet. The increased significance of online sales has affected, and may continue to affect, the competitive environment by changing consumer preferences. It may more difficult to provide an excellent customer service experience in online shopping compared to brick-and-mortar stores, which is one of Stockmann's main competitive advantages, and this may weaken Stockmann's competitive position. It is expected that physical specialty stores will continue to lose market share to online stores. Furthermore, online shopping may increase price competition further and place pressures on Stockmann's profitability.

There can be no assurance that Stockmann will be able to compete successfully against its current or new competitors in the future. The activities of competitors, such as the launching of new brands, increasing the number of stores, the growth of new sales channels (such as online stores), innovations in pricing, improvements in promotional and marketing activities, logistics functions and business strategies, could reduce Stockmann's competitiveness, revenue or profitability or increase costs, which could, in turn, have a material adverse effect on Stockmann's business, financial condition, results of operations and future prospects, as well as on the price of the Bonds.

C. Risks related to Stockmann's business operations

Stockmann's operating profit and result are dependent on its ability to offer attractive products and services to customers at competitive prices, to anticipate trends and to respond to changes in consumer habits and behaviour with sufficient speed.

Customer centricity, i.e. the capability to understand customers and to serve them in the way they choose and to provide a unique customer service experience, is at the core of Stockmann's strategy. In order to ensure the profitability of its operations, Stockmann must be able to recognise, procure and sell attractive, innovative and high-quality products and services to its customers. Stockmann must tailor its products and services to match demand in each of its market areas. In order to be attractive for Stockmann's customers, the stores in each market area as well as online stores must offer the right product selection.

Stockmann must be able to satisfy its customers' wishes, which may change quickly in the future. Stockmann must be able to use the retail area it controls in the most efficient way possible by developing the operations of its brick-and-mortar stores and online store. Therefore, Stockmann must be able to anticipate and respond to a number of varying fashion and trend variables and other factors affecting its market areas. Fashion accounted for over 80 per cent. of consolidated revenue of the Stockmann Group in 2020. An inherent aspect of the fashion trade is the short life cycle of products and its dependence on trends, the seasonality of sales and its susceptibility to abnormal changes in weather conditions. These factors may have an effect on the Stockmann Group's revenue and sales margin.

Incorrect assessments of the market situation, product demand or the customers' purchasing habits and consumer preferences in the future could result in lost sales opportunities or lower margins and in inefficient use of the premises. Such factors would lower the profitability and results of Stockmann's business. In addition, inadequate investments in customer service or any cuts thereof and, for example, cost saving programmes related to the personnel may impair services offered by Stockmann and the customer service experience in certain areas. This may have a material adverse effect on Stockmann's business, financial condition, results of operations and future prospects, as well as on the price of the Bonds.

Stockmann could fail in growing the revenue and profitability of its online store.

Stockmann's online sales have grown significantly in recent years. Online sales accounted for 16.7 per cent. of the Company's total sales in 2020 and 5.9 per cent. in 2019. Correspondingly, online sales accounted for 15.6 per cent. of Lindex's total sales in 2020 and 6.6 per cent. in 2019. The implementation of Stockmann's strategy and an increase in its profitability will require continued growth in revenue from online sales (for more information on Stockmann's strategy, see "*Business of Stockmann – Strategy and Vision 2021–2023*" below).

The purchases made by customers online have increased in recent years in the retail trade business, and purchase decisions are made more frequently based on information gathered online. Additionally, as purchasing products online has become easier, this may lead to customers exploring the products in the brick-and-mortar stores and making their purchase decisions online. This may lead to a decline in the revenue and profitability of the brick-and-mortar stores, and consequently, require Stockmann to reduce the size of its store chain. This could result in additional costs related to the closing of operations. Stockmann aims to combine the brick-and-mortar stores and its online store into an omnichannel shopping place in its business, but measures related thereto may fail.

The impacts of the COVID-19 pandemic and the measures taken by the authorities to limit its spread are significantly hindering the operations of Stockmann's brick-and-mortar stores. The need to compensate for the losses resulting from this puts pressure on the success of Stockmann's online sales and their positive development. As a result of the COVID-19 pandemic, the trend of consumers moving from brick-and-mortar stores to online

stores may accelerate further. The increased significance of online sales further emphasises the central role of online services. While Stockmann has invested in the development of its online store in recent years, it is possible that the investments were started too late or they are too small to compensate for the present or future impacts of the COVID-19 pandemic. Should the COVID-19 pandemic lead to permanent changes in consumers' purchasing behaviour, Stockmann may be required to make additional investments in the development of its online store. A strengthening of the trend may render investments in the brick-and-mortar stores or their maintenance unprofitable.

Stockmann constantly aims to increase the revenue of the online store and to improve its profitability, but a failure in achieving growth in the revenue and profitability could have a material adverse effect on Stockmann's business, financial condition, results of operations and future prospects, as well as on the price of the Bonds. Growth in online retail may increase price competition in the retail trade and force Stockmann to lower its prices. This may lead to a decrease in revenue and margins, which may have a material adverse effect on Stockmann's business, financial condition, results of operations and future prospects.

Stockmann's profitability is, in part, dependent on the continued significance of its department stores to Stockmann's customers.

As at the date of this Prospectus, the Stockmann Group comprises eight department stores, approximately 450 Lindex fashions stores and three department store properties, as well as online stores. The department stores are located in Helsinki (City Centre and Itäkeskus), Espoo, Vantaa, Turku, Tampere, Tallinn and Riga. The Stockmann Group has experienced persistent profitability issues, which have mainly resulted from Stockmann's department store operations, while the Lindex sub-group has been profitable and shown positive results of operations. The profitability of the Company's department store operations turned negative in 2014 on an annual level, and it remained negative until the end of the third quarter of 2019. According to estimates in the Restructuring Programme, the Company has not succeeded in renewing its operations in line with the transformation of the retail trade.

The extensive rejuvenation programme launched by the Company in 2019 has striven to make the Company's operations profitable again and return revenue to a growth track. In the department store operations, the core of this programme has included improvements in the services provided to the significant loyal customers, more accurate profiling of the customer base, improvement of the quality level of the offering and increasing digitalisation. The programme has included several sub-projects, hundreds of initiatives and thousands of milestones. Towards the end of 2019, the programme achieved cost savings, and it has helped to focus business operations and the strategy. In the fourth quarter of 2019, the department store operations were profitable and they progressed according to the division's business plan in January and February 2020 before the COVID-19 crisis. The COVID-19 pandemic, which broke out in Europe after the first week of March 2020, caused significant changes in the Stockmann Group's operating environment with customer volumes decreasing suddenly by up to 70–80 per cent. (for more information, see “— *Global epidemics and pandemics may have a material adverse effect on Stockmann's business through, for example, general economic conditions, a decrease in customer volumes, changes in consumer behaviour and difficulties encountered by Stockmann's stakeholder*” above). The sales in brick-and-mortar stores decreased significantly in 2020 due to the lower customer volumes as a result of the COVID-19 virus and the restrictions imposed by authorities. Despite the rejuvenation actions taken, the results of operations of the department store operations has been negative since the first quarter of 2020 (for more information, see “*The Company's Recent Development, Prospects and Uncertainties in the Near Term – Recent Events and Uncertainties in the Near Term – Impacts of the COVID-19 Pandemic*” below). There can be no assurance that the customer volumes in the brick-and-mortar stores will return to the levels prior the COVID-19 pandemic, even if the impacts of the pandemic would subside.

Satisfying purchasing experiences offered in the department stores are material to the development of Stockmann's profitability. Factors that may lead to a decrease in the customer flows in Stockmann's department stores include changes in consumers' purchasing behaviour, the impacts of the COVID-19 pandemic and measures taken by the authorities due to it, weaker customer service due to the adaptation measures, the proliferation of online sales, and the construction of new shopping centres. A decrease in the customer flows may have a material adverse effect on the profitability of Stockmann's department stores, and therefore, Stockmann's financial condition, results of operations and future prospects.

The seasonality of Stockmann's operations may adversely affect Stockmann's result and operating profit.

Stockmann's field of business is cyclical by its nature. The customers' purchasing decisions are linked to several different factors, which relate to, among other things, the disposable income of consumers, the availability of consumer credit, interest rates, taxation and the consumers' confidence in the development of the economy. Customers' preferences and their level of wealth differ and fluctuate in all of Stockmann's market areas. The fashion trade accounts for approximately 80 per cent. of Stockmann's revenue, and its inherent features include the products' dependence on trends, the seasonality of sales and even the sensitivity of the sales to exceptional changes in weather conditions. Further, the results for the last quarter of the year account for a large portion of Stockmann's results for the full year. If total sales decrease in the last quarter of the year, they may have a material adverse effect on Stockmann's business, financial condition, results of operations and future prospects, as well as on the price of the Bonds.

Stockmann's growth and operating profit are dependent on the consumers' spending and their confidence in the development of the economy.

The profitability of Stockmann's operations is linked to the prevailing financial and political circumstances, which affect consumer spending in Stockmann's market areas. Consumers' spending and their confidence in the development of the economy are affected by various factors which are beyond Stockmann's control. These factors include, among others, events related to internal and external politics, general business circumstances, the state of the housing market, interest rate development, currency exchange rates, economic recessions, inflation and deflation, the price and availability of energy, the availability and contractual terms of consumer credit, consumers' indebtedness, the equity markets, taxation and taxation policies as well as the development of the employment situation. In addition, terrorism or the threat of it, international and domestic conflict and crisis situations, general political instability and natural disasters may also have an effect on the general economic operating environment and consumer confidence, and consequently, on Stockmann's business and its results. As at the date of this Prospectus, the consumers' confidence in the development of the economy is particularly decreased by the impacts of the COVID-19 virus and the restrictions imposed by the authorities (for more information, see “— *Global epidemics and pandemics may have a material adverse effect on Stockmann's business through, for example, general economic conditions, a decrease in customer volumes, changes in consumer behaviour and difficulties encountered by Stockmann's stakeholders*” above).

A slowdown of economic growth or uncertainty in the market areas where Stockmann operates may have an effect on customers' spending decisions, which could have a material adverse effect on Stockmann's business, financial condition, results of operations and future prospects, as well as on the price of the Bonds.

Stockmann may not succeed in developing its brands and loyal customer programmes.

Stockmann's success is to a considerable extent dependent on the value of Stockmann's brands. Stockmann's name holds a great significance for both Stockmann's operations and the implementation of its strategies. The maintenance and positioning of the Stockmann brand are highly dependent on the success of marketing and promotional activities and on the Company's ability to produce customer service experiences with a consistently high quality. A weaker customer service experience, failure to implement measures and policies related to corporate social responsibility or damage caused to Stockmann's corporate image or reputation due to adverse publicity would have an adverse effect on brand development. Stockmann's success is also dependent on the value of the Lindex brand, which holds a great significance for both Stockmann's operations and the implementation of its strategies.

Stockmann's results of operations and the development of its brand depend in part on the success of its various sales campaigns, such as the Crazy Days campaign, and marketing activities. They have a significant effect on the customer flows in the brick-and-mortar stores and the activity levels in the online store. The introduction of international sales events, such as the Black Friday concept, in Finland may have an effect on changes in the customers' purchasing behaviour and also put pressure on Stockmann's traditional campaign models. Failure in the development of concepts that are central to the brand may have a material adverse effect on Stockmann's corporate image and results of operations.

A part of Stockmann's brand is based on its loyal customer programmes, which are designed to enhance the creation of long-term customer relationships and to improve the quality of the service offered to the customers.

Stockmann must continuously follow and update the contractual terms and member benefits of its loyal customer programmes, so that the programmes meet the customers' wishes and maintain their competitiveness in relation to the customer loyalty programmes of other actors in the sector. Failure in the design, marketing and implementation of the loyal customer programmes may weaken Stockmann's image. A failure to offer customers high-quality services or maintain the competitiveness of the loyal customer programmes could have a material adverse effect on Stockmann's business, financial condition, results of operations and future prospects, as well as on the price of the Bonds.

Failure to protect Stockmann's brand and intellectual property rights and adverse actions of franchisees or licensees could have a material adverse effect on Stockmann's brand.

Stockmann's brands are central to the value of Stockmann's business. Respectively, the protection of Stockmann's brands and intellectual property rights is highly important in protecting Stockmann's business. Stockmann's trademarks are protected in all of the countries where Stockmann has commercial operations and Stockmann seeks to prevent all violations against its brands, trademarks, copyrights and other intellectual property rights and is prepared to take legal action, if necessary to protect these and end violations. Although Stockmann strives to establish and protect brand names and to supervise the operations of third parties in the case of any infringements, there can be no assurance that the measures taken by Stockmann to protect its brands or other intellectual property rights will be sufficient in all situations. Stockmann has also registered the domain names it uses in its business operations, but there can be no assurance that third parties would not be able to register or would not intentionally register similar domain names to Stockmann, causing customer confusion and adverse effects on the brand and reputation of the Stockmann Group.

Stockmann has entered into franchising agreements regarding the Lindex franchising stores. In addition, Stockmann's department store operations in Russia are conducted by AO Stockmann, a company held by Reviva Holdings Limited since February 2016. Following the disposal of the Nevsky Centre property was completed in 2019, Stockmann does not carry out its own operations in Russia. Stockmann has entered into a license agreement on the use of the Stockmann brand with Reviva in Russia until 2028. Under the license agreement, AO Stockmann operates the Stockmann department stores under the Stockmann brand in the Nevsky Centre shopping centre and other locations in Russia (for more information, see "*Business of Stockmann – Franchising Partners*"). The franchising concept may include conventional business risks, for example, limited availability of franchising partners, counterparty risk arising from the inability of the franchisees to satisfy their agreed obligations, disputes related to the development and expansion of the operations, damage to the brand and costs resulting from ramping down the operations, difficulties related to the availability of financing available to the franchising partners and geopolitical risks. The franchising and licensing partnerships also contain a risk of the franchisees or licensees carrying out activities that are harmful for the reputation or brands of the Stockmann Group. Customers may not be able to distinguish between actions carried out by Stockmann or by franchisees or licensees, causing adverse impacts on the brand and reputation of Stockmann.

Failure to manage and protect brand names or intellectual property rights, or insufficient responses to possible infringements or misuse may have a material adverse effect on Stockmann's business, financial condition, results of operations and future prospects.

Failure in recruiting qualified persons or the loss of key persons could disturb Stockmann's business and have an adverse effect on its financial performance.

Stockmann's financial performance is partly dependent on the contribution of its key persons and other personnel. Key persons include Stockmann's senior management and a number of other employees in key positions. The loss of personnel with special expertise relating to Stockmann and its field of business could undermine the efficiency, financial condition and profitability of Stockmann's operations. Stockmann's success is to a large extent dependent on its ability to recruit, motivate and retain highly skilled staff at every level of its organisation. In particular, many employees in the department stores have part-time employment relationships, in which, historically, the turnover has been high. In this case, the risk relating to possible abuses by the personnel also increases. Furthermore, it is possible that the COVID-19 pandemic, adjustment measures implemented by Stockmann, possible co-operation negotiations and the initiation of the Restructuring Proceedings, among others, may have weakened the present or potential employees' perception of Stockmann as an employer. A failure by Stockmann to recruit, motivate and retain highly skilled staff at every level of its organisation could have a material adverse effect on Stockmann's business, financial condition, results of operations and future prospects, as well as on the price of the Bonds.

Malfunctions in information systems could have an adverse effect on the efficiency and/or profitability of Stockmann's operations.

Stockmann's promotional, financial, human resources, distribution, logistics and warehouse functions are highly dependent on information systems and on Stockmann's ability to operate them efficiently and to introduce new technologies, systems as well as safety and back-up systems. Stockmann's operations are highly dependent on the integrity, safety and stable operation of its information systems. Certain information security risks may be associated with Stockmann's information systems in the event that the systems' protection mechanisms are unable to block possible cybersecurity attacks targeted at them. Such information systems include the cash register systems of the department stores, data centres that process transaction data, telecommunication systems and sales systems used in distance selling, customer loyalty programs as well as software applications which Stockmann uses to monitor inventory flows, process event data and create operating and financial reports. The operation of Stockmann's information systems may be interrupted by power cuts, computer or telecommunication faults, computer viruses, crime targeted at information systems or major disasters, such as fires or natural disasters, as well as user errors by Stockmann's own staff. Material interruptions or serious disruptions in the operation of the information systems may considerably impair and weaken Stockmann's business, financial condition and the profitability of its operations. The materialisation of any of the risks related to information systems described above could have a material adverse effect on Stockmann's business, financial condition, results of operations and future prospects, as well as on the price of the Bonds.

Failure in the management of logistics or stock levels, disturbances caused by interruptions in manufacturing and the delivery of services by third party logistics service providers and failures related to sustainable sourcing could have an adverse effect on the profitability of Stockmann's operations.

Stockmann's business is based on well-functioning logistics and efficient flows of goods and information. In order to operate efficiently, Stockmann must maintain a well-functioning logistic system and sufficient product inventories. For example, seasonal variations affect the stock levels of products. If Stockmann does not have sufficient stocks of strongly selling products in its inventory, it may lose sales and its reputation may weaken among its customers. While Stockmann must maintain a sufficient stock level, it must also be careful about accumulating stock surpluses. If some of Stockmann's products remain unsold, Stockmann may be required to lower its sales prices, which would lead to lower margins, weaker cash flows and higher warehousing costs.

Correspondingly, delays and disruptions in the flow of goods or information, as well as uncertainties related to logistics partners may have an adverse effect on the business operations. These operating risks related to them are targeted to be controlled by developing appropriate backup systems and alternative operating methods, as well as investing in the uninterrupted operation of its information systems. Stockmann buys products from both domestic and foreign suppliers, and several of Stockmann's domestic suppliers import a large proportion of their products. Products sourced from foreign suppliers often require long throughput times. Stockmann's success is dependent on finding reliable suppliers and on timely product deliveries, which is why products are procured from numerous different suppliers. Stockmann is, however, exposed to risks relating to purchasing from foreign suppliers, which include, among other things, international crises as well as acts of war or terrorist attacks targeted at Finland or the origin countries of products, increases in freight costs and delays in and interruptions of transports, industrial action and strikes, unfavourable volatility of currency rates, legislation having an effect on Finland's import trade, possible financial, political or employment-related instability in the operating countries, expropriations and nationalisations, changes in local administrations or administrative practices, trade and tax legislation, natural disasters and local business practices. For example, regional disruptions, such as the instability prevailing in Myanmar in the beginning of 2021, have affected the operations of the regional suppliers and local textile industry utilised particularly by Lindex. Lindex has been forced to move its production to other Asian countries as a result of the instability in Myanmar. In addition, the COVID-19 pandemic has resulted in delays in the delivery of goods due to, for example, a lack of freight containers in Asia. Partly due to the COVID-19 pandemic, international brand operators have prioritised their deliveries in such a way that Stockmann has not necessarily received the products it has ordered within the agreed timetable. The blocking of the Suez Canal in March 2021 also resulted in delays particularly in deliveries to Lindex. Bottlenecks arising in transport operations may increase transport costs, which may have a material adverse effect on Stockmann's results of operations and financial position. Further information on Stockmann's procurement of goods and logistics is presented below "*Business of Stockmann – Sourcing*" and "*Business of Stockmann – Logistics and Inventory Management*".

The supply and delivery chains of Stockmann's products may also include risks related to sustainability. In addition to the quality, safety and reliability of its products, Stockmann's reputation and brand image are dependent on its ability to implement targets and policies related to sustainability in its business operations. In the retail trade, the value chain of a product from raw material all the way to the customer includes several stages, and these are exposed to risks relating to the realisation of human rights, good working conditions and other requirements that are defined in the Stockmann Code of Conduct and other guidelines. Damage to the Stockmann's reputation, negative publicity concerning Stockmann (whether justified or not) and failure in external communications may damage the Stockmann brand and lead to a loss of customers and decline in revenue.

Managing the sustainability of the supply chain is important for maintaining the trust of the customers and the value of Stockmann's brand. Approximately 93 per cent. of the clothes sold under Stockmann's own brands are manufactured in countries classified as high-risk by the amfori BSCI corporate social responsibility system, such as China and Bangladesh. In the management of its own brand supply chains, Stockmann is exposed to risks related to traceability and transparency of the supply chains, the realisation of human and labour rights, and the environmental impacts of production and raw materials. Stockmann aims to manage these risks through responsible purchasing management practices, established policies and risk management methods, and are monitored in accordance with the corporate social responsibility strategy and good corporate governance. Stockmann's own brand suppliers and producers are required to comply with Stockmann's supplier Code of Conduct, which is based on the amfori BSCI Code of Conduct that sets out 11 core labour rights, or another similar commitment. Stockmann has purchase offices with local personnel in six main production locations to oversee production quality and compliance with ethical principles. In addition, producers in risk countries are also subject to third-party sustainability audits. Regardless of the measures mentioned above, there can be no assurance that Stockmann will be able to ensure the sustainability of its products in all respects. Stockmann may fail to reach its targets for sustainability and to comply with its policies in its business operations due to, for example, insufficient resources in the monitoring and implementation of matters related to sustainability, the large volume of products and the broad selection, lack of motivation and/or skills needed in the organisation with respect to sustainable business practices, and changes in the customers' needs related to sustainability issues.

Possible disruptions in product deliveries, failure to manage stock levels or failures related to the sustainability of the supply chain may have a material adverse effect on Stockmann's business, brand, financial condition, results of operations and future prospects, as well as on the price of the Bonds.

Risks relating to product safety could lead to financial losses and reduce the value of Stockmann's brand, while Stockmann's insurance might not cover Stockmann against certain types of events.

The products sold by Stockmann are covered by a statutory product liability, and separate provisions have been issued regarding the selling of consumer products or the production of consumer services. Stockmann is obliged to ensure that the products sold by it are safe and do not pose a threat to the customer's health or property. In certain cases, the seller of the product must recall a defective and possibly dangerous product from the market. Stockmann's possible product recalls are processed according to its internal recall guidelines, which define responsibilities and the measures needed. Even though Stockmann focuses particularly on product safety and monitoring the quality of its products through such means as audits of the supplier chain and quality control of the products and services, there can be no assurance that the risk relating to product safety will not materialise in the future. A materialisation of the risks relating to product safety could cause financial losses to Stockmann and reduce the value of Stockmann's brand.

Stockmann's insurance policies include disclaimers and limitations of liability both for the insured amounts and events. Stockmann has no insurance coverage against such damage that is not insurable or against which there is no insurance available at financially reasonable terms. Moreover, there can be no assurance that Stockmann's current insurance cover will not be terminated or that it will be available in the future at financially reasonable terms. A materialisation of these risks could have a material adverse effect on Stockmann's business, financial condition, results of operations and future prospects, as well as on the price of the Bonds.

A significant proportion of Stockmann's employees are covered by collective bargaining agreements and Stockmann may face labour disruptions that could interfere with its operations due to failed renegotiations of collective bargaining agreements or the implementation of planned adjustment measures.

Stockmann's business is labour-intensive, and a significant portion of Stockmann's employees are covered by collective bargaining or similar agreements. For example, as at 31 December 2020, approximately 83 per cent. of the Company's personnel in Finland were covered by collective bargaining agreements. Furthermore, all Lindex employees in Sweden, Norway and Finland, excluding senior officials, are covered by a collective bargaining agreement. Stockmann is exposed to risks arising from labour market disputes and the failure of its human resources policies. It is possible that Stockmann's operations will experience significant disruptions due to strikes, other industrial action or disputes between unions, if new collective bargaining agreements cannot be negotiated when the present collective bargaining agreements expire. Such industrial action may have a material adverse effect on Stockmann's business, results of operations and financial condition.

In order to minimise the negative financial effects resulting from the prolonged COVID-19 pandemic and the various restrictions imposed by the authorities that have a negative impact on business operations, Stockmann has been forced, and may also be forced in the future, to adapt its human resources in line with the decreased customer flows. On 26 March 2021, Stockmann announced in a press release that it will initiate co-operation negotiations covering its entire staff in Finland due to tightened COVID-19 restrictions. The negotiations concerned approximately 1,200 employees in all department stores and support functions in Finland. The negotiations have been concluded after the Government of Finland withdrew its proposal on restricting freedom of movement and the negotiations did not lead to additional temporary lay-offs or other measures. However, there can be no assurance that the restrictions imposed due to the COVID-19 would not be further tightened in the future or that Stockmann would not be, due to further restrictions or any other reason, forced to take additional adaptation measures regarding its employees. Any personnel cuts or other measures negatively affecting the personnel may lead to strikes, work stoppages, legal proceedings or other industrial action, which may force Stockmann to change or postpone its plans.

In addition, the measures considered for adapting personnel costs and related negotiations with trade unions may result in disputes or general uncertainty between the labour market parties and damage relations between the Company and its employees. The materialisation of any risk described above may have a material adverse effect on Stockmann's business, financial condition, results of operations and future prospects.

Violations of data protection regulations could trigger claims for damages and adversely affect Stockmann's reputation.

As a part of its operations, for the management of customer relationships and, for example, in connection with its customer loyalty programmes, Stockmann collects personal data subject to data protection legislation. Stockmann must comply with the General Data Protection Regulation (Regulation (EU) 2016/679 of the European Parliament and of the Council, the "GDPR"), among other regulations. Stockmann is committed to protecting the privacy of its customers and ensuring safe processing of personal data in compliance with the requirements of the GDPR and other applicable legislation. Non-compliance with the GDPR and other applicable data protection regulations may result in, among others, sanctions imposed by the authorities, liability to pay compensation to data subjects whose data has been breached and damage to Stockmann's reputation. Penalties may be imposed, for example, if protected personal data is transferred or disclosed to third parties in violation of applicable laws, or if a third party or Stockmann's own personnel misuse such information.

In 2020, there were three incidents concerning customers' personal data in Finland and one in Latvia. All cases were investigated and they did not require notifications regarding the incidents to the data protection authorities in the respective countries. Lindex had no such incidents concerning customers' personal data during 2020. Stockmann has set an annual target of zero incidents of breaches of customer privacy. Risks related to information security are reviewed regularly as a part of Stockmann's risk management process.

Should Stockmann fail to comply with applicable legislation, this may have a material adverse effect on Stockmann's reputation and brand, as well as on its financial condition, results of operations and the value of the Bonds.

Stockmann is, and may also be in the future, involved in legal and arbitration proceedings, which may have a material adverse effect on its business, financial condition and results of operations.

Stockmann has been, and may also be in the future, subjected to legal and other proceedings and claims relating to, among other things, the quality and safety of products, personnel reductions implemented by Stockmann and the termination of lease and other agreements. These and possible future legal proceedings may be costly, and may require the management's attention and damage Stockmann's reputation. For more information on the Stockmann's present significant legal and arbitration proceedings, see "*Business of Stockmann – Legal Proceedings*".

Following the initiation of the Restructuring Proceedings, a few suppliers and lessors have presented Stockmann with some additional claims, and the largest of these additional claims are related to the termination of a long-term lease for premises in accordance with the Restructuring of Enterprises Act (as defined below) with a notice of two months. The Administrator (as defined below) has considered it justified to take the lessors' claims for damages corresponding to the amount of eighteen (18) months' rent into account in the Restructuring Programme, however, in such a way that the amount is reduced by the new leases with the Company and other new or transferred leases for the premises in question, for which the lessors can derive income (net damage). The eighteen-month period begins from the date on which the terminated lease agreement ends. To the extent that the landlord creditors have presented higher claims for damages of the damage that they will incur as a result of the termination of the relevant lease agreements, the district court that processed the Restructuring Programme ruled that each creditor must submit its claims to resolution in a separate court proceeding or in separate proceedings established for the purpose of processing such claims by 10 May 2021 at the latest. The amount recognised as a provision for damages in the consolidated financial statements (EUR 16.9 million as at 31 March 2021 and EUR 17.4 million as at the date of this Prospectus) corresponds to the Company's estimate of the probable amount of these liabilities and corresponds to the amount considered as restructuring debt. The total claims presented by 10 May 2021 amount to a maximum amount of EUR 102.7 million (including the proceedings discussed in the paragraph below). These creditors' claims are disputed and their realisation and amount are uncertain.

LähiTapiola Keskustakiinteistöt Ky, the landlord of Stockmann's Tapiola department store, has initiated arbitration proceedings against Stockmann, in which the company claims up to EUR 43.4 million compensation from Stockmann in accordance with Subsection 1 of Section 27 of the Restructuring Act. The Administrator (as defined below) of the Restructuring Proceedings has disputed the claim of LähiTapiola Keskustakiinteistöt Ky in the Restructuring Programme to the extent that it exceeds EUR 3.5 million. In connection with the same, LähiTapiola Keskustakiinteistöt Ky has filed a claim against Stockmann and the Administrator (as defined below) and/or the Supervisor in Helsinki District Court to leave the matter in abeyance. In addition, LähiTapiola Keskustakiinteistöt Ky has appealed to the Court of Appeal regarding the Helsinki District Court's decision to certify the Restructuring Programme on 9 February 2021 to the extent that the district court has investigated a claim by Stockmann AS instead of rejecting the claim and instructing LähiTapiola Keskustakiinteistöt Ky to deliver its claim to be reviewed in a different process. In addition, Nordika II SHQ Oy, the landlord of Stockmann's Takomotie office space, has filed a claim with the Helsinki District Court, in which the company claims compensation amounting to EUR 14.5 million at maximum from Stockmann in accordance with Subsection 1 of Section 27 of the Restructuring Act. This claim has been disputed by the Supervisor (as defined below) in the Restructuring Programme to the extent that it exceeds EUR 1.2 million. In the same claim, Nordika II SHQ Oy has named the Administrator and Stockmann AS as respondents.

In addition, the lessor of the Tampere department store, Mutual Insurance Fund Fennia, has commenced arbitration proceedings against Stockmann, in which the company claims up to EUR 11.9 million compensation from Stockmann in accordance with Section 27(1) of the Restructuring Act. The Administrator (as defined below) of the Restructuring Proceedings has disputed the claim to the extent that it exceeds EUR 2.8 million. In addition, Mutual Insurance Fund Fennia has filed two claims with the Helsinki District Court with Stockmann and the Administrator (as defined below) and the Supervisor as respondents in the first claim and Stockmann AS as respondent in the other claim. In the claims to the district court, Mutual Insurance Fund Fennia requests the court to confirm that the damages payable to Fennia are in the maximum amount of EUR 12 million. Moreover, the second lessor of the Tampere department store, Tampereen Seudun Osuuspankki, has initiated proceedings in Pirkanmaa District Court, in which the company claims up to EUR 20.3 million compensation from Stockmann in accordance with Section 27(1) of the Restructuring Act. In the Restructuring Programme, the Supervisor has disputed the claim presented by Tampereen Seudun Osuuspankki during the Restructuring Proceedings (at which time the maximum amount of the claim was EUR 17.7) to the extent that it exceeds EUR 2.0 million.

In addition to the above claims, the former subtenant of the Tampere department store, Pirkanmaan Osuuskauppa, has initiated arbitration proceedings in which it claims up to EUR 5.4 million compensation from Stockmann in accordance with, among others, Section 27(1) of the Restructuring Act. The Supervisor (as defined below) of the Restructuring Proceedings has disputed the claim for the most part. Pirkanmaan Osuuskauppa has also appealed on the decision by Helsinki District Court on 9 February 2021 to certify the Restructuring Programme to the extent that the district court viewed that the damages payable to Pirkanmaan Osuuskauppa are restructuring debt instead of debt that has arisen after the application for restructuring proceedings came in force pursuant to Section 32 of the Restructuring Act. Further, ECR Finland Investment I Oy, i.e. the owner of so-called Kirjatalo has appealed on the decision by Helsinki District Court on 9 February 2021 to certify the Restructuring Programme. ECR Finland Investment I Oy has requested the Appeal Court to confirm that its claim is based on an obligation in accordance with Section 15 of the Restructuring Act and thus, such claim would be considered debt that has arisen after the application for restructuring proceedings came in force. Alternatively, if the court would consider that the claim of ECR Finland Investment I Oy would be restructuring debt within the meaning of Section 3 of the Restructuring Act, ECR Finland Investment I Oy requests it would in any case be entitled to receive a payment for its receivable despite the payment block in accordance with Section 17 of the Restructuring Act.

Compensation that may be awarded on the basis of the above claims and arbitration proceedings in accordance with Section 27(1) of the Restructuring Act will be part of the restructuring debt under the Restructuring Programme. It is also possible that other creditors will file claims for damages or other claims against the Company on another basis than what has been described above.

Acceptance of the liability claims or any other claims related to the Restructuring Proceedings or the Restructuring Programme may also result in the fact that the Company needs to offer Bonds for subscription to such creditors (for more information, see “*The Company’s Recent Developments, Outlook and Near-term Uncertainties – Recent Events and Near-term Uncertainties – Event Resulted from the Restructuring Proceedings and the Restructuring Programme – Decisions by the Annual General Meeting on 7 April 2021*”).

In addition, Stockmann is involved in an ongoing dispute related to income tax in Sweden (for more information, see “— *Stockmann’s failure in utilising its existing deferred tax assets or other risks related to taxation may adversely affect Stockmann’s results of operations and financial condition*” below).

While Stockmann is not aware of any other pending claims in addition to the claims described in this Prospectus, Stockmann may also be subjected to other claims for compensation. An unfavourable outcome of legal proceeding pending at present or arising in the future may damage Stockmann’s reputation and hamper the development of new business opportunities, which may have a material adverse effect on the Company’s business, financial condition and results of operations. In addition, significant new obligations could impair Stockmann’s ability to service its debts in accordance with the Restructuring Programme, thus making the implementation of the Restructuring Programme more difficult (see further information in “—*Stockmann may fail in the implementation of the Restructuring Programme and repayment of the restructuring debt, which could result in the Company’s bankruptcy*” above).

D. Risks related to the implementation of Stockmann’s strategy

Stockmann may fail to implement its strategy successfully, or its strategy may prove to be misaligned with prevailing market conditions and trends, which may have a material adverse effect on Stockmann’s profitability and the implementation of the Restructuring Programme.

Stockmann manages its business in line with its strategy, as described under section “*Business of Stockmann – Strategy and Vision 2021–2023*”. However, there can be no assurance that Stockmann will be able to execute its strategy successfully or that the strategy will be competitive in the short or long term. Many factors related to Stockmann’s strategy and to its ability to maintain its margins and internal efficiency, are fully or partially beyond Stockmann’s control. For instance, demand for Stockmann’s services or the general development of the economy may experience changes that will have a material adverse effect on the execution of Stockmann’s strategy and, therefore, also on Stockmann’s financial condition.

Even if the strategy is competitive, the strategy may not be implemented according to plan. Stockmann may not be able to successfully execute its strategy in the rapidly changing business environment, or it may fail in change management. Stockmann may fail in executing its key strategic development projects due to insufficient resources,

management, monitoring and planning. Furthermore, Stockmann may fail to properly communicate its strategy within the Group, resulting in a possible misalignment between its strategy and actual management and performance. This would potentially lead to a lack of clear and uniform target-setting inside the Group, which could materially decrease the productivity of Stockmann's operations. Such a lack of clear targets may also adversely affect motivation among Stockmann's employees, which may lead to employee dissatisfaction, possible resignations and difficulties in recruiting. Stockmann's strategy may also prove to be misaligned with prevailing trends or rapid changes in the market. Large-scale adaptations to changing markets through organisational transformation and appropriate sizing of the business may also create resistance to change, which may prolong the transition and adversely affect operational efficiency. In addition, cultural differences inside the organisation may present barriers to introducing new ideas or aligning Stockmann's strategy throughout the organisation, hampering the implementation of the strategy.

Failure in implementing Stockmann's strategy, or if such strategy proves incorrect, could have a negative effect on the Stockmann Group's revenue, profitability and financial position. Weak profitability development could thus also have a negative effect on Stockmann's ability to fulfil the provisions of the Restructuring Programme. Weak profitability could lead to, for example, Stockmann not being able to fulfil its obligations under the Restructuring Programme. On the other hand, the profitability of different business operations of the Stockmann Group determines the Company's ability to access additional debt financing and/or equity and therefore, possible being able to refinance all of its obligations under the Restructuring Programme, which would in turn result in early successful completion of the Restructuring Programme. For further information on the provisions of the Restructuring Programme, see "*The Company's Recent Development, Prospects and Uncertainties in the Near Term – Recent Events and Uncertainties in the Near Term – Restructuring Proceedings and Restructuring Programme*".

Several factors, including the other risk factors described in this Prospectus, may prevent full or timely implementation of Stockmann's strategy or limit Stockmann's ability to respond to the demand for its services among its existing or future customers. Should Stockmann fail to implement its strategy or its strategy is not competitive or proves to be misaligned with prevailing market conditions and trends, this may have a material adverse effect on Stockmann's business, financial condition, results of operations and future prospects.

Stockmann must continue the development of its internal control systems and processes as required by its strategy, and deficiencies in the internal systems may hinder the implementation of the Restructuring Programme, harm Stockmann's reputation or result in additional costs.

Stockmann's internal systems, policies, routines and evaluation methods are continuously developed to implement Stockmann's strategy, support its operations and implement the Restructuring Programme. However, Stockmann's internal control systems, which are used to assess and manage risks, may not effectively address the promotion of the strategy or all types of risks. Failure in the implementation of the Restructuring Programme in part or fully and risks can manifest themselves in many ways, including business interruptions, IT system malfunctions or failures, shortcomings in the supply chain, breaches of applicable laws and regulations, human errors and employee misconduct. The internal control systems are subject to inherent limitations, including human error, and thus it is possible that these control systems could be intentionally circumvented or become inadequate because of changed conditions. Therefore, internal control systems may not adequately identify all risks or may not properly assess the impact such risks may have. As a result, Stockmann may suffer financial losses or damage to its reputation.

Any factor mentioned above may have a material adverse effect on Stockmann's business, financial condition, results of operations and future prospects.

E. Risks related to the Company's financial condition

Stockmann's future development and maintaining the ability to service debts require strong cash flows.

Stockmann will require strong cash flows and operating profits in order to continue to execute its strategy and the provisions of the Restructuring Programme, service its Restructuring Debt and secure the availability of financing in the future. As at 31 March 2021, the net gearing percentage of Stockmann was 373.7 per cent. and the equity ratio was 12.9 per cent. Stockmann's earning capacity and cash flows have been dependent on the sales income from the Lindex sub-group and the divestment of assets. In the future, growth in cash flows must be based on sales growth and profitability in the brick-and-mortar stores and online stores of the Company and Lindex, as well as

on Stockmann's success in executing its strategy and in its department store development projects, the leasing of business premises, the opening of fashion chain stores and the development of its online store. The obligations under the Restructuring Programme are intended to be fulfilled especially with proceeds from the realization of the real estate assets, the cash flow of the Company's business operations and the profits generated by the operations of the group companies. The effects of the COVID-19 virus, problems with the availability of good commercial locations, delays and costs related to the renewal of the existing department stores, difficulties in leasing properties from lessors and to tenants, problems in the development of the online store and the risk of consumers showing no interest in the products offered by Stockmann in its current and future market areas could have an adverse effect on Stockmann's ability to increase its growth through the development of its department stores and online store.

Should Stockmann fail to generate sufficient cash flows to support its operations, this may have a material adverse effect to Stockmann's ability to execute the Restructuring Programme successfully, and therefore, its business, financial condition, results of operations, future prospects and the price of the Bonds.

Possible impairments of goodwill in the future could have a material adverse impact on Stockmann's financial condition and results of operations.

Goodwill recognised in Stockmann's consolidated balance sheet as at 31 March 2021 amounted to EUR 271.8 million, and Stockmann's equity amounted to EUR 173.9 million. According to the IFRS (as defined below), the Stockmann Group tests goodwill in its assets regularly to confirm that the recoverable amounts of the assets and related cash-generating units are greater than their carrying amounts. The impairment tests are done in connection with the preparation of financial statements and whenever there is an indication that the value of an asset may be impaired.

On 28 January 2021, Stockmann disclosed an impairment testing for Lindex's goodwill and the related write-down of such impairment. The reasons for the impairment were the ongoing and re-escalated COVID-19 pandemic and the increased uncertainty in Lindex's main markets due to it. As a result, Stockmann recognized an impairment of EUR 250 million related to Lindex's goodwill in its consolidated income statement for 2020. The write-down was reported as an adjustment, and it had no cash flow impact. After the impairment, the remaining goodwill and trademark balances related to Lindex totalled EUR 368.1 million as at the end of 2020.

It is possible that the potential changes caused by the COVID-19 pandemic in the purchasing behaviour and purchasing power of consumers, the restrictions imposed by the authorities on Lindex's operations, the remote working recommendations, decreases in the number of visits to brick-and-mortar stores and the inability of the online store to compensate for losses could have an impact on the growth assumptions used in Stockmann's impairment testing with respect to the development of revenue and profitability, which in turn could result in a need for recognising more impairment losses. Should Stockmann be required to recognise significant impairment losses on its goodwill, this may have a material adverse effect on Stockmann's financial condition and/or results of operations.

Fluctuations in foreign exchange rates may adversely affect Stockmann's results of operations.

Fluctuations in the foreign exchange rates may affect Stockmann's business. Stockmann's foreign exchange risks consist of sales and purchases made in foreign currencies, foreign-currency denominated balance sheet items and net investments in units abroad. The most important sales currencies of Stockmann are the euro, the Swedish krona and the Norwegian krone. The primary purchasing currencies are the euro, the U.S. dollar, the Russian rouble and the Swedish krona. The Stockmann Group's revenue, results and balance sheet are affected by changes in the exchange rates between Stockmann's reporting currency, the euro, and the Swedish Krona, the Norwegian krone, the U.S. dollar and certain other currencies. Lindex is particularly exposed to fluctuations in the exchange rate of the U.S. dollar. Due to the commencement of the Restructuring Proceedings, the Stockmann Group does not currently hedge its exchange rate risks arising from fluctuations in foreign exchange rates (for more information, see "*— Stockmann does not hedge its exchange rate and interest rate risks as at the date of this Prospectus.*" above).

Stockmann reports its financial results in euros and is consequently subject to the currency conversion risk when the financial statements of foreign subsidiaries are translated into euro amounts in the consolidated financial statements. Consequently, increases and decreases in the value of the euro versus other currencies will affect the

amount of these items in Stockmann's consolidated financial statements, even if their value has not changed in their original currency. Fluctuations in exchange rates may have a material adverse effect on Stockmann's business, financial condition, results of operations and future prospects, as well as on the price of the Bonds.

Fluctuations in interest rates may adversely affect Stockmann's results of operations and financial condition.

A significant increase in the interest rate level could have an adverse effect on private consumption. Interest rate fluctuations may also impact the yield on the properties owned by Stockmann, and thus the fair value of its assets. In addition, an increase in the interest rate level would have a material adverse effect on the cost of financing and on Stockmann's current financing expenses. Interest rate fluctuations may also impact the goodwill recognised on the assets owned by Stockmann. Due to the provisions of the Restructuring Programme, Stockmann does not currently hedge its risks arising from fluctuations in interest rates (for more information, see “— *Stockmann does not hedge its exchange rate and interest rate risks as at the date of this Prospectus.*” above). Fluctuations in interest rates may have an adverse effect on Stockmann's results of operations and financial condition.

Stockmann's failure in utilising its existing deferred tax assets or other risks related to taxation may adversely affect Stockmann's results of operations and financial condition.

Stockmann operates in several countries. Stockmann strives, to its best ability, to comply with the tax legislation, tax treaties and other regulations applied to it. Stockmann's tax risk relates to changes in tax rates or tax legislation, or possible incorrect interpretations, and the materialisation of the risk may lead to punitive tax increases or penalties imposed by the tax authorities, which, in turn, may result in financial losses.

The amount of deferred tax assets recognised on Stockmann's balance sheet as at 31 December 2020 was EUR 27.8 million. The Company's ability to generate taxable income will depend partly on general economic, financial, competitive, legislative, regulatory and other factors that are beyond its control. Deferred tax assets from the confirmed losses of the previous financial periods or unrecognised interest liabilities of associated companies are recognised only if the Company's management estimates that an adequate amount of taxable income can be generated in the future to utilise the unused losses and undeducted interest liabilities of associated companies for taxation purposes. The recognition of deferred tax assets involves significant discretion and estimates on the management's part. These estimates and assumptions involve risks and uncertainties that could impact the amount of deferred tax assets and liabilities recognised on the balance sheet as well as the amount of unrecognised deferred tax assets on tax losses. Stockmann's subsidiary Stockmann Sverige AB has received a reassessment decision from the Swedish tax authorities regarding its right to deduct in Swedish taxation the interest expenses that accrued in 2013–2019 on the associated company loan it took to acquire shares of AB Lindex. According to the decision, the company is obliged to pay approximately EUR 35 million in additional taxes and interest related to them, and the Swedish tax authorities stipulated that Stockmann provide collateral as security for the tax liability. The additional taxes and interest accrued on it have been recognised in the Stockmann Group's balance sheet in full. Stockmann has appealed against decisions in Sweden to the local appellate court, but the tax dispute was deferred on appeal until the Court of Justice of the European Union has ruled on a precedent related to the Swedish interest deduction regulations in another case. On 20 January 2021, the European Court of Justice ruled on that other case and on the basis of that ruling, the Swedish tax authorities abandoned the requirement to provide security for the tax liability in question. However, the appeal of Stockmann is still being processed. For more information on the tax appeal, see “*Business of Stockmann – Legal Proceedings*”). If the taxable income will be lower than expected and all deferred tax assets cannot be utilised, or the outcome of the tax appeal referred to above is unfavourable to Stockmann, the amount of deferred tax assets must be lowered in Stockmann's balance sheet, which may have a material adverse effect on the Company's business, financial condition and results of operations.

While Stockmann has allocated resources to the management of taxation risks, the materialisation of the risks may have an adverse effect on Stockmann's business, financial condition, results of operations and future prospects, as well as on the price of the Bonds.

F. Risks Related to the Offering and the Bonds

A failure of the Offering could lead to the lapse of the Company's Restructuring Programme and the investors losing their investment partially or in full.

According to the Restructuring Programme, the Issuer is obliged to arrange the Offering as an alternative to the payment schedule under the Restructuring Programme. Should the Company be unable to execute the Offering for some reason, or if the Offering fails for some reason, this could lead to the lapse of the Restructuring Programme. If the Restructuring Programme is ordered to lapse, it will cease to be valid and the creditors will have similar claims to payment of the restructuring debt, as defined by the Restructuring Act and the Restructuring Programme, as they would have had if the Restructuring Programme had never been confirmed. In such an event, the Company may be forced to file for bankruptcy. In a bankruptcy situation, investors would likely lose their investment partially or in full.

Investors may forfeit interest and principal amount invested.

Should the Issuer become insolvent during the term of the Bonds, an investor may forfeit interest payable on, and the principal amount of, the Bonds in whole or in part. An investor is solely responsible for the economic consequences of its investment decisions.

An active trading market for the Bonds may not develop.

The Bonds constitute a new issue of securities and there has been no prior public market for the Bonds. Although application will be made to list the Bonds on the Helsinki Stock Exchange, there can be no assurance that such application will be approved. Further, even if the listing application is approved, there can be no assurance that a liquid public market for the Bonds will develop, and even if such a market were to develop, neither the Issuer nor the Lead Arranger is under any obligation to maintain such a market. In the absence of a secondary market, Bonds may be difficult to sell at a satisfactory market price and the potential investor should be aware that it may realise a loss upon sale if Bonds are sold prior to the redemption date. Even if the Bonds are listed on an exchange, trading in the Bonds will not always take place. Thus, it may be difficult and costly for the holder of the Bonds to sell Bonds within a short time frame, or at all, and it may be difficult for the holder to obtain a price that is equivalent to the price obtainable for securities that are traded in a liquid secondary market.

The liquidity and the market price for the Bonds can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Issuer and other factors that generally influence the market prices of securities. Such fluctuations may significantly affect the liquidity and the market price of the Bonds, which may trade at a discount to the price at which the holder of the Bonds invested in the Bonds.

Market value of the Bonds may be affected by several factors.

The market value of the Bonds will be affected by the creditworthiness of the Issuer and a number of additional factors, including, but not limited to, the value of the reference rate, its volatility, market interest and yield rates. The value of the Bonds depends on a number of interrelated factors, including economic, financial and political events in Finland or elsewhere, including factors affecting capital markets generally and the stock exchange on which the Bonds are traded. The price at which a holder may be able to sell the Bonds from time to time will likely be at a discount, which could be substantial, to the issue price or the purchase price paid by such holder.

Since the Bonds bear interest at a fixed interest rate, movements in market interest rates can adversely affect the value of the Bonds.

The Bonds bear interest on its outstanding principal amount at a fixed interest rate. A holder of a security with a fixed interest rate is exposed to the risk that the value of such security could fall as a result of changes in the market interest rate. While the nominal compensation rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, the current interest rate on the capital market (market interest rate) typically changes on a daily basis. If the market interest rate increases, the value of such a security typically falls, until the yield of such security is approximately equal to the market interest rate. If the market interest rate falls, the value of a security with a fixed interest rate typically increases, until the yield of such a security is approximately equal to the market interest rate. Consequently, the holders of the Bonds should be aware that movements of the market interest rate can adversely affect the value of the Bonds and can lead to losses for the holders of the Bonds if they sell their Bonds.

The Issuer or Bonds are not rated.

Neither the Issuer nor the Bonds nor any other long-term indebtedness of the Issuer are currently rated by any rating agency nor is it the current intention of the Issuer to request any such rating. One or more independent credit rating agencies may independently assign credit ratings to the Bonds. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Bonds. A rating or the absence of a rating is not a recommendation to buy, sell or hold securities.

Investors are exposed to credit risk in respect of the Issuer.

Investors in the Bonds are exposed to a credit risk in respect of the Issuer. The investor's possibility to receive interest payments and payments of principal under the Bonds is thus dependent on the Issuer's ability to fulfil its payment obligations, which in turn is to a large extent dependent on developments in the Issuer's business and the Issuer's financial performance.

The Stockmann Group is allowed to effect some significant transactions such as mergers, demergers, asset sales and other transactions that may have a material adverse effect on the Bonds and the holders of the Bonds.

The Issuer and its subsidiaries may be able to effect significant transactions, such as mergers, demergers and asset sales or other significant transactions. Although the Restructuring Programme contains restrictions on the ability of the members of the Stockmann Group to enter into such transactions, these restrictions are subject to a number of significant qualifications and exceptions. For example, the Issuer is allowed to, subject to certain restrictions, streamline the structure of the Group through a series of mergers, enter into sale and lease back arrangements, make investments and acquisitions, incur additional debt and grant loans. Further, the Issuer may effect other significant transactions that would *prima facie* not be permitted based on the Restructuring Programme with the Supervisor's prior written consent. In the event the Issuer, and/or its subsidiaries, were to enter into any such transaction, holders of the Bonds may be materially and adversely affected.

Further, it is possible that the Issuer successfully completes the Restructuring Programme before the final maturity of the Bonds and the restrictions in the Restructuring Programme would for such reason no longer apply. However, pursuant to the Terms and Conditions of the Bonds, upon a successful completion of the Restructuring Programme, the Terms and Conditions of the Bonds shall be automatically amended and the undertakings restricting the ability of the Stockmann Group to enter into certain transactions would remain effective. Therefore, even though the Restructuring Programme would no longer apply, the Terms and Conditions of the Bonds would in turn limit Stockmann's operations and ability to effect certain transactions. In the event the Issuer and/or its subsidiaries were to enter into any such transaction, holders of the Bonds may be materially and adversely affected.

The Issuer may complete the Restructuring Programme in a shorter time period than initially planned or the realization proceeds from the sale of department store properties may be higher than anticipated, but the holders of the Bonds will not be compensated before the redemption of the Bonds.

The Unsecured Creditors under the Restructuring Programme may subscribe for Bonds by converting their receivable under the payment programme of the Restructuring Programme, by way of set-off, into Bonds. The Bonds and the payment programme of the Restructuring Programme do not have the same tenor. Initially, the Bonds have a shorter maturity than the payment programme, but the Issuer may successfully complete the Restructuring Programme, including the receivables of the Unsecured Creditors under the payment programme, in a shorter time period than originally planned. Any prepayments under the Restructuring Programme will not affect the holders' investment in the Bonds. Furthermore, some of the holders of the Bonds might have initially been motivated to convert their receivable into Bonds due to the shorter maturity of the Bonds compared to the payment programme of Unsecured Debt under the Restructuring Programme. As a result of an earlier successful completion of the Restructuring Programme, the holders of the Bonds would not be compensated for their receivable from the Issuer before the Unsecured Creditors under the Restructuring Programme. Even though in case of the successful completion of the Restructuring Programme the scope of the Secured Obligations covered by the Transaction Security would decrease, there can be no assurance that the Transaction Security would be sufficient to cover the remaining Secured Obligations (see also "*The Transaction Security may not be sufficient to cover all the obligations secured thereby, the enforcement of the security may be delayed and the ability of the Security Agent to enforce certain of the Transaction Security may be restricted by local law*").

Furthermore, pursuant to the Restructuring Programme, the Issuer has an obligation to arrange the sale of the department store properties in Helsinki, Tallinn and Riga in a controlled auction to the party that places the highest

bid for each property. The received realisation proceeds from the sale of the department store properties will primarily be used to pay Restructuring Secured Debt under the Restructuring Programme and, should the realisation proceeds exceed the amount of Restructuring Secured Debt, the Issuer is obliged to use 80 per cent. of such surplus towards the repayment of Unsecured Debt under the Restructuring Programme. In such case, the Issuer would not be obliged to use any surplus proceeds towards the early redemption of the Bonds whereas holders of Unsecured Debt would receive the majority of such surplus, if any. Therefore, the holders of the Bonds would not be compensated for their receivable from the Issuer before the Unsecured Creditors under the Restructuring Programme.

Exchange rate risk.

The Issuer will pay principal and interest on the Bonds in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of euro or revaluation of the investor's currency) and the risk that authorities with jurisdiction over the investor's currency may impose or modify exchange controls. As a result, investors may receive less interest or principal than expected.

Amendments to the Terms and Conditions of the Bonds bind all holders of the Bonds.

The Terms and Conditions of the Bonds may be amended in certain circumstances, with the required consent of a defined majority of the holders of the Bonds. The Terms and Conditions of the Bonds contain provisions for calling meetings of the holders of the Bonds or arranging procedures in writing to consider matters affecting the interests of the holders of the Bonds generally. These provisions permit defined majorities to bind all holders of the Bonds including holders of the Bonds who did not attend and vote at the relevant meeting or participate in the procedure in writing and holders of the Bonds who voted in a manner contrary to the majority.

Rights to payments that have not been claimed within three (3) years are prescribed.

In case any payment under the Bonds has not been claimed within three (3) years from the original due date thereof, the right to such payment shall be prescribed. Such prescription may incur financial losses to such holders of the Bonds who have not claimed payment under the Bonds within three (3) years.

The Stockmann Group may incur additional debt without the consent of the holders of the Bonds.

The Issuer and its subsidiaries may be able to incur additional debt in the future without the consent of the holders of the Bonds. Although Clause 11.5 (*Indebtedness*) and Clause 11.7 (*Negative Pledge*) of the Terms and Conditions of the Bonds contain restrictions on the incurrence of additional debt, these restrictions are subject to a number of significant qualifications and exceptions, and debt incurred in compliance with these restrictions could be substantial and secured.

Further, the Terms and Conditions of the Bonds allow the Issuer to issue Subsequent Bonds ranking *pari passu* in all respects and having the same terms and conditions as the Bonds, other than the amount (including that the issue price of each Subsequent Bonds may be set at a discount or at a premium compared to the initial issue of the Bonds) and date of the first payment of interest thereon with the Bonds, and so that the same shall be consolidated and form a single series with the outstanding Bonds, provided, however, that the aggregate nominal amount of such further Bonds may not exceed the aggregate amount of the Remaining Restructuring Debt (as defined in the Terms and Conditions of the Bonds) that at the time of the initial issue of the Bonds remains Disputed Restructuring Debt (as defined in the Terms and Conditions of the Bonds) but the creditors of which have decided to use their right of set-off in accordance with the Restructuring Programme. The Issuer may also incur Permitted Working Capital Financing (as defined in the Terms and Conditions of the Bonds) up to an aggregate outstanding amount of EUR 50,000,000. Such liabilities may be incurred in the form of credit facility, bond (including Subsequent Bonds) or other financing arrangement to be used for general corporate purposes of the Group, provided that at any time when the Restructuring Programme is still in force, the terms of such financing arrangements are subject to the prior written consent of the Supervisor (as defined in the Terms and Conditions of the Bonds).

Furthermore, the Issuer may enter into a Bridge Loan Facility (as defined in the Terms and Conditions of the Bonds) in the maximum amount of EUR 30,000,000 and for the maximum duration of three (3) months in connection with any issue of Subsequent Bonds or an Equity Issue (as defined in the Terms and Conditions of the Bonds) subject to an approval by a simple majority of votes cast in a written procedure or a Bondholders' meeting which shall each be quorate if holders of the Bonds representing at least 30 per cent. of the Outstanding Nominal Amount (as defined in the Terms and Conditions of the Bonds) vote in the meeting or participate in the written procedure.

Incurring additional debt permitted under the Terms and Conditions of the Bonds may reduce the amount recoverable by the holders of the Bonds upon winding-up or insolvency of the Issuer.

The Issuer may have an obligation to redeem and purchase the Bonds prior to maturity.

As specified in the Terms and Conditions of the Bonds, the Bondholders are entitled to demand premature repayment of the Bonds in the case of a Change of Control Event (as defined in the Terms and Conditions of the Bonds). Such premature repayment may have a material adverse effect on Stockmann's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Bonds to such Bondholders who elect not to exercise their right to have their Bonds prematurely repaid as well as the market price and value of such Bonds.

The issuance of the Initial Bonds is subject to that the Issuer completes certain conditions precedent to the satisfaction of the Bonds Agent and/or the Security Agent

The issuance of the Initial Bonds is subject to that the Issuer provides or procures the provision of certain documents and evidence (see Clause 4 (*Conditions Precedent*) of the Terms and Conditions of the Bonds) to the satisfaction of the Bonds Agent and/or the Security Agent. Such documents and evidence include, among others, the Intercreditor Agreement, the Transaction Security Documents and a legal opinion as to Swedish law relating to the Transaction Security. The failure to provide such documents would result in that the Initial Bonds would not be issued on the First Issue Date.

The rights of the holders of the Bonds depend on the Bonds Agent's and Security Agent's actions and financial standing.

By subscribing for, or accepting the assignment of, any Bond, each holder of a Bond will accept the appointment of the Bonds Agent (as defined in the Terms and Conditions of the Bonds) (being on the Issue Date Intertrust (Finland) Oy) to act on its behalf and to perform administrative functions relating to the Bonds, the Intercreditor Agreement and the Transaction Security. The Bonds Agent (for and on behalf of the holders of the Bonds) will, in turn, accede to the Intercreditor Agreement appointing the security agent (the "**Security Agent**") as the agent and representative of certain secured parties (Fi: *vakuusagentti*), to represent and act for such secured parties, including the holders of the Bonds (acting through the Bonds Agent), in relation to the Transaction Security in accordance with the Intercreditor Agreement.

The Bonds Agent has, among other things, the right to represent the holders of the Bonds in all court and administrative proceedings in respect of the Bonds and the sole right and legal authority to represent the holders of the Bonds vis-à-vis the Security Agent. Only the Security Agent is entitled to exercise the rights under the Transaction Security and enforce the same. The roles of the Bonds Agent and the Security Agent are governed by the Finnish Act on Bondholders' Agent (574/2017, Fi: *laki joukkolainanhaltijoiden edustajasta*). Any failure by an agent to perform its duties and obligations properly, or at all, may adversely affect the enforcement of the rights of the holders of the Bonds due to, for example, inability to enforce the security and/or receive any or all amounts payable from the security in a timely and effective manner.

A failure by the Bonds Agent to perform its duties and obligations properly or at all may adversely affect the enforcement of the rights of the holders of the Bonds. Funds collected by the Bonds Agent as the representative of the holders of the Bonds must be held separately from the funds of the Bonds Agent and be treated as escrow funds to ensure that in the event of the Bonds Agent's bankruptcy, such funds can be separated for the benefit of the holders of the Bonds. In the event the Bonds Agent would fail to separate the funds in an appropriate manner, the funds could be included in the Bonds Agent's bankruptcy estate.

The Bonds Agent may be replaced by a successor Bonds Agent in accordance with the Terms and Conditions of the Bonds. Generally, the successor Bonds Agent has the same rights and obligations as the retired Bonds Agent. It may be difficult to find a successor Bonds Agent with commercially acceptable terms or at all. Further, it cannot be excluded that the successor Bonds Agent would not breach its obligations under the above documents or that insolvency proceedings would not be initiated against it.

Other creditors may become parties to the Intercreditor Agreement in the future. Among other things, the Intercreditor Agreement governs the enforcement of the Transaction Security, the sharing in any recoveries from such enforcement and the release of the Transaction Security by the Security Agent, and provides that, to the extent permitted by applicable law, only the Security Agent has the right to enforce the Transaction Security on behalf of the secured parties. As a consequence, holders of the Bonds will not be entitled to take enforcement action in respect of the Transaction Security, except through the Security Agent, who will follow instructions set forth in the Intercreditor Agreement. For more information, see section “*Additional Information on the Transaction Security and Intercreditor Agreement*”.

Materialisation of any of the above risks may have a material adverse effect on the enforcement of the rights of the holders of the Bonds and the rights of the holders of the Bonds to receive payments under the Bonds.

G. Risks Related to the Transaction Security and Intercreditor Agreement

The Transaction Security may be susceptible to recovery

Under certain circumstances, the Finnish Act on Recovery to a Bankruptcy Estate (Fi: *laki takaisinsaannista konkurssipesään*, 758/1991, as amended) (applicable by reference to reorganization and execution proceedings) may require that the Transaction Security be recovered to the bankruptcy estate of the relevant security provider. While as a general rule, security granted at the time when a debt is issued is not subject to a recovery risk, pursuant to the mandatory Finnish recovery rules referred to above, a transaction can, subject to certain pre-requisites, be revoked if the transaction was concluded within a certain period of time (the length of which varies depending on the type of transaction and the parties thereto) before the application for bankruptcy, reorganization or execution was filed with the competent court. Generally, a recovery risk in respect of the Transaction Security may arise if, during a recovery period, a new security asset is granted as security or an existing security asset is replaced with a new security asset the value of which exceeds the value of the replaced security asset. Furthermore, a security interest may be subject to a recovery if such security interest was perfected later than three months prior to the application for bankruptcy, reorganization or execution being filed with the competent court or if the transfer of possession, notice of assignment or other means of perfecting the security interest was not carried out without undue delay after the origination of the debt. The above described also applies to the Transaction Security granted under Swedish law under the Swedish recovery regime. If any part of the Transaction Security is recovered, such part of the Transaction Security would not secure the Bonds. Consequently, as the SEK Receivable and the dividends payable by Stockmann Sverige AB are not perfected before the transaction security becomes enforceable (See “*Some of the Transaction Security will not be perfected and valid against third parties unless certain events occur and notices are delivered*” above), respectively, there is a Substantial risk that the security interest over such assets will be subject to recovery and no assurance can be given as to that the Security Agent (acting on behalf of the Bondholders and other secured creditors) would be able to claim any amounts from such assets. In such case, there can be no assurance that any remaining security would be sufficient to cover the Issuer’s obligations under the Bonds in full or in part. The recovery of the security interest over the SEK Receivable could also make the enforcement of the pledge over the shares in Stockmann Sverige AB challenging as the SEK Receivable would continue to be owed to and be payable to the Company. It is to be agreed in the Intercreditor Agreement that, inter alia, the SEK Receivable may in connection with such enforcement be waived or converted to equity of Stockmann Sverige AB. However, there can be no assurance that such actions would not have negative implications on the share pledge enforcement in comparison to a situation where the Transaction Security over the SEK Receivable would not be recovered.

The Transaction Security may not be sufficient to cover all the obligations secured thereby, the enforcement of the security may be delayed and the ability of the Security Agent to enforce certain of the Transaction Security may be restricted by local law.

There is no assurance that the Transaction Security, benefiting, among others, the holders of the Bonds, will be sufficient to cover all the Secured Obligations and, therefore, all the Issuer’s payment obligations under the Bonds

may not be secured, if at all. In addition, the Intercreditor Agreement includes a right, under certain conditions, for additional creditors to accede to the Intercreditor Agreement (either as a result of refinancing of the liabilities to the original secured parties or as a result of incurrence of additional indebtedness by Permitted Working Capital Financing or the Bridge Loan) which may increase the amount of Secured Obligations and accordingly reduce the proportionate share of the holders of the Bonds of the Transaction Security (see “*Additional Information on the Transaction Security and the Intercreditor Agreement – The Intercreditor Agreement – Secured Obligations*”).

The receivables of the holders of the Bonds rank *pari passu* with the receivables of the other parties benefitting from the Transaction Security, except for certain liabilities owed to the Security Agent and certain enforcement costs of the secured parties, which will have priority to the enforcement proceeds of the Transaction Security. The Issuer cannot assure that the proceeds of any enforcement of the Transaction Security would be sufficient to satisfy all amounts then owed to the secured parties.

Any enforcement may also be delayed due to any inability to sell the security assets in a timely and efficient manner.

For more information on the Intercreditor Agreement, please see section “*Additional Information on the Transaction Security and Intercreditor Agreement*”.

The enforcement of security will be subject to the procedures and limitations set out in the Intercreditor Agreement.

Even when the Transaction Security is enforceable, the enforcement is subject to the procedures and limitations agreed in the Intercreditor Agreement. As there are other secured party groups than the holders of the Bonds, there can be no assurance as to the ability of the holders of the Bonds, without the support of the other creditor groups, to (through the Bonds Agent) instruct the Security Agent to initiate any enforcement procedures. The Intercreditor Agreement also contains limitations on the ability of different creditor groups to take action under the Intercreditor Agreement and, therefore, any enforcement of security may be delayed due to the provisions of the Intercreditor Agreement. For more information on the Intercreditor Agreement, please see section “*Additional Information on the Transaction Security and Intercreditor Agreement*”.

Insolvency administrator may not respect the Intercreditor Agreement.

The Intercreditor Agreement contains provisions for the sharing between the secured parties of the proceeds received from the enforcement of the Transaction Security. If a secured party receives enforcement proceeds or other payments in excess of what is stipulated by the Intercreditor Agreement, such secured party is obligated to share such proceeds or payments with the other secured parties. However, it is not certain that a secured party or a bankruptcy administrator of such secured party would respect the Intercreditor Agreement which potentially could adversely affect the other secured parties.

The Intercreditor Agreement and the documents governing the Transaction Security may be amended without the consent of the holders of the Bonds.

The Terms and Conditions of the Bonds provide for the Bonds Agent to agree to amendments of, and grant waivers and consents and give written instructions in respect of, the Finance Documents (as defined in the Terms and Conditions of the Bonds) without consulting the holders of the Bonds provided that such amendments or waivers are not detrimental to the interest of the Bondholders in any material respect, or is made solely for the purpose of rectifying obvious errors and mistakes or such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority. Any of the before-mentioned actions may result in less beneficial rights and more cumbersome obligations for the holders of the Bonds under the Intercreditor Agreement and the Transaction Security Documents.

Certain liabilities have priority to the proceeds from the enforcement of Transaction Security and payments in a distressed situation.

The proceeds from the enforcement of the Transaction Security as well as in a distressed situation any payments under the receivables covered by the Intercreditor Agreement are pursuant to the Intercreditor Agreement subject

to the waterfall set out therein (see “*Additional Information on the Transaction Security and the Intercreditor Agreement – Intercreditor Agreement – Order of Application*”). The waterfall provides for a priority before the Bonds to certain liabilities owed to the Security Agent and other creditor representatives as well as to the Bridge Creditors, if a Bridge Loan has been issued with the consent of the Bondholders. The priority in the waterfall for certain other liabilities will decrease the benefit of the Transaction Security and in general payments available to be shared by the holders of the Bonds and accordingly the proportional share available to the holders of the Bonds.

Some of the Transaction Security will not be perfected and valid against third parties unless certain events occur and notices are delivered.

The debtor under the pledge of the SEK Receivable (as defined in the Terms and Conditions of the Bonds) will have a right to repay the SEK Receivable to the Issuer at any time unless and until an enforcement event has occurred and a notice regarding the enforcement event has been given to the debtor. The pledgor under the share pledge over the shares in Stockmann Sverige AB will have a right to receive dividends from the shares unless and until an enforcement event when the security becomes enforceable has occurred and notice regarding the enforcement event has been given to the pledged company. This means that the security interests created over the SEK Receivable and the right to dividends under the pledge over the shares will not be perfected and valid against third parties and the pledgors’ bankruptcy estate unless and until such relevant notices have been given.

Rights in the Transaction Security may be adversely affected by the failure to perfect it or to ensure its proper maintenance.

The holders of the Bonds and the other secured parties are represented by the Security Agent in all matters relating to the Transaction Security. There is a risk that the Security Agent, or anyone appointed by it, does not properly fulfil its obligations in terms of perfecting, maintaining, enforcing or taking other necessary actions in relation to the Transaction Security.

According to Swedish law a security interest in certain assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party or the security provider. The Transaction Security may not be perfected if the Security Agent or the relevant security provider is not able to, or does not take the actions necessary, to perfect or maintain the perfection of any such security. Such failure may result in the ineffectiveness of the relevant Transaction Security or adversely affect the priority of such security interest in favour of third parties, including a bankruptcy administrator and other creditors who claim a security interest in the same Transaction Security.

Some of the Transaction Security may be released under certain circumstances.

In addition to the authority for the Security Agent to release relevant part of the Transaction Security in order to facilitate enforcement of the Transaction Security, a distressed disposal or appropriation made in accordance with the Intercreditor Agreement, the Intercreditor Agreement provides that the Issuer may repay or prepay the principal of the SEK Receivable which is subject to the Transaction Security without the prior consent of Secured Creditors (as defined in the Terms and Conditions of the Bonds), such as the holders of the Bonds, or convert the SEK Receivable into equity of Stockmann Sverige AB (through capital contributions) in an amount sufficient to ensure that the equity of Stockmann Sverige AB will not amount to less than half of its registered share capital.

Although, the Transaction Security shall be released *pro rata* between the secured parties and continue to have the same ranking between the secured parties as set forth in the Intercreditor Agreement, any such release will impair the security interest and the secured position of the holders of the Bonds. After any such Transaction Security release, depending on the scope of the release, the holders of the Bonds may become partially unsecured and loose priority in case of foreclosure, dissolution, winding-up, liquidation, recapitalisation, administrative or other bankruptcy or insolvency proceedings of the Issuer. For more information, see “*Terms and Conditions of the Bonds*” and “*Additional Information on the Transaction Security and Intercreditor Agreement*”.

RESPONSIBILITY REGARDING THE PROSPECTUS

This Prospectus has been prepared by Stockmann plc and Stockmann plc accepts responsibility regarding the information contained in this Prospectus. Stockmann Plc declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

INFORMATION ABOUT THE ISSUER

The Issuer was incorporated on 1 February 1862 in Finland, and it is subject to the Finnish law. The Company's business name is Stockmann Oyj Abp, and its parallel company name in English is Stockmann plc. The Company's domicile is Helsinki. The Company is registered in the trade register maintained by the Finnish Patent and Registration Office with the business ID 0114162-2 and LEI code 743 700 IFQI6W 89M I1Y95. The Company's registered address is Aleksanterinkatu 52 B, FI-00100 Helsinki, Finland, and its telephone number is +358 9 1211.

INFORMATION DERIVED FROM THIRD PARTY SOURCES

This Prospectus contains information about Stockmann's markets and Stockmann's competitive position therein. Where certain market data and market estimates contained in this Prospectus have been derived from third party sources, such as industry publications, the name of the source is given therein. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but the correctness and completeness of such information is not guaranteed. Should this Prospectus contain market data or market estimates in connection with which no source has been presented, such market data or market estimate is based on the Issuer's management's estimates.

Additionally, an unofficial translation of the Restructuring Programme is attached as Annex 1 to this Prospectus.

The Issuer confirms that any information derived from third-party sources has been accurately reproduced herein and that, as far as the Issuer is aware and is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

AVAILABILITY OF THE PROSPECTUS

This Prospectus is available as of 18 May 2021 on the website of the Issuer at <http://www.stockmanngroup.com/en/conversions-2021> and on the website of the Lead Arranger at <http://www.evli.com/stockmann-en>.

NO CREDIT RATING

The Issuer or its debt securities have not been assigned any credit ratings at the request or with the co-operation of the Issuer in any rating process.

FORWARD-LOOKING STATEMENTS

This statements in the Prospectus, such as certain statements set forth under "*Summary*", "*Risk Factors*", "*The Company's Recent Developments, Outlook and Near-Term Uncertainties*" are based on the beliefs of the Company's management as well as assumptions made by and information currently available to the Company's management, and such statements may constitute forward-looking statements. The words "*believe*", "*expect*", "*anticipate*", "*intend*" or "*plan*" and similar expressions identify certain of such forward-looking statements.

Such forward-looking statements involve known and unknown risks, uncertainties and other important factors, and as a result, events described in the forward-looking statements may not occur or may fail to materialize. The section "*Risk Factors*" of this Prospectus presents examples of these and other risks, uncertainties and other factors. Should one or more of these and other risks or uncertainties materialise or the underlying assumptions prove wrong, Stockmann's actual results of operations or financial position could differ significantly from what is described in this Prospectus as expected, believed, estimated or anticipated.

NO INCORPORATION OF WEBSITE INFORMATION

The documents incorporated by reference herein are available on Stockmann's website at <http://www.stockmanngroup.com/en/financial-statements-and-interim-reports1>. However, any other information presented on Stockmann's website or any other website does not form a part of this Prospectus (except for any supplement to the Prospectus and information which has been incorporated by reference into the Prospectus or any supplement thereto, see the section entitled "*Information Incorporated by Reference*"), and the information on such websites has not been scrutinised or approved by the FIN-FSA. Prospective investors should not rely on such information in making their decision to invest in Stockmann's securities.

NO CONTROLLING SHAREHOLDER

To the extent known to the Issuer, the Issuer is not directly or indirectly owned or controlled by any person for the purposes of Chapter 2, Section 4 of the Finnish Securities Markets Act and the Issuer is not aware of any arrangement related to the Issuer's ownership the operation of which may result in a change of control of the Issuer.

OTHER INFORMATION

Financial information set forth in a number of tables in this Prospectus has been rounded. Accordingly, in certain instances, the sum of the numbers in a column or row may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

In this Prospectus, references to "euro" or "EUR" are to the currency of the member states of the EU participating in the European Economic and Monetary Union. References to any other currencies or currency codes are to current currencies in accordance with ISO 4217 Currency Codes standard.

SELLING RESTRICTIONS RELATED TO CERTAIN JURISDICTIONS

The offering of the Bonds to individuals in jurisdictions outside Finland may be affected by the securities legislation in the relevant jurisdictions. Unless the Terms and Conditions of the Bonds provide otherwise and excluding certain exceptions, individuals whose registered address is in the United States, Canada, Australia, Hong Kong, China, South Africa, Singapore, Japan, New Zealand, Russia or any other country, where the issue of the Bonds would not be permitted under the applicable local legislation (“**Restricted Jurisdictions**”), may not necessarily be able to subscribe for the Bonds in the Offering. Individuals participating in the Offering should contact their independent advisors to find out any local restrictions on the subscription for the Bonds and formalities required for participating in the Offering.

China

A participant in the Offering accepts that the Offering does not constitute an offer relating to the subscription or sale of the Bonds in China. Each participant in the Offering confirms and approves that the Bonds have not been offered or sold (directly or indirectly) to any legal or natural person located in China, unless this has been permitted under the laws and regulations applied in China. Pursuant to the laws and regulations applied in China, the Bonds may (subject to the laws and regulations of such jurisdictions) only be offered or sold to non-Chinese natural or legal persons in any other country than China.

Hong Kong

The Offering does not constitute an offer relating to the subscription or sale of the Bonds in Hong Kong, and no one is permitted to offer or sell the Bonds to other parties than “professional investors” as defined in Hong Kong’s Securities and Futures Ordinance (hereinafter the “**Ordinance**”) and any rules made under the Ordinance.

Each participant in the Offering agrees not to offer or sell Bonds in Hong Kong (i) to other parties than “professional investors” (as defined in the Ordinance and any rules made under the Ordinance) or (ii) in other circumstances that do not result in the document constituting an “offering circular” or an offer to the public as defined in or within the meaning of Hong Kong’s Companies Ordinance. Participants in the Offering also agree not to publish or hold, for the purpose of issue, any advertisements, notices or documents, which are directed to the public or the content of which is likely to be accessed or read by the public of Hong Kong (unless this is permitted by Hong Kong’s securities legislation), except for those Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” (as defined in the Ordinance and any rules made under the Ordinance) located in Hong Kong.

United States

Neither the Offering nor the Bonds has been registered under the U.S. Securities Act or any other securities laws and the Offering is only directed at, and the Bonds are only being offered and will only be issued to, Parties Entitled to Conversion who can represent that they are either (i) “qualified institutional buyers” (“**QIBs**”) (as defined in Rule 144A (“**Rule 144A**”) under the U.S. Securities Act) or (ii) outside the United States and not U.S. persons (as defined in Regulation S under the U.S. Securities Act (“**Regulation S**”)) and are lawfully able to participate in the Offering in compliance with applicable laws of applicable jurisdictions (each such person, an “**Eligible Party**”). Only Eligible Parties are authorised to receive or review this Prospectus or to participate in the Offering.

Russian Federation

This Prospectus or information contained herein is not an offer, or an invitation to make offers, sell, purchase, exchange or transfer any securities in Russia to or for the benefit of any Russian person or entity, and does not constitute an advertisement or offering of any securities in Russia within the meaning of Russian securities laws. Information contained in this Prospectus is not intended for any persons in the Russian Federation who are not “qualified investors” within the meaning of Article 51.2 of the Federal Law no. 39-FZ “On the Securities Market” dated 22 April 1996, as amended (“**Russian QIs**”) and must not be distributed or circulated into Russia or made available in Russia to any persons who are not Russian QIs, unless and to the extent they are otherwise permitted to access such information under Russian law. The Bonds have not been and will not be registered in Russia and

are not intended for “placement” or “circulation” in Russia (each as defined in Russian securities laws) unless and to the extent otherwise permitted under Russian law.

European Economic Area

This Prospectus has been prepared on the basis that any offer of the Bonds in any member state of the European Economic Area (“**EEA**”), other than Finland, will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of the Bonds.

The Bonds are not intended to be offered or sold to and should not be offered or sold to any retail investor in the EEA. For these purposes, a “retail investor” means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; (iii) not a qualified investor as defined in the Prospectus Regulation. No key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MiFID II product governance / Professional investors and ECPs only target market

Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a “distributor”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

United Kingdom

The communication of this Prospectus by the Company and any other documents or materials relating to the Bonds is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials is exempt from the restriction on financial promotions under section 21 of the FSMA on the basis that it is only directed at and may be communicated to (1) those persons within the definition of Investment Professionals (contained in Article 19(5) or within Article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005), and (2) to any other persons to whom these documents and/or materials may lawfully be communicated.

This Prospectus is not a prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”) (as amended or superseded, the “**UK Prospectus Regulation**”). This Prospectus has been prepared on the basis that any offer of the Bonds in the United Kingdom will be made pursuant to an exemption under the UK Prospectus Regulation and FSMA from the requirement to publish a prospectus for offers of the Bonds.

The Bonds are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of the following: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering, selling or distributing the United Kingdom

or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering, selling or distributing the Bonds or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

UK MiFIR product governance / Professional investors and ECPS only target market

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

TERMS AND CONDITIONS OF THE BONDS
STOCKMANN 0.1 PER CENT SENIOR SECURED BONDS
ISIN FI4000507330

1. Definitions and Construction

1.1 Definitions

In these terms and conditions (the “**Terms and Conditions**”):

“**Accounting Principles**” means generally accepted accounting principles in Finland, including International Financial Reporting Standard (IFRS).

“**Act on Bondholders’ Agent**” means the Finnish Act on Bondholders’ Agent (Fin: *Laki joukkolainanhaltijoiden edustajasta*, 574/2017, as amended).

“**Adjusted Nominal Amount**” means the aggregate Outstanding Nominal Amount of all Bonds less the Nominal Amount of all Bonds owned by a Group Company, irrespective of whether such person is directly registered as owner of such Bonds.

“**Affiliate**” means any Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purpose of this definition, “**control**” when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “**controlling**” and “**controlled**” have meanings correlative to the foregoing.

“**Agency Agreement**” means the agency agreement entered into on or before the First Issue Date, between the Issuer and Intertrust (Finland) Oy, or any replacement agency agreement entered into after the First Issue Date between the Issuer and a replacing Bonds Agent.

“**Amendment Event**” has the meaning set forth in Clause 12.6 (*Events of Default applicable upon successful completion of the Restructuring Programme*).

“**Bankruptcy Act**” means the Finnish Bankruptcy Act (Fin: *Konkurssilaki*, 120/2004, as amended).

“**Bondholder**” means a person who is registered in the register maintained by the CSD pursuant to paragraph 2 of Section 3 of Chapter 4 of the Book-Entry System Act as direct registered owner (Fin: *omistaja*) or nominee (Fin: *hallintarekisteröinnin hoitaja*) with respect to a Bond.

“**Bondholders’ Meeting**” means a meeting among the Bondholders held in accordance with Clause 16 (*Bondholders’ Meeting*).

“**Bonds**” means debt instruments of the type referred to in paragraph 1 of Section 34 of the Act on Promissory Notes (Fin: *Velkakirjalaki*, 622/1947, as amended) (Fin: *joukkovelkakirja*) and which are governed by and issued under these Terms and Conditions, including the Initial Bonds and any Subsequent Bonds.

“**Book-Entry Securities System**” means the Infinity system being part of the book-entry register maintained by the CSD or any other replacing book-entry securities system.

“**Book-Entry System Act**” means the Finnish Act on Book-Entry System and Clearing Operations (Fin: *Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta*, 348/2017, as amended).

“**Bonds Agent**” means Intertrust (Finland) Oy (business identity code: 2343108-1), acting for and on behalf of the Bondholders in accordance with these Terms and Conditions, or another party replacing it as Bonds Agent in accordance with these Terms and Conditions.

“**Bridge Loan**” means a facility in the maximum amount of EUR 30,000,000 and for the maximum duration of three (3) months to be entered into in connection with any issue of Subsequent Bonds (for the purposes of establishing the Permitted Working Capital Financing) or an Equity Issue and which facility is subject to the approval by the Bondholders and quorum requirements as set forth in Clause 15(f) and (g).

“**Bridge Loan Creditors**” means the creditors under the Bridge Loan.

“**Bridge Loan Documents**” means each document or instrument entered into between the Issuer and a Bridge Loan Creditor setting out the terms of any credit facility or other financing arrangement which creates or evidences the Bridge Loan or any other liabilities owed by the Issuer to a Bridge Loan Creditor in connection with the Bridge Loan.

“**Business Day**” means a day on which the deposit banks are generally open for business in Helsinki and which is a TARGET Day.

“**Business Day Convention**” means the first following day that is a CSD Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a CSD Business Day.

“**Change of Control Event**” means the occurrence of an event or series of events whereby one or more persons, acting in concert (Fin: *yksissä tuumin toimiminen*), acquire control over the Issuer and where “control” means (a) acquiring or controlling, directly or indirectly, more than 50 per cent. of the total voting rights represented by the shares of the Issuer (being votes which are capable of being cast at general meetings of shareholders), or (b) the right to, directly or indirectly, appoint or remove at least a majority of the members of the board of directors of the Issuer.

“**Companies Act**” means the Finnish Companies Act (Fin: *osakeyhtiölaki*, 624/2006, as amended).

“**Creditor Representative**” means:

- (a) in relation to the Remaining Restructuring Creditors, the Supervisor;
- (b) in relation to the Bondholders, the Bonds Agent or the person which has acceded to the Intercreditor Agreement as a creditor representative for the Bondholders pursuant to the terms of the Intercreditor Agreement;
- (c) in relation to the Bridge Loan Creditors, the person which has acceded to the Intercreditor Agreement as a creditor representative for the Bridge Loan Creditors pursuant to the terms of the Intercreditor Agreement;
- (d) in relation to the Permitted Working Capital Financing Creditors, the person which has acceded to the Intercreditor Agreement as a creditor representative for the Permitted Working Capital Financing Creditors pursuant to the terms of the Intercreditor Agreement;
- (e) in relation to the Restructuring Secured Creditors, the person which has acceded to the Intercreditor Agreement as a creditor representative for the Restructuring Secured Creditors pursuant to the terms of the Intercreditor Agreement; and
- (f) in relation to any New Creditor, each person which has acceded to the Intercreditor Agreement as a creditor representative for the New Creditors pursuant to the terms of the Intercreditor Agreement.

“**CSD**” means Euroclear Finland Oy (business identity code: 1061446-0) or any entity replacing the same as a central securities depository.

“**CSD Business Day**” means a day on which the Book-Entry Securities System is open in accordance with the regulations of the CSD.

“**Disposal**” means a sale, lease, licence, transfer, loan or other disposal by a person of any asset, undertaking or business (whether by a voluntary or involuntary single transaction or series of transactions).

“**Disputed Restructuring Debt**” means any restructuring debt (Fin: *saneerausvelka*) as described in clauses 14.9, 14.10 and 14.11 of the Restructuring Programme, the amount and/or grounds of which is disputed or unclear and which will be finally determined by a public court or an arbitration tribunal, as applicable, or which constitutes Unknown Debt (Fin: *tuntematon velka*).

“**EUR**” or “**Euro**” means the single currency of the participating member states in accordance with the legislation of the European Community relating to Economic and Monetary Union.

“**Event of Default**” means:

- (a) before the occurrence of the Amendment Event, an event or circumstance specified in any of the Clauses 12.2 (*Non-Payment*) to and including Clause 12.5 (*Restructuring Programme*); and
- (b) after the occurrence of the Amendment Event, an event or circumstance specified in Clause 12.6 (*Events of Default applicable upon successful completion of the Restructuring Programme*).

“**Equity Issue**” means a public offering of shares in the Issuer, after which such shares shall be quoted, listed, traded or otherwise admitted to trading on the Relevant Market.

“**Final Redemption Date**” means 5 July 2026, being the date falling five (5) years after the First Issue Date.

“**Finance Documents**” means:

- (a) these Terms and Conditions;
- (b) the Transaction Security Documents;
- (c) the Intercreditor Agreement;
- (d) the Agency Agreement; and
- (e) any other document designated by the Issuer and the Bonds Agent as a Finance Document.

“**First Issue Date**” means 5 July 2021.

“**Group**” means the Issuer and each Subsidiary from time to time.

“**Group Company**” means a member of the Group.

“**Initial Bonds**” means the Bonds issued on the First Issue Date.

“**Insolvency Event**” means in relation to the Issuer:

- (a) any resolution is passed or order made for the winding up, dissolution, administration, bankruptcy or reorganisation of the Issuer (other than as permitted in the Finance Documents),

a moratorium is declared in relation to any indebtedness of the Issuer or an administrator is appointed to the Issuer;

- (b) any composition, compromise, assignment or arrangement is made with its creditors generally;
- (c) the appointment of any liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of the Issuer or any of its assets; or
- (d) any analogous procedure or step analogous to any of those set out under paragraphs (a), (b) and (c) above is taken in respect of the Issuer in any jurisdiction,

in each case other than in relation to the ongoing restructuring of the Issuer in accordance with the Restructuring Programme.

“Insolvent” means, in respect of a relevant person, that it (i) is deemed to be insolvent within the meaning of Section 1 of Chapter 2 of the Bankruptcy Act (or its equivalent in any other jurisdiction), (ii) admits inability to pay its debts as they fall due, (iii) suspends making payments on any of its debts, (iv) by reason of actual financial difficulties commences negotiations with its creditors (other than the Bondholders in their capacity as such) with a view to rescheduling and conversion to equity (or any other unusual discharge) of any of its indebtedness (including company reorganisation under the Restructuring of Enterprises Act (or its equivalent in any other jurisdiction)) or (v) is subject to involuntary winding-up, dissolution or liquidation.

“Instructing Group” has the meaning set forth in the Intercreditor Agreement.

“Instructing Secured Creditors” has the meaning set forth in the Intercreditor Agreement.

“Intercreditor Agreement” means the intercreditor agreement, dated on or about the First Issue Date, between, amongst others, the Issuer, the Bonds Agent and the Security Agent.

“Interest” means the interest on the Bonds calculated in accordance with Clause 7 (*Interest*).

“Interest Payment Date” means 5 July and 5 January each year or, to the extent such day is not a CSD Business Day, the CSD Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Bonds shall be 5 January 2022 and the last Interest Payment Date shall be the relevant Redemption Date.

“Interest Period” means (i) in respect of the first Interest Period, the period from (and including) the First Issue Date to (but excluding) the first Interest Payment Date, and (ii) in respect of subsequent Interest Periods, the period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date (or a shorter period if relevant). An Interest Period shall not be adjusted by application of the Business Day Convention.

“Interest Rate” means 0.10 per cent. *per annum*.

“Issuer” means Stockmann Oyj Abp (business identity code: 0114162-2), a public limited liability company incorporated in Finland.

“Issuing Agent” means Evli Pankki Oyj (business identity code: 0533755-0), acting as issuing agent (Fin: *liikkeeseenlaskijan asiamies*) of the Bonds for and on behalf of the Issuer, or any other party replacing it as Issuing Agent in accordance with the regulations of the CSD.

“New Creditors” means any lender or finance party providing financing under any New Financing Document which is or becomes a party as a New Creditor in accordance with the terms of the relevant New Financing Document and has not ceased to be a New Creditor in accordance with the terms of such New Financing Document; and a **“New Creditor”** means any of them.

“**New Financing**” means the liabilities owed by the Issuer to the New Creditors under or in connection with the New Financing Documents.

“**New Financing Documents**” means each document or instrument entered into between the Issuer and the New Creditors setting out the terms of any credit facility or other financing arrangement which creates or evidences the New Financing or any other liabilities owed by the Issuer to the New Creditors in connection with the New Financing.

“**Nominal Amount**” has the meaning set forth in Clause 2(b).

“**Outstanding Nominal Amount**” means the outstanding Nominal Amount of each Bond from time to time taking into account any prepayments made on the Bonds.

“**Permitted Working Capital Financing**” means the liabilities incurred by the Issuer under any credit facility, bond (including, for the avoidance of doubt, any Subsequent Bonds) or other financing arrangement to be used for general corporate purposes of the Group, provided that at any time when the Restructuring Programme is still in force, (i) the terms of such financing arrangements are subject to the prior written consent of the Supervisor and (ii) the aggregate amount of such liabilities outstanding at any time does not exceed EUR 50,000,0000.

“**Permitted Working Capital Financing Creditors**” means the creditors under the Permitted Working Capital Financing.

“**Permitted Working Capital Financing Documents**” means each document or instrument entered into between the Issuer and the Permitted Working Capital Financing Creditors setting out the terms of any credit facility or other financing arrangement which creates or evidences the Permitted Working Capital Financing or any other liabilities owed by the Issuer to the Permitted Working Capital Financing Creditors in connection with the Permitted Working Capital Financing.

“**Person**” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organisation, government, or any agency or political subdivision thereof or any other entity, whether or not having a separate legal personality.

“**Record Date**” means:

- (a) in relation to a payment of Interest, default interest and/or redemption of the Bonds when such payment is made through the Book-Entry Securities System, the end of the first CSD Business Day prior to, as applicable, (i) an Interest Payment Date, (ii) the day on which default interest is paid, (iii) a Redemption Date or (iv) a date on which a payment to the Bondholders is to be made under Clause 13 (*Allocation of Proceeds*); and
- (b) in relation to a Bondholders’ Meeting and Written Procedure, the end of the CSD Business Day specified in the communication pursuant to Clause 16(c) or Clause 17(c), as applicable; and
- (c) otherwise, the end of the fifth (5th) CSD Business Day prior to another relevant date.

“**Redemption Date**” means the date on which the relevant Bonds are to be redeemed or repurchased in accordance with Clause 8 (*Redemption and Repurchase of the Bonds*).

“**Relevant Market**” means the Helsinki Stock Exchange maintained by Nasdaq Helsinki Ltd.

“**Remaining Restructuring Creditor**” means any creditor of Remaining Restructuring Debt.

“**Remaining Restructuring Debt**” means the 80 % share of the Unsecured Debt which has not been converted into Bonds by way of set-off in accordance with the Restructuring Programme.

“Remaining Restructuring Debt Documents” means the Restructuring Programme and its Schedule 13, evidencing the liabilities owed by the Issuer to the Remaining Restructuring Creditors.

“Restructuring of Enterprises Act” means the Finnish Restructuring of Enterprises Act (Fin: *Laki yrityksen saneerauksesta*, 47/1993, as amended).

“Restructuring Programme” means the restructuring programme (Fin: *saneerausohjelma*) for the Issuer originally dated 1 February 2021 and approved by the District Court of Helsinki on 9 February 2021 and 17 May 2021 (as may be further amended and approved by the District Court of Helsinki from time to time).

“Restructuring Secured Creditors” means the creditors of the Restructuring Secured Debt as defined in the Restructuring Programme (Fin: *vakuusvelkoja*).

“Restructuring Secured Creditor Only Security” means the security securing the Restructuring Secured Debt as referred to in clause 6.3 of the Restructuring Programme.

“Restructuring Secured Debt” means the secured debt as described in the Restructuring Programme (Fin: *vakuusvelka*).

“Restructuring Secured Debt Documents” means the Restructuring Programme and its Schedule 13, evidencing the liabilities owed by the Issuer to the Restructuring Secured Creditors.

“Secured Creditors” means the Bonds Agent (including in its capacity as the representative of the Bondholders under these Terms and Conditions), each other Creditor Representative, the Security Agent, the Bondholders, the Restructuring Secured Creditors, the Remaining Restructuring Creditors, the Bridge Loan Creditors, the New Creditors and the Permitted Working Capital Financing Creditors.

“Secured Debt Documents” means the Remaining Restructuring Debt Documents, the Restructuring Secured Debt Documents, the Bridge Loan Documents, the Permitted Working Capital Financing Documents, the New Financing Documents and the Finance Documents.

“Secured Obligations” means all present and future liabilities and obligations at any time due, owing or incurred by the Issuer under the Secured Debt Documents and under any documents relating to any such debt, both actual and contingent and whether incurred solely or jointly and as principal or surety or in any other capacity, excluding any amount of interest that has accrued on the Restructuring Secured Debt in accordance with clause 14.3.5 of the Restructuring Programme being interest accrued during the restructuring proceedings before the Restructuring Programme was approved by the District Court of Helsinki.

“Securities Market Act” means the Finnish Securities Markets Act (Fin: *arvopaperimarkkinalaki* 746/2012, as amended).

“Security” means a mortgage, charge, pledge, lien, security assignment or other security interest securing any obligation of any person, or any other agreement or arrangement having a similar effect.

“Security Agent” means Nordic Trustee Oy (business identity code: 2488240-7) or any other security agent appointed by the Secured Creditors from time to time pursuant to the Intercreditor Agreement, holding the Transaction Security on behalf of the Secured Creditors.

“Subsequent Bonds” means any Bonds issued after the First Issue Date on one or more occasions.

“Subsidiary” means a Finnish or foreign legal entity (whether incorporated or not) which at the time is a subsidiary (Fin: *tytäryhteisö/tytäryritys*) of the Issuer, directly or indirectly, as defined in the Companies Act and/or the Finnish Accounting Act (Fin: *kirjanpitolaki*, 1336/1997, as amended).

“Supervisor” means the supervisor (Fin: *valvoja*) under the Restructuring Programme.

“**TARGET2**” means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system.

“**TARGET Day**” means any day on which TARGET2 is open for the settlement of payments in euro.

“**Transaction Costs**” means all fees, costs and expenses, stamp, registration and other taxes incurred by the Issuer in connection with the issue of the Initial Bonds.

“**Transaction Security Documents**” means each security agreement to be entered into on or about the First Issue Date between the Issuer as pledgor and the Security Agent (on behalf of the Secured Creditors), creating a security interest for the benefit of all the Secured Creditors over:

- (a) the shares in Stockmann Sverige AB; and
- (b) the SEK currency receivable of the Issuer from Stockmann Sverige AB as at the First Issue Date in the approximate principal amount of SEK 3,932,891,527 (the “**SEK Receivable**”).

“**Transaction Security**” means the Security granted to secure the Secured Obligations pursuant to the Transaction Security Documents.

“**Unknown Creditor**” means each creditor under any Unknown Debt.

“**Unknown Debt**” means debt that was unknown at the time of preparation of the Restructuring Programme (Fin: *tuntematon velka*) in accordance with clause 14.11 of the Restructuring Programme.

“**Unsecured Creditor**” means each creditor under any Unsecured Debt.

“**Unsecured Debt**” means the unsecured debt (Fin: *vakuudeton velka*) as described in the Restructuring Programme (including, for the avoidance of doubt, any Disputed Restructuring Debt, such unsecured debt of a creditor which is an institution under public law (Fin: *julkisoikeudellinen velkoja*) and any debt owed by the Issuer to the Restructuring Secured Creditors which is not secured by the Restructuring Secured Creditor Only Security and is categorized and treated as unsecured debt in the Restructuring Programme) and excluding the existing hybrid loan (Fin: *Hybridilaina*, as defined in the Restructuring Programme) and any loans between the Group Companies.

“**Written Procedure**” means the written or electronic procedure for decision making among the Bondholders in accordance with Clause 17 (*Written Procedure*).

1.2 Construction

- (a) Unless a contrary indication appears, any reference in these Terms and Conditions to:
 - (i) “**assets**” includes present and future properties, revenues and rights of every description;
 - (ii) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
 - (iii) a “**regulation**” includes any regulation, rule or official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
 - (iv) a provision of law is a reference to that provision as amended or re-enacted;
 - (v) words denoting the singular number shall include the plural and vice versa;

- (vi) a time of day is a reference to Helsinki time; and
 - (vii) an Event of Default is continuing if it has not been waived.
- (b) When ascertaining whether a limit or threshold specified in EUR has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against EUR for the previous Business Day, as published by the European Central Bank on its website (www.ecb.int). If no such rate is available, the most recently published rate shall be used instead.
 - (c) No delay or omission of the Bonds Agent or of any Bondholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.

2. Status of the Bonds

- (a) The Bonds are denominated in EUR and each Bond is constituted by these Terms and Conditions.
- (b) The Bonds are offered for subscription in a minimum amount of EUR 1.00. The Nominal Amount of each Bond is EUR 1.00 (the “**Nominal Amount**”). The aggregate amount of the bond loan which will be represented by the Initial Bonds may be an amount of up to 80 per cent. of the Unsecured Debt. All Initial Bonds are issued at an issue price of 100 per cent. of the Nominal Amount. The Bonds are offered for subscription to the Unsecured Creditors in order to convert the Unsecured Debt into Bonds. The subscription period shall commence on 24 May 2021 and end on 18 June 2021. Subscriptions shall be made by submitting a duly completed subscription form to Evli Bank Plc (the “**Subscription Form**”). By returning such duly completed Subscription Form to Evli Bank Plc by the end of the subscription period, the relevant Unsecured Creditor irrevocably confirms its willingness to subscribe for Bonds in the amount of 80 per cent. of the Unsecured Debt owed by the Issuer to the relevant Unsecured Creditor. Subscriptions made by submitting a duly completed Subscription Form are irrevocable. Subscriptions made by the Unsecured Creditors shall be paid for in kind by way of set-off against the Unsecured Debt owed by the Issuer to the relevant Unsecured Creditor, as instructed in connection with the subscription. Bonds subscribed for shall be entered by the Issuing Agent to the respective book-entry accounts of the subscribers on a date advised in connection with the issuance of the Bonds in accordance with the Finnish legislation governing book-entry system and book-entry accounts as well as regulations and decisions of the CSD. Neither the Issuer, the Issuing Agent nor the Bonds Agent is under any obligation to confirm or verify that the person acting on behalf of an Unsecured Creditor has due authorisation to represent any Unsecured Creditor in relation to the conversions of any Unsecured Debt into Bonds and such conversions are not subject to any such person acting on behalf of a Unsecured Creditor having been duly authorised to represent such Unsecured Creditor.
- (c) The Issuer may, at one or several occasions, issue Subsequent Bonds. Subsequent Bonds shall benefit from and be subject to the Finance Documents, entitle its holder to Interest in accordance with Clause 7 (*Interest*) and otherwise have the same rights as the Initial Bonds, other than the amount (including that the issue price of each Subsequent Bond issued for the purposes of the Permitted Working Capital Financing may be set at a discount or at a premium compared to the Initial Bonds). The aggregate amount of the bond loan which will be represented by the Subsequent Bonds will be an amount of (i) up to 80 per cent. of the Unsecured Debt (for the avoidance of doubt, that at the time of the First Issue Date remains the Disputed Restructuring Debt and other than the Remaining Restructuring Creditors under the Remaining Restructuring Debt which have decided not to use their right of set-off in accordance with the Restructuring Programme) and (ii), in case the Permitted Working Capital Financing has been incurred in the form of Subsequent Bonds, EUR 50,000,000.
- (d) By subscribing for Bonds, each initial Bondholder agrees, and by acquiring Bonds, each subsequent Bondholder confirms, (i) that the Bonds shall benefit from and be subject to the Finance Documents and (ii) agrees to be bound by these Terms and Conditions and the other

Finance Documents including, without limitation, the Intercreditor Agreement. These Terms and Conditions are subject to the Intercreditor Agreement. In the event of any discrepancy between these Terms and Conditions and the Intercreditor Agreement, the Intercreditor Agreement shall prevail.

- (e) The Bonds constitute direct, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank at least *pari passu* with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer, except those obligations which are mandatorily preferred by law, and without any preference among them. The Bonds constitute secured obligations of the Issuer secured by the Transaction Security. The Transaction Security secures a major part of the other borrowings of the Issuer. The priority in respect of enforcement proceeds from the Transaction Security is referred to in Clause 13 (*Allocation of Proceeds*) and includes certain liabilities that have better priority than the Bonds to such enforcement proceeds.
- (f) Subject to any restrictions to which a Bondholder may be subject due to local law or otherwise, the Bonds are freely transferrable. Each Bondholder must ensure compliance with local laws and regulations applicable at their own cost and expense.

3. Purpose

The purpose of the issuance of the Initial Bonds is to convert, by way of set-off, up to 80 per cent. of the Unsecured Debt of Unsecured Creditors that have decided to use their right of set-off in accordance with the Restructuring Programme. The purpose of the issuance of any Subsequent Bonds shall be to: (i) convert up to 80 per cent. of the Disputed Restructuring Debt of Unsecured Creditors that have decided or, in respect of Unknown Creditors, will decide to use their right of set-off in accordance with the Restructuring Programme; and/or (ii) establishment of the Permitted Working Capital Financing.

4. Conditions Precedent

- (a) The issuance of the Initial Bonds will be subject to that the Issuer provides, or procures the provision of, the following documents and evidence to the Bonds Agent and/or the Security Agent (as applicable), in form and substance satisfactory to the Bonds Agent and/or the Security Agent (acting reasonably):
 - (i) the approval of the Supervisor of the transactions contemplated under the Finance Documents;
 - (ii) an extract of a resolution from the board of directors of the Issuer, approving (or authorising the approval of) the issue of the Bonds and authorising specified person(s) to approve and execute any documents and take any other action necessary to consummate such issue;
 - (iii) a copy of the duly executed Agency Agreement (to be delivered only to the Bonds Agent);
 - (iv) a copy of the duly executed Intercreditor Agreement;
 - (v) copies of the duly executed Transaction Security Documents (including evidence that the security interests created thereunder have been duly perfected, if required to be perfected under the relevant Transaction Security Document);
 - (vi) a Swedish law legal opinion in respect of the validity and enforceability of the Transaction Security Documents; and
 - (vii) evidence of payment of the Transaction Costs by the Issuer.

- (b) The Bonds Agent may assume that the documentation and evidence delivered to it pursuant to paragraph (a) above is accurate, correct and complete unless it has actual knowledge that this is not the case, and the Bonds Agent does not have to verify the contents of any such documentation or evidence. The Bonds Agent does not review the documents and evidence referred to in paragraph (a) above from a legal or commercial perspective of the Bondholders.
- (c) The Bonds Agent shall confirm to the Issuing Agent when it has received the documents and evidence referred to in paragraph (a) above.

5. Bonds in Book-Entry Form

- (a) The Bonds will be issued in dematerialised form in the Book-Entry Securities System in accordance with the Book-Entry System Act and regulations of the CSD and no physical notes will be issued.
- (b) Each Bondholder consents to the Issuer having a right to obtain information on the Bondholders, their contact details and their holdings of the Bonds registered in the Book-Entry Securities System, such as information recorded in the lists referred to in paragraphs 2 and 3 of Section 3 of Chapter 4 of the Book-Entry System Act kept by the CSD in respect of the Bonds and the CSD shall be entitled to provide such information upon request. At the request of the Bonds Agent or the Issuing Agent, the Issuer shall (and shall be entitled to do so) promptly obtain such information and provide it to the Bonds Agent or the Issuing Agent, as applicable.
- (c) The Bonds Agent and the Issuing Agent shall have the right to obtain information referred to in paragraph (b) above from the CSD in respect of the Bonds if so permitted under the regulation of the CSD. The Issuer agrees that each of the Bonds Agent and the Issuing Agent is at any time on its behalf entitled to obtain information referred to in paragraph (b) above from the CSD in respect of the Bonds.
- (d) The Issuer shall issue any necessary power of attorney to such persons employed by the Bonds Agent or the Issuing Agent, as notified by the Bonds Agent or the Issuing Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Bonds. The Issuer may not revoke any such power of attorney given to the Bonds Agent or the Issuing Agent unless directed by the Bonds Agent or unless consent thereto is given by the Bondholders.
- (e) The Issuer, the Bonds Agent and the Issuing Agent may use the information referred to in paragraph (b) above only for the purposes of carrying out their duties and exercising their rights in accordance with these Terms and Conditions with respect to the Bonds or to fulfil any requirement of law or regulation and shall not disclose such information to any Bondholder or third party unless necessary for the before-mentioned purposes.

6. Payments in Respect of the Bonds

- (a) Any payments under or in respect of the Bonds pursuant to these Terms and Conditions shall be made to the person who is registered as a Bondholder at the Record Date prior to an Interest Payment Date or other relevant due date in accordance with the Finnish legislation governing the Book-Entry Securities System and book-entry accounts as well as the regulations of the CSD.
- (b) If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Any such postponement shall not affect the Record Date.
- (c) The Issuer is not liable to gross up any payments under the Finance Documents by virtue of any withholding tax, public levy or similar tax or duty.

- (d) All payments to be made by the Issuer pursuant to these Terms and Conditions shall be made without (and free and clear of any deduction for) set-off or counterclaim.

7. Interest

- (a) Each Initial Bond carries Interest at the Interest Rate from (and including) the First Issue Date up to (but excluding) the relevant Redemption Date. Any Subsequent Bond will carry Interest at the Interest Rate from (and including) the Interest Payment Date falling immediately prior to its issuance up to (but excluding) the relevant Redemption Date.
- (b) Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made to the Bondholders on each Interest Payment Date for the preceding Interest Period.
- (c) Interest shall be calculated on the basis of a 360-day year comprised of twelve months of 30 days each and, in case of an incomplete month, the actual number of days elapsed (30/360-days basis).
- (d) If the Issuer fails to pay any amount due under these Terms and Conditions, the Issuer shall pay default interest on such overdue amount at a rate corresponding to the Interest Rate plus 2.00 per cent., from but excluding, the date such payment was due up to and excluding the date of actual payment. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Bonds Agent, the Issuing Agent or the CSD, in which case the Interest Rate shall apply instead.

8. Redemption and Repurchase of the Bonds

8.1 Redemption at maturity

The Issuer shall redeem all, but not only some, of the outstanding Bonds in full on the Final Redemption Date with an amount per Bond equal to the Outstanding Nominal Amount together with accrued but unpaid Interest. If the Final Redemption Date is not a CSD Business Day, then the redemption shall occur on the CSD Business Day determined by application of the Business Day Convention.

8.2 Group Company's purchase of Bonds

Each Group Company may, subject to applicable law, at any time and at any price purchase Bonds on the market or in any other way. Bonds held by a Group Company may at such Group Company's discretion be retained, sold or, if held by the Issuer, cancelled.

8.3 Voluntary Redemption

- (a) The Issuer may redeem the Bonds in whole or in part at any time prior to the Final Redemption Date at a price per Bond equivalent to 100.00 per cent. of the Outstanding Nominal Amount, together with accrued and unpaid Interest.
- (b) Redemption in accordance with paragraph (a) above shall be made by the Issuer giving not less than twenty (20) Business Days' notice prior to the relevant Redemption Date to the Bondholders and the Bonds Agent. The notice shall specify the relevant Redemption Date and also the Record Date on which a person shall be registered as a Bondholder to receive the amounts due on such Redemption Date. Any such notice is irrevocable and, upon expiry of such notice, the Issuer is bound to redeem the Bonds with the applicable amounts.

8.4 Change of Control Put Option

- (a) Upon the occurrence of a Change of Control Event, each Bondholder shall have the right to request that all, or only some, of its Bonds (the "**Change of Control Put Option**") be repurchased at a price equivalent to 100 per cent. of the Outstanding Nominal Amount (together with accrued and unpaid interest) by giving the Issuer notice of its intention to invoke its Change

of Control Put Option during a period of twenty (20) Business Days following the notice of the Change of Control Event pursuant to Clause 10.1 (*Information from the Issuer*) (the “**Exercise Period**”).

- (b) The notice from the Issuer pursuant to Clause 10.1(a) shall specify the repurchase date that is a CSD Business Day and include instructions about the actions that a Bondholder needs to take if it wants Bonds held by it to be repurchased. If a Bondholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer shall, or shall procure that a Person designated by the Issuer will, repurchase the relevant Bonds and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to Clause 10.1(a). The repurchase date must fall no later than forty (40) Business Days after the end of the Exercise Period.

8.5 General

- (a) The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Bonds. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 8, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 8 by virtue of the conflict.
- (b) Any Bonds repurchased by the Issuer pursuant to this Clause 8 may at the Issuer’s discretion be retained, sold or cancelled.

9. Transaction Security

9.1 Granting of the Transaction Security

- (a) As continuing Security for the due and punctual fulfilment of the Secured Obligations, the Issuer will, on the First Issue Date, grant the Transaction Security for the benefit of the Secured Creditors as represented by the Security Agent on the terms set out in the Transaction Security Documents.
- (b) The Security Agent shall hold the Transaction Security on behalf of the Secured Creditors in accordance with the terms of the Transaction Security Documents and the Intercreditor Agreement.
- (c) Unless and until the Security Agent has received instructions from the Bonds Agent on behalf of the Bondholders in accordance with Clause 15 (*Decisions by Bondholders*), the Security Agent shall (without first having to obtain the Bondholders’ consent) be entitled to enter into agreements with the Issuer or a third party or take any other actions, if it is, in the Security Agent’s opinion, necessary for the purpose of maintaining, releasing or enforcing the Transaction Security or for the purpose of settling the Secured Creditors’ or the Issuer’s rights to the Transaction Security, in each case in accordance with the terms of the Transaction Security Documents and the Intercreditor Agreement.
- (d) The Bonds Agent shall be entitled to give instructions relating to the Transaction Security to the Security Agent in accordance with the Intercreditor Agreement.

9.2 Release of Transaction Security

The Security Agent may at any time, acting on instructions of the Secured Creditors, release any Transaction Security in accordance with the terms of the Transaction Security Documents and the Intercreditor Agreement.

9.3 Enforcement of Transaction Security

- (a) Only the Security Agent may take action to accelerate or enforce any Transaction Security in accordance with the terms of the Intercreditor Agreement. The Intercreditor Agreement contains, *inter alia*, a consultation provision (binding upon the Secured Creditors) relating to the enforcement of the Transaction Security.
- (b) The Bondholders shall not be entitled, individually or collectively, to take any direct action to enforce any rights in their favor under the Transaction Security Documents.
- (c) Upon an enforcement of the Transaction Security or following receipt of any recovery after the occurrence of an Insolvency Event, the enforcement proceeds and any amount of recoveries will be distributed, pursuant to the Intercreditor Agreement.
- (d) All Transaction Security or arrangement having similar effects may be released by the Security Agent, without the need for any further referral to or authority from anyone, upon any enforcement provided that the proceeds are distributed in accordance with the provisions set out in the Intercreditor Agreement.

10. Information to Bondholders

10.1 Information from the Issuer

The Issuer shall promptly notify:

- (a) the Bonds Agent and the Bondholders when the Issuer is or becomes aware of the occurrence of a Change of Control Event; and
- (b) the Bonds Agent that an Event of Default has occurred and, if occurred but no longer continuing, that an Event of Default is no longer continuing,

and, in each case shall provide the Bonds Agent with such further information as the Bonds Agent may request (acting reasonably) following receipt of such notice.

10.2 Information from the Bonds Agent

The Bonds Agent is entitled to disclose to the Bondholders any event or circumstance directly or indirectly relating to the Issuer or the Bonds. Notwithstanding the foregoing, the Bonds Agent shall notify the Bondholders of the occurrence of an Event of Default in accordance with Clause 12.7(c).

10.3 Publication of Finance Documents

- (a) The latest version of these Terms and Conditions (including any document amending these Terms and Conditions) shall be available on the websites of the Issuer and the Bonds Agent.
- (b) The latest versions of the Intercreditor Agreement, the Transaction Security Documents and the Agency Agreement (with certain commercial details redacted) shall be on the websites of the Issuer and the Bonds Agent following the First Issue Date.

11. General Undertakings

11.1 General

The Issuer shall not, and shall, where applicable, procure that none of its Subsidiaries will, without the prior written consent of the Supervisor (for as long as the Restructuring Programme is in force and subject to that such consent can be given pursuant to the terms of the Restructuring Programme and/or applicable law):

11.2 Business arrangements

Enter into any merger (whether as merging or receiving entity), cease to carry on all or a material part of its business, cease to carry on a material part of its business by way of demerger, business transfer or business acquisition, or make a substantial change in its business by establishing or acquiring a new company or in any other way, other than:

- (a) mergers between Group Companies (other than mergers between the Issuer, Stockmann Sverige AB or AB Lindex or mergers where the Issuer, Stockmann Sverige AB or AB Lindex is not the surviving entity);
- (b) the merger of Oy Suomen Pääomarahhoitus - Finlands Kapitalfinans Ab and Oy Hullut Päivät – Galna Dagar Ab into the Issuer;
- (c) the demerger of SIA “Stockmann Centrs”, as a result of which: (i) the Issuer will own, and the share pledge entered into by the Issuer on 11 December 2017 will extend to cover, 100 per cent. of the shares in SIA “Stockmann Centrs”; and (ii) SIA “Stockmann Centrs” will own the entire Riga department store property;
- (d) any change in its business that is specifically agreed in the Restructuring Programme;
- (e) the sale and lease back of the Helsinki, Tallinn and Riga department store properties in accordance with clause 15.3 of the Restructuring Programme; and
- (f) the sale and lease back of the property related to AB Lindex’s new distribution center.

11.3 Disposals

Enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset, other than:

- (a) made in the ordinary course of its business and on market terms;
- (b) of assets in exchange for other assets comparable as to type, value and quality;
- (c) of obsolete or redundant vehicles, machines and equipment for cash;
- (d) the sale and lease back of the Helsinki, Tallinn and Riga department store properties in accordance with clause 15.3 of the Restructuring Programme; and
- (e) the sale and lease back of the property related to AB Lindex’s new distribution center.

11.4 Investments

Make any investments or acquisitions exceeding the thresholds contained in the investment plan appended as schedule 13.2 to the Restructuring Programme. Any surplus from an accounting period which has not been used towards investments may be used during the following accounting periods.

11.5 Indebtedness

Incur any new debt or enter into any derivative transactions (for the purposes of protection against or benefit from fluctuation in any rate or price), other than:

- (a) debt of AB Lindex taken for the purposes of financing AB Lindex’s new distribution center, subject to that the terms of such financing arrangement do not restrict the making of payments or distributions to the Issuer;

- (b) debt of the Issuer for the purposes of repaying or prepaying all Remaining Restructuring Debt in accordance with the Restructuring Programme;
- (c) any debt under the Finance Documents;
- (d) any debt under the Bridge Loan and the Permitted Working Capital Financing in accordance with these Terms and Conditions;
- (e) account payables in the ordinary course of its business and on market terms;
- (f) debt incurred by AB Lindex, Stockmann AS, SIA Stockmann and Stockmann Security Services Oy Ab pursuant to the cash pool arrangement between the aforementioned companies and the Issuer, subject to that the debt of: (i) AB Lindex to the Issuer shall not exceed EUR 20 million; (ii) Stockmann AS to the Issuer shall not exceed EUR three (3) million; (iii) SIA Stockmann to the Issuer shall not exceed EUR three (3) million; and (iv) Stockmann Security Services Oy Ab to the Issuer shall not exceed EUR 500,000, and (other than the debt of SIA Stockmann during three (3) years after making the renewal investment in the maximum amount of EUR 2,500,000) within each period of six (6) months (starting from the approval date of the Restructuring Programme) the debt of AB Lindex, Stockmann AS, SIA Stockmann and Stockmann Security Services Oy Ab to the Issuer shall not exceed zero (0) for a period of not less than five (5) days. Not less than three (3) months shall elapse between two such five (5) day periods;
- (g) debt arising out of the lease back of the Helsinki, Tallinn and Riga department store properties;
- (h) debt arising out of: (i) the lease back of the property related to AB Lindex's new distribution center; and (ii) the equipment financing arrangements in relation thereto; and
- (i) entering into derivative transactions for hedging purposes on market terms.

11.6 Loans and guarantees

Give any loans, guarantees or other commitments to third parties or Group Companies, other than:

- (a) loans, guarantees or other commitments in its ordinary course of business and on market terms;
- (b) the loans given by the Issuer to AB Lindex, Stockmann AS, SIA Stockmann and Stockmann Security Services Oy Ab pursuant to the cash pool arrangement between the aforementioned companies and the Issuer, subject to that the Issuer's receivable from: (i) AB Lindex shall not exceed EUR 20 million; (ii) Stockmann AS shall not exceed EUR three (3) million; (iii) SIA Stockmann shall not exceed EUR three (3) million; and (iv) Stockmann Security Services Oy Ab shall not exceed EUR 500,000, and (other than the Issuer's receivable from SIA Stockmann during three (3) years after making the renewal investment in the maximum amount of EUR 2,500,000) within each period of six (6) months (starting from the approval date of the Restructuring Programme) the Issuer's receivable from AB Lindex, Stockmann AS, SIA Stockmann and Stockmann Security Services Oy Ab shall not exceed zero (0) for a period of not less than five (5) days. Not less than three (3) months shall elapse between two such five (5) day periods;
- (c) the guarantee given by the Issuer for the tax liability of Stockmann Sverige AB in accordance with clause 15.10 of the Restructuring Programme;
- (d) pursuant to the lease back of the Helsinki, Tallinn and Riga department store properties; and
- (e) pursuant to: (i) the lease back of the property related to AB Lindex's new distribution center; and (ii) the equipment financing arrangements in relation thereto.

11.7 Negative pledge

Create any Security over any of its assets, other than (in each case, excluding the pledge of the shares in AB Lindex):

- (a) for the debt and derivative transactions in accordance with Clause 11.5 (*Indebtedness*) above;
- (b) the security under the Transaction Security Documents and the Intercreditor Agreement;
- (c) for its obligations under any agreements entered into in its ordinary course of business;
- (d) security arising out of any close-out netting or set-off arrangement of derivative transactions in accordance with Clause 11.5 (*Indebtedness*) above;
- (e) any lien arising by operation of law; and
- (f) security created in favour of a bank pursuant to customary bank account terms and conditions.

11.8 Dealings with related parties

The Issuer shall not, and shall procure that none of its Subsidiaries will, conduct any dealings with the direct and indirect shareholders of the Group Companies (excluding other Group Companies) and/or any Affiliates of such direct and indirect shareholders (excluding other Group Companies), other than as detailed in clause 15.7 of the Restructuring Programme.

11.9 Distributions

In case of Issuer only: (i) pay any dividend on its shares to the Issuer's direct or indirect shareholders, (ii) service any shareholder loan, (iii) repurchase any of its own shares, (iv) redeem or reduce its share capital or other restricted equity with repayment to shareholders and (v) make any other similar distribution or transfers of value (including but not limited to any distribution from the fund of invested unrestricted equity (Fin: sijoitetun vapaan oman pääoman rahasto)) to the direct or indirect shareholders of the Issuer.

11.10 Listing

In the event the Issuer lists the Bonds at the corporate bond list on Nasdaq Helsinki Ltd after the First Issue Date, it shall use its best efforts to ensure that the Bonds, once listed on Nasdaq Helsinki Ltd, continue being listed on Nasdaq Helsinki Ltd for as long as any Bond is outstanding (however, taking into account the rules and regulations of Nasdaq Helsinki Ltd and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds). In the event the Bonds are so listed, upon any issue of Subsequent Bonds, the Issuer shall promptly after the relevant issue date procure that the volume of Bonds listed is increased accordingly.

12. Events of Default and Acceleration of the Bonds

12.1 General

Each of the events or circumstances set out in this Clause 12 (other than Clause 12.7 (*Acceleration of the Bonds*)), subject to Clause 12.6 (*Events of Default applicable upon successful completion of the Restructuring Programme*), is an Event of Default.

12.2 Non-Payment

The Issuer fails to pay an amount of interest or principal with respect to the Bonds on the date it is due in accordance with the Finance Documents unless the non-payment is remedied within three (3) months of the due date.

12.3 Insolvency

The Issuer, Stockmann Sverige AB and/or AB Lindex:

- (a) is deemed to be insolvent within the meaning of Section 1 of Chapter 2 of the Bankruptcy Act or equivalent applicable law;
- (b) admits inability to pay its debts as they fall due;
- (c) suspends making payments on any of its debts; or
- (d) by reason of actual financial difficulties commences negotiations with its creditors (subject to the Intercreditor Agreement, other than in respect of any Secured Obligations) with a view to rescheduling and conversion to equity (or any other unusual discharge) of any of its indebtedness (including company reorganisation under the Restructuring of Enterprises Act or equivalent applicable law),

in each case other than the ongoing restructuring of the Issuer in accordance with the Restructuring Programme.

12.4 Insolvency Proceedings

Any legal proceedings or other procedure or step is taken for the initiation of a winding-up, bankruptcy or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Issuer, Stockmann Sverige AB and/or AB Lindex, provided that this Clause 12.4 shall not apply to any petition which is frivolous or vexatious, is being contested in good faith and by appropriate proceedings and is discharged, stayed or dismissed within 30 days.

12.5 Restructuring Programme

The Restructuring Programme is lapsed in accordance with the Restructuring Programme.

12.6 Events of Default applicable upon successful completion of the Restructuring Programme

12.6.1 General

If on any date following the First Issue Date, the Issuer has successfully completed the Restructuring Programme in accordance with the Restructuring of Enterprises Act (the “**Amendment Event**”), then, beginning from the date on which the Amendment Event has occurred, the following Clauses 12.6.2 (*Non-Payment*) through 12.6.7 (*Impossibility or Illegality*) will be included in Clause 12 (*Events of Default and Acceleration of the Bonds*) and Clauses 12.2 (*Non-Payment*) through 12.5 (*Restructuring Programme*) shall no longer apply.

12.6.2 Non-Payment

The Issuer fails to pay an amount on the date it is due in accordance with the Finance Documents unless the non-payment:

- (a) is caused by technical or administrative error; and
- (b) is remedied within five (5) Business Days of the due date.

12.6.3 Other Obligations

The Issuer does not comply with any provision under the Finance Documents, in any other way than as set out in Clause 12.6.2 (*Non-Payment*), unless the non-compliance is capable of remedy and is remedied

within fifteen (15) Business Days of the earlier of (i) the Bond Trustee giving notice to the Issuer and (ii) the Issuer becoming aware of the non-compliance.

12.6.4 Cross-default

Any financial indebtedness of the Issuer, Stockmann Sverige AB and/or AB Lindex is:

- (a) not paid when due nor within any originally applicable grace period; or
- (b) declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described),

provided that no Event of Default will occur under this Clause 12.6.4 if the aggregate amount of financial indebtedness referred to herein is less than EUR 5,000,000 (or its equivalent in other currencies).

12.6.5 Insolvency

The Issuer, Stockmann Sverige AB and/or AB Lindex:

- (a) is deemed to be insolvent within the meaning of Section 1 of Chapter 2 of the Bankruptcy Act or equivalent applicable law;
- (b) admits inability to pay its debts as they fall due;
- (c) suspends making payments on any of its debts; or
- (d) by reason of actual financial difficulties commences negotiations with its creditors (subject to the Intercreditor Agreement, other than in respect of any Secured Obligations) with a view to rescheduling and conversion to equity (or any other unusual discharge) of any of its indebtedness (including company reorganisation under the Restructuring of Enterprises Act or equivalent applicable law),

in each case other than the ongoing restructuring of the Issuer in accordance with the Restructuring Programme.

12.6.6 Insolvency Proceedings

Any legal proceedings or other procedure or step is taken for the initiation of a winding-up, bankruptcy or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Issuer, Stockmann Sverige AB and/or AB Lindex, provided that this Clause 12.6.6 shall not apply to any petition which is frivolous or vexatious, is being contested in good faith and by appropriate proceedings and is discharged, stayed or dismissed within 30 days.

12.6.7 Impossibility or Illegality

It is or becomes impossible or unlawful for the Issuer to fulfill or perform any of the provisions of these Terms and Conditions or if the obligations under these Terms and Conditions are not, or cease to be, legal, valid, binding and enforceable.

12.7 Acceleration of the Bonds

- (a) If an Event of Default has occurred and is continuing, the Bonds Agent is entitled to, and shall following a demand in writing from a Bondholder (or Bondholders) representing in the aggregate at least 25 per cent. of the Adjusted Nominal Amount (such demand may only be validly made by a person who is a Bondholder at the end of the Business Day on which the demand is received by the Bonds Agent and shall, if made by several Bondholders, be made by them jointly) or following an instruction given pursuant to Clause 12.7(d), on behalf of the Bondholders (i) by

notice to the Issuer, declare all, but not only some, of the outstanding Bonds due and payable together with any other amounts payable under the Finance Documents, immediately or at such later date as the Bonds Agent determines (but such date may not fall after the Final Redemption Date), and/or (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents.

- (b) The Bonds Agent may not accelerate the Bonds in accordance with this Clause 12.7 by reference to a specific Event of Default if it is no longer continuing.
- (c) The Bonds Agent shall notify the Bondholders of an Event of Default within five (5) Business Days of the date on which the Bonds Agent received actual knowledge of that an Event of Default has occurred and is continuing, except if the Event of Default does not relate to a payment failure in respect of the Bonds and the Bonds Agent considers that withholding the notice is not detrimental to the interests of the Bondholders. The Bonds Agent shall, within twenty (20) Business Days of the date on which the Bonds Agent received actual knowledge of that an Event of Default has occurred and is continuing (and if the Event of Default does not relate to a payment failure in respect of the Bonds, within sixty (60) Business Days), decide if the Bonds shall be so accelerated. If the Bonds Agent decides not to accelerate the Bonds, the Bonds Agent shall promptly seek instructions from the Bondholders in accordance with Clause 15 (*Decisions by Bondholders*). Notwithstanding anything to the contrary, the Bonds Agent shall always be entitled to take the time necessary to consider carefully whether an occurred event or circumstance constitutes an Event of Default.
- (d) If the Bondholders instruct the Bonds Agent to accelerate the Bonds, the Bonds Agent shall promptly declare the Bonds due and payable and take such actions as, in the opinion of the Bonds Agent, may be necessary or desirable to enforce the rights of the Bondholders under the Finance Documents, subject to the terms of the Intercreditor Agreement, unless the relevant Event of Default is no longer continuing.
- (e) If the right to accelerate the Bonds is based upon a decision of a court of law, an arbitral tribunal or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of acceleration to be deemed to exist.
- (f) In the event of an acceleration of the Bonds in accordance with this Clause 12.7, the Issuer shall redeem all Bonds with an amount equal to 100 per cent. of the Nominal Amount.
- (g) Notwithstanding anything to the contrary in these Terms and Conditions:
 - (i) the conversion of the SEK Receivable into equity; and
 - (ii) an amendment of a Secured Debt Document that shorten contractually scheduled maturity or redemption date or introduces scheduled reductions in available commitments or any other amendment to such documents made on the permission of the Supervisor in accordance with the Restructuring of Enterprises Act,

shall not constitute an Event of Default, provided that such actions are permitted under the Intercreditor Agreement.

13. Allocation of Proceeds

- (a) All payments by the Issuer relating to the Bonds and the Finance Documents following an acceleration of the Bonds in accordance with Clause 12 (*Events of Default and Acceleration of the Bonds*) shall be distributed in satisfaction of the Secured Obligations, to the fullest extent permitted under Finnish law, in the following order of priority:

- (i) **first**, in or towards payment of the Bonds Agent under the Agency Agreement, including all costs and indemnities relating to the acceleration of the Bonds or the protection of the Bondholders' rights under the Finance Documents;
- (ii) **secondly**, in or towards payment of accrued Interest unpaid under the Bonds;
- (iii) **thirdly**, in or towards payment of principal under the Bonds; and
- (iv) **fourthly**, in or towards payment of any other costs or outstanding amounts unpaid under the Bonds.

Any excess funds after the application of proceeds in accordance with paragraphs (i) to (iv) above shall be paid to the Issuer.

- (b) Any proceeds received from an enforcement of the Transaction Security shall be distributed in accordance with the Intercreditor Agreement. Funds that the Security Agent receives (directly or indirectly) in connection with the enforcement of the Transaction Security shall constitute escrow funds and must be turned over to the Secured Creditors in accordance with the Intercreditor Agreement.

14. Right to Act on Behalf of a Bondholder

- (a) If any person other than a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other proof of authorisation from the Bondholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Bondholder and authorising such person.
- (b) A Bondholder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Bonds held by it. Any such representative may act independently under the Finance Documents in relation to the Bonds for which such representative is entitled to represent the Bondholder and may further delegate its right to represent the Bondholder by way of a further power of attorney.
- (c) The Bonds Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to paragraph (b) above and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face or is otherwise notified to the Bonds Agent.

15. Decisions by Bondholders

- (a) A request by the Bonds Agent for a decision by the Bondholders on a matter relating to the Finance Documents shall (at the option of the Bonds Agent) be dealt with at a Bondholders' Meeting or by way of a Written Procedure.
- (b) Any request from the Issuer or a Bondholder (or Bondholders) representing in the aggregate at least ten (10) per cent. of the Adjusted Nominal Amount (such request may only be validly made by a person (or persons) who is a Bondholder on the Business Day immediately following the day on which the request is received by the Bonds Agent and shall, if made by several Bondholders, be made by them jointly) for a decision by the Bondholders on a matter relating to the Finance Documents shall be directed to the Bonds Agent and dealt with at a Bondholders' Meeting or by way of a Written Procedure, as determined by the Bonds Agent. The person requesting the decision may suggest the form for decision making, but if it is in the Bonds Agent's opinion more appropriate that a matter is dealt with at a Bondholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Bondholders' Meeting.
- (c) The Bonds Agent may refrain from convening a Bondholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the

Bondholders and such person has informed the Bonds Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.

- (d) Only a person who is, or who has been provided with a power of attorney pursuant to Clause 14 (*Right to Act on Behalf of a Bondholder*) from a person who is, registered as a Bondholder:
- (i) at the Record Date on the CSD Business Day specified in the communication pursuant to Clause 16(c), in respect of a Bondholders' Meeting, or
 - (ii) at the Record Date on the CSD Business Day specified in the communication pursuant to Clause 17(c), in respect of a Written Procedure,
- may exercise voting rights as a Bondholder at such Bondholders' Meeting or in such Written Procedure in respect of Bonds held by such person at the relevant Record Date, provided that the relevant Bonds are included in the Adjusted Nominal Amount.
- (e) The following matters shall require the consent of Bondholders representing in the aggregate at least $66\frac{2}{3}$ per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 17(c):
- (i) a release of Security provided under the Transaction Security Documents, except as permitted under the Intercreditor Agreement;
 - (ii) any material amendments of the terms of the Intercreditor Agreement whereby the ranking of external debt of the Group and the priority of payments among such debt becomes less beneficial to the Bondholders than under the Intercreditor Agreement as in force on or about the First Issue Date;
 - (iii) a reduce of the principal amount, the Interest Rate or the interest amount which shall be paid by the Issuer;
 - (iv) an amendment of any payment day for principal or an Interest Payment Date or waive any breach of a payment undertaking; or
 - (v) a change to the terms dealing with the requirements for Bondholders' consent set out in this Clause 15.
- (f) Any matter not covered by Clause 15(e) shall require the consent of Bondholders representing in the aggregate more than fifty (50) per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 17(c).
- (g) Quorum at a Bondholders' Meeting or in respect of a Written Procedure only exists if a Bondholder (or Bondholders) representing in the aggregate at least twenty (20) per cent. of the Adjusted Nominal Amount (other than in respect of approval of the Bridge Loan, for which the percentage shall be at least thirty (30) per cent. of the Adjusted Nominal Amount):
- (i) if at a Bondholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
 - (ii) if in respect of a Written Procedure, reply to the request.
- (h) If a quorum does not exist at a Bondholders' Meeting or in respect of a Written Procedure, the Bonds Agent or the Issuer shall convene a second Bondholders' Meeting (in accordance with Clause 16(a)) or initiate a second Written Procedure (in accordance with Clause 17(a)), as the case may be, provided that the relevant proposal has not been withdrawn by the person(s) who

initiated the procedure for Bondholders' consent. The quorum requirement in Clause 15(g) shall not apply to such second Bondholders' Meeting or Written Procedure.

- (i) Any decision which extends or increases the obligations of the Issuer or the Bonds Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Bonds Agent, under the Finance Documents shall be subject to the Issuer's or the Bonds Agent's consent, as applicable.
- (j) The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Bondholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Bondholders that consent at the relevant Bondholders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- (k) A matter decided at a duly convened and held Bondholders' Meeting or by way of Written Procedure is binding on all Bondholders, irrespective of them being present or represented at the Bondholders' Meeting or responding in the Written Procedure. The Bondholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Bondholders.
- (l) All reasonable costs and expenses incurred by the Issuer or the Bonds Agent for the purpose of convening a Bondholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Bonds Agent, shall be paid by the Issuer.
- (m) If a decision shall be taken by the Bondholders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Bonds Agent provide the Bonds Agent with a certificate specifying the number of Bonds owned by Group Companies, irrespective of whether such person is directly registered as owner of such Bonds. The Bonds Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Bond is owned by a Group Company.
- (n) Information about decisions taken at a Bondholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Bondholders and published on the websites of the Issuer and the Bonds Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Bondholders' Meeting or Written Procedure shall at the request of a Bondholder be sent to it by the Issuer or the Bonds Agent, as applicable.
- (o) Notwithstanding anything else to the contrary in these Terms and Conditions, upon the occurrence of the Amendment Event, any reference to the "consent of the Supervisor" shall be deemed to be a reference to the "consent of the Bondholders" (which consent, for the avoidance of doubt, shall be subject to the consent and quorum requirements under this Clause 15 (*Decisions by Bondholders*)).

16. Bondholders' Meeting

- (a) The Bonds Agent shall convene a Bondholders' Meeting by (i) sending a notice thereof to the CSD and each Bondholder or (ii) publishing a notice thereof on the Issuer's website no later than five (5) Business Days after receipt of a valid request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons).
- (b) Should the Issuer want to replace the Bonds Agent, it may convene a Bondholders' Meeting in accordance with Clause 16(a) with a copy to the Bonds Agent. After a request from the Bondholders pursuant to Clause 19.4(c), the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Bondholders' Meeting in accordance with Clause 16(a).

- (c) The notice pursuant to Clause 16(a) shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Bondholders) and (iv) a specification of the CSD Business Day at the end of which a person must be registered as a Bondholder in order to be entitled to exercise voting rights at the meeting, and (v) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Bondholders' Meeting. Should prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, such requirement shall be included in the notice.
- (d) The Bondholders' Meeting shall be held no earlier than ten (10) Business Days and no later than twenty (20) Business Days from the date of the notice.
- (e) Without amending or varying these Terms and Conditions, the Bonds Agent may prescribe such further regulations regarding the convening and holding of a Bondholders' Meeting as the Bonds Agent may deem appropriate. Such regulations may include a possibility for Bondholders to vote without attending the meeting in person.

17. Written Procedure

- (a) The Bonds Agent shall instigate a Written Procedure no later than five (5) Business Days after receipt of a valid request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons) by (i) sending a communication to the CSD and each such person who is registered as a Bondholder at the Record Date or (ii) publishing a communication thereof on the Issuer's website.
- (b) Should the Issuer want to replace the Bonds Agent, it may send or publish a communication in accordance with Clause 17(a) to each Bondholder with a copy to the Bonds Agent.
- (c) A communication pursuant to Clause 17(a) shall include (i) each request for a decision by the Bondholders, (ii) a description of the reasons for each request, (iii) a specification of the CSD Business Day on which a person must be registered as a Bondholder in order to be entitled to exercise voting rights, (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Bondholder must reply to the request (such time period to last at least fifteen (15) Business Days (other than in respect of approval of the Bridge Loan, for which the time period shall last fourteen (14) days) from the communication pursuant to Clause 17(a)). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- (d) When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 15(e) and 15(f) have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 15(e) or 15(f), as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

18. Amendments and Waivers

- (a) Subject to the terms of the Intercreditor Agreement, the Issuer and the Bonds Agent (acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:
 - (i) such amendment or waiver is not detrimental to the interest of the Bondholders in any material respect, or is made solely for the purpose of rectifying obvious errors and mistakes;
 - (ii) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or

- (iii) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 15 (*Decisions by Bondholders*).
- (b) The Bonds Agent shall promptly notify the Bondholders of any amendments or waivers made in accordance with paragraph (a) above, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are published in the manner stipulated in Clause 10.3 (*Publication of Finance Documents*). The Issuer shall ensure that any amendments to these Terms and Conditions are duly registered with the CSD and each other relevant organisation or authority.
- (c) An amendment to the Finance Documents shall take effect on the date determined by the Bondholders Meeting, in the Written Procedure or by the Bonds Agent, as the case may be.

19. Appointment and Replacement of the Bonds Agent

19.1 Appointment of the Bonds Agent

- (a) By subscribing for Bonds, each initial Bondholder, and, by acquiring Bonds each subsequent Bondholder:
 - (i) agrees to and accepts the appointment of the Bonds Agent to act as its agent and representative under the Act on Bondholders' Agent in all matters relating to the Bonds and the Finance Documents, and authorises the Bonds Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in all matters set out in the Act on Bondholders' Agent and particularly in any legal or arbitration proceedings relating to the Bonds held by such Bondholder and to exercise such rights, powers, authorities and discretions as are specifically delegated to the Bonds Agent by the Act on Bondholders' Agent, these Terms and Conditions or the Intercreditor Agreement together with all such rights, powers, authorities and discretions as are incidental thereto;
 - (ii) agrees and accepts that the Bonds Agent shall have the rights, protections and benefits of the Intercreditor Agreement; and
 - (iii) confirms the appointment under the Intercreditor Agreement of the Security Agent to act as the agent and representative of the Secured Creditors under the Act on Bondholders' Agent in all matters relating to Transaction Security, including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Transaction Security and acknowledges and agrees that the rights, obligations, role of and limitations of liability for the Security Agent is further regulated in the Intercreditor Agreement and the Transaction Security Documents.
- (b) Each Bondholder shall immediately upon request provide the Bonds Agent and the Security Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Bonds Agent or the Security Agent, as applicable), that the Bonds Agent or Security Agent (as applicable) deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. Neither the Bonds Agent nor the Security Agent is under any obligation to represent a Bondholder which does not comply with such request if due to such failure the Bonds Agent or the Security Agent is unable to represent such Bondholder.
- (c) The Issuer shall promptly upon request provide the Bonds Agent with any documents and other assistance (in form and substance satisfactory to the Bonds Agent), that the Bonds Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.

- (d) The Bonds Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agency Agreement and the Bonds Agent's obligations as Bonds Agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- (e) The Bonds Agent may act as agent or other representative for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

19.2 Duties of the Bonds Agent

- (a) The Bonds Agent shall represent the Bondholders in accordance with the Finance Documents, and, where relevant, in relation to instructions to the Security Agent to enforce the Transaction Security on behalf of the Bondholders. The Bonds Agent is not responsible for the content, legal validity or enforceability of the Finance Documents.
- (b) When acting in accordance with the Finance Documents, the Bonds Agent is always acting with binding effect on behalf of the Bondholders. The Bonds Agent shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- (c) The Bonds Agent's duties under the Finance Documents are solely mechanical and administrative in nature and the Bonds Agent only acts in accordance with the Finance Documents and upon instructions from the Bondholders, unless otherwise set out in the Finance Documents. In particular, the Bonds Agent is not in any way acting as an advisor (whether legal, financial or otherwise) to the Bondholders.
- (d) The Bonds Agent is not obligated to assess or monitor the financial condition of the Issuer or compliance by the Issuer of the terms of the Finance Documents unless to the extent expressly set out in the Terms and Conditions and the other Finance Documents, or to take any steps to ascertain whether any Event of Default has occurred. Until it has actual knowledge to the contrary, the Bonds Agent is entitled to assume that no Event of Default has occurred.
- (e) The Bonds Agent shall monitor the compliance by the Issuer with its obligations under these Terms and Conditions on the basis of information made available to it pursuant to the Finance Documents or received from a Bondholder. The Bonds Agent is not obligated to assess the Issuer's financial situation other than as expressly set out in these Terms and Conditions.
- (f) The Bonds Agent is entitled to take any step it in its sole discretion considers necessary or advisable to protect the rights of the Bondholders pursuant to these Terms and Conditions.
- (g) The Bonds Agent is entitled to delegate its duties to other professional parties, provided that such professional parties are selected with due care.
- (h) The Bonds Agent shall treat all Bondholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Bondholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Finance Documents.
- (i) The Bonds Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Bonds Agent pay all reasonable costs for external experts engaged after the occurrence of an Event of Default, or for the purpose of investigating or considering (i) an event which the Bonds Agent reasonably believes is or may lead to an Event of Default or (ii) a matter relating to the Issuer which the Bonds Agent reasonably believes may be detrimental to the interests of the Bondholders under the Finance Documents. Any compensation for damages or other recoveries received by the Bonds Agent

from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 13 (*Allocation of Proceeds*).

- (j) Unless it has actual knowledge to the contrary, the Bonds Agent may assume that all information provided by or on behalf of the Issuer (including by its advisors) is correct, true and complete in all aspects.
- (k) Notwithstanding any other provision of the Finance Documents to the contrary, the Bonds Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- (l) If in the Bonds Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Bonds Agent) in complying with instructions of the Bondholders, or taking any action at its own initiative, will not be covered by the Issuer, the Bonds Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such indemnities (or adequate Security has been provided therefore) as it may reasonably require.
- (m) The Bonds Agent shall give a notice to the Bondholders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Bonds Agent under the Finance Documents or the Agency Agreement or (ii) if it refrains from acting for any reason described in paragraph (l) above.

19.3 Limited liability for the Bonds Agent

- (a) The Bonds Agent will not be liable to the Bondholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct or unless otherwise provided for in the Act on Bondholders' Agent. The Bonds Agent shall never be responsible for indirect loss.
- (b) The Bonds Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts engaged by the Bonds Agent or if the Bonds Agent has acted with reasonable care in a situation when the Bonds Agent considers that it is detrimental to the interests of the Bondholders to delay the action in order to first obtain instructions from the Bondholders.
- (c) The Bonds Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Bonds Agent to the Bondholders, provided that the Bonds Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Bonds Agent for that purpose.
- (d) The Bonds Agent shall have no liability to the Bondholders for damage caused by the Bonds Agent acting in accordance with instructions of the Bondholders given in accordance with Clause 15 (*Decisions by Bondholders*) or a demand by Bondholders given pursuant to Clause 12.7(a).
- (e) Any liability towards the Issuer which is incurred by the Bonds Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Bondholders under the Finance Documents.
- (f) The Bonds Agent is not liable for information provided to the Bondholders by or on behalf of the Issuer or by any other person.

19.4 Replacement of the Bonds Agent

- (a) Subject to Clause 19.4(f), the Bonds Agent may resign by giving notice to the Issuer and the Bondholders, in which case the Bondholders shall appoint a successor Bonds Agent at a

Bondholders' Meeting convened by the retiring Bonds Agent or by way of Written Procedure initiated by the retiring Bonds Agent.

- (b) Subject to Clause 19.4(f), if the Bonds Agent is Insolvent, removed by the Finnish Financial Supervisory Authority from the public register of bondholders' agents referred to in the Act on Bondholders' Agent or is no longer independent of the Issuer, the Bonds Agent shall be deemed to resign as Bonds Agent with immediate effect and the Issuer shall within ten (10) Business Days appoint a successor agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances and which is registered (if required to be so registered by the Act on Bondholders' Agent) in the public register of bondholders' agents referred to in the Act on Bondholders' Agent.
- (c) A Bondholder (or Bondholders) representing in the aggregate at least ten (10) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a person who is a Bondholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Bondholders, be given by them jointly), require that a Bondholders' Meeting is held for the purpose of dismissing the Bonds Agent and appointing a new Bonds Agent. The Issuer may, at a Bondholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Bondholders that the Bonds Agent be dismissed and a new Bonds Agent appointed.
- (d) If the Bondholders have not appointed a successor Bonds Agent within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Bonds Agent was dismissed through a decision by the Bondholders, the Issuer shall appoint a successor Bonds Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (e) The retiring Bonds Agent shall, at its own cost, make available to the successor Bonds Agent such documents and records and provide such assistance as the successor Bonds Agent may reasonably request for the purposes of performing its functions as Bonds Agent under the Finance Documents.
- (f) The Bonds Agent's resignation or dismissal shall only take effect upon the appointment of a successor Bonds Agent and acceptance by such successor Bonds Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Bonds Agent.
- (g) Upon the appointment of a successor, the retiring Bonds Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Bonds Agent. Its successor, the Issuer and each of the Bondholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Bonds Agent.
- (h) In the event that there is a change of the Bonds Agent in accordance with this Clause 19.4, the Issuer shall execute such documents and take such actions as the new Bonds Agent may reasonably require for the purpose of vesting in such new Bonds Agent the rights, powers and obligation of the Bonds Agent and releasing the retiring Bonds Agent from its further obligations under the Finance Documents and the Agency Agreement.

20. Appointment and Replacement of the Issuing Agent

- (a) The Issuer appoints the Issuing Agent to manage certain specified tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to and/or issued by the CSD and relating to the Bonds.
- (b) The Issuing Agent may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has approved that a commercial bank or securities institution approved by the CSD

accedes as new Issuing Agent at the same time as the old Issuing Agent retires or is dismissed. If the Issuing Agent is Insolvent, the Issuer shall immediately appoint a new Issuing Agent, which shall replace the old Issuing Agent in accordance with these Terms and Conditions.

21. No Direct Actions by Bondholders

- (a) A Bondholder may not take any steps whatsoever against the Issuer to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (Fin: *yrittysaneeraus*) or bankruptcy (Fin: *konkurssi*) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the liabilities of the Issuer under the Finance Documents.
- (b) Paragraph (a) above shall not apply if (i) the Bonds Agent has been instructed by the Bondholders in accordance with these Terms and Conditions to take certain actions but is legally unable to take such actions, or (ii) the Security Agent has been instructed by the Instructing Group or the Instructing Secured Creditors (as applicable) (each as defined in the Intercreditor Agreement) in accordance with the Intercreditor Agreement to enforce the Transaction Security but is legally unable to take such enforcement actions, in each case if and only to the extent permitted pursuant to the terms of the Intercreditor Agreement.

22. Prescription

- (a) The right to receive payment of the principal of or interest on the Bonds shall be prescribed and become void three (3) years from the date on which such payment became due.
- (b) If a limitation period is duly interrupted in accordance with the Finnish Act on Limitations (Fin: *Laki velan vanhentumisesta*, 728/2003, as amended), a new limitation period of at least three (3) years will commence.

23. Notices

- (a) Any notice or other communication to be made under or in connection with the Finance Documents:
 - (i) if to the Bonds Agent, shall be given at the address registered with the Finnish Trade Register on the Business Day prior to dispatch and by email to Finland@intertrustgroup.com with a copy to alli.seppanen@intertrustgroup.com and anne-marie.malmberg@intertrustgroup.com;
 - (ii) if to the Issuing Agent, shall be given at the address registered with the Finnish Trade Register on the Business Day prior to dispatch;
 - (iii) if to the Security Agent, shall be given at the address registered with the Finnish Trade Register on the Business Day prior to dispatch;
 - (iv) if to the Issuer, shall be given at the address registered with the Finnish Trade Register on the Business Day prior to dispatch and designated "To the attention of CFO"; and
 - (v) if to the Bondholders, shall be published on the websites of the Issuer and the Bonds Agent. Any notice that the Issuer shall send to the Bondholders pursuant to Clause 10.1 (*Information from the Issuer*) shall also be given at the addresses of the Bondholders as registered with the CSD, at the Record Date prior to dispatch, and by either courier delivery or letter for all Bondholders.
- (b) Any notice or other communication made by one person to another under or in connection with the Finance Documents shall be in English and, except for the notices which are in accordance with paragraph (a)(v) above only to be published and not sent by courier or letter, sent by way

of courier, e-mail, personal delivery or letter and will become effective, in the case of courier or personal delivery, when it has been left at the address specified in paragraph (a) above or, in the case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in paragraph (a) above or, in the case of e-mail, when actually received in a readable form.

- (c) Failure to send a notice or other communication to a Bondholder or any defect in it shall not affect its sufficiency with respect to other Bondholders.

24. Press Releases

- (a) Any notice that the Issuer or the Bonds Agent shall send to the Bondholders pursuant to Clauses 16(a) and 17(a) shall also be published (i) by way of press release or stock exchange release by the Issuer or by way of press release by the Bonds Agent, as applicable or (ii) by way of a notice published in Kauppalehti, Helsingin Sanomat or any other major Finnish newspaper selected by the Issuer, or if applicable, the Bonds Agent. Any such notice shall be deemed to have been received by the Bondholders when published in any manner specified in this Clause 24.
- (b) In addition to paragraph (a) above, if any information relating to the Bonds or the Issuer/Group contained in a notice the Bonds Agent may send to the Bondholders under these Terms and Conditions has not already been made public in accordance with these Terms and Conditions, the Bonds Agent shall before it sends such information to the Bondholders give the Issuer the opportunity to make public such information in accordance with these Terms and Conditions. If the Issuer does not promptly make public such information and the Bonds Agent considers it necessary to make such information public in accordance with paragraph (a) above before it can lawfully send a notice containing such information to the Bondholders, the Bonds Agent shall be entitled to do so.

25. Force Majeure and Limitation of Liability

- (a) Neither the Bonds Agent nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a “**Force Majeure Event**”). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Bonds Agent or the Issuing Agent itself takes such measures, or is subject to such measures.
- (b) The Issuing Agent shall have no liability to the Bondholders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct on the part of the Issuing Agent.
- (c) Should a Force Majeure Event arise which prevents the Bonds Agent or the Issuing Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.
- (d) The provisions in this Clause 25 apply unless they are inconsistent with the provisions of the Book-Entry System Act which provisions shall take precedence.

26. Governing Law and Jurisdiction

- (a) These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Finland.
- (b) The Issuer submits to the non-exclusive jurisdiction of the Finnish courts with the District Court of Helsinki (Fin: *Helsingin käräjäoikeus*) as the court of first instance.

- (c) Paragraphs (a) and (b) above shall not limit the right of the Bonds Agent (or the Bondholders, as applicable) to take proceedings against the Issuer in any court which may otherwise exercise jurisdiction over the Issuer or any of its assets.

CERTAIN INFORMATION ON THE OFFERING AND ISSUE OF THE BONDS

This is an overview of certain key features of the Offering and the Bonds. Any decision by an investor to invest in any Bonds should be based on a consideration of this Prospectus as a whole, including the information incorporated by reference herein.

*The Board of Directors of the Issuer has in its meeting on or about 18 May 2021 resolved on the issuance of the Bonds being bonds referred to in Section 34 of the Act on Promissory Bonds (622/1947, as amended, *Fi: velkakirjalaki*).*

Words and expressions in this section shall have the meanings defined in the “Terms and Conditions of the Bonds”.

Form of the Bonds:	Securities in dematerialised, book-entry form issued in the Infinity-book-entry securities system maintained by Euroclear Finland Ltd.
Subscription:	<p>The Bonds are offered for subscription to the Unsecured Creditors in order to convert the Unsecured Debt into Bonds.</p> <p>Subscription shall be made by submitting a duly completed subscription form to the Lead Arranger by the end of the subscription period.</p> <p>The subscription period of the Offering commences 24 May 2021 at 10:00 Finnish time and ends on 18 June 2021 at 16:00 Finnish time unless the subscription period is extended.</p> <p>By returning such duly completed subscription form to the Lead Arranger by the end of the subscription period, the relevant Unsecured Creditor irrevocably confirms its willingness to subscribe for Bonds in the amount of 80 per cent. of the Unsecured Debt owed by the Issuer to the relevant Unsecured Creditor.</p> <p>Subscriptions made by submitting a duly completed Subscription Form are irrevocable.</p> <p>Bonds subscribed for shall be entered by the Issuing Agent to the respective book-entry accounts of the subscribers on a date advised in connection with the issuance of the Bonds in accordance with the Finnish legislation governing book-entry system and book-entry accounts as well as regulations and decisions of the central securities depository.</p> <p>Neither the Issuer, the Issuing Agent nor the Bonds Agent is under any obligation to confirm or verify that the person acting on behalf of an Unsecured Creditor has due authorisation to represent such Unsecured Creditor in relation to the conversions of any Unsecured Debt into Bonds and such conversions are not subject to any such person acting on behalf of an Unsecured Creditor having been duly authorised to represent such Unsecured Creditor.</p> <p>The Issuer shall publish information regarding the results of the Offering by way of a stock exchange release in connection with the issuance of the bonds.</p>
Withdrawal of subscription in certain circumstances	Where the Prospectus is, during the Subscription Period, supplemented in accordance with the Prospectus Regulation due to a significant new factor, material mistake or material inaccuracy, which may affect the assessment of the Bonds (the “ Grounds for Supplement ”), the investors who have subscribed for Bonds before the supplement is published shall have the right to withdraw their subscriptions during a withdrawal period. Such a withdrawal period shall last for at least three (3) banking days from the publication of the supplement. The withdrawal right is further conditional on that the Grounds for Supplement were noted prior to the end of the Subscription Period or the delivery to the book-entry account of the subscriber of the Bonds which are subject to the withdrawal (whichever occurs earlier).

The Issuer shall announce withdrawal instructions by way of a stock exchange release. Such stock exchange release shall also set out the period within which subscriptions may be withdrawn and more detailed instructions on withdrawal. Any withdrawal of a subscription shall relate to the entire subscription of the relevant investor.

After the end of the withdrawal period, the right of withdrawal will lapse. Where a holder of Unsecured Restructuring Debt withdraws its subscription, the set-off claim made in connection with the subscription will also be cancelled and the relevant holder of Unsecured Restructuring Debt will be entitled to receive payments under the payment programme of the Restructuring Programme.

Issue Date	The First Issue Date of the Bonds is 5 July 2021.
ISIN of the Bonds:	FI4000507330.
Depository and settlement system:	Euroclear Finland Ltd, Urho Kekkosen katu 5 C, FI-00100, Helsinki, Infinity-system of Euroclear Finland Ltd.
Rate of interest on the Bonds:	0.1 per cent. per annum.
Issue price and effective yield of the Bonds:	<p>The issue price of Initial Bonds is 100 per cent, resulting in effective yield of 0.1 per cent. per annum.</p> <p>The issue price of each Subsequent Bond may be set at a discount or at a premium compared to the Initial Bonds.</p>
Lead Arranger:	Evli Bank Plc, Aleksanterinkatu 19A, Helsinki FI-00100.
Security Agent:	Nordic Trustee Oy.
Agent for the holders of the Bonds:	Intertrust (Finland) Oy.
Listing:	<p>The Issuer intends to submit to Helsinki Stock Exchange an application for listing the Bonds on the official list of Helsinki Stock Exchange with the trading code "STCJ001026".</p> <p>Trading in the Bonds is expected to commence in Helsinki Stock Exchange on or about 7 July 2021, provided that Helsinki Stock Exchange approves the listing application.</p>
Interests of the participants of the Offering:	<p>Interests of the Lead Arranger: Business interest normal in the financial markets.</p> <p>In addition, Evli Euro Liquidity, a fund managed by Evli Fund Management Company Ltd, a fully-owned subsidiary of the Lead Arranger, Evli Bank Plc, is an unsecured creditor under the Restructuring Programme and Juhana Heikkilä of Evli Fund Management Company Ltd serves as the creditor representative of unsecured commercial paper creditors in the committee of creditors under the Restructuring Programme.</p> <p>The Lead Arranger and its respective affiliates have performed, and may in the future perform, advisory, consulting and/or banking services for Stockmann in the ordinary course of their business for which they have received, or will receive, customary fees and expenses. The Lead Arranger and its respective affiliates may also hold long or short positions, and may trade or otherwise</p>

	effect transactions, for their own account or the accounts of customers, in debt or equity securities of the Issuer.
Interests of the Security Agent:	Nordic Trustee Oy that acts as the Security Agent is also the noteholders' agent under the Issuer's existing senior secured notes issued in 2017 (ISIN FI4000292719) with an aggregate outstanding amount of EUR 250,000,000 and due 11 January 2022.
Interests of the Bonds Agent:	Intertrust (Finland) Oy that acts as the Bonds Agent is also the security agent under the Issuer's existing senior secured notes issued in 2017 (ISIN FI4000292719) with an aggregate outstanding amount of EUR 250,000,000 and due 11 January 2022.
Estimated net amount of the proceeds:	The aggregate net proceeds to the Issuer from the Offering will be zero (excluding fees and expenses payable by the Issuer), as the Bonds will be subscribed for by way off set-off against the relevant Bondholder's receivables under the payment programme of the Restructuring Programme.
Estimated cost of the Offering:	The total estimated fees and expenses incurred in connection with the Offering and payable by the Issuer are estimated to amount in aggregate to approximately EUR 0.5 million.
Use of proceeds:	The purpose of the issuance of the Initial Bonds is to convert, by way of set-off, up to 80 per cent. of the Unsecured Debt of Unsecured Creditors that have decided to use their right of set-off in accordance with the Restructuring Programme. The purpose of the issuance of any Subsequent Bonds shall be to: (i) convert up to 80 per cent. of the Disputed Restructuring Debt of Unsecured Creditors that have decided or, in respect of Unknown Creditors, will decide to use their right of set-off in accordance with the Restructuring Programme; and/or (ii) establishment of the Permitted Working Capital Financing.
Date of the entry of the Bonds to the book-entry system:	Bonds subscribed and paid for will be entered by the Lead Arranger to the respective book-entry accounts of the subscribers on or about 5 July 2021 in accordance with the Finnish legislation governing book-entry system and book-entry accounts as well as regulations and decisions of Euroclear Finland Ltd.
Transaction Security:	See " <i>Additional information on the Transaction Security and Intercreditor Agreement</i> ".
Intercreditor Agreement:	See " <i>Additional information on the Transaction Security and Intercreditor Agreement</i> ".

ADDITIONAL INFORMATION ON THE TRANSACTION SECURITY AND INTERCREDITOR AGREEMENT

The following description is partly based on and must be read in conjunction with the Terms and Conditions of the Bonds. To the extent there is any discrepancy between the Terms and Conditions of the Bonds and the following description, the Terms and Conditions of the Bonds will prevail. Capitalised terms used have the same meaning as defined in the Terms and Conditions of the Bonds.

Transaction Security

The Issuer will grant the Transaction Security for the due and punctual fulfilment of the Secured Obligations, including the payment obligations under the Bonds. The Transaction Security, which will be provided and perfected pursuant to, and subject to the terms of, the Transaction Security Documents, are listed below.

The Transaction Security comprises:

- a Swedish law governed pledge over the shares in Stockmann Sverige AB (Swedish reg. no. 556740-9940); and
- a Swedish law governed pledge over the SEK currency receivable of the Issuer from Stockmann Sverige AB as at the First Issue Date in the approximate principal amount of SEK 3,932,891,527 (the “**SEK Receivable**”).

Stockmann Sverige AB is a wholly-owned subsidiary of the Issuer. Stockmann Sverige AB owns the shares in AB Lindex and its subsidiaries, i.e. the so called Lindex subgroup. For more information on the fashion store chain Lindex, please see “*Business of the Issuer*” below.

The Transaction Security will be shared by each Creditor Representative, the Security Agent, the Bondholders, the Restructuring Secured Creditors, the Remaining Restructuring Creditors, the Bridge Loan Creditors, the New Creditors and the Permitted Working Capital Financing Creditors from time to time (each term as defined in the Terms and Conditions of the Bonds), however, the proceeds from the enforcement of the Transaction Security are subject to the waterfall set out in “*Order or Application*” below. Nordic Trustee Oy as the Security Agent holds the Transaction Security on behalf of each of the secured parties.

Prior to the full discharge of the Secured Obligations, the Issuer may in accordance with the terms of the relevant Transaction Security Document and the Intercreditor Agreement (i) repay or prepay the principal of the SEK Receivable without the prior consent of Secured Creditors or (ii) convert the SEK Receivable into equity of Stockmann Sverige AB (through capital contributions) in an amount sufficient to ensure that the equity of Stockmann Sverige AB will not amount to less than half of its registered share capital. In connection with such repayment, prepayment or conversion, the Security Agent shall release the pledge over the SEK Receivable to the extent that it would be used for such repayment, prepayment or conversion.

For more information about the Transaction Security, see “*Terms and Conditions of the Bonds*”.

Perfection of Security

In order for the pledge over the shares in Stockmann Sverige AB to be properly perfected the Security Agent must take and keep possession of the physical share certificates representing the shares and the pledge over the right to receive dividends will only be perfected when Stockmann Sverige AB has been notified that it no longer may pay dividends to the Issuer. The pledge over the SEK Receivable will be perfected when the debtor has been notified about the pledge and has been instructed that it only can discharge the SEK Receivable by paying it to the Security Agent.

Intercreditor Agreement

In connection with the issue of the Bonds, the Issuer will enter into the Intercreditor Agreement, which regulates the relationship between the following parties:

- the Issuer;
- the Security Agent (on behalf of the Secured Creditors) or the person that has acceded to the Intercreditor Agreement as a security agent in accordance therewith; and
- the relevant creditor representatives (the “**Creditor Representatives**”), being:
 - the Supervisor (in relation to the Remaining Restructuring Creditors);
 - the Bonds Agent (on behalf of the holders of the Bonds) or the person that has acceded to the Intercreditor Agreement as a creditor representative for the Bondholders in accordance therewith;
 - the person that has acceded to the Intercreditor Agreement as a creditor representative for the Bridge Loan Creditors in accordance therewith;
 - the person that has acceded to the Intercreditor Agreement as a creditor representative for the Permitted Working Capital Financing Creditors in accordance therewith;
 - Danske Bank A/S or the person that has acceded to the Intercreditor Agreement as a creditor representative for the Restructuring Secured Creditors in accordance therewith; and
 - each person that has acceded to the Intercreditor Agreement as a creditor representative for any New Creditor in accordance therewith.

Secured Obligations

Upon the issuance of the Bonds, the Transaction Security will secure the Issuer’s obligations under or pursuant to:

- the Remaining Restructuring Debt Documents, i.e. restructuring debt owed to Remaining Restructuring Creditors under the payment programme of the Restucturing Programme ¹;
- the Restructuring Secured Debt Documents, i.e. secured restructuring debt owed to Restructuring Secured Creditors²;
- the Bonds;
- the Intercreditor Agreement;
- the Transaction Security Documents; and
- any amounts owing to the Security Agent, Paying Agent (as defined in the Intercreditor Agreement) and the Creditor Representatives under any Secured Debt Documents.

After the First Issue Date, the Transaction Security may further secure the obligations under or pursuant to:

- the Bridge Loan Documents, i.e. liabilities owed to any Bridge Loan Creditor under a Bridge Loan in the maximum amount of EUR 30,000,000;
- the Permitted Working Capital Financing Documents, i.e. liabilities owed to Permitted Working Capital Financing Creditors in the maximum outstanding amount of EUR 50,000,000 (at any time); and

¹ The maximum amount being approximately EUR 126.8 million less the payments which have been converted into the Bonds.

² The maximum amount is the amount owed to secured creditors under the Restructuring Programme, being an amount corresponding to the estimated value of the department store properties in the beginning of the restructuring proceedings.

- the New Financing Documents, i.e. liabilities owed to any New Creditor in connection with new financing entered into for the purposes of refinancing any Secured Obligations.

Ranking and Priority

Pursuant to the terms of the Intercreditor Agreement, all the liabilities secured by the Transaction Security shall rank in right and priority of payment, and the Transaction Security shall secure such liabilities, *pari passu* and *pro rata* without any preference between them, except for certain liabilities that have priority to the enforcement proceeds from the Transaction Security. Pursuant to the Intercreditor Agreement, the enforcement proceeds from Transaction Security are subject to the waterfall set out in the Intercreditor Agreement providing for a priority before the Bonds for liabilities owed to the Security Agent (or any delegate) and to each Creditor Representative towards discharge of any amounts payable by the Issuer to such agents or other representatives pursuant to the relevant Secured Debt Documents and, if a Bridge Loan has been entered into with the consent of the Bondholders, for liabilities owed to Bridge Loan Creditors relating to payment of any costs or outstanding amounts under the Bridge Loans, in this order. The before mentioned priority of payments applies also to all payments under the Secured Obligations in other distressed situations, including in any insolvency of the Issuer.

Order of Application

Amounts received or recovered by the Security Agent following the enforcement of the Transaction Security will be applied to satisfaction of the Secured Obligations, to the fullest extent permitted under Finnish law, in the following order:

(i) firstly, in or towards payment of fees owed to the Security Agent, including all costs and indemnities relating to the enforcement of the Transaction Security or the protection of the Secured Creditors' rights under the Transaction Security;

(ii) secondly, on a pro rata and pari passu basis in or towards payment of fees owed to the Creditor Representatives and the Paying Agent, including all costs and indemnities relating to the costs incurred by a Creditor Representative in connection with any actual or attempted enforcement action taken by such Creditor Representative;

(iii) thirdly, towards payment of any costs or outstanding amounts under the Bridge Loan;

(iv) fourthly, in or towards payment *pro rata* of any costs or outstanding amounts under the Remaining Restructuring Debt, the Bonds, the Restructuring Secured Debt (excluding any amount of interest that has accrued or accrues on Restructuring Secured Debt), the New Financing and the Permitted Working Capital Financing, provided that until the Restructuring Secured Creditor Only Security has been enforced, any proceeds to be applied in accordance with this paragraph (iv) shall be paid into a separate escrow account to which the Security Agent has sole signing rights. Upon completion of the enforcement of the Restructuring Secured Creditor Only Security (as defined in the Terms and Conditions of the Bonds) and the prepayment of the Restructuring Secured Debt with the proceeds from such enforcement, the Security Agent shall release the proceeds from the escrow account for application in accordance with this paragraph (iv); and

(v) fifthly, any excess funds after the application of proceeds in accordance with (i) to (iv) above shall be paid to the Issuer.

As a consequence of the order of application set out above, the holders of the Bonds will in case of an enforcement of the Transaction Security, receive payment only after certain fees and costs have been settled.

The Security Agent may, furthermore, hold any amount in respect of any sum to any Security Agent, or any delegate and any part of the liabilities under the Intercreditor Agreement that the Security Agent reasonably considers, in each case, might become due or owing at any time in the future.

Permitted Payments and Enforcement

Secured Obligations may be paid in accordance with their terms until any Transaction Security is being enforced. Thereafter the waterfall referred to above applies to any amounts received or recovered by the Security Agent following the enforcement of the Transaction Security.

The Secured Creditors shall not have any independent power to enforce, or have recourse to, any of the Transaction Security or to exercise any right, power, authority or discretion arising under the Transaction Security Documents except through the Security Agent. The Security Agent shall enforce the Transaction Security in such manner as the Instructing Group, i.e. those Secured Creditors whose aggregate debt participations represent more than 40 per cent. of the aggregate debt participations of all Secured Creditors at that time shall instruct.

Each of the Creditor Representatives may, under certain circumstances, propose enforcement actions to be taken by the Security Agent. Unless the Creditor Representatives agree on the proposed enforcement actions or an insolvency event has occurred, the Creditor Representatives shall consult for a period not more than of 30 days with a view on agreeing on enforcement instructions. If consultation has taken place during the consultation period there shall be no further obligation to consult and the Security Agent may act in accordance with the instructions as to enforcement then or previously received from the Instructing Group and the Instructing Group may issue instructions as to enforcement to the Security Agent at any time thereafter.

However, in case such (i) Instructing Group has not given any enforcement instructions to the Security Agent within three (3) months from the end of the consultation period or (ii) no proceeds from an enforcement of the Transaction Security have been received within six (6) months from the end of the consultation period, the Secured Creditors whose debt participations at that time exceed 20 per cent. of the Secured Creditors' aggregate debt participations shall be entitled to instruct the Security Agent to take any enforcement action in relation to the Transaction Security (subject to that the Instructing Group has not given any instructions pursuant to paragraph (ii) above).

Each creditor is obliged to vote in any official insolvency or rehabilitation proceeding relating to the Issuer as instructed by the Security Agent.

Turnover

The Intercreditor Agreement will include provisions for turnover of funds in the event of any creditor receiving payment in conflict with the intercreditor principles after action has been initiated to enforce the Transaction Security.

Security Agent

Under the Intercreditor Agreement, the secured parties (other than the Security Agent) will appoint and authorise or, as the case may be, shall be deemed to have appointed and authorized, the Security Agent to hold and to act as their agent and representative with respect to the Transaction Security Documents. The existing Security Agent may resign and a new Security Agent may be appointed in accordance with the procedures set out in the Intercreditor Agreement.

Changes to the Parties

The Intercreditor Agreement will contain mechanisms for further creditors (bilateral bank lenders or a creditor representative in respect of a group of lenders and new Bonds Agent representing holders of new bonds) acceding thereto. By acceding to the Intercreditor Agreement in accordance with its terms further creditors may become secured parties benefiting from the Transaction Security.

Permitted Amendments

The Intercreditor Agreement will contain various conditions on the requirements for effecting amendments to the terms of the Intercreditor Agreement and the debt documents secured by the Transaction Security. Amendments that shorten contractually scheduled maturity or redemption date or introduces scheduled reductions in available commitments, require consent of each respective Creditor Representative, except where such action is taken to refinance that Debt Document resulting in longer remaining maturity, later redemption date and not earlier

scheduled reductions, as applicable, than originally. The Intercreditor Agreement entirely restricts amendments that conflict with the Intercreditor Agreement. No amendment or waiver may be made or given that has the effect of changing or which relates to an amendment to any material term of the Intercreditor Agreement (including to the order of priority under the Intercreditor Agreement) without the prior written consent of the Secured Creditors (represented by the Creditor Representatives) and the Security Agent. The prior consent of the Secured Creditors (represented by the respective Creditor Representatives) is required to authorise any amendment or waiver of, or consent under, the Transaction Security which would affect the nature or scope of the security assets or the manner in which the proceeds of enforcement of the Transaction Security are distributed.

BUSINESS OF STOCKMANN

General

Stockmann is a Finnish public limited company that engages in the retail trade and offers a wide selection of sustainable high-quality fashion, beauty and home goods at department stores and fashion stores and in online stores. The Company was established in 1862 and registered in the Finnish Trade Register on 20 January 1919. The Company was listed on the Helsinki Stock Exchange in 1942 and it is listed on the main list of Helsinki Stock Exchange. The Company engages in the business operations registered in the Finnish Trade Register, i.e. trade at department stores and online as well as other trading and related business operations and services. The Company consists of two business divisions: Stockmann and Lindex. The Company conducts its business in, among others, Finland, Sweden and the Baltic countries, as well as through its online store.

The Stockmann Group is comprised of two business division units, which are the Stockmann department store operations and the online store in Finland, Estonia and Latvia (the “**Stockmann Division**”), as well as the fashion store chain Lindex, which is comprised of its own Lindex subgroup (the “**Lindex Division**”). The Lindex Division engages in fashion retail sales and online sales as the Lindex chain of stores. As at the date of this Prospectus, the Stockmann Group operates in three geographical segments: 1) Finland, 2) Sweden and Norway, and 3) the Baltics and other countries. All in all, the Stockmann Group operates in 19 countries.

The Group’s Legal Structure

The Company is the parent company of the Stockmann Group. As at the date of this Prospectus, the Company has a branch registered in Estonia as well as altogether three Finnish wholly owned subsidiaries (Suomen Pääomarahoytys Oy – Finlands Kapitalfinans Ab, Stockmann Security Services Oy and Oy Hullut Päivät – Galna Dagar Ab). In addition, the Company has three foreign subsidiaries: AS Stockmann (Estonia), SIA Stockmann (Latvia) and Stockmann Sverige AB whose branch registered in Finland owns all shares in AB Lindex and its subsidiaries, i.e. the so called Lindex subgroup. Additionally, the Company owns 63 per cent. of the shares in the Latvian company SIA Stockmann Cerntrs.

As at the date of this Prospectus, the Company is currently in process of simplifying its Group structure, as described in more detail in section “*The Company’s Recent Development, Outlook and Near-term Uncertainties – Recent Events and Near-term Uncertainties – Events resulted from the Restructuring Proceedings and Restructuring Programme – Streamlining of Group structure*” below.

Strategy and Vision 2021–2023

Stockmann Division’s vision is to create a marketplace for a good life. As a marketplace for a good life, Stockmann is an attractive and sustainable centre of urban life: always there, yet never remaining the same. Stockmann is a destination for everyday inspiration and fulfilment in the fashion, beauty and home product categories. Stockmann is a place for finding and sharing new impressions, opportunities and ideas. The Company strives to create a commercial platform built around good life and living in the moment for its partners and concepts. The Company curates and develops it into an experience which can be counted on, trusted and adored every day.

Stockmann’s mission is to make a new impression in all encounters with customers, partners, employees and other stakeholders every day. For customers, the Company’s promise is to create a feeling that lasts! This makes the Company meaningful to customers and expresses how it differs from the competition.

Values – Focus on customer, act with courage and we work together – form the foundation of how the Company operates internally and externally. Stockmann has re-defined its strategy and aims to significantly improve its customer centric performance. With this, the Company aims to improve the short- and long-term performance of Stockmann’s business.

Customer centricity, i.e. the ability to understand customers and to serve them the way they choose and to provide a unique customer experience is the core of the Company’s strategy. In its journey to stronger customer centricity, the Company focuses on better understanding its customers’ needs, their life stages and different occasions. Based

on this the Company offers a suitable style in the form of products, services and experiences. Furthermore, the Company focuses on providing and developing a seamless digital and physical shopping experience, relevant and personalised dialogue with the customers, a curated selection, an inspiring shopping environment, relevant premium services and personalised high-quality customer service.

Lindex. Lindex aims to be a global, brand-led, sustainable fashion company. This requires growth in digital revenue both in its own online store as well as in collaborations with global digital platforms, improved cost efficiency but also growth with new businesses while at the same time striving to meet its sustainability targets. Lindex aims to empower and inspire women everywhere. Lindex pursues this target through actions as a company and through a progressive fashion experience provided to its customers. Lindex's customers, co-workers and partners are all part of this ambition.

Improvement of profitability and returns. For the strategy period 2021–2023, the Company's target is to improve profitability and returns. In order to meet this wider target, Stockmann's financial priorities for the strategy period are 1. Revenue growth, 2. Improve profitability and return on investments, and 3. Discipline in costs and in capital allocation.

Financial Targets

The Stockmann Division's key priorities in achieving the revenue growth are selective investments in the current markets, strengthening its market position as omnichannel customer experience and focusing on full-price sales through a curated seasonal and continuing offering in core categories. The target related to profitability and returns is built on targeted investments, development of digital capabilities and maintaining and improving product and service margins. The Company also aims to improve process efficiency and the return on invested capital, as well as stepping up its customer centric service culture. Disciplined cost control and capital allocation are based on acceleration of positive cash flow, good inventory management as well as wider measures related to the efficient management of capital. The cornerstones of the strategy are members of the loyal customer programme, other customer groups, the customer promise and the related customer experience and customer journey as well as the product and service offering. In addition, the cornerstones also include the vision, mission and shared values. The strategic goals and must win battles define concretely what the Company strives for and how it aims to reach its targets in practice.

Business

The Company's field of business registered in the Trade Register is trade at department stores and online as well as other trading and related business operations and services. The Company may engage in financing and investment activities and operate restaurants. The Company may engage in business operations either directly or through its subsidiaries or affiliated companies. In addition, the Company may carry out its group companies' shared duties, such as administrative services and financing, either as the parent company or through its subsidiaries.

In Stockmann's new Group structure, the Company's operations are organised in two business divisions, which are the Stockmann Division and the Lindex Division.

Stockmann Division

The Stockmann Division includes the Stockmann department stores and the online store. As at the date of this Prospectus, Stockmann has eight department stores and the online store stockmann.com. The department stores are located in Helsinki (city centre and Itäkeskus), Espoo, Vantaa, Turku, Tampere, Tallinn in Estonia and Riga in Latvia.

Stockmann's main department store is located in the centre of Helsinki, and it is the largest department store in the Nordics. As at the date of this Prospectus, its leasable total area amounted to approximately 55,000 square metres. Stockmann's online store offers a wide selection of fashion, home products and cosmetics in Finland. Together with the online store, the department stores offer the customers an omnichannel approach to shopping.

As a part of the implementation of the Restructuring Programme, the Company is preparing the sale and lease back of its department store properties (for more information, see “*The Company’s Recent Development, Outlook and Near-term Uncertainties– Recent Events and Near-term Uncertainties – Events resulted from the Restructuring Proceedings and Restructuring Programme*”).

Lindex Division

Lindex is one of Europe’s leading fashion companies, with approximately 450 stores in 19 countries (including ten franchising market areas), three department store properties and an online store as at the date of this Prospectus. Lindex’s business idea is to offer inspiring and affordable fashion for the fashion-interested and conscious woman. Lindex was incorporated in 1954 in Alingsås, Sweden. Lindex has been a part of the Stockmann Group since 2007.

Lindex sells a wide variety of fashion for women, children’s clothes, underwear and cosmetics at its stores and online. As at the date of this Prospectus, Lindex’s online store operates in 33 market areas and sells its products worldwide through the services of third parties including ASOS, Zalando, Nelly, Next and Boozt. As at the date of this Prospectus, approximately 80 per cent of the Lindex stores are owned by Stockmann and approximately 20 per cent. are franchising stores. Of the own stores, 196 are located in Sweden, 91 in Norway, 61 in Finland, 9 in Estonia, 10 in Latvia, 10 in Lithuania, 27 in the Czech Republic, 12 in Slovakia and 2 in the UK. In addition, Lindex has franchising stores in Denmark, Malta, Saudi-Arabia, Bosnia and Herzegovina, Iceland, Serbia, Kosovo, Albania, Qatar and Tunisia.

Lindex’s headquarters are located in Gothenburg, in Sweden. Lindex has country offices in Sweden, Finland, Norway, Latvia and in the Czech Republic with the purpose of facilitating business operations in all areas where Lindex has stores.

Customers and Customer Service

Customer satisfaction is one of the cornerstones of all of Stockmann’s business operations. A high-quality selection and good customer service are absolutely necessary for ensuring customer satisfaction. The Stockmann Division strives to offer a premium shopping experience in its inspiring department stores and online store. The cornerstones of the Stockmann Division are:

- excellent and professional service;
- carefully selected brand assortment; and
- inspiring and creative shopping environment.

Stockmann aims to ensure that its personnel are professional and well-trained. Separate training on customer service is provided to the personnel of different departments. In addition, Stockmann has launched digital solutions in Finland to improve customer service, and several improvements have been implemented in the omnichannel customer experience, including the new version of the online store stockmann.com, the launch of the Stockmann app for smartphones and the provision of electronic sales tools to the personnel of the department stores.

Sourcing

The Stockmann Group does not have its own factories or production facilities. Stockmann offers its customers both international and its own brands, which are manufactured by contracted suppliers. Stockmann prefers long term relationships with suppliers and aims to centralise production as much as possible. Stockmann aims to ensure that all its suppliers follow high quality standards in their operations and comply with Stockmann’s guidelines and strategy for Corporate Social Responsibility. All suppliers are required to comply with Stockmann’s Code of Conduct. Due to its large size and wide network of stores, Stockmann is an important distribution channel for many suppliers. Stockmann maintains close relationships with its suppliers, provides them with feedback on the demand for the suppliers’ products and the needs of the customers, engages in product development if necessary and collects information on future trends from its suppliers.

Stockmann’s own brands and Lindex partly use the same suppliers, which makes it possible to benefit from the synergies offered by the shared sourcing organisation. The Stockmann Group has six local sourcing offices, which

are located in China (Shanghai and Hong Kong), Bangladesh, India, Turkey and Pakistan. Approximately 90 per cent. of Lindex's products and approximately half of Stockmann's own fashion brands are procured through the sourcing offices. In addition to factory audits carried out by third parties, the sourcing offices often visit the premises of the suppliers and manufacturers.

Logistics and Inventory Management

The Group's operations are based on flexible logistics and the efficient flow of goods and information. The logistics and inventory management functions have been organised separately for the Stockmann Division and the Lindex Division.

In Finland, Stockmann's logistics operations are centralised in the Tuusula distribution centre, which serves the online store stockmann.com and the department stores in all countries in which Stockmann operates. The deployment of this single delivery centre has enabled Stockmann to optimise its warehouse operations, decreased the number of internal deliveries and improved energy efficiency in the logistics operations. In the Baltics, the warehouse operations are centralised in one location in Riga in Latvia. Products are delivered to the department stores in Finland and the Baltics several times a week.

Lindex has two central warehouses in Sweden: one in Partille outside Gothenburg, and another in Borås. The Partille warehouse manages the delivery of products directly to the department stores. The warehouse in Borås serves the online store by delivering the orders made in the online store to the clients. In addition, Lindex has six production offices, which are located in Bangladesh, Hong Kong, India, China, Myanmar and Turkey. The production offices work in close cooperation with Lindex's design and sourcing departments on the development and production of the collections.

Franchising Partners

The Stockmann Group conducts its business in Finland, Sweden, Norway, the Baltics and other European countries, and it has franchising operations in several other countries.

In Russia, Stockmann's department store business is conducted by AO Stockmann, a company owned by Reviva Holdings Limited since February 2016. Since the sale of the Nevsky Centre property was completed in 2019, Stockmann has not had any of its own business operations in Russia. Stockmann has entered into a licensing agreement with Reviva on the use of Stockmann brands in Russia, and its duration has been extended until 2028. Pursuant to the licencing agreement, AO Stockmann manages Stockmann department stores under the Stockmann brand in the Nevsky Centre shopping centre and other locations in Russia.

Lindex has entered into franchising agreements with several partners. The agreements are prepared in accordance with Lindex's standard terms and conditions, which govern, for example, the right to operate under the Lindex concept, the training of the personnel, the delivery of products, franchising fees and recommended product prices. The franchising concept has enabled Lindex's expansion into new market areas. As at the date of this Prospectus, Lindex has 36 franchising stores in ten countries: Albania, Bosnia and Herzegovina, Malta, Saudi-Arabia, Iceland, Kosovo, Serbia, Qatar, Denmark and Tunisia. In the organisation of their operations, Lindex's franchising partners commit to Lindex's brand manual and other guidelines. This aims to ensure that the visual image of the franchising stores towards the customers corresponds to Lindex's own stores.

Competition

Competition is intense in all areas and markets in which Stockmann has business operations. The competitive situation is impacted by such factors as the Stockmann and Lindex brand image and reputation, customer service, style, quality, prices, the appearance of the stores, a pleasant ambience, easy shopping experiences and inviting and well-functioning online stores. Stockmann's main competitors are other department stores, retail stores and online stores. In addition to competition in product sales, Stockmann competes for, among other things, competent employees, attractive tenants that support Stockmann's own business operations and business premises with a good location and good lease terms.

Stockmann's Brand and Other Intangible Assets

The Stockmann brand is an important element in Stockmann's business and it supports the Company's reputation and marketing. The management of Stockmann believes that the Stockmann brand has been associated with quality, values, customer service and innovation for more than a century, and it can be considered one of the most well-known and valued trademarks in Finland.

Stockmann considers its registered trademarks and other intangible assets to be valuable competitive advantages in marketing. In addition to its store and campaign brands (such as the Crazy Days), Stockmann has several own brands within the Company, such as VILLA STOCKMANN, CASA STOCKMANN, A+MORE, BODYGUARD, BOGI, CAP HORN, NOOM and CUT & PRET. Stockmann aims to prevent all violations of its trademarks and brands and to protect its brands, trademarks, copyrights and other intangible assets. Stockmann's trademarks are protected in all the countries in which Stockmann has commercial operations. Stockmann has also registered the internet domains it uses.

Stockmann sold the Stockmann Delicatessen business to the local cooperatives of the S Group in 2017. As a result of the transaction, Stockmann's own brands STOCKMANN HERKKU DELIKATESS (DELICATESSEN) and STOCKMANN HERKKU GOURMET were transferred to the S Group. Despite the completion of the transaction, Stockmann retained the right to use these brands outside Finland, mainly in the Stockmann Delicatessens operating in the Baltic countries, which remained with Stockmann.

Special Campaigns and Programmes

Loyal Customer Programmes

Stockmann launched the current MyStockmann loyal customer programme in 2019. The loyal customer programme has six levels, with promotions from one level to the next being determined based on the loyal customer points customers collect when shopping. The programme includes both stable benefits for each level and frequently changing benefits and surprises offered through the MyStockmann app. Lindex has its own More at Lindex loyal customer programme which offers shared and individual offers and discounts to members of the programme.

As at the date of this Prospectus, the MyStockmann loyal customer programme's membership encompassed around 1.4 million loyal customers in Finland and the Baltic countries, and the More at Lindex programme had around 4 million members.

Crazy Days Campaign

As a part of its operations, Stockmann organises various special campaigns, the most renowned of which is the Crazy Days campaign. The Crazy Days campaign was organised for the first time in 1986. Stockmann's management estimates that the Crazy Days are one of the largest and best-known department store campaigns in Europe. In spring and autumn 2020, the campaign was held exclusively in the online store for the first time due to the COVID-19 pandemic.

In spring 2021, Stockmann's Crazy Days campaign was held as an extended, 8-day-long online campaign from 24 to 31 March 2021. The Crazy Days online store was successful and the sales exceeded last year by 8 per cent.

Personnel

The Stockmann Group's average number of personnel was 5,991 in 2020. In terms of full-time equivalents, the average number of employees was 3,973 in 2020. As at the end of 2020, Stockmann had a total of 5,639 employees, of whom 1,616 were working in Finland. In 2020, the number of employees working outside Finland was 4,023 which represented approximately 71.3 per cent of the total. Of the Stockmann Group's employees, women represented 90 per cent. and men 10 per cent.

Environment

In its CSR management, Stockmann's objective is to reduce and prevent the environmental impact of its business operations by cutting emissions, improving energy efficiency, decreasing water consumption and carrying out waste sorting and recycling. To ensure continuous improvement, Stockmann monitors compliance with the environmental management system of the department stores and progress towards the defined environmental goals and objectives. All of Stockmann's operations in Finland are certified to the ISO 14001 Environmental Management System. The same operating methods have been adopted in the department stores in the Baltic countries.

Stockmann's waste recycling rate in the Finnish department stores was 77 per cent. in 2020 and 73 per cent. in 2019. In 2020, the Stockmann Group's comparable emissions of green-house gases decreased by 15 per cent., amounting to 33,600 tCO₂e and 39,700 tCO₂e in 2019. The highest share of emissions, around 70 per cent. came from the generation of purchased energy, especially electricity.

Stockmann's goal has been to improve the energy efficiency of its department store operations by 4 per cent. from 2016 to 2020. The target was achieved and a further goal has been set to improve energy efficiency in Finland by 7.5 per cent. from 2018 to 2025. At the Stockmann Division, energy efficiency has improved by 20 per cent. from 2018 to 2020. At Lindex, approximately 60 per cent. of the electricity comes from renewable sources. Stockmann reports its CO₂ emissions annually in the Group's CSR Review and in the international Climate Change Disclosure (CDP) survey. In 2020, Stockmann achieved a rating of B. The rating is higher than the general average and the European regional average. The rating indicates that the Company has taken actions to curb the climate change.

Stockmann aims to reduce the environmental impact of its own brands and to increase the use of more sustainable materials in its own brand garments. Correspondingly, Lindex's target is that 80 per cent. of its garments will be made from more sustainable materials, with more sustainable processes and more sustainable production facilities. In 2020, 68 per cent. and in 2019, 65 per cent. of the Lindex assortment was made from more sustainable materials. In 2020, approximately 99 per cent. and in 2019, 98 per cent. of all cotton used by Lindex was more sustainable, such as organic and Better Cotton. In 2020, 60 per cent. (in 2019, 46 per cent.) of Stockmann's own brand garments were made of more sustainable materials and 91 per cent. (in 2019, 73 per cent.) of own brand jersey garments were made of more sustainable cotton, both key performance indicators exceeding the target.

In addition to Better cotton (BCI) and the LENZING™ ECOVERO™ viscose that were launched by Stockmann in 2019, Stockmann increased the variety of responsible materials even further with certified RWS wool (Responsible Wool Standard) and RDS down (Responsible Down Standard) produced responsibly according to standards for both animal and environmental aspects.

Sustainability

Stockmann's operations comply with international and national laws and regulations valid at any time in the countries in which it operates. The Stockmann Group's operations are also guided by international treaties and recommendations, such as the UN's Universal Declaration of Human Rights and Convention on the Rights of the Child, the ILO's Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights. In addition, the Stockmann Group is committed to the UN's Global Compact initiative, and in accordance with this promotes human rights, labour rights, environmental protection and anticorruption measures.

The Stockmann Group's Code of Conduct and other Group policies define ways of working for all personnel. The Group's Code of Conduct and related clarifications have been included in the Group's Collaboration Agreements, and Stockmann requires all of its suppliers and partners to commit to and comply with the Code of Conduct, or show their commitment to other equivalent policies. As part of responsibility management, the principles are communicated to both internal and external stakeholders. The Code of Conduct covers compliance with legislation and ethical operations, free competition and consumer rights, employees and working conditions, the environment, and corruption and conflicts of interest.

At the end of 2020, 76 per cent. of Stockmann's personnel in Finland and 81 per cent. in Latvia had completed the Code of Conduct training. In Estonia, instead of providing an online training course, the principles were implemented through information meetings, updating local guidelines accordingly and onboarding each new

employee to the principles. Of the members in the Stockmann support function and department store management teams, 83 per cent. had completed the training. The long-term target is for 100 per cent. of the Stockmann Group's personnel to have completed the training.

Stockmann respects and promotes all human rights in accordance with its Code of Conduct and human rights policy. Stockmann is committed to ensuring that fundamental rights are respected and that people are treated with dignity and respect. Stockmann carries out further human rights due diligence as required in the UN Guiding Principles on Business and Human Rights, in order to identify, prevent and mitigate adverse human rights impacts resulting from or caused by our business activities. Stockmann has identified that the most significant human rights risks of its business to be found in the product supply chains and related to working conditions. Responsible management of the supply chain is important for maintaining of customers' confidence and the value of the Stockmann brand. Around 93 per cent. of Stockmann's own brand garments are produced in areas classified as risk countries by amfori BSCI, such as China and Bangladesh. In the management of its own brands, Stockmann is exposed to various risks relating to, for example the traceability and transparency of the supply chains, respect for human rights and workers' rights and the environmental impacts of the production and raw materials. Stockmann manages these risks through responsible purchasing management practices, established policies and risk management methods, and the risks are monitored in accordance with the Corporate Social Responsibility strategy and good corporate governance.

The Stockmann Group has been a member of amfori BSCI since 2005, through which it is committed to improving the working conditions in production facilities over the long term. In addition, since 2013, Stockmann has been committed to improving fire and building safety in Bangladesh through the Accord on Fire and Building Safety.

Investments

Despite the Restructuring Proceedings, the Stockmann Group has continued making investments that support its business operations, and the adopted business strategy includes significant investments in 2021–2028 in both business divisions. The Administrator has not made any cuts to these planned investments in the Restructuring Programme.

Stockmann's investments amounted to the total amount of EUR 19.4 million for the financial year 2020 and EUR 33.8 million for the financial year 2019. Most of the investments carried out in 2020 were used for the purpose of digitalization of Lindex and Stockmann and for the reformation of Stockmann Tallinn's Delicatess, Stockmann Jumbo, department stores in Helsinki centre and Lindex stores. For the three-month period ended on 31 March 2021, the Stockmann Group's investments amounted to the total amount of EUR 2.4 million. For the Stockmann division, the investments concerned mainly the development of digital sales and the reformation of Jumbo and Tampere department stores, and for the Lindex division, the investments concerned mainly development of digital sales and store reformations.

Stockmann has not carried out other significant investments and it has not resolved on any such investments between 31 March 2021 and the date of this Prospectus.

Legal Proceedings

Stockmann may be, from time to time, subject to litigation, arbitration and administrative proceeding relating to claims as part of the ordinary business of the Company. The claims could relate to claims by the customers or current or former employees of the Company, tax disputes or leases. In addition to the below, in the 12 months preceding the date of this Prospectus, the Company has not been involved in any other official, legal or arbitration proceedings which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Company and/or its subsidiaries, nor is the Company aware of any pending proceedings or the threat thereof.

Stockmann filed an application for the commencement of the Restructuring Proceedings at the Helsinki District Court on 6 April 2020 and the Restructuring Programme was approved for Stockmann on 9 February 2021 (for more information, see "*The Company's Recent Developments, Outlook and Near-term Uncertainties – Recent Events and Near-term Uncertainties – Event Resulted from the Restructuring Proceedings and the Restructuring Programme*"). The approved Restructuring Programme has been restated by the decision of the Helsinki District Court on 17 May 2021 and the Restructuring Programme may be further restated by a decision of a court in order

to correct, among others, typos and calculation errors or other similar errors that the Restructuring Programme might contain and amended to confirm assignment of receivables by creditors.

Following the commencement of the Restructuring Proceedings, a few suppliers and lessors have presented Stockmann with some additional claims, and the largest of these additional claims are related to the termination of a long-term lease for premises in accordance with the Restructuring of Enterprises Act (as defined below) with a notice of two months. The Administrator (as defined below) has considered it justified to take the lessors' claims for damages corresponding to the amount of eighteen (18) months' rent into account in the Restructuring Programme, however, in such a way that the amount is reduced by the new leases with the Company and other new or transferred leases for the premises in question, for which the lessors can derive income (net damage). The eighteen-month period begins from the date on which the terminated lease agreement ends. To the extent that the landlord creditors have presented larger claims for the damages that they will incur as a result of the termination of the relevant lease agreements, the district court that processed the Restructuring Programme ruled that each creditor must submit its claims to resolution in a separate court proceeding or in separate proceedings established for the purpose of processing such claims by 10 May 2021 at the latest. The amount recognised as a provision for damages in the consolidated financial statements (EUR 16.9 million as at 31 March 2021 and EUR 17.4 million as at the date of this Prospectus) corresponds to the Company's estimate of the probable amount of these liabilities and corresponds to the amount considered as restructuring debt. The total claims presented by 10 May 2021 amount to a maximum amount of EUR 102.7 million (including the proceedings described in the paragraph below). These creditors' claims are disputed and their realisation and amount are uncertain.

LähiTapiola Keskustakiinteistöt Ky, the landlord of Stockmann's Tapiola department store, has initiated arbitration proceedings against Stockmann, in which the company claims up to EUR 43.4 million compensation from Stockmann in accordance with Subsection 1 of Section 27 of the Restructuring Act. The Administrator (as defined below) of the Restructuring Proceedings has disputed the claim of LähiTapiola Keskustakiinteistöt Ky in the Restructuring Programme to the extent that it exceeds EUR 3.5 million. In connection with the same, LähiTapiola Keskustakiinteistöt Ky has filed a claim against Stockmann and the Administrator (as defined below) and/or the Supervisor in Helsinki District Court to leave the matter in abeyance. In addition, LähiTapiola Keskustakiinteistöt Ky has appealed to the Court of Appeal regarding the Helsinki District Court's decision to certify the Restructuring Programme on 9 February 2021 to the extent that the district court has investigated a claim by Stockmann AS instead of rejecting the claim and instructing LähiTapiola Keskustakiinteistöt Ky to deliver its claim to be reviewed in a different process. In addition, Nordika II SHQ Oy, the landlord of Stockmann's Takomotie office space, has filed a claim with the Helsinki District Court, in which the company claims compensation amounting to EUR 14.5 million at maximum from Stockmann in accordance with Subsection 1 of Section 27 of the Restructuring Act. This claim has been disputed by the Supervisor (as defined below) in the Restructuring Programme to the extent that it exceeds EUR 1.2 million. In the same claim, Nordika II SHQ Oy has named the Administrator and Stockmann AS as respondents.

In addition, the lessor of the Tampere department store, Mutual Insurance Fund Fennia, has commenced arbitration proceedings against Stockmann, in which the company claims up to EUR 11.9 million compensation from Stockmann in accordance with Section 27(1) of the Restructuring Act. The Administrator (as defined below) of the Restructuring Proceedings has disputed the claim to the extent that it exceeds EUR 2.8 million. In addition, Mutual Insurance Fund Fennia has filed two claims with the Helsinki District Court with Stockmann and the Administrator (as defined below) and the Supervisor as respondents in the first claim and Stockmann AS as respondent in the other claim. In the claims to the district court, Mutual Insurance Fund Fennia requests the court to confirm that the damages payable to Fennia are in the maximum amount of EUR 12 million. Moreover, the second lessor of the Tampere department store, Tampereen Seudun Osuuspankki, has initiated proceedings in Pirkanmaa District Court, in which the company claims up to EUR 20.3 million compensation from Stockmann in accordance with Section 27(1) of the Restructuring Act. In the Restructuring Programme, the Supervisor has disputed the claim presented by Tampereen Seudun Osuuspankki during the Restructuring Proceedings (at which time the maximum amount of the claim was EUR 17.7) to the extent that it exceeds EUR 2.0 million.

In addition to the above claims, the former subtenant of the Tampere department store, Pirkanmaan Osuuskauppa, has initiated arbitration proceedings in which it claims up to EUR 5.4 million compensation from Stockmann in accordance with, among others, Section 27(1) of the Restructuring Act. The Supervisor (as defined below) of the Restructuring Proceedings has disputed the claim for the most part. Pirkanmaan Osuuskauppa has also appealed on the decision by Helsinki District Court on 9 February 2021 to certify the Restructuring Programme to the extent that the district court viewed that the damages payable to Pirkanmaan Osuuskauppa are restructuring debt instead

of debt that has arisen after the application for restructuring proceedings came in force pursuant to Section 32 of the Restructuring Act. Further, ECR Finland Investment I Oy, i.e. the owner of so-called Kirjatalo has appealed on the decision by Helsinki District Court on 9 February 2021 to certify the Restructuring Programme. ECR Finland Investment I Oy has requested the Appeal Court to confirm that its claim is based on an obligation in accordance with Section 15 of the Restructuring Act and thus, such claim would be considered debt that has arisen after the application for restructuring proceedings came in force. Alternatively, if the court would consider that the claim of ECR Finland Investment I Oy would be restructuring debt within the meaning of Section 3 of the Restructuring Act, ECR Finland Investment I Oy requests it would in any case be entitled to receive a payment for its receivable despite the payment block in accordance with Section 17 of the Restructuring Act.

Compensation that may be awarded on the basis of the above claims and arbitration proceedings in accordance with Section 27(1) of the Restructuring Act will be part of the restructuring debt under the Restructuring Programme. It is also possible that other creditors will file claims for damages or other claims against the Company on another basis than what has been described above.

Additionally, Stockmann's subsidiary Stockmann Sverige AB has ongoing tax related proceedings in Sweden. Stockmann Sverige AB received a tax reassessment decision from the Swedish tax authorities regarding the right to deduct in Swedish taxation the interest expenses of the intragroup loan for the acquisition of AB Lindex for the years 2013–2019. According to the decision, the Company is obligated to pay approximately EUR 35 million in additional taxes, including related interest, and the Swedish tax authorities required Stockmann to provide a security for covering the tax liability. The total additional tax is fully recognised as a liability in the consolidated balance sheet. Stockmann appealed against decisions in Sweden to the local appellate court (Kammarrätten i Göteborg). The tax dispute was deferred on appeal until the Court of Justice of the European Union has ruled on a precedent related to the Swedish interest deduction regulations in another case. On 20 January 2021, the European Court of Justice ruled on that other case that the Swedish interest rate deduction regulations were in some respects contrary to European Union law. Following this decision, the Swedish tax authorities abandoned the requirement to provide security for the tax liability in the other case. The Swedish tax authorities have on 10 May 2021 delivered to the appellate court a written reply in which the authorities took an opposite view on the deductibility of the aforementioned interest expenses. In its reply, the Swedish tax authorities viewed that Stockmann would not have the right to appeal to the Union's Court to be entitled to the denied interest deductibles and that the decision by the European Court of Justice on 20 January 2021 would not be relevant for Stockmann's right to deduct such interests. The processing on the matter will continue in the appellate court. As at the date of this Prospectus, the appellate court has not given its final decision on the matter.

Material Contracts

Stockmann has not entered into any material contracts (other than in its ordinary course of business), which could result in any Group company being under an obligation or entitlement that is material to the Issuer's ability to fulfil its obligations to the holders of the Bonds.

THE COMPANY'S RECENT DEVELOPMENTS, OUTLOOK AND NEAR-TERM UNCERTAINTIES

Summary of Recent Releases

The following summary sets forth information disclosed by the Company pursuant to the Market Abuse Regulation (EU) No. 596/2014 (the "MAR") over the last 12 months preceding the date of this Prospectus, which is to the Issuer's knowledge still relevant as at the date of this Prospectus.

Restructuring Programme

Stockmann announced on 9 February 2021 that the Helsinki District Court has approved Stockmann's restructuring programme, and the restructuring proceedings have ended. Attorney Jyrki Tähtinen was appointed supervisor of the restructuring programme. The Company has started preparations for the sales of the properties in accordance with the Restructuring Programme, the combination of the share series and the conversion of the unsecured restructuring debts and the hybrid loan debt. The company law resolutions required by the restructuring programme were on the agenda at the Annual General Meeting on 7 April 2021. The Company announced that it has EUR 433.5 million in secured restructuring debt, approximately EUR 200.6 million in unsecured restructuring debt and EUR 108.1 million in lowest priority debts based on hybrid loan debt, totalling EUR 742.3 million. The unsecured restructuring debts are: EUR 5.5 million in public law debt, EUR 53.5 million in commercial paper debt, EUR 46.1 million in account payable and other debt, EUR 81.7 million in intra-group liabilities and EUR 13.9 million in damages claim debt. In addition, there will be separate processes to confirm the final amount of the creditors' receivable for some creditors.

The key contents of the restructuring programme are:

- (i) the Company continues its department store operations in all present department stores and online sales in Finland and in the Baltics. The duration of the programme is eight years. The Company's sharpened strategy responds to the changes in the operating environment and consumer behaviour by investing in customer relationships and loyalty, enhancing the customer experience in all channels, fostering a customer-centric culture, and focusing on profitable business operations;
- (ii) Lindex's operations will continue as a fixed part of the Stockmann Group, and its cash flows contribute to cover payment obligations disclosed in the restructuring programme;
- (iii) the Company will sell the real estate assets it owns in Helsinki city centre, Tallinn and Riga. The received realisation result of the company's real estate assets will primarily be used to pay secured debts;
- (iv) negotiation of new market-based lease agreements for all its department stores and the office space in Pitäjänmäki, Helsinki;
- (v) 20 per cent. of unsecured restructuring debts will be cut, and a repayment schedule disclosed in the restructuring programme has been prepared for the remaining 80 per cent. The cut 20 per cent. will be converted, if the relevant creditor so wishes, into the Company's series B shares.
- (vi) unsecured creditors can exchange their receivable under the repayment schedule into secured notes issued by the Company where the principal will be paid off as a bullet payment after five (5) years from the issue;
- (vii) half of the hybrid loan liabilities will be cut and the remaining 50 per cent., if the creditors so wish, will be converted into the company's B shares;
- (viii) the Company's A and B share series will be combined; and
- (ix) the Company's operative business had become profitable before the coronavirus pandemic began. The Company has been able to cover all new payment obligations that have arisen during the restructuring proceedings.

On 14 December 2020, the Company announced the publication of the proposal for the restructuring programme.

For further information on the Restructuring Programme, please see section “*The Company’s Recent Development, Outlook and Near-term Uncertainties – Restructuring Proceedings and the Restructuring Programme*”.

Updated guidance for 2020 and changes related to reporting of assets

On 28 January 2021, Stockmann announced the outcome of impairment test for Lindex, Stockmann Group’s updated guidance for 2020 and a change of the reporting method for the real estate properties. As a result of the COVID-19 pandemic, the Stockmann Group concluded an impairment test for Lindex’s goodwill. As a result, Stockmann recognised an EUR 250 million in impairment related to Lindex’s goodwill in its fourth-quarter consolidated income statement. The write-down was reported as an adjustment, and it had no cash flow impact. After the impairment, the book value of Lindex’s intangible assets were EUR 368 million.

Stockmann also announced that the Stockmann Group’s revenue for the year 2020 would be lower than in the previous year. Despite a profitable fourth quarter and the robust performance of Lindex, the full-year operating result will be slightly loss-making. Earlier guidance for 2020 (published on 30 October 2020) was: “the COVID-19 pandemic has a significant negative impact on the entire Stockmann Group’s business operations. The fourth quarter is associated with greater uncertainty than normal due to the coronavirus situation. The revenue for the year 2020 will be on a lower level than in the previous year and the operating result will be loss-making.”

In connection with the above, Stockmann announced a change of reporting method for Stockmann’s real estate properties. Stockmann Retail and Real Estate divisions were combined into a new Stockmann division in 2019. There are certain material changes in the business model that support a change back to applying the cost model for the real estate properties. Therefore, Stockmann has changed from its previous revaluation model to a cost model for its property, plant and equipment for the financial year 2020. The change in accounting method is applied retrospectively in the opening balance for the comparative period as of 1 January 2019 according to the IAS 8 standard. The revaluation surplus included in equity is derecognized and the opening balance of land and water, buildings and constructions, retained earnings and deferred tax liabilities are adjusted in the previously reported 2019 financials and in the interim reports in 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 approximately EUR 10 million.

Outlook

The presentation below contains forward-looking statements, which include inherent risks and uncertainties. The actual development of the Company may materially differ from what has been presented in or what can be concluded from the forward-looking statements as a result of many factors, some of which are described in the section “Risk Factors”. The Company advises to take a cautious view on these forward-looking statements, which are valid only as at the date of this Prospectus. The following discussion has been prepared on a basis which is (i) comparable with Stockmann’s historical financial information, and (ii) consistent with Stockmann’s accounting policies.

Stockmann presented the following outlook for 2021 in its Financial Statements Bulletin released on 5 March 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 begin to execute the restructuring programme in 2021. Lindex will continue to drive efficiencies and explore new growth opportunities.”

Stockmann presented the following guidance in its Financial Statements Bulletin released on 5 March 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.”

Stockmann’s outlook and guidance for the year 2021 are based on estimates and assumptions of the Company’s management relating to the development of the Company’s business operations and its operating environment. The outlook and guidance presented above should be read together with the section “*Risk Factors*” in this Prospectus. Significant factors affecting the outlook over which Stockmann has control over are the ability to adapt to changes in consumer behaviour, abiding with provisions of the Restructuring Programme, Lindex’s ability to further improve its efficiency and exploration of new growth opportunities. Factors to which Stockmann has no control over relate mainly to the effects of COVID-19 pandemic, uncertainty with global economy and general trust of consumers.

Outlook and guidance for 2021 has been presented unaltered in the Interim Management Statement for the period ended 31 March 2021.

Recent Events and Near-term Uncertainties

The COVID-19 pandemic has significantly affected Stockmann’s business (for more information, see “— *The Impacts of the COVID-19 Pandemic on Stockmann’s Business*”). The pandemic has had a negative effect especially on the demand for fashion both in Finland and Sweden. The Company’s management estimates that the significance of digital services has recently increased due to the restrictions related to brick-and-mortar stores imposed by the authorities and the recommendations to work remotely. During 2021, the Stockmann Group will continue to develop both the brick-and-mortar stores and e-commerce with a focus on the omnichannel customer experience. In addition, the Company’s management estimates that sustainability themes will continue to be highlighted in Stockmann’s operating environment in the future as a result of changes in consumer behaviour.

The Stockmann Group improved its operating result for the first quarter of 2021 compared to the first quarter of 2020. The operating result for the first quarter of 2021 was EUR -27.7 million whereas the operating result for the first quarter of 2020 was EUR -27.8 million. In addition, the adjusted operating result for the first quarter of 2021 was EUR -21.1 million and EUR -26.7 million for the first quarter of 2020. The consolidated revenue of Stockmann Group was EUR 155.7 million for the first quarter of 2021 (EUR 168.4 million for the first quarter of 2020). Consolidated revenue decreased by 7.5 per cent. in euros especially due to the rapidly changing operating environment and COVID-19 restrictions.

As at 31 December 2020, the total cash of Stockmann Group was EUR 152.5 million. Due to normal business seasonality, the figure declined during the first quarter of 2021 and was EUR 115.4 million at the end of the first quarter of 2021. Both Stockmann- and Lindex-divisions have taken in 2020 and 2021 and will in the future take actions to improve the cash and net working capital position. The measures to adjust the cost structure and product intake due to the still continuing COVID-19-situation have been implemented from the second quarter of 2020 onwards. During the Restructuring Proceedings, the Company renegotiated all department store lease agreements and office lease agreements (for more information, see “— *Events Resulted from the Restructuring Proceedings and the Restructuring Programme – Renegotiation of Lease Agreements*”). Thereby, current lease costs and store sizes were adjusted downwards. These measures support the cash flow from 2021 onwards.

There have been no significant changes in the inventory levels between 31 March 2021 and the date of this Prospectus. The total inventories were EUR 160.4 million as at 31 March 2021. Total inventories were EUR 135.3 million as at 31 December 2020 and EUR 145.8 million as at 31 December 2019. Inventories declined both at Lindex and Stockmann in 2020 as compared to 2019.

Stockmann’s pricing principles have not changed significantly between 31 March 2021 and the date of this Prospectus. Stockmann launches new products as part of its normal business operations and renewal of its product selection. There has not been any major product launches beyond Stockmann’s normal business operations after 31 December 2020. Neither has there been any major changes in Stockmann’s regulatory environment between 31 December 2020 and the date of this Prospectus.

In the first months of 2021, Lindex has been forced to move its production to other Asian countries as a result of the instability in Myanmar, as well as to recognise a provision of approximately 10 million Swedish krona for the product batches located in the area. In addition, the COVID-19 pandemic has resulted in delays in the delivery of

goods due to, for example, a lack of freight containers in Asia. Partly due to the COVID-19 pandemic, international brands have prioritised their deliveries in such a way that Stockmann has not necessarily received the products it has ordered within the agreed timetable. The blocking of the Suez Canal in March 2021 also resulted in delays particularly in deliveries to Lindex.

On 28 January 2021, the Company published a stock exchange release that concerned, among other things, a write-down on Lindex's goodwill and changes to the reporting principles concerning Stockmann's properties (for more information, see "*— Summary of Recent Releases*" above and "*— Impacts of the COVID-19 pandemic on Stockmann's business*" below).

The Restructuring Proceedings and the Restructuring Programme

As at the date of this Prospectus, the Company is implementing the Restructuring Programme that was approved by the District Court of Helsinki on 9 February 2021. The approved Restructuring Programme has been restated by the decision of the Helsinki District Court on 17 May 2021 and the Restructuring Programme may be further restated by a decision of a court in order to correct, among others, typos and calculation errors or other similar errors that the Restructuring Programme might contain and amended to confirm assignment of receivables by creditors. The Restructuring Programme is legally valid and thus immediately enforceable.

The COVID-19 pandemic which broke out in Europe in March 2020 caused significant changes in the Stockmann Group's operating environment, reducing customer numbers suddenly. Since it was considered that the Company's business remains viable and can be restored to a sound basis, the Company's Board of Directors decided to file for the commencement of the Restructuring Proceedings with the District Court of Helsinki on 6 April 2020. In its decision on 8 April 2020, the District Court of Helsinki ruled to initiate Restructuring Proceedings for Stockmann plc in accordance with the Restructuring Act. The District Court appointed Attorney Jyrki Tähtinen from Borenius Attorneys Ltd as administrator (the "**Administrator**") for the Restructuring Proceedings. The Annual General Meeting held on 6 April 2020 resolved in favour of continuing the Restructuring Proceedings in accordance with the proposal of the Board of Directors. The Restructuring Proceedings did not concern the Group's subsidiaries, i.e. the Stockmann department stores in the Baltic countries and Lindex.

In restructuring proceedings under the Restructuring Act, a company's business and debts may be organised and arranged. As a result of such restructuring proceedings, the company may either continue its operations or, if the proceedings fail, to file for bankruptcy. The most important duty of the Administrator of the restructuring proceedings is to prepare a draft restructuring programme in cooperation with the various parties. Arrangements concerning the repayment of debts form a key part of the restructuring programme. Under the Restructuring Act, 'restructuring debt' refers to all debts that have arisen before a company files an application for restructuring proceedings.

The District Court of Helsinki appointed a creditor committee that acted as the joint representative of the creditors in the Restructuring Proceedings of the Company. The creditor committee appointed by the District Court consisted of representatives from the various creditor groups, including parties that have granted secured debt, other providers of financing as well as goods suppliers and lessors. The Administrator of the Restructuring Proceedings filed a proposal for the restructuring programme for the Company with the District Court of Helsinki on 14 December 2020. In a decision issued on 9 February 2021, the District Court of Helsinki approved Stockmann's Restructuring Programme, and the Restructuring Proceedings have formally ended. Attorney Jyrki Tähtinen was appointed supervisor of the Restructuring Programme (the "**Supervisor**").

The Restructuring Programme is based on the Company continuing its department store operations in all present department stores and online sales in Finland and in the Baltics. The duration of the Restructuring Programme is eight years. Lindex's operations will continue as an integral part of the Stockmann Group, and its cash flows will contribute towards payment obligations set out in the Restructuring Programme. As part of the Restructuring Programme, the Company will sell the real estate assets it owns in Helsinki city centre, Tallinn and Riga. The proceeds received from the realisation of the Company's real estate assets will primarily be used to pay Secured Restructuring Debt. Pursuant to the Restructuring Programme, the Company has the obligation to arrange the sale of the department store properties in Helsinki, Tallinn and Riga in a controlled auction to the party that places the highest bid for each property. The Company must strive to obtain the best possible market price for the properties. The realisation proceeds obtained from the realisation of the properties will be primarily used to pay the receivables of the secured creditors. The repayment schedule that applies to the Secured Restructuring Debt requires for the

payments to be made by 31 December 2022 at the latest. The aforementioned properties must be sold by 31 December 2021 at the latest at the risk of the Restructuring Programme lapsing unless the Supervisor postpones the deadline for the sale until 31 December 2022 for a justified reason.

Once the Restructuring Programme became valid following its confirmation by the District Court, the payment of the creditors' receivables is determined on the basis of the Restructuring Programme. In addition, the Restructuring Programme includes provisions related to the treatment of the Company's Unsecured Restructuring Debt and Hybrid Loan (as defined below) aiming to build some flexibility in the Restructuring Programme. Pursuant to the Restructuring Programme, 20 per cent. of the Company's Unsecured Restructuring Debt will be cut, and a repayment schedule disclosed in the Restructuring Programme has been prepared for the remaining 80 per cent. The cut 20 per cent. will be converted, if the relevant holder of Unsecured Restructuring Debt so wishes, into the Company's series B shares in a share issue held after the Restructuring Programme has been certified. The conversion ratio is the volume weighted average price of the series B share between 8 April and 27 November 2020, i.e. EUR 0.9106. In addition, the Restructuring Programme requires cutting 50 per cent. of the Company's Hybrid Loan and converting, if the creditors so wish, the remaining 50 per cent. into the Company's B shares using the same conversion ratio (stated above) as applied to the conversion of the Unsecured Restructuring Debt in the same share issue (however, taking into account the combination of the A- and B-share classes required in the Restructuring Programme and described below). If a creditor does not wish to have the uncut part of its receivable converted, this part will also be cut in its entirety. The Restructuring Programme required that the Company's shareholders authorise the Board of Directors to decide on the share issue described above in the Annual General Meeting convening on 7 April 2021. After the authorisation is granted, the Board of Director shall decide on the share issue as soon as possible after Stockmann's present share classes have been combined (see below for more information).

The remaining part of the Unsecured Restructuring Debt which will not be cut according to the Restructuring Programme, is subject to a repayment schedule that has been prepared in accordance with the Restructuring Act. The following table sets out the estimated annual payments of the Unsecured Restructuring Debt under the Restructuring Programme (intra-group liabilities in the amount of EUR 81.7 million are not included in the repayment schedule):

Year	To be paid of the cut restructuring debt (%)	To be paid of the cut restructuring debt (EUR million)¹	Date of payment
2021	-	-	-
2022	9	9.2 ¹	By 30 April 2022
2023	9	9.2 ¹	By 30 April 2023
2024	9	9.2 ¹	By 30 April 2024
2025	9	9.2 ¹	By 30 April 2025
2026	9	9.2 ¹	By 30 April 2026
2027	25	25.6 ¹	By 30 April 2027
2028	30	30.7 ¹	By 30 April 2028
Total	100	102.3¹	

¹ The sums in euros disclosed in the table for illustrative purposes are based on the estimate that the damages payable to landlords, subtenants and other parties as well as the other disputed (restructuring) debts as estimated by the Administrator/Supervisor amount to a total of EUR 17.6 million before any cuts are made. The total sum of claims presented by creditors with disputed receivables amounts to approximately EUR 102.7 million. The figures will change once the amounts of damages has been confirmed. As at the date of this Prospectus, the difference in the estimates of the creditors with disputed debt and the Administrator/Supervisor is approximately EUR 92.9 million.

In addition, according to the provisions of the Restructuring Programme, the holders of Unsecured Restructuring Debt can exchange their receivable under the repayment schedule into secured notes issued by the Company where the principal will be paid off as a bullet payment after five (5) years have elapsed from the issue. In addition to offering a different risk profile, opting for the secured notes will enable holders of the Unsecured Restructuring Debt to sell this financial instrument on the market. The notes will be secured by all shares in Stockmann Sverige AB and by a SEK receivable owed by Stockmann Sverige AB to the Company. The security will be shared with certain other restructuring debt, and potential future debt, on the terms of an intercreditor agreement to be entered into between the creditors or their representatives based in the principles set out in the Restructuring Programme. However, certain claims have a priority over the claims of the bondholders and the proceeds received from the

enforcement of such security is subject to the waterfall set out in “*Additional Information on the Transaction Security and the Intercreditor Agreement – Intercreditor Agreement – Order of Application*”.

According to the Restructuring Programme, the Company’s previous A and B share series shall be combined in the General Meeting that will be held after the Restructuring Programme has been certified so that each A share will entitle to receive 1.1 B shares. Based on the review presented in the Restructuring Programme, the combination will improve the liquidity of the share and the Company’s ability to secure financing from the market.

As stated in the Restructuring Programme, the Administrator holds that the implementation of the Restructuring Programme may enable the Company to revive its business operations and engage in profitable business. Based on the financial projections described in the Restructuring Programme, the Company can be assessed to be capable of making the payments listed in the repayment schedule, provided that the Company and the Group it forms to succeed in the implementation of its chosen strategy.

Events resulted from the Restructuring Proceedings and the Restructuring Programme

Renegotiation of lease agreements

The Company has terminated some of its leases pursuant to Section 27(1) of the Restructuring Act and negotiated new, more favourable lease agreements concerning the premises located in Tapiola (Ainoa) shopping centre, the Jumbo shopping centre, the Turku and Tampere department stores as well as the administration premises located at Takomotie. In addition, the Company has terminated the lease agreements concerning the parking facility at the Helsinki City Centre department store and some smaller leased premises located at Keskuskatu 3, Helsinki, which were sublet premises on the date on which the Restructuring Proceedings were commenced. With regard to almost all lease agreements, the amount of leased space has decreased to some extent, and the subtenants have had to negotiate their own agreements directly with the (primary) landlord due to the termination of the main lease agreement.

The measures described above have improved the Company’s cash flow. The changes in the lease agreements in 2020 have been treated in the Stockmann’s consolidated financial statements by reducing the carrying amounts of the right-of-use assets and redetermining the lease liability for the remaining lease period. Changes in the leases have reduced the carrying amounts of the right-of-use assets by EUR 75.2 million and the lease liabilities by EUR 93.1 million in the consolidated balance sheet. A provision of EUR 17.0 million has been recognised in the consolidated financial statements for eighteen months of rent for the terminated leases. The positive impact of the changes in leases, a total of EUR 0.8 million, has been recognised under financial income and expenses in the income statement.

Termination of derivative agreements

As part of the initiation of the Restructuring Proceedings, the financing banks that served as derivative counterparties closed all of Stockmann’s derivative contracts on 6 April 2020. The realised foreign exchange gain at the time the contracts were closed, totalling EUR 8.9 million, is presented as current receivables in the Stockmann Group’s consolidated balance sheet. As at the date of this Prospectus, the Stockmann Group does not currently hedge against risks arising from fluctuations in foreign exchange rates.

Cutting of the Hybrid Loan

The first cut of 50 per cent. to the Hybrid Loan (as defined below) (including interest accrued until 8 April 2020), as required by the Restructuring Programme, was executed by Euroclear Finland Ltd on the record date of 25 March 2021, and it was recorded on book-entry accounts as of 26 March 2021. Euroclear Finland Ltd has sent a brief notice of this matter to account operators, informing them of the procedure and the grounds for it.

Decisions by the Annual General Meeting on 7 April 2021

On 7 April 2021, the Company’s Annual General Meeting approved the proposal by the Board of Directors to combine the A and B share classes without increasing the share capital so that, following the combination, the Company will have only a single class of shares, all shares of which shall carry one (1) vote per share and also

have equal rights in all other respects. In connection with the combination of the share classes, the Annual General Meeting resolved to remove the provisions concerning the maximum and minimum amount of share capital, the par value of the shares as well as the different share classes, their associated voting rights and conversion procedures in Article 3 of the Articles of Association.

In connection with the combination of the share classes, the Annual General Meeting also decided on a directed issue of a maximum amount of 3,053,087 new B shares without payment to the owners of A shares without increasing the share capital so that, in deviation from the shareholders' pre-emptive subscription rights, 0.1 new B shares shall be issued without payment for each A share held in the same book-entry account. All shareholders who held A shares on the record date of the share issue on 9 April 2021 in the book-entry system had the right to receive new B shares. The new shares were issued to holders of A shares in proportion to their shareholding and registered directly on the respective shareholders' book-entry accounts on the basis of book-entry account registrations on the record date in accordance with the regulations and procedures of the book-entry system. The Company's Board of Directors confirmed in its organisational meeting held after the Annual General Meeting that the total number of new shares to be issued in the share issue is 3,053,086. The combination of the share classes, the amendment of the Articles of Association and the directed issue of new shares without payment were registered in the Trade Register on 9 April 2021, and trading in the Company's only share class and the new shares commenced on 12 April 2021 with the ISIN number FI0009000251 and the new trading code STOCKA.

In addition, the Annual General Meeting authorized the Company's Board of Directors to decide on a directed share issue to unsecured creditors and hybrid loan creditors in order to implement the Company's Restructuring Programme approved on 9 February 2021, in accordance with the proposal of the Board of Directors. The Annual General Meeting authorized the Board of Directors to decide on a directed share issue of at most 100,000,000 new Stockmann B shares to:

- (a) unsecured creditors so that the subscription right is conditional on the creditor's receivable (20 per cent. share of the receivable) being set off against the subscription price of the shares; and
- (b) hybrid loan creditors so that the subscription right is conditional on the creditor's receivable (50 per cent. share of the receivable) being set off against the subscription price of the shares.

The subscription price (conversion ratio) is, in accordance with the Restructuring Programme, the volume weighted average price of Stockmann's B Share between 8 April and 27 November 2020, i.e. EUR 0.9106. After the combination of the share classes, the authorisation shall apply to the Company's single class of shares. The Board of Directors is authorized to decide on other terms and practical arrangements concerning the directed share issue. The authorisation will remain in force until the end of the next Annual General Meeting, however, no longer than until 30 June 2022.

Based on the authorisations presented above, the Company's Board of Directors decided on the offering described in the offering circular relating to the share offering dated on or about the date of this Prospectus.

Furthermore, the Annual General Meeting authorized the Board of Directors to decide on a directed share issue to creditors of conditional or disputed debts in order to implement the Restructuring Programme, in accordance with the proposal of the Board of Directors. Pursuant to the authorisation, the Board of Directors can issue at most 30,000,000 new Stockmann's B shares. After the combination of the share classes, the authorisation shall apply to the Company's single class of shares. The share issue may be carried out in deviation from the shareholders' pre-emptive subscription rights (directed share issue) for the creditors of conditional and disputed debts in accordance with Stockmann's certified Restructuring Programme, as well as other creditors of the Restructuring Debt that will be determined later during the Restructuring Programme. The subscription right granted in such a share issue is conditional on the creditor's receivable (20 per cent. share of the receivable) being set off against the subscription price of the shares. The subscription price (conversion ratio) that applies to the share issue in accordance with the Restructuring Programme is the volume weighted average price of the company's B Share between 8 April and 27 November 2020, i.e. EUR 0.9106. The Board of Directors is authorized to decide on other terms concerning the share issue. The authorisation will remain in force until 31 January 2026. This authorisation does not revoke the above-mentioned authorisation concerning a directed share issue to unsecured creditors and hybrid loan creditors, and shall be in force in addition to it. However, no payments will be made or shares issued towards the disputed or unrealised part of the conditional or maximum amount restructuring debts before a reliable account of the final amount of each such debt has been received. The share conversion can be implemented for the part of the

20 per cent. share of each restructuring debt once the Administrator or the Supervisor nominated by the District Court who supervises the implementation of the Restructuring Programme on behalf of the creditors has determined and approved the undisputed part of such conditional or unclear restructuring debt.

In addition, the Annual General Meeting resolved to use the invested unrestricted equity fund, the other funds consisting of unrestricted equity on the Company's balance sheet, and the share premium fund in their entirety to cover losses, as well as to reduce the Company's share capital by EUR 66,540,827.74 to cover losses.

Measures relating to real estate properties

In the first months of 2021, the Company initiated preparations for the sale of the properties it owns in accordance with the provisions of the Restructuring Programme.

In addition, the Company has announced a change in its accounting method concerning the real estate properties on 28 January 2021 (for additional information, see “— *Summary of Recent Releases*”).

Share offering

In accordance with the Restructuring Programme, the holders of convertible restructuring debt and the holders of convertible hybrid loan (ISIN:FI4000188776) (the “**Hybrid Loan**”) are entitled to convert part of their receivables to the Company's shares in accordance with the terms and conditions of the share issue described in the offering circular relating to the share offering dated on or about the date of this Prospectus. Pursuant to the Restructuring Programme, 20 per cent. of Unsecured Debt, excluding group company liabilities, and 50 per cent. of the Hybrid Loan will be cut while reserving the creditors the opportunity to convert such 20 per cent. and 50 per cent. shares of the Unsecured Debt and the Hybrid Loan, respectively, to the Company's shares. In April 2021, the Company's Annual General Meeting authorized the Company's Board of Directors to decide on a directed share issue of at most 100,000,000 new shares (the “**Conversion Shares**”) to the creditors of the convertible restructuring debt and the convertible hybrid loan debt under the Restructuring Programme. The subscription period for the Conversion Shares commences on 24 May 2021 at 10:00 Finnish time and ends on 18 June 2021 at 16:00 Finnish time unless the period is extended.

Issue of the secured bonds

In accordance with the provisions of the Restructuring Programme, the holders of Unsecured Restructuring Debt are given an option to exchange their whole receivable under the repayment schedule of the Restructuring Programme into secured bonds issued by the Company in accordance with Prospectus.

Legal proceedings related to the Restructuring Programme

Information on legal proceeding related to the Restructuring Programme and the Restructuring Proceedings have been described above, see “*Business of Stockmann – Legal Proceedings.*”

Streamlining of the Group Structure

As part of simplifying its Group structure in accordance with the Restructuring Programme, the Company plans to have two of its subsidiaries, i.e. Suomen Pääomarahoitus Oy – Finlands Kapitalfinans Ab and Oy Hullut Päivät – Galna Dagar Ab, merge into the Company. The merger plan for this merger was signed on 24 November 2020 and registered with the Trade Register on 18 January 2021. The planned effective date of the mergers is 31 May 2021.

Impacts of the COVID-19 pandemic on Stockmann's business

The COVID-19 pandemic ongoing as at the date of this Prospectus has had significant impacts on Stockmann's business. The prolonged COVID-19 situation has impacted, among other things, Stockmann's liquidity, financial position and the value of its assets.

The COVID-19 pandemic, which broke out in Europe after the first week of March in 2020, caused significant changes in Stockmann's operating environment, with customer volumes decreasing suddenly. The number of people who travelled to Finland decreased strongly in 2020 due to the travel restrictions imposed by the authorities. The decrease in tourism had a negative effect especially on the customer flow of the Stockmann's department store in Helsinki. The Finnish Government imposed strict restrictions on gatherings, which limited, among other things, possibilities to arrange normal commercial campaigns. The Finnish Government also recommended remote work when possible, which partly explains the decreased customer volumes in the stores. The negative effects of the COVID-19 pandemic on the market environment persisted in the second quarter of 2020. The national restrictions in Finland were partially lifted in May 2020, which was reflected as a positive development in customer flows at the Stockmann department stores and Lindex stores at the end of the second quarter of 2020. During the third quarter of 2020, Stockmann's business operations normalised gradually, and visitor trends in the brick-and-mortar stores started to recover towards a normal level. Furthermore, Stockmann's and Lindex's online stores enjoyed positive growth in their sales during the third quarter of 2020, and Lindex's online sales partly compensated for the decline in the sales of the brick-and-mortar stores. During the fourth quarter of 2020, the pandemic continued to have a negative impact on business, especially in customer volumes in brick-and-mortar stores. The online sales were not able to fully compensate for the decline despite the strong increase in e-commerce. Towards the end of 2020 and in the beginning of 2021, the COVID-19 incident rates multiplied, particularly in Sweden, and the trend was alarming also in Norway. At the end of the year, altered viruses which spread more easily were detected.

During the fourth quarter of 2020 and the first quarter in 2021, the pandemic continued to have a negative impact on Stockmann's business, especially in customer volumes in the brick-and-mortar stores. The online sales were not able to fully compensate for the decline despite the strong increase in e-commerce. During the fourth quarter of 2020, the pandemic continued to have a negative impact on business, especially in customer volumes in brick-and-mortar stores. The online sales were not able to fully compensate for the decline despite the strong increase in e-commerce. Towards the end of 2020 and in the beginning of 2021, the COVID-19 incident rates multiplied, particularly in Sweden, and the trend was alarming also in Norway. At the end of the year, altered viruses which spread more easily were detected. The first COVID-19 vaccine was approved in the EU in January 2021, but the delivered amounts have fallen short of what was targeted. In Finland, the number of infections and the incidence increased very rapidly since the beginning of February 2021, resulting in stricter restrictions. Even though the number of infections has decreased as a result of closing down restaurants and other restrictions imposed before Easter 2021, forecasting the development of the virus mutations and the rate of vaccination is challenging. As at the date of this Prospectus, the COVID-19 situation has remained challenging particularly in Sweden.

In the Baltic countries, the COVID-19 virus had a similar negative effect on retail in 2020. This resulted from temporary closures of stores, restrictions on opening hours, decline in tourist volumes and changes in demand and purchasing behaviour. In addition, authorities have ordered various restrictions and close-downs in the nineteen market areas Lindex operates in during 2020 and at the beginning of the year 2021.

Due to the spread of the COVID-19 virus, Stockmann has changed certain of its operating practices, and it may have to implement other measures required by the authorities or considered by itself to be in the best interest of its personnel, customers and stakeholders. In March 2021, Stockmann imposed a requirement to wear masks in its department stores and increased its measures related to hygiene. Furthermore, since the beginning of March 2021, Stockmann dedicated the first opening hour at its Helsinki department store to at-risk groups so they can shop more safely. Additionally, Stockmann's own personnel has worked remotely when feasible. The COVID-19 pandemic has also resulted in certain issues related to Stockmann's logistics chain and product deliveries.

On 28 January 2021, Stockmann an impairment testing for Lindex's goodwill and the related write-down of such impairment. The impairment was related to the ongoing and re-escalated COVID-19 pandemic, which increased uncertainty in Lindex's main markets. As a result, Stockmann wrote-down an impairment of EUR 250 million related to Lindex's goodwill in its fourth-quarter consolidated income statement of 2020. The write-down was recognised as an adjustment, and it had no cash flow impact. After the impairment, the remaining goodwill and trademark balances related to Lindex totalled EUR 368.1 million as at the end of 2020.

During the 2020 financial year, Stockmann received a total of EUR 9.7 million in government grants related to the COVID-19 situation. These government grants are reported as other operating income in Stockmann's consolidated income statement. The grants were mainly issued to Lindex in its various operating countries by national authorities or corresponding public entities. During the first quarter of 2021, other operating income of

the Stockmann Group came to EUR 1.5 million as a result of public funding related to the COVID-19 situation received mainly by Lindex in various countries.

Codetermination negotiations

On 11 February 2021 and 26 March 2021, Stockmann announced that it will initiate co-operation negotiations concerning its staff. As disclosed in the press release on 11 February 2021, Stockmann started adjusting its personnel resources to the declined number of customers by initiating co-operation negotiations or temporary layoffs of staff. The negotiations concerned the sales and distribution centre operations of the department store business in Finland. A total of approximately 870 people were covered by the negotiations. The aim of the measure is to save approximately EUR 3 million in personnel costs during 2021. As a result of the co-operation negotiations, a maximum of 870 employees were intended to be laid off temporarily for a maximum of 90 days in 2021.

In addition, Stockmann announced on 26 March 2021 that it will initiate co-operation negotiations concerning its entire staff in Finland due to the stricter restrictions caused by the coronavirus situation and the negative effects these have on the business. The aim is to prepare the number of staff for a situation where customers are not able to visit the department stores due to stricter coronavirus restrictions, and for an immediate decline in revenue caused by the situation. The operations in the Stockmann online store are continuing as normal. The co-operation negotiations began during week 13, where possible layoffs for a maximum period of 90 days were negotiated in a situation where the department stores are possibly forced to close. The negotiations concerned approximately 1,200 employees in all department stores and support functions in Finland.

The co-operation negotiations announced by Stockmann on 26 March 2021 have been concluded after the Government of Finland withdrew its government bill on restricting freedom of movement on 31 March 2021 and the negotiations did not lead to additional temporary lay-offs or other measures.

Material Agreements Related to the Bonds and Transaction Security

Intercreditor Agreement

In connection with the Offering, the Issuer will enter into an Intercreditor Agreement, *inter alia*, with Nordic Trustee Oy as Security Agent, Intertrust (Finland) Oy as Agent to the holders of the Bonds and each Creditor Representative. The Intercreditor Agreement establishes the relative rights of the creditors under various financing arrangements, including the Bonds and debt under the Restructuring Programme. In case any new Secured Obligations are entered into after the entry into the Intercreditor Agreement as allowed thereunder, the Creditor Representative of such financing provider will accede to the Intercreditor Agreement. For further information, please see “*Additional Information on the Transaction Security and Intercreditor Agreement*”.

Agency Agreement

In connection with the Offering, the Issuer will enter into an Agency Agreement with Intertrust (Finland) Oy, under which Intertrust (Finland) Oy has undertaken to act as an agent and representative of the holders of the Bonds and perform custodial and administrative functions relating to the Bonds.

Security Agency Agreement

In connection with the Offering, the Issuer will enter into a Security Agency Agreement with Nordic Trustee Oy, under which Nordic Trustee Oy has undertaken to act as a security agent and representative of the secured parties and perform administrative functions relating to the Bonds and the Transaction Security.

Transaction Security Documents

To secure the due and punctual fulfilment of the Secured Obligations, the Issuer will enter into security agreements with Nordic Trustee Oy as the Security Agent (all such agreements together the “**Transaction Security Documents**”). The purpose of the Transaction Security Documents is to create security over certain assets of the Issuer in favour of the secured parties. For further information, please see “*Additional Information on the Transaction Security and Intercreditor Agreement*”.

FINANCIAL INFORMATION

Historical Financial Information

The Company prepares its consolidated financial statements according to the International Financial Reporting Standards (the “IFRS”) as adopted by the European Union. For the first and third quarters, the Company publishes unaudited Interim Management Statements, which have been prepared in compliance with the recognition and valuation principles of IFRS but not all the requirements of the “IAS 34–Interim Financial Reporting” standard have been complied with. Stockmann’s audited consolidated financial statements for the financial year ended 31 December 2020 (including unaudited restated comparative financial information for the financial year 2019) as well as the unaudited Interim Management Statement for the three months ended 31 March 2021 (including the unaudited consolidated comparative information for the three months ended 31 March 2020) are incorporated into this Prospectus by reference.

The Company’s consolidated financial statements for the financial year ended 31 December 2020 have been audited by Henrik Holmbom and Marcus Tötterman Authorized Public Accountants, both representing KPMG Oy Ab, Authorized Public Accountant Firm.

Save for the Company’s audited consolidated financial statements as at and for the financial year ended 31 December 2020 incorporated by reference into this Prospectus, no part of this Prospectus has been audited.

Selected Financial Information

Consolidated Income Statement

(EUR million)	For the three months ended 31 March		For the year ended 31 December	
	2021	2020 ¹⁾	2020	2019 ¹⁾
	(unaudited)		(audited)	(unaudited)
Revenue	155.7	168.4	790.7	960.4
Other operating income	1.5	0.0	9.7	0.0
Materials and consumables	-68.0	-77.1	-347.0	-419.5
Wages, salaries and employee benefit expenses	-45.6	-49.7	-181.9	-211.1
Depreciation, amortisation and impairment losses	-25.3	-33.7	-379.9	-128.8
Other operating expenses	-45.8	-35.7	-144.0	-176.9
Total expenses	-184.8	-196.2	-1,052.7	-936.3
Operating profit/loss	-27.7	-27.8	-252.4	24.1
Financial income	1.0	0.2	3.7	1.1
Financial expenses	-6.7	-11.6	-45.4	-53.7
Total financial income and expenses	-5.7	-11.4	-41.6	-52.7
Profit/loss before tax	-33.3	-39.2	-294.0	-28.5
Income taxes	3.8	3.9	2.4	-17.1
Net profit/loss for the period	-29.5	-35.3	-291.6	-45.6
Profit/loss for the period attributable to: Equity holders of the parent company	-29.5	-35.3	-291.6	-45.6
Earnings per share, EUR: From the period result (undiluted and diluted)	-0.41	-0.52	-4.05	-0.72

¹⁾ In 2020, the valuation method for property, plant and equipment was changed from the previously used revaluation model in accordance with IAS 16 to a cost model. As a result of the change in accounting method the comparative information from the financial year 2019 has been restated in the financial statements for the financial year 2020 in accordance with IAS 8. As a result of the change in accounting method the revaluation surplus included in equity has been derecognized, and correspondingly, the balance sheet items regarding land and water, buildings and constructions, retained earnings and deferred tax liabilities have been restated. As for the consolidated income statement, depreciations and income taxes have been restated.

Consolidated Statement of Comprehensive Income

(EUR million)	For the three months ended 31 March		For the year ended 31 December	
	2021	2020 ¹⁾	2020	2019 ¹⁾
	(unaudited)		(audited)	(unaudited)
Profit/Loss for the period	-29.5	-35.3	-291.6	-45.6
Other comprehensive income:				
Items that may be subsequently reclassified to profit and loss				
Exchange differences on translating foreign operations, before tax	-5.7	-15.7	37.9	-5.8
Exchange differences on translating foreign operations, net of tax	-5.7	-15.7	37.9	-5.8
Cash flow hedges, before tax		3.6	1.4	-1.7
Cash flow hedges, net of tax		3.6	1.4	-1.7
Other comprehensive income for the period, net of tax	-5.7	-12.1	39.3	-7.6
Total comprehensive income for the period	-35.1	-47.4	-252.3	-53.2
Total comprehensive income attributable to:				
Equity holders of the parent company	-35.1	-47.4	-252.3	-53.2

¹⁾ In 2020, the valuation method for property, plant and equipment was changed from the previously used revaluation model in accordance with IAS 16 to a cost model. As a result of the change in accounting method the comparative information from the financial year 2019 has been restated in the financial statements for the financial year 2020 in accordance with IAS 8. As a result of the change in accounting method the revaluation surplus included in equity has been derecognized, and correspondingly, the balance sheet items regarding land and water, buildings and constructions, retained earnings and deferred tax liabilities have been restated. As for the consolidated income statement, depreciations and income taxes have been restated.

Consolidated Statement of Financial Position

(EUR million)	For the three months ended 31 March		For the year ended 31 December	
	2021	2020 ¹⁾	2020	2019 ¹⁾
	(unaudited)		(audited)	(unaudited)
Assets				
Non-current assets				
Intangible assets				
Goodwill	271.8	478.3	277.5	506.6
Trademark	88.8	82.2	90.6	87.0
Intangible rights	27.6	35.6	30.4	39.0
Other intangible assets	1.3	1.7	1.4	1.8
Advance payments and construction in progress	1.6	2.6	1.6	2.6
Intangible assets, total	391.1	600.4	401.5	637.0
Property, plant and equipment				
Land and water		17.5		17.5
Buildings and constructions		235.2		237.4
Machinery and equipment	41.0	51.2	44.5	55.4
Modification and renovation expenses for leased premises	4.1	4.7	4.2	4.9
Right-of-use assets	320.2	463.6	351.4	485.7
Advance payments and construction in progress	12.8	8.1	11.6	5.6
Property, plant and equipment, total	378.1	780.3	411.8	806.5
Investment properties	0.5	0.5	0.5	0.5
Non-current receivables	1.4	0.4	1.7	0.4
Non-current lease receivables		15.4	3.9	15.7
Other investments	0.2	0.3	0.2	0.3
Deferred tax assets	28.3	21.6	27.8	16.3

Non-current assets, total	799.7	1 418.8	847.4	1476.6
Current assets				
Inventories	160.4	171.4	135.3	145.8
Current receivables				
Interest-bearing receivables	1.2	0.3	0.0	0.1
Lease receivables		1.3	0.5	1.3
Income tax receivables	0.2	3.7	0.3	4.6
Non-interest-bearing receivables	33.8	33.8	45.0	37.1
Current receivables, total	35.2	39.1	45.8	43.0
Cash and cash equivalents	115.4	42.9	152.3	24.9
Current assets, total	311.1	253.4	333.4	213.7
Assets classified as held for sale	247.1		247.3	
Assets, total	1,357.9	1,672.2	1,428.1	1,690.3
Equity and liabilities				
Equity				
Share capital	144.1	144.1	144.1	144.1
Share premium fund	186.1	186.1	186.1	186.1
Invested unrestricted equity fund	250.4	250.4	250.4	250.4
Other funds	43.8	46.1	43.8	42.5
Translation reserve	14.8	-33.2	20.4	-17.5
Retained earnings	-518.2	-285.3	-541.7	-241.8
Hybrid bond	52.9	105.8	105.8	105.8
Equity attributable to equity holders of the parent company	173.9	414.0	209.0	469.6
Equity, total	173.9	414.0	209.0	469.6
Non-current liabilities				
Deferred tax liabilities	35.5	42.8	35.9	43.8
Non-current interest-bearing liabilities		413.7		364.5
Non-current lease liabilities	260.0	421.8	290.7	438.6
Non-current non-interest-bearing liabilities and provisions	100.6	1.5	0.2	1.6
Non-current liabilities, total	396.1	879.7	326.9	848.5
Current liabilities				
Current interest-bearing liabilities	430.0	77.3	488.2	47.8
Current lease liabilities	76.5	87.0	80.5	91.2
Current non-interest-bearing liabilities				
Trade payables and other current liabilities	224.4	176.8	249.6	194.6
Income tax liabilities	36.5	35.1	39.6	37.4
Current provisions	3.4	2.2	17.0	1.1
Current non-interest-bearing liabilities, total	264.3	214.2	306.2	233.2
Current liabilities, total	770.7	378.5	874.9	372.2
Liabilities directly associated with assets classified as held for sale	17.2		17.4	
Liabilities, total	1,184.0	1,258.2	1,219.1	1,220.7
Equity and liabilities, total	1,357.9	1,672.2	1,428.1	1,690.3

¹ In 2020, the valuation method for property, plant and equipment was changed from the previously used revaluation model in accordance with IAS 16 to a cost model. As a result of the change in accounting method the comparative information from the financial year 2019 has been restated in the financial statements for the financial year 2020 in accordance with IAS 8. As a result of the change in accounting method the revaluation surplus included in equity has been derecognized, and correspondingly, the balance sheet items regarding land and water, buildings and constructions, retained earnings and deferred tax liabilities have been restated. As for the consolidated income statement, depreciations and income taxes have been restated.

Consolidated Cash Flow Statement

(EUR million)	For the three months ended 31 March		For the year ended 31 December	
	2021	2020 ²⁾	2020	2019 ²⁾
	(unaudited)		(audited)	(unaudited)
Cash flows from operating activities				
Profit/loss for the period	-29.5	-35.3	-291.6	-45.6
Adjustments for:				
Depreciation, amortisation and impairment losses	25.3	33.7	379.9	128.8
Gains (-) and losses (+) of disposals of fixed assets and other non-current assets	0.0	0.0	0.0	0.7
Interest and other financial expenses	6.7	11.6	45.4	53.7
Interest income	-1.0	-0.2	-3.7	-1.1
Income taxes	-3.8	-3.9	-2.4	17.1
Other adjustments	-0.1	1.1	15.9	-1.2
Working capital changes:				
Increase (-) / decrease (+) in inventories	-27.0	-31.5	13.9	-5.3
Increase (-) / decrease (+) in trade and other current receivables	10.7	3.0	-9.7	8.0
Increase (+) / decrease (-) in current liabilities	12.9	14.1	25.3	-0.2
Interest expenses paid	-11.1	-14.0	-30.3	-52.1
Interest received from operating activities	0.0	-0.3	0.8	1.1
Other financing related items from operating activities	0.0	0.0	0.0	-1.4
Income taxes paid from operating activities	0.0	-1.2	4.1	-0.3
Net cash from operating activities	-16.9	-22.4	147.4	102.3
Cash flows from investing activities				
Purchase of tangible and intangible assets	-2.7	-6.4	-18.7	-33.9
Disposal of tangible and intangible assets			0.0	139.7
Exchange rate gain on the hedge of a net investment and internal loan ¹		-2.3	7.1	11.1
Dividends received from investing activities			1.6	0.0
Net cash used in investing activities	-2.7	-8.8	-10.0	116.8
Cash flows from financing activities				
Proceeds from issue of hybrid loan			0.0	21.5
Proceeds from current liabilities		53.3	53.3	45.4
Repayment of current liabilities		-45.4	-45.4	-226.9
Proceeds from non-current liabilities		55.0	75.4	166.7
Repayment of non-current liabilities		-6.4	-6.4	-165.1
Payment of lease liabilities	-15.6	-20.2	-80.2	-73.9
Interest on hybrid bond		-8.2	-8.2	-6.6
Net cash used in financing activities	-15.6	28.1	-11.5	-238.8
Net increase/decrease in cash and cash equivalents	-35.3	-3.0	125.9	-19.8

(EUR million)	For the three months ended 31 March		For the year ended 31 December	
	2021 (unaudited)	2020 ²	2020 (audited)	2019 ² (unaudited)
Cash and cash equivalents at the beginning of the period	152.3	24.9	24.9	43.4
Cheque account with overdraft facility		-2.3	-2.3	-0.4
Cash and cash equivalents at the beginning of the period	152.3	22.7	22.7	43.0
Net increase/decrease in cash and cash equivalents	-35.3	-3.0	125.9	-19.8
Effects of exchange rate fluctuations on cash held	-1.6	-0.5	3.7	-0.6
Cash and cash equivalents at the end of the period	115.4	42.9	152.3	24.9
Cheque account with overdraft facility		-23.8		-2.3
Cash and cash equivalents at the end of the period	115.4	19.1	152.3	22.7

¹ Realised foreign exchange rate gain on the hedge of a net investment in a foreign operation and internal loan.

² As a result of the previously mentioned change in accounting method, information on the profit / loss for the financial period, depreciations, amortizations and impairment losses and income taxes have been restated.

Key Figures

	For the three months ended 31 March		For the year ended 31 December	
	2021 (unaudited)	2020	2020 (unaudited, unless otherwise stated)	2019 ¹ (unaudited)
Revenue (EUR million)	155.7	168.4	790.7 ³	960.4
Gross profit (EUR million) ²	n/a	n/a	443.7	540.9
Gross margin, %	56.3	54.2	56.1	56.3
EBITDA (EUR million) ²	n/a	n/a	127.5	153.0
Adjustments to EBITDA (EUR million) ²	n/a	n/a	-7.3	-15.6
Adjusted EBITDA (EUR million) ²	n/a	n/a	134.8	168.6
Operating profit/loss (EUR million)	-27.7	-27.8	-252.4 ³	24.1
Operating profit/loss, % of revenue, % ²	n/a	n/a	-31.9	2.5
Adjustments to operating result, (EUR million) ²	n/a	n/a	-257.3	-15.6
Adjusted operating result (EBIT), (EUR million)	-21.1	-26.7	4.9	39.8
Profit/loss for the period, (EUR million)	-29.5	-35.3	-291.6 ³	-45.6
Share capital, (EUR million)	144.1	144.1	144.1 ³	144.1
A-shares (EUR million)	61.1	61.1	61.1	61.1
B-shares (EUR million)	83.0	83.0	83.0	83.0
Return on equity, % ²	n/a	n/a	-86.0	-9.3
Return on capital employed, % ²	n/a	n/a	-20.1	1.6
Capital employed (EUR million) ²	n/a	n/a	1,240.1	1,529.1
Capital turnover rate ²	n/a	n/a	0.6	0.7
Inventory turnover rate ²	n/a	n/a	2.6	2.9
Equity ratio, %	12.9	24.9	14.6	27.8
Net gearing, %	373.7	227.0	336.1	191.7
Investments (EUR million)	2.4	6.3	19.4	33.8
Investments, % of revenue, % ²	n/a	n/a	2.5	3.5
Interest-bearing net debt (EUR million)	649.7	939.9	702.5	900.2
Interest-bearing net debt / EBITDA (EUR million) ²	n/a	n/a	5.5	5.9
Total assets (EUR million)	1,357.9	1,672.2	1,428.1 ³	1,690.3
Staff expenses (EUR million)			181.9	211.1
Personnel, average (persons)	5,331	6,559	5,991	7,002
Average number of employees, converted to full-time equivalents (persons) ²	n/a	n/a	3,973	4,891

Revenue per person (EUR thousand) ²	n/a	n/a	132.0	137.2
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¹ To ensure comparability, key figures for 2019 have been restated to correspond to the accounting methods applied in the financial statements for 2020.

² Key figures marked with “n/a” are not presented in the Company’s interim management statements for the first and third quarters of the year.

³ Audited.

Alternative Performance Measures

Stockmann presents in this Prospectus certain performance measures, which in accordance with the “Alternative Performance Measures” guidelines by the European Securities and Markets Authority (“ESMA”) are not accounting measures of historical financial performance, financial position and cash flows, defined or specified in IFRS, but which are instead alternative performance measures. In the Company's view, alternative performance measures provide meaningful supplemental information about the Company to the management, investors, securities market analysts and others regarding the Company's results of operations, financial position and cash flows.

In line with its aim of promoting the protection of current and potential investors, Article 6 of the Prospectus Regulation sets out the principle that the information in a prospectus shall be written and presented in an easily analysable, concise and comprehensible form. According to ESMA, in case persons responsible for the prospectus decide to include alternative performance measures (“APMs”) in a prospectus, this principle of comprehensibility dictates that such APMs should be defined, provided with meaningful labels and reconciled to financial statements and their relevance and reliability should be explained. These alternative performance measures are:

- Gross profit
- Gross margin
- EBITDA
- Adjusted EBITDA
- Adjusted operating results
- Return on equity, %
- Return on capital employed, %
- Capital employed
- Capital turnover rate
- Inventories turnover rate
- Equity ratio, %
- Net gearing, %
- Interest-bearing net debt
- Interest-bearing net debt/EBTIDA

For the detailed definitions for the use of these alternative performance measures, see “*Selected Financial Information – Calculation of Certain Alternative Performance Measures*”.

Calculation of Certain Alternative Performance Measures

Performance measures according to IFRS	Calculation form
Earnings per share	Result for the period attributable to the parent company's shareholders – tax-adjusted interest on hybrid bond / Average number of shares
Alternative performance measures	Calculation form
Gross profit	Revenue – costs of goods sold
Gross margin	Gross profit / revenue x 100
EBITDA	Operating result + depreciation, amortisation and impairment losses
Adjusted EBITDA	EBITDA – adjustments, see items affecting comparability
Adjusted operating result	Operating result – adjustments, see items affecting comparability
Return on equity, %	Result for the period / Equity total (average for the year) x 100
Return on capital employed, %	Result before taxes + interest and other financial expenses / Capital employed x 100
Capital employed	Total assets – deferred tax liability and other non-interest-bearing liabilities (average for the year)
Capital turnover rate	Revenue / Total assets – deferred tax liability and other noninterest-bearing liabilities (average for the year)
Inventories turnover rate	365 / Inventories turnover time
Equity ratio, %	Equity total / Total assets – advance payments received x 100
Net gearing, %	Interest-bearing liabilities – cash and cash equivalents – interest-bearing receivables / Equity total x 100
Interest-bearing net debt	Interest-bearing liabilities – cash and cash equivalents – interest-bearing receivables

Reconciliation of Certain Alternative Performance Measures

(EUR million, unless otherwise stated)	For the three months ended 31 March		For the year ended 31 December	
	2021	2020	2020 (unaudited, unless otherwise stated)	2019 ¹ (unaudited)
	(unaudited)			
Revenue	155.7	168.4	790.7 ³	960.4
Costs of goods sold	-68.0	-77.1	-347.0 ³	-419.5
Gross profit	87.6	91.3	443.7	540.9
Gross margin, %	56.3	54.2	56.1	56.3
Operating profit/loss	n/a	n/a	-252.4 ³	24.1
Depreciation and amortisation	n/a	n/a	129.9 ³	128.8
Impairment losses	n/a	n/a	250.0 ³	0.0
EBITDA²	n/a	n/a	127.5	153.0
EBITDA	n/a	n/a	127.5	153.0
Costs on sales of properties	n/a	n/a		0.4
Restructuring arrangements	n/a	n/a	7.3	15.2
Adjusted EBITDA²	n/a	n/a	134.8	168.6
Operating profit/loss	-27.7	-27.8	-252.4 ³	24.1
Impairment losses			250.0 ³	0.0
Costs of sales of properties				0.4
Restructuring arrangements	6.5	1.1	7.3	15.2
Adjusted operating result (EBIT)	-21.1	-26.7	4.9	39.8
Profit/loss for the period, rolling 12 months	n/a	n/a	-291.6 ³	-45.6
Equity at the end of the reporting period	n/a	n/a	209.0 ³	469.6
Equity at the beginning of the reporting period	n/a	n/a	469.6	507.9
Equity, average value	n/a	n/a	339.3	488.7
Return on equity, rolling 12 months, % (ROE)²	n/a	n/a	-86.0	-9.3
Operating profit/-loss rolling 12 months	n/a	n/a	-252.4 ³	24.1
Financial income	n/a	n/a	3.7	1.1
Profit/loss before tax and interest and other financial expenses²	n/a	n/a	-248.7	25.2
Equity at the end of the reporting period	n/a	n/a	209.0 ³	469.6
Non-current interest-bearing liabilities at the end of the reporting period	n/a	n/a	290.7 ³	803.1
Current interest-bearing liabilities at the end of the reporting period	n/a	n/a	568.6 ³	139.0
Equity at the beginning of the reporting period	n/a	n/a	469.6	507.9
Non-current interest-bearing liabilities at the beginning of the reporting period	n/a	n/a	803.1	890.0
Current interest-bearing liabilities at the beginning of the reporting period	n/a	n/a	139.0	248.7
Capital employed, average²			1,240.1	1,529.1
Return on capital employed, % (ROI)²	n/a	n/a	-20.1	1.6
Revenue	n/a	n/a	790.7 ³	960.4
Total assets at the end of the period	n/a	n/a	1,428.1 ³	1,690.3
Deferred tax liability and other non-interest-bearing liabilities at the end of the period	n/a	n/a	359.8	278.6
Total assets at the beginning of the period	n/a	n/a	1,690.3	1,943.3

Deferred tax liability and other non-interest-bearing liabilities at the beginning of the period	n/a	n/a	278.6	296.8
Total assets, average	n/a	n/a	1,559.2	1,816.8
Deferred tax liability and other non-interest-bearing liabilities, average	n/a	n/a	319.2	287.7
Capital turnover rate²	n/a	n/a	0.6	0.6
Inventories	n/a	n/a	135.3 ³	145.8
Cost of goods sold	n/a	n/a	347.0 ³	419.5
Inventories turnover time (365 x inventories /cost of goods sold), days	n/a	n/a	142.4	126.8
Inventories turnover rate²	n/a	n/a	2.6	2.9
Equity	173.9	414.0	209.0 ³	469.6
Total assets	1,357.9	1,672.2	1,428.1 ³	1,690.3
Advances received	7.2	6.6	0.9	1.0
Equity ratio, %	12.9	24.9	14.6	27.8
Non-current interest-bearing liabilities	260.0	835.5	290.7 ³	803.1
Current interest-bearing liabilities	506.5	164.3	568.6 ³	139.0
Interest-bearing financing receivables	1.2	16.9	4.4	17.0
Cash and cash equivalents	115.6	42.9	152.5	24.9
Interest-bearing net debt	649.7	939.9	702.5	900.2
Interest-bearing net debt	649.7	939.9	702.5	900.2
Equity	173.9	414.0	209.0 ³	469.6
Net gearing, %	373.7	227.0	336.1	191.7
Interest-bearing net debt	n/a	n/a	702,5	900,2
EBITDA	n/a	n/a	127,5	153,0
Interest-bearing net debt / EBITDA	n/a	n/a	5,5	5,9
Revenue	155.7	168.4	790.7*	960.4

¹ To ensure comparability, key figures for 2019 have been restated to correspond to the accounting methods applied in the financial statements for 2020.

² Key figures marked with “n/a” are not presented in the Company’s interim management statements for the first and third quarters of the year. Therefore, reconciliations are not presented in respect of such APMs for the periods ending on 31 March 2021 and 31 March 2020.

³ Audited.

No Material Adverse Change in the Prospects

Other than as described in section “*The Company’s Recent Developments, Outlook and Near-Term Uncertainties*”, there has been no material adverse change in the prospects of the Issuer since 31 December 2020, the last day of the financial period in respect of which the most recently audited financial statements of the Issuer have been prepared.

No Significant Change in the Financial Performance or Financial Position

Other than as described in section “*The Company’s Recent Developments, Outlook and Near-Term Uncertainties*” there has been no significant change in the financial performance or financial position of the Issuer since 31 December 2020, the last day of the financial period in respect of which the most recently audited financial statements of the Issuer have been prepared.

BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS

General

Stockmann plc is a public limited liability company incorporated and domiciled in Finland. In its corporate governance and management, Stockmann complies with applicable Finnish legislation, its articles of association and the corporate governance policy approved by Stockmann's Board of Directors. The Company follows the regulations and recommendations of the Helsinki Stock Exchange, including the Finnish Corporate Governance Code 2020 (the "**Finnish Corporate Governance Code**") issued by the Finnish Securities Market Association and adopted by the Helsinki Stock Exchange. Stockmann's governing bodies (i.e., the general meeting of shareholders, the Board of Directors and the CEO) have the ultimate responsibility for Stockmann's management and its operations. Stockmann's Management Team reports to the CEO and is responsible for the efficient management of the Company's operations.

The shareholders take part in the supervision and governance of the Company through the resolutions of General Meetings of Shareholders. A General Meeting of Shareholders is generally convened by the Board of Directors. In addition to this, a General Meeting of Shareholders shall be held if the Company's auditor or shareholders representing a minimum of one-tenth of all outstanding shares in the Company demand in writing that a General Meeting be convened.

The address of the members of the Board of Directors, the Management Team and the CEO is c/o Stockmann plc, Aleksanterinkatu 52 B, FI-00110 Helsinki, Finland.

Board of Directors and the Management Team

The Board of Directors

The duties and responsibilities of Stockmann's Board of Directors are determined by the Finnish Companies Act and other applicable legislation. The Board of Directors has general authority to decide and act in all matters not reserved for other corporate governing bodies by law or under the provisions of the Company's Articles of Association. The general task of the Board of Directors is to duly organise the Company's management and operations. In all situations, the Board of Directors must act in accordance with Stockmann's best interest.

The operating principles and main duties of the Board of Directors are defined in its Rules of Procedure, and in order to carry out its duties, the Board shall, among others:

- convene the shareholder's meeting;
- supervise and monitor the operations of the Company's Management Team;
- appoint and dismiss the CEO;
- approve the CEO's agreement and other benefits;
- approve the remuneration and other benefits of the members of Stockmann Group's Management Team;
- approve the Company's risk management principles; and
- endorse the Company's long-term strategic and financial objectives.

In addition, the personnel representatives of Stockmann have the right to attend and to speak at the meeting of the Board of Directors. They are not, however, members of the Board of Directors. As at the date of this Prospectus, the current personnel representative is Petri Leskelä, the Chief shop steward at Stockmann.

The Annual General Meeting of Shareholders of the Company elects the members of the Board of Directors for a term expiring at the close of the following Annual General Meeting of Shareholders. Therefore, the entire Board of Directors is elected at each Annual General Meeting of the Company. The organizing meeting of the Board of Directors elects the Chair and Vice Chair of the Board. A member of the Board of Directors of the Company may be removed from office at any time by a resolution passed by a General Meeting of Shareholders. The Shareholders' Nomination Board prepares proposals for the Annual General Meeting on the composition and

remuneration of the Board of Directors. The Shareholder's Nomination Board submits its proposal to the Company's Board of Directors no later than the last working day of the January preceding the Annual General Meeting. The proposals of the Nomination Board are disclosed by way of a stock exchange release and included in the notice to the Annual General Meeting.

On 7 April 2021, the Annual General Meeting resolved that the number of members of the Board of Directors will be seven (7), and re-elected Stefan Björkman, Esa Lager, Leena Niemistö and Tracy Stone as members of the Board of Directors, and elected Anne Kuittinen, Roland Neuwald and Harriet Williams as new members of the Board of Directors. The organizing meeting of the Board of Directors elected Roland Neuwald as its Chair, and Leena Niemistö as its Vice Chair.

The following table sets forth the members of Stockmann's Board of Directors on the date of this Prospectus:

Name	Born	Position	In the Board since
Neuwald Roland	1964	Chair	2021
Niemistö Leena	1963	Vice Chair	2016
Kuittinen Anne	1990	Member	2021
Lager Esa	1959	Member	2017
Stone Tracy	1962	Member	2018
Björkman Stefan	1963	Member	2019
Williams Harriet	1980	Member	2021

Roland Neuwald has been a member of the Company's Board of Directors and Chairman of the Board since 2021. In addition, he operates as an independent consultant. Prior to this, Neuwald was the CEO of Galeria Kaufhof in 2017–2019 and a Senior Advisor at ZUR Rose Suisse AG 2017. In addition, he was previously Chief Transformation Officer at Orell Füssli Thalia AG, Senior Advisor at Oliver Wyman, Operating Partner at Advent International, the CEO and the Chief Operating Officer of real, - Holding GmbH, Chief Integration Officer of Metro Group and the CEO of Walmart Germany, the CEO of Extra Verbrauchermärkte GmbH, Division Manager of Metro Group Buying GmbH and Regional Director of real,- SB-Warenhaus GmbH, and he held several other leadership positions in allkauf SB-Warenhaus GmbH. Neuwald has also been the Executive Chairman and a member of Board of Eko Holding S.A., the chairman of the Advisory Board of METRO Group Logistics and the Vice President and a member of the management board of German Retail Federation. Neuwald has conducted studies in retail management, and he is a German citizen.

Leena Niemistö has been a member of the Company's Board of Directors since 2016. In addition, she operates as a Chair of the Board of Finnish National Opera and Ballet, Nexstim Plc, Precordior Oy, LymphaTouch Oy, and DBC Global Oy; Vice Chair of the Board of Pihlajalinna Plc and Suomen Messut Osuuskunta; and Member of the Board of Raisio Plc, Nightingale Health Plc, Yliopiston Apteekki, Digital Workforce Services Oy, and Front AI Oy. Prior to that, Niemistö was the CEO of Dextra Oy and Deputy CEO of Pihlajalinna Plc. Niemistö is a Doctor of Medical Sciences, PhD, and a Specialist of Physical and Rehabilitation Medicine. She holds also a Doctor of Administrative Sciences hc. Niemistö is a Finnish citizen.

Anne Kuittinen has been a member of the Company's Board of Directors since 2021. In addition, she is the DTC eCommerce Commercial Lead of Logitech (EMEA & APAC, Switzerland). Prior to this, Kuittinen was Senior eCommerce Manager at Duracell (EMEA & India, Switzerland), Vendor Manager (AmazonFresh, United Kingdom) and Associate Partner Manager (convenience goods) at Amazon, eCommerce Project Manager at Digi Electronics Ltd and Customer Support Specialist at Rovio Entertainment C. Kuittinen is a Bachelor of Science in Economics and Business Administration, and she is a Finnish citizen.

Esa Lager has been a member of the Company's Board of Directors since 2017. In addition, he is the Vice Chairman and a member of the Board of Ilkka-Yhtymä Oyj, the Deputy Chairman and member of the Board of SATO Oy and a member of the Board of Alma Media Corporation. Prior to this, Lager was the deputy CEO of Outokumpu Group, where he held several managerial positions in the financial administration. In addition, he worked in various expert and managerial positions (Head Office, foreign operations and London branch) of Kansallis-Osake-Pankki. Lager is a Master of Laws and Master of Science in Economics, and he is a Finnish citizen.

Tracy Stone has been a member of the Company’s Board of Directors since 2018. In addition, she is the CEO of Polly King & Co. Prior to this, Stone was the CEO of Perry Ellis International, Group Commercial Director at LK Bennet, COO and Global Sales Director of Gant AB, the CEO of Gant UK, Head of Beauty of House of Fraser and Sales and Retail Director of Space.NK. Stone is a citizen of the United Kingdom.

Stefan Björkman has been a member of the Company’s Board of Directors since 2019. In addition, he is the Managing Director of Föreningen Konstsamfundet, the Chairman of the Board of KSF Media, the Chairman of the Board of Coronaria Oy, a member of the Board of Amos Rex and a member of the Boards of CorGroup. Prior to this, Björkman was the deputy Managing Director and Acting Managing Director of Ilmarinen, Managing Director of Etera, the deputy Managing Director and CFO of Aktia, the Managing Director of Oral Hammaslääkärin Oyj, the Managing Director of Oyj, the Managing Director of Menire Oyj, partner of erVentures Oy, Vice President of Kone and the President of Kone Japan. In addition, he was previously the Chairman of the Board of Aktia Mortgage Bank and the Chairman of the Board of Aktia Life Insurance. Björkman holds a Master’s degree in Engineering, and he is a Finnish citizen.

Harriet Williams has been a member of the Company’s Board of Directors since 2021. In addition, she is the Vice President, Global eCommerce of the Lego Group. Prior to this, she was the Chief Digital Officer of The Body Shop, Group Multichannel Director of LLX GBS (JAB Holding), Associate Worldwide Digital Director of Gucci, Head of Digital of Debenhams Retail PLC, strategy consultant at Marakon Associates and business analyst at Caterpillar Finning. In addition, Williams is a non-executive director of Gear4Music PLC, and prior to this, she served as independent digital advisor at Good Hotel Group, independent digital advisor at Mary Katrantzou and member of Client Advisory Board at Demandware (Salesforce). Williams holds a Master’s degree in Natural Sciences, and she is a citizen of the United Kingdom.

CEO

According to Article 5 of Stockmann’s Articles of Association, the Company shall have a CEO appointed by the Board of Directors, who shall be in charge of the Company’s running administration in accordance with the instructions and regulations issued by the Board of Directors. The Board of Directors appoints the Company’s CEO and decides on the terms and conditions of his executive post, which are set forth in a written CEO agreement. The Board of Directors also appoints the other members of Stockmann Group’s Management Team.

Management Team

Stockmann Group’s Management Team has six members. Headed by the CEO, the Management Team is responsible for directing business operations and for preparing strategic and financial plans. Beside the Group Management Team, the divisions Lindex and Stockmann have their own operative management teams.

The following table sets forth the members of Stockmann’s Management Team on the date of this Prospectus:

Name	Born	Position	In the Management Team since
Latvanen Jari	1964	CEO	2019
Vähähyppä Pekka	1960	CFO	2019
Ehnbåge Susanne	1979	CEO, Lindex	2018
Forsberg Annelie	1972	CFO, Lindex	2018
Westermarck Tove	1968	Chief Operating Officer	2019
Naulapää Jukka	1966	Chief Legal Officer	2008

Jari Latvanen has been the Company’s CEO since 2019. In addition, he is the Chairman of the Board of E&A Invest Oy. Prior to this, Latvanen was the CEO of HKScan Oyj, Executive Vice President, Head of Consumer Board of Stora Enso, the CEO of Findus Nordic, the Managing Director of Nestlé Czech Republic and Slovakia, Assistant Vice President of Nestlé SA, the Managing Director of Nestlé Sweden and the Managing Director of Nestlé Nordic. Latvanen holds an MBA degree, and he is a Finnish citizen.

Pekka Vähähyppä has been the Company’s CFO since 2019. In addition, he is a member of the Board of Vincit Plc and a member of the Board of Lyy-Invest Oy. Prior to this, Vähähyppä was the CFO and interim CEO of Finnair plc, Executive Vice President of Stockmann plc, Director, Finance&Control of Nestlé Nordic and Sweden,

the CFO of Nestlé Finland, Director of OKO-Venture Capital the CFO of A-lehdet Oy. Vähähyppä holds a Master's degree in the Economics and an EMBA degree, and he is a Finnish citizen.

Susanne Ehnååge has been Lindex's CEO since 2018. In addition, she is a member of the Board of Mio AB. Prior to this, Ehnååge was the CEO and interim CEO of NetOnNet Group, as well as the Managing Director, interim Managing Director and Market Director of SIBA AB. Ehnååge holds a Master's degree in Economics, and she is a Swedish citizen.

Annelie Forsberg has been Lindex's CFO since 2018. In addition, she is a member of the Board of Nordic Cleanroom AB. Prior to this, Forsberg was the CFO of NetOnNet AB, Acting CEO and CFO of Lagerhaus AB, CFO of Intersport AB, CFO and Head of Business Controlling of ICA Nonfood AB, CFO of Gulins Fastigheter, Head of Accounting of Coop Norden AB and Head of Treasury & Accounting of Bure Equity publ Capio. Forsberg holds a Master's degree in Economics, and she is a Swedish citizen.

Tove Westermarck has been the Company's Chief Operating Officer since 2019. In addition, she is a deputy member of Bord of Tuko Logistics Cooperative. Prior to this, Westermarck was the Company's Supply Chain Director and Development Director, and she held various positions in the management of department store operations in Finland, Russia and Estonia. She worked also as a Marketing and Sales Manager. Westermarck holds a Master's degree in Economics, and she is a Finnish citizen.

Jukka Naulapää has been the Company's Chief Legal Officer since 2008. In addition, he is a member of the Board of Lindex and a member of the Board of Tuko Logistics Cooperative. Prior to this, Naulapää was a lawyer at the Company and Secretary of Stockmann's Board and Management Team, as well as an attorney at law firm Hepo-Oja & Lunnas Oy.

Governance and Control System

Stockmann in a Finnish public limited liability company, and its shares are listed in Helsinki Stock Exchange. In its governance, the Company complies with the legislation and the regulations applied to it, including the Finnish Companies Act, the Securities Market Act, the MAR, the rules of Helsinki Stock Exchange and Stockmann's Articles of Association. In addition, Stockmann complies with the Finnish Corporate Governance Code.

The Company does not deviate from any recommendation included in the Finnish Corporate Governance Code.

Committees of the Board and Directors

General

The Board of Directors elected the members to the Audit Committee and Personnel and Compensation Committee from amongst its members in its organizing meeting on 7 April 2021. The Board Committees assist the Board of Directors by preparing matters falling within the competence of the Board. Thus, the Committees are not autonomous decision-making bodies, although they have several monitoring and oversight responsibilities. The Committees report to the Board on the matters addressed and makes proposals to the Board for decision-making as appropriate.

Audit Committee

The duty of the Audit Committee is to assist the Board of Directors and to improve the efficiency of Board work by preparing matters falling within the competence of the Board of Directors. The Board of Directors remains responsible for the duties it assigns to the Audit Committee. The Committee has no autonomous decision-making power, and the decisions within its competence are taken collectively by the Board. The Committee reports to the Board on the matters addressed and measures taken at least four times a year. The Committee makes proposals to the Board for decision-making as appropriate.

The main duties of the Audit Committee are:

- to monitor the statutory auditing and reporting process of the financial statements and consolidated financial statements as well as overseeing their accuracy and scope;
- to review the report of the Company's financial and tax position quarterly prior to approval by the Company's Board of Directors;
- to supervise the financial reporting process;
- to monitor the efficiency of Stockmann's internal control, internal audit and risk management systems and to monitor the Group's risks as well as the quality and scope of risk management;
- to approve the internal audit guidelines and review the internal audit plans and reports;
- to review the description of the main features of the internal control and risk management systems in relation to the financial reporting process, which is included in the Company's Corporate Governance Statement, and the related policies and principles;
- to evaluate the independence and work of the statutory auditor and propose a resolution on the election of the auditor and his fee;
- to approve, in accordance with the principles approved by the Board of Directors, or authorise the CFO in advance to approve all non-audit services provided by the auditor, which are not forbidden services, including the area covered by them and the estimated fees payable;
- to evaluate compliance with laws, regulations and company policies and monitor significant litigations of Group companies;
- to monitor the transactions of the Company's management and their related parties and any related conflicts of interest; and
- to execute any other duties bestowed upon it by the Board.

Pursuant to the working order of the Audit Committee approved by the Company's Board of Directors, the Audit Committee is composed of at least three Board members who are independent of the Company. In addition, at least one member must be independent of any major shareholders. The members must have sufficient expertise required in matters forming the Audit Committee's duties, and at least one member must have particular expertise in the accounting function, bookkeeping or auditing.

As at the date of this Prospectus, the Audit Committee was chaired by Esa Lager, and its other members were Stefan Björkman and Leena Niemistö.

In 2020, the Audit Committee convened five times, and the participation rate was 100 per cent.

Personnel and Compensation Committee

The Personnel and Compensation Committee assists the Board of Directors in matters concerning the remuneration of the Company's CEO and other senior management, the evaluation of performance, appointments and succession planning. The Committee also assists the Board in the preparation and assessment of the Group's remuneration principles and personnel principles. On the basis of the authorisation granted by the Board of Directors, the Committee assesses and confirms the achievement of the short-term incentive pay targets and approves the payment of incentives to the CEO and other senior management.

The Committee prepares the following matters for the Board of Directors:

- key principles and practices associated with the Company's remuneration;
- remuneration of Stockmann's CEO and other terms applicable to the service contract, and the remuneration and other terms of the employment relationships of the management;
- incentive and commitment schemes for the CEO and the management;
- evaluation of the performance of the CEO and the management;

- matters pertaining to the appointment of the CEO and the management;
- succession planning and management development for the CEO and the management;
- presentation of the governing bodies' remuneration policy to the General Meeting; and
- annual remuneration reporting in accordance with the recommendations of the Finnish Corporate Governance Code for listed companies valid at any given time.

The Personnel and Compensation Committee consists of at least three members, who shall elect a Chairman for the Committee. In addition to the members of the Committee, the Group's CEO participates in its meetings.

As at the date of this Prospectus, the Personnel and Compensation Committee was chaired by Roland Neuwald, and its other members were Stefan Björkman and Leena Niemistö.

In 2020, the Compensation Committee of the Company convened 2 times, and the participation rate was 100 per cent.

Shareholders' Nomination Board

On 23 March 2017, Stockmann's Annual General Meeting approved the Board of Directors' proposal to establish a permanent Shareholders' Nomination Board. The purpose of the Nomination Board is to draft proposals on the election and remuneration of the members of the Board of Directors for the next Annual General Meeting and, when needed, for extraordinary general meetings. The main task of the Nomination Board is to ensure that the Board of Directors and its members have sufficient expertise, competence and experience to meet the Company's needs.

The Nomination Board operates in accordance with valid legislation and other applicable provisions, such as rules of the Helsinki Stock Exchange and the Finnish Corporate Governance Code.

The duties of the Nomination Board include:

- preparing the proposals to the Annual General Meeting regarding members of the Board of Directors;
- preparing the proposals to the Annual General Meeting regarding the remuneration matters of the members of the Board of Directors;
- identifying successor candidates for the members of the Board of Directors; and
- presenting the proposals to the Annual General Meeting on the members of the Board of Directors and their remuneration.

The Chair of the Nomination Board convenes the meetings of the Nomination Board as needed. As at the date of this Prospectus, the members of the Nomination Board are Gunvor Kronman (Chairman of the Board, Föreningen Konstsamfundet r.f.), Ole Johansson (Treasurer, Society of Swedish Literature in Finland), Peter Therman (Deputy Chairman of the Board, Hartwall Capital Oy Ab, representing HC Holding Oy Ab) and Kari Niemistö. In addition, the Chairman of the Board acts as an expert member of the Nomination Board.

Statement on the Company's Board of Directors and Management

As at the date of this Prospectus, none of the members of the Board of Directors, the Management Team nor the CEO have during the five previous years:

- been convicted in relation to fraudulent offences;
- held an executive function, been included in the executive management, or been a member of the administrative, management or supervisory bodies of any company, or acted as a general partner with individual liability in a limited partnership at the time of or preceding any bankruptcy, receivership, administration of an estate or liquidation (excluding liquidations executed to dissolve a company due to reasons related to taxation or streamlining the group structure and the Company's Restructuring Proceedings); or

- been subject to any official public incrimination and/or sanctions by any statutory or regulatory authorities (including any designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

Conflicts of Interest

Provisions regarding the conflicts of interest of the management of a Finnish company are set forth in the Finnish Companies Act. Pursuant to Chapter 6, Section 4 of the Finnish Companies Act, a member of the Board of Directors may not participate in the handling of a contract between himself or herself and the company. Further, pursuant to Chapter 6, Section 4 as of the Finnish Companies Act, a member of the Board of Directors may not participate in the handling of a contract between himself or herself or an entity that is related to himself or herself as defined in the IAS 24 standard, and the company or its subsidiary, unless the agreement is part of the company's ordinary course of business or is conducted on normal market terms. This provision also applies to any other legal act, legal proceeding or other similar matter. Further, this provision also applies to the CEO.

The members of the Company's Board of Directors, the CEO or the members of the Management Team do not have any conflicts of interest between their duties relating to the Company and their private interests and/or their other duties. Excluding the direct and/or factual interests related to Stockmann's shares, (i) there are no conflicts of interests between the duties of the members of the Company's Board of Directors and the Management Team in the Company and their personal interests and/or other duties; (ii) the members of the Company's Board of Directors or the Management Team do not have any arrangements or commitments with the major shareholders, members, suppliers or other parties relating to their election to the Board of Directors or the Management Team; and (iii) the members of the Company's Board of Directors or the Management team have not agreed on any restrictions on the transfer of the Company's shares held by them during a certain time period, except for what is described below.

There are no family relations between the members of the Board of Directors, the CEO or the members of the Management Team mentioned above.

As at the date of this Prospectus, all members of the Company's Board of Directors are independent of the Company. In addition, as at the date of this Prospectus, the following members of the Company's Board Directors are independent of the Company's major shareholders: Roland Neuwald, Anne Kuittinen, Esa Lager, Leena Niemistö, Tracy Stone and Harriet Williams.

Remuneration

The Board of Directors

The Company's Annual General Meeting decides on the remuneration of the members of the Company's Board of Directors on the basis of the proposal of the Shareholders' Nomination Board. On 7 April 2021, the Annual General Meeting resolved, in accordance with the proposal of the Shareholders' Nomination Board that the Board remuneration will remain unchanged and that the Chair of the Board shall be compensated EUR 80,000, the Vice Chair EUR 50,000, and other members EUR 40,000 as annual remuneration. The annual remuneration will be paid in Company shares and cash, so that Company shares will be acquired on behalf of the Board members to a value of 40 per cent. of the remuneration and the rest will be paid in cash. The Company will cover the costs for the acquiring of the shares and the transfer tax. The shares will be acquired within two weeks from the publishing of the Interim Report 1 January – 31 March 2021, or as soon as it is possible in accordance with applicable legislation. The shares acquired for the Board members in 2021 cannot be handed over until two years from the date of purchase, or until the term of office of the person in question has ended, depending on which of the occasions takes place first. The members of the Board shall also be paid a meeting remuneration for each Board and committee meeting as decided by the Annual General Meeting.

The table below sets forth the remuneration paid to the members of Stockmann's Board of Director during the year ended 31 March 2020:

Remuneration of the Board of Directors

(EUR, unless stated otherwise)	Fixed annual fees	Attendance fees	Committee attendance fees	Total fees	Paid in cash	Value of shares paid
Ratia Lauri ¹	80,000	7,700	-	88,900	56,900	32,000
Niemistö Leena	50,000	4,200	-	55,400	35,400	20,000
Björkman Stefan	40,000	4,200	1,600	45,800	29,800	16,000
Lager Esa	40,000	4,200	2,200	46,400	30,400	16,000
Hamilton Eva ²	-	1,800	-	1,800	1,800	-
Therman Peter ²	-	1,800	800	2,600	2,600	-
Stone Tracy	40,000	9,000	-	49,000	33,000	16,000
Wallgren Dag ¹	40,000	4,200	1,600	45,800	45,800	29,800
Total	290,000	37,100	6,200	333,000	217,300	116,000

¹ Board member until 7 April 2021

² Board member until 17 March 2020

Management Team

Stockmann's Board of Directors decides on the CEO's salary and other benefits on the basis of proposals by the Personnel and Compensation Committee and the remuneration of the other members of the Management Team on the basis of proposals presented by the CEO and reviewed by the Personnel and Compensation Committee.

The remuneration of the CEO consists of a fixed salary which includes fringe benefits, as well as performance-based incentives which may include short-term and long-term targets. The performance pay is tied to financial and other objectives related to the implementation of the strategy. The earning period for the short-term performance pay is a calendar year and the maximum pay-out is 60 per cent. of the fixed base salary. No short-term incentive for the CEO was agreed for 2020. However, an incentive was created in the autumn to promote the CEO's commitment to the success of the Restructuring Proceedings.

The remuneration of the Group Management Team members consists of a fixed salary, including salary paid in cash and fringe benefits, as well as performance pay tied to the Group's financial and other objectives related to the implementation of the strategy. The earning period for the short-term performance pay is a calendar year, and the performance pay may amount to no more than 30 per cent. of the fixed base salary.

In 2020, CEO Jari Latvanen was paid a fixed salary of EUR 528,270. The fixed salary consists of EUR 428,888 in cash and EUR 16,586 in fringe benefits. In addition, he was paid a performance pay of EUR 82,796 from short-term targets. The CEO was not given shares or share options as part of remuneration. For members of the Group's Management Team other than the CEO, a total of EUR 1,110,847 was paid in fixed salaries in 2020. The fixed salary consisted of EUR 1,085,359 in cash and EUR 25,488 in fringe benefits. The Group Management Team members have a performance pay tied to the Group's financial and other objectives related to the implementation of the strategy. The earning period for the short-term performance pay is a calendar year, and the performance pay may amount to no more than 30 per cent. of the fixed base salary. Based on the performance in 2019, performance pay of EUR 375,087 was paid in 2020.

Pensions

The amount of CEO's pension and the retirement age is determined in accordance with Finnish employment pension legislation. The pension will accrue on the basis of the Employees' Pensions Act. A separate voluntary pension is not paid. The retirement age of the Management Team members is 63 or 65, depending on the particular executive agreement in question. One of the Management Team members had an earnings-related pension insurance taken by the company as of the end of 2020. The costs of the pension insurances in 2020 amounted to EUR 179,600.

Financial Benefits Pertaining to the Post of CEO

If the Company terminates the CEO agreement, the notice period will be six (6) months, in addition to which the CEO will be entitled to a severance payment equivalent to nine (9) months' pay. If the CEO terminates his

agreement, the notice period will be six (6) months. The notice period for the Management Team members are mostly six (6) months from both sides. If the Company terminates the agreement, the Management Team members are in addition entitled to a severance payment equivalent to three (3) or six (6) months' pay depending on their agreement in question.

Restrictions on the Transferability of the Company's Shares

The Company's Annual General Meetings for the years 2020 and 2021 have demanded that the shares acquired for the Board members in 2020 and 2021 as part of Board remuneration cannot be disposed of until two years from the date of purchase, or until the term of office of the person in question has ended, depending on which of the occasions takes place first.

Auditors

The consolidated financial statements of the Company for the financial year ended 31 December 2020 was audited by Henrik Holmbom, Authorized Public Accountant and Marcus Tötterman, Authorized Public Accountant, both representing the KPMG Oy Ab, Authorized Public Accountant Firm. Stockmann's Annual General Meeting held on 7 April 2021 elected Ernst & Young Oy, Authorized Public Accountants as the Company's auditor with Terhi Mäkinen, Authorized Public Accountant, as the auditor with principal responsibility.

TAXATION

General

Potential investors should be aware that the tax legislation of a potential investor's member state and of the Issuer's country of incorporation may have an impact on the income received from the Bonds.

Paying the subscription price of the Bonds by setting off receivables

Where the subscription price of the Bonds is paid by setting off receivables from the issuer of the Bonds ("**Conversion**"), the subscription of the Bonds may cause tax consequences. If the subscription price was paid by setting off debt securities subject to public trade (e.g. public bonds or hybrid loans) the Conversion may be deemed as an exchange for consideration where taxable capital gain or tax-deductible capital loss would arise to the subscriber. In this case, taxable capital gains or losses would be calculated as a difference between the sales price and the aggregate of the acquisition cost of the debt securities and related transaction expenses, or the presumptive acquisition cost. Also, taxable interest income may be realized to the extent interest on receivables is subject to Conversion.

Also, where the subscription price of the Bonds is paid by setting off other receivables than above mentioned debt securities, taxable income or tax-deductible expenses may be generated to the subscriber of the Bonds. The taxation of the income or the tax deductibility of the expenses should be analyzed on case-by-case basis in respect of each subscriber of the Bonds separately.

OWNERSHIP STRUCTURE

On 13 May 2021, the Company had 43,112 shareholders, and the ten largest shareholders and their shareholdings are presented below. As at the date of this Prospectus, the Company did not hold any treasury shares.

The table below sets forth the Company's ten largest shareholders on 13 May 2021 in the shareholder register maintained by Euroclear Finland Ltd:

Shareholder	Number of shares	Shareholding, %	% of votes
Föreningen Konstsamfundet Group ¹	10,552,933	14.05	14.05
Varma Mutual Pension Insurance Company	7,196,876	9.58	9.58
Hc Holding Oy Ab	6,434,262	8.57	8.57
Svenska Litteratursällskapet i Finland	6,036,393	8.04	8.04
Niemistö Kari Pertti Henrik	4,520,544	6.02	6.02
Etola Oy	3,251,093	4.33	4.33
Folkhälsan Samfundet i Svenska Finland ²	1,646,986	2.19	2.19
Foundation of Jenny and Antti Wihuri	1,409,880	1.88	1.88
Ilmarinen Mutual Pension Insurance Company	1,210,581	1.61	1.61
Folkhälsan i Svenska Finland rf Inez och Julius Polins Fond	1,098,082	1.46	1.46
Ten largest shareholders	43,357,630	57.73	57.73
Other	31,744,139	42.27	42.27
Total	75,101,769	100	100
Treasury shares	0	0	0
The Company's shares, total	75,101,769	100	100

¹ Includes shares held by Föreningen Konstsamfundet r.f and Mercator Media Ab.

² Includes shares held by Folkhälsan Samfundet i Svenska Finlandin and Folkhälsans Forskningsstiftelse - Kansanterveyden Tutkimussäätiö Sr.

As at the date of this Prospectus, no shareholder has control over the Company in the meaning of the Chapter 2, Section 4 of the Securities Market Act (746/2012, as amended). Stockmann is not aware of any arrangements, which could lead to change of control in the Company. The Company is neither aware of any shareholder agreements in effect.

ARRANGEMENTS WITH THE LEAD ARRANGER

Evli Bank Plc acts as Lead Arranger of the Offering. The Issuer has entered into agreements with the Lead Arranger with respect to certain services to be provided by the Lead Arranger in connection with the Offering.

In addition, Evli Euro Liquidity, a fund managed by Evli Fund Management Company Ltd, a fully-owned subsidiary of the Lead Arranger, Evli Bank Plc, is an unsecured creditor under the Restructuring Programme and Juhana Heikkilä of Evli Fund Management Company Ltd serves as the creditor representative of unsecured commercial paper creditors in the committee of creditors under the Restructuring Programme.

The Lead Arranger and its respective affiliates have performed, and may in the future perform, advisory, consulting and/or banking services for Stockmann in the ordinary course of their business for which they have received, or will receive, customary fees and expenses. The Lead Arranger and its respective affiliates may also hold long or short positions, and may trade or otherwise effect transactions, for their own account or the accounts of customers, in debt or equity securities of the Issuer.

LEGAL MATTERS

Certain legal matters in connection with the Offering have been passed upon for Stockmann by Roschier, Attorneys Ltd.

INFORMATION INCORPORATED BY REFERENCE

The Company's audited consolidated financial statements for the financial year ended 31 December 2020 (including unaudited restated comparative financial information for the financial year 2019), prepared in accordance with IFRS, and the unaudited Interim Management Statement for the three months ended 31 March 2021 (including the comparative information for the three months ended 31 March 2020), which has been prepared in compliance with the recognition and valuation principles of IFRS but not all the requirements of the "IAS 34–Interim Financial Reporting" standard have been complied with, are incorporated into the Prospectus by reference. The non-incorporated information in the documents incorporated by reference is not relevant for investors or can be found elsewhere in the Prospectus.

An unofficial English language translation of the Restructuring Programme is attached as Annex 1 to this Prospectus.

Document	Information by reference
<u>Stockmann Financial Review 2020</u>	Audited consolidated financial statements and the auditor's report for the financial year ended 31 December 2020
<u>Stockmann Interim Management Statement 1 January-31 March 2021</u>	Unaudited consolidated management statement for the three months ended 31 March 2021

DOCUMENTS ON DISPLAY AND AVAILABLE INFORMATION

In addition to the documents incorporated by reference and [Annex 1](#), (i) the Company's Finnish language articles of association and extract from the Finnish Trade Register, (ii) the English language Intercreditor Agreement (as defined in the Terms and Conditions of the Bonds), (iii) the English language Transaction Security Documents and (iv) the Agency Agreement (with certain commercial details redacted) may be inspected at the Company's website at <http://www.stockmanngroup.com/en/conversions-2021>. Other than the documents referred to in paragraph (i), such documents will be available on the Company's website following the First Issue Date.

The Company will publish annual reports, including audited consolidated financial statements, quarterly interim financial information and other information as required by the Finnish Securities Market Act and the rules of the Helsinki Stock Exchange. All annual reports, audited consolidated financial statements, interim reports and stock exchange releases are published in Finnish, Swedish and English. Such information will be available on the Company's website at www.stockmanngroup.com/en/investors.

ANNEX 1
Restructuring Programme

**THE ADMINISTRATOR'S AMENDED DRAFT RESTRUCTURING
PROGRAMME**

FOR

STOCKMANN PLC

1 February 2021

NON-DISCLOSURE AND LIABILITY FOR DAMAGES

Confidentiality / Sections 14 and 95 of the Finnish Restructuring Act

The parties to this restructuring, i.e. the creditors, are subject to the provisions established in Sections 14 and 95 of the Restructuring Act.

Pursuant to Section 14 of the Restructuring Act, the administrator, members of the committee of creditors and creditors, a person employed by the same, or assistants or expert advisers retained thereby shall not disclose or use for personal benefit any information relating to the financial position, business relationships or business secrets of the debtor that he or she has become aware of in connection with the proceedings.

Under Section 95 of the Restructuring Act, a person who, deliberately or through negligence, violates the confidentiality obligation provided in Section 14 shall be liable to compensate to the debtor for any loss thus caused.

Violation of a business secret / Chapter 30 Section 5 of the Criminal Code of Finland

A breach of the confidentiality obligation may also be punishable pursuant to provisions regarding the violation of a business secret. The following provisions are set out in Chapter 30 Section 5(1)(4) of the Criminal Code of Finland (605/2018) with regard to violations of a business secret.

A person who, in order to obtain financial benefit for himself or herself or another, or to injure another, unlawfully discloses the business secret of another or unlawfully utilises such a business secret, having gained knowledge of the secret in connection with company restructuring proceedings, shall, unless a more severe penalty has been provided elsewhere in law for the act, be sentenced for violation of a business secret to a fine or to imprisonment for at most two years. An attempt is also punishable.

PROCESSING OF PERSONAL DATA

The restructuring administration processes personal data in connection with the restructuring proceedings in compliance with the applicable data protection laws. Personal data will only be processed for the purposes and to the extent it is necessary in order to carry out the necessary measures and obligations provided in the Restructuring Act and related to the restructuring proceedings and to ascertain the debts and creditors. Personal data is appropriately protected and stored in compliance with, inter alia, the Finnish Bar Association's data security guidelines and the document retention guide.

CONFIDENTIALITY OF INSIDE INFORMATION

Stockmann plc is listed on the Nasdaq Helsinki Stock Exchange. The information provided in this draft restructuring programme, excluding certain appendices and separately indicated parts, becomes public on the date on which the draft restructuring programme is completed and submitted to the District Court.

Article 14 of the Market Abuse Regulation (MAR) ((EU) 596/2014)

Prohibition of insider dealing and of unlawful disclosure of inside information

A person shall not:

- (a) engage or attempt to engage in insider dealing;
- (b) recommend that another person engage in insider dealing or induce another person to engage in insider dealing; or
- (c) unlawfully disclose inside information.

Section 51 of the Criminal Code of Finland sets out provisions on securities markets offences.

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This 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 located in Helsinki, Tallinn and Riga; and the continuation of AB Lindex's business operations under the ownership of the Stockmann Group.

During the restructuring programme drafting process, the objective has been to implement a normal claim ranking system to the extent made possible by the Restructuring Act and to apply the principle of the least invasive and sufficient effective measure, pursuant to which the debt cannot be cut more than is absolutely necessary.

Efforts have been made to build some flexibility into the restructuring programme by converting some of the unsecured debts into the Company's series B shares. A repayment schedule in accordance with the Restructuring Act has been prepared for the remaining part of the unsecured debt. An unsecured creditor is entitled to exchange the payment described in the repayment schedule for Secured Notes issued by the Company with a bullet principal repayment in five (5) years of the issue. In addition to a different risk profile the Secured Notes creates a possibility for the unsecured creditor to sell this financial instrument in the market. The different maturity profile of the Secured Notes brings flexibility for the Company and for the first years of the restructuring programme. The restructuring programme stipulates that there is no additional payment obligation.

This draft restructuring programme consists of Parts I Accounts, II Measures, III Supervision of the draft restructuring programme, and IV Approval and term of the restructuring programme. The objectives of the restructuring programme are presented in the beginning of Part II Measures, in section 8. The repayment schedule is addressed in sections 13 and 14 and Appendix 13. The creditor groups and the number of votes within creditor groups are provided in section 14.2 and Appendix 13.

Specifically indicated parts of the text [] are information which are classified as the Company's business secrets and which must be held strictly confidential. A creditor is not entitled to disclose such information. **The amended sections of the draft restructuring programme appear primarily in bolded text where insertions have been made and in some parts as text which is stricken through.**

PART I, ACCOUNTS (CHAPTER 7 SECTION 41 OF THE RESTRUCTURING ACT)

1 DEFINITIONS

The following terms and definitions have the following meanings in this draft restructuring programme and the appendices thereto, unless expressly otherwise stated or evident from the context. The terms and concepts can be used both in the singular and plural.

Any references to sections and appendices refer to the sections and appendices of this draft restructuring programme.

"Aimo Park" means Aimo Park Finland Oy (Finnish business ID 2208141-1).

"B Share" means the Company's B class share as registered in the Trade Register and as specified in the Trade Register extract and Articles of Association attached as Appendix 3.1 hereto. If the at the time of the implementation of this restructuring programme the Company has combined its existing A and B

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share classes into one share class, a reference to B Share is only a reference to the Company's share.

"Barona Companies"	means Barona Kauppa Oy (Finnish business ID 1711188-2) and Barona Logistiikka Oy (Finnish business ID 1996516-0) together.
"CBRE"	means CBRE Finland Oy (Finnish business ID 2197069-8), which conducted the valuation of the secured debt relating to the department store properties owned by the Company as referred to in Section 3(1)(7) of the Restructuring Act.
"Helsinki Department Store Property"	means the real estate property owned by the Company that is located in central Helsinki (real estate code 91-2-7-1) where the Company engages in department store business.
"HOK-Elanto"	means HOK-Elanto Liiketoiminta Oy (Finnish business ID 1837957-3).
"Hybrid Bond Loan"	means the hybrid bond loan that originally amounted to EUR 85 million, which the Company issued on 17 December 2015 (ISIN:FI4000188776) and the principal of which was increased by a new issue in the value of EUR 21 million in November 2019 and whose annual coupon rate was 10.75 % when the restructuring proceedings commenced and which is treated as the Company's equity in the consolidated financial statements drawn up in accordance with IRFS standards.
"Notes"	means the secured fixed rate notes issued by the Company on 11 December 2017 in the total value of EUR 250 million and which become due and payable on 11 January 2022 and for which a fixed annual interest of 4.75 % is paid. The Notes are listed on Nasdaq Helsinki Oy (ISIN:FI4000292719).
"Facilities Agreement"	means the secured Term and Revolving Credit Facilities Agreement in the value of EUR 650 million that the Company concluded on 16 November 2017 with OP Corporate Bank plc; Danske Bank A/S; Nordea Bank AB (publ), Finnish Branch; DNB Bank ASA; Svenska Handelsbanken AB (publ); and Swedbank AB (publ).
"Lindex Group", "Lindex Subgroup", "Lindex Division" or "Lindex"	means AB Lindex (Swedish organisation number 556452-6514) and its subsidiaries, i.e. a subgroup of the Company and a part of the Stockmann Group, which engages in fashion retail sales and online sales as the Lindex chain of stores.
"MAR"	means Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.
"Pari Passu Security"	means the security established for the payment of the Secured Notes consisting of (i) all the shares in SSAB and (ii) the Company's SEK currency receivable from SSAB (provided that (A) SSAB may repay principal without the consent of the

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secured parties' representative but the Company must waive its receivable to the extent necessary for the realisation of the pledge of shares in SSAB and (B) the Company may convert a part of its receivable to a capital loan or to SSAB's equity to the extent necessary in order to avoid that SSAB's equity becomes negative), which security shall rank pari passu (i.e. equal in ranking) between public law restructuring debts, unsecured restructuring debts and secured restructuring debts (the final terms and conditions of the pledge agreement being subject to the approval of the Supervisor).

"PwC"	means PricewaterhouseCoopers Oy (Finnish business ID 0486406-8), which served as the Administrator's financial adviser during the restructuring proceedings.
"RSM"	means RSM Finland Oy (Finnish business ID 2423891-0), which conducted the special restructuring audit of the Company.
"Administrator"	means Attorney-at-Law Jyrki Tähtinen from Borenius Attorneys Ltd who was appointed as the administrator of the Company within the meaning of Section 8 of the Restructuring Act by decision no. 20/19056 issued by the Helsinki District Court at 10.30 am on 8 April 2020.
"Sisu"	means Sisu Partners Oy (Finnish business ID 2582589-3), which has served as the Administrator's financial adviser and as the valuator of the Company's certain subsidiaries.
"SSAB"	means Stockmann Sverige AB (Swedish organisation number 556740-9940), which is a Swedish subsidiary fully owned by the Company.
"Stockmann Division"	means the division of the Company that engages in the Stockmann department store business operations and carries out online sales in Finland, Estonia and Latvia.
"Stockmann Group" or "Group"	means the Company and all of its subsidiaries, which are disclosed in the group organisation chart enclosed herein as <u>Appendix 3.2</u> .
"Stockmann Companies" Group	means all companies that belong to the Stockmann Group as disclosed in <u>Appendix 3.2</u> .
"Syndicate Banks"	means OP Corporate Bank plc; Danske Bank A/S; Nordea Bank AB (publ), Finnish Branch (currently known as Nordea Bank Oyj); DNB Bank ASA; Svenska Handelsbanken AB (publ); and Swedbank AB (publ) together.
"Recovery Act"	means the Finnish Act on the Recovery of Assets to a Bankruptcy Estate (758/1991, as amended).
"Full Interest"	means, with regard to secured debts, the interest payable under the original credit terms and conditions that will be paid from 8 April 2020 onwards until the day on which the

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restructuring programme is certified by the District Court as specified below in sections 14.3.5 and 15.4.

“Exchange Rate”	means the volume weighted average price of the Company’s Series B Shares for the period of 8 April 2020 to 27 November 2020 which is EUR 0.9106.
“Secured Notes”	means the secured notes as further specified under section 14.5.4 to be issued by the Company as part of the measures of the restructuring programme and for which public law creditors and other unsecured creditors may convert their receivable payable under the repayment schedule (80 % of the Company’s restructuring debt to them).
“Security Agent”	means Intertrust (Finland) Oy (Finnish business ID 2343108-1), which was appointed as a security agent pursuant to an agreement called Security Agent Agreement concluded in connection with the agreement regarding the Notes and which e.g. has in its possession the security provided by the Company for its obligations under the Facilities Agreement, the Notes and certain hedging agreements, and which must use income generated from the realisation of the security to repay secured liabilities in accordance with a separate agreement concluded between the secured creditors with regard to the order of priority that applies to realisation income.
“Supervisor”	means the supervisor appointed by the District Court under Section 61 of the Restructuring Act who supervises the implementation of the Company’s restructuring programme on behalf of the creditors.
“Intercreditor Agreement”	means a market-based intercreditor agreement to be entered into in connection with the establishment of the Pari Passu Security where the terms of the repayment order among creditors, acceleration rights and realisation of security are agreed (the final terms and conditions of the intercreditor agreement being subject to the approval of the Supervisor).
“Company”	means Stockmann plc (Finnish business ID 0114162-2).
“Restructuring Act”	means the Finnish Restructuring of Enterprises Act (47/1993, as amended).

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2 RESTRUCTURING PROCEEDINGS

2.1 Company information

The Company itself as the applicant filed an application regarding the commencement of restructuring proceedings with the Helsinki District Court on 6 April 2020. In addition, Varma Mutual Pension Insurance Company, as an applicant creditor, filed an application regarding the commencement of the Company’s restructuring proceedings with the Helsinki District Court on 8 April 2020.

Company name: Stockmann Oyj Abp

Parallel company names: Stockmann plc
Domicile: Helsinki, Finland
Postal address: PO Box 233, 00131 Helsinki, Finland
Street address: Aleksanterinkatu 52 B, 00100 Helsinki, Finland
Business ID: 0114162-2
Representative of the Company: Jari Latvanen, CEO
Telephone: +358 50 414 6109
Email: jari.latvanen@stockmann.com
Representative of the Company: Lauri Ratia, Chairman of the Board
Telephone: +358 50 2922
Email: ratia@lauriratia.com
Share trading codes for the Company's A and B shares on the Helsinki Stock Exchange: STCAS and STCBV

2.2 Court overseeing the restructuring proceedings and information about the restructuring

Court: Helsinki District Court, 2nd department
District Judge Pirjo Peura-Vasama
Matter Number: HS 20/16712
Decision regarding the interim administrator: 6 April 2020, decision no. 20/18569
Decision regarding the commencement of restructuring proceedings: 8 April 2020, decision no. 20/19056
Street address: Porkkalankatu 13, 00180 Helsinki, Finland
Telephone: +358 29 5644 273
Fax: +358 29 5644 271
Email: helsinki.ko@oikeus.fi, helsinki_muutoksenhaku.ko@oikeus.fi

2.3 Interim administrator ordered by the Court and the Administrator

Administrator: Attorney-at-Law Jyrki Tähtinen
Borenus Attorneys Ltd
Address: Eteläesplanadi 2, 00130 Helsinki, Finland
Telephone: +358 20 713 33, +358 400 406 509
Fax: +358 20 713 3499
Email: jyrki.tahtinen@borenus.com
stockmann@borenus.com

Pursuant to Section 9 of the Restructuring Act, in order to perform his or her duties, the Administrator is entitled to enter business premises in the possession of the Company and to peruse the Company's books, business correspondence and other business documents and datafiles. Notwithstanding any provisions on secrecy, the Administrator is in his or her duties entitled in the same way as the Company to obtain information on the Company's bank accounts, financial transactions, financial agreements and undertakings, assets, taxation, and other factors relating to the financial status or the activities of the Company.

The Administrator is entitled to participate in meetings of organs of the Company and to be heard there. Notices of such meetings shall be sent to the Administrator.

The Administrator is entitled to retain expert advisers in the performance of his or her duties.

2.4 Restructuring applications, commencement of restructuring proceedings and restrictions of control

The Company filed an application regarding the commencement of restructuring proceedings with the Helsinki District Court on Monday 6 April 2020 where the Court was requested to commence restructuring proceedings of the Company under Section 6(1)(1) and (2) of the Restructuring Act. The Company requested that the District Court appoint Attorney-at-Law Jyrki Tähtinen first as the Company's interim administrator and then, later on, as the administrator. In its decision no. 20/18569, the District Court appointed Attorney-at-Law Jyrki Tähtinen as the Company's interim administrator on 6 April 2020.

Varma Mutual Pension Insurance Company, as an applicant creditor, filed an application with the Helsinki District Court on Wednesday 8 April 2020 concerning the commencement of Company's restructuring proceedings pursuant to Section 6(1)(2) of the Restructuring Act. Varma Mutual Pension Insurance Company requested that the District Court appoint Attorney-at-Law Jyrki Tähtinen as the administrator.

The Helsinki District Court issued decision no. 20/19056 at **10:30 am on 8 April 2020** where it commenced the restructuring proceedings and appointed Attorney-at-Law Jyrki Tähtinen, who resides in Helsinki and who had also served as the Company's interim administrator since 6 April 2020, as the administrator. The decision to commence the restructuring proceedings was made without further hearing the other creditors or the Company.

The Company's competence is limited during the restructuring proceedings in accordance with Section 29 of the Restructuring Act. The District Court has not imposed the restrictions set out in Section 30 of the Restructuring Act.

The Company's general meeting decided on 4 June 2020 to support the continuation of the restructuring proceedings in accordance with the proposal of the Company's board of directors.

2.5 Freezing of payments, interdiction of debt collection and interdiction of enforcement

In its application regarding the commencement of restructuring proceedings filed by the Company on 6 April 2020, the Company requested, under Section 22 of the Restructuring Act, that the District Court impose an interdiction of debt collection within the meaning of Section 19 of the Restructuring Act and an interdiction of distraint and other enforcement measures referred to in Section 21 of the same Act with immediate effect on an interim basis without hearing the creditors of the Company.

In its decision handed down on 6 April 2020, the District Court imposed, under Section 22 of the Restructuring Act, an interdiction of debt collection within the meaning of Section 19 of the Restructuring Act and an interdiction of distraint and other enforcement measures referred to in Section 21 of the same Act with immediate effect on an interim basis without hearing the creditors of the Company. The Company did not apply for an interim interdiction of repayment and provision of security referred to in Section 17 of the Restructuring Act, and the District Court did not impose one.

The interdiction of repayment and provision of security referred to in Section 17 of the Restructuring Act as well as the interdiction of debt collection set out in Section 19 and the interdiction of distraint and other enforcement measures set out in Section 21 of the same Act entered into force when the restructuring proceedings commenced at 10:30 am on Wednesday, 8 April 2020, and they remain in force until further notice.

2.6 Due dates

Commencement of the restructuring **8 April 2020 at 10.30 am** proceedings:

Filing date of the application:	6 April 2020
Interim interdiction of debt collection and interdiction of enforcement measures:	6 April 2020
Freezing of payments, interdiction of debt collection and interdiction of enforcement measures:	8 April 2020 at 10.30 am
Notification of the creditors' claims and proposal for the members of the committee of creditors	15 May 2020
Report regarding the debtor's financial status (Financial Report):	17 August 2020 (request was made to postpone the original due date 1 July 2020) Unofficial English translation of the Financial Report was provided on 15 September 2020
Draft restructuring programme:	14 December 2020 (request was made to postpone the original due date 11 December 2020)
Due date for recovery:	6 April 2020
Due date for filing actions for recovery:	8 October 2020 , six (6) months after the commencement of the proceedings (Section 36 of the Restructuring Act)

2.7 Services of notice regarding the proceedings

As part of his duties, the Administrator has issued all required notices to authorities, public registers, Euroclear Finland Ltd, and creditors by sending information regarding the commencement and deadlines of the restructuring proceedings by mail or by email to all known and potential creditors in the manner required by the District Court's decision. The Administrator published an announcement regarding the commencement of the restructuring proceedings in the Official Journal and Kauppalehti on 21 April 2020. The Administrator has also looked into the possibility of issuing a public announcement concerning the commencement of the restructuring proceedings in Estonia, but Estonia does not have a similar public channel for such announcements as Finland does.

The representatives of the Company have been informed of the interdictions and the restrictions of control set out in the Restructuring Act as well as been provided with other instructions for keeping the accounts and monitoring the financial situation. The Administrator has ensured and monitored compliance with the interdictions imposed in accordance with the Restructuring Act. As far as the Administrator is aware, these interdictions have been observed. The Company has consulted with the restructuring administration before making payments that are material vis-à-vis its regular business operations. The numerous representatives of the restructuring administration and the Company's financial department have communicated on a daily basis since the commencement of the restructuring proceedings in order to ensure that all debts are listed appropriately and any situations that have arisen during the restructuring proceedings have been appropriately dealt with.

The Administrator has followed and supervised the Company's operations e.g. by engaging in regular negotiations with the Company's CEO, Chief Legal Officer and CFO and ensured that the Company's creditors are well informed.

2.8 Committee of creditors

The Helsinki District Court issued decision no. 20/20827 on 17 April 2020, where it appointed the committee of creditors. Representatives from all groups of creditors as well as a representative from the TE Office have been selected to serve on the committee of creditors. The District Court appointed on 17 April 2020 the following 10 members to serve on the committee of creditors at the request of the Administrator in accordance with Section 10 of the Restructuring Act:

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1. Kim Forsström, secured creditors' representative (Syndicate banks, Danske Bank A/S)
2. Mikko Haataja, secured creditors' representative (Syndicate banks, OP Corporate Bank plc)
3. Robert Sonck, secured creditors' representative (Syndicate banks, Swedbank AB (publ))
4. Ville Talasmäki, secured creditors' representative (secured bonds, Sampo Oyj)
5. Hanna Huhananntti, public law creditors' representative (Varma Mutual Pension Insurance Company)
6. Attorney-at-Law Risto Ojantakanen, suppliers' representative (Itäinen & Ojantakanen Attorneys Ltd)
7. Juhana Heikkilä, unsecured commercial paper creditors' representative (Evli Varainhoito Oy)
8. Reetta Räsänen, landlords' representative (LähiTapiola Kiinteistövarainhoito Oy) until 22 May 2020 and Attorney-at-Law Niklas Lindström, landlords' representative (Attorneys at law MK-Law Ltd) from 22 May 2020 onwards (cf. below this section for more information)
9. Allan Eriksen, hybrid bond creditors' representative (UB Omaisuudenhoito Oy)
10. Johanna Vuorela, labour administration's representative appointed by the Uusimaa Centre for Economic Development, Transport and the Environment until 3 September 2020. After this date, labour administration has not had representation in the committee of creditors.

LähiTapiola Keskustakiinteistöt Ky, Tapiola Toimitalo Oy and KOy Biens have later requested that the District Court appoint Attorney-at-Law Niklas Lindström to serve as the landlords' representative on Stockmann Oyj Abp's committee of creditors instead of Head of Asset Management Reetta Räsänen. The District Court issued decision no. 20/29514 on 22 May 2020, by which the District Court has released Head of Asset Management Reetta Räsänen from her position on the committee of creditors and has appointed Attorney-at-Law Niklas Lindström as a member.

Johanna Vuorela, who has represented Uusimaa's TE office on the committee of creditors, informed the Administrator on 31 August 2020 of her transfer to other duties as of 1 September 2020 and that the TE office would not appoint a new member to replace her on the committee of creditors. The Administrator has submitted an application to the Helsinki District Court requesting that Vuorela be released from her position on the committee of creditors and that the composition of the committee be remained unchanged for the remaining part. The District Court has released Vuorela from her position on the committee of creditors on 3 September 2020. The remaining composition of the committee of creditors has remained unchanged with its nine members.

By 14 December 2020, the committee of creditors has convened officially 26 times after the commencement of the restructuring proceedings. In addition to the members listed above, Bankruptcy Officer Simo Viljamaa from the Bankruptcy Ombudsman's office has participated in the aforementioned meetings. The Company's CEO and CFO have regularly attended the committee's meetings where they have provided the members of the committee with up-to-date information on the finances of and cash flow predictions for the entire Stockmann Group. The CEO and the CFO have only participated in these meetings for the duration of their presentations. The committee of creditors has also received presentations of strategy updates of the Stockmann Group and Stockmann division as well as Lindex which presentations have included the participation of the CEO, CFO as well as the CFO of Lindex and the Chairman of the Board.

Pursuant to Section 11 of the Restructuring Act, the Administrator shall, at regular intervals and whenever necessary, inform the committee of creditors or, if no committee has been appointed, the creditors, of the measures taken and the observations made in the performance of his or her monitoring, supervision and inspection duties, and consult with the committee of creditors or the creditors on any significant decisions before such decisions are made. If the Administrator becomes aware that the Company has failed in a material way to repay debts other than restructuring debts, the Administrator shall provide information also to this effect.

Based on the view of the Administrator, it is also necessary to appoint a committee of creditors for the duration of the implementation of the restructuring programme (cf. section 18.2)

2.9 Applications for bankruptcy

The Company is not subject to any pending applications for bankruptcy.

2.10 Retained experts

The Administrator has retained the expert services of external service provider PwC in conducting financial calculations, drafting a bankruptcy comparison calculation and negotiating the financial terms of the restructuring programme since 15 May 2020.

RSM, led by Authorised Public Accountant (KHT) Seppo Suontausta, began a special restructuring audit of the Company on 24 April 2020. The final special audit report was issued on 26 August 2020. RSM has also advised the Company's financial department on the restructuring proceedings' impact on the Company's accounting.

Tuomas Hupli, Doctor of Laws with court training, has provided the Administrator and the Company with numerous legal expert statements regarding certain juridically interpretative questions.

The Administrator has concluded on 26 May 2020 an engagement agreement with CBRE on the valuation pursuant to Section 3(1)(7) of the Restructuring Act of the department store properties owned by the Company. The object of the valuation was the Company's Helsinki Department Store Property, Tallinn's department store property and Riga's department store property, of which the Company owns 63 %, and where the Company's subsidiary SIA Stockmann carries out retail business. The evaluation has been conducted on the value date of 8 April 2020 in order to determine the amount of secured debt as defined in the Restructuring Act.

The Administrator has concluded an engagement agreement with Sisu on 23 May 2020 on the valuation of AB Lindex and the Company's Baltic subsidiaries SIA Stockmann and Stockmann AS. The shares in the companies subject to valuation are not given as security for the Company's debts. The aim of this valuation was to provide an estimation of these companies' value in bankruptcy or any similar enforced sale situation for the purposes of providing the bankruptcy comparison calculation set out in Section 41(7) and Section 42(2) of the Restructuring Act. In addition, Sisu has acted as the Administrator's adviser in certain questions related to the Company's share series and the valuation of shares and hybrid bond liabilities.

2.11 Notification of the creditor's claims

Pursuant to decision no. 20/19056 issued by the District Court on 8 April 2020, the creditors were obliged to submit their claims towards the Company in writing to the Administrator by 15 May 2020 at the latest if their claims deviated from those notified by the Company under threat that their claims will otherwise not be taken into account and any undisclosed debts will expire as provided in Section 47 of the Restructuring Act.

The Administrator published an announcement regarding the commencement of the restructuring proceedings in the Official Journal and Kauppalehti on 21 April 2020. The restructuring administration, together with the Company's financial department, has sought to notify creditors of the commencement of the proceedings and request them to confirm their receivables also in cases where the creditor's receivable has been discovered long after the commencement of the restructuring proceedings.

In addition, the restructuring administration has contacted or made significant efforts, by virtue of sending numerous messages and reminders, to contact all creditors disclosed in the Company's accounts ledger if the balance of these creditors' receivables could have changed since 6 April 2020. When taking into consideration the broad scope of the Company's business operations, its accounts ledger could not reflect the up-to-date amount of each individual restructuring debt due to e.g. the fact that all invoices addressed to the Company and credit notes issued by the Company as per 6 April 2020 could not have been fully taken into consideration when the restructuring proceedings began on 8 April 2020.

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All known creditors were prompted to confirm their receivables by email at stockmann@borenius.com by **15 May 2020**. The majority of creditors submitted information concerning their receivables either themselves or via a representative to the restructuring administration by 15 May 2020. However, communication with the creditors in order to specify and confirm these receivables has continued during the entire autumn 2020 until the completion of the draft restructuring programme. The restructuring administration and the Company's financial department have used their best efforts to clarify any discrepancies between the notifications of the Company and the creditors as well as the final amount of debt by the due date of the draft restructuring programme.

This draft restructuring programme sets out the provisions regarding any unknown restructuring debts (cf. section 14.11).

2.12 Financial report

The Administrator has submitted the report referred to in Section 8(1)(1) of the Restructuring Act regarding the debtor's assets, liabilities and other undertakings as well as the debtor's financial status and any factors affecting its projected development on **17 August 2020**. The financial report was originally ordered to be submitted by 1 July 2020. The Helsinki District Court decided in its decision no. 20/34236 issued on 11 June 2020, as petitioned by the Administrator, that the deadline for the financial report would be extended until 17 August 2020. The Administrator applied for an extension on the grounds that the Company was due to publish its result for the first half of 2020 on 24 July 2020 and that the financial report could not disclose unpublished information regarding the Company's result or other issues prior to that date.

The unofficial English translation of the financial report was completed on 15 September 2020.

The financial report (excluding appendices) was published on the Company's website at <http://www.stockmanngroup.com/fi/yrityssaneerausmenettely> and <http://www.stockmanngroup.com/en/corporate-restructuring> on 17 August 2020, and the unofficial translation was published on the aforementioned websites on 15 September 2020.

The financial report and its appendices that have been partly anonymised have been delivered to the Company, the committee of creditors, the Bankruptcy Ombudsman, the Kosti system as well as all creditors that have provided their email address to the restructuring administration.

2.13 Filing the draft restructuring programme to the District Court

The Helsinki District Court set **11 December 2020** as the deadline for the submission of the draft restructuring programme in its decision concerning the commencement of the restructuring proceedings. The Helsinki District Court has later by the decision no. 20/73120 ordered the postponement of due date of the draft restructuring programme to be **14 December 2020** in accordance with the petition of the Administrator.

2.14 Due date for recovery

The due date that applies to recovery in accordance with Section 35(2) of the Restructuring Act is the date on which the application for restructuring proceedings was filed to the Court i.e. 6 April 2020.

Under Section 36 of the Restructuring Act, the Administrator must file any actions for recovery within six (6) months of the commencement of the proceedings, i.e. on **8 October 2020** at the latest.

The Administrator has not considered it to be justified or necessary to file any actions for recovery based on the observations made in the special restructuring audit or any other observations that he has made. A few legal acts concerning the group companies have been reversed on the basis of the observations made in connection with the special restructuring audit. These measures have been completed by the due date of the draft restructuring

programme. The Administrator has also issued a request for clarification to some of the creditors but has waived any further measures based on the clarification submitted to him. The Administrator has reported all of the said actions to the committee of creditors.

According to the knowledge of the Administrator, none of the creditors have filed any actions for recovery.

2.15 Fulfilment of the duty to provide information and cooperate

The Company has appropriately fulfilled the requirements of the duty to provide information and cooperate established in Section 13 of the Restructuring Act. The Administrator has no complaints with regard to the conduct of the Company's management or other employees.

3 COMPANY

3.1 Business operations and field of business

A Trade Register extract concerning the Company and its articles of association as per 10 December 2020 are attached hereto as Appendix 3.1.

The Company is a public limited company that was established in 1862 and registered in the Trade Register on 20 January 1919. The Company was listed on the Helsinki Stock Exchange in 1942. The Company is listed on Nasdaq Helsinki. The Company has not issued any financial instruments on other stock markets.

The Company engages in the business operations registered in the Trade Register, i.e. trade at department stores and online as well as other trading and related business operations and services. The Company may engage in financing and investment activities and operate restaurants. The Company may engage in business operations either directly or through its subsidiaries or affiliated companies. In addition, the Company may carry out its group companies' shared duties, such as administrative services and financing, either as the parent company or through its subsidiaries.

The Company is a Finnish listed company that engages in retail sale and offers a wide and CSR-conscious selection of high-quality fashion, beauty and home goods at department stores, fashion stores and online stores.

3.2 Ownership and group structure of the Company

The Company has 72,048,683 shares as registered in the Trade Register on 10 December 2020. According to the Trade Register, the nominal value of each share is EUR 2.00. The shares are divided into series A and series B shares. The share series differ with regard to voting power, i.e. series A shares confer 10 votes while series B shares confer one (1) vote. Both share series entitle their holders to the same amount of dividend. The shares are registered in the book-entry system, and they are subject to public trading on Nasdaq Helsinki. Series A shares are traded under the trading code STCAS and series B shares under the trading code STCBV.

Information concerning the Company's largest shareholders and how holdings and shares are distributed by sector are updated to the Company's website at <http://www.stockmanngroup.com/fi/suurimmat-osakkeenomistajat> on the last day of each calendar month. Among the different groups of shareholders, the greatest number of shares is owned by foundations and associations (42.75 % of shares). As per 10 December 2020, there are altogether 30,530,868 series A shares and altogether 41,517,815 series B shares. The ten (10) largest shareholders own altogether 40,918,406 shares, which constitutes 56.79 % of all shares in the Company. The ownership formed through nominee registers constitutes altogether 7.20 % of all shares in the Company.

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The Company's group structure is disclosed in [Appendix 3.2](#). There have not been any changes in the Company's group structure after the financial report was completed on 17 August 2020, but the Company plans to simplify its group structure by merging two (2) wholly owned Finnish subsidiaries into the Company.

The Company is the parent company of the Group. The Group is comprised of two (2) business units, which are the Stockmann department store operations and the online store in Finland, Estonia and Latvia (the Stockmann Division), as well as the fashion chain Lindex, which is comprised of its own Lindex subgroup (the Lindex Division). The Lindex Group engages in the manufacture and retail sales of fashion items via its network of subsidiaries.

The Company has a branch registered in Estonia as well as altogether three (3) Finnish wholly owned subsidiaries (Suomen Pääomarahoytys Oy – Finlands Kapitalfinans Ab, Stockmann Security Services Oy and Oy Hullut Päivät – Galna Dagar Ab). The Company has three (3) foreign subsidiaries: AS Stockmann (Estonia), SIA Stockmann (Latvia) and SSAB whose branch registered in Finland owns all shares in AB Lindex and its subsidiaries, i.e. the so called Lindex subgroup.

The group operates in three (3) geographical segments: 1) Finland; 2) Sweden and Norway; and 3) the Baltics and other countries. All in all, the Group operates in 18 different countries.

The Group is comprised of eight (8) department stores, approximately 460 Lindex fashion stores and three (3) department store properties as well as online stores. The department stores are located in Helsinki (city centre and Itäkeskus), Espoo, Vantaa, Turku, Tampere, Tallinn and Riga. Lindex sells a wide variety of fashion for women and men, children's clothes, underwear and cosmetics at its stores and online.

3.3 Organisation, key persons and premises

In accordance with the Trade Register extract dated 10 December 2020, which is attached hereto as [Appendix 3.1](#), the following persons act as the members of the Company's Board of Directors:

Name	Position
Lauri Ratia	Chairman of the Board of Directors
Leena Niemistö	Member of the Board, Vice Chairman
Esa Lager	Member of the Board
Stefan Björkman	Member of the Board
Tracy Stone	Member of the Board
Dag Wallgren	Member of the Board

Pursuant to article 4 § of the Company's articles of association, the Company's Board of Directors consists of at least five and at most nine members. The term of each Board member begins at the general meeting during which the Board member is elected and ends at the close of the first annual general meeting following the election. The Board of Directors elects a Chairman and a Vice Chairman from among its members for a term of one year at a time.

Under article 5 § of the Company's articles of association, the CEO of the Company is appointed by the Board of Directors. The Company is represented by the Chairman of the Board and the CEO, each alone, and by two Board members together.

Jari Latvanen serves as the CEO of the Company. Latvanen's position as the CEO was registered in the Trade Register on 26 September 2019.

The Company is domiciled at Aleksanterinkatu 52 B, Helsinki, which is where the Company's principal management is also located. Part of the management works at leased premises at Takomotie 1–3, Helsinki.

The number of the Company's employees as per 30 November 2020 is 1,133 divided among locations: Helsinki department store 332, Tapiola department store 80, Jumbo department store 81, Itäkeskus department store 73, Turku department store 78, Tampere department store 80, Service Functions 399 and Corporate Management 10.

The average number of personnel at Stockmann Group between 1 January and 30 September 2020 was 6,104. The average number of employees was 3,902 when converted into full-time positions. The number of personnel in the Stockmann Group on 30 September 2020 was 5,771, of which 1,701 worked in Finland.

The Company has employees at the six (6) department stores in Finland, at the administrative premises located at the department store in central Helsinki and at Takomotie as well as at the distribution centre located in Tuusula.

3.4 Bookkeeping and auditing

The Company's financial year is the calendar year as registered in the Trade Register.

The Company manages its own books.

KPMG Oy Ab has served as the Company's auditor for several years. The Company is inviting auditors to tender as the maximum duration of employing the same auditor has expired. The Company has investigated the possibility that the current auditor be allowed to continue due to the restructuring proceedings as well as the exceptional times characterised by the pandemic. The Company has proposed that the current auditor could continue to audit the Company's financial statements for 2021. The Audit Board has rejected the Company's proposal by a decision issued on 8 December 2020.

The Company's audited and signed financial statements and the related auditor's reports for the financial years 2017–2019 were attached to the financial report dated 17 August 2020. The auditor's reports for the financial years 2017–2019 were standard reports.

The Company's books can be considered to provide sufficiently accurate information of the Company's financial status. The Company has provided the Administrator with all requested materials. The Company's books are up to date. The Company's books are managed thoroughly, up to date and in accordance with the Generally Accepted Accounting Principles.

4 OPERATIONS OF THE COMPANY BEFORE AND AFTER THE COMMENCEMENT OF THE RESTRUCTURING PROCEEDINGS

4.1 Commencement of the restructuring proceedings

The preparations for the Company's restructuring proceedings commenced immediately after the outbreak of the coronavirus pandemic.

Based on the special restructuring audit report, the Company and the Group that it constitutes have had long-term profitability problems that have resulted mainly from the Company's Retail business. The Lindex subgroup's operations have been profitable and showed positive results. The Company has maintained a strong degree of financial solidity. The Company had been able to carry out all its payments and repay its financing loans on their due date, as agreed, until the commencement of the restructuring proceedings. The Company had sold various business operations and subgroups as well as its real estate property assets in Finland and in

Russia during the years preceding the restructuring proceedings. There have also been several significant projects under way that aimed at cost savings and increasing the efficiency of the operations as well as increasing the profitability and sales. The Group's profitability had shown signs of improvement in terms of operating profit at the end of the year 2019 as well as in the forecast concerning 2020 before the effects of the corona crisis.

In accordance with the special restructuring audit report, the management discussed the Company's restructuring proceedings for the first time on 27 March 2020, and the Board of Directors also discussed the restructuring proceedings in its meeting on 30 March 2020. The management has continued to analyse the different alternative measures closely until Sunday evening on 5 April 2020. The decision to apply for restructuring proceedings was made at the management's per capsulum meeting at 8.15 am on 6 April 2020.

The main tasks of the Administrator after the commencement of the restructuring proceedings have been to find out the opportunities to restore the Company's business operations to a sound basis together with the Company's representatives and creditors as well as to instruct the Company's management and financial department on the impacts of the restructuring proceedings. The Administrator has discussed the measures that have been taken and the new measures to increase the effectiveness of the business operations together with the Company's representatives and advisers as well as the experts retained by the Administrator. The Administrator has familiarized himself with the Company's business operations and together with the Company's management ascertained the reasons for the Company's financial difficulties, analysed the position and market situation of the Company, examined the weaknesses inherent in the Company's current business operations as well as analysed the Company's new business plan that was adopted in October 2020 and which covers the duration of the restructuring programme.

The Administrator has examined the possible restructuring and cost saving measures that are available to achieve the Company's goals in the long run, taking into account the Company's business operations, the field of business shaped by the economic situation as well as the resources that are available.

The Administrator has gone through the alternatives for the Company's prospective business operations together with the Company and partly with the representatives of the Company's largest owners in connection with the preparation of the draft restructuring programme.

4.2 Reasons behind the Company's financial difficulties

Long-term reasons

Since 1862, the Company has been famous for selling the most recent and high-quality products from international markets and providing excellent customer service experiences.

After a long financially profitable period, the Company has been faced with increasing financial difficulties since the early years of the 2010s. The main reasons for such difficulties include the considerable investments made in its own and leased department stores (brick & mortar), aggressive growth plans and the related significant supporting investments, e.g. the Nevsky commercial centre and department store in Russia, the large-scale extensions and renovations carried out on the real estate property located in central Helsinki as well as the new parking hall built therein, and the shares in AB Lindex that were acquired at the peak of the economic cycle in 2007 at a purchase price of EUR 867 million. The investments and transactions have been mainly financed with debt financing. Thus, the Company's indebtedness has grown significantly.

The Company's department store operations became unprofitable at the annual level in 2014 and remained unprofitable until the end of Q3/2019. The Company has been unable to reinvent its business to reflect the changes retail trade has undergone. The Company began investing in online sales too late, and the improvements made to the Company's website have been insufficient in terms of functionality. Meanwhile, speciality stores have been losing their market

share to online stores at a rapidly increasing pace. The leases of the department stores have been fixed and mainly indexed, and therefore they have burdened the profitability of the operations more than intended as the revenue has decreased. The Company has lost its original market position and become a retailer of goods that are available at most commercial centres, having continuous discount campaigns, and at the same time the customer service experiences provided by the Company have deteriorated. After the food departments of the Finnish department stores, which were generating considerable losses, were sold to the S Group in 2018, the number of customers has diminished significantly in the rest of the department store operations. The difference is considerable when compared to the food departments in the Baltic countries that are owned and operated by the Group itself. Furthermore, several sublease agreements concluded in connection with the said transaction have been underpriced in terms of the leases (the corresponding lease for the same premises paid to the principal landlord have been clearly higher).

The Company has tried to reorganise its business operations, focus on its core business and sell its assets since 2013 in order to reduce its debts. The Company has sold its department store operations in Russia as well as Akateeminen kirjakauppa and the Herkku business operations in Finland in addition to Seppälä Oy and Hobby Hall Oy. Furthermore, the Company has sold the Nevsky Centre commercial centre and the Kirjatalo (Book House) real estate property.

The Company has modernised its distribution centre, organised its Retail and Real Estate business operations and made investments in its online store in 2020. Some of the savings were directed at system investments, the number of salespersons at the department stores and the reduction of training, which have had a detrimental impact on the Company's competitive edge. In addition, marketing efforts have had to be reduced. The Company's earning power has relied on the Lindex Group and the sales profits obtained from the divestment of the aforementioned assets.

The large-scale rejuvenation project initiated in the Company in 2019 was intended to turn the Company's result profitable and ensure that its revenue would grow again. The core of this strategy regarding the department store business operations has included improving the customer service provided to exclusive customers, more specific profiling of the customer base, improving the quality of the product range and increasing digital services. The project has consisted of several subprojects, hundreds of initiatives and thousands of intermediate goals. In the latter part of 2019, the Company achieved cost savings and focused its business operations and strategy in connection with the project. During Q4/2019, the department store business became profitable, and it was compliant with the Company's business plan in January and February 2020 before the coronavirus pandemic began. As part of the rejuvenation project, the Retail and Real Estate divisions were merged into one Stockmann department store division on 1 July 2019.

As such, the Company and the Group that it forms together with its subsidiaries have had long-term profitability problems that have resulted mainly from Stockmann's department store business, whereas the Lindex Subgroup's operations have remained profitable and its result positive. The Company has nevertheless maintained a strong degree of financial solidity. Before the commencement of the restructuring proceedings, the Company had been able to make all of its payments and repay its financing loans as agreed on their due date. The Company sold its holdings in Akateeminen Kirjakauppa and the Seppälä subgroup in 2015 and its department store business in Russia and the Hobby Hall chain in 2016. The Company and the Group have sold their real estate assets (the purchase price of Kirjatalo (Book House) was EUR 108.6 million and that of Nevsky Center EUR 171 million) and the Herkku food trade business in Finland (purchase price EUR 27.6 million).

Until 2017, the Company's financing has mainly been based on bilateral loans from different banks. The bank loans were combined into one syndicated loan in November 2017. The Company also issued in December 2017 secured Notes amounting to EUR 250 million (the same security pool as the bank syndicate together with some of the Company's hedging

agreement parties). In addition, the Company conducted a commercial paper programme in 2011 under which the Company has been able to issue commercial papers in the maximum amount of EUR 600 million. As the Company's financial situation weakened in December 2015, it issued a Hybrid Bond Loan amounting to EUR 85 million. The amount of Hybrid Bond Loan principal was increased by a new issue in the value of EUR 21 million in November 2019.

Control over the shares is mainly held by the holders of series A shares. Regardless of the above mentioned strategic mistakes, the high rate of indebtedness and the loss-generating business of the iconic department store, the largest owners have made the necessary changes in the key personnel too late. The largest owners have also been in disagreement over the combination of the share series.

Effects of the coronavirus pandemic

The coronavirus pandemic that broke out in Europe after the first week of March 2020 has caused a significant change in the Stockmann Group's business environment and thereby rapidly reduced the number of clients by 70–80 %. Even though the online store business of the Stockmann department stores and Lindex has continued to undergo intensive growth, increased online sales have not been sufficient to compensate for the severe decrease in the number of customers in these exceptional circumstances. The Company's cash flow, its ability to comply with the covenants set out in its financing agreements, utilise its credit facilities and to ensure that it will be able to perform its payment obligations have been endangered to the extent that the Company has considered necessary to file an application for restructuring proceedings before its cash reserves run dry.

The Company and the Administrator both believe that the threat of insolvency will be removed if the Company succeeds in implementing its strategy by carrying out the measures detailed in this restructuring programme.

4.3 Company's business operations after the restructuring proceedings began

4.3.1 General

During the restructuring proceedings, the Company has continued its strategic and cost-saving processes, and its Board adopted new business strategies for the Stockmann Division and Lindex on 29 October 2020 that target the years 2021–2023 most specifically but which cover the entire duration of the planned restructuring programme, i.e. 2021–2028. The business strategy and the income statement and balance sheet projections compiled for the years 2021–2028 take into consideration the following factors disclosed in the restructuring programme: the sale and lease back arrangements pertaining to the department store properties in Helsinki, Tallinn and Riga; the simplification of the group structure (mergers for unnecessary group companies); set-offs of internal receivables; assets obtained by recovery; and the renegotiated terms of the lease agreements that apply to the leased department store properties.

Pursuant to the business strategy adopted by the Company, the Company will not divest itself of Lindex, and Lindex's cash flows will be used to cover payment obligations disclosed in the restructuring programme.

Despite the restructuring proceedings, the Group has continued making investments that support its business operations, and the adopted business strategy includes significant investments in 2021–2028 in both business divisions. The restructuring programme does not feature any cuts to these planned investments. In order to boost efficiency, achieve cost savings and improve the steering of its business operations, the Company has prepared the potential reorganisation of certain internal services and the processes and systems of the business.

The coronavirus pandemic that broke out in Europe after the first week of March has undoubtedly caused a significant change in the Stockmann Group's business environment and thereby rapidly reduced the number of clients. The coronavirus pandemic continued to affect

the business environment negatively in the second quarter. National restrictions were partly lifted in May 2020, which could be seen in the form of positive development in the number of customers visiting the department stores and locations. The Group's business operations gradually normalised during Q3/2020. The number of customers visiting the department stores and locations began to rise towards the usual level in Q3/2020 until the second wave of the coronavirus pandemic began to affect the business operations at the end of the Q3/2020 assessment period. The online sales of both Stockmann and Lindex have developed very positively and continuously improved during Q3/2020.

The retail market is expected to continue facing difficulties due to the change in consumer behaviour and consumer trust that are also affected by the coronavirus pandemic. It has become apparent that the long-term trend of consumers shifting from physical store locations (offline) to online stores has gained even more traction due to the coronavirus pandemic. The Company has reacted to this development e.g. by launching a new website and a new online store as part of its department store operations in Finland. In the future, the Stockmann Division's success will greatly hinge upon e.g. the successful combination of offline and online operations (omnichannel).

As a result of the application for restructuring proceedings, the District Court imposed a temporary interdiction on debt collection and enforcement measures. The situation caused uncertainty especially among suppliers, but business relationships are slowly returning to normal. Stockmann has continued to engage in dialogue with financiers and other important affiliates during the restructuring proceedings.

The Company has not acquired any new external financing during the restructuring proceedings. The Group's cash flow, liquidity and cash assets have, however, developed positively during the restructuring proceedings. The Group had EUR 132 million in cash assets at the end of the Q3/2020 assessment period. The Group's capabilities of projecting its cash flows have also improved during the proceedings.

As part of the commencement of restructuring proceedings, the banks that served as parties to the hedging agreements closed all of the Company's hedging agreements on 6 April 2020. The realised exchange rate profits of the hedging agreements, which amounted to EUR 8.9 million in total as of the moment the hedging agreements were closed, have been processed as short-term receivables. The parties to the hedging agreements are entitled to set off their debt to the Company against their receivables therefrom (which is accounted for as an item reducing the receivables of secured creditors in this restructuring programme).

The Group has not had the opportunity to hedge itself against exchange rate and interest risks during the restructuring proceedings.

The coronavirus pandemic has reduced the rental income the Company receives from business partners from its own department stores and subleased premises. Smaller streams of customers have also impacted the revenue and financial result of subtenants, and therefore also their capability/desire to pay rent.

The prolonged coronavirus pandemic has affected the Group's liquidity as well as its financial status and the value of its assets. The management and Board regularly review the operative and strategic risks involved in the current situation. These risks have been assessed also as a part of the restructuring proceedings and when assessing whether the restructuring programme can be successfully implemented.

The coronavirus pandemic has had a significant negative impact on the business operations of the entire Stockmann Group. Due to the pandemic, the fourth quarter of 2020 involves more uncertainty than usual. The Company projects that its operating profit for 2020 will be smaller than last year's and that its operating result will be negative.

4.3.2 Termination and renegotiation of the Company's lease agreements

The Company has terminated pursuant to Section 27(1) of the Restructuring Act and concluded new, more favourable lease agreements concerning the premises located in Tapiola (Ainoa) shopping centre, the Jumbo shopping centre, Turku and Tampere department stores as well as the administration premises located at Takomotie. In addition, the Company has terminated the lease agreements concerning the parking facility at the Helsinki centre's department store and some smaller leased premises located at Keskuskatu 3, Helsinki, which were sublet premises on the date on which the restructuring proceedings were commenced. With regard to almost all lease agreements, the amount of leased space has decreased to some extent, and the subtenants have had to negotiate their own agreements directly with the (primary) landlord due to the termination of the main lease agreement.

The damages claimed by the landlords due to the termination of the lease agreements are disclosed in section 14.9.2 below. These claims for damages constitute restructuring debt pursuant to Section 27(4) of the Restructuring Act.

4.4 Company's financial result and its development after the commencement of the restructuring proceedings

The Company has published an interim management statement for Q1/2020 on 30 April 2020; a half-year financial report for H1/2020 on 24 July 2020; and another interim management statement for Q3/2020 on 30 October 2020, which is the latest interim management statement, since the restructuring proceedings began. No comments can be given in this draft restructuring programme with regard to unpublished information concerning any developments in the Company's business operations after the Q3/2020 interim management statement.

Q3/2020 – Key factors regarding the Group

The Stockmann Group's operating result improved in the third quarter of 2020 especially owing to Lindex's strong result.

The Stockmann Group achieved a good result in the third quarter due to boosted sales and measures intended to improve cost-effectiveness in both the Lindex and Stockmann Divisions. When taking into consideration the exceptional operating environment, the Stockmann Group succeeded well in its operations during the assessed period pursuant to the interim management statement. Despite the decrease in revenue, the Stockmann Group's operating profit improved and was EUR 11.7 million with cash assets of EUR 132 million.

The Company holds that the result achieved in the third quarter shows that the Stockmann Group's new business strategy works well in exceptional circumstances as well. The changes will be further implemented in accordance with the new business strategy, and the Company trusts that it can easily adjust to changes in the international operating environment. The Stockmann Group will continue to adjust its expenses to correspond to its operating environment.

Lindex continued its digital growth and began operations in international online store Zalando. Lindex also launched a new underwear brand called Closely, which Lindex has partnered with and invested in since its inception for the past two (2) years. As part of exploring new business models and extending the lifespan of fashion items, Lindex is experimenting with selling used children's outerwear at selected stores. The Lindex division launched a cost savings programme with the goal of saving EUR 14.5 million in costs.

The Stockmann Division updated its business plan to reflect the ongoing situation during the assessed period. The goal is to respond to the changes in the operating environment and consumer behaviour by investing in customer relationships and loyalty, by developing an omnichannel customer experience, by inspiring customers in the categories of fashion, beauty, home, food and beverages, by developing a customer-centred culture and by focusing on

profitable business operations. The Stockmann Division continued its improvement efforts at several department stores during the third quarter. Stockmann's status as a premium shopping location continued to improve through the addition of several designer brands to its selection. The Helsinki flagship store also opened a new natural cosmetics section.

In addition, the Stockmann Division launched two (2) new collections of its house brands. Lease negotiations concerning the Stockmann Division's department stores continued with the goal of lowering costs to current market levels. The Stockmann Division will also continue to revise its operations and improve the efficiency of its processes.

The Company does, however, continue to maintain that the coronavirus pandemic has caused a significant change in the business environment in which the Stockmann Group operates. Even though the online store business of the Stockmann department stores and Lindex has continued to undergo intensive growth, increased online sales are not sufficient to compensate for the severe decrease in the number of customers in these exceptional circumstances. The coronavirus pandemic has had a significant negative impact on the business operations of the entire Stockmann Group. Due to the pandemic, the fourth quarter of 2020 involves more uncertainty than usual. The Company projects that its operating profit for 2020 will be smaller than last year's and that its operating result will be negative.

Pursuant to the interim management statement, the coronavirus pandemic that broke out in Europe after the first week of March has caused a significant change in the Stockmann Group's business environment and thereby rapidly reduced the number of clients. The negative effects that the coronavirus pandemic has had on the business environment continued in the second quarter. National restrictions were partly lifted in May, which could be seen in the form of positive development in the number of customers visiting the department stores and locations. Stockmann's business operations normalised slowly in the third quarter. The number of customers visiting the department stores and locations began to rise towards the usual level in the third quarter until changes in the coronavirus pandemic began to affect the business operations at the end of the assessed period. The online sales of both Stockmann and Lindex underwent exceptionally good development, and their sales improved. In the third quarter of 2020, Lindex's online sales almost fully compensated for the decrease in the sales made by the store locations.

During the third quarter, the Group accrued EUR 2.8 million in other business income. This income is comprised of public subsidies granted due to the coronavirus pandemic that Stockmann Group Companies received in various operating countries from state authorities or other corresponding public authorities. During the assessed period, the Group accrued a total of EUR 8.1 million in other business income.

The interim management statement states that after the end of the assessment period, the Hullut Päivät (Crazy Days) sales campaign held by the Stockmann Division was extended to 12 days, and it was held fully online. Pursuant to the interim management statement, online sales operations were successful and online sales grew by 58 %.

The Stockmann Division in July to September 2020

The revenue of the Stockmann Division (including the department stores and online sales in Finland and the Baltics) was EUR 61.6 million (77.7) in the third quarter (figures for corresponding assessment period in 2019 included in brackets). The revenue decreased by 20.7 %. The number of customers began to rise again in the third quarter, but the continuing coronavirus situation was the most significant factor for the decrease in sales. Online sales increased by 111.0 %, and its proportion of the total sales amounted to 7.1 % (2.7) in the relevant quarter.

The revenue in Finland was EUR 47.1 million (60.9), which was 22.7 % less than in the previous year. The revenue of the department stores located in the Baltics decreased by 13.3 % to EUR 14.6 million (16.8). The relative gross margin on sales was 49.3 % (45.9). The growth in the

sales margin was primarily due to a better selection and the fact that the quarter did not feature large blowout sales as in the previous year.

Operating costs decreased by EUR 10.2 million and were EUR 25.5 million (35.7), which can be attributed to smaller personnel and group operation costs that were adjusted in reaction to the decrease in sales caused by the coronavirus situation. The operating result of the third quarter was EUR -7.5 million (-6.9).

The Stockmann Group in July to September 2020

The Stockmann Group's revenue in July to September 2020 was EUR 207.6 million (225.3). The revenue decreased by 7.8 % in euros from the previous year or by 6.8 % at comparable exchange rates when compared to the Swedish krona. The gross margin on sales amounted to EUR 119.1 million (127.0) and the relative gross margin on sales was 57.4 % (56.4). Stockmann's relative gross margin on sales grew, but that of Lindex decreased.

Operating costs decreased by EUR 14.9 million or EUR 13.8 million when taking into account all adjustments made in relation to rearrangements and other measures. The operating costs amounted, in total, to EUR 75.9 million (90.8). The operating result of the third quarter was EUR 11.7 million (2.1). Lindex's operating result grew, but Stockmann's decreased. The adjusted operating result of the third quarter was EUR 13.9 million (5.4). Net financing costs were EUR 9.9 million (13.1). The result before taxes was EUR 1.8 million (-11.0). Earnings per share were EUR -0.02 (EUR -0.27). The adjusted earnings per share were EUR -0.01 (EUR -0.23).

The Stockmann Division in January to September 2020

The revenue of the Stockmann Division (including the department stores and online sales in Finland and the Baltics) was EUR 191.1 million (258.7). From January to February, the sales were approximately at the same level as in the previous year, but the sales decreased heavily afterwards due to the coronavirus situation, resulting in the revenue declining for the entirety of the assessed period. Online sales increased by 107.1 %. The revenue in Finland was EUR 147.4 million (202.7), i.e. 27.3 % less than a year before. The revenue of the department stores located in the Baltics decreased by 22.0 % to EUR 43.7 million (56.0).

The relative gross margin on sales was 43.0 % (46.9). The relative gross margin on sales mainly decreased due to the coronavirus situation that influenced the rental income received from tenants and the gross margin on product sales. The relative gross margin on sales rose in the third quarter, but this rise was not sufficient to compensate for the decrease experienced at the beginning of the year.

Operating costs decreased by EUR 24.9 million and were EUR 82.0 million (106.8), which can be attributed to smaller personnel and group operation costs that were adjusted in reaction to the decrease in sales caused by the coronavirus situation. The operating result for the assessed period was EUR -38.5 million (-21.4).

The Stockmann Group in January to September 2020

The Stockmann Group's revenue in January to September 2020 was EUR 558.7 million (674.8). The turnover decreased by 17.2 % in euros from the previous year or by 16.1 % at comparable exchange rates when compared to the Swedish krona. The Group's gross margin on sales amounted to EUR 309.2 million (379.3) and the relative gross margin on sales was 55.3 % (56.2). Both Lindex and Stockmann experienced a decrease in their relative gross margin on sales.

Operating costs decreased by EUR 50.4 million or EUR 45.0 million when taking into account all adjustments made in relation to rearrangements and other measures. The operating costs amounted, in total, to EUR 233.1 million (283.6).

The Stockmann Group's revenue in January to September 2020 was EUR -21.9 million (-9.1). The adjusted operating result showed a loss of EUR 17.3 million (1.0). Net financing costs were EUR 29.4 million (40.4). The result before taxes was EUR -51.3 million (-49.5). Taxes in Q3/2020 amounted, in total, to EUR 0.1 million (-6.7) and the result was EUR -51.2 million (-56.1). Earnings per share in Q3/2020 were EUR -0.80 (-0.83). The adjusted earnings per share were EUR -0.74 (EUR -0.69). The shareholders' equity per share was EUR 10.39 (10.68).

The Company's KPIs and financial status on 30 September 2020

The Company's KPIs for the time before the restructuring proceedings and after the restructuring proceedings commenced are as follows (NB: these do not include Group or division specific figures):

Financial year	Revenue (EUR 1,000)	Operating profit/loss (EUR 1,000)	Profit for the period (EUR 1,000)	Equity capital (EUR 1,000)	Balance sheet total (EUR 1,000)
Q3/2020 / 1 Jan to 30 Sep 2020 (unaudited)	150,851	-38,470	-8,087	392,040	1,264,407
H1/2020 (unaudited)	102,743	-30,059	2,920	403,047	1,370,359
1 Jan to 31 Dec 2019	304,986	-23,132	-288	400,128	1,446,237
1 Jan to 31 Dec 2018	320,790	74,297	70,889	400,416	1,439,886
1 Jan to 31 Dec 2017	457,825	-35,555	-63,895	331,208	1,504,007

On the date on which the restructuring proceedings commenced, the Company's external loan financing of EUR 594.7 million, comprising of the Notes, syndicate bank financing, commercial papers and the Hybrid Bond Loan, were frozen, and this amount is included in the restructuring debt. At the end of September 2020, the Company had EUR 488.0 million (464.8) in interest-bearing debt or EUR 923.0 million (998.2) if IFRS 16 compliant lease agreement liabilities are also included.

The Company had EUR 435.1 million in lease agreement debt. EUR 164.7 million of this sum is allocated to Stockmann and EUR 270.4 million to Lindex (as per 1 January 2020: Stockmann 235.1, Lindex 294.7; as per 30 September 2019: Stockmann 238.7, Lindex 294.7). The changes in the Stockmann Division's lease agreements were the major reason for the decrease in lease agreement debt. With the conclusion of the new lease agreements, the Stockmann Division's lease agreement debts were decreased by EUR 47.0 million.

The Stockmann Group had EUR 132 million in cash assets at the end of Q3/2020.

4.5 Financing the Company's operations during the restructuring proceedings and debts incurred during the proceedings

The Company has been able to use its strong cash assets and income generated by its business operations to cover all due and payable costs incurred for the restructuring proceedings during the said proceedings as well as all new debt that has accumulated after the restructuring proceedings commenced. The Administrator is not aware of any delays in payment occurring during the restructuring proceedings. Pursuant to the cash flow projections drawn up by the Company, its cash flow will easily cover costs incurred during the restructuring proceedings (Appendix 13.2).

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The Company has not taken on any new interest-bearing debt or given any new securities on behalf of its group companies during the restructuring proceedings.

The Company received altogether EUR 22,366,328.32 from AB Lindex on 21 September 2020 pursuant to an agreement relating to recovery; altogether EUR 841,867.30 in returned payments made to group companies from its Finnish subsidiaries on 8 April 2020; and altogether EUR 4,691,060.75 in repaid debt and interest from UAB Lindex on 25 September 2020.

The restructuring programme is based on the projections regarding the Company's income statement, balance sheet and cash flow, which cover the duration of the restructuring programme (Appendix 13.2). Based on the aforementioned projections, the Company does not need to acquire new equity or interest-bearing debt during the restructuring programme with the exception of possible need to take seasonal working capital. Lindex, however, will most likely need to secure financing for a significant investment in the next few years. The Company trusts that Lindex will be able to acquire the necessary financing in the form of a sale and lease back arrangement, equipment credit or some other interest-bearing debt or as a combination thereof.

The Company has paid all taxes as well as insurance and pension contributions incurred during the proceedings on time. The Company is up-to-date on all public law based fees and notifications and no payments are pending as this draft restructuring programme is being prepared. The payment of the interest incurred during the proceedings for the secured debt has been agreed below in sections 14.3.5 and 15.4.

4.6 Factors in favour of the continuation of the restructuring proceedings and the approval of the restructuring programme

When preparing this draft restructuring programme, the Administrator has not discovered any matters that could give reason to cease the restructuring proceedings. The Administrator has not become aware of any factors that would trigger the need for recovery or other similar measures (with the exception of the payments detailed below in section 5.1.1 that have already been successfully reversed). The Administrator has not made any observations of criminal activity. The Company's books are up-to-date and reliable. The Company has maintained a sufficient level of working capital to cover the costs of and the obligations arising during the restructuring proceedings. No defaults on payment obligations that have arisen during the proceedings have occurred.

The concrete restructuring and savings-generating measures required in order for the Company's finances to be rejuvenated are disclosed in this restructuring programme. By implementing the planned restructuring measures described below, the Company will be able to make the payments listed in its repayment schedule. To the extent of the Administrator's knowledge, there are no reasons why the restructuring programme could not be approved as the restructuring programme complies with law, it treats creditors within their creditor group equally and the preconditions for the successful implementation of the programme exist.

5 THE SPECIAL RESTRUCTURING AUDIT, GROUNDS FOR RECOVERY AND CLOSE RELATIONSHIPS

5.1 Special restructuring audit

5.1.1 Observations and Administrator's measures

The special restructuring audit conducted by RSM focused on data concerning the time period after 30 November 2017 with a deeper focus on events that have occurred since 1 January 2019. The audit primarily focused on transactions that exceeded EUR 500,000, unless the irregular nature of smaller transactions warranted reporting. The limit for intra-group transactions was EUR 1.0 million. Seven (7) million euros was adopted as the limit for noteworthy payments.

The final special restructuring audit report was completed on 26 August 2020. The key findings of the special restructuring audit report are presented below. The Administrator has not initiated any recovery proceedings based on the observations made in the special restructuring audit report, and the Administrator is not aware of any recovery actions filed by the creditors.

The secured creditors have commissioned RSM for an additional small-scale report that relates to the Company's money transactions in March and April 2020.

Based on the observations made during the special restructuring audit, the Administrator has e.g. requested for the parties to the Company's hedging agreements and the Security Agent of the finance agreement to comment on the payment of the assets derived from the netting implemented after the termination of the hedging agreements to the Security Agent instead of the Company. The aforementioned constituted a set-off that is allowed by the Restructuring Act. After the requested information and a set-off notification were received, the matter did not require any further measures.

Based on the observations made in the special restructuring audit, the Administrator has reversed the payment of approximately EUR 840,000 in assets that were transferred from the assets available to the Company to the accounts of the Company's group companies on 8 April 2020. The transfers were made in order to return available assets to the group companies after group cash pool arrangements were closed. However, these transfers were subject to recovery to the extent that assets still remained with the group company as the injunction on repaying restructuring debt imposed in accordance with Section 17 of the Restructuring Act came into force with the District Court's decision at 10.30 am on 8 April 2020.

Based on the observations made during the special restructuring audit, the Administrator has also recovered approximately EUR 22.4 million in debts repaid in cash to group company AB Lindex. The payments were made in early 2020, and they were premature in accordance with the terms and conditions of the agreement that applied between the companies. The Company and AB Lindex entered into a settlement agreement on 17 September 2020 with regard to the return of the aforementioned payments, and the assets have been paid to the Company's bank account.

Furthermore, other potential observations that were earmarked for further review in the special restructuring audit, such as set-off practices between group companies, the use of assets received from the realisation of real estate assets to repay secured debts, the consultant fees paid by the Company, debt amortizations made during the critical period and interest payments made on subordinated loans, have been reviewed and reported to the committee of creditors. The Administrator holds that the factors left for the Administrator's review in the special restructuring audit do not meet the criteria established in the Recovery Act for the claw-back of transactions. The observations disclosed in the special restructuring audit report do not include any events that could be considered a breach of the Restructuring Act or the Finnish Limited Liability Companies Act or which could be considered to have infringed on the interests of the creditors or to have caused the Company to become insolvent.

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5.1.2 Equity, over-indebtedness and insolvency

Based on the book values, the Company has not been over-indebted within the meaning of the Recovery Act during any assessed period. As such, the Company has not lost its equity.

Pursuant to the special restructuring audit report, the Company became insolvent or at least clearly started to be at risk of becoming insolvent within the meaning of the Recovery Act on 31 March 2020 at the latest.

5.2 Audited issues that do not require additional review or remarks

5.2.1 Status of the Company's accounts

Pursuant to observations made during the audit, the Company's accounts and administration have been carried out appropriately and reliably, although the retrieval of data from the relevant systems did seem to require significant effort in some respects. The audit did not include the consolidated financial statements, and the assessment of the status of the Company's accounts focused on the Company's separate financial statements.

5.2.2 Payments made during the critical period

Sums paid to the account payable creditors, payments made towards the principal and interest of commercial papers, interest payments relating to the Notes and payments received by the Finnish Tax Administration later than three (3) months before the due date have been noted to be ordinary in the special restructuring audit. The special restructuring audit has reviewed payments that were made during the critical period for recovery, and the special restructuring audit report lists these payments insofar that they exceed EUR 500,000. In addition to the payments discussed above in section 5.1.1, the special restructuring audit did not discover any premature payments of debts or any payments made towards debts that had long before become due and payable. No set-offs were discovered to have occurred between the Company and third-party creditors that would have to be assessed for recovery purposes. No irregularities were observed with regard to payments made. As such, the Administrator has not considered it necessary to conduct any additional review with regard to payments made during the critical period.

5.2.3 Observance of statutory obligations and the injunction on making payments and providing a security

Pursuant to the information disclosed in its tax account extract, the Company has appropriately fulfilled its obligations to submit notifications regarding its statutory obligations to the Finnish Tax Administration. The notification obligations relating to statutory insurance policies have been fulfilled appropriately. Payments have also been made at their due dates with the exception of the pension insurance contributions for March regarding which the Company applied for an extension based on the coronavirus assistance programme offered by the Finnish Government. The Administrator has also not detected any neglect in the fulfilment of statutory tax and insurance obligations.

The special restructuring audit did not discover any neglect in observing the temporary payment injunction or the injunction on providing a security. The Administrator has also not detected any neglect in this respect.

5.2.4 Distribution of assets

According to the special restructuring audit report, no distributions of assets have been made in the Company during the assessed period aside from the group contributions granted to Stockmann Security Services Oy Ab and Suomen Pääomarahoitus Oy - Finlands Kapitalfinans Ab in 2018.

5.2.5 Salaries, fees and remunerations of the management and the management's actions

Pursuant to the special restructuring audit report, the salaries, fees and severance payments of the management do not give rise to any observations and involve no irregularities.

No observations were made during the special restructuring audit based on which the Administrator or creditors should assess the operations of the Company's management pursuant to the provisions on damages laid down in Chapter 22 of the Finnish Limited Liability Companies Act.

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5.2.6 Related party transactions

The subscriptions of the Hybrid Bond Loans and the related interest payments involve the Company's related parties but no irregularities. No other related party transactions have been discovered during the special restructuring audit, excluding transactions between group companies. The Administrator holds that the interest payments that were made in relation to the subordinated Hybrid Bond Loans in January 2020 involve no grounds for recovery. Pursuant to the special restructuring audit report, the group contributions, administrative services, interest charges and other intra-group charges do not involve any irregularities or observations regarding the existence of grounds for recovery.

5.2.7 Realisation of assets and the use of purchase prices

The sale of the Herkku business operations in 2018 and the use of the related purchase price do not give rise to any observations or grounds for recovery that should be further examined. The sale of the Kirjatalo (Book house) property and the use of the related purchase price do not give rise to any observations or grounds for recovery. The Administrator holds that the use of the purchase price received for the sale of the Nevsky property and the payments made to the secured creditors do not involve any irregularities or grounds for recovery.

5.2.8 Measures regarding punishable acts or suspicions thereof

No acts have been discovered during the special restructuring audit that would meet the criteria for a debtor's offence, accounting offences or other punishable acts related to business operations and which should be disclosed in a separate report attached to the draft structuring programme under Section 41 of the Restructuring Act.

The Administrator has also not made observations on any criminal activity or suspicions concerning such activity.

5.3 Pending legal and administrative procedures

The Company is involved in a pending tax related dispute in Sweden. SSAB has applied for an adjustment to a residual tax decision by petitioning the local court of appeal in Sweden (Kammarrätten i Göteborg). The tax matter that is currently pending at the appeal stage pertains to SSAB's right to deduct, in its taxation in Sweden, interest expenses incurred in 2013–2017 in connection with the intra-group loan it had acquired from the Company for the purposes of a share transaction involving shares in AB Lindex. The interest involved in this tax dispute amounts to approximately EUR 25.6 million (including both the principal and penalty interest). Furthermore, it is likely that in SSAB's taxation for 2018–2019 the right to deduct the aforementioned interest expenses will be similarly denied, which will then result in additional EUR 10.6 million in tax costs. As such, the interest involved in the tax dispute for 2013–2019 altogether amounts to approximately EUR 36.5 million. The processing of the tax dispute at the court of appeal has been postponed until the Court of Justice of the European Union (CJEU) has issued a decision in another matter that was referred to it for a preliminary ruling with regard to the interest deduction system in Sweden. The decision handed down by the CJEU could have a material impact on the end result of the tax dispute at hand. In the event that the CJEU rules in favour of the taxpayer in the matter referred thereto for a preliminary ruling, SSAB will likely have good chances of winning its own tax dispute. However, if the CJEU rules in favour of the tax administration, SSAB will likely have its own appeal dismissed. Please see the provision included in the restructuring programme regarding this matter below in section 15.10.

The Administrator and the Company are aware that two (2) of the Company's former employees have filed pay security applications with an ELY Centre that relate to claims regarding their employment relationships. Both cases involve receivables that predate 6 April 2020 but whose amounts have been agreed upon in a settlement agreement after the restructuring proceedings began. The Company has submitted statements with regard to both applications. **ELY Centre has issued its decisions on the aforementioned pay security cases on 23 December 2020**

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and 20 January 2021. As a result of these decisions and the payments made by ELY Centre, ELY Centre has become an unsecured public law restructuring creditor in place of the employees. The receivables of one of the employees have been fully settled by pay security payments and thus the employee has no longer restructuring receivables from the Company. The second employee still remains as an unsecured restructuring creditor as some of the employee's receivables could not be settled by pay security.

In addition, during the autumn of 2020, the Company has been involved in one (1) employment dispute at a Court of Appeal, which ended with the court ruling in the Company's favour on 26 November 2020.

The Administrator is not aware of any other legal or administrative proceedings in which the Company would be a party.

5.4 Close relationships

Pursuant to Section 41(5) of the Restructuring Act, the restructuring programme must include an itemised account of the close relationships between creditors and the debtor, as referred to in Section 3 of the Recovery Act.

Pursuant to Section 3 of the Recovery Act, a close relationship is considered to exist between the debtor and any party that, alone or together with its related parties, shares a material beneficial relationship with the debtor based on partnership or some other corresponding financial factor and any parties that exercise considerable power over the debtor's operations based on a managerial position. In addition, the spouses and close relatives of the aforementioned related parties as well as any companies owned or managed by the related parties are considered to have a close relationship with the debtor based on an indirect association.

The Company reports on related party transactions that have been implemented during the relevant financial year in its financial statements. In its financial statements for 2019, the Company lists the members of the Board and management team as well as the parent company, the subsidiaries and the joint operations as its related parties.¹ The independence of the board members from the Company and the significant shareholders is disclosed on the Company's website in connection with information regarding the Company's Board of Directors.

Stockmann abides by the Guidelines for Insiders issued by Nasdaq Helsinki Oy. After MAR came into force on 3 July 2016, the Company has no longer maintained a public insider register. The Company defines the board members, the CEO, the members of the Group's management team and the auditors as the members of management who are bound by the disclosure obligation regarding their transactions. The Company has decided that the management is restricted from trading in the Company's shares for a period of 30 days before the publication of any interim reports or financial statements. The Company also observes the 30-day silent period before the publication of its interim reports and financial statements. No meetings are held with capital markets representatives during the silent period. As a result of MAR, that came into force on 3 July 2016, the holdings of the permanent members of the Company's insider list (i.e. a public insider register) have no longer been published on the Stockmann website since 2 July 2016.²

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¹ Source: <http://www.stockmangroup.com/documents/10157/88944/Talouskatsaus+2019.pdf/b082be55-82a0-1c85-a974-80168acf1cd9>, section 5.5 (p. 65).

² Source: <http://www.stockmangroup.com/fi/sisapiiri1>

6 REPORT CONCERNING ASSETS, LIABILITIES AND PROVIDED SECURITIES AS WELL AS THE BANKRUPTCY COMPARISON

6.1 General

A report concerning the Company's assets, liabilities and other undertakings as well as provided securities as per 8 April 2020 is provided below.

The purpose of the restructuring proceedings is to secure a larger disbursement for the creditors than they would receive in a bankruptcy in addition to reorganizing the Company's business operations. The bankruptcy comparison is presented below in section 6.6 and in Appendix 6.6. The bankruptcy comparison calculation is made by assessing the likely realisation price of the Company's assets in the event of a bankruptcy deducted by the expenses of the bankruptcy estate caused by the bankruptcy proceedings.

6.2 Assets of the Company

The Company's assets are comprised of cash in hand and at banks, sales receivables, current assets, subsidiary shares, intra-Group receivables, other shares, real estate assets (as a security for secured debt) and other fixed-asset shares as well as machinery and equipment.

The Company's assets are itemised and the valuation grounds thereof disclosed in the bankruptcy comparison calculation presented below in section 6.6. The estimated realisation value of the Company's assets in the event of a bankruptcy is EUR [] million.

The value of the Company's assets calculated pursuant to the applicable accounting provisions are disclosed in the Company's published balance sheets.

6.3 Company's debts

6.3.1 Total amount of debt

The Company is liable for altogether EUR **742,347,071.59** in restructuring debt.

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Status	Creditors	Amount of restructuring debt	Conditional / disputed / maximum
Secured	Syndicate Banks	EUR 185,846,307.14 (following set-off)	EUR 148,250.98 in guarantee liabilities, which amount will change to EUR 118,250.98 after 3 February 2021 unless the beneficiary of the guarantee will present more claims on the basis of the guarantee, the expiry date of which is 3 February 2021.
Secured	Noteholders	EUR 247,737,172.86 (following set-off)	
	Debt to secured creditors after set-off in total	EUR 433,583,480	
Unsecured	Public law creditors	EUR 5,475,735.63	The presented amount of public law restructuring debt includes a EUR 450,000 share of the EUR 740,000 total conditional receivable as notified by the Finnish Employment Fund.
Unsecured	Commercial paper creditors	EUR 53,439,349.31	
Unsecured	Account payable and other creditors (including undisputed lease liabilities)	EUR 46,157,185.46	The presented amount of restructuring debt includes the now clarified account payable and other restructuring debts which were still unclear or disputed in the draft restructuring programme date 14 December 2020. Disputed debts are discussed below in more detail in sections 6.3.8 and 14.9 and in Appendix 13
Unsecured	Group companies	EUR 81,699,44.01	
Unsecured	Landlords, subtenants and other parties who have presented damages claims ³	EUR 13,874,773.36	The presented amount of restructuring debt includes altogether EUR 11,313,975.36 worth of debts, which amount is conditionally approved by the Administrator but of which amount creditors have a differing view. Amount of disputed claims is specified below in section 14.9 and in Appendix 13.

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³ Some of the disputed claims are presented as receivables incurred during the proceedings instead of being presented as restructuring debt.

Status	Creditors	Amount of restructuring debt	Conditional / disputed / maximum
	Unsecured debts in total	EUR 200,646,487.77	
Lowest priority debts	Hybrid bond creditors	EUR 108,117,103.82	
	Lowest priority debts in total	EUR 108,117,103.82	
	ALL IN TOTAL	EUR 742,347,071.59	

6.3.2 Changes in the restructuring debts

All of the Company's small debts (i.e. debts falling under EUR 5,000) have been paid between November 2020 and January 2021. The Company has paid altogether **EUR 679,526.81** in small-scale debts. There are altogether **413** small-scale creditors whose receivables as per 6 April 2020 have been paid, **with the exception of one (1) known debt that is less than EUR 5,000 in light of current information, but which was presumed to increase as the relevant creditor submits later claims (landlord creditor).** The debt in question will be settled as a small-scale debt once it has been confirmed that the final balance of the debt will no longer increase.

Pursuant to Section 26 of the Restructuring Act, an undertaking or agreement concerning a secured debt can be terminated in order to repay the debt prematurely upon the decision of an administrator once the restructuring proceedings have commenced if this is sensible vis-à-vis the debtor's financing arrangements. After having presented the matters of three (3) creditors that had used their right of pledge and retention to the committee of creditors, the Administrator decided on 12 May 2020 to pay the receivables of the holders of the retention right in order to release the Company's assets that were in the possession of the holders of the retention right. The total amount of receivables paid to the holders of the retention right was approximately EUR 1,260,000. The committee of creditors also approved the Administrator's proposal that creditors in a similar position and their receivables that may arise at a later stage will be treated in the same way as the above-mentioned three (3) creditors. On the above grounds, the Company has prematurely repaid two (2) minor secured leasing liabilities to a financing company. In addition, the Company has paid secured debt instalments to two (2) different service providers as well as a secured restructuring debt to Intertrust (Finland) Oy (less than EUR 5,000) and to Finnish Customs before the submission of this draft restructuring programme to the District Court.

The Company has not repaid any other restructuring debt after the restructuring application was filed.

As part of the commencement of restructuring proceedings, the financing banks that served as the parties to the hedging agreements closed all of the Company's hedging agreements on 6 April 2020. The realised exchange rate profits of the hedging agreements, which amounted to approximately EUR 8.9 million in total as of the moment the hedging agreements were closed, have been processed as short-term receivables. The parties to the hedging agreements are entitled to set off their debt to the Company against their receivables therefrom (which is accounted for as an item reducing the receivables of the secured creditors in this restructuring programme).

The Company's debts have increased as a result of the lease agreements that were terminated pursuant to Section 27(1) of the Restructuring Act and the damages claims presented by the landlords and subtenants as a result of these terminations. Furthermore, the Company has

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incurred more debt to its group companies as a result of recovery demands and the recovery of group company payments.

6.3.3 Secured debts and the payment of interest during the proceedings

The Company concluded in 2017 a secured Term and Revolving Facilities Agreement in the value of EUR 650 million with OP Corporate Bank plc; Danske Bank A/S; Nordea Bank AB (publ), Finnish Branch; DNB Bank ASA; Svenska Handelsbanken AB (publ); and Swedbank AB (publ) (i.e. the Syndicate Banks).

The Company also issued secured Notes in 2017. The Notes become due and payable on 11 January 2022, and they are paid a fixed annual interest of 4.75 %. The principal of the debt based on the Notes amounts to a total of EUR 250 million.

The Company has provided the following securities for the Facilities Agreement and the Notes as well as for liabilities arising from hedging agreements concluded with certain banks that were drawn down on 6 April 2020: (i) a real estate mortgage in the amount of EUR 1.5 billion to the Helsinki Department Store Property; (ii) a blocked bank account relating to certain disposal proceeds; (iii) a real estate mortgage in the amount of EUR 170 million to the department store property located in Tallinn; and (iv) a share pledge regarding the shares owned by the Company in the company SIA "Stockmann Centrs".

The parties to the Facilities Agreement, the Notes and the hedging agreements entered into a separate intercreditor agreement in 2017 regarding the order of priority of the receivables under the Facilities Agreement, the Notes and the hedging agreements as well as of the realisation income from the granted security provided for the payment of the receivables.

In addition to the Syndicate Banks and holders of the Notes, OP Corporate Bank plc (as the payment transactions agent), Danske Bank A/S (as the facility agent), Nordic Trustee Oy (as the agent of the holders of the Notes) and Security Agent Intertrust (Finland) Oy (as the security agent) are among the secured creditors in accordance with the Facilities Agreement and the agreement concluded between the creditors in terms of the liabilities that arise out of acting as an agent.

The Company's restructuring debts to the Syndicate Banks and the holders of the Notes following the related set-offs of approximately EUR 8.9 amount to altogether EUR 434,059,177.26. Danske Bank A/S also has conditional guarantee liability based restructuring receivables for the amount of EUR 148.250,98.

Agents Nordic Trustee Oy and Intertrust (Finland Oy) as well as the Syndicate Banks and Danske Bank A/S as the facility agent had declared that they have conditional and maximum amount based restructuring receivables, but they have since withdrawn these claims. Intertrust (Finland) Oy's minor secured restructuring receivable was paid, similarly to other smaller secured debts prior to the finalisation of this draft restructuring programme.

The Company has paid EUR 300,000 in interest for the secured debts per month since 8 April 2020. The Company has commenced payments of interest for the secured debts on 1 June 2020 and made the interest payments also for the time period between 8 April and 31 May 2020 in connection with later monthly payments. The secured creditors have, however, requested that the interest payable for the secured debts be paid, pursuant to Section 18(1) of the Restructuring Act, in full in accordance with the original terms and conditions of the relevant credit. This request deviates from standard practice that usually applies during restructuring proceedings, but the claim cannot be ignored due to the clear provision of the law. On these grounds, the restructuring programme contains a provision ordering the Company to pay Full Interest on the last banking day of each month from 1 December 2020 onwards up until the day on which the restructuring programme is certified by the Court as well as the difference between the unpaid Full Interest and the interest that has been paid so far between 8 April 2020 and 30 November 2020 by 31 December 2021 in as many monthly instalments of equal size as there

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will be full calendar months left in 2021 after this restructuring programme has been certified by the District Court. Each interest instalment will be paid on the last banking day of each month starting from the last banking day of the month following the month in which the restructuring programme is certified. **A separate agreement accompanied with a calculation will be concluded on the payment of the interest incurred during the restructuring proceedings to the secured creditors in accordance with the provisions of this draft restructuring programme.**

Finnish Customs was one of the secured creditors when the restructuring proceedings began. The Company's restructuring debt to Finnish Customs was paid together with applicable interest, i.e. altogether EUR 37,510.68, on 2 December 2020. Finnish Customs remains in possession of real estate mortgage note no. 1, which was given for the real estate mortgage confirmed on 5 August 2005 on the Company's Helsinki Department Store Property located in the centre of Helsinki (real estate code 91-2-7-1) and which has the mortgage note value of approximately EUR 1.7 million, that the Company provided as a pledge for its liabilities. The pledge will be released when the real estate property is realised, which is when Finnish Customs' receivable should have been paid at the very latest.

The Company has no business mortgages.

6.3.4 Unsecured debts

The Company has accumulated altogether approximately **200.6 million** in ordinary unsecured debts, which are divided into the creditor groups as shown in the table above in section 6.3.1. The conditional, maximum and disputed debts are discussed below in sections 6.3.6 and 6.3.8 and in more detail in section 14.

6.3.5 Lowest priority debts

Pursuant to Section 46(3) of the Restructuring Act, interest and other credit costs accruing during the restructuring proceedings to restructuring debts other than secured debts shall be deemed to be lowest priority debts; the lowest priority debts after such debts shall be those that would be paid last in a bankruptcy.

The Company originally held a hybrid bond loan of EUR 85 million (Hybrid Bond Loan). The loan was issued on 17 December 2015. The loan's annual coupon rate was, at first, 7.75 %. In November 2019, the holders of the Hybrid Bond Loan approved some amendments to the terms and conditions of the loan. For example, the annual coupon rate was adjusted to 10.75 % from 31 January 2020 onwards. The Company issued new notes for the value of EUR 21 million in relation to the existing Hybrid Bond Loan in November 2019. The issue was subject to the same amended terms and conditions, and offered for subscription to some of the largest Company shareholders in a directed bidding process where three shareholders contributed to additional financing. Based on the terms and conditions of the loan, the Hybrid Bond Loan is subordinate to the Company's other debt undertakings and it will be treated as an equity item in accordance with the IFRS, i.e. it can be repaid only after all other creditors have been repaid during any insolvency or liquidation proceedings affecting the issuer.

The hybrid bond creditors and those creditors whose receivables comprise of only interest and other credit costs accumulated during the restructuring proceedings (i.e. small-scale creditors) have the lowest priority in the payment order in the restructuring proceedings of the Company.

6.3.6 Conditional and maximum debts

The creditors for the conditional and maximum debts are the Finnish Employment Fund, Danske Bank A/S and other guarantee liability creditors, ~~Aimo Park~~, ECR Finland Investment I Oy and some of the Company's landlord or subtenant creditors. These debts are discussed in more detail in sections 14.10, 14.12 and 14.13.

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6.3.7 Employee salaries and employer contributions

The Administrator has not made observations on the Company having any debt concerning unpaid salaries or other employer contributions from the time prior to the commencement of the restructuring proceedings nor has any such unpaid debt accumulated during the proceedings, with the exception of some disputed matters discussed above in section 5.3.

6.3.8 Disputed or unresolved debts

The efforts to chart the Company's debts began on 8 April 2020 and these efforts have continued up until the completion of the draft restructuring programme. In addition to ascertaining the existence of secured debts, debts to public entities, commercial paper debts, intra-group liabilities and hybrid bond liabilities and responding to the enquiries of the creditors as well as their representatives, the restructuring administration and the Company's financial department have cooperated to have clarified the final balances of the Company's account payable debts and other unclear debts. The restructuring administration has been in contact with nearly 2,000 creditors in order to have confirmed the amount of the restructuring debt to them.

The amount of the Company's account payable debts as per 6 April 2020 has become more precise during the restructuring proceedings because the Company's accounts ledger could not have reflected the correct situation of the debts as per 6 April 2020 on the date of the commencement of the proceedings. Both the Company and its suppliers have delivered numerous invoices and credit invoices concerning deliveries prior to 6 April 2020 still throughout the autumn of 2020 for the processing of the invoices and for the clarification of the final balance of total debt. In the beginning of the restructuring proceedings there were approximately 1,100 known account payable creditors. During the restructuring proceedings, the restructuring administration together with the Company's financial department have been able to have confirmed in writing the final amount of the restructuring debt with approximately 850 creditors. **In addition, the restructuring administration and the Company's financial department have arranged to have the restructuring receivables of 413 small-scale creditors be paid between November 2020 and January 2021.**

As a result of these efforts, the final amount of restructuring debt owed to only approximately 10 creditors remains unclear or disputed between the relevant creditor and the Company **on 14 December 2020**. The parties' differing views and the Administrator's proposal for the restructuring debt to be recorded in the repayment schedule are described in Appendix 13. The restructuring administration and the Company strive to come to an agreement regarding the final amount of debt owed to the aforementioned creditors before the restructuring programme is approved and based on the claims presented by the creditors. **Disputes and unclarities related to the account payable debts have been resolved during the restructuring proceedings. There is no longer a section of disputed account payable debts in the Appendix 13 of the amended draft restructuring programme.**

The most significant disputes with the creditors are discussed in more detail below in section 14.9.

6.3.9 Company's securities, guarantee liabilities and other liabilities

The Company has provided the real estate, account and share pledges as security for its own liabilities as detailed above in section 6.3.3. The Company is subject to liabilities arising from guarantees provided to various banks on behalf of Lindex that amount to altogether EUR 27,567,659.61 (the amount as per 30 September 2020). In addition, the Company is subject to liabilities arising from the guarantees provided for the lease agreements of its group companies that amount to altogether EUR 4,460,691.54 and to liabilities related to the counter-guarantees provided for the guarantees of its group companies that amount to altogether EUR 190,313.85 (the amounts as per 30 September 2020).

LIABILITIES RELATED TO GUARANTEES AS PER 30 SEPTEMBER 2020			
I RECEIVED GUARANTEES			
Beneficiary	Guarantor	Amount of guarantee (€)	Object of the guarantee
HSL	Danske Bank	30 000,00 €	Guarantee related to travel ticket sales
TOTAL		30 000,00 €	
II GUARANTEES PROVIDED ON BEHALF OF GROUP COMPANIES			
Beneficiary	Group company	Amount of guarantee (€), converted into EUR as per 30 September 2020	Object of the guarantee
Svenska Handelsbanken (SEK)	AB Lindex	7 567 659,61 €	General guarantee
SEB	AB Lindex	20 000 000,00 €	General guarantee
TOTAL		27 567 659,61 €	
III LEASE AGREEMENT GUARANTEES PROVIDED ON BEHALF OF GROUP COMPANIES			
Beneficiary	Group company	Amount of guarantee (€), converted into EUR as per 30 September 2020	Lease object of the guarantee
Ramsbury Property AB	Lindex Sverige AB	2 218 401,14 €	Sto-flagship store
Ilmarinen	Lindex Oy	238 000,00 €	Aleksanterinkatu 17, Helsinki Finland
Sponda Oyj	Lindex Oy	2 004 290,40 €	Ratina, Tampere Finland
TOTAL		4 460 691,54 €	
IV COUNTER-GUARANTEES PROVIDED FOR THE GUARANTEES OF GROUP COMPANIES			
Beneficiary	Group company	Amount of guarantee (€), converted into EUR as per 30 September 2020	Object of the guarantee
Olympia Brno S.r.o (CZK)	AB Lindex	72 839,61 €	Guarantee for lease agreement, Olympia Brno S.R.O / issued by Handelsbanken
Tirdniecibas Centrs Pleskodale	SIA Lindex Latvia	51 710,00 €	Guarantee for lease agreement, Spice Shopping Center, Riga / issued by Danske Bank
HM Revenue & Customs (GBP)	Lindex UK Fashion	65 764,24 €	Guarantee issued in favour of the UK customs/ Issued by Danske Bank
TOTAL		190 313,85 €	Other

contingent liabilities as per 30 September 2020 that must be recorded in the financial statements are presented in the table below.

Other contingent liabilities recorded in financial statements	
	30 September 2020
Financial leasing liabilities	901 088,50 €
Electricity contract liabilities	885 863,00 €
Lease agreement liabilities	204 641 408,32 €
	206 428 359,82 €

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Pursuant to the special restructuring audit report, the Company has not provided any third-party securities since 31 December 2017. Aside from smaller rental deposits, the Company has not received any securities. The Administrator is not aware of any payments of restructuring debts resulting from guarantees given on behalf of the Company's liabilities.

The Company has not provided any rental deposits or securities to its landlords.

The restructuring receivables from Helsingin Seudun Liikenne (HSL) of EUR 7,097.73 are secured by a bank guarantee of EUR 30,000 granted by Danske Bank AS' Finnish branch. The guarantee has been provided as a security for liabilities related to travel card sales. According to the notification submitted by the creditor on 6 August 2020 and again on 3 December 2020, the guarantor has not paid the Company's restructuring debt. **According to the notification of the creditor given on 8 January 2021 the creditor has received payment for the Company's restructuring debt from the guarantor. As a consequence of the guarantor's payment Danske Bank A/S will become a restructuring creditor in place of HSL. The change is entered in Appendix 13.**

6.4 Valuation of the securities provided for the restructuring debts

The Company has provided the following securities for the Facilities Agreement and the Notes as well as for liabilities arising from hedging agreements concluded with certain banks: (i) a real estate mortgage in the amount of EUR 1.5 billion concerning the Helsinki Department Store Property; (ii) a blocked bank account relating to certain disposal proceeds; (iii) a real estate mortgage in the amount of EUR 170 million to the department store property located in Tallinn; and (iv) a share pledge regarding the shares owned by the Company in the company SIA "Stockmann Centrs". The Company has also provided Finnish Customs with a real estate mortgage note no. 1 that was given for the real estate mortgage confirmed on 5 August 2005 on the Company's Helsinki Department Store Property (real estate code 91-2-7-1), with the mortgage note value of approximately EUR 1.7 million, as a pledge.

The Administrator has concluded an engagement agreement with CBRE on the valuation pursuant to Section 3(1)(7) of the Restructuring Act of the department store properties owned by the Company. The object of the valuation was the Company's Helsinki Department Store Property, Tallinn's department store property and Riga's department store property, of which the Company owns 63 %, and where the Company's subsidiary SIA Stockmann carries out retail business. The evaluation has been conducted on the value date of 8 April 2020 in order to determine the amount of secured debt as defined in the Restructuring Act. The valuation reports of the Helsinki, Tallinn and Riga department store properties have been obtained. According to the valuer, the precision of the valuations is plus or minus 20 % and it is further diminished due to the special characteristics of the property, insecurity resulting from the current pandemic situation and the small number of comparable transactions. Based on the reports discussed above, the total value of the Company's pledged assets in department store properties is thus approximately EUR []. No conclusions on the going concern value of the said assets can be made on the basis of these valuations and these valuations cannot be used as such for the basis of their book values.

6.5 Likely realisation methods for the Company's assets and the grounds for the valuation of the assets

The Company's assets are comprised of cash in hand and at banks, sales receivables, current assets, subsidiary shares, intra-Group receivables, other shares, real estate assets (as a security for secured debt) and other fixed-asset shares as well as machinery and equipment.

In the event of bankruptcy, the realisation of the Company's assets would involve the continued operation of at least the Finnish department store business during the inventory's closing sale at different locations and the sale of its equipment after the closing sale has ended; collecting on sales receivables; the sale of real estate assets; the sale or dissolution of subsidiaries or having them declared bankrupt (on a case-by-case basis depending e.g. on whether the

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subsidiary's shares have value and what kind of impact the business operations carried out by each subsidiary has on the value and realisation method of the real estate assets owned by the Company); and the potential transfer of intellectual property rights either in a separate transaction or as part of some other arrangement.

The Administrator does not consider it likely that the Company's business operations could be sold as one functional whole in the event of the Company's bankruptcy. As such, the likely realisation method in the Company's bankruptcy would be the separate realisation of all individual assets (including potential clusters of assets). The estate administration would likely continue for several years when taking into consideration the likelihood of various civil trials in addition to the realisation of the Company's assets. The bankruptcy proceedings could take 6–10 years based on experience gained from other bankruptcies of a similar magnitude.

Pursuant to the wording of Section 3(1)(7) of the Restructuring Act, secured debt means restructuring debt where the creditor holds, as against third parties, an effective real security right to property that belongs to or is in the possession of the debtor, in so far as the value of the security at the commencement of the proceedings would have been enough to cover the amount of the creditor's claim after the deduction of liquidation costs and claims with a higher priority. As such, the assessment of the security's value must be based on the most likely realisation method as per the date on which the restructuring proceedings were commenced, i.e. 8 April 2020. In addition, all costs incurred for liquidation must be deducted from the value of the security.

With regard to the Finnish department store business operations, the Administrator has based the bankruptcy comparison calculation on having the closing sale of the department stores' inventory begin immediately at every department store, which means that the Administrator has considered this to be the most likely and most beneficial realisation method. The Company's locations would be shut down gradually over a period of 5–6 months so that the sales inventory of each location would be transferred to the department store located in central Helsinki (which the Company owns) and the leased premises would be divested at a rapid but controlled pace. The Company's support functions (marketing, IT, etc.) would also be gradually shut down while taking into consideration the needs of the limited continued operations of the bankruptcy estate.

The Administrator considers it unlikely for the online store to continue its operations on behalf of the bankruptcy estate. The online store's operations involve several different contractual partners e.g. with regard to secured payments and distribution. Not all contractual partners are willing to enter into new agreements or continue the debtor's agreements with the bankruptcy estate as a new contractual partner. Provisions that apply to online sales, such as those that govern returns and other aspects of consumer protection, may also prove to be challenging if the bankruptcy estate functions as the seller.

The assumed realisation method has been taken into consideration in the bankruptcy comparison calculation, the likely realisation price of the Company's assets, and the estimated costs of the bankruptcy proceedings as discussed in more detail in section 6.6.

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6.6 Bankruptcy comparison

Pursuant to Section 41(1)(7) of the Restructuring Act, the restructuring programme must include an itemised assessment of how the financial status and the operating conditions of the debtor and the status of the creditors can be assumed to develop in the absence of a programme and with the support of a programme. Furthermore, under Section 42(2) of the Restructuring Act, the restructuring programme must include, for ordinary debts, an assessment of what their share would have been in bankruptcy without the application of Section 32(2).

The bankruptcy comparison compares the pay-off promised in the restructuring programme and the estimated disbursement in the event of a bankruptcy. Pursuant to legal literature and case law, the pay-offs are compared at their nominal values and no significance is given on the lapse

of time. As a premise, the estimates made in the course of the bankruptcy comparison must be based on the most likely realisation method that results in the best possible outcome.

A bankruptcy comparison calculation concerning a fictitious bankruptcy situation, which has been drafted by the Administrator and PwC, is attached to this draft restructuring programme as Appendix 6.6 (SECRET DOCUMENT). The bankruptcy comparison calculation assesses the potential outcomes when taking into consideration the best possible (high case) and worst possible (low case) outcome, and the average of these two (midpoint) is adopted as the final outcome of the comparison.

Valuation of the Company's assets as per 8 April 2020

The liquidation calculation has first taken into consideration the assets recorded in the Company's balance sheet on the date on which the restructuring proceedings began, i.e. 8 April 2020. No actual interim financial reports were drawn up with regard to the Company's financial situation as per 8 April 2020 as the Company released an interim management statement detailing its financial figures on 31 March 2020. Any funds generated through recovery proceedings are not included in the Company's assets. The Company's assets are comprised of cash in hand and at banks, sales receivables, current assets, subsidiary shares, intra-Group receivables, other shares, real estate assets (as a security for secured debt) and other fixed-asset shares as well as machinery and equipment.

The cash in hand and at banks is valued at its balance sheet value as per 8 April 2020. The cash in hand and at banks include the cash assets of the department stores and card payments in transit in addition to the liquid funds available in bank accounts. The sales receivables are valued at their balance sheet value while using statistical data regarding actual bankruptcy realisation values when determining their realisation value. The realisation value used for the sales receivables corresponds to 70–85 % of their balance sheet value as it is common for sales receivables not to be realised at their full value during bankruptcy either. The current assets are valued at their balance sheet value while using statistical data regarding actual bankruptcy realisation values when determining their realisation value. The potential costs incurred for shutting down the business operations are separately estimated in the bankruptcy comparison calculation, and the realisation percentages of the current assets have been adjusted accordingly. The realisation value used for the current assets corresponds to 80–90 % of their balance sheet value before the deduction of the sales costs. Other short-term receivables primarily comprise accrued income, which are considered book accrual entries. As such, they are not considered to have any realisation value in a bankruptcy.

The Company owns the Lindex Group through its subsidiary, Stockmann Sverige AB. In the bankruptcy comparison calculation, Lindex's realisation value, which is based on a valuation report drafted by Sisu for the purposes of the bankruptcy comparison calculation, has been taken into consideration for Stockmann Sverige AB. The value that the Lindex Group would have, pursuant to the report, as per 8 April 2020 if the Company were to go bankrupt – deducted by the tax liability owed to the Swedish tax authority and by the costs incurred for its sale – is taken into consideration in the bankruptcy comparison calculation. The costs incurred for the Lindex Group's sale include an estimated amount of potential fees charged by the advisers and lawyers involved in the transaction as well as the applicable value added tax. Sisu's valuation takes into consideration W&I insurance costs as a bankruptcy estate typically cannot provide standard seller's representations and warranties to the purchaser, and the purchaser is assumed to deduct the W&I insurance costs, which would apply instead, from the purchase price calculation (enterprise value to equity bridge). As such, transactions concluded by an insolvent seller would serve as the point of comparison for the W&I insurance costs. The Company has an intra-Group receivable from Stockmann Sverige AB. The receivable was generated in connection with the financing of the Lindex Group's acquisition, and no separate realisation value is allocated for this receivable in the bankruptcy comparison calculation. The funds received for the sale of the Lindex Group are taken into consideration in connection with the valuation of subsidiary shares.

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The realisation values of Stockmann SIA and Stockmann AS are also based on the valuation reports drafted by Sisu for the purposes of the bankruptcy comparison calculation. Costs incurred for the sale of the company have been deducted from the realisation values, which include an estimated amount of fees charged by transactional advisers and applicable value added tax. Sisu's valuation takes the W&I insurance costs into account. The other subsidiaries do not carry out any material operative business, and the bankruptcy comparison calculation does not allocate any assumed value for them in a bankruptcy.

The realisation value of the department store properties located in Helsinki, Tallinn and Riga (including land and water areas) as per 8 April 2020 is based on CBRE's valuation report. An estimated amount of costs that could be incurred during the sales process, including fees charged by the broker and any transactional advisers as well as applicable value added tax, has been deducted from the value of these properties in the bankruptcy comparison calculation. The aforementioned properties serve as a security for the Company's secured creditors.

Other tangible assets are valued, in accordance with the principle of prudence, to specific percentages of the relevant asset's balance sheet value or based on earlier attempts to sell them. Machinery and equipment includes e.g. department store equipment and storage equipment whose realisation value is estimated to be 10–25 % of their balance sheet value. Statistical data regarding actual bankruptcy realisation values has been used as a basis for allocating the aforementioned realisation value percentages. The bankruptcy comparison calculation does not estimate for any renovation or alteration works carried out at the leased premises or for any other tangible assets or prepayments to have any realisation value in a bankruptcy. Intangible assets primarily comprise IT software and licences, and these are not estimated to have any significant realisation value. The rights related to the Stockmann trade name are the largest predictable value-having intangible asset.

As such, the Company is estimated to have altogether EUR [] million in assets in the event of a bankruptcy before the bankruptcy estate's expenses.

The bankruptcy estate's expenses

The costs of shutting down the business operations are calculated based on the assumption that it would take approximately 5–6 months to shut down the department store operations. The Company's department stores in Finland would remain open for a period of three (3) months after the Company's bankruptcy. After this period, all other department stores except for the Helsinki department store would be closed and the Helsinki department store would continue selling the current assets for an additional two (2) months. The other department stores in Finland are leased properties and would cause post-bankruptcy lease expenses to accumulate. The calculation assumes that the online store would close soon after the Company has been declared bankrupt. The Company being declared bankrupt often leads to a disruption in the necessary agreements that apply to online sales, which would then also disrupt the functionality of the online store. It is common for goods sold during the clear-out sale of a bankruptcy estate not to be granted the right of return or exchange, which would further weaken consumers' interest in making purchases online.

The liabilities incurred for the administration of the bankruptcy estate is primarily comprised of personnel costs, standard maintenance costs and bankruptcy administration costs. In the calculation, the support functions for the Company's business operations would be gradually shut down over a time period spanning two weeks to six months while ensuring that necessary support functions remain available until the last day of the business operations.

Some of the support functions, such as acquisition, would be shut down immediately after the bankruptcy. Support functions that are crucial to the business operations, such as marketing, sales and logistics, would continue operations until the closure of the Helsinki department store. The remaining support functions, such as HR, IT, the finance department and management, would continue operations for an additional 1–5 months following the closing of the department stores to ensure that any remaining administrative matters can be finished. The costs of the

business operations (e.g. personnel expenses) are assumed to decrease in stages during the business operation shut-down process.

The other material bankruptcy estate's liabilities that have been taken into consideration in the calculation are comprised of the estate administrator's fees and fees charged by retained experts together with applicable value added tax. The fee estimates are based on the fee recommendations of the Bankruptcy Ombudsman's office and the estimated liquidation value of the bankruptcy estate. The aforementioned liquidation value does not take the realisation value of any pledged assets into consideration. The estimates regarding necessary expert fees are based on available data regarding costs incurred in Finnish bankruptcy estates.

The bankruptcy comparison is not bound to a specific point in time in the Restructuring Act. The date on which the restructuring commences is generally adopted as the point of reference (cf. e.g. Supreme Court decision KKO 2000:81). This premise is, however, problematic in situations where the restructuring programme is drafted months after the restructuring proceedings began as the comparison is not as realistic as possible in such case. The bankruptcy comparison could also be carried out based on information available as of the date on which the restructuring programme is approved or based on the assumption that the bankruptcy realisation would begin at the same moment that the programme is intended to be implemented. The most important aspect to consider, is for the outcome of the realisation to be as probable as it can be in light of the circumstances that prevail at the moment of comparison and for it to be based on financial circumstances that are known and as accurate as possible instead of being based on fictitious circumstances. As such, the bankruptcy comparison can take some other date as a point of reference than the date on which the restructuring begins, which also means that any debt incurred during the proceedings can also be taken into consideration without the right of priority that would otherwise apply thereto. Legal literature has primarily held that any debt incurred during the restructuring proceedings should be taken into consideration in the bankruptcy comparison calculation without being subject to the right of priority that would otherwise apply thereto based on Section 32 of the Restructuring Act.⁴

The data regarding the Company's debts in a fictitious bankruptcy, which is disclosed in the bankruptcy comparison calculation attached hereto as Appendix 6.6, is estimated based on the Company's balance sheet as per 8 April 2020 while also taking into consideration the additional new debt that the Company would incur between the restructuring proceedings' commencement date and the date of the fictitious bankruptcy, i.e. 30 September 2020 (the Company's latest interim report is from Q3/2020 and it was published on 30 October 2020). The amount of such new debt has been calculated by comparing the balance sheet situation as per the restructuring proceedings' commencement date and September 2020 with regard to short-term current assets and liabilities as well as long-term liabilities.

Settling the Company's debts from assets received in bankruptcy

After the debts of the bankruptcy estate have been paid, the bankruptcy comparison calculation takes into account the repayment of the secured creditors' receivables with the assets obtained from the realisation of the assets that have been pledged as security. Any secured debt that cannot be repaid from the realisation proceeds of secured assets will become unsecured debt. The bankruptcy comparison calculation assumes that interest will accumulate for secured debts after the bankruptcy until the assets that have been used as a security have been realised and paid. The calculation estimates that it will take nine (9) months to realise the assets that have been pledged as security. The bankruptcy comparison calculation shows that the disbursement percentage for secured creditors would be [] %.

⁴ Cf. e.g. Koulou – Lindfors – Niemi: *Insolvenssioikeus: Oikeuden perusteokset (Insolvency Law: Basic Handbook)* (2017), p. 790 and the Finnish Ministry of Justice's Committee Report 2006:5. Revision of the legal provisions that apply to corporate restructuring, p. 39.

The Company's unsecured debts are comprised of commercial paper liabilities, accounts payable and other liabilities, debt to public sector entities, lease liabilities, intra-group liabilities and remuneration liabilities as well as the liabilities of the Estonian branch.

The bankruptcy comparison calculation assumes that the Company's lease liabilities will not be realised in full and that the leased premises can be leased again in a reasonable amount of time after bankruptcy. The leased premises are primarily located in high-value buildings in key locations in city centres (Tampere and Turku) or in successful shopping centres (Tapiola, Itäkeskus and Jumbo). The low case realisation scenario assumes that the damages payable for the lease liabilities correspond to 70 % of their nominal value, whereas the high case realisation scenario assumes them to correspond to the total lease costs of altogether 2.5 years. The amount of liability has been calculated based on the lease expenses reported in the Company's books in 2019. The unsecured debts also include an estimate of the damages the Company may have to pay to its subtenants whose lease agreements would, as a rule, be terminated together with the main lease agreement. The Administrator has arrived at this estimate by e.g. comparing the agreed-upon amount of damages paid in somewhat corresponding retail industry bankruptcies.

The bankruptcy comparison calculation shows that, after the debts of the bankruptcy estate have been repaid and the funds received from the realisation of the assets that have been pledged as security have been used to repay the secured debts, the bankruptcy would result in a situation where EUR [] million would be available for distribution between all unsecured debts. This would correspond to an approximate [] % disbursement percentage for the receivables of unsecured creditors.⁵

As such, the average disbursement percentage that would apply to unsecured creditors in the event of bankruptcy would be [] %.

The bankruptcy comparison calculation shows that no distributable assets (disbursement) would be available for hybrid bond creditors, i.e. debts with lowest priority or for shareholders in the event of bankruptcy.

The Administrator estimates that the estate administration and realisation measures, together with cost reservation generating separate proceedings, would take 6–10 years to complete. The Company going bankrupt would require realisation and shutdown measures in various business areas and in several different countries. This would mean that it could take several years for any disbursements to become even partially available after the bankruptcy all the way until the completion of the distribution of the final disbursements at the final stages of the bankruptcy estate's existence.

For ordinary creditors, a restructuring programme where 80 % are allocated a repayment schedule and 20 % of receivables can be converted into Company shares is a clearly better option than an alternative bankruptcy, also when taking into consideration the time value of money. Furthermore, the Company's repayment schedule also allows for hybrid bond creditors to convert 50 % of their receivables into Company shares. As such, the restructuring programme would result in a clearly superior outcome for all of the Company's creditors.

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7 OTHER SIGNIFICANT FACTORS AFFECTING THE IMPLEMENTATION OF THE RESTRUCTURING PROGRAMME

This 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

⁵ In a bankruptcy scenario the distributable assets would be divided among a significantly higher amount of debts than in the draft restructuring programme. For example, the total amount of lease liabilities would be greater in a bankruptcy and disbursements would also be allocated to group companies.

store properties located in Helsinki, Tallinn and Riga; and the continuation of Lindex's business operations under the ownership of the Stockmann Group.

During the negotiations regarding the restructuring programme, several creditors have argued that, when taking into consideration the current values of its cash flows, selling Lindex in addition to the department store properties could have perhaps generated better value for the creditors than the chosen model. The restructuring programme could not, in any case, be based on this model due to the Company's refusal which is based on the concept that the model of two (2) divisions functions better. During the restructuring programme drafting process, however, the drafters did seek to implement a claim ranking system that corresponds to the economic theory (to the extent made possible by the Restructuring Act) and to apply the principle of the least invasive and sufficient effective measure,⁶ pursuant to which the debt cannot be cut more than is absolutely necessary in order to implement the purpose of the restructuring programme.

The cash flows the Company will generate during the implementation of restructuring programme are not great enough to cover the payment of the restructuring debt without the income received from the sale of the department store properties. With regard to leased department store premises, negotiations have successfully led to the conclusion of new lease agreements that are more market-based and cost-effective. In some of the new lease agreements, the transition has been made to a revenue-based lease, whereas the minimum lease has been waived in some. The Company's management holds that the result generated by all department stores should be positive after these arrangements before the allocation of the Group's general costs. On the other hand, the sale and lease back arrangements increase the cost burden (i.e. leases paid to the new owner of each sold property) and decrease the amount of rent income received from subtenants. The other costs of the department store operations have been cut to a significant degree in 2019 and 2020. The Company has also adopted a new plan for its department store operations (cf. section 10.1 below) that emphasises e.g. catering more closely to loyal customers, rethinking what goods are offered for sale, offering better services and improving how offline and online sales are combined (omnichannel strategy). Regardless of these measures, the repayment schedule is very strongly dependent on Lindex's cash flows.

Whether the department store operations are successful depends on the Company's ability to implement its newly adopted strategy, which seeks to foster a deeper commitment in loyal customers and a relative revenue growth that exceeds the market projections for the industry to some degree. With regard to the department store located in central Helsinki, tourists returning to the city and a reduction in telecommuting would result in more visitors and help in achieving sales projections over the next few years.

Lindex has a good market position. Lindex's future success can be affected e.g. by the day-to-day measures carried out by both Lindex and its competitors as well as the company itself being successful in the investments disclosed in the business plan and in new business areas.

The profitability of the Group's various business operations is also crucial in determining whether the Company can take on new interest-bearing debt and/or share capital and in whether the Company can then refinance the obligations listed in the repayment schedule, expediting the implementation of the restructuring programme as a result. The Administrator holds that it is not, as a rule, desirable for a listed company of this size to undergo restructuring all the way until the end of 2028.

Taking this into consideration, efforts have been made to build some flexibility into the restructuring programme by converting some of the unsecured debts into the Company's B Shares. A repayment schedule has been drawn up for the remainder of the unsecured debt. An unsecured creditor may convert payment under a repayment schedule into a share in the Secured Notes to be issued by the Company with a bullet repayment in five (5) years of the

⁶ Cf. Supreme Court decision KKO 2003:120.

issuance. In addition to a different risk profile the Secured Notes creates a possibility for the unsecured creditor to sell this financial instrument in the market. The different maturity profile of the Secured Notes brings flexibility for the Company and for the first years of the restructuring programme.

The restructuring programme stipulates that there is no additional payment obligation (cf. section 16 No additional payment obligation below for more detailed grounds). The set of measures also supports the Company's possibility to prematurely disengage itself from the restructuring.

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PART II, MEASURES (CHAPTER 7 SECTION 42 OF THE RESTRUCTURING ACT)

8 THE OBJECTIVES OF THE RESTRUCTURING PROGRAMME

The objective of the restructuring programme is to rejuvenate the Company's business operations, maintain its competitiveness in the relevant industry, enable the Company to be refinanced at a later date and reorganise the Company's debts only to an extent that is absolutely necessary in order to achieve the goal of rehabilitating the Company.

This section of the restructuring programme discloses the restructuring measures that have been and will be undertaken at the Company, the key factors affecting the successful implementation of the restructuring programme, the need for debt reorganisation, and the duration of the restructuring programme.

The Company's business operations showed some promise with regard to profitability before the coronavirus pandemic began. The Company will continue its department store operations at its current locations in accordance with its new business strategy. The Company will divest itself of its real estate property during the first few years of the restructuring programme. The Company will pay its secured debts from the assets it will receive from realising its real estate properties.

Efforts have been made to draft a realistic restructuring programme that enables the Company to pay its restructuring debt while carrying out its business operations at the projected scope calculated for the purposes of the restructuring programme.

The duration of the restructuring programme has been set at eight (8) years, and the final instalment under the restructuring programme becomes due and payable on 30 April 2028. The successful implementation of the restructuring programme will generate better value for the creditors than bankruptcy would.

If the restructuring programme is successful, the Company will recover from its temporary insolvency and continue its business operations.

The profitability of the Group's various business operations is also crucial in determining whether the Company can take on new interest-bearing debt and/or share capital and in whether the Company can then refinance the obligations listed in the repayment schedule, expediting the implementation of the restructuring programme as a result. The Administrator holds that it is not, as a rule, desirable for a listed company of this size to undergo restructuring all the way until the end of 2028.

Efforts have been made to build some flexibility into the restructuring programme by converting some of the unsecured debts into the Company's B Shares and enabling the subscription of Secured Notes with the remaining part of the debt. The restructuring programme stipulates that there is no additional payment obligation (cf. section 16 No additional payment obligation below for more detailed grounds).

9 STOCKMANN GROUP STRATEGY FOR 2021–2028

This section 9 presents a summary of the strategy adopted by the Company in October 2020 for the department store business that will continue pursuant to the Company's restructuring programme and for Lindex in the form drafted by the Company. As such, the Administrator has not edited this section in any way.

**** Company's section begins ****

9.1 New Business Plan – Stockmann Group Strategy Summary

9.1.1 Stockmann Group

Stockmann Group consists today of Stockmann and Lindex business divisions. Following chart summarises the basic company facts.

STOCKMANN GROUP IN BRIEF



- International multichannel retailer founded in 1862
- Approximately 470 stores in 18 countries
- Two business divisions since July 2019: Stockmann and Lindex

Stockmann	Lindex
<ul style="list-style-type: none">• Leading edge & premium, seamless customer experience• Multichannel retail operations in Finland, Estonia and Latvia• Core categories fashion, cosmetics, home and food & beverage• 40% of the Group revenue in 2019	<ul style="list-style-type: none">• Inspiring & affordable fashion• Approx. 460 stores in 18 markets and sales online• Assortment includes several different concepts within women's wear, kids' wear, lingerie and cosmetics• 60% of the Group revenue in 2019

9.1.2 Stockmann Division – Strategic goals and must win battles

Stockmann vision is to create the marketplace for a good life. We will become a destination of everyday inspiration and fulfillment in fashion, beauty, home and food & beverage following the ancient logic of the marketplace; the central part of town that has always been there and will always be, yet never remains the same.

Purpose in all encounters with customers, partners, employees and other stakeholders is to make a new impression, every day!

For **customers** the **Stockmann promise** is to create a feeling that lasts! This is what makes us meaningful to customers and expresses how we differ from the competition.

Values – Focus on customer, act with courage and we work together, form the foundation of how we work in internally and externally.

In order to make sustainable progress from where we stand, we have re-defined our strategy and will make a step-change in our customer centric performance and way of working, and as a consequence, the entire short and long term performance of Stockmann business.

Customer centricity i.e. capability to understand customers and to serve them the way they choose and to provide a unique customer experience is the core of the strategy. Journey to customer centricity focuses on understanding better customers' needs, their life stages, different occasions and offering fitting Stockmann style for these. Furthermore focus is on providing seamless digital and physical experience, relevant and personalised dialogue, curated selection and inspiring destination, relevant premium services topped off with personalised high-quality customer service. The essence of the change journey is summarised in the chart below.



STOCKMANN CUSTOMER STRATEGY

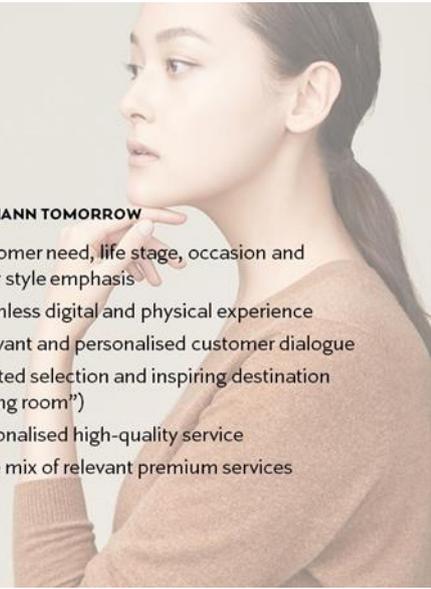
Towards customer centricity

STOCKMANN TODAY

- Product, brand and segmentation emphasis
- Disconnected customer touchpoints
- Mass marketing communications
- Broad selection and product focused display
- Inconsistent quality and service level
- Limited commercial services

STOCKMANN TOMORROW

- Customer need, life stage, occasion and fit for style emphasis
- Seamless digital and physical experience
- Relevant and personalised customer dialogue
- Curated selection and inspiring destination (“living room”)
- Personalised high-quality service
- Wide mix of relevant premium services



Through Stockmann United team including our partner network we fulfill and exceed customers' expectations in our flagships, local concept stores and digital Stockmann. The unique customer experience is built on sustainable quality premium/luxury products and services, unparalleled customer service and bringing the wow into our customers lives. This customer centric approach is described in the chart below.



We serve our customers the way they choose



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We focus on loyal customers, who have a strong emotional connection to Stockmann and provide approximately 70 % of our revenue. To attract, activate and retain our loyal customers is top priority. We have 3 key customer segments, of which modern working professionals in Finland, Estonia and Latvia is the biggest. The other key customer segments are the social shoppers and classic shoppers.

In order to deepen customer understanding during this strategy period, we have started the development work on customer personas. By investing in and utilizing customer data, customer

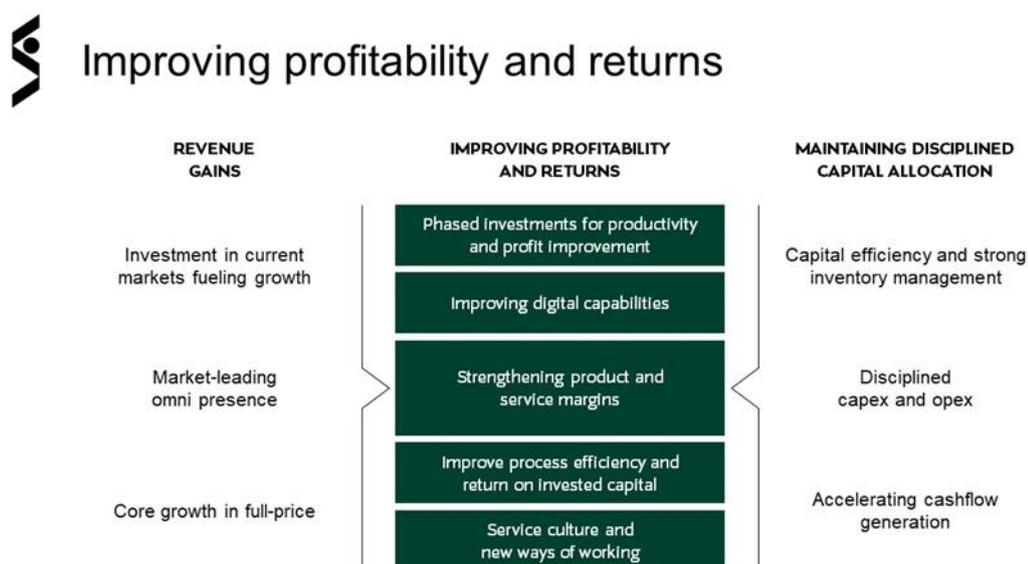
interviews and other insights we bring the individual customers perspective more concretely into life and into development work so that we can offer relevant and personalised customer journey, touchpoints and offering to customers.

We are committed to responsible operations and corporate responsibility work covers the entire value chain of business operations. The purpose of Stockmann Corporate Social Responsibility (CSR) is to create value in the entire value chain and to support Stockmann customer centric strategy and business operations. Sustainability is incorporated into daily management approach through contracts and codes of conduct and through management systems. This way we ensure clear responsibilities and effective execution in daily operations.

For the strategy period 2021-23 ambition is to improve profitability and returns. Stockmann financial priorities for the strategy period are:

1. Revenue growth
2. Improve profitability and return on investments
3. Discipline in costs and in capital allocation

The main levers and actions to reach the ambition are summarized below.



The key drivers and priorities in achieving the revenue growth are selective investments in the current markets, strengthening market leading omnichannel and focusing on full-price sales through curated seasonal and continuing offering in core categories.

Profitability and returns ambition is built on phased investments to drive both profitability and productivity gains. Digital capabilities are in focus as well as maintaining and improving both product and service margins. We also aim to improve process efficiency and return on capital invested. Stepping up service culture and improving customer centric way of working play also an important role. Disciplined capital allocation is the third pillar consisting disciplined cash flow acceleration, opex and capex management and strong inventory management focus as well as wider capital efficiency measures.

The cornerstones of the strategy are loyal and target customers, customer promise and experience we provide to them, customer journey and offering as well our vision, purpose and

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values. These in turn are made concrete in strategic goals (the what) and must win battles (the how) for the strategy period.

STOCKMANN DIVISION STRATEGY 2021-2023

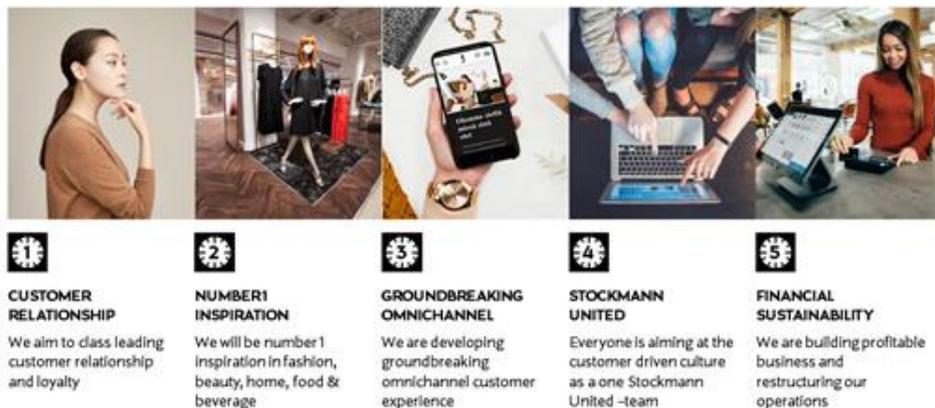


Stockmann strategic goals and must win battles

Executing successfully five strategic must win battles, we aim to continuously win the hearts and minds of customers and become profitable during the strategy period and build a sustainable competitive edge to reach main business objectives as well as foundation for longer term growth.

Must win battles describe how we execute the required actions to reach strategic goals. Actions have been in motion in all functions from 2019 and are currently in full speed. However the implementation of the full plan requires substantial human capital and financial investments over the course of the re-structuring program.

CUSTOMER RELATIONSHIP Our must win battles



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Customer relationship: We will achieve a strong and meaningful relationship with customers in Finland, Estonia and Latvia. We know customers and offer them products, services and experiences they need and value the most. Unique loyal customer program is activating and rewarding. We offer unified customer experience with a strong omnichannel approach, sustainability and wellbeing aspects.

Number 1 inspiration: Stockmann is the source of inspiration and generates a feeling that lasts. Based on market and customer insight and clearly defined target groups we choose the right brands, products and services for customers in fashion, home, beauty and food & beverage. Strong own brands in fashion and home. Market leader in core segments in all categories, especially in fashion.

Groundbreaking omnichannel: Sales personnel sell across all channels and build personalized ensembles to customers based on their preferences and buying behaviour. We serve in all markets and all channels providing a holistic and seamless service and product offer. We offer continuously inspirational scenes that communicate newness, trends and relevant occasions.

Team Stockmann United: We will strengthen customer driven culture where we make a new and positive impression every day to customers, partners and colleagues. We strengthen value-based leadership and employee experience. We develop operational mode, capabilities and ways of working that advance strategy implementation and drive efficiency. We develop employee experience and nurture engagement of our people. Everyone is aiming at the same goal as a one Stockmann United –team.

Financial sustainability: We have an operational business plan that is financially feasible. We have developed company financial planning processes which enable management to simulate and select strategic and operative alternatives for the strategy period. We follow our cash situation during the restructuring program on daily basis in order to be able to take proactive and reactive actions related to emerging challenges. We need to create Group cash pooling – system immediately after the restructuring program has been approved. Our goal is to pay the restructuring debt according to the approved schedule.

9.1.3 Lindex Division - Strategic goals and must win battles

Lindex's **purpose is to empower and inspire women everywhere**. We do that through actions as a company and through a progressive fashion experience. Our customers, co-workers and partners are all part of this ambition.

Values guide us in everything we do, how we act and in the decisions we make. The values are the foundation for building successful business in which all employees are encouraged to take initiative and make own decisions.

Employee promise is built on belief in doing things together. Because two are more than one and together we can make a greater impact. This supports and strengthens Lindex as fashion company making a difference today, tomorrow and in the future.

Almost all our customers are women. Purpose gives us a customer focus that goes beyond the latest collection and the store window. We **promise customers** fashion that feels good in all aspects. know our customers, work for a fair sustainable production and for our planet. We promise to offer confident Scandinavian design, making the customer feel her best. Regardless of body type. Always comfortable with a great fit and quality for a great value. We aim to inspire with a sustainable wardrobe and a sustainable life. We promise to listen to the needs and be open to feedback, so we can guide the customer and continue to make things easier.

When we truly want to empower and inspire women everywhere, we cannot settle with doing good today. We need to look ahead and work for what matters both today and tomorrow. To fulfil our purpose and vision, we have made a **promise – to make a difference for future**

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generations. The purpose includes all dimensions of **sustainability** and is divided into three areas: empower women, respect the planet and ensure human rights.

To picture what we aim to be in the future we have a clear **vision**, to be a **global, brand-led, sustainable fashion company. We are digital first and powered by people.**

We are a global,

Because the future in business is global. To be successful, we have to grow internationally and we have to be able to compete with anyone in the world.

..brand-led..

Because, if we want to compete with anyone in the world, we need to have a distinct and clear offering, which means that we have to act more like a brand. The customer should "buy Lindex clothes" rather than "buy clothes at Lindex"

..sustainable..

Because it is necessary, because we have made a promise to make a difference for future generations. And because it is encapsulated in our purpose.

..fashion company.

Because tomorrow we will do business in many new ways, with new business models, new channels and even new brands.

We are digital first

Because the future is digital, and we need to change our mindset and ways of working. The use of data and digital power have to be a natural part of everything we do.

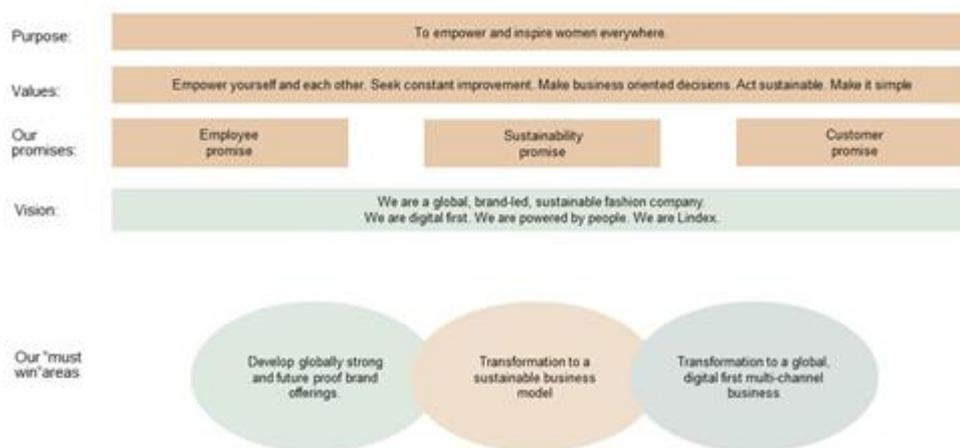
We are powered by people.

Because we are purpose driven and committed to empower and inspire women everywhere. Because the customer is in the center of everything we do, but perhaps most of, all because we wouldn't be anything without all our fantastic employees and all the people across value chain.

The retail shift and pandemic has affected all businesses including Lindex. This requires that we do short term actions to push digital sales as well as further drive efficiency and reduce the cost level. We plan for structural changes of both hours in stores and rental contracts. At the same time, we also need to make long term actions and investments to have the ability to meet future vision.

In Lindex long term strategy, we aim to be a global, brand-led, sustainable fashion company. Financially this means **growth in digital revenue**, both in our own e-com as well as in collaborations with global digital platforms, **improved cost efficiency** but also to **grow with new businesses** at the same time as we shall meet our important **sustainability targets**. The key driver and priority in achieving the revenue growth is to win in "must win areas".

Strategy 2020-2030



LINDX

We have three **must win areas**, in order to reach our strategic goals and become the company we are striving towards.



To compete with the best in the world we focus our offerings on our core strengths, assets and heritage. When we compete with what we do best, that is when we build strong brands that customers love. Brands that are clear and stand up for what we believe in. Our success comes down to how we **develop globally strong brand offerings**.

We are at a turning point for entire society. The only way for any company to exist in the near future, is to emerge from the present with sustainability at its core. By being a sustainable employer, living employer brand and taking responsibility for the full value chain, we can make a difference for future generations. Now is the time to embrace innovation and collaboration, and together create the new normal. Success comes down to **transformation to a sustainable business model**.

By clarifying channels' reason for being, maximising their potential and synergies with a digital-first approach, we can grow in the future. When we combine the uniqueness and strengths of every one of our channels and take omni focus to a new level that is when we truly become the global fashion company that is competitive with anyone in the world.

Our success comes down to our **transformation to a global, digital-first multichannel business**.

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**** Company's section ends ****

10 RESTRUCTURING MEASURES THAT AFFECT THE COMPANY'S BUSINESS OPERATIONS, MANAGEMENT AND CORPORATE STRUCTURE

10.1 New business strategy

Stockmann Division updated its business strategy to reflect the ongoing situation in Q3/2020. The purpose of the new strategy is to respond to the changes in the operating environment and consumer behaviour by investing in customer relationships and loyalty, by developing an omnichannel customer experience, by inspiring customers in the categories of fashion, beauty, home, food and beverages, by developing a customer-centred culture and by focusing on profitable business operations.

Stockmann Division continued its improvement efforts at several department stores in Q3/2020. Stockmann has strengthened its status as a premium shopping location by adding several designer brands to its offering. The Helsinki flagship store also opened a new natural cosmetics section. In addition, the Stockmann Division launched two new collections of its house brands.

Lindex continued its digital growth and began operations in international online store Zalando. Lindex also launched a new underwear brand called Closely, which Lindex has partnered with and invested in since its inception for the past two years. As part of exploring new business models and extending the lifespan of fashion items, Lindex is experimenting with selling used children's outerwear at selected stores. The Lindex division launched a cost savings programme with the goal of saving EUR 14.5 million in costs.

For a more detailed discussion of the strategy for continuing business operations, please see section 9.1 above.

10.2 Changes in the group structure and arrangements

As part of simplifying its group structure, the Company plans to have two of its subsidiaries, i.e. Suomen Pääomarahoitus Oy – Finlands Kapitalfinans Ab and Oy Hullut Päivät – Galna Dagar Ab, merge into the parent company.

AB Lindex' CFO Annelie Forsberg has been appointed to serve as a member of the Stockmann Group's management team as of 1 August 2020.

10.3 Termination and renegotiation of the Company's lease agreements

Lease negotiations regarding Stockmann Division's department stores began after the restructuring proceedings commenced and they continue to this day. The Company strives to lower the costs generated by its lease agreements to the prevailing market level.

By the date on which the draft structuring programme was submitted to the Court **on 14 December 2020**, the Company has terminated seven (7) lease agreements and entered into new lease agreements with regard to six (6) of these concerning some of the previously leased premises that are located in the same rental property (i.e. damage-limiting agreements). **The Company has concluded a new lease agreement on 29 January 2021 concerning the premises at Itäkeskus shopping centre.** The Company has not concluded a new lease agreement concerning the terminated lease of parking facility premises at the Helsinki city centre. The Company retains the possibility and has the Administrator's consent to terminate the following lease agreements pursuant to Section 27 of the Restructuring Act:

~~_____ lease agreement concerning the premises at Itäkeskus shopping centre; and~~

- leased premises located at Keskuskatu 1 as well as premises at Kiinteistö Oy Helsingin Rautatalo at the Helsinki city centre.

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11 RESTRUCTURING MEASURES THAT AFFECT PERSONNEL

The Company is not planning on executing material reductions in personnel as part of the restructuring programme. The Company's need for employees is assessed on a continuous basis. The Company currently has a sufficient number of employees.

12 RESTRUCTURING MEASURES THAT AFFECT ASSETS

The Company's primary assets are comprised of cash in hand and at banks, sales receivables, current assets, subsidiary shares, intra-Group receivables, other shares, real estate assets (as a security for secured debt) and other fixed-asset shares as well as machinery and equipment.

The Company sells its inventory changing on a daily basis as part of its usual business operations.

The restructuring programme is based on the Company continuing its department store operations and online sales at flagship and concept stores located in Finland and in the Baltics. In addition, the Lindex Group will continue its operations under the ownership of the Stockmann Group. The Company is not planning on realising subsidiary assets.

As part of the restructuring programme, the Company will divest itself of the real estate assets it owns in Helsinki, Tallinn and Riga. The realisation of these assets will be executed at the beginning of the restructuring programme in the manner defined below in section 15.3. The price received for the realisation of the Company's real estate assets will primarily be used to pay secured debts.

13 REPAYMENT SCHEDULE

13.1 General information and the duration of the repayment schedule

Pursuant to Section 42(2) of the Restructuring Act, the restructuring programme shall contain a payment programme indicating the contents of the debt arrangement and the payment schedule itemised for each debt and, for ordinary debts, an assessment of what their share would have been in bankruptcy without the application of Section 32(2) of the Restructuring Act.

The basic premises of the repayment schedule are described below in the sections pertaining to different groups of creditors. The repayment schedule for public law debts and other unsecured debts is also set out in Appendix 13 to this restructuring programme (SECRET DOCUMENT). An alternative for the repayment schedule for public law debts and other unsecured debts described in Appendix 13 is presented below in sections 14.4.4 and 14.5.4.

The duration of the repayment schedule is 1–2 years for secured debts (depending on the execution of the realisation of secured assets) and eight (8) years for unsecured debts. The cash payments of restructuring debts pursuant to the repayment schedule will be made once a year on 30 April at the latest. The first payment will be made in 2022, and payments will continue until 30 April 2028.

A comparison of the current status of different creditors and their status in the event of a bankruptcy is described in Appendix 6.6.

Together with the Court's decision certifying the restructuring programme, the repayment schedule is an enforceable document pursuant to Section 60 of the Restructuring Act. The approved restructuring programme will be observed regardless of any appeals unless the Court orders otherwise.

Pursuant to Section 66a of the Restructuring Act and section 14.11 below, if a restructuring debt arises after the conclusion of the restructuring programme and it would have been possible to amend the programme on the basis of that debt, the Company shall repay the debt to an amount that the creditor would have received had the debt been taken into the restructuring programme.

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13.2 Working capital, financing the repayment schedule and financial projections

The Company's cash position has strengthened after the restructuring proceedings commenced and the payment of restructuring debt was frozen. The Group had EUR 132 million in cash assets on 30 September 2020.

The Company's financial projections for the duration of the repayment schedule and its payment ability are disclosed in [Appendix 13.2](#) (SECRET DOCUMENT).

The intention is to finance the restructuring programme with the cash flow of the Company's business operations and the profits generated by the operations of the group companies. Lindex, however, will probably need to secure financing for a significant investment in the next few years. The Company trusts that Lindex will be able to acquire the necessary financing in the form of a sale and lease back arrangement, equipment credit or some other interest-bearing debt or as a combination thereof.

The Company will negotiate on possible other additional financing separately with its financiers during the implementation of the programme. The Company may be willing to seek new financing to secure the seasonal working capital required for growth of the business or the development of the Company's business operations or to ensure its liquidity in the event that the Company lags behind its profit forecast. The Supervisor's consent may be required before the Company can, to some extent, take on new interest-bearing debt or issue shares during the restructuring programme (cf. section 15.11 below for more information).

The Administrator has drafted the financial projections enclosed with this restructuring programme as [Appendix 13.2](#) for the 2021–2028 period together with PwC. The projections are based on the projections compiled by the Company as part of its business strategy which is detailed above (cf. also sections 9 and 10.1 where the new business strategy is discussed in more detail).

During the restructuring proceedings, the Company has continued its strategic and cost-saving processes, and its Board adopted new business strategies for the Stockmann Division and Lindex on 29 October 2020 that specifically target the years 2021–2023, but which cover the entire duration of the planned restructuring programme, i.e. 2021–2028. The business strategy and the income statement and balance sheet projections compiled based on the business strategy for the years 2021–2028 take into consideration the following factors disclosed in the restructuring programme: the sale and lease-back arrangements pertaining to the department store properties in Helsinki, Tallinn and Riga; the simplification of the group structure (mergers for unnecessary group companies); set-offs of internal receivables; assets recovered through recovery proceedings; and the renegotiated terms concerning payable rent, which are disclosed in the lease agreements that apply to the leased department store properties.

Pursuant to the business strategy adopted by the Company, the Company will not divest itself of Lindex, and Lindex's cash flows will be used to cover payment obligations disclosed in the restructuring programme.

Despite the restructuring proceedings, the Group has continued making investments that support its business operations, and the adopted business strategy includes significant investments in 2021–2028 in both business divisions. The Administrator has not made any cuts to these planned investments in the restructuring programme.

In order to boost efficiency, achieve cost savings and improve the steering of its business operations, the Company has been preparing potential reorganisation of certain internal services and the processes and systems of the business. These could potentially reduce the Company's costs during the restructuring programme.

The financial projections take into account the impact that the restructuring proceedings will have on the Company's business operations to the best possible extent, including the treatment

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of restructuring debts under this restructuring programme. SSAB's potential tax liability (cf. sections 5.3 and 15.10 for more details) has also been accounted for in the financial projections with a payment schedule predicted by the Company. In addition, the financial projections take into account, where applicable, the restructuring measures for the debts disclosed in this restructuring programme and the taxes levied on the realisation of the real estate properties.

The calculation concerning the Company's payment ability, which is included in the projections for 2021–2028, shows that the Company will retain a sufficient amount of assets each year to repay its restructuring debts. The calculation of the Company's payment ability allocates a cash buffer (minimum cash assets) for both the Company and Lindex, which strives to take into consideration the conditional and disputed restructuring debts, annual changes in the amount of working capital and the seasonal nature of sales in addition to leaving a bit of a buffer to account for unforeseeable and surprising costs. The Administrator holds that the payment ability of the Company should not be overestimated because it would not allow for any flexibility in business and it is likely that this kind of flexibility will be needed at some point during the long-term repayment schedule. This is also partly why a part of the restructuring debt will be converted into the Company's B Shares.

13.3 Accumulation of penalty interest for late payment

In the event that the Company does not make a payment imposed in the repayment schedule on its due date, the receivable that has become due and payable will accumulate penalty interest for late payment referred to in Section 4(1) of the Finnish Interest Act from the due date recorded in the repayment schedule onwards.

14 RESTRUCTURING MEASURES THAT AFFECT THE RESTRUCTURING DEBTS

14.1 General

The debt reorganisation described in the restructuring programme apply to the Company's restructuring debts. The debt reorganisation methods and the status of the creditors are stipulated in Sections 44 and 45 of the Restructuring Act. Exceptions can be made from these provisions with the consent of the creditors.

Pursuant to Section 3(1)(5) of the Restructuring Act, restructuring debt means all debts that have arisen before the filing of the application on 6 April 2020, including secured debts and debts whose basis or amount is conditional or disputed or which are otherwise unclear.

The arrangements concerning the restructuring debts are described below in accordance with the following categorisation:

- (i) Secured debts
- (ii) Public law restructuring debts
- (iii) Unsecured restructuring debts
- (iv) Small debts
- (v) Lowest priority debts
- (vi) Group company debts
- (vii) Disputed and unclear debts
- (viii) Conditional and maximum restructuring debts
- (ix) Unknown debts
- (x) Guarantees provided by the Company
- (xi) Guarantees provided by third parties and the guarantors' standing

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(xii) Set-offs

The Company has no business mortgages. As such, there is no need to form a group of business mortgage creditors. Efforts have been made to remain realistic when drafting the restructuring programme in order to ensure that the Company has a real chance of fulfilling the obligations imposed thereupon in the restructuring programme and, on the other hand, to ensure that the repayment schedule will guarantee a clearly better outcome for creditors than a bankruptcy would.

14.2 Creditor groups and voting rights

Creditors must be categorised into groups in the manner set out in Section 51(2) of the Restructuring Act. The draft restructuring programme must include a proposal regarding which creditors will be stripped of voting rights.

The Administrator proposes that the creditors be divided into groups in the following way when the Company's restructuring programme is voted on:

Creditor group	Creditors	Amount of restructuring debt and number of votes
I Secured creditors	Syndicate Banks Noteholders	[] euros and votes
II Public law creditors	Appendix 13	The amount of restructuring debt and the number of votes per creditor are specified in Appendix 13
III Unsecured creditors	Appendix 13	The amount of restructuring debt and the number of votes per creditor are specified in Appendix 13
Lowest priority debts	Hybrid bond creditors Small-scale creditors	No voting rights, so this group will not be formed for the purposes of voting

No creditor, excluding the creditors with small claims that have been paid, will receive a full repayment of its receivable at the latest within one month of the approval of the restructuring programme pursuant to this draft restructuring programme (Section 52(2) of the Restructuring Act).

The Court overseeing the restructuring proceedings will decide on the amount and grounds that will be adopted for unclear or disputed restructuring debts in the restructuring programme. In this draft restructuring programme, the Administrator proposes the amount to which extent a disputed, unclear, conditional and/or maximum restructuring debt should be taken into consideration in terms of repayment and voting.

The voting rights held by each creditor will be determined based on the amount of restructuring debt: one (1) euro of restructuring debt corresponds to one vote. The restructuring debt in euros and therefore the number of votes are specified in [Appendix 13](#).

When assessing whether the majority requirement established in the Restructuring Act is met, the creditors with the lowest priority, i.e. the hybrid bond creditors, will not be taken into account (Section 52(2) of the Restructuring Act; Section 6(2) of the Finnish Act on the Ranking of Claims). In addition, the creditors with small claims do not have the right to vote.

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14.3 Secured debts

14.3.1 General

In addition to the Syndicate Banks and holders of Notes, OP Corporate Bank plc (as the payment transactions agent), Danske Bank A/S (as the facility agent), Nordic Trustee Oy (as the agent of the holders of the Notes) and Security Agent Intertrust (Finland) Oy (as the security agent) are among the secured creditors in accordance with the Facilities Agreement and the agreement concluded between the creditors in terms of the liabilities that arise out of acting as an agent. The secured creditors share the same securities that are specified above in section 6.3.3.

The Syndicate Banks have altogether EUR 189,652,589.45 in restructuring receivables. The holders of Notes have altogether EUR 252,869,791.67 in restructuring receivables. The combined total of these receivables is EUR 442,522,381.12.

In the final amount of restructuring debt owed to secured creditors the debt to the Company for the negative net value of the hedging agreements between the Company and the parties to the hedging agreements, in the total amount of EUR 8,938,901.12, which set-off has been accepted by the Administrator, must also be taken into consideration. On these grounds, the total amount of receivables held by secured creditors amounts to EUR 433,583,480.

In addition, Danske Bank A/S has notified that it has altogether EUR 148,250.98 in conditional receivables that are based on a guarantee liability. **The receivables related to guarantee liability will decrease to EUR 118,250.98 after 3 February 2021, if the beneficiary to the guarantee will not present any further claims on the basis of the guarantee which is due to expire on 3 February 2021.**

The Company has no business mortgage liabilities.

Finnish Customs' receivable has been paid prematurely similarly to other smaller secured debts: Debt secured by a real estate mortgage note (real estate code 91-2-7-1 in the Kluuvi district of Helsinki), the value of which is EUR 1,681,800.00 and which remains in force until 13 September 2026.

The secured creditors (or other creditors) will not be compensated for any costs incurred during or as a result of the restructuring proceedings.

14.3.2 Valuation of the secured debts

Pursuant to the wording of Section 3(1)(7) of the Restructuring Act, secured debt means restructuring debt where the creditor holds, as against third parties, an effective real security right to property that belongs to or is in the possession of the debtor, in so far as the value of the security at the commencement of the proceedings would have been enough to cover the amount of the creditor's claim after the deduction of liquidation costs and claims with a higher priority.

The same valuation principles apply to the definition of secured debts as are discussed in section 6.5 regarding the bankruptcy comparison calculation and in section 6.6. The valuation of the secured debts must, in principle, be based on the most likely realisation method that results in the best possible outcome. CBRE has conducted the valuation of the department store properties owned by the Company that serve as a security for the receivables of the secured creditors. The value of the security is estimated to be [] based on the valuation and the estimated liquidation costs.

The portion of the restructuring debt that is secured with the assets pledged as security and of other notable liabilities is therefore [].

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14.3.3 Payment of the secured debts

Pursuant to Section 45 of the Restructuring Act, only the measures referred to in Section 44(1)(1)–44(1)(3) and 44(2)(1) may be applied to a secured debt. The debt reorganisation shall not affect the existence or content of a creditor's real security right. Under Section 45(3) of the Restructuring Act, payments on a secured debt shall be set so that at least the present value of the secured debt will be repaid within a reasonable period, not to materially exceed the remainder of the credit period without the consent of the creditor or, if the debt has become due in full, not to materially exceed half of the original credit period.

The secured debt will be repaid with the assets received from the realisation of the real estate properties that have been pledged as security. The repayment schedule that applies to the secured debts requires for the secured debts to be paid in full by 31 December 2022 at the latest.

In the valuation of the securities a specific security value has been determined for each department store property that serves as a security, and the total security value is the sum thereof. It is likely that all of the real estate properties will not be realised at the same time. At least a sum that corresponds to each real estate property's security value must be paid to the bank account determined by the Security Agent in connection with the realisation of the security asset in order for the relevant security to be released. In the event that the realisation price exceeds the security value, the sum exceeding this value will be paid, in full, to a bank account determined by the Security Agent insofar as a receivable held by a secured creditor (secured receivable, unsecured share of a receivable or an interest receivable in accordance with this restructuring programme) remains unpaid. Cf. also section 15.3 below.

It has been agreed with the secured creditors that there is no need to itemise the instalments paid to each of the Syndicate Banks and to each of the individual holders of Notes in this repayment schedule. The specific timing of the repayment schedule is also dependent on when the security assets can be realised. Furthermore, the Syndicate Banks and the holders of Notes have agreed that payments made to the creditors will be made through a Security Agent, which will allocate the payments in accordance with a separate intercreditor agreement regarding the order of payment priority that applies to the realisation income.

In the restructuring proceedings, the holders of Notes are all jointly represented by a noteholder's representative (Finnish Act on Bondholder Representatives 574/2017, as amended) acting as agreed upon in a separate agreement. Upon subscribing or purchasing Notes, the holders of Notes have agreed to be represented by a noteholder's representative, i.e. Nordic Trustee Oy. As such, there is no need to specify the holders of Notes in this draft restructuring programme.

The Notes constitute a bond that was issued through the book-entry system maintained by Euroclear Finland Ltd (ISIN: FI4000292719). Euroclear Finland Ltd must maintain an up-to-date list of the owners of the holdings recorded in its book-entry system, which is also available to the Company. The Notes constitute a financial instrument that is subject to trading on Nasdaq Helsinki Oy and which can be traded on a continuous basis. The composition of the group of holders of Notes may continue to change. As such, the list of the holders of Notes that can be retrieved from Euroclear Finland Ltd's system depicts the holders of the Notes on that specific day and does not constitute an accurate and up-to-date list of creditors on any other day. The list of the holders of Notes cannot be used to confirm or determine altogether how many creditors own Notes as some of the holdings are recorded in a nominee register. The manager of the nominee registration itself may only be aware of the identity of the agent acting on behalf of the true owner.

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14.3.4 Interest paid on secured debts during the restructuring programme

The amount of secured debts is paid an annual interest on the last banking day of each year, for the first time in December 2021. The interest payable on the secured debts is 1.2% in 2021 and 1.4% in 2022.

14.3.5 Interest payable on secured debts during the proceedings

The Company has paid EUR 300,000 in interest per month for the secured debts since 8 April 2020. The Company has commenced interest payments on the secured debts on 1 June 2020 and also paid the interest between 8 April and 31 May 2020 in connection with the payment of later interest instalments. Interest will be paid for the applicable unpaid principal of the secured debt as follows:

- (i) Full Interest from 1 December 2020 onwards on the last banking day of each month up until the day on which the restructuring programme is certified by the Court; and
- (ii) The difference between the unpaid Full Interest and the monthly interest that has been paid so far between 8 April 2020 and 30 November 2020 by 31 December 2021 in as many monthly instalments of equal size as there will be full calendar months left in 2021 after this restructuring programme has been approved by the District Court. Each interest instalment will be paid on the last banking day of each month starting from the last banking day of the month following the month in which the restructuring programme is certified.

14.3.6 Security

The Company provides a Pari Passu Security for the secured debts and undertakes to abide by the Intercreditor Agreement without delay after the restructuring programme has been approved.

14.4 Restructuring debt to public law creditors

14.4.1 General

There are altogether **nine (9)** public law creditors. The Finnish Tax Administration and Varma Mutual Pension Insurance Company have the largest receivables of the public law creditors. **Also Uudenmaa ELY Centre is counted among the public law creditors as it has become a restructuring creditor on the basis of pay security payments made after 14 December 2020.** The total amount owed of restructuring debt to public law creditors is EUR **5,025,735.63**. In addition to actual restructuring debt, the Finnish Employment Fund has stated that it has a conditional receivable of EUR 740,000, which will be taken into consideration in the repayment schedule and voting to the extent stated in [Appendix 13](#). Cf. section 14.10 below for more information on conditional debts.

The Company's restructuring debt to Pohjola Insurance Ltd is comprised of accident insurance premium liabilities (altogether EUR 127,032.23) and rent liabilities (altogether EUR 8,416.10). EUR 712.99 of the aforementioned total amount of accident insurance premium liabilities constitutes public law debt pursuant to Pohjola Insurance Ltd's notification. As such, Pohjola Insurance Ltd's receivables are divided into unsecured public law debts and accounts payable in the repayment schedule. The total amount of restructuring debt owed to Pohjola Insurance Ltd is EUR 135,448.33.

Public law debts have a corresponding right to payments made under the restructuring programme as other unsecured restructuring debts.

14.4.2 Cutting, repayment and conversion of restructuring debt owed to public law creditors

Altogether 20 % of the restructuring debt owed to public law creditors will be cut while reserving the creditors the opportunity to convert this 20 % share of the restructuring debt into the

Company's B Shares before any cuts are made. A repayment schedule will be confirmed for the remaining 80 % in accordance with Appendix 13.

The cash payments to be made towards the restructuring debt pursuant to the repayment schedule will be made once a year on 30 April at the latest. The first payment will be made in 2022, and payments will continue until 30 April 2028. Please also see the table below in section 14.5.2.

The cut 20% will be converted, if the relevant creditor so wishes, into the Company's B Shares at the Exchange Rate in a share issue decided upon by the general meeting that will be held immediately after the restructuring programme has been certified. The restructuring programme will lapse if the Company's general meeting does not make the required decisions immediately after the restructuring programme has been certified by the Helsinki District Court and if the Company does not implement them without delay. Cf. also the provisions set out in sections 15.1 and 20.2 for more information.

If a creditor does not wish to have 20 % of its restructuring debt converted into the Company's B Shares, the said 20 % share of the restructuring debt will be cut permanently. The new B Shares do not involve any lock up obligations. A book-entry account is required for subscribing the Company's shares. The legal acts and measures related to the creditors' share conversion, including share subscription, are final and irrevocable.

The opportunity for share conversion within the meaning of this section 14.4.2 will be implemented in accordance with section 15.1.

14.4.3 Interest payable for restructuring debt owed to public law creditors

The repayment schedule and the total amount of restructuring debt owed to public law creditors take into consideration interest accumulated up until the restructuring proceedings began on 8 April 2020. During the restructuring proceedings, ordinary unsecured debts do not accumulate interest, which means that neither penalty interest nor any other sanction will be paid due to late payment.

14.4.4 Alternative payment for the repayment schedule of debts owed to public law creditors

Public law creditors are entitled to convert the payment of their receivables as described in the repayment schedule in section 14.4.2 for Secured Notes issued by the Company on a euro-for-euro basis. The main terms and conditions that apply to the Secured Notes are as described in section 14.5.4.

Secured Notes may be subscribed only if the public law creditor uses its full receivable to be otherwise paid in accordance with the repayment schedule to subscribe Secured Notes. The subscription is final and irrevocable. By subscribing Secured Notes, the relevant public law creditor waives its right to the receivable recorded in the repayment schedule and therefore will no longer be considered as a creditor within the Company's restructuring programme. In order to ensure the equal treatment of all creditors, all unsecured creditors will be provided with the same right to subscribe Secured Notes on the same terms and conditions.

14.4.5 Security

The Company provides a Pari Passu Security for the public law debts and undertakes to abide by the Intercreditor Agreement without delay after the restructuring programme has been certified.

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14.5 Unsecured restructuring debts

14.5.1 General

The Company's unsecured debts are comprised of commercial paper liabilities; accounts payable and other liabilities (including e.g. non-contested and actualised guarantee liabilities and non-contested lease liabilities); damages payable to landlords and subtenants; fee liabilities; the liabilities of the Estonian branch; group company liabilities; and conditional guarantee and counter-guarantee liabilities. In addition, the part of the secured restructuring debt that is not covered by the value of the relevant security constitutes unsecured restructuring debt. In addition to the principal, the unsecured debt comprises interest, costs and other expenses accumulated by 8 April 2020, which have all been taken into consideration when calculating the amount of unsecured debt.

The public law restructuring debts are described above in section 14.4. Public law debts have a corresponding right to payments made under the restructuring programme as other unsecured restructuring debts.

14.5.2 Cutting, repayment and conversion of unsecured restructuring debt

Altogether 20 % of unsecured debts will be cut while reserving the creditors the opportunity to convert this 20 % share of the restructuring debt into the Company's B Shares before any cuts are made. A repayment schedule will be confirmed for the remaining 80 % in accordance with [Appendix 13](#).

The cash payments to be made towards the restructuring debt pursuant to the repayment schedule will be made once a year on 30 April at the latest. The first payment will be made in 2022, and payments will continue until 30 April 2028.

The cut 20 % will be converted, if the relevant creditor so wishes, into the Company's B Shares at the Exchange Rate in a share issue decided upon by the general meeting that will be held immediately after the restructuring programme has been certified. The restructuring programme will lapse if the Company's general meeting does not make the required decisions immediately after the restructuring programme has been certified by the Helsinki District Court and if the Company does not implement them without delay. Cf. also the provisions set out in sections 15.1 and 20.2 for more information.

If a creditor does not wish to have 20 % of its restructuring debt converted into the Company's B Shares, the said 20 % share of the restructuring debt will be cut permanently. The new B Shares do not involve any lock up obligations. A book-entry account is required for subscribing the Company's shares. The legal acts and measures related to the creditors' share conversion, including share subscription, are final and irrevocable.

The opportunity for share conversion within the meaning of this section 14.5.2 will be implemented in accordance with section 15.1. The provisions set out in this section with regard to unsecured debts do not apply to group company liabilities (cf. section 14.8 below). **For the sake of clarity, it is stated that the provisions concerning the resolutions on share issue and share issue authorisation and the opportunity for share conversion as set forth in section 15.1 will also apply to the 20 % share of such unsecured restructuring debt, the final amount of which is conditional, unclear or otherwise undetermined at the time of the approval of the restructuring programme. The share conversion can be implemented without delay for the part of the 20 % share of the restructuring debt once the Administrator / Supervisor has determined and approved the undisputed part of the conditional or unclear restructuring debt.**

The first instalment of unsecured restructuring debt will be made in 2022 and it will amount to 9 % of the amount of the restructuring debt following the cut, i.e. altogether approximately EUR 11.4 million. The final total of the payments to be made is dependent on the specified amount

of disputed and conditional restructuring debt. The remainder of the non-cut restructuring debt will be repaid by 30 April 2028 in accordance with the repayment schedule. The unsecured restructuring debts will be repaid once a year by 30 April. The unsecured restructuring debts, the repayment schedule and the instalments in euros are specified in the repayment schedule set out in Appendix 13 to this restructuring programme.

The table provided below provides a summary of the annual payments that will be made towards all unsecured restructuring debts. These payments include instalments of public law debts.

Year	To be paid of the cut restructuring debt (%)	To be paid of the cut restructuring debt (EUR)	Date of payment
2021	-	-	-
2022	9%	EUR 11.4 million*	By 30 April 2022
2023	9%	EUR 11.4 million*	By 30 April 2023
2024	9%	EUR 11.4 million*	By 30 April 2024
2025	9%	EUR 11.4 million*	By 30 April 2025
2026	9%	EUR 11.4 million*	By 30 April 2026
2027	25 %	EUR 31.7 million*	By 30 April 2027
2028	30%	EUR 38.1 million*	By 30 April 2028
Total	100%	EUR 126.8 million*	

*The sums in euros disclosed in the table for illustrative purposes are based on the estimate that the damages payable to landlords, subtenants and other parties as well as the other disputed (restructuring) debts amount to a total of EUR 50 million before any cuts are made. These figures will change once the amount of damages has been confirmed.

14.5.3 Interest payable on the unsecured restructuring debts

Both the repayment schedule and the total amount of unsecured restructuring debt take into consideration interest accumulated up until the restructuring proceedings began on 8 April 2020. During the restructuring proceedings, ordinary unsecured debts do not accumulate interest, which means that neither penalty interest nor any other sanction will be paid due to late payment.

14.5.4 Alternative payment for the repayment schedule of unsecured debts

Unsecured creditors are entitled to convert the payment of their receivables as described in the repayment schedule in section 14.5.2 for Secured Notes issued by the Company on a euro-for-euro basis. The primary terms and conditions of the Secured Notes are as follows:

Issuer:	Stockmann Oyj Abp (Stockmann plc)
Maturity:	5-year bullet (from the first issue)
Amount:	A maximum of 80 % of the unsecured restructuring debts (excluding the existing Hybrid Bond Loan and intra-group liabilities)

Interest:	0,1 % (fixed)
Payment of interest:	Semi-annually
Subscription period:	60 days from the date on which this restructuring programme is Court certified
Subscription price:	100 %
Purpose:	Conversion of unsecured restructuring debt (excluding the existing Hybrid Bond Loan and intra-group liabilities) (Cf. the section titled "Amount" above)
Security:	Pari Passu Security
Premature redemption:	In part or entirely for 100 % redemption price
Allowed liability:	A maximum amount of EUR 50 million in working capital financing (sharing the Pari Passu Security and subject to the Supervisor's consent)
Covenants:	The same covenants/events of default as disclosed in section 15.11 of the restructuring programme (including a negative covenant concerning the payment of dividend / making distributions to Stockmann plc's shareholders)
Listing:	Not listed, but may be listed after the first issue date
Euroclear Finland Oy	ISIN: []
Extraneous issue / share issue:	In the event that the Company intends to prepare a new issue on the same terms and conditions as the Secured Notes or a share issue, the Company (either by itself or by issuing a request to the representative of the noteholders) can request a written procedure or convene a noteholders' meeting regarding the provision of consent for a bullet loan with a maximum term of three (3) months and a maximum amount of EUR 30 million that is entitled to the Pari Passu Security and enjoys a primary right to repayment in accordance with the Intercreditor Agreement. The duration of the written procedure shall be 14 days. The written procedure and the noteholders' meeting will have a quorum if at least 30 % of the outstanding principal of the Secured Notes participates. A simple majority is sufficient for the consent for the aforementioned bullet loan, and the representative of the noteholders is entitled to make the necessary amendments to relevant documents pursuant to the decision.
Other terms and conditions:	Market-based (final terms and conditions subject to the Supervisor's consent)

Secured Notes may be subscribed only for the full amount of the relevant unsecured creditor's receivable under the repayment schedule. The subscription is final and irrevocable. The unsecured creditor's receivable that will be converted into Secured Notes will be rounded down to the closest euro while the nominal amount of each Secured Note is one (1) euro. Any difference left over from the rounding down will not be compensated to the unsecured creditor. By subscribing Secured Notes, the relevant unsecured creditor waives its right to the receivable recorded in the repayment schedule and therefore will no longer be considered as a creditor in the Company's restructuring programme. In order to ensure the equal treatment of all creditors (excluding group company creditors), all unsecured creditors will be provided with the same right to subscribe Secured Notes on the same terms and conditions.

14.5.5 Security

The Company provides a Pari Passu Security for the unsecured debts and undertakes to abide by the Intercreditor Agreement without delay after the restructuring programme has been approved.

14.6 Small debts

The Administrator has decided, pursuant to Section 18(2)(4) and 46(2) of the Restructuring Act, to authorise the Company to pay all creditors with small claim their entire receivable if it does not exceed EUR 5,000.

As a result of this decision, the Company has paid the receivables of altogether **413** creditors **between November 2020 and January 2021**. The Company has paid altogether EUR **679,526.81** as small debts.

The aforementioned small debts have been for the most part paid before the certification of the restructuring programme. Any remaining small debts will be paid off immediately after they have been resolved. As such, the creditors with small claims will have no other receivables than interest accumulated during the restructuring proceedings. These interest receivables are categorised as lowest priority debts during the restructuring proceedings. No interest will accumulate for restructuring debts during the proceedings. Creditors with small claims have no voting rights as described in Section 52(2) of the Restructuring Act.

14.7 Lowest priority debts

14.7.1 General

Pursuant to Section 46(3) of the Restructuring Act, interest and other credit costs accruing during the restructuring proceedings to restructuring debts other than secured debts as well as debts that would be paid last in a bankruptcy shall be deemed to be lowest priority debts.

The Company's lowest priority debts comprise interest receivables that will accumulate during the restructuring proceedings and hybrid bond liabilities.

No interest will accumulate for unsecured restructuring debts during the proceedings.

14.7.2 Cutting and conversion of hybrid bond liabilities

The principal of the hybrid bond liabilities amounts, in total, to EUR 106 million. The interest payable based on the hybrid bond liabilities amounts to a total of EUR 2,117,103.82 as of 8 April 2020. As such, the total combined receivables of the hybrid bond creditors amount to EUR 108,117,103.82.

Based on the terms and conditions of the loan, the Hybrid Bond Loan is subordinate to the Company's other debt undertakings and it will be treated as an equity item in accordance with the IFRS, i.e. it can be repaid only after all other creditors have been repaid during any insolvency or liquidation proceedings affecting the issuer.

Altogether 50 % of the hybrid bond liabilities will be cut and the remaining 50 % converted into the Company's B Shares at the Exchange Rate in connection with the same share issue where the conversion of unsecured debts will take place (cf. section 15.1 below). If a creditor does not wish to have the uncut 50 % of its receivable converted, this part will also be cut. The new B Shares do not involve any lock up obligations. A book-entry account is required for subscribing the Company's shares. The legal acts and measures related to the creditors' share conversion, including share subscription, are final and irrevocable.

The Hybrid Bond Loan constitutes an equity instrument type of bond that was issued through the book-entry system maintained by Euroclear Finland Ltd (ISIN: FI4000188776). Euroclear Finland Ltd must maintain a list of the owners of the holdings recorded in its book-entry system.

No separate repayment schedule has been drawn up for the hybrid bond creditors, which would disclose the Company's liability vis-à-vis each specific hybrid bond creditor. Euroclear Finland Ltd maintains an up-to-date list of the owners of the holdings recorded in its book-entry system, which is also available to the Company. A share of the Hybrid Bond Loan constitutes a financial

instrument, and although the Hybrid Bond Loan is not subject to trade on any public market, it can be used as an instrument of trade in private contexts outside of markets (OTC transactions). As such, the list of parties that have invested in the Hybrid Bond Loan, which can be retrieved from Euroclear Finland Ltd's system, depicts the hybrid bond creditors on that specific day and does not constitute an accurate and up-to-date list of creditors on any other day. In addition, the actual owners of all shares in the Hybrid Bond Loan are not disclosed on the list as a nominee registration manager can be listed instead of the actual owner (Finnish Act on the Book-Entry System and Clearing Operations 348/2017, as amended). The manager of the nominee registration itself may only be aware of the identity of the agent acting on behalf of the true owner of the holding. As such, the list cannot be used to confirm or determine altogether how many hybrid bond creditors (i.e. owners of holdings) exist as some of the holdings are recorded in a nominee register. The composition of the group of hybrid bond creditors may continue to change. The decision issued by the Company with regard to a share issue in accordance with section 15.1 will define which owners of the holdings are entitled to share conversion.

14.8 Group company liabilities

The EUR 81,699,444.01 in intra-group liabilities will be considered secondary in the order of repayment priority vis-à-vis all payments made pursuant to the restructuring programme's repayment schedule. As such, no payments can be made towards these liabilities until all payments payable pursuant to the repayment schedule have been made in full. On these grounds, intra-group liabilities cannot be converted into the Company's B Shares or used to subscribe Secured Notes. The intra-group liabilities will not be cut to any extent. In the event of a subsequent bankruptcy, the aforementioned receivables can be claimed as regular receivables and will not be subject to any restrictions. This approach is accepted by the Company as part of the measures included in the restructuring programme where the Company's payment ability must primarily be used to repay Group-external liabilities. For the avoidance of doubt, the intra-group creditors have a number of voting rights that corresponds to the amount of restructuring debt payable thereto as specified in [Appendix 13](#).

14.9 Disputed and unclear debts

If the restructuring debt is unresolved in terms of its amount or basis, the Court overseeing the restructuring proceedings must determine to which extent the debt must be taken into account in the restructuring programme. The same also applies to other unresolved matters regarding the creditor's right.

If the dispute regarding the creditor cannot be resolved before processing of the draft restructuring programme or in connection therewith, the District Court must, pursuant to Section 75(2) of the Restructuring Act, direct the party who has the burden of proof in the matter to submit, by a set due date, the matter for consideration in separate judicial proceedings or in other proceedings intended for such a matter.

The following disputed and/or unresolved debts of which the Administrator is aware have been considered hereafter.

14.9.1 Disputed and/or unresolved accounts payable

The final amount of restructuring debt **was** unresolved between the Company and around 10 creditors on the date **14 December 2020** on which the draft restructuring programme **was** due. In most cases this **was** because the examination of invoices, credit notes and returned goods **was** in progress or there **were** disputes related thereto. With respect to disputed or unresolved debts, the amount of the restructuring debt based on the Company's books has been noted in [Appendix 13](#) attached to the restructuring programme. This amount represents the proposed amount to be taken into account as restructuring debt.

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All disputes and unclaritys related to the account payable debts have been resolved during the restructuring proceedings. There is no longer a section of disputed account payable debts in the Appendix 13 of the amended draft restructuring programme.

14.9.2 Claims for damages presented by landlords and subtenants

The Company has terminated some of its lease agreements pursuant to Section 27(1) of the Restructuring Act. Pursuant to Section 27(4) of the Restructuring Act, compensation that must be paid due to the termination of an agreement in the events referred to in Subsection 1 constitutes the debtor's restructuring debt.

The Company's landlords and subtenants have presented conditional as well as conditional and maximum claims for damages in relation to the termination of lease agreements. New claims for damages may still be presented after the due date of the draft restructuring programme, because the Company has terminated lease agreements just before the said due date. In addition, the Administrator has given his consent for the Company to terminate certain lease agreements during the restructuring proceedings. **The Administrator has received claims for damages from three (3) landlord creditors after 14 December 2020.**

The aforementioned claims for damages are disputed at the time when the draft restructuring programme was submitted, and if an amicable settlement cannot be reached, it is likely that the matter concerning the amount of damages to be taken into consideration in the restructuring programme will be submitted for consideration in separate legal proceedings or in other proceedings intended for such matter. The consideration of the claims and the settlement of the matter in connection with the consideration of the draft restructuring programme is not likely to be possible within the meaning of Section 75(1) of the Restructuring Act without causing substantial delay or other inconvenience to the restructuring proceedings.

If new liabilities for damages that are not included in the repayment schedule of the restructuring programme will be ordered to be paid by the Company at later dispute related proceedings, these debts will be treated as described in section 14.5 "Unsecured restructuring debts" above, **including the opportunity for share conversion (section 14.5.2) and the subscription of Secured Notes (prior to its final maturity date) (section 14.5.4).** To the extent that the restructuring receivables of the landlord or subtenant are conditional and/or maximum, section 14.10 will also be applied.

About the compensation based on Section 27(1) of the Restructuring Act

The amount of the proposed claims for damages are considerable. If the claims materialise to their maximum amount, the amount of the Company's unsecured debts will increase considerably. This would have a significant effect on the entire restructuring programme. The draft restructuring programme and the payments to the unsecured creditors proposed therein have been drafted from the point of view that the debts concerning damages will be taken into account in accordance with the Administrator's proposal.

Section 27(1) of the Restructuring Act provides that, after the commencement of the proceedings, a lease agreement where the debtor is the tenant may be terminated by the debtor to come to an end two (2) months after the service of notice of the termination, notwithstanding any terms in the agreement on the duration of the agreement or on the service of notice.

The purpose of the provision is to support the restructuring of the debtor company and to stimulate its business. In accordance with the preparatory works of the act (Government proposal HE 182/1992, p. 33), regulation is necessary so that the debtor can be released from long-term agreements in connection with restructuring proceedings if this is appropriate due to the restructuring proceedings.

Pursuant to Section 27(1) of the Restructuring Act, the compensation for the premature termination of the agreement shall include the necessary costs incurred in the restoration of

possession of the property and a reasonable compensation for other losses demonstrated by the landlord. To the extent of the Administrator's knowledge, "reasonable compensation" expressly means that the compensation for damages will not be determined in accordance with the so called principle of full compensation.

The Supreme Court has commented on the amount of reasonable compensation to be paid in consequence of the termination of a fixed-term lease agreement in its decision KKO 2003:31. In the said matter, the rental period that remained of the lease period set out in the lease agreement after the termination thereof was about eight (8) years. The Supreme Court considered that the reasonable compensation was the amount that corresponded to approximately six (6) months' rent.

Even though the Supreme Court's decision that concerns an individual case cannot be used to deduce a straightforward legal rule for calculating the amount of reasonable compensation, the Administrator considers that the decision should be given importance in the assessment of the matter because there are no other preliminary rulings concerning the subject matter.

To the extent of the Administrator's knowledge, it is common in restructuring proceedings that the landlord and the debtor agree on the amount of compensation, which in part explains why there is only a limited amount of case law on the matter. To the extent of the Administrator's knowledge, the established basis in the restructuring practice is that the unreceived rental income for the period of 6–12 months will be taken into account when determining the amount of reasonable compensation, even if the term of the terminated agreement had been long and the property would not be leased again. Furthermore, in certain cases it has been approved that unreceived rental income will be partly compensated for a period that is a bit longer than the aforementioned.

Based on the Administrator's knowledge, the principles to adjust the amount of compensation that are disclosed in case law concerning the unlawful termination of commercial lease agreements can also be used as support for the interpretation in the assessment of the amount of reasonable compensation. Even in such cases, the courts have not ordered the theoretical maximum compensation to be paid as damages for the remaining lease period, even though the so called principle of full compensation primarily applies to the situation, unlike in the circumstances established in Section 27 of the Restructuring Act.

Under Section 51 of the Finnish Act on Commercial Leases, the landlord has the right to receive compensation from the tenant for damage suffered by the landlord due to the termination of the lease agreement. The damage to be compensated includes e.g. the amount of lost rental income. Pursuant to Section 5 of the act, the damages may be adjusted if the compensation was unreasonable.

The Court of Appeal of Rovaniemi decided in its judgment A 85/15 handed down on 28 December 1984 that full compensation must be paid for the period during which the apartment was in the possession of the tenant, and less than one sixth of the lost rental income for the three (3) remaining years of the lease period.

The Court of Appeal of Helsinki decided in its judgment A93/102 handed down on 8 September 1993 that full compensation must be paid until the premises were leased again in addition to the difference between the former rent and the new smaller rent for the period of six (6) months.

The decision handed down by the Court of Appeal of Rovaniemi on 1 July 2014 in matter S 13/449 pertained to a case in which the leased premises had been vacant for two (2) years after the agreement was unlawfully terminated. The tenant was ordered to pay a reasonable compensation in the matter for the period of six (6) months.

The decision no. 3241 handed down by the Court of Appeal of Helsinki pertained to a matter in which approximately five (5) years of the lease period were unused after the unlawful termination of the lease agreement. The Court of Appeal assessed first that damage was likely to be caused for approximately 32 months. After that, the Court of Appeal adjusted the compensation to correspond to the amount of approximately 20 months' rent on the basis of the circumstances and overall assessment.

Based on the aforementioned and Assistant Professor Hupli' statement, the Administrator has considered it justified to take the creditors' claims for damages corresponding to the amount of 18 months' rent into account in the draft restructuring programme in the manner that new lease agreements concluded with the Company as well as other new or transferred lease agreements concerning the premises in question for which the landlord creditors receive income will reduce the amount of damage (net damage). The aforementioned 18 month's period begins from the date on which the terminated lease agreement ends.

The following creditors have claimed compensation for damages for the damage incurred as a result of the termination of the lease agreement ~~by the due date of the draft restructuring programme:~~

LANDLORD / SUBTENANT AND OBJECT OF LEASE	CREDITOR'S CLAIM / DISPUTED	THE AMOUNT OF COMPENSATION TO BE TAKEN INTO ACCOUNT IN THE RESTRUCTURING PROGRAMME 18 MONTHS
Takomotie / Nordika II SHQ Oy	EUR 14,500,000	EUR 1,182,438
Tapiola / LähiTapiola Keskustakiinteistöt Ky and Tapiolan Toimitalo Oy	EUR 43,398,160	EUR 3,452,017
Jumbo / Rodareal Oy and Vantaan Valo Ky	EUR 7,234,027.50	EUR 1,409,561
Turku / Keva	Agreed upon in a settlement agreement	EUR 2,560,798
Varma Mutual Pension Insurance Company	EUR 7,171,462.55	EUR 0.00 (The drafting of a calculation of the estimated damages has not been possible due to the fact that the damage-limiting agreement has not yet been concluded. The amount of damages will be estimated as soon as possible.)
Owners of Kiinteistö Oy Helsingin Rautatalo	EUR 117,918.36	EUR 117,918.36
HOK-Elanto Liiketoiminta Oy	EUR 6,495,390	EUR 0.00
Turun Osuuskauppa	EUR 4,006,056	EUR 0.00
Pirkanmaan Osuuskauppa	EUR 5,354,000	EUR 0.00

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LANDLORD / SUBTENANT AND OBJECT OF LEASE	CREDITOR'S CLAIM / DISPUTED	THE AMOUNT OF COMPENSATION TO BE TAKEN INTO ACCOUNT IN THE RESTRUCTURING PROGRAMME 18 MONTHS
Fennia Mutual Insurance Company	EUR 11,900,000	EUR 2,833,296
Kauppakeskus Hansa Ky (Exilion Management Oy)	EUR 9,807,514.43	EUR 141,487
Tampereen Seudun Osuuspankki	EUR 17,740,480.40	EUR 1,953,458

The said damages will be taken into account in the restructuring programme as conditional on the basis of the amount of damage incurred during 18 months as established in the Administrator's and the Company's estimated calculation. The amounts that exceed the aforementioned will be taken into account as disputed, conditional and maximum receivables. Creditors' right to receive compensation for damages will be determined on the basis of the actual damage, and the amount thereof can be adjusted later. However, the basis of calculation will always be the final and actual damage incurred during 18 months as of the date on which the terminated lease agreement ends.

The Administrator / Supervisor will inspect the estimated calculation of the damage the landlord creditor incurs and determine for each landlord the undisputed part of the realised damage from the 18 months' time period following the termination of the lease agreement once the 18 months have elapsed from the date of the termination of the lease agreement. The provisions of the restructuring programme concerning share conversion and payments in accordance with the repayment schedule will be implemented and applied to such part of the undisputed restructuring receivable without further delay. The creditor is entitled to choose as an alternative for the payments of the undisputed restructuring receivable pursuant to the repayment schedule set forth in section 14.5.2 the Secured Notes issued by the Company in accordance with section 14.5.4 on a euro-for-euro basis.

If the final amount of conditional and maximum debts related to damages will be less than what has been proposed in the draft restructuring programme or the repayment schedule, the amount of the cut will be applied to the final amount of the debt. Similarly, if the final amount of conditional and maximum debts related to damages will be higher than the amount of compensation approved in the draft restructuring programme or the repayment schedule, the amount of the cut will be applied to the final amount of the debt. Cf. also section 20.3(iii) hereafter.

The Administrator has requested the District Court to assign the disputes concerning the damages claims to be resolved at separate proceedings. For the sake of clarity, the Administrator does not interpret any creditor's approval of the draft restructuring programme given in advance as a statement concerning the final amount or the basis of the restructuring debt, nor as confirmation of the creditor being in agreement with the Administrator on an unresolved matter or the final amount of a disputed claim.

The Administrator finally concludes that the final amount of damages discussed in this section will likely be resolved in separate judicial proceedings. Should the final amount of damages be later confirmed to be something else than the amount estimated by the Administrator, and later determined by the Supervisor after 18 months have elapsed from the termination of the lease agreement, the restructuring programme and the repayment schedule will be amended for each creditor to correspond with the confirmed and final amount of restructuring debt.

14.9.3 HOK-Elanto Liiketoiminta Oy, Turun Osuuskauppa and Pirkanmaan Osuuskauppa

HOK-Elanto has stated in a letter dated 1 December 2020 that it has incurred damage in the form of the lost value of previously acquired business operations due to the termination of the Company's main lease agreement regarding the shopping centre located in Tapiola (Ainoa). As the termination also resulted in the termination of the sublease agreement for Food Market Herkku Tapiola, HOK-Elanto will also incur damage for rent and payment differentials as well as other additional costs incurred in relation to the matter. Pursuant to the claim, the Company must compensate HOK-Elanto for the difference between the costs of the different lease agreements in full up until 2032, i.e. EUR 1,625,390, and EUR 4,870,000 in lost value of business, i.e. the Company must pay altogether EUR 6,495,390 to HOK-Elanto **including penalty interest thereto** in compensation for damage it has incurred. According to HOK-Elanto, the Company's liability for damages is not limited to the termination of the sublease agreement. On the contrary, it is based on the breach of a long-term and large-scale transaction-related entity of agreements, and the damage caused thereby does not constitute restructuring debt within the meaning of the Restructuring Act.

HOK-Elanto's representative has also stated that the Company must fully compensate the damage incurred by Turun Osuuskauppa in Turku as a result of the Company's agreement breach. Turun Osuuskauppa's sublease agreement in Turku will end on 24 January 2021. As all the measures related to the termination have not been confirmed yet, the amount of damage cannot be specified as of yet. The claim presented on behalf of Turun Osuuskauppa has been presented as a maximum claim for damages, i.e. EUR ~~4,006,056~~ ~~5,000,000~~ together with penalty interest for late payment **and costs**. The creditor holds that the claim for damages does not constitute restructuring debt within the meaning of Section 3 of the Restructuring Act.

The Company terminated its lease agreement for the department store located in Tampere on 10 December 2020, which correspondingly results in the termination of the sublease agreement regarding Food Market Herkku in Tampere as well. HOK-Elanto's representative stated on 11 December 2020 that, as all the measures related to the termination have not been confirmed yet, the amount of damage cannot be specified as of yet. The claim presented on behalf of Pirkanmaan Osuuskauppa has been presented as a conditional and maximum claim for damages, i.e. EUR ~~5,354,000~~ ~~5,300,000~~ together with penalty interest for late payment **and costs**. Depending on the potential continuation of the lease agreement pertaining to Tampere, the damage incurred will comprise the rent and payment differentials between the terminated sublease agreement and the new lease agreement as well as other additional costs incurred in relation to the matter; a loss of value of business gained through the relevant transaction; costs incurred for shutting down operations, including personnel costs; lost investments; and other damage. The creditor holds that the claim for damages does not constitute restructuring debt within the meaning of Section 3 of the Restructuring Act.

The Company considers these claims for damages to be unfounded. The Company holds that the transaction concerning the Stockmann Herkku business operations, which was signed on 29 June 2017, does not include any provision on which the S Group or any of its various cooperatives (*osuuskauppa* in Finnish) could base their claims regarding potentially lost value of business and that no such claims have been presented to the Company before the autumn of 2020. The long-term partnership agreement concluded between the parties, whose termination the S Group noted to have occurred in its representative's letter dated 1 December 2020, also does not contain any provisions that the Company could consider itself to have breached. The Company has exercised the special right it has based on the Restructuring Act to terminate its own lease agreements, which then resulted in the termination of the sublease agreements at the main tenant's notification without separate termination. The Company holds, as supported by legal assessments it has acquired, that the termination of the sublease agreements does not give rise to any liability that would correspond, in magnitude, to the claims currently presented to the Company. To the extent of the Company's knowledge, no such liability arises from any other agreement provision, law or the Company's alleged negligence either. Correspondingly, the Company holds, based on the assessments it has acquired, that the Company's potential liability for damages constitutes restructuring debt as defined above.

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In the event that the presented claims result in legal action being taken against the Company, the Company will file counterclaims relating to the conduct of the S Group and the aforementioned cooperatives, the takeover of the Stockmann Herkku business operations and the provisions of the partnership agreement concluded in connection with the transaction. In the partnership agreement, the S Group stated that it intends to develop an even more attractive premium class grocery store concept to ensure and increase the flow of customers (i.e. foot fall) at the department stores to serve the joint interests of the parties. In the event that legal action is taken against the Company, the Company considers it justified to ascertain as a standard measure as to whether the S Group's conduct during the term of the partnership agreement has given rise to legal liability for the S Group vis-à-vis the loss of customers and the financial damage suffered by the Company. The Company has presented the grounds for a claim for damages to the S Group but has yet to specify it in amount or to present a maximum claim.

The Administrator notes that the termination of the lease agreements under Section 27(1) of the Restructuring Act has led to the termination of the Company's sublease agreements that apply to the same premises and that the damages payable for the termination of the sublease agreements constitute restructuring debt. Assistant Professor Tuomas Hupli stated the following in an expert opinion he provided on 15 May 2020 with regard to the lease agreements of a debtor undergoing restructuring:

When assessed from the perspective of insolvency law, the termination of a sublease ex lege firstly means that it does not constitute a new disposition that would create a new liability for damages or some other debt relationship between the sublessor (i.e. the debtor in restructuring) and the subtenant during the restructuring proceedings. As the primary landlord is not entitled to receive any compensation in the form of new debt, the equal treatment of creditors means that the damages payable to subtenants may only be treated as restructuring debt. An opposite interpretation would gravely endanger the purpose of Section 27(1) of the Restructuring Act as the purpose of the provision cannot be to force the debtor in restructuring to pay the claims for damages lodged by subtenants as new debts in order to be released from lease agreements that generate long-term costs.

In addition, Assistant Professor Tuomas Hupli stated the following in an expert opinion he provided on 14 July 2020 with regard to the lease agreements and guarantee liabilities of a debtor undergoing restructuring:

The termination of a sublease agreement brought on by the termination of the main lease agreement gives rise to a claim for damages for the subtenant that constitutes restructuring debt for the landlord (i.e. the debtor in restructuring).

14.9.4 Barona Kauppa Oy and Barona Logistiikka Oy

The representative of the Barona Companies has notified on 31 December 2020 that the Barona Companies waive their demand to have part of their receivables paid on the basis of the exception to the repayment interdiction as set out in Section 18(2)(1) of the Restructuring Act. The total amount of the receivables of the Barona Companies are entered into the section concerning account payable and other debts in Appendix 13. The description of the earlier dispute has been removed from this section.

14.9.5 Aimo Park Finland Oy

The representative of Aimo Park has notified on 5 January 2021 that Aimo Park accepts the view of the Administrator presented in the draft restructuring programme that Aimo Park's receivable constitutes restructuring debt in its entirety. The total amount of Aimo Park's receivables is entered into the section concerning account payable and other debts in Appendix 13. The description of the earlier dispute has been removed from this section.

14.10 Conditional and maximum restructuring debts

The Company has a conditional and maximum restructuring debt to Danske Bank A/S that is based on guarantee liabilities. Danske Bank A/S's conditional and maximum guarantee claim has been taken into consideration in the restructuring programme as a fully conditional receivable (cf. also section 14.12 below). **Helsingin Seudun Liikenne (HSL) has received payment of its restructuring receivable of EUR 7,097.73 on 8 January 2021 from the EUR 30,000 guarantee issued by Danske Bank A/S, Finland Branch. As a consequence of the guarantor's payment Danske Bank A/S will become a restructuring creditor in place of HSL. The change is entered in Appendix 13.**

The Company has a conditional and maximum restructuring debt to the Finnish Employment Fund (unemployment insurance premiums and deductibles as well as receivables accumulated due to termination-based disputes). Altogether EUR 450,000 of the Finnish Employment Fund's total conditional and maximum receivable has been taken into consideration in the restructuring programme. The Company estimates that the amount of restructuring debt that relates to deductibles amounts to approximately EUR 215,000. The Company also estimates that, even if there were increases to the estimation caused by unexpected events, the amount of restructuring debt nevertheless could not exceed EUR 450,000.

The Company's conditional rental deposit debt of EUR 620,925.00 (incl. vat) to Aimo Park based on advance payments has realized when the Company gave notice of termination to all lease agreements related to parking facilities where Aimo Park was the subtenant. As stated above in section 14.9.5, Aimo Park's receivables in their entirety are entered into the section concerning account payable and other debts in Appendix 13.

The owner of Kirjatalo (Book House), i.e. ECR Finland Investment I Oy has presented a conditional claim of altogether EUR 223,800 during the restructuring proceedings. The claim is based on the obligations imposed by the cost division agreement concluded in connection with the sale of the Kirjatalo (Book House) property in 2018, pursuant to which the Company has undertaken, together with the creditor, to cover the costs incurred for the technical separation of the Kirjatalo (Book House) property and the property owned by the Company. The creditor has argued that the Company's liability constitutes debt that has accumulated during the proceedings and not restructuring debt. The creditor has also stated that the Company is in breach of the agreement because it has refused to fulfil its contractual obligations regarding the technical separation.

On 24 November 2020, the Company terminated the lease agreement concluded between Keva and the Company that pertains to the department store premises in Turku pursuant to Section 27(1) of the Restructuring Act. Keva and the Company have concluded a settlement agreement approved by the Administrator, and the amount of compensation payable under Section 27(4) of the Restructuring Act and as entered into the said agreement is set out in Appendix 13. The amount of agreed compensation is based on the difference between the rent set out in the old lease agreement and that established in the new lease agreement concluded between Keva and the Company (damage-limiting agreement) from which the other rent income received by Keva for the premises referred to in the old lease agreement are deducted. The agreed compensation covers, in total, a period of 18 months following the end of the old lease agreement. Pursuant to the settlement agreement, the amount of restructuring debt owed to Keva will be adjusted to reflect the actual damage incurred during the aforementioned 18 months e.g. based on the revenue-based rent, which was used as a basis when calculating the amount of compensation and whose actual amount will be confirmed later. The restructuring debt owed to Keva is recorded as conditional in amount on these grounds.

The Company terminated on 9 December 2020 the lease agreement concluded between Varma Mutual Pension Insurance Company and the Company concerning the parking facilities of the department store premises located in central Helsinki pursuant to Section 27(1) of the Restructuring Act. On 11 December 2020, Varma Mutual Pension Insurance Company presented a conditional and maximum compensation claim of EUR 7,171,462.55 to the

Company and the Administrator, based on a calculation involving 18 months of capital rent and compensation liability that applies to the tenant's other costs. This claim is also recorded in this draft restructuring programme's Appendix 13. Varma Mutual Pension Insurance Company and the Company have not yet had the ~~opportunity to commence~~ negotiations regarding the final amount of the compensation. Varma and the Company have also not been able to assess the impact on factors that would reduce the amount of compensation payable as the damage-limiting agreement regarding the parking facility has not yet been concluded.

Several landlord creditors, whose lease agreements the Company has terminated or will terminate pursuant to Section 27(1) of the Restructuring Act, have either a conditional or a conditional and maximum claim for damages. The aforementioned creditors also have undisputed restructuring receivables. Cf. section 14.9.2 above.

The same debt reorganisation measures will be applied to the conditional and maximum restructuring debt as will be applied to secured and unsecured creditors.

Payments will be allocated towards the **undisputed part of the** conditional and maximum restructuring debt owed to landlords and subtenants in the repayment schedule at the amounts specified above in section 14.9.2 by the Administrator **and later inspected by the Supervisor once 18 months have elapsed from the termination of the lease agreement of the landlord creditor and the actual damage that the landlord has incurred has been resolved**. The Company must reserve the amounts allocated for the aforementioned receivables for payment after the **undisputed part of the** receivables have been **finally resolved confirmed**. However, no payments will be made towards the **disputed or unrealized part of the** conditional and maximum restructuring debts before a reliable account of their final amount has been received. **For the sake of clarity, it is stated that pursuant to what is stated in section 14.9.2, also the opportunity for share conversion for the 20 % part of the receivable and the Secured Notes as an alternative to the repayment schedule for the 80 % part of the receivable apply to the conditional restructuring debt to the extent it is considered undisputed.**

If the final amount of conditional and maximum restructuring debt will be less than what has been proposed in the draft restructuring programme or the repayment schedule, the amount of the cut will be applied to the final amount of debt. Similarly, if the final amount of conditional and maximum restructuring debt will be greater than the amount of compensation approved in the draft restructuring programme or the repayment schedule, the amount of the cut will be applied to the final amount of the debt. Cf. also section 20.3(iii) below.

Payments will be made to the conditional and maximum restructuring debts on the next payment date assigned for unsecured debts in the repayment schedule following the date on which the creditor has confirmed the final amount of its receivable to the Supervisor and the Company and the Supervisor has approved it or after the amount of the receivable has been confirmed with a legally valid and final ruling. **Payments will be made to the undisputed parts of the damages claims of the landlord creditors on the next payment date assigned for unsecured debts in the repayment schedule following the date on which the Supervisor has determined and approved the undisputed part of the damage incurred by the landlord creditor during 18 months.** In connection with the first payment made on the said date, any earlier payments that may have been allocated in the repayment schedule for the confirmed **or undisputed** amount of restructuring debt will be made as well. In the event that the final amount of a specific conditional and maximum restructuring debt is not known on the last date allocated for the repayment of unsecured debts in the repayment schedule, the Company and the Supervisor will agree on the repayment of such debts separately with each affected creditor.

14.11 Unknown debts

Restructuring debt, which neither the debtor nor the relevant creditor has notified during the proceedings in accordance with Section 71(1)(3) of the Restructuring Act and which the Administrator has otherwise not become aware of before the restructuring programme is

certified, will lapse when the restructuring programme is certified unless otherwise stipulated in the restructuring programme. However, this kind of debt will not lapse if the relevant creditor was not and should not have been aware thereof and if the Administrator did not become aware of it before the programme was certified. Notwithstanding the aforementioned, any creditors that possess a real security right over their receivables are entitled to claim their receivables of the value of the said security.

Clear and undisputed restructuring debts, which are not taken into account in the restructuring programme for one reason or another when it is certified, will not lapse. After the grounds and amount of such a debt have been confirmed, these debts will be treated in the debt reorganisation process similarly to other debts in the same creditor group. In the event that unknown restructuring debts are discovered after the restructuring programme has been certified and the existence of these debts is confirmed, the Court overseeing the restructuring proceedings can be petitioned for an amendment to the restructuring programme as stipulated below in section 20.3 (cf. Recommendation 17 of the Finnish Advisory Board for Bankruptcy Affairs dated 6 November 2018).

14.12 Guarantees provided by the Company

Danske Bank A/S has stated that it has a conditional receivable in the value of altogether EUR 148,250.98 from the Company based on the guarantees disclosed in the table below. **Helsingin Seudun Liikenne (HSL) has received payment for its restructuring receivable on the basis of a guarantee. The said guarantee will expire on 3 February 2021 after which the amount of total guarantee liability will be reduced to EUR 118,250.98 unless the beneficiary of the guarantee presents more claims on the basis of the guarantee by 3 February 2021.**

Company	Guarantee no.	Type	Issued	Amount	Currency	EUR Amount per 9.12.	Expiry	Beneficiary
Stockmann Oyj Abp	17G0857430	Other guarantee	3.5.2017	30 000,00	EUR	30 000,00	3.2.2021	HELSINGIN SEUDUN LIIKENNE
AB Lindex	05G0844402	Hyrresgaranti - Lease	14.2.2017	51 710,00	EUR	51 710,00	28.2.2022	Tirdzniecibas Centrs Pleskodale
AB Lindex	87G1159473	Customs guarantee	3.1.2020	60 000,00	GBP	66 540,98	Until further notice	HM Revenue & Customs
						148 250,98		

Other creditors have not separately declared that they have conditional claims concerning guarantee liabilities. According to the information provided by the Company, the Company has guarantee related liabilities disclosed above in section 6.3.9. The terms and conditions of the guarantees will remain unchanged despite of the debt reorganisation carried out as part of the restructuring programme.

In practice, all of the Company's guarantee liabilities relate to guarantees, rent guarantees and counter-guarantees to guarantees provided on behalf of the Lindex group companies. The Company's restructuring programme is based on the assumption that the business operations of the Lindex Group will be continued under the ownership of the Stockmann Group. The realisation of Lindex-related guarantee liabilities is considered to be very unlikely.

Any debt that may be generated based on the guarantee liabilities will be subjected to the same debt reorganisation measures as the secured and unsecured debts and the conditional and maximum debts. Restructuring debts that are based on guarantees will be allocated payments only after a reliable account of their final amount has been obtained.

14.13 Guarantees provided by third parties and the guarantors' standing

Pursuant to Section 42(3) of the Restructuring Act, if someone is liable for a given debt as a personal guarantor or as a joint debtor, the programme shall also contain provisions on the duty of the said person to pay the creditor. If the security provided for a debt consists of a real security right over the property of a third person, the programme shall indicate the effect of the debt arrangement on the liability of the said person.

Danske Bank A/S has provided a guarantee of altogether EUR 30,000 for the Company's obligations to Helsingin Seudun Liikenne (HSL). The terms and conditions of the guarantee will

remain unchanged despite of the debt reorganisation carried out as part of the restructuring programme. **According to the notification of the creditor given on 8 January 2021 the creditor has received payment for the Company's restructuring debt from the guarantor. As a consequence of the guarantor's payment Danske Bank A/S will become a restructuring creditor in place of HSL.**

No other third party has provided any real securities or guarantees for the Company's obligations or undertakings.

Pursuant to Section 25(1) of the Restructuring Act, the commencement of restructuring proceedings shall not prevent the collection of a restructuring debt from a guarantor or from the value of the collateral provided by a third party, nor the giving of notice or otherwise terminating the debt for the part of the guarantor or the provider of the collateral, where the guarantee or the collateral had been given in the context of business operations or other comparable activities. The provision above on a guarantor applies also to a joint debtor. The collection of payment from a guarantor shall not require preceding termination measures directed at the debtor.

In the event that restructuring debt is collected from the guarantor or of the value of a security established by a third party, this will give rise to a recourse claim against the Company for the guarantor. The guarantor will replace the main creditor as the Company's restructuring creditor with the same priority right as the main creditor to the extent that the recourse claim entitles to payment under this repayment schedule.

14.14 Set-offs

The creditors have, in accordance with Section 19(3) of the Restructuring Act, during the restructuring proceedings the right to set a claim off against a debt owed to the debtor at the commencement of the proceedings under the same conditions as in bankruptcy proceedings.

The Administrator holds that certain secured creditors are entitled to set off their debts to the Company that were generated by the netting of the hedging agreements against their restructuring receivables. The parties to the hedging agreements issued notice of their hedging agreements to terminate on 6 April 2020. The debt to the Company arising from the negative net value of the hedging agreements i.e. EUR 8,938,901.12 existed when the restructuring proceedings commenced and can be set off against the restructuring receivables.

The Company has received altogether EUR 398,824.22 in tax refunds for real estate tax paid in 2010–2018 (tax refund of EUR 387,533.45 and EUR 11,290.77 in related interest). The Finnish Tax Administration has used the tax refund as a set-off against the Company's restructuring debt, after which the remaining restructuring debt owed to the Finnish Tax Administration is EUR 2,249,431.09.

A few set-offs with minor importance in euros have been made between trade creditors and the Company in accordance with the provisions of the Restructuring Act during the restructuring proceedings when the relationships in terms of the debts/claims have been based on the time before the commencement of the restructuring proceedings, and the claims have been reciprocal and similar in type. Any returns of goods, i.e. setting off with goods have not been allowed on the grounds of creditors' equal treatment. Minor set-offs made in the form of credit notes issued in the course of the Company's ordinary business from the restructuring debt and their grounds have been assessed by the Company's financial department and other employees during the process of listing the restructuring debts. The Company's financial department has provided for the Administrator's approval, as agreed, a list of creditors' set-off notifications whose set-off amount exceeds EUR 1,000 and which the Company has considered to be acceptable.

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Intra-Group liabilities and receivables were set off in September 2020. The status of Group liabilities after the set-offs, recovery requests and other reversed group company payments is described in [Appendix 13](#).

15 OTHER PROVISIONS

15.1 General meeting, deciding on a share issue and share issue authorisations

In order for this restructuring programme to be implemented, the Company is obligated to convene a general meeting to decide upon the directed share issue described below and the authorisation of the Board of Directors to decide upon the share issue at the latest immediately after the restructuring programme has been certified by the Helsinki District Court.

A general meeting can be convened no earlier than three (3) weeks after the publication of the invitation to the meeting or on a date that ensures that the record date of the general meeting (eight working days before the general meeting) is no earlier than nine (9) days after the publication of the invitation to the general meeting (section 10 § of the Company's Articles of Association).

The Company is obligated to propose at the convened general meeting that:

The general meeting decides on the directed issue of at most [●] new B Shares to (a) unsecured creditors so that the subscription right is conditional on the creditor's receivable (20 % share of the receivable) being used for setoff against the subscription price of the shares; and (b) hybrid bond creditors so that the subscription right is conditional on the creditor's receivable (50 % share of the receivable) being used as setoff against the subscription price of the shares.

The subscription price (conversion ratio) that applies to both issues detailed above in (a) and (b) is the volume weighted average price of the Company's B Share between 8 April and 27 November 2020, i.e. EUR 0.9106.

The Company is also obligated to propose that

The general meeting decides to authorise the Board of Directors to decide upon a share issue. Pursuant to the authorisation, the Board of Directors can issue at most [●] new B Shares. The share issue may be carried out in deviation from the shareholders' pre-emptive subscription rights (directed share issue) for the creditors of conditional and disputed debts as well as the creditors of restructuring debt that will be determined later during the restructuring programme in accordance with sections [● and ●] of the restructuring programme.

*The subscription right granted in such share issue is conditional on the creditor's receivable (**20 % share of the receivable**) being set off against the subscription price of the shares. The subscription price (conversion ratio) that applies to the share issue is the volume weighted average price of the Company's B Share between 8 April and 27 November 2020, i.e. EUR 0.9106.*

The Board of Directors decides on all other terms and conditions that apply to the share issue.

The authorisation will remain in force until [●] January 2026.

The abovementioned obligation to decide upon a share issue authorisation is intended to ensure that all creditors of conditional, maximum amount and disputed debts will be able to implement their right to share conversion for the 20 % part of their receivable during the duration of the restructuring programme. In addition, the Company is obligated to convene an (extraordinary) general meeting during the year 2025 to decide on a new similar

authorisation to issue shares that will be granted to the Board of Directors so that the authorisation will be valid until 30 April 2029.

The Company's share issue will be directed to creditors in accordance with this restructuring programme, and the creditors' representatives will subscribe for shares on behalf of the creditors they represent. The restructuring programme does not require any other share issues to be carried out than the aforementioned share issues that are necessary for the conversions of unsecured restructuring debt and hybrid bond debts as well as in terms of any possible conditional and disputed restructuring debts. However, share issues can be carried out for fair market value during the restructuring programme subject to the Supervisor's consent.

15.2 Other corporate decisions

The Company's A and B Shares will be combined in connection with the restructuring programme so that each series A Share will entitle to 1.1 series B Shares. The Company must decide to combine its share series at the same general meeting where the share issue set out in section 15.1 will be decided upon.

This combination of the share series will support the Company's liquidity and advance Company's possibilities to acquire financing.

15.3 Realisation of real estate assets, use of the realisation price and supervision of the realisation process

The Company has the obligation to arrange the sale of the department store properties in Helsinki, Tallinn and Riga by a controlled auction to a party that makes the highest bid for each property. The Company must strive to get the best possible market price for the properties. The realisation profits obtained from the realisation of the properties will be primarily used to pay the receivables of the secured creditors. The repayment schedule that applies to the secured debts requires for the payments to be paid by 31 December 2022 at the latest. The aforementioned properties must be sold by 31 December 2021 at the latest at the risk of the restructuring programme lapsing, unless the Supervisor postpones the deadline for the sale until 31 December 2022 for a justified reason.

The valuation of the securities has determined a specific security value for each department store property that serves as a security, and the total security value is the sum thereof. It is likely that all of the real properties will not be realised at the same time. At least a sum that corresponds to each real estate property's security value must be paid to the bank account determined by the Security Agent in connection with the realisation of the security assets in order for the security to be released. Secured creditors are not obligated to give up the said security object and carry out all measures related to the release of the security, unless the sum corresponding to the security value is paid to the bank account determined by the Security Agent. In the event that the realisation price exceeds the security value, the sum exceeding this value will be paid, in full, to a bank account determined by the Security Agent insofar as a receivable held by a secured creditor (secured receivable, unsecured share of a receivable or an interest receivable in accordance with this restructuring programme) remains unpaid.

After all the receivables of the secured creditors (principal of the secured debt and the interest accrued in accordance with this restructuring programme as well as the principal of the unsecured debt) have been settled, the Company must use at least 80 % of the amount that possibly exceeds the realisation price of the security assets to prematurely settle the other payments to be paid pursuant to this restructuring programme. The remaining 20 % of the amount exceeding the realisation price at the most will become the Company's freely usable working capital.

The Company must:

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- (i) send a copy of all email correspondence and other correspondence related to the realisation of securities to the Supervisor, invite the Supervisor to all meetings, conference calls and other conferences arranged between the Company, its advisers and potential purchasers and reserve the Supervisor a right to comment on the materials to be submitted to potential purchasers in advance;
- (ii) report to a working group comprised of the Supervisor, the Supervisor's financial adviser specialised in real estate transactions and at most three (3) representatives appointed by the secured creditors at follow-up meetings regarding the realisation of the real estate property assets every two (2) weeks; and
- (iii) with respect to each department store property, provide the Supervisor with an opportunity to request the financial adviser to issue a fairness opinion on (x) the terms of the lease agreement under which the Company would be staying in the property to be sold as a tenant before the Company discloses the said terms to the potential purchaser and (y) the final sales price before the Company signs the binding preliminary agreement or the sales agreement regarding the said property.

In the event the provisions in this section 15.3 are not complied with, the Supervisor can request for the restructuring programme to lapse.

15.4 Interest on the secured debts

The Company has paid EUR 300,000 in interest per month for the secured debts since 8 April 2020. The Company has commenced payments of interest for the secured debts on 1 June 2020 and also paid the interest between 8 April and 31 May 2020 in connection with the payment of later interest instalments. The Company must pay Full Interest on the secured debts on the last banking day of each month from 1 December 2020 onwards up until the day on which the restructuring programme is accepted as well as the difference between the unpaid Full Interest and the interest that has been paid so far between 8 April 2020 and 30 November 2020 by 31 December 2021 in as many monthly instalments of equal size as there will be full calendar months left in 2021 after this restructuring programme has been certified by the District Court. Each interest instalment will be paid on the last banking day of each month starting from the last banking day of the month following the month in which the restructuring programme is certified.

The amount of secured debt is paid an annual interest on the last banking day of each year, for the first time in December 2021. The interest payable on the secured debt is 1.2% in 2021 and 1.4% in 2022.

15.5 Costs incurred during the proceedings and costs incurred due to participation in the proceedings

Certain secured creditors have informed that they will claim for the compensation of their credit costs concerning the restructuring pursuant to the provisions of the financing agreements. The secured creditors have since withdrawn these claims as part of the overall result of the negotiations, taking into consideration that the legal dispute has not been resolved as part of these restructuring proceedings and such withdrawal of claims does not provide any stand on the dispute. Thus, the costs incurred during or as a result of the restructuring proceedings will not be compensated to any of the creditors (Section 89 of the Restructuring Act).

15.6 Provisions related to the financing of the Company's group companies

The Company may finance group companies as part of the restructuring programme only in the manner provided in section 15.11.

The group company financing must be made on market terms. The duty of the Company's Board is to assess and document the specific terms for subsidiary financing and the financial

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grounds for granting financing from the Company's perspective pursuant to its duty of care in terms of financing.

15.7 Provisions on compensation paid to the Board members, shareholders and related parties

Section 58 of the Restructuring Act prohibits the distribution of the Company's assets to shareholders during the restructuring proceedings, excluding consideration or compensation paid on the grounds of work being performed or resulting from the restructuring programme.

The Company's Board members are treated as related parties involved in the Company's operations based on their position.

If the Company employs related parties, salary and other work-related benefits must comply with the salary and benefit level set out in the most applicable general collective agreement in consideration of the task.

If the Company purchases services from related parties or companies owned by them, the pricing of services must not exceed the pricing level applied in a situation where the services are fully purchased from an external service provider. The Company must be prepared to present the agreements concluded with the related parties to the Supervisor of the restructuring programme and show that they are in line with the market practice.

All charges and trading between the Company and its related parties must be based on the general pricing and consideration level applied in the field (Arm's length principle).

15.8 Provisions on the use of retained earnings and the payment of dividends

From the certification to the termination of the restructuring programme, it is prohibited to distribute debtors' assets to shareholders, excluding consideration or compensation paid on the grounds of work being performed and in accordance with the programme referred to in Section 42(1) of the Restructuring Act.

The Company is not allowed to distribute any dividends during the implementation of the repayment schedule.

15.9 Right to the premature repayment of debt

The Company may, if it so wishes, prematurely repay its restructuring debts set forth in the restructuring programme. These repayments must be evenly allocated to the creditors in proportion to their unpaid restructuring debts ordered to be paid under the restructuring programme.

The Company has, if it so wishes, the right to terminate the restructuring programme prematurely by paying all remaining unpaid payments set out in the repayment schedule to the creditors. These premature repayments must be made to all creditors at the same time, unless separately agreed otherwise with any of the creditors. The Company must inform the Supervisor of the premature termination of the restructuring programme at least two (2) months before making the above mentioned repayments. The Supervisor will supervise the possible premature repayment of restructuring debts.

If so conducted, the restructuring programme will prematurely terminate without a separate hearing of the creditors.

15.10 Provisions on the security provided for SSAB's tax liability

SSAB has applied for an adjustment to a residual tax decision by petitioning the local court of appeal in Sweden (Kammarrätten i Göteborg). The tax matter that is currently pending at the appeal stage pertains to SSAB's right to deduct, in its taxation in Sweden, interest expenses incurred in 2013–2017 in connection with the intra-group loan it had acquired from the Company

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for the purposes of a share transaction involving shares in AB Lindex. The interest involved in this tax dispute amounts to approximately EUR 25.6 million (including both the principal and penalty interest). Furthermore, it is likely that in SSAB's taxation for 2018–2019 the right to deduct the aforementioned interest expenses will be similarly denied, which will then result in additional EUR 10.6 million in tax costs. As such, the interest involved in the tax dispute for 2013–2019 altogether amounts to approximately EUR 36.5 million. The processing of the tax dispute at the court of appeal has been postponed until the Court of Justice of the European Union (CJEU) has issued a decision in another matter that was referred to it for a preliminary ruling with regard to the interest deduction system in Sweden. The decision handed down by the CJEU could have a material impact on the end result of the tax dispute at hand. In the event that the CJEU rules in favour of the taxpayer in the matter referred thereto for a preliminary ruling, SSAB will likely have good chances of winning its own tax dispute. However, if the CJEU rules in favour of the tax administration, SSAB will likely have its own appeal dismissed.

Swedish Under Swedish law, SSAB's potential tax liability is immediately enforceable despite the pending appeals process. Pursuant to the latest decision issued in this matter, the Swedish tax administration requires for the Company to post a security as for its own debt to secure the potential tax liability of its receivable of EUR 36.5 million as part of this restructuring programme.

Unless the Swedish tax administration withdraws its demand for the posting of the security, once the restructuring programme has been certified by the District Court, the Company will be immediately obligated to provide the Swedish tax administration with the security it requires for SSAB's tax liability as provided in Appendix 15.10 under threat that the Supervisor may otherwise apply for the restructuring programme to lapse under section 20.2 and Section 65 of the Restructuring Act.

Thus, it will not constitute a debt incurred during the restructuring proceedings.

The proceedings are justified in terms of the Company and its creditors since without it the Company cannot use, in practice, Lindex's result and cash flow for the payments set out in the repayment schedule.

15.11 Other actions requiring the consent of the Supervisor – Covenants

The Company shall not, and shall procure that none of its (direct and indirect) subsidiaries Oy Suomen Pääomarahoitus - Finlands Kapitalfinans Ab, Oy Hullut Päivät – Galna Dagar Ab, Stockmann Security Services Oy Ab, Stockmann AS, SIA Stockmann, SIA "Stockmann Centrs", Stockmann Sverige AB, AB Lindex and AB Lindex's subsidiaries will, without the Supervisor's prior written consent, do any of the actions listed in this section 15.11.

15.11.1 Business arrangements

Enter into any merger (whether as merging or receiving entity), cease to carry on all or a material part of its business, cease to carry on a material part of its business by way of demerger, business transfer or business acquisition, or make a substantial change in its business by establishing or acquiring a new company or in any other way, other than:

- (a) mergers between group companies (other than involving the Company);
- (b) the merger of Oy Suomen Pääomarahoitus - Finlands Kapitalfinans Ab and Oy Hullut Päivät – Galna Dagar Ab into the Company;
- (c) the demerger of SIA "Stockmann Centrs", as a result of which: (i) the Company owns, and the share pledge entered into by the Company on 11 December 2017 will extend to cover, 100 per cent. of the shares in SIA "Stockmann Centrs"; and (ii) SIA "Stockmann Centrs" owns the entire Riga department store property;
- (d) any change in its business that is specifically agreed in this restructuring programme;

- (e) the sale and lease back of the Helsinki, Tallinn and Riga department store properties in accordance with section 15.3 of this restructuring programme; and
- (f) the sale and lease back of the property related to [].

15.11.2 Disposals

Enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset, other than:

- (a) made in the ordinary course of its business and on market terms;
- (b) of assets in exchange for other assets comparable as to type, value and quality;
- (c) of obsolete or redundant vehicles and equipment for cash;
- (d) the sale and lease back of the Helsinki, Tallinn and Riga department store properties in accordance with section 15.3 of this restructuring programme; and
- (e) the sale and lease back of the property related to [].

15.11.3 Investments

Make any investments or acquisitions exceeding the thresholds contained in the chart in Appendix 13.2. Any surplus from an accounting period may be used during the following financial periods.

15.11.4 Indebtedness

Incur any new debt or enter into any derivative transactions (for the purposes of protection against or benefit from fluctuation in any rate or price), other than:

- (a) debt of AB Lindex [] and for the purposes of financing [], subject to that the terms of such financing arrangement do not restrict the making of payments or distributions to the Company;
- (b) debt of the Company for the purposes of repaying all restructuring debt in accordance with this restructuring programme;
- (c) the Secured Notes in accordance with section 14.5.4 of this restructuring programme;
- (d) accounts payable in the ordinary course of its business and on market terms;
- (e) debt incurred by AB Lindex, Stockmann AS, SIA Stockmann and Stockmann Security Services Oy Ab pursuant to the cash pool arrangement between the aforementioned companies and the Company, subject to that the debt of: (i) AB Lindex to the Company shall not exceed EUR 20 million; (ii) Stockmann AS to the Company shall not exceed EUR three (3) million; (iii) SIA Stockmann to the Company shall not exceed EUR three (3) million; and (iv) Stockmann Security Services Oy Ab to the Company shall not exceed EUR 500,000, and (other than the debt of SIA Stockmann during three (3) years after making the renewal investment in the maximum amount of EUR 2,500,000) within each period of six (6) months (starting from the approval date of this restructuring programme) the debt of AB Lindex, Stockmann AS, SIA Stockmann and Stockmann Security Services Oy Ab to the Company shall not exceed zero (0) for a period of not less than five (5) days. Not less than three (3) months shall elapse between two such five (5) day periods;

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- (f) debt arising out of the lease back of the Helsinki, Tallinn and Riga department store properties;
- (g) debt arising out of: (i) the lease back of the property related to []; and (ii) the equipment financing arrangements in relation thereto; and
- (h) entering into derivative transactions for hedging purposes on market terms.

15.11.5 Loans and guarantees

Grant any loans, guarantees or other commitments to third parties or other group companies, other than:

- (a) loans, guarantees or other commitments in its ordinary course of business and on market terms;
- (b) the loans granted by the Company to AB Lindex, Stockmann AS, SIA Stockmann and Stockmann Security Services Oy Ab pursuant to the cash pool arrangement between the aforementioned companies and the Company, subject to that the Company's receivable from: (i) AB Lindex shall not exceed EUR 20 million; (ii) Stockmann AS shall not exceed EUR three (3) million; (iii) SIA Stockmann shall not exceed EUR three (3) million; and (iv) Stockmann Security Services Oy Ab shall not exceed EUR 500,000, and (other than the Company's receivable from SIA Stockmann during three (3) years after making the renewal investment in the maximum amount of EUR 2,500,000) within each period of six (6) months (starting from the approval date of this restructuring programme) the Company's receivable from AB Lindex, Stockmann AS, SIA Stockmann and Stockmann Security Services Oy Ab shall not exceed zero (0) for a period of not less than five (5) days. Not less than three (3) months shall elapse between two such five (5) day periods;
- (c) the guarantee provided by the Company for the tax liability of Stockmann Sverige AB in accordance with section 15.10 of this restructuring programme;
- (d) pursuant to the lease back of the Helsinki, Tallinn and Riga department store properties; and
- (e) pursuant to: (i) the lease back of the property related to []; and (ii) the equipment financing arrangements in relation thereto.

15.11.6 Negative pledge

Create or permit to subsist any security over any of its assets, other than (and taking into account that the pledge of the shares in AB Lindex shall always be subject to the Supervisor's consent):

- (a) for the debt and derivative transactions in accordance with section 15.11.4 of this restructuring programme;
- (b) the Pari Passu Security and Intercreditor Agreement;
- (c) for its obligations under any agreements entered into in its ordinary course of business;
- (d) security arising out of any close-out netting or set-off arrangement of derivative transactions in accordance with section 15.11.4 of this restructuring programme;
- (e) any lien arising by operation of law; and

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- (f) security created in favour of a bank pursuant to customary bank account terms and conditions.

15.11.7 Related parties

Do any actions with related parties (as described in section 5.4 of this restructuring programme), other than as detailed in section 15.7 of this restructuring programme.

15.11.8 Insolvency proceedings

Apply for bankruptcy, corporate restructuring or any other similar insolvency proceeding or liquidation, unless required by applicable law.

In the event the provisions in this section 15.11 are not complied with, the Supervisor can request for the restructuring programme to lapse.

16 NO ADDITIONAL PAYMENT OBLIGATION

This draft restructuring programme provides the unsecured creditors with the right to convert 20 % and the hybrid bond creditors with the right to convert 50 % of their receivables into the Company's B Shares (see sections 14.4.2, 14.5.2 and 14.7.2). Thus, unsecured debt has not been subject to any cuts as such, and listed shares received instead of the cuts contain a liquid value and an option to increase in value. Taking this into account, this draft restructuring programme includes a provision ordering that the creditors have no right to receive any additional payments with the meaning set out in Section 44(3) of the Restructuring Act.

17 THE LANGUAGE OF THE RESTRUCTURING PROGRAMME

The draft restructuring programme has been prepared in Finnish. An unofficial translation of the draft restructuring programme in English will be drafted solely for the convenience of foreign creditors and the translation is not legally binding. In case any inconsistencies or discrepancies exist between the Finnish draft restructuring programme and its English translation, the wording in the draft restructuring programme in Finnish shall always be primary and decisive.

PART III, SUPERVISION OF THE PROGRAMME

18 APPOINTMENT OF A SUPERVISOR AND SUPERVISION OF THE PROGRAMME

18.1 Supervisor and the Supervisor's duty to report to the creditors

A Supervisor may be appointed to supervise the implementation of the restructuring programme whose term will last for the entire duration of the implementation of the restructuring programme. The Supervisor's duties include supervising the implementation of the restructuring programme and providing information to the creditors for the entire duration of the restructuring programme.

The committee of creditors proposes the Administrator for the role of the Supervisor. The Administrator has given his approval for the role of the Supervisor.

The Supervisor is entitled to participate in the meetings of the Company's Board as well as those held by the Boards of its direct or indirect subsidiaries, where necessary.

The Supervisor may, where necessary, require for the Company to retain the services of external experts, and the Supervisor is himself entitled to retain the services of external experts when supervising the implementation of the restructuring programme and the development of

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the Company's financial situation. The Company is liable for the costs incurred by the Supervisor and for the use of any experts retained by the Supervisor.

The Company reports to the Supervisor on the Company's financial status and the implementation of the restructuring programme after each quarter. The Company organises a yearly meeting for the Supervisor and the committee of creditors with the Company's CEO and CFO. The agenda for the meeting shall include matters such as the financial status, the materialisation of financial projections and the progress of the implementation of the restructuring programme.

The Supervisor must provide the creditors with a report regarding the implementation of the restructuring programme annually following the end of the financial period. The first report will be provided after the financial period ending on 31 December 2021. The report must be provided within one month of the Company submitting the adopted and audited financial statements to the Supervisor, but in any case by 31 May at the latest. The report will be delivered to creditors, whose amount of restructuring debt exceeds EUR 100,000. Other creditors will receive the report upon request. After the restructuring programme has terminated, the Supervisor must provide the creditors and the Helsinki District Court with a final written report regarding the implementation of the restructuring programme that spans its entire duration.

18.2 Extending the term of the committee of creditors

The term of the committee of creditors is proposed to be extended until such time that all payments listed in the repayment schedule have been made in full and the Supervisor has provided its final report as set out above in section 18.1. The committee of creditors shall convene four (4) times a year, following the end of each quarter, and if necessary, upon the invitation from the Supervisor or a member of the committee of creditors. The term of the following members serving on the committee of creditors that represent secured creditors is proposed to terminate once the payments of secured debts listed in the repayment schedule have been made in full (including any applicable interest thereto): (i) Kim Forsström, Mikko Haataja, Robert Sonck and Ville Talasmäki; and (ii) once the shares defined in the share issue as described in section 15.1 have been subscribed and assigned to their subscribers: Allan Eriksén. The number of members in the committee of creditors can be reduced where appropriate during the implementation of the restructuring programme. Pursuant to Section 10 of the Restructuring Act, the committee of creditors must have at least three (3) members.

18.3 Order to provide accounting and payment information

The Company must, at its own initiative, provide the Supervisor with interim and half-year reports at the latest within one (1) month of the aforementioned dates in order for the Supervisor to report to the creditors during the implementation of the programme. In addition, the Company must report to the Supervisor on any due and payable restructuring debt payments that it has made within one (1) month of the applicable due date listed in the repayment schedule.

Furthermore, the Company must provide the Supervisor with the Company's latest, official, adopted and audited financial statements together with any appendices at the latest after four (4) months have elapsed from the final date of each applicable financial period.

18.4 Measures that require the Supervisor's consent

The measures that require the Supervisor's consent are listed in section 15 of the restructuring programme. The Supervisor may request for the restructuring programme to lapse if the Supervisor's consent has not been acquired before undertaking the aforementioned measures or if the other provisions set out in the restructuring programme are not followed.

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PART IV, CERTIFICATION AND TERM OF THE RESTRUCTURING PROGRAMME

19 CERTIFICATION OF THE RESTRUCTURING PROGRAMME

The Helsinki District Court will decide on the certification of the final restructuring programme in accordance with the Restructuring Act. The Administrator requests in reference to Section 77(3) of the Restructuring Act that when certifying this draft restructuring programme to become the final restructuring programme, the District Court orders that the restructuring programme will be followed regardless of any appeals.

The Administrator holds that the Company could be forced to undergo bankruptcy proceedings if the restructuring programme is not certified.

20 TERM AND LAPSE OF THE RESTRUCTURING PROGRAMME

20.1 Term of the restructuring programme

The repayment schedule of the Company's restructuring programme ends on 30 April 2028.

The implementation of the restructuring programme including its rights and obligations ends once all the creditors in the restructuring proceedings have received payment for their restructuring receivables in accordance with the restructuring programme.

In addition, the finalisation requires that all possible legal and administrative proceedings concerning conditional and maximum restructuring debts have come to a conclusion by either a legally valid and binding ruling and the restructuring debts have been fully paid in accordance with such ruling. A further requirement is that all disagreements concerning disputed restructuring debts have been resolved by a non-appealable ruling or resolved by a settlement agreement approved by the Supervisor, and the restructuring debts have been paid fully in accordance with such ruling or settlement agreement.

After the finalisation of the repayment schedule of the Company's restructuring programme, the appointed Supervisor will provide the creditors and the District Court with a final report on the implementation of the restructuring programme in accordance with Section 62 of the Restructuring Act.

The legal effects, implementation, amendment and lapse of the restructuring programme are as set out in the provisions of Chapter 9 of the Restructuring Act.

20.2 Lapse of the debt reorganisation and the restructuring programme

20.2.1 Lapse of the debt reorganisation

In addition to the events set out in Section 64 of the Restructuring Act, the Court overseeing the restructuring proceedings may order for the debt reorganisation set out in the restructuring programme to lapse, in the event that

- (i) the Company implements measures that are in breach of this restructuring programme or for which the consent of the Supervisor or the creditors has not been acquired as required by this restructuring programme; or
- (ii) the Company neglects to implement measures that can be required pursuant to this restructuring programme within the time limits imposed by the Supervisor; or
- (iii) the Company neglects to abide by the provisions of the restructuring programme, and despite requests does not remedy the neglect within a reasonable additional period.

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The request to have the debt reorganisation lapse can be filed by the Supervisor or by a creditor with regard to its own receivable.

The Supervisor is entitled to apply for the debt reorganisation of the restructuring programme to lapse for example when payments in accordance with the restructuring programme are delayed, either for the part concerning the debts that have been paid in delay or for the lapse of the entire debt reorganisation of the restructuring programme, if creditors, whose restructuring receivables amount to more than 50 % of all restructuring debt, so require.

Where necessary, the Supervisor may propose that the debt reorganisation as defined in the restructuring programme should lapse in case (i) the restructuring programme is non-viable for example due to the low profitability of the relevant business operations, (ii) the Company incurs more debt during the implementation of the programme exceeding debt from purchase invoices with standard payment terms and what is stated above in section 15; or (iii) the Company ceases its business operations for some reason.

The Finnish Tax Administration, authorized pension insurance company, Employment Fund or insurance company, whose restructuring receivables are statutory claims for unpaid insurance premiums, are entitled to apply for the debt reorganisation to lapse, if the Company neglects the payment of statutory value added tax, the employer's contribution supervision notifications or the provision of income data, or the due payment of self-assessed taxes or pension insurance contribution or unemployment insurance contribution or statutory occupational accident and disease insurance contribution, and does not rectify these deficiencies upon receiving an itemized request for correction by the Finnish Tax Administration, authorized pension insurance company, Employment Fund or insurance company within a reasonable time.

20.2.2 Lapse of the restructuring programme

The restructuring programme will lapse in its entirety if the Company is declared bankrupt or if the Court overseeing the restructuring proceedings otherwise decides that the restructuring programme or the debt reorganisation should lapse.

It is separately noted that, pursuant to Section 65 of the Restructuring Act, the Court overseeing the restructuring proceedings can order the restructuring programme to lapse at the request of the Supervisor or a creditor if

- (i) after the certification of the programme, circumstances come to light which, under Section 53(2) of the Restructuring Act, would have prevented the certification of the programme had they been known at the time; or
- (ii) the Company has violated the programme in order to favour a creditor, and the violation is not minor.

The Supervisor is entitled to apply for the restructuring programme to lapse in addition to the events set out in in Section 65 of the Restructuring Act, if the Company materially breaches its obligations under the restructuring programme or in the event that the payments set out in the repayment schedule of the restructuring programme are delayed for more than three (3) months. Breach of provisions set out in section 15 inter alia are to be considered as material breaches.

In the event that the restructuring programme is ordered to lapse, it will no longer be in force and the creditors will have the same right to a payment of the restructuring debt that they would have if the restructuring programme had never been certified. However, even if the restructuring programme is ordered to lapse, it will not affect the validity of legal acts that have already been undertaken pursuant to the restructuring programme. Furthermore, the Court overseeing the restructuring proceedings is entitled with special grounds to rule in accordance with Section 66(2) of the Restructuring Act that the restructuring programme shall not lapse due to bankruptcy, if there are special grounds due to most payments already being paid in accordance

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with the restructuring programme. The Company, however, is not required to pay interest for the unsecured debts incurred during the term of the repayment schedule unless the Court orders otherwise due to special grounds.

20.3 Amending the restructuring programme

The provisions set out in Section 63 of the Restructuring Act apply to the amendment of the Court certified restructuring programme.

- (iii) The provisions that apply to correcting a judgement handed down by a court of law apply to correcting any typographical errors or erroneous calculations or other corresponding clear errors. The aforementioned applies if a specific debt amount recorded in the repayment schedule is erroneous due to an instalment that has been made or for some other corresponding reason. The Court is also entitled to rectify any other error detected in the programme with the consent of the parties whose status is affected by the error.
- (iv) The contents of the debt reorganisation or repayment schedule included in the certified programme can be amended with the consent of those creditors whose status is negatively affected by the said amendment. Consent is not, however, required if the creditor's receivable is minor and the creditor's status is not materially affected by the amendment.
- (v) In the event that the amount of restructuring debt or a specific creditor's right is confirmed to be something other than is taken into consideration in the restructuring programme pursuant to Section 47(1) of the Restructuring Act, the programme must be amended at the request of the relevant creditor or the Company to the extent that the decision regarding the creditor's right affects the contents of the debt reorganisation or the repayment schedule set out in the programme. The aforementioned also applies in the event that the recovery of a payment generates a receivable for a specific creditor within the meaning of Section 38 of the Restructuring Act or if some other restructuring debt that has not lapsed pursuant to Section 57(1) of the Restructuring Act is discovered. In the event that the repayment schedule is amended, creditors of the same status must be treated equally when carrying out debt arrangements. Creditor's choice to subscribe the Secured Notes, binds the creditor also for the part the creditor's receivable is a disputed, conditional or maximum claim.

21 IN CONCLUSION

The Administrator holds that the implementation of this restructuring programme may enable the Company to revive its business operations and engage in profitable business. The Company has been able to cover new payment obligations that have arisen during the restructuring proceedings. Based on the financial projections, the Company can be assessed to be capable of making the payments listed in the repayment schedule. This does, however, require for the Company and the Group it forms to succeed in the implementation of its chosen strategy.

Finnish restructuring legislation clearly lags behind those implemented in the key competitor countries. The fact that the Restructuring Act lacks provisions regarding debt-to-equity conversion and that the Finnish claim ranking system deviates from the tenets of standard economic theory result in the creditors' reasonable expectations being poorly met especially when taking into consideration that the debtor is a listed company with a broad ownership base. The aforementioned has systemic impact on the Finnish commercial paper, hybrid, and bond markets.

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Helsinki, 1 February 2021

DRAFTED BY

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APPENDICES

- Appendix 3.1 Trade Register Extract and Articles of Association 10 December 2020
- Appendix 3.2 Group structure chart 7 December 2020
- Appendix 6.6 Bankruptcy comparison calculation (SECRET DOCUMENT)
- Appendix 13 **Distribution of votes and repayment schedule, amended 1 February 2021**
(SECRET DOCUMENT)
- Appendix 13.2 Financial projections for 2021–2028 (SECRET DOCUMENT)
- Appendix 15.10 Template of the directly enforceable guarantee to be provided to the Swedish tax authority

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