BORENIUS

CONFIDENTIAL

THE ADMINISTRATOR'S DRAFT RESTRUCTURING PROGRAMME

FOR

STOCKMANN PLC

14 December 2020

#15225971v1

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.

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 share classes into one share class, a reference to B Share is only a reference to the Company's share.

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"**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 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

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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 Appendix 3.2.

"**Stockmann Group Companies**" means all companies that belong to the Stockmann Group as disclosed in Appendix 3.2.

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"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 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 Borenius 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@borenius.com stockmann@borenius.com

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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 proceedings:	**8 April 2020 at 10.30 am**
Filing date of the application:	**6 April 2020**

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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 Huhanantti, 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.

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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 of 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.

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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 Pääomarahoitus 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.

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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.

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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 program.

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.

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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.

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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.

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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.

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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.

<u>Q3/2020 – Key factors regarding the Group</u>

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

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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 %.

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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).

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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.

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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).

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.

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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. There is no

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information on when the relevant authorities will issue their decisions. These compensation debts are accounted for among the Company's ordinary unsecured restructuring debts.

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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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.

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[1] Source: http://www.stockmanngroup.com/documents/10157/88944/Talouskatsaus+2019.pdf/b082be55-82a0-1c85-a974-80168acf1cd9, section 5.5 (p. 65).

[2] Source: http://www.stockmanngroup.com/fi/sisapiiri1

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 737,347,272.54 in restructuring debt.

Status	Creditors	Amount of restructuring debt	Conditional / disputed / maximum
Secured	Syndicate Banks	EUR 185,846,405.35 (following set-off)	EUR 148,250.98 in guarantee liabilities
Secured	Noteholders	EUR 247,737,074.65 (following set-off)	
	Debt to secured creditors after set-off in total	**EUR 433,583,480**	
Unsecured	Public law creditors	EUR 5,457,240.13	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 45,601,116.27	The presented amount of restructuring debt includes altogether EUR 2,452,441.83 worth of debts, which amount is stated here in accordance with the Company and its bookkeeping but of which amount creditors have a differing view. Disputed debts are discussed below in more detail in

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Status	Creditors	Amount of restructuring debt	Conditional / disputed / maximum
			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 9,449,539.00	The presented amount of restructuring debt includes altogether EUR 6,888,741 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 section14.9 and in Appendix 13.
	Unsecured debts in total	EUR 195,646,688.72	
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 737,347,272.54**	

6.3.2 Changes in the restructuring debts

The Company's small debts (i.e. debts falling under EUR 5,000) were paid in November and early December 2020 with the exception of three (3) known debts that were under EUR 5,000 in light of current information, but which were presumed to increase as the relevant creditors submitted later claims (e.g. landlord creditors), and a few small debts whose final amounts remain unconfirmed. The Company has paid altogether EUR 667,058.29 in small-scale debts. There are altogether 410 small-scale creditors whose receivables as per 6 April 2020 have been paid.

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

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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.

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 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.

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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 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.

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 195.6 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.

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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.

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 approximately 410 small-scale creditors be paid in November and December 2020.

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. 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.

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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
Tirdzniecibas 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.

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.

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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 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.

6.6 Bankruptcy comparison

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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 bankrutpcy 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.

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

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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.*

<u>The bankruptcy estate's expenses</u>

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

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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 **[ ]** %.

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

[4] Cf. e.g. Koulu – 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.

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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.

7 OTHER SIGNIFICANT FACTORS AFFECTING THE IMPLEMENTATION OF THE RESTRUCTURING PROGRAMME

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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 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

[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.

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 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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[6] Cf. Supreme Court decision KKO 2003:120.

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.

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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

- 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

Lindex

- 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.

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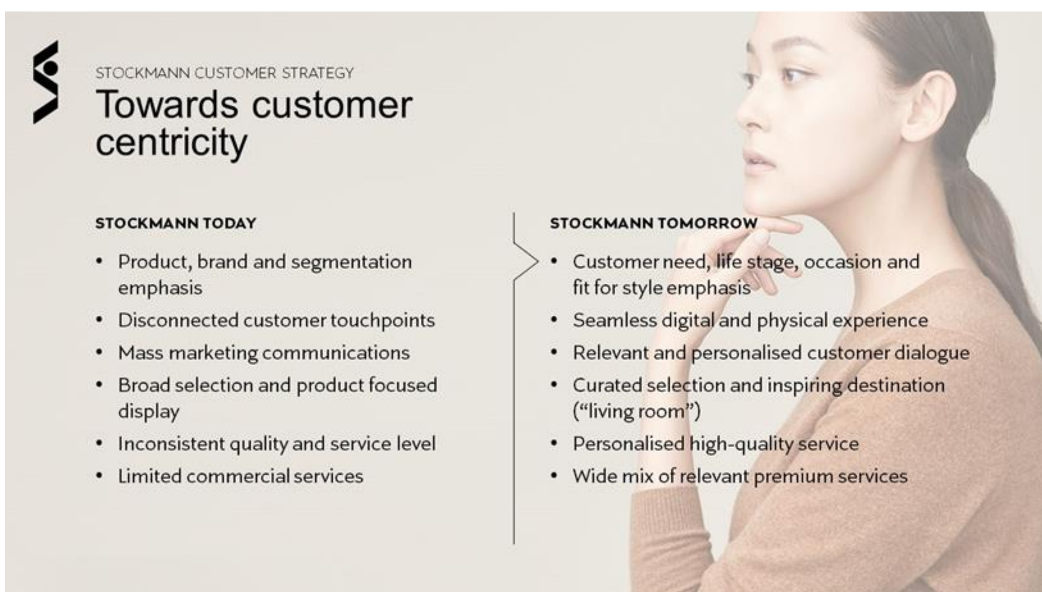

Through Stockmann United team including our partner network we fullfill and exceed customers' expectations in our flagships, local concept stores and digital Stockmann. The unique customer experience is built on sustainable quality premium/luxury products and services, unparalleled customer service and 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

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

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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.

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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.

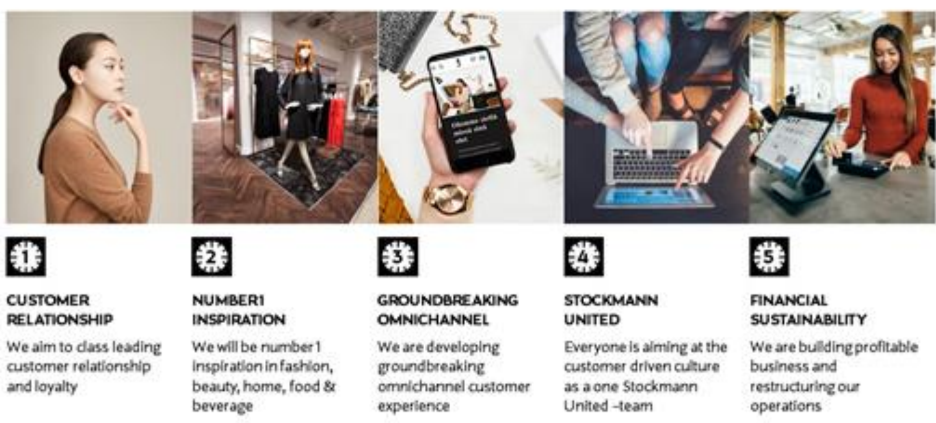
The cornerstones of the strategy are loyal and target customers, customer promise and experience we provide to them, customer journey and offering as well our vision, purpose and

values. These in turn are made concrete in strategic goals (the what) and must win battles (the how) for the strategy period.

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.



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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.

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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**

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 incapsulated 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”.

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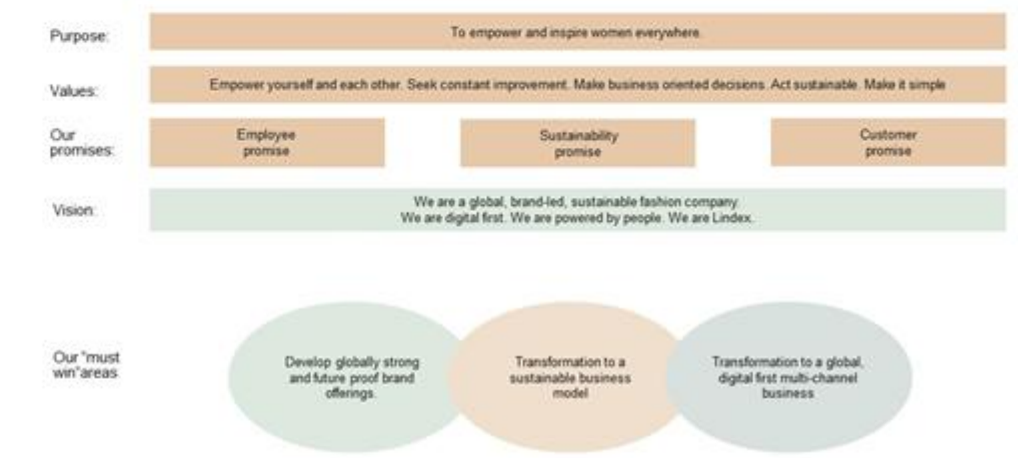

We have three **must win areas**, in order to reach our strategic goals and become the company we are striving towards.

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, 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 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.

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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

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 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 [ ].

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

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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 the 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 eight (8) public law creditors. The Finnish Tax Administration and Varma Mutual Pension Insurance Company have the largest receivables of the public law creditors. The total amount owed of restructuring debt to public law creditors is EUR 5,007,240.13. 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.

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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

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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.

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).

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

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Year	To be paid of the cut restructuring debt (%)	To be paid of the cut restructuring debt (EUR)	Date of payment
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)

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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.

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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 410 creditors in November and early December 2020. The Company has paid altogether EUR 667,058.29 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.

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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 remains unresolved between the Company and around 10 creditors on the date on which the draft restructuring programme is due. In most cases this is because the examination of invoices, credit notes and returned goods is in progress or there are 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.

14.9.2 Claims for damages presented by landlords and subtenants

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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 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. To the extent that the restructuring receivables of the landlord or subtenant are conditional and/or maximum, section 14.10 will also be applied.

<u>About the compensation based on Section 27(4) of the Restructuring Act</u>

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

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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:

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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
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	Claim submitted on 11 December 2020	EUR 0.00
Owners of Kiinteistö Oy Helsingin Rautatalo	EUR 397,918.36	EUR 0.00
HOK-Elanto Liiketoiminta Oy	EUR 6,495,390	EUR 0.00
Turun Osuuskauppa	EUR 5,000,000	EUR 0.00
Pirkanmaan Osuuskauppa	EUR 5,300,000	EUR 0.00

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.

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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.

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 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 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 5,300,000 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

Barona Kauppa Oy and Barona Logistiikka Oy, i.e. the Barona Companies, are both Company's restructuring creditors. The Company owes Barona Kauppa Oy EUR 295,015.62 in restructuring debt and Barona Logistiikka Oy EUR 266,416.12 (in total, the Company's owes the Barona Companies EUR 561,431.74 in restructuring debt). The debt is based on agreements concluded between the Company and the Barona Companies with regard to temporary staffing services. On 19 November 2020, the Barona Companies issued a claim pursuant to which the Company should pay EUR 266,601.39 of the aforementioned receivables and that only the remaining sum would constitute restructuring debt to Barona Companies that would be repaid in accordance with the restructuring programme. According to the claim, the exception to the repayment interdiction set out in Section 18(2)(1) of the Restructuring Act applies to the aforementioned receivables and they should be paid because the company undergoing restructuring must pay wages and salaries and compensation for work expenses to employees for the three months preceding the filing of the application, unless the administrator declares that he or she considers the basis or amount of such a debt to be under dispute. The Barona Companies have argued that the temporary employees should be considered equal to the Company's own employees and that, based on the aforementioned exception, the Company should compensate the Barona Companies for the wages of the Barona Company employees that were provided to the Company. The claim does not allege that the employees provided by the Barona Companies have any unpaid wage claims.

The Administrator has disputed the claim and provided a letter in response to the representative of the Barona Companies on 25 November 2020. The Administrator holds that the claim must be considered unfounded because neither the invoked provision nor its preparatory works state that the exception applies to temporary employees. The Administrator holds that Section

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18(2)(1) of the Restructuring Act only protects the wage receivables and the compensation of costs incurred for the work of the Company's own employees and that it cannot be extended to cover temporary employees who are not in a contractual relationship with the Company. In addition, the Administrator argues that the claim must be disputed because the Restructuring Act is based on the concept of the equal treatment of all creditors, which cannot be derogated from unless allowed by the specific wording of the Act.

The claim presented by the Barona Companies is accompanied by two (2) legal opinions. The Administrator has commissioned Tuomas Hupli, Doctor of Laws with court training, for a legal opinion in response to the aforementioned two opinions. The legal opinion acquired by the Administrator emphasises the wording of Section 18(2)(1) of the Restructuring Act; the primary ratio legis disclosed in the preparatory works of the Act; the equal treatment of all creditors as the leading principle in insolvency law; the prohibition on broad interpretations of the provisions regarding the order of payment priority that has become established case law; and the general market risk that applies to debt relationships, which all lead to the conclusion that the exception to the repayment interdiction cannot be extended to cover temporary employees.

14.9.5 Aimo Park Finland Oy

Aimo Park is the Company's subtenant for the parking facilities connected to the department stores in Helsinki, Tampere and Turku. Aimo Park operates the parking facilities based on lease agreements concluded on 13 January 2012 (Tampere and Turku) and 23 December 2008 (Helsinki). The Administrator holds that the Company's restructuring debt to Aimo Park amounts to **EUR 1,083,357.73** in total. The restructuring debt is comprised of the following: (i) compensation for advance lease payments made in excess between 1 January and 31 March 2020, in total EUR 453,343.33 (incl. vat); (ii) altogether EUR 620,925.00 (incl. vat) in advance lease payments; and (iii) altogether EUR 9,089.40 (incl. vat) in other liabilities as of 6 April 2020. Altogether EUR 620,925.00 of the aforementioned liabilities constitutes conditional debt. However, the debt will likely be fully realised when the sublease agreement concluded with Aimo Park ends and the Company cannot return the cash rental deposit, which was paid in the form of advance lease payments and which the Company cannot pay due to the repayment interdiction imposed in restructuring.

Aimo Park has argued that, aside from the receivable of **EUR 9,089.40**, it has no restructuring receivables from the Company and that the Company's debt to Aimo Park constitutes debt that has accumulated during the proceedings, which should be paid when it becomes due and payable under Section 32 of the Restructuring Act. Aimo Park has also requested for the cash rental deposit to be exchanged to a bank guarantee during the restructuring proceedings. The Administrator has not consented to the exchange of the guarantee.

<u>Compensation for advance lease payments made in excess</u>

Pursuant to the lease agreement concluded between the Company and Aimo Park, Aimo Park pays rent for the parking facilities based on estimated revenue. The amount of rent paid in advance is compared against the realised revenue once a quarter. In the event that the advance rent payments made by Aimo Park exceed the final revenue-based rent agreed upon in the lease agreement, the Company will compensate Aimo Park for any advance rent paid in excess and, correspondingly, if the advance rent payments have been too small, the Company will invoice and Aimo Park will pay the difference to the Company in each quarter.

The advance rent paid by Aimo Park between 1 January and 31 March 2020 was EUR 453,343.33 higher than the rent calculated based on the actual revenue.

The Administrator holds that the compensation payable to Aimo Park based on the excessive advance rent payments constitutes restructuring debt. Aimo Park, on the other hand, has argued that the EUR 453,343.33 in compensation for excess rent does not constitute restructuring debt on the following grounds: "*No debt relationship exists between Aimo Park Finland Oy and Stockmann plc. Aimo Park Finland Oy has paid rent in advance, and the lease*

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and operation agreements concluded between the parties remain in force. The company entering restructuring proceedings does not mean that the lease agreement has ended or that its provisions have changed. The rent payments that Aimo Park has made in advance constitute income generated on the basis of a lease agreement for Stockmann and therefore not Stockmann's debt to Aimo Park."

A paid advance is considered a receivable in the financial statements. A received advance, on the other hand, is considered as liability. In the book-keeping making an advance payment creates a debt relationship with the party that paid the advance. The advance payments received from Aimo Park constitute the Company's restructuring debts to the extent that Aimo Park has paid rent in excess. The advance payments clearly pertain to the time period between 1 January and 31 March 2020, which precedes the date on which the application became pending, i.e. 6 April 2020. As such, these constitute restructuring debt that Aimo Park cannot set off against payments made by Aimo Park to the Company after 6 April 2020 in accordance with Section 19(3) of the Restructuring Act.

<u>Advance rent payments as rental deposit</u>

Before the restructuring application became pending, Aimo Park paid altogether EUR 507,500.00 (vat 0 %) in advance rent to the Company's bank account (EUR 330,000.00 for Helsinki, EUR 97,500.00 for Turku and EUR 80,000.00 for Tampere). The advance rent payment of EUR 620,925 (including vat) functions as a guarantee for the fulfilment of Aimo Park's lease obligations.

The Administrator holds that the advance rent payments constitute conditional and unsecured restructuring debt that the Company owes to Aimo Park. The advance rent has been paid pursuant to an agreement and the payment was made before the restructuring application became pending. The advance rent paid by Aimo Park and received by the Company have not been kept separate from the Company's other assets, nor was there an obligation to do so. The advance rent payments that have been made to the Company's bank account for years have long since become mixed with the Company's other assets and therefore lost their individuality. Aimo Park has no effective real security right to the advance rent payments in a manner that would be binding upon the Company's other creditors.

Aimo Park has argued the following: "*If the tenant has fulfilled all of its obligations when the lease agreement ends, the landlord must return the guarantee provided thereto by the tenant. The guarantee provided by the tenant cannot be cut based on the Restructuring Act because the guarantee constitutes the tenant's property, which the landlord must return to the tenant at the end of the lease. The lease agreement concluded between Stockmann and Aimo Park remains in force and Stockmann is continuing its business operations."*

No factor or undertaking that has been brought up in this matter speaks in favour of the interpretation that Aimo Park has a special or valid pledge or other right to have the sum paid as advance rent be segregated from the Company's assets and returned while the Company undergoes restructuring proceedings. The restructuring administration holds that this constitutes a fundamental question of property law, i.e. the individuality and commingling of assets. In its precedent KKO 2014:53, the Supreme Court ruled that the assets paid to the bank account of a company that had been declared bankrupt, which the said company was supposed to pay onwards to a third party pursuant to an agreement, could not be identified as third-party property because the assets had become commingled with the other assets of the bankrupt company. Although reviews and existing case law tends to specifically touch upon bankruptcy, there is no fundamental reason why corporate restructuring cases (or cases involving enforcement measures) should be assessed any differently. In light of existing case law, it can be argued that singling out specific cash assets (as third-party property) from the bank account of a debtor undergoing insolvency proceedings can occur only if there is a very small amount of debtor or third-party assets in the account (or no assets at all).

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According to Aimo Park, "*Corporate restructuring legislation does not contain provisions on the commingling of assets that would correspond to the Finnish Bankruptcy Act. The Finnish Bankruptcy Act entitles bankruptcy estates to undertake to be bound by an agreement and the bankruptcy estate's opposing parties to request to be notified of whether the bankruptcy estate agrees to be bound by such an agreement. As a rule, the commencement of restructuring proceedings in corporate restructuring cases does not affect the debtor's existing undertakings, and the debtor cannot withdraw from an agreement on the grounds that it is subject to restructuring proceedings.*"

During the restructuring proceedings, Aimo Park has proposed that the advance rent payments be returned to Aimo Park and that Aimo Park could provide a rental deposit to the Company in the form of an on-demand bank guarantee. The Administrator has not agreed with Aimo Park's proposal. Based on the provisions set out in Section 17 of the Restructuring Act, the advance rent payments cannot be returned to Aimo Park because it would constitute a prohibited payment of restructuring debt.

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).

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 has a conditional rental deposit debt of EUR 620,925.00 (incl. vat) that it owes to Aimo Park based on advance payments and whose full amount is recorded and taken into consideration in the restructuring programme.

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

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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 14.9.1 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 conditional and maximum restructuring debt owed to landlords and subtenants in the repayment schedule at the amounts specified above in section 14.9.1 by the Administrator. The Company must reserve the amounts allocated for the aforementioned receivables for payment after the receivables have been confirmed. However, no payments will be made towards the conditional and maximum restructuring debts before a reliable account of their final amount has been received.

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. 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 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.

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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.

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	Hyresgaranti - 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 recipient of the guarantee has declared that the recipient has not received any payments based on the guarantee. The terms and conditions of the guarantee will remain unchanged despite of the debt reorganisation carried out as part of the restructuring programme.

No other third party has provided any real securities or guarantees for the Company's obligations or undertakings.

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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 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.*

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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:

(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

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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 grounds for granting financing from the Company's perspective pursuant to its duty of care in terms of financing.

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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 it 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 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 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.

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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.

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;

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(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;

(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;

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(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

(f) security created in favour of a bank pursuant to customary bank account terms and conditions.

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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 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.

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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

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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.

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.

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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

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 typological 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, 14 December 2020

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 (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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