



Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of Componenta Corporation

Report on the Audit of the Financial Statements

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position and financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Audit Committee.

What we have audited

We have audited the financial statements of Componenta Corporation (business identity code 1635451-6) for the year ended 31 December 2017. The financial statements comprise:

- the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies
- the parent company's balance sheet, income statement, statement of cash flows and notes.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 6 to the Financial Statements.

Material uncertainties related to going concern

We draw attention to the accounting principles of the consolidated financial statements and of the financial statements of the parent company, which describe the status and progress of the restructuring proceedings of the group companies and their ability to continue as a going concern.

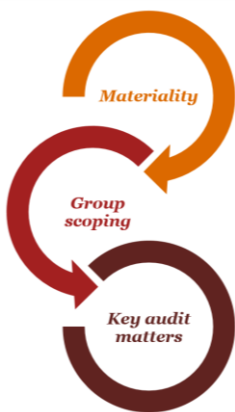
The Board of Directors and Management of Componenta Group have assessed the company's ability to continue as going concern taking into consideration the company's liquidity situation and the impact of the restructuring proceedings to the financial position and cash flows of the group and group companies. The Board of Directors and Management assessed that the liquidity situation and its effect on the financial performance of the group as well as the success of the restructuring programmes and the financing transactions are affected by significant uncertainty factors. The Board of Directors and Management conclude that the cash flow forecasts and financing include significant management's estimates and assumptions as well as uncertainties. Significant management's estimates and assumptions and uncertainties related to company's ability to continue as a going concern are described in the accounting principles of the consolidated financial statements.

The Board of Directors and Management consider that the company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future considering the corporate restructuring programmes. As such, the Board of Directors and Management believe that going concern basis of presentation in the financial statements is appropriate. In our opinion, the success of the restructuring programmes as well as the outcome of the cash flow forecasts are such uncertainties that may cast significant doubt on the Componenta Group's and its subsidiaries' ability to continue as a going concern.

Our opinion is not qualified in respect of this matter.

Our Audit Approach

Overview



- Overall group materiality: 1 200 000 euros
- Audit scope: The group audit scope has included the parent company and its subsidiaries in Finland and Sweden.
- Timing of revenue recognition
- Valuation of assets taking into consideration the corporate restructuring proceedings and reorganisation of the business operations
- The effect of the corporate restructuring proceedings and reorganising of the business operations to the parent company's financial statements.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.



Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality	1 200 000 euros (previous year 4 100 000 euros)
How we determined it	Overall group materiality is determined as a percentage of the group’s FY2017 net sales of continued operations.
Rationale for the materiality benchmark applied	We chose net sales as the benchmark because, in our view, it is the appropriate benchmark, which the users of the financial statements use to evaluate the performance of the group.

How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates. The scope included the parent company and its subsidiaries in Finland and Sweden.

We have predefined the audit focus areas of financial information to each group component. When a task was to be performed by a component auditor we have guided the component auditor with audit instructions that have included among other things our risk assessment, materiality, audit approach and centralized audit procedures. We have communicated with the component auditors continuously during the accounting period.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

In addition to matter described in paragraph above “Material uncertainties related to going concern” we have concluded that the matters listed below are key audit matters.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
<p><i>Timing of revenue recognition</i></p> <p>Refer to Accounting principles of the consolidated financial statements</p> <p>Componenta Group’s net sales comprises revenue</p>	<p>Our audit procedures included for example the following procedures:</p> <ul style="list-style-type: none"> – Evaluation of internal control activities over



from the sale of products, services, raw materials, goods and energy, adjusted by indirect taxes and sales adjustments which primarily comprise annually calculated bulk discounts and product returns. Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. This normally means when a product has been delivered to the customer in accordance with agreed delivery terms. Revenue from the sale of services is recognised when the service is rendered to the customer.

The risk for revenue being recognised in an incorrect period presents a key audit matter due to the financial significance and nature of net sales in the financial statements.

Valuation of assets taking into consideration the corporate restructuring proceedings and reorganisation of the business operations

Refer to accounting principles of the consolidated financial statements

The Componenta Group has filed for corporate restructuring for its parent company Componenta Corporation and its substantial subsidiaries in Finland and Sweden. The subsidiaries Componenta Wirsbo Ab and Componenta Arvika Ab that were filed for bankruptcy have been classified as discontinued operations in the consolidated financial statements as described in more detail in the accounting principles of the consolidated financial statements. The uncertainties described above cast significant doubt on the group's ability to continue as a going concern.

The Board of Directors and Management have used significant judgment in assessing the effect of above mentioned matters in valuation of assets. For this reason the valuation of assets taking into consideration the corporate restructuring proceedings and reorganising of the business operations was considered a key audit matter in the group audit.

- revenue recognition and testing of key controls.
- Analysis of significant sales contracts to test correct IFRS accounting treatment.
- Testing timeliness of revenue recognition by comparing individual sales transactions to delivery documents and by checking significant credit notes issued after year-end.
- Analysis of revenue transactions using computer-aided audit and data analysis techniques.
- Testing of accounts receivables by requesting confirmations from the company's customers and by reconciling cash payments received after the year end against the accounts receivable balances at the year end.

Our audit procedures included for example the following procedures:

- We read the restructuring programmes and made enquiries to administrators to understand the factual content of the restructuring programmes.
- We inquired the management and examined the matters discussed by the board of directors related to reorganization of the business operations.
- We read relevant contracts and documents to verify facts and circumstances stated in management's analysis.
- We assessed cash flow analysis prepared by management and reviewed by the board of directors used as a basis of valuation of assets.
- We assessed the management's estimates related to valuation of properties.

Key audit matter in the audit of the parent company

How our audit addressed the key audit matter

The effect of the corporate restructuring proceedings and reorganising of the business operations to the parent company's financial statements

Refer to the accounting principles of the consolidated

Our audit procedures included for example the



financial statements and the parent company's financial statements

The Componenta Corporation's Swedish subsidiaries Componenta Arvika Ab and Componenta Wirsbo Ab were filed for bankruptcy and the Swedish subsidiary Componenta Främmestad AB and the Finnish subsidiary Componenta Finland Oy were filed for corporate restructuring.

The assets on Componenta Corporation's balance sheet consist mostly of subsidiary shares and loan receivables from subsidiaries. Management have used significant judgment in assessing the valuation of subsidiary shares and loan receivables. As described in more detail in the accounting principles of the parent company's financial statements the Management when making the assessment have considered among other things the effect of the parent company's and subsidiaries' restructuring proceedings and their ability to continue as a going concern.

The Management have used significant judgment and estimations of future development in assessing the effect of above mentioned matters in Componenta Corporations financial statements. For this reason these were considered key audit matters in the audit of the parent company.

following procedures:

- We read the analyses of alternative outcomes of restructuring programs and reorganisations of business prepared by management and approved by the board of directors.
- We read relevant contracts and documents to verify facts and circumstances stated in management's analysis.
- We read the restructuring programmes and made enquiries to the Componenta Corporations administrator to understand the factual content of the restructuring programmes.
- We assessed cash flow analysis prepared by management used as a basis of valuation of certain assets.
- We assessed the management's estimates related to valuation of properties.

There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit



matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Appointment

We were first appointed as auditors by the annual general meeting on 28 February 2011. Our appointment represents a total period of uninterrupted engagement of 7 years.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion

- the information in the report of the Board of Directors is consistent with the information in the financial statements
- the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 30 April 2018

PricewaterhouseCoopers Oy
Authorised Public Accountants

Samuli Perälä
Authorised Public Accountant (KHT)