

COMPONENTA CORPORATION

ADMINISTRATOR'S
AMENDED UNOFFICIAL TRANSLATED SUMMARY OF THE DRAFT RESTRUCTURING
PROGRAMME

HELSINKI, 12/06/2017



CASTRÉN & SNELLMAN

SECRECY OBLIGATION

This document contains confidential information, with respect to which sections 14 and 95 of the **Restructuring of Enterprises Act** (47/1993) provide the following:

Section 14

Confidentiality obligation

‘The administrator, a member of the committee of creditors and a creditor, a person employed by the same, or an assistant or expert advisor retained by them 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 had learned in connection with the proceedings.’

Section 95

Liability in Damages for a Violation of a Secrecy Obligation

‘A person who, deliberately or through negligence, violates the secrecy obligation provided in section 14, shall be liable to compensate to the debtor the loss thus caused.’

Violating the secrecy obligation can be subject to punishment also pursuant to the provisions of the Criminal Code regarding the violation of a business secret.

Insider Information

The Company's shares are listed on the stock exchange list of Nasdaq Helsinki Ltd. Componenta Corporation falls within the scope of legislation on listed companies and other authority regulations.

This draft restructuring programme does not include insider information.

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Reasons for Componenta Corporation's Financial Difficulties

The Company does not have **productions operations**, but it acts as the Componenta group's parent company producing **administrative and group business support services**. The Company directly or indirectly owns subsidiaries engaged in business operations in Finland, Sweden and Turkey. The Company's cash flow is based on the Management Fees paid by the other group companies for administrative services and on trademark licence fees as well as on rental income from the mutual real estate companies owned by the Company.

The Componenta group's growth since the 1980s has been strongly based on acquisitions. In 2004, the Company acquired a controlling interest in the De Globe foundry, forming Componenta B.V. In 2006, the Company purchased a controlling interest in the Turkish iron foundry Döktas which began its operations under the trade name Componenta Dökümcülük Tic. ve San A.Ş (hereinafter **Componenta Turkey**). The acquisitions of Componenta B.V. and Componenta Turkey significantly encumbered the Componenta group's finances. The companies were of considerable size, equivalent to the size of the Componenta group at that time.

The Company's financial difficulties originate from the economic recession caused by the financial crisis of 2008 and 2009. In 2009, the Componenta group's turnover was 58% lower than in 2008. The weak demand in the market and the weak financial situation of several companies in the sector led to very intense competition in the market. The Componenta group lost some of its customer relationships in competitive tender processes. The group's production capacity has been excessive in proportion to its production and the turnover. The group's sales have decreased, particularly in high-margin business areas, highlighting only large-volume, low-profit business areas. The operative group companies have not been able to react sufficiently quickly and effectively to the weakening demand. Measures to improve the situation, such as the closure of the Pietarsaari foundry, have also involved significant costs.

The Company has had to finance its business operations using debt capital. During the past 5 years or so, the focus of the group's external financing has shifted to Turkey, and the Turkish company has also financed the rest of the group. As regards the group and the Company, the financial expenses incurred due to debt capital have been unsustainable in relation to the group's turnover. In order to acquire working capital, the Company has had to finance its sales receivables with the help of financing companies. This has been necessary in order to continue operations, but has also increased financing costs and weakened the Company's result.

As a result of the group's acquisitions and expansion, the group structure became heavy and expensive to manage, and the group became indebted.

The Company and its subsidiary, Componenta Finland Ltd, filed restructuring applications to the court on 01/09/2016, and the restructuring proceedings commenced on 30/09/2016. In addition, the Swedish group companies Componenta Främmestad AB, Componenta Wirsbo AB and Componenta Arvika AB filed for corporate restructuring proceedings under Swedish law. The proceedings commenced on 01/09 and 02/09/2016, respectively. Componenta B.V., the Company's subsidiary registered in the Netherlands, was declared bankrupt on 02/09/2016.

1.2 Improving the Efficiency of Operations and Administration

Based on the draft restructuring programme, the Company has an obligation to continue to improve the efficiency of its operations and administration. The Company must seek to reduce its fixed costs in such a way that it will enable the continuation of its business operations with lower annual accrual of management fees.

During the restructuring programme, the Company's management and administration must carry out measures and internal arrangements necessary to improve the efficiency of the Company's operations and organisation.

In addition, the Company must seek to maintain an office solution that is cost efficient and sensible.

1.3 Sale of Assets Unrelated to the Business and Dissolution of Subsidiaries

The Company owns a few real estate properties unrelated to the Company's core business through real estate companies and the share capital of some non-operational companies.

During the restructuring programme, the Company must sell its real estate companies and parts thereof that are not related to the group's core business to a party outside the group.

In addition, in order to simplify its administrative structure, the Company must sell or dissolve its non-operational subsidiaries through liquidation or merger within 18 months of the confirmation of the restructuring programme.

During the restructuring programme, the Company is obligated to sell its fixed assets unrelated to the business, including the Company's art collection.

1.4 Debt Arrangement Relating to the Restructuring Proceedings

1.4.1 Total Amount of Restructuring Debt

The total amount of restructuring debt to be taken into account in the Company's restructuring proceedings is approximately **EUR 203.8 million**, which is entirely unsecured debt. The total amount of restructuring debt includes conditional and maximum amount debt based on guarantee liabilities.

The Company also owes approximately **EUR 3.9 million** of lowest-priority debt and approximately EUR 27.8 million of disputed debt.

1.4.2 Unsecured Debts

The total amount of unsecured restructuring debt is approximately **EUR 203.8 million**. The unsecured debts consist of group external accounts payable, debts under public law, the Company's debts to other group companies, partially conditional and maximum amount debts based on guarantee liabilities and other unsecured debts.

The amount of unsecured debts will be cut by 96% in the restructuring programme.

According to the payment programme for unsecured debts, the Company's unsecured debts will be paid every six months over 5 years from the commencement of the payment programme so that the first instalment will fall due for payment on 10/05/2019 and the last on 10/11/2023. The final instalment is larger than the other instalments.

No interest will be paid on unsecured debts for the duration of the restructuring proceedings and restructuring programme.

1.4.3 Debts with Lowest Priority

No payments will be made on lowest-priority debts, amounting to approximately **EUR 3.9 million**, or on the interest accrued on the unsecured debts during the restructuring proceedings on the basis of the restructuring programme.

1.5 Obligation to Make Supplementary Payments Due to Better-Than-Expected Cash Flow

The Company may be obligated to make supplementary payments due to better-than-expected cash flow.

The obligation to make supplementary payments will be incurred if the Company's realised cash flow during a calendar year between 2018 and 2022 exceeds the cash flow from operating activities projected in the programme balance sheet for the calendar year in question. **For the avoidance of doubt, the repayment of Componenta Finland Ltd's restructuring debt is considered part of the cash flow from business operations in the Company's restructuring programme.** When determining the obligation to make supplementary payments, any shortfall of the cash flow from operating activities incurred in 2018 or thereafter compared to the cash flow from operating activities projected in the programme balance sheet will be deducted once from the projected cash flow. The obligation to make supplementary payments is 50% of the amount calculated above.

Only the Company's unsecured creditors are entitled to supplementary payments.

1.6 Obligation to Make Supplementary Payments Based on Realised Guarantee Obligations

The Company may be obligated to make supplementary payments if the final amount of the conditional and maximum amount restructuring debts included in the guarantee obligation is below the amount entered in the restructuring programme.

The obligation to make supplementary payments is calculated by deducting the amount that would be payable in total on the confirmed and final amount of the conditional and maximum amount debts in accordance with the restructuring programme from the total amount of the debts stated in the restructuring programme and based on guarantee obligations **as provided for in more detail in section 20.2 of the draft restructuring programme.**

The obligation make supplementary payments will be calculated on the last payment date of the payment programme on which any payments based on the obligation to make supplementary payments will be payable. If the restructuring programme is ended prematurely, the obligation to make supplementary payments will be calculated on the basis of the date of the notification of said premature ending, and the payments based on the obligation to make supplementary payments will be payable on the payment date of the restructuring debts.

Only the Company's unsecured creditors are entitled to supplementary payments.

1.7 Duration of the Restructuring Programme

The duration of the restructuring programme is approximately 7 years. The duration of the payment programme for unsecured debts is approximately 5 years, starting on 10/05/2019.

The company is entitled, if it so wishes, to have the restructuring programme end prematurely. The premature ending of the restructuring programme requires that the Company pays the remaining payments under the payment programme to each unsecured creditor at a multiple based on the ending date as defined in section 26.2 of the restructuring programme.

1.8 Financing of the Restructuring Programme

The administrator is of the opinion that the restructuring programme can be financed using the cash flow from the Company's operations and sale of assets.

1.9 Viability of the Restructuring Programme for Approval and Implementation

The administrator is of the opinion that the Company's business can be rehabilitated under the requirements stated above and that a restructuring programme fit for approval and implementation can be achieved for the Company.

1.10 Amendment of Draft Restructuring Programme

The amendments made to the draft restructuring programme by the administrator on 30/03/2017 have been marked in this amended draft restructuring programme in red.

I ACCOUNTS

2 CONTACT

2.1 Debtor

Trade name Componenta Corporation (hereinafter also the **Company**)
Registered office Helsinki
Business ID 1635451-6

Debtor's contact information:

Componenta Corporation
Panuntie 4
00610 Helsinki, Finland
Tel. +358 10 403 00
Fax +358 10 403 2721

Name and contact information of debtor's representative:

Harri Suutari, President and CEO
Telephone +358 10 403 00
E-mail harri.suutari@componenta.com

2.2 Administrator

The Helsinki District Court appointed Mr Mika Ilveskero, Attorney, as administrator of the debtor on 30/09/2016. Contact information:

Mika Ilveskero, Attorney
Castrén & Snellman Attorneys Ltd
PO Box 233 (Eteläesplanadi 14)
00131 Helsinki, Finland
Tel. +358 20 7765 403
Fax +358 20 7765 001
E-mail mika.ilveskero@castren.fi

In addition to the administrator, the administrator's organisation consists of Elina Pesonen, Attorney, and Christer Svartström, Master of Laws.

2.3 Court of the Restructuring Proceedings

Helsinki District Court
Porkkalankatu 13
00180 Helsinki, Finland
Tel: +358 29 564 4200
Fax +358 29 564 4218
E-mail helsinki.ko@oikeus.fi

The record number of the matter is HS 16/34972.

3 RESTRUCTURING PROCEEDINGS

3.1 Restructuring Application

The application for the commencement of restructuring proceedings was filed at the District Court of Helsinki on 01/09/2016. The applicant was the debtor.

The creditors who can be regarded significant on the basis of the amount of their claims have not opposed the commencement of the restructuring proceed-

ings concerning the Company. No other obstacles to the restructuring proceedings as referred to in section 7 of the Restructuring of Enterprises Act have been found.

3.2 **Interim Interdictions**

By a decision issued at 14:00 on 09/09/2016, the Helsinki District Court temporarily enforced the sections of the Company's application concerning the interdiction of repayment and provision of security provided for in section 17 of the Restructuring of Enterprises Act, the interdiction of debt collection referred to in section 19 of the Restructuring of Enterprises Act, and the interdiction of distraint and other enforcement measures referred to in section 21 of the Restructuring of Enterprises Act prior to the commencement of the proceedings.

3.3 **Initiation of Restructuring Proceedings**

The restructuring proceedings began by virtue of decision No 16/47468 issued by the Helsinki District Court at 10:00 on 30/09/2016.

3.4 **Notices Concerning the Procedure**

A notice of commencement of the proceedings was sent on 05/10/2016 to the creditors, guarantors, joint creditors and providers of collateral mentioned in the Company's application. The notice sent to the creditors on the commencement of restructuring proceedings was translated into English for foreign creditors.

In addition, a notice of the commencement of the proceedings was sent in accordance with sections 5 and 8 of the Decree on the Restructuring of Companies (55/1993) to the Finnish Patents and Registration Office for registration in the Trade Register and to the execution offices of the debtor's registered office, the ELY Centre and the National Land Survey of Finland. The administrator has entered those creditors that have so requested into the KOSTI data management system for bankruptcy and restructuring proceedings.

3.5 **Time Limits**

Time limit for recovery action concerning the claims of the creditors.	1.9.2016	Time limit for notifications concerning the claims of the creditors.	4.11.2016
Time limit for preparation of the report	16.12.2016	Time limit for preparation of the report	
Time limit for preparation of the draft restructuring programme	31/03/2017		
Time limit for objections		02/05/2017	
Time limit for statements		18/05/2017	
Time limit for preparation of the amended restructuring programme		12/06/2017	
Initiation of actions for recovery			30/03/2017

3.6 **Notification of the Claims of the Creditors**

The creditors have been requested to declare their claims to the administrator by 04/11/2016 if they differ from those reported by the debtor or if the creditor has wished to claim the overdue interest that has accrued until the commencement of the proceedings on 30/09/2016.

The administrator has reviewed the creditors' declarations and has sought to work out any conflicts between the debtor company and the creditors' declarations.

3.7 Restructuring Debt

Any debts that have arisen before the filing of the application for restructuring on 1.9.2016 are treated as restructuring debt.

3.8 Committee of creditors

The committee of creditors was appointed by a decision of the Helsinki District Court on 04/11/2016.

The following members were appointed to the committee of creditors:

Representative of the creditors that have been given a supplier guarantee, until 04/04/2017

1. Kenneth Svartström, Attorney
Scandinavian Steel AB
c/o Lexia Attorneys Ltd
Lönnrotinkatu 11, 6th floor
00120 Helsinki, Finland
E-mail kenneth.svartstrom@lexia.fi

Representative of the creditors of accounts payable

2. Ferhat Kaya, Managing Director
Acando Oy
Äyritie 12 B
01510 Vantaa, Finland
E-mail ferhat.kaya@acando.com

Representative of the other unsecured creditors

3. Sanna Paunonen, Accountant
Oy Högfors-Ruukki Ab
Valurinkatu 4 A 1
03600 Karkkila, Finland
E-mail sanna.paunonen@componenta.com

Representative of the creditors under public law, as of 09/05/2017

4. Petri Jokinen
Ilmarinen Mutual Pension Insurance Company
Porkkalankatu 1
00018 Ilmarinen, Finland
E-mail petri.jokinen@ilmarinen.fi

The secretary of the committee of creditors is Elina Pesonen, attorney, of Castrén & Snellman Attorneys Ltd.

The committee of creditors has met on 22/11/2016, 14/12/2016, 24/01/2017, 15/02/2017, 07/03/2017, 23/03/2017, 27/04/2017 and 01/06/2017.

Kenneth Svartström submitted his notice of resignation to the administrator on 22/03/2017, based on which the District Court granted Svartström's resignation from the committee of creditors on 04/04/2017. The District Court appointed Petri Jokinen of Ilmarinen Mutual Pension Insurance Company as a member of the committee of creditors by a decision issued on 09/05/2017.

3.9 Minor Creditors

On 15/12/2016, the administrator decided in accordance with section 18(2)(4) of the Restructuring of Enterprises Act that creditors whose claims are less than EUR 500 will be paid their claims, provided the claims are not lowest-priority restructuring debt. There are 40 creditors whose claims have been paid, and the total amount of payments was EUR 8,361.79.

On 13/03/2017, the administrator decided that creditors whose claims are no more than EUR 1,000 will be paid their claims, provided the claims are not lowest-priority restructuring debt. There are approximately 15 creditors whose claims will be paid, and the total amount of payments will be approximately EUR 9,346.37.

The total amount of the restructuring debts paid as minor debts under section 18(2)(4) of the Restructuring of Enterprises Act is EUR 17,708.16, and the total number of the creditors whose claims will be paid is 55.

3.10 Report on the Debtor's Assets, Liabilities and Other Undertakings

The report on the debtor's assets, liabilities and other undertakings was prepared on 16.12.2016. The report has been provided to the debtor, to the members of the committee of creditors, to the major creditors and to the creditors who have specifically requested it as well as to the Bankruptcy Ombudsman.

3.11 Draft Restructuring Programme

In accordance with the decision of the Helsinki District Court, the administrator was to present a draft restructuring programme and present it to the Helsinki District Court at the latest by 30/01/2017.

Based on the administrator's application of 26/01/2017, the District Court extended the deadline for the draft restructuring programme so that the administrator is obligated to submit the draft to the District Court no later than on 31/03/2017. **The administrator filed his draft restructuring programme to the District Court on 30/03/2017.**

On 22/05/2017, the District Court provided the administrator the opportunity to amend the draft restructuring programme by 12/06/2017.

3.12 Experts Consulted by the Administrator

RSM AuditSum Oy carried out a targeted special audit.

The administrator has discussed the draft restructuring programme and its principles with the Company's board of directors and operative management, the secured creditors, the Office of Bankruptcy Ombudsman and the committee of creditors.

3.13 Insider Information

The Company's shares are listed on the stock exchange list of Nasdaq Helsinki Ltd. The Company falls within the scope of legislation and other authority regulations applicable to listed companies. The Company's business and projects concerning it may have an effect on the share value of the Company. As a result, the rules and regulations concerning insider information and the stock exchange's communications rules have been taken into consideration in the restructuring proceedings.

4 COMPANY

4.1 General

4.1.1 Incorporation and Field of Operation

The company was entered into the Trade Register on 4.12.2000.

»»»The Company's field of business»»» marked in the Trade Register »»»is to manufacture and sell engineering and foundry industry products and to engage in activity related to these»»».

4.1.2 Business of the Componenta Group

The Componenta group was established in 1918 when it started its operations as an iron foundry in Helsinki under the trade name Rauta- ja Metallivalimo Suomi. The group grew organically until the 1980s, from which time the group has mainly grown through acquisitions.

The business operations of the Componenta group cover the »»»engineering, casting and machining»»» of iron and aluminium components for various industrial needs. The production of the components manufactured by the group ranges from single items to series of tens of thousands of items manufactured from different material alternatives. The customer base of the group mainly consists of operators in the truck, construction, mining and engineering industries as well as of manufacturers of passenger cars and farming machinery.

The Componenta group has key business operations in Finland, Sweden and Turkey. The group structure is described in more detail in section 4.4. The Company is the parent company of the group and its shares are listed on the stock exchange list of Nasdaq Helsinki Ltd.

In Finland, the group's operative business is carried out by the group company Componenta Finland Ltd in foundries located in Karkkila and in Pori.

Of the Company's Swedish subsidiaries, Componenta Främmestad AB engages primarily in the machining, painting and distribution of the iron components manufactured by the Finnish and Turkish subsidiaries. The Company's Swedish group companies, Componenta Arvika AB and Componenta Wirsbo AB, engage in forging operations.

Componenta Turkey has a foundry and engineering works in Orhangaz, Turkey, and an aluminium foundry, engineering works and a wheel production unit in Manisas, Turkey. Componenta Turkey is listed on the Istanbul stock exchange.

The Company also had foundry operations in the Netherlands. The operations ceased on 02/09/2016 when the Company's fully owned subsidiary Componenta B.V. was declared bankrupt.

4.2 Operations of the Company

The Company is the parent company of the Componenta group and produces administrative services. The Company does not have **production operations** of its own. In practice, its turnover is based solely on Management Fees from the group companies and on trademark licence fees as well as on rental income from the mutual real estate companies owned by the Company. The Company handles the group companies' key management in a centralised manner and produces services supporting the business operations for the group companies.

The Company's trade register extract ([Appendix 4.1 a](#)) and its articles of association ([Appendix 4.1 b](#)) are also attached to the draft restructuring programme.

4.3 Personnel

At the time of the commencement of the restructuring proceedings, the Company had 41 employees. **The Company employed 18 employees in total as at 30/03/2017.**

At the commencement of restructuring proceedings, the entire group had 3,248 employees in various places of business located in Finland, Turkey and Sweden.

4.4 Group Companies

The Company is the administrative parent company of the Componenta group.

The Company's most significant directly owned group companies are:

- Componenta Turkey, 93.6% ownership
- Componenta Finland Oy, 100% ownership

The Company's most significant indirectly owned group companies are:

- Componenta Arvika AB, 100% ownership, corporate restructuring proceedings commenced on 01/09/2016
- Componenta Wirsbo AB, 100% ownership, corporate restructuring proceedings commenced on 01/09/2016 and the debt arrangement was approved on 30/12/2016.
- Componenta Arvika AB, 100% ownership, corporate restructuring proceedings commenced on 02/09/2016 and the debt arrangement was approved on 23/12/2016.

The group also consists of several real estate and service companies that have little or no business operations of their own.

The group structure chart is presented in its entirety in Appendix 4.4.

4.5 Ownership

The Company's shares are listed on the stock exchange list of Nasdaq Helsinki Ltd. The Company was listed on 19/03/2001.

The Company's share capital is **EUR 1,000,000.00** divided into **177,269,224 shares.**

As at 28/02/2017, the Company's largest shareholders were as follows:

Shareholder	Shares (pcs)	Share (%)
Etra Capital Oy	24,808,673	14.05
Varma Mutual Pension Insurance Company	16,688,771	9.45
Ilmarinen Mutual Pension Insurance Company	13,952,281	7.90
Elo Mutual Pension Insurance Company	8,901,288	5.04
Riikantorppa Oy	7,500,000	4.25
Mandatium Life	4,882,631	2.77
Finnish Cultural Foundation	3,129,223	1.77
Markkula Harri Olavi	2,500,000	1.42

Suutari Harri	2,499,000	1.42
Tiiviste-Group Oy	2,000,000	1.13

4.6 Board of Directors

The general meeting of shareholders appoints the members of the board of directors.

At the commencement of the restructuring proceedings on 30.9.2016, the members of the Company's board were:

Matti Ruotsala, Chairman, Board Member since 2012
 Olavi Huhtala, Vice Chairman, Board Member since 2014
 Olli Isotalo, Board Member since 2015
 Perttu Louhiluoto, Board Member since 2015
 Riitta Palomäki, Board Member since 2012
 Tommi Salunen, Board Member since 2013

On the date of the amended draft restructuring programme 12/06/2017, the Company's board of directors consisted of:

Petteri Walldén, Chairman, Board Member since 2017
 Tommi Salunen, Vice Chairman, Board Member since 2013
 Olli Isotalo, Board Member since 2015
 Anne Leskelä, Board Member since 2017

The Company's Trade Register entries are up to date.

4.7 President and CEO

The board of directors appoints the President and CEO.

The Company's President and CEO is Harri Suutari.

4.8 The Remuneration of the President and CEO and the Members of the Board

The amount of the wages and remuneration paid to the President and CEO in 2016 was EUR 463,600.00.

In 2016, the general meeting decided to pay remuneration amounting to EUR 60,000.00 per year to the chairman of the board and remuneration amounting to EUR 30,000.00 per year to the members of the board.

In 2017, the general meeting decided to pay remuneration amounting to EUR 50,000.00 per year to the chairman of the board and remuneration amounting to EUR 25,000.00 per year to the members of the board.

4.9 Books and Auditors

The Company sees to its bookkeeping in-house. The group's financial statements bulletin concerning the period 01/01/2016–31/12/2016 has been published on 30/03/2017 and the financial statements and the auditor's report was issued on 12/04/2017. Componenta Corporation's financial statements were completed on 12/04/2017

The Company's auditor is audit firm PricewaterhouseCoopers Oy (business ID 0486406-8) and its responsible auditor is Samuli Perälä, APA.

4.10 Close Relationships of Persons in Charge

According to information gathered by the administrator, the following person in charge of the Company has connections with the affiliates listed below.

Harri Suutari

- Kiinteistö Oy Ylä-Emali (business ID: 0790792-4)
- Componenta Karkkilan Palvelut Oy (business ID: 0793423-6)
- Componenta Finland Ltd (business ID: 0114490-3)
- Kiinteistö Oy Pietarsaaren Tehtaankatu 13 (business ID: 1654307-7)
- Karkkilan Valimokiinteistö Oy (business ID: 0618348-5)
- Kiinteistö Oy Ala-Emali (business ID: 0771550-0)
- Karkkilan Koskikiinteistö Oy (business ID: 0618347-7)
- Oy Högfors-Ruukki Ab (business ID: 0871292-6)
- Oy Componenta-Öljypoltin Ab (business ID: 0771552-7)
- Oy Componenta-Services Ab (business ID: 0771555-1)
- Oy Componenta-Lämmitysjärjestelmät Ab (business ID: 0774887-1)
- Componenta Kehitysyhtiö Oy (business ID: 0771557-8)
- Pietarsaaren Vanha Valimo Oy (business ID: 0771557-8)
- Oy Högfors-Design Ab (business ID: 0843071-8)
- Uudenmaan Rakennustiimi Oy (business ID: 0897223-4)

The administrator has also investigated the business connections of the persons in charge in other respects, but has deemed that they have no bearing on the restructuring proceedings at hand.

5 STATEMENT OF AFFAIRS ON THE ASSETS, LIABILITIES AND OTHER UNDERTAKINGS AND OF THE SECURITY FOR THE LIABILITIES

5.1 General

The restructuring programme shall contain itemised accounts of the assets, liabilities and other undertakings of the debtor and of the security for the liabilities.

Debts that have formed before the filing of the restructuring application, i.e. 1.9.2016, will be considered restructuring debts.

In accordance with section 3(1)(7) of the Restructuring of Enterprises Act, the amount of secured debt to be included in the restructuring proceedings is based on the value of the collateral at the time the proceedings were initiated after the deduction of liquidation costs and claims with a higher priority.

5.2 Valuation Basis of the Company's Funds

Interim financial statements were drawn up for the Company as at the starting date of the restructuring proceedings, 30.9.2016.

The assets stated below are measured according to the going concern principle as at the date of the interim financial statements and the financial statements.

5.3

Assets of the Company

The Company's balance sheet as at 30.9.2016 and 31.12.2016:

Fixed assets (EUR)	30/09/2016	31.12.2016
Intangible Assets	630,936.69	510,405.95
Tangible Assets	230,069.44	225,346.34
Investments	101,754,467.04	14,229,020.05
Total non-current assets	102,615,473.17	14,964,772.34

The Company's intangible assets mainly consist of the undepreciated value of investments recognised as other long-term expenses. The Company's intangible assets also include advance payments with a book value of approximately EUR 38,000.

The Company's tangible assets consist of machinery and equipment owned by the Company, such as computer and IT systems and office furniture owned by the Company. The tangible assets also include artwork owned by the Company.

The Company's investments mainly consist of shares of the Company's subsidiaries.

Current Assets	30/09/2016	31.12.2016
Stocks	0.00	0.00
Long-term receivables	15,845,664.53	8,916,189.70
Short-term receivables	7,231,957.71	2,510,458.49
Cash in hand and at bank	353,774.87	288,811.31
Total current assets	23,431,397.11	11,715,459.50

In the summer of 2016, the Company sold the business operations of Pistons which the Company had owned. The Company has no own production anymore. For this reason, the Company has no inventories anymore.

The Company's long-term receivables are almost entirely comprised loan receivables from subsidiaries and group companies.

The Company's short-term receivables are comprised of small trade receivables from outside the group, trade receivables from group companies, short-term loan receivables, advance payments as well as prepayments and accrued income.

5.4

Assessment of Assets in the Event of Bankruptcy

5.4.1

General

Pursuant to section 42(2) of the Restructuring of Enterprises Act, the restructuring programme shall include an estimate of the debtor's share to be paid in case of a bankruptcy. In order to conduct a bankruptcy comparison, the Company's realisation balance sheet of 30/09/2016 ([Appendix 5.4](#)) is attached to restructuring programme.

The administrator considers that the most probable alternative in the bankruptcy is that Componenta Finland Ltd would be declared bankrupt and its business operations would be sold together with their real estate properties and real estate companies to a party that will continue the business operations so

that the sales price of the business operations would not exceed the amount of the companies' debts and that the shares of Componenta Turkey would be realised without sales income to the Company's bankruptcy estate.

The measurement principles applied to the realisation balance sheet for the bankruptcy alternative are described below.

5.4.2 Non-current assets

Intangible assets, such as long-term expenses including licences and projects activated as assets and entered as advance payments on the balance sheet, have been removed entirely from the valuation of assets, because said accounting balance sheet items do not bring income in a bankruptcy.

Tangible assets consist of machinery and equipment that are comprised of ordinary office machines and devices. The machinery and equipment have been valued at their likely realisation valuation, which is approximately 16% of the balance sheet value, taking into consideration the asset realisation costs. The tangible assets also include the artworks owned by the Company and entered in the bookkeeping as other tangible assets. The realisation value of the artworks is based on an estimate given by an auction house.

5.4.3 Investments

The Company's key assets are comprised of its subsidiaries' and affiliates' shares and units belonging to the investment assets.

In connection with the bankruptcy, the share capital of Componenta Finland Ltd, which is owned by the Company, was considered to have no realisation value in the current situation. Componenta Finland Ltd's debts are greater than its assets. Therefore, no accrual would be expected on Componenta Finland Ltd's shares in realisation in the current situation in conjunction with the Company's bankruptcy.

The Dutch Componenta B.V. was declared bankrupt on 02/09/2016. Therefore, the shares of said company have no realisation value. The value of Componenta B.V.'s shares has already been written down in the Company's going concern balance sheet as at 30/09/2016.

Similarly, the shares of Componenta Turkey owned by the Company are considered to have no realisation value in the Company's bankruptcy. The amount of Componenta Turkey's debt in proportion to the cash flow-based value of its business will lead to a situation where Componenta Turkey's shares would not accrue funds to the bankruptcy estate in the event of a bankruptcy.

The subsidiary shares include the Company's ownership of approximately 67% of Karkkilan Koskikiinteistö Oy which owns an industrial real estate located in the Karkkila foundry area. The realisation value of Karkkilan Koskikiinteistö Oy is based on the received valuation report concerning the expected market value of said company's real estate in a liquidation situation similar to a bankruptcy. The realisation value entered in the realisation balance sheet corresponds to the Company's relative proportion of Karkkilan Koskikiinteistö Oy's share capital and is, in the administrator's view, the maximum amount of the real estate's realisation value.

The realisation value of the shares of Kiinteistö Oy Ala-Emali and Kiinteistö Oy Ylä-Emali, which are entirely owned by the Company, is also based on the valuation report related to the real estate properties and leases owned by said real estate companies. As stated above, the realisation value in accordance with the realisation balance sheet is, in the administrator's view, the maximum price

that would accrue from the shares of Kiinteistö Oy Ala-Emali and Kiinteistö Oy Ylä-Emali in the Company's bankruptcy.

Of the subsidiaries, Uudenmaan Rakennustiimi Oy and AoA Componenta Holding A.S. do not have business operations, and, therefore, their shares would not have a realisation value in the Company's bankruptcy. No funds would be accrued from the shares of Oy Högfors Ruukki Ab to the bankruptcy estate due to the fact its debts exceed its assets.

The Company's other shares include the Company's share of the energy supply company Majakka Voima Ltd and of two shares in the housing company Kiinteistö Oy Sorvinrinne. The going concern valuation of Majakan Voima Ltd's is based on the benefit produced for their business operations, but, in the administrator's view, the shares have no independent realisation value. For this reason, said shares have been deemed to be worthless in the realisation balance sheet. The valuation of Kiinteistö Oy Sorvinrinne's shares is based on the actual sales price after the Company had sold the shares with the help of a real estate agent during the restructuring proceedings.

5.4.4 Current Assets

The Company's long-term receivables consist primarily of receivables from subsidiaries and group companies. The receivables amount to approximately EUR 15.8 million. Of these receivables, approximately EUR 8.6 million is from Componenta Finland Ltd, Componenta Främmestad AB and Componenta Wirsbo AB engaging in foundry, forging or engineering works business operations. In addition, the Company has a total of approximately EUR 7.2 million of long-term receivables from the real estate companies Karkkilan Valimokiinteistö Oy, Pietarsaaren Vanha Valimo Oy and Högfors-Ruukki Oy. In its balance sheet, the Company has partially written off its receivables from the subsidiaries subject to the restructuring proceedings.

Due to the group's mutual relationships related to the receivables, the Company's bankruptcy would likely also lead to the bankruptcies of the operative subsidiaries and group companies, i.e. Componenta Finland Ltd, Componenta Främmestad AB and Componenta Wirsbo AB. The receivables from said companies have been valued based on the amount not written down at the value that would correspond to the Company's disbursement in said companies' bankruptcy proceedings. However, the receivables have been valued at their nominal value in so far as the Company's counterclaims from said companies could be set off.

The receivables from Karkkilan Valimokiinteistö Oy, Pietarsaaren Vanha Valimo Oy and Högfors-Ruukki Oy have been valued on the basis of said companies' key asset items, real estate properties owned by them, the likely realisation value and the debt payment ability related thereto. The likely realisation values of said real estate properties are based on the received valuation reports. With respect to Pietarsaaren Vanha Valimo Oy, it is assumed in the calculation comparing the restructuring proceedings and the bankruptcy proceedings that, due to possible environmental restoration obligations, the funds would not be accrued on the basis of the receivables in the Company's bankruptcy.

The Company's trade receivables consist of the group's internal and external trade receivables. In the Company's balance sheet, the trade receivables also include as a separate balance sheet item the write-downs of approximately EUR 10.4 million made by the Company due to the restructuring proceedings of Componenta Främmestad AB, Componenta Wirsbo AB and Componenta Arvika AB.

The group's external trade receivables have been valued in the realisation balance sheet at 75% of their balance sheet value in compliance with the prudence

principle. In the event of a bankruptcy, said trade receivables may involve counterclaims or disputes that are not apparent in the balance sheet. The valuation of the group's internal trade receivables complies with the same principles as the valuation of long-term receivables from the group companies. The Company's write-downs, which are entered in the balance sheet as a separate balance sheet item, have been removed from the realisation balance sheet due to the fact that the right to a claim concerning the receivables remains in force, the receivables are admissible for set-off and the value of the receivables in the bankruptcy has been separately calculated in the realisation balance sheet.

The Company's loan receivables consist of a short-term loan receivable of approximately EUR 55 thousand from Luoteis-Uudenmaan Kiinteistöt Oy and a staff loan receivable of approximately EUR 59 thousand.

The administrator has estimated that the receivable from Luoteis-Uudenmaan Kiinteistöt Oy is valid and it would be accrued in the event of a bankruptcy. The staff receivables are not considered to have any realisation value due to the fact that, in the event of a bankruptcy, the staff is likely to have counterclaims from the Company subject to set-off.

The Company's advance payment receivables consist of pay advances, travel advances, other advance payments and licence fees recorded as advance payments. Based on the administrator's estimate, the advance payment receivables shown in the balance sheet are accounting items, and no funds would be accrued on the basis of them to the bankruptcy estate.

Other short-term receivables consist of a compensation claim of approximately EUR 24 thousand from the Social Insurance Institution of Finland, group contribution receivables of approximately EUR 383 thousand in total from Karkkilan Valimokiinteistöt Oy and Högfors-Ruukki Oy, and of staff loan receivables recorded as prepayments and accrued income.

The compensation claim from the Social Insurance Institution of Finland is assumed to be valid and to be accrued in full to the bankruptcy estate in the event of a bankruptcy. In the realisation balance sheet, the group contribution receivables have been deemed to be worthless due to the fact that the funds accrued from Valimokiinteistöt Oy and Högfors-Ruukki Oy were not assumed to exceed the amount that is considered to be accrued from said companies in the realisation balance sheet on the basis of long-term receivables. The transferred staff loan receivables are considered to have no value in the event of a bankruptcy due to possibly incurring counterclaims that can be set off.

The Company's prepayments and accrued income consist of, among other things, Componenta Finland Ltd's interest receivables, exchange gain receivables based on group loan receivables, allocation of loan servicing fees and of other prepayments and accrued income. Interest receivables from Componenta Finland Ltd have been valued to correspond the likely disbursement of Componenta Finland Ltd's hypothetical bankruptcy. In other respects, the prepayments and accrued income are, mainly as accounting items, considered to be worthless in the Company's bankruptcy.

Cash and cash receivables are appraised to their book value.

5.5 Restructuring Debts

5.5.1 General

According to section 3(1)(5) of the Restructuring Act, restructuring debt means all of the debts of the debtor that have arisen before the application became pending, including secured debts and debts whose basis or amount are conditional or contested or which are otherwise ambiguous.

Consequently, the Company's restructuring debts are all debts that have arisen before 1.9.2016. The total amount of the restructuring debts is approximately **EUR 235.5 million**, including disputed debts.

The restructuring debts can broadly be divided as follows:

Accounts payable (group external)	appr. EUR 2.4 million
Debts under Public Law	appr. EUR 0.4 million
Debts to group companies	appr. EUR 104.2 million
Debts based on guarantee liabilities	appr. EUR 96.2 million
Other unsecured debts	appr. EUR 0.6 million
Debts with Lowest Priority	appr. EUR 3.9 million

In addition, the Company has disputed debts amounting to approximately EUR 27.8 million.

The restructuring debts have been itemised in Appendices 5.5.2–5.5.8.

5.5.2 Accounts payable (group external)

The Company has approximately **EUR 2.4 million** of group external accounts payable. There are a total of **117** accounts payable creditors. The accounts payable consist of normal supply and service contracts that are part of the Company's business operations.

5.5.3 Debts under Public Law

The Company's debts under public law consist of taxes, payments to the Unemployment Insurance Fund and pension contributions. The Company has a total of approximately EUR 0.4 million in debts under public law.

5.5.4 Debts to group companies

The Company has restructuring debt to the other group companies related to intra-group loans and group accounts payable totalling approximately **EUR 104.2 million**.

5.5.5 Debts based on guarantee liabilities

5.5.5.1 General

The liabilities based on the guarantees given by the Company are partially conditional and maximum amount restructuring debt. Their final amounts depend, on the one hand, on what the amount of the open receivable of the beneficiary of the guarantee is, and on the other hand, on the extent to which it is possible for the beneficiary of the guarantee to receive payment from the main debtor.

The amount of the current and final guarantee liability is approximately **EUR 8.9 million**. The amount of the conditional and maximum amount guarantee liability is approximately **EUR 87.4 million**.

5.5.5.2 Guarantee as for its own debt granted to Turkish bank club

The Company has granted the Turkish banks Türkiye İş Bankası A.Ş, Türkiye Halk Bankası A.Ş, Türkiye Vakıflar Bankası T.A.O and T.C. Ziraat Bankası A.Ş. (hereinafter jointly referred to as the **Bank Club**) a guarantee as for its own debt on behalf of Componenta Turkey as security for the liabilities under the

loan agreement referred to below. The maximum amount of the guarantee is limited to EUR 80 million, and the liability that may arise from it has been taken into account in the Company's restructuring debt as a conditional and maximum amount debt.

5-5-5-3 Supplier Guarantees

The company has given so-called supplier guarantees on behalf of the companies carrying out production operations, i.e. Componenta Främmestad AB, Componenta Wirsbo AB, Componenta Arvika AB and Componenta Finland Oy to the companies' suppliers as security for the companies' payment obligations. The Company has also given supplier guarantees for the benefit of Componenta B.V., which was declared bankrupt on 02/09/2016.

- The amount of the supplier guarantees issued by the Company on behalf of Componenta Arvika AB is approximately EUR 1.5 million in the payment programme. Part of the liability is conditional and maximum amount.
- The amount of the supplier guarantees issued by the Company on behalf of Componenta Finland Ltd is approximately EUR 3.3 million in the payment programme. Part of the liability is conditional and maximum amount. Some of the guarantees have also been issued as joint security for Componenta B.V.'s payment obligations.
- The amount of the supplier guarantees issued by the Company on behalf of Componenta Wirsbo AB is approximately EUR 3.3 million in the payment programme. Part of the liability is conditional and maximum amount.
- The amount of the supplier guarantees issued by the Company on behalf of Componenta Främmestad AB is approximately EUR 0.1 million in the payment programme. Part of the liability is conditional and maximum amount.
- The amount of the supplier guarantees issued by the Company on behalf of Componenta B.V. is approximately EUR 5.5 million in the payment programme. Part of the liability is conditional and maximum amount. Some of the guarantees have been issued as joint security for Componenta Finland Ltd's payment obligations.

5-5-5-4 Repurchase undertakings and guarantees issued to financing companies

The Company has given Nordea Finance Finland Ltd repurchase undertakings on behalf of Componenta Finland Oy, Componenta Främmestad AB, Componenta Wirsbo AB, Componenta Arvika AB and Componenta B.V. (jointly the **Subsidiaries**) concerning the Subsidiaries' trade receivables financed by Nordea Finance Finland Ltd. Nordea Finance Finland Ltd's claim is a maximum of EUR 1.5 million, which has been taken into account as conditional and maximum amount restructuring debt of the Company.

The Company has given OP Corporate Bank plc repurchase undertakings on behalf of the Subsidiaries concerning the Subsidiaries' trade receivables financed by OP Corporate Bank plc. OP Corporate Bank plc's claim is a maximum of **EUR 2.7 million**, which has been taken into account as conditional and maximum amount restructuring debt of the Company.

The Company has given a special guarantee as for its own debt to Swedbank AB for the liabilities incurred by Componenta Främmestad AB's leasing agreements. The maximum amount of the liability is approximately EUR 0.2 million, which has been stated as conditional and maximum amount debt of the Company.

The Company has also given a guarantee as for its own debt to Svenska Handelsbanken Oy concerning the credits drawn down by Andreas Falcin, Ulf Lander and Robert Johansson in conjunction with Componenta Albin AB's share purchase. The amount of the guarantee is a maximum of EUR 0.4 million, which has been taken into account as conditional and maximum amount restructuring debt of the Company.

5.5.5.5 Iisalmen Valiomo Oy and Iisalmen Teollisuuskylä Oy

The Company has given a guarantee as for its own debt for all Componenta Finland Ltd's obligations and liabilities to Iisalmen Valimo Oy concerning the sale and purchase of the business of Suomivalimo and to Iisalmen Teollisuuskylä Oy concerning the sale and purchase of a real estate property (140-011-0001-0006-J) in Iisalmi. With respect to the sale and purchase of the business, the liability is limited to EUR 1,200,000 and with respect to the sale and purchase of the real estate property to EUR 200,000.

The administrator has not received claims in relation to the guarantee.

5.5.5.6 Koncentra Pistons Oy

The Company has given guarantees as for its own debt with respect to the agreements related to the sale and purchase of the Pistons business to Koncentra Pistons Oy. The sale and purchase included the following agreements and related guarantees:

1. A business sale and purchase comprising the entire business of the Pistons business unit.
2. A delivery agreement according to which Koncentra Pistons has the right to buy castings from the Högfors foundry for a period of five years. The agreement includes the Company's guarantee as for its own debt concerning the fulfilment of the supplier's obligations.
3. A delivery agreement according to which Koncentra Pistons has the right to buy castings from the Högfors foundry for a period of three years. The agreement includes the Company's guarantee as for its own debt concerning the fulfilment of the supplier's obligations.
4. Lease agreement according to which Koncentra Pistons has the right to lease its current offices for a period of five years (the agreement includes the possibility of an extended period of two years for the lessee). The agreement includes the Company's guarantee as for its own debt concerning the fulfilment of the lessor's obligations.

The administrator has not received claims in relation to these guarantees.

5.5.5.7 Garantia Insurance Company Ltd

The Company has given Garantia Insurance Company Ltd (hereinafter Garantia) a guarantee as for its own debt on behalf of Componenta Finland Ltd for the payment of the obligations, liabilities and debts in accordance with the suretyship agreements between the Company and Garantia Insurance Company Ltd. On the basis of the suretyship agreements, Ilmarinen Mutual Pension Insurance Company is the insured party and the beneficiary. When Componenta Finland Ltd applied for restructuring proceedings, Garantia paid an insurance indemnity of EUR 181,973.00 to Ilmarinen Mutual Pension Insurance Company on 08/09/2016, in which connection the receivable has been transferred to Garantia as regards the indemnified part.

Kiinteistö Oy Pietarsaaren Tehtaankatu 13, which the Company indirectly owns, has given to Garantia the mortgage deeds given for a confirmed joint real estate mortgage for a mortgage owned by it as security for the same suretyship insurance agreement. As a result of the provided third-party security, Kiinteistö Oy Pietarsaaren Tehtaankatu 13 has entered into a payment agreement with Garantia.

If Garantia's claim can be covered in its entirety by the third-party security provided by Kiinteistö Oy Pietarsaaren Tehtaankatu 13 and Componenta Finland Ltd's principal debt can, thus, be paid, the guarantee as for its own debt concerning the Company's debt in question will expire, and Garantia would no longer have guarantee claims from the Company. However, the guarantee provided by the Company has been taken into account as a conditional and maximum amount restructuring debt.

5.5.5.8 Ilmarinen Mutual Pension Insurance Company

The company has given a guarantee as for its own debt, signed on 13 /10/2008, to Ilmarinen Mutual Pension Insurance Company as security for the premium loan from Componenta Finland Ltd. At the time of the commencement of the restructuring proceedings, the amount of the liability was EUR 661,506.07.

5.5.6 Other unsecured debts

The Company's other unsecured debts include an unsecured bond issued by the Company. The Company's other unsecured debts amount to approximately **EUR 0.6 million**.

5.5.7 Debts with Lowest Priority

The Company's debts with lowest priority include hybrid bonds from 2012 and 2013 as well as a convertible capital loan. After the commencement of the restructuring proceedings, **approximately EUR 12.3 million** of the convertible capital loan has been used for share subscriptions. The noteholders of the convertible capital loan are still entitled to convert their receivables into the Company's shares in accordance with the loan terms and conditions.

5.5.8 Disputed Debts

5.5.8.1 Claims based on the Going Concern Support Letter documents

During some years, most recently on 30 June 2016, the Company has issued Going Concern Support Letters to its group companies Componenta B.V., Componenta Främmestad AB, Componenta Arvika AB and Componenta Wirsbo AB. The support letters were addressed to each group company.

According to the support letter, the Company's operative management has stated that it is aware of the financial position of the recipient, i.e. the group company, and that it will offer the necessary financial support to ensure that the group company is able to fulfil its financial obligations.

The Company has received one claim of approximately EUR 2.4 million from a party outside the Componenta group, based on the support letter given by the Company to Componenta B.V.

The Administrator is of the opinion that the support letters issued by the Company sought solely to enable the drafting of the financial statements in accordance with the going concern principle. Due to the above, the Administrator does not consider that the support letters given by the Company create a payment obligation for the Company or any other financial undertaking with re-

spect to third parties. The administrator's organisation has, thus, entered the liabilities based on the support letters into disputed debts.

5.5.8.2 Parent Company Liability Based on Bankruptcy of Componenta B.V.

Under Dutch insolvency legislation, a parent company can be held liable for its subsidiary's commitments if the parent company is deemed to be responsible for its subsidiary's bankruptcy.

The Administrator has received a maximum amount claim of approximately EUR 25 million from Componenta B.V.'s bankruptcy estate. The claim is based on the aforementioned parent company liability. Componenta B.V. has justified its position using the support letters discussed in the previous paragraph by stating that the parent company has been unable to fulfil its obligations to stabilise its subsidiary's financial position as promised in the support letter and has deemed that the parent company's actions have in this respect as well been likely to cause the bankruptcy of the subsidiary Componenta B.V.

In addition, the administrator's organisation has received a claim of approximately EUR 0.4 million from one of Componenta B.V.'s creditors. The claim is based on the aforementioned parent company liability.

The administrator's organisation is of the opinion that the aforementioned claims have not legal grounds. The administrator's organisation has, thus, entered the liabilities based on the support letters into disputed debts.

5.6 **Changes in the Restructuring Debt Receivables after the Commencement of the Proceedings**

5.6.1 Conversion of debt with lowest priority

The noteholders of the convertible capital loan issued by the Company have the right to convert their receivables into the Company's shares in accordance with the loan terms and conditions. As a result of the conversions carried out during the restructuring proceedings, the Company's lowest-priority restructuring debt has decreased by approximately **EUR 12.3 million**.

5.6.2 Specification of the conditional and maximum amount restructuring debts based on guarantee liabilities

The Company's restructuring proceedings include a considerable amount of conditional and maximum amount restructuring debts based on guarantee liabilities that have been realised during the restructuring proceedings and the final amount of which has thus been specified. As a result of the finalisation of said claims, the amount of conditional and maximum amount restructuring debts based on guarantee liabilities has decreased during the restructuring proceedings by EUR 11.9 million.

5.6.3 Set-Offs

5.6.3.1 Componenta Främmestad AB

At the time of the commencement of the restructuring proceedings, Componenta Främmestad AB had a total of EUR 12,848,832.98 of restructuring claims from the Company. The Company had a total of SEK 27,205,704.44 of claims from Componenta Främmestad AB that were formed before the commencement of restructuring proceedings.

The companies have agreed to set off the aforementioned claims on 03/02/2017. The administrator has deemed that the requirements for set off

provided for in section 19(3) of the Restructuring of Enterprises Act have been met. As a result of the set off, the Company's restructuring debt to Componenta Främmestad AB has been reduced by the set off amount, and the amount of remaining restructuring debt is EUR 10,000,813.67.

5.6.3.2 Componenta Turkey

At the time of the commencement of the restructuring proceedings, Componenta Turkey had a total of EUR 78,849,929.26 of restructuring claims from the Company. The Company had a total of EUR 2,900,000.00 of claims from Componenta Turkey that were formed before the commencement of restructuring proceedings.

The companies have agreed to set off the aforementioned claims on 26/01/2017. The administrator has deemed that the requirements for set off provided for in section 19(3) of the Restructuring of Enterprises Act have been met. As a result of the set off, the Company's restructuring debt to Componenta Turkey has been reduced by the set off amount, and the amount of remaining restructuring debt is EUR 75,949,929.26.

5.6.3.3 Högfors-Ruukki Oy

At the time of the commencement of the restructuring proceedings, Högfors Ruukki Oy had a total of EUR 664,296.46 of restructuring claims from the Company. The Company had a total of EUR 1,879,521.50 of claims from Högfors Ruukki Oy that were formed before the commencement of restructuring proceedings.

The companies have agreed to set off the aforementioned claims on 26/01/2017. The administrator has deemed that the requirements for set off provided for in section 19(3) of the Restructuring of Enterprises Act have been met. As a result of the set off, the Company's restructuring debt to Högfors Ruukki Oy has been reduced by the set off amount, and there was no remaining restructuring debt from the Company to Högfors Ruukki Oy.

5.6.3.4 Karkkilan Valimokiinteistö Oy

At the time of the commencement of the restructuring proceedings, real estate company Karkkilan Valimokiinteistö Oy had a total of EUR 749,162.29 of restructuring claims from the Company. The Company had a total of EUR 5,280,760.00 of claims from Karkkilan Valimokiinteistö Oy that were formed before the commencement of restructuring proceedings.

The companies have agreed to set off the aforementioned claims on 26/01/2017. The administrator has deemed that the requirements for set off provided for in section 19(3) of the Restructuring of Enterprises Act have been met. As a result of the set off, the Company's restructuring debt to Karkkilan Valimokiinteistö Oy has been reduced by the set off amount, and there was no remaining restructuring debt from the Company to Karkkilan Valimokiinteistö Oy.

5.6.3.5 Ilmarinen Mutual Pension Insurance Company

At the time of the commencement of the restructuring proceedings, Ilmarinen Mutual Pension Insurance Company (**Ilmarinen**) had a total of EUR 353,847.18 of restructuring claims from the Company. The Company had a total of EUR 45,826.37 of insurance refund receivables from Ilmarinen concerning said claims.

In a notification dated 20/02/2017, Ilmarinen stated that it was setting off the Company's claim of EUR 45,826.37 from Ilmarinen against its restructuring claims from the Company. The administrator has deemed that the requirements for set off provided for in section 19(3) of the Restructuring of Enterprises Act have been met. As a result of the set off, the Company's restructuring debt to Ilmarinen has been reduced by the set off amount, and the amount of remaining restructuring debt is EUR 308.020,81.

5.6.3.6 Nordea Finance Finland Ltd

At the time of the commencement of the restructuring proceedings, Nordea Finance Finland Ltd had a total of EUR 1,479,877.32 of restructuring claims from the Company. They are partial is conditional and maximum amount claims.

In a notification dated 13/02/2017, Nordea Finance Finland Ltd stated that it was setting off its claim based on the sale and purchase of sales receivables against the lease refund, amounting to a total of EUR 3,785.20, based on the Company's leasing agreement.

The administrator has deemed that the requirements for set off provided for in section 19(3) of the Restructuring of Enterprises Act have been met. As a result of the set off, the Company's restructuring debt to Nordea Finance Finland Ltd has been reduced by the set off amount, and the amount of remaining restructuring debt is EUR 1,476,092.12. Some of Nordea Finance Finland Ltd's claims are conditional and maximum amount restructuring claims.

5.6.4 Small Claims

Based on the administrator's decision of 15/12/2016 and under section 18(2)(4) of the Restructuring of Enterprises Act, the Company has paid restructuring debt claims to such creditors whose total amount of the restructuring debt is less than EUR 500. There are 40 creditors whose claims have been paid, and the total amount of payments was EUR 8,361.79.

Based on the administrator's decision of 13/03/2017, the Company has paid restructuring debt claims to such creditors whose total amount of the restructuring debt is no more than EUR 1,000. There are approximately 15 creditors whose claims will be paid, and the total amount of payments will be approximately EUR 9,346.37.

The total amount of the restructuring debts paid as minor debts under section 18(2)(4) of the Restructuring of Enterprises Act is EUR 17,708.16, and the total number of the creditors whose claims will be paid is 55.

5.7 Collateral and Valuation of Restructuring Debt

5.7.1 Collateral in General

According to section 3(1)(7) of the Restructuring of Enterprises 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 share of the debt not covered by the collateral is treated as ordinary restructuring debt.

In April 2016, the Company agreed on an arrangement by which it has paid back all its secured loans. For this reason, the Company has no remaining secured debt.

5.8 Collateral Given by the Company on Behalf of Third Parties

5.8.1 Collateral Given by the Company on Behalf of Componenta Turkey

In addition, the Company has given 6,254,385,983 shares of Componenta Turkey, i.e. all the shares of Componenta Turkey owned by the Company, as security for the liabilities incurred by the Facility Agreement. As described in section 5.4.3 above, Componenta Turkey's shares have no value as collateral.

The Company has also pledged as security for the same liabilities all its rights under the Management Fee and trademark licence agreement with Componenta Turkey.

5.8.2 Uusimaa ELY Centre

The Company has given a group guarantee of approximately EUR 34,000 to the Uusimaa ELY Centre on behalf of Componenta Finland Ltd as security for carrying out the landscaping cleaning and landscaping work required by Componenta Finland Ltd's environmental permit.

As a result of the Uusimaa ELY Centre's decision, the group guarantee has been changed at the beginning of 2017 to an account pledge guarantee amounting to EUR 40,000. In March 2017, the Uusimaa ELY Centre returned the documents concerning the group guarantee to the Company.

6 ACTIVITIES AND THEIR RESULTS FROM THE PERIOD AFTER THE COMMENCEMENT OF THE PROCEEDINGS

6.1 Business Operations during the Proceedings

The Company has continued its business operations normally during the restructuring proceedings.

As the parent company producing administrative services, the Company's business operations are strongly tied to the business operations of its subsidiaries and to the management fees and trademark licence fees paid by them. The Company's business operations have been indirectly enabled by an advance payment agreement made between Componenta Finland Ltd and some of the Componenta group's customers on 14/09/2016. By the agreement, said customers have offered working capital financing to Componenta Finland Ltd. Said financing arrangement has enabled the continuation of Componenta Finland Ltd's business operations and the payment of the management fees to the Company which, correspondingly, has ensured the Company's sufficient cash flow.

As a result of Componenta B.V.'s bankruptcy, which started on 02/09/2016, the amount of the management fees and trademark licence fees collected by the Company has decreased. As a result of the changed circumstances, the Company has adjusted its cost structure with arrangements concerning, among other things, its offices and personnel.

6.2 Result of Operations

The Company has published a financial statements bulletin on 30/03/2017 concerning the financial period of 01/01–31/12/2016. The bulletin has been drawn up at the group level, so it contains the business operations of the entire Componenta group. The main points of the financial statement bulletin were the following:

- On 01/09/2016, Componenta applied for the restructuring of its parent company Componenta Corporation and its subsidiaries in Finland and Sweden and applied for the bankruptcy of its Dutch subsidiary. The Turkish subsidiary continued its operations without authority proceedings.
- The Company believes that the approval and implementation of the restructuring programmes in Finland and Sweden will make it possible to rehabilitate and develop the business operations in the future, but significant uncertainties remain concerning the continuation of operations. The restructuring decisions concerning Componenta Wirsbo AB and Componenta Arvika AB were issued in December 2016. An extension to the deadline for Componenta Främmestad's draft restructuring programme was granted until 01/06/2017. In Finland, the draft restructuring programmes for Componenta Corporation and Componenta Finland Ltd were filed to the Helsinki District Court on 30/03/2017.
- Due to the bankruptcy proceedings, the Company is of the opinion that it has lost control in the Dutch sub-group, and for this reason, the compiling of consolidated financial statements was ceased in the third quarter of 2016 and the operations have been classified as ceased operations. Due to the restructuring proceedings of Componenta Corporation and issued shares pledges, the Company is of the opinion that it has lost control in the Turkish sub-group, and for this reason, the compiling of consolidated financial statements was ceased on 31/12/2016 and the operations have been classified as ceased operations on 31/12/2016. On 07/10/2016, Componenta issued a release in which it stated that it is planned to sell the shares it owns in Componenta Dökümcülük. Starting at the end of 2016, the Turkish club loan banks took a more active role in the sales process of the shares in Componenta Dökümcülük owned by Componenta, and negotiations are underway in practice lead by the club loan banks. In addition, the opportunities for Componenta's representatives to participate in the management of Componenta Dökümcülük have become more limited. The comparison figures have been adjusted accordingly.
- The group's continuing business operations are the foundry operations in Pori and Karkkila in Finland and the machine shop in Främmestad and the forges in Wirsbo and Arvika in Sweden.
- The turnover of the continuing operations in the review period decreased 12.6% from the previous year and was MEUR 183.6 (MEUR 210.1).
- The adjusted EBITDA of the continuing operations in the review period decreased from the previous year and was MEUR 3.1 (MEUR 8.3). The EBITDA including items affecting comparability was MEUR -14.5 (MEUR 3.9).
- The profitability of the continuing operations in during the review period was weakened by lower production volumes compared to the previous year, currency fluctuations and the production interruptions caused by the restructuring application and the tight liquidity situation. The effect of currency differences on the EBITDA was MEUR -2.3 (MEUR 0.8).
- The adjusted operating profit of the continuing operations in the review period decreased from the previous year and was MEUR -5.8 (MEUR 0.4). The IFRS operating profit of the continuing operations during the review period, including items affecting comparability, was MEUR -46.0 (MEUR -18.5). Write-downs and value adjustments affecting comparability were entered in the amount of MEUR -30.
- The adjusted profit/loss after financing items of the continuing operations was MEUR -17.0 (MEUR -16.2) and the IFRS profit/loss after fi-

nancing items of the continuing operations, including items affecting comparability, was MEUR -16.5 (MEUR -35.1).

- The group's profit/loss for the review period, including continuing and ceased operations, was MEUR -215.5 (MEUR -82.7) and the basic earnings per share were EUR -1.64 (EUR -0.86).
- The order book of the continuing operation at the beginning of January was 2.0% lower than the previous year, being MEUR 30.8 (MEUR 31.4).
- The Suomivalimo foundry operations located in Iisalmi and the related real estate were sold on 30/06/2016, and the Company entered a MEUR 6.1 loss for the transaction, which has been presented in items affecting comparability.
- Componenta's piston business located in Pietarsaari was sold on 17/08/2016 and the group entered a profit of MEUR 1.0 on the transaction, which has been presented in items affecting comparability.

7 CHANGES AFTER THE COMMENCEMENT OF THE PROCEEDINGS IN THE ORGANISATION OR THE OTHER OPERATING CONDITIONS OF THE DEBTOR

7.1 Reorganisation of Activities

The Company has continued to improve the efficiency of its operations by, among other things, transferring some of the functions related to materials procurement and sales directly to Componenta Finland Ltd's control.

The Company has continued to improve the efficiency of its administration.

7.2 Changes in Places of Business and Personnel

On 30/09/2016, the Company terminated the lease agreement concerning its offices located in Helsinki with the consent of the administrator on the basis of section 27 of the Restructuring of Enterprises Act. The offices used by the Company were too large in proportion to the Company's needs, and the costs incurred from them reduced the Company's profitability.

On 28/11/2016, the Company signed a new fixed-term lease agreement, valid until 31/03/2017, concerning the Company's current offices, however, with the leased area being significantly less than 50% compared to the previous area. The costs incurred from office rent were reduced and the Company's financial position was improved by the arrangement.

On 15/03/2017, the Company entered into a lease agreement with Technopolis Plc on premises located in Aviapolis in Vantaa. The lease agreement concerning the new premises has further reduced the Company's costs from office rent.

On 24/10/2016, the Company completed the co-operation negotiations commenced on 10/10/2016. The negotiations concerned 20 employees of the Company. On the basis of the negotiations, it was decided that a maximum of 9 persons will be transferred to Componenta Finland Ltd and that the employment relationship of a maximum of 8 persons will be terminated. The transfers and the terminations were carried out during November.

7.3 Changes in Management

Markku Honkasalo, who acted as the Company's CFO, transferred to other duties outside the Componenta group as of 01/12/2016. The Company appointed Marko Karppinen as the new CFO as of 20/10/2016.

Pauliina Rannikko, who has served as the Company's head counsel, HR director and member of the management group resigned on 14/03/2017 and transferred to new duties outside the Componenta Group on 18/04/2017. Tuula Raino was appointed the Company's new head counsel and member of the management group as of 02/05/2017.

There have been no other changes in the Company's management during the restructuring proceedings.

7.4 Changes in Fixed Assets

During the restructuring proceedings, the Company has sold artworks belonging to its fixed assets through the Bukowski Oy Ab auction house. The total amount of the funds accrued and accruing from the sale of the fixed assets is EUR 10,000.

In other respects, the Company has not sold or obtained fixed assets during the restructuring proceedings.

7.5 Termination of Agreements

On 30/09/2016, the Company terminated the lease agreement concerning its offices located in Helsinki with the consent of the administrator on the basis of section 27 of the Restructuring of Enterprises Act. The termination of the lease agreement is discussed in more detail in section 7.2.

The Company has not terminated other agreements on the basis of section 27 of the Restructuring Act.

8 CREDIT TAKEN AFTER THE COMMENCEMENT OF THE PROCEEDINGS AND OTHER UNDERTAKINGS

The company has paid the new debts that have arisen during the restructuring proceedings after the commencement of proceedings in accordance with the payment terms when due. The administrator has overseen that the Company duly performs its payments.

The company has not taken out new credit during the restructuring proceedings.

9 CLOSE RELATIONSHIPS OF CREDITORS AND THE DEBTOR

Pursuant to section 41(1)(5) of the Restructuring of Enterprises Act, the restructuring programme shall contain itemised accounts on close relationships between creditors and the debtor, as referred to in section 3 of the Act on the Recovery of Assets to a Bankruptcy Estate (758/1991).

Pursuant to section 3 of the Act on the Recovery of Assets to a Bankruptcy Estate, close parties are considered to be the debtor company and parties that, alone or together with their close parties, share interests with the debtor company on the basis of partnership or comparable financial factors or parties that have significance influence over the debtor company's operations due to having a leadership position. The close parties of the debtor company based on indirect close relationships are also the spouses and immediate family of the close parties referred to above and entities owned or lead by close parties.

Based on the above, close parties participating the Company's operations include at least:

- the subsidiaries mentioned in section 4.4 and the members of their boards;
- the members of the board referred to in section 4.6; and
- the President and CEO mentioned in section 4.7.

The special audit found no contracts between the Company and its management or owners that would prevent the continuation of the restructuring proceedings.

Based on the information acquired by the administrator, no credit or collateral arrangements have been discovered that would have allowed the creditor to exercise such control in the debtor company that the creditor would have to be treated as a related party in accordance with the Act on the Recovery of Assets to a Bankruptcy Estate.

10 THE RESULTS OF AUDITS AND INSPECTIONS OF THE ACTIVITIES OF THE COMPANY AS WELL AS MEASURES CAUSED BY THEM

10.1 Special Audit

10.1.1 General

In order to fulfil its audit obligation pursuant to section 8(1)(3) of the Restructuring of Enterprises Act, the administrator gave an assignment to RSM Auditsum Oy to carry out a special audit in the Company.

The audit focused particularly on essential security and financing arrangements as well as significant related-party transactions.

In addition, the target areas of a special audit described in section 6.3 of recommendation 16/2007 of the Advisory Board for Bankruptcy Affairs were discussed in the special audit.

The preliminary report of the audit was completed on 08/03/2017. The most relevant findings of the special audit report were discussed in a meeting of the committee of creditors 24/01/2017. In addition, discussions related to one audit finding were continued in a meeting of the committee of creditors on 15/02/2017.

10.1.2 Equity, excessive indebtedness and insolvency

The Company registered the loss of the equity in the Trade Register on 12/09/2016. An extraordinary general meeting concerning the share capital shortfall in accordance with Chapter 20, section 23(3) of the Limited Liability Companies Act was held on 07/12/2016. It was stated in the extraordinary general meeting that the Company's equity was approximately EUR 9 million negative on 30/06/2016.

According to the special audit report, the Company was excessively indebted at the time of the financial statements on 30/06/2016 on the basis of book values and in the manner referred to in the Act on the Recovery of Assets to a Bankruptcy Estate. In the special audit report, it is alternatively deemed that the Company may have been excessively indebted in the manner referred to in the Act on the Recovery of Assets to a Bankruptcy Estate already on 31/12/2015 if certain write-downs included in the interim financial statement of 30/09/2016 had already been made then. Said write-downs are related to operative group companies and their sub-groups, and the time of the write-downs is materially

related to the commencement of insolvency proceedings concerning the group companies.

On the basis of the special audit, the Company became insolvent in the manner referred to in the Act on the Recovery of Assets to a Bankruptcy Estate in August 2016 at the latest, when it was clear that the commencement of the group's production for the required extent after the summer shutdown was not possible due to lack of sufficient financing. However, it was stated in the special audit that the exact determination of the insolvency referred to in the Act on the Recovery of Assets to a Bankruptcy Estate is challenging due to the Company's and the Componenta group's long-term financial problems and, on the other hand, due to additional financing repeatedly received by it.

10.1.3 Contracts with the persons in charge and other related parties

No inappropriate contracts with related parties arose during the drafting of the special audit report.

10.1.4 Possible grounds for recovery

No findings that in the administrator's view would be of relevance in the Company's restructuring proceedings were reported in the special audit report. Thus, there were no grounds for issuing actions for recovery.

10.1.5 Compliance with the interlocutory interdiction of repayment

According to the special audit report, the Company complied with the interlocutory interdiction of repayment.

10.1.6 Accounting

According to the special audit report, the Company's accounting was appropriately arranged.

11 DEBTOR'S FINANCIAL STATUS IN THE ABSENCE OF A RESTRUCTURING PROGRAMME

If the restructuring programme for the Company is not approved, the administrator's understanding is that the Company will have to release its assets into bankruptcy. The Company's debts are greater than its assets, and the Company is unable to pay its debts as they fall due.

12 DEBTOR'S OBLIGATION TO PROVIDE INFORMATION AND TO CO-OPERATE

The Company, its owners, board of directors and CEO as well as its other officers and employees have fulfilled the duty to provide information to the administrator as provided for in section 13 of the Restructuring of Enterprises Act.

II MEASURES AND ARRANGEMENTS

13 THE OBJECTIVES OF THE RESTRUCTURING PROGRAMME

The objective of the restructuring programme is:

- to secure the continuation of the debtor's viable business operations in the manner set out in the programme to ensure that the confirmed creditors' payments can be paid;
- to provide for the payment of restructuring debt in the manner approved in the programme;
- to define the main lines of future business, ensuring a programme that is as simple and enforceable as possible and that can be controlled by the creditors as efficiently as possible;
- to result in a more favourable financial outcome for all the creditors than a bankruptcy; and
- to provide for the duties of the supervisor and committee of creditors.

The duration of the programme has been set at approximately 7 years.

The implementation of the restructuring programme will end when:

- the payments in accordance with the payment programme have been made to the creditors;
- all other pending matters relating to the restructuring debts have been resolved; and
- the supervisor has delivered the final report to the creditors in accordance with the provisions of the restructuring programme.

The debtor's right to end the implementation of the restructuring programme prematurely is separately provided for in section 19.

14 CONTINUATION OF THE ACTIVITIES OF THE DEBTOR AND CHANGES IN THE LEGAL AND ORGANISATIONAL ENVIRONMENT

14.1 General

Moving forward, the Company's business operations will be developed by taking into account external operational preconditions and the financial targets set by the restructuring programme. It is the obligation of the Company's board of directors and management to develop the business strategy so that it will ensure the implementation of the restructuring programme. The functions that require the consent of the supervisor or the committee of creditors are mentioned separately.

14.2 Business Operations

The Company must continue to improve the efficiency of its operations and administration. The Company must promote the improvement of the productivity of the work in the group companies so that the manufacture of foundry products can be continued profitably.

The Company must reduce its fixed costs so that the Company is able to offer group services at prices that will be lower in the future.

14.3 Management and Administration

The Company's management and board of directors must continue already initiated measures to improve the efficiency of operations.

During the restructuring programme, the management and the board of directors must implement such internal arrangements in the Company that are deemed necessary and that are intended to make the Company's business operations and organisation more efficient.

14.4 Premises

The Company must seek to maintain an office solution that is cost efficient and sensible.

14.5 Legal Structure

On 07/10/2016, the Company issued a release in which it stated that it plans to sell the shares it owns in Componenta Turkey. If implemented in accordance with the Company's goals, the arrangement is not expected to have a cash flow effect on the Company. Also, the arrangement is not expected to affect the business operations of the remaining subsidiaries in the company. The arrangement may result in the Company's legal structure changing with respect to Componenta Turkey.

The Company indirectly owns real property through the real estate companies in its ownership. The Company also owns group companies that have no business operations of their own.

The arrangements and measures concerning the Company's subsidiaries are described in section 15.1 below.

15 MEASURES AND ARRANGEMENTS THAT AFFECT THE ASSETS OF THE DEBTOR

15.1 Sales

Within 18 months from the approval of the restructuring programme, the Company is obligated to sell or dissolve by means of liquidation proceedings or a merger such subsidiaries in its ownership that have no business operations or that are not substantially related to the Company's business operations.

During the restructuring programme, the Company is obligated to sell the real estate companies that are not part of the core business, i.e. Kiinteistö Oy Pietarsaaren Tehtaankatu 13 (indirectly owned), Kiinteistö Oy Ylä-Emalin, Kiinteistö Oy Ala-Emalin and its share of Karkkilan Koskikiinteistö Oy, or to decide on the sale of the real estate properties owned by the aforementioned companies, to a third party outside the group or to third parties. The sales must be implemented on market terms and in a commercially feasible manner.

The supervisor of the restructuring programme has the right to extend set deadlines or exclude some of the companies from the sales measures upon a well-founded application by the Company.

During the restructuring proceedings, the Company has given the sales commission concerning said real estate properties and real estate companies to Newsec Asset Management Oy.

During the restructuring programme, the Company is obligated to sell its fixed assets that are not related to the business operations, including the artworks owned by the Company, to a third party outside the group. The sales must be implemented on market terms and in a commercially feasible manner.

15.2 Programme Balance Sheet

A programme balance sheet describing the effect of the debt arrangements on the group's balance sheet has been attached to the draft restructuring programme ([Appendix 15.2](#)).

16 ARRANGEMENTS CONCERNING THE PERSONNEL

The Company has an obligation to assess the sensibility of its personnel structure.

The Company will evaluate its need to recruit personnel during the restructuring programme. The Company is entitled to make its own decisions regarding recruiting and to allocate personnel to its business units in the manner it deems sensible.

17 ARRANGEMENTS REGARDING RESTRUCTURING DEBTS

17.1 General

The debt arrangements to be applied in the restructuring programme are specified in sections 44 and 45 of the Restructuring of Enterprises Act. These provisions may be deviated from with the consent of the relevant creditors.

Pursuant to section 3(1)(5) of the Restructuring of Enterprises Act, restructuring debt means such debts that have arisen before the filing of the application, including secured debts and debts whose basis or amount is conditional or contested or which are otherwise unclear.

The arrangements concerning restructuring debts are treated according to the following classification:

1. debts under public law
2. other unsecured restructuring debts
3. conditional and maximum amount restructuring debts
4. debts with lowest priority;
5. disputed debts
6. unknown debts.

The payment of restructuring debts will be effected every six months during a payment programme lasting approximately 5 years. The implementation of the payment programme will start and the first instalment in accordance with the payment programme will fall due on 10/05/2019 and the last instalment of the payment programme will fall due on 10/11/2023.

In the event that a payment under the payment programme is delayed, the creditor is entitled to receive interest on the delayed payment in accordance with section 4(1) of the Interest Act.

17.2 Debts under Public Law

17.2.1 General

Debts under public law are treated entirely as unsecured restructuring debts and are subject to the debt arrangements applied to other unsecured restructuring debts.

Debts under public law have the same right to payments in accordance with the restructuring programme as other unsecured debts.

17.2.2 Cutting restructuring debts under public law

The amount of restructuring debts under public law will be cut by 96%, however, in such a way that each creditor will be paid at least EUR 1,000.

17.2.3 Part payments of and interest on debts under public law

No interest or any other consequence for late payment will be paid on debts under public law during the restructuring proceedings.

In the payment programme, overdue interest on the claims has been taken into account up to the commencement of the restructuring proceedings on 30.9.2016 if the creditor has declared its interest claim.

Payments will be made every six month starting on 10/05/2019 and ending on 10/11/2023 in accordance with the payment programme for unsecured creditors attached hereto in such a way that the amount of each instalment is one-fourteenth and the final instalment approximately five-fourteenths of the amount of the restructuring debt.

The payment programme for restructuring debts under public law is enclosed as [Appendix 17.3](#).

17.3 Unsecured Restructuring Debts

17.3.1 General

The unsecured restructuring debts include, among other things, accounts payable, debts based on guarantee liabilities, and debts to group companies.

Between themselves and together with debts under public law, such restructuring debts have the same right to payments in accordance with the restructuring programme.

17.3.2 Cutting unsecured restructuring debts

The amount of unsecured restructuring debts will be cut by 96%, however, in such a way that each creditor will be paid at least EUR 1,000.

17.3.3 Part payments of and interest on unsecured restructuring debts

No overdue interest or any other consequence for late payment will be paid on unsecured restructuring debt during the proceedings.

In the payment programme, overdue interest on the claims has been taken into account up to the commencement of the restructuring proceedings on 30.9.2016 if the creditor has declared its interest claim.

Payments will be made every six month starting on 10/05/2019 and ending on 10/11/2023 in accordance with the payment programme for unsecured creditors attached hereto in such a way that the amount of each instalment is one-fourteenth and the final instalment approximately five-fourteenths of the amount of the restructuring debt.

The payment programme for unsecured restructuring debts is enclosed as Appendix 17.3.

17.4 Conditional and Maximum Amount Restructuring Debts

17.4.1 General

By virtue of section 47(1) of the Restructuring of Enterprises Act, if a restructuring debt is unclear as to its amount or basis, the court shall determine the amount at which the said debt is to be included in the restructuring programme.

Here, conditional and maximum amount debts mean restructuring debts that are clear as to their grounds but not as to their amounts. Conditional and maximum amount restructuring debts are unsecured debts in their entirety. Conditional and maximum amount restructuring debts are subject to the same arrangement measures applicable to the Company's other unsecured debts.

Restructuring debts that are unclear as to their grounds and, therefore, are disputed are provided for in section 17.6.

17.4.2 Reduction of Conditional and Maximum Amount Restructuring Debts

The amount of conditional and maximum amount debts will be cut by 96%. If the final amount of a conditional and maximum amount restructuring debt is less than what has been stated in the restructuring programme and payment programme, the reduction of the amount will be applied to the final amount.

17.4.3 Part payments of and interest on conditional and maximum amount debts

No overdue interest or any other consequences for late payment will be paid on conditional and maximum amount restructuring debts during the proceedings.

Overdue interest is taken into account until the commencement of restructuring proceedings, i.e. 30/09/2016, if the creditor has stated the final amount of the conditional and maximum amount restructuring debt when adopting the interest.

Payments will be made on conditional and maximum amount restructuring debts in the payment programme in accordance with the maximum amount of the receivable. The Company must reserve the payments on the receivables when they become final. Payments on conditional and maximum amount receivables will not be made to creditors before the receivables have become final as described below.

Payments on conditional and maximum amount restructuring debts will start on the payment date for unsecured debts in accordance with the payment programme that follows the date when the creditor has confirmed to the Company and the supervisor the final amount of its claims and the supervisor has approved it. In such circumstances, any earlier payments on the confirmed amount of the debt in accordance with the payment programme will also be paid in connection with the first payment.

If the final amount of conditional and maximum amount restructuring debt is not known on the payment programme's last payment date for unsecured debt, the Company must separately agree with each such creditor on the repayment of the debt.

The payments to be made on conditional and maximum amount debts are listed in [Appendix 17.4](#).

17.5 Debts with Lowest Priority

Pursuant to section 46(3) of the Restructuring of Enterprises 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.

No payments will be made on debts with lowest priority.

17.6 Disputed Debts

By virtue of section 47(1) of the Restructuring of Enterprises Act, if a restructuring debt is unclear as to its amount or basis, the court shall determine the amount at which the said debt is to be included in the restructuring programme.

No disputed debts have been taken into account in the payment programme. Disputed debts that have been approved by the court when approving the restructuring programme or in separate proceedings or that are subject to a final decision will be arranged as unsecured debts in the manner described in section 17.3.

Payments will begin to be made on the first payment date for unsecured debts following the date when the decision concerning the receivable has become final. In such circumstances, any earlier payments on the confirmed amount of the debt in accordance with the payment programme will also be paid in connection with the first payment.

17.7 Unknown Debts

A restructuring debt that has not been declared by the debtor or, in accordance with section 71(1)(3) of the Restructuring of Enterprises Act, by the creditor, and which has otherwise not come to the attention of the administrator before the approval of the restructuring programme, shall lapse on the approval of the restructuring programme, unless otherwise provided in the programme. However, the debt shall not lapse if the creditor did not know and ought not to have known of it and it had not come to the attention of the administrator before the approval of the programme.

In accordance with section 66a of the Restructuring of Enterprises Act, if a restructuring debt appears after the conclusion of the restructuring programme and it would have been possible to amend the programme on the basis of that debt, the debtor shall repay the debt to an amount that the creditor would have received had the debt been taken into the restructuring programme.

18 PAYMENTS TO CLOSE PERSONS

Section 58 of the Restructuring of Enterprises Act prohibits the distribution of the debtor's assets to the owners during the implementation of the restructuring programme, with the exception of remuneration or compensation for work performance in accordance with the programme.

The remuneration payable to the chairman of the board or to its members cannot be changed without the consent of the supervisor.

The Company's board of directors decides on the application of the terms and conditions related to the service relationship of the President and CEO. The terms and conditions set out in the service contract of the President and CEO cannot be changed without the consent of the supervisor.

During the proceedings, the Company has desisted from paying voluntary additional pension insurance to some executives of the Company.

19 MEASURES RELATED TO CORPORATE LAW

19.1 Reduction of Share Capital

The Company's general meeting must make a decision on the reduction of the Company's share capital as referred to in Chapter 14 of the Limited Liability Companies Act (624/2006) so that the amount of the share capital is EUR 1,000,000. The reduction of the share capital is not subject to creditor protection by virtue of Chapter 14, section 2(1) of the Limited Liability Companies Act due to the fact that the amount of reduction is used for loss coverage.

The Company's general meeting of 05/05/2017 has made a resolution on the reduction of the share capital so that the Company's share capital will be EUR 1,000,000 million. The reduction of share capital was entered into the Trade Register on 12/05/2017.

20 OBLIGATION TO MAKE SUPPLEMENTARY PAYMENTS

20.1 Obligation to Make Supplementary Payments Due to Better-Than-Expected Cash Flow of the Company's Business

The Company will incur an obligation to make supplementary payment if the Company's realised cash flow from operating activities in a calendar year, beginning with 2018 and ending with 2022, exceeds the cash flow from operating activities projected for that year in the programme balance sheet in accordance with Appendix 15.2, less any shortfall of the cash flow from operating activities projected in the programme balance sheet incurred once in 2018 or thereafter. For the avoidance of doubt, the repayment of Componenta Finland Ltd's restructuring debt is considered part of the cash flow from business operations in the Company's restructuring programme. Only the Company's unsecured creditors are entitled to supplementary payments.

In such circumstances, the Company has an obligation to make a supplementary payment that is 50% of the amount by which the realised cash flow from operating activities in the calendar year in question exceeded the projected cash flow from operating activities for said year, less any shortfall of the cash flow from operating activities projected in the programme balance sheet incurred once in 2018 or thereafter. However, there is no obligation to make supplementary payments if the realised cash flow from operating activities has exceeded the predicted cash flow from operating activities in accordance with the programme balance sheet by no more than 10%.

The supplementary payment must be made to the entitled creditors by 10/11 during the financial period immediately following the end of the calendar year in question.

The payments made to the creditor on the basis of the payment programme, plus the obligation to make supplementary payments, may not exceed the total amount of the creditor's restructuring debt claim.

The supplementary payments will be paid to the creditors entitled to them in proportion to the total amounts of the cut claims.

Supplementary payments of less than EUR 50 will not be made to creditors.

The duty to make supplementary payments in accordance with this section will expire if the restructuring programme ends prematurely in the manner set forth in section 26.2.

20.2 Obligation to Make Supplementary Payments Based on Realised Guarantee Obligations

The Company will incur an obligation to make supplementary payments if the final and confirmed amount on the last date of the payment programme of one of more of the conditional and maximum amount guarantee obligations described in section 5.5.5 is less than the maximum amount stated in the restructuring programme. Only the Company's unsecured creditors are entitled to supplementary payments.

The obligation to make supplementary payments is calculated by deducting the amount that would be payable in total on the confirmed and final amount of the conditional and maximum amount debts in accordance with section 17.4 from the total amount of said debts and debts based on guarantee obligations payable under appendix 17.4. The obligation to make supplementary payments will be calculated on the last payment date of the payment programme.

The supplementary payments will be made to all entitled creditors in proportion to their claims on the last payment date of the payment programme. When calculating the proportion of the claims, restructuring debts that are still conditional and maximum amount restructuring debts will not be taken into account. No supplementary payments will be paid to creditors whose claims do not have a final amount on the last payment date of the payment programme.

No supplementary payments will be paid on the basis of conditional and maximum amount debts confirmed after the last payment date of the payment programme.

Supplementary payments of less than EUR 50 will not be made to creditors.

20.3 Obligation to Make Supplementary Payments Due to Premature Repayment

If the restructuring programme is ended prematurely in the manner provided for in section 26.2 and it is observed that the Company has incurred a duty to make supplementary payments in accordance with section 20.1 for the calendar year preceding the premature end of the restructuring programme, such supplementary payments will be made to the entitled creditors in deviation from the provisions of section 20.1 on the payment date for restructuring debts. No duty to make supplementary payments will be incurred for the calendar year during which the restructuring programme has been prematurely ended. In other respects, the duty to make supplementary payments will be subject to the provisions of section 20.1.

If the Company exercises its right under section 26.2 to prematurely repay restructuring debt, the obligation to make supplementary payments will be calculated in accordance with the principles described in section 20.2. In such circumstances, in deviation from said section, the supplementary payments will be calculated on the date when the notification of the premature end of the restructuring programme has been made to the supervisor. Furthermore, in such circumstances, additional payments will be made on the payment date for re-

structuring debts rather than on the last payment date of the payment programme.

21

FINANCING OF THE PROGRAMME

The restructuring programme will be financed by cash flow financing from the Company's business.

III PAYMENT PROGRAMME

22 PAYMENT PROGRAMME

Pursuant to section 42(2) of the Restructuring of Enterprises Act, the restructuring programme shall contain a payment programme indicating the contents of the debt arrangement and the payment schedule of payments 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). The payment programme shall also contain information on the set-offs carried out during the restructuring proceedings.

The contents of the debt arrangement are presented in section 17.

A payment programme for the unsecured debts has been attached to the draft restructuring programme ([Appendix 17.3](#)). The payment programme contains a specification of each creditor's claim, the payment schedule or the claim and interest payable on the claim. The Company does not have restructuring debt that is considered as secured debt.

There are separate entries in the separate payment programme for payments to conditional and maximum amount creditors ([Appendix 17.4](#)). Such payments will only be made when the amounts of the related receivables have become final in accordance with the provisions set forth in section 17.4.

The first instalment of the payment programme will be payable on 10/05/2019, and the final instalment will be payable on 10/11/2023. The payments will be effected twice a year on 10/05 and 10/11.

The payment programme is an enforceable document by virtue of section 60 of the Restructuring of Enterprises Act.

The comparison to the bankruptcy alternative is presented in section 5.4. The payments made to the creditors in accordance with the payment programme exceed the amount that the creditors would receive as a disbursement if the Company is declared bankrupt according to the calculation comparing the restructuring proceedings and the bankruptcy proceedings. According to the calculation comparing the restructuring proceedings and the bankruptcy proceedings, unsecured creditors would receive 1.96% of the amount of their claims in the event of a bankruptcy.

Information on set-offs has been provided in section 5.6.3 of the draft restructuring programme.

IV APPROVAL AND VALIDITY OF THE RESTRUCTURING PROGRAMME

23 APPROVAL OF THE RESTRUCTURING PROGRAMME IN GENERAL

Pursuant to section 51(2) of the Restructuring of Enterprises Act, the administrator's proposal for how the creditors are to be divided into groups shall be included in the restructuring programme. In addition, the restructuring programme must include the administrator's view of the amounts at which debts that are unclear as to their amount or basis may participate in the voting. Pursuant to section 52(3) of the Restructuring of Enterprises Act, the administrator's view on whether creditors with lowest priority have the right to vote shall be included in the restructuring programme.

24 DIVISION INTO GROUPS

24.1 Groups of Creditors

The administrator proposes that creditors be divided into groups as follows when voting on the restructuring programme of the Company:

1. creditors under public law; and
2. other unsecured creditors.

Conditional and maximum amount debts must be taken into consideration in the group of other unsecured creditors in the manner specified below in section 24.3 and to the amount ordered by the court.

24.2 Groups of Creditors and Votes

The division into groups by creditors and the number of votes are listed in Appendix 24.2.

24.3 Voting Rights Related to the Division of the Creditors into Groups

24.3.1 Small Claims

The claims of minor creditors with a maximum capital of EUR 1,000 have been repaid by decisions of the administrator. Consequently, these creditors do not have the right to participate in the vote.

No unsecured creditors will receive full payment of their claims within a month from the approval of the programme, and therefore there has been no need form several groups of unsecured creditors.

24.3.2 Unclear Restructuring Debts

Restructuring debts that are unclear as to their basis or amount will be taken into consideration in the voting procedure in the amount approved by the court when discussing the draft restructuring programme.

The administrator proposes that conditional and maximum amount restructuring debts and restructuring debts that are unclear as to their amount be taken into consideration in the amount stated in the Appendix 24.2.

The administrator proposes that the restructuring debts that are clear as to their grounds but unclear as to their amounts be taken into account in the voting procedure at the maximum amount stated in the draft restructuring programme.

The administrator also proposes that the restructuring debts that are unclear as to their amounts and grounds, and are therefore disputed, not be taken into account in the voting procedure at all. The disputed debts are itemised in section 5.5.8.

24.3.3 Lowest-Priority Restructuring Debts

Creditors with the lowest priority do not have the right to vote.

25 APPROVAL OF THE RESTRUCTURING PROGRAMME

25.1 Requirements for Approval

The District Court of Helsinki will decide on the approval of the final restructuring programme. The following factors are prerequisites for approval:

- a) sufficient support of the restructuring creditors as required by section 51 or section 54 of the Restructuring of Enterprises Act; and
- b) there being no barriers to the approval of the programme referred to in sections 53 or 55 or other sections of the Restructuring of Enterprises Act.

If the programme is not be approved, in the administrator's view, this would entail the initiation of the bankruptcy proceedings.

25.2 Compliance Regardless of Appeal

The administrator requests, with reference to section 77(3) of Restructuring of Enterprises Act, that when approving this draft restructuring programme as the restructuring programme, the court order that restructuring programme shall be complied with regardless of appeal.

26 VALIDITY AND LAPSING OF THE RESTRUCTURING PROGRAMME

26.1 Provision on the Validity of the Programme

The restructuring programme is valid during the period of its implementation. The implementation of the programme will end when:

- all payments specified in the payment programme of the restructuring programme have been paid, or their payment has been agreed upon;
- the amount of conditional and maximum amount restructuring debt has been specified at an amount approved by the supervisor or finally confirmed by a court or authority, and the restructuring debt determined in this manner has been paid in accordance with the restructuring programme;
- any disputes regarding contested restructuring debts have been settled, either by a final decision of a court or by a settlement confirmed by the supervisor, and restructuring debts thus defined have been paid in accordance with the restructuring programme; and
- the supervisor has submitted a final report in accordance with section 62 of the Restructuring of Enterprises Act.

26.2 Right to Premature Repayment

The company is entitled to have the restructuring programme end prematurely.

In addition to compliance with section 26.1, ending the restructuring programme prematurely requires that the Company pays the total amount of the payments under this payment programme as a lump sum to each unsecured creditor, excluding the conditional and maximum amount restructuring debts,

- multiplied by 1.3 if the objective is to end the restructuring programme during the period between the approval of the restructuring programme and 31/12/2017;
- multiplied by 1.25 if the objective is to end the restructuring programme during the period between 01/01 and 31/12/2018;
- multiplied by 1.2 if the objective is to end the restructuring programme during the period between 01/01 and 31/12/2019;
- multiplied by 1.15 if the objective is to end the restructuring programme during the period between 01/01 and 31/12/2020;
- multiplied by 1.1 if the objective is to end the restructuring programme during the period between 01/01 and 31/12/2021; or
- multiplied by 1.05 if the objective is to end the restructuring programme during the period between 01/01 and 31/12/2022,

and less the total amount of payments under the payment programme.

If the objective is to end the restructuring programme during the period after 31/12/2022, the Company must pay the remaining payments under the payment programme as a lump sum to each unsecured creditor.

The Company must notify the supervisor of the premature ending of the restructuring programme at least one month prior to the effecting of the aforementioned payments.

The Company may incur a duty to make supplementary payments in accordance with section 20.3 due to the premature ending of the restructuring programme.

26.3 Lapsing of the Restructuring Programme by Virtue of Law

If the Company is declared bankrupt, the restructuring programme will lapse in its entirety. A court that decides on declaring a company bankrupt may also, for a special reason under section 66(2) of the Restructuring of Enterprises Act, order that the restructuring programme will not lapse due to bankruptcy if the majority of the restructuring debts have already been paid in accordance with the programme.

The lapse of the restructuring programme is subject to the provisions of section 64 and 65 of the Restructuring of Enterprises Act.

26.4 Lapse of the Debt Arrangement on the Basis of Law

At the request of a creditor or the supervisor, the court may order that a debt arrangement in the restructuring programme pertaining to this creditor is to lapse if the Company has materially neglected its obligations under the programme to the creditor and has not fulfilled these obligations within a reasonable additional period set by the creditor.

A request for the lapsing of the debt arrangement may be filed by the supervisor or by a creditor in respect of his or her claim.

The creditor in respect of whom the debt arrangement lapses has the same right to payment as he or she would have had, had the restructuring programme not

been approved. «»However, the debtor need not pay overdue interest on the debt for the period during which the debt arrangement was in effect, unless the court orders otherwise for a special reason.«»

The court may also order that a debt arrangement in the restructuring programme is to lapse, if:

- (a) the company implements measures lacking the approval of the supervisor as required by the restructuring programme, or
- (b) the company has neglected to implement any actions decided by the supervisor that the supervisor is entitled to demand under the restructuring programme within a period to be set by supervisor.

A request for the lapsing of the debt arrangement may be filed by the supervisor or by a creditor in respect of his or her claim.

27

AMENDMENT OF THE RESTRUCTURING PROGRAMME

Under section 63 of the Restructuring of Enterprises Act, the provisions on the rectification of a judgment apply to rectification of a clerical error, arithmetical error or other comparable obvious error in the approved programme. The same provision applies if the amount of a debt has been incorrectly entered into the payment programme owing to an earlier payment or some other comparable reason. The court may also rectify other errors in the programme if those whose position is affected by the matter accept the same.

The contents of a debt arrangement or the payment programme in an approved programme may be amended with the consent of the creditor whose rights are violated by the amendment. However, no consent need be obtained if the claim of the creditor is insignificant as to its amount and if the position of the creditor is not affected in a material respect by the amendment.

If the amount of the restructuring debt or rights of a creditors are approved in deviation from how they were approved by the court in accordance with section 47(1) of the Restructuring of Enterprises Act, the programme must be amended upon the demand of a creditor or the supervisor in so far as the decision concerning the creditor's right affects the contents of the debt arrangement or the payment programme. The same applies correspondingly if other restructuring debts turn up that have not ceased based on section 57(1) of the Restructuring of Enterprises Act. In the amendment of the payment programme, the creditor shall be treated equally in the debt arrangement with other creditors in the same position.

28

OTHER PROVISIONS

28.1.1

Company management

The company's owners, board of directors and management have their own responsibilities to supervise and monitor the implementation of the restructuring programme.

28.1.2

Supervisor

A supervisor is appointed to monitor the restructuring programme of the Company whose term of office covers the implementation period of the restructuring programme.

The duties of the supervisor are

- to supervise compliance with the requirements of the restructuring programme, and if necessary, to propose to the Court on behalf of all of the creditors that the debt arrangement lapse; and
- to request the lapsing of the debt arrangement on behalf of all the creditors under a specific condition on lapsing in the restructuring programme.

The supervisor must report to the creditors annually on the implementation of the restructuring programme. The annual report will be delivered to creditors whose restructuring claims are at least EUR 50,000. All restructuring creditors are entitled to receive the annual report provided that they have ordered it from the supervisor.

At the conclusion of the restructuring programme the supervisor shall present the final report to the District Court of Helsinki. All restructuring creditors are entitled to receive the final report provided that they have ordered it from the Company or the supervisor.

The Company will be liable for the supervisor's fee and for the costs arising from the supervisor's work. The committee of creditors must approve the supervisor's invoices.

28.1.3 Committee of creditors

It is proposed that the committee of creditors continue in its position during the validity of the programme.

The committee of creditors will be convened by the supervisor or by a member of the committee.

28.2 Actions Requiring the Supervisor's Consent

28.2.1 Sale of the Subsidiaries or Real Estate Companies Related to the Business

The Company cannot sell, disclose, transfer or otherwise relinquish from its possession shares or units of such companies that own real property with respect to the Company's or the group's business without the supervisor's prior and explicit written consent. Similarly, the Company cannot sell, disclose, transfer or otherwise relinquish from its possession shares of the subsidiaries owned by it that have a central business significance with respect to the Company's own business with the supervisor's prior and explicit written consent.

28.2.2 Winding up of business

The Company has no right to wind up its business or any part thereof without the supervisor's prior and explicit consent.

Drafted by

Mika Ilveskero
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 Administrator appointed by the District Court of Helsinki

SCHEDULES

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Appendix 5.4	Realisation balance sheet as at 30/09/2016
Appendix 5.5.2	Accounts payable
Appendix 5.5.3	Debts under Public Law
Appendix 5.5.4	Debts to group companies
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Schedule 15.2	Programme Balance Sheet
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Schedule 24.2	Groups of Creditors and Votes