

(Unofficial translation of the Finnish original)

Board of Directors' report on the demand for a special audit

Reference: Demand by Kari Toivanen, a shareholder, of 28 September 2016

The Board of Lehto Group Plc has received a request by Mr. Kari Toivanen, a shareholder of the Company, dated 28 September 2016 to consider his request to conduct a special audit on Lehto Group Plc at the next general meeting.

Pursuant to the Limited Liability Companies Act (624/2006) the general meeting is obliged to deal with a matter demanded to be dealt with by a shareholder where the matter is of such a nature that it falls within the competence of the general meeting under the Limited Liability Companies Act. Under the Limited Liability Companies Act a demand for a special audit is to be dealt with at the general meeting.

For its own part, the Board of the Company has investigated and considered Mr. Toivanen's request for conducting a special audit.

According to the information received by the Board, a company owned by an employee of a subsidiary of Lehto Group Plc has bought the shares in a limited liability housing company previously owned by Mr. Toivanen at an executive auction at a price determined at the executive auction.

After the executive auction the employee in question sent an email to Mr. Toivanen, who previously owned the apartment, regarding the transfer of ownership using an email address with the domain name @lehto.fi. Apparently, it is this action that has given Mr. Toivanen the impression that Lehto Group Plc had somehow been involved in the sale. This is nevertheless not the case: Lehto has not been a party to the transaction, nor has it made any decisions regarding the transaction or financed the transaction or been involved in any other way. The transaction has been and continues to be a personal matter of the relevant employee.

After the incident Mr. Toivanen has acquired one share in Lehto Group Plc and issued several demands to Lehto Group Plc as a shareholder both directly to Lehto Group Plc as well as via various processes initiated with i.a. the Finnish authorities. The District Court of Oulu has rejected a claim by Mr. Toivanen against Lehto Group Plc (the judgment may yet be subject to an appeal) and the demands lodged by Mr. Toivanen with the Finnish Financial Supervisory Authority, Finland Chamber of Commerce or the police have not lead to any actions against the Company.

The Board of Lehto Group Plc takes the corporate governance demands extremely seriously. In its investigations the Board has found no basis for Mr. Toivanen's claims and the Board considers the claims unfounded. Under the circumstances the Board

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has not considered it necessary to respond to Mr. Toivanen's offers of reaching a monetary settlement in exchange for him cancelling his demands.

Lehto has subsequently made clarifications to its guidelines on the use of work email. According to the new guidelines no personal affairs are to be handled using the email address provided by the employer.

In Kempele, on 28 February 2017

LEHTO GROUP PLC

BOARD OF DIRECTORS